KETTLE FALLS CITY COUNCIL MEETING
MAY 3, 2011

CALL TO ORDER

Mayor Dorothy Slagle called the meeting to order at 7:00 p.m.

ROLL CALL

Ray Smith, Les Callas, Dorothy Slagle, Jesse Garrett, Krist Matthews and Debbie Gaskin.

STAFF/GUESTS

Staff - Dave Keeley, Joel Gassaway, Scott Sterland and Raena Hallam.

Guests - Michelle Thomas, Donald Cole, Tom Haggerty Sr., Tom Haggerty Jr., Alison Esvelt, Nathan Durbin and Greg Goodnight.

ANNOUNCEMENTS AND MAIL RECEIVED

As there were no Announcements or Mail Received, City Council moved on to Public Comment.

PUBLIC COMMENT

KETTLE FALLS SKATE PARK

Michelle Thomas stated bicycles in the Skate Park are becoming a problem. She stated the kids that use skate boards are trying to enforce the rules, but there is no sign stating bikes are not allowed or rules for the use of bikes. Michelle further stated bicycles can be dangerous to skaters and cause damage to the concrete. After discussion, City Council determined bicycles should not be allowed in the skate park and asked City Superintendent Joel Gassaway to purchase appropriate signage.

ENCROACHMENT EASEMENT - NATHAN DURBIN

Nathan Durbin stated his shop partially encroaches on to City's right of way for Ivy Street and asked City Council for an easement.

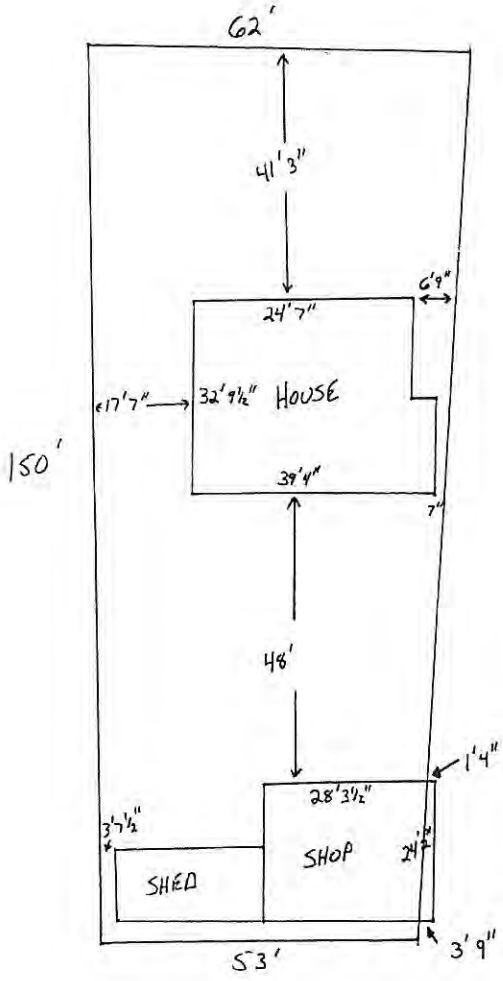
Dear Counsel Members,

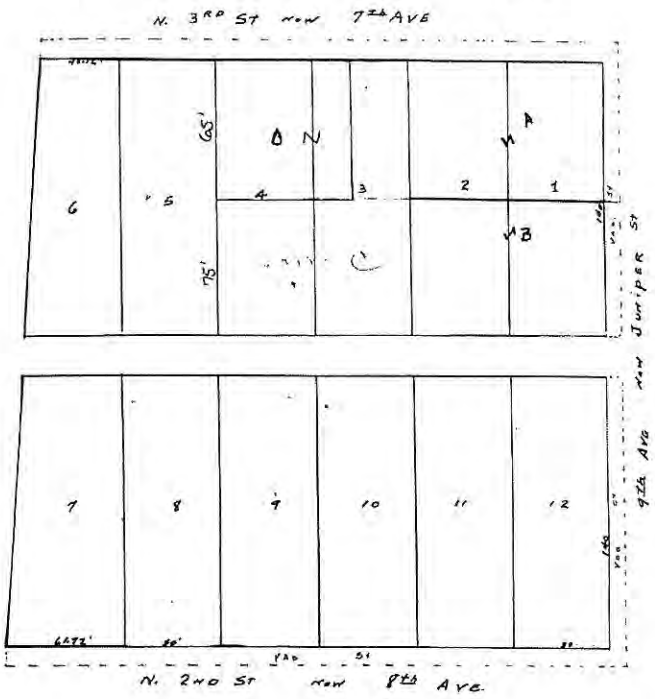
My name is Nathan Durbin. My wife and I live at 480 west 8th Ave. I am here tonight to propose a solution to a problem that I was unaware of when we purchased our house. Our shop is partly on the city's right of way for Ivy Street. The simple diagram you have in front of you shows the plot lay out and the encroachment of the shop. The measurements on the diagram are as close as I can figure based of the legal description and lot map.

My hope is that we can solve this problem with an encroachment easement as suggested by the city planner and his discussions with the city attorney.

Thank you for your time.

Nathan Durbin





The company has not surveyed the premises described herein. The sketch below is furnished without charge solely for the purpose of assisting in locating said premises and the Company assumes no liability as to the validity, location or ownership of an easement or other matter shown thereon nor the inaccuracies therein, including the accurate location of boundaries including water boundaries. This sketch does not purport to show all highways, roads and easements adjoining or affecting said premises nor is it a part of modification of the report commitment policy or other title evidence to which it may be attached

EXHIBIT A

Lot 7, Block 35, MEYERS FALLS, in the Town of Kettle Falls, according to plat recorded in Volume A of Plats, page 24, in Stevens County Washington.

Together with the North 10 feet of that part of North Second Street, now 8th Avenue abutting thereon, vacated by Ordinance No. 1169.

City Attorney Pat Monasmith stated the City Council could grant Mr. & Mrs. Durbin an easement which stays with the property or a license which means it is revocable. If the building is destroyed it will be required to rebuild meeting all appropriate setbacks.

Council Member Jesse Garrett moved to grant Mr. and Mrs. Durbin an encroachment easement for the existing structure located at 480 W. 8th Avenue with no additional building that will increase the nonconformity of the existing structure. In the event the existing structure is destroyed or the Building Inspector determines it unsafe for occupancy then any new structure will be required to observe all zoning and building regulations. All costs will be paid for by the property owner. Council Member Ray Smith seconded the motion. Motion carried by all. Council Member Ray Smith - yes, Council Member Les Callas - yes, Council Member Jesse Garrett - yes, Council Member Krist Matthews - yes and Council Member Debbie Gaskin - yes.

CONSENT AGENDA

APPROVAL OF THE APRIL 19, 2011 CITY COUNCIL MINUTES AND APRIL, 2011 VOUCHERS & PAYROLL

Council Member Ray Smith moved to approve the Consent Agenda. Council Member Les Callas seconded the motion. Motion carried by all. Council Member Ray Smith - yes, Council Member Les Callas - yes, Council Member Jesse Garrett - yes, Council Member Krist Matthews - yes and Council Member Debbie Gaskin - yes.

COMMITTEE REPORTS

UTILITY COMMITTEE - AVISTA

Council Member Jesse Garrett reported the Utility Committee had met with Avista and they are making progress.

STAFF REPORTS

POLICE DEPARTMENT

Police Chief Scott Sterland reported there was a serious ATV accident on Oak Street. It involved an adult male and a two year old child. Neither riders were wearing helmets or an ORV permit. The two year olds injuries were minor.

