



REGULAR BUSINESS MEETING

TUESDAY, JUNE 13, 2017

**LOCATION: BAINBRIDGE ISLAND CITY HALL
280 MADISON AVENUE N., BAINBRIDGE ISLAND, WASHINGTON**

AGENDA (TIMES LISTED ON THE AGENDA ARE APPROXIMATE)

1. CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE - 7:00 PM

Mayor: Val Tollefson

Deputy Mayor: Ron Peltier

Councilmembers: Sarah Blossom Michael Scott
 Kol Medina Roger Townsend
 Wayne Roth

2. ACCEPTANCE OR MODIFICATION OF AGENDA / CONFLICT OF INTEREST DISCLOSURE

3. PUBLIC COMMENT

4. CITY MANAGER'S REPORT

5. PRESENTATION(S)

- A.** 7:05 PM Proclamation Declaring June 2017, as Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning (LGBTQ) Pride Month, AB 17- 106 - Councilmember Scott (Pg. 3)
- B.** 7:10 PM Proclamation Declaring Saturday, June 17 as the "Day to Celebrate Juneteenth 2017," AB 17-108 - Mayor Tollefson (Pg. 5)
- C.** 7:15 PM Presentation by Washington State Ferries on Colman Dock Preservation Project, AB 17-101 (Pg. 7)

6. UNFINISHED BUSINESS

- A.** 7:45 PM Electric Utility Municipalization – Next Steps, AB 15-183 - Executive (Pg. 8)
- B.** 9:15 PM Professional Services Agreement for Downtown Parking Study and Budget Amendment, AB 17-081 – Public Works (Pg. 209)
- C.** 9:25 PM Request for Proposals for 2018 Lodging Tax Advisory Committee, AB 17-080 - Councilmembers Townsend and Scott (Pg. 226)

- D. 9:40 PM Debrief on 2016 Comprehensive Plan Update Process, AB 15-108 - Planning (Pg. 241)

7. NEW BUSINESS

- A. 9:50 PM Ordinance No. 2017-14 Modifying BIMC Chapters 2.16.040, 18.09, 18.10, 18.12 and 18.36 related to Public Communications Tower Regulations, AB 17-102 - Planning (Pg. 250)
- B. 10:00 PM Cultural Element Funding Ad Hoc Committee Recommendation, AB 17-103 - Councilmembers Roth, Scott and Townsend (Pg. 265)
- C. 10:20 PM Proposal for Community Partner Workshops, AB 17-104 - Councilmembers Roth, Scott and Townsend (Pg. 284)
- D. 10:30 PM Legislative Agenda, AB 17-107 - Executive (Pg. 294)

8. CONSENT AGENDA - 10:40 PM

- A. Agenda Bill for Consent Agenda, AB 17-105 (Pg. 296)
- B. Accounts Payable and Payroll (Pg. 297)
- C. City Council Study Session Minutes, May 16, 2017 (Pg. 386)
- D. Special City Council Meeting Minutes, May 23, 2017 (Pg. 390)
- E. Regular City Council Business Meeting Minutes, May 23, 2017 (Pg. 392)
- F. Ordinance No. 2017-15, Amending Section 13.16.086 of the Bainbridge Island Municipal Code relating to Requirements for Eligibility for Discounted Utility Rates, AB 17-095 - Finance (Pg. 397)
- G. Huney Grant Funding for Disaster Medical Supplies, AB 17-100 - Executive (Pg. 400)
- H. City Dock Improvements Professional Services Agreement Amendment No. 2, AB 15-072 – Public Works (Pg. 416)

9. COMMITTEE REPORTS - 10:45 PM

- A. Utility Advisory Committee Meeting Minutes, May 10, 2017 - Councilmember Townsend (Pg. 423)
- B. Public Safety Committee Meeting Notes, May 18, 2017 - Councilmember Scott (Pg. 425)

10. REVIEW UPCOMING COUNCIL MEETING AGENDAS - 10:50 PM

- A. Council Calendar (Pg. 432)

11. FOR THE GOOD OF THE ORDER - 10:55 PM

12. ADJOURNMENT - 11:00 PM



Americans with Disabilities Act (ADA) accommodations provided upon request. Those requiring special accommodations, please contact the City Clerk at 206-842-2545 (cityclerk@bainbridgewa.gov) by noon on the day preceding the Meeting.

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 7:05 PM Proclamation Declaring June 2017, as Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning (LGBTQ) Pride Month, AB 17- 106 - Councilmember Scott (Pg. 3)	Date: 6/13/2017
Agenda Item: PRESENTATIONS	Bill No.: 17-106
Proposed By: Councilmember Scott	Referrals(s):

BUDGET INFORMATION

Department: Council	Fund:
Expenditure Req:	Budgeted? Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:
City Manager:	Legal: Finance:

DESCRIPTION/BACKGROUND

Presentation of a proclamation declaring June 2017, as Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning (LGBTQ) Pride Month.

This proclamation is one of the annual proclamations that the Mayor is authorized to sign.

RECOMMENDED ACTION/MOTION

Presentation only.

ATTACHMENTS:

Description	Type
□ LGBTQ Proclamation	Backup Material



PROCLAMATION

A PROCLAMATION by the Mayor of the City of Bainbridge Island, Washington, declaring June 2017, as Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning (LGBTQ) Pride Month.

WHEREAS, our nation was founded upon the declaration that all people are created equal; that life, liberty, and the pursuit of happiness are among the inalienable rights of every person; and that each person shall be accorded the equal protection of the law; and

WHEREAS, the LGBTQ community has made great strides forward, but equality, inclusion, and acceptance have not yet been fully achieved. We must practice these values and teach them to future generations; and

WHEREAS, one of the guiding principles of the City of Bainbridge Island is to foster the diversity of the residents of the Island; and

WHEREAS, Bainbridge Pride was founded in June 2015, at the time of the first Pride Proclamation by the City of Bainbridge Island, and Bainbridge Pride continues to bring together the diverse LGBTQ residents of the City for fellowship and support; and

WHEREAS, on June 28, 1969, patrons of the Stonewall Inn in New York City rose up and resisted police harassment that had become all too common for members of the LGBTQ community. Out of this resistance, the LGBTQ rights movement in America was born. During LGBTQ Pride Month, we commemorate the events of June 1969 and commit to achieving equal justice under law for LGBTQ Americans.

NOW, THEREFORE, I, Val Tollefson, Mayor of the City of Bainbridge Island, on behalf of the City Council, do hereby proclaim June 2017, as

LGBTQ PRIDE MONTH

in the City of Bainbridge Island, and we encourage all residents to celebrate the progress within our culture towards justice, equality, and full civic recognition for LGBTQ persons and to join us in the fights that remain to be won.

DATED this ____ day of June, 2017.

Val Tollefson, Mayor

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 7:10 PM Proclamation Declaring Saturday, June 17 as the "Day to Celebrate Juneteenth 2017," AB 17-108 - Mayor Tollefson (Pg. 5)	Date: 6/13/2017
Agenda Item: PRESENTATIONS	Bill No.: 17-108
Proposed By: Mayor Tollefson	Referrals(s):

BUDGET INFORMATION

Department: Council	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal: Yes	Finance:

DESCRIPTION/BACKGROUND

June 19 has become a widely recognized day to celebrate the anniversary of the end of slavery in the United States. Citizens from around Kitsap County will celebrate this year at Freedom Fest, planned for Evergreen Park in Bremerton on Saturday, June 17, from 12 to 6 pm. Bainbridge Island should add its voice to this celebration. This Proclamation is intended for that purpose.

RECOMMENDED ACTION/MOTION

I move to authorize the Mayor to sign a proclamation declaring Saturday, June 17, as the "Day to Celebrate Juneteenth 2017."

ATTACHMENTS:

Description	Type
□ Juneteenth Proclamation	Backup Material



PROCLAMATION

A PROCLAMATION by the Mayor of the City of Bainbridge Island, Washington, declaring June 17, 2017, as the “Day to Celebrate Juneteenth 2017.”

WHEREAS, on January 1, 1863, President Abraham Lincoln issued the Emancipation Proclamation, setting in motion the end of slavery in the United States; and

WHEREAS, the Civil War ended with the surrender of General Lee at Appomattox Court House on April 9, 1865; and

WHEREAS, this news reached Texas when Union General Gordon Granger arrived in Galveston Bay with Union troops. It was on June 19, 1865, that he announced: “The people of Texas are informed that, in accordance with a proclamation from the Executive of the United States, all slaves are free.”

WHEREAS, celebration of the end of slavery, which became known as Juneteenth, is the oldest known public celebration of the end of slavery in the United States; and

WHEREAS, Juneteenth commemorates African American freedom and celebrates the successes gained through education and greater opportunity; and

WHEREAS, on a larger scale, celebration of Juneteenth reminds each of us of the precious promises of freedom, equality, and opportunity which are at the core of the American Dream; and

WHEREAS, Juneteenth 2017 will be celebrated in Kitsap County at Freedom Fest, to be held at Evergreen Park in Bremerton on Saturday, June 17, 2017, from noon to 6 PM;

NOW, THEREFORE, I, Val Tollefson, Mayor of the City of Bainbridge Island, on behalf of the City Council do hereby proclaim June 17 as a day to celebrate Juneteenth 2017, and urge all citizens to join in this celebration.

DATED this _____ day of June, 2017.

Val Tollefson, Mayor

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 7:15 PM Presentation by Washington State Ferries on Colman Dock Preservation Project, AB 17-101 (Pg. 7)	Date: 6/13/2017
Agenda Item: PRESENTATIONS	Bill No.: 17-101
Proposed By: Executive	Referrals(s):

BUDGET INFORMATION

Department: Executive	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager: Yes	Legal: Yes	Finance:

DESCRIPTION/BACKGROUND

Representatives from the Washington State Ferries will provide information on construction milestones and outreach plans for the Colman Dock Preservation Project.

RECOMMENDED ACTION/MOTION

Information only.

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 7:45 PM Electric Utility Municipalization – Next Steps, AB 15-183 - Executive (Pg. 8)	Date: 6/13/2017
Agenda Item: UNFINISHED BUSINESS	Bill No.: 15-183
Proposed By: Executive	Referrals(s):

BUDGET INFORMATION

Department: Executive	Fund: General Fund
Expenditure Req: \$100,000	Budgeted? Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:
City Manager:	Legal: Yes Finance:

DESCRIPTION/BACKGROUND

For the past several years, the Community has been engaged in a discussion of the possible creation of a Bainbridge Island Municipal Electric Utility. At its June 6 meeting, the City Council received a report from D. Hittle, consultants retained to advise the City on the feasibility of establishing such a municipal utility. At that meeting, Councilmembers discussed their current views on the wisdom of such an effort at this time. While there was general consensus that Councilmembers are not inclined to put this issue to a vote of the people at this time, no Council action was taken pending public comment anticipated at this meeting.

RECOMMENDED ACTION/MOTION

Propose a motion expressing the will of the City Council regarding the proposal to establish a Municipal Electric Utility.

ATTACHMENTS:

Description	Type
<input type="checkbox"/> Feasibility Study - Clean	Backup Material
<input type="checkbox"/> Feasibility Study - Marked	Backup Material

REVISED DRAFT REPORT

City of Bainbridge Island
Electric Utility Municipalization
Feasibility Study

May 19, 2017

Prepared for

City of Bainbridge Island
Bainbridge Island, Washington

by



In association with Gordon Thomas Honeywell LLP

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Contents

Executive Summary	1
Section 1 – Introduction.....	8
Introduction.....	8
Background.....	8
Study Methodology.....	10
Section 2 – Electric Utility Options and Other Significant Issues.....	11
Consumer-Owned Electric Utility Options.....	11
Municipal Electric Utility	11
Public Utility District.....	13
Electric Cooperative.....	14
Comparison of Consumer-Owned Utility Options	16
Alternative Municipal Governing and Advisory Concepts	17
Acquiring Electric Facilities	19
Examples of Recent Utility Acquisitions in the Pacific Northwest.....	20
Power Supply Overview	21
BPA Power Supply Contract Issues.....	21
Other Power Supply Options	25
Transmission Requirements.....	25
Operational Reliability.....	26
Section 3 – Estimated Cost of Electric Facilities.....	33
Electric System Facilities on Bainbridge Island	33
Proposed Facilities to be Acquired	35
Estimated Cost of Electric Facilities.....	36
Stranded Costs	39
Separation Costs.....	39
Section 4 – Estimated Initial Financing Requirements.....	41
Financing Options and Conditions.....	41
Requirements for a New Utility to Issue Long-term Revenue Bonds	42
Typical Bond Covenants.....	42
Other Financing Options.....	44
Estimated Initial Financing Requirements.....	44

Section 5 – Estimated Number of Customers and Load Forecast	48
Section 6 – Projected Costs of Operation and Revenue Requirements	51
Annual Revenue Requirement	51
Power Supply Costs	52
Estimated Cost of BPA Power and Transmission.....	52
Annual Operating Costs other than Power and Transmission	54
Projected Revenue Requirements	56
Section 7 – Estimated Net Benefits and Comparison of Rates	60
Comparative Electric Rates.....	65
Section 8 – Other Factors.....	68
High Speed Broadband	68
Energy Efficiency Opportunities and Renewable Energy	69
Renewable Energy	71
Comparative Greenhouse Gas Emissions	72
Miscellaneous Issues.....	76
Synergies and Other Benefits.....	79
Synergies.....	79
Other Benefits	81
New Public Power Utilities.....	83
Appendix A – Fact Sheet- BPA and New Public Utilities	
Appendix B – List of New Consumer-Owned Electric Utilities formed since 1973	
Appendix C – APPA Flyer	

City of Bainbridge Island

Electric Utility Municipalization Feasibility Study

Executive Summary

Introduction

The City of Bainbridge Island, Washington (City) retained D. Hittle & Associates, Inc. (DHA) in 2016 to conduct an electric utility municipalization feasibility study. The study is intended to provide a review of the technical and economic issues related to the establishment of an electric utility owned and operated by the City or another public entity. Electric service is presently provided to the residents and businesses on Bainbridge Island by Puget Sound Electric (PSE), a privately-owned electric utility headquartered in Bellevue, Washington. This report summarizes the results and findings of the feasibility study. The law firm of Gordon Thomas Honeywell assisted DHA in the preparation of certain portions of this report.

In general, the concept of establishing a municipal electric utility would involve acquisition of the existing distribution and transmission system in the City, contracting for a supply of electric power and establishing the capability to operate and maintain the electric system. Although most electric utilities retain their own staff to operate their respective systems many operation and maintenance functions can be performed by contractors if desired.

Consumer-Owned Electric Utility Options

Consumer-owned electric utilities, often referred to as public power utilities, are common in the Pacific Northwest and across the United States. They provide all functions of electric service and are directed by board members, commissioners or city council members generally elected from within the service area of the utility. As such, local control is a significant element of public power utilities.

Public power utilities provide electric service at cost and are not-for profit and do not pay federal income taxes. They generally have access to loans at tax-exempt interest rates or to loans provided by the federal government at low interest rates. Public power utilities also have preference over private utilities in purchasing power generated at federal hydroelectric resources. In the Pacific Northwest, this is a significant benefit in that most public power utilities, other than those with significant generating resources of their own, purchase all, or nearly all, of their power supply requirement from the Bonneville Power Administration (BPA), a federal power marketing agency. BPA's wholesale price of power is relatively low compared to the cost of power from new generating resources.

The three primary forms of consumer-owned electric utilities are municipal utilities, cooperative utilities and public utility districts (PUDs). Each of these utility types have certain benefits and

drawbacks. For the purpose of this analysis, the municipal electric utility option has primarily been evaluated.

Electric Facilities on Bainbridge Island

The electric facilities located within the City include transmission lines, substations, overhead and underground distribution lines, poles, transformers, vaults, service drops, meters, streetlights, right-of-ways and ancillary distribution system facilities. There are three substations on the island that transform power from transmission voltage to the primary distribution voltage. PSE's transmission system on Bainbridge Island consists of approximately 14 miles of 115-kilovolt (kV) overhead transmission lines that connect to PSE's transmission system on the Kitsap Peninsula side of Agate Pass.

PSE indicates that there are 307 miles of distribution lines on Bainbridge Island of which 165 miles are underground. The overhead and underground lines are a mixture of three, two and single phase. In addition, 22 miles of overhead distribution lines use insulated tree wire. Overhead distribution and transmission lines are generally built with typical wood-pole construction and in some areas the distribution lines are underbuilt on transmission poles.

There are several options that the City could take in defining the electric facilities that would be acquired to establish a new electric utility system. It is expected that the substations, distribution lines, transformers, services and meters would be needed for the City to own the distribution system as required by BPA. All of the transmission lines, however, would not necessarily need to be acquired. Instead, PSE could continue to own some or all of the transmission lines on the island and BPA would make arrangements with PSE to deliver power over the lines to the City's substations.

For the purpose of this analysis, we have assumed that PSE would continue to own the transmission lines north of the Port Madison substation. A metering system would be installed at the Port Madison substation and this is where the new utility would take delivery of power from BPA. From this point the new electric utility would own the substations, the radial transmission lines between the substations, all overhead and underground distribution lines, distribution transformers, customer services, and meters.

Estimated Cost of Acquiring Facilities

An appraisal of the value of electric facilities to be acquired by the City for its electric system has not been conducted. Such an appraisal would rely upon a detailed description of the facilities to be acquired and will potentially be needed if the City proceeds towards acquisition of the PSE system on Bainbridge Island.

For the purpose of this analysis, the cost the City would pay for the acquired facilities is estimated to be between the original cost less depreciation (OCLD) value and the reproduction cost new less depreciation (RCNLD) value of the electric facilities, based on our knowledge of other utility

acquisitions. OCLD is defined as the original cost of the property when it was first put into service as a public utility, less accrued depreciation. The OCLD value is an estimate of the net book value of property. The actual purchase price will be either negotiated or established in a court proceeding but should reasonably be expected to be in the range between the OCLD and RCNLD values. We have estimated the RCNLD value of the facilities proposed to be acquired at \$52.1 million. The OCLD value is estimated to be \$24.0 million. These costs are for the system as it currently exists. Any additions or improvements made to the system by PSE or required by City policy before acquisition would need to be factored into the acquisition cost.

Estimated Number of Customers and Load Forecast

The number of customers in the City's service territory has been estimated to serve as the basis for estimating energy sales and overall power requirements of the municipal electric system. PSE has indicated that approximately 12,300 electric customers are presently served on Bainbridge Island and that the total number of electric customers served has increased about 0.7% on average per year between 2010 and 2016.

The total annual energy requirement of the City electric system is estimated to be 220,600 MWh, or 26.9 average MW, at present levels. The peak demand is estimated to be 67 MW based on the assumed relationship between average and peak demand considered to be representative of an electric utility with higher levels of electric space heat. The peak demand will potentially vary significantly from year to year based on weather conditions and customer usage characteristics.

Financing Options and Estimated Cost of Financing

Municipally-owned electric utilities and PUD's generally use tax-exempt revenue bonds and loans to fund the capital costs associated with their systems. Federal tax laws generally prohibit the use of tax-exempt loans for the funding of municipal acquisition of electric systems owned by investor-owned or privately owned utilities. Alternatively, low interest rate financing may be available through the federal Rural Utility Service (RUS).

For the purpose of the base case of this analysis, it is assumed that the acquisition cost of the new utility will be financed with revenue bonds. The estimated initial financing requirement is based on the assumption that the cost to acquire the electric facilities from PSE is two times the estimated OCLD value of the facilities. Other costs we have included in the initial financing requirement are the costs of installing equipment to meter wholesale power purchases at the substations, purchase necessary vehicles and equipment, purchase materials and supplies, pay the costs of additional warehouse and maintenance facilities that the City may need and pay initial legal, engineering and consulting fees.

In addition to the initial costs, the fees associated with issuing revenue bonds and the establishment of a debt service reserve fund are included. For the base case of this analysis assuming initial acquisition at two times the OCLD value, the initial financing requirement is estimated to be \$62.4 million.

Estimated Cost of Operations

Publicly-owned electric utilities generally establish rates to recover revenues through the sale of power sufficient to pay all operating expenses, taxes, and debt service as well as provide a margin from which to fund renewals, replacements and additions to the system. The total of all these cost obligations on an annual basis are referred to as the annual revenue requirement. Operating expenses of the electric system will include purchased power, purchased transmission services, transmission and distribution system operations and maintenance (O&M), customer accounting, and administrative and general expenses. It is expected that the City will initially either contract for O&M services and/or hire its own staff to perform some or all of these functions.

The most significant annual operating expense that the City's electric system will incur is the cost of wholesale power. Upon fulfillment of certain criteria primarily related to establishing ownership of its distribution system, the new utility will be entitled to purchase power from BPA as a preference customer. The City electric system can reasonably expect to purchase a significant portion, if not all, of its power supply from BPA at the priority firm power rate, also referred to as the Tier 1 power rate.

The annual revenue requirements have been projected for the first twenty years of City electric system operation. Electric system operation is assumed to begin in 2021. Annual costs include the costs of power and transmission, transmission and distribution O&M, customer accounting, administrative and general expenses, taxes, debt service and an amount for renewals, replacements and additions to the system. Debt service is estimated to be a significant cost component of the overall revenue requirement.

For the base case, the first year annual revenue requirement is estimated to be 11.8 cents per kWh. This is the average unit revenue needed to pay all costs of the system. Average revenue requirements are not specific rates. Rates will need to be adopted by the governing board of the City electric system. Rates would need to be established that would reflect the actual cost to serve certain customer classifications (i.e. residential, small commercial, large commercial).

Estimated Net Benefits

The estimated annual revenue requirements for the City electric system have been compared to the estimated charges for electric service from PSE to evaluate the net benefits that electric consumers on Bainbridge Island would realize with the City electric system. With a public power utility the benefits are long-term in that they are realized far into the future. For a new utility with a fairly high initial investment, the full level of benefits may not be realized until the initial loans are repaid, paid down or refinanced. Although an estimation of net benefits in the first twenty years of new utility operation are presented in this analysis it is important to acknowledge that benefits would typically be greater in the future.

The estimation of revenue requirements for the new City electric system have been developed based on the assumptions and variables defined in this report. We are unaware of any detailed

projections of future PSE electric rates so for the purpose of this analysis, an estimate of PSE's charges for electric service has been made based on a review of historical changes in PSE rates.

The estimated cost of electric service with the City electric system is estimated to be slightly lower than the cost of service from PSE. In the assumed first year of operation, 2021, it is estimated that the average cost of electric service from the City system would be about 0.07 cents per kWh or 0.6% less than would be charged by PSE in that year. By 2030, the annual savings are estimated to be about 1.4%.

Over the first ten years of operation, electric consumers in the City are estimated to pay in total approximately \$358,000 less per year on average for electric service with the City system than they would with continued service from PSE. Over the second ten years of operation (years 11-20), the average annual reduction in total electricity payments is estimated to be \$1,021,000. Over the first twenty years of operation of the City electric system, the average annual savings in payments for electricity is estimated to be 1.8% less when compared to the estimated costs of service from PSE.

Alternative assumptions to the analysis would result in different results. Key variables include the estimated cost of acquisition, the estimated cost of financing and assumed increases in the number of electric customers served and load growth on Bainbridge Island. The net benefits of City service using alternative assumptions have been estimated and indicate that the purchase price and the cost of financing are significant variables. As an example of the results of one of the alternative cases evaluated, if the initial acquisition price of the facilities was 1.35 times OCLD and low-cost financing was obtained through the federal RUS, the first year average revenue requirement of the City electric system is estimated to be 11.0 cents per kWh and the net savings in the cost of electricity over the first ten years of operation are estimated to average \$2,126,000 per year.

It is important to note that if so desired, a public power utility can set its rates to recover additional revenue to fund investments in expanded energy efficiency programs, development of alternative generating resources and improvements to the electric system, among other things.

Other Factors

An important advantage of a City electric utility is local control. This is especially true when it comes to socially responsible initiatives. That is, the City will be in better touch with the needs of its residents than almost any other organization and can adjust programs for the unique mix and needs of Bainbridge Island residents and businesses.

A number of opportunities related to a municipal electric utility exist such as the potential to develop and finance a City-owned high-speed broadband network to serve residents and businesses. There are also many opportunities for promoting and assisting in the expansion of energy efficiency programs in the community. A variety of non-economic benefits and synergies are presented in this report.

Reliability of electric service is a critical issue for electric consumers in the City. Tree-trimming and vegetation management are significant issues and will continue to be important activities for either PSE or a City electric system in the future. Undergrounding of certain overhead distribution lines can also be used to improve reliability of service. PSE has indicated that it is planning to install additional tree wire and place sections of overhead line underground in certain locations on Bainbridge Island to improve reliability.

PSE offers a green power program and several energy efficiency programs. Residents and businesses in the City have taken advantage of these programs and it will be important for the City electric system to continue with such measures. The City electric system can enhance programs of this type and structure them to the best interests of the community. Public power utilities throughout the Pacific Northwest offer energy efficiency programs funded partly by BPA and partly through their own revenues. The City electric system can pursue development of renewable energy projects either on its own or jointly with other utilities. As such, the type of renewable energy projects developed can be more focused on the needs of the community and the location of renewable resources can potentially be established to be close to the City.

The greenhouse gas (GHG) emissions intensity attributed to full requirements customers of BPA are significantly less than the GHG emissions intensity attributed to PSE. This is due to BPA's fuel mix being about 85% hydroelectric. A significant portion of PSE's GHG emissions are produced by the Colstrip coal-fired power plant in Montana. PSE plans to close Colstrip Units 1 and 2 by 2022. It is not known what resources will be obtained by PSE to replace the output of the Colstrip plant, but some of the replacement generation may be from natural gas-fired power plants. Serving the City load with BPA power would reduce the amount of additional power generation PSE would need to acquire to replace Colstrip output.

Some of the risks associated with pursuing a City electric system would initially include uncertainty with regard to facility acquisition costs and potential increases in interest rates before long-term financing is obtained. Once in operation, the new utility would need to establish electric rates that would produce revenues sufficient to pay the costs of operation. All electric utilities are subject to changing conditions in regulations, power costs, labor costs and the costs of materials and equipment that can put upward pressure on rates over time. Changing demographic and economic conditions as well as customer demands for power can affect the revenues of an electric utility as well, both positively and negatively. Also, the risks associated with natural disasters could have more of an impact on a local City electric system. The City electric system would need to acknowledge all of these factors, among others, in its ongoing governance of its electric system.

Next Steps

The primary actions to be taken at this time include reviewing and revising the feasibility report, and determining if further action towards establishment of a consumer owned utility is desired. Public discussion and input to the decision should be encouraged. The type of consumer-owned utility will need to be defined as well. Discussions with the City's legal and financial advisors should also be conducted.

If a decision is made to pursue establishment of a utility it will be necessary to prepare for a public referendum. For a PUD a vote must be taken in an even numbered year. For a municipal utility the vote can be in any year. It may be necessary to prepare additional analytical materials and information for voters. Informational meetings in the community should be conducted.

Activities that will follow public approval will include conducting detailed discussions with BPA regarding power supply, transmission and interconnection contracts and issues. Discussions with PSE will also need to be conducted regarding the negotiations for acquiring the electric facilities. As the process progresses, discussions with vendors, contractors and others that will be needed to assist the new utility in its initial operation will need to be conducted.

Changed Conditions

This report summarizes the information, methodologies and assumptions used in the development of our analysis. Alternative assumptions could provide different results. The underlying factors from which the basic information and assumptions are derived are subject to change. In addition, the issues associated with the ownership, operation, administration and regulation of electric utilities in the United States are constantly changing. As such, the results of this study are subject to change and adjustments to the analysis may be needed in the future to determine the impact of changing conditions.

Section 1

Introduction

Introduction

Background

The City of Bainbridge Island, Washington (City) retained D. Hittle & Associates, Inc. (DHA) in 2016 to conduct an electric utility municipalization feasibility study. The study is intended to provide a preliminary review of the technical and economic issues related to the establishment of an electric utility owned and operated by the City. The content of this study addresses issues defined in the scope of work agreed to between the City and DHA. This report summarizes the results and findings of the feasibility study. The law firm of Gordon Thomas Honeywell assisted DHA in the preparation of certain portions of this report.

Although the primary focus of the study has been to evaluate the feasibility of establishing a municipal utility, other forms of consumer-owned utilities such as a public utility district or an electric cooperative have been evaluated. Additional information has been provided regarding whether or not establishing a municipal utility would open up currently unavailable opportunities for local control over energy sources serving Bainbridge Island that could foster economic development, decrease greenhouse gas emissions, increase system reliability and improve power quality.

Electric service is presently provided to the residents and businesses on Bainbridge Island by Puget Sound Electric (PSE), a privately-owned electric utility headquartered in Bellevue, Washington. PSE has indicated that approximately 12,300 electric customers are served in the City. Electric facilities on Bainbridge Island include about 14 miles of 115-kilovolt (kV) overhead transmission lines, three distribution substations and 307 miles of distribution lines of which 165 miles are underground. Power is delivered to Bainbridge Island from PSE's transmission network in Kitsap County and beyond by means of overhead transmission lines at Agate Pass. This overhead transmission crossing is essentially new having been rebuilt in 2014. PSE provides electric service in the City pursuant to a fifteen year franchise agreement that expires in 2022 (Ordinance No. 2007-11).

In general, the concept of establishing a municipal electric utility would involve acquisition of the existing distribution and transmission system in the City, contracting for a supply of electric power and establishing the capability to operate and maintain the electric system. Although most electric utilities retain their own staff to operate their respective systems many operation and maintenance functions can be performed by contractors if desired. PSE uses a contractor to perform most of the maintenance work on its system.

As a "publicly-owned" electric utility, if established and after meeting certain criteria, the City's municipal electric utility would be able to purchase electric power from the Bonneville Power Administration (BPA) at BPA's most favorable rate. BPA is a federal agency that markets the power from the federal Columbia River power system. Most of the publicly-owned electric utilities

in the Pacific Northwest purchase most or all of their power supply from BPA. BPA also operates an extensive transmission system in the Pacific Northwest and delivers power to its customers.

In preparing this feasibility study we have reviewed the existing electric facilities in the City, identified the facilities that the City would need to establish electric service as a City electric system, estimated the costs to acquire these facilities and estimated that costs to operate, maintain, manage and administer an electric utility. Total power requirements in the City were estimated to determine how much power would need to be purchased. The annual revenues that the City electric system would need to collect for electric service to pay the costs of electric service have been estimated for several years into the future. This revenue requirement has been used to provide an estimate of electric rates the City system would charge. Comparing these estimated rates to those estimated for PSE provides an estimate of the net benefits or costs of the City electric system.

There will be many decision points if the City moves toward establishing an electric utility. Changes in the basic economic and technical factors and assumptions used in this analysis should be evaluated as they become known. Public input to the concept is also important. If it is determined that the City wants to proceed towards establishment of an electric utility, the next major steps will be to conduct discussions with BPA regarding a power purchase and transmission services contract, determine through negotiation or litigation what facilities will be acquired from PSE and what price will be paid for the facilities, determine what additional facilities should be constructed, arrange for financing, implement an organizational start-up plan and retain necessary staff, equipment and materials to provide service.

A key schedule constraint to providing electric service will be BPA's notice period related to obtaining a power sales contract for a new utility. A full requirements purchase of BPA wholesale power at BPA's lowest Tier 1 rate would normally take approximately three years depending on when the application is made relative to the BPA rate cycle. Tier 2 power could be purchased prior to that, however.

As a point of reference on the time required to establish an electric utility the experience of the most recently formed electric utility in the state, Jefferson County PUD, can be considered. The voters of Jefferson County authorized the Jefferson County PUD to provide electric service in November 2008. Jefferson County PUD negotiated with PSE on the purchase of assets and began providing electric service in April 1, 2013. This represents a planning and implementation period of approximately 53 months. Of this time approximately 19 months elapsed prior to the signing of an asset purchase agreement with PSE. The City of Hermiston, Oregon undertook an initial feasibility study related to providing municipal electric service in 1996. The acquisition of electric facilities from PacifiCorp was negotiated and the City began providing electric service on October 1, 2001, representing about a five year period in preparation of providing service.

Study Methodology

Most of the data used in the study is from publicly available reports and other sources. The City requested certain information from PSE in October 2016 and a limited amount of requested data was provided by PSE. Other information comes from public records associated with PSE, Kitsap County, the State of Washington Department of Revenue, the Washington Utilities and Transportation Commission, and selected statistics on electric utilities compiled by the Washington PUD Association and the Northwest Public Power Association, BPA, etc. Information regarding financing options and costs was obtained from financial advisors involved with the financing of electric utility systems.

PSE provided an estimate of the total number of customer accounts served in the City. The total power requirements of the electric customers in the City at the present time have been estimated based on typical energy consumption values for PSE customers as found in recent FERC Form 1 filings for PSE.

For the purpose of this study, the determination of electric facilities to be acquired was based on a cursory field examination of PSE's transmission and distribution system in the City. The length of transmission lines and the number and capacity of substations were derived from observations and maps of the City. The estimated costs of transmission lines, distribution lines, service drops, meters and other distribution facilities, were developed using estimated unit costs based on our experience with similar utility systems.

Should the City decide to move forward in the development of a municipal utility, a much more detailed assessment of electric facility quantities and costs would need to be derived in subsequent studies and analyses. If the development of the City's electric utility proceeds and access to PSE's customer sales and facility inventory records can be obtained, a detailed inventory and age identification of various PSE assets within the City would potentially be developed.

The estimated costs the City would experience for power purchases, system operation and maintenance, customer accounting and administration included in the analysis have been based on representative costs experienced by other publicly-owned electric utilities in the Pacific Northwest. It is assumed that the City would conduct its own billing and accounting activities and would provide in-person customer service for bill paying, hookup requests and other services. These billing and accounting functions could be integrated with other City functions. In addition to operating expenses, annual debt service payments and funds for annual capital improvement expenditures were included in the projected revenue requirements

Section 2

Electric Utility Options and Other Significant Issues

Consumer-Owned Electric Utility Options

Consumer-owned electric utilities, often referred to as public power utilities, are common in the Pacific Northwest and across the United States. They provide all functions of electric service and are directed by board members, commissioners or city council members generally elected from within the service area of the utility. As such, local control is a significant element of public power utilities¹.

Public power utilities provide electric service at cost and are not-for profit, and with the exception of cooperatives do not pay federal income taxes. They generally have access to loans at tax-exempt interest rates or to loans provided by the federal government at low interest rates. Public power utilities also have preference over private utilities in purchasing low cost power generated at federal hydroelectric resources. In the Pacific Northwest, this is a significant benefit in that most public power utilities, other than those with significant generating resources of their own, purchase all, or nearly all, of their power supply requirement from the Bonneville Power Administration (BPA), a federal power marketing agency.

Rates for electric service for public power utilities are established by each utility's governing board to collect revenues sufficient to pay operating costs, pay interest and principal on debt, and pay for the renewal, replacement and additions to its facilities. Generally, public power utilities are not regulated by their respective state utility commissions. In the Pacific Northwest there is significant coordination among public power utilities to assist each other with training, group equipment purchases, representation in wholesale rate and other regulatory issues and in emergency repairs. Public power utilities often work together to develop jointly-owned or joint-power purchaser generating facilities that in themselves would be too large for smaller systems.

The three primary forms of consumer-owned electric utilities are municipal utilities, cooperative utilities and public utility districts (PUDs). Each of these utility types have certain benefits and drawbacks. They are discussed in more detail in the following subsections.

Municipal Electric Utility

Municipally-owned electric utilities are common in Washington as well as around the country. With a municipal electric utility, the city or town council typically serves as the governing board for the utility and provides oversight and approval of the utility operation, establishes rates for electric service and approves various policies and procedures. The financing authority of the municipality is used to provide funding for the acquisition and construction of necessary electric facilities; however, security for repayment of loans can be specifically limited to the revenues of

¹ The American Public Power Association (APPA) provides an overview of the benefits of municipalization in the booklet, Public Power for Your Community, available at:
http://www.publicpower.org/files/PDFs/Summary_of_Public_Power_for_Your_Community.pdf

the electric utility operation. Various administrative functions of the municipal utility, such as billing, accounting, human resources, and financial management, are often integrated with other municipal activities. The service area of most municipal electric utilities is reasonably consistent with the municipal boundary. Examples of municipally-owned electric utilities include: City of Seattle, City of Blaine, City of Sumas, City of Ellensburg, City of Tacoma, City of Ruston, Town of Steilacoom, City of Port Angeles, City of Centralia, and the City of Richland.

Municipal utilities have condemnation authority. Some cities, such as first class or code cities, have authority to provide retail telecommunication services.

For a municipal electric utility, planning, engineering and construction can be coordinated within the municipality as a joint effort among the various municipal operations. This can be very helpful with regard to comprehensive planning and in building and maintaining the electric system to address a municipality's broader goals. For example, undergrounding of electric lines can be effectively coordinated with street construction or water and sewer system improvements.

An advantage of a municipal electric utility is the ability to obtain financing for most capital expenditures at tax-exempt interest rates. A municipal utility does not pay federal income taxes and its revenues can be used to pay the costs of certain services provided to the utility through the municipal government. Municipal utilities are required to pay the state public utility tax and most municipal utilities collect a local tax on power sales as well.

Although the city council serves as the governing board of a municipal electric utility, some municipal utilities establish boards to provide more of the regular oversight of the electric utility and formulate recommendations for the city council. These boards in some instances have been delegated authority for certain defined decision-making, and in other instances are solely advisory in nature. City councils are responsible for much more than the oversight of utility operations and the use of a utility advisory or other board can be of significant assistance. More information on the function of advisory boards is provided in the subsection entitled "Alternative Municipal Governing and Advisory Concepts" in this report.

The time required to establish a municipal electric utility could be relatively short; however, it may require an extended period of discussion before the city council. The time required is very much dependent on the willingness of the incumbent utility to sell the existing electric facilities. In Washington, RCW 35.92.070 requires approval of a majority vote of the voters of the city if the governing body of the city deems it advisable to acquire a public utility. The vote can be conducted at any general or special election, requires thirty days prior notice and requires a simple majority for approval. In addition, the ordinance submitted to the voters for approval or rejection is required to specify the proposed plan and declare its estimated cost. As such, it would be necessary to have a fairly well established plan for the new municipal utility operation before conducting the vote.

A new municipal electric utility would need to qualify for the purchase of BPA power pursuant to BPA's requirements for new preference customers.

Public Utility District

Public utility districts (PUDs) are nonprofit, consumer-owned utilities that provide electricity, water, wholesale telecommunications and sewer service. The citizens in each Washington county have the right to form a PUD. In Washington, there are 28 operating PUDs in 27 counties which in total provide electric service to approximately 1,003,000 customers and water service to approximately 122,000 customers in their respective service areas. Counties can have more than one PUD as is exemplified with two PUDs in Mason County.

Kitsap County PUD was organized in 1940 and provides water service to approximately 14,000 customers in various locations within Kitsap County including Bainbridge Island. In 2000, Kitsap County PUD began providing wholesale broadband telecommunication services in the county. Kitsap County PUD does not presently provide electric service but has considered the possibility of doing so in the past.

PUDs are governed by a board of commissioners typically consisting of three commissioners elected from the residents of the county in which the PUD is located.

The formation of a new PUD in Kitsap County could be undertaken in conjunction with the county government. RCW 54.08.010 provides that at any general election in an even-numbered year, the county legislative authority may conduct an election (and on petition of 10% of the qualified voters is required to conduct an election) to approve formation of a PUD coextensive with the boundary of the county.² The petition must be filed with the county auditor not less than four months before the election. Further, the form of the petition has to be submitted to the county auditor within ten months prior to the election.

It is also permissible to establish a PUD that covers less than the entire county. In this circumstance, a petition is filed with the county legislative authority and a hearing is held after public notice and boundaries of the PUD will be established. If the county finds the petition includes lands improperly or which will not be benefited by the PUD, it will change the boundaries of the proposed PUD and fix them as it deems reasonable and that are “just and conducive to the public welfare”.³ The partial county area cannot divide any voting precincts. The election is confined to the area of the proposed PUD. RCW 54.08.010 prohibits any PUD created after September 1, 1979 from including any other PUD in its boundaries. As such, the existing Kitsap County PUD would need to be reformed if a partial county PUD were to be formed for only a portion of the county.

At the same election requesting approval to form a new PUD, there will also be held an election of three commissioners. If the proposition to form the PUD does not receive approval by a majority of the voters, the election of the new commissioners is declared null and void.

² Under RCW 54.08.060, the county legislative authority may also call a special election for this purpose at the earliest practicable time, and at the request of the petitioners must do so.

³ RCW 54.08.010, Districts including the entire county or less – Procedure (Effective January 1, 2007.)

Another PUD option would be to pursue electric service through the existing Kitsap County PUD. Pursuant to RCW 54.08.070, any PUD which has been in existence for at least ten years and does not currently provide electric service must conduct an election in the PUD service area to obtain voter approval to do so. The election must be held in an even-numbered year and may be submitted to the voters of the district by PUD commission resolution, and must be submitted to a vote based on a petition of 10% of the voters in the PUD area submitted to the county legislative authority at least four months prior to the election date and within 10 months before the election.

The acquisition of electric facilities from PSE by a PUD would be accomplished similar to that of a new municipal utility, although there are a few differences outlined in RCW 54. The PUD would have condemnation authority and could exercise this authority if an acceptable sale of the facilities could not be negotiated. Electric service through the PUD would not need to be provided to all county residents. A plan would need to be developed to assure reliable, cost effective service to all county residents.

An existing PUD that establishes electric service would be viewed by BPA as a new electric utility as far as access to preference power is concerned. As a result, the issues and timing associated with access to BPA power would be the same for a new municipal electric utility or the existing PUD. The PUD would also need to start a new electric utility operation similar to that of the municipal electric utility.

Electric Cooperative

An electric cooperative is a non-profit corporation tasked with providing electric service to its members residing in a specific service area. Revenues in excess of expenses are either reinvested in the system for improvements and replacements or are distributed to members in the form of “capital credits”. There are fifteen electric cooperatives⁴ in Washington providing electric service to approximately 158,000 member-customers. Generally, electric cooperatives provide service in rural areas. This was the intent of the Rural Electrification Administration (REA) which was created in 1935 to promote the extension of reasonably priced electricity to farms in areas not served by existing electric utilities. Under the [Department of Agriculture Reorganization Act of 1994](#) the REA was absorbed by the Rural Utilities Service (RUS). It is noted, however, that several smaller towns and cities in Washington, including West Richland, North Bend and Gig Harbor, are within the service areas of electric cooperatives.

Most electric cooperatives obtain low interest loans from the federal government through the Rural Utilities Service (RUS), a government agency within the U.S. Department of Agriculture. The low interest loans are generally only available to fund costs related to the rural portions of the utility. This means that the costs of the urban portions of the system may need to be funded with other sources. Electric cooperatives do not have access to tax-exempt financing like municipal utilities and PUDs and, as a result, the average cost of capital for electric cooperatives can be

⁴ Includes mutual and cooperative utilities, which function much the same, headquartered in Washington. There are also three other electric cooperatives that serve member-customers in Washington that are headquartered in Idaho.

higher than for PUDs and municipalities. In addition to loans through the federal RUS, there are also two lending entities, CFC and Cobank that offer lower cost loans to electric cooperatives. Cooperatives are exempt from paying federal income tax under Section 501(c)12 of the Internal Revenue Code.

Cooperatives are governed by a board of directors elected from the membership. The board of directors sets policies and procedures that are implemented by the cooperative's professional staff. Membership in the cooperative is voluntary. An electric cooperative could be established in Kitsap County by any group interested in doing so. To provide electric service in the area however, a sufficient number of members would need to be identified and committed to form the base for acquiring electric facilities, contracting for power and starting a utility operation. A cooperative does not have condemnation authority and would need to negotiate with PSE to acquire the PSE electric facilities.

Another alternative is to request to become part of an existing cooperative. Cooperatives do not need to have a contiguous service territory. For example Tanner Electric Cooperative has three service territories near Ames Lake, North Bend and Anderson Island.

Electric cooperatives, like municipal utilities and PUDs, are not regulated by the Washington Utilities and Transportation Commission (WUTC). The WUTC has no jurisdiction over a cooperative; however, it would be expected that the WUTC will provide some review of the proposed transfer of electric service from a regulated utility such as PSE to the cooperative on behalf of electric consumers.

There are no particular time requirements related to establishing a cooperative. Schedule requirements related to acquiring a power supply would be similar to a municipal utility and a PUD. A membership campaign would be needed and it is expected that approximately one to two years would be needed to negotiate the purchase of electric facilities and conduct various engineering studies.

Comparison of Consumer-Owned Utility Options

The following table summarizes the primary differences of utility ownership options.

TABLE 1
Comparison of Consumer-Owned Electric Utility Options

	Municipal Electric Utility	Public Utility District (PUD)	Electric Cooperative	Investor Owned Utility
Governing Board elected by local voters?	Yes	Yes	Yes†	No
Governed locally?	Yes	Yes	Yes	No
Board meetings generally open to the public?	Yes	Yes	Yes‡	No
Access to tax-exempt financing?	Yes*	Yes*	No	No**
Non-profit entity?	Yes	Yes	Yes	No
Rates generally established at cost?	Yes	Yes	Yes	Cost plus allowed return
Required to pay income taxes?	No	No	No	Yes
Equity in electric facility assets generally accrue to customer-owners?	Yes	Yes	Yes	No
Access to BPA Tier 1 power at preference rates?	Yes	Yes	Yes	No
Regulated by Washington Utility and Transportation Commission?	No	No	No	Yes

* Tax-exempt financing is generally not available to pay the costs of acquiring electric facilities of an existing utility.

** Some tax-exempt financing may be available through industrial development bonds within the state volume cap.

† Governing Board is elected by Cooperative members.

‡ Board meetings are generally open to cooperative members.

Alternative Municipal Governing and Advisory Concepts

As previously mentioned, the governing body for a municipal electric utility is the city council. As such, the city council provides general oversight of the utility, retains competent management, makes policy decisions and sets the rates and charges for utility service. City council members are elected by the citizens within the municipality and as a result, the governing board of the electric utility is elected by the citizens.

Some city councils have established utility boards or utility advisory committees to provide a more specialized oversight of the utility operation, review recommendations of utility management and staff and advise the city council with regard to various issues related to utility policy, operation and administration. Typically the members of a utility board are appointed by the city council.

The advisory boards have a variety of functions to perform but generally they are expected to have regular contact with the electric utility management and the general public and assist the city council in administering the utility, establishing policy and addressing utility-related issues of concern to electric consumers and the community as a whole. Serving as the utility governing board is just one of many tasks performed by a city council and a utility board or advisory committee can remain focused on the utility business and provide significant coordination between the utility and the city council.

Examples of utility advisory boards in Washington and Oregon include:

Tacoma Public Utilities (TPU), Public Utility Board

The five-member board oversees the operations of Tacoma's electric and water utilities, the Click! communications operations, and industrial freight-switching railroad. The Tacoma City Council appoints the board members and they serve five-year terms, unpaid. The board meets twice monthly and board meetings are open to the public for public comment.

Seattle City Light, City Light Review Panel

The Seattle City Light Review Panel was created in 2010 as the successor to the City Light Advisory Board/Committee and the Rate Advisory Committee, and combines the duties of both groups.

The nine panel members come from City Light's customer groups. Five members are nominated by the mayor and four members are nominated by the city council, serving staggered three-year terms. In 2010, the focus of the panel was to help develop a six year strategic plan for Seattle City Light.

City of Ellensburg, Utility Advisory Committee

There are seven Utility Advisory Committee members consisting of two city council members, one representative from Central Washington University, two customers of one or more city utility systems, one representative of KITTCOM and one customer of the telecommunications utility. Committee members serve three-year terms and are not paid. The committee meets monthly.

The Utility Advisory Committee operates under the authority of the Ellensburg city code and was created for the purpose of providing a mechanism for the city council to obtain benefits of recommendations, advice, and opinions on those matters affecting City energy policy and operations from a committee which may devote the resources necessary for careful consideration of such matters and which will increase citizen participation and input to local government.

City of Port Angeles, Utility Advisory Committee

The Utility Advisory Committee gives advisory recommendations to the City Council on matters relating to city utility policy and operation.

The Utility Advisory Committee is comprised of three City Council members, one industrial representative, and two community representatives. The members are appointed to four-year terms, with a limit of two consecutive terms. Members are residents of the city, except the member representing the licensed care facilities need not be a city resident but must own or manage a licensed care facility in the city.

Eugene Water and Electric Board (EWEB)

EWEB is chartered by the City of Eugene, Oregon to serve as the electric and water utility providing service to the homes, businesses, schools and other customers in Eugene. In accordance with the Eugene city charter, the citizens of Eugene elect a five-member Board of Commissioners for EWEB. Four board members represent specific wards within the city; the fifth member is elected "at-large" by all city voters. Each commissioner's term is four years and commissioners volunteer their time for their work on the commission.

Commissioners hold regularly scheduled public board meetings on the first Tuesday of each month. The opportunity for public comment is provided at each board meeting.

The EWEB example is unique in that the Board of Commissioners has governing authority typically found with the city council for a municipal utility. Although a city council in Washington could rely upon an advisory board for significant input, policy and operating decisions would still need to be made by the city council.

Acquiring Electric Facilities

If a new public power utility were to be established on Bainbridge Island it would be necessary for the new utility to own its electric distribution system in order to purchase power from BPA as a preference customer. It is expected that the existing electric facilities currently owned by PSE on Bainbridge Island would be acquired or replaced by the new utility. PSE would need to be paid a fair value for the electric facilities. To establish the value of the existing facilities the facilities will need to be inventoried, assessed and quantified and a valuation estimate will be developed. Engineering analysis will be needed to determine how the new utility will operate its facilities separate from the surrounding PSE system and determine where wholesale power deliveries will be received.

A separation plan must be prepared that could include the specification of new transmission, distribution and operation facilities. In some cases the separation plan is implemented by agreement over a period of time that extends beyond the ownership transfer date⁵.

The purchase of the electric facilities by the new utility can be relatively straightforward if both parties are cooperative. Without cooperation, condemnation could be utilized for acquisition. A condemnation process can be time consuming and costly, but could provide a path to municipal electric utility formation with an unwilling seller. Overall, based on our experience with other acquisitions we would estimate that the time needed to acquire the electric facilities would require between one and three years, with the shorter time reflective of a relatively simple negotiated sale and the longer period reflective of an aggressive condemnation proceeding that includes appeals.

Prior to establishing electric service in Jefferson County in 2013, Jefferson County PUD negotiated with PSE to purchase the electric facilities in the county owned by PSE. The PUD chose to negotiate a purchase price rather than pursue acquisition through the condemnation process. The condemnation process could have potentially produced a lower purchase price but most likely would have taken longer to complete. With condemnation, the price to purchase the electric facilities is specified by the court proceedings.

The City of Hermiston, Oregon is an example of a new public power utility established in 2001 that pursued its option to condemn the electric facilities owned by PacifiCorp but eventually agreed to a negotiated acquisition settlement.

The City has the authority to condemn the property of PSE within the City municipal boundaries. If the City elects to condemn the property prior to forming a PUD, its authority is pursuant to RCW 35.92.050. If the City elects to form a PUD first, the PUD has authority to condemn pursuant to RCW 54.16.020. Eminent domain proceedings are entirely statutory and the procedures for such proceedings are set forth in Washington Revised Code Sections 8.04.005 to -8.28.070.

⁵ Emerald PUD in Springfield, Oregon had a net billing arrangement with Pacific Power & Light that allowed certain customers to be served off the other utility's lines while new facilities were constructed. The arrangement was in effect for well over 20 years.

There are two circumstances in which the City or a PUD might undertake to condemn PSE's facilities. If PSE is not willing to voluntarily sell the facilities, then it will be necessary to invoke its power of eminent domain to compel the acquisition. Even if PSE is willing to negotiate and sell voluntarily, the City may still elect to commence a condemnation action if the parties cannot reach agreement with regard to a purchase price. Through the condemnation process the City may or may not achieve a lower acquisition cost than it could through a negotiated sale. The City should consider the costs, time frame, and risks of litigation when evaluating acquisition costs in the context of a condemnation proceeding.

The estimated cost for the City or a PUD to condemn the PSE electric facilities in Bainbridge Island is difficult to predict. But if litigation is pursued, the City should expect that the cumulative attorneys' fees and expert costs can be expected to be in excess of \$1 million. More discussion of attorney and consulting fees is presented in the section in this report entitled "Estimated Initial Financing Requirements"..

Discussions with attorneys indicates that the estimated time needed to reach conclusion of acquiring PSE's facilities through condemnation from the date of filing the petition through trial is between 12 and 24 months. This is exclusive of appeals. An appeal will not delay obtaining possession of PSE's property, provided that the City or PUD pays in full the judgment as awarded by the jury or judge pending appeal.

Examples of Recent Public Power Utility Acquisitions in the Pacific Northwest

As previously indicated, in 2010 Jefferson County PUD negotiated to purchase the PSE electric facilities in Jefferson County thereby avoiding the condemnation process. The negotiated purchase price for the facilities was \$103 million⁶. In WUTC's order⁷ regarding the matter of PSE's petition for accounting of the proceeds from the sale of assets to Jefferson County PUD, the WUTC indicated that the net book value or original cost less depreciation (OCLD) of the assets was \$46.7 million. Based on this net book value amount, the negotiated purchase price was approximately 2.2 times the net book value. At the time, the negotiated purchase price represented approximately \$5,600 per electric customer account in the PUD service area.

In 2001, the City of Hermiston, Oregon negotiated to purchase the electric facilities in Hermiston from PacifiCorp. The estimated purchase price was \$8.1 million, estimated to be about two times the net book value of the electric facilities. At the time, the purchase price represented approximately \$1,670 per electric customer account in Hermiston.

In 2000, the Columbia River People's Utility District headquartered in St. Helens, Oregon, acquired certain service territory and electric facilities owned by Portland General Electric Company (PGE). The service area acquired in 2000 included portions in the incorporated towns

⁶ Actual proceeds of the sale were \$109.3 million.

⁷ Washington Utilities and Transportation Commission, Docket UE-132027, Order 04, Service Date September 11, 2014.

of St. Helens, Scappoose, Rainier and Columbia City that PGE had continued to serve after the PUD began electric service in 1984. The PUD paid PGE approximately \$9.5 million for the electric distribution facilities in the acquired area in 2000, estimated to be about 1.8 times the net book value and representing about \$1,580 per electric customer account in the acquired area.

Power Supply Overview

As with most Pacific Northwest electric utilities, the most significant annual operating expense that the City's electric system will incur is the cost of wholesale power. For many public power distribution electric utilities, purchased power and transmission expense typically represents 40-60% of the annual budget. Upon fulfillment of certain criteria primarily related to establishing ownership of its distribution system, the new utility will be entitled to purchase power from the Bonneville Power Administration (BPA) as a preference customer. BPA principally markets the power generated by the Federal Columbia River Power System (FCRPS), which is comprised mostly of the hydropower generated at federal dams. The City electric system can reasonably expect to purchase a significant portion, if not all, of its power supply from BPA at BPA's lowest cost of power, which is the priority firm power rate, also referred to as the Tier 1 power rate.

In addition to BPA, a number of other opportunities for near-term power supply could be available to the City including power purchases from other utilities, independent generating facilities or power marketers. In the future, it is expected that the City will most likely continue to purchase power from BPA but will also be able to participate jointly with other utilities in new generation facilities, contract to purchase power from other suppliers and construct new generating facilities of its own including solar, wind and other renewable resources. For our initial analysis, we have assumed that the full power requirement of the new utility is supplied by BPA wholesale power.

BPA Power Supply Contract Issues

BPA is a federal agency within the Department of Energy that markets electric power from federal hydroelectric projects and certain other facilities to the region's utilities. Most of the publicly-owned electric utilities in the Pacific Northwest rely upon BPA for a significant portion of their power supply needs. As a municipal electric utility, the City's electric system would be able to contract with BPA to purchase its power supply from BPA provided certain criteria are met. Further, the City's system should qualify to purchase the majority of its power requirement at BPA's lowest wholesale power rate.

One of BPA's long standing standards for purchasing Federal power requires a customer to own the distribution facilities necessary and used to serve such customer's retail consumers. This standard applies to public body, cooperative, and privately-owned utilities selling to the general public and to federal agencies.

In July of 2007, BPA published a Long Term Regional Dialogue Final Policy and the Record of Decision on the policy was issued in October 2008⁸. The policy addressed issues necessary to begin negotiating and offering new power sales contracts for service after 2011, defined the products and services BPA would offer in those contracts, and described the process for designing and establishing a tiered Priority Firm (PF) power rate methodology. In particular, the policy stated that BPA intended to execute new long-term power sales contracts with its regional customers and discussed in some detail service to existing and new preference customers.

The current long-term power sales contracts provide for the purchase of BPA power between fiscal year (FY) 2012 (beginning October 1, 2011) and FY 2028. A template for the existing BPA Power Sales Contract can be found on BPA's website⁹. These contracts are complex, but allow for new preference customers, such as the City to be formed and receive power under certain terms and conditions. The Regional Dialogue specifically references new public utilities that serve what were previously privately -owned utility customers. BPA refers to this as “annexed loads” of new preference customers.

A significant element of the long-term contracts BPA entered into with its public power customers provides for tiered rates. Tier 1 power, BPA's lowest cost wholesale firm power product, is limited to the output of the federal system with some augmentation. Each utility has a contract high water mark (CHWM) that is used to establish the allocation of Tier 1 power and the amount of Tier 1 power each utility can receive. The amount of Tier 1 power provided to each utility can change throughout the contract period, which ends in 2028, and if additional power is needed utilities can supplement their Tier 1 power allocations with Tier 2 power, power from other generating facilities, or other power purchases. BPA will also act on behalf of a utility to make other purchases and provide ancillary services to integrate those purchases for the utility.

BPA's policy to serve new public power customers provides (based on current resources) for up to 250 average megawatts of power for new customers during the current long-term contract period. The CHWM for new customers is established as the total net requirement of the new utility in the first year of service. Some limitations do apply, however, in that during any two-year rate period, the amount of power available to new customers is limited to 50 average megawatts. If necessary, individual CHWM amounts for the new utilities will be prorated down to remain within the 50 average MW limit. If this limit is applied, the amounts not provided in the first year will be added in the next rate period.

⁸ Bonneville Power Administration, Long-term Regional Dialogue Policy, Administrator's Record of Decision, October 31, 2008.

⁹ https://www.bpa.gov/power/pl/regionaldialogue/implementation/Documents/docs/2016-02-25_Conformed_LF_Master_Template.docx

Over time BPA has established certain criteria that must be met before an entity may qualify for service from BPA¹⁰. For a new preference customer, such as the City to comply with the existing standards for service, it must:

1. Be legally formed in accordance with state and federal laws;
2. Own a distribution system and be ready, willing and able to take power from BPA within a reasonable period of time;
3. Have a general utility responsibility within the service area;
4. Have the financial ability to pay BPA for the federal power it purchases;
5. Have adequate utility operations and structure; and
6. Be able to purchase power in wholesale, commercial amounts.

Upon compliance with these standards for service and upon application to BPA under the provisions of Section 5(b)(1) of the Northwest Power Act, the City will be entitled to purchase power from BPA as a preference customer.

At the present time it is estimated that approximately 200 average MW for new public power customers still remains in the current contract period. The only new public power utility to form and contract with BPA during the contract period has been Jefferson County PUD, with a CHWM just under 50 average MW. If the City were to apply for a contract with BPA and meet the notification requirements and there are no other concurrent new utility applicants, it is expected that the City's full load requirement for the electric system could be established as the CHWM in the first year of service.

The cost of BPA power to the City will be governed by the BPA Power Sales Contract and various other BPA policies established by statute. New large loads, such as a large commercial customer, over 10 average MW that are placed on BPA's system may be subject to a surcharge related to the cost of power supply, potentially at market rates that BPA may need to acquire on behalf of the new load. In the case of the City, there are no anticipated new large loads.

For the purpose of estimating the cost of power to the City in this analysis, it has been assumed that the City would purchase its entire power supply requirement from BPA. Under current BPA policy and past BPA precedents, a power purchase from BPA would entail both Tier 1 power and historically more expensive Tier 2 or market priced power. Currently market priced power is at about the same price or in some cases lower than Tier 1 power from BPA¹¹. Since Tier 2 rates have been higher than Tier 1 rates in the past, we have assumed for the analysis that BPA Tier 2 power is 15% more expensive than BPA Tier 1 power. It is estimated that Tier 2 power purchases will represent a small portion of the overall BPA power purchase by the City electric system.

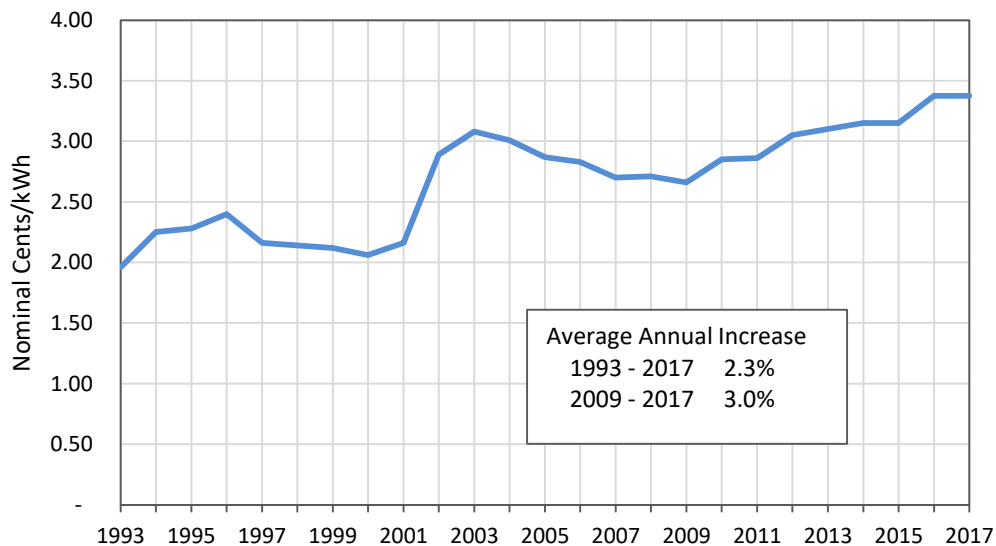
¹⁰ Bonneville Power Administration, Final Policy on Standards for Service – Administrator's Record of Decision, December 22, 1999.

¹¹ In the current 2016 BPA power rate schedule for Priority Firm power, the price for short-term Tier 2 power is indicated to be 29.72 mills/kWh for FY 2016 and 32.01 mills/kWh for FY 2017.

BPA has indicated that it has begun discussions regarding the next contract period that will begin in 2028. Through “Focus 2028” BPA is endeavoring to prove its cost competitiveness and remain the power supply provider of choice for its customers. The process has involved obtaining customer input with regard to what it means for BPA to be competitive from the customers’ perspective. It is envisioned that discussions with regard to the new power sales contracts will begin in the early 2020s.

The following chart shows BPA’s average PF rate over the past 25 years. The average annual increase in the PF rate between 1993 and 2017 was 2.3%. Between 2009 and 2017 the PF rate has increased at 3.0% per year on an annual average basis. Note that the rates shown in the chart do not include transmission charges.

FIGURE 1
Historical BPA Average Priority Firm (PF) Power Rate¹²
(Fiscal Years Ending September 30)



For its preference power customers, BPA does not identify specific resources for specific sales. Rather, the “mix” of BPA’s power resources is used to establish the overall power product. For its fiscal year 2015, BPA indicates that the mix of its resources by generation type was 84.5% hydroelectric, 9.9% nuclear, 0.9% wind, 4.5% non-specified purchases and 0.2% other. Tier 2 power is purchased on the open market by BPA and is not generally identified as to source. The nuclear energy shown in BPA’s resource mix is from the Columbia Generating Station (CGS), a 1,190 MW nuclear energy facility located about ten miles north of Richland, Washington. The CGS began operation in 1984 and it is the only commercially operating nuclear facility in the Pacific Northwest. Its output is provided to BPA and BPA pays the costs of operating and maintaining CGS.

¹² Source: https://www.bpa.gov/power/psp/rates/previous/historical_PF.shtml

Other Power Supply Options

Although most of the smaller public power utilities in the Pacific Northwest purchase their full power requirement from BPA, there are many options currently available for short and long-term contract purchases of renewable and traditional power. The City could choose to pursue some of these options on its own or join with other utilities. Organizations such as The Energy Authority¹³ (TEA) can be used to assist with acquisition and management of power supply resources. According to TEA there are good opportunities at the present time to purchase energy from wind farms pursuant to longer term, 10-20 year, contracts.

In addition to purchasing power from energy resources owned by others, public power utilities can jointly develop, own and operate generation projects. Energy Northwest is an example of a joint operating agency owned by 27 public power utilities in Washington. Among other projects, Energy Northwest owns and operates, the Packwood hydroelectric project near Yelm, Washington, the 1,190 MW Columbia Generating Station nuclear facility, near Richland, Washington, the 64 MW Nine Canyon Wind Project located near Kennewick, Washington and the White Bluffs Solar Station, a solar photovoltaic demonstration project near Richland, Washington.

Transmission Requirements

The new electric utility will also require a transmission contract to transmit the power it purchases to its distribution system. A typical public power utility would have a BPA transmission contract. BPA offers both network integration (NT) and point to point transmission contracts. It is expected that the new utility will obtain a network integration transmission contract with BPA, similar to most small to medium sized BPA customers, and that in conjunction with the power sales contract, BPA will deliver power over BPA's and PSE's transmission systems to a delivery point at a substation on Bainbridge Island.

Provisions within BPA's transmission and power sales contracts allow for a utility to transmit power from non-federal generation resources used to meet the utility's load above the CHWM level over BPA's transmission system. BPA also indicates that it regularly assists its customers with transmission to help bring non-federal generating sources onto the system.

¹³ The Energy Authority is a public power owned non-profit corporation with offices in Jacksonville, Florida and Bellevue, Washington. As a national portfolio management company they assist clients in obtaining and managing power supply resources.

Operational Reliability

Reliability of electric service has been indicated to be a key issue of concern to the residents and businesses of Bainbridge Island. Based on outage statistics provided to the City by PSE, it can be seen that tree related issues are the cause of the vast majority of customer outage minutes on Bainbridge Island. The data indicates that there were on average, 270 distribution outages per year between 2004 and 2015 of which approximately 50% are indicated to be caused by trees. Unknown causes and equipment failure represents the second and third largest causes of distribution outages. During the same period, there were about 2.5 transmission outages per year on average, most caused by trees.

The total number of distribution customer outage minutes for all Bainbridge Island customers between 2004 and 2015 averaged about 10.5 million minutes per year of which about 9.2 million minutes, or 92% were tree related.

In looking at the detailed reliability information associated with Bainbridge Island, tree caused outages dominate the amount of time that customers are without power. The biggest potential gains in reliability will be through looking carefully at the primary cause of outages which is trees and tree branches touching overhead power lines. Even if there are no changes in tree and vegetation management programs, there are other things that can be done to improve reliability.

The five-year system average interruption duration index (SAIDI) benchmark is a defined term by the WUTC. The WUTC service quality index #3 or “SAIDI-total 5-year average” is based on all customer minutes of interruptions that occurred during the current and previous 4 years, except for extreme weather or unusual events, divided by the average annual number of electric customers. PSE annually reports this information to the WUTC by county. While an important statistic for an electric utility, a more meaningful measure of service from a customer perspective includes extreme weather or unusual events.

The outage data for Bainbridge Island provided to the City by PSE can be used to develop an estimated “all in” tree related SAIDI-type of index for Bainbridge Island. Adding the “all-in” customer minutes of distribution tree outage to the “all-in” customer minutes of transmission tree outage and dividing by the number of customers provides a representative SAIDI-like statistic related to tree outages. This “all-in” statistic does not exempt major storms or events. Performing such a calculation yields the following:

Average Annual Bainbridge Island Customer Outage Minutes per Customer

	2009	2010	2011	2012	2013	2014	2015	2016 (partial year)
Distribution Tree related “all-in”	517	1,844	212	115	286	494	1,082	694
Transmission Tree related “all-in”	31	483	95	168	151	214	1,084	294
Total Tree related annual average	548	2,327	307	282	437	708	2,166	989
Total all causes “all in” annual average	655	2,497	384	392	510	819	2,336	1,110

The analysis in the above table shows that both distribution and transmission tree related outages are significant and need to be addressed if reliability is to be improved. A further evaluation of reported outage statistics in Kitsap County was also conducted for comparison.

In the March 29, 2016, PSE Service Quality and Electric Service Reliability filed with the WUTC various PSE SAIDI statistics by county for the years 2013, 2014, and 2015 are shown in Appendix K of that report. Kitsap County had the highest SAIDI_{Total} value of any county in PSE’s system in 2015 (1,715 minutes), third highest county value in 2014 (607 minutes) and highest county value in 2013 (324 minutes). This report shows that in 2015 the SAIDI_{Total} for all outages in PSE’s system was 760 minutes. Bainbridge Island tree-related outages appear to be at or higher in total average minutes of outage than Kitsap County total average minutes of outages for each of these years.

This identifies a number of reliability issues. First, tree-related outages in 2015 are the most significant reliability issue on Bainbridge Island and the tree outages appear to be much higher in terms of customer outage minutes per customer than the system-wide PSE SAIDI_{Total} for 2015 reported in the WUTC reliability report. It should also be noted that SAIDI_{Total} in Kitsap County during the years 2013, 2014, 2015 seems to have been higher than average SAIDI_{Total} outages for PSE customers in other counties.

An obvious question is what can be done to reduce tree-related or tree-initiated outages. In 2015 transmission outages were a very large number and about half the total outage minutes (few in number but many customers and long time span) in that year. In other years transmission outage minutes were still significant when compared to distribution outage minutes. Tree related transmission outage minutes are also a function of the amount of tree/vegetation management that removes both danger trees and heavy branch growth.

Providing a looped 115-kV transmission line closing the segment between the Murden Cove substation and the Winslow substation would improve transmission reliability, especially if either automatic or SCADA controlled 115-kV circuit switchers or circuit breakers were used to close or open the existing line segments. This would reduce the time that a substation would be without

power if one of the 115-kV lines south of the Port Madison substation were faulted. PSE has studied and defined alternatives for a new transmission connection between the Murden Cove and Winslow substations. This transmission line was proposed to improve reliability of service and also to expand the capacity of the Winslow substation to meet increasing power demands. The estimated length of this line is between five and six miles. In 2010, an early estimate of the cost of this line was indicated by PSE to be \$3-\$4 million. PSE estimated that the installation of this transmission line would save 1.15 million customer outage minutes per year.

Another reliability issue related to transmission is that the two 115-kV transmission feeds from the Kitsap Peninsula to Bainbridge Island cross over Agate Pass at the same location which could allow for common mode failures. This limitation in power delivery to the island would be difficult to overcome in that the cost of installing an alternative, underwater 115-kV transmission line would be prohibitively expensive, based on our experience with the installation of submarine power cables.

Another factor is the amount of time it takes for a maintenance crew to reach a faulted transmission line and then patrol the line to establish the location of the fault and determine the extent of damage. This means that the distance that the line crew travels from their service center and the time it takes to drive that distance to get to the source of the outage can significantly increase the customer minutes of outage. Similarly, once the crew reaches the de-energized line or substation, it needs to visually inspect the power line to determine if other problems would prevent safely reenergizing the overhead power line.

If there is structural damage to the line, the outage will continue for at least some customers until repair materials and heavy equipment can be transported to the damage location. Having crews, equipment, repair materials and heavy equipment on or near Bainbridge Island would reduce the customer minutes of outage time. Even if the City does not form an electric utility, it might be able to have some equipment and materials staged within the City. Traditionally most electric utilities require their line and engineering employees to live within certain distances of their service territory or service centers as a way of enhancing reliability. Most Pacific Northwest municipal electric utilities have not found this to be a problem when hiring electrical workers.

Still another option is to underground power lines. While PSE does have limited underground 115-kV transmission in its system, as do other utilities in the state, it is very expensive to install underground transmission lines. Another complication beyond expense is that underground transmission right of ways also need to have trees and roots removed from the transmission path. Therefore, undergrounding of transmission could result in more trees being cut than even a more aggressive vegetation management plan for overhead transmission. Most Pacific Northwest electric utilities try to avoid undergrounding transmission due to the high expense and instead focus transmission reliability improvements on vegetation management and quick response to outages. Most utilities also periodically patrol their transmission lines with thermal imaging equipment to detect any hot spots that are indicative of an insulation problem associated with equipment breakage. Also most utilities have aggressive pole testing programs to assess the structural integrity of wood poles.

The other major source of outage minutes has to do with distribution outages. Again tree related outages are a major factor. In our economic analysis, we have included operating costs for an aggressive tree trimming program. As with transmission, distribution reliability can be enhanced with better vegetation management, looped or network distribution systems, undergrounding, and reducing the time to respond and fix the causes of outages.

Distribution is also traditionally where additional causes of outages, such as animals, car-pole accidents, and equipment failures become a noticeable portion of the outage minutes. The most spectacular distribution outages are usually when either poles fail or when underground conductors fail. PSE, like most utilities, has an extensive pole testing and cable injection/replacement program to help avoid these kinds of spectacular equipment failures.

Unlike transmission, there are two other ways that some utilities will try to reduce distribution tree related outages. Some east coast utilities use compact messenger spacer insulated cable in their overhead distribution construction. The nearest example of spacer cable distribution construction is on the Bangor Trident base. Spacer cable is about 20% to 40% more expensive than open bare wire distribution lines, but has two major benefits. The first is that the messenger wire is usually more rugged than typical tree wire and more capable of supporting tree branches. The second is that the compact spacing of the conductors can allow all phases to be placed farther away from trees on the road side of the pole so that a given amount of tree trimming will reduce the number of outages when compared to standard framing bare wire or tree wire. In addition to higher cost, some view spacer cable construction as a less aesthetically pleasing utility construction method due to the spacers and undulating bundles of conductor. However, in certain locations it could dramatically enhance reliability.

PSE uses tree wire on Bainbridge Island and is planning on additional tree wire installation. Some PSE documents claim that tree wire can reduce the number (not duration) of outages by 70%. While tree wire is used by several Pacific Northwest electric utilities in heavily forested areas, it is not without problems. In particular if the line touches the ground, the partial insulation can prevent typical breakers and fuses from clearing the fault and de-energizing the line. It is also more expensive than open bare wire. Among its 2017-2018 identified improvement projects for Bainbridge Island, PSE has several tree wire installation projects planned. These projects primarily involve the rebuilding of existing overhead distribution segments and the installation of tree wire. PSE has also indicated that it is planning to underground approximately two miles of existing overhead distribution line on Blakely Avenue, estimated to occur in 2017.

Constructing additional distribution feeders to loop and or network the distribution system can also enhance reliability. Most Pacific Northwest network distribution systems are employed only in very high density large central cities. Open looped, operated in a radial means is a more common rural distribution configuration.

Another substation on Bainbridge Island could allow for additional distribution feeders. These feeders could be shorter and as a result the number of customers exposed to outages per feeder will go down. That should reduce some of the outage minutes.

PSE has indicated that nearly 50% of existing distribution lines on Bainbridge Island are underground. Underground distribution lines typically reduce tree and storm outages, but most underground distribution is susceptible to neutral corrosion and water treeing in the cable itself. Modern underground jacketed cable typically has a design life of 40 to 50 years and this can be sometimes extended another 20 years or more through injection of non-conducting silicon oil into the cable to fill internal insulation trees. However, the length of time that is needed to replace damaged underground cables is significant compared to overhead distribution lines. This is especially true for underground cable that is direct buried as opposed to being installed in conduit. Underground feeder construction is estimated to be three or more times as expensive as bare wire overhead construction.

Much of Bainbridge Island's road system is basically a rural style road with a crowned road, drainage ditches on both sides of the road and native vegetation and trees located close in. This makes placement of new underground distribution lines difficult, because water, telephone, cable television, and power cables along with power vaults would need to compete for space and fit behind the drainage ditch in the right of way. Undergrounding of overhead utilities could require clearing of trees within the public right of way and adjacent to the drainage ditch. However, the City in its long range road repaving plans, could include conduit runs under the pavement and periodic electrical vaults along the side of the road for future undergrounding of overhead power lines.

Some publicly owned electric utilities set up local improvement districts (LIDs) to pay for the costs of undergrounding distribution lines in certain neighborhoods.

If the City were to establish an electric utility its efforts to improve reliability should be focused. One focal point, vegetation management, will likely be a critical component. PSE has both a tree watch program and periodic tree trimming programs. Collecting outage statistics by feeder and comparing that to tree trimming cycles and distance to trees could help gather data for better reliability. If certain trees are a problem they can either be removed or if that is not possible, rerouting the power lines to another location or looking to a different framing configuration such as tree wire or spacer cable could be pursued.

Another focal point will be the ability to provide quick restoration of power after an outage, which may be enhanced if equipment and crews are located close to or within the City. This would reduce the number of minutes of a typical outage. Still another focal point may be undergrounding of overhead power lines in certain areas to further reduce outages. This does not mean that other forms of maintenance or system design should be neglected. If the City does not form a new electric utility, it may wish to focus its reliability discussions with PSE on what can be done to prevent tree-related outages and/or shortening the amount of time to restore power. To prevent tree related outages may require more information on the types of vegetation management by circuit/location and the outages in those locations.

If a reduction in the SAIDI or minutes of customer outage per customer is a goal, both transmission and distribution tree-related outages will need to be addressed. This is because either can be the majority of the SAIDI_{all-in} minutes in a particular year.

As another point of comparison, we also examined a Snohomish County PUD Electric System Reliability Report that included statistics from 1991 to 2015. Snohomish County is slightly north and east of Bainbridge Island and it includes rural forested areas as well as urban and suburban areas within its service territory.

In Appendix C of the Snohomish County PUD reliability report in Table C-1 of SAIDI, there is data broken out by distribution, transmission, unusual weather events, declared major events and “Overall (Everything).” The Snohomish County PUD “Overall” SAIDI is compared to the PSE Bainbridge Island “all in” total outage minutes in the following table:

**Comparison of Snohomish County PUD Overall to Bainbridge Island Total Annual Average
Customer Outage Minutes per Customer**

	2009	2010	2011	2012	2013	2014	2015
Snohomish County PUD “Overall (Everything)” SAIDI (i.e. Trees and all other causes for both transmission and distribution)	76	114	83	116	85	229	1,390
Bainbridge Island Total All Causes “all-in” (see previous table)	655	2,497	384	392	510	819	2,336

It can be seen from the above table that there are far more average minutes of customer outage on Bainbridge Island than in Snohomish County PUD. Since tree related issues are the most significant cause of outages on Bainbridge Island, vegetation management or tree trimming is the critical reliability factor.

Snohomish County PUD performed a detailed analysis of its outages on the 20 circuits with the greatest number of distribution outages. The PUD determined that the number of tree related distribution outages where trees or branches are farther away than 10 feet from power lines is less than the number of outages (by about a factor of slightly less than two) than where trees and limbs are closer. However, what the PUD also found was that the distant tree caused outage average customer durations (in non-major events or storms) were just slightly less (ratio of about 9 to 10) than average customer durations caused by closer trees. The implication for Bainbridge Island is that to improve SAIDI, trees close to the power lines as well as those more distant need to be addressed, even though tree trimming within 10 feet of power lines is associated with the greater number of outages.

The City should ask PSE to collect similar information by circuit so such information can be factored into the PSE vegetation management and tree trimming programs on Bainbridge Island.

Such information might also identify areas where distribution lines could be rerouted, undergrounded, or constructed with alternate overhead framing techniques such as spacer wire.

Section 3

Estimated Cost of Electric Facilities

Electric System Facilities on Bainbridge Island

Electric service on Bainbridge Island is presently provided by PSE. The electric facilities located within the City include transmission lines, substations, overhead and underground distribution lines, poles, transformers, vaults, service drops, meters, streetlights, right-of-ways and ancillary distribution system facilities. There are three substations on the island that transform power from transmission voltage to the primary distribution voltage.

PSE's transmission system on Bainbridge Island consists of approximately 14 miles of 115-kilovolt (kV) overhead transmission lines that connect to PSE's transmission system on the Kitsap Peninsula side of Agate Passage. There are two transmission circuits that cross Agate Passage by means of an overhead crossing that is essentially new, having been rebuilt in 2014. Once on the island, the two transmission circuits separate and proceed along different routes until Hidden Cove Road and Highway 305. From that point they are near each other along Highway 305 until they reach the Port Madison substation located at the northwest corner of the intersection of Day Road and Highway 305.

The Port Madison substation was originally built in 1980 and serves as a transmission switching station as well as a distribution substation serving approximately 4,000 electric customers. Two radial transmission lines proceed from the Port Madison substation, one to the Murden Cove substation and one to the Winslow substation. The Winslow substation was originally built in 1960 and serves approximately 3,800 customers. The Murden Cove substation was originally built in 1980 and serves approximately 4,500 customers. Each of the three substations has one transformer that provides power at 12.5-kV, the primary distribution voltage, to four distribution feeders.

The transmission connections at the Port Madison substation are indicated by PSE to have been rebuilt in 2000. The underground getaways appear to be older. Two of the feeder getaways at the Murden Cove substation appear to have been rebuilt with new underground cables for each circuit. The Murden Cove substation yard is large and could accommodate a second transformer if needed in the future. The Winslow substation is built using overhead getaways and the poles and wires appear to have been recently replaced. Several overhead spans from the Winslow substation in both directions use tree wire. The Winslow substation yard appears to be smaller making it difficult to expand in the future.

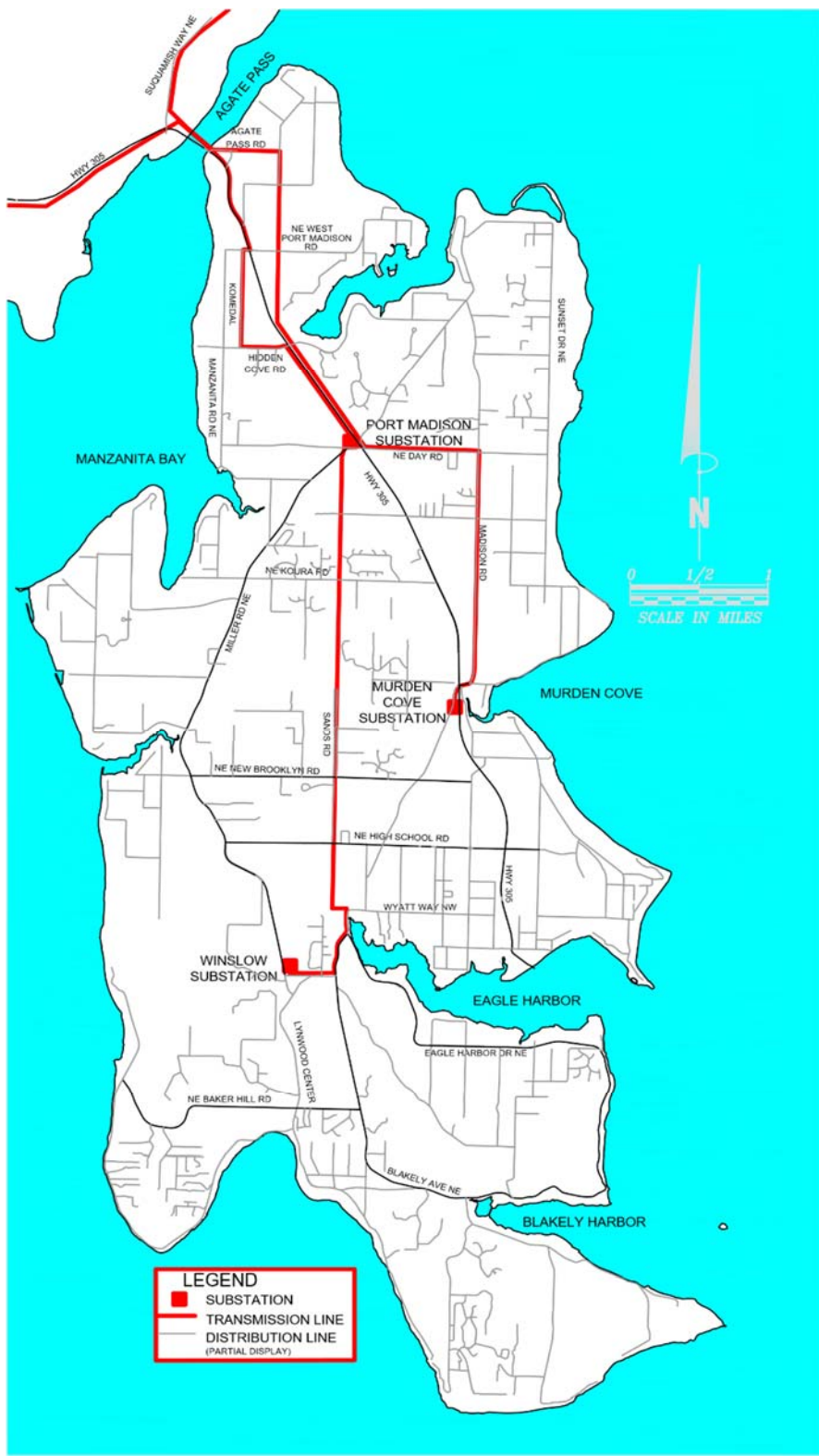


Figure 2 Bainbridge Island
Transmission and Substation
Facilities (*Partial
representation of distribution
lines*)

PSE indicates that there are 307 miles of distribution lines on Bainbridge Island of which 165 miles are underground. The overhead and underground lines are a mixture of three, two and single phase. In addition, 22 miles of overhead distribution lines use insulated tree wire. Overhead distribution and transmission lines are generally built with typical wood-pole construction and in some areas the distribution lines are underbuilt on transmission poles. The exception to the transmission is the steel pole/tower crossing of Agate Passage.

The distribution system appears to be a mixture of main feeders, some of which were rebuilt in the past few years, and many laterals and smaller feeder wire portions that are older. It was noted that some poles along Crystal Spring Drive NE are placed in the beach with anchoring extending into the tidal area. The distribution system appears to be designed and operated principally as a radial system.

Proposed Facilities to be Acquired

There are several options that the City could take in defining the electric facilities that would be acquired to establish a new electric utility system. It is expected that the substations, distribution lines, transformers, services and meters would be needed for the City to own the distribution system as required by BPA. All of the transmission lines, however, would not necessarily need to be acquired. Instead, PSE could continue to own some or all of the transmission lines on the island and BPA would make arrangements with PSE to deliver power over the lines to the City's substations. The City system would also need to acquire the streetlights owned by PSE.

BPA has historically even provided transmission service to and through PSE owned substations for some of its preference customers. Examples includes BPA service to the cities of Blaine and Sumas, both of which are served at primary voltages from PSE substations by BPA contract.

Alternatively, the new electric utility could acquire the transmission lines from the connection to PSE's Kitsap Peninsula transmission system at Suquamish Way NE and own the crossing at Agate Pass and all the 115-kV lines on Bainbridge Island. Another option could be to build a new transmission line from the Suquamish Way connection point to BPA's closest substation at the Bangor naval base. This line is estimated to be approximately eleven miles long and would potentially be difficult to permit and construct. It would also only provide a single radial line to the City's system from Bangor presenting a potential reliability risk.

Although BPA's customers typically take delivery of power directly from a BPA substation or over BPA transmission lines, BPA has indicated that it could deliver power to the City's electric system over PSE's transmission lines. This approach is used elsewhere in the Pacific Northwest where a direct connection to BPA's system is not currently available. BPA would negotiate with PSE for the use of PSE's transmission system to deliver power to the City system and would compensate PSE for this service. An advantage of this approach is that PSE's transmission system would continue to be used in the manner it is now and PSE would receive payments for the use of the system. PSE would, however, continue to be responsible for the maintenance and operation of its transmission system and provide outage restoration. A Line and Load Interconnection

Request¹⁴ will need to be made to BPA to obtain more specific information about the capability of BPA's and PSE's transmission systems to serve the City system and define the specific interconnection equipment needed.

BPA indicates that it treats transfer customers (those served over other utilities' lines) the same as customers connected directly to BPA's system. If the City were to become a BPA transfer customer it would obtain a Network Transmission (NT) agreement with BPA. As an NT customer, the City system would pay the NT transmission charge similar to all other BPA customers with an NT agreement that are directly connected to BPA's system. Through the NT charge BPA pays for the cost to transmit power over BPA and non-BPA lines as needed to deliver power to its customers.

For the purpose of this analysis, we have developed a base case in which the new City electric utility would not acquire the transmission lines north of the Port Madison substation. Since BPA would be delivering power over PSE's transmission system in Kitsap County, transmission to the Port Madison substation would be a continuance of the use of PSE's system. BPA has indicated that it would most likely locate its metering system at a substation. A metering system would be installed at the Port Madison substation and this is where the new utility would take delivery of power from BPA. From this point the new electric utility would own the substations, the radial transmission lines between the substations, all overhead and underground distribution lines, distribution transformers, customer services, and meters.

An alternative ownership arrangement that could be evaluated would be for the City system to acquire only the distribution lines and customer services and for PSE to retain ownership of all transmission lines and substations. In this case, BPA would deliver power to the City system on the low voltage side of the substation transformers. This type of arrangement exists elsewhere in BPA's system. BPA assesses an additional charge to accommodate this arrangement and negotiates with the substation owner and pays for the use of the substation. If the City electric system were to undertake this kind of arrangement, PSE would continue to own, operate and maintain all of the transmission and substation systems in the City.

Based on our observations and information provided to the City by PSE, we have estimated the quantities and approximate sizes of electric facilities to be acquired by the new utility. Using this information and our experience with electric utility construction and costs, we have estimated a range of costs for the acquired facilities.

Estimated Cost of Electric Facilities

An appraisal of the value of electric facilities to be acquired by the City for its electric system has not been conducted. Such an appraisal would rely upon a detailed description of the facilities to be acquired and will potentially be needed if the City proceeds towards acquisition of the PSE

¹⁴ <https://www.bpa.gov/transmission/Doing%20Business/Interconnection/Pages/LLIP.aspx>

system on Bainbridge Island. Such information could be provided by PSE or it could be developed independently by the City as part of a condemnation legal proceeding.

We have estimated that approximately 7.5 miles of 115-kV transmission lines currently owned by PSE, the transmission lines between the substations, would be acquired by the City. There are three substations and approximately 307 miles of distribution lines of which 165 miles are underground, as indicated by PSE. Since we do not have asset records from PSE or know what the original cost of these specific facilities was, we have estimated the original cost based on estimated current transmission and distribution costs deflated to the cost at the assumed average installation date separately for each type of facility.

For the purpose of this analysis, the cost the City would pay for the acquired facilities is estimated to be between the original cost less depreciation (OCLD) value and the reproduction cost new less depreciation (RCNLD) value of the electric facilities. OCLD is defined as the original cost of the property when it was first put into service as a public utility, less accrued depreciation. The OCLD value is an estimate of the net book value of property, which in general, is approximately the rate base value of the property for ratemaking purposes. In its order regarding the matter of PSE's petition for accounting of the proceeds from the sale of assets to Jefferson County PUD¹⁵, the WUTC concluded that PSE was authorized to retain the net book value of the assets, plus certain transaction costs and 12.4% of the gain on the sale of the assets, for its shareholders. The remainder of the proceeds of \$52.7 million was to be allocated to PSE's ratepayers as pro rata monthly bill credits over a four year period.

For state utility commission regulated properties such as the facilities to be acquired by the City, the rate base value generally is the portion of the original investment cost which the utility has not yet recovered through rate charges paid by its customers.

The following table summarizes the estimated RCN, RCNLD and OCLD costs for the facilities expected to be needed by the new City electric system. As previously indicated, the facilities to be acquired do not include the transmission lines north of the Port Madison substation. Further, the costs shown for the facilities are for those facilities in place at this time. No additional amounts are included for facilities that may potentially be installed in the future.

¹⁵ Washington Utilities and Transportation Commission, Docket UE-132027, Order 04, Service Date September 11, 2014.

