

**Review of the Wastewater Treatment Division's Productivity
Initiative Pilot Program**
T03269T
FCS Group

This contract was procured to assess the effectiveness of the Wastewater Treatment Division's Productivity Initiative for the wastewater program. The proposal solicitation was procured through Procurement and Contract Services Section. Three firms submitted proposals. The selection committee consisting of auditor's office staff and staff from Wastewater Treatment Division reviewed the proposals and selected FCS Group. The contract amount is \$55,000, and the duration is June 8, 2010 to March 31, 2011.

Per standard procedures, the contract document package was routed among the council chief of staff, the Risk Management Office, Prosecuting Attorney's Office, and reviewed by the Office of Business Development and Contract Compliance.

Non-Construction ("T, H, M") Contract Routing Form



Department of Executive Services
Finance and Business Operations Division
Procurement and Contract Services Section
206-684-1327 TTY Relay: 711
Fax 206-684-1486

| | | |
|-------------------------|-------------------------|---------------------------------------|
| CONTRACT# T03269T | RFP/Q # 1099-10RLD | KING COUNTY AGENCY Council/Auditor |
| PHONE (206) 296-1655 | MAILSTOP KCC-CC-1033 | CONTACT PERSON Jan Lee |
| CONTRACTOR FCS Group | | \$ AMOUNT \$55,000 |

Have waivers been granted for this amendment? *Yes No

* If YES then Waiver must accompany this contract.

| | | |
|-------------------|---------------------------------|--------------------------------|
| WAIVER #: | START DATE MM/ DD/ YR 6/8/10 | END DATE MM/ DD/ YR 3/31/11 |
|-------------------|---------------------------------|--------------------------------|

CONTRACT DESCRIPTION

Assess the effectiveness of the Wastewater Treatment Division's Productivity Initiative for the wastewater program

RUSH/ WALKING THROUGH (Complete only when rush status is required.)

Explanation: _____

_____ Dept. Dir./Div. Mgr. Signature _____ Month/Day/Year

| ROUTING RECORD | | | |
|--------------------------|------------|-------------------|---------------------------|
| N/A | Date Rec'd | Reviewing Agency | Date Sent |
| <input type="checkbox"/> | | Originating Dept. | <i>Jim Busch</i> |
| <input type="checkbox"/> | | Risk Mgmt. | <i>See Attachment</i> |
| <input type="checkbox"/> | | PA's Office | <i>[Signature]</i> |
| <input type="checkbox"/> | | BDCC Office | NA <i>(see Exhibit J)</i> |
| <input type="checkbox"/> | | Procurement | |

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Have waivers been granted for this amendment? Yes No
 * If YES then Waiver must accompany this contract.

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| WAIVER #: | START DATE MM/ DD/ YR | END DATE MM/ DD/ YR |
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CONTRACT DESCRIPTION
 Assess the effectiveness of the Wastewater Treatment Division's Productivity Initiative for the wastewater program

RUSH/ WALKING THROUGH (Complete only when rush status is required.)
 Explanation: _____
 Dept. Dir./Div. Mgr. Signature _____ Month/Day/Year _____

| ROUTING RECORD | | | |
|-------------------------------------|------------|-------------------|-----------|
| N/A | Date Rec'd | Reviewing Agency | Date Sent |
| <input type="checkbox"/> | | Originating Dept. | |
| <input checked="" type="checkbox"/> | | Risk Mgmt. | 4/1/10 |
| <input type="checkbox"/> | | PA's Office | |
| <input type="checkbox"/> | | BDCC Office | NA |
| <input type="checkbox"/> | | Procurement | |

| | |
|---|--|
| <p>ACORD CERTIFICATE OF LIABILITY IN WASHINGTON</p> <p>PRODUCER SHINSTROM & NORMAN, INC. P.O. BOX 638 KIRKLAND, WA 98083 (425) 827-6209 FAX: 827-5040</p> | <p>DATE (MM/DD/YY) 8/28/2010</p> <p>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</p> <p>COMPANIES AFFORDING COVERAGE</p> <p>COMPANY A American Economy Ins. Co. (A KV) ✓</p> <p>COMPANY B American States Ins. Co. (A KV)</p> <p>COMPANY C</p> <p>COMPANY D</p> |
| <p>INSURED FINANCIAL CONSULTING SOLUTIONS GROUP, INC 7525 166TH AVE. NE, STE # D-215 REDMOND, WA 98052</p> | |

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS |
|--------|---|----------------|----------------------------------|-----------------------------------|---|
| A | GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNERS & CONTRACTOR'S PROT <input checked="" type="checkbox"/> CG2503 Per Proj Agg | 02-CD-117596-9 | 09-20-09 | 09-20-10 | GENERAL AGGREGATE ✓ \$2,000,000 |
| | | | | | PRODUCTS - COMPROP AGG \$2,000,000 |
| | | | | | PERSONAL & ADV INJURY \$2,000,000 |
| | | | | | EACH OCCURRENCE \$1,000,000 |
| | | | | | FIRE DAMAGE (Any one fire) \$1,000,000 |
| | | | | | MED EXP (Any one person) \$ 10,000 |
| A | AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS | 02-CD-117596-9 | 09-20-09 | 09-20-10 | COMBINED SINGLE LIMIT ✓ \$1,000,000 |
| | | | | | BODILY INJURY (Per person) \$ |
| | | | | | BODILY INJURY (Per accident) \$ |
| | | | | | PROPERTY DAMAGE \$ |
| | GARAGE LIABILITY <input type="checkbox"/> ANY AUTO | | | | AUTO ONLY - EA ACCIDENT \$ |
| | | | | | OTHER THAN AUTO ONLY: \$ |
| | | | | | EACH ACCIDENT \$ |
| | | | | | AGGREGATE \$ |
| B | EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM | 01-SU-305609-9 | 09-20-09 | 09-20-10 | EACH OCCURRENCE \$1,000,000 |
| | | | | | AGGREGATE \$1,000,000 |
| | | | | | \$ |
| A | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/PARTNER/EXECUTIVE OFFICERS ARE <input type="checkbox"/> INCL <input type="checkbox"/> EXCL WASH STOP GAP | 02-CD-117596-9 | 09-20-09 | 09-20-10 | <input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER \$ |
| | | | | | EL EACH ACCIDENT \$1,000,000 |
| | | | | | EL DISEASE - POLICY LIMIT \$2,000,000 |
| | | | | | EL DISEASE - EA EMPLOYEE \$1,000,000 |

DESCRIPTION OF OPERATION/LOCATION/VEHICLE/SPECIAL ITEMS
 King County, its officers, officials, employees and agents are named additional insureds per form CG7635. Coverage is primary per form CG0001, Sec IV, Par 4a.

| | |
|---|--|
| <p>CERTIFICATE HOLDER KING COUNTY Attn: Charyle Broom 516 3rd Ave, Room W1033 Seattle, WA 98104-2385</p> | <p>CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.</p> <p>AUTHORIZED REPRESENTATIVE <i>Chris Kacey</i></p> |
|---|--|

| | | |
|---|---|-------------------------------------|
| ACORD™ CERTIFICATE OF LIABILITY INSURANCE | | DATE (MM/DD/YY) 5/28/2010 |
| PRODUCER Shinstrom & Norman Inc. P.O. Box 698 Kirkland, WA 98083 (425) 827-6200 | THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. | |
| INSURED FINANCIAL CONSULTING SOLUTIONS GROUP, INC 7525 166TH AVE. NE, SUITE D-215 REDMOND, WA 98052 | INSURERS AFFORDING COVERAGE INSURER A: LLOYD'S SYNDICATE #33 INSURER B: INSURER C: INSURER D: INSURER E: | |

COVERAGES
 THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| NEW LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS |
|----------|---|--|----------------------------------|-----------------------------------|---|
| | GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PER ACCIDENT <input type="checkbox"/> LOC | | | | EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPTOP AGG \$ |
| | AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS | | | | COMBINED SINGLE LIMIT (Per accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ |
| | GARAGE LIABILITY <input type="checkbox"/> ANY AUTO | | | | AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA AGG \$ AGG \$ |
| | EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$ | | | | EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | | | | WC STATUTORY LIMITS <input type="checkbox"/> OTHER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$ |
| A | OTHER PROFESSIONAL LIABILITY | MEO 1019022.09 CLAIMS MADE FORM | 02-01-10 | 02-01-11 | \$2,000,000 EACH CLAIM ✓ \$4,000,000 AGGREGATE \$ 5,000 DEDUCTIBLE |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS/ADDED BY ENDORSEMENTS/SPECIAL PROVISIONS
 Retroactive Date: 7/26/1988 - \$1,000,000/\$1,000,000 limits
 Retroactive Date: 6/13/2008 - \$2,000,000 / \$4,000,000 limits

| | | |
|--|--|---|
| CERTIFICATE HOLDER KING COUNTY Attn: Cheryl Broom 516 3rd Ave, Room W1033 Seattle, WA 98104-2385 | ADDITIONAL INSURED; INSURER LETTER ✓ | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE |
|--|--|---|

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EXTENDED DEFINITION OF BODILY INJURY

Paragraph 3. of DEFINITIONS (Section V) is replaced by the following:

3. "Bodily Injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time.

TRANSFER OF RIGHTS OF RECOVERY

The following is added to Paragraph 8. Transfer Of Rights Of Recovery Against Others To Us of COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

We waive any rights of recovery we may have against any person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to a person or organization for whom you are required by written contract, agreement or permit to waive these rights of recovery.

AGGREGATE LIMITS OF INSURANCE -- PER LOCATION

For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under COVERAGE A (Section I), and for all medical expenses caused by accidents under COVERAGE C (Section I), which can be attributed only to operations at a single "location":

Paragraphs 2.a. and 2.b. of Limits of Insurance (Section III) apply separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is

interrupted only by a street, roadway, waterway, or right-of-way of a railroad.

INCREASED MEDICAL EXPENSE LIMIT

The Medical Expense Limit is amended to \$10,000.

KNOWLEDGE OF OCCURRENCE

The following is added to Paragraph 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit of COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

Knowledge of an "occurrence", claim or "suit" by your agent, servant or employee shall not in itself constitute knowledge of the named insured unless an officer of the named insured has received such notice from the agent, servant or employee.

UNINTENTIONAL FAILURE TO DISCLOSE ALL HAZARDS

The following is added to Paragraph 6. Representations of COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Form because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

LIBERALIZATION CLAUSE

The following paragraph is added to COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

10. If a revision to this Coverage Part, which would provide more coverage with no additional premium, becomes effective during the policy period in the state shown in the Declarations, your policy will automatically provide this additional coverage on the effective date of the revision.

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any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations, or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a side-track agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

Paragraph 5. of LIMITS OF INSURANCE (Section III) is replaced by the following:

6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

The Damage To Premises Rented To You limit is the higher of the Each Occurrence Limit shown in the Declarations or the amount shown in the Declarations as Damage To Premises Rented To You Limit.

WHO IS AN INSURED - MANAGERS

The following is added to Paragraph 2.a. of WHO IS AN INSURED (Section II):

Paragraph (1) does not apply to executive officers, or to managers at the supervisory level or above.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B - BAIL BONDS - TIME OFF FROM WORK

Paragraph 1.b. of SUPPLEMENTARY PAYMENTS - COVERAGES A AND B is replaced by the following:

- b. Up to \$3,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

Paragraph 1.d. of SUPPLEMENTARY PAYMENTS - COVERAGES A AND B is replaced by the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$600 a day because of time off from work.

EMPLOYEES AS INSURED - HEALTH CARE SERVICES

Provision 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted, unless excluded by separate endorsement.

EXTENDED COVERAGE FOR NEWLY ACQUIRED ORGANIZATIONS

Provision 3.a. of WHO IS AN INSURED (Section II) is replaced by the following:

- a. Coverage under this provision is afforded only until the end of the policy period.

EXTENDED "PROPERTY DAMAGE"

Exclusion a. of COVERAGE A (Section I) is replaced by the following:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

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(b) This insurance does not apply to "bodily injury" or "property damage" arising out of the sole negligence of such person or organization;

(4) Permits issued by any state or political subdivision with respect to operations performed by you or on your behalf, subject to the following additional provision:

This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of operations performed for the state or municipality.

c. The insurance with respect to any architect, engineer, or surveyor added as an insured by this endorsement does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:

(1) The preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and

(2) Supervisory, inspection or engineering services.

d. This insurance does not apply to "bodily injury" or "property damage" included within the "products-completed operations hazard".

A person's or organization's status as an insured under this endorsement ends when your operations for that insured are completed.

No coverage will be provided if, in the absence of this endorsement, no liability would be imposed by law on you. Coverage shall be limited to the extent of your negligence or fault according to the applicable principles of comparative fault.

NON-OWNED WATERCRAFT AND NON-OWNED AIRCRAFT LIABILITY

Exclusion g. of COVERAGE A (Section I) is replaced by the following:

g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 52 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

(a) the operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or

(b) the operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

(6) An aircraft you do not own provided it is not operated by any insured.

TENANTS' PROPERTY DAMAGE LIABILITY

When a Damage To Premises Rented To You Limit is shown in the Declarations, Exclusion j. of Coverage A, Section I is replaced by the following:

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or

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COMMERCIAL GENERAL LIABILITY
CG 76 95 02 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIABILITY PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
SCHEDULE

Name of Person or Organization:

King County, its officers, officers, employees & agents.

ADDITIONAL INSURED -- BY WRITTEN
CONTRACT, AGREEMENT OR PERMIT, OR
SCHEDULE

The following paragraph is added to WHO IS AN INSURED (Section II):

- 4. Any person or organization shown in the Schedule or for whom you are required by written contract, agreement or permit to provide insurance is an insured, subject to the following additional provisions:
 - a. The contract, agreement or permit must be in effect during the policy period shown in the Declarations, and must have been executed prior to the "bodily injury", "property damage", or "personal and advertising injury".
 - b. The person or organization added as an insured by this endorsement is an insured only to the extent you are held liable due to:
 - (1) The ownership, maintenance or use of that part of premises you own, rent,

lease of occupancy, subject to the following additional provisions:

- (a) This insurance does not apply to any "occurrence" which takes place after you cease to be a tenant in any premises leased to or rented to you;
- (b) This insurance does not apply to any structural alterations, new construction or demolition operations performed by or on behalf of the person or organization added as an insured;
- (2) Your ongoing operations for that insured, whether the work is performed by you or for you;
- (3) The maintenance, operation or use by you of equipment leased to you by such person or organization, subject to the following additional provisions:
 - (a) This insurance does not apply to any "occurrence" which takes place after the equipment lease expires;

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CG 76 95 02 07

Page 1 of 4

FAX

Date: **May 28, 2010**

Number of pages including cover sheet: **8**

To: **Winnie Sargent**

Fax phone: **206-296-0949**

CC:

From: **Jan Lee**

King County Auditor's Office

Fax Phone **(206) 296-0159**

Phone: **(206) 296-1655**

REMARKS:

Urgent

For your review

Reply ASAP

Please comment

Attached is contract routing and insurance requirement forms for your review and approval. Please fax routing form back attention Jan Lee, fax number 206-296-0159.

Thanks!

Contract for Technical Services 2010



Department of Executive Services
Finance and Business Operations Division
Procurement and Contract Services Section
206-263-9400 TTY Relay: 711
Fax 206-296-7676

| | | | |
|-------------------------------|---|---------------------|-----------------|
| Contract No.: | T03269T | Department: | Council/Auditor |
| Federal Taxpayer I.D.: | 911417946 | Consultant: | FCS Group |
| Amount: | \$ 55,000 | Fund Source: | ARMS |
| Duration: | June 8, 2010 | To: | March 31, 2011 |
| Services Provided: | Assess the effectiveness of the Wastewater Treatment Division's Productivity Initiative for the wastewater program. | | |

THIS CONTRACT is entered into by **KING COUNTY** (the "County"), and **FCS Group** (the "Consultant"), whose address is Redmond Town Center, 7525 – 166th Avenue NE, Suite D-215, Redmond, WA 98052 The County is undertaking certain activities related to assessing the effectiveness of the Wastewater Treatment Division's Productivity Initiative for the wastewater program., and

the County desires to engage the Consultant to render certain services in connection with such undertakings of the County,

NOW, THEREFORE, in consideration of payments, covenants, and agreements hereinafter mentioned, to be made and performed by the parties hereto, the parties covenant and do mutually agree as follows:

I. CONTRACT DOCUMENT

The Consultant shall provide services and comply with the requirements set forth herein. The Contract shall consist of the following documents and attached exhibits, each of which are made a part hereof by this reference in the following order of precedence:

1. Contract Amendments executed pursuant to Section XIX herein.
2. Contract for Technical Services, which includes:
 - Scope of Services Attached hereto as Exhibit A
 - Consultant Disclosure Form (K.C.C. 3.04) Attached hereto as Exhibit B
 - Equal Benefits Compliance Declaration Attached hereto as Exhibit C
 - Personnel Inventory Report (K.C.C. 12.16) Attached hereto as Exhibit D
 - Affidavit of Compliance (K.C.C. 12.16) Attached hereto as Exhibit E
 - 504/ADA Disability Assurance of Compliance/Sec. 504 Attached hereto as Exhibit F
 - Statement of Compliance (K.C.C 12.16) Attached hereto as Exhibit G
 - Certificate(s) of Insurance and Policy Endorsement..... Attached hereto as Exhibit H
 - W9 Form (if required)..... Attached hereto as Exhibit I
 - List of Subcontractors and/or Suppliers (if over \$25k) Attached hereto as Exhibit J
 - Final Affidavit of Amount(s) Paid (if applicable) Attached hereto as Exhibit K
3. Request for Proposal (and any addenda)
 - 1099-10RLD Attached hereto as Exhibit L

4. Consultant's Proposal

FCS Group.....Attached hereto as Exhibit M

II. DURATION OF CONTRACT

This Contract shall commence on the 8th day of June, 2010, and shall terminate on the 31st day of March, 2011, unless extended or terminated earlier, pursuant to the terms and conditions of the Contract.

III. COMPENSATION AND METHOD OF PAYMENT

A. The County shall reimburse the Consultant for satisfactory completion of the services and requirements specified in this Contract in an amount not to exceed \$55,000, payable in the following manner:

As each deliverable in Exhibit A is completed in the estimation of the county auditor, payment will be made for the work in the amounts listed in Exhibit A.

B. The Consultant shall submit its final invoice and such other documents as are required pursuant to this Contract within ten (10) calendar days of completion of the Scope of Services. Unless waived by the County in writing failure by the Consultant to submit the final invoice and required documents will relieve the County from any and all liability for payment to the Consultant for the amount set forth in such invoice or any subsequent invoice.

C. If the Consultant fails to comply with any terms or conditions of this Contract or to provide in any manner the work or services agreed to herein, the County may withhold any payment due the Consultant until the County is satisfied that corrective action, as specified by the County, has been completed. This right is in addition to and not in lieu of the County's right to terminate this Contract as provided in Section IV below.

IV. TERMINATION

A. This Contract may be terminated by the County without cause, in whole or in part, upon providing the Consultant ten (10) calendar days' advance written notice of the termination.

If the Contract is terminated pursuant to this Section IV, paragraph A: (1) the County will be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination; and (2) the Consultant shall be released from any obligation to provide further services pursuant to the Contract.

B. The County may terminate this Contract, in whole or in part, upon five (5) calendar days' advance written notice in the event: (1) the Consultant materially breaches any duty, obligation, or services required pursuant to this Contract, or (2) the duties, obligations, or services required herein become impossible, illegal, or not feasible.

If the Contract is terminated by the County pursuant to this Subsection IV (B) (1), the Consultant shall be liable for damages, including any additional costs of procurement of similar services from another source.

If the termination results from acts or omissions of the Consultant, including but not limited to misappropriation, nonperformance of required services or fiscal mismanagement, the Consultant shall return to the County immediately any funds, misappropriated or unexpended, which have been paid to the Consultant by the County.

- C. If expected or actual funding is withdrawn, reduced or limited in any way prior to the termination date set forth above in Section II or in any amendment hereto, the County may, upon written notice to the Consultant, immediately terminate this Contract in whole or in part.
- If the Contract is terminated pursuant to this Section IV, paragraph C: (1) the County will be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination; and (2) the Consultant shall be released from any obligation to provide further services pursuant to the Contract.
- Funding under this Contract beyond the current appropriation year is conditional upon appropriation by the County Council of sufficient funds to support the activities described in this Contract. Should such an appropriation not be approved, this contract will terminate at the close of the current appropriation year.
- D. Nothing herein shall limit, waive, or extinguish any right or remedy provided by this Contract or law that either party may have in the event that the obligations, terms and conditions set forth in this Contract are breached by the other party.

V. MAINTENANCE OF RECORDS

- A. The Consultant shall maintain, and shall require any subconsultant to maintain, accounts and records, including personnel, property, financial, and programmatic records and such other records as may be deemed necessary by the County to ensure proper accounting for all contract funds and compliance with this Contract. All such records shall sufficiently and properly reflect all direct and indirect costs of any nature expended and services provided in the performance of this Contract. The Consultant shall make such documents available to the County for inspection, copying, and auditing upon request.
- B. All records referenced in subsection (A) shall be maintained for a period of six (6) years after completion of work or termination hereof unless permission to destroy them is granted by the Office of the Archivist in accordance with RCW Chapter 40.14, or unless a longer retention period is required by law.
- C. The Consultant shall provide access to its facilities, including those of any subconsultant, to the County, the state and/or federal agencies or officials at all reasonable times in order to monitor and evaluate the services provided under this Contract.
- D. The Consultant agrees to cooperate with the County or its designee in the evaluation of the services provided under this Contract and to make available all information reasonably required by any such evaluation process. The results and records of said evaluation shall be maintained and disclosed in accordance with RCW Chapter 42.17.
- E. If the Consultant received a total of \$500,000.00 or more in federal financial assistance during its fiscal year from the County, and is a non-profit organization or institution of higher learning or a hospital affiliated with an institution of higher learning, and is, under this Contract, carrying out or administering a program or portion of a program, it shall have an independent audit conducted of its financial statement and condition, which shall comply with the requirements of GAAS (generally accepted auditing standards), GAO's Standards for Audits of Governmental Organizations, Programs, Activities and Functions and OMB Circulars A-133 and A-128, as amended and as applicable. Consultants receiving federal funds from more than one County department or division shall be responsible for determining if the combined financial assistance is equal to or greater than \$500,000.00. The Consultant shall provide one copy of the audit report to each County division providing federal financial assistance to the Consultant no later than six (6) months subsequent to the end of the Consultant's fiscal year.

VI. CORRECTIVE ACTION

If the County determines that a breach of contract has occurred, that is the Consultant has failed to comply with any terms or conditions of this Contract or the Consultant has failed to provide in any manner the work or services agreed to herein, and if the County deems said breach to warrant corrective action, the following sequential procedure will apply:

- A. The County will notify the Consultant in writing of the nature of the breach;
- B. The Consultant shall respond in writing within three (3) working days of its receipt of such notification, which response shall indicate the steps being taken to correct the specified deficiencies. The corrective action plan shall specify the proposed completion date for bringing the Contract into compliance, which date shall not be more than ten (10) days from the date of the Consultant's response; unless the County, at its sole discretion, specifies in writing an extension in the number of days to complete the corrective actions;
- C. The County will notify the Consultant in writing of the County's determination as to the sufficiency of the Consultant's corrective action plan. The determination of sufficiency of the Consultant's corrective plan shall be at the sole discretion of the County;
- D. In the event that the Consultant does not respond within the appropriate time with a corrective action plan, or the Consultant's corrective action plan is determined by the County to be insufficient, the County may commence termination of this Contract in whole or in part pursuant to Section IV.B;
- E. In addition, the County may withhold any payment owed the Consultant or prohibit the Consultant from incurring additional obligations of funds until the County is satisfied that corrective action has been taken or completed; and
- F. Nothing herein shall be deemed to affect or waive any rights the parties may have pursuant to Section IV, Subsections A, B, C, and D.

VII. ASSIGNMENT/SUBCONTRACTING

- A. The Consultant shall not assign or subcontract any portion of this Contract or transfer or assign any claim arising pursuant to this Contract without the written consent of the County. Said consent must be sought in writing by the Consultant not less than fifteen (15) calendar days prior to the date of any proposed assignment.
- B. "Subcontract" shall mean any agreement between the Consultant and a Subconsultant or between Subconsultants that is based on this Contract, provided that the term "subcontract" does not include the purchase of (i) support services not related to the subject matter of this contract, or (ii) supplies.

VIII. HOLD HARMLESS AND INDEMNIFICATION

- A. In providing services under this Contract, the Consultant is an independent consultant, and neither the Consultant nor its officers, agents or employees are employees of the County for any purpose. The Consultant shall be responsible for all federal and/or state tax, industrial insurance and Social Security liability that may result from the performance of and compensation for these services and shall make no claim of career service or civil service rights which may accrue to a County employee under state or local law.

The County assumes no responsibility for the payment of any compensation, wages, benefits, or taxes by or on behalf of the Consultant, its employees and/or others by reason of this Contract. The Consultant shall protect, indemnify, defend and save harmless the County and its officers,

agents and employees from and against any and all claims, costs, and/or losses whatsoever occurring or resulting from (1) the Consultant's failure to pay any such compensation, wages, benefits or taxes; and/or (2) the supplying to the Consultant of work, services, materials, and/or supplies by Consultant employees or other suppliers in connection with or in support of the performance of this Contract.

- B. The Consultant further agrees that it is financially responsible for and will repay the County all indicated amounts following an audit exception which occurs due to the negligence, intentional act and/or failure for any reason to comply with the terms of this Contract by the Consultant, its officers, employees, agents, and/or representatives. This duty to repay shall not be diminished or extinguished by the prior termination of the Contract pursuant to the Duration of Contract, or the Termination section.
- C. The Consultant shall protect, defend, indemnify, and save harmless the County, [and the State of Washington (when any funds for this Contract are provided by the State of Washington)], their officers, employees, and agents from any and all costs, fees (including attorney fees), claims, actions, lawsuits, judgments, awards of damages or liability of any kind, arising out of or in any way resulting from the negligent acts or omissions of the Consultant, its officers, employees, sub-consultants of any tier and/or agents. The Consultant agrees that its obligations under this paragraph extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees, sub-consultants of any tier or agents.

In addition to injuries to persons and damage to property, the term "claims," for purposes of this paragraph C, shall include, but not be limited to, assertions that the use or transfer of any software, book, document, report, film, tape, or sound reproduction or material of any kind, delivered hereunder, constitutes an infringement of any copyright, patent, trademark, trade name, and/or otherwise results in an unfair trade practice.
- D. For purposes of paragraphs A and C above, the Consultant, by mutual negotiation, hereby waives, as respects the County only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of Title 51 RCW.
- E. In the event the County incurs attorney fees and/or costs in the defense of claims within the scope of paragraph A and C above, such attorney fees and costs shall be recoverable from the Consultant. In addition King County shall be entitled to recover from the Consultant its attorney fees, and costs incurred to enforce the provisions of this section.
- F. The indemnification, protection, defense and save harmless obligations contained herein shall survive the expiration, abandonment or termination of this Contract.
- G. Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this agreement.

IX. INSURANCE REQUIREMENTS

- A. By the date of execution of this Contract, the Consultant shall procure and maintain for the duration of this Contract, insurance against claims for injuries to persons or damages to property, including products-completed operations which may arise from, or in connection with, the performance of work hereunder by the Consultant, its agents, representative, employees, and/or subconsultants. The Consultant or subconsultant shall pay the cost of such insurance. The Consultant may furnish separate certificates of insurance and policy endorsements from each subconsultant as evidence of compliance with the insurance requirements of this Contract.

For All Coverages:

Each insurance policy shall be written on an "occurrence" form; excepting that insurance for professional liability, errors and omissions when required, may be acceptable on a "claims made" form.

If coverage is approved and purchased on a "claims made" basis, the Consultant warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of completion of the work which is the subject of this Contract.

By requiring such minimum insurance coverage, the County shall not be deemed or construed to have assessed the risks that may be applicable to the Consultant under this Contract. The Consultant shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Contract.

B. Minimum Scope Of Insurance

Coverage shall be at least as broad as:

1. General Liability:

Insurance Services Office form number (CG 00 01 current edition) covering COMMERCIAL GENERAL LIABILITY including Products and Completed Operations.

2. Professional Liability:

Professional Liability, Errors and Omissions coverage. In the event that services delivered pursuant to this Contract either directly or indirectly involve or require professional services, Professional Liability, Errors and Omissions coverage shall be provided.

3. Automobile Liability:

Insurance Services Office form number (CA 00 01 current edition) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9.

4. Workers' Compensation:

Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington.

5. Employers Liability or "Stop-Gap":

The protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the General Liability policy.

C. Minimum Limits of Insurance

The Consultant shall maintain limits no less than,

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage, and for those policies with aggregate limits, a \$2,000,000 aggregate limit.

2. Professional Liability, Errors and Omissions: Not Applicable

3. Automobile Liability: Not Applicable
4. Workers' Compensation: Statutory requirements of the State of residency, and
5. Employers' Liability or "Stop Gap" coverage: \$1,000,000

D. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to, and approved by, the County. The deductible and/or self-insured retention of the policies shall not limit or apply to the Consultant's liability to the County and shall be the sole responsibility of the Consultant.

E. Other Insurance Provisions

The insurance coverage(s) required in this Contract are to contain, or be endorsed to contain the following provisions:

1. All Liability Policies except Workers Compensation and Professional Liability:
 - a. The County, its officers, officials, employees and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Consultant in connection with this Contract.
 - b. The Consultant's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees or agents shall not contribute with the Consultant's insurance or benefit the Consultant in any way.
 - c. The Consultant's insurance coverage shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.
2. All Policies:
 - a. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after forty-five (45) calendar days prior written notice, has been given to the County.

F. Acceptability of Insurers

Unless otherwise accepted by the County:

Insurance coverage is to be placed with insurers with a Bests' rating of no less than A: VIII, or, if not rated with Bests', with minimum surpluses the equivalent of Bests' surplus size VIII.

Professional Liability, Errors and Omissions insurance coverage may be placed with insurers with a Bests' rating of B+:VII. Any exception must be approved by the County.

If at any time any of the foregoing policies fail to meet minimum requirements, the Consultant shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements, for approval.

G. Verification of Coverage

The Consultant shall furnish the County with certificates of insurance and endorsements required by this Contract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the County and are to be received and approved by the County prior to the commencement of activities associated with the

Contract. The County reserves the rights to require complete, certified copies of all required insurance policies at any time.

If Professional Liability coverage is required under this contract, the Certificate of Insurance provided by the Consultant shall specifically state that the activities required under Contract #T03269T are included under this policy.

H. Subconsultants

The Consultant shall include all subconsultants as insureds under its policies, or shall require separate certificates of insurance and policy endorsements from each subconsultant. Insurance coverages provided by subconsultants as evidence of compliance with the minimum insurance requirements of this Contract shall be subject to all of the requirements stated herein.

X. CONFLICT OF INTEREST, NONCOMPETITIVE PRACTICES AND DISCLOSURE

A. Conflict of Interest

By entering into this Contract to perform work, the Consultant represents that it has no interest and shall not acquire any interest that conflicts in any manner or degree with the work required to be performed under this Contract. The Consultant shall not employ any person or agent having any conflict of interest. IN the event that the Consultant or its agents, employees or representatives hereafter acquires such a conflict of interest, it shall immediately disclose such conflict to the County. The County shall require that the Consultant take immediate action to eliminate the conflict up to and including termination for default.

B. Contingent Fees and Gratuities

By entering into this Contract to perform Work, the Consultant represents that:

1. No person except as designated by Consultant has been employed or retained to solicit or secure this Contract with an agreement or understanding that a commission, percentage, brokerage, or contingent fee would be paid.
2. No gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Consultant or any of its agents, employees or representatives, to any official, member or employee of the County or other governmental agency with a view toward securing this Contract or securing favorable treatment with respect to the awarding or amending, or the making of any determination with respect to the performance of this Contract.
3. Any person having an existing Contract with the County or seeking to obtain a Contract who willfully attempts to secure preferential treatment in his or her dealings with the County by offering any valuable consideration, thing or promise, in any form to any County official or employee shall have his or her current Contracts with the County canceled and shall not be able to enter into any other Contracts with King County for a period of two (2) years.

C. Disclosure of Current and Former County Employees; Disclosure of Interests under KCC 3.04.120

To avoid any actual or potential conflict of interest or unethical conduct:

1. County employees or former County employees are prohibited from assisting with the preparation of proposals or contracting with, influencing, advocating, advising or consulting with a third party, including Consultant, while employed by the County or within one (1) year after leaving County employment if he/she participated in determining the Work to be done or processes to be followed while a County employee.

2. Consultant shall identify at the time of offer current or former County employees involved in the preparation of proposals or the anticipated performance of Work if awarded the Contract. Failure to identify current or former County employees involved in this transaction may result in the County's termination of this Contract.
3. After Contract award, the Consultant is responsible for notifying the County of current or former County employees who may become involved in the Contract at any time during the term of the Contract.
4. If the Consultant is providing professional or technical services to the county costing in excess of \$2,500.00, then pursuant to K.C.C. 3.04.120, which is incorporated herein by this reference, the Consultant shall file both with the County Executive and the King County Board of Ethics a sworn disclosure statement. The Contractor further agrees to comply with all provisions set out in K.C.C. 3.04.120.

XI. NONDISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

- A. Nondiscrimination in Employment and Provision of Services. During the performance of this contract, neither the Consultant nor any party subconsulting under the authority of this Contract shall discriminate or tolerate harassment on the basis of race, color, sex, religion, national origin, marital status, creed, sexual orientation, age, or the presence of any sensory, mental, or physical disability in the employment or application for employment or in the administration or delivery of services or any other benefits under this Contract. King County Code ("KCC") Chapter 12.16, 12.17 and 12.18 are incorporated herein by reference, and such requirements shall apply to this Contract.
- B. Equal Benefits to Employees with Domestic Partners. Pursuant to Ordinance 14823, King County's "Equal Benefits" (EB) ordinance, and related administrative rules adopted by the County Executive, as a condition of award of a contract valued at \$25,000 or more, the Consultant agrees that it shall not discriminate in the provision of employee benefits between employees with spouses, and employees with domestic partners during the performance of this Contract. Failure to comply with this provision shall be considered a material breach of this Contract, and may subject the Consultant to administrative sanctions and remedies for breach.

When the contract is valued at \$25,000 or more, the Consultant shall complete a Worksheet and Declaration form for County review and acceptance prior to Contract execution. The EB Compliance forms, Ordinance 14823 (which is codified at KCC Chapter 12.19), and related administrative rules are incorporated herein by reference. They are also available online at: http://www.kingcounty.gov/operations/procurement/Services/Equal_Benefits.aspx
- C. Nondiscrimination in Subconsulting Practices. During the term of this Contract, the Consultant shall not create barriers to open and fair opportunities to participate in County contracts or to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. In considering offers from and doing business with subconsultant and suppliers, the Consultant shall not discriminate against any person on the basis of race, color, religion, sex, age, national origin, creed, marital status, sexual orientation or the presence of any mental or physical disability in an otherwise qualified disabled person.
- D. Compliance with Laws and Regulations. The Consultant shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit discrimination. These laws include, but are not limited to, RCW Chapter 49.60, Titles VI and VII of the Civil Rights Act of 1964, the American with Disabilities Act and the Restoration Act of 1987. The Contractor shall further comply fully with any affirmative action requirements set forth in any federal regulations, statutes or rules included or referenced in the contract documents.

E. Small Contractors and Suppliers and Minority and Women Business Enterprises Opportunities. King County encourages the Consultant to utilize small businesses, including Small Contractors and Suppliers (SCS), as defined below, and minority-owned and women-owned business enterprises in County contracts. The County encourages the Consultant to use the following voluntary practices to promote open competitive opportunities for small businesses, including SCS firms and minority-owned and women-owned business enterprises:

1. Inquire about King County's Contracting Opportunities Program. King County has established a Contracting Opportunities Program to maximize the participation of Small Contractors and Suppliers (SCS) in the award of King County contracts. The Program is open to all SCS firms certified by the King County Business Development and Contract Compliance Office (BDCC). As determined by BDCC and identified in the solicitation documents issued by the County, the Program will apply to specific contracts. However, for those contracts not subject to the Program or for which the Consultant elected not to participate in the Program during the solicitation stage, the Consultant is still encouraged to voluntarily inquire about available firms. Program materials, including application forms and a directory of certified SCS firms, are available at the following Web-site address: [http://bdcc.metrokc.gov/bred/Lists/SCS Certified Contractors/Public View1.htm](http://bdcc.metrokc.gov/bred/Lists/SCS%20Certified%20Contractors/Public%20View1.htm). Telephone 206-205-0700, TTY: Relay 711, for more information

The term "Small Contractors and Suppliers" (SCS) means that a business and the person or persons who own and control it are in a financial condition which puts the business at a substantial disadvantage in attempting to compete for public contracts. The relevant financial condition for eligibility under the Program is set at fifty percent (50%) of the Federal Small Business Administration (SBA) small business size standards using the North American Industry Classification System and Owners' Personal Net Worth less than \$750K dollars.

2. Contact the Washington State Office of Minority and Women's Business Enterprises (OMWBE) to obtain a list of certified minority-owned and women-owned business enterprises by visiting their website at <http://www.omwbe.wa.gov/> or by telephone 360-704-1181.
3. Use the services of available community organizations, consultant groups, local assistance offices, the County, and other organizations that provide assistance in the recruitment and placement of small businesses, including SCS firms and minority-owned and business-owned enterprises.

F. Equal Employment Opportunity. The Consultant will implement and carry out the obligations in its Affidavit and Certificate of Compliance regarding equal employment opportunity, and all other requirements as set forth in the Affidavit and Certificate of Compliance.

G. Record-Keeping Requirements and Site Visits. The Consultant shall maintain, for at least 6 years after completion of all work under this Contract, the following:

1. Records of employment, employment advertisements, application forms, and other pertinent data, records and information related to employment, applications for employment or the administration or delivery of services or any other benefits under this Contract; and
2. Records, including written quotes, bids, estimates or proposals submitted to the Consultant by all businesses seeking to participate on this Contract, and any other information necessary to document the actual use of and payments to subconsultant and suppliers in this Contract, including employment records.

The County may visit, at any time, the site of the work and the Consultant's office to review the foregoing records. The Consultant shall provide every assistance requested by the County during such visits. In all other respects, the Consultant shall make the foregoing records

available to the County for inspection and copying upon request. If this Contract involves federal funds, the Consultant shall comply with all record keeping requirements set forth in any federal rules, regulations or statutes included or referenced in the Contract.

- H. Sanctions for Violations - Any violation of the mandatory requirements of the provisions of this Section shall be a material breach of contract, for which the Consultant may be subject to damages, withholding payment and any other sanctions provided for by contract and by applicable law.

XII. REQUIRED SUBMITTALS

- A. **Required Submittals Upon Completion of Work.** Upon completion of work and as a condition precedent to final payment, the Contractor shall submit a Final Affidavit of Amounts Paid to King County Business Development and Contract Compliance Section. Identify amounts actually paid, and any amounts owed, to each subcontractor and/or supplier (if applicable) for performance under this Contract. Failure to submit such affidavits may result in withholding of payments or the final payment. The Contractor may contact the King County Business Development and Contract Compliance section for assistance with the requirements of this subsection at 206-205-0700. TTY: Relay 711.

Other assistance is available by contacting the King County Procurement and Contract Services Section at the address below:

Procurement and Contract Services Section
M/S CNK-ES-0320
401 – Fifth Avenue, 3rd Floor
Seattle, WA 98104
Phone: 206-263-9400 TTY: Relay 711

XIII. COMPLIANCE WITH SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED AND THE AMERICAN WITH DISABILITIES ACT OF 1990

The Consultant has completed a Disability 504/ADA Self-Evaluation Questionnaire for all programs and services offered by the Consultant (including any services not subject to this Contract); and has evaluated its services, programs and employment practices for compliance with Section 504 of the Rehabilitation Act of 1973, as amended ("504"), and the Americans with Disabilities Act ("ADA"). The Consultant has completed a 504/ADA Disability Assurance of Compliance and it is attached as an exhibit to this Contract and is incorporated herein by reference.

XIV. PATENTS, COPYRIGHTS AND RIGHTS IN DATA

Any nonderivative patentable result or materials suitable for copyright arising out of this Contract shall be owned and retained by the County. The County in its sole discretion shall determine whether it is in the public's interest to release or make available any patent or copyright.

The Consultant agrees that the ownership of any plans, drawing, designs, Scope of Work, reports, operating manuals, calculations, notes and other work submitted or which is specified to be delivered under this Contract, whether or not complete (referred to in this subsection as "Subject Data") shall be vested in the County.

All such Subject Data furnished by the Consultant pursuant to this Contract, other than documents exclusively for internal use by the County, shall carry such notations on the front cover or a title page, (or in such case of maps, in the name block), as may be requested by the County. The Consultant

shall also place its endorsement on all Consultant-furnished Subject Data. All such identification details shall be subject to approval by the County prior to printing.

