



**CITY COUNCIL MEETING AGENDA
Council Chambers, 1000 Laurel Street**

**February 18, 2014
Tuesday**

**Next Ordinance: 1837-14
Next Resolution: 14-1845**

**Agenda
7:00 p.m.**

- 1. Call to Order and Flag Salute**
- 2. Roll Call of Councilmembers**
- 3. Additions/Deletions**
- 4. Citizen Participation**

Citizens may comment on any topic that is not on the Regular Agenda. To comment, please raise your hand to request recognition by the Chair. Once so recognized, please step to the podium and state your name and address for the record before making your comments. Also, please limit your comments to no more than three (3) minutes.

The public may comment on individual agenda items on the Regular Agenda prior to Council's action.

The public may also submit written communications, via letters or emails to dperry@cityofmilton.net. Any item received by noon on the day of the meeting will be distributed to Council.

5. Consent Agenda

A. Minutes – Approval of the minutes of:

- i. February 7-8, 2014 Council Retreat
- ii. February 10, 2014 Regular Meeting

B. Claims Approval:

- i. Approval of the payroll of February 5, 2014 in the amount of \$228,215.25.

Council may add and take action on other items not listed on this agenda.

If you need ADA accommodations, please contact City Hall at (253) 517-2705 prior to the meeting.

Thank you.

- C. Appointment of Katie Bolam as City Clerk-Human Resources Generalist
- D. LGIP Authority Resolution

6. Regular Agenda

- A. Ordinance Amending Various Land Use Codes
- B. Contract for Electric System Plan Update

7. City Administrator Report

8. Council Reports

9. Mayor's Report

10. Adjournment

Council may add and take action on other items not listed on this agenda.

If you need ADA accommodations, please contact City Hall at (253) 517-2705 prior to the meeting.

Thank you.

PENDING COUNCIL AGENDA CALENDAR (Dates are Subject to Change) FOR PLANNING PURPOSES ONLY

February 2014			
Tue 2/18	7:00 pm	Regular Meeting	A. Appointment of Katie Bolam as City Clerk-Human Resources Generalist (<i>Consent Agenda</i>) B. LGIP Authority Resolution (<i>Consent Agenda</i>) C. Ordinance Amending Various Land Use Codes D. Contract for Electric System Plan Update
March 2014			
Mon 3/03	7:00 pm	Study Session	A. Meet with Water Staff B. Well Drilling Report C. Discussion of Water Capital Improvement Plan
Mon 3/10	7:00 pm	Regular Meeting	A. Public Hearing of Marijuana Moratorium B. Granting of Easement to DOE C. Amendments to Building & Fire Codes
Mon 3/17	7:00 pm	Regular Meeting	A. Award of Activity Center Roof Replacement Contract B. 2013 Financial Results C. Flood Control District Agreement with Pierce County
April 2014			
Mon 4/07	7:00 pm	Study Session	A. Curtailment Agreement with Tacoma Power B. Biennial Budgets
Mon 4/14	7:00 pm	Regular Meeting	A. 1 st Qtr Financial Report
Mon 4/21	7:00 pm	Regular Meeting	
May 2014			
Mon 5/05	7:00 pm	Study Session	A. Meet w/ Electrical Staff
Mon 5/12	7:00 pm	Regular Meeting	
Mon 5/19	7:00 pm	Regular Meeting	
June 2014			
Mon 6/02	7:00 pm	Study Session	A. 6 Year Transportation Improvement Program B. Transportation Benefit District
Mon 6/09	7:00 pm	Regular Meeting	
Mon 6/16	7:00 pm	Regular Meeting	
July 2014			
Mon 7/07	7:00 pm	Study Session	
Mon 7/14	7:00 pm	Regular Meeting	A. 2nd Qtr Financial Report
Mon 7/21	7:00 pm	Regular Meeting	
August 2014			
Mon 8/4	7:00 pm	Study Session	A. Meet w/ staff: Stormwater Discussion
Mon 8/11	7:00 pm	Regular Meeting	
Tue 8/18	7:00 pm	Regular Meeting	
September 2014			
Tue 9/2	7:00 pm	Study Session	
Mon 9/8	7:00 pm	Regular Meeting	
Mon 9/15	7:00 pm	Regular Meeting	
October 2014			
Mon 10/06	7:00 pm	Study Session	
Tue 10/14	7:00 pm	Regular Meeting	A. 3rd Qtr Financial Report
Mon 10/20	7:00 pm	Regular Meeting	



DRAFT CITY COUNCIL MINUTES

Council Retreat
Friday, February 7 – Saturday, February 8, 2014

CALL TO ORDER

Mayor Perry called the 2014 Council Retreat to order at 3:00 p.m. on Friday, February 7, 2014 in the City Council Chambers, 1000 Laurel St, Milton; she led the Pledge of Allegiance.

ROLL CALL

Present: Mayor Perry, Mayor Pro Tem Taylor, Councilmembers, Whalen, Manley, Ott, Morton and Zaroudny
Absent: Councilmember Jones was excused

STAFF PRESENT

City Administrator Mukerjee, Interim Police Chief Langford, Public Works Director Neal, and Finance Director Tylor

Department staff: Brent Lagasa, Safety Committee Chair; Glen Baker, Water / Street / Storm Supervisor; and Dana Herron, Building Official

Guest presenter: Jim Jaques, East Pierce Fire Deputy Chief

DISCUSSION ITEMS/PRESENTATIONS

Safety Committee Presentation

- Brent Lagasa, Safety Committee Chair, provided an overview of the city's Safety Committee. It meets once a quarter, and it is represented by staff from all departments. The committee reviews safety procedures and makes recommendations to supervisors.
- Glen Baker, Water/Street/Storm Supervisor described the monthly safety meetings held in the Public Works department. This includes briefing on various safety topics, and reviews of certifications and safety manuals.

Emergency Management Discussion

- Dana Herron, Building Official, described the role of the Building Official in damage assessment and rating damaged buildings with green, yellow and red cards. He described the need for inter-local agreements with other jurisdictions to share building inspectors in case of an emergency.

- Jim Jaques, East Pierce Fire Deputy Chief, went over the city's emergency management plan, which was drafted in 2003 and needs updating. He described the response protocols and the role of elected officials on policy matters.
- Glen Baker, Water/Street/Storm Supervisor, described the role of city crews during an emergency.
- City Administrator Mukerjee cited some examples of policy issues from past disasters.

Past Accomplishments

City Administrator Mukerjee listed the major projects completed, grants received, and policy issues discussed by Council in 2013. He also provided copies of the pending agenda calendar and described how it is used for scheduling of council agenda items.

RECESS

Mayor Perry recessed the Council Retreat at 5:30 p.m. and reconvened at 9:30 a.m. Saturday, February 8, 2014, at the Alder Ridge Senior Apartment Facility, 2800 Alder St, Milton.

ROLL CALL

Present: Mayor Perry, Mayor Pro Tem Taylor, Councilmembers, Whalen, Manley, Ott, Morton and Zaroudny
 Absent: Councilmember Jones

STAFF PRESENT

Interim Police Chief Langford, Public Works Director Neal, Finance Director Neal, Senior Administrative Assistant Bolam

MAYOR'S AGENDA

Mayor Perry led a discussion on staffing levels. Council consensus that now is a good time to review staff levels and job descriptions.

Mayor Perry highlighted her goals for 2014:

- Volunteers – provide support structure and appreciation to the many city volunteers – need work space, printed materials available, and a user-friendly website
- Park-and-Rides included in the Comprehensive Plan (on Meridian and Pacific Highway) – Pierce Transit discussion
- Edgewood – important to work closely with neighboring city – the successes of Meridian and Jovita prove that
- Historic preservation – purchase the Simmons Building
- Parks – empower Parks Board and see parks improved – make a “City for All Ages”
- Facilities – improvements to City Hall, from small things (flowers) to big (windows/roof)

Mayor Perry announced recent personnel decisions:

- Glen Baker has been assigned the Lead over parks and facilities under Director Neal
- Resignation of City Administrator Mukerjee – last day 2/21/14
- Appointment of Interim Police Chief Mark Langford as Interim City Administrator
- City Attorney Bio Park will be present at regular City Council meetings from now on, at least through the City Administrator transition – possible restructuring of the agenda to keep attorney hours down
- Requests approval of a City Clerk/Human Resources Generalist position, to be presented at Council's next regular meeting

Council requested that information be brought to an upcoming study session on:

- Utility rate study
- Transportation Benefit Districts
- Moving to a biannual budget
- Obtaining tablets for Councilmembers

Mayor Perry led a discussion on dreams and priorities to shape the next several years planning efforts.

- Dreams identified included: a new city hall, new police cars, key support staff, forward-moving visioning effort, spruced up city grounds (benches, ball fields, flowers, trees, signs), city identity, community activity center for all ages, road improvements, Surprise Lake access, increased training opportunities, and a good revenue stream.
- Top priorities: Visioning effort, good maintenance of current assets, increase in mayoral compensation, city appearance, happy employees, and personnel costs (healthcare, L&I, etc).

ADJOURNMENT

Mayor Perry adjourned the Council Retreat at 4:25 p.m.

Return to Agenda



Regular Meeting
Monday –February 10, 2014
7:00 p.m.

CALL TO ORDER

Mayor Perry called the regularly-scheduled meeting to order at 7:00 p.m. and led the Pledge of Allegiance.

ROLL CALL

Present: Mayor Perry, Mayor Pro Tem Taylor, Councilmembers Jones, Whalen, Manley, Ott, Morton and Zaroudny

STAFF PRESENT

City Administrator Mukerjee, Public Works Director Neal, Finance Director Tylor, Interim Police Chief Langford, and Associate Planner Larson

ADDITIONS / DELETIONS

None.

CITIZEN PARTICIPATION

Speaker	Address	Comments
Jacquelyn Whalen	1605 13 th Ave	As a member of the audience during Council's retreat, it gave her tremendous hope to see such camaraderie and focus.
Richard Cosner	507 7 th Ave	Announced his resignation from the Events Committee due to acceptance of an overseas job. Thanked Council for their great support.
Katrina Asay	President of Milton Police Foundation	Police awards banquet this Wed, Feb. 12. All are invited and encouraged to attend or donate. Tickets are \$25; funds allow for the purchase of small pieces of equipment. Main objective of banquet is to thank officers and show community support.

PIERCE COUNTY COUNCILMEMBER PRESENTATION

Mayor Perry welcomed Pierce County Councilmember Joyce McDonald to the podium, who reported on some County issues and answered Councilmember questions.

- In 492 days, the US Open will be at Chambers Bay – volunteers pay to volunteer but get some nice perks.
- She has been the Chair of the Pierce County Council the last 2 years, but didn't run this year – Dan Roach is Chair this year. She is now serving as the Chair of the South Sound 911 board, which services 38 agencies.
 - There are no funding opportunities available at this time to help Milton comply with regulations.
- There is an agricultural initiative to support family farms. Pierce County farmers generate \$100 million in sales each year. This initiative designed to help farmers deal with regulations, and there's a new mobile app coming to direct the public to local farms.
- Received a phone call from a Milton resident regarding the increase in sewer rates. The main reason for the increase is treatment plant upgrades, which the County sold bonds to finance.
- The County Council voted to prohibit marijuana land uses in unincorporated Pierce County, believing that federal law preempts state law. They are pleased with the state attorney general's opinion.
- This is the 2nd year of the Flood Control District. The District collects \$6.9 million annually (\$.10/\$1,000 in property value), and has committed \$6 million total (\$1mil/year for 6 years) for the Tacoma wastewater treatment plant flood wall, and \$7 million for the setback levy upriver of Orting.

CONSENT AGENDA

Approval of:

- A. Minutes of January 21 and February 3, 2014
- B. Checks/vouchers for \$1,073,487.14, and Payroll for \$135,675.26
- C. Acceptance of Alder Ridge Trail Easement
- D. Surplus Property

MAYOR PRO TEM TAYLOR MOVED, seconded by Councilmember Whalen, to approve the Consent Agenda as presented. **Passed 7/0.**

REGULAR AGENDA

- A. Annexation Petition – Clear Water Development and Sun Ridge Apartments

City Administrator Mukerjee and Planner Larson reviewed the status and next steps if approved of this item.

COUNCILMEMBER OTT MOVED, seconded by Councilmember Whalen, to authorize the circulation of annexation petitions, under the direct petition method, for the proposed Clear Firs/Sunridge annexation, to simultaneously adopt the Residential Multi Family (RM) zoning designation consistent with the City of Milton Comprehensive Plan and zoning code, and requiring assumption of existing City indebtedness.

Councilmembers are pleased with the SOAP and SODA laws and the apartment security measures, and are happy to welcome these future residents.

Speaker	Address	Comments
Jacquelyn Whalen	1605 13 th Ave	Property taxes will be received beginning January 1, 2015; when will services begin? City Administrator Mukerjee answered that services will begin once the annexation is approved by ordinance.

Planner Larson said that the process typically takes 90-120 days once the petition is received.

The motion was voted on and passed 7/0.

B. Release of Easement for old Stepping Stones Project

Planner Larson handed out a revised easement document with edits by the city attorney. City Administrator Mukerjee explained that this is a requested release of easements for the 2006 Stepping Stone townhouse project that expired; the owner wants to sell the property.

MAYOR PRO TEM TAYLOR MOVED, seconded by Councilmember Jones, to approve the attached Resolution 14-1843 declaring certain property as surplus and authorize disposal of such property.

Speaker	Address	Comments
Jacquelyn Whalen	1605 13 th Ave	Just to clarify, the name noted in the document is no relation, to her knowledge.

The motion was voted on and passed 7/0.

C. City Clerk/HR Generalist Position

City Administrator Mukerjee explained the Mayor has requested this position.

COUNCILMEMBER WHALEN MOVED, seconded by Councilmember Morton, to approve the attached ordinance creating a City Clerk/Human Resources Generalist position, authorizing an annual salary range of \$67,000-\$75,000 for the position, and adjusting the duties of the Finance Director position.

Councilmember Whalen asked for clarification of when this would take effect. Some discussion ensued regarding this clarification, and City Attorney Park recommended an amendment to add verbiage to Section 4 of the Ordinance to read, "... or after the created position is filled, whichever comes latter."

COUNCILMEMBER WHALEN MOVED, seconded by Councilmember Morton, to amend the motion to add verbiage to Section 4 of the Ordinance to read, "... or after the created position is filled, whichever comes latter." **Passed 7/0.**

Councilmembers expressed support for the position, citing increasing job duties, importance of a Human Resources position, and timeliness.

Mayor Pro Tem Taylor cited an inconsistency regarding the duties included in the Finance Director's job description regarding supervision over the City Clerk's position.

MAYOR PRO TEM TAYLOR MOVED, seconded by Councilmember Whalen, to amend the Finance Director's job description, deleting the verbiage from paragraph 2 under General Purpose "and overseeing the services and activities of the city clerk's office." **Passed 7/0.**

Some discussion ensued regarding funding for the position, with Councilmember Jones wishing to see this brought back to a study session first.