TABLE 2
Estimated Costs of Facilities to be Acquired by the City Electric System
(\$000)

	Estimated Weighted Average Year of Installation*	Average Service Life (Years)	Estimated Percent Depreciated	Estimated Reproduction Cost New (\$000)	Estimated Reproduction Cost Less Depreciation (RCNLD) (\$000)	Estimated Original Cost Less Depreciation (OCLD) (\$000)
Substations and getaways	1995	50	44%	\$ 9,780	\$ 5,490	\$ 2,560
Transmission Lines	1996	50	42%	2,160	1,250	750
Distribution Facilities						
Overhead Lines	1993	50	48%	19,900	10,420	4,980
Underground Lines	1996	50	42%	32,840	19,040	8,470
Services, Transformers, Meters	1996	50	42%	27,450	15,920	7,240
Subtotal - Distribution	1995	50	43%	80,190	45,380	20,690
Total				\$ 92,130	\$ 52,120	\$ 24,000

* Average year of installation of facilities with adjustment for periodic renewals, replacements and additions.

As indicated in the table, the estimated cost of the facilities based on OCLD and RCNLD ranges between \$24.0 million and \$52.1 million. If in addition, the City electric system were to acquire the transmission lines north of the Port Madison substation, including the Agate Pass crossing, the estimated cost of the facilities would range between \$28.7 million (OCLD) and \$57.5 million (RCNLD). If the City system were to acquire only the distribution lines, services, transformers and meters, the estimated cost of the facilities would range between \$20.7 million (OCLD) and \$45.4 million (RCNLD).

For the purpose of comparison, the estimated total investment in electric distribution facilities on a per customer basis in PSE's total system has been evaluated. This distribution value includes PSE substation facilities, overhead and underground distribution lines, customer connections, meters and other facilities. PSE's total electric plant in service as of December 31, 2016 was \$9.5 billion. The investment in distribution plant was \$3.6 billion or \$3,200 per customer based on the total number of electric customers in PSE's system of 1,126,200. These electric plant and distribution plant in service amounts are based on the original cost of the plant when it was installed. Overall, the value of PSE's distribution plant was 37.5% depreciated as of December 31, 2016.

Assuming that PSE's investment in Bainbridge Island on a per customer basis is proportional to investment in these facilities throughout PSE's entire system, the total estimated amount for distribution plant in Bainbridge Island would be \$39.4 million. Applying 37.5% depreciation would result in the original cost less depreciation value of distribution plant being \$24.6 million. This is comparable to, although slightly higher than the total amount shown for the original cost less depreciation in Table 2. Using PSE's reported system average depreciation on distribution plant to estimate the average installation date of distribution plant, the RCNLD of distribution

plant on Bainbridge Island is estimated to be \$54.9 million. The value of transmission plant to be acquired would need to be included in the total cost based on this methodology to provide a totally comparable estimated value.

As another point of information, the Washington State Department of Revenue (DOR) has estimated that the equalized taxing value of PSE real and personal property within Kitsap County, adjusted for market conditions in 2016 was \$198,096,993¹⁶. It is important to note that DOR performs a complex review of various assets and information provided to it and then makes adjustments to price the real and personal property at approximately a market value. It is also important to understand that this DOR value includes buildings, transmission lines, substations, distribution facilities, land rights, computer software, etc. The Kitsap County Assessor's Office reports that the DOR assessed value of PSE's real and personal property for property tax purposes for 2017 in the Bainbridge Island tax code areas is \$19,593,411.

Stranded Costs

Stranded costs represent a utility's investments in facilities that become unused or redundant as a result of regulatory or market changes. The proposed acquisition concept involves the continued use of portions of PSE's transmission system for which PSE will be compensated and as a result there should not be any stranded costs related to these facilities. The Federal Energy Regulatory Commission (FERC) established the concept of stranded costs after it established a transmission open access policy that requires utilities, such as PSE to provide transmission access. The application of stranded costs is based on a complex set of FERC definitions and formulae that can likely only be resolved by litigation or negotiation. Further evaluation may be needed but it is not expected that stranded costs would have a significant impact on the costs of acquisition for a new utility on Bainbridge Island.

Separation Costs

The physical separation of the electric systems of the new electric utility and PSE is expected to be relatively simple if the new utility takes delivery of BPA power over PSE's transmission system at the Port Madison substation. The new utility will need to install BPA bulk power metering equipment and assure that appropriate protection and switching systems are installed at the substation. The new utility will be responsible for any costs that are incurred to provide separation of the systems.

In the past it has been noted that third party owned customer metering equipment may be installed in PSE's system. If these meters are in the City's system it may mean that there would be some additional costs associated with meter acquisition. In addition, PSE's investment in residential and commercial energy efficiency systems in Bainbridge Island, identified by PSE as \$2.8 million, may or may not need to be refunded at the time of acquisition or reflected in the acquisition cost. Likewise, there may be customer service or accounting costs associated with separating the

¹⁶ http://www.dor.wa.gov/docs/reports/2016/utilvals2016/2016_Table_2.pdf

customers from PSE's system and costs of transferring legal assets that may or may not need to be reflected in the acquisition cost.

Section 4

Estimated Initial Financing Requirements

Financing Options and Conditions

The costs of acquiring the direct necessary electric facilities are combined with estimates of any necessary new construction costs, legal and consulting fees, engineering costs and startup costs to determine the initial financing requirement for the new utility. Funds are typically borrowed to pay these costs and the borrowed monies are repaid over a fairly long period such as 25 to 30 years. Because of the amount of investment needed to construct electric utility facilities as well as the long useful life of these facilities, electric utilities often have a fair amount of long-term debt to service. It is assumed that the City would finance the initial acquisition costs of the facilities with the issuance of revenue bonds that would not be tax-exempt. Costs of constructing new facilities or facilities for separation, purchases of equipment, inventories, supplies, reserves and other related costs are assumed to be financed with loans carrying tax-exempt interest rates. Certain costs associated with the issuance of revenue bonds, such as the funding of a bond reserve fund, would also be incurred and are included in the estimate of total financing requirements.

Municipally-owned electric utilities and PUD's generally use tax-exempt revenue bonds and loans to fund the capital costs associated with their systems. Federal tax laws generally prohibit the use of tax-exempt loans for the funding of municipal acquisition of electric systems owned by investor-owned or privately owned utilities. Taxable revenue bonds have a higher interest rate than tax-exempt interest rates. For our analysis we have assumed a 4.5% tax-exempt electric revenue bond interest rate and a 5.0% taxable electric revenue bond rate. These assumed rates are higher than would be experienced at the present time in that tax-exempt and taxable rates would be about 4.0% and 4.4%, respectively, for 30-year municipal revenue bonds at the present time. The 30-year flat repayment schedule for the initial bond issuance, as assumed for this analysis, could be shortened if desired or a non-levelized debt service payment schedule could be established. The 30-year levelized repayment of bond debt is reasonably typical for public power financing and is used to establish a regular payment schedule with lower payments than would be required for a shorter repayment period.

In determining the actual interest rates the new utility would incur for revenue bond financing a number of factors would be evaluated by lenders. Among these factors would be the potential risk of a reduction in energy sales in the future due to a loss of large loads, aggressive conservation efforts or lower economic activity. These factors are commonly evaluated by those involved in revenue bond lending and with regard to the new City electric system, are expected to be similar to the experience of other public power utilities in the Pacific Northwest.

A shorter repayment period would require higher annual debt service payments during the repayment period but would allow for earlier retirement of the bonds. It is important that legal and financial advisors be consulted with regard to the structuring of bond issues to fully evaluate financing alternatives. Full principal repayment could be partially deferred in the first year of electric system operation to lower the revenue requirements in the first year. Various exceptions and special conditions could exist that would allow more access to tax-exempt securities to fund the initial financing requirement.

It is important to note that the debt incurred by the new City electric system would be expected to be secured by the revenue of the electric system and not the City's general fund. As such, property taxes and other taxes within the City would not be used to support the electric system bonds.

Requirements for a New Utility to Issue Long-term Revenue Bonds

Issuing long-term debt is fairly common for municipalities, counties and other governmental agencies. A new, municipal electric utility would need to consider some of the following requirements in undertaking a revenue bond financing.

1. Agreement to purchase the system is complete so there is no question about ownership.
2. The governing body is in place (i.e. City Council)
3. A feasibility study has been completed showing projected revenues and expenses.
4. An initial rate schedule based on feasibility study has been adopted by the governing body.
5. Management and staff in place (contracted for or hired) so it is clear that the entity has the capability to run an electric utility.
6. A bond ordinance has been adopted with typical revenue bond covenants including a pledge to raise revenues as necessary to pay debt service, provide adequate debt service coverage, establish an adequate reserve account and address other covenants.
7. Indicate adequate cash on hand to fund startup and initial costs until revenues from rates and charges are received.
8. Have an agreement in place for power supply with BPA and/or other entities.

Additional items would potentially be added as the municipality's legal and financial advisors review the potential structure of the proposed borrowing. If necessary, the municipal entity could possibly issue debt and place proceeds into an escrow account until certain of the above requirements are met. Also, for initial startup costs, the municipal entity could provide funds through a general obligation bond or note or through interfund borrowing. The City has indicated that it could loan money from one fund to another through an interfund loan. These funds could be used until long term financing is in place and the system is in operation.

Typical Bond Covenants

Typical covenants included in the bond ordinance related to the issuance of municipal utility revenue bonds are shown in the following paragraphs. Bond council and the City's legal council will determine which of these covenants are needed and will adjust the wording as appropriate. An example could be with regard to insurance in that some utilities elect to self-insure certain elements of their systems. As such, the wording below would be adjusted to reflect this approach.

1. *Rate Covenant – General.* Rates will be established, maintained and revenues collected for electric energy sold through the ownership or operation of the electric distribution system, and all other commodities, services and facilities sold, furnished or supplied by the electric system in connection with the ownership or operation of the electric distribution system that shall be fair and nondiscriminatory and adequate to provide gross revenue sufficient for the payment of the principal of and interest on all outstanding Parity Bonds, for all payments which the electric system is obligated to set aside in the bond account, and for the proper operation and maintenance of the electric distribution system, and all necessary repairs, replacements and renewals thereof, the working capital necessary for the operation thereof, and for the payment of all amounts that the electric system may now or hereafter become obligated to pay from the gross revenue.

2. *Rate Covenant – Coverage Requirement.* Such rates or charges shall be sufficient to provide net revenue in any fiscal year in an amount equal to at least 1.25 times the annual debt service in such fiscal year on all outstanding bonds. A higher coverage requirement can possibly improve the rating of bonds and contribute towards a lower interest rate.

3. *Maintenance of the Electric Distribution System.* The electric distribution system will be maintained in good repair, working order and condition, and all necessary and proper repairs, renewals, replacements, extensions and betterments thereto will be properly and advantageously conducted, and the City will at all times operate such properties and the business in connection therewith in an efficient manner and at reasonable cost.

4. *Sale or Disposition of the Electric Distribution System.* The City will not sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the electric distribution system properties, or permit the sale, mortgage, lease or other disposition thereof, except under certain conditions.

5. *Insurance.* The City will keep the works, plants, properties and facilities comprising the electric distribution system insured, and will carry such other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties.

6. *Books and Accounts.* The City shall keep proper books of account in accordance with the rules and regulations prescribed by the Washington State Auditor's Office, or other State department or agency succeeding to such duties of the Washington State Auditor's office. In the case of an RUS loan, the books and accounts along with periodic reports shall conform to RUS borrowing requirements (see below).

7. *No Free Service.* Except as permitted or required by law, the City will not furnish or supply or permit the furnishing or supplying of electric energy in connection with the operation of the electric distribution system, free of charge to any person, firm or corporation, public or private, so long as any bonds are outstanding and unpaid; provided, that, to the extent permitted by law, the City may lend money and may provide commodities, services or facilities free of charge

or at a reduced charge in connection with a plan of conservation of electric energy adopted by the City Council or to aid the poor, infirm or elderly.

Other Financing Options

The federal Rural Utilities Service (RUS) within the United States Department of Agriculture administers water and waste treatment, electric and telecommunications infrastructure to rural communities. The RUS Electric Program provides capital and leadership to maintain, expand, upgrade and modernize rural electric infrastructure. The loans and loan guarantees provided by RUS finance the construction or improvement of electric distribution, transmission and generation facilities in rural areas. The RUS Electric Program also provides funding to support demand-side management, energy efficiency and conservation programs, and on-and off-grid renewable energy systems.

RUS loans are made to cooperatives, corporations, states, territories, subdivisions, municipalities, utility districts and non-profit organizations. Jefferson County PUD obtained a loan from RUS to finance the acquisition of electric facilities to undertake electric service in Jefferson County beginning in 2013. RUS, in discussions with DHA, has indicated that the City could potentially qualify for an RUS loan to purchase electric facilities, however, an official determination would need to be obtained when more information is available and discussions are conducted with RUS.

RUS loans have an interest rate tied to the treasury rate plus 1/8 point and can typically have a repayment period up to 30-35 years. As of early May 2017, the RUS rate for long-term loans with a 30 year maturity to qualified electric utility borrowers is indicated to be approximately 2.895%.¹⁷ RUS does not assess any fees to establish loans.

Estimated Initial Financing Requirements

It is expected that funds will be borrowed by the new electric utility very close to the beginning of initial utility operation so that revenues from the sale of electricity can be available to pay interest and principal obligations. This initial borrowing will provide sufficient funds to pay initial acquisition costs, construct any new electric facilities needed to begin electric service, pay legal and engineering costs incurred in the development of the new utility, and purchase equipment and materials to begin utility operation. In addition, the initial financing will need to fund the costs of the financing, as well as, establish a debt service reserve fund and any other reserve funds that may be needed to begin utility operation.

Prior to the initial financing, the City will most likely incur costs related to the establishment of the new utility. These costs can include legal, engineering and consulting fees that evaluate the

¹⁷ FFB quarterly rates for 30-year maturity plus 0.125%. <https://www.rd.usda.gov/programs-services/services/rural-utilities-loan-interest-rates>

feasibility of the new utility and plan its development. These costs could potentially be paid initially by the City from general funds, for example, and then can be refunded to the City with the proceeds of the initial long-term borrowing. Short-term borrowings could also be used to fund some of the early costs. These borrowings would typically be refunded with the proceeds of a long-term borrowing.

For the purpose of the base case of this analysis, the estimated initial financing requirement is based on the assumption that the cost to acquire the electric facilities from PSE is two times the estimated original cost less depreciation (OCLD) value of the facilities as shown in Table 2. Note that the acquisition cost is expected to be either a negotiated or court mandated value. We have used two times OCLD as an initial estimate of the acquisition cost and included sensitivity analysis to indicate a range within which an acquisition price might be negotiated. As indicated previously, other public power utility acquisitions have been in the range of two times the OCLD value.

Other costs we have included in the initial financing requirement are the costs of installing equipment to meter wholesale power purchases at the substations, purchase necessary vehicles and equipment, purchase materials and supplies and pay the costs of additional warehouse and maintenance facilities that the City may need for the electric utility. The amount needed for these items will depend on how the facility and equipment needs of the City electric system could be accommodated somewhat through existing City operations. The estimated costs included in the analysis for these items are as follows:

Metering equipment at substations	\$ 240,000
Vehicles, trucks, large equipment (14 total)	\$1,340,000
Materials and stores	\$1,500,000
Facilities, storage, other	<u>\$2,000,000</u>
Subtotal	\$5,080,000

Also included in the total amount to be financed is the initial costs of legal, engineering and consultant fees. Legal fees, in particular, are difficult to estimate. For the estimated financing requirement, \$1,000,000 has been included for legal fees and \$400,000 has been included for engineering and consulting fees¹⁸. If a condemnation proceeding is undertaken, legal fees are expected to be higher.

It is expected that the City would evaluate financing options and undertake loans that provide the most effective and lowest-cost approach. Interest and principal payments on loan balances are included among the costs to be recovered through electric rates so it is important to keep these costs at a reasonable level. Although there are potentially other options, the base case of our analysis assumes that the City would fund the initial financing requirement with a combination of taxable and tax-exempt interest rate revenue bonds. The taxable interest rate bonds would be used

¹⁸ Jefferson County PUD indicates that its initial legal, engineering and consulting fees associated with evaluating and establishing electric service were approximately \$1.3 million.

to pay PSE for the electric facilities to be purchased. All other costs could be funded with tax-exempt interest rate bonds.

In addition to the loan amounts needed to pay the initial costs of acquisition, startup and improvements, there will also be the need to fund initial working capital and reserve funds. The City may have other options available to provide these amounts. Revenue bonds usually require that a debt service reserve fund equal to one year's debt service be established and maintained as long as any of the bonds are outstanding. A portion of the proceeds of the bond issue are used to fund the debt service reserve fund. The costs to issue bonds are also funded with the proceeds of the bond issue.

Basic assumptions related to the debt to fund the initial financing requirement are as follows:

- Taxable debt interest rate 5.0%
- Tax-exempt debt interest rate 4.5%
- Repayment period 30 years
- Financing expense 1.5% of bond amount
- Debt service reserve One year's level debt service

The estimated initial financing requirements for the new utility are summarized in Table 3:

TABLE 3
City of Bainbridge Island Electric System
Estimated Initial Costs and Total Financing Requirements
(Based on Acquisition at Two Times OCLD Cost)

	Loan A (Taxable Rate)	Loan B (Tax-exempt Rate)	Total
Initial Acquisition Costs	\$ 48,000,000	\$ -	\$ 48,000,000
Separation, Startup, Legal Costs ¹	-	\$ 6,480,000	\$ 6,480,000
Working Capital ²	-	3,000,000	3,000,000
Contingency Reserve	-	-	-
Subtotal	\$ 48,000,000	\$ 9,480,000	\$ 57,480,000
Financing Expense ³	783,000	154,000	937,000
Debt Service Reserve ⁴	3,394,000	630,000	4,024,000
Total Financing Requirement	\$ 52,177,000	\$ 10,264,000	\$ 62,441,000

¹ Includes estimated costs of vehicles, equipment, materials, warehousing and facility modifications and legal, engineering and consulting fees.

² Assumed to be approximately two months of estimated electric utility operating expenses.

³ Estimated at 1.5% of loan amount.

⁴ Estimated at one year's debt service. Assumes level debt service, 5.0% taxable and 4.5% tax-exempt interest rates and a 30 year repayment period.

As shown in the preceding table, based on the foregoing assumptions the total estimated initial financing requirement is \$62.4 million if revenue bonds are used to fund initial acquisition and startup costs. Of this amount, \$52.2 million would be estimated to be financed with taxable debt and \$10.3 million would be financed with tax-exempt debt. If financing with the RUS were pursued, the total loan amount would be estimated to be \$57.5 million. An RUS loan would not require a financing fee or a debt service reserve fund.

It should be noted that the total initial financing requirement does not include costs for any improvements or modifications to the electric system facilities. The loan amount could be increased to obtain funds for system improvements such as undergrounding of overhead distribution lines. Additional funds could also be borrowed to establish a reserve and contingency fund.

For the alternative case in which it is assumed that PSE retains ownership of the substations and transmission lines and only the distribution lines are to be acquired, the total initial financing requirement is estimated to be \$55.3 million with revenue bond financing and the same assumptions as used for the base case, above.

Section 5

Estimated Number of Customers and Load Forecast

Electric utilities generally classify their customers based on general characteristics of service. Typical customer classifications are residential (regular, low-income), commercial, industrial, irrigation, governmental, sale for resale and streetlights. The number of customers in the City's service territory has been estimated to serve as the basis for estimating energy sales and overall power requirements of the municipal electric system.

PSE has indicated that approximately 12,300 electric customers are presently served on Bainbridge Island. It is not known how many of these customers are residential and how many are commercial accounts, however, based on the estimated number of residential housing units in the City identified in the 2010 census, we have estimated the number of residential accounts served in 2010 to be approximately 10,700. PSE indicates that the total number of electric customers served on Bainbridge Island has increased about 0.7% on average per year between 2010 and 2016. Applying this average increase factor to the 2010 estimate, the total number of residential customers is estimated to be 11,210 in 2016. Based on this number of residential accounts, there would be an estimated 1,100 commercial and other electric customers in the City in 2016.

Electric energy sales to the residents and businesses in the City would be expected to be higher than the average for PSE's customers throughout its system primarily because of a higher use of electric space heat in the City. In other areas served by PSE, natural gas would generally be used to provide a significant amount of space heating. It is estimated that total electricity sales in the City in 2016 were about 219,000 MWh based on an evaluation of the amount of utility tax¹⁹ received by the City in that year. Of this estimated total energy sales, 138,800 MWh or 63% is estimated to have been sold to residential customers and 80,200 MWh or 37% is estimated to have been sold to commercial customers. .

On average, PSE's residential customers used 10,404 kilowatt-hours (kWh) during 2016 and small commercial customers averaged 28,254 kWh of electric energy use. Average annual energy consumption per customer in the City is estimated to be 12,380 kWh for residential customers and 31,080 kWh for small commercial customers, representing approximately 19% and 10% more than PSE's system average for these two customer classes, respectively. As previously indicated, this is due to an expected higher use of electric space heat in the City. There is a large variation in the use of power by large commercial customers. For the purpose of this analysis it is assumed that large commercial customers in the City have similar average consumption to PSE's average for this class in 2016.

Over time the energy consumption of electric consumers in the City will be expected to change due to a number of factors including changes in weather conditions, energy use patterns, the cost of electricity, the cost of other energy sources, building codes, appliance standards, and implementation of conservation programs, among others. The number of electric customers served

¹⁹ PSE collects a 6% tax on its electricity bills on behalf of the City.

is also expected to change most typically with changes in population and the number of housing units. For the purpose of this analysis, we have assumed that the number of customers served will increase in the future at the rate of 0.7% per year on average. This rate of growth is considered reasonable for this analysis although it is somewhat lower than the 0.85% average annual population growth rate for the City provided in the Kitsap County 2016-2036 Comprehensive Plan²⁰. The average energy consumption per customer is assumed to remain constant in the future. An alternative case with lower load growth has been evaluated in the sensitivity analysis section.

The total electric energy needs of a utility include the amount of energy sold to customers, uses of energy by the utility itself, and energy losses. Examples of “own-use” energy include the power needed for utility buildings and facilities. Energy losses represent the amount of power “lost” between the point of wholesale power delivery to the utility and the customers’ retail meters. A certain amount of power is lost in the conductors and transformers throughout the system. It is assumed that total losses for the new electric utility would be 6.5% of the total energy delivered. This is within the range of the typical level of losses for a smaller electric system.

In addition to the electric energy required by the customers in the City, measured in kWh or megawatt-hours (MWh), the maximum demand during the year is also important. Electric demand is metered in kilowatts (kW) or megawatts (MW) and is typically measured monthly for the utility as a whole. For most electric utilities in the Pacific Northwest, the maximum demand occurs during periods of cold temperatures in the winter and during high temperatures in the summer. Another measure of a utility’s total load is average MW, the total energy use in megawatt-hours (MWh) divided by the number of hours in the period.

In estimating the peak demand, the ratio between average and peak demand, known as the annual loadfactor, has been assumed to be 40% for the City system which is reflective of a system with significant amounts of electric space heat. This annual load factor is low compared to most electric utilities and results in a high peak demand. While the peak demand on Bainbridge Island has been noted to be reflective of this low load factor in the past, it is subject to significant change from year to year based primarily on weather conditions and customer load characteristics.

The following table shows the estimated number of electric customers, annual energy sales, annual energy requirements and peak demand for the City system for each year, 2017 through 2021.

²⁰ Population Targets 2010-2036. Appendix D, Table A-1, Kitsap County Comprehensive Plan 2016-2036, June 2016.
<http://compplan.kitsapgov.com/Documents/CompPlanUpdateDraft2016Final30June2016scribe.pdf>

TABLE 4
City of Bainbridge Island Electric System
Estimated Number of Customers, Annual Energy Sales, Energy Requirements and Peak Demand

	2017	2018	2019	2020	2021
Number of Customers					
Assumed Growth Factor	0.70%	0.70%	0.70%	0.70%	0.70%
Residential	11,288	11,367	11,447	11,527	11,608
Commercial	1,098	1,106	1,114	1,122	1,130
Other	15	15	15	15	15
Total Customers	12,401	12,488	12,576	12,664	12,753
Energy Sales (MWh)					
Residential	139,700	140,700	141,700	142,700	143,700
Commercial	80,800	81,400	82,000	82,600	83,100
Other	100	100	100	100	100
Total Energy Sales	220,600	222,200	223,800	225,400	226,900
Losses and Own Use	15,300	15,400	15,600	15,700	15,800
Total Energy Reqs. (MWh)	235,900	237,600	239,400	241,100	242,700
Loss % of Total Reqs.	6.5%	6.5%	6.5%	6.5%	6.5%
Total Energy Req. (AveMW)	26.9	27.1	27.3	27.5	27.7
Annual Loadfactor	40%	40%	40%	40%	40%
Peak Demand (MW)	67.3	67.8	68.3	68.8	69.3

As shown in the table, the total annual energy requirement of the City electric system is estimated to be 235,900 MWh, or 26.9 average MW, at present levels. The peak demand is estimated to be 67 MW. In colder years the total energy requirements and peak demand would be expected to be higher whereas warmer years would yield lower energy requirements and peak demand.

Section 6

Projected Costs of Operation and Revenue Requirements

Annual Revenue Requirement

Publicly-owned electric utilities generally establish rates to recover revenues through the sale of power sufficient to pay all operating expenses, taxes, and debt service as well as provide a margin from which to fund renewals, replacements and additions to the system. The total of all these cost obligations on an annual basis are referred to as the annual revenue requirement. Operating expenses of the electric system will include purchased power, purchased transmission services, transmission and distribution system operations and maintenance (O&M), customer accounting, and administrative and general expenses.

It is expected that the City will initially either contract for O&M services and/or hire its own staff to perform some or all of these functions. The management and administration of the City's electric system would be expected to be coordinated in some manner with other City operations. The electric utility, however, would need to retain certain specialized management, supervisory and administrative personnel familiar with electric utility operation. If the City were to proceed towards establishing an electric utility a more detailed evaluation of staffing requirements would need to be conducted

At the time of initial operation it would most likely be necessary to contract at least some of the O&M services to other utilities or regional electrical contractors used by other public power utilities and by investor owned utilities. In the past, when new publicly-owned utilities have acquired electric facilities from an existing utility, some of the employees of the acquired utility have been hired by the new utility. This provides both continued local employment for the workers and provides the new utility with necessary skilled workers familiar with the local electric system. Jefferson County PUD contracted with PSE to provide certain O&M services for a period of time when the PUD first became operational. This is another option.

The largest component of cost that the City's electric system would incur each year is the cost of purchased power. This is typical of most electric utilities. Another significant annual expense to be incurred is the interest and principal payments on revenue bonds and other debt obligations. For a new electric utility, annual debt service payments can be relatively large early on but would be expected to become a smaller component of the overall revenue requirements as time goes on. Upon repayment of the initial bonds and loans, the rates of the electric utility could potentially be reduced.

Over time, the electric facilities in the system will need to be repaired, refurbished, and potentially replaced. There may also be the need to expand and improve the system such as adding new underground lines. The costs associated with these efforts will need to be included in the revenue requirement when they are incurred. Electric facilities are typically long-lived and can be funded with additional debt and amortized over the life of the facilities at tax-exempt interest rates for a municipal utility. Most electric utilities fund the costs of renewals, replacements and additions

through a combination of annual revenues, draws upon reserve funds and new debt. Major capital expenses for new or replacement facilities may be best funded with new debt to spread the cost of the new facilities, through debt repayment, over the usable life of the facilities. This is commonly done by public power utilities.

Many publicly-owned electric systems also collect additional revenues through their electric rates to make tax payments, franchise fee payments and payments in lieu of taxes to local governmental agencies.

Costs that would comprise the annual revenue requirement for the City's electric system are described more fully in this section. For the purpose of the analysis, various assumptions have been made to provide a basis for estimating the annual revenue requirement. The assumptions are based on the factors as described as well as our experience with electric utility operation. The City will have some flexibility in how it operates the electric system and as such, there could be a fair amount of variation in the costs of the operation.

Power Supply Costs

As previously indicated, the most significant annual operating expense that the City's electric system will incur is the cost of wholesale power. Upon fulfillment of certain criteria primarily related to establishing ownership of its distribution system, the new utility will be entitled to purchase power from BPA as a preference customer. The City electric system can reasonably expect to purchase a significant portion, if not all, of its power supply from BPA at the priority firm power rate, also referred to as the Tier 1 power rate.

In addition to BPA, a number of other opportunities for near-term power supply could be available to the City including power purchases from other utilities, independent generating facilities or power marketers. In the future, it is expected that the City will most likely continue to purchase power from BPA but will also be able to participate jointly with other utilities in new generation facilities, contract to purchase power from other suppliers and/or construct new generating facilities of its own locally including solar, wind, wastewater treatment bio-mass, and other renewable resources. The new City utility could consider aggressively expanding the existing energy efficiency measure and/or measures to reduce the City's carbon footprint.

For our initial analysis, we have assumed that the full power requirement of the new utility is supplied with BPA wholesale power.

Estimated Cost of BPA Power and Transmission

BPA has provided an estimate of the cost of power and transmission for an electric system with power requirements similar in size to those estimated for the City electric system. The estimated cost of power is based on BPA's rates currently in effect and assumes that the City system would

obtain Tier 1 power to meet its total power needs in the first year of system operation. Tier 2 rates are presently about the same as Tier 1 rates so if initially the City system needed to phase in its purchase of Tier 1 power, the cost impact would be minimal.

BPA's priority firm power rate that the City system would be expected to pay is primarily composed of three components: the customer charge, the demand charge and the load shaping charge. Based on the experience of other similar sized public utility customers served by BPA, the customer, demand and load shaping charges would be expected to represent about 94%, 1% and 5%, respectively, of the City system's total BPA power cost. The customer charge is billed monthly and is established for each BPA rate period on the basis of a utility's Tier 1 Cost Allocator (TOCA)²¹. The demand charge is reflective of a utility's kW demand whereas the load shaping charge is billed on the basis of kWh. The billing determinants for the demand and load shaping charges are calculated each month based on several adjustment factors²².

As a BPA customer, the new utility would pay BPA's Network Integration Transmission Service charge²³. This charge provides for the delivery of power from BPA's generating resources to the City's delivery point. BPA has indicated that if the City electric system takes delivery of power at transmission voltage and owns the equipment to step the power down to distribution voltage, there would be no GTA delivery charges assessed. The GTA delivery charge only applies if power is delivered to a utility at less than 34.5-kV. If the City system owns the substations on Bainbridge Island, as described previously, the delivery of BPA power would be at a 115 kV transmission voltage, thus avoiding any GTA delivery charges.

BPA has established a policy of reviewing and adjusting its wholesale power rates every two years. The rates are established for a two year period based on BPA's fiscal year which begins October 1. The present rates (BP-16) went into effect on October 1, 2015 and will remain effective through September 30, 2017. The total Tier 1 charge for each BPA customer varies based on each utility's load characteristics, however, the average Tier 1 power rate currently charged to BPA's public power customers is \$33.75 per MWh²⁴.

BPA has estimated that the Tier 1 power rate to the City's system at the current BP-16 rates would be \$36.50 per MWh. Of this amount, \$34.50 per MWh is estimated to be the total for the customer charge and the load shaping charge and \$2.00 per MWh is estimated to be for the demand charge. The BPA transmission charge at the present NT-16 rate would be \$1.735 per kW per month. An

²¹ The Tier 1 Cost Allocator (TOCA) is based on a customer's Rate Period High Water Mark (RHWM) divided by the sum of all customers' RHWM.

²² For more information on BPA power rates see BPA's Power Rate Schedules and General Rate Schedule Provisions (FY 2016 – 2017). https://www.bpa.gov/Finance/RateInformation/RatesInfoPower/BP-16%20Final%20Rate%20Schedules%20-%20Power_Rev%2001-09-2017.pdf

²³ For more information on BPA transmission rates see BPA's Transmission, Ancillary and Control Area Service Rate Schedules and General Rate Schedule Provisions (FY 2016 – 2017). <https://www.bpa.gov/Finance/RateInformation/RatesInfoTransmission/BP-16%20Final%20Rate%20Schedules%20-%20Transmission%20-%20WEB.pdf>

²⁴ <https://www.bpa.gov/Finance/RateInformation/Pages/Current-Power-Rates.aspx>

additional \$0.35 per kW per month is estimated to be charged for scheduling, system control and dispatching services.

BPA's power and transmission rates are to be adjusted on October 1, 2017. The BP-18 rate proceeding began in the fall of 2016 and will continue until final rates are approved in the late summer of 2017. The initial proposal provided by BPA for the BP-18 rates indicates an approximately 2.3% increase in overall power charges with the new rates, as estimated by BPA. The initial BP-18 proposal for transmission rates shows little change in the network transmission rate. The BP-18 rates will be effective from October 1, 2018 to September 30, 2019.

It is expected that BPA will continue to adjust its rates every two years in the future. For the purpose of this analysis, it is assumed that Tier 1 rates will increase 6% every two years. Although short-term Tier 2 rates are lower at the present time, they have historically been higher than Tier 1 rates and as such, it is assumed for the analysis that Tier 2 rates are 15% above the Tier 1 rates. BPA Network Transmission rates are assumed to increase at 6% every two years as well.

Annual Operating Costs other than Power and Transmission

In addition to power supply costs which represent the largest cost component for most electric utilities, the City electric system will incur costs for on-going operation and maintenance of the system, planning, engineering, administration, management, customer service, billing, accounting, and other costs. To provide these electric utility service functions it is expected that the City will hire necessary employees and/or contract out for others. Some of the functions, primarily related to billing, administration and management can be coordinated with current City functions, which may result in some reduced or shared costs by various functions. Certain operation and management functions can be contracted out similar in manner as to how PSE contracts for a significant portion of its maintenance and engineering work.

Among other Northwest public power electric utilities, the number of employees varies significantly. A good example of a municipal electric utility serving a similar number of customers to that of the City electric system is Centralia City Light. Centralia has 30 full time electric employees and approximately 11,500 customers. The City of Port Angeles has 35 electric employees with approximately 9,000 customers, and the City of Ellensburg indicates that it has 14 electric employees with approximately 9,600 customers, although this number does not include billing and accounting personnel who operate within the municipality's administrative services. Jefferson County PUD reports that it presently has about 40 electric employees for its system serving 19,200 customers.

As another point of reference, in 2015 the PUDs in Washington indicated that the average number of customers per electric employee was 272. Based on the PUD average number, with 12,300 customers, the City system would require about 45 employees. The City service area is far more compact than the service area of the PUDs in Washington, which would indicate a need for fewer employees.

Based on a review of similarly sized municipal electric utilities in the Northwest, we would estimate that the City electric system would need approximately 30-40 employees, but this could vary based on what services the City would contract out and how the electric utility might be integrated with other City operations. Considering all factors, DHA feels that the number of full-time employees (FTE) by function are conceptually identified as follows:

TABLE 5
City Electric System

Example Electric System Staffing (FTE)

Management and Administrative	4
Operations, Maintenance and Engineering	18
Customer Accounting, Customer Service, Conservation	10
	<hr/>
	32

The estimated costs of operation for the City electric system will include personnel costs as well as contracted services, materials, supplies, equipment and other expenses. Electric utilities purchase insurance to cover the costs of certain equipment failure and other potential losses due to business operations. Some elements of an electric utility, such as overhead power lines, may be self-insured. Tree trimming activities will most likely be conducted by a combination of contractors and employees with contractors doing the majority of the work. This will be an important activity for the City system. We have estimated that tree trimming activities near overhead lines in the City electric system will be conducted every year and on average will affect all portions of the lines approximately every four years.

Meter reading and billing could also be contracted out if the City decided to do so, but should in the long run be incorporated with other City meter reading and billing functions. It could also be possible to contract out the majority of operations and maintenance to another utility or to an independent contractor²⁵. A subset of certain engineering and system planning efforts are expected to be contracted out in the early years of operation and used as a method of providing staff training.

A significant advantage for the City with its own electric utility staff would be some regular permanent presence of utility workers, equipment and materials in the City. Line and service crew workers can be available to conduct maintenance and storm restoration functions relatively quickly. It may still be necessary to use contract workers for certain major activities. The regular presence of utility workers can have a noticeable impact on monitoring of vegetation management

²⁵ A municipal electric system in Oregon about half the size of the City electric system contracts with another utility for all aspects of operation, maintenance, and administration. For another municipality in Oregon evaluating electric service, a bid was requested and received from a private contractor to provide operation and maintenance of its proposed electric system.

issues and in working within the community to assure proper care of trees and manage vegetation growth around power lines. As an example, some utilities provide landscape gift certificates to home owners to help pay for the cost of low growing plants to replace larger plants that pose significant risk to power lines.

For the purpose of developing an estimate for the operating costs of the new electric system, we have reviewed the costs of electric operations for a number of PUDs in Washington. Acknowledging the size and characteristics of these utilities, we have estimated unit costs based on the number of customers served or the amount of electric energy sold and applied the unit costs to the City electric system. These costs are inclusive of labor, benefits, contracted services, materials and other expenses.

Based on this indicated approach, total annual operating expenses for the City electric system exclusive of power costs, taxes, depreciation and interest expense are estimated to be approximately \$510 per customer at present cost levels. This is comparable to the operating costs for several of the small to medium sized PUDs in the state. Jefferson County PUD reported that total operating expenses exclusive of power costs, taxes, depreciation and interest were \$342 per customer in 2016. The estimated operating costs for the City system shown above would provide for an estimated average annual labor cost, including benefits, of about \$125,000 per employee at present cost levels, for the number of employees shown in Table 5.

Projected Revenue Requirements

The annual revenue requirements have been projected for the first twenty years of City electric system operation. Electric system operation is assumed to begin in 2021. Unit operating costs, other than power and transmission costs, are assumed to escalate at 2% per year primarily due to the assumed general rate of inflation.

The cost of BPA power to the City system at current BP-16 rates, as estimated by BPA, is \$36.50 per MWh. BPA power costs are assumed to increase 2.3% in 2018²⁶ and are assumed to increase 6% every two years thereafter. BPA transmission rates are assumed to increase 2.0% in 2018 and are assumed to increase 6% every two years thereafter. The cost of BPA network transmission to the City system, as estimated by BPA, is approximately \$4.75 per MWh at current rates.

Annual debt service payments are based on level debt repayment of bonds issued to finance initial acquisition and startup costs (see Table 3) at assumed annual interest rates of 5.0% for taxable debt and 4.5% for tax-exempt debt over a 30 year repayment period. These interest rates are higher than interest rates that the City would potentially incur at the present time. Future economic

²⁶ BPA's rates are adjusted at the beginning of BPA's fiscal year, October 1. The next rate adjustment will be October 1, 2017. For this analysis, the full impact of the BPA rate adjustments occur in the calendar year following the rate adjustment.

conditions will impact what the interest rates will be at the time of actual issuance of tax exempt and taxable bonds.

The City electric system will be expected to incur annual expenses for renewals, replacements and additions to the system, assumed to be approximately 3.5% of the system replacement value per year. This percentage is based on a typical average expected operating life of electric utility facilities of about 30 years. Annual expenditures for capital replacements and additions are projected to be funded out of annual revenues. If the amounts estimated for capital replacement are not used in any given year, they can be retained in a reserve fund for use in the future. In developing the estimated annual revenue requirement, the state utility tax of 3.873% has been included. It is presumed that the City would continue to require a municipal tax, currently 6.0%, on electric bills and this tax could be included in the overall revenue requirement or it could be included as a separate line item on customer bills similar to the approach used by PSE. The municipal tax is not included in the revenue requirement in this analysis. The projected annual revenue requirements for the City electric system, assuming startup in 2021 are shown in the following table:

TABLE 6
City of Bainbridge Island Electric System
Projected Annual Revenue Requirements
(Base Case)
(\$000)

	2021	2022	2023	2024	2025	2030	2040
Operating Expenses							
Purchased Power ¹	9,610	10,270	10,350	11,050	11,140	13,770	19,900
Network Transmission ²	1,390	1,480	1,490	1,590	1,600	1,980	2,840
Trans. Oper. & Maint. ³	160	160	160	170	170	200	260
Dist. Oper. & Maint. ³	4,280	4,400	4,520	4,640	4,760	5,440	7,120
Customer Accounts ³	1,090	1,120	1,150	1,180	1,220	1,390	1,820
Admin. & General ³	1,690	1,730	1,780	1,830	1,880	2,140	2,800
Taxes ⁴	1,040	1,080	1,090	1,130	1,150	1,330	1,770
Total Operating Exp.	\$ 19,260	\$ 20,240	\$ 20,540	\$ 21,590	\$ 21,920	\$ 26,250	\$ 36,510
Debt Service							
Initial Loans ⁵	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020
Subsequent Loans ⁶	-	-	-	-	-	-	-
Total Debt Service	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020
Renewals, Replacements & Additions							
Funded from Revenues ⁷	\$ 3,530	\$ 3,600	\$ 3,670	\$ 3,740	\$ 3,810	\$ 4,210	\$ 5,130
Funded from Debt	-	-	-	-	-	-	-
Total Ren., Repl. Adds.	\$ 3,530	\$ 3,600	\$ 3,670	\$ 3,740	\$ 3,810	\$ 4,210	\$ 5,130
Less: Interest Earnings ⁸	\$ (60)	\$ (60)	\$ (60)	\$ (60)	\$ (60)	\$ (60)	\$ (60)
Total Sales Rev. Required ⁹	\$ 26,750	\$ 27,800	\$ 28,170	\$ 29,290	\$ 29,690	\$ 34,420	\$ 45,600
Total Energy Sales (MWh) ¹⁰	226,900	228,500	230,100	231,700	233,400	241,500	259,100
Unit Revenue Req. (¢/kWh) ¹¹	11.8	12.2	12.2	12.6	12.7	14.3	17.6
Peak Demand (MW) ¹²	69.3	69.7	70.2	70.7	71.2	73.7	79.1
Debt Service Coverage ¹³	1.86	1.88	1.90	1.92	1.93	2.03	2.26

¹ Estimated cost of BPA power purchases.

² Estimated cost of BPA network transmission services.

³ Assumed to increase annually relative to changes in sales and customers and includes inflation at the assumed rate of 2.0%.

⁴ Includes state utility tax of 3.873%.

⁵ Interest and principal on initial acquisition bond issues shown in Table 3. Assumes level debt service, 5.0% taxable and 4.5% tax-exempt interest rates and a 30 year repayment period.

⁶ No additional debt is assumed to be incurred during the analysis period.

⁷ Estimated annual cost of renewals, replacements and additions to the electric system facilities. Cost is assumed to be funded from revenues each year.

⁸ Estimated interest earnings on invested reserve fund balances at a 1.5% interest earnings rate.

⁹ Sum of Total Operating Expenses, Debt Service, and Total Renewals, Replacements and Additions, less interest earnings.

¹⁰ Estimated energy sales assuming 0.7% annual load growth.

¹¹ Total Revenue Required divided by Total Energy Sales.

¹² Estimated annual peak demand. See Table 4

¹³ Calculated as Total Sales Revenue Required less Total Operating Expenses divided by Total Debt Service.

Debt service coverage is required by bond underwriters and is typically set at a minimum of 1.25 times annual debt service for publicly-owned distribution electric utilities. Publicly-owned utilities usually establish a policy concerning the percentage of capital improvements to be funded from bonds and the amount to be funded from current revenues. The policy may be driven to some extent by limits on the amount of bonds that financial institutions will reasonably allow particular utilities to incur.

The City's main source of revenue for the electric utility will be through the sale of power to its customers. Table 6 shows the estimated revenue requirements for the period, 2021 through 2040. As can be seen in Table 6, the total unit revenue requirement in the first year (2021) of the projections is estimated to be 11.8 cents per kWh. Note that if the 6.0% municipal tax were included in the revenue requirement, the unit revenue requirement in 2021 is estimated to be 12.5 cents per kWh. The unit revenue requirement, which is the average unit revenue that the City would need to collect through energy sales to its customers, is projected to increase through the projection period shown in Table 6 due to general inflation in operating costs and expected increases in the cost of wholesale power and transmission services purchased from BPA.

Average revenue requirements are not specific rates. Rates will need to be adopted by the governing board of the City electric system. Rates would need to be established that would reflect the actual cost to serve certain customer classifications (i.e. residential, small commercial, large commercial). The rates could also include multiple components such as monthly basic charges (e.g. \$15.00 per month), demand charges and energy charges and or blocks or energy tiers or monthly/seasonal components. The total amount received through these various rate components, however, would need to approximate the estimated Total Sales Revenue Required shown in Table 6 on an annual basis.

Rates can be set to somewhat reflect fixed and variable components of the overall revenue requirement but normally rates are expected to remain relatively stable or change gradually from year to year. A significant amount of the cost shown in Table 6 is fixed in that the costs would need to be incurred regardless of the level of retail sales the utility would experience each year. BPA power costs would go up or down depending on the energy sales each year however, debt

service costs and much of the other operating expenses of the utility would remain. In years when energy sales are lower the net margins of the electric system would be expected to be lower whereas in years when energy sales are higher, the net margins would be expected to be higher. If a lasting trend is detected either way, rates would need to be adjusted to reflect this change.

Section 7

Estimated Net Benefits and Comparison of Rates

The estimated annual revenue requirements for the City electric system derived in Table 6 are representative of the average weighted rates for electric service that the City system would charge its various customers. Comparing these average charges to PSE's electric system average revenue requirements allows for an evaluation of the net benefits that electric consumers on Bainbridge Island would realize with the City electric system. With a public power utility the benefits are very long-term in that they are realized far into the future. For a new utility with a fairly high initial investment, the full level of benefits may not be realized until the initial loans are repaid. The long-term benefits are potentially many years in the future and as a result, are valued less today. Although an estimation of net benefits in the first ten years of new utility operation are presented in this analysis it is important to acknowledge that benefits would typically be greater in the future.

The estimation of revenue requirements for the new City electric system have been developed based on the assumptions and variables defined in the previous section of this report. PSE's future revenue needs and resulting rates are dependent on many complex factors. Although PSE's current electric rates are published in detail, we are unaware of any detailed projections of future PSE electric rates. As such, to compare the estimated future rates of the City electric system to the future rates for PSE electric service, it is necessary to develop an estimate of PSE's future charges.

A compilation of rate adjustments²⁷ from the Washington UTC indicates that PSE's charges for electric service were adjusted a number of times between April 2002 and January 2017. Many of the adjustments were minor and were for specific changes in direct costs such as conservation. Over the fifteen year period shown in the UTC rate compilation, the adjustments to electric rates averaged 2.34% per year²⁸.

As another comparison, PSE's monthly charge for electric service to residential customers with average power consumption increased at an average rate of about 1.7% per year between January 2009 and May 2017, exclusive of the residential energy exchange credit.

In recent years, PSE's electric rates have remained relatively stable. PSE filed a general rate case on January 13, 2017²⁹. In the rate filing PSE indicates that the net impact to customers' rates is anticipated to be an increase in electric rates of 4.1%. PSE adjusted its rates on May 1, 2017. As indicated by PSE, residential rates (Schedule 7) increased 3.7 percent and small and medium general service rates (Schedules 24 and 25) increased 2.1 percent on May 1, 2017.

²⁷ Source: Electric and Natural Gas Rate Adjustments since 2000. Washington Utilities and Transportation Commission.

<https://www.utc.wa.gov/regulatedIndustries/utilities/Documents/2016%20Electric%20and%20Gas%20Rate%20Increases%20Since%202000.xls>

²⁸ Without adjustments noted to be associated with the residential exchange credit, which primarily impacts residential rates, the average annual increase is approximately 3.0% over the fifteen year period.

²⁹ http://www.pse.com/aboutpse/Rates/Documents/prop_2017_01_and_02_2017_GRC_elec_gas.pdf

PSE's FERC Form No.1 for 2016 indicates that the average unit revenue from its customer classes in 2016 were as follows:

TABLE 7
PSE Average Unit Revenue in 2016 for Representative Customer Classes
(Compiled from PSE 2016 FERC Form No. 1)

	2016 Revenue (¢/kWh)
Residential ¹	11.12
Commercial ²	9.81
Industrial ³	9.54
Street and Highway Lights	23.49
Total for all Sales	10.50

¹ Includes combined Residential Service customer classes, primarily Schedule 7.

² Includes Farm General Service and Commercial Schedules 24, 25, 26, 49 and other commercial tariffs.

³ Combined industrial revenues

The WUTC requires the utilities it regulates to develop an integrated resource plan (IRP). In a recent presentation³⁰ related to its current IRP development process, PSE indicates that its input assumption for average annual electric residential rate growth is 2.1%. Using this value along with the historical adjustments for the purpose of comparing future rates we have assumed that PSE rates will increase 2.2% per year beginning in 2019. The impact of the May 1, 2017 rate adjustment has been applied to the PSE rates shown in the table above, however, for the purpose of our analysis, no further adjustments to PSE rates are assumed to occur for the remainder of 2017 and in 2018.

Based on the unit revenues shown in Table 6 with adjustments for current charges and the estimated energy sales in the City electric service area as shown in Table 3, the total cost of electric service to residents and businesses in the City with continued service from PSE has been estimated for a ten year projection period.

The cost of continued electric service with PSE is compared to the cost of electric service from the City electric system assuming the City electric system were to establish rates to recover the estimated revenue requirements as shown in Table 6. The comparison of charges is shown in Table 8 for the twenty year period, 2021 through 2040. It is important to note that the average

³⁰ 2017 IRP Advisory Group presentation, Page 35. November 14, 2016.
http://pse.com/aboutpse/EnergySupply/Documents/Post_IRPAG_Nov14_IRPAG_Distribution.pdf

unit revenues shown in Table 8 for PSE are reflective of the estimated sales by customer class in Bainbridge Island.

TABLE 8
Comparative Charges for Electric Service and Estimated Savings
With City Electric Service

	2021	2022	2023	2024	2025	2030	2040
Energy Sales (MWh)							
Residential	143,700	144,700	145,700	146,700	147,800	153,000	164,100
Commercial	83,100	83,700	84,300	84,900	85,500	88,400	94,900
Industrial	-	-	-	-	-	-	-
Other	100	100	100	100	100	100	100
Total Energy Sales (MWh)	226,900	228,500	230,100	231,700	233,400	241,500	259,100
Peak Demand (MW)	69.3	69.7	70.2	70.7	71.2	73.7	79.1
Estimated PSE Revenues from Energy Sales in City							
Assumed Increase in Rates	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
Revenues (\$000) ¹	\$ 26,900	\$ 27,700	\$ 28,500	\$ 29,400	\$ 30,200	\$ 34,900	\$ 46,500
Unit Revenues (¢/kWh) ²	11.86	12.12	12.39	12.69	12.94	14.45	17.95
Estimated City Electric System Revenues from Energy Sales							
Revenues (\$000) ³	\$ 26,750	\$ 27,800	\$ 28,170	\$ 29,290	\$ 29,690	\$ 34,420	\$ 45,600
Unit Revenues (¢/kWh) ²	11.79	12.17	12.24	12.64	12.72	14.25	17.60
Savings with City System (\$000)	\$ 150	\$ (100)	\$ 330	\$ 110	\$ 510	\$ 480	\$ 900
Savings with City System (¢/kWh)	0.07	(0.04)	0.14	0.05	0.22	0.20	0.35
Savings with City System (%) ⁴	0.6%	-0.4%	1.2%	0.4%	1.7%	1.4%	1.9%
Average Annual Savings with City Electric Service - First 10 Years (\$000)					\$ 358		
Average Annual Savings with City Electric Service - Years 11-20 (\$000)					\$ 1,021		

¹ Calculated using average customer class revenue and estimated customer class loads with assumed increase in rates applied uniformly to each customer class.

² Revenues divided by Total Energy Sales.

³ Estimated Total Revenue Required for the City electric system as shown in Table 6.

⁴ Relative to estimated PSE revenues.

As shown in Table 8, the estimated cost of electric service with the City electric system is estimated to be comparable but generally slightly lower than the cost of service from PSE. By 2030, the annual savings are estimated to be about 1.4%. Over the first ten years of operation, electric consumers in the City are estimated to pay approximately \$358,000 less per year in total with City electric service than they would with continued service from PSE. Over the first twenty years of operation, the City system would save an estimated \$690,000 per year in total electricity charges for the residents and businesses in the City.

Rather than establish rates that would achieve the estimated savings shown in Table 8, the City could establish higher rates and use the savings amount to invest in renewable generation resources, additional energy efficiency programs or improvements to the electric system, such as additional undergrounded power lines.

Alternative assumptions to the analysis would result in different results. Key variables include the estimated cost of acquisition, the estimated cost of financing, and assumed increases in the number of electric customers served and load growth on Bainbridge Island. As previously indicated, the acquisition price will be either negotiated or established in a court proceeding. The base case analysis assumes the acquisition price is 2 times the estimated OCLD of the system facilities. Alternative cases have been developed to evaluate the net costs and benefits with acquisition at 1.35 times OCLD (Case 2) and at the estimated RCNLD value (Case 3).

The cost of financing related to the initial system acquisition will be a significant cost. If the City could obtain a lower interest rate loan through the federal RUS it could realize a lower revenue requirement. An alternative case assuming a 3.25% interest rate loan from the RUS with a 30 year repayment has been developed (Case 4). With an RUS loan there would be no loan origin fees and it is not expected that there would be a debt service reserve fund. This lowers the overall financing requirement. To determine the impact of lower customer and load growth in the City a case with customer growth at 0.35% per year, half the assumed base case growth, has been developed (Case 5).

Table 9 provides a comparison of the estimated net benefits with City electric service using alternative assumptions for certain variables. It should be noted that for each alternative case, only the specifically identified variable is changed. All other assumptions are kept at the base case values. Scenario analysis or sensitivity analysis can help the City identify the most important variables or where the most risk/reward to forming an electric utility resides.

TABLE 9
Comparative Net Benefits with Alternative Assumptions

Case	Basis of Initial Acquisition Cost	On-line Year	Initial Financing Requirement	Interest Rates	First Year Unit Revenue (\$/kWh)	Average Annual Savings with City System Over First 10 Years	Average Annual Savings with City System Years 11-20	Average Annual Savings with City System Over First 20 Years (%)
1 (Base)	Initial Acquisition at 2 times OCLD	2021	\$62,441,000	5.0% taxable, 4.5% tax-exempt	11.8	\$358,000	\$1,021,000	1.8%
2	Initial Acquisition at OCLD + 35%	2021	\$46,566,000	5.0% taxable, 4.5% tax-exempt	11.3	\$1,419,000	\$2,082,000	4.8%
3	Initial Acquisition at RCNLD	2021	\$66,920,000	5.0% taxable, 4.5% tax-exempt	11.9	\$44,000	\$711,000	0.9%
4	Initial Acquisition at 2 times OCLD, Initial loans financed through RUS	2021	\$57,480,000	3.25% on all debt	11.4	\$1,324,000	\$1,991,000	4.6%
5	Initial Acquisition at OCLD + 35%, Initial loans financed through RUS	2021	\$42,880,000	3.25% on all debt	11.0	\$2,126,000	\$2,791,000	6.9%
6	Initial Acquisition at 2 times OCLD, Customer growth at 0.35% per year	2021	\$62,441,000	5.0% taxable, 4.5% tax-exempt	11.8	\$107,000	\$455,000	0.8%

As can be seen in Table 9 the total estimated savings with the City electric system are significantly higher in the lower acquisition cost case (Case 2) and in the lower financing cost case (Case 4) than for the base case. If the acquisition cost is higher (Case 3) the savings are less. Lower load growth (Case 5) also reduces the estimated savings of the City electric system since there are fewer units of sales from which to recover revenues needed to pay the fixed costs of the system.

For the alternative case in which the City electric system would only acquire the distribution lines, meters, services, etc. and PSE would continue to own and operate all the transmission lines and substations, the first year unit revenue is estimated to be 11.6 cents per kWh and the average annual savings with the City electric system over the first ten years of operation is estimated to be \$835,000 and the average annual percentage savings over the first 20 years of operation is estimated to be 3.0%. For this case, the total financing requirement is estimated to be \$55,266,000 based on the assumption that the distribution facilities are acquired at two times the OCLD value of these facilities.

BPA's GTA charge, presently at \$0.94 per kW-month, would be incurred by the City system if it did not own the substations. Transmission O&M expenses would not be incurred by the City and distribution O&M expenses are estimated to be about 4% lower if substation maintenance is not incurred. Further, the City system would have a lower cost associated with annual renewals and replacements without the need to replace the substation and transmission facilities over time. It should be noted that BPA has indicated that for an operating scenario involving low-voltage delivery such as this, there may some additional charges related to PSE's costs of operating the transmission and substation facilities. These potential additional charges cannot be estimated at this time.

It should also be noted that if PSE's rates do not change as assumed in this analysis, the estimated savings with the City electric system will be different.

Comparative Electric Rates

A comparison of charges for electric service for several electric utilities primarily in Western Washington has been made. Rates effective on May 1, 2017 were used to determine the cost of monthly service for a residential customer consuming 1,000 kilowatt-hours and a small commercial customer receiving 6,000 kilowatt-hours per month. The monthly charges are shown in the following table:

TABLE 10
Comparative Monthly Charges for Electric Service
(Based on Rates Effective on May 1, 2017)

	Residential (1,000 kWh)	Commercial (15 kW, 6,000 kWh) ¹
Puget Sound Energy	\$108.63	\$581.54
Public Utility Districts		
Jefferson County PUD	\$106.94	\$568.84
Mason County PUD No. 3	\$105.70	\$517.20
Clallam County PUD	\$98.03	\$447.53
Snohomish County PUD	\$102.50	\$545.70
Municipalities		
City of Port Angeles	\$101.00	\$484.24
City of Ellensburg	\$85.58	\$418.64
Seattle City Light	\$117.79	\$554.19
Tacoma Power	\$90.37	\$489.57
Cooperatives		
Peninsula Light Company	\$97.84	\$485.60
Lakeview Light & Power	\$94.00	\$529.50

¹ Assumes single phase service. Summer rates used where applicable.

As can be seen in Table 10, there is significant variation in the charges for electric service among the various utilities. It should also be noted that additional local taxes may apply to electric charges.

A comparison of residential electric rates effective on May 1, 2017 for the same group of electric utilities is shown in the following table:

TABLE 11
Residential Rates for Electric Service
(Based on Rates Effective on May 1, 2017)

	Basic Charge (\$/month)	Energy Charge (¢/kWh)
Puget Sound Energy¹	\$ 7.87	8.93 first 600 kWh, 10.81 all other kWh
Public Utility Districts		
Jefferson County PUD	\$ 14.50	8.50 first 600 kWh, 10.36 all other kWh
Mason County PUD No. 3	\$ 33.00	7.27
Clallam County PUD	\$ 28.33	6.97
Snohomish County PUD	\$ -	10.25
Municipalities		
City of Port Angeles	\$ 20.10	8.09
City of Ellensburg	\$ 20.82	6.26 first 600 kWh, 6.80 all other kWh
Seattle City Light	\$ 4.86	7.01 first 300 kWh, 12.88 all other kWh
Tacoma Power	\$ 13.50	7.69
Cooperatives		
Peninsula Light Company	\$ 23.00	7.17 first 399 kWh 7.69 next 1,100 kWh 7.91 all other kWh
Lakeview Light & Power	\$ 19.00	7.50

¹ Energy rates include net effect of applicable credits and charges including the energy exchange credit.

It is noted that there is significant variance in the monthly basic charge. For some utilities, a higher basic charge can be used to recover necessary revenues when many customers are part-time or seasonal residents.

As previously indicated, actual rates would need to be developed for the City system that would recover the estimated revenue requirement. Rates usually include a monthly customer charge and an energy charge. Larger commercial customers typically have a demand component in their rates related to the largest level of power use during the month. Demand charges require a demand meter.

Although the rates to be charged by the City system have not been derived for this analysis, if the estimated unit revenue requirement of 11.79 cents/kWh shown in Table 8 for 2021 were charged uniformly to all customers served by the City in that year, the monthly cost of electricity for a residential customer using 1,000 kWh would be \$117.90. Deflating this cost in 2021 to 2017 at 2.0% per year would result in a monthly charge of \$108.92 in 2017. This is comparable to the monthly charge for 1,000 kWh charged by PSE at the present time as shown in Table 10. As a further example, if the City system were to establish a \$15.00 per month basic charge for all customers, the energy rate would need to be 10.78 cents per kWh to achieve an overall unit revenue of 11.79 cents per kWh.

Section 8

Other Factors

High-Speed Broadband

The City could develop and finance its own high-speed broadband network to serve its residents and businesses. See *In Re City of Edmonds*, 162 Wn. App. 513 (2011) (upholding code city's authority to complete and finance its fiber optic network as part of a city-owned broadband network). The potential benefits include cost efficiencies, community service, economic stimulation, enhancing public safety, and others. As with the City of Edmonds, it is not a requirement that the City have an electric utility to engage in telecommunications.

There can, however, be advantages to having an electric utility system and engaging in telecommunications activities. Thus, for example, where some of the telecommunications activities are related to services needed by the City for its internal purposes, such as automated meter reading, connecting different City facilities with one another, security, etc., some of the telecommunications expenses might appropriately be attributed to the electric or other system. The same generally would be true, perhaps in varying degree, of a separate water or other system, even in the absence of an electric utility system.

Some public entities conduct their telecommunications activities as a separate utility system; others do so as a department or division of other of their utility systems. Further detail on the financial, practical, and political advantages and disadvantages of creating a separate telecommunications utility, versus structuring it as a component of another system, is beyond the scope of this report, but would merit further review if the City so desires.

Kitsap PUD began installing a high capacity fiber optic network throughout Kitsap County beginning in 2000. The network, called KPUD Fiber, provides wholesale telecommunications services to citizens in the county. Kitsap PUD and its partners presently have over 150 miles of fiber optic cable deployed throughout the county, including in the City.

Kitsap PUD's initial role as a wholesale telecommunications provider is to sell its services to retail providers. The retail providers provide the services that homes and businesses require. PUDs are restricted from selling full retail telecommunications services to county citizens, agencies and businesses. Washington PUDs are only allowed to provide non-retail services, including wholesale networks, community networks, and certain other telecommunications services.

Kitsap PUD indicates that its fiber optic lines in the City are attached to PSE poles. PSE does not assess the PUD any pole attachment fees because the PUD allows PSE use of the fiber network for PSE's internal communication system.

Energy Efficiency Opportunities and Renewable Energy

BPA has historically provided a very robust energy efficiency program that touches all the various sectors (residential, commercial, industrial) in an electric utility's service area. If the City were to become a customer of BPA, they would be assigned a BPA Energy Efficiency Representative (EER). The EER would work with the utility to help identify energy efficiency or conservation opportunities on Bainbridge Island. The EER would inform the utility of BPA programs and assist the utility with reporting savings to BPA. BPA's programs are reviewed for cost effectiveness and funded in large part by BPA revenues.

The way the BPA energy efficiency programs work are that each utility is assigned an energy efficiency budget amount for a BPA rate period, which is typically two years. Throughout the term, as a utility completes energy efficiency or conservation projects, they report the energy savings to BPA and get reimbursed for the savings achieved. The payment is from their energy efficiency budget and the reimbursement is sent directly to the utility. There is an opportunity for utilities that are aggressive in implementing conservation to make applications to use portions of other utilities unused energy efficiency budgets. There is also a provision where utilities can join together to pool their energy efficiency budgets. There are also opportunities to make presentations to BPA for funding of energy efficiency measures that are not part of the BPA measures, but meet the cost effectiveness criteria.

The current BPA energy efficiency measures can be found in the Implementation Manual on the BPA website: <https://www.bpa.gov/EE/Policy/IManual/Pages/default.aspx>. The number and complexity of the programs and measures are significant. To a degree, a utility customer of BPA can work with BPA to pick and choose energy efficiency measures that better reflect the needs of its customers. Some Pacific Northwest consumer owned utilities focus their conservation programs on low income elderly, residential, small commercial and governmental sectors as a way of keeping maximizing societal benefits, and jobs in their service territory.

Based on conversations with Snohomish County PUD and Seattle City Light conservation employees, the conservation programs sponsored by PSE, Snohomish County PUD, and Seattle City Light are roughly comparable. As such, it can be concluded that the energy efficiency programs sponsored and promoted by BPA that public utilities adopt are reasonably comparable to those of PSE. PSE as both a natural gas and electricity provider can be more comprehensive with its conservation programs in areas where it also serves natural gas. An example of energy efficiency programs offered by a public power utility, Snohomish County PUD, can be found on the PUD website at <http://www.snopud.com/conservation.ashx?p=1100>.

Historically, BPA programs have focused on weatherization (HVAC, windows, insulation) in the residential sector, lighting in the commercial and municipal sector and variable speed motor programs in the commercial and industrial sectors. BPA residential programs are shifting to LED lighting and energy efficient appliance rebates, as the other efficiency measures have saturated the market. In the commercial section the shift is toward HVAC and web-enabled devices. Future

BPA programs are likely to focus even more on web-enabled devices as a way of providing ancillary services and helping with demand management.

PSE also has a large number of energy efficiency programs. These programs can be found on a series of web pages starting with: <http://pse.com/savingsandenergycenter/Pages/default.aspx>. PSE has historically provided a large number of energy efficiency programs on Bainbridge Island and has attempted to implement demand side management programs to defer the need for an additional substation on the island. In areas where PSE has natural gas service there are some fuel switching programs. PSE energy efficient appliance rebates are similar to those of neighboring public power utilities. PSE also has many LED lighting and HVAC programs as well.

In many respects the City of Bainbridge Island is a leader in many energy efficiency or “green” areas. There are a large number of roof mounted solar panels, a large number of electric vehicles, and a number of Tesla battery power walls being permitted. As such, through local control of the building permit process a City electric utility could provide more focused energy efficiency measures to meet the needs of the City residents and businesses.

For example, even though the Washington State Energy Code is very aggressive, some cities, such as Seattle, have adopted even more aggressive energy codes. The City, could adopt a more stringent energy code than the State. The City could also, if it chose to, aggressively require remodeling permits to bring large parts of a structure or facility up to current energy codes. Likewise, the City could require remodeling permits to include an energy efficiency analysis that identifies cost effective energy efficiency measures that might be warranted. Alternately, the City could encourage through reduced permitting fees with City Council approval, permitting requirements that would encourage more energy efficient buildings

It is difficult to make a 20 year projection of energy efficiency impacts as codes and the market place are making rapid changes. For example, the amount of electricity used by LED lights and the improvement in this technology is dramatically changing the State of Washington Energy Code. What would have been considered an impossibly low energy use per square foot a few years ago is now part of the current building code that the City Planning Department reviews for compliance with building plans and inspects to. Similarly, Energy Star washing, drying and dishwashing appliances of today are far more energy and water efficient than those of just 5 years ago and are projected to be even more efficient in the future. What we can say is that new buildings will use far less energy than historically designed buildings and that retrofitted or remodeled buildings will also use less energy than they use today.

It is noted that one of the reasons indicated to be contributing to lower market power prices being experienced in recent years is lower demand due to energy efficiency programs, new energy efficient lighting, appliances and electrical equipment being used today.

Although lower demand for power can be beneficial in lowering prices for market power, for a utility the impact of energy efficiency programs can cause a different situation. Included among the factors to consider with regard to the promotion of energy efficiency programs by a utility are

the potential reductions in energy sales that will result. Since a portion of the revenue requirements of a public power utility are fixed, the reduction in energy sales associated with energy efficiency programs can put pressure on a utility to reallocate costs to make up the incremental loss in revenue. As such, it would be important to acknowledge that the promotion of energy efficiency programs is a policy of the utility for which the costs are to be shared by all customers.

Renewable Energy

In 2006, Washington state voters approved the Energy Independence Act, also known as Initiative 937. Initiative 937 requires electric utilities with 25,000 or more customers to use “eligible renewable resources” to meet the following annual targets:

- At least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- At least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- At least 15 percent of its load by January 1, 2020, and each year thereafter.

Under Initiative 937, “eligible renewable resources” include wind, solar, geothermal, landfill and sewage gas, wave and tidal power and certain biomass and biodiesel fuels. Electricity produced from an eligible renewable resource must be generated in a facility that started operating after March 31, 1999 and the generating facility must be located in the Pacific Northwest. Initiative 937 allows utilities to use “renewable energy credits” (RECs) to meet the acquisition targets. RECs can be bought and sold in the marketplace.

As a smaller electric utility, the City electric system would not be subject to the requirements of Initiative 937 but could certainly pursue similar goals. Opportunities to jointly participate in wind and solar generating projects exist. Some utilities such as Emerald Peoples’ Utility District in Springfield, Oregon have on their own developed renewable energy projects. In the case of Emerald, the Short Mountain Methane Power Plant uses gas from a local landfill to generate electricity. The plant has been operating since 1992 and produces about 15 million kWh per year.

PSE offers a green power product that is composed of a mix of 71% wind energy, 12% livestock methane, 5% landfill gas, 6% low impact hydro, 5% solar and 1% geothermal. The product is sold to PSE customers who pay a monthly premium on their power bills. For the average home, PSE indicates that \$10 per month is enough to fully supply the electricity requirements of the home with green power. The actual generating facilities may be located some distance from the home, however, the payment for green power is used to support the costs of developing and operating the renewable resources. PSE indicates that 10.2% of electric customers in Bainbridge Island participate in the green power program.

Prior to implementation of the tiered rate methodology, BPA used to provide a product to its utility customers called Environmentally Preferred Power (EPP). At the present time, BPA indicates that a customer can request BPA to purchase RECs on the open market on behalf of the customer.

These RECs can be used to establish a renewable or green energy project that the utility could offer to its retail customers.

Solar generation installed by customers at their homes and businesses is also gaining popularity in many communities. Snohomish County PUD, for example, through a program called Solar Express³¹, offers cash incentives of \$300 per kW for qualifying photovoltaic (PV) solar power generating installations. Through “net-metering”, the customer can offset their own electricity needs with their own generation and to the extent additional power is available at certain times, receive a credit for this surplus generation that is delivered back to the PUD. Federal and state credits and subsidies related to solar installations are subject to change as is the net metering credits the PUD offers.

A problem that some utilities have with net metering is that the cost of providing electric service to a house or business may not be fully recovered from a customer with a net metering installation. If the customer’s generation unit provides a significant portion of the electricity needs of the customer but the customer still relies on the utility for power at certain times, the revenue collected from the customer on an annual basis may not cover the full cost of service to the customer. Electric utility rates to residential customers are not typically designed to recover the cost of service when electricity consumption is minimal much of the time and high only a little of the time. In order to limit the cost impacts on other customers of the utility, this issue would need to be addressed in the design of retail rates.

Comparative Greenhouse Gas Emissions

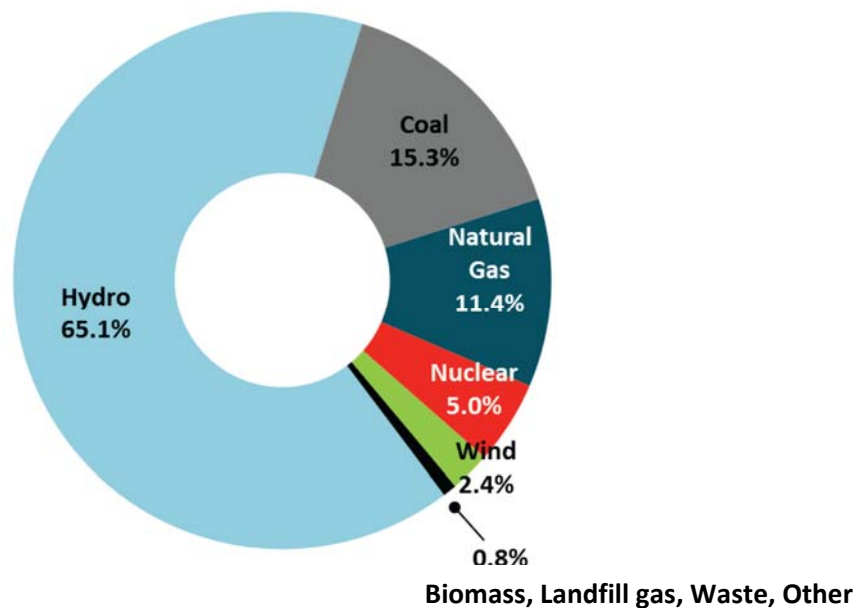
The electricity used in the State of Washington is generated by a variety of power plants located primarily in the Pacific Northwest. Power plants using fossil fuels as the source of input energy emit greenhouse gases (GHG). Four major GHG are regularly inventoried by electric utilities: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and sulfur hexafluoride (SF₆). CO₂ represents the largest component of GHG by volume. Federal regulations require the reporting of GHG emissions from large sources and suppliers in the United States to collect accurate and timely emissions data to inform future policy decisions.

The State of Washington through RCW 19.29A.060 requires that each retail supplier disclose the fuel mix of each electricity product it offers to retail electric customers each calendar year. The reported fuel mix can be used to estimate the amount of GHG emissions attributed to the use of electricity for any utility. The Washington State Department of Commerce Energy Office (the “Energy Office”) obtains fuel mix information from each utility in the state each year. The Washington “fuel mix” is the aggregate of fuel sources associated with the electricity delivered by all electric utilities to end users in the state of Washington, including BPA’s direct electricity sales. It includes all electric power that is used to serve retail customers that is owned, purchased under

³¹ Snohomish County PUD indicates that the Solar Express program will be ending June 30, 2017.

contract, or purchased on the spot market. The following chart shows the aggregate fuel mix for Washington State electric utilities in 2014³².

FIGURE 3
Aggregate Fuel Mix in 2014 for Washington Electric Utilities



Public power utilities in the Pacific Northwest generally purchase the majority of their power supply from BPA. BPA's fuel mix is significantly different from that of PSE. As such, the amount of GHG emitted to specifically supply power to the City would be different if the power were supplied by BPA or by PSE. The following table provides a comparison of the fuel mix of PSE and the City of Ellensburg, a representative full requirements public power customer of BPA with a total load similar to the City, in 2014 as reported by the Energy Office:

³² <http://www.commerce.wa.gov/wp-content/uploads/2016/09/Energy-FMD-2014-final.pdf>

TABLE 12
2014 Fuel Mix for PSE and the City of Ellensburg Electric Utility

	PSE	City of Ellensburg
Biomass	0%	0%
Coal	35%	2%
Cogeneration	4%	0%
Geothermal	0%	0%
Hydroelectric	36%	86%
Landfill Gas	0%	0%
Natural Gas	20%	1%
Nuclear	1%	11%
Other	0%	0%
Petroleum	0%	0%
Solar	0%	0%
Waste	0%	0%
Wind	3%	0%

PSE reports its GHG emissions annually based on federal and state regulatory standards. In PSE’s 2015 Greenhouse Gas Inventory³³, it is reported that for all of PSE’s electric generation and electric purchases, CO₂ emissions were approximately 12 million metric tons. The GHG emission intensity was 1.03 pounds per kWh, slightly up from 0.99 pounds per kWh in 2014. The report indicates that PSE’s overall CO₂ emission intensity, which includes both electricity generated by PSE and purchased by PSE, is lower than the national average due to the large proportion of hydroelectric generation utilized by PSE.

For its preference power customers, BPA does not identify specific resources for specific sales. Rather, the “mix” of BPA’s power resources is used to establish the overall power product. For its fiscal year 2014, BPA indicates that the mix of its resources by generation type³⁴ was as follows:

- Large Hydroelectric 83.3%
- Nuclear 10.4%
- Non-specified purchases 4.4%
- Small hydro, biomass, wind 1.9%

³³ Puget Sound Energy, 2015 Greenhouse Gas Inventory, September 2016. Prepared by Environmental Resources Management, Seattle, WA. https://www.pse.com/aboutpse/Environment/Documents/GHG_Inventory_2015.pdf

³⁴ https://www.bpa.gov/power/BPA_Fuel_Mix/

The nuclear energy shown in BPA's resource mix is from the Columbia Generating Station (CGS), a 1,190 MW nuclear energy facility located about ten miles north of Richland, Washington. The CGS began operation in 1984 and it is the only commercially operating nuclear facility in the Pacific Northwest. Its output is provided to BPA and BPA pays the costs of operating and maintain the facility. CGS emits virtually no GHG or carbon emissions commonly associated with natural gas, coal and other fossil fuel power plants. Refueling and maintenance outages occur every other year and CGS's current operating license expires in December 2043.

The Energy Office provides an estimate of the non-specified purchases identified by BPA to include some energy from coal and natural gas generating plants. The use of these resources is reflected in the fuel mix shown for the City of Ellensburg, above. Based on the fuel mix shown for Ellensburg in 2014 and the average emissions for fuel type in the Energy Office report for 2014, we have estimated the CO₂ emissions intensity attributed to Ellensburg's electricity use to be 0.05 pounds per kWh. No CO₂ emissions are attributed to hydroelectric or nuclear generation.

Assuming a total annual energy requirement of 234,300 MWh for the City, the total CO₂ emissions attributed to the City's electricity use would be approximately 116,000 tons per year based on PSE's average emission intensity in 2014³⁵. Based on the estimated 2014 average emissions intensity for the City of Ellensburg, the total CO₂ emissions attributed to the City of Bainbridge Island's electricity use would be approximately 6,500 tons per year. As such, if the City were served with power from BPA rather than PSE, CO₂ emissions attributed to the City's electricity use would be reduced by about 94%.

The estimated impact on regional carbon emissions as a result of the City load being served by BPA rather than PSE would be difficult to estimate. If it were not serving the City, it is not known what generating resources or purchases PSE would or could reduce. The vast majority of BPA's power is from hydroelectric resources, for which power generation varies each year based on regional precipitation and other factors. It is expected that the majority of power used to serve the City load by BPA would be from hydroelectric resources, however, in some years the amount of power needed to serve the City load would potentially be supplied by other sources of generation. BPA has noted that in 2014, 12% of its total revenues came from sales of power to public and investor-owned utilities in the Southwest and California. If the City were to become a new customer of BPA it could be that BPA's sales outside the Pacific Northwest region might be slightly reduced in some years when hydroelectric generation is lower.

According to PSE's 2015 Greenhouse Gas Inventory, approximately 6.8% of total electricity generated and purchased by PSE in 2015 and 17.1% of PSE's total CO₂ emissions from electric operations were attributed to PSE's share of Colstrip Units 1 and 2. PSE has indicated that it will be closing Colstrip Units 1 and 2 by July 2022. It is not known at this time what energy resources

³⁵ Note that the total emissions attributed to the City load would be less as a result of customer participation in PSE's green power program. PSE indicates that 10.2% of the Bainbridge Island customers participate in this program and assuming that all participants offset their entire power requirement with green power, the estimated GHGs attributed to the City load would be 10.2% lower than shown, i.e. 104,000 tons as compared to 116,000 tons.

will be used by PSE to supplant its 50% ownership share (307 MW) of the closing Colstrip units. It could be expected, however, that a combination of resources, including natural gas generation would be obtained. Natural gas generation produces GHG but to a lesser extent than coal generation. If the City were to establish its electric system, the reduction of PSE's total energy requirement by the City's load would reduce the need for PSE to obtain that increment of power from any GHG emitting resources after Colstrip is closed.

Miscellaneous Issues

Many consumer-owned utilities provide discounts to low income residents and seniors, as does PSE. However, a new municipal utility can start with a "clean slate" and explore options that PSE has for historic reasons not chosen. The disadvantage of this is that there may be some Bainbridge Island customer expectations and reliance of existing rate forms. The advantage is that a different rate form may be better able to meet community needs.

There are many categories of electric utility rate programs for low-income customers. Some of them include the following:

- Flat rate discount or an across the board percentage discount. Similar to the 50% low income senior and low income disabled rate discount provided to the City water and sewer customers
- Payment programs that cover only the variable costs of serving the customer and/or a discount on the fixed costs.
- Percentage of income plans, where the maximum energy bill is set to a percentage of income based on the Federal Poverty Level of household data.
- Waiver of all or a portion of fixed or monthly fees.
- Blocked rate or lowest tier approach. This is where the customer purchases all power at the lowest tier rate even if they exceed the low tier quantity.
- Lifeline rate, based on a minimum quantity of electric power.
- Seasonal discounts, either tied to the winter heating season or in other parts of the country the air conditioning season.
- Special discounts, specifically associated with the electrical consumption of certain life sustaining medical equipment or equipment associated with preventing deterioration of a medical condition.
- Direct vendor payment approach. Customers receive a rate discount when they agree to allow utility bill payment to be taken directly out of a public benefit that customer may receive, such as Aid to Families with Dependent Children or other programs. Similarly, if there were arrangements with a Quest logo organizations, a bank or credit union funds

could be transferred from a Washington DSHS EBT Quest Card. The City already has ACH and bank initiated Bill Payer methods of paying utility bills, so such methods or extensions of them could be incorporated into an electric utility.

There are also federal programs to benefit this class of customers, such as the Low Income Home Energy Assistance Program (LIHEAP), which is focused on helping low income households manage and meet their home heating and/or cooling needs. Such programs are available to both PSE customers and locally controlled municipal utilities. PSE's programs of this type need to accommodate the needs of its service area and are subject to review by the WUTC.

LIHEAP and other similar programs can include one-time crisis oriented financial assistance, weatherization grants to reduce heating or cooling needs, free energy efficiency upgrades to lower utility bills while improving the health and safety of the household's occupants, energy budget counseling, education on energy efficiency practices, etc. Such kinds of programs can include implementation of solar or other renewables in some jurisdictions. There are also State and local programs that can be targeted at this customer class. They range from Department of Commerce grants and Weatherization Assistance Program to local programs offered by Kitsap Community Resources or specific charities.

Most consumer owned electric utilities target federal, BPA, state conservation programs and conservation assistance at their low income elderly customers so as to create socially responsible community programs. BPA has a long history of identifying conservation programs that its utility customers can target to improve the lives of low income elderly customers. Also, the State of Washington, through the Department of Commerce has conservation programs that target low income residents of the state. The City as an electric utility could partner with both to deliver such programs locally.

According to the PSE website, PSE has two programs (beyond LIHEAP and local agency programs) to keep bills low and income-eligible customers warm in the winter:

- HELP or Home Energy Lifeline Program provides qualified customers with bill paying assistance beyond that offered by the federal LIHEAP program.
- The PSE Weatherization Assistance Program (aligned with the Washington State Department of Commerce Weatherization Assistance Program) provides for upgrades to home insulation, sealing air leaks, and lighting and refrigeration replacements.

As a private corporation, PSE can do some things that public agencies cannot do. For example, PSE has provided a grant to help fund a standby diesel generator for a warming station in the event of long term outages at a local church on Bainbridge Island. PSE also, as a larger utility, has the ability to get customer contributions from across its broader service territory and distribute them fairly to those in need. This may or may not change the amount of such aid for those on Bainbridge Island. What can be said about a local municipal utility is that whatever aid can be obtained by

federal, state and local programs would be distributed to Bainbridge Island community members. It is not expected that municipalization will dramatically change the ability of low income or elderly residents to receive energy assistance. Some of the focus and emphasis within such programs may change, though.

Again an important advantage of a City electric utility is local control and this means a focus on local issues and concerns. This is especially true when it comes to Socially Responsible Initiatives. That is, the City will be in better touch with the needs of its residents than almost any other organization and can adjust programs for the unique mix and needs of Island residents. For example, if life sustaining medical equipment is an especially important need within the City, rates and methods of qualifying for such a rate can be implemented similar to those used by the Los Angeles Department of Water & Power (LADWP). While a city utility like LADWP could narrowly focus such a rate to their own particular city, PSE would need to have its rates approved by the WUTC and be fair across a much more geographically diverse area with differing levels of need. Also, what may be appropriate in Bainbridge Island might not fit the customers of Skagit County or western Kittitas County.

Alternately, there can be multi-utility benefits identified by the City and factored into a socially responsible rates or appliance rebates/grants programs. For example, for qualifying customers who purchase electricity, water and wastewater services treated by the City, there could be a recognition that a new energy efficient dishwasher or clothes washing machine will jointly save electric energy and help avoid Tier 2 BPA power, reduce the quantity of potable water that needs to be produced, treated and distributed by the City and further reduce the amount of waste water that needs to be treated and sludge that needs to be disposed of by the City. PSE can acknowledge and compensate for combined benefits where it has combined natural gas and electric utility service. PSE does not provide natural gas service on Bainbridge Island.

Similarly, City governments can more easily in a combined utility way accomplish other kinds of programs not usually implemented if different utilities provide services. An example of this is the City of Anchorage, Alaska. The George M. Sullivan combined cycle power plant owned by Anchorage Municipal Light and Power uses potable City water through an additional heat exchanger to providing cooling for the steam condensers. This was done for a variety of reasons, including enhanced electric utility power generation economics and winter fire protection, and fire hydrant freeze protection. A conservation benefit of this integrated municipal decision was that the potable water to the city residents is slightly warmer than it would be otherwise. This reduces the need for home and commercial water heating by an incremental amount.

While such kinds of integrated multi-utility planning and cooperation can still occur with a privately held company like PSE, it would likely take more negotiations, as the different customer groups might have dramatically different perspectives. That is, a customer in Bainbridge Island and their elected representatives would have a different perspective than say a WUTC commissioner representing Skagit County, King County or Thurston County customers or even a PSE employee representing the owners of PSE. Again, such multi-utility cooperation is not

impossible, it is just more difficult when a different set of stakeholders are involved in the negotiations.

Synergies and Other Benefits

Synergies

One of the concepts almost always debated during municipalization feasibility evaluations is the concept of economies of scale versus the efficiency of small nimble organizations. There is business research on economies of scale of large bureaucracies and if at a certain point they start losing economic efficiency. There is also research on small organizations in a rapidly changing environment. While the electric utility industry has been stable in some sense for a long time, it is also in an era of rapid change and enhanced pressure to provide a broader array of customer initiated programs.

Many city electric utilities are very efficient. For example small municipal utilities like Sumas and Blaine compete on the basis of electric rates very favorably with PSE which serves the areas surrounding these cities. Various synergies are a significant part of the reason for the comparability of rates with a much larger utility.

Local control can reduce the complexity of regulation and the bureaucracy associated with a large organization that is regulated by multiple layers of governing bodies (Security Exchange Commission, Washington Utilities and Transportation Commission, Federal Energy Regulatory Commission, corporate owners, and utility management). By having a City Council or utility board as the primary regulatory body, various reports, studies, and costly legal proceedings are potentially reduced. Considering that WUTC and FERC hearings are often before administrative law judges with specially hired expert witnesses and specialized law firms presenting the case, costs per proceeding can easily reach six figures. Such costs have to be mostly borne by the utility customers, however, the costs are admittedly spread over a broader base. Alternatively, presentations by City staff to a City Council or utility board are traditionally much less costly.

The other side of the coin is that expensive consultants and extra layers of regulatory review can sometimes prevent bad decisions. As such, the expense may be sometimes worth the cost. This is something to consider when municipalizing. However, the history within Washington State, where the majority of electric utility customers are served by consumer or cooperatively owned electric utilities, has shown that the added levels of regulation are not generally required except in the field of bulk power supply (large generation projects, such as hydroelectric facilities) or regional high voltage transmission that affects grid stability and reliability of large numbers of customers.

Another form of synergy often found by municipal utilities is in customer billing and invoicing, where water and/or sewer bills and/or meter reading costs can be combined or shared. While the

City only serves a portion of Bainbridge Island with water and sewer service there is still some potential for savings, although not as great as other cities. These benefits need to be balanced against the larger base of customers that can be used to amortize PSE billing software and programs.

Alternately, national consumer owned electric utility organizations like the American Public Power Association (APPA) have brought together many small electric utilities and created standardized software packages that can also spread the costs over a broader base. A new City electric utility can take advantage of billing and accounting systems used by other established municipal utilities like Centralia, Blaine, Steilacoom, Ellensburg, or Eatonville. We would strongly recommend investigation of such options.

Many small electric utilities the size of the City electric system would also not require full time human resources staff, attorney, public relations, off hour call answering, or certain other administrative functions. With a City electric utility a portion of an FTE (full time equivalent) could be assigned to the electric utility for such positions and save the remainder of the FTE cost for other City functions. The City of Blaine and Sumas municipal utilities shared a conservation person between them for many years. Also, historically a human resources firm was involved in union negotiations for several Washington State PUD's. These kinds of approaches can be used to address areas where economies of scale may be significant.

Alternately, synergies can arise from coordination on public works projects. Some municipal electric utilities of which we are familiar coordinate road paving projects with sewer line, water main, and electric utility projects, especially undergrounding projects. The main cost in electric utility undergrounding projects are the costs associated with trenching and site restoration, especially paving, at the end of the project. This kind of sharing has the benefit of reducing certain shared expenses among all the utilities.

In theory such coordination can occur with a private utility like PSE if it is flexible enough to perform such coordinated efforts. The best way for the City to see if this might be an advantage or disadvantage would be to examine its own interactions with PSE on road widening, pavement restoration and joint planning. Some cities are able to coordinate with PSE and others have had problems, so this represents both a potential advantage and disadvantage of municipalization depending on the level of cooperation and commitment by PSE.

Whenever economies of scale are discussed one area is often focused upon: purchasing of equipment and supplies. While everyone is familiar with bulk purchases and the Costco model of getting large quantities at a discount, most people are also familiar with the of certain military items like hammers and aircraft toilet seats that are manufactured to "milspec" requirements. The point being that while there can be advantages of scale in the purchase of some items in a free market, some large organizations or bureaucracies can induce diseconomies of scale.

When PSE orders power poles, conductor and transformers it can arrange for volume pricing discounts. Some utilities band together to get group pricing and in a competitive environment

discounts for volume pricing may be offset by some of the purchasing related costs and requirements. So there can be a disadvantage to purchasing. However, many cities have addressed this problem through participation in various state contract programs where negotiated bulk prices are achieved.

For example, the City is familiar with the Municipal Research and Services Center (MRSC) which is a nonprofit organization that helps local governments across Washington State better serve their citizens by providing legal and policy guidance on any topic. There are similar electric utility organizations like the American Public Power Association (APPA) and the Northwest Public Power Association (NWPPA) that also provide for the ability to act in concert with other municipal electric utilities to capture economies of scale in regards to training, and certain products such as financial software or engineering software. Hometown Connections, which is a subsidiary of APPA designed to provide competitive advantage to public power systems has discount agreements with many vendors of products used by electric utilities. A final example of group buying power is the Washington State Department of Enterprise Services state negotiated blanket contracts under which cities can purchase.

The concept of economies of scale for purchases is not new. Many individuals have historically come together to form cooperatives to buy in bulk and distribute to their members. These kinds of programs are readily available to a new municipal utility and so the advantages and disadvantages of economies of scale, efficiency or synergies are not one sided, but a mix of advantages and disadvantages.

Other Benefits

Sometimes locally controlled utilities better understand their customers and the needs of their community. An example of this is the City of Sumas. At one point the mayor and city council wanted to encourage more jobs locally. During an electric rate proceeding, they directed their consultant to establish industrial rates that did not change the cost allocations between customer classes, but did change the rate form in a way that would reduce the cost impact of adding a second or third shift of operation at a local industry. While the above is an example of an advantage of locally controlled rates, PSE has become more flexible in its rates in recent history.

For example, the PSE custom program to monitor and work with the City on keeping loads on the island under 58 MW is an example of a PSE program to meet local needs. Similarly, the recent PSE rate agreement with Microsoft to allow that company and other similar companies to seek their own wholesale power supplies is an example of PSE being customer focused. This means that PSE may be able to provide some of the advantages normally associated with local control.

In communities such as the City of Blaine and the Town of Steilacoom, the governing board has established resolutions favoring the undergrounding of new electric utility distribution lines. These long term policies have gradually changed both utilities to mostly underground service, which allows them both to have low storm outage rates and better electric reliability than a similar overhead electric utility. While an advantage of local control, there is no reason that PSE could

not adopt such a policy on its own or in negotiations with some of its franchise granting government agencies if approved by the WUTC.

Another example of recognizing a local problem and implementing different local reliability solutions can be learned from Grays Harbor County PUD, Peninsular Light Company, and Ferry County PUD. At Grays Harbor County PUD, there was a localized, but significant high voltage reliability problem where a subtransmission line with distribution underbuild on the same pole was subject to impacts from trees blowing over during wind storms. This resulted in trees contacting both transmission and distribution lines at the same time and having significant high voltage spikes occur within home wiring that destroyed televisions, computers and various electronics. Part of Grays Harbor County PUD's solution was to offer meter socket, whole house, surge protectors to customers in the affected area at cost. This does not mean that PSE could not offer such a program, but that program would need to be approved by the WUTC and apply to a potentially broader geographic area.

