



## City of Cashmere

101 Woodring Street

Cashmere, WA 98815

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Website [www.cityofcashmere.org](http://www.cityofcashmere.org)

CASHMERE CITY COUNCIL MEETING  
MONDAY, JANUARY 23, 2017 6:00 P.M., CITY HALL

### **AGENDA**

CALL TO ORDER

FLAG SALUTE

EXCUSED ABSENCE

ANNOUNCEMENTS & INFORMATION

PUBLIC COMMENT PERIOD (For Items Not on the Agenda)

APPROVAL OF AGENDA

CONSENT AGENDA

1. Minutes of January 9, 2017 Regular Council Meeting
2. Payroll and Claims Packet Dated December 31, 2016 Year End Closure
3. Payroll and Claims Packet Dated January 23, 2017

BUSINESS ITEMS

1. Tom Green – Discuss Phase II of 9/11 Memorial
2. Contract Agreement with Financial Consulting Solutions Group (FCS) for a rate study

PROGRESS REPORTS

EXECUTIVE SESSION – TO DISCUSS POTENTIAL LITIGATION

ADJOURNMENT

TO ADDRESS THE COUNCIL, PLEASE BE RECOGNIZED BY THE MAYOR AND STATE YOUR NAME WHEN YOU BEGIN YOUR COMMENTS  
**Americans with Disabilities Act (ADA) accommodations provided upon request (48-hour notice required)**

MINUTES OF THE CASHMERE CITY COUNCIL MEETING  
MONDAY, JANUARY 9, 2017 AT CASHMERE CITY HALL

OPENING

Mayor Gomes opened the regular city council meeting at 6:00 p.m. at City Hall. Clerk-Treasurer Kay Jones drafted minutes from the recording.

ATTENDANCE

	<u>Present</u>	<u>Not Present</u>
Mayor:	Jeff Gomes Skip Moore Jim Fletcher Dave Erickson Kameon Smith Derrick Pratt	
Staff:		Kay Jones, Clerk-Treasurer Mark Botello, Dir. of Planning/Building Chuck Zimmerman, City Attorney

FLAG SALUTE

ANNOUNCEMENTS & INFORMATION

Mayor Gomes asked for a volunteer for the Financial Review, which takes about 20 minutes before the meeting to review the invoices. Councilor Smith has done it for the past year and Councilor Erickson the previous year. Councilor Moore volunteered to perform the financial review for 2017.

PUBLIC COMMENT PERIOD

No comments from the public.

APPROVAL OF AGENDA

MOVED by Councilor Fletcher and seconded by Councilor Pratt to approve the agenda as presented. Motion carried.

CONSENT AGENDA

Minutes of December 12, 2016 Regular Council Meeting  
Minutes of December 16, 2016 Special Council Meeting  
Payroll and Claims Packet Dated December 27, 2016  
    Claims Check #EFT 11/2016 and 37545 through 37566 totaling \$350,946.19  
    Payroll Check #37511 through #37544 and #37567 through #37571 totaling \$139,209.62  
Payroll and Claims Packet Dated December 31, 2016 Year End  
    Claims Check #DOC L&I and 37573 through 37616 totaling \$67,028.39  
    Manual Check #37572  
Schedule Joint City Council and Planning Commission meeting for February 13, 2017 at 6:00 pm

MOVED by Councilor Erickson and seconded by Councilor Fletcher to approve the items on the consent agenda. Motion carried.

MARK MILLER, GENERAL MANAGER OF TOWN TOYOTA CENTER – ANNUAL UPDATE

Mr. Miller informed the Council that the tax that was passed to support the Town Toyota Center is doing exactly what it was intended to do. The tax revenue they receive is about 3 million dollars. The Board has set aside 1 million dollars in reserves for capitals, which only the Board can access.

Financially they have done very well; they've taken a \$2.6 million dollar budget and turned it into \$4.1 million. The arena is busier with shows that work and they've taken food service in house, which is a big job. The Town Toyota Center has an economic impact to the community of approximately \$7 million dollars annually. They had a \$145,000 deficit in 2016, which was lower than the \$300,000 to \$400,000 in previous years. They are continually working towards no deficit.

