



McCleary City Council

SPECIAL MEETING AGENDA

June 17, 2013

6:00 Council Meeting

Flag Salute

Roll Call

Public Hearings:

Public Comment:

Mayor's Report/Comments:

Staff Reports:

Old Business:

New Business: Well 2/3 Improvement Project Change Order 5 (Tab A)
Transition Period for Ord. 794 and Resolution 656 (Tab B)

Ordinances:

Resolutions: Delay Implementation of Appropriate Fee's (Tab C)

Vouchers

Mayor/Council Comments

Public Comment

Executive Session - Settlement

Adjournment

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

Please Turn Off Cell Phones – Thank You

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

STAFF REPORT

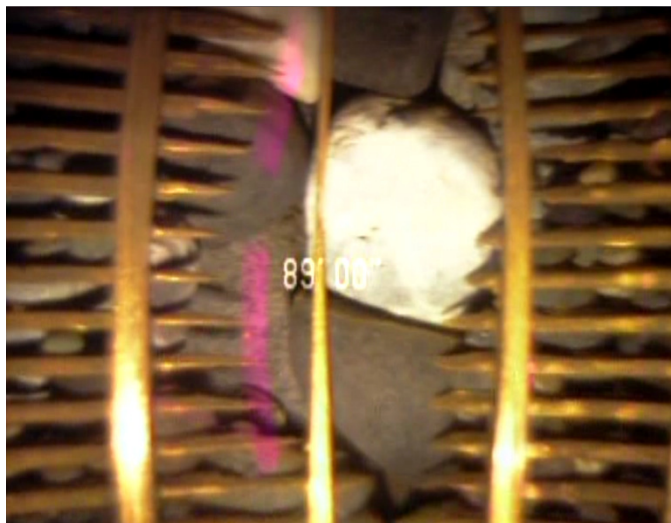
To: Mayor Dent
From: Nick Bird, P.E., Director of Public Works
Date: June 13, 2013
Re: Well 2/3 Improvement Project – Change Order No. 5

Attached you will find a copy of Change Order No. 5. The primary purpose for Change Order No. 5 is to address holes in the well casing screen, observed during the video inspection on Monday June 10th. These holes, pictured below, are a result of corrosion.

FIGURE 1
Hole in Casing Screen at 83-Foot Deep



FIGURE 2
Hole in Casing Screen at 89-Foot Deep



Item No. 1 – Well Screen

If we do not replace the screen, these holes will continue to get larger, allowing bigger rocks and more rocks into the casing. A visual aide, shown in a plastic bag at Council, is just a sample of the rocks taken out of the well casing.

The Contractor was scheduled to install the new pump in this upcoming week. If we are to install a new well screen, it is much more economical to install the new casing screen before the pump is set. If a decision is not reached on the screen, the Contractor may claim that we are delaying the project and try to impose a cost recovery approach for the delays.

If you recall, at the very beginning of this project (back in 2009 and 2010), before the design documents were even started, we had planned on pulling the pumps and videoing the well casing. Because we were concerned about potential equipment failure, as was observed in another local municipality at approximately the same time, we elected to conduct the video inspections as part of this project so that we could address any potential problems. The time to address the problem is upon us. We are proposing to install a new stainless steel casing screen so that rocks cannot enter the well.

The cost to fabricate, ship, and install the well screen is \$13,678.50, before tax, and would be added to the contract amount.

Item No. 2&3 – Roof Sheathing / Siding

The second item included in Change Order No. 5 is to address the roof structure. As part of the Contract, we had planned on replacing the siding and roofing with new siding and new metal roofing. When the old roof was removed, the majority of the roofing sheets have failed. We have inspected the siding material and determined that it is sufficient to remain and does not need to be removed. Gray & Osborne has negotiated with the Contractor to trade the siding work for the roof sheathing. The primary purpose of this change is to ensure that we have a good solid substrate underneath the new metal roofing (and so that the new screws can hold the new sheet metal down).

The cost to trade the siding work in the contract for replacing the roof sheathing is net impact of \$1,074.36, before tax, and would be added to the contract amount.

Cost Impacts

When evaluating the contract we have projected out to project completion; not factoring in this change order, we anticipate utilizing approximately 43% of the planned 5% contingency cap of \$65,000. This amount translates to approximately \$28,000. This brings the total City contribution to approximately 8% of the total project. Inclusion of this change order will put us at contributing approximately 9% of the total project cost. This will increase the contingency contribution to approximately 68%, or roughly \$44,000.