Another similar reliability example was where Peninsula Light Company offered a program of supply auxiliary gas/diesel generators and isolation equipment as a package for customer in remote areas who desired back up power sources. Similarly, Ferry County PUD provided some remote homeowners with non-grid connected solar photovoltaic systems. Again, the idea is that a locally controlled electric utility can identify a community need or the needs of a small set of customers and develop a program to meet those needs. PSE has also done a very good job in identifying broad customer needs. In fact the focused demand side management program that PSE implemented in keeping Bainbridge Island loads to under 58 MW is a good example of PSE being innovative and getting approval to focus on an area the size of Bainbridge Island.

Another synergy is associated with employees living within the City electric system service area and being an important part and source of skills for the community. For example, electrical line workers or engineers often have advanced skills that enrich a community. Each year the NWPPA gives out awards for various forms of community service. Annually there are awards for line crew members or engineers with training in advanced first aid that have saved lives of community members while either on the job or while they were not at work. This does not mean that PSE employees or its contract employees, such as Potelco employees, could not provide similar benefits. The City, however, through its hiring practices can encourage or require employees to live within the City providing the knowledge of its employees to benefit others more regularly in the community.

Another aspect of local control is local accountability. For example, many utility managers and City Council members have had neighbors or friends ask about the causes of extended outages or high electrical rates. This creates "peer pressure" on these leaders to focus their attention on meeting local needs. It also provides for a local education and public relations. For example, a person at a little league game or standing in line at the grocery checkout counter with someone who works at the local electric utility who is known to the person, concerns and issues can be discussed and the reasons why certain things are done the way they are can be learned.

A different perspective on this type of peer pressure is that city council or utility board meetings are regularly scheduled and most have public comment periods. This allows meetings at which customers can attend without spending a lot of travel time to personally express concerns about utility policy or programs, gain an understanding of the issues and ask for change. The ability of the decision makers and the regulators of a privately held electric utility are much more remote and less accessible. That does not mean that there could not be changes in the future of how and where WUTC proceedings are held, but this would require pressure by the public and the regulated utilities to make such changes which currently does not appear to be happening.

Another non-economic aspect of a City electric utility is community support. Many small electric utilities provide parks, trails and other benefits to their community. Seattle City Light has provided a number of small parks associated with abandoned substations and regularly includes public spaces and picnic areas adjacent to new substations. Chelan County PUD, Lewis County PUD, and the City of Blaine all have park facilities that were provided by the electric utility.

The APPA has a list of benefits that are also associated with public power electric utilities. The APPA list is provided as Appendix C. APPA also has a very good primer on forming a new municipal electric utility and the reasons and challenges that are likely to be faced³⁶.

New Public Power Utilities

Many cities and municipal entities nationwide have established new public power utilities in the past. Appendix B attached to this report is a list provided by the American Public Power Association of new consumer-owned electric utilities that have been formed since 1973. The list includes 88 publicly-owned electric utilities that began operations between 1973 and 2015. Many of these new public power utilities were formed from the service areas of investor-owned utilities.

In addition to the new public power utilities that have formed and are operating many other communities have evaluated the potential costs and benefits of providing electric service in their communities. The primary purpose in pursuing a public power utility has been to establish reliable, cost effective electric service and allow for local community-focused input as to how electric service is provided in their communities.

³⁶http://www.publicpower.org/files/PDFs/Summary_of_Public_Power_for_Your_Community.pdf



Fact Sheet

June 2014

BPA and new public utilities

While public utilities are common in the Northwest, the formation of a new publicly owned utility is rare. In fact, by 1949, there were more than 120 such utilities being served by the Bonneville Power Administration and there have been only eight more since. However, increases in electric utility costs have recently prompted grass-roots organizations to begin investigating the possibility of creating new publicly owned utilities.

In theory, these new utilities would acquire inexpensive power from BPA, a nonprofit federal power marketing administration that sells wholesale electricity, and be able to provide their customers with power that is less expensive than is currently available.

As a result, interest in BPA's policy on the creation of new utilities has increased. It is important to understand that BPA is absolutely neutral on whether new public utilities form or where they form.

In 2008, BPA completed a multiyear process to define how and under what conditions BPA will supply power to regional utilities under new long-term contracts that went into effect Oct. 1, 2011. Considering how long it takes to form a new utility, interested parties are well advised to consider BPA's Long-Term Regional Dialogue Policy and what it says about new utilities.



BPA's newest publicly owned utility customer, Jefferson County PUD, began receiving BPA power April 1, 2013.

BPA's Regional Dialogue Policy for serving newly formed public utilities is designed to strike a balance between providing new publics significant access to BPA's lowest-cost power and setting a limit on the costs that would dilute benefits to existing purchasers at BPA's lowest-cost rates.

Since the new policy was adopted, one new publicly-owned utility has formed. Jefferson County PUD, located in the northwest corner of Washington state, began receiving power April 1, 2013. The PUD purchases 46 average megawatts to serve about 18,000 customers.

What constitutes a "new public" utility?

To be eligible to purchase power from BPA on a preference and priority basis, an applicant must meet three fundamental requirements. First, the prospective applicant must meet the statutory definition of the terms "public body" or "cooperative." The Bonneville



Project Act defines “public body” or “public bodies” to mean “States, public power districts, counties, and municipalities, including agencies or subdivisions of any thereof.” It also defines “cooperative” or “cooperatives” to mean “any form of nonprofit-making organization or organization of citizens supplying, or which may be created to supply, members with any kind of goods, commodities, or services, as nearly as possible at cost.”

The second requirement is that a public body or cooperative applicant be in the public business of selling and distributing the federal power to be purchased from BPA. If not currently in business, the Act directs BPA to afford the prospective customer a reasonable time, as determined by the administrator, to allow it to get into the public business of selling and distributing power.

The third requirement is that the prospective new utility be within the BPA service territory — Oregon, Washington, Idaho and western Montana.

Can BPA deny a request for service from a public entity that meets the legal definitions above?

The Northwest Power Act requires that BPA offer a contract for service to a public body or cooperative utility whenever requested for its net requirements load, even if it means BPA must acquire power to serve a new request.

BPA may only deny such a request if the applicant has failed after a “reasonable time” has passed to obtain necessary financing to get itself into the business of selling and distributing electric energy.

Determining a reasonable time period is at the BPA administrator’s discretion.

Why are applicants allowed a “reasonable” period to set up their business?

The parties are to be given reasonable opportunity and time to hold any elections or to take any other necessary action to create a public body or cooperative. Once created, the public body or cooperative is to be afforded reasonable time and opportunity to authorize and issue

bonds, or to arrange other financing necessary to construct or acquire necessary and desirable electric distribution facilities and to become in all other respects a qualified purchaser and distributor of federal power.

How does a customer become eligible to purchase federal power from BPA?

In addition to the standards outlined above, the applicant must meet BPA’s “Standards for Service” as revised in January 2000.

What are BPA’s standards for service?

BPA requires that the applicant:

- be legally formed in accordance with local, state, tribal or federal laws;
- own a distribution system and be ready, willing and able to take power from BPA within a reasonable period of time;
- have a general utility responsibility within the service area;
- have the financial ability to pay BPA for the federal power it purchases;
- have adequate utility operations and structure; and
- be able to purchase power in wholesale amounts.

In addition, the standards for service address matters related to the configuration and operation of electrical facilities, including the need to have an electrical plan of service and the ability to operate electrical facilities in a safe and reliable manner.

How does a new public apply for service under a Regional Dialogue contract?

A new public utility that qualifies for BPA service must request service from BPA through a three-year binding notice before it may buy federal power at BPA’s Tier 1 rate (expected to be its lowest rate). The notice may be made at any point after the new public meets the standards for service. The contract high water mark — the contract right used to determine eligibility to buy

Tier 1 power — for a new public will be set at the customer's net requirement level in the year deliveries begin. There is the potential for a slight reduction or increase so that the new public's load has similar access to lowest-cost rates as that of existing publics.

What led to BPA's approach to new publics in the Regional Dialogue?

BPA has earmarked 250 average megawatts of high water marks for service to the net requirement loads of new public customers in order to make federal power at the Tier 1 rate more widely available while providing planning certainty for the amount of power that BPA may need to acquire to serve load in the future.

One of BPA's rate-setting requirements is to encourage the widest possible diversified use of electric power. BPA believes that excluding new publics from an opportunity to obtain power at the Tier 1 rate would place them in an unfavorable position and would not promote the widest possible use of federal power. However, BPA also wishes to ensure that utilities receive price signals that more directly represent the true incremental costs of load growth. The 250 aMW is intended to strike a reasonable balance in achieving these objectives.

What is a contract high water mark?

BPA is limiting its sale of wholesale power at a Tier 1 rate to the output of the federal system, plus a limited amount of augmentation. Each utility's "contract high water mark," or CHWM, sets the contract right used to determine eligibility for Tier 1 power.

Tier 1 power will be sold consistent with the amount of power available from the federal system with limited augmentation. What "augmentation" is included in Tier 1 rates?

Some features in the Regional Dialogue Policy leave Tier 1 rates and costs somewhat higher than they otherwise would be. These include the proposals for resource removal, up to 250 aMW of power for new publics and

up to 300 aMW of augmentation for existing publics. BPA believes that these limited cost and rate impacts are reasonable in light of the other key interests they would serve.

BPA will most likely have to augment to meet any new public's request, but it isn't a given. There is a chance, albeit small, that there would be enough power in the existing Federal Base System to serve some of the 250 aMW of new public requests.

What happens if total eligible high water mark requests exceed the limit for the rate period?

When the total eligible high water mark requests exceed the 50 aMW limit in a two year rate period, individual HWM amounts of new publics will be prorated down to meet the limit. Amounts not provided to any new public due to the 50 aMW limit will automatically be added to eligible amounts in the next rate period.

How will BPA prevent larger new publics from using up the available Tier 1 allotment?

During the first year of eligibility for a high water mark, all utilities would be eligible for the lesser of their load or 10 average megawatts. To ensure that access to the 250 aMW is spread broadly and not used solely by one large new public utility, utilities larger than 10 aMW would have their HWM amounts over 10 aMW phased in two-year increments if there is more than one new public formed and their requests exceed the 50 aMW yearly cap. The phasing-in would be 33.3 percent for the next 24 aMW of HWM and 20 percent for any remaining HWM amount after that. It is worth noting that Jefferson County PUD has a 46-megawatt high water mark, leaving a little over 200 aMW for service to the net requirement loads of new public customers at Tier 1 rates.

What are the exceptions to the 50 aMW rate-period limit?

Small Utility Exception. Because this type of pro rata reduction could inordinately impact a small customer, BPA proposes that the first five new publics smaller than 10 aMW that would otherwise be affected by the

50 aMW limit will receive their full HWM without reduction. Since this will only happen when rate-period limits are exceeded and is limited to five customers, BPA believes this accommodation for small publics still meets the region's interests while taking care of the special needs of these customers.

Tribal Utility Exception. BPA has earmarked 40 aMW for additions of contract high water marks for the load growth and annexed loads of tribal utilities. These additions will potentially add to the 50 aMW limit for the rate period.

What happens if a new public is formed from an existing public?

New public customers that form out of an existing public utility will receive a percentage of the existing public utility's CHWM equal to their proportion of the existing utility's total retail load. If the utilities involved agree on the CHWM split, we will use their numbers. If not, BPA will take into account information received from the involved utilities about the characteristics of the load when we determine the high water mark.

What happens if a new public is formed from an investor-owned utility?

New publics that form out of an existing IOU will be eligible for CHWMs within the new publics limits discussed above.

Are tribes eligible to form new public utilities?

A federally recognized tribe that forms a cooperative utility pursuant to its tribal constitution and laws would be eligible for preference status. However, a tribe could not create a cooperative inconsistent with state law for service to nontribal members or outside the tribe's jurisdiction.

What happens if a new large single load is embedded in a request for service by a newly formed public utility?

BPA's New Large Single Load (NLSL) Policy applies to consumer load within a new public's proposed service territory or expansion. Such load will be treated like any new large single load if it is 10 aMW or more at the time the new public is formed, regardless of when the load started taking service from the existing supplier.

How are new publics treated with regard to the Residential Exchange Program?

A new public customer that chooses to sign a contract with a CHWM would have the same access to the Residential Exchange Program as an existing public customer that signs a CHWM contract.

What does BPA expect in terms of new publics forming?

BPA believes new public customers, in addition to Jefferson County PUD, are likely to form and request service during the term of the Regional Dialogue contracts, which extend into 2028. However, such formations are not likely to involve large amounts of load. Over the past 25 years, a little over 300 average megawatts of new publics have formed and taken PF service. For the 20-year term of the Regional Dialogue contracts, BPA will earmark 250 aMW that, adjusted for the five-year time difference and the potential for additional amounts for small utilities, provides an amount of power for new publics that is approximately equivalent to this recent history.

Appendix B

Publicly Owned Electric Utilities Established 1973-2011

85 new public power utilities began operating, 41 of the new systems were formed in service areas of investor-owned utilities; the others were formerly served by non-utility businesses, federal agencies or local publicly owned utilities. This list does not include communities that were previously served by investor-owned utilities or rural electric cooperatives and instead joined existing public power systems.

New Utility Formed	State	Year Est.	Previous Supplier
City of Atka (42 customers)	ALASKA	2008	Andreanof Electric Corporation*
Island Power, Pittsburg, Calif. (400 customers)	CALIFORNIA	2006	Former military base
Winter Park (13,750 customers)	FLORIDA	2005	Progress Energy*
Berea (4,700 customers)	KENTUCKY	2005	Berea College Electric Utility
Moreno Valley Utilities (4,300 customers)	CALIFORNIA	2004	SCE*
Huron (2 customers)	OHIO	2004	Ohio Edison*
Elk City (8 customers)	OKLAHOMA	2004	AEP*
Electric City Power, Great Falls, Montana (large governmental and industrial customers)	MONTANA	2004	NorthWestern Energy
City of Williams (1,721 customers)	ARIZONA	2003	Arizona Public Service*
McAllister Ranch Irrigation District ¹	CALIFORNIA	2003	PG&E*
Rancho Cucamonga Municipal Utility ¹ (400 customers/commercial and industrial)	CALIFORNIA	2004	SCE*
Industry, California ¹ (23 customers)	CALIFORNIA	2003	SCE*
Port of Stockton Electric ¹ (3,208 customers)	CALIFORNIA	2003	PG&E*
City of Victorville ¹	CALIFORNIA	2003	SCE*
Hercules Municipal Utility ¹ (825 customers)	CALIFORNIA	2002	PG&E*
Corona Municipal Electric Utility ¹ (1,700 customers)	CALIFORNIA	2001	SCE*

¹ A "greenfield growth area" project, serving new industrial and/or residential development.

New Utility Formed	State	Year Est.	Previous Supplier
Hermiston (5,123 customers)	OREGON	2001	PacifiCorp*
Long Island Power Authority (1,090,538 customers)	NEW YORK	1998	Long Island Lighting Company*
Town of Eagle Mountain (382 customers)	UTAH	1998	New Community
Ak-Chin Electric Utility Authority (378 customers)	ARIZONA	1997	Arizona Public Service*
Hohokam Irrigation & Drainage District (498 customers)	ARIZONA	1997	Arizona Public Service*
Village of Obetz (14 customers)	OHIO	1997	American Electric Power Co.*
Merced Irrigation District ² (3,157 customers)	CALIFORNIA	1996	Pacific Gas & Electric*
Mohegan Tribal Utility Authority (54 customers)	CONNECTICUT	1996	New Entity
MassDevelopment Devens Utility (100 commercial customers)	MASSACHUSETTS	1996	Former Military Base
Tarentum Borough (2,651 customers)	PENNSYLVANIA	1996	West Penn Power*
Bozrah Light & Power (2,587 customers)	CONNECTICUT	1995	Bozrah Light & Power (private company)*
City of Broken Bow (5 customers)	OKLAHOMA	1995	Public Service Company of Oklahoma*
Asotin County Public Utility District No. 1 (3 customers)	WASHINGTON	1994	Clearwater Power Company*
Byng (53 customers)	OKLAHOMA	1990	Oklahoma Gas & Electric*
Clyde Light & Power (2,872 customers)	OHIO	1989	Toledo Edison*
City of Santa Clara (1,707 customers)	UTAH	1989	Utah Power & Light*
Hayfork Valley Public Utility District (724 customers) (Merged with Trinity County PUD in 1993)	CALIFORNIA	1988	Pacific Gas & Electric*
Lassen Municipal Utility District (12,059 customers)	CALIFORNIA	1988	CP National*
City of Scribner (589) customers	NEBRASKA	1988	Nebraska Public Power District

² Merced Irrigation District, Calif., began distribution utility in 1996.

New Utility Formed	State	Year Est.	Previous Supplier
City of Riverdale (206 customers)	NORTH DAKOTA	1988	Corps of Engineers
City of San Saba Electric Utility (2,196 customers)	TEXAS	1988	Lower Colorado River Authority
City of Washington (5,750 customers)	UTAH	1988	Utah Power & Light*
Electrical District #8 of Maricopa County (456 customers)	ARIZONA	1987	Arizona Public Service*
Town of Fredonia (731 customers)	ARIZONA	1987	CP National*
Reedy Creek Improvement District (1,213 customers)	FLORIDA	1987	New Entity
Troy Power & Light (923 customers)	MONTANA	1987	Montana Light & Power*
Kerrville Public Utility Board (20,157 customers)	TEXAS	1987	Lower Colorado River Authority
Kanab City Corporation (1,378 customers) (Sold to Garkane Energy Cooperative in 2004)	UTAH	1987	Utah Power & Light*
Town of Pickstown (63 customers)	SOUTH DAKOTA	1986	Corps of Engineers
City of San Marcos Electric Utility District (20,320 customers)	TEXAS	1986	Lower Colorado River Authority
Strawberry Electric Service District (2,972 customers)	UTAH	1986	Strawberry Waters Users
City of Galena (335 customers)	ALASKA	1985	M & D Enterprises
Page Electric Utility (3,780 customers)	ARIZONA	1985	Arizona Public Service*
Ipnatchiaq Electric Co. (67 customers)	ALASKA	1984	Supplier Unknown
Larsen Bay Utility Co. (86 customers)	ALASKA	1984	Individual Generators
Aguila Irrigation District (39 customers)	ARIZONA	1984	Supplier Unknown
Columbia River People's Utility District (St. Helens, Oregon) (17,347 customers)	OREGON	1984	Pacific Power & Light*
Kwig Power Co. (111 customers)	ALASKA	1983	Supplier Unknown

New Utility Formed	State	Year Est.	Previous Supplier
St. Paul Municipal Electric Utility (231 customers)	ALASKA	1983	Federal Government
City of Thorne Bay Utilities (261 customers) (Sold to Alaska Power & Telephone* in 2001)	ALASKA	1983	Federal Government
Needles Department of Public Utilities (2,092 customers)	CALIFORNIA	1983	CP National*
Tuolumne County Public Power Agency (30 customers)	CALIFORNIA	1983	Pacific Gas & Electric*
Emerald People's Utility District (Eugene, Oregon) (18,104 customers)	OREGON	1983	Pacific Power & Light*
Akutan Electric Utility (65 customers)	ALASKA	1982	Supplier Unknown
City of Kotlik Utility (176 customers)	ALASKA	1982	Supplier Unknown
City of White Mountain (101 customers)	ALASKA	1982	Supplier Unknown
Trinity County Public Utility District (6,797 customers)	CALIFORNIA	1982	CP National*
City of Chignik (87 customers)	ALASKA	1981	Sea Alaska
Massena Electric Department (9,406 customers)	NEW YORK	1981	Niagara Mohawk*
Markham Hydro Distribution, Inc. (62,126 customers)	ONTARIO	1979	Supplier Unknown
Tatitlek Electric Authority (55 customers)	ALASKA	1978	Supplier Unknown
White, City of (254 customers)	SOUTH DAKOTA	1978	Supplier Unknown
Tlingit Haida Regional Electric Authority (1,268 customers)	ALASKA	1977	Supplier Unknown
Tonopah Irrigation District (31 customers)	ARIZONA	1977	Supplier Unknown
Sherrill, City of (1,884 customers)	NEW YORK	1977	Supplier Unknown
Manokotak, City of (136 customers)	ALASKA	1976	Supplier Unknown
Ellaville, City of (958 customers)	GEORGIA	1976	Supplier Unknown
Anthon, City of (374 customers)	IOWA	1976	Supplier Unknown
Kiowa, City of (753 customers)	KANSAS	1976	Supplier Unknown

Matinicus Plantation Electric Co. (120 customers)	MAINE	1976	Supplier Unknown
North Slope Borough Dept. of Municipal Services (1,180 customers)	ALASKA	1975	Supplier Unknown
De Witt, Village of (313 customers)	NEBRASKA	1975	Supplier Unknown
Hurricane Power Committee (5,229 customers)	UTAH	1975	Supplier Unknown
Tohono O'odam Utility Authority (3,746 customers)	ARIZONA	1974	Supplier Unknown
Lyons, Town of (1,095 customers)	COLORADO	1974	Supplier Unknown
Aurelia, City of (555 customers)	IOWA	1974	Supplier Unknown
Stanton, City of (228 customers)	NORTH DAKOTA	1974	Supplier Unknown
Kirbyville Light & Power Co. (1,318 customers)	TEXAS	1974	Supplier Unknown
Hobgood, Town of (324 customers)	NORTH CAROLINA	1973	Supplier Unknown

* Represents an investor-owned utility

Source: *American Public Power Association (2012)*

“Customers” refers to the number of customer-meters served. The population served would be some multiple of this number.

Publicly Owned Electric Utilities Established 2005-2015

During this period 8 new public power utilities began operating (6 were formed from the service areas of investor-owned utilities). This list does not include communities that were previously served by investor-owned utilities or rural electric cooperatives and instead joined existing public power systems.

New Utility Formed	State	Year Est.	Previous Supplier
Jefferson County, Wash. (18,000 customers)	WASHINGTON	2013	Puget Sound Energy*
Toledo Public Power (1 customer)	OHIO	2012	First Energy*
City of Egegik (77 customers)	ALASKA	2011	Egegik Light & Power Company*
City of Atka (42 customers)	ALASKA	2008	Andreanof Electric Corporation*
Island, Power, Pittsburg, Calif. (400 customers)	CALIFORNIA	2006	Former Military Base
Winter Park (13,750 customers)	FLORIDA	2005	Progress Energy*
Berea (4,700 customers)	KENTUCKY	2005	Berea College Electric Utility
Cerritos (60 customers)	CALIFORNIA	2005	SCE*

“Customers” refers to the number of customer-meters served. The population served would be some multiple of this number.
Source: American Public Power Association (2016)

*Represents an investor-owned utility

American Public Power Association



APPA

Public Power: Shining a Light on Public Service



More than 2,000 cities and towns in the United States light up their homes, businesses and streets with “public power”—electricity that comes from a community-owned and -operated utility. Each public power utility is different, reflecting its hometown characteristics and values, but all have a common purpose: providing reliable and safe not-for-profit electricity at a reasonable price while protecting the environment. While the vast majority are owned by cities and towns, a number of counties, public utility districts, and even a handful of states have public power utilities. Most—especially the smaller ones—are governed by a city council, while others are overseen by an independently elected or appointed board.

Public Power is Hometown Power

Lower Costs Boost Local Economies

Unlike private power companies, public power utilities are public service institutions and do not serve stockholders. Instead, their mission is to serve their customers. They measure success by how much money stays within the community through low rates and contributions to the city budget, not how much goes out to stockholders across the country and around the world.

On a national basis, private power residential customers pay average electricity rates that are about 14 percent more than those paid by public power customers. On average, public power utilities return to state and local governments in-lieu-of-tax payments and other contributions that are 33 percent greater than state and local taxes paid by private power companies. Public power utilities lower costs through their partnerships with other local government departments and other organizations. There are more than 70 joint action agencies that operate within states or regions to offer local utilities power supply or other services.

APPA's national subsidiary, Hometown Connections, provides a portfolio of lower-cost products and services.



47
million

Number
of people
served by
public
power

Community citizens have a direct and powerful voice in utility decisions and policies, both at the ballot box and in open meetings where business is conducted.

3
million

Number
of business
customers served
by public power
nationwide

Public Power is Customer-Focused

For more than 130 years, public power has been a tradition that works across the nation on behalf of its communities and customers. Today, it is a thriving segment of the electric utility industry, enhancing overall economic development, often with additional infrastructure responsibilities for broadband services. Public power has a strong environmental-protection track record, solid credentials with bond ratings agencies, and a reputation for reliable, customer-focused service. Public power also continues to be an appealing institution for many cities and towns currently served by private power companies and interested in the opportunity to obtain lower rates and local control over an essential service. Growing failures of wholesale electricity markets—especially those run by regional transmission organizations—and the impacts of these failures on wholesale and retail customers are priority issues for public power. Climate change, environmental protection, and energy efficiency; maintaining and enhancing reliability; developing new generation and other power supply options; and financing infrastructure are all high on public power's agenda.

Public Power Has a Voice in Washington

Public power utilities work collectively through the American Public Power Association to ensure policies that put customers first and ensure a stable supply of electricity while protecting the environment. Since two-thirds of public power utilities do not generate their own electricity, and instead buy it on the wholesale market for distribution to their customers, securing competitively priced and reliable wholesale power is a priority.



Electric Industry Ownership and Consumers

Number and type of provider	% of customers served
2,006 public power systems	15%
193 investor-owned electric utilities	68%
873 rural electric cooperatives	13%
181 power marketers	4%

The American Public Power

Association is the service organization for the nation's more than 2,000 community- and state-owned electric utilities. It represents public power's interests in Washington, D.C., and provides an array of services to help its members with managerial and operational issues.



More Facts About Public Power:

49

Number of
states with public
power systems
(all but Hawaii)

2,006

Number of public
power systems
in the U.S.

1880

Year first public
power systems
were created

2021

Year by which
half of all
public power
systems will
celebrate a
centennial

1,400

Number of
public power
systems serving
communities with
populations of
10,000 or fewer

1.4
million

Number of
customers served
by the largest
municipally owned
public power
utility, the Los
Angeles Department
of Water & Power

REVISED~~PRELIMINARY~~ DRAFT REPORT

City of Bainbridge Island
Electric Utility Municipalization
Feasibility Study

May 19~~January 23~~, 2017

Prepared for

City of Bainbridge Island
Bainbridge Island, Washington

by



In association with Gordon Thomas Honeywell LLP

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City of Bainbridge Island

Electric Utility Municipalization Feasibility Study

Contents

Executive Summary	1
Section 1 – Introduction	78
Introduction.....	78
Background	87
Study Methodology	109
Section 2 – Electric Utility Options and Other Significant Issues	110
Consumer-Owned Electric Utility Options.....	110
Municipal Electric Utility	110
Public Utility District	123
Electric Cooperative	134
Comparison of Consumer-Owned Utility Options.....	156
Alternative Municipal Governing and Advisory Concepts.....	157
Acquiring Electric Facilities.....	189
Examples of Recent Utility Acquisitions in the Pacific Northwest.....	2019
Power Supply Overview.....	201
BPA Power Supply Contract Issues	201
BPA's Resource Mix	22
Other Power Supply Options	235
Transmission Requirements	245
Operational Reliability	246
Section 3 – Estimated Cost of Electric Facilities.....	3327
Electric System Facilities on Bainbridge Island	3327
Proposed Facilities to be Acquired.....	3529
Estimated Cost of Electric Facilities	360
Stranded Costs	392
Separation Costs.....	392
Section 4 – Estimated Initial Financing Requirements.....	4133
Financing Options and Conditions	4133
Requirements for a New Utility to Issue Long-term Revenue Bonds	4234
Typical Bond Covenants	4234
Other Financing Options	4436
Estimated Initial Financing Requirements.....	4436

Section 5 – Estimated Number of Customers and Load Forecast.....	483 9
Section 6 – Projected Costs of Operation and Revenue Requirements.....	541
Annual Revenue Requirement.....	541
Power Supply Costs	542
Estimated Cost of BPA Power and Transmission.....	542
Annual Operating Costs other than Power and Transmission.....	544 3
Projected Revenue Requirements.....	564 5
Section 7 – Estimated Net Benefits and Comparison of Rates	604 8
Comparative Electric Rates.....	655 2
Section 8 – Other Factors.....	685 5
High Speed Broadband	685 5
Energy Efficiency Opportunities <u>and Renewable Energy</u>	695 5
<u>Renewable Energy</u>	71
<u>Comparative Greenhouse Gas Emissions</u>	72
<u>Miscellaneous Issues</u> <u>Socially Responsible Initiatives</u>	765 8
Synergies and Other Non-Economic Benefits	796 0
Synergies.....	796 0
Other Non-Economic Benefits	861
New Public Power Utilities	863

Appendix A – Fact Sheet- BPA and New Public Utilities
Appendix B – List of New Consumer-Owned Electric Utilities formed since 1973
Appendix C – APPA Flyer

City of Bainbridge Island Electric Utility Municipalization Feasibility Study

Executive Summary

Introduction

The City of Bainbridge Island, Washington (City) retained D. Hittle & Associates, Inc. (DHA) in 2016 to conduct an electric utility municipalization feasibility study. The study is intended to provide a review of the technical and economic issues related to the establishment of an electric utility owned and operated by the City or another public entity. Electric service is presently provided to the residents and businesses on Bainbridge Island by Puget Sound Electric (PSE), a privately-owned electric utility headquartered in Bellevue, Washington. This report summarizes the results and findings of the feasibility study. The law firm of Gordon Thomas Honeywell assisted DHA in the preparation of certain portions of this report.

In general, the concept of establishing a municipal electric utility would involve acquisition of the existing distribution and transmission system in the City, contracting for a supply of electric power and establishing the capability to operate and maintain the electric system. Although most electric utilities retain their own staff to operate their respective systems many operation and maintenance functions can be performed by contractors if desired.

Consumer-Owned Electric Utility Options

Consumer-owned electric utilities, often referred to as public power utilities, are common in the Pacific Northwest and across the United States. They provide all functions of electric service and are directed by board members, commissioners or city council members generally elected from within the service area of the utility. As such, local control is a significant element of public power utilities.

Public power utilities provide electric service at cost and are not-for profit, and ~~with the exception of cooperatives~~ do not pay federal income taxes. They generally have access to loans at tax-exempt interest rates or to loans provided by the federal government at low interest rates. Public power utilities also have preference over private utilities in purchasing power generated at federal hydroelectric resources. In the Pacific Northwest, this is a significant benefit in that most public power utilities, other than those with significant generating resources of their own, purchase all, or nearly all, of their power supply requirement from the Bonneville Power Administration (BPA), a federal power marketing agency. BPA's wholesale price of power is relatively low compared to the cost of power from new generating resources.

The three primary forms of consumer-owned electric utilities are municipal utilities, cooperative utilities and public utility districts (PUDs). Each of these utility types have certain benefits and

drawbacks. For the purpose of this analysis, the municipal electric utility option has primarily been evaluated.

Electric Facilities on Bainbridge Island

The electric facilities located within the City include transmission lines, substations, overhead and underground distribution lines, poles, transformers, vaults, service drops, meters, streetlights, right-of-ways and ancillary distribution system facilities. There are three substations on the island that transform power from transmission voltage to the primary distribution voltage. PSE's transmission system on Bainbridge Island consists of approximately 14 miles of 115-kilovolt (kV) overhead transmission lines that connect to PSE's transmission system on the Kitsap Peninsula side of Agate Pass.

PSE indicates that there are 307 miles of distribution lines on Bainbridge Island of which 165 miles are underground. The overhead and underground lines are a mixture of three, two and single phase. In addition, 22 miles of overhead distribution lines use insulated tree wire. Overhead distribution and transmission lines are generally built with typical wood-pole construction and in some areas the distribution lines are underbuilt on transmission poles.

There are several options that the City could take in defining the electric facilities that would be acquired to establish a new electric utility system. It is expected that the substations, distribution lines, transformers, services and meters would be needed for the City to own the distribution system as required by BPA. All of the transmission lines, however, would not necessarily need to be acquired. Instead, PSE could continue to own some or all of the transmission lines on the island and BPA would make arrangements with PSE to deliver power over the lines to the City's substations.

For the purpose of this analysis, we have assumed that PSE would continue to own the transmission lines north of the Port Madison substation. A metering system would be installed at the Port Madison substation and this is where the new utility would take delivery of power from BPA. From this point the new electric utility would own the substations, the radial transmission lines between the substations, all overhead and underground distribution lines, distribution transformers, customer services, and meters.

Estimated Cost of Acquiring Facilities

An appraisal of the value of electric facilities to be acquired by the City for its electric system has not been conducted. Such an appraisal would rely upon a detailed description of the facilities to be acquired and will potentially be needed if the City proceeds towards acquisition of the PSE system on Bainbridge Island.

For the purpose of this analysis, the cost the City would pay for the acquired facilities is estimated to be between the original cost less depreciation (OCLD) value and the reproduction cost new less depreciation (RCNLD) value of the electric facilities, based on our knowledge of other utility

acquisitions. OCLD is defined as the original cost of the property when it was first put into service as a public utility, less accrued depreciation. The OCLD value is an estimate of the net book value of property. The actual purchase price will be either negotiated or established in a court proceeding but should reasonably be expected to be in the range between the OCLD and RCNLD values. We have estimated the RCNLD value of the facilities proposed to be acquired at \$~~52.148.7~~ million. The OCLD value is estimated to be \$~~24.02.7~~ million. These costs are for the system as it currently exists. Any additions or improvements made to the system by PSE or required by City policy before acquisition would need to be factored into the acquisition cost.

Estimated Number of Customers and Load Forecast

The number of customers in the City's service territory has been estimated to serve as the basis for estimating energy sales and overall power requirements of the municipal electric system. PSE has indicated that approximately 12,300 electric customers are presently served on Bainbridge Island and that the total number of electric customers served has increased about 0.7% on average per year between 2010 and 2016.

The total annual energy requirement of the City electric system is estimated to be ~~220,606,000~~ MWh, or ~~26.93.5~~ average MW, at present levels. ~~¶~~The peak demand is estimated to be ~~6739~~ MW. —based on the assumed relationship between average and peak demand considered to be representative of an electric utility with higher levels of electric space heat. The peak demand will potentially vary significantly from year to year based on weather conditions and customer usage characteristics.

Financing Options and Estimated Cost of Financing

Municipally-owned electric utilities and PUD's generally use tax-exempt revenue bonds and loans to fund the capital costs associated with their systems. Federal tax laws generally prohibit the use of tax-exempt loans for the funding of municipal acquisition of electric systems owned by investor-owned or privately owned utilities. Alternatively, low interest rate financing may be available through the federal Rural Utility Service (RUS).

For the purpose of the base case of this analysis, it is assumed that the acquisition cost of the new utility will be financed with revenue bonds. The estimated initial financing requirement is based on the assumption that the cost to acquire the electric facilities from PSE is two times the estimated OCLD value of the facilities. Other costs we have included in the initial financing requirement are the costs of installing equipment to meter wholesale power purchases at the substations, purchase necessary vehicles and equipment, purchase materials and supplies, pay the costs of additional warehouse and maintenance facilities that the City may need and pay initial legal, engineering and consulting fees.

In addition to the initial costs, the fees associated with issuing revenue bonds and the establishment of a debt service reserve fund are included. For the base case of this analysis assuming initial

acquisition at ~~two~~ times the OCLD value, the initial financing requirement is estimated to be \$~~62.457.7~~ million.

Estimated Cost of Operations

Publicly-owned electric utilities generally establish rates to recover revenues through the sale of power sufficient to pay all operating expenses, taxes, and debt service as well as provide a margin from which to fund renewals, replacements and additions to the system. The total of all these cost obligations on an annual basis are referred to as the annual revenue requirement. Operating expenses of the electric system will include purchased power, purchased transmission services, transmission and distribution system operations and maintenance (O&M), customer accounting, and administrative and general expenses. It is expected that the City will initially either contract for O&M services and/or hire its own staff to perform some or all of these functions.

The most significant annual operating expense that the City's electric system will incur is the cost of wholesale power. Upon fulfillment of certain criteria primarily related to establishing ownership of its distribution system, the new utility will be entitled to purchase power from BPA as a preference customer. The City electric system can reasonably expect to purchase a significant portion, if not all, of its power supply from BPA at the priority firm power rate, also referred to as the Tier 1 power rate.

The annual revenue requirements have been projected for the first ~~twenty~~ years of City electric system operation. Electric system operation is assumed to begin in 202~~10~~. Annual costs include the costs of power and transmission, transmission and distribution O&M, customer accounting, administrative and general expenses, taxes, debt service and an amount for renewals, replacements and additions to the system. Debt service is estimated to be a significant cost component of the overall revenue requirement.

For the base case, the first year annual revenue requirement is estimated to be 11.~~83~~ cents per kWh. This is the average unit revenue needed to pay all costs of the system. Average revenue requirements are not specific rates. Rates will need to be adopted by the governing board of the City electric system. Rates would need to be established that would reflect the actual cost to serve certain customer classifications (i.e. residential, small commercial, large commercial).

Estimated Net Benefits

The estimated annual revenue requirements for the City electric system have been compared to the estimated charges for electric service from PSE ~~to allow for an evaluation of~~ the net benefits that electric consumers on Bainbridge Island would realize with the City electric system. With a public power utility the benefits are ~~very~~ long-term in that they are realized far into the future. For a new utility with a fairly high initial investment, the full level of benefits may not be realized until the initial loans are repaid, ~~paid down or refinanced.~~ The long term benefits are potentially many years in the future and as a result, are valued less today. Although an estimation of net benefits in

the first ~~twenty~~ years of new utility operation are presented in this analysis it is important to acknowledge that benefits would typically be greater in the future.

The estimation of revenue requirements for the new City electric system have been developed based on the assumptions and variables defined in this report. We are unaware of any detailed projections of future PSE electric rates so for the purpose of this analysis, an estimate of PSE's charges for electric service has been made b-based on a review of historical changes in PSE rates.

The estimated cost of electric service with the City electric system is estimated to be slightly lower than the cost of service from PSE. In the assumed first year of operation, 202~~10~~, it is estimated that the average cost of electric service from the City system would be about 0.~~073~~ cents per kWh or ~~0.62-7%~~ less than would be charged by PSE in that year. By 203~~029~~, the annual savings are estimated to be about 1.47-0%.

Over the first ten years of operation, electric consumers in the City are estimated to pay in total approximately ~~\$358,000~~13.1 million less per year on average~~in total~~ for electric service with the City system than they would with continued service from PSE. Over the second ten years of operation (years 11-20), the average annual reduction in total electricity payments is estimated to be \$1,021,000. Over the first twenty years of operation of the City electric system, the average annual savings in payments for electricity is estimated to be 1.8% less when compared to the estimated costs of service from PSE.

Alternative assumptions to the analysis would result in different results. Key variables include the estimated cost of acquisition, the estimated cost of financing, and assumed increases in the number of electric customers served and load growth on Bainbridge Island. The net benefits of City service using alternative assumptions have been estimated and indicate that the purchase price and the cost of financing are significant variables. As an example of the results of one of the alternative cases evaluated, if the initial acquisition price of the facilities was 1.35 times OCLD and low-cost financing was obtained through the federal RUS, the first year average revenue requirement of the City electric system is estimated to be 1.00-8 cents per kWh and the net savings in the cost of electricity over the first ten years of operation are estimated to average \$2,126,000 per year, be \$23.0 million.

It is important to note that if so desired, a public power utility can set its rates to recover additional revenue to fund investments in expanded energy efficiency programs, development of alternative generating resources and improvements to the electric system, among other things.

Other Factors

An important advantage of a City electric utility is local control. This is especially true when it comes to socially responsible initiatives. That is, the City will be in better touch with the needs of its residents than almost any other organization and can adjust programs for the unique mix and needs of Bainbridge Island residents and businesses. ~~Many consumer-owned utilities provide discounts to low income residents and seniors.~~

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A number of opportunities related to a municipal electric utility exist such as the potential to develop and finance a City-owned high-speed broadband network to serve residents and businesses. There are also many opportunities for promoting and assisting in the expansion of energy efficiency programs in the community. A variety of non-economic benefits and synergies are presented in this report.

Reliability of electric service is a critical issue for electric consumers in the City. Tree-trimming and vegetation management are significant issues and will continue to be important activities for either PSE or a City electric system in the future. Undergrounding of certain overhead distribution lines can also be used to improve reliability of service. PSE has indicated that it is planning to install additional tree wire and place sections of overhead line underground in certain locations on Bainbridge Island to improve reliability.

PSE offers a green power program and several energy efficiency programs. Residents and businesses in the City have taken advantage of these programs and it will be important for the City electric system to continue with such measures. The City electric system can enhance programs of this type and structure them to the best interests of the community. Public power utilities throughout the Pacific Northwest offer energy efficiency programs funded partly by BPA and partly through their own revenues. The City electric system can pursue development of renewable energy projects either on its own or jointly with other utilities. As such, the type of renewable energy projects developed can be more focused on the needs of the community and the location of renewable resources can potentially be established to be close to the City.

The greenhouse gas (GHG) emissions intensity attributed to full requirements customers of BPA are significantly less than the GHG emissions intensity attributed to PSE. This is due to BPA's fuel mix being about 85% hydroelectric. A significant portion of PSE's GHG emissions are produced by the Colstrip coal-fired power plant in Montana. PSE plans to close Colstrip Units 1 and 2 by 2022. It is not known what resources will be obtained by PSE to replace the output of the Colstrip plant, but some of the replacement generation may be from natural gas-fired power plants. Serving the City load with BPA power would reduce the amount of additional power generation PSE would need to acquire to replace Colstrip output.

Some of the risks associated with pursuing a City electric system would initially include uncertainty with regard to facility acquisition costs and potential increases in interest rates before long-term financing is obtained. Once in operation, the new utility would need to establish electric rates that would produce revenues sufficient to pay the costs of operation. All electric utilities are subject to changing conditions in regulations, power costs, labor costs and the costs of materials and equipment that can put upward pressure on rates over time. Changing demographic and economic conditions as well as customer demands for power can affect the revenues of an electric utility as well, both positively and negatively. Also, the risks associated with natural disasters could have more of an impact on a local City electric system. The City electric system would need to acknowledge all of these factors, among others, in its ongoing governance of its electric system.

Next Steps

The primary actions to be taken at this time include reviewing and revising the feasibility report, and determining if further action towards establishment of a consumer owned utility is desired. Public discussion and input to the decision should be encouraged. The type of consumer-owned utility will need to be defined as well. Discussions with the City's legal and financial advisors should also be conducted.

If a decision is made to pursue establishment of a utility it will be necessary to prepare for a public referendum. For a PUD a vote must be taken in an even numbered year. For a municipal utility the vote can be in any year. It may be necessary to prepare additional analytical materials and information for voters. Informational meetings in the community should be conducted.

Activities that will follow public approval will include conducting detailed discussions with BPA regarding power supply, transmission and interconnection contracts and issues. Discussions with PSE will also need to be conducted regarding the negotiations for acquiring the electric facilities. As the process progresses, discussions with vendors, contractors and others that will be needed to assist the new utility in its initial operation will need to be conducted.

Changed Conditions

This report summarizes the information, methodologies and assumptions used in the development of our analysis. Alternative assumptions could provide different results. The underlying factors from which the basic information and assumptions are derived are subject to change. In addition, the issues associated with the ownership, operation, administration and regulation of electric utilities in the United States are constantly changing. As such, the results of this study are subject to change and adjustments to the analysis may be needed in the future to determine the impact of changing conditions.

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Section 1 Introduction

Introduction

Background

The City of Bainbridge Island, Washington (City) retained D. Hittle & Associates, Inc. (DHA) in 2016 to conduct an electric utility municipalization feasibility study. The study is intended to provide a preliminary review of the technical and economic issues related to the establishment of an electric utility owned and operated by the City. The content of this study addresses issues defined in the scope of work agreed to between the City and DHA. This report summarizes the results and findings of the feasibility study. The law firm of Gordon Thomas Honeywell assisted DHA in the preparation of certain portions of this report.

Although the primary focus of the study has been to evaluate the feasibility of establishing a municipal utility, other forms of consumer-owned utilities such as a public utility district or an electric cooperative have been evaluated. Additional information has been provided regarding whether or not establishing a municipal utility would open up currently unavailable opportunities for local control over energy sources serving Bainbridge Island that could foster economic development, decrease greenhouse gas emissions, increase system reliability and improve power quality.

Electric service is presently provided to the residents and businesses on Bainbridge Island by Puget Sound Electric (PSE), a privately-owned electric utility headquartered in Bellevue, Washington. PSE has indicated that approximately 12,300 electric customers are served in the City. Electric facilities on Bainbridge Island include about 14 miles of 115-kilovolt (kV) overhead transmission lines, three distribution substations and 307 miles of distribution lines of which 165 miles are underground. Power is delivered to Bainbridge Island from PSE's transmission network in Kitsap County and beyond by means of overhead transmission lines at Agate Pass. This overhead transmission crossing is essentially new having been rebuilt in 2014. PSE provides electric service in the City pursuant to a fifteen year franchise agreement that expires in 2022 (Ordinance No. 2007-11).

In general, the concept of establishing a municipal electric utility would involve acquisition of the existing distribution and transmission system in the City, contracting for a supply of electric power and establishing the capability to operate and maintain the electric system. Although most electric utilities retain their own staff to operate their respective systems many operation and maintenance functions can be performed by contractors if desired. PSE uses a contractor to perform most of the maintenance work on its system.

As a "publicly-owned" electric utility, if established and after meeting certain criteria, the City's municipal electric utility would be able to purchase electric power from the Bonneville Power Administration (BPA) at BPA's most favorable rate. BPA is a federal agency that markets the power from the federal Columbia River power system. Most of the publicly-owned electric utilities

in the Pacific Northwest purchase most or all of their power supply from BPA. BPA also operates an extensive transmission system in the Pacific Northwest and delivers power to its customers.

In preparing this feasibility study we have reviewed the existing electric facilities in the City, identified the facilities that the City would need to establish electric service as a City electric system, estimated the costs to acquire these facilities and estimated that costs to operate, maintain, manage and administer an electric utility. Total power requirements in the City were estimated to determine how much power would need to be purchased. The annual revenues that the City electric system would need to collect for electric service to pay the costs of electric service have been estimated for several years into the future. This revenue requirement has been used to provide an estimate of electric rates the City system would charge. Comparing these estimated rates to those estimated for PSE provides an estimate of the net benefits or costs of the City electric system.

There will be many decision points if the City moves toward establishing an electric utility. Changes in the basic economic and technical factors and assumptions used in this analysis should be evaluated as they become known. Public input to the concept is also important. If it is determined that the City wants to proceed towards establishment of an electric utility, the next major steps will be to conduct discussions with BPA regarding a power purchase and transmission services contract, determine through negotiation or litigation what facilities will be acquired from PSE and what price will be paid for the facilities, determine what additional facilities should be constructed, arrange for financing, implement an organizational start-up plan and retain necessary staff, equipment and materials to provide service.

A key schedule constraint to providing electric service will be BPA's notice period related to obtaining a power sales contract for a new utility. A full requirements purchase of BPA wholesale power at BPA's lowest Tier 1 rate would normally take approximately three years depending on when the application is made relative to the BPA rate cycle. Tier 2 power could be purchased prior to that, however.

As a point of reference on the time required to establish an electric utility the experience of the most recently formed electric utility in the state, Jefferson County PUD, can be considered. The voters of Jefferson County authorized the Jefferson County PUD to provide electric service in November 2008. Jefferson County PUD negotiated with PSE on the purchase of assets and began providing electric service in April 1, 2013. This represents a planning and implementation period of approximately 53 months. Of this time approximately 19 months elapsed prior to the signing of an asset purchase agreement with PSE. The City of Hermiston, Oregon undertook an initial feasibility study related to providing municipal electric service in 1996. The acquisition of electric facilities from PacifiCorp was negotiated and the City began providing electric service on October 1, 2001, representing about a five year period in preparation of providing service.

Study Methodology

Most of the data used in the study is from publicly available reports and other sources. The City requested certain information from PSE in October 2016 and a limited amount of requested data was provided by PSE. Other information comes from public records associated with PSE, Kitsap County, the State of Washington Department of Revenue, the Washington Utilities and Transportation Commission, and selected statistics on electric utilities compiled by the Washington PUD Association and the Northwest Public Power Association, BPA, etc. Information regarding financing options and costs was obtained from financial advisors involved with the financing of electric utility systems.

PSE provided an estimate of the total number of customer accounts served in the City. The total power requirements of the electric customers in the City at the present time have been estimated based on typical energy consumption values for PSE customers as found in recent FERC Form 1 filings for PSE.

For the purpose of this study, the determination of electric facilities to be acquired was based on a cursory field examination of PSE's transmission and distribution system in the City. The length of transmission lines ~~and was estimated as were~~ the number and capacity of substations were derived from observations and maps of the City. The estimated costs of transmission lines, distribution lines, service drops, meters and other distribution facilities, were developed using estimated unit costs based on our experience with similar utility systems.

Should the City decide to move forward in the development of a municipal utility, a much more detailed assessment of electric facility quantities and costs would need to be derived in subsequent studies and analyses. If the development of the City's electric utility proceeds and access to PSE's customer sales and facility inventory records can be obtained, a detailed inventory and age identification of various PSE assets within the City would potentially be developed.

The estimated costs the City would experience for power purchases, system operation and maintenance, customer accounting and administration included in the analysis have been based on representative costs experienced by other publicly-owned electric utilities in the Pacific Northwest. It is assumed that the City would conduct its own billing and accounting activities and would provide in-person customer service for bill paying, hookup requests and other services. These billing and accounting functions could be integrated with other City functions. In addition to operating expenses, annual debt service payments and funds for annual capital improvement expenditures were included in the projected revenue requirements

Section 2

Electric Utility Options and Other Significant Issues

Consumer-Owned Electric Utility Options

Consumer-owned electric utilities, often referred to as public power utilities, are common in the Pacific Northwest and across the United States. They provide all functions of electric service and are directed by board members, commissioners or city council members generally elected from within the service area of the utility. As such, local control is a significant element of public power utilities¹.

Public power utilities provide electric service at cost and are not-for profit, and with the exception of cooperatives do not pay federal income taxes. They generally have access to loans at tax-exempt interest rates or to loans provided by the federal government at low interest rates. Public power utilities also have preference over private utilities in purchasing low cost power generated at federal hydroelectric resources. In the Pacific Northwest, this is a significant benefit in that most public power utilities, other than those with significant generating resources of their own, purchase all, or nearly all, of their power supply requirement from the Bonneville Power Administration (BPA), a federal power marketing agency.

Rates for electric service for public power utilities are established by each utility's governing board to collect revenues sufficient to pay operating costs, pay interest and principal on debt, and pay for the renewal, replacement and additions to its facilities. Generally, public power utilities are not regulated by their respective state utility commissions. In the Pacific Northwest there is significant coordination among public power utilities to assist each other with training, group equipment purchases, representation in wholesale rate and other regulatory issues and in emergency repairs. Public power utilities often work together to develop jointly-owned or joint-power purchaser generating facilities that in themselves would be too large for smaller systems.

The three primary forms of consumer-owned electric utilities are municipal utilities, cooperative utilities and public utility districts (PUDs). Each of these utility types have certain benefits and drawbacks. They are discussed in more detail in the following subsections.

Municipal Electric Utility

Municipally-owned electric utilities are common in Washington as well as around the country. With a municipal electric utility, the city or town council typically serves as the governing board for the utility and provides oversight and approval of the utility operation, establishes rates for electric service and approves various policies and procedures. The financing authority of the municipality is used to provide funding for the acquisition and construction of necessary electric facilities; however, security for repayment of loans can be specifically limited to the revenues of

¹ The American Public Power Association (APPA) provides an overview of the benefits of municipalization in the booklet, Public Power for Your Community, available at:
http://www.publicpower.org/files/PDFs/Summary_of_Public_Power_for_Your_Community.pdf

the electric utility operation. Various administrative functions of the municipal utility, such as billing, accounting, human resources, and financial management, are often integrated with other municipal activities. The service area of most municipal electric utilities is reasonably consistent with the municipal boundary. Examples of municipally-owned electric utilities include: City of Seattle, City of Blaine, City of Sumas, City of Ellensburg, City of Tacoma, City of Ruston, Town of Steilacoom, City of Port Angeles, City of Centralia, and the City of Richland.

Municipal utilities have condemnation authority. Some cities, such as first class or code cities, have authority to provide retail telecommunication services.

For a municipal electric utility, planning, engineering and construction can be coordinated within the municipality as a joint effort among the various municipal operations. This can be very helpful with regard to comprehensive planning and in building and maintaining the electric system to address a municipality's broader goals. For example, undergrounding of electric lines can be effectively coordinated with street construction or water and sewer system improvements.

An advantage of a municipal electric utility is the ability to obtain financing for most capital expenditures at tax-exempt interest rates. A municipal utility does not pay federal income taxes and its revenues can be used to pay the costs of certain services provided to the utility through the municipal government. Municipal utilities are required to pay the state public utility tax and most municipal utilities collect a local tax on power sales as well. ~~Municipal utilities have condemnation authority.~~

Although the city council serves as the governing board of a municipal electric utility, some municipal utilities establish boards to provide more of the regular oversight of the electric utility and formulate recommendations for the city council. These boards in some instances have been delegated authority for certain defined decision-making, and in other instances are solely advisory in nature. City councils are responsible for much more than the oversight of utility operations and the use of a utility advisory or other board can be of significant assistance. More information on the function of advisory boards is provided in the subsection entitled "Alternative Municipal Governing and Advisory Concepts" in this report.

The time required to establish a municipal electric utility could be relatively short; however, it may require an extended period of discussion before the city council. The time required is very much dependent on the willingness of the incumbent utility to sell the existing electric facilities. In Washington, RCW 35.92.070 requires approval of a majority vote of the voters of the city if the governing body of the city deems it advisable to acquire a public utility. The vote can be conducted at any general or special election, requires thirty days prior notice and requires a simple majority for approval. In addition, the ordinance submitted to the voters for approval or rejection is required to specify the proposed plan and declare its estimated cost. As such, it would be necessary to have a fairly well established plan for the new municipal utility operation before conducting the vote.

A new municipal electric utility would need to qualify for the purchase of BPA power pursuant to BPA's requirements for new preference customers.

Public Utility District

Public utility districts (PUDs) are nonprofit, consumer-owned utilities that provide electricity, water, wholesale telecommunications and sewer service. The citizens in each Washington county have the right to form a PUD. In Washington, there are 28 operating PUDs in 27 counties which in total provide electric service to approximately 1,003,000 customers and water service to approximately 122,000 customers in their respective service areas. Counties can have more than one PUD as is exemplified with two PUDs in Mason County.

Kitsap County PUD was organized in 1940 and provides water service to approximately 14,000 customers in various locations within Kitsap County including Bainbridge Island. In 2000, Kitsap County PUD began providing wholesale broadband telecommunication services in the county. Kitsap County PUD does not presently provide electric service but has considered the possibility of doing so in the past.

PUDs are governed by a board of commissioners typically consisting of three commissioners elected from the residents of the county in which the PUD is located.

The formation of a new PUD in Kitsap County could be undertaken in conjunction with the county government. RCW 54.08.010 provides that at any general election in an even-numbered year, the county legislative authority may conduct an election (and on petition of 10% of the qualified voters is required to conduct an election) to approve formation of a PUD coextensive with the boundary of the county.² The petition must be filed with the county auditor not less than four months before the election. Further, the form of the petition has to be submitted to the county auditor within ten months prior to the election.

It is also permissible to establish a PUD that covers less than the entire county. In this circumstance, a petition is filed with the county legislative authority and a hearing is held after public notice and boundaries of the PUD will be established. If the county finds the petition includes lands improperly or which will not be benefited by the PUD, it will change the boundaries of the proposed PUD and fix them as it deems reasonable and that are “just and conducive to the public welfare”.³ The partial county area cannot divide any voting precincts. The election is confined to the area of the proposed PUD. RCW 54.08.010 prohibits any PUD created after September 1, 1979 from including any other PUD in its boundaries. As such, the existing Kitsap County PUD would need to be reformed if a partial county PUD were to be formed for only a portion of the county.

At the same election requesting approval to form a new PUD, there will also be held an election of three commissioners. If the proposition to form the PUD does not receive approval by a majority of the voters, the election of the new commissioners is declared null and void.

² Under RCW 54.08.060, the county legislative authority may also call a special election for this purpose at the earliest practicable time, and at the request of the petitioners must do so.

³ RCW 54.08.010, Districts including the entire county or less – Procedure (Effective January 1, 2007.)

Another PUD option would be to pursue electric service through the existing Kitsap County PUD. Pursuant to RCW 54.08.070, any PUD which has been in existence for at least ten years and does not currently provide electric service must conduct an election in the PUD service area to obtain voter approval to do so. The election must be held in an even-numbered year and may be submitted to the voters of the district by PUD commission resolution, and must be submitted to a vote based on a petition of 10% of the voters in the PUD area submitted to the county legislative authority at least four months prior to the election date and within 10 months before the election.

The acquisition of electric facilities from PSE by a PUD would be accomplished similar to that of a new municipal utility, although there are a few differences outlined in RCW 54. The PUD would have condemnation authority and could exercise this authority if an acceptable sale of the facilities could not be negotiated. Electric service through the PUD would not need to be provided to all county residents. A plan would need to be developed to assure reliable, cost effective service to all county residents.

An existing PUD that establishes electric service would be viewed by BPA as a new electric utility as far as access to preference power is concerned. As a result, the issues and timing associated with access to BPA power would be the same for a new municipal electric utility or the existing PUD. The PUD would also need to start a new electric utility operation similar to that of the municipal electric utility.

Electric Cooperative

An electric cooperative is a non-profit corporation tasked with providing electric service to its members residing in a specific service area. Revenues in excess of expenses are either reinvested in the system for improvements and replacements or are distributed to members in the form of “capital credits”. There are fifteen electric cooperatives⁴ in Washington providing electric service to approximately 158,000 member-customers. Generally, electric cooperatives provide service in rural areas. This was the intent of the Rural Electrification Administration (REA) which was created in 1935 to promote the extension of reasonably priced electricity to farms in areas not served by existing electric utilities. Under the [Department of Agriculture Reorganization Act of 1994](#) the REA was absorbed by the Rural Utilities Service (RUS). It is noted, however, that several smaller towns and cities in Washington, including ~~West Richland~~^{Prusser}, North Bend and Gig Harbor, are within the service areas of electric cooperatives.

Most electric cooperatives obtain low interest loans from the federal government through the Rural Utilities Service (RUS), a government agency within the U.S. Department of Agriculture. The low interest loans are generally only available to fund costs related to the rural portions of the utility. This means that the costs of the urban portions of the system may need to be funded with other sources. Electric cooperatives do not have access to tax-exempt financing like municipal utilities and PUDs and, as a result, the average cost of capital for electric cooperatives ~~can be~~

⁴ Includes mutual and cooperative utilities, which function much the same, headquartered in Washington. There are also three other electric cooperatives that serve member-customers in Washington that are headquartered in Idaho.

~~generally~~ higher than for PUDs and municipalities. In addition to loans through the federal RUS, there are also two lending entities, CFC and Cobank that offer lower cost loans to electric cooperatives. Cooperatives are exempt from paying federal income tax under Section 501(c)12 of the Internal Revenue Code.

Cooperatives are governed by a board of directors elected from the membership. The board of directors sets policies and procedures that are implemented by the cooperative's professional staff. Membership in the cooperative is voluntary. An electric cooperative could be established in Kitsap County by any group interested in doing so. To provide electric service in the area however, a sufficient number of members would need to be identified and committed to form the base for acquiring electric facilities, contracting for power and starting a utility operation. A cooperative does not have condemnation authority and would need to negotiate with PSE to acquire the PSE electric facilities.

Another alternative is to request to become part of an existing cooperative. Cooperatives do not need to have a contiguous service territory. For example Tanner Electric Cooperative has three service territories near Ames Lake, North Bend and Anderson Island.

Electric cooperatives, like municipal utilities and PUDs, are not regulated by the Washington Utilities and Transportation Commission (WUTC). The WUTC has no jurisdiction over a cooperative; however, it would be expected that the WUTC will provide some review of the proposed transfer of electric service from a regulated utility such as PSE to the cooperative on behalf of electric consumers.

There are no particular time requirements related to establishing a cooperative. Schedule requirements related to acquiring a power supply would be similar to a municipal utility and a PUD. A membership campaign would be needed and it is expected that approximately one to two years would be needed to negotiate the purchase of electric facilities and conduct various engineering studies.

Comparison of Consumer-Owned Utility Options

The following table summarizes the primary differences of utility ownership options.

TABLE 1
Comparison of Consumer-Owned Electric Utility Options

	Municipal Electric Utility	Public Utility District (PUD)	Electric Cooperative	<u>Investor Owned Utility</u>
Governing Board elected by local voters?	Yes	Yes	Yes†	<u>No</u>
Governed locally?	Yes	Yes	Yes	<u>No</u>
Board meetings generally open to the public?	Yes	Yes	Yes‡	<u>No</u>
Access to tax-exempt financing?	Yes*	Yes*	No	<u>No**</u>
Non-profit entity?	Yes	Yes	Yes	<u>No</u>
Rates generally established at cost?	Yes	Yes	Yes	<u>Cost plus allowed return</u>
Required to pay income taxes?	No	No	No	<u>Yes</u>
Equity in electric facility assets generally accrue to customer-owners?	Yes	Yes	Yes	<u>No</u>
Access to BPA Tier 1 power at preference rates?	Yes	Yes	Yes	<u>No</u>
Regulated by Washington Utility and Transportation Commission?	No	No	No	<u>Yes</u>

* Tax-exempt financing is generally not available to pay the costs of acquiring electric facilities of an existing utility.

** Some tax-exempt financing may be available through industrial development bonds within the state volume cap.

† Governing Board is elected by Cooperative members.

‡ Board meetings are generally open to cooperative members.

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Alternative Municipal Governing and Advisory Concepts

As previously mentioned, the governing body for a municipal electric utility is the city council. As such, the city council provides general oversight of the utility, retains competent management, makes policy decisions and sets the rates and charges for utility service. City council members are elected by the citizens within the municipality and as a result, the governing board of the electric utility is elected by the citizens.

Some city councils have established utility boards or utility advisory committees to provide a more specialized oversight of the utility operation, review recommendations of utility management and staff and advise the city council with regard to various issues related to utility policy, operation and administration. Typically the members of a utility board are appointed by the city council.

The advisory boards have a variety of functions to perform but generally they are expected to have regular contact with the electric utility management and the general public and assist the city council in administering the utility, establishing policy and addressing utility-related issues of concern to electric consumers and the community as a whole. Serving as the utility governing board is just one of many tasks performed by a city council and a utility board or advisory committee can remain focused on the utility business and provide significant coordination between the utility and the city council.

Examples of utility advisory boards in Washington and Oregon include:

Tacoma Public Utilities (TPU), Public Utility Board

The five-member board oversees the operations of Tacoma's electric and water utilities, the Click! communications operations, and industrial freight-switching railroad. The Tacoma City Council appoints the board members and they serve five-year terms, unpaid. The board meets twice monthly and board meetings are open to the public for public comment.

Seattle City Light, City Light Review Panel

The Seattle City Light Review Panel was created in 2010 as the successor to the City Light Advisory Board/Committee and the Rate Advisory Committee, and combines the duties of both groups.

The nine panel members come from City Light's customer groups. Five members are nominated by the mayor and four members are nominated by the city council, serving staggered three-year terms. In 2010, the focus of the panel was to help develop a six year strategic plan for Seattle City Light.

City of Ellensburg, Utility Advisory Committee

There are seven Utility Advisory Committee members consisting of two city council members, one representative from Central Washington University, two customers of one or more city utility systems, one representative of KITTCOM and one customer of the telecommunications utility. Committee members serve three-year terms and are not paid. The committee meets monthly.

The Utility Advisory Committee operates under the authority of the Ellensburg city code and was created for the purpose of providing a mechanism for the city council to obtain benefits of recommendations, advice, and opinions on those matters affecting City energy policy and operations from a committee which may devote the resources necessary for careful consideration of such matters and which will increase citizen participation and input to local government.

City of Port Angeles, Utility Advisory Committee

The Utility Advisory Committee gives advisory recommendations to the City Council on matters relating to city utility policy and operation.

The Utility Advisory Committee is comprised of three City Council members, one industrial representative, and two community representatives. The members are appointed to four-year terms, with a limit of two consecutive terms. Members are residents of the city, except the member representing the licensed care facilities need not be a city resident but must own or manage a licensed care facility in the city.

Eugene Water and Electric Board (EWEB)

EWEB is chartered by the City of Eugene, Oregon to serve as the electric and water utility providing service to the homes, businesses, schools and other customers in Eugene. In accordance with the Eugene city charter, the citizens of Eugene elect a five-member Board of Commissioners for EWEB. Four board members represent specific wards within the city; the fifth member is elected "at-large" by all city voters. Each commissioner's term is four years and commissioners volunteer their time for their work on the commission.

Commissioners hold regularly scheduled public board meetings on the first Tuesday of each month. The opportunity for public comment is provided at each board meeting.

The EWEB example is unique in that the Board of Commissioners has governing authority typically found with the city council for a municipal utility. Although a city council in Washington could rely upon an advisory board for significant input, policy and operating decisions would still need to be made by the city council.

Acquiring Electric Facilities

If a new public power utility were to be established on Bainbridge Island it would be necessary for the new utility to own its electric distribution system in order to purchase power from BPA as a preference customer. It is expected that the existing electric facilities currently owned by PSE on Bainbridge Island would be acquired or replaced by the new utility. PSE would need to be paid a fair value for the electric facilities. To establish the value of the existing facilities the facilities will need to be inventoried, assessed and quantified and a valuation estimate will be developed. Engineering analysis will be needed to determine how the new utility will operate its facilities separate from the surrounding PSE system and determine where wholesale power deliveries will be received.

A separation plan must be prepared that could include the specification of new transmission, distribution and operation facilities. In some cases the separation plan is implemented by agreement over a period of time that extends beyond the ownership transfer date⁵.

The purchase of the electric facilities by the new utility can be relatively straightforward if both parties are cooperative. Without cooperation, condemnation could be utilized for acquisition. A condemnation process can be time consuming and costly, but could provide a path to municipal electric utility formation with an unwilling seller. Overall, based on our experience with other acquisitions we would estimate that the time needed to acquire the electric facilities would require between one and three years, with the shorter time reflective of a relatively simple negotiated sale and the longer period reflective of an aggressive condemnation proceeding that includes appeals.

Prior to establishing electric service in Jefferson County in 2013, Jefferson County PUD negotiated with PSE to purchase the electric facilities in the county owned by PSE. The PUD chose to negotiate a purchase price rather than pursue acquisition through the condemnation process. The condemnation process could have potentially produced a lower purchase price but most likely would have taken longer to complete. With condemnation, the price to purchase the electric facilities is specified by the court proceedings.

The City of Hermiston, Oregon is an example of a new public power utility established in 2001 that pursued its option to condemn the electric facilities owned by PacifiCorp but eventually agreed to a negotiated acquisition settlement.

The City has the authority to condemn the property of PSE within the City municipal boundaries. If the City elects to condemn the property prior to forming a PUD, its authority is pursuant to RCW 35.92.050. If the City elects to form a PUD first, the PUD has authority to condemn pursuant to RCW 54.16.020. Eminent domain proceedings are entirely statutory and the procedures for such proceedings are set forth in Washington Revised Code Sections 8.04.005 to -8.28.070.

⁵ Emerald PUD in Springfield, Oregon had a net billing arrangement with Pacific Power & Light that allowed certain customers to be served off the other utility's lines while new facilities were constructed. The arrangement was in effect for well over 20 years.

There are two circumstances in which the City or a PUD might undertake to condemn PSE's facilities. If PSE is not willing to voluntarily sell the facilities, then it will be necessary to invoke its power of eminent domain to compel the acquisition. Even if PSE is willing to negotiate and sell voluntarily, the City may still elect to commence a condemnation action if the parties cannot reach agreement with regard to a purchase price. Through the condemnation process the City may or may not achieve a lower acquisition cost than it could through a negotiated sale. The City should consider the costs, time frame, and risks of litigation when evaluating acquisition costs in the context of a condemnation proceeding.

The estimated cost for the City or a PUD to condemn the PSE electric facilities in Bainbridge Island is difficult to predict. But if litigation is pursued, the City should ~~expect~~^{assume} that the cumulative attorneys' fees and expert costs can be expected to be in excess of \$1 million. More discussion of attorney and consulting fees is presented in the section in this report entitled "Estimated Initial Financing Requirements", in the seven figure range.

Discussions with attorneys indicates that ~~the~~ the estimated time needed to reach conclusion of acquiring PSE's facilities through condemnation from the date of filing the petition through trial is between 12 and 24 months. This is exclusive of appeals. An appeal will not delay obtaining possession of PSE's property, provided that the City or PUD pays in full the judgment as awarded by the jury or judge pending appeal.

Examples of Recent Public Power Utility Acquisitions in the Pacific Northwest

As previously indicated, in 2010 Jefferson County PUD negotiated to purchase the PSE electric facilities in Jefferson County thereby avoiding the condemnation process. The negotiated purchase price for the facilities was \$103 million⁶. In WUTC's order⁷ regarding the matter of PSE's petition for accounting of the proceeds from the sale of assets to Jefferson County PUD, the WUTC indicated that the net book value or original cost less depreciation (OCLD) of the assets was \$46.7 million. Based on this net book value amount, the negotiated purchase price was approximately 2.2 times the net book value. At the time, the negotiated purchase price represented approximately \$5,600 per electric customer account in the PUD service area.

In 2001, the City of Hermiston, Oregon negotiated to purchase the electric facilities in Hermiston from PacifiCorp. The estimated purchase price was \$8.1 million, estimated to be about two times the net book value of the electric facilities. At the time, the purchase price represented approximately \$1,670 per electric customer account in Hermiston.

In 2000, the Columbia River People's Utility District headquartered in St. Helens, Oregon, acquired certain service territory and electric facilities owned by Portland General Electric Company (PGE). The service area acquired in 2000 included portions in the incorporated towns

⁶ Actual proceeds of the sale were \$109.3 million.

⁷ Washington Utilities and Transportation Commission, Docket UE-132027, Order 04, Service Date September 11, 2014.

of St. Helens, Scappoose, Rainier and Columbia City that PGE had continued to serve after the PUD began electric service in 1984. The PUD paid PGE approximately \$9.5 million for the electric distribution facilities in the acquired area in 2000, estimated to be about 1.8 times the net book value and representing about \$1,580 per electric customer account in the acquired area.

Power Supply Overview

As with most Pacific Northwest electric utilities, the most significant annual operating expense that the City's electric system will incur is the cost of wholesale power. For many public power distribution electric utilities, purchased power and transmission expense typically represents 40-60% of the annual budget. Upon fulfillment of certain criteria primarily related to establishing ownership of its distribution system, the new utility will be entitled to purchase power from the Bonneville Power Administration (BPA) as a preference customer. BPA principally markets the power generated by the Federal Columbia River Power System (FCRPS), which is comprised mostly of the hydropower generated at federal dams. The City electric system can reasonably expect to purchase a significant portion, if not all, of its power supply from BPA at BPA's lowest cost of power, which is the priority firm power rate, also referred to as the Tier 1 power rate.

In addition to BPA, a number of other opportunities for near-term power supply could be available to the City including power purchases from other utilities, independent generating facilities or power marketers. In the future, it is expected that the City will most likely continue to purchase power from BPA but will also be able to participate jointly with other utilities in new generation facilities, contract to purchase power from other suppliers and construct new generating facilities of its own including solar, wind and other renewable resources. For our initial analysis, we have assumed that the full power requirement of the new utility is supplied by BPA wholesale power.

BPA Power Supply Contract Issues

BPA is a federal agency within the Department of Energy that markets electric power from federal hydroelectric projects and certain other facilities to the region's utilities. Most of the publicly-owned electric utilities in the Pacific Northwest rely upon BPA for a significant portion of their power supply needs. As a municipal electric utility, the City's electric system would be able to contract with BPA to purchase its power supply from BPA provided certain criteria are met. Further, the City's system should qualify to purchase the majority of its power requirement at BPA's lowest wholesale power rate.

One of BPA's long standing standards for purchasing Federal power requires a customer to own the distribution facilities necessary and used to serve such customer's retail consumers. This standard applies to public body, cooperative, and privately-owned utilities selling to the general public and to federal agencies.

In July of 2007, BPA published a Long Term Regional Dialogue Final Policy and the Record of Decision on the policy was issued in October 2008⁸. The policy addressed issues necessary to begin negotiating and offering new power sales contracts for service after 2011, defined the products and services BPA would offer in those contracts, and described the process for designing and establishing a tiered Priority Firm (PF) power rate methodology. In particular, the policy stated that BPA intended to execute new long-term power sales contracts with its regional customers and discussed in some detail service to existing and new preference customers.

The current long-term power sales contracts ~~have been offered and~~ provide for the purchase of BPA power between fiscal year (FY) 2012 (beginning October 1, 2011) and FY 2028. A template for the existing BPA Power Sales Contract can be found on BPA's website⁹. These contracts are complex, but allow for new preference customers, such as the City to be formed and receive power under certain terms and conditions. The Regional Dialogue specifically references new public utilities that serve what were previously privately -owned utility customers. BPA refers to this as "annexed loads" of new preference customers.

A significant element of the long-term contracts BPA entered into with its public power customers provides for tiered rates. Tier 1 power, BPA's lowest cost wholesale firm power product, is limited to the output of the federal system with some augmentation. Each utility has a contract high water mark (CHWM) that is used to establish the allocation of Tier 1 power and the amount of Tier 1 power each utility can receive. The amount of Tier 1 power provided to each utility can change throughout the contract period, which ends in 2028, and if additional power is needed utilities can supplement their Tier 1 power allocations with Tier 2 power, power from other generating facilities, or other power purchases. BPA will also act on behalf of a utility to make other purchases and provide ancillary services to integrate those purchases for the utility.

BPA's policy to serve new public power customers provides (based on current resources) for up to 250 average megawatts of power for new customers during the current long-term contract period. The CHWM for new customers is established as the total net requirement of the new utility in the first year of service. Some limitations do apply, however, in that during any two-year rate period, the amount of power available to new customers is limited to 50 average megawatts. If necessary, individual CHWM amounts for the new utilities will be prorated down to remain within the 50 average MW limit. If this limit is applied, the amounts not provided in the first year will be added in the next rate period. ~~Another limitation is that utilities with loads larger than 10 average MW would potentially have their CHWM over 10 average MW phased in over two year increments if there is more than one new utility and their combined CHWM exceeds the 50 average MW limit.~~

⁸ Bonneville Power Administration, Long-term Regional Dialogue Policy, Administrator's Record of Decision, October 31, 2008.

⁹ https://www.bpa.gov/power/pl/regionaldialogue/implementation/Documents/docs/2016-02-25_Conformed_LF_Master_Template.docx

Over time BPA has established certain criteria that must be met before an entity may qualify for service from BPA¹⁰. For a new preference customer, such as the City to comply with the existing standards for service, it must:

1. Be legally formed in accordance with state and federal laws;
2. Own a distribution system and be ready, willing and able to take power from BPA within a reasonable period of time;
3. Have a general utility responsibility within the service area;
4. Have the financial ability to pay BPA for the federal power it purchases;
5. Have adequate utility operations and structure; and
6. Be able to purchase power in wholesale, commercial amounts.

Upon compliance with these standards for service and upon application to BPA under the provisions of Section 5(b)(1) of the Northwest Power Act, the City will be entitled to purchase power from BPA as a preference customer.

At the present time it is estimated that approximately 200 average MW for new public power customers still remains in the current contract period. The only new public power utility to form and contract with BPA during the contract period has been Jefferson County PUD, with a CHWM just under 50 average MW. If the City were to apply for a contract with BPA and meet the notification requirements and there are no other concurrent new utility applicants, it is expected that the City's full load requirement for the electric system could be established as the CHWM in the first year of service.

The cost of BPA power to the City will be governed by the BPA Power Sales Contract and various other BPA policies established by statute. New large loads, such as a large commercial customer, over 10 average MW that are placed on BPA's system may be subject to a surcharge related to the cost of power supply, potentially at market rates that BPA may need to acquire on behalf of the new load. In the case of the City, there are no anticipated new large loads.

For the purpose of estimating the cost of power to the City in this analysis, it has been assumed that the City would purchase its entire power supply requirement from BPA. Under current BPA policy and past BPA precedents, a power purchase from BPA would entail both Tier 1 power and historically more expensive Tier 2 or market priced power. Currently market priced power is at about the same price or in some cases lower than Tier 1 power from BPA¹¹. Since Tier 2 rates have been higher than Tier 1 rates in the past, ~~To be conservative we~~ we have assumed for the analysis that BPA Tier 2 power is 15% more expensive than BPA Tier 1 power. It is estimated that Tier 2 power purchases will represent a small portion of the overall BPA power purchase by the City electric system.

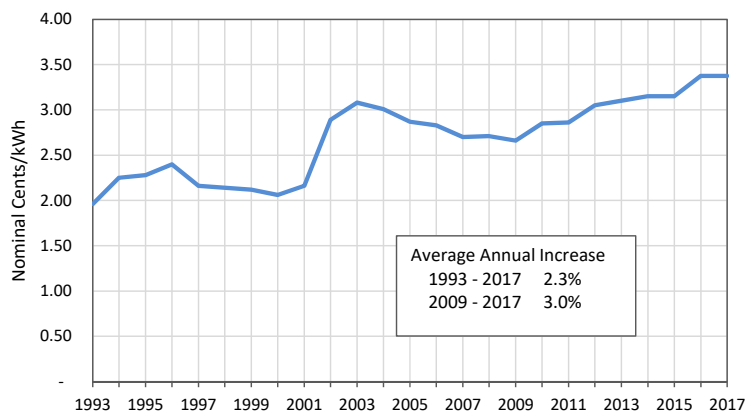
¹⁰ Bonneville Power Administration, Final Policy on Standards for Service – Administrator's Record of Decision, December 22, 1999.

¹¹ In the current 2016 BPA power rate schedule for Priority Firm power, the price for short-term Tier 2 power is indicated to be 29.72 mills/kWh for FY 2016 and 32.01 mills/kWh for FY 2017.

BPA has indicated that it has begun discussions regarding the next contract period that will begin in 2028. Through “Focus 2028” BPA is endeavoring to prove its cost competitiveness and remain the power supply provider of choice for its customers. The process has involved obtaining customer input with regard to what it means for BPA to be competitive from the customers’ perspective. It is envisioned that discussions with regard to the new power sales contracts will begin in the early 2020s.

The following chart shows BPA’s average PF rate over the past 25 years. The average annual increase in the PF rate between 1993 and 2017 was 2.3%. Between 2009 and 2017 the PF rate has increased at 3.0% per year on an annual average basis. Note that the rates shown in the chart do not include transmission charges.

FIGURE 1
Historical BPA Average Priority Firm (PF) Power Rate¹²
(Fiscal Years Ending September 30)



For its preference power customers, BPA does not identify specific resources for specific sales. Rather, the “mix” of BPA’s power resources is used to establish the overall power product. For its fiscal year 2015, BPA indicates that the mix of its resources by generation type was 84.5% hydroelectric, 9.9% nuclear, 0.9% wind, 4.5% non-specified purchases and 0.2% other. Tier 2 power is purchased on the open market by BPA and is not generally identified as to source. The nuclear energy shown in BPA’s resource mix is from the Columbia Generating Station (CGS), a 1,190 MW nuclear energy facility located about ten miles north of Richland, Washington. The CGS began operation in 1984 and it is the only commercially operating nuclear facility in the Pacific Northwest. Its output is provided to BPA and BPA pays the costs of operating and maintaining CGS.

¹² Source: https://www.bpa.gov/power/psp/rates/previous/historical_PF.shtml

BPA's Resource Mix

For its preference power customers, BPA does not identify specific resources for specific sales. Rather, the "mix" of BPA's power resources is used to establish the overall power product. For its fiscal year 2014, BPA indicates that the mix of its resources by generation type is as follows:

● Hydroelectric	83.3%
● Nuclear	10.4%
● Non-specified purchases	4.4%
● Small hydro and wind	1.9%

Since the vast majority of BPA's power is from hydroelectric resources, power generation varies each year based on regional precipitation and other factors. In years with more generation in the system, power surplus to the needs of firm commitments may be marketed at lower prices. This makes it difficult to determine whether or not there is actually firm power regularly available to meet the needs of a new customer in any given year. BPA has noted that in 2014, 12% of its total revenues came from sales of power to public and investor owned utilities in the Southwest and California.

If the City were to become a new customer of BPA it could be that BPA's sales outside the Pacific Northwest region might be slightly reduced in some years when hydroelectric generation is lower. This is a complex topic as the FCRPS is operated on a dynamic basis. With an added new BPA customer such as the City, the FCRPS will have less electricity at times to export out of the region, principally to California where it displaces partially fossil fueled generation. At other times, say during high Pacific Northwest wind turbine power production, sales to a new BPA customer would reduce the amount of water spilled over dams. Similarly, when there is limited transmission capacity to California and high generation there may be no reduction in exports to California. Furthermore, because City customers are already served principally by existing Pacific Northwest generation, the "net" load of PSE plus BPA would not change. Therefore, the reduction on the amount of future energy that would be exported out of the Pacific Northwest and would potentially decrease fossil fuel generation emissions outside the region would likely be small to non-existent.

Other Power Supply Options

Although most of the smaller public power utilities in the Pacific Northwest purchase their full power requirement from BPA, there are many options currently available for short and long-term contract purchases of renewable and traditional power. The City could choose to pursue some of these options on its own or join with other utilities. Organizations such as The Energy Authority¹³

¹³ The Energy Authority is a public power owned non-profit corporation with offices in Jacksonville, Florida and Bellevue, Washington. As a national portfolio management company they assist clients in obtaining and managing power supply resources.

(TEA) can be used to assist with acquisition and management of power supply resources. According to TEA there are good opportunities at the present time to purchase energy from wind farms pursuant to longer term, 10-20 year, contracts.

In addition to purchasing power from energy resources owned by others, public power utilities can jointly develop, own and operate generation projects. Energy Northwest is an example of a joint operating agency owned by 27 public power utilities in Washington. Among other projects, Energy Northwest owns and operates, the Packwood hydroelectric project near Yelm, Washington, the 1,190 MW Columbia Generating Station nuclear facility, near Richland, Washington, the 64 MW Nine Canyon Wind Project located near Kennewick, Washington and the White Bluffs Solar Station, a solar photovoltaic demonstration project near Richland, Washington.

Transmission Requirements

The new electric utility will also require a transmission contract to transmit the power it purchases to its distribution system. A typical public power utility would have a BPA transmission contract. BPA offers both network integration (NT) and point to point transmission contracts. ~~—It is expected~~~~assumed~~ that the new utility will obtain a network integration transmission contract with BPA, similar to most small to medium sized BPA customers, and that in conjunction with the power sales contract, BPA will deliver power over BPA's and PSE's transmission systems to a delivery point at a substation on Bainbridge Island.

Provisions within BPA's transmission and power sales contracts allow for a utility to transmit power from non-federal generation resources used to meet the utility's load above the CHWM level over BPA's transmission system. BPA also indicates that it regularly assists its customers with transmission to help bring non-federal generating sources onto the system.

Operational Reliability

Reliability of electric service has been indicated to be a key issue of concern to the residents and businesses of Bainbridge Island. Based on outage statistics provided to the City by PSE, it can be seen that tree related issues are the cause of the vast majority of customer outage minutes on Bainbridge Island. The data indicates that there were on average, 270 distribution outages per year between 2004 and 2015 of which approximately 50% are indicated to be caused by trees. Unknown causes and equipment failure represents the second and third largest causes of distribution outages. During the same period, there were about 2.5 transmission outages per year on average, most caused by trees.

The total number of distribution customer outage minutes for all Bainbridge Island customers between 2004 and 2015 averaged about 10.5 million minutes per year of which about 9.2 million minutes, or 92% were tree related.

In looking at the detailed reliability information associated with Bainbridge Island, tree caused outages dominate the amount of time that customers are without power. The biggest potential gains in reliability will be through looking carefully at the primary cause of outages which is trees and tree branches touching overhead power lines. Even if there are no changes in tree and vegetation management programs, there are other things that can be done to improve reliability.

The five-year system average interruption duration index (SAIDI) benchmark is a defined term by the WUTC. The WUTC service quality index #3 or “SAIDI-total 5-year average” is based on all customer minutes of interruptions that occurred during the current and previous 4 years, except for extreme weather or unusual events, divided by the average annual number of electric customers. PSE annually reports this information to the WUTC by county. While an important statistic for an electric utility, a more meaningful measure of service from a customer perspective includes extreme weather or unusual events.

The outage data for Bainbridge Island provided to the City by PSE can be used to develop an estimated “all in” tree related SAIDI-type of index for Bainbridge Island. Adding the “all-in” customer minutes of distribution tree outage to the “all-in” customer minutes of transmission tree outage and dividing by the number of customers provides a representative SAIDI-like statistic related to tree outages. This “all-in” statistic does not exempt major storms or events. Performing such a calculation yields the following:

Average Annual Bainbridge Island Customer Outage Minutes per Customer

	2009	2010	2011	2012	2013	2014	2015	2016 (partial year)
Distribution Tree related "all-in"	517	1,844	212	115	286	494	1,082	694
Transmission Tree related "all-in"	31	483	95	168	151	214	1,084	294
Total Tree related annual average	548	2,327	307	282	437	708	2,166	989
Total all causes "all in" annual average	655	2,497	384	392	510	819	2,336	1,110

The analysis in the above table shows that both distribution and transmission tree related outages are significant and need to be addressed if reliability is to be improved. A further evaluation of reported outage statistics in Kitsap County was also conducted for comparison.

In the March 29, 2016, PSE Service Quality and Electric Service Reliability filed with the WUTC various PSE SAIDI statistics by county for the years 2013, 2014, and 2015 are shown in Appendix K of that report. Kitsap County had the highest SAIDI_{Total} value of any county in PSE's system in 2015 (1,715 minutes), third highest county value in 2014 (607 minutes) and highest county value in 2013 (324 minutes). This report shows that in 2015 the SAIDI_{Total} for all outages in PSE's system was 760 minutes. Bainbridge Island tree-related outages appear to be at or higher in total average minutes of outage than Kitsap County total average minutes of outages for each of these years.

~~This identifies a number of reliability issues. Implications are threefold.~~ First, tree-related outages in 2015 are the most significant reliability issue on Bainbridge Island and the tree outages appear to be much higher in terms of customer outage minutes per customer than the system-wide PSE SAIDI_{Total} for 2015 reported in the WUTC reliability report. It should also be noted that SAIDI_{Total} in Kitsap County during the years 2013, 2014, 2015 seems to have been higher than average SAIDI_{Total} outages for PSE customers in other counties.

An obvious question is what can be done to reduce tree-related or tree-initiated outages. In 2015 transmission outages were a very large number and about half the total outage minutes (few in number but many customers and long time span) in that year. In other years transmission outage minutes were still significant when compared to distribution outage minutes. Tree related transmission outage minutes are also a function of the amount of tree/vegetation management that removes both danger trees and heavy branch growth.

Providing a looped 115-kV transmission line closing the segment between the Murden Cove substation and the Winslow substation would improve transmission reliability, especially if either automatic or SCADA controlled 115-kV circuit switchers or circuit breakers were used to close or open the existing line segments. This would reduce the time that a substation would be without

power if one of the 115-kV lines south of the Port Madison substation were faulted. PSE has studied and defined alternatives for a new transmission connection between the Murden Cove and Winslow substations. This transmission line was proposed to improve reliability of service and also to expand the capacity of the Winslow substation to meet increasing power demands. The estimated length of this line is between five and six miles. In 2010, an early estimate of the cost of this line was indicated by PSE to be \$3-\$4 million. PSE estimated that the installation of this transmission line would save 1.15 million customer outage minutes per year.

Another reliability issue related to transmission is that the two 115-kV transmission feeds from the Kitsap Peninsula to Bainbridge Island cross over Agate Pass at the same location which could allow for common mode failures. This limitation in power delivery to the island would be difficult to overcome in that the cost of installing an alternative, underwater 115-kV transmission line would be prohibitively expensive, based on our experience with the installation of submarine power cables.

Another factor is the amount of time it takes for a maintenance crew to reach a faulted transmission line and then patrol the line to establish the location of the fault and determine the extent of damage. This means that the distance that the line crew travels from their service center and the time it takes to drive that distance to get to the source of the outage can significantly increase the customer minutes of outage. Similarly, once the crew reaches the de-energized line or substation, it needs to visually inspect the power line to determine if other problems would prevent safely reenergizing the overhead power line.

If there is structural damage to the line, the outage will continue for at least some customers until repair materials and heavy equipment can be transported to the damage location. Having crews, equipment, repair materials and heavy equipment on or near Bainbridge Island would reduce the customer minutes of outage time. Even if the City does not form an electric utility, it might be able to have some equipment and materials staged within the City. Traditionally most electric utilities require their line and engineering employees to live within certain distances of their service territory or service centers as a way of enhancing reliability. Most Pacific Northwest municipal electric utilities have not found this to be a problem when hiring electrical workers.

Still another option is to underground power lines. While PSE does have limited underground 115-kV transmission in its system, as do other utilities in the state, it is very expensive to install underground transmission lines. Another complication beyond expense is that underground transmission right of ways also need to have trees and roots removed from the transmission path. Therefore, undergrounding of transmission could result in more trees being cut than even a more aggressive vegetation management plan for overhead transmission. Most Pacific Northwest electric utilities try to avoid undergrounding transmission due to the high expense and instead focus transmission reliability improvements on vegetation management and quick response to outages. Most utilities also periodically patrol their transmission lines with thermal imaging equipment to detect any hot spots that are indicative of an insulation problem associated with equipment breakage. Also most utilities have aggressive pole testing programs to assess the structural integrity of wood poles.

The other major source of outage minutes has to do with distribution outages. Again tree related outages are a major factor. In our economic analysis, we have included operating costs for an aggressive tree trimming program. As with transmission, distribution reliability can be enhanced with better vegetation management, looped or network distribution systems, undergrounding, and reducing the time to respond and fix the causes of outages.

Distribution is also traditionally where additional causes of outages, such as animals, car-pole accidents, and equipment failures become a noticeable portion of the outage minutes. The most spectacular distribution outages are usually when either poles fail or when underground conductors fail. PSE, like most utilities, has an extensive pole testing and cable injection/replacement program to help avoid these kinds of spectacular equipment failures.

Unlike transmission, there are two other ways that some utilities will try to reduce distribution tree related outages. Some east coast utilities use compact messenger spacer insulated cable in their overhead distribution construction. The nearest example of spacer cable distribution construction is on the Bangor Trident base. Spacer cable is about 20% to 40% more expensive than open bare wire distribution lines, but has two major benefits. The first is that the messenger wire is usually more rugged than typical tree wire and more capable of supporting tree branches. The second is that the compact spacing of the conductors can allow all phases to be placed farther away from trees on the road side of the pole so that a given amount of tree trimming will reduce the number of outages when compared to standard framing bare wire or tree wire. In addition to higher cost, some view spacer cable construction as a less aesthetically pleasing utility construction method due to the spacers and undulating bundles of conductor. However, in certain locations it could dramatically enhance reliability.

PSE uses tree wire on Bainbridge Island and is planning on additional tree wire installation. Some PSE documents claim that tree wire can reduce the number (not duration) of outages by 70%. While tree wire is used by several Pacific Northwest electric utilities in heavily forested areas, it is not without problems. In particular if the line touches the ground, the partial insulation can prevent typical breakers and fuses from clearing the fault and de-energizing the line. It is also more expensive than open bare wire. Among its 2017-2018 identified improvement projects for Bainbridge Island, PSE has several tree wire installation projects planned. These projects primarily involve the rebuilding of existing overhead distribution segments and the installation of tree wire. PSE has also indicated that it is planning to underground approximately two miles of existing overhead distribution line on Blakely Avenue, estimated to occur in 2017.

Constructing additional distribution feeders to loop and or network the distribution system can also enhance reliability. Most Pacific Northwest network distribution systems are employed only in very high density large central cities. Open looped, operated in a radial means is a more common rural distribution configuration.