Police Chief Sterland also reported he has completed the first week of the Equivalency Academy and has 8 more weeks to go.

NEW BUSINESS

As there was no New Business, City Council moved on to Old Business.

OLD BUSINESS

PROPERTY EXCHANGE WITH SCHOOL DISTRICT

City Superintendent Greg Goodnight stated the school levy passed by 24 votes. Mr. Goodnight asked City Council to consider trading both the pool property and a portion of Narcissus Street.

City Attorney Pat Monasmith explained to Mr. Goodnight the City Council had already given direction to draft a document stating they would trade the Gibson field property for the pool property and allow for an option to buy the Narcissus Street portion.

Council Member Ray Smith moved to accept the exchange of real property ownership with Kettle Falls School District #212 including a five year option to purchase the Narcissus portion based on appraisal value at the time of purchase. Council Member Krist Matthews seconded the motion. Motion carried by all. Council Member Ray Smith - yes, Council Member Les Callas - yes, Council Member Jesse Garrett - yes, Council Member Krist Matthews - yes and Council Member Debbie Gaskin - yes.

BREAK - City Council took a break at 8:03 p.m. and returned to the regular City Council meeting at 8:12 p.m.

WASTEWATER TREATMENT FACILITY - POSSIBLE CONSTRUCTION BID AWARD

Tom Haggerty Sr., Tom Haggerty Jr. of E&H Engineering and Alison Esvelt of Esvelt Engineering gave a lengthy presentation to City Council regarding the bids received for construction of the Wastewater Treatment Plant.

Tom Haggerty Jr. explained to City Council that they have 90 days to accept the bids beginning April 21, 2011. However, in respect to the contractor a decision should be made as soon as possible.

E&H Engineering and Esvelt Engineering handed out bid tablulations and discussed possible scenarios for City Council to consider.

Kettle Falls WWTP
Project Award Options for Council – May 3, 2011

Option 1: Award Contract (Base, Base + Alt. 1, or All Work)

- City may elect to award entire contract or portions thereof for the work.
  - $66.24/ERU for all work.
  - $65.16/ERU for Base bid plus Alt. 1.
  - $63.60/ERU for Base bid only.
  - Above numbers assume approx. $5.50/ERU is due to Public Works Dept. construction and O&M costs. Above numbers also include zero growth; see Allison's detailed budget projections. Also assumes construction will take two years, during which the City will be saving money that can applied to the principal loan balance and reduce rates.
  - Loan payment for construction constitutes $21-$24 of the total rate.
- Some savings are anticipated, but need to maintain a $500,000 minimum construction contingency. This is the facility that the City wants, so construction savings will be evaluated.
- Every $100,000 financed raises ERU rate by $0.65 or approximately $2.00 for every $300,000. Costs an additional $2.50± /ERU to complete the alternates.
- Up to $857,000± can be saved and paid against the loan principal from now until loan repayment begins, assuming construction lasts two years at the $1 incremental rate increase.
- Available funds for project.
  - Project falls within available funds and is commensurate with Facilities Plan estimates.
  - $75,000 / yr. ($8.00/ERU) O&M costs are included for existing collection system maintenance and equipment replacement reserves.
- Amortization schedule to evaluate P&I, and/or additional payments to reduce loan term.
  - Additional or other money may be applied to loan principal and reduce term (i.e. $2,000 additional payment reduces term by 2½ years).
- Decision of award or rejection should be made no later than May 17th meeting; 90 days of allowable time was intended for bidding discrepancies.

- **Pros for Award of Contract**
  - Current groundwater pollution can cease within two years.
  - Project can be completed within DOE's remediation time frame expectations.
  - Project falls within facilities plan projections and available funding.
  - Low bidder has built many treatment plants and a quality product can be expected.
  - Prices are reasonable and fair for the work outlined.
  - Contractor is willing to negotiate savings to the City's satisfaction.

- **Cons for Award of Contract**
  - Although lower than rates outlined in the facilities plan, rates are still high compared to current rates of $47.

Option 2: Reject All Bids

- City may elect to reject all bids.
- Rebidding right away not recommended, prices were close enough to gain a perspective on facility cost.
- City may also elect to reject all funding and enter into a new funding cycle hoping for more grant funding.
- DOE is currently debating extending the repayment term to 30 yr. as opposed to the current 20 yr. Term extension to 360 months saves approximately $5.00/ERU, but increases term by 10 years (costs an additional $280k over life of loan).

- **Pros for Rejecting Bids**
  - If DOE extends term, new funding can be applied for and rate reflected appropriately; this is speculation and is not guaranteed.
  - Legislature may increase grant cap, effectively raising the total amount of grant money, thus decreasing total loan amount and rates; this is speculation and is not guaranteed.
  - Allows City more time to save money to be applied to principal loan amount.
  - Plant could be scaled back and/or public works portion removed prior to rebidding, which may or may not be desirable.

- **Cons for Rejecting Bids**
  - Bid prices may increase with time and may equalize any additional money saved due to time, resulting in same rates.
  - Rejecting bids involves risk of losing funding, both grant and loan.
  - Groundwater will continue to be contaminated, which may or may not have detrimental effects.
  - DOE may ramp up efforts to urge the City to remedy the groundwater pollution, which may or may not involve orders to do work, fines, or lawsuits. Quarreling with the DOE would be anticipated.

Kettle Falls WWTP Estimated Loan Configuration Projection
All Work - Base Bid plus Alternates (763.5 ERU)

Item	PROJECT COST			PROJECT GRANT FUNDING	
1	Construction Cost:	$9,717,830.38	1 b	CDBG Grant:	$1,600,000.00
2	Construction Savings:	($100,000.00)	2 b	Centennial Hardship Grant:	$941,201.00
3	Construction Contingency:	$500,000.00	3 b	SRF Forgivable Principal:	$4,058,799.00
4	Construction Engineering Cost:	$1,000,000.00	4 b	**Total Grant Available:**	**$6,600,000.00**
6	**Total Project Cost:**	$11,117,830.38			
7	Less City Funds Towards Project:	($100,000.00)			
8	Less City Rates During Construction:	($857,800.00)	(Assumes amount over $32 is saved per $1 incremental rate increase)		
9	**Total Amount Covered by Funding:**	$10,160,830.38			
	DISBURSEMENT OF FUNDS				
10	Total Covered by Funding	$10,160,830.38			
11	Less Grant Available:	($6,500,000.00)			
12	**Loan Amount Remaining:**	$3,660,830.38			
	LOAN COSTS				
13	Loan Term (Months)	240			
14	Loan Percentage Rate:	1.80%			
15	Monthly Payment:	$16,174.78			
16	Total City ERU's	763.5	(Assumes no growth)		
17	**Monthly Payment per ERU:**	$23.80			
18	Total Amount Paid over Life of Loan:	$4,361,947.18			
	DESIGN LOAN COSTS				
19	PWTF Loan / yr $38,933.00	$4.25			
20	**Monthly Payment per ERU:**	$4.25			
	O&M COSTS				
21	WWTP O&M Costs:	$425,000.00			
22	**Monthly Payment per ERU:**	$46.39			
	TOTALS				
23	Payment Subtotal:	$74.44			
24	Less Septage Receiving Income:	($2.62)	(1 truck per week at $500/truck)		
25	**TOTAL MONTLY / ERU for PROJECT:**	$71.82	/ERU		
26	Less Loan Amount due to Public Works:	($2.60)	/ERU		
27	Less Public Works O&M Costs:	($2.76)	/ERU (½% of O&M Costs - *Est.)		
28	**TOTAL MONTLY SEWER BILL / ERU:**	$66.24			

