

# AGENDA

## UTILITY ADVISORY COMMITTEE

### March 19, 2026

Hybrid Meeting In-person and via Zoom



#### Accessibility

The City of Ellensburg strives to make our services, programs, and activities readily accessible.

- Closed Captioning is available to Zoom viewers. To enable closed captioning, you will need to click on the "CC" button at the bottom of your Zoom screen and then select either "Show Subtitle" or "View Full Transcript."
- Members of the public who do not speak English or who have limited proficiency may request an interpreter if they wish to participate in public meetings.
- The City will provide reasonable accommodation for members of the public with disabilities.

*Please submit requests for language assistance or reasonable accommodation to the HR Director/ADA Coordinator by calling (509) 962-7222 or by email at [ADACoordinator@ellensburgwa.gov](mailto:ADACoordinator@ellensburgwa.gov). Five (5) business days' notice is appreciated.*

**CITY OF ELLENSBURG  
UTILITY ADVISORY COMMITTEE AGENDA  
Council Conference Room  
501 North Anderson Street  
Ellensburg, WA 98926  
And remotely via Zoom  
Thursday, March 19, 2026  
3:30 PM - Regular Meeting**

- 1. Call to Order and Roll Call**
- 2. Approval of Agenda (No Public Comment)**
- 3. Approval of Minutes**
  - 3.A Utility Advisory Committee Meeting 02-19-2026 - Minutes
- 4. Correspondence and Citizen Comments on Non-Agenda Items**
  - 4.A Public Comment
- 5. Electric, Natural Gas, and Telecommunications Discussion Items**
  - 5.A HopeSource Low-Income Energy Conservation Program Update
  - 5.B Natural Gas System Plan
  - 5.C NoaNet Interlocal Agreement Amendment 3
  - 5.D Electric Utility Rate Increases
- 6. Energy Services Updates**
  - 6.A New UTC Annual Report - Natural Gas
  - 6.B Energy Services Updates
- 7. Commission Representative Update**
- 8. Adjournment**



For more information on the Ellensburg Utility Advisory Committee, contact Finance Officer, Megan Bair, at 509-962-7124.





**CITY OF ELLENSBURG**

**Minutes of Utility Advisory Committee, Regular Meeting**

**Date of Meeting**

**February 19, 2026**

**Time of Meeting**

**3:30 PM**

**Place of Meeting**

**Council Conference Room  
501 North Anderson Street  
Ellensburg, WA 98926  
And remotely via Zoom**

**1. Call to Order and Roll Call of Members**

Chair Bousson called the meeting to order at 3:31 pm.

Members present: Nancy Lillquist, City Council; Delano Palmer, City Council; Jeff Bousson, CWU; Fred Springsteen, Utility Customer.

Others present in person: Energy Services Director Stanavich, Energy Resources Manager Baker, Gas Engineer Yusi, Finance Officer Bair, Telecom Manager Hiede

Others present remotely via Zoom: members of the public

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**2. Approval of Agenda**

Committee member Palmer moved to approve the agenda as presented. **Motion approved. 4-0**

**3. Approval of Minutes**

3.A Utility Advisory Committee Meeting 10-16-2025 - Minutes

Committee member Palmer moved to approve the regular meeting minutes as presented. **Motion Approved 4-0**

**4. Correspondence and Citizen Comments on Non-Agenda Items**

No correspondence or public comments

**5. Electric, Natural Gas, and Telecommunications Discussion Items**

5.A Low-Income Energy Efficiency Program

Nichole Baker presented the updated terms to the low income energy efficiency program contract. Extension expires on March 1. Scheduled to go to council March 2nd, consent agenda. Committee members Nancy Lillquist and Fred Springsteen requested a copy of the contract and the financial matrix for the committee to review. Nichole Baker discussed the performance of the program in 2025 and predictions of the upcoming year. HopeSource will follow up with a presentation on the program.

Committee member Nancy Lillquist is interested in understanding the state requirements for low-income programs.

## 6. Energy Services Updates

- 6.A Utility Advisory Committee Report – 2025 Year in Review  
Council wants UAC to focus on opportunities for the upcoming year and recruitment of more members.  
Committee member Jeff Bousson requested UAC to explore and analyze the impacts of a data center within the City of Ellensburg.  
Discussion on how the committee can support council members in understanding the impact of large load customers. Discussed our exposure.
- 6.B Energy Services Updates  
Committee member Jeff Bousson asked Director Buddy Stanavich if the city will be participating in CCA auctions. Director Buddy Stanavich stated we were successful in participating in the last APCR auction.  
Introduction from new Telecom Business Manager, Kenny Heide.  
Committee member Nancy Lillquist asked about the lineman hiring process. Director Buddy Stanavich stated there was an increase in applications for linemen since the union contract negotiation, higher negotiated wages and 4-10 schedule attracted more applicants.

## 7. Commission Representative Update

- 7.A Selection Committee
- 7.B Expiring Member Terms - Reapplication Process  
Committee appointed a three-person committee for selection committee Buddy Stanavish, Jeff Bousson, and Delano Palmer. Nancy Lillquist as an alternate.  
**Motion approved. 4-0**  
Megan Bair will schedule an interview for the new applicant and a re-application interview for Fred Springsteen.

## 8. Adjournment

Darin Yusi announced the Gas utility is working on 6 year system plan.

Meeting adjourned at 4:48pm

February 2026

Dear Councilmembers and UAC members:

We are writing regarding the City of Ellensburg's six-year natural gas utility planning process. At the UAC meeting February 19, a short explanation was given about this planning. It indicated that the consultant would perform business-as-usual planning for mostly pressure and capacity work for the 6 year plan contract. This planning often includes adding loops as the gas system continues to expand.

Ellensburg's gas utility emits approximately 40,000 metric tons of CO<sub>2</sub> annually. Because emissions exceed 25,000 MT per year, the utility is a covered entity under Washington's Climate Commitment Act (CCA).

At the UAC meeting nothing was discussed about the natural gas utility emissions or future planning for mitigation in the form of emissions reductions.

Can you please answer these questions:

1. What has the Ellensburg Gas Utility reported for actual greenhouse gas emissions for 2023, 2024, 2025 (if available for 2025)?
2. What is the total cost Ellensburg has paid for these emissions via the Climate Commitment Act auction process for 2023, 2024, 2025?
3. As you continue to add new customers, how are you informing them of the added rate costs they will be required to pay?
4. How many gas customers use gas to space heat or water heat?
5. How much GHG reductions are the result of the HEAR grants for heat pump transitions?
6. Is the 6-year gas plan coordinating with a possible reduction in gas service with the decarbonization planning in process?
7. What is the status of the decarbonization planning?

Sincerely,

Kittitas Climate Action

Meghan Anderson • 509-591-7874 • kittitasclimateaction@gmail.com



February 2026

Dear Councilmembers and UAC Members,

I am writing regarding the City of Ellensburg's six-year natural gas utility planning process. Currently the scope of the new 6-year plan is being processed and you'll vote on it this year.

At the February 19 UAC meeting, staff indicated that the consultant will conduct a business-as-usual planning exercise focused primarily on pressure and capacity improvements. Staff also indicated they continue to add new customers. That approach may have been sufficient in the past, but it's not sufficient now.

Ellensburg's gas utility emits approximately 40,000 metric tons of CO<sub>2</sub> annually. Because emissions exceed 25,000 MT per year, the utility is a covered entity under Washington's Climate Commitment Act (CCA). While natural gas utilities receive no-cost allowances during the early compliance years, those allowances phase out by 2030. They are a temporary transition mechanism — not an exemption from carbon pricing.

If emissions remain flat at approximately 40,000 MT per year and no reductions are implemented, the utility will be fully exposed to carbon auction costs beginning in 2030.

Using a conservative price scenario (starting at \$80 per ton in 2030 with a 5% annual increase), projected *annual allowance costs* would be:

- 2030: ~\$3.2 million
- 2035: ~\$4.1 million
- 2040: ~\$5.2 million
- 2045: ~\$6.6 million
- 2050: ~\$8.4 million

From 2030–2050, cumulative compliance costs would total approximately \$108 million — assuming no growth in customers and no increase in emissions.

If the utility continues expanding infrastructure and adding new gas customers without modeling carbon price risk, it effectively locks future ratepayers into escalating compliance costs. Every new therm delivered after 2030 carries an embedded and rising carbon liability.

A six-year plan that addresses only pressure and capacity, without evaluating emissions trajectories or carbon pricing exposure, is incomplete and financially risky.

