Agenda
City Council Regular Meeting
Tuesday, November 4, 2025
Richland City Hall ~ Council Chambers
625 Swift Boulevard

City Council Regular Meeting - 6:00 p.m.

Welcome and Roll Call

Pledge of Allegiance

Approval of Agenda: (Approved by Motion)

Presentations:

1. New Hires & Retirements
   - Lacey Paulsen, Human Resources Director

2. Mission 22 Day Proclamation
   - Mayor Richardson

Public Hearing: Please limit public hearing comments to 3 minutes. Comments must speak only to the item for which the hearing is convened. Records intended for Council consideration must be given to the City Clerk for distribution.

3. Proposed 2026 Budget and 2026-2031 Capital Improvement Plan, Ordinance No. 2025-33

4. Proposed Vacation of Snively Road Right-of-Way, Ordinance No. 2025-34

Public Comments: Please limit public comments to 2 minutes. The public comment period is not an opportunity for dialogue with councilmembers, or for posing questions with the expectation of an immediate answer. Many questions require an opportunity for information-gathering and deliberation. For this reason, Council will accept comments, but will not directly respond to comments, questions or concerns during public comment. Records intended for Council consideration must be given to the City Clerk for distribution.

Consent Calendar: Items on the Consent Calendar have been distributed to the City Council in advance for reading and study, are considered to be routine, and will be enacted by one motion of the Council with no discussion. Councilmembers may transfer individual items to Items of Business for deliberation before voting.

Minutes:

5. Approval of the October 21, 2025 City Council Regular Meeting Minutes and the October 28, 2025 City Council Regular Workshop Meeting Minutes
   - Jennifer Rogers, City Clerk

Ordinances - First Reading:

6. Ordinance No. 2025-36, Imposing an Additional Sales and Use Tax of One-Tenth of One Percent within

the Boundaries of the Richland Transportation Benefit District for Pavement Preservation Effective April 1, 2026, Repealing the $20 Vehicle License Fee Effective April 1, 2026, and Repealing Ordinance No. 2025-25
- Jon Amundson, City Manager

Ordinances - Second Reading & Passage:

7. Ordinance No. 2025-29, Amending Richland Municipal Code Sections 3.27.010 and 3.29.030 related to Utility Billing
   - Brandon Allen, Finance Director

8. Ordinance No. 2025-30, Amending Chapter 7.02 of the Richland Municipal Code related to Animal Control
   - Heather Kintzley, City Attorney

9. Ordinance No. 2025-31, Approving a Change to the 2026 Ad Valorem Tax over the Prior Year
   - Brandon Allen, Finance Director

10. Ordinance No. 2025-32, Approving the 2026 Ad Valorem Tax and Property Tax Levies
    - Brandon Allen, Finance Director

11. Ordinance No. 2025-35, Amending the 2025 Budget in Various City Funds
    - Brandon Allen, Finance Director

Resolutions - Adoption:

12. Resolution No. 2025-136, Authorizing Multiple Purchase and Sale Agreements in Support of the Downtown Connectivity Improvements Project
    - Carlo D'Alessandro, Public Works Director

13. Resolution No. 2025-137, Authorizing Change Order No. 5 with Culbert Construction Inc. for the 2022 City Safety Program Systemic Stop Controlled Intersection Improvements
    - Carlo D'Alessandro, Public Works Director

14. Resolution No. 2025-138, Authorizing a Power Sales Agreement with Bonneville Power Administration
    - Clint Whitney, Energy Services Director

15. Resolution No. 2025-139, Authorizing a Consultant Agreement with Wright Creative Group, LLC DBA Forward Partners for the 2026 Leadership Engagement and Employee Development Program
    - Jon Amundson, City Manager

16. Resolution No. 2025-140, Authorizing a Consultant Agreement with Gallagher Benefit Services, Inc. for a Classification & Compensation Study
    - Lacey Paulsen, Human Resources Director

Items - Approval:

None.

Expenditures - Approval:

None.

Items of Business:

17. Ordinance No. 2025-33, Approving the 2026 Budget and the 2026-2031 Capital Improvement Plan (First Reading)
    - Brandon Allen, Finance Director

18. Ordinance No. 2025-34, Vacating Snively Road Right-of-Way (First Reading)
    - Carlo D'Alessandro, Public Works Director

Reports and Comments:

1. City Manager

2. City Council

3. Mayor

Executive Session:

19. Executive Session Per RCW 42.30.110(1)(b): Discuss Lease or Purchase of Real Estate if Disclosure Would Increase Price (30 minutes)
    - Carlo D'Alessandro, Public Works Director

Adjournment

This meeting will be broadcast live on CityView Channel 192 on the City's website and on the City's YouTube Channel.

Richland City Hall is ADA accessible. Any individual who has difficulty attending the meeting in-person may request to provide comments remotely. (Ch. 42.30 RCW) Requests for sign interpreters, audio equipment, and/or other special services must be received 48 hours prior to the meeting by calling the City Clerk's Office at 509-942-7389.

WELCOME TO RICHLAND

WELCOME TO RICHLAND

Javier Ramirez

Meter, Power & Protection Technician I
Division: Electrical Systems
Hire Date: 10/13/2025

WELCOME TO RICHLAND

Martin Thacker

Plant Operator
Division: Wastewater Operations
Hire Date: 10/20/2025

WELCOME TO RICHLAND

Jessica Andress

Emergency Communications Dispatcher
Division: SECOMM Operations General
Hire Date: 10/20/2025

WELCOME TO RICHLAND

Matt Piatt

Emergency Communications Dispatcher
Division: SECOMM Operations General
Hire Date: 10/20/2025

WELCOME TO RICHLAND

Kennedy Dyck

Emergency Communications Dispatcher
Division: SECOMM Operations General
Hire Date: 10/20/2025

Richland

RETIREES

WELCOME TO RICHLAND

Sherry Gartside

Parks & Recreation Coordinator
Division: Recreation
Retirement Date: 10/31/2025
Years of Service: 43

Proclamation

WHEREAS, the City of Richland honors the courage, sacrifice, and service of America's Veterans and their families, who have given so much in defense of our nation and our freedoms; and

WHEREAS, Veterans Day reminds us to recognize the immeasurable contributions of our service members – past and present – and to express our gratitude for their dedication; and

WHEREAS, Mission 22 is a national nonprofit founded by Veterans and their families to support the mental health and wellness of those who have served, offering no-cost programs addressing post-traumatic stress, traumatic brain injury, and military sexual trauma; and

WHEREAS, the name Mission 22 draws attention to the tragic loss of Veterans to suicide each day, while inspiring hope and action to end this statistic through compassion, connection, and resilience; and

WHEREAS, the City of Richland stands with Mission 22 and all who work to ensure that Veterans and their families receive the support and community they deserve.

NOW, THEREFORE, I, Theresa Richardson, by virtue of the authority vested in me as Mayor of the City of Richland, Washington, do hereby proclaim November 4, 2025 to be Mission 22 Day in the City of Richland.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed hereto the official seal of the City of Richland, Washington, on this 4th day of November, 2025.

Theresa A Richardson

Theresa Richardson, Mayor

MINUTES
Richland City Council Regular Meeting
Tuesday, October 21, 2025
Richland City Hall ~ Council Chambers
625 Swift Boulevard

City Council Regular Meeting - 6:00 p.m.

Welcome and Roll Call

Mayor Richardson welcomed those in the audience and expressed appreciation for their attendance.

Attendance:	Mayor Richardson	Present
	Mayor Pro Tem Kent	Absent
	Councilmember Jones	Present
	Councilmember Lukson	Present
	Councilmember Maier	Present
	Councilmember VanDyke	Present
	Councilmember Whitten	Present

Also present were City Manager Amundson, Deputy City Manager Schiessl, Assistant City Manager Florence, City Attorney Kintzley, Fire Chief Huntington, Chief of Police Pilcher, Energy Services Director Whitney, Finance Director Allen, Human Resources Director Paulsen, Parks & Public Facilities Director Waite, Public Works Director D'Alessandro, Development Services Director Rizzitiello, and Acting Deputy City Clerk Follett.

COUNCILMEMBER VANDYKE MOVED AND COUNCILMEMBER WHITTEN SECONDED THE MOTION TO EXCUSE MAYOR PRO TEM KENT. MOTION CARRIED 6-0.

Pledge of Allegiance

Councilmember Whitten led the Council and audience in the Pledge of Allegiance.

Approval of Agenda

COUNCILMEMBER LUKSON MOVED AND COUNCILMEMBER JONES SECONDED THE MOTION TO APPROVE THE AGENDA AS PUBLISHED. MOTION CARRIED 6-0.

Presentations

None.

Public Hearing

Acting Deputy Clerk Follett read the Public Hearing and Public Comments procedures.

1. Proposed 2026 Revenue Sources Including Property Tax, Ordinance Nos. 2025-31 and 2025-32

Mayor Richardson opened the public hearing at 6:05 p.m. and closed the public hearing at 6:06 p.m. No testimony was offered.

2. Proposed Amendment to the 2025 Budget in Various City Funds, Ordinance No. 2025-35

Mayor Richardson opened and closed the public hearing at 6:06 p.m. No testimony was offered.

3. Proposed Surplus of Property and Equipment, Resolution No. 2025-134

Mayor Richardson opened and closed the public hearing at 6:06 p.m. No testimony was offered.

4. Proposed 2023-2025 Collective Bargaining Agreement with the International Association of Firefighters Union Local 1052 - Battalion Chiefs, Resolution No. 2025-135

Mayor Richardson opened and closed the public hearing at 6:07 p.m. No testimony was offered.

Public Comments

No public comments were offered.

Consent Calendar

Acting Deputy Clerk Follett read the Consent Calendar.

Minutes

5. Approval of the October 7, 2025 City Council Regular Meeting Minutes

Ordinances - First Reading

6. Ordinance No. 2025-29, Amending Richland Municipal Code Sections 3.27.010 and 3.29.030 related to Utility Billing

7. Ordinance No. 2025-30, Amending Chapter 7.02 of the Richland Municipal Code related to Animal Control

Ordinances - Second Reading & Passage

8. Ordinance No. 2025-27, Establishing and Dedicating Right-of-Way for Morningside Parkway

9. Ordinance No. 2025-28, Amending Chapter 3.26 of the Richland Municipal Code related to Utility Deposit System

Resolutions - Adoption

10. Resolution No. 2025-130, Authorizing a Grant Agreement with the Washington Traffic Safety Commission to Support High Visibility Enforcement Actions

11. Resolution No. 2025-131, Supporting Adoption of Amendments to Benton County's Countywide Planning Policies

12. Resolution No. 2025-132, Authorizing an Interlocal Agreement with Benton County and the Cities of Benton City, Kennewick, Prosser and West Richland regarding Solid Waste Management

13. Resolution No. 2025-133, Authorizing Change Order No. 2 to the Construction Contract with Vincent Brothers LLP for the Richland Public Library's Outdoor Children's Area Project

Items - Approval

14. Appointment to the Personnel Committee: Patrick Fair

Expenditures - Approval

15. Expenditures from September 1, 2025 to September 30, 2025 for $48,398,077.00 including Travel Checks Nos. 20853-20883, Accounts Payable Check Nos. 339543-340364, Accounts Payable Wire Nos. 10699-10735, Payroll Wires & ACH Nos. 14977-15043, Payroll Check Nos. 237634-237641, and Payroll Direct Deposits Nos. 252530009418-252720010308.

COUNCILMEMBER MAIER MOVED AND COUNCILMEMBER VANDYKE SECONDED THE MOTION TO APPROVE THE CONSENT AGENDA AS PUBLISHED. MOTION CARRIED 6-0.

Items of Business

16. Ordinance No. 2025-31, Approving a Change to the 2026 Ad Valorem Tax over the Prior Year (First Reading)

Finance Director Allen gave a joint presentation for Ordinance Nos. 2025-31 and 2025-32.

Related to Ordinance No. 2025-31, Finance Director Allen presented anticipated 2026 General Fund revenue, taxes, service fees and transfers. He noted that the recent opening of Costco is expected to account for a significant increase in sales tax revenue, and the overall projected decrease in the General Fund revenue is related to one-time revenue, such as federal and state grants, that are not expected in 2026.

Finance Director Allen then provided more details on current and expected individual tax revenues. He highlighted the higher sales tax rate for 2026 and increased property tax valuations. Finance Director Allen noted that sales tax revenue for 2026 is expected to surpass property tax revenue for the first time. Finally, Finance Director Allen stressed moderate growth expectations.

Related to Ordinance No. 2025-32, Finance Director Allen detailed the assessed valuation history for the last ten (10) years and noted that valuations have more than doubled during that time period. Finance Director Allen also showed property tax levy rate comparisons to neighboring cities.

Finally, Finance Director Allen reviewed the ad valorem tax options for Council's consideration and discussed the reasons for staff's recommendation of Option 2, which reflects no increase for 2026.

At the conclusion of his presentation, Finance Director Allen answered questions from councilmembers. Detailed information can be found in the PowerPoint presentation included in the agenda packet.

COUNCILMEMBER JONES MOVED AND COUNCILMEMBER MAIER SECONDED THE MOTION TO APPROVE ORDINANCE NO. 2025-31, APPROVING A CHANGE TO THE 2026 AD VALOREM TAX OVER THE PRIOR YEAR, FOR FIRST READING. THOSE IN FAVOR: MAYOR RICHARDSON AND COUNCILMEMBERS JONES, LUKSON, MAIER, VANDYKE AND WHITTEN. THOSE OPPOSED: NONE. MOTION CARRIED 6-0.

17. Ordinance No. 2025-32, Approving the 2026 Ad Valorem Tax and Property Tax Levies (First Reading)

COUNCILMEMBER WHITTEN MOVED AND COUNCILMEMBER VANDYKE SECONDED THE MOTION TO APPROVE ORDINANCE NO. 2025-32, APPROVING THE 2026 AD VALOREM TAX AND PROPERTY TAX LEVIES, FOR FIRST

READING. THOSE IN FAVOR: MAYOR RICHARDSON AND COUNCILMEMBERS JONES, LUKSON, MAIER, VANDYKE AND WHITTEN. THOSE OPPOSED: NONE. MOTION CARRIED 6-0.

18. Ordinance No. 2025-35, Amending the 2025 Budget in Various City Funds (First Reading)

Finance Director Allen provided a detailed presentation on the budget adjustment requests by fund. Budget adjustments include appropriations for the following funds: Fire & Emergency Services for equipment replacement, Public Works for additional costs related to the Thayer Drive Streetlight project, Administrative Services for multi-year software projects, and General Fund related to the National Opioid Settlement. Finance Director Allen also detailed several transfers between funds that were needed. Transfers from other funds include allocations to the Golf Course Fund related to golf course projects, and the City Streets and Fire Station Construction Funds for projects.

Detailed information can be found in the PowerPoint presentation included in the agenda packet.

COUNCILMEMBER LUKSON MOVED AND COUNCILMEMBER MAIER SECONDED THE MOTION TO APPROVE ORDINANCE NO. 2025-35, AMENDING THE 2025 BUDGET IN VARIOUS CITY FUNDS, FOR FIRST READING. THOSE IN FAVOR: MAYOR RICHARDSON AND COUNCILMEMBERS JONES, LUKSON, MAIER, VANDYKE AND WHITTEN. THOSE OPPOSED: NONE. MOTION CARRIED 6-0.

19. Resolution No. 2025-134, Declaring Certain Vehicles and Equipment Surplus to the City's Needs and Authorizing Disposition

Purchasing Manager Kirschner reviewed equipment that has been deemed end-of-life, obsolete, and surplus to the City's needs. He outlined the process for surplus of city property valued in excess of five thousand dollars ($5,000) per RMC 3.08.050.

Purchasing Manager Kirschner further explained that once surplus approval is given, the vehicles remain in service until replacements are received and placed in service.

Detailed information and a list of surplus property can be found in the PowerPoint presentation included in the agenda packet.

COUNCILMEMBER VANDYKE MOVED AND COUNCILMEMBER JONES SECONDED THE MOTION TO ADOPT RESOLUTION NO. 2025-134, DECLARING CERTAIN VEHICLES AND EQUIPMENT SURPLUS TO THE CITY'S NEEDS AND AUTHORIZING DISPOSITION. THOSE IN FAVOR: MAYOR RICHARDSON AND COUNCILMEMBERS JONES, LUKSON, MAIER, VANDYKE AND WHITTEN. THOSE OPPOSED: NONE. MOTION CARRIED 6-0.

20. Resolution No. 2025-135, Approving the 2023-2025 Collective Bargaining Agreement with the International Association of Firefighters Union Local 1052 - Battalion Chiefs

Human Resources Director Paulsen detailed the outcome of a recent interest arbitration between the City of Richland and the International Association of Firefighters Union Local 1052 - Battalion Chiefs, including a history of negotiations, mediation and arbitration. She provided details about deal points and arbitration outcomes and noted that the full Interest Arbitration Award was included in the agenda packet for Council's review. Human Resources Director Paulsen noted that the proposed edits to the successor collective bargaining agreement for 2023-2025 reflected the Arbitrator's award.

Councilmembers engaged in a question-and-answer session with Human Resources Director Paulsen at the conclusion of the presentation.

COUNCILMEMBER WHITTEN MOVED AND COUNCILMEMBER MAIER SECONDED THE MOTION TO ADOPT RESOLUTION NO. 2025-135, APPROVING THE 2023-2025 COLLECTIVE BARGAINING AGREEMENT WITH THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS UNION LOCAL 1052-BATTALION CHIEFS. THOSE IN FAVOR: MAYOR RICHARDSON AND COUNCILMEMBERS JONES, LUKSON, MAIER, VANDYKE AND WHITTEN. THOSE OPPOSED: NONE. MOTION CARRIED 6-0.

Reports and Comments

City Manager

City Manager Amundson advised Council of upcoming police station visits at three (3) of the local stations and in the Portland area. He also highlighted an event hosted by the Richland Rotary, honoring several Richland businesses with 2025 Entrepreneurial Awards.

City Manager Amundson reminded Council of the utility billing software upgrade and stressed the benefits for Richland residents.

Lastly, City Manager Amundson stated that repeal of the $20 car tab fee and implementation of the new sales tax for the TBD were potentially on pause, and that more would be known after a response is received from the Washington Department of Licensing.

City Council

Councilmember Lukson commented on Finance Director Allen's financial presentations and Councilmember Jones' comments about the potential for increasing sales tax revenue to lighten the property tax burden on residents. He also encouraged councilmembers to consider ways in which the City could capitalize on its investments in economic development and infrastructure to bring people into the downtown area and increase sales tax revenue.

Councilmember VanDyke commented on the successful start-up of Hanford's vitrification plant. He also recognized Finance Director Allen and City Manager Amundson for another positive state audit. Lastly, Councilmember VanDyke thanked the Richland Police Department for its work with Benton County to reduce domestic violence in the community.

Councilmember Jones gave a shout-out and thanked the Richland Police Department's traffic unit for the increased enforcement and reduction in street racing. Additionally, Councilmember Jones commented on Amazon's recent announcement related to construction of small modular reactors in cooperation with Energy Northwest and its positive contribution to the community.

Councilmember Whitten echoed Councilmember VanDyke's appreciation for the Finance Department.

Councilmember Maier also echoed Councilmember VanDyke's thanks for the Finance Department's efforts. He also provided an update on Ben Franklin Transit news and ridership.

Mayor

Mayor Richardson thanked Councilmember Lukson for his service and focus on economic development.

Adjournment

Mayor Richardson adjourned the meeting at 7:08 p.m.

APPROVED:	ATTEST:
___________________________	__________________________________
Theresa Richardson, Mayor	Lynne Follett, Acting Deputy City Clerk

DATE APPROVED:

DATE PUBLISHED:

MINUTES
Richland City Council Workshop Meeting
Tuesday, October 28, 2025
Richland City Hall ~ Council Chambers
625 Swift Boulevard

City Council Workshop - 6:00 p.m.

Mayor Richardson called the Council workshop to order at 6:00 p.m.

Attendance:	Mayor Richardson	Present
	Mayor Pro Tem Kent	Present
	Councilmember Jones	Present
	Councilmember Lukson	Absent
	Councilmember Maier	Present
	Councilmember VanDyke	Present
	Councilmember Whitten	Present

Also present were Deputy City Manager Schiessl, City Attorney Kintzley, Deputy Fire Chief Aust, Chief of Police Pilcher, Energy Services Director Whitney, Finance Director Allen, Parks & Public Facilities Director Waite, Development Services Director Rizzitiello, and Acting Deputy City Clerk Follett.

Agenda Items

1. Parks, Recreation and Open Space Plan

Parks & Public Facilities Director Waite introduced Jon Pheanis, Principal, and Lauren Scott, Planning Project Manager, with MIG. Mr. Pheanis began the presentation by providing an update on the Parks, Recreation and Open Space Plan (PROS) work to date. He used a PowerPoint presentation to share key findings on strengths and opportunities. Ms. Scott's presentation also provided information on public engagement and feedback gathered to date, system needs, future vision, goals and objectives, and finally, recommendations on projects and funding tools.

In closing, Mr. Pheanis invited Council to provide feedback on the draft vision, plan building blocks, and key themes in the outreach effort.

Council engaged in a discussion with staff and the consultant team. Council discussion focused on survey results and the draft vision statement, including what makes Richland unique.

Detailed information can be found in the PowerPoint presentation included in the agenda packet.

2. Vacant Buildings

Development Services Director Rizzitiello utilized a PowerPoint presentation as a starting point for discussion on addressing vacant building regulations. His presentation included data on the negative impact of long-term vacant buildings and included several examples of codes used by other Washington municipalities. Director Rizzitiello emphasized the need for a strong correlation to public health, safety and welfare to substantiate the regulations.

At the conclusion of his presentation, Council engaged in a question-and-answer session with Director Rizzitiello. Discussion centered on the pros and cons of regulation, code enforcement, and fines related to vacant buildings. Councilmembers also sought clarification on the fees associated with the registry and processes for gaining compliance.

Councilmembers shared suggestions for staff to consider for any proposed regulations.

3. Code Enforcement - Process Overview

City Attorney Kintzley shared a PowerPoint presentation outlining the legal basis for nuisance code, the typical code enforcement model, and data on code enforcement actions in the City for 2024. She also presented examples of extreme violators and the steps the City is required to follow for abatement.

Councilmember discussion centered on potential changes to the Richland Municipal Code and fines for extreme violators. More than one councilmember voiced support for increased fines for non-compliance, and expressed a desire for more immediate corrective action in certain circumstances. There was also support for considering budget planning for abatement activities.

4. Draft 2026 Legislative Priorities

Deputy City Manager Schiessl provided Councilmembers with a draft document detailing the City's 2026 legislative priorities for review and discussion. He also provided a copy of the Association of Washington Cities' (AWC) legislative priorities. Deputy City Manager Schiessl highlighted key priorities, including a discussion of the impacts of shrub-steppe regulations that hinder local growth, ALPR data legislation, securing legislative support for the acquisition of additional Hanford lands in support of the Northwest Advanced Clean Energy Park, and the SR-240/Aaron Drive and Island View capital projects.

Councilmembers debated the merits of several priorities and provided feedback and suggestions. There was general consensus supporting the priorities discussed.

Future Workshop Agenda Items

None.

Adjournment

Mayor Richardson adjourned the meeting at 8:45 p.m.

APPROVED: ATTEST:

_____________________________ _________________________________
Theresa Richardson, Mayor Lynne Follett, Acting Deputy City Clerk

DATE APPROVED:

DATE PUBLISHED:

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 | Agenda Category: Ordinances - First Reading

Strategic Priority 2 - Financial Sustainability

Subject

Ordinance No. 2025-36, Imposing an Additional Sales and Use Tax of One-Tenth of One Percent within the Boundaries of the Richland Transportation Benefit District for Pavement Preservation Effective April 1, 2026, Repealing the $20 Vehicle License Fee Effective April 1, 2026, and Repealing Ordinance No. 2025-25

Department/Office	Ordinance/Resolution Number	Document Type
City Manager	2025-36	Ordinance

Recommended Motion

Give first reading to Ordinance No. 2025-36, imposing an additional sales and use tax of one-tenth of one percent within the boundaries of the Richland Transportation Benefit District to support the City's Pavement Preservation Program effective April 1, 2026, repealing the $20 Vehicle License Fee effective April 1, 2026, and repealing Ordinance No. 2025-25.

Summary

On October 7, 2025, Richland City Council approved Ordinance No. 2025-25, repealing the City's existing $20 vehicle license fee and replacing it with a 0.1% sales and use tax dedicated to the Transportation Benefit District (TBD) effective January 1, 2026.

Successful implementation of the repealed car tab fee and collection of the newly adopted .01% sales and use tax requires coordination with state agencies, namely the Department of Licensing and the Department of Revenue. Although the Department of Revenue's October 17, 2025 deadline was met, the Department of Licensing notified the City after passage of Ordinance No. 2025-25 that the January 1, 2025 effective date could not be accommodated.

To avoid confusion and to ensure the maximum amount of coordination time between the state agencies, staff recommends repealing Ordinance No. 2025-25 and approving Ordinance No. 2025-36, which will move the effective date of the two actions (car tab repeal and .01% sales and use tax implementation) to April 1, 2026.

Staff recommends approval of Ordinance No. 2025-36 for first reading.

Fiscal Impact	Terminating the TBD $20 vehicle license fee will reduce revenues for the Pavement Preservation Program by approximately $1,000,000 annually. Instituting the 0.1% sales tax is projected to generate approximately $2,250,000 in new revenues for the Pavement Preservation Program. Net revenues are projected to be approximately $1,250,000 annually.

Attachments

1. Ordinance No. 2025-36
2. Transportation Benefit District Funding Alternative Sales Tax Recommendation

ORDINANCE NO. 2025-36

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, IMPOSING AN ADDITIONAL SALES AND USE TAX OF ONE-TENTH OF ONE PERCENT WITHIN THE BOUNDARIES OF THE RICHLAND TRANSPORTATION BENEFIT DISTRICT FOR THE PURPOSE OF FUNDING PAVEMENT PRESERVATION AS AUTHORIZED BY RCW 36.73.040, REPEALING TBD ORDINANCE NO. 01-17 ESTABLISHING AND IMPOSING THE TWENTY DOLLAR VEHICLE LICENSE FEE, SETTING AN EFFECTIVE DATE OF APRIL 1, 2026, AND REPEALING ORDINANCE NO. 2025-25.

WHEREAS, the City of Richland Transportation Benefit District (hereinafter "the Richland TBD") was established pursuant to RCW 35.21.225 and Chapter 36.73 RCW by the City Council of Richland by Ordinance No. 02-17 in March 2017; and

WHEREAS, by Ordinance No. 55-17, the City of Richland assumed the rights, powers, immunities, functions, and obligations of the Richland TBD pursuant to Second Engrossed Substitute Senate Bill 5987, which amended Chapter 36.73 RCW to allow for said assumption; and

WHEREAS, the City of Richland enacted Ordinance No. 02-17 in March 2017, establishing boundaries for the Richland TBD which are coterminous with the boundaries of the City of Richland city limits; and

WHEREAS, Richland Municipal Code Section 5.51.060 provides that funds generated by the Richland TBD may be used for any purpose allowed by law, including but not limited to funding annual improvements included in the City's pavement preservation program; and

WHEREAS, RCW 36.73.040(3)(a) authorizes transportation benefit districts to impose a sales and use tax subject to the provisions of RCW 36.73.065; and

WHEREAS, RCW 36.73.065(4)(a)(v) authorizes transportation benefit districts to impose a sales and use tax in accordance with RCW 82.14.0455 in an amount not exceeding one-tenth of one percent (0.1%) for a period of 10 years upon a majority vote of the governing board of the district for use in accordance with the requirements of chapter 36.73 RCW; and

WHEREAS, the City of Richland has identified the sales and use tax authorized by RCW 82.14.0455, as well as any other lawful funding sources available pursuant to RCW 36.73.040, as funding sources available to the Richland TBD; and

WHEREAS, the cost of maintaining the pavement condition index (PCI) benchmark for Richland roads is approximately $4 million annually, and the current Richland TBD car tab fee generates approximately $1 million annually, forcing reliance on General Fund, Real Estate Excise Tax (REET), and reserves to make up the difference; and

WHEREAS, consistent with Richland Municipal Code Section 5.51.060, a sales and use tax will be used to fund annual transportation improvements that are consistent with existing state, regional, or local transportation plans and necessitated by existing or reasonably foreseeable congestion levels pursuant to Chapter 36.73 RCW, and for annual improvements included in the City's Pavement Preservation Program; and

WHEREAS, a sales and use tax will apply to all persons who shop and thereby use streets and roadways in the City of Richland; and

WHEREAS, the City Council, as the governing board of the Richland TBD, deliberated on this matter during a duly noticed public meeting on September 16, 2025, and after careful review and consideration, finds that the best interests of the City of Richland and the Richland TBD are served by passage of this Ordinance; and

WHEREAS, City Council previously adopted Ordinance No. 2025-25 on October 7, 2025 to impose the .01% sales and use tax contemplated herein and to repeal the $20 Vehicle License Fee effective January 1, 2026; and

WHEREAS, shortly after passage of Ordinance No. 2025-25, the City was advised that the Department of Licensing would not be able to accommodate the City's January 1, 2026 effective date; and

WHEREAS, to provide maximum opportunity for the involved state agencies to coordinate for the successful implementation of the actions contained in Ordinance No. 2025-25, an updated effective date of April 1, 2026 is required.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

<u>Section 1</u>. <u>Findings</u>. The above stated recitals are hereby adopted and incorporated by reference as findings in support of this Ordinance.

<u>Section 2</u>. <u>Imposition of Additional 0.1% Sales and Use Tax</u>. The City Council, as the governing board of the City of Richland Transportation Benefit District, finds that it is in the best interest of the City and the District to impose a sales and use tax of one-tenth of one percent (0.1) pursuant to RCW 36.73.040(3)(a), RCW 36.73.065(4)(v), and RCW 82.14.0455 for the purpose of raising revenue to acquire, invest in, construct, improve, provide, operate, preserve, maintain and/or fund transportation improvements in the District as provided in RMC 5.51.060, and to impose such sales and use tax. The sales and use tax shall be imposed for a period not exceeding ten (10) years. The tax shall be in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 of the Revised Code of Washington, as amended, upon the occurrence of any taxable event within the boundaries of the City of Richland Transportation Benefit District which is conterminous with the City of Richland city limits.

Section 3. Use of Revenue. The revenues received from the tax imposed by this Ordinance shall be general revenues of the district and shall be used for those purposes set forth in RMC 5.51.060 or as otherwise authorized by law. The cost of all construction, maintenance, preservation, operation, design, engineering, construction management, financial, legal and other consulting services, inspection and testing, administrative and relocation expenses, and other costs incurred in connection with the transportation benefit district projects shall be deemed to be part of the transportation improvements.

Section 4. Repeal of $20 Vehicle License Fee. TBD Ordinance No. 01-17, establishing and imposing a $20 Vehicle License Fee, is hereby repealed effective April 1, 2026.

Section 5. Notice to Department of Revenue. The City Clerk and the Finance Director are instructed to submit this Ordinance to the Washington State Department of Revenue (DOR) and the Department of Licensing (DOL), and to direct DOR and DOL to take all steps necessary to implement and collect the tax imposed by this Ordinance beginning on April 1, 2026.

Section 6. Repeal of Ordinance No. 2025-25. Ordinance No. 2025-25 is hereby repealed and superseded by this Ordinance No. 2025-36.

Section 6. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

Section 7. Should any section or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of the Ordinance as a whole or any part thereof, other than the part so declared to be invalid.

Section 8. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including but not limited to the correction of scrivener's errors/clerical errors, section numbering, references, or similar mistakes of form.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the _____ day of November, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

First Reading: _____________
Second Reading: ___________
Date Published: ____________

Transportation Benefit District Funding Alternative

Recommended Elimination of the Car Tab Fee

Richland

BUDGET 2026

1

Background & History

- Allowed by RCW Chapters 35.21.225 and 36.73
- Established in 2017, Ord. No 02-17
- Codified into RMC Chapter 5.51, Transportation Benefit District
- TBD funds transportation improvements align with state/regional/local plans
- Governing Board: City Council; boundaries match city limits
- Program objective: keep good roads good, avoid costly reconstructions

Richland

BUDGET 2026

2

Pavement Preservation Program

- We maintain ≈ 650 center lane miles.
- Pavement Condition Index (PCI) 0–100: cracking, rutting, potholes, weathering.
- Council policy target: “Good” category—land around PCI 70–75 for best lifecycle value.

Richland

BUDGET 2026

3

Current Funding & Gap

- Annual need to maintain PCI target: ≈ $4.0M.
- $20 vehicle fee ≈ $1.046M (≈25% of need)
- General Fund ≈ $1.23M; REET ≈ $600k; Reserves ≈ $1.45M bridge the rest
- Even with a change, General/REET will still contribute—goal is relief and less reliance

Richland

BUDGET 2026

4

Proposed Change

- Replace $20 vehicle fee with a 0.1% local sales tax dedicated to TBD

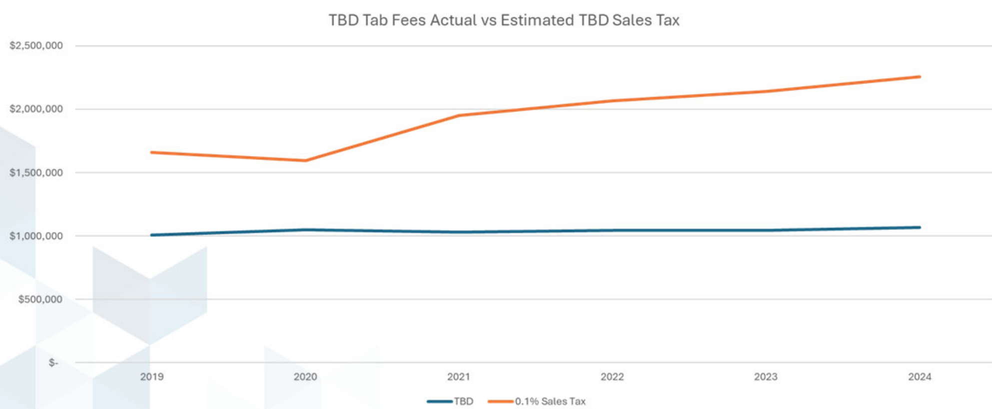
	Total Sales & Use Tax Rate	State Sales & Use Tax Rate	Local City/County Sales & Use Tax
Richland	8.7	6.5	2.2
Kennewick	8.8	6.5	2.3
Pasco	8.9	6.5	2.4
West Richland	8.7	6.5	2.2
Walla Walla	8.9	6.5	2.4
Prosser	8.7	6.5	2.2

Richland

BUDGET 2026

5

Dedicated TBD Revenue: Current vs Proposed



Richland

BUDGET 2026

6

Who Pays Under Each Method

- Residents ≈ 64K; daytime population ≈ 90K → ≈ 26.8K additional daily users (~30% non-resident).
- Vehicle fee: burden sits with Richland vehicle owners.
- 0.1% sales tax: commuters/visitors/tourists share costs when they buy taxable items in Richland.
- Regional context: Kennewick funds TBD with sales tax—reciprocity makes sense.

Richland

BUDGET 2026

7

Household Impact Breakdown

% Median Income	Income	Est. Sales & Excise Tax	Est. Taxable Spending	0.1% TBD Sales Tax	Vehicles p/ HH	Car Tab	% Saved
30%	$31,700	10.90%	$3,455	$3.46	1	20	83
50%	$52,800	8.70%	$4,594	$4.59	1.3	26	82
80%	$84,500	7.50%	$6,338	$6.34	1.7	34	81
100%	$105,600	6.10%	$6,442	$6.44	2	40	84
150%	$158,400	5.40%	$8,554	$8.55	2.5	50	83
200%	$211,200	4.70%	$9,926	$9.93	3	60	83

Richland

BUDGET 2026

8

Alternatives Considered

- Keep $20 fee + backfill (continues structural pressure).
- Increase vehicle fees (resident-weighted; misses non-resident user contributions).
- Switch to 0.1% sales tax (recommended): broader base, higher dedicated revenue, growth-aligned, reduced reliance on General/REET/reserves.

Richland

BUDGET 2026

9

Recommendation & Next Steps

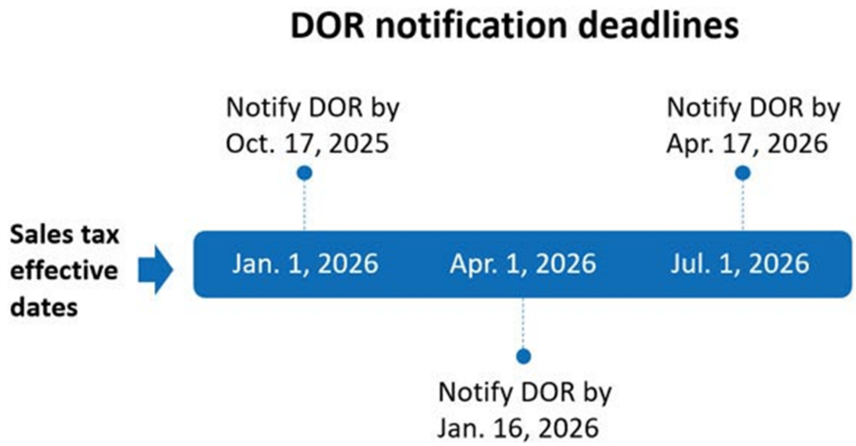
- Direct staff to bring back an ordinance to replace the $20 vehicle fee with a 0.1% sales tax dedicated to the TBD
- Include implementation timeline (see next slide)
- Objective: maintain PCI 70–75, reduce reliance on flexible funds, share costs with daytime users

Richland

BUDGET 2026

10

Implementation Timeline



Richland

BUDGET 2026

11

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Ordinances - Second Reading & Passage

Strategic Priority 2 - Financial Sustainability

Subject
Ordinance No. 2025-29, Amending Richland Municipal Code Sections 3.27.010 and 3.29.030 related to Utility Billing

Department/Office	Ordinance/Resolution Number	Document Type
Finance	2025-29	Ordinance

Recommended Motion
Give second reading and pass Ordinance No. 2025-29, amending Richland Municipal Code Sections 3.27.010 and 3.29.030 related to utility billing.

Summary
The City has a need, from time to time, to amend the Richland Municipal Code (RMC) to comply with state or federal law or align with best practices.

RMC 3.27.010, Utility Budget Payment Plan, currently requires the City to review accounts on an equalization plan every six months. Given the new software upgrade to our utility billing system, we will be able to review this function more regularly. This approach will allow us to keep payments consistent for our customers as well as provide a more efficient process for staff.

RMC 3.29.030, Special Residential Rates - Qualifications as a Low-Income Citizen, was amended by Ordinance No. 2024-29 to comply with state law for low-income households with income less than the greater of 80% of Area Median Income (AMI) or 200% of the Federal Poverty Level (FPL). However, the table in the ordinance inadvertently omitted the 200% FPL or whichever is greater language that is required in this section.

Staff recommends approval of Ordinance No. 2025-29 for second reading and passage.

Fiscal Impact None.

Attachments
1. Ordinance No. 2025-29

ORDINANCE NO. 2025-29

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, RELATED TO UTILITY BILLING, AMENDING RICHLAND MUNICIPAL CODE SECTION 3.27.010 CONCERNING UTILITY BUDGET PAYMENT PLAN, AND RICHLAND MUNICIPAL CODE SECTION 3.29.030 CONCERNING SPECIAL RESIDENTIAL RATES - QUALIFICATION AS LOW-INCOME CITIZEN.

WHEREAS, the City has need, from time to time, to amend the Richland Municipal Code (RMC) to comply with state or federal law or to align with best practices; and

WHEREAS, RMC 3.27.010 governs the frequency with which the City adjusts equalized payment plans for utility customers; and

WHEREAS, amending RMC 3.27.010 to remove the specific six-month timeframe and to instead authorize review and adjustment on a regular basis will benefit customers and staff; and

WHEREAS, on October 1, 2024, Richland City Council adopted Ordinance No. 2024-29 to comply with state law for low-income households with income less than the greater of 80% of the Area Median Income (AMI) or 200% of the Federal Poverty Level (FPL); and

WHEREAS, when Ordinance No. 2024-29 was adopted, it failed to include the complete income range; and

WHEREAS, these housekeeping amendments will result in more efficient and effective utility billing.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

Section 1. Richland Municipal Code Section 3.27.010, entitled Utility budget payment plan, as first enacted by Ordinance No. 50-93, and last amended by Ordinance No. 12-07, is hereby amended as follows:

3.27.010 Utility budget payment plan.
Residential and small commercial (general service) customers, desiring to equalize their utility payments throughout the year, may apply for participation in the budget plan. The customer may sign up at any time during the year after 12 months of continuous service and the account will be adjusted regularly and in accordance with ~~every six months. Details of~~ the complete plan ~~are~~ contained in the “utility customer services policies” within the administrative services group.

Section 2. Richland Municipal Code Section 3.29.030, entitled Special residential rates – Qualifications as low-income citizen, as first enacted by Ordinance No. 40-02, and last amended by Ordinance No. 2024-29, is hereby amended as follows:

3.29.030 Special residential rates – Qualification as low-income citizen.
A. The special residential rate for low-income citizens specified in RMC 3.29.020 will be available to each person who shows satisfactory proof that he or she meets all of the following criteria:

1. Has a maximum annual income that falls within one of the following ranges of the federal poverty level (FPL) established by the federal Office of Management and Budget (OMB) and the area median income (AMI) established by the United States Department of Housing and Urban Development (HUD):

Income Range
0% – 50% FPL
51% – 100% FPL
101% – 150% FPL
151% – 200% FPL – or 80% AMI, whichever is greater

2. Is the sole occupant or the head of a household;

3. Resides in a dwelling unit served directly by the city's utility; and

4. Is billed in his or her name by the city's utility.

B. All information presented in support of such application shall be verified by the applicant who shall provide such other data as deemed appropriate upon forms and in a manner determined by the finance director or designee.

Section 3. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

Section 4. Should any section or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of the Ordinance as a whole or any part thereof, other than the part so declared to be invalid.

Section 5. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including but not limited to the correction of scrivener's errors/clerical errors, section numbering, references, or similar mistakes of form.

This space intentionally left blank.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

Theresa Richardson, Mayor

Attest:

Jennifer Rogers, City Clerk

Approved as to Form:

Heather Kintzley, City Attorney

First Reading: October 21, 2025
Second Reading: November 4, 2025
Date Published: November 9, 2025

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Ordinances - Second Reading & Passage

Strategic Priority 4 - Quality of Life

Subject
Ordinance No. 2025-30, Amending Chapter 7.02 of the Richland Municipal Code related to Animal Control

Department/Office	**Ordinance/Resolution Number**	**Document Type**
City Attorney	2025-30	Ordinance

Recommended Motion
Give second reading and pass Ordinance No. 2025-30, amending Chapter 7.02 of the Richland Municipal Code related to Animal Control.

Summary
The City of Richland has need, from time to time, to amend the Richland Municipal Code (RMC) to maintain consistency with neighboring jurisdictions and ensure effective regional service delivery.