Kettle Falls WWTP Estimated Loan Configuration Projection
Base Bid plus Alternate No. 1 (763.5 ERU)

Item	PROJECT COST			PROJECT GRANT FUNDING	
1	Construction Cost:	$9,550,635.18	1 b	CDBG Grant:	$1,500,000.00
2	Construction Savings:	($100,000.00)	2 b	Centennial Hardship Grant:	$941,201.00
3	Construction Contingency:	$500,000.00	3 b	SRF Forgivable Principal:	$4,058,799.00
4	Construction Engineering Cost:	$1,000,000.00	4 b	**Total Grant Available:**	**$6,500,000.00**
6	**Total Project Cost:**	**$10,950,635.18**			
7	Less City Funds Towards Project:	($100,000.00)			
8	Less City Rates During Construction:	($856,800.00)	(Assumes amount over $32 is saved per $1 incramental rate increase)		
9	**Total Amount Covered by Funding:**	**$9,993,835.18**			
	DISBURSEMENT OF FUNDS				
10	Total Covered by Funding:	$9,993,835.18			
11	Less Grant Available:	($6,500,000.00)			
12	**Loan Amount Remaining:**	**$3,493,835.18**			
	LOAN COSTS				
13	Loan Term (Months):	240			
14	Loan Percentage Rate:	1.80%			
15	Monthly Payment:	$17,345.71			
16	Total City ERU's	763.5	(Assumes no growth)		
17	**Monthly Payment per ERU:**	**$22.72**			
18	Total Amount Paid over Life of Loan:	$4,162,969.09			
	DESIGN LOAN COSTS				
19	PWTF Loan / yr. $38,933.00	$4.25			
20	**Monthly Payment per ERU:**	**$4.25**			
	O&M COSTS				
21	WWTP O&M Costs:	$425,000.00			
22	**Monthly Payment per ERU:**	**$46.39**			
	TOTALS				
23	Payment Subtotal:	$73.36			
24	Less Septage Receiving Income:	($2.62)	(1 truck per week at $500/truck)		
25	**TOTAL MONTLY / ERU for PROJECT:**	**$70.74** /ERU			
26	Less Loan Amount due to Public Works.	($2.80) /ERU			
27	Less Public Works O&M Costs:	($2.78) /ERU	(1½% of O&M Costs - *Est.)		
28	**TOTAL MONTLY SEWER BILL / ERU:**	**$65.16**			

Kettle Falls WWTP Estimated Loan Configuration Projection
Base Bid Only (763.5 ERU)

Item	PROJECT COST			PROJECT GRANT FUNDING	
1	Construction Cost:	$9,344,215.34	1 b	CDBG Grant:	$1,500,000.00
2	Construction Savings:	($100,000.00)	2 b	Centennial Hardship Grant:	$941,201.00
3	Construction Contingency:	$500,000.00	3 b	SRF Forgivable Principal:	$4,058,799.00
4	Construction Engineering Cost:	$1,000,000.00	4 b	**Total Grant Available:**	**$6,500,000.00**
6	**Total Project Cost:**	**$10,744,215.34**			
7	Less City Funds Towards Project:	($100,000.00)			
8	Less City Rates During Construction:	($856,800.00)	(Assumes amount over $32 is saved per $1 incremental rate increase)		
9	**Total Amount Covered by Funding:**	**$9,787,415.34**			
	DISBURSEMENT OF FUNDS				
10	Total Covered by Funding:	$9,787,415.34			
11	Less Grant Available:	($6,500,000.00)			
12	**Loan Amount Remaining:**	**$3,287,415.34**			
	LOAN COSTS				
13	Loan Term (Months):	240			
14	Loan Percentage Rate:	1.80%			
15	Monthly Payment:	$16,320.90			
16	Total City ERU's	763.5	(Assumes no growth)		
17	**Monthly Payment per ERU:**	**$21.38**			
18	Total Amount Paid over Life of Loan.	$3,917,015.81			
	DESIGN LOAN COSTS				
19	PWTF Loan / yr. $38,933.00	$4.25			
20	**Monthly Payment per ERU:**	**$4.25**			
	O&M COSTS				
21	WWTP O&M Costs:	$425,000.00			
22	**Monthly Payment per ERU:**	**$46.39**			
	TOTALS				
23	Payment Subtotal:	$72.01			
24	Less Septage Receiving Income:	($2.84)	(1 truck per week at $500/truck)		
25	**TOTAL MONTLY / ERU for PROJECT:**	**$69.18** /ERU			
26	Less Loan Amount due to Public Works:	($2.80) /ERU			
27	Less Public Works O&M Costs:	($2.78) /ERU	(1½% of O&M Costs - *Est.)		
28	**TOTAL MONTLY SEWER BILL / ERU:**	**$63.60**			