The Consultant shall ensure that the substance of foregoing subsections is included in each subcontract for the Work under this Contract.

XV. ENVIRONMENTAL PURCHASING POLICY

In accordance with King County Code 10.16, Consultants are required to use recycled and recyclable products, and both sides of paper sheets for printed and photocopied materials, whenever practicable, in fulfilling contractual obligations to the County.

XVI. ENTIRE CONTRACT/WAIVER OF DEFAULT

The parties agree that this Contract is the complete expression of the terms hereto and any oral or written representations or understandings not incorporated herein are excluded. Both parties recognize that time is of the essence in the performance of the provisions of this Contract. Waiver of any default shall not be deemed to be a waiver of any subsequent default. Waiver or breach of any provision of the Contract shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of the Contract unless stated to be such through written approval by the County, which shall be attached to the original Contract.

XVII. PUBLIC DISCLOSURE OF CONTRACTS

This Contract shall be considered a public document and will be available for inspection and copying by the public in accordance with the Public Records Act, Chapter 42.56 RCW (the "Act").

If the Consultant considers any portion of any record provided to King County under this Contract, whether in electronic or hard copy form, to be protected under law, the Consultant shall clearly identify each such portion with words such as "CONFIDENTIAL," "PROPRIETARY" or "BUSINESS SECRET." If a request is made for disclosure of such portion, the County will determine whether the material should be made available under the Act. If the County determines that the material is subject to disclosure, the County will notify the Consultant of the request and allow the Consultant ten (10) business days to take whatever action it deems necessary to protect its interests. If the Consultant fails or neglects to take such action within said period, the County will release the portions of record(s) deemed by the County to be subject to disclosure. King County shall not be liable to the Consultant for inadvertently releasing records pursuant to a disclosure request not clearly identified by the Consultant as "CONFIDENTIAL," "PROPRIETARY" or "BUSINESS SECRET."

XVIII. NOTICES

Whenever this Contract provides for notice to be provided by one party to another such notice shall be in writing.

Any time within which a party must take some action shall be computed from the date that the notice is received by said party. Notice shall be provided to:

KING COUNTY:

King County Auditor's Office

Department/Agency Name
(Type or print)

516 – 3rd Avenue, Room W-1033

Address Line 1 (Type or print)

Seattle, WA 98104

City, State, Zip Code (Pls. type or
print)

(206) 296-1655

Telephone Number (Type or print)

CONSULTANT:

Peter Moy, Principal, FCS Group

Consultant Name
(Type or print)

Redmond Town Center

7525 – 166th Avenue NE, Suite D-215

Address Line 1 (Type or print)

Redmond, WA 98052

City, State, Zip Code
(Pls. type or print)

(425) 867-1802 ext. 228

Telephone Number
(Type or print)

(425) 867-1937

FAX Number (Type or print)

XIX. CONTRACT AMENDMENTS

Either party may request changes to this contract. Proposed changes, which are mutually agreed upon, shall be incorporated by written amendments to this contract.

XX. APPLICABLE LAW AND FORUM

This Contract shall be governed by and construed according to the laws of the State of Washington, including, but not limited to, the Uniform Commercial Code, Title 62A RCW. Any claim or suit concerning this Contract may only be filed and prosecuted in either the King County Superior Court or U.S. District for the Western District of Washington, in Seattle.

KING COUNTY:

FOR

Signature - King County Council Chair

Date (Type or print)

CONSULTANT:

Peter Moy

Signature

Peter Moy

Name (Type or print)

Principal

Title (Type or print)

Title (Type or print)

May 28, 2010

Date (Type or print)

Date (Type or print)

Approved as to Form:
OFFICE OF THE KING COUNTY
PROSECUTING ATTORNEY

Exhibit A

The consultant will receive compensation for its services based on the successful completion and acceptance, as determined by the King County Auditor's Office (KCAO), of the deliverables identified below. Payment is subject to the auditor determining that contract deliverables are complete and satisfactory. Payment for the deliverables after acceptance will not be unreasonably withheld.

| Deliverables | Due Dates | Payments | Percent |
|--|---|-------------|---------|
| 1. Final scope and workplan | July 12, 2010 or 4 weeks from date contract is signed, whichever is sooner | \$10,986.00 | 20% |
| 2. Status Reports | Every 2 weeks beginning from project commencement until final report approved by County Auditor | | |
| 3. Status Report #4 | August 9, 2010 or 8 weeks from date contract is signed, whichever is sooner | \$2,746.50 | 5% |
| 4. Briefing on assessment results and report outline | September 10, 2010 | \$16,479.00 | 30% |
| 5. Draft interim report and supporting materials | October 8, 2010. | \$16,479.00 | 30% |
| 6. Final report and supporting materials | November 5, 2010 | \$5,493.00 | 10% |
| 7. Presentation to County Council | TBD no later than 3/31/2011 | \$2,746.50 | 5% |

Background

The King County Wastewater Treatment Division's (WTD) Productivity Initiative Pilot Program is a 10-year pilot program implemented in 2001 to improve the public utility's traditional business practices while maintaining high-quality services. WTD establishes annual targets to reduce operating costs and increase efficiencies by employing private sector business models and best practices. These include incentive payments to employees for meeting and exceeding the annual targets.

Initially, the pilot program focused on wastewater operations and annual targets for 2001 to 2010 and were established using the 2000 wastewater operating budget as a baseline. The pilot program was subsequently extended to WTD's major capital improvement projects, asset management program, and small in-house capital construction projects. The following goals and objectives were established for the four program areas:

- A. Original Productivity Initiative – Operating Costs (Objective A) :
- Continue providing high-quality wastewater treatment and conveyance services to the region;
 - Use private sector models to improve management of the wastewater program;
 - Improve cost efficiencies;

- Provide savings to the public;
 - Define target budgets and accountability measures for meeting those targets;
 - Continue working collaboratively with labor; and
 - Allow employees to be creative in meeting the vision of becoming the best wastewater program.
- B. Extension of the Productivity Initiative – Major Capital Improvement Projects (Objective B):
- Provide savings to ratepayers through the appropriate use of approved contracting methods and more efficient management of consultants and contractors;
 - Refine and improve the accuracy of cost estimating for major capital improvement projects; and
 - Test the efficacy of different approved contracting methods and contract incentives in reducing the overall cost and time needed to complete major capital improvement projects.
- C. Extension of the Productivity Initiative – Asset Management Program (Objective C):
- Provide savings to ratepayers through the development of a more strategic approach to the maintenance and replacement of wastewater assets;
 - Refine and improve the accuracy of budget forecasting for wastewater asset management;
 - Improve reliability of the wastewater treatment system;
 - Test new asset management techniques on a subgroup of assets and determine the applicability of these techniques to the rest of the wastewater system; and
 - Provide incentives for employees to develop innovative approaches to asset management.
- D. Extension of the Productivity Initiative – Small In-House Capital Construction Projects (Objective D):
- Compare the costs of using in-house resources to perform small capital construction projects versus the more traditional practice of contracting out this work.

Scope of Work

The scope of work for this project is to determine the overall effectiveness of WTD's Productivity Initiative Pilot Program. The consultant work plan should address:

- 1) Assess WTD's achievement of the overall goals and objectives for the operational component (Objective A) of the WTD program, including the operational cost savings and efficiencies achieved to date. The reasonableness of the initial assumptions and budget savings targets proposed in 2001 and subsequent changes in assumptions and budget and/or cost adjustments should also be considered. If some objectives have not been met, the consultant shall discuss reasons why and consider whether the objectives were outside the parameters or control of the program.
- 2) Determines WTD's effectiveness in applying private sector business and wastewater industry best practices to improve the management and operations of the utility. This includes an assessment of how selected WTD's productivity benchmarks compare to applicable peer wastewater treatment agencies during the 10-year period. Three to five peer agencies will be selected and included in the analysis. Factors to consider include:
 - Changes in rates and capacity charges and how the rates compare to financial models and forecasts from the 1999 Regional Wastewater Services Plan.

- Changes in staffing levels and vacancies and their impact on WTD's operational workload and budget savings.
 - Other applicable productivity benchmarks to be developed in conjunction with the WTD. (Note: WTD and KCAO will assemble some relevant data and provide assistance to the consultant in developing related benchmarks.)
- 3) Reviews WTD's internal assessment of the Productivity Initiative Pilot Program encompassing all four operations and capital program areas (Objectives A-D), and report specifically on any areas where the consultant's assessment of the effectiveness of the productivity initiative differs from WTD's assessment and why.
 - 4) Analyzes the use of employee incentive funds consistent with Ordinance 14941.

Additional Materials for Scope of Work

In conducting this scope of work, the consultant will review the Productivity Initiative Annual reports (from 2001-2009) to gain an understanding of the results to date, how savings were achieved and evaluated, and how annual targets were measured. The WTD will provide annual reports, internal communication documents, financial statements, and productivity benchmarks for the consultant's review of the Productivity Initiative Pilot Program.

In conducting the review, the consultant shall also interview WTD management, employee participants (union and non-represented), and staff from the Office of Management and Budget and King County Council staff, as appropriate, to gather information as to the accomplishment of the program's objectives. WTD shall provide a list of internal staff associated with the program to be interviewed.

The consultant may request additional detailed information or more in-depth interviews to ensure that adequate information is available to form a reasonable basis for conclusions. The County Auditor will determine if consultant requests are necessary and appropriate in consultation with the consultant. WTD and KCAO staff will work collaboratively to respond to any requests for additional information that have been approved by the County Auditor.

FCS Consulting Team

Exhibit M pages 5-6 of the FCS Group proposal to RFP No. 1099-10RLD lists the members of the consultant team and their responsibilities. Any changes or substitutions to this team must be approved by KCAO's Project Manager.

Standards and Supporting Documentation

This review will be performed as a non-audit service as defined in the *Government Auditing Standards (GAS)* promulgated by the U. S. Government Accountability Office (<http://www.gao.gov/cgi-bin/getrpt?rptno=GAO-07-731G>) and will conform with the King County Auditor's Office policies and protocols for sufficiency of evidence, development, publication, and presentation of project deliverables which reference selected GAS auditing standards. In order to ensure that the consultant's review meets the standards, the King County Auditor's Office will require the consultant to adhere to the following practices related to documentation, evidence, and review of workpapers:

- The consultant's evidence must be both appropriate and sufficient. Appropriate evidence is relevant (logically related and important to the issue involved), valid (based on sound reasoning or accurate information), and reliable (verifiable or supported). Sufficient evidence refers to the quantity of evidentiary support, and is related to appropriateness. The stronger the evidence, the less evidence is needed. However, having a large volume of evidence does not compensate for inappropriate evidence. (GAS 7.55-7.67)
- The consultant's backup documentation for its work products must be sufficiently detailed that an experienced auditor uninvolved in the audit would understand the documentation, the evidence used, the analytical work performed, and agrees with the conclusions reached. (GAS 7.77)

Deliverables

Final Scope and Work Plan

A proposed final scope and work plan shall be submitted to the KCAO Project Manager for approval by the end of four weeks from the commencement of the project. The work plan will be based on initial investigations by the consulting team and include detailed tasks, sub-tasks, staffing assignments, level of effort, and schedule.

Status Reports

Written status reports will be provided to the KCAO Project Manager on a biweekly (every other week) basis.

Briefing on Assessments Results and Report Outline

The consultant will provide a briefing on the assessment results and present a report outline by September 10, 2010.

Delivery of Interim Report and Supporting Materials

The consultant will provide an interim report and supporting documentation to the KCAO Project Manager and WTD officials on October 8, 2010. This report will be reviewed and approved by the KCAO Project Manager, who will facilitate a technical review process with WTD and the consultant.

Final Report and Supporting Materials

The consultant will complete additional work identified during the review of the interim report, and will provide a final report and supporting documentation by November 5, 2010. The consultant's proposed final report will be considered complete upon receipt of the County Auditor's review and approval of the final report.

Presentation of Final Report to King County Council

The consultant may be required to develop and present a summary of their work for the King County Council. Upon notification by KCAO, the consultant will be available between December 2010 and March 2011 to present the results of the report to the King County Council.

King County Consultant Disclosure



Department of Executive Services
Board of Ethics
CNK-ES-0131
401 Fifth Avenue, Suite 131
Seattle, WA 98104-1818
206-296-1586 Fax 206-205-0725
TTY Relay: 711
board.ethics@kingcounty.gov

Please Read Carefully

No payment will be made to the Consultant until this form has been filed with the Contract and with the King County Board of Ethics

| | |
|-------------------------------------|-------|
| For Board of Ethics use only | |
| Date Received | _____ |
| Audit Date | _____ |
| Date Closed | _____ |

Pursuant to King County Code (K.C.C.) 3.04.120, each consultant entering into a contract to provide professional or technical services to the county costing in excess of \$2500 shall complete and file this disclosure form with the King County Board of Ethics and the County Executive. Use additional pages, if necessary. Submit two completed forms: file one with the Board of Ethics, Mail Stop CNK-ES-0131, 401 Fifth Avenue, Suite 131, Seattle, WA 98104, and the other with the contract with the Finance and Business Operations Division, Procurement and Contract Services Section, Mail Stop CNK-ES-0340, 401 Fifth Avenue, Suite 340, Seattle, WA 98104.

Unless otherwise required on this form, the information disclosed shall cover the period of 24 months before and including the date of filing of this sworn statement. If the information reported on this form should change, the consultant is required to submit an amended form.

For purposes of this disclosure form, "consultant" means a person (e.g., individual, partnership, association, corporation, firm, institution or other entity as defined in K.C.C. 3.04.017) who by experience, training and education has established a reputation or ability to provide professional or technical services, as defined in K.C.C. 4.16.010, on a discrete, nonrecurring basis over a limited and pre-established term as an independent contractor to the County.

**Please type or print all information, except required signature.
All incomplete forms will be returned.**

Today's Date: May 28, 2010

Contract Number: T03269T Amount of Contract: \$55,000

Consultant's Name: FCS GROUP, Inc.

Address: 7525 166th Avenue NE Suite D-215 Phone: 425 - 867 - 1802
Redmond WA 98052
City State ZIP Code

Effective Date of Contract: June 8, 2010 Expiration Date of Contract: March 31, 2011

Type of Services Contracted: Management Consulting

Contracting County Dept.: County Council Division: Auditor

County Contact Person: Brian Estes

Contact Work Phone: 206 - 296 - 1313 Mail Stop: _____

-
1. List the name of any former county employee who is or will be working for the consultant on this contract whose employment with the county ended within two years from the signing of this form. Attach a separate sheet if necessary.

If none, check this box:

Name of Former Employee: _____

Former County Department: _____

Date Terminated / Ended: _____

2. List the name of any former county employee who has a financial or beneficial interest in this contract whose employment with the county ended within two years from the signing of this form. Attach a separate sheet if necessary.

If none, check this box:

Name of Former Employee: _____

Former County Department: _____

Date Terminated / Ended: _____

3. List any office or directorship in the consultant held by any county employee or member of his or her immediate family. Attach a separate sheet if necessary.

If none, check this box:

Office / Directorship: _____

Name: _____

Relationship to Employee: _____

4. Indicate any financial interest in the consultant held or received by any county employee or any member of his or her immediate family. Attach a separate sheet if necessary.

If none, check this box:

Name: _____

Relationship to Employee: _____

Percentage of stock or other form of interest in the consultant, if more than 5% (indicate percentage of stock or other interest, amount / value and describe):

Receipt of compensation, gift or thing of value from the consultant (indicate amount / value and describe):

5. List all contracts between the consultant and the county in the five years immediately preceding the presently contemplated contract. Attach a separate sheet if necessary.

If none, check this box:

| Contract No. | Type of Service Provided | Amount Paid to Consultant | Duration (From - To) | County Department and Division |
|--------------|--------------------------|---------------------------|----------------------|--|
| | Solid Waste Rate Study | \$44,462.25 | 3/2009 - Current | Natural Resources and Parks/Local Hazardous Waste Management Program |
| | Business Plan | \$49,860.00 | 7/2007 - 1/2008 | County Council |
| | Five-Year Business Plan | \$24,950.00 | 1/2007 - 5/2007 | Executive Office/ Radio Communications Services Division |

6. List any position or positions on any county board or commission, whether salaried or unsalaried, held by any officer or director of the consultant in the five years immediately preceding the presently contemplated contract.

If none, check this box.

Officer / Director Name: _____

Position: _____

Name of County Board or Commission: _____

7. Is there any other information known to the consultant about any interest or relationship between any county employee, including any member of his or her immediate family and the consultant other than that disclosed above? If so, please explain.

If none, check this box.

Declaration

I, Peter Moy, declare under penalty of perjury
 (Print name)
 under the laws of the State of Washington that the foregoing is true, complete and correct.

Peter Moy Principal
 (Signature) (Title)

Signed this 28 day of May, 2010
 (Month) (Year)

at Redmond, Washington
 (City) (State)

Alternate Formats Available
206-296-1586 TTY Relay: 711

| Contract No. | Type of Service Provided | Amount Paid to Consultant | Duration (From – To) | County Department and Division |
|--------------|--|---------------------------|-------------------------|--------------------------------|
| | Expert Witness and Litigation Support Services | \$1,500 | January – February 2006 | Prosecuting Attorney |

Equal Benefits Compliance Worksheet


 Department of Executive Services
 Finance and Business Operations Division
Procurement and Contract Services Section
 Chinook Building, CNK-ES-0340
 401 Fifth Avenue, 3rd Floor, Seattle, WA 98104
 206-263-9400 TTY Relay: 711 Fax: 206-296-7676

Return this Worksheet, Declaration, and any attached alternate compliance forms to King County.

Name of Contractor: Financial Consulting Solutions Group, Inc. (FCS GROUP)
 Contact Person: Peter Moy Phone Number: (425) 867-1802
 Fax: (425) 867-1937 E-mail: peterm@fcsgroup.com
 Approximate Number of Employees in the U.S. 30 Solicitation / Contract #: T03269T

1. EMPLOYEE INFORMATION

- a. Do you have any employees?..... Yes No
- b. If 1.a is yes, are they Union, Non-Union, OR both?..... Union Non-Union

If the answer to Question 1a is "NO," (you DO NOT have any employees); you do not need to complete the remainder of the worksheet. Select Option C on the attached Declaration.

2. IF YOU HAVE NON-UNION EMPLOYEES

- a. Do you make any benefits available to employees?
[Paid by employer or not]..... Yes No
- b. Do you make any benefits available to the spouses of employees?
[Paid by employer or not]..... Yes No
- c. Do you make any benefits available to the domestic partner (DP) OR legally domiciled member of household (LDMH) of employees?
(Same-sex and Opposite-sex) [Paid by employer or not]..... Yes No

If the answers to both Questions 2(b) and 2(c) are "NO," (benefits offered to neither employees' spouses nor employees' DP or LDMH); select Option B on the attached Declaration.

If the answer to either Question 2(b) or 2(c) is "YES", continue to Question 3.

3. BENEFITS AVAILABLE FOR NON-UNION EMPLOYEES

Indicate which benefits are made available below. Check "Yes" for any benefit that is available, **paid for or not** (same & opposite-sex). Check "No" if not available. Available might mean a death benefit for Pension (joint annuity) or Disability can be paid to DP/LDMH. Bereavement leave policies must be equal for a DP/LDMH. Family leave must include an employee's DP/LDMH and their dependants. If moving expenses/Relocation increases when including a spouse, they must also increase for DP/LDMH.

| Employee Benefit | Employees | Spouses | DP/LDMH |
|------------------------------|---|---|---|
| Health Care | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Dental Care | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Vision Care | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Life | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Disability | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Pension/Retirement | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Bereavement Leave | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Family Leave | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Relocation (Moving Expenses) | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| Employee Benefit | Employees | Spouses | DP/LDMH |
|--------------------------------------|---|---|---|
| Business Travel (not mileage) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Member Discounts, facilities, events | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Other (specify): <i>Costco Card</i> | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Other (specify): | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |

If **all** of the checked boxes in the “Spouses” and “DP/LDMH” columns match for all non-union and, if any, all union employees (see 5. below), select **Option A** on Page 3 on the attached Declaration. **OR:**

If **ANY** of the checked boxes in the “Spouses” and “DP/LDMH” columns do **NOT** match, please review **Option D** on Page 3 of attached Declaration to see if you qualify for alternate compliance. For all other Contract compliance inquiries, contact King County Procurement and Contract Services Section at 206-263-9400.

4. IF YOU HAVE UNION EMPLOYEES

- a. Are any benefits available to the spouses of union employees? Yes No
- b. Are any benefits available to the DP/LDMH of union employees? Yes No

If the answer to either Question 4(a) or (b) is “YES”, continue to Question 5.

5. BENEFITS AVAILABLE FOR UNION EMPLOYEES

Please indicate which union benefits are available on the list below. All instructions noted in Section 3 apply here. **Note:** Union benefits may be controlled by a trust, and the eligibility of DP/LDMH may be restricted by a Union Trust Administrator. Please contact King County Procurement and Contract Services Section at 206-263-9400 to learn how to apply for a Collective Bargaining Delay.

| Employee Benefit | Employees | Spouses | DP/LDMH |
|--------------------------------------|--|--|--|
| Health Care | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Dental Care | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Vision Care | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Life | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Disability | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Pension/Retirement | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Bereavement Leave | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Family Leave | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Relocation (Moving Expenses) | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Business Travel (not mileage) | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Member Discounts, facilities, events | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Other (specify): | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Other (specify): | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |

If **all** of the checked boxes in the “Spouses” and “DP/LDMH” columns match for all union and, if any, all non-union employees (see 3. above), select **Option A** on Page 3 of this Declaration. **OR:**

If **ANY** of the checked boxes in the “Spouses” and “DP/LDMH” columns do **NOT** match, please review **Option D** on Page 3 of attached Declaration to see if you qualify for alternate compliance. For all other Contract compliance inquiries, contact King County Procurement and Contract Services Section at 206-263-9400.

**Equal Benefits
Compliance Declaration**



Department of Executive Services
Finance and Business Operations Division
Procurement and Contract Services Section
Chinook Building, CNK-ES-0340
401 Fifth Avenue, 3rd Floor, Seattle, WA 98104
206-263-9400 TTY Relay: 711 Fax: 206-296-7676

King County cannot award a contract until you submit the attached Worksheet and this Declaration.

I, Teresa Bollinger on behalf of FCS GROUP
(Name) (Contractor Name)

state that the Contractor complies with King County Ordinance 14823 and related rules because it:

(Select the Option that applies and sign form below):

Option A

Makes benefits available on an equal basis to all its non-union and union employees with spouses and its employees with a domestic partner (same-sex and opposite-sex) OR legally domiciled member of household.

Option B

Does not make ANY benefits available to the spouses or the domestic partner OR legally domiciled member of household of employees.

Option C

Has no employees.

Option D

Has received approved authorization from King County Procurement and Contract Services to delay implementation of equal benefits due to a **Collective Bargaining Agreement, Open Enrollment**, or internal **Administrative** steps. (Substantial Compliance Authorization Form attached).

ALTERNATE COMPLIANCE OPTION D Instructions

Prior to selecting this Option D, the contractor must complete and return an alternate compliance form to King County. Upon approval, the form will be returned to be included as an attachment to this Declaration. **The Substantial Compliance Authorization Form** can be found at:
http://www.kingcounty.gov/operations/procurement/Forms/Equal_Benefits.aspx

Statement of Noncompliance

state that the Contractor does not comply and does not intend to comply with King County Ordinance 14823 and related rules for this contract.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is correct and true, and that I am authorized to bind this entity contractually.

Executed this 25th day of May, 20 10, at Redmond, Washington
(City) (State)

[Signature]
Signature

Teresa Bollinger
Name (Please print.)

HR Director
Title

91-1417946
Federal Tax Identification Number

7525 166th Ave NE, Suite D-215
Address



Personnel Inventory Report

Legal name of business Financial Consulting Solutions Group, Inc Contract No: T03269T
 dba (if applicable) FCS GROUP Telephone No: (425) 867-1802
 Street address 7525 166th Ave NE, Suite D-215 City Redmond State WA Zip Code 98052
 Submitted by: Peter Moy Title Principal Date 5/28/10

Do you have any employees? No ___ Yes Sole Owner/Operator No Yes ___

If yes, list on the Employment Data Chart below the total number of employees for all businesses located within each location listed below. Indicate which locale (1,2,3) report covers. This report is for Payroll Period ending (Month/Day/Year): May 1-31, 2010 and covers the following locale: (Check only one box)

- 1. Business located within King County
- 2. ___ Businesses located within WA State
- 3. ___ Business located with U. S.
- 4. ___ Other (specify) _____

Do any of your employees belong to a union and/or do you use an employee referral agency? No Yes ___

If yes, list the unions and/or employee referral agencies with whom you have agreements: _____ . If you expect to do more than \$10,000 worth of public work (construction) or, more than \$25,000 worth of business with King County, the unions or employee referral agencies must submit a statement of compliance with King County Code Chapter 12.16.

| Job Categories | Whites | | African Americans | | Asians | | Native Americans | | Hispanics | | Disabled | | Minority Subtotal | | Disabled Subtotal | |
|----------------------|-----------|-----------|-------------------|---|----------|---|------------------|---|-----------|----------|----------|----------|-------------------|----------|-------------------|----------|
| | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F |
| Managerial | 12 | 4 | | | 2 | | | | | 1 | 1 | | 2 | 1 | 1 | |
| Professional | 4 | 2 | 1 | | | | | | 1 | | | | 2 | | | |
| Technical | | | | | | | | | | | | | | | | |
| Clerical | | 4 | | | | | | | | 1 | 1 | | | 1 | 1 | |
| Sales | | | | | | | | | | | | | | | | |
| Service | | | | | | | | | | | | | | | | |
| Labor | | | | | | | | | | | | | | | | |
| On-Job Trainees | | | | | | | | | | | | | | | | |
| Apprentice | | | | | | | | | | | | | | | | |
| Skilled Craft Total* | | | | | | | | | | | | | | | | |
| Total | 16 | 10 | 1 | | 2 | | | | 1 | 2 | 1 | 1 | 4 | 2 | 1 | 1 |

* Journey worker: List by classification on reverse, e.g., carpenter, plumber, etc.

Total number of employees reported above: 32 If no employees, write "0."



Affidavit and Certificate of Compliance

with King County Code Chapter 12.16, Discrimination and Affirmative Action
in Employment by Contractors, Subcontractors and Vendors

The undersigned, being first duly sworn, on oath states, s/he is authorized by the Contractor, and on the Contractor's behalf, affirms and certifies as follows:

Definitions: "Contractor" shall mean any contractor, vendor or consultant who supplies goods and/or services. "Contract" shall mean any contract, purchase order or agreement with King County Government, hereinafter called the County.

- A. Contractor recognizes that discrimination in employment is prohibited by federal, state and local laws. Contractor recognizes that in addition to refraining from discrimination, affirmative action is required to provide equal employment opportunity. Contractor further recognizes that this Affidavit establishes minimum requirements for affirmative action and fair employment practices and implements the basic nondiscrimination provisions of the general contract specifications as applied to service, consultant, and vendor contracts exceeding \$25,000, or public work contracts exceeding \$10,000. Contractor herein agrees that this Affidavit is incorporated as an addendum to its general contract, and recognizes that failure to comply with these requirements may constitute grounds for application of sanctions as set forth in the general specifications, King County Code Chapter 12.16 ("Chapter") and this Affidavit. PROVIDED FURTHER, that in lieu of this Affidavit, the Executive may accept a statement pledging adherence to an existing contractor affirmative action plan where the provisions of the plan are found by the Executive to substantially fulfill the requirements of the Chapter.
- B. Contractor shall give notice to their supervisors and employees of the requirements for affirmative action to be undertaken prior to the commencement of work.
- C. This person has been designated to represent the Contractor and to be responsible for securing compliance with and for reporting on the affirmative actions taken:
Peter May
- D. Contractor will cooperate fully with the BD and Contract Compliance Section and appropriate County agents while making every reasonable "good faith" effort to comply with the affirmative action and nondiscrimination requirements set forth in this Affidavit and in King County Code Chapter 12.16.
- E. **Reports:** The Contractor agrees to complete and submit as required such additional reports and records that may be necessary to determine compliance with the Affidavit and to confer with the County Compliance Officer at such times as the County shall deem necessary. The information required by the Chapter includes but is not limited to the following reports and records:
- Personnel Inventory Report:** This report shall include a breakdown of the employer workforce showing race, sex and handicapped and other minority data.
 - Monthly EEO Report:** This report shall apply to construction contractors and subcontractors and shall provide the number of hours of employment for all employees, including minority, women and disabled employees by craft and category.
 - Statement from Union or Worker Referral Agency:** This statement affirms that the signee's organization has no practices and policies which discriminate on the basis of race,

color, creed, religion, sex, age, marital status, sexual orientation, nationality or the presence of sensory, mental or physical disability.

The information required in this section shall be submitted on forms provided by the County unless otherwise specified.

- F. **Subcontractors:** For public works projects and contracts over ten thousand dollars (\$10,000) the prime contractor shall be required to submit to the County, along with its qualifying documents under the Chapter, employment profiles, Affidavits and Certificates of Compliance, Reports and Union Statements from its subcontractors in the same manner as these are required of the prime contractor. Reporting requirements of the prime contractor during the contract period will apply equally to all subcontractors.
- G. **Employment Goals for Minorities, Women and Persons with Disabilities:** No specific levels of utilization of minorities and women in the workforce of the Contractor shall be required, and the Contractor is not required to grant any preferential treatment on the basis of race, sex, color, ethnicity or national origin in its employment practices. Notwithstanding the foregoing, any affirmative action requirements set forth in any federal regulations, statutes or rules included or referenced in the contract documents shall continue to apply.
- H. **Affirmative Action Measures:** Contractor agrees to implement and/or maintain reasonable good faith efforts to comply with King County Code Chapter 12.16. The evaluation of a contractor's compliance with the Chapter shall be based upon the contractor's effort to achieve maximum results from its affirmative action measures. The Contractor shall document these efforts and shall implement affirmative action steps at least as extensive as the following:
- Policy Dissemination:** Internal and external dissemination of the contractor's equal employment opportunity policy; posting of nondiscrimination policies and of the requirement of the Chapter on bulletin boards clearly visible to all employees; notification to each subcontractor, labor union or representative of workers with which there is a collective bargaining agreement or other contract, subcontract, or understanding of the contractor's commitments under the Chapter. Inclusion of the equal opportunity policy in advertising in the news media and elsewhere.
 - Recruiting:** Adopt and implement recruitment procedures designed to increase the representation of women, minorities and persons with disabilities in the pool of applicants for employment: including, but not limited to establishing and maintaining a current list of minority, women and disabled recruitment sources, providing these sources written notification of employment opportunities and advertising vacant positions in newspapers and periodicals which have minority, women and/or disabled readership.
 - Self-Assessment and Test Validation:** Review of all employment policies and procedures, including tests, recruitment, hiring and training practices and policies, performance evaluations, seniority policies and practices, job classifications and job assignments to assure that they do not discriminate against, or have a discriminatory impact on, minorities, women and persons with disabilities and validate all tests and

other selection requirements where there is an obligation to do so under state or federal law.

- 4. **Record Referrals:** Maintain a current file of applications of each minority, women and persons with disabilities who are applicants or referrals for employment indicating what action was taken with respect to each such individual and the reasons therefor. Contact these people when an opening exists for which they may be qualified. Names may be removed from the file after twelve months have elapsed from their last application or referral.
- 5. **Notice to Unions:** Provide notice to labor unions of the contractor's nondiscrimination and affirmative action obligations pursuant to King County Code Chapter 12.16. Contractors shall also notify the BD and Contract Compliance Section if labor unions fail to comply with the nondiscrimination or affirmative provisions
- 6. **Supervisors:** Ensure that all supervisory personnel understand and are directed to adhere to and implement the nondiscrimination and affirmative action obligations of the contractor under King County Code Chapter 12.16. Such direction shall include, but not be limited to, adherence to, and achievement of, affirmative action policies in performance appraisals of supervisory personnel.
- 7. **Employee Training:** When reasonable, develop on-the-job training opportunities which expressly include minorities, women, and persons with disabilities and sponsor and/or utilize, training/educational opportunities for the advancement of women, minorities and persons with disabilities employed by the contractor, subject to acceptance by the county.
- 8. **Responsible Person:** Designate an employee who shall have the responsibility for implementation of the Contractor's affirmative action measures.
- 9. **Progress Reporting:** Prepare as part of the affirmative action plan an analysis and report on the progress made toward eliminating the underrepresentation of minorities, women, and persons with disabilities in the contractor's workforce on an

annual basis.

- I. During the performance of this Contract, neither the Contractor nor any party subcontracting under the authority of this Contract shall discriminate nor tolerate harassment on the basis of race, color, sex, religion, nationality, creed, marital status, sexual orientation, age, or the presence of any sensory, mental or physical disability in the employment or application for employment or in the administration or delivery of services or any other benefits under this Contract.
- J. Contractor agrees to provide reasonable access upon request to the premises of all places of business and employment, relative to work undertaken in this Contract, and to records, files, information and employees in connection therewith, to the BD and Contract Compliance Section or agent for purposes of reviewing compliance with the provisions of this Affidavit and agrees to cooperate in any compliance review.
- K. Should the BD and Contract Compliance Section find, upon complaint investigation or review, the Contractor not to be in good faith compliance with the provisions contained in this Affidavit, it shall notify the County and Contractor in writing of the finding fully describing the basis of non-compliance. Contractor may request withdrawal of such notice of noncompliance at such time as the compliance office has notified in writing the Contractor and the County that the noncompliance has been resolved.
- L. The Contractor agrees that any violation of any term of this Affidavit, including reporting requirements, shall be deemed a violation of King County Code Chapter 12.16. Any such violation shall be further deemed a breach of a material provision of the Contract between the County and the Contractor. Such breach may be grounds for implementation of any sanctions provided for in the Chapter, including but not limited to, cancellation, termination or suspension, in whole or part, of the Contractor by the County; liquidated damages; or disqualification of the Contractor PROVIDED, that the implementation of any sanctions is subject to the notice and hearing provisions of King County Code Chapter 12.16.110.

Contractor: FCS GROUP 7525 116th Ave NE, Redmond WA 98052
Company Name Street Address Suite D-215 City State Zip

I have read and understood the foregoing; and am authorized on behalf of the Contractor to agree to the terms and conditions of this and Affidavit and Certificate of Compliance and therefore, execute the same.

Authorized Signer: Peter Moy Principal (425) 867-1802 Peter Moy
Name (type or print) Title Phone Signature

VALID ONLY IF NOTARIZED

SUBSCRIBED AND SWORN TO BEFORE ME THIS 25th DAY OF May, ~~200~~ 2010

[Signature]
 Notary Public in and of the state of Washington

Residing at: 24004 NE 31st Way Sammamish, WA



504/ADA DISABILITY ASSURANCE OF COMPLIANCE

Complying with Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans With Disabilities Act of 1990, two federal laws which prohibit discrimination against qualified people with disabilities.

I understand that federal and state laws prohibit discrimination in public accommodations and employment based solely on disability. In addition, I recognize that Section 504 requires recipients of federal funds (either directly or through contracting with a governmental entity receiving federal funds) to make their programs, services, and activities, when viewed in their entirety, accessible to qualified and/or eligible people with disabilities. I agree to comply with, and to require that all subcontractors comply with, the Section 504/ADA requirements. I understand that reasonable accommodation is required in both program services and employment, except where to do so would cause an undue hardship or burden.

I agree to cooperate in any compliance review and to provide reasonable access to the premises of all places of business and employment and to records, files, information, and employees therein to King County for reviewing compliance with Section 504 and ADA requirements.

I agree that any violation of the specific provisions and terms of the 504/ADA Disability Assurance of Compliance and/or Corrective Action Plan required herein or Section 504 or the ADA, shall be deemed a breach of a material provision of the Contract between the County and the Contractor. Such a breach shall be grounds for cancellation, termination, or suspension, in whole or in part, of this Contract by the County.

According to the responses to the questions in the 504/ADA Self-Evaluation Questionnaire, Contractor is in compliance with 504/ADA. If the response is NO, the actions outlined in the below Corrective Action Plan will be taken. YES NO

Contractor: FCS GROUP
Company Name Redmond Town center
7525 - 166th Ave NE Suite D-215 Redmond, WA 98052
Street Address City State Zip

Corrective Action Plan

The following Corrective Action Plan is submitted to comply with Section 504 and ADA requirements.

General Requirements

| Actions To Be Taken | Completion Date |
|---------------------|-----------------|
| | |
| | |
| | |
| | |

504/ADA DISABILITY ASSURANCE OF COMPLIANCE (continued)

Program Access

Actions To Be Taken

Completion Date

Four horizontal lines for entering actions and completion dates under Program Access.

Employment and Reasonable Accommodation

Actions To Be Taken

Completion Date

Four horizontal lines for entering actions and completion dates under Employment and Reasonable Accommodation.

Physical Accessibility

Actions To Be Taken

Completion Date

Four horizontal lines for entering actions and completion dates under Physical Accessibility.

I Declare Under Penalty of Perjury under the Laws of the State of Washington that the Foregoing is True and Correct.

Peter Moy

Signature of authorized signator

Peter Moy

Principal

(425) 867-1802 x228

Type or print name of authorized signator

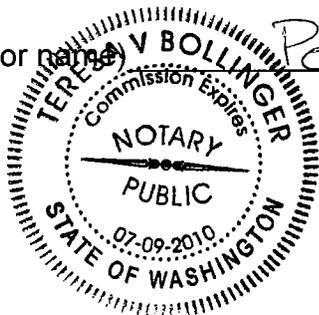
Title

Telephone

For Notary:

State of Washington, County of King

Signed and sworn before me on (date) May 27th 2010 by (print authorized signator name) Peter Moy



Notary signature: *Teresa V. Bollinger*

Notary (print name): Teresa V. Bollinger

My appointment expires: 7-09-2010

Note: This form may be used as an exhibit with other King County contracts for two years from the date the form is completed.



Statement of Compliance

With King County Code Chapter 12.16 Discrimination and Affirmative Action
in Employment by Contractors, Subcontractors and Vendors

UNION OR EMPLOYEE REFERRAL AGENCY STATEMENT

n/a

The undersigned states as follows:

- A. That I am the authorized officer of FCS GROUP and am signing this statement on behalf of the union/employee referral agency.
- B. That the organization recognizes that King County Code Chapter 12.16 prohibits discrimination in both employment and referrals for employment on the basis of race, color, creed, religion, sex, age, national origin, marital status, sexual orientation, or the presence of any sensory, mental, or physical disability.
- C. That the organization agrees to adhere to a policy of nondiscrimination and agrees to affirmatively cooperate in the implementation of the policies and provision of King County Code Chapter 12.16. The organization further agrees that recruitment, employment, and the terms and conditions of employment under all contracts with King County shall be in accordance with the purposes and provisions of King County Code Chapter 12.16; provided however, that no specific levels of utilization of minorities and women in the workforce shall be required, and the contractor is not required to grant any preferential treatment on the basis of race, sex, color, ethnicity or national origin in its employment practices, and provided further that, notwithstanding the foregoing, any affirmative action requirements set forth in any federal regulations, statutes or rules included or referenced in the contract documents shall continue to apply.

This statement shall be valid for a period of two (2) years.

 Authorized Union/ Employee Referral Agency
 Representative

 Telephone Number

 Signature

 Title

 Union/Employee Referral Agency

 Address

 City, State, Zip

NOTE: The following letter explains the requirements of King County Code Chapter 12.16. Complete the address blocks below and forward to your union(s) or employee referral agency. A statement of compliance with Chapter 12.16, suitable for submission to King County, appears on the reverse of this explanatory letter.

TO: _____

FROM: _____

RE: Compliance with King County Code Chapter 12.16, "Discrimination and Affirmative Action in Employment by Contractors, Subcontractors and Vendors".

King County Code Chapter 12.16 and the supporting Affidavit and Certificate of Compliance require that all public work contractors doing business with King County in an aggregate amount of \$10,000 or more per year and all other contractors doing business with King County in an aggregate amount of \$25,000 submit a statement of compliance from their union/employee referral agency to the King County M/WBE & Contract Compliance Division.

The statement of compliance is to ensure that the union/employee referral agency is in compliance with Chapter 12.16 and does not "discriminate against any person on the basis of race, color, creed, religion, sex, age, nationality, marital status, sexual orientation or the presence of any sensory, mental or physical disability" in employment or referral for employment.

In an effort to comply with King County Code Chapter 12.16, on the reverse of this letter is a form for signature by any authorized officer of your union/employee referral agency. In the event that you refuse to sign this statement of compliance, our compliance report shall so certify, and shall set forth what efforts have been made to secure the signing of this agreement.

Once this agreement has been signed and returned to the King County M/WBE & Contract Compliance Division, it will be valid for a period of two years and applicable to all County contracts for a period of two years.

Your written response is required in this office on or before _____. Your cooperation in this matter is greatly appreciated.