Responsible planning should include:

- Carbon price modeling under multiple scenarios
- A defined emissions reduction pathway
- Evaluation of demand reduction and electrification strategies
- Transparent disclosure of long-term ratepayer exposure

The CCA cap declines over time. Carbon allowances will become scarcer and more expensive.

With approximately 5,000 customers, that equates to roughly \$53 per month per customer by 2030, increasing to approximately \$140 per month by 2050 — and that is carbon cost alone. It does not include gas supply, infrastructure maintenance, or debt service.

At some point, customers will evaluate whether remaining on gas makes financial sense. If customers with the means to electrify leave first, fixed system costs are spread across fewer ratepayers, increasing pressure on those who remain. *Business as usual is not a neutral choice. It is a decision to embed escalating carbon liabilities into long-lived infrastructure and future rate structures.*

I would request that the six-year planning process incorporate carbon price modeling, emissions reduction planning, and transparent rate impact analysis before expansion decisions are finalized.

Ratepayers deserve a financially responsible plan aligned with foreseeable regulatory realities.

Sincerely,

Meghan Anderson • Ellensburg, WA • 509-591-7874 • meghan6083@icloud.com



Meeting Date: March 19, 2026  
**City of Ellensburg**  
**Utility Advisory Committee Agenda Report**

**Agenda Subject:** HopeSource Low-Income Energy Conservation Program Update  
**Submitted by:** Nichole Baker, Energy Resources Manager  
**Department:** Energy Services

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**Information:**  
HopeSource will provide an update on the Low-Income Energy Conservation Program.



Meeting Date: March 19, 2026

**City of Ellensburg**

**Utility Advisory Committee Agenda Report**

**Agenda Subject:** Natural Gas System Plan  
**Submitted by:** Darin Yusi, Gas Engineer  
**Department:** Energy Services

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**Suggested Motion/Action:**

Recommend that City Council authorize the City Manager to execute the Agreement for Professional Services for the 2027-2032 Natural Gas System Plan with the consultant Kimley-Horn.

**Background/Summary:**

Statement of Qualifications (SOQ's) from prospective consultants were received on Thursday, October 2, 2025 for the City Natural Gas System Plan Update. Staff received two SOQ's and completed a full review process for the System Plan Update. Kimley-Horn is a qualified consultant and was selected to perform the work.

The City Gas Division completes a thorough evaluation of its entire system to confirm existing and potential gas loads are met with adequate flow and pressure throughout the system. The system plan identifies potential projects for maintaining and/or improving system reliability and integrity and generates a six-year capital investment plan. Gas System Plan Updates are performed on a six-year basis with the last plan being performed in 2020.

**Previous Council Action:**

n/a

**Analysis:**

After selecting Kimley-Horn as a qualified consultant to perform the Natural Gas System Plan Update, staff then negotiated a Professional Services Agreement (lump sum) in the amount of \$165,500.

The agreement covers system modeling and analysis, integrity analysis for pipe materials, regulator stations and valves, regulator capacity calculations and hydraulic analysis, and overpressurization analysis. The consultant will also be providing system recommendations and an updated 6-year capital improvement plan.

**Financial Impact:**

The City Gas Division budgeted \$120,000 for this project. The agreement with Kimley-Horn has a final cost of \$165,500. The 2026 Gas Fund has an adequate ending fund balance to cover the additional costs.

Budget Adjustment: No

**Attachments:**

1. Professional Services Agreement - Natural Gas System Plan

**AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN  
THE CITY OF ELLENSBURG  
AND  
KIMLEY-HORN AND ASSOCIATES, INC.**

**RELATING TO: SERVICES PROVIDED FOR THE CITY OF ELLENSBURG  
NATURAL GAS SYSTEM PLAN**

THIS LUMP SUM AGREEMENT is made and entered into this 18<sup>th</sup> day of February, 2026 (“Effective Date”), by and between THE CITY OF ELLENSBURG, a non-charter code city of the State of Washington (hereinafter called the “CITY”) and KIMLEY-HORN AND ASSOCIATES, INC., a North Carolina Corporation authorized to do business in the state of Washington (hereinafter called the “CONSULTANT”).

**1. RECITALS.**

1.1. The CITY desires to obtain professional services for work related to the Natural Gas System Plan project.

1.2. The CITY has solicited for such professional services as required by law, including RCW Chapter 39.80 if applicable.

1.3. CONSULTANT represents that it is available and able to provide qualified personnel and facilities necessary for the work and services contemplated herein, and can accomplish the work and services within the required time period and in accordance with CITY’s specifications, WSDOT Standard Specifications (as applicable), and professional standards.

1.4. CONSULTANT agrees to perform the work and services specified herein in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the above representations and the terms, conditions, covenants, and agreements set forth below, the parties hereto agree as follows:

**2. SCOPE OF WORK.**

2.1. The scope of professional services to be performed and the results to be achieved by the CONSULTANT shall be as detailed in the attached Exhibit A, Scope of Work and shall include all services and material necessary to accomplish the work (“Services”).

2.2. The CITY may review the CONSULTANT’S work product, and if it is not

satisfactory, the CONSULTANT shall make such changes as may be required by the CITY. Such changes shall not constitute "Extra Work", as related in Section 14 of this Agreement.

2.3. The CONSULTANT agrees that all services performed under this Agreement shall be in accordance with the standards of the profession and in compliance with applicable federal, state and local laws.

2.4. The Scope of Work may be amended upon written approval of both parties.

**3. TIME OF PERFORMANCE.** The CONSULTANT may begin work upon the Effective Date of this Agreement by both parties, or the CITY's issuance of a Notice to Proceed, whichever is applicable, and the duration of the Agreement shall extend through December 31, 2026. The work shall be completed in accordance with the schedule set forth in the attached Exhibit A, Scope of Work.

**4. PAYMENT.** The CITY shall pay the CONSULTANT as set forth in this section of the Agreement. Such payment shall be full compensation for work performed, services rendered, and all labor, materials, supplies, equipment and incidentals necessary to complete the work.

4.1. The CITY shall pay the CONSULTANT as set forth in this section. In no event shall the amount paid by CITY exceed the Maximum Compensation as set forth in Section 5, unless otherwise agreed to by the CITY in writing. Such payment shall be full compensation for work performed, services rendered, and all labor, materials, supplies, equipment and incidentals necessary to complete the work.

4.2. The CONSULTANT shall submit invoices to the CITY for work completed in accordance with Exhibit A. Invoices shall detail the work, and shall itemize with receipts and invoices the non-salary direct costs.

4.3. The CITY shall review the invoices and make payment for the portion of the project or tasks that have been completed less the amounts previously paid.

4.4. The CONSULTANT invoices are due and payable within 30 days of receipt. In the event of a disputed billing, only the disputed portion will be withheld from payment.

4.5. Final payment for the balance due to the CONSULTANT will be made after the completion of the work and acceptance by the CITY.

The CITY will remit payment electronically to the CONSULTANT as listed on CONSULTANT's invoices.

4.6. Payment for “Extra Work” performed under Section 14 of this Agreement shall be as agreed to by the parties in writing.

4.7. The CITY may desire to establish a Management Reserve Fund to provide the Agreement Administrator with the flexibility to authorize additional funds to the Agreement for allowable unforeseen costs, or reimbursing the CONSULTANT for allowable unforeseen costs, or reimbursing the CONSULTANT for additional work beyond that already defined in this Agreement. Such authorization(s) shall be in writing and shall not exceed the lesser of \$15,000 or 10% of the Maximum Compensation as shown in Section 5 of this Agreement. The amount included for the Management Reserve Fund is \$15,000. This fund may not be replenished. Any changes requiring additional costs in excess of the Management Reserve Fund shall be made in accordance with Section 14 – Extra Work.

## **5. MAXIMUM COMPENSATION.**

5.1. The CONSULTANT’s total compensation and reimbursement under this Agreement, including labor, direct non-salary reimbursable costs and outside services, shall not exceed the maximum sum of \$165,500. This amount is the maximum amount to be paid under this Agreement and shall not be exceeded without prior written authorization from CITY in the form of a negotiated and executed amendment of this Agreement.

5.2. The budget for each task is as set forth in the attached Exhibit A, Scope of Work. Budgets for task(s) may be modified upon mutual agreement between the two parties, but in any event, the total payment to CONSULTANT shall not exceed the maximum amount per Section 5.1 above.