General Cost Inflation	3.0%
ERU Connection Rate Increase	2.1%

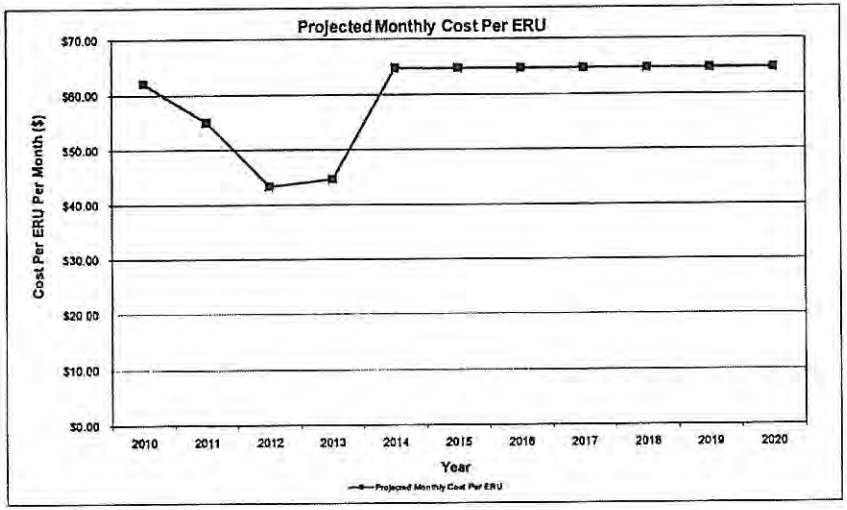
Expenditures		Actual 2010	Budgeted 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
(EXISTING) SEWER CONNECTION FUND												
535-10-40	Other Services and Charges	$41	$42	$44	$45	$46	$48	$49	$51	$52	$54	$55
596-35-60	Sewer Connection Capital Outlay	$207	$214	$220	$227	$233	$240	$248	$255	$263	$271	$279
Total Existing Sewer Connection Expenditures		$249	$256	$264	$272	$280	$288	$297	$306	$315	$324	$334
(EXISTING) SEWER FUND												
535-10-10	Salaries and Wages	$93,499	$100,000	$103,000	$0	$0	$0	$0	$0	$0	$0	$0
535-10-20	Personnel Benefits	$24,897	$28,000	$28,840	$0	$0	$0	$0	$0	$0	$0	$0
535-10-30	Supplies	$2,608	$5,000	$5,150	$0	$0	$0	$0	$0	$0	$0	$0
535-10-32	Gas/Oil/Fuel	$3,211	$5,000	$5,150	$0	$0	$0	$0	$0	$0	$0	$0
535-10-35	Small Tools & Equipment	$2,555	$5,000	$5,150	$0	$0	$0	$0	$0	$0	$0	$0
535-10-41	Professional Services	$10,957	$15,000	$15,450	$0	$0	$0	$0	$0	$0	$0	$0
535-10-42	Communication	$2,117	$2,500	$2,575	$0	$0	$0	$0	$0	$0	$0	$0
535-10-46	Insurance	$9,560	$11,000	$11,330	$0	$0	$0	$0	$0	$0	$0	$0
535-10-47	Utilities	$3,618	$5,000	$5,150	$0	$0	$0	$0	$0	$0	$0	$0
535-10-48	Repair & Maintenance	$7,207	$15,000	$15,450	$0	$0	$0	$0	$0	$0	$0	$0
535-10-49	Miscellaneous	$8,758	$10,000	$10,300	$0	$0	$0	$0	$0	$0	$0	$0
535-10-40	Other Services and Charges	$6,136	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
535-10-50	Intergovernmental Taxes	$14,977	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335	$26,095
535-10-53	External Taxes - Dept. of Revenue	$5,542	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
535-50-40	Maintenance-Buildings	$0	$500	$515	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60	Sewer Capital Outlay	$1,814	$10,000	$10,300	$10,609	$10,927	$11,255	$11,593	$11,941	$12,299	$12,668	$13,048
597-00-01	Transfer to Sewer Cum. Res	$4,565	$40,000	$41,200	$0	$0	$0	$0	$0	$0	$0	$0
Total Existing Sewer Operating Expenditures		$202,050	$290,000	$298,709	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805	$62,629
(NEW) TREATMENT SYSTEM OPERATION AND MAINTENANCE EXPENDITURES												
1	Public Works Supervisor/Office Manager/Clerical	$0	$0	$0	$35,000	$36,050	$37,132	$38,245	$39,393	$40,575	$41,792	$43,046
2	Class II	$0	$0	$0	$49,000	$50,470	$51,984	$53,544	$55,150	$56,804	$58,509	$60,264
3	Operator I/Lab Technician	$0	$0	$0	$46,000	$47,380	$48,801	$50,265	$51,773	$53,327	$54,926	$56,574
4	Personnel Benefits	$0	$0	$0	$59,000	$60,770	$62,593	$64,471	$66,405	$68,397	$70,449	$72,563
5	Power	$0	$0	$0	$29,000	$29,870	$30,766	$31,689	$32,640	$33,619	$34,628	$35,666
6	Water and Garbage	$0	$0	$0	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159	$1,194	$1,230
7	Treatment Supplies & Maintenance	$0	$0	$0	$50,000	$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494
8	Building & Grounds Maintenance	$0	$0	$0	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597
9	Laboratory Supplies	$0	$0	$0	$23,000	$23,690	$24,401	$25,133	$25,887	$26,663	$27,463	$28,287
10	Vehicles	$0	$0	$0	$4,000	$4,120	$4,244	$4,371	$4,502	$4,637	$4,776	$4,919
11	Professional Services	$0	$0	$0	$12,000	$12,360	$12,731	$13,113	$13,506	$13,911	$14,329	$14,758
12	Office Supplies and Small Tools	$0	$0	$0	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149
13	Telephone/Internet/Postage	$0	$0	$0	$6,000	$6,180	$6,365	$6,556	$6,753	$6,956	$7,164	$7,379
14	Training and Publications	$0	$0	$0	$2,000	$2,060	$2,122	$2,185	$2,251	$2,319	$2,388	$2,460
15	Insurance	$0	$0	$0	$17,000	$17,510	$18,035	$18,576	$19,134	$19,708	$20,299	$20,908
16	Permits, Fees, Taxes	$0	$0	$0	$16,000	$16,480	$16,974	$17,484	$18,008	$18,548	$19,105	$19,678
Total Treatment System Operation and Maintenance Expenditures		$0	$0	$0	$374,000	$385,220	$396,777	$408,680	$420,940	$433,569	$446,576	$459,973
(EXISTING) SEWER CUMULATIVE RESERVE (CAPITAL IMPROVEMENT PROGRAM) FUND												
591-10-76	USDA Jetter Loan Payment - Principal	$3,444	$47,645	$0	$0	$0	$0	$0	$0	$0	$0	$0
591-35-76	PWTF Loan $950,000	$0	$100,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
591-35-76	PWTF Loan $54,765	$61,774	$10,025	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933
591-35-78	DOE Wastewater Loan Payment - Principal	$20,261	$20,439	$0	$0	$0	$0	$0	$0	$0	$0	$0
591-10-76	USDA Jetter Loan Payment - Interest	$2,144	$200	$0	$0	$0	$0	$0	$0	$0	$0	$0
592-35-83	DOE Wastewater Loan Payment - Interest	$178	$200	$0	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60	Sewer Cumulative Capital Outlay	$517	$24,650	$0	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60.01	Wastewater Facilities Project	$302,169	$0	$105,000	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60.02	3 Phase Standby Portable Generator Design	$5,219	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60.03	Lagoon Rehabilitation	$0	$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Existing Sewer Cumulative Reserve Expenditures		$395,705	$253,158	$143,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933

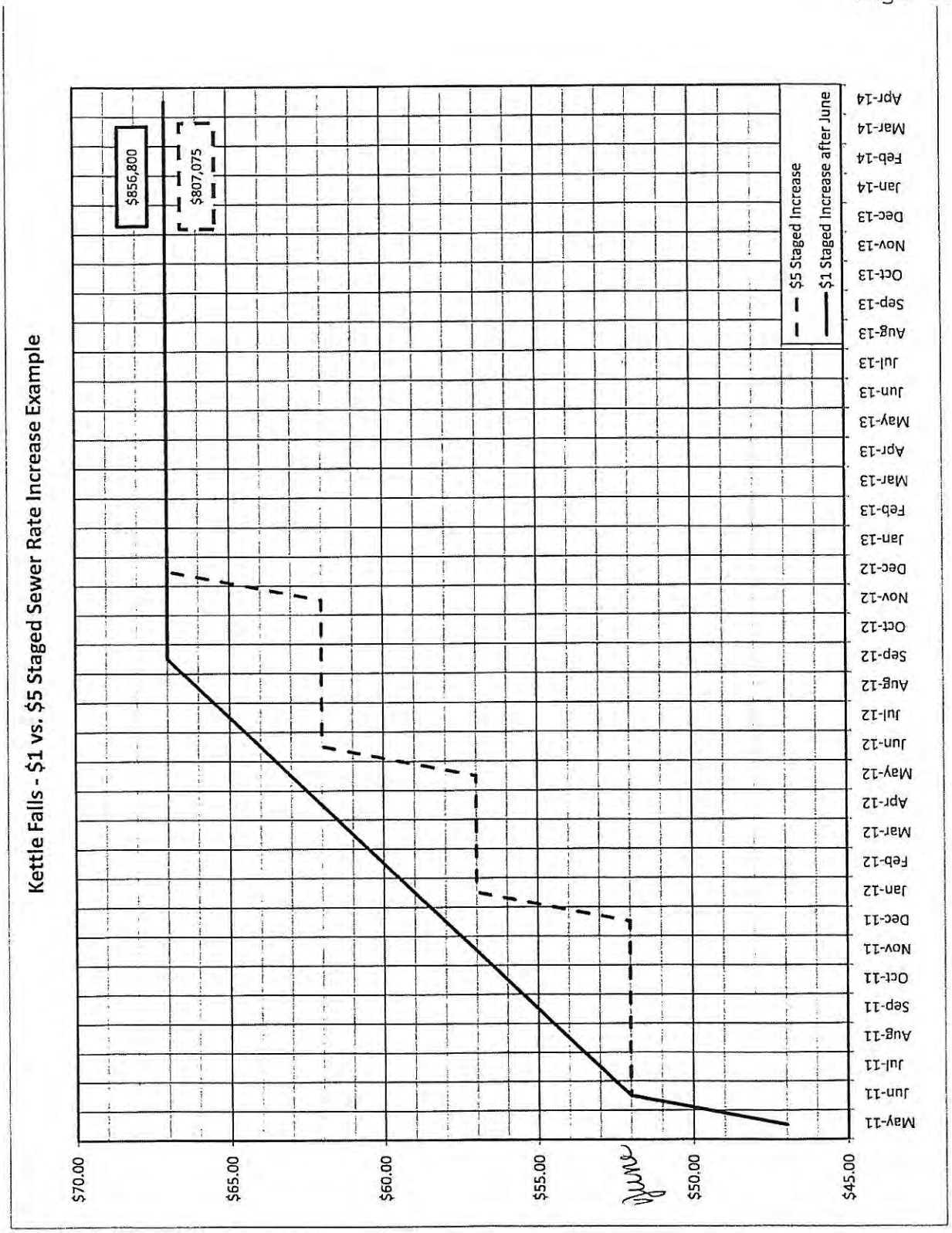
PROJECTED REVENUES		Actual 2010	Budgeted 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
341-70-00	Sales of Merchandise	$105	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25
343-50-00	Sewer Service Charges											
361-11-00	Investment Interest	$562	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500
369-90-00	Other Miscellaneous Revenues	$273	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250
361-11-00	Investment Interest	$187	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150
388-10-00	Contributions to Capital	$619	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
343-50-00	Sewer Service Charges - $5 00 - Loans											
343-50-00	Sewer Service Charges - $5.00											
343-50-10	Sewer Charges - Wastewater Facility - $15 00											
361-11-00	Investment Interest	$1,936	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
	Septage Receiving	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000
Total Revenues		$29,682	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925

