



McCleary City Council

AGENDA

May 28, 2014

7:00 City Council Meeting

Flag Salute
Roll Call
Public Hearings:
Public Comment:

Minutes: (Tab A)
Mayor's Report/Comments:

Staff Reports: Dan Glenn, City Attorney (Tab B)
Todd Baun, Director of Public Works (Tab C)

Old Business:

New Business: G&O Contract and Amendment #1 for On-Call Engineering Contracts (Tab D)
Annual Financial Report for 2013 (Tab E)
BPA Revision No. 2 to Exhibit B of Power Sales Agreement (Tab F)
Microsoft Volume Licensing (Tab G)

Ordinances:

Resolutions:

Vouchers
Mayor/Council Comments
Public Comment
Executive Session
Adjournment

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

Please Turn Off Cell Phones – Thank You

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La ciudad de McCleary es un proveedor de igualdad de oportunidades y el empleador.

CITY OF MCCLEARY
Regular City Council Meeting
Wednesday, May 14, 2014

ROLL CALL AND FLAG SALUTE Councilmember's Schiller, Reed, Ator, Catterlin and Peterson.

ABSENT None.

STAFF PRESENT Present at the meeting were Todd Baun, Wendy Collins, George Crumb and Dan Glenn. Jon Hinton from Gray & Osborne attended.

PUBLIC COMMENT None.

MAYOR'S COMMENTS Mayor Dent announced the City will hold two town hall meetings this summer regarding the police levy proposals. He spoke with Chris Vessey, who was in support of keeping the police department. Mayor Dent said the sheriff's department has been sending officers around to the police department to lure officers away. Councilmember Catterlin replied that the Mayor's comments are his opinion, not fact. Mayor Dent said he knows otherwise.

MINUTES APPROVED **It was moved by Councilmember Ator, seconded by Councilmember Reed to approve the minutes from the April 23, 2014 meeting and May 7, 2014 after the following correction is made: At the May 7th meeting, it was written that Councilmember Schiller asked why the Mayor is picking on one department over the others when he actually stated he had asked why the Mayor is picking on one of the departments "funds" over the others. The correction will be made. Motion Carried 5-0.**

Councilmember Schiller stated the reason he wanted to make sure this correction is made is because there is some intercity turmoil over the departments picking on departments issue. He wants people to understand it's the funds that are in trouble, not the departments.

DIRECTOR OF PUBLIC WORKS REPORT Todd Baun provided a report and is available for any questions.

CITY ATTORNEY REPORT Dan Glenn provided a draft zoning ordinance regarding medical and recreational cannabis. He will set up a hearing with the hearing examiner. Authority to move forward was given at the last meeting.

MOBILE FOOD UNITS Dan Glenn previously provided a draft ordinance on this topic. Todd Baun informed the council there is someone who is asking for approval to set up a taco food truck near Beerbower Park. Councilmember Catterlin does not want to hurt local businesses and wants to keep the City out of a law suit. Councilmember Schiller asked if the taco truck wants to hook up to City utilities and Todd Baun replied, no, they do not. They want access near the park so they can utilize the public bathrooms to satisfy that compliance requirement.

Dan Glenn stated the City can either regulate the business or leave it up to the County to deal with. The taco truck is interested in the Summit Road side of the park so they still need to have City approval since the City owns part of the property. Dan Glenn stated the city has two options; do nothing or regulate them with standards and zoning. Public restrooms are not required for food trucks in West Olympia. No decision was made by the Council so this item will be tabled again.

ORDINANCE 758 DISCUSSION The Office of Financial Management (OFM) conducted a review and notified the city that in April 2009, an ordinance was approved for annexed land at the East Mox Chehalis and nothing else was done. Mayor Dent said the next step is to take the proposal to the Grays Harbor County for approval and after approval, file it with the OFM. Tabled.

FIREWORKS PERMIT Councilmember Schiller said he wanted to thank Todd Baun because this is the first time they had someone outline the detailed information for the council to refer to in their memo's when making a motion. **It was moved by Councilmember Schiller, seconded by Councilmember Ator to authorize the City to issue a fireworks stand permit allowing the sale of fireworks in accordance with RCW70.77.395 to Olympic Christian Center. Motion Carried 5-0.**

WA. ST. DEPT. OF
ENTERPRISE SERVICE
MASTER CONTRACT USAGE
AGREEMENT

The Master Contracts Usage Agreement is a one-time agreement necessary to meet statutory requirements allowing qualifying organizations to use Washington State master contracts. Authorized organizations are provided access to more than 700 contracts for goods and services. **It was moved by Councilmember Catterlin, seconded by Councilmember Schiller to authorize the Mayor to sign the Master Contracts Usage Agreement. Motion Carried 5-0.**

ESPRESSO STAND
ALTERNATIVE METHODS
APPROVAL

The owners of a potential new coffee stand in McCleary have been working with Gray & Osborne Engineering and have requested some alternative methods to their requirements. Jon Hinton, from Gray & Osborne addressed the items. They are required to have a light barrier to cut off headlight glare on a private residence near the business location. A suggestion was to place an arbor style screen to prevent glare. The owners will check with the private resident to see if they have a preference for what type of screen they choose.

Another requirement was to have the dumpster area paved and screened. The owners asked for a variance because it is not listed in the standards and no other business in the City has been required to pave and screen their dumpster areas. Mr. Hinton suggested the owners check with Lemay to see if they could get by with using a large can instead of a dumpster, which would eliminate the issue.

The owners asked for two years to complete the hot mix asphalt (HMA) requirements. Immediate requirement will be a financial hardship for new business owners. Two years will give them time to save and plan for the HMA. Mr. Hinton would like to see this bonded so the City has protection if something goes awry and they fold up shop, the City would still get the required work completed.

Councilmember Schiller said this is the first time a business owner has come to the Council for help. It's nice to finally get a chance to help a business get started. Todd Baun asked if it would be possible, depending on the outcome of the garbage can issue, to approve the recommendations requested tonight. Mayor Dent agreed that would be fine. Jon Hinton added he noticed the critical area ordinance talked about bonding for 125% as long as we approve the cost estimate, we can take that bond cost down.

PRIVATE STORM SYSTEM
INSPECTION

Todd Baun reported there are several private businesses and developments that have storm water systems that enter the City storm water system. Some may have oil-water separators that have never been cleaned and he wants to keep them from polluting the City water. He would like to perform inspections on these private systems every two years. Mr. Baun also wants to update the City's storm water maintenance standards to allow the inspections to be consistent and keep the same expectations for everyone.

RESOLUTION 671 LOCAL
GOVERNMENT INVESTMENT
POOL (LGIP)

The LGIP is a pool that is run by the State Treasurer's Office and into which municipal corporations can invest funds. The City has been investing in the LGIP pool for many years. The LGIP is notifying cities to adopt updated resolutions, authorizing the investment and associated matters. One of the provisions they require is that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. A copy of the prospectus was provided for the Council to review. **It was moved by Councilmember Schiller, seconded by Councilmember Reed to adopt Resolution 671 authorizing investment of the City of McCleary's monies in the Local Government Investment Pool. Resolution Adopted 5-0.**

APPROVAL OF VOUCHERS

Accounts Payable vouchers/checks approved were 37958 - 37996 including EFT's in the amount of \$31,062.65

Payroll checks approved were 37869- 37957 including EFT's in the amount of \$154,074.01.

It was moved by Councilmember Ator, seconded by Councilmember Reed to approve the vouchers. Motion Carried 5-0.

PUBLIC COMMENT

Councilmember Catterlin asked for some clarification on Proposition B, \$60,000 for six years for the police levy. He would like to know how much the increase will be for each tax payer. He wants the voters to know what they will be paying and how much the City will be receiving. Dan Glenn will check with the County to get the figures Mr. Catterlin is asking for.

EXECUTIVE SESSION

None.

MEETING ADJOURNED

It was moved by Councilmember Ator, seconded by Councilmember Peterson to adjourn the meeting at 7:40 PM. The next meeting is scheduled for May 28, 2014 at 7:00 PM. Motion Carried 5-0.

Tab B

MEMORANDUM

TO: MAYOR AND CITY COUNCIL, City of McCleary
FROM: DANIEL O. GLENN, City Attorney
DATE: May 22, 2014
RE: LEGAL ACTIVITIES as of MAY 28, 2014

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. **LEVY INFORMATION:** At the last meeting Council Member Catterlin requested that we provide further information on the fiscal elements of the two propositions the Council has submitted to the voters. Ms. Bednarik, the member of the County Assessor's Staff who provides information annually on the levy information, was out of the office the week following the meeting. Upon her return, as usual she was gracious enough to grant my request to meet with Ms. Collins and myself to discuss the matters. Out of that meeting and the other information available came the following.

As background, I would first note it is my assumption each member of the Council has the October, 2010, article by Judy Cox of MRSC which was provided to you last December. I believe Ms. Collins has provided a copy even more recently. Second, if after reading this section you would like more information on the taxation issue, I would recommend obtaining from Ms. Collins the chapter on taxes which appears in the annual report entitled "A Revenue Guide for Washington Cities and Towns" which is published pretty much annually by MRSC.

A. **The Propositions:**

1. **Proposition 2: The Levy Lift:** This is the multi-year adjustment request which would authorize increasing the level of ad valorem taxation to the amount authorized by law, \$3.60 per \$1,000 of assessed valuation minus the amounts assessed by certain districts. In our case, that means minus the amount

MEMORANDUM - 1

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

assessed by Timberland Regional Library District. (TRL) This requires approval by a majority of the citizens voting in the election.

2. Proposition 1: Excess Levy: This requests the authorization to collect a levy in excess of the maximum allowed by the existing provisions of RCW 84.55. It is for one year only and requires the approval of 60% of the voters with certain qualifications as to what constitutes the 60%.

B. The Information: Ms. Bednarik provided Ms. Collins and myself a spread sheet on the assessed valuation and fiscal impacts on each levy, including the current levy assessed pursuant to the ordinance adopted last year as required by RCW 84.55. A copy is attached. Basically, it indicates what is set out below. (Please note that I am rounding the figures to the nearest penny for ease of reference. Ms. Bednarik calculated the figures to five or six decimal points.)

1. Current Tax Base: The current tax base is \$98,550,007.00. If I understood her correctly, the Assessor's Office will be undertaking a reassessment of the properties within the County which could result in an increase or decrease in that figure.

2. Current Tax Levels: As indicated, theoretically the maximum amount the City could levy is \$3.60 per \$1,000.00 of assessed valuation. However, due to the combination of the TRL assessment of .42 cents per \$1,000.00 and the limits imposed by RCW 84.55, the actual amount currently imposed by the City is \$2.56 which is anticipated to generate approximately \$251,964.00 in 2014. This would be impacted by the new 2014 assessment for use in calculating 2015's taxes.

3. Proposition 2: The Levy Lift: The levy lift would increase the amount levied from the \$2.56 figure to approximately \$3.18 per \$1,000.00. Ms. Bednarik's projection is that would generate approximately \$62,000.00 in additional revenue. If I understood correctly, that would result in the tax amount assessed against a \$100,000.00 property increasing from \$256.00 to \$318.00.

4. The Excess Levy: The excess levy, if authorized for the one year, would require approximately an additional \$1.14 per \$1,000.00 of assessed valuation in order to generate the requested \$110,000.00. In short, approximately \$114.00 upon a \$100,000.00 property.

Thus, assuming that I understood correctly, if approved the two propositions would result in an ad valorem tax being

collected by the City in 2014 at the approximate rate of \$4.32 per \$1,000.00 of assessed valuation or \$432.00 on a \$100,000.00 property, assuming the particular property is not entitled to some type of exemption authorized by statute.

2. **G & O CONTRACT:** Mr. Baun is requesting the Council authorize the Mayor to execute the contract for general services with G & O. This is done pretty much biennially. The contract is consistent with the document developed in past years. It is a contract for professional services and thus does not require the normal public works contract process. I would note, however, that the Council authorized the City's participation in the MRSC's roster group which would make available specialized services, if they became necessary.

3. **PUBLIC DEFENDER STANDARDS UPDATE:** Due to a combination of changed requirements in rules issued by our Supreme Court and decisions issued in relation to challenges to the public defense system provided by the cities of Mount Vernon and Burlington, all municipal entities are going to have to review their public defender system. The elements will run from making certain the public defender does not carry too many cases to insuring that facilities are made available.

From our standpoint, we are likely going to want to follow the recommendation of Mr. Snyder, who in addition to being our labor consultant has become a state-wide guru on these standards, and adopt a resolution establishing specific guidelines. We can likely meet most of the physical requirements, including providing a private location at court at which the defendant and appointed counsel may meet, thanks to availability of the Council Chambers. One difficulty may be being certain defense counsel is available to meet with a defendant to whom he has been appointed within forty-eight hours of the appointment by the Judge since Mr. Jordan's office is in Tacoma.

The question which will be hard to determine is the fiscal impact in terms of the contract amount and associated costs.

I will keep you informed.

4. **ANNUAL FINANCIAL REPORT OF THE CITY:** It is my understanding the report has been completed by Ms. Collins and the staff member of BIAS. Of course, it is subject to your review and approval before becoming final.

5. **WASHINGTON STATE ASSOCIATION OF MUNICIPAL ATTORNEYS:** The Spring Conference was extremely useful. In

addition to the information about the indigent defense standards provided by Scott in his presentation, it provided information on a broad scope of issues ranging from the complexity of trying a cannabis based driving while intoxicated charge to the challenge of complying with the details of the Health Information Privacy Act which goes by the acronym of HIPPA.

From a personal standpoint, it marked the completion of my year as president of the Association without being recalled or impeached. As a bit of ironic information, it is entirely likely that next year, Mr. Snyder may assume that role. It will serve him right.

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

DG/le

COMPUTATION OF PROPERTY TAX LEVY

CITY OF McCLEARY

A. TAX BASE FOR REGULAR LEVY

1. Total tax base for regular levy \$ 98,550.007

B. TAX BASE FOR EXCESS AND VOTED BOND LEVIES

1. Total tax base for special levy	\$ 96,635.468
2. Plus Timber Assessed Value (TAV)	\$ 260.072
<i>Total Tax Base for Voted Levies</i>	<i>\$ 96,895.540</i>

LEVY RATE COMPUTATION

REGULAR LEVY

Rate X a.v.

3.60 less library rate of .415690

Statutory max. rate for this district 3.184310 \$3.6 less Library

Actual Rate used	\$ 2.5567121	\$ 251,964.00
101% limit	\$ 250,771	

Certified levy divided by the assessed value \$ 251,964 \$ 2.55671215
as on A. No. 1 Total tax base for regular levy.

EXCESS LEVY

Certified levy divided by the assessed value	\$ -	0.00000000	\$ -	\$ -
Bond #			TAV	\$ -
				\$ -

Certified levy divided by the assessed value #VALUE!
Bond #

Certified levy divided by the assessed value #VALUE!
Bond #

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Bond #

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Bond #

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 2. Plus Timber Assessed Value (TAV) \$ 260.072
 Total Tax Base for Voted Levies \$ 96,895.540

LEVY RATE COMPUTATION

REGULAR LEVY

Rate X a.v.

3.60 less library rate of .415690

Statutory max. rate for this district 3.184310 \$3.6 less Library

Actual Rate used	\$ 3.1843100	\$ 313,813.77	
101% limit	\$ 250,771		

Certified levy divided by the assessed value \$ 251,964 \$ 2.55671215
 as on A. No. 1 Total tax base for regular levy.

EXCESS LEVY

Certified levy divided by the assessed value	\$ 110,000	1.13524317	\$ 1.1352431	\$ 109,704.75
Bond #			TAV	\$ 295.24
				\$ 109,999.99

Certified levy divided by the assessed value #VALUE!
 Bond #

Certified levy divided by the assessed value #VALUE!
 Bond #

Certified levy divided by the assessed value #VALUE!
 Bond #

Certified levy divided by the assessed value #VALUE!
 Bond #

STAFF REPORT

To: Mayor Dent
From: Todd Baun, Director of Public Works
Date: May 22nd, 2014
Re: Current Non-Agenda Activity

3rd Street Improvements Phase I

I have received a scope of work and budget from Skillings Connolly for the 3rd Street Project Phase 1. I will be reviewing and adjusting figures with Skillings Connolly. I will have something for Council at the June 25th meeting.

Float Shed Demo

The asbestos abatement is finished at the float shed. Brumfield Construction will be in this week to remove the building and slab.

Critical Area Ordinance (CAO)

I am working with Dan to get a solution for this update.

Memorial Day Cemetery Prep

The Public Works crew did a fantastic job prepping the cemetery for the Memorial Day Holiday. I have received many compliments on how good the cemetery looks.

STAFF REPORT

To: Mayor Dent
From: Todd Baun, Director of Public Works
Date: May 28th, 2014
Re: G&O Contract and Amendment #1 for On-Call Engineering Contracts

A copy of the proposed contract was received by the City. No comments have been noted, nor recommendations made on contract language.

We need the assistance of our City Engineer. They have been great to work with and have helped the City out with numerous issues. The previous contract expires in June, and we will have no "legal" ability to use their services, other than those currently contractually obligated.

Please note that no major changes were made to the proposed contract, other than the multiplier of the contract being increased from 1.71 to 1.8 due to inflation.

Amendment #1 provides a cost sheet for the various services and minor engineering support G&O performs for us. No changes were made from the previous Amendment #1 signed in 2012.

Staff Recommendation:

Staff recommends the execution of the proposed contract and Amendment #1.

Action Requested:

Please consider recommending execution of the 2014 contract and Amendment #1 with Gray & Osborne.



Gray & Osborne, Inc.
CONSULTING ENGINEERS

DATE: April 22, 2014

TO: City of McCleary **ATTN:** Todd Baun

100 S. 3rd Street

McCleary, WA 98557

FROM: Jon Hinton

SUBJECT: Contract and Amendment #1 for On-Call Engineering Contracts

WE ARE TRANSMITTING:

THE FOLLOWING:

FOR:

- Herewith
- Under Separate Cover

- Prints
- Construction Drawings
- Specifications
- Shop Drawings
- Change Order
- Legal Description
- Letters
- Subject

- Review & Comment
- Approval
- Signature
- Your Use & Files
- As Requested
- Action Noted Below

Number of Copies

two (2)

COMMENTS

Hi Todd;

Enclosed please find two copies of the On-Call engineering contract and Amendment #1 to that contract, all signed by our president Tom Zerkel. Please have Dan review them (I think I incorporated all the changes he required in our first contract with the City) and, if acceptable, have the mayor sign and date all copies. The date blanks on the first and last pages of the amendment will need to be filled in with the same date he signs the contract (assuming he signs both on the same day). Please return one fully signed copy of both the contract and amendment to our Seattle office at 701 Dexter Ave. N., Suite 200, Seattle, WA 98109.