## **6. RELATIONSHIP OF PARTIES.**

6.1. The relationship created by this Agreement is that of owner-independent contractor. Neither the CONSULTANT nor CONSULTANT’s employees are employees of the CITY and are not entitled to the benefits provided by the CITY to its employees. The CONSULTANT, as an independent contractor, has the authority to control and direct the performance of the details of the services to be provided. No employee, agent, representative or subconsultant of CONSULTANT shall be or shall be deemed to be the employee, agent representative or subconsultant of the CITY. The CONSULTANT shall assume full responsibility for all wages, along with any Federal, State, and local taxes or contributions imposed or required, including, but not limited to, unemployment insurance, Social Security, and income tax, payable as a result of work performed under this Agreement.

6.2. Employees of the CONSULTANT, while engaged in the performance of any work or services under this Agreement, shall be considered employees of the CONSULTANT only and not of the CITY, and claims that may arise under the

Workman's Compensation Act on behalf of said employees while so engaged, and any and all claims made by a third party as a consequence of any negligent act or omission on the part of the CONSULTANT'S employees while so engaged, on any of the work or services provided to be rendered herein, shall be the sole obligation and responsibility of the CONSULTANT. On or before the Effective Date, CONSULTANT shall file, maintain and/or open all necessary records with the Internal Revenue Service and the State of Washington, and as may be required by RCW 51.08.195, to establish CONSULTANT's status as an independent contractor.

## **7. OWNERSHIP OF DOCUMENTS.**

7.1. The work product and all documents produced under this Agreement shall be furnished by the CONSULTANT to the CITY, and upon completion of the work shall become the property of the CITY, for use without restriction and without representation as to suitability for reuse by any other party unless specifically verified or adapted by the CONSULTANT, except that the CONSULTANT may retain one copy of the work product and documents for its records. The CONSULTANT will be responsible for the accuracy of the work, even though the work has been accepted by the CITY.

7.2. In the event that the CONSULTANT shall default on this Agreement or in the event that this Agreement shall be terminated prior to its completion as herein provided, all work product of the CONSULTANT, along with a summary of work as of the date of default or termination, shall become the property of the CITY. Upon request, the CONSULTANT shall tender the work product and summary to the CITY. Tender of said work product shall be a prerequisite to final payment under this Agreement. The summary of work done shall be prepared at no additional cost to the CITY.

7.3. CONSULTANT will not be held liable for reuse of documents produced under this Agreement or modifications thereof for any purpose other than those authorized under this Agreement without the written authorization of CONSULTANT.

**8. INTELLECTUAL PROPERTY.** CONSULTANT may use or develop its proprietary software, patents, copyrights, trademarks, trade secrets, and other intellectual property owned by CONSULTANT or its affiliates ("Intellectual Property") in the performance of this Agreement. Intellectual Property, for purposes of this section, does not include deliverables specifically created for the CITY pursuant to the Agreement. Unless explicitly agreed to in writing by both parties to the contrary, CONSULTANT maintains all interest in and ownership of its Intellectual Property and conveys no interest, ownership, license to use, or any other rights in the Intellectual Property to the CITY. Any enhancements of Intellectual Property made during the performance of this Agreement are solely owned by the CONSULTANT and its affiliates. If CONSULTANT's services include providing the CITY with access to or a license for CONSULTANT's (or its affiliates') proprietary software or technology, the CITY agrees to the terms of the Software License Agreement set forth at <https://www.kimley-horn.com/khts-software-license-agreement> ("the License Agreement") which terms are incorporated herein by

reference.

**9. RECORDS.** As a public agency, the CITY is subject to the Public Records Act, Chapter 42.56 RCW (the "Act"). To the extent that CONSULTANT keeps records that are deemed public records and are needed for the CITY to respond to a request under the Act, as determined by the CITY, CONSULTANT agrees to make them promptly available to the CITY. Pursuant to Chapter 40.14 RCW, CONSULTANT shall retain records associated with this Agreement in accordance with the applicable retention schedule. CONSULTANT also agrees to indemnify and hold the CITY harmless from any claims or losses caused by CONSULTANT'S failure to make records available to the CITY as provided in this Agreement.

**10. NONDISCRIMINATION.** The CONSULTANT shall conduct its business in a manner, which assures fair, equal and non-discriminatory treatment of all persons, in particular:

10.1. The CONSULTANT shall maintain open hiring and employment practices and will welcome applications for employment in all positions, from qualified individuals who are members of minorities protected by federal equal opportunity/affirmative action requirements; and,

10.2. The CONSULTANT shall comply with all requirements of applicable federal, state or local laws or regulations issued pursuant thereto, relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all persons without discrimination as to any person's race, creed, color, religion, national origin, status as a military veteran, marital status, gender, sexual orientation, disability or other legally protected classification.

## **11. SUBCONTRACTING**

11.1. The Consultant shall not sublet or assign any of the work covered by this Agreement without the written consent of the CITY.

11.2. In all solicitation either by competitive bidding or negotiation made by the CONSULTANT for work to be performed pursuant to a subcontractor, including procurement of materials and equipment, each potential subconsultant or supplier shall be notified by the CONSULTANT of CONSULTANT's obligations under this Agreement, including the nondiscrimination requirements.

11.3. In performing this Agreement, the CONSULTANT shall not subcontract with or employ any CITY employee without the CITY's written consent.

## **12. SUPERVISION, INSPECTION AND PERFORMANCE.**

12.1. Even though CONSULTANT is an independent contractor with the

authority to control and direct the performance and details of the Services, the Services must meet the approval of CITY and shall be subject to CITY's general right of inspection and supervision to secure the satisfactory completion of this Agreement.

12.2. CONSULTANT represents that it has or will obtain all personnel necessary to perform the Services and that such personnel shall be qualified, experienced, and licensed as may be necessary or required by applicable laws and regulations to perform the Services. All Services shall be performed by CONSULTANT, its employees, or by subconsultants whose selection has been authorized by CITY; provided that CITY's authorization shall not relieve CONSULTANT or its subconsultants from any duties or obligations under this Agreement, or at law, to perform the Services in a satisfactory and competent manner. CONSULTANT shall ensure that all contractual duties, requirements and obligations that CONSULTANT owes to CITY shall also be owed to CITY by CONSULTANT's subconsultants retained to perform the Services.

12.3. CONSULTANT shall be responsible for the professional quality, technical adequacy, accuracy, timely completion, and coordination of the Services and all plans, designs, drawings, specifications, reports, and other work performed pursuant to this Agreement. CONSULTANT shall perform the Services in accordance with the standard of care of its profession in the same or similar localities at the time services are performed. CONSULTANT shall be responsible for the professional standards, performance, and actions of all persons and firms performing the Services under this Agreement. CONSULTANT shall, without additional compensation, correct any specific breach of a contractual obligation in the Services and revise any errors or omissions in any plans, designs, drawings, specifications, reports, and other products prepared under this Agreement.

**13. CHANGES IN WORK.** Other than changes directed by the CITY as set forth in Section 2 above, either party may request changes in the scope of work. Such changes shall not become part of this Agreement unless and until mutually agreed upon and incorporated herein by written amendments to this Agreement executed by both parties.

**14. EXTRA WORK.** The CITY may desire to have the CONSULTANT perform work or render services in connection with this project, in addition to the Scope of Work set forth in Exhibit A and minor revisions to satisfactorily completed work. Such work shall be considered as "Extra Work" and shall be addressed in a written supplement to this Agreement. The CITY shall not be responsible for paying for such extra work unless and until the written supplement is executed by both parties.

**15. TERMINATION.**

15.1. The CITY may terminate this Agreement in whole or in part whenever the CITY determines, in its sole discretion that such termination is in the best interests of the CITY, upon not less than ten (10) days' written notice to the CONSULTANT. Written notice will be by certified mail sent to the CONSULTANT'S designated representative at

the address provided by the CONSULTANT. If this Agreement is terminated in its entirety by the CITY for its convenience, the CITY shall pay the CONSULTANT for satisfactory services performed through the date of termination, but no amount shall be allowed for anticipated profit on unperformed Services or other work.

15.2. The CITY may terminate this Agreement, in whole or in part and at any time, in writing if CONSULTANT substantially fails to fulfill any or all of its material obligations through no fault of CITY. If CITY terminates all or part of this Agreement for default, CITY shall determine the amount of Services satisfactorily performed to the date of termination and the amount owing to CONSULTANT using the criteria set forth below; provided that (a) no amount shall be allowed for anticipated profit on unperformed Services or other work, and (b) any payment due to CONSULTANT at the time of termination may be adjusted to the extent of any additional costs CITY incurs or will incur because of CONSULTANT's default. In such event, CITY shall consider the actual costs incurred by CONSULTANT in performing the Services to the date of termination, the amount of Services originally required which was satisfactorily completed to the date of termination, whether the Services or deliverables were in a form or of a type which is usable and suitable to CITY at the date of termination, the cost to CITY of either completing the Services itself or employing another firm to complete the Services in addition to the inconvenience and time which may be required to do so, and other factors which affect the value to CITY of the Services performed to the date of termination. Under no circumstances shall payments made under this provision exceed the Schedule of Charges. This provision shall not preclude CITY from filing claims and/or commencing litigation to secure compensation for damages incurred beyond that covered by withheld payments.