Projected Sewer System Expenditures	$598,004	$543,414	$442,896	$464,128	$476,883	$490,022	$503,555	$517,493	$531,850	$546,638	$561,869
Projected Sewer System Revenues - Not From Sewer Fees	$29,682	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925
Construction and Design Loan Debt Service					$196,888	$196,888	$196,888	$196,888	$196,888	$196,888	$196,888
Total Projected Sewer System Operating and Capital Improvement Expenditures	$568,322	$514,489	$413,971	$435,203	$644,847	$657,985	$671,518	$685,456	$699,813	$714,601	$729,832
ERUs	763	779	795	812	829	847	864	882	901	920	939
Projected Monthly Cost Per ERU	$62.07	$55.04	$43.37	$44.66	$64.81	$64.77	$64.74	$64.73	$64.72	$64.73	$64.75

TREATMENT SYSTEM CAPITAL COSTS	
Estimated Construction Cost	$9,344,215
Construction Contingency	$500,000
Engineering-Construction	$1,000,000
Administration	$0
Total Capital Cost	$10,844,215

ANNUAL LOAN DEBT SERVICE	
Sewer Fund Balance For WWTP (Cash On Hand)	$205,000
Sewer System Revenue Saved During Construction (5/2011 - 12/2013)	$856,800
Grant Amount	$6,500,000
Loan Interest Rate	1 80%
Loan Period (Years)	20
Construction Loan Principal Amount	$3,282,415
Loan Capital Recovery Factor	0 060
Annual Loan Debt Service	$196,888




Kettle Falls - $1 vs. $5 Staged Sewer Rate Increase Example
$856,800
$807,075
$5 Staged Increase
$1 Staged Increase after June
$70.00
$65.00
$60.00
$55.00
$50.00
$45.00
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May-11
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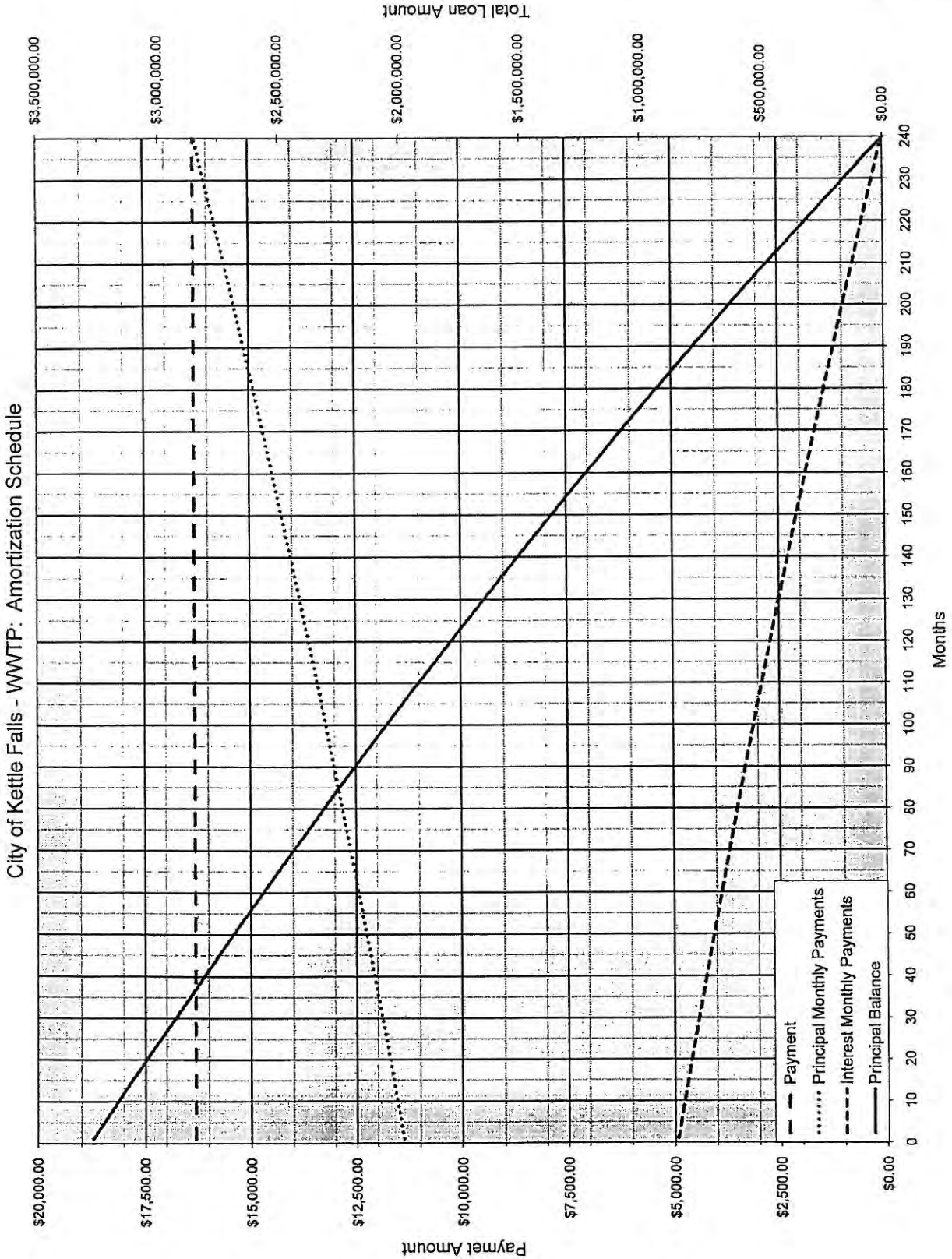
City of Kettle Falls - WWTP: Amortization Schedule
Payment Amount
Total Loan Amount
Months
$20,000.00
$17,500.00
$15,000.00
$12,500.00
$10,000.00
$7,500.00
$5,000.00
$2,500.00
$0.00
$3,500,000.00
$3,000,000.00
$2,500,000.00
$2,000,000.00
$1,500,000.00
$1,000,000.00
$500,000.00
$0.00
0
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40
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60
70
80
90
100
110
120
130
140
150
160
170
180
190
200
210
220
230
240
Payment
Principal Monthly Payments
Interest Monthly Payments
Principal Balance