Speaker	Address	Comments
Leonard Sanderson	1201 24 th Ave Ct	Since it is unclear where the funding is coming from, he cautions against creating a position that might need to be cut in a year or two.

Mayor Perry called for a vote of the amended main motion, which is:

To approve the attached ordinance creating a City Clerk/Human Resources Generalist position, authorizing an annual salary range of \$67,000-\$75,000 for the position, and adjusting the duties of the Finance Director position; to add the verbiage, "...or after the created position is filled, whichever comes latter," at the end of Section 4 of the Ordinance; and to delete the verbiage, "and overseeing the services and activities of the city clerk's office," from paragraph 2 of the Finance Director's job description.

The amended motion was voted on and passed 6/1 (Jones).

CITY ADMINISTRATOR REPORT

- On Sunday it snowed, and city crews were out sanding down the streets – this is an automatic response for which crews are trained and ready to go.
- Next meeting is Tuesday, February 18, due to the President's Day holiday.

COUNCIL REPORTS

- Councilmember Zaroudny
 - Retreat was informative and fun; appreciates Mrs. Whalen's comment about the Council's cohesiveness and focus; thinks there should be one or two more retreats each year
- Councilmember Manley
 - Would also like to see another retreat half-way through the year; it was more and more informative as the day went on
 - Kudos to the city crews responding to the snow
- Councilmember Morton
 - Noticed the plowing; very nice
 - Retreat was good
 - Car wash is looking great
 - Sad to see Hometown Hardware closed
- Councilmember Ott
 - Glad to see County Councilmember Joyce McDonald here this evening
 - Emphasized invitation to police award banquet
 - Appreciates Mrs. Whalen's comments about retreat; it was outstanding; looking forward to working toward goals
 - Received a citizen comment about how great to have the streets sanded Friday morning; thanks too for Sunday sanding
- Councilmember Whalen
 - Very good retreat; thanks to Alder Ridge
 - 15th Ave street parking, especially on Monday nights has become a problem; the safety striping needs to be redone; requested information on the capacity for the community building
 - Nice to hear the kids playing in the snow
 - Brought a large zoning map and discussed the possible annexation area
- Councilmember Jones
 - Good job to Public Works crew for clear roads, and Police for helping motorists who ran into trouble
- Mayor Pro Tem Taylor
 - WSDOT-installed street lighting through Edgewood/Milton will be nice, as will be the traffic light at Taylor/Meridian
 - Street light out across from Bud's

MAYOR'S REPORT

- Retreat was very good
- February 15 launch of the Pierce Transit circulator route – encouragement to get the word out to make the service successful
- PCCTA meeting was a well attended and looks forward to a lot of regional cooperativeness

ADJOURNMENT

COUNCILMEMBER WHALEN MOVED, seconded by Mayor Pro Tem Taylor, to adjourn at 8:55 p.m.

Debra Perry, Mayor

ATTEST:

Lisa Tylor, City Clerk

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To: Mayor Perry and City Council Members
From: City Administrator, Mukerjee
Date: February 18, 2014
Re: **Appointment of Katie Bolam as City Clerk/Human Resources Generalist**

ATTACHMENTS: A. Appointment Offer Letter
B. Job Description- City Clerk/Human Resources Generalist
C. Compensation Policy for Exempt Employees

TYPE OF ACTION: Amended Fee Resolution

Information Only Discussion Action Expenditure Required:

Recommendation/Action: "I move to approve the attached appointment letter to Katie Bolam as the City Clerk/Human Resources Generalist."

Fiscal Impact/Source of Funds: The base salary for position is being proposed at \$67,000/year. With benefits and taxes, the total cost will be approximately \$101,450/year. The cost will be allocated as follows: General Fund: 70%, Electric Fund: 14% and Water Fund: 16%.The cost for the remaining 10 months of 2014 will need to be appropriated through a budget amendment ordinance.

Previous Council Review: Position authorized on 2/10/14.

Issue: The Appointment Letter to Katie Bolam for the newly created City Clerk/Human Resources Generalist position needs Council authorization because of the starting leave banks.

Discussion: The City Clerk/Human Resources Generalist position (*Attachment B*) was approved by the City Council on February 10, 2014. This is an "exempt position" and will be subject to the compensation policy for exempt employees previously approved by the City Council (*Attachment C*).

This policy authorizes the Mayor to set an employee's salary within the authorized range for the position, based upon experience and qualifications. The approved salary range for this position is \$67,000 - \$75,000 and the Mayor has set the starting salary at the base level of \$67,000/year. In recognition for the previous work experience with the city in the past 5 years, a starting vacation bank of 8 days and a sick leave bank of 2 days are included in the appointment letter.



February 18, 2014

Laura Kathryn Bolam
6719 Anthem St E.
Fife, WA 98424

Ms. Bolam;

I am pleased to inform you that you have been appointed to the position of **City Clerk / Human Resources Generalist** for the City of Milton. This appointment will go into effect on February 27, 2014.

This is an exempt position and has been approved at an annual salary range of \$67,000 - \$75,000; your beginning monthly salary will be \$5,583.33 (\$67,000/year).

The full complement of city-paid benefits will be effective March 1, 2014*, with your share of health insurance premiums being 10%. Also, all provisions of the "Personnel Policy, Compensation for Exempt Employees" will apply to this position with the following additions:

Starting Sick Leave Bank:	2 days.
Starting Vacation Bank:	8 days.

The work of this position is performed under the general direction of the Mayor and City Administrator. Please refer to the attached job description for a complete description of your duties and responsibilities. If you have any questions prior to employment, please contact myself, the City Administrator or the Mayor.

Welcome to the City!

Debra Perry, Mayor

Attachments: Job Description – City Clerk/Human Resource Specialist
Personnel Policy, Compensation for Exempt Employees

**Benefits go into effect the 1st day of the month following an employee's actual hire date.*

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POSITION DESCRIPTION

Title **City Clerk/Human Resources Generalist**
Department Administration
Union/FLSA Status Exempt/Confidential

GENERAL PURPOSE

The position performs a variety of professional support work developing, implementing and overseeing the services, programs and activities of the City Clerk's Office. Responsible for the management and preparation of City Council meeting agendas, council packets, meeting notices pertaining to regular and special meetings and items before Council action is taken. Maintains custody of official records and archives of the City, including: ordinances, resolutions, contracts and minutes and personnel records. Responsible for the maintenance and indexing of official City records, and the enforcement of laws pertaining to public records. Work is performed under general administrative direction from the Mayor and City Administrator with initiative, discretion and independent judgment in the performance of duties based on extensive knowledge of City policies, procedures and operations. This position also performs professional and technical work in the field of public personnel administration and acts as a liaison with the city's IT personnel.

SUPERVISION

Works under the general supervision of the Mayor and City Administrator.

ESSENTIAL DUTIES AND RESPONSIBILITIES

- The primary duties of the City Clerk are listed below; the omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to this position.
- Assists in preparing the agenda and information packet for City Council meetings; attends City Council meetings; responsible for recording and transcribing official minutes of meetings, distributing notices of action , maintaining agenda bill records.
- Ensures that all legal notices and bid openings are properly prepared and published according to related laws, regulations and policies.
- Responsible for codification of ordinances.
- Responsible for developing, implementing and maintaining a records management process for ordinances, resolutions, policies, agreements and other documents; involves work with other City Departments to coordinate records storage and retrieval processes in accordance with the State records retention schedule; Acts as City Records Officer.
- Serves as registrar of voters for the City; keeper of the city seal; notary public.
- Advertises City job openings, receives and records applications, maintains application file and record of recruitment/hiring process.

- Assists City Administrator and Mayor in conducting their administrative duties as needed.
- Coordinates and monitors public disclosure requests pursuant to the city policy and RCW.
- Provides updating the City's website with regard to City Clerk, City Council and Administration issues.
- Prepares for and assist in conducting City elections by implementing processes and procedures necessary in accordance with all applicable State and Federal requirements.
- Responsible for maintaining and updating the city website, including but not limited to meetings, minutes, agendas and the calendar for City Administration.
- Assists with processing of new hire paperwork and new hire orientation, and maintains personnel records and files for employees.
- Performs other assigned tasks as directed by the City Administrator or Mayor.
- Maintains high standards of confidentiality;
- Implements a diverse array of human resources programs and procedures utilized by the organization;
- Interprets and applies adopted policies and procedures;
- Performs customer service functions by interacting with and supplying information to employees and their spouses, department heads, job applicants, external agencies and the public both in person and via technology. Fields internal and external calls and inquiries for the human resources division;
- Creates and maintains personnel files and related personnel records according to retention schedules, employs best management practices;
- Schedules employees immunization and medical tests required for certain jobs and maintains the records.
- Assists in the development and analysis of proposals and counterproposals offered through the collective bargaining process. Interpret contract language for appropriate application;
- Conducts employee recruitment efforts, including development of job announcements, advertisements, applications, testing, interview questions and rating forms. Responsible for training oral interview boards, reference and background checks and communicating with applicants. Conducts employee orientations and exit interviews and processes related paperwork;
- Performs administrative functions such as drafting correspondence and proofreading material. Generating purchase orders, copies, faxes, processes incoming and outgoing mail;
- Completes and submits various human resources related reports and surveys such as salary and EEO-4 reports;

- Maintains Human Resources Information System records and compiles reports from data base.

MINIMUM QUALIFICATIONS

- Associate's degree in business or a closely related field, and a minimum two years of technical personnel work experience. Additional qualifying experience may substitute for up to two years of the educational requirement on a year-for-year basis.
- Two years of progressively responsible administrative experience involving the development and maintenance of detailed and complex records, the meeting of critical deadlines and the interpretation of laws, regulations and other legal requirements is desired.

NECESSARY KNOWLEDGE, SKILLS AND ABILITIES

- Legal requirements pertaining to the recording and preservation of municipal actions including modern records management techniques for recording, retention and disclosure.
- Understanding and interpreting RCW regulations for Washington cities pertaining to recording requirements and records retention.
- Municipal Code provisions that are related to the operations of the City Clerk's function and matters which come before the Council
- Principles, practices and techniques of public personnel administration
- Principles and methods of recruitment, selection, position classification and compensation
- Logic and basic methods of problem solving
- Correct English usage, grammar, spelling, punctuation and vocabulary
- Oral and written communications skills
- Federal, state and local legislation pertaining to Equal Employment Opportunity and Affirmative Action programs and practices
- Applicable laws, codes, regulations, policies and procedures
- Operation of a personal computer and associated software
- Interpersonal skills using tact, patience and courtesy
- Municipal organization, operation, programs, policies and objectives

SPECIAL REQUIREMENTS

- Must have strong customer service skills.
- Verbal and written communications

- Organization of records, documents and computer files
- Must have strong organizational skills and a sharp attention to detail.
- Must be bondableValid Washington state driver's license and a driving record acceptable to the City's insurance carrier or evidence of equivalent mobility.
- Establish and maintain positive, effective working relationships with department directors, employees, job applicants, and the public
- Analyze technical personnel problems and recommend and/or implement solutions
- Communicate effectively both orally and in writing
- Express tact when communicating sensitive and complex matters
- Work independently with little direction; exercise independent judgment
- Meet schedules and time limits

TOOLS AND EQUIPMENT USED

Requires frequent use of personal computer and advanced application of spreadsheet, database and word processing software; printers, telephone, fax machine, copy machine, calculator; et al.

PHYSICAL DEMANDS

The physical demands described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

- Required to sit, talk, and hear; frequently required to use hands to finger, feel or handle objects, computers and office supplies which require repetitive arm, wrist and hand movement.
- May be required to sit for extended periods of time.
- Occasionally required to stand and reach with arms and hands, climb, balance, stoop, kneel, crouch, bend or crawl.
- Specific vision abilities include close, distant, color and peripheral vision, depth perception and the ability to adjust focus.
- The employee is occasionally required to lift or move up to 30 pounds.
- May visit job sites that require walking on uneven, rocky, or rough ground.
- Requires mental acuity to ensure thorough mental analysis of situations in a fast-paced environment.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

- Works indoors in a clean, climate-controlled workspace.
- This position works in an open office environment where the work of others may cause distraction in addition to the requirement to respond to phones and in-person contacts.
- May be exposed to upset and irate customers and clients.
- Work generally involves concentration and attention to detail.
- Occasionally requires visits to other City environments and may require travel for training.

DISCLAIMER

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

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EXHIBIT "A"
AMENDED
CITY OF MILTON
PERSONNEL POLICY
COMPENSATION FOR EXEMPT EMPLOYEES
December 2, 2013

Purpose and Scope

This personnel policy applies to all employees of the City of Milton who are exempt from the Fair Labor and Standards Act and non-represented positions, not covered by collective bargaining agreements. This document provides policies for matters of salary, fringe benefits and other conditions of employment for exempt and non-represented positions. Unless otherwise stipulated, this policy covers all persons and positions noted above.

In the event these policies conflict with any City, State or Federal law, those laws shall prevail. This policy shall not supersede any provisions of an executed employment agreement between the City of Milton and the City Administrator. This policy covers matters of compensation and is not intended to provide the full spectrum of policies, regulations and conditions of employment. These provisions are not a contract, create no vested right, and may be amended at any time.

Salary Ranges

The City shall establish a salary range for each position covered by this policy on an annual basis, as recommended by the Mayor and approved by the City Council. A market survey of salaries for similar positions will normally be done every three years in order to attract and retain qualified employees. The range shall have a beginning and ending salary. Upon initial appointment to a position, the Mayor shall set an employee's salary within the range based upon experience and qualifications. An employee's advancement through the range shall be based on performance.

Merit Pay

A written performance evaluation shall be conducted for an employee covered by this policy on an annual basis and on a schedule pre-determined by the employee and his/her supervisor. Based upon the performance evaluation, an employee's salary may be adjusted within the established range commensurate with his/her performance. Such merit pay adjustment shall be recommended by an employee's supervisor and approved by the Mayor.

Incentive Pay

In order to retain qualified employees in City service, an employee may be qualified for incentive pay. To be eligible for incentive pay, an employee must have reached the top of his/her salary range and served more than three (3) years in a position covered by this policy. Incentive pay shall be in the following increments:

3 – 5 years of service	1% of base salary
6 – 8 years of service	1.5% of base salary
8+ years of service	2% of base salary

An employee's eligibility for incentive pay shall be reassessed annually at the time of the evaluation of performance. Continued eligibility for incentive pay shall be based upon performance that achieves the projects and goals established in the prior year's performance evaluation. Incentive pay shall be recommended by an employee's supervisor and approved by the Mayor.

Cost of Living Adjustment

Upon the recommendation of the Mayor and the approval of the City Council, employees' pay may be adjusted by an annual cost-of-living adjustment. Such adjustment shall also adjust the salary ranges.

Severance Pay

The City Administrator and Department Directors are "at will" employees and serve at the pleasure of the Mayor. No person, who voluntarily resigns, shall be entitled to severance pay. In the event the City Administrator or a Department Director is asked to resign, is laid off due to lack of work or funding, or is terminated without just cause while willing to perform the duties of the job, the employee shall receive severance pay in the following increments:

13 - 24 months of service	Two (2) months pay
25 – 36 months of service	Three (3) months pay
37+ months of service	Four (4) months pay

Note: It is recognized that the City Administrator's employment agreement may include provisions that supersede the severance pay provisions of this policy.

