



McCleary City Council Agenda

April 26th, 2017 6:30 PM

Flag Salute

Roll Call: ___ Pos. 1- Orffer, ___ Pos. 2-Richey , ___ Pos. 3- Peterson, ___ Pos. 4- Blankenship, ___ Pos. 5- Ator

Public Hearing

Mayor Comments

Public Comment

Executive Session

Minutes

Tab A

Introduction **X** Action **X**

Approval of Vouchers

Introduction **X** Action **X**

Staff Reports

Tab B Dan Glenn

Tab C Todd Baun

Old Business

Tab D Nuisance Update- tabled

New Business

Tab E GHCOG Grant Award

Tab F WSDOT LPA-001 Form

Tab G CAO update

Tab H Public Hearing

Tab I Rate Study Final Document

Tab J RFP Janitorial Services

Tab K 4056-DR-WA Public Assistance Grant close out

Ordinances

Tab L Nuisance Ord. Update- tabled

Resolutions

Tab M Ron Pittman

Tab N Tom Heller

Mayor Council Comments

Public Comments

Executive Session

Adjournment or Recess Meeting

Please turn off Cell Phones- Thank you

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

The City of McCleary is an equal opportunity provider and employer.

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

CITY OF MCCLEARY
Regular City Council Meeting
Wednesday, April 12, 2017

| | |
|---------------------------|--|
| ROLL CALL AND FLAG SALUTE | Councilmembers Orffer, Richey, Peterson, Blankenship and Ator were in attendance. |
| ABSENT | None. |
| STAFF PRESENT | Present at the meeting were Todd Baun, Wendy Collins, Chief Blumer and Dan Glenn. |
| PUBLIC HEARING | None. |
| EXECUTIVE SESSION | None. |
| MINUTES APPROVED | It was moved by Councilmember Ator, seconded by Councilmember Richey to approve the minutes from the meetings on March 15, 2017 and March 22, 2017 meeting. Motion Carried 5-0. |
| VOUCHERS | Accounts Payable checks approved were 42537 - 42577 including EFT's in the amount of \$119,369.44. Payroll checks approved were 42440 - 42601 including EFT's in the amount of \$237,708.82. Bank reconciliation for March 2017. It was moved by Councilmember Orffer, seconded by Councilmember Ator to approve the vouchers. Motion Carried 5-0. |
| MAYOR'S COMMENTS | Mayor Schiller will allow five minutes for each public comment this evening. He understands the mental health facility is a hot topic and he wants everyone to have their opportunity to speak, however, he still has a business meeting to conduct so the comments will be limited. He stated that at the last meeting, some comments got a little heated and he wants to remind everyone to keep things civil and no one needs to yell. He asked everyone to treat each other fair. |
| PUBLIC COMMENT | Helen Hamilton spoke regarding the assessed value of the hospital. She thinks it was \$888,000 and stated you can't exceed over half of the assessed value for improvements. They have two-million dollars that is supposed to go for improvements, not operating expenses, which goes above the allowable amount. She asked if this was correct and Dan Glenn responded by stating he understands the hospital will be a tax exempt operation. Todd Baun said in our municipal code it states, "An existing nonconforming structure, and it's equipment or fixtures, may be repaired if the value of the repair does not exceed 50% of the assessed value from the structure, as determined by the county assessor for the year the work is to be done". Dan Glenn will do some research on Ms. Hamilton's question and provide an answer for her. Gloria Hale informed the Council that the McCleary Community Group did a pole on the mental facility and out of 131 responses, 98 of them were against placing the mental facility in the residential neighborhood. Only 25 voted for the facility and 8 people were undecided. Marc Bollinger is the Chief Executive Officer for Great Rivers Behavioral Health, which is the funder for the McCleary hospital site. He asked the crowd whether, in the three years prior to now, when the hospital was running as a hospital and clinic, were these issues ever brought up? Dan Glenn stated he assumes Mr. Bollinger had spoken to the hospital district attorney because their attorney asked him the same question today. Mr. Glenn said he recommended their attorney look at the definition of a hospital under our City Code, as it now exists. It talks about what is required to be defined as a hospital. The fact that the clinic was allowed to operate without that requirement was an oversight, but that does not change the definition. |

Vickie Raines, Grays Harbor County Commissioner from District 3, and serves on the governing board of Grays Harbor Behavioral Health Organization, read a letter from former Health Director for Grays Harbor County, Joan Brewster. After reading the letter, Commissioner Raines stated she attended the last work session a few weeks ago and Brenda Orffer concurred that she knows that the people they will be serving are normal human beings that are our brothers, sisters, neighbors, etcetera, but are in our jails right now and in our emergency rooms. They can't be held, so they are just released out on the streets. We would like to be able to provide a regional facility where we can treat these individuals and help them become healthy again and become productive citizens in our community. She would appreciate the Council's consideration and support.

Gloria Hale wanted to make the point she is not against the facility and she knows that it is needed, just not in a residential neighborhood. That is her biggest issue.

CITY ATTORNEY REPORT

Dan Glenn provided a written report for the Council and is available to address any questions.

Councilmember Orffer asked Dan Glenn about his comments regarding resolution setting and council meeting policies and practices. She asked if we already had one and Dan responded he was not able to find any. Councilmember Orffer added that if the Council is going to move on this, then they should add something about when they receive their meeting materials. She would like to get them at least 7-10 days prior to the meeting. She would like something that is consistent. Dan will prepare a draft set of rules. Mayor Schiller stated, the Council meeting agenda items are to be from the Council. The Council is responsible to tell the staff what they want on the agenda. The staff is only giving the Council what they are aware of, to give. If the Council wants more information, they need to let the staff know what they want.

DIRECTOR OF PUBLIC WORKS REPORT

Todd Baun and Paul Morrison attended a walk-through on the Mark Reed site with Telecare and Great Rivers consultants.

The City-wide clean-up is April 22 from 8 am until 2 pm.

POLICE CHIEF BLUMER

None.

NUISANCE UPDATE

Todd Baun was asked to provide a nuisance update and included the information that was provided at the workshop. He would like to move forward on this and find out if there is anything the Council would like to recommend or change. Councilmember Blankenship is ready to move forward. Mayor Schiller will have Dan Glenn provide an official version for the next meeting so Council can vote on it.

WWTP SOLIDS UPDATE

The Wastewater Treatment Plant operators changed a process and have taken advice from Gray & Osborne and the Department of Ecology and have received good results. They will be completing a final test to get the solids to become certified as a class "B" solid that can be land applied. G&O have begun to review different options to give a long-term solution to the City's solid fecal count issues. This is needed because the process that we are performing currently is providing more reliability to pass testing, but the treatment plant has more difficulty operating, which could possibly lead to violating discharge permit requirements.

COMMUNITY ECONOMIC REVITALIZATION BOARD (CERB) GRANT

The Community Economic Revitalization Board awarded the City funding for our Comprehensive Plan. Funds provided shall be in the form of a grant in the maximum principal amount of \$50,000, which must have a local cash match in the amount of at least \$16,667. **It was moved by Councilmember Ator, seconded by Councilmember Blankenship to authorize the Mayor to sign the CERB grant with matching funds. Motion Carried 5-0.**

3RD STREET PROJECT AMENDMENT

It was moved by Councilmember Orffer, seconded by Councilmember Blankenship to authorize the Mayor to sign the Supplemental Agreement No. 7 with Skilling's Connolly, Inc. Motion Carried 5-0.

REVISIT FAILED ORDINANCE FROM MARCH 22, 2017 MEETING

It was moved by Councilmember Ator, seconded by Councilmember Richey to rescind the vote against the zoning definitions amendment from the March 22, 2017 meeting. Motion Carried 5-0.

ORDINANCE 830 AMEND MMC
ZONING CODE

Councilmember Orffer stated that she voted against this initially because the definitions were going to be a roadblock for something that was already in progress. She wanted to see a side-by-side explanation that was going to allow the definitions to come into play, as well as the recommendation of the zoning. She did not want to adopt something that was going to zone something out of our City. Particularly with this protected class of operation. She met with Dan Glenn and talked more about these definitions and dove a little into the current definition that we have in the McCleary Code. She was not on the Council when the hospital operated as a clinic so she has no history to bring into her perspective. As she sees it, the current definition is also ambiguous, and may or may not, include the new mental facility. The definition will actually allow this type of facility to come into McCleary and then we have to go to the Hearing Examiner to find out how this should be zoned. There are Federal, State and local laws that come into play here. There is a lot at play. The Council has to look at every aspect of this situation and consider the City's liability, the City's needs, and what is best for everyone involved. It's not about one or two people. It's about our entire town. Since we cannot go to the hearing examiner about zoning until we have the definitions, she is willing to take a look at this again and consider these definitions because without them, she cannot see how this treatment facility can come into our City. Councilmember Ator added there is nothing we have in our ordinances that address this. Without it being addressed, she believes we are in a worse situation. **It was moved by Councilmember Ator, seconded by Councilmember Blankenship to adopt Ordinance 830 RELATING TO ZONING, AMENDING SECTIONS 17.12.010 AND 17.36.020 MMC, PROVIDING AN EFFECTIVE DATE AND FOR SEVERABILITY AND CORRECTION. Roll call taken in the affirmative. Ordinance Adopted 5-0**

PUBLIC HEARING REQUEST

It was moved by Councilmember Ator, seconded by Councilmember Richey to have the Hearing Examiner set a Public Hearing regarding zoning for hospitals and residential treatment facilities, including definitions and conditions of use. Motion Carried 5-0.

RESOLUTION 702 ADOPTING
CASH HANDLING AND UTILITY
BILLING POLICIES

It was moved by Councilmember Ator, seconded by Councilmember Peterson to adopt Resolution 702 ADOPTING POLICIES IN RELATION TO HANDLING MONIES RECEIVED BY THE CITY AND UTILITY BILLING. Motion Carried 5-0.

PUBLIC COMMENT

Ron Hulser works for Summit Pacific Hospital. He understands definitions can be technical. He said Mark Reed did not perform surgeries for many years. Summit Pacific Hospital District maintained a clinic in the Mark Reed building until a year ago. That clinic was not licensed as a clinic, it was operating under the hospital license. Dan Glenn asked him if the clinic changed the licensing when they moved to their new location and Mr. Hulser said they did not. The clinic license was covered under the hospital license.

Gary Atkins asked why Aberdeen isn't being considered when there are so many more people needing services there and there are so many empty buildings in the area? Why do we have to have it here? Why is it being crammed down our throats? The pole that Gloria Hale spoke about shows the majority of people do not want it here. We are told this has been in the works for years but we have not heard about it until now. It feels like the process was done through the back door. They got approved and got everything done and Mark Reed is happy they are getting a two-million dollar makeover on a building that we said wasn't good enough and they moved to Elma. Mayor Schiller doesn't believe it's being crammed down our throat. He stated they see an opportunity to use a building that previously was a hospital that works for them. They applied for the grant and did their process but they did not communicate to us what was going on.

Gary Atkins asked why this can't be brought to the people to vote on. Let the town decide on this. Councilmember Orffer responded by saying we are not asking for tax payer dollars. If they were using tax payer money, the public would have a say.

Marc Bollinger was asked by a resident about why, if only for money, would their company choose the hospital site when it's in the middle of a residential neighborhood where there are people that will be impacted by this. East Grays Harbor was not good enough to keep Mark Reed Hospital because they wanted to be centrally located and now, when there is an empty, unappealing building, we come into play. McCleary is now good enough for a mental facility. How is that good for McCleary? The majority of the population is in Aberdeen and Hoquiam and there are a lot of empty buildings there. It makes no sense why you would locate the facility here.

Mr. Bollinger responded stating this was an opportunity. The maximum amount of money they were given through Commerce was two-million dollars and they had no more money to remodel a facility. This was the only facility within Grays Harbor that could be set up and remodeled within the budgeted amount they had. That is how it started. A facility was available and money became available from the State to remodel and upgrade the building. His company had been in operation for only a year, but prior to that, Grays Harbor was a regional support network and this work started before then. His understanding is there were some conversations with McCleary folks about the McCleary Hospital site, which started the conversation and then it went into the grant application process, and then was submitted and in May, they received notification that they received the award letter from Commerce.

Mayor Schiller stated he was not contacted. Conversations may have happened but nothing was guaranteed based on that grant. So it's all hearsay because Great Rivers wasn't sure they were going to get the grant. Nobody contacted the City until May of 2016.

Marc Bollinger stated prior to May, in the planning stage well over a year ago, that is when the discussions occurred and he believes Mayor Schiller may have been a part of the touring. It wasn't a sure deal but it was a feasibility of looking at this to see if it was a possibility. So, those discussions did occur. The grant was submitted and was awarded. He said Todd Broderius from Great Rivers, apologized for not notifying and doing an outreach and communicating earlier but they were operating under the assumption that McCleary folks were aware because that was necessary to start the process well over a year ago.

Mayor Schiller asked Mr. Bollinger how you can make someone aware of something that is not there. Mr. Bollinger stated staff was involved in the discussion about a proposed site and project. Mayor Schiller replied that Mr. Bollinger said they came and talked to the City and asked what did they bring with them? He said they brought a handful of sketches with a bunch of rooms in May and told us this is where you want to put your treatment facility. Bottom line, that is what got handed to the City of McCleary.

Marc Bollinger said this got started prior to their formation. He started with Grays Harbor County Regional Support Network over a year ago. Gary Atkins asked if he knew he was going to apply for a grant for a mental facility in a small town, wouldn't he go to the people and tell them this is what you are thinking of doing, and would McCleary be willing to go along with it before you apply for the grant?

Vickie Raines stated that her understanding is there were conversations and discussions at the staff level. She said it may not have gone to the City Council and when she was here a month ago, she apologized profusely for that. She is a strong proponent of open communication and dialoged and that is why she is present tonight. She added, as far as being a profit organization, it isn't any different than when you have a medical office or a doctors office. They certainly are not running a non-profit business. If she goes to the dentist, it is for a profitable business and she will receive top of the line expertise from professionals providing the service. She apologized again for the lack of communication. This all happened at the time the legislature allowed the creation of a five county wide behavioral health organization and transitioned at the very same time. Then the award letter came in May and right after that, their Health Director retired, and so they had to deal with a transition. So, was the ball dropped? Absolutely.

Gloria Hale commented that she doesn't believe these people understand how this is going to affect the people that live there. When they built their homes, and when the hospital came in, it was just a hospital. It was not a mental health facility. They bought their homes thinking they lived next to a hospital.

Ms. Raines added they have those same mental health patients right now taking up cells in our jails and emergency rooms at the hospitals. Ms. Hale said she agrees we need a facility for these people, just not at this location. Mayor Schiller commented that the Council made their decision and now it's going to a public hearing. He doesn't want this conversation to go down a rabbit trail so he will put an end to this and ask for a motion to adjourn.

Councilmember Blankenship said he has a question regarding the other facilities they looked at. One facility, which was mentioned at the last meeting, was the Satsop site. The people from the Port of Grays Harbor didn't know anything about it being considered. Ms. Raines commented that he is referring to Alyssa Shay, who took over when the Port assumed that from the Public Development Authority. She doesn't know what was discussed during their transition. Councilmember Blankenship stated it goes back to the fact McCleary is the most beneficial site for this facility and he doesn't believe anything else was looked at. Ms. Raines stated the old Mark Reed site was a medical facility and it was utilized as such, up until a year ago and the conversation would be much less expensive to convert to a mental facility. It would be too costly to build from the ground up. She was not on the Commission when the conversation started but she does know Senator Hargrove and Joan Brewster discussed this at length for many years before we had a Behavioral Health Organization. She wasn't involved in the details of the conversations and what they explored. When she was assigned, the McCleary site was already selected in May of last year.

Gloria Hale made a suggestion that every resident in McCleary do some homework on Telecare, because she has, and they are not the rosy picture they painted for us. She brought an article from one of their facilities that had issues. Marc Bollinger said the facility that is referenced in the article is a 16-bed secured facility and next door is a rehabilitation center that is more open where people can move freely around. The person that was killed by the police was not from the 16-bed facility, they were from the rehab center. He encouraged residents to do research on Telecare and know what facility types they are looking at. There is a difference in Telecare facilities.

Helen Hamilton heard a rumor last June that something big was coming to McCleary. She came to a Council meeting and asked if they knew what was going on and the Council did not. She called Grays Harbor County Commissioners and they also didn't know what was going on. She told everybody that before they get a grant, they need to tell what their plans are and they have to provide a drawing. She was told that no, they didn't have to do that anymore, but she said you actually do have to. She believes everybody didn't tell the truth. Nobody knew anything and that is not right.

Ryan Reynolds is a realtor and is concerned about a couple land owners in town that have big projects in the works. His concern is the multi millions of dollars these land owners are wanting to invest, and the permanent tax dollars that will be coming in when these homes are built and sold for revenue in this town, and the surrounding home values being able to arise with the tide; what does having this facility do to those home values? He is not so sure it would be a wise investment for these land owners to invest in McCleary. He isn't sure they will be able to sell those homes with this facility coming in. He doesn't know the answer to that but he knows he can't advise them with an educated answer as to whether the facility will hurt or help their value.

Mayor Schiller asked Mr. Reynolds if he sells houses in Tumwater and Pierce County and Mr. Reynolds responded he did. Mayor Schiller stated those areas have mental facilities in them and asked Mr. Reynolds to please not use that as a scare tactic. Mr. Reynolds stated he was not trying to do that.

Councilmember Orffer thinks there is a question too, about what value do we have in an empty, deteriorating building that can also attract homeless activity and drug and criminal activity. The building is vacant and it's going to become more of a liability. If these land owners want to invest in McCleary, we are happy to have them. We are doing everything we can do as a Council to be friendly to builders and contractors. We've lowered rates and we've provided incentives and doing what we can to help. We can only deal with what comes in. If we get a building application, then we look at it, and if we get an application for this empty building that is becoming a liability, we have to look at it.

Marc Bollinger understands that the people are okay with a medical clinic, but not a mental facility. There are still medical issues and you can't treat them differently. This is a secure appropriate place. There are residents from McCleary that will be treated here. He is hearing that McCleary doesn't want that type of people here and they don't want that facility here, but medical and primary care are okay. Gary Atkins responded that a medical office helps the community as a whole. If his kid breaks their arm or a senior citizen falls and breaks their hip they can get help at a medical clinic. It's not the same as an Aberdeen drug addict that is off their psycho meds and putting them up there for fourteen days and when they get out they will hang out in this town. Mr. Bollinger said it's very clear that people don't understand what this program is.

Councilmember Orffer stated, obviously everyone has a different opinion on this, but we are all from McCleary and we all have the best for the City at heart and we need to respect each others differences and opinions. She does not go on Facebook and doesn't read what is out there. She hears rumors about a lot of talk. If we really want to be a City and be successful, we need to respect each others differences and opinions and agree to disagree. We need to leave conversations like this and walk down the hall and shake hands and smile and invite someone to a barbeque. It's very important we all work in the same direction.

Gloria Hale responded she is from McCleary, they aren't.

MEETING ADJOURNED

It was moved by Councilmember Ator, seconded by Councilmember Peterson to adjourn the meeting at 7:30 pm. The next meeting will be Wednesday, April 26, 2017 at 6:30 pm. Motion Carried 5-0.

MEMORANDUM

TO: MAYOR AND CITY COUNCIL, City of McCleary

FROM: DANIEL O. GLENN, City Attorney

DATE: April 21, 2017

RE: LEGAL ACTIVITIES as of APRIL 26, 2017

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. **ZONING CODE TEXT AMENDMENT:** Pursuant to your direction, I have prepared a request to Mr. Aaland to go forward with the hearing process related to updating the zoning code in relation to the matters of the zones within which hospitals and residential treatment facilities may be located, the nature of the classifications (permitted use, conditional use, or some other new classification), and any other issue which may arise in relation to such matters. Mr. Baun has been in touch with Mr. Aaland and a public hearing date has been set at which Mr. Aaland will receive public comment.

As you are aware, due to fact that there is an unusual degree of federal and state law acting as an "overlay" to the siting regulation of the RTF type of use, it will be interesting to review his recommendation.

2. **PENDING LEGISLATIVE MATTERS:**

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

A. Critical Areas Ordinance: The matter of updating the City's CAO has been reactivated at the request of the state agency involved. A beginning draft update was done in 2014, but then was apparently put on hold when Mr. Mercer left his position with the City. Mr. Morrison and I will be meeting next week to discuss finalization of an updated draft. It will likely be sent to the state agency for their review prior to its submission for formal adoption by the Council. When Paul and I complete the proposed final draft, would the Council or a designated committee of the Council like to review it prior to its submission?

B. Nuisance Code Update: A proposed draft not in an ordinance form was provided to you earlier. As is true with the CAO, Mr. Morrison and I will be working through that draft to resolve certain questions or suggestions I have in relation to the current update provisions.

3. JANITORIAL SERVICES: In light of a number of issues related to the provision of the required level of services, the Mayor has exercised the right retained in the contract for services and given notice of termination of the contract. Given the timing constraints under the contract, my advice to Ms. Collins was that the Mayor give the appropriate notification and the matter be on the agenda for two reasons:

A. The Council be requested to confirm the Mayor's decision to terminate the contract.

B. That authorization for giving of a notice for request for proposal to provide the services be issued.

Since the termination will become effective as of June 30, there is adequate time to make the request and review any proposals received.

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

DG/le

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

STAFF REPORT

To: Mayor Schiller
From: Todd Baun, Director of Public Works
Date: April 21, 2017
Re: Current Non-Agenda Activity

Public Works

Light and Power had a small equipment failure that effected several residences in the area of Birch and E. Pine St. for a short period.

Public Works crew have been picking up items for the City Wide clean up.

Public Works crew has also been filling numerous potholes throughout the City.

Todd Baun

From: Zana Dennis <zdennis@ghcog.org>
Sent: Thursday, April 20, 2017 8:24 PM
To: Todd Baun
Cc: Brent Schiller
Subject: 2017 STP Award - 3rd Street Improvements
Attachments: McCleary 17-04.pdf

Mr. Todd Baun,
Director of Public Works
City of McCleary
100 S. 3rd Street
McCleary, WA 98557

Mr. Baun,

Congratulations on your Surface Transportation Program (STP) funding award. The GHCOG Council approved the STP funding list per resolution #612. Please consider this letter as formal notification of your STP funding award on the following project:

McCleary 3rd Street Improvements – ROW
STP(R) award of **\$86,500**
Funding Program Year and Obligation Commitment – by **May 2017**

McCleary 3rd Street Improvements – CN
STP(R) additional award of **\$638,889**
Funding Program Year and Obligation Commitment – by **March 2018**

The total 2016, 2017, 2018 STP funding award for the McCleary 3rd Street Improvements project is \$86,500 for the PE phase and \$1,424,163 for the CN phase, for a total award of **\$1,510,663**.

STP funding awards are contingent upon adhering to Surface Transportation Program (STP) Policies and Procedures.

We are pleased to award STP Regional funding to this project and are dedicated to assisting you with moving the project forward.

Again, congratulations and our sincere gratitude for the important work you do.

Sincerely,

Vicki Cummings

Cc: Mayor Brent Schiller

Zana Dennis
Office Coordinator



Grays Harbor Council of Governments
115 S. Wooding St.
Aberdeen, WA 98520
(360) 537-4386
zdennis@ghcog.org



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STAFF REPORT

To: Mayor Schiller
From: Todd Baun., Director of Public Works
Date: April 21, 2017
Re: WSDOT LPA-001 Form

Attached is WSDOT LPA-001 Form. I have filled in the blanks on the form to show that my current responsibility as Public Works Director is to oversee ROW activities for federally funded transportation projects.

Action Requested:

If in agreeance, please allow the Mayor to sign the LPA-001 form to allow the Public Works Director is to oversee ROW activities for federally funded transportation projects.

The **City of McCleary**, hereinafter referred to as “AGENCY”, desiring to acquire real property (obtain an interest in, and possession of, real property) in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act and applicable federal regulations (49 CFR Part 24) and state law (Ch. 8.26 RCW), and state regulations (Ch. 468-100 WAC) hereby adopts the following procedures to implement the above statutes and Washington Administrative Code. The AGENCY is responsible for the real property acquisition and relocation activities on projects administered by the AGENCY. To fulfill the above requirements the AGENCY will acquire right-of-way (ROW) in accordance with the policies set forth in the Right of Way Manual M 26-01 and Local Agency Guidelines. The AGENCY has the following expertise and personnel capabilities to accomplish these functions:

1. The following relate to the AGENCY’s request.
 - a. Below is a list of responsible AGENCY individual names and positions, for which the AGENCY has qualified staff to perform the specific right-of-way function(s). Attached are resumes for each individual AGENCY staff listed to perform those functions below, and a brief summary of their qualifications pertaining to the specific ROW function(s) for which they are listed. The procedures shall be updated whenever staffing changes occur. The AGENCY will be approved to acquire based upon staff qualifications.
 - i. **PROGRAM ADMINISTRATION :**
Oversee delivery of the R/W Program on federal aid projects for the agency. Ensures R/W functions are carried out in compliance with federal and state laws, regulations, policies and procedures.

Responsibilities/Expectations:

- Ensures agency’s approved R/W Procedures are current, including staff qualifications, and provides copies to consultants and agency staff;
- Oversight of ROW consultants;
 - use of consultant contract approved by WSDOT (under construction)
 - management of ROW contracts
 - management of ROW files
 - reviews and approves actions and decisions recommended by consultants
 - Overall responsibility for decisions that are outside the purview of consultant functions
- Sets Just Compensation prior to offers being made;
- Approves administrative offer summaries per policy;
- Ensure agency has a relocation appeal process in place prior to starting relocation activities;
- Oversight of Administrative Settlements;
- Obligation authority for their agency;
- Obtain permits (Non-Uniform Relocation Act (URA));
- Ensures there is a separation of functions to avoid conflicts of interest.
- Verifies whether or not ROW is needed, and that the property rights and/or interests needed are sufficient to construct, operate and maintain the proposed projects (see Appendix 25.176).

Todd Baun; Director of Public Works

(Insert Name and Title of AGENCY Position above & attach resume of qualifications)

ii. APPRAISAL

Prepare and deliver appraisals on federal aid projects for the agency. Ensures that appraisals are consistent and in compliance with state and federal laws, regulations, policies and procedures.

Responsibilities/Expectations:

- Use only qualified agency staff approved by WSDOT to perform appraisal work;
- Use appraiser from WSDOT's Approved Appraiser List if agency does not have qualified staff;
- Prepare Project Funding Estimates (PFE) or, when applicable, True Cost Estimates (TCE);
- Prepare Administrative Offer Summaries (AOS or Appraisal Waiver);
- Obtain specialist reports;
- Coordinate with engineering, program administration, acquisition, relocation, and/or property management as necessary.

Todd Baun; Director of Public Works

(Insert Name and Title of AGENCY Position above & attach resume of qualifications)

iii. APPRAISAL REVIEW:

Review appraisals on federal aid projects for the agency to make sure they are adequate, reliable, and have reasonable supporting data, and approve appraisal reports. Ensures appraisals are adequately supported and represent fair market value and applicable costs to cure and are completed in compliance with state and federal laws, regulations, policies and procedures.

Responsibilities/Expectations:

- Use only qualified agency staff approved by WSDOT to perform appraisal review work;
- Use review appraiser from WSDOT's Approved Appraiser List if agency does not have qualified staff;
- Ensures project wide consistency in approaches to value, use of market data and costs to cure;
- Coordinate with engineering, program administration, acquisition, relocation, and/or property management as necessary.

Todd Baun; Director of Public Works

(Insert Name and Title of AGENCY Position above & attach resume of qualifications)

iv. ACQUISITION:

Acquire, through negotiation with property owners, real property or real property interests (rights) on federal aid projects for the agency. Ensures acquisitions are completed in compliance with federal and state laws, regulations, and policies and procedures.

Responsibilities/Expectations:

- Use only qualified staff to perform acquisition activities for real property or real property interests, including donations;
- To avoid a conflict of interest, when the acquisition function prepares an AOS, only acquires property valued at \$10,000 or less;

- Provide and maintain a comprehensive written account of acquisition activities for each parcel;
- Prepare administrative settlement justification and obtain approval;
- Prepare Project Funding Estimates (PFE) or, when applicable, True Cost Estimates (TCE);
- Prepare Administrative Offer Summaries (AOS or Appraisal Waiver);
- Review title, and recommend and obtain approval for acceptance of encumbrances;
- Ensure acquisition documents are consistent with ROW plans, valuation, and title reports;
- Provide a negotiator disclaimer;
- Coordinate with engineering, program administration, appraisal, relocation, and/or property management as necessary;
- Maintain a complete, well organized parcel file for each acquisition.

Todd Baun; Director of Public Works

(Insert Name and Title of AGENCY Position above & attach resume of qualifications)

v. **RELOCATION:**

Provide relocation assistance to occupants of property considered displaced by a federally funded projects for the agency. Ensures relocations are completed in compliance with federal and state laws, regulations, policies and procedures.

Responsibilities/Expectations:

- Prepare and obtain approval of relocation plan prior to starting relocation activities;
- Confirm relocation appeal procedure is in place;
- Provide required notices and advisory services;
- Make calculations and provide recommendations for agency approving authority prior to making payment;
- Provide and maintain a comprehensive written account of relocation activities for each parcel;
- Coordinate with engineering, program administration, appraisal, acquisition, and/or property management as necessary;
- Maintain a complete, well organized parcel file for each displacement;
- Ensure occupants and personal property is removed from the ROW.

Todd Baun; Director of Public Works

(Insert Name and Title of AGENCY Position above & attach resume of qualifications)

vi. **PROPERTY MANAGEMENT:**

Establish property management policies and procedures that will assure control and administration of ROW, excess lands, and improvements acquired on federal aid projects for the agency. Ensures property management activities are completed in compliance with federal and state laws, regulations, policies and procedures.

Responsibilities/Expectations:

- Account for use of proceeds from the sale/lease of property acquired with federal funds on other title 23 eligible activities;
- Keep R/W free of encroachments;
- Obtain WSDOT/FHWA approval for change in access control along interstate;
- Maintain property records;

- Coordinate with engineering, program administration, appraisal, acquisition, and/or property management as necessary;
- Maintain a complete, well organized parcel file for each displacement;
- Ensure occupants and personal property is removed from the ROW.

Todd Baun; Director of Public Works

(Insert Name and Title of AGENCY Position above & attach resume of qualifications)

- b. Any functions for which the AGENCY does not have qualified staff, the Agency will contract with another local agency with approved procedures, an outside contractor, or the Washington State Department of Transportation (WSDOT). An AGENCY that proposes to use outside contractors for any of the above functions will need to work closely with the WSDOT Local Agency Coordinator (LAC) and Local Programs to ensure all requirements are met. When the AGENCY proposes to have a staff person approved to negotiate who is not experienced in negotiation for FHWA funded projects, the LAC must be given a reasonable opportunity to review all offers and supporting data before they are presented to the property owners.
 - c. An AGENCY wishing to take advantage of an Appraisal Waiver (aka Administrative Offer Summary or AOS) procedure on properties valued up to \$25,000 or less should make their proposed waiver procedure a part of these procedures. The procedure outlined in LAG manual has already been approved using form LPA-003. The AGENCY may submit a procedure different than that shown and it will be reviewed and approved if it provides sufficient information to determine value.
 - d. Attached is a copy of the AGENCY's administrative settlement procedure showing the approving authority(s) and the procedure involved in making administrative settlements.
2. All projects shall be available for review by the FHWA and WSDOT at any time and all project documents shall be retained and available for inspection during the plan development, right-of-way and construction stages, and for a three year period following acceptance of the projects by WSDOT.
 3. Approval of the AGENCY's procedures by WSDOT may be rescinded at any time the AGENCY is found to no longer have qualified staff or is found to be in non-compliance with the regulations. The rescission may be applied to all or part of the functions approved.

Mayor or Chairman

Date

Washington State Department of Transportation

Approved By:

Local Programs Right of Way Manager

Date

STAFF REPORT

To: Mayor Schiller
From: Todd Baun., Director of Public Works
Date: April 21, 2017
Re: CAO Update

Paul has been working with Ecology representatives and their manuals to update the CAO. Dan has also been provided the draft copy. Here is his first draft of the proposed updates.

Action Requested:

Please review and let us know if you have any questions or concerns about the draft update.

18.08 Critical Areas and Resource Lands

18.08.010 Document adopted by reference.

- A. That certain document more fully titled the Planning Commission Report: Designation of Critical Areas and Resource Lands within the city, with attached maps, as attached to the ordinance codified in this section and incorporated by this reference, dated September 11, 1992, shall be and is adopted as an official document of the city for the purposes contained within the document.
- B. Any and all rules, regulations, or guidelines which are adopted by reference shall be deemed to have been adopted as if fully set forth and shall be in full force and effect and subject to enforcement by the city to the extent allowed by law. To the extent that any federal or state law, rule, or regulation governing these matters is applicable, then to the extent it is not inconsistent with the provisions of rules, regulations, or guidelines within the document referenced in subsection A of this section, they shall control.

(Ord. 597 §§ 1, 2, 1993)

18.08.020 Purpose.

It is not the intent of this chapter to deny a reasonable use of public or private property, but to assure that land development occurs in a manner that will protect critical areas, which includes wetlands, aquifer recharge areas, geologically hazardous areas, and fish and wildlife habitat conservation areas. Furthermore, this chapter is intended to meet the requirements established by Sections 36.70A.060(2), 36.70A.172 and 36.70A.175 of the Revised Code of Washington.

(Ord. 703 § 1, 2003)

18.08.030 Definitions.

As used in this chapter, the following words and phrases shall have the following meanings:

"Administrator" means the city administrator, or his/her designee.

"Applicant" means any person who files a permit application with the city of McCleary and who is either the owner, beneficial owner, contract purchaser, or authorized agent of such owner of the land on which the proposed activity would be located.

"Aquifer recharge area" means an area with a critical recharging effect on an aquifer that is vulnerable to contamination and is used as a sole source of potable water supply. Aquifer recharge areas are those areas designated pursuant to:

1. The Federal Safe Drinking Water Act;
2. Regulation of Public Ground Waters, Chapter 90.44 RCW;
3. Water Pollution Control, Chapter 90.48 RCW;
4. Water Resources Act, Chapter 90.54 RCW;
5. Groundwater Management Areas, Chapter 173-100 WAC; and
6. Water Quality Standards for Groundwater, Chapter 173-200 WAC.

"Critical areas" means and includes the following areas and ecosystems as defined in RCW 36.70A.030 and WAC 365-195-200:

1. Wetlands;
2. Areas with a critical recharging effect on aquifers used for potable water;
3. Fish and wildlife habitat conservation areas;
4. Frequently flooded areas; and
5. Geologically hazardous areas.

"Fish and wildlife habitat area" means land managed for maintaining species in suitable habitats within their natural geographic distribution so that isolated subpopulations are not created. This does not mean maintaining all individuals of all species at all times, but it does mean cooperative and coordinated land use planning is critically important among counties and cities in a region. In some cases, intergovernmental cooperation and coordination may show that it is sufficient to assure that a species will usually be found in certain regions across the state. Fish and wildlife habitat conservation areas include areas with which endangered, threatened, and sensitive species have a primary association; waters of the state; state natural area preserves and natural conservation areas; and streams and rivers planted with game fish by a governmental agency.

"Frequently flooded areas" mean lands in the flood plain subject to a one percent or greater chance of flooding in any given year. These areas include, but are not limited to, streams, rivers, lakes, coastal areas, wetlands, and the like. The one hundred-year flood plain designations of the National Flood Insurance Program delineate the presence of frequently flooded areas.

"Geologically hazardous areas" mean areas that, because of the susceptibility to erosion, sliding, earthquake, or other geological events, are not generally suited to locating commercial, residential, or industrial development consistent with public health or safety concerns. Geologically hazardous areas have slopes greater than fifteen percent with known erosion, landslides, settling, rockslide, debris flow and/or seismic hazards as defined by the US Department of Agriculture Soil Conservation Service.

"Qualified expert" means a person preparing a technical assessment who has expertise appropriate to the relevant critical area. Expertise shall consist of professional credentials and/or certification, any advanced degrees earned in the pertinent scientific discipline from a recognized university, the number of years of experience in the pertinent scientific discipline, recognized leadership in the discipline of interest, formal training in the specific area of expertise, and field and/or laboratory experience with evidence of the ability to produce peer-reviewed publications or other professional literature. Geologists preparing technical assessments shall meet the requirements of a licensed geologist under Chapter 18.220 RCW.

"Wetland or wetlands" means areas that are inundated or saturated by surface water or ground water at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs, and similar areas. Wetlands do not include those artificial wetlands intentionally created from non-wetland sites, including, but not limited to, irrigation and drainage ditches, grass-lined swales, canals, detention facilities, wastewater treatment facilities, farm ponds, and landscape amenities, or those wetlands created after July 1, 1990, that were unintentionally created as a result of the construction of a road, street or highway. Wetlands may include those artificial wetlands intentionally created from nonwetland areas created to mitigate conversion of wetlands.

(Ord. 703 § 2, 2003)

18.08.040 Compliance with critical areas protection.

All public and private land uses in the city of McCleary shall comply with the requirements of this chapter as a condition to any permit requested under Titles 15, 16 and 17 of the McCleary City Code. The city shall deny any permit that fails to protect a critical area as required in this chapter, except as provided in Section 18.08.040 and 18.08.050.

(Ord. 703 § 3, 2003)

18.08.042 Pre-existing Uses

Uses legally existing as of the date of adoption of this ordinance may continue operation pursuant to the following provisions and procedures. The purpose of these provisions is to assure that pre-existing uses are brought into compliance with the provisions of this chapter over time and to the highest degree possible. These provisions shall not be construed to mean that a preexisting use must cease. The following procedures and requirements are hereby established;

- A. Upon identification of a legal pre-existing use, the city shall contact the person in control and/or owner in order to develop a compliance plan and time line for bringing the pre-existing use into compliance to the highest degree practicable and which provides an acceptable low level of risk.
 - 1. The city will negotiate with the person in control and/or owner to identify a reasonable time frame and necessary steps to bring the use into compliance with this chapter.
 - 2. Technical assistance will be offered the person in control and/or owner by state and/or local personnel to enable the person in control and/or owner to bring the use into compliance.
 - 3. The city will require that a written compliance plan be developed and agreed to by the person in control and/or owner setting forth the compliance steps that will be taken and the agreed time frame under which these steps will be completed.
 - 4. The compliance plan shall be agreed to in a reasonable time as defined by the Public Works Director on a case-by-case basis.
 - 5. Such compliance plan will take the form of a contract between the city and the person in control and/or owner.
 - 6. No expansion of any non-conforming aspect of the use will be permitted.
 - 7. Failure to meet the terms of the contract, including time frames agreed to, shall constitute a breach of contract subject to all applicable law. If legal action on the part of the city becomes necessary to enforce the contract, the person in control and/or owner shall be liable for all legal expenses.
- B. Development Proposals within Interrupted Stream or Wetland Buffers

1. Adjacent areas that may be physically separated from a stream or wetland due to existing, legally established structures or paved areas may be exempted from the prescribed buffer widths if proven scientifically to be functionally isolated from the stream or wetland. The director will require the applicant to provide a site assessment and functional analysis documentation report by a qualified critical area consultant that demonstrates the interrupted buffer area is functionally isolated. The director shall consider the hydrologic, geologic, and/or biological habitat connection potential and the extent and permanence of the physical separation.

18.08.043 Temporary Uses

- A. The Public Works Director shall authorize temporary uses pursuant to the terms and conditions of this section. This section provides a process for authorizing certain uses or activities of a nonpermanent nature for a limited duration.
 1. The application shall contain those requirements the Public Works Director deems appropriate based on the duration of the use and its potential for environmental impact.
 2. Temporary uses shall be consistent with all standards set forth in this Chapter. For any temporary use the city shall impose such other reasonable conditions as may be found necessary to ensure that the activity or use is not incompatible with surrounding conforming uses and will not result in a potential environmental impact.
 3. Certificates of Temporary Use shall expire according to the terms set forth in the approval and / or may be revoked by the Public Works Director if terms of the Temporary Use are not followed.

18.08.045 Reasonable use exceptions

- A. If the application of this Chapter would deny all reasonable use of a site, development may be allowed which is consistent with the general purposes of this Chapter and the public interest. Nothing in this Chapter is intended to preclude all reasonable use of property.
- B. An applicant for a development proposal may file a request for a reasonable use exception which shall be considered by the Public Works Director.
 1. A description of the areas of the site which are critical areas and/or resource lands or within setbacks required under this Chapter;
 2. A description of the amount of the site which is within setbacks required by other jurisdiction standards;
 3. A description of the proposed development, including a site plan;
 4. An analysis of the impact that the amount of development would have on the resource lands or critical areas;

5. An analysis of whether any other reasonable use with less impact on the resource lands or critical areas is possible;
 6. A design of the proposal so that the amount of development proposed as reasonable use will have the least impact practicable on the resource lands and/or critical areas;
 7. Other information as the Public Works Director determines is reasonably necessary to evaluate the issue of reasonable use as it relates to the proposed development.
- C. The Public Works Director may approve the reasonable use exception, if the Public Works Director determines the following criteria are met:
1. There is no other reasonable use or feasible alternative to the proposed development with less impact on the resource lands or critical areas; and
 2. The proposed development does not pose a threat to the public health, safety or welfare on or off the site; and
 3. Any alteration of the resource lands and/or critical areas shall be the minimum necessary to allow for reasonable use of the property; and
 4. The inability of the applicant to derive reasonable use of the property is not the result of actions by the applicant in subdividing the property or adjusting a boundary line thereby creating the undevelopable condition after the effective date of the Chapter; and
 5. The proposal mitigates the impact on the resource lands and/or critical areas to the maximum extent possible, while still allowing reasonable use of the site.