The cities of Kennewick, Pasco, and Richland jointly contract with the Tri-Cities Animal Control Authority (TCACA) for animal control services. To promote consistent enforcement across all three jurisdictions, each city's animal control ordinance mirrors the others to the greatest extent possible.

The TCACA has requested that Richland amend RMC 7.03.170 to include language previously adopted by Kennewick and Pasco that further defines and clarifies crimes against animals. From the record, it appears that Kennewick and Pasco have each had this language in their respective codes since 2008.

In addition, the update incorporates provisions of RCW 16.52.085 related to removal of animals for neglect, and RCW 16.52.340 related to leaving animals confined in a motor vehicle, ensuring the TCACA has the necessary legal authority to effectively address cases of animal neglect or cruelty.

Staff recommends approval of Ordinance No. 2025-30 for second reading and passage.

Fiscal Impact None.

Attachments
1. Ordinance No. 2025-30

ORDINANCE NO. 2025-30

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, AMENDING CHAPTER 7.03 OF THE RICHLAND MUNICIPAL CODE RELATED TO ANIMAL CONTROL.

WHEREAS, the City has need, from time to time, to amend the Richland Municipal Code (RMC) to bring it into alignment with neighboring jurisdictions; and

WHEREAS, the cities of Kennewick, Pasco and Richland contract with the Tri-Cities Animal Control Authority for animal control services; and

WHEREAS, to ensure consistent enforcement across all three jurisdictions, each city's animal control ordinance mirrors the others to the greatest extent possible; and

WHEREAS, edits are necessary to RMC 7.03.170 to include language previously adopted by the cities of Pasco and Kennewick that further define crimes against animals; and

WHEREAS, the Tri-Cities Animal Contral Authority asked the City of Richland to incorporate RCW 16.52.085 and RCW 16.52.340 into its animal control ordinance to facilitate removal of animals from neglect or cruelty situations.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

Section 1. Chapter 7.03 of the Richland Municipal Code, entitled Animal Control, as first enacted by Ordinance No. 32-98, and last amended by Ordinance No. 2024-05, is hereby amended as follows:

Chapter 7.03
ANIMAL CONTROL

Sections:

7.03.010 Definition of terms.
As used in this chapter, unless the context indicates otherwise:

"Abandon" means the knowing or reckless desertion of an animal by its owner or the causing of the animal to be deserted by its owner, in any place, without making provisions for the animal's adequate care. An animal left without adequate care for three or more days shall be prima facie evidence that the animal has been abandoned.

"Animal" includes but is not limited to dogs and cats.

"Animal control authority" refers to the joint power authority formed by interlocal agreement of the cities of Richland, Pasco and Kennewick to implement and provide animal control and sheltering services within the respective cities.

"Animal control officer" or "chief animal control officer" refers to that person employed by or under contract to the city to enforce the provisions of this title.

At Heel. A dog shall be deemed to be "at heel" during such times as the dog is positioned and controlled in such a manner so as to remain within a distance of two feet from its owner or other competent person having charge of such dog.

"At large" means off the premises of the owner or upon the public streets, alleys, public grounds, school grounds or parks within the city. A dog shall not be deemed at large if:

1. It is attached to a leash or chain of sufficient strength to restrain the dog and not more than eight feet in length, when said leash or chain is held by a person competent to restrain and control the dog off the owner's premises;

2. It is properly restrained within a motor vehicle or housed in a veterinary hospital;

3. It is accompanied by and at heel beside the owner or a competent responsible person;

4. The dog or dogs are left unattended on the owner's premises, and it or they shall be so confined, tied or restrained as to be unable to range beyond the owner's premises.

"Cat" means and includes female, spayed female, male and neutered male cats.

"Commercial kennel" means any lot, premises, building or structure where six or more dogs, cats, and/or household pets over the age of six months of age are kept.

"Competent person" means any person who, by reason of age and physical ability, and training, is capable of maintaining control of an animal to the extent required by this chapter.

"Dangerous animal" means any animal that:

1. Has inflicted severe injury on a human being without provocation; or

2. Has killed a domestic or livestock animal without provocation; or

3. Has been previously found to be potentially dangerous, the owner having received notice of such, and the animal again aggressively bites, attacks, or endangers the safety of humans or domestic animals.

"Dog" means and includes female, spayed female, male and neutered male dogs.

"Domestic animal" means a tame animal in the house or home, or on the property, living with or used by people for companionship, work and/or a food source.

"Health officer" includes any person designated as such by the Benton-Franklin district health office, or any other person designated as such by the city council.

"Household pets" means any dogs, cats, rabbits, chickens (except for roosters), ducks, geese, pigeons, or other similar domestic animals over the age of six months.

"Livestock" includes, but is not limited to, horses, mules, ponies, cattle, sheep, pigs, hogs, goats, llamas, fowl, oxen or other hoofed animals kept or raised on a farm, ranch or other spread of land which are raised for home use, profit or hobby.

"Owner" means any person, firm, corporation, organization, or department possessing, harboring, keeping, having an interest in, or having control or custody of an animal for three consecutive days or more. An animal is deemed to be harbored if it is fed or sheltered for three consecutive days or more and knowingly permitted to remain on the premises occupied by that person. If the owner of the animal is a juvenile, a parent or other custodian of such juvenile shall, for the purposes of this chapter, be treated as the owner of the animal.

"Person" includes any person, partnership, corporation, trust or association of persons.

"Potentially dangerous animal" means any animal that, without provocation, inflicts injury on a human or a domestic animal or livestock either on public or private property, other than the owner's property; or chases or approaches a person upon the streets, sidewalks, or any public grounds or private property, other than the owner's property, in a menacing fashion or apparent attitude of attack, or any animal with a known propensity, tendency or disposition to attack without provocation, to cause injury, or otherwise to threaten the safety of humans or domestic animals.

"Poundmaster" means the chief officer appointed by the animal control authority for the enforcement of animal control laws and regulations. The poundmaster may include or employ animal control officer(s) and/or a chief animal control officer.

"Proper enclosure" means, while on the owner's property, a dangerous, or potentially dangerous, animal shall be securely confined indoors or in an outside securely enclosed and locked pen or structure, resistant to tunneling, suitable to prevent the entry of young children and designed to prevent the animal from escaping. Such pen or structure shall have secure sides not less than five feet high and a secure top, and shall provide protection from the elements for the animal. The requirement for a secure top on the enclosure may be waived by the poundmaster upon showing that it is unnecessary.

This definition shall not apply to guard dogs or watch dogs utilized to secure premises enclosed by a fence or wall not less than five feet high and resistant to tunneling, located within an industrial or commercial zone.

"Severe injury" means any physical injury that results in death, broken bones or disfiguring lacerations requiring one or more sutures or cosmetic surgery.

"Show dog or cat" means any dog or cat that meets the requirements as set forth on a form provided by the Richland finance department as a certified/registered show dog or cat.

"Veterinary hospital" means a public establishment regularly maintained and operated by a licensed veterinarian for the diagnosis and treatment of diseases and injuries of animals.

"Welfare check" means tending to the well-being of an animal.

Whenever a power is granted to, or a duty is imposed upon, the poundmaster or chief animal control officer or other public officer, the power may be exercised or the duty performed by an agent of the officer or by any person duly authorized unless this chapter expressly provides otherwise.

All other words or phrases used in this chapter will have their commonly accepted meanings.

7.03.015 Household pets.
Each dwelling unit and the accompanying lot or common area is limited to five household pets as defined in RMC 7.03.010.

7.03.020 Livestock animals.
Livestock may not be kept or maintained in any residential district within the city of Richland, except in accordance with the provisions of Chapter 23.14 RMC.

7.03.025 Prohibited sales.
A. No person shall display, sell, deliver, offer for sale, barter, auction, give away, dispose, or advertise the availability of an animal upon any public property or upon private property open to the public.

B. For purposes of this section, public property shall include, but not be limited to, any city-owned real property, air space, or other interest in real estate, including streets, roads, alleys, or other public rights-of-way, owned by or controlled by the city of Richland. For purposes of this section, "private property open to the public" shall include but not be limited to any parking lot, sidewalk, and empty lot.

C. Nothing in this section shall permit the sale or harboring of a dangerous wild animal prohibited pursuant to RMC 7.03.355.

D. This section shall not apply to the sale of an animal that occurs:

1. On private property not open to the public;

2. At legally permitted pet shops and kennels; or

3. At or through any humane society, animal welfare society, society for the prevention of cruelty to animals, or other nonprofit organization devoted to the welfare, protection, and humane treatment of animals and approved by the Tri-City animal control authority.

7.03.030 Animals injuring property unlawful.
It is unlawful for any owner to suffer or permit any dog, cat or other animal to trespass on private or public property so as to damage or destroy any property or thing of value, to kill, maim or disfigure another's animal or livestock or to deposit fecal matter on any property not that of his owner, and the same is declared to be a nuisance and any such dog, cat or other animal may be seized and impounded.

7.03.040 Stray animal a nuisance.
Any stray dog, cat or animal running at large within the city is declared to be a nuisance, and any such stray dog, cat or animal may be seized and impounded. For the purpose of this section, "stray dog" or "stray animal" means and includes any dog, cat or animal appearing or remaining in a neighborhood or any public place without an apparent home.

7.03.050 Dog control.
A. No dog shall be permitted to roam or stray or be off its owner's premises unless it is at all times under the control of a person. It is the owner's responsibility to do all things reasonably necessary to ensure compliance with this section; that a dog is found away from its owner's premises and not under the control of a responsible person shall be prima facie evidence of a violation of this section.

B. It is unlawful for any owner to cause, permit or allow any dog owned, harbored, controlled or kept by him, in this city, to roam, run at large or stray away from the premises where the same is owned, harbored, controlled or kept, except that while away from said premises, such dog shall at all times be controlled by being at heel, or by means of a leash not exceeding eight feet in length, by the owner or some duly authorized and competent person; provided, however, that such leash or chain is not required for any dog when otherwise safely and securely confined or completely controlled while in or upon any vehicle. This section shall not apply to dogs which are in special areas which may be designated by the city as dog training areas or a designated off-leash dog area within a city park so long as the regulations of the city with respect to the use of such areas are complied with, and said dogs are under the custody and control of a competent trainer or designated responsible person.

C. No dog shall be permitted to commit the following offenses on any premises or property, private or public: bite or attempt to bite any person, destroy private property, scatter refuse, chase vehicles, or commit any nuisance defined in this chapter or any other ordinance or law.

7.03.060 Impounding of animals.
Any animal off the premises of the owner and not under the control of some person, or which is otherwise in violation of this chapter and subject to impound, shall be impounded. All animals impounded will be subject to receiving DHLP, Parvo, and Bordetella vaccinations. Reimbursement of vaccination cost will be at the expense of the owner.

7.03.070 Notice of impounding.
Upon seizing and impounding of any dog, cat or other animal, the poundmaster shall give notice of such impounding in substantially the following manner:

A. If the animal is wearing a tag with contact information, or if the identity of the owner is known to or can readily be determined by the poundmaster, then, as soon as reasonably practicable after the animal is impounded, the poundmaster shall notify the owner by telephone or otherwise that the animal has been impounded and may be redeemed as provided in this chapter.

B. If the owner is known to the poundmaster, but cannot be notified under the provisions of subsection (A) of this section, or if the owner is so notified and does not appear to redeem his animal within 24 hours of the time of impounding, then the poundmaster may send, by certified and regular mail, a notice in substantially the following form:

NOTICE OF IMPOUNDING:

DATE: _____________

To Whom It May Concern:

I have this day seized and impounded in the City animal shelter at __________________ Street, an animal described as follows:

Dog () Cat () Other ()

Sex___ Color ________ Breed ________

Approximate Birth Date ___________ Other Identification ___________

Name of Owner ____________________

Notice is hereby given that unless said animal is claimed and redeemed on or before _______ o'clock __M. on the ____ day of ___________, 20__, the same will be sold, adopted or destroyed as provided by ordinance.

Signed ________________ Poundmaster

C. If the owner cannot be readily identified, then the poundmaster shall post notice at the animal control agency in a conspicuous location. Notice shall state the description of the animal and location where the animal was found.

7.03.080 Redemption of impounded animal.
A. Unless this chapter requires impounding for a longer period of time, any impounded animal may be redeemed by the owner, or authorized representative of the owner, by payment to the poundmaster of an impounding fee of $35.00 for the first offense, $50.00 for the second offense, and $100.00 for the third offense and any subsequent offense, and a boarding fee of $10.00 for each calendar day, whole or part, the animal has been confined. Proof of current rabies vaccination must be produced before the animal will be released.

B. Upon receiving payment of all fees due, the poundmaster shall execute a receipt in duplicate therefor, and a copy shall be delivered to the owner, upon which the owner shall acknowledge delivery of the animal. A copy shall be retained by the poundmaster.

C. If the animal has been declared potentially dangerous or dangerous, the owner must also obtain a permit in accordance with RMC 7.03.320 before such animal can be redeemed by the owner.

7.03.100 Disposition of unclaimed animals.
If: (A) a cat whose owner cannot be identified by means of an identicode or other identification implant is not claimed and redeemed by its owner within 48 hours; or (B) a dog or a cat or other animal whose owner is identifiable by means of an identicode or other informational implant is not claimed and redeemed by its owner within 72 hours, the poundmaster, at his discretion, may place an animal up for adoption, sell the animal or humanely destroy the animal. For purposes of

determining whether the 72 hours has expired, the following methods shall be used: (A) if the owner is notified by telephone, time begins when telephone contact was made with the owner by the poundmaster; (B) if the owner is mailed notice by certified and regular mail, time begins three days from the date of when the notice was mailed; and (C) if notice was posted because the owner of the animal could not be readily determined by the poundmaster, time begins when the poundmaster posted the notice at the animal control agency in a conspicuous location.

7.03.120 Destruction of animals.
In the event of an emergency endangering the health or safety of any person, where seizure and impoundment is deemed inadvisable or impracticable, or for humane considerations, the poundmaster or other police officer at his discretion may summarily destroy the animal involved.

7.03.130 Interference with officers – Failure to redeem – Frauds.
A. It is unlawful for any unauthorized person to break open, or attempt to break open, the city animal shelter, or to take or let out animals therefrom, or to take or attempt to take from any officer any animal seized by him in compliance with this chapter, or in any manner interfere with or hinder such an officer in the discharge of his duties under this chapter.

B. It is unlawful for any person to knowingly refuse to redeem an impounded animal or to obtain an animal from the poundmaster and return it to a former owner without first paying all impound fees.

C. Any person violating the provisions of this section shall be guilty of a misdemeanor and prosecuted as provided in RMC 1.30.010 for criminal offenses.

7.03.140 Warning tickets.
The animal control officers may issue a warning ticket for the first offense of letting an animal be at large. If a warning ticket is issued, the warning ticket shall be in duplicate. A copy shall be given to the animal's owner, and a copy shall be returned to the animal control office.

7.03.150 Violation tickets.
A. The animal control officer may issue a warning ticket or a violation ticket to an animal's owner for such owner's first violation of the terms of this chapter. If, however, after receiving the violation or warning ticket, the animal's owner continues to violate this chapter, the officer shall on all subsequent offenses issue a violation ticket.

B. A copy of the violation ticket shall be given to the animal's owner. The remaining copies shall be returned to the office of the animal control authority. The office staff will make the necessary arrangements to have one copy delivered to the Benton County district court.

C. The warning tickets and violation tickets shall either be given directly to the animal's owner or custodian, or to a person of suitable age and discretion, a resident of the household of the owner or custodian. However, if, after making one attempt, the animal control officer is unable to give the ticket to the animal's owner or custodian or person of suitable age and discretion, who is a resident of the household of the owner or custodian, the ticket may be served by mailing it by regular and certified mail, return receipt requested, to the animal's owner's or custodian's last known address. Service of tickets shall be deemed completed three days after mailing by certified mail, return receipt requested.

7.03.160 Confinement.
A. Every female dog or cat in heat shall be kept confined to the owner's property or in a veterinary hospital or boarding kennel so that such female dog or cat cannot come in contact with other animals except for intentional breeding purposes.

B. Dogs or cats kept outdoors for more than six hours at one time must be provided with a moisture proof and windproof shelter of a size which allows the animal to turn around freely and to easily sit, stand and lie in a normal position and to keep the animal clean, dry and comfortable.

7.03.165 Leave or confine any animal in unattended motor vehicle or enclosed space
A. It is an infraction under this chapter to leave or confine any animal unattended in a motor vehicle or enclosed space if the animal could be harmed or killed by exposure to excessive heat, cold, lack of ventilation, or lack of necessary water.

B. To protect the health and safety of an animal, an animal control officer or law enforcement officer who reasonably believes that an animal is suffering or is likely to suffer harm from exposure to excessive heat, cold, lack of ventilation, or lack of necessary water is authorized to enter a vehicle or enclosed space to remove an animal by any means reasonable under the circumstances if no other person is present in the immediate area who has access to the vehicle or enclosed space and who will immediately remove the animal. An animal control officer, law enforcement officer, or the department or agency employing such an officer is not liable for any damage to property resulting from actions taken under this section.

C. Nothing in this section prevents the person who has confined the animal in the vehicle or enclosed space from being convicted of separate offenses for animal cruelty under RCW 16.52.205 or 16.52.207 or crimes against animals under this chapter.

7.03.170 Crimes against animals.
A. Any person who, with the intent to deprive or defraud the owner thereof, takes, ~~captures,~~ leads away, confines, secretes, or who conceals the identity by obscuring, altering, or removing any collar, tag, license, tattoo or other identifying device or mark on any dog or other domestic animal ~~hides a domestic animal of another with the intent to permanently deprive its owner of his/her animal~~ shall be guilty of a gross misdemeanor. ~~It is a defense to this section if the animal is immediately returned to its owner or taken to the poundmaster.~~

~~B. Any person who alters or removes any collar, tag, tattoo or other identifying device from a domestic animal of another with the intent to permanently deprive or defraud its owner from his/her animal shall be guilty of a gross misdemeanor.~~

~~C~~B. Any person who willfully molests, provokes or mistreats any animal or willfully opens any door or gate or unleashes any animal for the purpose of allowing it to leave its owner's property or to be at large shall be guilty of a misdemeanor.

C. Any person who shall willfully injure, torture, torment, mutilate, neglect, or deprive of the necessary food or water, or who shall overdrive, overload, overwork, or work when disabled, cruelly beat, mutilate, or cruelly kill any cat, dog or other animal, or cause or procure an animal to be overdriven, overloaded, driven when overloaded, overworked, tortured, tormented, deprived of the necessary food and water, cruelly beaten or killed or who shall kill or wound any domestic animal by use of any gun, club, knife, bow and arrow or other weapon which may be used for the purpose of inflicting injury or death to any such animal, shall be deemed guilty of a gross misdemeanor. Any owner of an injured, ill, malnourished, neglected or mistreated animal shall provide necessary veterinary care or aid of such animal as may be necessary, as determined by the Poundmaster, to provide for the recovery of or relief from unnecessary suffering of the animal.

D. Any person who shall maliciously kill, maim or disfigure another's animal, or maliciously administer poison to any such animal, or expose any poisonous substance with intent that the same should be taken by such animal, or commit any other act or omission by which unjustifiable pain, distress, suffering or death is caused or permitted to any animal or animals, whether the acts or omission herein contemplated be committed either maliciously, willfully or negligently, or knowingly permit such act or omission, or shall cause or procure the same to be done shall be deemed guilty of a gross misdemeanor.

~~D~~E. It is unlawful for any person to abandon any domestic animal by dropping off or leaving such animal on the street, road or highway, or in any other public place, or on the private property of the owner or another, including unauthorized abandonment at an animal shelter, and violators shall be guilty of a misdemeanor.

~~E~~F. This section does not apply to the killing of any animal by a police officer, animal control officer, a licensed veterinarian, the owner of such an animal or a person authorized by him to destroy such animal; provided, however, that the death of such an animal is accomplished in a humane manner and for lawful purpose.

G. Every person, firm or corporation convicted of violating subsections (A), (C) or (D) of this section shall be punished by a mandatory fine of not less than $500.00 per animal. Conviction under this section does not bar prosecution and conviction under any other section of this code or any other law or ordinance.

7.03.175 Removal of animal – Notice.
If a law enforcement officer or animal control officer has probable cause to believe that an owner of a domestic animal has violated RMC 7.03.170 and no responsible person can be found to assume the animal's care, the officer may authorize, with a warrant, the removal of the animal to a suitable place for feeding and care, or may place the animal under the custody of the poundmaster ~~(RCW 16.52.085)~~. An officer may remove an animal under this subsection without a warrant, or enter private property without a warrant to render emergency aid to an animal, only if the law enforcement officer or animal control officer has probable cause to believe the animal is in imminent danger or is suffering serious physical injury or infirmity, or needs immediate medical attention. RCW 16.52.085 shall govern removal occurring under this section and is hereby adopted by reference as if set forth herein. ~~In all cases, the officer shall make a good faith effort to notify the owner prior to the animal's removal. If contact cannot be made, notice shall be given by posting the place of the seizure, by delivering to a person residing at the place of seizure, or by registered mail if the owner is known.~~

7.03.180 Duties upon injury or death of animal.
It shall be the duty of every person operating or driving a vehicle involved in an accident resulting in an injury or death to a dog, cat or other animal to report the same immediately to the police division by telephone, and to report the same in writing within 24 hours after the occurrence of such accident to the police division, giving the relevant information concerning the accident, the report to be made on forms provided by the police division.

7.03.190 Dog and cat licenses – Required.
Repealed by Ord. 24-19.

7.03.191 License and permit fees.
Repealed by Ord. 24-19.

7.03.195 License – No costs for adopted animals.
Repealed by Ord. 24-19.

7.03.200 License – Receipts and tags.
Repealed by Ord. 24-19.

7.03.210 License procedures – Receipts and tags.
Repealed by Ord. 24-19.

7.03.220 License procedures – Affixing tags.
Repealed by Ord. 24-19.

7.03.240 License tags not transferable.
Repealed by Ord. 24-19.

7.03.250 Kennels – Licensing provision – Commercial kennels.
No person, firm or corporation shall maintain a commercial kennel within the city without having a current business license and valid commercial kennel license therefor posted in plain view on the premises. The city license officer shall issue an annual business license and commercial kennel license upon the payment of an annual fee as established by the city council in Chapter 5.04 RMC and upon receipt of an annual certificate of inspection from the development services manager or designee. No license shall be issued for a commercial kennel located in violation of any zoning regulations governing the location of commercial kennels, or operated in violation of any other law.

7.03.255 Kennel – Standards and inspection – Commercial kennels.
A. Construction and Maintenance. All facilities shall be so constructed and maintained as to provide comfort and safety for animals. All areas of the premises shall be maintained in a clean and orderly condition, free of objectionable odors. All facilities shall comply with applicable state and municipal laws, ordinances and regulations.

B. Ventilation. Adequate heating and cooling shall be provided for the comfort of the animals, and the facility shall have sufficient ventilation in all areas. Kennels and animal shelters must provide for a minimum of three air changes per hour.

C. Lighting. Proper lighting shall be provided in all rooms utilized for the care and confinement of animals. Outside lighting shall be adequate to identify the building and to assist the animal caregivers and clients.

D. Water. Potable water shall be provided.

E. Basic Sanitation. Any equipment, instruments or facilities used in the confinement and treatment of animals shall be clean and sanitary at all times to protect against the spread of diseases, parasites and infection.

F. Waste Disposal. Covered waste containers, impermeable by water, shall be used for the removal and disposal of animal and food wastes, bedding, animal tissues, debris, and other waste. Disposal facilities shall be so operated as to minimize insect or other vermin infestation, and to prevent odor and disease hazards or other nuisance conditions.

G. Animal Housing Areas. Any facility confining animals shall have individual cages, pens, exercise areas or stalls to confine said animals in a comfortable, sanitary and safe manner.

H. Runs and Exercise Area. All runs and exercise pens shall be of adequate size to allow comfort and exercise. Runs and exercise pens shall provide and allow effective separation in such a manner as to protect against escape or injury. Floors of runs shall be of impervious material.

The facility shall use refrigeration and employ a procedure for the prompt, sanitary and aesthetic disposal of dead animals which complies with all applicable state, county and municipal laws, ordinances and regulations.

7.03.260 Kennel – Vaccination requirements.
A kennel licensee shall cause all dogs over six months of age kept in that kennel to be vaccinated against rabies. Any dog for which evidence of such vaccination cannot be produced shall be impounded.

7.03.270 Altering, counterfeiting or transfer of tags unlawful.
Repealed by Ord. 24-19.

7.03.280 Unlicensed dogs and cats – Annual survey.
Repealed by Ord. 24-19.

7.03.285 Rabies vaccination required.
All domestic pets four months of age and older, including, but not limited to, all cats, dogs, and ferrets, must be vaccinated against rabies by a licensed veterinarian. The owner shall keep the rabies vaccination current by obtaining booster shots and revaccinations as directed by the licensed veterinarian. The owner shall provide proof of current rabies vaccination upon demand by any animal control authority or law enforcement officer. Failure to provide proof of current rabies vaccination is a civil infraction, and shall subject the domestic pet to immediate impounding.

7.03.290 Animal bites – Impounding.
A. Every animal bite shall be reported to the health officer who shall investigate the case and may order the offending animal to be impounded at any time during the 10 days following the date of

the bite. If the animal is impounded and after 10 days following the date of the bite no rabies is present or suspected, the animal may be released to the owner upon payment of any impounding and boarding fees, and compliance with the rabies vaccination provisions of this chapter. If rabies is present or suspected by the health officer, the animal shall be destroyed and the head preserved for laboratory confirmation of the diagnosis.

B. If the health officer orders an animal impounded at any time during the 10 days following the date of a bite, the owner of the animal may request the impounding to be at a licensed veterinarian's establishment at his own expense.

7.03.300 Health officer to quarantine.
It shall be the duty of the health officer to cause to be quarantined any animal within the city, which he has grounds to suspect of being infected with the disease of rabies. Whenever any human being has been bitten by a cat or dog and there is reason to suspect that the animal is rabid, at the discretion of the health officer, the animal involved may be restricted for 10 days for observation in such manner as to prevent contact with other animals or humans except for its caretaker.

7.03.310 Notice of quarantine.
A. Any quarantine of an animal shall be initiated by delivering to the owner or keeper of any such animal a written notice of such quarantine which shall prescribe the duration of the same; provided, that the period of said quarantine shall not exceed 10 days unless it shall be determined that the existence of such disease is present. The delivery of the notice of quarantine to an adult residing upon the premises where such animal is kept shall be considered as delivery of the notice to the owner or keeper. Any such animal so quarantined shall be impounded; provided, that, in the discretion of the health officer, said animal may be quarantined upon the premises of the owner or any other person during such time as the provisions of the quarantine are strictly kept.

B. During the period of any quarantine made under the provisions of this chapter, the owner or keeper of any animal so quarantined shall not allow said animal to come in contact with any other animal or person or permit such animal to run at large on any street or public place in the city or upon the premises where quarantined unless said premises be enclosed by a secure fence, nor shall such owner or keeper remove or cause such animal to be removed from said premises without the consent of the health officer. These restrictions shall continue until said animal shall have been released from quarantine. Any animal found running at large as defined in RMC 7.03.010, or which has been removed from the premises upon which quarantined, shall be impounded and unless claimed and redeemed by its owner within two days after the expiration of quarantine period may be destroyed by the proper authorities.

C. Whenever any outbreak of rabies occurs, or when rabies has been diagnosed or a rabid dog or animal has been present in the city, it is unlawful for any owner, keeper or handler of an animal to keep or harbor the same within the city limits after the last publication of the notice provided for in subsection (E) of this section, and during the period in said notice prescribed, unless such dog or animal is securely confined at all times by leash or kept in a tight enclosure from which such animal cannot escape. Any animal found running at large in the city during said period shall be impounded and, unless claimed and redeemed by its owner within two days after such impounding, may be destroyed by the proper authorities. Any health or police officer may destroy any animal found running at large within the limits of the city during said period when, after reasonable effort, he shall be unable to impound said animal or after reasonable investigation shall be unable to locate the owner or keeper thereof.

D. Any animal that has been bitten by a rabid animal must be destroyed. If the owner is unwilling to have this done, the animal (dog or cat only) should be vaccinated and placed in strict isolation for six months or longer. If the animal has been previously vaccinated with an approved vaccine within the time limit approved for such vaccine, revaccination and restraint for 90 days should be carried out.

E. Upon any outbreak of rabies, or when rabies has been diagnosed within the city limits, or a rabid dog or animal has been found present, and when, in the judgment of the health officer, there is imminent danger of the spread of the disease, such officer shall publish a notice to that effect in the official newspaper of the city for three consecutive days, and for six weeks after the last publication of said notice the provisions of RMC 7.03.120 shall be applicable; provided, that the health officer shall have authority, when in his judgment an extension of said six weeks' time is necessary to carry into effect the purpose of this chapter, to extend the said six-week period for an additional six weeks or such lesser time as he shall deem necessary by notice given in the manner provided for in this section and to further thereafter and in the same manner continue said six-week or lesser period until, in his judgment, the said strict quarantine herein provided for shall be unnecessary.

7.03.320 Potentially dangerous or dangerous animal.
A. Declaration. The poundmaster has the authority to declare an animal potentially dangerous or dangerous and require such animal to have a permit in accordance with this section. The poundmaster may declare an animal potentially dangerous or dangerous if he has probable cause to believe that the animal falls within the definitions set forth in RMC 7.03.010. Such declaration shall be in writing and served by the poundmaster on the owner either personally or by certified mail. However, if the owner cannot be readily determined, service of declaration shall be waived.

B. Impoundment. No person shall have, keep or maintain a potentially dangerous or dangerous animal without first obtaining a permit from the poundmaster. Any animal meeting this definition and found at large without a permit will be immediately impounded at the expense of the owner. If the owner of such animal can be readily determined, the poundmaster shall notify the owner personally or by certified or regular mail of the impoundment. If, however, the owner of such animal cannot be readily determined, notification shall be by posting at the animal control agency as provided in RMC 7.03.100.

C. Appeal. If the owner of an animal subject to this section wishes to object to the determination of the poundmaster, the owner may, within 10 business days of receipt of the declaration, appeal that declaration by submitting a written request to the city clerk's office. Within 10 business days of the receipt of the request for appeal, the city will file said appeal, at the city's expense, with the clerk of the court for a hearing before the Benton County district court.

1. If the court does not find a preponderance of evidence to support the declaration, the declaration shall be rescinded and the restrictions imposed thereby annulled. No court costs shall be assessed against the city of Richland or the animal control authority or officer.

2. If the court finds a preponderance of evidence to support the declaration, it shall impose court costs on the appellant, restitution if applicable, and may impose additional restrictions on the animal.

D. Redemption or Destruction of Animal. An animal impounded under this section shall be returned to its owner if the owner complies with RMC 7.03.080 and subsection (F) of this section by the date and time given on the notice as provided in RMC 7.03.070. If the owner of the impounded animal under this section does not comply with RMC 7.03.080 and subsection (F) of this section by the date and time given on the notice as provided in RMC 7.03.070, such animal shall be destroyed in an expeditious and humane manner; provided, however, that no animal declared dangerous or potentially dangerous by the poundmaster shall be destroyed prior to expiration of the 10-day appeal filing period provided in subsection (C) of this section. Unless required as evidence or to determine if the animal is rabid, animals shall be destroyed as provided in this section during the pendency of an appeal unless the owner prepays all impound and boarding fees, unless ordered otherwise by a court of competent jurisdiction.

E. Agreement to Relocate Animal. As an exception to the redemption requirements provided under subsection (D) of this section, upon execution of a declaration of removal by the owner, or authorized representative of the owner of the animal and payment of applicable fees including impound fees, an animal declared dangerous or potentially dangerous may be released by the poundmaster into the custody of the owner, or authorized representative of the owner, for the immediate and permanent removal of the animal from Richland. The declaration of the poundmaster shall remain in full force and effect.

F. Permit Required. No person shall have, keep, or maintain any potentially dangerous or dangerous animal without first obtaining an annual permit from the poundmaster. The fee for such a permit shall be $250.00. A permit will only be granted if the applicant has provided and maintains:

1. A proper enclosure to properly and safely confine the animal as determined by the poundmaster;

2. A conspicuously posted sign on the premises which clearly warns the public and children that there is a potentially dangerous or dangerous animal on the property;

3. Two hundred fifty thousand dollars surety bond issued by a surety insurer qualified under Chapter 48.28 RCW in a form acceptable to the poundmaster payable to any person injured by the potentially dangerous or dangerous animal; or liability insurance, such as homeowner's insurance, issued by an insurer qualified under RCW Title 48 in the amount of at least $250,000 with maximum deductible coverage not to exceed $2,500 in a form requiring notice to the city of cancellation or nonrenewal of such policy not less than 30 days prior to its date of cancellation or expiration, insuring the owner for any personal injuries or property damage inflicted by the animal. The city shall be an additional named insured on the policy;

4. Control and Confinement. A potentially dangerous animal must be securely leashed and under the control of a person physically able to control the animal when away from the property of the owner or keeper; or, while on the property of the owner, must be securely restrained by physical device or proper enclosure as defined in RMC 7.03.010 made of materials strong enough to

adequately and humanely confine the animal in a manner which prevents it from escaping the property and kept in conformance with requirements in this subsection (F).

G. Dangerous animals and potentially dangerous animals must be muzzled and restrained by substantial chain or leash and under physical restraint of a responsible person when away from the property of the owner or keeper; or while on the property of the owner, the animal must be securely confined inside a locked building, kennel, pen, or other structure having secure sides, bottom, and top, suitable to prevent the entry of young children and designed to prevent the animal from escaping and kept in conformance with requirements in subsection (F) of this section.

H. A dangerous dog may be confiscated when violation of its permit terms has occurred. In that event, notice must be served on the owner either personally or by certified mail, return receipt requested. The owner has a 20-day period in which to correct the deficiencies with respect to the dog, including paying any shelter fees and fines, and is subject to punishment for a gross misdemeanor.

I. Violations and Regulation. Any person violating the provisions of this section shall be guilty of a gross misdemeanor. No person who, being the owner of any potentially dangerous or dangerous animal, shall keep, harbor or maintain the same on or off his premises in a manner endangering or likely to endanger the safety of persons, property or other animals nor shall he allow the same to run at large within the city. It shall be a defense to any charge under this section involving an alleged potentially dangerous or dangerous animal that the person endangered was committing, was about to commit or had just committed a trespass or crime and that the animal's reaction was a natural result thereof. The animal control agency may petition the Benton County district court to determine whether an animal should be destroyed.

7.03.340 Animals disturbing the peace.
It is unlawful for any person owning or harboring an animal to allow or permit such animal to cause prolonged or continuous noise by frequent or habitual howling, yelping, barking or otherwise noisy conduct, which shall unreasonably interfere, annoy, injure or endanger safety, health, comfort or repose of others. An animal is harbored in violation of this section if, without provocation, it makes noise which can be heard continuously within an enclosed structure off its owner's property for more than five minutes and which annoys, injures or endangers the safety, health, comfort or repose of others.

7.03.350 Responsibility of owner.
Notwithstanding the matters contained in this chapter, the owner or owners of any animal shall not be relieved from responsibility for any damage committed by such animal, as provided by the law and sections of this chapter.

7.03.355 RCW sections adopted – Possession of potentially dangerous wild animals prohibited.
The following sections of the Revised Code of Washington (RCW) pertaining to prohibiting possession of potentially dangerous wild animals, including bobcats (Lynx rufus, member of the Class mammalian, Order carnivore, Family felide, or any hybrid or cross-mix thereof) as now or hereafter amended are hereby adopted by reference as part of this chapter in all respects as though

such chapter were set forth in full: RCW 16.30.005, 16.30.010, 16.30.020, 16.30.030, 16.30.040, 16.30.050, 16.30.060, 16.30.070, and 16.30.900.

7.03.360 Violations – Penalties.
A. Any person violating any provision of this chapter, except RMC 7.03.130, 7.03.170 and 7.03.320, is guilty of an infraction. Unless matters in aggravation warrant a greater civil penalty, each violation shall be subject to a civil penalty as set forth below, plus all costs and assessments for the following respective violations:

1. First violation – up to $100.00;

2. Second violation – up to $200.00;

3. Third violation – up to $300.00;

4. Fourth violation and all violations thereafter – up to $400.00.

B. Each person is guilty of a separate offense for each and every day during any portion of which any violation of the provisions of this chapter is committed, continued or permitted by any such person and shall be punished accordingly.

C. Court costs shall be assessed in addition to any other fine, penalty, cost or statutory assessment imposed.

D. The city, at its election, may divert any infraction identified in subsection (A) of this section to be heard before the Richland code enforcement board pursuant to Chapter 10.02 RMC. Assessments of monetary penalties for violations of this chapter shall be assessed by the code enforcement board in accordance with subsections (A)(1) through (4) of this section.

Section 2. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

Section 3. Should any section or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of the Ordinance as a whole or any part thereof, other than the part so declared to be invalid.

Section 4. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including but not limited to the correction of scrivener's errors/clerical errors, section numbering, references, or similar mistakes of form.

This space intentionally left blank.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the 4^{th} day of November, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

First Reading: October 21, 2025
Second Reading: November 4, 2025
Date Published: November 9, 2025

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Ordinances - Second Reading & Passage

Strategic Priority 2 - Financial Sustainability

Subject
Ordinance No. 2025-31, Approving a Change to the 2026 Ad Valorem Tax over the Prior Year

Department/Office	**Ordinance/Resolution Number**	**Document Type**
Finance	2025-31	Ordinance

Recommended Motion
Give second reading and pass Ordinance No. 2025-31, approving the 2026 ad valorem tax increase at 0% over the prior year.

Summary
Richland City Council sets the property tax levy during the annual budget process. For 2026, it is proposed that the City approve an increase of 0% to the regular levy. The 0% increase is prior to changes arising from new construction values, annexations, refunds, and increases in state-assessed property ("add-ons").

Ordinance No. 2025-31 authorizes, as required by statute, the increase of the regular levy over the prior year in terms of dollar amount and percentage. Upon approval, the City Clerk is directed to certify the increase to the Benton County Board of Commissioners and the Benton County Assessor by providing a certified copy of the Ordinance.

Staff recommends approval of Ordinance No. 2025-31 for second reading and passage.

Fiscal Impact	Approval of Ordinance No. 2025-31 will increase the base regular levy for 2026 by $0 before new construction, annexations, refunds and increases in state-assessed property.

Attachments
1. Ordinance No. 2025-31

ORDINANCE NO. 2025-31

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, RELATING TO THE INCREASE IN THE CALENDAR YEAR 2026 AD VALOREM PROPERTY TAX LEVY OVER THE AMOUNT LEVIED IN THE PREVIOUS YEAR.

WHEREAS, the Richland City Council has met and considered its budget for the calendar year 2026; and

WHEREAS, the Richland City Council, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Richland does not require an increase in property tax revenue from the previous year in excess of the increases resulting from the addition of new construction, annexation, refunds and improvements to property and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the City of Richland and in its best interest; and

WHEREAS, the City of Richland's actual regular levy amount from the previous year was $21,493,574; and

WHEREAS, the population of the City of Richland is more than 10,000.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

<u>Section 1</u>. An increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2026 tax year. The dollar amount of the increase over the actual levy amount from the previous year shall be zero dollars ($0) which is a percentage increase of zero percent (0%) from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state-assessed property, any annexations that have occurred and refunds made.

<u>Section 2</u>. The City Clerk is hereby directed to provide a certified copy of this Ordinance to the Benton County Board of Commissioners and the Benton County Assessor.

<u>Section 3</u>. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

This space intentionally left blank.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

Theresa Richardson, Mayor

Attest:

Jennifer Rogers, City Clerk

Approved as to Form:

Heather Kintzley, City Attorney

First Reading: October 21, 2025
Second Reading: November 4, 2025
Date Published: November 9, 2025

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Ordinances - Second Reading & Passage

Strategic Priority 2 - Financial Sustainability

Subject

Ordinance No. 2025-32, Approving the 2026 Ad Valorem Tax and Property Tax Levies

Department/Office	**Ordinance/Resolution Number**	**Document Type**
Finance	2025-32	Ordinance

Recommended Motion

Give second reading and pass Ordinance No. 2025-32, approving the 2026 ad valorem tax and property tax levies.

Summary

City Council sets the property tax levy during the annual budget process. Ordinance No. 2025-32 establishes the estimated dollar amount of the regular levy, the refund levy, and the voted library construction bond levy. Ordinance No. 2025-32 also authorizes the levies to be certified to the Benton County Board of Commissioners and the Benton County Assessor. 2026 will be the final year for the voted library construction levy.

The amounts in the Ordinance are based on preliminary numbers received from the Benton County Assessor. Amounts certified to Benton County limit the final calculated levy, so care must be taken to avoid locking in a levy amount that is too low before the values for all add-ons are known. Attached is an analysis of three options for the levy: a 1% increase, a 0% increase, and the maximum lawful levy.

For 2026, Ordinance No. 2025-32 includes no increase to the regular levy prior to any increases arising from new construction values, annexations, refunds, and increases in state-assessed property ("add-ons").

Staff recommends approval of Ordinance No. 2025-32 for second reading and passage.

Fiscal Impact At this time, the state-assessed property values and new construction values are still preliminary. As such, the estimated 2026 levy is still subject to change. However, any changes at this point should be relatively minor.

Attachments

1. Ordinance No. 2025-32
2. 2026 Ad Valorem Tax Options
3. 2026 General Revenue - Ad Valorem Presentation

ORDINANCE NO. 2025-32

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, RELATING TO THE AD VALOREM PROPERTY TAX LEVIED FOR THE CALENDAR YEAR 2026.

WHEREAS, pursuant to RCW 84.55.120, the City of Richland duly noticed the public hearing held on October 21, 2025 to consider the City of Richland's revenue sources for the City's following year current expense budget; and

WHEREAS, the Richland City Council, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Richland does not require an increase in property tax revenue from the previous year in excess of the increase resulting from the addition of new construction, annexation, any refunds, improvements to property and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the City of Richland and in its best interest.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

Section 1. In accordance with RCW 84.52.020, the City Clerk is hereby directed to certify to the Benton County Board of Commissioners and the Benton County Assessor that the Richland City Council requests the following levy amounts be collected in 2026 as provided in the City's budget, which was adopted after the October 21, 2025 public hearing:

Regular Levy:	
General Fund and RAISE Area Debt Service Fund	$22,200,000 (Preliminary Estimate)
Refund Levy:	$ 0
Library Debt Service Fund	$ 1,774,500
TOTAL	$23,974,500 (Estimated)

Section 2. The taxes shall be collected and paid to the City Treasurer at the same time and in the same manner as provided by the laws of the State of Washington relating to collection of taxes in the cities of the first class.

