



McCleary Special Town Hall Meeting

Wednesday, November 15, 2023 – 6:30 PM

McCleary VFW - 158 N Summit Rd

Agenda

In Person McCleary Town Hall Meeting

Call to Order/Flag Salute/Roll Call

Agenda Modifications/Acceptance

New Business

- [1.](#) Town Hall Questions
2. 2023 Budget - Accomplishments/Pending Projects - Discussion
3. 2024 Budget - Carryover Projects from 2023 and New Goals/Projects for 2024

Adjourn

Please turn off Cell Phones- Thank you

Americans with Disabilities Act (ADA) Accommodation is Provided Upon Request.

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Questions asked at VFW meeting Sept 26, 2023	
1	How can we get a copy of the 2022 Income/Expense Report?
2	How can we get a copy of the proposed 2024 budget by Nov 8th, 2023 Public Hearing?
3	What is a water loan? How much is owed? Will Rates/ bill go down when paid off?
4	I'd like to know how much money was wasted on the city well property?
5	Why is McCleary Electric so much more per Kw than Grays Harbor PUD?
6	2026 bump - why? Who has this info?
7	How much money is currently in the City Reserve Fund (account)?
8	Why is power budget affected by the budget if costs are not going up? Why are reserves being spent or used?
9	Why isn't the auditor (state) involved?
10	If our water rates are going up, are we going to get cleaner drinkable water?
11	What is a new debt for?
12	Why do we need an IT manager and urban developer?
13	Why would the city brag about people needing help to pay for their water bills?
14	Who wants another park? The one we have doesn't get used or maintained. Prove you can maintain what we have first. Try finishing something correctly, in time and on budget!
15	How can someone on a fixed income afford rate increases if they barely make it now? Especially if they make "too much" to get help from CCAP?
16	Why is it that people who come buy water from the city of McCleary pay less than a resident inside the city? Limits per gallon?
17	Why are we paying 3 times the rate Elma pays for water/ sewer? How did we get here? This will drive people out, companies, new residents. Where is 1.4 million going?
18	So what work was budgeted for this year that has not got done? Budget left = planned work that hasn't gotten done! You aren't very good at managing city business or money.
19	How much of the "Reserve" can be used before the state auditor has a finding against the city? I believe once there is such a finding by the state - at some point the state can come in and take over the city?



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Questions asked at VFW meeting Sept 26, 2023

1. How can we get a copy of the 2022 Income/Expense Report?

Request the information from the Clerk-Treasurer through a Public Records Request.

2. How can we get a copy of the proposed 2024 budget by Nov 8th, 2023, Public Hearing?

The draft budget is posted in the agenda packet on the city website. Usually, packets are posted the Friday prior to the Wednesday meeting.

3. What is a water loan? How much is owed? Will Rates/ bill go down when paid off?

The water loan was refinanced in 2020 in the principal amount of \$205,000. The loan was originally taken out in 2016 and refinanced for a lower interest rate in 2020. The current balance of the loan is \$147,753 and will be repaid in 2030. The loan was for capital improvements needed to the system. Rate studies and the capital improvement plans will provide modeling for the years 2030 on to provide what is needed to fund the water system in the future.

4. I'd like to know how much money was wasted on the city well property.

For removal of over 200 yards of material from the well site, the approximate cost to the city was \$25,000 in labor, equipment and dumping fees.

5. Why is McCleary Electric so much more per Kw than Grays Harbor PUD?

I understand your concern about the apparent disparity in electric rates between McCleary Electric and Grays Harbor PUD.

Electric rates can vary between utilities due to a variety of factors, including the size of the service area, infrastructure costs, and the mix of energy sources. Smaller municipal utilities, like McCleary Electric, face unique challenges that impact our cost structure. We have fewer customers to share the costs, and our infrastructure has specific upgrade needs.

Grays Harbor PUD, being a larger utility, may benefit from economies of scale, spreading costs over a larger customer base. They might also have different sources of power generation or more efficient operational practices.

For the average consumer it is not. The City of McCleary charges two parts to your monthly power expenses. First, is a \$15.00 per month meter charge, after that, residential customers are charged \$0.0981 per kilowatt hour.