18.08.047 Building Setback Lines

Minor structural intrusions into the area of the building setback may be allowed if the Public Works Director determined that such intrusions will not negatively impact the wetland

18.08.48 Signs and fencing of wetlands and buffers.

- A. As a condition of any permit or authorization issued pursuant to this chapter, the Public Works Director may require the outer perimeter of the wetland buffer and/or the clearing limits identified and marked in the field with signs and/or fencing in such a way as to ensure that no unauthorized intrusion will occur. The marking is subject to inspection by the Public Works Director or his/her designee, prior to the commencement of permitted activities. This temporary marking shall be maintained throughout construction and shall not be removed until permanent signs, if required, are in place.
- B. As a condition of any permit or authorization issued pursuant to this chapter, the Public Works Director may require the applicant to install permanent signs and/or fencing along the boundary of a wetland or buffer.

18.08.050 Exempt activities in critical areas.

The following uses or activities within a critical area or critical area buffer are exempt from the requirements of this chapter to the extent that they are not prohibited by other state or federal laws and do not degrade the critical area:

- A. Conservation, enhancement, restoration, or preservation measures or projects;
- B. Low intensity, passive recreational uses;
- C. Short-term scientific studies and educational uses;
- D. Repair and maintenance of existing public roads, bridges, and storm water facilities;
~~Walkways without structures;~~
- E. Walkways and trails, provided that those pathways are limited to minor crossings having no adverse impact on water quality. They should be generally parallel to the perimeter of the wetland, located only in the outer twenty-five percent (25%) of the wetland buffer area, and located to avoid removal of significant trees. They should be limited to pervious surfaces no more than five (5) feet in width for pedestrian use only. Raised boardwalks utilizing non-treated pilings may be acceptable. ;
- F. Public parks;
- G. Site investigation work necessary for land use applications; and
- H. The growing and harvesting of timber, forest products and associated management activities in accordance with the Washington Forest Practices Act of 1974, as amended, and regulations adopted pursuant thereto; including, but not limited to, road construction and maintenance;

aerial operations; applications of fertilizers and pesticides; helispots; and other uses specific to growing and harvesting timber forest products and management activities, except those Forest Practices designated as "Class IV - General Forest Practices" under the authority of the "Washington State Forest Practices Act Rules and Regulations", WAC 222- 16-030

- I. Compliance with this chapter is required for all new construction, grading, land clearing, and other uses subject to Titles 15, 16 and 17 of MMC, and any Class IV Conversion Permit pursuant to the State Forest Practices Act, which involves conversion to a Permit Required Use

~~Forest practices governed by RCW 76.09.~~

(Ord. 703 § 4, 2003)

18.08.060 Emergency work in critical areas.

The mayor may authorize emergency work in critical areas without a permit if that official determines an imminent threat to public health or safety will occur before completion of normal permit procedures. Emergency work shall be limited to abating the emergency only and restoration of the critical area, if possible, shall follow the emergency.

(Ord. 703 § 5, 2003)

18.08.070 Technical assessments required.

- A. Applications for any permit approval under Titles 15, 16 and 17 of the McCleary City Code shall indicate whether any critical area is located on or within ~~two~~ **three** hundred feet of the site. The administrator or designated representative shall visit the site, and in conjunction with a review of the comprehensive land use plan, information provided by the applicant, and any other suitable information, make a determination as to whether or not sufficient information is available to evaluate the proposal. If it is determined that the information presented is not sufficient, the administrator shall notify the applicant to provide additional information in the technical assessments before the issuance of any determination of completeness under Titles 16 and 17 or permit issued under Title 15.
- B. It is the responsibility of the applicant to provide the city with appropriate technical assessments prepared by a qualified expert, whose selection is acceptable to the city, to fulfill the requirements of an application for a permit under Titles 16 and 17, or a building permit issued under Title 15. The applicant shall pay all expenses associated with the preparation of any technical assessment

required by the city. Technical assessments shall use the best science available in accordance with RCW 36.70A.172.

(Ord. 703 § 6, 2003)

18.08.080 Wetland delineation and protection.

A. The city shall regulate development activities to protect wetlands. Development activities shall not diminish the capacity of wetlands to:

1. Provide flood and storm water control;
2. Recharge the aquifer;
3. Improve surface and ground water quality by trapping sediments, removing nutrients, and providing chemical detoxification;
4. Stabilize the streambed along Wildcat Creek;
5. Preserve or enhance anadromous fisheries; and
6. ~~Protect~~ ~~Jeopardize~~ federally listed endangered and threatened species.

B. Identification and Delineation.

1. Identification of wetlands and delineation of their boundaries pursuant to this Chapter shall be done in accordance with the approved federal wetland delineation manual and applicable regional supplement. All areas within the City meeting the wetland designation criteria in that procedure are hereby designated critical areas and are subject to the provisions of this Chapter. Wetland delineations are valid for five years; after such date the City shall determine whether a revision or additional assessment is necessary.

C. Rating.

1. Wetlands shall be rated according to the Washington Department of Ecology wetland rating system, as set forth in the Washington State Wetland Rating

System for Western Washington: 2014 Update (Ecology Publication #14-06-029, or as revised and approved by Ecology).

D. The city adopts by reference the following maps and best available science resources for wetlands in the city of McCleary and the urban growth area:

1. National Wetlands Inventory Map, US Fish and Wildlife Service.
2. Soil Survey of Grays Harbor County Area, Pacific County, and Wahkiakum County Washington, Map Sheet 41, USDA, 1986.
3. If the location, designation, or classification of a wetland shown on any map adopted through the ordinance codified in this chapter or the comprehensive land use plan is in conflict with the determination of any field investigation, the latter shall prevail.

~~A. National Wetlands Inventory Map, US Fish and Wildlife Service;~~

~~B. Soil Survey of Grays Harbor County Area, Pacific County, and Wahkiakum County Washington, Map Sheet 41, USDA, 1986;~~

~~C. Washington State Wetlands Identification and Delineation Manual, Washington Department of Ecology, 1997, Publication #96-94;~~

~~D. Washington State Wetland Rating System for Western Washington, Washington Department of Ecology, 1993, Publication #93-74; and~~

~~E. If the location, designation, or classification of a wetland shown on any map adopted by reference through the ordinance codified in this chapter or the comprehensive land use plan is in conflict with the determination of any field investigation, the latter shall prevail.~~

E. The city prohibits development activities in wetlands unless:

1. No practical alternative exists for locating the project elsewhere on the property;
or
2. The prohibition precludes any reasonable use of the property.

~~A wetland buffer that separates a wetland boundary from a regulated use is mandatory to mitigate adverse impacts of development activities. The following standards shall apply when determining buffer widths:~~

F. A wetland buffer that separates a wetland boundary from a regulated use is mandatory to mitigate adverse impacts of development activities. The following buffer widths have been established in accordance with the best available science. They are based on the category of wetland and the habitat score as determined by a qualified wetland professional using the Washington State Wetland Rating System for Western Washington: 2014 Update (Ecology Publication #14-06-029, or as revised and approved by Ecology). The adjacent land use intensity is assumed to be high.

1. Buffer widths are measured perpendicularly from the wetland boundary;

~~Buffer widths are determined according to a wetland's rating:~~

- ~~a. Category I wetlands require a buffer width of two hundred feet;~~
- ~~b. Category II wetlands require a buffer width of one hundred feet;~~
- ~~c. Category III wetlands require a buffer width of fifty feet; and~~
- ~~d. Category IV wetlands require a buffer width of twenty-five feet.~~

2. For wetlands that score 5 points or more for habitat function, the buffers in Table XX.1 can be used if both of the following criteria are met:

- a. A relatively undisturbed, vegetated corridor at least 100 feet wide is protected between the wetland and any other Priority Habitats as defined by the Washington State Department of Fish and Wildlife.
- b. The corridor must be protected for the entire distance between the wetland and the Priority Habitat by some type of legal protection such as a conservation easement.
- c. Presence or absence of a nearby habitat must be confirmed by a qualified biologist. If no option for providing a corridor is available, Table XX.1 may be used with the required measures in Table XX.2 alone.
- d. The measures in Table XX.2 are implemented, where applicable, to minimize the impacts of the adjacent land uses.

3. For wetlands that score 3-4 habitat points, only the measures in Table XX.2 are required for the use of Table XX.1.
4. If an applicant chooses **not** to apply the mitigation measures in Table XX.2, or is unable to provide a protected corridor where available, then Table XX.3 **must** be used.
5. The buffer widths in Table XX.1 and XX.3 assume that the buffer is vegetated with a native plant community appropriate for the ecoregion. If the existing buffer is unvegetated, sparsely vegetated, or vegetated with invasive species that do not perform needed functions, the buffer should either be planted to create the appropriate plant community or the buffer should be widened to ensure that adequate functions of the buffer are provided.

1. Table XX.1 Wetland Buffer Requirements for Western Washington if Table XX.2 is Implemented and Corridor Provided:

| | Buffer width (in feet) based on habitat score | | | |
|---|---|-----|-----|-----|
| Wetland Category | 3-4 | 5 | 6-7 | 8-9 |
| Category I: Based on total score | 75 | 105 | 165 | 225 |
| Category I: Bogs and Wetlands of High Conservation Value | 190 | | | 225 |
| Category I: Coastal Lagoons | 150 | | 165 | 225 |
| Category I: Interdunal | | | | 225 |
| Category I: Forested | 75 | 105 | 165 | 225 |
| Category I: Estuarine | 150 (buffer width not based on habitat scores) | | | |
| Category II: Based on score | 75 | 105 | 165 | 225 |
| Category II: Interdunal Wetlands | 110 | | 165 | 225 |
| Category II: Estuarine | 110 (buffer width not based on habitat scores) | | | |
| Category III (all) | 60 | 105 | 165 | 225 |
| Category IV (all) | 40 | | | |

2. Table XX.2 Required measures to minimize impacts to wetlands (Measures are required if applicable to a specific proposal)

| Disturbance | Required Measures to Minimize Impacts |
|----------------------------|--|
| Lights | <ul style="list-style-type: none"> • Direct lights away from wetland |
| Noise | <ul style="list-style-type: none"> • Locate activity that generates noise away from wetland • If warranted, enhance existing buffer with native vegetation plantings adjacent to noise source • For activities that generate relatively continuous, potentially disruptive noise, such as certain heavy industry or mining, establish an additional 10' heavily vegetated buffer strip immediately adjacent to the outer wetland buffer |
| Toxic runoff | <ul style="list-style-type: none"> • Route all new, untreated runoff away from wetland while ensuring wetland is not dewatered • Establish covenants limiting use of pesticides within 150 ft of wetland • Apply integrated pest management |
| Stormwater runoff | <ul style="list-style-type: none"> • Retrofit stormwater detention and treatment for roads and existing adjacent development • Prevent channelized flow from lawns that directly enters the buffer • Use Low Intensity Development techniques (for more information refer to the drainage ordinance and manual) |
| Change in water regime | <ul style="list-style-type: none"> • Infiltrate or treat, detain, and disperse into buffer new runoff from impervious surfaces and new lawns |
| Pets and human disturbance | <ul style="list-style-type: none"> • Use privacy fencing OR plant dense vegetation to delineate buffer edge and to discourage disturbance using vegetation appropriate for the ecoregion • Place wetland and its buffer in a separate tract or protect with a conservation easement |
| Dust | <ul style="list-style-type: none"> • Use best management practices to control dust |

3. Table XX.3 Wetland Buffer Requirements for Western Washington if Table XX.2 is NOT Implemented or Corridor NOT provided

| | Buffer width (in feet) based on habitat score | | | |
|---|---|-----|-----|-----|
| Wetland Category | 3-4 | 5 | 6-7 | 8-9 |
| Category I: Based on total score | 100 | 140 | 220 | 300 |
| Category I: Bogs and Wetlands of High Conservation Value | 250 | | | 300 |
| Category I: Coastal Lagoons | 200 | | 220 | 300 |
| Category I: Interdunal | | | | 300 |
| Category I: Forested | 100 | 140 | 220 | 300 |
| Category I: Estuarine | 200 (buffer width not based on habitat scores) | | | |
| Category II: Based on score | 100 | 140 | 220 | 300 |
| Category II: Interdunal Wetlands | 150 | | 220 | 300 |
| Category II: Estuarine | 150 (buffer width not based on habitat scores) | | | |
| Category III (all) | 80 | 140 | 220 | 300 |
| Category IV (all) | 50 | | | |

~~A technical assessment prepared by a qualified expert may reduce the required buffer width if it will not adversely affect the function of the wetland or that the use of other mitigation measures achieves the same result.~~

- G. Buffer averaging to *improve wetland protection* may be permitted when **all** of the following conditions are met:
1. There are no feasible alternatives to the site design that could be accomplished without buffer averaging.
 2. The averaged buffer will not result in degradation of the wetland's functions and values as demonstrated by a critical areas report from a qualified wetland professional.
 3. The total buffer area after averaging is equal to the area required without averaging.
 4. The buffer at its narrowest point is never less than either $\frac{3}{4}$ of the required width or 75 feet for Category I and II, 50 feet for Category III and 25 feet for Category IV, whichever is greater.
- ~~If an application for development activities makes it necessary to alter or eliminate a wetland, the applicant shall enhance or replace the wetland based upon a technical assessment and mitigation plan prepared by a qualified expert. Altered wetlands may require enhancement to ensure the same level of wetland function that existed at the time of the permit application. The replacement of eliminated wetlands shall be at a ratio of 1:1, have an equal or greater wetland rating, and be at a location approved by the city.~~
- H. Compensatory mitigation for alterations to wetlands shall be used only for impacts that cannot be avoided or minimized and shall achieve equivalent or greater biologic functions. Compensatory mitigation plans shall be consistent with Wetland Mitigation in Washington State—Part 2: Developing Mitigation Plans—Version 1, (Ecology Publication #06-06-011b, Olympia, WA, March 2006, or as revised), and Selecting Wetland Mitigation Sites Using a Watershed Approach (Western Washington) (Publication #09-06-32, Olympia, WA, December 2009).
- I. Mitigation ratios shall be consistent with the following table. Mitigation requirements may also be determined using the credit/debit tool described in *Calculating Credits and Debits for Compensatory Mitigation in Wetlands of Western Washington: Final Report* (Ecology Publication #10-06-011, Olympia, WA, March 2012, or as revised) consistent with subsection H of this Chapter.

J. Wetland Mitigation Ratios:

| Category and Type of Wetland | Creation or Re-establishment | Rehabilitation | Enhancement |
|---|------------------------------|----------------|--------------|
| Category I: Bog, Natural Heritage site | Not considered possible | Case by case | Case by case |
| Category I: Mature Forested | 6:1 | 12:1 | 24:1 |
| Category I: Based on functions | 4:1 | 8:1 | 16:1 |
| Category II | 3:1 | 6:1 | 12:1 |
| Category III | 2:1 | 4:1 | 8:1 |
| Category IV | 1.5:1 | 3:1 | 6:1 |

K. A qualified expert shall prepare any wetland technical assessments required by the city. The report shall include:

1. The exact location of the wetland boundary;
2. An evaluation of wetland functions and values;
3. An analysis of how the proposed use would or would not diminish the wetland protection standards under subsection A of this section; and
4. Recommendations for mitigating adverse environmental impacts on wetland values and functions during construction and post-construction.

(Ord. 703 § 7, 2003)

18.08.090 Geologically hazardous areas delineation and protection.

- A. The city shall regulate development activities in geologically hazardous area to protect the public's health, safety and welfare. Development activities in geologically hazardous areas shall:
 - 1. Minimize erosion and movement of sediment;
 - 2. Preserve or replace vegetation in erosion hazard areas;
 - 3. Prevent increased surface water discharge to adjacent properties;
 - 4. Prevent decreased slope stability on adjacent properties; and
 - 5. Design or mitigate projects in geologically hazardous areas to eliminate unsafe conditions to on- and off-site property owners.
- B. The city adopts by reference the following maps and best available science resources for delineating geologically hazardous areas in the city of McCleary and the urban growth area:
 - 1. Soil Survey of Grays Harbor County Area, Pacific County, and Wahkiakum County Washington, Map Sheet 41, USDA, 1986;
 - 2. Geologic Map of the South Half of the Shelton and South Half of the Copalis Beach Quadrangles, Washington, Washington Division of Geology and Earth Resources, 1987; and
 - 3. If the location, designation, or classification of a geologically hazardous area shown on any map adopted by reference under the UDC is in conflict with the determination of any field investigation, the latter shall prevail.
- C. A qualified expert shall prepare any technical assessment required by the city for a geologically hazardous area. The report shall:

1. Determine the exact boundaries of all geologically hazardous areas affecting the site and the impact of the proposed development on the standards set forth under Section 18.08.080(A) of this chapter; and
2. Recommend mitigation measures to ensure compliance with the standards set forth under subsection A of this section or, if mitigation is not possible, recommendations for adequate buffers from the hazard or hazards to protect public health, safety and welfare.

(Ord. 703 § 8, 2003)

18.08.100 Aquifer recharge areas delineation and protection.

- A. The city shall regulate development activities in aquifer recharge areas to protect groundwater quality and quantity for use as a potable water source.
- B. The city adopts by reference the following best available science resources for delineating aquifer recharge areas in the city of McCleary and the urban growth area:
 1. Geohydrology of the Chehalis River Valley, McCleary to Oakville, Grays Harbor County, Washington, Paul Eddy and Robert Carson, Washington Department of Ecology Geohydrologic Monograph No. 3, 1973;
 2. Hydrogeologic Characterization for Protection of Wildcat Creek Aquifer, Grays Harbor County, Washington, HartCrowser, April 12, 1994;
 3. If the location, designation, or classification of an aquifer recharge area shown on any map adopted by reference under the UDC is in conflict with the determination of any field investigation, the latter shall prevail.
 4. Letter from HartCrowser dated January 15, 2003.
 5. Water Quality Standards for Groundwater, Chapter 173-200 WAC.

- C. A qualified expert who is a licensed geologist shall prepare any technical assessment required by the city for an aquifer recharge area. The report shall include:
 - 1. A characterization of the site and its relationship to the aquifer;
 - 2. A discussion of the effects of the proposed development activities and its ability to meet the establish standards of subsection A of this section; and
 - 3. Recommended mitigation measures to ensure compliance with the standards set forth under subsection A of this section.

(Ord. 703 § 9, 2003)

18.08.110 Fish and wildlife habitat conservation areas: delineation and protection.

- A. The city shall regulate development activities in fish and wildlife habitat conservation areas to maintain species in suitable habitats within their natural geographic distribution and to prevent isolated subpopulations. In addition, the city shall consider conserving or protecting anadromous fisheries in Wildcat Creek.
- B. The city adopts by reference the following maps and best available science resources for fish and wildlife habitat conservation areas in the McCleary urban growth area:
 - 1. Priority Habitat Maps, Washington Department of Fish and Wildlife; and
 - 2. Salmon and Steelhead Limiting Factors, Water Resource Inventory Areas 22 and 23, by Carol Smith and Mark Wenger, Washington Conservation Commission, June 2001.
- C. A qualified expert shall prepare any technical assessment required by the city for development activities on parcels located within two hundred feet of a fish and wildlife habitat conservation area. The technical assessment shall include:
 - 1. An analysis and discussion of species or habitats known or suspected to be located within two hundred feet of the site;

2. Evaluation of the effects of the proposed development activities and its ability to meet the established standards of Section 18.08.100(A) of this chapter; and

~~Recommended mitigation measures to ensure compliance with the standards set forth under Section 18.08.100(A). In cases where a fish and wildlife habitat conservation area is on or adjacent to a development site, a minimum separation of up to fifty feet may be required for regulated uses if the technical assessment indicates the need for such a buffer.~~

3. Recommended mitigation measures to ensure compliance with the standards set forth under Section 18.08.100(A). In cases where a fish and wildlife habitat conservation area is on or adjacent to a development site:
 - I. Types 1 and 2 streams, will be regulated by the City of McCleary Shoreline Master Program.
 - II. Type 3 streams or other perennial or fish bearing streams that are five to 20 feet wide a minimum separation of up to 200 (feet) may be required for regulated uses if the technical assessment indicates the need for such a buffer.
 - III. Type 3 streams or other perennial or fish bearing streams that are less than five feet wide a minimum separation of up to 150 (feet) may be required for regulated uses if the technical assessment indicates the need for such a buffer.
 - IV. Type 4 and 5 streams or intermittent streams with low mass wasting* potential a minimum separation of up to 150 (feet) may be required for regulated uses if the technical assessment indicates the need for such a buffer.
 - V. Type 4 and 5 streams or intermittent streams with high mass wasting potential a minimum separation of up to 225 (feet) may be required for regulated uses if the technical assessment indicates the need for such a buffer.
- D. These widths are measured on each side of the stream, starting at the ordinary high water line. However, if the stream reach is located in a broad, alluvial valley and able to migrate across the valley, these width measurements begin at the edge of the channel migration zone (the area within which a stream has or may migrate laterally under its current geomorphic regime-it is commonly defined by historic meander limits or meander belt width⁹).
- E. The Public Works Director may allow the recommended habitat area buffer width to be averaged in accordance with a critical area report, the most current, accurate, and complete scientific or technical information available, and the management recommendations issued by the Washington State Department of Fish and Wildlife, only if:
 1. It will not reduce stream or habitat functions;
 2. It will not adversely affect salmonid habitat;
 3. It will provide additional natural resource protection, such as buffer enhancement;
 4. The total area contained in the buffer area after averaging is no less than that which would be contained within the standard buffer; and

5. The buffer area width is not reduced by more than 25 percent in any location.
- F. The following alterations may be made within the buffer upon approval of a plan by the Public Works Director, when consistent with all other provisions of this chapter:
1. Outdoor recreational activities, including fishing, bird watching, hiking, boating, horseback riding, swimming, canoeing, and bicycling;
 2. Flood control activities;
 3. Normal maintenance, repair, or operation of existing serviceable structures, facilities, or improved areas;
 4. Minor modification of existing serviceable structures within a buffer zone;
 5. Trails, footbridges, and water-related public park facilities;
 6. Utility lines and related facilities.

18.08.115 Signs and fencing of fish and wildlife habitat conservation areas.

- G. The outer perimeter of the habitat conservation area or buffer and the limits of those areas to be disturbed pursuant to an approved permit or authorization shall be marked in the field in such a way as to ensure that no unauthorized intrusion will occur and verified by the Public Works Director or his / her designee prior to the commencement of permitted activities. This temporary marking shall be maintained throughout construction and shall not be removed until permanent signs, if required, are in place.
- H. As a condition of any permit or authorization issued pursuant to this chapter, the Public Works Director may require the applicant to install permanent signs and/or fencing along the boundary of a habitat conservation area or buffer.

(Ord. 703 § 10, 2003)

18.08.120 Surety for mitigation improvements.

The city may require the applicant to submit a surety for the construction and/or maintenance of any mitigation measures required under this chapter for a period not to exceed three years. The value of a construction surety shall be not less than one hundred and twenty-five percent of the contract cost for the mitigation improvement as estimated by the city engineer. The value of a maintenance surety shall be not less than fifteen percent of the total value of the mitigation improvement as estimated by the city engineer. The surety shall meet the approval of the city attorney.

(Ord. 703 § 11, 2003)

STAFF REPORT

To: Mayor Schiller
From: Todd Baun., Director of Public Works
Date: April 21, 2017
Re: Public Hearing

Attached is the Public Hearing announcement and the referral to the hearings examiner.

Action Requested:

None. For your information



City of McCleary

Home of the McCleary Bear Festival

City of McCleary
100 S. 3rd Street
McCleary, WA 98557
(360) 495-3667 / Fax# (360) 495-3097
Notice of Public Hearing

ALL MEMBERS OF THE PUBLIC ARE HEREBY GIVEN NOTICE that the Hearing Examiner for the City of McCleary will conduct a hearing, open to the public, for the purposes of receiving comments, suggestions, recommendations, and other material from the public at large and from all interested persons in relation to the matter or matters specified below. The hearing will commence at the hour of **6:00 P.M.**, or soon thereafter as the hearing may be called to order, on **Tuesday, the 16th day of May, 2017, in the VFW Hall, situated at 158 N Summit Rd, McCleary, Washington.**

The matter or matters subject of the hearing are as follows:

1. Should hospitals continue to be allowed as a conditional use in residential zones? If not, what modifications should be made as to zone in which hospitals are allowed, whether as a permitted or conditional use?
2. How should a residential treatment facility (RTF) be classified under the City's zoning code in light of the applicable law and judicial decisions relating to this category of use? Again, are they required to be a permitted use and, if so, what regulatory factors would you recommend? If a conditional use, the same second aspect.

DATED THIS 20th day of April, 2017.

CITY OF MCCLEARY:

BY: Todd Baun; Director of Public Works

Published: Vidette April 27th, 2017; May 4th, 2017, May 11th, 2017

Posted at City Hall April 20th, 2017

Posted on City of McCleary Website April 20th, 2017

Posted at McCleary Library April 20th, 2017

Posted at McCleary Post Office April 20th, 2017

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

100 South 3rd Street, McCleary, WA 98557 • 360.495.3667 (phone) 360.495.3097 (fax) • CityofMcCleary.com

LAW OFFICES
OF
GLENN & ASSOCIATES, P.S.
A PROFESSIONAL SERVICES CORPORATION

DANIEL O. GLENN

2424 EVERGREEN PARK
DRIVE S.W.
OLYMPIA, WASHINGTON 98502
PHONE (360)943-7700
FAX (360)943-7721

MEMORANDUM

TO: NEIL AALAND, HEARING EXAMINER
CITY OF MCCLEARY

FROM: DANIEL O. GLENN

DATE: April 21, 2017

RE: REQUEST TO DEVELOP RECOMMENDATIONS

The Council and Mayor have acted upon your recommendations as to the definitional changes/additions as well as the term of continued availability for reactivation of a non-conforming use. That was done through the adoption of Ordinance 830, a copy of which is attached.

During the course of the consideration of the ordinance, it became clear that the general use [group homes] as residential treatment facilities appear to be not infrequently characterized, is a complex matter. The complexity seems to arise partially from the application of the Federal Fair Housing Act and the State's comparable act. It is an issue which has been dealt with by Lakewood, Sedro Wooley, and Federal Way. As a result, the Council has referred to you for purposes of holding a public hearing and developing recommendations the following issues and those associated issues which may arise as you move forward:

1. Should hospitals continue to be allowed as a conditional use in residential zones? If not, what modifications should be made as to zone in which hospitals are allowed, whether as a permitted or conditional use?

2. How should a residential treatment facility (RTF) be classified under the City's zoning code in light of the applicable law and judicial decisions relating to this category of use? Again, are they required to be a permitted use and, if so, what regulatory factors would you recommend? If a conditional use, the same second aspect.

I will be providing to you various articles and information I have gathered during the course of my research. To the extent you deem it appropriate, you may consider them part of the record developed for this request.

Thank you.

DG/le

STAFF REPORT

To: Mayor Schiller
From: Todd Baun., Director of Public Works
Date: April 21, 2017
Re: Rate Study Final Document

Attached is the final documentation related to the electric rate study and the water and sewer fiscal health reviews. The extended documentation includes the initial rate recommendations, council action and the revised rate strategy to get back to normal operating conditions (limited capital). The technical appendix includes the analysis for the original recommendation. It also includes the pole attachment memorandum. This wraps up the scope of services with the FCS Group.

Action Requested:

None. For your information

To: Todd Baun, Director of Public Works

Date: April 2017

From: Angie Sanchez, Principal, FCS Group

CC: Brent Schiller, Mayor; McCleary City Council

RE Light & Power Rate Study, Water and Sewer Fiscal Health Review

I.A. INTRODUCTION

The City of McCleary retained FCS Group to perform a Rate Study of the Light & Power Utility, and a fiscal health analysis of the Water and Sewer Utilities.

For each utility, the revenue requirement and rate recommendations were outlined and presented to the Council on September 23, 2016. This memorandum outlines those results, and the strategy approved by the Council for each utility. In summary, on December 14, 2016 the Council approved an adjusted rate strategy for all three utilities, based on an annual 3% rate increase.

I.B. RATE SETTING PRINCIPLES AND METHODOLOGY

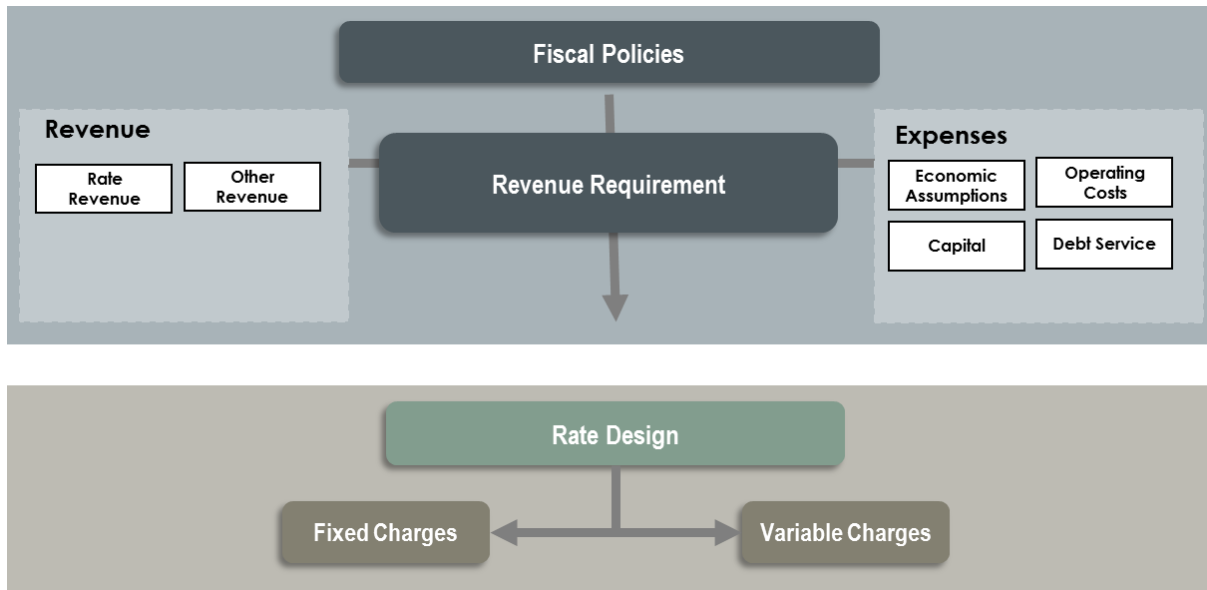
The methods used to establish user rates are based on principles that are generally accepted and widely followed throughout the industry. These principles are designed to produce rates that equitably recover costs from each class of customer by setting the appropriate level of revenue to be collected from ratepayers, and establishing a rate structure to equitably collect those revenues.

The primary tasks of the rate study are listed below:

- **Revenue Requirement Analysis.** This analysis identifies the total revenue requirement to fully fund each system on a self-supporting basis, considering operating and maintenance expenditures, capital funding needs, debt requirements and fiscal policy objectives.
- **Rate Design Analysis.** This analysis includes the development of rates that generate sufficient revenue to meet each system's revenue requirement forecast.

Figure 1 illustrates the rate study process.

Figure 1: Overview of the Rate Study Process



I.C. REVENUE REQUIREMENT

A revenue requirement analysis forms the basis for a long-range financial plan and multi-year rate management strategy for each system. It also enables the City to set utility rate structures which fully recover the total cost of operating each system: capital improvement and replacement, operations, maintenance, general administration, fiscal policy attainment, cash reserve management, and debt repayment. Linking rate levels to a financial plan such as this helps to enable not only sound financial performance for the City's utility enterprise funds, but also a clear and reasonable relationship between the costs imposed on utility customers and the costs incurred to provide service.

A revenue requirement analysis includes the following core elements to form a complete portrayal of each utility's financial obligations.

- **Fiscal Policy Analysis.** Identifies formal and informal fiscal policies of the City to ensure that current policies are maintained, including reserve levels, capital/system replacement funding and debt service coverage.
- **Operating Forecast.** Identifies future annual non-capital costs associated with the operation, maintenance, and administration of the system.
- **Capital Funding Plan.** Defines a strategy for funding the City's capital improvement/equipment replacement program, including an analysis of available resources from rate revenues, debt financing, and any special resources that may be readily available (e.g. grants, outside contributions, etc.). Identifies if additional funding sources are needed.
- **Revenue Sufficiency Testing.** Evaluates the sufficiency of revenues in meeting all financial obligations, including any coverage requirements associated with long-term debt.

Two revenue sufficiency tests are used to evaluate the health of the fiscal forecast. The first, the cash flow test, determines if current revenue sources will meet total cash outlay needs. The second, the coverage test, evaluates if current allowable revenues will equal at least cash operating expenses plus a multiple of revenue bond service (in this case, 1.25 times annual debt service).

- **Rate Strategy Development.** Designs a forward-looking strategy for adjusting rates to fully fund all financial obligations on an annual basis over the projection period.

I.D. ASSUMPTIONS

Each utility is its own unique enterprise fund meaning it is a self-sufficient entity fully supported by the rates and fees collected. The City controls the fees, and has the legal authority to adjust them as necessary to meet the financial obligations of the utility. The City has set up and maintains a fund structure, and implements financial policies that target management of financially viable and fiscally responsible electric, water, and sewer utilities.

The revenue requirement is developed according to key factors and assumptions. The assumptions are consistent across the three utilities, except where noted below. The following is a list of key assumptions used in this rate study:

- **Revenue.** The City utilities have two general revenue sources: revenue from charges for service (rate revenue) and miscellaneous (non-rate) revenue. For all three utilities, the rate revenue is the large majority of total revenue collected.
- **Connection Fees.** The water and sewer utilities also have connection fee revenue for capital purposes only. Connection fees are designed to be a “buy-in” fee for new customers to connect to the system, as well as to help cover the cost of expanding the system for future growth needs. Currently the water connection fee is \$3,000 per equivalent residential unit, and the sewer connection fee is \$3,700 per meter customer equivalent.
- **Growth.** Rate and connection fee revenue is calculated based on an annual average customer growth rate of 1.5% beginning in 2017. For all three utilities, this is approximately 6 new customers per year.
- **Economic and Financial Factors.** O&M expenses are based on the 2016 budget and projected to increase with:
 - General cost inflation of 1.96% based on the 10-year average Consumer Price Index (CPI),
 - Labor cost inflation of 2.09% based on the 5-year average Construction Cost Index (CCI), and
 - Benefit cost inflation of 3.56% based on the 10-year average Employment Cost Index (ECI) including total benefits.
- **Minimum Fund Balances.**

Operating Fund Balance. Operating Reserves provide a liquidity cushion to ensure that adequate cash working capital is available to deal with significant cash balance fluctuations such as seasonal fluctuations in billings and receipts, unanticipated cash expenses, or lower than expected

revenue collections. Operating reserves are measured as the number of days operations could continue without additional revenues.

Capital Fund Balance. Capital reserves are set aside in case of emergency, such as the unexpected failure of a crucial component of the system. The reserve can also be used for other unexpected cost overruns on capital projects. Industry practice ranges from setting a minimum balance equal to 1 to 2 percent of system fixed assets, a rolling average of annual CIP costs, or an amount determined sufficient to fund equipment failure. This target is a “soft” target for the City and should not be a driver for significant rate increases or debt issue. However, over time the City may want to move closer to the identified capital fund target.

Figure 2: Minimum Fund Balance Targets

| | Light & Power | Water | Sewer |
|-------------------------------|---------------|-----------|-----------|
| Operating Fund Balance | 90 days | 90 days | 60 days |
| Capital Fund Balance | \$1,000,000 | \$100,000 | \$250,000 |

- **Debt.** Debt is issued where necessary to cover capital costs. Future debt issues are assumed to be either revenue bonds issued for 20-year terms, with interest rates of 5.0% and issuance costs of 1.5%, or other low interest loans with 0.5% interest rate and no issuance cost.
- **Power (electric only).** Power is forecast based on the load forecast developed using customer class historical load and usage and applying growth. Power costs are calculated using assumed Bonneville Power Administration rate increases of 3.5% for power and 1.1% for transmission effective October 2017. Future rate increases are assumed at 3.0% power and 3.0% transmission for each future two-year rate setting period. This information was the best information available during development of the study. As the City knows more about upcoming rate changes, it is imperative to update the assumptions in the analysis to determine the financial impact to the utility.
- **System Reinvestment Funding** promotes system integrity. Target system reinvestment funding levels are commonly linked to annual depreciation expense as a measure of the decline in asset value associated with routine use of the system. Particularly for utilities that do not already have an explicit system reinvestment policy in place, implementing a funding level based on full depreciation expense could significantly impact rates. A common alternative benchmark is annual depreciation expense net of debt principal payments on outstanding debt. This approach recognizes that customers are still paying for certain assets through the debt component of their rate, and intends to avoid simultaneously charging customers for an asset and its future replacement. The specific benchmark used to set system reinvestment funding targets is a matter of policy that must balance various objectives including managing rate impacts, keeping long-term costs down, and promoting “generational equity” (i.e. not excessively burdening current customers with paying for facilities that will serve a larger group of customers in the future).

This study includes suggested system reinvestment funding for water and sewer, but not for the electric utility.

I.E. LIGHT & POWER UTILITY

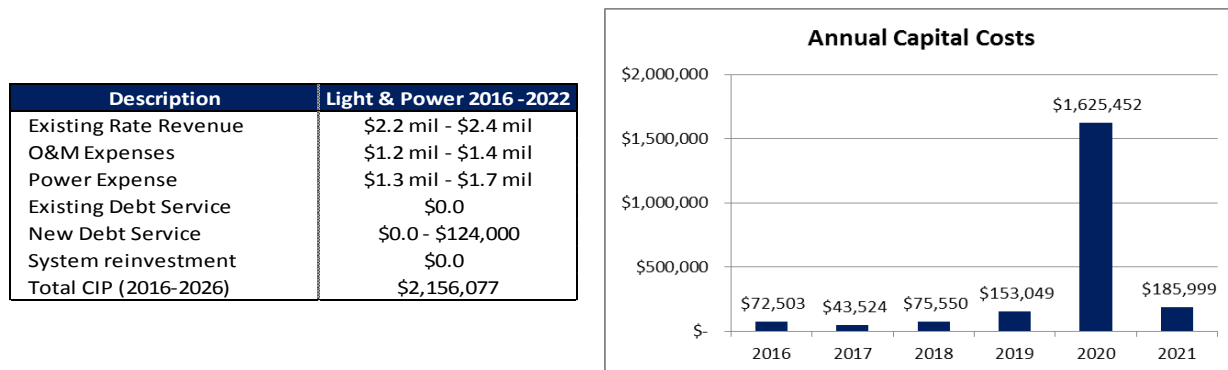
The electric utility provides service to approximately 1,100 residents, businesses and industrial customers in the City. The power provided is all purchased from Bonneville Power Administration accounting for just over half of the utility's operating expenses.

I.E.1. Key Components

The capital plan for the electric utility totals \$2.16 million over the study period, with over half of that expense being the 7th St Substation. As the electric utility has no connection fees, the capital plan is entirely funded by fund balances and rate funding.

The electric utility has no existing debt, but is forecast to take on \$1.4 million in 2020 to cover the cost of a new transformer at the 7th Street Substation, this will result in an annual debt service expense of \$124,000 starting in 2020.