You will note the multiplier in the contract has increased from 1.71 to 1.8 due to inflation. The not to exceed costs for the various services outlined in amendment #1 remain the same as the previous contract. Please feel free to contact me if you have any questions.

Sincerely; Jon Hinton

2102 Carriage Drive SW
Building I, Suite 102

Olympia, Washington 98502

(360) 292-7481

Fax (360) 292-7517

**PROPOSAL AND CONTRACT
FOR
PROFESSIONAL ENGINEERING SERVICES**

**CITY OF MCCLEARY
WASHINGTON**

APRIL 2014

G&O Job. No. 14237

**GRAY & OSBORNE, INC.
CONSULTING ENGINEERS
SEATTLE, OLYMPIA, YAKIMA,
VANCOUVER & ARLINGTON**

**CONTRACT FOR
PROFESSIONAL ENGINEERING SERVICES**

THIS Contract, entered into this ____ day of _____ 2014, between the CITY OF MCCLEARY, Washington, hereinafter called the "Agency"; and GRAY & OSBORNE, INC., Consulting Engineers, Seattle, Washington, hereinafter called the "Engineer".

WITNESSETH:

WITNESSETH THAT, whereas, the Agency now finds that, from time to time, in the growth and development of the Agency, there will be the need for the engagement of professional engineering services. The purpose of this Contract it to define the services to be performed and method of payment for professional engineering services which may, from time to time, be authorized by the Agency.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

ARTICLE 1

EMPLOYMENT OF THE ENGINEER

The Agency, acting pursuant to its vested authority, does hereby engage the Engineer and the Engineer agrees to furnish the engineering services as requested by the Agency in connection with the Agency's Periodic Need for Professional Engineering Services. These services are outlined in this Contract and shall be undertaken upon request by the Agency to the Engineer, then only for the services so requested. The Engineer shall furnish a scope of work and costs for each service requested which will become a numbered exhibit to the Contract.

ARTICLE 2

CHARACTER & EXTENT OF ENGINEERING SERVICES

Upon written direction of the Agency to proceed, the Engineer shall provide engineering services in accordance with a written scope of work, which describes the engineering services to be provided, such services may include, but are not limited to, engineering studies, financial analysis, predesign, design, construction management, local improvement district or utility local improvement district formation, surveys, the preparation and acquisition of easements and right-of-way, environmental studies and documentation, the preparation of regulatory permits and approvals, public meeting and hearing facilitation, project bid and award services, and construction management and administration.

SPECIAL SERVICES

The Engineer may employ competent professionals to assist in the completion of the work as described in the project specific scope of work and budget. The information so secured shall be made available to the Agency for the use and development of the Agency's projects.

ARTICLE 3

SCOPE OF OWNER SERVICES

The AGENCY shall provide or perform the following:

Provide full information as to the Agency's requirements for the Project. Assist the Engineer by placing at his disposal all available information pertinent to the site of the Project, including previous reports, drawings, plats, surveys, utility records, and any other data relative to the Project. Absent specific written direction to the contrary, the Engineer shall be entitled to rely upon the completeness and accuracy of such documentation.

Examine all studies, reports, sketches, estimates, specifications, drawings, proposals, and other documents presented by the Engineer.

ARTICLE 4

COMPENSATION

It is mutually agreed that the Agency will compensate the Engineer for services furnished based on the cost reimbursement method.

The total cost of on-call engineering services, to be described in scopes of work requested by the Agency, cannot be determined at this time, in advance. The total cost for services will be established by Agreement between the Agency and the Engineer on a case-by-case basis as the need arises and/or by amendment to this Contract.

The following information will be provided for each project assigned by and approved by the Agency.

- (a) Cost Ceiling: The total amount of compensation for engineering services as described herein, and as further defined in letters or exhibits to this Contract including profit (fee), out-of-pocket expenses, direct labor costs, direct overhead and indirect overhead shall not exceed the total dollar cost agreed upon, without a formal amendment to this Contract.

- (b) Compensation Determination: The amount of compensation due the Engineer by the Agency for the services furnished under this Contract shall be determined as provided hereinafter. Such payment shall be full compensation for work performed.

Payment for work accomplished is on the basis of the Engineer's actual cost plus a net fee. The actual cost includes direct salary cost, overhead and direct non-salary cost.

1. The direct salary cost is the salary expense for professional and technical personnel and principals for the time they are productively engaged in work necessary to fulfill the terms of this Contract.
2. The overhead costs as identified on Exhibit "A" are determined as 180 percent (180%), of the direct salary cost. The overhead cost rate is an estimate based on currently available accounting information and shall be used for all progress payments. The overhead costs of the Contract shall be updated annually.
3. The direct non-salary costs are those costs directly incurred in fulfilling the terms of this Contract including, but not limited to travel, reproduction, supplies and fees for special professional services, of outside consultants. If the Engineer is directed to employ special, professional expertise, the Agency will be billed by the Engineer for the special service invoiced amount plus ten percent (10%) for administrative overhead.
4. The fee, which represents the Engineer's profit, shall be fifteen percent. The net fee will be pro-rated and paid monthly in proportion to the Engineer's monthly progress billings and approved by the Agency.

Payment of compensation shall be upon submittal to the Agency of a bill by the Engineer at approximate monthly intervals for services rendered during the preceding time period, plus a proportionate percentage of the fee amount stipulated above.

The cost records and accounts pertaining to this Contract are to be kept available for inspection by representatives of the Agency for a period of three (3) years, after final payment. In the event any audit or inspection identifies any discrepancy in the financial records, the Engineer shall provide clarification and/or make adjustments accordingly.

ARTICLE 5

ADDITIONAL WORK

If during the performance of this contract, or subsequent to completion of the work under this contract other or additional services other than those previously specified, including but not limited to additions or revisions by the Agency are ordered in writing by the Agency, the Engineer agrees to provide the services and the Agency agrees to compensate the Engineer under the same method of Compensation Determination described herein, to be determined at the time the additional services are ordered. The Engineer agrees not to proceed with the additional services until such time as the costs for the additional services have been approved by the Agency.

ARTICLE 6

MAJOR REVISIONS

If, after the design has been approved by the Agency, and the Engineer has proceeded with the final design, and has performed work in processing same and the Agency authorizes new or substantially alters the design, the Agency will pay the Engineer a just and equitable compensation as mutually agreed upon by the Agency and the Engineer, or if an agreement cannot be reached within thirty (30) days, the equitable compensation shall be determined by mediators.

ARTICLE 7

COST ESTIMATE

The Agency is herewith advised that the Engineer has no control over the cost of labor, material, and equipment, including the contractors' and suppliers' methods of producing and delivering such goods and services; or over the methods and styles of competitive bidding or market conditions; and, accordingly, the Engineer's cost estimates are made and furnished on the basis of his experience and qualifications and represent only his best judgment as a design professional and within his familiarity with the construction industry, and, as such, the Engineer cannot and does not warrant, in any other manner or style, the accuracy of the cost estimates, nor that the estimates will or will not vary significantly with bids received by or construction costs realized by the Agency.

ARTICLE 8

FACILITIES TO BE FURNISHED BY THE ENGINEER

The Engineer shall furnish and maintain a central office, work space and equipment suitable and adequate for the prosecution of the work that is normal to the functioning of an established operating engineering practice.

ARTICLE 9

OWNERSHIP OF PLANS

The drawings, specifications, and other documents, including such items prepared in CAD form and stored on magnetic media, prepared for a Project are intended for use solely with respect to that Project. Engineer agrees the Agency is the owner of any and all field notes, field data, test data, calculations, estimates, documents, data, drawings, specifications, software application, and other products or materials, whether in a print form, electronic data form, or otherwise gathered, produced, or developed by Engineer or any subconsultant thereof in the course of the performance of this Contract: PROVIDED THAT, with the sole exception of the printed final documents, Engineer shall have the right to remove all indicia of its ownership and/or involvement with all electronic records provided to the Agency pursuant to a request made under this section. Further, that upon the request of the Agency, the printed final documents of all items shall be tendered to Agency. Agency shall assume all responsibility for Agency's use of the Engineer's material upon other projects and shall indemnify the Engineer for its reuse. Engineer agrees to not release any project documents to third parties without the prior written authorization of Agency unless the Engineer is required to do so by applicable law, rule, regulation, or court order. Agency agrees that all work furnished to it, but which is not paid for pursuant to the terms of this Contract without legitimate cause, shall be returned to Engineer upon demand and will not be used by Agency for any purpose whatsoever.

Engineer agrees to maintain its records governing and recording its performance of this contract for a minimum of four years from the date of completion of the contractual services and shall make them available to the Agency, its agents, employees, or designees to the extent necessary to confirm the provision of the services required under this contract.

Engineer shall fully cooperate with any monitoring, review, auditing, or evaluation activities carried out by Agency, its agents, employees, or designees, in relation to the activities conducted by or upon behalf of Agency in relation to the performance of this contract.

Any review of records shall be carried out with reasonable advance notice being provided to Engineer and during ordinary business hours and upon normal business days. By definition, this shall be between 8:00 a.m. and 5:00 p.m., Monday through Friday, holidays excluded.

ARTICLE 10

DISPUTE RESOLUTION

All claims, disputes and other matters in question between Agency and Engineer shall, in the first instance, be subject to mediation. Either party may notify the other, by certified mail, of the existence of a claim or dispute. If such claim or dispute cannot promptly be

resolved by the parties, the Engineer shall promptly contact the Judicial Arbitration and Mediation Service, Inc., or any other recognized mediation service agreed to by the parties, to arrange for the engagement and appointment of a mediator for the purpose of assisting the parties to amicably resolve the claim or dispute. The cost of the mediator shall be borne equally by the parties. The Agency and Engineer further agree to cooperate fully with the appointed mediator's attempt to resolve the claim or dispute, and also agree that litigation may not be commenced, by either party, for a period of ninety calendar days following the receipt by the other party of the written notice of claim or dispute. This mediation provision may be asserted by either party as grounds for staying such litigation.

In the event any dispute arising out of this Contract is not resolved by informal discussions or mediation, either party may demand the matter in dispute be submitted to binding arbitration under the then prevailing rules of the American Arbitration Association for construction industry disputes. The arbitrator shall be selected from the same Service as provided the mediation service unless one party gives written notice of disagreement. In the event of such notice, then the arbitrator shall be chosen in the manner set forth in the AAA's rules: In the event either party objects to the submission of the dispute to arbitration within 30 days after demand for arbitration has been filed with an appropriate agency and served upon the other party, then the procedure shall be terminated and the matter shall be processed as the parties deem appropriate by filing an action in the Superior Court of the State of Washington in and for the County of Grays Harbor.

ARTICLE 11

ASSIGNABILITY

The Engineer shall not assign nor transfer any interest in this Contract without the prior written consent of the Agency.

ARTICLE 12

EQUAL EMPLOYMENT OPPORTUNITY

The Engineer agrees that it will not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin.

ARTICLE 13

COVENANT AGAINST CONTINGENT FEES

The Engineer warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fees, excepting bona fide employees. For breach or violation of this warranty, the Agency shall have the right to annul this Contract without liability or in its discretion to deduct from the Contract price or consideration or

otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

ARTICLE 14

SAFETY

The duty and/or Services furnished hereunder by the Engineer, does not include a review of the adequacy of any contractor's safety measures in, on, or near a project construction site. The contractor alone shall have the responsibility and liability thereof, and shall be insured accordingly. Neither the activities of the Engineer, nor the presence of the Engineer's employees at a site, shall relieve the contractor of their obligations, duties, and responsibilities with any health or safety precaution required to ensure the safety of the jobsite.

ARTICLE 15

INDEMNITY AGREEMENT

The Engineer shall hold the Agency harmless from, and shall indemnify the Agency against, any and all claims, demands, actions or liabilities caused by or occurring by reason of any negligent act or omission of the Engineer, its agents, employees or subcontractors, arising out of or in connection with the performance of this Contract.

The Engineer shall be required to indemnify the Agency in those cases where damages have been caused by the concurrent negligence of the Agency and Engineer, its agents, employees or subcontractors for that portion of the damages caused by the negligence of the Engineer, its agents, employees or subcontractors.

The Engineer has no duty to indemnify the Agency where damages were caused by the negligence of the Agency.

ARTICLE 16

INSURANCE

A. Public Liability

The Engineer shall provide evidence of comprehensive Public Liability and Property Damage Insurance which includes but is not limited to, operations of the Engineer, commercial general liability, and blanket limited contractual liability with limits of not less than:

COMPREHENSIVE GENERAL LIABILITY

Bodily Injury & Property Damage: \$1,000,000 each person
\$1,000,000 each occurrence
\$1,000,000 each aggregate

AUTOMOBILE LIABILITY

Bodily Injury: \$1,000,000 each person
\$1,000,000 each occurrence

Property Damage: \$1,000,000 single limit

The Agency shall be named as an additional insured as respects this Contract. In conjunction therewith, the Engineer shall furnish a certificate of such insurance to the Agency at the time of execution of this Contract.

B. Professional Liability

The Engineer shall provide Professional Errors and Omissions Liability Insurance which shall provide coverage for any negligent professional acts, errors or omissions for which the Engineer is legally responsible, with limits of not less than:

PROFESSIONAL ERRORS \$1,000,000 each occurrence
AND

OMISSIONS LIABILITY \$1,000,000 aggregate

The Engineer shall furnish a certificate of such insurance to the Agency at the time of execution of this Contract. The policy shall provide that the Agency is to receive written notice from the Insurer no less than thirty days prior to the termination of the policy. The policy shall be maintained for a minimum of three years after the stamp date of any plans and/or specifications prepared for the Agency by the Engineer.

ARTICLE 17

STATUS OF ENGINEER

The Engineer is an independent contractor operating for its own account, and is in no way and to no extent an employee or agent of the Agency. The Engineer shall have the sole judgment of the means, mode or manner of the actual performance of this Contract. The Engineer, as an independent contractor, assumes the entire responsibility for carrying out and accomplishing this Contract.

ARTICLE 18

CERTIFICATION OF ENGINEER

Attached hereto is Exhibit "B" Certification Regarding Debarment, Suspension and Other Responsibility Matters.

ARTICLE 19

CHOICE OF LAW/JURISDICTION/VENUE

This Contract shall be governed as to validity, interpretation, construction and effect, and in all other respects, by the laws of the State of Washington. Jurisdiction of any suit or action arising out of or in connection with this Contract shall be in the State of Washington, and the venue thereof be in the same County as the Agency.

ARTICLE 20

NOTICES

In every case where, under any of the provisions of this Contract or in the opinion of either the Agency or the Engineer or otherwise, it shall or may become necessary or desirable to make, give, or serve any declaration, demand, or notice of any kind or character or for any purpose whatsoever, the same shall be in writing, and it shall be sufficient to either (1) deliver the same or a copy thereof in person to the Mayor, if given by the Engineer, or to the President or Secretary of the Engineer personally, if given by the Agency; or (2) mail the same or a copy thereof by registered or certified mail, postage prepaid, addressed to the other party at such address as may have theretofore been designated in writing by such party, by notice served in the manner herein provided, and until some other address shall have been so designated, the address of the Agency for the purpose of mailing such notices shall be as follows:

CITY OF MCCLEARY
100 South Third Street
McCleary, Washington 98557

and the address of the Engineer shall be as follows:

GRAY & OSBORNE, INC.
701 Dexter Ave. North
Suite 200
Seattle, Washington 98109-4339

ARTICLE 21

ATTORNEY'S FEES

The parties agree that in the event a civil action is instituted by either party to enforce any of the terms and conditions of this Contract, or to obtain damages or other redress for any breach hereof, the prevailing party shall be entitled to recover from the other party, in addition to its other remedies, its reasonable attorney's fees in such suit or action and upon any appeal therefrom.

ARTICLE 22

TERMINATION

This Contract may be terminated as provided in this section.

- A. Either party may terminate this Contract at any time, with or without cause. This shall be achieved by the giving of written notice to the other party of such intention, specifying the effective date, which may not be earlier than the date upon which notice is received by the other party.
- B. In the event of termination without cause, the following provisions shall apply to compensation to be paid:
 - 1. If terminated by Agency, Engineer will be paid for all authorized work performed and expenses incurred up to the termination date. In addition, it shall be entitled to reasonable costs, if any, incurred by it in implementing the transfer of the project, including all materials, including by way of representation and not by way of limitation, documents, information, records, and data of all types and kinds, whether in a written format, electronic data format, or otherwise, developed during its work, to a successor Engineer.
 - 2. If terminated by Engineer, it shall be paid for authorized work performed and expenses incurred up to the termination date. It shall cooperate fully, without additional compensation, in implementing the transfer of the project to any successor Engineer chosen by Agency, including the releasing of all materials, including by way of representation and not by way of limitation, documents, information, records, and data of all types and kinds, whether in a written format, electronic data format, or otherwise, developed during its work, to a successor Engineer.
- C. This Contract may also be terminated for cause by either party. For the purposes of this Contract, "for cause" shall mean if either party fails to substantially perform some element of the work or responsibility in

accordance with this Contract through no fault of the other and does not commence correction of such work and non-performance within five days of written notice and diligently complete the correction thereafter.

- D. In the event of termination for cause, the following provisions shall apply.
1. If terminated for cause by Engineer, Engineer will be paid for all authorized work performed up to the termination date, plus termination expenses, such as, but not limited to, reassignment of personnel, subcontract termination costs, and other costs reasonably related to the closeout.
 2. If terminated for cause by Agency, in recognition that the necessity of such an action may have significant impacts upon Agency, whether in relation to the duty to repay any grant moneys received or otherwise, the Agency shall compensate Engineer for the reasonable value of the services performed up to the date of the notice of termination, subject to reduction by Agency's taking into consideration such factors as the degree of completion, the costs of obtaining successor professional services to complete the project, and the costs related to any resulting delay, if any, arising from the necessity of termination, the degree to which any grant moneys must be repaid, and such other factors as may be reasonably appropriate and arising directly from the necessity of termination.
 3. In either event, Engineer shall cooperate fully in implementing the transfer of the project to any successor Engineer chosen by Agency, including the releasing of any and all materials prepared by or for it during the course of the project, including by way of representation and not by way of limitation, documents, information, records, and data of all types and kinds, whether in a written format, electronic data format, or otherwise, to Agency or its designee.