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In contrast, Grays Harbor has a per month meter charge of \$39, after that, residential customers pay a charge of \$0.0911 per kilowatt hour. The consumer charge (second part) is very close between the two agencies.

6. 2026 bump - why? Who has this info?

We are unaware of what the "2026 bump" is in reference to. If it pertains to one of the proposed rate schedules for utilities, please contact Chad Bedlington at chadb@cityofmccleary.com to discuss in further detail to get a clear answer.

7. How much money is currently in the City Reserve Fund (account)?

All city reserve accounts can be viewed in the current proposed budget for 2024 in the November 8, 2023, council packet (available online). No reserves have been spent in 2023.

8. Why is power budget affected by the budget if costs are not going up? Why are reserves being spent or used?

Our power utility operating costs went up significantly over the last 2 to 3 years. Material costs for wire (conduit), transformers, poles, vaults, fuel, etc. has increased with very high inflation rates over the last two years. In the case of transformers, we have seen a 300% to 400% increase in costs, which could not have been easily anticipated. Reserves are not being spent or used in 2023 and are not proposed to be used in the draft 2024 budget either.

9. Why isn't the auditor (state) involved?

Without context, it is very hard to answer this question. The city is required by law to be audited bi-annually by the State Auditors Office, and the results of those audits are available via state auditor's website: <https://sao.wa.gov/reports-data/audit-reports>

10. If our water rates are going up, are we going to get cleaner drinkable water?

The City's drinking water meets or exceeds all water quality standards as set forth by the Grays Harbor County department of health. The City annually reports its required monitored contaminants, and those reports can be found at:

https://www.cityofmccleary.com/sites/default/files/fileattachments/public_works/page/2612/ccr_2023.pdf

11. What is a new debt for?

New debt is acquired to help support capital improvements needed within each individual utility. Those being water, wastewater, stormwater, and light and power, four in total. Each utility is required to manage its expenses, revenues, and debt individually. They function as individual businesses where revenues received by one can't be shared directly with another.



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The new debt that is proposed comes into play from a variety of directions. For example, water has a significant water main replacement project proposed in 2026, which is anticipated to be paid with USDA loans with an annual debt service requirement. This can have repayment periods ranging from 20 years to 40 years for this program, but with interest rates hovering around 1% or less. Rates that the average person doesn't see, but these programs provide a great opportunity to finance these projects over time.

There is significant detail that goes into establishing the capital program costs going forward, so the best opportunity to understand this would be to reach out to our Public Works Director, Chad Bedlington, at chadb@cityofmccleary.com or by phone at 360-495-3667.

12. Why do we need an IT manager and urban developer?

The city has been quoted over \$60,000 for an off-site company to provide IT Services. The need for an IT manager and an urban developer in a municipal setting like the City of McCleary can be crucial for several reasons:

- 1. Efficient Operations: An IT manager helps ensure that the city's information technology systems function smoothly. This includes managing databases, communication networks, and software applications. Efficient IT systems contribute to streamlined operations across various city departments.*
- 2. Data Security: With the increasing reliance on digital systems, safeguarding sensitive data is paramount. An IT manager plays a key role in implementing and maintaining robust cybersecurity measures, protecting the city and its residents from potential threats.*
- 3. Urban Development and Planning: An urban developer is essential for managing the growth and development of the city. They can work on projects related to infrastructure development, land use planning, and community revitalization. This role helps shape the physical and social aspects of the community for the better.*
- 4. Technology Integration: As technology continues to evolve, integrating smart city solutions and innovative technologies can enhance the overall quality of life for residents. An IT manager can work with an urban developer to implement technologies that improve city services, infrastructure, and communication.*
- 5. Community Enhancement: Urban developers focus on creating vibrant, sustainable, and well-designed urban spaces. This contributes to a higher quality of life for residents by promoting economic development, green spaces, and community engagement.*

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6. Compliance and Regulations: Both roles are crucial in ensuring that the city complies with relevant regulations. An IT manager may handle compliance with data protection laws, while an urban developer ensures that development projects adhere to zoning and land use regulations.

While each role serves a distinct purpose, their collaboration can lead to a well-rounded approach to city management. The IT manager addresses the technological aspects, and the urban developer focuses on the physical and social development of the community. If you have specific concerns or questions about these roles in the context of McCleary, I'd be happy to provide more information.