Figure 3: Light & Power Key Components

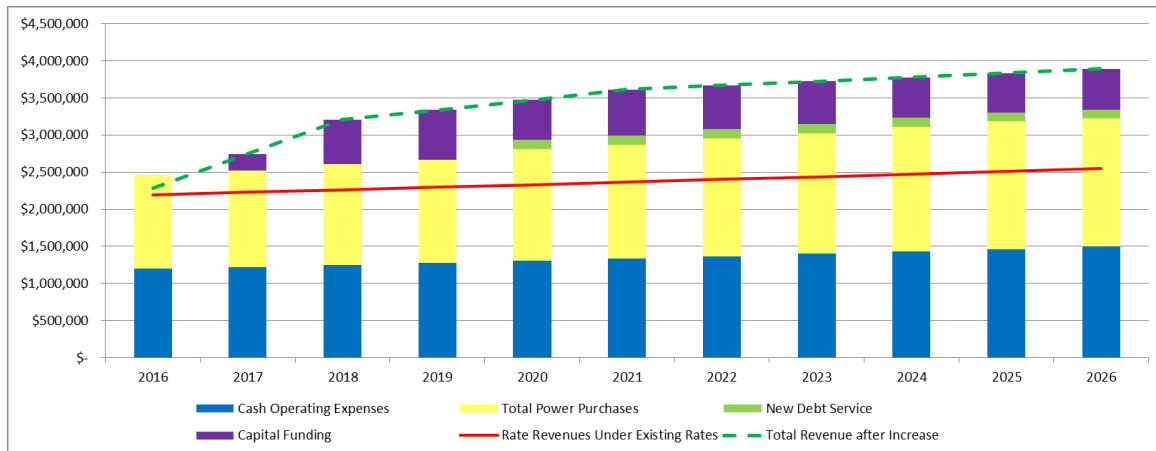


I.E.2. Revenue Requirement Results

In 2016, the utility is not meeting its revenue requirement needs (\$2.5 million in operating and power expenses, and only \$2.2 million in rate revenue), and is supplementing operating and capital expenses with fund balances.

The purchase of power is the largest single component of the utility's expenses, at 46% of operating expenses in 2017. Future years consider both annual load growth and future BPA increases that occur each two-year rate setting period. Combined, these two drivers are raising power expenses quicker than rate revenue is growing, annually increasing the gap between revenue requirement and revenue collected at current rates, as seen in Figure 4.

Figure 4: Light & Power Revenue Requirement



A rate increase is necessary to meet the revenue requirement and current annual capital costs. The proposed rate increase, outlined below, is 20% in 2017, 15% in 2018 followed by annual 2.5% increases through 2021. This level of increase would provide operating coverage and capital funding with minimum debt needs. The rates are applied equally to all customers and rate components (base, kWh and kW, if applicable).

Figure 5: Light & Power Proposed Rate Increase (Impact on Monthly Bill)

| Light & Power Sample Bill | Existing | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Proposed Annual Rate Adjustment | 0.00% | 20.00% | 15.00% | 2.50% | 2.50% | 2.50% | 0.00% |
| Sample Residential Monthly Bill (1,200 kWh) | \$ 95.85 | \$ 115.02 | \$ 132.27 | \$ 135.58 | \$ 138.97 | \$ 142.44 | \$ 142.44 |
| Difference | \$ - | \$ 19.17 | \$ 17.25 | \$ 3.31 | \$ 3.39 | \$ 3.47 | \$ - |

This recommended rate strategy was presented to the Council on September 28, 2016.

I.E.3. Council Approved Rate Strategy

The City Council approved a rate strategy of 3% increase in consumption rates in 2017, with a shift in rate structure to raise the minimum and base fee for each individual customer class. These adjustments result in a projected effective 7.6% increase in rate revenues in 2017. To minimize expenses, the Council approved strategy does not include system reinvestment funding, reduces annual O&M expenses, and decreases annual capital investment to \$77,000. These operating adjustments are projected forward, and capital projects are to be considered on a case by case basis to minimize the immediate financial impact on customers.

The impact of this strategy is that the utility will not meet the financial targets of maintaining 90 days of operating costs in the operating fund, or building to a capital reserve target of \$1,000,000.

Based on these changes, the combined operating and capital reserves will be in deficit at the end of 2017. Alternative funding will be necessary to maintain service at adjusted levels. If the utility returns to normal operating procedures in 2018, with reduced capital, the following adjusted rate schedule would be necessary to meet on-going needs. Even with these increases, the operating fund reserve target is not met until 2019, and the capital is not met until 2021.

Figure 6: Adjusted Light & Power Proposed Rate Increase

| Light & Power Sample Bill | Existing | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Proposed Annual Rate Adjustment | 0.00% | 3.00% | 15.00% | 15.00% | 2.50% | 2.50% | 0.00% |
| Sample Residential Monthly Bill (1,200 kWh) | \$ 95.85 | \$ 106.46 | \$ 122.43 | \$ 140.80 | \$ 144.32 | \$ 147.93 | \$ 147.93 |
| Difference | \$ - | \$ 10.61 | \$ 15.97 | \$ 18.37 | \$ 3.52 | \$ 3.61 | \$ - |

We recommend that the City revisit the study findings during the budget cycle to check that the assumptions used are still appropriate and no significant changes have occurred that would alter the results of the forecast. The City should use the study findings as a living document, continuously comparing the study outcomes to actual revenues and expenses. Any significant or unexpected changes will require adjustments to the rate strategy.

I.F. WATER UTILITY

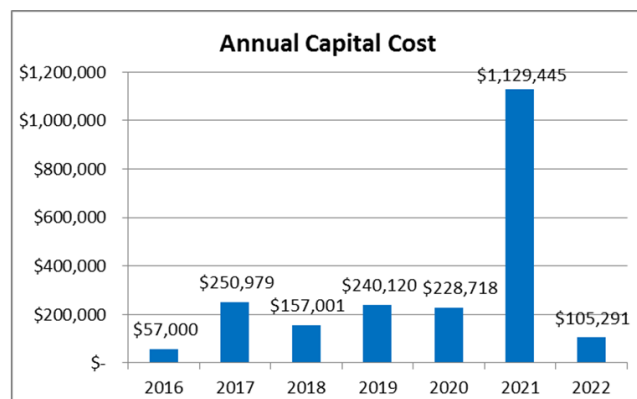
The City water utility serves the full population of McCleary, an estimated 1,653 people.

I.F.1. Key Components

The operating and maintenance expenses range from \$650,000-\$670,000. Existing debt for the utility is \$109,000 annually and will not be paid off until 2031, beyond the study period. The capital plan for the water utility has ongoing system maintenance ranging from \$57,000 to \$250,000 annually, with one anomaly in 2021 forecast to cost \$1.1 million for the Simpson Avenue water main replacement project. To cover this large capital expense the water utility is planning on receiving a \$1,000,000 low interest loan in 2021. This will add \$53,000 of annual debt service.

Figure 7: Water Key Components

| Description | Water 2016 -2022 |
|-----------------------|-----------------------|
| Existing Rate Revenue | \$650,000 - \$670,000 |
| O&M Expenses | \$511,000 - \$577,000 |
| Existing Debt Service | \$109,000 annually |
| New Debt Service | \$0.0 - \$53,000 |
| System reinvestment | \$0.0 - \$100,000 |
| Total CIP (2016-2026) | \$2,618,368 |



The capital program is primarily funded by connection fees, fund reserves and rate funding. It is recommended that the utility begin a rate funded system reinvestment policy in 2017 to cover the ongoing system maintenance capital costs. System reinvestment is included in the study starting at \$25,000 in 2017, and growing annually until it caps and holds in 2020 at \$100,000 to reflect approximate system replacement costs going forward.

With the current utility policy of minimizing debt, existing revenue sources such as rate revenue, connection fees, and system reinvestment funding will need to cover capital needs (with the exception of the 2021 project outlined above).

I.F.2. Revenue Requirement Results

The water utility is meeting its revenue requirement needs in 2016, and forecast to meet operating and debt service requirements in 2017. Beginning in 2018, the total expenses including debt service surpass the total revenue collected and a rate increase is required.

Figure 8: Water Revenue Requirement

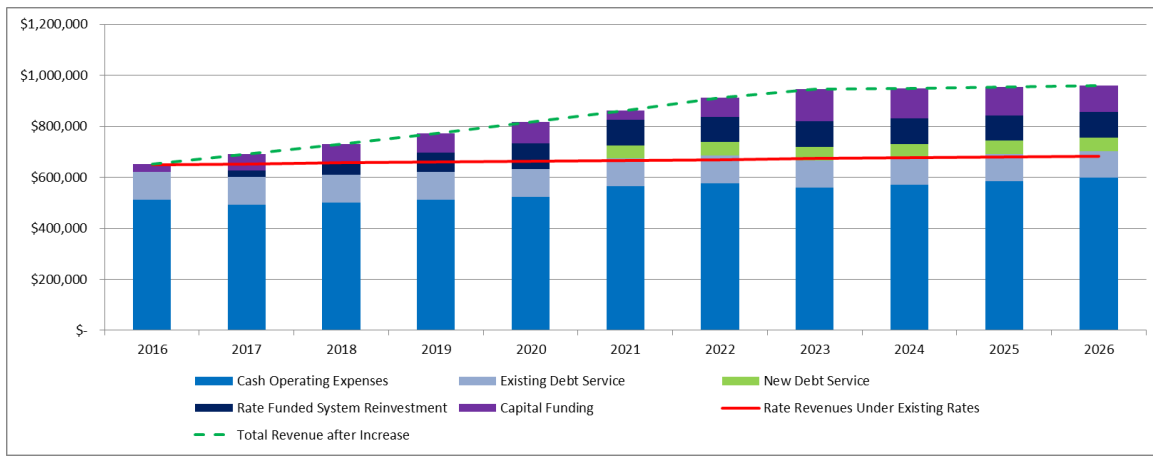


Figure 9: Water Proposed Rate Increase (Impact on Monthly Bill)

| Water Sample Bill | Existing | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------|----------|----------|----------|----------|----------|----------|
| Proposed Annual Rate Adjustment | 0.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Average Residential Water Bill (9ccf usage) | \$ 69.96 | \$ 73.46 | \$ 77.13 | \$ 80.99 | \$ 85.04 | \$ 89.29 | \$ 93.75 |
| Difference | \$ - | \$ 3.50 | \$ 3.67 | \$ 3.86 | \$ 4.05 | \$ 4.25 | \$ 4.46 |

The proposed rate strategy is an across the board 5% annual increase starting in 2017 and throughout the study period. The main short-term driver of rate increases is capital funding needs. However, as seen in Figure 9, starting in 2018 rate funded system reinvestment and debt service begin to drive the need for on-going increases.

I.F.3. Council Approved Rate Strategy

For the Water utility, the Council approved a 3% annual increase for 2017. Similar to the electric utility, this strategy was adopted to minimize impact on the customers that are already feeling the negative financial impact of utility bills. To account for the lower rate increase, system reinvestment funding is eliminated from the forecast, operating expenses are decreased, and capital project funding is reduced from \$251,000 to \$78,000 in 2017.

With the adjustments to the forecast, the water utility is projected to meet both operating and capital fund balance targets. If the utility returns to normal operating procedures, with reduced capital, in 2018 the City can continue with the recommended strategy of 5% increases in 2018 – 2022 and meet their fiscal policies and projected system needs. The projected rate impact of this option is in Figure 10.

Figure 10: Adjusted Water Proposed Rate Increase

| Water Sample Bill | Existing | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------|----------|----------|----------|----------|----------|----------|
| Proposed Annual Rate Adjustment | 0.00% | 3.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Average Residential Water Bill (9ccf usage) | \$ 69.96 | \$ 72.06 | \$ 75.66 | \$ 79.44 | \$ 83.42 | \$ 87.59 | \$ 91.97 |
| Difference | \$ - | \$ 2.10 | \$ 3.60 | \$ 3.78 | \$ 3.97 | \$ 4.17 | \$ 4.38 |

We recommend that the City revisit the study findings during the budget cycle to check that the assumptions used are still appropriate and no significant changes have occurred that would alter the results of the forecast. The City should use the study findings as a living document, continuously comparing the study outcomes to actual revenues and expenses. Any significant or unexpected changes will require adjustments to the rate strategy.

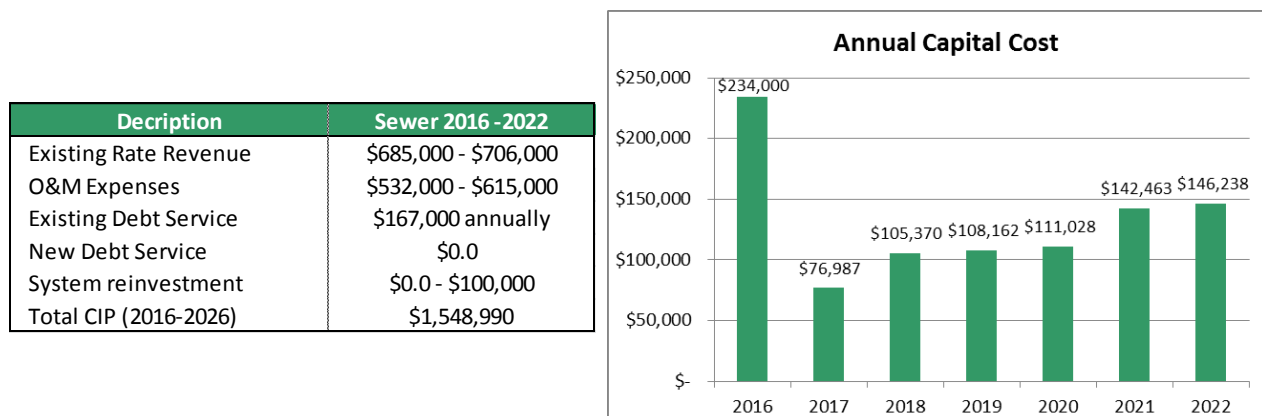
I.G. SEWER UTILITY

Like the electric and water utilities, the sewer utility is the sole provider of wastewater services to the 1,653 residents of the City of McCleary.

I.G.1. Key Components

The sewer utility has large capital investments of \$234,000 in 2016 (budgeted at \$293,000, but actual and planned spending through the year has lowered this by \$59,000), followed by repair/replacement projects of \$75,000 to \$125,000 annually for the study period. Existing debt payments of \$167,000 annually are ongoing through 2021 when they reduce to \$146,000 through the end of the study period as a result of the last payment on the Public Works Trust Fund Loan (PW-01-691-PRE-130) . No additional debt is needed to fund the capital investments planned for the sewer utility.

Figure 11: Sewer Key Components



Without the need for additional debt, the capital program is currently funded by connection fees, rate revenue, and fund reserves. In 2016, the sewer utility used \$130,000 of reserve funding to cover capital costs. To be able to sustain funding capital needs through rates, similar to the water utility, rate funded system reinvestment is included starting at \$50,000 in 2017, and then \$100,000 annually starting in 2018.

I.G.2. Revenue Requirement Results

In 2016, the sewer utility used \$100,000 of fund balances to cover operating and capital expenses as revenue collected was not sufficient. This gap in expenses over revenues continues to grow with inflation over the forecast, therefore a rate increase is necessary to meet the revenue requirements.

Figure 12: Sewer Revenue Requirement

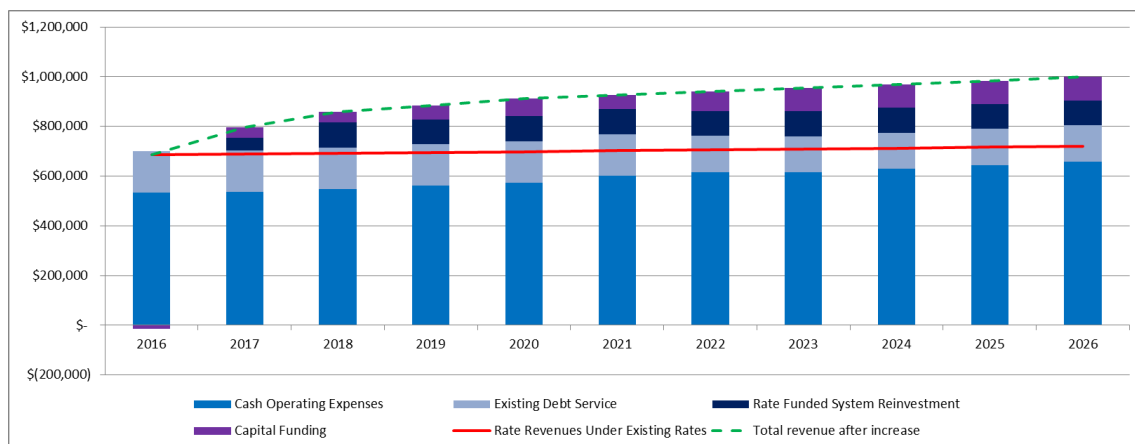


Figure 13: Sewer Proposed Rate Increase (Impact on Monthly Bill)

| Sewer Sample Bill | Existing | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| Proposed Annual Rate Adjustment | 0.00% | 15.00% | 7.00% | 2.50% | 2.50% | 1.00% | 1.00% |
| Average Residential Sewer Bill | \$ 82.30 | \$ 94.65 | \$ 101.27 | \$ 103.80 | \$ 106.40 | \$ 107.46 | \$ 108.54 |
| Difference | \$ - | \$ 12.35 | \$ 6.63 | \$ 2.53 | \$ 2.60 | \$ 1.06 | \$ 1.07 |

The proposed rate strategy is an across the board increase of 15% in 2017, 7% in 2018, 2.5% in 2019-2020, and an ongoing 1% starting in 2021. Like the electric utility, an initial large increase is included to cover the revenue requirement and begin building the capital fund reserves toward the minimum target. Rate increases then taper down to inflationary levels or lower over the remaining study period.

I.G.3. Council Approved Rate Strategy

The City Council has adopted a 3% rate increase in 2017. To reduce system costs, operating expenses were lowered, system reinvestment funding is not included, and capital funding is reduced to \$40,000 annually. With these adjustments, the utility is able to maintain operations and 90 days of operating reserves. The capital fund is able to cover annual capital projections, but reserves will be only \$16,555 at the end of 2017, falling short of the target \$250,000 minimum balance.

If the utility returns to normal operating procedures, with reduced capital, a 15% rate increase in 2018 is projected to meet operating needs. In the following years, the previously recommended increases of 2.5% in 2019 and 2020, and 1.0% annually beginning in 2021 are still sufficient.

Figure 14: Adjusted Sewer Proposed Rate Increase

| Sewer Sample Bill | Existing | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Proposed Annual Rate Adjustment | 0.00% | 3.00% | 15.00% | 2.50% | 2.50% | 1.00% | 1.00% |
| Average Residential Sewer Bill | \$ 82.30 | \$ 84.77 | \$ 97.48 | \$ 99.92 | \$ 102.42 | \$ 103.44 | \$ 104.48 |
| <i>Difference</i> | \$ - | \$ 2.47 | \$ 12.72 | \$ 2.44 | \$ 2.50 | \$ 1.02 | \$ 1.03 |

We recommend that the City revisit the study findings during the budget cycle to keep on track in the future and cover other needs and fund balances. The City should use the study findings as a living document, continuously comparing the study outcomes to actual revenues and expenses. Any significant or unexpected changes will require adjustments to the rate strategy.

I.H. POLE ATTACHMENT FEES

As part of the study, Power System Engineering updated the pole attachment fees. The pole attachment fees are comprised of three allocation factors: 1) allocation factor, 2) pole cost and 3) carrying cost.

- Allocation factor is used to allocate the portion of the pole that can be charged to pole the attacher.
- Pole cost is the original installed cost for the poles.
- Carrying cost is used to calculate the annual cost of owning and maintaining a pole.

The three methodologies calculated to evaluate the pole attachment fees include the:

- 1) Federal Communications Commission formula (both Pre -2011 formula and Post 2011 formula),
- 2) American Public Power Association formula and
- 3) Washington State formula (50%/50% blend of the FCC pre 2011 formula and the APPA formula.

The calculations showed that the range for the fee was between \$12.00 and \$15.93 per pole annually. The current pole attachment fee for the City is \$7.00. Any rate decision should be tempered by an awareness of the size of the increase and a comparison to neighboring utilities. As the City's poles are fairly old, the pole prices will increase as they are replaced and the analysis should be reviewed every few years. Further details on the pole attachment analysis can be found in the technical appendix.

TECHNICAL APPENDIX A: LIGHT & POWER UTILITY



City of McCleary
Electric Rate Study
Summary

| Revenue Requirement | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | | |
| Rate Revenues Under Existing Rates | \$ 2,196,091 | \$ 2,229,032 | \$ 2,262,468 | \$ 2,296,405 | \$ 2,330,851 | \$ 2,365,814 | \$ 2,401,301 | \$ 2,437,320 | \$ 2,473,880 | \$ 2,510,988 | \$ 2,548,653 |
| Non-Rate Revenues | 84,350 | 51,980 | 51,715 | 52,246 | 53,416 | 53,481 | 53,958 | 54,079 | 54,215 | 54,338 | 54,481 |
| Total Revenues | \$ 2,280,441 | \$ 2,281,012 | \$ 2,314,183 | \$ 2,348,651 | \$ 2,384,266 | \$ 2,419,295 | \$ 2,455,259 | \$ 2,491,400 | \$ 2,528,095 | \$ 2,565,327 | \$ 2,603,134 |
| Expenses | | | | | | | | | | | |
| Cash Operating Expenses | \$ 1,198,400 | \$ 1,218,886 | \$ 1,246,927 | \$ 1,275,701 | \$ 1,305,226 | \$ 1,335,496 | \$ 1,366,555 | \$ 1,398,414 | \$ 1,431,102 | \$ 1,464,640 | \$ 1,499,054 |
| Total Power | 1,268,085 | 1,300,507 | 1,357,414 | 1,391,867 | 1,501,556 | 1,535,359 | 1,589,316 | 1,620,672 | 1,679,660 | 1,716,852 | 1,720,517 |
| Existing Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| New Debt Service | - | - | - | - | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 |
| Rate Funded System Reinvestment | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | \$ 2,466,485 | \$ 2,519,393 | \$ 2,604,341 | \$ 2,667,568 | \$ 2,930,947 | \$ 2,995,020 | \$ 3,080,036 | \$ 3,143,251 | \$ 3,234,927 | \$ 3,305,658 | \$ 3,343,737 |
| Net Surplus (Deficiency) | \$ (186,044) | \$ (238,381) | \$ (290,158) | \$ (318,916) | \$ (546,680) | \$ (575,725) | \$ (624,778) | \$ (651,852) | \$ (706,832) | \$ (740,331) | \$ (740,603) |
| Additions to Meet Coverage | - | - | - | - | - | - | - | - | - | - | - |
| Total Surplus (Deficiency) | \$ (186,044) | \$ (238,381) | \$ (290,158) | \$ (318,916) | \$ (546,680) | \$ (575,725) | \$ (624,778) | \$ (651,852) | \$ (706,832) | \$ (740,331) | \$ (740,603) |
| % of Rate Revenue | 8.47% | 10.69% | 12.82% | 13.89% | 23.45% | 24.34% | 26.02% | 26.74% | 28.57% | 29.48% | 29.06% |
| Annual Rate Adjustment | 0.00% | 20.00% | 15.00% | 2.50% | 2.50% | 2.50% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Cumulative Annual Rate Adjustment | 0.00% | 20.00% | 38.00% | 41.45% | 44.99% | 48.61% | 48.61% | 48.61% | 48.61% | 48.61% | 48.61% |
| Rate Revenues After Rate Increase | \$ 2,196,091 | \$ 2,674,839 | \$ 3,122,206 | \$ 3,248,265 | \$ 3,379,413 | \$ 3,515,857 | \$ 3,568,595 | \$ 3,622,124 | \$ 3,676,456 | \$ 3,731,603 | \$ 3,787,577 |
| Additional In-Lieu of Taxes from Rate Increase | \$ - | \$ 17,268 | \$ 33,301 | \$ 36,869 | \$ 40,615 | \$ 44,546 | \$ 45,214 | \$ 45,892 | \$ 46,581 | \$ 47,279 | \$ 47,988 |
| Net Cash Flow After Rate Increase | \$ (186,044) | \$ 190,157 | \$ 536,279 | \$ 596,074 | \$ 461,267 | \$ 529,772 | \$ 497,303 | \$ 487,060 | \$ 449,163 | \$ 433,004 | \$ 450,332 |
| Coverage After Rate Increases | n/a | n/a | n/a | n/a | 7.51 | 8.15 | 7.94 | 7.91 | 7.66 | 7.58 | 7.77 |
| Sample Residential Monthly Bill (1,200 kWh) | \$ 95.85 | \$ 115.02 | \$ 132.27 | \$ 135.58 | \$ 138.97 | \$ 142.44 | \$ 142.44 | \$ 142.44 | \$ 142.44 | \$ 142.44 | \$ 142.44 |
| Monthly Average Increase (\$) | \$ - | \$ 19.17 | \$ 17.25 | \$ 3.31 | \$ 3.39 | \$ 3.47 | \$ - | \$ - | \$ - | \$ - | \$ - |



City of McCleary
Electric Rate Study
Summary

| Fund Balance | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OPERATING FUND | | | | | | | | | | | |
| Beginning Balance | \$ 348,094 | \$ 87,050 | \$ 227,208 | \$ 663,487 | \$ 657,756 | \$ 692,083 | \$ 707,882 | \$ 728,845 | \$ 744,432 | \$ 767,037 | \$ 784,478 |
| plus: Net Cash Flow after Rate Increase | (186,044) | 190,157 | 536,279 | 596,074 | 461,267 | 529,772 | 497,303 | 487,060 | 449,163 | 433,004 | 450,332 |
| less: Transfer of Surplus to Capital Fund | (75,000) | (50,000) | (100,000) | (601,804) | (426,940) | (513,974) | (476,340) | (471,473) | (426,558) | (415,563) | (440,943) |
| Ending Balance | \$ 87,050 | \$ 227,208 | \$ 663,487 | \$ 657,756 | \$ 692,083 | \$ 707,882 | \$ 728,845 | \$ 744,432 | \$ 767,037 | \$ 784,478 | \$ 793,867 |
| O&M Target Balance | \$ 608,174 | \$ 621,220 | \$ 642,166 | \$ 657,756 | \$ 692,083 | \$ 707,882 | \$ 728,845 | \$ 744,432 | \$ 767,037 | \$ 784,478 | \$ 793,867 |
| Days | 13 | 33 | 93 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| CAPITAL | | | | | | | | | | | |
| Beginning Balance | \$ - | \$ 2,497 | \$ 8,977 | \$ 33,449 | \$ 482,287 | \$ 684,982 | \$ 1,014,668 | \$ 1,493,544 | \$ 1,968,751 | \$ 2,400,231 | \$ 2,821,795 |
| plus: Rate Funded System Reinvestment/ Equipment Transfers | - | - | - | - | - | - | - | - | - | - | - |
| plus: Transfers from Operating Fund | 75,000 | 50,000 | 100,000 | 601,804 | 426,940 | 513,974 | 476,340 | 471,473 | 426,558 | 415,563 | 440,943 |
| plus: Grants/ Donations/ CIAC | - | - | - | - | - | - | - | - | - | - | - |
| plus: Additional Proceeds (Costs) | - | - | - | - | - | - | - | - | - | - | - |
| plus: Net Debt Proceeds Available for Projects | - | - | - | - | 1,400,000 | - | - | - | - | - | - |
| plus: Interest Earnings | - | - | - | - | - | - | - | - | - | - | - |
| Total Funding Sources | \$ 75,000 | \$ 52,500 | \$ 108,999 | \$ 635,337 | \$ 2,310,433 | \$ 1,200,668 | \$ 1,493,544 | \$ 1,968,751 | \$ 2,400,231 | \$ 2,821,795 | \$ 3,269,792 |
| less: Capital Expenditures | (72,503) | (43,524) | (75,550) | (153,049) | (1,625,452) | (185,999) | - | - | - | - | - |
| Ending Working Capital Balance | \$ 2,497 | \$ 8,977 | \$ 33,449 | \$ 482,287 | \$ 684,982 | \$ 1,014,668 | \$ 1,493,544 | \$ 1,968,751 | \$ 2,400,231 | \$ 2,821,795 | \$ 3,269,792 |
| Minimum Target Balance | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| COMBINED BEGINNING FUND BALANCE | \$ 348,094 | \$ 89,547 | \$ 236,184 | \$ 696,935 | \$ 1,140,044 | \$ 1,377,065 | \$ 1,722,550 | \$ 2,222,389 | \$ 2,713,183 | \$ 3,167,268 | \$ 3,606,272 |
| COMBINED ENDING FUND BALANCE | \$ 89,547 | \$ 236,184 | \$ 696,935 | \$ 1,140,044 | \$ 1,377,065 | \$ 1,722,550 | \$ 2,222,389 | \$ 2,713,183 | \$ 3,167,268 | \$ 3,606,272 | \$ 4,063,659 |
| Combined Days | 27 | 71 | 204 | 326 | 386 | 471 | 594 | 708 | 810 | 899 | 989 |
| L&P RESERVE | | | | | | | | | | | |
| Beginning Balance | \$ 238,162 | \$ 238,162 | \$ 238,473 | \$ 239,070 | \$ 239,667 | \$ 240,266 | \$ 240,867 | \$ 241,469 | \$ 242,073 | \$ 242,678 | \$ 243,285 |
| plus: Transfers In | - | - | - | - | - | - | - | - | - | - | - |
| plus: Interest Earnings | - | 311 | 596 | 598 | 599 | 601 | 602 | 604 | 605 | 607 | 608 |
| less: Transfers Out | - | - | - | - | - | - | - | - | - | - | - |
| Ending Rate Stabilization Balance | \$ 238,162 | \$ 238,473 | \$ 239,070 | \$ 239,667 | \$ 240,266 | \$ 240,867 | \$ 241,469 | \$ 242,073 | \$ 242,678 | \$ 243,285 | \$ 243,893 |

| Economic & Financial Factors | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|------------------------------|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1 | General Cost Inflation | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% |
| 2 | Construction Cost Inflation | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% |
| 3 | Labor Cost Inflation | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% |
| 4 | Benefit Cost Inflation | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% |
| 5 | General Inflation plus Composite Growth | 3.56% | 3.49% | 3.49% | 3.49% | 3.49% | 3.49% | 3.49% | 3.49% | 3.49% | 3.49% | 3.49% |
| 6 | Average Growth | 1.57% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| 7 | No Escalation | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 8 | Medical Benefits | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% |
| 9 | Customer Growth | 1.60% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| 10 | Load Growth | 1.60% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| Investment Interest | | 0.13% | 0.13% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% |
| Excise Taxes | | 3.8734% | 3.8734% | 3.8734% | 3.8734% | 3.8734% | 3.8734% | 3.8734% | 3.8734% | 3.8734% | 3.8734% | 3.8734% |
| B&O Taxes | | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| City Tax | | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |

| Realization Factor | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------------------|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Budget Realization Factor | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

| Accounting Assumptions | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FISCAL POLICY RESTRICTIONS | | | | | | | | | | | | |
| Min. Op. Fund Balance Target (days of O&M expense) | | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Max. Op. Fund Balance (days of O&M expense) | | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Purchased Power Reserve Target (% of Total Power) | | 17% | 17% | 17% | 17% | 17% | 17% | 17% | 17% | 17% | 17% | 17% |
| Minimum Capital Fund Balance Target | | | | | | | | | | | | |
| Select Minimum Capital Fund Balance Target | | 2 | User Input | | | | | | | | | |
| 1 - Defined as % of Plant | | Estimated Net Assets | | | | | | | | | | |
| Plant-in-Service in 2015 | | \$ - | | | | | | | | | | |
| Minimum Capital Fund Balance - % of plant assets | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| 2 - Amount at Right ==> | | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| RATE FUNDED SYSTEM REINVESTMENT | | | | | | | | | | | | |
| Select Reinvestment Funding Strategy | | 3 | User Input | | | | | | | | | |
| Amount of Annual Cash Funding from Rates | | | | | | | | | | | | |
| 1 - Equal to Annual Depreciation Expense | | \$ - | \$ 1,088 | \$ 2,977 | \$ 6,803 | \$ 47,439 | \$ 52,089 | \$ 52,089 | \$ 52,089 | \$ 52,089 | \$ 52,089 | \$ 52,089 |
| 2 - Equal to Annual Depreciation Expense less Annual Debt Principal Payments | | - | 1,088 | 2,977 | 6,803 | 643 | 2,953 | 496 | (2,084) | (4,792) | (7,636) | (10,623) |
| 3 - Equal to Amount at Right ==> | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4 - Do Not Fund System Reinvestment | | | | | | | | | | | | |

| Capital Financing Assumptions | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| FUNDING SOURCES | | | | | | | | | | | | |
| Grants | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional Proceeds (Costs) | | | | | | | | | | | | |
| [Extra line] | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| [Extra line] | | - | - | - | - | - | - | - | - | - | - | - |
| Total Additional Proceeds | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| REVENUE BONDS | | | | | | | | | | | | |
| Term (years) | | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Only Payments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Rate | | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Issuance Cost | | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| Revenue Bond Coverage Requirement | 1.25 | | | | | | | | | | | |
| Use Reserves to Pay for Last Payment | No | | | | | | | | | | | |
| OTHER LOANS | | | | | | | | | | | | |
| Term | | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Rate | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Required Local Match | | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| OTHER LOANS | | | | | | | | | | | | |
| Term (years) | | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Rate | | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Issuance Cost | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| Power Forecast Assumptions | | FFY2015 | FFY2016 | FFY2017 | FFY2018 | FFY2019 | FFY2020 | FFY2021 | FFY2022 | FFY2023 | FFY2024 | FFY2025 | FFY2026 |
|---|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Power Increases | | | | | 3.50% | | 3.00% | | 3.00% | | 3.00% | | 3.00% |
| Transmission Increases | | | | | 1.10% | | 3.00% | | 3.00% | | 3.00% | | 3.00% |
| Total Retail Load - Calendar Year (CY) MW | | 30,007 | 30,486 | 30,944 | 31,408 | 31,879 | 32,357 | 32,842 | 33,335 | 33,835 | 34,343 | 34,858 | 35,381 |
| Total Retail Load - Federal Fiscal Year (FFY) | | 21,220 | 30,354 | 30,810 | 31,272 | 31,741 | 32,217 | 32,700 | 33,191 | 33,689 | 34,194 | 34,707 | 35,228 |
| Contract High Water Mark - FFY MW | | 32,701 | 32,791 | 32,701 | 32,701 | 32,701 | 32,791 | 32,701 | 32,701 | 32,701 | 32,791 | 32,701 | 32,701 |
| Contract High Water Mark - FFY aMW | | 7,157 | 7,082 | 7,082 | 7,082 | 7,082 | 7,082 | 7,082 | 7,082 | 7,082 | 7,082 | 7,082 | 7,082 |
| Rate High Water Mark - FFY aMW | | 7,116 | 6,983 | 6,983 | 6,983 | 6,983 | 6,983 | 6,983 | 6,983 | 6,983 | 6,983 | 6,983 | 6,983 |
| Rate High Water Mark - FFY MW | | 32,513 | 32,334 | 32,246 | 32,246 | 32,246 | 32,334 | 32,246 | 32,246 | 32,246 | 32,334 | 32,246 | 32,246 |
| Tier One Cost Allocation (TOCA) | | 0.0494% | 0.0505% | 0.0506% | 0.0511% | 0.0519% | 0.0525% | 0.0527% | 0.0527% | 0.0527% | 0.0527% | 0.0527% | 0.0527% |
| Total Retail Load - FFY | | 21,220 | 30,354 | 30,810 | 31,272 | 31,741 | 32,217 | 32,700 | 33,191 | 33,689 | 34,194 | 34,707 | 35,228 |
| Rate High Water Mark - FFY MW | | 32,513 | 32,334 | 32,246 | 32,246 | 32,246 | 32,334 | 32,246 | 32,246 | 32,246 | 32,334 | 32,246 | 32,246 |
| Deficiency | | - | - | - | - | - | - | (455) | (945) | (1,443) | (1,860) | (2,461) | (2,982) |
| Deficiency aMW | | - | - | - | - | - | - | (0.05) | (0.11) | (0.16) | (0.21) | (0.28) | (0.34) |



City of McCleary
Electric Rate Study
Operating Revenue and Expenditure Forecast

| | | | Actuals | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
|-------------------|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenues/Expenses | | FORECAST BASIS | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Acct. # | Power Sales | | | | | | | | | | | | | |
| 343 30 00 00 | Sales of Electricity | No Escalation | \$ 2,207,930 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | Residential | Calculated | - | 1,056,807 | 1,072,659 | 1,088,749 | 1,105,080 | 1,121,656 | 1,138,481 | 1,155,558 | 1,172,892 | 1,190,485 | 1,208,342 | 1,226,467 |
| | Commercial | Calculated | - | 315,718 | 320,454 | 325,261 | 330,140 | 335,092 | 340,118 | 345,220 | 350,398 | 355,654 | 360,989 | 366,404 |
| | Industrial | Calculated | - | 804,584 | 816,653 | 828,902 | 841,336 | 853,956 | 866,765 | 879,767 | 892,963 | 906,358 | 919,953 | 933,752 |
| | Street Lighting - Accounts (Bulbs Below) | Calculated | | | | | | | | | | | | |
| | 100 Watt | Calculated | - | 9,377 | 9,518 | 9,660 | 9,805 | 9,952 | 10,102 | 10,253 | 10,407 | 10,563 | 10,722 | 10,882 |
| | 150 Watt | Calculated | - | 204 | 207 | 210 | 213 | 216 | 220 | 223 | 226 | 230 | 233 | 237 |
| | 200 Watt | Calculated | - | 7,754 | 7,871 | 7,989 | 8,108 | 8,230 | 8,353 | 8,479 | 8,606 | 8,735 | 8,866 | 8,999 |
| | Security Lighting | Calculated | - | 1,647 | 1,672 | 1,697 | 1,722 | 1,748 | 1,774 | 1,801 | 1,828 | 1,855 | 1,883 | 1,912 |
| | [Extra] | No Escalation | - | - | - | - | - | - | - | - | - | - | - | - |
| | [Extra] | No Escalation | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total Power Sales | | \$ 2,207,930 | \$ 2,196,091 | \$ 2,229,032 | \$ 2,262,468 | \$ 2,296,405 | \$ 2,330,851 | \$ 2,365,814 | \$ 2,401,301 | \$ 2,437,320 | \$ 2,473,880 | \$ 2,510,988 | \$ 2,548,653 |
| | Non-rate revenues | | | | | | | | | | | | | |
| 334 06 90 00 | Dept of Commerce LED Street Lighting Grant | No Escalation | \$ 32,000 | \$ 32,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 343 30 04 01 | Charges for Services & Parts | Average Growth | 13,275 | 5,000 | 5,075 | 5,151 | 5,228 | 5,307 | 5,386 | 5,467 | 5,549 | 5,632 | 5,717 | 5,803 |
| 367 11 00 00 | Energy Conservation - BPA | No Escalation | 134,124 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 |
| 361 10 04 01 | Investment Interest | Calculated | 484 | 400 | 455 | 114 | 568 | 1,659 | 1,644 | 2,041 | 2,080 | 2,133 | 2,171 | 2,228 |
| 361 41 00 41 | Interfund Loan Interest Received | No Escalation | - | - | - | - | - | - | - | - | - | - | - | - |
| 362 20 00 00 | Equip, Pole & Vehicle Lease | No Escalation | 7,791 | 7,750 | 7,750 | 7,750 | 7,750 | 7,750 | 7,750 | 7,750 | 7,750 | 7,750 | 7,750 | 7,750 |
| 362 50 00 00 | Town Hall rent | No Escalation | 35 | - | - | - | - | - | - | - | - | - | - | - |
| 369 20 00 00 | Sale of Junk Material | No Escalation | 1,502 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| 389 00 04 01 | Other Non-revenues | No Escalation | 701 | - | - | - | - | - | - | - | - | - | - | - |
| | Total Non-rate revenues | | \$ 189,911 | \$ 84,350 | \$ 51,980 | \$ 51,715 | \$ 52,246 | \$ 53,416 | \$ 53,481 | \$ 53,958 | \$ 54,079 | \$ 54,215 | \$ 54,338 | \$ 54,481 |
| TOTAL REVENUES | | | \$ 2,397,842 | \$ 2,280,441 | \$ 2,281,012 | \$ 2,314,183 | \$ 2,348,651 | \$ 2,384,266 | \$ 2,419,295 | \$ 2,455,259 | \$ 2,491,400 | \$ 2,528,095 | \$ 2,565,327 | \$ 2,603,134 |