Section 3. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

This space intentionally left blank.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

First Reading: October 21, 2025
Second Reading: November 4, 2025
Date Published: November 9, 2025

CITY OF RICHLAND
2026 AD VALOREM PROPERTY TAX OPTIONS - PRELIMINARY
FOR REGULAR LEVY AND SPECIAL LEVIES

Home Value	2025 Levy Current Tax Dollars & Rate		**Option 1** 1% Increase Current Tax + 1% (+ New Const $530,017) (+ Annexations $0) (+ Admin. Refund $107,498)	**2026 Proposed Budget** **Option 2** **No Increase** Current Tax **+ 0%** (+ New Const $530,017) (+ Annexations $0) (+ Admin. Refund $107,498)	**Option 3** Current Max $22,900,292 + 1% (+ New Const $530,017) (+ Annexations $0)
$1,000,000	$1,896		$1,887	$1,870	$1,990
$750,000	$1,423		$1,416	$1,403	$1,493
$500,000	$948		$944	$936	$995
$400,000	$758		$755	$749	$796
$300,000	$568		$566	$561	$597
Regular Levy:					
Tax Dollars	$21,493,574	*	$22,346,025	$22,131,089	$23,659,312
Levy Rate	**$1.7582**		**$1.7481**	**$1.7313**	**$1.8509**
Regular Levy Assessed Valuation	$12,224,902,089		$12,782,787,105	$12,782,787,105	$12,782,787,105
Special Levy:					
Tax Dollars - **Library**	$1,682,800	*	$1,774,500	$1,774,500	$1,774,500
Levy Rate	$0.1382		$0.1394	$0.1394	$0.1394
Special Levy Assessed Valuation	$12,172,219,770		$12,730,104,786	$12,730,104,786	$12,730,104,786
Grand Total All Levies					
Total Tax Dollars	**$23,176,374**		**$24,120,525**	**$23,905,589**	**$25,433,812**
Total Levy Rate	**$1.8964**		**$1.8875**	**$1.8707**	**$1.9903**
Regular Levy Tax $ Differential (Option vs. Recommended):			**$214,936**	**$0**	**$1,313,288**

(*) Final levy. Amount levied by ordinance may differ due to appeals and cancellations. Original levy limit calculation is modified after appeals are processed by the County. All 2025 rates are based on estimated valuations and are subject to change.

2026 Budget
Public Hearing

Estimated Revenue Sources

& Property Taxes

Prepared by: Brandon Allen, Finance Director

October 21, 2025

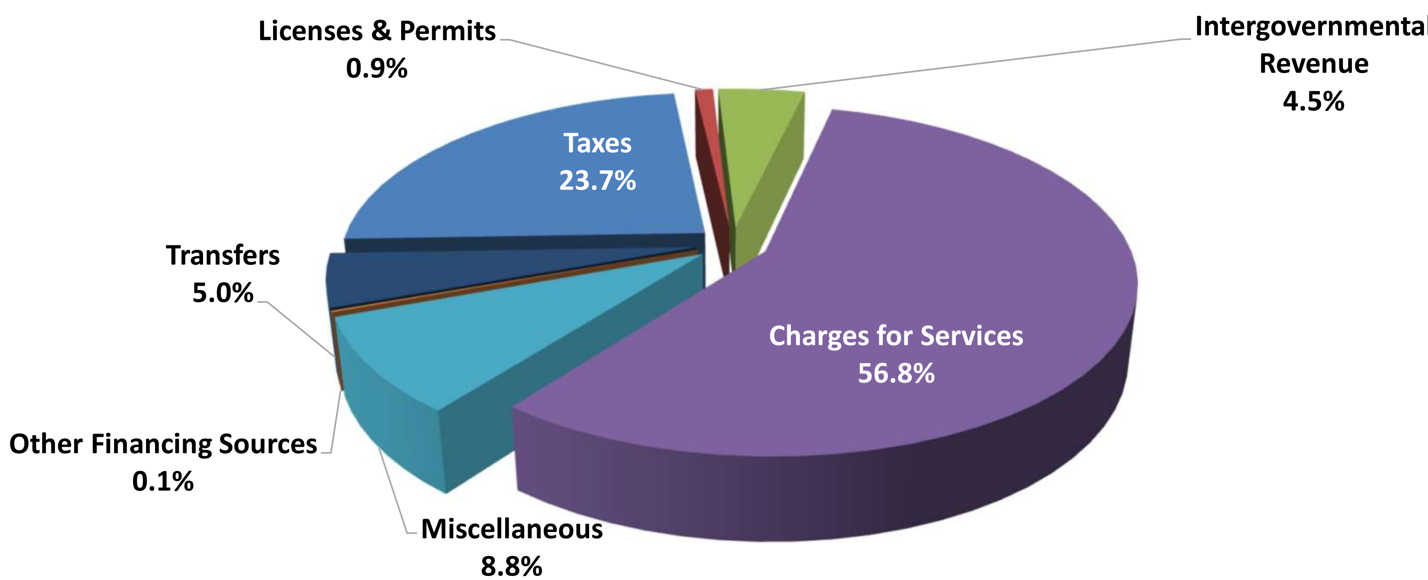
Next Steps for Budget Adoption

- October 21st
  - First Reading – Ad Valorem Taxes & Property Tax Levies

- November 4th
  - First Reading – 2026 Budget & CIP Ordinance
  - Second Reading & Passage – Ad Valorem Taxes & Property Tax Levies

- November 18th
  - Second Reading & Passage – 2026 Budget & CIP Ordinance.

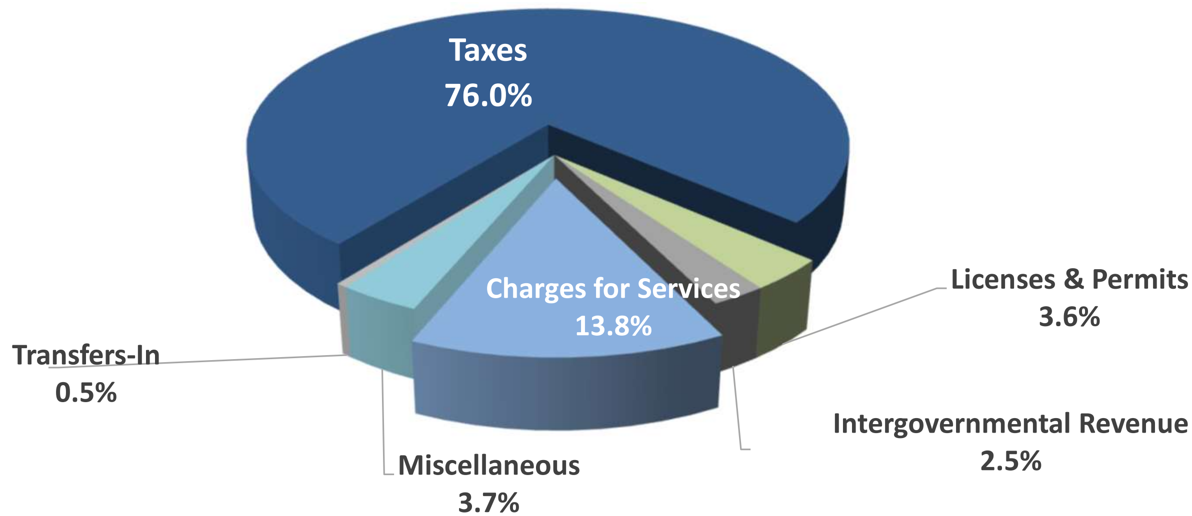
2026 All Funds
Estimated Revenues



All Funds
Estimated Revenues

	2026		2025	
Taxes	$ 71,973,310	23.7%	$ 67,469,851	20.8%
Licences & Permits	$ 2,863,075	0.9%	$ 2,841,575	0.9%
Intergovernmental	$ 13,771,952	4.5%	$ 20,004,726	6.2%
Charges for Services	$ 172,257,318	56.8%	$ 166,053,561	51.2%
Miscellaneous	$ 26,999,455	8.9%	$ 30,859,321	9.5%
Other Financing Sources	$ 336,458	0.1%	$ 16,022,805	4.9%
Transfers-in	$ 15,042,201	5.0%	$ 20,986,721	6.5%
Total	$ 303,243,769	100%	$ 324,238,560	100.0%

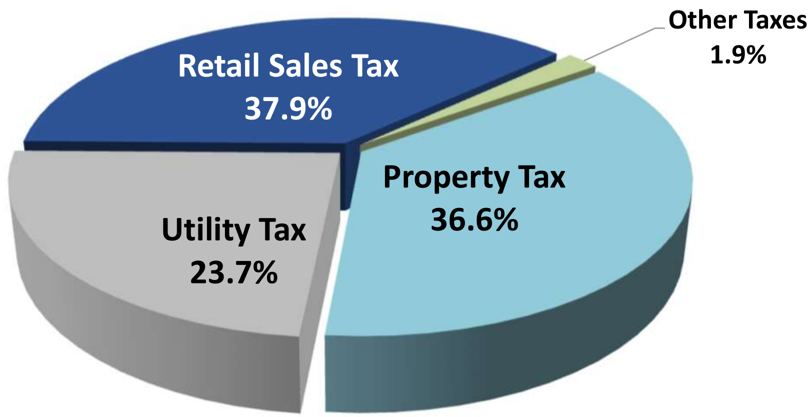
2026 General Fund Estimated Revenues



General Fund
Estimated Revenues

	2026			2025		
Taxes	$	59,017,461	75.9%	$	56,400,624	76.0%
Licences & Permits	$	2,778,500	3.6%	$	2,778,500	3.7%
Intergovernmental	$	1,945,295	2.5%	$	2,708,745	3.7%
Charges for Services	$	10,715,278	13.8%	$	10,118,548	13.6%
Miscellaneous	$	2,889,300	3.7%	$	1,872,100	2.5%
Transfers-in	$	401,840	0.5%	$	287,929	0.4%
Total	$	77,747,674	100%	$	74,166,446	100.0%

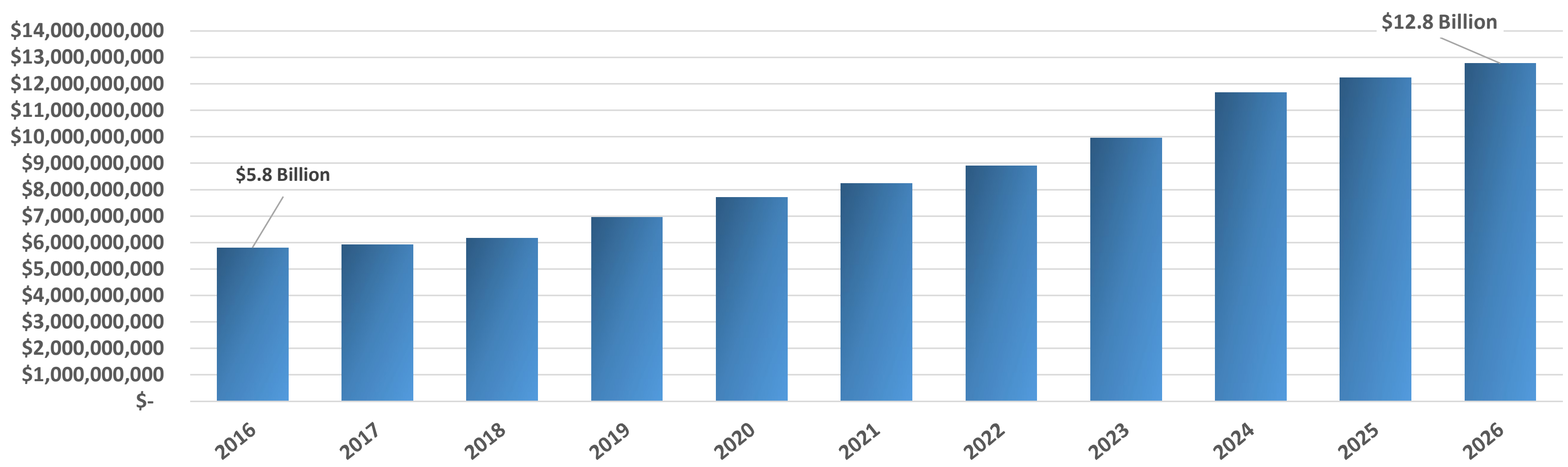
2026 General Fund
Estimated Revenues - Taxes



General Fund
Estimated Revenues - Taxes

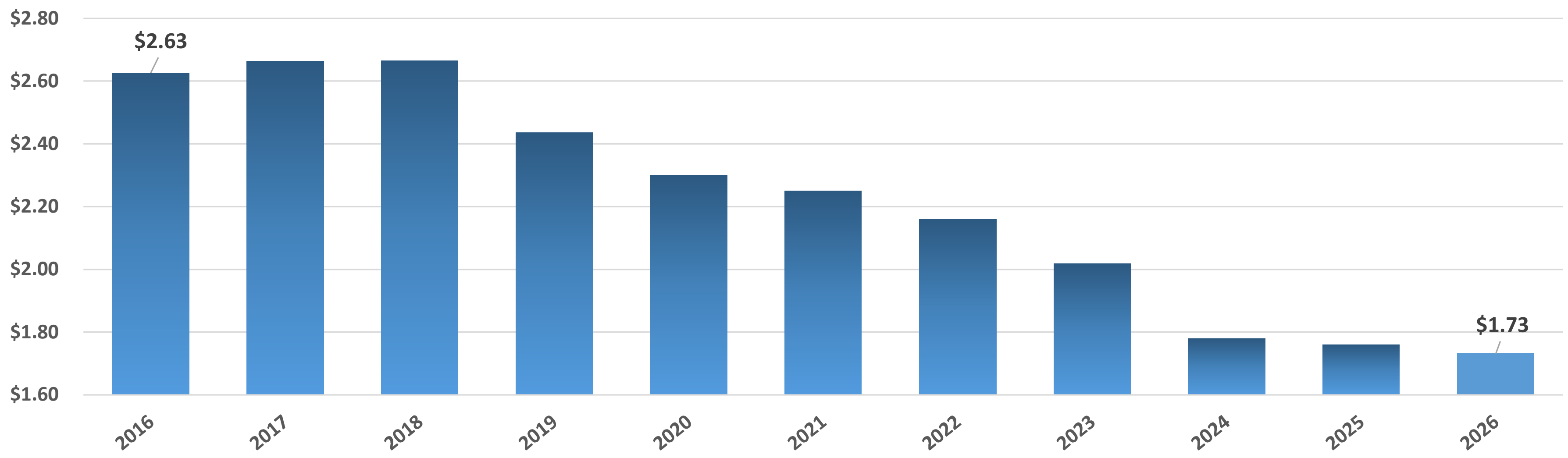
	2026			2025		
Property Tax	$	21,579,699	36.6%	$	21,169,491	37.5%
Retail Sales Tax	$	22,350,000	37.9%	$	20,419,949	36.2%
Utility Tax	$	13,957,762	23.7%	$	13,731,184	24.3%
Other Taxes/Fees	$	1,130,000	1.9%	$	1,080,000	1.9%
Total	$	59,017,461	100%	$	56,400,624	100.0%

2026 General Fund Assessed Valuation History



CITY OF RICHLAND
WASHINGTON

2026 General Fund
Property Tax History – Regular Levy Rate



Assessed Value and Levy Rate Comparison

	Richland	Kennewick	Pasco
2025 Assessed Value	$ 12,224,902,089	$ 12,110,258,178	$ 12,792,772,477
2025 Regular Levy Rate	$ 1.76	$ 1.30	$ 1.14
2025 Library District Rate	$ -	$ 0.24	$ -
Total Rate per $1,000 AV	$ 1.76	$ 1.54	$ 1.14

2026 Preliminary:
Richland: AV = $12,782,787,105
Kennewick: AV = $12,664,439,216

Homeowner Property Tax Estimates Based on Regular Levy

	2025 Richland Property Tax	2026 Projected Richland Property Tax	2025 Total Property Tax	Equivalent Home Value - No Tax Change
$1,000,000	$ 1,760	$ 1,730	$ 9,211	$ 1,017,341
$750,000	$ 1,320	$ 1,298	$ 6,908	$ 763,006
$500,000	$ 880	$ 865	$ 4,606	$ 508,671
$400,000	$ 704	$ 692	$ 3,684	$ 406,936
$300,000	$ 528	$ 519	$ 2,763	$ 305,202

2025 Total Levies - $500,000 Home

Taxing District	Levy Rate	Levy Amount
Richland Regulary Levy	$ 1.758	$ 879
Richland Library Debt	$ 0.138	$ 69
Benton County Human Services	$ 0.025	$ 13
Benton County Veterans	$ 0.011	$ 6
Benton County	$ 0.749	$ 375
Port of Benton	$ 0.305	$ 153
School District 400 Debt	$ 1.175	$ 588
School District 400 Capital	$ 0.678	$ 339
School District 400 Enrichment	$ 2.103	$ 1,052
State School	$ 1.474	$ 737
State School Part 2	$ 0.794	$ 397
Total	$ 9.210	$ 4,605

CITY OF RICHLAND
2026 AD VALOREM PROPERTY TAX OPTIONS - PRELIMINARY
FOR REGULAR LEVY AND SPECIAL LEVIES

Home Value	2025 Levy Current Tax Dollars & Rate		**Option 1** 1% Increase Current Tax + 1% (+New Const $530,017) (+Annexations $0) (+Admin. Refund $107,498)	2026 Proposed Budget **Option 2** **No Increase** Current Tax **+ 0%** (+New Const $530,017) (+Annexations $0) (+Admin. Refund $107,498)	**Option 3** Current Max $22,196,542 + 1% (+New Const $530,017) (+Annexations $0) (+Admin. Refund $107,498)
$1,000,000	$1,896		$1,887	$1,870	$1,943
$750,000	$1,423		$1,416	$1,403	$1,458
$500,000	$948		$944	$936	$972
$400,000	$758		$755	$749	$777
$300,000	$568		$566	$561	$583
Regular Levy:					
Tax Dollars	$21,493,574	*	$22,346,025	$22,131,089	$23,056,022
Levy Rate	**$1.7582**		**$1.7481**	**$1.7313**	**$1.8037**
Regular Levy Assessed Valuation	$12,224,902,089		$12,782,787,105	$12,782,787,105	$12,782,787,105
Special Levy:					
Tax Dollars - **Library**	$1,682,800	*	$1,774,500	$1,774,500	$1,774,500
Levy Rate	$0.1382		$0.1394	$0.1394	$0.1394
Special Levy Assessed Valuation	$12,172,219,770		$12,730,104,786	$12,730,104,786	$12,730,104,786
Grand Total All Levies					
Total Tax Dollars	**$23,176,374**		**$24,120,525**	**$23,905,589**	**$24,830,522**
Total Levy Rate	**$1.8964**		**$1.8875**	**$1.8707**	**$1.9431**
Regular Levy Tax $ Differential (Option vs. Recommended):			**$214,936**	**$0**	**$709,998**

(*) Final levy. Amount levied by ordinance may differ due to appeals and cancellations. Original levy limit calculation is modified after appeals are processed by the County. All 2025 rates are based on estimated valuations and are subject to change.

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Ordinances - Second Reading & Passage

Strategic Priority 1 - High Performance Government

Subject
Ordinance No. 2025-35, Amending the 2025 Budget in Various City Funds

Department/Office	**Ordinance/Resolution Number**	**Document Type**
Finance	2025-35	Ordinance

Recommended Motion
Give second reading and pass Ordinance No. 2025-35, amending the 2025 Budget as identified therein.

Summary
Ordinance No. 2025-35 will address several budget adjustments occurring in various funds as follows:

- Resolution No. 2025-38 authorized the acceptance of a grant in the amount of $15,900 for the purchase of fire rescue equipment. An additional $119,100 is needed from the Medical Services fund balance to complete the $135,000 purchase to replace failed rescue equipment.
- Additional appropriations in the amount of $167,131 are needed to complete the Thayer Drive Street Lights project. There are adequate funds in the Streets Capital Construction Fund from prior project savings to fund this adjustment.
- Significant software implementations for work order/asset management and a new human resources information system are ongoing in 2025. Unspent funds from 2024 in the amount of $1,650,000 need to be re-appropriated to continue the projects into 2025.
- The City entered into an agreement with Benton County to have the county manage the administration and reporting of funds received in relation to the National Opioid Settlement. Additional appropriations in the amount of $1,000,000 are needed in the General Fund to allow payment of on-hand opioid settlement funds to the county. Approximately $133,000 is revenue received in 2025.
- Funds were carried forward into 2025 for open Golf Course projects. These funds need to be allocated from the General Fund and Park Project Construction Fund to the Golf Course Fund, resulting in reductions of $283,211 and $101,574, respectively.
- Due to decreases in grant funding in the Community Development Block Grant (CDBG) and HOME Funds, appropriation reductions are appropriate in the amount of $3,537 in CDBG and $60,616 in HOME. As part of the net reduction in CDBG, transfers to the Streets Capital Construction Fund are reduced by $30,550.
- Additional appropriations are needed in the City Streets Fund and Fire Station Construction Fund, in the amount of $780,000, to transfer unspent project funds to be utilized by the Neighborhood Traffic Safety Program, and to transfer up to $270,000 to the General Fund to close the project.

Under state law, a public hearing is required when existing unappropriated fund balances are used to increase appropriations. A duly noticed public hearing was held on October 21, 2025 to take public testimony on this budget amendment. No public testimony was offered.

Fiscal Impact General Fund appropriations will increase by $2,366,789, of which $290,036 is supported by new revenues and $2,076,753 is from unappropriated fund balance. Total city-wide appropriations will increase by $3,932,428, of which $1,089,538 will be funded with new revenues and transfers, and $2,842,890 funded from unappropriated fund balance.

Attachments
1. Ordinance No. 2025-35

ORDINANCE NO. 2025-35

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, AMENDING THE 2025 BUDGET TO PROVIDE FOR ADDITIONAL APPROPRIATIONS IN THE CITY'S GENERAL FUND, STREETS CAPITAL CONSTRUCTION FUND, MEDICAL SERVICES FUND, COMMUNITY DEVELOPMENT BLOCK GRANT FUND, HOME FUND, GOLF COURSE FUND, PARK PROJECT CONSTRUCTION FUND, FIRE STATION CONSTRUCTION FUND AND CITY STREETS FUND AND DECLARING THAT A PUBLIC EMERGENCY EXISTS IN THE CITY'S GENERAL FUND, STREETS CAPITAL CONSTRUCTION FUND, MEDICAL SERVICES FUND, GOLF COURSE FUND AND FIRE STATION CONSTRUCTION FUND.

WHEREAS, on November 19, 2024, Richland City Council approved Ordinance No. 2024-37 adopting the 2025 Budget; and

WHEREAS, this Ordinance No. 2025-35 will address several budget adjustments occurring in various funds; and

WHEREAS, on March 18, 2025, Richland City Council approved Resolution No. 2025-38, accepting a grant in the amount of $15,900 from the Wildhorse Foundation for emergency response rescue tools; and

WHEREAS, additional funds in the amount of $119,100 are required from the Medical Services Fund unappropriated fund balance to complete the purchase of the rescue equipment (total additional appropriation of $135,000); and

WHEREAS, additional appropriations from the Streets Capital Construction Fund are needed in the amount of $167,131 to complete the Thayer Drive Street Lights project, the source of which is savings from other completed projects less $30,550 in funds transferred from the Community Development Block Grant (CDBG) Fund; and

WHEREAS, Community Development Block Grant Fund appropriations must be reduced by $3,537 due to a decrease in federal funding; and

WHEREAS, HOME Fund appropriations need to be reduced by $60,616 due to the combination of additional funding of $3,602 in HOME-ARP offset by funding reductions of $64,218 in the HOME-HUD program; and

WHEREAS, additional appropriations in the amount of $1,650,000 are required in the General Fund to reappropriate unspent 2024 appropriations for work order/asset management and human resource information system upgrades that continued into 2025; and

WHEREAS, because Benton County administers and reports on the use of opioid settlement funds received by the City of Richland, additional appropriations are needed in the General fund in the amount of $1,000,000 to transfer Richland's opioid settlement funds to Benton County; and

WHEREAS, appropriation changes are needed to reallocate funds previously carried over from 2024 to the Golf Course Fund in the amount of $384,785; and

WHEREAS, increases to the Golf Course Fund are offset by reductions in appropriations in the General Fund of $283,211 and the Park Project Construction Fund of $101,574; and

WHEREAS, excess project funds in the Fire Station Construction Fund in the amount of $780,000 are available to be transferred to the City Streets Fund for the Neighborhood Traffic Safety Program, and an estimated $270,000 will be available to transfer to the General Fund to close the project; and

WHEREAS, no funds were appropriated in the above above-referenced funds for the purposes identified herein; and

WHEREAS, sufficient unappropriated funds are available in the listed funds to support the required budget adjustment; and

WHEREAS, pursuant to RCW 35.33.091, a duly noticed public hearing was held on October 21, 2025 regarding the increase in appropriations from beginning fund balance in the above-referenced funds.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

Section 1. Facts Constituting Emergency. The expenses contained within this Ordinance were not anticipated when the 2025 Budget was adopted.

Section 2. Declaration of Public Emergency. Due to circumstances described above, the City Council declares that a public emergency exists in the General Fund, Streets Capital Construction Fund, Medical Services Fund, Golf Course Fund and Fire Station Construction Fund.

Section 3. Amendment of the 2025 Budget. The 2025 Budget is hereby amended to provide additional appropriations in the General Fund, Streets Capital Construction Fund, Medical Services Fund, Community Development Block Grant Fund, HOME Fund, Golf Course Fund, Park Project Construction Fund, Fire Station Construction Fund and City Streets Fund from unappropriated fund balance as follows:

General Fund
Current Appropriation: $ 85,468,483
Increase in Appropriation: $ 2,366,789
Amended Appropriation: $ 87,835,272

Streets Capital Construction Fund
Current Appropriation: $ 46,474,363
Increase in Appropriation: $ 136,581
Amended Appropriation: $ 46,610,944

Medical Services Fund
Current Appropriation: $ 10,357,054
Increase in Appropriation: $ 135,000
Amended Appropriation: $ 10,492,054

Community Development Block Grant Fund
Current Appropriation: $ 563,190
Increase in Appropriation: $ (3,537)
Amended Appropriation: $ 559,653

HOME Fund
Current Appropriation: $ 6,321,482
Increase in Appropriation: $ (60,616)
Amended Appropriation: $ 6,260,866

Golf Course Fund
Current Appropriation: $ 2,450,919
Increase in Appropriation: $ 384,785
Amended Appropriation: $ 2,835,704

Park Project Construction Fund
Current Appropriation: $ 12,410,336
Increase in Appropriation: $ (101,574)
Amended Appropriation: $ 12,308,762

Fire Station Construction Fund
Current Appropriation: $ 762,489
Increase in Appropriation: $ 295,000
Amended Appropriation: $ 1,057,489

City Streets Fund
Current Appropriation: $ 5,113,946
Increase in Appropriation: $ 780,000
Amended Appropriation: $ 5,893,946

Section 4. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

This space intentionally left blank.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

First Reading: October 21, 2025
Second Reading: November 4, 2025
Date Published: November 9, 2025

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Resolutions - Adoption

Strategic Priority 1 - High Performance Government

Subject

Resolution No. 2025-136, Authorizing Multiple Purchase and Sale Agreements in Support of the Downtown Connectivity Improvements Project

Department/Office	Ordinance/Resolution Number	Document Type
Public Works	2025-136	Resolution

Recommended Motion

Adopt Resolution No. 2025-136, authorizing the City Manager to sign and execute Purchase and Sale Agreements in support of the Downtown Connectivity Improvements Project.

Summary

The City's Transportation Improvement Program (TIP) and the 2024-2029 Capital Improvement Plan (CIP) both include a project entitled the Downtown Connectivity Improvements Project (the "Project"). The Project's completion requires property acquisitions in the form of temporary construction easements from thirty (30) property owners. Temporary construction easements provide necessary access and space for work the City is unable to perform entirely within the public right-of-way, and expire upon the City's completion of the Project after the affected area is restored.

The following property owners and properties are affected by the Project:

- Brazell Properties, LLC at 607 GWW
- HF Pasco, LLC at 690 GWW
- Sharledan Properties Trust at 710 GWW
- J & J Kelly Construction at 720 GWW
- Sharledan Properties at 730 GWW
- Hanford House Hospitality LLC at 802 GWW
- Sterling 41389 Incorporated at 890 GWW
- American National Bank at 1045 GWW
- Russell D. Homewood at 1051 GWW
- Circle K Stores Inc. at 1401 GWW
- Grigg Family, LLC at 1425 GWW
- Jordan and Skye Walter at 1304 Hunt Avenue
- Old National Bank of Washington at 701 Jadwin Avenue
- J.P. Morgan Chase Bank at 711 Jadwin Avenue
- First Federal Savings and Loan Association of Walla Walla at 1221 Jadwin Avenue
- Chvatal Building II, LLC at 1111 Jadwin Avenue
- John Niemeyer at 1135 Jadwin Avenue
- Buddy Q, LLC at 1167 Jadwin Avenue
- BFF1 Properties, LLC at 1177 Jadwin Avenue
- R. L. Smart, Inc. at 1201 Jadwin Avenue
- CSA Building, LLC at 719 Jadwin Avenue
- 303 Bridge St., LLC at 1301 Jadwin Avenue
- Management Activities, Inc. at 421 Williams Boulevard
- Ciara McNair at 1331 Jadwin Avenue
- MGSC, LLC at 1402 Jadwin Avenue
- McLain Corporation at 222 Symons Street
- David R. Harman Trust at 234 Symons Street
- The Estate of Bingumal R. Manawadu, M.D. at 1075 Jadwin Avenue
- Kevin J. and Donna F. McCue at 295 Williams Boulevard
- The Church of Jesus Christ of Latter-Day Saints at 1321 Jadwin Avenue

The City will offer compensation for the acquisitions based on the fair market value of the needed property interest as determined by a qualified appraiser.

To create a streamlined process, a templated purchase and sale agreement has been created for acquisition of all temporary construction easements (TCEs) necessary for the Project. Resolution No. 2025-136 will allow staff to negotiate the TCEs within price parameters set by City Council, and authorize the City Manager to execute the PSAs without presenting thirty (30) individual yet identical agreements to City Council. After negotiations are complete, a list of values for each transaction will be presented to City Council for ratification.

Acquisition of any property interest more involved than a temporary construction easement will be individually presented for consideration. Further, any negotiation for a TCE that does not fall within the parameters established by City Council will be brought to City Council for consideration.

The funds necessary to acquire the property will be paid by the Project budget. The City's best interests are serviced by acquiring the property to enable the completion of the Project.

Staff recommends adoption of Resolution No. 2025-136.

Fiscal Impact	The project has adequate available funding in the amount of $100,000 from the Transportation Improvement Board and $500,000 in Real Estate Excise Tax (REET) for right-of-way activities.

Attachments

1. Resolution No. 2025-136

RESOLUTION NO. 2025-136

A RESOLUTION OF THE CITY OF RICHLAND, WASHINGTON, AUTHORIZING MULTIPLE PURCHASE AND SALE AGREEMENTS IN SUPPORT OF THE DOWNTOWN CONNECTIVITY IMPROVEMENTS PROJECT.

WHEREAS, the City's Transportation Improvement Program (TIP) and the 2024-2029 Capital Improvement Plan (CIP) both include a project titled the Downtown Connectivity Improvements Project (the "Project"); and

WHEREAS, the Project's completion requires property acquisitions in the form of temporary construction easements from thirty (30) property owners; and

WHEREAS, temporary construction easements provide necessary access and space for work that the City is unable to perform entirely within the public right-of-way, and will automatically terminate upon the City's completion of the Project after the affected area is restored; and

WHEREAS, the following property owners and properties are affected by the Project:

- Brazell Properties, LLC at 607 George Washington Way
- HF Pasco, LLC at 690 George Washington Way
- Sharledan Properties Trust at 710 George Washington Way
- J & J Kelly Construction at 720 George Washington Way
- Sharledan Properties at 730 George Washington Way
- Hanford House Hospitality LLC at 802 George Washington Way
- Sterling 41389 Incorporated at 890 George Washington Way
- American National Bank at 1045 George Washington Way
- Russell D. Homewood at 1051 George Washington Way
- Circle K Stores Inc. at 1401 George Washington Way
- Grigg Family, LLC at 1425 George Washington Way
- Jordan and Skye Walter at 1304 Hunt Avenue
- Old National Bank of Washington at 701 Jadwin Avenue
- J.P. Morgan Chase Bank at 711 Jadwin Avenue
- CSA Building, LLC at 719 Jadwin Avenue
- The Estate of Bingumal R. Manawadu, M.D. at 1075 Jadwin Avenue
- Chvatal Building II, LLC at 1111 Jadwin Avenue
- John Niemeyer at 1135 Jadwin Avenue
- Buddy Q, LLC at 1167 Jadwin Avenue
- BFF1 Properties, LLC at 1177 Jadwin Avenue
- R. L. Smart, Inc. at 1201 Jadwin Avenue
- First Federal Savings and Loan Association of Walla Walla at 1221 Jadwin Avenue
- 303 Bridge St., LLC at 1301 Jadwin Avenue
- The Church of Jesus Christ of Latter-Day Saints at 1321 Jadwin Avenue
- Ciara McNair at 1331 Jadwin Avenue
- MGSC, LLC at 1402 Jadwin Avenue

- McLain Corporation at 222 Symons Street
- David R. Harman Trust at 234 Symons Street
- Kevin J. and Donna F. McCue at 295 Williams Boulevard
- Management Activities, Inc. at 421 Williams Boulevard; and

WHEREAS, to create a streamlined process, the templated purchase and sale agreement attached hereto as **Exhibit A** is authorized to be used for acquisition of all temporary construction easements necessary for the Project; and

WHEREAS, the City's offered compensation for the acquisitions will be based on fair market valuation of the needed property interests as determined by a qualified appraiser and within the parameters established by Richland City Council; and

WHEREAS, the funds necessary to acquire the property will be paid by the Project budget; and

WHEREAS, the City's best interests are served by acquiring the property interests necessary to enable completion of the Project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richland that the City Manager is authorized to sign and execute purchase and sale agreements and all other documents necessary to complete the purchase of the required temporary property interests from the thirty (30) affected properties identified herein, in support of the Downtown Connectivity Improvement Project, so long as said agreements are in substantially the same form as provided in **Exhibit A** and within the individual and aggregate values established by Richland City Council.

BE IT FURTHER RESOLVED that the terms of any negotiation that cannot be successfully accomplished within the parameters established by Richland City Council will be brought to the City Council for consideration.

BE IT FURTHER RESOLVED that, at the conclusion of the process, a list of values for each successfully negotiated purchase and sale agreement will be presented to Richland City Council for ratification.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

ADOPTED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

____
Theresa Richardson, Mayor

Attest:	Approved as to Form:
____________________________	____________________________
Jennifer Rogers, City Clerk	Heather Kintzley, City Attorney

AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY
Project-related Acquisition - Threat of Eminent Domain

Re: Insert Parcel Address; Assessor Parcel No.

This Agreement for Purchase and Sale of Real Property (the "Agreement") is made and entered into between the **City of Richland**, a Washington municipal corporation ("Purchaser"), and **Owner Name** ("Seller"). The Effective Date of this Agreement shall be determined pursuant to the terms of Section 3.1 herein.

1. Purchase and Sale of Temporary Property Rights. Seller agrees to sell a temporary easement on a portion of the parcel referenced above, and Purchaser agrees to purchase a temporary easement on a portion of said parcel on the terms hereafter stated, the improved real property being located at insert site address in the City of Richland, Benton County, Washington and the temporary easement being legally described in **Exhibit A** attached hereto (hereinafter referred to as the "Property").

1.1. Laws and Rights. The sale and conveyance of the Property to be made pursuant to this Agreement shall be subject to any and all applicable federal, state and local laws, orders, rules and regulations, and any and all outstanding rights of record or which are open and obvious on the ground.

1.2. Timing of Conveyance. The Property shall be conveyed to Purchaser at Closing by a Temporary Construction Easement Deed ("Easement Deed") subject to the Exceptions accepted or deemed accepted by Purchaser pursuant to Section 4.1 below.

2. Purchase Price. The total purchase price for the temporary property rights acquired shall be amount (the "Purchase Price"). The Purchase Price shall be paid by Purchaser to Seller in the form of all cash (paid by check) mailed by Purchaser to Seller within seven (7) business days of Purchaser's recordation of the Easement Deed in the records of Benton County, Washington.

2.1. Reserved.

3. Conditions Precedent to Sale. This Agreement is made and executed by the parties hereto subject to the following conditions precedent:

3.1. City Council Approval. The execution and delivery of this Agreement by Purchaser is authorized by Resolution No. 2025-136.

3.2. Executed Contract. The "Effective Date" of this Agreement is the date upon which both parties have signed this Agreement. If this Agreement is signed on different days, the "Effective Date" of this Agreement is the date of the last signing party.

4. Title Matters.

4.1. Preliminary Title Report; Title Review. Within five (5) business days after the Effective Date, Purchaser, at its sole cost and expense, may order from the Title Company a preliminary title commitment for the Property, and copies of all documents referred to therein (the "Preliminary Commitment"), and upon receipt, furnish same to Seller.

(a) Purchaser shall have fifteen (15) days after receipt of the Preliminary Commitment and Survey to advise Seller in writing of any encumbrances, restrictions, easements or other matters contained in the Preliminary Commitment or on the Survey (the **"**Exceptions**"**) to which Purchaser objects. All Exceptions to which Purchaser does not object in writing within the fifteen (15) day period shall be deemed accepted by Purchaser.

(b) If Purchaser objects to any Exceptions within the fifteen (15) day period, Seller shall advise Purchaser in writing within five (5) days of receipt of Purchaser's written objections: (i) which Exceptions Seller will remove at Closing, (ii) which Exceptions the Title Company has agreed to insure around in the title policy to be issued at Closing (together with the proposed form of endorsement), and (iii) which Exceptions will not be removed or insured around.

(c) Within ten (10) days of receipt of Seller's response to Purchaser's written objections, and assuming Seller has not agreed to remove all exceptions to which Purchaser objects, Purchaser shall notify Seller in writing of Purchaser's election to either: (i) terminate this Agreement; or (ii) waive its objections to the Exceptions the Title Company has agreed to insure around and the Exceptions Seller will not remove or insure around, in which event such Exceptions shall be deemed accepted by Purchaser.

4.2. Reserved.

5. Due Diligence. Purchaser is granted a due diligence period until and including thirty (30) days after receipt of the Preliminary Commitment described in Section 4.1 above (the "Due Diligence Period"). Said Due Diligence Period may be extended an additional thirty (30) days upon written mutual agreement by both Purchaser and Seller. Purchaser may conduct, at its own expense, a full review of legal, title, environmental, archaeological and any other related issues subject to the terms of this Section 5. If the results of said review are unsatisfactory in Purchaser's sole discretion, Purchaser may, at its option, elect to terminate this Agreement by giving Seller written notice of termination prior to the end of the Due Diligence Period (the "Due Diligence Termination Notice"). In the event of termination by Purchaser under this section, this Agreement shall immediately terminate and be without any further force and effect; and neither party shall have any rights or responsibilities to the other except as otherwise expressly provided herein. If Purchaser fails to provide a Due Diligence Termination Notice to Seller on or before the expiration of the Due Diligence Period, the due diligence contingency set forth under this Section 5 shall be deemed waived by Purchaser, and this Agreement shall continue in full force and effect.

5.1. Reserved.

6. Closing. Closing shall occur when the Purchaser records the Easement Deed and remits payment via check to the Seller. As used herein, "Closing" or "date of Closing" means the date on which all appropriate documents are recorded, and the proceeds of the sale are available for disbursement to Seller.

6.1. Closing Costs. Purchaser shall pay all closing costs.

7. Covenants, Representations and Warranties.

7.1. Seller's Covenants. Seller hereby covenants and agrees as follows:

(a) From the Effective Date through the Closing Date, Seller shall not make any material alterations to the Property or to any of the licenses, permits, legal classifications or other governmental regulations relating to the Property, nor enter into any leases or agreements pertaining to the Property which are not terminable, without penalty, on 30 days' notice, without Purchaser's prior written consent.

(b) From the Effective Date through the Closing Date, Seller shall not voluntarily cause to be recorded any encumbrance, lien, deed of trust, or easement against the title to the Property without Purchaser's prior consent.

(c) From the Effective Date through the Closing Date, Seller will operate and maintain the Property in a manner consistent with Seller's past practices relative to the Property and so as not to cause waste to the Property.

7.2. Seller's Representations and Warranties. Seller hereby makes the following representations and warranties to Purchaser, each of which shall be true on the Effective Date and on the date of Closing. Seller shall immediately provide Purchaser with written notice of any event which would make any representation or warranty set forth below materially incorrect or untrue, and upon receipt of such notice, Purchaser may elect to terminate this Agreement. Upon Purchaser's election to terminate, this Agreement shall be without any further force and effect, and without further obligation of either part to the other.

(a) Seller has full power and authority to enter into and carry out the terms and provisions of this Agreement and to execute and deliver all documents which are contemplated by this Agreement, and all actions of Seller necessary to confer such authority upon the persons executing this Agreement and such other documents will have been, or will be, taken.

(b) Seller has not received any written notice from any governmental authorities or regulatory agencies that eminent domain proceedings for the condemnation of the Property are pending or threatened.

(c) Seller has not received any written notice of pending or threatened investigation, litigation or other proceeding before a local governmental body or regulatory agency which would materially and adversely affect the Property.

(d) Seller has not received any written notice from any governmental authority or regulatory agency that Seller's use of the Property is presently in violation of any applicable zoning, land use or other law, order, ordinance or regulation affecting the Property.

(e) To Seller's knowledge, no special or general assessments have been levied against the Property except those disclosed in the Preliminary Title Report, and Seller has not received written notice that any such assessments are threatened.

(f) Seller is not a "foreign person" for purposes of Section 1445 of the Internal Revenue Code.

(g) As of the Effective Date and as of the date of Closing, Seller is not person or entity with whom U.S. persons or entities are restricted from doing business under regulations of OFAC (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) or other governmental action ("OFAC").

7.3. <u>Purchaser's Representations</u>. Purchaser hereby makes the following representations to Seller, each of which shall be true on the Effective Date hereof and on the date of Closing.

(a) Purchaser is a Washington municipal corporation, duly formed and organized, validly existing and in good standing under the laws of the State of Washington.

(b) Purchaser has full power and authority to enter into and carry out the terms and provisions of this Agreement, and to execute and deliver all documents which are contemplated by this Agreement, and all actions of Purchaser necessary to confer such authority upon the persons executing this Purchase Agreement and such other documents have been, or will be, taken.

(c) Purchaser represents that it has sufficient funds to close this transaction.

8. <u>Casualty and Condemnation</u>.

8.1. <u>Material Casualty or Condemnation</u>. If prior to the Closing Date: (i) the Property shall sustain damage caused by casualty which would cost ten thousand dollars ($10,000) or more to repair or replace; or (ii) if a taking or condemnation of any portion of the Property has occurred, or is threatened, which would materially affect the value of the Property, either Purchaser or Seller may, at its option, terminate this Agreement by written notice to the other party given within two (2) business days after notice of such event. If prior to the Closing Date neither party provides said termination notice within such two (2) business day period, the Closing shall take place as provided herein with a credit against the Purchase Price in an amount equal to any insurance proceeds or condemnation awards actually collected by Seller and an assignment to Purchaser at Closing of all Seller's interest in and to any insurance proceeds or condemnation awards which may be due but unpaid to Seller on account of such occurrence.