As you may recall, the PWTF funding package required a 5% minimum contribution. With this contribution percentage, the interest rate of the loan is 2%, which is a pretty good interest rate considering today's private lending market. As part of the loan agreement, if we finish the project within 36 months from the execution date (September 2011), PWTF will reduce the interest rate to 1.5%. This in itself will reduce the annual payment \$4,500 per year. If we contribute 10% of the project cost the interest rate drops another 1%, down to 0.5%. This results in an additional \$8,600 savings per year, translating to a total reduction of our annual payment by \$13,100.

The bottom line is that if we can get to a 10% contribution, which will take an additional \$21,000 (approximately to the 5% contingency cap we have discussed), our annual payments will decrease by \$8,600 per year. The payback period for this increase is less than 3 years. The work can either be conducted through Award Construction or other sources as long as the work is defined in the project scope and plans. Restoration of the driveway surface and security fencing are the two items that initially come to mind.

Since the Contractor (Award Construction) is currently in cost recovery mode, there will likely be no economy of scale to use Award for the additional work. We will likely get more work completed per dollar spent if we utilize other companies for this additional work. Please let us know if this is something that you would like us to move forward on.

Staff Recommendation:

Staff believes that replacing the well screen and roof sheathing are necessary items of work that will prohibit additional future expenses. The siding does not need to be replaced, with the exceptions of minor repairs at penetration locations, and can be retained in the contract if Council chooses; however, it is recommended that we utilize the credit associated with this work to offset the costs associated with the necessary roof sheathing work.

As to the issue of local contribution, it is highly recommended that we attempt to contribute 10% of the project cost. As it stands right now, spending an additional \$21,000 reduces the annual debt service by \$8,600 per year. This translates to a total savings of approximately \$154,800 over the life of the loan. Staff believes this is money well spent.

Action Requested:

1. Please authorize the City to execute Change Order No. 5.
2. Please confirm that the City wishes to contribute a 10% match to achieve significant debt service reduction.

CHANGE TO CONTRACT TIME

The Substantial Completion Contract Time will be increased by 5 working days, for a total of 120 working days.

The Physical Completion Contract Time will be increased by 5 working days, for a total of 140 working days.

This document will become a supplement to the Contract and all provisions in the Contract will apply hereto. The Contractor acknowledges and agrees that by executing this change order he foregoes all rights and privileges of acquiring any additional compensation for any known or unknown claims of any type or nature, to include but not be limited to, any additional work, delays, extended office overhead, design omissions, changed site conditions, or any oral directions as of the date of the execution of this change order.

GRAY & OSBORNE, INC.
(RECOMMENDED)

_____ Date _____

AWARD
CONSTRUCTION, INC.
(ACCEPTED)

_____ Date _____

CITY OF MCCLEARY
(ACCEPTED)

_____ Date _____

STAFF REPORT

To: Mayor Dent
From: Nick Bird, P.E., Director of Public Works
Date: June 13, 2013
Re: Transition Period for Ordinance 794 and Resolution 656

In April 2013, the City adopted Ordinance 794 and Resolution 656 relating to fees for “reactivating” unused service connections. While this concept can be well received if implemented properly, customers have been appalled by the “overnight” activation of such a major policy change.

In an effort to correct this customer outreach faux pas, we would like to ask Council to consider an alternative approach. We would like to provide a letter to each account holder that is currently inactive (regardless of the duration) and present the facts regarding the new policy. This letter would also provide the customer a short duration (until August 1) to reactivate the service without the associated fee. As part of the letter, we feel it is prudent to identify when their service was inactivated and what the anticipated fee would be after August 1.

Copies of the adopted ordinance and resolution have been included for reference.

Mr. Glenn will address the legalese.

Staff Recommendation:

Staff truly believes that adopted concept is sound; however, as this is a significant policy change that financially affects up to 60 services throughout our community, we recommend a transition period for implementation of the adopted policy.

Action Requested:

Please consider action as recommended by Mr. Glenn.

ORDINANCE NO. 794

AN ORDINANCE RELATING TO GOVERNMENTAL OPERATION, ADDING A NEW SECTION TO CHAPTER 13.24 MMM, REPEALING SECTION 13.04.070 MMC, AND SECTION 7, ORDINANCE 519, PROVIDING AN EFFECTIVE DATE AND SEVERABILITY.