City of McCleary
Electric Rate Study
Operating Revenue and Expenditure Forecast

| Revenues/Expenses | | | FORECAST BASIS | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--|------------------------|----------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 50-53-00 | External Taxes | General Cost Inflation | | | 85,123 | 92,700 | 87,119 | 88,410 | 89,733 | 91,084 | 92,440 | 93,821 | 95,218 | 96,637 | 98,076 | 99,537 |
| | Power Purchase | | | | | | | | | | | | | | | |
| 533 80 33 00 | Power Purchased For resale | General Cost Inflation | | | 1,096,232 | 1,129,993 | 1,159,872 | 1,213,617 | 1,244,573 | 1,349,066 | 1,379,159 | 1,427,604 | 1,455,024 | 1,508,166 | 1,541,183 | 1,595,520 |
| | Comm/Alarm/Dispatch | | | | | | 2.64% | 4.63% | 2.55% | 8.40% | | | | | | |
| 528 60 51 01 | E911 Service Dispatch | General Cost Inflation | | | \$ 554 | \$ 1,350 | \$ 1,376 | \$ 1,403 | \$ 1,431 | \$ 1,459 | \$ 1,488 | \$ 1,517 | \$ 1,547 | \$ 1,577 | \$ 1,608 | \$ 1,639 |
| | Electric & Gas Utilities | | | | | | | | | | | | | | | |
| 533 80 10 00 | Salaries and Wages | Labor Cost Inflation | | | 504,674 | 508,000 | 518,623 | 529,467 | 540,539 | 551,842 | 563,382 | 575,162 | 587,189 | 599,468 | 612,003 | 624,801 |
| 533 80 20 00 | Personnel Benefits | Benefit Cost Inflation | | | 249,894 | 272,000 | 281,692 | 291,729 | 302,124 | 312,890 | 324,039 | 335,585 | 347,542 | 359,926 | 372,751 | 386,033 |
| 533 80 31 00 | Operating Supplies | General Cost Inflation | | | 58,916 | 75,000 | 76,471 | 77,970 | 79,499 | 81,058 | 82,647 | 84,268 | 85,920 | 87,605 | 89,322 | 91,074 |
| 533 80 31 01 | Office Supplies | General Cost Inflation | | | 3,031 | 3,200 | 3,263 | 3,327 | 3,392 | 3,458 | 3,526 | 3,595 | 3,666 | 3,738 | 3,811 | 3,886 |
| 533 80 31 02 | Fire Rated Safety Clothing | General Cost Inflation | | | 8,514 | 8,000 | 8,157 | 8,317 | 8,480 | 8,646 | 8,816 | 8,989 | 9,165 | 9,345 | 9,528 | 9,715 |
| 533 80 31 03 | Safety Supplies | General Cost Inflation | | | 610 | 2,500 | 2,549 | 2,599 | 2,650 | 2,702 | 2,755 | 2,809 | 2,864 | 2,920 | 2,977 | 3,036 |
| 533 80 31 10 | Fuel Consumed | General Cost Inflation | | | 4,782 | 6,500 | 6,627 | 6,757 | 6,890 | 7,025 | 7,163 | 7,303 | 7,446 | 7,592 | 7,741 | 7,893 |
| 533 80 33 01 | Transmission Costs | General Cost Inflation | | | 142,446 | 138,092 | 140,635 | 143,796 | 147,294 | 152,490 | 156,200 | 161,711 | 165,647 | 171,494 | 175,669 | 124,997 |
| 533 80 33 02 | BPA Conservation | No Escalation | | | 42,081 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 |
| 533 80 41 00 | Professional Services | Labor Cost Inflation | | | 44,078 | 28,000 | 28,586 | 29,183 | 29,793 | 30,416 | 31,053 | 31,702 | 32,365 | 33,042 | 33,732 | 34,438 |
| 533 80 41 10 | Professional Services-legal | Labor Cost Inflation | | | 34,803 | 37,000 | 37,774 | 38,564 | 39,370 | 40,193 | 41,034 | 41,892 | 42,768 | 43,662 | 44,575 | 45,507 |
| 533 80 41 20 | Professional Services-computer | Labor Cost Inflation | | | 15,033 | 13,000 | 13,272 | 13,549 | 13,833 | 14,122 | 14,417 | 14,719 | 15,026 | 15,341 | 15,662 | 15,989 |
| 533 80 42 00 | Communications | General Cost Inflation | | | 9,328 | 11,000 | 11,216 | 11,436 | 11,660 | 11,888 | 12,122 | 12,359 | 12,602 | 12,849 | 13,101 | 13,358 |
| 533 80 43 00 | Travel | General Cost Inflation | | | 55 | 500 | 510 | 520 | 530 | 540 | 551 | 562 | 573 | 584 | 595 | 607 |
| 533 80 44 00 | Advertising | General Cost Inflation | | | 280 | 500 | 510 | 520 | 530 | 540 | 551 | 562 | 573 | 584 | 595 | 607 |
| 533 80 45 00 | Rental/lease Equipment | General Cost Inflation | | | 103 | 1,000 | 1,020 | 1,040 | 1,060 | 1,081 | 1,102 | 1,124 | 1,146 | 1,168 | 1,191 | 1,214 |
| 533 80 46 00 | Insurance | General Cost Inflation | | | 25,921 | 29,800 | 30,384 | 30,980 | 31,588 | 32,207 | 32,838 | 33,482 | 34,139 | 34,808 | 35,491 | 36,187 |
| 533 80 47 00 | Public Utility Service (city) | General Cost Inflation | | | 14,555 | 16,100 | 16,416 | 16,738 | 17,066 | 17,400 | 17,742 | 18,089 | 18,444 | 18,806 | 19,175 | 19,551 |
| 533 80 48 00 | Repair and Maintenance | General Cost Inflation | | | 11,320 | 52,000 | 53,020 | 54,059 | 55,119 | 56,200 | 57,302 | 58,426 | 59,571 | 60,739 | 61,930 | 63,145 |
| 533 80 49 20 | Miscellaneous | General Cost Inflation | | | 40 | 500 | 510 | 520 | 530 | 540 | 551 | 562 | 573 | 584 | 595 | 607 |
| 533 80 49 21 | Miscellaneous-training | General Cost Inflation | | | 20 | 1,000 | 1,020 | 1,040 | 1,060 | 1,081 | 1,102 | 1,124 | 1,146 | 1,168 | 1,191 | 1,214 |
| 533 80 49 21 | Miscellaneous-dues | General Cost Inflation | | | - | 500 | 510 | 520 | 530 | 540 | 551 | 562 | 573 | 584 | 595 | 607 |
| | Non Expenditures | | | | | | | | | | | | | | | |
| 589 33 01 00 | Bpa Lookback Credit-non Expend | General Cost Inflation | | | (54,866) | - | - | - | - | - | - | - | - | - | - | - |
| 589 33 04 01 | Other Non-expenditures | General Cost Inflation | | | - | 750 | 765 | 780 | 795 | 811 | 826 | 843 | 859 | 876 | 893 | 911 |
| | Capital Expenditures | | | | | | | | | | | | | | | |
| 594 30 63 02 | LED Street Lighting Grant City Match | General Cost Inflation | | | 44,578 | - | - | - | - | - | - | - | - | - | - | - |
| 594 33 63 00 | Capital Outlay - System | General Cost Inflation | | | 18,580 | - | - | - | - | - | - | - | - | - | - | - |
| 594 33 63 01 | Capital Outlay - Other Improve | General Cost Inflation | | | 25,136 | - | - | - | - | - | - | - | - | - | - | - |
| 594 33 64 00 | Capital Outlay - Equipment | General Cost Inflation | | | 21,814 | - | - | - | - | - | - | - | - | - | - | - |
| 595 63 04 01 | LED Sheet Lighting Grant, Commerce Grant | General Cost Inflation | | | 32,000 | - | - | - | - | - | - | - | - | - | - | - |
| | Transfer Out | | | | | | | | | | | | | | | |
| 597 00 00 45 | Operating Transfers-Out - Other Costs Allocatior | General Cost Inflation | | | 37,500 | - | - | - | - | - | - | - | - | - | - | - |
| | Realization Factor | | | | | | | | | | | | | | | |
| | Budget vs. Actual Realization Factor | | | | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Total Cash O&M Expenditures | | | | | \$ 2,477,134 | \$ 2,466,485 | \$ 2,519,393 | \$ 2,604,341 | \$ 2,667,568 | \$ 2,806,781 | \$ 2,870,854 | \$ 2,955,871 | \$ 3,019,086 | \$ 3,110,762 | \$ 3,181,493 | \$ 3,219,571 |
| Depreciation Expense in 2014\$ | | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Depreciation Expense | | | | | \$ - | \$ - | \$ 1,088 | \$ 2,977 | \$ 6,803 | \$ 47,439 | \$ 52,089 | \$ 52,089 | \$ 52,089 | \$ 52,089 | \$ 52,089 | \$ 52,089 |
| Last year's plus annual additions from CI | | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (46,797) | \$ (49,136) | \$ (51,593) | \$ (54,173) | \$ (56,882) | \$ (59,726) | \$ (62,712) |
| debt principal payments | | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| System Reinvestment Funding | | | | | \$ - | \$ - | \$ 1,088 | \$ 2,977 | \$ 6,803 | \$ 643 | \$ 2,953 | \$ 496 | \$ - | \$ - | \$ - | \$ - |
| TOTAL EXPENSES | | | | | \$ 2,477,134 | \$ 2,466,485 | \$ 2,520,482 | \$ 2,607,318 | \$ 2,674,371 | \$ 2,854,221 | \$ 2,922,944 | \$ 3,007,960 | \$ 3,071,175 | \$ 3,162,851 | \$ 3,233,582 | \$ 3,271,661 |

| | |
|--|------|
| Project Costs and O&M Impacts in Year: | 2016 |
|--|------|

| No | Description | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Annual O&M Impact |
|--|--|-----------|-----------|-----------|------------|--------------|------------|------|------|------|------|------|-------------------|
| | NECESSARY PROJECTS | | | | | | | | | | | | |
| 1 | 4KV Cutover Step 1 | | \$ 42,400 | | | | | | | | | | |
| 2 | 4KV Cutover Step 2 | | | 28,200 | | | | | | | | | |
| 3 | 4KV Cutover Step 4 | | | 43,500 | | | | | | | | | |
| 4 | Remove 7th/Maple Substation | | | | 75,000 | | | | | | | | |
| 5 | Add Second Dual Voltage Transformer at Seventh Street Substation | | | | | 1,236,000 | | | | | | | |
| 6 | | | | | | | | | | | | | |
| 7 | PROJECTS TO REASONABLY MAINTAIN SYSTEM | | | | | | | | | | | | |
| 8 | Elma Hickland | | | | | | | | | | | | |
| 9 | West of Summit | | | | | 44,000 | | | | | | | |
| 10 | Summit to Co. Line Rd. | | | | | 61,000 | | | | | | | |
| 11 | Co. Line Rd. to end of O.H. | | | | | 59,000 | | | | | | | |
| 12 | County Line Rd. | | | | | | 46,200 | | | | | | |
| 13 | Tornquist Rd. | | | | | | 117,000 | | | | | | |
| 14 | Reconductor Elma Hicklin with 2/0 ACRS | | | | | 64,000 | | | | | | | |
| 15 | Distribution Map | 4,000 | | | | | | | | | | | |
| 16 | Rebuild Oak Meadows | | | | 34,500 | | | | | | | | |
| 17 | Rebuild Bonnieview | | | | 32,000 | | | | | | | | |
| 18 | | | | | | | | | | | | | |
| 19 | Capital Outlay | 26,000 | | | | | | | | | | | |
| 20 | System | 33,859 | | | | | | | | | | | |
| 21 | Buildings | - | | | | | | | | | | | |
| 22 | Equipment | 8,644 | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | |
| Total Capital Projects | | \$ 72,503 | \$ 42,400 | \$ 71,700 | \$ 141,500 | \$ 1,464,000 | \$ 163,200 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Upgrade/Expansion Projects | | - | 21,200 | 35,850 | - | 618,000 | - | - | - | - | - | - | - |
| Total R&R Projects | | 72,503 | 21,200 | 35,850 | 141,500 | 846,000 | 163,200 | - | - | - | - | - | - |
| Projects by Grants / Developer Donations | | | | | | | | | | | | | - |
| Projects by Enterprise Fund | | | | | | | | | | | | | - |

| | |
|--|------|
| Project Costs and O&M Impacts in Year: | 2016 |
|--|------|

| TOTAL FORECASTED PROJECT COSTS | | | | | | | | | | | | | |
|--|--|-----------------------|-----------|-----------|-----------|------------|--------------|------------|------|------|------|------|------|
| No | Description | TOTAL ESCALATED COSTS | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| | NECESSARY PROJECTS | | | | | | | | | | | | |
| 1 | 4KV Cutover Step 1 | \$ 43,524 | \$ - | \$ 43,524 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | 4KV Cutover Step 2 | 29,714 | - | - | 29,714 | - | - | - | - | - | - | - | - |
| 3 | 4KV Cutover Step 4 | 45,836 | - | - | 45,836 | - | - | - | - | - | - | - | - |
| 4 | Remove 7th/Maple Substation | 81,122 | - | - | - | 81,122 | - | - | - | - | - | - | - |
| 5 | Add Second Dual Voltage Transformer at Seventh Street Substation | 1,372,308 | - | - | - | - | 1,372,308 | - | - | - | - | - | - |
| 6 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | PROJECTS TO REASONABLY MAINTAIN SYSTEM | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Elma Hickland | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | West of Summit | 48,852 | - | - | - | - | 48,852 | - | - | - | - | - | - |
| 10 | Summit to Co. Line Rd. | 67,727 | - | - | - | - | 67,727 | - | - | - | - | - | - |
| 11 | Co. Line Rd. to end of O.H. | 65,507 | - | - | - | - | 65,507 | - | - | - | - | - | - |
| 12 | County Line Rd. | 52,654 | - | - | - | - | - | 52,654 | - | - | - | - | - |
| 13 | Tornquist Rd. | 133,345 | - | - | - | - | - | 133,345 | - | - | - | - | - |
| 14 | Reconductor Elma Hicklin with 2/0 ACRS | 71,058 | - | - | - | - | 71,058 | - | - | - | - | - | - |
| 15 | Distribution Map | 4,000 | 4,000 | - | - | - | - | - | - | - | - | - | - |
| 16 | Rebuild Oak Meadows | 37,316 | - | - | - | 37,316 | - | - | - | - | - | - | - |
| 17 | Rebuild Bonnieview | 34,612 | - | - | - | 34,612 | - | - | - | - | - | - | - |
| 18 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Capital Outlay | 26,000 | 26,000 | - | - | - | - | - | - | - | - | - | - |
| 20 | System | 33,859 | 33,859 | - | - | - | - | - | - | - | - | - | - |
| 21 | Buildings | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Equipment | 8,644 | 8,644 | - | - | - | - | - | - | - | - | - | - |
| 23 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Projects | | \$ 2,156,077 | \$ 72,503 | \$ 43,524 | \$ 75,550 | \$ 153,049 | \$ 1,625,452 | \$ 185,999 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Upgrade/Expansion Projects | | 745,691 | - | 21,762 | 37,775 | - | 686,154 | - | - | - | - | - | - |
| Total R&R Projects | | 1,410,387 | 72,503 | 21,762 | 37,775 | 153,049 | 939,298 | 185,999 | - | - | - | - | - |
| Projects by Grants / Developer Donations | | - | - | - | - | - | - | - | - | - | - | - | - |
| Projects by Enterprise Fund | | 2,156,077 | 72,503 | 43,524 | 75,550 | 153,049 | 1,625,452 | 185,999 | - | - | - | - | - |



City of McCleary
Electric Rate Study
Revenue Requirements Analysis

| Test 1: Cash Flow Sufficiency Test | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EXPENSES | | | | | | | | | | | |
| Cash Operating Expenses | \$ 1,198,400 | \$ 1,218,886 | \$ 1,246,927 | \$ 1,275,701 | \$ 1,305,226 | \$ 1,335,496 | \$ 1,366,555 | \$ 1,398,414 | \$ 1,431,102 | \$ 1,464,640 | \$ 1,499,054 |
| Power Expenses | 1,268,085 | 1,300,507 | 1,357,414 | 1,391,867 | 1,501,556 | 1,535,359 | 1,589,316 | 1,620,672 | 1,679,660 | 1,716,852 | 1,720,517 |
| Existing Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| New Debt Service | - | - | - | - | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 |
| Rate Funded System Reinvestment | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | \$ 2,466,485 | \$ 2,519,393 | \$ 2,604,341 | \$ 2,667,568 | \$ 2,930,947 | \$ 2,995,020 | \$ 3,080,036 | \$ 3,143,251 | \$ 3,234,927 | \$ 3,305,658 | \$ 3,343,737 |
| REVENUES | | | | | | | | | | | |
| Rate Revenue | \$ 2,196,091 | \$ 2,229,032 | \$ 2,262,468 | \$ 2,296,405 | \$ 2,330,851 | \$ 2,365,814 | \$ 2,401,301 | \$ 2,437,320 | \$ 2,473,880 | \$ 2,510,988 | \$ 2,548,653 |
| Other Non Rate Revenue | 83,950 | 51,525 | 51,601 | 51,678 | 51,757 | 51,836 | 51,917 | 51,999 | 52,082 | 52,167 | 52,253 |
| Operating Fund & Debt Reserve Fund Interest Earnings | 400 | 455 | 114 | 568 | 1,659 | 1,644 | 2,041 | 2,080 | 2,133 | 2,171 | 2,228 |
| Total Revenue | \$ 2,280,441 | \$ 2,281,012 | \$ 2,314,183 | \$ 2,348,651 | \$ 2,384,266 | \$ 2,419,295 | \$ 2,455,259 | \$ 2,491,400 | \$ 2,528,095 | \$ 2,565,327 | \$ 2,603,134 |
| NET CASH FLOW (DEFICIENCY) | \$ (186,044) | \$ (238,381) | \$ (290,158) | \$ (318,916) | \$ (546,680) | \$ (575,725) | \$ (624,778) | \$ (651,852) | \$ (706,832) | \$ (740,331) | \$ (740,603) |
| % of Rate Revenue | 8.47% | 10.69% | 12.82% | 13.89% | 23.45% | 24.34% | 26.02% | 26.74% | 28.57% | 29.48% | 29.06% |

| Test 2: Coverage Sufficiency Test | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EXPENSES | | | | | | | | | | | |
| Cash Operating Expenses (Less City Tax) | \$ 1,198,400 | \$ 1,218,886 | \$ 1,246,927 | \$ 1,275,701 | \$ 1,305,226 | \$ 1,335,496 | \$ 1,366,555 | \$ 1,398,414 | \$ 1,431,102 | \$ 1,464,640 | \$ 1,499,054 |
| Power Expenses | 1,268,085 | 1,300,507 | 1,357,414 | 1,391,867 | 1,501,556 | 1,535,359 | 1,589,316 | 1,620,672 | 1,679,660 | 1,716,852 | 1,720,517 |
| Revenue Bond Debt Service | - | - | - | - | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 | 124,165 |
| Revenue Bond Coverage Requirement at 1.25 | - | - | - | - | 31,041 | 31,041 | 31,041 | 31,041 | 31,041 | 31,041 | 31,041 |
| Total Expenses | \$ 2,466,485 | \$ 2,519,393 | \$ 2,604,341 | \$ 2,667,568 | \$ 2,961,988 | \$ 3,026,061 | \$ 3,111,078 | \$ 3,174,293 | \$ 3,265,969 | \$ 3,336,699 | \$ 3,374,778 |
| ALLOWABLE REVENUES | | | | | | | | | | | |
| Rate Revenue | \$ 2,196,091 | \$ 2,229,032 | \$ 2,262,468 | \$ 2,296,405 | \$ 2,330,851 | \$ 2,365,814 | \$ 2,401,301 | \$ 2,437,320 | \$ 2,473,880 | \$ 2,510,988 | \$ 2,548,653 |
| Revenue from City Taxes | 131,765 | 133,742 | 135,748 | 137,784 | 139,851 | 141,949 | 144,078 | 146,239 | 148,433 | 150,659 | 152,919 |
| City Taxes (Before Increase) | 136,826 | 136,861 | 138,851 | 140,919 | 143,056 | 145,158 | 147,316 | 149,484 | 151,686 | 153,920 | 156,188 |
| Other Revenue | 83,950 | 51,525 | 51,601 | 51,678 | 51,757 | 51,836 | 51,917 | 51,999 | 52,082 | 52,167 | 52,253 |
| Interest Earnings - All Funds | 400 | 458 | 136 | 652 | 2,864 | 3,357 | 4,577 | 5,814 | 7,054 | 8,172 | 9,282 |
| Total Revenue | \$ 2,549,033 | \$ 2,551,618 | \$ 2,588,804 | \$ 2,627,438 | \$ 2,668,379 | \$ 2,708,113 | \$ 2,749,189 | \$ 2,790,857 | \$ 2,833,136 | \$ 2,875,906 | \$ 2,919,296 |
| Coverage Realized (Existing Rates) | n/a | n/a | n/a | n/a | (1.11) | (1.31) | (1.66) | (1.84) | (2.24) | (2.46) | (2.42) |
| COVERAGE SURPLUS (DEFICIENCY) | \$ 82,548 | \$ 32,225 | \$ (15,536) | \$ (40,129) | \$ (293,609) | \$ (317,948) | \$ (361,889) | \$ (383,436) | \$ (432,833) | \$ (460,793) | \$ (455,482) |

| Maximum Revenue Deficiency | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sufficiency Test Driving the Deficiency | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash |
| Maximum Revenue Deficiency (Surplus) | \$ 186,044 | \$ 238,381 | \$ 290,158 | \$ 318,916 | \$ 546,680 | \$ 575,725 | \$ 624,778 | \$ 651,852 | \$ 706,832 | \$ 740,331 | \$ 740,603 |
| plus: Additional (Reduction) Excise Tax | 7,497 | 9,606 | 11,692 | 12,851 | 22,028 | 23,199 | 25,175 | 26,266 | 28,482 | 29,831 | 29,842 |
| less: Net Revenue From Prior Rate Adjustments | - | - | (452,494) | (872,634) | (966,138) | (1,064,291) | (1,167,294) | (1,184,804) | (1,202,576) | (1,220,614) | (1,238,923) |
| Net Revenue Deficiency (Surplus) | \$ 193,540 | \$ 247,987 | \$ (150,644) | \$ (540,867) | \$ (397,429) | \$ (465,367) | \$ (517,341) | \$ (506,686) | \$ (467,262) | \$ (450,452) | \$ (468,478) |
| Required Adjustment (Full Year) | 8.81% | 11.13% | -5.55% | -17.07% | -12.05% | -13.57% | -14.50% | -13.99% | -12.71% | -12.07% | -12.37% |



City of McCleary

Home of the McCleary Bear Festival

City of McCleary

Electric Rate Study

Revenue Requirements Analysis

| Rate Increases | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Rate Revenue with no Increase | \$ 2,196,091 | \$ 2,229,032 | \$ 2,262,468 | \$ 2,296,405 | \$ 2,330,851 | \$ 2,365,814 | \$ 2,401,301 | \$ 2,437,320 | \$ 2,473,880 | \$ 2,510,988 | \$ 2,548,653 |
| Revenues from Prior Rate Increases | - | - | 452,494 | 872,634 | 966,138 | 1,064,291 | 1,167,294 | 1,184,804 | 1,202,576 | 1,220,614 | 1,238,923 |
| Rate Revenue Before Rate Increase (Incl. previous increases) | 2,196,091 | 2,229,032 | 2,714,961 | 3,169,039 | 3,296,989 | 3,430,105 | 3,568,595 | 3,622,124 | 3,676,456 | 3,731,603 | 3,787,577 |
| Required Annual Rate Increase (Full Year) | 8.81% | 11.13% | -5.55% | -17.07% | -12.05% | -13.57% | -14.50% | -13.99% | -12.71% | -12.07% | -12.37% |
| Number of Months New Rates Will Be In Effect | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Info: Percentage Increase to Generate Required Revenue | 8.81% | 11.13% | -5.55% | -17.07% | -12.05% | -13.57% | -14.50% | -13.99% | -12.71% | -12.07% | -12.37% |
| Policy Induced Rate Increases | 0.00% | 20.00% | 15.00% | 2.50% | 2.50% | 2.50% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| ANNUAL RATE INCREASE | 0.00% | 20.00% | 15.00% | 2.50% | 2.50% | 2.50% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CUMULATIVE RATE INCREASE | 0.00% | 20.00% | 38.00% | 41.45% | 44.99% | 48.61% | 48.61% | 48.61% | 48.61% | 48.61% | 48.61% |

| Impacts of Rate Increases | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Rate Revenues After Rate Increase | \$ 2,196,091 | \$ 2,674,839 | \$ 3,122,206 | \$ 3,248,265 | \$ 3,379,413 | \$ 3,515,857 | \$ 3,568,595 | \$ 3,622,124 | \$ 3,676,456 | \$ 3,731,603 | \$ 3,787,577 |
| Full Year Rate Revenues After Rate Increase | 2,196,091 | 2,674,839 | 3,122,206 | 3,248,265 | 3,379,413 | 3,515,857 | 3,568,595 | 3,622,124 | 3,676,456 | 3,731,603 | 3,787,577 |
| Partial Year Adjustment | - | - | - | - | - | - | - | - | - | - | - |
| Additional (Reduction) of Taxes Due to Rate Increases | - | 17,268 | 33,301 | 36,869 | 40,615 | 44,546 | 45,214 | 45,892 | 46,581 | 47,279 | 47,988 |
| Net Cash Flow After Rate Increase | \$ (186,044) | \$ 190,157 | \$ 536,279 | \$ 596,074 | \$ 461,267 | \$ 529,772 | \$ 497,303 | \$ 487,060 | \$ 449,163 | \$ 433,004 | \$ 450,332 |
| Coverage After Rate Increase | n/a | n/a | n/a | n/a | 7.51 | 8.15 | 7.94 | 7.91 | 7.66 | 7.58 | 7.77 |
| Coverage After Rate Increase (Total Debt) | n/a | n/a | n/a | n/a | 7.51 | 8.15 | 7.94 | 7.91 | 7.66 | 7.58 | 7.77 |

| New Debt Assumptions | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|------|------|------|------|--------------|------|------|------|------|------|------|
| Revenue Bond Proceeds | \$ - | \$ - | \$ - | \$ - | \$ 1,400,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PWTF Loans | - | - | - | - | - | - | - | - | - | - | - |
| Other Loan Proceeds | - | - | - | - | - | - | - | - | - | - | - |

| Fund Balance Impacts | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------------|-----------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Ending Fund Balance - Operating Fund | \$ 87,050 | \$ 227,208 | \$ 663,487 | \$ 657,756 | \$ 692,083 | \$ 707,882 | \$ 728,845 | \$ 744,432 | \$ 767,037 | \$ 784,478 | \$ 793,867 |
| Minimum Target - Operating Fund | 608,174 | 621,220 | 642,166 | 657,756 | 692,083 | 707,882 | 728,845 | 744,432 | 767,037 | 784,478 | 793,867 |
| Ending Fund Balance - Capital Fund | \$ 2,497 | \$ 8,977 | \$ 33,449 | \$ 482,287 | \$ 684,982 | \$ 1,014,668 | \$ 1,493,544 | \$ 1,968,751 | \$ 2,400,231 | \$ 2,821,795 | \$ 3,269,792 |
| Minimum Target - Capital Fund | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Annual CIP (Inflated) | \$ 72,503 | \$ 43,524 | \$ 75,550 | \$ 153,049 | \$ 1,625,452 | \$ 185,999 | \$ - | \$ - | \$ - | \$ - | \$ - |

| City Tax Calculations | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Rate Revenues | \$ 2,196,091 | \$ 2,229,032 | \$ 2,262,468 | \$ 2,296,405 | \$ 2,330,851 | \$ 2,365,814 | \$ 2,401,301 | \$ 2,437,320 | \$ 2,473,880 | \$ 2,510,988 | \$ 2,548,653 |
| Rate Revenues after Increases | 2,196,091 | 2,674,839 | 3,122,206 | 3,248,265 | 3,379,413 | 3,515,857 | 3,568,595 | 3,622,124 | 3,676,456 | 3,731,603 | 3,787,577 |
| City Tax (Existing Rates) | \$ 131,765 | \$ 133,742 | \$ 135,748 | \$ 137,784 | \$ 139,851 | \$ 141,949 | \$ 144,078 | \$ 146,239 | \$ 148,433 | \$ 150,659 | \$ 152,919 |
| Additional City Taxes from Increase | - | 26,748 | 51,584 | 57,112 | 62,914 | 69,003 | 70,038 | 71,088 | 72,155 | 73,237 | 74,335 |
| City Tax (After Increase) | \$ 131,765 | \$ 160,490 | \$ 187,332 | \$ 194,896 | \$ 202,765 | \$ 210,951 | \$ 214,116 | \$ 217,327 | \$ 220,587 | \$ 223,896 | \$ 227,255 |



City of McCleary
Electric Rate Study
Fund Activity

| Funds | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OPERATING (401) | | | | | | | | | | | |
| Beginning Balance | \$ 348,094 | \$ 87,050 | \$ 227,208 | \$ 663,487 | \$ 657,756 | \$ 692,083 | \$ 707,882 | \$ 728,845 | \$ 744,432 | \$ 767,037 | \$ 784,478 |
| plus: Net Cash Flow after Rate Increase | (186,044) | 190,157 | 536,279 | 596,074 | 461,267 | 529,772 | 497,303 | 487,060 | 449,163 | 433,004 | 450,332 |
| less: Transfer of Surplus to Capital Fund (If No Manual Entry) | (75,000) | (50,000) | (100,000) | (601,804) | (426,940) | (513,974) | (476,340) | (471,473) | (426,558) | (415,563) | (440,943) |
| Ending Balance | \$ 87,050 | \$ 227,208 | \$ 663,487 | \$ 657,756 | \$ 692,083 | \$ 707,882 | \$ 728,845 | \$ 744,432 | \$ 767,037 | \$ 784,478 | \$ 793,867 |
| Minimum Funds to be Kept as Operating Reserves | \$ 608,174 | \$ 621,220 | \$ 642,166 | \$ 657,756 | \$ 692,083 | \$ 707,882 | \$ 728,845 | \$ 744,432 | \$ 767,037 | \$ 784,478 | \$ 793,867 |
| Maximum Funds to be Kept as Operating Reserves | \$ 608,174 | \$ 621,220 | \$ 642,166 | \$ 657,756 | \$ 692,083 | \$ 707,882 | \$ 728,845 | \$ 744,432 | \$ 767,037 | \$ 784,478 | \$ 793,867 |
| Info: No of Days of Cash Operating Expenses | 13 | 33 | 93 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Info: No of Days of Cash Operating Expenses Target | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Manual Entry for Transfer to Capital Fund | (75,000) | (50,000) | (100,000) | | | | | | | | |
| CAPITAL | | | | | | | | | | | |
| Beginning Balance | | \$ 2,497 | \$ 8,977 | \$ 33,449 | \$ 482,287 | \$ 684,982 | \$ 1,014,668 | \$ 1,493,544 | \$ 1,968,751 | \$ 2,400,231 | \$ 2,821,795 |
| plus: Rate Funded System Reinvestment/ Equipment Replacement | - | - | - | - | - | - | - | - | - | - | - |
| plus: Transfers from Operating Fund | 75,000 | 50,000 | 100,000 | 601,804 | 426,940 | 513,974 | 476,340 | 471,473 | 426,558 | 415,563 | 440,943 |
| plus: Grants/ Donations/ CIAC | - | - | - | - | - | - | - | - | - | - | - |
| plus: Additional Proceeds (Costs) | - | - | - | - | - | - | - | - | - | - | - |
| plus: Revenue Bond Proceeds | - | - | - | - | 1,400,000 | - | - | - | - | - | - |
| plus: Other Loans | - | - | - | - | - | - | - | - | - | - | - |
| plus: Other Low Interest Loan Proceeds | - | - | - | - | - | - | - | - | - | - | - |
| plus: Interest Earnings | - | 3 | 22 | 84 | 1,206 | 1,712 | 2,537 | 3,734 | 4,922 | 6,001 | 7,054 |
| Total Funding Sources | \$ 75,000 | \$ 52,500 | \$ 108,999 | \$ 635,337 | \$ 2,310,433 | \$ 1,200,668 | \$ 1,493,544 | \$ 1,968,751 | \$ 2,400,231 | \$ 2,821,795 | \$ 3,269,792 |
| less: Expenditures | (72,503) | (43,524) | (75,550) | (153,049) | (1,625,452) | (185,999) | - | - | - | - | - |
| Ending Capital Fund Balance | \$ 2,497 | \$ 8,977 | \$ 33,449 | \$ 482,287 | \$ 684,982 | \$ 1,014,668 | \$ 1,493,544 | \$ 1,968,751 | \$ 2,400,231 | \$ 2,821,795 | \$ 3,269,792 |
| Minimum Target Balance | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| COMBINED BEGINNING FUND BALANCE | \$ 348,094 | \$ 89,547 | \$ 236,184 | \$ 696,935 | \$ 1,140,044 | \$ 1,377,065 | \$ 1,722,550 | \$ 2,222,389 | \$ 2,713,183 | \$ 3,167,268 | \$ 3,606,272 |
| COMBINED ENDING FUND BALANCE | \$ 89,547 | \$ 236,184 | \$ 696,935 | \$ 1,140,044 | \$ 1,377,065 | \$ 1,722,550 | \$ 2,222,389 | \$ 2,713,183 | \$ 3,167,268 | \$ 3,606,272 | \$ 4,063,659 |
| Info: No of Days of Cash Operating Expenses | 27 | 71 | 204 | 326 | 386 | 471 | 594 | 708 | 810 | 899 | 989 |
| LIGHT AND POWER RESERVE FUND (410) | | | | | | | | | | | |
| Beginning Balance | \$ 238,162 | \$ 238,162 | \$ 238,473 | \$ 239,070 | \$ 239,667 | \$ 240,266 | \$ 240,867 | \$ 241,469 | \$ 242,073 | \$ 242,678 | \$ 243,285 |
| plus: Transfers In | - | - | - | - | - | - | - | - | - | - | - |
| plus: Interest Earnings | - | 311 | 596 | 598 | 599 | 601 | 602 | 604 | 605 | 607 | 608 |
| less: Expenses | - | - | - | - | - | - | - | - | - | - | - |
| Ending L&P Reserve Balance | \$ 238,162 | \$ 238,473 | \$ 239,070 | \$ 239,667 | \$ 240,266 | \$ 240,867 | \$ 241,469 | \$ 242,073 | \$ 242,678 | \$ 243,285 | \$ 243,893 |
| DEBT RESERVE | | | | | | | | | | | |
| Beginning Balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 |
| plus: Reserve Funding from New Debt | - | - | - | - | 124,165 | - | - | - | - | - | - |
| less: Use of Reserves for Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| Ending Balance | \$ - | \$ - | \$ - | \$ - | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 |
| Minimum Target Balance | \$ - | \$ - | \$ - | \$ - | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 | \$ 124,165 |



City of McCleary
Electric Rate Study
Power Summary

| Description - Fiscal Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Power | | | | | | | | | | | |
| Customer Charge | \$ 1,064,469 | \$ 1,078,644 | \$ 1,119,188 | \$ 1,143,783 | \$ 1,181,006 | \$ 1,193,096 | \$ 1,219,741 | \$ 1,228,889 | \$ 1,256,333 | \$ 1,265,755 | \$ 1,294,023 |
| Load Shaping Charge - HLH | 21,021 | 29,250 | 31,962 | 33,519 | 35,515 | 46,054 | 56,444 | 67,461 | 76,913 | 90,734 | 103,275 |
| Load Shaping Charge - LLH | (17,782) | (14,589) | (14,531) | (14,410) | (14,472) | (10,173) | (6,426) | (1,829) | 1,515 | 7,295 | 11,911 |
| Demand Charge | 123,196 | 123,403 | 132,514 | 137,196 | 147,236 | 150,401 | 158,065 | 160,722 | 173,624 | 177,618 | 186,531 |
| Tier 2 Load Growth Rate Adj. | (219) | (219) | (219) | (219) | (219) | (219) | (219) | (219) | (219) | (219) | (219) |
| Load Shaping True-Up | (5,396) | (1,321) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Late Payment Fee | - | - | - | - | - | - | - | - | - | - | - |
| REP Customer Refund | (55,296) | (55,296) | (55,296) | (55,296) | - | - | - | - | - | - | - |
| Subtotal Power | \$ 1,129,993 | \$ 1,159,872 | \$ 1,213,617 | \$ 1,244,573 | \$ 1,349,066 | \$ 1,379,159 | \$ 1,427,604 | \$ 1,455,024 | \$ 1,508,166 | \$ 1,541,183 | \$ 1,595,520 |
| Transmission | | | | | | | | | | | |
| Base Charge | \$ 92,385 | \$ 94,098 | \$ 96,224 | \$ 98,598 | \$ 102,106 | \$ 104,625 | \$ 108,348 | \$ 111,021 | \$ 114,972 | \$ 117,808 | \$ 83,257 |
| Ancillary Services | | | | | | | | | | | |
| SCD NT Long Term Firm Charge | 18,637 | 18,982 | 19,411 | 19,890 | 20,598 | 21,106 | 21,857 | 22,396 | 23,193 | 23,765 | 16,795 |
| GSR NT Long Term Firm Charge | - | - | - | - | - | - | - | - | - | - | - |
| Reg & Frequency Response Charge | 3,658 | 3,725 | 3,810 | 3,901 | 4,043 | 4,140 | 4,290 | 4,393 | 4,553 | 4,662 | 3,418 |
| Spin Reserve Requirement Charge | 10,624 | 10,818 | 11,066 | 11,330 | 11,742 | 12,023 | 12,460 | 12,758 | 13,222 | 13,538 | 9,926 |
| Supp Reserve Requirement Charge | 9,739 | 9,917 | 10,144 | 10,386 | 10,764 | 11,021 | 11,422 | 11,695 | 12,120 | 12,410 | 9,099 |
| Late Payment Fee | - | - | - | - | - | - | - | - | - | - | - |
| WECC Dues Charge | 1,524 | 1,547 | 1,570 | 1,594 | 1,618 | 1,642 | 1,667 | 1,692 | 1,717 | 1,743 | 1,251 |
| Peak Dues Charge | 1,524 | 1,547 | 1,570 | 1,594 | 1,618 | 1,642 | 1,667 | 1,692 | 1,717 | 1,743 | 1,251 |
| Subtotal Transmission | \$ 138,092 | \$ 140,635 | \$ 143,796 | \$ 147,294 | \$ 152,490 | \$ 156,200 | \$ 161,711 | \$ 165,647 | \$ 171,494 | \$ 175,669 | \$ 124,997 |
| Total Power | \$ 1,268,085 | \$ 1,300,507 | \$ 1,357,414 | \$ 1,391,867 | \$ 1,501,556 | \$ 1,535,359 | \$ 1,589,316 | \$ 1,620,672 | \$ 1,679,660 | \$ 1,716,852 | \$ 1,720,517 |

TECHNICAL APPENDIX B: WATER UTILITY



City of McCleary Water Rate Study Summary

| Revenue Requirement | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | | |
| Rate Revenues Under Existing Rates | \$ 650,000 | \$ 653,250 | \$ 656,516 | \$ 659,799 | \$ 663,098 | \$ 666,413 | \$ 669,745 | \$ 673,094 | \$ 676,460 | \$ 679,842 | \$ 683,241 |
| Non-Rate Revenues | 2,252 | 2,464 | 2,503 | 2,552 | 2,603 | 2,654 | 2,717 | 2,770 | 2,815 | 2,871 | 2,928 |
| Total Revenues | \$ 652,252 | \$ 655,714 | \$ 659,019 | \$ 662,351 | \$ 665,700 | \$ 669,067 | \$ 672,462 | \$ 675,864 | \$ 679,274 | \$ 682,713 | \$ 686,169 |
| Expenses | | | | | | | | | | | |
| Cash Operating Expenses | \$ 511,400 | \$ 491,092 | \$ 501,759 | \$ 512,705 | \$ 523,936 | \$ 565,461 | \$ 577,289 | \$ 559,427 | \$ 571,886 | \$ 584,673 | \$ 597,799 |
| Existing Debt Service | 109,768 | 109,370 | 108,972 | 108,573 | 108,175 | 107,776 | 107,378 | 106,979 | 106,581 | 106,182 | 105,784 |
| New Debt Service | - | - | - | - | - | 52,666 | 52,666 | 52,666 | 52,666 | 52,666 | 52,666 |
| Rate Funded System Reinvestment | - | 25,000 | 50,000 | 75,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total Expenses | \$ 621,168 | \$ 625,462 | \$ 660,731 | \$ 696,278 | \$ 732,111 | \$ 825,904 | \$ 837,333 | \$ 819,073 | \$ 831,133 | \$ 843,522 | \$ 856,250 |
| Net Surplus (Deficiency) | \$ 31,084 | \$ 30,252 | \$ (1,712) | \$ (33,927) | \$ (66,410) | \$ (156,836) | \$ (164,871) | \$ (143,209) | \$ (151,859) | \$ (160,810) | \$ (170,081) |
| Additions to Meet Coverage | - | - | - | - | - | - | - | - | - | - | - |
| Total Surplus (Deficiency) | \$ 31,084 | \$ 30,252 | \$ (1,712) | \$ (33,927) | \$ (66,410) | \$ (156,836) | \$ (164,871) | \$ (143,209) | \$ (151,859) | \$ (160,810) | \$ (170,081) |
| % of Rate Revenue | 0.00% | 0.00% | 0.26% | 5.14% | 10.02% | 23.53% | 24.62% | 21.28% | 22.45% | 23.65% | 24.89% |
| Annual Rate Adjustment | 0.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 3.00% | 0.00% | 0.00% | 0.00% |
| Cumulative Annual Rate Adjustment | 0.00% | 5.00% | 10.25% | 15.76% | 21.55% | 27.63% | 34.01% | 38.03% | 38.03% | 38.03% | 38.03% |
| Rate Revenues After Rate Increase | \$ 650,000 | \$ 685,913 | \$ 723,809 | \$ 763,800 | \$ 806,000 | \$ 850,531 | \$ 897,523 | \$ 929,071 | \$ 933,716 | \$ 938,385 | \$ 943,077 |
| Additional Taxes from Rate Increase | \$ - | \$ 1,643 | \$ 3,384 | \$ 5,230 | \$ 7,187 | \$ 9,259 | \$ 11,455 | \$ 12,873 | \$ 12,937 | \$ 13,002 | \$ 13,067 |
| Net Cash Flow After Rate Increase | \$ 31,084 | \$ 61,272 | \$ 62,197 | \$ 64,844 | \$ 69,305 | \$ 18,022 | \$ 51,451 | \$ 99,895 | \$ 92,461 | \$ 84,731 | \$ 76,687 |
| Coverage After Rate Increases | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Average Residential Water Bill (9ccf usage) | \$ 69.96 | \$ 73.46 | \$ 77.13 | \$ 80.99 | \$ 85.04 | \$ 89.29 | \$ 93.75 | \$ 96.57 | \$ 96.57 | \$ 96.57 | \$ 96.57 |
| Increase from Previous Year | - | 3.50 | 3.67 | 3.86 | 4.05 | 4.25 | 4.46 | 2.81 | - | - | - |