Uniform Allowance

Uniformed employees will be eligible for uniform allowance of \$750 per year which will be taxable as per IRS regulations, to be paid in equal parts with payroll checks.

Benefits

Certain benefits are required for public employees by Federal and State law. This policy covers only those benefits that are discretionary on the part of the City.

Health Insurance: The City shall pay ninety percent (90%) of the monthly premium necessary to provide coverage under AWC HealthFirst Plan for full-time employees and dependents. The City shall also pay 100% of the monthly premiums necessary to provide AWC Vision Service Plan, Dental Plan "F" and Orthodontia Rider Plan V coverage for full-time employees and dependents. Employee's working less than full time shall pay a prorated share of the insurance premium based on the hours of work.

Opt Out Provision: An employee may elect to opt out of medical insurance coverage for spouse and or dependents, provided that the employee has medical insurance coverage through another provider for them, and this decision is in conjunction with the annual, enrollment period. In the event that the terms of the medical insurance policy limit the number or percentage of employees who may opt out, the employer shall accept elections to opt out on a first come/first served basis. If the employee opts out, then in the month the employer is no longer required to pay the employee's health care insurance premiums, the employer shall pay the employee an amount equal to fifty percent (50%) of the monthly premium as compensation for each month the employer does not have to pay the insurance premium. This payment will not be considered as part of the base wage compensation for calculating overtime, longevity, or any other special pay.

FSA Account: The Employer will set up a Flexible Spending Arrangement (FSA) account to allow employees to pay for qualified healthcare and daycare expenses on a pre-tax basis, as governed by Section 125 of the IRS Tax Code.

Life Insurance: Exempt employees shall be covered by a life insurance policy in the amount of \$100,000. The premium shall be paid in full by the City.

Deferred Compensation Plan: The City shall provide a deferred compensation plan for the voluntary contributions by employees covered by this policy.

Leave Accrual

It is recognized that the City's Personnel Policies and Procedures include provisions for the accrual, use, and cash-out of leave time or other types of leave not covered by this policy. This policy is intended only to provide for the types and amounts of leave for employees covered by this agreement.

Vacation Leave: Employees, working full-time, shall receive vacation leave based upon the following schedule. Vacation leave shall be accrued on a monthly basis.

1 – 5 years	12 days per year
6 – 15 years	18 days per year

16 – 20 years
20+ years

20 days per year
22 days per year

Upon hiring in order to attract experienced personnel, the Mayor is authorized to place an individual on the accrual chart at a level commensurate with prior experience. Exempt employees are salaried and therefore, are required to use vacation leave only for absences in excess of four hours per day.

Sick Leave: Sick leave shall be accrued at the rate of one day per month or a total of 12 days per year. Accrual rates for employees working less than 40 hours per week shall be prorated. Exempt employees are salaried and therefore, are required to use sick leave only for absences in excess of four hours per day.

Holiday Leave: Employees, covered by this policy, shall be entitled to holiday pay for all holidays designated by the City Council. In addition, employees shall receive 16 hours per year in holiday leave to be taken at their discretion. This additional holiday leave must be used within a calendar year or it will be forfeited.

Management Leave: It is recognized that employees covered by this policy are required and expected to work beyond the normal work day/week to carry-out the duties of their position. Exempt employees are salaried and are not entitled to overtime or compensatory time for work in excess of 40 hours per week or 8 hours per day. In recognition of the additional work time, exempt employees are entitled to take management leave in an amount agreed upon between the employee and his/her supervisor based upon the amount of extra time work. Additional work time shall not be recorded and exempt employees are not entitled to an hour-for-hour amount of management leave for additional hours worked.

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To: Mayor Perry and City Council Members
From: Finance Director Tylor
Date: February 18, 2014
Re: **Local Government Investment Pool (LGIP) Authorization**

ATTACHMENTS: A. Resolution 14-1844, authorizing investment of monies in the Local Government Investment Pool (LGIP).
B. LGIP Prospectus

TYPE OF ACTION:

Information Only Discussion Action Expenditure Required:

Recommendation/Action:

“I move to approve Resolution 14-1844 authorizing the Finance Director, on behalf of the City, to deposit and withdraw monies to and/or from the LGIP in the manner prescribed by law, rule, and applicable policies and procedures for LGIP”.

Issue: As required by the Office of the State Treasurer, all investors in the Local Government Investment Pool (LGIP) must authorize, by resolution, individuals to make contributions to or withdraw from the pool. This information may be updated annually, or at any time a change in authority occurs.

Background: The Local Government Investment Pool (LGIP) is a voluntary investment vehicle operated by the State Treasurer. Over 530 local governments have participated in the pool since it was started in 1986 to provide safe, liquid, and competitive investment options for local government pursuant to RCW 43.250.

The LGIP lets local governments use the State Treasurer's resources to safely invest their funds while enjoying the economies of scale available from a \$7-11 billion pooled fund investment portfolio.

LGIP's investment objectives are, in priority order: 1) safety of principal, 2) maintaining adequate liquidity to meet cash flows, and 3) providing a competitive interest rate relative to other comparable investment alternatives. LGIP offers 100% liquidity to its participants.

The LGIP portfolio is managed in a manner generally consistent with SEC regulated Rule 2a-7 money market funds. LGIP investment guidelines are spelled out in the LGIP Investment Policy.

Local governments that are eligible to join are: cities and towns, counties, special taxing districts, federally recognized tribe, municipal corporations, community and technical

colleges, and four-year universities. The LGIP was originally created for smaller entities but today LGIP Participants include:

- All 39 counties
- All cities above a population of 10,000
- 234 cities and towns
- 160 special taxing districts
- 30 community colleges and universities
- 7 State Agencies
- 24 miscellaneous

**CITY OF MILTON
RESOLUTION NO. 14-1844**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILTON,
WASHINGTON, AUTHORIZING INVESTMENT OF MONIES IN THE
LOCAL GOVERNMENT INVESTMENT POOL (LGIP).**

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, the CITY of MILTON, to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the governmental entity shall be first duly authorized by the CITY COUNCIL of the CITY of MILTON, the “governing body” or any designee of the governing body pursuant to this resolution or a subsequent resolution; and

WHEREAS, the governmental entity will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS, the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body attests by the signature of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of governmental entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

**THE CITY COUNCIL OF THE CITY OF MILTON, WASHINGTON
DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. The governing body does hereby authorize the contribution and withdrawal of governmental entity monies in the LGIP in the manner prescribed by law, rule, and prospectus.

Section 2. The governing body has approved the Local Government Investment Pool Transaction Authorization Form (Form) as completed by the governmental entity’s Finance Director and incorporated said form into this resolution by reference and does hereby attest to its accuracy.

Section 3. The governmental entity designates Lisa Tylor, Finance Director, the “authorized individual” to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity.

Section 4. This delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the governing body to provide notice of such revocation and is entitled to rely on the authorized individual’s instructions until such time as said notice has been provided.

Section 5. The Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual’s delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further contributions or withdrawals to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual.

Section 6. The governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

PASSED AND APPROVED by the City Council of the City of Milton, Washington, at a regularly scheduled meeting this 18th day of February, 2014.

Debra Perry, Mayor

Attest:

Lisa Tylor, Finance Director/ City Clerk

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LOCAL GOVERNMENT
INVESTMENT POOL

Prospectus

January 2014



James L. McIntire
Washington State Treasurer

Contents

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The Local Government Investment Pool (the "LGIP") is an investment pool of public funds placed in the custody of the Office of the Washington State Treasurer (the "State Treasurer") for investment and reinvestment as defined by RCW 43.250.020. The purpose of the LGIP is to allow eligible governmental entities to participate with the state in the investment of surplus public funds, in a manner that optimizes liquidity and return on such funds. In establishing the LGIP, the legislature recognized that not all eligible governmental entities are able to maximize the return on their temporary surplus funds, and therefore it provided a mechanism whereby they may, at their option, utilize the resources of the State Treasurer to maximize the potential of their surplus funds while ensuring the liquidity of those funds.

The State Treasurer has established a sub-pool within the LGIP whose shares are offered by means of this Prospectus: The LGIP-Money Market Fund (the "LGIP-MMF" or the "Fund"). The State Treasurer has the authority to establish additional sub-pools in the future.

The Fund offered in this Prospectus seeks to provide current income by investing in high-quality, short term money market instruments. These standards are specific to the Fund, as illustrated in the following table. The LGIP-MMF offers daily contributions and withdrawals.

FUND SNAPSHOT

The table below provides a summary comparison of the Fund's investment types and sensitivity to interest rate risk. This current snapshot can be expected to vary over time.

Fund	Investment Types	Maximum Dollar-Weighted Average Maturity for LGIP-MMF
LGIP-Money Market Fund	Cash	60 days
Current Investments (as of November 1, 2013)	Bank Deposits US Treasury bills Repurchase agreements US Government agency obligations	



Administrative Fee. The State Treasurer charges pool participants a fee representing administration and recovery costs associated with the operation of the Fund. The administrative fee accrues daily from pool participants' earnings prior to the earnings being posted to their account. The administrative fee will be paid monthly. In the event that there are no earnings, the administrative fee will be deducted from principal.

The chart below illustrates the operating expenses of the LGIP-MMF for past years, expressed in basis points as a percentage of fund assets.

Liquidity Risk. Liquidity risk is the risk that the Fund will experience significant net withdrawals of Fund shares at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss.□

Management Risk. Poor security selection or an ineffective investment strategy could cause the LGIP-MMF to underperform relevant benchmarks or other funds with a similar investment objective.

Issuer Risk. The LGIP-MMF is subject to the risk that debt issuers and other counterparties may not honor their obligations. Changes in an issuer's credit rating (e.g., a rating downgrade) or the market's perception of an issuer's creditworthiness could also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. Also, a decline in the credit quality of an issuer can cause the price of a money market security to decrease.

Securities Lending Risk and Reverse Repurchase Agreement Risk. The LGIP-MMF may engage in securities lending or in reverse repurchase agreements. Securities lending and reverse repurchase agreements involve the risk that the Fund may lose money because the borrower of the Fund's securities fails to return the securities in a timely manner or at all or the Fund's lending agent defaults on its obligations to indemnify the Fund, or such obligations prove unenforceable. The Fund could also lose money in the event of a decline in the value of the collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

Risks Associated with use of Amortized Cost. The use of amortized cost valuation means that the LGIP-MMF's share price may vary from its market value NAV per share. In the unlikely event that the State Treasurer were to determine that the extent of the deviation between the Fund's amortized cost per share and its market-based NAV per share may result in material dilution or other unfair results to shareholders, the State Treasurer may cause the Fund to take such action as it deems appropriate to eliminate or reduce to the extent practicable such dilution or unfair results.

An investment in the LGIP-MMF is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of investments at \$1 per share, pool participants could lose money by investing in the LGIP-MMF. There is no assurance that the LGIP-MMF will achieve its investment objective.

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The following information is intended to address the risks of investing in the LGIP-MMF. The information illustrates changes in the performance of the LGIP-MMF's shares from year to year. Returns are based on past results and are not an indication of future performance. Updated performance information may be obtained on our website at □□□□□□□□□□ or by calling the LGIP toll-free at 800-331-3284.

NAV will not be calculated and the Fund will not process contributions and withdrawals submitted on days when the Fund is not open for business. The time at which shares are priced and until which contributions and withdrawals are accepted is specified below and may be changed as permitted by the State Treasurer. □

To the extent that the LGIP-MMF's assets are traded in other markets on days when the Fund is not open for business, the value of the Fund's assets may be affected on those days. In addition, trading in some of the Fund's assets may not occur on days when the Fund is open for business.

Transaction Limitation

The State Treasurer reserves the right at its sole discretion to set a minimum and/or maximum transaction amount from the LGIP-MMF and to limit the number of transactions, whether contribution, withdrawal, or transfer permitted in a day or any other given period of time.

The State Treasurer also reserves the right at its sole discretion to reject any proposed contribution, and in particular to reject any proposed contribution made by a pool participant engaged in behavior deemed by the State Treasurer to be abusive of the LGIP-MMF.

A pool participant may transfer funds from one LGIP-MMF account to another subject to the same time and contribution limits as set forth in WAC 210.10.060.

Contributions

Pool participants may make contributions to the LGIP-MMF on any business day. All contributions will be effected by electronic funds transfer to the account of the LGIP-MMF designated by the State Treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such electronic transfers to the State Treasurer. Failure to wire funds by a pool participant after notification to the State Treasurer of an intended transfer will result in penalties. Penalties for failure to timely wire will be assessed to the account of the pool participant responsible.

Notice. To ensure same day credit, a pool participant must inform the State Treasurer of any contribution over one million dollars no later than 9 a.m. on the same day the contribution is made. Contributions for one million dollars or less can be requested at any time prior to 10 a.m. on the day of contribution. For all other contributions over one million dollars that are requested prior to 10 a.m., a pool participant may receive same day credit at the sole discretion of the State Treasurer. Contributions that receive same day credit will count, for earnings rate purposes, as of the day in which the contribution was made. Contributions for which no notice is received prior to 10:00 a.m. will be credited as of the following business day.

Notice of contributions may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to State Treasurer's Treasury Management System ("TMS"). Please refer to the [LGIP-MMF Operations Manual](#) for specific instructions regarding contributions to the LGIP-MMF.

Direct deposits from the State of Washington will be credited on the same business day.

Pricing. Contribution requests received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that contribution date.

Withdrawals

Pool participants may withdraw funds from the LGIP-MMF on any business day. Each pool participant shall file with the State Treasurer a letter designating the financial institution at which funds withdrawn from the LGIP-MMF shall be deposited (the "Letter"). This Letter shall contain the name of the financial institution, the location of the financial institution, the account name, and the account number to which funds will be deposited. This Letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-10-020.

Disbursements from the LGIP-MMF will be effected by electronic funds transfer. Failure by the State Treasurer to wire funds to a pool participant after proper notification to the State Treasurer to disburse funds to a pool participant may result in a bank overdraft in the pool participant's bank account. The State Treasurer will reimburse a pool participant for such bank overdraft penalties charged to the pool participant's bank account.

Notice. In order to withdraw funds from the LGIP-MMF, a pool participant must notify the State Treasurer of any withdrawal over one million dollars no later than 9 a.m. on the same day the withdrawal is made. Withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of withdrawal. For all other withdrawals from the LGIP-MMF over one million dollars that are requested prior to 10 a.m., a pool participant may receive such withdrawal on the same day it is requested at the sole discretion of the State Treasurer. No earnings will be credited on the date of withdrawal for the amounts withdrawn. Notice of withdrawals may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to TMS. Please refer to the LGIP-MMF Operations Manual for specific instructions regarding withdrawals from the Fund.

Pricing. Withdrawal requests with respect to the LGIP-MMF received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that withdrawal date.