R E C I T A L S :

1. The matter of what procedure to apply in the event a connection becomes inactive through non-use has been brought to the Council and Mayor.

2. The recommendation of the Director of Public Works and Clerk-treasurer is to create a two tier system treating such connections appropriately.

3. It is found appropriate to implement an amendment to the applicable code section to establish a process which is felt to be more equitable.

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

SECTION I: There shall be added to Chapter 13.24 a new section to read as follows:

Any water or sewer connection remaining unused for a period of more than six months, but less than five years, shall be deemed to be inactive and shall not be reactivated until such reactivation fee as may be established by written resolution of

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the Council is paid. Any connection remaining unused for five years or more is deemed closed and a connection shall not be reactivated until a new application has been submitted and approved and such fee as may be established by written resolution of the Council has been paid. Where such reconnection or reactivation requires new construction from the property lines to the main, the installation of a different service size, or other construction activity by the City to achieve such reactivation, but in the same location, the fee for such service shall be such amount as may be established by written resolution.

SECTION II: Section 13.04.070 MMC and Section 7, Ordinance 519 are repealed as of the effective date of this ordinance: PROVIDED THAT, such repeal shall not affect any obligation of a utility customer which may have arisen under the provisions of that section prior to the date of repeal.

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

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


WENDY COLLINS

SIGNED AND SWORN to before me this 11th day of April, 2013, by WENDY COLLINS.




NOTARY PUBLIC IN AND FOR THE STATE OF WASHINGTON, Residing at: Thurston Co, WA
My appointment expires: July 1, 2016

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SYNOPSIS OF ORDINANCE NO. 794

AN ORDINANCE RELATING TO GOVERNMENTAL OPERATION, ADDING A NEW SECTION TO CHAPTER 13.24 MMC, REPEALING SECTION 13.04.070 MMC, AND SECTION 7, ORDINANCE 519, PROVIDING AN EFFECTIVE DATE AND SEVERABILITY.

On April 10, 2013, the City Council of the City of McCleary adopted Ordinance Number 794. The intent and purpose of the Ordinance was provided standardize definitions and provisions governing the recommencement of service to utility connections which are inactive for extended periods of time.

A complete copy of this Ordinance is available during regular business hours at the Office of the Clerk-Treasurer, City Hall, McCleary, Washington. The Ordinance will be made available for review without cost; a copy will be provided upon request without cost if such request is timely made. This Synopsis is published pursuant to the laws of the State of Washington.

DATED this 10th day of April, 2013.



WENDY COLLINS, Clerk-Treasurer

RESOLUTION NO. 656

**A RESOLUTION RELATING TO PUBLIC SERVICES;
ESTABLISHING AND CONFIRMING FEES IN RELATION
TO CONNECTION TO THE CITY'S UTILITY SYSTEMS;
REPEALING RESOLUTION 655; AND PROVIDING FOR
EFFECTIVE DATES.**

R E C I T A L S :

1. Pursuant to the applicable provisions of the Municipal Code, the Council and Mayor may set by written resolution fees and rates to be charged for specified City provided services and provide for certain mechanisms in relation to the adjustment thereof.

2. The fees and rates set in the following sections are the same as set out in Resolution 580. Pursuant to the provisions of that resolution, the actual fee amount which is currently payable has been adjusted on an annual basis as required. The fees for 2013 are set forth in the following schedules.

3. The Director of Public Works has indicated that in setting the schedules, an inadvertent reversal of two of the rates occurred. Thus, to correct that issue and to assure ease of use by the City's citizens and staff, it has been recommended

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that Resolution 685 be repealed and this resolution be adopted in its place.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS BY THE CITY COUNCIL OF THE CITY OF McCLEARY, THE MAYOR SIGNING IN AUTHENTICATION THEREOF:

SECTION I: On and after the effective date of this resolution, the following overall connection fee (OCF) to be paid by a party seeking to obtain connection to the City's water and sewer utility shall be as set forth herein.

A. As to properties within the corporate limits of the City at the time of the submission of the request for connection, the following connection fees shall be required prior to connection to the utility in question.

1. Single family residence: As to a single family residence, a base overall connection fee, hereinafter referred to for convenience by the acronym BOCF, shall apply for a connection requiring service for no more than an equivalent residential unit (ERU):

- a. As to a water connection, the sum of \$4,029.00.
- b. As to a sewer connection, the sum of \$4,895.00.