Authorized Signer

Date

See reverse of this form for a compliance statement suitable to meet the requirements of King County Code Chapter 12.16.

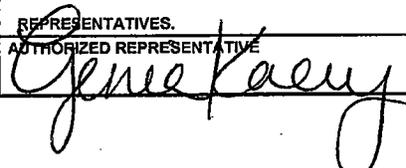
Exhibit H

| | | |
|---|---|-------------------------------------|
| ACORD™ CERTIFICATE OF LIABILITY INSURANCE | | DATE (MM/DD/YY) 5/28/2010 |
| PRODUCER Shinstrom & Norman Inc. P.O. Box 638 Kirkland, WA 98083 (425) 827-6200 | THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. | |
| INSURED FINANCIAL CONSULTING SOLUTIONS GROUP, INC 7525 166TH AVE. NE, SUITE D-215 REDMOND, WA 98052 | INSURERS AFFORDING COVERAGE | |
| | INSURER A: LLOYD'S SYNDICATE #33 INSURER B: INSURER C: INSURER D: INSURER E: | |

COVERAGES
 THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS | | | | | | | | |
|-----------------------------|--|------------------------------------|----------------------------------|-----------------------------------|---|---------------------|-------|--------------------|----|----------------------------|----|-----------------------------|----|
| | GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <hr/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC | | | | EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ | | | | | | | | |
| | AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS | | | | COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ | | | | | | | | |
| | GARAGE LIABILITY <input type="checkbox"/> ANY AUTO | | | | AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$ | | | | | | | | |
| | EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <hr/> DEDUCTIBLE RETENTION \$ | | | | EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$ | | | | | | | | |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | | | | <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">WC STATUTORY LIMITS</td> <td style="width: 50%;">OTHER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td>\$</td> </tr> </table> | WC STATUTORY LIMITS | OTHER | E.L. EACH ACCIDENT | \$ | E.L. DISEASE - EA EMPLOYEE | \$ | E.L. DISEASE - POLICY LIMIT | \$ |
| WC STATUTORY LIMITS | OTHER | | | | | | | | | | | | |
| E.L. EACH ACCIDENT | \$ | | | | | | | | | | | | |
| E.L. DISEASE - EA EMPLOYEE | \$ | | | | | | | | | | | | |
| E.L. DISEASE - POLICY LIMIT | \$ | | | | | | | | | | | | |
| A | OTHER PROFESSIONAL LIABILITY | MEO 1019022.09 CLAIMS MADE FORM | 02-01-10 | 02-01-11 | \$2,000,000 EACH CLAIM \$4,000,000 AGGREGATE \$ 5,000 DEDUCTIBLE | | | | | | | | |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
 Retroactive Date: 7/26/1988 - \$1,000,000/\$1,000,000 limits
 Retroactive Date: 6/13/2008 - \$2,000,000 / \$4,000,000 limits

| | |
|--|--|
| CERTIFICATE HOLDER KING COUNTY Attn: Cheryle Broom 516 3rd Ave, Room W1033 Seattle, WA 98104-2385 | ADDITIONAL INSURED; INSURER LETTER: CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE  |
|--|--|

PRODUCER
 SHINSTROM & NORMAN, INC.
 P.O. BOX 638
 KIRKLAND, WA 98083
 (425) 827-6200 FAX: 827-5040

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

- COMPANY A American Economy Ins.Co. (A XV)
- COMPANY B American States Ins. Co. (A XV)
- COMPANY C
- COMPANY D

INSURED
 FINANCIAL CONSULTING SOLUTIONS GROUP, INC
 7525 166TH AVE. NE, STE # D-215
 REDMOND, WA 98052

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS |
|--|--|----------------|----------------------------------|--|-------------------------------|
| A | GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNER'S & CONTRACTOR'S PROT <input checked="" type="checkbox"/> CG2503 Per Proj Agg | 02-CD-117596-9 | 09-20-09 | 09-20-10 | GENERAL AGGREGATE \$2,000,000 |
| | PRODUCTS - COMP/OP AGG \$2,000,000 | | | | |
| | PERSONAL & ADV INJURY \$1,000,000 | | | | |
| | EACH OCCURRENCE \$1,000,000 | | | | |
| | FIRE DAMAGE (Any one fire) \$1,000,000 | | | | |
| | MED EXP (Any one person) \$ 10,000 | | | | |
| | AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS | | | | 02-CD-117596-9 |
| BODILY INJURY (Per person) \$ | | | | | |
| BODILY INJURY (Per accident) \$ | | | | | |
| PROPERTY DAMAGE \$ | | | | | |
| GARAGE LIABILITY <input type="checkbox"/> ANY AUTO | | | | AUTO ONLY - EA ACCIDENT \$ | |
| OTHER THAN AUTO ONLY: | | | | | |
| EACH ACCIDENT \$ | | | | | |
| EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM | 01-SU-305609-9 | 09-20-09 | 09-20-10 | EACH OCCURRENCE \$1,000,000 | |
| AGGREGATE \$1,000,000 | | | | | |
| \$ | | | | | |
| WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL | 02-CD-117596-9 WASH. STOP GAP | 09-20-09 | 09-20-10 | <input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER | |
| EL EACH ACCIDENT \$1,000,000 | | | | | |
| EL DISEASE - POLICY LIMIT \$2,000,000 | | | | | |
| EL DISEASE - EA EMPLOYEE \$1,000,000 | | | | | |
| OTHER | | | | | |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

King County, its officers, officials, employees and agents are named additional insureds per form CG7635. Coverage is primary per form CG0001, Sec Iv, Par 4a.

CERTIFICATE HOLDER

KING COUNTY
 Attn: Cheryle Broom
 516 3rd Ave, Room W1033
 Seattle, WA 98104-2385

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Genia Kacey



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIABILITY PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:

King County, its officers, officers, employees & agents.

**ADDITIONAL INSURED — BY WRITTEN
CONTRACT, AGREEMENT OR PERMIT, OR
SCHEDULE**

The following paragraph is added to WHO IS AN INSURED (Section II):

4. Any person or organization shown in the Schedule or for whom you are required by written contract, agreement or permit to provide insurance is an insured, subject to the following additional provisions:

a. The contract, agreement or permit must be in effect during the policy period shown in the Declarations, and must have been executed prior to the "bodily injury", "property damage", or "personal and advertising injury".

b. The person or organization added as an insured by this endorsement is an insured only to the extent you are held liable due to:

(1) The ownership, maintenance or use of that part of premises you own, rent,

lease or occupy, subject to the following additional provisions:

(a) This insurance does not apply to any "occurrence" which takes place after you cease to be a tenant in any premises leased to or rented to you;

(b) This insurance does not apply to any structural alterations, new construction or demolition operations performed by or on behalf of the person or organization added as an insured;

(2) Your ongoing operations for that insured, whether the work is performed by you or for you;

(3) The maintenance, operation or use by you of equipment leased to you by such person or organization, subject to the following additional provisions:

(a) This insurance does not apply to any "occurrence" which takes place after the equipment lease expires;

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Copyright, Insurance Services, 2001

(b) This insurance does not apply to "bodily injury" or "property damage" arising out of the sole negligence of such person or organization;

(4) Permits issued by any state or political subdivision with respect to operations performed by you or on your behalf, subject to the following additional provision:

This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of operations performed for the state or municipality.

c. The insurance with respect to any architect, engineer, or surveyor added as an insured by this endorsement does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:

(1) The preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and

(2) Supervisory, inspection or engineering services.

d. This insurance does not apply to "bodily injury" or "property damage" included within the "products-completed operations hazard".

A person's or organization's status as an insured under this endorsement ends when your operations for that insured are completed.

No coverage will be provided if, in the absence of this endorsement, no liability would be imposed by law on you. Coverage shall be limited to the extent of your negligence or fault according to the applicable principles of comparative fault.

NON-OWNED WATERCRAFT AND NON-OWNED AIRCRAFT LIABILITY

Exclusion g. of COVERAGE A (Section I) is replaced by the following:

g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 52 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

(a) the operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or

(b) the operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

(6) An aircraft you do not own provided it is not operated by any insured.

TENANTS' PROPERTY DAMAGE LIABILITY

When a Damage To Premises Rented To You Limit is shown in the Declarations, Exclusion j. of Coverage A, Section I is replaced by the following:

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or

any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations, or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a side-track agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

Paragraph 6. of LIMITS OF INSURANCE (Section III) is replaced by the following:

6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

The Damage To Premises Rented To You limit is the higher of the Each Occurrence Limit shown in the Declarations or the amount shown in the Declarations as Damage To Premises Rented To You Limit.

WHO IS AN INSURED — MANAGERS

The following is added to Paragraph 2.a. of WHO IS AN INSURED (Section II):

Paragraph (1) does not apply to executive officers, or to managers at the supervisory level or above.

SUPPLEMENTARY PAYMENTS — COVERAGES A AND B — BAIL BONDS — TIME OFF FROM WORK

Paragraph 1.b. of SUPPLEMENTARY PAYMENTS — COVERAGES A AND B is replaced by the following:

- b. Up to \$3,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

Paragraph 1.d. of SUPPLEMENTARY PAYMENTS — COVERAGES A AND B is replaced by the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

EMPLOYEES AS INSURED — HEALTH CARE SERVICES

Provision 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted, unless excluded by separate endorsement.

EXTENDED COVERAGE FOR NEWLY ACQUIRED ORGANIZATIONS

Provision 3.a. of WHO IS AN INSURED (Section II) is replaced by the following:

- a. Coverage under this provision is afforded only until the end of the policy period.

EXTENDED "PROPERTY DAMAGE"

Exclusion a. of COVERAGE A (Section I) is replaced by the following:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

EXTENDED DEFINITION OF BODILY INJURY

Paragraph 3. of DEFINITIONS (Section V) is replaced by the following:

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time.

TRANSFER OF RIGHTS OF RECOVERY

The following is added to Paragraph 8. Transfer Of Rights Of Recovery Against Others To Us of COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

We waive any rights of recovery we may have against any person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to a person or organization for whom you are required by written contract, agreement or permit to waive these rights of recovery.

AGGREGATE LIMITS OF INSURANCE — PER LOCATION

For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under COVERAGE A (Section I), and for all medical expenses caused by accidents under COVERAGE C (Section I), which can be attributed only to operations at a single "location":

Paragraphs 2.a. and 2.b. of Limits of Insurance (Section III) apply separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is

interrupted only by a street, roadway, waterway, or right-of-way of a railroad.

INCREASED MEDICAL EXPENSE LIMIT

The Medical Expense Limit is amended to \$10,000.

KNOWLEDGE OF OCCURRENCE

The following is added to Paragraph 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit of COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

Knowledge of an "occurrence", claim or "suit" by your agent, servant or employee shall not in itself constitute knowledge of the named insured unless an officer of the named insured has received such notice from the agent, servant or employee.

UNINTENTIONAL FAILURE TO DISCLOSE ALL HAZARDS

The following is added to Paragraph 6. Representations of COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Form because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

LIBERALIZATION CLAUSE

The following paragraph is added to COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

10. If a revision to this Coverage Part, which would provide more coverage with no additional premium, becomes effective during the policy period in the state shown in the Declarations, your policy will automatically provide this additional coverage on the effective date of the revision.

Request for Taxpayer Identification Number and Certification

Give form to the
requester. Do not
send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)
Financial Consulting Solutions Group, Inc.

Business name, if different from above
FCS GROUP

Check appropriate box: Individual/Sole proprietor Corporation Partnership
 Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ Exempt payee
 Other (see instructions) ▶

Address (number, street, and apt. or suite no.)
7525 166th Ave NE, Suite D-215

City, state, and ZIP code
Redmond, WA 98052

List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number

or

Employer identification number
911417946

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person ▶ *Tara...* Date ▶ *May 25, 2010*

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,



King County

Office of Business Relations and Economic Development

Subcontracting / Apprenticeship Opportunity Availability Analysis Worksheet

Required for all formally advertised bids - Submit electronically to Business Development & Contract Compliance Section

Date: 4/2/10 Project Manager: Brian Estes Phone #: 206-296-1313 Fax #: 206-296-0159 ITB #: 1099-10RLD
 RFP
 RFQ
 Dept. MKCC Division: - Select - Mailstop: Auditor's OfficeKCC-CC-1033 Contract No: Not yet
 Contract Title: Review of the Wastewater Treatment Division's Productivit Est. Ctr. Amt \$55,000 Not to Exceed
 Funding Source: KC Assigned PCSS Specialist: Roy Dodman

| Scope of Work* | Prime | Sub | Estimated Dollars | Percent of Contract | Est. Labor Hrs. | % of Total Work Hrs. |
|---|-------------------------------------|--------------------------|-------------------|---------------------|-----------------|----------------------|
| Determine the overall effectiveness of WTD's Productivity Initiative Pilot Program. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | \$55,000.00 | 100.00% | 366.00 | 100.00% |
| | <input type="checkbox"/> | <input type="checkbox"/> | | 0.00% | | 0.00% |
| | <input type="checkbox"/> | <input type="checkbox"/> | | 0.00% | | 0.00% |
| | <input type="checkbox"/> | <input type="checkbox"/> | | 0.00% | | 0.00% |
| | <input type="checkbox"/> | <input type="checkbox"/> | | 0.00% | | 0.00% |
| | <input type="checkbox"/> | <input type="checkbox"/> | | 0.00% | | 0.00% |
| | <input type="checkbox"/> | <input type="checkbox"/> | | 0.00% | | 0.00% |
| | <input type="checkbox"/> | <input type="checkbox"/> | | 0.00% | | 0.00% |
| | <input type="checkbox"/> | <input type="checkbox"/> | | 0.00% | | 0.00% |
| TOTAL: | | | \$55,000.00 | 100.00% | 366.00 | 100.00% |

* Include a narrative description of the proposed scope of work
 COMMENTS:

| Utilization Opportunities | Project Manager Recommendation | BDCC Determination |
|---|--|---|
| Disadvantaged Business Enterprise (DBE) Goal | <u>0%</u> <u>DBE</u> | <u>N/A</u> <u>DBE</u> |
| Minority / Women Business Enterprises(M/WBE) Goals | <u>0%</u> <u>MBE</u> | <u>N/A</u> <u>MBE</u> |
| | <u>0%</u> <u>WBE</u> | <u>N/A</u> <u>WBE</u> |
| *Small Contractors & Suppliers (SCS) Incentive | <u>- Select -</u> <input type="checkbox"/> | <u>10%</u> <u>- Select -</u> <input type="checkbox"/> |
| *Small Contractors & Suppliers (SCS) Requirement (SCS Requirement applies only to construction projects) | <u>- Select -</u> <input type="checkbox"/> Construction Only | <u>N/A</u> <u>- Select -</u> <input type="checkbox"/> |
| Apprenticeship Requirement | <u>0%</u> <u>Apprentice Participation</u> | <u>N/A</u> <u>Apprentice Participation</u> |
| Project Labor Agreement (PLA) | <u>- Select -</u> <input type="checkbox"/> | <u>- Select -</u> <input type="checkbox"/> |

This Section is for BDCC Use Only

BDCC Specialist _____ Date _____ *Charles FeVrege* 4/6/2010
 BDCC Supervisor or Authorized Designee _____ Date _____

* Formerly Known as SEDB

REQUEST FOR PROPOSALS



King County

Department of Executive Services
 Finance and Business Operations Division
 Procurement and Contract Services Section
 206-263-9400 TTY Relay: 711

DATE ADVERTISED: **April 15, 2010**

RFP Title: **Review of the Wastewater Treatment Division's Productivity Initiative Pilot Program**

Requesting Dept./ Div.: **King County Council – Auditor's Office**

RFP Number: **1099-10-RLD**

Due Date: **May 6, 2010 – no later than 2:00 P.M.**

Buyer: Roy L. Dodman, roy.dodman@kingcounty.gov, 206-263-9293

There will be no pre-submittal conference for this RFP.

Sealed Proposal are hereby solicited and will **ONLY** be received by

King County Procurement Services Section
The Chinook Building, 3rd Floor
401 Fifth Avenue
Seattle, WA 98104-2333

Office Hours - 8:00 a.m. - 5:00 p.m.
 Monday - Friday

SUBMITTERS MUST COMPLETE AND SIGN THE FORM BELOW (TYPE OR PRINT)

| | | |
|--|---|---------------------|
| Company Name | | |
| Address | | City/State/Zip Code |
| Signature | Authorized Representative / Title (Please Print Name and Title) | |
| E-mail | Phone | Fax |
| Prime Proposer SCS Certification number (if applicable - see Section II, Part 9 of this RFP) | | |
| Sub-Consultants SCS Certification numbers (if applicable) | | |
| <i>Office Use Only:</i> NUM 4 CD-ROM 1 CON FED N TERM/YR OTB | | |

This Request for Qualifications will be provided in alternative formats such as Braille, large print, audio cassette or computer disk for individuals with disabilities upon request.

Sealed proposals are hereby solicited and will be received only at the office of the King County Procurement Services Section at 401 Fifth Avenue, 3rd Floor, Seattle, Washington, 98104 no later than 2:00 p.m. on the date noted above regarding the *Review of the Wastewater Treatment Division's Productivity Initiative Pilot Program* for the *King County Council – Auditor's Office*. These services shall be provided to King County in accordance with the following and the attached instructions, requirements, and specifications.

Submittal: King County requires the Proposer to sign and return *this entire Request for Proposal (RFP) document*. The Proposer shall provide *one unbound original* and *four (4) copies* of the proposal response, data or attachments offered, for *five (5) items* total. The original in both cases shall be *noted or stamped "Original"*. In addition, provide two (2) CD-ROM, with either *one (1) pdf version* of the proposal, *one (1) Microsoft Word version* of the proposal (2000-2005 edition), or both.

Questions: Proposers will be required to submit any questions in writing prior to the close of business Monday, April 22, 2010 in order for staff to prepare any response required to be answered by Addendum. Questions are best received and most quickly responded to when sent via e-mail directly to the following King County procurement personnel: *Primary* – Roy L. Dodman, Senior Buyer roy.dodman@kingcounty.gov / *Secondary* – Cathy M. Betts, Buyer cathy.betts@kingcounty.gov. Questions may also be sent via email to the address above.

GENERAL INFORMATION

- A. King County is an Equal Opportunity Employer and does not discriminate against individuals or firms because of their race, color, creed, marital status, religion, age, sex, national origin, sexual orientation, or the presence of any mental, physical or sensory handicap in an otherwise qualified handicapped person.
- B. All submitted submittals and evaluation materials become public information and may be reviewed by appointment by anyone requesting to do so at the conclusion of the evaluation, negotiation, and award process. This process is concluded when a signed contract is completed between King County and the selected Consultant. Please note that if an interested party requests copies of submitted documents or evaluation materials, a standard King County copying charge per page must be received prior to processing the copies. King County will not make available photocopies of pre-printed brochures, catalogs, tear sheets or audio-visual materials that are submitted as support documents with a proposal. Those materials will be available for review at King County Procurement.
- C. No other distribution of submittals will be made by the Proposers prior to any public disclosure regarding the RFQ, the proposal or any subsequent awards without written approval by King County. For this RFQ all submittals received by King County shall remain valid for ninety (90) days from the date of submittal. All submittals received in response to this RFQ will be retained.
- D. Submittals shall be prepared simply and economically, providing a straightforward and concise but complete and detailed description of the Proposer's abilities to meet the requirements of this RFQ. Fancy bindings, colored displays and promotional materials are not desired. Emphasis shall be on completeness of content.
- E. King County reserves the right to reject any or all submittals that are deemed not responsive to its needs.
- F. In the event it becomes necessary to revise any part of this RFQ, addenda shall be created and posted at the King County Procurement web site. Addenda will also be conveyed to those potential submitters providing an accurate e-mail address. If desired, a hard copy of any addenda may be provided upon request.
- G. King County is not liable for any cost incurred by the Proposer prior to issuing the contract.
- H. A contract may be negotiated with the Proposer whose proposal would be most advantageous to King County in the opinion of the King County Auditor's Office, all factors considered. King County reserves the right to reject any or all submittals submitted.
- I. It is proposed that if a selection is made as a result of this RFQ, a contract with a fixed price/prices will be negotiated. Negotiations may be undertaken with the Proposer who is considered to be the most suitable for the work. This RFQ is primarily designed to identify the most qualified firm. Price and schedule will be

negotiated with the “first choice” Proposer; negotiations may be instituted with the second choice and subsequent Proposer until the project is canceled or an acceptable contract is executed.

- J. As applicable, King County bids, RFPs and RFQs shall be available for use by all King County Departments, Divisions and Agencies. If orders will be placed by the County's Transit Division, the Contractor will be required to sign and comply with the Federal Transit Administration's (FTA)'s required documentation. This RFQ may also be used, as appropriate and allowed, by other governmental agencies and political sub-divisions within the State of Washington
- Should another public agency utilize this RFQ and resulting contract, it may be subject to an Administrative Fee (Fee). The Fee of ½ of 1% (.005) shall be based on total sales made to each governmental entity, less sales/use tax, freight and any credit(s), (if applicable), in accordance with the final contract. The Fee shall be paid by the contractor within six (6) weeks of the close of each quarter and remitted to King County Procurement and Contract Services Section and include a reference to the County's contract number. Submitted with the Fee shall be a quarterly sales report for the referenced contract showing the total sales to each governmental entity (excluding King County), for the previous ending quarter. The Fee shall not be invoiced to any contract user as an item on a sales invoice or by any other means.
- K. The contents of the proposal of the selected Proposer shall become contractual obligations if a contract ensues. Failure of the Proposer to accept these obligations may result in cancellation of their selection.
- L. A contract between the Consultant and King County shall include all documents mutually entered into specifically including the contract instrument, the original RFQ as issued by King County, and the response to the RFQ. The contract must include, and be consistent with, the specifications and provisions stated in the RFQ.
- M. News releases pertaining to this RFQ, the services, or the project to which it relates, shall not be made without prior approval by, and then only in coordination with, the King County Department of Executive Services.
- N. King County Code 4.16.025 prohibits the acceptance of any proposal after the time and date specified on the Request for Qualifications. There shall be no exceptions to this requirement.
- O. King County agencies' staffs are prohibited from speaking with potential Proposers about the project during the solicitation.

Please direct all questions to:

Roy L. Dodman, Team Lead
206-263-9293
roy.dodman@kingcounty.gov

and

Cathy Betts, Buyer
206-263-9291
cathy.betts@kingcounty.gov

NOTE: Documents and other information is available in alternate formats for individuals with disabilities upon advance request by calling the Procurement Receptionist at 206-263-9400 or TTY711.

- P. Protest Procedure - King County has a process in place for receiving protests based upon either submittals or contract awards. If you would like to receive or review a copy, please contact the Buyer named on the front page of this document or call Procurement Services at 206-263-9400.
- Q. Electronic Commerce and Correspondence. King County is committed to reducing costs and facilitating quicker communication to the community by using electronic means to convey information. As such, most Invitations to Bid, Requests for Proposal, and Requests for Qualifications as well as related exhibits, appendices, and issued addenda can be found on the King County Internet Web Site, located at <http://www.kingcounty.gov/operations/procurement>. Current bidding opportunities and information are available by accessing the “**Solicitations**” tab in the left hand column.

King County Procurement Services features an **Online Vendor Registration (OVR)** program that permits vendors, consultants and contractors to register their business with the County. This OVR system allows interested parties to either directly register their firm by creating a unique User ID, or to visit the website as a guest. Information regarding bid documents will be available to all users; however, site visitors accessing the site as a guest will not be able to document their interest in a project or add their name to the document

holder's list. They will receive no automatic notification of issued addenda. As such, the County encourages full registration in order to directly communicate with document holders regarding any issued addenda or other important information concerning the solicitation.

After submittals have been opened in public, the County will post a listing of the businesses submitting submittals, and any final award determination made.

Full information on vendor registration is available at the website.

If you are viewing a paper version of this RFP, you may download this document at <http://www.kingcounty.gov/operations/procurement>. Navigate to the "Solicitation" web page. There you can view the web pages either as a guest or by logging-in as a registered vendor. Search for 1099-10RLD to access documents specifically for this solicitation and follow the resulting link to navigate to the "Solicitation Details" web page.

- R. Unless otherwise requested, letters and other transmittals pertaining to this RFP will be issued to the e-mail address noted in our files, and after submittal, noted on the first page of this document. If other personnel should be contacted via e-mail in the evaluation of this proposal, or to be notified of evaluation results, please complete the information in the table below.

| Contact Name | Title | Phone | E-mail address |
|--------------|-------|-------|----------------|
| | | | |
| | | | |

- S. Washington State Public Records Act (RCW 42.56) requires public agencies in Washington to promptly make public records available for inspection and copying unless they fall within the specified exemptions contained in the Act, or are otherwise privileged.
- T. Submittals submitted under this RFP shall be considered public documents and with limited exceptions submittals that are recommended for contract award will be available for inspection and copying by the public. King County may request an electronic copy of your proposal response at a later time for this purpose. This copy may be requested in MS Word format, and delivered either by e-mail or directly delivered on CD.

If a Proposer considers any portion of his/her proposal to be protected under the law, the Proposer shall clearly identify on the page(s) affected such words as "CONFIDENTIAL," "PROPRIETARY" or "BUSINESS SECRET." The Proposer shall also use the descriptions above in the following table to identify the effected page number(s) and location(s) of any material to be considered as confidential (attach additional sheets as necessary). If a request is made for disclosure of such portion, the County will determine whether the material should be made available under the law. If the material is not exempt from public disclosure law, the County will notify the Proposer of the request and allow the Proposer ten (10) days to take whatever action it deems necessary to protect its interests. If the Proposer fails or neglects to take such action within said period, the County will release the portion of the Proposal deemed subject to disclosure. By submitting a Proposal, the Proposer assents to the procedure outlined in this paragraph and shall have no claim against the County on account of actions taken under such procedure.

| Type of exemption | Beginning Page / Location | Ending Page / Location |
|-------------------|---------------------------|------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

- U. Proposers are urged to use recycled/recyclable products and both sides of paper for printed and photocopied materials, whenever practicable, in preparing responses to this RFQ.
- V. During the solicitation process, King County strongly discourages the transmittal of Company information, brochures, and other promotional materials, other than address, contact and e-mail information, prior to the due date of proposals. Any pre-packaged material received by a potential proposer prior to the receipt of proposals shall not be reviewed by the County.
- W. Bid Identification Label: Please see the Bid Identification Label on the last page of Section II.

SECTION II - PROJECT SPECIFICATIONS AND SCOPE OF WORK

PART 1 - INTRODUCTION

King County Ordinance 14941, adopted in June 2004, requires an independent third party review of the Wastewater Treatment Division's (WTD) Productivity Initiative Pilot Program under the supervision of the King County Auditor. The King County Auditor's Office (KCAO) is currently seeking a consultant to review the effectiveness of various aspects of the WTD Productivity Initiative Pilot Program. The consultant will be responsible for proposing a scope of work, completing a work plan, and conducting a review and analysis for this project that will determine the overall effectiveness of the Productivity Initiative Pilot Program from its inception in 2000 to date. The review is to be completed and filed with the Clerk of the Council no later than December 31, 2010.

PART 2 – BACKGROUND

The King County Wastewater Treatment Division's Productivity Initiative Pilot Program is a 10-year pilot program implemented in 2001 to improve the public utility's traditional business practices while maintaining high-quality services. WTD establishes annual targets to reduce operating costs and increase efficiencies by employing private sector business models and best practices. These include incentive payments to employees for exceeding the annual targets.¹

Initially, the pilot program focused on wastewater operations and annual targets for 2001 to 2010 and were established using the 2000 wastewater operating budget as a baseline. The pilot program was subsequently extended to WTD's major capital improvement projects, asset management program, and small in-house capital construction projects. The following goals and objectives were established for the four program areas:

A. Original Productivity Initiative – Operating Costs:

- Continue providing high quality wastewater treatment and conveyance services to the region;
- Use private sector models to improve management of the wastewater program;
- Improve cost efficiencies;
- Provide savings to the public;
- Define target budgets and accountability measures for meeting those targets;
- Continue working collaboratively with labor; and
- Allow employees to be creative in meeting the vision of becoming the 'best wastewater program'.

B. Extension of the Productivity Initiative – Major Capital Improvement Projects:

- Provide savings to ratepayers through the appropriate use of approved contracting methods and more efficient management of consultants and contractors;
- Refine and improve the accuracy of cost estimating for major capital improvement projects; and
- Test the efficacy of different approved contracting methods and contract incentives in reducing the overall cost and time needed to complete major capital improvement projects.

C. Extension of the Productivity Initiative – Asset Management Program:

- Provide savings to ratepayers through the development of a more strategic approach to the maintenance and replacement of wastewater assets;
- Refine and improve the accuracy of budget forecasting for wastewater asset management;
- Improve reliability of the wastewater treatment system;
- Test new asset management techniques on a subgroup of assets and determine the applicability of these techniques to the rest of the wastewater system; and

¹ When the annual targets are met, any additional allowable savings are shared equally (50/50) between ratepayers and employees. Half of the savings are returned to ratepayers in the form of decreased capital and operating costs and stable sewer rates. The other half is returned to wastewater treatment program employees in the form of a financial incentive. A mechanism was established for setting and adjusting yearly targets for factors beyond the control of the division (e.g., inflation).

- Provide incentives for employees to develop innovative approaches to asset management.

D. Extension of the Productivity Initiative – Small In-House Capital Construction Projects:

- Compare the costs of using in-house resources to perform small capital construction projects versus the more traditional practice of contracting out this work.

The WTD Productivity Initiative Pilot Program continues until April 2011. Unless reauthorized by the King County Council, the program will sunset. The analysis and recommendations provided from the consultant's third party evaluation and information generated from WTD's internal evaluation will be used by the County Executive and County Council to determine the future direction of the program.

PART 3 – SCOPE OF WORK

The scope of work for this project is to determine the overall effectiveness of WTD's Productivity Initiative Pilot Program. The consultant should propose a scope of work and develop a work plan that:

- A. Reviews WTD's achievement of the overall goals and objectives for the operational component (Objective A) of the WTD program, including the operational cost savings and efficiencies achieved to date. The reasonableness of the initial assumptions and budget savings targets proposed in 2001 and subsequent changes in assumptions and budget and/or cost adjustments should also be considered. If some objectives have not been met, the consultant shall discuss reasons why and consider whether the objectives were outside the parameters or control of the program.
- B. Determines WTD's effectiveness in applying private sector business and wastewater industry best practices to improve the management and operations of the utility. This includes an assessment of how selected WTD's productivity benchmarks compare to applicable peer wastewater treatment agencies during the 10-year period. Factors to consider include:
 - Changes in rates and capacity charges and how the rates compare to financial models and forecasts from the 1999 Regional Wastewater Services Plan.
 - Changes in staffing levels and vacancies and their impact on WTD's operational workload and budget savings.
 - Other applicable productivity benchmarks to be developed in conjunction with the WTD. (Note: WTD and KCAO will assemble some relevant data and provide assistance to the consultant in developing related benchmarks.)
- C. Reviews WTD's internal assessment of the Productivity Initiative Pilot Program encompassing all four operations and capital program areas (Objectives A-D), and report specifically on any areas where the consultant's assessment of the effectiveness of the productivity initiative differs from WTD's assessment and why.
- D. Analyzes the use of employee incentive funds consistent with Ordinance 14941.

Additional Materials for Scope of Work: In conducting this scope of work the consultant will review the Productivity Initiative Annual reports (from 2001-2009) to gain an understanding of the results to date, how savings were achieved and evaluated, and how annual targets were measured. The WTD will provide annual reports, internal communication documents, financial statements, and productivity benchmarks for the consultant's review of the Productivity Initiative Pilot Program.

In conducting the review, the consultant shall also interview WTD management, employee participants (union and non-represented), and staff from the Office of Management and Budget and King County Council, as appropriate, to gather information as to the accomplishment of the program's objectives. WTD shall provide a list of internal staff associated with the program to be interviewed.

The consultant may request additional detailed information or more in-depth interviews to ensure that adequate information is available to form a reasonable basis for conclusions. The County Auditor will determine if consultant requests are necessary and appropriate in consultation with the consultant. WTD and King County staff will work collaboratively to respond to any requests for additional information that have been approved by the County Auditor.

Note: It is recommended that bidders review the following sources of information that are available electronically -

1. Information on the WTD productivity initiative, including program annual reports, Motion 11156, Ordinance 14084, Ordinance 14941, and other pertinent documents at:
<ftp://extranet.kingcounty.gov/water/WTDDO/>
2. Audit process and recent publications by the King County Auditor's Office:
<http://www.kingcounty.gov/auditor>

PART 4 - WORK STANDARDS AND DELIVERABLES

A. Standards

This review will be performed as a non-audit service as defined in the *Government Auditing Standards (GAS)* promulgated by the U. S. Government Accountability Office (<http://www.gao.gov/cgi-bin/getrpt?rptno=GAO-07-731G>) and will conform with the King County Auditor's Office policies and protocols for sufficiency of evidence, and development, publication, and presentation of project deliverables which reference selected GAS auditing standards. In order to ensure that the consultant's review meets the standards, we require the consultant to adhere to the following practices related to documentation, evidence, and review of workpapers:

1. The consultant's evidence must be both appropriate and sufficient. Appropriate evidence is relevant (logically related and important to the issue involved), valid (based on sound reasoning or accurate information), and reliable (verifiable or supported). Sufficient evidence refers to the quantity of evidentiary support, and is related to appropriateness. The stronger the evidence, the less evidence is needed. However, having a large volume of evidence does not compensate for inappropriate evidence. (GAS 7.55-7.67)
2. The consultant's backup documentation for its work products must be sufficiently detailed that an experienced auditor uninvolved in the audit would understand the documentation, the evidence used, and the analytical work performed, and agree with the conclusions reached. (GAS 7.77)

B. Deliverables

1. Scope and Work Plan Completion

A proposed final scope and work plan shall be submitted to the King County Auditor's Office (KCAO) Project Manager for approval by the end of four (4) weeks from the commencement of the project. The work plan will be based on initial investigations by the consulting team and include detailed tasks, sub-tasks, staffing assignment, level of effort, and schedule. Some portions of the work plan and development of productivity benchmarks may be completed by auditor's office staff.

2. Progress Report and Briefing

Written progress reports will be provided to the KCAO Project Manager on a biweekly (every other week) basis. The consultant will also provide a briefing and progress report on work completed to date to KCAO and WTD officials at the conclusion of the audit fieldwork and analysis and before the final report is drafted.

3. Interim Report and Supporting Materials

The consultant will provide an interim report and supporting documentation to the County Auditor by September 15, 2010. This report will be reviewed and approved by the KCAO Project Manager, who will facilitate a technical review process with WTD and the consultant.

4. Final Report and Supporting Materials

The consultant will complete additional work identified during the review of the interim report, and will provide a final report and supporting documentation by November 30, 2010. The consultant's proposed final report will be considered complete upon receipt of the County Auditor's review and approval of the report.

5. Presentation of Final Report to County Council

The consultant may be required to develop and present a summary of their work for the King County Council. Upon notification by KCAO, the consultant will be available between December 2010 and March 2011 to present the results of the report to the King County Council.

PART 5 - BUDGET

The maximum budget for this Contract is \$55,000.

PART 6 - DISCLOSURE REQUIREMENTS

Consultants responding to this RFP, and any employee, sub contractor, or subject matter expert who would work on this project shall fully disclose any existing relationships with King County departments or personnel and any previous contracts with King County including the Wastewater Treatment Division. If selected for the engagement, the consultant must sign a form prepared by the King County Auditor attesting to the absence of impairments to perform on this project in an objective and independent capacity.

PART 7 - RFP RESPONSES

A. Letter of intent to propose (highly recommended but not required)

Consultants intending to respond to this RFP are encouraged to provide a letter of intent to propose (transmittal via e-mail encouraged) to be received by April 29, 2010 (two weeks following RFP issuance). The letter of intent may be sent by e-mail to Roy L. Dodman at roy.dodman@kingcounty.gov.

The following information is requested to be included in the letter of intent to propose:

- Name of consultant/organization;
- Name and Title of authorized representative;
- Address;
- Telephone Number;
- Fax Number;
- E-mail Address; and
- Statement of intent to propose.

B. Proposal Format

Proposals will include the following information in a clear, comprehensive manner, not to exceed five (5) double-sided pages (with exceptions noted below):

- **Scope:** Propose a scope of work that encompasses an assessment of WTD's Productivity Initiative Pilot Program.
- **Project Work Plan:** Propose a preliminary work plan to accomplish the scope of work. Be specific in describing tasks and sub-tasks as well as the individual team members and hours that would be assigned to each (see cost proposal for specific details requested).
- **Analytic Approach and Methodologies:** Describe the information needed for analyses, how that information would be used, methodologies employed, and relevant analytic criteria or benchmarks. Also, please indicate your experience or success in using such methodologies on other projects.

Note: Please avoid merely restating the work components or referencing generic approaches to addressing the scope of work.

- **Cost Proposal:** Identify project costs associated with the project plan and all work components and deliverables. Indicate the hourly rates that apply to each team member, the estimated number of hours each team member would devote to each task or sub-task in the project plan, and the total staffing cost. Indicate the amount of work that will be done on-site in King County if the consulting firm is not based in the state of Washington. Also include all expenses that the county would be charged and how the expenses were calculated. (*Note: Travel expenses shall comply with King County policies, including procedures for reimbursement, per [KCC 3.24](#).)* The cost proposal shall not exceed \$55,000.

- **Team Composition and Competencies:** Identify the organization of the consulting team, the project management approach, and experience working together. Provide the following information on the proposed Consultant team (including sub consultants, if any):
 - Name, title, and responsibilities;
 - Resume (*not to exceed two pages each, but not subject to overall page limitation*);
 - Expertise in the specific subject areas of review identified under Evaluation Criterion #2 on page 12.
- **Proposed Communications Protocol and Progress Reporting:** Propose a communications protocol between the consultants and King County Auditor's Office, and King County Wastewater Treatment Division. The protocol should include periodic reporting to the KCAO Project Manager in an agreed-upon format.
- **Comment on Proposed Schedule:** Comment on the adequacy of the attached schedule. Considering your firm's current and planned workload and the availability of the team members included, comment on its capacity to complete the work within the time limitations given in this RFP.
- **Similar Projects and References:** Provide a list of similar projects completed in the last five years by the members of the project team, and provide contact information for references from the jurisdictions or agencies for which the work was performed.
- **Writing Sample:** Provide one sample report of a project whose subject is relevant to wastewater treatment in both a hard copy and electronic format. (*This report is not subject to the overall page limitation.*)
- **Availability:** Comment on the adequacy of the schedule in the scope of work. Considering your firm's current and planned workload, comment on its capacity to complete the work within the time frame for this project, and the availability of the staff included in the proposal.

A disclosure statement should be included in the proposal indicating whether the Consultant, and any employee, subcontractor or subject matter expert compensated by the Consultant in connection with the response to this RFP, has any existing relationships with King County departments or personnel and any previous contracts with King County including the Wastewater Treatment Division.

C. Proposed Schedule (Some dates tentative and subject to change)

It is anticipated that a Consultant will be retained by late May to early June 2010. The approximate schedule based on that date is as follows.

| | |
|---|--|
| Issue RFP | April 15, 2010 |
| Written questions due | April 22, 2010 |
| Addendum issued if needed | April 26, 2010 |
| Letter of intent to propose | April 29, 2010 |
| Proposals due, no later than 2:00 p.m. | May 6, 2010 |
| Announcement of semi-finalists to Procurement | May 10, 2010 |
| Selection Panel interviews semi-finalists | May 10-12, 2010 |
| Auditor recommends selection of finalist | May 13, 2010 |
| Final contract signed..... | Late May/Early June 2010 |
| Project start..... | One week after contract signed |
| Final scope and work plan | Four weeks after contract signed |
| Project Status Report..... | Every two weeks following date contract signed |
| Interim Report and supporting materials..... | September 15, 2010 |
| Final Report and supporting Materials..... | November 30, 2010 |
| Presentation to County Council | TBD |
| Contract expiration..... | March 31, 2011 |

PART 8 - CONSULTANT SELECTION PROCESS

A. General Approach

Respondents to the RFP will first be rated and assigned points (up to 100 points) according to the criteria set forth below. The highest rated firms may then be invited to an interview with the Selection Panel. A maximum of 30 additional points may be awarded to firms based on the interview.

B. Selection Process

A Selection Panel will be formed, comprised of County Council Committee staff, Executive, and Auditor's Office personnel and one senior WTD official. Based on evaluation of the proposals per the *Evaluation Criteria for Written Proposals* (see below), the Selection Panel shall determine which proposers to interview.

Interviews of one to one and one-half hours in length shall be conducted with candidates who accept invitations for an interview. During the interview, brief presentations may be made, not to exceed 10 minutes in length. Most of the interview time, however, will be used for clarifying the candidate's proposal and for answering questions posed by the Selection Panel.

Following the interviews, the Selection Panel shall complete the scoring of the candidates that were interviewed, determine the group's ranking for these candidates, and submit a recommendation to the County Auditor.