City of McCleary Water Rate Study Summary

| Fund Balance | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|------------|------------|------------|------------|------------|--------------|------------|------------|------------|------------|------------|
| OPERATING FUND | | | | | | | | | | | |
| Beginning Balance | \$ 490,623 | \$ 126,099 | \$ 121,091 | \$ 123,721 | \$ 126,420 | \$ 129,190 | \$ 139,429 | \$ 142,345 | \$ 137,941 | \$ 141,013 | \$ 144,166 |
| plus: Net Cash Flow after Rate Increase | 31,084 | 61,272 | 62,197 | 64,844 | 69,305 | 18,022 | 51,451 | 99,895 | 92,461 | 84,731 | 76,687 |
| less: Transfer of Surplus to Capital Fund | (395,608) | (66,280) | (59,567) | (62,145) | (66,536) | (7,783) | (48,535) | (104,299) | (89,389) | (81,578) | (73,451) |
| Ending Balance | \$ 126,099 | \$ 121,091 | \$ 123,721 | \$ 126,420 | \$ 129,190 | \$ 139,429 | \$ 142,345 | \$ 137,941 | \$ 141,013 | \$ 144,166 | \$ 147,403 |
| O&M Target Balance | \$ 126,099 | \$ 121,091 | \$ 123,721 | \$ 126,420 | \$ 129,190 | \$ 139,429 | \$ 142,345 | \$ 137,941 | \$ 141,013 | \$ 144,166 | \$ 147,403 |
| Days | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| CAPITAL | | | | | | | | | | | |
| Beginning Balance | \$ - | \$ 345,020 | \$ 204,263 | \$ 176,071 | \$ 92,803 | \$ 50,731 | \$ 49,652 | \$ 114,021 | \$ 232,009 | \$ 332,955 | \$ 423,874 |
| plus: Rate Funded System Reinvestment/ Equipment Transfers | - | 25,000 | 50,000 | 75,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| plus: Transfers from Operating Fund | 395,608 | 66,280 | 59,567 | 62,145 | 66,536 | 7,783 | 48,535 | 104,299 | 89,389 | 81,578 | 73,451 |
| plus: Grants/ Donations/ CIAC | - | - | - | - | - | - | - | - | - | - | - |
| plus: Connection Fee Revenue | 6,412 | 18,477 | 18,967 | 19,469 | 19,985 | 20,515 | 21,058 | 21,616 | 22,189 | 22,777 | 23,381 |
| less: Connection Fees Towards Debt | - | - | - | - | - | - | - | - | - | - | - |
| plus: Net Debt Proceeds Available for Projects | - | - | - | - | - | 1,000,000 | - | - | - | - | - |
| plus: Interest Earnings | - | 466 | 276 | 238 | 125 | 68 | 67 | 154 | 313 | 449 | 572 |
| Total Funding Sources | \$ 402,020 | \$ 455,242 | \$ 333,072 | \$ 332,923 | \$ 279,449 | \$ 1,179,097 | \$ 219,313 | \$ 340,091 | \$ 443,900 | \$ 537,760 | \$ 621,278 |
| less: Capital Expenditures | (57,000) | (250,979) | (157,001) | (240,120) | (228,718) | (1,129,445) | (105,291) | (108,081) | (110,945) | (113,885) | (116,903) |
| Ending Working Capital Balance | \$ 345,020 | \$ 204,263 | \$ 176,071 | \$ 92,803 | \$ 50,731 | \$ 49,652 | \$ 114,021 | \$ 232,009 | \$ 332,955 | \$ 423,874 | \$ 504,375 |
| Minimum Target Balance | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| COMBINED BEGINNING FUND BALANCE | \$ 490,623 | \$ 471,118 | \$ 325,355 | \$ 299,793 | \$ 219,223 | \$ 179,921 | \$ 189,081 | \$ 256,367 | \$ 369,950 | \$ 473,968 | \$ 568,040 |
| COMBINED ENDING FUND BALANCE | \$ 471,118 | \$ 325,355 | \$ 299,793 | \$ 219,223 | \$ 179,921 | \$ 189,081 | \$ 256,367 | \$ 369,950 | \$ 473,968 | \$ 568,040 | \$ 651,778 |
| Combined Days | 337 | 242 | 218 | 156 | 126 | 122 | 162 | 241 | 303 | 355 | 398 |
| Total Combined Ending Fund Balance Target | \$ 226,099 | \$ 221,091 | \$ 223,721 | \$ 226,420 | \$ 229,190 | \$ 239,429 | \$ 242,345 | \$ 237,941 | \$ 241,013 | \$ 244,166 | \$ 247,403 |



City of McCleary Water Rate Study

Assumptions

| Economic & Financial Factors | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Cost Inflation | | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% |
| Construction Cost Inflation | | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% |
| Labor Cost Inflation | | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% |
| Benefit Cost Inflation | | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% |
| General Inflation plus Composite Growth | | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% |
| Customer Growth | | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Demand Growth | | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| No Escalation | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Medical Benefits | | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% |
| [Extra] | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Investment Interest | | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| Excise Taxes | | 5.029% | 5.029% | 5.029% | 5.029% | 5.029% | 5.029% | 5.029% | 5.029% | 5.029% | 5.029% | 5.029% |
| B&O Taxes | | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| City Tax | | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% |

| Accounting Assumptions | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| FISCAL POLICY RESTRICTIONS | | | | | | | | | | | | |
| Min. Op. Fund Balance Target (days of O&M expense) | | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Max. Op. Fund Balance (days of O&M expense) | | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Minimum Capital Fund Balance Target | | | | | | | | | | | | |
| Select Minimum Capital Fund Balance Target | 2 | User Input | | | | | | | | | | |
| 1 - Defined as % of Plant | | | | | | | | | | | | |
| Plant-in-Service in 2015 | Estimated Net Assets | | | | | | | | | | | |
| Minimum Capital Fund Balance - % of plant assets | \$ - | \$ - | \$ 43 | \$ 68 | \$ 105 | \$ 140 | \$ 314 | \$ 334 | \$ 355 | \$ 376 | \$ 398 | \$ 421 |
| | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| 2 - Amount at Right ==> | | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| RATE FUNDED SYSTEM REINVESTMENT | | | | | | | | | | | | |
| Select Reinvestment Funding Strategy | 3 | User Input | | | | | | | | | | |
| Amount of Annual Cash Funding from Rates | | | | | | | | | | | | |
| 1 - Equal to Annual Depreciation Expense | | \$ - | \$ 4,342 | \$ 6,806 | \$ 10,500 | \$ 14,019 | \$ 31,395 | \$ 33,420 | \$ 35,498 | \$ 37,632 | \$ 39,822 | \$ 42,070 |
| 2 - Equal to Annual Depreciation Expense less Annual Debt Principal Payments | | (94,544) | (90,685) | (88,719) | (85,540) | (82,552) | (113,391) | (112,171) | (110,917) | (109,628) | (108,303) | (106,942) |
| 3 - Equal to Amount at Right ==> | | \$ | \$ 25,000 | \$ 50,000 | \$ 75,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| 4 - Do Not Fund System Reinvestment | | | | | | | | | | | | |



City of McCleary Water Rate Study Assumptions

| Capital Financing Assumptions | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Connection Fees | | | | | | | | | | | | |
| Current Connection Fees | \$ 3,000 | \$ 3,000 | \$ 3,079 | \$ 3,161 | \$ 3,245 | \$ 3,331 | \$ 3,419 | \$ 3,510 | \$ 3,603 | \$ 3,698 | \$ 3,796 | \$ 3,897 |
| Total Equivalent Residential Units | | 1,178 | 1,184 | 1,190 | 1,196 | 1,202 | 1,208 | 1,214 | 1,220 | 1,226 | 1,232 | 1,238 |
| Additional Units Per Year | | 2 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Connection Fee Revenues | | \$ 6,412 | \$ 18,477 | \$ 18,967 | \$ 19,469 | \$ 19,985 | \$ 20,515 | \$ 21,058 | \$ 21,616 | \$ 22,189 | \$ 22,777 | \$ 23,381 |
| REVENUE BONDS | | | | | | | | | | | | |
| Term (years) | | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Only Payments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Rate | | 4.50% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Issuance Cost | | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| Revenue Bond Coverage Requirement | 1.25 | | | | | | | | | | | |
| Use Reserves to Pay for Last Payment | No | | | | | | | | | | | |
| PWTF LOANS | | | | | | | | | | | | |
| Term | | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Rate | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| OTHER LOANS | | | | | | | | | | | | |
| Term (years) | | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Rate | | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Issuance Cost | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |



City of McCleary Water Rate Study Operating Revenue and Expenditure Forecast

| | | | Actuals | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
|--------------------------------|---------------------------------|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenues | | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Rate Revenue | | | | | | | | | | | | | | |
| 343 40 00 00 | Water Sales | Customer Growth No Escalation | \$ 645,634 | \$ 650,000 | \$ 653,250 | \$ 656,516 | \$ 659,799 | \$ 663,098 | \$ 666,413 | \$ 669,745 | \$ 673,094 | \$ 676,460 | \$ 679,842 | \$ 683,241 |
| Total Water Sales | | | \$ 645,634 | \$ 650,000 | \$ 653,250 | \$ 656,516 | \$ 659,799 | \$ 663,098 | \$ 666,413 | \$ 669,745 | \$ 673,094 | \$ 676,460 | \$ 679,842 | \$ 683,241 |
| Non-rate revenues | | | | | | | | | | | | | | |
| 343 90 00 01 | Other Charges Related to Water | General Cost Inflation | \$ 2,983 | \$ 2,000 | \$ 2,039 | \$ 2,079 | \$ 2,120 | \$ 2,162 | \$ 2,204 | \$ 2,247 | \$ 2,292 | \$ 2,337 | \$ 2,382 | \$ 2,429 |
| 359 90 04 05 | ULID 96-01 Penalties | General Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| 361 10 04 05 | Investment Interest | Calculated | 518 | 1 | 170 | 163 | 167 | 171 | 174 | 188 | 192 | 186 | 190 | 195 |
| 361 40 04 05 | ULID 96-01 Interest | Customer Growth | - | - | - | - | - | - | - | - | - | - | - | - |
| 368 10 00 00 | ULID 96-01 Principal | Customer Growth | - | 1 | - | - | - | - | - | - | - | - | - | - |
| 369 10 04 05 | Sale of Scrap And Junk | General Cost Inflation | 30 | 250 | 255 | 260 | 265 | 270 | 276 | 281 | 286 | 292 | 298 | 304 |
| 369 90 04 05 | Other Miscellaneous Revenues | General Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| 389 00 04 05 | Other Non - Revenues | General Cost Inflation | 701 | - | - | - | - | - | - | - | - | - | - | - |
| 391 80 04 05 | Intergovernmental Loan Proceeds | General Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Non-rate revenues | | | \$ 4,232 | \$ 2,252 | \$ 2,464 | \$ 2,503 | \$ 2,552 | \$ 2,603 | \$ 2,654 | \$ 2,717 | \$ 2,770 | \$ 2,815 | \$ 2,871 | \$ 2,928 |
| TOTAL REVENUES | | | \$ 649,866 | \$ 652,252 | \$ 655,714 | \$ 659,019 | \$ 662,351 | \$ 665,700 | \$ 669,067 | \$ 672,462 | \$ 675,864 | \$ 679,274 | \$ 682,713 | \$ 686,169 |



City of McCleary
Home of the McCleary Bear Festival

City of McCleary Water Rate Study

Operating Revenue and Expenditure Forecast

| Expenses | | FORECAST BASIS | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|---|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Excise Taxes | | Calculated | \$ 37,671 | \$ 33,700 | 33,166 | 33,338 | 33,512 | 33,686 | 33,861 | 34,038 | 34,216 | 34,394 | 34,574 | 34,755 |
| Comm/Alarms/Dispatch | | | | | | | | | | | | | | |
| 528 60 51 02 | E911 Service Disptach - Intergovernmental | General Cost Inflation | \$ 554 | \$ 1,200 | \$ 1,224 | \$ 1,248 | \$ 1,272 | \$ 1,297 | \$ 1,323 | \$ 1,348 | \$ 1,375 | \$ 1,402 | \$ 1,429 | \$ 1,458 |
| Water Utilities | | | | | | | | | | | | | | |
| 534 70 10 00 | Salaries And Wages | Labor Cost Inflation | 173,197 | 195,000 | 199,078 | 203,240 | 207,490 | 211,829 | 216,259 | 220,781 | 225,397 | 230,111 | 234,923 | 239,835 |
| 534 70 20 00 | Personnel Benefits | Benefit Cost Inflation | 96,438 | 111,000 | 114,955 | 119,051 | 123,293 | 127,687 | 132,236 | 136,948 | 141,828 | 146,882 | 152,115 | 157,536 |
| 534 70 31 00 | Operating-supplies | General Cost Inflation | 15,981 | 27,500 | 28,040 | 28,590 | 29,152 | 29,724 | 30,308 | 30,903 | 31,510 | 32,128 | 32,759 | 33,402 |
| 534 70 31 01 | Fuel | General Cost Inflation | 4,467 | 5,000 | 5,098 | 5,198 | 5,300 | 5,404 | 5,511 | 5,619 | 5,729 | 5,842 | 5,956 | 6,073 |
| 534 70 31 02 | Office-supplies | General Cost Inflation | 2,000 | 2,600 | 2,651 | 2,703 | 2,756 | 2,810 | 2,865 | 2,922 | 2,979 | 3,038 | 3,097 | 3,158 |
| 534 70 41 00 | Professional Services | General Cost Inflation | 13,604 | 17,800 | 18,149 | 18,506 | 18,869 | 19,240 | 19,617 | 20,003 | 20,395 | 20,796 | 21,204 | 21,620 |
| 534 70 41 08 | Prof. Services-Engineering | General Cost Inflation | - | 5,000 | 5,098 | 5,198 | 5,300 | 5,404 | 5,511 | 5,619 | 5,729 | 5,842 | 5,956 | 6,073 |
| 534 70 41 10 | Prof. Services-wsp | General Cost Inflation | 18,614 | 20,000 | - | - | - | - | 30,000 | 30,000 | - | - | - | - |
| 534 70 41 11 | Prof. Services Legal | General Cost Inflation | 106 | 5,000 | 5,098 | 5,198 | 5,300 | 5,404 | 5,511 | 5,619 | 5,729 | 5,842 | 5,956 | 6,073 |
| 534 70 42 00 | Communications | General Cost Inflation | 3,715 | 4,100 | 4,180 | 4,263 | 4,346 | 4,432 | 4,519 | 4,607 | 4,698 | 4,790 | 4,884 | 4,980 |
| 534 70 43 00 | Travel | General Cost Inflation | 187 | 500 | 510 | 520 | 530 | 540 | 551 | 562 | 573 | 584 | 596 | 607 |
| 534 70 44 00 | Advertising | General Cost Inflation | 115 | 500 | 510 | 520 | 530 | 540 | 551 | 562 | 573 | 584 | 596 | 607 |
| 534 70 45 00 | Rental/lease Equipment | General Cost Inflation | 15 | 500 | 510 | 520 | 530 | 540 | 551 | 562 | 573 | 584 | 596 | 607 |
| 534 70 46 00 | Insurance | General Cost Inflation | 11,733 | 13,500 | 13,765 | 14,035 | 14,311 | 14,592 | 14,878 | 15,170 | 15,468 | 15,772 | 16,082 | 16,397 |
| 534 70 47 00 | Public Utility Service (city) | General Cost Inflation | 13,864 | 14,100 | 14,377 | 14,659 | 14,947 | 15,240 | 15,540 | 15,845 | 16,156 | 16,473 | 16,796 | 17,126 |
| 534 70 48 00 | RepairAnd Maintenance | General Cost Inflation | 9,395 | 9,100 | 9,279 | 9,461 | 9,647 | 9,836 | 10,029 | 10,226 | 10,427 | 10,632 | 10,840 | 11,053 |
| 534 70 49 10 | State Permits And Fees | General Cost Inflation | 1,582 | 3,500 | 3,569 | 3,639 | 3,710 | 3,783 | 3,857 | 3,933 | 4,010 | 4,089 | 4,169 | 4,251 |
| 534 70 49 20 | Miscellaneous | General Cost Inflation | 844 | 700 | 714 | 728 | 742 | 757 | 771 | 787 | 802 | 818 | 834 | 850 |
| 534 70 49 21 | Miscellaneous-training | General Cost Inflation | 2,037 | 1,000 | 1,020 | 1,040 | 1,060 | 1,081 | 1,102 | 1,124 | 1,146 | 1,168 | 1,191 | 1,215 |
| 534 70 63 00 | Capital Outlay-other Improvement | General Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| 594 34 63 00 | Capital Outlay-building | General Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| 588 80 04 05 | Prior Period Adjustments | General Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| 589 34 04 05 | Other Non-expenditures | General Cost Inflation | - | 100 | 102 | 104 | 106 | 108 | 110 | 112 | 115 | 117 | 119 | 121 |
| Capital Expenditures | | | | | | | | | | | | | | |
| 594 34 63 01 | Capital Outlay - Other Improve | Construction Cost Inflation | \$ 2,950 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 594 34 63 02 | Capital Outlay - System | Construction Cost Inflation | 25,764 | - | - | - | - | - | - | - | - | - | - | - |
| 594 34 64 00 | Capital Outlay - Equipment | Construction Cost Inflation | 18,062 | - | - | - | - | - | - | - | - | - | - | - |
| 594 34 65 01 | Capital Outlay-Building | Construction Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| 594 34 66 00 | Capital Outlay - Leases | Construction Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | | | | | | | | | | | | | | |
| 597 34 00 05 | Transfer Out - Operating | No Escalation | 40,000 | 40,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| | | No Escalation | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cash O&M Expenditures | | | \$ 492,896 | \$ 511,400 | \$ 491,092 | \$ 501,759 | \$ 512,705 | \$ 523,936 | \$ 565,461 | \$ 577,289 | \$ 559,427 | \$ 571,886 | \$ 584,673 | \$ 597,799 |



City of McCleary Water Rate Study Existing Debt Input

| Existing Debt Service - Revenue Bonds | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| TOTAL REVENUE BONDS | | | | | | | | | | | |
| Annual Interest Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment | - | - | - | - | - | - | - | - | - | - | - |
| Total Annual Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Use of Debt reserve for Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| Annual Debt Reserve Target on Existing Revenue Bonds | - | - | - | - | - | - | - | - | - | - | - |

| Existing Debt Service - PWTf Loans | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| PWTf Well 2 & 3 Improvement Loan | | | | | | | | | | | |
| Annual Interest Payment | \$ 6,375 | \$ 5,977 | \$ 5,578 | \$ 5,180 | \$ 4,781 | \$ 4,383 | \$ 3,985 | \$ 3,586 | \$ 3,188 | \$ 2,789 | \$ 2,391 |
| Annual Principal Payment | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 |
| Total Annual Payment | \$ 86,066 | \$ 85,668 | \$ 85,270 | \$ 84,871 | \$ 84,473 | \$ 84,074 | \$ 83,676 | \$ 83,277 | \$ 82,879 | \$ 82,480 | \$ 82,082 |
| TOTAL PWTf LOANS | | | | | | | | | | | |
| Annual Interest Payment | \$ 6,375 | \$ 5,977 | \$ 5,578 | \$ 5,180 | \$ 4,781 | \$ 4,383 | \$ 3,985 | \$ 3,586 | \$ 3,188 | \$ 2,789 | \$ 2,391 |
| Annual Principal Payment | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 | 79,691 |
| Total Annual Payment | \$ 86,066 | \$ 85,668 | \$ 85,270 | \$ 84,871 | \$ 84,473 | \$ 84,074 | \$ 83,676 | \$ 83,277 | \$ 82,879 | \$ 82,480 | \$ 82,082 |

| Existing Debt Service - Other Loans | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| USDA Bonds Loan #5 | | | | | | | | | | | |
| Annual Interest Payment | \$ 2,782 | \$ 2,631 | \$ 2,474 | \$ 2,312 | \$ 2,145 | \$ 1,972 | \$ 1,794 | \$ 1,611 | \$ 1,421 | \$ 1,225 | \$ 1,022 |
| Annual Principal Payment | 4,670 | 4,821 | 4,978 | 5,140 | 5,307 | 5,480 | 5,658 | 5,841 | 6,031 | 6,227 | 6,430 |
| Total Annual Payment | \$ 7,452 | \$ 7,452 | \$ 7,452 | \$ 7,452 | \$ 7,452 | \$ 7,452 | \$ 7,452 | \$ 7,452 | \$ 7,452 | \$ 7,452 | \$ 7,452 |
| USDA Bonds Loan #6 | | | | | | | | | | | |
| Annual Interest Payment | \$ 6,067 | \$ 5,736 | \$ 5,394 | \$ 5,041 | \$ 4,677 | \$ 4,301 | \$ 3,912 | \$ 3,511 | \$ 3,097 | \$ 2,670 | \$ 2,229 |
| Annual Principal Payment | 10,183 | 10,514 | 10,856 | 11,209 | 11,573 | 11,949 | 12,338 | 12,739 | 13,153 | 13,580 | 14,021 |
| Total Annual Payment | \$ 16,250 | \$ 16,250 | \$ 16,250 | \$ 16,250 | \$ 16,250 | \$ 16,250 | \$ 16,250 | \$ 16,250 | \$ 16,250 | \$ 16,250 | \$ 16,250 |
| TOTAL OTHER LOANS | | | | | | | | | | | |
| Annual Interest Payment | \$ 8,849 | \$ 8,366 | \$ 7,868 | \$ 7,353 | \$ 6,822 | \$ 6,273 | \$ 5,707 | \$ 5,122 | \$ 4,518 | \$ 3,895 | \$ 3,251 |
| Annual Principal Payment | 14,853 | 15,336 | 15,834 | 16,349 | 16,880 | 17,429 | 17,995 | 18,580 | 19,184 | 19,807 | 20,451 |
| Total Annual Payment | \$ 23,702 | \$ 23,702 | \$ 23,702 | \$ 23,702 | \$ 23,702 | \$ 23,702 | \$ 23,702 | \$ 23,702 | \$ 23,702 | \$ 23,702 | \$ 23,702 |

| Total Existing Debt Service | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| TOTAL WATER LOANS | | | | | | | | | | | |
| Total Annual Interest Payment | \$ 15,224 | \$ 14,343 | \$ 13,446 | \$ 12,533 | \$ 11,603 | \$ 10,656 | \$ 9,691 | \$ 8,708 | \$ 7,706 | \$ 6,684 | \$ 5,642 |
| Total Principal Payment | 94,544 | 95,027 | 95,525 | 96,040 | 96,571 | 97,120 | 97,686 | 98,271 | 98,875 | 99,499 | 100,142 |
| Total Annual Payment | \$ 109,768 | \$ 109,370 | \$ 108,972 | \$ 108,573 | \$ 108,175 | \$ 107,776 | \$ 107,378 | \$ 106,979 | \$ 106,581 | \$ 106,182 | \$ 105,784 |



City of McCleary Water Rate Study Capital Improvement Program

Project Costs and O&M Impacts in Year: **2016**

| No | Description | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-----------------------------------|-----------|------------|------------|------------|------------|------------|-----------|-----------|-----------|------------|-----------|
| 1 | Capital Outlay | 57,000 | | | | | | | | | | |
| 2 | Capital Outlay - System | | | | | | | | | | | |
| 3 | Capital Outlay - Equipment | | | | | | | | | | | |
| 4 | Capital Outlay-Building | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 | Water Main Replacement | | | | | | | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| 7 | Ash Street | | | | | | | | | | | |
| 8 | 9th Street | | 128,000 | | | | | | | | | |
| 9 | Pine Street | | | 124,000 | | | | | | | | |
| 10 | 4th Street | | | | 207,000 | | | | | | | |
| 11 | Mommsen Road | | | | | 191,000 | | | | | | |
| 12 | Simpson Avenue | | | | | | 976,000 | | | | | |
| 13 | Leak Detection and Repair | | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| 14 | Water Meter Replacement | | 1,500 | | | | | | | | | |
| 15 | Emergency Generator | | 100,000 | | | | | | | | | |
| 16 | Reservoir Cleaning/Repairs | | | 10,000 | | | | | | | 12,000 | |
| 17 | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | |
| Total Capital Projects | | \$ 57,000 | \$ 244,500 | \$ 149,000 | \$ 222,000 | \$ 206,000 | \$ 991,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 102,000 | \$ 90,000 |
| Total Upgrade/Expansion Projects | | 57,000 | 164,000 | 62,000 | 103,500 | 95,500 | 488,000 | - | - | - | - | - |
| Total R&R Projects | | - | 80,500 | 87,000 | 118,500 | 110,500 | 503,000 | 90,000 | 90,000 | 90,000 | 102,000 | 90,000 |
| Projects by Grants / Developer Donations | | | | | | | | | | | | |
| Projects by Enterprise Fund | | | | | | | | | | | | |



City of McCleary Water Rate Study Capital Improvement Program

Project Costs and O&M Impacts in Year: **2016**

TOTAL FORECASTED PROJECT COSTS

| No | Description | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-----------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1 | Capital Outlay | \$ 57,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | Capital Outlay - System | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Capital Outlay - Equipment | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Capital Outlay-Building | - | - | - | - | - | - | - | - | - | - | - |
| 5 | | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Water Main Replacement | - | - | - | - | - | - | 87,743 | 90,068 | 92,454 | 94,904 | 97,419 |
| 7 | Ash Street | - | - | - | - | - | - | - | - | - | - | - |
| 8 | 9th Street | - | 131,392 | - | - | - | - | - | - | - | - | - |
| 9 | Pine Street | - | - | 130,659 | - | - | - | - | - | - | - | - |
| 10 | 4th Street | - | - | - | 223,895 | - | - | - | - | - | - | - |
| 11 | Mommsen Road | - | - | - | - | 212,064 | - | - | - | - | - | - |
| 12 | Simpson Avenue | - | - | - | - | - | 1,112,349 | - | - | - | - | - |
| 13 | Leak Detection and Repair | - | 15,397 | 15,805 | 16,224 | 16,654 | 17,096 | 17,549 | 18,014 | 18,491 | 18,981 | 19,484 |
| 14 | Water Meter Replacement | - | 1,540 | - | - | - | - | - | - | - | - | - |
| 15 | Emergency Generator | - | 102,650 | - | - | - | - | - | - | - | - | - |
| 16 | Reservoir Cleaning/Repairs | - | - | 10,537 | - | - | - | - | - | - | - | - |
| 17 | | - | - | - | - | - | - | - | - | - | - | - |
| 18 | | - | - | - | - | - | - | - | - | - | - | - |
| 19 | | - | - | - | - | - | - | - | - | - | - | - |
| 20 | | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Projects | | \$ 57,000 | \$ 250,979 | \$ 157,001 | \$ 240,120 | \$ 228,718 | \$ 1,129,445 | \$ 105,291 | \$ 108,081 | \$ 110,945 | \$ 113,885 | \$ 116,903 |
| Total Upgrade/Expansion Projects | | 57,000 | 168,346 | 65,329 | 111,948 | 106,032 | 556,175 | - | - | - | - | - |
| Total R&R Projects | | - | 82,633 | 91,672 | 128,172 | 122,686 | 573,270 | 105,291 | 108,081 | 110,945 | 113,885 | 116,903 |
| Projects by Grants / Developer Donations | | - | - | - | - | - | - | - | - | - | - | - |
| Projects by Enterprise Fund | | 57,000 | 250,979 | 157,001 | 240,120 | 228,718 | 1,129,445 | 105,291 | 108,081 | 110,945 | 113,885 | 116,903 |



City of McCleary Water Rate Study Revenue Requirements Analysis

| Test 1: Cash Flow Sufficiency Test | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| EXPENSES | | | | | | | | | | | |
| Cash Operating Expenses | \$ 511,400 | \$ 491,092 | \$ 501,759 | \$ 512,705 | \$ 523,936 | \$ 565,461 | \$ 577,289 | \$ 559,427 | \$ 571,886 | \$ 584,673 | \$ 597,799 |
| Existing Debt Service | 109,768 | 109,370 | 108,972 | 108,573 | 108,175 | 107,776 | 107,378 | 106,979 | 106,581 | 106,182 | 105,784 |
| New Debt Service | - | - | - | - | - | 52,666 | 52,666 | 52,666 | 52,666 | 52,666 | 52,666 |
| Rate Funded System Reinvestment | - | 25,000 | 50,000 | 75,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total Expenses | \$ 621,168 | \$ 625,462 | \$ 660,731 | \$ 696,278 | \$ 732,111 | \$ 825,904 | \$ 837,333 | \$ 819,073 | \$ 831,133 | \$ 843,522 | \$ 856,250 |
| REVENUES | | | | | | | | | | | |
| Rate Revenue | \$ 650,000 | \$ 653,250 | \$ 656,516 | \$ 659,799 | \$ 663,098 | \$ 666,413 | \$ 669,745 | \$ 673,094 | \$ 676,460 | \$ 679,842 | \$ 683,241 |
| Other Non Rate Revenue | 2,251 | 2,294 | 2,339 | 2,385 | 2,432 | 2,480 | 2,528 | 2,578 | 2,629 | 2,680 | 2,733 |
| Connection Fee Revenue Towards Debt | - | - | - | - | - | - | - | - | - | - | - |
| Operating Fund & Debt Reserve Fund Interest Earnings | 1 | 170 | 163 | 167 | 171 | 174 | 188 | 192 | 186 | 190 | 195 |
| Total Revenue | \$ 652,252 | \$ 655,714 | \$ 659,019 | \$ 662,351 | \$ 665,700 | \$ 669,067 | \$ 672,462 | \$ 675,864 | \$ 679,274 | \$ 682,713 | \$ 686,169 |
| NET CASH FLOW (DEFICIENCY) | \$ 31,084 | \$ 30,252 | \$ (1,712) | \$ (33,927) | \$ (66,410) | \$ (156,836) | \$ (164,871) | \$ (143,209) | \$ (151,859) | \$ (160,810) | \$ (170,081) |
| % of Rate Revenue | -4.78% | -4.63% | 0.26% | 5.14% | 10.02% | 23.53% | 24.62% | 21.28% | 22.45% | 23.65% | 24.89% |
| Test 2: Coverage Sufficiency Test | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| EXPENSES | | | | | | | | | | | |
| Cash Operating Expenses (Less City Tax and Capital Outlays) | \$ 437,700 | \$ 427,926 | \$ 438,421 | \$ 449,193 | \$ 460,250 | \$ 501,600 | \$ 513,251 | \$ 495,212 | \$ 507,492 | \$ 520,099 | \$ 533,044 |
| Revenue Bond Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Bond Coverage Requirement at 1.25 | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | \$ 437,700 | \$ 427,926 | \$ 438,421 | \$ 449,193 | \$ 460,250 | \$ 501,600 | \$ 513,251 | \$ 495,212 | \$ 507,492 | \$ 520,099 | \$ 533,044 |
| ALLOWABLE REVENUES | | | | | | | | | | | |
| Rate Revenue | \$ 650,000 | \$ 653,250 | \$ 656,516 | \$ 659,799 | \$ 663,098 | \$ 666,413 | \$ 669,745 | \$ 673,094 | \$ 676,460 | \$ 679,842 | \$ 683,241 |
| Revenue from City Taxes | 58,435 | 58,727 | 59,021 | 59,316 | 59,612 | 59,911 | 60,210 | 60,511 | 60,814 | 61,118 | 61,423 |
| Other Revenue | 2,251 | 2,294 | 2,339 | 2,385 | 2,432 | 2,480 | 2,528 | 2,578 | 2,629 | 2,680 | 2,733 |
| Connection Fee Revenue | 6,412 | 18,477 | 18,967 | 19,469 | 19,985 | 20,515 | 21,058 | 21,616 | 22,189 | 22,777 | 23,381 |
| Interest Earnings - All Funds | 1 | 636 | 439 | 405 | 296 | 243 | 255 | 346 | 499 | 640 | 767 |
| Total Revenue | \$ 717,099 | \$ 733,384 | \$ 737,282 | \$ 741,374 | \$ 745,423 | \$ 749,561 | \$ 753,797 | \$ 758,146 | \$ 762,590 | \$ 767,057 | \$ 771,545 |
| Coverage Realized (Existing Rates) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| COVERAGE SURPLUS (DEFICIENCY) | \$ 279,399 | \$ 305,458 | \$ 298,861 | \$ 292,181 | \$ 285,173 | \$ 247,961 | \$ 240,547 | \$ 262,934 | \$ 255,099 | \$ 246,958 | \$ 238,500 |



City of McCleary Water Rate Study Revenue Requirements Analysis

| Maximum Revenue Deficiency | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|
| Sufficiency Test Driving the Deficiency | None | None | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash |
| Maximum Revenue Deficiency (Surplus) | \$ (31,084) | \$ (30,252) | \$ 1,712 | \$ 33,927 | \$ 66,410 | \$ 156,836 | \$ 164,871 | \$ 143,209 | \$ 151,859 | \$ 160,810 | \$ 170,081 |
| plus: Additional (Reduction) Excise Tax | (1,646) | (1,602) | 91 | 1,797 | 3,517 | 8,305 | 8,730 | 7,583 | 8,041 | 8,515 | 9,006 |
| less: Net Revenue From Prior Rate Adjustments | - | - | (32,826) | (67,629) | (104,521) | (143,616) | (185,038) | (228,916) | (257,257) | (258,543) | (259,836) |
| Net Revenue Deficiency (Surplus) | \$ (32,729) | \$ (31,854) | \$ (31,023) | \$ (31,906) | \$ (34,594) | \$ 21,525 | \$ (11,437) | \$ (78,124) | \$ (97,357) | \$ (89,218) | \$ (80,748) |
| Required Adjustment (Full Year) | -5.04% | -4.88% | -4.50% | -4.39% | -4.51% | 2.66% | -1.34% | -8.66% | -10.43% | -9.51% | -8.56% |

| Rate Increases | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Rate Revenue with no Increase | \$ 650,000 | \$ 653,250 | \$ 656,516 | \$ 659,799 | \$ 663,098 | \$ 666,413 | \$ 669,745 | \$ 673,094 | \$ 676,460 | \$ 679,842 | \$ 683,241 |
| Revenues from Prior Rate Increases | - | - | 32,826 | 67,629 | 104,521 | 143,616 | 185,038 | 228,916 | 257,257 | 258,543 | 259,836 |
| Rate Revenue Before Rate Increase (Incl. previous increases) | 650,000 | 653,250 | 689,342 | 727,428 | 767,619 | 810,030 | 854,784 | 902,010 | 933,716 | 938,385 | 943,077 |
| Required Annual Rate Increase (Full Year) | -5.04% | -4.88% | -4.50% | -4.39% | -4.51% | 2.66% | -1.34% | -8.66% | -10.43% | -9.51% | -8.56% |
| Number of Months New Rates Will Be In Effect | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Info: Percentage Increase to Generate Required Revenue | -5.04% | -4.88% | -4.50% | -4.39% | -4.51% | 2.66% | -1.34% | -8.66% | -10.43% | -9.51% | -8.56% |
| Policy Induced Rate Increases | 0.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 3.00% | 0.00% | 0.00% | 0.00% |
| ANNUAL RATE INCREASE | 0.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 3.00% | 0.00% | 0.00% | 0.00% |
| CUMULATIVE RATE INCREASE | 0.00% | 5.00% | 10.25% | 15.76% | 21.55% | 27.63% | 34.01% | 38.03% | 38.03% | 38.03% | 38.03% |

| Impacts of Rate Increases | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Rate Revenues After Rate Increase | \$ 650,000 | \$ 685,913 | \$ 723,809 | \$ 763,800 | \$ 806,000 | \$ 850,531 | \$ 897,523 | \$ 929,071 | \$ 933,716 | \$ 938,385 | \$ 943,077 |
| Full Year Rate Revenues After Rate Increase | 650,000 | 685,913 | 723,809 | 763,800 | 806,000 | 850,531 | 897,523 | 929,071 | 933,716 | 938,385 | 943,077 |
| Partial Year Adjustment | - | - | - | - | - | - | - | - | - | - | - |
| Additional (Reduction of) Taxes Due to Rate Increases | - | 1,643 | 3,384 | 5,230 | 7,187 | 9,259 | 11,455 | 12,873 | 12,937 | 13,002 | 13,067 |
| Net Cash Flow After Rate Increase | \$ 31,084 | \$ 61,272 | \$ 62,197 | \$ 64,844 | \$ 69,305 | \$ 18,022 | \$ 51,451 | \$ 99,895 | \$ 92,461 | \$ 84,731 | \$ 76,687 |
| Coverage After Rate Increase | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Coverage After Rate Increase (Total Debt) | 2.55 | 3.15 | 3.47 | 3.82 | 4.19 | 2.90 | 3.18 | 3.54 | 3.51 | 3.47 | 3.44 |



City of McCleary Water Rate Study Revenue Requirements Analysis

| New Dept Assumptions | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------------|------------|------------|------------|------------|------------|--------------|------------|------------|------------|------------|------------|
| Revenue Bond Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PWTF Loans | - | - | - | - | - | - | - | - | - | - | - |
| Other Loan Proceeds | - | - | - | - | - | 1,000,000 | - | - | - | - | - |
| Fund Balance Impacts | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Ending Fund Balance - Operating Fund | \$ 126,099 | \$ 121,091 | \$ 123,721 | \$ 126,420 | \$ 129,190 | \$ 139,429 | \$ 142,345 | \$ 137,941 | \$ 141,013 | \$ 144,166 | \$ 147,403 |
| Minimum Target - Operating Fund | 126,099 | 121,091 | 123,721 | 126,420 | 129,190 | 139,429 | 142,345 | 137,941 | 141,013 | 144,166 | 147,403 |
| Ending Fund Balance - Capital Fund | \$ 345,020 | \$ 204,263 | \$ 176,071 | \$ 92,803 | \$ 50,731 | \$ 49,652 | \$ 114,021 | \$ 232,009 | \$ 332,955 | \$ 423,874 | \$ 504,375 |
| Minimum Target - Capital Fund | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Annual CIP (Inflated) | \$ 57,000 | \$ 250,979 | \$ 157,001 | \$ 240,120 | \$ 228,718 | \$ 1,129,445 | \$ 105,291 | \$ 108,081 | \$ 110,945 | \$ 113,885 | \$ 116,903 |
| City Tax Calculations | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Rate Revenues | \$ 650,000 | \$ 653,250 | \$ 656,516 | \$ 659,799 | \$ 663,098 | \$ 666,413 | \$ 669,745 | \$ 673,094 | \$ 676,460 | \$ 679,842 | \$ 683,241 |
| Rate Revenues after Increase | 650,000 | 685,913 | 723,809 | 763,800 | 806,000 | 850,531 | 897,523 | 929,071 | 933,716 | 938,385 | 943,077 |
| City Tax (Existing Rates) | 58,435 | 58,727 | 59,021 | 59,316 | 59,612 | 59,911 | 60,210 | 60,511 | 60,814 | 61,118 | 61,423 |
| Additional City Taxes from Increase | - | 2,936 | 6,050 | 9,350 | 12,847 | 16,552 | 20,477 | 23,012 | 23,127 | 23,243 | 23,359 |
| City Tax (After Increase) | 58,435 | 61,664 | 65,070 | 68,666 | 72,459 | 76,463 | 80,687 | 83,523 | 83,941 | 84,361 | 84,783 |