ARTICLE 23

AMENDMENT

This Contract may be amended only upon the written agreement of the parties executed with the same formalities required for the execution of this Contract.

ARTICLE 24

CLAIMS ASSISTANCE

In the event that the claim arises from some aspect or element of Engineer's services which is alleged by either the claimant or the Agency to have been deficient, incorrect, or otherwise defective, then such claims assistance shall be at the sole expense of Engineers. If the Agency and Engineers disagree as to the issue of responsibility, that dispute shall be resolved through the utilization of the procedure set forth within this Contract.

ARTICLE 25

COMPLIANCE WITH LAW

In the performance of any services provided under this Contract, the Engineer shall comply with all applicable Federal, State, or local laws and ordinances, including regulations for licensing, certification, and operation of facilities, programs, and accreditation, and licensing of individuals, and any other standards or criteria as described in this Contract to assure quality of services.

ARTICLE 26

ENTIRE CONTRACT AND NON-WAIVER

- A. The parties agree the Contract and any fully executed amendments are the complete expression of the terms hereto and any oral representations or understandings not incorporated herein are excluded. Further, any modification of the Contract shall be in writing and signed by both parties.
- B. The failure of either party to exercise any rights or remedies under this Contract for any breach shall not constitute a continuing waiver of any obligation and shall not prevent either party from pursuing any such rights or remedies for any succeeding breach.

ARTICLE 27

SEVERABILITY

If for any reason any part, term, or provision of the Contract and any fully executed amendments is held by a court of the United States to be illegal, void, or unenforceable, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Contract did not contain the particular provision held to be invalid.

If it should appear that any provision hereof is in conflict with any statutory provision of the State of Washington, said provision which may conflict therewith shall be deemed

inoperative and null and void insofar as it may be in conflict therewith, and shall be deemed modified to conform to such statutory provisions.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year written below.

ENGINEER: Gray & Osborne, Inc.

AGENCY: City of McCleary

By: Thomas M. Zerkel
(Signature)

By: _____
(Signature)

Name/Title: Thomas M. Zerkel, P.E., President

Name/Title: Donald Gary Dent, Mayor
(Print)

Date: 4/22/2014

Date: _____

ATTEST

Wendy Collins, Clerk-Treasurer

APPROVED AS TO FORM:

Daniel O. Glenn, City Attorney

"Equal Opportunity/Affirmative Action Employer"

EXHIBIT "A"

GRAY & OSBORNE

COMPUTATION OF OVERHEAD MULTIPLIER

Federal, State, and Local Taxes	25.47%
Insurance and Medical	26.58%
Professional Development and Education	4.56%
Vacations and Holidays	15.14%
Administration (Typing, CADD, GIS, Computer)**	54.21%
Rent, Utilities, and Depreciation	17.74%
Office Expenses	8.12%
Recruiting	0.12%
Professional Services	1.22%
Incentive and Retirement	26.60%
Facilities Cost of Capital	0.24%
TOTAL:	180.00%

**PROFESSIONAL ENGINEERING SERVICES CONTRACT
ENGINEER'S REPRESENTATIVE PAYROLL RATES
THROUGH JUNE 15, 2014***

<u>Employee Classification</u>	<u>Payroll Rates</u>		
AutoCAD/GIS Technician/Engineering Intern	\$14.00	to	\$27.00
AutoCAD/GIS Manager/Graphic Artist	\$29.00	to	\$36.00
Senior Electrical Engineer	\$44.00	to	\$53.00
Senior Structural Engineer	\$36.00	to	\$49.00
Electrical Engineer	\$32.00	to	\$43.00
Structural Engineer	\$31.00	to	\$40.00
Environmental Technician/Specialist	\$25.00	to	\$40.00
Geomorphologist/Geologist	\$36.00	to	\$40.00
Civil Engineer	\$24.00	to	\$35.00
Project Engineer	\$33.00	to	\$43.00
Project Manager	\$35.00	to	\$56.00
Principal-in-Charge	\$35.00	to	\$59.00
Resident Engineer	\$38.00	to	\$48.00
Field Inspector	\$23.00	to	\$37.00
Field Survey Crew (2 Person)**	\$45.00	to	\$65.00
Field Survey Crew (3 Person)**	\$68.00	to	\$85.00
Professional Land Surveyor	\$34.00	to	\$38.00
Secretary/Word Processor**	N/A**		

* Updated annually, together with the overhead.

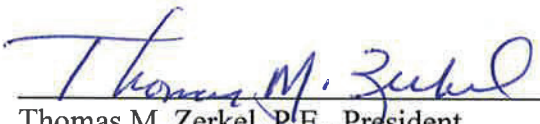
All actual out-of-pocket expenses incurred directly on the project are added to the billing. The billing is based on direct out-of-pocket expenses; meals, lodging, laboratory testing and transportation. The transportation rate is \$0.56 per mile or the current maximum IRS rate without receipt IRS Section 162(a).

** Administration expenses include secretarial and clerical work; GIS, CADD, and computer equipment; owned survey equipment and tools (stakes, hubs, lath, etc. – Note: mileage billed separately at rate noted); miscellaneous administration tasks; facsimiles; telephone; and printing costs, which are less than \$150.

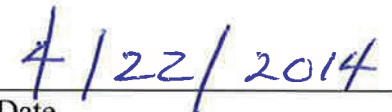
EXHIBIT "B"

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION,
AND OTHER RESPONSIBILITY MATTERS**

- I. The Engineer, Gray & Osborne, Inc., certifies to the best of its knowledge and belief, that it and its principals:
- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
 - B. Have not within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission or fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - C. Are not presently indicated for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (I)(B) of this certification; and
 - D. Have not within a 3-year period preceding this application/proposal had one or more public transactions (federal, state, or local) terminated for cause or default.



Thomas M. Zerkel, P.E., President
Gray & Osborne, Inc.



Date

The Agency may confirm the Engineer's suspension or debarment status on General Services Administration Excluded Parties List System website: www.epls.gov.

**AMENDMENT NO. 1
TO
CONTRACT FOR ENGINEERING SERVICES**

THIS AMENDMENT, entered into this _____ day of _____ 2014, by and between the City of McCleary, Washington, hereinafter referred to as the Agency, and Gray & Osborne, Inc., hereinafter referred to as the Engineer, hereby modifies the contract for engineering services dated (by Agency) _____, 2014, for additional services related to the Professional Engineering Services Contract.

MINOR ENGINEERING SUPPORT SERVICES SCOPE OF WORK

The agency has a variety of minor/miscellaneous items that require engineering input or review during the course of any given month. The cost and time required to prepare a contract amendment for each of these items would be better spent directly addressing these issues. This amendment provides a method for the Mayor (or authorized representative) to authorize minor engineering support services on an as needed basis without incurring the cost of preparing a contract amendment.

When requested by the Agency, the Engineer shall provide both basic engineering support services and minor/miscellaneous engineering support services. Basic engineering support services are specifically outlined in the nine tasks identified in Section II of this amendment which will be billed under a unique job number, according to the “not to exceed” costs outlined in Section II. Engineering services that are not identified in Section II of this addendum and are estimated to cost more than \$600 will be authorized by a separate contract amendment and invoiced under a unique job number. Minor engineering support services covered under this amendment would have an estimated cost of \$600 or less and may include, but not be limited to, updating utility base maps and development activity maps, preparing exhibits, site visits, review of utility operational issues, assistance with meeting regulatory requirements, utility rate and SDC reviews, participation in meetings, reviewing variance requests or other minor support services requested by the Agency.

Costs for all minor engineering support services (\$600 or less per task) shall be tracked by a project number specifically issued for “Minor Engineering Support Services” and billed monthly with a description of work provided for each engineering support task. The Engineer will provide a “not to exceed” cost for each minor engineering support service task to the Mayor (or authorized representative) for approval at the time these services are requested.

Compensation for services provided as described herein as Minor Engineering Support Services shall be authorized by the Public works Director and/or the Mayor on a case by case basis and shall not exceed \$600 per authorized task. The aggregate amount of compensation for all minor engineering support services authorized under this contract amendment shall not exceed **\$5,000** without further written authorization from the Agency.

BASIC ENGINEERING SUPPORT SERVICES

The Agency will require the Engineer to attend pre application meetings for new developments, provide plat and utility design plan review to confirm the developer is conforming to City, County and State standards, attend preconstruction meetings and provide part time construction inspection services. In addition to these services, the Agency may also require engineering reviews of previously developed studies, letter reports, planning documents, construction standards and development proposals that do not fit the standard type of plat application and review parameters.

The following fee schedule has been developed to provide a budget cost for the basic type of engineering support services the Agency will require the Engineer to perform. These budget costs and the associated scope of work will be used by the Mayor and/or the Public Works Director to authorize the Engineer to perform the basic engineering support services outlined below.

Task 1 – Environmental and Permitting

Prepare SEPA Checklist and DNS (City will be lead agency).

\$400 to \$800 depending on the complexity of the project

Task 2 – On-Site Inspection

Provide an on-site inspector to provide guidance and direction to City of McCleary staff during utility and road construction by developer's contractor.

\$600 to \$800 per day

Task 3 – Boundary Line Adjustment (BLA) Review

Provide a review of BLA survey documents for compliance with City, State and County Requirements.

\$600 per review

Task 4 – Preliminary Plat Review

Provide a review of preliminary plat survey documents for compliance with City, State and County Requirements.

\$800 per review (less than 10 lots)

\$1,000 per review (10 lots to 30 lots)

\$1,200 per review (over 30 lots)

Task 5 – Final Plat Review

Provide a review of final plat survey documents, lot closure calculations, easements, CC&R's and maintenance agreements for compliance with City, State and County Requirements.

- \$1,200 per review (less than 10 lots)
- \$1,500 per review (10 lots to 30 lots)
- \$2,000 per review (over 30 lots)

Task 6 – Utility and Roadway Construction Plan Review for Subdivisions

Provide a review of SEPA documents, Stormwater Design Reports, Traffic Studies, construction drawings, and draft CC&R's for compliance with City, State and County Requirements. Provide review letter with recommendations to City Staff.

- \$1,500 per review (less than 10 lots)*
- \$2,000 per review (10 lots to 30 lots)*
- \$2,500 per review (over 30 lots)*

*Additional costs may be incurred if multiple review letters are required due to developer engineer not complying with initial review comments, or site specific complexities (geotechnical issues, pump stations, etc.).

Task 7 – Pre application Meetings/Preconstruction Meetings for Subdivisions

Attend, provide agenda (or preapplication checklist) and direct meeting with City staff and applicant. Provide meeting minutes as required.

\$250 per meeting

Task 8 – Submittal Review for Subdivisions

Provide a review of material submittal from developer's contractor/materials supplier for compliance with City, State and County Requirements. Provide review letter to developer.

\$500 for all reviews necessary to obtain a submittal package that meets all City requirements.

Task 9 – Miscellaneous Report Review

Provide a review of letter reports, planning documents, Design Reports, Traffic Studies, and other miscellaneous reports. Provide a review comment letter to City Staff.

\$250 to \$500 per review based on project complexity.

TERMS AND CONDITIONS

This work will be completed under the terms and conditions of the current General Engineering Services Contract dated _____, 2014. The Engineer shall have the opportunity to evaluate and revise the costs outlined herein on an annual basis. These services shall be billed on an hourly basis, at the not to exceed cost listed herein.

IN WITNESS WHEREOF, the parties hereto have executed, or cause to be executed by their duly authorized officials, this AMENDMENT to the Contract for Engineering Services in duplicate on the respective dates indicated below.

GRAY & OSBORNE, INC.

CITY OF MCCLEARY

By: Thomas M. Zerkel
(Signature)

By: _____
(Signature)

Name: Thomas M. Zerkel, P.E., President
GRAY & OSBORNE, INC.

Name: _____
(Print)

Date: 4/22/2014

Date: _____

"Equal Opportunity/Affirmative Action Employer"

**PROPOSAL AND CONTRACT
FOR
PROFESSIONAL ENGINEERING SERVICES**

**CITY OF MCCLEARY
WASHINGTON**

APRIL 2014

G&O Job. No. 14237

**GRAY & OSBORNE, INC.
CONSULTING ENGINEERS
SEATTLE, OLYMPIA, YAKIMA,
VANCOUVER & ARLINGTON**

**CONTRACT FOR
PROFESSIONAL ENGINEERING SERVICES**

THIS Contract, entered into this ____ day of _____ 2014, between the CITY OF MCCLEARY, Washington, hereinafter called the "Agency"; and GRAY & OSBORNE, INC., Consulting Engineers, Seattle, Washington, hereinafter called the "Engineer".

WITNESSETH:

WITNESSETH THAT, whereas, the Agency now finds that, from time to time, in the growth and development of the Agency, there will be the need for the engagement of professional engineering services. The purpose of this Contract it to define the services to be performed and method of payment for professional engineering services which may, from time to time, be authorized by the Agency.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

ARTICLE 1

EMPLOYMENT OF THE ENGINEER

The Agency, acting pursuant to its vested authority, does hereby engage the Engineer and the Engineer agrees to furnish the engineering services as requested by the Agency in connection with the Agency's Periodic Need for Professional Engineering Services. These services are outlined in this Contract and shall be undertaken upon request by the Agency to the Engineer, then only for the services so requested. The Engineer shall furnish a scope of work and costs for each service requested which will become a numbered exhibit to the Contract.

ARTICLE 2

CHARACTER & EXTENT OF ENGINEERING SERVICES

Upon written direction of the Agency to proceed, the Engineer shall provide engineering services in accordance with a written scope of work, which describes the engineering services to be provided, such services may include, but are not limited to, engineering studies, financial analysis, predesign, design, construction management, local improvement district or utility local improvement district formation, surveys, the preparation and acquisition of easements and right-of-way, environmental studies and documentation, the preparation of regulatory permits and approvals, public meeting and hearing facilitation, project bid and award services, and construction management and administration.

SPECIAL SERVICES

The Engineer may employ competent professionals to assist in the completion of the work as described in the project specific scope of work and budget. The information so secured shall be made available to the Agency for the use and development of the Agency's projects.

ARTICLE 3

SCOPE OF OWNER SERVICES

The AGENCY shall provide or perform the following:

Provide full information as to the Agency's requirements for the Project. Assist the Engineer by placing at his disposal all available information pertinent to the site of the Project, including previous reports, drawings, plats, surveys, utility records, and any other data relative to the Project. Absent specific written direction to the contrary, the Engineer shall be entitled to rely upon the completeness and accuracy of such documentation.

Examine all studies, reports, sketches, estimates, specifications, drawings, proposals, and other documents presented by the Engineer.

ARTICLE 4

COMPENSATION

It is mutually agreed that the Agency will compensate the Engineer for services furnished based on the cost reimbursement method.

The total cost of on-call engineering services, to be described in scopes of work requested by the Agency, cannot be determined at this time, in advance. The total cost for services will be established by Agreement between the Agency and the Engineer on a case-by-case basis as the need arises and/or by amendment to this Contract.

The following information will be provided for each project assigned by and approved by the Agency.

- (a) Cost Ceiling: The total amount of compensation for engineering services as described herein, and as further defined in letters or exhibits to this Contract including profit (fee), out-of-pocket expenses, direct labor costs, direct overhead and indirect overhead shall not exceed the total dollar cost agreed upon, without a formal amendment to this Contract.

- (b) Compensation Determination: The amount of compensation due the Engineer by the Agency for the services furnished under this Contract shall be determined as provided hereinafter. Such payment shall be full compensation for work performed.

Payment for work accomplished is on the basis of the Engineer's actual cost plus a net fee. The actual cost includes direct salary cost, overhead and direct non-salary cost.

1. The direct salary cost is the salary expense for professional and technical personnel and principals for the time they are productively engaged in work necessary to fulfill the terms of this Contract.
2. The overhead costs as identified on Exhibit "A" are determined as 180 percent (180%), of the direct salary cost. The overhead cost rate is an estimate based on currently available accounting information and shall be used for all progress payments. The overhead costs of the Contract shall be updated annually.
3. The direct non-salary costs are those costs directly incurred in fulfilling the terms of this Contract including, but not limited to travel, reproduction, supplies and fees for special professional services, of outside consultants. If the Engineer is directed to employ special, professional expertise, the Agency will be billed by the Engineer for the special service invoiced amount plus ten percent (10%) for administrative overhead.
4. The fee, which represents the Engineer's profit, shall be fifteen percent. The net fee will be pro-rated and paid monthly in proportion to the Engineer's monthly progress billings and approved by the Agency.

Payment of compensation shall be upon submittal to the Agency of a bill by the Engineer at approximate monthly intervals for services rendered during the preceding time period, plus a proportionate percentage of the fee amount stipulated above.

The cost records and accounts pertaining to this Contract are to be kept available for inspection by representatives of the Agency for a period of three (3) years, after final payment. In the event any audit or inspection identifies any discrepancy in the financial records, the Engineer shall provide clarification and/or make adjustments accordingly.

ARTICLE 5

ADDITIONAL WORK

If during the performance of this contract, or subsequent to completion of the work under this contract other or additional services other than those previously specified, including but not limited to additions or revisions by the Agency are ordered in writing by the Agency, the Engineer agrees to provide the services and the Agency agrees to compensate the Engineer under the same method of Compensation Determination described herein, to be determined at the time the additional services are ordered. The Engineer agrees not to proceed with the additional services until such time as the costs for the additional services have been approved by the Agency.

ARTICLE 6

MAJOR REVISIONS

If, after the design has been approved by the Agency, and the Engineer has proceeded with the final design, and has performed work in processing same and the Agency authorizes new or substantially alters the design, the Agency will pay the Engineer a just and equitable compensation as mutually agreed upon by the Agency and the Engineer, or if an agreement cannot be reached within thirty (30) days, the equitable compensation shall be determined by mediators.

ARTICLE 7

COST ESTIMATE

The Agency is herewith advised that the Engineer has no control over the cost of labor, material, and equipment, including the contractors' and suppliers' methods of producing and delivering such goods and services; or over the methods and styles of competitive bidding or market conditions; and, accordingly, the Engineer's cost estimates are made and furnished on the basis of his experience and qualifications and represent only his best judgment as a design professional and within his familiarity with the construction industry, and, as such, the Engineer cannot and does not warrant, in any other manner or style, the accuracy of the cost estimates, nor that the estimates will or will not vary significantly with bids received by or construction costs realized by the Agency.