CHANGE ORDER NO. 1 ON SMALL WORKS ROSTER AGREEMENT WITH CHIPMAN CONSTRUCTION

The original contract amount for the demolition of the structure at 18 Parkhill was \$8,439. The amount of Change Order No. 1 is \$1,515.40 for one load of asbestos removed and disposed of and 15 yards of buried household garbage, which was not included in the original contract amount. Total amount of the contract including the change order is \$9,954.40.

MOVED by Councilor Fletcher and seconded by Councilor Pratt to approve Change Order No. 1 to the agreement with Chipman Construction. Motion carried.

PROGRESS REPORTS

No reports

ADJOURNMENT

Mayor Gomes adjourned the meeting at 6:28 p.m.

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Jeff Gomes, Mayor

Attest:

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Kay Jones, City Clerk-Treasurer

**CONTRACT AGREEMENT**

**BETWEEN**

**FINANCIAL CONSULTING SOLUTIONS  
GROUP, INC.**  
Redmond Town Center  
7525 – 166<sup>th</sup> Ave. NE, Suite D-215  
Redmond, Washington 98052

**AND**

**The City of Cashmere**  
101 Woodring Street  
Cashmere, WA 98815

**PROJECT: Water and Sewer Revenue Requirement Analysis**

**THIS AGREEMENT** combines all understandings between the Parties regarding professional services for the Project named above and supersedes all prior proposals, quotations, solicitations, negotiations, representations, agreements or understandings, whether written or oral.

The performance of the professional services herein described and authorized by the **City of Cashmere**, as well as payment for such services, shall be in accordance with the terms and conditions presented in this Agreement and the following Sections and Exhibits which are attached and incorporated by reference which, taken together, shall constitute the whole Agreement.

- Section I - Relationship of the Parties**
- Section II - Contract Provisions**
- Exhibit A - Scope of Work and Task Plan**
- Exhibit B - Study Budget**


IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**APPROVED:**

**FINANCIAL CONSULTING  
SOLUTIONS GROUP, INC.**

**APPROVED:**

**City of Cashmere**

  
\_\_\_\_\_  
**Maryn Johnson**  
Principal

Date: 1/18/17

\_\_\_\_\_  
Date: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_

## SECTION I: RELATIONSHIP OF THE PARTIES

The City of Cashmere ("Client"), desires to perform a Utilities Rate Study ("Project"). In furtherance of the Project, the Client hereby contracts with Financial Consulting Solutions Group, Inc. ("FCS GROUP") to perform the professional services described in Exhibit A of this Agreement. All services shall be performed under the joint supervision of the Client's Representative, Kay Jones, or a designee or designees identified in writing to FCS GROUP by the Client's Representative.

This Agreement shall inure to the benefit of and be binding upon successors, assigns, and legal representatives of each of the Parties hereto. Any assignment or transfer of an interest in this Agreement by either Party without the written consent of the other shall be void.

## SECTION II: CONTRACT PROVISIONS

**1. Scope of Work:** FCS GROUP shall perform the services for the Client as defined in Exhibit A of this Agreement.

**2. Time for Completion:** The Scope of Work for the conduct of the study as set forth above is anticipated to be completed by FCS GROUP within a time frame approximating that shown by the following schedule:

**Notice to Proceed:** On or before February 1, 2017

**Completion of Analysis:** On or before June 30, 2017

**Completion of Project:** Estimated to be no later than August 31, 2017

FCS GROUP agrees to perform the work described in the Scope of Work according to the contract schedule. Any delays shall be agreed upon by FCS GROUP and Client prior to the due date. Changes in the schedule caused by Client delays may require additional compensation and a change order.

If FCS GROUP is delayed in the performance of services by conditions which are beyond their control, or by a change in the scope of work, the schedule showing time of performance may be revised. Any revision thereto shall be submitted in writing to the Client for review and approval by the Client Representative. If FCS GROUP's services are temporarily suspended by the Client in the interest of the Project and with written notice to FCS GROUP, and the suspensions last longer than 90 consecutive days, FCS GROUP shall be compensated for any additional labor and direct expenses incurred due to the interruption and resumption of services.