8.2. <u>Immaterial Casualty or Condemnation</u>. If prior to Closing Date, the Property shall sustain damage caused by casualty which is not described in Section 8.1, or a taking or condemnation has occurred, or is threatened, which is not described in Section 8.1, neither Purchaser nor Seller shall have the right to terminate this Agreement. Closing shall take place as provided herein with a credit against the Purchase Price equal to: (i) the cost to repair that portion of the Property so damaged by insured casualty; or (ii) an amount equal to the anticipated condemnation award, as applicable. At Closing, Purchaser shall assign to Seller all rights or interest in and to any insurance proceeds or condemnation awards which may be due on account of any such occurrence.

9. Purchasers' Remedies. In the event of material breach of this Agreement by Seller, Purchaser shall have, as its sole remedies: (a) the right to pursue specific performance of this Agreement; (b) the right to terminate this Agreement; and (c) all remedies presently or hereafter available at law or in equity. Purchaser hereby waives all other remedies on account of a breach hereof by Seller.

10. Miscellaneous.

10.1. Finder's Fee. Purchaser and Seller each agree that a real estate finder's fee ("Real Estate Compensation") is not due to each other or to any third party. Each party hereby agrees to indemnify and defend the other against and hold the other harmless from and against any and all loss, damage, liability or expense, including costs and reasonable attorney's fees, resulting from any claims for Real Estate Compensation by any person or entity other than provided herein. The provisions of this section shall survive the closing.

10.2. Time of the Essence. Time is of the essence of every provision of this Agreement.

10.3. Notices. Whenever any party hereto shall desire to give or serve upon the other any notice, demand, request or other communication, each such notice, demand, request or other communication shall be in writing and shall be given or served upon the other party by personal delivery (including delivery by written electronic transmission) or by certified, registered or Express United States Mail, or Federal Express or other commercial courier, postage prepaid, addressed as follows:

If to Purchaser: City of Richland
Attn: Public Works Department
625 Swift Blvd., MS-26
Richland, Washington 99352
Phone: (509) 942-7500
Email: swiliamson@richlandwa.gov

If to Seller: Name
Address
City, State Zip
Phone:
Email:

Any such notice, demand, request or other communication shall be deemed to have been received upon the earlier of personal delivery thereof or two (2) business days after having been mailed as provided above, as the case may be.

10.4. Assignments and Successors. Purchaser may not assign this Agreement without Seller's written consent. Any assignment made without Seller's consent is null and void, and does not relieve the Purchaser of any liability or obligation hereunder.

10.5. Captions. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement.

10.6. Exhibits. All exhibits attached hereto shall be incorporated herein by reference as if set out herein in full.

10.7. Binding Effect. Regardless of which party prepared or communicated this Agreement, this Agreement shall be of binding effect between Purchaser and Seller only upon its execution by an authorized representative of each such party.

10.8. Construction. The parties acknowledge that each party has reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Purchase and Sale Agreement or any amendment or exhibits hereto.

10.9. Counterparts. Execution of this Agreement and any amendment or other document related to this Agreement may be by electronic signature and in any number of counterpart originals, including by portable document format (.pdf), each of which shall be deemed to constitute an original agreement, and all of which shall constitute one whole agreement.

10.10. Time. Any extension of time granted for the performance of any duty under this Agreement shall not be considered as an extension of time for the performance of any other duty under this Agreement. As used in this Agreement, “business day” refers to any day which is not a Saturday, Sunday or a holiday in the State of Washington. In the event the time for performance of any obligation hereunder shall fall on a Saturday, Sunday or a holiday, such time for performance shall be extended to the next business day.

10.11. Merger. The delivery of the Deed and any other documents and instruments by Seller and the acceptance and recordation thereof by Purchaser shall effect a merger, and be deemed the full performance and discharge of every obligation on the part of Purchaser and Seller to be performed hereunder, except those clauses, covenants, warranties and indemnifications specifically provided herein to survive the Closing.

10.12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington. The parties agree that Benton County is the appropriate venue for filing of any civil action arising out of this Agreement, and both parties expressly agree to submit to personal jurisdiction in Benton County Superior Court.

10.13. Scrivener. The party drafting this Agreement is the City of Richland. The City of Richland makes no representations regarding the rights or responsibilities of Seller under this Agreement. Seller is encouraged to review the contract and all documents related thereto with counsel before signing this Agreement.

IN WITNESS WHEREOF, Purchaser has executed this Agreement on the date shown below its signature, and Seller has accepted on the date shown below its signature.

SELLER

Owner Name

By:_______________________________
Representative

By:_______________________________
Representative

____
Date

PURCHASER

____
Jon Amundson, ICMA-CM
City Manager

____
Date

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Resolutions - Adoption

Strategic Priority 3 - Focused Development

Subject
Resolution No. 2025-137, Authorizing Change Order No. 5 to the Construction Contract with Culbert Construction Inc. for the 2022 City Safety Program Systemic Stop Controlled Intersection Improvements

Department/Office	**Ordinance/Resolution Number**	**Document Type**
Public Works	2025-137	Resolution

Recommended Motion
Adopt Resolution No. 2025-137, authorizing the City Manager to sign and execute Change Order No. 5 to Contract No. 408-24 with Culbert Construction, Inc. for the 2022 City Safety Program Systemic Stop Controlled Intersection Improvements.

Summary
The 2023-2028 Capital Improvement Plan (CIP) includes a project titled Systemic Stop-Controlled Intersections Safety Improvements (the "Project"). On October 1, 2024, Richland City Council adopted Resolution No. 2024-131, authorizing the award of bid for the Project to Culbert Construction, Inc. (*see* Richland Contract No. 408-24).

Additional stormwater infrastructure work was needed to resolve in-street water drainage, which included the addition of stormwater structures, piping, and concrete work. The cost of Change Order No. 5 is $45,517.10.

The cost of the changes was negotiated with the contractor at a fair value to the City. The total value of the unanticipated changes to the Project exceeds the administrative change order authority established by Resolution No. 2024-131, thereby requiring Council approval.

Staff recommends adoption of Resolution No. 2025-137.

Fiscal Impact	Most of this change order (approximately $42,000) is for stormwater drainage corrections in the street. The Stormwater Conveyance Rehabilitation Program has adequate funding capacity within the 2025 CIP to fund this change. The remaining amount of the change order (approximately $3,200) is for a streetlight modification, which can be funded through available capacity within the Streets Capital Fund.

Attachments
1. Resolution No. 2025-137
2. Draft Change Order No. 5 with Culbert Construction for the Systemic Stop Controlled Intersection Improvements

RESOLUTION NO. 2025-137

A RESOLUTION OF THE CITY OF RICHLAND, WASHINGTON, AUTHORIZING CHANGE ORDER NO. 5 TO THE CONSTRUCTION CONTRACT WITH CULBERT CONSTRUCTION INC. FOR THE SYSTEMIC STOP-CONTROLLED INTERSECTIONS SAFETY IMPROVEMENTS PROJECT.

WHEREAS, the 2023-2028 Capital Improvement Plan (CIP) includes a project titled Systemic Stop-Controlled Intersections Safety Improvements (the "Project"); and

WHEREAS, on October 1, 2024, Richland City Council adopted Resolution No. 2024-131, authorizing a construction contract with Culbert Construction Inc. for the Project (*see* Richland Contract No. 408-24); and

WHEREAS, additional stormwater infrastructure work was required to resolve in-street water drainage, including the addition of stormwater structures, piping, and concrete work; and

WHEREAS, the changes were negotiated with the contractor at a fair value to the City; and

WHEREAS, the total value of the unanticipated changes to the Project exceeds the administrative change order authority established by Resolution No. 2024-131, thereby requiring City Council approval; and

WHEREAS, the best interests of the City are served by authorizing Change Order No. 5 to ensure successful project completion and to fairly compensate the contractor for services rendered.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richland that the City Manager is authorized to sign and execute Change Order No. 5 to Contract No. 408-24 with Culbert Construction Inc. in the amount of $45,157.10 for the Systemic Stop-Controlled Intersections Safety Improvements Project.

BE IT FURTHER RESOLVED that the net change order authority in the amount of $125,000 established by Resolution No. 2024-131 remains unchanged.

ADOPTED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

Public Works Contract Change Order

Project:	**Systemic Stop Controlled Intersection Improvements**	**Change Order No:**	**5**
Contractor:	**Culbert Construction, Inc.**	**Date:**	**11/4/2025**
Grant Number:	NA	**Contract Number:**	**408-24**
		PO:	22400917

Reason for Change:

☐ **1-**Contractor Request/Claim ☐ **2-**City Requested ☐ **3-**Unforeseen Condition **X 4-**Design Error

Change Description: (Describe the change(s) and the reason(s) for the change)

Incorporate Field Order Nos. 15 and 16 into the contract.

All terms & conditions defined in the Contract Documents & Change Orders issued to date remain in effect unless otherwise state herein.

The following adjustments, if any, to the Contract Sum and Contract Time constitute the complete and final settlement of all costs of labor, materials, equipment, overhead, fee, and damages, whether direct, indirect, and any other claim by the Contractor, as a result of the change.

Contract Summary:

Original Contract Amount:	$	**1,184,849.15**
Previous Change Orders:	$	**97,514.32**
This Change Order:	$	**45,157.10**
New Contract Amount:	$	**1,327,520.57**
Total % of Change Orders		**12.04%**

Schedule Summary:

working days

Original Contract Duration:	**150**	Days
Previous Added Days:	**13**	Days
This Change Order:	**5**	Days
New Contract Duration:	**168**	Days
Contract Expiration Date:		

Execution of this Change Order by the Contractor constitutes the Contractor's irrevocable acceptance of all the terms hereof, including the above described adjustments, if any, in the Contract Sum and Contract time. This Contract Change Order is hereby incorporated into and becomes part of the Contract Documents.

Approved:

Public Works Director	Authorized Signature	Carlo D'Alessandro Print Name	Date
City Manager	Authorized Signature	Jon Amundson Print Name	Date
Contractor:	Authorized Signature	Dan DeRousie Print Name	Date

Distribution:
City Clerk's Office (Original)
Public Works - Contract Files (Copy)
Finance - Budget Analyst (Copy)
Finance - Accountant (Copy)
Contractor - Page 1 only (Copy)
Purchasing – Page 1 only (Copy)

CITY OF RICHLAND
PUBLIC WORKS CHANGE ORDER FORM

PROJECT: Systemic Stop Controlled Intersection — CITY CONTRACT # 408-24
CONTRACTOR: Culbert Construction, Inc. — CHANGE ORDER # 5

Description of Costs

Item	Tax (*)	Reason for Change (#)	Description	Units	Quantity	Unit Price	Item Totals
1		4	FO #15 - Stormwater Modifications	LS	1.00	41,939.43	41,939.43
2		4	FO #15- Stormwater Modifications (days only)	DY	5.00	-	-
3		4	FO #16 - Swift Street Light Pole Adjustment	LS	1.00	3,217.67	3,217.67
4						-	-
5						-	-
6						-	-
7						-	-
8						-	-
9							-

***JUSTIFICATION: (written explanation required)* * * * *SEE ATTACHED* * * ***

SUBTOTAL	$ 45,157.10
TAX @ 8.7%	-
TOTAL	$ 45,157.10

INSPECTOR: ____________ DATE: ____________

ENGINEER: ____________ DATE: ____________

CAP. PROJECTS MGR: ____________ DATE: ____________

CHANGE ORDER JUSTIFICATION
PUBLIC WORKS CHANGE ORDER FORM

Change Order # 5

PROJECT: Systemic Stop Controlled Intersection Improvements

CONTRACTOR: Culbert Construction, Inc.

PROVIDED BY: Danielle Mullins, P.E.

Instructions: ***Include a brief justification for the work and cost included in each change order item.***

1	FO #15 - The intersection had a low point just before the new ADA ramp was installed. A pond of water was present about 4 feet into the vehicle wheel path of the west exit lane of the roundabout. A correction was required. The Contractor installed a sidewalk inlet with a catch basin behind it and it was piped into the back of the catch basin at the northwest corner of the intersection. This minimized the need to remove existing curb, gutter, sidewalk and rock blanket.
2	FO #15 - Days adjustment - administrative adjustment.
3	FO #16 - The contractor's subcontractor came out to install the new streetlight and it was determined that the southwest streetlight would be in conflict with the existing power lines, due to ample separation and clearance requirements. The pole was required to be cut down by 2.5 feet.
4	
5	
6	
7	
8	
9	

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Resolutions - Adoption

Strategic Priority 1 - High Performance Government
Strategic Priority 2 - Financial Sustainability

Subject
Resolution No. 2025-138, Authorizing a Power Sales Agreement with Bonneville Power Administration

Department/Office	Ordinance/Resolution Number	Document Type
Energy Services	2025-138	Resolution

Recommended Motion
Approve Resolution No. 2025-138, authorizing the City Manager to sign and execute a Power Sales Agreement with Bonneville Power Administration.

Summary
Bonneville Power Administration (BPA) provides the City with wholesale power, marketed from the Federal Columbia River Power System (FCRPS), through a Regional Dialog Contract (RDC) that was approved by City Council on November 17, 2008. The term of the existing contract expires September 30, 2028.

Through BPA's "Provider of Choice" process, BPA and its consumer-owned electric utilities have collectively negotiated new power sales contracts intended to replace the existing RDC set to expire on September 30, 2028. BPA started the Provider of Choice (POC) process with consumer-owned electric utilities in July 2022. Consumer-owned electric utilities, including the City of Richland's Energy Services Department, and trade organizations have provided input into the POC process. The proposed POC Power Sales Agreement (PSA) is similar to the load following RDC using a tiered rate methodology. The resulting PSA product is a balance of interests for all consumer-owned utilities. Several improvements from the existing RDC include: expanded BPA FCRPS average system size from 7GW to 7.25GW, rebalance of allocated system size headroom for utilities, and alignment with WA carbon requirement deadlines. While the average system size increased, the City is still forecasting to fully utilize all of its Tier 1 allocation with loads above that served by BPA at its Tier 2 rates. BPA's generation fuel mix from the FCRPS and as-needed market purchases provides the City with approximately 88% carbon-free wholesale power.

The City's Utility Advisory Committee (UAC) has been engaged in multiple discussions regarding the development of POC process. The most recent discussion and comparison of power sales contracts occurred on September 9, 2025 with a review of the comparison between the existing and proposed BPA power sales contract. A special UAC meeting specific to the final Power Sales Agreement was held on October 29, 2025, and the UAC provided a favorable recommendation.

If approved by Council, BPA's POC Power Sales Agreement will continue wholesale power delivery to the City for a load following product for the delivery period of October 1, 2028 through September 30, 2044.

Staff recommends adoption of Resolution No. 2025-138.

Fiscal Impact	
	The estimated BPA wholesale power expenses for the first year of the October 1, 2028, through September 30, 2044, contract is approximately $51M for the 2026 budget in the City's Electric Fund. BPA wholesale rate increases may occur every two years as part of rate cases throughout the term of the contract. Wholesale power expenses are estimated and included in annual budgets for Council approval.

Attachments
1. Resolution No. 2025-138
2. Provider of Choice Contract Offer
3. Proposed Power Sales Agreement with Bonneville Power Administration (2025)

RESOLUTION NO. 2025-138

A RESOLUTION OF THE CITY OF RICHLAND, WASHINGTON, AUTHORIZING A POWER SALES AGREEMENT WITH THE BONNEVILLE POWER ADMINISTRATION.

WHEREAS, the City of Richland currently purchases power from the Bonneville Power Administration (BPA) under a Regional Dialogue Load Following contract identified as Richland Contract No. 92-08 and BPA Contract No. 09PB-13097; and

WHEREAS, the City's municipal electric utility provides retail electric services using the wholesale power purchased through BPA; and

WHEREAS, through BPA's "Provider of Choice" process, BPA and its consumer-owned electric utilities have collectively negotiated new power sales contracts intended to replace the existing Regional Dialogue power sales agreement set to expire on September 30, 2028; and

WHEREAS, BPA's proposed Power Sales Agreement is similar in structure to the existing Regional Dialog contract approved on November 17, 2008 in that it also uses a tiered rate methodology; and

WHEREAS, staff has actively engaged with the Provider of Choice process and agrees that the City's best interests are served by continuing with power delivery from BPA under the proposed Power Sales Agreement; and

WHEREAS, the term of BPA's proposed Power Sales Agreement for a load following product and power delivery begins October 1, 2028 and remains in effect through September 30, 2044 (BPA Contract No. 26PS-25076).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richland that the City Manager is authorized to sign and execute the load following BPA Power Sales Agreement in substantially the form presented on November 4, 2025.

BE IT FURTHER RESOLVED that the City Manager or designee is authorized to take all actions necessary or appropriate to implement the BPA Power Sales Agreement.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

ADOPTED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

____
Theresa Richardson, Mayor

Attest: Approved as to Form:

____
Jennifer Rogers, City Clerk

____
Heather Kintzley, City Attorney

Department of Energy

Bonneville Power Administration
1620 East Hawthorne Road
Mead, WA 99021

POWER SERVICES

September 26, 2025

In reply refer to: PSE-MEAD-GOB

Jon Amundson, ICMA-CM, City Manager
City of Richland
625 Swift Blvd, M/S-23
Richland, WA 99352-3510

RE: Provider of Choice Contract Offer

Dear Mr. Amundson:

Attached for your consideration is an original electronic copy of the City of Richland's (Richland) Power Sales Agreement, Contract No. 26PS-25076 (Agreement), between the Bonneville Power Administration (BPA) and Richland. This new Agreement provides for the purchase of the Load Following product for the power delivery period of October 1, 2028 through September 30, 2044.

If you find the Agreement acceptable, please electronically sign and date the Agreement and return it to me by e-mail no later than 4:30 p.m. PST, December 5, 2025. Upon receipt, I will sign the Agreement and provide you with a fully executed electronic copy of the Agreement for your records. Please contact me if you need an arrangement different than an electronic offer and execution.

If BPA does not receive Richland's signed Agreement by the deadline above, BPA's offer will become null and void.

If you have any questions please contact me at (509) 822-4580.

Sincerely,

WILLIAM RIMMER

Digitally signed by WILLIAM RIMMER
Date: 2025.09.26 12:38:02 -07'00'

William Rimmer
Account Executive

Enclosure

cc: Mr. Clinton R. Whitney, Energy Services Director, City of Richland

Contract No. 26PS-25076

POWER SALES AGREEMENT

executed by the

BONNEVILLE POWER ADMINISTRATION

and

CITY OF RICHLAND, WASHINGTON

Table of Contents

This POWER SALES AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and CITY OF RICHLAND, WASHINGTON (Richland), hereinafter individually referred to as "Party" and collectively referred to as the "Parties". Richland is a municipal corporation, organized and authorized under the laws of the State of Washington, to purchase and distribute electric power to serve retail consumers from its distribution system within its service area.

RECITALS

Richland's power sales agreement Contract No. 09PB-13097 continues through September 30, 2028, and power sales under this Agreement begin on October 1, 2028. All obligations and liabilities accrued under Contract No. 09PB-13097 are preserved until satisfied.

BPA is a functionally separated organization with distinct administrative and decision-making activities for BPA's power and transmission functions. References in this Agreement to Power Services or Transmission Services are solely for the purpose of clarifying which BPA function is responsible for such administrative and decision-making activities.

BPA is authorized to market electric power to qualified entities eligible to purchase such power. Under Section 5(b)(1) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), 16 U.S.C. § 839c(b)(1), BPA is obligated to offer a power sales agreement to any eligible customer for the sale and purchase of electric power to serve the customer's regional consumer load not served by the customer's resources.

In the final Provider of Choice Policy, March 2024 BPA proposed to develop the contracts requested under Section 5(b) of the Northwest Power Act consistent with a tiered rates pricing construct for the Section 7(b) rate, in order to provide signals and to encourage the timely development of regional power resource infrastructure to meet regional consumer loads under this Agreement.

This Agreement effectuates a Contract High Water Mark (CHWM) for Richland that establishes the amount of power Richland may purchase from BPA at Tier 1 Rates.

The Parties agree:

1. TERM

This Agreement takes effect on the date signed by the Parties and expires on September 30, 2044. Power sales by BPA to Richland under this Agreement shall commence on October 1, 2028, provided that the Parties have completed any obligations required between the Effective Date and October 1, 2028 as specified under this Agreement.

Until October 1, 2028, section 19, Governing Law and Dispute Resolution will only apply to the extent there is a dispute regarding actions required under this Agreement that occur prior to October 1, 2028.

All obligations and liabilities accrued under this Agreement are preserved until satisfied.

2. DEFINITIONS

Capitalized terms below shall have the meaning stated. Capitalized terms that are not listed below are either defined within the section or exhibit in which the term is used, or if not so defined, shall have the meaning stated in BPA's applicable Power Rate Schedules, including the General Rate Schedule Provisions (GRSPs) or Public Rate Design Methodology (PRDM). Definitions in **bold** indicate terms that are both defined in the PRDM and that the Parties agree should conform to the PRDM as it may be revised. The Parties agree that if such definitions are revised pursuant to the PRDM, then BPA shall promptly and unilaterally amend this Agreement to incorporate such revised definitions from the PRDM, to the extent they are applicable.

2.1 "5(b)/9(c) Policy" means BPA's Policy on Determining Net Requirements of Pacific Northwest Utility Customers Under Sections 5(b)(1) and 9(c) of the Northwest Power Act issued May 23, 2000, and its revisions or successors.

2.2 "**7(i) Process**" means a public process conducted by BPA, pursuant to Section 7(i) of the Northwest Power Act, 16 U.S.C. § 839e(i), or its successor, to establish rates for the sale of power and other products.

2.3 "Above-CHWM Load" means the forecasted portion of a customer's Preliminary Net Requirement that is in excess of the customer's CHWM, if any, as determined in the Above-CHWM Load Process.

2.4 "Above-CHWM Load Process" means the public process conducted during each Forecast Year, in which BPA will calculate the following values for the upcoming Rate Period: (1) each customer's Preliminary Net Requirement; (2) adjusted CHWMs; and (3) each customer's Above-CHWM Load.

2.5 "Annexed Load" means existing load, distribution system (regardless of voltage), or service territory Richland acquires after the Effective Date from another utility, by means of annexation, merger, purchase, trade, or other acquisition of rights, the acquisition of which BPA determines is consistent with BPA's standards of service and has been authorized by agreement between the impacted utilities or by a final state, regulatory, or court action. The Annexed Load must be served from distribution facilities of any voltage that are owned or acquired by Richland.

2.6 "Attribute Pools" shall have the meaning as defined in section 2 of Exhibit H.

2.7 "Average Megawatts" or "aMW" means the amount of electric energy in megawatt-hours (MWh) during a specified period of time divided by the number of hours in such period.

2.8 "Balancing Authority" shall have the meaning as defined in section 1 of Exhibit F.

2.9 "Balancing Authority Area" shall have the meaning as defined in section 1 of Exhibit F.

2.10 "Block" or "Block Product" means a planned amount of Firm Requirements Power sold to a customer to meet a portion of its regional consumer load.

2.11 "Business Day(s)" means every Monday through Friday, except federal holidays.

2.12 "**CHWM Contract**" means the power sales agreement between a customer and BPA that contains a Contract High Water Mark (CHWM), and under which the customer purchases power from BPA at rates established by BPA in accordance with the PRDM.

2.13 "Committed Power Purchase Amount" means an amount of firm energy, listed in sections 3 and 4 of Exhibit A, that Richland has agreed to supply and use to serve its Total Retail Load. Such amount is not attributed to a Specified Resource.

2.14 "Consumer-Owned Resource" means a Generating Resource connected to Richland's distribution system (regardless of voltage) from which the output is owned by a retail consumer, has a nameplate capability greater than 1.000 megawatt, is operated to serve load, and is not operated occasionally or intermittently as a back-up energy source at times of maintenance or forced outage. Consumer-Owned Resource does not include a resource where the owner of the resource is a retail consumer that exists solely for the purpose of selling wholesale power and for which Richland only provides incidental station service energy for local use at the retail consumer's generating plant for uses such as lighting, heat and the operation of auxiliary equipment.

2.15 "Contracted For, or Committed To" or "CF/CT" shall have the meaning as described in section 20.3.1.1.

2.16 "Contract High Water Mark" or "CHWM" means the amount of Firm Requirements Power (expressed in annual Average Megawatts) that a customer is eligible to access at Tier 1 Rates. The amount of Firm Requirements Power a customer purchases at Tier 1 Rates is limited to the lesser of its CHWM or its Net Requirement as established consistent with section 1 of Exhibit A.

2.17 "Contract High Water Mark (CHWM) Implementation Policy" means the policy that documents the process details around the FY 2026 CHWM Calculation Process and Above-CHWM Load Process.

2.18 "Cumulative Prior Load" shall have the meaning as established in section 20.3.5.2.

2.19 "Cycle" shall have the meaning as defined in section 6 of Exhibit J.

2.20 "Cycles per Day" shall have the meaning as defined in section 6 of Exhibit J.

2.21 "Dedicated Resource" means a Specified Resource or a Committed Power Purchase Amount listed in Exhibit A that Richland is required by statute to provide or obligates itself to provide under this Agreement for use to serve its Total Retail Load.

2.22 "Dispatchable Resource" means a Specified Resource from which generation amounts can be intentionally increased or decreased by the resource owner or operator, and which has capacity capability greater than the energy capability as defined in Exhibit J.

2.23 "Diurnal" means the division of hours within a month between Heavy Load Hours (HLH) and Light Load Hours (LLH).

2.24 "Due Date" shall have the meaning as described in section 16.2.

2.25 "Effective Date" means the date on which this Agreement has been signed by both Richland and BPA.

2.26 "Electronic Tag" or "E-Tag" shall have the meaning as defined in section 1 of Exhibit F.

2.27 "Eligible Annexed Load" shall have the meaning as defined in section 3.5.7.

2.28 "Emissions Allowance" shall have the meaning as defined in section 2 of Exhibit H.

2.29 "Energy Storage Device" or "ESD" means a facility used to hold generated electric energy for release at a later time. Energy Storage Devices include energy storage facilities such as batteries. In Exhibit J, BPA documents Energy Storage Devices with alternating current (AC) nameplates (in some cases stated as facility interconnection AC nameplates) greater than 1.000 megawatt.

2.30 "Environmental Attribute Accounting Process" shall have the meaning as defined in section 2 of Exhibit H.

2.31 "Environmental Attributes" shall have the meaning as defined in section 2 of Exhibit H.

2.32 "Existing Resource" means a Specified Resource listed in section 2 of Exhibit A that Richland was obligated by contract or statute to use to serve Richland's Total Retail Load prior to October 1, 2023.

2.33 "Federal Columbia River Power System" or "FCRPS" means the integrated power system that includes, but is not limited to, the transmission system constructed and operated by BPA and the hydroelectric dams in the Pacific Northwest constructed and operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation.

2.34 "FERC" means the Federal Energy Regulatory Commission, or its successor.

2.35 "Firm Requirements Power" means electric power that BPA sells under this Agreement and makes continuously available to Richland to meet BPA's obligations to Richland under Section 5(b) of the Northwest Power Act.

2.36 "Fiscal Year" or "FY" means the period beginning each October 1 and ending the following September 30.

2.37 "Flat Annual Shape" means a distribution of energy having the same Average Megawatt value of energy in each month of the year.

2.38 "Flat Within-Month Shape" means a distribution of energy having the same Average Megawatt value of energy in each Diurnal period of the month.

2.39 "Forecast Year" means the Fiscal Year ending one full year prior to the commencement of a Rate Period.

2.40 "FY 2026 CHWM Calculation Process" means the public process where BPA shall calculate each customer's CHWM in accordance with section 2.4 of the Provider of Choice Policy, March 2024, as amended or revised.

2.41 "Generating Resource" means any source or amount of electric power from an identified electricity-producing unit, and for which the amount of power received by Richland or Richland's retail consumer is determined by the power produced from such identified electricity-producing unit. Such unit may be owned by Richland or Richland's retail consumer in whole or in part, or all or any part of the output from such unit may be owned for a defined period by contract.

2.42 "Heavy Load Hours" or "HLH" shall have the meaning as defined in section 1 of Exhibit F.

2.43 "HLH Diurnal Shape" means a distribution of energy between the Diurnal periods in which more megawatt-hours per hour are applied in the Heavy Load Hour (HLH) periods than megawatt-hours per hour applied in the Light

Load Hour (LLH) periods. Such distributions are determined by Richland consistent with section 8 of Exhibit A.

2.44 "Hours of Maximum Discharge" shall have the meaning as defined in section 6 of Exhibit J.

2.45 "Interchange Points" shall have the meaning as defined in section 1 of Exhibit F.

2.46 "Inventory" or "Inventories" shall have the meaning as defined in section 2 of Exhibit H.

2.47 "Issue Date" shall have the meaning as described in section 16.1.

2.48 "Joint Operating Entity" or "JOE" means an entity that meets the requirements of Section 5(b)(7) of the Northwest Power Act.

2.49 "Light Load Hours" or "LLH" shall have the meaning as defined in section 1 of Exhibit F.

2.50 "Low Voltage Segment" means the facilities of a Third-Party Transmission Provider that are below 34.5kV.

2.51 "Maximum Charge Rate" shall have the meaning as defined in section 6 of Exhibit J.

2.52 "Maximum Potential CHWM" shall have the meaning as defined in section 1.2.5 of Exhibit B.

2.53 "Maximum Single Hour Discharge" shall have the meaning as defined in section 6 of Exhibit J.

2.54 "Net Requirement" means the amount of electric power that a customer may purchase from BPA to serve its Total Retail Load, minus amounts of its Dedicated Resources shown in Exhibit A, as determined consistent with Section 5(b)(1) of the Northwest Power Act.

2.55 "New Large Single Load" or "NLSL" shall have the meaning as specified in Section 3(13) of the Northwest Power Act and in the April 2001 Bonneville Power Administration New Large Single Load Policy or its successor (BPA's NLSL Policy).

2.56 "New Resource" means: (1) a Specified Resource listed in section 2 of Exhibit A that Richland was or is obligated by contract to use to serve Richland's Total Retail Load after September 30, 2023, and (2) any Committed Power Purchase Amounts listed in Exhibit A.

2.57 "**New Resource Rate**" or "NR Rate" means the rate for requirements firm power sold to an investor-owned utility (IOU) or public customer pursuant to Section 7(f) of the Northwest Power Act, 16 U.S.C. § 839e(c).

2.58 "Northwest Power Act" means the Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C. § 839 et seq., Public Law No. 96-501, as amended.

2.59 "On-Site Consumer Load" means the load of an identified retail consumer of Richland that is electrically interconnected at the same Point of Delivery to Richland's system with a Consumer-Owned Resource of that same identified retail consumer. Such load does not utilize BPA or Third-Party Transmission Provider transmission facilities to deliver the generation from the Consumer-Owned Resource to the consumer load.

2.60 "Open Access Transmission Tariff" or "OATT" shall have the meaning as defined in section 1 of Exhibit F.

2.61 "Peak Load Variance Service" or "PLVS" means a resource-capacity planning-based service for instances when planned load exceeds expected load forecast values.

2.62 "Planned NLSL" means the load at a facility that BPA and a customer have agreed, pursuant to the provisions of Section V.B. of BPA's NLSL Policy, is expected to become an NLSL during the facility's next consecutive 12-month monitoring period.

2.63 "Planned Transmission Outage" shall have the meaning as defined in section 1 of Exhibit F.

2.64 "Point of Delivery" or "POD" means the point where power is transferred from a transmission provider to Richland.

2.65 "Point of Metering" or "POM" means the point at which power is measured.

2.66 "Potential NLSL" means a load at a facility that BPA determines is capable of growing ten Average Megawatt or more in a consecutive 12-month monitoring period that may qualify as an NLSL.

2.67 "Power Services" means the organization, or its successor organization, within BPA that is responsible for the management and sale of BPA-provided electric power.

2.68 "**Preliminary Net Requirement**" means a customer's annual Net Requirement prior to accounting for any New Resources a customer may elect to serve its Above-CHWM Load. Preliminary Net Requirement is determined as the forecasted annual Total Retail Load less Existing Resources, NLSLs, Specified Resources added to Tier 1 Allowance Amount, and Consumer-

Owned Resources serving On-Site Consumer Load, as determined in the Above-CHWM Load Process.

2.69 "Primary Points of Receipt" shall have the meaning as defined in section 14.1.

2.70 "**Public Rate Design Methodology**" or "**PRDM**" means the methodology describing the manner in which BPA will collect a portion of its Power Revenue Requirement from public customers with a CHWM Contract through a combination of charges, credits, fees, and discounts, as well as the terms and conditions related to any potential changes to the methodology.

2.71 "Qualified Capacity Contribution" or "QCC" means the megawatt quantity of capacity provided by a resource, contract, or portfolio as defined by the Western Resource Adequacy Program (WRAP).

2.72 "Rate Case Year" means the Fiscal Year ending prior to the commencement of a Rate Period. The Rate Case Year immediately follows the Forecast Year and is the year in which the 7(i) Process for the next Rate Period is conducted.

2.73 "Rate Period" means the period of time during which a specific set of rates established by BPA pursuant to the PRDM is intended to remain in effect.

2.74 "Region" means the Pacific Northwest as defined in Section 3(14) of the Northwest Power Act.

2.75 "Renewable Energy Certificates" or "Renewable Energy Credits" or "RECs" shall have the meaning as defined in section 2 of Exhibit H.

2.76 "Retire" or "Retirement" shall have the meaning as defined in section 2 of Exhibit H.

2.77 "Resource Diurnal Shape" means a distribution of energy within each Diurnal period that a Specified Resource is expected to produce, as agreed to by the Parties in accordance with section 3.4.1(1).

2.78 "Resource Monthly Shape" means a distribution of energy within each month that a Specified Resource is expected to produce, as agreed to by the Parties in accordance with section 3.4.1(1).

2.79 "Resource Support Services" or "RSS" means a suite of services BPA Power Services provides to integrate federal and non-federal resources defined in Exhibit J and priced in each regular 7(i) Process consistent with chapter 6 of the PRDM.

2.80 "Round Trip Efficiency" shall have the meaning as defined in section 6 of Exhibit J.

2.81 “Scheduling Points of Receipt” shall have the meaning as defined in section 14.1.

2.82 “Slice/Block Product” means a customer’s purchase obligation under the Slice Product and the Block Product to meet its regional consumer load obligation as described in section 3.1 of the Slice/Block Product CHWM Contract.

2.83 “Slice Percentage” means the percentage used to determine the amount of the Slice Product a customer purchases, pursuant to its CHWM Contract.

2.84 “Slice Product” means the power product defined in section 5 of the Slice/Block Product CHWM Contract.

2.85 “Small Utility Adjustment” means the subsequent CHWM adjustment as provided in section 2.4.2.1 of the Provider of Choice Policy, March 2024, as amended or revised.

2.86 “Specified Resource” means a Generating Resource that has a nameplate capability or maximum hourly purchase amount greater than 1.000 megawatt, that a customer is required by statute or has agreed to use to serve its Total Retail Load. Each such resource is identified as a specific Generating Resource listed in sections 2 and 4 of Exhibit A.

2.87 “Storage Capacity” shall have the meaning as defined in section 6 of Exhibit J.

2.88 “Submitted Schedule” shall have the meaning as defined in section 3.7.

2.89 “Support Services” means a suite of services Power Services provides to customers, including RSS and other Support Services, as defined in Exhibit J and priced in each 7(i) Process consistent with chapter 6 of the PRDM.

2.90 “Surplus Firm Power” means firm power that is in excess of BPA’s obligations, including those incurred under Sections 5(b), 5(c), and 5(d) of the Northwest Power Act, as available.

2.91 “Third-Party Transmission Provider” means a transmission provider other than BPA that provides transmission service to serve Richland’s load.

2.92 “Tier 1 Allowance Amount” means the aggregate total nameplate capacity of qualifying Specified Resources listed in section 2 of Exhibit A that Richland is applying to offset its purchase obligation in accordance with section 3.5.2.

2.93 “**Tier 1 Marginal Energy True-Up**” means an end-of-Fiscal-Year process that evaluates the difference between forecast and actual energy usage and aligns that difference with appropriate Tier 1 Rate and market-based pricing levels, as described in chapter 4.2 of the PRDM.

2.94 "Tier 1 Rate(s)" shall have the meaning as described in chapter 4 of the PRDM.

2.95 "Tier 2 Long-Term Rate" means a Tier 2 Rate at which customers may elect to purchase Firm Requirements Power in accordance with section 2.3 of Exhibit C.

2.96 "Tier 2 Rate(s)" shall have the meaning as described in chapter 5 of the PRDM.

2.97 "Tier 2 Short-Term Rate" means a Tier 2 Rate at which customers may elect to purchase Firm Requirements Power in accordance with section 2.4 of Exhibit C.

2.98 "Tier 2 Vintage Rate" means a Tier 2 Rate(s) at which customers may elect to purchase Firm Requirements Power in accordance with section 2.5 of Exhibit C.

2.99 "Total Retail Load" or "TRL" means all retail electric power consumption, including electric system losses, within a customer's electrical system, excluding:

(1) those loads BPA and the customer have agreed are non-firm or interruptible loads,

(2) loads of other utilities served by such customer, and

(3) any loads not on such customer's electrical system or not within such customer's service territory, unless specifically agreed to by BPA.

2.100 "Transfer Service" means the transmission, distribution and other services provided by a Third-Party Transmission Provider to BPA to serve customer load over its transmission system, as listed in Exhibit E.

2.101 "Transfer Service Eligible Resource" means any (1) Dedicated Resource serving Total Retail Load, (2) Consumer-Owned Resource serving On-Site Consumer Load, or (3) any new non-federal resource pursuant to section 14.6.7.2.

2.102 "Transmission Curtailment" shall have the meaning as defined in section 1 of Exhibit F.

2.103 "Transmission Curtailment Management Service" or "TCMS" shall have the meaning as defined in section 1 of Exhibit F.

2.104 "Transmission Event" shall have the meaning as defined in section 1 of Exhibit F.

2.105 "Transmission Scheduling Service" or "TSS" shall have the meaning as defined in section 1 of Exhibit F.

2.106 "Transmission Scheduling Service-Full" or "TSS-Full" shall have the meaning as defined in section 1 of Exhibit F.

2.107 "Transmission Scheduling Service-Partial" or "TSS-Partial" shall have the meaning as defined in section 1 of Exhibit F.

2.108 "Transmission Services" means the organization, or its successor organization, within BPA that is responsible for the management and sale of transmission service on the Federal Columbia River Transmission System.

2.109 "Transmission System Delivery Plan" or "Delivery Plan" means the plan for each Dedicated Resource serving Richland's load or Consumer-Owned Resource serving On-Site Consumer Load that states the transmission system of the load that resource will serve.

2.110 "Uncontrollable Force" shall have the meaning as defined in section 18.

2.111 "Vintage Resource" shall have the meaning as defined in section 2.5 of Exhibit C.

3. LOAD FOLLOWING POWER PURCHASE OBLIGATION

3.1 Purchase Obligation

From October 1, 2028, and continuing through September 30, 2044, BPA shall sell and make available, and Richland shall purchase, Firm Requirements Power in hourly amounts equal to Richland's hourly Total Retail Load minus the hourly firm energy from each of Richland's Dedicated Resources listed in sections 2, 3, and 4 of Exhibit A and Consumer-Owned Resources listed in sections 7.1, 7.3, and 7.4 of Exhibit A. Richland shall determine the hourly firm energy from each of its Dedicated Resources pursuant to section 3.3. Such amounts of energy are subject to change pursuant to section 3.5 and section 10.

3.2 Take or Pay

Richland shall pay for the Firm Requirements Power it is obligated to purchase and that BPA makes available under section 3.1, at the rates BPA establishes in a 7(i) Process pursuant to the PRDM, as applicable to such power, whether or not Richland took delivery of such power.

3.3 Application of Dedicated Resources

Richland shall serve a portion of its Total Retail Load with the Dedicated Resources listed in Exhibit A as follows:

(1) Specified Resources, listed in section 2 of Exhibit A, and

(2) Committed Power Purchase Amounts, listed in section 3.1 of Exhibit A.

Richland shall use its Dedicated Resources to serve its Total Retail Load, and the Parties shall specify amounts of such Dedicated Resources in Exhibit A as stated below for each specific resource and type. BPA shall use the amounts listed in Exhibit A in determining Richland's Net Requirement. The amounts listed are not intended to govern how Richland operates its Specified Resources, except for those resources applied to the Tier 1 Allowance Amount and those resources supported with RSS from BPA.

3.3.1 **Specified Resources**

3.3.1.1 **Application of Specified Resources**
Richland shall apply the output of all Specified Resources, listed in section 2 of Exhibit A, to Richland's Total Retail Load in predefined hourly amounts consistent with section 3.7 except for those Specified Resources applied to Richland's Tier 1 Allowance Amount, those Existing Resources that are Dispatchable Resources, and those Specified Resources that Richland is supporting with RSS from BPA. For those Specified Resources applied to Richland's Tier 1 Allowance Amount, Richland shall apply all of the output as it is generated to Richland's Total Retail Load. Richland shall apply all Existing Resources that are Dispatchable Resources consistent with section 4 of Exhibit J. Richland shall apply all Specified Resources supported with RSS from BPA to Richland's Total Retail Load consistent with section 3 of Exhibit J.

3.3.1.2 **Determining Specified Resource Amounts**
For each Specified Resource, BPA, in consultation with Richland, shall determine firm energy amounts for each Diurnal period and peak amounts for each month beginning with the later of the date the resource was dedicated to load or October 1, 2028, through the earlier of the date the resource will be permanently removed or September 30, 2044, and BPA shall list such amounts in section 2 of Exhibit A. BPA shall determine such amounts consistent with the 5(b)/9(c) Policy, and using the allowable shapes established in section 3.4.

3.3.2 **Committed Power Purchase Amounts**

3.3.2.1 **Application of Committed Power Purchase Amounts**
To serve Richland's Above-CHWM Load that it commits to meet with Dedicated Resources in Exhibit C, Richland shall provide and use Committed Power Purchase Amounts to meet any amount of such load not met with its Specified

Resources during each Rate Period. Richland shall apply its Committed Power Purchase Amounts, listed in section 3 of Exhibit A, to Richland's Total Retail Load in predefined hourly amounts consistent with section 3.7.

3.3.2.2 **Determining Committed Power Purchase Amounts**
By March 31 of each Rate Case Year, BPA shall calculate and update the table in section 3.1.2 of Exhibit A with Richland's Committed Power Purchase Amounts for each year of the upcoming Rate Period. BPA shall calculate such Committed Power Purchase Amounts using the monthly and Diurnal shapes stated in section 3.1.1 of Exhibit A. Upon termination or expiration of this Agreement, any Committed Power Purchase Amounts listed in Exhibit A shall expire, and Richland shall have no further obligation to apply Committed Power Purchase Amounts.

3.4 **Shaping of Dedicated Resources**
Richland's Dedicated Resource amounts shall be shaped as follows.

3.4.1 **Initial Monthly and Diurnal Resource Shapes**
BPA shall initially state Richland's Dedicated Resource amounts in Exhibit A with one of the following shapes:

(1) Specified Resources in the amount of energy within each month and Diurnal period of a year that each resource is expected to generate output as determined pursuant to section 3.3.1.2; and

(2) Committed Power Purchase Amounts in equal megawatt amounts for each hour in a year.