ARTICLE 8

FACILITIES TO BE FURNISHED BY THE ENGINEER

The Engineer shall furnish and maintain a central office, work space and equipment suitable and adequate for the prosecution of the work that is normal to the functioning of an established operating engineering practice.

ARTICLE 9

OWNERSHIP OF PLANS

The drawings, specifications, and other documents, including such items prepared in CAD form and stored on magnetic media, prepared for a Project are intended for use solely with respect to that Project. Engineer agrees the Agency is the owner of any and all field notes, field data, test data, calculations, estimates, documents, data, drawings, specifications, software application, and other products or materials, whether in a print form, electronic data form, or otherwise gathered, produced, or developed by Engineer or any subconsultant thereof in the course of the performance of this Contract: PROVIDED THAT, with the sole exception of the printed final documents, Engineer shall have the right to remove all indicia of its ownership and/or involvement with all electronic records provided to the Agency pursuant to a request made under this section. Further, that upon the request of the Agency, the printed final documents of all items shall be tendered to Agency. Agency shall assume all responsibility for Agency's use of the Engineer's material upon other projects and shall indemnify the Engineer for its reuse. Engineer agrees to not release any project documents to third parties without the prior written authorization of Agency unless the Engineer is required to do so by applicable law, rule, regulation, or court order. Agency agrees that all work furnished to it, but which is not paid for pursuant to the terms of this Contract without legitimate cause, shall be returned to Engineer upon demand and will not be used by Agency for any purpose whatsoever.

Engineer agrees to maintain its records governing and recording its performance of this contract for a minimum of four years from the date of completion of the contractual services and shall make them available to the Agency, its agents, employees, or designees to the extent necessary to confirm the provision of the services required under this contract.

Engineer shall fully cooperate with any monitoring, review, auditing, or evaluation activities carried out by Agency, its agents, employees, or designees, in relation to the activities conducted by or upon behalf of Agency in relation to the performance of this contract.

Any review of records shall be carried out with reasonable advance notice being provided to Engineer and during ordinary business hours and upon normal business days. By definition, this shall be between 8:00 a.m. and 5:00 p.m., Monday through Friday, holidays excluded.

ARTICLE 10

DISPUTE RESOLUTION

All claims, disputes and other matters in question between Agency and Engineer shall, in the first instance, be subject to mediation. Either party may notify the other, by certified mail, of the existence of a claim or dispute. If such claim or dispute cannot promptly be

resolved by the parties, the Engineer shall promptly contact the Judicial Arbitration and Mediation Service, Inc., or any other recognized mediation service agreed to by the parties, to arrange for the engagement and appointment of a mediator for the purpose of assisting the parties to amicably resolve the claim or dispute. The cost of the mediator shall be borne equally by the parties. The Agency and Engineer further agree to cooperate fully with the appointed mediator's attempt to resolve the claim or dispute, and also agree that litigation may not be commenced, by either party, for a period of ninety calendar days following the receipt by the other party of the written notice of claim or dispute. This mediation provision may be asserted by either party as grounds for staying such litigation.

In the event any dispute arising out of this Contract is not resolved by informal discussions or mediation, either party may demand the matter in dispute be submitted to binding arbitration under the then prevailing rules of the American Arbitration Association for construction industry disputes. The arbitrator shall be selected from the same Service as provided the mediation service unless one party gives written notice of disagreement. In the event of such notice, then the arbitrator shall be chosen in the manner set forth in the AAA's rules: In the event either party objects to the submission of the dispute to arbitration within 30 days after demand for arbitration has been filed with an appropriate agency and served upon the other party, then the procedure shall be terminated and the matter shall be processed as the parties deem appropriate by filing an action in the Superior Court of the State of Washington in and for the County of Grays Harbor.

ARTICLE 11

ASSIGNABILITY

The Engineer shall not assign nor transfer any interest in this Contract without the prior written consent of the Agency.

ARTICLE 12

EQUAL EMPLOYMENT OPPORTUNITY

The Engineer agrees that it will not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin.

ARTICLE 13

COVENANT AGAINST CONTINGENT FEES

The Engineer warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fees, excepting bona fide employees. For breach or violation of this warranty, the Agency shall have the right to annul this Contract without liability or in its discretion to deduct from the Contract price or consideration or

otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

ARTICLE 14

SAFETY

The duty and/or Services furnished hereunder by the Engineer, does not include a review of the adequacy of any contractor's safety measures in, on, or near a project construction site. The contractor alone shall have the responsibility and liability thereof, and shall be insured accordingly. Neither the activities of the Engineer, nor the presence of the Engineer's employees at a site, shall relieve the contractor of their obligations, duties, and responsibilities with any health or safety precaution required to ensure the safety of the jobsite.

ARTICLE 15

INDEMNITY AGREEMENT

The Engineer shall hold the Agency harmless from, and shall indemnify the Agency against, any and all claims, demands, actions or liabilities caused by or occurring by reason of any negligent act or omission of the Engineer, its agents, employees or subcontractors, arising out of or in connection with the performance of this Contract.

The Engineer shall be required to indemnify the Agency in those cases where damages have been caused by the concurrent negligence of the Agency and Engineer, its agents, employees or subcontractors for that portion of the damages caused by the negligence of the Engineer, its agents, employees or subcontractors.

The Engineer has no duty to indemnify the Agency where damages were caused by the negligence of the Agency.

ARTICLE 16

INSURANCE

A. Public Liability

The Engineer shall provide evidence of comprehensive Public Liability and Property Damage Insurance which includes but is not limited to, operations of the Engineer, commercial general liability, and blanket limited contractual liability with limits of not less than:

COMPREHENSIVE GENERAL LIABILITY

Bodily Injury & Property Damage: \$1,000,000 each person
\$1,000,000 each occurrence
\$1,000,000 each aggregate

AUTOMOBILE LIABILITY

Bodily Injury: \$1,000,000 each person
\$1,000,000 each occurrence

Property Damage: \$1,000,000 single limit

The Agency shall be named as an additional insured as respects this Contract. In conjunction therewith, the Engineer shall furnish a certificate of such insurance to the Agency at the time of execution of this Contract.

B. Professional Liability

The Engineer shall provide Professional Errors and Omissions Liability Insurance which shall provide coverage for any negligent professional acts, errors or omissions for which the Engineer is legally responsible, with limits of not less than:

PROFESSIONAL ERRORS \$1,000,000 each occurrence
AND

OMISSIONS LIABILITY \$1,000,000 aggregate

The Engineer shall furnish a certificate of such insurance to the Agency at the time of execution of this Contract. The policy shall provide that the Agency is to receive written notice from the Insurer no less than thirty days prior to the termination of the policy. The policy shall be maintained for a minimum of three years after the stamp date of any plans and/or specifications prepared for the Agency by the Engineer.

ARTICLE 17

STATUS OF ENGINEER

The Engineer is an independent contractor operating for its own account, and is in no way and to no extent an employee or agent of the Agency. The Engineer shall have the sole judgment of the means, mode or manner of the actual performance of this Contract. The Engineer, as an independent contractor, assumes the entire responsibility for carrying out and accomplishing this Contract.

ARTICLE 18

CERTIFICATION OF ENGINEER

Attached hereto is Exhibit "B" Certification Regarding Debarment, Suspension and Other Responsibility Matters.

ARTICLE 19

CHOICE OF LAW/JURISDICTION/VENUE

This Contract shall be governed as to validity, interpretation, construction and effect, and in all other respects, by the laws of the State of Washington. Jurisdiction of any suit or action arising out of or in connection with this Contract shall be in the State of Washington, and the venue thereof be in the same County as the Agency.

ARTICLE 20

NOTICES

In every case where, under any of the provisions of this Contract or in the opinion of either the Agency or the Engineer or otherwise, it shall or may become necessary or desirable to make, give, or serve any declaration, demand, or notice of any kind or character or for any purpose whatsoever, the same shall be in writing, and it shall be sufficient to either (1) deliver the same or a copy thereof in person to the Mayor, if given by the Engineer, or to the President or Secretary of the Engineer personally, if given by the Agency; or (2) mail the same or a copy thereof by registered or certified mail, postage prepaid, addressed to the other party at such address as may have theretofore been designated in writing by such party, by notice served in the manner herein provided, and until some other address shall have been so designated, the address of the Agency for the purpose of mailing such notices shall be as follows:

CITY OF MCCLEARY
100 South Third Street
McCleary, Washington 98557

and the address of the Engineer shall be as follows:

GRAY & OSBORNE, INC.
701 Dexter Ave. North
Suite 200
Seattle, Washington 98109-4339

ARTICLE 21

ATTORNEY'S FEES

The parties agree that in the event a civil action is instituted by either party to enforce any of the terms and conditions of this Contract, or to obtain damages or other redress for any breach hereof, the prevailing party shall be entitled to recover from the other party, in addition to its other remedies, its reasonable attorney's fees in such suit or action and upon any appeal therefrom.

ARTICLE 22

TERMINATION

This Contract may be terminated as provided in this section.

- A. Either party may terminate this Contract at any time, with or without cause. This shall be achieved by the giving of written notice to the other party of such intention, specifying the effective date, which may not be earlier than the date upon which notice is received by the other party.
- B. In the event of termination without cause, the following provisions shall apply to compensation to be paid:
 - 1. If terminated by Agency, Engineer will be paid for all authorized work performed and expenses incurred up to the termination date. In addition, it shall be entitled to reasonable costs, if any, incurred by it in implementing the transfer of the project, including all materials, including by way of representation and not by way of limitation, documents, information, records, and data of all types and kinds, whether in a written format, electronic data format, or otherwise, developed during its work, to a successor Engineer.
 - 2. If terminated by Engineer, it shall be paid for authorized work performed and expenses incurred up to the termination date. It shall cooperate fully, without additional compensation, in implementing the transfer of the project to any successor Engineer chosen by Agency, including the releasing of all materials, including by way of representation and not by way of limitation, documents, information, records, and data of all types and kinds, whether in a written format, electronic data format, or otherwise, developed during its work, to a successor Engineer.
- C. This Contract may also be terminated for cause by either party. For the purposes of this Contract, "for cause" shall mean if either party fails to substantially perform some element of the work or responsibility in

accordance with this Contract through no fault of the other and does not commence correction of such work and non-performance within five days of written notice and diligently complete the correction thereafter.

- D. In the event of termination for cause, the following provisions shall apply.
1. If terminated for cause by Engineer, Engineer will be paid for all authorized work performed up to the termination date, plus termination expenses, such as, but not limited to, reassignment of personnel, subcontract termination costs, and other costs reasonably related to the closeout.
 2. If terminated for cause by Agency, in recognition that the necessity of such an action may have significant impacts upon Agency, whether in relation to the duty to repay any grant moneys received or otherwise, the Agency shall compensate Engineer for the reasonable value of the services performed up to the date of the notice of termination, subject to reduction by Agency's taking into consideration such factors as the degree of completion, the costs of obtaining successor professional services to complete the project, and the costs related to any resulting delay, if any, arising from the necessity of termination, the degree to which any grant moneys must be repaid, and such other factors as may be reasonably appropriate and arising directly from the necessity of termination.
 3. In either event, Engineer shall cooperate fully in implementing the transfer of the project to any successor Engineer chosen by Agency, including the releasing of any and all materials prepared by or for it during the course of the project, including by way of representation and not by way of limitation, documents, information, records, and data of all types and kinds, whether in a written format, electronic data format, or otherwise, to Agency or its designee.

ARTICLE 23

AMENDMENT

This Contract may be amended only upon the written agreement of the parties executed with the same formalities required for the execution of this Contract.

ARTICLE 24

CLAIMS ASSISTANCE

In the event that the claim arises from some aspect or element of Engineer's services which is alleged by either the claimant or the Agency to have been deficient, incorrect, or otherwise defective, then such claims assistance shall be at the sole expense of Engineers. If the Agency and Engineers disagree as to the issue of responsibility, that dispute shall be resolved through the utilization of the procedure set forth within this Contract.

ARTICLE 25

COMPLIANCE WITH LAW

In the performance of any services provided under this Contract, the Engineer shall comply with all applicable Federal, State, or local laws and ordinances, including regulations for licensing, certification, and operation of facilities, programs, and accreditation, and licensing of individuals, and any other standards or criteria as described in this Contract to assure quality of services.

ARTICLE 26

ENTIRE CONTRACT AND NON-WAIVER

- A. The parties agree the Contract and any fully executed amendments are the complete expression of the terms hereto and any oral representations or understandings not incorporated herein are excluded. Further, any modification of the Contract shall be in writing and signed by both parties.
- B. The failure of either party to exercise any rights or remedies under this Contract for any breach shall not constitute a continuing waiver of any obligation and shall not prevent either party from pursuing any such rights or remedies for any succeeding breach.

ARTICLE 27

SEVERABILITY

If for any reason any part, term, or provision of the Contract and any fully executed amendments is held by a court of the United States to be illegal, void, or unenforceable, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Contract did not contain the particular provision held to be invalid.

If it should appear that any provision hereof is in conflict with any statutory provision of the State of Washington, said provision which may conflict therewith shall be deemed

inoperative and null and void insofar as it may be in conflict therewith, and shall be deemed modified to conform to such statutory provisions.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year written below.

ENGINEER: Gray & Osborne, Inc.

AGENCY: City of McCleary

By: Thomas M. Zerkel
(Signature)

By: _____
(Signature)

Name/Title: Thomas M. Zerkel, P.E., President

Name/Title: Donald Gary Dent, Mayor
(Print)

Date: 4/22/2014

Date: _____

ATTEST

Wendy Collins, Clerk-Treasurer

APPROVED AS TO FORM:

Daniel O. Glenn, City Attorney

"Equal Opportunity/Affirmative Action Employer"

EXHIBIT "A"

GRAY & OSBORNE

COMPUTATION OF OVERHEAD MULTIPLIER

Federal, State, and Local Taxes	25.47%
Insurance and Medical	26.58%
Professional Development and Education	4.56%
Vacations and Holidays	15.14%
Administration (Typing, CADD, GIS, Computer)**	54.21%
Rent, Utilities, and Depreciation	17.74%
Office Expenses	8.12%
Recruiting	0.12%
Professional Services	1.22%
Incentive and Retirement	26.60%
Facilities Cost of Capital	0.24%

TOTAL:..... 180.00%

**PROFESSIONAL ENGINEERING SERVICES CONTRACT
ENGINEER'S REPRESENTATIVE PAYROLL RATES
THROUGH JUNE 15, 2014***

<u>Employee Classification</u>	<u>Payroll Rates</u>		
AutoCAD/GIS Technician/Engineering Intern	\$14.00	to	\$27.00
AutoCAD/GIS Manager/Graphic Artist	\$29.00	to	\$36.00
Senior Electrical Engineer	\$44.00	to	\$53.00
Senior Structural Engineer	\$36.00	to	\$49.00
Electrical Engineer	\$32.00	to	\$43.00
Structural Engineer	\$31.00	to	\$40.00
Environmental Technician/Specialist	\$25.00	to	\$40.00
Geomorphologist/Geologist	\$36.00	to	\$40.00
Civil Engineer	\$24.00	to	\$35.00
Project Engineer	\$33.00	to	\$43.00
Project Manager	\$35.00	to	\$56.00
Principal-in-Charge	\$35.00	to	\$59.00
Resident Engineer	\$38.00	to	\$48.00
Field Inspector	\$23.00	to	\$37.00
Field Survey Crew (2 Person)**	\$45.00	to	\$65.00
Field Survey Crew (3 Person)**	\$68.00	to	\$85.00
Professional Land Surveyor	\$34.00	to	\$38.00
Secretary/Word Processor**	N/A**		

* Updated annually, together with the overhead.

All actual out-of-pocket expenses incurred directly on the project are added to the billing. The billing is based on direct out-of-pocket expenses; meals, lodging, laboratory testing and transportation. The transportation rate is \$0.56 per mile or the current maximum IRS rate without receipt IRS Section 162(a).

** Administration expenses include secretarial and clerical work; GIS, CADD, and computer equipment; owned survey equipment and tools (stakes, hubs, lath, etc. – Note: mileage billed separately at rate noted); miscellaneous administration tasks; facsimiles; telephone; and printing costs, which are less than \$150.

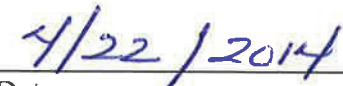
EXHIBIT "B"

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION,
AND OTHER RESPONSIBILITY MATTERS**

- I. The Engineer, Gray & Osborne, Inc., certifies to the best of its knowledge and belief, that it and its principals:
- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
 - B. Have not within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission or fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - C. Are not presently indicated for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (I)(B) of this certification; and
 - D. Have not within a 3-year period preceding this application/proposal had one or more public transactions (federal, state, or local) terminated for cause or default.



Thomas M. Zerkel, P.E., President
Gray & Osborne, Inc.



Date

The Agency may confirm the Engineer's suspension or debarment status on General Services Administration Excluded Parties List System website: www.epls.gov.

**AMENDMENT NO. 1
TO
CONTRACT FOR ENGINEERING SERVICES**

THIS AMENDMENT, entered into this ____ day of _____ 2014, by and between the City of McCleary, Washington, hereinafter referred to as the Agency, and Gray & Osborne, Inc., hereinafter referred to as the Engineer, hereby modifies the contract for engineering services dated (by Agency) _____, 2014, for additional services related to the Professional Engineering Services Contract.

MINOR ENGINEERING SUPPORT SERVICES SCOPE OF WORK

The agency has a variety of minor/miscellaneous items that require engineering input or review during the course of any given month. The cost and time required to prepare a contract amendment for each of these items would be better spent directly addressing these issues. This amendment provides a method for the Mayor (or authorized representative) to authorize minor engineering support services on an as needed basis without incurring the cost of preparing a contract amendment.

When requested by the Agency, the Engineer shall provide both basic engineering support services and minor/miscellaneous engineering support services. Basic engineering support services are specifically outlined in the nine tasks identified in Section II of this amendment which will be billed under a unique job number, according to the “not to exceed” costs outlined in Section II. Engineering services that are not identified in Section II of this addendum and are estimated to cost more than \$600 will be authorized by a separate contract amendment and invoiced under a unique job number. Minor engineering support services covered under this amendment would have an estimated cost of \$600 or less and may include, but not be limited to, updating utility base maps and development activity maps, preparing exhibits, site visits, review of utility operational issues, assistance with meeting regulatory requirements, utility rate and SDC reviews, participation in meetings, reviewing variance requests or other minor support services requested by the Agency.