Another substation on Bainbridge Island could allow for additional distribution feeders. These feeders could be shorter and as a result the number of customers exposed to outages per feeder will go down. That should reduce some of the outage minutes.

PSE has indicated that nearly 50% of existing distribution lines on Bainbridge Island are underground. Underground distribution lines typically reduce tree and storm outages, but most underground distribution is susceptible to neutral corrosion and water treeing in the cable itself. Modern underground jacketed cable typically has a design life of 40 to 50 years and this can be sometimes extended another 20 years or more through injection of non-conducting silicon oil into the cable to fill internal insulation trees. However, the length of time that is needed to replace damaged underground cables is significant compared to overhead distribution lines. This is especially true for underground cable that is direct buried as opposed to being installed in conduit. Underground feeder construction is estimated to be three or more times as expensive as bare wire overhead construction.

Much of Bainbridge Island's road system is basically a rural style road with a crowned road, drainage ditches on both sides of the road and native vegetation and trees located close in. This makes placement of new underground distribution lines difficult, because water, telephone, cable television, and power cables along with power vaults would need to compete for space and fit behind the drainage ditch in the right of way. Undergrounding of overhead utilities could require clearing of trees within the public right of way and adjacent to the drainage ditch. However, the City in its long range road repaving plans, could include conduit runs under the pavement and periodic electrical vaults along the side of the road for future undergrounding of overhead power lines.

Some publicly owned electric utilities set up local improvement districts (LIDs) to pay for the costs of undergrounding distribution lines in certain neighborhoods.

~~Second,~~ if the City were to establish an electric utility its efforts to improve reliability should be focused. One focal point, vegetation management, will likely be a critical component. PSE has both a tree watch program and periodic tree trimming programs. Collecting outage statistics by feeder and comparing that to tree trimming cycles and distance to trees could help gather data for better reliability. If certain trees are a problem they can either be removed or if that is not possible, rerouting the power lines to another location or looking to a different framing configuration such as tree wire or spacer cable could be pursued.

~~Another-Another~~ focal point will be the ~~City's~~ ability to provide quick restoration of power after an outage, which may be enhanced if equipment and crews are located close to or within the City. This would reduce the number of minutes of a typical outage. Still another focal point may be undergrounding of overhead power lines in certain areas to further reduce outages. This does not mean that other forms of maintenance or system design should be neglected. If the City does not form a new electric utility, ~~it then the City~~ may wish to focus its reliability discussions with PSE on what can be done to prevent tree-related outages and/or shortening the amount of time to restore power. To prevent tree related outages may require more information on the types of vegetation management by circuit/location and the outages in those locations.

~~Third,~~ if a reduction in the SAIDI or minutes of customer outage per customer is a goal, both transmission and distribution tree-related outages will need to be addressed. This is because either can be the majority of the SAIDI_{all-in} minutes in a particular year.

As another point of comparison, we also examined a Snohomish County PUD Electric System Reliability Report that included statistics from 1991 to 2015. Snohomish County is slightly north and east of Bainbridge Island and it includes rural forested areas as well as urban and suburban areas within its service territory.

In Appendix C of the Snohomish County PUD reliability report in Table C-1 of SAIDI, there is data broken out by distribution, transmission, unusual weather events, declared major events and “Overall (Everything).” The Snohomish County PUD “Overall” SAIDI is compared to the PSE Bainbridge Island “all in” total outage minutes in the following table:

Comparison of Snohomish County PUD Overall to Bainbridge Island Total Annual Average Customer Outage Minutes per Customer

	2009	2010	2011	2012	2013	2014	2015
Snohomish County PUD “Overall (Everything)” SAIDI (i.e. Trees and all other causes for both transmission and distribution)	76	114	83	116	85	229	1,390
Bainbridge Island Total All Causes “all-in” (see previous table)	655	2,497	384	392	510	819	2,336

It can be seen from the above table that there are far more average minutes of customer outage on Bainbridge Island than in Snohomish County PUD. Since tree related issues are the most significant cause of outages on Bainbridge Island, vegetation management or tree trimming is the critical reliability factor.

Snohomish County PUD performed a detailed analysis of its outages on the 20 circuits with the greatest number of distribution outages. The PUD determined that the number of tree related distribution outages, where trees or branches are farther away than 10 feet from power lines is less than the number of outages (by about a factor of slightly less than two) than where trees and limbs are closer. However, what the PUD also found was that the distant tree caused outage average customer durations (in non-major events or storms) were just slightly less (ratio of about ~~936~~ to ~~1040~~) ~~than average customer durations caused by closer trees, more distant tree minutes of outage.~~ The implication for Bainbridge Island is that to improve SAIDI, trees close to the power lines as well as those more distant need to be addressed, even though tree trimming within 10 feet of power lines is associated with the greater number of outages.

The City should ask PSE to collect similar information by circuit so such information can be factored into the PSE vegetation management and tree trimming programs on Bainbridge Island.

Such information might also identify areas where distribution lines could be rerouted, undergrounded, or constructed with alternate overhead framing techniques such as spacer wire.

Section 3

Estimated Cost of Electric Facilities

Electric System Facilities on Bainbridge Island

Electric service on Bainbridge Island is presently provided by PSE. The electric facilities located within the City include transmission lines, substations, overhead and underground distribution lines, poles, transformers, vaults, service drops, meters, streetlights, right-of-ways and ancillary distribution system facilities. There are three substations on the island that transform power from transmission voltage to the primary distribution voltage.

PSE's transmission system on Bainbridge Island consists of approximately 14 miles of 115-kilovolt (kV) overhead transmission lines that connect to PSE's transmission system on the Kitsap Peninsula side of Agate Passage. There are two transmission circuits that cross Agate Passage by means of an overhead crossing that is essentially new, having been rebuilt in 2014. Once on the island, the two transmission circuits separate and proceed along different routes until Hidden Cove Road and Highway 305. From that point they are near each other along Highway 305 until they reach the Port Madison substation located at the northwest corner of the intersection of Day Road and Highway 305.

The Port Madison substation was originally built in 1980 and serves as a transmission switching station as well as a distribution substation serving approximately 4,000 electric customers. Two radial transmission lines proceed from the Port Madison substation, one to the Murden Cove substation and one to the Winslow substation. The Winslow substation was originally built in 1960 and serves approximately 3,800 customers. The Murden Cove substation was originally built in 1980 and serves approximately 4,500 customers. Each of the three substations has one transformer that provides power at 12.5-kV, the primary distribution voltage, to four distribution feeders.

The transmission connections at the Port Madison substation are indicated by PSE to have been rebuilt in 2000. The underground getaways appear to be older. Two of the feeder getaways at the Murden Cove substation appear to have been rebuilt with new underground cables for each circuit. The Murden Cove substation yard is large and could accommodate a second transformer if needed in the future. The Winslow substation is built using overhead getaways and the poles and wires appear to have been recently replaced. Several overhead spans from the Winslow substation in both directions use tree wire. The Winslow substation yard appears to be smaller making it difficult to expand in the future.

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 3
Estimated Cost of Electric Facilities



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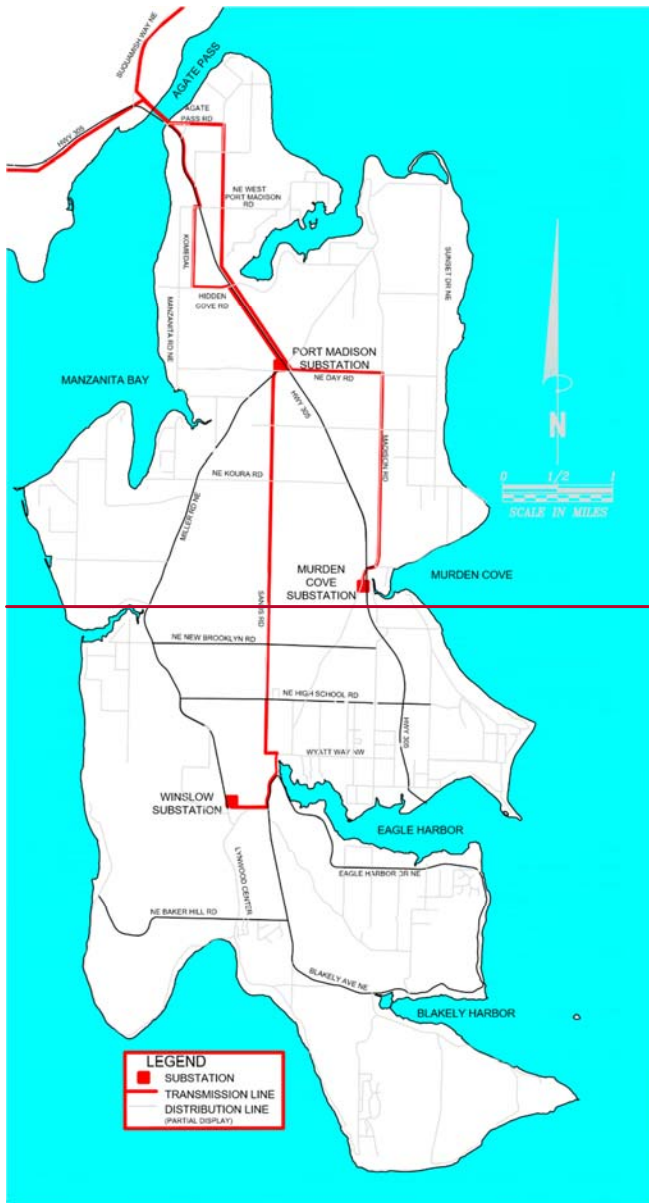


Figure 4-2 Bainbridge Island Transmission and Substation Facilities (*Partial representation of distribution lines*)

PSE indicates that there are 307 miles of distribution lines on Bainbridge Island of which 165 miles are underground. The overhead and underground lines are a mixture of three, two and single phase. In addition, 22 miles of overhead distribution lines use insulated tree wire. Overhead distribution and transmission lines are generally built with typical wood-pole construction and in some areas the distribution lines are underbuilt on transmission poles. The exception to the transmission is the steel pole/tower crossing of Agate Passage.

The distribution system appears to be a mixture of main feeders, some of which were rebuilt in the past few years, and many laterals and smaller feeder wire portions that are older. It was noted that some poles along Crystal Spring Drive NE are placed in the beach with anchoring extending into the tidal area. The distribution system appears to be designed and operated principally as a radial system.

Proposed Facilities to be Acquired

There are several options that the City could take in defining the electric facilities that would be acquired to establish a new electric utility system. It is expected that the substations, distribution lines, transformers, services ~~and~~ ~~and~~ meters would be needed for the City to own the distribution system as required by BPA. All of the transmission lines, however, would not necessarily need to be acquired. Instead, PSE could continue to own some or all of the transmission lines on the island and BPA would make arrangements with PSE to deliver power over the lines to the City's substations. The City system would also need to acquire the streetlights owned by PSE.

BPA has historically even provided transmission service to and through PSE owned substations for some of its preference customers. Examples includes BPA service to the cities of Blaine and Sumas, both of which are served at primary voltages from PSE substations by BPA contract.

Alternatively, the new electric utility could acquire the transmission lines from the connection to PSE's Kitsap Peninsula transmission system at Suquamish Way NE and own the crossing at Agate Pass and all the 115-kV lines on Bainbridge Island. Another option could be to build a new transmission line from the Suquamish Way connection point to BPA's closest substation at the Bangor naval base. This line is estimated to be approximately eleven miles long and would potentially be difficult to permit and construct. It would also only provide a single radial line to the City's system from Bangor presenting a potential reliability risk.

Although BPA's customers typically take delivery of power directly from a BPA substation or over BPA transmission lines, BPA has indicated that it could deliver power to the City's electric system over PSE's transmission lines. This approach is used elsewhere in the Pacific Northwest where a direct connection to BPA's system is not currently available. BPA would negotiate with PSE for the use of PSE's transmission system to deliver power to the City system and would compensate PSE for this service. An advantage of this approach is that PSE's transmission system would continue to be used in the manner it is now and PSE would receive payments for the use of the system. PSE would, however, continue to be responsible for the maintenance and operation of its transmission system and provide outage restoration. A Line and Load Interconnection

Request¹⁴ will need to be made to BPA to obtain more specific information about the capability of BPA's and PSE's transmission systems to serve the City system and define the specific interconnection equipment needed.

BPA indicates that it treats transfer customers (those served over other utilities' lines) the same as customers connected directly to BPA's system. If the City were to become a BPA transfer customer it would obtain a Network Transmission (NT) agreement with BPA. As an NT customer, the City system would pay the NT transmission charge similar to all other BPA customers with an NT agreement that are directly connected to BPA's system. Through the NT charge BPA pays for the cost to transmit power over BPA and non-BPA lines as needed to deliver power to its customers.

For the purpose of this analysis, we have ~~developed a base case in which assumed that~~ the new City electric utility would not acquire the transmission lines north of the Port Madison substation. Since BPA would be delivering power over PSE's transmission system in Kitsap County, transmission to the Port Madison substation would be a continuance of the use of PSE's system. BPA has indicated that it would most likely locate its metering system at a substation. A metering system would be installed at the Port Madison substation and this is where the new utility would take delivery of power from BPA. From this point the new electric utility would own the substations, the radial transmission lines between the substations, all overhead and underground distribution lines, distribution transformers, customer services, and meters.

An alternative ownership arrangement that could be evaluated would be for the City system to acquire only the distribution lines and customer services and for PSE to retain ownership of all transmission lines and substations. In this case, BPA would deliver power to the City system on the low voltage side of the substation transformers. This type of arrangement exists elsewhere in BPA's system. BPA assesses an additional charge to accommodate this arrangement and negotiates with the substation owner and pays for the use of the substation. If the City electric system were to undertake this kind of arrangement, PSE would continue to own, operate and maintain all of the transmission and substation systems in the City.

Based on our observations and information provided to the City by PSE, we have estimated the quantities and approximate sizes of electric facilities to be acquired by the new utility. Using this information and our experience with electric utility construction and costs, we have estimated a range of costs for the acquired facilities.

Estimated Cost of Electric Facilities

An appraisal of the value of electric facilities to be acquired by the City for its electric system has not been conducted. Such an appraisal would rely upon a detailed description of the facilities to be acquired and will potentially be needed if the City proceeds towards acquisition of the PSE

¹⁴ <https://www.bpa.gov/transmission/Doing%20Business/Interconnection/Pages/LLIP.aspx>

system on Bainbridge Island. Such information could be provided by PSE or it could be developed independently by the City as part of a condemnation legal proceeding.

We have estimated that approximately 7.5 miles of 115-kV transmission lines currently owned by PSE, the transmission lines between the substations, would be acquired by the City. There are three substations and approximately 307 miles of distribution lines of which 165 miles are underground, as indicated by PSE. Since we do not have asset records from PSE or know what the original cost of these specific facilities was, we have estimated the original cost based on estimated current transmission and distribution costs deflated to the cost at the assumed average installation date separately for each type of facility.

For the purpose of this analysis, the cost the City would pay for the acquired facilities is estimated to be between the original cost less depreciation (OCLD) value and the reproduction cost new less depreciation (RCNLD) value of the electric facilities. OCLD is defined as the original cost of the property when it was first put into service as a public utility, less accrued depreciation. The OCLD value is an estimate of the net book value of property, which in general, is approximately the rate base value of the property for ratemaking purposes. In its order regarding the matter of PSE's petition for accounting of the proceeds from the sale of assets to Jefferson County PUD¹⁵, the WUTC concluded that PSE was authorized to retain the net book value of the assets, plus certain transaction costs and 12.4% of the gain on the sale of the assets, for its shareholders. The remainder of the proceeds of \$52.7 million was to be allocated to PSE's ratepayers as pro rata monthly bill credits over a four year period.

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For state utility commission regulated properties such as the facilities to be acquired by the City, the rate base value generally is the portion of the original investment cost which the utility has not yet recovered through rate charges paid by its customers.

The following table summarizes the estimated RCN, RCNLD and OCLD costs for the facilities expected to be needed by the new City electric system. As previously indicated, the facilities to be acquired do not include the transmission lines north of the Port Madison substation. Further, the costs shown for the facilities are for those facilities in place at this time. No additional amounts are included for facilities that may potentially be installed in the future.

¹⁵ Washington Utilities and Transportation Commission, Docket UE-132027, Order 04, Service Date September 11, 2014.

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 3
Estimated Cost of Electric Facilities

TABLE 2
Estimated Costs of Facilities to be Acquired by the City Electric System
(\$000)

	Estimated Weighted Average Year of Installation *	Average Service Life (Years)	Estimated Percent Depreciated	Estimated Reproduction Cost New (\$000)	Estimated Reproduction Cost Less Depreciation (RCNLD) (\$000)	Estimated Original Cost Less Depreciation (OCLD) (\$000)
Substations and getaways	1995	50	44%	\$ 9,780	\$ 5,490	\$ 2,560
Transmission Lines	1996	50	42%	2,160	1,250	750
Distribution Facilities						
Overhead Lines	1993	50	48%	19,900	10,420	4,980
Underground Lines	1996	50	42%	32,840	19,040	8,470
Services, Transformers, Meters	1996	50	42%	27,450	15,920	7,240
Subtotal - Distribution	1995	50	43%	80,190	45,380	20,690
Total				\$ 92,130	\$ 52,120	\$ 24,000

* Average year of installation of facilities with adjustment for periodic renewals, replacements and additions.

	Assumed Average Install Year	Average Service Life (Years)	Percent Depreciated	Estimated Reproduction Cost New (\$000)	Estimated Reproduction Cost Less Depreciation (\$000)	Estimated Original Cost Less Depreciation (\$000)
Substations and getaways	1994	50	43%	\$ 9,800	\$ 5,700	\$ 2,700
Transmission Lines	1996	50	40%	2,100	1,300	800
Distribution Lines, Services, etc.	2004	50	42%	71,390	41,730	19,190
Total				\$ 83,290	\$ 48,730	\$ 22,690

As indicated in the table, the estimated cost of the facilities based on OCLD and RCNLD ranges between \$24.02-7 million and \$52.148-7 million. If in addition, the City electric system were to acquire the transmission lines north of the Port Madison substation, including the Agate Pass crossing, the estimated cost of the facilities would range between \$28.77-6 million (OCLD) and \$57.54-4 million (RCNLD). If the City system were to acquire only the distribution lines, services, transformers and meters, the estimated cost of the facilities would range between \$20.7 million (OCLD) and \$45.4 million (RCNLD).

For the purpose of comparison, the estimated total investment in electric distribution facilities on a per customer basis in PSE's total system has been evaluated. This distribution value includes PSE substation facilities, overhead and underground distribution lines, customer connections, meters and other facilities. PSE's total electric plant in service as of December 31, 2015 ~~6~~ was \$9.58-9 billion. The investment in distribution plant was \$3.46 billion or \$3,200-30 per customer based on the total number of electric customers in PSE's system of 1,126,203,600. These electric plant and distribution plant in service amounts are based on the original cost of the plant when it

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was installed. Overall, the value of PSE's distribution plant was 37.58% depreciated as of December 31, 2016~~5~~.

Assuming that PSE's investment in Bainbridge Island on a per customer basis is proportional to investment in these facilities throughout PSE's entire system, the total estimated amount for distribution plant in Bainbridge Island would be \$39.48.2 million. Applying 37.58% depreciation would result in the original cost less depreciation value of distribution plant being \$24.63.7 million. This is comparable to, although slightly higher than the total amount shown for the original cost less depreciation in Table 2+. Using PSE's reported system average depreciation on distribution plant to estimate the average installation date of distribution plant, the RCNLD~~reproduction cost~~
~~new less depreciation~~ of distribution plant on Bainbridge Island is estimated to be \$54.949.4 million. The value of transmission plant to be acquired would need to be included in the total cost based on this methodology to provide a totally comparable estimated value.

As another point of information, the Washington State Department of Revenue (DOR) has estimated that the equalized taxing value of PSE real and personal property within Kitsap County, adjusted for market conditions in 2016 was \$198,096,993¹⁶. It is important to note that DOR performs a complex review of various assets and information provided to it and then makes adjustments to price the real and personal property at approximately a market value. It is also important to understand that this DOR value includes buildings, transmission lines, substations, distribution facilities, land rights, computer software, etc. The Kitsap County Assessor's Office reports that the DOR assessed value of PSE's real and personal property for property tax purposes for 2017 in the Bainbridge Island tax code areas is \$19,593,411.

Stranded Costs

Stranded costs represent a utility's investments in facilities that become unused or redundant as a result of regulatory or market changes. The proposed acquisition concept involves the continued use of portions of PSE's transmission system for which PSE will be compensated and as a result there should not be any stranded costs related to these facilities. The Federal Energy Regulatory Commission (FERC) established the concept of stranded costs after it established a transmission open access policy that requires utilities, such as PSE to provide transmission access. The application of stranded costs is based on a complex set of FERC definitions and formulae that can likely only be resolved by litigation or negotiation. Further evaluation may be needed but it is not expected that stranded costs would have a significant impact on the costs of acquisition for a new utility on Bainbridge Island.

Separation Costs

The physical separation of the electric systems of the new electric utility and PSE is expected to be relatively simple if the new utility takes delivery of BPA power over PSE's transmission system at the Port Madison substation. The new utility will need to install BPA bulk power metering

¹⁶ http://www.dor.wa.gov/docs/reports/2016/utlivals2016/2016_Table_2.pdf

equipment and assure that appropriate protection and switching systems are installed at the substation. The new utility will be responsible for any costs that are incurred to provide separation of the systems.

In the past it has been noted that third party owned customer metering equipment may be installed in PSE's system. If these meters are in the City's system it may mean that there would be some additional costs associated with meter acquisition. In addition, PSE's investment in residential and commercial energy efficiency systems in Bainbridge Island, identified by PSE as \$2.8 million, may or may not need to be refunded at the time of acquisition or reflected in the acquisition cost. Likewise, there may be customer service or accounting costs associated with separating the customers from PSE's system and costs of transferring legal assets that may or may not need to be reflected in the acquisition cost.

Section 4

Estimated Initial Financing Requirements

Financing Options and Conditions

The costs of acquiring the direct necessary electric facilities are combined with estimates of any necessary new construction costs, legal and consulting fees, engineering costs and startup costs to determine the initial financing requirement for the new utility. Funds are typically borrowed to pay these costs and the borrowed monies are repaid over a fairly long period such as 25 to 30 years. Because of the amount of investment needed to construct electric utility facilities as well as the long useful life of these facilities, electric utilities often have a fair amount of long-term debt to service. It is assumed that the City would finance the initial acquisition costs of the facilities with the issuance of revenue bonds that would not be tax-exempt. Costs of constructing new facilities or facilities for separation, purchases of equipment, inventories, supplies, reserves and other related costs are assumed to be financed with loans carrying tax-exempt interest rates. Certain costs associated with the issuance of revenue bonds, such as the funding of a bond reserve fund, would also be incurred and are included in the estimate of total financing requirements.

Municipally-owned electric utilities and PUD's generally use tax-exempt revenue bonds and loans to fund the capital costs associated with their systems. Federal tax laws generally prohibit the use of tax-exempt loans for the funding of municipal acquisition of electric systems owned by investor-owned or privately owned utilities. Taxable revenue bonds have a higher interest rate than tax-exempt interest rates. For our analysis we have assumed a 4.5% tax-exempt electric revenue bond interest rate and a 5.0% taxable electric revenue bond rate. These assumed rates are higher than would be experienced at the present time in that tax-exempt and taxable rates would be about 4.0% and 4.4%, respectively, for 30-year municipal revenue bonds at the present time. Further, the 30-year flat repayment schedule for the initial bond issuance, ~~as assumed~~ as assumed for this analysis, could be shortened if desired or a non-levelized debt service payment schedule could be established. The 30-year levelized repayment of bond debt is reasonably typical for public power financing and is used to establish a regular payment schedule with lower payments than would be required for a shorter repayment period.

In determining the actual interest rates the new utility would incur for revenue bond financing a number of factors would be evaluated by lenders. Among these factors would be the potential risk of a reduction in energy sales in the future due to a loss of large loads, aggressive conservation efforts or lower economic activity. These factors are commonly evaluated by those involved in revenue bond lending and with regard to the new City electric system, are expected to be similar to the experience of other public power utilities in the Pacific Northwest.

A shorter repayment period would require higher annual debt service payments during the repayment period but would allow for earlier retirement of the bonds. It is important that legal and financial advisors be consulted with regard to the structuring of bond issues to fully evaluate financing alternatives. Full principal repayment could be partially deferred in the first year of electric system operation to lower the revenue requirements in the first year. Various exceptions

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 4
Estimated Initial Financing Requirement

and special conditions could exist that would allow more access to tax-exempt securities to fund the initial financing requirement.

It is important to note that the debt incurred by the new City electric system would be expected to be secured by the revenue of the electric system and not the City's general fund. As such, property taxes and other taxes within the City would not be used to support the electric system bonds.

Requirements for a New Utility to Issue Long-term Revenue Bonds

Issuing long-term debt is fairly common for municipalities, counties and other governmental agencies. A new, municipal electric utility would need to consider some of the following requirements in undertaking a revenue bond financing.

1. Agreement to purchase the system is complete so there is no question about ownership.
2. The governing body is in place (i.e. City Council)
3. A feasibility study has been completed showing projected revenues and expenses.
4. An initial rate schedule based on feasibility study has been adopted by the governing body.
5. Management and staff in place (contracted for or hired) so it is clear that the entity has the capability to run an electric utility.
6. A bond ordinance has been adopted with typical revenue bond covenants including a pledge to raise revenues as necessary to pay debt service, provide adequate debt service coverage, establish an adequate reserve account and address other covenants.
7. Indicate adequate cash on hand to fund startup and initial costs until revenues from rates and charges are received.
8. Have an agreement in place for power supply with BPA and/or other entities.

Additional items would potentially be added as the municipality's legal and financial advisors review the potential structure of the proposed borrowing. If necessary, the municipal entity could possibly issue debt and place proceeds into an escrow account until certain of the above requirements are met. Also, for initial startup costs, the municipal entity could provide funds through a general obligation bond or note or through interfund borrowing. The City has indicated that it could loan money from one fund to another through an interfund loan. These funds could be used until long term financing is in place and the system is in operation.

Typical Bond Covenants

Typical covenants included in the bond ordinance related to the issuance of municipal utility revenue bonds are shown in the following paragraphs. Bond council and the City's legal council will determine which of these covenants are needed and will adjust the wording as appropriate. An example could be with regard to insurance in that some utilities elect to self-insure certain elements of their systems. As such, the wording below would be adjusted to reflect this approach.

1. *Rate Covenant – General.* Rates will be established, maintained and revenues collected for electric energy sold through the ownership or operation of the electric distribution system, and all other commodities, services and facilities sold, furnished or supplied by the electric system in connection with the ownership or operation of the electric distribution system that shall

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be fair and nondiscriminatory and adequate to provide gross revenue sufficient for the payment of the principal of and interest on all outstanding Parity Bonds, for all payments which the electric system is obligated to set aside in the bond account, and for the proper operation and maintenance of the electric distribution system, and all necessary repairs, replacements and renewals thereof, the working capital necessary for the operation thereof, and for the payment of all amounts that the electric system may now or hereafter become obligated to pay from the gross revenue.

2. *Rate Covenant – Coverage Requirement.* Such rates or charges shall be sufficient to provide net revenue in any fiscal year in an amount equal to at least 1.25 times the annual debt service in such fiscal year on all outstanding bonds. A higher coverage requirement can possibly improve the rating of bonds and contribute towards a lower interest rate.

3. *Maintenance of the Electric Distribution System.* The electric distribution system will be maintained in good repair, working order and condition, and all necessary and proper repairs, renewals, replacements, extensions and betterments thereto will be properly and advantageously conducted, and the City will at all times operate such properties and the business in connection therewith in an efficient manner and at reasonable cost.

4. *Sale or Disposition of the Electric Distribution System.* The City will not sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the electric distribution system properties, or permit the sale, mortgage, lease or other disposition thereof, except under certain conditions.

5. *Insurance.* The City will keep the works, plants, properties and facilities comprising the electric distribution system insured, and will carry such other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties.

6. *Books and Accounts.* The City shall keep proper books of account in accordance with the rules and regulations prescribed by the Washington State Auditor's Office, or other State department or agency succeeding to such duties of the Washington State Auditor's office. In the case of an RUS loan, the books and accounts along with periodic reports shall conform to RUS borrowing requirements (see below).

7. *No Free Service.* Except as permitted or required by law, the City will not furnish or supply or permit the furnishing or supplying of electric energy in connection with the operation of the electric distribution system, free of charge to any person, firm or corporation, public or private, so long as any bonds are outstanding and unpaid; provided, that, to the extent permitted by law, the City may lend money and may provide commodities, services or facilities free of charge or at a reduced charge in connection with a plan of conservation of electric energy adopted by the City Council or to aid the poor, infirm or elderly.

Other Financing Options

The federal Rural Utilities Service (RUS) within the United States Department of Agriculture administers water and waste treatment, electric and telecommunications infrastructure to rural communities. The RUS Electric Program provides capital and leadership to maintain, expand, upgrade and modernize rural electric infrastructure. The loans and loan guarantees provided by RUS finance the construction or improvement of electric distribution, transmission and generation facilities in rural areas. The RUS Electric Program also provides funding to support demand-side management, energy efficiency and conservation programs, and on-and off-grid renewable energy systems.

RUS loans are made to cooperatives, corporations, states, territories, subdivisions, municipalities, utility districts and non-profit organizations. Jefferson County PUD obtained a loan from RUS to finance the acquisition of electric facilities to undertake electric service in Jefferson County beginning in 2013. RUS, in discussions with DHA, has indicated that the City could potentially qualify for an RUS loan to purchase electric facilities, however, an official determination would need to be obtained when more information is available and discussions are conducted with RUS.

RUS loans have an interest rate tied to the treasury rate plus 1/8 point and can typically have a repayment period up to 30-35 years. As of ~~early May~~ ~~January~~ 2017, the RUS rate for long-term loans with a 30 year maturity to qualified electric utility borrowers is indicated to be approximately 2.8~~9575~~⁹⁵%.¹⁷ RUS does not assess any fees to establish loans.

Estimated Initial Financing Requirements

It is expected that funds will be borrowed by the new electric utility very close to the beginning of initial utility operation so that revenues from the sale of electricity can be available to pay interest and principal obligations. This initial borrowing will provide sufficient funds to pay initial acquisition costs, construct any new electric facilities needed to begin electric service, pay legal and engineering costs incurred in the development of the new utility, and purchase equipment and materials to begin utility operation. In addition, the initial financing will need to fund the costs of the financing, as well as, establish a debt service reserve fund and any other reserve funds that may be needed to begin utility operation.

Prior to the initial financing, the City will most likely incur costs related to the establishment of the new utility. These costs can include legal, engineering and consulting fees that evaluate the feasibility of the new utility and plan its development. These costs could potentially be paid initially by the City from general funds, for example, and then can be refunded to the City with the proceeds of the initial long-term borrowing. Short-term borrowings could also be used to fund

¹⁷ FFB quarterly rates for 30-year maturity plus 0.125%. <https://www.rd.usda.gov/programs-services/services/rural-utilities-loan-interest-rates>

some of the early costs. These borrowings would typically be refunded with the proceeds of a long-term borrowing.

For the purpose of the base case of this analysis, the estimated initial financing requirement is based on the assumption that the cost to acquire the electric facilities from PSE is two times the estimated original cost less depreciation (OCLD) value of the facilities as shown in Table 2. ~~Other costs we have included in the initial financing requirement are the costs of installing equipment to meter wholesale power purchases at the substations, purchase necessary vehicles and equipment, purchase materials and supplies and pay the costs of additional warehouse and maintenance facilities that the City may need for the electric utility.~~ Note that the acquisition cost is expected to be either a negotiated or court mandated value. We have used ~~two~~2 times OCLD as an initial estimate of the acquisition cost and included sensitivity analysis to indicate ~~a feasible~~ ranges within which an acquisition price might be negotiated. As indicated previously, other public power utility acquisitions have been in the range of two times the OCLD value.

Other costs we have included in the initial financing requirement are the costs of installing equipment to meter wholesale power purchases at the substations, purchase necessary vehicles and equipment, purchase materials and supplies and pay the costs of additional warehouse and maintenance facilities that the City may need for the electric utility. The amount needed for these items will depend on how the facility and equipment needs of the City electric system could be accommodated somewhat through existing City operations. The estimated costs included in the analysis for these items are as follows:

Metering equipment at substations	\$ 240,000
Vehicles, trucks, large equipment (14 total)	\$1,340,000
Materials and stores	\$1,500,000
Facilities, storage, other	\$2,000,000
Subtotal	\$5,080,000

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Also included in the total amount to be financed is the initial costs of legal, engineering and consultant fees. Legal fees, in particular, are difficult to estimate. For the estimated financing requirement, \$1,000,000 has been included for legal fees and \$400,000 has been included for engineering and consulting fees¹⁸. If a condemnation proceeding is undertaken, legal fees are expected to be higher.

It is expected that the City would evaluate financing options and undertake loans that provide the most effective and lowest-cost approach. Interest and principal payments on loan balances are included among the costs to be recovered through electric rates so it is important to keep these costs at a reasonable level. Although there are potentially other options, the base case of our analysis assumes that the City would fund the initial financing requirement with a combination of

¹⁸ Jefferson County PUD indicates that its initial legal, engineering and consulting fees associated with evaluating and establishing electric service were approximately \$1.3 million.

taxable and tax-exempt interest rate revenue bonds. The taxable interest rate bonds would be used to pay PSE for the electric facilities to be purchased. All other costs could be funded with tax-exempt interest rate bonds.

In addition to the loan amounts needed to pay the initial costs of acquisition, startup and improvements, there will also be the need to fund initial working capital and reserve funds. The City may have other options available to provide these amounts. Revenue bonds usually require that a debt service reserve fund equal to one year's debt service be established and maintained as long as any of the bonds are outstanding. A portion of the proceeds of the bond issue are used to fund the debt service reserve fund. The costs to issue bonds are also funded with the proceeds of the bond issue.

Basic assumptions related to the debt to fund the initial financing requirement are as follows:

- Taxable debt interest rate 5.0%
- Tax-exempt debt interest rate 4.5%
- Repayment period 30 years
- Financing expense 1.5% of bond amount
- Debt service reserve One year's level debt service

The estimated initial financing requirements for the new utility are summarized in Table 3:

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 4
Estimated Initial Financing Requirement

TABLE 3
City of Bainbridge Island Electric System
Estimated Initial Costs and Total Financing Requirements
(Based on Acquisition at Two Times OCLD Cost)

	Loan A (Taxable Rate)	Loan B (Tax-exempt Rate)	Total
Initial Acquisition Costs	\$ 48,000,000	\$ -	\$ 48,000,000
Separation, Startup, Legal Costs ¹	-	\$ 6,480,000	\$ 6,480,000
Working Capital ²	-	3,000,000	3,000,000
Contingency Reserve	-	-	-
Subtotal	\$ 48,000,000	\$ 9,480,000	\$ 57,480,000
Financing Expense ³	783,000	154,000	937,000
Debt Service Reserve ⁴	3,394,000	630,000	4,024,000
Total Financing Requirement	\$ 52,177,000	\$ 10,264,000	\$ 62,441,000

	Loan A (Taxable Rate)	Loan B (Tax-exempt Rate)	Total
Initial Acquisition Costs	\$ 45,380,000	\$ -	\$ 45,380,000
Separation, Startup, Legal Costs ¹	-	\$ 5,220,000	\$ 5,220,000
Working Capital ²	-	2,500,000	2,500,000
Contingency Reserve	-	-	-
Subtotal	\$ 45,380,000	\$ 7,720,000	\$ 53,100,000
Financing Expense ³	740,000	125,000	865,000
Debt Service Reserve ⁴	3,209,000	513,000	3,722,000
Total Financing Requirement	\$ 49,329,000	\$ 8,358,000	\$ 57,687,000

¹ Includes estimated costs of vehicles, equipment, materials, warehousing ~~and modifications-facility modifications~~ and legal, engineering and consulting fees.

² Assumed to be approximately two months of estimated electric utility operating expenses.

³ Estimated at 1.5% of loan amount.

⁴ Estimated at one year's debt service. Assumes level debt service, 5.0% taxable and 4.5% tax-exempt interest rates and a 30 year repayment period.

As shown in the preceding table, based on the foregoing assumptions the total estimated initial financing requirement is \$62.4 million if revenue bonds are used to fund initial acquisition and startup costs. Of this amount, \$52.2 million would be estimated to be financed with taxable debt and \$10.3 million would be financed with tax-exempt debt. If financing with the RUS were pursued, the total loan amount would be estimated to be \$57.5 million. An RUS loan would not require a financing fee or a debt service reserve fund.

It should be noted that the total initial financing requirement does not include costs for any improvements or modifications to the electric system facilities. The loan amount could be

increased to obtain funds for system improvements such as undergrounding of overhead distribution lines. Additional funds could also be borrowed to establish a reserve and contingency fund.

For the alternative case in which it is assumed that PSE retains ownership of the substations and transmission lines and only the distribution lines are to be acquired, the total initial financing requirement is estimated to be \$55.3 million with revenue bond financing and the same assumptions as used for the base case, above.

Section 5

Estimated Number of Customers and Load Forecast

Electric utilities generally classify their customers based on general characteristics of service. Typical customer classifications are residential (regular, low-income), commercial, industrial, irrigation, governmental, sale for resale and streetlights. The number of customers in the City's service territory has been estimated to serve as the basis for estimating energy sales and overall power requirements of the municipal electric system.

PSE has indicated that approximately 12,300 electric customers are presently served on Bainbridge Island. It is not known how many of these customers are residential and how many are commercial accounts, however, based on the estimated number of residential housing units in the City identified in the 2010 census, we have estimated the number of residential accounts served in 2010 to be approximately 10,700. PSE indicates that the total number of electric customers served on Bainbridge Island has increased about 0.7% on average per year between 2010 and 2016. Applying this average increase factor to the 2010 estimate, the total number of residential customers is estimated to be 11,210 in 2016. Based on this number of residential accounts, there would be an estimated 1,100 commercial and other electric customers in the City in 2016.

Electric energy sales to the residents and businesses in the City would be expected to be higher than the average for PSE's customers throughout its system primarily because of a higher use of electric space heat in the City. In other areas served by PSE, natural gas would generally be used to provide a significant amount of space heating. It is estimated that total electricity sales in the City in 2016 were about 219,000 MWh based on an evaluation of the amount of utility tax¹⁹ received by the City in that year. Of this estimated total energy sales, 138,800 MWh or 63% is estimated to have been sold to residential customers and 80,200 MWh or 37% is estimated to have been sold to commercial customers. ~~have been estimated based on the average energy use per customer in PSE's system in 2015.~~

On average, PSE's residential customers used 10,4~~470~~⁶⁵ kilowatt-hours (kWh) during 201~~65~~ and small commercial customers averaged 28,2~~54300~~⁶⁵ kWh of electric energy use. Average annual energy consumption per customer in the City is estimated to be 12,380 kWh for residential customers and 31,080 kWh for small commercial customers, representing approximately 19% and 10% more than PSE's system average for these two customer classes, respectively. As previously indicated, this is due to an expected higher use of electric space heat in the City. There is a large variation in the use of power by large commercial customers. ~~F, however,~~ for the purpose of this analysis it is assumed that large commercial customers in the City have similar average consumption to PSE's average for this class in 201~~65~~.

Over time the energy consumption of electric consumers in the City will be expected to change due to a number of factors including changes in weather conditions, energy use patterns, the cost of electricity, the cost of other energy sources, building codes, appliance standards, and

¹⁹ PSE collects a 6% tax on its electricity bills on behalf of the City.

implementation of conservation programs, among others. The number of electric customers served is also expected to change most typically with changes in population and the number of housing units. For the purpose of this analysis, we have assumed that the number of customers served will increase in the future at the rate of 0.7% per year on average. This rate of growth is considered reasonable for this analysis although it is somewhat lower than the 0.85% average annual population growth rate for the City provided in the Kitsap County 2016-2036 Comprehensive Plan²⁰. The average energy consumption per customer is assumed to remain constant in the future. An alternative case with lower load growth has been evaluated in the sensitivity analysis section.

The total electric energy needs of a utility include the amount of energy sold to customers, uses of energy by the utility itself, and energy losses. Examples of “own-use” energy include the power needed for utility buildings and facilities. Energy losses represent the amount of power “lost” between the point of wholesale power delivery to the utility and the customers’ retail meters. A certain amount of power is lost in the conductors and transformers throughout the system. It is assumed that total losses for the new electric utility would be 6.5% of the total energy delivered. This is within the range of the typical level of losses for a smaller electric system.

In addition to the electric energy required by the customers in the City, measured in kWh or megawatt-hours (MWh), the maximum demand during the year is also important. Electric demand is metered in kilowatts (kW) or megawatts (MW) and is typically measured monthly for the utility as a whole. For most electric utilities in the Pacific Northwest, the maximum demand occurs during periods of cold temperatures in the winter and during high temperatures in the summer. Another measure of a utility’s total load is average MW, the total energy use in megawatt-hours (MWh) divided by the number of hours in the period.

In estimating the peak demand, the ratio between average and peak demand, known as the annual loadfactor, has been assumed to be 460% for the City system which is reflective of a system with significant amounts of electric space heat. This annual load factor is low compared to most electric utilities and results in a high peak demand. While the peak demand on Bainbridge Island has been noted to be reflective of this low load factor in the past, it is subject to significant change from year to year based primarily on weather conditions and customer load characteristics.

The following table shows the estimated number of electric customers, annual energy sales, annual energy requirements and peak demand for the City system for each year, 2017 through 2020.

²⁰ Population Targets 2010-2036. Appendix D, Table A-1, Kitsap County Comprehensive Plan 2016-2036, June 2016.
<http://compplan.kitsapgov.com/Documents/CompPlanUpdateDraft2016Final30June2016scribe.pdf>

TABLE 4
City of Bainbridge Island Electric System
Estimated Number of Customers, Annual Energy Sales, Energy Requirements and Peak Demand

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 5
Estimated Number of Customers and Load Forecast

	2017	2018	2019	2020	2021
Number of Customers					
Assumed Growth Factor	0.70%	0.70%	0.70%	0.70%	0.70%
Residential	11,288	11,367	11,447	11,527	11,608
Commercial	1,098	1,106	1,114	1,122	1,130
Other	15	15	15	15	15
Total Customers	12,401	12,488	12,576	12,664	12,753
Energy Sales (MWh)					
Residential	139,700	140,700	141,700	142,700	143,700
Commercial	80,800	81,400	82,000	82,600	83,100
Other	100	100	100	100	100
Total Energy Sales	220,600	222,200	223,800	225,400	226,900
Losses and Own Use	15,300	15,400	15,600	15,700	15,800
Total Energy Reqs. (MWh)	235,900	237,600	239,400	241,100	242,700
Loss % of Total Reqs.	6.5%	6.5%	6.5%	6.5%	6.5%
Total Energy Req. (AveMW)	26.9	27.1	27.3	27.5	27.7
Annual Loadfactor	40%	40%	40%	40%	40%
Peak Demand (MW)	67.3	67.8	68.3	68.8	69.3
	2016	2017	2018	2019	2020
Number of Customers					
Assumed Growth Factor		0.70%	0.70%	0.70%	0.70%
Residential	11,210	11,288	11,367	11,447	11,527
Commercial	1,084	1,092	1,100	1,108	1,116
Other	15	15	15	15	15
Total Customers	12,309	12,395	12,482	12,570	12,658
Energy Sales (MWh)					
Residential	117,400	118,200	119,000	119,900	120,700
Commercial	75,000	75,600	76,100	76,700	77,200
Other	200	200	200	200	200
Total Energy Sales	192,600	194,000	195,300	196,800	198,100
Losses and Own Use	13,400	13,500	13,600	13,700	13,800
Total Energy Reqs. (MWh)	206,000	207,500	208,900	210,500	211,900
Loss % of Total Reqs.	6.5%	6.5%	6.5%	6.5%	6.5%
Total Energy Req. (AveMW)	23.5	23.7	23.8	24.0	24.2
Annual Loadfactor	60%	60%	60%	60%	60%
Peak Demand (MW)	39.0	39.0	40.0	40.0	40.0

As shown in the table, the total annual energy requirement of the City electric system is estimated to be ~~235,906,000~~ MWh, or ~~26.935~~ average MW, at present levels. The peak demand

is estimated to be ~~6739~~ MW. In colder years the total energy requirements and peak demand would be expected to be higher whereas warmer years would yield lower energy requirements and peak demand.

Section 6

Projected Costs of Operation and Revenue Requirements

Annual Revenue Requirement

Publicly-owned electric utilities generally establish rates to recover revenues through the sale of power sufficient to pay all operating expenses, taxes, and debt service as well as provide a margin from which to fund renewals, replacements and additions to the system. The total of all these cost obligations on an annual basis are referred to as the annual revenue requirement. Operating expenses of the electric system will include purchased power, purchased transmission services, transmission and distribution system operations and maintenance (O&M), customer accounting, and administrative and general expenses.

It is expected that the City will initially either contract for O&M services and/or hire its own staff to perform some or all of these functions. The management and administration of the City's electric system would be expected to be coordinated in some manner with other City operations. The electric utility, however, would need to retain certain specialized management, supervisory and administrative personnel familiar with electric utility operation. If the City were to proceed towards establishing an electric utility a more detailed evaluation of staffing requirements would need to be conducted.

At the time of initial operation it would most likely be necessary to contract at least some of the O&M services to other utilities or regional electrical contractors used by other public power utilities and by investor owned utilities. In the past, when new publicly-owned utilities have acquired electric facilities from an existing utility, some of the employees of the acquired utility have been hired by the new utility. This provides both continued local employment for the workers and provides the new utility with necessary skilled workers familiar with the local electric system. Jefferson County PUD contracted with PSE to provide certain O&M services for a period of time when the PUD first became operational. This is another option.

The largest component of cost that the City's electric system would incur each year is the cost of purchased power. This is typical of most electric utilities. Another significant annual expense to be incurred is the interest and principal payments on revenue bonds and other debt obligations. For a new electric utility, annual debt service payments can be relatively large early on but would be expected to become a smaller component of the overall revenue requirements as time goes on. Upon repayment of the initial bonds and loans, the rates of the electric utility could potentially be reduced.

Over time, the electric facilities in the system will need to be repaired, refurbished, and potentially replaced. There may also be the need to expand and improve the system such as adding new underground lines. The costs associated with these efforts will need to be included in the revenue requirement when they are incurred. Electric facilities are typically long-lived and can be funded with additional debt and amortized over the life of the facilities at tax-exempt interest rates for a municipal utility. Most electric utilities fund the costs of renewals, replacements and additions

through a combination of annual revenues, draws upon reserve funds and new debt. Major capital expenses for new or replacement facilities may be best funded with new debt to spread the cost of the new facilities, through debt repayment, over the usable life of the facilities. This is commonly done by public power utilities.

Many publicly-owned electric systems also collect additional revenues through their electric rates to make tax payments, franchise fee payments and payments in lieu of taxes to local governmental agencies.

Costs that would comprise the annual revenue requirement for the City's electric system are described more fully in this section. For the purpose of the analysis, various assumptions have been made to provide a basis for estimating the annual revenue requirement. The assumptions are based on the factors as described as well as our experience with electric utility operation. The City will have some flexibility in how it operates the electric system and as such, there could be a fair amount of variation in the costs of the operation.

Power Supply Costs

As previously indicated, the most significant annual operating expense that the City's electric system will incur is the cost of wholesale power. Upon fulfillment of certain criteria primarily related to establishing ownership of its distribution system, the new utility will be entitled to purchase power from BPA as a preference customer. The City electric system can reasonably expect to purchase a significant portion, if not all, of its power supply from BPA at the priority firm power rate, also referred to as the Tier 1 power rate.

In addition to BPA, a number of other opportunities for near-term power supply could be available to the City including power purchases from other utilities, independent generating facilities or power marketers. In the future, it is expected that the City will most likely continue to purchase power from BPA but will also be able to participate jointly with other utilities in new generation facilities, contract to purchase power from other suppliers and/or construct new generating facilities of its own locally including solar, wind, wastewater treatment bio-mass, and other renewable resources. The new City utility ~~could consider an also~~ aggressively expanding the existing ~~pursue~~ energy efficiency measure and/or measures to reduce the City's carbon footprint.

For our initial analysis, we have assumed that the full power requirement of the new utility is supplied with BPA wholesale power.

Estimated Cost of BPA Power and Transmission

BPA has provided an estimate of the cost of power and transmission for an electric system with power requirements similar in size to those estimated for the City electric system. The estimated cost of power is based on BPA's rates currently in effect and assumes that the City system would

obtain Tier 1 power to meet its total power needs in the first year of system operation. Tier 2 rates are presently about the same as Tier 1 rates so if initially the City system needed to phase in its purchase of Tier 1 power, the cost impact would be minimal.

BPA's priority firm power rate that the City system would be expected to pay is primarily composed of three components: the customer charge, the demand charge and the load shaping charge. Based on the experience of other similar sized public utility customers served by BPA, the customer, demand and load shaping charges would be expected to represent about 94%, 1% and 5%, respectively, of the City system's total BPA power cost. The customer charge is billed monthly and is established for each BPA rate period on the basis of a utility's Tier 1 Cost Allocator (TOCA)²¹. The demand charge is reflective of a utility's kW demand whereas the load shaping charge is billed on the basis of kWh. The billing determinants for the demand and load shaping charges are calculated each month based on several adjustment factors²².

As a BPA customer, the new utility would pay BPA's Network Integration Transmission Service charge²³. This charge provides for the delivery of power from BPA's generating resources to the City's delivery point. BPA has indicated that if the City electric system takes delivery of power at transmission voltage and owns the equipment to step the power down to distribution voltage, there would be no GTA delivery charges assessed. The GTA delivery charge only applies if power is delivered to a utility at less than 34.5-kV. If the City system owns the substations on Bainbridge Island, as described previously, the delivery of BPA power would be at a 115 kV transmission voltage, thus avoiding any GTA delivery charges.

BPA has established a policy of reviewing and adjusting its wholesale power rates every two years. The rates are established for a two year period based on BPA's fiscal year which begins October 1. The present rates (BP-16) went into effect on October 1, 2015 and will remain effective through September 30, 2017. The total Tier 1 charge for each BPA customer varies based on each utility's load characteristics, however, the average Tier 1 power rate currently charged to BPA's public power customers is \$33.75 per MWh²⁴.

BPA has estimated that the Tier 1 power rate to the City's system at the current BP-16 rates would be \$36.50 per MWh. Of this amount, \$34.50 per MWh is estimated to be the total for the customer charge and the load shaping charge and \$2.00 per MWh is estimated to be for the demand charge. The BPA transmission charge at the present NT-16 rate would be \$1.735 per kW per month. An

²¹ The Tier 1 Cost Allocator (TOCA) is based on a customer's Rate Period High Water Mark (RHWM) divided by the sum of all customers' RHWM.

²² For more information on BPA power rates see BPA's Power Rate Schedules and General Rate Schedule Provisions (FY 2016 – 2017). https://www.bpa.gov/Finance/RateInformation/RatesInfoPower/BP-16%20Final%20Rate%20Schedules%20-%20Power_Rev%2001-09-2017.pdf

²³ For more information on BPA transmission rates see BPA's Transmission, Ancillary and Control Area Service Rate Schedules and General Rate Schedule Provisions (FY 2016 – 2017). <https://www.bpa.gov/Finance/RateInformation/RatesInfoTransmission/BP-16%20Final%20Rate%20Schedules%20-%20Transmission%20-%20WEB.pdf>

²⁴ <https://www.bpa.gov/Finance/RateInformation/Pages/Current-Power-Rates.aspx>

additional \$0.35 per kW per month is estimated to be charged for scheduling, system control and dispatching services.

BPA's power and transmission rates are to be adjusted on October 1, 2017. The BP-18 rate proceeding began in the fall of 2016 and will continue until final rates are approved in the late summer of 2017. The initial proposal provided by BPA for the BP-18 rates indicates an approximately 2.3% increase in overall power charges with the new rates, as estimated by BPA. The initial BP-18 proposal for transmission rates shows little change in the network transmission rate. The BP-18 rates will be effective from October 1, 2018 to September 30, 2019.

It is expected that BPA will continue to adjust its rates every two years in the future. For the purpose of this analysis, it is assumed that Tier 1 rates will increase 6% every two years. Although short-term Tier 2 rates are lower at the present time, they have historically been higher than Tier 1 rates and as such, it BPA Tier 2 rates are assumed for the analysis that Tier 2 rates are to be 15% above the Tier 1 rates. BPA Network Transmission rates are assumed to increase at 6% every two years as well.

Annual Operating Costs other than Power and Transmission

In addition to power supply costs which represent the largest cost component for most electric utilities, the City electric system will incur costs for on-going operation and maintenance of the system, planning, engineering, administration, management, customer service, billing, accounting, and other costs. To provide these electric utility service functions it is expected that the City will hire necessary employees and/or contract out for others. Some of the functions, primarily related to billing, administration and management can be coordinated with current City functions, which may result in some reduced or shared costs by various functions. Certain operation and management functions can be contracted out similar in manner as to how PSE contracts for a significant portion of its maintenance and engineering work.

Among other Northwest public power electric utilities, the number of employees varies significantly. A good example of a municipal electric utility serving a similar number of customers to that of the City electric system is Centralia City Light. Centralia has 30 full time electric employees and approximately 11,500 customers. The City of Port Angeles has 35 electric employees with approximately 9,000 customers, and the City of Ellensburg indicates that it has 14 electric employees with approximately 9,600 customers, although this number does not include billing and accounting personnel who operate within the municipality's administrative services.- Jefferson County PUD reports that it presently has about 40 electric employees for its system serving 19,200 customers.

As another point of reference, in 2015 the PUDs in Washington indicated that the average number of customers per electric employee was 272. Based on the PUD average number, with 12,300 customers, the City system would require about 45 employees. The City service area is far more compact than the service area of the PUDs in Washington, which would indicate a need for fewer employees.

Based on a review of similarly sized municipal electric utilities in the Northwest, we would estimate that the City electric system would need approximately 30-40 employees, but this could vary based on what services the City would contract out and how the electric utility might be integrated with other City operations. Considering all factors, DHA feels that the number of full-time employees (FTE) by function are conceptually identified as follows:

TABLE 5
City Electric System

Example Electric System Staffing (FTE)

Management and Administrative	4
Operations, Maintenance and Engineering	18
Customer Accounting, Customer Service, Conservation	10
	<hr/> 32

The estimated costs of operation for the City electric system will include personnel costs as well as contracted services, materials, supplies, equipment and other expenses. Electric utilities purchase insurance to cover the costs of certain equipment failure and other potential losses due to business operations. Some elements of an electric utility, such as overhead power lines, may be self-insured. Tree trimming activities will most likely be conducted by a combination of contractors and employees with contractors doing the majority of the work. This will be an important activity for the City system. We have estimated that tree trimming activities near overhead lines in the City electric system will be conducted every year and on average will affect all portions of the lines approximately every four years.

Meter reading and billing could also be contracted out if the City decided to do so, but should in the long run be incorporated with other City meter reading and billing functions. It could also be possible to contract out the majority of operations and maintenance to another utility or to an independent contractor²⁵. A subset of certain engineering and system planning efforts are expected to be contracted out in the early years of operation and used as a method of providing staff training.

A significant advantage for the City with its own electric utility staff would be some regular permanent presence of utility workers, equipment and materials in the City. Line and service crew workers can be available to conduct maintenance and storm restoration functions relatively quickly. It may still be necessary to use contract workers for certain major activities. The regular presence of utility workers can have a noticeable impact on monitoring of vegetation management

²⁵ A municipal electric system in Oregon about half the size of the City electric system contracts with another utility for all aspects of operation, maintenance, and administration. For another municipality in Oregon evaluating electric service, a bid was requested and received from a private contractor to provide operation and maintenance of its proposed electric system.

issues and in working within the community to assure proper care of trees and manage vegetation growth around power lines. As an example, some utilities provide landscape gift certificates to home owners to help pay for the cost of low growing plants to replace larger plants that pose significant risk to power lines.

For the purpose of developing an estimate for the operating costs of the new electric system, we have reviewed the costs of electric operations for a number of PUDs in Washington. Acknowledging the size and characteristics of these utilities, we have estimated unit costs based on the number of customers served or the amount of electric energy sold and applied the unit costs to the City electric system. These costs are inclusive of labor, benefits, contracted services, materials and other expenses.

Based on this indicated approach, total annual operating expenses for the City electric system exclusive of power costs, taxes, depreciation and interest expense are estimated to be approximately \$510 per customer at present cost levels. This is comparable to the operating costs for several of the small to medium sized PUDs in the state. Jefferson County PUD reported that total operating expenses exclusive of power costs, taxes, depreciation and interest were \$342 per customer in 2016. The estimated operating costs for the City system shown above would provide for an estimated average annual labor cost, including benefits, of about \$125,000 per employee at present cost levels, for the number of employees shown in Table 5.

Projected Revenue Requirements

The annual revenue requirements have been projected for the first ~~twenty~~^{en} years of City electric system operation. Electric system operation is assumed to begin in 202~~1~~⁰. Unit operating costs, other than power and transmission costs, are assumed to escalate at 2% per year primarily due to the assumed general rate of inflation.

The cost of BPA power to the City system at current BP-16 rates, as estimated by BPA, is \$36.50 per MWh. BPA power costs are assumed to increase 2.3% in 2018²⁶ and are assumed to increase 6% every two years thereafter. BPA transmission rates are assumed to increase 2.0% in 2018 and are assumed to increase 6% every two years thereafter. The cost of BPA network transmission to the City system, as estimated by BPA, is approximately \$4.75 per MWh at current rates.

Annual debt service payments are based on level debt repayment of bonds issued to finance initial acquisition and startup costs (see Table 3) at assumed annual interest rates of 5.0% for taxable debt and 4.5% for tax-exempt debt over a 30 year repayment period. These interest rates are higher than interest rates that the City would potentially incur at the present time. Future economic

²⁶ BPA's rates are adjusted at the beginning of BPA's fiscal year, October 1. The next rate adjustment will be October 1, 2017. For this analysis, ~~it is assumed that~~ the full impact of the BPA rate adjustments occur in the calendar year following the rate adjustment.

conditions will impact what the interest rates will be at the time of actual issuance of tax exempt and taxable bonds.

The City electric system will be expected to incur annual expenses for renewals, replacements and additions to the system, assumed to be approximately 3.5% of the system replacement value per year. This percentage is based on a typical average expected operating life of electric utility facilities of about 30 years. Annual expenditures for capital replacements and additions are projected to be funded out of annual revenues. If the amounts estimated for capital replacement are not used in any given year, they can be retained in a reserve fund for use in the future. In developing the estimated annual revenue requirement, the state utility tax of 3.873% has been included. It is presumed that the City would continue to require a municipal tax, currently 6.0%, on electric bills and this tax could be included in the overall revenue requirement or it could be included as a separate line item on customer bills similar to the approach used by PSE. The municipal tax is not included in the revenue requirement in this analysis. The projected annual revenue requirements for the City electric system, assuming startup in 2021~~0~~ are shown in the following table:

TABLE 6
City of Bainbridge Island Electric System
Projected Annual Revenue Requirements
(Base Case)
(\$000)

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 6
Projected Costs of Operation and Revenue Requirements

	2021	2022	2023	2024	2025	2030	2040
Operating Expenses							
Purchased Power ¹	9,610	10,270	10,350	11,050	11,140	13,770	19,900
Network Transmission ²	1,390	1,480	1,490	1,590	1,600	1,980	2,840
Trans. Oper. & Maint. ³	160	160	160	170	170	200	260
Dist. Oper. & Maint. ³	4,280	4,400	4,520	4,640	4,760	5,440	7,120
Customer Accounts ³	1,090	1,120	1,150	1,180	1,220	1,390	1,820
Admin. & General ³	1,690	1,730	1,780	1,830	1,880	2,140	2,800
Taxes ⁴	1,040	1,080	1,090	1,130	1,150	1,330	1,770
Total Operating Exp.	\$ 19,260	\$ 20,240	\$ 20,540	\$ 21,590	\$ 21,920	\$ 26,250	\$ 36,510
Debt Service							
Initial Loans ⁵	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020
Subsequent Loans ⁶	-	-	-	-	-	-	-
Total Debt Service	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020
Renewals, Replacements & Additions							
Funded from Revenues ⁷	\$ 3,530	\$ 3,600	\$ 3,670	\$ 3,740	\$ 3,810	\$ 4,210	\$ 5,130
Funded from Debt	-	-	-	-	-	-	-
Total Ren., Repl. Adds.	\$ 3,530	\$ 3,600	\$ 3,670	\$ 3,740	\$ 3,810	\$ 4,210	\$ 5,130
Less: Interest Earnings ⁸	\$ (60)	\$ (60)	\$ (60)	\$ (60)	\$ (60)	\$ (60)	\$ (60)
Total Sales Rev. Required ⁹	\$ 26,750	\$ 27,800	\$ 28,170	\$ 29,290	\$ 29,690	\$ 34,420	\$ 45,600
Total Energy Sales (MWh) ¹⁰	226,900	228,500	230,100	231,700	233,400	241,500	259,100
Unit Revenue Req. (\$/kWh) ¹¹	11.8	12.2	12.2	12.6	12.7	14.3	17.6
Peak Demand (MW) ¹²	69.3	69.7	70.2	70.7	71.2	73.7	79.1
Debt Service Coverage ¹³	1.86	1.88	1.90	1.92	1.93	2.03	2.26

	2020	2021	2022	2023	2024	2029
Operating Expenses						
Purchased Power ¹	8,390	8,450	9,030	9,100	9,720	11,340
Network Transmission ²	1,080	1,110	1,180	1,180	1,250	1,370
Trans. Oper. & Maint. ³	130	140	140	140	150	170
Dist. Oper. & Maint. ³	2,890	2,960	3,050	3,130	3,210	3,670
Customer Accounts ³	990	1,020	1,050	1,080	1,110	1,260
Admin. & General ³	1,110	1,140	1,170	1,200	1,240	1,410
Taxes ⁴	870	880	920	930	970	1,080
Total Operating Exp.	\$ 15,460	\$ 15,700	\$ 16,540	\$ 16,760	\$ 17,650	\$ 20,300
Debt Service						
Initial Loans ⁵	\$ 3,720	\$ 3,720	\$ 3,720	\$ 3,720	\$ 3,720	\$ 3,720
Subsequent Loans ⁶	-	-	-	-	-	-
Total Debt Service	\$ 3,720	\$ 3,720	\$ 3,720	\$ 3,720	\$ 3,720	\$ 3,720
Renewals, Replacements & Additions						
Funded from Revenues ⁷	\$ 3,350	\$ 3,420	\$ 3,490	\$ 3,560	\$ 3,630	\$ 4,010
Funded from Debt	-	-	-	-	-	-
Total Ren., Repl. Adds.	\$ 3,350	\$ 3,420	\$ 3,490	\$ 3,560	\$ 3,630	\$ 4,010
Less: Interest Earnings ⁸	\$ (60)	\$ (60)	\$ (60)	\$ (60)	\$ (60)	\$ (60)
Total Sales Rev. Required ⁹	\$ 22,470	\$ 22,780	\$ 23,690	\$ 23,980	\$ 24,940	\$ 27,970
Total Energy Sales (MWh) ¹⁰	198,100	199,500	200,900	202,300	203,700	210,900
Unit Revenue Req. (\$/kWh) ¹¹	11.3	11.4	11.8	11.9	12.2	13.3
Debt Service Coverage ¹²	1.88	1.90	1.92	1.94	1.96	2.06

¹ Estimated cost of BPA power purchases.

19 January 23, 2017

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 6
Projected Costs of Operation and Revenue Requirements

² Estimated cost of BPA network transmission services.

³ Assumed to increase annually relative to changes in sales and customers and includes inflation at the assumed rate of 2.0%.

⁴ Includes state utility tax of 3.873%.

⁵ Interest and principal on initial acquisition bond issues shown in Table 3. Assumes level debt service, 5.0% taxable and 4.5% tax-exempt interest rates and a 30 year repayment period.

⁶ No additional debt is assumed to be incurred during the analysis period.

⁷ Estimated annual cost of renewals, replacements and additions to the electric system facilities. Cost is assumed to be funded from revenues each year.

⁸ Estimated interest earnings on invested reserve fund balances at a 1.5% interest earnings rate.

⁹ Sum of Total Operating Expenses, Debt Service, and Total Renewals, Replacements and Additions, less interest earnings.

¹⁰ Estimated energy sales assuming 0.7% annual load growth.

¹¹ Total Revenue Required divided by Total Energy Sales.

¹² Estimated annual peak demand. See Table 4

¹²³ Calculated as Total Sales Revenue Required less Total Operating Expenses divided by Total Debt Service.

Debt service coverage is required by bond underwriters and is typically set at a minimum of 1.25 times annual debt service for publicly-owned distribution electric utilities. Publicly-owned utilities usually establish a policy concerning the percentage of capital improvements to be funded from bonds and the amount to be funded from current revenues. The policy may be driven to some extent by limits on the amount of bonds that financial institutions will reasonably allow particular utilities to incur.

The City's main source of revenue for the electric utility will be through the sale of power to its customers. Table 6 shows the estimated revenue requirements for the period, 2020~~1~~¹⁹ through 2040~~29~~²⁹. As can be seen in Table 6, the total unit revenue requirement in the first year (2021~~0~~¹⁹) of the projections is estimated to be 11.~~83~~⁸⁴ cents per kWh. Note that if the 6.0% municipal tax were included in the revenue requirement, the unit revenue requirement in 2021~~0~~¹⁹ is estimated to be 12.~~54~~⁵⁴ cents per kWh. The unit revenue requirement, which is the average unit revenue that the City would need to collect through energy sales to its customers, is projected to increase ~~somewhat~~ through the projection period shown in Table 6 due to general inflation in operating costs and expected increases in the cost of wholesale power and transmission services purchased from BPA.

Average revenue requirements are not specific rates. Rates will need to be adopted by the governing board of the City electric system. Rates would need to be established that would reflect the actual cost to serve certain customer classifications (i.e. residential, small commercial, large commercial). The rates could also include multiple components such as monthly basic charges (e.g. \$1~~50~~⁵⁰.00 per month), demand charges and energy charges and or blocks or energy tiers or monthly/seasonal components. The total amount received through these various rate components, however, would need to approximate the estimated Total Sales Revenue Required shown in Table 6 on an annual basis.

Rates can be set to somewhat reflect fixed and variable components of the overall revenue requirement but normally rates are expected to remain relatively stable or change gradually from year to year. A significant amount of the cost shown in Table 6 is fixed in that the costs would

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 6
Projected Costs of Operation and Revenue Requirements

need to be incurred regardless of the level of retail sales the utility would ~~experience~~ each year. BPA power costs would go up or down depending on the energy sales each year however, debt service costs and much of the other operating expenses of the utility would remain. In years when energy sales are lower the net margins of the electric system would be expected to be lower whereas in years when energy sales are higher, the net margins would be expected to be higher. If a lasting trend is detected either way, rates would need to be adjusted to reflect this change.

Section 7

Estimated Net Benefits and Comparison of Rates

The estimated annual revenue requirements for the City electric system derived in Table 6 are representative of the average weighted rates for electric service that the City system would charge its various customers. Comparing these average charges to PSE's electric system average revenue requirements allows for an evaluation of the net benefits that electric consumers on Bainbridge Island would realize with the City electric system. With a public power utility the benefits are very long-term in that they are realized far into the future. For a new utility with a fairly high initial investment, the full level of benefits may not be realized until the initial loans are repaid. The long-term benefits are potentially many years in the future and as a result, are valued less today. Although an estimation of net benefits in the first ten years of new utility operation are presented in this analysis it is important to acknowledge that benefits would typically be greater in the future.

The estimation of revenue requirements for the new City electric system have been developed based on the assumptions and variables defined in the previous section of this report. PSE's future revenue needs and resulting rates are dependent on many complex factors. Although PSE's current electric rates are published in detail, we are unaware of any detailed projections of future PSE electric rates. As such, to compare the estimated future rates of the City electric system to the future rates for PSE electric service, it is necessary to develop an estimate of PSE's future charges.

A compilation of rate adjustments²⁷ from the Washington UTC indicates that PSE's charges for electric service were adjusted a number of times between April 2002 and January 2017⁵. Many of the adjustments were minor and were for specific changes in direct costs such as conservation. Over the ~~fifteenth~~thirteen year period shown in the UTC rate compilation, ~~it appears that the~~ adjustments to electric rates averaged ~~approximately~~ 2.345% per year²⁸.

As another comparison, PSE's monthly charge for electric service to residential customers with average power consumption increased at an average rate of about 1.76% per year between January 2009 and ~~May 2017~~October 2016, exclusive of the residential energy exchange credit.

In recent years, PSE's electric rates have remained relatively stable. PSE filed a general rate case on January 13, 2017²⁹. In the rate filing PSE indicates that the net impact to customers' rates is anticipated to be an increase in electric rates of 4.1%. ~~PSE adjusted its rates on May 1, 2017. As indicated by PSE, residential rates (Schedule 7) increased 3.7 percent. The revised tariff sheets provided with the rate filing reflect the issue date of January 13, 2017 and an effective date of~~

²⁷ Source: Electric and Natural Gas Rate Adjustments since 2000. Washington Utilities and Transportation Commission.

<https://www.ute.wa.gov/regulatedIndustries/utilities/Documents/2016%20Electric%20and%20Gas%20Rate%20Incrcases%20Since%202000.xls> <https://www.ute.wa.gov/regulatedIndustries/utilities/energy/Pages/default.aspx>

²⁸ Without adjustments noted to be associated with the residential exchange credit, which primarily impacts residential rates, the average annual increase is approximately 3.03-2% over the ~~fifteenth~~thirteen year period.

²⁹ http://www.pse.com/aboutpse/Rates/Documents/prop_2017_01_and_02_2017_GRC_elec_gas.pdf

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 7
Estimated Net Benefits and Rate Comparisons

~~February 13, 2017~~ and small and medium general service rates (Schedules 24 and 25) increased 2.1 percent on May 1, 2017.~~7.~~

PSE's FERC Form No. 1 for 201~~65~~ indicates that the average unit revenue from its customer classes in 201~~65~~ were as follows:

~~19~~January 23, 2017

Page 70

~~REVISED~~PRELIMINARY DRAFT – ~~May~~

TABLE 7
PSE Average Unit Revenue in 2016⁵ for Representative Customer Classes
(Compiled from PSE 2016⁵ FERC Form No. 1)

	2015 Revenue (¢/kWh)
Residential ¹	10.44
Small Commercial ²	9.64
Industrial ³	9.08
Street and Highway Lights	22.82
Total for all Sales	10.06
	2016 Revenue (¢/kWh)
Residential ¹	11.12
Commercial ²	9.81
Industrial ³	9.54
Street and Highway Lights	23.49
Total for all Sales	10.50

¹ Includes combined Residential Service customer classes, primarily Schedule 7.

² Includes Farm General Service and Commercial Schedules 24, 25, 26, 49 and other commercial tariffs.

³ Combined industrial revenues

The WUTC requires the utilities it regulates to develop an integrated resource plan (IRP). In a recent presentation³⁰ related to its current IRP development process, PSE indicates that its input assumption for average annual electric residential rate growth is 2.1%. Using this value along with the historical adjustments for the purpose of comparing future rates we have assumed that PSE rates will increase 2.23% per year beginning in 2019⁸. The impact of the May 1, 2017 rate adjustment has been applied to the PSE rates shown in the table above, however, for the purpose of our analysis, no further adjustments to PSE rates are assumed to occur for the remainder of 2017 and in 2018 have been assumed to increase 4.1% in 2017 pursuant to the January 13, 2017 rate filing.

Based on the unit revenues shown in Table 6 with adjustments for current charges and the estimated energy sales in the City electric service area as shown in Table 3, the total cost of electric service to residents and businesses in the City with continued service from PSE has been estimated for a ten year projection period.

³⁰ 2017 IRP Advisory Group presentation, Page 35. November 14, 2016.

http://pse.com/aboutpse/EnergySupply/Documents/Post_IRPAG_Nov14_IRPAG_Distribution.pdf

The cost of continued electric service with PSE is compared to the cost of electric service from the City electric system assuming the City electric system were to establish rates to recover the estimated revenue requirements as shown in Table 6. The comparison of charges is shown in Table 8 for the ~~twenty~~^{en} year period, 2021~~9~~ through 2040~~. 29.~~ It is important to note that the average unit revenues shown in Table 8 for PSE are reflective of the estimated sales by customer class in Bainbridge Island.

TABLE 8
Comparative Charges for Electric Service and Estimated Savings
With City Electric Service

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 7
Estimated Net Benefits and Rate Comparisons

	2021	2022	2023	2024	2025	2030	2040
Energy Sales (MWh)							
Residential	143,700	144,700	145,700	146,700	147,800	153,000	164,100
Commercial	83,100	83,700	84,300	84,900	85,500	88,400	94,900
Industrial	-	-	-	-	-	-	-
Other	100	100	100	100	100	100	100
Total Energy Sales (MWh)	226,900	228,500	230,100	231,700	233,400	241,500	259,100
Peak Demand (MW)	69.3	69.7	70.2	70.7	71.2	73.7	79.1
Estimated PSE Revenues from Energy Sales in City							
Assumed Increase in Rates	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
Revenues (\$000) ¹	\$ 26,900	\$ 27,700	\$ 28,500	\$ 29,400	\$ 30,200	\$ 34,900	\$ 46,500
Unit Revenues (¢/kWh) ²	11.86	12.12	12.39	12.69	12.94	14.45	17.95
Estimated City Electric System Revenues from Energy Sales							
Revenues (\$000) ³	\$ 26,750	\$ 27,800	\$ 28,170	\$ 29,290	\$ 29,690	\$ 34,420	\$ 45,600
Unit Revenues (¢/kWh) ²	11.79	12.17	12.24	12.64	12.72	14.25	17.60
Savings with City System (\$000)	\$ 150	\$ (100)	\$ 330	\$ 110	\$ 510	\$ 480	\$ 900
Savings with City System (¢/kWh)	0.07	(0.04)	0.14	0.05	0.22	0.20	0.35
Savings with City System (%) ⁴	0.6%	-0.4%	1.2%	0.4%	1.7%	1.4%	1.9%
Average Annual Savings with City Electric Service - First 10 Years (\$000)	\$ 358						
Average Annual Savings with City Electric Service - First 10 Years (\$000)	\$ 358	\$ 358	\$ 358	\$ 358	\$ 358	\$ 358	\$ 358
Energy Sales (MWh)							
Residential	120,700	121,500	122,400	123,200	124,100	128,500	128,500
Commercial	77,200	77,800	78,300	78,900	79,400	82,200	82,200
Industrial	-	-	-	-	-	-	-
Other	200	200	200	200	200	200	200
Total Energy Sales (MWh)	198,100	199,500	200,900	202,300	203,700	210,900	210,900
Estimated PSE Revenues from Energy Sales in City							
Assumed Increase in Rates	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Revenues (\$000) ¹	\$ 23,100	\$ 23,700	\$ 24,500	\$ 25,200	\$ 26,000	\$ 30,100	\$ 30,100
Unit Revenues (¢/kWh) ²	11.66	11.88	12.20	12.46	12.76	14.27	14.27
Estimated City Electric System Revenues from Energy Sales							
Revenues (\$000) ³	\$ 22,470	\$ 22,780	\$ 23,690	\$ 23,980	\$ 24,940	\$ 27,970	\$ 27,970
Unit Revenues (¢/kWh) ²	11.34	11.42	11.79	11.85	12.24	13.26	13.26
Savings with City System (\$000)	\$ 630	\$ 920	\$ 810	\$ 1,220	\$ 1,060	\$ 2,130	\$ 2,130
Savings with City System (¢/kWh)	0.32	0.46	0.40	0.60	0.52	1.01	1.01
Savings with City System (%) ⁴	2.7%	3.9%	3.3%	4.8%	4.1%	7.1%	7.1%
Cumulative Savings with City Electric Service - First 10 Years (\$000)	\$ 13,110						
Net Present Value of Savings - First 10 Years (\$000) ⁵	\$ 8,721						

¹ Calculated using average customer class revenue and estimated customer class loads with assumed increase in rates applied uniformly to each customer class.

² Revenues divided by Total Energy Sales.

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 7
Estimated Net Benefits and Rate Comparisons

³ Estimated Total Revenue Required for the City electric system as shown in Table 6.

⁴ Relative to estimated PSE revenues.

⁵ ~~Cumulative present value to 2017 of estimated savings with City electric service over the first ten years of operation, 2020 through 2029. Assumes a 4.5% discount rate.~~

As shown in Table 8, the estimated cost of electric service with the City electric system is estimated to be comparable but generally slightly lower than the cost of service from PSE. By 2030~~29~~, the annual savings are estimated to be about 1.47.0%. Over the first ten years of operation, electric consumers in the City are estimated to pay pay approximately \$358,000 ~~\$13.1 million~~ less per year in total with City electric service than they would with continued service from PSE. Over the first twenty years of operation, the City system would save an estimated \$690,000 per year in total electricity charges for the residents and businesses in the City.

Rather than establish rates that would achieve the estimated savings shown in Table 8, the City could establish higher rates and use the savings amount to invest in renewable generation resources, additional energy efficiency programs or improvements to the electric system, such as additional undergrounded power lines.

Alternative assumptions to the analysis would result in different results. Key variables include the estimated cost of acquisition, the estimated cost of financing, and assumed increases in the number of electric customers served and load growth on Bainbridge Island. As previously indicated, the acquisition price will be either negotiated or established in a court proceeding. The base case analysis assumes the acquisition price is 2 times the estimated OCLD of the system facilities. Alternative cases have been developed to evaluate the net costs and benefits with acquisition at 1.35 times OCLD (Case 2) and at the estimated RCNLD value (Case 3).

The cost of financing related to the initial system acquisition will be a significant cost. If the City could obtain a lower interest rate loan through the federal RUS it could realize a lower revenue requirement. An alternative case assuming a 3.2~~50~~0% interest rate loan from the RUS with a 30 year repayment has been developed (Case 4). With an RUS loan there would be no loan origin fees and it is not expected that there would be a debt service reserve fund. This lowers the overall financing requirement. To determine the impact of lower customer and load growth in the City a case with customer growth at 0.35% per year, half the assumed base case growth, has been developed (Case 5).

Table 9 provides a comparison of the estimated net benefits with City electric service using alternative assumptions for certain variables. It should be noted that for each alternative case, only the specifically identified variable is changed. All other assumptions are kept at the base case values. Scenario analysis or sensitivity analysis can help the City identify the most important variables or where the most risk/reward to forming an electric utility resides.

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 7
Estimated Net Benefits and Rate Comparisons

TABLE 9
Comparative Net Benefits with Alternative Assumptions

Case	Basis of Initial Acquisition Cost	On-line Year	Initial Financing Requirement	Interest Rates	First Year Unit Revenue (\$/kWh)	Average Annual Savings with City System Over First 10 Years	Average Annual Savings with City System Years 11-20	Average Annual Savings with City System Over First 20 Years (%)
1 (Base)	Initial Acquisition at 2 times OCLD	2021	\$62,441,000	5.0% taxable, 4.5% tax-exempt	11.8	\$358,000	\$1,021,000	1.8%
2	Initial Acquisition at OCLD + 35%	2021	\$46,566,000	5.0% taxable, 4.5% tax-exempt	11.3	\$1,419,000	\$2,082,000	4.8%
3	Initial Acquisition at RCNLD	2021	\$66,920,000	5.0% taxable, 4.5% tax-exempt	11.9	\$44,000	\$711,000	0.9%
4	Initial Acquisition at 2 times OCLD, Initial loans financed through RUS	2021	\$57,480,000	3.25% on all debt	11.4	\$1,324,000	\$1,991,000	4.6%
5	Initial Acquisition at OCLD + 35%, Initial loans financed through RUS	2021	\$42,880,000	3.25% on all debt	11.0	\$2,126,000	\$2,791,000	6.9%
6	Initial Acquisition at 2 times OCLD, Customer growth at 0.35% per year	2021	\$62,441,000	5.0% taxable, 4.5% tax-exempt	11.8	\$107,000	\$455,000	0.8%

Case	Basis of Initial Acquisition Cost	On-line Year	Initial Financing Requirement	Interest Rates	First Year Unit Revenue (\$/kWh)	Savings with City System over first 10 Years
1 (Base)	Initial Acquisition at 2 times OCLD	2020	\$57,687,000	5.0% taxable, 4.5% tax-exempt	11.3	\$13,110,000
2	Initial Acquisition at OCLD + 35%	2020	\$42,739,000	5.0% taxable, 4.5% tax-exempt	10.8	\$23,000,000
3	Initial Acquisition at RCNLD	2020	\$61,329,000	5.0% taxable, 4.5% tax-exempt	11.5	\$10,620,000
4	Initial Acquisition at 2 times OCLD, Initial loans financed through RUS	2020	\$53,100,000	3.0% on all debt	10.8	\$23,000,000
5	Initial Acquisition at 2 times OCLD, Customer growth at 0.35% per year	2020	\$57,687,000	5.0% taxable, 4.5% tax-exempt	11.4	\$10,170,000

As can be seen in Table 9 the total estimated savings with the City electric system are significantly higher in the lower acquisition cost case (Case 2) and in the lower financing cost case (Case 4) than for the base case. If the acquisition cost is higher (Case 3) the savings are less. Lower load growth (Case 5) also reduces the estimated savings of the City electric system since there are fewer units of sales from which to recover revenues needed to pay the fixed costs of the system.

For the alternative case in which the City electric system would only acquire the distribution lines, meters, services, etc. and PSE would continue to own and operate all the transmission lines and substations, the first year unit revenue is estimated to be 11.6 cents per kWh and the average annual savings with the City electric system over the first ten years of operation is estimated to be \$835,000 and the average annual percentage savings over the first 20 years of operation is estimated to be 3.0%. For this case, the total financing requirement is estimated to be \$55,266,000

based on the assumption that the distribution facilities are acquired at two times the OCLD value of these facilities.

BPA's GTA charge, presently at \$0.94 per kW-month, would be incurred by the City system if it did not own the substations. Transmission O&M expenses would not be incurred by the City and distribution O&M expenses are estimated to be about 4% lower if substation maintenance is not incurred. Further, the City system would have a lower cost associated with annual renewals and replacements without the need to replace the substation and transmission facilities over time. It should be noted that BPA has indicated that for an operating scenario involving low-voltage delivery such as this, there may some additional charges related to PSE's costs of operating the transmission and substation facilities. These potential additional charges cannot be estimated at this time.

It should also be noted that if PSE's rates do not change as assumed in this analysis, the estimated savings with the City electric system will be different.

Comparative Electric Rates

A comparison of charges for electric service for several electric utilities primarily in Western Washington has been made. Rates effective on ~~May~~January 1, 2017 were used to determine the cost of monthly service for a residential customer consuming 1,000 kilowatt-hours and a small commercial customer receiving 6,000 kilowatt-hours per month. The monthly charges are shown in the following table:

TABLE 10
Comparative Monthly Charges for Electric Service
(Based on Rates Effective on ~~May~~January 1, 2017)

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 7
Estimated Net Benefits and Rate Comparisons

	Residential (1,000 kWh)	Commercial (15 kW, 6,000 kWh) ¹
Puget Sound Energy	\$104.71	\$587.15
Public Utility Districts		
Jefferson County PUD	\$106.94	\$587.43
Mason County PUD No. 3	\$105.70	\$517.20
Clallam County PUD	\$94.05	\$436.30
<u>Snohomish County PUD</u>	<u>\$98.79</u>	<u>\$537.60</u>
Municipalities		
City of Port Angeles	\$96.11	\$461.41
City of Ellensburg	\$82.02	\$397.64
Seattle City Light	\$107.07	\$554.19
Tacoma Power	\$84.65	\$481.56
Cooperatives		
Orcas Power & Light	\$136.44	\$660.31
Lakeview Light & Power	\$94.00	\$529.50
	Residential (1,000 kWh)	Commercial (15 kW, 6,000 kWh) ¹
Puget Sound Energy	\$108.63	\$581.54
Public Utility Districts		
Jefferson County PUD	\$106.94	\$568.84
Mason County PUD No. 3	\$105.70	\$517.20
Clallam County PUD	\$98.03	\$447.53
Snohomish County PUD	\$102.50	\$545.70
Municipalities		
City of Port Angeles	\$101.00	\$484.24
City of Ellensburg	\$85.58	\$418.64
Seattle City Light	\$117.79	\$554.19
Tacoma Power	\$90.37	\$489.57
Cooperatives		
Peninsula Light Company	\$97.84	\$485.60
Lakeview Light & Power	\$94.00	\$529.50

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City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 7
Estimated Net Benefits and Rate Comparisons

¹ Assumes single phase service. ~~Summer~~Winter rates used where applicable.

As can be seen in Table 10, there is significant variation in the charges for electric service among the various utilities. It should also be noted that additional local taxes may apply to electric charges.

~~As previously indicated, actual rates would need to be developed for the City system that would recover the estimated revenue requirement. Rates usually include a monthly customer charge and an energy charge. Larger commercial customers typically have a demand component in their rates related to the largest level of power use during the month. Demand charges require a demand meter.~~

A comparison of residential electric rates effective on ~~May~~January 1, 2017 for the same group of electric utilities is shown in the following table:

TABLE 11
Residential Rates for Electric Service
(Based on Rates Effective on ~~May~~January 1, 2017)

	Basic Charge (\$/month)	Energy Charge (¢/kWh)
Puget Sound Energy¹	\$ 7.87	8.93 first 600 kWh, 10.81 all other kWh
Public Utility Districts		
Jefferson County PUD	\$ 14.50	8.50 first 600 kWh, 10.36 all other kWh
Mason County PUD No. 3	\$ 33.00	7.27
Clallam County PUD	\$ 25.75	6.83
Snohomish County PUD	\$ 9.88	
Municipalities		
City of Port Angeles	\$ 19.11	7.70
City of Ellensburg	\$ 17.26	6.26 first 600 kWh, 6.80 all other kWh
Seattle City Light	\$ 4.86	7.01 first 480 kWh, 12.88 all other kWh
Tacoma Power	\$ 10.50	7.41
Cooperatives		
Orcas Power & Light	\$ 40.54	9.59
Lakeview Light & Power	\$ 19.00	7.50

~~As previously indicated, actual rates would need to be developed for the City system that would recover the estimated revenue requirement. Rates usually include a monthly customer charge and an energy charge. Larger commercial customers typically have a demand component in~~

City of Bainbridge Island
Electric Utility Municipalization Feasibility Study
Section 7
Estimated Net Benefits and Rate Comparisons

their rates related to the largest level of power use during the month. Demand charges require a demand meter.

	Basic Charge (\$/month)	Energy Charge (¢/kWh)
Puget Sound Energy¹	\$ 7.87	8.93 first 600 kWh, 10.81 all other kWh
Public Utility Districts		
Jefferson County PUD	\$ 14.50	8.50 first 600 kWh, 10.36 all other kWh
Mason County PUD No. 3	\$ 33.00	7.27
Clallam County PUD	\$ 28.33	6.97
Snohomish County PUD	\$ -	10.25
Municipalities		
City of Port Angeles	\$ 20.10	8.09
City of Ellensburg	\$ 20.82	6.26 first 600 kWh, 6.80 all other kWh
Seattle City Light	\$ 4.86	7.01 first 300 kWh, 12.88 all other kWh
Tacoma Power	\$ 13.50	7.69
Cooperatives		
Peninsula Light Company	\$ 23.00	7.17 first 399 kWh 7.69 next 1,100 kWh 7.91 all other kWh
Lakeview Light & Power	\$ 19.00	7.50

¹ Energy rates include net effect of applicable credits and charges including the energy exchange credit. ~~Rates shown do not include impacts of PSE's general rate filing dated January 13, 2017.~~

It is noted that there is significant variance in the monthly basic charge. For some utilities, a higher basic charge can be used to recover necessary revenues when many customers are part-time or seasonal residents.

As previously indicated, actual rates would need to be developed for the City system that would recover the estimated revenue requirement. Rates usually include a monthly customer charge and an energy charge. Larger commercial customers typically have a demand component in their rates related to the largest level of power use during the month. Demand charges require a demand meter.

Although the rates to be charged by the City system have not been derived for this analysis, if the estimated unit revenue requirement of 11.79 cents/kWh shown in Table 8 for 2021 were charged uniformly to all customers served by the City in that year, the monthly cost of electricity for a

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residential customer using 1,000 kWh would be \$117.90. Deflating this cost in 2021 to 2017 at 2.0% per year would result in a monthly charge of \$108.92 in 2017. This is comparable to the monthly charge for 1,000 kWh charged by PSE at the present time as shown in Table 10. As a further example, if the City system were to establish a \$15.00 per month basic charge for all customers, the energy rate would need to be 10.78 cents per kWh to achieve an overall unit revenue of 11.79 cents per kWh.

Section 8

Other Factors

High-Speed Broadband

The City could develop and finance its own high-speed broadband network to serve its residents and businesses. See *In Re City of Edmonds*, 162 Wn. App. 513 (2011) (upholding code city's authority to complete and finance its fiber optic network as part of a city-owned broadband network). The potential benefits include cost efficiencies, community service, economic stimulation, enhancing public safety, and others. As with the City of Edmonds, it is not a requirement that the City have an electric utility to engage in telecommunications.

There can, however, be advantages to having an electric utility system and engaging in telecommunications activities. Thus, for example, where some of the telecommunications activities are related to services needed by the City for its internal purposes, such as automated meter reading, connecting different City facilities with one another, security, etc., some of the telecommunications expenses might appropriately be attributed to the electric or other system. The same generally would be true, perhaps in varying degree, of a separate water or other system, even in the absence of an electric utility system.

Some public entities conduct their telecommunications activities as a separate utility system; others do so as a department or division of other of their utility systems. Further detail on the financial, practical, and political advantages and disadvantages of creating a separate telecommunications utility, versus structuring it as a component of another system, is beyond the scope of this report, but would merit further review if the City so desires.

Kitsap PUD began installing a high capacity fiber optic network throughout Kitsap County* beginning in 2000. The network, called KPUD Fiber, provides wholesale telecommunications services to citizens in the county. Kitsap PUD and its partners presently have over 150 miles of fiber optic cable deployed throughout the county, including in the City.

Kitsap PUD's initial role as a wholesale telecommunications provider is to sell its services to retail providers. The retail providers provide the services that homes and businesses require. PUDs are restricted from selling full retail telecommunications services to county citizens, agencies and businesses. Washington PUDs are only allowed to provide non-retail services, including wholesale networks, community networks, and certain other telecommunications services.

Kitsap PUD indicates that its fiber optic lines in the City are attached to PSE poles. PSE does not assess the PUD any pole attachment fees because the PUD allows PSE use of the fiber network for PSE's internal communication system.

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Energy Efficiency Opportunities and Renewable Energy

BPA has historically provided a very robust energy efficiency program that touches all the various sectors (residential, commercial, industrial) in an electric utility's service area. If the City were to become a customer of BPA, they would be assigned a BPA Energy Efficiency Representative (EER). The EER would work with the utility to help identify energy efficiency or conservation opportunities on Bainbridge Island. The EER would inform the utility of BPA programs and assist the utility with reporting savings to BPA. BPA's programs are reviewed for cost effectiveness and funded in large part by BPA revenues.

The way the BPA energy efficiency programs work are that each utility is assigned an energy efficiency budget amount for a BPA rate period, which is typically ~~two~~2 years. Throughout the term, as a utility completes energy efficiency or conservation projects, they report the energy savings to BPA and get reimbursed for the savings achieved. The payment is from their energy efficiency budget and the reimbursement is sent directly to the utility. There is an opportunity for utilities that are aggressive in implementing conservation to make applications to use portions of other utilities unused energy efficiency budgets. There is also a provision where utilities can join together to pool their energy efficiency budgets. There are also opportunities to make presentations to BPA for funding of energy efficiency measures that are not part of the BPA measures, but meet the cost effectiveness criteria.

