

TOWN OF NACHES STUDY SESSION MINUTES
August 9, 2021

Present:

Mayor Williams
Councilwoman, Hawver
Councilman Weekes
Councilman Hawver
Councilwoman Williams

Absent:

Councilman Henning Excused

Others in Attendance: Town Attorney Shinn, Clerk Treasurer Birrueta. Admin. Ranger.

Staff Report

Admin. Ranger presented the Staff Report.

WWTP/ Upgrade

a) Phase I wastewater treatment plant improvements, with funding from Yakima County SIED grant/loan. Progress estimate No. 4 is included in the packet for work performed through July 30, 2021. Phase I construction is suspended waiting on the equipment needed to continue. 2021. Phase II of the Wastewater Treatment Project will be discussed in further detail at the end of the staff report.

Electronic Vehicle Infrastructure

b) The Electronic Vehicle Infrastructure Transportation Alliance (evita). Grant funding from PacifiCorp. Admin. Ranger did a walked through last week with Energy Northwest on this project construction should start this fall and is expected to be completed by November 2021.

c) Staff is working with PacifiCorp on various possibilities of power rebates. Pump and VRD (existing), New pump VRD (new), Lighting Park and Ride Grant. Wastewater Treatment Plant phase I and phase II if constructed. Staff signed the first rebate from PaciCorp Energy Rebate Program the Town will received approximately \$22,000.00.

d) Union Negotiations: Staff received a letter of intent to open the Union Negotiations. Staff is waiting to hear on meeting dates etc.

e) Staff will start working on the preliminary 2022 budget.

f) WSDOT Traffic study will include Cleman's View Park crossing this summer/fall. WSDOT has not release the

TOWN OF NACHES STUDY SESSION MINUTES

August 9, 2021

results.

- g) Washington State Fire Management Assistance Grant program for Well No. 3 generator. Since Yakima County does not have a Hazard Mitigation Plan in place the Town of Naches will most likely not going to qualify for this grant.
- h) Regional Mobility Grant (completed and submitted) Staff submitted an application to WSDOT for improvements at Cleman's View Park. Adding parking stalls, prioritized spaces for vanpool, bicycle-parking facility and installing four security cameras. Staff is working on the preliminary requirements, SEPA and DAHP.
- i) Admin. Ranger reached out to the Washington State Fire Management Assistance Grant (Generator for well). The Town received noticed that one of the main elements on the selection process for this grant is to have adopted a Hazard Mitigation Plan through Yakima County and there isn't one in place. The Town not eligible.
- j) Admin. Ranger was contacted by Olympia for a Capital Budget Request Application: the Governor has signed the budget the Town will receive the \$442,000 that is for the rehab of the tennis courts and rehab the building. Staff is working on the process with Commerce, DAHP and Yakama Tribe.
- k) Admin. Ranger also submitted an emergency request for Naches Urban Growth Boundary to Yakima County. Staff is working with Yakima County on the process.
- l) Comprehensive Plan Amendment Applications: Staff is processing 2 applications for the Comprehensive Plan Amendment from Light Industrial to Residential. Staff held the Planning Commission Open Record Hearing on August 2, 2021. No members of the Public were present, staff received one written comment from Department of Ecology.
- m) Fundraising Dinner at Cleman's View Park Thursday September 9, 2021.

Public Works

- Summer Work Hours
- Heat Issues with WWTP.
- Chlorine monitor for the Library/Well #1

TOWN OF NACHES STUDY SESSION MINUTES
August 9, 2021

WWTP Financial/
 Michael Uhlman with HLA

Phase 1 Project Costs under construction

	Original Costs	Updated Costs
Design	\$206,000	\$206,000
Environmental/Permits	\$15,000	\$15,000
Construction Administration	\$170,000	\$170,000
Project Administration	\$15,000	\$15,000
Construction	\$1,414,000	\$1,548,072
Total	\$1,820,000	\$1,954,072

The difference is the actual bid price.