15.3. In the event this Agreement is terminated prior to the completion of the work, a final payment shall be made to the CONSULTANT, which, when added to any payments previously made, shall compensate the CONSULTANT for the portion of work completed. Whenever the Agreement is terminated in accordance with this Section 15, the CONSULTANT shall be entitled to payment for actual work performed up to the termination date. Upon such termination, whether for convenience or default, an equitable adjustment in the contract price will be made by the CITY for partially completed items of work, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination under this Section 15 shall not constitute a breach of the Agreement by the CITY.

## **16. INDEMNIFICATION/HOLD HARMLESS.**

16.1. Indemnification / Hold Harmless. General Liability. 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 covered by Commercial General Liability, including attorney fees, arising out of or resulting from the acts of Consultant or its employees in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

16.2. Indemnification / Hold Harmless. Professional Liability. Consultant shall indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits covered by Professional Liability Insurance, including attorney fees, arising out of or resulting from the wrongful acts (actual or alleged negligent acts, errors or omissions, including personal injury) of Consultant or its employees in performance of this Agreement. Consultant shall pay for the City's defense costs upon any determination of Consultant's liability.

16.3. 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 hereunder shall be only to the extent of the Consultant's negligence.

16.4. 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.

## **17. INSURANCE.**

17.1. 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, employees or subcontractors.

17.2. 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.

17.3. Minimum Scope of Insurance. CONSULTANT shall obtain insurance of the types described below:

17.3.1. 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. If necessary, the policy shall be endorsed to provide contract liability coverage; and,

17.3.2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, and personal injury and advertising injury. The CITY shall be

named or added as an additional insured under the Consultant's Commercial General Liability insurance policy using ISO endorsement form CG 20 26, or coverage at least as broad; and,

17.3.3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington; and

17.3.4. Professional Liability insurance appropriate to the CONSULTANT's profession.

17.4. Minimum Amounts of Insurance. CONSULTANT shall maintain the following insurance limits:

17.4.1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.

17.4.2. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate.

17.4.3. Professional Liability insurance shall be written with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit.

17.5. Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance:

17.5.1. The CONSULTANT's insurance coverage shall be primary insurance with respect to the CITY. Any insurance, self-insurance, or insurance pool coverage maintained by the CITY shall be excess of the CONSULTANT's insurance and shall not contribute with it.

17.5.2. Any payment of deductible or self-insured retention shall be the sole responsibility of the CONSULTANT.

17.5.3. The CONSULTANT'S insurance shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respects to the limits of the insurer's liability.

17.6. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

17.7. Verification of Coverage. CONSULTANT shall furnish the CITY with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured and primary coverage endorsements, evidencing the insurance requirements of the CONSULTANT before commencement of

the work.

17.8. Cancellation. CONSULTANT will provide notice to the CITY of any cancellation of coverage by no later than three (3) days after CONSULTANT is notified by its insurer that coverage will or has been canceled, whichever occurs earliest.

17.9. CITY Full Availability of CONSULTANT Limits. If the CONSULTANT maintains higher insurance limits than the minimum amounts 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.

**18. APPLICABLE LAW/VENUE.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington, and in the event of dispute the venue of any litigation brought hereunder shall be Kittitas County.

**19. NOTICE.** All communications regarding this Agreement shall be sent to the parties at the addresses listed below, or at such other address as given pursuant to this Section, and shall be effective on the next business day if sent by registered or certified mail or deposited with an overnight delivery service.

City of Ellensburg  
Gas Division  
Attention: Darin Yusi  
501 N. Anderson  
Ellensburg, WA 98926

Kimley-Horn and Associates, Inc.  
300 Corporate Center Dr. Suite 401  
Camp Hill PA 17011

**20. ENTIRE AGREEMENT.** The written terms and provisions of this Agreement, together with all referenced Exhibits, supersede all prior verbal statements of any officer or other representative of CITY, and such statements shall not be effective or be construed as entering into or forming a part of, or altering in any manner whatsoever, this Agreement. The entire agreement between the parties with respect to the subject matter hereunder is contained in this Agreement and the referenced Exhibits.

**21. PRIORITY OF DOCUMENTS.** In the event that the language and provisions of this Agreement are contrary to or conflict with any language or provisions set forth in any exhibit to this Agreement, the language and provisions of this Agreement shall control, and the contrary or conflicting language or provisions of the exhibit(s) shall be disregarded and shall be considered void.

**22. MODIFICATION.** No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of CITY and CONSULTANT.

**23. ASSIGNMENT.** Any assignment of this Agreement by CONSULTANT without the prior written consent of CITY shall be void.

**24. WAIVER.** A waiver of any breach by either party shall not constitute a waiver of any subsequent breach.

**25. THIRD-PARTY BENEFICIARIES.** There are no third-party beneficiaries to this Agreement.

**26. EXHIBITS AND SIGNATURES.** This Agreement, including its exhibits, constitutes the entire Agreement, supersedes all prior written or oral understandings, and may only be changed by a written amendment executed by both parties. The following exhibits are hereby made a part of this Agreement:

Exhibit A – Scope of Work

Exhibit B – Consultant Labor Costs and Non-salary Reimbursable Costs

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

**CONSULTANT:**

By: Kimberly R.P. Holland  
Kimberly R.P. Holland (Feb 24, 2026 14:21:06 EST)

Printed Name: Kimberly R.P. Holland

Title: Regional Contracts Lead

Tax ID#: 56-0885615

**THE CITY OF ELLENSBURG:**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_  
Beth Leader, City Clerk

Approved as to Form:

\_\_\_\_\_  
Christopher Horner, City Attorney



Date 02-03-2026

Darin Yusi  
Gas Engineer  
City of Ellensburg Gas Division  
501 North Anderson Street  
Ellensburg, WA 98926

Re: Exhibit A - Letter Agreement for Professional Services Provided for  
The City of Ellensburg Natural Gas System Plan  
501 North Anderson Street, Ellensburg, WA 98926

Dear Mr. Yusi:

Kimley-Horn and Associates, Inc. (“Kimley-Horn” or “Consultant”) submits this Exhibit A - Letter Agreement (“Agreement”) to the City of Ellensburg Gas Division (“Client”) for providing services to update the existing City of Ellensburg Natural Gas System Plan (“Project”).

## PROJECT UNDERSTANDING

As part of The City of Ellensburg (COE)’s planning initiative, Kimley-Horn was chosen to perform a complete update of COE’s Natural Gas System Plan, which was last updated in 2020. The updated System Plan will look ahead six years (2027-2032). The Client requires a six-year capital investment plan, a review of the City’s current plan, a review, analysis and validation of the existing gas supply model including future anticipated growth, load capacity and alternative supplies, regulator station equipment/telemetry analysis, and regulator station upgrading and capacity calculations.

Kimley-Horn’s current understanding of the COE’s Natural Gas system is the following:

The COE’s Natural Gas system is comprised of approximately 42 miles of coated steel distribution pipe (1”, 2”, 4” and 6”) and approximately 98 miles of high-density polyethylene (HDPE) pipe (1”, 2”, 4”, 6”). The system’s services consist of 1,276 coated steel service lines and 3,936 HDPE service lines. The system is fed from Williams Northwest Pipeline and has two (2) regulator stations. The system operates a 40 PSIG with an MAOP of 60 PSIG. There are three (3) deep well anode beds and rectifiers as well as three (3) individual anodes for isolated steel.

## ASSUMPTIONS

Kimley-Horn's scope and fee are based on the following assumptions:

- Desktop reviews will be conducted with publicly available information and will be supplemented by COE provided information.
- All COE-provided documentation and information discussed during interviews is current and accurate.
- The COE will provide Gasworks files accurately representing the hydraulics of the natural gas system from 2020 or later
- The COE will provide Gasworks files accurately representing client data from 2020 or later.
- The COE will provide GIS data files (.gdb format) that accurately reflect the active pipe and facilities installed in the field and does not contain missing facilities requiring significant updates.
- All current pipe or active facilities that exist outside of the geospatial data provided by COE at the time that **Task 2**, as outlined below, starts will not be included in the model. An "as of" date will be established when the information is provided and system changes after that date will not be evaluated. Additional data produced after the start of **Task 2** will require additional scope and fee.
- The COE will provide CIS data for customers added since 2020. Kimley-Horn will only update client data in the Synergi model if the COE specifies which customers to change with a customer list that includes unique GIS customer IDs.
- The scope includes one (1) in-person kickoff meeting. All other meetings will be virtual.
- The COE will provide a Cathodic Protection (CP) report for reference, CP evaluations are not part of this scope of work.
- The COE system does not contain, SCADA, Transmission Pipe, or a Natural Gas Line Heater.
- The COE supply contracts are in good standing and are assumed to not cause restraints in the system.