Suspension of Withdrawals. If the State Treasurer has determined that the deviation between the Fund's amortized cost price per share and the current net asset value per share calculated using available market quotations (or an appropriate substitute that reflects current market conditions) may result in material dilution or other unfair results, the State Treasurer may, if it has determined irrevocably to liquidate the Fund, suspend withdrawals and payments of withdrawal proceeds in order to facilitate the permanent termination of the Fund in an orderly manner. The State Treasurer will distribute proceeds in liquidation as soon as practicable, subject to the possibility that certain assets may be illiquid, and subject to subsequent distribution, and the possibility that the State Treasurer may need to hold back a reserve to pay expenses.

The State Treasurer also may suspend redemptions if the New York Stock Exchange suspends trading or closes, if US bond markets are closed, or if the Securities and Exchange Commission declares an emergency. If any of these events were to occur, it would likely result in a delay in the pool participants' redemption proceeds.

The State Treasurer will notify pool participants within five business days of making a determination to suspend withdrawals and/or irrevocably liquidate the fund and the reason for such action.

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LGIP-MMF Daily Factor

The LGIP-MMF daily factor is a net earnings figure that is calculated daily using the investment income earned (excluding realized gains or losses) each day, assuming daily amortization and/or accretion of income of all fixed income securities held by the Fund, less the administrative fee. The daily factor is reported on an annualized 7-day basis, using the daily factors from the previous 7 calendar days. The reporting of a 7-day annualized yield based solely on investment income which excludes realized gains or losses is an industry standard practice that allows for the fair comparison of funds that seek to maintain a constant NAV of \$1.00.

LGIP-MMF Actual Yield Factor

The LGIP-MMF actual yield factor is a net daily earnings figure that is calculated using the total net earnings including realized gains and losses occurring each day, less the administrative fee.

Amendments

This Prospectus and the attached Investment Policy may be amended from time to time. Pool participants shall receive notice of changes to the Prospectus and the Investment Policy. The amended and restated documents will be posted on the State Treasurer website: www.tre.wa.gov.

Should the State Treasurer deem appropriate to offer additional sub-pools within the LGIP, said sub-pools will be offered by means of an amendment to this prospectus.

LGIP-MMF Contact Information

Internet: www.tre.wa.gov Treasury Management System/TMS

Phone: 1-800-331-3284 (within Washington State)

Mail:

Office of the State Treasurer
Local Government Investment Pool
PO Box 40200
Olympia, Washington 98504
FAX: 360-902-9044

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To: Mayor Perry and City Councilmembers
From: Chris Larson, Contract Associate Planner
Date: February 18th, 2014, Regular Meeting
Re: **Various Code Amendments**

ATTACHMENTS: 1 – Proposed Ordinance
2 – Map showing substandard lots in the city.

TYPE OF ACTION:
 Information Only Discussion Action Expenditure Required

Recommendation/Action: Move to approve attached ordinance amending various sections of the land use code.

Fiscal Impact/Source of Funds: This was part of the Planning Commission’s 2012 work plan. No additional funds should be expended on this item after adoption of this ordinance.

Previous Council Review: . February 3rd Council Study Session

Background: On February 3rd, 2014, the City Council reviewed various proposed land use code amendments that were recommended by the Planning Commission. The attached ordinance would amend various sections of the land use code as described below. The amendments to short plat improvements is not included in the ordinance pending further review.

In 2012, the Planning Commission reviewed a list of Code Amendments that were presented by staff. Since late 2009 staff had been keeping a list of various code provisions that needed amendment in order to fit with the rest of the code and meet state law. The ordinance represents those changes. The Planning Commission moved to recommend approval of this ordinance to Council, at their June 2012 meeting by a vote of 6-1.

Discussion: These can be considered housekeeping, or clarifying the intent of existing regulations. Below is a summary of the proposed amendments.

- A. Boundary Lot Adjustments to meet Minimum Setback or Lot Width:
Currently the zoning code requires the land use administrator to make written findings that a proposed boundary line adjustment (BLA) does not violate various provisions of the zoning code. The current language however, does not explicitly spell out the requirement for a BLA to meet minimum setback and lot width requirements. The proposed amendment will ensure compliance with lot size and lot width minimums for Boundary Line Adjustments (*Section 2 of attached ordinance*).

- B. State Environmental Review before Planning Commission Review: By state law, any plan or code amendment must go through a analysis under the State Environmental Policy Act (SEPA), to ensure that any impacts to various environmental factors have been taken into consideration. The current language required this analysis to be done after the Planning Commission had made a recommendation. The proposed amendment would allow the SEPA analysis to be done before the Planning Commission takes action on a recommendation to allow them to also consider any potential environmental impacts (*Section 3 of attached ordinance*).
- C. Adoption of Optional DNS Process: This would adopts by reference the State WAC for the SEPA "Optional DNS process" to the city code for environmental review (*Section 4 of attached ordinance*).
- D. Reconsideration by Hearing Examiner: This amendment adds a reconsideration clause to the Hearing Examiner's authority, which allows for a reconsideration motion to be filed in cases where there may be errors of procedures, law fact or judgment. It also standardizes all appeals processes to be heard by the Hearing Examiner. Currently the City Council is the appeal body for process Type IV permits. (*Sections 5 & 6 of attached ordinance*).
- E. Substandard Lots: Currently substandard lots can be built on, only if the lot was owned by someone other than the adjoining property owners at the time the regulation making the lot substandard was adopted. As it relates to this section of the code, this would be the date the minimum lot size regulation was adopted. The amendment would allow construction of buildings on substandard lots, if they meet all code requirements applicable to their development (*Section 7 of attached ordinance*).
- F. Sign Permit Requirements: This code amendment would require proof of a business license for a sign permit from the installer and the business (*Section 8 of attached ordinance*).
- G. Short Plat; Approval Prior to Improvements (*not included in the attached ordinance*): A short plat is allowed for up to 4 lots. The amendment would remove the preliminary step of the short plat code which would allow a short plat to be approved prior to installation of improvements (. Although this was part of the original discussion and recommendation from the Planning Commission, upon further review, this amendment requires more analysis and further view. Therefore, staff recommends that at this time it be removed from the list of amendments in the draft ordinance.

**CITY OF MILTON
ORDINANCE 1837-14**

**AN ORDINANCE OF THE CITY OF MILTON,
WASHINGTON; AMENDING VARIOUS LAND USE CODE
PROVISIONS FOR CONSISTENCY; TO AFFECT
SECTIONS 16.29.030, 17.67.030, 18.04.100, 2.54, 17.71.040,
17.44.040, 17.50.050; PROVIDING FOR SEVERABILITY;
AND ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, the City of Milton Planning Commission met in regular session on April 25th, May 23rd, and June 27th to discuss the proposed amendments; and

WHEREAS, the Planning Commission held a public hearing on June 27th, 2012 to receive public input on the proposed amendments; and

WHEREAS, a Determination of Nonsignificance was issued for the amendments on June 11th, 2012;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MILTON,
WASHINGTON DO ORDAIN AS FOLLOWS:**

Section 1. Findings. The above recitals are hereby adopted by reference as legislative findings in support of this ordinance. The City Council further enters the following additional findings:

A. The code amendments set forth herein bear a substantial relation to the public health, safety and welfare.

B. The code amendments set forth herein are in the best interest of City of Milton residents.

C. The code amendments set forth herein satisfy all relevant criteria for approval and adoption.

D. The zoning code amendments set forth herein have been processed, reviewed, considered and adopted in material compliance with all applicable state and local procedural requirements, including but not limited to the requirements codified in and Chapter 36.70A RCW and Chapter 35A.63 RCW.

E. All relevant procedural requirements of the State Environmental Policy Act have been satisfied with respect to this ordinance.

Section 2. Section 16.29.030 of the Milton Municipal Code is hereby amended to read as follows

A. The land use administrator shall review and approve, approve with conditions, or disapprove boundary line adjustments as necessary to ensure compliance with the standards below. The land use administrator shall make written findings that the declaration of boundary line adjustment shall not:

1. Increase the number of lots;
2. Diminish the size of any lot so as to result in a lot of less area than prescribed by zoning or other regulations;
3. Create a subdivision alteration, as contemplated in RCW 58.17.215 as now or hereafter amended, by actions that include the following:
 - a. Creating or diminishing any easement recorded on the plat or short plat;
 - b. Diminishing or impairing drainage, water supply, sanitary sewage disposal, and access, including fire protection access, to any lot;
 - c. Amending or violating the conditions of approval for a previously platted property;
4. Increase the nonconforming aspects of an existing nonconforming lot;
5. Replat, or vacate a plat or short plat.

6. Reduce a setback or lot width below the minimum required by the Zoning Code.

B. In the event a proposed boundary line adjustment creates a lot that has five or more corners, the land use administrator shall base the approval or denial on whether the lot shape is necessary or desirable due to factors including, but not limited to, critical areas, topography, natural features, street layouts, access, or existing parcel boundaries. The land use administrator may deny the creation of lots with five or more corners if the primary purpose of the lot shape is to meet minimum lot size or dimension requirements.

Section 3, Section 17.67.030 of the Milton Municipal Code is hereby amended as follows

~~E. Upon forwarding the commission recommendation to council, staff shall prepare and compile the appropriate SEPA documentation, initiate the SEPA process, and send the planning commission recommendations, along with the appropriate SEPA documentation, to the state for the GMA required 60-day review.~~

FE. Upon completion of the SEPA process, public meeting, state review, and council consideration, the council shall adopt an ordinance incorporating the proposed amendments, in whole or in part or as modified by the council, into the Milton

comprehensive plan. At the same meeting, the council shall also adopt an ordinance for any concurrent rezones necessary for consistency.

Section 4. Section 18.04.100 of the Milton Municipal Code is hereby amended as follows

This part of this chapter contains the rules for deciding whether a proposal has a “probable significant, adverse environmental impact” requiring an environmental impact statement (EIS) to be prepared. This part also contains rules for evaluating the impacts of proposals not requiring an EIS. The city adopts the following sections by reference:

WAC

- 197-11-300 Purpose of this part.
- 197-11-305 Categorical exemptions.
- 197-11-310 Threshold determination.
- 197-11-315 Environmental checklist.
- 197-11-330 Threshold determination process.
- 197-11-335 Additional information.
- 197-11-340 Determination of nonsignificance (DNS).
- 197-11-350 Mitigated DNS.
- 197-11-355 Optional DNS process
- 197-11-360 Determination of significance (DS)/initiation of scoping.
- 197-11-390 Effect of threshold determination.

Section 5. Section 2.54 of the Milton Municipal Code is hereby amended as follows

Chapter 2.54

HEARING EXAMINER

- 2.54.010 Short title.
- 2.54.020 Office created.
- 2.54.030 Appointment.
- 2.54.040 Compensation.
- 2.54.050 Qualifications.
- 2.54.060 Examiner pro tem – Qualifications and duties.
- 2.54.070 Conflict of interest.
- 2.54.080 Unlawful to attempt improper influence.
- 2.54.090 Duties.
- 2.54.100 Application – Presentation.

2.54.110 Reconsideration

2.54.110 - Reconsideration

A. Any party of record may, within seven working days of the date of the examiner’s written decision, file with the department a written request for reconsideration based on

any one of the following grounds: errors of procedure, errors of law or fact, or error in judgment.

B. The request shall set forth the grounds for reconsideration. The department shall forward the request for reconsideration to the examiner within three working days. Upon receipt of a request for reconsideration, the examiner will review the request in light of the record and take such further action as is deemed proper, including, but not limited to: denying the request; authorizing additional argument from the parties or revising or reversing the decision. The examiner shall take such action as he deems appropriate within 10 days of receipt of the request. The decision of the examiner will be subject to reconsideration only one time, even if the examiner reverses or modifies the original decision.

C. The filing of a request for reconsideration shall effectively stay the appeal period until the examiner issues his decision on the request.

D. No new evidence may be considered by the Examiner in the request for reconsideration except as authorized by the Regulatory Reform Act, Chapter 36.70B RCW.

Section 6. Section 17.71.040 of the Milton Municipal Code is hereby amended as follows

	Administrative			Quasi-Judicial		Legislative
	Process I	Process II	Process III	Process IV	Process V	Process VI
Preapplication Meeting	None	None	Optional	Recommended	Recommended	Recommended
Notification Requirement	None	None	500 feet	500 feet	500 feet	Citywide
Neighborhood Meeting	None	None	Optional	Required	Required	Optional
Written Report	None	Staff	Staff	Applicable Director	Applicable Director	Applicable Director
Open Record Hearing	None	None	None	Hearing Examiner	Hearing Examiner	Planning Commission
Closed Record Hearing	None	None	None	None	City Council	City Council
Decision-Maker	Applicable Director	Applicable Director/HE	Applicable Director	Hearing Examiner	City Council	City Council
Administrative Appeal	None	Hearing Examiner	Hearing Examiner	City Council None	None	None
Judicial Appeal	Superior Court	Superior Court	Superior Court	Superior Court	Superior Court	Growth Management Hearings Board or Superior Court

	Administrative			Quasi-Judicial		Legislative
	Process I	Process II	Process III	Process IV	Process V	Process VI
Type of Review/Permit	Enforcement Action MMC Titles 5 – 18	Code Interpretation MMC Titles 8 – 18	Minor Site Plan Approval Chapter 17.62 MMC	Preliminary Subdivision Chapter 16.12 MMC	Planned Development Master Plan Chapter 17.38 MMC	Code Amendment MMC Title 17
	Engineering and Utilities MMC Titles 12, 13, 16	Home Occupation Chapter 17.44 MMC	Preliminary Short Plat Chapter 16.28 MMC	Binding Site Plan Chapter 16.30 MMC ¹	Special Use Permit Chapter 17.42 MMC ⁴	Comprehensive Plan Amendment Chapter 17.67 MMC
	Clear and Grade Permit Chapter 13.26 MMC	Final Subdivision Chapter 16.12 MMC ^{1,2}	Minor Wireless Communication Facility Chapter 17.58 MMC	Major Wireless Communication Facility Chapter 17.58 MMC		Zoning Map Amendment⁵ Chapter 17.68 MMC
	Storm Water Drainage Permit Chapter 13.26 MMC	Deviation from Standards Chapter 12.24, 13.26 or 17.50 MMC	Modifications to Process IV Decisions	Mobile Home Park Chapter 17.60 MMC ¹		Shoreline Master Plan Amendment Chapter 18.12 MMC
	Building Permit MMC Title 15	Nonconforming Sign Chapter 17.50 MMC	SEPA Threshold determination not otherwise combined Chapter 18.16 MMC	Major Site Plan Approval Chapter 17.62 MMC		
	Boundary Line Revision Chapter 16.29 MMC ¹	Nonconforming Structures or Uses Chapter 17.52 MMC	Shoreline Substantial Development Permit⁶ Chapter 18.12 MMC	Conditional Use Permit Chapter 17.64 MMC		
	Sign Permits Chapter 17.50 MMC	Critical Areas Decision (Map) Chapter 18.16 MMC ¹		Revocation of Decision All Processes		
	Temporary Use Chapter 17.56 MMC			Variance Chapter 17.65 MMC ³		
	Critical Areas or Exemption Chapter 18.16 MMC			Shoreline Conditional Use Permit or Shoreline Variance⁶ Chapter 18.12 MMC		
Final Short Plat Chapter 16.28 MMC ¹			Reasonable Use Exception Chapters 17.65 and 18.16 MMC			

Notes:

1 Required to be recorded.

2 Before the hearing examiner, no administrative appeal.

3 Neighborhood meeting optional.

4 1,000- or 2,000-foot radius for notice.