The County Auditor shall review the results, ensure the process is fair and thorough, and submit the recommended finalist to the County Council for approval.

C. Evaluation Criteria for Written Proposals

The criteria outlined below will be used to evaluate qualifications and proposals as reflected by the assigned weights.

1. Evaluation Criterion 1: Responsiveness, comprehensiveness, and quality of proposals - **45 points**

Proposer describes a scope, work plan, and methodologies that will be used to: (a) provide an overall assessment of operational efficiencies and savings achieved to date; (b) determine whether the initiative was effective in using recognized wastewater treatment industry best practices to improve management of the wastewater program; and (c) confirm that all significant performance factors were addressed. The consultant's methods for managing their project team and proposed communications protocols will also be evaluated.

2. Evaluation Criterion 2: Knowledge, specialized experience, and competence of the consultant; recent experience and expertise – **30 points**

Proposer has demonstrated experience and expertise in:

- Knowledge of and/or experience with municipal wastewater treatment processes, practices, and productivity benchmarks.
- Familiarity with audit and/or program evaluation methods, processes, and analysis.
- Experience evaluating public sector multi-year financial and/or economic models and plans.
- Understanding and knowledge of municipal wastewater treatment rate structures, financing plans, and debt service practices.
- Familiarity with public sector gain sharing and productivity improvement programs.

3. Evaluation Criterion 3: Proposed Costs – **10 points**

Proposer shows how scope of work can be accomplished within the overall limit of the contract amount of \$55,000. Breakdown of costs shows detailed hours and staffing assigned to each proposed task, as well as demonstrating a balance of expertise and resources needed to cost-effectively accomplish the work. Describe how management hours add value to the project.

4. Evaluation Criterion 4: Record of Performance – **5 points**

What is the proposer's record of performance on similar contracts and on contracts with King County or other government agencies? Have they shown an ability to meet deliverables, schedule, and budget with a quality product? Would references rehire them?

5. Evaluation Criterion 5: SCS Participation - see Part 9 below – **10 points**

Total Written Point Subtotal = 100 points

6. Evaluation Criterion 6: Optional Interview – **30 points**

If an award is not made based on the written evaluations alone, oral interviews may be conducted with the highest ranked proposers. Should interviews be conducted, they will have a value of 30 points. Final award would then be based on the sum total of the written evaluations and oral interview scores.

Questions and format will be developed as needed. Additional information from the bidder(s) may be requested for the interview.

Total Written and Oral Points = 130 points

PART 9 - KING COUNTY CONTRACTING OPPORTUNITIES PROGRAM

The purpose of the King County Contracting Opportunities Program is to maximize the participation of Small Contractors and Suppliers (SCS) through the use of rating points in the award of King County competitively bid contracts for the acquisition of technical services. The program is open to all firms that are certified as an SCS by King County's Business Development and Contract Compliance Office.

A "Small Contractor or Supplier" (SCS) means that a business and the person or persons who own and control it are in a financial condition, which puts the business at a substantial disadvantage in attempting to compete for public contracts. The relevant financial condition for eligibility under the Program is set at fifty percent (50%) of the Federal Small Business Administration (SBA) small business size standards using the North American Industrial Classification System (NAICS), and an Owners' Personal Net Worth less than \$750K dollars.

A "Certified Firm" means a business that has applied for participation in King County's Contracting Opportunities Program, and has been certified as an SCS by the King County Business Development and Contract Compliance (BDCC) office. Information about becoming a Certified Firm, as well as a list of Certified Firms, may be obtained by visiting the King County's Contracting Opportunities Program Website address: <http://www.kingcounty.gov/exec/BusinessDev/contractingopps.aspx> (you may search SCS firms by accessing the "SCS Directory" tab on the left side of the screen) or contacting the BDCC office at (206) 205-0700.

In the evaluation of submittals, ten (10) points will be allotted for SCS participation. King County will count only the participation of SCSs that are certified by King County at the date and time of proposal submittal. After tabulation of the selection criteria points of all prime submitters, ten (10) points shall be added to the score of all submittals that meet at least one of the two following sub-criterion:

1. If the Prime submitter who is an SCS firm and includes the SCS certification number on page one of this submittal is eligible to receive the maximum points for this criterion.
2. If the Prime submitter is not an SCS but will use SCSs for at least 5% of the total contract labor hours in the work to be performed in this contract, and who complete the following table and include it in their proposal submission:

| SCS Certification Number | Sub-Consultant Name | Contact Name / Phone | Work to be performed | Percentage of Total Hours |
|--------------------------|---------------------|----------------------|----------------------|---------------------------|
| | | | | |
| | | | | |

SCS participation shall be counted only for SCSs performing a commercially useful function according to custom and practice in the industry. A commercially useful function is defined as a specific scope of work for which the SCS has the management and technical expertise to perform using its own workforce and resources.

PART 10 - INSURANCE

The selected Consultant shall furnish, at a minimum, Commercial General Liability, to include Products and Completed Operations, in the amount of \$1,000,000 combined single limit; \$2,000,000 aggregate. In addition, evidence of Workers' Compensation and Stop-Gap Employer's Liability for a limit of \$1,000,000 shall be provided.

Such policy/policies shall endorse King County, and its appointed and elected officials, officers, agents and employees as additional insureds.

King County reserves the right to approve deductible/self-insured retention levels and the acceptability of insurers.

PART 11 - REQUIRED FORMS

The following completed forms will be required from the **selected contractor**, prior to contract award:

- A. King County Personnel Inventory Report
- B. Affidavit and Certificate of Compliance with King County Code 12.16
- C. Statement of Compliance - Union or Employee Referral Agency Statement (if applicable)
- D. King County Code 3.04.120 and Consultant Disclosure Form
- E. 504/ADA Disability Assurance of Compliance and Corrective Action Plan
- F. Equal Benefits Compliance Declaration Form

Copies of these forms are available by contacting the King County Procurement and Contract Services Division. They are available in paper form, or may be obtained via e-mail. Please contact Cathy Betts at 206-263-9291 or Roy L. Dodman at 206-263-9293, or by sending an e-mailed request to cathy.betts@kingcounty.gov or roy.dodman@kingcounty.gov

PART 12 - BID PROPOSAL CHECKLIST

- A. One (1) signed copy of entire RFQ package.
- B. One (1) signed copy of any Addendum that was issued. (If it has signature box at bottom of first page, it must be returned.)
- C. One (1) unbound copy of proposal response marked "Original."
- D. Four (4) copies of proposal response.
- E. Two (2) CD-ROM, with either one (1) pdf version of the proposal, one (1) Microsoft Word version of the submittals (2000-2005 edition), or both. (Please indicate your firms name on CD)

F. Complete the Bid Identification Label below (or reasonable facsimile) and attach it to a prominent place on the exterior of the submission envelope, box, etc.

| | | | | | | | | | | | |
|---|--|--------------------|--|----------------|------------------------|------------------|--|-----------------|--|---------------|--|
| URGENT – SEALED BID ENCLOSED Do Not Delay – Deliver Immediately | | | | | | | | | | | |
|  | King County Procurement & Contract Services Section Chinook Bldg, 3 rd Floor, 401 Fifth Avenue CNK-ES-0340 Seattle, WA 98104-2333 | | | | | | | | | | |
| URGENT | <table border="0"> <tr> <td>King County</td> <td></td> </tr> <tr> <td>Bid No.</td> <td>RFP 1099-10-RLD</td> </tr> <tr> <td>Bid Title</td> <td>Review of the Wastewater Treatment Division's Productivity Initiative Pilot Program</td> </tr> <tr> <td>Due Date</td> <td></td> </tr> <tr> <td>Vendor</td> <td></td> </tr> </table> | King County | | Bid No. | RFP 1099-10-RLD | Bid Title | Review of the Wastewater Treatment Division's Productivity Initiative Pilot Program | Due Date | | Vendor | |
| King County | | | | | | | | | | | |
| Bid No. | RFP 1099-10-RLD | | | | | | | | | | |
| Bid Title | Review of the Wastewater Treatment Division's Productivity Initiative Pilot Program | | | | | | | | | | |
| Due Date | | | | | | | | | | | |
| Vendor | | | | | | | | | | | |
| URGENT | URGENT | | | | | | | | | | |

EXHIBIT A – SAMPLE CONTRACT

The following Sample Contract for Technical Services is provided to inform proposers of the expected terms and conditions required by the County. This contract represents the contractual language approved by various representative agencies and departments within the County. Based on this approval, the County does not encourage deviations from the terms and conditions contained in the contract. Requests for changes or modifications could create delays in the contracting process with the selected contractor, and may result in the cancellation of negotiations with the top-ranked proposer.

This contract is being provided for informational purposes only, and does not need to be returned to the County with the Request proposal.

PROJECT APPROACH AND SCOPE OF WORK

The overall scope of work is to review the effectiveness of the Wastewater Treatment Division's (WTD) Productivity Initiative Pilot Program. There are four components and key issues as part of the review.

- ◆ How effective has the operational component of the Program been compared to the initial goals and objectives and the operational cost savings and efficiencies achieved to date?
- ◆ How effective has WTD been in applying private-sector business and wastewater industry best practices to improve the management and operations of the utility?
- ◆ Has WTD's internal assessments of the Program been objective and accurate?
- ◆ Has the use of the employee incentive funds been consistent with Ordinance 14941?

PROJECT WORK PLAN

To address the four components of the review and to provide the deliverables identified by the King County Auditor's Office (KCAO), the following work plan will be used.

Task 1: Conduct Kick-off Meeting – We will conduct a kick-off meeting with the KCAO project manager and any appropriate WTD staff to introduce the project team, study objectives, methodology, schedule, County contact persons, and roles of the County staff and the consultant team. We will also work with the County staff to identify who should be interviewed. We will also review the preliminary data needs list that would include the annual reports, budget and financial data, existing productivity benchmarks, the 1999 Regional Wastewater Services Plan, relevant ordinances and motions, criteria for employee payouts, and actual wastewater rates from 2000 to 2010.

Task 2: Review Background Information – Based on the initial data and documents request we will review the information to obtain a better understanding of the Productivity Initiative Pilot Program and its components. The background review will provide us with information on the results to date, how the savings were achieved and evaluated, how annual targets are measured, and what productivity benchmarks are being used.

Task 3: Conduct Stakeholder Interviews – Once the specific stakeholders have been identified by the County and we have completed our background review, we will work with the project manager to develop an interview list and schedule. We will develop interview questions and begin scheduling interview sessions. During our interviews we will cover a variety of topics and issues related to the Productivity Initiative Pilot Program to help identify any concerns, problems, issues, and strengths and weaknesses of the Program. Stakeholders include WTD management, employee participants, Office of Management and Budget, and the County Council. We will conduct no more than 15 interview sessions. These can be done individually or in group sessions.

Task 4: Prepare a Detailed Scope of Work and Work Plan – Based on our background review and interviews, we will develop a final scope of work and work plan within four weeks after starting the project. The plan will identify specific tasks and analyses that will be conducted, the level of effort, and staffing.

Task 5: Review the Effectiveness of the Programs Operational Component – To determine the effectiveness of the operational component of the Program, we will review, gather, analyze, and evaluate data and information about the Program's expectations and objectives, changes and adjustments, implementation steps, and results. This review will include the following:

- ◆ Assessing the reasonableness of the original 2001 assumptions and cost savings, and any subsequent changes;
- ◆ Analyzing the processes used to monitor and determine effectiveness and cost savings;
- ◆ Reviewing the productivity improvements and their relationship to the identified cost savings;

- ◆ Reviewing and analyzing the status of the operational component objectives; and
- ◆ Identifying the reasons why any objectives have not been met and whether they were within the control of WTD.

Task 6: Determine the Effectiveness in Applying Private-Sector and Industry Best Practices – To assess whether WTD's practices and improvements are effective, selected WTD productivity benchmarks will be compared to peer wastewater treatment agencies. We will work with the WTD and the KCAO staff to identify three to five peer agencies and the key productivity benchmarks. In addition to peer agencies, we will also review changes that have occurred compared to the 1999 Regional Wastewater Services Plan. Included areas will be rates and capacity charges, staffing levels, vacancies, workload, and budget savings. A review of the key forecast assumptions in the 1999 plan will also be done to understand how the plan arrived at its forecasts. In addition, we will identify and analyze WTD's productivity improvements and especially review those that might have affected the benchmarks.

As part of this task we will conduct some literature research, and use our technical advisors to identify sources of information that can provide information on private-sector and industry best practices. If published reports are readily available, benchmark data from such publications might also be used to supplement the information from the peer agencies. For example, in 2005 the American Water Works Association and the Water Environmental Federation published *Benchmarking Performance Indicators for Water and Wastewater Utilities: Survey Data and Analyses Report*.

Task 7: Review WTD's Internal Assessment of the Program – Based on the previous tasks, we will review WTD's assessment of the entire Program and identify any areas where there might be differences in opinion about the effectiveness of the productivity initiative. The review will include the initiatives related to operating costs, major capital improvement projects, the asset management program, and small in-house capital construction projects. Some of the work for this task will be incorporated as part of Tasks 5 and 6.

Task 8: Analyze the Use of Employee Incentive Funds – Using Ordinance 14941 as the basis for determining how employee incentive funds are to be used, we will review the use of the funds and assess whether the use of the funds meets the intent and the requirements established by the ordinance. We will review how the payouts are determined and what the funds have been used for (e.g. employee wards, training opportunities, productivity improvements, etc.).

Task 9: Prepare Interim Report and Supporting Materials – Once we have completed all the previous tasks we will prepare an interim report and supporting materials for review by the KCAO's project manager. Before completing the interim report we will also provide a briefing after the audit field work and analysis is completed, as required by the progress reporting and briefing task. We will submit the interim report and meet with the KCAO's project manager to discuss the report with the KCAO and WTD staff.

Task 10: Prepare Final Report and Supporting Materials – Based on the initial data and documents request we will review the information to obtain a better understanding.

Task 11: Present Final Report to the County Council – After receiving the County's comments, we will make any appropriate changes and prepare a final report.

Task 12: Progress Reporting and Briefing – We will keep the KCAO project manager and the WTD contact informed about the status and progress of the review via biweekly e-mail reports. As mentioned in the communications protocol and progress reporting section, we will also provide other mechanisms to keep the County staff aware of the review's progress. In addition to the biweekly e-mails, we will also conduct a status briefing at the conclusion of the audit fieldwork and analysis before the final report is drafted.

ANALYTICAL APPROACH AND METHODOLOGIES

There is a variety of information and data needs required to perform the review of the Program. Our task plan details some of the analyses and approaches, but overall our approach is to understand the Program and the objectives

established for it when it was created, determine if the assumptions used were reasonable and continue to be reasonable, analyze how the baseline was established and whether it is still appropriate, review how the productivity improvements and cost savings are determined, determine if private-sector and industry practices are improving WTD management and operations as indicated by key productivity benchmarks and comparisons, review WTD's assessment of the Program, and analyze how employee incentive funds are used. The key part of the approach is to determine whether the key components that are used to measure effectiveness are reasonable, valid, and appropriate. This is the critical baseline because it establishes the criteria for determining whether the program is successful and effective in increasing WTD productivity and providing cost savings for the incentive funds.

Besides the Program's Annual Reports, we will need the background materials that were used to establish the program, supporting financial and operating documentation used to determine cost savings for productivity initiatives, 1999 Regional Wastewater Services Plan, actual rates by component (i.e. operating, capital, debt service, etc.) and capacity charges since the Program started, authorized positions by category for each year, positions filled each year, positions left vacant each year, financial and operating data needed for the selected benchmarks (e.g. treatment cost per million gallons), and expenditures by type of use for the incentive funds.

With this information and data, we will use a variety of analytical techniques and methodologies. These techniques include trend analysis, cost benefit analysis, review and analysis of assumptions and forecasts, comparisons with best practices, benchmarking, budget and general financial analysis, literature research, performance auditing criteria, cause and effect analysis, technical review of productivity initiatives by private-sector operators, and stakeholder interviews.

We have successfully used these analytical techniques and methodologies on a variety of different types of performance audits, management studies, and financial analyses. Some of the types of studies are listed as part of each team member's resume.

COST PROPOSAL

The following is our not-to-exceed budget.

| Tasks | Consultant Hours | | | | Total Labor Hours | Budget |
|--|------------------|--------------|--------------------|----------------|-------------------|-----------------|
| | Principal | Consultant | Technical Advisors | Admin. Support | | |
| | Moy | Reese | Veolia | Support | | |
| <i>Effective Hourly Billing Rates:</i> | <i>\$190</i> | <i>\$140</i> | <i>\$145</i> | <i>\$65</i> | | |
| Task 1. Conduct Kick-off Meeting | 4 | 4 | - | - | 8 | \$1,320 |
| Task 2. Review Background Information | 8 | 8 | 8 | - | 24 | \$3,800 |
| Task 3. Conduct Stakeholder Interviews | 32 | 8 | 4 | - | 44 | \$7,780 |
| Task 4. Prepare Detailed Scope of Work and Work Plan | 8 | 4 | 2 | - | 14 | \$2,370 |
| Task 5. Review the Effectiveness of the Program's Operational Component | 12 | 32 | 10 | 4 | 58 | \$8,470 |
| Task 6. Determine the Effectiveness in Applying Private Sector and Industry Best Practices | 12 | 32 | 16 | - | 60 | \$9,080 |
| Task 7. Review WTD's Internal Assessment of the Program | 8 | 8 | 8 | - | 24 | \$3,800 |
| Task 8. Analyze the Use of Employee Incentive Funds | 4 | 12 | - | - | 16 | \$2,440 |
| Task 9. Prepare Interim Report and Supporting Materials | 32 | 16 | 8 | 4 | 60 | \$9,740 |
| Task 10. Prepare Final Report and Supporting Materials | 4 | 8 | 4 | 4 | 20 | \$2,720 |
| Task 11. Present Final Report to the County Council | 4 | - | - | 2 | 6 | \$890 |
| Task 12. Progress Reporting and Briefing | 8 | - | - | - | 8 | \$1,520 |
| Travel and Expenses | | | | | | \$1,000 |
| Total Project Budget | 136 | 132 | 60 | 14 | 342 | \$54,930 |

TEAM COMPOSITION AND COMPETENCIES

FCS GROUP and its partner, Veolia Water, will provide King County with a unique blend of experiences in performance auditing and program evaluation as well as private sector wastewater treatment operations. In addition, FCS GROUP is familiar with the Division's wastewater rate making and other issues concerning wastewater collection and treatment. Together, our team will be able to provide a truly independent assessment of the Wastewater Treatment Division's Productivity Initiative Pilot Program. Below is information about the firms and the key personnel assigned.

FCS GROUP FIRM PROFILE

FCS GROUP was formed in 1988 to meet a growing demand for independent, objective, financial, and management consulting to effectively address financial issues in the public-sector. Since the firm's inception, FCS GROUP has delivered high-quality, cost-effective consulting services in over 1,600 engagements and served over 425 clients. With a staff over 30, we serve clients in all the western states and Canada from our offices in Redmond, Washington; Portland, Oregon; and San Francisco, California. Our mission is to facilitate sound decision-making and management by public officials and stakeholders. We do this by providing a solutions-oriented analytical approach to public sector financial and management issues and programs. At FCS GROUP, we understand that every organization faces its own unique challenges. Our success and reputation comes from the ability to listen to clients and produce customized study results that can be easily implemented and understood by everyone. This is especially important when conducting business analysis, process improvement, and strategic planning studies because such studies often cause organizational changes, affect employee jobs, and create more accountability. Because of these changes, successful implementation of recommendations and planning efforts cannot occur without participation from management, staff, and internal and external stakeholders.

FCS GROUP has four distinct consulting practices: Utility rates and finance, general government finance, economic analysis, and management consulting. The combination of our practices involving utility rates and finance, general government finance, and management consulting provides King County with the breadth of financial and management expertise to understand and assess the Wastewater Treatment Division's Productivity Initiative Pilot Program. Our management consulting practice provides services that address and solve issues about whether public services are managed and operated effectively and efficiently. Our firm resources and staff experience base enables FCS GROUP to address almost any financial issue that a public agency encounters in providing services to the public, while the combination of management consulting and financial expertise provides our consultant teams with a better understanding of the relationship between operations and services and the financial trade-offs needed to balance the funding and service demands.

VEOLIA WATER FIRM PROFILE

Nationally, Veolia Water North America – West, LLC (Veolia Water) is the firm that pioneered the O&M project services approach, with the firm's contract with the City of Burlingame, California, in 1972. Veolia Water is experienced with the operations and maintenance of potable water, process water, collection and distribution systems, wastewater, biosolids (sludge) and residuals management, stormwater management and related systems. Today, the firm operates and manages almost 300 municipal water and wastewater plants across North America and the Caribbean. Veolia Water brings not only its successful record of performance in the delivery of O&M services but also has local, national, and global resources. Veolia Water has established experience in Washington State and the Northwest and has a deep understanding of the regulatory standards and requirements in Washington State. Locally, Veolia Water has been providing services in the State of Washington for over 32 years. Veolia Water is currently working with a number of communities in Washington and Oregon, including the Cities of Vancouver, Cle Elum, Wilsonville, Canby, and Gresham under long-term agreements for the operations, maintenance and management (O&M) of water and wastewater systems.

Under the O&M model, Veolia Water delivers the management, employees, consumable goods (e.g., chemicals and electricity), facility maintenance and purchasing power to provide a full-service approach to managing a client's facilities for a fixed, guaranteed contract price for the term of the agreement. The company also guarantees to meet or exceed all permit requirements and provides a comprehensive maintenance management program.

KEY PERSONNEL

FCS GROUP is a firm specializing in financial and management consulting services for the public sector. Within our firm, we retain a diverse skills set and have available in-house the needed expertise to fulfill the County's entire scope of work. We have assembled a team of consultants possessing both the depth and breadth of related performance auditing and program evaluation experience to review the implementation of the Productivity Pilot Program. The following are brief descriptions of the team members. For Veolia Water we have included descriptions for the two main persons, but additional Veolia resumes are included if their expertise is required. **Full resumes are located in the Appendix.**

PETER MOY, PRINCIPAL/STUDY MANAGER – FCS GROUP

M.B.A., Finance, University of California, Berkeley

B.A., Finance and Organizational Behavior & Industrial Relations, University of California, Berkeley

Peter Moy is a principal of the firm and specializes in management consulting. He has over 30 years of public sector experience specializing in public finance, program evaluation, personnel and organizational analysis, management and operational reviews, performance audits, strategic planning, and policy analysis. He previously worked for the U.S. Government Accountability Office and served as the Director of Legislative Audits and as the Assistant Director of the Seattle City Council's Central staff. As a consultant he has worked with a variety of governmental and non-profit agencies and provides clients with a thorough knowledge of government operations and innovative and workable solutions to issues and problems.

Mr. Moy has a diverse background, and his background in performance auditing and program evaluation as well as public finance and budgeting enables him to contribute perspectives and raise issues as if he was an outside performance auditor. Such a perspective helps on this project since the King County Auditor has the responsibility for assuring that its auditing policies are met. Mr. Moy has even taught classes and made presentations on performance auditing, and has been conducting performance based contracting classes for Washington State employees through OFM. As part of this class, the link between departmental goals and contractor services and performance is discussed. He has also conducted other classes and presentations for the Washington Finance Officers Association, the Washington City/County Management Association, and the Association of Washington Cities. Besides performance auditing, Mr. Moy has extensive experience in budgeting, cost of service analysis, cost benefit analysis, financial planning, and financial forecasting.

Mr. Moy's role will be principal in charge and project manager as well as the lead consultant for the analyses required by the scope of work. As principal in charge he will be responsible for quality assurance and will be responsible for seeing that the work standards identified in the Request for Proposal are met. As project manager, he will be firm's liaison to the KCAO's project manager and the contact at the Wastewater Treatment Division and will also coordinate with FCS GROUP's sub-contractor, Veolia Water. As the lead consultant he will be responsible for conducting interviews, identifying the appropriate analytical methods, collecting data, conducting the analyses and evaluation, preparing the documentation, and writing the report.

OWEN K. BOE, AREA MANAGER – VEOLIA WATER

M.S., Environmental Engineering, Montana State University

B.S., Chemical Engineering, University of California

Owen K. Boe is an Area Manager with Veolia Water, with responsibility for the oversight and management of projects in the State of Washington, and other areas of the Pacific Northwest. He brings to this role a strong mix of engineering expertise and top-level operations certification to the projects he supports. Based in Vancouver, Washington, Mr. Boe has more than 37 years of wastewater facility management experience. This experience has included managing design/build/operate (DBO) projects for Honolulu, Hawaii and Cle Elum, Washington, as well as five facility startups and some nine operations, maintenance and management (O&M) service transitions.

Mr. Boe has spent his entire career devoted to improving and optimizing water and wastewater treatment facilities. His first several years were spent with the U.S. Environmental Protection Agency (USEPA). During this period, he has supported various State-level environmental protection agencies during the first round of NPDES permit issuance, as well as for the startup of new water and wastewater plants built with federal grant funds.

Additionally, Mr. Boe established the first Process Control Management Guidelines for Veolia Water and has implemented many of the early plans for our wastewater facilities. He has also served as Plant Manager for three different Veolia Water facilities, which has included guiding one client through a \$100 million capital upgrade program while ensuring the wastewater facilities maintained a perfect compliance record and a “zero” lost time accident record.

Mr. Boe will be responsible for providing technical assistance about private wastewater plant operations and benchmarking and productivity cost savings from a Northwest and Washington State perspective.

CHARLES R. FENTON, JR., TECHNICAL SERVICES MANAGER – VEOLIA WATER

Water and Wastewater Technical Training, Crowder College

Charles R. Fenton is a vice president and technical services manager with Veolia Water North. In this role, he provides technical and management support to design/build/operate, operation, maintenance and management and related projects for Veolia Water operations in the West, as well as in other parts of North America. Mr. Fenton is also one of the principals of Veolia West Operating Services, Inc. (the California-licensed contractor entity of our company).

Mr. Fenton has more than 25 years of experience in the water and wastewater industry. This includes extensive experience in operations, training, troubleshooting, laboratory analysis and new plant startups. In addition, he is a certified instructor and has taught both water and wastewater treatment courses, and he also holds ABC Grade IV water and wastewater certifications, which is recognized in 27 states.

Mr. Fenton will be responsible for providing technical assistance about private wastewater plant operations and benchmarking and productivity cost savings from a West Coast and National perspective.

NATHAN REESE, PROJECT CONSULTANT – FCS GROUP

M.P.A., Maxwell School of Syracuse University

B.A., International Politics, Brigham Young University

Nathan Reese is a project consultant focusing on analytical work in support of the firm's management consulting efforts. His previous experience includes positions as a senior budget analyst and management analyst for local government. Mr. Reese worked with several city departments, including transportation, and has performed various municipal/legal research functions. He has coordinated department narratives, prepared and analyzed data, and has written various citywide performance reports. As an intern, he ran City surveys on animal control and police services. Recently, Mr. Reese spoke at Evergreen Rural Water of Washington's Annual Conference about Good Management

Practices through Proper Budgeting Techniques, and User Fees: What Are They and How Do You Go About Establishing Them?

Mr. Reese will be responsible for assisting Mr. Moy and Veolia team in conducting interviews, identifying the appropriate analytical methods, collecting data, conducting the analyses and evaluation, preparing documentation, and writing the report.

PROPOSED COMMUNICATION PROTOCOL AND PROGRESS REPORTING

To keep the King County Auditor's Office (KCAO) and the Wastewater Treatment Division informed about FCS GROUP's progress, there are a number of different methods that will be used to inform the County staff about the study's progress. First, FCS GROUP's project manager, Peter Moy, will send biweekly e-mails on the study's progress to the KCAO's project manager and the primary contact for the Wastewater Treatment Division. The e-mails will describe the work performed since the last progress report, any potential issues or problems concerning the study's progress, and upcoming work and activities. We would also anticipate setting up an informal meeting with the KCAO and Wastewater Treatment Division staff to discuss the study's progress and any preliminary results of the study sometime in early August at about the half way point in the project. While this study is in progress, Mr. Moy will also be in direct contact with County staff to conduct interviews and to obtain approval for obtaining information. He will be available to meet with staff whenever he is on-site and will meet with the KCAO's project manager at least twice in person during the information gathering and analysis phase of the project. If questions or other issues are identified after the County staff read the e-mails, they can call Mr. Moy to discuss any concerns or issues. The last communication mechanism involves our monthly invoices. Included with our monthly invoices, we provide monthly progress reports that discuss any areas of concerns, completion towards the scope of work and deliverables, current charges, and the project to date budget status. We expect that information contained with the invoice will be similar to the biweekly e-mails except for the added budget information. The above progress reports and meetings are in addition to the meetings required in the scope of work and deliverables as discussed previously.

PROPOSED SCHEDULE

| TASK | June | | | | July | | | | August | | | | | September | | | | October | | | | November | | | | | |
|--|------|----|----|----|------|----|----|----|--------|---|----|----|----|-----------|----|----|----|---------|----|----|----|----------|---|----|----|----|---|
| | 7 | 14 | 21 | 28 | 5 | 12 | 19 | 26 | 2 | 9 | 16 | 23 | 30 | 6 | 13 | 20 | 27 | 4 | 11 | 18 | 25 | 1 | 8 | 15 | 22 | 29 | |
| Task 1. Conduct Kick-off Meeting | | | ■ | ■ | | | | | | | | | | | | | | | | | | | | | | | |
| Task 2. Review Background Information | | | ■ | ■ | ■ | | | | | | | | | | | | | | | | | | | | | | |
| Task 3. Conduct Stakeholder Interviews | | | | ■ | ■ | ■ | ■ | ■ | | | | | | | | | | | | | | | | | | | |
| Task 4. Prepare Detailed Scope of Work and Work Plan | | | | | | ■ | ■ | | | | | | | | | | | | | | | | | | | | |
| Task 5. Review the Effectiveness of the Program's Operational Component | | | | | | | ■ | ■ | ■ | ■ | ■ | | | | | | | | | | | | | | | | |
| Task 6. Determine the Effectiveness in Applying Private Sector and Industry Best Practices | | | | | | | | ■ | ■ | ■ | ■ | ■ | | | | | | | | | | | | | | | |
| Task 7. Review WTD's Internal Assessment of the Program | | | | | | | | | | ■ | ■ | | | | | | | | | | | | | | | | |
| Task 8. Analyze the Use of Employee Incentive Funds | | | | | | | | | | | ■ | ■ | | | | | | | | | | | | | | | |
| Task 9. Prepare Interim Report and Supporting Materials | | | | | | | | | | | | ■ | ■ | ■ | ■ | | | | ■ | ■ | | | | | | | |
| Task 10. Prepare Final Report and Supporting Materials | | | | | | | | | | | | | | | | | | | | | | | | | ■ | ■ | ■ |
| Task 11. Present Final Report to the County Council | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Task 12. Progress Reporting and Briefing | | | | ▲ | | ▲ | | ▲ | | ▲ | | ▲ | ▲ | | ▲ | | | | | | | | | | | | |
| ▲ = Progress Report/Briefing | | | | | | | | | | | | | | | | | | | | | | | | | | | |

FCS GROUP PROJECT EXPERIENCE AND REFERENCES

CITY OF TIGARD, OR – ENGINEERING SERVICES REVIEW

The City of Tigard engaged FCS GROUP to conduct an Engineering Services Review to determine if the City's engineering functions were performing efficiently and effectively and were organized to achieve the best results. In addition, the review included identifying, analyzing, and establishing performance measures, documenting the engineering processes, and analyzing the implementation of the City's capital improvement program projects. The approach involved interviewing over 30 internal and external stakeholders, reviewing City engineering practices with the APWA recommended practices, reviewing project files, and briefing stakeholders, management, and the City Council on the results of the review. **Reference:** Loreen Mills, (503) 718-2417

WASHINGTON STATE OFFICE OF FINANCIAL MANAGEMENT, WA – RISK BASED AUDITS AND PERFORMANCE BASED CONTRACT TRAINING

The Office of Financial Management engaged FCS GROUP to conduct an audit of personal service and client service contracts for five state departments: Employment Security, Washington State Patrol, Licensing, the Evergreen State College, and Services for the Blind. The audit process consisted of revising the audit program for both types of contracts following-up on the previous audits, meeting with department staff, reviewing contract files, analyzing and comparing contract practices with OFM guidelines, developing findings and recommendations and conducting exit conferences with each agency and its management. In addition, three training classes on performance-based contracting were also provided. **Reference:** Laura Wood, (360) 725-5259

WASHINGTON COUNTY, OR – CONTRACT ADMINISTRATION REVIEW

The Washington County Auditor (OR) contracted with FCS GROUP to conduct performance audits over a five-year period in accordance with U.S. Government Auditing Standards (Yellow Book). The audit was conducted to determine whether improvements could be made to the County's contract administration procedures, specifically Health and Human Services and Land Use and Transportation, which had the greatest number of contracts and the highest contracting amounts in the County. The audit process included interviewing various staff members and documenting the contract administration, and monitoring processes used by each section within the two departments. In Health and Human Services, we reviewed how the contract administrators monitored the performance standards in contracts with community service providers (e.g. number of residential slots for the developmentally disabled, number of vocational training hours, etc.), and how the performance information was communicated to the financial and contracting support staff who processed payments. We reviewed the process and reviewed files and documentation to determine what would actually happen and how the County's programmatic activities were linked to the contract administration process. **Reference:** Alan Percell, (503) 846-8798

CITY OF YAKIMA, WA – CITY/COUNTY PURCHASING MERGER IMPLEMENTATION

FCS GROUP developed an implementation plan to merge the City of Yakima and Yakima County's purchasing functions as proposed in a previous consultant's study. As part of the scope of work, FCS GROUP interviewed key stakeholders; developed a mission, vision, and goals statement; reviewed and identified business processes; identified and analyzed implementation issues; and prepared the implementation plan. **Reference:** Sue Ownby, (509) 576-6695

KING COUNTY, WA – INFILTRATION AND INFLOW CONTROL PROJECT

FCS GROUP worked with project engineers to develop cost benefit analysis protocols for assessing the value of infiltration and inflow (I/I) reduction measures relative to wastewater treatment capacity. Analytical considerations included size, timing, and intensity of investment alternatives. Moreover, the firm carefully educated and built consensus among the County's dozens of wholesale customer agencies on the cost-benefit indices to be used. With these analytical protocols in place, FCS GROUP evaluated the results of I/I reduction pilot projects to determine their cost-effectiveness.

FCS GROUP examined the institutional and financial structures that would govern the cost-sharing approach to any County efforts toward regional infiltration and inflow (I&I) reduction. Issues examined included: debt funding authority limits for the County, contracting and construction control, and protocols for use of potential federal grant funding.

FCS GROUP worked with County policy makers to establish theoretical cost sharing principles prior to completion of the cost-benefit analysis and decisions on a County infiltration and inflow (I&I) reduction program. Beginning with the costs and benefits of I&I reductions, the firm carefully educated and sought input from the County's dozens of wholesale customer agencies to determine preferred cost sharing principles. Potential rate and charge structures were considered for their equity, efficiency, and political sensitivity.

KING COUNTY, WA – WASTEWATER RATE REVIEW

The King County Department of Natural Resources engaged FCS GROUP to review the underlying analysis and assumptions related to their proposed wastewater rate increase in response to rising energy costs and expected future bond issues. The analysis supporting the proposed increase was prepared by King County Wastewater Division staff. The intent of the review was to raise questions, make observations, and offer suggestions in preparation for review of the proposal by the King County Council and external agencies. The proposed rate increase was adopted for implementation in 2002.

In addition FCS GROUP has performed the following management studies:

- ♦ Washington State Department of Social and Health Services, WA – Children's Services Division Business Assessment/Analysis
- ♦ Kitsap County, WA – Surface and Stormwater Management Performance Audit
- ♦ City of Vancouver, WA – Public Works Financial Management Study
- ♦ Pierce County, WA – Pierce County WWC/TOC Facility Cost Benefit Analysis
- ♦ City of Marysville, WA – Solid Waste Utility Effectiveness and Efficiency Study
- ♦ City of Port Townsend, WA – Public Works Organizational Analysis
- ♦ City of Portland, OR – Focused Review of Business Operations
- ♦ City of Des Moines, WA – Stormwater Efficiency/Rate Study
- ♦ City of Seattle, WA – Department of Construction and Land Use Program Funding and Study

VEOLIA PROJECT EXPERIENCE AND REFERENCES

CITY OF VANCOUVER, WA – OPERATION AND MANAGEMENT OF MUNICIPAL WASTEWATER TREATMENT PLANTS

Under this contract, which began in 1978, our firm operates and manages three municipal wastewater treatment plants processing domestic and industrial wastes. Major process components at these plants include multi-stage nitrification with anoxic selectors, ultraviolet disinfection, centrifuges and fluidized bed incinerators.

Treated effluent is used inside the fence line at the City's Westside and Marine Park wastewater plants to irrigate the extensive landscaping as well as provide wash down water and seal water. Both facilities are equipped with backup generators for redundant power feed.

In 2000, Veolia Water upgraded the Vancouver project's SCADA system, performing the majority of programming. The system features improved capabilities for tracking electrical costs along with most individual pieces of equipment. We enhanced the system to provide "unit of consumption" visibility to help optimize chemical and power use. We provide trending as an additional tool for tracking consumables that have seasonal variances. Consumables have been integrated into the cost of goods sold (COGS) program and are discussed in weekly process control meetings.

Veolia Water implemented an enterprise asset management (EAM) system from SPL as our CMMS. SPL is

completely SOX compliant. The EAM performs all purchasing management and inventory control. The capability to view the inventory of all five sites allows us to reduce our on-hand stock through cross-utilization of materials. The Web-based EAM speeds the multiple approvals of purchase requests required by the Sarbanes-Oxley (SOX) laws. An e-mail notifies a signator that an approval is pending, and a single click takes the viewer directly to the appropriate purchase request. SPL has the capability to interface with the new SCADA system and implementation is planned for a future date. **Reference:** Thomas Boyer, Assistant City Engineer, (360) 487-7170

CITY OF GRESHAM, OR – ASSET MANAGEMENT PROGRAMS

As part of this 7-year, \$21 million contract, Veolia Water is responsible for implementing one of the industry's most comprehensive Asset Management Programs designed to preserve and protect the City's valuable assets, including the 20-MGD wastewater infrastructure that serves over 100,000 people. Other responsibilities include a comprehensive biosolids management program, including full responsibility for securing land application sites, cogeneration operation, laboratory services, IPP analysis and OM&M of nine lift stations.

In addition to a smooth transition and implementation of new programs, one of the key accomplishments since taking over is the elimination of the long-standing challenge of on-site storage of biosolids during wet weather months.

Reference: Alan Johnston, Senior Engineer, (503) 618-2431

WRITING SAMPLE

We have included one hard copy and one electronic copy sample of the Spokane County Wastewater Rate Study with the submittal. If you would be more interested in a management type study it can also be provided upon request.

AVAILABILITY

FCS GROUP plans to begin work no later than June, 30, 2010 with a final report provided no later than November 30, 2010. The interim report is still planned for September 15, 2010, but this date might be contingent on when the project can start and whether County staff can respond in a timely manner to information requests and be available for interviews and other meetings, especially in late June and early July. The study period occurs during the summer vacation period, and such timing might have to accommodate County staff vacations. For FCS GROUP, besides the known summer vacations and the Labor Day and Thanksgiving holidays, we anticipate that the proposed staff will be available to perform the work. If additional staff is needed, we can utilize additional staff members from our pool of over 20 professional staff members.

Appendix

PETER MOY

Principal

EDUCATION

- B.S., Finance and Organizational Behavior and Industrial Relations, University of California, Berkeley
- M.B.A., Finance, University of California, Berkeley

PROFESSIONAL AFFILIATIONS

- ◆ Associate Member, WCCMA
- ◆ Associate Member, Association of Washington Cities

RECENT SPEAKING ENGAGEMENTS

- Annexations/Mergers/Consolidation of Fire Services - The Financial Side, Washington Finance Officers Association Annual Conference, 2009
- Evaluating the Impact of Special Development Projects, Great Northwest Planning Conference, 2007
- Setting up an Ambulance Utility, Washington Finance Officers Association Annual Conference, September 2007.
- Equipment Repair & Replacement, Washington Finance Officers Association Annual Conference, 2007.
- Performance Audit Practice & Results, Washington City/County Management Association, 2006
- Indirect Cost Allocation - Balancing Cost Recovery & Equity, WFOA 2006 Annual Conference
- Evaluating the Impact of Special Development Projects, WFOA 2006 Annual Conference
- Strategies for Recovering Costs from Non-Tax Sources, Washington Finance Officers Association 2005

PROFESSIONAL EXPERIENCE

Peter Moy is a principal for FCS GROUP with over 30 years of public sector experience specializing in public finance, program evaluation, personnel and organizational analysis, management and operational reviews, performance audits, and policy analysis. He has worked with a variety of non-profit organizations and governmental agencies and provides clients with a thorough knowledge of government operations and innovative and workable solutions to issues and problems. Mr. Moy has a broad understanding and expertise in how government sets and implements policies, how the many different government functions are performed, and what roles the public, community organizations, and employees have in making government responsive to their needs.