3.4.2 **Reshaping Dedicated Resources**
By October 31, 2027, and by October 31 of each Rate Case Year thereafter, Richland may elect in writing, pursuant to section 3.4.3, to reshape its amounts of Dedicated Resources listed in sections 2 and 3.1 of Exhibit A, except for those Specified Resources applied to Richland's Tier 1 Allowance Amount, those Existing Resources that are Dispatchable Resources, and those Specified Resources Richland is supporting with RSS from BPA, for the next Rate Period. After BPA receives such written notice from Richland, BPA shall, by the following March 31, revise Exhibit A to reflect such election.

3.4.3 **Monthly and Diurnal Reshaping Options**
Consistent with section 3.4.2, Richland may elect to reshape one or more of its Dedicated Resources using the allowable shapes described below. If Richland elects to reshape its Specified Resources, then Richland shall elect both a monthly and a Diurnal shape for each Specified Resource that is reshaped. If Richland elects to reshape its Committed Power Purchase Amounts, then the applicable monthly

shape will be the Flat Annual Shape and Richland shall elect a Diurnal shape.

3.4.3.1 **Specified Resources**
For each Specified Resource listed in section 2 of Exhibit A Richland may elect to apply each resource, in any of the following shapes:

(1) Monthly shapes: (A) Resource Monthly Shape; or (B) Flat Annual Shape.

(2) Diurnal shapes: (A) Resource Diurnal Shape; (B) Flat Within-Month Shape; or (C) HLH Diurnal Shape.

3.4.3.2 **Committed Power Purchase Amounts**
Richland may elect to apply its Committed Power Purchase Amounts, listed in section 3.1 of Exhibit A, in either of the following Diurnal shapes: (A) Flat Within-Month Shape; or (B) HLH Diurnal Shape.

3.4.4 **Hourly Resource Shape**
Richland shall apply its Dedicated Resources stated in sections 2 and 3.1 of Exhibit A in equal megawatt amounts during all LLH of a month and in equal megawatt amounts during all HLH of a month, except for those Specified Resources applied to Richland's Tier 1 Allowance Amount, those Existing Resources that are Dispatchable Resources, and those Specified Resources Richland is supporting with RSS from BPA.

3.5 **Changes to Dedicated Resources**

3.5.1 **Specified Resource Additions to Meet Above-CHWM Load**
With written notice to BPA by July 31 of a Forecast Year, Richland may elect to add Specified Resources to section 2 of Exhibit A, with amounts effective at the start of the upcoming Rate Period, to meet any obligation Richland may have in Exhibit C to serve its Above-CHWM Load with Dedicated Resources. The following apply for such Specified Resources:

(1) BPA shall determine amounts for such Specified Resources in accordance with section 3.3.1.2.

(2) Richland may elect to reshape such Specified Resources in accordance with section 3.4.3, or may elect to purchase RSS from BPA to support such Specified Resources.

BPA shall revise Exhibit A consistent with Richland's elections by March 31 following Richland's elections under this section 3.5.1.

3.5.2 **Specified Resources Added to Tier 1 Allowance Amount**
At any time over the term of the Agreement and by written notice to BPA, Richland may request for BPA to add Specified Resources that meet the qualifying criteria in section 3.5.2.2 to its Tier 1 Allowance Amount in section 2 of Exhibit J. BPA shall review such request and revise Exhibit A as soon as reasonably practical to include such resources, provided that BPA determines in its sole discretion that the Specified Resources meet such qualifying criteria. Any qualifying Specified Resource included in the Tier 1 Allowance Amount shall remain in the Tier 1 Allowance Amount for the term of the Agreement unless the resource is removed consistent with section 3.5.6. Any qualifying Specified Resource included in the Tier 1 Allowance Amount shall be treated as an Existing Resource for purposes of temporary resource removal as provided in section 10. Richland's qualifying Specified Resources included in the Tier 1 Allowance Amount may be subject to charges pursuant to the applicable Power Rate Schedules and GRSPs.

3.5.2.1 **Tier 1 Allowance Amount Limit**
Richland's Tier 1 Allowance Amount shall be limited to the amount stated in section 2 of Exhibit J, and shall not exceed the lesser of 5 MW or 50 percent of Richland's CHWM reflected as a megawatt value. Such value will be considered the Tier 1 Allowance Amount limit. If BPA changes Richland's CHWM consistent with section 1.2 of Exhibit B, then BPA shall recalculate Richland's Tier 1 Allowance Amount limit and update Exhibit J if necessary. If Richland has a reduction to its CHWM, then BPA shall determine whether a reduction in the Tier 1 Allowance Amount limit is appropriate. In the event that BPA reduces Richland's Tier 1 Allowance Amount limit, BPA will determine on a case-by-case basis the treatment of Richland's resource(s).

3.5.2.2 **Qualifying Specified Resources For Tier 1 Allowance Amount**
Any Specified Resource Richland elects to add to its Tier 1 Allowance Amount must meet the following qualifying criteria:

(1) the Specified Resource is a New Resource;

(2) the Specified Resource is connected to Richland's distribution system, regardless of voltage, and does not utilize BPA or Third-Party Transmission Provider transmission facilities; and,

(3) the Specified Resource reduces Richland's Total Retail Load.

3.5.3 **Resource Additions for a BPA Insufficiency Notice**
If BPA provides Richland a notice of insufficiency and reduces its purchase obligation, in accordance with section 20.2, then Richland may temporarily add Dedicated Resources to replace amounts of Firm Requirements Power BPA will not be providing due to insufficiency. The Parties shall revise Exhibit A to reflect such additions.

3.5.4 **Decrements for 9(c) Export**
If BPA determines, in accordance with section 20.6, that an export of a Specified Resource listed in section 2 of Exhibit A requires a reduction in the amount of Firm Requirements Power BPA sells Richland, then BPA shall notify Richland of the amount and duration of the reduction in Richland's Firm Requirements Power purchases from BPA. Within 20 calendar days of such notification Richland may temporarily add a Specified Resource to section 2 of Exhibit A in the amount and for the duration of such decrement. If Richland does not add a Specified Resource to meet such decrement, then within 30 calendar days of such notification BPA shall add Committed Power Purchase Amounts to section 3.2 of Exhibit A in the amount and for the duration of such decrement.

3.5.5 **Temporary Resource Removal**
By March 31 of each Rate Case Year, BPA shall revise Richland's Dedicated Resource amounts listed in the tables of Exhibit A consistent with Richland's resource removal elections made in accordance with section 10.

3.5.6 **Permanent Discontinuance of Resources**
Richland may permanently remove a Specified Resource listed in section 2 of Exhibit A, consistent with the 5(b)/9(c) Policy on statutory discontinuance for permanent removal. If BPA makes a determination that Richland's Specified Resource has met BPA's standards for a permanent removal, then BPA shall revise Exhibit A accordingly. If Richland does not replace such resource with another Dedicated Resource, then Richland's additional Firm Requirements Power purchases under this Agreement, as a result of such a resource removal, shall be subject to the applicable rates or charges as established in the Power Rate Schedules and GRSPs.

3.5.7 **Resource Additions for Annexed Loads**
If Richland acquires an Annexed Load, Richland may add Dedicated Resources to Exhibit A, subject to sections 3.5.7.1 and 3.5.7.2 below, to serve amounts of such Annexed Load that are Eligible Annexed Load. "Eligible Annexed Load" means an Annexed Load: (1) that is added after the Effective Date, and (2) for which Richland did not receive a CHWM addition pursuant to section 1.2.2 of Exhibit B.

3.5.7.1 During the Rate Period in which Richland acquires an Eligible Annexed Load, Richland may serve such load for the remainder of that Rate Period with Dedicated Resources in the shape of the load, as negotiated by the Parties, or with additional power purchased from BPA. If Richland elects to serve such load with Dedicated Resources, then Richland shall apply such resources for the remainder of the Rate Period. If Richland elects to purchase additional power from BPA for the Annexed Load, then during that Rate Period such power purchases shall be subject to the applicable rates or charges as established in the Power Rate Schedules and GRSPs and as applicable to the shape of the Eligible Annexed Load.

3.5.7.2 For all Rate Periods after the Rate Period when Richland acquires an Eligible Annexed Load, Richland shall serve such load pursuant to Richland's elections and either (1) apply Dedicated Resources or (2) purchase Firm Requirements Power at the applicable rates or charges as established in the Power Rate Schedules and GRSPs.

3.5.8 **Resource Additions/Removals for NLSLs**

3.5.8.1 To serve a Planned NLSL or an NLSL listed in Exhibit D that is added after the Effective Date, Richland may add Dedicated Resources to section 4 of Exhibit A. Richland may discontinue serving its NLSL with the Dedicated Resources listed in section 4 of Exhibit A if BPA determines that Richland's NLSL is no longer: (1) an NLSL, or (2) in Richland's service territory.

3.5.8.2 If Richland elects to serve a Planned NLSL or an NLSL with Dedicated Resources, then Richland shall specify in section 4 of Exhibit A the maximum monthly and Diurnal Dedicated Resource amounts that Richland plans to use to serve the NLSL. Richland shall establish such firm energy amounts and BPA shall state such amounts in section 4 of Exhibit A for each month beginning with the date the resource was dedicated to the Planned NLSL or NLSL through the earlier of the date the resource will be removed or September 30, 2044. Richland shall serve the actual load of the Planned NLSL or NLSL up to such maximum amounts with such Dedicated Resource amounts. To the extent that the load at a Planned NLSL or an NLSL is less than the maximum amount in any monthly or Diurnal period, Richland shall have no right or obligation to use such amounts to serve load other than a Planned NLSL or an NLSL. Specific arrangements to match such resources to the Planned NLSL or NLSL on an hourly basis shall be established in Exhibit D.

3.5.9 **PURPA Resources**
If Richland is required by the Public Utility Regulatory Policies Act (PURPA) to acquire output from a Generating Resource and plans to use that output to serve its Total Retail Load, then such output shall be added as a Specified Resource pursuant to Exhibit A. Richland shall purchase RSS from BPA (or equivalent service) to support such resources for the term of this Agreement.

3.6 **Consumer-Owned Resources**
Except for any Consumer-Owned Resources serving a Planned NLSL or an NLSL, which Richland has applied to load consistent with section 20.3, Richland shall apply the output of Consumer-Owned Resources as follows:

3.6.1 **Existing Consumer-Owned Resources**
Richland shall designate, in sections 7.1, 7.2, or 7.3 of Exhibit A, the extent that each existing Consumer-Owned Resource as of the Effective Date will or will not serve On-Site Consumer Load. Richland shall make such designation to BPA in writing no later than 60 calendar days after BPA publishes, to its publicly available website, Richland's final CHWMs from the FY 2026 CHWM Calculation Process. Such designation shall apply for the term of this Agreement.

3.6.2 **New Consumer-Owned Resources**
Richland shall designate the extent that each Consumer-Owned Resource commencing commercial operation after the Effective Date will or will not serve On-Site Consumer Load. Richland shall make such designation to BPA in writing within 120 days of energization of such resource. Such designation shall apply for the term of this Agreement.

Consistent with Richland's designations, BPA shall list Consumer-Owned Resources serving On-Site Consumer Load in section 7.1 of Exhibit A, Consumer-Owned Resources not serving On-Site Consumer Load in section 7.2 of Exhibit A, and Consumer-Owned Resources serving both On-Site Consumer Load and load other than On-Site Consumer Load in section 7.3 of Exhibit A.

3.6.3 **Application of Consumer-Owned Resources Serving On-Site Consumer Load**
Power generated from Consumer-Owned Resources listed in section 7.1 of Exhibit A shall serve On-Site Consumer Load. Richland shall ensure that a Consumer-Owned Resource does not exceed the On-Site Consumer Load such resource serves. If a Consumer-Owned Resource exceeds the On-Site Consumer Load, then BPA may adjust Richland's Total Retail Load used to bill for energy purchases to ensure Richland pays for energy that was otherwise displaced by the amount of generation of the Consumer-Owned Resource that exceeds the On-Site Consumer Load on any hour. BPA shall determine in its

sole discretion whether to make any adjustment based on information Richland provides to BPA as follows:

(1) Commensurate with Richland's designation under section 3.6.2 above, Richland shall provide BPA information demonstrating that the Consumer-Owned Resource's forecasted generation will not exceed the On-Site Consumer Load it is intended to serve on a monthly basis. Examples of such information include but are not limited to consumer load projections and monthly generation projections for the generating equipment to be installed.

(2) If Richland has not provided sufficient information, or if the Consumer-Owned Resource exceeds On-Site Consumer Load, then Richland shall in accordance with section 15 and section 17.3 of this Agreement: (A) install metering on the On-Site Consumer Load, or (B) provide BPA hourly meter data of the On-Site Consumer Load on a monthly basis in a format specified by BPA.

Richland shall provide notice to BPA of any significant changes to an On-Site Consumer Load amount as soon as practicable but no later than 60 calendar days after the change.

Richland must ensure that the Consumer-Owned Resources do not cause negative flow through Richland's Point of Delivery behind which the resource is located. If negative flow occurs, then BPA shall pass through and Richland shall pay any costs assessed to BPA resulting from such flow.

3.6.4 **Application of Consumer-Owned Resources Serving Load Other than On-Site Consumer Load**
Richland shall ensure that power generated from Consumer-Owned Resources listed in section 7.2 of Exhibit A, which serves load other than On-Site Consumer Load, is scheduled for delivery and: (1) sold to another utility in the Region to serve its Total Retail Load, (2) used by Richland to serve its Total Retail Load (consistent with section 3.3), (3) marketed as an export, or (4) any combination of (1), (2), and (3) above.

3.6.5 **Application of Consumer-Owned Resources Serving Both On-Site Consumer Load and Load Other than On-Site Consumer Load**
If Richland designates a Consumer-Owned Resource to serve both On-Site Consumer Load and load other than On-Site Consumer Load, then Richland shall select either Option A or Option B below.

3.6.5.1 **Option A: Maximum Consumer-Owned Resource Amounts Serving On-Site Consumer Load**

If Richland selects this Option A, then Richland shall specify, in section 7.3 of Exhibit A, the maximum hourly amounts of an identified On-Site Consumer Load that are to be served with power generated by an identified Consumer-Owned Resource. Such amounts shall be specified as Diurnal megawatt amounts, by month, and shall apply in all years for the term of this Agreement. Such amounts are not subject to change in accordance with section 3.6.6.

On any hour that the On-Site Consumer Load is less than or equal to the specified maximum hourly amounts, all such On-Site Consumer Load shall be served by Richland with the identified Consumer-Owned Resource or with power other than Firm Requirements Power. Any hourly amounts of the identified On-Site Consumer Load greater than the specified maximum hourly amounts will be served with Firm Requirements Power. Any power generated from the identified Consumer-Owned Resource greater than the specified maximum hourly amounts will be applied to load other than On-Site Consumer Load in accordance with section 3.6.4.

3.6.5.2 **Option B: Maximum Firm Requirements Power Serving On-Site Consumer Load**

If Richland selects this Option B, then Richland shall specify, in section 7.3 of Exhibit A, the maximum hourly amounts of an identified On-Site Consumer Load that are to be served with Firm Requirements Power. Such amounts shall be specified as Diurnal megawatt amounts, by month, and shall apply in all years for the term of this Agreement. Such amounts are not subject to change in accordance with section 3.6.6.

On any hour that On-Site Consumer Load is less or equal to the specified maximum hourly amounts, all such On-Site Consumer Load shall be served with Firm Requirements Power. Richland shall serve any hourly amounts of the identified On-Site Consumer Load greater than the specified maximum hourly amounts with power generated by the identified Consumer-Owned Resource or with power other than Firm Requirements Power. Any power generated from the identified Consumer-Owned Resource greater than the amounts required to be used to serve the On-Site Consumer Load shall be applied to load other than On-Site Consumer Load in accordance with section 3.6.4.

3.6.6 **Changes to Consumer-Owned Resources**
Prior to each Fiscal Year Richland shall notify BPA in writing of any changes in ownership, expected resource output, or other characteristic of Consumer-Owned Resources identified in section 7 of Exhibit A. If a Consumer-Owned Resource has permanently ceased operation and Richland notifies BPA of such cessation, then BPA shall revise section 7 of Exhibit A to reflect such change as long as BPA agrees the determination is reasonable.

3.6.7 **Application of Consumer-Owned Resources Serving a Planned NLSL or NLSL**
If Richland is serving a Planned NLSL or an NLSL with Consumer-Owned Resource amounts pursuant to section 20.3 and section 1 of Exhibit D, then BPA shall list such resources in section 7.4 of Exhibit A. Requirements for Richland's application of Consumer-Owned Resources serving Planned NLSLs and NLSL are included in section 20.3 and section 1 of Exhibit D.

3.6.8 **Data Requirements for Consumer-Owned Resources**
Richland shall meter all Consumer-Owned Resources listed in section 7 of Exhibit A and shall provide such meter data to BPA pursuant to section 17.3.

3.7 **Hourly Dedicated Resource Schedule**
By June 30 of each Rate Case Year, Richland shall provide BPA an hourly schedule(s), in whole megawatt amounts consistent with section 3.7.3 and in the format described in section 3.7.2, for its Dedicated Resources with amounts in each hour, calculated pursuant to section 3.7.1, for each year of the upcoming Rate Period ("Submitted Schedule"). Richland shall schedule such hourly amounts to its Total Retail Load consistent with section 13.

3.7.1 **Schedule Amounts**
The amounts in the Submitted Schedule shall equal the monthly and Diurnal amounts for each Dedicated Resource listed in the tables in sections 2 and 3 of Exhibit A except for those Specified Resources applied to Richland's Tier 1 Allowance Amount, those Existing Resources that are Dispatchable Resources, and those Specified Resources supported with RSS. The hourly amounts in the Submitted Schedule shall be determined in accordance with section 3.4.4.

If the amounts in the Submitted Schedule change in accordance with section 3.5, then Richland shall send BPA a revised Submitted Schedule including the updated amounts within five Business Days of such amounts being updated in Exhibit A.

3.7.2 **Schedule Format**
Richland shall provide the Submitted Schedule to BPA electronically in a comma-separated-value (csv) format with the time/date stamp in

the first column and load amounts, with units of measurement specified, in the following column.

3.7.3 **Whole Megawatt Amounts**
If Richland's Submitted Schedule would otherwise have amounts in fractional megawatts-per-hour, then Richland shall vary its hourly amounts by one megawatt in some hours so that over the course of the applicable month the amounts as scheduled in whole megawatts sum to the appropriate total.

3.8 **Transfer of Renewable Energy Certificates**
BPA shall provide any applicable Renewable Energy Certificates (RECs), emission accounting information, and non-emitting generation accounting information to Richland in accordance with Exhibit H.

4. THIS SECTION INTENTIONALLY LEFT BLANK

5. THIS SECTION INTENTIONALLY LEFT BLANK

6. PUBLIC RATE DESIGN METHODOLOGY

6.1 The PRDM applies for the term of this Agreement. BPA shall apply the PRDM in accordance with its terms, which govern BPA's establishment, review and revision of Priority Firm Power (PF) rates pursuant to Section 7(i) of the Northwest Power Act for Firm Requirements Power sold under this Agreement.

6.2 The recitation of language from the PRDM in this Agreement does not incorporate such language into this Agreement. BPA may only revise the PRDM's language in accordance with the requirements of PRDM chapter 9. If BPA revises the language of the PRDM, then BPA will unilaterally amend this Agreement to accordingly modify any such language recited in this Agreement.

6.3 Any disputes over the meaning of the PRDM or rates, including whether BPA is adhering to its obligation under the PRDM to revise the PRDM only in accordance with the PRDM chapter 9, or whether the Administrator is correctly implementing the PRDM or rates, including but not limited to matters of whether the Administrator is correctly interpreting, applying, and otherwise adhering or conforming to the PRDM or rate, shall (1) be resolved pursuant to any applicable procedures set forth in the PRDM; (2) if resolved by the Administrator as part of a proceeding under Section 7(i) of the Northwest Power Act, be reviewable as part of the United States Court of Appeals for the Ninth Circuit's review under Section 9(e)(5) of the Northwest Power Act of the rates or rate matters determined in such Section 7(i) proceeding (after FERC final confirmation and approval, and subject to any further review by the United States Supreme Court); and (3) if resolved by the Administrator outside such a Section 7(i) Process and such decision is a final action, be reviewable by the United States Court of Appeals for the

Ninth Circuit under Section 9(e)(5) of the Northwest Power Act (subject to any further review by the United States Supreme Court). The remedies available to Richland through such judicial review shall be Richland's sole and exclusive remedy for such disputes.

6.4 BPA shall not publish a Federal Register Notice regarding BPA rates or the PRDM that prohibits, limits, or restricts Richland's right to submit testimony or brief issues on rate matters regarding the meaning or implementation of the PRDM or establishment of BPA rates pursuant to the PRDM. For purposes of BPA's conformance to this paragraph, a "rate matter" shall not include budgetary and program level issues, or any other matter unrelated to the PRDM or the establishment of rates pursuant to the PRDM.

7. CONTRACT HIGH WATER MARKS

By September 30, 2026, BPA shall establish Richland's CHWM in the FY 2026 CHWM Calculation Process and revise Exhibit B to state Richland's CHWM. Once established, BPA may only adjust Richland's CHWM as permitted pursuant to Exhibit B. After any adjustment, BPA shall revise Exhibit B to state Richland's adjusted CHWM.

8. APPLICABLE RATES

Purchases under this Agreement are subject to the following rate schedules, or their successors: Priority Firm Power (PF), including Tier 1 Rates and Tier 2 Rates, New Resource Firm Power (NR), and Firm Power and Surplus Products and Services (FPS), as applicable. Billing determinants for any purchases will be included in each rate schedule. Power purchases and services sold under this Agreement are subject to the applicable rates and charges in BPA's Power Rate Schedules, established in accordance with the PRDM, as applicable, and its GRSPs (or their successors) established during a 7(i) Process. Richland may incur additional charges as established in the applicable 7(i) Process, and as provided in the Power Rate Schedules and GRSPs, including the Unauthorized Increase Charge or its successors.

8.1 **Applicability of Tier 1 and Tier 2 Rates**

BPA shall establish PF rates that include rate schedules for purchase amounts at Tier 1 Rates and purchase amounts at Tier 2 Rates. Tier 1 Rates and Tier 2 Rates shall apply to Richland's purchases as follows:

(1) Tier 1 Rates shall apply to Firm Requirements Power that Richland purchases under this Agreement, less: (A) amounts of Firm Requirements Power priced at Tier 2 Rates elected by Richland in section 2 of Exhibit C, (B) amounts of Firm Requirements Power priced at the NR or other applicable 7(f) rate purchased for Planned NLSLs and NLSLs pursuant to Exhibit D, and (C) amounts of Firm Requirements Power priced at any other applicable 7(f) rate not limited to either (A) or (B).

(2) Tier 2 Rates shall apply to such planned annual amounts of Firm Requirements Power that Richland elects to purchase to serve its

Above-CHWM Load, pursuant to Exhibit C, that remain after applying Richland's New Resources.

9. ELECTIONS TO PURCHASE POWER PRICED AT TIER 2 RATES

9.1 Tier 2 Rate Alternatives

Subject to the requirements of this section 9 and Exhibit C, and pursuant to the PRDM, Richland shall have the right to purchase Firm Requirements Power at a Tier 2 Long-Term Rate, Tier 2 Short-Term Rate, and Tier 2 Vintage Rate.

9.2 Above-CHWM Load Service Options and Tier 2 Rate Elections

BPA shall calculate Richland's Above-CHWM Load in the Above-CHWM Load Process ahead of each Rate Period.

Richland has the option to serve its Above-CHWM Load with: (1) Firm Requirements Power purchased from BPA at a Tier 2 Rate or rates, (2) Dedicated Resources, or (3) a specific combination of both (1) and (2).

Within 60 calendar days after BPA publishes, to its publicly available website, Richland's final CHWMs from the FY 2026 CHWM Calculation Process, Richland shall determine and provide written notice to BPA of its Above-CHWM Load service election, including its election to purchase Firm Requirements Power at Tier 2 Rates, consistent with section 2.1 of Exhibit C.

BPA shall update Exhibit C to state Richland's Tier 2 Rate purchase elections and the amount of its purchase obligation of Firm Requirements Power at Tier 2 Rates.

9.3 Amounts of Tier 2 Flat Across All Hours

Amounts of Firm Requirements Power sold by BPA at Tier 2 Rates and purchased by Richland shall be equal in all hours of the year.

10. TIER 2 REMARKETING AND RESOURCE REMOVAL

Under this section 10, Richland does not have temporary resource removal or remarketing rights for its Dedicated Resources in Exhibit A added pursuant to section 3.5.4 or section 3.5.8 of the Agreement. In addition, under this section 10, Richland does not have temporary resource removal or remarketing rights for any Dedicated Resource amounts or amounts of Firm Requirements Power purchased at Tier 2 Rates that would otherwise be eligible for removal or remarketing due to the addition of resources under section 3.5.4. Any BPA remarketing of Tier 2 Vintage Rate purchase obligation amounts under this section 10 is subject to section 2.5.6 of Exhibit C.

10.1 New Resource Removal and Remarketing of Tier 2 Rate Purchase Obligation Amounts for Each Rate Period

If Richland's Above-CHWM Load as forecasted for each Fiscal Year of an upcoming Rate Period is less than the sum of: (1) Richland's New Resource amounts serving its Above-CHWM Load, as stated in Exhibit A, and

(2) Tier 2 Rate purchase obligation amounts, as stated in Exhibit C, then, except as permitted in sections 10.1.3 and 10.1.4 below and in the following order:

(1) Richland shall temporarily remove its eligible New Resource amounts, and

(2) BPA shall remarket Richland's Tier 2 Rate purchase obligation amounts.

Any removal of eligible New Resource amounts or remarketing of Tier 2 Rate purchase obligation amounts shall apply until either: (1) the removed New Resource amounts plus the remarketed Tier 2 Rate purchase obligation amounts equal the amount by which Richland's New Resource amounts plus its Tier 2 Rate purchase obligation amounts exceed its Above-CHWM Load, or (2) all of Richland's New Resources are removed and all of its Tier 2 Rate purchase obligation amounts are remarketed.

10.1.1 If Richland has more than one New Resource, then by October 31 of each Rate Case Year, Richland shall notify BPA of the order and associated amounts of Richland's New Resources that Richland shall remove for each Fiscal Year in the upcoming Rate Period to the extent necessary to comply with this section 10.1.

10.1.2 If Richland fails to notify BPA in accordance with section 10.1.1, then BPA shall determine the order and associated amounts of Richland's New Resource removal for each Fiscal Year in the upcoming Rate Period to comply with section 10.1.

10.1.3 If compliance with the requirements of section 10.1 would cause Richland to remove part or all of any New Resource amounts that Richland uses to fulfill a state or federal renewable resource standard or other comparable legal obligation, then by October 31 of each Rate Case Year Richland may request for BPA to remarket the same amount of Tier 2 Rate purchase obligation amounts until all of Richland's Tier 2 Rate purchase obligation amounts are remarketed. Following such remarketing, Richland may either temporarily remove New Resources applied to the Tier 1 Allowance Amount or Existing Resources to the extent necessary to comply with section 10.1, provided that the hourly, monthly, and Diurnal amounts removed shall be equal to the hourly, monthly, and Diurnal amounts provided by the New Resources that Richland would have otherwise been obligated to remove.

10.1.4 If: (1) Richland made an election under section 2.1(3) or section 2.1(4) of Exhibit C to serve all or a portion of its Above-CHWM Load using the flexible option, (2) Richland has both New Resource amounts and Tier 2 Vintage Rate purchase obligation amounts for serving such Above-CHWM Load, and (3) compliance with the requirements of section 10.1 would cause Richland to remove part or all of its New Resource amounts, then Richland may request for BPA to first remarket the Tier 2 Vintage Rate purchase obligation amounts until all of Richland's Tier 2 Vintage Rate purchase obligation amounts are remarketed before removing any New Resource amounts.

10.2 **Partial Resource Removal**
When only a portion of an eligible Dedicated Resource is removed pursuant to section 10.1 above, such resources shall be removed proportionally to maintain the same annual shape for the resource as established in Exhibit A.

10.3 **Responsibilities for Remarketing Tier 2 Rate Purchase Obligation Amounts and Disposition of Dedicated Resource**
Richland shall be subject to applicable charges or credits, as established in a 7(i) Process, associated with BPA's remarketing of Tier 2 Rate purchase obligation amounts of Firm Requirements Power.

Except as specified in section 10.4 below, Richland shall be responsible for the disposition of any amounts of its Dedicated Resources, whether Specified Resources or Committed Power Purchase Amounts that are removed or reduced pursuant to this Agreement.

10.4 **Removal of Resources Taking RSS**
If Richland purchases RSS for any New Resources that are partially or entirely removed pursuant to sections 10.1 or 10.2 above, then the following shall apply:

10.4.1 Richland shall continue to supply the entire amount of any such resources consistent with applicable provisions stated in Exhibit J.

10.4.2 BPA shall remarket the amounts of any such resources that are removed pursuant to section 10.1 in the same manner BPA remarkets Tier 2 Rate purchase obligation amounts in section 10.3. BPA shall revise Exhibit A to identify the amounts of any such resources that are removed. BPA shall continue to provide RSS in accordance with applicable provisions in Exhibit J to any amounts of such resources that remain in Exhibit A after resource removal.

11. RIGHT TO CHANGE PURCHASE OBLIGATION

11.1 **One-Time Right to Change Purchase Obligation**
Under this Agreement Richland shall have a one-time right to request a change in its purchase obligation, identified in section 3, to another purchase obligation available from BPA, including Annual Flat Block, Diurnally Shaped Monthly Block, Flat Monthly Block, Flat Monthly Block with 10 Percent Shaping Capacity, Flat Monthly Block with Peak Net Requirement (PNR) Shaping Capacity, Flat Monthly Block with Peak Net Requirement (PNR) Shaping Capacity with Peak Load Variance Service (PLVS), or Slice/Block, if available.

Unless otherwise agreed by the Parties, any Richland Above-CHWM Load service elections, Dedicated Resource additions, and other elections made under this Agreement prior to the notice made under section 11.2 shall continue to be applicable under the new purchase obligation, provided that BPA may update such terms and conditions consistent with the then-current terms of the new purchase obligation, and additional costs may apply for service under Richland's new purchase obligation as described in section 11.6.

11.2 **Notice and Conditions to Change Purchase Obligation and to Join a JOE**

Written notices sent under this section 11.2 must comply with section 1 of Exhibit I. The following sections 11.2.2, 11.2.3 and 11.2.4 shall be in accordance with Section 5(b)(7) of the Northwest Power Act.

11.2.1 **Notice of Change to Purchase Obligation**

No sooner than October 1, 2028, Richland may provide written notice to BPA to request a change to its purchase obligation pursuant to section 11.1 above. Such notice to BPA must be at least three years prior to the start of the Rate Period the purchase obligation change would be effective. Richland's notice shall state: (1) the purchase obligation request, and (2) the Rate Period Richland requests the change to be effective. The latest date that Richland may provide notice to request a change to its purchase obligation is September 30, 2037 for a purchase obligation change effective on October 1, 2040.

11.2.2 **Joining a JOE For Service Effective October 1, 2028**

If Richland requests to join a JOE for service under the JOE's CHWM Contract effective October 1, 2028, then Richland's written notice to BPA to request to assign its contract to the JOE must be received no later than June 30, 2027, regardless of Richland's and the JOE's purchase obligations. Receiving service under the JOE CHWM Contract will not constitute a change to Richland's purchase obligation under this section 11.

11.2.3 **If Customer and JOE Have Same Purchase Obligation**

After June 30, 2027, if the BPA-JOE CHWM Contract and Richland have the same purchase obligation when Richland requests to join the JOE, then Richland's written notice to BPA to request to assign its contract to the JOE must be received no later than June 30 of a Forecast Year for power sales under the BPA-JOE CHWM Contract to begin at the start of the following Rate Period.

11.2.4 **If Customer and JOE Have Different Purchase Obligations**

After June 30, 2027, if the BPA-JOE CHWM Contract and Richland have different purchase obligations, including different Block purchase obligations, when Richland requests to join the JOE, then Richland's written notice to BPA to request to assign its contract to the JOE must be received no later than three years prior to when power sales under the BPA-JOE CHWM Contract will begin at the start of the subsequent Rate Period.

11.3 **Limitations Due to Total Monthly Peak Load Increase**
After receiving Richland's notice under section 11.2, BPA shall evaluate the impact of Richland's request on BPA's forecast of its total monthly peak load obligation relative to BPA's most recent forecast of its total monthly Qualified Capacity Contribution (QCC) values, or successor capacity requirements as determined by BPA, for the first Fiscal Year the purchase obligation change would become effective. As part of such evaluation BPA will assess the change to monthly QCC made by (1) a change to Richland's purchase obligation, and (2) the peak amounts of Richland's Dedicated Resource(s) as stated in Exhibit A.

If after its evaluation BPA determines that Richland's request to change its purchase obligation would increase BPA's total monthly peak load obligation relative to BPA's change in QCC forecast in any one month, then BPA may:

(1) approve Richland's request and directly assign any costs as stated in section 11.6 below; or

(2) approve Richland's request without directly assigning such costs; or

(3) deny Richland's request to change its purchase obligation.

If BPA receives multiple requests from customers to change their purchase obligations and such changes would be effective at the beginning of the same Rate Period, then BPA shall evaluate the impact of Richland's purchase obligation request together with all requesting customers' to assess the aggregate impact of all such purchase obligation change requests. If BPA determines that such requests would increase BPA's total monthly peak load obligation, in relationship to the change in BPA's QCC forecast in any one month, then in addition to options (1), (2), or (3) above, BPA may:

(4) approve Richland's request but defer the date on which Richland's new purchase obligation change would become effective to the start of a subsequent Rate Period.

If BPA determines after its evaluation that the purchase obligation change(s) would not increase BPA's total monthly peak load obligation, in relationship to the change in BPA's QCC forecast, then BPA may approve Richland's request to change its purchase obligation.

BPA will not withhold its approval of Richland's request except under reasonable circumstances, including but not limited to securing the transmission and metering sufficient to deliver the applicable product.

BPA shall provide customers with an opportunity to comment on any customer's request to change its purchase obligation.

11.4 **Restrictions**
If, during the term of this Agreement, all customer purchases of the Slice/Block Product become reduced to zero percent, then BPA will retire the Slice/Block Product as a purchase obligation option under this Agreement. After such retirement, Richland's right to change its purchase obligation will be limited to the Load Following or Block options as outlined in sections 3.1 and 11.1.

11.5 **Changes to Block Purchase Obligation**
If Richland requests and BPA completes a change from one Block purchase obligation to a different Block purchase obligation as outlined in section 1 of Exhibit C, then Richland will have exercised their one-time right to change its purchase obligation as stated above in section 11.1.

11.6 **Charges to Change Purchase Obligation**
In addition to the limitations established in sections 11.1, 11.2 and 11.3 above, (1) Richland shall be responsible for fulfilling all rights, obligations, and liabilities associated with its prior purchase obligation, and (2) Richland may be subject to charges, in addition to the rates for the new service, as a result of changing its purchase obligation. Such additional charges shall recover all additional costs that: (1) will be incurred by BPA to serve Richland under its new purchase obligation compared to its existing purchase obligation, and (2) would otherwise result in a rate impact on all other customers receiving service under a CHWM Contract. If Richland makes a request to change its purchase obligation, then BPA shall notify Richland of any such additional charges. BPA shall not be required to make a payment to Richland as a result of Richland changing its purchase obligation.

11.7 **Change Confirmation**
Within 30 calendar days of BPA's presentation to Richland of the additional charges determined in section 11.6, and Richland's maximum Slice Percentage calculated pursuant to section 11.9, if applicable, Richland shall provide BPA with written notice whether it will proceed with its request to change its purchase obligation.

11.8 **Amendment to Reflect New Purchase Obligation**
Following Richland's confirmation of its decision to change its purchase obligation, the Parties shall amend this Agreement to replace the terms of Richland's current purchase obligation with the terms of the new purchase obligation.

11.9 **Available Slice Product and Slice Percentage**
The total Firm Slice Amount BPA offers to all customers purchasing the Slice/Block Product shall not exceed 25 percent of the sum of CHWMs established in the FY 2026 CHWM Process. If Richland requests to change to the Slice/Block Product, then BPA shall calculate Richland's amount of available Slice Product for changes to the Slice/Block Product as follows:

(1) BPA shall calculate the total amount of available Slice Product in Average Megawatts for purchase by all customers requesting a change to the Slice/Block Product by subtracting (A) the sum of Slice Customers' CHWMs multiplied by 50 percent, from (B) 25 percent of the sum of initial CHWMs established in the FY 2026 CHWM Process.

Expressed as a formula:

Available Slice Product = (25% (sum of initial FY 2026 CHWMs)) – (50% (Slice Customers' CHMW))

BPA shall compare the amount of available Slice Product to 50 percent of the sum of initial CHWMs for all customers requesting a change to the Slice/Block Product to determine the maximum Slice Percentage BPA shall offer to Richland.

(2) If the available Slice Product calculated pursuant to section 11.9(1) above is equal to or exceeds 50 percent of the sum of CHWMs for all customers requesting a change to Slice/Block Product, then BPA shall not limit the request.

BPA shall notify Richland of the available amounts of Slice Product available in accordance with section 11.7. Richland shall provide a change confirmation to BPA pursuant to section 11.7. Richland's Slice Percentage in each Fiscal Year shall be calculated pursuant to section 5.3.

(3) If the available Slice Product calculated pursuant to section 11.9(1) is less than 50 percent of the sum of CHWMs for all customers requesting a change to the Slice/Block Product, then BPA shall limit the maximum Slice Percentage of those customers requesting a change to Slice/Block Product on a pro rata basis.

BPA shall notify Richland of the amounts of Slice Product and Richland shall provide BPA with a change confirmation pursuant to section 11.7. Richland's Slice Percentage in each Fiscal Year shall be calculated pursuant to section 5.3.

If the amount of available Slice Product increases in the future, then BPA, in its sole discretion, may offer Slice Customers with a maximum Slice Percentage that was reduced under section 11.9(3) to less than 50 percent of its CHWM, a pro rata adjustment to increase the maximum Slice Percentage, not to exceed 50 percent of its CHWM.

If BPA determines it will offer an increase under this section 11.9(3), then BPA shall notify such Slice Customers of a potential increase to available Slice Product within 30 calendar days of BPA's receipt of a customer notice pursuant to section 11.2. BPA shall notify such Slice Customers of an actual increase to available Slice Product within

30 calendar days of BPA’s receipt of change confirmation, confirming a customer request to leave the Slice/Block Product, that increases available Slice Product pursuant to section 11.7. BPA will identify the Rate Period in which the maximum Slice Percentage will be effective following BPAs receipt of a change confirmation.

BPA may offer the pro rata increase to such Slice Customers without consideration of the effective date of the respective Slice Customer purchase obligation changes to the Slice/Block Product.

12. BILLING CREDITS AND RESIDENTIAL EXCHANGE

12.1 Billing Credits

If Richland develops a Generating Resource or engages in conservation activities independently undertaken to serve its loads, then Richland agrees that it shall forego any request for, and BPA is not obligated to include, billing credits, as defined in Section 6(h) of the Northwest Power Act, on Richland’s bills under this Agreement. This section does not apply to any billing credit contracts in effect as of the Effective Date.

12.2 Residential Exchange

During the term of this Agreement, Richland agrees it will not seek and shall not receive residential exchange benefits pursuant to Section 5(c) of the Northwest Power Act. Richland’s agreement in this section 12.2 is a material precondition to BPA offering and executing this Agreement.

13. SCHEDULING

Over the term of this Agreement, Richland may be required to purchase or may have the option to purchase Transmission Scheduling Service from Power Services in accordance with Exhibit F. If Richland is required or elects to purchase Transmission Scheduling Service from Power Services, then Richland shall comply with the scheduling requirements described in Exhibit F, Transmission Scheduling Service. If Richland is not purchasing Transmission Scheduling Service from Power Services, then Richland shall comply with the scheduling requirements described in Exhibit F, Scheduling.

14. DELIVERY

14.1 Definitions

14.1.1 “Primary Points of Receipt” means the points on the Region’s transmission system where Firm Requirements Power is forecasted to be made available by Power Services to Richland for purposes of obtaining a long-term firm transmission contract.

14.1.2 “Scheduling Points of Receipt” means the points on the Region’s transmission system where Firm Requirements Power is made available by Power Services to Richland for purposes of acquiring transmission service and transmission scheduling.

14.2 **Transmission Service**

14.2.1 Richland is responsible for acquiring transmission service to deliver power from the Scheduling Points of Receipt.

14.2.2 Richland shall provide at least 180 days' notice to Power Services prior to changing Balancing Authority Areas.

14.2.3 At Richland's request, Power Services shall provide Richland with Primary Points of Receipt and other information needed to enable Richland to acquire long-term firm transmission for delivery of power sold under this Agreement. If required by a transmission provider for purposes of transmission scheduling, then Power Services shall provide Richland with Scheduling Points of Receipt. Power Services has the right to provide power to Richland at Scheduling Points of Receipt that are different than the Primary Points of Receipt. If BPA does provide power to Richland at Scheduling Points of Receipt that are different than the Primary Points of Receipt, then BPA shall reimburse Richland for any incremental, direct, non-administrative costs incurred by Richland to comply with delivering Firm Requirements Power from such Scheduling Points of Receipt to Richland's load if the following conditions, as outlined in (1) or (2) below, have been met:

(1) If Richland has long-term Point to Point (PTP) Transmission Service (as defined in BPA's Open Access Transmission Tariff or its successor) for delivery of Firm Requirements Power to its load:

(A) Richland has requested long-term firm transmission service to deliver its Firm Requirements Power using the Primary Points of Receipt and other information provided by Power Services; and

(B) Richland has submitted a request to redirect its long-term firm PTP Transmission Service to deliver Firm Requirements Power and Surplus Firm Power from the Scheduling Point of Receipt on a firm basis, but that request was not granted; and

(C) Richland's transmission schedule was curtailed due to non-firm status under PTP Transmission Service or Richland can provide proof of the reimbursable costs incurred to replace the curtailed schedule.

(2) If Richland has long-term Network Integration Transmission Service (as defined in BPA's Open Access Transmission Tariff

or its successor) for delivery of Firm Requirements Power to its load:

(A) Richland has requested long-term firm transmission service to deliver its Firm Requirements Power using the Primary Points of Receipt and other information provided by Power Services; and

(B) Richland's transmission schedule was curtailed due to non-firm status under its secondary service status and Richland can provide proof of the reimbursable costs incurred to replace the curtailed schedule.

14.3 **Liability for Delivery**
Richland waives any claims against BPA arising under this Agreement for non-delivery of power to any points beyond the applicable Scheduling Points of Receipt, except for reimbursement of costs as described in section 14.2.3. BPA shall not be liable under this Agreement for any third-party claims related to the delivery of power after it leaves the Scheduling Points of Receipt. Neither Party shall be liable under this Agreement to the other Party for damage that results from any sudden, unexpected, changed, or abnormal electrical condition occurring in or on any electric system, regardless of ownership. These limitations on liability apply regardless of whether or not this Agreement provides for Transfer Service.