5 Appeals of zoning map amendments go to either superior court or the Growth Management Hearings Board, as dictated by Chapter 36.70A and 36.70C RCW. ~~Appeals go to superior court.~~

6 See Chapter [18.12](#) MMC for appeal procedures

Section 7. Section 17.44.040 of the Milton Municipal Code is hereby amended as follows

~~17.44.040 Area and width exceptions for substandard lot.~~ Substandard Lots

~~A single family dwelling may be established on a lot which cannot satisfy the lot area or lot width requirements of the zoning district, where the lot at the date the applicable requirement was enacted was owned by a person or persons other than the owners of the adjoining lot; provided, however, that the yard requirements shall remain the same; and provided, that the lot is located in a zone which allows residential uses.~~

An authorized use or structure may be erected on a preexisting legal lot containing less area than is required by the applicable zoning district in which it is located; provided that all bulk and dimensional requirements shall be met including but not limited to setbacks, lot coverage, building height, etc. The site shall also comply with all applicable development standards including but not limited to the City of Milton Development Guidelines and Public Works Standards and the stormwater standards.

Section 8. Section 17.50.050 of the Milton Municipal Code is hereby amended as follows

17.50.050 Permit application requirements.

To obtain a sign permit, the applicant shall make application in writing on forms furnished by the public works department. Every application for a permanent sign shall include the following:

A. Telephone number and address of the owner or agent are required on temporary signs. This information need not be on the front of the sign;

B. Identification and description of the sign including the type, size, dimensions, height, and number of faces;

- C. Description of the land where the proposed sign is to be located by street address;
- D. An affidavit that the written consent of the owner or person in legal possession of the property or agent of the owner or person in legal possession of the property to which or upon which the sign is to be erected has been obtained;
- E. Sign drawings showing display faces with the proposed message and design accurately represented as to size, area, and dimensions;
- F. Site plan drawn to scale containing a north arrow, location of property lines, lot dimensions, location of existing signs, and the location of the proposed sign on the site;
- G. Plans, elevations, diagrams, light intensities, structural calculations and other material as may be reasonably required by the land use administrator;
- H. If the sign application is for a freestanding sign that proposes a footing, a building permit is required;
- I. Documentation demonstrating that the sign installer has a valid Washington State contractor's license when a sign requires a building permit unless the sign is being installed by the owner of the sign;
- J. Application for an electrical permit from the city of Milton or other electric provider for any electrical sign;
- K. A permit fee as adopted in the latest fee ordinance of the city council.
- L. Proof that a City of Milton Business license has been obtained by the sign installation contractor and the company that is utilizing the permitted sign if the company utilizing the permitting sign is required to obtain a business license. .

Section 9. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by State or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 10. Copy to Department of Commerce. Pursuant to RCW 36.70A.106, the City Clerk is hereby authorized and directed to forward a copy of this ordinance to the Department of Community, Trade and Economic Development.

Section 11. Effective Date. This Ordinance shall take effect and be in full force 5 days after its publication.

PASSED AND APPROVED by the City Council of the City of Milton, Washington, at a regularly scheduled meeting this 18 day of February, 2014.

CITY OF MILTON

Debra Perry, Mayor

ATTEST/AUTHENTICATED:

Lisa Tylor, Deputy City Clerk

Approved as to form:

Phil Olbrechts, City Attorney

Date of Publication: _____

Effective Date: _____

[Back to Agenda Bill](#)

Substandard Residential Lots



City of Milton, WA
Community Development

Map Legend

My Residential Moderate Density (RM) - Substandard

My Residential (R) - Substandard

Tax Parcels

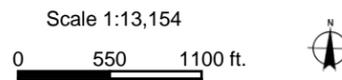
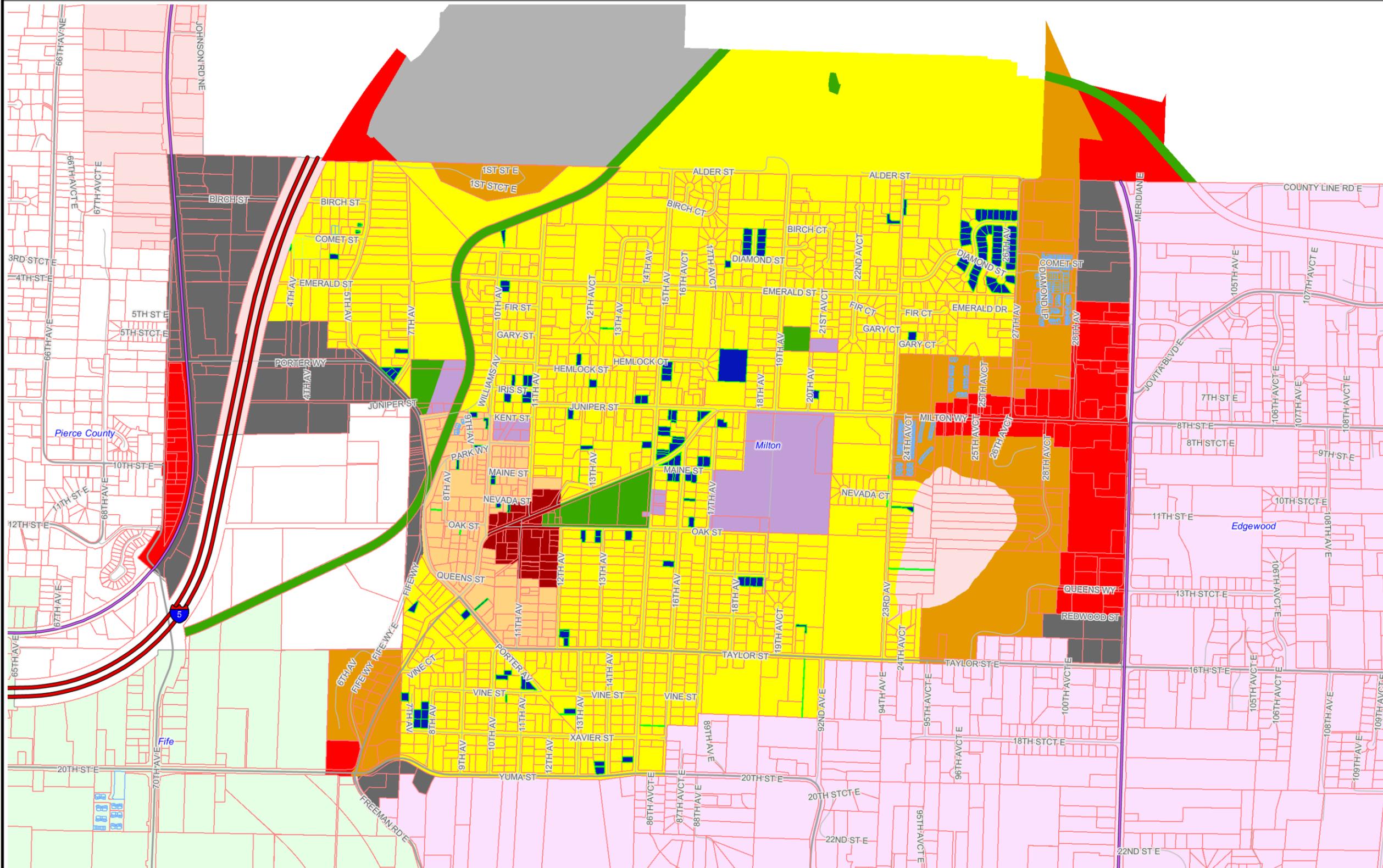
- Base Parcel
- Condominium
- Other

Roads

- Interstate
- Limited Access State Routes
- Other State Routes
- Ramps
- Major Arterial
- Collector
- Local Access

Zoning - Milton

- RS
 - RMD
 - RM
 - B
 - MX
 - CF
 - OS
 - PD
 - M-1
- Pierce County Basemap**
- Unincorporated County
 - Tacoma
 - Lakewood, Edgewood, Bonney Lake, Buckley, South Prairie
 - Steilacoom, Fircrest, Fife, Gig Harbor, Orting, Eatonville, Roy, Carbonado, Wilkeson, Mt Rainier
 - University Place, Puyallup, Auburn
 - DuPont, Milton, Sumner
 - Fort Lewis, McChord, McNeil Island
 - Water



Printed: 2/10/14 11:53 AM

The map features are approximate and are intended only to provide an indication of said feature. Additional areas that have not been mapped may be present. This is not a survey. The orthophotos and other data may not align. Pierce County assumes no liability for variations ascertained by actual survey. All data is expressly provided AS IS and WITH ALL FAULTS. Pierce County makes no warranty of fitness for a particular purpose.

Map Notes: CAL 2/10/14



To: Mayor Perry and City Councilmembers
From: Public Works Director Neal
Date: February 18, 2014 Regular Session
Re: **Electric System Plan Update**

ATTACHMENTS: A. **Electric Utility Fund Trend Analysis, 2011-2019**
B. **Draft scope and fee, System Planning Study**
C. **Draft scope and fee, Cost of Service Analysis**

TYPE OF ACTION:

Information Only Discussion Action Expenditure Required: \$56,000

Recommendation/Action:

“I move to approve the draft scope and fee for the firm EES to update our Electric Utility’s System Plan, along with a Cost of Service Analysis, for a cost not to exceed \$56,000 and authorize the Mayor to sign any necessary contracts.”

Fiscal Impact/Source of Funds: All funds for this task are allocated in the Electric Utility Fund’s approved 2014 budget.

Previous Council Review: Council discussed at the August 5, 2013 Study Session, and again at the February 8, 2014 Council Retreat.

Issue: The last system plan for the City’s Electric Utility needs to be updated to look at future capital needs and rate considerations, as well as implications of impending federal and local policy changes. It was completed in July of 2005 and is due for updating.

Discussion: Utility system plans typically provide a planning strategy for both a short term (6 year) and long term (20 year) period. Plans can include capital improvement programs, rate studies, overall system reviews, review of staffing levels, long term forecasting, and any other analysis that is deemed necessary and prudent at the time.

The City of Milton’s Electric Utility has historically been stable, reliable, and consistent. However, in the last decade, there have been significant changes in federal policy and energy generation/purchasing concerns. The City is faced with difficult decisions in the future – decisions that are not quick to implement and can be expensive to pursue.

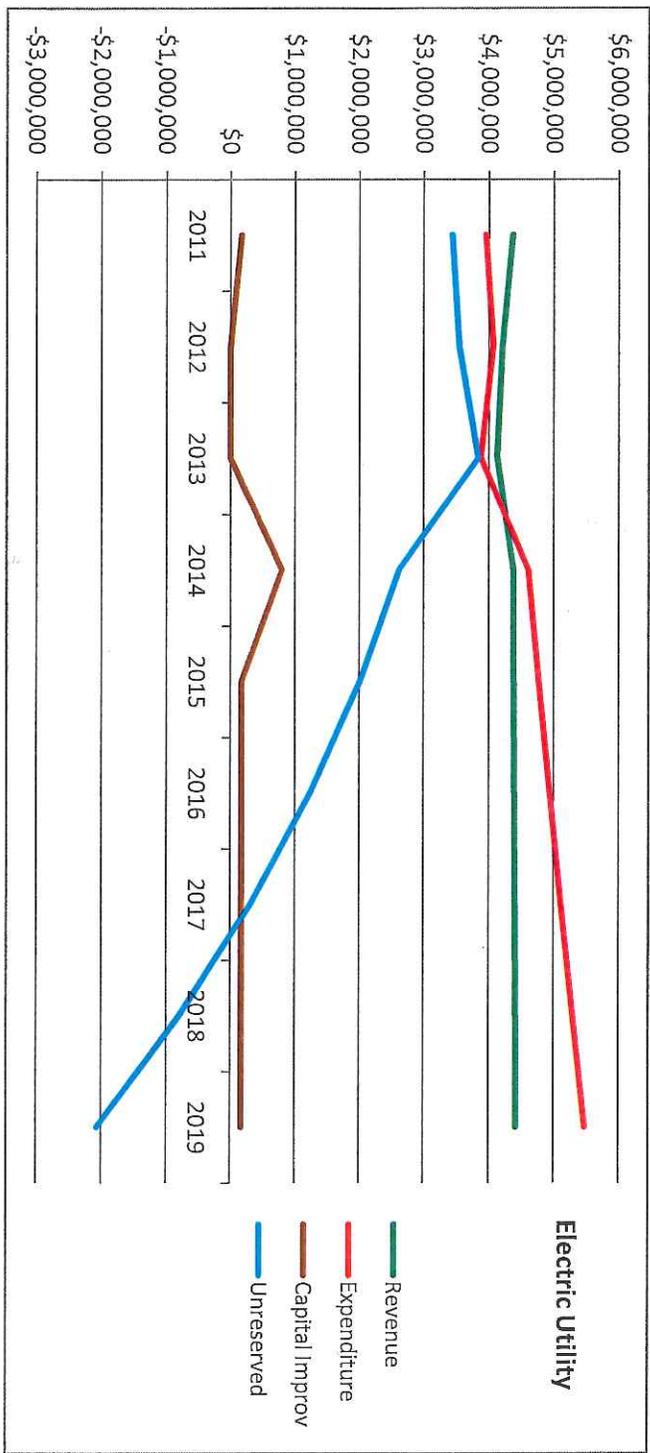
The following are just a few of the issues that need analyses and strategies:

1. The City is now actively pursuing energy conservation measures, which decrease customers' bills and keep the City from paying for Tier 2 power, but decreases the electric utility's overall revenue stream.
2. Despite all of our conservation efforts, the City will bump up into Tier 2 power eventually. The City does not currently have a strategy for dealing with the extra expense, or how to allocate it to our customers.
3. In the past, the City has relied on Tacoma Power's goodwill to supply us with power in cases where our substation is out of commission, either due to emergency or to planned maintenance needs. The industry is moving away from those types of informal agreements, and the City needs to establish a plan for an alternative electric source similar to the interties that the water utility has with other water purveyors.
4. All of the City's power comes through the Surprise Lake Substation, which is owned and maintained by BPA. As we have discussed before, BPA is getting out of the substation business. The substantial increases in BPA's charges to the City for using the substation bring up the question of whether or not it would be more cost effective for the City to own the substation.
5. Council is aware that the City's costs for personnel and supplies continue to increase each year with inflation (refer to Attachment A). In addition, BPA continues to increase the rates that it charges the City to purchase power. This year alone the increase is more than 9%. A thorough rate study would be advisable to establish a strategy for accommodating the cost increases that are beyond our control.
6. The bulk of the capital projects identified in the 2005 Electric System Plan have been completed or are no longer necessary. A new capital improvement program, to integrate into long term forecasting and budgeting, would be advisable.