City of McCleary Water Rate Study Fund Activity

| Funds | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING FUND (405) | | | | | | | | | | | |
| Beginning Balance | \$ 490,623 | \$ 126,099 | \$ 121,091 | \$ 123,721 | \$ 126,420 | \$ 129,190 | \$ 139,429 | \$ 142,345 | \$ 137,941 | \$ 141,013 | \$ 144,166 |
| plus: Net Cash Flow after Rate Increase | 31,084 | 61,272 | 62,197 | 64,844 | 69,305 | 18,022 | 51,451 | 99,895 | 92,461 | 84,731 | 76,687 |
| less: Transfer of Surplus to Capital Fund (If No Manual Entry) | (395,608) | (66,280) | (59,567) | (62,145) | (66,536) | (7,783) | (48,535) | (104,299) | (89,389) | (81,578) | (73,451) |
| Ending Balance | \$ 126,099 | \$ 121,091 | \$ 123,721 | \$ 126,420 | \$ 129,190 | \$ 139,429 | \$ 142,345 | \$ 137,941 | \$ 141,013 | \$ 144,166 | \$ 147,403 |
| Maximum Funds to be Kept as Operating Reserves | \$ 126,099 | \$ 121,091 | \$ 123,721 | \$ 126,420 | \$ 129,190 | \$ 139,429 | \$ 142,345 | \$ 137,941 | \$ 141,013 | \$ 144,166 | \$ 147,403 |
| Info: No of Days of Cash Operating Expenses | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Info: No of Days of Cash Operating Expenses Target | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Difference over or (under) target funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Manual Entry for Transfer to Capital Fund | | | | | | | | | | | |
| CAPITAL FUND | | | | | | | | | | | |
| Beginning Balance | \$ - | \$ 345,020 | \$ 204,263 | \$ 176,071 | \$ 92,803 | \$ 50,731 | \$ 49,652 | \$ 114,021 | \$ 232,009 | \$ 332,955 | \$ 423,874 |
| plus: Rate Funded System Reinvestment | - | 25,000 | 50,000 | 75,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| plus: Transfers from Operating Fund | 395,608 | 66,280 | 59,567 | 62,145 | 66,536 | 7,783 | 48,535 | 104,299 | 89,389 | 81,578 | 73,451 |
| plus: Grants/ Donations/ CIAC | - | - | - | - | - | - | - | - | - | - | - |
| plus: Connection Fee Revenue | 6,412 | 18,477 | 18,967 | 19,469 | 19,985 | 20,515 | 21,058 | 21,616 | 22,189 | 22,777 | 23,381 |
| less: Connection Fees Towards Debt | - | - | - | - | - | - | - | - | - | - | - |
| plus: Revenue Bond Proceeds | - | - | - | - | - | - | - | - | - | - | - |
| plus: PWTF Loans | - | - | - | - | - | - | - | - | - | - | - |
| plus: Other Loan Proceeds | - | - | - | - | - | 1,000,000 | - | - | - | - | - |
| plus: Interest Earnings | - | 466 | 276 | 238 | 125 | 68 | 67 | 154 | 313 | 449 | 572 |
| Total Funding Sources | \$ 402,020 | \$ 455,242 | \$ 333,072 | \$ 332,923 | \$ 279,449 | \$ 1,179,097 | \$ 219,313 | \$ 340,091 | \$ 443,900 | \$ 537,760 | \$ 621,278 |
| less: Capital Expenditures | (57,000) | (250,979) | (157,001) | (240,120) | (228,718) | (1,129,445) | (105,291) | (108,081) | (110,945) | (113,885) | (116,903) |
| Ending Capital Fund Balance | \$ 345,020 | \$ 204,263 | \$ 176,071 | \$ 92,803 | \$ 50,731 | \$ 49,652 | \$ 114,021 | \$ 232,009 | \$ 332,955 | \$ 423,874 | \$ 504,375 |
| Minimum Target Balance | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| COMBINED BEGINNING FUND BALANCE | \$ 490,623 | \$ 471,118 | \$ 325,355 | \$ 299,793 | \$ 219,223 | \$ 179,921 | \$ 189,081 | \$ 256,367 | \$ 369,950 | \$ 473,968 | \$ 568,040 |
| COMBINED ENDING FUND BALANCE | \$ 471,118 | \$ 325,355 | \$ 299,793 | \$ 219,223 | \$ 179,921 | \$ 189,081 | \$ 256,367 | \$ 369,950 | \$ 473,968 | \$ 568,040 | \$ 651,778 |
| Info: No of Days of Cash Operating Expenses | 337 | 242 | 218 | 156 | 126 | 122 | 162 | 241 | 303 | 355 | 398 |
| WATER RESERVE (422) | | | | | | | | | | | |
| Beginning Balance | \$ 161,268 | \$ 201,486 | \$ 231,758 | \$ 262,071 | \$ 292,424 | \$ 322,819 | \$ 353,255 | \$ 383,732 | \$ 414,250 | \$ 444,809 | \$ 475,410 |
| plus: Investment Interest | 218 | 272 | 313 | 354 | 395 | 436 | 477 | 518 | 559 | 600 | 642 |
| plus: Transfer from Operating Fund | 40,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Total Funding Sources | 201,486 | 231,758 | 262,071 | 292,424 | 322,819 | 353,255 | 383,732 | 414,250 | 444,809 | 475,410 | 506,051 |
| less: Transfers | - | - | - | - | - | - | - | - | - | - | - |
| Ending Balance | \$ 201,486 | \$ 231,758 | \$ 262,071 | \$ 292,424 | \$ 322,819 | \$ 353,255 | \$ 383,732 | \$ 414,250 | \$ 444,809 | \$ 475,410 | \$ 506,051 |

TECHNICAL APPENDIX C: SEWER UTILITY



City of McCleary Sewer Rate Study Summary

| Revenue Requirement | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | | |
| Rate Revenues Under Existing Rates | \$ 685,000 | \$ 688,425 | \$ 691,867 | \$ 695,326 | \$ 698,803 | \$ 702,297 | \$ 705,809 | \$ 709,338 | \$ 712,884 | \$ 716,449 | \$ 720,031 |
| Non-Rate Revenues | 132,700 | 2,697 | 2,747 | 2,800 | 2,854 | 2,909 | 2,968 | 3,026 | 3,081 | 3,140 | 3,201 |
| Total Revenues | \$ 817,700 | \$ 691,122 | \$ 694,614 | \$ 698,127 | \$ 701,657 | \$ 705,206 | \$ 708,777 | \$ 712,363 | \$ 715,965 | \$ 719,589 | \$ 723,232 |
| Expenses | | | | | | | | | | | |
| Cash Operating Expenses | \$ 532,400 | \$ 535,677 | \$ 547,974 | \$ 560,581 | \$ 573,508 | \$ 601,762 | \$ 615,354 | \$ 614,292 | \$ 628,585 | \$ 643,245 | \$ 658,280 |
| Existing Debt Service | 167,370 | 167,266 | 167,163 | 167,061 | 166,958 | 166,855 | 146,178 | 146,178 | 146,178 | 146,178 | 146,178 |
| New Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| Rate Funded System Reinvestment | - | 50,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total Expenses | \$ 699,770 | \$ 752,943 | \$ 815,137 | \$ 827,642 | \$ 840,465 | \$ 868,617 | \$ 861,532 | \$ 860,470 | \$ 874,763 | \$ 889,423 | \$ 904,458 |
| Net Surplus (Deficiency) | \$ 117,930 | \$ (61,821) | \$ (120,523) | \$ (129,515) | \$ (138,808) | \$ (163,411) | \$ (152,755) | \$ (148,107) | \$ (158,798) | \$ (169,834) | \$ (181,226) |
| Additions to Meet Coverage | - | - | - | - | - | - | - | - | - | - | - |
| Total Surplus (Deficiency) | \$ 117,930 | \$ (61,821) | \$ (120,523) | \$ (129,515) | \$ (138,808) | \$ (163,411) | \$ (152,755) | \$ (148,107) | \$ (158,798) | \$ (169,834) | \$ (181,226) |
| % of Rate Revenue | 0.00% | 8.98% | 17.42% | 18.63% | 19.86% | 23.27% | 21.64% | 20.88% | 22.28% | 23.70% | 25.17% |
| Annual Rate Adjustment | 0.00% | 15.00% | 7.00% | 2.50% | 2.50% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Cumulative Annual Rate Adjustment | 0.00% | 15.00% | 23.05% | 26.13% | 29.28% | 30.57% | 31.88% | 33.20% | 34.53% | 35.87% | 37.23% |
| Rate Revenues After Rate Increase | \$ 685,000 | \$ 791,689 | \$ 851,342 | \$ 876,989 | \$ 903,408 | \$ 917,005 | \$ 930,806 | \$ 944,814 | \$ 959,034 | \$ 973,467 | \$ 988,118 |
| Additional Taxes from Rate Increase | \$ - | \$ 2,775 | \$ 4,286 | \$ 4,882 | \$ 5,499 | \$ 5,770 | \$ 6,047 | \$ 6,328 | \$ 6,615 | \$ 6,907 | \$ 7,205 |
| Net Cash Flow After Rate Increase | \$ 117,930 | \$ 38,668 | \$ 34,667 | \$ 47,265 | \$ 60,298 | \$ 45,526 | \$ 66,195 | \$ 81,042 | \$ 80,736 | \$ 80,277 | \$ 79,656 |
| Coverage After Rate Increases | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Average Residential Sewer Bill | \$ 82.30 | \$ 94.65 | \$ 101.27 | \$ 103.80 | \$ 106.40 | \$ 107.46 | \$ 108.54 | \$ 109.62 | \$ 110.72 | \$ 111.82 | \$ 112.94 |
| Increase from Previous Year | \$ - | 12.35 | 6.63 | 2.53 | 2.60 | 1.06 | 1.07 | 1.09 | 1.10 | 1.11 | 1.12 |



City of McCleary
Home of the McCleary Bear Festival

City of McCleary Sewer Rate Study Summary

| Fund Balance | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING FUND | | | | | | | | | | | |
| Beginning Balance | \$ 196,960 | \$ 87,518 | \$ 88,056 | \$ 90,078 | \$ 92,150 | \$ 94,275 | \$ 98,920 | \$ 101,154 | \$ 100,979 | \$ 103,329 | \$ 105,739 |
| plus: Net Cash Flow after Rate Increase | 117,930 | 38,668 | 34,667 | 47,265 | 60,298 | 45,526 | 66,195 | 81,042 | 80,736 | 80,277 | 79,656 |
| less: Transfer of Surplus to Capital Fund | (227,373) | (38,129) | (32,645) | (45,193) | (58,173) | (40,882) | (63,961) | (81,216) | (78,386) | (77,868) | (77,184) |
| Ending Balance | \$ 87,518 | \$ 88,056 | \$ 90,078 | \$ 92,150 | \$ 94,275 | \$ 98,920 | \$ 101,154 | \$ 100,979 | \$ 103,329 | \$ 105,739 | \$ 108,210 |
| O&M Target Balance | \$ 87,518 | \$ 88,056 | \$ 90,078 | \$ 92,150 | \$ 94,275 | \$ 98,920 | \$ 101,154 | \$ 100,979 | \$ 103,329 | \$ 105,739 | \$ 108,210 |
| Days | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| CAPITAL | | | | | | | | | | | |
| Beginning Balance | \$ - | \$ 8,955 | \$ 44,884 | \$ 100,982 | \$ 170,324 | \$ 253,375 | \$ 294,900 | \$ 360,232 | \$ 443,594 | \$ 524,946 | \$ 606,614 |
| plus: Rate Funded System Reinvestment/ Equipment Transfers | - | 50,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| plus: Transfers from Operating Fund | 227,373 | 38,129 | 32,645 | 45,193 | 58,173 | 40,882 | 63,961 | 81,216 | 78,386 | 77,868 | 77,184 |
| plus: Grants/ Donations/ CIAC | - | - | - | - | - | - | - | - | - | - | - |
| plus: Connection Fee Revenue | 15,582 | 22,788 | 23,392 | 24,012 | 24,648 | 25,301 | 25,972 | 26,660 | 27,366 | 28,092 | 28,836 |
| less: Connection Fees Towards Debt | - | - | - | - | - | - | - | - | - | - | - |
| plus: Net Debt Proceeds Available for Projects | - | - | - | - | - | - | - | - | - | - | - |
| plus: Interest Earnings | - | 12 | 61 | 136 | 230 | 342 | 398 | 486 | 599 | 709 | 819 |
| Total Funding Sources | \$ 242,955 | \$ 119,884 | \$ 200,982 | \$ 270,324 | \$ 353,375 | \$ 419,900 | \$ 485,232 | \$ 568,594 | \$ 649,946 | \$ 731,614 | \$ 813,453 |
| less: Capital Expenditures | (234,000) | (75,000) | (100,000) | (100,000) | (100,000) | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) |
| Ending Working Capital Balance | \$ 8,955 | \$ 44,884 | \$ 100,982 | \$ 170,324 | \$ 253,375 | \$ 294,900 | \$ 360,232 | \$ 443,594 | \$ 524,946 | \$ 606,614 | \$ 688,453 |
| Minimum Target Balance | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 |
| COMBINED BEGINNING FUND BALANCE | \$ 196,960 | \$ 96,472 | \$ 132,941 | \$ 191,060 | \$ 262,474 | \$ 347,651 | \$ 393,820 | \$ 461,386 | \$ 544,574 | \$ 628,275 | \$ 712,352 |
| COMBINED ENDING FUND BALANCE | \$ 96,472 | \$ 132,941 | \$ 191,060 | \$ 262,474 | \$ 347,651 | \$ 393,820 | \$ 461,386 | \$ 544,574 | \$ 628,275 | \$ 712,352 | \$ 796,663 |
| Combined Days | 66 | 91 | 127 | 171 | 222 | 239 | 274 | 324 | 366 | 404 | 442 |
| Total Combined Ending Fund Balance Target | \$ 337,518 | \$ 338,056 | \$ 340,078 | \$ 342,150 | \$ 344,275 | \$ 348,920 | \$ 351,154 | \$ 350,979 | \$ 353,329 | \$ 355,739 | \$ 358,210 |



City of McCleary Sewer Rate Study

Assumptions

| Economic & Financial Factors | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|------------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | General Cost Inflation | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% |
| 2 | Construction Cost Inflation | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% | 2.65% |
| 3 | Labor Cost Inflation | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% | 2.09% |
| 4 | Benefit Cost Inflation | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% | 3.56% |
| 5 | General Inflation plus Composite Growth | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% | 2.47% |
| 6 | Customer Growth | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| 7 | Demand Growth | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| 8 | No Escalation | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 9 | Medical Benefits | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% |
| | Investment Interest | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| | Excise Taxes | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% |
| | Treatment Share | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% |
| | Net Sewer Taxes | 2.688% | 2.688% | 2.688% | 2.688% | 2.688% | 2.688% | 2.688% | 2.688% | 2.688% | 2.688% | 2.688% |
| | B&O Taxes | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| | City Tax | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% | 8.99% |

| Accounting Assumptions | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| FISCAL POLICY RESTRICTIONS | | | | | | | | | | | | |
| Min. Op. Fund Balance Target (days of O&M expense) | | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Max. Op. Fund Balance (days of O&M expense) | | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Minimum Capital Fund Balance Target | | | | | | | | | | | | |
| Select Minimum Capital Fund Balance Target | 2 | User Input | | | | | | | | | | |
| 1 - Defined as % of Plant | | | | | | | | | | | | |
| Plant-in-Service in 2015 | \$ - | \$ 47 | \$ 62 | \$ 83 | \$ 105 | \$ 127 | \$ 156 | \$ 185 | \$ 215 | \$ 246 | \$ 277 | \$ 310 |
| Minimum Capital Fund Balance - % of plant assets | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| 2 - Amount at Right ==> | | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 |
| RATE FUNDED SYSTEM REINVESTMENT | | | | | | | | | | | | |
| Select Reinvestment Funding Strategy | 3 | User Input | | | | | | | | | | |
| Amount of Annual Cash Funding from Rates | | | | | | | | | | | | |
| 1 - Equal to Annual Depreciation Expense | | \$ 4,680 | \$ 6,220 | \$ 8,327 | \$ 10,490 | \$ 12,711 | \$ 15,560 | \$ 18,485 | \$ 21,487 | \$ 24,569 | \$ 27,733 | \$ 30,980 |
| 2 - Equal to Annual Depreciation Expense less Annual Debt Principal Payments | | (55,243) | (55,474) | (55,217) | (54,988) | (54,788) | (54,050) | (32,758) | (32,062) | (31,390) | (30,744) | (30,128) |
| 3 - Equal to Amount at Right ==> | | \$ - | \$ 50,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| 4 - Do Not Fund System Reinvestment | | | | | | | | | | | | |



City of McCleary
Home of the McCleary Bear Festival

City of McCleary Sewer Rate Study

Assumptions

| Capital Financing Assumptions | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| Connection Fee Charges | | | | | | | | | | | | |
| Current Connection Fees | \$ 3,700 | \$ 3,700 | \$ 3,798 | \$ 3,899 | \$ 4,002 | \$ 4,108 | \$ 4,217 | \$ 4,329 | \$ 4,443 | \$ 4,561 | \$ 4,682 | \$ 4,806 |
| Total Meter Customer Equivalents | 1,192 | 1,198 | 1,204 | 1,210 | 1,216 | 1,222 | 1,228 | 1,234 | 1,241 | 1,247 | 1,253 | |
| Additional Units Per Year | 4 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Connection Fee Revenues | \$ 15,582 | \$ 22,788 | \$ 23,392 | \$ 24,012 | \$ 24,648 | \$ 25,301 | \$ 25,972 | \$ 26,660 | \$ 27,366 | \$ 28,092 | \$ 28,836 | |
| REVENUE BONDS | | | | | | | | | | | | |
| Term (years) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Only Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Rate | 4.50% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Issuance Cost | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| Revenue Bond Coverage Requirement | 1.25 | | | | | | | | | | | |
| Use Reserves to Pay for Last Payment | Yes | | | | | | | | | | | |
| PWTF LOANS | | | | | | | | | | | | |
| Term | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Rate | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| OTHER LOANS | | | | | | | | | | | | |
| Term (years) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Interest Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Issuance Cost | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |



City of McCleary Sewer Rate Study

Operating Revenue and Expenditure Forecast

| | | | Actuals | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
|--|----------------------------------|-----------------------------|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenues | | | FORECAST BASIS | | | | | | | | | | | |
| | | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Rate Revenue | | | | | | | | | | | | | | |
| 343 50 00 00 | Sewer Service Charges | Customer Growth | \$ 687,028 | \$ 685,000 | \$ 688,425 | \$ 691,867 | \$ 695,326 | \$ 698,803 | \$ 702,297 | \$ 705,809 | \$ 709,338 | \$ 712,884 | \$ 716,449 | \$ 720,031 |
| | [Extra] | No Escalation | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Sewer Sales | | | \$ 687,028 | \$ 685,000 | \$ 688,425 | \$ 691,867 | \$ 695,326 | \$ 698,803 | \$ 702,297 | \$ 705,809 | \$ 709,338 | \$ 712,884 | \$ 716,449 | \$ 720,031 |
| Non-rate revenues | | | | | | | | | | | | | | |
| 343 90 00 02 | Other Charges Related To Sewer | General Cost Inflation | \$ 2,731 | \$ 1,500 | \$ 1,529 | \$ 1,559 | \$ 1,590 | \$ 1,621 | \$ 1,653 | \$ 1,686 | \$ 1,719 | \$ 1,752 | \$ 1,787 | \$ 1,822 |
| 361 10 04 07 | Interest Earnings-investments | Calculated | 292 | 250 | 199 | 200 | 203 | 206 | 209 | 215 | 218 | 218 | 222 | 225 |
| 369 10 00 00 | Sale Of Scrap Metal And Junk | General Cost Inflation | 30 | 250 | 255 | 260 | 265 | 270 | 276 | 281 | 286 | 292 | 298 | 304 |
| 369 90 04 07 | Other Miscellaneous Revenues | No Escalation | - | 65,000 | - | - | - | - | - | - | - | - | - | - |
| 389 00 04 07 | Other Non - Revenues | General Cost Inflation | 701 | 700 | 714 | 728 | 742 | 757 | 771 | 787 | 802 | 818 | 834 | 850 |
| | Transfer from Sewer Reserve Fund | No Escalation | - | 65,000 | - | - | - | - | - | - | - | - | - | - |
| | [Extra] | No Escalation | - | - | - | - | - | - | - | - | - | - | - | - |
| | [Extra] | No Escalation | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Non-rate revenues | | | \$ 3,754 | \$ 132,700 | \$ 2,697 | \$ 2,747 | \$ 2,800 | \$ 2,854 | \$ 2,909 | \$ 2,968 | \$ 3,026 | \$ 3,081 | \$ 3,140 | \$ 3,201 |
| TOTAL REVENUES | | | \$ 690,782 | \$ 817,700 | \$ 691,122 | \$ 694,614 | \$ 698,127 | \$ 701,657 | \$ 705,206 | \$ 708,777 | \$ 712,363 | \$ 715,965 | \$ 719,589 | \$ 723,232 |
| Expenses | | | FORECAST BASIS | | | | | | | | | | | |
| | | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Excise Taxes: Sewer | | | | | | | | | | | | | | |
| | Calculated | | \$ 17,871 | \$ 17,500 | 18,884 | 18,986 | 19,089 | 19,193 | 19,297 | 19,403 | 19,509 | 19,615 | 19,723 | 19,831 |
| 528 60 51 03 | E911 Service Dispatch | General Cost Inflation | \$ 554 | \$ 1,350 | \$ 1,377 | \$ 1,404 | \$ 1,431 | \$ 1,459 | \$ 1,488 | \$ 1,517 | \$ 1,547 | \$ 1,577 | \$ 1,608 | \$ 1,640 |
| 535 70 10 07 | Salaries and Wages | Labor Cost Inflation | 195,650 | 203,000 | 207,245 | 211,579 | 216,003 | 220,520 | 225,131 | 229,838 | 234,645 | 239,551 | 244,560 | 249,674 |
| 535 70 20 07 | Personnel Benefits | Benefit Cost Inflation | 107,151 | 110,000 | 113,920 | 117,979 | 122,183 | 126,536 | 131,045 | 135,714 | 140,550 | 145,558 | 150,745 | 156,116 |
| 535 70 31 03 | Office - Supplies | General Cost Inflation | 2,465 | 2,000 | 2,039 | 2,079 | 2,120 | 2,162 | 2,204 | 2,247 | 2,292 | 2,337 | 2,382 | 2,429 |
| 535 70 31 04 | Operating Supplies | General Cost Inflation | 29,576 | 25,000 | 25,491 | 25,991 | 26,502 | 27,022 | 27,553 | 28,094 | 28,645 | 29,208 | 29,781 | 30,366 |
| 535 70 31 05 | Fuel | General Cost Inflation | 4,615 | 4,500 | 4,588 | 4,678 | 4,770 | 4,864 | 4,959 | 5,057 | 5,156 | 5,257 | 5,361 | 5,466 |
| 535 70 41 07 | Professional Services | General Cost Inflation | 43,921 | 37,500 | 38,236 | 38,987 | 39,752 | 40,533 | 41,329 | 42,140 | 42,968 | 43,811 | 44,671 | 45,549 |
| 535 70 41 12 | Prof. Services - legal | General Cost Inflation | 858 | 5,000 | 5,098 | 5,198 | 5,300 | 5,404 | 5,511 | 5,619 | 5,729 | 5,842 | 5,956 | 6,073 |
| 535 70 41 13 | General Sewer Plan - Engineering | General Cost Inflation | 15,485 | 10,000 | - | - | - | - | 15,000 | 15,000 | - | - | - | - |
| 535 70 42 01 | Communications | General Cost Inflation | 9,899 | 10,000 | 10,196 | 10,397 | 10,601 | 10,809 | 11,021 | 11,237 | 11,458 | 11,683 | 11,912 | 12,146 |
| 535 70 43 07 | Travel | General Cost Inflation | 47 | 500 | 510 | 520 | 530 | 540 | 551 | 562 | 573 | 584 | 596 | 607 |
| 535 70 44 01 | Advertising | General Cost Inflation | 48 | 250 | 255 | 260 | 265 | 270 | 276 | 281 | 286 | 292 | 298 | 304 |
| 535 70 45 10 | Rental/lease equipment | General Cost Inflation | 12 | 200 | 204 | 208 | 212 | 216 | 220 | 225 | 229 | 234 | 238 | 243 |
| 535 70 46 01 | Insurance | General Cost Inflation | 22,155 | 24,500 | 24,981 | 25,472 | 25,972 | 26,482 | 27,001 | 27,532 | 28,072 | 28,623 | 29,185 | 29,758 |
| 535 70 47 01 | Public Utility Service | General Cost Inflation | 51,846 | 54,000 | 55,060 | 56,141 | 57,244 | 58,368 | 59,513 | 60,682 | 61,873 | 63,088 | 64,327 | 65,590 |
| 535 70 48 01 | Repair and Maintenance | General Cost Inflation | 28,338 | 24,000 | 24,471 | 24,952 | 25,442 | 25,941 | 26,450 | 26,970 | 27,499 | 28,039 | 28,590 | 29,151 |
| 535 70 49 00 | Training | General Cost Inflation | 648 | 1,000 | 1,020 | 1,040 | 1,060 | 1,081 | 1,102 | 1,124 | 1,146 | 1,168 | 1,191 | 1,215 |
| 535 70 49 17 | Miscellaneous-permits and fees | No Escalation | 3,266 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 535 70 49 27 | Miscellaneous | General Cost Inflation | 174 | 100 | 102 | 104 | 106 | 108 | 110 | 112 | 115 | 117 | 119 | 121 |
| 535 70 79 00 | Legal Settlement Cost | General Cost Inflation | 2,500 | - | - | - | - | - | - | - | - | - | - | - |
| Capital Expenditures | | | | | | | | | | | | | | |
| 594 35 63 00 | Capital Outlay - System | Construction Cost Inflation | \$ 22,790 | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 594 35 63 01 | Capital Outlay - Building | Construction Cost Inflation | - | - | - | - | - | - | - | - | - | - | - | - |
| 594 35 64 00 | Capital Outlay - Equipment | Construction Cost Inflation | 48,441 | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | | | | | | | | | | | | | | |
| | [Extra] | No Escalation | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cash O&M Expenditures | | | \$ 537,079 | \$ 532,400 | \$ 535,677 | \$ 547,974 | \$ 560,581 | \$ 573,508 | \$ 601,762 | \$ 615,354 | \$ 614,292 | \$ 628,585 | \$ 643,245 | \$ 658,280 |



City of McCleary Sewer Rate Study Existing Debt Input

| Existing Debt Service - Revenue Bonds | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| REVENUE BOND 1 | | | | | | | | | | | |
| Annual Interest Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment | - | - | - | - | - | - | - | - | - | - | - |
| Total Annual Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Use of Debt reserve for Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL REVENUE BONDS | | | | | | | | | | | |
| Annual Interest Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment | - | - | - | - | - | - | - | - | - | - | - |
| Total Annual Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Use of Debt reserve for Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| Annual Debt Reserve Target on Existing Revenue Bonds | - | - | - | - | - | - | - | - | - | - | - |

| Existing Debt Service - PWTF Loans | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|------|------|------|
| PW-01-691-PRE-130 | | | | | | | | | | | |
| Annual Interest Payment | \$ 618 | \$ 514 | \$ 411 | \$ 309 | \$ 206 | \$ 103 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment | 20,574 | 20,574 | 20,574 | 20,574 | 20,574 | 20,574 | - | - | - | - | - |
| Total Annual Payment | \$ 21,192 | \$ 21,088 | \$ 20,985 | \$ 20,883 | \$ 20,780 | \$ 20,677 | \$ - | \$ - | \$ - | \$ - | \$ - |
| PWTF LOAN 2 | | | | | | | | | | | |
| Annual Interest Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment | - | - | - | - | - | - | - | - | - | - | - |
| Total Annual Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL PWTF LOANS | | | | | | | | | | | |
| Annual Interest Payment | \$ 618 | \$ 514 | \$ 411 | \$ 309 | \$ 206 | \$ 103 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment | 20,574 | 20,574 | 20,574 | 20,574 | 20,574 | 20,574 | - | - | - | - | - |
| Total Annual Payment | \$ 21,192 | \$ 21,088 | \$ 20,985 | \$ 20,883 | \$ 20,780 | \$ 20,677 | \$ - | \$ - | \$ - | \$ - | \$ - |



City of McCleary Sewer Rate Study Existing Debt Input

| Existing Debt Service - Other Loans | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| USDA Sewer Bond 2005 | | | | | | | | | | | |
| Annual Interest Payment | \$ 106,829 | \$ 105,058 | \$ 103,208 | \$ 101,274 | \$ 99,253 | \$ 97,142 | \$ 94,935 | \$ 92,629 | \$ 90,219 | \$ 87,701 | \$ 85,070 |
| Annual Principal Payment | 39,349 | 41,120 | 42,970 | 44,904 | 46,925 | 49,036 | 51,243 | 53,549 | 55,959 | 58,477 | 61,108 |
| Total Annual Payment | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 |
| OTHER LOANS 2 | | | | | | | | | | | |
| Annual Interest Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment | - | - | - | - | - | - | - | - | - | - | - |
| Total Annual Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER LOANS 3 | | | | | | | | | | | |
| Annual Interest Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment | - | - | - | - | - | - | - | - | - | - | - |
| Total Annual Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL OTHER LOANS | | | | | | | | | | | |
| Annual Interest Payment | \$ 106,829 | \$ 105,058 | \$ 103,208 | \$ 101,274 | \$ 99,253 | \$ 97,142 | \$ 94,935 | \$ 92,629 | \$ 90,219 | \$ 87,701 | \$ 85,070 |
| Annual Principal Payment | 39,349 | 41,120 | 42,970 | 44,904 | 46,925 | 49,036 | 51,243 | 53,549 | 55,959 | 58,477 | 61,108 |
| Total Annual Payment | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 |

| Total Existing Debt Service | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| TOTAL SEWER LOANS | | | | | | | | | | | |
| Total Annual Interest Payment | \$ 107,447 | \$ 105,572 | \$ 103,619 | \$ 101,583 | \$ 99,459 | \$ 97,245 | \$ 94,935 | \$ 92,629 | \$ 90,219 | \$ 87,701 | \$ 85,070 |
| Total Principal Payment | 59,923 | 61,694 | 63,544 | 65,478 | 67,499 | 69,610 | 71,743 | 73,949 | 76,219 | 78,559 | 80,958 |
| Total Annual Payment | \$ 167,370 | \$ 167,266 | \$ 167,163 | \$ 167,061 | \$ 166,958 | \$ 166,855 | \$ 166,678 | \$ 166,578 | \$ 166,438 | \$ 166,260 | \$ 166,028 |



City of McCleary
Sewer Rate Study
Capital Improvement Program

Project Costs and O&M Impacts in Year: 2016

| No | Description | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-----------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1 | Capital Outlay | \$ 234,000 | | | | | | | | | | |
| 2 | | | | | | | | | | | | |
| 3 | Annual Estimate | | 75,000 | 100,000 | 100,000 | 100,000 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 |
| 4 | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | |
| 16 | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | |
| 151 | | | | | | | | | | | | |
| Total Capital Projects | | \$ 234,000 | \$ 75,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 |
| Total Upgrade/Expansion Projects | | - | - | - | - | - | - | - | - | - | - | - |
| Total R&R Projects | | 234,000 | 75,000 | 100,000 | 100,000 | 100,000 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 |
| Projects by Grants / Developer Donations | | | | | | | | | | | | |
| Projects by Enterprise Fund | | | | | | | | | | | | |



City of McCleary
Sewer Rate Study
Capital Improvement Program

Project Costs and O&M Impacts in Year:

TOTAL FORECASTED PROJECT COSTS

| No | Description | TOTAL ESCALATED | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-----------------|--------------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1 | Capital Outlay | \$ 234,000 | \$ 234,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Annual Estimate | 1,314,990 | - | 76,987 | 105,370 | 108,162 | 111,028 | 142,463 | 146,238 | 150,113 | 154,091 | 158,174 | 162,365 |
| 4 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 151 | | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Projects | | \$ 1,548,990 | \$ 234,000 | \$ 76,987 | \$ 105,370 | \$ 108,162 | \$ 111,028 | \$ 142,463 | \$ 146,238 | \$ 150,113 | \$ 154,091 | \$ 158,174 | \$ 162,365 |
| Total Upgrade/Expansion Projects | | - | - | - | - | - | - | - | - | - | - | - | - |
| Total R&R Projects | | 1,548,990 | 234,000 | 76,987 | 105,370 | 108,162 | 111,028 | 142,463 | 146,238 | 150,113 | 154,091 | 158,174 | 162,365 |
| Projects by Grants / Developer Donations | | - | - | - | - | - | - | - | - | - | - | - | - |
| Projects by Enterprise Fund | | 1,548,990 | 234,000 | 76,987 | 105,370 | 108,162 | 111,028 | 142,463 | 146,238 | 150,113 | 154,091 | 158,174 | 162,365 |



City of McCleary Sewer Rate Study Revenue Requirements Analysis

| Test 1: Cash Flow Sufficiency Test | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| EXPENSES | | | | | | | | | | | |
| Cash Operating Expenses | \$ 532,400 | \$ 535,677 | \$ 547,974 | \$ 560,581 | \$ 573,508 | \$ 601,762 | \$ 615,354 | \$ 614,292 | \$ 628,585 | \$ 643,245 | \$ 658,280 |
| Existing Debt Service | 167,370 | 167,266 | 167,163 | 167,061 | 166,958 | 166,855 | 146,178 | 146,178 | 146,178 | 146,178 | 146,178 |
| New Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| Rate Funded System Reinvestment | - | 50,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total Expenses | \$ 699,770 | \$ 752,943 | \$ 815,137 | \$ 827,642 | \$ 840,465 | \$ 868,617 | \$ 861,532 | \$ 860,470 | \$ 874,763 | \$ 889,423 | \$ 904,458 |
| REVENUES | | | | | | | | | | | |
| Rate Revenue | \$ 685,000 | \$ 688,425 | \$ 691,867 | \$ 695,326 | \$ 698,803 | \$ 702,297 | \$ 705,809 | \$ 709,338 | \$ 712,884 | \$ 716,449 | \$ 720,031 |
| Other Non Rate Revenue | 132,450 | 2,498 | 2,547 | 2,597 | 2,648 | 2,700 | 2,753 | 2,807 | 2,862 | 2,919 | 2,976 |
| Capital Expansion Fee Revenue Towards Debt | - | - | - | - | - | - | - | - | - | - | - |
| Operating Fund & Debt Reserve Fund Interest Earnings | 250 | 199 | 200 | 203 | 206 | 209 | 215 | 218 | 218 | 222 | 225 |
| Total Revenue | \$ 817,700 | \$ 691,122 | \$ 694,614 | \$ 698,127 | \$ 701,657 | \$ 705,206 | \$ 708,777 | \$ 712,363 | \$ 715,965 | \$ 719,589 | \$ 723,232 |
| NET CASH FLOW (DEFICIENCY) | \$ 117,930 | \$ (61,821) | \$ (120,523) | \$ (129,515) | \$ (138,808) | \$ (163,411) | \$ (152,755) | \$ (148,107) | \$ (158,798) | \$ (169,834) | \$ (181,226) |
| % of Rate Revenue | -17.22% | 8.98% | 17.42% | 18.63% | 19.86% | 23.27% | 21.64% | 20.88% | 22.28% | 23.70% | 25.17% |
| Test 2: Coverage Sufficiency Test | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| EXPENSES | | | | | | | | | | | |
| Cash Operating Expenses (Less Capital Outlays) | \$ 532,400 | \$ 535,677 | \$ 547,974 | \$ 560,581 | \$ 573,508 | \$ 601,762 | \$ 615,354 | \$ 614,292 | \$ 628,585 | \$ 643,245 | \$ 658,280 |
| Revenue Bond Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Bond Coverage Requirement at 1.25 | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | \$ 532,400 | \$ 535,677 | \$ 547,974 | \$ 560,581 | \$ 573,508 | \$ 601,762 | \$ 615,354 | \$ 614,292 | \$ 628,585 | \$ 643,245 | \$ 658,280 |
| ALLOWABLE REVENUES | | | | | | | | | | | |
| Rate Revenue | \$ 685,000 | \$ 688,425 | \$ 691,867 | \$ 695,326 | \$ 698,803 | \$ 702,297 | \$ 705,809 | \$ 709,338 | \$ 712,884 | \$ 716,449 | \$ 720,031 |
| Revenue from City Taxes | 61,582 | 61,889 | 62,199 | 62,510 | 62,822 | 63,137 | 63,452 | 63,769 | 64,088 | 64,409 | 64,731 |
| Other Revenue | 132,450 | 2,498 | 2,547 | 2,597 | 2,648 | 2,700 | 2,753 | 2,807 | 2,862 | 2,919 | 2,976 |
| Capital Expansion Fee Revenue | 15,582 | 22,788 | 23,392 | 24,012 | 24,648 | 25,301 | 25,972 | 26,660 | 27,366 | 28,092 | 28,836 |
| Interest Earnings - All Funds | 250 | 211 | 261 | 339 | 436 | 551 | 613 | 705 | 817 | 930 | 1,044 |
| Total Revenue | \$ 894,864 | \$ 775,812 | \$ 780,266 | \$ 784,785 | \$ 789,358 | \$ 793,986 | \$ 798,599 | \$ 803,279 | \$ 808,019 | \$ 812,798 | \$ 817,617 |
| Coverage Realized (Existing Rates) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| COVERAGE SURPLUS (DEFICIENCY) | \$ 362,464 | \$ 240,136 | \$ 232,292 | \$ 224,204 | \$ 215,850 | \$ 192,224 | \$ 183,245 | \$ 188,987 | \$ 179,433 | \$ 169,553 | \$ 159,338 |
| Maximum Revenue Deficiency | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Sufficiency Test Driving the Deficiency | None | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash | Cash |
| Maximum Revenue Deficiency (Surplus) | \$ (117,930) | \$ 61,821 | \$ 120,523 | \$ 129,515 | \$ 138,808 | \$ 163,411 | \$ 152,755 | \$ 148,107 | \$ 158,798 | \$ 169,834 | \$ 181,226 |
| plus: Additional (Reduction) Excise Tax | (4,754) | 2,492 | 4,859 | 5,221 | 5,596 | 6,587 | 6,158 | 5,970 | 6,401 | 6,846 | 7,306 |
| less: Net Revenue From Prior Rate Adjustments | - | - | (103,780) | (160,273) | (182,571) | (205,628) | (215,781) | (226,122) | (236,654) | (247,380) | (258,304) |
| Net Revenue Deficiency (Surplus) | \$ (122,684) | \$ 64,313 | \$ 21,601 | \$ (25,537) | \$ (38,167) | \$ (35,630) | \$ (56,868) | \$ (72,045) | \$ (71,454) | \$ (70,700) | \$ (69,772) |
| Required Adjustment (Full Year) | -17.91% | 9.34% | 2.71% | -2.98% | -4.33% | -3.92% | -6.17% | -7.70% | -7.53% | -7.34% | -7.13% |