14.4 **Real Power Losses**
BPA is responsible for the real power losses necessary to deliver Firm Requirements Power and Surplus Firm Power to Richland's PODs listed in Exhibit E.

14.5 **Metering Losses**
BPA shall adjust measured amounts of power to account for metering losses, if any, that occur between Richland's PODs and the respective POMs, as specified in Exhibit E.

15. METERING

15.1 **Measurement**
By September 30, 2027, the Parties shall ensure that meters are installed on all PODs listed in Exhibit E, consistent with the requirements of this section 15. Unless otherwise stated in Exhibit E, the amount of power measured by such meters shall be used by BPA for billing purposes. If the Parties agree that metering is economically or technologically impractical, then:

(1) the Parties shall use scheduled amounts to measure the amount of power purchased if such power is scheduled into or out of Richland's service territory; or

(2) the Parties shall use mutually acceptable load profiles to measure the amount of power purchased if such power is not scheduled; or

(3) the Parties shall use meter data provided by Richland to BPA in a mutually agreed manner to measure the amount of power purchased.

If the metering equipment associated with the meters listed in Exhibit E fails to properly measure or record the interval readings, then BPA shall follow the Metering Usage Data Estimation Provision of BPA's applicable Power Rate Schedules and GRSPs to determine the appropriate billing adjustment.

The rights to locate meters and access facilities granted to BPA pursuant to this section 15 are subject to the terms of any applicable agreement between Richland and Transmission Services addressing the location, cost responsibility, access, maintenance, testing, and liability of the Parties with respect to meters.

15.2 **BPA Owned Meters**
At BPA's expense, BPA shall operate, maintain, and replace, as necessary, all metering equipment owned by BPA that is needed to plan, schedule, and bill for Richland's power needs under this Agreement consistent with Richland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Richland has with BPA. Richland authorizes BPA to maintain and replace any BPA owned metering equipment on Richland's facilities that is reasonably necessary to forecast, plan, schedule, and bill for power. With reasonable notice from BPA, and for the purpose of implementing this provision, Richland shall grant BPA reasonable physical access to BPA owned meters at BPA's request, consistent with Richland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Richland has with BPA.

If, at any time, either Party determines that a BPA owned meter is defective or inaccurate, then BPA shall adjust, repair, or replace the meter to provide accurate metering as soon as practical consistent with Richland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Richland has with BPA. Richland shall have the right to witness any meter tests conducted by BPA on BPA owned meters listed in Exhibit E. The exercise of such right shall be conducted consistent with the applicable requirements, if any, of Richland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Richland has with BPA.

15.3 **Non-BPA Owned Meters**

15.3.1 **Non-BPA Owned Meters Owned by** Richland
At Richland's expense, Richland shall operate, maintain, and replace, as necessary, all non-BPA metering equipment owned by Richland

that is needed by BPA to forecast, plan, schedule, and bill for power for:

(1) points of interconnection between Richland's system and parties other than BPA;

(2) all loads that require separate measurement for purposes of forecasting, planning, scheduling, or billing for power; and

(3) Generating Resources and Energy Storage Devices listed in Exhibit A and Exhibit J, respectively that are interconnected to Richland's system.

For the purpose of inspection, Richland shall grant BPA reasonable physical access to Richland meters at BPA's request, consistent with Richland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Richland has with BPA.

If, at any time, BPA or Richland determines that a Richland owned meter listed in Exhibit E is defective or inaccurate, then Richland shall adjust, repair, or replace the meter, or shall make commercially reasonable efforts to arrange for the completion of such actions, to provide accurate metering as soon as practical. BPA shall have the right to witness any meter tests conducted by Richland on Richland owned meters listed in Exhibit E. The exercise of such right shall be conducted consistent with the applicable requirements, if any, of Richland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Richland has with BPA.

15.3.2 **Non-BPA Owned Meters Not Owned by** Richland
For non-BPA owned meters not owned by Richland, and excluding such in section 15.3.3.below, needed by BPA to forecast, plan, schedule and bill for power under this Agreement, Richland shall make commercially reasonable efforts to arrange with the owner(s) of such meters for the meters to be operated, maintained and replaced, as necessary, for the measurements described above in sections 15.3.1(1) and 15.3.1(2) and for any Generating Resources listed in Exhibit A and Energy Storage Devices listed in Exhibit J that require metering.

If, at any time, it is determined that a non-BPA owned meter not owned by Richland listed in Exhibit E is defective or inaccurate, then Richland shall make commercially reasonable efforts to arrange with the owner of the meter to adjust, repair, or replace the meter, to provide accurate metering as soon as practical. To the extent possible, BPA may witness any meter tests on non-BPA owned meters not owned by Richland listed in Exhibit E, consistent with Richland's Network Operating Agreement, BPA's Metering Application

Requirements, or their successors, or other agreements Richland has with BPA as well as any applicable agreements Richland may have with the owner of the meter.

15.3.3 **Non-BPA Owned Meters Owned by a Third-Party Transmission Provider**
For non-BPA owned meters owned by a Third-Party Transmission Provider for which BPA holds a transmission contract for service to Richland load, the metering arrangements shall be between BPA and the Third-Party Transmission Provider.

15.4 **New Meters**
A separate agreement addressing the location, cost responsibility, access, maintenance, testing, and liability of the Parties with respect to new meters shall be between Richland and Transmission Services.

All new and replaced meters installed by either Party shall meet the American National Standard Institute standards and the Requirements for Instrument Transformers, or their replacement as specified in BPA's applicable metering procedures and requirements posted to BPA's publicly accessible metering services website as of the date of installation.

15.5 **Metering an NLSL**
In addition to the provisions contained in this section 15, any loads that are monitored by BPA for an NLSL determination and any NLSLs shall be metered pursuant to section 20.3.3.

15.6 **Metering Exhibit**
The Parties shall provide meter data to one another as specified in section 17.3. BPA shall list Richland's PODs, POMs, Interchange Points, as applicable, and related information in Exhibit E.

16. BILLING AND PAYMENT

16.1 **Billing**
BPA shall electronically bill Richland monthly for all products and services, including any charges and credits incurred, provided during the preceding month(s). However, if electronic transmittal of the bill is not possible, then BPA shall mail a physical copy of the bill to Richland. BPA may send Richland an estimated bill prior to a final bill and may send subsequent revisions if needed. The Issue Date is the date BPA sends the bill to Richland.

16.2 **Payment**
Richland shall pay all bills electronically in accordance with instructions on the bill. Payment of all bills, whether estimated or final, must be received by the 20th day after the Issue Date of the bill (Due Date). If the 20th day is a Saturday, Sunday, or federal holiday, then the Due Date is the next Business Day.

If Richland has made payment on an estimated bill then:

(1) if the amount of the final bill exceeds the amount of the estimated bill, then Richland shall pay BPA the difference between the estimated bill and final bill by the final bill's Due Date; or

(2) if the amount of the final bill is less than the amount of the estimated bill, then BPA shall pay Richland the difference between the estimated bill and final bill by the 20th day after the final bill's Issue Date. If the 20th day is a Saturday, Sunday, or federal holiday, BPA shall pay the difference by the next Business Day.

16.3 **Late Payments**
If Richland has not paid its bill in full by the Due Date, BPA shall apply a daily interest charge to any unpaid balance equal to the higher of:

(1) the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) plus four percent, divided by 365; or

(2) the Prime Rate times 1.5, divided by 365.

16.4 **Failure to Pay**
If Richland has not paid its bill in full by the Due Date, then BPA shall notify Richland of nonpayment. Richland shall have 45 calendar days after receipt of the written notice to cure its nonpayment by making payment in full. If Richland does not provide full payment within the 45-day cure period, then BPA shall send an additional written notice of nonpayment to Richland. Richland shall then have three Business Days after receipt of the additional written notice to provide payment. If Richland has not provided payment within three Business Days after receipt of the additional written notice and BPA determines in its sole discretion that Richland is unable to make the payments owed, then BPA may terminate this Agreement pursuant to section 23. Written notices sent under this section 16.4 must comply with section 1 of Exhibit I.

16.5 **Disputed Bills**

16.5.1 If Richland disputes any portion of a charge or credit on Richland's estimated or final bills, Richland shall provide written notice to BPA with a copy of the bill noting the disputed amounts. Notwithstanding whether any portion of the bill is in dispute, Richland shall pay the entire bill by the Due Date. This section 16.5.1 does not allow Richland to challenge the validity of any BPA rate.

16.5.2 Unpaid amounts on a bill (including both disputed and undisputed amounts) are subject to the late payment charges provided above.

Notice of a disputed charge on a bill does not constitute BPA's agreement that a valid claim under contract law has been stated.

16.5.3 If the Parties agree, or if after a final determination of a dispute pursuant to section 19, Richland is entitled to a refund of any portion of the disputed amount, then BPA shall make such refund with simple interest computed from the date of receipt of the disputed payment to the date the refund is made. The daily interest rate shall equal the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) divided by 365.

17. INFORMATION EXCHANGE AND CONFIDENTIALITY

17.1 General Requirements

Upon request, each Party shall provide the other Party any information that is necessary to administer this Agreement and to forecast Richland's Total Retail Load, forecast BPA system load, comply with North American Electric Reliability Corporation (NERC) reliability standards, prepare bills, resolve billing disputes, administer Transfer Service, forecast and monitor large loads and NLSLs, and otherwise implement this Agreement. For example, this obligation includes, but is not limited to: (1) load and resource data relating to large loads and NLSLs; (2) transmission and power scheduling information; (3) load and resource metering information (such as customer system one-line and metering diagrams, loss factors, historical hourly load and resource data, etc.); and, (4) Energy Storage Device data.

In addition, Richland shall provide information BPA requests about Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load for purposes of meeting: (1) BPA's statutory obligations under Section 7(b) of the Northwest Power Act and (2) regional resource adequacy programs and market participation.

The Parties shall make best efforts to provide information requested under this section 17.1 within the reasonable time frames specified in the requests. If Richland fails to provide BPA with information Richland is required to provide pursuant to this Agreement and the absence of such information makes it impossible for BPA to perform a calculation, make a determination, or take an action required under this Agreement, then BPA may suspend its obligation to perform such calculation, make such determination, or take such action until Richland has provided such information to BPA.

17.2 Reports

17.2.1 Within 30 calendar days after final approval of Richland's annual financial report and statements by Richland's authorized officer, Richland shall either e-mail them to BPA at kslf@bpa.gov or, if any of the information is publicly available, then Richland shall notify BPA of its availability.

17.2.2 Within 30 calendar days after its submittal to the Energy Information Administration (EIA), or its successor, Richland shall e-mail a copy of its Annual Form EIA-861 Reports to BPA at kslf@bpa.gov. If Richland is not required to submit such reports to the EIA, then this requirement does not apply.

17.2.3 By November 30, 2028, and by November 30 each year thereafter, Richland shall provide to the Pacific Northwest Utilities Conference Committee (PNUCC), or its successor, forecasted loads, Energy Storage Devices, and resources data to facilitate a region-wide assessment of loads and resources in a format, length of time, and level of detail specified in PNUCC's Northwest Regional Forecast Data Request.

After consultation with the Northwest Power and Conservation Council's (Council) Resource Adequacy Advisory Committee, or a successor, BPA may require Richland to submit additional data to Council that BPA determines is necessary for the Council to perform a regional resource adequacy assessment.

The requirements of this section 17.2.3 are waived if Richland: (1) purchases all the power to serve its Total Retail Load from BPA and (2) uses no Energy Storage Device(s) to serve its Total Retail Load.

Notwithstanding the above, in no event shall Richland be obligated under this section 17.2.3 to provide PNUCC or the Council an unaggregated load forecast or other unaggregated data that is specific to an individual end-use consumer or potential end-use consumer of Richland, including no obligation to provide the identities of such end-use consumers.

Richland may require PNUCC or Council to execute a commercially reasonable non-disclosure agreement consistent with the terms of section 17.6 before providing such entities the data and information required pursuant to this section 17.2.3, as applicable.

17.2.4 If Richland is required by applicable law, their transmission provider, or directive (i.e. utility board resolution) to prepare and publish long-term integrated resource plans or resource forecasts, then Power Services may request and Richland shall provide Power Services with updated copies of such.

17.3 **Meter Data**

17.3.1 In accordance with section 15 and Exhibit E, the Parties shall notify each other of any changes to PODs, POMs, Interchange Points and related information for which each Party is responsible. Richland shall ensure BPA has access to all data from load, Energy Storage Device, and resource meters that BPA determines are necessary to administer this Agreement including to forecast, plan, schedule, and bill under this Agreement. Access to these data shall be on a schedule agreed to by the Parties. Meter data include, but are not limited to: Richland's actual amounts of energy used, expended, or stored for loads, resources, and Energy Storage Devices, and the physical attributes of Richland's meters.

BPA shall provide Richland access to and Richland may view meter data from the meters listed in Exhibit E with an active Customer Portal agreement, or its successor.

17.3.2 Richland consents to allow Power Services to receive the following information from Transmission Services and BPA's metering function: (1) Richland's meter data, as specified in section 17.3.1, section 15, and Exhibit E, and (2) notification of outages or load shifts.

17.3.3 When the following events are planned to occur on Richland's system that will affect the load measured by the meters listed in Exhibit E:

(1) installation of a new meter,

(2) changes or updates to an existing meter not owned by BPA,

(3) any planned line or planned meter outages, and

(4) any planned load shifts from one POD to another,

then Richland shall provide BPA with advance notice by e-mailing BPA at mdm@bpa.gov and the contacts shown in section 1 of Exhibit I.

Richland shall follow all applicable metering procedures and requirements posted to BPA's publicly accessible metering services website. Such requirements include, but are not limited to, specifying the number of required advanced days' notice for the events listed above.

This section 17.3.3 is not intended to apply to retail meters not listed in Exhibit E.

17.3.4 If an unplanned load shift or outage occurs, materially affecting the load measured by the meters listed in Exhibit E, then Richland shall e-mail BPA at: (1) mdm@bpa.gov, and (2) the contacts shown in section 1 of Exhibit I within 72 hours after the event.

17.4 **Data for Determining CHWM**

Upon request, Richland shall provide to BPA any load and resource information that BPA determines is reasonably necessary to calculate

Richland's CHWM. This may include historical load data not otherwise available to BPA and other data necessary to allow BPA to adjust for weather normalization.

17.5 **Total Retail Load Forecast**
By December 31, 2026, and by each December 31 of each Forecast Year, the Parties shall work together to determine and establish a forecast of Richland's monthly energy and Richland's system coincidental peak of Richland's Total Retail Load for the upcoming ten Fiscal Years.

17.6 **Transparency of Net Requirements Process**
By July 31, 2028, and by July 31 of each Rate Case Year thereafter, BPA shall make the following information publicly available to Richland and all other BPA regional utility customers with a CHWM:

(1) Richland's measured Total Retail Load data for the previous two Fiscal Years in monthly energy amounts and monthly customer-system peak amounts, and

(2) Richland's Dedicated Resources for the previous two Fiscal Years in monthly energy and peak amounts as listed in section 5 of Exhibit A.

Richland waives all claims of confidentiality regarding the data described above.

17.7 **Confidentiality**
Before Richland provides information to BPA that is confidential, or is otherwise subject to a privilege or nondisclosure, Richland shall clearly designate such information as confidential. BPA shall notify Richland as soon as practicable of any request received under the Freedom of Information Act (FOIA), or under any other federal law or court or administrative order, for any confidential information. BPA shall release such confidential information consistent with FOIA or if required by any other federal law or court or administrative order. BPA shall limit the use and dissemination of confidential information within BPA to employees who need it for purposes of administering this Agreement.

17.8 **Resources Not Used to Serve Total Retail Load**
Richland shall list in section 6 of Exhibit A all Generating Resources Richland owns that are: (1) not Specified Resources listed in section 2 of Exhibit A, and (2) greater than 1.000 megawatt of nameplate capability. At BPA's request, Richland shall provide BPA with additional data if needed to verify the information listed in section 6 of Exhibit A.

18. UNCONTROLLABLE FORCES

18.1 A Party shall not be in breach of an obligation under this Agreement to the extent its failure to fulfill the obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control, and without the fault or negligence, of the Party claiming the Uncontrollable Force, that prevents that Party from performing its obligations under this Agreement and which that Party could not have avoided by the exercise of reasonable care, diligence and foresight. Uncontrollable Forces include each event listed below, to the extent it satisfies the foregoing criteria, but are not limited to these listed events:

(1) any curtailment or interruption of firm transmission service on BPA's or a Third-Party Transmission Provider's System that prevents delivery of Firm Requirements Power sold under this Agreement to Richland;

(2) any failure of Richland's distribution or transmission facilities that prevents Richland from delivering power to end-users;

(3) strikes, work stoppage, or terrorist acts;

(4) floods, earthquakes, other natural disasters, epidemics, or pandemics; and

(5) final orders or injunctions issued by a court or regulatory body having subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court having subject matter jurisdiction.

18.2 Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

18.3 If an Uncontrollable Force prevents a Party from performing any of its obligations under this Agreement, such Party shall:

(1) promptly notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable;

(2) use commercially reasonable efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable;

(3) keep the other Party apprised of such efforts on an ongoing basis; and

(4) provide written notice of the resumption of performance.

Written notices sent under this section must comply with section 1 of Exhibit I.

18.4 The Parties shall keep each other apprised of the status of any Uncontrollable Force once invoked.

19. GOVERNING LAW AND DISPUTE RESOLUTION

This Agreement shall be interpreted consistent with and governed by federal law. Richland and BPA shall identify issue(s) in dispute arising out of this Agreement and make a good faith effort to negotiate a resolution of such disputes before either may initiate litigation or arbitration. Such good faith effort shall include discussions or negotiations between the Parties' executives or managers. Pending resolution of a contract dispute or contract issue between the Parties or through formal dispute resolution of a contract dispute arising out of this Agreement, the Parties shall continue performance under this Agreement unless to do so would be impossible or impracticable. Unless the Parties engage in binding arbitration as provided for in this section 19, the Parties reserve their rights to individually seek judicial resolution of any dispute arising under this Agreement.

19.1 **Judicial Resolution**

Final actions subject to Section 9(e) of the Northwest Power Act are not subject to arbitration under this Agreement and shall remain within the exclusive jurisdiction of the United States Court of Appeals for the Ninth Circuit. Such final actions include, but are not limited to, the establishment and the implementation of rates and rate methodologies. Any dispute regarding any rights or obligations of Richland or BPA under any rate or rate methodology, or BPA policy, including the implementation of such policy, shall not be subject to arbitration under this Agreement. For purposes of this section 19, BPA policy means any written document adopted by BPA as a final action in a decision record or record of decision that establishes a policy of general application or makes a determination under an applicable statute or regulation. If BPA determines that a dispute is excluded from nonbinding arbitration under this section 19, then Richland may apply to the federal court having jurisdiction for an order determining whether such dispute is subject to nonbinding arbitration under this section 19.

19.2 **Arbitration**

Any contract dispute or contract issue between the Parties arising out of this Agreement, which is not excluded by section 19.1 above, shall be subject to arbitration, as set forth below.

Richland may request that BPA engage in binding arbitration to resolve any dispute. If Richland requests such binding arbitration and BPA determines in its sole discretion that binding arbitration of the dispute is appropriate under BPA's Binding Arbitration Policy or its successor, then BPA shall engage in such binding arbitration, provided that the remaining requirements of this section 19.2 and sections 19.3 and 19.4 are met. BPA may request that Richland engage in binding arbitration to resolve any dispute. In response to BPA's request, Richland may agree to binding arbitration of such dispute, provided that the remaining requirements of this section 19.2 and sections 19.3 and 19.4 are met. Before initiating binding arbitration, the Parties shall draft and sign an agreement to engage in binding arbitration, which shall set forth the precise issue in dispute, the amount in controversy and the maximum monetary award allowed, pursuant to BPA's Binding Arbitration Policy or its successor.

Nonbinding arbitration shall be used to resolve any dispute arising out of this contract that is not excluded by section 19.1 above and is not resolved via binding arbitration, unless Richland notifies BPA that it does not wish to proceed with nonbinding arbitration.

19.3 **Arbitration Procedure**
Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The Parties agree that a fundamental purpose for arbitration is the expedient resolution of disputes; therefore, the Parties shall make best efforts to resolve an arbitrable dispute within one year of initiating arbitration. The rules for arbitration shall be agreed to by the Parties.

19.4 **Arbitration Remedies**
The payment of monies shall be the exclusive remedy available in any arbitration proceeding pursuant to this section 19. This shall not be interpreted to preclude the Parties from agreeing to limit the object of arbitration to the determination of facts. Under no circumstances shall specific performance be an available remedy against BPA.

19.5 **Finality**

19.5.1 In binding arbitration, the arbitration award shall be final and binding on the Parties, except that either Party may seek judicial review based upon any of the grounds referred to in the Federal Arbitration Act, 9 U.S.C. §1-16 (1988). Judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof.

19.5.2 In nonbinding arbitration, the arbitration award is not binding on the Parties. Each Party shall notify the other Party within 30 calendar days, or such other time as the Parties otherwise agreed to, whether it accepts or rejects the arbitration award. Subsequent to nonbinding arbitration, if either Party rejects the arbitration award, either Party may seek judicial resolution of the dispute, provided that such suit is brought no later than 395 calendar days after the date the arbitration award was issued.

19.6 **Arbitration Costs**
Each Party shall be responsible for its own costs of arbitration, including legal fees. Unless otherwise agreed to by the Parties, the arbitrator(s) may apportion all other costs of arbitration between the Parties in such manner as the arbitrator(s) deem reasonable taking into account the circumstances of

the case, the conduct of the Parties during the proceeding, and the result of the arbitration.

20. STATUTORY PROVISIONS

20.1 Retail Rate Schedules

Richland shall make its retail rate schedules available to BPA, as required by section 5(a) of the Bonneville Project Act, P.L. 75-329, within 30 calendar days of each of Richland's retail rate schedule effective dates. This requirement may be satisfied by Richland informing BPA of its public website where such information is posted and kept current.

20.2 Insufficiency and Allocations

If BPA determines, consistent with Section 5(b) of the Northwest Power Act and other applicable statutes, that it will not have sufficient resources on a planning basis to serve its loads after taking all actions required by applicable laws then BPA shall give Richland a written notice that BPA may restrict service to Richland. Such notice shall be consistent with BPA's insufficiency and allocations methodology, published in the Federal Register on March 20, 1996, and shall state the effective date of the restriction, the amount of Richland's load to be restricted and the expected duration of the restriction. BPA shall not change that methodology without the written agreement of all public body, cooperative, federal agency and investor-owned utility customers in the Region purchasing electric power from BPA under Section 5(b) of the Northwest Power Act. Such restriction shall take effect no sooner than five years after BPA provides notice to Richland. If BPA imposes a restriction under this provision then the amount of Firm Requirements Power that BPA is obligated to provide and that Richland is obligated to purchase pursuant to section 3 and Exhibit C shall be reduced to the amounts available under such allocation methodology for restricted service.

20.3 New Large Single Loads and CF/CTs

20.3.1 Customer Notice of Large Loads and Determination of an NLSL

Richland shall provide reasonable notice to BPA of any expected increase in a single load that may qualify as a Potential NLSL, Planned NLSL, or NLSL.

Pursuant to this section 20.3, BPA shall determine if any load associated with a single facility that is capable of growing ten Average Megawatts or more in a consecutive 12-month period is a Potential NLSL or an NLSL. Pursuant to this section 20.3, the Parties shall determine if any load associated with a single facility is a Planned NLSL.

Richland's Potential NLSLs, Planned NLSLs, and NLSLs shall be subject to monitoring as determined necessary by BPA. For the purposes of section 2.66, this section 20.3, and section 1 of Exhibit D, ten Average Megawatts in a consecutive 12-month monitoring period equates to 87,600,000 kilowatt-hours in any consecutive 12-month period with 365 days and 87,840,000 kilowatt-hours for any consecutive 12-month period with 366 days.

In accordance with BPA's NLSL Policy and the terms of this section 20.3, BPA may determine that a load is an NLSL as follows:

20.3.1.1 Pursuant to Section 3(13) of the Northwest Power Act, BPA shall determine an increase in production load to be an NLSL if any load associated with a new facility, an existing facility, or an expansion of an existing facility, which is not Contracted For, or Committed To (CF/CT), as determined by the Administrator, by a public body, cooperative, investor-owned utility, or federal agency customer prior to September 1, 1979, will result in an increase in power requirements of such customer of ten Average Megawatts or more in any consecutive 12-month period.

20.3.1.2 For the sole purpose of computing the increase in energy consumption between any two consecutive 12-month periods of comparison under this section 20.3.1, BPA shall determine if the reductions in the end-use consumer's load associated with a facility during the first 12-month period of comparison are due to unusual events reasonably beyond the control of the end-use consumer, and, if so, BPA shall compute the energy consumption as if such reductions had not occurred.

20.3.1.3 The Parties may agree that the applicable increase in load of installed production equipment at a facility will equal or exceed ten Average Megawatts consumption over any 12 consecutive months and that such production load constitutes an NLSL. Any such agreement will be a binding NLSL determination, and BPA shall add the NLSL to section 1 of Exhibit D. Alternatively, the Parties may agree that the load at a facility is expected to become an NLSL during the facility's next consecutive 12-month monitoring period and that such load is a Planned NLSL. BPA shall add the Planned NLSL to section 1 of Exhibit D.

20.3.1.4 Unless the Parties agree pursuant to section 20.3.1.3 above, BPA shall determine whether a new load or an increase in existing load at a facility is an NLSL. If BPA determines that the load at a facility is an NLSL, then BPA shall notify Richland and BPA shall add the NLSL to section 1 of Exhibit D if such is not already in Exhibit D after the facility determination pursuant to section 20.3.2.

20.3.1.5 BPA shall list Richland's CF/CT loads, Potential NLSLs, Planned NLSLs, and NLSLs in section 1 of Exhibit D.

20.3.2 **Determination of a Facility**
BPA shall make a written determination as to what constitutes a single facility for the purpose of identifying an NLSL. BPA's determination will be made by applying some or all of the following criteria:

(1) whether the load is operated by a single end-use consumer;

(2) whether the load is in a single location;

(3) whether the load serves a manufacturing process which produces a single product or type of product;

(4) whether separable portions of the load are interdependent;

(5) whether the load is separately metered from other loads;

(6) whether the load is contracted for, served or billed as a single load under Richland's customary billing and service policy or practices;

(7) consideration of the facts from previous similar situations; and

(8) any other factors the Parties determine to be relevant.

20.3.3 **Access and Metering**
Upon BPA request, Richland shall provide physical access to its substations and other service locations where BPA needs to perform inspections or gather information for purposes of implementing Section 3(13) of the Northwest Power Act. Such BPA inspections may include but are not limited to those needed to make a facility, final NLSL, or CF/CT determination. Richland shall coordinate with the end-use consumer to provide BPA, at reasonable times, physical access to inspect a facility for these purposes.

For any load that is monitored by BPA for an NLSL determination, and for any load at any facility that was determined by BPA to be an NLSL, BPA may, in its sole discretion, install BPA owned meters. If the Parties agree, Richland may install meters meeting specifications BPA provides to Richland. Richland and BPA shall enter into a separate agreement for the location, ownership, cost responsibility, access, maintenance, testing, replacement and liability of the Parties with respect to such meters. Richland shall coordinate with BPA and the end-use consumer to arrange for metering locations that allow accurate measurement of the load at a facility. Richland shall arrange for BPA to have physical access to such meters and Richland shall ensure BPA has access to all meter data for loads that are monitored under this section 20.3 and section 1 of Exhibit D that BPA determines are necessary to forecast, plan, schedule, and bill for power.

20.3.4 **Billing for Large Loads Capable of Growing By More Than 10 aMW in 12-Month Monitoring Period**
At the time a load starts to increase, if BPA does not determine that such increase in load is a Planned NLSL or an NLSL, then BPA shall bill Richland for the increase in load at a facility at the applicable PF rates during any consecutive 12-month monitoring period.

If BPA later determines that the increase in load is an NLSL, then BPA shall revise Richland's monthly bills from the monitoring period to reflect the difference between the assessed PF rates and the applicable NR Rates in effect for the monitoring period in which the increase takes place. Richland shall pay the balance on each revised bill, which will include simple interest on the assessed amount. BPA shall compute simple interest on the assessed amount from the original Due Date of any bill that included days from the applicable monitoring period to the Due Date of the revised bill that will be issued. The daily interest rate shall equal the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which the monitoring period began) divided by 365. After BPA's NLSL determination, Richland shall make a service request or election for the NLSL pursuant to section 20.3.6.

If BPA concludes in its sole judgment that Richland has not fulfilled its obligations, or has not been able to obtain access or information from the end-use consumer under this section 20.3, then BPA may determine any large load capable of growing ten Average Megawatts or more in a consecutive 12-month period or any Potential NLSL subject to monitoring to be an NLSL, in which case Richland shall be billed and pay in accordance with the preceding paragraph. Such NLSL determination shall be final unless Richland proves to BPA's satisfaction that the applicable increase in load did not equal or exceed ten Average Megawatts in any 12-month monitoring period.

20.3.5 **Load Status at the End of the Consecutive 12-Month Monitoring Period**
At the end of each consecutive 12-month monitoring period of a load at a facility, BPA will determine if the metered load at the facility has grown by ten Average Megawatts or more during the preceding consecutive 12-month monitoring period. To determine load growth for a facility determined to be a CF/CT, BPA will subtract the amount of firm energy contracted for, or committed for the facility, as stated in section 1 of Exhibit D, from the metered load at the facility for the preceding consecutive 12-month monitoring period.

20.3.5.1 **Load Growth By 10 Average Megawatts or More**

If the load at a facility has grown by ten Average Megawatts or more in the preceding consecutive 12-month monitoring period, then the facility is an NLSL. BPA shall notify Richland of the NLSL designation and shall update section 1 of Exhibit D. Any future increases in the load shall be part of the NLSL.

20.3.5.2 **Load Growth Less Than 10 Average Megawatts**

If the load at a facility has grown by less than ten Average Megawatts in the preceding consecutive 12-month monitoring period, then BPA shall notify Richland that the load remains a Potential NLSL or Planned NLSL, and BPA may continue to monitor the load growth in the subsequent consecutive 12-month monitoring period. BPA shall also determine if liquidated damages are applicable pursuant to section 1 of Exhibit D.

If the load at a facility has grown by less than ten Average Megawatts in the preceding consecutive 12-month monitoring period(s), then BPA will track the cumulative total load at the facility from one monitoring period to the next. For purposes of this section 20.3 and section 1 of Exhibit D, the cumulative total load, including load increases and load reductions, from the prior 12-month monitoring period(s) will be referred to as the "Cumulative Prior Load". At the end of each 12-month monitoring period, BPA shall update section 1 of Exhibit D with the amount of Richland's Cumulative Prior Load and include the amount of Cumulative Prior Load in the calculation of Richland's Firm Requirements Power eligible for service at BPA's PF rates for the subsequent consecutive 12-month monitoring period.

20.3.5.3 **Load at a Facility Included in Customer's Firm Requirement Power**

For purposes of this section 20.3 and section 1 of Exhibit D, the amount of Cumulative Prior Load of a Potential NLSL or Planned NLSL when BPA determines the facility to be an NLSL will be the fixed amount of Richland's load at a facility that BPA will include in its calculation of Richland's Firm Requirements Power eligible for service at BPA's PF rates. BPA may adjust the fixed amount of Richland's load at a facility that BPA will include in its calculation of Richland's Firm Requirements Power eligible for service at BPA's PF rates if Richland's load at the facility reduces by 10 aMW below the fixed amount.

Upon BPA's determination that a monitored load is an NLSL, all measured amounts of such NLSL that exceed the load at the facility that is included in Richland's Firm Requirements Power calculation shall be part of Richland's NLSL, which will be served in accordance with this section 20.3 and section 1 of Exhibit D.

As applicable, BPA shall update the table in section 1.5.2 of Exhibit D with the fixed amount of load at the facility to be included in the calculation of Richland's Firm Requirements Power eligible for service at BPA's PF rates.

20.3.6 **Service Options for Planned NLSLs and NLSLs**
Richland may:

(1) serve any Planned NLSL or NLSL with Dedicated Resource or Consumer-Owned Resource amounts added to Exhibit A that are not already being used to serve Richland's Total Retail Load in the Region. If Richland elects to serve its NLSL with Dedicated Resource or Consumer-Owned Resource Amounts, then such election shall be binding on Richland for the remaining term of this Agreement; or

(2) request to have BPA serve any Planned NLSL or NLSL at the applicable NR Rate consistent with section 20.3.7 below.

If Richland serves any Planned NLSL or NLSL with Committed Power Purchase Amounts, then Richland shall provide BPA with information necessary for BPA's compliance with regional resource adequacy planning requirements pursuant to section 22.1 and section 5 of Exhibit J.

If Richland has existing Planned NLSLs or NLSLs as of the Effective Date of this Agreement, and if Richland has not notified BPA which service option above it chooses for each applicable Planned NLSL or NLSL above by the start of the CHWM Load Process for FY 2029, then Richland's default election for all such existing Planned NLSLs and NLSLs shall be consistent with section 20.3.6(1) above.

If Richland changes its purchase obligation pursuant to section 11 of this Agreement, and (1) Richland has requested and BPA has started an NLSL service study or (2) Richland has Planned NLSLs or NLSLs served by BPA at the NR Rate, then BPA will assess future service for such Planned NLSLs or NLSLs on a case-by-case basis.

20.3.7 **Request for NLSL Service Study, Summary Report, and NLSL Service Election**
If Richland would like BPA to serve a Planned NLSL or an NLSL at the NR Rate, then Richland shall submit a written request to BPA for

an NLSL service study no sooner than the Effective Date of this Agreement.

Richland shall provide BPA all information requested by BPA necessary to study Richland's Planned NLSL or NLSL. After BPA determines it has all necessary information, BPA shall conduct an NLSL service study that may last up to three years from the date of Richland's request.

During the study period, BPA shall: (1) assess the ability of BPA to serve the Planned NLSL or NLSL with firm power and (2) periodically keep Richland apprised of its study progress. BPA shall bill Richland and Richland shall pay all costs associated with the NLSL service study, including but not limited to staff time and third-party costs associated with completing a study.

Once BPA completes the NLSL service study, BPA will provide Richland with the NLSL service study summary report for BPA to make power available to serve the NLSL with firm power at the NR Rate. The NLSL service study summary report will state the conditions of BPA making power available to serve the NLSL such as: the anticipated date BPA could provide power, costs arrangements, any BPA resource acquisition needs, any additional information required, and any identified constraints that may be known.

Power Services will coordinate with Transmission Services to complete and implement any NLSL service study to identify anticipated timing of available transmission to incorporate any new resource acquisition into the FCRPS for any new resources Power Services forecasts. Coordination between Power Services, Transmission Services and Richland is necessary to facilitate arrangements between Richland and Transmission Services for delivery of Firm Requirements Power to Richland to serve a Planned NLSL or an NLSL under Richland's transmission service agreement with Transmission Services.

Within 90 calendar days of receipt of the NLSL service study summary report, Richland shall elect in writing to: (1) have BPA serve the Planned NLSL or NLSL at the NR Rate starting on the date stated in the summary report and consistent with section 20.3.6(2) above; or (2) continue to serve the Planned NLSL or NLSL with non-federal resource(s) consistent with section 20.3.6(1) above. Such election shall be binding on Richland for the remaining term of this Agreement.

If Richland elects to have BPA serve the Planned NLSL or NLSL at the NR Rate, then the Parties will revise Exhibit D to include the terms and conditions of the NLSL service study summary report, including a provision for liquidated damages, or develop a stand-alone agreement with such terms.

20.3.8 **Planned NLSL and NLSL Service During the Study Period and Until the NR Service Start Date**
While BPA conducts an NLSL service study and until Richland's elected service start date at the NR Rate, Richland may serve its Planned NLSL or NLSL with Dedicated Resource or Consumer-Owned Resource amounts consistent with section 20.3.6(1). BPA shall revise section 4 or 7.4 of Exhibit A to include such resources.

At any time while BPA is conducting an NLSL service study, Richland may request BPA discontinue the NLSL service study and elect to serve the Planned NLSL or NLSL with Dedicated Resource or Consumer-Owned Resource amounts for the term of this Agreement. If a Planned NLSL becomes an NLSL during the NLSL study period, BPA shall update Exhibit D to reflect the change.

20.3.9 **Submittal of Initial Forecast**
If Richland is serving any Planned NLSLs or NLSLs with Dedicated Resource or Consumer-Owned Resource amounts, then by June 30 of each year, unless another date is agreed to by the Parties, Richland shall provide BPA with forecasted energy amounts for such resources for each Diurnal period and peak amounts for each month to serve any Planned NLSLs and NLSLs for the upcoming Fiscal Year. BPA shall use Richland's initial forecast to determine the Dedicated Resource or Consumer-Owned Resource amounts required to serve the Planned NLSLs and NLSLs. However, if BPA determines Richland's initial forecast to be unreasonable, then BPA may replace Richland's initial forecast with a final forecast that BPA develops. If Richland is serving any Planned NLSLs or NLSLs with Dedicated Resource or Consumer-Owned Resource amounts, then BPA shall revise section 4 or 7.4 of Exhibit A to state such amounts by September 1 of each year.

20.3.10 **Consumer-Owned Resources Serving a Planned NLSL or an NLSL**

20.3.10.1 **Consumer-Owned Resources**
Richland's consumer may serve a Planned NLSL or an NLSL with a Consumer-Owned Resource if the following criteria are met:

(1) the Consumer-Owned Resource and its expected generation amounts are indicated in section 7.4 of Exhibit A as serving a specific Planned NLSL or NLSL;

(2) the Consumer-Owned Resource is physically located within Richland's service territory;

(3) the Consumer-Owned Resource is within the same Balancing Area Authority as the Planned NLSL or NLSL; and

(4) the Consumer-Owned Resource is metered, regardless of nameplate size, and the meter data is communicated in accordance with section 15 and section 17 of the body of this Agreement.

If Richland serves a Planned NLSL or an NLSL with a Consumer-Owned Resource, then Richland may be required to purchase NR Support Services pursuant to requirements in the applicable Power Rate Schedules and GRSPs.

For purposes of determining Richland's monthly power billing determinants, the load at a facility will be calculated by subtracting the actual generation from Richland's Consumer-Owned Resource(s) identified in section 7.4 of Exhibit A from the metered hourly load of any Planned NLSL or NLSL listed in Exhibit D.

The generation from such Consumer-Owned Resources may not exceed the Planned NLSL or NLSL being served on any hour. BPA may adjust Richland's power billing determinants to account for hourly excess Consumer-Owned Resource generation and may assess other charges or penalties in accordance with any applicable BPA Power Rate Schedules and GRSPs.

20.3.10.2 **On-Site Renewable Resource/Cogeneration Exception**

For purposes of this section 20.3.10.2, on-site means within the physical footprint of the NLSL facility as determined by BPA in the facility determination process.

Richland may request to have BPA serve an NLSL at a PF equivalent rate, as established in the applicable 7(i) Process, if the following criteria are met:

(1) Richland's end use consumer applies an on-site renewable resource or on-site cogeneration resource to reduce the load at a facility, that is otherwise not eligible to be served at PF rates, to less than ten Average Megawatts in a consecutive 12-month period,

(2) the on-site renewable resource or on-site cogeneration resource applied to the NLSL is

behind Richland's meter to the load at the facility, and

(3) the on-site renewable resource or on-site cogeneration resource is continuously applied to serve the NLSL, consistent with BPA's NLSL Policy and BPA's Provider of Choice Contract Record of Decision (ROD), August 2025, as amended or replaced.

If Richland meets the criteria above and BPA grants Richland's request for the on-site renewable/cogeneration exception, then BPA shall: (1) list the Consumer-Owned Resource serving the NLSL in section 7.4 of Exhibit A and (2) revise section 1 of Exhibit D to add the on-site renewable resource or cogeneration facility and the requirements for such service.

20.4 **Priority of Pacific Northwest Customers**
The provisions of Sections 9(c) and 9(d) of the Northwest Power Act and the provisions of the Pacific Northwest Consumer Power Preference Act as amended by the Northwest Power Act, as implemented pursuant to BPA's 5(b)/9(c) Policy, are incorporated into this Agreement by reference. Richland, together with other customers in the Region, shall have priority to electric power consistent with such provisions.

20.5 **Prohibition on Resale**
Richland shall not resell Firm Requirements Power except to serve Richland's Total Retail Load or as otherwise permitted by federal law.

20.6 **Use of Regional Resources**

20.6.1 Within 60 calendar days prior to the start of each Fiscal Year, Richland shall provide notice to BPA of any firm power from Richland's Generating Resources during its term, listed in Exhibit A that has been used to serve firm consumer load in the Region and that Richland plans to export for sale outside the Region in the next Fiscal Year. Firm power includes firm energy and firm peaking capability.

BPA may request and Richland shall provide within 30 calendar days of such request, additional information on Richland's sales and dispositions of non-federal resources if BPA has information that Richland may have made such an export and not notified BPA. BPA may request and Richland shall provide within 30 calendar days of such request, information on the planned use of any or all of Richland's Generating Resources.

During any Rate Period that Richland has no purchase obligation for Firm Requirements Power under section 3, Richland shall have no obligation to notify BPA of its exports under this section; provided, however, Richland shall provide notification of all applicable exports in Rate Periods when it has a purchase obligation.

20.6.2 Richland shall be responsible for monitoring any firm power from Generating Resources it sells in the Region to ensure such firm power is planned to be used to serve firm consumer load in the Region.

20.6.3 Subject to the 5(b)/9(c) Policy, if Richland fails to report to BPA in accordance with section 20.6.1 above, any of its planned exports for sale outside the Region of firm power from a Generating Resource that has been used to serve firm consumer load in the Region, and BPA makes a finding that an export which was not reported was made, then BPA shall decrement the amount of its Firm Requirements Power sold under this Agreement by the amount and for the duration of the export that was not reported and by any continuing export amount. Decrements under the preceding sentence shall be first to power that would otherwise be provided at the applicable firm power rate, as determined by BPA. When applicable, such decrements shall be identified in section 3.2 of Exhibit A.

20.6.4 For purposes of this section 20.6, an export for sale outside the Region means a contract for the sale or disposition of firm power from a Generating Resource during its term that has been used to serve firm consumer load in the Region, which contract will be performed in a manner that such output is no longer used or not planned to be used solely to serve firm consumer load in the Region. Delivery of firm power outside the Region under a seasonal exchange agreement that is made consistent with BPA's 5(b)/9(c) Policy will not be considered an export. Firm power from a Generating Resource used to serve firm consumer load in the Region means the firm generating or load carrying capability of a Generating Resource as established under the resource planning criteria generally used within the Region.