2. Non-single-family water and sewer connections: As to such connections, the following provisions shall apply:

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a. Multi-family: An overall connection fee (OCF) determined by multiplying the base overall connection fee (BOCF) for the connection requested by a figure representing the equivalent residential units, the applicable ERU figure being derived by application of the standards set forth in the applicable adopted planning document or plan.

b. Commercial Connections: The BOCF for the utility connection sought shall be applicable: PROVIDED THAT, in the event the City Administrator determines the utilization of the utility will exceed an ERU, the OCF shall be determined by the Administrator as a product of the BOCF multiplied by the ERU derived by application of the standards set forth in the applicable adopted planning document or plan.

c. Industrial: Shall be calculated and established by the Administrator based upon the BOCF of the utility connection sought multiplied by the number of ERU represented by the utilization for the applicant property derived by application of the standards set forth in the applicable adopted planning document or plan.

B. As to properties outside of the corporate limits at the time of the submission of the completed application, the following connection fees shall apply:

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1. Single family residence: As to a single family residence, a base overall connection fee, hereinafter referred to for convenience by the acronym BOCF, shall apply for a connection requiring service for no more than an equivalent residential unit (ERU):

a. As to a water connection, the sum of \$5,195.00.

b. As to a sewer connection, the sum of \$7,338.00.

2. Non-single-family water and sewer connections: As to such connections, the following provisions shall apply:

a. Multi-family: An overall connection fee (OCF) determined by multiplying the base overall connection fee (BOCF) for the connection requested by a figure representing the equivalent residential units, the applicable ERU figure being derived by application of the standards set forth in the applicable adopted planning document or plan.

b. Commercial Connections: The BOCF for the utility connection sought shall be applicable: PROVIDED THAT, in the event the City Administrator determines the utilization of the utility will exceed an ERU, the OCF shall be determined by the Administrator as a product of the BOCF multiplied by the ERU derived by application of the standards set forth in the applicable adopted planning document or plan.

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c. Industrial: Shall be calculated and established by the Administrator based upon the BOCF of the utility connection sought multiplied by the number of ERU represented by the utilization for the applicant property derived by application of the standards set forth in the applicable adopted planning document or plan.

SECTION II: Labor & material costs: The cost for the City's provision of the necessary labor and materials to achieve the physical connection to the system shall be in addition to the fee set forth in Section I. These shall be such figures as are established in the schedule issued by the Administrator, who is hereby authorized to establish and maintain such schedule. These schedules shall reflect the then existing current material costs and current City labor costs, as determined on the 1st day of January of each calendar year and subject to adjustment on the 1st day of July of each calendar year.

SECTION III: Changes in existing connections:

A. Subject to the responsibility to pay any fees established by subsection B (required as a result of more extensive use of the property or change of use), an applicant seeking service to a property which is being served as of the date of the application and/or has been served by the utility from which service is sought within the six months immediately

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preceding the date upon which application was filed shall not be required to pay the reactivation or closure fees authorized by Section 13.24.070 MMC.

B. The following provisions shall apply to an application which will either result (1) in a change of use through increased consumption, or (2) an increase in the number of residential, commercial, industrial, or business equivalency units actually served by the particular utility connection as contrasted with existing use.

1. The City shall calculate the connection fee which would be charged if the applicant was seeking connection for the current actual utilization, as well as the connection fee which would be charged for the proposed use. The calculations shall be done as if the applicant was making a request for initial connection to the utility system. In the event that the figure for a proposed use exceeds the figure determined for the existing use, this differential shall be paid to the City.

2. Payment of the amount determined pursuant to this Section shall be required whether the increased use is [1] as a result of the replacement of an existing structure or structures with a new structure or new structures, [2] as the result of the remodeling of an existing structure or structures, [3] the

placement of an additional structure upon the served property, or [4] any combination thereof.

C. For purposes of applicable Ordinances and Resolutions, a property shall be deemed to have been served or be being served by the utility in question so long as there is or has been, within the period established in Section I, an active account maintained with the City for which billings were rendered as a result of the actual utilization upon the subject property of the utility in question.

SECTION IV: Adjustment:

To reflect the effect of inflation, commencing with the year 2014, the monetary figures established pursuant to the provisions of this resolution shall be increased, as of the date of the commencement of each calendar year, as follows.