City of McCleary Sewer Rate Study Revenue Requirements Analysis

| Rate Increases | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rate Revenue with no Increase | \$ 685,000 | \$ 688,425 | \$ 691,867 | \$ 695,326 | \$ 698,803 | \$ 702,297 | \$ 705,809 | \$ 709,338 | \$ 712,884 | \$ 716,449 | \$ 720,031 |
| Revenues from Prior Rate Increases | - | - | 103,780 | 160,273 | 182,571 | 205,628 | 215,781 | 226,122 | 236,654 | 247,380 | 258,304 |
| Rate Revenue Before Rate Increase (Incl. previous increases) | 685,000 | 688,425 | 795,647 | 855,599 | 881,374 | 907,926 | 921,590 | 935,460 | 949,538 | 963,829 | 978,335 |
| Required Annual Rate Increase (Full Year) | -17.91% | 9.34% | 2.71% | -2.98% | -4.33% | -3.92% | -6.17% | -7.70% | -7.53% | -7.34% | -7.13% |
| Number of Months New Rates Will Be In Effect | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Info: Percentage Increase to Generate Required Revenue | -17.91% | 9.34% | 2.71% | -2.98% | -4.33% | -3.92% | -6.17% | -7.70% | -7.53% | -7.34% | -7.13% |
| Policy Induced Rate Increases | 0.00% | 15.00% | 7.00% | 2.50% | 2.50% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| ANNUAL RATE INCREASE | 0.00% | 15.00% | 7.00% | 2.50% | 2.50% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| CUMULATIVE RATE INCREASE | 0.00% | 15.00% | 23.05% | 26.13% | 29.28% | 30.57% | 31.88% | 33.20% | 34.53% | 35.87% | 37.23% |

| Impacts of Rate Increases | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Rate Revenues After Rate Increase | \$ 685,000 | \$ 791,689 | \$ 851,342 | \$ 876,989 | \$ 903,408 | \$ 917,005 | \$ 930,806 | \$ 944,814 | \$ 959,034 | \$ 973,467 | \$ 988,118 |
| Full Year Rate Revenues After Rate Increase | 685,000 | 791,689 | 851,342 | 876,989 | 903,408 | 917,005 | 930,806 | 944,814 | 959,034 | 973,467 | 988,118 |
| Partial Year Adjustment | - | - | - | - | - | - | - | - | - | - | - |
| Additional (Reduction of) Taxes Due to Rate Increases | - | 2,775 | 4,286 | 4,882 | 5,499 | 5,770 | 6,047 | 6,328 | 6,615 | 6,907 | 7,205 |
| Net Cash Flow After Rate Increase | \$ 117,930 | \$ 38,668 | \$ 34,667 | \$ 47,265 | \$ 60,298 | \$ 45,526 | \$ 66,195 | \$ 81,042 | \$ 80,736 | \$ 80,277 | \$ 79,656 |
| Coverage After Rate Increase | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Coverage After Rate Increase (Total Debt) | 2.17 | 2.16 | 2.52 | 2.62 | 2.74 | 2.67 | 3.07 | 3.19 | 3.21 | 3.23 | 3.25 |

| New Dept Assumptions | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| Revenue Bond Proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PWTF Loans | - | - | - | - | - | - | - | - | - | - | - |
| Other Loan Proceeds | - | - | - | - | - | - | - | - | - | - | - |

| Fund Balance Impacts | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Ending Fund Balance - Operating Fund | \$ 87,518 | \$ 88,056 | \$ 90,078 | \$ 92,150 | \$ 94,275 | \$ 98,920 | \$ 101,154 | \$ 100,979 | \$ 103,329 | \$ 105,739 | \$ 108,210 |
| Minimum Target - Operating Fund | 87,518 | 88,056 | 90,078 | 92,150 | 94,275 | 98,920 | 101,154 | 100,979 | 103,329 | 105,739 | 108,210 |
| Ending Fund Balance - Capital Fund | \$ 8,955 | \$ 44,884 | \$ 100,982 | \$ 170,324 | \$ 253,375 | \$ 294,900 | \$ 360,232 | \$ 443,594 | \$ 524,946 | \$ 606,614 | \$ 688,453 |
| Minimum Target - Capital Fund | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Annual CIP (Inflated) | \$ 234,000 | \$ 75,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 |

| City Tax Calculations | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rate Revenues | \$ 685,000 | \$ 688,425 | \$ 691,867 | \$ 695,326 | \$ 698,803 | \$ 702,297 | \$ 705,809 | \$ 709,338 | \$ 712,884 | \$ 716,449 | \$ 720,031 |
| Rate Revenues after Increase | 685,000 | 791,689 | 851,342 | 876,989 | 903,408 | 917,005 | 930,806 | 944,814 | 959,034 | 973,467 | 988,118 |
| City Tax (Existing Rates) | 61,582 | 61,889 | 62,199 | 62,510 | 62,822 | 63,137 | 63,452 | 63,769 | 64,088 | 64,409 | 64,731 |
| Additional City Taxes from Increase | - | 9,283 | 14,337 | 16,331 | 18,394 | 19,302 | 20,227 | 21,169 | 22,129 | 23,106 | 24,101 |
| City Tax (After Increase) | 61,582 | 71,173 | 76,536 | 78,841 | 81,216 | 82,439 | 83,679 | 84,939 | 86,217 | 87,515 | 88,832 |



City of McCleary Sewer Rate Study Fund Activity

| Funds | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING FUND (407) | | | | | | | | | | | |
| Beginning Balance | \$ 196,960 | \$ 87,518 | \$ 88,056 | \$ 90,078 | \$ 92,150 | \$ 94,275 | \$ 98,920 | \$ 101,154 | \$ 100,979 | \$ 103,329 | \$ 105,739 |
| plus: Net Cash Flow after Rate Increase | 117,930 | 38,668 | 34,667 | 47,265 | 60,298 | 45,526 | 66,195 | 81,042 | 80,736 | 80,277 | 79,656 |
| less: Transfer of Surplus to Capital Fund (If No Manual Entry) | (227,373) | (38,129) | (32,645) | (45,193) | (58,173) | (40,882) | (63,961) | (81,216) | (78,386) | (77,868) | (77,184) |
| Ending Balance | \$ 87,518 | \$ 88,056 | \$ 90,078 | \$ 92,150 | \$ 94,275 | \$ 98,920 | \$ 101,154 | \$ 100,979 | \$ 103,329 | \$ 105,739 | \$ 108,210 |
| Maximum Funds to be Kept as Operating Reserves | \$ 87,518 | \$ 88,056 | \$ 90,078 | \$ 92,150 | \$ 94,275 | \$ 98,920 | \$ 101,154 | \$ 100,979 | \$ 103,329 | \$ 105,739 | \$ 108,210 |
| Info: No of Days of Cash Operating Expenses | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Info: No of Days of Cash Operating Expenses Target | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Difference over or (under) target funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Manual Entry for Transfer to Capital Fund | | | | | | | | | | | |
| SEWER CAPITAL FUND | | | | | | | | | | | |
| Beginning Balance | | \$ 8,955 | \$ 44,884 | \$ 100,982 | \$ 170,324 | \$ 253,375 | \$ 294,900 | \$ 360,232 | \$ 443,594 | \$ 524,946 | \$ 606,614 |
| plus: Rate Funded System Reinvestment | - | 50,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| plus: Transfers from Operating Fund | 227,373 | 38,129 | 32,645 | 45,193 | 58,173 | 40,882 | 63,961 | 81,216 | 78,386 | 77,868 | 77,184 |
| plus: Grants/ Donations/ CIAC | - | - | - | - | - | - | - | - | - | - | - |
| plus: Connection Fee Revenue | 15,582 | 22,788 | 23,392 | 24,012 | 24,648 | 25,301 | 25,972 | 26,660 | 27,366 | 28,092 | 28,836 |
| less: Connection Fees Towards Debt | - | - | - | - | - | - | - | - | - | - | - |
| plus: Revenue Bond Proceeds | - | - | - | - | - | - | - | - | - | - | - |
| plus: PWTF Loans | - | - | - | - | - | - | - | - | - | - | - |
| plus: Other Loan Proceeds | - | - | - | - | - | - | - | - | - | - | - |
| plus: Interest Earnings | - | 12 | 61 | 136 | 230 | 342 | 398 | 486 | 599 | 709 | 819 |
| Total Funding Sources | \$ 242,955 | \$ 119,884 | \$ 200,982 | \$ 270,324 | \$ 353,375 | \$ 419,900 | \$ 485,232 | \$ 568,594 | \$ 649,946 | \$ 731,614 | \$ 813,453 |
| less: Capital Expenditures | (234,000) | (75,000) | (100,000) | (100,000) | (100,000) | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) |
| | - | - | - | - | - | - | - | - | - | - | - |
| Ending Capital Fund Balance | \$ 8,955 | \$ 44,884 | \$ 100,982 | \$ 170,324 | \$ 253,375 | \$ 294,900 | \$ 360,232 | \$ 443,594 | \$ 524,946 | \$ 606,614 | \$ 688,453 |
| Minimum Target Balance | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 |
| COMBINED BEGINNING FUND BALANCE | \$ 196,960 | \$ 96,472 | \$ 132,941 | \$ 191,060 | \$ 262,474 | \$ 347,651 | \$ 393,820 | \$ 461,386 | \$ 544,574 | \$ 628,275 | \$ 712,352 |
| COMBINED ENDING FUND BALANCE | \$ 96,472 | \$ 132,941 | \$ 191,060 | \$ 262,474 | \$ 347,651 | \$ 393,820 | \$ 461,386 | \$ 544,574 | \$ 628,275 | \$ 712,352 | \$ 796,663 |
| Info: No of Days of Cash Operating Expenses | 66 | 91 | 127 | 171 | 222 | 239 | 274 | 324 | 366 | 404 | 442 |



City of McCleary Sewer Rate Study Fund Activity

| | | | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| SEWER BOND RESERVE FUND (421) | | | | | | | | | | | | |
| Beginning Balance | \$ 118,735 | \$ 118,895 | \$ 119,056 | \$ 119,216 | \$ 119,377 | \$ 119,538 | \$ 119,700 | \$ 119,861 | \$ 120,023 | \$ 120,185 | \$ 120,347 | |
| plus: Investment Interest | 160 | 161 | 161 | 161 | 161 | 161 | 162 | 162 | 162 | 162 | 162 | |
| plus: Reserve Funding from New Debt | - | - | - | - | - | - | - | - | - | - | - | |
| less: Use of Reserves for Debt Service | - | - | - | - | - | - | - | - | - | - | - | |
| Ending Balance | \$ 118,895 | \$ 119,056 | \$ 119,216 | \$ 119,377 | \$ 119,538 | \$ 119,700 | \$ 119,861 | \$ 120,023 | \$ 120,185 | \$ 120,347 | \$ 120,510 | |
| Minimum Target Balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| SEWER RESERVE FUND (423) | | | | | | | | | | | | |
| Beginning Balance | \$ 124,959 | \$ 60,128 | \$ 60,209 | \$ 60,290 | \$ 60,372 | \$ 60,453 | \$ 60,535 | \$ 60,616 | \$ 60,698 | \$ 60,780 | \$ 60,862 | |
| plus: Investment Interest | 169 | 81 | 81 | 81 | 82 | 82 | 82 | 82 | 82 | 82 | 82 | |
| plus: Transfers in | - | - | - | - | - | - | - | - | - | - | - | |
| Total Funding Sources | \$ 125,128 | \$ 60,209 | \$ 60,290 | \$ 60,372 | \$ 60,453 | \$ 60,535 | \$ 60,616 | \$ 60,698 | \$ 60,780 | \$ 60,862 | \$ 60,944 | |
| less: Transfers to 407 | (65,000) | - | - | - | - | - | - | - | - | - | - | |
| Ending Balance | \$ 60,128 | \$ 60,209 | \$ 60,290 | \$ 60,372 | \$ 60,453 | \$ 60,535 | \$ 60,616 | \$ 60,698 | \$ 60,780 | \$ 60,862 | \$ 60,944 | |
| Connection Fee Revenue Allocation | | | | | | | | | | | | |
| Existing Debt Service | \$ 167,370 | \$ 167,266 | \$ 167,163 | \$ 167,061 | \$ 166,958 | \$ 166,855 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | |
| New Debt Service | - | - | - | - | - | - | - | - | - | - | - | |
| Total Debt Service | \$ 167,370 | \$ 167,266 | \$ 167,163 | \$ 167,061 | \$ 166,958 | \$ 166,855 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | \$ 146,178 | |
| Connection Fee Revenue | \$ 15,582 | \$ 22,788 | \$ 23,392 | \$ 24,012 | \$ 24,648 | \$ 25,301 | \$ 25,972 | \$ 26,660 | \$ 27,366 | \$ 28,092 | \$ 28,836 | |
| % Towards Debt | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Connection Fee Revenue Towards Debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |

TECHNICAL APPENDIX D: POLE ATTACHMENT FEES



September 19, 2016

Todd Baun
Public Works Director
City of McCleary
McCleary, WA 98557

Dear Mr. Baun:

Attached is the completed pole attachment analysis, with summary and recommendations.

A. Data Integrity

The pole attachment rate is comprised of three factors: allocation factor, pole cost, and carrying charge. We offer the following comments with regard to the data integrity:

Allocation Factor

This factor is used to allocate the portion of the pole that can be charged to the pole attacher. The supplied pole records were excellent and allowed us to determine a sound allocation factor.

Pole Cost

The Original Installed Cost (OIC) for the poles was not available. Our work-around was to take a replacement cost for a pole, and then adjust it using the Handy-Whitman Index to derive an original installed cost for the various years the poles were installed.

The replacement cost per pole size was determined for each pole height by our engineering staff. This formed the basis to derive the OIC and net book value pole cost. A weighted average of the pole cost was used in the rate analysis. Refer to Page 7 (or worksheet tab "PSE OIC").

Carrying Charge

The carrying charge is used to calculate the annual cost of owning and maintaining a pole. We did not have adequate information to determine this from the supplied information. Our work-around is outlined below. Refer to Page 8 (or worksheet tab "carry chrg").

- O&M and A&G - Use data from a 2012 American Public Power Association (APPA) Financial and Operating Ratios report to act as a proxy for both Operations &

Maintenance and Administrative & General costs. We used data for the West region. The APPA report also had operating ratios listed by size of utility. We elected not to use that data as it would have significantly increased the carrying charge and we had no basis to defend such numbers. Excerpts of the relevant APPA tables are included in the detailed spreadsheet model. (See worksheet tab "carry chrg").

- Cost of Capital - We determined this by using a 4% bond rate plus a 1.3% return. The bond rate was an average of Washington municipal bonds over the 2009 to 2016 period. The 1.3% return is the weighted average return for McCleary for the 2011 to 2015 period (using the supplied budget sheet. Refer to Page 9 (or cell M143 in worksheet "return"). The year by year return varied from a high of 3.6% to a low of minus 2.2%.
- Depreciation - We used a 35 year life. Annual depreciation was 1/35 or 2.9% per year.
- Total Plant - The total McCleary distribution OIC was estimated by using plant data for other small municipals in Washington. The proxy to determine total plant was \$3,670 per customer times 1,000 customers. This gave us an original installed cost of \$3,700,000 for the McCleary distribution system. Refer to Page 8 (or worksheet tab "carry chrg"). We used the average pole age of 22 years as a proxy for the age of the entire McCleary plant.

B. FCC and APPA Rental Methodology

Below is a brief description of the various rate methodologies.

FCC Rate Formula

1. Pre--2011 formula
 - a. Pole cost is based on original installed cost of each pole which is then depreciated
 - b. Only 2/3 of the common pole length is cost shared. Sharing ratio is based on average number of attachments which includes the electric utility that owns the pole.
 - c. Carrying charge is based on net plant. Carrying charge includes A&G, O&M, cost of capital and depreciation.
2. Post - 2011 formula
 - a. The price derived using the pre-2011 formula is lowered by the following ratios: .66 for urban and .44 for rural.
 - b. A special formula or a "floor" is set by having a carrying charge cover only A&G and O&M. No capital recovery of the pole is included in determining this minimum charge.

APPA Rate Formula

1. Pole cost is based on original installed cost of each pole. (i.e., pole cost is not depreciated)
2. 100% of the common pole length including the 40 inch safety space is cost shared. Sharing ratio is based on average number of attachments which includes the electric utility that owns the pole.

3. Carrying charge is based on gross plant. Carrying charge includes A&G, O&M, cost of capital and depreciation.

Washington State formula

1. Washington state statute RCW 54.04.045 provides a formula which regulated utilities use.
2. It is a 50/50 blend of the FCC pre 2011 formula and the APPA formula.
3. Municipals are exempt from both FCC and Washington state regulations.

C. Recommendations and Observations

1. The pole rental rates developed should be considered as "ball park" due to the many assumptions used to make up for the lack of financial data.
2. Hence, we suggest that any decision to raise rates be tempered by:
 - a. Not being overly aggressive in raising rates which may be difficult to defend.
 - b. Knowing how McCleary's new rates compare to neighboring utilities.
3. A philosophical decision also enters into this. Should the City want to promote broadband, then raising the rates may be a disincentive to the broadband goal. Our observations of the FCC pole attachment rate design was centered on forcing the pole rental lower to promote broadband.
4. McCleary's poles are fairly old at 22 years. The pole cost used in the analysis will tend to increase as poles are replaced. For this reason, it may be useful to review the attachment rates every few years.
5. Rate Recommendation - We suggest that the pole rates could range from a low of \$12.00/pole/year to a high of \$15.93/pole/year. Refer to Page 4 (or worksheet tab "Summary"). The low end is based on the Minimum FCC method. The high end is based on the State of Washington formula that allows a 50/50 split between the FCC (pre 2011 method) and the American Public Power Association method. Note that the high end (\$15.93) is within the range of several peer utilities in the region. Should the McCleary lean towards the higher rate (\$15.93), consideration should be given to a phase-in period.

Very truly yours,



Richard J. Macke
Vice President, Economics, Rates,
and Business Planning

cc: Ms. Angie Sanchez Virnoche, FCS Group
cc: John Gasal, PSE

Attachments

Summary Pole Attachment Results

| | Method | Cost of Pole | Carrying Charge | Allocation Factor | Annual Rental |
|---|----------------------------|--------------|-----------------|-------------------|---------------|
| 1 | FCC pre 2011 | \$ 269 | 31.7% | 18.9% | \$ 16.16 |
| 2 | FCC post 2011: | | | | |
| 3 | Urban (.66 * line 1) | | | | \$ 10.67 |
| 4 | Rural (.44 * line 1) | | | | \$ 7.11 |
| 5 | Minimum (O&M + A&G) | \$ 269 | 23.6% | 18.9% | \$ 12.00 |
| 7 | APPA | \$ 441 | 11.8% | 30.2% | \$ 15.70 |
| 8 | 1/2 of FCC pre 2011 & APPA | | | | \$ 15.93 |

Change in Revenue based on Calculated Rentals

| | Existing rate | FCC Rate, pre -2011 | FCC Minimum Rate | APPA rate | 50/50 Blend |
|----------------------|---------------|---------------------|------------------|-----------|-------------|
| number attachments | 1113 | 1113 | 1113 | 1113 | 1113 |
| Rate per Pole | \$ 7.00 | \$ 16.16 | \$ 12.00 | \$ 15.70 | \$ 15.93 |
| Total Revenue | \$ 7,791 | \$ 17,987 | \$ 13,359 | \$ 17,479 | \$ 17,733 |
| Change from existing | - | \$ 10,196 | \$ 5,568 | \$ 9,688 | \$ 9,942 |

Peer Group Pole Rental Rates

| Utility | Rate |
|----------------------|-----------------|
| City of Centralia | \$ 14.27 |
| City of Port Angeles | \$ 15.85 |
| Jefferson Cty PUD | \$ 18.56 |
| Grays Harbor PUC | \$ 20.50 |
| City of Milton | \$ 23.15 |
| Cowlitz PUD | \$ 30.04 |
| Average | \$ 20.40 |
| Median | \$ 19.53 |

Rate Recommendation

| Range | Rate |
|----------|----------|
| Low End | \$ 12.00 |
| High End | \$ 15.93 |

Allocation Factors

FCC method

| | | |
|---|--------------|--|
| Number poles with 1 attachment | 197 | |
| Number poles with 2 or more attach. | 436 | |
| Number of communication attachers | 1069 | $E7+E8=E9$ |
| Total poles with attachments | 633 | |
| Average No. Attachers/Pole | 2.69 | Includes utility as atta $E9/E10+1=E12$ |
| Space Occupied | 1 | |
| Two-Thirds | 0.667 | |
| Unusable Space | 26.5 | |
| No. Attaching Entities | 2.69 | $E12=E17$ |
| Pole Height | 40 | Base on McCleary average |
| Attacher Responsibility Percentage | 18.9% | $(E14+(E15*(E16/E17)))/E18 =E19$ |

APPA method

| | |
|---|--------------|
| Pole Height | 40 |
| Attachment space | 1 |
| Assignable space | 10.17 |
| Common space | 29.8 |
| Number attachers | 2.69 |
| Allocation components: | |
| assignable | 2.5% |
| common space | 27.7% |
| Attacher Responsibility Percentage | 30.2% |

Summary Pole Statistics

Summary by pole size

| Size | Average Age | Number poles | % | # poles * size |
|-------------------------------------|-------------|--------------|-------------|----------------|
| 30 | 28.1 | 58 | 8% | 1740 |
| 35 | 33.1 | 170 | 23% | 5950 |
| 40 | 21.1 | 275 | 37% | 11000 |
| 45 | 11.6 | 209 | 28% | 9405 |
| 50 | 14.2 | 6 | 1% | 300 |
| 55 | 28.8 | 4 | 1% | 220 |
| 60 | 40.0 | 16 | 2% | 960 |
| 65 | 37.5 | 2 | 0% | 130 |
| 75 | 7.5 | 10 | 1% | 750 |
| Total | 22.0 | 750 | 100% | 30455 |
| Weighted average pole height | | | | 40.6067 |

| Summary grouped by age | | | Detail Age Summary by Pole Size | | | | | | |
|------------------------|--------------|-----|---------------------------------|------|------|-----|-----|-----|------|
| | | | Total Poles | | <=30 | 35 | 40 | 45 | >=50 |
| Age, years | Number poles | % | # poles | | | | | | |
| 1.0 | 27 | 4% | 0 | 2 | 10 | 15 | 0 | | |
| 2.0 | 15 | 2% | 0 | 0 | 0 | 15 | 0 | | |
| 3.0 | 8 | 1% | 0 | 0 | 8 | 0 | 0 | | |
| 5.0 | 47 | 6% | 1 | 6 | 3 | 30 | 7 | | |
| 7.0 | 2 | 0% | 0 | 0 | 0 | 2 | 0 | | |
| 8.0 | 1 | 0% | 0 | 0 | 1 | 0 | 0 | | |
| 10.0 | 180 | 24% | 11 | 23 | 67 | 77 | 2 | | |
| 15.0 | 116 | 15% | 4 | 4 | 51 | 48 | 9 | | |
| 20.0 | 49 | 7% | 7 | 3 | 35 | 4 | 0 | | |
| 23.0 | 1 | 0% | 0 | 0 | 1 | 0 | 0 | | |
| 24.0 | 1 | 0% | 1 | 0 | 0 | 0 | 0 | | |
| 25.0 | 45 | 6% | 9 | 12 | 19 | 5 | 0 | | |
| 30.0 | 50 | 7% | 7 | 23 | 15 | 4 | 1 | | |
| 35.0 | 46 | 6% | 0 | 30 | 14 | 2 | 0 | | |
| 40.0 | 84 | 11% | 5 | 22 | 37 | 3 | 17 | | |
| 45.0 | 6 | 1% | 1 | 3 | 0 | 0 | 2 | | |
| 50.0 | 59 | 8% | 11 | 30 | 14 | 4 | 0 | | |
| 55.0 | 7 | 1% | 0 | 7 | 0 | 0 | 0 | | |
| 60.0 | 5 | 1% | 1 | 4 | 0 | 0 | 0 | | |
| 65.0 | 1 | 0% | 0 | 1 | 0 | 0 | 0 | | |
| | | | 750 | 100% | 58 | 170 | 275 | 209 | 38 |

**Develop Original Installed Cost and Depreciated Pole Cost using
PSE engineering estimate for replacement cost**

Summary of Pole Cost using PSE replacement cost

| Size | Replacement Pole Cost | Number Poles | Original Installed Cost | Net Book Value |
|--------------------------------|-----------------------|--------------|-------------------------|----------------|
| 30 | \$ 638 | 58 | \$ 14,981 | \$ 6,866 |
| 35 | \$ 674 | 170 | \$ 39,009 | \$ 15,341 |
| 40 | \$ 765 | 275 | \$ 108,599 | \$ 61,685 |
| 45 | \$ 915 | 209 | \$ 134,276 | \$ 99,368 |
| 50 & greater | \$ 2,000 | 38 | \$ 33,864 | \$ 18,702 |
| Total | | 750 | \$ 330,730 | \$ 201,962 |
| Average Pole Cost for Analysis | | | \$ 441 | \$ 269 |

Common Analysis Inputs

| | |
|---|-------|
| Depreciation | 35 |
| Handy Whitman Index for 2015 Replacement Pole | 683.0 |

Estimation of Annual Carrying Charge

Results

| | |
|----------------------------------|-----------------------------|
| Annual Carrying Charge : | |
| Based on Original Installed Cost | 11.8% Used for APPA formula |
| Based on Net Plant | 31.7% Used for FCC formula |

Calculations

Estimate total distribution plant

| | | |
|------------------------------------|--------------|--|
| # customers | 1000 | |
| \$ distribution plant per customer | \$ 3,670 | Based small WA utilities (table 1 below) |
| Original Installed Cost | \$ 3,669,514 | Estimate for total McCleary Dist Plant |
| Age of Plant | 22 | same as pole age |
| Depreciation life in years | 35 | |
| Depreciation in \$ | \$ 2,306,552 | |
| Net Plant | \$ 1,362,962 | |

Carrying Charge Components

| | | | |
|--------------------------------------|------------|------------------------|-------|
| A&G | | | |
| # customers | 1000 | | |
| A&G/customer (APPA data) | \$ 159 | Table 2 | |
| Total Annual A&G | \$ 159,000 | | |
| A&G in % of Net Plant | | | 11.7% |
| O&M | | | |
| # customers | \$ 1,000 | | |
| O&M/customer (APPA data) | \$ 162 | Table 2 | |
| Total Annual O&M | \$ 162,000 | | |
| O&M in % of Net Plant | | | 11.9% |
| Pole Depreciation | | | |
| Depreciation life, years | 35 | | |
| Rate per year | 2.9% | | 2.9% |
| Cost of Capital | | | |
| Bond Rate (see note below) | 4.0% | See Chart 1 below | |
| Return | 1.3% | See worksheet "return" | |
| Total Cost of Capital | 5.3% | | 5.3% |
| Total Carrying Charge in % net Plant | | | 31.7% |
| Carrying Charge in % of OIC | | | 11.8% |

Determine % return as proxy for cost of capital

| | | 2011 | 2012 | 2013 | 2014 | 2014 | 2015 | 2011-2015 |
|------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| | | Actual | Actual | Actual | Actual | Budgeted | Proposed | 6 yr total |
| Operating Revenue | | | | | | | | |
| 340 | Sale of Electricity + other | 2,141,176 | 2,153,857 | 2,232,829 | 2,310,509 | 2,471,000 | 2,448,000 | 13,757,372 |
| 360 | Misc Revenues | 11,687 | 21,916 | 16,127 | 9,954 | 11,840 | 9,311 | 80,834 |
| Total revenue | | 2,152,863 | 2,175,773 | 2,248,956 | 2,320,463 | 2,482,840 | 2,457,311 | 13,838,206 |
| | | | | | | | | 0 |
| Operating Expenditures | | | | | | | | 0 |
| 530 | Purchased Power, transmission, distribution | 2,085,292 | 2,097,150 | 2,181,149 | 2,309,956 | 2,471,831 | 2,511,850 | 13,657,228 |
| Net Operating Increase | | | | | | | | |
| Return | | 67,572 | 78,623 | 67,807 | 10,507 | 11,009 | -54,539 | 180,978 |
| Return in % of total revenue | | 3.1% | 3.6% | 3.0% | 0.5% | 0.4% | -2.2% | 1.3% |

STAFF REPORT

To: Mayor Schiller
From: Todd Baun., Director of Public Works
Date: April 21, 2017
Re: RFP Janitorial Services

The Mayor has exercised the right retained in the contract for services and given notice of termination of the contract for our Janitorial services on June 30th. The next steps are requested by staff in order to move forward with Request for Proposals (RFP) and review any proposals received.

- A. The Council be requested to confirm the Mayor's decision to terminate the contract.
- B. That authorization for giving of a notice for request for proposal to provide the services be issued.

Action Requested:

Please confirm the Mayor's decision to terminate the contract and give authorization for giving of a notice for request for proposal to provide janitorial services for the City.

STAFF REPORT

To: Mayor Schiller
From: Todd Baun., Director of Public Works
Date: April 21, 2017
Re: 4056-DR-WA Public Assistance Grant close out



The City has an open Public Assistance Grant that is ready to close. Attached you will find a scan of the contract and a final invoice.

To close this grant, the Mayor has sign the attached final invoice and return it to the Emergency Management office.

Action Requested:

Please allow the Mayor sign the final invoice for grant closure.

**Washington State Military Department
PUBLIC ASSISTANCE GRANT AGREEMENT FACE SHEET**

| | | | | | |
|---|--|---|---|---|--|
| 1. Applicant Name and Address: City of McCleary 100 S. 3rd Street Grays Harbor WA 98557-9652 | | 2. Total Project Amount: To be determined, based upon approved project worksheets | | 3. Grant Number: D12-154 | |
| 4. Applicant Agent, phone number: Nick Bird, 360-495-3667 | | 5. Grant Start Date: March 5, 2012 | | 6. Grant End Date: March 5, 2016 | |
| 7. MD Program Manager/phone number: Gerard Urbas, (253) 512-7402 | | 8. Data Universal Numbering System (DUNS): 178607826 | | 9. UBI # (state revenue): 149000511 | |
| 10. Funding Authority: Washington State Military Department (the "DEPARTMENT"), and Federal Emergency Management Agency (FEMA) | | | | | |
| 11. Funding Source Agreement #: FEMA-4056-DR-WA | | 12. Program Index # 724AC / 722AE 724AD | | 13. Catalog of Federal Domestic Asst. (CFDA) # & Title: 97.036, Public Assistance | |
| 14. TIN or SSN: 91- 6001456 | | | | | |
| 15. Service Districts: (BY LEGISLATIVE DISTRICT): 35th (BY CONGRESSIONAL DISTRICT): 6th | | 16. Service Area by County(ies): Grays Harbor County | | 17. Women/Minority-Owned, State Certified?: <input checked="" type="checkbox"/> N/A <input type="checkbox"/> NO <input type="checkbox"/> YES, OMWBE # _____ | |
| 18. Contract Classification: <input type="checkbox"/> Personal Services <input type="checkbox"/> Client Services <input checked="" type="checkbox"/> Public/Local Gov't <input type="checkbox"/> Collaborative Research <input type="checkbox"/> A/E <input type="checkbox"/> Other _____ | | | 19. Contract Type (check all that apply): <input type="checkbox"/> Contract <input checked="" type="checkbox"/> Grant <input checked="" type="checkbox"/> Agreement <input type="checkbox"/> Intergovernmental (RCW 39.34) <input type="checkbox"/> Interagency | | |
| 20. Contractor Selection Process: <input checked="" type="checkbox"/> "To all who apply & qualify" <input type="checkbox"/> Competitive Bidding <input type="checkbox"/> Sole Source <input type="checkbox"/> A/E RCW <input type="checkbox"/> N/A <input type="checkbox"/> Filed w/OFM? <input type="checkbox"/> Advertised? <input type="checkbox"/> YES <input type="checkbox"/> NO _____ | | | 21. Contractor Type (check all that apply): <input type="checkbox"/> Private Organization/Individual <input type="checkbox"/> For-Profit <input checked="" type="checkbox"/> Public Organization/Jurisdiction <input checked="" type="checkbox"/> Non-Profit <input type="checkbox"/> VENDOR <input type="checkbox"/> SUBRECIPIENT <input checked="" type="checkbox"/> OTHER | | |
| 22. BRIEF DESCRIPTION: Presidential Disaster Declaration # FEMA-4056-DR-WA—Severe Winter Storm Flooding, Landslide and Mudslides: To provide funds to the Applicant for the repair or restoration of damaged public facilities as approved by FEMA in project worksheets describing eligible scopes of work and associated funding, which are incorporated herein by this reference. | | | | | |
| IN WITNESS WHEREOF, the Department and Applicant acknowledge and accept the terms of this Grant Agreement, exhibits, references and attachments hereto and have executed this Grant Agreement as of the date and year written below. This Grant Agreement Face Sheet, Special Terms and Conditions, General Terms and Conditions, Federal and State Requirements and Assurances, and any other attachments or references govern the rights and obligations of both parties to this Grant Agreement. | | | | | |
| In the event of an inconsistency in this Grant Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: 1. Applicable Federal and State Statutes and Regulations 2. Statement of Work and/or Project Description as outlined in FEMA approved Project Worksheet(s) 3. Special Terms and Conditions 4. General Terms and Conditions, and, 5. Other provisions of the contract incorporated by reference. This Grant Agreement, including all attachments, contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Grant Agreement shall be deemed to exist or to bind any of the parties hereto. | | | | | |
| WHEREAS, the parties hereto have executed this Grant Agreement on the day and year last specified below. | | | | | |
| FOR THE DEPARTMENT:  _____ Signature Date James M. Mullen, Director Emergency Management Division Washington State Military Department | | | FOR THE APPLICANT:  _____ Signature Date print or type name: Nick Bird | | |
| APPROVED AS TO FORM: Chad C. Standifer, (Signature on file) 3/14/2011 Assistant Attorney General | | | APPROVED AS TO FORM: _____ Applicant's Legal Review Date | | |

SPECIAL TERMS AND CONDITIONS

ARTICLE I – COMPENSATION SCHEDULE

1. FUNDING

The DEPARTMENT will administer the Public Assistance Grant Program and reimburse approved eligible Public Assistance costs to the APPLICANT that are identified under the auspices of Presidential Disaster Declaration Number FEMA-4056-DR-WA and authorized by and consistent with the Stafford Act (P.L. 93-288, as amended) and applicable regulations. It is understood that no final dollar figure is committed to at the time that this Grant Agreement is executed, but that financial commitments will be made by amendments to the project application as Project Worksheets are completed in the field and projects are authorized by state and federal officials.

Pursuant to the FEMA-STATE AGREEMENT, FEMA will contribute **75** percent of the eligible costs for any eligible project and 100 percent of the federal indirect costs, up to \$250, as provided for in subsection 3.E. of Article I of this Public Assistance Grant Agreement. The APPLICANT will commit to the remaining **25** percent non-federal match to any eligible project that has been identified under the Presidential Disaster Declaration number FEMA-4056-DR-WA, subject to the following exceptions:

DEPARTMENT Match: The Washington State Legislature may authorize the DEPARTMENT to provide a match to the APPLICANT's non-federal share of eligible projects. Provision of a match by the DEPARTMENT, if authorized by the Washington State Legislature, shall not require amendment of this Grant Agreement. If DEPARTMENT match funds are committed to the non-federal share by the DEPARTMENT pursuant to legislative authorization, the DEPARTMENT will formally notify the APPLICANT of the match in writing which will include information identifying any related reduction in the APPLICANT's percentage commitment.

Donated Resources: FEMA will credit an APPLICANT for the value of certain volunteer labor, donated equipment, and donated materials used in the performance of eligible emergency work – categories A and B, referred to as Donated Resources. The Donated Resources are recognized by FEMA in a Project Worksheet. Donated Resources offset the non-federal share of the eligible emergency work approved in Project Worksheets. For non-state agency applicants, the donated resource value will first be applied to the APPLICANT's non-federal share, and, if a DEPARTMENT match is authorized, any remaining donated resource value will be applied to the DEPARTMENT's share. The value of the Donated Resources are calculated as described in FEMA Policy 9525.2, and are capped at the non-Federal share of approved eligible emergency work costs. The Federal share of the Donated Resources will not exceed the non-federal share of eligible emergency work costs approved in Project Worksheets. Any excess credit can be credited only to other eligible emergency work costs, for the same APPLICANT in the same disaster. The value of excess donated resources cannot be credited toward or transferred to another eligible APPLICANT, or toward other State obligations.

See Attachment #1 – Project Worksheet sample.

2. GRANT AGREEMENT PERIOD

- A. Activities payable under this Grant Agreement and to be performed by the APPLICANT under this Grant Agreement shall be those activities which occurred during or subsequent to the incident period defined in the FEMA-State Agreement, and shall terminate upon completion of the project(s) approved by federal and state officials, including completion of close-out and audit. This period shall be referred to as the "Grant Agreement Period."
- B. The Grant Agreement Period shall only be extended by (1) mutually agreed written amendment, or (2) written notification from the DEPARTMENT to the APPLICANT issued by the DEPARTMENT to address extensions of its underlying federal grant performance period or to provide additional time for completion of the APPLICANT's project(s).

3. PAYMENTS

The DEPARTMENT, using funds granted for the purposes of the Presidential Disaster Declaration from FEMA, shall issue payments to the APPLICANT in compliance with the Washington State Public Assistance Applicant Manual procedures as follows:

- A. **Small Project Payments:** Payments are made for all small projects to the APPLICANT upon submission and approval of an A19-1A State of Washington Invoice Voucher to the DEPARTMENT, after FEMA has approved funding through approval of Project Worksheets.
- B. **Progress Payments:** Progress payment of funds for costs already incurred on large projects minus 10 percent retainage may be made to the APPLICANT upon submission by the APPLICANT of an A19-1A State of Washington Invoice Voucher, a letter of request, and a spreadsheet identifying the claimed costs supporting the payment request and approval by the DEPARTMENT.
- C. **Improved Projects:** Payments on improved projects will be pro-rated based upon the percentage of the project that is funded under this disaster grant to the overall project cost. This percentage will be identified when the first payment on the improved project is made. Progress payments will be made as outlined above in Section B.
- D. **Final Payment:** Final Payment on a large project will be made following submission by the APPLICANT of a certification of completion on the STATEMENT OF DOCUMENTATION/FINAL INSPECTION REPORT form upon completion of project(s), completion of all final inspections by the DEPARTMENT, and final approval by FEMA. Final payment on a large project will include any retainage withheld during progress payments. Final payments may also be conditional upon financial review, if determined necessary by the DEPARTMENT or FEMA. Adjustments to the final payment may be made following any audits conducted by the Washington State Auditor's Office, the United States Inspector General or other federal or state agency.
- E. The APPLICANT is eligible to receive a \$250 allowance for federal indirect costs, upon completion and closure of the disaster grant. Documentation of costs involved with attending applicant briefing, kick off meeting, and the exit meeting should be retained in the APPLICANT's files to support federal indirect cost reimbursement.
- F. All payment requests shall be made on an A19-1A form, State of Washington, Invoice Voucher. Payments will be made by electronic fund transfer to the APPLICANT's account.
- G. Federal funding shall not exceed the total federal contribution eligible for Public Assistance costs under Presidential Disaster Declaration number FEMA-4056-DR-WA.
- H. For state agencies, the DEPARTMENT will, through interagency reimbursement procedures, transfer payment to the APPLICANT. Payment will be transferred by journal voucher to Agency No. _____, Accounting Fund No. _____.

ARTICLE II – DOCUMENTATION

The APPLICANT is required to retain all documentation which adequately identifies the source and application of Public Assistance funds, including the federal indirect cost reimbursement, for six years following the closure of this disaster grant. For all funds received, source documentation includes adequate accounting of actual costs and recoveries incurred.

ARTICLE III - QUARTERLY REPORTS

The APPLICANT is required to submit to the DEPARTMENT a quarterly report indicating the status of all their large projects. The status shall identify the costs incurred to date, the percentage of work completed, the anticipated completion date of the project and whether cost under runs or over runs are expected. In addition, the APPLICANT should note in the comment field any challenges or issues associated with the project. Failure to submit a complete quarterly report within 15 days following the end of the quarter will result in suspension of all payments to the APPLICANT until a complete quarterly report is received by the DEPARTMENT.

ARTICLE IV – TIME EXTENSIONS

A time extension request is required to be forwarded to the DEPARTMENT by the APPLICANT for a project prior to the expiration of the approved completion date. If the project is approved and funded after the statutory approval time period for completion, then a time extension request must be submitted to the DEPARTMENT within fifteen days of receipt of the funding package.

In accordance with 44CFR206.204, the DEPARTMENT reserves the right, in its sole discretion, to consider and approve a time extension request after expiration of the approved completion date and within the DEPARTMENT's statutory extension authority. Requests for time extensions beyond the DEPARTMENT's authority will be considered and approved by FEMA, at their sole discretion. All determinations made regarding time extension requests will be based on a case by case evaluation of specific factual circumstances.

A time extension request must be in writing and identify the Project Worksheet number, the reason the project has not been completed within the prior approved completion period, the reason the time extension request was not submitted prior to the statutory approval time period (if applicable), a current status of the completion of the work, a detailed timeline for completion of the remaining elements, and an anticipated completion date for the completion of the remaining work. Failure to submit a time extension request in a timely manner may result in denial of the time extension request, and loss of funding for the related project.

ARTICLE V - CLOSE-OUT

To initiate close-out, the APPLICANT is required to certify in writing, by Project Worksheet Number, date completed and total amount expended on the project, completion of the small projects. To initiate close-out of the large projects, the APPLICANT shall submit certification of completion on a STATEMENT OF DOCUMENTATION/FINAL INSPECTION REPORT form to the DEPARTMENT.

The DEPARTMENT will then complete a site inspection and a financial review of documentation to support the claimed costs. Certifications on small and large projects are due within sixty days following the completion of the project or receipt of the approved Project Worksheet, whichever date is later.

If APPLICANT is claiming the \$250 allowance for federal indirect costs, the APPLICANT shall submit certification that they have expended a minimum of \$250 attending the applicant briefing, kick off meeting, and/or the exit meeting prior to close-out.

After all of the projects have been certified as complete and approved for closure by FEMA, the DEPARTMENT will forward a final A19-1A State of Washington Invoice Voucher to the APPLICANT for release of the remaining funds due to the applicant for eligible costs, including any retainage previously withheld, and the allowance for federal indirect costs.

ARTICLE VI – KEY PERSONNEL

The individuals listed below shall be considered key personnel and point of contact. Any substitution by either party must be submitted in writing.