Costs for all minor engineering support services (\$600 or less per task) shall be tracked by a project number specifically issued for “Minor Engineering Support Services” and billed monthly with a description of work provided for each engineering support task. The Engineer will provide a “not to exceed” cost for each minor engineering support service task to the Mayor (or authorized representative) for approval at the time these services are requested.

Compensation for services provided as described herein as Minor Engineering Support Services shall be authorized by the Public works Director and/or the Mayor on a case by case basis and shall not exceed \$600 per authorized task. The aggregate amount of compensation for all minor engineering support services authorized under this contract amendment shall not exceed **\$5,000** without further written authorization from the Agency.

BASIC ENGINEERING SUPPORT SERVICES

The Agency will require the Engineer to attend pre application meetings for new developments, provide plat and utility design plan review to confirm the developer is conforming to City, County and State standards, attend preconstruction meetings and provide part time construction inspection services. In addition to these services, the Agency may also require engineering reviews of previously developed studies, letter reports, planning documents, construction standards and development proposals that do not fit the standard type of plat application and review parameters.

The following fee schedule has been developed to provide a budget cost for the basic type of engineering support services the Agency will require the Engineer to perform. These budget costs and the associated scope of work will be used by the Mayor and/or the Public Works Director to authorize the Engineer to perform the basic engineering support services outlined below.

Task 1 – Environmental and Permitting

Prepare SEPA Checklist and DNS (City will be lead agency).

\$400 to \$800 depending on the complexity of the project

Task 2 – On-Site Inspection

Provide an on-site inspector to provide guidance and direction to City of McCleary staff during utility and road construction by developer's contractor.

\$600 to \$800 per day

Task 3 – Boundary Line Adjustment (BLA) Review

Provide a review of BLA survey documents for compliance with City, State and County Requirements.

\$600 per review

Task 4 – Preliminary Plat Review

Provide a review of preliminary plat survey documents for compliance with City, State and County Requirements.

\$800 per review (less than 10 lots)

\$1,000 per review (10 lots to 30 lots)

\$1,200 per review (over 30 lots)

Task 5 – Final Plat Review

Provide a review of final plat survey documents, lot closure calculations, easements, CC&R's and maintenance agreements for compliance with City, State and County Requirements.

\$1,200 per review (less than 10 lots)

\$1,500 per review (10 lots to 30 lots)

\$2,000 per review (over 30 lots)

Task 6 – Utility and Roadway Construction Plan Review for Subdivisions

Provide a review of SEPA documents, Stormwater Design Reports, Traffic Studies, construction drawings, and draft CC&R's for compliance with City, State and County Requirements. Provide review letter with recommendations to City Staff.

\$1,500 per review (less than 10 lots)*

\$2,000 per review (10 lots to 30 lots)*

\$2,500 per review (over 30 lots)*

*Additional costs may be incurred if multiple review letters are required due to developer engineer not complying with initial review comments, or site specific complexities (geotechnical issues, pump stations, etc.).

Task 7 – Pre application Meetings/Preconstruction Meetings for Subdivisions

Attend, provide agenda (or preapplication checklist) and direct meeting with City staff and applicant. Provide meeting minutes as required.

\$250 per meeting

Task 8 – Submittal Review for Subdivisions

Provide a review of material submittal from developer's contractor/materials supplier for compliance with City, State and County Requirements. Provide review letter to developer.

\$500 for all reviews necessary to obtain a submittal package that meets all City requirements.

Task 9 – Miscellaneous Report Review

Provide a review of letter reports, planning documents, Design Reports, Traffic Studies, and other miscellaneous reports. Provide a review comment letter to City Staff.

\$250 to \$500 per review based on project complexity.

TERMS AND CONDITIONS

This work will be completed under the terms and conditions of the current General Engineering Services Contract dated _____, 2014. The Engineer shall have the opportunity to evaluate and revise the costs outlined herein on an annual basis. These services shall be billed on an hourly basis, at the not to exceed cost listed herein.

IN WITNESS WHEREOF, the parties hereto have executed, or cause to be executed by their duly authorized officials, this AMENDMENT to the Contract for Engineering Services in duplicate on the respective dates indicated below.

GRAY & OSBORNE, INC.

CITY OF MCCLEARY

By: Thomas M. Zerkel
(Signature)

By: _____
(Signature)

Name: Thomas M. Zerkel, P.E., President
GRAY & OSBORNE, INC.

Name: _____
(Print)

Date: 4/22/2014

Date: _____

"Equal Opportunity/Affirmative Action Employer"

STAFF REPORT

To: Mayor Dent
From: Wendy Collins, Clerk-Treasurer
Date: May 28, 2014
Re: Annual Financial Report for 2013

Each year the City is required to submit an annual report to the State Auditor's Office on the yearly financial activity. The report must include beginning balances, expenditures, revenues, loans, grants, and the end of the year compensated absences for all employees. The report is a key component that the Auditor uses when conducting their annual audit.

The State Auditor's Office updates their requirements yearly, which makes the completion of this report very challenging.

Action Requested:

Please authorize the Mayor to approve and authorize the City Clerk-Treasurer to submit to the State Auditor's Office the attached 2013 Annual Financial Report.

REPORTING

Note 1 - Summary of Significant Accounting Policies

The City of McCleary reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of McCleary was incorporated on January 6, 1943 and operates under the laws of the state of Washington applicable to a non-charter code city. The City of McCleary is a general purpose government and provides public safety, fire prevention, street improvements, parks and recreation, health and social services and general administrative services. In addition, the City owns and operates electric, water, sewer, and storm drain. The City of McCleary uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the City of McCleary are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The City of McCleary resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the City of McCleary:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the City of McCleary. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of McCleary.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf

of others.

Agency Funds

These funds are used to account assets that the City holds for others in an agency capacity.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

The City of McCleary adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the general (current expense) fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - Current Expense	1,192,250.49	1,094,397.46	97,853.03
101 - Park And Cemetery Reserve	65,675.61	65,675.61	
102 - Street Fund			
Street Fund	64,780.00	46,831.10	17,948.90
Street Reserve	20,000.00		20,000.00
Total 102 - Street Fund	84,780.00	46,831.10	37,948.90
301 - REET Excise Tax - Capital Projects	14,000.00		14,000.00
302 - Fire Mitigation Fund	79,000.00	78,975.54	24.46
401 - Light And Power Fund	2,697,712.06	2,261,773.12	435,938.94
403 - Garbage Fund			
Garbage Fund	4,119.13	3,764.48	354.65
Garbage Reserve Fund	7,109.97	7,109.97	
Total 403 - Garbage Fund	11,229.10	10,874.45	354.65
405 - Water Fund	1,169,644.00	1,122,299.98	47,344.02
407 - Sewer Fund			
Sewer Fund	813,792.00	639,279.47	174,512.53
Sewer Bond Reserve Fund		146,178.00	-146,178.00
Total 407 - Sewer Fund	813,792.00	785,457.47	28,334.53
409 - Storm Water Fund	117,685.00	93,172.10	24,512.90
413 - Ambulance Fund	86,130.00	88,806.52	-2,676.52

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body.

D. Cash

It is the City's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

E. Deposits

The City deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Investments See Note 2, *Investments*.

G. Capital Assets

The City of McCleary does not have a capitalization policy. Capital assets are long-lived assets of the City of McCleary and are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated up to 320 hours and is payable upon separation or retirement.

Sick leave may be accumulated up to 480 hours. Upon separation or retirement employees will receive payment for one-third of accumulated hours.

Comp time balances are payable upon separation and retirement.

I. Long-Term Debt See Note 5, *Debt Service Requirements*.

J. Other Financing Sources or Uses

The City's *Other Financing Sources or Uses* consist of transfers between funds, a fraud recovery, new connection utility fees, deposits, interfund loan repayments, a BPA power purchase settlement, property sales, insurance recoveries, and refunds of overpayments.

K. Risk Management

The City of McCleary is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

L. Reserved Fund Balance

The City of McCleary maintains the following reserve balances in these funds:

Fund (Number)	Amount	Reserve Description
Current Expense (001)	\$192,199	Reserved for future needs by council action
Street Fund (102)	\$161,855	Reserved for Street Operations
Capital Projects (301)	\$23,325	Reserved for REET eligible expenditures
Light and Power (401)	\$300,407	Reserved for future needs
Water Fund (405)	\$121,057	Reserved for future needs
Sewer Fund (407)	\$186,827	Reserved for future needs
Ambulance Fund (413)	\$10,566	Reserved for future needs

Note 2 - Investments

The City's investments are insured, registered, or held by the City or its agent in the City's name.

Investments are presented at fair market value.

Investments by type at December 31, 2013 are as follows:

<u>Type of Investment</u>	① City's own investments	② Investments held by the City as an agent for other local governments, individuals or private organizations.	③ <u>Total</u>
L.G.I.P.	\$1,607,002.68	\$0	\$1,607,002.68

Note 3 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City's regular levy for the year 2013 was \$2.1209563 per \$1,000 on an assessed valuation of \$115,384,744 for a total regular levy of \$244,726.

Note 4 - Interfund Loans

The following table displays interfund loan activity during 2013:

Borrowing Fund	Lending Fund	Balance 1/1/2013	New Loans	Repayments	Balance 12/31/2013
Ambulance Fund	Light and Power	\$7,500.00	\$0.00	\$7,500.00	\$0.00
	Loan Interest @ 3%	\$525.00		\$525.00	\$0.00
	TOTALS	\$8,025.00	\$0.00	\$8025.00	\$0.00

Note 5 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2013.

The debt service requirements for general obligation bonds, revenue bonds, PWTF Loans, and other debt, including both principle and interest, are as follows:

Year	General Obligation Bonds		Revenue Bonds		Other Debt		Total Debt	
2013	\$	53,397	\$	316,868	\$	11,980	\$	382,244
2014		45,848		338,553		11,980		396,381
2015		30,752		302,615		11,980		345,346
2016		6,643		290,844				297,487
2017		6,643		289,323				295,966
2018-2022		33,214		1,403,225				1,436,438
2023-2027		33,212		1,282,903				1,316,115
2028-2032				1,121,419				1,121,419
2033-2037				730,890				730,890
2038-2042				730,890				730,890
2043-2047				438,534				438,534
TOTAL	\$	209,708	\$	7,246,063	\$	35,939	\$	7,491,710

Note 6 - Pension Plans

Substantially all of the City of McCleary's full-time and qualifying part-time employees participate in LEOFF or PERS retirement plans administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Note 7 - Other Disclosures

Legal Compliance

The City over expended its budgets for Fund 407 in 2013. Fund 407 was over expended due to an oversight in the budget process for the USDA payment, which was made, for fiscal year 2013 but was not included in the 2013 budget.

Fraud Audit Resolved

The City finalized the process for the fraud audit from the State Auditor's Office from a previous employee's embezzlement activity. The employee admitted guilt and was sentenced in March 2013 to two years in prison and is required to pay restitution. The City is pleased to have this long process come to an end and begin to move forward and work on the healing process with our community and employees. The City also is thankful for the hard work and dedication of Jim Brittain and Julie Cooper from the State Auditor's Special Investigation's Office. They worked endless hours to investigate the fraud and prepare the proof of loss. The amount of recovery in 2013 was \$57,875.56.

Retirees

The City of McCleary has two LEOFF1 retirees. The City has purchased medical insurance and long term disability coverage to mitigate these postemployment benefit liabilities. One LEOFF1 Retiree is charging the City for in-home care, which is submitted monthly to the LEOFF1 Board for approval. These charges impact the City's financials significantly.

BPA Settlement

The Bonneville Power Authority made settlements to its customers in 2013 for overbilling in previous years. The City of McCleary received \$265,777.50 in these settlements. These funds were booked into the Light and Power Fund (401).

Miscellaneous

The City purchased property in January 2013 for a future fire station project to be paid back over fifteen years. The City used fire mitigation money that was available for this use.

The City received \$29,640.50 in insurance recoveries from the FEMA eligible storm in 2012

The City had interlocal agreements in 2012 with Grays County Fire Districts 5 and 13 to provide

firefighting and EMS services. The City also participates in interlocal Agreement for the loan of equipment, vehicles or other personal property, and staff, Cities include the Cities of Aberdeen, Elma, Montesano, Ocean Shores, Oakville, McCleary and Westport.

**CITY OF MCCLEARY
SCHEDULE OF DISBURSEMENT ACTIVITY
For Year Ending: December 31, 2013**

Fund	Fund Title	Beginning Outstanding Items 01/01/2013	Issued During The Year During The Year	Redeemed Canceled During The Year	Ending Outstanding Items 12/31/2013	Prior Yr Open Period Items	Curr Yr Open Period Items	Disbursements 12/31/2013
001	Current Expense	59,479.34	1,060,060.23	1,108,761.24	10,778.33	0.00	0.00	1,060,060.23
101	Park And Cemetery Fund	5,346.62	7,711.45	13,033.62	24.45	0.00	0.00	7,711.45
102	Street Fund	1,868.20	46,831.10	48,582.54	116.76	0.00	0.00	46,831.10
401	Light And Power Fund	36,803.05	2,206,172.10	2,235,009.79	7,965.36	0.00	0.00	2,206,172.10
405	Water Fund	40,295.94	1,102,225.72	1,140,523.78	1,997.88	0.00	0.00	1,102,225.72
407	Sewer Fund	23,304.52	614,541.54	631,450.45	6,395.61	0.00	0.00	614,541.54
409	Storm Water Fund	1,723.77	98,361.59	99,840.94	244.42	0.00	0.00	98,361.59
413	Ambulance Fund	6,852.51	82,458.85	89,311.36		0.00	0.00	82,458.85
630	Consumer Deposits L/P Fund	333.11	462.68	427.70	368.09	0.00	0.00	462.68
TOTALS:		176,007.06	5,218,825.26	5,366,941.42	27,890.90	0.00	0.00	5,218,825.26

Schedule 9

ID. No.	Description	Maturity/Payment Due Date	Beginning Balance 01/01/20__	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/20__
263.51	Brookside Party Property Originated 9/1/2009	9/15/2015	36,141		21,323	5917679	14,818
253.11	PWB - Simpson Ave. Water Main	7/1/2015	35,939		11,980	5913478	23,959
259.11	Compensated Absences - Governmental		32,253		346		31,907
263.82	Sewer Originated 7/1/2001	7/1/2021	185,165		20,574	5913478	164,592
252.11	Sewer Bond Originated 2005	12/1/2045	2,483,293		34,831	5913478	2,448,462
263.82	Stormwater Improvements 7/1/2009	7/1/2015	30,750		10,250	5913478	20,500
263.82	Bucket Truck 11/17/2009	12/1/2014	64,214		32,946	5913477	31,268
263.82	USDA Loan 5 for Water Meters/Well Exploration 2/2010	3/1/2030	98,856		4,274	5913478	94,581
263.82	USDA Loan 6 for additional Well Exploration and Reservoir Painting 3/2010	3/1/2030	215,554		9,321	5913478	206,233
263.82	PWTF Well 2 & 3 Improvements 9/20/11	6/1/2032	928,419	509,292	68,756	5913477	1,368,955
259.12	Compensated Absences - Proprietary		86,637	6,380			93,017
263.51	Ford lease - Police Vehicles	6/6/2015	64,324		20,185	5912179	44,139
263.51	Fire-Station-Birindelli Property	3/1/2015	0	70000	2669	5912276	67,331

Notes to Schedule 9:

ID No. 263.51 Fire Station-Birindelli Property is a contract purchase of land. No proceeds were received for this project.

ID No. 263.82 PWTF Well 2 & 3 Improvements 9/20/11 has both repayments and continuing draws. As per the BARS code changes in regard to revenue debt, it no longer uses a 582 redemption code, and now uses 591.34. This loan is included with all other 263.82 ID's when calculating beginning balances.