Kettle Falls WWTP Estimated Loan Configuration Projection
All Work - Base Bid plus Alternates (763.5 ERU)

Item	PROJECT COST		
1	Construction Cost:	$9,717,630.38	
2	Construction Savings:	($100,000.00)	
3	Construction Contingency:	$500,000.00	
4	Construction Engineering Cost:	$1,000,000.00	
6	**Total Project Cost:**	**$11,117,630.38**	
7	Less City Funds Towards Project:	$100,000.00	
8	Less City Rates During Construction:	($656,800.00)	(Assumes amount over $32 is saved per $1 incremental rate increase)
9	**Total Amount Covered by Funding:**	**$10,360,830.38**	

	PROJECT GRANT FUNDING	
1 b	CDBG Grant:	$1,500,000.00
2 b	Centennial Hardship Grant:	$941,201.00
3 b	SRF Forgivable Principal:	$4,058,799.00
4 b	**Total Grant Available:**	**$6,500,000.00**

	DISBURSEMENT OF FUNDS		
10	Total Covered by Funding:	$10,360,830.38	
11	Less Grant Available:	($6,500,000.00)	
12	**Loan Amount Remaining:**	**$3,860,830.38**	

	LOAN COSTS		
13	Loan Term (Months):	240	
14	Loan Percentage Rate:	1.80%	
15	Monthly Payment:	$19,167.71	
16	Total City ERU's	763.5	(Assumes no growth)
17	**Monthly Payment per ERU:**	**$25.11**	
18	Total Amount Paid over Life of Loan:	$4,600,250.50	

	DESIGN LOAN COSTS		
19	PWTF Loan / yr.	$38,833.00	$4.25
20	**Monthly Payment per ERU:**		**$4.25**

	O&M COSTS		
21	WWTP O&M Costs:		$425,000.00
22	**Monthly Payment per ERU:**		**$46.39**

	TOTALS		
23	Payment Subtotal:	$75.74	
24	Less Septage Receiving Income:	($2.82)	(1 truck per week at $500/truck)
25	**TOTAL MONTLY / ERU for PROJECT:**	**$73.12**	/ERU
26	Less Loan Amount due to Public Works:	($2.80)	/ERU
27	Less Public Works O&M Costs:	($2.78)	/ERU (½% of O&M Costs - *Est.)
28	**TOTAL MONTLY SEWER BILL / ERU:**	**$67.54**	

Kettle Falls WWTP Estimated Loan Configuration Projection
Base Bid plus Alternate No. 1 (763.5 ERU)

Item	PROJECT COST		
1	Construction Cost:	$9,550,635.18	
2	Construction Savings:	($100,000.00)	
3	Construction Contingency:	$500,000.00	
4	Construction Engineering Cost:	$1,000,000.00	
6	**Total Project Cost:**	**$10,950,635.18**	
7	Less City Funds Towards Project:	$100,000.00	
8	Less City Rates During Construction:	($656,800.00)	(Assumes amount over $32 is saved per $1 incremental rate increase)
9	**Total Amount Covered by Funding:**	**$10,193,835.18**	

	PROJECT GRANT FUNDING	
1 b	CDBG Grant:	$1,500,000.00
2 b	Centennial Hardship Grant:	$941,201.00
3 b	SRF Forgivable Principal:	$4,058,799.00
4 b	**Total Grant Available:**	**$6,500,000.00**

	DISBURSEMENT OF FUNDS	
10	Total Covered by Funding:	$10,193,835.18
11	Less Grant Available:	($6,500,000.00)
12	**Loan Amount Remaining:**	**$3,693,835.18**

	LOAN COSTS		
13	Loan Term (Months):	240	
14	Loan Percentage Rate:	1.80%	
15	Monthly Payment:	$18,336.64	
16	Total City ERU's	763.5	(Assumes no growth)
17	**Monthly Payment per ERU:**	**$24.02**	
18	Total Amount Paid over Life of Loan:	$4,401,272.90	

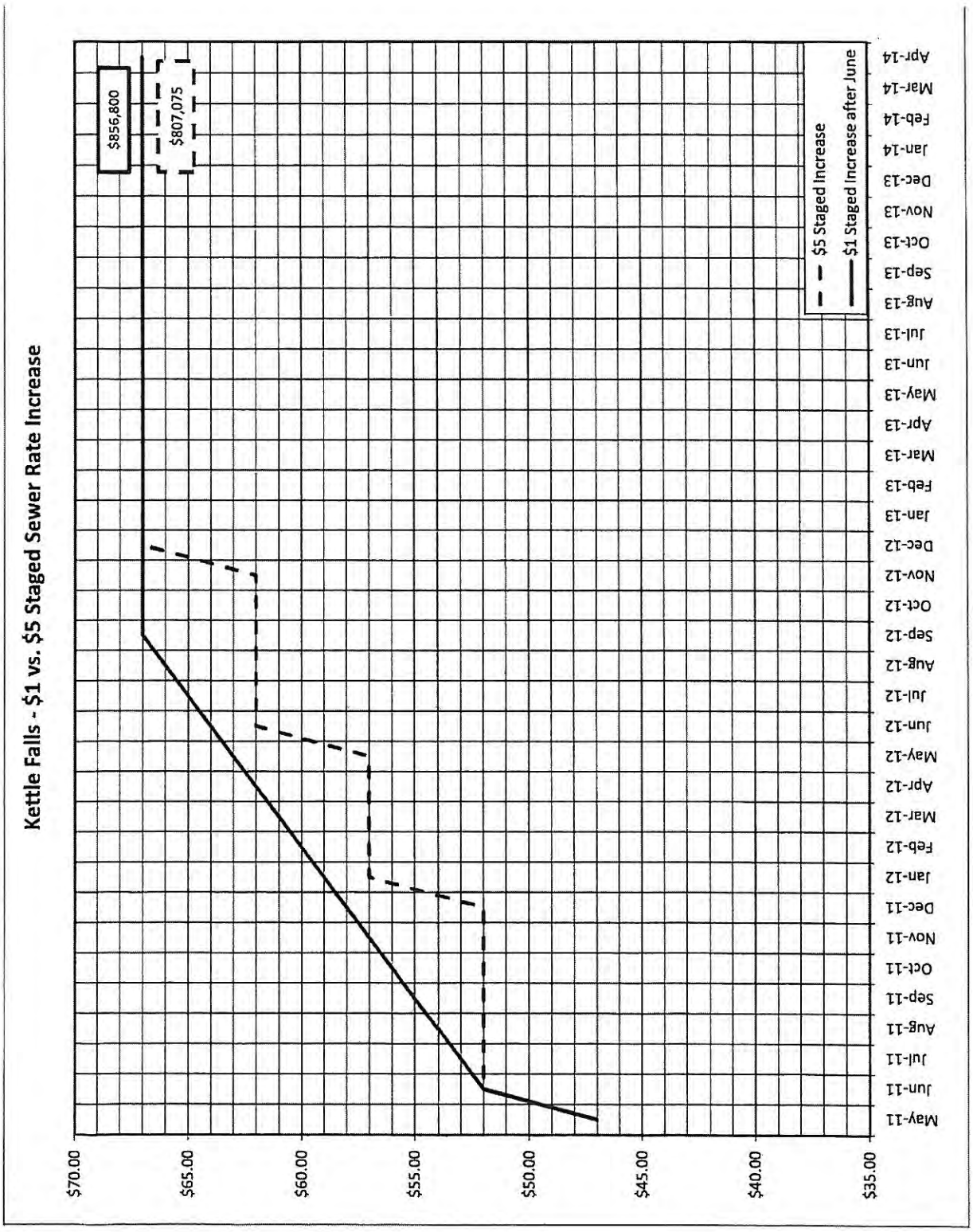
	DESIGN LOAN COSTS		
19	PWTF Loan / yr.	$38,833.00	$4.25
20	**Monthly Payment per ERU:**		**$4.25**