Mr. Moy began his career as a management auditor with the Congressional watchdog agency, the United States General Accounting Office. He later worked for the Seattle City Council as a program analyst and as the Assistant Director of the Council's Central Staff where he acted as the City Council's primary financial advisor and managed a staff responsible for analyzing policy, program, and management issues. In addition to his public sector work experience, Mr. Moy has been an active participant in the community where he has served on the board and committees of many community organizations, such as Seattle Housing Authority, the Seattle School District's Committee on Fiscal Integrity, United Way of King County, Leadership Tomorrow, the Asian Counseling & Referral Service, and the Wing Luke Asian Museum.

EXPERTISE

- ◆ Financial Planning and Analysis
- ◆ Indirect Cost Allocation Plans
- ◆ Cost of Service/Cost Recovery
- ◆ Impact Fees
- ◆ Development Services Fees
- ◆ User Fees
- ◆ Performance Audits
- ◆ Organizational Analysis and Change
- ◆ Benchmarking and Comparative Studies
- ◆ Annexations and Development Analysis
- ◆ Mergers, Acquisitions, Assumptions, Consolidations, Divestitures

CLIENTS BY PROJECT CLASSIFICATION

PERFORMANCE

AUDIT/OPERATIONS REVIEW

City of Bonney Lake, WA
 City of Des Moines, WA
 City of Lynnwood, WA
 City of Marysville, WA
 City of Port Townsend, WA
 City of Seattle, WA
 King County, WA
 Timberland Regional Library, WA
 Washington County, OR
 DSHS Children’s Administration, WA
 Office of Financial Management, WA

INDIRECT COST ALLOCATION

City of Centralia, WA
 City of Coeur d’Alene, ID
 Clackamas County, OR
 Clatsop County, OR
 Town of Dewey-Humboldt, AZ
 City of Poway, CA
 City and County of San Francisco, CA
 Marion County, OR
 Pierce County, WA
 Puget Council of Governments, WA
 City of Seattle, WA
 City of Shelton, WA
 City of Tukwila, WA

COST ALLOCATION & OVERHEAD

Clackamas County, OR
 King County, WA
 Seattle Office of Housing, WA
 Seattle Human Services Dept., WA

USER FEES

City of Bellingham, WA
 City of Canby, OR
 City of Forest Grove, OR
 City of Newcastle, WA
 City of Poway, CA
 City of Puyallup, WA
 City of Seattle, WA
 City of Spokane, WA
 City of Vancouver, WA
 City of Woodinville, WA
 Clatsop County, OR
 Snohomish County, WA

MANAGEMENT STUDIES

City of Bellevue, WA
 City of Billings, MT
 City of Bonney Lake, WA
 City of Des Moines, WA
 City of Lynnwood, WA
 City of Vancouver, WA
 King County, WA
 Metropolitan King County Council, WA
 Pierce County, WA
 Seattle Parks and Recreation, WA
 Whatcom County, WA

FINANCIAL PLANNING

City of Alexandria, VA
 City of Bellingham, WA
 City of Bend, OR
 Island County Fire District #1, WA
 City of Maple Valley, WA
 City of Monroe, WA
 City of Stanwood, WA
 City of Vancouver, WA
 Eastside Fire and Rescue, WA
 King County, WA
 Pierce County, WA
 Quadrant Corporation, WA
 Trendwest Resorts, Inc., WA
 North Whatcom Fire & Rescue Services, WA
 Clatsop County, OR
 City of Kirkland, WA
 City of Puyallup, WA
 City of Shelton, WA
 King County, WA
 King County Water District # 125, WA
 Kitsap County, WA
 Clallam County, WA
 Kent School District, WA
 City of Gresham, OR
 Suburban Cities Association
 Puget Sound Council of Governments, WA
 Quadrant Corporation, WA
 Washington State Rail Commission, WA
 Trendwest Resorts, Inc., WA
 Everett/Snohomish County Impact Coordinating Council, WA
 Pierce County, WA

MANAGEMENT STUDIES

City of Bellevue, WA
 City of Billings, MT
 City of Bonney Lake, WA
 City of Des Moines, WA
 City of Lynnwood, WA
 City of Vancouver, WA
 King County, WA
 Metropolitan King County Council, WA
 Pierce County, WA
 Seattle Parks and Recreation, WA
 Whatcom County, WA

UTILITIES/PUBLIC WORKS

City of Des Moines, WA
 City of Seattle, WA
 City of Tacoma, WA
 City of Port Townsend, WA
 King County, WA
 University of Washington, WA
 King County Water District #125, WA

STRATEGIC PLANNING

City of Seattle, WA
 Asian Counseling & Referral Service, WA
 Asian/Pacific Islander Task Force on Youth, WA
 King County Human Services Roundtable, WA
 Kitsap County, WA
 Seattle Center, WA
 Seattle Housing Authority, WA
 Woodland Park Zoo, WA

ORGANIZATIONAL DEVELOPMENT & ANALYSIS

City of Port Townsend, WA
 City of Seattle, WA
 City of Tacoma, WA
 Central Puget Sound Economic Development District, WA
 Community Transit (Seattle), WA
 King County, WA
 King County Prosecutor’s Office, WA
 Port of Seattle, WA
 Seattle Management Association, WA
 Snohomish County, WA

NATHAN REESE

Project Consultant

EDUCATION

- M.P.A., Maxwell School of Syracuse University
- B.A., International Politics, Brigham Young University

SPEAKING ENGAGEMENTS

- Ancillary User Fees: What, How, and Why? - Evergreen Rural Water of Washington, February 2010

PROFESSIONAL EXPERIENCE

Nathan Reese is a project consultant at FCS GROUP. His focus is on analytical work in support of the firm's management consulting efforts. His previous experience includes positions as a senior budget analyst and management analyst for local government, most recently in the Finance Department for the City of Bellevue, Washington. He has worked with several city departments, including transportation, and has performed various municipal/legal research functions. He has coordinated department budget narratives, prepared and analyzed data, and written various city-wide performance reports. As an intern, he ran city surveys on animal control and police services.

EXPERTISE

- ◆ Financial Planning and Analysis
- ◆ Government Finance & Budgeting
- ◆ Indirect Cost Allocation Plans
- ◆ Cost of Service
- ◆ Benchmarking and Comparative Studies
- ◆ Annexations and Development Analysis

Specific examples of his municipal management and operations experience include the following:

- ◆ Assisted Bellevue's Transportation Department with survey and performance data to help describe current operations and future needs and reviewed performance data and information as part of the Department's annual performance reporting process;
- ◆ Evaluated out-of-cycle vehicle replacement for funding and approval;
- ◆ Assisted in reviewing replacement policies and financing for vehicle and radio replacement and conducted a benchmarking survey, and developed financial models to compare different financing approaches; and
- ◆ Reviewed the internal rate structures for vehicle maintenance and replacement, motor pool, fuel, and radio maintenance and replacement.

SELECTED EXPERIENCE

- ◆ City of Airway Heights, WA – Public Safety Cost of Service Analysis (2009)
- ◆ City of Airway Heights, WA – Cost of Library Alternatives (2009)
- ◆ City of Bend, WA - Bend Community Development Fee Study (2009)
- ◆ City of Blaine, WA - East Maple Ridge Fiscal Analysis (2009)
- ◆ City of Campbell, CA – Indirect Cost Allocation Plan and User Fee Study (2010)
- ◆ City of Centralia, WA – Indirect Cost Allocation Plan (2010)
- ◆ Clark Regional Wastewater District, WA - Financial Analysis Services (2009)
- ◆ Town of Dewey-Humboldt, AZ –Indirect Cost Allocation Plan and User Fee Study (2010)
- ◆ Douglas County, OR – Indirect Cost Allocation Plan (2009)
- ◆ Franklin Public Utility District #1, WA – Electric Cost of Service Analysis and Rate Design Study (2010)
- ◆ City of Hillsboro, OR – Indirect Cost Allocation Plan (2010)
- ◆ Island County Fire District #1, WA - Cost of Service and Financial Analysis (2010)
- ◆ King County, WA - Evaluation of Local Hazardous Waste Management Program Rate Design (2009)
- ◆ Town of Los Gatos, CA – Indirect Cost Allocation Plan and User Fee Study (2010)
- ◆ Marion County, OR – Cost Allocation Plan Services (2010)
- ◆ Mason County, WA - Mason County PUD #3 Facility Cost Benefit Analysis (2009)
- ◆ City of Mercer Island, WA – EMS Cost of Service Study and Rate Update (2010)
- ◆ Metropolitan Parks District of Tacoma, WA - Facilities Cost Benefit Analysis
- ◆ City of Newport, OR - Cost Allocation and User Fee Study (2009)
- ◆ City of Ocean Shores, WA – Ambulance Cost of Service and Rate Study (2010)
- ◆ Pierce County, WA – WWC/TOC Facility Cost Benefit Analysis Update (2010)
- ◆ Pierce County, WA - Road Operations, WA - Update of CMF Cost Benefit Analysis (2008)
- ◆ Pierce County, WA - WWC/TOC Facility Cost Benefit Analysis (2009)
- ◆ City of Poway, CA – Update of Indirect Cost Allocation Model (2010)
- ◆ City of Poway, CA - Update of Indirect Cost Allocation Plan (2009)
- ◆ City of Sammamish, WA – Fire Services Cost Analysis Update (2009)
- ◆ City and County of San Francisco, CA – Cost Allocation Plan for the Department of Public Works (2010)
- ◆ Silver Lake Water and Sewer District, WA – Everett Annexation Analysis (2009)
- ◆ Spokane County, WA - Cost Allocation and Jail Housing Rate Services (2009)
- ◆ City of Springfield, OR – Development Review Cost Analysis and Recovery Methodology (2010)
- ◆ City of Stanwood, WA – Cost of Service and Financial Analysis (2010)
- ◆ City of Tigard, OR – Engineering Services Review (2009)
- ◆ City of Tukwila, WA – Indirect Cost Allocation Plan (2010)
- ◆ City of Yakima, WA - City/County Purchasing Merger Implementation Plan (2009)

Education:

Water and Wastewater
Technical Training,
Crowder College,
Neosho, Missouri

Registrations/ Certifications:

Class IV, Wastewater
Operator, ABC
(recognized in 27 states)

Class IV, Wastewater
Operator, Oregon

Class IV, Wastewater
Operator, Idaho

Class IV, Wastewater
Operator, New Mexico

Class A, Wastewater
Operator, Oklahoma

Class A, Wastewater
Operator, Missouri

Class B, Wastewater
Laboratory Technician,
Oklahoma

Class IV, Water
Operator, ABC

Class IV, Water
Operator, Idaho

Class A, Water
Operator, Oklahoma

Class B, Water
Laboratory Technician,
Oklahoma

Certified for Back-flow
Prevention Inspection
and Testing

Memberships/ Affiliations:

Water Environment
Federation

Pacific Northwest
Pollution Control
Association

American Water Works
Association

Southeast Idaho
Operators Association

Background:

Mr. Fenton is a Vice President and Technical Services Manager with Veolia Water North America – West, LLC (Veolia Water). In this role, he provides technical and management support to design/build/operate (DBO), operation, maintenance and management (O&M) and related projects for Veolia Water operations in the West, as well as in other parts of North America. Mr. Fenton is also one of the Principals of Veolia West Operating Services, Inc. (the California-licensed contractor entity of our company).

Mr. Fenton has more than 25 years of experience in the water and wastewater industry. This includes extensive experience in operations, training, troubleshooting, laboratory analysis and new plant startups. In addition, he is a certified instructor and has taught both water and wastewater treatment courses, and he also holds ABC Grade IV water and wastewater certifications, which is recognized in 27 states.

Key Experience:

- **2000-Date – Vice President and Technical Services Manager – Veolia Water North America – West, LLC**
 - Responsible for supporting projects in a service area that includes states in the Western U.S., as projects in the State of Hawaii. This work includes project reviews, identification of process improvements, capital investments, automation development, technology evaluation, new business due diligence, establishment of process and maintenance management software, establishment of Process Control Management Plans, development of standard operations procedures (SOPs) and Emergency Response Plans, energy audits, development of written plans and other support services.
 - Served as the Transition Manager and provided ongoing support for Veolia Water's O&M contract with the City of Burley, Idaho. This project involved O&M services for a 2-MGD Oxidation Ditch wastewater treatment plant and a new 2.3-MGD Industrial wastewater treatment plant, and also managing the City's Industrial Pretreatment Program (IPP).
 - Served as the Transition Team Leader for the startup and transition of the Veolia Water public-private partnership with the City of Richmond, California. This is a \$60-million design/build/operate (DBO) contract, and includes the long-term O&M of the City's 8.5-MGD wastewater treatment facility. This 20-year contract also included implementation of more than \$7 million in capital upgrades and improvements for the wastewater treatment plant. The capital improvements program, accomplished in less than two years, focused on upgrading, modernizing and automating existing systems.
 - Provided design review, operational budgeting, operational review, automation, control processes and cost saving strategies for the development of a 66-MGD regional surface water treatment plant in Tampa Bay, Florida.

- **1995-2000 – Director and Team Leader, Special Projects Group – Veolia Water North America Operating Services**
 - Supported contract O&M and related projects on a national basis. Responsibilities included conducting project reviews and identifying process improvements, capital investments, automation development, and other adjustments, which resulted in cost savings to the projects. New business responsibilities included process review and pricing assistance for new business for both water and wastewater projects. Additionally, provided renewal assistance to existing O&M projects in areas such as identification of capital and infrastructure upgrades.
 - Director for Quality Assurance and Compliance (1999). Managed a group of six Regional Quality Assurance Managers providing analytical, monitoring and compliance technical assistance to each of the potable water and wastewater facilities operated by Veolia Water.
 - O&M Technical Support Manager (1995-1999). Provided technical assistance for water and wastewater facilities operated by Veolia Water. Duties included the on-site evaluation and recommendations for processes and review of process controls and review of distribution, collection, maintenance, laboratory, and back-flow prevention.
 - **1991–1995 – Project Manager – Veolia Water North America Operating Services, Caldwell, Idaho**
 - Responsible for management and administration of a staff of eight providing operations, maintenance, collections, laboratory and pretreatment services in support of a 7.78-MGD trickling filter, biotower plant, nine lift stations and 280 miles of collection system lines.
 - **1990-1991 – Special Projects Manager – Veolia Water North America Operating Services, Twin Falls, Idaho**
 - Duties included providing startup and operations assistance, laboratory and process training, process control troubleshooting and laboratory quality assurance for contract O&M projects.
 - **1989-1990 – Project Manager – Contract O&M Services Provider, Pampa, Texas**
 - Responsible for management of a staff of 11 providing operations, maintenance and laboratory services in support of an 8-MGD mixed media water filtration system, 14 ground wells, two booster pumping stations and an 11 million gallon storage capacity; and a 3-MGD activated sludge, oxidation ditch process wastewater treatment plant and sludge application site.
 - **1988-1989 – Project Manager – Contract O&M Services Provider, Grants, New Mexico**
 - Responsible for management of process control and personnel, laboratory testing and management of the maintenance system for the 2-MGD activated sludge wastewater plant.
 - **1987-1988 – Laboratory Technician and then Laboratory Director – Contract O&M Services Provider, City of Twin Falls, Idaho**
 - **1985-1987 – Instructor/Troubleshooter and On-Campus Instructor – Crowder College, Neosho, Missouri**
 - **1983-1985 – U.S. Fish and Wildlife Service, Neosho, Missouri**
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Education:

MS, Environmental Engineering,
Montana State University
BS, Chemical Engineering,
University of California

Registrations/ Certifications:

Registered Professional Engineer,
California
Grade V,
Wastewater Treatment Operator,
California
Grade IV,
Wastewater Treatment Operator,
Oregon, 1988
Grade 4,
Wastewater Treatment Operator,
Washington

Memberships/ Affiliations:

American Water Works Association
California Water Pollution Control Association
President, Pacific Northwest Pollution Control Association
Water Environment Federation

Background:

Mr. Boe is an Area Manager with Veolia Water North America – West (Veolia Water), with responsibility for the oversight and management of projects in the State of Washington, and other areas of the Pacific Northwest. He brings to this role a strong mix of engineering expertise and top-level operations certification to the projects he supports.

Based in Vancouver, Washington, Mr. Boe has more than 37 years of wastewater facility management experience (32 years with the company). This experience has included managing design/build/operate (DBO) projects for Honouliuli, Hawaii and Cle Elum, Washington, as well as five facility startups and some nine operations, maintenance and management (O&M) service transitions.

Mr. Boe has spent his entire career devoted to improving and optimizing water and wastewater treatment facilities. His first several years were spent with the U.S. Environmental Protection Agency (USEPA). During this period, he has supported various State-level environmental protection agencies during the first round of NPDES permit issuance, as well as for the startup of new water and wastewater plants built with federal grant funds.

Additionally, Mr. Boe established the first Process Control Management Guidelines for Veolia Water, and has implemented many of the early plans for our wastewater facilities. He has also served as Plant Manager for three different Veolia Water facilities, which has included guiding one client through a \$100 million capital upgrade program while ensuring the wastewater facilities maintained a perfect compliance record and a “zero” lost time accident record.

Key Experience:

- **1997-Date – Northwest Area Manager - Vancouver, Washington – Veolia Water North America – West, LLC**
- Responsible for managing nine wastewater treatment plants under seven O&M contracts in the Western business center. Primary responsibilities include ensuring that projects meet clients needs and the contract obligations. Meets regularly with clients and Veolia Water’s Project Managers to review the status. Additionally, has general responsibility for contract and regulatory compliance for all current facilities under contract, as well as for the evaluation of facilities for potential new contracts. Key experience includes:
 - Provided oversight and management for startup and operations support during construction phase of a design/build project, and overseeing the ongoing delivery of contract O&M services for a new 15-MGD surface water treatment plant in Wilsonville, Oregon.
 - Provided oversight and management for management consulting services to the City of Wilsonville, Oregon, assisting them in improving and optimizing the O&M of their 5-MGD wastewater treatment plant and the associated wastewater collection system.

- Provided oversight of the project transition and overseeing the ongoing delivery of contract O&M services for the City of Gresham, Oregon. This project involves managing the City's wastewater treatment system that serves approximately 106,000 people and receives domestic, commercial and industrial wastewater from the City and neighboring communities. The wastewater treatment system consists of a 20-MGD treatment facility, biosolids management program, cogeneration operation, laboratory services and nine lift stations.
 - Provided oversight and management for the transition and O&M contract with the Hayden Area Regional Sewer Board, Idaho. The wastewater treatment facility has a capacity of 1.65-MGD, and features: influent screening; two oxidation ditches (with a combined capacity of 1.2 million gallons); Waste Activated Sludge pumping to aerobic digestion, belt filter press dewatering; sludge hauling for disposal; and effluent reuse. These facilities serve the member communities of the Board, which includes the City of Hayden, the Hayden Lake Recreational Water and the Sewer District and Kootenai County.
 - Provides oversight and management for the award-winning contract O&M project for the City of Vancouver, Washington; one of the longest-running contract O&M projects in the U.S. The contract has been renewed four times and currently involves: managing and operating facilities that include three wastewater treatment plants (a 22.4-MGD secondary activated sludge wastewater treatment plant, a 3.2-MGD multi-stage activated sludge industrial lagoon wastewater treatment plant and a 13.8-MGD secondary activated sludge wastewater treatment plant), an industrial wastewater collection system (including 5 miles of pipelines), and eight pump stations; and also managing the City's Industrial Pretreatment Program, as well as the septage receiving, land application, biosolids disposal and effluent reuse programs. The Veolia Water operation of this facility has won numerous awards, including, most recently, the Department of Ecology's Outstanding Wastewater Treatment Plant Award (2000), the National Council for Public-Private Partnerships' Public-Private Partnership Award (2000), and the Washington Department of Ecology Exemplary Performance Award for Wastewater Treatment Operations (1997, 1998, 1999 and 2000).
 - Provided oversight and support for a DBO and transfer contract for the 13-MGD Honouliuli Wastewater Treatment Plant, Honolulu, Hawaii. Veolia Water currently operates and manages this facility which produces reclaimed water for irrigation and industrial uses. Responsibilities included managing and directing all aspects of permitting and design, and also acted as a liaison with local, regional and federal government officials.
 - **1987-1997 – Plant Manager – Veolia Water North America Operating Services - Vancouver, Washington**
 - Managed the 15.2-MGD and 4-MGD municipal and a 3.2-MGD industrial wastewater treatment plants under a full O&M contract for the City of Vancouver, Washington. Duties included process control, maintenance management, budgeting, staffing, scheduling, public relations, and all other activities associated with operating the plants consistent with the terms of the contract.
 - **1986-1987 – Plant Manager (1986-1987) and Process Control Engineer (1977-1986) - Veolia Water North America Operating Services - Burlingame, California**
 - As the Plant Manager direct the work of staff and operations for an O&M services project for a 5-MGD wastewater treatment plant in Burlingame.
 - Responsible for designing and implementing Process Control Plans.
 - **1972-1977 – Supervisor for Technical Assistance Programs, U.S. Environmental Protection Agency, Denver, Colorado**
 - Responsibilities included evaluating, analyzing and supervising corrective improvement programs for facilities experiencing problems with effluent compliance. Established technical based permit limits for facilities that could not meet secondary treatment standards.
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Education:

BS, Environmental Engineering Technology, Temple University, Philadelphia, Pennsylvania
MS (pending), Environmental Engineering, Michigan State University, East Lansing, Michigan (completed course requirements)

Memberships/ Affiliations:

American Water Works Association:
California/Nevada Section and Pacific Northwest Section
Water Environment Federation
California Water Environment Association

Background:

Mr. Griffith is Director of Asset Management with Veolia Water West Operating Services, Inc. (the California-licensed contractor entity of Veolia Water North America – West, LLC), at our regional office in Pleasant Hill, California. He provides leadership in the areas of strategy development, management and implementation for Veolia Water's Underground Asset Management program in the Western U.S.

Mr. Griffith recently re-joined Veolia Water after working with utility management consulting firms establishing strategic plans, developing utility management improvement programs and implementing asset management and organizational improvement projects. His previous assignments with Veolia Water, extending back to 1993, included serving as the Vice President of Market Development, Director of the Competitive Advantage Group, as well as a District Manager and Regional Technical Manager.

Mr. Griffith has been assisting water utility clients meet their business objectives for nearly 25 years. He is proficient in evaluating water and wastewater utility management structures and operations. Mr. Griffith has also been successful at implementing strategies, processes and technologies to improve utility operating performance, and is also experienced in applying best-in-class business concepts to bring about improvements which meet organizational and business goals.

Key Experience:

- **1/2010-Date: Director – Asset Management – Veolia Water West Operating Services, Inc. – Pleasant Hill, California**
 - Provides leadership for asset management programs for underground and above-ground systems and facilities in a service area that includes California and other parts of the Western U.S. These programs are focused on providing an asset protection and planning type of approach for the facilities managed and operated by our firm.
 - Responsible for providing leadership for the establishment of asset management programs at existing O&M project sites, and business development related to new initiatives and clients in the region.
- **2008-2009: Senior Project Manager, Utility Business Consulting - FCS GROUP, San Francisco, California**
 - Responsible for developing and leading this firm's utility management consulting practice.
 - Developed projects to assess, plan, and implement programs with water and wastewater utilities to address the strategic, management and operational challenges. Worked with executive level and senior management teams of City, special water districts, and private utility operators.
 - Participated in an alternative service delivery approach and procurement of outsourcing services for the City of Woonsocket, Rhode Island and the Novato Sanitary District, California.

- **2008: Regional Manager/Principal Consultant Municipal Business Group - URS Corporation, Oakland, California**
 - Responsible for providing strategic direction, program development and leadership throughout California to grow a management consulting services business: incubate a management services business model, leveraging existing client relationships to provide a wide range of management consulting services ranging from workforce development, strategic planning, information technology master planning, and program management for organizational transformations.
 - **2005-2008: National Strategic Planning Practice Leader and Principal Consultant - Business Solutions Group - MWH Americas, Walnut Creek, California**
 - In the role of National Strategic Planning Practice Leader, was responsible for development and delivery of strategic planning consulting services within the Management Consulting Division of BSG. Acquired and coordinated resources to support strategic planning phases of large capital program management engagements.
 - In the role of Principal Consultant, was responsible for the development and delivery of more than \$2.3 million of strategic business consulting services managed in California as part of a new initiative to expand these services in a new geographical area for Business Solutions Group.
 - **2004-2005: Regional Management Consulting Services Practice Manager – Principal Consultant - EMA SERVICES, INC., Pleasant Hill, California**
 - Served as the Western Region Consulting Team Leader for this \$32 million national utility technology and management consulting firm. Responsible for managing organizational effectiveness and O&M/business services for municipal water utilities.
 - **2000-2004: Vice President, Program Director for Market Development and Business Development - Veolia Water North America Operating Services (predecessor company – USFilter), Houston, Texas**
 - Managed project development as a part of the company’s Water & Wastewater Systems Group. Focused on strategic development of large municipal water and wastewater membrane filtration technology opportunities, working in various sales channels. The role included the responsibility for identifying critical needs of the community to ensure the technical offering met the requirements of all project drivers along with the ultimate sale of membrane system.
 - Managed Market Development activities for the Operating Services Group. Worked with clients and internal business centers to develop and market innovative programs/approaches for public-private partnerships. Strategic planning and tactical program implementation covered all aspects of municipal infrastructure operations and management including technology, business processes, performance metrics, and organizational development to achieve market growth goals. Developed 3 year strategic marketing and business program.
 - **1996-2000: Area Client Manager/Senior Consultant - EMA SERVICES, INC., Pleasant Hill, CA**
 - Worked on project assignments with the company’s national business consulting group, including competitive evaluation and implementation of value-added process improvements for large water and wastewater utilities. Directed program for multi-year reengineering effort for the City of Phoenix, Arizona’s Water Services Department. The first year results included 10% operational savings, representing \$3.2 million, with an additional \$6.1 million projected at the end of the 3-year project. Results achieved through full employee participation and support from AFSCME.
 - **1993-1996: District Manager/Technical Manager – Veolia Water North America Operating Services (predecessor company - WHEELABRATOR EOS INC.) - Pleasant Hill, California**
 - Managed district with responsibility for contracts totaling \$10 million annually; directed technical resources for all contract operation and management projects in Western U.S. and Mexico.
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Education:

BS, Civil Engineering,
Portland State
University, Oregon,
1988

AS, Wastewater
Technology, Linn
Benton C. C., Albany,
Oregon, 1978

Registrations/ Certifications:

Professional Engineer,
(Civil & Environmental),
Oregon

Professional Engineer
(Civil), Washington

Level IV WWT,
Wastewater Treatment
Operator Certification,
Oregon

Level IV WWC,
Wastewater Collections
Operator Certification,
Oregon

Class IV WT, Water
Treatment Operator
Certification, with
Filtration Endorsement,
Oregon

Class IV WD, Water
Distribution Operator
Certification, Oregon

Memberships/ Affiliations:

Oregon Association of
Clean Water Agencies
(ACWA)

American Water Works
Association (AWWA)

Water Environment
Federation
(WEF/PNPCA)

Background:

Mr. Greene is the District Manager for operations, maintenance and management (O&M) projects in the State of Oregon with Veolia Water North America – West, LLC. Prior to this, he was the Operations Project Manager for the regional water treatment plant operations at the City of Wilsonville, Oregon. In this role he also managed a separate contract to provide wastewater operations consulting services to the City.

Mr. Greene has over 32 years of water and wastewater O&M experience, much of which has been in the State of Oregon. He began his career as the Wastewater Superintendent with the City of Silverton, Oregon, and has been involved in a range of engineering, operations and construction projects for municipal and industrial facilities.

Key Experience:

- **6/2008-Date: District Manager – Wilsonville, Oregon - Veolia Water North America – West, LLC**
 - Provides management and support for Veolia Water's O&M projects in the State of Oregon. This includes ongoing O&M services for: the 15-MGD water treatment plant at Wilsonville; a 4-MGD water treatment plant, water reservoir, water storage tank, as well as the water intake structure and other related facilities at Canby; and a 20-MGD wastewater treatment plant and nine lift stations at Gresham.
- **2001-6/2008: Project Manager – Wilsonville, Oregon – Veolia Water North America – West, LLC**
 - Directed facility startup, served as Operator-in-Charge during performance testing at the design/build stage, and managed O&M contract for the Willamette River Water Treatment Plant. This state-of-the-art 15-MGD (with 70-MGD build-out capacity) surface water treatment plant utilizes Veolia Water's ACTIFLO® treatment system. Plant processes include: ozonation, balasted coagulation, mixed media (with GAC) filtration, and state-of-the-art SCADA system. The source water for this plant is the Willamette River.
 - Managed separate contract with City of Wilsonville for management consulting services related to the operations of a 3-MGD wastewater treatment plant and the associated wastewater collection system. The focus of this work is on assisting the City with the improvement and optimization of plant processes and system operations.
- **1995-2001: Treatment Facilities Supervisor – City of Albany, Oregon**
 - Managed O&M of the City's (population 40,000) water and wastewater treatment plants, 18 sewage lift stations, water reservoirs, booster pumping stations and water supply canal.
 - Supervised the City's Industrial Pretreatment Program, biosolids management program, as well as operations at the wastewater treatment plant's laboratory.
 - Prepared and presented operating budgets totaling \$3 million, supervised 20 employees, prepared employee evaluations, and managed a variety of operations improvement projects.

- **1994-2001: Independent Consulting Engineer – U.S. Department of Interior-funded water and wastewater projects in the U.S. Trust Territories (Micronesia), and on various environmental projects for The American Samoa Government (ASG)**
 - Conducted evaluations of water and wastewater systems (facilities and operations) in Micronesia (Chuuk, Pohnpei, Kosrae, Yap); prepared detailed operations review for Pohnpei water and sewer utility as part of a team developing an electrical, water and sewer utility rate study; made revisions to SPCC plan for American Samoa Power Authority diesel generating facilities; conducted subsurface investigations (fuel hydrocarbons & constituents) of the ASG main fuel terminal and Pago Pago International Airport.
 - **1992-1995 – Water Operations Engineer – American Samoa Power Authority, Pago Pago, American Samoa**
 - Had overall responsibility for O&M of the American Samoa government water system (Tutuila, Aunu'u, Ofu, Olesega, and Tau Islands). Supervised 25 to 30 operations, maintenance, utility, store room, and water line construction personnel, initiated a work order and scheduling system, line loss reduction program, maintenance scheduling, and developed O&M performance indicators.
 - **1991-1992 – Civil Engineer and Project Manager – OMNI Environmental Services, Inc. - Beaverton, Oregon**
 - Responsible for project management and engineering for various industrial wastewater treatment evaluation and design projects, environmental studies for plywood and lumber mills (primarily related to water and hazardous waste handling, treatment, and disposal), industrial site characterization, monitoring well site selection and installation, municipal industrial wastewater pretreatment permit preparation, and soil and water sampling plan design and execution.
 - **1989-1991 – Civil Engineer and Project Manager – SRH Environmental Management - Portland, Oregon**
 - Provided project management and engineering for industrial wastewater treatment evaluation and design; NPDES permit preparation; site characterization; underground storage tank (UST) site closures and remedial plans; wastewater discharge permit preparation; project manager for aboveground treatment of PCP-contaminated groundwater (RCRA closure-in-place); environmental studies for plywood and lumber mills; inspection of hazardous waste-containing tanks; design, specifications, and permitting for an aircraft refueling facility (included 20,000 gal. jet and av-gas underground storage tanks, pumps, filters, piping, monitoring systems, and related equipment); designed water treatment facilities (including various types of oil/water separators) and recovery systems; performed bench and pilot tests for industrial wastewater; installation and construction of monitoring wells (including sampling and soil classification) and determination of groundwater gradient.
 - **1983-1989 – Journeyman Operating Engineer (Stationary) – Portland Water Bureau - Portland, Oregon**
 - Performed operation and maintenance of city water supply, transmission, and storage facilities at journeyman level.
 - **1982-1983 – Project Coordinator – MMCW Architects/Engineers - Anchorage, Alaska**
 - Worked under contract to North Slope Borough to monitor work on various capital improvement projects, including water/wastewater collection, distribution and treatment facilities.
 - **1978-1982 – Superintendent – City of Silverton, Oregon**
 - Supervised and directed all work including operations, maintenance, laboratory analysis, scheduling and reporting for mixed media filtration plant, secondary wastewater treatment plant, raw water intake facilities, water meter testing and replacement, and wastewater lift stations.
 - Served as Assistant Operator and later WWTP Chief Operator from 1978 to 1980.
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Education:

AS, Life Sciences,
Centralia College,
1983

Coursework,
Wastewater
Technology,
1982 to Present

Licenses/

Certifications:

Grade IV,
Wastewater Plant
System Operator,
Oregon, 2002

Group IV,
Wastewater Treatment
Plant Operator,
Washington, 1995

Background:

Mr. Dix is a Technical Services Manager with Veolia Water North America – West, LLC (Veolia Water) at Vancouver, Washington. He has responsibility for providing support to operations, maintenance and management (O&M) and related projects in the Northwest region, including projects in the State of Washington.

Mr. Dix joined Veolia Water in 2007, and he has more than 25 years of experience in the wastewater field, and has worked as a technical services manager, senior operations specialist, plant supervisor, operations/process control supervisor, maintenance supervisor and plant operator.

Mr. Dix has been responsible for plant staff performance management, determining staffing requirements, developing and administering 24/7 operations schedules, and providing training for all levels of operators, from entry level to senior. He has experience in re-organizing, defining roles, and optimizing the performance of the overall O&M function of wastewater treatment facilities. As a Supervisor, Lead Operator and Plant Operator, Mr. Dix has led many opportunities for optimization of treatment plant processes in meeting all requirements of some of the most stringent NPDES permits in the U.S. He has participated in many projects with plant staff and consultant engineers from pre-design to commissioning and startup of new equipment and facilities.

Key Experience:

- **2007-Date – Technical Services Manager - Northwest Area - Veolia Water North America – West, LLC – Vancouver, Washington**
 - Responsible for providing technical support services for Veolia Water's O&M and related projects in the Northwest region, including projects in the State of Washington. This includes supporting the operations of existing projects, and working as a part of the startup and transition teams for new projects.
 - Provided startup and transition assistance for this new contract. Responsible for providing ongoing technical support for the O&M of a 0.187-MGD groundwater remediation facility for the removal of volatile organic compounds (VOCs) at the Stringfellow Superfund Site in Riverside, California. This contract is with the State of California, Department of Health Services, and includes capital project and engineering and support services.
 - Responsible for managing the technical services support for a remediation facility O&M contract with a confidential industrial client at the San Ardo Water Reclamation Facility, California. The objective is to collect and treat excess produced water and wastewater generated at the SAFU San Ardo oil production field. The Water Reclamation Facility processes include: oil removal, degasification, softening, RO pretreatment, RO filtration, dewatering of residuals generated and wetlands treatment, prior to direct discharge or infiltration via the terms and conditions of the discharge permit.

- **2005-2007 - Senior Operations Specialist (and other positions) – Northwest Region - Brown and Caldwell Environmental Engineers – Olympia and Seattle, Washington**
 - Worked as a Senior Operations Specialist supporting projects/offices in the State of Washington. Responsible for the development of proposals and scopes of work in the support of marketing operation services. Supported marketing engineering services, participated in and provided design operability review of design projects. Performed condition assessments and document findings within computerized maintenance management systems in completing field work for asset management projects. Provided process optimization and performed troubleshooting for wastewater facilities. Planned, directed, monitored and performed testing and startup of new facilities, processes and equipment. Developed and conducted classroom and field training. Directed and performed the development of operation and maintenance manuals, standard operating procedures, emergency and spill response plans.
 - **2002-2005 - Plant Supervisor - Durham Advanced Wastewater Treatment Facility - Clean Water Services - Triggard, Oregon**
 - Responsible for the overall operation of this 20-MGD facility serving the cities of Beaverton, Tigard, Sherwood, and Tualatin, the communities of Durham and King City, and portions of Clackamas and Multnomah Counties, Oregon. The facility provides tertiary treatment through November, phosphorous and ammonia are removed using biological nutrient methods along with the application of alum and lime. Sludge is thickened, anaerobically digested, dewatered with the use of polymer and transported to Central Oregon for application on arid farmland.
 - Supervised a staff of 12 operators and the day-to-day operation of the plant, participated as a member of the plant leadership to set priorities for all disciplines, and coordinated with staff and consultant engineers to ensure efficient plant operations and adequate just-in-time addition of plant capacity.
 - Responsible for providing oversight and coordination of engineering projects at this facility, including: a 160-MGD pump station design; a plant-wide odor control study with Montgomery Watson Harza; and a facility planning project which involved Carollo Engineers.
 - Worked closely with District Operations Analysts and regulators ensuring compliance with NPDES and stormwater permits. Worked with the wastewater department director and managers to identify issues, and initiated and managed a succession plan for upcoming vacancies in key positions due to retirement.
 - Facility received two AMSA Gold Awards and a nationwide award from the U.S. Environmental Protection Agency for excellence in facility operation and maintenance.
 - **1995-2002 - Lead Operator, Maintenance Supervisor and Operations Supervisor - LOTT Alliance - Olympia, Washington**
 - Worked as an Operations Supervisor at the Budd Inlet Wastewater Treatment Plant, LOTT Alliance, Olympia, Washington. Supervised the operations of an 11-MGD facility with a staff of 15 operators, four water quality analysts, and two console monitors.
 - Worked as the Maintenance Supervisor at the Budd Inlet Advanced Wastewater Treatment Plant, LOTT Alliance, Olympia, Washington. Responsible for the day-to-day supervision of 13 plant maintenance staff, which consisted of mechanical, electrical, instrumentation, control systems, and facilities and grounds. Reorganized three distinct maintenance staff sections into one while maintaining effective and efficient plant maintenance.
 - Served as the Lead Operator at the Budd Inlet Advanced Wastewater Treatment Plant, LOTT Alliance, Olympia, Washington.
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Education:

Masters of Public Administration, Iowa State University
BS, Environmental Engineering, New Mexico Tech
AA, College of the Redwoods
Management Certificate, Management Development Institute
ASCP, Medical Lab Technology, USAF Medical School, Sheppard/Andrews Air Force Base

License/ Certification:

Grade II.
Wastewater Treatment Operator, Washington

Background:

Mr. Kraft is the Assistant Project Manager for Veolia Water North America – West, LLC (Veolia Water) in Vancouver, Washington. In this role he assists in the management of Veolia Water’s largest and longest-running project in the region, for the operation, maintenance, and management (O&M) of the City of Vancouver’s wastewater treatment plants.

Mr. Kraft has more than 13 years of professional experience, which spans the realm of environmental services including water and wastewater and air quality. He has also managed multiple infrastructure projects for municipalities.

Key Experience:

- **2010-Date – Assistant Project Manager – Veolia Water North America – West, LLC – Vancouver, Washington**
 - Assists in the day-to-day management of the overall operation of the City of Vancouver, Washington’s three wastewater treatment facilities, including: two activated sludge facilities (22.4-MGD and 16-MGD) and a 4-MGD multi-stage aerated industrial lagoon.
 - Additional responsibilities include: staffing, assistance in budgeting and reconciliation, client and public relations, oversight of city/state/federal reporting, supervision of employees, safety compliance, process troubleshooting, facilities operations and facilitating Achieve Global training material for the West LLC.
- **2007-2009 – Director, Contract Operations, Central Region – American Water – Voorhees, New Jersey**
 - Responsible for the direction of O&M for four large water/wastewater and capital programs for public/private projects across the Midwest with average annual O&M budgets of \$20million and capital program budgets in excess of \$100 million.
 - Major accomplishments included:
 - Capital program and O&M contract administration for major rehabilitated primary/secondary regional wastewater treatment facilities and managed asset upgrades impacting a tri-state urban area. Secured the required utility rates.
 - Coordinated and maintained process operations with limited facilities during shutdowns to ensure compliance.
- **1999-2007 – Environmental Services (Utilities/Public Works) Manager – City of Sioux City, Iowa**
 - Managed multiple City infrastructure projects, environmental programs and utility enterprises with average annual O&M budgets of \$15M and capital program budgets over \$30M. Consistently achieved exceptional performance ratings.
 - Major accomplishments included:
 - Served as project/site manager for an 8,000-foot, 36-inch water transmission line along main residential arterial route.