20.6.5 For purposes of this section 20.6, if Richland has notified BPA that it will join and participate in an organized market using non-federal firm power produced by a Generating Resource dedicated to supply its Total Retail Load as identified in Exhibit A, then to the extent the organized market operates geographically both within and outside the Region, Richland's participation in such market will not be considered an export outside the Region, provided Richland's dedicated non-federal power obligation remains unchanged from the amount identified in Exhibit A. Richland's participation in an organized market shall not increase the firm energy requirements of Richland or other customers of the Administrator, as determined by the Administrator.

20.7 **BPA Appropriations Refinancing**

The Parties agree that the provisions of section 3201(i) of the Bonneville Power Administration Refinancing section of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (BPA Refinancing Act), P.L. 104-134, 110 Stat. 1321, 350, as stated in the United States Code on the Effective Date, are incorporated by reference and are a material term of this Agreement.

21. STANDARD PROVISIONS

21.1 **Amendments**

Except where this Agreement explicitly allows for one Party to unilaterally amend a provision or exhibit, no amendment of this Agreement shall be of any force or effect unless set forth in writing and signed by authorized representatives of each Party. Upon Richland's request, and to the extent BPA determines it is practicable, BPA shall provide Richland a reasonable opportunity to review any unilateral provision or exhibit revisions, or the data that will be input into an exhibit revision, prior to BPA making such unilateral revisions.

21.2 **Entire Agreement and Order of Precedence**

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement. The body of this Agreement shall prevail over the exhibits to this Agreement in the event of a conflict.

21.3 **Assignment**

This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld. Without limiting the foregoing, BPA's refusal to consent to assignment shall not be considered unreasonable if, in BPA's sole discretion: (1) the sale of power by BPA to the assignee would violate any applicable statute, or (2) such sale might adversely affect the tax-exempt status of bonds issued as part of an issue that finances or refinances the Columbia Generating Station or that such sale might limit the ability to issue future tax-exempt bonds to finance or refinance the Columbia Generating Station. Richland may not transfer or assign this Agreement to any of its retail consumers.

21.4 **No Third-Party Beneficiaries**

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.

21.5 **Waivers**

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or of any other breach of this Agreement.

21.6 **BPA Policies**

Any reference in this Agreement to BPA policies, including any revisions, does not constitute agreement of Richland to such policy by execution of this Agreement, nor shall it be construed to be a waiver of the right of Richland to seek judicial review of any such policy.

21.7 **Rate Covenant and Payment Assurance**

Richland agrees that it shall establish, maintain and collect rates or charges sufficient to assure recovery of its costs for power and energy and other services, facilities and commodities sold, furnished or supplied by it through any of its electric utility properties. BPA may require additional forms of payment assurance if: (1) BPA determines that such rates and charges may not be adequate to provide revenues sufficient to enable Richland to make the payments required under this Agreement, or (2) BPA identifies in a letter to Richland that BPA has other reasonable grounds to conclude that Richland may not be able to make the payments required under this Agreement. If Richland does not provide payment assurance satisfactory to BPA, then BPA may terminate this Agreement. Written notices sent under this section must comply with section 1 of Exhibit I.

21.8 **Procedure in the Event of Federal Base System Resource Loss**

BPA shall provide notice to Richland if BPA expects the loss of Federal Base System Resource, as defined in Section 3(10) of the Northwest Power Act, that: (1) is in excess of 450 aMW in a single year and is expected to last for a period of five or more years, and (2) the replacement cost of which would be included in the Tier 1 Cost Pool.

BPA shall conduct a public process to discuss targeted policy and CHWM Contract amendments if, within 30 calendar days of such notice provided in this section 21.8, a majority of CHWM Contract customers, or their representatives, indicate in writing to BPA the customer’s support to open a public process to discuss targeted policy and contract amendments. For purposes of calculating utility count under this section, JOE Members will be counted individually.

22. PARTICIPATION IN WRAP

BPA is participating in the Western Resource Adequacy Program (WRAP) with its first binding season occurring prior to October 1, 2028. If BPA ceases to participate in WRAP, then BPA shall provide advance notice to Richland of the date that BPA’s participation will end.

The remainder of this section 22 will not apply if BPA is not participating in WRAP.

22.1 **Responsibilities and Provision of Information Necessary for WRAP Participation**
BPA shall be solely responsible for fulfilling its contractual obligations to WRAP and shall provide WRAP with any necessary data regarding Richland's load and resources in compliance with WRAP requirements. Consistent with this section 22, section 17, and section 5 of Exhibit J, Richland shall provide BPA with any necessary and requested information, forecasts, and attestations associated with Richland's Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load.

22.1.1 By October 1, 2027, BPA shall notify Richland of its preferred mode of communication for WRAP-related information.

22.1.2 BPA may request a signed Joint Contract Accreditation Form (JCAF) from Richland for any Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load relevant to the WRAP. Richland shall provide BPA with a signed JCAF(s) no later than 30 calendar days following such request and by the dates established in section 5 of Exhibit J. JCAFs provided under this section shall comply with the requirements of WRAP and shall be updated as appropriate to meet WRAP requirements.

22.2 **WRAP-Related Charges Under a Sharing Event**
If BPA incurs any charges from WRAP attributed to Richland's Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load, then BPA shall pass through such charges, or the portion of such charges related to Richland's resources, to Richland, subject to the terms of section 5 of Exhibit J.

If BPA does not incur a charge from the WRAP entity but does incur a WRAP-related cost attributed to Richland's Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load, then BPA may assess a charge pursuant to BPA's applicable Power Rate Schedules and GRSPs and as established in a 7(i) Process.

22.3 **WRAP and Resource-Related Exhibit Revisions**
By June 30, 2027, Richland and BPA shall review and make any necessary revisions to Exhibit J to adjust the terms and conditions to implement this section 22. Such revision may include terms and conditions such as, but not limited to: BPA's preferred mode of communication, Richland notices relevant to WRAP, pass through charges for resources (subject to the limitations in section 22.2 above), terms related to JCAFs, load exclusions, and any other terms necessary to facilitate BPA's participation in WRAP.

In addition, if after June 30, 2027 Richland elects to apply a Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load to load for the first time, then Richland and BPA shall review and make any necessary revisions to Exhibit J to adjust the terms and conditions to implement this section 22.

22.4 **Load Exclusions**

For purposes of this section 22, "load exclusion" means a distinct and separately metered load of Richland for which BPA is not the exclusive wholesale provider and that is excluded from BPA's WRAP participation.

Richland's request for a load exclusion, and BPA's decision of whether to allow such load exclusion, shall be pursuant to section 5 of Exhibit J.

23. FUTURE AMENDMENT FOR DAY-AHEAD MARKET IMPLEMENTATION

If BPA decides, or has decided, to join a day-ahead market to serve Richland's load, then BPA shall conduct a public process to discuss implementation details of BPA's decision and work with customers to determine: (1) any necessary amendments to the Provider of Choice power sales agreements, including any necessary to align with an updated Transmission Services tariff and settlements under an organized market, and (2) the anticipated timeline for executing such amendments. Such public process shall not be construed as reconsideration of BPA's market decision. Any amendments negotiated during such public process shall be limited to those necessary to implement a day-ahead market and shall not be conditioned by either Party on modification to any other provision under this Agreement not related to implementing a day-ahead market. Following the conclusion of such public process, BPA shall issue the final amendment template and, based on the agreed-upon timeline, prepare and offer Richland a contract amendment using the amendment template. Richland's agreement to such amendment consistent with this section 23 shall not be unreasonably withheld.

Following BPA joining a day-ahead market to serve Richland's load and the Parties amend this Agreement pursuant to this section 23, BPA shall also conduct a public process on the topic of settlements for the Slice Product in the day-ahead market that BPA joins.

24. TERMINATION

BPA may terminate this Agreement if:

(1) Richland fails to make payment as required by section 16.4, or

(2) Richland fails to provide payment assurance satisfactory to BPA as required by section 21.7.

Such termination is without prejudice to any other remedies available to BPA under law.

25. SIGNATURES

This Agreement may be executed in several counterparts, all of which taken together will constitute one single agreement, and may be executed by electronic signature and delivered electronically. The Parties have executed this Agreement as of the last date indicated below.

CITY OF RICHLAND, WASHINGTON		UNITED STATES OF AMERICA Department of Energy Bonneville Power Administration	
By	______________________	By	______________________
Name	Jon Amundson, ICMA-CM *(Print/Type)*	Name	William Rimmer *(Print/Type)*
Title	City Manager	Title	Customer Account Executive
Date	______________________	Date	______________________

CITY OF RICHLAND, WASHINGTON

By ______________________

Name Approved as to form:
Heather Kintzley
(Print/Type)

Title City Attorney

Date ______________________

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\25076.docx) 09/16/2025

Exhibit A
NET REQUIREMENTS AND RESOURCES

1. NET REQUIREMENTS

BPA shall establish Richland's Net Requirement based on its Total Retail Load minus: (1) Richland's Dedicated Resources determined pursuant to section 3.3 of the body of this Agreement and listed in sections 2, 3, and 4 of this exhibit, and (2) Consumer-Owned Resources determined pursuant to section 3.6 of the body of this Agreement and listed in sections 7.1, 7.3, and 7.4 of this exhibit. The Parties shall not add or remove resource amounts to change Richland's purchase obligations from BPA under section 3.1 of the body of this Agreement except in accordance with sections 3.4.2, 3.5, 3.6 and 10 of the body of this Agreement.

2. LIST OF SPECIFIED RESOURCES

All of Richland's Specified Resources are listed below.

2(1) **Horn Rapids**

(A) **Special Provisions**
None.

(B) **Resource Profile**

Fuel Type	Date Resource Dedicated to Load	Date of Resource Removal	Percent of Resource Used to Serve Load	Nameplate Capability (MW)	Delivery Plan
Solar		N/A	100%	4.00	BPAT

Statutory Status		Resource Status		Applied to Tier 1 Allowance Amount		RSS		Dispatchable	
5b1A	5b1B	Existing	New	Yes	No	Yes	No	Yes	No
	X	X			X				X
Note: Fill in the table above with "X"s.									

(C) **Specified Resource Amounts**

Specified Resource Amounts													
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**annual aMW**
Fiscal Year 2029													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	119	130	229	362	448	511	547	538	538	396	0.875
LLH (MWh)	58	34	29	25	38	54	89	98	84	129	80	100	0.211
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2030													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	229	349	466	511	526	560	538	396	0.876
LLH (MWh)	46	34	29	25	38	67	71	98	105	107	80	100	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A

Specified Resource Amounts													
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**annual aMW**
Fiscal Year 2031													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	229	349	466	511	526	560	518	413	0.875
LLH (MWh)	46	34	29	25	38	67	71	98	105	107	100	83	0.209
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2032													
Total (MWh)	361	196	148	155	277	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	130	229	362	466	491	547	560	518	413	0.875
LLH (MWh)	46	40	24	25	48	54	71	118	84	107	100	83	0.207
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2033													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	124	125	229	362	466	491	547	538	538	413	0.875
LLH (MWh)	58	34	24	30	38	54	71	118	84	129	80	83	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2034													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	124	125	229	362	448	511	547	538	538	413	0.876
LLH (MWh)	58	34	24	30	38	54	89	98	84	129	80	83	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2035													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	119	130	229	362	448	511	547	538	538	396	0.875
LLH (MWh)	58	34	29	25	38	54	89	98	84	129	80	100	0.211
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2036													
Total (MWh)	361	196	148	155	277	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	239	349	466	511	526	560	518	413	0.874
LLH (MWh)	46	33	29	25	38	67	71	98	105	107	100	83	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2037													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	130	229	349	466	491	547	560	518	413	0.875
LLH (MWh)	46	40	24	25	38	67	71	118	84	107	100	83	0.209
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2038													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	125	229	362	466	491	547	560	518	413	0.877
LLH (MWh)	46	40	24	30	38	54	71	118	84	107	100	83	0.207
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2039													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	124	125	229	362	466	491	547	538	538	413	0.875
LLH (MWh)	58	34	24	30	38	54	71	118	84	129	80	83	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2040													
Total (MWh)	361	196	148	155	277	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	124	125	239	362	448	511	547	538	538	396	0.874
LLH (MWh)	58	33	24	30	38	54	89	98	84	129	80	100	0.211
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A

Specified Resource Amounts													
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**annual aMW**
Fiscal Year 2041													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	229	349	466	511	526	560	538	396	0.876
LLH (MWh)	46	34	29	25	38	67	71	98	105	107	80	100	0.208
Peak (MW)	0.00	0.00	0.30	0.00	0.50	0.20	0.20	0.20	2.20	1.30	1.10	0.70	N/A
Fiscal Year 2042													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	229	349	466	511	526	560	518	413	0.875
LLH (MWh)	46	34	29	25	38	67	71	98	105	107	100	83	0.209
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2043													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	130	229	349	466	491	547	560	518	413	0.875
LLH (MWh)	46	40	24	25	38	67	71	118	84	107	100	83	0.209
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2044													
Total (MWh)	361	196	148	155	277	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	125	239	362	466	491	547	538	538	413	0.875
LLH (MWh)	46	40	24	30	38	54	71	118	84	129	80	83	0.207
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Note: Fill in the table above with megawatt-hours rounded to whole megawatt-hours, with megawatts rounded to one decimal place, and annual Average Megawatts rounded to three decimal places.													

3. COMMITTED POWER PURCHASE AMOUNTS

3.1 Committed Power Purchase Amounts Used to Serve Total Retail Load

3.1.1 Shape of Committed Power Purchase Amounts

BPA shall calculate Richland's Committed Power Purchase Amounts using the Flat Annual Shape monthly shape and the selected Diurnal shape listed below. BPA shall update the table below consistent with section 3.4.2 of the body of this Agreement.

Shape of Committed Power Purchase Amounts		
Monthly Shape	**Diurnal Shape Choice**	
Flat Annual Shape	**HLH Diurnal Shape**	**Flat Within-Month Shape**
X		X
X		X
X		X
X		X

3.1.2 Committed Power Purchase Amounts

Richland does not have any Committed Power Purchase Amounts at this time.

3.2 **Committed Power Purchase Amounts for 9(c) Export Decrements**
Richland does not have any Committed Power Purchase Amounts for 9(c) export decrements at this time.

4. DEDICATED RESOURCE AMOUNTS USED TO SERVE PLANNED NLSLs AND NLSLs

Richland does not have any Dedicated Resource amounts serving a Planned NLSL or an NLSL at this time, in accordance with sections 3.5.8 and 20.3 of the body of this Agreement.

5. TOTAL DEDICATED RESOURCE AMOUNTS

The amounts in the table below equal the sum of all Dedicated Resource amounts used to serve Richland's Total Retail Load listed above in sections 2, 3, and 4.

Total Dedicated Resource Amounts													
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**annual aMW**
Fiscal Year 2029													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	119	130	229	362	448	511	547	538	538	396	0.875
LLH (MWh)	58	34	29	25	38	54	89	98	84	129	80	100	0.211
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2030													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	229	349	466	511	526	560	538	396	0.876
LLH (MWh)	46	34	29	25	38	67	71	98	105	107	80	100	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2031													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	229	349	466	511	526	560	518	413	0.875
LLH (MWh)	46	34	29	25	38	67	71	98	105	107	100	83	0.209
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2032													
Total (MWh)	361	196	148	155	277	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	130	229	362	466	491	547	560	518	413	0.875
LLH (MWh)	46	40	24	25	48	54	71	118	84	107	100	83	0.207
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2033													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	124	125	229	362	466	491	547	538	538	413	0.875
LLH (MWh)	58	34	24	30	38	54	71	118	84	129	80	83	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2034													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	124	125	229	362	448	511	547	538	538	413	0.876
LLH (MWh)	58	34	24	30	38	54	89	98	84	129	80	83	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2035													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	119	130	229	362	448	511	547	538	538	396	0.875
LLH (MWh)	58	34	29	25	38	54	89	98	84	129	80	100	0.211
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A

Total Dedicated Resource Amounts													
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**annual aMW**
Fiscal Year 2036													
Total (MWh)	361	196	148	155	277	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	239	349	466	511	526	560	518	413	0.874
LLH (MWh)	46	33	29	25	38	67	71	98	105	107	100	83	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2037													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	130	229	349	466	491	547	560	518	413	0.875
LLH (MWh)	46	40	24	25	38	67	71	118	84	107	100	83	0.209
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2038													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	125	229	362	466	491	547	560	518	413	0.877
LLH (MWh)	46	40	24	30	38	54	71	118	84	107	100	83	0.207
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2039													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	124	125	229	362	466	491	547	538	538	413	0.875
LLH (MWh)	58	34	24	30	38	54	71	118	84	129	80	83	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2040													
Total (MWh)	361	196	148	155	277	416	537	609	631	667	618	496	0.582
HLH (MWh)	303	163	124	125	239	362	448	511	547	538	538	396	0.874
LLH (MWh)	58	33	24	30	38	54	89	98	84	129	80	100	0.211
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2041													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	229	349	466	511	526	560	538	396	0.876
LLH (MWh)	46	34	29	25	38	67	71	98	105	107	80	100	0.208
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2042													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	163	119	130	229	349	466	511	526	560	518	413	0.875
LLH (MWh)	46	34	29	25	38	67	71	98	105	107	100	83	0.209
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2043													
Total (MWh)	361	196	148	155	267	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	130	229	349	466	491	547	560	518	413	0.875
LLH (MWh)	46	40	24	25	38	67	71	118	84	107	100	83	0.209
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A
Fiscal Year 2044													
Total (MWh)	361	196	148	155	277	416	537	609	631	667	618	496	0.582
HLH (MWh)	315	156	124	125	239	362	466	491	547	538	538	413	0.875
LLH (MWh)	46	40	24	30	38	54	71	118	84	129	80	83	0.207
Peak (MW)	0.0	0.0	0.3	0.0	0.5	0.2	0.2	0.2	2.2	1.3	1.1	0.7	N/A

Note: Fill in the table above with megawatt-hours rounded to whole megawatt-hours, with megawatts rounded to one decimal place, and annual Average Megawatts rounded to three decimal places.

6. LIST OF RESOURCES NOT USED TO SERVE TOTAL RETAIL LOAD

Pursuant to section 17 of the body of this Agreement, Richland does not own any Generating Resources that are: (1) not Specified Resources listed in section 2 of Exhibit A, and (2) greater than 1.000 megawatt of nameplate capability.

7. LIST OF CONSUMER-OWNED RESOURCES

7.1 Consumer-Owned Resources Serving On-Site Consumer Load

Pursuant to section 3.6 of the body of this Agreement, Richland does not have any Consumer-Owned Resources serving On-Site Consumer Load at this time.

7.2 Consumer-Owned Resources Serving Load Other than On-Site Consumer Load

Pursuant to section 3.6 of the body of this Agreement, Richland does not have any Consumer-Owned Resources serving load other than On-Site Consumer Load at this time.

7.3 Consumer-Owned Resources Serving Both On-Site Consumer Load and Load Other than On-Site Consumer Load

Pursuant to section 3.6 of the body of this Agreement, Richland does not have any Consumer-Owned Resources serving both On-Site Consumer Load and load other than On-Site Consumer Load at this time.

7.4 Consumer-Owned Resources Serving Planned NLSL or NLSL

Pursuant to section 20.3.10 of the body of this Agreement, Richland does not have any Consumer-Owned Resources serving a Planned NLSL or an NLSL at this time.

8. TABLES FOR HLH DIURNAL SHAPE

8.1 Specified Resources

If Richland elects the HLH Diurnal Shape for its Specified Resources, then Richland shall fill in a table with monthly LLH and HLH amounts for each year of the upcoming Rate Period for each Specified Resource. The monthly LLH and HLH distributions shall be the same across all years of a Rate Period. Richland shall submit the tables to BPA when Richland makes its reshaping elections. BPA shall update the appropriate Dedicated Resource amounts pursuant to Richland's submitted elections and consistent with section 3.4.2 of the body of this Agreement.

8.2 Committed Power Purchase Amounts

If Richland elects the HLH Diurnal Shape for its Committed Power Purchase Amounts, then Richland shall submit to BPA in writing its elected ratios of megawatt-hours per hour in HLH to megawatt-hours per hour in LLH by October 31 of a Rate Case Year. Richland shall submit to BPA twelve monthly ratios and such monthly ratios shall apply for all years of the corresponding Rate Period. BPA shall update the table below pursuant to Richland's submitted elections and consistent with section 3.4.2 of the body of this Agreement. BPA shall calculate Richland's Committed Power Purchase Amounts using the ratios in the table below.

HLH Diurnal Shape for Committed Power Purchase Amounts												
Rate Period	**HLH to LLH Ratios (HLH:LLH)**											
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**
FY 2029 – FY 2030												
FY 2031 – FY 2032												
FY 2033 – FY 2034												
FY 2035 – FY 2036												
FY 2037– FY 2038												
FY 2039 – FY 2040												
FY 2041– FY 2042												
FY 2043 – FY 2044												

9. REVISIONS

BPA shall unilaterally revise this exhibit to reflect: (1) Richland's elections regarding the application and use of all resources owned by Richland and Richland's retail consumers and (2) BPA's determinations relevant to this exhibit and made in accordance with this Agreement. All other changes to this Exhibit A will be made by mutual agreement of the Parties.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit A\Exh A.docx) 08/28/25

Exhibit B
CONTRACT HIGH WATER MARKS

1. CONTRACT HIGH WATER MARK (CHWM)

1.1 CHWM Amount

By September 30, 2026, BPA shall fill in the table below with Richland's CHWM. Once established, BPA may only adjust Richland's CHWM as permitted pursuant to section 1.2 of this exhibit.

CHWM (annual aMW) 1/**:**	
Note: BPA shall round the number in the table above to three decimal places. 1/ CHWM amount effective October 1, 2028.	

1.2 CHWM Adjustments

BPA shall determine any adjustments to Richland's CHWM pursuant to this section 1.2. BPA shall notify Richland of any adjustments and the date such adjustment will be effective.

1.2.1 Corrections for NLSLs

If after BPA establishes Richland's CHWM pursuant to section 7 of the body of this Agreement, BPA determines that a load included in Richland's Total Retail Load in the CHWM calculation was an NLSL or became an NLSL in FY 2023, then BPA shall adjust Richland's CHWM by removing the FY 2023 load associated with the NLSL from Richland's weather normalized Total Retail Load. BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM and its effective date. BPA shall provide Richland written notice of the CHWM adjustment and its effective date, and will provide Richland with a revised Exhibit B. In the event of an adjustment, and subject to any applicable statute of limitations, Richland shall pay any charges calculated by BPA to account for the ineligible PF rate purchases dating back to October 1, 2028.

1.2.2 Annexed Load

If Richland annexes load from a utility that has a CHWM Contract, then BPA shall increase Richland's CHWM in an amount determined as follows:

(1) If Richland and the other utility involved in the annexation agree on the amount of the CHWM transfer to Richland, then BPA shall adopt that amount if BPA determines such amount is reasonable.

(2) If Richland and the other utility cannot agree on the amount of the CHWM transfer to Richland, or if BPA determines the amount agreed to in section 1.2.2(1) of this exhibit is unreasonable, then BPA shall calculate the amount of

Richland's CHWM transfer using the following formula; provided however that BPA may adjust the calculated amount to reflect (A) the division of Dedicated Resources between the utilities and (B) other pertinent information provided by Richland and the other utility:

$$\left[\frac{\text{Annexed Load minus annexed NLSLs, if any}}{\text{Other utility's pre-annexation Total Retail Load minus total NLSLs, if any}}\right] \times \left[\text{Other utility's pre-annexation CHWM}\right]$$

In no event shall the total CHWM amount of Richland and the other utility after the transfer exceed the total CHWM amount of Richland and the other utility prior to the transfer.

BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM which will be effective on the date that Richland begins service to the Annexed Load.

1.2.3 **Ceded Load**
If another utility with a CHWM Contract annexes load of Richland, then BPA shall reduce Richland's CHWM in an amount determined as follows:

(1) If Richland and the other utility involved in the annexation agree on the amount of the CHWM transfer to the other utility, then BPA shall adopt that amount if BPA determines such amount is reasonable.

(2) If Richland and the other utility cannot agree on the amount of the CHWM transfer to the other utility, or if BPA determines the amount agreed to in section 1.2.3(1) of this exhibit is unreasonable, then BPA will calculate the amount of Richland CHWM transfer using the following formula; provided however, BPA may adjust the calculated amount to reflect (A) the division of Dedicated Resources between the utilities and (B) other pertinent information advanced by Richland and the other utility:

$$\left[\frac{\text{Annexed Load minus annexed NLSLs, if any}}{\text{Richland's pre-annexation Total Retail Load minus total NLSLs, if any}}\right] \times \left[\text{Richland's pre-annexation CHWM}\right]$$

In no event shall the total CHWM amount of Richland and the other utility after the transfer exceed the total CHWM amount of Richland and the other utility prior to the transfer.

BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM which will be effective on the date that the annexing utility begins service to the Annexed Load.

1.2.4 **Court Order on Annexation**
BPA shall adjust Richland's CHWM due to annexation if BPA's Administrator determines that a court order requires BPA to do so. BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM and its effective date. BPA shall provide Richland written notice of the CHWM adjustment and revised Exhibit B as soon as reasonably practical.

1.2.5 **Small Utility Adjustment**
BPA shall determine in its sole discretion whether Richland qualifies for the Small Utility Adjustment. If Richland is eligible for the Small Utility Adjustment, then BPA shall also determine Richland's Maximum Potential CHWM for purposes of this section 1.2.5. For purposes of this section 1.2.5, "Maximum Potential CHWM" means the lesser of: (1) double Richland's CHWM as calculated in the FY 2026 CHWM Calculation Process, or (2) 5 aMW. By September 30, 2026, BPA shall fill in the table below indicating such eligibility and Richland's Maximum Potential CHWM.

Eligible for Small Utility Adjustment	Maximum Potential CHWM

If Richland is eligible for the Small Utility Adjustment as indicated above, then during each Above-CHWM Load Process BPA shall determine whether an adjustment is needed and calculate such adjustment as provided below. Any such adjustment would be added to Richland's CHWM.

(1) BPA will determine whether Richland's Preliminary Net Requirement exceeds its CHWM.

(2) If Richland's Preliminary Net Requirement is less than its CHWM, then BPA shall make no adjustment to Richland's CHWM.

(3) If Richland's Preliminary Net Requirement exceeds its CHWM, then BPA shall calculate a CHWM adjustment in an amount equal to the difference between Richland's Preliminary Net Requirement and its CHWM not to exceed Richland's Maximum Potential CHWM stated above.

(4) If a proposed CHWM adjustment under section 1.2.5(3) above would exceed Richland's Maximum Potential CHWM, then

BPA shall reduce such adjustment to an amount resulting in a CHWM that equals Richland's Maximum Potential CHWM.

(5) If Richland's CHWM has been adjusted pursuant to section 1.2.5(4) above, then BPA shall make no additional change to Richland's CHWM except as otherwise provided for in this Exhibit B.

For any Rate Period that BPA adjusts Richland's CHWM pursuant to this section 1.2.5, BPA shall revise the table in section 1.1. of this Exhibit B with the adjusted CHWM to be effective at the start of the next Rate Period. BPA shall provide Richland written notice of the CHWM adjustment and revised Exhibit B. For purposes of the Tier 1 Marginal Energy True-Up rate, Richland's CHWM shall be the Maximum Potential CHWM as stated above.

2. REVISIONS

BPA shall unilaterally revise this exhibit pursuant to section 1 of this exhibit. All other changes to this Exhibit B will be made by mutual agreement of the Parties.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit B\Exh B.docx) 09/03/2025

Exhibit C
PURCHASE OBLIGATIONS

1. FIRM REQUIREMENTS POWER AT TIER 1 RATES

The portion of Richland's purchase obligation that is priced at Tier 1 Rates is established in section 8.1(1) of the body of this Agreement.

2. FIRM REQUIREMENTS POWER AT TIER 2 RATES

2.1 One-Time Above-CHWM Load Service Elections

Pursuant to section 9.2 of the body of the Agreement, Richland shall elect one of the following four options below to serve its Above-CHWM Load which shall apply for the term of the Agreement except when Richland elects to change its Tier 2 Long-Term Rate purchase election amount pursuant to the terms and conditions of sections 2.3.2 and 2.3.3 of this exhibit.

BPA shall revise this exhibit by March 31, 2027, to indicate Richland's initial election and purchase obligation by adding an "X" to the box next to the applicable option below.

Initial Election ☐ (1) **Option A. All Tier 2 Long-Term Rate option**
Richland shall purchase and BPA shall serve all of Richland's Above-CHWM Load with Firm Requirements Power priced at the Tier 2 Long-Term Rate.

Initial Election ☐ (2) **Option B. Fixed Tier 2 Long-Term Rate option then flexible option**
Richland shall purchase and BPA shall provide up to a fixed Average Megawatt amount of Richland's Above-CHWM Load with Firm Requirements Power sold at the Tier 2 Long-Term Rate. Any remaining Above-CHWM Load will be served with: (1) Firm Requirements Power at the Tier 2 Short-Term Rate, (2) Firm Requirements Power at a Tier 2 Vintage Rate, if applicable, (3) Dedicated Resources, or (4) a combination of amounts of (1), (2) and (3).

At the time of election as stated in section 9.3 of the body of this Agreement, Richland shall notify BPA of the fixed Average Megawatt amount of its Above-CHWM Load BPA will serve up to with Firm Requirements Power sold at a Tier 2 Long-Term Rate. BPA shall update the following table to state such amount.

Fixed aMW Amounts - Tier 2 Long-Term Election								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: The amount in the table should be rounded to three decimal places.								

Initial Election ☐ (3) **Option C. Fixed flexible option then Tier 2 Long-Term Rate option**
Richland shall elect up to a fixed Average Megawatt amount of Above-CHWM Load that will be served with: (1) Firm Requirements Power at the Tier 2 Short-Term Rate, (2) Firm Requirements Power at a Tier 2 Vintage Rate, if applicable, (3) Dedicated Resources, or (4) a combination of amounts of (1), (2) and (3).

At the time of election, Richland shall notify BPA of the fixed Average Megawatt amount of its Above-CHWM Load that will be served up to under the flexible option for the duration of the contract. BPA shall update the following table to state such amounts.

Richland shall purchase and BPA shall serve any remaining Above-CHWM Load with Firm Requirements Power sold at the Tier 2 Long-Term Rate.

Fixed aMW Amounts - Flexible Election								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: the amount in the table should be rounded to three decimal places.								

Initial Election ☐ (4) **Option D. All flexible option**
Richland's Above-CHWM Load shall be served with (1) Firm Requirements Power at the Tier 2 Short-Term Rate, (2) Firm Requirement Power at a Tier 2 Vintage Rate, if applicable, (3) Dedicated Resources, or (4) a combination of amounts of (1), (2) and (3).

If Richland fails to notify BPA of its Above-CHWM Load service election pursuant to section 9.2 of the body of this Agreement, then Richland shall be deemed to have elected option D under section 2.1 of this exhibit and Richland shall serve all of its Above-CHWM Load amounts with the options stated in section 2.1(4) above.

Richland's total Tier 2 Rate purchase obligation amount(s) that BPA shall provide and Richland shall purchase consistent with sections 3.1 and 3.2 of the body of this Agreement shall be stated in the table below in section 2.9.

2.2 **Rounding Option**
If Richland elects option B, C, or D under section 2.1 above, then by July 31, 2027, Richland may elect to have BPA serve up to 0.999 aMW of its Above-CHWM Load through the Tier 1 Rate design, pursuant to the PRDM, for the

term of the Agreement. No later than March 31, 2028, BPA shall indicate Richland's election for all Rate Periods through the term of the Agreement in the table below.

By July 31 of each Forecast Year, Richland may notify BPA if it wants to change its rounding option election, and BPA shall update the table below to reflect such change by March 31 following Richland's notification.

Rate Period	**Rounding Option Elected**
BP-29	
BP-31	
BP-33	
BP-35	
BP-37	
BP-39	
BP-41	
BP-43	
Note: Add X if customer elects rounding option.	

2.3 **Tier 2 Long-Term Rate**

2.3.1 **Election Opportunity and Tier 2 Long-Term Rate Purchase Obligation Amount**
Richland may elect to purchase Firm Requirements Power at the Tier 2 Long-Term Rate to serve its Above-CHWM Load by selecting options A, B or C under section 2.1 of this exhibit. If Richland elects option A, B or C, then BPA shall update the table below by March 31 of each Rate Case Year to state the amount of Firm Requirements Power Richland is obligated to purchase at the Tier 2 Long-Term Rate for the upcoming Rate Period as follows.

If Richland elects option A under section 2.1, then the amount of Firm Requirements Power Richland is obligated to purchase at the Tier 2 Long-Term Rate shall equal Richland's Above-CHWM Load amount, calculated for each Fiscal Year of the applicable Rate Period, as stated in the table in this section 2.3.1.

If Richland elects option B under section 2.1, then the amount of Firm Requirements Power Richland is obligated to purchase at the Tier 2 Long-Term Rate shall be the lesser of Richland's Above-CHWM Load amount, calculated for each Fiscal Year of the applicable Rate Period, or the fixed Average Megawatt amount elected under the Tier 2 Long-Term option stated in the table in section 2.1(2) above.

If Richland elects option C under section 2.1, then the amount of Firm Requirements Power Richland is obligated to purchase at the Tier 2 Long-Term Rate shall equal the amount of Richland's Above-CHWM Load, calculated for each Fiscal Year of the applicable Rate Period, that exceeds the fixed Average Megawatt amount to be served under the flexible option as stated in the table in section 2.1(3) above.

Tier 2 Long-Term Rate Purchase Obligation Amount								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: Fill in the table above with the annual Average Megawatts, rounded to three decimal places.								

2.3.2 **Right to Reduce Tier 2 Long-Term Rate Election Amount Without a Fee**

Richland shall have a one-time right to request to reduce its Tier 2 Long-Term Rate election amount under options A, B, or C, without any charges or fees, if: (1) Richland submits a written request to BPA prior to August 1, 2027, and (2) BPA has not acquired power for the purposes of serving Richland's Tier 2 Long-Term Rate purchase obligation.

BPA, in its sole discretion, shall determine whether Richland's request to reduce its Tier 2 Long-Term Rate election amount meets the notice requirements. BPA shall notify Richland if the request does not meet the notice requirements.

If BPA determines that Richland's request meets the notice requirements, then BPA shall reduce Richland's Tier 2 Long-Term Rate election amount. By March 31, 2028, BPA shall: (1) update the applicable table(s) in section 2 of this exhibit with Richland's updated Tier 2 Long-Term Rate election amount, and (2) update Richland's election in section 2.1 if applicable.

2.3.3 **Right to Reduce Tier 2 Long-Term Election Amount with a Fee**

2.3.3.1 **Changes to Tier 2 Long-Term Elections**

Regardless of any reduction made pursuant to section 2.3.2 above, over the remaining term of the Agreement Richland shall have a one-time right to reduce its Tier 2 Long-Term Rate election amount under section 2.1 above, including reducing such amount to zero.

2.3.3.2 **Notification and Service Options**

Richland shall notify BPA in writing of its one-time election to reduce the amount of power Richland is obligated to purchase under section 2.3.3.1 above no less than three years prior to the start of the Rate Period that its election would be effective.

Richland's election under section 2.3.3.1 above shall be binding for the remaining term of the Agreement.

If Richland elects to reduce its Tier 2 Long-Term Rate election amount pursuant to section 2.3.3.1 above, then Richland shall serve the amount of the reduction with: (1) Firm Requirements Power at the Tier 2 Short-Term Rate, (2) Firm Requirement Power at a Tier 2 Vintage Rate, if applicable, (3) Dedicated Resources, or (4) a combination of amounts of (1), (2) and (3).

Richland shall notify BPA of its intent to serve its Above-CHWM Load with one of the four options listed in section 2.3.3.2 consistent with the terms and conditions stated in section 2 of Exhibit C.

2.3.3.3 **Exhibit Updates**

By March 31 following Richland's election notice under section 2.3.3.2 above, BPA shall: (1) update the applicable table(s) in section 2 of this exhibit, with Richland's updated Tier 2 Long-Term Rate election amount, and (2) update Richland's election in section 2.1 of this exhibit. BPA will update Exhibit A with any changes to Richland's Dedicated Resource amounts.

2.3.3.4 **Charges to Change Tier 2 Long-Term Election Amount**

Richland shall pay any charges that apply as a result of Richland exercising the one time right to change its Tier 2 Long-Term Rate election amount under this section 2.3.3. BPA shall calculate such charges pursuant to the PRDM and the applicable Power Rate Schedules and GRSPs. BPA shall not make payment to Richland as a result of BPA reducing the fixed up to Average Megawatt amounts of Firm Requirements Power that Richland is obligated to purchase at Tier 2 Long-Term Rates.

2.4 **Tier 2 Short-Term Rate**

Subject to the limitations in section 2.4.1 below, Richland may elect to purchase Firm Requirements Power at Tier 2 Short-Term Rates by electing option B, C or D under section 2.1 above.

If Richland elects options B, C or D, then by July 31, 2027, and by July 31 of each Forecast Year, Richland shall notify BPA of the amount of its Above-CHWM Load it requests for BPA to serve, if any, at the Tier 2 Short-Term Rate for the following Rate Period. Subject to the limitations in section 2.4.2 below, BPA shall update the table below by March 31 of each Rate Case Year to state the amount of power Richland is obligated to purchase at the Tier 2 Short-Term Rate as follows.

If Richland elects option B under section 2.1, then the amount of Firm Requirements Power Richland may request to purchase at the Tier 2 Short-Term Rate shall not exceed the difference between Richland's Above-CHWM Load, calculated for each Fiscal Year of the applicable Rate Period, and the fixed Average Megawatt amount elected under the Tier 2 Long-Term option stated in the table in section 2.1(2) above.

If Richland elects option C under section 2.1, then the amount of Firm Requirements Power Richland may request to purchase at the Tier 2 Short-Term Rate, shall not exceed the lesser of Richland's Above-CHWM Load amount calculated for each Fiscal Year of the applicable Rate Period or the fixed up to Average Megawatt amount to be served under the flexible option as stated in the table in section 2.1(3) above.

If Richland elects option D under section 2.1, then the amount of Firm Requirements Power Richland may request to purchase at the Tier 2 Short-Term Rate, shall not exceed Richland's Above-CHWM Load amount, calculated for each Fiscal Year of the applicable Rate Period.

Tier 2 Short-Term Rate Purchase Obligation Amounts								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: Fill in the table above with annual Average Megawatts, rounded to three decimal places.								

2.4.1 **Limitations on Tier 2 Short-Term Rate Amounts**

BPA shall attempt to acquire power to serve Richland's total amount of load requested to be served with Firm Requirements Power at the Tier 2 Short-Term Rate. If BPA is unable to acquire power, at any price, and cannot meet all customers' requests to purchase power at the Tier 2 Short-Term Rate, then each applicable Rate Period BPA: (1) shall notify Richland of the unavailability of power at the Tier 2 Short-Term Rate and (2) may limit the amount of Firm Requirements Power at the Tier 2 Short-Term Rate that Richland can purchase. If BPA receives multiple requests to provide Firm Requirements Power at the Tier 2 Short-Term Rate for the same Rate Period, and if BPA is only able to acquire power to serve a portion of the total requests for power priced at the Tier 2 Short-Term Rate, then BPA shall proportionally reduce all requests for the Rate Period on a pro rata basis.

By March 31, 2028 and by March 31 of each Rate Case Year thereafter, BPA shall notify customers of the unavailability or pro-rata reduction of power available at the Tier 2 Short-Term Rate.

2.4.2 **Determining Pro-Rata Shares of Amounts at Tier 2 Short-Term Rate**

If necessary pursuant to section 2.4.1 above, BPA shall determine Richland's pro-rata amount of power available for purchase at a Tier 2 Short-Term Rate for the applicable Rate Period based on (1) the actual amounts BPA is able to acquire to meet all customers' aggregate requests for service at a Tier 2 Short-Term Rate and (2) the total amount of Firm Requirements Power requested at the Tier 2 Short-Term Rate in section 2.4 each Rate Period. BPA will adjust individual amounts of Firm Requirements Power at the Tier 2 Short-Term Rate downward by the ratio between sections 2.4.2.(1) and 2.4.2.(2) above to calculate the amounts of the proportional share adjustment.

In the event BPA adjusts amounts at the Tier 2 Short-Term Rate downward, Richland shall apply Dedicated Resources to serve the portion of its election at the Short-Term Tier 2 Rate that BPA is unable to supply. BPA will update amounts in Exhibit A in accordance with section 2.6 below.

2.4.3 **Failure to Make an Election**

If Richland fails to make an election and does not notify BPA of its Tier 2 Short-Term Rate election amounts pursuant to section 2.4 above, then BPA shall enter "zero" for the applicable Fiscal Years of the Rate Period. Richland shall serve its remaining Above-CHWM Load amounts with Dedicated Resources to meet its Above-CHWM Load and any amounts will be updated in Exhibit A in accordance with section 2.6 below.

2.4.4 **Liability**

In no event shall BPA make payment to Richland as a result of Richland electing to reduce the amounts of Firm Requirements Power that Richland is obligated to purchase at Tier 2 Short-Term Rates. In no event shall BPA make payment to Richland if it is unable to secure power to meet requests for purchases at the Tier 2 Short-Term Rate.

2.5 **Tier 2 Vintage Rate Alternative**

If Richland elects option B, C, or D under section 2.1 above, then Richland is eligible to purchase Firm Requirement Power at a Tier 2 Vintage Rate, if offered by BPA, as described in this section 2.5. For purposes of this section 2.5, "Vintage Resource" means the output of a physical resource that BPA determines, in its sole discretion, to acquire for a period of greater than three years and that forms the cost basis for pricing Firm Requirements Power subject to an established Tier 2 Vintage Rate. BPA may offer to sell Firm Requirements Power at a Tier 2 Vintage Rate whenever it acquires a Vintage Resource.

BPA shall notify customers with a CHWM Contract at least 60 calendar days prior to making a Request For Offer (RFO) for a Vintage Resource. Within

30 calendar days of such notice, Richland shall notify BPA of the amount of Firm Requirements Power it will purchase from BPA at a Tier 2 Vintage Rate associated with the Vintage Resource.

Following the close of the RFO, BPA shall determine, in its sole discretion, whether to proceed with acquiring the Vintage Resource. If BPA decides to proceed with acquiring the Vintage Resource, then BPA will notify Richland of the available quantity, if any, of Firm Requirement Power that customer is eligible to purchase at the Tier 2 Vintage Rate, and the estimated Tier 2 Vintage Rate. Richland shall execute a Statement of Intent, as stated in section 2.5.1 below, to purchase identified amounts of Firm Requirements Power at the applicable Tier 2 Vintage Rate. The Statement of Intent will include the process and timing to elect the Vintage Alternative and execute a Statement of Intent.

2.5.1 **Statement of Intent**
If Richland elects to purchase Firm Requirements Power from BPA at Tier 2 Vintage Rates, then Richland shall sign a Statement of Intent provided by BPA which will state the amount of power Richland commits to purchase at a Tier 2 Vintage Rate. The Statement of Intent will be binding unless BPA does not complete the acquisition of the Vintage Resource consistent with section 2.5.3 below.