APPLICANT:

Name: Nick Bird
Title: Director of Public Works

E-mail address: Nickb@cityofmccleary.com
Phone Number: (360) 495-3667

DEPARTMENT:

Staff name: **Gerard Urbas**
Title: **Deputy State Coordinating Officer
Public Assistance**
E-Mail: **g.urbas@emd.wa.gov**
Phone Number: **(253) 512-7402**

ARTICLE VII - ADMINISTRATIVE REQUIREMENTS

A. The APPLICANT shall comply with the following federal Office of Management and Budget (OMB) Circulars as applicable to their organization:

- Administrative Requirements

- OMB A-102, as revised, Grants and Cooperative Agreements with State and Local Governments
 - OMB A-110, as revised, Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
 - Audit Requirements
 - OMB A-133, as revised, Audits of States, Local Governments, and Non-Profit Organizations
- B. The APPLICANT will comply with the federal regulations in: 2 CFR Parts 220, 225, and 230; 44 CFR Parts 7, 9, 10, 13, 14, 17, 18, and 206; and, the state requirements in the Washington State Public Assistance Applicant Manual, dated March 2012. The Cost Principles in 2 CFR 225 and program regulations will be used to determine costs for nonprofit hospitals funded under FEMA grants.
- C. The APPLICANT shall comply with the Federal Funding Accountability and Transparency Act (FFATA) and related OMB Guidance consistent with Public Law 109-282 as amended by section 6202(a) of Public Law 110-252 (see 31 U.S.C. 6101 note) and Attachment #2 attached to and made a part of this Agreement.
- D. Federal funding is provided by FEMA and is administered by the DEPARTMENT. Under the authority of Presidential Disaster Declaration number FEMA 4056-DR-WA, the DEPARTMENT is reimbursing the APPLICANT for those approved eligible costs and activities necessary under the Public Assistance Grant Program during the incident period beginning January 13, 2012 and continuing. Eligible costs and activities will be identified in Project Worksheets approved by FEMA.

**Washington State Military Department
GENERAL TERMS AND CONDITIONS
Assistance Grants**

A.1 DEFINITIONS

As used throughout this Grant Agreement, the following terms shall have the meaning set forth below:

- a. **"Department"** shall mean the Washington State Military Department, as a state agency, any division, section, office, unit or other entity of the Department, or any of the officers or other officials lawfully representing that Department.
- b. **"Applicant"** shall mean a state agency, local government, tribal government, special purpose district, or an eligible private nonprofit organization submitting an application to the Governor's Authorized Representative for disaster recovery assistance.
- c. **"Applicant Agent"** shall mean the official representative and alternate designated or appointed by the Applicant and authorized to make decisions on behalf of the Applicant.
- d. **"Grantee"** shall mean the government to which a grant is awarded and which is accountable for the use of the funds provided. The Grantee is an entire legal entity even if only a particular component of the entity is designated in the grant award document. For the purpose of this Grant Agreement, the state is the Grantee. The Grantee and the DEPARTMENT are one and the same.
- e. **"Monitoring Activities"** shall mean all administrative, construction, financial, or other review activities that are conducted to ensure compliance with all state and federal rules, authorities or policies.
- d. **"Subgrantee"** shall mean the government or other eligible legal entity to which a subgrant is awarded and which is accountable to the Grantee for the use of the funds provided. The Subgrantee and Applicant are one and the same.
- e. **"Project"** shall mean those actions funded through the Public Assistance Program and described in approved Project Worksheets. Projects may include one or more of the following: reimbursement of costs for emergency response, debris removal and/or repair or restoration of damaged public facilities. A project may be a small, large, improved, or alternate project.
- f. **"PL"** – is defined and used herein to mean the Public Law.
- g. **"CFR"** – is defined and used herein to mean the Code of Federal Regulations.
- h. **"OMB"** – is defined and used herein to mean the Office of Management and Budget.
- i. **"WAC"** – is defined and used herein to mean the Washington Administrative Code.
- j. **"RCW"** – is defined and used herein to mean the Revised Code of Washington.

A.2 RECORDS AND REPORTS

- a. The APPLICANT agrees to maintain all books, records, documents, receipts, invoices and all other electronic or written records necessary to sufficiently and properly reflect the APPLICANT's contracts, contract administration, and payments, including all direct and indirect charges, and expenditures in the performance of this Grant Agreement.
- b. The APPLICANT's records related to this Grant Agreement and the projects funded hereunder may be inspected by the DEPARTMENT or the Director, or their designees, by designees of the Office of the State Auditor, FEMA or their designees, or the Comptroller General of the United States or their designees or by other federal officials authorized by law, for the purposes of determining compliance by the APPLICANT with the terms of this Grant Agreement and to determine the appropriate level of funding to be paid under the subject Grant Agreement.
- c. The records shall be made available by the APPLICANT together with suitable space for such inspection at any and all times during the APPLICANT's normal working day.
- d. The APPLICANT shall retain all records and allow access related to this Grant Agreement and the funded project(s) for a period of at least six (6) years following final payment and closure of the grant under this Grant Agreement.

A.3 WAIVERS

No conditions or provisions of this Grant Agreement can be waived unless approved in advance by the DEPARTMENT in writing. The DEPARTMENT's failure to insist upon strict performance of any provision of the Grant Agreement or to exercise any right based upon a breach thereof, or the acceptance of any performance during such breach, shall not constitute a waiver of any right under this Grant Agreement.

A.4 AMENDMENTS AND MODIFICATIONS

The APPLICANT or the DEPARTMENT may request, in writing, an amendment or modification of this Grant Agreement. However, such amendment or modification shall not take effect until approved, in writing, by the DEPARTMENT and the APPLICANT.

A.5 TERMINATION AND OTHER REMEDIES

- a. If, through any cause, the APPLICANT shall fail to fulfill in a timely and proper manner its obligations under this Grant Agreement or if the APPLICANT shall violate any of its covenants, agreements, or stipulations of this Grant Agreement, the DEPARTMENT shall thereupon have the right to terminate this Grant Agreement and withhold the remaining allocation if such default or violation is not corrected within thirty (30) days after submitting written notice to the APPLICANT describing such default or violation.
- b. Notwithstanding any provisions of this Grant Agreement, either party may terminate this Grant Agreement by providing written notice of such termination, specifying the effective date thereof, at least thirty (30) days prior to such date.
- c. Reimbursement for APPLICANT services performed, and not otherwise paid for by the DEPARTMENT prior to the effective date of such termination shall be as the DEPARTMENT reasonably determines.
- d. The DEPARTMENT may unilaterally terminate all or part of this Grant Agreement, or may reduce its scope of work and budget, if there is a reduction in funds by the source of those funds, and if such funds are the basis for this Grant Agreement.

A.6 COMPLIANCE WITH APPLICABLE STATUTES, RULES AND DEPARTMENT POLICIES

The APPLICANT and all its contractors shall comply with, and the DEPARTMENT is not responsible for determining compliance with, any and all applicable federal, state, and local laws, regulations, executive orders, OMB Circulars, and/or policies. This obligation includes, but is not limited to: nondiscrimination laws and/or policies, Energy Policy and Conservation Act (PL 94-163, as amended), the Americans with Disabilities Act (ADA), the Robert T. Stafford Disaster Relief and Emergency Assistance Act, (PL 93-288, as amended), Ethics in Public Service (RCW 42.52), Covenant Against Contingent Fees (48 CFR Section 52.203-5), Public Records Act (RCW 42.56), Prevailing Wages on Public Works (RCW 39.12), State Environmental Policy Act (RCW 43.21C), Shoreline Management Act of 1971 (RCW 90.58), State Building Code (RCW 19.27), Energy Related Building Standards (RCW 19.27A), Provisions in Buildings for Aged and Handicapped Persons (RCW 70.92), and safety and health regulations.

A.7 LEGAL RELATIONS

It is understood and agreed that this Grant Agreement is solely for the benefit of the parties to the Grant Agreement and gives no right to any other party. No joint venture or partnership is formed as a result of this Grant Agreement.

To the extent allowed by law, the APPLICANT, its successors or assigns, will protect, save and hold harmless the DEPARTMENT, the State of Washington, and the United States Government and their authorized agents and employees, from all claims, actions, costs, damages or expenses of any nature whatsoever by reason of the acts or omissions of the APPLICANT, its subcontractors, assigns, agents, contractors, consultants, licensees, invitees, employees or any person whomsoever arising out of or in connection with any acts or activities authorized by this Grant Agreement.

To the extent allowed by law, the APPLICANT further agrees to defend the DEPARTMENT and the State of Washington and their authorized agents and employees in any litigation; including payment of any costs or attorneys' fees for any claims or action commenced thereon arising out of or in connection with acts or activities authorized by this Grant Agreement.

This obligation shall not include such claims, costs, damages or expenses which may be caused by the sole negligence of the DEPARTMENT; provided, that if the claims or damages are caused by or result from the concurrent negligence of (1) the DEPARTMENT, and (2) the APPLICANT, its agents, or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the APPLICANT, or APPLICANT's agents or employees.

Insofar as the funding source, the Federal Emergency Management Agency (FEMA), is an agency of the federal government, the following shall apply:

44 CFR 206.9 Non-liability. The federal government shall not be liable for any claim based upon the exercise or performance of, or the failure to exercise or perform a discretionary function or duty on the part of a federal agency or an employee of the federal government in carrying out the provisions of the Stafford Act.

A.8 ACKNOWLEDGMENTS

The APPLICANT shall include language which acknowledges the funding contribution of the DEPARTMENT and FEMA to this project in any release or other publication developed or modified for, or referring to, the project.

A.9 APPLICANT NOT EMPLOYEE

The APPLICANT, and/or employees or agents performing under this Grant Agreement are not employees or agents of the DEPARTMENT in any manner whatsoever. The APPLICANT will not be presented as nor claim to be an officer or employee of the DEPARTMENT or of the State of Washington by reason of this Grant Agreement, nor will the APPLICANT make any claim, demand, or application to or for any right or privilege applicable to an officer or employee of the DEPARTMENT or of the State of Washington by reason of this Grant Agreement, including, but not limited to, Workmen's Compensation coverage, unemployment insurance benefits, social security benefits, retirement membership or credit, or privilege or benefit which would accrue to a civil service employee under Chapter 41.06 RCW.

It is understood that if the APPLICANT is another state department, state agency, state university, state college, state community college, state board, or state commission, that the officers and employees are employed by the state of Washington in their own right and not by reason of this Grant Agreement.

A.10 NONDISCRIMINATION

The APPLICANT shall comply with all applicable federal and state non-discrimination laws, regulations, and policies. No person shall, on the grounds of age, race, creed, color, sex, sexual orientation, religion, national origin, marital status, honorably discharged veteran or military status, or disability (physical, mental, or sensory) be denied the benefits of, or otherwise be subjected to discrimination under any project, program, or activity, funded, in whole or in part, under this Grant Agreement.

A.11 UTILIZATION OF MINORITY AND WOMEN BUSINESS ENTERPRISES (MWBE)

The APPLICANT is encouraged to utilize business firms that are certified as minority-owned and/or women-owned in carrying out the purposes of this Grant Agreement. The APPLICANT may set utilization standards, based upon local conditions or may utilize the state of Washington MWBE goals, as identified in WAC 326-30-041.

A.12 CONFLICT OF INTEREST

No officer or employee of the DEPARTMENT; no member, officer, or employee of the APPLICANT or its designees or agents; no member of the governing body of the jurisdiction in which the project is undertaken or located; and no other official of such locality or localities who exercises any functions or responsibilities with respect to the project during his or her tenure, shall have any personal or pecuniary gain or interest, direct or indirect, in any contract, subcontract, or the proceeds thereof, for work to be performed in connection with the project assisted under this Grant Agreement. The APPLICANT shall incorporate, or cause to incorporate, in all such contracts or subcontracts, a provision prohibiting such interest pursuant to this provision.

A.13 VENUE

This Grant Agreement shall be construed and enforced in accordance with, and the validity and performance hereof shall be governed by the laws of the state of Washington. Venue of any suit between the parties arising out of this Grant Agreement shall be the Superior Court of Thurston County, Washington. The APPLICANT, by execution of this Grant Agreement acknowledges the jurisdiction of the courts of the State of Washington.

A.14 OWNERSHIP OF PROJECT/CAPITAL FACILITIES

The DEPARTMENT makes no claim to any capital facilities or real property improved or constructed with funds under this Grant Agreement, and by this grant of funds does not and will not acquire any ownership interest or title to such property of the APPLICANT. The APPLICANT shall assume all liabilities arising from the ownership and operation of the project and agrees to hold the DEPARTMENT

and the state of Washington and the United States government harmless from any and all causes of action arising from the ownership and operation of the project.

A.15 SEVERABILITY

If any court of rightful jurisdiction holds any provision or condition under this Grant Agreement or its application to any person or circumstances invalid, this invalidity does not affect other provisions, terms or conditions of the Grant Agreement, which can be given effect without the invalid provision. To this end, the terms and conditions of this Grant Agreement are declared severable.

A.16 RECAPTURE PROVISION

In the event the APPLICANT fails to expend funds in accordance with federal, state, or local law and/or the provisions of the Grant Agreement, the DEPARTMENT reserves the right to recapture funds in an amount equivalent to the extent of noncompliance. Such right of recapture shall exist for the life of the project following Grant Agreement termination. Repayment by the APPLICANT of funds under this recapture provision shall occur within 30 days of demand. In the event the DEPARTMENT is required to institute legal proceeding to enforce the recapture provision, the DEPARTMENT shall be entitled to its costs thereof, including attorney fees.

A.17 RECOVERY OF FUNDS

Any person who intentionally causes a condition for which Public Assistance is provided under this Grant Agreement shall be liable for the costs incurred by the state and federal governments in responding to such disaster. The APPLICANT will cooperate in a reasonable manner with the DEPARTMENT and the United States in efforts to recover expenditures under this Grant Agreement.

A.18 DUPLICATION OF BENEFITS

The APPLICANT agrees that the Public Assistance funds for which federal or state assistance is requested does not, or will not, duplicate benefits or funds received for the same loss from any other source. The APPLICANT will pursue full payment of eligible insurance benefits for properties covered in a project under this Grant Agreement. The APPLICANT will repay any Public Assistance that is duplicated by other benefits, funds, or insurance proceeds.

A.19 POLITICAL ACTIVITY

No portion of the funds provided herein shall be used for any partisan political activity or to further the election or defeat of any candidate for public office or influence the approval or defeat of any ballot issue.

A.20 NOTICES

The APPLICANT shall comply with all public notices or notices to individuals required by applicable local, state and federal laws and shall maintain a record of this compliance.

A.21 PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION

The assistance provided under this Grant Agreement shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such assistance or any other approval or concurrence under this Grant Agreement provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

A.22 RESPONSIBILITY FOR PROJECT

While the DEPARTMENT undertakes to assist the APPLICANT with the project by providing grant funds pursuant to this Grant Agreement, the project itself remains the sole responsibility of the APPLICANT. The DEPARTMENT undertakes no responsibility to the APPLICANT, or to any third party, other than as is expressly set out in this Grant Agreement.

The responsibility for the design, development, construction, implementation, operation and maintenance of the project, as these phases are applicable to this project, is solely that of the APPLICANT, as is responsibility for any claim or suit of any nature by any third party related in any way to the project.

Prior to the start of any construction activity, the APPLICANT shall ensure that all applicable Federal, State, and local permits and clearances are obtained, including FEMA compliance with the National

Environmental Policy Act, the National Historic Preservation Act, the Endangered Species Act, and all other environmental laws and executive orders.

The APPLICANT shall defend, at its own cost, any and all claims or suits at law or in equity, which may be brought against the APPLICANT in connection with the project. The APPLICANT shall not look to the DEPARTMENT, or to any state or federal agency, or to any of their employees or agents, for any performance, assistance, or any payment or indemnity, including but not limited to cost of defense and/or attorneys' fees, in connection with any claim or lawsuit brought by any third party related to any design, development, construction, implementation, operation and/or maintenance of a project.

Pursuant to Sections 403 and 407 of the Stafford Act, 42 U.S.C. §§ 5170b & 5173, and to the extent allowed by law, if debris removal is authorized, the APPLICANT agrees to indemnify and hold harmless the state of Washington and the United States of America for any claims arising from the removal of debris or wreckage for this disaster. The APPLICANT agrees that debris removal from public and private property will not occur until the landowner grants the APPLICANT the right to enter and signs an unconditional authorization for the removal of the debris.

A.23 HAZARDOUS SUBSTANCES

The APPLICANT shall inspect and investigate the proposed development/construction site for the presence of hazardous substances. The APPLICANT shall fully disclose to the DEPARTMENT the results of its inspection and investigation and all other knowledge the APPLICANT has as to the presence of any hazardous substances at the proposed development/construction project site. The APPLICANT will be responsible for any associated clean-up costs as a result of the inspections. "Hazardous Substances" are defined in RCW 70.105D.020 (10).

A.24 OCCUPATIONAL SAFETY/HEALTH ACT and WASHINGTON INDUSTRIAL SAFETY/HEALTH ACT (OSHA/WISHA)

The APPLICANT represents and warrants that its work place does now or will meet all applicable federal and state safety and health regulations that are in effect during the APPLICANT's performance under this Grant Agreement.

To the extent allowed by law, the APPLICANT further agrees to indemnify and hold harmless the DEPARTMENT and its employees and agents from all liability, damages and costs of any nature, including but not limited to, costs of suits and attorneys' fees assessed against the DEPARTMENT, as a result of the failure of the APPLICANT to so comply.

A.25 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, OR INELIGIBILITY

As federal funds are a basis for this Grant Agreement, the APPLICANT certifies that the APPLICANT is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in this Grant Agreement by any federal department or agency. If requested by the DEPARTMENT, the APPLICANT shall complete and sign a Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion form. Any such form completed by the APPLICANT for this Grant Agreement shall be incorporated into this Grant Agreement by reference.

Further, the APPLICANT agrees to comply with all applicable federal regulations concerning the federal debarment and suspension system, including 2 CFR Part 180. The APPLICANT certifies that it will ensure that potential subcontractors or subrecipients or any of their principals are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in "covered transactions" by any federal department or agency. "Covered transactions" include procurement contracts for goods or services awarded under a non-procurement transaction (e.g. grant or cooperative agreement) that are expected to equal or exceed \$25,000, and sub-awards to subrecipients for any amount. With respect to covered transactions, the APPLICANT may comply with this provision by obtaining a certification statement from the potential subcontractor or subrecipient or by checking the Excluded Parties List System (EPLS) maintained by the federal General Services Administration (GSA). The APPLICANT also agrees not to enter into any arrangements or contracts to perform Public Works projects with any party on the Washington State Department of Labor and Industries' "Debarred Contractor List."

A.26 **SINGLE AUDIT ACT REQUIREMENTS (INCLUDING ALL AMENDMENTS)**

Non-federal entities as subrecipients that expend **\$500,000** or more in one fiscal year of federal funds from all sources, direct and indirect, are required to have a single or a program-specific audit conducted in accordance with the Office of Management and Budget (OMB) Circular A-133-Audits of States, Local Governments, and Non-Profit Organizations (amended June 27, 2003, effective for fiscal years ending after December 31, 2003, and further amended June 26, 2007). Non-federal entities that spend less than **\$500,000** a year in federal awards are exempt from federal audit requirements for that year, except as noted in Circular No. A-133. As defined in Circular A-133, the term "non-federal entity" means a State, local government, or non-profit organization, and the term "State" includes Indian tribes. Circular A-133 is available on the OMB Home Page at <http://www.omb.gov>.

Contractors required to have an audit must ensure the audit is performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) as found in the Government Auditing Standards (the Revised Yellow Book) developed by the Comptroller General and the OMB Compliance Supplement. The Contractor has the responsibility of notifying its auditor and requesting an audit in compliance with Circular A-133, to include the Washington State Auditor's Office, a federal auditor, or a public accountant performing work using GAGAS, as appropriate. Costs of the audit may be an allowable grant expenditure as authorized by Circular A-133.

The Contractor shall maintain auditable records and accounts so as to facilitate the audit requirement and shall ensure that any subcontractors also maintain auditable records.

The Contractor is responsible for any audit exceptions incurred by its own organization or that of its subcontractors. Responses to any unresolved management findings and disallowed or questioned costs shall be included with the audit report. The Contractor must respond to Department requests for information or corrective action concerning audit issues or findings within 30 days of the date of request. The Department reserves the right to recover from the Contractor all disallowed costs resulting from the audit.

Once the single audit has been completed, the Contractor must send a full copy of the audit to the Department and a letter stating there were no findings, or if there were findings, the letter should provide a list of the findings. The Contractor must send the audit and the letter no later than nine (9) months after the end of the Contractor's fiscal year(s) to:

**Accounting Manager
Washington Military Department
Finance Division, Building #1 TA-20
Camp Murray, WA 98430-5032**

In addition to sending a copy of the audit, the Contractor must include a corrective action plan for any audit findings and a copy of the management letter if one was received.

If Contractor claims it is exempt from the audit requirements of Circular A-133, Contractor must send a letter identifying this contract and explaining the criteria for exemption no later than nine (9) months after the end of the Contractor's fiscal year(s) to:

**Accounting Manager
Washington Military Department
Finance Division, Building #1 TA-20
Camp Murray, WA 98430-5032**

The Department retains the sole discretion to determine whether a valid claim for an exemption from the audit requirements of this provision has been established.

The Contractor shall include the above audit requirements in any subcontracts.

Conducting a single or program-specific audit in compliance with Circular A-133 is a material requirement of this contract. In the absence of a valid claim of exemption from the audit requirements of Circular A-133, the Contractor's failure to comply with said audit requirements may result in one or more of the following actions in the Department's sole discretion:

a percentage of federal awards being withheld until the audit is completed in accordance with Circular A-133; the withholding or disallowing of overhead costs; the suspension of federal awards until the audit is conducted and submitted; or termination of the federal award.

A.27 PROJECT MANAGEMENT AND SUBGRANTEE MONITORING

The DEPARTMENT and the APPLICANT must conduct and monitor grant activities to confirm compliance with applicable Federal requirements and the requirements and special conditions of an approved project.

The APPLICANT agrees to:

- a. Assist in the preparation and writing of the Project Worksheets.
- b. Comply with all funding conditions of an approved project.
- c. Provide financial documentation to support requests for payments.
- d. Maintain records and documentation that adequately identify and directly support a project's eligible costs to the approved project worksheet. Pro-rate or percentage costs are not eligible for reimbursement
- e. Cooperate with and participate in any scheduled or unscheduled monitoring or evaluation activities conducted by the DEPARTMENT or FEMA that are pertinent to this Grant Agreement or an approved Project Worksheet.
- f. Provide the DEPARTMENT with all documentation required to complete evaluations of eligible costs, and provide additional documentation that the DEPARTMENT or FEMA may request as a result of a monitoring visit, review and other or further evaluation of supporting financial documentation and/or reports. If requested documentation is not provided, all costs associated with the project may be determined to be ineligible.
- g. Submit a request for time extension not later than two weeks before a project's deadline.
- h. Notify the DEPARTMENT and request and receive approval for an alternate project prior to beginning construction. Failure to do so may jeopardize funding approval.
- i. Notify the DEPARTMENT and request and receive approval for an improved project prior to starting construction. Failure to do so may jeopardize funding approval.
- k. Immediately notify the DEPARTMENT if hidden damages are discovered, a change order is required, or the scope of work changes in an approved project.
- l. Submit quarterly reports to the DEPARTMENT.
- m. Submit project completion certifications as required for small, large, alternate, or improved projects.

The DEPARTMENT agrees to:

- a. Provide technical assistance during all monitoring or evaluation activities. The DEPARTMENT will coordinate and schedule the meetings necessary to conduct and complete all monitoring and evaluation activities.
- b. Develop the APPLICANT's Project Worksheet(s) (PW) with FEMA and the APPLICANT's assistance based upon the eligible damages.
- c. Provide the APPLICANT with a copy of the approved Project Worksheet.
- d. Conduct site visits during a large project's construction.
- e. Regularly review the APPLICANT's financial documentation to confirm compliance with state and federal rules, authorities, and policies.
- f. Notify the APPLICANT when funding approval is received and issue payment per the process described in Article I, #3 – Payments of the Special Terms and Conditions. Large project final funding will include all costs determined to be eligible based upon the evaluation and review of the APPLICANT's financial documentation.
- g. Work with the APPLICANT to resolve any issues identified during the monitoring process.
- h. Review and respond appropriately to the APPLICANT's requests for time extensions and changes to an approved project.

A.28 SUBCONTRACTING

The APPLICANT shall use a competitive procurement process in the award of any contracts with contractors or subcontractors that are entered into under the original contract award.

The procurement process followed shall be in accordance with Part 13 of 44 CFR, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments or with OMB Circular A-110, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations, as applicable to the APPLICANT.

As required by Section 694 of the "Post-Katrina Emergency Management Reform Act" (P.L. 109-295), which amended section 307 of the Stafford Act, 42 U.S.C. 5150, contracts or agreements with private organizations, firms or individuals for debris clearance, distribution of supplies, reconstruction, and other major disaster assistance activities, shall be awarded to those organizations, firms and individuals residing or doing business primarily in the geographical area affected by the disaster, to the extent feasible and practicable. Such contracts or agreements with private organizations, firms, or individuals, not residing or doing business primarily in the geographical area affected by the declared disaster shall be justified in writing in the APPLICANT's contract file. Contracts in place prior to a declaration should be transitioned to such local organizations, firms or individuals unless the head of the APPLICANT organization determines that it is not feasible or practicable. This determination must be documented in the APPLICANT's contract file. The transition requirement should not be construed to require an APPLICANT to breach an existing contract.

All subcontracting agreements entered into pursuant to this Grant Agreement shall incorporate this Grant Agreement by reference.

A.29 PUBLICITY

The APPLICANT agrees to submit to the DEPARTMENT all advertising and publicity matters relating to this Grant Agreement wherein the DEPARTMENT's name is mentioned or language used from which the connection of the DEPARTMENT's name may, in the DEPARTMENT's judgment, be inferred or implied. The APPLICANT agrees not to publish or use such advertising and publicity matters without the prior written consent of the DEPARTMENT. The APPLICANT may copyright original work it develops in the course of or under this Grant Agreement; however, pursuant to 44 CFR 13.34, FEMA reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use the work for government purposes.

Publication resulting from work performed under this Grant Agreement shall include an acknowledgement of FEMA's financial support, by grant number, and a statement that the publication does not constitute an endorsement by FEMA or reflect FEMA's views.

A.30 AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, 42 U.S.C. 12101 ET SEQ. AND ITS IMPLEMENTING REGULATIONS ALSO REFERRED TO AS THE "ADA" 28 CFR Part 35.

The APPLICANT must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunication.

A.31 NONASSIGNABILITY

Neither this Grant Agreement, nor any claim arising under this Grant Agreement, shall be transferred or assigned by the APPLICANT.

A.32 DISCLOSURE

The use or disclosure by any party of any information concerning the DEPARTMENT for any purpose not directly connected with the administration of the DEPARTMENT's or the APPLICANT's responsibilities with respect to services provided under this Grant Agreement is prohibited except by prior written consent of the DEPARTMENT. However, the parties acknowledge that the DEPARTMENT, and state and local agencies as defined in RCW 42.56.010, are subject to RCW 42.56, the state Public Records Act.

A.33 LIMITATION OF AUTHORITY – Authorized Signature

Only the DEPARTMENT's Authorized Signature and the Authorized Signature or assigned Applicant Agent or Alternate for the APPLICANT, formally designated in writing, shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Grant Agreement.

Any alteration, amendment, modification, or waiver of any clause or condition of this Grant Agreement is not effective or binding unless made in writing and signed by both parties authorized representatives. Further, only these persons shall have signature authority to sign payment requests, certification of project completion, time extension requests, requests for changes to project status (including improved or alternate project status), and Statements of Documentation for large projects.

A.34 ASSURANCES

The APPLICANT certifies that:

- a. They have the legal authority to apply for federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-federal and non-state shares of the project cost) to ensure proper planning, management and completion of the project described in approved Project Worksheets.
- b. They will give the awarding agency, the Comptroller General of the United States and the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
- c. They will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. They will record the federal interest in the title of real property in accordance with FEMA directives and will include a covenant in the title of real property acquired in whole or in part with federal assistance funds to assure non-discrimination during the useful life of the project.
- d. They will comply with the requirements of the DEPARTMENT and FEMA with regard to the drafting, review and approval of construction plans and specifications, and awarding of construction contracts.
- e. They will provide and maintain competent and adequate engineering supervision at construction sites to ensure that the completed work conforms to the approved plans and specifications and will furnish progress reports and such other information as may be required by either FEMA or the DEPARTMENT.
- f. They will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
- g. They will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
- h. They will comply with the Intergovernmental Personnel Act of 1970, as amended (42 U.S.C. §§4701 et seq.) relating to prescribed personnel standards on a merit basis for programs funded under one of the 19 statutes or regulations specified in Appendix A of the federal Office of Personnel Management's Standards for a Merit System of Personnel Administration (5 CFR 900, Subpart F).
- i. They will comply with all applicable state and federal statutes, regulations and executive orders relating to nondiscrimination, including but not limited to: (a) Title VI of the Civil Rights Act of 1964 (PL 88-352, 42 U.S.C. 2000d) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 et seq.), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973 (PL 93-112), as amended (29 U.S.C. §794), which prohibits discrimination on the basis of disability; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101 et seq.), which prohibits discrimination on the basis of age; (e) the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101 et seq.); and (f) the Fair Housing Amendments Act of 1988 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing. However, the requirements of Section 202 of Executive Order 11246, as amended, do not apply to a government contractor or subcontractor that is a religious corporation, association, educational institution or society, with respect to the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution or society of its activities.
- j. They will comply, or have already complied, as applicable, with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (PL 91-646, 42 U.S.C. §§4601 et seq.) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally-assisted programs.

These requirements apply to all interests in real property acquired for project purposes regardless of federal participation in purchases.

- k. They will comply, as applicable, with provisions of the Hatch Act, as amended (5 U.S.C §§1501 et seq. and §§7321 et seq.) which limit the political activities of certain employees whose principal employment activities are funded in whole or in part with federal funds.
- l. They will comply, as applicable, with labor and wage provisions related to certain federally-assisted contracts (e.g., the wage rate requirements in the Davis-Bacon Act, as amended, 40 U.S.C. §§3141 et seq., the Copeland Anti-Kickback provisions in 40 U.S.C §3145 and 18 U.S.C §874, and the Contract Work Hours and Safety Standards in 40 U.S.C §§3701 et seq.).
- m. They will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (PL 93-234), as amended.
- n. They will comply, if applicable, with environmental standards prescribed pursuant to the following:
 - (a) protection and enhancement of environmental quality pursuant to Executive Order (EO) 11514, as amended; (b) administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants, or loans pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990, as amended; (d) floodplains management pursuant to EO 11988, as amended; (e) the Coastal Zone Management Act of 1972 (P.L. 92-583), 16 U.S.C. §§1451 et seq., as amended; (f) Air Quality & Emission Limitations pursuant to 42 U.S.C. §§7401 et seq.; (g) the Safe Drinking Water Act of 1974 (PL 93-523), as amended; and, (h) the Endangered Species Act of 1973 (PL 93-205), as amended.
- o. They will comply, if applicable, with the Wild and Scenic Rivers Act (PL 90-542), 16 U.S.C. §§1271 et seq., as amended.
- p. They will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966 (PL 89-665), 16 U.S.C. §470, as amended; EO 11593 (protection and enhancement of the cultural environment); and the Archaeological and Historic Preservation Act, 16 U.S.C. §§469 et seq., as amended.
- q. They will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. chapter 63) which prohibits the use of lead-based paint in construction or rehabilitation of residential structures.
- r. They will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
- s. They will comply with all applicable requirements of all other federal laws, executive orders, regulations, and policies governing this program.
- t. They will certify to the best of their knowledge and belief that the New Restrictions on Lobbying, 44 CFR Part 18, are complied with; i.e., that no federally appropriated funds have been paid or will be paid by or on behalf of the APPLICANT to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement; that if any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the APPLICANT will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and that, as applicable, the APPLICANT will require that the language of this certification be included in the award documents for all subcontracts at all tiers and that all subrecipients shall certify and disclose accordingly.

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|---|------|-------------|---------------|----------------------|-----------|
| U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL EMERGENCY MANAGEMENT AGENCY PROJECT WORKSHEET | | | | O.M.B. No. 1660-0017 | |
| PAPERWORK BURDEN DISCLOSURE NOTICE | | | | | |
| Public reporting burden for this form is estimated to average 90 minutes per response. Burden means the time, effort and financial resources expended by persons to generate, maintain, disclose, or to provide information to us. You may send comments regarding the accuracy of the burden estimate and or any aspect of the collection, including suggestions for reducing the burden to: Information Collections Management, U. S. Department of Homeland Security, Federal Emergency Management Agency, 500 C Street, SW, Washington, DC 20472, Paperwork Reduction Project (OMB Control Number 1660-0017). You are not required to respond to this collection of information unless a valid OMB number appears in the upper right corner of this form. NOTE: Do not send your completed form to this address. | | | | | |
| DISASTER | | PROJECT NO. | PA ID NO. | DATE | CATEGORY |
| F - R | | | | | |
| DAMAGED FACILITY | | | | WORK COMPLETE AS OF: | |
| | | | | _____ : _____ % | |
| APPLICANT | | | COUNTY | | |
| LOCATION | | | | LATITUDE | LONGITUDE |
| DAMAGE DESCRIPTION AND DIMENSIONS | | | | | |
| SCOPE OF WORK | | | | | |
| Does the Scope of Work change the pre-disaster conditions at the site? <input type="checkbox"/> Yes <input type="checkbox"/> No Special Considerations issues included? <input type="checkbox"/> Yes <input type="checkbox"/> No Hazard Mitigation proposal included? <input type="checkbox"/> Yes <input type="checkbox"/> No Is there insurance coverage on this facility? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | |
| PROJECT COST | | | | | |
| I T | CODE | NARRATIVE | QUANTITY/UNIT | UNIT PRICE | COST |
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| PREPARED BY | | TITLE | | SIGNATURE | |
| APPLICANT REP. | | TITLE | | SIGNATURE | |

ADDITIONAL AGREEMENT PROVISIONS
For Compliance With The
Federal Funding Accountability and Transparency Act of 2006 (P.L. 109-282)

A. This Agreement (subaward) is supported by federal funds, requiring compliance with the Federal Funding Accountability and Transparency Act (FFATA) and Office of Management and Budget Guidance (OMB). Public Law 109-282, as amended by section 6202(a) of Public Law 110-252 (see 31 U.S.C. 6101 note). By entering into this Agreement, Applicant agrees to provide all applicable reporting information to the Washington Military Department (Department) required by FFATA and OMB Guidance.

B. The FFATA requires the OMB to establish a publicly available online database (USASpending.gov) containing information about entities that are awarded Federal grants, loans, and contracts. As required by FFATA and OMB Guidance, certain information on the first-tier subawards related to Federal contracts and grants, and the executive compensation of awardees, must be made publicly available.

C. For new Federal grants beginning October 1, 2010, if the initial subaward is equal to or greater than \$25,000, reporting of the subaward and executive compensation information is required. If the initial subaward is below \$25,000 but subsequent grant modifications result in a total subaward equal to or over \$25,000, the subaward will be subject to the reporting requirements as of the date the subaward exceeds \$25,000. If the initial subaward equals or exceeds \$25,000 but funding is subsequently de-obligated such that the total award amount falls below \$25,000, the subaward continues to be subject to the reporting requirements of the FFATA and OMB Guidance.

D. As a Federal grant subawardee under this Agreement, your organization is required by FFATA, OMB Guidance and this Agreement to provide the Department, as the prime grant awardee, all information required for FFATA compliant reporting by the Department. This includes all applicable subawardee entity information required by FFATA and OMB Guidance, subawardee Data Universal Numbering System number (DUNS number), and relevant executive compensation data, as applicable.

1. Data about your organization will be provided to USASpending.gov by the Department or by the Federal Contractor Registry (CCR) (www.ccr.gov). CCR is a government wide registration system for organizations that do business with the Federal Government. CCR stores information about awardees including financial account information for payment purposes and a link to Dunn and Bradstreet (D&B) (www.dnb.com) for maintaining current DUNS information. The Department encourages CCR registration and annual renewal by your organization to minimize unnecessary data entry and re-entry required by both the Department and your organization. It will also reduce the potential of inconsistent or inaccurate data entry.
2. Your organization must have a DUNS number obtained from the firm D&B (www.dnb.com). A DUNS number provides a method to verify data about your organization. D&B is responsible for maintaining unique identifiers and organizational linkages on behalf of the Federal Government for organizations receiving Federal assistance.

E. The Department, as the prime awardee, is required by FFATA to report names and total compensation of the five (5) most highly compensated officers of your organization (as the subawardee) if:

1. Your organization (the subawardee), in the preceding fiscal year, received 80 percent or more of its annual gross revenues from Federal awards and \$25,000,000 or more in annual gross revenues from Federal awards; and
2. The public does not have access to this information about the compensation of the senior executives of your organization through periodic reports filed under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d) or section 6104 of the Internal Revenue Code of 1986).

“Total compensation” for purposes of this requirement generally means the cash and non-cash value earned by the executive during the past fiscal year and includes salary and bonus; awards of stock, stock options and stock appreciation rights; and other compensation such as severance and termination payments, and value of life insurance paid on behalf of the employee, and as otherwise provided by FFATA and applicable OMB Guidance.

F. If (1) in the preceding fiscal year your organization received 80 percent or more of its annual gross revenues from Federal awards and \$25,000,000 or more in annual gross revenues from Federal awards, and (2) the public does not have access to this information about the compensation of the senior executives of your organization through periodic reports filed under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d) or section 6104 of the Internal Revenue Code of 1986), insert the names and total compensation for the five most highly compensated officers of your organization in the table below:

| | |
|-------------------------------------|--|
| Officer 1 Name | |
| Officer 1 Total Compensation amount | |
| | |
| Officer 2 Name | |
| Officer 2 Total Compensation amount | |
| | |
| Officer 3 Name | |
| Officer 3 Total Compensation amount | |
| | |
| Officer 4 Name | |
| Officer 4 Total Compensation amount | |
| | |
| Officer 5 Name | |
| Officer 5 Total Compensation amount | |

If your organization does not meet these criteria, specifically identify below each of these criteria that is not met for your organization:

The City of McCleary does not meet criteria (1) or (2) requiring Part F to be completed.

FORM
A19-1A
(Rev. 12/96)



STATE OF WASHINGTON
INVOICE VOUCHER

| AGENCY USE ONLY | | |
|-----------------|---------------|-------------------|
| AGENCY NO. | LOCATION CODE | P.R. OR AUTH. NO. |
| | | |

AGENCY NAME

Military Department
Public Assistance Unit, Bldg. 20
Camp Murray TA-20
Tacoma, Washington 98430-5122

VENDOR OR CLAIMANT (Warrant is to be payable to)

City of McCleary
100 S 3rd St
McCleary, WA 98557

INSTRUCTIONS TO VENDOR OR CLAIMANT: Submit this form to claim payment for materials, merchandise or services. Show complete detail for each item.

Vendor's Certificate. I hereby certify under penalty of perjury that the items and totals listed herein are proper charges for materials, merchandise or services furnished to the State of Washington, and that all goods furnished and/or services rendered have been provided without discrimination because of age, sex, marital status, race creed, color, national origin, handicap, religion, or Vietnam era or disabled veterans status.

BY _____
(SIGN IN INK)

(TITLE) (DATE)

| | | |
|--|-------------|---------------|
| FEDERAL I.D. NO. OR SOCIAL SECURITY NO. (For Reporting Personal Services Contract Payments to IRS) | RECEIVED BY | DATE RECEIVED |
| 91-6001456 | | |

DISASTER ASSISTANCE PAYMENT REQUEST

Payment requested for disaster assistance to help in the repair or restoration of damaged public facilities.

Contract No: **D12-154**

Disaster No: **4056-DR-WA**

Type of Request:

☐ Small Project Payment

Package #: **PW#**

☐ Large Project Payment

PW #:

☒ Indirect Administrative Allowance

☒ Final Payment

Project Costs:

Proj/Sub **724AC** \$ _____
(F)

Proj/Sub **722AE** \$ _____
(S)

Administrative Costs:

Proj/Sub **724AD** \$ **250.00**
(F)

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| PREPARED BY | | | | TELEPHONE NUMBER () | | DATE | | AGENCY APPROVAL | | | | DATE | | | | |
| DOC DATE | | PMT. DUE DATE | | CURRENT DOC. NO. | | REF. DOC. NO. | | VENDOR NO. | | VENDOR MESSAGE | | USE TAX | | UBI NUMBER | | |
| REF DOC SUF | TRANS CODE | M O D | FUND | APPN INDEX | PROGRAM INDEX | SUB OBJ | SUB SUB OBJ | ORG INDEX | WORK CLASS ALLOC | COUNTY BUDGET UNIT | CITY/TOWN MOS | PROJECT | SUB PROJ | PROJ PHAS | AMOUNT | INVOICE NO. |
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| ACCOUNTING APPROVAL FOR PAYMENT | | | | | | | | | | DATE | | WARRANT TOTAL | | | WARRANT NUMBER | |

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