- Organized multiple flood mitigation efforts and resurrected improvements from inception through completion.
 - Led landfill closure project and created long-term economical contracts with private landfill and hauler.
 - Conducted extensive program evaluation resulting in equitable savings and increased landfill diversion rates.
 - **1997-1999 – Environmental Engineer – Virginia Department of Environmental Quality – Harrisonburg, VA**
 - Assimilated, reviewed and recommended air quality permits/programs/projects for residents, businesses and major industries. Initiated regional environmental stewardship projects and programs.
-

Registrations/ Certifications:

Grade 3,
Collections System
Maintenance Operator,
California Water
Environment
Association

Grade 1,
Wastewater
Treatment Operator,
State Water Resources
Control Board
(California)

Emergency Responder
and HAZMAT
Certified,
State of California

Memberships/ Affiliations:

California Water
Environment
Association

Water Environment
Federation

Maintenance
Superintendents
Association

Background:

Mr. Johnson is the Underground Asset Manager with the Technical Direction Group of Veolia Water North America Operating Services, LLC (Veolia Water). This group is responsible for providing technical services support to our company's design/build, design/build/operate (DBO) and operations, maintenance and management (O&M) projects in North America. The focus of this group is on unifying our company's technical organization to develop new technical services benchmarks for greater delivery of services to governmental and industrial clients nationwide. Additionally, they are responsible for centralizing technical knowledge, coordinating resources, as well as integrating training and applying the best practices for Veolia Water's project work on a national basis.

Mr. Johnson specializes in the area of sewer systems stormwater collection systems and water distribution systems operations and asset management. He provides technical and management support for underground asset management projects in California and other part of the U.S.

Mr. Johnson joined Veolia Water in 2004 and managed the delivery of capital program services for the collection systems project work under an O&M contract with the City of Richmond, California. He has more than eight years of wastewater capital project and O&M experience.

Key Experience:

- **2009-Present – Underground Asset Manager/Technical Direction Group – Veolia Water North America Operating Services, LLC – Richmond, California**
 - Serves as the technical leader for Veolia Water's underground asset management program.
 - Provides technical leadership and support for capital project work related to sanitary sewer collection systems, stormwater management systems, and water distribution systems.
 - Provides asset management, capital and operations support services to Veolia Water projects in California.
- **2006-2009 – Collection System Manager and Capital Improvements Projects Manager – Veolia West Operating Services, Inc./Veolia Water North America – West, LLC – Richmond, California**
 - Responsible for the management of the wastewater collection system O&M contract for the City of Richmond, California. This project involved the City's 279-mile collection and stormwater systems, and included managing and implementing \$17 million in capital improvements as part of a major rehabilitation of the collection systems and lift stations.
 - Served as the Asset Manager for these systems when the capital improvements were completed. Responsible for the development, implementation and management of capital improvement projects for the City's wastewater infrastructure.

- 2004-2006 – Utility Maintenance Supervisor – Richmond, California -
Veolia Water North America - West, LLC
 - Supervised the work of maintenance crews supporting the O&M of the City's sanitary sewer and storm sewer collection system.
- 2001-2004 - Wastewater Facilities Operator -
Tahoe-Truckee Sanitation Agency, Truckee, California
 - Worked as a Wastewater Operator I with responsibility for the day-to-day O&M of this Agency's wastewater treatment facilities and collection system.

Spokane County
Division of Utilities

Final Report for

WASTEWATER
UTILITY
RATE STUDY
UPDATE

December, 2009

CONSULTING SERVICES PROVIDED BY:



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SPOKANE COUNTY

www.fcsgroup.com

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SECTION 1: STUDY FRAMEWORK

1.A. INTRODUCTION

In 2007, the Spokane County Division of Utilities (County) engaged FCS GROUP to complete a comprehensive Wastewater Utility Rate Study. Rates were adopted for CY 2008/12 based on the results of that study. In early 2009, it became apparent that both the operating costs and the capital costs for the Spokane County Water Reclamation Facility (SCWRF) had increased, the financial implications of the impending total maximum daily load (TMDL) requirements were still unknown, there was reduced availability of general obligation debt (which was assumed as the main debt instrument in the last study) and revenue was reduced due to the economic slowdown. Each one of these factors is critical to the results of the previous rate study. In light of the changes that were occurring, the County thought it timely to engage FCS GROUP to update the rate study previously completed in 2007 to evaluate the sufficiency of existing rates and charges to meet current and future wastewater financial obligations.

1.B. SCOPE OF WORK

The wastewater financial plan and rate study is intended to develop a multi-year financial plan that will identify the changes to the existing rates and charges that are required to meet the wastewater utility financial obligations. The scope of the project includes the following elements:

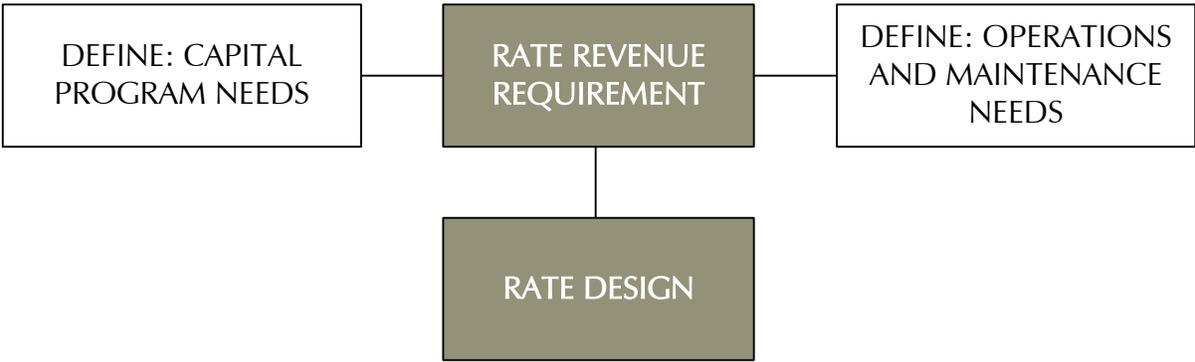
- ◆ Develop a multi-year financial plan (revenue requirement)
 - Update the monthly sewer service charge
- ◆ Evaluate the capital program
 - Identify capital requirements and alternative funding approaches
 - Update the general facilities charge for new development and STEP
 - Update the wastewater treatment plant charge
 - Identify required level of new debt funding
- ◆ Design rates/charges to capture the required revenue stream
- ◆ Present study process, assumptions, and recommendations to the Board of County Commissioners (BoCC)

These scope elements are addressed throughout each phase of the work described in this report.

1.C. RATE STUDY PROCESS

The rate study update included performing two fundamental analyses: a Revenue Requirements Analysis and a Rate Design Analysis. Exhibit 1.1 contains a graphical overview of the rate study process.

EXHIBIT 1.1 – OVERVIEW OF THE RATE STUDY PROCESS



The following section provides an overview of the major analytical methods employed by FCS GROUP to complete this work.

REVENUE REQUIREMENTS ANALYSIS

A revenue requirement analysis forms the basis for a long-range financial plan. It also enables the County to set utility rate structures that are rooted in the “costs-of-service” and which fully recover the total costs of operating the wastewater utility: capital improvement and replacement, operations, maintenance, general administration, fiscal policy attainment, cash reserve management, and debt repayment. Linking utility rate levels to a financial plan such as this helps to enable sound financial performance for the County’s wastewater utility as well as a clear and reasonable relationship between the costs imposed on utility customers and the costs incurred to provide them the service.

When FCS GROUP conducts a revenue requirements analysis, a forecast financial plan is developed that includes the following core elements, which together form a complete portrayal of the utility’s financial obligations:

- ◆ **Operating Forecast** – Identifies future ongoing costs of the collection system such as operation, maintenance, administration, treatment capacity payments to the City of Spokane, replacement reserve for the collection system, and maintenance of minimum reserve levels. Future needs include costs related to operating the new County Water Reclamation Facility, biosolids management, water conservation initiatives and regulatory water quality requirements.
- ◆ **Capital Program** – Identifies the capital and debt service requirements of the utility and defines a strategy for optimizing funding including: an analysis of available resources from the wastewater treatment plant charge, general facilities charges, debt financing, and any special resources that may be readily available (e.g. grants, aquifer protection area fees, etc.).

From this foundation, utility rate structures can be adjusted to meet the defined annual and long-term funding targets as well as the County’s rate setting objectives.

RATE DESIGN ANALYSIS

The rate design analysis develops proposed rates that link the cost recovery to either the fixed or volume-based portion of the rate. The overall objective is to recover the appropriate amount of revenue from each customer class and to recover the revenue necessary in total to fully fund the utility.

Each of the major rate study elements discussed above was completed as part of the study for the County. Each study element's assumptions, findings and recommendations will be addressed in this report.

SECTION 2: REVENUE REQUIREMENTS

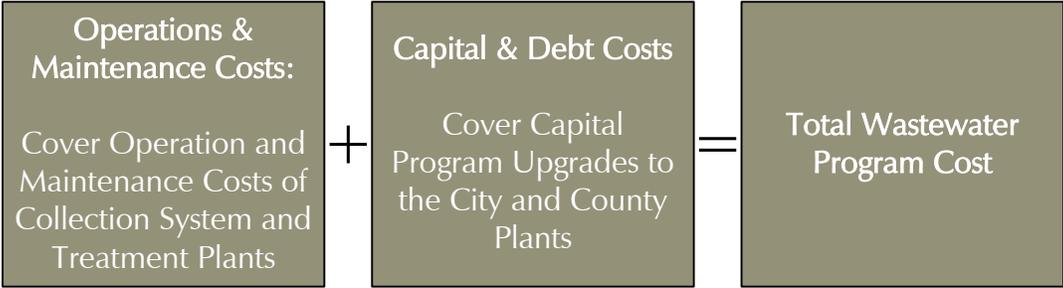
2.A. INTRODUCTION

The revenue requirement identifies the total wastewater program cost and evaluates the sufficiency of current revenue levels of the County to meet future operations, maintenance and capital program costs. Currently, the County's wastewater utility is sustained by three main funding sources: ongoing existing customer charges, one-time new customer rates/charges, and outside funding sources.

- ◆ **Existing customer charges:** Once a customer connects to the system there are two ongoing charges that are paid by all customers (residential, multi-family and commercial) on a monthly basis: the sewer service charge and the wastewater treatment plant charge.
- ◆ **New customer rates/connection charges:** There are two main capital rates/connection charges that generate revenue from new customers. The General Facilities Charge (GFC) is assessed to each new customer at the time of connection based on the proportional share of system capacity used by the customer. GFCs are charged to new development, new customers added through the Septic Tank Elimination Program (STEP), and other properties converting from use of onsite systems to the County's sewer system. In addition to the GFC, local construction charges are assessed to properties located within the STEP and to properties making connection to lateral sewers constructed with County funding. The local construction charge is established annually by the County, based on the level of capital expenditures necessary to install sewer systems in areas within the STEP.
- ◆ **Outside funding sources:** The County has pursued and continues to pursue multiple outside funding sources to help meet the financial obligations of the utility. The outside funding sources currently used are the State Revolving Fund (SRF) low-interest loans, general obligation (G.O.) bonds, revenue bonds, a Department of Ecology (DOE) Grant and the Aquifer Protection Area (APA) Fee.

The three main funding sources discussed above serve to generate the required revenue to meet the County's total wastewater program costs. The total program costs include two main program areas: 1) Operations and Maintenance Costs, and 2) Capital and Debt Costs. These are shown in **Exhibit 2.1**.

EXHIBIT 2.1 – OVERVIEW OF THE WASTEWATER PROGRAM COSTS

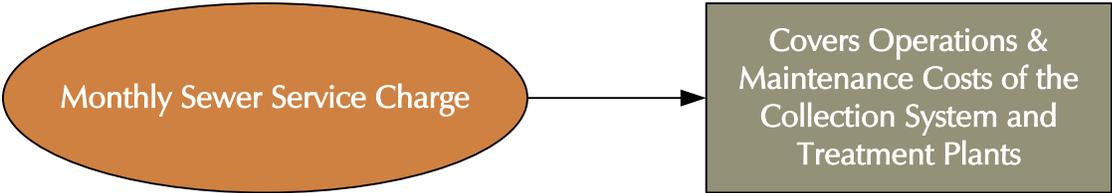


The revenue requirement developed for the County focused on identifying the total costs in each of the two cost groups and evaluating the sufficiency of the funding sources directed towards meeting specific wastewater costs. The methodology and key assumptions used in the development of the revenue requirements for the Operating & Maintenance Costs and the Capital & Debt Costs are discussed below in further detail.

2.B. REVENUE REQUIREMENT: OPERATIONS AND MAINTENANCE (O&M) COSTS

There is one revenue source, Monthly Sewer Service Charge, that is available to fund the operations and maintenance costs of the wastewater utility. Exhibit 2.2 shows a graphical representation of what this charge funds.

EXHIBIT 2.2 – PURPOSE OF THE MONTHLY SEWER SERVICE CHARGE



The evaluation of the O&M costs focuses on the sufficiency of the ongoing sewer service charge revenue to meet annual ongoing costs incurred to operate, maintain, and manage the collection system and new County Reclamation Facility beginning in 2012, and make payments to the City of Spokane for treatment.

2.B.1. USES

The O&M costs of the system are based on budget 2009 figures. The operating forecast then applies a schedule of factors to assess future needs. We have used County approved economic factors, which apply annual cost escalation rates at 3.0% to 3.5% per year for County-controlled expense items. Beyond the regular budget items, a number of key factors were incorporated into the revenue requirement forecast for O&M costs, including the following:

- ◆ City treatment contract rate estimate of \$1,420 per million gallons, escalated by inflation (3.5%) until CY 2014, at which time the City is assumed to comply with higher treatment standards. The costs of

complying with these standards are expected to be comparable to the cost of treatment at the County's plant, or approximately \$2,247 per million gallons, in CY 2014.

- ◆ City of Spokane excise tax ramped down over time from 15% in CY 2009/11, to 10% in CY 2012/16, to 5% in CY 2017/21, and eliminated in CY 2022.
- ◆ County reclamation facility online in 2012, at an estimated contract cost of \$2,097 per million gallons, increased by inflation (3.5percent) thereafter.
- ◆ NVI/SVI Conveyance costs are estimated at \$65 per million gallons in CY 2012, upon the inauguration of the County reclamation facility.
- ◆ Funding of one-time capital projects related to water conservation, water reclamation planning, reuse projects, and wetland rehabilitation. Approximately \$75,000 will be an ongoing expense related to Total Maximum Daily Load (TMDL) oversight committee participation.
- ◆ Collection replacement reserve annual funding delayed short-term while one-time capital is being funded. Phased back in during CY 2013 at \$300,000 plus annual increases of \$250,000 until the future target of \$2 million per year is reached.
- ◆ SCWRF replacement reserve annual funding begins in CY 2012 at \$577,000 for a partial year, and escalates annually by 3.6%.

The O&M uses can be expressed in five major categories: 1) City treatment cost, 2) County treatment cost, 3) operation and maintenance, 4) biosolids/reclamation/conservation capital, and 5) replacement reserve. Although the financial plan was developed for a 20-year period, the focus of the analysis was the CY 2009 through CY 2012 period during which the new county treatment plant is anticipated to come online. The two years CY 2014 and CY 2016 have also been shown to give an idea of future cost trends. **Exhibit 2.3** provides a summary of the operations and maintenance uses over the next 8-year period. Additional detail is provided in the Appendix.

EXHIBIT 2.3 – SUMMARY OF THE OPERATING & MAINTENANCE USES

| O&M USES | 2009 | 2010 | 2011 | 2012 | 2014 | 2016 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| City Treatment Costs | \$ 5,483,571 | \$ 5,760,522 | \$ 6,182,671 | \$ 1,415,565 | \$ 2,588,826 | \$ 3,546,018 |
| County Treatment Costs | - | - | - | 6,707,937 | 7,334,983 | 7,857,417 |
| Operations & Maintenance | 6,587,052 | 6,790,818 | 6,982,445 | 8,250,995 | 8,841,932 | 9,461,395 |
| TMDL/Conserv./Reclamation | 1,287,000 | 1,173,000 | 1,139,000 | 816,000 | 75,000 | 75,000 |
| Replacement Reserve | - | - | - | 577,268 | 1,195,507 | 1,742,221 |
| Total Expenses | \$ 13,357,623 | \$ 13,724,340 | \$ 14,304,117 | \$ 17,767,766 | \$ 20,036,248 | \$ 22,682,052 |

The treatment of wastewater (City, County, and treatment plant replacement reserve) is expected to increase from 41% of total expenses to 58% by CY 2016.

2.B.2. SOURCES

The anticipated revenue sources from the sewer service charge were forecasted based on the number of existing wastewater utility customers plus the projected customer growth. This growth is anticipated from both the Septic Tank Elimination Program (STEP), at an additional 9,000 equivalent residential units (ERUs) from CY 2009 through CY 2016, and new development ERUs. The latter are projected according to an annual growth rate of approximately 0.4% in CY 2009 and CY 2010, which then phases back in to 1.2%

growth by CY 2012 and beyond (for a total of 4,256 new ERUs for CY2009/16). The decreased initial growth forecast is designed to account for the current economic downturn and its effect on new development. The ERU count serves as the basis for calculating anticipated revenue from rates and charges.

In addition to the sewer service charge revenue, the County receives additional revenue from interest income and various permits, fees and penalties. The majority of revenue to meet the O&M uses of the wastewater utility, 89% to 94%, comes from the ongoing monthly sewer service charge. **Exhibit 2.4** summarizes the annual revenue sources available to meet O&M uses.

EXHIBIT 2.4 – SUMMARY OF THE OPERATIONS AND MAINTENANCE PROGRAM REVENUE SOURCES

| O&M SOURCES | 2009 | 2010 | 2011 | 2012 | 2014 | 2016 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Service Fee Revenues (no increases) | \$ 12,910,600 | \$ 13,103,889 | \$ 13,588,584 | \$ 14,141,909 | \$ 15,255,250 | \$ 16,377,694 |
| Other Revenues | <u>1,532,700</u> | <u>1,033,781</u> | <u>1,197,078</u> | <u>1,011,678</u> | <u>1,014,375</u> | <u>1,024,675</u> |
| Total Revenues | \$ 14,443,300 | \$ 14,137,670 | \$ 14,785,662 | \$ 15,153,587 | \$ 16,269,625 | \$ 17,402,369 |

2.B.3. SUMMARY OF THE O&M REVENUE REQUIREMENTS

After forecasting all financial obligations facing the wastewater utility, those costs are compared to forecasted revenue sources – comprised primarily of the sewer service monthly charge – at their current levels. If these uses exceed revenue sources available, a rate increase is required to fully fund the total O&M costs of the system. **Exhibit 2.5** provides a snapshot of the annual revenue requirements and calculated rate increases, with full detail provided in the Appendix. This snapshot was used to capture the time period in which the SCWRF is anticipated to be online.

EXHIBIT 2.5 – SUMMARY OF THE OPERATIONS AND MAINTENANCE REVENUE REQUIREMENTS

| | 2009 | 2010 | 2011 | 2012 | 2014 | 2016 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Sources: | | | | | | |
| Service Fee Revenues (no increases) | \$ 12,910,600 | \$ 13,103,889 | \$ 13,588,584 | \$ 14,141,909 | \$ 15,255,250 | \$ 16,377,694 |
| Other Revenues | <u>1,532,700</u> | <u>1,033,781</u> | <u>1,197,078</u> | <u>1,011,678</u> | <u>1,014,375</u> | <u>1,024,675</u> |
| Total Sources | \$ 14,443,300 | \$ 14,137,670 | \$ 14,785,662 | \$ 15,153,587 | \$ 16,269,625 | \$ 17,402,369 |
| Uses: | | | | | | |
| City Treatment Costs | \$ 5,483,571 | \$ 5,760,522 | \$ 6,182,671 | \$ 1,415,565 | \$ 2,588,826 | \$ 3,546,018 |
| County Treatment Costs | - | - | - | 6,707,937 | 7,334,983 | 7,857,417 |
| Operations & Maintenance | 6,587,052 | 6,790,818 | 6,982,445 | 8,250,995 | 8,841,932 | 9,461,395 |
| TMDL/Conserv./Reclamation | 1,287,000 | 1,173,000 | 1,139,000 | 816,000 | 75,000 | 75,000 |
| Replacement Reserve | - | - | - | 577,268 | 1,195,507 | 1,742,221 |
| Total Expenses | \$ 13,357,623 | \$ 13,724,340 | \$ 14,304,117 | \$ 17,767,766 | \$ 20,036,248 | \$ 22,682,052 |
| Cash Test Surplus (Shortfall) | \$ 1,085,677 | \$ 413,330 | \$ 481,546 | \$ (2,614,179) | \$ (3,766,623) | \$ (5,279,682) |
| Additional Taxes | \$ - | \$ 17,007 | \$ 35,272 | \$ 55,062 | \$ 76,300 | \$ 99,510 |
| Required Rate Adjustment (Cumulative) | 0.0% | 0.0% | 0.0% | 18.9% | 25.2% | 32.8% |
| Proposed Rate Adjustment (Annual) | 0.0% | 5.0% | 4.8% | 4.6% | Revisit | Revisit |
| Monthly SFR After Increase | \$24.79 | \$26.04 | \$27.29 | \$28.54 | | |
| Monthly Increase | | \$1.25 | \$1.25 | \$1.25 | | |

The revenue requirement evaluation yields a significant deficit in CY 2012 and beyond. The deficit ranges

from \$2.6 million in CY 2012 to \$5.3 million by CY 2016. Because this deficit is incurred so suddenly due to the inception of advanced treatment by the new County plant, it is proposed that the total rate increase be phased in over time in order to avoid undue rate shock to customers. Three consecutive increases of \$1.25 to the monthly rate are required in order to phase in the total required rate increase in moderate annual increments. It should be noted that the County anticipates using the fund balance in CY 2012 to continue smoothing the rate impact experienced by customers.

Beyond CY 2012, it is likely that the County will need to continue a pattern of annual rate increases (about 3% to 4% per year) to keep pace with rising costs and achieve prudent fund balance sufficiency for the utility. It is imperative that a regular evaluation of the operations and maintenance program be completed, in particular as the costs of upgrading the County's share of the City plant are more accurately defined. In addition, the revenue projections are highly dependent on the growth assumptions outlined previously. Any major shift in the growth expectations warrants an update to ensure revenues remain sufficient to meet all O&M obligations.

2.B.4. FISCAL POLICIES

In developing the financial plan underlying the suggested rate structures, FCS GROUP has assumed and recommends the attainment of certain fiscal policies. The purpose of establishing fiscal policies for the County's wastewater utility is to promote the financial integrity and stability of the utility and help ensure the sustainability of essential utility services. In this study, we have anticipated the following achievements:

OPERATING FUND

The operating fund of the County includes both unrestricted and restricted funds. The *unrestricted* portion of the fund exists to maintain financial viability of the utility despite variations between revenue and expenditure patterns. Any cash flow surplus or deficiency will be added or subtracted from this fund if rate action is not taken. A minimum fund balance has been established at 10%, or 37 days, of annual operating expenses for the unrestricted portion of the fund.

As a reference point, the beginning unrestricted fund balance was roughly \$7.3 million in CY 2009, and is projected to be \$3.1 million by CY 2014. Part of the reason for this drawdown in unrestricted fund balance is to make excess fund balance available for capital projects, reducing future debt service burdens.

The *restricted* (reserve) operating fund balance sets annual funds aside toward the future replacement of collection system assets and equipment. The restricted fund balance can be used immediately for replacement-related projects or reserved for expenditures in future years. It has become a best management practice in the utility industry to, at a minimum, "fund depreciation." This phrase refers to the practice of setting aside cash revenues from rates each year in an amount at least equal to the utility's annual depreciation expense. Depreciation measures the financial erosion of a given asset over its useful life, using its original, historical cost. If the County's ratepayers can generate revenues at this level and pace, they will have created a partial cash resource that can be applied toward the future replacement costs of the asset. By reserving cash resources for ongoing system reinvestment, the County avoids burdening any single generation of utility users with the cost of asset replacement and causing unnecessary spikes in future rate levels.

The County has undertaken an evaluation of the projected collection replacement needs and has indicated that, in order to complete the 20-year schedule of repair and replacement projects related to its collection

system infrastructure, long-term annual rate-funded replacement needs to reach approximately \$2 million. Key factors associated with the restricted collection replacement reserve are as follows:

- ◆ Restricted cash balance funding delayed during CY 2009/12 to ease cash flow burden while one-time projects are being funded. Funding continues at a lower rate in CY 2013, increasing annually thereafter.
- ◆ All collection replacement projects identified by the County funded through the restricted reserve.
- ◆ The interest earned on the restricted fund balance will allow the balance to grow faster and off-set the effects of inflation on replacement cost.
- ◆ Annual replacement *projects* range from \$450,000 to \$1.5 million during the CY 2009/16 period.
- ◆ The restricted fund ending balance remains fairly stable over the time period and begins accumulating balances once the annual contribution ramps up to target levels.

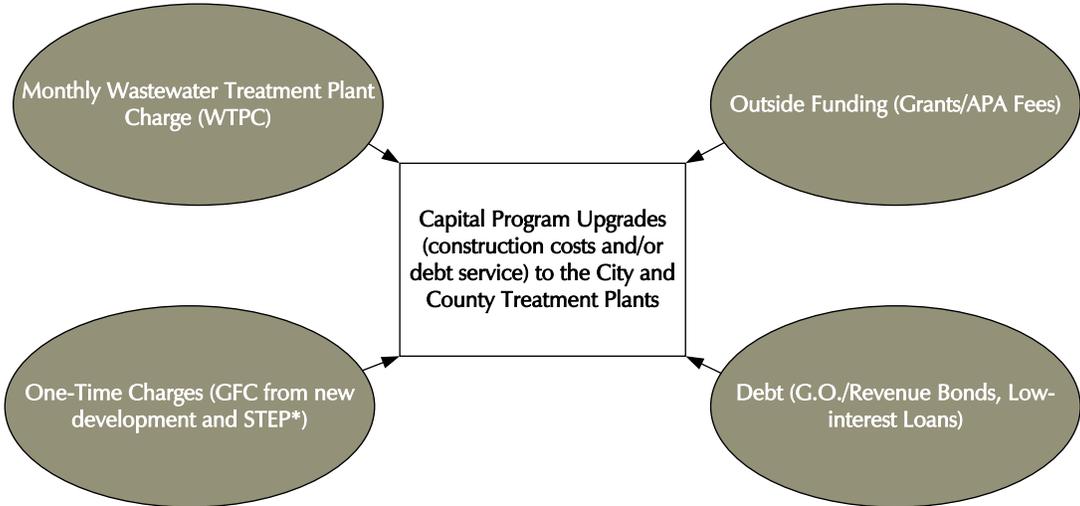
In addition to the collection reserve funding, CH2M Hill Constructors, Inc, contractually mandates reserve funding which is specifically designated for minor replacement needs of the SCRWRF, and is held separate from the collection reserve restricted fund balance.

Additional detail regarding the operating funds is provided in the Appendix.

2.C. REVENUE REQUIREMENT: CAPITAL PROGRAM COSTS

One of the major components of the wastewater utility’s financial requirements is the funding of capital and debt costs that together constitute the capital program. There are a number of different funding sources that are available to meet the capital program costs, each of which must be balanced in order to achieve the optimal funding plan.

EXHIBIT 2.6 – PURPOSE OF CAPITAL FUNDING SOURCES (I.E., WTPC AND GFC REVENUE)



* The STEP program charges are referred to as the Capital Facilities Rate (CFR) which includes the GFC plus a construction cost component that provides funding for sewer system installation in program areas. Revenue from the construction cost component is included as a resource but will not be reviewed as part of this study.

2.C.1. USES

In CY 1996, Spokane County began an aggressive 20-year sewer construction program related to septic tank elimination (STEP) in the Spokane Valley and the North Spokane unincorporated area. The majority of that program has now been completed. However, additional funding is required to complete the program by the end of CY 2015, in keeping with the current schedule.

In addition, the County is faced with additional capacity needs to meet future growth in the region and must meet new Spokane River water quality requirements. Meeting the future growth and regulatory requirements will place additional costs on the County with the construction of a new state-of-the-art Spokane County Water Reclamation Facility (SCWRF) plus the required improvements to the general system facilities for such items as influent pumping stations, influent force mains and effluent outfall line. The County is also obligated through an Interlocal Agreement with the City of Spokane to share proportionally (22.7%) in the cost of upgrades to the City of Spokane Riverside Park Water Reclamation Facility (RPWRF). Each year brings changing requirements and new programs; the County has included costs to address indoor water conservation programs, water reclamation planning, wetlands rehabilitation and alternative discharge options. The following is a summary of the County's planned capital expenses from CY 2009/16.

OVER \$280 MILLION FOR TREATMENT, WATER RECLAMATION, TMDL COMPLIANCE, AND MORE:

- ◆ \$6.4 million – Other sewer construction
- ◆ \$45.4 million – Riverside Park Water Reclamation Facility
- ◆ \$149.1 million – Spokane County Regional Water Reclamation Facility
- ◆ \$36.9 million – Influent Pumping Station, Force Mains, and Outfall
- ◆ \$13.2 million – TMDL Compliance, Water Conservation, and Water Reclamation
- ◆ \$31.7 million – Saltese Flats Wetlands
- ◆ \$54 million – Septic Tank Elimination Program (STEP)

Another use of the capital funding resources is to pay annual debt service obligations. The uses related to debt funding are discussed below in the debt section, 2.C.2.d.

2.C.2. SOURCES

To fund the capital program needs, the County has a number of different funding sources available. The rate strategy is to optimize the use of the available funding sources. There are specific funding sources authorized for specific costs such as septic tank elimination or water quality. The GFC must also be used for growth related capital project costs or growth related debt service. The Other funding sources must account for the differences. A summary of the capital program funding sources is summarized in **Exhibit 2.7**:

EXHIBIT 2.7 – SUMMARY OF CAPITAL PROGRAM FUNDING SOURCES

| | |
|--|---|
| Grant –Washington Department of Ecology | Committed to providing grants in the amount of \$3.75 million per year through CY 2014 in support of the Septic Tank Elimination Program and other water quality related efforts. |
| Aquifer Protection Area (APA) | In CY 1985, APA fees were established for a period of 20 years to fund aquifer protection, aquifer monitoring and sewer construction for septic tank elimination. In CY 2005, this fee was reauthorized for another 20-year period – ending in CY 2025. The amount allocated to the wastewater utility changes annually. The funding available is assumed at \$2.5 million annually in CY 2009 through CY 2011 as a result of accumulated reserves being drawn down. In CY 2012 and beyond, funding is assumed at \$950,000 per year. |
| General Facilities Charge (GFC) – New Development + STEP | A one-time charge paid by each new customer at the time of connection based on the proportional share of system capacity used. The GFC is intended to recover the proportional share of the costs of major pipelines, interceptors, pumping stations and treatment facilities required to serve new customers. |
| Monthly Wastewater Treatment Plant Charge (WTPC) | In CY 1996, a monthly charge was established for the purpose of funding required water quality improvements at the City of Spokane Riverside Park Water Reclamation Facility (RPWRF). This charge continues today and is intended to pay for the County’s share of upgrades at RPWRF and will help pay for the new Spokane County Water Reclamation Facility (SCWRF). |
| Debt Funding | When other funding sources are not adequate to finance the capital improvements, the analysis assumes that new revenue bonds will be issued. These bonds will be reduced by the ability of the County to secure low interest State loans (i.e., State Revolving Fund loans) and Build America Bond (BAB) interest credits. Any resulting debt service is assumed to be paid for through capital program revenue. |

It is important to note that any change in one funding source will require a change in the other funding sources – most likely either the WTPC and/or the GFC (up to the maximum defensible charge). The study focuses primarily on evaluating if the capital and debt needs of the County can be met with the current rates/charges of the County.

2.C.2.A. ALTERNATIVE DEVELOPMENT

As a part of this analytical effort, a number of alternatives were considered, the results of which were presented to the BoCC and City of Spokane Valley at various stages of the study process. These alternatives included:

- Financial effects of various types of debt (revenue bonds vs. G.O. bonds);
- Interest only debt payments versus standard, levelized debt payments (principal and interest);
- 20-year debt versus 25-year debt;
- Full GFC vs. maintaining GFC at current amount;

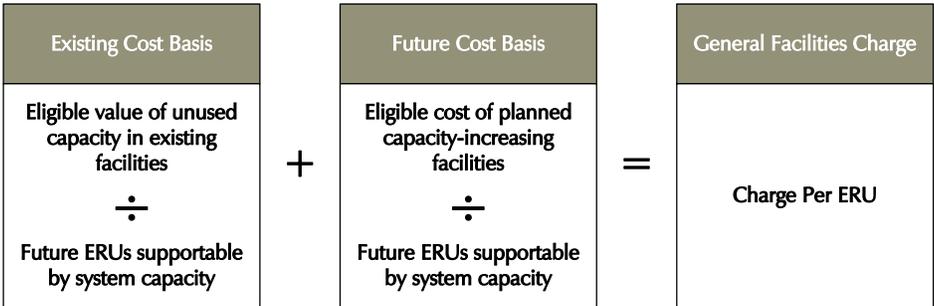
- Ramp in GFC vs. immediate implementation of full GFC; and
- Include or exclude full Saltese Flats project costs in immediate planning.

Ultimately the Board decided to move forward with a scenario in which 20-year revenue bond debt was used, with an interest-free period for the first 5 years, and included planning for the Saltese Flats project, a reuse project that can handle up to 12 mgd of reclaimed water from the SCRWRF. A full cost GFC, which is calculated below, will be phased in by CY 2013. The calculated charge includes an additional 3% construction cost inflation factor per year.

2.C.2.B. GENERAL FACILITIES CHARGE (GFC)

Due to the significant capital requirements faced by the County as a result of growth, the General Facilities Charge has been updated as part of this study. Collection of the GFC promotes equity between new and existing customers while providing a source of contributed equity to fund capital projects. The GFC facilitates equity by providing a vehicle for new customers to share in the capital costs incurred to support their additional capacity requirement to the system. This revenue source can also be applied to the growth-related portion of debt service, thereby providing a source of cash flow to support utility expansion as shown in Exhibit 2.8.

EXHIBIT 2.8 – SUMMARY OF GFC CALCULATION METHODOLOGY



The existing cost basis of the GFC calculation includes existing facility investment related to the 10 mgd capacity in the RPWRF and the existing general facilities required to provide wastewater service. Up to 10 years of interest is allowed on existing facilities with a deduction for any investment contributed from developers or grant funding. The existing plant investment (net of contributions) of \$45 million has the capacity to serve about 51,000 ERUs. An evaluation of the available capacity of the existing plant indicates that 4,771 ERUs, or 9.39% of the existing plant capacity, is available to serve new growth. Therefore, \$4.2 million of the existing facility investment is included as available to serve growth.

The future facility cost basis is intended to capture the costs required to meet future growth. The future costs include additional treatment capacity of 8 mgd from the new SCRWRF, STEP costs, and other general facilities required to provide service. The total future capital investments allocable to growth customers through CY 2020 total \$195 million and anticipate serving a total of about 91,500 ERUs.

Both the existing and future cost basis related to growth account for \$200 million in infrastructure investment. This investment is spread among the anticipated ERUs serviceable by available expanded plant capacity (45,432 ERUs) to calculate the cost-based GFC. Exhibit 2.9 shows the GFC calculation.

EXHIBIT 2.9 – SUMMARY OF THE GENERAL FACILITIES CHARGE CALCULATION

| Existing Cost Basis | |
|---|----------------------|
| Existing Investment in City Plant (10 mgd) | \$37,605,951 |
| Existing Investment in Other General Facilities | 13,078,860 |
| Total Accumulated Interest on Existing Assets (max 10 years) | <u>4,628,750</u> |
| Total Investment in Treatment and Other General Facilities | \$55,313,561 |
| <i>less: Contributed Assets</i> | (\$10,375,327) |
| Total Existing Assets Applicable to GFC | \$44,938,234 |
| City of Spokane Plant Available Capacity to Service Growth | 9.39% |
| Existing Assets Available to Service Growth | \$4,218,309 |
| Future Cost Basis | |
| Planned Investments allocable to Growth | \$194,032,986 |
| Planned Investment in CFR General Facilities | <u>1,376,000</u> |
| Total Planned Investment Applicable to GFC | \$195,408,986 |
| Customer Information | |
| # of ERU's Supported by Capacity | 91,488 |
| Less Current # of ERU's | <u>(46,056)</u> |
| Net Growth ERU's Applicable to GFC | 45,432 |
| Calculation of GFC | |
| Current Assets Available to Serve Growth | \$4,218,309 |
| Capital Improvements to Serve Growth | <u>195,408,986</u> |
| Total Assets Applicable to Charge | \$199,627,295 |
| <i>divided by</i> Net Growth ERU's Applicable to GFC | 45,432 |
| Total GFC per ERU | 4,394 |

The cost-based GFC for new development is calculated at \$4,394 per ERU. This is an increase of \$759 over the existing charge. To ease the transition to this charge, the following schedule, which linearly phases in a full cost GFC by CY 2013, was provided for BoCC consideration. This schedule also adds annual construction cost inflation of 3.5% to the CY 2010 GFC such that the charge escalates to full cost by CY 2013. **Exhibit 2.10** shows the resulting GFC for CY 2009/13.

EXHIBIT 2.10 – SUMMARY OF THE GENERAL FACILITIES CHARGE CALCULATION

| General Facilities Charge | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full Cost by 2013 | \$3,635 | \$3,930 | \$4,220 | \$4,510 | \$4,800 |

The GFC applied to the STEP program may be updated to the cost-based GFC calculated above. Or, the County could maintain this charge at its current level as an incentive to participate in the STEP program. Historically, this charge has been subsidized in program areas by the County using APA revenues and sewer construction fund reserves. Currently, the GFC portion of the CFR is subsidized by 48%. For this study, it is assumed that the GFC related to the STEP program would remain at the existing level of \$1,885 per ERU through 2011, after which it will be increased linearly to the full cost amount by 2015.

2.C.2.C. WASTEWATER TREATMENT PLANT CHARGE (WTPC)

The Wastewater Treatment Plant Charge provides a resource to pay for treatment plant capital upgrades at the RPWRF and new capacity at the SCWRF, as well as the debt service used to finance these projects. The cash flow from the WTPC is projected to fall short of future annual requirements if held at its CY 2009 level. To meet the resource requirements of the County, it is anticipated that the WTPC charge of \$10.55 will need to increase in CY 2010 by \$3.75 to \$14.30 per ERU per month.

2.C.2.D. DEBT

The County currently has a number of outstanding debt issues, the proceeds of which were used in the past to fund capital projects. In CY 2010, the County will pay debt service on 10 existing GO bonds, 1 PWTF loan, and an SRF loan. Together, payments on these debt issues total between \$3.9 and \$5.0 million per year between CY 2010 and CY 2016.

It is anticipated that additional debt funding will be required to provide sufficient cash flow for the construction of the new SCWRF and the upgrades to the RPWRF. It is anticipated that \$229 million of new debt will be required through CY 2012. The County was successful at securing low-interest State Revolving Fund loans, of which \$67.2 million is expected to be drawn in CY 2009/12. Of this amount, \$2.3 million is secured at a 1.5% interest rate and the remaining loans are estimated at an approximate 3.0% interest rate; each assumes a 20-year term of repayment. The remaining \$161.3 million are assumed in this analysis to be issued as revenue bonds. These bonds are assumed to carry an average 5% interest rate for 20 years, with a 5-year interest only period. The total annual debt service obligation for the 20-year duration of the bonds is projected to range from a low of \$6.9 million to a high of \$25.0 million. A summary of the total debt service payments for 2009-2016 is shown in **Exhibit 2.11**. No new debt issues are assumed in 2013 and beyond at this time.

EXHIBIT 2.11 – SUMMARY OF EXISTING AND ESTIMATED NEW DEBT SERVICE COSTS

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Existing Debt Service | \$ 5,441,965 | \$ 4,417,472 | \$ 4,587,614 | \$ 4,450,442 | \$ 4,951,552 | \$ 4,696,399 | \$ 4,538,183 | \$ 3,858,537 |
| Future Debt Service | 1,410,320 | 9,420,643 | 9,420,643 | 14,097,287 | 14,097,287 | 14,097,287 | 20,496,518 | 20,496,518 |
| Total Debt | \$ 6,852,285 | \$13,838,116 | \$14,008,258 | \$18,547,729 | \$19,048,838 | \$18,793,685 | \$25,034,701 | \$24,355,055 |

2.C.3. SUMMARY OF CAPITAL PROGRAM REVENUE REQUIREMENT

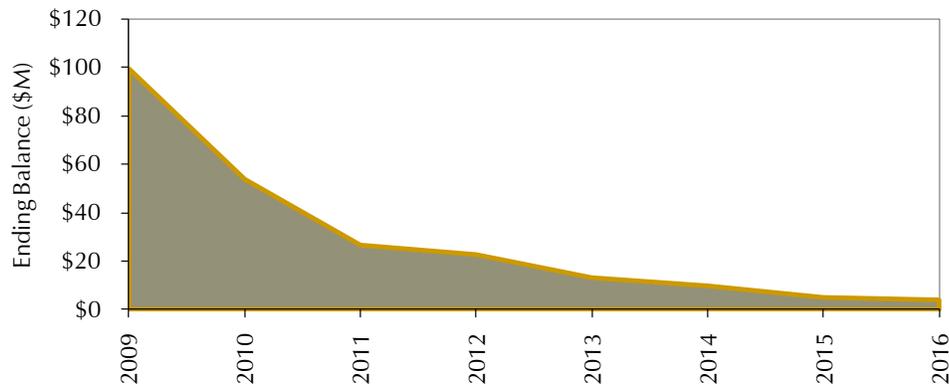
Exhibit 2.12 shows how the total obligations of the capital program are balanced with the multiple resources available to the County. The fund balance drops to minimum levels (\$4.0 million) in CY 2016 near the completion of major construction plans for the County and City treatment plants. Over time, the fund ebbs and flows with accumulating fund balances due to annual fluctuations in capital projects, debt service obligations, and resources (i.e. the termination of the State grant, which is currently disbursed annually). The County should regularly monitor fund balances to ensure adequate resources are available. In particular, the capital funds should be reviewed after CY 2012 when the SCWRF is online and the County is beyond the majority of its near-term capital effort.