	O&M COSTS		
21	WWTP O&M Costs:		$425,000.00
22	**Monthly Payment per ERU:**		**$46.39**

	TOTALS		
23	Payment Subtotal:	$74.66	
24	Less Septage Receiving Income:	($2.62)	(1 truck per week at $500/truck)
25	**TOTAL MONTLY / ERU for PROJECT:**	**$72.04**	/ERU
26	Less Loan Amount due to Public Works:	($2.80)	/ERU
27	Less Public Works O&M Costs:	($2.78)	/ERU (½% of O&M Costs - *Est.)
28	**TOTAL MONTLY SEWER BILL / ERU:**	**$66.46**	

Kettle Falls WWTP Estimated Loan Configuration Projection
Base Bid Only (763.5 ERU)

Item	PROJECT COST				PROJECT GRANT FUNDING	
1	Construction Cost:		$9,344,215.34	1 b	CDBG Grant:	$1,500,000.00
2	Construction Savings:		($100,000.00)	2 b	Centennial Hardship Grant:	$941,201.00
3	Construction Contingency:		$500,000.00	3 b	SRF Forgivable Principal:	$4,058,799.00
4	Construction Engineering Cost:		$1,000,000.00	4 b	**Total Grant Available:**	**$6,500,000.00**
6	**Total Project Cost:**		**$10,744,215.34**			
7	Less City Funds Towards Project:		$100,000.00			
8	Less City Rates During Construction:		($856,800.00)	(Assumes amount over $32 is saved per $1 incremental rate increase)		
9	**Total Amount Covered by Funding:**		**$9,987,415.34**			
	DISBURSEMENT OF FUNDS					
10	Total Covered by Funding:		$9,987,415.34			
11	Less Grant Available:		($6,500,000.00)			
12	**Loan Amount Remaining:**		**$3,487,415.34**			
	LOAN COSTS					
13	Loan Term (Months):		240			
14	Loan Percentage Rate:		1.80%			
15	Monthly Payment:		$17,313.83			
16	Total City ERU's		763.5	(Assumes no growth)		
17	**Monthly Payment per ERU:**		**$22.68**			
18	Total Amount Paid over Life of Loan:		$4,155,319.62			
	DESIGN LOAN COSTS					
19	PWTF Loan / yr.	$38,933.00	$4.25			
20	**Monthly Payment per ERU:**		**$4.25**			
	O&M COSTS					
21	WWTP O&M Costs:		$425,000.00			
22	**Monthly Payment per ERU:**		**$46.39**			
	TOTALS					
23	Payment Subtotal:		$73.31			
24	Less Septage Receiving Income:		($2.84)	(1 truck per week at $500/truck)		
25	**TOTAL MONTLY / ERU for PROJECT:**		**$70.48**	/ERU		
26	Less Loan Amount due to Public Works:		($2.80)	/ERU		
27	Less Public Works O&M Costs:		($2.78)	/ERU (½% of O&M Costs - *Est.)		
28	**TOTAL MONTLY SEWER BILL / ERU:**		**$64.90**			


Kettle Falls - $1 vs. $5 Staged Sewer Rate Increase
$856,800
$807,075
$5 Staged Increase
$1 Staged Increase after June
$70.00
$65.00
$60.00
$55.00
$50.00
$45.00
$40.00
$35.00
May-11
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General Cost Inflation	3.0%
ERU Connection Rate Increase	2.1%