CITY OF MCCLEARY
SCHEDULE OF CASH ACTIVITY
 For Year Ending: December 31, 2013

Fund	Beg Balance	Receipts	Transfers-In	Other Rev	Netted Trans	Ttl Increase	Disbursements	Trans-Out	Other Exp	Ttl Decrease	End Balance
001 Current Expense	304,464.99	935,841.85	215,525.60	276.47		1,151,643.92	1,060,060.23		34,877.31	1,094,937.54	361,171.37
101 Park And Cemetery Fund	43,948.85			21,726.76		21,726.76	7,711.45	65,675.61	-7,711.45	65,675.61	166,182.32
102 Street Fund	162,866.49	50,146.93				50,146.93	46,831.10			46,831.10	23,324.73
301 REET Excise Tax - Capital Projec	16,093.53	7,231.20				7,231.20					
302 Fire Mitigation Fund	78,975.54							78,975.54		78,975.54	
401 Light And Power Fund	574,743.31	2,564,380.93	8,025.00	-3,239.98		2,569,165.95	2,206,172.10	60,000.00	-2,305.80	2,263,866.30	880,042.96
403 Garbage Fund	10,874.45							10,874.45		10,874.45	
405 Water Fund	426,617.12	1,146,677.68		-2,159.07		1,144,518.61	1,102,225.72		480.00	1,102,705.72	468,430.01
407 Sewer Fund	539,059.77	677,376.06		-1,817.67		675,558.39	614,541.54			614,541.54	600,076.62
409 Storm Water Fund	91,458.18	86,667.04		-147.43		86,519.61	98,361.59			98,361.59	79,616.20
413 Ambulance Fund	8,516.12	91,067.74		-211.46		90,856.28	82,458.85	8,025.00	-1,677.33	88,806.52	10,565.88
601 Investment Trust Fund		-500.00				-500.00			-500.00	-500.00	
630 Consumer Deposits L/P Fund	24,337.16	-10,017.32				-10,017.32	462.68		300.00	762.68	13,557.16
631 Consumer Deposits - Water Fund	11,189.56								200.00	200.00	10,989.56
TOTALS:	2,293,145.07	5,548,872.11	223,550.60	14,427.62		5,786,850.33	5,218,825.26	223,550.60	23,662.73	5,466,038.59	2,613,956.81

Schedule 16

State Agency BARS Account	Grantor	Program Title	Identification #	Amount
334049000	WA ST Department Of Health	Dept. Of Health EMS Trauma Grant	MCCLEARY 1	1,208.00

TREASURERS REPORT

Fund Totals

City of McCleary
MCAG #: 0344

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Fund	Previous Balance	Revenue	Expenditures	Ending Balance	Claims Clearing	Payroll Clearing	Outstanding Deposits	Adjusted Ending Balance
001 Current Expense	177,713.74	62,049.31	70,790.54	168,972.51	10,413.05	365.28	-2,632.72	177,118.12
002 Current Expense Reserve Fund	192,185.84	13.02		192,198.86	0.00	0.00	0.00	192,198.86
101 Park And Cemetery Fund	0.00	0.00		0.00	24.45	0.00	0.00	24.45
102 Street Fund	3,679.73	3,262.19	2,615.01	4,326.91	116.76	0.00	-118.99	4,324.68
120 Street Reserve	161,844.45	10.96		161,855.41	0.00	0.00	0.00	161,855.41
301 REET Excise Tax - Capital Projects	22,964.29	360.44		23,324.73	0.00	0.00	-358.88	22,965.85
401 Light And Power Fund	582,330.54	191,430.14	194,124.82	579,635.86	7,965.36	0.00	-2,246.37	585,354.85
405 Water Fund	339,344.53	55,550.33	47,521.38	347,373.48	1,997.88	0.00	-1,126.29	348,245.07
407 Sewer Fund	439,252.14	54,559.24	80,562.15	413,249.23	6,395.61	0.00	-742.76	418,902.08
409 Storm Water Fund	92,070.56	6,783.10	19,237.46	79,616.20	244.42	0.00	-92.07	79,768.55
410 Light And Power Reserve Fund	200,298.71	13.56		200,312.27	0.00	0.00	0.00	200,312.27
411 Reed L/P Reserve Fund	100,088.05	6.78		100,094.83	0.00	0.00	0.00	100,094.83
413 Ambulance Fund	9,776.72	7,490.57	6,701.41	10,565.88	0.00	0.00	-111.41	10,454.47
421 Sewer Bond Reserve Fund	49,882.86	12,203.37		62,086.23	0.00	0.00	0.00	62,086.23
422 Water Reserve Fund	100,904.70	20,151.83		121,056.53	0.00	0.00	0.00	121,056.53
423 Sewer Reserve Fund	100,259.38	24,481.78		124,741.16	0.00	0.00	0.00	124,741.16
630 Consumer Deposits L/P Fund	13,752.16	0.00	195.00	13,557.16	34.98	0.00	0.00	13,592.14
631 Consumer Deposits - Water Fund	10,989.56	0.00		10,989.56	0.00	0.00	0.00	10,989.56
Totals	2,597,337.96	438,366.62	421,747.77	2,613,956.81	27,192.51	365.28	-7,429.49	2,634,085.11

TREASURERS REPORT

Account Totals

City Of McCleary
MCAG #: 0344

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Cash Accounts	Beg Balance	Deposits	Withdrawals	Ending Outstanding Rec	Outstanding Exp	Adj Balance
1 Checking - Sterling	722,185.97	381,588.54	365,266.61	738,507.90	27,890.90	760,498.44
10 MM - 6819	82,447.84	7.01	0.00	82,454.85	0.00	82,454.85
11 MM - 0325	169,819.97	14.42	0.00	169,834.39	0.00	169,834.39
12 MM - 3222	13,370.05	173.57	0.00	13,543.62	0.00	13,543.62
101 Xpress Billpay	2,513.73	29,993.42	29,893.78	2,613.37	0.00	1,084.24
Total Cash:	990,337.56	411,776.96	395,160.39	1,006,954.13	27,890.90	1,027,415.54
Investment Accounts						
100 LGIP	1,607,000.40	174.13	171.85	1,607,002.68	0.00	1,607,002.68
Total Investments:	1,607,000.40	174.13	171.85	1,607,002.68	0.00	1,607,002.68
	2,597,337.96	411,951.09	395,332.24	2,613,956.81	27,890.90	2,634,418.22

TREASURERS REPORT
Fund Investments By Account

City Of McCleary
MCAG #: 0344

12/01/2013 To: 12/31/2013

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Fund Totals:	Previous Balance	Purchases	Interest	Total Investments	Liquidated	Ending Balance
001 000 Current Expense	105,951.63		13.54	13.54	11.73	105,953.44
002 000 Current Expense Reserve Fund	130,503.93		12.89	12.89	12.72	130,504.10
102 000 Street Fund	13,325.23		0.25	0.25	0.24	13,325.24
120 000 Street Reserve	109,900.50		10.85	10.85	10.71	109,900.64
301 000 REET Excise Tax - Capital Projects	14,598.60		1.54	1.54	1.52	14,598.62
401 000 Light And Power Fund	422,260.90		39.05	39.05	38.54	422,261.41
405 000 Water Fund	137,416.96		22.82	22.82	22.52	137,417.26
407 000 Sewer Fund	214,368.79		29.39	29.39	29.00	214,369.18
409 000 Storm Water Fund	45,187.09		6.17	6.17	6.09	45,187.17
410 000 Light And Power Reserve Fund	136,019.36		13.43	13.43	13.26	136,019.53
411 000 Reed L/P Reserve Fund	67,964.84		6.71	6.71	6.62	67,964.93
413 000 Ambulance Fund	3,751.33		0.66	0.66	0.65	3,751.34
421 000 Sewer Bond Reserve Fund	41,941.14		3.34	3.34	3.30	41,941.18
422 000 Water Reserve Fund	68,522.95		6.77	6.77	6.68	68,523.04
423 000 Sewer Reserve Fund	68,086.50		6.72	6.72	6.63	68,086.59
600 000 Consumer Deposits L/P Fund	19,696.43				0.91	19,695.52
610 000 Consumer Deposits - Water Fund	7,595.55				0.73	7,594.82
100 - LGIP	<u>1,607,091.73</u>	<u>0.00</u>	<u>174.13</u>	<u>174.13</u>	<u>171.85</u>	<u>1,607,094.01</u>
	<u>1,607,091.73</u>	<u>0.00</u>	<u>174.13</u>	<u>174.13</u>	<u>171.85</u>	<u>1,607,094.01</u>

TREASURERS REPORT
Fund Investment Totals

City Of McCleary
MCAG #: 0344

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Fund Totals:	Previous Balance	Purchases	Interest	Ttl Investments	Liquidated	Investment Bal	Available Cash
001 Current Expense	105,919.90		13.54	13.54	11.73	105,921.71	63,050.80
002 Current Expense Reserve Fund	69,637.13		12.89	12.89	12.72	69,637.30	122,561.56
102 Street Fund	25,835.73		0.25	0.25	0.24	25,835.74	-21,508.83
120 Street Reserve	58,339.11		10.85	10.85	10.71	58,339.25	103,516.16
301 REET Excise Tax - Capital Projects	-76,416.77		1.54	1.54	1.52	-76,416.75	99,741.48
401 Light And Power Fund	341,418.83		39.05	39.05	38.54	341,419.34	238,216.52
405 Water Fund	273,925.81		22.82	22.82	22.52	273,926.11	73,447.37
407 Sewer Fund	365,449.70		29.39	29.39	29.00	365,450.09	47,799.14
409 Storm Water Fund	90,361.25		6.17	6.17	6.09	90,361.33	-10,745.13
410 Light And Power Reserve Fund	117,163.85		13.43	13.43	13.26	117,164.02	83,148.25
411 Reed L/P Reserve Fund	36,078.18		6.71	6.71	6.62	36,078.27	64,016.56
413 Ambulance Fund	7,501.68		0.66	0.66	0.65	7,501.69	3,064.19
421 Sewer Bond Reserve Fund	22,593.05		3.34	3.34	3.30	22,593.09	39,493.14
422 Water Reserve Fund	61,352.14		6.77	6.77	6.68	61,352.23	59,704.30
423 Sewer Reserve Fund	73,109.81		6.72	6.72	6.63	73,109.90	51,631.26
630 Consumer Deposits L/P Fund						0.00	13,557.16
631 Consumer Deposits - Water Fund						0.00	10,989.56
	1,572,269.40		174.13	174.13	170.21	1,572,273.32	1,041,683.49

Ending fund balance (Page 1) - Investment balance = Available cash.

2,613,956.81

TREASURERS REPORT

Outstanding Vouchers

City Of McCleary
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Year	Trans#	Date	Type	Acct#	War#	Vendor	Amount	Memo
2011	3835	08/16/2011	Claims	1	33519	Nichols Charli	47.56	Refund Utility Deposit
2012	965	03/29/2012	Claims	1	34602	Imler Kyle	0.15	Refund inactive customer credit balance
2012	986	03/29/2012	Claims	1	34623	Wetzel Robert	1.23	Refund inactive customer credit balance
2012	1489	05/15/2012	Claims	1	34787	EGH Disposal	123.48	
2012	1879	06/18/2012	Claims	1	34959	Verizon Bellevue	10.67	
2012	3223	10/15/2012	Claims	1	35458	American Tower Corp	135.55	Refund inactive customer credit balance
2012	3328	10/22/2012	Payroll	1	35532	Robert Enriquez	22.12	Firemen 2012 Payroll
2012	3628	11/15/2012	Claims	1	35662	Shepard Terry	2.58	Refund inactive customer credit balance
2012	4129	12/31/2012	Claims	1	35882	Razorback Contractors Supply Inc.	71.76	Gloves
2013	3271	09/13/2013	Claims	1	36972	Kershaw James / Catherine	34.98	Refund inactive customer credit balance
2013	3278	09/13/2013	Claims	1	36979	Northstar Chemical, Inc	917.06	Polymer
2013	3810	10/25/2013	Payroll	1	37129	Isaac Gustafson	122.76	2013 Firemen payroll
2013	3920	11/05/2013	Payroll	1	37203	Jerry Banks	95.20	October 2013 Payroll
2013	4298	12/05/2013	Payroll	1	37316	Jerry Banks	95.20	November 2013 Payroll
2013	4335	12/05/2013	Payroll	1	37333	Olympic Mountain Lodge #23	30.00	11/06/2013 To 12/05/2013 - FOP - Lodge Dues
2013	4472	12/13/2013	Claims	1	37363	Fire Mountain Farms Inc	598.30	Recycle Biosolids
2013	4482	12/13/2013	Claims	1	37373	JDR Property Investments LLC	164.12	Refund inactive customer credit balance
2013	4624	12/31/2013	Claims	1	37399	AT & T	17.64	
2013	4625	12/31/2013	Claims	1	37400	Airgas - Nor Pac Inc.	683.78	Nitrogen; Nitrogen; Nitrogen
2013	4626	12/31/2013	Claims	1	37401	Antich Supply Company	36.80	Roll Towels
2013	4627	12/31/2013	Claims	1	37402	AUS Everett Lockbox Aramark	65.70	Rug Svc.; Rug Svc.
2013	4628	12/31/2013	Claims	1	37403	Association of Washington Cities	819.00	2014 Membership Fee
2013	4629	12/31/2013	Claims	1	37404	Todd Baun	325.00	2013 Clothing Allowance
2013	4630	12/31/2013	Claims	1	37405	Burkhamer Properties	18.01	Refund inactive customer credit balance
2013	4631	12/31/2013	Claims	1	37406	CenturyLink	1,039.24	300529719
2013	4632	12/31/2013	Claims	1	37407	CenturyLink	64.56	
2013	4633	12/31/2013	Claims	1	37408	City of Elma	93.50	Judge Blauvelt Dues
2013	4634	12/31/2013	Claims	1	37409	City of McCleary	101.00	Building Permit
2013	4635	12/31/2013	Claims	1	37410	Coast Controls & Automation Inc	372.90	Service Call 12.12.2013
2013	4636	12/31/2013	Claims	1	37411	Comcast	160.69	Internet; Internet
2013	4637	12/31/2013	Claims	1	37412	D.K. Boos Glass	311.26	Window
2013	4638	12/31/2013	Claims	1	37413	Daily World The	153.00	1 Year Subscription
2013	4639	12/31/2013	Claims	1	37414	Databar Inc	45.53	1099's 1096's
2013	4640	12/31/2013	Claims	1	37415	Department of Health	42.00	Baun - Waterworks Operator Cert.
2013	4641	12/31/2013	Claims	1	37416	Empire Office Equipment	40.68	Copier Rental
2013	4642	12/31/2013	Claims	1	37417	Ferguson Enterprises, Inc #3007	13.76	
2013	4643	12/31/2013	Claims	1	37418	GH Co Health Department	96.56	3rd Q Liquor Profit 2013
2013	4644	12/31/2013	Claims	1	37419	Galls	452.99	Churchel Uniform Allowance 2013
2013	4645	12/31/2013	Claims	1	37420	Glenn & Associates, P.S.	5,196.76	Prosecution Costs; Monthly Retainer

TREASURERS REPORT Outstanding Vouchers

City Of McCleary
MCAG #: 0344

As Of: 12/31/2013 Date: 04/28/2014
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Year	Trans#	Date	Type	Acct#	War#	Vendor	Amount	Memo
2013	4646	12/31/2013	Claims	I	37421	Grainger	104.26	Cable Ties; Garbage Can
2013	4647	12/31/2013	Claims	I	37422	Gray & Osborne Inc	607.38	Minor Engineering - Marijuana Sales Boundary Exhibit; Pearsall BLA Review
2013	4648	12/31/2013	Claims	I	37423	Grays Harbor Co Auditor	331.56	2013 Primary Election Costs
2013	4649	12/31/2013	Claims	I	37424	Hach Company	67.80	Chlorine Free Reagent Set
2013	4650	12/31/2013	Claims	I	37425	MCI Comm Service	68.84	6P979215; 6P983908
2013	4651	12/31/2013	Claims	I	37426	Munroe Holly O	105.17	Refund inactive customer credit balance
2013	4652	12/31/2013	Claims	I	37427	Ogden Murphy Wallace	585.00	Labor Negotiation
2013	4653	12/31/2013	Claims	I	37428	Oldcastle Precast Inc	1,541.45	3642 LA Base Cover
2013	4654	12/31/2013	Claims	I	37429	Pittman Joe	325.00	2013 Clothing Allowance
2013	4655	12/31/2013	Claims	I	37430	Jenna Powers	20.00	CDL Knowledge Fee, CDL Permit
2013	4656	12/31/2013	Claims	I	37431	Rudesill, Juana	50.00	Interpreter Service
2013	4657	12/31/2013	Claims	I	37432	Shell Fleet Management	23.76	Water
2013	4658	12/31/2013	Claims	I	37433	Snap Janitorial	775.00	Dec. Cleaning
2013	4659	12/31/2013	Claims	I	37434	Sunset Air Inc	409.76	Service Call - Replace Filter; Service Call - Replaced Filter
2013	4660	12/31/2013	Claims	I	37435	Take Aim, LLC	32.63	Mag Holder
2013	4661	12/31/2013	Claims	I	37436	The Vidette	66.03	Engineering, Surveying, Planning, Architecture Svcs.; Lemay Rate Increase
2013	4662	12/31/2013	Claims	I	37437	Verizon Bellevue	464.67	Analog Volt Detector
2013	4663	12/31/2013	Claims	I	37438	Wagner-Smith Equipment Co.	898.58	2012 Audit
2013	4664	12/31/2013	Claims	I	37439	Washington State Auditor's Office	794.20	Water Testing; Testing
2013	4665	12/31/2013	Claims	I	37440	Water Management Labs Inc	408.00	Nitrogen
2013	4730	12/30/2013	Claims	I	37529	Airgas - Nor Pac Inc.	329.33	Pliers, Caliper; Heater, Heat Tape; Bits, Screws; Fasteners; Glue Liquid Nail, Roller Covers; Casings
2013	4731	12/30/2013	Claims	I	37530	Bayview Building Material	218.84	CDL Physical - Jenna
2013	4732	12/30/2013	Claims	I	37531	Black Hills Family Clinic	185.00	Travel Reimbursement
2013	4733	12/30/2013	Claims	I	37532	Collins, Wendy	49.83	Trico Force; Oil Filters
2013	4734	12/30/2013	Claims	I	37533	Cut Rate Auto	55.56	Rolled Carpet
2013	4735	12/30/2013	Claims	I	37534	Dennis Company	64.91	2013 Clothing Allowance
2013	4736	12/30/2013	Claims	I	37535	Jon Ehresmann	325.00	Just One Bite
2013	4737	12/30/2013	Claims	I	37536	Elma Feed & Farm Supply Inc	40.05	Belt, Belt Keepers; Earpiece
2013	4738	12/30/2013	Claims	I	37537	Galls	133.01	Water; Bulbs; Water; Bottle; D-con, JIF PB; Soap; Water; Water
2013	4739	12/30/2013	Claims	I	37538	Gordon's Select Market	72.11	Coupler, Adapter
2013	4740	12/30/2013	Claims	I	37539	Grainger	64.10	Water Sample Testing
2013	4741	12/30/2013	Claims	I	37540	Grays Harbor County	110.00	Install Radio
2013	4742	12/30/2013	Claims	I	37541	Integrated Systems Group	975.00	Honda Pump
2013	4743	12/30/2013	Claims	I	37542	J & I Power Equip Inc	1,734.40	Shredding
2013	4744	12/30/2013	Claims	I	37543	LeMay Mobile Shredding	40.90	

TREASURERS REPORT Outstanding Vouchers

City Of McCleary
MCAG #: 0344

As Of: 12/31/2013 Date: 04/28/2014
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Year	Trans#	Date	Type	Acct#	War#	Vendor	Amount	Memo
2013	4745	12/30/2013	Claims	I	37544	Montesano NAPA Store	30.68	Wheel Cylinder, Oil Filter, Fuel Filter, Yellow Paint Marker
2013	4746	12/30/2013	Claims	I	37545	Mountain Mist	74.37	Water; Water
2013	4747	12/30/2013	Claims	I	37546	North Central Laboratories	74.44	Grid Filters
2013	4748	12/30/2013	Claims	I	37547	Office Depot Inc.	295.23	Batteries, Hole Punch Boxes, Paper, Envelopes, Calculator
2013	4749	12/30/2013	Claims	I	37548	One Call Concepts, Inc.	2.14	Excavation Notifications
2013	4750	12/30/2013	Claims	I	37549	Pettit Oil Company	331.13	Fuel
2013	4751	12/30/2013	Claims	I	37550	The Vidette	106.95	Synopsis Of Ord. 800; Synopsis Of Ord. 799
2013	4752	12/30/2013	Claims	I	37551	Wagner-Smith Equipment Co.	1,441.39	Power Dart Blower
2013	4753	12/30/2013	Claims	I	37552	Washington State Auditor's Office	520.36	2012 Audit
2013	4754	12/30/2013	Claims	I	37553	Water Management Labs Inc	314.00	Water Testing
							27,890.90	
							27,890.90	

Fund	Claims	Payroll	Total
001 Current Expense	10,413.05	365.28	10,778.33
101 Park And Cemetery Fund	24.45	0.00	24.45
102 Street Fund	116.76	0.00	116.76
401 Light And Power Fund	7,965.36	0.00	7,965.36
405 Water Fund	1,997.88	0.00	1,997.88
407 Sewer Fund	6,395.61	0.00	6,395.61
409 Storm Water Fund	244.42	0.00	244.42
600	333.11	0.00	333.11
630 Consumer Deposits L/P Fund	34.98	0.00	34.98
		365.28	27,890.90

TREASURERS REPORT

Signature Page

City Of McCleary
MCAG #: 0344

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12/01/2013 To: 12/31/2013

TREASURERS REPORT FOR MONTH OF _____

DATED this _____ day of _____, 2014.