EXHIBIT 2.12 – SUMMARY OF THE CAPITAL PROGRAM REVENUE REQUIREMENT

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Beginning Balance | \$ 39,203,584 | \$ 99,641,181 | \$ 53,950,414 | \$ 26,689,440 | \$ 22,758,247 | \$ 13,197,427 | \$ 9,820,775 | \$ 5,030,364 |
| Sources: | | | | | | | | |
| DOE Grants (ends 2014) | \$ 3,750,000 | \$ 3,750,000 | \$ 3,750,000 | \$ 3,750,000 | \$ 3,750,000 | \$ 3,750,000 | \$ - | \$ - |
| PWTF Grants | 3,700,000 | - | - | - | - | - | - | - |
| Road Maintenance Services | 1,400,000 | 1,600,000 | 1,200,000 | - | - | - | - | - |
| Other Misc. 403 Revenue | 875,400 | 383,000 | 383,000 | 83,000 | 83,000 | 83,000 | 83,000 | 83,000 |
| NET APA Revenue Available for Capital (ends 2025) | 2,500,000 | 2,500,000 | 2,500,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 |
| Transfer of Surplus Fund Balance From Operating Fund | 5,402,278 | 936,889 | 1,663,199 | - | - | - | - | - |
| Debt Proceeds - Program | 10,387,000 | - | - | - | - | - | - | - |
| Debt Proceeds - Treatment | 106,700,022 | 62,450,000 | 16,225,000 | 16,225,000 | - | - | - | - |
| WTP Charge | 5,830,633 | 8,023,330 | 10,108,128 | 10,802,902 | 11,576,854 | 12,378,808 | 13,208,919 | 14,067,344 |
| Interest | 392,036 | 1,992,824 | 1,688,648 | 835,379 | 712,333 | 413,079 | 307,390 | 157,450 |
| CFR Revenue | 9,174,431 | 9,129,527 | 10,103,774 | 9,439,142 | 8,344,978 | 7,929,792 | 7,533,308 | 7,154,728 |
| Non-Program GFC Revenue | 690,650 | 756,160 | 1,282,698 | 2,402,018 | 3,141,042 | 3,327,135 | 3,468,073 | 3,614,969 |
| Subtotal Sources | \$150,802,449 | \$ 91,521,728 | \$ 48,904,448 | \$ 44,487,442 | \$ 28,558,207 | \$ 28,831,814 | \$ 25,550,689 | \$ 26,027,492 |
| Uses: | | | | | | | | |
| Program Costs | \$ 21,993,000 | \$ 21,945,000 | \$ 14,951,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ - | \$ - |
| Riverside Park Water Reclamation Facility Projects (RPWRF) | 2,304,000 | 2,895,000 | 3,840,000 | 5,000,000 | 11,573,000 | 12,559,000 | 4,942,000 | 2,329,000 |
| Spokane County Regional Water Reclamation Facility (SCRWRF) | 40,666,000 | 72,674,000 | 26,427,000 | 9,380,000 | - | - | - | - |
| Influent Pumping Station and Force Mains, and Outfall Projects | 16,266,000 | 12,721,000 | 121,000 | - | - | - | - | - |
| Pump Station and Force Main Projects (GFC Projects Only) | 570,000 | 1,015,000 | 2,240,000 | 400,000 | 3,550,000 | - | - | - |
| TMDL Compliance | 365,000 | 1,250,000 | 4,250,000 | 4,250,000 | 3,100,000 | - | - | - |
| Saltese Flats Wetlands | 1,100,000 | 10,600,000 | 10,000,000 | 10,000,000 | - | - | - | - |
| Taxes on All Capital Revenues | 248,567 | 274,380 | 328,164 | 340,906 | 347,188 | 355,781 | 364,399 | 373,801 |
| Subtotal Uses | \$ 83,512,567 | \$123,374,380 | \$ 62,157,164 | \$ 29,870,906 | \$ 19,070,188 | \$ 13,414,781 | \$ 5,306,399 | \$ 2,702,801 |
| Total Debt Service | 6,852,285 | 13,838,116 | 14,008,258 | 18,547,729 | 19,048,838 | 18,793,685 | 25,034,701 | 24,355,055 |
| Total Uses (Capital plus Debt) | \$ 90,364,852 | \$137,212,496 | \$ 76,165,422 | \$ 48,418,635 | \$ 38,119,027 | \$ 32,208,466 | \$ 30,341,101 | \$ 27,057,855 |
| Net Cash Flow | \$ 60,437,597 | \$ (45,690,768) | \$ (27,260,974) | \$ (3,931,193) | \$ (9,560,819) | \$ (3,376,652) | \$ (4,790,411) | \$ (1,030,364) |
| Ending Balance (min=\$4,000,000) | \$ 99,641,181 | \$ 53,950,414 | \$ 26,689,440 | \$ 22,758,247 | \$ 13,197,427 | \$ 9,820,775 | \$ 5,030,364 | \$ 4,000,000 |

The ending fund balance dips to minimum levels in CY 2016, near the end of RPWRF construction. The balance then accumulates slowly as major capital programs are completed. Exhibit 2.13 provides a summary of the projected capital program ending balance from CY 2009 to CY 2027.

EXHIBIT 2.13 – SUMMARY OF THE CAPITAL PROGRAM ENDING FUND BALANCE



2.C.4. TOTAL WASTEWATER SYSTEM COSTS

The revenue requirement for each program (O&M costs plus capital and debt costs), when combined, identifies the total wastewater funding needs for an equivalent residential unit (ERU). The rates and charges resulting from this revenue requirement strategy include the following assumptions:

- ◆ Monthly sewer service charge will be cost-based and support the total operations and maintenance costs of the wastewater system.

- ◆ Monthly WWTP charge will provide sufficient funding to support the capital program.
- ◆ General facilities charge will be set at the full cost-based charge by 2013.
- ◆ General facilities charge for the STEP program will be maintained at the existing level through 2011, then phased in linearly to match the full GFC by 2015.

SECTION 3: RATE DESIGN

3.A. INTRODUCTION

Once the revenue requirement is established by accounting for all operating and capital needs of the utility, it is necessary to develop an implementation strategy for rates and charges. The overall objective is to recover the full revenue requirement while achieving ongoing equity and policy objectives.

3.B. EXISTING AND PROPOSED RATES

The fees and charges of the wastewater utility are composed of two ongoing charges that are paid by all customers.

The monthly sewer service charge pays for ongoing operations and maintenance costs of the collection portions of the wastewater system, treatment capacity payments to the City of Spokane, replacement of the collection portion of the wastewater system and minimum operating reserve levels. The sewer service charge is a fixed monthly fee for single family residences and duplexes. Multi-family dwellings are charged a fixed fee based on the number of dwelling units. The business/commercial/manufactured home park customers are charged a fixed base fee for the first ERU and a volume charge for each 100 cubic feet of water consumed over 800 cubic feet.

The wastewater treatment plant charge (WTPC) provides funding for capital construction and debt service costs associated with the RPWRF and the SCRWRF. The residential, duplex and multi-family customers are charged a fixed monthly fee. Business/commercial/manufactured home park customers are charged a base charge plus a volume charge.

One time charges are collected from new customers connecting to the system or from customers converting from septic tank systems to the county system.

The general facility charge (GFC) is a one-time fee charged to each new development customer and new septic tank conversion customer connecting to the wastewater system. The GFC assigns a proportionate share of existing and future wastewater system capacity costs to new customers based on their capacity demand (flow contribution) on the wastewater system. The charge is assessed per ERU and is currently \$3,635 per new development ERU and \$1,885 per septic tank conversion ERU.

Exhibit 3.1 shows a detailed account of how the proposed changes will be applied to County ratepayers. The rate has been applied to all rate classes equally and also applied to each rate component (fixed and variable) equally.

EXHIBIT 3.1 – FIVE-YEAR SCHEDULE OF PROPOSED RATE CHANGES

| | Current Rates | 2010 | 2011 | 2012 |
|---|--|----------------|----------------|----------------|
| Adopted Rates For Discount Customers | | | | |
| Monthly Sewer Service Charge | \$19.83 | \$20.83 | \$21.83 | \$22.83 |
| Monthly WTPC Charge | \$8.44 | \$11.44 | \$14.20 | \$14.63 |
| TOTAL MONTHLY BILL | \$28.27 | \$32.27 | \$36.03 | \$37.46 |
| Adopted Rates For Single Family Homes | | | | |
| Monthly Sewer Service Charge | \$24.79 | \$26.04 | \$27.29 | \$28.54 |
| Monthly WTPC Charge | \$10.55 | \$14.30 | \$17.75 | \$18.29 |
| TOTAL MONTHLY BILL | \$35.34 | \$40.34 | \$45.04 | \$46.83 |
| Adopted Rates for Duplexes | | | | |
| Monthly Sewer Service Charge | \$49.58 | \$52.08 | \$54.58 | \$57.08 |
| Monthly WTPC Charge | \$21.10 | \$28.60 | \$35.50 | \$36.58 |
| TOTAL MONTHLY BILL | \$70.68 | \$80.68 | \$90.08 | \$93.66 |
| Adopted Rates for Multifamily | | | | |
| Monthly Sewer Service Charge | \$15.21 | \$15.98 | \$16.74 | \$17.51 |
| Monthly WTPC Charge | \$7.38 | \$10.00 | \$12.42 | \$12.79 |
| Monthly Account Charge | \$3.06 | \$3.21 | \$3.37 | \$3.52 |
| TOTAL MONTHLY BILL | Total Depends on Total Number of Dwelling Units | | | |
| Adopted Rates for Commercial | | | | |
| Monthly Sewer Service Base Charge | \$24.79 | \$26.04 | \$27.29 | \$28.54 |
| Volume Charge for monthly Sewer Service | \$2.71 | \$2.85 | \$2.98 | \$3.12 |
| Monthly WTPC Base Charge | \$10.55 | \$14.30 | \$17.75 | \$18.29 |
| Volume Charge for Monthly WTPC | \$1.31 | \$1.78 | \$2.20 | \$2.27 |
| TOTAL MONTHLY BILL | Total Depends on Volume of Winter Water Usage | | | |
| Adopted GFC for New Development and STEP Customers | | | | |
| New Development | \$3,635 | \$3,930 | \$4,220 | \$4,510 |
| STEP | \$1,885 | \$1,885 | \$1,885 | \$2,690 |
| CCF means 100 cubic feet of water consumed, based on winter usage conditions | | | | |
| The Volume Charge is per CCF above 800 Cubic Feet that is included in the Base Charge | | | | |

3.C. ADDITIONAL RATE ANALYSIS

The Spokane County Division of Utilities anticipated issuing new debt to complete the capital improvement plan through 2016. In order to determine the level of funding needed, the rate study update discussed previously was conducted to evaluate the revenue sources and funding options of the wastewater utility. The rate study assumed debt proceeds of \$115 million in CY 2009 and \$30 million in CY 2010, which resulted in annual debt service that was incorporated in to a proposed rate that was presented to the Board of County

Commissioners on June 23, 2009.

During July and August 2009, the County moved forward with securing new debt for future capital projects. It was as a result of this process that \$124 million in Wastewater System Revenue Bonds, Series 2009A, and Wastewater System Taxable Bonds, Series 2009B (Build America Bonds – Direct Payment to Issuer) were issued. Since the payment terms, interest rates, and issuance costs were slightly different than what was originally assumed in the rate study due to market yield fluctuations, the new debt service obligations were incorporated into the analysis *after* rate development to determine whether the recommended rates were sufficient. The specific terms reconciled to the rate study update are as follows:

- ◆ The estimated true interest cost over the term of the bonds is 3.98%;
- ◆ The bonds are amortized over a 15-year period beginning in December 2015;
- ◆ The bonds are structured as interest only payments through CY 2014;
- ◆ A reserve fund equal to 10% of bond proceeds must be established;
- ◆ The County must maintain a minimum debt service coverage ratio of 1.20;
- ◆ Three months of interest only payments are assumed for CY 2009, followed by 12 months of interest only payments for the years CY 2010 through CY 2014;
- ◆ Interest payments begin December 1, 2009 and full principal payments begin December 1, 2015; and
- ◆ Build America Bond payments are included at \$526,100 in CY 2009 and \$1.973 million each year for the remainder of the terms of the bonds.

The reconciliation of the items noted above to the rate study update revealed that the rates proposed and presented to the Board of Commissioners during the June 23, 2009, public hearing are sufficient to meet the operating, maintenance, capital costs and debt repayment requirements for the wastewater system during the CY 2009 through CY 2014 time period. In addition, the County has adequate financial capacity and revenue to satisfy the coverage requirements of the new debt.

SECTION 4: STAKEHOLDER REVIEW AND PUBLIC HEARING

4.A. INTRODUCTION

As part of the Wastewater Utility Financial Plan Update, a number of review sessions were held with the Spokane County Board of County Commissioners (BoCC) and Spokane Valley City Council (SVCC), culminating in a Public Hearing. The goals were to 1) effectively provide key decision makers the opportunity to offer feedback and direction during the course of the study process, and 2) give City and County rate payers the opportunity to understand the key changes affecting the study and voice their opinions in a public setting.

4.B. STAKEHOLDER REVIEW OF KEY INPUTS AND VARIABLES

FCS GROUP accompanied utility staff to 2 internal meetings with the BoCC, 2 meetings with the SVCC, and a public hearing with the BoCC:

- ◆ May 5, 2009 – BoCC presentation of preliminary findings and solicitation of initial feedback
- ◆ May 5, 2009 – CC presentation of preliminary findings and solicitation of initial feedback
- ◆ May 19, 2009 – BoCC presentation of scenario development
- ◆ June 2, 2009 – CC presentation of scenario development process undertaken with BoCC
- ◆ June 23, 2009 – BoCC Public Hearing

During the course these meetings, key drivers and variables were discussed. Key variables included:

1. Revenue bond duration (20 years vs. 25 years)

For a bond sale of a given size, increasing the duration over which it is repaid will typically increase the total interest cost because longer maturities usually carry higher interest costs. The principal is also paid off less quickly, so that interest accrues over a longer period of time. Because principal payments are spread over a longer time period, there are immediate cash flow benefits that may keep initial utility rates lower than they would be otherwise. It is difficult to weigh the pros and cons of lengthening the duration of a bond from a ratepayer's perspective, as the opportunity cost of rate revenue is so difficult to assess

given the variegated nature of ratepayer priorities. From an economic perspective, short-term debt is usually considered cheaper than long-term debt.

Both the BoCC and the CC preferred 20-year debt over 25-year debt, since it is cheaper in nominal terms than the alternative.

2. Revenue bond type (interest-only period vs. standard)

Shaping debt service over the duration of the repayment period can allow a utility to more effectively manage its cash flow needs and avoid undue spikes in utility rates. Because of heavy near-term capital obligations scheduled by the County in its construction of the SCRWRF and other efforts, an interest-only period during the first five years of debt repayment was considered as an alternative to standard debt, with a level amortization over the duration of the repayment period. Employing an interest-only period in the early years also frees up cash from rates and charges that can be used directly to offset near-term capital expenses, which in turn reduces the need for debt proceeds. This allows the total debt issue to be smaller than it would need to be if it were amortized in a standard, level fashion.

Stakeholders preferred the use of an interest-only period in order to reap the short-term cash flow benefits, as well as the long-term benefits of a smaller debt issue.

3. Saltese Flats Wetlands Restoration Planning

Municipal agencies that discharge to the Spokane River must produce Class A effluent that is suitable for reclamation and must evaluate the feasibility of implementing effluent reuse opportunities. The Saltese Flats project is a reuse project that can handle up to 12 mgd of reclaimed water from the SCRWRF. Saltese Flats was historically a shallow lake that was drained in the late 1800s and converted to grassland farming. The Saltese Flats project concept is to take an area of approximately 342 to 500 acres and restore it as wetlands, using natural water and supplemented with reclaimed water. Winter discharge would still most likely be to the Spokane River. The Saltese Flats project is considered one of the alternative disposal methods the County is considering regardless of the outcome of the discharge permit.

The BoCC chose to implement rates that anticipate the \$30 million of capital cost and roughly \$500,000 in annual operating costs that the Saltese Flats project would entail. This will best position the utility to achieve compliance with Washington State Department of Ecology TMDL mandates for utilities discharging to the Spokane River.

Utility staff incorporated stakeholder input on these variables and structured the rate recommendations accordingly.

4.C. PUBLIC RATE HEARING

At the June 23, 2009 Public Hearing, FCS GROUP presented the rate recommendations depicted in **Exhibit 3.1**. After consideration of public testimony received at that hearing, The BoCC adopted these rates on the July 21, 2009, effective January 1, 2010. As stated in resolution 9-0673, “the Board concludes that it is in the best interest of the public and the orderly management, regulation and control of the County’s system of

sewerage to amend Spokane County Code Chapter 8.03” with the rate schedule mentioned, as well as the following additional amendments, effective September 1, 2009:

- ◆ Various changes to section 8.03.6040 regarding Sewer Connection Permits.
- ◆ 8.03.8040 Sewer Facility Plan Check Fees for:
 - Gravity Collection Lines were increased from \$0.40 to \$0.50 per linear foot of public or private gravity sewer main pipe.
 - Force Mains and Low Pressure Collection Systems were changed to \$0.30 per linear foot of force main pipe or low-pressure collection main pipe.
 - Pump Stations were changed to a \$100 flat fee plus \$10 for each 300 gallons of average daily design flow for the pump station.
 - 8.03.8500 Sewer Connection Permit, Inspection and Administrative Fees.
 - ✓ Connection Permits increased from \$85 to \$125.
 - ✓ Connection Permits for Public Sewer Taps increased from \$100 to \$125 per tap.
 - ✓ Hourly Inspection Rates increased from \$32 to \$37 per hour.
 - ✓ Overtime Hourly Inspection Rate for Additional Inspection Time decreased from \$48 to \$46 per hour.

TECHNICAL APPENDIX

**Spokane County
Sewer Rate Analysis
Cash Summary by Purpose**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Key Statistics: Summary | | | | | | | | | | |
| Cumulative Operating Increase Over Existing Rates | 0.00% | 5.04% | 10.08% | 15.13% | 20.17% | 25.34% | 29.22% | 33.09% | 37.57% | 41.20% |
| Annual Operating Rate Increases | 0.00% | 5.04% | 4.80% | 4.58% | 4.38% | 4.31% | 3.09% | 3.00% | 3.37% | 2.64% |
| Monthly O&M Rate after Rate Increase | \$24.79 | \$26.04 | \$27.29 | \$28.54 | \$29.79 | \$31.07 | \$32.03 | \$32.99 | \$34.10 | \$35.00 |
| Monthly WTPC | \$10.55 | \$14.30 | \$17.75 | \$18.29 | \$18.84 | \$19.38 | \$19.92 | \$20.47 | \$20.47 | \$20.47 |
| CFR | \$5,650 | \$5,782 | \$5,918 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CFR/Month | \$40.85 | \$41.42 | \$42.40 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| GFC | \$3,635 | \$3,927 | \$4,218 | \$4,510 | \$4,801 | \$4,945 | \$5,094 | \$5,247 | \$5,404 | \$5,566 |
| Restricted Replacement Fund Balance | \$14,234,322 | \$14,069,008 | \$14,044,368 | \$13,758,957 | \$13,463,612 | \$13,929,023 | \$14,176,001 | \$14,771,710 | \$15,489,065 | \$16,398,873 |
| Operations Fund Balance | \$3,017,656 | \$3,137,835 | \$3,291,279 | \$2,761,295 | \$3,067,966 | \$3,067,966 | \$3,067,966 | \$3,067,966 | \$3,067,966 | \$3,067,966 |
| Capital Fund Balance | \$99,641,181 | \$53,950,414 | \$26,689,440 | \$22,758,247 | \$13,197,427 | \$9,820,775 | \$5,030,364 | \$4,000,000 | \$5,310,560 | \$6,647,605 |
| Total Ending Balance | \$116,893,159 | \$71,157,257 | \$44,025,087 | \$39,278,498 | \$29,729,006 | \$26,817,764 | \$22,274,331 | \$21,839,677 | \$23,867,591 | \$26,114,444 |

Spokane County

Sewer Rate Analysis

Cash Summary by Purpose

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| OPERATIONS CASH FLOW TEST: Fund 401 including Restricted Balances | | | | | | | | | | |
| Sources: | | | | | | | | | | |
| Service Fee Revenues | \$12,910,600 | \$13,103,889 | \$13,588,584 | \$14,141,909 | \$14,697,456 | \$15,255,250 | \$15,815,320 | \$16,377,694 | \$16,574,227 | \$16,773,117 |
| Interest | \$570,000 | \$60,353 | \$98,214 | \$103,017 | \$86,429 | \$96,027 | \$96,027 | \$96,027 | \$96,027 | \$96,027 |
| Misc. Revenue | \$962,700 | \$973,428 | \$1,098,864 | \$908,661 | \$913,430 | \$918,348 | \$923,419 | \$928,648 | \$800,708 | \$806,271 |
| Total Sources | \$14,443,300 | \$14,137,670 | \$14,785,662 | \$15,153,587 | \$15,697,314 | \$16,269,625 | \$16,834,766 | \$17,402,369 | \$17,470,962 | \$17,675,416 |
| Uses: | | | | | | | | | | |
| RPWRF Expenses | \$5,483,571 | \$5,760,522 | \$6,182,671 | \$1,415,565 | \$1,617,600 | \$2,588,826 | \$3,052,026 | \$3,546,018 | \$3,637,068 | \$3,904,451 |
| New County Plant Treatment Expenses (SCRWRF) - Includes Sales tax and NVI/SVI Conveyance | \$0 | \$0 | \$0 | \$6,707,937 | \$7,086,940 | \$7,334,983 | \$7,591,708 | \$7,857,417 | \$8,132,427 | \$8,417,062 |
| Operating Expenses (401) | \$6,587,052 | \$6,790,818 | \$6,982,445 | \$8,250,995 | \$8,553,873 | \$8,841,932 | \$9,149,118 | \$9,461,395 | \$9,676,289 | \$9,893,618 |
| Reclamation, Conservation, TMDL, Biosolids and Pump Station R&R | \$1,287,000 | \$1,173,000 | \$1,139,000 | \$816,000 | \$97,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 |
| Replacement Reserve Funding - Collection System Infrastructure | \$0 | \$0 | \$0 | \$0 | \$300,000 | \$550,000 | \$800,000 | \$1,050,000 | \$1,300,000 | \$1,375,000 |
| Replacement Reserve Funding - WWTP/Pump Stations/Outfall | \$0 | \$0 | \$0 | \$577,268 | \$623,321 | \$645,507 | \$668,450 | \$692,221 | \$716,820 | \$742,315 |
| Subtotal Uses | \$13,357,623 | \$13,724,340 | \$14,304,117 | \$17,767,766 | \$18,278,734 | \$20,036,248 | \$21,336,301 | \$22,682,052 | \$23,537,604 | \$24,407,446 |
| Additions to Meet Minimum Balance Requirement | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Uses | \$13,357,623 | \$13,724,340 | \$14,304,117 | \$17,767,766 | \$18,278,734 | \$20,036,248 | \$21,336,301 | \$22,682,052 | \$23,537,604 | \$24,407,446 |
| Net Cash Flow | \$1,085,677 | \$413,330 | \$481,546 | (\$2,614,179) | (\$2,581,420) | (\$3,766,623) | (\$4,501,536) | (\$5,279,682) | (\$6,066,642) | (\$6,732,030) |
| Cash Test Revenue Deficiency (Surplus) | (\$1,085,677) | (\$413,330) | (\$481,546) | \$2,614,179 | \$2,581,420 | \$3,766,623 | \$4,501,536 | \$5,279,682 | \$6,066,642 | \$6,732,030 |
| Rate Increase Required | | | | | | | | | | |
| Revenue Deficiency (Surplus) | (\$1,085,677) | (\$413,330) | (\$481,546) | \$2,614,179 | \$2,581,420 | \$3,766,623 | \$4,501,536 | \$5,279,682 | \$6,066,642 | \$6,732,030 |
| Adjustment for Levelized Rate Increase | | 1,057,068 | 1,816,643 | (529,985) | 306,672 | | | | | |
| Additional Excise Taxes | \$0 | \$17,007 | \$35,272 | \$55,062 | \$76,300 | \$99,510 | \$118,926 | \$139,484 | \$160,274 | \$177,853 |
| Total Revenue Deficiency (Surplus) | (\$1,085,677) | \$660,745 | \$1,370,370 | \$2,139,256 | \$2,964,392 | \$3,866,134 | \$4,620,462 | \$5,419,166 | \$6,226,916 | \$6,909,884 |
| Net Revenue Requirement from Rates | \$12,910,600 | \$13,764,634 | \$14,958,954 | \$16,281,166 | \$17,661,848 | \$19,121,383 | \$20,435,781 | \$21,796,860 | \$22,801,143 | \$23,683,001 |
| Increase Over Existing Rates | 0.00% | 5.04% | 10.08% | 15.13% | 20.17% | 25.34% | 29.22% | 33.09% | 37.57% | 41.20% |
| Annual Rate Increase | 0.00% | 5.04% | 4.80% | 4.58% | 4.38% | 4.31% | 3.09% | 3.00% | 3.37% | 2.64% |
| Net Cash Flow after Rate Increase | \$1,085,677 | \$1,057,068 | \$1,816,643 | (\$529,985) | \$306,672 | \$0 | \$0 | (\$0) | \$0 | \$0 |
| Monthly Rate after Increase | \$24.79 | \$26.04 | \$27.29 | \$28.54 | \$29.79 | \$31.07 | \$32.03 | \$32.99 | \$34.10 | \$35.00 |
| Monthly Increase | | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.28 | \$0.96 | \$0.96 | \$1.11 | \$0.90 |
| OPERATIONS FUND ACTIVITY | | | | | | | | | | |
| Beginning Balance | \$7,334,257 | \$3,017,656 | \$3,137,835 | \$3,291,279 | \$2,761,295 | \$3,067,966 | \$3,067,966 | \$3,067,966 | \$3,067,966 | \$3,067,966 |
| plus: Net Cash Flow After Rate Increase | \$1,085,677 | \$1,057,068 | \$1,816,643 | (\$529,985) | \$306,672 | \$0 | \$0 | (\$0) | \$0 | \$0 |
| less: Lump Sum Payments to Spokane | | | | | | | | | | |
| less: Capital Projects designated for operating fund | | | | | | | | | | |
| less: Transfer of Surplus (+25% of annual op. exp.) Fund Balance to Capital Fund | (\$5,402,278) | (\$936,889) | (\$1,663,199) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ending Balance | \$3,017,656 | \$3,137,835 | \$3,291,279 | \$2,761,295 | \$3,067,966 | \$3,067,966 | \$3,067,966 | \$3,067,966 | \$3,067,966 | \$3,067,966 |
| Minimum Fund Balance (10% of annual operating expenses) | \$1,207,062 | \$1,255,134 | \$1,316,512 | \$1,637,450 | \$1,725,841 | \$1,876,574 | \$1,979,285 | \$2,086,483 | \$2,144,578 | \$2,221,513 |
| Restricted Cash Balances - Collection System Infrastructure Replacement Fund | | | | | | | | | | |
| Beginning Fund Balance | \$15,586,457 | \$14,234,322 | \$14,069,008 | \$14,044,368 | \$13,758,957 | \$13,463,612 | \$13,929,023 | \$14,176,001 | \$14,771,710 | \$15,489,065 |
| Plus: Reserve Funding | \$0 | \$0 | \$0 | \$0 | \$300,000 | \$550,000 | \$800,000 | \$1,050,000 | \$1,300,000 | \$1,375,000 |
| Plus: Interest | \$155,865 | \$284,686 | \$440,360 | \$439,589 | \$430,655 | \$421,411 | \$435,978 | \$443,709 | \$462,355 | \$484,808 |
| Less: Reserve Spending (Replacement Projects) | \$1,508,000 | \$450,000 | \$465,000 | \$725,000 | \$1,026,000 | \$506,000 | \$989,000 | \$898,000 | \$1,045,000 | \$950,000 |
| Ending Fund Balance | \$14,234,322 | \$14,069,008 | \$14,044,368 | \$13,758,957 | \$13,463,612 | \$13,929,023 | \$14,176,001 | \$14,771,710 | \$15,489,065 | \$16,398,873 |
| Restricted Cash Balances - WWTP/Pump Stations/Outfall Reserve (Fund 434?) | | | | | | | | | | |
| Beginning Fund Balance | \$0 | \$0 | \$0 | \$0 | \$577,268 | \$1,218,658 | \$1,902,309 | \$2,630,300 | \$3,404,850 | \$4,228,242 |
| Plus: Reserve Funding | \$0 | \$0 | \$0 | \$577,268 | \$623,321 | \$645,507 | \$668,450 | \$692,221 | \$716,820 | \$742,315 |
| Plus: Interest | \$0 | \$0 | \$0 | \$0 | \$18,069 | \$38,144 | \$59,542 | \$82,328 | \$106,572 | \$132,344 |
| Less: Reserve Spending (Replacement Projects) | | | | | | | | | | |
| Ending Fund Balance | \$0 | \$0 | \$0 | \$577,268 | \$1,218,658 | \$1,902,309 | \$2,630,300 | \$3,404,850 | \$4,228,242 | \$5,102,901 |
| | | | | | 8.0% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |

Spokane County Sewer Rate Analysis Cash Summary by Purpose

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| CAPITAL: Includes Funds 403, 434, 438 and E-01 | | | | | | | | | | |
| Beginning Balance | \$39,203,584 | \$99,641,181 | \$53,950,414 | \$26,689,440 | \$22,758,247 | \$13,197,427 | \$9,820,775 | \$5,030,364 | \$4,000,000 | \$5,310,560 |
| Sources: | | | | | | | | | | |
| DOE Grants (ends 2014) | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$0 | \$0 | \$0 | \$0 |
| PWTF Grants | \$3,700,000 | | | | | | | | | |
| Road Maintenance Services | \$1,400,000 | \$1,600,000 | \$1,200,000 | | | | | | | |
| Other Misc. 403 Revenue | \$875,400 | \$383,000 | \$383,000 | \$83,000 | \$83,000 | \$83,000 | \$83,000 | \$83,000 | \$83,000 | \$83,000 |
| NET APA Revenue Available for Capital (ends 2025) | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$950,000 | \$950,000 | \$950,000 | \$950,000 | \$950,000 | \$950,000 | \$950,000 |
| Transfer of Surplus Fund Balance From Operating Fund | \$5,402,278 | \$936,889 | \$1,663,199 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Debt Proceeds - Program | \$10,387,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Debt Proceeds - Treatment | \$106,700,022 | \$62,450,000 | \$16,225,000 | \$16,225,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| WTP Charge | \$5,830,633 | \$8,023,330 | \$10,108,128 | \$10,802,902 | \$11,576,854 | \$12,378,808 | \$13,208,919 | \$14,067,344 | \$14,567,652 | \$14,742,527 |
| Interest | \$392,036 | \$1,992,824 | \$1,688,648 | \$835,379 | \$712,333 | \$413,079 | \$307,390 | \$157,450 | \$125,200 | \$166,221 |
| CFR Revenue | \$9,174,431 | \$9,129,527 | \$10,103,774 | \$9,439,142 | \$8,344,978 | \$7,929,792 | \$7,533,308 | \$7,154,728 | \$6,767,897 | \$6,152,137 |
| Non-Program GFC Revenue | \$690,650 | \$756,160 | \$1,282,698 | \$2,402,018 | \$3,141,042 | \$3,327,135 | \$3,468,073 | \$3,614,969 | \$3,768,102 | \$3,927,739 |
| Total Sources | \$150,802,449 | \$91,521,728 | \$48,904,448 | \$44,487,442 | \$28,558,207 | \$28,831,814 | \$25,550,689 | \$26,027,492 | \$26,261,851 | \$26,021,624 |
| Uses: | | | | | | | | | | |
| Program: | | | | | | | | | | |
| Program Costs | \$21,993,000 | \$21,945,000 | \$14,951,000 | \$500,000 | \$500,000 | \$500,000 | \$0 | \$0 | \$0 | \$0 |
| General Facilities (Trmt) | | | | | | | | | | |
| Riverside Park Water Reclamation Facility Projects (RPWRF) | \$2,304,000 | \$2,895,000 | \$3,840,000 | \$5,000,000 | \$11,573,000 | \$12,559,000 | \$4,942,000 | \$2,329,000 | \$0 | \$0 |
| Spokane County Regional Water Reclamation Facility (SCRWRF) | \$40,666,000 | \$72,674,000 | \$26,427,000 | \$9,380,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Influent Pumping Station and Force Mains, and Outfall Projects | \$16,266,000 | \$12,721,000 | \$121,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Pump Station and Force Main Projects (GFC Projects Only) | \$570,000 | \$1,015,000 | \$2,240,000 | \$400,000 | \$3,550,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TMDL Compliance (Water Conservation, Water Reuse/Recharge Projects, and Non-Point Source Study) | \$365,000 | \$1,250,000 | \$4,250,000 | \$4,250,000 | \$3,100,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Saltese Flats Wetlands | \$1,100,000 | \$10,600,000 | \$10,000,000 | \$10,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Taxes on All Capital Revenues | \$248,567 | \$274,380 | \$328,164 | \$340,906 | \$347,188 | \$355,781 | \$364,399 | \$373,801 | \$377,800 | \$373,581 |
| Subtotal Uses | \$83,512,567 | \$123,374,380 | \$62,157,164 | \$29,870,906 | \$19,070,188 | \$13,414,781 | \$5,306,399 | \$2,702,801 | \$377,800 | \$373,581 |
| Transfers: | | | | | | | | | | |
| Total Debt Service Cost | \$6,852,285 | \$13,838,116 | \$14,008,258 | \$18,547,729 | \$19,048,838 | \$18,793,685 | \$25,034,701 | \$24,355,055 | \$24,573,492 | \$24,310,998 |
| OUT: Transfer to Pay Debt Service | \$6,852,285 | \$13,838,116 | \$14,008,258 | \$18,547,729 | \$19,048,838 | \$18,793,685 | \$25,034,701 | \$24,355,055 | \$24,573,492 | \$24,310,998 |
| Total Uses | \$90,364,852 | \$137,212,496 | \$76,165,422 | \$48,418,635 | \$38,119,027 | \$32,208,466 | \$30,341,101 | \$27,057,855 | \$24,951,292 | \$24,684,579 |
| Net Cash Flow | \$60,437,597 | (\$45,690,768) | (\$27,260,974) | (\$3,931,193) | (\$9,560,819) | (\$3,376,652) | (\$4,790,411) | (\$1,030,364) | \$1,310,560 | \$1,337,045 |
| Ending Balance (min=\$4,000,000) | \$99,641,181 | \$53,950,414 | \$26,689,440 | \$22,758,247 | \$13,197,427 | \$9,820,775 | \$5,030,364 | \$4,000,000 | \$5,310,560 | \$6,647,605 |
| DEBT | | | | | | | | | | |
| Total Sources/Transfers In | \$6,852,285 | \$13,838,116 | \$14,008,258 | \$18,547,729 | \$19,048,838 | \$18,793,685 | \$25,034,701 | \$24,355,055 | \$24,573,492 | \$24,310,998 |
| Uses: | | | | | | | | | | |
| FUTURE BORROWING DEBT SERVICE: | | | | | | | | | | |
| G.O. Bonds - Treatment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| G.O. Bonds - Collection | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenue Bonds - Treatment (Disable if using D-M Debt Schedule, 1=Disabled, 2= Normal) | \$1,282,657 | \$8,249,268 | \$8,249,268 | \$8,249,268 | \$8,249,268 | \$8,249,268 | \$13,844,133 | \$13,844,133 | \$13,844,133 | \$13,844,133 |
| Revenue Bonds - Collection | \$127,663 | \$558,872 | \$558,872 | \$558,872 | \$558,872 | \$558,872 | \$1,115,732 | \$1,115,732 | \$1,115,732 | \$1,115,732 |
| Other Bonds - Treatment | \$0 | \$612,503 | \$612,503 | \$5,289,147 | \$5,289,147 | \$5,289,147 | \$5,536,653 | \$5,536,653 | \$5,536,653 | \$5,536,653 |
| Other Bonds - Collection | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EXISTING DEBT: | | | | | | | | | | |
| Revenue Bonds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Obligation Bonds | \$4,671,881 | \$3,648,728 | \$3,820,211 | \$3,684,379 | \$4,186,829 | \$3,933,017 | \$3,776,142 | \$3,231,882 | \$3,450,319 | \$3,187,825 |
| Other Loans | \$770,084 | \$768,744 | \$767,403 | \$766,063 | \$764,722 | \$763,382 | \$762,042 | \$626,655 | \$626,655 | \$626,655 |
| Total Uses | \$6,852,285 | \$13,838,116 | \$14,008,258 | \$18,547,729 | \$19,048,838 | \$18,793,685 | \$25,034,701 | \$24,355,055 | \$24,573,492 | \$24,310,998 |
| Coverage Achieved After Rate Increases | 12.13 | 2.31 | 2.70 | 2.38 | 2.46 | 2.47 | 1.49 | 1.54 | 1.56 | 1.54 |