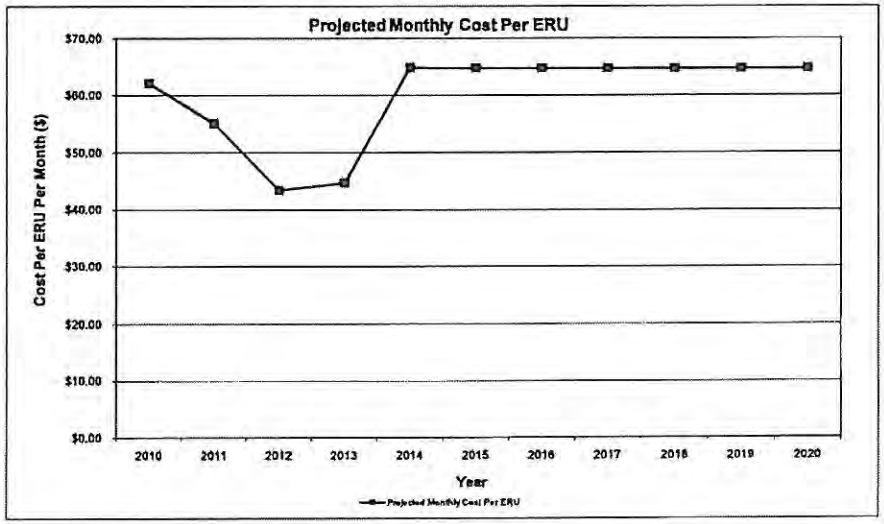
Expenditures		Actual 2010	Budgeted 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
(EXISTING) SEWER CONNECTION FUND												
535-10-40	Other Services and Charges	$41	$42	$44	$45	$46	$48	$49	$51	$52	$54	$55
596-35-60	Sewer Connection Capital Outlay	$207	$214	$220	$227	$233	$240	$248	$255	$263	$271	$279
Total Existing Sewer Connection Expenditures		$249	$256	$264	$272	$280	$288	$297	$306	$315	$324	$334
(EXISTING) SEWER FUND												
535-10-10	Salaries and Wages	$93,499	$100,000	$101,000	$0	$0	$0	$0	$0	$0	$0	$0
535-10-20	Personnel Benefits	$24,897	$28,000	$28,840	$0	$0	$0	$0	$0	$0	$0	$0
535-10-30	Supplies	$2,608	$5,000	$5,150	$0	$0	$0	$0	$0	$0	$0	$0
535-10-32	Gas/Oil/Fuel	$3,211	$5,000	$5,150	$0	$0	$0	$0	$0	$0	$0	$0
535-10-35	Small Tools & Equipment	$2,535	$5,000	$5,150	$0	$0	$0	$0	$0	$0	$0	$0
535-10-41	Professional Services	$10,957	$15,000	$15,450	$0	$0	$0	$0	$0	$0	$0	$0
535-10-42	Communication	$2,147	$2,500	$2,575	$0	$0	$0	$0	$0	$0	$0	$0
535-10-45	Insurance	$9,560	$11,000	$11,330	$0	$0	$0	$0	$0	$0	$0	$0
535-10-47	Utilities	$3,618	$5,000	$5,150	$0	$0	$0	$0	$0	$0	$0	$0
535-10-48	Repair & Maintenance	$7,207	$15,000	$15,450	$0	$0	$0	$0	$0	$0	$0	$0
535-10-49	Miscellaneous	$8,758	$10,000	$10,300	$0	$0	$0	$0	$0	$0	$0	$0
535-10-60	Other Services and Charges	$6,136	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
535-10-50	Intergovernmental Taxes	$14,977	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335	$26,095
535-10-53	External Taxes - Dept. of Revenue	$5,542	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486
535-50-40	Maintenance-Buildings	$0	$500	$515	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60	Sewer Capital Outlay	$1,814	$10,000	$10,300	$10,609	$10,927	$11,255	$11,593	$11,941	$12,299	$12,668	$13,048
597-00-01	Transfer to Sewer Curr. Res.	$4,565	$40,000	$41,200	$0	$0	$0	$0	$0	$0	$0	$0
Total Existing Sewer Operating Expenditures		$203,050	$290,000	$298,700	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805	$62,629
(NEW) TREATMENT SYSTEM OPERATION AND MAINTENANCE EXPENDITURES												
1	Public Works Supervisor/Office Manager/Clerical	$0	$0	$0	$35,000	$36,050	$37,132	$38,245	$39,393	$40,575	$41,792	$43,046
2	Class II	$0	$0	$0	$49,000	$50,470	$51,984	$53,544	$55,150	$56,804	$58,509	$60,264
3	Operator I/Lab Technician	$0	$0	$0	$46,000	$47,380	$48,801	$50,265	$51,773	$53,327	$54,926	$56,574
4	Personnel Benefits	$0	$0	$0	$59,000	$60,770	$62,593	$64,471	$66,405	$68,397	$70,449	$72,563
5	Power	$0	$0	$0	$29,000	$29,870	$30,766	$31,689	$32,640	$33,619	$34,628	$35,666
6	Water and Garbage	$0	$0	$0	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159	$1,194	$1,230
7	Treatment Supplies & Maintenance	$0	$0	$0	$50,000	$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494
8	Building & Grounds Maintenance	$0	$0	$0	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597
9	Laboratory Supplies	$0	$0	$0	$21,000	$21,630	$22,279	$22,947	$23,636	$24,345	$25,076	$25,828
10	Vehicles	$0	$0	$0	$4,000	$4,120	$4,244	$4,371	$4,502	$4,637	$4,776	$4,919
11	Professional Services	$0	$0	$0	$12,000	$12,360	$12,731	$13,113	$13,506	$13,911	$14,329	$14,758
12	Office Supplies and Small Tools	$0	$0	$0	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149
13	Telephone/Internet/Postage	$0	$0	$0	$6,000	$6,180	$6,365	$6,556	$6,753	$6,956	$7,164	$7,379
14	Training and Publications	$0	$0	$0	$2,000	$2,060	$2,122	$2,185	$2,251	$2,319	$2,388	$2,460
15	Insurance	$0	$0	$0	$17,000	$17,510	$18,035	$18,576	$19,134	$19,708	$20,299	$20,908
16	Permits, Fees, Taxes	$0	$0	$0	$16,000	$16,480	$16,974	$17,484	$18,008	$18,548	$19,105	$19,678
Total Treatment System Operation and Maintenance Expenditures		$0	$0	$0	$374,000	$385,320	$396,777	$408,690	$420,940	$433,569	$446,576	$459,973
(EXISTING) SEWER CUMULATIVE RESERVE (CAPITAL IMPROVEMENT PROGRAM) FUND												
591-10-76	USDA Jetter Loan Payment - Principal	$3,444	$47,645	$0	$0	$0	$0	$0	$0	$0	$0	$0
591-35-76	PWTF Loan $950,000	$0	$100,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
591-35-76	PWTF Loan $54,765	$61,774	$10,025	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933
591-35-78	DOE Wastewater Loan Payment - Principal	$20,261	$20,419	$0	$0	$0	$0	$0	$0	$0	$0	$0
591-10-76	USDA Jetter Loan Payment - Interest	$2,144	$200	$0	$0	$0	$0	$0	$0	$0	$0	$0
592-35-83	DOE Wastewater Loan Payment - Interest	$178	$200	$0	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60	Sewer Cumulative Capital Outlay	$517	$24,630	$0	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60 01	Wastewater Facilities Project	$302,169	$0	$105,000	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60.02	3 Phase Standby Portable Generator Design	$5,219	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
594-35-60.03	Lagoon Rehabilitation	$0	$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Existing Sewer Cumulative Reserve Expenditures		$395,705	$253,158	$143,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933	$38,933

PROJECTED REVENUES		Actual 2010	Budgeted 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
341-70-00	Sales of Merchandise	$105	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25
343-50-00	Sewer Service Charges											
361-11-00	Investment Interest	$562	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500
369-90-00	Other Miscellaneous Revenues	$273	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250
361-11-00	Investment Interest	$187	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150
388-10-00	Contributions to Capital	$619	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
343-50-00	Sewer Service Charges - $5.00 - Loans											
343-50-00	Sewer Service Charges - $5.00											
343-50-10	Sewer Charges - Wastewater Facility - $15.00											
361-11-00	Investment Interest	$1,936	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
	Septage Receiving	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000	$26,000
Total Revenues		$29,682	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925

Projected Sewer System Expenditures	$598,004	$543,414	$442,896	$464,128	$476,883	$490,022	$501,555	$517,497	$531,850	$546,638	$561,869
Projected Sewer System Revenues - Not From Sewer Fees	$29,682	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925	$28,925
Construction and Design Loan Debt Service					$196,888	$196,888	$196,888	$196,888	$196,888	$196,888	$196,888
Total Projected Sewer System Operating and Capital Improvement Expenditures	$568,322	$514,489	$413,971	$435,203	$644,847	$657,985	$671,518	$685,456	$699,813	$714,601	$729,832
ERUs	763	779	795	812	829	847	864	882	901	920	939
Projected Monthly Cost Per ERU	$62.07	$55.04	$43.37	$44.66	$64.81	$64.77	$64.74	$64.73	$64.72	$64.73	$64.75

TREATMENT SYSTEM CAPITAL COSTS	
Estimated Construction Cost	$9,144,215
Construction Contingency	$500,000
Engineering-Construction	$1,000,000
Administration	$0
Total Capital Cost	$10,844,215

ANNUAL LOAN DEBT SERVICE	
Sewer Fund Balance For WWTP (Cash On Hand)	$205,000
Sewer System Revenue Saved During Construction (5/2011 - 12/2013)	$856,800
Grant Amount	$6,500,000
Loan Interest Rate	1.80%
Loan Period (Years)	20
Construction Loan Principal Amount	$3,282,415
Loan Capital Recovery Factor	0.060
Annual Loan Debt Service	$196,888



City Council discussed the handouts in detail and expressed their concerns over the proposed rates that will be charged to the citizens. City Council directed Clerk/Treasurer Raena Hallam to write a news release for the newspaper, radio and post at the Post Office and Library encouraging public comment at the next City Council meeting on May 17, 2011.

This issue was tabled until the May 17, 2011 regular City Council meeting.

PUBLIC COMMENT

As there was no Public Comment, City Council moved on to Adjournment.

ADJOURNMENT

Mayor Dorothy Slagle adjourned the meeting at 9:47 p.m.

Approved:

Dorothy Slagle
Mayor Dorothy Slagle

Attest:

Raena J Hallam
Raena Hallam, Clerk/Treasurer