Phase I Project Financing

	Original Funding	Updated Funding
SIED Loan	\$750,000	\$750,000
SIED Grant	\$750,000	\$750,000
Town Share	\$320,000	\$454,072
Total	\$1,820,000	\$1,954,072

Additional Phase I funding required= \$134,072

Phase 2 Improvements

Phase 2 project costs have been adjusted as follows to account for inflation, interim financing costs, and USDA funding offer:

Phase 2 Project Costs

Design	\$432,000	\$445,000
Control System Design	\$60,000	\$62,000
Construction Administration	\$398,000	\$416,000
Project Administration	\$15,000	\$15,000
O&M Manuals	\$25,000	\$26,000
Interim Financing	USDA Requirement	\$30,000
Construction	\$3,320,000	\$3,472,000
Total	\$4,250,000	\$4,466,000

Phase 2 Project Financing

	Original Funding	Updated Funding
USDA Loan	\$2,112,000	\$2,361,000
USDA Grant	\$2,138,000	\$1,996,000
Town Share		\$109,000
	\$4,250,000	\$4,466,000

TOWN OF NACHES STUDY SESSION MINUTES
August 9, 2021

Additional Phase 2 Funding Required \$109,000 11% higher

Total Additional Project Funding Required \$243,072

Impacts to Long-Term Financial Plan

A long term financial plan was included in the engineering report recommending improvements to the Naches Wastewater Treatment Plant. Based on the revised project costs and USDA funding offer, long-term finances have been affected as follows:

USDA debt service increased from an estimated \$78,000 per year to \$82,600 per year.

As a requirement of USDA funding, the Town must implement a Short-Lived Assets Reserve Fund. Monies contributed to the Short-Lived Assets Reserve Fund will be used to replace equipment at the wastewater treatment plant as it wears out. The required annual contribution to that fund is \$18,700.

Allan Bros., annual sewer charges are expected to increase from \$86,000 per year to \$140,000 per year when they begin discharging to the treatment plant in 2023. This increase will be used to pay off a portion of the additional USDA debt service.

Sewer rate increase included in the Engineering report were 2% per year. Since annual costs will be higher because of the increased USDA payment and contribution to the Short-Lived Assets Reserve Funds, additional rate increases will be necessary. Options for the increased are listed in the following table.

Sewer Rate Increase Options:

Year	Engineering report	Option 1	Option 2	Option 3	Option 4
2022	2%	2%	6%	3%	4%
2023	2%	3%	2%	3%	4%
2024	2%	3%	2%	3%	2%
2025	2%	3%	2%	3%	2%
2026	2%	3%	2%	2%	2%
2026 Monthly Residential Charge	\$60.64	\$63.05	\$63.01	\$63.05	\$63.04

Notes:

1. All rates generate a similar ending fund balance in 2026

TOWN OF NACHES STUDY SESSION MINUTES

August 9, 2021

2. Allan Bros. charges were held at \$140,000 in 2023 and increased at the above percentages thereafter.
3. The current 2021 monthly residential charge is \$54.92

Capital Investment Fee Option:

Another option available to the Town is to implement a capital investment fee per ERU to pay the additional costs and increase revenue to repay the 40-year USDA loan. This option adds a fixed amount to each monthly charge that is dedicated to capital improvements and loan repayment. In developing this option, the following were considered.

Sewer rate increases would continue at 2% per year to offset the increase in operation and maintenance costs due to inflation.

As described above, Allan Bros. annual sewer charges are expected to increase from \$86,000 per year to \$140,000 per year when they begin discharging to the treatment plant in 2023. This increase will be used to pay off a portion of the additional USDA debt service.

The portion of the new USDA debt service not paid by Allan Bros. is about \$4.25 per ERU per month. It is proposed to implement a \$5.00 per month capital investment fee per ERU per month, with the additional revenue used to pay down existing loans or be available for future capital improvements.

2026 monthly residential sewer charges would be effected as follows:

2026 monthly residential sewer charge at 2% increase per
=\$60.64

Monthly capital investment fee
\$5.00

Total Monthly charge
\$65.64

The posed capital investment fee should be implemented in 2023 when the first USDA loan payment would be due.

Using this approach, approximately \$17,000 in additional revenue would be generated per year.

TOWN OF NACHES STUDY SESSION MINUTES
August 9, 2021

Staff is projecting with the Urban Growth Boundary line request a development can bring between 50-100 new hook-ups in the next ten years to the Town.

Review Vouchers &
Treasurer report

Clerk Birrueta, gave the voucher report dated July 21 2021, vouchers dated August 9, 2021, financial report for the month of July 2021.

Other Business:
Adjourn; 6:34 p.m.

The Study Session closed at 6:34 p.m.

Paul Williams, Mayor

Elvira Birrueta, Clerk/Treasurer