**3. Payment:** FCS GROUP will be paid by the Client on a time and materials basis as outlined below and in accordance with the standard billing rates attached hereto as Exhibit B. Direct expenses will be charged as identified in Exhibit B. FCS GROUP agrees to perform the services as set forth in Exhibit A at a cost not to exceed \$46,066 FCS GROUP will not exceed the contract amount without the Client's prior written authorization.

Should any unforeseen project delays, not caused by FCS GROUP, and/or any requested amendments to the original scope of work, cause this contract to extend more than 90 days past the original contracted schedule date, any work and/or amendments to the work shall be billed at the standard billing rates in effect for the period of time the work is being performed. If said change in billing rates will cause the project to exceed the amount stated in the preceding paragraph, a change order will be prepared and signed by both parties.

FCS GROUP will invoice Client monthly and payment shall be made within 30 days of receipt of invoice.

**4. Supplemental Agreements:** Supplemental Agreements may be entered into upon mutual written agreement that would increase or decrease the scope and associated costs and payment.

**5. Work to be Accomplished:** All work accomplished will be performed under the direction of the Client Representative or his/her Designee.

**6. Termination:** This contract may be terminated by the Client by giving FCS GROUP written notice of such termination no fewer than fifteen (15) days in advance of the effective date of said termination. FCS GROUP shall be entitled to terminate this agreement only in the case of a material breach by the Client, and upon failure of the Client to remedy said breach within fifteen (15) days of said notice. In the event that the contract is terminated before completion, FCS GROUP shall be paid for the services to date on the basis set forth in Paragraph 3. The Client shall notify FCS of termination or abandonment in writing.

This agreement covers the full comprehensive monthly rate and system development charges (connection fee charges) for both the water and sewer utilities.

**7. Indemnity:** FCS GROUP shall comply with all Federal Government, State and local laws and ordinances applicable to the work to be done under this Agreement.

FCS GROUP hereby agrees to hold the Client harmless from and shall process and defend at its own expense, specific claims, demands or suits at law or equity, arising from FCS GROUP's negligent performance of the provisions of this Agreement; provided that if the Client and FCS GROUP are concurrently negligent, FCS GROUP shall be required to indemnify and defend only in proportion to negligence of FCS GROUP. These indemnity provisions shall not require FCS GROUP to defend or indemnify the Client against any action based solely on the alleged negligence of the Client.

**8. All Work Produced is Joint Property of FCS GROUP and the Client:** The materials, computer programs, reports, calculations, analyses, etc., generated by FCS GROUP under this contract including the final report shall be the joint property of the Client and FCS GROUP. FCS GROUP may retain copies thereof for work paper documentation and their own use unless specifically restricted in writing by the Client as to use.

Computer models use generally available software, such as Microsoft Excel (TM), and FCS GROUP does not intend or imply any warranty of those programs.

**9. Financial Forecasts:** Neither FCS GROUP's name nor the report and its financial projections may be referred to or included in any prospectus or as a part of any offering or representation made in connection with the sale of securities or participation interests to the public, whether through a public or private offering.

The information used in developing the forecast assumptions will be derived from published information and other sources FCS GROUP considers appropriate. However, FCS GROUP cannot assume responsibility for the accuracy of such material. Moreover, forecasts are subject to many uncertainties as to the future; therefore, FCS GROUP cannot represent that the projected financial statements will be representative of the results that actually occur. FCS GROUP will endeavor to include appropriate comments drawing the readers' attention to these matters.

**10. Integrated Agreement:** This agreement together with attachments or addenda, represents the entire and integrated agreement between the Client and FCS GROUP supersedes all prior negotiations, representations, or agreements written or oral. This agreement may be amended by written instrument signed by both the Client and FCS GROUP.

**11. Independent Contractor:** The parties intend that an independent Contractor/Client relationship will be created by this agreement. No agent, employee, or representative of FCS GROUP shall be deemed to be an agent, employee, or representative of the Client for any purpose. FCS GROUP shall be solely responsible for all acts of its agents, employees, representatives, and subcontractors during the performance of this contract.