Staff has been working with the firm EES Consulting to develop a scope of work to update the City's Electric Utility System Plan and to address the above concerns therein. EES is the consulting firm affiliated with the WPAG efforts, and is the most familiar with BPA costs and load forecasting.

The first phase in this work effort is to develop a capital improvement program, to be immediately followed with a comprehensive cost of service analysis which will provide funding options and provide information necessary on the above items. A draft scope and fee for the development of a capital improvement program (system planning study) and a full cost of service analysis are attached for reference (Attachments B and C).

**ELECTRIC UTILITY FUND
9-Year Trend Analysis
2011-2019**



Back to Agenda Bill



May 15, 2013

TO: Letticia Neal, P.E.
Doug Beagle
FROM: Gary Saleba
SUBJECT: System Planning Study

Please find attached a draft proposal to evaluate your City/Town's electric system. Note that we are offering a 20% discount in our fees if the two of you will agree to do the studies concurrently. If the scope and budget for this project are in keeping with your needs, please let me know and we will send you a final proposal.

Also, we will send a proposal to perform a cost of service and rate design study under separate cover.

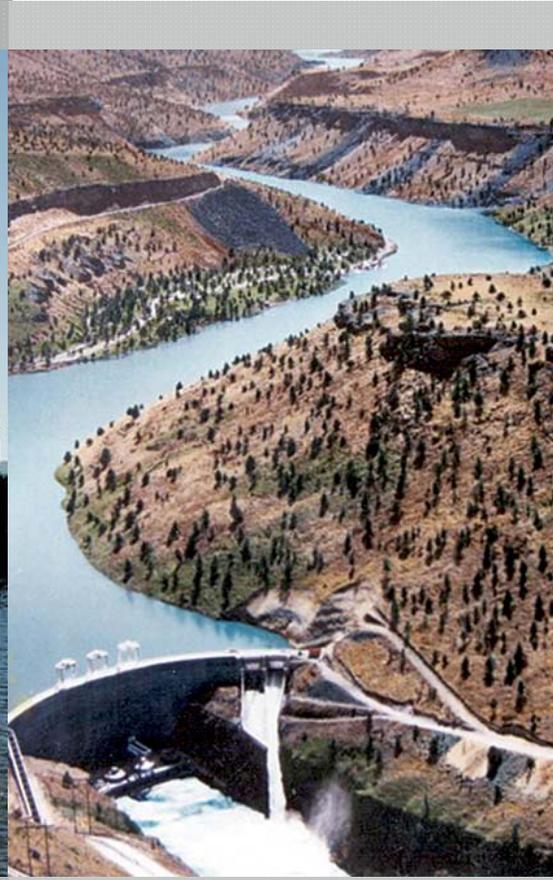
Thanks for thinking of EES and we look forward to hearing back from you.

570 Kirkland Way, Suite 100
Kirkland, Washington 98033

Telephone: 425 889-2700 Facsimile: 425 889-2725

A registered professional engineering corporation with offices in
Kirkland, WA and Portland, OR

**Proposal to Prepare
Long Term Electrical Utility Planning Study
May 2013**



EES Consulting

570 Kirkland Way, Suite 100
Kirkland, Washington 98033
Telephone: (425) 889-2700



May 15, 2013

Ms. Letticia Neal
Public Works Director/City Engineer
City of Milton
1000 Laurel Street
Milton, WA 98354

SUBJECT: Long Term Planning Study for Electric System

Dear Ms. Neal:

Please find attached EES Consulting's (EES) proposal to perform a long term planning study for your electric utility system. This study will develop a 10-year proforma revenue requirement for your electric system and project retail rate levels for the same period.

We appreciate this opportunity to present this proposal and hope we can work together on this interesting project. Please feel free to call me with any questions about our proposal.

Very truly yours,

A handwritten signature in blue ink that reads "Gary S. Saleba".

Gary S. Saleba
President

570 Kirkland Way, Suite 100
Kirkland, Washington 98033

Telephone: 425 889-2700

Facsimile: 425 889-2725

A registered professional engineering corporation with offices in
Kirkland, WA and Portland, OR

Introduction and Background

EES Consulting is pleased to offer a proposal to assist the City of Milton (City) with a long term strategic plan for your electric utility. EES Consulting is a firm with offices in Kirkland, Washington and Portland, Oregon. Our professional staff members have backgrounds in the areas of economics, finance, financial analysis, engineering, public administration, operations, research and general management.

EES Consulting is a multidisciplinary management consulting and engineering firm that provides a variety of project solutions to clients involved with water, electric power, natural gas, telecommunications, wastewater and other energy and natural resource related businesses. EES Consulting offers a broad array of services including:

- Engineering
- Mergers and Acquisitions
- Strategic Planning
- Resource Development and Assessment
- Energy Purchasing and Risk Management
- Engineering Design Services/Construction Management
- Cost of Service, Financial Analysis and Rate Design
- Expert Witness and Regulatory Policy Support Services
- Educational Seminars

EES Consulting has assisted clients in meeting the challenges of evolving competitive, regulatory and technical environments. We have a proven track record of success in arenas where the results of a particular project may have far reaching effects on the viability of an organization or the local community.

Because of the size of our firm and our highly qualified staff, we are able to deliver results in less time and with less expense to our clients. We are responsive and focused on cost-effective solutions for our clients' needs, and always recommend the most direct and efficient means of carrying out a project. The success of our project approach has resulted in the large volume of repeat business that the firm enjoys.

EES Consulting personnel have expertise in many areas of actual utility operations. Prior to consulting, many of our principals have worked for a utility or regulatory agency. This understanding of the day-to-day workings of a typical utility is invaluable in attempting to work with clients and manage projects in an efficient and cost effective manner. Many of these individuals have considerable expertise in econometrics, operation research, cost of service, financial management, water quality engineering, water supply engineering, rates, regulatory affairs and information services related activities. In addition, the senior staff at EES Consulting

typically have professional licenses and/or one or more graduate degrees to supplement their practical experience.

One of the keys to a successful consulting practice is to have a specialized practice, yet not so specialized that you lose sight of the overall objective or needs of the utility. With the wide range of technical expertise at the disposal of EES Consulting, it meets this criterion. While EES Consulting does specialize in some areas, it does not lose sight of the overall need for good utility management practices. When necessary, EES Consulting can draw on the other areas of expertise that are contained in the firm.

Our broad base of clients includes utilities and industrial companies located throughout North America, with a focus on municipal, cooperatives and public power utilities. EES Consulting has a track record of success in arenas where the results of a particular evaluation or analysis may have far reaching effects on the viability of an organization and the local community. EES Consulting's expertise in our primary areas of expertise is discussed below.

Mergers and Acquisitions

Mergers and acquisitions activity in the utility industry has been particularly active over the past decade. With the push for deregulation and, more recently, municipalization in the electric utility industry and the push for consolidation in the water utility industry, the interest in mergers and acquisitions by utilities of all types and sizes has surged. Although larger mergers have been the focus of the press, many public utilities have seized opportunities created by this trend in service territory realignment and consolidation. It is in this environment that EES Consulting has assisted many clients to consider options, evaluate strategies and complete transactions.

While evaluating a new system is an economic and financial exercise, the evaluation of an existing system involves surveying the physical plant of the system to confirm not only its existence, but also its general condition. We have performed extremely thorough evaluations as a part of engineering due diligence for the purchase of various utility systems on several occasions.

Mergers and acquisitions are complicated transactions that require a host of specialized skills. The services provided by EES Consulting related to mergers and acquisitions are broad. The breadth of our experience provides clients one-stop shopping for assistance with many of the steps in the process to merge with or acquire (or even to sell) utility assets. The assistance we have provided our clients have run the gamut from studying the feasibility of proposed transactions, to negotiating contracts, and performing due diligence review of financial, environmental and engineering matters vital to the financing and regulatory approval of the transactions.

Financial Planning

EES Consulting staff has performed over five hundred electric, natural gas, water, wastewater and stormwater rate studies through the U.S. and Canada. We have earned a national reputation in these areas by assisting utilities, end use customers, associations and regulatory commissions in developing automated average embedded and marginal cost of service computer programs, and in analyzing various cost allocation structures and frameworks. EES Consulting staff has conducted numerous time differentiated average embedded and marginal cost of service rate studies. In addition, EES Consulting is at the forefront in development of unbundled cost of service studies for utilities as they move towards offering retail access and customer choice programs.

Engineering

EES Consulting has provided a range of engineering services from initial conception to project completion. EES Consulting has provided services that include initial feasibility studies, project finance and permitting support, acquisition of equipment, fuel supply and transportation, contract administration, site construction management, and overall project management on behalf of the owner. These services are valuable to both utilities and large utility customers seeking cost-effective options to standard power supply and delivery.

EES Consulting also provides Engineer of Record services on behalf of utility management, ownership, and financiers. Engineer of Record services are necessary to provide utility stakeholders with immediate and continuous engineering counsel on the operation of their systems. Similar services as those provided for due diligence reporting have been conducted on behalf of utilities requiring third party engineering review and assessment of their system. EES Consulting has provided utility system asset valuation services through comprehensive replacement cost estimate studies. In addition, EES Consulting provides reviews of utility organization and management structures, power supply and reserves, and revenue and financing adequacy.

Load Forecasting

EES Consulting can define a utility's longer term purchase needs through load forecasting using statistical and econometric analysis of consumption patterns and energy efficiency measures. Shorter-term purchase needs are developed from review of historical demands, weather forecasts, spot market prices, and existing purchase contract prices and limits. We can plan a resource stack to meet these forecasted loads using the lowest cost combination of existing contract purchases, existing supply resources, and short term market purchases and sales.

Proposed Scope of Work

The City has asked EES Consulting to provide a proposal to develop a Long Term Strategic Plan for your electric utility. The following scope of work is proposed to develop this strategic system plan:

Task 1. Kick-Off Meeting, Field Review, and Data Collection

The purposes of this task are to collect available pertinent information, discuss objectives, approaches and limitations for the preparation of capital plans, to discuss your vision of future developments, and to perform a high level field review of the electric system. To support the Capital Improvement Plan, EES will need the following data:

- System one-line diagram and circuit maps, showing geographic location of facilities and distances; and conductor and transformer sizes
- Present and historic loading data, as available from BPA
- Load forecast for the ten-year planning horizon, available from BPA
- Present and historic O&M and capital expenditures
- List of known operation issues and equipment problems
- Forced outage data and statistics, if available
- Information on the ages of the electric system components, as available
- Copies of any prior long range electric system plans
- Any current capital project plans
- Current or historic construction and equipment cost data, as available

If a portion of the above data is not available, EES will work to find a suitable approximation for the missing data.

The field review of electrical assets is envisioned to take a day, and will require escort from your personnel who can provide access to electric utility facilities including the substation(s).

Task 2. Ten-Year Capital Improvement Plan

EES staff will conduct a review of the electric distribution system to determine its approximate condition. The review will be based on data supplied by you and the field review of a portion of electrical assets as detailed in Task 1. EES will prepare a qualitative, high-level assessment of the ability of the system to meet the projected ten-year needs, and an estimate of any recommended capital improvements and their estimated costs to provide reliable and efficient electric service over the ten-year planning horizon.

To keep costs at a minimum, this scope of work does not include the development or use of a distribution system engineering analysis model. EES will develop a draft of a 10-year Capital Improvement Plan. The proposed plan will cover the following areas and subjects:

- Review of existing electrical system general condition and age profile
- Review of future load growth
- Distribution system deficiencies
- System improvements and upgrades
- Capital expenditure schedules
- Equipment depreciation and replacement

After the draft report has been reviewed, EES Consulting will finalize the capital plan and submit a final version.

Task 3. Electric Utility Strategic Plan

To assist in analyzing your future operating scenarios, this task will identify the responsibilities associated with providing electric service, and to analyze several options for meeting those responsibilities going forward. The Plan is designed to provide a general overview of the electric utilities, power supply options, and prepare a financial analysis that estimates the future operating costs and forecasted rates. This plan will provide the following information

- Incorporate the expected capital plan and depreciation expenses developed in Task 2.
- Prepare an estimate of the operations and maintenance costs of the utility and implementation strategies that could be considered over time. This estimate would include an estimate of staffing needs going forward.
- Identify future power supply options for Tier 2 and develop a forecast of total power supply costs.
- Evaluate future operating scenarios.
- Evaluate the cost effectiveness of purchasing the BPA substation(s).

The goal of the economic and financial analysis is to present information that can be used to make a decision on how to proceed. The focus of this financial feasibility study will be a forecast of retail user rates under the various scenarios described below. As such, a 10 year forecast of retail rates under each option will be developed.

- Collection and review of data.
- Development of a model for pro-forma financial analysis comparing revenues and costs, cash flow, debt service coverage and other relevant financial indicators through time.
- Determine the revenue requirement and ultimate rates to consumers. This analysis will include the following components:

- Power supply costs will be based on current BPA and Tier 2 rate projections
- Distribution O&M and administrative and general costs will be based on actual O&M costs.
- Taxes will be estimated as applicable, including applicable property taxes, in-lieu of franchise fee and/or in-lieu of property tax.
- Capital improvements financed with rate revenues will be based on proposed capital expenditures from the engineering task
- Sensitivity analyses showing impact of changes on different financial indicators, such as target debt service coverage and/or cash to debt capitalization ratios.

Deliverables

A draft report with the results of the engineering, financial analysis and strategic plan will be provided after the preliminary analysis is finalized. Once you have reviewed the draft report, EES will incorporate any comments or suggestions into a final report. EES will provide you with 5 copies of the final report.

Presentations

EES will present results and make recommendations to management staff and policymakers, if desired. Any meetings will be billed at the hourly rates discussed later in this proposal, plus any out-of-pocket expenses.

Key Personnel

Gary Saleba, President

As both a management and strategic planning consultant, Mr. Saleba is a principal and president of EES Consulting. He provides overall quality control and insight for comprehensive financial, rates and power supply planning studies. As a founding member of EES Consulting, Mr. Saleba has over 35 years of experience with electric, natural gas, water, wastewater, and disposal utilities. He has overseen more than 500 cost of service and rate design studies. He also has taught Northwest Public Power Association, American Public Power Association and American Water Works Association cost of service and rate design schools. Finally, Mr. Saleba has apprised virtually all of EES Consulting's clients in how to deal with fundamental changes in the energy and natural resource industries. These changes include increased competition, more emphasis on public input in major decision making, and strategic planning under an uncertain future.

Anne Falcon, Managing Director

Anne Falcon's primary responsibility with EES Consulting includes providing project management and technical support for all types of economic studies. Ms. Falcon has managed projects concerning cost of service and rate analyses, financial planning and regulatory proceedings for electric, water, wastewater, and natural gas utilities. Her area of expertise includes restructuring, strategic planning, forecasting, unbundled cost-of-service studies, optimization research and specialized statistical studies. Through her research and analysis of the current state of the industry, she has assisted many California and Northwest clients in preparing for the changes that are taking place. Ms. Falcon's work with utilities has included developing unbundled rates, average embedded and marginal cost-of-service studies, analysis of stranded costs, development of customer choice and conservation programs, market-based and green rate designs.