If any of these assumptions are not correct, then the scope and fee will be adjusted accordingly.

## Scope of Services

The project will consist of three (3) phases: (1) Gathering Existing System Information, (2) Generating a Preliminary Engineering Report, and (3) Developing a Natural Gas Comprehensive System Plan.

The first phase will be the project setup and gathering Existing System Information through a review of information provided by the COE and a field visit.

The second phase is the generation of the Preliminary Engineering Report that compiles the system information and model of the existing system's state of operation.

The third phase is the generation of the Natural Gas Comprehensive System Plan and model runs that will look at the future resilience of the COE Natural Gas System.

Kimley-Horn will provide the services specifically set forth below.

### TASK 1 – INITIAL PROJECT SETUP AND DATA GATHERING

#### Task 1.1 – Project Kickoff Meeting, Staff Interviews, and Desktop Review

Kimley-Horn staff will attend an in-person Kick-Off meeting with the Client to discuss the project's goals and identify key stakeholders. In addition to the kickoff meeting, Kimley-Horn will facilitate an in-person desktop review of COE's gas system, Gas Division operations and organizational structure. This review will include interviews with Client staff to understand the current status of COE's Natural Gas System assets, equipment, policies, anticipated large load customers and developments, State Energy Laws, and PHMSA Regulation Changes. Previous planning documents and Distribution Integrity Management Program (DIMP) will also be reviewed to help prioritize focus areas for the Preliminary Engineering Report (Task 2).

Deliverables will consist of meeting minutes from the kickoff meeting and interviews. See the Schedule section for estimated task durations.

#### Task 1.2 – Field Visit

Kimley-Horn staff will accompany the Client on a site visit to document and inventory sample pressure regulator stations, industrial meter sets, custody transfer stations, emergency valves and other critical facilities. This information will be used to support the development of the Preliminary Engineering Report (Task 2).

Deliverables will consist of written notes and photographs collected during the field visit. See the Schedule section for estimated task durations.

## TASK 2 – PRELIMINARY ENGINEERING REPORT

### Task 2.1 – Development of the Preliminary Engineering Report

Kimley-Horn will develop the Preliminary Engineering Report (PER) based on the information gathered in Task 1 and data provided by the Client. The PER will consist of:

- Introduction
  - Project Description
  - Scope of Work
  - Methods and Procedures
  - Investigation Criteria
- System Overview
  - System Definitions
  - Overall Description
  - Piping Systems Overview
- Mains
  - Existing Pipe Systems
  - Materials
- Gate and Regulator Stations
  - One (1) Existing Gate Station and Flow Schematic Calculations for four (4) operating pressures of 40, 45, 55, 60 psi and four (4) scenarios.
  - One (1) Existing District Regulator Stations and Typical Flow Schematic Calculations
  - Existing Commercial/Industrial Stations and Typical Flow Schematic Calculations for up to two (2) typical stations
  - Full Analysis Regulator Station Redundancy and Resiliency
  - Odorization
- Valves
  - Emergency or critical valves
  - Valves with inherent risk
- Hydraulics
  - Summary of Synergi Model Updates to 2020 Model
  - Normal Operating Conditions
  - Abnormal Operating Conditions
- Distribution Integrity Management Plan (DIMP)
  - Requirements and Overview of COE's DIMP Implementation
  - Subject Matter Expert Reviews
  - Leak History
  - Records (assumed no cast iron or leak prone pipe, no corrosion issues, no replacement programs)
- System Integrity
  - Existing Pipe Replacement Initiatives

- Distribution Pipeline Regulations
  - Status MAOP validation effort
  - Over Pressure Protection (OPP)
- Growth Trends
  - Six year growth trend incorporated from supply information
- Conclusions
- Recommendation Forecasts

Deliverables will consist of an electronic copy of the Draft PER.

### **Task 2.2 – Preliminary Engineering Report Review Meeting**

Kimley-Horn will prepare for and facilitate a virtual meeting to present the Draft PER to the COE Gas Division. The meeting will last up to two (2) hours and be limited to two (2) key Kimley-Horn project employees.

Deliverables will consist of meeting minutes. See the Schedule for the recommended timeline.

### **Task 2.3 – Revised Preliminary Engineering Report**

Kimley-Horn will incorporate up to one (1) revision to the PER based on consolidated review feedback from the Client, provided verbally during Task 2.2. and/or as annotated comments on the electronic draft of the PER. The review period will not exceed twenty (20) business days following Task 2.2. The Task 2.2 review meeting may be scheduled immediately upon Draft PER submittal, during or at the end of the designated review period.

Deliverables will consist of an electronic copy of the final PER.

## **TASK 3 – NATURAL GAS COMPREHENSIVE SYSTEM PLAN**

### **Task 3.1 – Development of the Natural Gas Comprehensive System Plan and Capital Improvement Plans**

Kimley-Horn will develop the Comprehensive System Plan (CSP) based on information gathered throughout the execution of Task 1, the submitted PER, feedback provided during the final PER presentations to COE internal stakeholders, and additional information provided by COE upon request during the execution of Task 3.1. The CSP provided will be organized into the following sections:

- Introduction
  - Purpose
  - Preliminary Engineering Review
  - System Plan Report
- Growth
  - Background
    - Planned projects

- Recommendations
  - Project Descriptions
    - Project Option 1
    - Project Option 2
    - Cost Estimates Project Option 1
    - Cost Estimates Project Option 2
    - Seven (7) Hydraulic Models of Project Implementations
- System Integrity
  - Background
  - Pipeline Material Integrity
    - Mains and Recommendations
    - Regulator Stations Recommendations
    - DIMP Implementation Recommendations
    - Existing Contracts Recommendations
    - Valves Recommendations
    - One additional Integrity Issue Identified during PER and its associated Recommendations
  - System Hydraulics and Capacity
    - Up to two (2) System Resiliency Recommendations
  - Project Descriptions
    - Pipe Replacement Initiative Recommendations
    - Cost Estimates up to two (2) Projects
    - Hydraulic Models of Project Implementations
- Operations
  - Background
    - Telemetry Recommendations
  - Up to one (1) additional operational recommendation
- Regulatory
  - Background
  - MAOP and Materials Validation Recommendations
  - OPP Recommendations
  - Project Descriptions
    - Up to three (3) Regulatory Project Recommendation
    - Cost Estimates up to three (3) Projects
- Six Year Capital Improvement Plan

**Task 3.2 – Draft System Plan Review Meeting**

Kimley-Horn will prepare for and facilitate a virtual meeting to present the draft CSP to the COE Gas Division.

Deliverables will consist of meeting minutes. See the Schedule below for estimated task duration.

### **Task 3.3 – Revised System Plan**

Kimley-Horn will incorporate up to two (2) rounds of revisions to the CSP based on consolidated review feedback from the Client, provided verbally during Task 3.2. or as annotated comments provided on the electronic draft of the CSP. The review period will not exceed twenty (20) ~~business~~ days following Task 3.2. Task 3.2 may be scheduled immediately upon the draft CSP submittal, during, or at the end of the designated review period.

Deliverables will consist of an electronic copy of the final CSP.

### **Task 3.4 – Final System Plan Presentation – Client Internal Stakeholders**

Kimley-Horn will prepare for and facilitate a virtual meeting to present the final CSP to key stakeholders.

Task 3.4 will consist of a two (2) hour virtual presentation, and deliverables will consist of a PowerPoint slide deck

### **Task 3.5 – Final System Plan Presentation – Senior Management**

Kimley-Horn will prepare for and facilitate a virtual meeting to present the final CSP to COE senior management.

Task 3.5 will consist of a two (2) hour virtual presentation, and deliverables will consist of a PowerPoint slide deck.

## **TASK 4 – ONGOING PROJECT MANAGEMENT**

### **Task 4.1 – Biweekly Progress Meetings**

Recurring progress meetings will be held via conference call to communicate progress, update the project schedule, and address any issues.