**Spokane County
Wastewater Rate Study
Economic Assumptions**

| Financing Assumptions | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Bonds | | | | | | | | | | |
| Interest Rate | 4.95% | 4.95% | 4.95% | 4.95% | 4.95% | 4.95% | 4.95% | 4.95% | 4.95% | 4.95% |
| Term | 15 | 20 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Issuance Cost | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| How to Fund Bond Reserves? (1=From Issue, 2=From Rates) | 1 | | | | | | | | | |
| General Obligation Bonds | | | | | | | | | | |
| Interest Rate | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| Term | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Issuance Cost | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Other | | | | | | | | | | |
| Interest Rate | 1.50% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.50% | 3.50% | 3.50% | 3.50% |
| Term | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Issuance Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| How to Fund Bond Reserves? (1=From Issue, 2=From Rates) | 1 | | | | | | | | | |
| Annual Bond Proceeds (Treatment) | | | | | | | | | | |
| Revenue Bonds | 104,360,022 | 30,000,000 | | | | | | | | |
| G.O. Bonds | | | | | | | | | | |
| Other Loan | 8,500,000 | 32,450,000 | 16,225,000 | 16,225,000 | | | | | | |
| Enter SRF Proceeds Received before study period (negative) | (6,160,000) | | | | | | | | | |
| Annual Bond Proceeds (Collection) | | | | | | | | | | |
| Revenue Bonds | 10,387,000 | | | | | | | | | |
| G.O. Bonds | | | | | | | | | | |
| Other Loan | | | | | | | | | | |
| Annual Bond Funding (Combined Treatment and Collection Proceeds) | | | | | | | | | | |
| Revenue Bonds | \$114,747,022 | \$30,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| G.O. Bonds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Loan | \$8,500,000 | \$32,450,000 | \$16,225,000 | \$16,225,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Spokane County Wastewater Rate Study Capital Funding

| DEBT SERVICE SUMMARY | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| New Annual Debt Costs- | | | | | | | | | | |
| <i>Revenue Bonds</i> | | | | | | | | | | |
| New Bond Issues | \$128,356,778 | \$32,963,947 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Proceeds | \$114,747,022 | \$30,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Issue Costs | \$1,284,070 | \$329,768 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Reserve Funding | \$12,325,686 | \$2,634,179 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| New Annual Interest | \$1,410,320 | \$7,805,843 | \$7,756,229 | \$7,704,160 | \$7,649,513 | \$7,592,161 | \$7,712,318 | \$7,353,564 | \$6,977,053 | \$6,581,903 |
| New Annual Principal | \$0 | \$1,002,297 | \$1,051,911 | \$1,103,980 | \$1,158,627 | \$1,215,979 | \$7,247,547 | \$7,606,300 | \$7,982,812 | \$8,377,961 |
| Reserve Funding from Rates | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| % of Projects for Program Improvements | 9% | 0% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| % of Projects for Treatment Capacity | 91% | 100% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| <i>G.O. Bonds</i> | | | | | | | | | | |
| New Bond Issues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Proceeds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Issue Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Principal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| % of Projects for Program Improvements | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| % of Projects for Treatment Capacity | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| <i>Other Bonds</i> | | | | | | | | | | |
| New Bond Issues | \$8,500,000 | \$32,450,000 | \$16,225,000 | \$16,225,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Proceeds | \$8,500,000 | \$32,450,000 | \$16,225,000 | \$16,225,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Issue Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Reserve Funding | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| New Annual Interest | \$0 | \$273,375 | \$263,201 | \$2,340,021 | \$2,251,548 | \$2,160,420 | \$2,426,163 | \$2,317,296 | \$2,204,619 | \$2,087,997 |
| New Annual Principal | \$0 | \$339,128 | \$349,302 | \$2,949,125 | \$3,037,599 | \$3,128,727 | \$3,110,490 | \$3,219,357 | \$3,332,035 | \$3,448,656 |
| Reserve Funding from Rates | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| % of Projects for Program Improvements | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 100% | 100% | 100% |
| % of Projects for Treatment Capacity | 100% | 100% | 100% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| Annual Net Debt Proceeds | | | | | | | | | | |
| Program | \$10,387,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Treatment | \$112,860,022 | \$62,450,000 | \$16,225,000 | \$16,225,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Spokane County Wastewater Rate Study Existing Debt Input Section

| Existing Debt Service | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Obligation | | | | | | | | | | |
| 1998 LTGO (Sewer Project) 0241 | | | | | | | | | | |
| Interest | \$17,625 | | | | | | | | | |
| Principal | \$375,000 | | | | | | | | | |
| Total | \$392,625 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1998 LTGO (Sewer Project ULID Portion) 0240 | | | | | | | | | | |
| Interest | \$9,165 | | | | | | | | | |
| Principal | \$195,000 | | | | | | | | | |
| Total | \$204,165 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1999 LTGO Bonds Sewer (25111 Nonvoted) 0244 | | | | | | | | | | |
| Interest | \$56,605 | \$21,805 | | | | | | | | |
| Principal | \$725,000 | \$445,000 | | | | | | | | |
| Total | \$781,605 | \$466,805 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2003A LTGO & Refunding (93 & 96 Refunding) A 0246 | | | | | | | | | | |
| Interest | \$186,732 | \$178,332 | \$169,532 | \$162,500 | \$150,750 | \$140,950 | \$130,750 | \$120,150 | \$109,150 | \$97,750 |
| Principal | \$210,000 | \$220,000 | \$225,000 | \$235,000 | \$245,000 | \$255,000 | \$265,000 | \$275,000 | \$285,000 | \$300,000 |
| Total | \$396,732 | \$398,332 | \$394,532 | \$397,500 | \$395,750 | \$395,950 | \$395,750 | \$395,150 | \$394,150 | \$397,750 |
| 2004A LTGO Refunding Bonds (1994A&B/1996 RFD) 0249 | | | | | | | | | | |
| Interest | \$178,546 | \$170,896 | \$163,033 | \$154,746 | \$146,033 | \$137,108 | \$127,758 | \$118,098 | \$107,898 | \$96,960 |
| Principal | \$180,000 | \$185,000 | \$195,000 | \$205,000 | \$210,000 | \$220,000 | \$230,000 | \$240,000 | \$250,000 | \$260,000 |
| Total | \$358,546 | \$355,896 | \$358,033 | \$359,746 | \$356,033 | \$357,108 | \$357,758 | \$358,098 | \$357,898 | \$356,960 |
| 2004A LTGO Refunding Bonds (1994A&B/1996 RFD) 0249 | | | | | | | | | | |
| Interest | \$9,988 | | | | | | | | | |
| Principal | \$235,000 | | | | | | | | | |
| Total | \$244,988 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2007 LTGO (Sewer Project) 0252 | | | | | | | | | | |
| Interest | \$424,555 | \$412,355 | \$399,755 | \$383,255 | \$366,005 | \$345,930 | \$324,755 | \$302,480 | \$278,830 | \$256,330 |
| Principal | \$305,000 | \$315,000 | \$330,000 | \$345,000 | \$365,000 | \$385,000 | \$405,000 | \$430,000 | \$450,000 | \$475,000 |
| Total | \$729,555 | \$727,355 | \$729,755 | \$728,255 | \$731,005 | \$730,930 | \$729,755 | \$732,480 | \$728,830 | \$731,330 |
| 2007 LTGO (Sewer Project) 0252 | | | | | | | | | | |
| Interest | \$371,943 | \$361,143 | \$349,943 | \$335,443 | \$320,193 | \$302,593 | \$284,168 | \$264,643 | \$244,018 | \$224,268 |
| Principal | \$270,000 | \$280,000 | \$290,000 | \$305,000 | \$320,000 | \$335,000 | \$355,000 | \$375,000 | \$395,000 | \$415,000 |
| Total | \$641,943 | \$641,143 | \$639,943 | \$640,443 | \$640,193 | \$637,593 | \$639,168 | \$639,643 | \$639,018 | \$639,268 |
| 2007 LTGO & Refunding (1998 RFND Sewer Prjct) | | | | | | | | | | |
| Interest | \$42,625 | \$42,625 | \$42,625 | \$42,625 | \$42,625 | \$27,225 | \$3,300 | \$0 | \$0 | \$0 |
| Principal | \$0 | \$0 | \$0 | \$0 | \$280,000 | \$435,000 | \$60,000 | \$0 | \$0 | \$0 |
| Total | \$42,625 | \$42,625 | \$42,625 | \$42,625 | \$322,625 | \$462,225 | \$63,300 | \$0 | \$0 | \$0 |

Spokane County Wastewater Rate Study Existing Debt Input Section

| Existing Debt Service | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2007 LTGO & Refunding (1998 RFND Sewer ULID) | | | | | | | | | | |
| Interest | \$17,325 | \$17,325 | \$17,325 | \$17,325 | \$17,325 | \$10,725 | \$1,100 | \$0 | \$0 | \$0 |
| Principal | \$0 | \$0 | \$0 | \$0 | \$120,000 | \$175,000 | \$20,000 | \$0 | \$0 | \$0 |
| Total | \$17,325 | \$17,325 | \$17,325 | \$17,325 | \$137,325 | \$185,725 | \$21,100 | \$0 | \$0 | \$0 |
| 2007 LTGO & Refunding Bonds (1999 Refunded) | | | | | | | | | | |
| Interest | \$222,550 | \$222,550 | \$222,550 | \$190,550 | \$163,800 | \$127,225 | \$112,925 | \$75,525 | \$61,500 | \$37,000 |
| Principal | \$0 | \$0 | \$640,000 | \$535,000 | \$665,000 | \$260,000 | \$680,000 | \$255,000 | \$490,000 | \$250,000 |
| Total | \$222,550 | \$222,550 | \$862,550 | \$725,550 | \$828,800 | \$387,225 | \$792,925 | \$330,525 | \$551,500 | \$287,000 |
| 2008 LTGO Sewer | | | | | | | | | | |
| Interest | \$257,078 | \$202,655 | \$196,955 | \$190,618 | \$184,118 | \$177,199 | \$169,674 | \$161,974 | \$153,349 | \$144,049 |
| Principal | \$135,000 | \$190,000 | \$195,000 | \$200,000 | \$205,000 | \$215,000 | \$220,000 | \$230,000 | \$240,000 | \$245,000 |
| Total | \$392,078 | \$392,655 | \$391,955 | \$390,618 | \$389,118 | \$392,199 | \$389,674 | \$391,974 | \$393,349 | \$389,049 |
| 2008 LTGO Spokane Raceway Park (transferred to Sewer utility) | | | | | | | | | | |
| Interest | \$247,146 | \$199,044 | \$193,494 | \$187,319 | \$180,981 | \$174,063 | \$166,713 | \$159,013 | \$150,575 | \$141,469 |
| Principal | \$0 | \$185,000 | \$190,000 | \$195,000 | \$205,000 | \$210,000 | \$220,000 | \$225,000 | \$235,000 | \$245,000 |
| Total | \$247,146 | \$384,044 | \$383,494 | \$382,319 | \$385,981 | \$384,063 | \$386,713 | \$384,013 | \$385,575 | \$386,469 |
| Other Debt Service | | | | | | | | | | |
| Public Works Trust Fund Loan #PW-5-95-791-045 | | | | | | | | | | |
| Interest | \$9,383 | \$8,043 | \$6,702 | \$5,362 | \$4,021 | \$2,681 | \$1,340 | | | |
| Principal | \$134,046 | \$134,046 | \$134,046 | \$134,046 | \$134,046 | \$134,046 | \$134,046 | | | |
| Total | \$143,429 | \$142,089 | \$140,748 | \$139,408 | \$138,067 | \$136,727 | \$135,387 | | | |
| SRF Loan L03-000015 | | | | | | | | | | |
| Interest | \$112,567 | \$104,827 | \$96,970 | \$88,995 | \$80,900 | \$72,683 | \$64,342 | \$55,876 | \$47,282 | \$38,559 |
| Principal | \$514,088 | \$521,828 | \$529,685 | \$537,660 | \$545,755 | \$553,972 | \$562,313 | \$570,779 | \$579,373 | \$588,096 |
| Total | \$626,655 | \$626,655 | \$626,655 | \$626,655 | \$626,655 | \$626,655 | \$626,655 | \$626,655 | \$626,655 | \$626,655 |
| Existing Debt Service | | | | | | | | | | |
| Total Debt Summary | | | | | | | | | | |
| Revenue Bonds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Obligation Bonds | \$4,671,881 | \$3,648,728 | \$3,820,211 | \$3,684,379 | \$4,186,829 | \$3,933,017 | \$3,776,142 | \$3,231,882 | \$3,450,319 | \$3,187,825 |
| PWTF/SRF Loans | \$770,084 | \$768,744 | \$767,403 | \$766,063 | \$764,722 | \$763,382 | \$762,042 | \$626,655 | \$626,655 | \$626,655 |
| Total | \$5,441,965 | \$4,417,472 | \$4,587,614 | \$4,450,442 | \$4,951,552 | \$4,696,399 | \$4,538,183 | \$3,858,537 | \$4,076,974 | \$3,814,480 |

**Spokane County
Wastewater Rate Study
Fund 401 - Operations
Input of Revenues and Expenses**

| Revenues | Escalation | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|------------|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Description | Factor | | Budget | Projection |
| Discharge Permits | 4 | No Growth | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Sewer Inspection Fees | 4 | No Growth | 70,000 | 70,000 | 175,533 | 200,387 | 201,191 | 202,006 | 202,830 | 203,663 | 71,174 | 72,029 |
| Sewer Connection Permit | 4 | No Growth | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Sewer Service Charges | 5 | Customer Growth (Calculated) | 12,910,600 | 13,103,889 | 13,588,584 | 14,141,909 | 14,697,456 | 15,255,250 | 15,815,320 | 16,377,694 | 16,574,227 | 16,773,117 |
| Sewer Facility Plan Check | 4 | No Growth | 10,000 | 10,000 | 18,800 | 18,800 | 18,800 | 18,800 | 18,800 | 18,800 | 18,800 | 18,800 |
| Planning Action - Sewer | 4 | No Growth | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 |
| Engineering Services (Interfund) | 1 | Inflation | 306,500 | 317,228 | 328,330 | 113,274 | 117,239 | 121,342 | 125,589 | 129,985 | 134,534 | 139,243 |
| Investment Interest | CALC | | 570,000 | 60,353 | 98,214 | 103,017 | 86,429 | 96,027 | 96,027 | 96,027 | 96,027 | 96,027 |
| Sewer Penalty - Utility Billing | 4 | No Growth | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Sewer Interest - Utility Billing | 4 | No Growth | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Other Misc. Revenue | 4 | No Growth | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Total Revenues | | | 14,443,300 | 14,137,670 | 14,785,662 | 15,153,587 | 15,697,314 | 16,269,625 | 16,834,766 | 17,402,369 | 17,470,962 | 17,675,416 |

| Expenses | Escalation | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------------|---------------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Description | Factor | | Budget | Projection |
| Salary & Wages | 7 | Expenditure Growth (Calculated) | 2,177,854 | 2,232,269 | 2,312,618 | 2,400,174 | 2,489,321 | 2,580,121 | 2,672,635 | 2,766,924 | 2,831,947 | 2,898,498 |
| Employee Benefits | 7 | Expenditure Growth (Calculated) | 906,365 | 929,011 | 962,450 | 998,889 | 1,035,989 | 1,073,778 | 1,112,280 | 1,151,520 | 1,178,581 | 1,206,278 |
| Supplies and Services (Net of 4741/4743) | 7 | Expenditure Growth (Calculated) | 1,950,951 | 1,999,697 | 2,071,675 | 2,150,108 | 2,229,967 | 2,311,307 | 2,394,183 | 2,478,648 | 2,536,896 | 2,596,513 |
| 4741 SEWER/4743 WASTEWATER CHARGES | CALC | See Capital Page | | | | | | | | | | |
| Govern Transfers/Services (Net of 5310 & 5410) | 7 | Expenditure Growth (Calculated) | 968,724 | 992,928 | 1,028,668 | 1,067,613 | 1,107,266 | 1,147,655 | 1,188,806 | 1,230,746 | 1,259,669 | 1,289,271 |
| 5310 External Tx/Operating Assess | CALC | | 158,000 | 203,847 | 207,215 | 348,148 | 357,499 | 346,589 | 349,160 | 350,979 | 351,779 | 349,982 |
| 5410 Interfund Tx/Operating Assess | CALC | | 1,500 | | | | | | | | | |
| Capital Expenditures | CIP | | 1,287,000 | 1,098,000 | 1,064,000 | 741,000 | 22,000 | - | - | - | - | - |
| IF Cost Allocation to FD #010 | 7 | Expenditure Growth (Calculated) | 350,621 | 359,382 | 372,317 | 386,413 | 400,765 | 415,383 | 430,278 | 445,458 | 455,926 | 466,640 |
| IF Subsidy to Fd #512 | 7 | Expenditure Growth (Calculated) | 25,900 | 26,547 | 27,503 | 28,544 | 29,604 | 30,684 | 31,784 | 32,905 | 33,679 | 34,470 |
| IF Subsidy to Permit Ctr 010 | 4 | No Growth | 47,137 | 47,137 | - | - | - | - | - | - | - | - |
| Saltese Flats O&M | 7 | Expenditure Growth (Calculated) | | | | 576,028 | 597,423 | 619,214 | 641,417 | 664,046 | 679,651 | 695,623 |
| TMDL Oversight, Monitoring, and Joint Studies | | INPUT | | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| NVI/SVI Conveyance O&M - Direct Labor/OH | 7 | Expenditure Growth (Calculated) | | | | 100,000 | 103,714 | 107,497 | 111,352 | 115,280 | 117,989 | 120,762 |
| Biosolids O&M | 7 | Expenditure Growth (Calculated) | | | | 195,079 | 202,324 | 209,704 | 217,224 | 224,887 | 230,172 | 235,581 |
| Total Expenditures | | | 7,874,052 | 7,963,818 | 8,121,445 | 9,066,995 | 8,650,873 | 8,916,932 | 9,224,118 | 9,536,395 | 9,751,289 | 9,968,618 |

**Spokane County
Wastewater Rate Study
Fund 403 - Construction Fund**

Inputs of Revenues

| Revenues Account | Escalation Factor | | 2009 Budget | 2010 Projection | 2011 Projection | 2012 Projection | 2013 Projection | 2014 Projection | 2015 Projection | 2016 Projection | 2017 Projection | 2018 Projection |
|----------------------------------|-------------------|-----------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| State Grants - Transportation | 4 | No Growth | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,000 | - | - | - | - |
| Road Maintenance Svcs | 4 | No Growth | 1,400,000 | 1,600,000 | 1,200,000 | | | | | | | |
| Sewer Svcs Chg Penalty/Penalties | 4 | No Growth | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Investment Interest | 4 | CALC | 245,000 | | | | | | | | | |
| Assessment Interest | 4 | No Growth | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Other Misc. Revenue | 4 | No Growth | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Capital Contributions | 4 | No Growth | | - | - | - | - | - | - | - | - | - |
| Operating Transfers-in | 4 | No Growth | | - | - | - | - | - | - | - | - | - |
| Op Trfr In - Fund #436 | 4 | No Growth | | - | - | - | - | - | - | - | - | - |
| Op Trfr In - Fund #438 | 4 | No Growth | | - | - | - | - | - | - | - | - | - |
| Op Trfr In - Fund #401 | 4 | No Growth | | - | - | - | - | - | - | - | - | - |
| Op Trfr In #110 | 4 | No Growth | 792,400 | 300,000 | 300,000 | | | | | | | |
| Other Revenue | 4 | No Growth | | - | - | - | - | - | - | - | - | - |
| Total Revenues | | | 6,270,400 | 5,733,000 | 5,333,000 | 3,833,000 | 3,833,000 | 3,833,000 | 83,000 | 83,000 | 83,000 | 83,000 |

ENGINEERING SVCS TRANSFER FROM 401

Spokane County Wastewater Rate Study Customer Data

Total Rate Paying ERUs

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Existing ERUs | 46,056 | 46,756 | 47,456 | 49,211 | 51,215 | 53,227 | 55,247 | 57,275 | 59,312 | 60,024 |
| Conversion ERUs(1) | 500 | 500 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 1,333 | 0 | 0 |
| ERU's from New Development | 200 | 200 | 422 | 671 | 679 | 687 | 695 | 703 | 712 | 720 |
| Rate Paying Customers | 46,756 | 47,456 | 49,211 | 51,215 | 53,227 | 55,247 | 57,275 | 59,312 | 60,024 | 60,744 |
| New Development Growth Rate | 0.37% | 0.37% | 0.76% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% |
| Annual Growth Rate | 1.52% | 1.50% | 3.70% | 4.07% | 3.93% | 3.80% | 3.67% | 3.56% | 1.20% | 1.20% |

Flow ERU's

| | | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gallons per ERU/Day | 197 | | | 197 | | | 197 | | | |
| Resulting ERU | 46,756 | 47,456 | 49,211 | 51,215 | 53,227 | 55,247 | 57,275 | 59,312 | 60,024 | 60,744 |
| Estimated Flow in MGD | 9.20 | 9.34 | 9.68 | 10.08 | 10.47 | 10.87 | 11.27 | 11.67 | 11.81 | 11.95 |

Notes: Rates of New Development and STEP Conversion hookups are based on 18 March 2009 meeting with City staff
 New Development is held to levels approximately equal to 2008 due to the recession economy
 STEP conversions have been delayed from previous estimates in order to adjust for the same reason

**Spokane County
Wastewater Rate Study
Customer Data**

| Conversion ERUs Only | | | | | | | | |
|-----------------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 2000 | | | | | | | | |
| 2001 | | | | | | | | |
| 2002 | | | | | | | | |
| 2003 | | 254 | | | | | | |
| 2004 | | | | | | | | |
| 2005 | | 234 | 234 | 24 | | | | |
| 2006 | | 257 | 257 | 257 | | | | |
| 2007 | | 151 | 151 | 151 | 151 | | | |
| 2008 | | 352 | 352 | 352 | 352 | 352 | | |
| 2009 | | | 207 | 207 | 207 | 207 | 207 | |
| 2010 | | | | 312 | 312 | 312 | 312 | 312 |
| 2011 | | | | | 188 | 188 | 188 | 188 |
| TOTAL CONVERSION CUSTOMERS | | 1248 | 1201 | 1303 | 1209 | 1058 | 706 | 499 |

Notes: For program years from 2006 and beyond, remaining conversions are assumed to take place evenly until deadline

Spokane County Wastewater Rate Study Input of Treatment Capital Improvement Program

Escalate Capital Costs (Yes=1, No=2)
Escalate O&M Costs (Yes=1, No=2)
Costs in

2
1
2008

Dollars

Assumed Life of Treatment Assets

50

CAPITAL COSTS IN ESCALATED DOLLARS

Capital Improvement Program - Treatment

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------------|---------------|--------------|--------------|--------------|--------------|-------------|-------------|------|------|
| Riverside Park Water Reclamation Facility Projects (RPWRF) | \$2,304,000 | \$2,895,000 | \$3,840,000 | \$5,000,000 | \$11,573,000 | \$12,559,000 | \$4,942,000 | \$2,329,000 | \$0 | \$0 |
| Spokane County Regional Water Reclamation Facility (SCRWRF) | \$40,666,000 | \$72,674,000 | \$26,427,000 | \$9,380,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Influent Pumping Station and Force Mains, and Outfall Projects | \$16,266,000 | \$12,721,000 | \$121,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Pump Station and Force Main Projects (GFC Projects Only) | \$570,000 | \$1,015,000 | \$2,240,000 | \$400,000 | \$3,550,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TMDL Compliance (Water Conservation, Water Reuse/Recharge Projects, and Non- | \$365,000 | \$1,250,000 | \$4,250,000 | \$4,250,000 | \$3,100,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Wetlands Restoration | \$1,100,000 | \$10,600,000 | \$10,000,000 | \$10,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CFR Line Charge Subsidy Funded by GFC | \$0 | \$0 | \$1,376,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | \$61,271,000 | \$101,155,000 | \$48,254,000 | \$29,030,000 | \$18,223,000 | \$12,559,000 | \$4,942,000 | \$2,329,000 | \$0 | \$0 |

Treatment O&M Costs

Costs in

| | | 15% | 15% | 15% | 10% | 10% | 10% | 10% | 10% | 5% | 5% |
|---|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| PILT on City O&M | | | | | | | | | | | |
| Pre-tax Rate per mg for City Plant | \$1,281 2006 | \$1,420 | \$1,470 | \$1,521 | \$1,575 | \$1,630 | \$2,247 | \$2,326 | \$2,407 | \$2,491 | \$2,578 |
| Tax per mg for City Plant | | \$213 | \$220 | \$228 | \$157 | \$163 | \$225 | \$233 | \$241 | \$125 | \$129 |
| Total Rate per mg for City Plant | | \$1,633 | \$1,690 | \$1,749 | \$1,732 | \$1,793 | \$2,472 | \$2,558 | \$2,648 | \$2,616 | \$2,707 |
| Est. DBO rate per mg for County Plant | \$2,097 2012 | | | | \$2,097 | \$2,171 | \$2,247 | \$2,326 | \$2,407 | \$2,491 | \$2,578 |
| Sales Tax | 8.7% | | | | \$182 | \$189 | \$195 | \$202 | \$209 | \$217 | \$224 |
| NVI/SVI Conveyance (Electricity) | \$65 2012 | | | | \$65 | \$67 | \$70 | \$72 | \$75 | \$77 | \$80 |
| Total Rate per mg for County Plant | | | | | \$2,345 | \$2,427 | \$2,512 | \$2,600 | \$2,691 | \$2,785 | \$2,883 |

Dollars

| | | | | | | | | | | | |
|---|--|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| County Plant mgd - Capacity of 8 mgd | | | | 7.84 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| City Plant mgd - Capacity of 10 mgd | | 9.20 | 9.34 | 9.68 | 2.24 | 2.47 | 2.87 | 3.27 | 3.67 | 3.81 | 3.95 |
| Calculated TOTAL Treatment Costs | | \$5,483,571 | \$5,760,522 | \$6,182,671 | \$8,123,502 | \$8,704,540 | \$9,923,809 | \$10,643,734 | \$11,403,436 | \$11,769,495 | \$12,321,513 |
| Calculated COUNTY PLANT Treatment Costs | | \$0 | \$0 | \$0 | \$6,707,937 | \$7,086,940 | \$7,334,983 | \$7,591,708 | \$7,857,417 | \$8,132,427 | \$8,417,062 |
| Calculated CITY PLANT Treatment Costs | | \$5,483,571 | \$5,760,522 | \$6,182,671 | \$1,415,565 | \$1,617,600 | \$2,588,826 | \$3,052,026 | \$3,546,018 | \$3,637,068 | \$3,904,451 |

Spokane County Wastewater Rate Study CIP (2009-2016)

Revised CIP List

| Project | Funding Source | 2009-2020 Cost | % Growth | % Existing | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------|----------------------|----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Riverside Park Water Reclamation Facility Projects (RPWRF) | | | | | | | | | | | | |
| RPWRF Improvements (includes effluent filtration) | WWTP/GFC | \$45,442,000 | 9.39% | 90.61% | \$2,304,000 | \$2,895,000 | \$3,840,000 | \$5,000,000 | \$11,573,000 | \$12,559,000 | \$4,942,000 | \$2,329,000 |
| Subtotal | | \$45,442,000 | \$4,265,597 | \$41,176,403 | \$2,304,000 | \$2,895,000 | \$3,840,000 | \$5,000,000 | \$11,573,000 | \$12,559,000 | \$4,942,000 | \$2,329,000 |
| Spokane County Regional Water Reclamation Facility (SCRWRF) | | | | | | | | | | | | |
| Project Management/Administration | GFC | \$557,000 | 100.00% | 0.00% | \$101,000 | \$149,000 | \$152,000 | \$155,000 | | | | |
| Consultant - Public Outreach/Information | GFC | \$15,000 | 100.00% | 0.00% | \$15,000 | | | | | | | |
| Legal - TMDL | GFC | \$50,000 | 100.00% | 0.00% | \$50,000 | | | | | | | |
| Legal - DBO Procurement | GFC | \$50,000 | 100.00% | 0.00% | \$50,000 | | | | | | | |
| NPDES Permitting | GFC | \$125,000 | 100.00% | 0.00% | \$75,000 | | \$50,000 | | | | | |
| Biosolids Implementation | GFC | \$250,000 | 100.00% | 0.00% | \$25,000 | \$75,000 | \$75,000 | \$75,000 | | | | |
| Biosolids Disposal Equipment | GFC | \$1,400,000 | 100.00% | 0.00% | | | \$700,000 | \$700,000 | | | | |
| DBO Consultant | GFC | \$1,400,000 | 100.00% | 0.00% | \$350,000 | \$350,000 | \$350,000 | \$350,000 | | | | |
| Water Resources Center | GFC | \$300,000 | 100.00% | 0.00% | | \$100,000 | \$100,000 | \$100,000 | | | | |
| DBO Construction | GFC | \$145,000,000 | 100.00% | 0.00% | \$40,000,000 | \$72,000,000 | \$25,000,000 | \$8,000,000 | | | | |
| Subtotal | | \$149,147,000 | \$149,147,000 | \$0 | \$40,666,000 | \$72,674,000 | \$26,427,000 | \$9,380,000 | \$0 | \$0 | \$0 | \$0 |
| Influent Pumping Station and Force Mains, and Outfall Projects | | | | | | | | | | | | |
| Project Management/Administration | GFC/WWTP | \$108,000 | 49.66% | 50.34% | \$66,000 | \$21,000 | \$21,000 | | | | | |
| Land Purchase | GFC/WWTP | \$250,000 | 49.66% | 50.34% | \$250,000 | | | | | | | |
| Design Consultant | GFC/WWTP | \$250,000 | 49.66% | 50.34% | \$250,000 | | | | | | | |
| Construction Management/Inspection | GFC/WWTP | \$1,500,000 | 49.66% | 50.34% | \$700,000 | \$700,000 | \$100,000 | | | | | |
| Construction | GFC/WWTP | \$27,000,000 | 49.66% | 50.34% | \$15,000,000 | \$12,000,000 | | | | | | |
| Subtotal | | \$29,108,000 | \$14,454,856 | \$14,653,144 | \$16,266,000 | \$12,721,000 | \$121,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Pump Station and Force Main Projects (GFC Projects Only) | | | | | | | | | | | | |
| Riverwalk Pump Station - Pump Upgrade | GFC/WWTP | \$570,000 | 49.66% | 50.34% | \$570,000 | | | | | | | |
| Sun Acres Pump Station | GFC/WWTP | \$775,000 | 49.66% | 50.34% | | \$775,000 | | | | | | |
| Parallel Interceptor - NSI to RPWRF | GFC/WWTP | \$2,480,000 | 49.66% | 50.34% | | \$240,000 | \$2,240,000 | | | | | |
| Marion Hay Secondary Force Main | GFC/WWTP | \$3,450,000 | 49.66% | 50.34% | | | | \$350,000 | \$3,100,000 | | | |
| Marion Hay Pump Station | GFC/WWTP | \$500,000 | 49.66% | 50.34% | | | | \$50,000 | \$450,000 | | | |
| Subtotal | | \$7,775,000 | \$3,861,018 | \$3,913,982 | \$570,000 | \$1,015,000 | \$2,240,000 | \$400,000 | \$3,550,000 | \$0 | \$0 | \$0 |
| TMDL Compliance (Water Conservation, Water Reuse/Recharge Projects, and Non-Point Source Study) | | | | | | | | | | | | |
| Water Conservation - Mgmt/Admin. | Operating Fund | \$170,000 | 0.00% | 100.00% | \$41,000 | \$42,000 | \$43,000 | \$44,000 | | | | |
| Water Conservation - Implementation | Operating Fund | \$3,675,000 | 0.00% | 100.00% | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$675,000 | | | | |
| Water Reuse/Recharge - Mgmt/Admin. | Operating Fund | \$106,000 | 0.00% | 100.00% | \$20,000 | \$21,000 | \$21,000 | \$22,000 | \$22,000 | | | |
| Water Reuse/Recharge - Newsletter | Operating Fund | \$15,000 | 0.00% | 100.00% | \$15,000 | | | | | | | |
| Water Reuse/Recharge - Legal | GFC/WWTP | \$25,000 | 49.66% | 50.34% | \$25,000 | | | | | | | |
| Water Reuse/Recharge - Consultant Services | GFC/WWTP | \$1,100,000 | 49.66% | 50.34% | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$100,000 | | | |
| Water Reuse/Recharge - Construction | GFC/WWTP | \$12,000,000 | 49.66% | 50.34% | \$0 | \$1,000,000 | \$4,000,000 | \$4,000,000 | \$3,000,000 | | | |
| NP Source - Mgmt/Admin. | GFC/WWTP | \$25,000 | 49.66% | 50.34% | \$25,000 | | | | | | | |
| NP Source - Water Environment Research Federation | Operating Fund | \$10,000 | 0.00% | 100.00% | \$5,000 | \$5,000 | | | | | | |
| NP Source - Consultant Services | GFC/WWTP | \$65,000 | 49.66% | 50.34% | \$65,000 | | | | | | | |
| Subtotal | | \$17,191,000 | \$6,562,489 | \$10,628,511 | \$1,446,000 | \$2,318,000 | \$5,314,000 | \$4,991,000 | \$3,122,000 | \$0 | \$0 | \$0 |
| Wetlands Restoration | | | | | | | | | | | | |
| Project Management/Administration | Operating Fund | \$15,000 | 0.00% | 100.00% | \$10,000 | \$5,000 | | | | | | |
| Land Purchase | GFC/WWTP | \$1,700,000 | 49.66% | 50.34% | \$1,100,000 | \$600,000 | | | | | | |
| Saltese Flats | GFC/WWTP | \$30,000,000 | 49.66% | 50.34% | | \$10,000,000 | \$10,000,000 | \$10,000,000 | | | | |
| Legal | Operating Fund | \$75,000 | 0.00% | 100.00% | \$50,000 | \$25,000 | | | | | | |
| Consultant Services | Operating Fund | \$146,000 | 0.00% | 100.00% | \$146,000 | | | | | | | |
| Subtotal | | \$31,936,000 | \$15,742,027 | \$16,193,973 | \$1,306,000 | \$10,630,000 | \$10,000,000 | \$10,000,000 | \$0 | \$0 | \$0 | \$0 |
| Additional CIP | | | | | | | | | | | | |
| CFR Line Charge Subsidy Funded by GFC | GFC | \$1,376,000 | 100.00% | 0.00% | \$0 | \$0 | \$1,376,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal | | \$1,376,000 | \$1,376,000 | \$0 | \$0 | \$0 | \$1,376,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL CIP 2009-2020 | | \$281,975,000 | \$195,408,986 | \$86,566,014 | \$62,558,000 | \$102,253,000 | \$49,318,000 | \$29,771,000 | \$18,245,000 | \$12,559,000 | \$4,942,000 | \$2,329,000 |

Spokane County Utility Wastewater Rate Study General Facilities Charge Calculation

Existing Includes Investment in Treatment & Interceptors Through
Include Capital Improvements through
Assumed MGD Capacity
Assumed GPD Demand

2008
2020
18
196.7

Note: Includes 10mgd @ SAWTP plus 8mgd @ New plant

I. Existing Asset Information

| | |
|---|---------------------|
| Existing Investment in City Plant (10 mgd) | \$37,605,951 |
| Existing Investment in Other General Facilities | \$13,078,860 |
| Total Accumulated Interest on Existing Assets (max 10 years) | \$4,628,750 |
| Total Investment in Treatment and Other General Facilities | \$55,313,561 |
| <i>less: Contributed Assets</i> | \$ (10,375,327) |
| Total Existing Assets Applicable to GFC | \$44,938,234 |

City of Spokane Plant Available Capacity to Service Growth **9.39%**

Existing Assets Available to Service Growth **\$4,218,309**

2. Capital Improvements

| | |
|--|---------------|
| Planned Investments allocable to Growth | \$194,032,986 |
| Planned Investment in CFR General Facilities | \$1,376,000 |

Total Planned Investment Applicable to GFC **\$195,408,986**

3. Customer Information

| | |
|------------------------------------|---------------|
| # of ERU's Supported by Capacity | 91,488 |
| Less Current # of ERU's | (46,056) |
| Net Growth ERU's Applicable to GFC | 45,432 |

4. Calculation of Charge

| | |
|--|----------------------|
| Current Assets Available to Serve Growth | \$4,218,309 |
| Capital Improvements to Serve Growth | \$195,408,986 |
| Total Assets Applicable to Charge | \$199,627,295 |
| <i>divided by</i> Net Growth ERU's Applicable to GFC | 45,432 |

5. GFC/ERU

\$4,394

Spokane County Wastewater Rate Study CFR Calculation

| | Actual | Projected | Projected | Projected | Projected | Projected | Projected |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|-------------|-------------|-------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Calculation of Charge to CFR Customers | | | | | | | | | | | | | | |
| Conversion ERUs | 1,594 | 1,818 | 2,229 | 1,192 | 1,286 | 757 | 1,759 | 1,033 | 1,559 | 750 | 0 | 0 | 0 | 0 |
| Sewer Construction Costs | \$11,803,060 | \$10,903,000 | \$13,156,000 | \$9,787,602 | \$17,563,000 | \$15,840,000 | \$19,216,000 | \$21,993,000 | \$21,945,000 | \$14,951,000 | \$500,000 | \$500,000 | \$500,000 | \$0 |
| Average Total Program Cost per ERU (1996-2012) (DISPLAY ONLY) | \$8,931 | \$8,931 | \$8,931 | \$8,931 | \$8,931 | \$8,931 | \$8,931 | \$8,931 | \$8,931 | \$8,931 | | | | |
| Dept. of Ecology Grant | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$3,750,000 | \$0 |
| Portion of CFR paid for by GFC | | | | | | \$5,058,000 | \$1,817,000 | \$0 | \$0 | \$1,376,000 | \$0 | | | |
| Sewer Construction Less DOE Grants and GFC subsidy | \$8,053,060 | \$7,153,000 | \$9,406,000 | \$6,037,602 | \$13,813,000 | \$7,032,000 | \$13,649,000 | \$18,243,000 | \$18,195,000 | \$9,825,000 | \$0 | \$0 | \$0 | \$0 |
| Policy-Induced CFR Lump Sum Amount - construction only | \$3,065 | \$3,065 | \$3,165 | \$3,275 | \$3,390 | \$3,510 | \$3,635 | \$3,765 | \$3,897 | \$4,033 | | | | |
| Total Policy-Induced CFR Lump Sum Charge Billed to Customers | \$4,885,610 | \$5,572,170 | \$7,054,785 | \$3,903,800 | \$4,359,540 | \$2,657,070 | \$6,393,965 | \$3,889,245 | \$6,075,072 | \$3,024,872 | \$0 | \$0 | \$0 | \$0 |
| Remaining Subsidy required from cash reserves to limit CFR | \$3,167,450 | \$1,580,830 | \$2,351,215 | \$2,133,802 | \$9,453,460 | \$4,374,930 | \$7,255,035 | \$14,353,755 | \$12,119,928 | \$6,800,128 | \$0 | \$0 | \$0 | \$0 |
| Unsubsidized GFC | \$2,510 | \$2,510 | \$2,510 | \$2,510 | \$2,510 | \$2,510 | \$3,635 | \$3,635 | \$3,927 | \$4,218 | \$4,510 | \$4,801 | \$4,945 | \$5,094 |
| GFC subsidy % | 25% | 25% | 25% | 25% | 25% | 25% | 48% | 48% | 52% | 55% | 25% | 25% | 25% | 25% |
| Subsidized GFC | \$1,885 | | | | |
| GFC Revenue | \$3,004,690 | \$3,426,930 | \$4,201,665 | \$2,246,920 | \$2,424,110 | \$1,426,945 | \$3,315,715 | \$1,947,205 | \$2,938,715 | \$1,413,750 | \$0 | \$0 | \$0 | \$0 |
| Lost Revenue from GFC subsidy | \$996,250 | \$1,136,250 | \$1,393,125 | \$745,000 | \$803,750 | \$473,125 | \$3,078,250 | \$1,807,750 | \$3,182,849 | \$1,749,895 | | | | |
| Total Charge to CFR Customers | \$4,950 | \$4,950 | \$5,050 | \$5,160 | \$5,275 | \$5,395 | \$5,520 | \$5,650 | \$5,782 | \$5,918 | \$0 | \$0 | \$0 | \$0 |
| Interest Rate Charged to CFR Customers making monthly payments | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 5.50% | 5.50% | 5.50% | 5.50% |
| Resulting Monthly Payment charged to CFR Customers | \$35.96 | \$35.96 | \$36.69 | \$37.49 | \$38.32 | \$39.20 | \$39.55 | \$40.48 | \$41.42 | \$42.40 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Component Calculation of Monthly Charge | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Subsidized GFC Revenue | \$3,004,690 | \$3,426,930 | \$4,201,665 | \$2,246,920 | \$2,424,110 | \$1,426,945 | \$3,315,715 | \$1,947,205 | \$2,938,715 | \$1,413,750 | \$0 | \$0 | \$0 | \$0 |
| Subsidized CFR Revenue | \$4,885,610 | \$5,572,170 | \$7,054,785 | \$3,903,800 | \$4,359,540 | \$2,657,070 | \$6,393,965 | \$3,889,245 | \$6,075,072 | \$3,024,872 | \$0 | \$0 | \$0 | \$0 |
| Interest | \$5,867,946 | \$6,692,551 | \$8,371,322 | \$4,574,236 | \$5,044,940 | \$3,037,246 | \$6,985,479 | \$4,198,944 | \$6,484,830 | \$3,193,298 | \$0 | \$0 | \$0 | \$0 |
| Total | \$13,758,246 | \$15,691,651 | \$19,627,772 | \$10,724,956 | \$11,828,590 | \$7,121,261 | \$16,695,159 | \$10,035,394 | \$15,498,617 | \$7,631,919 | \$0 | \$0 | \$0 | \$0 |
| Total per ERU | \$8,631 | \$8,631 | \$8,806 | \$8,997 | \$9,198 | \$9,407 | \$9,491 | \$9,715 | \$9,941 | \$10,176 | | | | |
| Enter Actual (After Rounding) | \$8,640 | \$8,640 | \$8,798 | \$8,988 | \$9,180 | \$9,384 | \$9,576 | \$9,804 | | | | | | |
| % Subsidized GFC | 21.84% | 21.84% | 21.41% | 20.95% | 20.49% | 20.04% | 19.86% | 19.40% | 18.96% | 18.52% | | | | |
| % Subsidized CFR | 35.51% | 35.51% | 35.94% | 36.40% | 36.86% | 37.31% | 38.30% | 38.76% | 39.20% | 39.63% | | | | |
| % Interest | 42.65% | 42.65% | 42.65% | 42.65% | 42.65% | 42.65% | 41.84% | 41.84% | 41.84% | 41.84% | | | | |
| Total (check) | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | | | | |

Spokane County Wastewater Rate Study Non-Program GFC

Assumptions:

| | |
|---------|---|
| 100.00% | Choose Monthly Payment |
| 0.00% | of Monthly Payments are Paid off First Year |
| 0.00% | Pay off Each Year |

| Non-Conversion Connection Charge | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GFC | \$3,635 | \$3,927 | \$4,218 | \$4,510 | \$4,801 | \$4,945 | \$5,094 | \$5,247 | \$5,404 | \$5,566 |
| Total | \$3,635 | \$3,927 | \$4,218 | \$4,510 | \$4,801 | \$4,945 | \$5,094 | \$5,247 | \$5,404 | \$5,566 |

Workspace: Do Not Erase

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| # of New Developments | 200 | 200 | 422 | 671 | 679 | 687 | 695 | 703 | 712 | 720 |
| GFC | \$3,635 | \$3,927 | \$4,218 | \$4,510 | \$4,801 | \$4,945 | \$5,094 | \$5,247 | \$5,404 | \$5,566 |
| TOTAL NON-PROGRAM GFC REVENUE | \$690,650 | \$756,160 | \$1,282,698 | \$2,402,018 | \$3,141,042 | \$3,327,135 | \$3,468,073 | \$3,614,969 | \$3,768,102 | \$3,927,739 |