Ms. Falcon, who has a graduate degree from Stanford in operation research, also provides technical assistance for EES Consulting's clients by applying modeling techniques for our client needs. This includes modeling in the following areas: dispatch modeling, least-cost planning, load forecasting, demand-side management studies, and cost of service studies. She assisted in developing optimization models in utility dispatch and resource planning.

John Bakken, P.E., Lead Engineer

Mr. Bakken is an electrical power engineer with 30 years of domestic and international engineering experience with high voltage and extra high voltage substations, including SF6 gas-insulated stations, as well as hydropower plants. He has served as design engineer, lead electrical engineer and project manager for numerous substation and hydropower projects. His engineering experience includes planning studies, concept development, permitting support, equipment selection, detail design development, grounding system analyses and design, insulation coordination, protective relay applications, relay setting calculations, shop drawing reviews, factory test witnessing, construction support, and preparation of testing and checkout

procedures. In addition to preparation of detailed design plans and specifications, he has broad experience with preparation of engineer, procure, construct (EPC) type bidding documents for turnkey project delivery. His experience also includes hydropower generating plants with generators up to 350 MVA and associated excitation systems, governors, and plant auxiliary systems. Mr. Bakken routinely carries out independent engineering reviews of electric utility systems, including condition assessment and operation and maintenance practices, in support of financing or sale of assets. He is a registered P.E. in Washington, California, and Guam.

Scott Mahnken, P.E., Lead Civil/Structural Engineer

Mr. Mahnken is a civil engineer. He first began working on hydroelectric projects in 1981. Now in his 30th year of his career, he has worked on more than 40 hydroelectric projects; his involvement has included every phase of project development, from reconnaissance and planning, to final design and construction inspection. He has experience designing dams, spillways, intake structures, steel pipelines and penstocks, and powerhouses. Mr. Mahnken manages small and large projects for his clients. His professional services typically involve engineering evaluations, site studies, geometry layout, calculations, budget estimates, plans and technical specifications preparation, and construction assistance.

Mr. Mahnken serves as a FERC-approved independent consultant responsible for safety reviews (Part 12 inspections) of hydroelectric projects. He has performed stability analyses for concrete gravity dams ranging from 16 feet to 180 feet high, and has evaluated seismic loading conditions for two dams using Chopra's pseudo-dynamic method as prescribed by FERC in their current guidelines (October 2002).

Seung Kim, P.E., Lead Electrical Engineer

Mr. Kim has over 35 years of experience in electrical design and consultation. As project manager and lead electrical engineer, Mr. Kim is experienced in all phases of power, control, generation, transmission and distribution system projects, encompassing planning, conceptual design, feasibility studies, specification development, bid evaluations, and construction supports. He is familiar with hydropower plants, substations, switchgear, SCADA systems, communications, and instrumentation systems. Mr. Kim has prepared numerous contract and bid documents, plant one-line diagrams, three-line diagrams, control diagrams, wiring diagrams, and equipment layout. In his early career, he was design engineer for protective relay control panels and switchgear.

Steve Andersen, Manager, Project Evaluations

Steve Andersen is responsible for providing economic analysis for electric utility clients and for analysis of issues related to power transmission and scheduling. Since joining EES Consulting, Mr. Andersen has been involved in monitoring Bonneville Power Administration (BPA) rates and contract activities and analyzing their long-term impact on clients. He has experience working with BPA rates and penalties as they apply to all BPA contract customers. He is familiar with Pacific Northwest energy markets and how they function on a daily basis.

Tyson Reed, P.E., Senior Electrical Engineer

Mr. Reed is a licensed electrical power engineer who has been working in electric system planning since 2004. He has a wide range of experience with distribution and transmission modeling, analyses, and design. He is the firm's leading resource for conducting computer simulation and specialized system studies such as arc flash hazard assessment, volt/VAR circuit optimization, and renewable energy interconnection impact assessment. Mr. Reed has developed protection and control schemes, designed projects for various substation upgrades, performed asset condition assessments, and designed a medium voltage micro grid. He has worked with clients across the country, as well as Alaska and the Caribbean. Mr. Reed is experienced with many transmission and distribution system modeling software packages, including PSLF, PSS/E, ASPEN, ETAP, CAPE, WindMil, CYME, and SynerGEE. He has a strong background in Smart Grid and related technologies including cyber security, substation communications, distribution automation and outage management systems. Earlier in his career, Mr. Reed worked as a project manager in the system planning department of an electric utility in the Caribbean.

Lisa Fortney, Regulatory Specialist & GIS Coordinator

Lisa Fortney has 20 years of experience in FERC licensing, environmental permitting, and GIS mapping of hydroelectric projects. As Regulatory Specialist, Ms. Fortney assists by coordinating with engineers and biologists on production of documents required to meet FERC licensing/relicensing milestones, including collecting data, producing maps and drawings, developing outlines, technical editing, maintaining project service lists, and overseeing document reproduction and distribution to agencies, public, and other stakeholders. Ms. Fortney is familiar with local, state, and federal regulatory agency permitting procedures; and SEPA and NEPA compliance. Lisa has a Bachelor's degree in Geography/GIS. She has used GIS to create maps and figures for FERC license documents including base maps, FERC Exhibit G Project Boundary maps, vegetation cover-type, rare plant populations, land use, land ownership, salmonid migration barriers, and to delineate watershed basins.

Kevin Smit, Manager, Demand-Side Management

Kevin Smit is the Manager of Demand-Side Management with over 20 years of technical and management experience, primarily in the energy and utility industry. His current responsibilities include conservation potential assessments, utility conservation program evaluations, technical and regulatory analyses for electric and water utilities, and resource planning and acquisition. Prior to joining EES Consulting, Mr. Smit was Product Manager at Public Utility District No. 1 of Snohomish County (District). In this position, he performed the District's conservation potential assessments, conservation program evaluations, and new conservation program design. Mr. Smit is a member of the Pacific Northwest Regional Technical Forum which provides the Northwest Power Planning Council and the Bonneville Power Administration with development and technical review of conservation measures for the region. Prior to the District, Mr. Smit was a Program Manager at Energy International, Inc., managing and conducting energy technology research projects for electric and gas utilities and government agencies both in the U.S. and internationally. Selected research topics included

distributed power generation, energy efficiency, energy storage, and the hydrogen economy. Mr. Smit has Bachelor's and Master's degrees in Mechanical Engineering.

Kelly Tarp, Senior Project Manager

Kelly Tarp specializes in the areas of project management, cost of service, rate analysis and financial studies. Ms. Tarp has more than six years experience as a consultant in the energy industry, completing a variety of technical assessments for electric and gas utilities, government agencies, and supporting energy organizations with a focus on distributed generation and renewable energy. In addition, Ms. Tarp has performed a variety of financial studies, including cost of service and rate analyses for electric, water, and wastewater utilities; valuation studies; and financial analyses. Since joining EES Consulting, Ms. Tarp has performed the analytical and technical work on a long-range financial and rate impact analysis for a \$500 million water project. Duties include developing detailed cost allocation models, evaluating and comparing project alternatives, projecting costs under different financing options, and allocating projected costs to individual participants. Ms. Tarp has a degree in mechanical engineering.

Amber Nyquist, Project Manager

Amber Nyquist provides analytical expertise for EES Consulting in support of economic and financial studies. Ms. Nyquist's background includes research in electric utilities and rates and also intensive analytical work and forecasting in various fields. She also brings to EES Consulting knowledge in mergers and acquisitions among other competition theory and practices. Ms. Nyquist assists in Integrated Resource Planning for small and large utilities. Specifically, she analyzes and models conservation and other demand-side management resources. In addition to resource planning, she uses her background in econometrics and data analysis to collect quality data and develop load forecasts. Also, she utilizes her research skills to amass current utility information, support survey projects, and to prepare presentation and reference material.

Christopher Hutchinson, Analyst

Chris Hutchinson's duties at EES Consulting include cost of service assessments, resource studies, financial planning, and economic analysis and research. Mr. Hutchinson's background includes environmental economic research and analysis of natural resource projects. He specializes in economic efficiency and conservation assessments of water use. Mr. Hutchinson also brings analytical expertise in benefit cost and econometric evaluations. He received a MS in Applied Economics specializing in Environmental and Natural Resource Use.

Proposed Time Schedule and Fees

Schedule

A draft capital plan will be submitted for review approximately 1 month from the date of the kick-off meeting. This assumes that most of the data listed above would be provided at the kick-off meeting or shortly thereafter. EES Consulting will submit the final capital plan 1 week after receipt of your comments on the draft capital plan.

The draft strategic plan will be submitted 4 weeks after the finalization of the engineering plan. EES Consulting will submit the final Strategic Plan 1 week after receipt of your comments on the draft plan.

Basic Fee Estimates

EES Consulting charges the following hourly billing rates. The fee estimates for this project have been developed on the basis of the following billing rates:

President	\$165
Managing Director	160
Senior Engineer	160
Manager	155
Senior Project Manager	150
Project Manager	145
Senior Analyst	140
Analyst/Engineer.....	135
Senior Administrative Assistant.....	120

Based upon the above hourly billing rates and proposed scope of work, the following labor fee budget is estimated for the scope of services presented. Out-of-pocket and travel expenses will be billed separately at their actual cost to EES Consulting. If the scope of services is modified, EES Consulting will discuss any required changes to the budget prior to proceeding with additional work.

Task #	Task Title	Estimated Labor Budget
1	Kickoff Meeting, Field Review & Data Collection	1,000
2	10 Year Capital Plan	8,000
3	<u>Electric Utility Strategic Plan</u>	<u>15,000</u>
	Total Labor	\$24,000

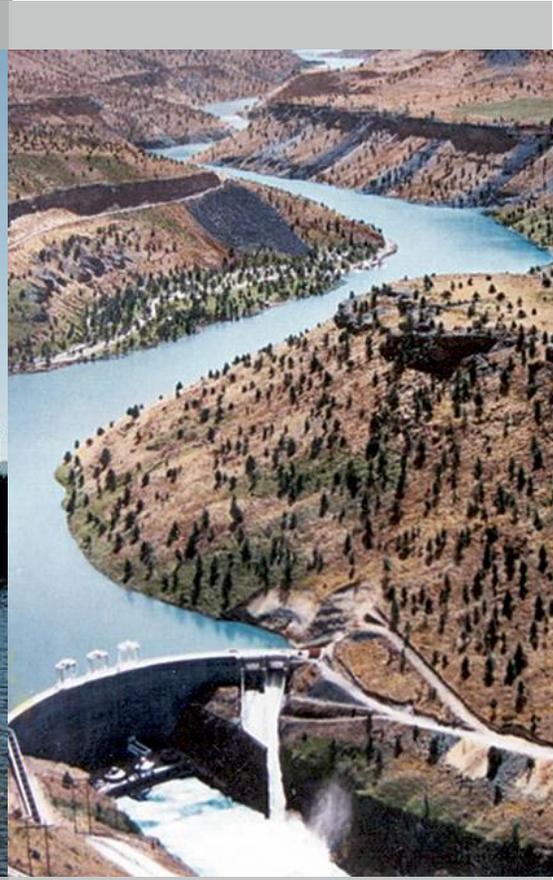
It should be noted that if two or more utilities participate in this study, a 20% discount will be applied to the estimated labor budget.

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City of Milton

Proposal to Provide Cost of Service Study

May 2013



EES Consulting

570 Kirkland Way, Suite 100
Kirkland, Washington 98033

Telephone: (425) 889-2700



May 28, 2013

Ms. Letticia Neal
City of Milton
1000 Laurel Street
Milton, Washington 98354

SUBJECT: Proposal to Perform Cost of Service Analysis

Dear Ms. Neal:

EES Consulting (EES) is pleased to submit this proposal to the City of Milton (City) to provide a Cost of Service Analysis (COSA). EES is recognized as a leading COSA expert in the PNW region and the only one with TRM-specific expertise. We have assisted numerous Bonneville Power Association (BPA) customers in addressing the impact of TRM wholesale rates while concurrently making sure that the utility's policy objectives are maintained.

We hope the attached proposal is responsive to your needs and look forward to discussing our proposal with you at your convenience. Thanks for thinking of EES to cover your needs for outside technical assistance in this new and complicated rate arena.

We look forward to hearing back from you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Anne Falcon", is written over a light blue horizontal line.

Anne Falcon
Managing Director of Economics and Rates

570 Kirkland Way, Suite 100
Kirkland, Washington 98033

Telephone: 425 889-2700

Facsimile: 425 889-2725

A registered professional engineering corporation with offices in
Kirkland, WA and Portland, OR

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Introduction and Background

EES Consulting is pleased to offer a proposal in response to the City of Milton's (City's) Request for Proposal to perform a cost of service study. EES Consulting is a firm with offices in Kirkland, WA and Portland, OR. Our professional staff members have backgrounds in the areas of economics, finance, financial analysis, engineering, public administration, operations, research and general management. EES Consulting is a multidisciplinary management consulting and engineering firm that provides a variety of project solutions to clients involved with electric power, natural gas, telecommunications, water, wastewater and other energy and natural resource related businesses.

EES Consulting offers a broad array of services including:

- Cost of Service, Financial Analysis and Rate Design
- Strategic Planning
- Resource Development and Assessment
- Energy Purchasing and Risk Management
- Mergers and Acquisitions
- Expert Witness and Regulatory Policy Support Services
- Educational Seminars

EES Consulting has assisted clients in meeting the challenges of evolving competitive, regulatory and technical environments. We have a proven track record of success in arenas where the results of a particular project may have far reaching effects on the viability of an organization or the local community.

EES Consulting has analyzed Bonneville Power Administration (BPA) rates and contracts for 22 public utilities in Washington State for over 15 years. In just the past year, EES Consulting staff has developed over 20 resource studies and COSA studies for BPA customers. The resource studies range from full integrated resource plans to individual resource evaluations (wind, biogas, coal, natural gas and hydro) on behalf of public utilities, while the COSA studies has explored not only cost allocation and rate design, but also the new BPA environment utilities are facing post-2011. EES Consulting staff also actively participates as experts in industry forums, conferences and roundtable discussions on power supply and BPA issues in the region.

Because of the size of our firm and our highly qualified staff, we are able to deliver results in less time and with less expense to our clients. We are responsive and focused on cost-effective solutions for our clients' needs, and always recommend the most direct and efficient means of carrying out a project. The success of our project approach has resulted in the large volume of repeat business that the firm enjoys.

Scope of Services

EES Consulting staff has performed over five hundred electric, natural gas, water, wastewater and stormwater rate studies throughout the United States and Canada. Based on our experience we have prepared a proposed scope of services that summarizes the analysis and data to be provided in the City's project.

In order to accomplish this project successfully, it is necessary to develop a detailed scope of services at the beginning. This helps clarify both the needs of the City and the approach to be used by EES Consulting to ensure that the client receives the desired study results. The proposed scope of work is based on our discussion at the planning meeting and our experience providing cost of service and rate design studies to other utilities, however, EES Consulting is flexible in its approach and can modify the scope of work as needed.