Task 4.1 will consist of up to fifteen (15) one-hour progress meetings, with up to two (2) key Kimley-Horn staff members present.

## **SERVICES NOT INCLUDED**

Any additional services, including but not limited to the following, are not included in this Agreement:

- Building a “green-field” Gas System Synergi Model

## **ADDITIONAL SERVICES**

Any services not specifically provided in the above scope will be billed as additional services and performed at Kimley-Horn’s then-current hourly rates. Additional services that Kimley-Horn can provide include, but are not limited to, the following:

- Any COE records review or field data collection/verification beyond that outlined in **Task 1**
- COE Synergi Gas model updates after completion of **Task 2**
- Any onsite work or services beyond those performed during **Task 1**
- Visual verifications of existing facilities beyond those performed during **Task 1**
- Regulator and Meter Set Technical Review
- Monitor and Control Study

## INFORMATION PROVIDED BY CLIENT

Kimley-Horn shall be entitled to rely on the completeness and accuracy of all information provided by the Client or the Client's consultants or representatives. The Client shall provide all available information requested by Kimley-Horn during the project, including, but not limited to, the following:

- Consolidated hard copies or electronic records of the COE Natural Gas System and access to key personnel who can provide insight into the COE's Natural Gas System
- A point of contact during the PER and System Plan Development
- Existing Pressure Test Records
- Existing Leak Histories
- As-Built Records
- Flow Data
- GIS access or files
- Existing Gasworks Warehouse, Model and Demand Load files
- Existing System Plan or Growth Plan Documents

## RESPONSIBILITIES OF CLIENT

In addition to other responsibilities set forth in this Agreement, the Client shall:

- Make a concerted effort to gather all key decision-makers and system relevant information for the meetings associated with this contract.
- Upon request, furnish current flow data (thousand standard cubic feet per hour, MCFH) and pressure readings (pounds per square inch gauge, PSIG, or inches water column, in. W.C.) for any facility identified on the GIS model, as specified by Kimley-Horn. If historical records do not provide flow or pressure information, COE will supply estimated values.
- Submit any data found to be missing during the model or customer load review. Any remaining missing data will be filled using placeholder information supplied by COE.

## **SCHEDULE**

Kimley-Horn will perform the services as expeditiously as practicable, with the goal of meeting a mutually agreed upon schedule.

### **Task 1.1 – Project Kickoff meeting, Staff Interviews, and Desktop Review**

Kimley-Horn assumes the kickoff meeting will be a 2-hour conference call. The desktop review is expected to take place over two (2) consecutive business days.

### **Task 1.2 – Field Visit**

Kimley-Horn staff will accompany Client staff for two (2) consecutive business days to inspect existing assets in the field. Up to two (2) Kimley-Horn staff will be on site for no more than a total of 16 hours per person. Additional time spent on site will incur additional fees. Task 1.2 is recommended to take place during the same week and upon completion of Task 1.1.

### **Task 2.1 – Development of the Preliminary Engineering Report**

Kimley-Horn will complete the PER within sixty (60) days upon receipt of information requested and completion of Task 1.1 and Task 1.2.

### **Task 2.2 – Preliminary Engineering Report Review Meeting**

Kimley-Horn and the Client will arrange the meeting either after Task 2.1 is completed or at the end of sixty (60) days after the start of Task 2.1, whichever occurs first.

### **Task 2.3 – Revised Preliminary Engineering Report**

Kimley-Horn will submit a revised PER final draft within ten (10) business days of receiving final COE comments or after twenty (20) business days upon the completion of Task 2.1, whichever occurs first.

### **Task 3.1 Development of the Natural Gas Comprehensive System Plan and Capital Improvement Plan**

Kimley-Horn will complete the CSP within sixty (60) days of completing Task 2.3.

### **Task 3.2 Draft System Plan Review Meeting**

Kimley-Horn and the Client will arrange the meeting either after Task 3.1 is completed or at the end of sixty (60) days after the start of Task 3.1, whichever occurs first.

### **Task 3.3 Revised System Plan**

Kimley-Horn will submit a revised CSP final draft within ten (10) business days of receiving final COE comments or after twenty (20) business days upon the completion of Task 3.1, whichever occurs first.

**Task 3.4 and Task 3.5 System Plan Presentations**

Kimley-Horn and the Client will arrange the virtual presentations within twenty (20) business days following the completion of Task 3.2. The presentation will not be scheduled earlier than ten (10) days after the initiation of Task 3.3.

**Task 4.1 Biweekly Meetings**

Kimley-Horn recommends that these meetings take place on a bi-weekly cadence. Any additional meetings requested beyond fifteen (15) will incur additional fees. Deliverables will consist of meeting minutes for each meeting.

**FEE AND EXPENSES**

Kimley-Horn will perform the services in **Tasks 1 - 4** for the total lump sum fee shown below. Individual task amounts are for informational purposes only. All permitting, application, and similar project fees will be paid directly by the Client.

Task Number & Name		Fee	Type
1	Initial Project Setup and Data Gathering	\$31,500	Lump Sum
2	Preliminary Engineering Report	\$69,000	Lump Sum
3	Comprehensive System Plan	\$42,000	Lump Sum
4	Bi-Weekly Meetings and Expenses	\$23,000	Lump Sum
Total		\$165,500	

Lump sum fees will be invoiced monthly based upon the overall percentage of services performed. Payment will be due within 30 days of receipt of the invoice and should reference the invoice number and Kimley-Horn project number.

**Opinions of Cost.** Because Kimley-Horn does not control the cost of labor, materials, equipment or services furnished by others, methods of determining prices, or competitive bidding or market conditions, any opinions rendered as to costs, including but not limited to the costs of construction and materials, are made solely based on its judgement as a professional familiar with the industry. Kimley-Horn cannot and does not guarantee that proposals, bids or actual costs will not vary from its opinions of cost. If the Client wishes greater assurance as to the amount of any cost, it shall employ an independent cost estimator.

**Construction Costs.** Under no circumstances shall Kimley-Horn be liable for extra costs or other consequences due to changed or unknown conditions or related to the failure of contractors to perform work in accordance with the plans and specifications. Kimley-Horn shall have no liability whatsoever for any costs arising out of Client's decision to obtain bids or proceed with construction before Kimley-Horn has issued final, fully approved plans and specifications. The Client acknowledges that all preliminary plans are subject to substantial revision until plans are fully approved and all permits obtained.

## CLOSURE

**Standard of Care.** The standard of care applicable to Kimley-Horn's services will be the degree of care and skill ordinarily exercised by consultants performing the same or similar services in the same locality at the time the services are provided. No warranty, express or implied, is made or intended by Kimley-Horn's performance of services, and it is agreed that Kimley-Horn is not a fiduciary with respect to the Client.

We appreciate the opportunity to provide these services. Please contact me if you have any questions.

## **Kimley-Horn and Associates, Inc.**

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### **City of Ellensburg Rate Schedule**

<b>Classification</b>	<b><i>Hourly Rate</i></b>
Analyst I	\$172
Analyst II	\$190
Professional	\$226
Senior Professional I	\$244
Senior Professional II	\$285
QA/QC Lead	\$295
Senior Support Staff	\$154
Support Staff	\$113

Effective through December 31, 2026

Subject to adjustment thereafter

External Reimbursable Expenses will be charged at 15% mark-up, or per the Contract

Sub-Consultants will be billed per the Contract







# A2789-Kimley-Horn-Professional Services Agreement-Natural Gas System Plan

Final Audit Report

2026-02-24

Created:	2026-02-24
By:	Lori Hauser (hauserl@ellensburgwa.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAAnIlys7Lbj5qyyqiGquZ096RQjr1DuWuJ

## "A2789-Kimley-Horn-Professional Services Agreement-Natural Gas System Plan" History

-  Document created by Lori Hauser (hauserl@ellensburgwa.gov)  
2026-02-24 - 6:57:00 PM GMT
-  Document emailed to kimberly.holland@kimley-horn.com for signature  
2026-02-24 - 6:57:08 PM GMT
-  Email viewed by kimberly.holland@kimley-horn.com  
2026-02-24 - 7:06:37 PM GMT
-  Signer kimberly.holland@kimley-horn.com entered name at signing as Kimberly R.P. Holland  
2026-02-24 - 7:21:04 PM GMT
-  Document e-signed by Kimberly R.P. Holland (kimberly.holland@kimley-horn.com)  
Signature Date: 2026-02-24 - 7:21:06 PM GMT - Time Source: server
-  Agreement completed.  
2026-02-24 - 7:21:06 PM GMT



Meeting Date: March 19, 2026

**City of Ellensburg**

**Utility Advisory Committee Agenda Report**

**Agenda Subject:** NoaNet Interlocal Agreement Amendment 3  
**Submitted by:** Kenneth Heide, Telecom Business Manager  
**Department:** Energy Services

**Suggested Motion/Action:**

Move to recommend City Council authorize the City Manager to execute Amendment 3 to the Interlocal Agreement between the City Of Ellensburg and the Northwest Open Access Network (NOANET).