The current BPA energy efficiency measures can be found in the Implementation Manual on the BPA website: <https://www.bpa.gov/EE/Policy/IManual/Pages/default.aspx>. The number and complexity of the programs and measures are significant. To a degree, a utility customer of BPA can work with BPA to pick and choose energy efficiency measures that better reflect the needs of its customers. Some ~~Pacific Northwest~~^{PNW} consumer owned utilities focus their conservation programs on low income elderly, residential, small commercial and governmental sectors as a way of keeping maximizing societal benefits, and jobs in their service territory.

Based on conversations with Snohomish County PUD and Seattle City Light conservation employees, the conservation programs sponsored by PSE, Snohomish County PUD, and Seattle City Light are roughly comparable. As such, it can be concluded that the energy efficiency programs sponsored and promoted by BPA that public utilities adopt are reasonably comparable to those of PSE. PSE as both a natural gas and electricity provider can be more comprehensive with its conservation programs in areas where it also serves natural gas. An example of energy efficiency programs offered by a public power utility, Snohomish County PUD, can be found on the PUD website at <http://www.snopud.com/conservation.ashx?p=1100>.

Historically, BPA programs have focused on weatherization (HVAC, windows, insulation) in the residential sector, lighting in the commercial and municipal sector and variable speed motor programs in the commercial and industrial sectors. BPA residential programs are shifting to LED

lighting and energy efficient appliance rebates, as the other efficiency measures have saturated the market. In the commercial section the shift is toward HVAC and web-enabled devices. Future BPA programs are likely to focus even more on web-enabled devices as a way of providing ancillary services and helping with demand management.

PSE also has a large number of energy efficiency programs. These programs can be found on a series of web pages starting with: <http://pse.com/savingsandenergycenter/Pages/default.aspx>. PSE has historically provided a large number of energy efficiency programs on Bainbridge Island and has attempted to implement demand side management programs to defer the need for an additional substation on the island. In areas where PSE has natural gas service there are some fuel switching programs. PSE energy efficient appliance rebates are similar to those of neighboring public power utilities. PSE also has many LED lighting and HVAC programs as well.

In many respects the City of Bainbridge Island is a leader in many energy efficiency or “green” areas. There are a large number of roof mounted solar panels, a large number of electric vehicles, and a number of Tesla battery power walls being permitted. As such, through local control of the building permit process a City electric utility could provide more focused energy efficiency measures to meet the needs of the City residents and businesses.

For example, even though the Washington State Energy Code is very aggressive, some cities, such as Seattle, have adopted even more aggressive energy codes. The City, could adopt a more stringent energy code than the State. The City could also, if it chose to, aggressively require remodeling permits to bring large parts of a structure or facility up to current energy codes. Likewise, the City could require remodeling permits to include an energy efficiency analysis that identifies cost effective energy efficiency measures that might be warranted. Alternately, the City could encourage through reduced permitting fees with City Council approval, permitting requirements that would encourage more energy efficient “Net Zero” buildings or LEED certified buildings. Currently the City does allow developers of plats and large developments to gain density benefits if they implement certain Net Zero or LEED programs.

Net Zero buildings are a comprehensive conceptual design approach developed by the National Renewable Energy Laboratory (NREL) and refer to buildings that have four basic groupings and within the groupings letter grades:

- Net Zero Site Energy, which on an annual basis produces at least as much renewable energy within the site footprint as it consumes.
- Net Zero Source Energy, which produces or purchases at least as much renewable energy as it consumes.
- Net Zero Energy Cost, where the annual amount of money paid to the building owner by the utility for the generation of on-site renewable energy exported to the grid is equal to or more than the cost of the utility energy services purchased.
- Net Zero Emissions, is where a building produces or purchases enough emission-free renewable energy to offset emissions from all energy used in the building annually.

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LEED (Leadership in Energy and Environmental Design) is a comprehensive approach to building design certified and regulated through the US Green Building Council. Its focus is on:

- Locations and transportation
- Sustainable sites
- Water efficiency
- Energy and the atmosphere
- Material and resources
- Indoor Environment
- Innovation
- Regional priorities

Each of these factors includes prerequisites and point credits. If all of the prerequisites are met and sufficient points are achieved and demonstrated, then a building or development can become one of four LEED categories:

- Certified
- Silver
- Gold
- Platinum

It is difficult to make a 20 year projection of energy efficiency impacts as codes and the market place are making rapid changes. For example, the amount of electricity used by LED lights and the improvement in this technology is dramatically changing the State of Washington Energy Code. What would have been considered an impossibly low energy use per square foot a few years ago is now part of the current building code that the City Planning Department reviews for compliance with building plans and inspects to. Similarly, Energy Star washing, drying and dishwashing appliances of today are far more energy and water efficient than those of just 5 years ago and are projected to be even more efficient in the future. What we can say is that new buildings will use far less energy than historically designed buildings and that retrofitted or remodeled buildings will also use less energy than they use today.

It is noted that one of the reasons indicated to be contributing to lower market power prices being experienced in recent years is lower demand due to energy efficiency programs, new energy efficient lighting, appliances and electrical equipment being used today.

Although lower demand for power can be beneficial in lowering prices for market power, for a utility the impact of energy efficiency programs can cause a different situation. Included among

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the factors to consider with regard to the promotion of energy efficiency programs by a utility are the potential reductions in energy sales that will result. Since a portion of the revenue requirements of a public power utility are fixed, the reduction in energy sales associated with energy efficiency programs can put pressure on a utility to reallocate costs to make up the incremental loss in revenue. As such, it would be important to acknowledge that the promotion of energy efficiency programs is a policy of the utility for which the costs are to be shared by all customers.

Renewable Energy

In 2006, Washington state voters approved the Energy Independence Act, also known as Initiative 937. Initiative 937 requires electric utilities with 25,000 or more customers to use “eligible renewable resources” to meet the following annual targets:

- At least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- At least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- At least 15 percent of its load by January 1, 2020, and each year thereafter.

Under Initiative 937, “eligible renewable resources” include wind, solar, geothermal, landfill and sewage gas, wave and tidal power and certain biomass and biodiesel fuels. Electricity produced from an eligible renewable resource must be generated in a facility that started operating after March 31, 1999 and the generating facility must be located in the Pacific Northwest. Initiative 937 allows utilities to use “renewable energy credits” (RECs) to meet the acquisition targets. RECs can be bought and sold in the marketplace.

As a smaller electric utility, the City electric system would not be subject to the requirements of Initiative 937 but could certainly pursue similar goals. Opportunities to jointly participate in wind and solar generating projects exist. Some utilities such as Emerald Peoples’ Utility District in Springfield, Oregon have on their own developed renewable energy projects. In the case of Emerald, the Short Mountain Methane Power Plant uses gas from a local landfill to generate electricity. The plant has been operating since 1992 and produces about 15 million kWh per year.

PSE offers a green power product that is composed of a mix of 71% wind energy, 12% livestock methane, 5% landfill gas, 6% low impact hydro, 5% solar and 1% geothermal. The product is sold to PSE customers who pay a monthly premium on their power bills. For the average home, PSE indicates that \$10 per month is enough to fully supply the electricity requirements of the home with green power. The actual generating facilities may be located some distance from the home, however, the payment for green power is used to support the costs of developing and operating the renewable resources. PSE indicates that 10.2% of electric customers in Bainbridge Island participate in the green power program.

Prior to implementation of the tiered rate methodology, BPA used to provide a product to its utility customers called Environmentally Preferred Power (EPP). At the present time, BPA indicates that

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a customer can request BPA to purchase RECs on the open market on behalf of the customer. These RECs can be used to establish a renewable or green energy project that the utility could offer to its retail customers.

Solar generation installed by customers at their homes and businesses is also gaining popularity in many communities. Snohomish County PUD, for example, through a program called Solar Express³¹, offers cash incentives of \$300 per kW for qualifying photovoltaic (PV) solar power generating installations. Through “net-metering”, the customer can offset their own electricity needs with their own generation and to the extent additional power is available at certain times, receive a credit for this surplus generation that is delivered back to the PUD. Federal and state credits and subsidies related to solar installations are subject to change as is the net metering credits the PUD offers.

A problem that some utilities have with net metering is that the cost of providing electric service to a house or business may not be fully recovered from a customer with a net metering installation. If the customer’s generation unit provides a significant portion of the electricity needs of the customer but the customer still relies on the utility for power at certain times, the revenue collected from the customer on an annual basis may not cover the full cost of service to the customer. Electric utility rates to residential customers are not typically designed to recover the cost of service when electricity consumption is minimal much of the time and high only a little of the time. In order to limit the cost impacts on other customers of the utility, this issue would need to be addressed in the design of retail rates.

Comparative Greenhouse Gas Emissions

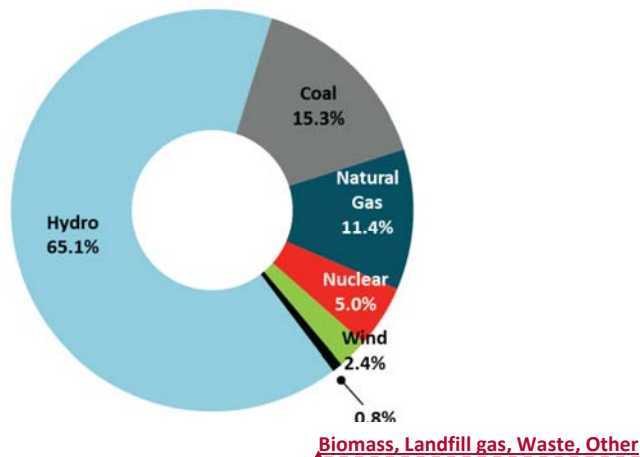
The electricity used in the State of Washington is generated by a variety of power plants located primarily in the Pacific Northwest. Power plants using fossil fuels as the source of input energy emit greenhouse gases (GHG). Four major GHG are regularly inventoried by electric utilities: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and sulfur hexafluoride (SF₆). CO₂ represents the largest component of GHG by volume. Federal regulations require the reporting of GHG emissions from large sources and suppliers in the United States to collect accurate and timely emissions data to inform future policy decisions.

The State of Washington through RCW 19.29A.060 requires that each retail supplier disclose the fuel mix of each electricity product it offers to retail electric customers each calendar year. The reported fuel mix can be used to estimate the amount of GHG emissions attributed to the use of electricity for any utility. The Washington State Department of Commerce Energy Office (the “Energy Office”) obtains fuel mix information from each utility in the state each year. The Washington “fuel mix” is the aggregate of fuel sources associated with the electricity delivered by all electric utilities to end users in the state of Washington, including BPA’s direct electricity sales. It includes all electric power that is used to serve retail customers that is owned, purchased under

³¹ Snohomish County PUD indicates that the Solar Express program will be ending June 30, 2017.

contract, or purchased on the spot market. The following chart shows the aggregate fuel mix for Washington State electric utilities in 2014³².

FIGURE 3
Aggregate Fuel Mix in 2014 for Washington Electric Utilities



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Public power utilities in the Pacific Northwest generally purchase the majority of their power supply from BPA. BPA's fuel mix is significantly different from that of PSE. As such, the amount of GHG emitted to specifically supply power to the City would be different if the power were supplied by BPA or by PSE. The following table provides a comparison of the fuel mix of PSE and the City of Ellensburg, a representative full requirements public power customer of BPA with a total load similar to the City, in 2014 as reported by the Energy Office:

³² <http://www.commerce.wa.gov/wp-content/uploads/2016/09/Energy-FMD-2014-final.pdf>

TABLE 12
2014 Fuel Mix for PSE and the City of Ellensburg Electric Utility

	PSE	City of Ellensburg
Biomass	0%	0%
Coal	35%	2%
Cogeneration	4%	0%
Geothermal	0%	0%
Hydroelectric	36%	86%
Landfill Gas	0%	0%
Natural Gas	20%	1%
Nuclear	1%	11%
Other	0%	0%
Petroleum	0%	0%
Solar	0%	0%
Waste	0%	0%
Wind	3%	0%

PSE reports its GHG emissions annually based on federal and state regulatory standards. In PSE's 2015 Greenhouse Gas Inventory³³, it is reported that for all of PSE's electric generation and electric purchases, CO₂ emissions were approximately 12 million metric tons. The GHG emission intensity was 1.03 pounds per kWh, slightly up from 0.99 pounds per kWh in 2014. The report indicates that PSE's overall CO₂ emission intensity, which includes both electricity generated by PSE and purchased by PSE, is lower than the national average due to the large proportion of hydroelectric generation utilized by PSE.

BPA's Resource Mix

For its preference power customers, BPA does not identify specific resources for specific sales. Rather, the "mix" of BPA's power resources is used to establish the overall power product. For its fiscal year 2014, BPA indicates that the mix of its resources by generation type³⁴ was as follows:

- Large Hydroelectric — 83.3%
- Nuclear 10.4%
- Non-specified purchases 4.4%

³³ Puget Sound Energy, 2015 Greenhouse Gas Inventory, September 2016. Prepared by Environmental Resources Management, Seattle, WA. https://www.pse.com/aboutpse/Environment/Documents/GHG_Inventory_2015.pdf

³⁴ https://www.bpa.gov/power/BPA_Fuel_Mix/

- ~~Small hydro, biomass, and wind~~ — 1.9%

The nuclear energy shown in BPA's resource mix is from the Columbia Generating Station (CGS), a 1,190 MW nuclear energy facility located about ten miles north of Richland, Washington. The CGS began operation in 1984 and it is the only commercially operating nuclear facility in the Pacific Northwest. Its output is provided to BPA and BPA pays the costs of operating and maintain the facility. CGS emits virtually no GHG or carbon emissions commonly associated with natural gas, coal and other fossil fuel power plants. Refueling and maintenance outages occur every other year and CGS's current operating license expires in December 2043.

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The Energy Office provides an estimate of the non-specified purchases identified by BPA to include some energy from coal and natural gas generating plants. The use of these resources is reflected in the fuel mix shown for the City of Ellensburg, above. Based on the fuel mix shown for Ellensburg in 2014 and the average emissions for fuel type in the Energy Office report for 2014, we have estimated the CO₂ emissions intensity attributed to Ellensburg's electricity use to be 0.05 pounds per kWh. No CO₂ emissions are attributed to hydroelectric or nuclear generation.

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Assuming a total annual energy requirement of 234,300 MWh for the City, the total CO₂ emissions attributed to the City's electricity use would be approximately 116,000 tons per year based on PSE's average emission intensity in 2014³⁵. Based on the estimated 2014 average emissions intensity for the City of Ellensburg, the total CO₂ emissions attributed to the City of Bainbridge Island's electricity use would be approximately 6,500 tons per year. As such, if the City were served with power from BPA rather than PSE, CO₂ emissions attributed to the City's electricity use would be reduced by about 94%.

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The estimated impact on regional carbon emissions as a result of the City load being served by BPA rather than PSE would be difficult to estimate. If it were not serving the City, it is not known what generating resources or purchases PSE would or could reduce. The ~~Since the vast majority of BPA's power is from hydroelectric resources, for which power generation varies each year based on regional precipitation and other factors. It is expected that the majority of power used to serve the City load by BPA would be from hydroelectric resources, however, in some years the amount of power needed to serve the City load would potentially be supplied by other sources of generation. In years with more generation in the system, power surplus to the needs of firm commitments may be marketed at lower prices. This makes it difficult to determine whether or not there is actually firm power regularly available to meet the needs of a new customer in any given year.~~ BPA has noted that in 2014, 12% of its total revenues came from sales of power to public and investor-owned utilities in the Southwest and California.

If the City were to become a new customer of BPA it could be that BPA's sales outside the Pacific Northwest region might be slightly reduced in some years when hydroelectric generation is lower.

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³⁵ Note that the total emissions attributed to the City load would be less as a result of customer participation in PSE's green power program. PSE indicates that 10.2% of the Bainbridge Island customers participate in this program and assuming that all participants offset their entire power requirement with green power, the estimated GHGs attributed to the City load would be 10.2% lower than shown, i.e. 104,000 tons as compared to 116,000 tons.

This is a complex topic as the FCRPS is operated on a dynamic basis. With an added new BPA customer such as the City, the FCRPS will have less electricity at times to export out of the region, principally to California where it displaces partially fossil fueled generation. At other times, say during high Pacific Northwest wind turbine power production, sales to a new BPA customer would reduce the amount of water spilled over dams. Similarly, when there is limited transmission capacity to California and high generation there may be no reduction in exports to California. Furthermore, because City customers are already served principally by existing Pacific Northwest generation, the “net” load of PSE plus BPA would not change. Therefore, the reduction on the amount of future energy that would be exported out of the Pacific Northwest and would potentially decrease fossil fuel generation emissions outside the region would likely be small to non-existent.

According to PSE’s 2015 Greenhouse Gas Inventory, approximately 6.8% of total electricity generated and purchased by PSE in 2015 and 17.1% of PSE’s total CO₂ emissions from electric operations were attributed to PSE’s share of Colstrip Units 1 and 2. PSE has indicated that it will be closing Colstrip Units 1 and 2 by July 2022. It is not known at this time what energy resources will be used by PSE to supplant its 50% ownership share (307 MW) of the closing Colstrip units. It could be expected, however, that a combination of resources, including natural gas generation would be obtained. Natural gas generation produces GHG but to a lesser extent than coal generation. If the City were to establish its electric system, the reduction of PSE’s total energy requirement by the City’s load would reduce the need for PSE to obtain that increment of power from any GHG emitting resources after Colstrip is closed.

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Miscellaneous IssuesSocially Responsible Initiatives

Many consumer-owned utilities provide discounts to low income residents and seniors, as does PSE. However, a new municipal utility can start with a “clean slate” and explore options that PSE has for historic reasons not chosen. The disadvantage of this is that there may be some Bainbridge Island customer expectations and reliance of existing rate forms. The advantage is that a different rate form may be better able to meet community needs.

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There are many categories of electric utility rate programs for low-income customers. Some of them include the following:

- Flat rate discount or an across the board percentage discount. Similar to the 50% low income senior and low income disabled rate discount provided to the City water and sewer customers
- Payment programs that cover only the variable costs of serving the customer and/or a discount on the fixed costs.
- Percentage if income plans, where the maximum energy bill is set to a percentage of income based on the Federal Poverty Level of household data.

- Waiver of all or a portion of fixed or monthly fees.
- Blocked rate or lowest tier approach. This is where the customer purchases all power at the lowest tier rate even if they exceed the low tier quantity.
- Lifeline rate, based on a minimum quantity of electric power.
- Seasonal discounts, either tied the winter heating season or in other parts of the country the air conditioning season.
- Special discounts, specifically associated with the electrical consumption of certain life sustaining medical equipment or equipment associated with preventing deterioration of a medical condition.
- Direct vendor payment approach. Customers receive a rate discount when they agree to allow utility bill payment to be taken directly out of a public benefit that customer may receive, such as Aid to Families with Dependent Children or other programs. Similarly, if there were arrangements with a Quest logo organizations, a bank or credit union funds could be transferred from a Washington DSHS EBT Quest Card. The City already has ACH and bank initiated Bill Payer methods of paying utility bills, so such methods or extensions of them could be incorporated into an electric utility.

There are also federal programs to benefit this class of customers, such as the Low Income Home Energy Assistance Program (LIHEAP), which is focused on helping low income households manage and meet their home heating and/or cooling needs. Such programs are available to both PSE customers and locally controlled municipal utilities. PSE's programs of this type need to accommodate the needs of its service area and are subject to review by the WUTC.

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-LIHEAP and other similar programs This can include one-time crisis oriented financial assistance, weatherization grants to reduce heating or cooling needs, free energy efficiency upgrades to lower utility bills while improving the health and safety of the household's occupants, energy budget counseling, education on energy efficiency practices, etc. Such kinds of programs can include implementation of solar or other renewables in some jurisdictions.

There are also State and local programs that can be targeted at this customer class. They range from Department of Commerce grants and Weatherization Assistance Program to local programs offered by Kitsap Community Resources or specific charities.

Most consumer owned electric utilities target federal, BPA, state conservation programs and conservation assistance at their low income elderly customers so as to create socially responsible community programs. BPA has a long history of identifying conservation programs that its utility customers can target to improve the lives of low income elderly customers. Also, the State of Washington, through the Department of Commerce has conservation programs that target low income residents of the state. The City as an electric utility could partner with both to deliver such programs locally.

According to the PSE website, PSE has two programs (beyond LIHEAP and local agency programs) to keep bills low and income-eligible customers warm in the winter:

- HELP or Home Energy Lifeline Program provides qualified customers with bill paying assistance beyond that offered by the federal LIHEAP program.
- The PSE Weatherization Assistance Program (aligned with the Washington State Department of Commerce Weatherization Assistance Program) provides for upgrades to home insulation, sealing air leaks, and lighting and refrigeration replacements.

As a private corporation, PSE can do some things that public agencies cannot do. For example, PSE has provided a grant to help fund a standby diesel generator for a warming station in the event of long term outages at a local church on Bainbridge Island. PSE also, as a larger utility, has the ability to get customer contributions from across its broader service territory and distribute them fairly to those in need. This may or may not change the amount of such aid for those on Bainbridge Island. What can be said about a local municipal utility is that whatever aid can be obtained by federal, state and local programs would be distributed to Bainbridge Island community members. It is not expected that municipalization will dramatically change the ability of low income or elderly residents to receive energy assistance. Some of the focus and emphasis within such programs may change, though.

Again an important advantage of a City electric utility is local control and this means a focus on local issues and concerns. This is especially true when it comes to Socially Responsible Initiatives. That is, the City will be in better touch with the needs of its residents than almost any other organization and can adjust programs for the unique mix and needs of Island residents. For example, if life sustaining medical equipment is an especially important need within the City, rates and methods of qualifying for such a rate can be implemented similar to those used by the Los Angeles Department of Water & Power (LADWP). While a city utility like LADWP could narrowly focus such a rate to their own particular city, PSE would need to have its rates approved by the WUTC and be fair across a much more geographically diverse area with differing levels of need. Also, what may be appropriate in Bainbridge Island might not fit the customers of Skagit County or western Kittitas County.

Alternately, there can be multi-utility benefits identified by the City and factored into a socially responsible rates or appliance rebates/grants ~~or~~ programs. For example, for qualifying customers who purchase electricity, water and ~~have~~ wastewater services treated by the City COBI, there could be a recognition that a new energy efficient dishwasher or clothes washing machine will jointly save electric energy, ~~and~~ help avoid Tier 2 BPA power, ~~will~~ reduce the quantity of potable water that needs to be produced, treated and distributed by the City COBI and further reduces the amount of waste water that needs to be treated and sludge that needs to be disposed of by the City COBI.

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PSE can acknowledge and compensate for combined benefits where it has combined natural gas and electric utility service. PSE does not provide natural gas service on Bainbridge Island.

Similarly, City governments can more easily in a combined utility way accomplish other kinds of programs not usually implemented if different utilities provide services. An example of this is the City of Anchorage, Alaska. The George M. Sullivan combined cycle power plant owned by Anchorage Municipal Light and Power uses potable City water through an additional heat exchanger to providing cooling for the steam condensers. This was done for a variety of reasons, including enhanced electric utility power generation economics and winter fire protection, and fire hydrant freeze protection. A conservation benefit of this integrated municipal decision was that the potable water to the city residents is slightly warmer than it would be otherwise. This reduces the need for home and commercial water heating by an incremental amount.

While such kinds of integrated multi-utility planning and cooperation can still occur with a privately held company like PSE, it would likely take more negotiations, as the different customer groups might have dramatically different perspectives. That is, a customer in Bainbridge Island and their elected representatives would have a different perspective than say a WUTC commissioner representing Skagit County, King County or Thurston County customers or even a PSE employee representing the owners of PSE. Again, such multi-utility cooperation is not impossible, it is just more difficult when a different set of stakeholders are involved in the negotiations.

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Synergies and Other Benefits

Synergies

One of the concepts almost always debated during municipalization feasibility evaluations is the concept of economies of scale versus the efficiency of small nimble organizations. There is business research on economies of scale of large bureaucracies and if at a certain point they start losing economic efficiency. There is also research on small organizations in a rapidly changing environment. While the electric utility industry has been stable in some sense for a long time, it is also in an era of rapid change and enhanced pressure to provide a broader array of customer initiated programs.

Many city electric utilities are very efficient. For example small municipal utilities like Sumas and Blaine compete on the basis of electric rates very favorably with PSE which serves the areas surrounding these cities. Various synergies are a significant part of the reason for the comparability of rates with a much larger utility.

Local control can reduce the complexity of regulation and the bureaucracy associated with a large organization that is regulated by multiple layers of governing bodies (Security Exchange

Commission, Washington Utilities and Transportation Commission, Federal Energy Regulatory Commission, corporate owners, and utility management). By having a City Council or utility board as the primary regulatory body, various reports, studies, and costly legal proceedings are potentially reduced. Considering that WUTC and FERC hearings are often before administrative law judges with specially hired expert witnesses, and specialized law firms presenting the case, costs per proceeding can easily reach six figures. Such costs have to be mostly borne by the utility customers, however, the costs are admittedly spread over a broader base. Alternately, presentations by City staff to a City Council or utility board are traditionally much less costly.

The other side of the coin is that expensive consultants and extra layers of regulatory review can sometimes prevent bad decisions. As such, the expense may be sometimes worth the cost. This is something to consider when municipalizing. However, the history within Washington State, where the majority of electric utility customers are served by consumer or cooperatively owned electric utilities, has shown that the added levels of regulation are not generally required except in the field of bulk power supply (large generation projects, such as hydroelectric facilities) or regional high voltage transmission that affects grid stability and reliability of large numbers of customers.

Another form of synergy often found by municipal utilities is in customer billing and invoicing, where water and/or sewer bills and/or meter reading costs can be combined or shared. While the City only serves a portion of ~~the~~ Bainbridge Island with water and sewer service there is still some potential for savings, although not as great as other cities. These benefits need to be balanced against the larger base of customers that can be used to amortize PSE billing software and programs.

Alternately, national consumer owned electric utility organizations like the American Public Power Association (APPA) have brought together many small electric utilities and created standardized software packages that can also spread the costs over a broader base. A new City electric utility can take advantage of billing and accounting systems used by other established municipal utilities like Centralia, Blaine, Steilacoom, Ellensburg, or Eatonville. We would strongly recommend investigation of such options.

Many small electric utilities the size of the City electric system would also not require full time human resources staff, attorney, public relations, off hour call answering, or certain other administrative functions. With a City electric utility a portion of an FTE (full time equivalent) could be assigned to the electric utility for such positions and save the remainder of the FTE cost for other City functions. The City of Blaine and Sumas municipal utilities shared a conservation person between them for many years. Also, historically a human resources firm was involved in union negotiations for several Washington State PUD's. These kinds of approaches can be used to address areas where economies of scale may be significant.

Alternately, synergies can arise from coordination on public works projects. Some municipal electric utilities of which we are familiar coordinate road paving projects with sewer line, water main, and electric utility projects, especially undergrounding projects. The main cost in electric

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utility undergrounding projects are the costs associated with trenching and site restoration, especially paving, at the end of the project. This kind of sharing has the benefit of reducing certain shared expenses among all the utilities.

In theory such coordination can occur with a private utility like PSE if it is flexible enough to perform such coordinated efforts. The best way for the City to see if this might be an advantage or disadvantage would be to examine its own interactions with PSE on road widening, pavement restoration and joint planning. Some cities are able to coordinate with PSE and others have had problems, so this represents both a potential advantage and disadvantage of municipalization depending on the level of cooperation and commitment by PSE.

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Another synergy is that certain kinds of policies, such as unmetered services, that result in very expensive connection costs can be avoided. There are a number of situations where cross walk warning lighting, or traffic control equipment may have high connection costs, while the amount of energy used is trivial.

Whenever economies of scale are discussed one area is often focused upon: purchasing of equipment and supplies. While everyone is familiar with bulk purchases and the Costco model of getting large quantities at a discount, most people are also familiar with the of certain military items like hammers and aircraft toilet seats that are manufactured to "milspec" requirements. The point being that while there can be advantages of scale in the purchase of some items in a free market, some large organizations or bureaucracies can induce diseconomies of scale.

When PSE orders power poles, conductor and transformers it can arrange for volume pricing discounts. Some utilities band together to get group pricing and in a competitive environment discounts for volume pricing may be offset by some of the purchasing related costs and requirements. So there can be a disadvantage to purchasing. However, many cities have addressed this problem through participation in various state contract programs where negotiated bulk prices are achieved.

For example, the City is familiar with the Municipal Research and Services Center (MRSC) which is a nonprofit organization that helps local governments across Washington State better serve their citizens by providing legal and policy guidance on any topic. There are similar electric utility organizations like the American Public Power Association (APPA) and the Northwest Public Power Association (NWPPA) that also provide for the ability to act in concert with other municipal electric utilities to capture economies of scale in regards to training, and certain products such as financial software or engineering software. Hometown Connections, which is a subsidiary of APPA designed to provide competitive advantage to public power systems has discount agreements with many vendors of products used by electric utilities. A final example of group buying power is the Washington State Department of Enterprise Services state negotiated blanket contracts under which cities can purchase.

The concept of economies of scale for purchases is not new. Many individuals have historically come together to form cooperatives to buy in bulk and distribute to their members. These kinds

of programs are readily available to a new municipal utility and so the advantages and disadvantages of economies of scale, efficiency or synergies are not one sided, but a mix of advantages and disadvantages.

Other ~~Non-Economic~~ Benefits

Sometimes locally controlled utilities better understand their customers and the needs of their community. An example of this is the City of Sumas. At one point the mayor and city council wanted to encourage more jobs locally. During an electric rate proceeding, they directed their consultant to establish industrial rates that did not change the cost allocations between customer classes, but did change the rate form in a way that would reduce the cost impact of adding a second or third shift of operation at a local industry. While the above is an example of an advantage of locally controlled rates, PSE has become more flexible in its rates in recent history.

For example, the PSE custom program to monitor and work with the City on keeping loads on the island under 58 MW is an example of a PSE program to meet local needs. Similarly, the recent PSE rate agreement with Microsoft to allow that company and other similar companies to seek their own wholesale power supplies is an example of PSE being customer focused. This means that PSE may be able to provide some of the advantages normally associated with local control.

In communities such as the City of Blaine and the Town of Steilacoom, the governing board has established resolutions favoring the undergrounding of new electric utility distribution lines. These long term policies have gradually changed both utilities to mostly underground service, which allows them both to have low storm outage rates and better electric reliability than a similar overhead electric utility. While an advantage of local control, there is no reason that PSE could not adopt such a policy on its own or in negotiations with some of its franchise granting government agencies if approved by the WUTC.

Another example of recognizing a local problem and implementing different local reliability solutions can be learned from Grays Harbor County PUD, Peninsular ~~Power &~~ Light Company, and Ferry County PUD. At Grays Harbor County PUD, there ~~was~~ ~~had~~ a localized, but significant high voltage reliability problem where a subtransmission line with distribution underbuild on the same pole was subject to impacts from trees blowing over during wind storms. This resulted in trees contacting both transmission and distribution lines at the same time and having significant high voltage spikes occur within home wiring that destroyed ~~televisions~~ ~~TV's~~, computers and various electronics. Part of Grays Harbor County PUD's solution was to offer meter socket, whole house, surge protectors to customers in the affected area at cost. This does not mean that PSE could not offer such a program, but that program would need to be approved by the WUTC and apply to a potentially broader geographic area.

Another similar reliability example was where Peninsula Light Company offered a program of supply auxiliary gas/diesel generators and isolation equipment as a package for customer in remote

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areas who desired back up power sources. Similarly, Ferry County PUD provided some remote homeowners with non-grid connected solar photovoltaic systems. Again, the idea is that a locally controlled electric utility can identify a community need or the needs of a small set of customers and develop a program to meet those needs. PSE has also done a very good job in identifying broad customer needs. In fact the focused demand side management program that PSE implemented in keeping Bainbridge Island loads to under 58 MW is a good example of PSE being innovative and getting approval to focus on an area the size of Bainbridge Island.

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Another synergy is associated with employees living within the City electric system ~~OB~~ service area and being an important part and source of skills for the community. For example, electrical line workers or engineers often have advanced skills that enrich a community. Each year the ~~NWPPA~~ Northwest Public Power Association gives out awards for various forms of community service. Annually there are awards for line crew members or engineers with training in advanced first aid that have saved lives of community members while either on the job or while they were not at work. This does not mean that PSE employees or its contract employees, such as Potelco employees, could not provide similar benefits. The City, however, through its hiring practices can encourage or require employees to live within the City providing the knowledge of its employees to benefit others more regularly in the community.

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~~A similar benefit happens when the people that plan, design and operate the utility have their families served by the same utility they work for. This makes electric reliability and ease of storm outage restoration a more personal and important aspect of their job. It also results in informal patrolling of distribution lines as employees drive to and from work for poles that have deteriorated, transformers that may be discolored due to overloading, or danger trees that may fall over in the next storm. When most electric utility employees live outside the service area, these benefits are reduced.~~

Another aspect of local control is local accountability. For example, many utility managers and City Council members have had neighbors or friends ask about the causes of extended outages or high electrical rates. This creates “peer pressure” on these leaders to focus their attention on meeting local needs. It also provides for a local education and public relations. For example, a person at a little league game or standing in line at the grocery checkout counter with someone who works at the local electric utility who is known to the person, concerns and issues can be discussed and the reasons why certain things are done the way they are can be learned. ~~Can be learned~~

A different perspective on this type of peer pressure is that city council or utility board meetings are regularly scheduled and most have public comment periods. This allows meetings at which customers can attend without spending a lot of travel time to personally express concerns about utility policy or programs, gain an understanding of the issues and ask for change. The ability of the decision makers and the regulators of a privately held electric utility are much more remote and less accessible. That does not mean that there could not be changes in the future of how and

where WUTC proceedings are held, but this would require pressure by the public and the regulated utilities to make such changes which currently does not appear to be happening.

Another non-economic aspect of a City electric utility is community support. Many small electric utilities provide parks, trails and other benefits to their community. Seattle City Light has provided a number of small parks associated with abandoned substations and regularly includes public spaces and picnic areas adjacent to new substations. Chelan County PUD, Lewis County PUD, and the City of Blaine all have park facilities that were provided by the electric utility. Many consumer-owned electric utilities install holiday and special event temporary lighting, and public signs or banners with electrical crews.

The American Public Power Association (APPA) has a list of benefits that are also associated with public power electric utilities. The APPA list is provided as Appendix C. APPA also has a very good primer on forming a new municipal electric utility and the reasons and challenges that are likely to be faced³⁶.

New Public Power Utilities

Many cities and municipal entities nationwide have established new public power utilities in the past. Appendix B attached to this report is a list provided by the American Public Power Association of new consumer-owned electric utilities that have been formed since 1973. The list includes 88 publicly-owned electric utilities that began operations between 1973 and 2015. Many of these new public power utilities were formed from the service areas of investor-owned utilities.

In addition to the new public power utilities that have formed and are operating many other communities have evaluated the potential costs and benefits of providing electric service in their communities. The primary purpose in pursuing a public power utility has been to establish reliable, cost effective electric service and allow for local community-focused input as to how electric service is provided in their communities.

³⁶http://www.publicpower.org/files/PDFs/Summary_of_Public_Power_for_Your_Community.pdf

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 9:15 PM Professional Services Agreement for Downtown Parking Study and Budget Amendment, AB 17-081 – Public Works (Pg. 209)	Date: 6/13/2017
Agenda Item: UNFINISHED BUSINESS	Bill No.: 17-081
Proposed By: Public Works Director Barry Loveless	Referrals(s):

BUDGET INFORMATION

Department: Public Works	Fund: CIP: TBD	
Expenditure Req: \$24,860.00	Budgeted? No	Budget Amend. Req? Yes

REFERRALS/REVIEW

Business Meeting: 5/9/2017	Recommendation: Forward to future unfinished business agenda.	
City Manager: Yes	Legal: Yes	Finance: Yes

DESCRIPTION/BACKGROUND

The City has issued a RFQ to select the best qualified firm to study and assess the current condition of the parking system in Downtown Winslow, identify future needs, and make recommendations for strategies to address demands and financing of the system.

The City operates a parking system for businesses and residents, and surrounding neighborhoods. Parking is heavily impacted by ferry commuters to Seattle via the Washington State Ferry Terminal. The City would like to ensure that the parking system is being operated, managed, and developed in a manner consistent with the City's Comprehensive Plan and the planned growth in the downtown area.

Requests for Qualifications were solicited through local newspapers in April 2017. City staff reviewed the consultants' qualifications and selected Berk Consulting as the most qualified consultant to conduct the study.

Preliminary discussions with Berk Consulting indicate it would be beneficial to begin the study with a scoping, data collection, and public outreach phase before deciding on the scope for complete study. For this reason, we are proposing authorizing an initial agreement in the amount of \$24,860.00.

After completion of this initial phase of the study, a proposal for the complete study will be brought back to City Council for approval.

Upon Council approval, a proposed budget amendment will be included in the 2nd quarter budget adjustment reporting.

RECOMMENDED ACTION/MOTION

I move to approve the professional services agreement with Berk Consulting in the amount of \$24,860.00, and a budget amendment in the same amount from the General Fund, thereby increasing the spending authority for the Downtown Parking Study.

ATTACHMENTS:

Description	Type
▣ RFQ	Backup Material
▣ Downtown Parking PSA	Backup Material
▣ Downtown Parking PSA Attachment A	Backup Material

Request for Qualifications for COMPREHENSIVE PARKING STRATEGY – DOWNTOWN BAINBRIDGE ISLAND

The City of Bainbridge Island wishes to contract with a consultant to assess the current condition of the parking system, identify future needs and make recommendations for strategies to address demand and financing of the system.

The City of Bainbridge Island operates a parking system consisting of on street parking and surface lots. In addition, there are a number of private lots spread throughout downtown that function as part of the downtown parking system, including ferry district parking. In addition to the demand from residents and businesses, the demand for parking in the downtown core and surrounding neighborhoods is heavily impacted ferry commuters to Seattle via the Washington State Ferry Terminal. The City would like to ensure that the parking system is being operated, managed and developed in a manner that helps to implement the City's Adopted Comprehensive Plan and the planned growth in the downtown area.

If you are interested in pursuing this project we invite you to submit qualifications of staff that would be involved.

The deadline for this RFQ is 4:00 p.m. May 5, 2017, Pacific Standard Time. No faxed, telephone or electronic proposals will be accepted.

Presentations by a select number of firms will be scheduled shortly after receipt of the proposals.

1. REQUIREMENTS FOR PROPOSAL RESPONSES

- A. Identify each person or entity involved with the project team including technical partners (architects, engineers, others), and briefly describe their respective roles, including:
 - a. Information regarding the team member's experience and qualifications.
 - b. Resume of key team members.
 - c. Description of how the team will be organized and led.
- B. Identify the project lead and their relationship to other members of the team.
- C. Describe the consultant's relevant project experience in preparing parking strategies or plans in cities similar to Bainbridge Island. Projects described must illustrate the consultant's experience with preparing strategies and plans similar in scope to the proposed project.
- D. Briefly describe your approaches to public participation
- E. In this proposal, please provide your best thinking, in narrative form, about your initial thoughts about an approach to the project.

2. EVALUATION CRITERIA

Evaluation of RFQ responses will be based upon the following:

- A. Consultant Experience:
 - a. Success in developing similar parking strategies or plans
 - b. Quality of representative projects
 - c. Qualifications of project team and key project managers
 - d. References

3. GENERAL PROVISIONS AND CONDITIONS

The City reserves the right to:

- Reject any and all responses
- Waive minor irregularities in a response
- Cancel, revise, or extend this solicitation
- Request additional information on any response beyond that required by this RFQ

4. SELECTION

The City of Bainbridge Island shall have the final decision on the selection and whether to move forward with the strategy or not.

5. SUBMISSION REQUIREMENTS, NOTIFICATIONS AND SCHEDULE

Interested consultants must submit 5 paper copies of the response to the RFQ, and 1 electronic copy. Limit the responses to no more than 20 pages. The City will become owner of all submitted materials and will not pay any costs related to any responses to the RFQ.

All consultants must demonstrate compliance with the City's insurance requirements at the time of contract approval.

The City reserves the right to modify the timeline and to issue addenda to this document.

6. EXHIBITS

Exhibit A: General Scope of Work

Exhibit B: Sample Professional Services Agreement

7. CONTACT INFORMATION

Barry Loveless

Public Works Director

206.842.2016

bloveless@bainbridgewa.gov

Exhibit A: General Scope of Work

The Consultant will be required to perform the following general scope of work and related support services and tasks in order to complete the project work.

- Review and understand the Comprehensive Plan and Downtown Strategy and their relationship to downtown parking needs now and in the future.
- Project oversight and management to ensure project stays on schedule and budget.
- Conduct an assessment covering the location, design, and quantity of current on and off-street parking; operating characteristics of and restrictions on existing public and private parking areas with the downtown; and occupancy/turnover patterns.
- Evaluate pedestrian traffic patterns and walking distances.
- Evaluate special use parking needs (commercial deliveries and handicapped accessibility).
- Evaluate current directional and parking signage for parking facilities.
- Evaluate pedestrian and vehicular traffic circulation and parking; identify problem areas.
- Identify peak parking demands and periods of lowest demand.
- Determine practical capacity.
- Identify current public parking shortfalls, if any, as well as safety issues.
- Project future parking demand based on an analysis of city-wide development.
- Assess the need, or not, for additional parking in the study area based on future parking demand balanced by the needs of the downtown business community, residents, and carrying capacity of the island.
- Identify and evaluate potential sites for new parking facilities and provide recommended design configurations and space counts.
- Review existing downtown employee parking permit program and offer suggestions for improvement.
- Build sets of maps, reports, and/or databases that display results by area, hour, day, and other metrics identified with the City. Such database will include all parking data collected, with parking area/subarea summaries. Maps should be produced in ESRI ArcGIS and provided in Adobe PDF.
- Prepare for and attend “Action Alternative” workshops and stakeholder focus groups.
- Gather data and prepare reports as necessary to otherwise meet the objectives outlined in this scope of work.
- Summarize in a final Comprehensive Parking Strategy, including a clear implementation plan with timelines.

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT FOR PROFESSIONAL SERVICES ("Agreement") is entered into between the City of Bainbridge Island, a Washington state municipal corporation ("City"), and Berk Consulting, Inc., a Washington corporation ("Consultant").

WHEREAS, the City needs professional services to prepare a study to assess the current condition of the parking system in Downtown Winslow, identify future needs, and make recommendations for strategies to address demands and financing of the system.

WHEREAS, the Consultant has the expertise and experience to provide said services and is willing to do so in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, promises, and agreements set forth herein, it is agreed by and between the City and the Consultant as follows:

1. SERVICES BY CONSULTANT

The Consultant shall provide the professional services as defined in this Agreement and as necessary to accomplish the scope of services attached hereto as Attachment A and incorporated herein by this reference as if set forth in full. The Consultant shall furnish all services, labor, and related equipment to conduct and complete the work, except as specifically noted otherwise in this Agreement.

2. TERM AND TERMINATION OF AGREEMENT

A. This Agreement shall become effective upon execution by both parties and shall continue in full force and effect until January 31, 2018, unless sooner terminated by either party as provided below.

B. This Agreement may be terminated by either party without cause upon thirty (30) days' written notice to the other party. In the event of termination, all finished or unfinished documents, reports, or other material or work of the Consultant pursuant to this Agreement shall be submitted to the City, and the Consultant shall be entitled to just and equitable compensation at the rate set forth in Section 3 for any satisfactory work completed prior to the date of termination.

3. PAYMENT

A. The City shall pay the Consultant for such services: (check one)

[X] Hourly, plus actual expenses, in accordance with Attachment A, but not more than a total of Twenty-Four Thousand Eight Hundred Sixty Dollars and no cents; (\$24,860.00);

[] Fixed Sum: a total amount of \$ _____;

[] Other: \$ _____, for all services performed and incurred under this Agreement, to be billed monthly in equal amounts.

B. The Consultant shall submit, in a format acceptable to the City, monthly invoices for services performed in a previous calendar month. Each project and each task within a project shall be the subject of a separate invoice. The Consultant shall maintain time and expense records and provide them to the City upon request.

C. The City shall pay all invoices by mailing a City check within sixty (60) days of receipt of a proper invoice from the Consultant.

D. If the services rendered do not meet the requirements of this Agreement, the Consultant shall correct or modify the work to comply with this Agreement. The City may withhold payment for such work until it meets the requirements of this Agreement.

4. INSPECTION AND AUDIT

The Consultant shall maintain all books, records, documents, and other evidence pertaining to the costs and expenses allowable under this Agreement in accordance with generally accepted accounting practices. All such books and records required to be maintained by this Agreement shall be subject to inspection and audit by representatives of the City and/or the Washington State Auditor at all reasonable times, and the Consultant shall afford the proper facilities for such inspection and audit. Representatives of the City and/or the Washington State Auditor may copy such books, accounts, and records if necessary to conduct or document an audit. The Consultant shall preserve and make available all such books of account and records for a period of three (3) years after final payment under this Agreement. In the event that any audit or inspection identifies any discrepancy in such financial records, the Consultant shall provide the City with appropriate clarification and/or financial adjustments within thirty (30) calendar days of notification of the discrepancy.

5. INDEPENDENT CONTRACTOR

A. The Consultant and the City understand and expressly agree that the Consultant is an independent contractor in the performance of each and every part of this Agreement. The Consultant expressly represents, warrants, and agrees that the Consultant's status as an independent contractor in the performance of the work and services required under this Agreement is consistent with and meets the six-part independent contractor test set forth in RCW 51.08.195. The Consultant, as an independent contractor, assumes the entire responsibility for carrying out and accomplishing the services required under this Agreement. The Consultant shall make no claim of City employment nor shall the Consultant claim any related employment benefits, social security, and/or retirement benefits.

B. The Consultant shall be solely responsible for paying all taxes, deductions, and assessments, including but not limited to federal income tax, FICA, social security tax, assessments for unemployment and industrial injury, and other deductions from income which may be required by law or assessed against either party as a result of this Agreement. In the event the City is assessed a tax or assessment as a result of this Agreement, the Consultant shall pay the same before it becomes due.

C. The City may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that the Consultant performs hereunder.

D. The Consultant shall obtain a business license and, if applicable, pay business and occupation taxes pursuant to Title 5 of the Bainbridge Island Municipal Code.

6. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

A. The Consultant agrees not to discriminate against any employee or applicant for employment or any other person in the performance of this Agreement because of race, creed, color, national origin, marital status, sex, sexual orientation, age, disability, or other circumstance prohibited by federal, state, or local law or ordinance, except for a bona fide occupational qualification.

B. The Consultant shall comply with all federal, state, and local laws and ordinances applicable to the work to be done under this Agreement.

C. Violation of this Section 6 shall be a material breach of this Agreement and grounds for cancellation, termination, or suspension by the City, in whole or in part, and may result in ineligibility for further work for the City.

7. OWNERSHIP OF WORK PRODUCT

All data, materials, reports, memoranda, and other documents developed under this Agreement, whether finished or not, shall become the property of the City and shall be forwarded to the City in hard copy and in digital format that is compatible with the City's computer software programs.

8. GENERAL ADMINISTRATION AND MANAGEMENT

The City Manager of the City, or designee, shall be the City's representative, and shall oversee and approve all services to be performed, coordinate all communications, and review and approve all invoices, under this Agreement.

9. HOLD HARMLESS AND INDEMNIFICATION

A. The Consultant shall defend, indemnify, and hold the City, its officers, officials, employees, and volunteers harmless from any and all claims, injuries, damages, losses, or suits including attorney fees, arising out of or resulting from the acts, errors, or omissions of the Consultant in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

B. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability, including the duty and cost to defend hereunder, shall be only to the extent of the Consultant's negligence. It is further specifically and expressly understood that the indemnification provided

herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

C. The City's inspection and acceptance of any of the Consultant's work when completed shall not be grounds to void, nullify, and/or invalidate any of these covenants of indemnification.

D. Nothing contained in this Agreement shall be construed to create a liability or a right of indemnification in any third party.

10. INSURANCE

The Consultant shall maintain insurance as follows:

- ☒ Commercial General Liability as described in Attachment B.
- ☒ Professional Liability as described in Attachment B.
- ☒ Automobile Liability as described in Attachment B.
- ☒ Workers' Compensation as described in Attachment B.
- ☐ None.

11. SUBLETTING OR ASSIGNING CONTRACT

This Agreement, or any interest herein or claim hereunder, shall not be assigned or transferred in whole or in part by the Consultant to any other person or entity without the prior written consent of the City. In the event that such prior written consent to an assignment is granted, then the assignee shall assume all duties, obligations, and liabilities of the Consultant as stated herein.

12. EXTENT OF AGREEMENT/MODIFICATION

This Agreement, together with attachments or addenda, represents the entire and integrated Agreement between the parties and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended, modified, or added to only by written instrument properly signed by both parties.

13. SEVERABILITY

A. If a court of competent jurisdiction holds any part, term, or provision of this Agreement to be illegal or invalid, in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.

B. If any provision of this Agreement is in direct conflict with any statutory provision of the State of Washington, that provision which may conflict shall be deemed inoperative and null and void insofar as it may conflict, and shall be deemed modified to conform to such statutory provision.

14. FAIR MEANING

The terms of this Agreement shall be given their fair meaning and shall not be construed in favor of or against either party hereto because of authorship. This Agreement shall be deemed to have been drafted by both of the parties.

15. NONWAIVER

A waiver by either party hereto of a breach by the other party hereto of any covenant or condition of this Agreement shall not impair the right of the party not in default to avail itself of any subsequent breach thereof. Leniency, delay, or failure of either party to insist upon strict performance of any agreement, covenant, or condition of this Agreement, or to exercise any right herein given in any one or more instances, shall not be construed as a waiver or relinquishment of any such agreement, covenant, condition or right.

16. NOTICES

Unless stated otherwise herein, all notices and demands shall be in writing and sent or hand-delivered to the parties at their addresses as follows:

To the City: City of Bainbridge Island
 280 Madison Avenue North
 Bainbridge Island, WA 98110
 Attention: City Manager

To the Consultant: Berk Consulting, Inc.
 2025 First Avenue
 Suite 800
 Seattle, WA 98121
 Attention: Jeff Arango, Associate Principal

or to such addresses as the parties may hereafter designate in writing. Notices and/or demands shall be sent by registered or certified mail, postage prepaid, or hand-delivered. Such notices shall be deemed effective when mailed or hand-delivered at the addresses specified above.

17. SURVIVAL

Any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement shall survive the term or expiration of this Agreement and shall be binding on the parties to this Agreement.

18. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

19. VENUE

The venue for any action to enforce or interpret this Agreement shall lie in the Superior Court of Washington for Kitsap County, Washington.

20. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the later of the signature dates included below.

BERK CONSULTING, INC.

CITY OF BAINBRIDGE ISLAND

Date: _____

Date: _____

By: _____

By: _____

Douglas Schulze, City Manager

Name _____

Title _____

Tax I.D. # _____

City Bus. Lic. # _____

ATTACHMENT A
SCOPE OF SERVICES

See Attachment.

ATTACHMENT B

INSURANCE REQUIREMENTS

A. Insurance Term

The Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

B. No Limitation

The Consultant's maintenance of insurance as required by the Agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

C. Minimum Scope of Insurance

The Consultant shall obtain insurance of the types and coverage described below:

1. Automobile Liability insurance covering all owned, non-owned, hired, and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage.
2. Commercial General Liability insurance shall be at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap liability, independent contractors, and personal injury and advertising injury. The City shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Professional Liability insurance appropriate to the Consultant's profession.

D. Minimum Amounts of Insurance

The Consultant shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.

3. Professional Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit, as applicable.

E. Other Insurance Provision

The Consultant's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain, that they shall be primary insurance as respect the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Consultant's insurance and shall not contribute with it.

F. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

G. Verification of Coverage

Before commencing work and services, the Consultant shall provide to the person identified in Section 8 of the Agreement a Certificate of Insurance evidencing the required insurance. The Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the work. The City reserves the right to request and receive a certified copy of all required insurance policies.

H. Notice of Cancellation

The Consultant shall provide the City with written notice of any policy cancellation within two business days of their receipt of such notice.

I. Failure to Maintain Insurance

Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five (5) business days' notice to the Consultant to correct the breach, immediately terminate this Agreement or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

J. City Full Availability of Consultant Limits

If the Consultant maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Consultant, irrespective of whether such limits maintained by the Consultant are greater than those required by this Agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Consultant.

Attachment A

City of Bainbridge Island Comprehensive Parking Strategy

Scope of Work – Phase I

Overview

The City of Bainbridge Island has hired a consultant team to develop a comprehensive parking strategy for the City focusing on the Downtown/Winslow Way area and adjacent districts and neighborhoods. Development of the strategy will include a parking inventory of on and off-street facilities, weekday and weekday parking data collection, extensive public outreach, guiding principles, parking management strategies, exploration of the need and feasibility of a parking structure in the Town Square, and a funding strategy. The following scope of work is for Phase I to expedite the start of work on this project. A more fully developed scope, budget, and schedule will be provided for consideration by the City in the coming weeks.

Scope of Work

TASK 1 - SCOPING AND PROJECT MANAGEMENT

This task covers development of the more detailed scope, budget, and schedule in collaboration with City staff as well as project management Phase I.

TASK 2 - PARKING INVENTORY

A parking inventory for on and off-street facilities will be developed and provided to the City in GIS and tabular format along with a written summary. The parking inventory will include all on-street parking facilities and off-street facilities that serve non-residential uses. If data collection at residential properties is desired the consultant team can work with the City to identify selected sites for inventory and data collection during Phase II. The parking inventory area is shown below in Exhibit 1 along with two proposed phases for data collection.

Exhibit 1. Parking Inventory and Data Collection Phases



Source: BERK, 2017; Google Earth, 2017

TASK 3 – PUBLIC OUTREACH

Public outreach will be consistent with the City's public participation plan developed for this project and currently in draft form. Initial public outreach will consist of an online survey and stakeholder interviews. The online survey will include targeted questions by user groups including businesses and employees, residents, and visitors. The cost proposal assumes mostly multiple choice questions and limited open-ended questions that are more time consuming to analyze. Survey results will be analyzed and provided to the City along with a detailed summary including key findings. It is anticipated there will be 10-15 stakeholder interviews representing the stakeholder list in the public outreach plan developed by the City. A summary of the stakeholder interviews, key findings, and major themes will be developed and provided to the City.

Cost Proposal

The total costs for Phase I of the study is \$24, 860 including project expenses. The total hours are shown by task and team member in Exhibit 2.

Exhibit 2. Project Budget

	BERK Consulting		Rick Williams Consulting					Coates Design		Total Hours and Estimated Cost by Task
	Jeff Arango, AICP Project Manager	Izzy Cannell, Associate	Rick Williams, Strategist	Owen Ronchelli, Data Collection Lead	Pete Collins, Data Analysis, Research	Michael Vasbinder, Data Field Foreman	Connor Williams, Data Field Foreman	Matthew Coates, Architect	Robert Hutchinson, Architect	
2017 Hourly Rate	\$175	\$125	\$175	\$150	\$120	\$40	\$40	\$160	\$120	
Task 1: Project Management, Scoping, Planning										
Task 1.1 Project Management (Ongoing) and Scoping	6									6
Subtotal	6	0	0	0	0	0	0	0	0	6 \$1,050
Task 2: Project Kick-off and Data Collection Planning										
Task 2.1 Kick-off and Scoping Meeting	4	4	4					4		16
Task 2.2 Review Existing Plans and Background Information	4	4	4							12
Task 2.2 On and Off-Street Inventory	2	2		15	15	15	15			64
Task 2.3 Data Input and Inventory Summary	2	2		2			6			12
Task 2.4 Mapping and Route Templates Development	2			4		6	6			18
Subtotal	14	12	8	21	15	21	27	4	0	122 \$12,860
Task 3: Public Outreach										
3.1 Online Survey Development, Analysis, Summary	12	30								42
3.2 Stakeholder Interviews (10-15) and Summary	10	20								30
Subtotal	22	50	0	0	0	0	0	0	0	72 \$10,100
Total Estimated Hours	42	62	8	21	15	21	27	4	0	200
Cost (Hours*Rate)	\$7,350	\$7,750	\$1,400	\$3,150	\$1,800	\$840	\$1,080	\$640	\$0	\$24,010
Subtotal Consultant Cost	\$24,010									
Project Expenses	\$850									
Estimated Project Total	\$24,860									

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 9:25 PM Request for Proposals for 2018 Lodging Tax Advisory Committee, AB 17-080 - Councilmembers Townsend and Scott (Pg. 226)	Date: 6/13/2017
Agenda Item: UNFINISHED BUSINESS	Bill No.: 17-080
Proposed By: Councilmembers Roger Townsend and Michael Scott	Referrals(s):

BUDGET INFORMATION

Department: Executive	Fund: Civic Improvement Fund
Expenditure Req: \$250,000	Budgeted? Budget Amend. Req?

REFERRALS/REVIEW

Business Meeting: 5/9/2017	Recommendation: Forward to 5/23 consent agenda.
City Manager:	Legal: Yes Finance:

DESCRIPTION/BACKGROUND

The City of Bainbridge Island annually solicits proposals for eligible projects to receive funding from the City's Civic Improvement Fund. The City Council appoints members to the Lodging Tax Advisory Committee (LTAC), which reviews project proposals and provides the City Council with recommendations on project funding.

For 2018, the City expects to provide \$250,000 in funding for eligible projects related to tourism marketing, marketing and operations of special events or festivals, the operation of tourism related facilities, and capital expenses for a tourism related facility.

The City plans to issue a Request for Proposals (RFP) in July, 2017, for project activities in 2018. The Lodging Tax Advisory Committee will meet in September and October to review proposals and provide a funding recommendation for City Council consideration.

A draft of the proposed 2018 RFP is provided for Council review and discussion. As part of the planning for this upcoming funding cycle, the Council will be asked to consider whether City staff should prepare a proposal to submit to the Lodging Tax Advisory Committee for funding consideration.

RECOMMENDED ACTION/MOTION

Approve with consent agenda.

ATTACHMENTS:

Description	Type
▣ Revised LTAC RFP	Backup Material



CITY OF BAINBRIDGE ISLAND

REQUEST FOR PROPOSALS 2018 LODGING TAX / TOURISM FUND (CIVIC IMPROVEMENT FUND)

The City of Bainbridge Island is seeking proposals for projects to receive funding under the Civic Improvement Fund, which is established through Chapter 67.28 of the Revised Code of Washington (["RCW"](#)) ~~State~~ and [Section](#) 3.65.040 of the Bainbridge Island Municipal Code. Proposals must be for tourism marketing projects, marketing and operations of special events or festivals, ~~for~~ the operation of [eligible](#) tourism-related facilities,¹ or ~~for~~ capital expenses for an [eligible](#) tourism-related facility.²

For 2018, there are approximately \$250,000 in Civic Improvement funds ([also known as Lodging Tax funds](#)) available for distribution to support selected projects. The City Council has approved funding within a wide range, to encourage innovative projects of all sizes that recognize and promote the exciting – and expanding – tourism trends and opportunities happening on Bainbridge Island. Applicants may seek a minimum award of \$2,000 and a maximum award of \$125,000 (to reflect 50% of total available funds).

Funds must be used ~~for~~ [to: tourism marketing; marketing and operations of special events and festivals designed to attract tourists; operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district; or operations of tourism-related facilities owned or operated by nonprofit organizations](#) ~~create new tourism promotion programs or to support or enhance existing programs~~. The City does not make multi-year commitments with Lodging Tax funds; however, service providers are not limited nor are applicants prohibited from making repeat annual requests of a similar nature.

Successful applicants will be required to enter into a professional services agreement with the City to provide the services or products outlined in their proposals. Payment by the City will be made only when documentation of delivery of contracted services or products is provided to the City. The City ~~will~~ [may](#) not provide payment in advance of delivery of goods or services.

¹ To be eligible for *operating* expenses, the tourism-related facility~~ies~~ must be owned [or operated](#) by a municipal~~ity~~ ~~organization~~, or a public facilities district, or a ~~tax-exempt~~ nonprofit recognized by the Internal Revenue Service under 26 U.S.C. Sec. 501(c)(3) or 26 U.S.C. Sec. 501(c)(6). [See, RCW 67.28.1816.](#)

² To be eligible for *capital* expenses, the tourism-related facility~~ies~~ must be owned [or operated](#) by a municipal~~ity~~ ~~organization~~ or a public facilities district. [See, RCW 67.28.1816.](#)

All project activities must be identified in promotional and other business materials as having been funded by the City of Bainbridge Island Civic Improvement Fund.

Policy Background

Bainbridge Island Municipal Code – [Section 3.65.040 Civic Improvement Fund](#)

<http://www.codepublishing.com/wa/bainbridgeisland/>

[Revised Code of Washington \(RCW\) Chapter 67.28 RCW](#), – **PUBLIC STADIUM, CONVENTION, ARTS, AND TOURISM FACILITIES**

www.leg.wa.gov/RCW/index.cfm?fuseaction=chapterdigest&chapter=67.28

Project and Applicant Eligibility

- Applicants seeking funding for capital expenditures for a tourism-related facility must be a municipality or a public facilities district created under ~~RCW-C~~ chapters [35.57](#) and [36.100](#); ~~RCW~~.
- Applicants seeking funding for operating expenditures for a tourism-related facility must a municipality or a public facilities district, or be recognized by the Internal Revenue Service as a ~~tax-exempt~~ nonprofit under 26 U.S.C. Sec. 501(c)(3) or 26 U.S.C. Sec. 501(c)(6).
- Applicants, [other than municipalities or a public facilities district](#), ~~for all other types of projects~~ must be registered with the Washington Secretary of State as a Washington State Corporation.
- Individual persons are not eligible for funding.
- For-profit, private businesses are not eligible for funding.
- Proposals must comply with federal, state, and City [of Bainbridge Island](#) laws and requirements.
- Proposals are to be for goods and services provided during calendar year 2018; ~~F~~funding requests for goods or services to be provided in 2017 or beyond calendar year 2018 will not be considered. ~~City-f~~unding may be used for expenses incurred during January 1 – December 31, 2018.
- Proposals from organizations with a board or staff member serving on the Lodging Tax Advisory Committee are not eligible for funding and will not be considered.
- Proposals involving special events, signs, building or construction, impacts to public property, or other activities that require permits under City code or state or federal law must demonstrate that the applicant has researched the appropriate permit regulations, confirmed the viability of the proposed activities, and incorporated permit fees in the project budget.

Definition of Terms
(Per RCW 67.28.080)

"Operation" includes, but is not limited to, operation, management, and marketing.

"Tourism" means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.

"Tourism promotion" means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourists.

"Tourism-related facility" means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.

~~(1) "Operation" includes, but is not limited to, operation, management, and marketing.~~

~~(2) "Tourism" means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.~~

~~(3) "Tourism promotion" means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourists.~~

~~(4) "Tourism-related facility" means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under Section 501(c)(6) of the Federal Internal Revenue Code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.~~

Application Requirements

- Each proposal must **ADDRESS AND REFERENCE** the questions listed on the attached LTAC 2018 Proposal Form **IN THE ORDER IN WHICH THEY APPEAR**.
- Proposal must be presented in minimum 11-point font and may not exceed ten pages in total length (including [the](#) Cover Sheet).
- The City will only accept proposals in electronic format. Submit the proposal, including [an](#) attached Cover Sheet, via email to:

cityadmin@bainbridgewa.gov

- Proposals are due **no later than 4:00 pm, Friday, September 15, 2017**. Late proposals will not be accepted. Applicants are solely responsible for ensuring that proposals are submitted and received on time.
- If the proposal includes multiple documents/files, each file must be clearly identified in the heading and must include [the](#) Applicant Organization Name, Project Title, and Document/File name.
- Each selected Service Provider ([i.e., Lodging Tax funding recipient](#)) will be required to submit a final report by January 18th, 2019. [Per RCW 67.28.1816, and the reporting guidelines provided by the Washington State Joint Legislative Audit and Review Committee \(JLARC\)](#), **final reports must include the following information related to the ~~project~~/activity:**

The projected and actual data for each of the following categories:

- [The total number of people who](#) ~~Overall~~ [attended the activity](#) ~~ees~~
- [The number of people who](#) ~~ose who~~ [traveled more than 50 miles to attend the activity](#)
- [The number of people from outside the state or country who attended the activity](#) ~~Those who traveled more than 50 miles and stayed overnight~~
- [The number of people who attended the activity and paid for overnight lodging](#) ~~Those who traveled from another state or country and stayed in paid accommodations~~
- [The number of people who attended the activity without paying for overnight lodging](#) ~~Those who traveled from another state or country and stayed in unpaid accommodations~~
- [Total paid lodging nights \(one lodging night = one or more persons occupying one room for one night\)](#)

As a point of reference, the reporting format used by [JLARC](#) ~~the State~~ for 2016 data is available via [JLARC's "Reporting 2016 Lodging Tax Expenditures" document](#). See also the City's [Lodging Tax Advisory Committee](#) website. ~~<http://www.bainbridgewa.gov/236/Lodging-Tax-Advisory-Committee>~~

Review Process

Lodging Tax Advisory Committee (LTAC)

(Appointed by [the](#) City Council on **June 13, 2017**)

Roger Townsend, Chair	City Councilmember
Michael Scott, Vice-chair, non-voting	City Councilmember
NAME	Eligible lodging business representative
NAME	Eligible lodging business representative
NAME	Eligible recipient organization representative
NAME	Eligible recipient organization representative

Proposals will be provided to the City's Lodging Tax Advisory Committee (LTAC) for review and comment. Applicants will have an opportunity to meet with the LTAC to provide additional information about their proposals, at a time and date to be identified by the committee. Applicant participation in this LTAC briefing is not mandatory, but is strongly encouraged. The format for this briefing will be determined by the committee and applicants will be notified in advance of any particulars related to presentation materials, format, and time allowed.

All meetings of the LTAC will be open to the public, and advance notification of LTAC meetings will be provided by the City Clerk.

The LTAC will provide its recommendation for 2018 awards to the City Council for a final funding decision. ~~As described under, t~~[The](#) committee recommendation will include a list of candidate projects and recommended amounts of funding, which the City Council will consider for final approval. ~~The City Council may choose only recipients from the committee's list of recommended candidates, and may consider funding awards only in the amounts recommended by the committee.~~

Selection Criteria


The LTAC will use the following criteria in evaluating project proposals. Other relevant factors, such as availability of funds, may also guide the decision process.

Lodging Fund Project Evaluation – Basic Criteria	
	A. Encourages tourism from visitors traveling more than 50 miles, and from visitors traveling from outside Washington s State <u>or outside the country</u> .
	B. Expected impact on increase in overnight stays in paid accommodations on the island.
	C. Expected increase in tourism. Tourism means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.
	D. Potential to draw visitors to the Island and increase overnight stays during the off-season, October 1 until Memorial Day.
	E. <u>The a</u> Applicant's demonstrated history of organizational and project success, including but not limited to previous LTAC-funded projects.
	F. <u>The p</u> Project reflects partnerships with other organizations and businesses, to encourage cooperative tourism marketing and minimize duplication of services.
	G. <u>The p</u> Project goals and/or results can be objectively assessed.
	H. <u>The p</u> Project will leverage award funds with additional matching funds or donated in-kind goods or services.

**CITY OF BAINBRIDGE ISLAND
2018 LODGING/TOURISM FUND PROPOSAL
COVER SHEET**

Project Name:

Name of Applicant Organization:

Applicant Organization IRS Chapter 501(c)(3) or 501(c)(6)  status and Tax ID Number:

Date of Incorporation as a Washington State Corporation and UBI Number:

Primary Contact:

Mailing Address:

Email(s): _____

Day phone: _____ Cell phone: _____

Please indicate the type of project described in your proposal:

v	Project Type
<input type="checkbox"/>	Tourism marketing
<input type="checkbox"/>	Marketing and operations of special events and festivals designed to attract tourists
<input type="checkbox"/>	Supporting the operations of a tourism-related facility owned or operated by a nonprofit organization*
<input type="checkbox"/>	Supporting the operations and/or capital expenditures of a tourism-related facility owned or operated by a municipality or a public facilities district*

*If the proposal requests funds for a tourism-related facility, please indicate the legal owner of that facility:

LODGING/TOURISM FUND APPLICATION

Applicant Information

Please respond to each of these questions in the order listed. If the proposal includes multiple partners, please include the requested information for each organization.

1. Describe the applicant organization's mission, history, and areas of expertise. Describe the applicant's experience in tourism promotion on Bainbridge Island and its demonstrated ability to complete the proposed project.

Alternate question for event or facility funding:

Describe the event or facility proposed including its purpose, history, and budget. Include past attendance history if applicable, and estimate the number of tourists drawn to the event or facility/year. Please estimate total attendance and the number of tourists estimated to attend for 2018. How has the activity been promoted in the past (if applicable) and what promotion is planned for 2018?

2. If appropriate, please identify the project partner(s) and briefly describe the involvement of each. Please note that the maximum award of \$125,000 will apply to any single project, even if proposed by a team of partners.
3. If appropriate, please list each project and amount of funding awarded and utilized from the Lodging Tax (Civic Improvement) Fund within the last five years (2013-2017).
4. If any previous projects by the applicant ~~previously were~~ funded through the Lodging Tax (Civic Improvement) Fund and were not completed and/or if reports were not submitted to the City as requested, please explain:

LODGING/TOURISM FUND APPLICATION
Project Information

1. Describe the proposed project.

- a. **Scope:** Identify the Project's main objectives and how each will be achieved. Be as specific as possible about the proposed services, measurable impacts, distribution method, and costs.
- b. **Budget:** Include a detailed budget for the proposed project itemizing expenses and income. Include the amount requested from the Lodging Tax Fund and identify other sources of funding anticipated or obtained, including matching funds, as well as any in-kind contributions necessary to complete the project.
- c. **Schedule:** Provide a project timeline that identifies major milestones.

If applicable, please describe the project's scalability. How would the project scope and budget be adjusted should the full amount of the LTAC funding request not be awarded? Please provide specifics.

2. Provide a brief narrative statement to address each of the stated selection criteria. Describe outcomes anticipated from each criterion, as well as the overall project.

- a. Expected impact on increased tourism in 2018. Please provide specific estimates of how the project will impact the number of people traveling fifty miles or more to Bainbridge Island ~~from fifty miles or more one way from their place of residence for the activity~~, or who will travel ~~travelling~~ from another country or state outside of Washington State to attend the activity. If appropriate, compare/contrast this impact to the actual or estimated number of tourists at your event/facility in 2016 and estimates for 2017.
- b. Expected impact on or increase in overnight stays on the island. Please include actual or estimated numbers of tourists who will stay overnight in paid accommodations in Bainbridge Island lodging establishments in 2018 as a result of the proposed activities. Please include the basis for any estimates.
- c. Projected economic impact on Bainbridge Island businesses, facilities, events, and amenities, including sales of overnight lodging, meals, tours, gifts, and souvenirs (helpful data may be found on the Washington State Department of Commerce website).
- d. The project's potential to draw visitors to the Island and increase overnight stays during the off-season, i.e., October 1 until Memorial Day.
- e. The applicant's demonstrated history of organizational and project success.
- f. Describe any partnerships with other organizations and businesses in the proposed project – including efforts to minimize duplication of services where appropriate and encourage cooperative marketing.
- g. Describe the degree to which the project goals and/or results can be objectively assessed.
- h. Describe the degree to which the project will leverage award funds with additional matching funds or donated in-kind goods or services.

LODGING/TOURISM FUND APPLICATION
Supporting Documentation

1. Provide copies of your organization's 2016 income/expense summary and 2017 budget.
2. Provide an estimate of 2017 revenue and expenses.
3. Letters of Partnership – Include letters from any partnering organizations committing to joint sponsorship of the application and specifying their intended activities.

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 9:40 PM Debrief on 2016 Comprehensive Plan Update Process, AB 15-108 - Planning (Pg. 241)	Date: 6/13/2017
Agenda Item: UNFINISHED BUSINESS	Bill No.: 15-108
Proposed By: Department of Planning and Community Development	Referrals(s):

BUDGET INFORMATION

Department: Planning	Fund:
Expenditure Req:	Budgeted? Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:
City Manager:	Legal: Yes Finance: N/A

DESCRIPTION/BACKGROUND

The City Council will debrief on the Comprehensive Plan Update process itself, reflecting on what worked well or not well. Ideally this would be information to inform the next City Council faced with a Comprehensive Plan update, by 2024.

Councilmembers Roth, Scott, Peltier, and Medina submitted comments that are attached to this meeting packet.

The 2016 Comprehensive Plan update began in the summer of 2014 with a large community meeting on "Comprehensive Planning/Growth Management Act 101" led by the Joe Tovar. The Navigate Bainbridge project page still has links to information from the many different kinds of meetings- Visioning workshops, Listening sessions, Water workshops, Planning Commission meetings, etc. The Whereas Clauses of the adopting ordinances 2017-01 & 2017-02 also summarize the update process.

RECOMMENDED ACTION/MOTION

Discussion only.

ATTACHMENTS:

Description	Type
□ Councilmember Debrief Comments	Backup Material

DEBRIEFING THE 2016 COMPREHENSIVE PLAN UPDATE PROCESS: CITY COUNCIL COMMENTS:

Councilmember Medina

1. Generally, I thought the process was good. It's a complicated project and there is no perfect way to do it.
2. It would have been better if the Council had not been made to feel that it had such a short time-frame to review the entire Comp Plan AND if the Council itself had been more realistic from the outset about how long it would actually need to review it.

Councilmember Roth

I first want to say that I found the staff and consultant work to be thorough and helpful throughout the process. Especially impressive was your patience and good humor in response to directed changes and re-drafts as the deadline approached.

The City has an excellent plan as evidenced the comments of the PSRC and many others.

Perhaps it's in the DNA of Bainbridge communities of interest, but I was frustrated by the several extensions of the completion date. In my opinion, the next update timetable could be 4-6 months shorter without impairing the process or the degrading the quality of the plan.

Councilmember Scott

My suggestion for future Comprehensive Plan Update processes is that the City hire a professional writer/editor to review the drafts of elements before they are presented to the Counsel. A writing consultant would be able to catch many of the relatively minor issues that we spent hours and hours on sitting as a committee of seven working late at night--things like undefined terms, inconsistent references, and occasional grammar and spelling issues that can get by even the best of writers.

Councilmember Peltier

See attached.

to: Bainbridge Island City Council and City Manager
from: Council Member Ron Peltier
date: May 15, 2017
re: Reflections on the 2016 Comprehensive Plan Update

Some context for my 2016 Comp Plan update comments

The just completed 2016 Comp Plan update was immediately preceded by controversy over a proposed new shopping center at the NE corner of High School Rd. and Highway 305 in 2013/2014. The activists who led the opposition, which included me, placed a great deal of emphasis on the stewardship principles contained in our 2004 Comp Plan. Those are best summarized by the Five Overriding Principles, which we cited often:

FIVE OVERRIDING PRINCIPLES THAT GUIDE THE 2004 PLAN

- 1. Preserve the special character of the Island which includes forested areas, meadows, farms, marine views, and winding roads bordered by dense vegetation.*
- 2. Protect the water resources of the Island.*
- 3. Foster diversity of the residents of the Island, its most precious resource.*
- 4. The costs and benefits to property owners should be considered in making land use decisions.*
- 5. Development should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level.*

While community activists ultimately lost the battle to block the new shopping center, we managed to heighten awareness of the Comp Plan and to raise serious questions about the City of Bainbridge Island's commitment to environmental stewardship. Being embarrassed by community activists over the new shopping center at High School Rd. clearly motivated how City officials approached the comp Plan update process. That approach was best summed up by a former City official who told me, "The update will be a great opportunity for us to fix the Comp Plan". I heard that repeated more than once. The result of this resolve by City officials to "fix" the Comp Plan was an extensive and time-consuming revision of Bainbridge Island's Comprehensive Plan.

"Fixing" the Comp Plan

Vision Statement completely rewritten:

The Comp Plan's Vision Statement, which appears with the Five Overriding Principles in the Introduction Element, was the subject of a special "Visioning" workshop in the Winter of 2015.

The long surviving Vision Statement from our 2004 Plan is 32 lines and 4 paragraphs long. It describes the Island as it was at the time of writing and talks

how it “should” be in the future. It paints a picture of a place so many of us love: to some extent a picture that is fading under the weight of development. It talks about Winslow as the hub of Island life, and about the outlying Centers with small-scale commercial and service activity, and that, *These areas would remain much as they are, with some in-fill development.*

The 2004 Vision goes on to describe the area outside of Winslow and the Centers:

Outside of Winslow and the service centers, Bainbridge Island should preserve its pastoral heritage, which is rooted in its open spaces, winding roads, and small-scale agricultural establishment... New development should be compatible with the natural landscape. It continues in the 3rd paragraph: Bainbridge Island is economically linked to Seattle; however, the artistic, cultural and entrepreneurial spirit of its residents should be encouraged by providing opportunities for environmentally-sound businesses and home occupations.

The 2004 Vision concludes with a fourth paragraph that summarizes the Island of earlier years and describes where we hoped to be in the future:

The Island’s natural amenities should be linked through corridors of green--trails, wildlife corridors, and landscape buffers along scenic roads and major arterials. ... Development should not be haphazardly imposed upon the landscape, but should be sensitive to its natural environs, recognizing the natural carrying capacity of Bainbridge as an Island, based on the principle that the Island’s environmental resources are finite and must be maintained at a sustainable level... The Island should remain a place where the business people, artists, farmers and long-time residents can all find a place to live.

During the Visioning workshop changes were suggested, mostly to make it shorter, but completely writing the it didn’t seem to be on the table. The City’s online survive didn’t reveal any desire to re-write the Vision. When the actual updating of the Plan began later in the Spring, however, it became clear that the City Council wanted the Vision to be completely rewritten to be short and to the point. My overall sense was that Council was just really determined to transform the entire plan. Why not set the tone by rewriting our quaint old Vision Statement?

The first new version of the Vision Statement put forth by the City Council was very short. I can’t locate a copy of it but I do remember it went over like a lead balloon. The eventual result of wanting a completely new Vision Statement would be a completely new Vision Statement 12 paragraphs and 74 lines long that out-does our old Vision by describing an absolutely perfect place that somehow will come about in 20 years. It strikes me as a Vision written with the determination to leave no stone unturned in reassuring us just how perfect things will be in the year 2036. Lost was the poetry and simplicity of the 2004 Vision Statement. It was the first step in “fixing” our Comp Plan.

Transforming the Five Overriding Principles:

After the initial go at the Vision Statement the Five Overriding Principles, which had been successfully used by community activists to question the City's commitment to its core founding principles, would be transformed into the *Eight Guiding Principles* and further watered down with an additional thirty four *Guiding Policies*. That seemed curious considering one of consultant Joe Tovar's mantras that we needed to shorten the Comp Plan and make it "more concise". Watching the process unfold, with Joe coming to the Planning Commission with some drastic changes to the Overriding Principles, it was clear that those in control of the process didn't want the Five Overriding Principles to survive the update process intact.

Overriding Principles changed to Guiding Principles

There was considerable discussion at the Planning Commission in the Spring of 2015 regarding the term "overriding". What did "overriding" mean and what would be a more appropriate word? It struck me as an odd discussion. The word "overriding" clearly refers to something that is a constant and should always be considered in relation to that which it overrides. It's like the relationship of the Ten Commandments to the Bible. Not that hard to understand.

Nonetheless, to deal with their angst over the word "overriding" the Planning Commission substituted the word "guiding", thereby nailing the sweet spot exactly halfway between "overriding" and "optional". The word "overriding" had been "fixed".

Treading lightly on "Development"

Development, and the activities associated with it, have a bad reputation on Bainbridge Island. Some might say it's a well deserved reputation. Anyway, the former Overriding Principle #5 Read,

Overriding Principle #5

Development should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level.

The Planning Commission, and those working to "fix" our Comp Plan, were sensitive to calling out "Development". After all, the development fees and sales tax revenues generated for the City by development are substantial. The Planning Commission, under the guidance of consultant Joe Tovar, changed Principle #5 to read,

Guiding Principle #5

The use of land on the Island should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level.

Barrowing from PRSC's Vision 2040 to add a redundant *Guiding Principle*

At least one of the new Guiding Principles would barrow directly from the Puget Sound Region Council's Vision 2040, which I believe was the only reason for its

inclusion. The new #6 sounds very much like former Overriding Principle and current Guiding Principle #5. Here they are:

Guiding Principle #5

The use of land on the Island should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level.

Guiding Principle #6

Nurture Bainbridge Island as a sustainable community by meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Comment: New Guiding Principle #6 should have been relegated to supporting Guiding Principle #5 as a Guiding Policy.

Promoting the Development Sector in the Economic Element:

According to a new Comp Plan Goal, Bainbridge Islanders should all be grateful to the development sector on Bainbridge Island for enhancing our well-being. Concerned about environmental degradation, increased traffic, loss of our forests and biological diversity? Well, the authors of our new comp plan think we should take comfort in the revenues and jobs generated by the development sector. The following was added to the Economic Element as part of the 2016 update:

BUILDING DESIGN AND CONSTRUCTION SECTOR

GOAL EC-10

Support building design and construction industries to increase employment opportunities, enhance local revenues, and help ensure a built environment that responds to and reflects the Island's Vision and Guiding Principles.

The professions and trades involved in design, construction, furnishing, renovation and marketing of commercial and residential real estate constitute a large and very important sector of the Island's economy. Productivity and profits within that sector are crucial factors in the stability and well-being of the entire community. Good development, in a community such as ours, must work within limits and be compatible with the goals of environmental conservation.

Environmental Element: protecting the Island's natural environment

This small change caught my eye when City Council was going through the draft from the Planning Commission. I tried to change it back to the 2004 version but my colleagues didn't agree.

EN 1.1 as it appeared in the 2004 Plan

Land use decisions shall be made seriously considering the overall goal of the Comprehensive Plan in protecting the Island's natural environment.

EN 1.1 was revised and later accepted by the City Council to read:

Policy EN 1.1

A primary goal of the Comprehensive Plan is protecting the Island's natural environment; land use decisions implement this goal.

Comment: With this revision, *Protecting the Island's natural environment* was demoted from *the overall goal of the Comprehensive Plan* to a *primary goal of the Plan*: a subtle but obviously intentional change in wording that weakens EN 1.1's commitment to environmental protection.

Removing the 2004 Framework statements from the Land Use and Economic Elements

Focusing on Section 1 of the Framework appearing in the 2004 Plan's Economic Element, it represented some of the true poetry that captured the core principles behind the creation of our city government in the early 1990s:

Economic Element, Framework, Section 1

1. When weighing choices regarding our future economy, the fundamental considerations should be the quality of the Island's natural environment and the community's desire to maintain the visual character. Bainbridge Island's quality of life is associated with forests and fields, waters and harbors, natural resources such as quality drinking water, small population settlements and limited urban/suburban services. Many kinds of activities, both residential and commercial, can locate in such an environment, but their growth and success, if not carefully stewarded, may have unintended consequences that alter the character that Bainbridge Islanders value so highly.

As part of the 2016 Comp Plan update the Framework Sections were removed from the Land Use and Economic Elements.

Final comments

Environmental Stewardship needs to be clearly prioritized

Our Comp Plan espouses a commitment to environmental stewardship. I can't help but wonder how sincere that commitment really is. At any rate such a commitment only works if we clearly prioritize environmental stewardship and impose strict limits on development. Part of my reluctance to believe is our new Plan's equal importance assigned to the conflicting interests of development and housing, on one hand and environmental stewardship on the other. It's best summed up in the 1st paragraph of the Housing Element's Vision 2036:

"Bainbridge Island in the year 2036 provides a broad diversity of housing alternatives to further the equally important goals of environmental stewardship and the

population's needs for housing, health and safety and access to employment, goods and services."

Equality between these two interests of development/housing and environment doesn't work. Choosing not to prioritize environmental stewardship has the effect of favoring housing and development interests. Here's why that's true:

- 1) Housing and development are constantly expanding, and taking up more land and resources, while the environment is constantly being compromised and diminished. It never happens the other way around.
- 2) Unlike human enterprises, natural systems are very slow to adapt, if at all. When ecological function is asked to compromise for development interests one thing always happens: ecological function is diminished: it's never enhanced.
- 3) "Balance" between development interests and the environment only makes sense if approached within a historical perspective.

When European Americans began to significantly populate the region and exploit its resources the ecology of the region was pristine and highly productive. Once abundant resources, such as vast forests of huge trees, salmon and other fish population, are now seriously depleted. Shellfish are marginally fit for human consumption due to pollution. When we talk about "balance", or the *equally important goals of environmental stewardship and the population's need for housing and employment* we don't think about it in these historical terms: we think about in terms of what's left. What's left is in perpetual decline. It's not a sustainable approach and needs to change if we are truly serious about environmental stewardship.

To summarize

Our Comprehensive Plans, in effect, makes promises as to how our values and aspirations will be accommodated. Naturally we want everyone to be happy, especially when the Comp Plan's goals and policies aren't immediately implemented. I think we've come to a point in time, however, when we should be setting clear priorities and in some cases saying "no" to certain aspirations. In 2024 we will get our next opportunity to "fix" our Comp Plan. In the mean time I hope we will respect ecological limits and give as much consideration to the future as we do to the present.

Respectfully Submitted,
Ron Peltier, Bainbridge Island City Council

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 9:50 PM Ordinance No. 2017-14 Modifying BIMC Chapters 2.16.040, 18.09, 18.10, 18.12 and 18.36 related to Public Communications Tower Regulations, AB 17-102 - Planning (Pg. 250)	Date: 6/13/2017
Agenda Item: NEW BUSINESS	Bill No.: 17-102
Proposed By: Executive Department and Dept. of Planning and Community Development	Referrals(s): Planning Commission recommended approval of Ordinance No. 2017-14 on May 25, 2017

BUDGET INFORMATION

Department: Planning	Fund:
Expenditure Req:	Budgeted? Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:
City Manager:	Legal: Yes Finance:

DESCRIPTION/BACKGROUND

See attached memo describing the requirements for an emergency AM radio tower, prepared by Amber Richards, the City's Emergency Management Coordinator.

Ordinance No. 2017-14 clarifies the definition of a "public communications tower" (BIMC 18.36), adds this use to the Use Table (BIMC Table 18.09.020), and clarifies additional permitting regulations.

RECOMMENDED ACTION/MOTION

I move to schedule a public hearing and consider approval of Ordinance No. 2017-14 on June 27.

ATTACHMENTS:

Description	Type
▢ Staff Memo	Memorandum
▢ Ordinance 2017-14	Backup Material
▢ Ord 2017-14 Exhibit A	Backup Material



CITY OF
BAINBRIDGE ISLAND

Executive Department

Memorandum

DATE: May 31, 2017
TO: City Council
FROM: Amber Richards, Emergency Management Coordinator
SUBJECT: Ordinance 2017-14 Public Safety AM Radio Tower

BACKGROUND:

The City has been working to establish an AM radio station since 2015. The primary purpose of this station will be to disseminate locally focused emergency information to the public during an emergent event or natural disaster. The station will also serve as a Traveler Information System (TIS) to provide transportation related information to island residents and travelers alike. The station may also be used to broadcast non-emergent public information, such as content provided by Bainbridge Community Broadcasting. The intent of providing content during non-emergent times is to increase familiarity with the station and subsequently increase the likelihood that citizens will tune in during an emergency.

STUDY AND FINDINGS:

The City hired Information Station Specialists (ISS) as a consultant in July 2015, to perform a study determining the best configuration and placement of the AM radio tower/s and to assist with FCC licensing.

Transmissions will be sent from the Emergency Operations Center located in City Hall to the primary tower. From there they will be broadcast out publicly. For this to function properly, unobstructed line of sight short range radio connectivity is needed between City Hall and the primary tower location. Fire Station 22 on Bucklin Hill Road was identified as the ideal location for the primary radio tower. However, due to the shape and geography of the island, a standard AM signal is not powerful enough to broadcast to the entire island via one tower. Two options were identified for consideration, as outlined below:

OPTION 1:

Install two AM radio towers, one near Day Road and the other at Fire Station 22, and use the standard broadcast output to reach the entire island.

OPTION 2:

Apply for a waiver through the FCC for an increased broadcast output capable of covering the entire island and install one AM radio tower at Fire Station 22.

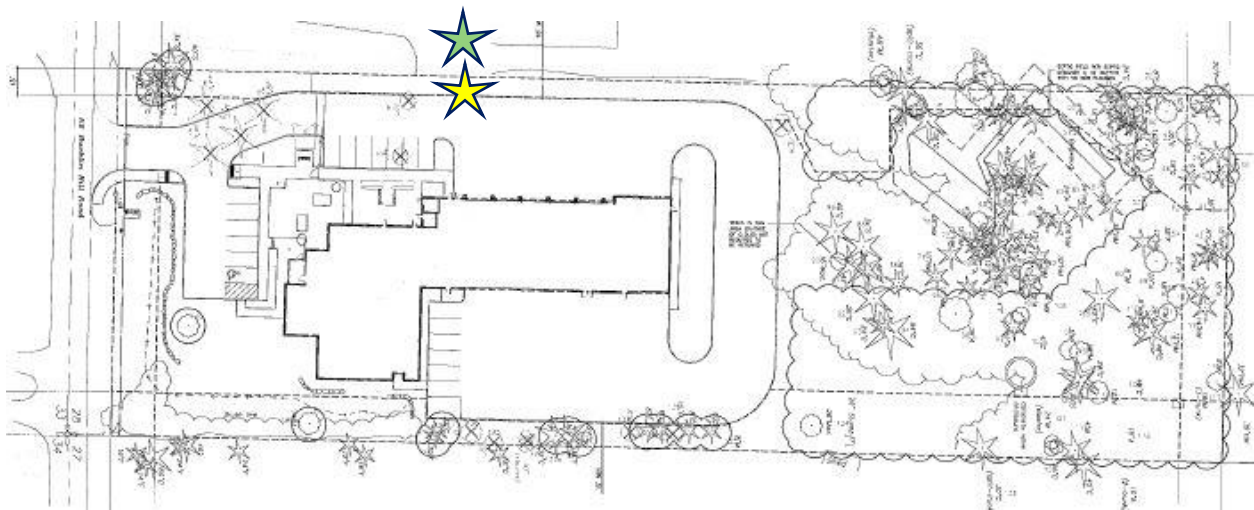
SITE SELECTION:

During the initial testing, Bucklin Hill was determined to be the ideal location for a tower, regardless of which option was selected based on the following:

- It has line of sight to the first-stage relay antenna at City Hall
- It is central orientation (north-south) will provide equal coverage to the island
- It has high terrestrial elevation to maximize island coverage as well as to send fringe signal to the ferry terminal in Seattle
- It is close in proximity to the islands most densely populated and visited areas
- It is close in proximity to the island's transportation hub
- It is walking distance from City Hall if transportation infrastructure is damaged
- It is close enough to be tied into the Fire Station's back-up power system

Several sites on Fire Station 22 property were tested and it was determined that the best location for the tower was adjacent to the western property line, placing the antenna in the landscape buffer according to the design plans for the new station, where the yellow star is located on the site plan below.

This specific site was selected because is away from the tall trees at the east end of the



property which reduce the transmission signal and is far enough away from the power lines on Bucklin Hill which cause interference with the signal.

CONCLUSION:

Multiple, synchronized TIS locations cost considerably more than a single location, due to the need for duplicate equipment (transmitters, antennas, etc), synchronization equipment and audio distribution gear to send the programming to the different sites. The result can be inferior due to areas midway between the synchronized transmitters where equivalent signal strengths can result in inter-transmitter audio distortions. This can affect intelligibility, which is counterproductive to the communication effort. Multiple locations also comprise a more elaborate system, which is harder for a small community to manage and maintain in the future.

In contrast, the single-transmitter/antenna design with a field intensity waiver has none of these negatives. Additionally, a single-site design will allow for continued operation should power outages occur, since the generator, which already exists at the proposed site, can easily power a single site. The visual impact to the public is also minimized if a single tower is used.

Based on the above, a determination was made to move forward with the single tower. A waiver request was submitted to the FCC in November 2015. A waiver was granted in February 2017, which allowed an increase in field intensity of the signal making the single tower option feasible. The FCC has given the City a deadline of December 1, 2017, at which time the antenna must be installed and the AM radio station must be operational.