The primary components of a cost of service and rate design study include:

- Update background data and identifying project goals
- Development of forecast revenue requirements
- Allocating forecast revenue requirements to customers by performing a cost of service study
- Evaluating alternatives, making recommendations and presenting results to the City's senior staff and policymakers

The scope of work for this project involves analyzing and developing the City's annual revenue requirement. An important part of this project will be to incorporate the results of the Strategic Plan into future revenue requirements. Also proposed is an analysis of utility customers, their user characteristics and system design data, to be able to allocate costs to customers based on their use of the system. If requested by the City, EES Consulting will assist with developing new retail rates based on the cost of service analysis results and goals of the City. The following summarizes the study analysis and results to be provided to the City.

Proposed Scope for Gathering Background Data and Project Goals

Objective: To determine the scope of work, and the City's policy goals and objectives.

1. Key issues and changes identified by the City from the most recent COSA, and the City's project goals and objectives were discussed during our initial planning meeting.
2. An initial data request has been included in this proposal. Additional data request items will be provided to the City, as necessary, and a process to obtain the information necessary to complete the study will be developed.

Proposed Scope for Updating Revenue Requirements Task

Objective: Identify the current and projected revenues and expenses for the City's electric system.

1. The appropriate basis (cash vs. accrual) for determining the annual revenue requirement for the City will be identified.
2. A test period for the study will be selected. For the study, a test period of CY 2012 - 2016 is proposed, but alternatives will be discussed prior to proceeding.
3. The load and customer forecast will be updated and re-evaluated based on the most recent information available.
4. The City's financial records will be analyzed to evaluate the current and budgeted system revenues from current rates and resources available to finance the annual revenue requirement for the desired test period.
5. The current and projected power supply cost will be evaluated based on the City's contracts and agreements, and our knowledge of likely wholesale rate levels. Transmission charges will also be determined for each year of the study period.
6. Appropriate reserve fund levels will be suggested based on current and projected utility industry standards.
7. The impact of projected revenues and expenses on the City's debt-related financial ratios will be determined.
8. The cost of power supply and transmission expenses, other operation and maintenance expenses, taxes, debt service expenses, capital improvements funded from revenues, margins, reserve fund requirements and all other necessary costs associated with the efficient operation of the system will be analyzed to determine the annual revenue requirement for each year of the study period.
9. Projected revenues will be compared to the annual revenue requirement to identify the need for a rate change from existing monthly rates and charges. If necessary, a plan can be developed to phase-in rate changes over time, should large adjustments be required.

Proposed Scope for Updating Cost of Service Analysis (COSA) Task

Objective: Determine an equitable allocation of the annual revenue requirement to the various customer classes using generally accepted cost allocation methods. A key concept in this process is the "cost causation" nature of each expense incurred by the City.

1. Costs will be functionalized by itemizing plant investments and related expenses by the following functions: production, transmission, distribution, customer services, and administrative and general (A&G).
2. Costs will be classified to determine whether each individual plant investment or cost was incurred to meet a customer's demand, energy or customer related need. This item will be very important to ensure fair and equitable Industrial rates.
3. Costs will be allocated to the City's rate classes by developing allocation factors based on customer information, historic load data and projected usage by rate class. Where data is not available, industry standard data will be applied. A review of the planning, design, and operational data for the system will help to determine the facilities in place and how each rate class benefits from and uses these facilities. Some costs may be directly assigned to a specific rate class where appropriate.
4. Average unit costs by functional category will be provided based on the allocated costs and billing determinants developed for each rate class. Unbundled unit costs will be presented for energy (¢/kWh), demand (\$/kW), and customer related (\$/Customer/Mo.) charges for each customer class. Power supply costs will be time differentiated where applicable. The average unit costs represent cost of service rates and can be used as an input in the rate setting process.
5. Any subsidies that may exist between rate classes will be identified in this task and addressed before starting any rate design.

Proposed Scope for the Development of Rate Design Options

Objective: Develop reasonable rate options using a variety of approaches, ranging from the current rate design to strict cost based rates. While average unit costs provide the cost basis for setting rates, other criteria will also be considered in designing rate options.

1. Different rate options based upon the goals and objectives identified by the City will be analyzed. Rate options can include both bundled and unbundled pricing to show the impacts of potential retail access, and to also develop the basis for any wheeling rates the City may need in the future.
2. Alternative rate designs including blocks, time of use, seasonal, and other appropriate charges may be developed, desired by the City.
3. Revenues for each of the rate options will be compared to the system-wide and individual customer class revenue requirements.
4. Customer bill comparisons will be developed to determine the rate impacts on different customer classes for different rate alternatives.

Deliverables

EES Consulting will provide the City's staff frequent project status reports to ensure a timely product. A draft report with the results of the cost of service study will be provided after the preliminary cost of service study is finalized. Once the City has reviewed the draft report, EES Consulting will incorporate any comments or suggestions into a final report. EES Consulting will provide the City with 5 copies of the final report.

Presentations

EES Consulting will present results and make recommendations to the City's management staff and policymakers, if desired. This proposal includes one meeting on-site to present results and get feedback from staff and the Board before finalizing rates. Any additional onsite meetings will be billed at the hourly rates discussed later in this proposal, plus any out-of-pocket expenses.

Firm Experience and References

Our broad base of clients includes utilities and industrial companies located throughout North America, with a focus on utility operations. EES Consulting has a track record of success in arenas where the results of a particular evaluation or analysis may have far reaching effects on the viability of an organization and the local community.

The following summarizes examples of work performed by EES Consulting, particularly for those clients for whom we have completed recent cost of service and rate studies. A complete set of our firm's primary lines of business and client list are included later in this proposal.

Clearwater Power Company

P.O. Box 997, Lewiston, Idaho 83501

Mr. Dave Hagen, General Manager, (208) 743-1501

- Performed a comprehensive retail cost-of-service and rate design study

Northern Lights, Inc.

P.O. Box 269, Sagle, Idaho 83860

Mr. Jon Shelby, General Manager, (208) 263-5141

- Power cost adjustment
- Electric rate study

Central Electric Cooperative, Inc.

P.O. Box 846, Redmond, Oregon 97756

Mr. Alan Guggenheim, (800) 521-0570

- Cost of service and rate design studies

Pacific County PUD

P.O. Box 472, Raymond, Washington 98577

Mr. Doug Miller, (360) 942-2411

- Cost of service and rate design studies
- Pole attachment study

Ravalli County Electric Cooperative, Inc.

P.O. Box 190, Corvallis, Montana 59828-0190

Mr. Richard Brown, (406) 961-3001

- Cost of service and rate design studies

Project Personnel

Proposed Staff

EES Consulting has a large staff of consultants experienced in the area of cost of service and rate design analysis. For this project, EES Consulting proposes that day to day analytical and review tasks be performed by Steve Andersen and Kelly Tarp, and quality control and oversight provided by Anne Falcon. If necessary, the expertise of other staff members can be drawn on for specific technical assistance. The following summarizes qualifications of EES Consulting personnel. Resumes of all key EES Consulting project team members are attached at the end of this proposal.

Gary Saleba, President

As both a management and strategic planning consultant, Mr. Saleba is a principal and president of EES Consulting. He provides overall quality control and insight for comprehensive financial, rates and power supply planning studies. As a founding member of EES Consulting, Mr. Saleba has over 25 years of experience with electric, natural gas, water, wastewater, and disposal utilities. He has overseen more than 400 cost of service and rate design studies. He also has taught Northwest Public Power Association, American Public Power Association and American Water Works Association cost of service and rate design schools. Finally, Mr. Saleba has apprised virtually all of EES Consulting's clients in how to deal with fundamental changes in the energy and natural resource industries. These changes include increased competition, more emphasis on public input in major decision making, and strategic planning under an uncertain future. Gary Saleba will provide overall quality control and oversight for this project.

Anne Falcon, Managing Director

Anne Falcon's primary responsibility with EES Consulting includes providing project management and technical support for all types of economic studies. Ms. Falcon will be the project manager for this project. She has over 15 years of experience managing projects concerning cost of service and rate analyses, financial planning and regulatory proceedings for electric, water, wastewater, and natural gas utilities. Her area of expertise includes restructuring, strategic planning, forecasting, unbundled cost-of-service studies, optimization research and specialized statistical studies. Ms. Falcon's work with utilities has included developing unbundled rates, average embedded and marginal cost-of-service studies, analysis of stranded costs, development of customer choice and conservation programs, market-based and green rate designs. Ms. Falcon has an undergraduate degree in Economics from University of San Francisco and a graduate degree from Stanford in operation research.

Gail Tabone, Consultant

Ms. Tabone brings over 20 years of experience in the U.S. and Canada. Her primary areas of expertise are cost of service and rate design, particularly for regulated environments, and resource planning. These include providing expert testimony, completion and review of cost of service studies, rate options and impact analysis, load forecasting, cost-benefit analysis, integrated resource planning and RFP management. Ms. Tabone has consulted in numerous valuations and utility acquisitions. Ms. Tabone has an M.S. degree in Applied Economics from the University of Minnesota and has been with EES Consulting since 1988.

Steve Andersen, Manager of Project Evaluations

Mr. Andersen is responsible for providing economic analysis of issues related to power supply planning to electric utility clients. Mr. Andersen has experience in integrated resource planning and cost of service studies. Mr. Andersen has been involved in monitoring power and transmission rates and contract activities and analyzing their long-term impact on clients. He has experience working with wholesale power and transmission rates and penalties and assisting utilities reconcile monthly invoices with contract rates, terms and conditions. He is familiar with west coast energy markets and how they function on a daily basis. In addition, Mr. Andersen has been instrumental in assisting utility clients issue revenue bonds. Mr. Andersen is responsible for drafting engineer's reports that are key component of bond issuances.

Kevin Smit, Manager, Demand-Side Management

Kevin Smit is the Manager of Demand-Side Management with over 20 years of technical and management experience, primarily in the energy and utility industry. His current responsibilities include conservation potential assessments, utility conservation program evaluations, technical and regulatory analyses for electric and water utilities, and resource planning and acquisition. Prior to joining EES Consulting, Mr. Smit was Product Manager at Public Utility District No. 1 of Snohomish County (District). In this position, he performed the District's conservation potential assessments, conservation program evaluations, and new conservation program design. Mr. Smit is a member of the Pacific Northwest Regional Technical Forum which provides the Northwest Power Planning Council and the Bonneville Power Administration with development and technical review of conservation measures for the region. Prior to the District, Mr. Smit was a Program Manager at Energy International, Inc., managing and conducting energy technology research projects for electric and gas utilities and government agencies both in the US and internationally. Selected research topics included distributed power generation, energy efficiency, energy storage, and the hydrogen economy. Mr. Smit has Bachelor's and Master's degrees in Mechanical Engineering.

Kelly Tarp, Senior Project Manager

Kelly Tarp specializes in the areas of project management, cost of service, rate analysis and financial studies. Ms. Tarp has more than 10 years of experience as a consultant in the energy

industry, completing a variety of technical assessments for electric and gas utilities, government agencies, and supporting energy organizations with a focus on distributed generation and renewable energy. In addition, Ms. Tarp has performed a variety of financial studies, including cost of service and rate analyses for electric, water, and wastewater utilities; valuation studies; and financial analyses. Since joining EES Consulting, Ms. Tarp has performed the analytical and technical work on a long-range financial and rate impact analysis for several multi-million dollar projects. Duties include developing detailed cost allocation models, evaluating and comparing project alternatives, projecting costs under different financing options, and allocating projected costs to individual participants. Ms. Tarp has extensive experience in developing cost of service studies, valuation studies, pole attachment studies, detailed cost allocation models, and evaluations of project alternatives for EES Consulting clients. In addition, Ms. Tarp provides analytical and research support to EES Consulting witnesses in regulatory cases. Ms. Tarp has a B.S in Mechanical Engineering from Washington State University.

Amber Nyquist, Project Manager

Ms. Nyquist provides analytical expertise for EES Consulting in support of a wide range of economic and financial studies. Ms. Nyquist’s experience includes benefit-cost studies, marginal costing, cost of service studies, rate design studies, integrated resource planning, forecasting, conservation potential analysis, energy efficiency measure and program analysis. Ms. Nyquist uses several tools for providing economic analysis including benefit-cost analysis, risk analysis, and econometrics and statistical analysis. Special areas of study include federal standards for evaluating benefits and costs of water supply and related resources according to the Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies (March 10, 1983). Ms. Nyquist has an M.A. from Simon Fraser University and a B.A. in Economics from Western Washington University. Ms. Nyquist will provide analytical support for this project.

Christopher Hutchinson, Analyst

Chris Hutchinson provides financial and economic analysis for EES Consulting in support of electric utilities, agencies, and organizations within the energy industry. As an analyst for EES Consulting, Mr. Hutchinson’s varied experience includes cost of service assessments, rates research, resource studies, conservation potential analysis, demand side research, financial planning and economic forecasting. In addition, Mr. Hutchinson brings expertise in benefit cost and econometric evaluations, specializing in economic efficiency and conservation assessments of water use. Mr. Hutchinson has a M.S. in Applied Economics from the University of Minnesota, specializing in Environmental and Natural Resource Use, and a B.S. in Economics from the University of Oregon. Mr. Hutchinson will provide analytical support for this project.

Proposed Time Schedule and Fees

Time Schedule

It is anticipated that initial results of the revenue requirement and cost of service study can be available in 12 weeks after receipt of the necessary data. The proposed schedule assumes the study will begin in November 2013 and will be finalized by January 2014. We can modify the schedule to meet the City’s goals, as necessary. A preliminary schedule to complete the work is provided below.

	November			December			January		
Data Gathering and Review									
Revenue Requirement									
COSA									
Rate Design									
Reports								X	X

Because of our experience in performing cost of service and rate design studies, EES Consulting is confident that the scope of services presented can be achieved within the time frame required by the City.

Basic Fee Estimates

EES Consulting charges the following hourly billing rates. The fee estimates for this project have been developed on the basis of the following billing rates:

President	\$185
Managing Director	165
Manager	160
Senior Project Manager	155
Project Manager	150
Senior Analyst/Engineer	145
Analyst/Engineer	140
Senior Administrative Assistant	120

Based upon the above hourly billing rates and proposed scope of work, the following not-to-exceed labor fee budget is estimated for the scope of services presented. Out-of-pocket and travel expenses will be billed separately at their actual cost to EES Consulting. If the scope of services is modified, EES Consulting will discuss any required changes to the budget prior to proceeding with additional work.

Estimated Not-to-Exceed Labor

Data Gathering and Review	\$ 5,000
Revenue Requirements	7,000
Cost of Service Analysis	11,000
Rate Design	6,000
<u>Report/Meetings (1 meetings on-site)</u>	<u>3,000</u>
Total Labor	\$32,000

The above quoted fees will remain in effect until December 31, 2014. Additional meetings onsite and out-of-pocket and travel expenses will be billed separately at their actual cost and in addition to the labor budget above.

It should be noted that if 2 or more utilities participate in this study, a 20% discount will be applied to the estimated labor budget.

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