**Background/Summary:**

The City of Ellensburg and NOANET, a nonprofit mutual corporation formed by Public Utility Districts in Washington State, entered into an Interlocal Agreement on December 20, 2021. This agreement enables collaboration to support the City's telecommunications utility services, including construction, operation, and maintenance of telecom facilities. NOANET's mission focuses on delivering high-speed telecommunications to unserved and underserved communities.

This agreement has been amended twice previously: Amendment 1 on October 21st, 2022, and Amendment 2 on April 15th, 2024. These amendments supported ongoing efforts between NOANET and the City, including the City's fiber optic network expansion project funded by NTIA BIP to the City Wells.

Amendment 3, effective March 16th, 2026, extends the performance period of the agreement and replaces the rate sheet from Amendment 2 with new Exhibit A3. This ensures continued assistance from NOANET for the City's telecommunications programs, including engineering, permitting, project management, and construction management services on a time-and-material basis.

**Previous Council Action:**

None

**Analysis:**

Amendment 3 primarily serves to extend the agreement's performance period through December 31st, 2026, with provisions for annual renewals via written amendment thereafter, unless terminated per section 11 of the original agreement. It also updates Section 4 (Compensation) to reference a new fee schedule in Exhibit A3, effective January 1st, 2026, replacing the rate sheet from Amendment 2.

**Financial Impact:**

None as this agreement is on a time-and-material basis per the updated Exhibit A3 fee schedule, with no fixed or upfront costs. Expenses will be incurred based on actual services utilized for telecommunications projects.

Budget Adjustment: No

**Attachments:**

1. City of Ellensburg A171751-06-NOANET-Interlocal Agreement-Amendment 3-v1 (003)

## **AMENDMENT 3 TO THE INTERLOCAL COOPERATION AGREEMENT BETWEEN THE CITY OF ELLENSBURG AND THE NORTHWEST OPEN ACCESS NETWORK**

This AMENDMENT 3 to the Interlocal Cooperation Agreement effective December 20, 2021 (“Agreement”) is made and entered into effective the 16th day of March, 2026 between the City of Ellensburg (“City”), a Washington municipal corporation, and Northwest Open Access Network (“NOANET”), a nonprofit mutual corporation of the state of Washington. The City and NOANET are sometimes referred to herein collectively as “Parties.”

### RECITALS

WHEREAS, the Washington Interlocal Cooperation Act, Chapter 39.34 of the Revised Code of Washington (“RCW”), permits public entities to cooperate with one another on the basis of mutual advantage to make the most efficient use of their powers, thereby providing services and facilities in a manner that accords best with geographic, economic, population, and other factors influencing the needs and development of local communities, and allows public agencies to enter into agreements with one another for joint cooperative action; and

WHEREAS, NOANET is a Washington nonprofit mutual cooperation formed by Public Utility Districts in the State of Washington with the mission to bring high-speed telecommunications services to unserved and underserved communities; and

WHEREAS, the City has the authority to construct, purchase, acquire, develop, finance, lease, license, handle, provide, add to, contract for, interconnect, alter, improve, repair, operate, and maintain any telecommunications facilities within or without the City's limits; and

WHEREAS, on December 20, 2021, the Parties entered into an Interlocal Cooperation Agreement for cooperative services to support telecommunications services; and on October 21, 2022, the Parties entered into Amendment 1 to the Interlocal Cooperation Agreement; and on April 15, 2024, the Parties entered into Amendment 2 to the Interlocal Cooperation Agreement; and

WHEREAS, NOANET desires to assist the City with all programs possible to support the City's telecommunications efforts, including the City's expansion project for its fiberoptic network funded through a grant from the U.S. Department of Commerce - National Telecommunications and Information Administration's (“NTIA”) Broadband Infrastructure Program (“BIP”), hereafter referred to as “the Project”; and the Scope of Work Tasks (the “Services”); and

WHEREAS, NOANET and the City desire to extend the original agreement performance period and replace the Rate Sheet section of Amendment 2, Exhibit A;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties hereby agree as follows:

AMENDMENT 3

A. Section 1 of the Agreement is hereby amended as follows:

3. **Period of Performance.** Performance of Services shall commence upon execution of this Agreement by the Parties and continue until December 31, 2026. Thereafter, this Agreement may renew annually on January 1st, upon written amendment signed by the Parties, unless terminated by either party as provided in Section 11, Termination, of the original Agreement.

B. Section 4 of the Agreement is hereby amended as follows:

4. **Compensation.** The City shall pay NOANET for the Services on a time and material bases according to the fee schedule identified in this Amendment 3, Exhibit A3. The fee schedule may be updated only by written amendment signed by both the Parties .

C. Except as specifically amended herein, all other terms and conditions of the Agreement remain in full force and effect.

**City of Ellensburg**

**NoaNet**



By: \_\_\_\_\_  
Heidi Behrends Cerniwey  
City Manager

By: \_\_\_\_\_  
Craig Nelsen  
Chief Executive Officer

**EXHIBIT "A3"**

**NoaNet Affiliate Rate Sheet**

Effective Jan 1, 2026

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Engineering, Permitting and Project Management:

	Per Hour
Director	\$264.00
Sr. Manager / Sr. Engineer	\$236.00
Manager / Engineer	\$180.00
Field Engineer / Designer	\$162.00
Project Manager / Consultant	\$171.00
Sr. Specialist	\$188.00
Sr. RoW Agent	\$188.00
Environmental Agent / Biologist	\$188.00
Administrative Support/ Coordinator	\$97.00
Field / GIS Drafter Technician	\$116.00
Field / GIS Drafter Analyst	\$87.00

Construction Management:

	Per Hour
Foreman	\$175.00
Resident	\$155.00
Inspector	\$125.00

Reimbursables:

Permit and Application Expenses	Cost plus 10%
Per Diem (daily)	\$175.00
Hotel (\$200 cap)	Cost plus 10%
Airline Flight	Cost plus 10%
Car Rental	Cost plus 10%
Material Fees	Cost plus 10%
Mileage	Included in Per Diem

Unit Fees:

Feasibility FTTx Design Services, per location		\$4.85
Utility Pole Data Collection & Application to 10 poles	1	\$205.00
Utility Pole Data Collection & Application to 100 poles	11	\$175.00
Field, Engineer, Design, Prints up to 2500 ft		\$2,710.00
Field, Engineer, Design, Prints 2501 ft -5000 ft		\$1.10
Field, Engineer, Design, Prints 5001 ft-25000 ft		\$0.95
Easement and Consent Acquisition		\$2,500.00
City / County RoW Permits		\$725.00
WSDOT Permit / Crossing		\$1,800.00
Railroad Utility Crossing Permits		\$2,400.00



Meeting Date: March 19, 2026

**City of Ellensburg**

**Utility Advisory Committee Agenda Report**

**Agenda Subject:** Electric Utility Rate Increases  
**Submitted by:** Nichole Baker, Energy Resources Manager  
**Department:** Utility Advisory Committee

**Suggested Motion/Action:**  
Move to recommend City Council adopt the proposed electric utility rate increases.

**Background/Summary:**  
As non-profit municipal enterprises, City utilities are self-supporting and must recover the full cost of providing services to the public. The City is responsible for delivering reliable utility services to customers while maintaining existing systems and planning for future needs. A Cost-of-Service Analysis (COSA) is conducted periodically to determine: (1) the Revenue Requirement (defining overall funding needs), (2) the Cost of Service (evaluating equity among customer classes), and (3) Rate Design (establishing rates to recover the target revenue).

For the previous electric utility rate schedules, City staff contracted FCS Group to complete a COSA. The resulting rates became effective January 1, 2022, and remain in effect. The approved **residential rate** increases were as follows:

<b>Effective Date</b>	<b>1/1/2022</b>	<b>1/1/2023</b>	<b>1/1/2024</b>	<b>1/1/2025</b>
Consumption Charge	All usage at \$0.0737 per kWh	All usage at \$0.0737 per kWh	All usage at \$0.0772 per kWh	All usage at \$0.0772 per kWh
Customer Charge	\$0.9205 per day	\$0.9205 per day	\$0.9640 per day	\$0.9640 per day

Electric rates assume 850 kWh

Proactive planning is essential to ensure sufficient capacity to meet projected demand and support community growth. With the expiration of the current rate schedules, City staff initiated an update to the COSA to help ensure continued alignment with community needs, operating and capital expenditure requirements, and revenue objectives, and to develop recommended rates for the electric utility for the next three (3) years.