**12. Equal Opportunity:** FCS GROUP is committed to the principles of providing equal employment opportunities for all employees. The performance and diversity of our employees will help us meet the challenges of the present and the future in serving our clients. This policy statement is a reaffirmation of our long-standing commitment to provide equal opportunity on the basis of individual merit and personal qualifications to employees and applicants for employment without regard to race, color, religious creed, sex, sexual orientation or preference, gender identity, genetic characteristics or information of employee or family, age, national origin, ancestry, marital status, citizenship, the presence of sensory, mental, or physical disability, pregnancy/childbirth or related condition, medical condition, membership in the military service, veteran's status, political ideology or any other basis protected by applicable federal, state, or local laws.

**13. Notices:** Notices to the Client shall be sent to the following address:

**City of Cashmere**  
Attention: Kay Jones, City Clerk-Treasurer  
101 Woodring Street  
Cashmere, WA 98815

Notices to FCS GROUP shall be sent to the following address:

**Financial Consulting Solutions Group, Inc.**  
Attention: Karyn Johnson, Principal  
Redmond Town Center  
7525 – 166<sup>th</sup> Ave. NE, Suite D-215  
Redmond, Washington 98052

## EXHIBIT A: SCOPE OF WORK AND TASK PLAN

### WATER AND SEWER REVENUE REQUIREMENT ANALYSIS

#### Task 1 | Kick-Off Meeting

A project kickoff meeting will be scheduled before the commencement of the project with the City project team. The items covered at the meeting include review of the scope of work, project objectives, expectations and deliverables, outline of the project schedule, and discussion of key issues to address for each of the utilities. This project review meeting will be conducted via the interactive screen-sharing application Ring Central (RC).

#### Task 2 | Data collection

FCS GROUP will provide a data needs list encompassing historical and projected revenue, expenses, customer statistics, fiscal policies, and planning information. The data will be reviewed, analyzed and validated for inclusion in the study process.

#### Task 3 | Customer Statistics Validation

Summary level monthly customer data for the utilities are "validated" by applying existing rates by customer classification to the organized statistics and measuring against reported revenue collection. We will work with staff to address any material inconsistency found in the validation process.

#### Task 4 | Revenue Requirement Analysis

This study component develops a sustainable, multi-year financial plan that meets the total financial needs of the water and sewer utilities. This multi-year view provides a proactive management tool which allows the City to anticipate and plan for the future. Revenue needs are established through the following subtasks:

- a. Prepare revenue requirement models to align with the current planning period, budget categories, and policy parameters in preparation for conducting the technical analysis.
- b. Develop a ten (10) year forecast of operating revenues and expenses to reflect the 2017 budget, and up to a twenty (20) year planning period to project future capital funding capabilities. The 20 year also allows for the model to facilitate future system planning efforts.
- c. Incorporate into the forecast any known future changes in annual non-capital costs associated with the operation, maintenance and administration of the utilities. These may include additional staffing needs, conservation impacts and other operating costs associated with maintaining the utility along with initiating new or enhanced program activities.
- d. Develop a capital funding analysis that will inform the City regarding the optimal use of available funding sources, such as available balances, funding from rate revenue, reserve funds and additional debt. Incorporate the most recent water and sewer capital programs.
- e. Evaluate the capital reinvestment strategy for compliance with existing policies and recommend alternative strategies as warranted.
- f. Provide a reserve analysis. We will review existing fund balances, (e.g., operating, capital, contingency, etc.) for compliance with existing policies and recommend new fund balance targets as warranted.
- g. Evaluate cash flow needs to meet existing and anticipated new annual debt service requirements and debt coverage requirements.
- h. Test the sufficiency of each utility's current revenues in meeting all obligations. After identifying the full array of financial requirements, we will compare those needs against available rates and miscellaneous operating revenues, identifying any projected shortfalls over the forecast period. Rate revenue sufficiency will be tested from two perspectives: the ability to meet all cash obligations, and the attainment of any debt coverage requirements.
- i. Develop an annual rate adjustment strategy that meets the utility's financial obligations over the ten (10) year rate setting period.