The adjustment shall be the greater of (1) three percent (3%) or (2) the monetary amount which is the result of the following calculation:

A. Methodology of Calculation: The then existing connection fee multiplied by a figure established as the average of the Seattle-Tacoma-Bremerton Area Bi-Monthly Index CPI-U (June compared with June) and the US All City Average CPI-U for the same period. [Example: S-T-B Area Bi-monthly Index CPI-U is 3.5%

and the US All City Average CPI-U for that period is 2.5%. The multiplier to be utilized is 3.0%.

B. Principals of application:

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

2. The resulting product of the calculation carried out pursuant to SA shall be rounded up or down to the nearest dollar.

SECTION V:

A. The fee to be paid for reactivation of a utility service shall be as follows [Service not active for more than six months and less than five years prior to date of application to recommence.]:

- | | |
|-------------------|----------|
| 1. Water Service: | \$200.00 |
| 2. Sewer Service: | \$250.00 |

B. The fee to be paid to recommence provision of utility service to a connection deemed to have been closed [Service not active for five years or more prior to date of application to recommence.]:

- | | |
|-------------------|----------|
| 1. Water Service: | \$525.00 |
| 2. Sewer Service: | \$650.00 |

SECTION VI: The provisions of this resolution, including rate structure, shall be effective as of 12:01 a.m. upon the day following adoption hereof: PROVIDED THAT, any completed application meeting the qualifications for submission to the City and on file in the Office of the Clerk-treasurer prior to adoption of this resolution shall be processed under existing provisions.

SECTION VII: Resolution 580 shall be repealed as of the effective date of this resolution, subject to the continued efficacy of the rates as set forth in Section V: PROVIDED THAT, such repeal shall not effect any billing or obligation for services received prior to that date under the terms of that resolution.

PASSED THIS 8th DAY OF May, 2013, by the City Council of the City of McCleary, and signed in authentication thereof this 8th day of May, 2013.

CITY OF McCLEARY:



D. GARY DENT, Mayor

ATTEST:

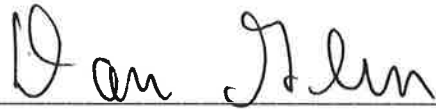


WENDY COLLINS, Clerk-Treasurer

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APPROVED AS TO FORM:

A handwritten signature in cursive script that reads "Dan Glenn". The signature is written in black ink and is positioned above a horizontal line.

DANIEL O. GLENN, City Attorney

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CITY OF McCLEARY
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RESOLUTION NO. _____

A RESOLUTION RELATING TO PUBLIC UTILITIES,
PROVIDING FOR A PERIOD TO ALLOW CERTAIN
UTILITY CUSTOMERS TO RECOMMENCE UTILITY
SERVICES WITHOUT PAYING THE FEES REQUIRED
UNDER SECTION V OF RESOLUTION 656.

R E C I T A L S:

1. The Council has adopted Resolution 656 establishing fees and protocols in relation to the connection to the City's water and sewer utilities.

2. Under Section V of that Resolution, fees were established in terms of services which had been left unconnected for six months or more.

3. City Staff have recommended that a "window" be authorized to allow the notification of the customers whose services fit within the provisions relating to the fees established by Section V and to allow them to reactivate or reconnect their services without payment of the amounts set forth in that section.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS BY THE CITY COUNCIL OF THE CITY OF McCLEARY, THE MAYOR SIGNING IN AUTHENTICATION THEREOF:

SECTION I: The reactivation and reconnection fees set forth in Section V, Resolution 656 shall be imposed as of August

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1, 2013 as to any utility connection which is not active as of that date: PROVIDED THAT, the calculation of the six month and five year periods for any service which is not reactivated or reconnected as of that date shall continue to be from the date of the last active service period.

SECTION II: To the extent not modified by the provisions of Section I of this resolution, all other provisions of Resolution 656 shall be confirmed as having become effective as of the date set forth in Resolution 656.

PASSED THIS _____ DAY OF _____, 2013, by the City Council of the City of McCleary, and signed in authentication thereof this _____ day of _____, 2013.

CITY OF McCLEARY:

D. GARY DENT, Mayor

ATTEST:

WENDY COLLINS, Clerk-Treasurer

APPROVED AS TO FORM:

DANIEL O. GLENN, City Attorney

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