13. Why would the city brag about people needing help to pay for their water bills?

In August 2023 each of the ten customers who received payment assistance through CCAP had unfortunate circumstances as to why they could not pay their bill. It wouldn't have mattered if their total balance had been \$25, they were unable to pay. The city worked diligently with CCAP one on one to provide the necessary information to help these customers get the assistance they needed at that time. The reason it was mentioned in the staff report is because it was an above and beyond action to help citizens in our community during a hard time in their lives.

14. Who wants another park? The one we have doesn't get used or maintained. Prove you can maintain what we have first. Try finishing something correctly, on time and on budget!

A citizen survey was done a couple of years ago and parks were high on the list of things citizens wanted to see added the city. Grants are being applied for to fund park expansion and enhancements.

15. How can someone on a fixed income afford rate increases if they barely make it now? Especially if they make "too much" to get help from CCAP?

The city offers a senior rate on the sewer utility, starting at age 65. The discounted rate is a savings of \$31.13 monthly. The citizen must request this senior rate as we do not track ages or birthdates in the utility system. A message is included on the billing statements twice a year to remind our customers of this opportunity and to contact city hall to see if they qualify.

Along with Coastal Community Action Program (CCAP), the city also refers customers needing assistance to:

- Grays Harbro County Veteran Relief Fund
- Olympic Area on Aging
- Salvation Army
- Local Churches

16. Why is it that people who come to buy water from the city of McCleary pay less than a resident inside the city? Limits per gallon?

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The city does provide wholesale water rates when folks need to stockpile water supplies or recharge well heads. The whole sale rate is \$68.50 plus tax for up to 500 CF (about 3740 gallons). The amount of water that the city actual sales via this method is very minor and we feel we capture the operating cost impacts with this level of charge.

17. Why are we paying 3 times the rate Elma pays for water/ sewer? How did we get here? This will drive people out, companies, new residents. Where is 1.4 million going?

Each individual water, sewer, stormwater, and light and power system are different in size and scale. This requires consideration as to the individual needs of each system. Our system needs are not the same as Elma, nor is our tax base. Having a diverse customer base (commercial, residential, industrial, etc.) can play a huge role in why the differences exist, and that is likely a primary reason that Elma has lower rates than McCleary. We are also trying to plan for the future of our city and its capital needs and our independent cost requirements for expenses and debt services.

We cannot speak to the “where is 1.4 million going” as we would need to know if that was fund specific, like water or wastewater for example, to best answer the question. Our Public Works Director, Chad Bedlington, is more than happy to meet with customers/residents to discuss how our utility dollars are spent. He can be reached at chadb@cityofmccleary.com or via phone at 360-495-3667.

18. So what work was budgeted for this year that has not got done? Budget left = planned work that hasn't gotten done! You aren't very good at managing city business or money.

When it was clear that rates going forward would have a significant impact on our customers, we implemented cost saving measures in 2023 to help with our beginning cash balances going into 2024. This impacted on our ability to perform several projects and equipment replacements that were scheduled for 2023. The list is longer than can be identified in this FAQ as we had staff reposition its priorities to deal with repairs primarily when needed, and reduction in our capital improvement program(s).

The City's rates for utilities have not kept up with even inflation at this point, as the 2017 recommendations for rate increases were never executed by your City Council. This has compounded the problem with rates proposed in 2023 and is reflective of that unwillingness to gradually raise rates to meet the cost demands of running the utilities. This has put us in a very challenging position to reliably operate, meet or reserve fund targets, and meet debt obligations. It is not a good trajectory to be on.

For further information, please contact Chad Bedlington, Public Works Director at chadb@cityofmccleary.com, or via phone at 360-495-3667 to discuss.

19. How much of the "Reserve" can be used before the state auditor has a finding against the city? I

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believe once there is such a finding by the state - at some point the state can come in and take over the city?

The City, by Council Policy, needs to retain a certain amount of funds for reserves each year. The city has met that obligation this year and is proposing to do the same next year. The typical number of reserves in each fund equals 60-days of operating expenses and varies by fund. The state doesn't come in and take over City's for such findings if those funds were depleted as the targets are elective by City Council policy.