- j. Provide up to two (2) revenue requirement strategies for water and sewer each. These strategies may vary as a result of changes to key variables such as reserve policies, funding sources, growth rates, project timing, or others identified by the City.

#### Task 5 | Customer Bill Comparable Analysis

Calculate a sample residential bill for each of the rate strategies developed and compare that to a sample bill from up to ten (10) comparable jurisdictions.

#### Task 6 | System Development Charge Update

Update connection fees for each utility to reflect current and planned system investment and system capacity. Review the current methodology and recommend potential changes as warranted for consistency with current trends and / or legal precedence.

Calculate the existing cost basis by including asset additions since the last study, existing cash balances and new outstanding debt principal. Determine the future cost basis by incorporating the CIPs included in the most recent water system plan and general sewer plan. Work with staff to apportion capital projects into categories of replacement and upgrade / expansion. Update system capacity totals (typically expressed in meter capacity equivalents for water, and equivalent residential units for sewer) that the existing and future planned infrastructure can serve. Calculate the maximum allowable charges for each utility. Existing and updated charges will be compared to the selected jurisdictions.

#### Task 7 | Documentation

FCS GROUP will prepare and submit an electronic version of a draft and final Technical Memorandum summarizing the major assumptions, findings and recommendations.

#### Task 8 | Meetings/Presentations

Review meetings with staff are conducted via the screen-sharing and conferencing application Ring Central (RC). Presentations will be onsite at Council meetings.

Facilitate three (3) review meetings with staff project team to cover:

1. Initial findings and validate data and assumptions
2. Draft findings and alternatives
3. Finalize and review presentation slides for Council meeting

Prepare presentation materials and attend and present findings at one (1) City Council meeting.

#### Task 9 | Management and Communication

Perform miscellaneous project administrative activities including work paper documentation, internal scheduling, invoicing, ongoing client correspondence, and other miscellaneous / administrative management procedures for efficient study performance. Our monthly invoicing will include written progress reports describing recent efforts, forthcoming efforts, and potential challenges or needs from City staff, as well as status of the study progress, schedule and budget.

**EXHIBIT B: BUDGET**

The exhibit below outlines the hourly billing rates, estimated labor hours, cost per task and total budget of \$46,066.

TASKS	Principal	Project Manager	Analyst	Admin. Support	Total Estimated Hours	Total Budget
<i>Hourly Billing Rates:</i>	\$250	\$170	\$120	\$75		
Task 1: Kick-off Meeting - (1 RC meeting)	2.0	2.0	2.0	-	6.0	\$ 1,080
Task 2: Data collection	1.0	1.0	12.0	-	14.0	\$ 1,860
Task 3: Customer Statistics Validation	-	1.0	18.0	-	19.0	\$ 2,330
Task 4: Revenue Requirement	3.0	16.0	80.0	-	99.0	\$ 13,070
Task 5: Customer Bill Comparable Analysis	1.0	1.0	8.0	-	10.0	\$ 1,380
Task 6: System Development Charge Update	2.0	8.0	40.0	-	50.0	\$ 6,660
Task 7: Documentation	2.0	8.0	48.0	-	58.0	\$ 7,260
Task 8: Meetings / Presentations						
- Review with staff - (3 RC meetings)	-	6.0	6.0	-	12.0	\$ 1,740
- Prepare presentation materials	2.0	8.0	22.0	-	32.0	\$ 4,500
- Council Meeting	-	8.0	8.0	-	16.0	\$ 2,320
Task 9: Project Management / Administration	2.0	8.0	-	4.0	14.0	\$ 2,160
EXPENSES						
Technology Charge (\$5 per labor hour)						\$ 1,640
Mileage (one onsite meeting)						\$ 46
<b>TOTAL STUDY BUDGET</b>	<b>15.0</b>	<b>65.0</b>	<b>244.0</b>	<b>4.0</b>	<b>328.0</b>	<b>\$ 46,066</b>