This timing does not align well with the demolition and reconstruction of the new Fire Station. If the antenna were installed to meet this deadline, it would create significant hardship for the Fire Department in trying to avoid the tower. Additionally, there is a reasonably high risk that the tower would be accidentally damaged during construction. Due to the proximity of the tower to the ingress/egress patterns of the fire trucks, there is also a chance the tower could be damaged once the station is operational.

The City and Fire Department approached the American Legion for permission to place the tower on its property instead. The legion seems amenable to granting a small easement to allow the tower to be installed where the green star is located on the site plan above.

ORDINANCE 2017-14

The 2015 overhaul of wireless communication facility (WCF) regulations related to commercial cellular communications, and resulted in unclear regulations for new public communications towers. These occurred in the time between application and granting of the waiver request and subsequently, prevent the placement of the antenna in the proposed location. Therefore, a code change is needed to clearly allow the public communications tower at this Bucklin Hill Fire Station/American Legion location in the R-1 zone. Ordinance 2017-14 implements those changes, and was recommended to the City Council by the Planning Commission after their public hearing on May 25.

ORDINANCE NO. 2017-14

AN ORDINANCE of the City of Bainbridge Island, Washington, amending Sections 2.16.040, 18.09.020, 18.09.030, 18.10.030, 18.12.040, and 18.36.030 of the Bainbridge Island Municipal Code relating to public communications tower regulations.

WHEREAS, the City Council has declared as a goal for the City to be recognized as a leader in emergency preparedness; and

WHEREAS, a critical need in response to a recovery from an emergency is public communication; and

WHEREAS, A.M. emergency radio is considered a primary communication tool in the event of an emergency when electric power is unavailable; and

WHEREAS, the placement of such a public communication tower to transmit A.M. emergency radio is based on many factors, which are limited by terrain, tree density, and location; and

WHEREAS, the 2015 wireless communication regulations update that created Chapters 18.10 and 18.11 BIMC were focused on commercial cellular communications and lack clarity related to public communication tower regulations; and

WHEREAS, that 2015 update to commercial wireless communication regulations created two new BIMC Chapters, Chapter 18.10 *Use Regulations - Wireless Communication Facilities*, to regulate new facilities, and Chapter 18.11 *Eligible Facilities Modifications*, to regulate modifications to existing wireless communication facilities; and

WHEREAS, the City desires to regulate “public communication towers” separately from commercial wireless communication facilities; and

WHEREAS, notice was given on May 10, 2017, to the Office of Community Development at the Washington State Department of Commerce in conformance with RCW 36.70A.106; and

WHEREAS, the Planning Commission discussed Ordinance No. 2017-14 at a study session on May 11, 2017 and held a public hearing on May 25, 2017; and

WHEREAS, the City Council conducted a public hearing on Ordinance No. 2017-14 on June XX, 2017;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES ORDAIN, AS FOLLOWS:

Section 1. Section 2.16.040.B of the Bainbridge Island Municipal Code is amended to read as follows:

B. Applicability

2. Exemptions. The following types of activities shall not require site plan and design review pursuant to this section. Properties within jurisdiction of the shoreline master program, as defined by Chapter 16.12 BIMC, or containing critical areas or critical area buffers, as defined by Chapter 16.20 BIMC, may require review pursuant to those chapters.
 - a. Permits authorizing residential construction for detached single-family residential use and accessory dwelling units.
 - b. Any activity that does not require a building permit or is not considered a change in use, as determined by the director.
 - c. Any activity on the exterior of a building that does not exceed 25 percent change in any existing facade or roof form.
 - d. Interior work that does not alter the exterior of the structure or affect parking standards as determined by the director.
 - e. Normal building maintenance and repair.
 - f. Maintenance or expansion of existing parks where the proposed activities are exempt from SEPA review in accordance with WAC 197-11-800.
 - g. Construction of public communications towers.

Section 2. Table 18.09.020 of the Bainbridge Island Municipal Code is amended as shown in Exhibit A.

Section 3. Section 18.09.030.F of the Bainbridge Island Municipal Code is amended to read as follows:

F. Utility and Telecommunications.

1. Small Wind Energy Generator.
A small wind energy generator is a permitted use in NSC, B/I, and WD-I zone districts if it complies with height and width setback requirements of the zone district, and will be a conditional use in the NSC, B/I, and WD-I zone districts if it does not comply with height and width setback requirements.
2. Utility, Primary.

- a. Primary utility facilities and equipment are subject to standards in BIMC 16.12.030.C.7, Utilities (Primary and Accessory), and BIMC 16.20.130.C.11, critical areas regulations.
- b. Replacement, maintenance or upgrade of existing poles and equipment within a utility corridor or right-of-way is considered a permitted (“P”) use.
 - i. Replacement of a distribution utility pole or a transmission utility pole exceeding the height and/or location standards established in Table 18.12.040 shall require minor site plan review approval in accordance with BIMC 2.16.040 prior to installing the replacement pole.

3. Public communications tower.

A public communications tower is a permitted (“P”) use in R-0.4, R-1, and B/I zone districts. In all other zones, a public communications tower is allowed as an accessory use to existing governmental facilities. Additions to existing public communications towers are permitted in all zones. A public communications tower is exempt from site plan and design review pursuant to Section 2.16.040. A building permit is required for a public communications tower. A conditional use permit shall be required for a public communications tower to be constructed between 71 feet and 120 feet above grade. A public communications tower shall not exceed 120 feet in height.

Section 4. Section 18.10.030 of the Bainbridge Island Municipal Code is amended to read as follows:

- A. A wireless communication facility (WCF) permit shall be required for the location, installation or construction of any new WCF, and for any modification to an existing WCF that is not governed by Chapter 18.11 BIMC.
- B. The planning and community development department may grant permit approval for:
 1. A facility I or II, or a monopole or lattice tower located in a nonresidential zone that does not exceed the maximum height of the zone; or
 2. A facility I or II in a multifamily, business, commercial, or town center zone on an existing building or structure; provided, that the facility is no higher than 15 feet above the existing building or structure or the permitted height for the zone, whichever is higher; or

3. A facility I or II in a residential zone on a nonresidential building or structure; provided, that the facility is no higher than 15 feet above the permitted height in the zone.
- C. All other WCFs require conditional use permit review and approval by the city hearing examiner.
- ~~D. Additions to the height of public safety communications towers are exempt from the WCF permit requirement, and shall be considered a permitted ("P") use in all zones where WCFs are permitted; provided, that building permits are required for these uses.~~

Section 5. Table 18.12.040 of the Bainbridge Island Municipal Code is amended as shown in Exhibit B.

Section 6. Definition 210 of Section 18.36.030 of the Bainbridge Island Municipal Code is amended to read as follows:

210. "Public ~~safety~~ communications tower" means a wireless communications support structure owned and operated by a public agency and used ~~exclusively~~ for public safety, police, fire, emergency medical services, 9-1-1, or other public ~~emergency~~ communications.

Section 7. This ordinance shall take effect and be in force on and after five days from its passage and publication as required by law.

PASSED BY THE CITY COUNCIL this ____ of _____, 2017.

APPROVED BY THE MAYOR this ____ of _____, 2017.

Val Tollefson, Mayor

ATTEST/AUTHENTICATE:

Christine Brown, City Clerk

FILED WITH THE CITY CLERK: June 9, 2017

PASSED BY THE CITY COUNCIL: _____

PUBLISHED: _____

EFFECTIVE DATE: _____

ORDINANCE NUMBER: 2017-14

Exhibit A: Table 18.09.020
Exhibit B: Table 18.12.040

DRAFT

Table 18.09.020 Use Table

“P” = Permitted Use		“A” = Accessory Use										Additional use restrictions for Chapters 16.12 and 16.20 BIMC may apply to shoreline or critical area properties									
“C” = Conditional Use		“CA” = Conditional Accessory Use																			
Blank = Prohibited Use		“T” = Temporary Use																			
ZONING DISTRICT	R-0.4	R-1	R-2	R-2.9	R-3.5	R-4.3	R-5	R-6	R-8	R-14	Winslow Mixed Use Town Center					HSR I and II	NSC	B/I	WD-I	Use-Specific Standards BIMC 18.09.030	
USE CATEGORY/TYPE											CC	MA	EA	Gate	Ferry [1]						
UTILITY AND TELECOMMUNICATIONS																					
Note: Utility and telecommunications uses may be subject to additional requirements in BIMC 16.12.030.C.7.																					
Communication Tower or Antenna																		P			
Monopole or Lattice Tower	P																	P			
Small Wind Energy Generator	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	P/C	P/C	P/C	F-1	
Solar Panel	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C		
Utility, Primary	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	P	C	F-2	
Public Communications Tower	P	P	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	P	A	F-3	
Wireless Communication Facilities, Facility I	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	F-3	
Wireless Communication Facilities, Facility II	P										P	P	P	P	P	P	P	P	P	F-3	
Wireless Communication Facilities, Facility III	P																	P	P	F-3	

Table 18.12.040: Permitted Setback/Height Modifications

Type of Encroachment	Encroachment Permitted	Conditions
Permitted Setback Modifications		
Fence or combined fence and berm up to 6 feet high	In any required setback subject to applicable regulations in BIMC Title 15	Except as provided in BIMC 18.12.040.B and Chapter 16.12 BIMC
Nonscreening fences or combined nonscreening fence and berm up to 8 feet high	In any required setback subject to applicable regulations in BIMC Title 15	Except as provided in Chapter 16.12 BIMC
Chimneys, flues, awnings, bay windows, and greenhouse windows	Up to 18 inches into any required setback	
Covered porches, bay windows and eaves within the Ericksen Avenue overlay district	Up to 5 feet into the front yard	Bay windows must be cantilevered outward from the wall, and may not result in any portion of the building floor area extending into the setback
Any structures, including but not limited to uncovered steps, porches, and decks less than or equal to 30 inches in height	Up to 2 feet into front and side setbacks. Up to 5 feet into required rear setbacks.	
Eaves	May extend up to 24 inches in any required setback except shoreline structure setback	

Table 18.12.040: Permitted Setback/Height Modifications

Type of Encroachment	Encroachment Permitted	Conditions
At or near grade structures such as uncovered patios, sidewalks, and driveways	In any required setback	May not exceed 4 inches in height
Signs	In any required setback	Must conform to Chapter 15.08 BIMC
Utilities accessory to a single-family residence	In any required setback	
Composting bins	In side or rear setback areas	
Bioretention/rain gardens	In any required setback	In accordance with Chapter 15.20 BIMC
Rain barrels/cisterns	In any required setback	In accordance with Chapter 15.20 BIMC
Wall-mounted on-demand hot water heaters	Up to 18 inches into side or rear setbacks	Permitted if buffered or enclosed to prevent noise impacts to neighboring properties
Below-ground geothermal equipment	In any required setback	Permitted if any excavated areas are promptly re-landscaped after installation is complete
Rockeries and retaining walls less than 4 feet in height	In any required setback	Qualified geotechnical engineer determination, and city concurrence, that it is necessary for slope stabilization

Table 18.12.040: Permitted Setback/Height Modifications

Type of Encroachment	Encroachment Permitted	Conditions
Public Communications Tower	In any required setback subject to applicable regulations in BIMC Title 15	Must conform to Chapter 16.12 and Chapter 16.20 BIMC
Permitted Height Modifications		
Small wind energy generators	Up to 18 inches above the maximum building height in the district	
Solar panels	Up to 18 inches above the maximum building height in the district	
Noncommercial, nonparabolic antennas affixed to noncommercial communication towers	Up to 50 feet in height above grade	
One flagpole per parcel	Up to 45 feet in height above grade	
Public Communications Tower	Up to 120 feet in height above grade	A building permit is required for a public communications tower. A conditional use permit shall be required for a public communications tower to be constructed between 71 feet and 120 feet above grade. A public communications tower shall not exceed 120 feet in height.

Table 18.12.040: Permitted Setback/Height Modifications

Type of Encroachment	Encroachment Permitted	Conditions
Distribution utility poles	Up to 55 feet in height above grade	Replacement poles over 55 feet in height, see BIMC 18.09.030.F.2.b. For new distribution utility facilities or corridors, see Table 18.09.020. Poles shall not be moved more than 20 feet from the original location unless permitted under BIMC 18.09.030.F.2.b.
Transmission utility poles	Up to a 25 percent increase above existing pole height above grade with a maximum height of 100 feet	Replacement poles over the 25 percent increase or 100 feet in height, see BIMC 18.09.030.F.2.b. For new transmission utility facilities or corridors, see Table 18.09.020. Poles shall not be moved more than 20 feet from the original location unless permitted under BIMC 18.09.030.F.2.b.
Utility structures existing on the effective date of the ordinance codified in this subsection	Existing height	May also be replaced or modified; provided, that the structure is not larger or taller than the original structure and is not moved more than 20 feet from its original location

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 10:00 PM Cultural Element Funding Ad Hoc Committee Recommendation, AB 17-103 - Councilmembers Roth, Scott and Townsend (Pg. 265)	Date: 6/13/2017
Agenda Item: NEW BUSINESS	Bill No.: 17-103
Proposed By: Councilmembers Wayne Roth (Chair), Michael Scott and Roger Townsend	Referrals(s):

BUDGET INFORMATION

Department: Council	Fund: General Fund
Expenditure Req: 2017 - \$25,000 to \$29,000; 2018 - \$0; 2019 - \$2,400 2020 - \$2,400	Budgeted? No Budget Amend. Req? Yes

REFERRALS/REVIEW

:	Recommendation:
City Manager:	Legal: Yes Finance:

DESCRIPTION/BACKGROUND

On January 24, 2017, the City Council formed an Ad Hoc Committee with the following scope of work:

1. *To consider the Cultural Element Implementation Funding provided in the City's 2017-18 Budget (\$150,000 annually). To provide City Council with a proposal that identifies goals for these funds, a process for distribution, and a process for reporting on the use and impact of these funds.*
2. *To consider whether the City should identify a "designated agent" for Cultural Element Implementation.*
3. *To consider the City's Public Art Program and propose to City Council any recommendations related to funding, structure, and administrative support for this program that may be appropriate in light of #1 and #2 above.*

At this time, the Ad Hoc Committee has developed a recommendation for items #1 and #2. The Ad Hoc Committee's recommendation is described in the attached memo, and includes the creation of a new citizen advisory committee.

If the City Council supports the approach proposed by the Ad Hoc Committee, subsequent action by the City Council would include:

- approval of an ordinance to create the new advisory committee (July);
- appointment of members to the committee (Jul/Aug);

- review and approval of the funding criteria to be used by the advisory committee; (Aug) and
- review and approval of a funding recommendation from the advisory committee (Nov/Dec).

The Ad Hoc Committee proposes to examine topic #3 in the Fall, once a process for the cultural element funding has been launched.

RECOMMENDED ACTION/MOTION

I move that the City Council forward approval of the Ad Hoc Committee's recommendation to the June 27 consent agenda.

ATTACHMENTS:

Description	Type
▢ Cultural Funding Recommendation	Backup Material



MEMORANDUM

Date: 6/13/2017

To: City Council
Doug Schulze, City Manager

From: Cultural Element Funding Ad Hoc Committee:
Councilmembers Wayne Roth, Michael Scott, and Roger Townsend

Subject: Proposed Process for City's Cultural Element Implementation Funding

A. Background

In January, 2017 the City Council appointed an Ad Hoc Committee (Committee) to develop a proposal for how the City should distribute \$300,000 for Cultural Element Implementation that was included in the 2017-18 Budget.

B. Community Engagement

During January – May, Committee members met several times with representatives from Arts and Humanities Bainbridge (AHB) and with other key stakeholders from community cultural organizations. The purpose was to solicit input on the goals for City funding and suggestions on the process by which funds might be distributed.

This engagement culminated in a larger meeting hosted by the Committee on March 7. The Committee invited the directors of nearly 30 community organizations, and roughly two-thirds were in attendance. A subsequent round-table hosted by AHB on March 22 was also well-attended.

Following these sessions, AHB provided the Committee with examples of cultural funding processes in use at other cities (see Attachment 1).

Incorporating feedback from these community conversations, the Committee members recommend the following priorities/framework for the City funding:

- Goals of City funding should be to support the community objectives identified within the Cultural Element of the Comprehensive Plan, to encourage the well-being of the island's significant cultural sector, and to foster opportunities for collaboration among recipient organizations.
- The process to award funding should meet the City's standards for transparency and fairness, should be as efficient as possible, should minimize administrative burdens for applicants, and should seek ways to incorporate the extensive knowledge and enthusiasm of community stakeholders.
- Reporting results should be designed to ensure the City's requirements for appropriate use of funds, and should also provide community insight into the impact of the City's financial support for local cultural organizations. Reporting should be streamlined, to reduce burdens on recipient organizations.

C. Process Recommendation

The notes below provide an outline for a proposed process to deploy the City's cultural funding. If City Council approval for this approach is completed during June-July, the award process could be implemented on a timeline that would allow funding decisions by year-end 2017.

1. **Adopt a two-year funding cycle.** This approach reduces the administrative burden on applicants, recipients, and City staff. It allows more continuity in funding decisions and a longer planning horizon for recipient organizations. It also allows the City to balance the work to support its two major funding cycles (human services funding and cultural funding) by scheduling these award cycles in alternating years. Using this schedule, funding decisions in fall, 2017 would award funding to support cultural activities in 2018 and 2019. The City would then run the human services award cycle as scheduled in 2018 (to support activities in 2019 and 2020), and would run the next cultural funding award cycle in 2019 (to support activities in 2020 and 2021).
2. **Solicit funding proposals through an open, competitive process.** The Committee proposes the City issue and publicize a Request for Proposals (RFP) to seek community-driven ideas on how best to use the City's funding. This "bottom-up" approach has worked well in other funding processes, allows for the greatest flexibility in the use of funds, and is relatively familiar to both the City and potential applicants.
3. **Community participation through a citizen advisory committee.** As part of their scope of work, the Committee considered whether the City should identify a community organization to manage this funding. The Committee reviewed the examples provided by AHB of similar programs in other jurisdictions. While none of these examples used a designated agent, nearly all relied on a citizen group as a key element, frequently

referred to as an “arts council.” The extent of the arts council role varied across the examples, but the Committee agreed there is clear benefit to the City from having an organized and formal channel for citizen participation in decisions related to public funding for cultural activities.

Recognizing the importance of active community participation, the Committee proposes the creation of a new citizen advisory committee with the suggested name Cultural Funding Advisory Committee (CFAC). CFAC would be responsible for reviewing proposals for cultural funding, and developing a funding recommendation for final consideration and approval by City Council. The use of a citizen committee in this role will allow the City to benefit from the community’s own extensive knowledge about our cultural sector, and to tap the enthusiasm and experience of local leaders. A citizen committee will also provide a high degree of transparency for award decisions, and will allow for good management of potential conflicts of interest. The Committee recommends that the CFAC be established through City ordinance, with standards similar to other advisory committees:

- Membership goal is seven voting members.
- Members cannot currently serve as active board members or paid staff of organizations that will apply for funds.
- A City Councilmember serves as non-voting Chair.
- Appointments to be made by City Council.
- Members are subject to OPMA/PRA.
- Term is complete when funding decision is approved by City Council.

4. **Partnership with AHB.** The Committee proposes to continue the City’s partnership with AHB by requesting their assistance with two key aspects of the funding process. First, AHB will review applications to the CFAC, and will nominate candidates for the City Council to appoint. Second, AHB will provide input to the City during Summer 2017, to assist with the development of proposed funding criteria, eligibility, and potential categories for awards. This information will be used to finalize the RFP and to provide guidance for the CFAC in their deliberations.
5. **Facilitation for CFAC.** The Committee recommends that the City engage professional expertise to assist with the City’s funding process, and to support and facilitate the CFAC’s work. At the front end of the process, there is a need to review and develop RFP materials, to confirm the format and content for the application, to identify and design reporting requirements, and to finalize criteria and other aspects of the City funding framework. Once CFAC begins its work, there is a need to provide orientation to its members on a range of topics including grant-making principles, best practices within

the arts and culture sector, how to assess proposals, and how to apply the City's guidelines on criteria and eligibility.

To help ensure a high degree of professionalism in the cultural funding process, the Committee recommends that the City engage the support of knowledgeable and experienced practitioners working in the field. To provide these services, the Committee recommends that the City engage The Giving Practice (TGP), a consulting service within Philanthropy Northwest. The use of professional resources with experience in grant-making and arts funding will provide CFAC with access to best practices and will help to encourage a successful and well-supported funding process. In addition, the use of these resources will avoid additional impact to City staffing. The TGP proposal for its support of the proposed 2017 award cycle is provided (see Attachment 2). As shown, the proposed fees for these services, including assessment of annual reports in 2019 and 2020, is equal to roughly 10% of the \$300,000 funding pool. TGP has provided similar services in support of the City's human services funding process, and their work was well-received by both committee members and the applicant organizations. The Committee recommends that the cost for these services not reduce the \$300,000 in funding for cultural element implementation.

6. **City staff administer funding agreements.** The Committee expects that the City will approve 10-15 funding proposals within each two-year cycle, and recommends that City staff take responsibility for issuing funding agreements to each recipient and for processing payments and reporting. Executive and Finance department staff are fully knowledgeable about City contracting and accounting procedures, and can efficiently manage these additional agreements without significant increase to workload.
7. **Reporting required on an annual basis.** The Committee recommends that funding recipients be required to provide reporting on an annual basis. This schedule will minimize the administrative burden to recipients while ensuring that the City and community receive useful information on the impact of City funding. Reporting requirements will be designed to elicit insight into each program's goals and results, level of community participation, effect on organizational capacity, and collaboration within the cultural sector. As indicated above, the Committee proposes to use TGP to review these reports and to help assess outcomes and results against each project's initial funding proposal.

D. Decision Points/Next Steps

The items listed below summarize decisions and actions required to complete a City funding process by the end of 2017. A timeline of this process is presented in Attachment 3.

1. Establish CFAC. City Council approves ordinance, City solicits applications, AHB reviews applicants and provides nominations, City Council appoints members.
2. Engage TGP per terms of proposal. A professional services agreement would be executed with TGP to cover activities during 2017 and the review of annual results in Q1-2019 and Q1-2020. This agreement would be managed by the Executive department. The cost for this support in future cycles is likely to be lower, since many of the first cycle activities will not be needed.
3. Develop detailed information on funding program/criteria, eligibility and reporting requirements, with input from AHB and TGP. Proposed framework and RFP content to be reviewed with City Council in summer, 2017. City to issue final RFP around September 1, with deadline to submit proposals around October 1.
4. CFAC meets, receives orientation, and reviews funding proposals in October-November.
5. CFAC develops funding recommendation and City Council considers for approval before December 31. Funds will be awarded to support activities in 2018 and 2019.
6. In Q4-2017, TGP will solicit feedback on the award cycle process from applicants and CFAC members. Any issues identified or recommendations will be formally captured in a written report, in order to inform future award cycles.
7. Following City Council approval, funding agreements will be executed between the City and recipient organizations. Recipients will submit quarterly invoices during 2018-19, to be administered by City staff.
8. Recipients will submit annual reporting in January 2019 and January 2020. These reports and the results of the City funding will be reviewed and assessed by TGP.

ATTACHMENT 1

Examples of Similar Programs Provided By AHB

Below is a list of several regional cities and their respective arts funding agencies. Although several may have worthwhile systems and processes from which to learn, based upon median household income and populations, the three closest benchmarks for Bainbridge Island may be: (i) City of Mercer Island Arts Council, (ii) Arts Commission-City of Bellevue, and (iii) Issaquah Arts Commission Funding plus maybe, the City of Bellingham Arts Commission.

Organization	City/Metro Area	County	Population (census year)		AVG Household Income	Website
Port Townsend Arts Commission	Pt. Townsend, WA	Jefferson	9,210	2013	\$43,050	http://cityofpt.us/ptarts/
Arts Commission City of Bremerton	Bremerton, WA	Kitsap	39,520	2015	\$43,527	http://www.ci.bremerton.wa.us/229/Arts-Commission
Arts Commission - City of Spokane	Spokane, WA	Spokane	210,721	2013	\$46,463	https://my.spokanecity.org/bcc/commissions/arts-commission/
Tacoma Arts Commission	Tacoma, WA	Pierce	203,446	2013	\$51,269	https://www.cityoftacoma.org/government/committees_boards_commissions/Tacoma
City of Bellingham Arts Commission	Bellingham, WA	Whatcom	82,631	2013	\$61,366	https://www.cob.org/gov/public/bc/arts
Office of Arts & Culture /City of Seattle	Seattle, WA	King	3,733,580	2016	\$61,366	http://www.seattle.gov/arts/
Cultural Arts Foundation NW	Poulsbo, WA	Kitsap	9,509	2013	\$72,693	http://www.cafnw.org/links.html
Edmonds Public Facilities District	Edmonds, WA	Snohomish	40,727	2013	\$72,926	http://www.edmondscenterforthearts.org/epfd
Issaquah-Arts Commission Funding	Issaquah, WA	King	33,566	2013	\$88,770	http://www.ci.issaquah.wa.us/index.aspx?NID=260
Arts Commission City of Bellevue	Bellevue, WA	King	133,992	2013	\$92,524	http://www.ci.bellevue.wa.us/arts_comm.htm
Arts & Humanities Bainbridge	Bainbridge Island, WA	Kitsap	23,196	2013	\$95,976	-
City of Mercer Island Arts Council	Mercer Island, WA	King	22,699	2016	\$127,360	http://www.mercergov.org/Page.asp?NavID=529

ATTACHMENT 2

Proposal from The Giving Practice (TGP)

2018 – 2019 Cultural Arts Fund

Scope of Work Proposal:

Developing Grantmaking Structure and Process

City of Bainbridge Island

Submitted by:

Anne Katahira, Senior Advisor

Leslie Silverman, Partner

The Giving Practice

May 12, 2017

CULTURAL ARTS FUND

AWARD CYCLE 2018-19

The Giving Practice (TGP) proposes to facilitate the 2018-2019 Arts and Culture grants process for the City of Bainbridge Island ("City") from the initial shaping of the request-for-proposals (RFP) and developing guidance and criteria, to facilitating the review process through the recommendations stage. Every member of the TGP team brings *practitioner* perspectives, knowledge and experience to all engagements from strengthening board governance and strategy development to more externally focused projects such as funder collaboratives and improved grantmaking practices. The scope below includes estimates for two consultants, one of whom will be the primary resource and point of contact for the review committee.

Background

As stated in the City's Comprehensive Plan, the Cultural Element is charged with the following:

Arts and humanities are an integral part of the community fabric. They contribute to the economic vitality, community character, livability, and quality of life of Bainbridge Island. The City includes funding for the arts and humanities in its biennial budget. This funding also supports local artists. Public art displays on City-owned property provide professional development opportunities for artists.

There are five goals to support this mission and a high priority action to "consider work and living space for artists..." The budget for the City's Cultural Element Implementation is roughly \$300,000 for two years.

Project Outline

Phase I: Develop Funding Goals and Criteria/Develop and Issue RFP

Phase I of this project is anticipated to begin in July and continue through early September 2017. During this first phase, TGP will work closely with the City and Council members to launch a process for cultural funding that can support changes and continuous improvements over time. The primary focus in this phase will be the development of funding criteria and/or priorities, and development and issuance of an RFP to solicit funding proposals. Activities leading to the RFP's creation will include the following (items in bold represent TGP-led activities reflected in budget further below):

1. Develop recommendations for priorities and policies for funding (July/Aug) Lead: TGP

TGP, in coordination with the arts and culture community stakeholders, will solicit input through various formats (e.g., community meetings, online survey, focus group or 1:1 interviews) aimed to identify key guidelines that will help shape the RFP development:

- Intended goal(s) of the fund and success indicators to assess progress against goal(s)
- Priorities and criteria to be used to assess funding proposals
- Eligibility and reach (including type of grant recipient, use of funds, activities, etc.)
- Reporting expectations

2. Develop RFP Content and Format (Aug) Lead: TGP

TGP, in coordination with City staff, will develop a proposed format for the RFP that incorporates the results from #2 (above). The RFP will be developed to reflect TGP's understanding of regional best practices and guidance from similar funding processes. The RFP will be designed to be easy for

applicants to use and to elicit information that is helpful and necessary for the review committee's assessment of funding proposals. Document design will consider ease of capturing information for contracting and reporting purposes.

3. Issue and publicize the RFP (Aug/Sept) Lead: City
4. **Hold an informational meeting for applicants about the process (Sept)** Lead: TGP
Potential applicants will be invited to attend an informational session wherein questions about the RFP, application and decision process will be answered.

Phase II: Review Committee Orientation, Support and Facilitation

Phase II of this project is anticipated to range from September through December 2017. During this second phase, The Giving Practice will work closely with the City to provide orientation and support to the review committee, coordinate the application review process (including applicant presentations) and facilitate the committee's work to develop a funding recommendation for consideration by the City Council. This phase will conclude with funding decisions made. Key activities will include:

1. Establish and Appoint the Review Committee (July/Aug) Lead: City
2. **Conduct orientation for review committee members (Sept)** Lead: TGP
TGP will provide the review committee with an overview of the grant cycle through the funding decision with a focus on the role committee members will play in the process. The orientation will incorporate TGP's understanding of best practices for grantmaking and common questions and issues.
3. **Facilitate committee review meetings (Sept – Nov)** Lead: TGP
TGP will facilitate two proposal review meetings and make necessary preparations for the applicant presentations meeting, including sending reviewer questions in advance to applicants. TGP will prepare agendas and committee materials and notes from each meeting.
4. **Facilitate funding recommendations (Nov)** Lead: TGP
TGP will provide facilitation and support the committee to incorporate feedback and assessment into a funding recommendation.
5. **Present funding recommendations to City Council (Nov/Dec)** Lead: TGP
TGP will prepare a final written report to reflect the committee's recommendation for funding. This recommendation will be presented to City Council for their consideration.
6. **Report on Award Process (Dec)** Lead: TGP
TGP will use survey tools to solicit feedback from all funding applicants and review committee members on the City's funding process. TGP will provide the results in a written report that can be used to identify any potential changes or points of emphasis for the next award cycle.

Phase III: Annual Report Review and Assessment

Phase III of this project is anticipated to begin in early 2019 and continue through first quarter of 2020. During this final phase, The Giving Practice will provide review of annual reports and synthesize results and impacts from the City funding. Activities during this phase will include:

1. Upon receipt of annual reports from funding recipients, the City will send reports to TGP for full review. Reports will capture agreed upon deliverables and quality of outcomes.
 - 2019 Q1 (for activities in 2018)
 - 2020 Q1 (for activities in 2019)
2. TGP will review reports and synthesize key themes, challenges and outcomes. TGP will provide a written assessment to capture the impact of the City funding process as a whole. TGP will also identify any potential issues or concerns related to individual funding recipients, with respect to expected versus actual outcomes, implementation challenges, budget performance or other issues.

Budget and Timeline

Phase	Estimated Cost *
Phase I: Develop Funding Goals and Criteria/Develop and Issue RFP <i>July – September 2017</i>	\$10,000 – 12,000
Phase II: Review Committee Orientation, Support and Facilitation <i>September – December 2017</i>	\$14,500 – 16,500 *
Phase III: Annual Report Reviews and Assessment <i>2019 Q1 and 2020 Q1</i>	\$3,800 – \$4,800 *
Expenses: Anticipated expenses include ferry ride fees for meetings on BI	Up to \$500
Total 2017 – 2019	\$28,800 – \$33,800

* Ranges based on due diligence review of estimated fifteen proposals and the annual review roughly ten approved grants ("contracts").

Budget Timeline (annual)	2017	2018	2019 (Q1)	2020 (Q1)
<i>Estimated budget</i>	\$25,000 – 29,000	0	\$1,900 – 2,400	\$1,900 – 2,400
<i>Deliverables</i>	Phase I and II: RFP guidance and criteria development, RFP meeting for prospective applicants, committee orientation, review facilitation and recommendations; also project management (agenda, minutes, as needed)	No TGP deliverables	Phase III: Summary analysis and learnings based on grantee report reviews (deliverable to Council)	Phase III: Summary analysis and learnings based on grantee report reviews (deliverable to Council)

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ABOUT THE GIVING PRACTICE

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W.K. Kellogg Foundation
Meyer Memorial Trust

Northwest Area Foundation
Premera Blue Cross
Rasmuson Foundation
Satterberg Foundation
Seattle Foundation
Surdna Foundation
Virginia Piper Charitable Trust

THE GIVING PRACTICE TEAM



Anne Katahira
Senior Advisor, The Giving Practice
akatahira@philanthropyNW.org

Anne brings 20+ years of experience in foundation and nonprofit organizational management, development and governance, strategic communications, external affairs and philanthropic advising. She is effective at making connections between people, ideas and resources, particularly in arts and culture and civic engagement spaces. Prior to joining The Giving Practice, Anne helped multi-generational family foundations develop shared visions and strategies for impact at Arabella Advisors. At WaMu, she managed a \$6.9 million charitable giving budget, served as lead corporate grantmaker for the arts education portfolio and relationship manager to key arts partner organizations including Seattle Art Museum, Pacific Northwest Ballet and ACT Theatre, while providing personalized grantmaking consultation and board training to the bank's top 240 executives. As a program officer at Seattle Foundation, Anne worked to increase access to resources and transparency in the field for traditionally underserved communities and for a number of years, led the foundation's arts and culture grantmaking.

Anne served on the board and Writers in Residence Selection Committee of Hedgebrook, a literary arts organization that supports women writers and amplifies their voices into the world; Allocations Committee for ArtsFund, representing WaMu, and as an Arts and Cultural Organizations Peer Review Panelist for the City of Seattle, Office of Arts & Culture. Anne was a founding member of Asian Americans and Pacific Islanders in Philanthropy's Pacific Northwest Chapter and DC-based Cherry Blossom Giving Circle. She received Philanthropy Northwest's Mary Helen Moore Volunteer of the Year Award in 2004. Recently, Anne returned to her hometown of Seattle after seven years in Washington, D.C. and New York City. She holds a bachelors degree from Oberlin College.



Leslie Silverman
Partner, The Giving Practice
lsilverman@philanthropyNW.org

Leslie brings twenty years of experience with private and public grantmakers, in roles touching all areas of grantmaking from program officer to grants manager. As a founding committee member of the national Project Streamline initiative, Leslie places a high value on strengthening funder-grantee relationships and fostering peer learning among funders and non-profit organizations. Prior to joining The Giving Practice, Leslie worked as a grants manager with the education team at the Bill & Melinda Gates Foundation, with the primary role of seeing proposals through all key grantmaking phases (e.g. proposal review, due diligence, reporting, and grant close-out) and participated as an internal subject matter expert in the build out of a new grants management system.

Leslie also served as a program officer for the national AmeriCorps program (through DC-based Corporation for National and Community Service) and provided program oversight, training and technical support to a portfolio of five states in the southeastern region. Grant recipients addressed a range of needs

from housing and education to community engagement, with a keen focus on fund diversification in rural areas. Leslie enjoys working with funders committed to streamlined grantmaking processes and finding solutions that best advance their strategic interests. At every possible opportunity, Leslie applies her cross-sector experience to help organizations be more efficient and effective in advancing their mission.

ATTACHMENT 3

Draft Timeline for 2017 Award Process

Proposed 2017 Timeline – Cultural Funding Award Cycle for 2018-19 Funding

June 1, 2017

Month	Task	Responsibility
General:		
June/July	Approve general process and approach	City Council
June/July	Approve creation of advisory committee (CFAC)	City Council
June/July	Establish City Councilmember as Non-Voting Chair	City Council
June/July	Develop general timeline for award cycle	Staff/Chair
Appointing the Committee:		
July	Publicize and solicit applications for CFAC	Staff/AHB
Aug	Schedule interviews with committee applicants	Staff/AHB/Chair?
Aug	Review applicants and nominate candidates	AHB/Chair?
Sep 1	Appoint award committee members	City Council
Sep 1	Notify award committee members	Staff
Developing/Issuing the RFP:		
July/Aug	Develop proposed funding framework and RFP format: <ul style="list-style-type: none"> • funding priorities/criteria • eligibility • max/min award amounts • reporting requirements 	AHB/TGP/Staff/Chair
Aug/Sep	City Council reviews RFP to confirm funding framework, etc.	City Council
Sep	Revise RFP materials as needed and finalize	Staff
mid-Sep	Issue/publicize RFP for 2018-19 funding proposals	Staff/TGP
mid-Sep	Informational meeting for applicants	TGP/Staff
mid-Oct	Deadline to submit funding proposals	Staff
Intake & Review of Proposals:		
July/Aug	Award committee members meet for orientation	TGP/CFAC
July/Aug	Committee identifies dates for review meetings and applicant presentations	TGP/CFAC
Sep/Oct	Schedule applicant presentations	Staff
late Oct	Receive presentations from applicants	CFAC
Oct/Nov	Award committee reviews 2018-19 proposals	TGP/CFAC
late Nov	Develop 2018-19 funding recommendation	TGP/CFAC
Nov/Dec	Review and approve 2018-19 funding recommendation	City Council
Dec	Notify applicants of award results	Staff
Jan	Draft agreements for 2018-19 recipients	Staff

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 10:20 PM Proposal for Community Partner Workshops, AB 17-104 - Councilmembers Roth, Scott and Townsend (Pg. 284)	Date: 6/13/2017
Agenda Item: NEW BUSINESS	Bill No.: 17-104
Proposed By: Councilmembers Wayne Roth, Michael Scott, and Roger Townsend	Referrals(s):

BUDGET INFORMATION

Department: Council	Fund: General Fund	
Expenditure Req: 2017 - \$2,500; 2018 - \$14,000; 2019 - \$12,900	Budgeted? No	Budget Amend. Req? Yes

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal: Yes	Finance:

DESCRIPTION/BACKGROUND

The City currently provides significant annual funding to 20+ local nonprofit organizations through the City's human services support and tourism funding (LTAC). This range of partnerships may be further expanded with the proposed process to provide cultural funding to local organizations. If the proposed cultural funding is included, the City's combined annual expenditures for these three programs would total roughly \$700,000 across 30 or more community partners. The City's annual financial support for these programs represents roughly 5% of all General Fund expenditures.

The City's funding provides important benefit to these community partners, nearly all of which are nonprofit organizations based in the community. The City has a strong interest in seeking ways to leverage and enhance the impact of City funding, so that public financial support can generate longer term, identifiable results. The City also seeks to encourage the organizational capacity of these community partners, so that access to City funding can help to grow community resources and promote a mix of funding sources and strategies.

With these goals in mind, the City has identified an opportunity to efficiently add value across the City's funding programs, and to benefit all recipient organizations, by offering a series of "Community Partner Workshops." The goal of these workshops will be to build the organizational capacity of these local organizations, as a cohort, and to foster collaboration among City partners.

The City proposes to engage The Giving Practice (TGP) to facilitate and present these workshops. As described in the attached proposal, workshops will occur three times per year, and will be open to nonprofit

organizations that receive City funding. Areas of focus will include:

- Building Capacity
- Community Engagement
- Collaborating from the Inside Out
- Measuring Impact
- Leveraging Resources
- Peer Coaching
- Telling Your (Organization's) Story
- Board Development and Engagement
- Other topics to be identified by participants

The concept for these community partner workshops was developed through the review of the City's support for cultural element implementation, and is in part a response to the community feedback on the positive benefits from collaboration among local organizations. This proposal also benefited from the Ad Hoc Committee members' previous experience on both LTAC and human services advisory committees.

If approved, planning for the community partner workshops would begin in late 2017 and the workshops would be held in 2018 and 2019. The cost to develop, organize, and deliver the workshops would be less than \$15,000 per year. This equates to roughly 2% of the combined funding pool.

RECOMMENDED ACTION/MOTION

I move that the City Council forward approval of the proposed community partner workshops to the June 27 consent agenda.

ATTACHMENTS:

Description	Type
▢ TGP Workshop Proposal	Backup Material

Proposal for City of Bainbridge Island Community Partner Workshop Series

Submitted by:

Anne Katahira, Senior Advisor

Leslie Silverman, Partner

The Giving Practice

June 2, 2017

Background

The City of Bainbridge Island provides extensive financial support to local nonprofit organizations through several annual funding programs. Across a range of activities that includes human services, cultural programming, and tourism projects, the City's combined financial support totals roughly \$700,000 each year to 25-30 local organizations. This represents approximately 5% of all General Fund expenditures.

The City's funding provides significant benefit to these community partners, nearly all of which are nonprofit organizations based on Bainbridge Island. The City has a strong interest in seeking ways to leverage and enhance the impact of its funding, so that public financial support can generate longer-term, identifiable results beyond single funding cycles and benefits to individual organizations. The City also seeks to encourage the organizational capacity of these community partners, so that access to City funding can help to grow community resources and promote a mix of funding sources and strategies. In this way, the City funding can help to boost the overall health of the local nonprofit sector, and ultimately strengthen the community as a whole.

With these goals in mind, the City has identified an opportunity to efficiently add value across the City's funding programs, to benefit all recipient organizations, by offering a series of "Partner Workshops." The goal of the Workshops will be to build the organizational capacity of these organizations, as a cohort, and to foster collaboration among partners to draw out the expertise they hold to share with each other.

Proposed Project

The Giving Practice proposes to develop and conduct a series of learning exchanges preliminarily referred to as the "Community Partner Workshop Series." This series of workshops will bring together grantees from the City's funding programs—Tourism, Human Services, and Cultural Funds—to embrace best practices and exchange new ideas aimed to build capacity, improve program quality, and strengthen a sense of community among participants, as some of the goals. Additional goals will be identified by the participants themselves, at the launch of the workshop series and through ongoing feedback.

Specifically, the workshops would provide an opportunity for nonprofit leaders and staff to deepen learning on issues of interest. Based on The Giving Practice's experience designing workshops for conferences and funders, subject areas that draw high participation include capacity building for growth and quality program/service delivery, communicating successes and challenges with the community, funding partners and other stakeholders, engaging community voices in organizational strategy and program design, enhancing board development and engagement, fostering a culture of diversity, equity and inclusivity, and teaching active facilitation practices for staff and board retreats/meetings.

The goal is to provide a platform for learning and collaboration, and to help build organizational capacity among participants. The content and format of the workshop series will be designed to improve the health, stability and effectiveness of partner organizations, to strengthen relationships between organizations, to encourage greater collaboration, and to help community partners learn strategies to leverage and diversify funding sources to better sustain operations and services.

Approach to Facilitating Learning Exchanges

The Giving Practice has extensive experience designing and facilitating learning exchanges with a wide range of audiences. Our approach is to work collaboratively with our clients to identify the desired outcomes of any session and then design the agenda(s) in a way that allows participants to engage authentically, to provide candid and thoughtful input and to build relationships with other participants. We believe that learning involves deep listening, adaptation and guidance and we also strive to make our workshops interactive and fun. We will work in partnership with you to design a process that encourages peer-to-peer learning, acknowledging that participants already bring different areas of expertise or knowledge of best practices that can be shared.

Proposed Process and Structure

Beginning in the fall of 2017, The Giving Practice team will work collaboratively with the City and its community partners to design the learning workshops so that they are relevant, productive, and engaging. We propose to develop several formats for survey tools to gather input from partners and other stakeholders on learning topics of greatest interest, as well as learning formats that partners find to be most effective. Session delivery and format will be designed with participant roles in mind.

The goals of these series include collaboration, knowledge exchange, peer connections and networking. All recipients of the City's Tourism, Human Services and Cultural funding will be encouraged to participate in the workshop series. To accomplish the series' goals, regular participation from each community party receiving funds is necessary. Upon the guidance of the City, other organizations and community representatives may be invited, as well.

The estimates below assume two workshop facilitators and 20-30 participants, with each of the three annual workshops (six total) running for approximately two hours.

Examples of topics to consider and in which The Giving Practice brings content expertise include:

1. Building Capacity
How can you strengthen your organization for greater effectiveness with a focus on organizational stability, financial wellbeing, program quality and growth?
2. Community Engagement
How can you better connect the community with your mission? To engage community members in programming or services? Are there opportunities for community voice in your organization's strategic planning process?
3. Collaborating from the Inside Out
How are you a true partner with others within your organization and what ways can you be more effective in working with other organizations in your community?
4. Measuring Impact
What are some simple, low cost strategies and tools you can use to demonstrate impact?
5. Leveraging Resources
How can you use your network to leverage your resources?
6. Peer Coaching
How can you partner with peers to sharpen your own tools to be your best at work or to advance to a new role?

7. Telling Your (Organization's) Story
What are creative and eye-catching ways to demonstrate impact? How can you use data to make a compelling case for support or to share success with donors and community partners? How best to work with funders in conveying not only the successes but also the challenges.
8. Board Development and Engagement
What are effective strategies to build a strong board and/or engage board members to better leverage their strengths/expertise and add value to the organization? What attributes make a successful, working board and what information does your board need to be more engaging and more effective in their role?
9. Other topics identified through survey responses with grantee participants

Proposed Schedule of Learning Sessions

1. February/March 2018
2. July/August 2018
3. October/November 2018
4. February/March 2019
5. July/August 2019
6. October/November 2019

Work Plan and Budget

Timeline	Activity	Estimated Cost
July/ August 2017	Planning meetings with City to determine workshop dates and survey questions	\$2,200
Early January 2018	Survey grantee organizations (approx. 25)	\$1,100
2018: Three workshops	Facilitation (includes prep, facilitation, post-evaluation). Each session up to 2 hours each + 3 hours total for pre- and post-time.	\$9,900
Year End 2018	Synthesize post-session survey feedback; lessons learned and what worked well	\$2,400
2019: Three workshops	Facilitation (includes prep, facilitation, post-evaluation). Each session up to 2 hours each + 3 hours total for pre- and post-time.	\$9,900
Year End 2019	Synthesize post-session survey feedback; lessons learned and what worked well	\$2,400
On-going (2017-2019)	Project management	\$1,000
	Estimated expenses include ferry ride fees for meetings	Up to \$500
	Total	\$ 29,400

Budget Timeline (annual)	2017	2018	2019
<i>Estimated budget</i>	\$2,500	\$14,000	\$12,900
<i>Deliverables</i>	Workshop planning, solicit input from community partners, set up 2018 calendar project management (agenda, minutes, as needed)	Deliver three (3) workshops/learning sessions (includes pre-planning and post-evaluation) Prepare Summary Report Plan for 2019 calendar	Deliver three (3) workshops/learning sessions (includes pre-planning and post-evaluation) Prepare Summary Report

The Giving Practice consultants strive to work as efficiently as possible and always in the best interests of their clients. The Giving Practice charges \$300 an hour for senior partners and senior advisors; \$250 an hour for partners; \$125 an hour for research analysts and \$60 for administrative support for non-members of Philanthropy Northwest. For travel time the consultant is unable to use for work on the project, time will be billed at 50% of the hourly rate. Expenses are billed at cost.

We have learned that scopes of work evolve as we work closely with our clients. We will give ongoing updates of costs to date and will prepare new cost estimates if the scope of work changes significantly.

About The Giving Practice

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Leslie also served as a program officer for the national AmeriCorps program (through DC-based Corporation for National and Community Service) and provided program oversight, training and technical support to national, state, and local nonprofit organizations and networks. Leslie enjoys working with funders committed to streamlined grantmaking processes to reduce the burden on the nonprofit organizations so that more time and resources are invested in the organization mission.



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City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: 10:30 PM Legislative Agenda, AB 17-107 - Executive (Pg. 294)	Date: 6/13/2017
Agenda Item: NEW BUSINESS	Bill No.: 17-107
Proposed By: Doug Schulze, City Manager	Referrals(s):

BUDGET INFORMATION

Department: Executive	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager: Yes	Legal: Yes	Finance:

DESCRIPTION/BACKGROUND

During the State Legislature's Special Session, there are a number of proposals and bills that are of interest to the City of Bainbridge Island. Because our window of opportunity to express support or opposition to these proposals typically closes quickly, it is necessary to obtain Council authorization to take a position on these topics.

LEOFF 2 Contribution Shift to Cities

LEOFF 2 is one of the State pension plans for Law Enforcement Officers and Firefighters. Since it's creation, contributions to the plan have been shared by the employer, employee, and State. For FY 2017, the Employee contributes 8.75%, Employer contributes 5.25% and State contributes 3.5%. The Senate budget proposal eliminates the state's 20 percent share of the contribution, increasing the employer's share from 30 percent to 50 percent. The estimated cost of this shift for the City of Bainbridge Island is \$100,000 annually. Incidentally, fire districts would be exempt from this policy with the state continuing to pay its 20 percent share.

Internet Sales - City Impacts of State Marketplace Fairness Act

HB 2186 and SB 5929 is a state version of the Marketplace Fairness Act requiring sales tax collections or reporting of customers for use taxes by internet retailers. Updating the sales tax collections to reflect the growing reliance on internet sales makes sense in Washington, where sales tax account for almost 50 percent of state revenues in the operating budget and a large percent of revenues for operating budgets of cities. In addition, these changes help level the playing field between local brick and mortar businesses and out-of-state internet retailers in sales tax collection, a long-standing legislative priority for cities. If this legislation passes, AWC projects the benefit to the City of Bainbridge Island could exceed \$200,000 annually.

Limits on Property Tax Increases

HB 1764/SB 5772 would link annual property tax increases to inflation and population growth. Initiative 747 limited regular property tax levies for all taxing districts to 101% of the previous year plus new construction. The Supreme Court found I-747 unconstitutional, but the Legislature reenacted the 1% limit in 2002. In addition to the 1% limit on annual increases, cities are also constrained by a statutory dollar levy rate that ranges from \$1.60 to \$3.60. The maximum regular property tax levy rate for most cities is \$3.375. Since the Legislature imposed the 1% limit, inflation has almost always exceeded 1%, which means property tax revenues have not kept pace with the rate of inflation. This has resulted in an erosion of critical city services, including core infrastructure and public safety for many taxing districts.

RECOMMENDED ACTION/MOTION

A motion taking official positions on the issues described above.

- 1) It is recommended that the City Council oppose the shift of LEOFF 2 contributions from the State to cities.
- 2) It is recommended that the City Council support the State Marketplace Fairness Act as proposed by SB 5929.
- 3) It is recommended that the City Council support HB 1764/SB 5772, linking annual property tax increases to inflation and population growth.

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Agenda Bill for Consent Agenda, AB 17-105 (Pg. 296)	Date: 6/13/2017
Agenda Item: CONSENT AGENDA - 10:40 PM	Bill No.: 17-105
Proposed By:	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

Consider approval of the following items:

- B. Accounts Payable and Payroll
- C. City Council Study Session Minutes, May 16, 2017
- D. Special City Council Meeting Minutes, May 23, 2017
- E. Regular City Council Business Meeting Minutes, May 23, 2017
- F. Ordinance No. 2017-15, Amending Section 13.16.086 of the Bainbridge Island Municipal Code Relating to Requirements for Eligibility for Discounted Utility Rates, AB 17-095 – Finance
- G. Huney Grant Funding for Disaster Medical Supplies, AB 17-100 – Executive
- H. City Dock Improvements Professional Services Agreement Amendment No. 2, AB 15-072 – Public Works

RECOMMENDED ACTION/MOTION

I move to approve the consent agenda, as presented.

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Accounts Payable and Payroll (Pg. 297)	Date: 6/13/2017
Agenda Item: CONSENT AGENDA - 10:40 PM	Bill No.: 17-105
Proposed By: Finance	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

RECOMMENDED ACTION/MOTION

Approve with consent agenda.

ATTACHMENTS:

Description	Type
☐ Payroll	Backup Material
☐ Report to Council of Cash Disbursements 06-14-17	Backup Material

PAYROLL

PAYROLL CHECK RUN: 6 - 5 - 2017

Run Type	Run Date	Check # Sequence	Comments	Amount
Misc	5/23/2017	108106	P/R check run - misc	1,957.23
Vendor	5/23/2017	108107	P/R vendor check run	362.23
Normal	6/5/2017	038806 - 038925	P/R check run - direct deposit	268,227.68
Normal	6/5/2017	108108 - 108111	P/R check run - regular	6,475.45
Vendor	6/5/2017	108112 - 108125	P/R vendor check run	284,395.11
EFTPS	6/5/2017		Federal Tax Electronic Transfer	114,242.01
			TOTAL:	675,659.71

Prepared and Reviewed by: Deborah Lee Date 6-2-17
Deborah Lee

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Bainbridge Island, and that I am authorized to authenticate and certify to said claim.

Kimberly M. Dunscombe Date 6-2-17
Kimberly M. Dunscombe, Budget Manager

ACCOUNTS PAYABLE REPORT TO CITY COUNCIL OF CASH DISBURSEMENTS

CHECK RUN: May 22, 2017 - June 12, 2017
CITY COUNCIL: May 23, 2017 - June 13, 2017

Last check from previous run: 344513 dated 05/24/17 issued to ZEE MEDICAL in the amount of \$25.18

Payment Type	Check Date	Check Number	Department/Vendor/Description	Amount
EFT	05/26/17	257	WA ST DOR/EXCISE TAXES - APRIL 2017	19,475.17
ACH	05/26/17	258	COBI/UTILITY BILLING - MAY 2017	1,826.31
ACH	05/26/17	259	WA ST DOL/CONCEALED WEAPON PERMITS - MAY 2017	557.00
VOID	01/27/16	340569	PW/H.D. FOWLER COMPANY/DUPLICATE PAYMENT	VOID
Manual	05/19/17	344514	B.I. LODGING ASSOCIATION/2017 Q1 - LTAC FUNDING	9,617.57
Manual	05/19/17	344515	PW/COLUMBIA FORD/2017 FORD ESCAPE - CITY HALL POOL VEHICLE	24,669.13
Manual	05/19/17	344516	PW/COLUMBIA FORD/2017 FORD ESCAPE - CODE OFFICER	25,003.00
Manual	05/19/17	344517	INTEGRA BUSINESS/CITYWIDE PHONE SERVICE - MAY 2017	929.41
Manual	05/19/17	344518	O&M/KELLEY IMAGING/ES4555C COPIER LEASE, KITSAP CO. PROPERTY TAX	389.27
Manual	05/19/17	344519	O&M/TOSHIBA FINANCIAL/ES4555C COPIER LEASE, KITSAP CO. PROPERTY TAX	682.63
Manual	05/24/17	344520	US BANK/APRIL 2017 - CITYWIDE CREDIT CARD EXPENSES	15,234.34
Manual	05/26/17	344521	PW/ANDERSON CONSTRUCTION/POLICE DEPT. BATHROOM UPGRADES	11,658.41
Manual	05/26/17	344522	PW/RETAINAGE ACCT./BIPD BATHROOM UPGRADE, 2017 RESERVOIR CLEAN	9,930.50
Manual	05/26/17	344523	PW/COLUMBIA FORD/2017 FORD ESCAPE - CITY HALL POOL VEHICLE	24,669.13
Manual	05/26/17	344524	CC/KITSAP REGIONAL COORDINATING COUNCIL/2017 KRCC RETREAT	60.00
Manual	05/26/17	344525	PW/LIQUIVISION TECHNOLOGY/2017 RESERVOIR INSPECT & CLEAN	4,942.54
Manual	05/26/17	344526	PUGET SOUND ENERGY/278 WINSLOW WAY EAST - KIOSK	10.81
Manual	05/26/17	344527	PW/PUGET SOUND ENERGY/RECONNECT-WATERFRONT PARK PANELS #1-4	2,072.00
Manual	05/26/17	344528	PCD/WA ST DEPT OF ECOLOGY/COASTAL TRAINING-O.SONTAG	150.00
Manual	05/31/17	344529	PUGET SOUND ENERGY/WATERFRONT PARK ELECTRIC PANELS #1-4	69.20
Manual	05/31/17	344530	PW/PREMIER MOTOR COMPANY/DODGE SPRINTER VAN REPAIRS	3,875.49
Manual	06/01/17	344531	CRT/TOSHIBA FINANCIAL/ES3005AC COPIER LEASE	188.58
Manual	06/01/17	344532	PW/WA ST DEPT OF FISH & WILDLIFE/JOINT AQUATIC RESOURCES PERMIT APP	150.00
Manual	06/02/17	344533	PW/ISLAND HANDS/MAY 2017 - JANITORIAL SERVICES	9,260.00
Manual Checks, Electronic Disbursements				165,420.49

Regular Run	06/14/17	344534 - 344653	Regular Check Run	225,748.89
Total Disbursements				391,169.38

Retainage Release	N/A	N/A	No Retainage Releases	-
Travel Advance	05/05/17	82	POL/AXON ACADEMY/TASER INSTRUCTOR CERTIFICATION - M. TOVAR	150.00

Prepared and Reviewed by Brigham Huish 6/9/17 Brigham Huish, Accounts Payable

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein and that the claim is a just, due, and unpaid obligation against the City of Bainbridge Island, and that I am authorized to authenticate and certify to said claim.

Karl R. Shaw 6-9-2017
Karl R. Shaw, Accounting Manager Date

Excise TAX

APR17

05/25/2017 14:08 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 1
|apcsbdb

CASH ACCOUNT: 635 111100 CASH

CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

CB 5/25/17

INVOICE DTL DESC

257 05/26/2017 MANL 124 WA ST DEPT OF REVENUE 213752 2017-04 05/25/2017 EFTAPR17 19,475.17
Invoice: 2017-04 APR17 EXCISE TAXES

258.87	91411341	553000	FINANCE - WATER EXTRNL TAXES
365.27	91421351	553000	FINANCE - SEWER - EXTRNL TAXES
3,184.38	91421351	553000	FINANCE - SEWER - EXTRNL TAXES
32.53	91421351	553000	FINANCE - SEWER - EXTRNL TAXES
6.63	91411341	553000	FINANCE - WATER EXTRNL TAXES
2.40	91411341	553000	FINANCE - WATER EXTRNL TAXES
12,113.66	91431383	553000	FINANCE - SSWM - EXTRNL TAXES
2,525.75	91411341	553000	FINANCE - WATER EXTRNL TAXES
380.85	91421351	553000	FINANCE - SEWER - EXTRNL TAXES
-2,525.75	91411341	553000	FINANCE - WATER EXTRNL TAXES
-380.85	91421351	553000	FINANCE - SEWER - EXTRNL TAXES
27.63	21011125	531100	COURT - SUPPLIES
135.00	31024479	66400000749	WAYPOINT PARK ART PROJECT
810.00	31024479	66400000749	WAYPOINT PARK ART PROJECT
1,134.00	31024479	66400000749	WAYPOINT PARK ART PROJECT
1,134.00	31024479	66400000749	WAYPOINT PARK ART PROJECT
9.90	36011143	531100	CLERK - C/E SUPPLIES
8.13	41011141	531100	FIN - C/E ADMIN SUPPLIES
93.15	54025212	531100	MARINE - SUPPLIES
10.63	53011212	531100	PD-C/E-PATROL SUPPLIES
1.66	53011212	443410	POLICE - C/E PATROL TRAINING
59.01	53011212	443410	POLICE - C/E PATROL TRAINING
3.98	53011212	531100	PD-C/E-PATROL SUPPLIES
4.40	31011256	531100	EX-C/E-EMERG PREP-SUPPLIES
52.33	73425358	54110000391	LAB & TESTING SVCS-WWTP
2.79	81011881	535500	IT - C/E COMPUTER PARTS & EQ
24.82	81011881	535500	IT - C/E COMPUTER PARTS & EQ

CHECK 257 TOTAL: 19,475.17

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** 19,475.17

COUNT AMOUNT

TOTAL MANUAL CHECKS 1 19,475.17

*** GRAND TOTAL *** 19,475.17

05/25/2017 14:08 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 2
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER JNL

SRC ACCOUNT	ACCOUNT DESC	T OB	DEBIT	CREDIT
EFF DATE JNL DESC REF 1 REF 2 REF 3	LINE DESC			
2017 5 397				
APP 401-213000	ACCOUNTS PAYABLE		267.90	
05/26/2017 EFTAPR17 EFTAPR	AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100	CASH			19,475.17
05/26/2017 EFTAPR17 EFTAPR	AP CASH DISBURSEMENTS JOURNAL			
APP 402-213000	ACCOUNTS PAYABLE		3,634.51	
05/26/2017 EFTAPR17 EFTAPR	AP CASH DISBURSEMENTS JOURNAL			
APP 403-213000	ACCOUNTS PAYABLE		12,113.66	
05/26/2017 EFTAPR17 EFTAPR	AP CASH DISBURSEMENTS JOURNAL			
APP 001-213000	GENERAL - ACCOUNTS PAYABLE		3,459.10	
05/26/2017 EFTAPR17 EFTAPR	AP CASH DISBURSEMENTS JOURNAL			
	GENERAL LEDGER TOTAL		19,475.17	19,475.17
APP 631-130000	DUE TO/FROM CLEARING		19,475.17	
05/26/2017 EFTAPR17 EFTAPR				
APP 401-130000	DUE TO/FROM CLEARING			267.90
05/26/2017 EFTAPR17 EFTAPR				
APP 402-130000	DUE TO/FROM CLEARING			3,634.51
05/26/2017 EFTAPR17 EFTAPR				
APP 403-130000	DUE TO/FROM CLEARING			12,113.66
05/26/2017 EFTAPR17 EFTAPR				
APP 001-130000	GENERAL - DUE TO/FROM CLEARING			3,459.10
05/26/2017 EFTAPR17 EFTAPR				
	SYSTEM GENERATED ENTRIES TOTAL		19,475.17	19,475.17
	JOURNAL 2017/05/397 TOTAL		38,950.34	38,950.34

05/25/2017 14:08
bhuish

|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 3
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
ACCOUNT						
001 GENERAL FUND	2017 5	397	05/26/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		3,459.10
001-213000				GENERAL - ACCOUNTS PAYABLE	3,459.10	
				FUND TOTAL	3,459.10	3,459.10
401 WATER OPERATING FUND	2017 5	397	05/26/2017			
401-130000				DUE TO/FROM CLEARING		267.90
401-213000				ACCOUNTS PAYABLE	267.90	
				FUND TOTAL	267.90	267.90
402 SEWER OPERATING FUND	2017 5	397	05/26/2017			
402-130000				DUE TO/FROM CLEARING		3,634.51
402-213000				ACCOUNTS PAYABLE	3,634.51	
				FUND TOTAL	3,634.51	3,634.51
403 STORM & SURFACE WATER FUND	2017 5	397	05/26/2017			
403-130000				DUE TO/FROM CLEARING		12,113.66
403-213000				ACCOUNTS PAYABLE	12,113.66	
				FUND TOTAL	12,113.66	12,113.66
631 CLEARING FUND	2017 5	397	05/26/2017			
631-130000				DUE TO/FROM CLEARING	19,475.17	
635-111100				CASH		19,475.17
				FUND TOTAL	19,475.17	19,475.17

05/25/2017 14:08 |CITY OF BAINBRIDGE ISLAND
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|P 4
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		3,459.10
401	WATER OPERATING FUND		267.90
402	SEWER OPERATING FUND		3,634.51
403	STORM & SURFACE WATER FUND		12,113.66
631	CLEARING FUND	19,475.17	
		<hr/>	<hr/>
	TOTAL	19,475.17	19,475.17

** END OF REPORT - Generated by Matthew Brigham Huish **

UB ACH

MAY 17

05/25/2017 14:27 | CITY OF BAINBRIDGE ISLAND
bhuish | A/P CASH DISBURSEMENTS JOURNAL

| P 1
| apcshdsb

CASH ACCOUNT: 635 111100 CASH
CHECK NO CHK DATE TYPE VENDOR NAME

VOUCHER INVOICE

INV DATE PO

CHECK RUN

NET

INVOICE DTL DESC

Ba 3/25/17

258 05/26/2017 MANL	103 CITY OF BAINBRIDGE I	213743	13005MAY17	05/01/2017	ACHMAY17	118.25
Invoice: 13005MAY17				UB ACH - 309 SHANNON DRIVE		
		118.25	91011768 547500	GG-C/E-PARKS-WTR/SWR		
Invoice: 13006MAY17				05/01/2017	ACHMAY17	310.44
		310.44	91011768 547500	UB ACH - 309 SHANNON DRIVE DOCK		
				GG-C/E-PARKS-WTR/SWR		
Invoice: 10461MAY17				05/01/2017	ACHMAY17	680.65
		680.65	91011768 547500	UB ACH - 289 SHANNON DRIVE		
				GG-C/E-PARKS-WTR/SWR		
Invoice: 10463MAY17				05/01/2017	ACHMAY17	380.12
		380.12	91011755 547500	UB ACH - 370 BRIEN DRIVE		
				GG-C/E-COMMONS-WTR/SWR		
Invoice: 10464MAY17				05/01/2017	ACHMAY17	310.44
		310.44	91011755 547500	UB ACH - 402 BRIEN DRIVE		
				GG-C/E-COMMONS-WTR/SWR		
Invoice: 11573MAY17				05/01/2017	ACHMAY17	17.11
		17.11	91011768 547500	UB ACH - 5350 CREOSOTE PLACE NE		
				GG-C/E-PARKS-WTR/SWR		
Invoice: 12755MAY17				05/01/2017	ACHMAY17	9.30
		9.30	91011768 547500	UB ACH - 240 WEAVER RD NW		
				GG-C/E-PARKS-WTR/SWR		

CHECK 258 TOTAL: 1,826.31

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** 1,826.31

COUNT AMOUNT

TOTAL MANUAL CHECKS 1 1,826.31

*** GRAND TOTAL *** 1,826.31

05/25/2017 14:27 |CITY OF BAINBRIDGE ISLAND
 bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 2
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JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL					ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	LINE DESC			
2017 5 398									
APP 001-213000						GENERAL - ACCOUNTS PAYABLE		1,826.31	
	05/26/2017	ACHMAY17	ACHUB			AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100						CASH			1,826.31
	05/26/2017	ACHMAY17	ACHUB			AP CASH DISBURSEMENTS JOURNAL			
GENERAL LEDGER TOTAL								1,826.31	1,826.31
APP 631-130000						DUE TO/FROM CLEARING		1,826.31	
	05/26/2017	ACHMAY17	ACHUB						
APP 001-130000						GENERAL - DUE TO/FROM CLEARING			1,826.31
	05/26/2017	ACHMAY17	ACHUB						
SYSTEM GENERATED ENTRIES TOTAL								1,826.31	1,826.31
JOURNAL 2017/05/398 TOTAL								3,652.62	3,652.62

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CITY OF BAINBRIDGE ISLAND
A/P CASH DISBURSEMENTS JOURNAL

P 3
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JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
ACCOUNT						
001 GENERAL FUND	2017 5	398	05/26/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		1,826.31
001-213000				GENERAL - ACCOUNTS PAYABLE	1,826.31	
				FUND TOTAL	1,826.31	1,826.31
631 CLEARING FUND	2017 5	398	05/26/2017			
631-130000				DUE TO/FROM CLEARING	1,826.31	
635-111100				CASH		1,826.31
				FUND TOTAL	1,826.31	1,826.31

05/25/2017 14:27
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|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 4
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001 GENERAL FUND			1,826.31
631 CLEARING FUND		1,826.31	
TOTAL		1,826.31	1,826.31

** END OF REPORT - Generated by Matthew Brigham Huish **

ACH CPL
MAY 17

05/25/2017 15:01 | CITY OF BAINBRIDGE ISLAND
bhuish | A/P CASH DISBURSEMENTS JOURNAL

| P 1
| apcshdsb

CASH ACCOUNT: 635 111100 CASH
CHECK NO CHK DATE TYPE VENDOR NAME

VOUCHER INVOICE

INV DATE PO

CHECK RUN

NET

INVOICE DTL DESC

CR 5/25/17

259 05/26/2017 MANL 969 WA ST DEPT OF LICENS 213750 MAY17CPL 05/22/2017 ACHMAYFA 557.00
Invoice: MAY17CPL MAY17 - CPL TRANSMITTAL
557.00 41654860 586000 GUN PERMIT OUT

CHECK 259 TOTAL: 557.00

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** 557.00

COUNT AMOUNT

TOTAL MANUAL CHECKS 1 557.00

*** GRAND TOTAL *** 557.00

05/25/2017 15:01 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 2
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JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL					ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	LINE DESC			
2017 5 399									
APP 650-213000						ACCOUNTS PAYABLE		557.00	
	05/26/2017	ACHMAYFA	ACHFA			AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100						CASH			557.00
	05/26/2017	ACHMAYFA	ACHFA			AP CASH DISBURSEMENTS JOURNAL			
GENERAL LEDGER TOTAL								557.00	557.00
APP 631-130000						DUE TO/FROM CLEARING		557.00	
	05/26/2017	ACHMAYFA	ACHFA						
APP 650-130000						DUE TO/FROM CLEARING			557.00
	05/26/2017	ACHMAYFA	ACHFA						
SYSTEM GENERATED ENTRIES TOTAL								557.00	557.00
JOURNAL 2017/05/399 TOTAL								1,114.00	1,114.00

05/25/2017 15:01
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|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 3
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	DEBIT	CREDIT
ACCOUNT			ACCOUNT DESCRIPTION		
631 CLEARING FUND	2017 5	399	05/26/2017		
631-130000			DUE TO/FROM CLEARING	557.00	
635-111100			CASH		557.00
			FUND TOTAL	557.00	557.00
650 AGENCY FUND	2017 5	399	05/26/2017		
650-130000			DUE TO/FROM CLEARING		557.00
650-213000			ACCOUNTS PAYABLE	557.00	
			FUND TOTAL	557.00	557.00

05/25/2017 15:01 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 4
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JOURNAL ENTRIES TO BE CREATED

FUND	DUE TO	DUE FROM
631 CLEARING FUND	557.00	
650 AGENCY FUND		557.00
	<hr/>	<hr/>
TOTAL	557.00	557.00

** END OF REPORT - Generated by Matthew Brigham Huish **

VOID

06/05/2017 09:29 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 1
|apcsbdsb

Ba 6/5/17

CASH ACCOUNT: 635 111100 CASH
CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

340569 01/27/2016 VOID 252 H.D. FOWLER COMPANY 203279 I4110269 12/21/2015 -513.39
Invoice: I4110269 PW/PVC PIPING, CLAMPS, COUPLING, GASKET, ETC
-513.39 73411345 531100 OFFICE SUPPLIES

CHECK 340569 TOTAL: -513.39

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** -513.39

COUNT AMOUNT

TOTAL VOIDED CHECKS 1 513.39

*** GRAND TOTAL *** -513.39

06/05/2017 09:29 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 2
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JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL					ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	LINE DESC			
2017 6 33									
APP 401-213000						ACCOUNTS PAYABLE			513.39
06/05/2017	340569	VOID				AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100						CASH		513.39	
06/05/2017	340569	VOID				AP CASH DISBURSEMENTS JOURNAL			
GENERAL LEDGER TOTAL								513.39	513.39
APP 631-130000						DUE TO/FROM CLEARING			513.39
06/05/2017	01/17/16	VOID							
APP 401-130000						DUE TO/FROM CLEARING		513.39	
06/05/2017	01/17/16	VOID							
SYSTEM GENERATED ENTRIES TOTAL								513.39	513.39
JOURNAL 2017/06/33 TOTAL								1,026.78	1,026.78

06/05/2017 09:29
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CITY OF BAINBRIDGE ISLAND
A/P CASH DISBURSEMENTS JOURNAL

P 3
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JOURNAL ENTRIES TO BE CREATED

FUND	ACCOUNT	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
401	WATER OPERATING FUND	2017 6	33	06/05/2017			
	401-130000				DUE TO/FROM CLEARING	513.39	
	401-213000				ACCOUNTS PAYABLE		513.39
					FUND TOTAL	513.39	513.39
631	CLEARING FUND	2017 6	33	06/05/2017			
	631-130000				DUE TO/FROM CLEARING		513.39
	635-111100				CASH	513.39	
					FUND TOTAL	513.39	513.39

06/05/2017 09:29
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CITY OF BAINBRIDGE ISLAND
A/P CASH DISBURSEMENTS JOURNAL

P 4
apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
401 WATER OPERATING FUND			513.39
631 CLEARING FUND		513.39	
	TOTAL	513.39	513.39

** END OF REPORT - Generated by Matthew Brigham Huish **

MANUAL

05/19/2017 11:53 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 1
|apcsahdsb

CR 5/19/17

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

344514	05/19/2017	PRTD 2265 BAINBRIDGE ISLAND LO	213608	51000	05/01/2017	21700038	M051917	9,617.57
Invoice: 51000					2017 Q1-LTAC FUNDING			
					GG-TOUR-PROF SERVICES			
9,617.57 91140573 541100								
CHECK 344514 TOTAL:								9,617.57
344515	05/19/2017	PRTD 5035 COLUMBIA FORD	213609	3-H1728	05/05/2017	21700031	M051917	24,669.13
Invoice: 3-H1728					2017 FORD ESCAPE - POOL VEHICLE			
					2017-2 SUVS-VEH ACQ			
24,669.13 73638594 66400000853								
CHECK 344515 TOTAL:								24,669.13
344516	05/19/2017	PRTD 5035 COLUMBIA FORD	213610	3-H1738	05/05/2017	21700032	M051917	25,003.00
Invoice: 3-H1738					2017 Ford Escape-Code Officer			
					2017-2 LIGHT DUTY P/U-EQ ACQ			
25,003.00 73638594 66400000855								
CHECK 344516 TOTAL:								25,003.00
344517	05/19/2017	PRTD 8250 INTEGRA BUSINESS	213611	14615540	05/01/2017		M051917	929.41
Invoice: 14615540					MAY17-CITYWIDE PHONE SVC			
					FIN - ALLOC TELEPHONE			
929.41 41637891 542100								
CHECK 344517 TOTAL:								929.41
344518	05/19/2017	PRTD 1971 KELLEY IMAGING SYSTE	213613	20601096	05/03/2017		M051917	389.27
Invoice: 20601096					POL/ES4555C COPIER LEASE, PROP TAX			
					PD-C/E-ADMIN RENTS/LEASE			
389.27 51011211 545000								
CHECK 344518 TOTAL:								389.27
344519	05/19/2017	PRTD 6714 TOSHIBA FINANCIAL SE	213612	20601095	05/03/2017		M051917	682.63
Invoice: 20601095					O&M/ES4555C COPIER LEASE, PROP TAX			
					RENTS & LEASES - OPERATING			
682.63 73637891 545000								
CHECK 344519 TOTAL:								682.63

05/19/2017 11:53 |CITY OF BAINBRIDGE ISLAND
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|P 2
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NUMBER OF CHECKS 6 *** CASH ACCOUNT TOTAL *** 61,291.01

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	6	61,291.01

*** GRAND TOTAL *** 61,291.01

05/19/2017 11:53 | CITY OF BAINBRIDGE ISLAND
 bhuish | A/P CASH DISBURSEMENTS JOURNAL

| P 3
 | apcshdsb

JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL				ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	LINE DESC		
2017 5 301								
APP 104-213000						CIVIC IMPR - ACCOUNTS PAYABLE	9,617.57	
	05/19/2017	M051917	051917			AP CASH DISBURSEMENTS JOURNAL		
APP 635-111100						CASH		61,291.01
	05/19/2017	M051917	051917			AP CASH DISBURSEMENTS JOURNAL		
APP 631-213000						ACCOUNTS PAYABLE	51,284.17	
	05/19/2017	M051917	051917			AP CASH DISBURSEMENTS JOURNAL		
APP 001-213000						GENERAL - ACCOUNTS PAYABLE	389.27	
	05/19/2017	M051917	051917			AP CASH DISBURSEMENTS JOURNAL		
GENERAL LEDGER TOTAL							61,291.01	61,291.01
APP 631-130000						DUE TO/FROM CLEARING	10,006.84	
	05/19/2017	M051917	051917					
APP 104-130000						CIVIC IMPR DUE TO/FROM CLEAR'G		9,617.57
	05/19/2017	M051917	051917					
APP 001-130000						GENERAL - DUE TO/FROM CLEARING		389.27
	05/19/2017	M051917	051917					
SYSTEM GENERATED ENTRIES TOTAL							10,006.84	10,006.84
JOURNAL 2017/05/301 TOTAL							71,297.85	71,297.85

05/19/2017 11:53
bhuish

|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 4
|apcsbdb

JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
ACCOUNT						
001 GENERAL FUND	2017 5	301	05/19/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		389.27
001-213000				GENERAL - ACCOUNTS PAYABLE	389.27	
				FUND TOTAL	389.27	389.27
104 CIVIC IMPROVEMENT FUND	2017 5	301	05/19/2017			
104-130000				CIVIC IMPR DUE TO/FROM CLEAR'G		9,617.57
104-213000				CIVIC IMPR - ACCOUNTS PAYABLE	9,617.57	
				FUND TOTAL	9,617.57	9,617.57
631 CLEARING FUND	2017 5	301	05/19/2017			
631-130000				DUE TO/FROM CLEARING	10,006.84	
631-213000				ACCOUNTS PAYABLE	51,284.17	
635-111100				CASH		61,291.01
				FUND TOTAL	61,291.01	61,291.01

05/19/2017 11:53
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CITY OF BAINBRIDGE ISLAND
A/P CASH DISBURSEMENTS JOURNAL

P 5
apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001 GENERAL FUND			389.27
104 CIVIC IMPROVEMENT FUND			9,617.57
631 CLEARING FUND		10,006.84	
	TOTAL	10,006.84	10,006.84

** END OF REPORT - Generated by Matthew Brigham Huish **

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05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 1
|apcsbdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO CHK DATE TYPE VENDOR NAME

VOUCHER INVOICE

INV DATE PO

CHECK RUN

NET
5/24/17

INVOICE DTL DESC

344520 05/24/2017 PRD	7314 US BANK	213615 03/28/17-BB	03/28/2017	M052317	118.07
Invoice: 03/28/17-BB			POL/AMAZON/PAINT MARKERS (12)		
		118.07 53011212 531100	PD-C/E-PATROL SUPPLIES		
		213616 03/28/17-BB-A	03/28/2017	M052317	18.39
Invoice: 03/28/17-BB-A			POL/AMAZON/PSYCHOLOGY BOOK		
		18.39 53011212 443410	POLICE - C/E PATROL TRAINING		
		213617 04/06/17-BB	04/06/2017	M052317	114.86
Invoice: 04/06/17-BB			POL/AMAZON/GLOVES, PLANTRONICS EXPLORER		
		114.86 53011212 531100	PD-C/E-PATROL SUPPLIES		
		213618 04/10/17-BB	04/10/2017	M052317	150.00
Invoice: 04/10/17-BB			POL/WA DEPT FISH & WILDLIFE/HYDRAULIC PERMIT		
		150.00 55011757 54110000159	PD-DERELICT VES-DISPOSAL SVCS		
		213619 04/11/17-BB	04/11/2017	M052317	40.00
Invoice: 04/11/17-BB			POL/WSDOT/GOOD2GO ACCT REPLENISH		
		5.00 51011214 443410	PD-C/E-ADMIN-TRAINING		
		5.00 51011211 543100	PD-C/E-ADM-TRAVEL/MEALS/LODGIN		
		5.00 53011212 443410	POLICE - C/E PATROL TRAINING		
		25.00 53011212 543100	PATROL-TRAVEL/MEALS/LODGING		
		213620 04/10/17-BB-A	04/10/2017	M052317	260.40
Invoice: 04/10/17-BB-A			POL/WESTSIDE PIZZA/ALL-HANDS MTG		
		260.40 53011212 443410	POLICE - C/E PATROL TRAINING		
		213621 04/16/17-BB	04/16/2017	M052317	31.54
Invoice: 04/16/17-BB			POL/AMAZON/SLASH JACKETS		
		31.54 51011211 531100	PD-C/E-ADM-SUPPLIES		
		213622 04/14/17-BB	04/14/2017	M052317	655.63
Invoice: 04/14/17-BB			POL/MAG MIC/MAG MICS FOR SQUAD CARS		
		655.63 53011212 531100	PD-C/E-PATROL SUPPLIES		
		213623 04/18/17-BB	04/18/2017	M052317	435.00
Invoice: 04/18/17-BB			POL/AXON TASER/REG FOR TOVAR		
		435.00 53011212 443410	POLICE - C/E PATROL TRAINING		
		213624 04/24/17-BB	04/24/2017	M052317	198.34
Invoice: 04/24/17-BB			POL/TARGET/BRUSH, BROOM, OTTOMAN		
		198.34 51011215 531100	POLICE - C/E FACIL SUPPLIES		
		213626 04/24/17-BB-A	04/24/2017	M052317	-87.19
Invoice: 04/24/17-BB-A			POL/TARGET/REFUND-OTTOMANS		
		-87.19 51011215 531100	POLICE - C/E FACIL SUPPLIES		
		213627 04/13/17-CC	04/13/2017	M052317	174.38
Invoice: 04/13/17-CC			PCD/ACE HRDWRE/WHEELBARROWS		
		87.19 64011391 54110000340	STRAWBERRY-PROF SVCS		
		87.19 64011391 54110000341	PP E BLUFF-PROF SVCS		

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

P 2
apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 04/20/17-CC				213628	04/20/17-CC	04/20/2017	M052317		42.93
				42.93	63470588 531100	PCD/SLUYS/PASTRIES FOR APA MTG			
						CUR - DEV DEV PLAN OFC SUPPLY			
Invoice: 04/20/17-CC-A				213629	04/20/17-CC-A	04/20/2017	M052317		53.74
				53.74	63470588 531100	PCD/CENTRAL MKT/FRUIT, COFFEE-APA MTG			
						CUR - DEV DEV PLAN OFC SUPPLY			
Invoice: 04/20/17-CC-B				213630	04/20/17-CC-B	04/20/2017	M052317		9.55
				9.55	63470588 531100	PCD/CENTRAL MKT/FOOD, PAPER SUPPLIES-APA MTG			
						CUR - DEV DEV PLAN OFC SUPPLY			
Invoice: 03/31/17-MH				213631	03/31/17-MH	03/31/2017	M052317		7.00
				7.00	51011211 543100	POL/DIAMOND PRKNG/PRKNG-KITSAP STRONG EVENT			
						PD-C/E-ADM-TRAVEL/MEALS/LODGIN			
Invoice: 04/11/17-MH				213632	04/11/17-MH	04/11/2017	M052317		14.60
				14.60	51011211 543100	POL/WSDOT/FERRY FEE-UW POL CAMPUS TOUR			
						PD-C/E-ADM-TRAVEL/MEALS/LODGIN			
Invoice: 04/11/17-MH-A				213633	04/11/17-MH-A	04/11/2017	M052317		22.80
				22.80	51011211 543100	POL/WSDOT/FERRY FEE-UW POL CAMPUS TOUR			
						PD-C/E-ADM-TRAVEL/MEALS/LODGIN			
Invoice: 04/18/17-MH				213634	04/18/17-MH	04/18/2017	M052317		14.60
				14.60	51011214 443410	POL/WSDOT/FERRY FEE-PATHWISE COHORT TRAINING			
						PD-C/E-ADMIN-TRAINING			
Invoice: 04/18/17-MH-A				213635	04/18/17-MH-A	04/18/2017	M052317		21.00
				21.00	51011214 443410	POL/BRAVERN/PRKNG-PATHWISE COHORT TRAINING			
						PD-C/E-ADMIN-TRAINING			
Invoice: 04/18/17-MH-B				213636	04/18/17-MH-B	04/18/2017	M052317		14.55
				14.55	51011214 443410	POL/HOWIE STEAK/LUNCH-PATHWISE COHORT TRAINING			
						PD-C/E-ADMIN-TRAINING			
Invoice: 04/18/17-MH-C				213637	04/18/17-MH-C	04/18/2017	M052317		14.60
				14.60	51011214 443410	POL/WSDOT/FERRY FEE-PATHWISE COHORT TRAINING			
						PD-C/E-ADMIN-TRAINING			
Invoice: 04/20/17-MH				213638	04/20/17-MH	04/20/2017	M052317		14.60
				14.60	51011214 443410	POL/WSDOT/FERRY FEE-FBINAA TRAINING			
						PD-C/E-ADMIN-TRAINING			
Invoice: 04/20/17-MH-A				213639	04/20/17-MH-A	04/20/2017	M052317		22.80
				22.80	51011214 443410	POL/WSDOT/FERRY FEE-FBINAA TRAINING			
						PD-C/E-ADMIN-TRAINING			
Invoice: 03/30/17-RL				213642	03/30/17-RL	03/30/2017	M052317		20.00
				20.00	11011116 543100	CC/SUQUAMISH TRIBE/SPRING MTG & DINNER-MEDINA			
						COUNCIL-TRAVEL/MEALS/LODGING			

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 3
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 03/29/17-JR				213643	03/29/17-JR	03/29/2017		M052317	94.55
				94.55	61011581 531100	PCD/AMAZON/DESK CHAIR			
						PCD - C/E ADMIN SUPPLIES			
Invoice: 04/03/17-JR				213644	04/03/17-JR	04/03/2017		M052317	242.56
				242.56	61011581 531100	PCD/AMAZON/STEP STOOL, KNEELING PAD			
						PCD - C/E ADMIN SUPPLIES			
Invoice: 04/05/17-JR				213645	04/05/17-JR	04/05/2017		M052317	48.90
				48.90	31011256 531100	EX/AMAZON/MYLAR BLANKETS-EOP PACKS			
						EX-C/E-EMERG PREP-SUPPLIES			
Invoice: 04/06/17-JR				213646	04/06/17-JR	04/06/2017		M052317	381.40
				381.40	62471591 531100	PCD/AMAZON/BUILDING FILES			
						BLDG - BLDG OFFICE SUPPLIES			
Invoice: 04/11/17-JR				213647	04/11/17-JR	04/11/2017		M052317	250.00
				250.00	62471594 443410	PCD/BUILDING INDUSTRY/CERT EROSION CLASS-QUITSLUND			
						BLDG - BLDG TRAINING TRAVEL			
Invoice: 04/14/17-JR				213648	04/14/17-JR	04/14/2017		M052317	169.98
				169.98	61011581 531100	PCD/LEGACY/FLOWERS-JR			
						PCD - C/E ADMIN SUPPLIES			
Invoice: 03/27/17-JH				213649	03/27/17-JH	03/27/2017		M052317	47.75
				47.75	53011421 664000	POL/WA ST DEPT LIC/REG, PLATES-FORD EXPLORER			
						POLICE - C/E PATROL MACH & EQ			
Invoice: 03/27/17-JH-A				213650	03/27/17-JH-A	03/27/2017		M052317	2.00
				2.00	53011421 664000	POL/WA ST DEPT LIC/SVC FEE			
						POLICE - C/E PATROL MACH & EQ			
Invoice: 04/07/17-JH				213651	04/07/17-JH	04/07/2017		M052317	357.20
				357.20	51011214 443410	POL/AMERICAN AIR/SR. MGMT. INSTITUTE TRAINING			
						PD-C/E-ADMIN-TRAINING			
Invoice: 04/07/17-JH-A				213652	04/07/17-JH-A	04/07/2017		M052317	457.20
				457.20	51011214 443410	POL/JETBLUE/SR.MGMT. INTSTITUTE TRAINING			
						PD-C/E-ADMIN-TRAINING			
Invoice: 04/07/17-JH-B				213653	04/07/17-JH-B	04/07/2017		M052317	4.00
				4.00	51011214 443410	POL/EXPEDIA/SVC FEE			
						PD-C/E-ADMIN-TRAINING			
Invoice: 04/20/17-JH				213654	04/20/17-JH	04/20/2017		M052317	131.25
				131.25	51011214 443410	POL/FBINAA/REG FOR FBINAA CONF.			
						PD-C/E-ADMIN-TRAINING			
Invoice: 03/27/17-BS				213655	03/27/17-BS	03/27/2017		M052317	44.17
				44.17	53011212 531100	POL/SOLID SIGNAL/RADIO ANTENNA			
						PD-C/E-PATROL SUPPLIES			

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 4
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC								
Invoice: 04/06/17-BS			213656	04/06/17-BS	04/06/2017		M052317	76.00
			76.00	54025212 541100	POL/FRANCISCAN MED/MERCH MARINE EXAM 1/2		MARINE-PROF SVCS	
Invoice: 04/06/17-BS-A			213657	04/06/17-BS-A	04/06/2017		M052317	120.00
			120.00	54025212 541100	POL/KAISER/MERCH MARINE EXAM 2/2		MARINE-PROF SVCS	
Invoice: 04/11/17-BS			213658	04/11/17-BS	04/11/2017		M052317	140.00
			140.00	54025212 549100	POL/US COAST GUARD/MERCH MARINE USER FEES		MARINE - DUES/SUBSCRIPTIONS	
Invoice: 03/29/17-CS			213659	03/29/17-CS	03/29/2017		M052317	40.00
			40.00	51011211 549100	POL/NAT'L ASSOC OF RESOURCE OFFICERS/ANNUAL DUES		PD-C/E-ADM-DUES/SUBCR/MEMBRSH	
Invoice: 04/01/17-CS			213660	04/01/17-CS	04/01/2017		M052317	286.77
			286.77	33011161 544151	EX/INDEED/RECRUITING AD		HR-ADV-EE RECRUIT-POLICE	
Invoice: 04/05/17-CS			213661	04/05/17-CS	04/05/2017		M052317	18.00
			18.00	51011211 53110000589	POL/SAFEWAY/SUPPLIES-CITIZEN ACADEMY		PD-COMM OUTREACH-SUPPLIES	
Invoice: 04/15/17-CS			213662	04/15/17-CS	04/15/2017		M052317	34.77
			34.77	51011211 53110000589	POL/SAFEWAY/SUPPLIES-CITIZEN ACADEMY		PD-COMM OUTREACH-SUPPLIES	
Invoice: 04/15/17-CS-A			213663	04/15/17-CS-A	04/15/2017		M052317	65.74
			65.74	51011211 53110000589	POL/SAFEWAY/B'FAST-CITIZEN ACADEMY		PD-COMM OUTREACH-SUPPLIES	
Invoice: 04/15/17-CS-B			213664	04/15/17-CS-B	04/15/2017		M052317	175.71
			175.71	51011211 53110000589	POL/WESTSIDE PIZZA/LUNCH-CITIZENS ACADEMY		PD-COMM OUTREACH-SUPPLIES	
Invoice: 03/28/17-KS			213665	03/28/17-KS	03/28/2017		M052317	24.00
			24.00	33011161 544121	EX/LINKEDIN/JOB AD		HR-ADV-EE RECRUIT-COURT	
Invoice: 03/28/17-KS-A			213666	03/28/17-KS-A	03/28/2017		M052317	24.00
			24.00	33011161 544141	EX/LINKEDIN/JOB AD		HR-ADV-EE RECRUIT-FINANCE	
Invoice: 03/28/17-KS-B			213667	03/28/17-KS-B	03/28/2017		M052317	24.00
			24.00	33011161 544172	EX/LINKEDIN/JOB AD		HR-ADV-EE RECRUIT-PW ENG	
Invoice: 03/28/17-KS-C			213668	03/28/17-KS-C	03/28/2017		M052317	24.00
			24.00	33011161 544173	EX/LINKEDIN/JOB AD		HR-ADV-EE RECRUIT-PW O&M	