ATTEST:

X _____
Councilman Peterson

X _____
Councilman Catterlin

X _____
Councilman Reed

X _____
Councilman Ator

X _____
Councilman Schiller

**LABOR RELATIONS CONSULTANT(S)
For the Year Ended December 31, 2013**

Has your government engaged labor relations consultants? Yes No

If yes, please provide the following information for each consultant:

Name of Firm Ogden Murphy Wallace
Name of Consultant W. Scott Snyder
Business Address 901 Fifth Avenue Suite 3500 Seattle, WA 98164-2008
Amount Paid to Consultant During Fiscal Year \$12,357.00
Terms and Conditions, as Applicable, Including: Rates (E.g., Hourly, etc.) _____ Maximum Compensation Allowed _____ Duration of Services _____ Services Provided: Analysis of Compensation

Certified Correct this _____ day of _____, 20____ to the best of my knowledge and belief:
Signature
Name
Title

LOCAL GOVERNMENT RISK-ASSUMPTION
For the Year Ended December 31, 2013

Program Manager: Wendy Collins

Address: 100 South 3rd Street

Phone: (360) 495-3667

Email: WendyC@cityof mcleary.com

- 1. NO Does the entity self-insure for any class of risk, including liability, property, health and welfare, unemployment compensation, workers' compensation? (yes/no)

If NO, STOP, you do not need to complete the rest of this Schedule.

If YES, continue below.

- a. Which class of risk does the entity self-insure? Check all that apply.
i. Liability
ii. Property
iii. Health and Welfare (medical, vision, dental, prescription)
iv. Unemployment Compensation
v. Workers' Compensation
vi. Other - please describe:
b. Does the entity self-insure as an individual program? (yes/no)
i. If answered YES, does the entity allow another separate legal entity into its self-insurance program(s)? (yes/no) For example, employees of a different organization participate in a health and welfare program of a city.
If so, list the entity or entities:
c. Does the entity self-insure as a joint program? (yes/no)
i. If answered YES, list the other member(s):

EFF DATE
1-1-11

SUPERSEDES
1-1-10

BARS MANUAL:
CASH BASIS

PT CH PAGE
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2. _____ Does the entity administer its own claims? (yes/no)
3. _____ Does the entity contract with a third party administrator for claims administration? (yes/no)
4. _____ Did the entity receive a claims audit in the last three years, regardless of who administered the claims? (yes/no)
5. _____ Were the program's revenues sufficient to cover the program's expenses? (yes/no)
6. _____ Did the program use an actuary to determine its liabilities? (yes/no)

EXAMPLE

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period
Liability (automobile)	354	279	\$104,366

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period

EFF DATE
1-1-11

SUPERSEDES
1-1-10

BARS MANUAL:
CASH BASIS

PT CH PAGE
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City Of McCleary

MCAG #: 0344

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2013

1 Of 4

BARS CODE		Total For All Funds	001 - Current Expense	101 - Park And Cemetery Fund
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	1,084,496.61	192,016.79	65,675.61
308.80	Unreserved	1,173,121.74	112,448.20	(21,726.76)
	Prior Period Adjustments (388.80 or 588.80)	0.00	(21,726.76)	21,726.76
Operating Revenues:				
310	Taxes	717,773.45	692,013.73	0.00
320	Licenses and Permits	11,556.33	11,158.73	0.00
330	Intergovernmental	89,573.42	55,359.84	0.00
340	Charges for Goods and Services	3,663,508.60	17,164.08	0.00
350	Fines and Penalties	34,971.49	34,971.49	0.00
360	Miscellaneous	73,412.68	25,574.77	0.00
Total Operating Revenues		4,590,795.97	836,242.64	0.00
Operating Expenditures				
510	General Government	215,354.12	215,354.12	0.00
520	Public Safety	689,782.50	609,000.98	0.00
530	Physical Environment	3,124,943.75	27,810.58	0.00
540	Transportation	46,718.65	0.00	0.00
550	Economic Environment	900.00	900.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	27,472.78	27,472.78	0.00
Operating Expenditures		4,105,171.80	880,538.46	0.00
Net Operating Increase (Decrease)		485,624.17	(44,295.82)	0.00
Non Operating Revenues:				
391-393	Debt Proceeds	509,292.12	0.00	0.00
37X,380,395,398	Other Financing Sources	511,694.64	159,335.60	0.00
397	Transfers-In	155,525.60	155,525.60	0.00
Total Non Operating Revenues		1,176,512.36	314,861.20	0.00
Non Operating Expenditures				
591-593	Debt Service	382,587.76	52,289.84	0.00
594-595	Capital Expenditures	782,930.36	99,792.36	0.00
580, 596, 599	Other Financing uses	9,301.07	40,050.04	0.00
597	Transfers-out	155,525.60	0.00	65,675.61
Total Non Operating Expenditures		1,330,344.79	192,132.24	65,675.61
Increase (Decrease) in Cash and investments		331,791.74	78,433.14	(65,675.61)
Ending Cash and Investments				
508.10	Reserved	996,235.90	192,198.86	0.00
508.80	Unreserved	1,593,174.19	168,972.51	0.00

The accompanying notes are an integral part of this Statement

City Of McCleary

MCAG #: 0344

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2013

2 Of 4

BARS CODE		102 - Street Fund Actual Amount	301 - REET Excise Tax - Capital Projects Actual Amount	302 - Fire Mitigation Fund Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	161,702.07	16,093.53	78,975.54
308.80	Unreserved	1,164.42	0.00	0.00
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Operating Revenues:				
310	Taxes	12,596.92	7,211.40	0.00
320	Licenses and Permits	397.60	0.00	0.00
330	Intergovernmental	34,213.58	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	0.00
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous	313.69	19.80	0.00
	Total Operating Revenues	47,521.79	7,231.20	0.00
Operating Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	0.00	0.00	0.00
540	Transportation	46,718.65	0.00	0.00
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Operating Expenditures	46,718.65	0.00	0.00
	Net Operating Increase (Decrease)	803.14	7,231.20	0.00
Non Operating Revenues:				
391-393	Debt Proceeds	0.00	0.00	0.00
37X,380,395,398	Other Financing Sources	2,625.14	0.00	0.00
397	Transfers-In	0.00	0.00	0.00
	Total Non Operating Revenues	2,625.14	0.00	0.00
Non Operating Expenditures				
591-593	Debt Service	0.00	0.00	0.00
594-595	Capital Expenditures	112.45	0.00	0.00
580, 596, 599	Other Financing uses	0.00	0.00	0.00
597	Transfers-out	0.00	0.00	78,975.54
	Total Non Operating Expenditures	112.45	0.00	78,975.54
	Increase (Decrease) in Cash and investments	3,315.83	7,231.20	(78,975.54)
Ending Cash and Investments				
508.10	Reserved	161,855.41	23,324.73	0.00
508.80	Unreserved	4,326.91	0.00	0.00

The accompanying notes are an integral part of this Statement

City Of McCleary

MCAG #: 0344

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2013

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BARS CODE		401 - Light And Power Fund	403 - Garbage Fund	405 - Water Fund
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	300,122.50	7,109.97	100,815.94
308.80	Unreserved	274,620.81	3,764.48	325,801.18
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Operating Revenues:				
310	Taxes	196.20	0.00	2,550.60
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	0.00	0.00	0.00
340	Charges for Goods and Services	2,207,748.19	0.00	614,076.87
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous	41,492.66	0.00	5,307.51
	Total Operating Revenues	2,249,437.05	0.00	621,934.98
Operating Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	2,181,149.18	0.00	395,790.97
540	Transportation	0.00	0.00	0.00
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Operating Expenditures	2,181,149.18	0.00	395,790.97
	Net Operating Increase (Decrease)	68,287.87	0.00	226,144.01
Non Operating Revenues:				
391-393	Debt Proceeds	0.00	0.00	509,292.12
37X,380,395,398	Other Financing Sources	317,635.72	0.00	12,740.77
397	Transfers-In	0.00	0.00	0.00
	Total Non Operating Revenues	317,635.72	0.00	522,032.89
Non Operating Expenditures				
591-593	Debt Service	34,650.06	0.00	117,195.09
594-595	Capital Expenditures	84,672.85	0.00	588,968.92
580, 596, 599	Other Financing uses	(38,698.97)	0.00	200.00
597	Transfers-out	0.00	10,874.45	0.00
	Total Non Operating Expenditures	80,623.94	10,874.45	706,364.01
	Increase (Decrease) in Cash and investments	305,299.65	(10,874.45)	41,812.89
Ending Cash and Investments				
508.10	Reserved	300,407.10	0.00	121,056.53
508.80	Unreserved	579,635.86	0.00	347,373.48

The accompanying notes are an integral part of this Statement

City Of McCleary

MCAG #: 0344

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2013

4 Of 4

BARS CODE		407 - Sewer Fund	409 - Storm Water Fund	413 - Ambulance Fund
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	161,984.66	0.00	0.00
308.80	Unreserved	377,075.11	91,458.18	8,516.12
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Operating Revenues:				
310	Taxes	2,027.40	1,177.20	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	0.00	0.00	0.00
340	Charges for Goods and Services	657,727.72	75,943.91	90,847.83
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous	599.60	96.20	8.45
	Total Operating Revenues	660,354.72	77,217.31	90,856.28
Operating Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	0.00	0.00	80,781.52
530	Physical Environment	439,186.02	81,007.00	0.00
540	Transportation	0.00	0.00	0.00
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Operating Expenditures	439,186.02	81,007.00	80,781.52
	Net Operating Increase (Decrease)	221,168.70	(3,789.69)	10,074.76
Non Operating Revenues:				
391-393	Debt Proceeds	0.00	0.00	0.00
37X,380,395,398	Other Financing Sources	15,244.60	4,112.81	0.00
397	Transfers-In	0.00	0.00	0.00
	Total Non Operating Revenues	15,244.60	4,112.81	0.00
Non Operating Expenditures				
591-593	Debt Service	167,677.77	10,250.00	525.00
594-595	Capital Expenditures	7,468.68	1,915.10	0.00
580, 596, 599	Other Financing uses	250.00	0.00	7,500.00
597	Transfers-out	0.00	0.00	0.00
	Total Non Operating Expenditures	175,396.45	12,165.10	8,025.00
	Increase (Decrease) in Cash and investments	61,016.85	(11,841.98)	2,049.76
Ending Cash and Investments				
508.10	Reserved	186,827.39	0.00	10,565.88
508.80	Unreserved	413,249.23	79,616.20	0.00

The accompanying notes are an integral part of this Statement

City Of McCleary

MCAG #: 0344

STATEMENT C-5

FUDICIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2013

1 Of 1

BARS CODE		Total For All Funds	630 - Consumer Deposits L/P Fund	631 - Consumer Deposits - Water Fund
		Total Amount	Actual Amount	Actual Amount
308.10	Beginning Cash and Investments	35,526.72	24,337.16	11,189.56
388/588	Prior Period Adjustments,Net	0.00	0.00	0.00
310 - 360	Revenues	0.00	0.00	0.00
370 - 390	Other Increases and Financing Sources	195.00	195.00	0.00
510 - 570	Expenditures	0.00	(10,780.00)	0.00
580 - 590	Other Decreases and Financing Uses	11,175.00	10,975.00	200.00
	Increase (Decrease) in Cash and Investments	(10,980.00)	(10,780.00)	(200.00)
508	Ending Cash and Investments:	24,546.72	13,557.16	10,989.56

The accompanying notes are an integral part of this Statement

STAFF REPORT

To: Mayor Dent
From: Todd Baun- Director of Public Works
Date: May 22, 2014
Re: BPA Revision No. 2 to Exhibit B of Power Sales Agreement

BPA has provided the following updated information for our records. I have also attached Revision # 1 for comparison. Please feel free to read and let me know if you have any questions. Thank you.

Action Requested:

No Action is required. This is for our records only.



Department of Energy

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

POWER SERVICES

April 28, 2014

In reply refer to: PSW/Seattle

The Honorable Donald Gary Dent
City of McCleary
100 South 3rd Street
McCleary, WA 98557-0360

Dear Mayor Dent:

Enclosed is an original of Revision No. 2 to Exhibit B of the City of McCleary's (McCleary) Power Sales Agreement, Contract No. 09PB-13069 (Agreement). This revision updates section 1.1 of Exhibit B to include McCleary's permanent Contract High Water Mark (CHWM) under the Agreement, based on the results of the Provisional CHWM process, consistent with section 4.1.9 of the Tiered Rates Methodology. The enclosed Exhibit B revision is McCleary's original to keep as an update to its contract records.

If you have further questions, please contact me at (206) 220-6762 or 1-800-241-4573.

Sincerely,

A handwritten signature in black ink that reads "R. Kirsten Watts". The signature is written in a cursive style.

R. Kirsten Watts
Power Services Customer Account Executive

Enclosure

cc:
Todd Baun, City of McCleary
Christiane Mercer, City of McCleary

Revision No. 2, Exhibit B
HIGH WATER MARKS AND CONTRACT DEMAND QUANTITIES
Effective May 1, 2014

This revision: (1) replaces section 1.1 and revises the table to include McCleary's permanent CHWM; and (2) deletes section 2.3.

1. CONTRACT HIGH WATER MARK (CHWM)

1.1 CHWM Amount

By September 15, 2011, BPA shall fill in the table below with McCleary's CHWM. Once established, McCleary's CHWM shall not change for the term of this Agreement except as allowed in section 1.2 of this exhibit.

CHWM (annual aMW) ^{1/}:	3.773
Note: BPA shall round the number in the table above to three decimal places.	
^{1/} CHWM amount effective October 1, 2013 consistent with section 4.1.9 of the TRM.	

1.2 Changes to CHWM

If a change is made to McCleary's CHWM pursuant to this section 1.2, then BPA shall determine and notify McCleary of the date such change will be effective as follows:

1.2.1 If a load included in McCleary's Measured 2010 Load, as defined in the TRM, is later found to have been an NLSL in FY 2010, then BPA shall reduce McCleary's CHWM by the amount of the NLSL. BPA shall notify McCleary 30 days prior to when the updated CHWM will become effective. McCleary shall be liable for payment of any charges to adjust for the ineligible Tier 1 PF rate purchases dating back to October 1, 2011.

1.2.2 If McCleary acquires an Annexed Load from a utility that has a CHWM, then BPA shall increase McCleary's CHWM by adding part of the other utility's CHWM to McCleary's CHWM. The CHWM increase shall be effective on the date that McCleary begins service to the Annexed Load. BPA shall establish the amount of the CHWM addition as follows:

- (1) If McCleary and the other utility involved in the annexation agree on the amount of the CHWM addition, then BPA shall adopt that amount if BPA determines such amount is reasonable.
- (2) If McCleary and the other utility cannot agree on the amount of the CHWM addition, or if BPA determines the amount agreed to in 1.2.2(1) of this exhibit is unreasonable, then the amount of the CHWM addition shall equal the calculated

amount below; provided however, BPA may adjust the calculated amount below to reflect the division of Dedicated Resources between the utilities and other pertinent information advanced by McCleary and the other utility:

$$\left[\frac{\text{Annexed Load minus annexed NLSLs, if any}}{\text{Other utility's pre-annexation Total Retail Load minus total NLSLs, if any}} \right] \times \left[\text{Other utility's pre-annexation CHWM} \right]$$

1.2.3 If another utility with a CHWM annexes load of McCleary, then BPA shall reduce McCleary's CHWM by adding part of McCleary's CHWM to the other utility's CHWM. The CHWM reduction shall be effective on the date that the other utility begins service to the Annexed Load. BPA shall establish the amount of the CHWM reduction as follows:

- (1) If McCleary and the other utility involved in the annexation agree on the amount of the CHWM reduction, then BPA shall adopt that amount if BPA determines such amount is reasonable.
- (2) If McCleary and the other utility cannot agree on the amount of the CHWM reduction, or if BPA determines the amount agreed to in 1.2.3(1) of this exhibit is unreasonable, then the amount of the CHWM reduction shall equal the calculated amount below; provided however, BPA may adjust the calculated amount below to reflect the division of Dedicated Resources between the utilities and other pertinent information advanced by McCleary and the other utility:

$$\left[\frac{\text{Annexed Load minus annexed NLSLs, if any}}{\text{McCleary's pre-annexation Total Retail Load minus total NLSLs, if any}} \right] \times \left[\text{McCleary's pre-annexation CHWM} \right]$$

1.2.4 BPA may change McCleary's CHWM if BPA's Administrator determines that BPA is required by court order about an Annexed Load to make such changes. BPA shall determine the effective date of such a change and shall update this exhibit with the changed CHWM.

2. CONTRACT DEMAND QUANTITIES (CDQs)

2.1 CDQ Amounts

By September 15, 2011, BPA shall fill in the table below with McCleary's monthly CDQs. Calculation of such CDQs is established in the TRM. McCleary's monthly CDQs shall not change for the term of this Agreement except as allowed below.

Monthly Contract Demand Quantities												
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
kW	1,262	1,089	1,150	974	1,653	1,434	1,044	980	766	895	285	946
Note: BPA shall round the amounts in the table above to the nearest whole kilowatt.												

2.2 Changes Due to Annexation

The Parties shall determine when changes to McCleary's CDQs, as allowed below, will become effective.