**Previous Council Action:**  
The current electric utility rate schedule took effect on January 1, 2022, and remains in effect.

**Analysis:**  
City staff again contracted FCS Group to evaluate the electric utility’s rate structure and long-term financial requirements through a comprehensive Cost of Service Analysis (COSA). A COSA allocates costs proportionally using utility-specific data and recognizes cost drivers,

including measures of usage and demand, planning/engineering/design standards, and facility requirements. FCS provided a detailed review of the utility's revenue sources and operating costs, together with an analysis of how those services are used by each customer class. This process evaluates actual historical cost data and allocates those costs to the customer classes that drive them. Identifying costs by customer class enables the City to develop equitable rates that appropriately align revenues with the expenses incurred to provide service. FCS's analysis confirms that electric utility rate increases are necessary.

The FCS study evaluates the 2026–2031 period and projects rate revenue using current customer statistics with assumed growth. Residential and municipal lighting are modeled at 1% growth, and primary customer-owned and distributed generation at approximately 5%, with no growth assumed for all other customer classes. The projections also reflect expected load impacts associated with Central Washington University's electrification efforts. The analysis does not include any new large loads (NLL); a separate alternative analysis is being developed to evaluate the cost to serve potential NLL and will be presented at a future meeting.

The City's fiscal policies establish minimum reserve and coverage targets to support liquidity, operational stability, and creditworthiness. The Operating Reserve is maintained as a cash-flow cushion at no less than 20% of annual operations and maintenance (O&M) and power costs (\$4.3M–\$5.2M). The Total Cash Reserve is targeted at 150 days of O&M (\$8.8M–\$10.8M) to fund day-to-day operations, address revenue cycle timing, and provide contingency for capital cost overruns. In addition, Debt Service Coverage must meet or exceed the minimum bond covenant requirement of 1.25x to remain compliant with loan/debt obligations and preserve future borrowing capacity.

Power and transmission costs are modeled based on system load and BPA billing determinants and incorporate the recently adopted FY2026 BPA rates. The analysis assumes a combined power increase of approximately 6% and a transmission increase of approximately 15% and includes a FY2026 financial reserve policy surcharge of roughly 2%. Based on recent court rulings, additional surcharges may apply within the five-year period; the model therefore includes an additional 6% per year in FY2027 and FY2028. Beginning in FY2029, biannual adjustments are assumed, with power increasing by 5% and transmission increasing by 15% in FY2029 and 7.5% in FY2031. The analysis also assumes "high water mark" purchases of approximately 2.0 aMW - 4.8 aMW and does not include a new large load (NLL) addition scenario.

Existing revenues are insufficient to meet ongoing financial obligations, with the utility projected to be unable to fully fund O&M and Debt Service Coverage beginning in 2027. Fund balances are expected to fall below the 150-day Total Cash Reserve target starting in 2027, and Debt Service Coverage is projected to drop below the legal minimum beginning in 2028. A proposed rate implementation strategy is recommended to align with BPA rate case timing and anticipated surcharges, with adjustments as needed if BPA implements additional surcharges.

Overall, all customer classes—except non-profit and distributed generation—fall within the cost-of-service range of reasonableness (paying about what it costs to serve). The recommended approach is to implement rate increases on an across-the-board basis.

Based on the analysis, the proposed utility rate increases will allow the City to continue providing quality services, maintain reliability of utility systems, and equitably cover the costs associated with the utility. The proposed rate implementation strategy continues to align with BPA and the 3-yr rate case but smooths out the impact to the customer.

Proposed **residential rate** increases:

<b>Effective Date</b>	<b>5/1/2026</b>	<b>1/1/2027</b>	<b>1/1/2028</b>
Consumption Charge	All usage at \$0.0801 per kWh	All usage at \$0.0831 per kWh	All usage at \$0.0862 per kWh
Customer Charge	\$1.0001 per day	\$1.0399 per day	\$1.0800 per day

Electric rates assume 850 kWh

**Financial Impact:**

Budget Adjustment: No

**Attachments:**

None



Meeting Date: March 19, 2026

**City of Ellensburg**

**Utility Advisory Committee Agenda Report**

**Agenda Subject:** New UTC Annual Report - Natural Gas  
**Submitted by:** Darin Yusi, Gas Engineer  
**Department:** Energy Services

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**Information:**

The Natural Gas Utility has several reports both federal and state due within the first few months of each year. A new report was added this year for Leak Emissions. This report quantifies each reported leak over the course of a year in three categories; Gas Loss, Metric Tons of CO<sub>2</sub>e, and Market Value of Lost Gas. This year's report included 35 total leaks, 1 of those from excavation damage.

The total gas loss in 2025 was 4.947 Mcf (4.800 Mcf from the excavation damage, 0.147 Mcf from all other leaks). The total CO<sub>2</sub>e in 2025 was 2.378 metric tons (2.308 from the excavation damage, 0.070 from all other leaks). The total market value of the gas lost in 2025 was \$55.127 (\$53.280 from the excavation damage, \$1.847 from all other leaks).

# Energy Services Monthly Report

Date: 03/19/2026

## Electric:

- The Low-Income Energy Efficiency Program Electric Agreement for Professional Services between the City and HopeSource was executed on 3/3/2026. This contract is good through December 31, 2028, with the option for additional one-year terms.
- The Energy Load and Supply Technical Services Agreement for Professional Services between the City and Lighthouse Energy Consulting is being negotiated. Lighthouse will assist the City with the BPA Above-Contract High Water Mark (CHWM) election for the Provider of Choice Contract.
- DOE Grant DE-EE0010717 - Quarterly Review Meeting with DOE took place on 2/23/2026. Staff kick-off meeting took place on 2/27/2026.
- Staff provided two 30 min safety training sessions to the Ellensburg Police Dept. for responding to incidents involving electrical utility hazards. There are two additional sessions scheduled for April.
- Staff scheduled biweekly meetings with Winco to discuss the construction agreement and the power sales agreement.
- Staff provided a draft of the construction agreement to Winco for review and comment. We are currently working with them to finalize the agreement.
- Staff is currently working with Lightcurve and Ziplly Fiber on the installation of fiber throughout the city.
- Staff participated in an interdepartmental debrief on how to respond to city utility callouts that can adversely affect city residents resulting in displacement or property damage.

## Gas:

- The Low-Income Energy Efficiency Program Gas Agreement for Professional Services between the City and HopeSource was executed on 3/3/2026. This contract is good through December 31, 2028, with the option for additional one-year terms.
- Staff participated in the recent Climate Commitment Act (CCA) Allowance Price Containment Reserve (APCR) Auction #6 on February 11th, 2026, and successfully obtained allowances at the settlement price of \$60.43/allowance.
- Staff participated in the recent Climate Commitment Act (CCA) Auction #13 on March 4, 2026, and successfully obtained allowances at the settlement price of \$65.26/allowance.
- EIA (Energy Information Administration) form 176 was submitted on 3/11/2026.
- Crews completed annual welding re-qualifications and continue with OQ written tests and hands-on training and performance evaluations.
- Crews are performing commercial meter maintenance, residential meter change outs, and required monthly pipeline patrol duties. Crews have begun installation of new PE gas main on Anderson Road.

- The 2025 Annual Gas Report (Form PHMSA F 7100.1-1) was submitted to both PHMSA and the UTC in January 2026. The annual Construction Defect and Material Failure Report was submitted to the UTC in January 2026.
- Staff is working with consultants on the SR 97/Hwy 10 main extension design.

**Telecom:**

- ESD extended their service agreement for Dark Fiber for another 5 years. Working to get this finished before 3/24 when their current agreement expires. \$3,364.43 Monthly Reoccurring Charge.
- Working through extending Inter Local Agreement with NOANET under Amendment 3. The City of Ellensburg and NOANET, a nonprofit mutual corporation formed by Public Utility Districts in Washington State, entered into an Interlocal Agreement on December 20, 2021. This agreement enables collaboration to support the City's telecommunications utility services, including construction, operation, and maintenance of telecom facilities. NOANET's mission focuses on delivering high-speed telecommunications to unserved and underserved communities.
- Successfully achieved a 67% cost decrease by negotiating the renewal of the City's 10G internet service provided by NOANET and signed a 36-month term at \$2,030 a month.