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 5
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 03/29/17-KS				213669	03/29/17-KS	03/29/2017		M052317	17.09
				17.09	31011131 543100	EX/FORK&SPOON/LUNCH-DOWNTOWN ASSOC. EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 03/31/17-KS				213670	03/31/17-KS	03/31/2017		M052317	43.79
				43.79	31011131 544000	EX/FACEBOOK/CITY AD-SOUND TO OLYMPIC EXEC - C/E ADVERTISING			
Invoice: 04/12/17-KS				213671	04/12/17-KS	04/12/2017		M052317	157.04
				157.04	31011131 531100	EX/T&C/POLICE OPEN HOUSE-COOKIES EXEC - C/E SUPPLIES			
Invoice: 04/11/17-SW				213672	04/11/17-SW	04/11/2017		M052317	40.01
				40.01	52011212 543100	POL/CHEVRON/FUEL-INVEST POL APPLICANT PD-INV-TRAVEL/MEALS/LODGING			
Invoice: 04/12/17-SW				213673	04/12/17-SW	04/12/2017		M052317	9.63
				9.63	52011212 543100	POL/ARBYS/LUNCH-INVEST POL APPLICANT PD-INV-TRAVEL/MEALS/LODGING			
Invoice: 04/11/17-SW-A				213674	04/11/17-SW-A	04/11/2017		M052317	13.18
				13.18	52011212 543100	POL/TOTE-EM/LUNCH-INVEST POL APPLICANT PD-INV-TRAVEL/MEALS/LODGING			
Invoice: 04/12/17-SW-A				213675	04/12/17-SW-A	04/12/2017		M052317	21.00
				21.00	52011212 543100	POL/AMERISTAR/FUEL-INVEST POL APPLICANT PD-INV-TRAVEL/MEALS/LODGING			
Invoice: 04/11/17-SW-B				213676	04/11/17-SW-B	04/11/2017		M052317	32.25
				32.25	52011212 543100	POL/MOBIL/FUEL-INVEST POL APPLICANT PD-INV-TRAVEL/MEALS/LODGING			
Invoice: 04/13/17-SW				213677	04/13/17-SW	04/13/2017		M052317	112.32
				112.32	52011212 543100	POL/FAIRFIELD INN/LODGING-INVEST POL APPLICANT PD-INV-TRAVEL/MEALS/LODGING			
Invoice: 04/11/17-SW-C				213678	04/11/17-SW-C	04/11/2017		M052317	20.17
				20.17	52011212 543100	POL/LA CASA LOPEZ/DINNER-INVEST POL APPLICANT PD-INV-TRAVEL/MEALS/LODGING			
Invoice: 03/28/17-KB				213679	03/28/17-KB	03/28/2017		M052317	178.26
				178.26	61011581 531100	PCD/AMAZON/OFFICE CHAIR-L.LANT PCD - C/E ADMIN SUPPLIES			
Invoice: 04/03/17-KB				213680	04/03/17-KB	04/03/2017		M052317	300.00
				300.00	33011164 443410	EX/AWC/LABOR RELATIONS INSTITUTE HR-C/E-TRAINING EXP			
Invoice: 04/03/17-KB-A				213681	04/03/17-KB-A	04/03/2017		M052317	90.00
				90.00	33011161 544173	EX/CRAIGSLIST/JOB AD-SEASONAL MAINT. HR-ADV-EE RECRUIT-PW O&M			

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 6
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 04/14/17-KB				213682	04/14/17-KB	04/14/2017		M052317	14.60
				14.60	33011164 443410	EX/WSDOT/FERRY FEE-TRAINING IN EDMONDS			
						HR-C/E-TRAINING EXP			
Invoice: 04/14/17-KB-A				213683	04/14/17-KB-A	04/14/2017		M052317	14.60
				14.60	33011164 443410	EX/WSDOT/FERRY FEE-TRAINING IN EDMONDS			
						HR-C/E-TRAINING EXP			
Invoice: 04/19/17-KB				213684	04/19/17-KB	04/19/2017		M052317	89.00
				89.00	33011164 443410	EX/NAT'L PELRA/WEBINAR			
						HR-C/E-TRAINING EXP			
Invoice: 04/20/17-KB				213685	04/20/17-KB	04/20/2017		M052317	299.00
				299.00	33011161 549100	EX/SGR/SGR JOB BOARD-ANNUAL MEMBERSHIP			
						HR-C/E-DUES & SUBSCRIPTIONS			
Invoice: 04/20/17-KB-A				213686	04/20/17-KB-A	04/20/2017		M052317	1,884.06
				1,884.06	33011164 443415	EX/ICMA/SUPERVISOR TRAINING MANUALS			
						HR-C/E-CITY WIDE TRAINING			
Invoice: 03/31/17-SM				213687	03/31/17-SM	03/31/2017		M052317	30.95
				30.95	81011881 535500	IT/RAKUTEN/CELL PHONE COVERS (5)			
						IT - C/E COMPUTER PARTS & EQ			
Invoice: 04/04/17-SM				213688	04/04/17-SM	04/04/2017		M052317	276.00
				276.00	81011881 535500	IT/RAKUTEN/MONITORS (2)			
						IT - C/E COMPUTER PARTS & EQ			
Invoice: 04/18/17-SM				213689	04/18/17-SM	04/18/2017		M052317	19.00
				19.00	81011881 548500	IT/ACUITY SCHED/WEBSITE CALENDAR SCHEDULING			
						IT - C/E COMPUTER SUPPORT			
Invoice: 03/30/17-KJ				213690	03/30/17-KJ	03/30/2017		M052317	24.75
				24.75	36011143 531100	EX/AMAZON/NOTARY STAMP			
						CLERK - C/E SUPPLIES			
Invoice: 03/31/17-KJ				213691	03/31/17-KJ	03/31/2017		M052317	18.47
				18.47	91011211 531100	CC/T&C/SUPPLIES-N.WARD MEETING			
						GG-C/E-CIVIL SVC-OFC SUP			
Invoice: 03/31/17-KJ-A				213692	03/31/17-KJ-A	03/31/2017		M052317	7.96
				7.96	91011211 531100	CC/T&C/SUPPLIES-N.WARD MEETING			
						GG-C/E-CIVIL SVC-OFC SUP			
Invoice: 04/07/17-KJ				213693	04/07/17-KJ	04/07/2017		M052317	78.52
				78.52	91011211 531100	CC/T&C/SUPPLIES-C.WARD MEETING			
						GG-C/E-CIVIL SVC-OFC SUP			
Invoice: 04/23/17-KJ				213694	04/23/17-KJ	04/23/2017		M052317	57.48
				57.48	36011143 531100	EX/AMAZON/CATALOG ENVELOPES			
						CLERK - C/E SUPPLIES			

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

P 7
apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 04/24/17-KJ				213695	04/24/17-KJ	04/24/2017		M052317	109.98
				109.98	36011143 531100	EX/AMAZON/LAMINATION POUCHES CLERK - C/E SUPPLIES			
Invoice: 03/28/17-ES				213696	03/28/17-ES	03/28/2017		M052317	48.25
				48.25	41011141 531100	FIN/TYLER BIZ FORMS/PAYROLL FORMS FIN - C/E ADMIN SUPPLIES			
Invoice: 04/03/17-ES				213697	04/03/17-ES	04/03/2017		M052317	42.10
				42.10	41011141 531100	FIN/TYLER BIZ FORMS/PAYROLL FORMS FIN - C/E ADMIN SUPPLIES			
Invoice: 03/28/17-KS-D				213698	03/28/17-KS-D	03/28/2017		M052317	298.00
				298.00	41011144 443410	FIN/FRED PRYOR/PAYROLL LAW-KD FIN - C/E TRAINING			
Invoice: 04/08/17-KS				213699	04/08/17-KS	04/08/2017		M052317	18.52
				18.52	31011131 531100	EX/T&C/COFFEE-C.WARD MEETING EXEC - C/E SUPPLIES			
Invoice: 03/29/17-DS				213700	03/29/17-DS	03/29/2017		M052317	242.32
				242.32	31011131 542450	EX/FACEBOOK/ADS EX-COMMUNITY INFO & OUTREACH			
Invoice: 03/29/17-DS-A				213701	03/29/17-DS-A	03/29/2017		M052317	7.74
				7.74	31011131 542450	EX/FACEBOOK/ADS EX-COMMUNITY INFO & OUTREACH			
Invoice: 03/29/17-DS-B				213702	03/29/17-DS-B	03/29/2017		M052317	46.00
				46.00	31011131 543100	EX/HABTAMU/TAXI SVC-ICMA CONF. EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 03/29/17-DS-C				213703	03/29/17-DS-C	03/29/2017		M052317	89.04
				89.04	31011131 543100	EX/FLYER TAXI/TAXI SVC-ICMA CONF. EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 03/29/17-DS-D				213704	03/29/17-DS-D	03/29/2017		M052317	17.30
				17.30	31011131 543100	EX/PUB & PEOPLE/MEAL-ICMA CONF. EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 03/30/17-DS				213705	03/30/17-DS	03/30/2017		M052317	9.60
				9.60	31011131 543100	EX/DUNKIN DONUTS/MEAL-ICMA CONF. EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 03/31/17-DS				213706	03/31/17-DS	03/31/2017		M052317	5.26
				5.26	31011131 543100	EX/QDOBA/MEAL-ICMA CONF. EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 03/31/17-DS-A				213707	03/31/17-DS-A	03/31/2017		M052317	471.74
				471.74	31011131 543100	EX/HYATT/LODGING-ICMA CONF. EXEC-C/E-TRAVEL/MEALS/LODGING			

05/24/2017 07:52 | CITY OF BAINBRIDGE ISLAND
bhuish | A/P CASH DISBURSEMENTS JOURNAL

| P 8
| apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 04/01/17-DS				213708	04/01/17-DS	04/01/2017		M052317	49.68
				49.68	31011131 543100	EX/812 ECAB/TAXI SVC-ICMA CONF.			
						EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 04/03/17-DS				213709	04/03/17-DS	04/03/2017		M052317	6.06
				6.06	31011131 542450	EX/FACEBOOK/ADS			
						EX-COMMUNITY INFO & OUTREACH			
Invoice: 04/04/17-DS				213710	04/04/17-DS	04/04/2017		M052317	185.28
				185.28	31011131 531100	EX/MICROSOFT/COMPUTER SUPPLIES			
						EXEC - C/E SUPPLIES			
Invoice: 04/08/17-DS				213711	04/08/17-DS	04/08/2017		M052317	21.80
				21.80	31011131 542450	EX/CONSTANT CONTACT/2017 MONTHLY FEE			
						EX-COMMUNITY INFO & OUTREACH			
Invoice: 04/11/17-DS				213712	04/11/17-DS	04/11/2017		M052317	199.00
				199.00	31011131 542450	EX/SPREAKER/BROADCAST PLAN			
						EX-COMMUNITY INFO & OUTREACH			
Invoice: 04/11/17-DS-A				213713	04/11/17-DS-A	04/11/2017		M052317	6.00
				6.00	31011131 543100	EX/WSDOT/NARROWS TOLL			
						EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 04/14/17-DS				213714	04/14/17-DS	04/14/2017		M052317	378.39
				378.39	31011131 543100	EX/RESORT @ MTN/NW CITY MGMT CONF.			
						EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 04/14/17-DS-A				213715	04/14/17-DS-A	04/14/2017		M052317	46.00
				46.00	31011131 543100	EX/THE ALTITUDE/DINNER-NW CITY MGMT CONF.			
						EXEC-C/E-TRAVEL/MEALS/LODGING			
Invoice: 04/15/17-DS				213716	04/15/17-DS	04/15/2017		M052317	209.40
				209.40	11011116 542450	CC/TREEHOUSE CAFE/S.WARD MEETING			
						COMMUNITY OUTREACH/PARTICIPA			
Invoice: 03/31/17-KG				213717	03/31/17-KG	03/31/2017		M052317	13.94
				13.94	72011322 531100	PW/AMAZON/COMB BINDING SUPPLIES			
						ENG - C/E PLANS SUPPLIES			
Invoice: 03/31/17-KG-A				213718	03/31/17-KG-A	03/31/2017		M052317	150.00
				150.00	72433438 64980000662	PW/WDPW/HPA PERMIT-WARDWELL			
						WARDWELL RECONSTR-PERMITS			
Invoice: 03/31/17-KG-B				213719	03/31/17-KG-B	03/31/2017		M052317	150.00
				150.00	72334438 64980000776	PW/WDPW/HPA PERMIT-W.W. RAVINE			
						WINSLOW RAVINE OUTFALL-PERMITS			
Invoice: 04/06/17-KG				213720	04/06/17-KG	04/06/2017		M052317	240.00
				240.00	72011325 549100	PW/ASCE/RENEWAL LICENSE-MUNTER			
						ENG-C/E-FACILITIES/EQ/VEH-MISC			

05/24/2017 07:52 | CITY OF BAINBRIDGE ISLAND
bhuish | A/P CASH DISBURSEMENTS JOURNAL

| P 9
| apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 04/06/17-KG-A				213721	04/06/17-KG-A	04/06/2017		M052317	116.00
				116.00	72011325 549100	PW/PW PRO LIC/ENG PRJ LIC-MUNTER ENG-C/E-FACILITIES/EQ/VEH-MISC			
Invoice: 04/10/17-KG				213722	04/10/17-KG	04/10/2017		M052317	260.00
				130.00	72411341 531100	PW/PAYPAL/CROSS CONNECTION CONTROL ENG - WATER ADMIN SUPPLIES			
				130.00	73411345 531100	OFFICE SUPPLIES			
Invoice: 04/12/17-KG				213723	04/12/17-KG	04/12/2017		M052317	375.00
				375.00	72011321 549100	PW/NCMP/CERT-KG ENG - C/E ADMIN MISCELLEANEOUS			
Invoice: 04/06/17-CK				213724	04/06/17-CK	04/06/2017		M052317	554.02
				554.02	73431835 443410	PW/HOTELS.COM/LODGING-WW COLLECT TRAINING-LE, KY O&M-SSWM MAINT-TRAVEL EXP			
Invoice: 04/13/17-CK				213725	04/13/17-CK	04/13/2017		M052317	16.34
				16.34	73411345 549100	PW/ADOBE/MO. PRO SUBSCRIPTION DUES/SUBSCRIPTIONS			
Invoice: 04/18/17-CK				213726	04/18/17-CK	04/18/2017		M052317	173.88
				173.88	73111264 531100	PW/AMAZON/BEACON BATTERIES O&M-STREET-TRAF CONTROL-SUPPLY			
Invoice: 03/30/17-AR				213727	03/30/17-AR	03/30/2017		M052317	32.93
				32.93	91011211 531100	EX/BLACKBIRD BKRY/CSC SUPPLIES GG-C/E-CIVIL SVC-OFC SUP			
Invoice: 04/03/17-AR				213728	04/03/17-AR	04/03/2017		M052317	38.52
				38.52	91011211 531100	EX/BLACKBIRD BKRY/CSC SUPPLIES GG-C/E-CIVIL SVC-OFC SUP			
Invoice: 04/04/17-AR				213729	04/04/17-AR	04/04/2017		M052317	11.18
				11.18	31011256 443410	EX/SUBWAY/MEAL-FEMA TRAINING EX-C/E-EMERG PREP-TRAINING			
Invoice: 04/04/17-AR-A				213730	04/04/17-AR-A	04/04/2017		M052317	6.00
				6.00	31011256 443410	EX/WSDOT/NARROWS TOLL-FEMA TRAINING EX-C/E-EMERG PREP-TRAINING			
Invoice: 04/04/17-AR-B				213731	04/04/17-AR-B	04/04/2017		M052317	10.98
				10.98	31011256 443410	EX/T&C/MEAL-FEMA TRAINING EX-C/E-EMERG PREP-TRAINING			
Invoice: 04/05/17-AR				213732	04/05/17-AR	04/05/2017		M052317	9.22
				9.22	31011256 443410	EX/SUBWAY/MEAL-FEMA TRAINING EX-C/E-EMERG PREP-TRAINING			
Invoice: 04/05/17-AR-A				213733	04/05/17-AR-A	04/05/2017		M052317	14.63
				14.63	31011256 443410	EX/PHO LEWIS/MEAL-FEMA TRAINING EX-C/E-EMERG PREP-TRAINING			

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

P 10
apcshdsb

CASH ACCOUNT: 635 111100 CASH
CHECK NO CHK DATE TYPE VENDOR NAME

VOUCHER INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

Invoice: 04/05/17-AR-B	213734	04/05/17-AR-B	04/05/2017	M052317	10.55
	10.55	31011256 443410	EX/STARBUCKS/MEAL-FEMA TRAINING		
			EX-C/E-EMERG PREP-TRAINING		
Invoice: 04/06/17-AR	213735	04/06/17-AR	04/06/2017	M052317	9.18
	9.18	31011256 443410	EX/SUBWAY/MEAL-FEMA TRAINING		
			EX-C/E-EMERG PREP-TRAINING		
Invoice: 04/06/17-AR-A	213736	04/06/17-AR-A	04/06/2017	M052317	17.65
	17.65	31011256 443410	EX/STARBUCKS/MEAL-FEMA TRAINING		
			EX-C/E-EMERG PREP-TRAINING		
Invoice: 04/10/17-AR	213737	04/10/17-AR	04/10/2017	M052317	16.16
	16.16	31011256 443410	EX/VIVA MEXICO/MEAL-FEMA TRAINING		
			EX-C/E-EMERG PREP-TRAINING		
Invoice: 04/10/17-AR-A	213738	04/10/17-AR-A	04/10/2017	M052317	938.65
	938.65	31011256 443410	EX/HAMPTON INN/LODGING-FEMA TRAINING		
			EX-C/E-EMERG PREP-TRAINING		
Invoice: 04/10/17-AR-B	213739	04/10/17-AR-B	04/10/2017	M052317	30.99
	30.99	31011256 443410	EX/STARBUCKS/MEAL-FEMA TRAINING		
			EX-C/E-EMERG PREP-TRAINING		
Invoice: 04/10/17-AR-C	213740	04/10/17-AR-C	04/10/2017	M052317	15.79
	15.79	31011256 443410	EX/STARBUCKS/MEAL-FEMA TRAINING		
			EX-C/E-EMERG PREP-TRAINING		

CHECK 344520 TOTAL: 15,234.34

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** 15,234.34

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	15,234.34

*** GRAND TOTAL *** 15,234.34

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 11
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL					ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	LINE DESC			
2017 5 326									
APP 001-213000						GENERAL - ACCOUNTS PAYABLE		13,192.48	
05/24/2017 M052317		052417				AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100						CASH			15,234.34
05/24/2017 M052317		052417				AP CASH DISBURSEMENTS JOURNAL			
APP 407-213000						ACCOUNTS PAYABLE		737.62	
05/24/2017 M052317		052417				AP CASH DISBURSEMENTS JOURNAL			
APP 403-213000						ACCOUNTS PAYABLE		704.02	
05/24/2017 M052317		052417				AP CASH DISBURSEMENTS JOURNAL			
APP 301-213000						ACCOUNTS PAYABLE		150.00	
05/24/2017 M052317		052417				AP CASH DISBURSEMENTS JOURNAL			
APP 401-213000						ACCOUNTS PAYABLE		276.34	
05/24/2017 M052317		052417				AP CASH DISBURSEMENTS JOURNAL			
APP 101-213000						STREETS - ACCOUNTS PAYABLE		173.88	
05/24/2017 M052317		052417				AP CASH DISBURSEMENTS JOURNAL			
GENERAL LEDGER TOTAL								15,234.34	15,234.34
APP 631-130000						DUE TO/FROM CLEARING		15,234.34	
05/24/2017 M052317		052417							
APP 001-130000						GENERAL - DUE TO/FROM CLEARING			13,192.48
05/24/2017 M052317		052417							
APP 407-130000						DUE TO/FROM CLEARING			737.62
05/24/2017 M052317		052417							
APP 403-130000						DUE TO/FROM CLEARING			704.02
05/24/2017 M052317		052417							
APP 301-130000						DUE TO/FROM CLEARING			150.00
05/24/2017 M052317		052417							
APP 401-130000						DUE TO/FROM CLEARING			276.34
05/24/2017 M052317		052417							
APP 101-130000						STREETS - DUE TO/FROM CLEARING			173.88
05/24/2017 M052317		052417							
SYSTEM GENERATED ENTRIES TOTAL								15,234.34	15,234.34
JOURNAL 2017/05/326 TOTAL								30,468.68	30,468.68

05/24/2017 07:52
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|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 12
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
ACCOUNT						
001 GENERAL FUND	2017 5	326	05/24/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		13,192.48
001-213000				GENERAL - ACCOUNTS PAYABLE	13,192.48	
				FUND TOTAL	13,192.48	13,192.48
101 STREET FUND	2017 5	326	05/24/2017			
101-130000				STREETS - DUE TO/FROM CLEARING		173.88
101-213000				STREETS - ACCOUNTS PAYABLE	173.88	
				FUND TOTAL	173.88	173.88
301 CAPITAL CONSTRUCTION FUND	2017 5	326	05/24/2017			
301-130000				DUE TO/FROM CLEARING		150.00
301-213000				ACCOUNTS PAYABLE	150.00	
				FUND TOTAL	150.00	150.00
401 WATER OPERATING FUND	2017 5	326	05/24/2017			
401-130000				DUE TO/FROM CLEARING		276.34
401-213000				ACCOUNTS PAYABLE	276.34	
				FUND TOTAL	276.34	276.34
403 STORM & SURFACE WATER FUND	2017 5	326	05/24/2017			
403-130000				DUE TO/FROM CLEARING		704.02
403-213000				ACCOUNTS PAYABLE	704.02	
				FUND TOTAL	704.02	704.02
407 BUILDING & DEVELOPMENT FUND	2017 5	326	05/24/2017			
407-130000				DUE TO/FROM CLEARING		737.62
407-213000				ACCOUNTS PAYABLE	737.62	
				FUND TOTAL	737.62	737.62
631 CLEARING FUND	2017 5	326	05/24/2017			
631-130000				DUE TO/FROM CLEARING	15,234.34	
635-111100				CASH		15,234.34
				FUND TOTAL	15,234.34	15,234.34

05/24/2017 07:52 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 13
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		13,192.48
101	STREET FUND		173.88
301	CAPITAL CONSTRUCTION FUND		150.00
401	WATER OPERATING FUND		276.34
403	STORM & SURFACE WATER FUND		704.02
407	BUILDING & DEVELOPMENT FUND		737.62
631	CLEARING FUND	15,234.34	
	TOTAL	15,234.34	15,234.34

** END OF REPORT - Generated by Matthew Brigham Huish **

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05/26/2017 12:51 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 1
|apcshdeb

8/5/20/17

CASH ACCOUNT: 635 111100 CASH

CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

344521 05/26/2017 PRD 8604 ANDERSON CONSTRUCTIO 213756 PAYREQ1-861 04/24/2017 21700087 M052617 11,658.41
Invoice: PAYREQ1-861 POLICE DEPT BATHROOM UPGRADES
11,658.41 73011215 54810000861 PD BATHROOM REPAIR-R&M

CHECK 344521 TOTAL: 11,658.41

344522 05/26/2017 PRD 102 CITY OF BAINBRIDGE I 213757 RETREQ1-861 04/24/2017 21700088 M052617 9,930.50
Invoice: RETREQ1-861 PD BATHROOM UPGRADE-RET
9,930.50 73011215 54810000861 PD BATHROOM REPAIR-R&M

213759 RETREQ1-RESCLEANING 04/24/2017 21700063 M052617 4,210.00

Invoice: RETREQ1-RESCLEANING

2017-RESERVOIR CLNG-RET
3,241.70 73411345 548100 REPAIRS & MAINTENANCE
968.30 73415345 548100 REPAIRS

CHECK 344522 TOTAL: 14,140.50

344523 05/26/2017 PRD 5035 COLUMBIA FORD 213754 3-H1729 05/18/2017 21700031 M052617 24,669.13
Invoice: 3-H1729 2017 FORD ESCAPE (2) POOL VEHI
24,669.13 73638594 66400000853 2017-2 SUVS-VEH ACQ

CHECK 344523 TOTAL: 24,669.13

344524 05/26/2017 PRD 308 KITSAP REGIONAL COOR 213755 2017-RETREAT 05/12/2017 M052617 60.00
Invoice: 2017-RETREAT CC/2017 KRCC RETREAT
60.00 11011116 543100 COUNCIL-TRAVEL/MEALS/LODGING

CHECK 344524 TOTAL: 60.00

344525 05/26/2017 PRD 1631 LIQUIVISION TECHNOLO 213758 PAYREQ1-RESCLEANING 04/24/2017 21700062 M052617 4,942.54
Invoice: PAYREQ1-RESCLEANING RESERVOIR INSPECT & CLEAN
3,805.76 73411345 548100 REPAIRS & MAINTENANCE
1,136.78 73415345 548100 REPAIRS

CHECK 344525 TOTAL: 4,942.54

344526 05/26/2017 PRD 1205 PUGET SOUND ENERGY 213764 APR17-KIOSK 05/09/2017 M052617 10.81
Invoice: APR17-KIOSK 278 WINSLOW WAY EAST - KIOSK
10.81 91011739 547100 COMM EVENTS-ELECTRICITY

CHECK 344526 TOTAL: 10.81

344527 05/26/2017 PRD 6541 PUGET SOUND ENERGY 213760 BJUNE-WFP#1 04/26/2017 M052617 492.00
Invoice: BJUNE-WFP#1 PW/DISCONNECT, RECONNECT CUSTOMER OWNED WIRE
492.00 72311476 66300000637 WFP CAP-CONSTRUCTION

05/26/2017 12:51 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

P 2
apcshdeb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

Invoice: BJUNE-WFP#2	213761	BJUNE-WFP#2	04/26/2017	M052617	492.00
	492.00	72311476 66300000637	PW/DISCONNECT, RECONNECT CUSTOMER OWNED WIRE		
			WFP CAP-CONSTRUCTION		

Invoice: BJUNE-WFP#3	213762	BJUNE-WFP#3	04/26/2017	M052617	544.00
	544.00	72311476 66300000637	PW/CONNECTION-CUST.OWNED WIRE-COMMERCIAL		
			WFP CAP-CONSTRUCTION		

Invoice: BJUNE-WFP#4	213763	BJUNE-WFP#4	04/26/2017	M052617	544.00
	544.00	72311476 66300000637	PW/CONNECTION-CUST.OWNED WIRE-COMMERCIAL		
			WFP CAP-CONSTRUCTION		

CHECK 344527 TOTAL: 2,072.00

344528 05/26/2017 PRTD	167 WA ST DEPT OF ECOLOG	213753	02413	05/17/2017	M052617	150.00
Invoice: 02413		150.00	63011586 443410	PCD/COASTAL TRAINING-O.SONTAG		
				CUR - C/E TRAINING TRAVEL		

CHECK 344528 TOTAL: 150.00

NUMBER OF CHECKS 8 *** CASH ACCOUNT TOTAL *** 57,703.39

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	8	57,703.39

*** GRAND TOTAL *** 57,703.39

05/26/2017 12:51 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 3
|apcshdeb

JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL				ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT					LINE DESC			
EFF DATE	JNL DESC	REF 1	REF 2	REF 3				
2017 5 403								
APP 001-213000					GENERAL - ACCOUNTS PAYABLE		21,809.72	
05/26/2017	M052617	052617			AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100					CASH			57,703.39
05/26/2017	M052617	052617			AP CASH DISBURSEMENTS JOURNAL			
APP 401-213000					ACCOUNTS PAYABLE		9,152.54	
05/26/2017	M052617	052617			AP CASH DISBURSEMENTS JOURNAL			
APP 631-213000					ACCOUNTS PAYABLE		24,669.13	
05/26/2017	M052617	052617			AP CASH DISBURSEMENTS JOURNAL			
APP 301-213000					ACCOUNTS PAYABLE		2,072.00	
05/26/2017	M052617	052617			AP CASH DISBURSEMENTS JOURNAL			
GENERAL LEDGER TOTAL							57,703.39	57,703.39
APP 631-130000					DUE TO/FROM CLEARING		33,034.26	
05/26/2017	M052617	052617						
APP 001-130000					GENERAL - DUE TO/FROM CLEARING			21,809.72
05/26/2017	M052617	052617						
APP 401-130000					DUE TO/FROM CLEARING			9,152.54
05/26/2017	M052617	052617						
APP 301-130000					DUE TO/FROM CLEARING			2,072.00
05/26/2017	M052617	052617						
SYSTEM GENERATED ENTRIES TOTAL							33,034.26	33,034.26
JOURNAL 2017/05/403 TOTAL							90,737.65	90,737.65

05/26/2017 12:51 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 4
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JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
ACCOUNT						
001 GENERAL FUND	2017 5	403	05/26/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		21,809.72
001-213000				GENERAL - ACCOUNTS PAYABLE	21,809.72	
				FUND TOTAL	21,809.72	21,809.72
301 CAPITAL CONSTRUCTION FUND	2017 5	403	05/26/2017			
301-130000				DUE TO/FROM CLEARING		2,072.00
301-213000				ACCOUNTS PAYABLE	2,072.00	
				FUND TOTAL	2,072.00	2,072.00
401 WATER OPERATING FUND	2017 5	403	05/26/2017			
401-130000				DUE TO/FROM CLEARING		9,152.54
401-213000				ACCOUNTS PAYABLE	9,152.54	
				FUND TOTAL	9,152.54	9,152.54
631 CLEARING FUND	2017 5	403	05/26/2017			
631-130000				DUE TO/FROM CLEARING	33,034.26	
631-213000				ACCOUNTS PAYABLE	24,669.13	
635-111100				CASH		57,703.39
				FUND TOTAL	57,703.39	57,703.39

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|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 5
|apcsbdsb

JOURNAL ENTRIES TO BE CREATED

FUND	DUE TO	DUE FROM
001 GENERAL FUND		21,809.72
301 CAPITAL CONSTRUCTION FUND		2,072.00
401 WATER OPERATING FUND		9,152.54
631 CLEARING FUND	33,034.26	
	<hr/>	<hr/>
TOTAL	33,034.26	33,034.26

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05/31/2017 07:24 |CITY OF BAINBRIDGE ISLAND
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|P 1
|apcshdsb

5/31/17

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

344529	05/31/2017	PRTD	1205 PUGET SOUND ENERGY	213765	BJUNE-WFP#1-MAY17	05/09/2017		M053017	17.30
Invoice: BJUNE-WFP#1-MAY17									
				17.30	91011768 547100			GG-C/E-PARKS-ELECTRIC	
				213766	BJUNE-WFP#2-MAY17	05/09/2017		M053017	17.30
Invoice: BJUNE-WFP#2-MAY17									
				17.30	91011768 547100			GG-C/E-PARKS-ELECTRIC	
				213767	BJUNE-WFP#3-MAY17	05/09/2017		M053017	17.30
Invoice: BJUNE-WFP#3-MAY17									
				17.30	91011768 547100			GG-C/E-PARKS-ELECTRIC	
				213768	BJUNE-WFP#4-MAY17	05/09/2017		M053017	17.30
Invoice: BJUNE-WFP#4-MAY17									
				17.30	91011768 547100			GG-C/E-PARKS-ELECTRIC	

CHECK 344529 TOTAL: 69.20

344530	05/31/2017	PRTD	7368 PREMIER MOTOR COMPAN	213784	5647769	05/02/2017		M053017	3,875.49
Invoice: 5647769									
				3,875.49	73411345 548100			PW/DODGE SPRINTER VAN REPAIRS-VEH#28	
								REPAIRS & MAINTENANCE	

CHECK 344530 TOTAL: 3,875.49

NUMBER OF CHECKS 2 *** CASH ACCOUNT TOTAL *** 3,944.69

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	2	3,944.69

*** GRAND TOTAL *** 3,944.69

05/31/2017 07:24 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 2
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JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL								
SRC ACCOUNT						ACCOUNT DESC	T OB	DEBIT	CREDIT
EFF DATE	JNL DESC	REF 1	REF 2	REF 3		LINE DESC			
2017 5 414									
APP 001-213000						GENERAL - ACCOUNTS PAYABLE		69.20	
05/31/2017	M053017	053117				AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100						CASH			3,944.69
05/31/2017	M053017	053117				AP CASH DISBURSEMENTS JOURNAL			
APP 401-213000						ACCOUNTS PAYABLE		3,875.49	
05/31/2017	M053017	053117				AP CASH DISBURSEMENTS JOURNAL			
GENERAL LEDGER TOTAL								3,944.69	3,944.69
APP 631-130000						DUE TO/FROM CLEARING		3,944.69	
05/31/2017	M053017	053117							
APP 001-130000						GENERAL - DUE TO/FROM CLEARING			69.20
05/31/2017	M053017	053117							
APP 401-130000						DUE TO/FROM CLEARING			3,875.49
05/31/2017	M053017	053117							
SYSTEM GENERATED ENTRIES TOTAL								3,944.69	3,944.69
JOURNAL 2017/05/414 TOTAL								7,889.38	7,889.38

05/31/2017 07:24 |CITY OF RAINBRIDGE ISLAND
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|P 3
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
ACCOUNT						
001 GENERAL FUND	2017 5	414	05/31/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		69.20
001-213000				GENERAL - ACCOUNTS PAYABLE	69.20	
				FUND TOTAL	69.20	69.20
401 WATER OPERATING FUND	2017 5	414	05/31/2017			
401-130000				DUE TO/FROM CLEARING		3,875.49
401-213000				ACCOUNTS PAYABLE	3,875.49	
				FUND TOTAL	3,875.49	3,875.49
631 CLEARING FUND	2017 5	414	05/31/2017			
631-130000				DUE TO/FROM CLEARING	3,944.69	
635-111100				CASH		3,944.69
				FUND TOTAL	3,944.69	3,944.69

05/31/2017 07:24
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|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 4
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JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001 GENERAL FUND			69.20
401 WATER OPERATING FUND			3,875.49
631 CLEARING FUND		3,944.69	
	TOTAL	3,944.69	3,944.69

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06/01/2017 11:51 |CITY OF BAINBRIDGE ISLAND
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P 1
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6/1/17

CASH ACCOUNT: 635 111100 CASH

CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

344531 06/01/2017 PRD 6714 TOSHIBA FINANCIAL SE 213799 20688894 05/22/2017 M060117 188.58

Invoice: 20688894

CRT/ES3005AC COPIER LEASE

188.58 21011125 545000 COURT - RENTS & LEASES - OPER

CHECK 344531 TOTAL: 188.58

344532 06/01/2017 PRD 4594 WA ST DEPT OF FISH A 213798 HPA-662 05/31/2017 M060117 150.00

Invoice: HPA-662

ENG/JOINT AQUATIC RESOURCES PERMIT APP-WARDWELL

150.00 72433438 64980000662 WARDWELL RECONSTR-PERMIT

CHECK 344532 TOTAL: 150.00

NUMBER OF CHECKS 2 *** CASH ACCOUNT TOTAL *** 338.58

COUNT AMOUNT

TOTAL PRINTED CHECKS 2 338.58

*** GRAND TOTAL *** 338.58

06/01/2017 11:51 |CITY OF BAINBRIDGE ISLAND
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|P 2
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL					ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	LINE DESC			
2017 6 6									
APP 001-213000						GENERAL - ACCOUNTS PAYABLE		188.58	
	06/01/2017	M060117	060117			AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100						CASH			338.58
	06/01/2017	M060117	060117			AP CASH DISBURSEMENTS JOURNAL			
APP 403-213000						ACCOUNTS PAYABLE		150.00	
	06/01/2017	M060117	060117			AP CASH DISBURSEMENTS JOURNAL			
GENERAL LEDGER TOTAL								338.58	338.58
APP 631-130000						DUE TO/FROM CLEARING		338.58	
	06/01/2017	M060117	060117						
APP 001-130000						GENERAL - DUE TO/FROM CLEARING			188.58
	06/01/2017	M060117	060117						
APP 403-130000						DUE TO/FROM CLEARING			150.00
	06/01/2017	M060117	060117						
SYSTEM GENERATED ENTRIES TOTAL								338.58	338.58
JOURNAL 2017/06/6 TOTAL								677.16	677.16

06/01/2017 11:51 |CITY OF BAINBRIDGE ISLAND
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|P 3
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
ACCOUNT						
001 GENERAL FUND	2017 6	6	06/01/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		188.58
001-213000				GENERAL - ACCOUNTS PAYABLE	188.58	
				FUND TOTAL	188.58	188.58
403 STORM & SURFACE WATER FUND	2017 6	6	06/01/2017			
403-130000				DUE TO/FROM CLEARING		150.00
403-213000				ACCOUNTS PAYABLE	150.00	
				FUND TOTAL	150.00	150.00
631 CLEARING FUND	2017 6	6	06/01/2017			
631-130000				DUE TO/FROM CLEARING	338.58	
635-111100				CASH		338.58
				FUND TOTAL	338.58	338.58

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|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 4
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		188.58
403	STORM & SURFACE WATER FUND		150.00
631	CLEARING FUND	338.58	
TOTAL		338.58	338.58

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06/02/2017 15:46 | CITY OF BAINBRIDGE ISLAND
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| P 1
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CSA 6/2/17

CASH ACCOUNT: 635 111100 CASH

CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

344533 06/02/2017 PRTD 8646 ISLAND HANDS 213805 17403 05/23/2017 21700098 M060217 9,260.00

Invoice: 17403

2017 MAY17-JANITORIALAPR-DEC

9,260.00 73011183 54110000269 JANITORIAL CONTRACT-PRO SVCS

CHECK 344533 TOTAL: 9,260.00

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** 9,260.00

COUNT AMOUNT

TOTAL PRINTED CHECKS 1 9,260.00

*** GRAND TOTAL *** 9,260.00

06/02/2017 15:46 |CITY OF BAINBRIDGE ISLAND
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|P 2
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL					ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT						LINE DESC			
EFF DATE	JNL DESC	REF 1	REF 2	REF 3					
2017 6 30									
APP 001-213000						GENERAL - ACCOUNTS PAYABLE		9,260.00	
06/02/2017	M060217	060217				AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100						CASH			9,260.00
06/02/2017	M060217	060217				AP CASH DISBURSEMENTS JOURNAL			
GENERAL LEDGER TOTAL								9,260.00	9,260.00
APP 631-130000						DUE TO/FROM CLEARING		9,260.00	
06/02/2017	M060217	060217							
APP 001-130000						GENERAL - DUE TO/FROM CLEARING			9,260.00
06/02/2017	M060217	060217							
SYSTEM GENERATED ENTRIES TOTAL								9,260.00	9,260.00
JOURNAL 2017/06/30 TOTAL								18,520.00	18,520.00

06/02/2017 15:46
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|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 3
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND ACCOUNT	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2017 6	30	06/02/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		9,260.00
001-213000				GENERAL - ACCOUNTS PAYABLE	9,260.00	
				FUND TOTAL	9,260.00	9,260.00
631 CLEARING FUND	2017 6	30	06/02/2017			
631-130000				DUE TO/FROM CLEARING	9,260.00	
635-111100				CASH		9,260.00
				FUND TOTAL	9,260.00	9,260.00

06/02/2017 15:46
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CITY OF BAINBRIDGE ISLAND
A/P CASH DISBURSEMENTS JOURNAL

P 4
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JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001 GENERAL FUND			9,260.00
631 CLEARING FUND		9,260.00	
	TOTAL	9,260.00	9,260.00

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06/08/2017 14:54 | CITY OF BAINBRIDGE ISLAND
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| P 1
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6/8/17

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC								
344534	06/14/2017	PRTD 5 ACE HARDWARE	213818	37779/1	05/24/2017		06/11/17	59.74
	Invoice: 37779/1				PW/IRRIGATION REPAIR SUPPLIES			
			59.74	73111427 531100	OFFICE SUPPLIES			
	Invoice: 37804/1		213819	37804/1	05/26/2017		06/11/17	13.06
					PW/VALVE BOX (2)			
			13.06	73011183 531100	O&M-C/E-CH FAC-SUPPLIES			
	Invoice: 37803/1		213820	37803/1	05/26/2017		06/11/17	15.15
					PW/DOUBLE CUT KEYS (10)			
			15.15	73111427 531100	OFFICE SUPPLIES			
	Invoice: 37798/1		213821	37798/1	05/26/2017		06/11/17	67.27
					PW/TAPE, ADPTR, VALVE			
			67.27	73011183 531100	O&M-C/E-CH FAC-SUPPLIES			
	Invoice: 37807/1		213822	37807/1	05/26/2017		06/11/17	64.28
					PW/SPRINKLER (2), MANIFOLD			
			64.28	73111427 531100	OFFICE SUPPLIES			
	Invoice: 37847/1		213868	37847/1	05/31/2017		06/11/17	291.52
					PW/DISC BULLETS, 150W LED, PIC HANGER			
			291.52	73011755 531100	O&M-COMMONS SUPPLIES			
	Invoice: 37789/1		213869	37789/1	05/25/2017		06/11/17	6.20
					PW/SNAP QUICK ROUND EYE			
			6.20	73421355 531100	WIN COLL-SUPPLIES			
	Invoice: 37063/1		213870	37063/1	05/15/2017		06/11/17	69.39
					PW/POTTING SOIL (16)			
			69.39	73011755 531100	O&M-COMMONS SUPPLIES			
	Invoice: 37691/1		213871	37691/1	05/15/2017		06/11/17	16.34
					PW/WRECKING BAR			
			16.34	73011183 531100	O&M-C/E-CH FAC-SUPPLIES			
	Invoice: 37746/1		213872	37746/1	05/22/2017		06/11/17	6.19
					PW/FASTENERS (8)			
			6.19	73011768 531100	O&M-C/E-PARKS-SUPPLIES			
	Invoice: 37699/1		213873	37699/1	05/16/2017		06/11/17	2.59
					PW/SINGLE CUT KEY (2)			
			2.59	73431835 531100	OFFICE SUPPLIES			
	Invoice: 37766/1		213874	37766/1	05/24/2017		06/11/17	13.68
					PW/FASTENERS, DRILL BIT, SCRW SPAX			
			13.68	73011215 531100	O&M-C/E-POLICE FAC-SUPPLIES			
	Invoice: 37883/1		213875	37883/1	06/05/2017		06/11/17	59.93
					PW/ROLLER COVR, BUCKET, TRAY, ROLLER FRAME			
			59.93	73111264 531100	O&M-STREET-TRAF CONTROL-SUPPLY			

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
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|P 2
|apcsahdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

						CHECK	344534 TOTAL:	685.34
344535	06/14/2017	PRTD	2201 ACTION COMMUNICATION	213811	1705076	05/08/2017	06/11/17	190.75
Invoice: 1705076				190.75	53011212 531100	POL/RADIO UNIT BATTERY		
						PD-C/E-PATROL SUPPLIES		
Invoice: 1703176				213884	1703176	03/22/2017	06/11/17	882.32
				882.32	53011421 66400000833	POL/SPEAKER, CONTROL HEAD MOUNT KIT		
						PD-2017 VEH REPL-EQ ACQ		
Invoice: 1705077				213885	1705077	05/08/2017	06/11/17	763.00
				763.00	53011421 66400000833	POL/FIELD SVC-RADIO REPAIR		
						PD-2017 VEH REPL-EQ ACQ		
Invoice: 1705074				213886	1705074	05/08/2017	06/11/17	-374.58
				-374.58	53011421 66400000833	POL/REFUND-CONTROL HEAD MOUNT KIT		
						PD-2017 VEH REPL-EQ ACQ		
						CHECK	344535 TOTAL:	1,461.49
344536	06/14/2017	PRTD	8057 ADPLANET, INC	213867	13900	06/02/2017	06/11/17	291.40
Invoice: 13900				291.40	31011572 531100	EX/NEW COBI TABLE CLOTH		
						EXEC-C/E-OUTREACH-SUPPLIES		
						CHECK	344536 TOTAL:	291.40
344537	06/14/2017	PRTD	863 INTERSTATE BATTERIES	213904	22047989	05/11/2017	06/11/17	10.33
Invoice: 22047989				10.33	73638935 531100	POL&PW/BATTERIES		
						OFFICE SUPPLIES		
Invoice: 22047989 #2				213905	22047989 #2	05/11/2017	06/11/17	243.94
				243.94	53011212 531100	POL/BATTERIES		
						PD-C/E-PATROL SUPPLIES		
Invoice: 22047989 #3				213906	22047989 #3	05/11/2017	06/11/17	127.30
				127.30	73011321 531100	PW/BATTERIES		
						O&M-C/E-ENG VEH WORK-SUPPLIES		
						CHECK	344537 TOTAL:	381.57
344538	06/14/2017	PRTD	6393 AMERICAN DATA GUARD,	213769	94184	05/14/2017	06/11/17	240.00
Invoice: 94184				240.00	36011143 541100	FIN/MOBILE SHREDDING		
						CLERK-C/E-PROF SVCS		
						CHECK	344538 TOTAL:	240.00

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
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|P 3
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CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

344539	06/14/2017	PRTD	4710 ASSOCIATED	PETROLEU	213879	1086575-IN	05/23/2017	06/11/17	1,961.48
Invoice: 1086575-IN							PW/800 GAL REG UNLEADED		
					1,961.48	73638932 532000	O&M-FUEL ALLOC TO OTH DEPTS		
					213880	1086576-IN	05/23/2017	06/11/17	1,356.22
Invoice: 1086576-IN							PW/599 GAL DIESEL FUEL		
					1,356.22	73638893 532000	O&M-FUEL USE-ALLOCATION		
					213881	1084463-IN	05/15/2017	06/11/17	547.22
Invoice: 1084463-IN							PW/525.20 GAL PROPANE FUEL		
					547.22	73638932 532000	O&M-FUEL ALLOC TO OTH DEPTS		
					213882	1082255-IN	05/15/2017	06/11/17	2,466.20
Invoice: 1082255-IN							PW/1009 GAL REG UNLEADED		
					2,466.20	73638932 532000	O&M-FUEL ALLOC TO OTH DEPTS		
					213883	1082256-IN	05/15/2017	06/11/17	2,239.62
Invoice: 1082256-IN							PW/1013 GAL DIESEL FUEL		
					2,239.62	73638893 532000	O&M-FUEL USE-ALLOCATION		
								CHECK	344539 TOTAL:
									8,570.74

344540	06/14/2017	PRTD	7821 AUS WEST LOCKBOX		213876	1990183253	05/25/2017	06/11/17	52.94
Invoice: 1990183253							PW/LAUNDRY SVCS		
					52.94	73638893 589310	LAUNDRY SERVICES		
					213877	1990193729	06/01/2017	06/11/17	52.94
Invoice: 1990193729							PW/LAUNDRY SVCS		
					52.94	73638893 589310	LAUNDRY SERVICES		
					213878	1990172715	05/18/2017	06/11/17	52.94
Invoice: 1990172715							PW/LAUNDRY SVCS		
					52.94	73638893 589310	LAUNDRY SERVICES		
								CHECK	344540 TOTAL:
									158.82

344541	06/14/2017	PRTD	4365 AUTOMATIC FUNDS TRAN		213812	94518	05/17/2017	06/11/17	25.73
Invoice: 94518							FIN/2017 BIZ LIC CERTS-PRINT & MAIL		
					16.10	41011148 542500	FIN-C/E-BUS LIC-POSTAGE		
					9.63	41011148 541100	FIN-C/E-BUS LIC-PROF SVCS		
					213840	BAIN1705983	05/31/2017	06/11/17	216.00
Invoice: BAIN1705983							FIN/UB PHONE & WEB PYMNT SVCS		
					108.00	43411341 541100	FIN - WATER ADMIN PROF SERVICE		
					108.00	43421351 541100	FIN - SEWER ADMIN PROF SERVICE		
								CHECK	344541 TOTAL:
									241.73

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CHECK NO	CHK DATE	TYPE	VENDOR	NAME
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INVOICE	DTL	DESC
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344542	06/14/2017	PRTD	47 BAINBRIDGE DISPOSAL	213887	019199-MAY17	05/31/2017	06/11/17	56.07
Invoice: 019199-MAY17				56.07	91011189 547903	MAY17-BIG BELLY SOLAR CANS-WINSLOW WAY		
						BIG BELLY SOLAR GARBAGE CANS		
				213888	015003-MAY17	05/31/2017	06/11/17	258.23
Invoice: 015003-MAY17				258.23	91011189 547900	MAY17-CITY HALL DISPOSAL SVC		
						GG-C/E-CITY HALL-GARBAGE		
				213889	0000658188	05/31/2017	06/11/17	138.76
Invoice: 0000658188				138.76	91011755 547900	SENIOR CENTER/COMMONS - DISPOSAL SVC		
						GG-C/E-COMMONS-GARBAGE		
						CHECK	344542 TOTAL:	453.06
344543	06/14/2017	PRTD	54 BAINBRIDGE RENTAL IN	213890	WO#16992	06/01/2017	06/11/17	272.24
Invoice: WO#16992				272.24	73111427 548100	PW/CHAINSAP REPAIR		
						O&M-ACCESS RDSIDE R&M		
				213891	CON#20055	05/25/2017	06/11/17	41.39
Invoice: CON#20055				41.39	73111427 531100	PW/WEEDING HOE (2), TRIMMER LINE		
						OFFICE SUPPLIES		
				213892	CON#20393	05/31/2017	06/11/17	14.78
Invoice: CON#20393				14.78	73011319 53110000826	PW/MIX OIL (4)		
						SUY FARM FENCE LINE CLEARING		
				213893	CON#20028	05/25/2017	06/11/17	57.23
Invoice: CON#20028				57.23	73011319 53110000826	PW/POLYCUT BLADES (6)		
						SUY FARM FENCE LINE CLEARING		
						CHECK	344543 TOTAL:	385.64
344544	06/14/2017	PRTD	55 BAINBRIDGE ISLAND RE	213771	BIR757075	05/12/2017	06/11/17	40.14
Invoice: BIR757075				40.14	11011113 544000	CC/CITY ORDS-SUMM OF ORD 2017-13		
						COUNCIL - LEGAL NOTICES		
				213772	BIR757076	05/12/2017	06/11/17	36.60
Invoice: BIR757076				36.60	11011113 544000	CC/CITY ORDS-SUMM OF ORD 2017-09		
						COUNCIL - LEGAL NOTICES		
				213801	BIR758136	05/19/2017	06/11/17	105.07
Invoice: BIR758136				105.07	34470586 544000	HEX/CITY NOTICES-HE PH PLN13880		
						HEX - DEV ADVERTISING		
				213813	BIR759261	05/26/2017	06/11/17	37.78
Invoice: BIR759261				37.78	11011113 544000	CC/CITY ORDS-SUMM OF ORD 2017-10		
						COUNCIL - LEGAL NOTICES		
				213814	BIR759256	05/26/2017	06/11/17	37.78

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 5
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC			
Invoice: BIR759256						CC/CITY ORDS-SUMM OF ORD 2017-12			
37.78 11011113 544000						COUNCIL - LEGAL NOTICES			
213815 BIR759246						05/26/2017	06/11/17	36.60	
Invoice: BIR759246						CC/CITY ORDS-SUMM OF ORD 2017-11			
36.60 11011113 544000						COUNCIL - LEGAL NOTICES			
213816 BIR759243						05/26/2017	06/11/17	46.04	
Invoice: BIR759243						CC/CITY ORDS-SUMM OF ORD 2017-05			
46.04 11011113 544000						COUNCIL - LEGAL NOTICES			
214007 BIR757119						05/12/2017	06/11/17	62.57	
Invoice: BIR757119						PCD/CITY NOTICES-PH 5/25 ORD 2017-14			
62.57 61011581 544000						PCD - C/E ADMIN ADVERTISING			
214008 BIR757155						05/12/2017	06/11/17	118.06	
Invoice: BIR757155						PCD/CITY APPS-NOA PLN15113			
118.06 63470586 544000						CUR - DEV ZONING ADVERTISING			
214009 BIR760482						06/02/2017	06/11/17	119.24	
Invoice: BIR760482						PCD/CITY APPS-NOA PLN50589			
119.24 63470586 544000						CUR - DEV ZONING ADVERTISING			
214010 BIR760484						06/02/2017	06/11/17	123.96	
Invoice: BIR760484						PCD/NONSIGNIFICANCE-DNS ORD 2017-14 TOWR			
123.96 61011581 544000						PCD - C/E ADMIN ADVERTISING			
						CHECK	344544 TOTAL:	763.84	
344545	06/14/2017	PRTD	5412 BENEFIT ADMINISTRATI	213770	1705514	05/18/2017		06/11/17	177.00
Invoice: 1705514						MAY17 FLEX PLAN ADMIN. SVCS			
19.47 21011125 520000						COURT - BENEFITS			
26.55 31011131 520000						EXEC - C/E BENEFITS			
19.47 41011141 520000						FIN - C/E ADMIN BENEFITS			
33.63 51011211 520000						PD-C/E ADMIN-BENEFITS			
12.39 61011581 520000						PCD - C/E ADMIN BENEFITS			
53.10 71011321 520000						PW - C/E BENEFITS			
12.39 81011881 520000						IT - C/E ADMIN BENEFITS			
						CHECK	344545 TOTAL:	177.00	
344546	06/14/2017	PRTD	50 BAINBRIDGE ISLAND EL	213823	20170030	05/22/2017		06/11/17	2,739.73
Invoice: 20170030						PW/REPLACE SUB PANEL-FARMERS MRKT			
2,739.73 73011183 548100						O&M-C/E-CH FAC-REPAIRS			
						CHECK	344546 TOTAL:	2,739.73	

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 6
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

344547	06/14/2017	PRTD	7696 BAINBRIDGE ISLAND MU	213817	2993	05/01/2017	21700042	06/11/17	2,000.00
Invoice: 2993						2017 LTAC FUNDING			
						2,000.00	91140573	541100	GG-TOUR-PROF SERVICES

CHECK 344547 TOTAL: 2,000.00

344548	06/14/2017	PRTD	5202 BAINBRIDGE ARTS AND	213773	2017-Q1	05/22/2017	21700035	06/11/17	750.00
Invoice: 2017-Q1						2017 Q1- LTAC FUNDING			
						750.00	91140573	541100	GG-TOUR-PROF SERVICES

CHECK 344548 TOTAL: 750.00

344549	06/14/2017	PRTD	69 GALLS, LLC - D.B.A.	213838	007567268	05/19/2017		06/11/17	36.20
Invoice: 007567268						POL/BELT ACCESSORIES/BUONVINO			
						36.20	53011212	520000	POLICE - C/E PATROL BENEFITS

Invoice: 007567200

213839	007567200	05/19/2017		06/11/17	54.99
POL/UNIFORM PANT/NORTON					
54.99	53011212	520000	POLICE - C/E PATROL BENEFITS		

Invoice: 007567198

213841	007567198	05/19/2017		06/11/17	69.94
POL/UNIFORM SHIRT/BUONVINO					
69.94	53011212	520000	POLICE - C/E PATROL BENEFITS		

Invoice: 007567197

213842	007567197	05/19/2017		06/11/17	69.94
POL/UNIFORM SHIRT/NORTON					
69.94	53011212	520000	POLICE - C/E PATROL BENEFITS		

Invoice: 007559056

213843	007559056	05/18/2017		06/11/17	42.85
POL/HANDCUFF CASE/ZIEMBA					
42.85	53011212	520000	POLICE - C/E PATROL BENEFITS		

Invoice: 007550880

213844	007550880	05/17/2017		06/11/17	106.15
POL/UNIFORMS/NORTON					
106.15	53011212	520000	POLICE - C/E PATROL BENEFITS		

Invoice: 007550879

213845	007550879	05/17/2017		06/11/17	193.05
POL/UNIFORMS/BUONVINO					
193.05	53011212	520000	POLICE - C/E PATROL BENEFITS		

Invoice: 007542660

213846	007542660	05/16/2017		06/11/17	40.65
POL/MAG POUCH/ZIEMBA					
40.65	53011212	520000	POLICE - C/E PATROL BENEFITS		

Invoice: 007542659

213847	007542659	05/16/2017		06/11/17	40.65
POL/MAG POUCH/BUONVINO					
40.65	53011212	520000	POLICE - C/E PATROL BENEFITS		

213848	007525509	05/12/2017		06/11/17	40.65
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06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 7
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 007525509				40.65	53011212 520000	POL/MAG POUCH/NORTON POLICE - C/E PATROL BENEFITS			
Invoice: 007509180				213849	007509180	05/10/2017	06/11/17		307.65
				307.65	53011212 520000	POL/DUTY BELT/ZIEMBA POLICE - C/E PATROL BENEFITS			
Invoice: 007509179				213850	007509179	05/10/2017	06/11/17		479.23
				479.23	53011212 520000	POL/DUTY BELT/BUONVINO POLICE - C/E PATROL BENEFITS			
Invoice: 007509177				213851	007509177	05/10/2017	06/11/17		449.93
				449.93	53011212 520000	POL/DUTY BELT/NORTON POLICE - C/E PATROL BENEFITS			
CHECK 344549 TOTAL:									1,931.88
344550	06/14/2017	PRTD	72 BRATWEAR	213824	21926	05/26/2017	06/11/17		422.38
Invoice: 21926				422.38	53011212 520000	POL/UNIFORM JACKET/KOON POLICE - C/E PATROL BENEFITS			
Invoice: 21628				213825	21628	04/24/2017	06/11/17		180.72
				180.72	53011212 520000	POL/UNIFORMS/FASTAIA POLICE - C/E PATROL BENEFITS			
CHECK 344550 TOTAL:									603.10
344551	06/14/2017	PRTD	5152 CHARLES DANIEL BROWN	214006	17-00525	06/07/2017	06/11/17		1,665.12
Invoice: 17-00525				1,665.12	65538 38600000197	PCD/BLD22194-TIF REFUND TRAFFIC ANALYSIS-3PARTY-RECEIP			
CHECK 344551 TOTAL:									1,665.12
344552	06/14/2017	PRTD	1847 CATALYST WORKPLACE A	213774	264880	05/04/2017	06/11/17		1,656.80
Invoice: 264880				1,656.80	33011161 531900	EX/ADJUSTABLE OFFICE DESKS (2) HR-C/E-ERGONOMIC SUPPLIES			
CHECK 344552 TOTAL:									1,656.80
344553	06/14/2017	PRTD	8493 CATIE'S CREATIONS, L	213834	6328	05/17/2017	06/11/17		25.48
Invoice: 6328				25.48	53011212 531100	POL/NAME PLATE/GEHRLEIN PD-C/E-PATROL SUPPLIES			
CHECK 344553 TOTAL:									25.48

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 8
|apcshdsb

CASH ACCOUNT: 635 111100 CASH			VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
CHECK NO	CHK DATE	TYPE VENDOR NAME						
INVOICE DTL DESC								
344554	06/14/2017	PRTD	8491 CHUCKALS, INC.	213800	910746-0	05/19/2017	06/11/17	144.33
	Invoice: 910746-0					CRT/OFFICE SUPPLIES		
				144.33	21011125 531100	COURT - SUPPLIES		
						CHECK	344554 TOTAL:	144.33
344555	06/14/2017	PRTD	634 CITY OF BAINBRIDGE I	213828	SEP17-05	05/17/2017	06/11/17	25.00
	Invoice: SEP17-05					POL/ROTARY AUCTION APP FEE		
				25.00	01136 362400	FACILITIES RENTALS-SHORT TERM		
				213829	SEP17-12	05/17/2017	06/11/17	25.00
	Invoice: SEP17-12					POL/JULY 3 DANCE APP FEE		
				25.00	01136 362400	FACILITIES RENTALS-SHORT TERM		
				213830	SEP17-11	05/17/2017	06/11/17	25.00
	Invoice: SEP17-11					POL/GRAND OLD 4TH APP FEE		
				25.00	01136 362400	FACILITIES RENTALS-SHORT TERM		
						CHECK	344555 TOTAL:	75.00
344556	06/14/2017	PRTD	11 CITY OF BAINBRIDGE I	213827	TRVLMAY17-MT	05/30/2017	06/11/17	87.76
	Invoice: TRVLMAY17-MT					POL/TASER CERT TRAINING-MT		
				87.76	53011212 443410	POLICE - C/E PATROL TRAINING		
						CHECK	344556 TOTAL:	87.76
344557	06/14/2017	PRTD	103 CITY OF BAINBRIDGE I	213831	21700092	06/01/2017	06/11/17	174.68
	Invoice: 21700092					PW/SANDS WELL H2O USAGE		
				110.54	73421355 547500	O&M-SWR-CITY WATER/SEWER BILL		
				32.85	73426355 547500	O&M-SIS-CITY WATER/SEWER BILLS		
				31.29	73431835 547500	O&M-SSWM MAINT-CITY WTR/SWR		
						CHECK	344557 TOTAL:	174.68
344558	06/14/2017	PRTD	104 BREMERTON KITSAP ACC	213912	BKAT000390	06/01/2017	06/11/17	2,674.38
	Invoice: BKAT000390					IT/MONTHLY BKAT SVCS-JUN17		
				2,674.38	81011881 542420	IT-C/E-TELEVISTED COUNCIL MEET		
						CHECK	344558 TOTAL:	2,674.38
344559	06/14/2017	PRTD	518 WA ST CRIMINAL JUSTI	213994	201128333	05/12/2017	06/11/17	75.00
	Invoice: 201128333					POL/INTERVIEW TECHNIQUE TRAINING-JL		
				75.00	52011212 443410	POLICE - C/E INVEST TRAINING		
				213995	201128386	05/17/2017	06/11/17	250.00
	Invoice: 201128386					POL/DT MASTER INSTRUCTOR-BENKERT		

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 9
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

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INVOICE DTL DESC

250.00 53011212 443410 POLICE - C/E PATROL TRAINING

CHECK 344559 TOTAL: 325.00

344560	06/14/2017	PRTD	7870 CLASSIC CYCLE, INC	213833	05/13/17	05/13/2017	06/11/17		696.48
			Invoice: 05/13/17			POL/BIKE RACKS (2), HELMET, GLOVES			
				696.48	53011212	531100		PD-C/E-PATROL SUPPLIES	

CHECK 344560 TOTAL: 696.48

344561	06/14/2017	PRTD	112 CODE PUBLISHING COMP	213775	56481	05/17/2017	06/11/17		3,550.13
			Invoice: 56481			CLERK/BI MUNI CODE ELEC UPDATE			
				3,550.13	36011143	541100		CLERK-C/E-PROF SVCS	

			Invoice: 56555	213826	56555	05/25/2017	06/11/17		264.33
				264.33	36011143	541100		CLERK/BI MUNI CODE ELEC UPDATE	
								CLERK-C/E-PROF SVCS	

CHECK 344561 TOTAL: 3,814.46

344562	06/14/2017	PRTD	8111 COMMUNITY SOLAR SOLU	213897	MAY17	05/30/2017	06/11/17		327.25
			Invoice: MAY17			MAY17-SOLAR NET METERING			
				327.25	91011189	54500000627		CH SOLAR-NET METERING PYMTS	

CHECK 344562 TOTAL: 327.25

344563	06/14/2017	PRTD	8636 CONTRACT LAND STAFF,	213790	3888.16.12-0091008	02/03/2017	21400146	06/11/17	75.00
			Invoice: 3888.16.12-0091008			RIGHT OF WAY ACQUISITION NEEDS			
				75.00	72111442	54110000709		ROW ACQ W/TBD FUNDS-PROF SVCS	

CHECK 344563 TOTAL: 75.00

344564	06/14/2017	PRTD	7166 AMERICAN MESSAGING	213894	W4104492RF	06/01/2017	06/11/17		88.10
			Invoice: W4104492RF			PW/MESSAGING SVCS			
				88.10	73637891	542100		O&M - ALLOC FACIL TELEPHONE	

CHECK 344564 TOTAL: 88.10

344565	06/14/2017	PRTD	142 COPIERS NORTHWEST IN	213895	INV1577025	05/31/2017	06/11/17		229.02
			Invoice: INV1577025			EX&FIN/IR6075 COPIER LEASE			
				114.51	31011131	545000		EXEC - C/E RENTS & LEASES	
				114.51	41011141	545000		FIN - C/E ADMIN RENTS & LEASES	

			Invoice: INV1577024	213911	INV1577024	05/31/2017	06/11/17		49.90
				24.95	31011131	545000		EX&FIN/IR6075 COPIER LEASE	
								EXEC - C/E RENTS & LEASES	

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 10
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

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INVOICE DTL DESC

24.95 41011141 545000 FIN - C/E ADMIN RENTS & LEASES

CHECK 344565 TOTAL: 278.92

344566 06/14/2017 PRD 6101 E & S BRYAN INC
Invoice: 2099

213806 2099

05/30/2017 06/11/17

150.00

FIN/CRYSTAL REPORTS DEVELOPMENT

150.00 41011141 541100

FIN - C/E ADMIN PROF SERVICES

CHECK 344566 TOTAL: 150.00

344567 06/14/2017 PRD 5773 DATEC INC
Invoice: 33180

213898 33180

05/04/2017 06/11/17

654.00

POL/PRINTER MOUNT, CABLE, ADAPTER (5 EACH)

654.00 53011421 66400000833 PD-2017 VEH REPL-EQ ACQ

CHECK 344567 TOTAL: 654.00

344568 06/14/2017 PRD 672 DSC INC
Invoice: 96676

213899 96676

05/17/2017 06/11/17

70.27

PW/ADAPTER, 80Z B.T.

70.27 73421355 531100

WIN COLL-SUPPLIES

213900 96690

05/23/2017 06/11/17

75.82

PW/TAP, GRADE8 2"

75.82 73111427 531100

OFFICE SUPPLIES

CHECK 344568 TOTAL: 146.09

344569 06/14/2017 PRD 7144 DTMICRO, INC
Invoice: 3411

213913 3411

05/15/2017 06/11/17

135.88

POLICE NETWORK CONNECT W/KITSAP CO-JUN17

135.88 91011215 542100

GG-C/E-PD-PHONE

CHECK 344569 TOTAL: 135.88

344570 06/14/2017 PRD 6805 WICK DUFFORD
Invoice: WD0117

213837 WD0117

06/02/2017 06/11/17

4,669.60

HEX/HEARING EXAMINER PRO-TEMP 30.7HRS

4,669.60 34470586 541100

HEX - DEV PROFESSIONAL SVCS

CHECK 344570 TOTAL: 4,669.60

344571 06/14/2017 PRD 2342 ENVIRONMENTAL SCIENC 213776 128088
Invoice: 128088

3,845.00 31011182 54110000642

05/15/2017 06/11/17

3,845.00

EX/SUZUKI PROP ECO ASSESSMNT SVCS

SALE/DISPOSAL-SUZUKI PROP-PS

CHECK 344571 TOTAL: 3,845.00

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 11
|apcshdsb

CASH ACCOUNT: 635 111100 CASH			VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
CHECK NO	CHK DATE	TYPE VENDOR NAME						
INVOICE DTL DESC								
344572	06/14/2017	PRTD 208 EVERGREEN SAFETY COU	213896	732017-2018	06/01/2017		06/11/17	299.00
		Invoice: 732017-2018			PW/MEMBERSHIP THRU JUN18			
			299.00	73637891 549100	DUES/SUBSCRIPTIONS			
					CHECK	344572	TOTAL:	299.00
344573	06/14/2017	PRTD 8238 EXELTECH CONSULTING,	213836	1525-10	05/15/2017	21700093	06/11/17	1,092.00
		Invoice: 1525-10			STO PHASE II & IV CONSTR ADMIN			
			1,092.00	72334562 66300000668	STO PH 2&4-CONSTR			
					CHECK	344573	TOTAL:	1,092.00
344574	06/14/2017	PRTD 53 NICK FELKEY	213968	6437	06/03/2017		06/11/17	218.00
		Invoice: 6437			EX/CITY HALL LOCATION PHOTO			
			218.00	31011572 541100	EXEC-C/E-OUTREACH-PROF SVCS			
					CHECK	344574	TOTAL:	218.00
344575	06/14/2017	PRTD 1953 FERGUSON ENTERPRISES	213901	0553528	05/24/2017		06/11/17	493.55
		Invoice: 0553528			PW/TRPL 100CF (2) - WWTP			
			493.55	411 141100	WATER - INVENTORY			
					CHECK	344575	TOTAL:	493.55
344576	06/14/2017	PRTD 8665 FIRST CHURCH/CHRIST	213777	668390	05/15/2017		06/11/17	150.00
		Invoice: 668390			SS/COMMONS DEPOSIT REFUND			
			150.00	41625860 586000	SC/COMMONS ROOM DEP-DISBURSEME			
					CHECK	344576	TOTAL:	150.00
344577	06/14/2017	PRTD 187 GOV'T FINANCE OFFICE	213778	0163001-2017	04/24/2017		06/11/17	225.00
		Invoice: 0163001-2017			FIN/MAY17 THRU APR18 MEMBER DUES-ES			
			225.00	41011141 549100	FIN-C/E-DUES, SUBS, MEMBERSHIPS			
					CHECK	344577	TOTAL:	225.00
344578	06/14/2017	PRTD 253 HACH COMPANY	213791	10460221	05/18/2017		06/11/17	8,625.18
		Invoice: 10460221			PW/SURVEYOR, SENSORS, TOP ASSEMBLY			
			4,603.08	72637319 53110000809	WATER QUAL FLOW MONIT-SUPPLIES			
			4,022.10	72011322 53110000485	GROUNDWTR MNGT PRGM-SUPPLIES			
					CHECK	344578	TOTAL:	8,625.18

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 12
|apcshdsb

CASH ACCOUNT: 635 111100 CASH			VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
CHECK NO	CHK DATE	TYPE VENDOR NAME			INVOICE DTL DESC			
344579	06/14/2017	PRTD 4212 HARRINGTON INDUSTRIA	213902	007I2019	05/26/2017		06/11/17	53.97
		Invoice: 007I2019			PW/2" GASKET (2) - WWTP			
			53.97	73425358 531100	O&M-WWTP-SUPPLIES			
					CHECK	344579	TOTAL:	53.97
344580	06/14/2017	PRTD 8470 JAMES R. HAWKINS	213903	11741	05/06/2017		06/11/17	406.23
		Invoice: 11741			PW/COMBO CARD, ISOLATOR			
			406.23	73411345 531100	OFFICE SUPPLIES			
					CHECK	344580	TOTAL:	406.23
344581	06/14/2017	PRTD 3120 ICMA - MEMBERSHIP	213779	191989	05/18/2017		06/11/17	1,400.00
		Invoice: 191989			EX/2017 ICMA MEMBER RENEWAL-DS			
			1,400.00	31011131 549100	EXEC-C/E-DUES/SUBCR/MEMBERSH			
					CHECK	344581	TOTAL:	1,400.00
344582	06/14/2017	PRTD 8381 INVINTUS MEDIA, INC	213914	7423	06/05/2017		06/11/17	50.00
		Invoice: 7423			IT/STREAMING MEDIA HOSTING-MAY17			
			50.00	81011881 548500	IT - C/E COMPUTER SUPPORT			
					CHECK	344582	TOTAL:	50.00
344583	06/14/2017	PRTD 8666 JON QUITSLUND	213780	05/14/17	05/15/2017		06/11/17	150.00
		Invoice: 05/14/17			SS/COMMONS DEPOSIT REFUND			
			150.00	41625860 586000	SC/COMMONS ROOM DEP-DISBURSEME			
					CHECK	344583	TOTAL:	150.00
344584	06/14/2017	PRTD 7961 KATY BIGELOW, ARBORI	213861	4600	06/01/2017		06/11/17	281.25
		Invoice: 4600			PW/TREE ASSESSMNT @ HWY 305 & COUNTRY CLUB			
			281.25	73111427 54110000354	TREE PRES/REMOVAL-RD-PROF SVCS			
					CHECK	344584	TOTAL:	281.25
344585	06/14/2017	PRTD 333 KITSAP COUNTY AUDITO	213958	354642	04/17/2017		06/11/17	79.00
		Invoice: 354642			EX/BLD21791-RELEASE & INDEM. AGREEMNT			
			79.00	36431143 551000	CLERK-RECORDING AT CO AUDITOR			
			213959	354642 #2	04/17/2017		06/11/17	77.00
		Invoice: 354642 #2			EX/PLN50635-RELEASE & INDEM. AGREEMNT			
			77.00	36470143 551000	CLERK-RECORDING AT CO AUDITOR			
			213960	354872	04/18/2017		06/11/17	75.00

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

P 14
apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

344590	06/14/2017	PRTD	199 KITSAP ECONOMIC DEVE	213859	CBI-1Q-17	03/30/2017	21700089	06/11/17	2,500.00
Invoice: CBI-1Q-17						2017 Q1-ECONOMIC DEVELOPMENT SERVICES			
						2,500.00	31011586	54110000297	EXEC-C/E-ECON DEV PLANNING

CHECK 344590 TOTAL: 2,500.00

344591	06/14/2017	PRTD	8549 KINGWEST, LLC	213860	1085	05/31/2017	21700107	06/11/17	3,052.00
Invoice: 1085						HEMLOCK TREE REMOVAL-HYLA			
						3,052.00	73111427	54810000354	TREE PRES & REMOVAL-ROADS

CHECK 344591 TOTAL: 3,052.00

344592	06/14/2017	PRTD	8546 KITSAP 911 PUBLIC AU	213858	BIPD2017-06	05/24/2017		06/11/17	8,273.50
Invoice: BIPD2017-06						POL/JUN17-CALL CENTER SVCS			
						2,482.05	52011286	551000	POLICE - C/E - INVEST CENCOM
						5,791.45	53011286	551000	POLICE - C/E PATROL CENCOM

CHECK 344592 TOTAL: 8,273.50

344593	06/14/2017	PRTD	315 KITSAP HUMANE SOCIET	213782	1380	05/01/2017		06/11/17	5,434.42
Invoice: 1380						MAY17-ANIMAL CONTROL SVCS			
						5,434.42	91011393	541100	FIN - C/E ANIMAL CONTROL FEES

CHECK 344593 TOTAL: 5,434.42

344594	06/14/2017	PRTD	694 KITSAP PUD #1	213856	MAR17-MAY17	05/16/2017		06/11/17	64.04
Invoice: MAR17-MAY17						WATER/LOT1-BELFAIR AVE NE			
						64.04	91011768	547500	GG-C/E-PARKS-WTR/SWR

CHECK 344594 TOTAL: 64.04

344595	06/14/2017	PRTD	4396 KITSAP RECLAMATION &	213910	63974-32039	05/05/2017		06/11/17	127.64
Invoice: 63974-32039						PW/11.71 TONS - CRUSHED ROCK			
						127.64	73431835	531100	OFFICE SUPPLIES

CHECK 344595 TOTAL: 127.64

344596	06/14/2017	PRTD	579 KITSAP SUN	213793	1551972	04/07/2017		06/11/17	24.00
Invoice: 1551972						HR/JOB AD-SEASONAL MAINT. WORKER			
						24.00	33011161	544173	HR-ADV-EE RECRUIT-PW O&M

Invoice: 1523787

213794	1523787	04/08/2017	06/11/17	149.00
HR/JOB AD-CONSTRUCTION INSPECTOR				
HR-ADV-EE RECRUIT-PW ENG				

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 15
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 1523849				213795	1523849	04/08/2017		06/11/17	149.00
				149.00	33011161 544173	HR/JOB AD-MAINT. TECH II HR-ADV-EE RECRUIT-PW O&M			
				CHECK			344596	TOTAL:	322.00
344597	06/14/2017	PRTD	309 KITSAP TIRE CENTER I	213907	207880	05/18/2017		06/11/17	136.25
Invoice: 207880				136.25	73111427 548100	PW/SPLIT RIM REPAIR-GRADER EQ#30 O&M-ACCESS RDSIDE R&M			
Invoice: 207979				213908	207979	05/24/2017		06/11/17	91.56
				91.56	73431835 548100	PW/FLAT REPAIR - EQ#6 REPAIRS & MAINTENANCE			
Invoice: 207817				213909	207817	05/16/2017		06/11/17	545.60
				545.60	73011151 548100	PW/TIRES (4), BALANCE, INSTALL, SCRAP FEE O&M-C/E-PD FLEET-REPAIRS			
				CHECK			344597	TOTAL:	773.41
344598	06/14/2017	PRTD	8664 KRISTA SEELY	213792	619947	05/22/2017		06/11/17	150.00
Invoice: 619947				150.00	41625860 586000	SS/COMMONS DEPOSIT REFUND SC/COMMONS ROOM DEP-DISBURSEME			
				CHECK			344598	TOTAL:	150.00
344599	06/14/2017	PRTD	6363 LN CURTIS & SONS	213832	INV102491	05/22/2017		06/11/17	351.69
Invoice: INV102491				351.69	53011212 531100	POL/EXTERNAL CARRIER/JOHNSON PD-C/E-PATROL SUPPLIES			
				CHECK			344599	TOTAL:	351.69
344600	06/14/2017	PRTD	6577 LAKESIDE INDUSTRIES	213915	5566	04/22/2017		06/11/17	2,125.08
Invoice: 5566				2,125.08	990 141100	PW/15.19 TONS-EZ STREET ASPHALT MERCHANDISE			
				CHECK			344600	TOTAL:	2,125.08
344601	06/14/2017	PRTD	8207 LEADERSHIP KITSAP FO	213862	2017-GRAD	05/19/2017		06/11/17	60.00
Invoice: 2017-GRAD				60.00	51011211 543100	POL/GRADUATION DINNER-JUNE 21 PD-C/E-ADM-TRAVEL/MEALS/LODGIN			
				CHECK			344601	TOTAL:	60.00

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

P 16
apcshdsb

CASH ACCOUNT: 635 111100 CASH			VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
CHECK NO	CHK DATE	TYPE VENDOR NAME						
INVOICE DTL DESC								
344602	06/14/2017	PRTD 7970 LUNT, JOHN	213852	053117-003	05/31/2017		06/11/17	187.50
		Invoice: 053117-003						
			187.50	31011572 541100	EX/COBI BOATERS FAIR REVISION FOR 2017			
					EXEC-C/E-OUTREACH-PROF SVCS			
			213853	053117-004	05/31/2017		06/11/17	168.75
		Invoice: 053117-004						
			168.75	31011572 541100	EX/COBI DOCK BANNER			
					EXEC-C/E-OUTREACH-PROF SVCS			
			213854	053117-005	05/31/2017		06/11/17	210.00
		Invoice: 053117-005						
			210.00	31011572 541100	EX/COBI WFP RIBBON CUTTING POSTER			
					EXEC-C/E-OUTREACH-PROF SVCS			
					CHECK	344602	TOTAL:	566.25
344603	06/14/2017	PRTD 8012 MACLEOD RECKORD, PLL	213796	7645	05/02/2017	21600025	06/11/17	207.02
		Invoice: 7645						
			207.02	72334562 64110000668	SOUND TO OLYMPIC TRAIL PH II			
					STO PH 2&4-ENG/DESIGN			
					CHECK	344603	TOTAL:	207.02
344604	06/14/2017	PRTD 5076 MADISON SQUARE LLC	213864	17-00386	06/01/2017		06/11/17	1,565.00
		Invoice: 17-00386						
			1,565.00	72655860 58600000644	PW/BLD22302 - FEE OVERAGE REFUND			
					EXPEDITED BLDG PERMITS			
					CHECK	344604	TOTAL:	1,565.00
344605	06/14/2017	PRTD 6454 MAP LTD	213863	28624	05/19/2017	21700064	06/11/17	10,650.00
		Invoice: 28624						
			7,188.75	72321953 64110000662	WARDWELL DSGN & SUPPORT			
			3,461.25	72433438 64110000662	WARDWELL RECONSTR-ENG/DES			
					WARDWELL RECONSTR-DESIGN			
					CHECK	344605	TOTAL:	10,650.00
344606	06/14/2017	PRTD 7516 MEASUREMENT SPECIALT	213972	558487	04/10/2017		06/11/17	518.50
		Invoice: 558487						
			518.50	73421355 531100	PW/REPLACEMENT PROBE			
					WIN COLL-SUPPLIES			
					CHECK	344606	TOTAL:	518.50
344607	06/14/2017	PRTD 493 MODERN COLLISION REB	213916	RO#15026	05/31/2017		06/11/17	7,236.63
		Invoice: RO#15026						
			7,236.63	73411345 548100	PW/COLLISION REPAIR-VEH#28			
					REPAIRS & MAINTENANCE			
			213917	24598	05/12/2017		06/11/17	754.25
		Invoice: 24598						
			281.55	73411345 548100	PW/AUTO REPAIR-VEH#47			
					REPAIRS & MAINTENANCE			

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 17
|apcsdshdb

CASH ACCOUNT: 635 111100 CASH			VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
CHECK NO	CHK DATE	TYPE VENDOR NAME						
INVOICE DTL DESC								
			472.70	73411345 531100	OFFICE SUPPLIES			
					CHECK	344607	TOTAL:	7,990.88
344608	06/14/2017	PRTD 8545 ZW USA INC.	213865	158397	05/26/2017		06/11/17	1,041.38
		Invoice: 158397			PW/MUTT MITT SINGLES (12CASES)			
			833.10	73011768 531100	O&M-C/E-PARKS-SUPPLIES			
			208.28	73011189 531100	O&M - C/E FACIL OFC SUPPLIES			
					CHECK	344608	TOTAL:	1,041.38
344609	06/14/2017	PRTD 2574 NATIONAL BARRICADE C	213920	269689	04/26/2017		06/11/17	122.30
		Invoice: 269689			PW/ALUM SIGNAGE (5)			
			122.30	990 141100	MERCHANDISE			
			213921	269688	04/26/2017		06/11/17	558.40
		Invoice: 269688			PW/ALUM SIGNAGE (20)			
			558.40	990 141100	MERCHANDISE			
			213922	269690	04/26/2017		06/11/17	219.00
		Invoice: 269690			PW/ALUM SIGNAGE (12)			
			219.00	990 141100	MERCHANDISE			
			213923	269686	04/26/2017		06/11/17	1,965.60
		Invoice: 269686			PW/ALUM SIGNAGE (42)			
			1,965.60	990 141100	MERCHANDISE			
			213924	269687	04/26/2017		06/11/17	531.27
		Invoice: 269687			PW/ALUM SIGNAGE (20)			
			531.27	990 141100	MERCHANDISE			
					CHECK	344609	TOTAL:	3,396.57
344610	06/14/2017	PRTD 677 NORTH COAST ELECTRIC	213918	S7887534.001	05/11/2017		06/11/17	71.14
		Invoice: S7887534.001			PW/17W LED (3)			
			71.14	73011755 531100	O&M-COMMONS SUPPLIES			
			213919	S7887534.002	05/11/2017		06/11/17	60.33
		Invoice: S7887534.002			PW/17W LED (2)			
			60.33	73011755 531100	O&M-COMMONS SUPPLIES			
					CHECK	344610	TOTAL:	131.47
344611	06/14/2017	PRTD 4111 OLYMPIC SPRINGS INC	213866	296693	05/31/2017		06/11/17	90.35
		Invoice: 296693			POL/PURIFIED H2O			
			90.35	51011215 531100	POLICE - C/E FACIL SUPPLIES			

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 18
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

						CHECK	344611 TOTAL:	90.35
344612	06/14/2017	PRTD	8286 SUPERINTENDENT OF P	213928	13059	05/17/2017	06/11/17	86.00
Invoice: 13059						POL/FINGERPRINTING SVCS		
						86.00	65438 386110	AGENCY-FINGERPRINT REV TO SPI
						CHECK	344612 TOTAL:	86.00
344613	06/14/2017	PRTD	8200 PACIFIC DUST CONTROL	213934	1265	06/01/2017	06/11/17	1,265.49
Invoice: 1265						PW/DUST CONTROL & ROAD STABILIZER-DECANT FACILITY		
						1,265.49	73435838 548100	O&M-DECANT-REPAIRS
						CHECK	344613 TOTAL:	1,265.49
344614	06/14/2017	PRTD	2623 POWER PLAN - OIB	213929	10406096	05/03/2017	06/11/17	283.23
Invoice: 10406096						PW/GRADER EDGE (4)-EQ#30		
						283.23	73111427 531100	OFFICE SUPPLIES
						213930	10408298	05/04/2017 06/11/17 -283.23
Invoice: 10408298						PW/REFUND-GRADER EDGE (4)-EQ#30		
						-283.23	73111427 531100	OFFICE SUPPLIES
						213931	10439501	05/23/2017 06/11/17 239.73
Invoice: 10439501						PW/PIN FASTENER, WASHER, COTTER PIN		
						239.73	73431835 531100	OFFICE SUPPLIES
						CHECK	344614 TOTAL:	239.73
344615	06/14/2017	PRTD	8655 PENINSULA TREE SERVI	213807	1549	05/01/2017 21700106	06/11/17	978.30
Invoice: 1549						REMOVE & HAUL HEMLOCK ON LOVGR		
						978.30	73111427 54810000354	TREE PRES & REMOVAL-ROADS
						213809	1549 #2	05/01/2017 06/11/17 2.70
Invoice: 1549 #2						REMOVE & HAUL HEMLOCK ON LOVGR		
						2.70	73111427 54810000354	TREE PRES & REMOVAL-ROADS
						CHECK	344615 TOTAL:	981.00
344616	06/14/2017	PRTD	8229 PIPER THORNBURGH	213802	05/25/17	05/25/2017	06/11/17	200.00
Invoice: 05/25/17						CRT/JUDGE PRO TEMP-4 HRS		
						200.00	21011125 541210	COURT - JUDGE PRO TEMPORE SVCS
						CHECK	344616 TOTAL:	200.00

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

P 19
apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

344617	06/14/2017	PRTD	420 PITNEY BOWES GLOBAL	213926	3301350637	05/22/2017		06/11/17	1,075.77
	Invoice: 3301350637					FIN/2016 Q3-MAIL MACHINE LEASE			
				1,075.77	44011141	545000	RENTS & LEASES - OPERATING		

CHECK 344617 TOTAL: 1,075.77

344618	06/14/2017	PRTD	4382 PNCWA, OLYMPIC SECTI	213925	2017-2	05/12/2017		06/11/17	30.00
	Invoice: 2017-2					PW/2017 DUES-SP, DO, DF			
				30.00	73425358	549100	O&M-WWTP-DUES, SUBSCR		

CHECK 344618 TOTAL: 30.00

344619	06/14/2017	PRTD	79 PORT OF BROWNSVILLE	213927	710098	05/19/2017		06/11/17	363.03
	Invoice: 710098					POL/FUEL FOR M8			
				363.03	54025212	532000	MARINE - FUEL		

CHECK 344619 TOTAL: 363.03

344620	06/14/2017	PRTD	360 PROBUILD COMPANY LLC	213932	1659347	05/19/2017		06/11/17	16.33
	Invoice: 1659347					PW/FURRING STRIPS (10)			
				16.33	73423943	63110000782	VILLAGE PUMP STATION-SUPPLIES		

				213933	1660045		05/24/2017	06/11/17	.53
	Invoice: 1660045					PW/CONCRETE BRICK			
				.53	73111427	531100	OFFICE SUPPLIES		

CHECK 344620 TOTAL: 16.86

344621	06/14/2017	PRTD	1205 PUGET SOUND ENERGY	213936	MAY17	05/30/2017		06/11/17	849.33
	Invoice: MAY17					MAY17-GREEN POWER CONTRACT			
				849.33	91011189	547101	ELECTRIC-GREEN POWER		

				213937	CITYHALL-MAY17		06/01/2017	06/11/17	2,435.60
	Invoice: CITYHALL-MAY17					CITY HALL ACCT#...837			
				2,435.60	91011189	547100	GG-C/E-CITY HALL-ELECTRIC		

CHECK 344621 TOTAL: 3,284.93

344622	06/14/2017	PRTD	7563 PUMPTECH INC	213935	0116746-IN	05/04/2017		06/11/17	568.46
	Invoice: 0116746-IN					PW/MONITORING MODULE (2)			
				568.46	73411345	531100	OFFICE SUPPLIES		

CHECK 344622 TOTAL: 568.46

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 20
|apcsdshsb

CASH ACCOUNT: 635 111100 CASH			VOUCHER INVOICE		INV DATE	PO	CHECK RUN	NET
CHECK NO	CHK DATE	TYPE VENDOR NAME			INVOICE DTL DESC			
344623	06/14/2017	PRTD 557 RELIABLE STORAGE BAI	213938	23283	06/01/2017	06/11/17		199.00
		Invoice: 23283			POL/JULY RENT-UNIT#C34			
			199.00	51011211 545000	PD-C/E-ADMIN RENTS/LEASE			
					CHECK	344623	TOTAL:	199.00
344624	06/14/2017	PRTD 408 ROLLING BAY COMMERC	213940	619147	06/02/2017	06/11/17		3,955.58
		Invoice: 619147			JUN17-COURT LEASE			
			3,955.58	91011255 545000	GG-C/E-COURT BLDG-RENT			
					CHECK	344624	TOTAL:	3,955.58
344625	06/14/2017	PRTD 8669 RUSS AMELANG	213939	9282090870010	05/15/2017	06/11/17		104.57
		Invoice: 9282090870010			POL/REIMBURSEMENT - POSTERS (6)			
			104.57	51011215 531100	POLICE - C/E FACIL SUPPLIES			
					CHECK	344625	TOTAL:	104.57
344626	06/14/2017	PRTD 618 ALBERTSONS SAFEWAY	213948	430802-051817-1252	05/18/2017	06/11/17		38.01
		Invoice: 430802-051817-1252			POL/NAT'L POLICE WEEK BBQ			
			38.01	51011211 53110000589	PD-COMM OUTREACH-SUPPLIES			
					CHECK	344626	TOTAL:	38.01
344627	06/14/2017	PRTD 8670 SCOTT JAMES	213947	ORDER#5222	05/03/2017	06/11/17		339.99
		Invoice: ORDER#5222			EX/REIMBURSEMENT-B.I. PREPARES MASCOT COSTUME			
			339.99	31011256 531100	EX-C/E-EMERG PREP-SUPPLIES			
					CHECK	344627	TOTAL:	339.99
344628	06/14/2017	PRTD 5890 SEALEVEL BULKHEAD BU	213964	2017-173	05/17/2017	06/11/17		34,880.00
		Invoice: 2017-173			POL/BARGE REMOVAL			
			34,880.00	55011757 54110000159	PD-DERELICT VES-DISPOSAL SVCS			
					CHECK	344628	TOTAL:	34,880.00
344629	06/14/2017	PRTD 8667 CAROL ANDERSON	213810	05/23/17	05/23/2017	06/11/17		643.50
		Invoice: 05/23/17			POL/FLAGS & POLES			
			643.50	51011215 531100	POLICE - C/E FACIL SUPPLIES			
					CHECK	344629	TOTAL:	643.50

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 21
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

344630	06/14/2017	PRTD	3114	SIMPLEX GRINNELL LP	213974	79431017	05/22/2017	06/11/17	131.05
Invoice: 79431017					131.05	73011755 541100	PW/ALARM MONITORING-B.I. COMMONS O&M-COMMONS PROF SVCS		
Invoice: 79431014					213975	79431014	05/22/2017	06/11/17	131.05
					131.05	73011897 541100	PW/ALARM MONITORING-B.I. COMMONS O&M-C/E-PWYD FAC-PROF SVCS		
Invoice: 79431016					213976	79431016	05/22/2017	06/11/17	261.47
					261.47	73011183 541100	PW/ALARM MONITORING-CITY HALL O&M-C/E-CH FAC-PROF SVCS		
							CHECK	344630 TOTAL:	523.57
344631	06/14/2017	PRTD	8129	SMARSH INC	213966	INV00237915	05/31/2017	06/11/17	322.50
Invoice: INV00237915					322.50	81011881 548500	IT/TEXT & SOCIAL MEDIA ARCHIVE-MAY17 IT - C/E COMPUTER SUPPORT		
							CHECK	344631 TOTAL:	322.50
344632	06/14/2017	PRTD	5559	YSI INCORPORATED, A	213998	688716	05/19/2017	06/11/17	285.52
Invoice: 688716					142.76	72011322 53110000485	ENG/SURVEY PROBE MONITORING GROUNDWTR MNGT PRGM-SUPPLIES		
					142.76	72637319 53110000809	WATER QUAL FLOW MONIT-SUPPLIES		
							CHECK	344632 TOTAL:	285.52
344633	06/14/2017	PRTD	8132	SPECTRA LABORATORIES	213945	17-03238	05/23/2017	06/11/17	55.66
Invoice: 17-03238					55.66	73415345 54110000391	PW/H2O TEST-ROCKAWAY BCH @ TAYLOR LAB SVCS-WATER ROCKAWAY		
Invoice: 17-03231					213946	17-03231	05/23/2017	06/11/17	62.10
					62.10	73411345 54110000391	PW/H2O TEST-SANDS, HEAD OF BAY, FLETCHER BAY LAB SVCS-WATER		
							CHECK	344633 TOTAL:	117.76
344634	06/14/2017	PRTD	2467	STAPLES ADVANTAGE	213951	3341532439	05/22/2017	06/11/17	62.85
Invoice: 3341532439					31.42	31011131 531100	EX&FIN/LABELS, PAPER, CARDS (50PK) EXEC - C/E SUPPLIES		
					31.43	41011141 531100	FIN - C/E ADMIN SUPPLIES		
Invoice: 3341532480					213952	3341532480	05/19/2017	06/11/17	10.88
					10.88	61011581 531100	PCD/PAPER CLIP HOLDER (2) PCD - C/E ADMIN SUPPLIES		
					213953	3341532479	05/19/2017	06/11/17	106.26

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 22
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