2.2.1 If McCleary acquires an Annexed Load from a utility that has monthly CDQs, then BPA shall increase McCleary's CDQ for each month by adding the portion of the other utility's monthly CDQ that is attributable to such Annexed Load. For each month, the sum of McCleary's and the other utility's post-annexation CDQs shall not exceed the sum of the pre-annexation CDQs for such utilities. BPA shall establish the amount of the CDQ additions as follows:

- (1) If McCleary and the other utility involved in the annexation agree on the amounts of the CDQ additions, then BPA shall adopt those amounts.
- (2) If McCleary and the other utility cannot agree on the amounts of the CDQ additions, then BPA shall determine the amounts based on the monthly load factors of the Annexed Load.

2.2.2 If another utility with monthly CDQs annexes load of McCleary, then BPA shall reduce McCleary's CDQ for each month by removing the portion of McCleary's monthly CDQ that is attributable to the load that was annexed. For each month, the sum of McCleary's and the other utility's post-annexation CDQs shall not exceed the sum of the pre-annexation CDQs for such utilities. BPA shall establish the amount of the CDQ reductions as follows:

- (1) If McCleary and the other utility involved in the annexation agree on the amounts of the CDQ reductions, then BPA shall adopt those amounts.
- (2) If McCleary and the other utility cannot agree on the amounts of the CDQ reductions, then BPA shall determine the amounts based on the monthly load factors of the Annexed Load.

3. REVISIONS

BPA may revise this exhibit to the extent allowed in sections 1 and 2 of this exhibit. All other changes shall be made by mutual agreement.

(PSW-S:\PM\CUST_RKW\MC\PSC_2009_PF_Regional Dialogue\Exhibit B\Exh B_Rev#2 -VMC_13069_20140428_Exh B_Rev#2_Final.docx) 04/28/2014

Revision No. 1, Exhibit B
HIGH WATER MARKS AND CONTRACT DEMAND QUANTITIES
Effective September 15, 2011

This revision: (1) updates section 1.1 to include McCleary's CHWM and Provisional CHWM Amount, (2) updates section 2.1 to include McCleary's monthly CDQs, and (3) adds section 2.3.

1. CONTRACT HIGH WATER MARK (CHWM)

1.1 CHWM Amount

By September 15, 2011, BPA shall fill in the table below with McCleary's CHWM. Once established, McCleary's CHWM shall not change for the term of this Agreement except (1) as outlined below for Provisional CHWM Amount, as defined in the TRM, and (2) as allowed in section 1.2 of this exhibit.

CHWM (annual aMW):	4.236
Provisional CHWM Amount (annual aMW):	0.463
Note: BPA shall round the numbers in the table above to three decimal places.	

1.1.1 McCleary's CHWM listed above includes a Provisional CHWM Amount under Adjustment Path 2. This Provisional CHWM Amount will only be retained if the retention conditions, specified in section 4.1.8 of the TRM, are achieved. BPA shall determine the amount, if any, of McCleary's Provisional CHWM Amount to be retained. By September 15, 2014, BPA shall revise the table above to include McCleary's permanent CHWM. McCleary's permanent CHWM will be effective retroactively to October 1, 2013.

1.1.2 If another utility with a CHWM annexes load of McCleary, then McCleary's CHWM, including Provisional CHWM Amount, shall be subject to change as per section 1.2.3 below. The portion of the CHWM that is Provisional CHWM Amount shall remain Provisional CHWM Amount for the utility acquiring such Annexed Load and shall be subject to the retention conditions, specified in section 4.1.8 of the TRM.

1.2 Changes to CHWM

If a change is made to McCleary's CHWM pursuant to this section 1.2, then BPA shall determine and notify McCleary of the date such change will be effective as follows:

1.2.1 If a load included in McCleary's Measured 2010 Load, as defined in the TRM, is later found to have been an NLSL in FY 2010, then BPA shall reduce McCleary's CHWM by the amount of the NLSL. BPA shall notify McCleary 30 days prior to when the updated CHWM will

become effective. McCleary shall be liable for payment of any charges to adjust for the ineligible Tier 1 PF rate purchases dating back to October 1, 2011.

1.2.2 If McCleary acquires an Annexed Load from a utility that has a CHWM, then BPA shall increase McCleary's CHWM by adding part of the other utility's CHWM to McCleary's CHWM. The CHWM increase shall be effective on the date that McCleary begins service to the Annexed Load. BPA shall establish the amount of the CHWM addition as follows:

- (1) If McCleary and the other utility involved in the annexation agree on the amount of the CHWM addition, then BPA shall adopt that amount if BPA determines such amount is reasonable.
- (2) If McCleary and the other utility cannot agree on the amount of the CHWM addition, or if BPA determines the amount agreed to in 1.2.2(1) of this exhibit is unreasonable, then the amount of the CHWM addition shall equal the calculated amount below; provided however, BPA may adjust the calculated amount below to reflect the division of Dedicated Resources between the utilities and other pertinent information advanced by McCleary and the other utility:

$$\left[\frac{\text{Annexed Load minus annexed NLSLs, if any}}{\text{Other utility's pre-annexation Total Retail Load minus total NLSLs, if any}} \right] \times \left[\text{Other utility's pre-annexation CHWM} \right]$$

1.2.3 If another utility with a CHWM annexes load of McCleary, then BPA shall reduce McCleary's CHWM by adding part of McCleary's CHWM to the other utility's CHWM. The CHWM reduction shall be effective on the date that the other utility begins service to the Annexed Load. BPA shall establish the amount of the CHWM reduction as follows:

- (1) If McCleary and the other utility involved in the annexation agree on the amount of the CHWM reduction, then BPA shall adopt that amount if BPA determines such amount is reasonable.
- (2) If McCleary and the other utility cannot agree on the amount of the CHWM reduction, or if BPA determines the amount agreed to in 1.2.3(1) of this exhibit is unreasonable, then the amount of the CHWM reduction shall equal the calculated amount below; provided however, BPA may adjust the calculated amount below to reflect the division of Dedicated Resources between the utilities and other pertinent information advanced by McCleary and the other utility:

$$\left[\frac{\text{Annexed Load minus annexed NLSLs, if any}}{\text{McCleary's pre-annexation Total Retail Load minus total NLSLs, if any}} \right] \times \left[\text{McCleary's pre-annexation CHWM} \right]$$

1.2.4 BPA may change McCleary's CHWM if BPA's Administrator determines that BPA is required by court order about an Annexed Load to make such changes. BPA shall determine the effective date of such a change and shall update this exhibit with the changed CHWM.

2. CONTRACT DEMAND QUANTITIES (CDQs)

2.1 CDQ Amounts

By September 15, 2011, BPA shall fill in the table below with McCleary's monthly CDQs. Calculation of such CDQs is established in the TRM. McCleary's monthly CDQs shall not change for the term of this Agreement except as allowed below.

Monthly Contract Demand Quantities												
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
kW	1,262	1,089	1,150	974	1,653	1,434	1,044	980	766	895	285	946
Note: BPA shall round the amounts in the table above to the nearest whole kilowatt.												

2.2 Changes Due to Annexation

The Parties shall determine when changes to McCleary's CDQs, as allowed below, will become effective.

2.2.1 If McCleary acquires an Annexed Load from a utility that has monthly CDQs, then BPA shall increase McCleary's CDQ for each month by adding the portion of the other utility's monthly CDQ that is attributable to such Annexed Load. For each month, the sum of McCleary's and the other utility's post-annexation CDQs shall not exceed the sum of the pre-annexation CDQs for such utilities. BPA shall establish the amount of the CDQ additions as follows:

- (1) If McCleary and the other utility involved in the annexation agree on the amounts of the CDQ additions, then BPA shall adopt those amounts.
- (2) If McCleary and the other utility cannot agree on the amounts of the CDQ additions, then BPA shall determine the amounts based on the monthly load factors of the Annexed Load.

2.2.2 If another utility with monthly CDQs annexes load of McCleary, then BPA shall reduce McCleary's CDQ for each month by removing the portion of McCleary's monthly CDQ that is attributable to the load that was annexed. For each month, the sum of McCleary's and the other utility's post-annexation CDQs shall not exceed the sum of the

pre-annexation CDQs for such utilities. BPA shall establish the amount of the CDQ reductions as follows:

- (1) If McCleary and the other utility involved in the annexation agree on the amounts of the CDQ reductions, then BPA shall adopt those amounts.
- (2) If McCleary and the other utility cannot agree on the amounts of the CDQ reductions, then BPA shall determine the amounts based on the monthly load factors of the Annexed Load.

2.3 Changes Due to Retained Provisional CHWM Amount

When BPA determines the amount, if any, of McCleary's Provisional CHWM Amount retained in accordance with section 4.1.8 of the TRM, BPA shall adjust McCleary's CDQs consistent with section 4.1.9 of the TRM. By September 15, 2014, BPA shall revise the table in section 2.1 above to include McCleary's permanent monthly CDQs.

3. REVISIONS


BPA may revise this exhibit to the extent allowed in sections 1 and 2 of this exhibit. All other changes shall be made by mutual agreement.

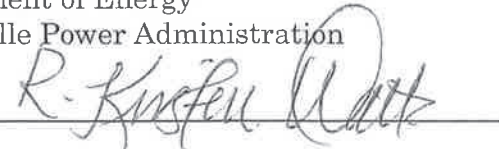
4. SIGNATURES

The Parties have caused this revision to be executed as of the date both Parties have signed this revision.

CITY OF MCCLEARY

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 
Name D. Gary Dent
Title Mayor
Date 9-15-2011

By 
Name R. Kirsten Watts
Title Account Executive
Date 19 September 2011

(PSW-S:\S:\PM\CUST_RKW\MC\PSC_2009_PF_Regional Dialogue\Exhibit B\Exh B_Rev#1 CDQ+CHWM\MC_13069_20110801_Exh B_Rev#1_Final.doc) 08/01/2011

STAFF REPORT

To: Mayor Dent
From: Todd Baun- Director of Public Works
Date: May 22, 2014
Re: Microsoft Volume Licensing

The City currently uses Microsoft Office for a variety of work related activities. Approximately 18 versions were installed from a bootlegged copy and are not legal for the City to use. We also have several computers that have versions of Microsoft XP still in use. Microsoft XP is now discontinued and support for the software is no longer available.

The City can take advantage of State Contract T11-MST-579 and purchase volume licensing of Microsoft software. We will then have legal and up to date copies of Microsoft software on all city computers.

A total of \$9,700 was budgeted for in 2014 to purchase of this software.

Action Requested:

Please allow Mayor to sign agreement for the Microsoft Volume Licensing.

Program Signature Form

MBA/MBSA number	<input type="text"/>	<input type="text"/>
Agreement number	01S6T766	

Note: Enter the applicable active numbers associated with the documents below. Microsoft requires the associated active number be indicated here, or listed below as new.

For the purposes of this form, "Customer" can mean the signing entity, Enrolled Affiliate, Government Partner, Institution, or other party entering into a volume licensing program agreement.

This signature form and all contract documents identified in the table below are entered into between the Customer and the Microsoft Affiliate signing, as of the effective date identified below.

Contract Document	Number or Code
<Choose Agreement>	
<Choose Agreement>	
<Choose Agreement>	
<Choose Agreement>	
<Choose Agreement>	
Select Enrollment	X20-02347
<Choose Enrollment/Registration>	
<Choose Enrollment/Registration>	
<Choose Enrollment/Registration>	
<Choose Enrollment/Registration>	

By signing below, Customer and the Microsoft Affiliate agree that both parties (1) have received, read and understand the above contract documents, including any websites or documents incorporated by reference and any amendments and (2) agree to be bound by the terms of all such documents.

Customer
Name of Entity (must be legal entity name)* City of McCleary
Signature* _____
Printed First and Last Name*
Printed Title
Signature Date*
Tax ID

* indicates required field

Microsoft Affiliate
Microsoft Licensing, GP
Signature _____
Printed First and Last Name
Printed Title
Signature Date
(date Microsoft Affiliate countersigns)
Agreement Effective Date
(may be different than Microsoft's signature date)

Optional 2nd Customer signature or Outsourcer signature (if applicable)

Customer
Name of Entity (must be legal entity name)*
Signature* _____
Printed First and Last Name*
Printed Title
Signature Date*

* indicates required field

Outsourcer
Name of Entity (must be legal entity name)*
Signature* _____
Printed First and Last Name*
Printed Title
Signature Date*

* indicates required field

If Customer requires physical media, additional contacts, or is reporting multiple previous Enrollments, include the appropriate form(s) with this signature form.

After this signature form is signed by the Customer, send it and the Contract Documents to Customer's channel partner or Microsoft account manager, who must submit them to the following

address. When the signature form is fully executed by Microsoft, Customer will receive a confirmation copy.

Microsoft Licensing, GP
Dept. 551, Volume Licensing
6100 Neil Road, Suite 210
Reno, Nevada 89511-1137
USA

Select Enrollment

State and Local

Enrollment number <i>(Microsoft Affiliate to complete)</i>		Proposal ID <i>(Reseller to complete)</i>	
Previous Enrollment, agreement or auth number <i>(If renewing Software Assurance)(Reseller to complete)</i>		Earliest expiring previous Enrollment end date ¹ <i>(Reseller to complete)</i>	

¹ If consolidating from multiple previous Enrollments with Software Assurance, complete the multiple previous Enrollment form and attach it to this Enrollment.

This Enrollment must be attached to a signature form to be valid.

This Microsoft Select Enrollment is entered into between the entities, as of the effective date identified on the signature form.

This Enrollment consists of (1) This Enrollment, (2) the terms of the Select Agreement identified on the signature form and all attachments identified therein.

Enrolled Affiliate agrees to purchase Licenses equal to at least 750 points during the initial term of this Enrollment.

All terms used but not defined are located at <http://www.microsoft.com/licensing/contracts>.

Effective date. If Enrolled Affiliate is renewing Software Assurance coverage from one or more previous Microsoft agreements, then the effective date of this Enrollment will be the day after the earliest expiration of such coverage. Otherwise the effective date will be the date this Enrollment is processed by Microsoft.

Term. This Enrollment will expire on the date the Microsoft Select Agreement identified on the signature form expires.

Qualifying systems Licenses. The operating system Licenses granted under this program are upgrade Licenses only. *Full operating system Licenses are not available under this program.* If Customer selects the Windows Desktop Operating System Upgrade, all Qualified Desktops on which the Customer runs the Windows Desktop Operating System Upgrade must be licensed to run one of the qualifying operating systems identified in the Product List at <http://www.microsoft.com/licensing/contracts>. Exclusions are subject to change when new versions of Windows are released.

In order to use a third party to reimagine the Windows Operating System Upgrade, Enrolled Affiliate must certify that it has acquired qualifying operating system licenses. See the Product List for details.

1. Contact information.

Each party will notify the other in writing if any of the information in the following contact information page(s) changes. The asterisks (*) indicate required fields. By providing contact information, Enrolled Affiliate consents to its use for purposes of administering this Enrollment by Microsoft, its Affiliates, and other parties that help administer this Enrollment. The personal information provided in connection with this Enrollment will be used and protected in accordance with the privacy statement available at <https://licensing.microsoft.com>.

- a. **Primary contact information.** Enrolled Affiliate must identify an individual from inside its organization to serve as the primary contact. This contact is also an Online Administrator for the Volume Licensing Service Center and may grant online access to others.

Name of entity: (must be legal entity name)*

Contact name*: First Last

Contact email address*
Street address*
City* State* WA Postal code*
Country * USA
Phone* Fax
Tax ID

- b. **Notices and online administrator.** This individual receives contractual notices. They are also the Online Administrator for the Volume Licensing Service Center and may grant online access to others.

Same as primary contact
Name of entity (must be legal entity name)*
Contact name*: First Last
Contact email address*
Street address*
City* State* Postal code*
Country*
Phone* Fax

- c. **Language preference.** Select the language for notices. English

- d. **Microsoft account manager.** Provide the Microsoft account manager contact for this Enrolled Affiliate.

Microsoft account manager name:
Microsoft account manager email address:

- e. If Enrolled Affiliate requires a separate contact for any of the following, attach the Supplemental Contact Information form. Otherwise, the notices contact remains the default.

- Additional notices contact
- Software Assurance manager
- Subscription manager
- Online Services manager
- Customer Support Manager (CSM) contact

- f. Is a purchase under this Enrollment being financed through MS Financing? Yes, No.

- g. **Reseller information.**

Reseller company name* CompuCom Systems, Inc.
Street address (PO boxes will not be accepted)* 7171 Forest Lane
City* Dallas State* TX Postal Code* 75230-2306
Country* USA
Contact name* Bruce Valentin
Phone* 972-856-4617 Fax 972-856-0265
Contact email address* msadmin@compucom.com

The undersigned confirms that the information is correct.

Name of Reseller* CompuCom Systems, Inc. Signature * _____ Printed name* Bruce E. Valentin Printed title* Microsoft Licensing Specialist Date*

Changing a Reseller. If Microsoft or the Reseller chooses to discontinue doing business with each other, Enrolled Affiliate must choose a replacement Reseller. If Enrolled Affiliate or the Reseller intends to terminate their relationship the initiating party, it must notify Microsoft and the former Reseller using a form provided by Microsoft at least 90 days prior to the date on which the change is to take effect.

2. **Software Assurance Membership election.**

To become a Software Assurance Member, Enrolled Affiliate must agree to purchase and maintain Software Assurance for all copies of all Products licensed under this Enrollment from at least one Product pool. For a description of benefits resulting from choosing one or more Product pools below and additional details regarding the Software Assurance Membership program, please consult with the Reseller or Microsoft account manager.

For each Product pool, mark "yes" or "no" to indicate whether Enrolled Affiliate is committing to purchase and maintain Software Assurance for all copies of all Products licensed from that pool under this Enrollment.

Product pools	Yes	No
Applications	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Systems	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Servers	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Note: If "Yes" is marked, all orders for Licenses must have Software Assurance.

3. **Renewing Software Assurance.**

If Enrolled Affiliate is renewing Software Assurance from multiple Select programs or consolidating other previous Enrollments or agreements (including Open authorizations) into this Enrollment please complete the multiple previous Enrollment form and attach it to this Enrollment. The earliest expiring previous Enrollment/agreement which contains Software Assurance is to be inserted on the signature form. If only one previous Enrollment/agreement is renewing, please insert that previous number on the signature form.