Invoice: 3341532479				106.26	61011581 531100			PCD/PAPER, RULER, PENS, PENCIL HOLDER, MOUSE PAD PCD - C/E ADMIN SUPPLIES	
				213954	3341532478	05/15/2017	06/11/17		740.10
Invoice: 3341532478				740.10	61011581 531100			PCD/OFFICE SUPPLIES PCD - C/E ADMIN SUPPLIES	
				213955	3341532477	05/09/2017	06/11/17		75.33
Invoice: 3341532477				75.33	61011581 531100			PCD/MOUSE & KEYBOARD PADS, PAPER PCD - C/E ADMIN SUPPLIES	
				213956	3341532476	05/04/2017	06/11/17		12.37
Invoice: 3341532476				12.37	61011581 531100			PCD/SWIFFER REFILLS PCD - C/E ADMIN SUPPLIES	
				213957	3341532475	05/04/2017	06/11/17		-12.37
Invoice: 3341532475				-12.37	61011581 531100			PCD/REFUND-SWIFFER REFILLS PCD - C/E ADMIN SUPPLIES	
				213962	3341532474	05/03/2017	06/11/17		12.62
Invoice: 3341532474				12.62	61011581 531100			PCD/OFFICE SUPPLY PCD - C/E ADMIN SUPPLIES	
				213963	3341532473	05/03/2017	06/11/17		116.14
Invoice: 3341532473				116.14	61011581 531100			PCD/OFFICE SUPPLIES PCD - C/E ADMIN SUPPLIES	
CHECK 344634 TOTAL:									1,124.18
344635 06/14/2017 PRTD	2467	STAPLES CREDIT PLAN	213950	1815399331		05/09/2017	06/11/17		156.08
Invoice: 1815399331				156.08	51011211 531100			POL/ENVELOPES, SOAP PD-C/E-ADM-SUPPLIES	
CHECK 344635 TOTAL:									156.08
344636 06/14/2017 PRTD	8663	STEPHANIE HANNA	213944	572268		05/12/2017	06/11/17		150.00
Invoice: 572268				150.00	41625860 586000			SS/COMMONS DEPOSIT REFUND SC/COMMONS ROOM DEP-DISBURSEME	
CHECK 344636 TOTAL:									150.00
344637 06/14/2017 PRTD	5730	SUMMIT LAW GROUP	213804	84993		05/22/2017	06/11/17		560.50
Invoice: 84993				560.50	32011152 541110			LEGAL/GENERAL SVCS THRU APR17 LGL-C/E-CIVIL-GEN'L OUTSIDE AT	
CHECK 344637 TOTAL:									560.50

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 23
|apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

344638 06/14/2017 PRTD 8244 SUPPLYWORKS 213965 400190690 05/09/2017 06/11/17 1,076.03
Invoice: 400190690 PW/JANITORIAL SUPPLIES
1,076.03 73637948 531100 O&M ALLOC-CITY WIDE SUPPLIES

CHECK 344638 TOTAL: 1,076.03

344639 06/14/2017 PRTD 5044 SVR DESIGN COMPANY 213797 0048553 05/05/2017 21400138 06/11/17 24,553.75
Invoice: 0048553 OLYMPIC DRIVE NM IMP/ DESIGN
24,553.75 72334951 64110000596 SR305-OLYMPIC NM-ENG/DESIGN

213941 0048540 05/04/2017 06/11/17 3,523.00
Invoice: 0048540 PW/OLYMPIC DRIVE H2O MAIN IMPRVMTS
3,523.00 72413434 64110000596 SR305-OLYMPIC WTR DESIGN

CHECK 344639 TOTAL: 28,076.75

344640 06/14/2017 PRTD 8376 SWCA, INCORPORATED 213943 65155 05/19/2017 21600023 06/11/17 104.98
Invoice: 65155 ARCHAEOLOGICAL & CULT. SURVEY
104.98 72311476 64110000637 WFP CAP-PROF SVCS/DESIGN

CHECK 344640 TOTAL: 104.98

344641 06/14/2017 PRTD 6746 SYMBOL ARTS 213949 0282079-IN 05/16/2017 06/11/17 50.00
Invoice: 0282079-IN POL/BADGE REFURBISHING
50.00 53011212 531100 PD-C/E-PATROL SUPPLIES

CHECK 344641 TOTAL: 50.00

344642 06/14/2017 PRTD 8243 CRANE & CRANE HOLDIN 213973 05/31/17 05/31/2017 06/11/17 160.00
Invoice: 05/31/17 YARD WASTE DISPOSAL-PRITCHARD PRK & MORALES FARM
80.00 91011768 547900 GG-C/E-PARKS-GARBAGE
80.00 91021182 547900 O&M-OPEN SPACE MAINT-GARBAGE

CHECK 344642 TOTAL: 160.00

344643 06/14/2017 PRTD 558 TOWN & COUNTRY MARKE 213967 05/17/17 05/17/2017 06/11/17 108.46
Invoice: 05/17/17 EX/B'DAY LUNCH W/CITY MGR-MAY17
108.46 31011131 531100 EXEC - C/E SUPPLIES

213969 04/19/17 #2 04/19/2017 06/11/17 75.92
Invoice: 04/19/17 #2 EX/B'DAY LUNCH W/CITY MGR-APR17
75.92 31011131 531100 EXEC - C/E SUPPLIES

213970 03/03/17 03/03/2017 06/11/17 52.25
Invoice: 03/03/17 EX/ELEC UTILITY TASK FORCE MTG-REFRESHMENTS
52.25 31011131 531100 EXEC - C/E SUPPLIES

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 24
|apcsdshb

CASH ACCOUNT: 635 111100 CASH
CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

Invoice: 03/14/17	214002	03/14/17	03/14/2017	06/11/17	102.22
			PCD/BIZ INDUSTRIAL ORDNANCE MEETING-REFRESHMNTS		
	102.22	64011582 531100	LONG - C/E OFFICE SUPPLIES		
			CHECK	344643 TOTAL:	338.85
344644 06/14/2017 PRTD 2190 UNITED PARCEL SERVIC	213977	000028Y3Y1197	05/13/2017	06/11/17	18.93
Invoice: 000028Y3Y1197			POL/SHIPPING		
	18.93	91011215 542500	GG-C/E-PD-POSTAGE		
			CHECK	344644 TOTAL:	18.93
344645 06/14/2017 PRTD 1152 USA BLUE BOOK	213978	261791	05/17/2017	06/11/17	207.69
Invoice: 261791			PW/PH BUFFERS, SOLENOID - WWTP		
	207.69	73425358 531100	O&M-WWTP-SUPPLIES		
	213979	254285	05/09/2017	06/11/17	86.74
Invoice: 254285			PW/PRESSURE GAUGES (2) - WWTP		
	86.74	73421355 531100	WIN COLL-SUPPLIES		
			CHECK	344645 TOTAL:	294.43
344646 06/14/2017 PRTD 759 VIRGINIA MASON CLINI	214005	572344	06/03/2017	06/11/17	150.00
Invoice: 572344			SS/COMMONS DEPOSIT REFUND		
	150.00	41625860 586000	SC/COMMONS ROOM DEP-DISBURSEME		
			CHECK	344646 TOTAL:	150.00
344647 06/14/2017 PRTD 2251 WA ST TREASURER	213999	MAY17	06/02/2017	06/11/17	7,330.17
Invoice: MAY17			WA ST-OUT COURT REMIT-MAY17		
	2,701.95	41611860 586000	PSEA 60% OUT		
	1,374.59	41610860 586000	PSEA 30% OUT		
	58.95	41619860 586000	PSEA 3 - STATE DISB OUT		
	626.22	41616860 586000	THEFT PRV&TR BRAIN INJ-OUT		
	125.10	41616860 586000	THEFT PRV&TR BRAIN INJ-OUT		
	1,552.64	41614860 586000	JUDICIAL INFO SYST.-OUT		
	.12	41615860 586000	BREATH TEST-CUSTODIAL		
	.68	41615860 586000	BREATH TEST-CUSTODIAL		
	140.28	41617860 586000	SCHOOL SAFETY ZONE-OUT		
	312.41	41618860 586000	TRAUMA CARE-OUT		
	31.75	41618860 586000	TRAUMA CARE-OUT		
	19.99	41618860 586000	TRAUMA CARE-OUT		
	113.73	41618860 586000	TRAUMA CARE-OUT		
	99.99	41616860 586812	ACCESS COMM ACCT		
	99.99	41616860 586813	MULTIMODAL ACCT		
	71.78	41615860 586960	STATE CRIME LAB		

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 25
|apcsdshsb

CASH ACCOUNT: 635			111100	CASH					
CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: MAY17-SBCC				214000	MAY17-SBCC	06/02/2017		06/11/17	157.00
				157.00	41652860 586000	WA ST-SBCC OUT COURT REMIT-MAY17 SBCC BLDG.-OUT			
				CHECK			344647	TOTAL:	7,487.17
344648	06/14/2017	PRTD	5271 WASHINGTON WATER SER	213997	0131710-MAY17	05/19/2017		06/11/17	135.32
Invoice: 0131710-MAY17				135.32	91435838 547500	MAY17 WATER - DECANT FACILITY GG-DECANT-WATER/SEWER			
				CHECK			344648	TOTAL:	135.32
344649	06/14/2017	PRTD	5709 WEBCHECK INC	214001	5695	06/01/2017		06/11/17	353.16
Invoice: 5695				176.58	43411341 541100	FIN/WEBCHECK SVCS-MAY17 FIN - WATER ADMIN PROF SERVICE			
				176.58	43421351 541100	FIN - SEWER ADMIN PROF SERVICE			
				CHECK			344649	TOTAL:	353.16
344650	06/14/2017	PRTD	7368 PREMIER MOTOR COMPAN	213996	5650535	05/02/2017		06/11/17	1,166.52
Invoice: 5650535				1,166.52	73411345 548100	PW/DODGE SPRINTER VAN REPAIRS-VEH#28 REPAIRS & MAINTENANCE			
				CHECK			344650	TOTAL:	1,166.52
344651	06/14/2017	PRTD	499 WESTBAY AUTO PARTS I	213980	259163	04/27/2017		06/11/17	488.54
Invoice: 259163				488.54	990 141100	PW/WIPER BLADES (40) MERCHANDISE			
				213981	264344	05/16/2017		06/11/17	244.36
Invoice: 264344				244.36	53011212 531100	POL/BRAKE PADS & ROTOR-VEH#186 PD-C/E-PATROL SUPPLIES			
				213982	263024	05/11/2017		06/11/17	433.82
Invoice: 263024				433.82	73411345 531100	PW/AUTO HEADLIGHTS (2)-VEH#60 OFFICE SUPPLIES			
				213983	264050	05/15/2017		06/11/17	206.05
Invoice: 264050				206.05	73011189 531100	PW/BRAKE CALIPERS (2), CORE DEPOSITS (2)-VEH#03 O&M - C/E FACIL OFC SUPPLIES			
				213984	259112	04/27/2017		06/11/17	104.03
Invoice: 259112				104.03	990 141100	PW/OIL & AIR FILTERS MERCHANDISE			
				213985	255140	04/13/2017		06/11/17	6.95
Invoice: 255140				6.95	990 141100	PW/OIL FILTER MERCHANDISE			

06/08/2017 14:54 | CITY OF BAINBRIDGE ISLAND
 bhuish | A/P CASH DISBURSEMENTS JOURNAL

| P 26
 | apcshdsb

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC									
Invoice: 256151				213986	256151	04/17/2017		06/11/17	30.73
						PW/OIL & AIR FILTER			
				30.73	990 141100	MERCHANDISE			
Invoice: 262393				213987	262393	05/09/2017		06/11/17	243.73
						PW/FUEL, AIR & OIL FILTERS			
				243.73	990 141100	MERCHANDISE			
Invoice: 256071				213988	256071	04/17/2017		06/11/17	17.48
						PW/FUEL PRIMER, OIL FILTERS			
				17.48	990 141100	MERCHANDISE			
Invoice: 260400				213989	260400	05/02/2017		06/11/17	11.47
						PW/AIR & OIL FILTER			
				11.47	990 141100	MERCHANDISE			
Invoice: 264156				213990	264156	05/15/2017		06/11/17	69.85
						PW/FUEL, AIR & OIL FILTERS			
				69.85	990 141100	MERCHANDISE			
Invoice: 264052				213991	264052	05/15/2017		06/11/17	121.22
						PW/HALOGEN CAPSULES, OIL, FUEL & AIR FILTERS			
				121.22	990 141100	MERCHANDISE			
Invoice: 265103				213992	265103	05/18/2017		06/11/17	32.85
						PW/OIL & AIR FILTERS			
				32.85	990 141100	MERCHANDISE			
Invoice: 254979				213993	254979	04/12/2017		06/11/17	302.22
						PW/SWIVEL, BELT, HYDRAULIC, FUEL & OIL FILTER			
				302.22	990 141100	MERCHANDISE			
								CHECK 344651 TOTAL:	2,313.30
344652	06/14/2017	PRTD	6920 COMCAST	213835	JUN17	05/20/2017		06/11/17	11.35
Invoice: JUN17						POL/HD CONVERTER BOX			
				11.35	51011211 545000	PD-C/E-ADMIN RENTS/LEASE			
								CHECK 344652 TOTAL:	11.35
344653	06/14/2017	PRTD	2607 ZEE MEDICAL SERVICE	214003	68335358	06/06/2017		06/11/17	87.54
Invoice: 68335358						PW/FIRST AID RESTOCK-B.I. SENIOR CTR			
				87.54	73011755 531100	O&M-COMMONS SUPPLIES			
Invoice: 68335352				214004	68335352	06/06/2017		06/11/17	142.30
						FIN/CITY HALL FIRST AID SUPPLY RESTOCK			
				142.30	41011189 531100	FIN - C/E CNTL SV SUPPLIES			

06/08/2017 14:54
bhuish

CITY OF BAINBRIDGE ISLAND
A/P CASH DISBURSEMENTS JOURNAL

P 27
apcshdsb

CHECK 344653 TOTAL: 229.84

NUMBER OF CHECKS 120 *** CASH ACCOUNT TOTAL *** 225,748.89

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	120	225,748.89

*** GRAND TOTAL *** 225,748.89

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 28
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL				ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	LINE DESC		
2017 6 102								
APP 101-213000						STREETS - ACCOUNTS PAYABLE	5,114.58	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 635-111100						CASH		225,748.89
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 001-213000						GENERAL - ACCOUNTS PAYABLE	107,743.95	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 402-213000						ACCOUNTS PAYABLE	17,711.62	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 403-213000						ACCOUNTS PAYABLE	5,593.87	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 631-213000						ACCOUNTS PAYABLE	14,948.86	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 401-213000						ACCOUNTS PAYABLE	14,984.80	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 407-213000						ACCOUNTS PAYABLE	5,163.97	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 104-213000						CIVIC IMPR - ACCOUNTS PAYABLE	2,750.00	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 650-213000						ACCOUNTS PAYABLE	10,890.02	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 301-213000						ACCOUNTS PAYABLE	33,146.50	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 622-213000						ACCOUNTS PAYABLE	750.00	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
APP 901-213000						ACCOUNTS PAYABLE	6,950.72	
	06/14/2017	06/11/17	061417			AP CASH DISBURSEMENTS JOURNAL		
GENERAL LEDGER TOTAL							225,748.89	225,748.89
APP 631-130000						DUE TO/FROM CLEARING	210,800.03	
	06/14/2017	06/11/17	061417					
APP 101-130000						STREETS - DUE TO/FROM CLEARING		5,114.58
	06/14/2017	06/11/17	061417					
APP 001-130000						GENERAL - DUE TO/FROM CLEARING		107,743.95
	06/14/2017	06/11/17	061417					
APP 402-130000						DUE TO/FROM CLEARING		17,711.62
	06/14/2017	06/11/17	061417					
APP 403-130000						DUE TO/FROM CLEARING		5,593.87
	06/14/2017	06/11/17	061417					
APP 401-130000						DUE TO/FROM CLEARING		14,984.80
	06/14/2017	06/11/17	061417					
APP 407-130000						DUE TO/FROM CLEARING		5,163.97
	06/14/2017	06/11/17	061417					
APP 104-130000						CIVIC IMPR DUE TO/FROM CLEAR'G		2,750.00
	06/14/2017	06/11/17	061417					
APP 650-130000						DUE TO/FROM CLEARING		10,890.02

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

P 29
apcshdsb

JOURNAL ENTRIES TO BE CREATED

YEAR PER	JNL								
SRC ACCOUNT						ACCOUNT DESC	T OB	DEBIT	CREDIT
EFF DATE	JNL DESC	REF 1	REF 2	REF 3		LINE DESC			
06/14/2017	06/11/17	061417							
APP 301-130000						DUE TO/FROM CLEARING			33,146.50
06/14/2017	06/11/17	061417							
APP 622-130000						DUE TO/FROM CLEARING			750.00
06/14/2017	06/11/17	061417							
APP 901-130000						DUE TO/FROM CLEARING			6,950.72
06/14/2017	06/11/17	061417							
SYSTEM GENERATED ENTRIES TOTAL								210,800.03	210,800.03
JOURNAL 2017/06/102 TOTAL								436,548.92	436,548.92

JOURNAL ENTRIES TO BE CREATED

FUND	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
ACCOUNT						
001 GENERAL FUND	2017 6	102	06/14/2017			
001-130000				GENERAL - DUE TO/FROM CLEARING		107,743.95
001-213000				GENERAL - ACCOUNTS PAYABLE	107,743.95	
				FUND TOTAL	107,743.95	107,743.95
101 STREET FUND	2017 6	102	06/14/2017			
101-130000				STREETS - DUE TO/FROM CLEARING		5,114.58
101-213000				STREETS - ACCOUNTS PAYABLE	5,114.58	
				FUND TOTAL	5,114.58	5,114.58
104 CIVIC IMPROVEMENT FUND	2017 6	102	06/14/2017			
104-130000				CIVIC IMPR DUE TO/FROM CLEAR'G		2,750.00
104-213000				CIVIC IMPR - ACCOUNTS PAYABLE	2,750.00	
				FUND TOTAL	2,750.00	2,750.00
301 CAPITAL CONSTRUCTION FUND	2017 6	102	06/14/2017			
301-130000				DUE TO/FROM CLEARING		33,146.50
301-213000				ACCOUNTS PAYABLE	33,146.50	
				FUND TOTAL	33,146.50	33,146.50
401 WATER OPERATING FUND	2017 6	102	06/14/2017			
401-130000				DUE TO/FROM CLEARING		14,984.80
401-213000				ACCOUNTS PAYABLE	14,984.80	
				FUND TOTAL	14,984.80	14,984.80
402 SEWER OPERATING FUND	2017 6	102	06/14/2017			
402-130000				DUE TO/FROM CLEARING		17,711.62
402-213000				ACCOUNTS PAYABLE	17,711.62	
				FUND TOTAL	17,711.62	17,711.62
403 STORM & SURFACE WATER FUND	2017 6	102	06/14/2017			
403-130000				DUE TO/FROM CLEARING		5,593.87
403-213000				ACCOUNTS PAYABLE	5,593.87	
				FUND TOTAL	5,593.87	5,593.87
407 BUILDING & DEVELOPMENT FUND	2017 6	102	06/14/2017			
407-130000				DUE TO/FROM CLEARING		5,163.97
407-213000				ACCOUNTS PAYABLE	5,163.97	
				FUND TOTAL	5,163.97	5,163.97
622 EXPENDABLE TRUST FUND	2017 6	102	06/14/2017			

06/08/2017 14:54
bhuish

|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 31
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND ACCOUNT	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
622-130000				DUE TO/FROM CLEARING		750.00
622-213000				ACCOUNTS PAYABLE	750.00	
FUND TOTAL					750.00	750.00
631 CLEARING FUND	2017 6	102	06/14/2017			
631-130000				DUE TO/FROM CLEARING	210,800.03	
631-213000				ACCOUNTS PAYABLE	14,948.86	
635-111100				CASH		225,748.89
FUND TOTAL					225,748.89	225,748.89
650 AGENCY FUND	2017 6	102	06/14/2017			
650-130000				DUE TO/FROM CLEARING		10,890.02
650-213000				ACCOUNTS PAYABLE	10,890.02	
FUND TOTAL					10,890.02	10,890.02
901 CITY-WIDE REPORTING FUND	2017 6	102	06/14/2017			
901-130000				DUE TO/FROM CLEARING		6,950.72
901-213000				ACCOUNTS PAYABLE	6,950.72	
FUND TOTAL					6,950.72	6,950.72

06/08/2017 14:54 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 32
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		107,743.95
101	STREET FUND		5,114.58
104	CIVIC IMPROVEMENT FUND		2,750.00
301	CAPITAL CONSTRUCTION FUND		33,146.50
401	WATER OPERATING FUND		14,984.80
402	SEWER OPERATING FUND		17,711.62
403	STORM & SURFACE WATER FUND		5,593.87
407	BUILDING & DEVELOPMENT FUND		5,163.97
622	EXPENDABLE TRUST FUND		750.00
631	CLEARING FUND	210,800.03	
650	AGENCY FUND		10,890.02
901	CITY-WIDE REPORTING FUND		6,950.72
	TOTAL	210,800.03	210,800.03

** END OF REPORT - Generated by Matthew Brigham Huish **

TRVL ADV.

05/19/2017 12:10 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 1
|apcsbdb

Chm 5/19/17

CASH ACCOUNT: 013 111100 ADV TRAVEL - CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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INVOICE DTL DESC

83	05/19/2017	PRTD	7358 MICHAEL TOVAR	213614	TRVLMAY17-MT	05/08/2017		TA052417	150.00
Invoice: TRVLMAY17-MT						POL/AXON ACADEMY/TASER INSTRUCTOR CERT.			
				150.00	013	122100	ADV TRAVEL ACCOUNTS RECEIVABLE		

CHECK	83 TOTAL:	150.00
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NUMBER OF CHECKS	1	*** CASH ACCOUNT TOTAL ***	150.00
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	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	150.00

*** GRAND TOTAL *** 150.00

05/19/2017 12:10 |CITY OF BAINBRIDGE ISLAND
bhuish |A/P CASH DISBURSEMENTS JOURNAL

|P 2
|apcshdsb

JOURNAL ENTRIES TO BE CREATED

CLERK: bhuish

YEAR PER	JNL					ACCOUNT DESC	T OB	DEBIT	CREDIT
SRC ACCOUNT						LINE DESC			
EFF DATE	JNL DESC	REF 1	REF 2	REF 3					
2017 5 302									
APP 001-213000						GENERAL - ACCOUNTS PAYABLE		150.00	
05/19/2017	TA052417	051917				AP CASH DISBURSEMENTS JOURNAL			
APP 013-111100						ADV TRAVEL - CASH			150.00
05/19/2017	TA052417	051917				AP CASH DISBURSEMENTS JOURNAL			
						JOURNAL 2017/05/302	TOTAL	150.00	150.00

05/19/2017 12:10
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|CITY OF BAINBRIDGE ISLAND
|A/P CASH DISBURSEMENTS JOURNAL

|P 3
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JOURNAL ENTRIES TO BE CREATED

FUND	ACCOUNT	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
001	GENERAL FUND	2017	5	302	05/19/2017			
	001-213000					GENERAL - ACCOUNTS PAYABLE	150.00	
	013-111100					ADV TRAVEL - CASH		150.00
						FUND TOTAL	150.00	150.00

** END OF REPORT - Generated by Matthew Brigham Huish **

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: City Council Study Session Minutes, May 16, 2017 (Pg. 386)	Date: 6/13/2017
Agenda Item: CONSENT AGENDA - 10:40 PM	Bill No.: 17-105
Proposed By: City Clerk	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

RECOMMENDED ACTION/MOTION

Approve with consent agenda.

ATTACHMENTS:

Description	Type
CCMIN 051617 STUDY SESSION	Backup Material



CITY COUNCIL STUDY SESSION
TUESDAY, MAY 16, 2017
MEETING MINUTES

1. CALL TO ORDER/ROLL CALL

Deputy Mayor Peltier called the meeting to order at 7:00 PM in Council Chambers.

Mayor Tollefson, Deputy Mayor Peltier, and Councilmembers Blossom, Medina, Peltier, Roth, Scott and Townsend were present.

2. AGENDA APPROVAL OR MODIFICATION/CONFLICT OF INTEREST DISCLOSURE

Councilmember Scott moved and Mayor Tollefson seconded to accept the agenda as presented. The motion carried unanimously. There were no conflicts of interest disclosed.

3. PUBLIC COMMENT ON AGENDA ITEMS

There was no public comment at this time.

4. PRESENTATION(S)

A. Mayor's Youth Advisory Committee Presentation on Affordable Housing, AB 17-089 – Mayor Tollefson 7:01 PM

Mayor Tollefson introduced the Mayor's Youth Advisory Committee who provided a presentation on affordable housing topics.

5. UNFINISHED BUSINESS

A. Professional Services Agreement for Phase 3 Design of the Sound to Olympics Trail (Bridge), AB 17-077 – Public Works 7:42 PM

Public Works Director Loveless provided an overview of the changes to the agreement.

Public Comment

Brandon Fouts spoke against the contract.

Dick Llorens spoke against the contract.

Mitch Wilk spoke against the project.

Patti Dusbabek spoke against the contract.

Don Willott spoke in favor of the project.

MOTION: I move that the City Council approve the Sound to Olympics Trail Phase 3 Professional Services Agreement with Otak Inc. in the amount of \$627,569 that is the contract that was attached to the May 2 agenda bill. 8:22 PM

Scott/Tollefson: The motion carried 4-3 with Deputy Mayor Peltier and Councilmembers Medina and Blossom voting against.

B. Amendment No. 2 to Police and Court Facility Professional Services Agreement for In-Depth Site Assessment for the Preferred New Brooklyn Road Site, AB 14-008 – Public Works 8:22 PM
Public Works Director Loveless introduced the amendment and answered Council's questions.

Public Comment

Patti Dusbabek spoke against the project.

MOTION: I move that the City Council forward to the May 23, 2017, consent agenda Amendment No. 2 to the Professional Services Agreement with Coates Design in the amount of \$122,032.00 for the Police and Court Facility project.

Tollefson/Roth: The motion carried unanimously, 7-0.

6. NEW BUSINESS

A. Ordinance No. 2017-15 Amending Bainbridge Island Municipal Code Section 13.16.086 relating to Requirements for Eligibility for Discounted Utility Rates, AB 17-095 – Finance 8:28 PM
Finance Director Schroer introduced the ordinance.

MOTION: I move that the City Council forward Ordinance No. 2017-15, Amending BIMC 13.16.086, to the consent agenda on June 13, 2017.

Roth/Blossom: The motion carried unanimously, 7-0.

B. Review of Priority Based Budgeting, AB 17-096 – Finance 8:31 PM

City Manager Schulze provided background on Priority Based Budgeting. Finance Director Schroer provided an overview of the program and financial information.

7. FOR THE GOOD OF THE ORDER - 8:25 PM

Mayor Tollefson proposed that he work with Deputy Mayor Peltier to interview candidates for the Climate Change Advisory Committee and with Councilmember Blossom to interview candidates for the Affordable Housing Task Force. Council concurred.

Councilmembers Scott and Medina volunteered to serve as liaisons for the Infrastructure Ballot Measure Task Force.

Council discussed whether to take public comment on the Electric Municipalization Feasibility Study at the June 6 Study Session. Council agreed to schedule public comment at a later meeting and to invite Puget Sound Energy and Island Power to provide input on the study on June 6, 2017.

8. ADJOURNMENT

Deputy Mayor Peltier adjourned the meeting at 9:17 PM.

Val Tollefson, Mayor

Christine Brown, City Clerk

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Special City Council Meeting Minutes, May 23, 2017 (Pg. 390)	Date: 6/13/2017
Agenda Item: CONSENT AGENDA - 10:40 PM	Bill No.: 17-105
Proposed By: City Clerk	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

RECOMMENDED ACTION/MOTION

Approve with consent agenda.

ATTACHMENTS:

Description	Type
CCMIN 052317 Special	Backup Material



SPECIAL CITY COUNCIL MEETING
TUESDAY, MAY 23, 2017

MEETING MINUTES

1. CALL TO ORDER - 6:30 PM

Mayor Tollefson called the special City Council meeting to order at 6:30 PM in Council Chambers.

Mayor Tollefson, Deputy Mayor Peltier, and Councilmembers Blossom, Medina, Scott, Roth, and Townsend were present.

2. EXECUTIVE SESSION

Council adjourned to the Planning Conference Room to discuss with legal counsel matters pursuant to RCW 42.30.110(1)(b) to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price.

3. ADJOURNMENT

Council returned from Executive Session at 6:52 PM, and Mayor Tollefson adjourned the special City Council meeting.

Val Tollefson, Mayor

Christine Brown, City Clerk

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Regular City Council Business Meeting Minutes, May 23, 2017 (Pg. 392)	Date: 6/13/2017
Agenda Item: CONSENT AGENDA - 10:40 PM	Bill No.: 17-105
Proposed By: City Clerk	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

RECOMMENDED ACTION/MOTION

Approve with consent agenda.

ATTACHMENTS:

Description	Type
CCMIN 052317 BUSINESS	Backup Material



REGULAR CITY COUNCIL BUSINESS MEETING TUESDAY, MAY 23, 2017

MEETING MINUTES

1. CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

Mayor Tollefson called the meeting to order at 7:00 PM in Council Chambers.

Mayor Tollefson, Deputy Mayor Peltier, and Councilmembers Blossom, Medina, Roth, Scott and Townsend were present. Everyone stood for the Pledge of Allegiance.

2. AGENDA APPROVAL OR MODIFICATION/CONFLICT OF INTEREST DISCLOSURE

City Manager Schulze asked for the addition of a Rotary grant for the purchase of disaster medical supplies to be added to the agenda under New Business. Councilmember Roth moved and Councilmember Townsend seconded to accept the agenda as modified. The motion carried unanimously. There were no conflicts of interest disclosed.

3. PUBLIC COMMENT

There was no public comment at this time.

4. CITY MANAGER'S REPORT – 7:02 PM

City Manager Schulze provided an update on the Bainbridge Island Police Department accreditation and the final Electric Municipalization Feasibility Study.

5. PRESENTATION(S)

A. Proclamation Honoring Special Olympian Gold Medalist Stefanie Sarason, AB 17-091– Mayor Tollefson 7:04 PM

Mayor Tollefson introduced and read the proclamation honoring Special Olympian Gold Medalist Stefanie Sarason.

MOTION: I move to authorize Mayor Tollefson to sign the proclamation celebrating the achievements of Stefanie Sarason in the 2017 Special Olympics World Winter Games in Austria.

Townsend/Roth: The motion carried unanimously, 7-0.

B. Friends of the Farm Proposal for City's M & E Property, AB 17-092 – Executive 7:09 PM

Deputy City Manager Smith introduced Heather Burger of Friends of the Farm. Heather Burger introduced Rik Langendoen, President of Friends of the Farm, and Ryan Montella. Ryan Montella provided a presentation on his proposal for the City's M & E Property.

Public Comment

Patti Dusbabek spoke about farm education.

David Henry spoke about the history of the property.

MOTION: I move that we approve to move forward to old business on a forthcoming agenda, approval for Friends of the Farms to move forward with negotiation of a sublease to cover the first two phases as proposed in the proposal before us tonight, culminating in the development of a comprehensive conservation plan consistent with the conservation restrictions in the underlying deed that granted the property to the City. That conservation plan is to be submitted to, and approved by, the City and presented to Council as part of that process.

Scott/Roth: The motion carried unanimously, 7-0.

6. UNFINISHED BUSINESS

A. Ordinance No. 2017-10, Relating to 1st Quarter 2017 Budget Amendments, AB 17-072 – Finance 7:58 PM

Finance Director Schroer introduced the ordinance.

MOTION: I move that the City Council approve Ordinance No. 2017-10, amending the City's 2017 Budget.

Scott/Medina: The motion carried unanimously, 7-0

B. Workplan for Implementing Actions Taken from the Comprehensive Plan, AB 17-045 – Planning 8:02 PM

Planning Director Christensen introduced the topic and discussed the schedule. Council had no objections to the proposed schedule.

7. NEW BUSINESS

A. City Dock Improvements Professional Services Agreement Amendment No. 2, AB 15-072 – Public Works 8:17 PM

Public Works Director Loveless introduced the amendment.

MOTION: I move that the City Council forward to the June 13, 2017, consent agenda Amendment No. 2 to the Professional Services Agreement with PND Engineers for the City Dock Improvements project.

Townsend/Roth: The motion carried unanimously, 7-0.

B. Potential City Hall Renovations, AB 17-093 – Public Works 8:22 PM

Deputy City Manager Smith introduced the topic, and Public Works Director Loveless provided information on potential renovations to City Hall.

Public Comment

Patti Dusbabek spoke about the Farmer's Market space.

MOTION: I move that we move to the next meeting agenda a motion to move forward with the proposed renovations of City Hall as described.

Scott/Roth: The motion carried 5-2 with Councilmember Blossom and Deputy Mayor Peltier voting against.

Council requested that options for funding be provided when this item returns to Council.

C. Citizen Advisory Group Appointments for Planning Commission, Design Review Board, Environmental Technical Advisory Committee, Ethics Board, Historic Preservation Commission, Marine Access Committee, Multi-Modal Transportation Advisory Committee, and Utility Advisory Committee, AB 17-097 – Mayor Tollefson 8:57 PM

Mayor Tollefson introduced the agenda item and read the recommended appointments.

MOTION: Councilmember Scott moved to make the appointments.

Scott/Medina: The motion carried 6-0, with Councilmember Townsend absent from the Chambers at the time of the vote.

D. [ADDED] Huney Grant Funding for Disaster Medical Supplies – Executive 9:03 PM

Emergency Management Coordinator Richards provided information on the grant application for emergency medical supplies.

MOTION: I move that City Council forward approval to accept \$53,136 in grant funding from the Bainbridge Island Rotary Club to the June 13 consent agenda

Scott/Townsend: The motion carried unanimously, 7-0.

8. CONSENT AGENDA - 9:17 PM

A. Agenda Bill for Consent Agenda, AB 17-094

B. Accounts Payable and Payroll

Accounts Payable: regular run #344237 – void. Manual run check sequence 344377 – 344399 for \$603,700.86; regular run sequence 344400 – 344513 for \$1,325,832.75; retainage release #159 for \$10,759.43; travel advance #82 for \$300.00. Total disbursement = \$1,929,533.61.

Payroll: Normal paycheck run (direct deposit) check sequence 038687 – 038805 for \$286,892.61; regular paycheck run sequence 108092 – 108095 for \$6,777.69; payroll vender check run sequence 108096 – 108105 for \$97,302.15; Federal Tax Electronic Transfer for \$122,035.00. Total disbursement = \$513,007.45.

C. City Council Study Session Minutes, May 2, 2017

D. Special City Council Meeting Minutes, May 9, 2017

E. Regular City Council Business Meeting Minutes, May 9, 2017

F. Ordinance No. 2017-11, Relating to 2016 Budget Carryovers, AB 17-073 – Finance

G. Ordinance No. 2017-05 Amending Bainbridge Island Municipal Code Chapter 12.28 to Reference Current Planned Facilities Maps in the Non-Motorized Chapter of the 2017 Island-Wide Transportation Plan, AB 17-027 – Public Works

- H. Ordinance No. 2017-12, Amending Bainbridge Island Municipal Code Section 3.65.040 Relating to Civic Improvement Fund (Lodging Tax), AB 17-079 – Executive
- I. Amendment No. 2 to Police and Court Facility Professional Services Agreement for In-Depth Site Assessment for the Preferred New Brooklyn Road Site, AB 14-008 – Public Works
- J. McDonald Creek Culvert Professional Services Agreement with Reid Middleton Inc., AB 17-078 – Public Works

MOTION: I move to approve the Consent Agenda, as presented.

Roth/Townsend: The motion carried unanimously, 7-0.

9. COMMITTEE REPORTS - 9:17 PM

A. Marine Access Committee Meeting Minutes, April 10, 2017

B. Utility Advisory Committee Meeting Minutes, April 19, 2017

C. Tree and Low Impact Development Ad Hoc Committee Meeting Minutes, May 3, 2017

There were no additional committee reports presented.

10. REVIEW UPCOMING COUNCIL MEETING AGENDAS - 9:18 PM

A. Council Calendar

City Manager Schulze reviewed the upcoming Council meeting agendas.

11. FOR THE GOOD OF THE ORDER - 9:25 PM

Mayor Tollefson noted the Deputy Mayor position needs to be filled and asked for suggestions on a process. Councilmembers agreed to let Mayor Tollefson know if they are interested in the position.

12. ADJOURNMENT

Mayor Tollefson adjourned the meeting at 9:27 PM.

Val Tollefson, Mayor

Christine Brown, City Clerk

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Ordinance No. 2017-15, Amending Section 13.16.086 of the Bainbridge Island Municipal Code relating to Requirements for Eligibility for Discounted Utility Rates, AB 17-095 - Finance (Pg. 397)	Date: 6/13/2017
Agenda Item: CONSENT AGENDA - 10:40 PM	Bill No.: AB 17-095
Proposed By: Ellen Schroer, Finance Director	Referrals(s): May 16, 2017

BUDGET INFORMATION

Department: Finance	Fund: Water, Sewer, Storm and Surface Water Management Funds
Expenditure Req: none	Budgeted? Budget Amend. Req?

REFERRALS/REVIEW

Study Session: 5/16/2017	Recommendation: Forward to 6/13 consent agenda.
City Manager:	Legal: Yes Finance:

DESCRIPTION/BACKGROUND

Action Item

This item proposes updates to the existing section of the Bainbridge Island Municipal Code which guides eligibility requirements for reduced utility rates, to refer to the governing RCW provisions rather than to include specific age or income qualifications.

The suggested change, if approved, would reduce the qualifying age by one year to 61. The change would also mean that in the future, the City discount program will match the state and county programs, both in terms of age and income qualification without further Council action.

Description/Background

As provided by state law (RCW 74.38.070), the City allows certain utility customers to apply for discounted utility rates. The City's program is established through Chapter 13.16 BIMC, with the eligibility requirements in BIMC 13.16.086. For purposes of this program, income eligibility is defined as "an amount that would qualify the person for the property tax exemption under RCW 84.36.381(5)." The age requirements are currently defined as a specific age, now 62 years of age on the day of application.

It is the City's intent to have the utility discount program follow the state income and age requirements to make it easier for applicants to understand their eligibility. Because the RCW requirements change from time to time, staff recommends eliminating the stated age of 62 and instead referencing RCW 84.36.381(3) (Residences – Property tax exemptions – Qualifications). This will allow the City's eligibility requirements to follow the exemptions in state law related to state property tax exemptions.

The City has had a utility rate discount program since at least the early 1980s. For the water and sewer

utilities, approximately 75 accounts, or 3%, now pay at 50% of the otherwise established rates. Approximately 125 accounts, or less than 1%, have discounted utility rates for the Storm and Surface Water Management utility, paying an annual fee of \$84.50 per impervious surface unit, rather than \$169.

RECOMMENDED ACTION/MOTION

Approve with consent agenda.

ATTACHMENTS:

Description	Type
▣ Ordinance No. 2017-05	Backup Material

ORDINANCE NO. 2017-15

AN ORDINANCE of the City of Bainbridge Island, Washington, amending Section 13.16.086.F of the Bainbridge Island Municipal Code relating to the requirements for eligibility for discounted utility rates.

WHEREAS, RCW 35.67.020, 35.92.020 and 74.38.070 authorize the City to provide water, sewer, and surface and storm water utility service at a discounted rate to low-income senior citizens and low-income disabled citizens; and

WHEREAS, the City has determined that it is necessary to revise Section 13.16.086.F BIMC for consistency with the state law;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

SECTION 1. Section 13.16.086.F of the Bainbridge Island Municipal Code is amended to read as follows:

F. For purposes of this chapter, a “senior citizen” is a person who ~~is at least 62 years of age on the date of the person’s application for a utility rate reduction under this chapter~~ meets the age qualifications for a property tax exemption under RCW 84.36.381(3).

SECTION 2. This ordinance shall take effect and be in force five days from and after its passage and publication as required by law.

PASSED by the City Council this ____ day of June, 2017.

APPROVED by the Mayor this ____ day of June, 2017.

By: _____
Val Tollefson, Mayor

ATTEST/AUTHENTICATE:

By: _____
Christine Brown, City Clerk

FILED WITH THE CITY CLERK:	May 8, 2017
PASSED BY THE CITY COUNCIL:	June ____, 2017
PUBLISHED:	June ____, 2017
EFFECTIVE DATE:	June ____, 2017
ORDINANCE NO.	2017-15

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Huney Grant Funding for Disaster Medical Supplies, AB 17-100 - Executive (Pg. 400)	Date: 6/13/2017
Agenda Item: CONSENT AGENDA - 10:40 PM	Bill No.: 17-100
Proposed By: Executive	Referrals(s):

BUDGET INFORMATION

Department: Executive	Fund:
Expenditure Req:	Budgeted? Budget Amend. Req?

REFERRALS/REVIEW

Business Meeting: 5/23/2017	Recommendation: Forward to 6/13 consent agenda.
City Manager:	Legal: Yes Finance:

DESCRIPTION/BACKGROUND

The City was presented with a time-sensitive opportunity to apply for Huney Grant funding through the Rotary Club of Bainbridge Island in the amount of \$53,126.20. The funding would be used by the City to purchase disaster medical supplies for the community, which will be stocked in 10 strategically located Tier 3 support hubs.

As part of the Emergency Management Strategic Plan, the City, in partnership with Bainbridge Island Fire Department, Bainbridge Island Metropolitan Parks and Recreation District, and several other community organizations and volunteer groups is working on creating these support hubs. The hubs will provide three tiers of services to the community after a disaster. The highest tier hubs, Tier 3 hubs, will be staffed with medical personnel and stocked with trauma care supplies for providing limited medical care to patients.

The hub system, specifically the Tier 3 hubs concept, is supported by industry professionals. More information regarding the importance of this type of strategic networked care system can be found in the attached grant application.

The Rotary Club has just approved the grant request submitted by the City. City staff is asking that the City Council consider approval to accept these funds.

RECOMMENDED ACTION/MOTION

Approve with consent agenda.

ATTACHMENTS:

	Description	Type
▣	Huney Grant Application for EM Disaster Medical Funding	Backup Material

Application

Background Information

Applicant / Organization: City of Bainbridge Island			
Is this a 501(c)(3) registered in the state of Washington?: No			
Address: 280 Madison Ave N.			
City, State, Zip: Bainbridge Island, WA 98110			
Phone:	206.780.8629	Website:	www.bainbridgewa.gov

Project Information

Project Title: Emergency Management Disaster Medical Surge			
Lead BI Rotarian(s): Tom McCloskey			
Project Director/Contact: Amber Richards			
Address: 280 Madison Ave N			
City, State, Zip: Bainbridge Island, WA 98110			
Phone:	206.780.8629	Email:	arichards@bainbridgewa.gov

Total Project Cost:	\$53,126.20	Amount Requested:	\$53,126.20
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Application Narrative

1. Opening Paragraph:

- Please provide a brief, concise overview of the project including:
 - Your organization name and mission
 - A one-sentence description of the project
 - How much is being requested?

2. Statement of Need:

- Why is this project needed? Please explain.

3. Project Overview:

- Give an overview of the project.
- Explain how this project will benefit your organization's mission and work
- Is this project located on Bainbridge Island?

- If not on Bainbridge Island, is this project supported by a different Rotary Club already? If yes, please provide the Club name, lead Rotarian, and contact information.
- How will Bainbridge Island residents be served? If yes, how many?
- Will this project serve others outside of Bainbridge Island? If yes, how many and in what ways?
- Please highlight why you feel this project is a good fit for funding from the Rotary Club of Bainbridge Island
- Indicate if there will be collaboration with other organizations and what their roles will be (be specific about who does what).

4. Outcomes:

- State the specific impact you seek to make, and the outcomes you hope to achieve.
- Indicate how evaluation is part of the project. How will you know if the project is successful?
- What is the functional lifespan of this project?

5. Sustainability:

- Please share how you expect to fund ongoing maintenance for this project.

6. Budget:

- Please provide a description of the project's full funding need, clearly showing within it the total amount of this request of the Rotary Club of Bainbridge Island.

7. Fundraising:

- How will a grant from the Rotary Club of Bainbridge Island help make a difference in the viability of this project?
- Please share how a grant from the Rotary Club of Bainbridge Island could leverage additional fundraising for this project

8. Signature



Emergency Management Coordinator

2/27/2017

Signature

Title

Date

When this application is completed and signed, please send it in PDF format to Don Mannino, Chair of the Huney Committee at dmannino2@msn.com. If PDF format is burdensome, then please mail a hard-copy to:

Rotary Club of Bainbridge Island
P.O. Box 11286



EMERGENCY MANAGEMENT DISASTER MEDICAL SURGE PROJECT

APPLICATION NARRATIVE

OPENING PARAGRAPH:

The City of Bainbridge Island is a governmental agency located 7 miles west of Seattle, in Kitsap County, Washington. The City's vision is to: Preserve and enhance the special character of the Island through stewardship and response to the community's needs by conducting transparent operations, implementing responsible public policy, and fostering community engagement. The City council has recently established a bold vision statement for the Emergency Management program, which states that the City will be a recognized leader in preparedness in Washington State. The Disaster Medical Surge project falls under this program. This project is focused on addressing the casualty surge that the community may experience following an emergent event. We are requesting \$53,126.20.

STATEMENT OF NEED:

The population on Bainbridge Island is approximately 25,000. At present, there are no hospitals or 24-hour urgent care facilities within the city limits. Medical care on the island is limited, even under the best of circumstances. The availability of medicine and supplies is also limited. The clinics and pharmacies maintain a minimum supply of these items, which is nowhere near enough to support the projected casualty surge. The funding would be used to purchase surge kits to meet the increased medical demand.

Please see the casualty estimates attachment for more information on casualty projections and categories.

PROJECT OVERVIEW:

As part of the Emergency Management Strategic Plan, the City, in partnership with Bainbridge Island Fire Department, Bainbridge Island Metropolitan Parks and Recreation District, and several other community organizations and volunteer groups is working on creating a network of support hubs, which will be strategically located across the island. The hubs will provide three tiers of services to the community after a disaster. The highest tier hubs, Tier 3 hubs, will be staffed with medical personnel and stocked with trauma care supplies for providing medical care to patients in the yellow Simple Triage and Rapid Treatment (START) Triage category. There will be a total of 10 Tier 3 hubs, capable of treating large numbers of patients. It is assumed that most patients will be citizens of Bainbridge Island, however, treatment will be provided to any person who arrives in need of assistance and might include visitors, day laborers, and/or stranded motorists.

Specific information about roles and responsibilities for the hubs is being developed and will be incorporated into the City's Emergency Operations Plan (EOP) under Emergency Support Function (ESF)

6: Mass care, Emergency Assistance, Housing and Human Services and ESF 8: Public Health and Medical Services.

The hub system, specifically the Tier 3 hubs concept, is supported by industry professionals. More information regarding the importance of this type of networked care system can be found in the attached white paper, *Building Community Resilience to Dynamic Mass Casualty Incidents: A Multi-Agency White Paper in Support of The First Care Provider*.

This project is a good fit to receive funding from the Rotary Club of Bainbridge Island for several reasons. First, the Rotary Club is a strong promoter of emergency preparedness. Additionally, the Rotary Club has collaborated with the City in the past on preparedness related events, such as the highly successful 2nd Annual Three Days of Preparedness series that occurred in September 2016. Most importantly, this project aligns directly with Rotary's mission to provide service to others, promote integrity, and advance the local community through goodwill and peace.

OUTCOMES:

The Disaster Medical Surge project would make a significant impact throughout the community during a disaster or other emergent event. This project is critical to the overall success of the emergency medical response following an emergent event and has the potential to positively impact thousands of lives.

We plan to evaluate the effectiveness of the hubs system by running an activation drill in September, once they are fully established. This will help us identify areas where we might improve the network and the support capabilities offered.

The functional lifespan of this project is indefinite. The goal is to always maintain operational capacity at the hubs.

SUSTAINABILITY:

Ongoing funding for the maintenance of this project will be included in the Emergency Management budget in future budget cycles.

BUDGET:

20 Kits	\$2,626.31	\$52,526.20
Shipping		\$ 600.00
Total:		\$53,126.20

FUNDRAISING:

A grant from the Rotary Club of Bainbridge Island will help make a difference in the viability of this project because a financial investment from the Club lends a significant amount of credibility to the work we are doing. Additionally, receiving funds from Rotary helps generate community interest and understanding around the importance of community preparedness. Finally, receiving this grant funding could help to build momentum around the Emergency Management program, which may help to legitimize a future bond measure by the City to further build out the Emergency Management program.

SUPPLEMENTAL INFORMATION:

The shelf life of most materials and equipment in the kits is enduring.

The contents are items that, for the most part, don't expire or degrade over time. Please see the attached information sheet, which contains a list of contents.

The City would prefer to purchase all the kits at one time for several reasons. First, there is an immediate need for this type of equipment. If an event were to occur tomorrow, the availability of these kits would be of critical importance to our collective response. Second, the kits are designed for tactical, field trauma care situations, not clinical situations. This type of technology doesn't change drastically over time as basic life-saving principles have not evolved in the same manner as clinical medical practice has. It is the applicant's strong opinion that the sooner we have these kits available, the better.

The City does not currently have another revenue source for the kits. If the Committee decided to purchase less than 20 kits, we would allocate them to the best of our ability until we could secure additional funding. It's likely the request would need to be added to the 2018-2019 budget cycle if external funding could not be secured earlier.

The City will allow the Rotary Club to place its logo on the kits that are secured with Rotary funds.

Bainbridge Casualty Estimates

7.2 Quake Seattle fault

				Injury Level			
Category	Definition	# of structures	# of people/structure	Level 1	Level 2	Level 3	Level 4
1	Less than 25 % damage	6603	4	3962	1321	26	
2	25-49% damage	2028	4	1622	1217	811	81
3	50-75% damage	86	4	86	69	34	17
4	75-89% damage	31	4	12	12	62	87
5	90+ % damage	10	4		2	30	32
Total:				5683	2621	964	217
			Ward Estimates	Level 1	Level 2	Level 3	Level 4
			North	1894	874	321	72
			Central	1894	874	321	72
			South	1894	874	321	72
Assumptions:							
Level 1		(Pop. Equally divided)					
Level 1/Category 1 - 15% injury rate							
Level 1/Category 2 - 20% injury rate							
Level 1/Category 3 - 25% injury rate							
Level 1/Category 4 - 10% injury rate							
Level 1/Category 5 - N/A							
Level 2		Potential disruption of water supplies					
Level 2/Category 1 -5% injury rate		Green casualties treat at home & neighborhood					
Level 2/Category 2 - 15% injury rate		Yellow casualties treat at hubs					
Level 2/Category 3 - 20% injury rate		Red casualties treat at medical center/field hospital					
Level 2/Category 4 - 10% injury rate		Some roads impassable-downed power lines & trees					
Level 2/Category 5 - 5% injury rate		House fires capture initial attention of Fire Department					
		Landslides result in injuries, home damage & road blocks					
Level 3		Emergency medical care regionalized to Ward Districts					
Level 3/Category 1 - 1% injury rate		Island isolation requires supplies etc pre-positioned					
Level 3/Category 2 - 10% injury rate		Buffer added to account for tourists/stranded motorists					
Level 3/Category 3 - 10% injury rate							
Level 3/Category 4 - 50% injury rate							
Level 3/Category 5 - 75% injury rate							
Level 4							
Level 4/Category 1 - N/A							
Level 4/Category 2 - 1% fatality rate							
Level 4/Category 3 - 5% fatality rate							
Level 4/Category 4 - 70% fatality rate							
Level 4/Category 5 - 80% fatality rate							

START Triage
Assess, Treat, (use bystanders)
 When you have a color
 STOP - TAG - MOVE ON

-- Move Walking Wounded

-- No RESPIRATIONS after head tilt

-- Breathing but UNCONSCIOUS

-- Respirations - over 30

-- Perfusion Capillary refill > 2 or NO RADIAL PULSE
Control bleeding

-- Mental Status Unable to follow simple commands

D -- Otherwise

REMEMBER:

Respirations - 30
 Perfusion - 2
 Mental Status - Can Do

CleverSurvivalist.com

Building Community Resilience to Dynamic Mass Casualty Incidents: A Multi-Agency White Paper in Support of The First Care Provider

Authors

**The Committee for Tactical Emergency Casualty Care
FirstCareProvider.Org
The Koshka Foundation for Safe Schools**

“Regular people are the most important people at a disaster scene, every time.”

Amanda Ripley

The Unthinkable: Who Survives When Disaster Strikes- and Why

Introduction

Empowered and trained community members can serve a critical role as First Care Providers (FCP) during the initial moments after complex and dynamic disasters. These FCPs often have immediate access to severely injured victims and can provide time-sensitive, life saving interventions; the FCP is the first link in the trauma chain of survival. Public safety and first responder agencies must acknowledge this operational reality and should lead the effort to integrate the FCP into whole of community crisis response plans built upon the tiered application of the civilian Tactical Emergency Casualty Care (TECC) medical guidelines. Utilizing TECC as the foundation for FCP training facilitates continuity of care not only for the patient but also the TECC trained pre-hospital care provider taking over care of the injured.

Background

Natural and manmade disasters are creating increasingly complex response challenges. The current U.S. emergency response model relies heavily upon the availability and expertise of highly trained public safety agencies. Too often, this leads the public and our leaders to assume that professional emergency medical care will be immediately available. Unfortunately, there are often delays in first responders accessing victims, especially in complex high threat events (e.g. the attacks in Norway, the Aurora shootings, the Westgate Mall attack, etc.). Initiatives such as the Rescue Task Force model and the 3-ECHO program are creating “warm zone/indirect threat care” operational paradigms for first responders and are an important first step in shortening the time from injury to first medical intervention. However, despite aggressive and expedient deployment of professional medical providers, there remains a time gap from point of injury to life saving intervention that only First Care Providers can address.¹

¹ Bobko J, Kamin, R. “Changing the paradigm of emergency response: The need for first care providers.” Journal of Business Continuity & Emergency Planning Vol. 9, publication pending September 2015.

The Committee for Tactical Emergency Casualty Care (C-TECC), a volunteer group of civilian operational medical subject matter experts, published their first guidelines discussing the FCP concept in 2011. The C-TECC process and guidelines were modeled off of the successful military Tactical Combat Casualty Care (TCCC) guidelines and modified to account for the unique aspects of civilian high threat response. In the military, TCCC was most successful at reducing mortality rates when deployed as part of a comprehensive casualty management system, such as the Ranger First Responder system. However, the vast differences between civilian and military operational response, the unique civilian patient populations, legal restrictions, and the differences in logistics and resources, preclude TCCC from direct application into civilian operations. The TECC guidelines account for these unique aspects of civilian high threat response and allow local leaders to effectively implement “whole of community” high threat casualty response programs.

There is strong historical precedent in the United States and internationally for the TECC First Care Provider concept. The transition of cardiopulmonary resuscitation (CPR) from a hospital-based intervention to a whole of community response paradigm is perhaps the most illustrative. Dr. Elam demonstrated that CPR was scientifically “sound” in 1954. In 1957, Dr. Safar described the ABC’s of resuscitation, and in the 1960’s national medical associations, including American Red Cross, recognized CPR as the standard of care. In the 1970’s, the CPR principles made their way to the public domain and in the past few years has evolved to “hands only” CPR for non-medical first providers.² Over the decades, these bystander care principles have been proven effective and have evolved to include automated external defibrillators and stroke recognition. Today there are millions of trained “bystanders” across our country who can initiate cardiac resuscitation within seconds, can recognize the need, access and apply an automatic external defibrillator, and can even perform a Cincinnati Stroke Scale on the patient and provide results to arriving emergency medical services personnel.

The high profile Boston Marathon bombing focused the attention of national policy makers on what many in the first response community have always known: bystanders will be present, bystanders will act, and by doing so bystanders can effectively assist the emergency response to these incidents to save lives. The keys to successfully transforming bystanders into effective First Care Providers are a combination of community education and training, first responder integration, and the development of

² Sayre MR, Berg RA, Cave DM, et al. Hands-Only Cardiopulmonary Resuscitation. *Circulation*. 2008; 117:2161-2167.

standard operating procedures that address scene security, communication, education, and commitment to a tiered whole of community response paradigm.³

The First Care Provider

The First Care Provider represents the first link in the trauma chain of survival from point of wounding through definitive care.^{3,4} A First Care Provider empowered system offers a universal, flexible bystander-initiated trauma protocol. This shared language, based on the principles of TECC, empowers the FCP and the arriving medical/rescue assets to integrate effectively and work off of the “same sheet of music”. Like many of the recent “advances” in trauma care, the FCP concept harkens back to a time of more robust civilian resilience. The impetus for more robust FCP programs is born from the increasing frequency of incidents where geographic or operational barriers prevent timely professional first responder access to victims.

The successful transformation of bystanders into effective First Care Providers requires a commitment from national policy makers, first responder agencies, and local community leaders to collectively provide opportunities for training and education. Several national organizations have recently made recommendations regarding “bystander” interventions. Many of these efforts have contributed to the national dialogue, but have only provided limited medical recommendations that focus solely on external bleeding control.⁵ Anchoring on the military data from the past 15 years, these recent bystander initiatives presume that the wounding, fatality, and population patterns in civilian active violence and mass casualty events are the same as combat operations⁶. This flawed conclusion presumes that first responders should “just do what the military does.” Despite the increased use of military-style weapons and tactics in civilian events, the principles of Evidence Based Medicine preclude the en bloc application of military TCCC to the civilian setting. At its most basic, the military medical response paradigm fails to account for simple differences in the civilian mass casualty incidents including civilian demographics, special populations, wounding patterns (i.e. predominance of gunshot wounds over explosives), lack of ballistic armor protection, availability of resources, and

³ Fisher AD, Callaway DW, Robertson JN, Hardwick SA, Bobko JP, Kotwal RS. The Ranger First Responder Program and Tactical Emergency Casualty Care Implementation: A Whole-Community Approach to Reducing Mortality From Active Violent Incidents. *J Spec Oper Med*. 2015 Fall;15(3):46-53.

⁴ Callaway DW, Smith ER, Cain J, Shapiro G, Burnett WT, McKay SD, Mabry R. Tactical emergency casualty care (TECC): guidelines for the provision of prehospital trauma care in high threat environments. *J Spec Oper Med*. 2011 Summer-Fall;11(3):104-22

⁵ Jacobs L, Burns KJ. The Hartford Consensus to improve survivability in mass casualty events: Process to policy. *Am J Disaster Med*. 2014 Winter;9(1):67-71. doi: 10.5055/ajdm.2014.0143.

⁶ Smith ER, Shapiro GL, Sarani B. The pattern of fatal injury in civilian active shooter events. Accepted for publication. Eastern Association for the Surgery of Trauma.

financial restrictions. Policy and operational experts must approach the challenge of creating a successful FCP program with a more nuanced and sophisticated mindset founded on the principles of high reliability organizations (HRO); in particular a reluctance to simplify, a deference to expertise and a commitment to resilience.

Recommendations and Future Direction

There are four key requirements to the development and implementation of a successful community First Care Provider program: administrative leadership and operational policy development, pre-positioning of public access trauma kits, first responder training and training of First Care Providers.

1. Administrative Leadership and Operational Policy Development

Successful FCP integration requires grassroots initiatives and national public policy leadership. Leaders must evolve past the complete reliance on traditional 911 response and overcome the widespread reluctance to introduce policies that empowers medical action in the broader population. Implementation of public policies that incentivize FCP program adoption and standardization encourages both government and private sector action. Non-medical leadership is critical to creating an effective whole of community system that reduces potentially preventable trauma mortality.⁷

2. Public Access Trauma Kits

Many government buildings and public access businesses in the United States are grossly underprepared to support FCP interventions for traumatic injuries during targeted violence events. The deployment of public access trauma kits serves two critical roles. First they provide a visual cue to prompt First Care Providers to action. Second, if properly equipped they can provide critical material to support life saving interventions for more than just hemorrhage control. Public access to readily available medical equipment should be part of a multi-pronged approach to community safety. Civilian experts and medical evidence, rather than military recommendations, should guide equipment selection. Signage indicating location of trauma equipment should be clear and not confusing, mirroring efforts currently undertaken for fire control devices, automatic external defibrillators, and emergency exit planning.

3. First Responder Training

⁷ Kotwal RS, Montgomery HR, Kotwal BM, Champion HR, Butler FK Jr, Mabry RL, Cain JS, Blackburne LH, Mechler KK, Holcomb JB. Eliminating preventable death on the battlefield. Arch Surg. 2011 Dec;146(12):1350-8.

The training of professional first responders currently focuses on unified command, operational coordination and direct life saving interventions. Additionally, this training traditionally marginalizes the bystanders and uninjured persons on scene. This must change. First responders must be familiar with the capabilities of the FCP as well as have operational plans that incorporate these available providers as force multipliers in the response. The new model must train first responders to identify the FCP, conduct a rapid threat assessment, appropriately gauge the FCP skill level, provide clear assignments to the FCP and utilize the FCP as a force multiplier.

4. First Care Provider Training

The First Care Provider model empowers community members to take life saving actions. Data from across the globe demonstrates that training individuals empowers action and improves survival from medical and traumatic emergencies.^{8,9,10} Trained First Care Providers demonstrate a willingness to operate independently, are able to recognize critical injuries and can properly allocate resources for maximal benefit of those involved.¹¹ First Care Provider training should provide a targeted, yet comprehensive approach to address the major causes of potentially preventable death as detailed in the Committee for Tactical Emergency Casualty Care First Care Providers guidelines.

External hemorrhage control is a critical skill for many traumatic type injuries, however it is not a panacea. Recent events reveal that access to the wounded, recognition of significant injury, and rapid evacuation to medical care are at least equally as important as immediate hemorrhage control. Education on all of the preventable causes of death¹² in penetrating and blast trauma should be the ultimate goal and can be accomplished with a limited time investment. In addition to reducing mortality through application of TECC, this training will improve resilience by empowering individuals to take action in times of crisis. FCP programs should also provide education on:

⁸ Arbon P, Hayes J, Woodman R. First aid and harm minimization for victims of road trauma: a population study. *Prehosp Disaster Med.* 2011 Jul-Aug;26(4):276-82.

⁹ Malta Hansen C, Kragholm K, Pearson DA, Tyson C, Monk L, Myers B, Nelson D, Dupre ME, Fosbøl EL, Jollis JG, Strauss B, Anderson ML, McNally B, Granger CB. Association of Bystander and First-Responder Intervention With Survival After Out-of-Hospital Cardiac Arrest in North Carolina, 2010-2013. *JAMA.* 2015 Jul 21;314(3):255-64.

¹⁰ Pelinka LE, Thierbach AR, Reuter S, Mauritz W. Bystander trauma care--effect of the level of training. *Resuscitation.* 2004 Jun;61(3):289-96.

¹¹ FirstCareProvider.Org. Evaluation of First Care Provider Methodology. Submitted for Publication.

¹² Champion HR, Bellamy RF, Roberts P, Leppaniemi A. A Profile of Combat Injury. *Journal of Trauma Supplement.* 2002 May; 54(5): S13-19.

- Basic airway management, casualty movement, and psychological comfort care of the wounded
- Improved communication between the bystander/first care provider and the 911 emergency dispatch system
- Strategies to mitigate physical and psychological risks

Depending on the application of the FCP training, for example in facility active shooter training, considerations should be given to include:

- Techniques to barricade and limit the perpetrators access to victims
- Basic methods to interact and integrate with first responder agencies, including how to signal for help and direct responders to casualties

Summary

First Care Providers are the initial link in the high threat trauma chain of survival. The FCP decreases the time between injury and professional medical first response. Professional first responders in the United States are highly trained and are the cornerstone of high threat disaster response. However, there exists a very real operational gap between existing doctrine, public expectations and operational capabilities. The evolving threat matrix and escalating complexity of mass violence incidents will overwhelm most professional response agencies and demands initiation of a community-based response network. First Care Providers are critical to mitigating this risk. First Care Providers should be trained in the tenets of the TECC guidelines similar to their first responder agencies. The TECC First Care Provider model will produce an educated populace that can serve as critical force multipliers during mass casualty incidents and provide a seamless transition of care for traumatic injury during routine operations.

Tactical & Survival Specialties, Inc.
P.O. Box 1890
Harrisonburg, VA 22801
USA



SOLUTIONS FOR THE SELECT FEW.™

A Service-Disabled Veteran-Owned Small Business

sales@tssi-ops.com
tssi-ops.com

GSA Contract: GS-07F-016DA / GS-03F-0150V

Telephone (540) 434-8974
Fax (540) 434-7796
Cage Code 0UWS0
Tax registration number 54-1542266

Quotation

Sell To:
City of Bainbridge Island
280 Madison Ave N
Bainbridge Island, WA 98110
USA

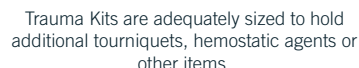
Page 1 of 1
Number SQ0002372-3
Date 2/3/2017
POC
Sales Rep Taylor, Dustin
Quote Taker Taylor, Dustin
Quotation deadline 3/4/2017
Payment Credit Card
Customer Acct CU005644
Delivery terms FOB_OR

Ship to:
City of Bainbridge Island
280 Madison Ave N
Bainbridge Island, WA 98110
USA

Item number	Ref. PN	Description	GSA Item	Quantity	Unit	Sales price	Amount
012812		Kit,MCI Rolling Configuration : Default	No	20.00	EA	2,626.31	52,526.20
011648		Shipping Charges	No	1.00	EA	600.00	600.00

Sales subtotal amount	Charges	Net amount	Sales tax	Total
53,126.20	0.00	53,126.20	0.00	53,126.20

Prices subject to change without notice
Quote Valid for 30 Days



- Tourniquets
- Chest Seals
- QuickClot® LE Combat Gauze
- Compression Bandages
- Blast Bandages, 20" x 20"
- Abdominal Dressings
- Sterile Burn Dressings, 18" x 18"
- Kerlix Gauze, 4.5" x 4yds
- SAM Splints, 36"
- SAM Splints, 18"
- COFLEX Tape, 2" x 5yds
- Tape, 2" x 10yds
- Trauma Shears
- Nasopharyngeal Airways
- Triangular Bandages
- EMT Shears
- Emergency Blankets
- Disposable Stretchers
- Nitrile Gloves
- Hi-Intensity Chemical Lights
- Sharpie Markers

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: City Dock Improvements Professional Services Agreement Amendment No. 2, AB 15-072 – Public Works (Pg. 416)	Date: 6/13/2017
Agenda Item: CONSENT AGENDA - 10:40 PM	Bill No.: 15-072
Proposed By: Public Works Director Barry Loveless	Referrals(s):

BUDGET INFORMATION

Department: Public Works	Fund: CIP - City Dock Improvements
Expenditure Req: \$18,100.00	Budgeted? Yes Budget Amend. Req? No

REFERRALS/REVIEW

Business Meeting: 5/23/2017	Recommendation: Forward to 6/13 consent agenda.
City Manager: Yes	Legal: Yes Finance: Yes

DESCRIPTION/BACKGROUND

The City Council approved a design Agreement with PND Engineers in the amount of \$113,856.00 for the City Dock Improvements project on April 30, 2015. On May 16, 2016, Amendment No. 1 in the amount of \$11,770.00 was approved for minor design and permitting changes.

This proposed Amendment No. 2 to the PND Professional Services Agreement is for the design of a security gate, upland utility design, sewer grant support, and revisions to the kayak storage floats in the amount of \$18,100.00.

RECOMMENDED ACTION/MOTION

Approve with consent agenda.

ATTACHMENTS:

Description	Type
▣ PND Amend #2	Backup Material

**AMENDMENT NO. 2 TO
AGREEMENT FOR PROFESSIONAL SERVICES**

This Amendment No. 2 to the Agreement for Professional Services ("Amendment"), between the City of Bainbridge Island ("City"), and PND Engineers, Inc. ("Consultant"), amends that certain Agreement for Professional Services, dated April 30, 2015, between the City and the Consultant ("Agreement").

WHEREAS, the City and the Consultant entered into the Agreement to provide design and permitting assistance services for improvements to the City Dock in Waterfront Park; and

WHEREAS, the City and the Consultant entered into an Amendment No. 1 to this Agreement on May 16, 2016, and increased the contract amount to of \$125,626; and

WHEREAS, the City desires to further increase the services provided under the Agreement, extend the term of the Agreement, and amend the maximum amount payable under the Agreement;

NOW, THEREFORE, the City and the Consultant agree to amend the Agreement as follows:

1. Section 2.A. is hereby amended to read as follows:

A. The City shall pay the Consultant for such services: (check one)

[X] Hourly, plus actual expenses, in accordance with Attachment A, but not more than a total of ~~\$125,626~~ \$143,726.00;

[] Fixed Sum: a total amount of \$ _____;

[] Other: \$ _____, for all services performed and incurred under this Agreement, to be billed monthly in equal amounts.

2. Section 6.A. is hereby amended to read as follows:

A. This Amendment shall become effective upon execution by both parties and shall continue in full force and effect until ~~December 31, 2017~~ May 31, 2018, unless sooner terminated by either party as provided below.

3. Attachment A, Scope of Services, is hereby amended in its entirety as set forth on Exhibit A.

4. Except as modified herein, all other terms and conditions to the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Agreement as of the later of the signature dates included below.

PND ENGINEERS, INC.

CITY OF BAINBRIDGE ISLAND

Date:_____

Date:_____

By:_____

By:_____

Douglas Schulze, City Manager

Name_____

Title_____

Tax I.D. #_____

City Bus. Lic. #_____

Exhibit A

Design and Environmental Permitting for Bainbridge Island City Dock Improvements City of Bainbridge Island

Amendment 2

The purpose of this document is to amend the original agreement between PND Engineers, Inc. (PND) and the City of Bainbridge Island (City) signed April 30, 2015.

PND is currently finalizing 100% design and responding to comments from reviewing agencies. Some additional scope items and extra work to existing items have arisen since Notice to Proceed.

Amendments to the previous scope are summarized below.

(A) SCOPE OF SERVICES:

Task 1. Project Startup

This task complete. Amendment 2 makes no changes to this task.

Task 2. Permitting and Agency Coordination

Work by PND under this task is complete. Permits are forthcoming from the agencies. Amendment 2 moves the remaining funds from the task to design

Task 3. – Final Design, Plans, and Specifications

This task is ongoing. Amendment 2 adds the following work items to Task 3:

- a. Revised 100% plans, specifications and cost estimate:
 1. Submit a separate 100% review submittal, respond to comments, and provide review matrix.
 2. Add security gate elevation and post locations to plans and performance specification for the kayak float secure access.
 3. Make revisions to the design to include a 48'X24' kayak float storage area.
 4. Add upland utility design for water, sewer, and electrical.
 5. Add clearing of obstructions from the seabed to plans and specifications.
 6. Provide quantities for sewer grant support.

Task 4. –Bidding Assistance, Contract Administration Assistance, and Construction Observation

This task has yet to commence. Amendment 2 makes no changes to this task.

(B) SUBCONSULTANTS

Harbor Power Engineers, Inc. (HPE)

Amendment 2 makes no changes to the HPE scope of work.

Marine Surveys & Assessments

This task is complete. Amendment 2 reallocates these funds to Task 3.

(C) DELIVERABLES

The following additional submittals are added to the scope of work:

Scope Section	Description	Deliverable
3	100% Drawing Package to include upland utilities	(1) 11x17 PDF Copy

(D) SCHEDULE

Following confirmation of this Amendment 2 by the City, PND agrees to perform the above-described services and to diligently pursue the project and make every reasonable effort to finish all items in a timely manner. The following is a proposed schedule for the project. PND will refine this schedule based on further discussion with the City.

Final Engineering Design (Task 3)	First quarter 2017
Bid Opening	June 2017
Construction NTP	July 2017
Final Completion & Closeout (Task 4)	March 2018

(E) FEE BASIS

PND will provide these services on a time and materials basis up to a maximum of \$18,100 divided among the identified tasks:

Task 1: Project Startup	<i>No change</i>
Task 2: Permitting & Agency Coordination	-\$1,000
Task 3: Final Design, Plans, and Specification	\$23,100
Marine Surveys & Assessment	\$-4,000
Total:	\$18,100

The task totals may vary slightly but the contract amount will be the sum of the totals. An Hourly Rate Schedule attached separately for work outside of scope.

(F) FEE ESTIMATE

Work will be billed on a Time & Materials basis with a not to exceed limit of \$18,100. Should additional work or funds be necessary to complete outlined tasks the City will be notified and approval received prior to additional expenditures. A breakdown of these fees is provided in the attached spreadsheet.

Revised: 2/8/2017

Task No.	Item	Task (Scope of Services)	Senior Eng VII	Senior Eng VI	Senior Eng V	Senior Enviro V	Senior Eng IV	Senior Eng III	Senior Eng II	Senior Eng I	Staff Eng III	Env. Scientist III	CAD Designer V	Tech IV	Total Hours	Labor Cost
			\$180	\$165	\$155	\$150	\$145	\$135	\$125	\$115	\$95	\$120	\$110	\$90		
3	Final Design, Plans, and Specifications															
	100% review submittal		6				20	48					20		94	\$12,660.00
	security gate		2				8	4					2			\$2,280.00
	kayak storage floats		2				8	4					8			\$2,940.00
	utilities		2				6	8					8			\$3,190.00
	clearing obstructions		1				4						2			\$980.00
	sewer grant support						4	4								\$1,120.00
2	permit support unused funds															-\$1,032.50
5	MSA unused funds															-\$4,000.00
	TOTAL PND LABOR		6	0	0	0	20	48	0	0	0	0	20	0	94	\$18,137.50

	Subcontract Amount	Markup 10%	Subcon. Cost
TOTALSUBCONSULTANTS			\$0.00

Total - Labor	\$18,137.50
Total - Subconsultants	\$0.00
TOTAL -	\$18,100.00

421 Page 5 of 6

**PND ENGINEERS, INC.
STANDARD RATE SCHEDULE
EFFECTIVE MAY 2015**

		<i>Hourly Rate</i>
<u>Professional:</u>	Senior Engineer VII	\$180.00
	Senior Engineer VI	\$165.00
	Senior Engineer V	\$155.00
	Senior Engineer IV	\$145.00
	Senior Engineer III	\$135.00
	Senior Engineer II	\$125.00
	Senior Engineer I	\$115.00
	Staff Engineer V	\$110.00
	Staff Engineer IV	\$105.00
	Staff Engineer III	\$100.00
	Staff Engineer II	\$90.00
	Staff Engineer I	\$85.00
	Environmental Scientist VI	\$165.00
	Environmental Scientist V	\$150.00
	Environmental Scientist IV	\$135.00
	Environmental Scientist III	\$120.00
	Environmental Scientist II	\$105.00
	Environmental Scientist I	\$90.00
	GIS Specialist	\$90.00
<u>Surveyors:</u>	Senior Land Surveyor III	\$120.00
	Senior Land Surveyor II	\$110.00
	Senior Land Surveyor I	\$100.00
<u>Technicians:</u>		
	Technician VI	\$125.00
	Technician V	\$110.00
	Technician IV	\$90.00
	Technician III	\$80.00
	Technician II	\$70.00
	Technician I	\$45.00
	CAD Designer VI	\$110.00
	CAD Designer V	\$100.00
	CAD Designer IV	\$85.00
	CAD Designer III	\$70.00

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Utility Advisory Committee Meeting Minutes, May 10, 2017 - Councilmember Townsend (Pg. 423)	Date: 6/13/2017
Agenda Item: COMMITTEE REPORTS - 10:45 PM	Bill No.:
Proposed By: Councilmember Townsend	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

RECOMMENDED ACTION/MOTION

Information only.

ATTACHMENTS:

Description	Type
▣ UAC MIN 051017	Backup Material

Meeting Minutes - Utility Advisory Committee

May 10, 2017

Present:

Chair: Andy Maron

Members: Ted Jones, Nancy Nolan, Jim Thrash, Emily Sato, Ted Jones, Jeff Kantor (Vice Chair)

Also Present: Public Works Director Barry Loveless, Roger Townsend, Bainbridge City Council; Robert Dashiell (for public comment), Debra Lester, KPUD Commissioner

1. Meeting was called to order at 4:02 pm
2. ACCEPTANCE OF MEETING NOTES - Meeting notes of April 19, 2017, were approved unanimously.
3. PUBLIC COMMENT – Debra Lester talked about KPUD; Robert Dashiell made comment about the delay in SSWM operating expenses efficiency study.
4. Meeting with Kitsap Health District – John Kiess, Environmental Health Director, Kitsap Public Health District.
 - a. Mr. Kiess discussed regulatory framework of oversight of water systems. Group A systems (15 connections or greater), are highly regulated by the State Department of Health (funded by the state); this covers approximately 92% of the population. Group B systems (3-14 connections) are largely deregulated after initial approval. Pursuant to local ordinance 1999-6 (adopted by Kitsap Public Health District Board of Directors), Group B systems are initially reviewed but not on an ongoing basis. Group B are privately owned, but subject to public regulation. There is a proposed new ordinance (to replace 1999-6) which would allow for the ongoing monitoring of the approximately 900 Group B systems in Kitsap County (approximately 144 of which are on Bainbridge). Presently, there is no legal requirement for a time of sale report for drinking water but that is under discussion. There is not solid evidence of reported arsenic levels that exceed the current standard (some are grandfathered in previously), but there are anecdotal stories and Group Bs are not required to disclose. There is no single known physical location for concerns about arsenic. Greater priorities are the potential for acute health problems associated with bacteria and nitrates and well head protection. There are also 18,000 private wells county-wide. There is potentially federal and state funding to offset the cost of consolidation of Group A systems or Group B into a Group A system, but there is not such funding available for consolidating Group B systems. .
5. 2017 WORK PLAN ITEMS – 5:40 pm.
 - a. Water/sewer rate structure study. No update.
 - b. SSWM operating expense study. Emily and Ted talked about historical studies and data received from Public Works.
 - c. Small water systems. No update.
 - d. Fire code impact on water systems. Jeff and Jim talked about their meeting with the city (Michael Michael) and current programs.
6. COMMENTS FOR THE GOOD OF THE ORDER – 5 MIN. None
7. ADJOURNMENT 5:58 PM. Next meeting is May 31 and will be attended by a representative of the Kitsap PUD.



Andy Maron, Chair

5/31/17

05/31/17

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Public Safety Committee Meeting Notes, May 18, 2017 - Councilmember Scott (Pg. 425)	Date: 6/13/2017
Agenda Item: COMMITTEE REPORTS - 10:45 PM	Bill No.:
Proposed By: Councilmember Scott	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

RECOMMENDED ACTION/MOTION

Information only.

ATTACHMENTS:

Description	Type
❑ PSC MIN 051817	Backup Material
❑ Attachment to PSC MIN 051817	Backup Material

Mike Scott
Bainbridge Island City Council
Public Safety Committee Meeting Notes
Date May 18, 2017

1. The meeting was called to order at 6:00 pm. Present were Mike Scott, Val Tollefson, Sarah Blossom, Doug Schultz, Chief Matt Hamner, Officer Carla Sias, members of the public, and representatives of the Bainbridge Island School District.
2. Public Comment:
 - a. Reserved for discussion below.
3. Police Chief's Report:
 - a. Chief Hamner presented the 2017 Complaint/Performance Review – Quarter 1. A copy is attached.
4. BIPD and School/Student Relations
 - a. Chief Hamner introduced the topic. Two or three years ago he approached the schools about possibly having a School Relations Officer ("SRO") in the schools. The BIPD applied for a grant for an SRO program, but was not awarded a grant. The BIPD, in consultation with the City Manager and school officials, decided instead to proceed with a Community Relations Officer ("CRO") program. BIPD's CRO works with all facets of the community—neighborhood watch groups; Cub Scouts; after school programs; and many others. The CRO program has been working very well. Officer Carla Sias was selected for the position. She has been involved with a variety of efforts, such as National Night Out, Helpline House, and many others. Her primary objective is to build trust in the community.
 - b. Officer Sias reported that she has been with the BIPD for 17 years, and has been the CRO for two years. She has been experimenting to see what works best. She visits KiddieMu and the Boys and Girls Club every week to build relationships, and so her visits are not seen as a sign of trouble. Officer Sias has also been involved in many community events. One of her current objectives is to find a program that would work well for the middle school.
 - c. BISD Board Member Mev Hoberg reported that the CRO is working well from her perspective. She feels we are fortunate to have partnership relationship between the BIPD and the BISD through the CRO. The BIPD has been very responsive, and supports the needs of students and families. Ms. Hoberg said she is very appreciative of CRO role, and the very collaborative approach it has involved. The CRO's focus on alcohol and marijuana abuse in the community has been valuable.
 - d. Lynn Smith, another BISD board member, also praised the CRO program.
 - e. Erin Jennings, BISD Community Relations Coordinator, informed us that the police are sometimes involved in discipline issues, but that officers confer first with the administration. Neither the School

Mike Scott
Bainbridge Island City Council
Public Safety Committee Meeting Notes
Date May 18, 2017

District nor the Police Department has any interest in criminalizing student behavior.

- f. Cindy Anderson also praised the CRO, and said that her sons still talk fondly about Carla.
 - g. Another member of the public commented that Carla tries to tap into resources, and bring people together.
 - h. Another example of BIPD – School interactions is that the Chief speaks annually to the American Studies classes at the high school about constitutional issues, with a focus on use of force.
 - i. Andy Rovelstad raised his concern about schoolboys' infatuation with weapons when a police officer is present, and asked whether it was necessary that officers wear guns in the schools. Chief Hamner and Officer Sias explained the reasons why officers always wear their weapons, including when on duty in the schools.
 - j. City Manager Doug Schulz reported that the CRO program has worked very well from his perspective.
- 5. The Next Public Safety Committee meeting will be August 17, 2017.
 - 6. Good of the Order.
 - 7. The meeting was adjourned at 6:55 pm.

City of Bainbridge Island
Department of Public Safety
Matthew Hamner, Chief of Police



Memorandum

TO: Chief Matthew Hamner
FROM: Deputy Chief Jeff Horn
DATE: April 7, 2017
RE: **2017 Complaint/Performance Review – Quarter 1**

Sir,

In the first quarter of 2017, the Department recorded 4 complaints or performance issues as compared to 7 in the first quarter of 2016.

General Categories of Complaints	Instances
Demeanor/Courtesy/Rudeness	3
Performance Issues	1
Total	4

Dispositions	Explanation	Instances
Exonerated	The alleged act occurred, but the act was justified, lawful, and/or proper.	
Unfounded	The allegation was false or not factual or that the alleged act(s) did not occur or did not involve department personnel.	1
Not Sustained	This is insufficient evidence to sustain the complaint or fully exonerate the employee.	
Sustained	The act occurred and it constituted misconduct/policy violation.	1
Incomplete	The complaint was still under investigation at the end of the reporting period.	2

There were no Internal Affairs Investigations in the first quarter of 2017.

Bainbridge Island Police Department
Customer Survey Results

2017
Quarter 1

Surveys Mailed Year to Date: 60
Responses Received Year to Date: 24
Response Rate: 40%

Survey Question #1	Reported Crime	Victim of Crime	Stopped for Infraction	Involved in Collision	Requested Information	Came to Station	Attended an Event	Other	Not Indicated
Type of contact with BIPD?*	5	6	5	2	1	4	1	6	
Survey Question #2	Uniformed Personnel	Detective	Supervisor	Office Staff	Parking			Other	Not Indicated
Who made contact with you?*	18	3		6					
Survey Question #3	In Public or Residence	In Person at Station	Over the Phone	Written Corresp	Via Email			Other	Not Indicated
Where was contact made?*	14	6	7		1			2	
Survey Question #4	Very High	High	Average	Low	Very Low				Not Indicated
My overall impression of the officer/employee was:	21	2	1						
Survey Question #5	Favorable	Unfavorable	Neither	Both					Not Indicated
Prior to contact, impression of Department?	21	1		1					1
Survey Question #6	Favorable	Unfavorable	Neither	Both					Not Indicated
After contact, impression of Department?	24								
Survey Question #7	Praise	Criticism	Neither	Both					Not Indicated
Any praise or criticism you would like to share?*	19		3	1					1
Survey Question #8	Yes	No							Not Indicated
Would you like follow-up contact on survey comments?	3	19							2

* May be more than one answer.

Survey Comments - March

My husband has dementia and called 911 because he believed he was locked in the house. Officers were very kind and professional.

I visited your office to obtain a concealed weapon permit and the required fingerprinting and payment of fees. The woman who served me was extremely patient and helpful in explaining the process, providing me with additional resources, and in general being an exceptional example of good public service. Further, the turnaround on receiving my permit was short - less than a week. Thanks to the Bainbridge Island Police for their good work.

Even though I was calling due to a stolen cat, which I felt bad calling 911 about, the officers were responsive and helpful.

Survey Comments - February

I felt (both) of the officers were helpful yet no follow through. My car's (VW Cabriolet) top leaf had been either cut or ripped open. There was no driving to the scene on Ferncliff to question anyone. I have a little more to say... while growing up on Bainbridge and raising my children here, I had a bit of interaction with the police force there... mostly due to my daughter's drug-addicted years... which were the most challenging years of my life. If felt that throughout her struggle ALL the systems in the state failed me and her. I had to step in areas that the state via tax dollars should have helped more. I was warned by old friends on the island over the years that our systems (police included) were all about making money (I didn't believe them) and not caring about the well-being of people. I saw that first hand and it broke my heart. Wasn't about helping my daughter get to safety and wellness, it was about making money off her sickness. It cost our family thousands of dollars via court costs, rehab and more - derailed my life. I hope that this input makes a difference. I do appreciate police officers and all that they do for our safety in our country!

The staff were courteous and helpful. The officer was very courteous and professional.

(The officer was) very professional.

The office staff woman I interacted with was very kind, friendly, and professional.

If the situation were reversed and I had had the police called regarding me, I feel things would have worked out differently.

(The officer was) very professional (and it was) very clear as to why I was stopped. Appreciate everything the BI Police Dept does. Thanks.

(The officer was) very fair.

(The officer) came to my house when I called about someone trying to get into my house. Not only did he get here fast, but he took his time with the search. He also took his time to talk to me about becoming an officer and also answered all of my questions. Need more kind people like Officer Enget!

Thank you for the great job you all do for us! I respect and appreciate the job you have to do here. Social media has provided a way to read some of the ridiculous comments/complaints of people that live here. Some things are so hard to believe people feel the way they do about accidents, etc. No empathy, kindness, or respect. Your jobs are important and I would not want to do it. Just thank you for putting your lives on the line each and every day. God bless you all!

The officer who assisted me was friendly & efficient.

Very good communication - very efficient in explaining and keeping the interactions quick with good information.

Survey Comments - January

Everyone who made contact (including) Detective Peffer, great job by everyone. Got my stolen car back within the hour!

Officer was very kind and understanding of me as a new driver.

The officer was great! Very kind and understanding. You guys solved the crime (theft) very quickly. Thank you!

(The officer was) so calm and neutral dealing with overexcited irrational people! Amazing and thank you very much.

After I spoke to the office, I received a phone call from the officer is less than 5 minutes and also had follow-up via email - very appreciated.

This was my third interaction with office staff (lobby) in three years. All have been very positive.

Although the collision was my fault, it was still very frightening but the officer treated me in a kind, nonjudgmental manner. I very much appreciate their help and guidance in the process.

2017

BIPD Performance Measures

ITEM	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dispatched Calls/Initiated Actions: Total Police Responses	1,601	1,302	1,430										YTD
Top Priority calls: Average Time Dispatch to Arrival in Minutes and Seconds	2:11	5:20	3:09										4,333
Case Reports	106	110	142										3:33
Criminal Citations	2	1	2										358
Traffic Infractions	80	77	113										5
Traffic Collisions	17	16	23										270
Adult Arrests	26	16	27										56
Juvenile Arrests	0	3	0										69
Driving Under the Influence (DUI)	3	0	2										3
Drugs/Narcotics	2	2	3										5
Use of Force Incidents	0	2	1										7
Complaints Against Sworn Personnel	1	0	3										3
Complaints Sustained Against Sworn Personnel*	1	0	0										4
Crimes Against Persons Categorized as Domestic Violence	1	0	2										1
ITEM	Oct'16	Nov'16	Dec'16	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
NIBRS ¹ Offenses: Crimes Against Persons**	3	9	12										24
NIBRS ¹ Clearances: Crimes Against Persons Cleared by Arrest	0	6	4										10
NIBRS ¹ Offenses: Crimes Against Property - Incidents***	46	23	31										100
NIBRS ¹ Clearances: Crimes Against Property Cleared by Arrest	5	4	1										10

¹Due to the reporting cycle for National Incident Based Reporting System (NIBRS) data, values shown reflect a 90-day delay (i.e. Q1 2017 data reflects October-December, 2016).
 * Report may occasionally show sustained complaints even if none were received in a given month due to the length of the investigation process.

**Includes Murder, Forcible Sex Offenses, Robbery, Aggravated Assault, Simple Assault, Intimidation, Non-Forcible Sex Offenses, Kidnapping, Human Trafficking, and Violation of No Contact Order
 ***Includes Burglary/Breaking and Entering, Arson, Larceny, Motor Vehicle Theft, Extortion/Blackmail, Counterfeiting/Forgery, Fraud, Embezzlement, Stolen Property Offenses, and Destruction/Damage/Vandalism of Property

City of Bainbridge Island

City Council Agenda Bill



PROCESS INFORMATION

Subject: Council Calendar (Pg. 432)	Date: 6/13/2017
Agenda Item: REVIEW UPCOMING COUNCIL MEETING AGENDAS - 10:50 PM	Bill No.:
Proposed By:	Referrals(s):

BUDGET INFORMATION

Department: City Clerk	Fund:	
Expenditure Req:	Budgeted?	Budget Amend. Req?

REFERRALS/REVIEW

:	Recommendation:	
City Manager:	Legal:	Finance:

DESCRIPTION/BACKGROUND

RECOMMENDED ACTION/MOTION

ATTACHMENTS:

Description	Type
□ Council Calendar	Backup Material

2017 PROPOSED COUNCIL CALENDAR ITEMS

Absences	Agenda	Department	Timing (min)	Study Session		Absences	Agenda	Department	Timing (min)	Business Meeting	
Medina			5	20-Jun					25	27-Jun	
	UB	CC	15	Cultural Access Washington and SHB 1183			PH	PCD	15	Ordinance Modifying BIMC to Allow a Public Communications Tower (Consider Approval)	
	NB	CC	10	Climate Change Advisory Committee Appointments (Consider Forwarding to 6/27 Consent Agenda)			NB	PW	15	2017 Islandwide Asphalt Repair Project (Consider Forwarding to 7/11 Consent Agenda)	
			30				NB	PW	10	New Brooklyn Sewer Extension Construction Award (Consider Forwarding to 7/11 Consent Agenda)	
Medina				20-Jun: Special Joint Meeting with Planning Commission and DRB (7:30 PM)			NB	EXEC	10	Neighborhood Matching Grant Proposal: Triangle Beautification at Madison and Manitou (Consider Approval)	
	P	PCD	80	Latimore Assessment of Development Review Process			NB	CC	10	Appoint Deputy Mayor for July 1 - December 31	
							NB	EXEC	20	Discuss City Attorney Office Staffing	
			80				NB	CC	10	Infrastructure Task Force Appointments (Consider Approval)	
							P	EXEC	5	Presentation of Huney Grant Funding by Rotary	
							CA	CC	CA	Ordinance Banning Sale of Animals from "Puppy/Kitten Mills" (Consider Approval)	
							CA	CC	CA	Climate Change Advisory Committee Appointments (Consider Approval)	
							CA	CC	CA	Community Partner Workshops Proposal (Consider Approval)	
							CA	CC	CA	Cultural Funding Ad Hoc Committee Recommendation (Consider Approval)	
							CA	CC	CA	Proposal for Community Partner Workshops (Consider Approval)	
									120		
Townsend				6/29/2017 Special Joint Meeting with Planning Commission and DRB							
		PCD	120	A Short Course on Local Planning by Washington Department of Commerce							

2017 PROPOSED COUNCIL CALENDAR ITEMS

[illegible]

2017 PROPOSED COUNCIL CALENDAR ITEMS

Absences	Agenda	Department	Timing (min)	Study Session	Absences	Agenda	Department	Timing (min)	Business Meeting
			15	18-Jul	Tollefson			25	25-Jul
	UB	PCD	15	Discuss Next Steps for Business/Industrial Regulations					
	NB	CC	15	Discuss Recommendations of Tree and Low Impact Development Ad Hoc Committee Relating to Single-Family Retention Standards and Changes to BIMC 16.18 & 16.22					
	P	CC	15	State of the Municipal Court					
			60						
								25	