2.5.2 **Tier 2 Vintage Rate**
BPA shall determine the applicable Tier 2 Vintage Rate in accordance with the PRDM and applicable Power Rate Schedules and GRSPs. BPA will restate in the Statement of Intent the applicable Tier 2 Vintage Rate for the Vintage Resource.

2.5.3 **BPA Acquisition of Vintage Resource**
If BPA acquires the Vintage Resource, then BPA shall notify Richland that the acquisition is complete and update the table in section 2.5.8 below with the amount of Firm Requirements Power sold at a Tier 2 Vintage Rate and the contract number for the Statement of Intent. If BPA does not complete the acquisition of the Vintage Resource, then BPA shall notify Richland, and the Statement of Intent will become null and void. If BPA does not complete the acquisition, then Richland's current elections for service to its Above-CHWM Load above shall continue to apply.

2.5.4 **Additional Provisions Applicable to the Statement of Intent**

2.5.4.1 **Additional Terms and Conditions in Statement of Intent**
In addition to paying the Tier 2 Vintage Rate, Richland will also be subject to such additional terms and conditions associated with its selection of the Tier 2 Vintage Rate as described in the Statement of Intent. Such additional terms may include, but are not limited to, liquidated damages, if

applicable, associated with the purchase of the Vintage Resource.

2.5.4.2 **Duration of Statement of Intent**
The Tier 2 Vintage Resource amounts applied to serve Richland's Above-CHWM Load under this Agreement will not apply beyond the expiration of this Agreement, except as stated in the Statement of Intent.

2.5.4.3 **Maximum Amount of Firm Requirements Power at Tier 2 Vintage Rate**
The maximum amount of Firm Requirements Power Richland is eligible to purchase at a Tier 2 Vintage Rate will be equal to the annual maximum forecast of Richland's flexible Above-CHWM Load amounts of Richland's election under section 2.1, minus any Dedicated Resources serving Richland's Above-CHWM Load. BPA will develop the annual maximum forecast of Richland's flexible Above-CHWM Load amounts at the time BPA issues the RFO for the Vintage Resource. Such forecast shall apply for the term of BPA's acquisition of the Vintage Resource or the term of this Agreement, whichever terminates first.

2.5.4.4 **Commencement of the Vintage Resource**
Richland's Statement of Intent shall include procedures for how BPA will address the availability and timing of a Vintage Resource, if the timing of such Vintage Resource is not concurrent with the timing of any elections made by Richland in sections 2.1 and 2.4 of this exhibit.

2.5.5. **Multiple Requests for Vintage Resource**
Richland's Statement of Intent shall include procedures for how BPA will address multiple requests for Firm Requirements Power sold by BPA at a Tier 2 Vintage Rate if the aggregate amount of customer requests exceeds the amount of the Vintage Resource.

2.5.6 **Tier 2 Vintage Amounts in Excess of Above-CHWM Load**
If Richland purchases an amount of power from BPA at a Tier 2 Vintage Rate that exceeds its current Above-CHWM Load, then BPA, in its sole discretion, may either:

(1) determine any amount of power that exceeds Richland's Above-CHWM Load as surplus power and provide such to Richland at a surplus rate equivalent to the applicable Tier 2 Vintage Rate to be managed by Richland; or

(2) in accordance with section 10 of this exhibit, and pursuant to the PRDM, provide a remarketing service for the power that exceeds Richland's Above-CHWM Load until Richland's Above-

CHWM Load can accommodate the contracted amount of power purchased at the Tier 2 Vintage Rate.

2.5.7 **Treatment of Tier 2 Vintage Rate and Tier 2 Short-Term Rate Purchase Obligations**
In addition to the right to purchase power at a Tier 2 Vintage Rate established in this section 2.5, Richland may have the opportunity to purchase Firm Requirements Power at Tier 2 Vintage Rates regardless of whether Richland is purchasing power at Tier 2 Short-Term Rates, if BPA determines, in its sole discretion, to offer Richland a Statement of Intent that would provide Richland the opportunity to purchase Firm Requirements Power at Tier 2 Vintage Rates.

Any election by Richland to purchase Firm Requirements Power at Tier 2 Vintage Rates shall not relieve Richland of any obligation to purchase Firm Requirements Power at another Tier 2 Rate.

Any amounts of power that Richland is obligated to purchase at a Tier 2 Vintage Rate or Tier 2 Short-Term Rate that exceeds its Above-CHWM Load will be treated pursuant to section 2.5.6 above.

2.5.8 **Tier 2 Vintage Rate Elections, Amounts and Exhibit Updates**
If applicable, BPA shall update the table below within 90 calendar days of signing the Statement of Intent, with Richland's Tier 2 Vintage Rate purchase obligation amounts.

Richland's Annual Amounts at Tier 2 Vintage Rate. Statement of Intent Contract No. «##PS-#####»								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: Fill in the table above with annual Average Megawatts, rounded to three decimal places. Leave FY blank when not purchasing at a Tier 2 Vintage Rate. Include SOI number(s) in table title.								

By September 15 of each Fiscal Year or immediately following the establishment of a Tier 2 Vintage Rate for which Richland signed a Statement of Intent, BPA shall update the table in section 2.8.2 with Richland's Tier 2 Vintage Rate purchase obligation amounts.

2.6 **Obligation to Apply Dedicated Resources**
Richland shall apply Dedicated Resources to serve the portion of its Above-CHWM Load that exceeds the sum of all Richland's purchase obligations at Tier 2 Rates under sections 2.3, 2.4, and 2.5 above. BPA shall add Richland's Dedicated Resources to section 2 and section 3 of Exhibit A.

2.7 **Above-CHWM Load Liability**
If Richland annexes load from another customer with a CHWM Contract that had Above-CHWM Load served with Firm Requirements Power purchased at a Tier 2 Long-Term Rates, Tier 2 Short-Term Rate or a Tier 2 Vintage Rate, then Richland shall pay any costs that BPA determines apply as a result of such annexation. BPA shall determine such costs, if any, during the 7(i) Process that follows Richland's notice of annexation. BPA shall include such cost identified through the 7(i) Process on Richland's bill. In no event shall BPA make payment to Richland as a result of Richland reducing its amounts of Firm Requirements Power.

2.8 **This section intentionally left blank.**

2.9 **Amounts of Power to be Billed at Tier 2 Rates**
By March 31, 2028 and by March 31 of each Rate Case Year thereafter, BPA shall update the table in section 2.9 of this exhibit, consistent with Richland's elections for the upcoming Rate Period, with: (1) the planned annual average amounts of Firm Requirements Power that Richland shall purchase at the Tier 2 Long-Term Rate, Tier 2 Short-Term Rate, and Tier 2 Vintage Rate, if applicable, and (2) any remarketed Tier 2 Rate purchase amounts in accordance with section 10 of the body of this Agreement.

By March 31, 2028, and by March 31 of each Rate Case Year thereafter, BPA shall update the table below with such amounts for each year of the upcoming Rate Period consistent with sections 2.3, 2.4 and 2.5 of this exhibit. The difference between Above-CHWM Load and Tier 2 Rate amounts will be served pursuant to section 2.6 of this exhibit.

Annual Amounts Priced at Tier 2 Rates (aMW)								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
No Tier 2 at this time								
Remarketed or Surplus Power Vintage Rate Amounts								
Firm Requirements Power at Tier 2 Rates								

Annual Amounts Priced at Tier 2 Rates (aMW)								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
No Tier 2 at this time								
Remarketed or Surplus Power Vintage Rate Amounts								
Firm Requirements Power at Tier 2 Rates								

Notes:
1. List each applicable Tier 2 rate in the table above. For the first applicable Tier 2 rate replace **No Tier 2 at this time** with the name of the applicable Tier 2 rate. For each additional Tier 2 rate, add a new row above the **Remarketed Amounts** row. If Richland elects not to purchase at Tier 2 rates, then leave **No Tier 2 at this time** in the table and leave the remainder of the table blank.
2. Fill in the table above with annual Average Megawatts rounded to three decimal places.
3. Fill in Firm Requirements Power at Tier 2 Rates as the sum of all Tier 2 Rate amounts less any Remarketed or Surplus Tier 2 Vintage Rate amounts.

3. REVISIONS

BPA shall unilaterally revise this exhibit to reflect: (1) Richland's elections regarding service to its Above-CHWM Load, and (2) BPA's determinations relevant to this exhibit and made in accordance with this Agreement. All other changes to this Exhibit C will be made by mutual agreement of the Parties.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit C\Exh C.docx) 09/03/2025

Exhibit D
ADDITIONAL PRODUCTS AND SPECIAL PROVISIONS

1. CF/CT AND NEW LARGE SINGLE LOADS

1.1 CF/CT Loads

Richland has no loads identified that were CF/CTs as of September 1, 1979, as defined in Section 3(13)(A) of the Northwest Power Act.

1.2 Potential NLSLs

Richland has no identified Potential NLSLs.

1.3 Planned NLSLs

1.3.1 Planned NLSLs Served by BPA

Richland has no Planned NLSLs served by BPA.

1.3.2 Planned NLSLs Served with Dedicated Resource or Consumer-Owned Resource Amounts

Richland has no Planned NLSLs served with Dedicated Resource or Consumer-Owned Resource amounts.

1.4 NLSLs

1.4.1 NLSLs Served by BPA

Richland has no NLSLs served by BPA.

1.4.2 NLSLs Served by Dedicated Resource or Consumer-Owned Resource Amounts

Richland has no NLSLs served with Dedicated Resource or Consumer-Owned Resource amounts.

1.4.3 Renewable Resource/Cogeneration Exception

Richland's end-use consumer is not currently applying an on-site renewable resource or cogeneration facility to an NLSL.

2. REVISIONS

BPA shall unilaterally revise section 1, CF/CT and New Large Single Loads to reflect BPA's determinations made in accordance with section 20.3 of the body of the Agreement and section 1 of this Exhibit D. All other changes to this Exhibit D will be made by mutual agreement of the Parties.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit D\Exh D.docx) 09/03/2025

Exhibit E
METERING

1. METERING

BPA POD Name	BPA POD Number	BPA POM Name	BPA POM Number	POD Location Description	POD Voltage kV	POM Location Description	Direction for PF Billing Purposes	WECC Balancing Authority	Manner Of Service	Manner Of Service Description	Metering Loss Adjust-ment	Exception

2. REVISIONS

Each Party shall notify the other with any requests to update this exhibit. The Parties shall coordinate and seek mutual agreement on any such requested exhibit revisions. Upon such agreement, or if the agreement is unreasonably withheld or delayed, BPA shall revise this exhibit to accurately reflect what BPA determines are the actual characteristics of PODs and meter information described in this exhibit. Unless the Parties otherwise agree, BPA shall not revise the exhibit any sooner than 60 calendar days after the request to update this exhibit. BPA shall provide Richland with a revised Exhibit E. The effective date will be the date stated at the top of the revised exhibit.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit E\Exh E.docx)

Exhibit F
SCHEDULING

1. DEFINITIONS

1.1 "Balancing Authority" means the responsible entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

1.2 "Balancing Authority Area" means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

1.3 "Electronic Tag" or "E-Tag" means an electronic record that contains the details of a transaction to transfer energy from a source point to a sink point where the energy is scheduled for transmission across one or more Balancing Authority Area(s), consistent with all relevant WECC, NAESB, NERC and FERC requirements.

1.4 "Heavy Load Hours" or "HLH" means hours ending 0700 through 2200 hours Pacific Prevailing Time (PPT), Monday through Saturday, excluding holidays as designated by the North American Electric Reliability Corporation (NERC).

1.5 "Interchange Points" means the points where Balancing Authority Areas interconnect and at which the interchange of energy between Balancing Authority Areas is monitored and measured.

1.6 "Light Load Hours" or "LLH" means: (1) hours ending 0100 through 0600 and 2300 through 2400 hours PPT, Monday through Saturday, and (2) all hours on Sundays and holidays as designated by NERC.

1.7 "Open Access Transmission Tariff" or "OATT" means the terms and conditions of point-to-point and network integration transmission services, ancillary services, and generator interconnections offered by BPA or a Third-Party Transmission Provider.

1.8 "Transmission Curtailment" means an event that is initiated by a transmission provider through a curtailment to the E-Tag as a result of transmission congestion or an outage on the path used to deliver Richland's Dedicated Resource.

1.9 "Transmission Curtailment Management Service" or "TCMS" means the service BPA will provide to customers with a qualifying resource when a Transmission Curtailment occurs between such resource and the customer load.

1.10 “Transmission Event” means a Planned Transmission Outage or a Transmission Curtailment.

1.11 “Transmission Scheduling Service” or “TSS” means the power scheduling service that BPA provides to Richland that allows BPA to manage certain aspects of Richland’s BPA NT Agreement with Transmission Services, to allow BPA to use the inherent flexibilities of Richland’s network rights in combination with other network customers’ rights to manage BPA’s power resources efficiently, and to provide seamless scheduling for Transfer Service customers.

2. TRANSMISSION SCHEDULING SERVICE

If Richland:

(1) acquires BPA’s Resource Support Services; and/or

(2) purchases power from BPA at a Tier 2 Rate,

then Power Services shall provide and Richland shall purchase Transmission Scheduling Service. In such case, the Parties shall revise this exhibit to include the terms and conditions of such service.

If Richland is not required to purchase Transmission Scheduling Service, pursuant to the paragraph above, then Richland, with six months’ notice, may purchase Transmission Scheduling Service from Power Services and the Parties shall modify this exhibit to add the terms and conditions of such service.

3. AFTER THE FACT

BPA and Richland shall reconcile all transactions, schedules and accounts at the end of each month (as early as possible within the first ten calendar days of the next month). BPA and Richland shall verify all transactions pursuant to this Agreement as to product or type of service, hourly amounts, daily and monthly totals, and related charges.

4. REVISIONS

BPA may unilaterally revise this exhibit:

(1) to implement changes that BPA determines are reasonably necessary to allow it to meet its power and scheduling obligations under this Agreement, or

(2) to comply with requirements of Western Electricity Coordinating Council (WECC), North American Energy Standards Board (NAESB), or NERC, WRAP or their successors or assigns.

BPA shall provide a draft of any unilateral revisions of this exhibit to Richland, with reasonable time for comment, prior to BPA providing written notice of the revision. Such revisions will be effective no sooner than 45 calendar days after BPA provides written notice of the revisions to Richland unless, in BPA’s sole judgment, less notice is necessary to comply with an emergency change to the requirements of WECC, NAESB, NERC, WRAP or their successors or assigns. In such circumstances, BPA shall specify the effective date of such revisions.

All other changes to this Exhibit F will be made by mutual agreement of the Parties.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit F\Exh F.docx) 09/03/2025

Exhibit G
THIS EXHIBIT INTENTIONALLY LEFT BLANK

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit G\Exh G.docx) 09/03/2025

Exhibit H
RENEWABLE ENERGY CERTIFICATES AND ENVIRONMENTAL ATTRIBUTES

1. PURPOSE AND INTENT; DISCLAIMER

The Parties acknowledge that: different jurisdictions, regulatory programs, and entities (federal, state, county, cities, and others) have different definitions for environmental attributes, renewable energy credits/certificates, emissions credits, and similar instruments; the various jurisdictions, programs, and entities are inconsistent in how they define and address these concepts; and these concepts are continually evolving. Accordingly, through this Agreement BPA does not attempt to define these concepts other than by reference to how they may be defined by others, and BPA does not represent or warrant that the items conveyed in this Exhibit H are suitable for a particular purpose or regulatory program. Whatever the regulatorily-defined environmental and non-power characteristics are of the power that customers buy from BPA, the purpose and intent of this Exhibit H is to convey to Richland, in accordance with this Exhibit H, all Environmental Attributes, if any, and to the extent they exist, associated and commensurate with the physical amount of power Richland buys from BPA and the Attribute Pools associated with Richland's purchase obligation under this Agreement. This Exhibit H accomplishes this by BPA: (1) agreeing to register applicable generation, (2) providing for the creation of an Environmental Attribute Accounting Process, (3) producing Inventories of RECs based on power generated, (4) committing to transfer Richland's share of RECs based on its BPA power purchases and as determined in accordance with this Exhibit H to Richland, (5) committing to provide an emissions accounting and non-emitting generation accounting for customers' use, and (6) undertaking the other actions identified in this exhibit below.

2. DEFINITIONS

2.1 "Attribute Pools" means the results calculated in the Environmental Attribute Accounting Process whereby the physical resources and forecasted power deliveries associated with each of BPA's rates and firm power obligations are determined for the upcoming Rate Period.

2.2 "Emissions Allowance" means an authorization in a given jurisdiction to emit a specified amount of carbon dioxide equivalent or other measurement of greenhouse gases, and documented as an emissions credit, certificate, or similar instrument.

2.3 "Environmental Attribute Accounting Process" means the public process BPA will conduct each Rate Case Year, after the conclusion of each routine power rate 7(i) Process, during which the allocation methodology and Attribute Pools for BPA's Environmental Attributes for the upcoming Rate Period will be determined.

2.4 "Environmental Attributes" means the environmental and non-power characteristics of power, however defined or titled and arising under any federal, state, or local law or regulation, including but not limited to current or future certificates, credits, benefits, and avoided emissions attributable to the generation of energy from a resource. Environmental Attributes do not include the tax credits associated with such resource. One megawatt-hour of energy generation from a resource is associated with one megawatt-hour of Environmental Attributes.

2.5 "Inventory" or "Inventories" means the Environmental Attributes, including RECs, that are attributable to the output of generation resources, by Attribute Pool(s).

2.6 "Renewable Energy Certificates" or "Renewable Energy Credits" or "RECs" means the tradeable certificates, credits, documentation, or other evidence that demonstrates: (1) that the electricity was generated from a renewable or non-emitting energy generating unit and (2) proof of ownership of the Environmental Attributes of such generated electricity in a REC tracking system. Some jurisdictions and regulatory programs may interpret a REC to include the emissions avoided by the generation of electricity by a renewable or non-emitting generating unit. For purposes of such situations, the Parties' intent is that the RECs conveyed herein include the associated Environmental Attributes; however, this conveyance is not intended to impact BPA's reporting in any generation-based emission programs where REC retirement is not required. One megawatt-hour of energy generation from a resource registered with the tracking system under section 5 is associated with one REC.

2.7 "Retire" or "Retirement" means an action taken to remove a REC from circulation within a REC tracking system.

3. ENVIRONMENTAL ATTRIBUTE INVENTORY AND ACCOUNTING

The Parties acknowledge that the Environmental Attribute accounting outlined below will be provided consistent with physical deliveries of power.

3.1 **Registration of Renewable Energy Generating Units**
BPA shall take all reasonable steps to register the applicable renewable energy generating units in BPA's system mix, including any hydro resources, with the tracking system selected under section 5 of this Exhibit H.

3.2 **Environmental Attribute Accounting Process**
Starting after issuance of the Final ROD of the BP-29 power rate 7(i) Process, and after the issuance of the Final ROD in each subsequent routine power rate 7(i) Process thereafter through the term of the Agreement, BPA shall conduct an Environmental Attribute Accounting Process for each upcoming Rate Period.

3.3 **REC Inventory Accounting**
No later than April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall calculate its Inventory for RECs for each Attribute Pool created during the prior calendar year in the applicable Environmental Attribute Accounting Process for the applicable Rate Period.

3.4 **Emission Accounting**
No later than June 1, 2029 and by each June 1 thereafter, and as an outcome of the Environmental Attribute Accounting Process, BPA will provide emission accounting information and, if applicable, will provide such information consistent with state rules.

3.5 **Non-Emitting Electric Generation Accounting**
No later than June 1, 2029 and by each June 1 thereafter, and as an outcome of the Environmental Attribute Accounting Process, BPA will provide non-emitting electric generation accounting information and, if applicable, will provide such information consistent with state rules.

4. CUSTOMER'S SHARE OF RECS

All capitalized terms used in this paragraph and the related underlying processes described in this paragraph shall be as defined, determined and calculated under Richland's Regional Dialogue CHWM Contract. By April 15, 2029, BPA shall transfer to Richland or manage a pro rata share of Available Tier 1 RECs from calendar year 2028 based on Richland's FY 2028 RHWM divided by the total FY 2028 RHWMs of all customers with Regional Dialogue CHWM Contracts. BPA shall also transfer to Richland its share of Tier 2 RECs, if applicable, generated during calendar year 2028. Richland agrees that its REC transfer or management election (WREGIS account, WREGIS subaccount, or remarketing) for Fiscal Year 2028 shall apply for all calendar year 2028.

By April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall determine Richland's share of RECs as a pro rata share of the actual megawatt-hours of power Richland purchased from BPA the prior calendar year under this Agreement. Richland's pro rata share of each Inventory of RECs shall be calculated as the actual megawatt hours of power Richland purchased from BPA under this Agreement during the prior calendar year from the applicable Attribute Pool divided by the sum of all power purchased from BPA for the applicable Attribute Pool.

5. TRANSFER AND TRACKING OF RECS

By December 1, 2029, Richland shall provide written notice to BPA stating which one of the three options below it elects for the transfer of Richland's share of RECs, for the remaining term of the Agreement. However, Richland may change its transfer election for the remaining term of the Agreement by providing written notice to BPA of such change by December 1, 2030 or by any December 1 over the remaining term of the Agreement.

(1) BPA shall transfer Richland's share of RECs into Richland's own Western Renewable Energy Generation Information System (WREGIS) account, which shall be established by Richland; or

(2) BPA shall transfer Richland's share of RECs into a BPA-managed WREGIS subaccount. Such subaccount shall be established by BPA on Richland's behalf and the terms and conditions of which shall be determined by the Parties in a separate agreement; or

(3) BPA shall transfer Richland’s share of RECs into a third party-managed WREGIS account. Richland shall notify BPA of the third-party WREGIS account number in its notice provided pursuant to this section 5.

By April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall transfer Richland’s share of RECs from the prior calendar year to Richland via WREGIS in accordance with its transfer election.

If Richland’s WREGIS account number has changed, then Richland shall notify BPA of such change by December 1, 2028 and by each December 1 over the remaining term of this Agreement.

All references to WREGIS in this Exhibit H should be understood to mean WREGIS or a comparable commercial tracking system. BPA may change commercial tracking systems with reasonable advance notice to Richland. In such case, the Parties shall establish a comparable process for BPA to provide Richland its share of RECs.

6. FEES

BPA shall pay any reasonable fees associated with: (1) the transfer of Richland’s RECs into any WREGIS account or WREGIS subaccount and (2) the establishment of any WREGIS subaccounts in Richland’s name pursuant to section 5 of this exhibit. Richland shall pay all other fees associated with any WREGIS or successor commercial tracking system, including WREGIS Retirement, reserve, and export fees.

7. EMISSION ALLOWANCES

7.1 BPA Compliance with Emission Allowance Program(s)

If over the term of this Agreement BPA incurs an emissions compliance obligation placed on electricity importers that provide power to Richland’s service territory, and if based on that compliance program:

(1) BPA is obligated to obtain Emission Allowances sufficient to cover power purchased under this Agreement to Richland, and

(2) Richland is eligible to receive Emission Allowances at no cost from Richland’s applicable jurisdiction and which can be used directly for compliance,

then Richland shall transfer, or otherwise provide, Emission Allowances to BPA on the schedule and in the amount agreed to by BPA and Richland that is sufficient to satisfy BPA’s compliance obligations that arise in order to serve Richland’s load in its state.

The Parties shall revise section 7.2 below to include the specific terms and conditions, such as the calculation of the Emission Allowances to be transferred, and cost responsibilities, if any, associated with the transfer of Emission Allowances to BPA.

If Richland elects to not revise this Exhibit H to include applicable special provisions in section 7.2 below, then BPA shall apply and Richland shall pay the applicable Emissions Allowance costs through charges established in the BPA Power Rate Schedules and GRSPs.

7.2 **Transfer of Emission Allowances to BPA**
Placeholder for special provisions.

8. REVISIONS
BPA may unilaterally revise this exhibit:

(1) to add or remove the terms and conditions of Richland's WREGIS subaccount following either Richland's election of a WREGIS subaccount pursuant to section 5 of this exhibit or either Party's notice for termination of a WREGIS subaccount; and

(2) to incorporate any significant edits related to a change to the commercial tracking system, pursuant to the last paragraph of section 5 of this exhibit.

All other changes to this Exhibit H will be made by mutual agreement of the Parties. As discussed in section 1 of this exhibit, BPA and Richland acknowledge that the regulatory concepts covered in this exhibit are not well settled and are continually evolving. Accordingly, if future regulatory concepts change such that the spirit and intent of this exhibit are not being met, then BPA agrees to discuss such situations with customers and, as needed, to attempt in good faith to agree on mutually acceptable amendments to this exhibit.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit H\Exh H.docx) 09/03/2025

Exhibit I
NOTICES AND CONTACT INFORMATION

1. NOTICES AND CONTACT INFORMATION

1.1 Notices

Any notice required under this Agreement that requires such notice to be provided under the terms of this section shall be provided in writing to the other Party in one of the following ways:

(1) delivered in person;

(2) by a nationally recognized delivery service with proof of receipt;

(3) by United States Certified Mail with return receipt requested;

(4) electronically, with verification of the electronic notice's origin, date, time of transmittal and receipt; or

(5) by another method agreed to by the Parties.

Notices are effective when received.

1.2 Contact Information

The Parties shall deliver notices to the following people and address(es):

If to Richland:

City of Richland, Washington
625 Swift Blvd, M/S-23
Richland, WA 99352-3510
Attn: Clinton R. Whitney
Energy Services Director
Phone: (509) 942-7403
E-Mail: cwhitney@ci.richland.wa.us

If to BPA:

Bonneville Power Administration
1620 East Hawthorne Rd
PO Box 789
Mead, WA 99021
Attn: William Rimmer
Account Executive
Phone: (509) 822-4580
E-Mail: wtrimmer@bpa.gov

Additional BPA Contact:

Bonneville Power Administration
1620 East Hawthorne Rd
PO Box 789
Mead, WA 99021
Attn: Mary Beth Evans
Eastern Customer Services Manager
Phone: (509) 822-4584
E-Mail: mbevans@bpa.gov

2. OPERATIONAL CONTACT INFORMATION

As applicable, the Parties shall notify the following people using the following methods for operations related to this Agreement, including scheduling:

Additional Contact:	**If to BPA:**
Not applicable	Preschedule E-Mail: PBLPresched@bpa.gov Real Time: See E-Tag for contact Or another mutually agreed upon form of notification.

3. REVISIONS

Each Party shall notify the other Party of changes to their contact information above. After such notice, BPA may unilaterally revise section 1.2 and section 2 of this exhibit to reflect such changes to the Parties' contact information. All other changes to this Exhibit I will be made by mutual agreement of the Parties.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit I\Exh I.docx) 09/03/2025

Exhibit J
SUPPORT SERVICES; ADDITIONAL RESOURCE AND ENERGY STORAGE DEVICE REQUIREMENTS

1. CUSTOMER RESOURCE ELECTIONS AND REQUIREMENTS SUMMARY

Elected Services by Resource					Resource Services and Requirements	
Resource Name	TSS Election		Applied to Tier 1 Allowance Amount	RSS Elections	Requires E-Tag	Flexible Resource Requirements
	TSS-Full	TSS-Partial				

2. TIER 1 ALLOWANCE AMOUNT

Richland's total amount of Specified Resources that are applied to the Tier 1 Allowance Amount, as identified in section 2.1 of Exhibit A, are stated below. BPA shall calculate the Tier 1 Allowance Amount limit in accordance with section 3.5.2 of the body of this Agreement. If Richland's CHWM changes, then BPA shall revise the Tier 1 Allowance Amount and Tier 1 Allowance Amount limit in the table below in accordance with section 3.5.2 of the body of this Agreement.

Tier 1 Allowance Amount (MW)	Tier 1 Allowance Amount Limit (MW)

3. RESOURCE SUPPORT SERVICES

3.1 BPA shall develop Support Services consisting of RSS and other Support Services to support eligible Dedicated Resources listed in section 2 and 3 of Exhibit A and eligible Consumer Owned Resources Serving On-site Consumer Load listed in section 7 of Exhibit A.

RSS may include, but are not limited to, providing forced outage services, services for generation that produces secondary energy, or services to support variable generation. Other Support Services may include, but are not limited to, scheduling services and curtailment management services. BPA shall offer an amendment to this Agreement with RSS and other Support Services contract provisions by July 31, 2026. Prior to that date, BPA shall provide Richland a reasonable opportunity to provide input into the development or refinement of Support Services and the related contract provisions. BPA shall make RSS and other Support Services available starting in FY 2029.

3.2 If Richland adds a New Resource to meet its obligations to serve Above-CHWM Load, consistent with the notice requirements in section 3.5.1 of the body of this Agreement, then Richland may purchase RSS or a combination of RSS and other Support Services from BPA to support such resource.

4. EXISTING DISPATCHABLE RESOURCE CAPACITY SHAPING REQUIREMENTS

Richland does not have any Existing Resources that are Dispatchable Resources.

5. RESOURCE ADEQUACY REQUIREMENTS AND SUBMITTALS

BPA acknowledges that the resource adequacy compliance requirements in this section 5 of Exhibit J are evolving. Accordingly, if future requirements change such that the intent of this section 5 is not being met, then BPA agrees to discuss such situations with customers and develop revisions to this section 5. In accordance with sections 17 and 22 of the body of the Agreement, the following shall apply.

5.1 Resource Adequacy Submittals for Dedicated Resources and Consumer-Owned Resources Serving On-Site Consumer Load

5.1.1 For all Richland's Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load, Richland shall submit to BPA the QCC values and JCAF(s) for the Generating Resource(s) Richland will provide to meet its Dedicated Resource and Consumer-Owned Resource serving On-Site Consumer Load amounts for any Fiscal Year as follows.

For the winter WRAP season shown in the table below, such submittal shall be by November 1 prior to the Fiscal Year in which Richland has a Dedicated Resource or Consumer-Owned Resource serving On-Site Consumer Load amount.

For the summer WRAP season shown in the table below, such submittal shall be by June 1 prior to the Fiscal Year in which Richland has a Dedicated Resource or Consumer-Owned Resource serving On-Site Consumer Load amount.

WRAP Seasons	
Summer	June - September
Winter	November – March

5.1.2 Beginning October 1 immediately preceding the start of the winter season in which Richland has a Dedicated Resource or Consumer-Owned Resource serving On-Site Consumer Load amount, and beginning May 1 immediately preceding the start of the summer season in which Richland has a Dedicated Resources or Consumer-Owned Resource serving On-Site Consumer Load amount, Richland shall submit a generation schedule for such Generating Resource(s), in hourly amounts, no later than one month in advance of each operating day. Such generation schedule can be for each hour of the entire WRAP summer or winter season or for each hour of each individual future day of the season.

5.1.3 On each preschedule day of the applicable WRAP season, Richland shall submit a generation schedule for the Generating Resource(s) Richland will provide to meet its Dedicated Resource and Consumer-Owned Resource serving On-Site Consumer Load amounts, as applicable, in hourly amounts for the day of delivery.

5.1.4 If BPA determines that Richland does not need to provide certain information required in sections 5.1.1, 5.1.2, and 5.1.3 above, then BPA shall revise the table below to list any resources and information that Richland does not need to provide.

Resource Name	**Resource and Information Exemptions**

5.2 **Resource Adequacy Services**
Unless a self-supply option is available and elected by Richland, Richland shall purchase Support Services for the following resources for resource adequacy planning purposes: (1) New Resource amounts serving Above-CHWM Load and (2) Consumer-Owned Resources serving On-Site Consumer Load except for those listed in section 7.4 of Exhibit A, in accordance with the applicable Power Rate Schedules and GRSPs.

Richland shall be responsible for any resource adequacy-related planning obligations for any Planned NLSL or NLSL served by Dedicated Resource amounts or Consumer-Owned Resources listed in section 7.4 of Exhibit A.

5.3 **WRAP Load Exclusions**

5.3.1 By July 31, 2027, and by July 31 of each Forecast Year thereafter, Richland may request that BPA allow a load exclusion. Upon receipt of such request, BPA will analyze Richland's request, including impacts to BPA's ability to maintain resource adequacy and reliability, and any potential cost shifts to BPA and other BPA customers. In its sole discretion, BPA may: (1) allow a requested load exclusion, (2) allow a requested load exclusion subject to conditions designed to offset any negative impacts the requested load exclusion may have on the reliability of the power system or to share costs; or (3) decline a requested load exclusion.

By October 15 of the Rate Case Year following the request, BPA shall provide Richland notice of its decision regarding the requested load exclusion, including a summary of its analysis and any conditions. By January 31 of that Rate Case Year, the Parties shall revise section 5.3.2 of this exhibit to state the terms and conditions of any allowed load exclusion. Such load exclusions will be effective on October 1 following the Exhibit J revision and shall remain in effect for the duration of that Rate Period. If the Parties do not revise Exhibit J pursuant to this section by January 31 of the applicable

Rate Case Year, then BPA shall not allow the requested load exclusion for the upcoming Rate Period.

5.3.2 Richland does not have a WRAP load exclusion at this time.

5.4 **Submittal Method**
No later than October 1, 2027, and in accordance with section 22.1.1 of the body of this Agreement, BPA shall update this section 5.4, and section 2 of Exhibit I as applicable, with BPA's preferred mode of communication for WRAP-related information.

5.5 **Pass-through Charges**
Pursuant to section 22.2 of the body of this Agreement, BPA shall pass through WRAP charges to Richland in instances where the charge is related to one or more of the following: (1) non-performance of Richland's resource as planned; (2) failure to meet the requirements of sections 5.1.1, 5.1.2, 5.1.3 and 5.2 above.

If BPA finds that only a portion of such WRAP charge is related to one of the conditions above, then BPA shall pass through only the portion related to such conditions. BPA shall not pass through charges that are related to the failure of BPA-provided Support Services.

For any single instance of a pass-through charge for WRAP, BPA shall waive a related charge that BPA determines to be duplicative to other charges assessed.

6. ENERGY STORAGE DEVICES
The data included in this section 6 is intended for informational purposes.

6.1 **Definitions**
For purposes of this section 6, the following terms shall have the meaning as defined.

6.1.1 "Cycle" means an Energy Storage Device has discharged an amount of energy equal to its maximum rated storage capacity and been recharged to 100 percent of that rated capacity.

6.1.2 "Cycles per Day" means the number of times, or fraction thereof, that an Energy Storage Device can complete a Charge Cycle within a normal 24-hour period.

6.1.3 "Hours of Maximum Discharge" means the number of hours, or fraction thereof, an Energy Storage Device can discharge at its Maximum Single Hour Discharge.

6.1.4 "Maximum Charge Rate" means the maximum rate at which an Energy Storage Device can be charged from either a full or partial discharge to either a higher level of charge or a full charge, in percentage of full charge per hour.

6.1.5 "Maximum Single Hour Discharge" means the maximum megawatt-hours that an Energy Storage Device is rated for discharge on a single hour.

6.1.6 "Round Trip Efficiency" means the percent of energy used in charging an Energy Storage Device that later can be discharged to the alternating current electrical system.

6.1.7 "Storage Capacity" means the megawatt-hours of energy an Energy Storage Device is designed and rated to be able to store and discharge to the alternating current electrical system on an ongoing basis.

6.2 **Notice of Energy Storage Device Connection**
Richland shall provide notice to BPA of its or its consumer's intent to connect an Energy Storage Device to Richland's distribution system. Such notice shall be provided no fewer than 30 calendar days prior to the Energy Storage Device connection and shall include the information specified in section 6.3.1.3 below. BPA will populate the table in section 6.3.1.3 within 60 calendar days of receiving the notice.

6.3 **List of Richland and Consumer-Owned Energy Storage Devices**
Richland does not have any Energy Storage Devices at this time.

7. REVISIONS
BPA shall unilaterally revise this exhibit to reflect: (1) Richland's resource elections and requirements in section 1 of this exhibit; (2) Richland's Tier 1 Allowance Amount in section 2 of this exhibit; (3) resource adequacy requirements in section 5 of this exhibit; and (4) updates or additions to Energy Storage Devices in section 6 of this exhibit. Additionally, BPA shall unilaterally revise section 3, Resource Support Services, of this exhibit to implement an established BPA rate for such products or services.

All other changes to this Exhibit J will be made by mutual agreement of the Parties.

(PSE-W:\power\CONTRACT\CUSTOMER\RICHLAND.CTY\POC_25076\Exhibit J\Exh J.docx) 08/29/25

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Resolutions - Adoption

Strategic Priority 5 - Engaged Workforce

Subject

Resolution No. 2025-139, Authorizing a Consultant Agreement with Wright Creative Group, LLC DBA Forward Partners for the 2026 Leadership Engagement and Employee Development Program

Department/Office	Ordinance/Resolution Number	Document Type
City Manager	2025-139	Resolution

Recommended Motion

Adopt Resolution No. 2025-139, authorizing the City Manager to execute a consultant agreement with Wright Creative Group, LLC (DBA Forward Partners) for the 2026 Leadership Engagement and Employee Development Program.

Summary

The proposed resolution authorizes the City Manager to execute a consultant agreement with Wright Creative Group, LLC (DBA Forward Partners) for professional services supporting leadership development and employee engagement throughout 2026.

The program includes quarterly leadership retreats, monthly executive and team coaching sessions, access to the Leadership Foundations Course for executive leaders and fifteen (15) additional participants, and facilitation of an all-staff employee development conference.

This initiative directly supports the City's 2024 - 2026 Strategic Plan, specifically Strategic Priority 5: Engaged Workforce, which emphasizes developing a capable, well-trained workforce through leadership development, employee engagement, and retention programs.

Staff recommends adoption of Resolution No. 2025-139.

Fiscal Impact	Funding for this agreement is included in the City Manager's Office 2026 professional services budget. The total not-to-exceed amount is $81,035.00, which includes all professional service fees and estimated travel costs.

Attachments

1. Resolution No. 2025-139
2. Draft Forward Partners Consultant Agreement

RESOLUTION NO. 2025-139

A RESOLUTION OF THE CITY OF RICHLAND, WASHINGTON, AUTHORIZING A CONSULTANT AGREEMENT WITH WRIGHT CREATIVE GROUP, LLC (D/B/A FORWARD PARTNERS) FOR LEADERSHIP ENGAGEMENT AND EMPLOYEE DEVELOPMENT SERVICES IN 2026.

WHEREAS, on December 5, 2023, Richland City Council passed Resolution No. 2023-180, adopting the 2024-2026 Strategic Plan; and

WHEREAS, Strategic Priority 5: Engaged Workforce emphasizes developing a capable, well-trained workforce through leadership development, employee engagement, and retention programs; and

WHEREAS, the City places a high value on cultivating a culture of healthy leadership, collaboration, and professional growth across all departments; and

WHEREAS, Wright Creative Group, LLC, doing business as Forward Partners, submitted a proposal outlining a year-long leadership engagement program for 2026 designed to strengthen executive and departmental leadership through quarterly retreats, monthly coaching sessions, and an employee development conference, including access to the Leadership Foundation Course for executive leaders and fifteen (15) additional participants; and

WHEREAS, the City's best interests are served by executing a consultant agreement with Forward Partners to advance the City's strategic workforce initiatives.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richland that the City Manager is authorized to sign and execute a consultant agreement with Wright Creative Group, LLC (d/b/a Forward Partners) in an amount not to exceed $81,035 for leadership engagement and employee development services in 2026.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

ADOPTED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

____
Theresa Richardson, Mayor

Attest: Approved as to Form:

____
Jennifer Rogers, City Clerk

____
Heather Kintzley, City Attorney

Contract No. __________

AGREEMENT BETWEEN CITY AND CONSULTANT

2026 Leadership Engagement & Employee Conference

This Agreement is entered into this 4th day of November, 2025 ("Effective Date") by and between the **City of Richland** ("**City**"), a Washington municipal corporation located at 625 Swift Blvd. Richland, WA 99352, and **Wright Creative Group, LLC DBA Forward Partners** ("**Consultant**"), a foreign limited liability company with service at P.O. Box 224, Leander, TX 78646. **City** and **Consultant** are referred to individually herein as a "Party" and collectively herein as the "Parties."

WITNESSETH:

1. SCOPE OF WORK

a. Consultant shall furnish all services, labor and related equipment necessary to conduct and complete the work outlined in Exhibit A. In performing these services, Consultant shall at all times comply with all federal, state and local statutes, rules and ordinances applicable to the performance of such services. In addition, these services and all duties incidental or necessary therefore, shall be performed diligently and completely and in accordance with professional standards of conduct and performance. All services performed under this Agreement will be conducted solely for the benefit of the City and will not be used for any other purpose without written consent of the City.

b. This Agreement consists of this Agreement and other documents listed below. These form the entire Agreement between the Parties, and are fully integrated into this Agreement as if stated or repeated herein. In the event of a conflict between documents, the order of precedence will be the order listed below. An enumeration of the Agreement documents is set forth below (mark all that apply):

1. ☒City of Richland Agreement No. ___________
2. ☒Exhibit A: Scope of Work
3. ☐City Richland Solicitation No. RFP/RFQ #
4. ☐Exhibit B: Solicitation No. RFP/RFQ # proposal response submitted by Consultant dated date.
5. ☒Additional Documents – Forward Partners proposal titled "City of Richland 2026 Leadership Engagement.".

2. TIME FOR COMPLETION

Consultant shall not begin any work under the terms of this Agreement until authorized in writing by the City. Consultant agrees to use best efforts to complete all work described under this Agreement by December 31, 2026.

3. TERM

The term of this Agreement shall commence on the Effective Date identified above and end at midnight on December 31, 2026.

4. PAYMENT

a. Services rendered by Consultant under this Agreement will be paid at the rate set forth in Exhibit A Scope of Work, but in no event shall the total compensation for services rendered under this Agreement exceed **Eighty-One Thousand Thirty-Five Dollars** ($**($81,035**), including all fees and those reimbursable expenses listed in Exhibit A.

b. City shall pay Consultant for services rendered after receipt of a detailed invoice. Invoices not in dispute by the City will be paid net thirty (30) days and shall reference the contract number and/or purchase order applicable to the work. The invoice shall provide sufficient detail on the work being billed and include detailed receipts for any invoices.

c. Partial payments to cover the percentage of work completed may be requested by Consultant. These payments shall not be more than one (1) per month.

d. Pre-approved travel, meals and lodging will be reimbursed at cost and only when consultant travels at least 150 miles per one way trip. Reimbursable expenses are limited to the following: coach airfare, ground transportation (taxi, shuttle, car rental), hotel accommodations as provided below, personal or company vehicle use at the then-current federal mileage rate, and meals at the current federal per-diem meal allowance or up to the current federal per-diem with detailed receipts, no alcohol, and a 20% maximum gratuity.

   i. Hotel accommodations: eligible lodging expenses include the room cost only; itemized receipts must be provided for hotel reimbursements.

   ii. Hotel reimbursement is limited to the single room rate. If two or more consultants are sharing a room, reimbursement is allowable for only one consultant at the double room rate.

   iii. The maximum reimbursement should be limited to the best discount rate available and allowable that meets traveler's business needs and basic needs for health, safety and cleanliness. Non-smoking rooms are authorized even if they are more expensive.

e. Reimbursement for extra services/reimbursable expenses are not authorized under this Agreement unless detailed in the Scope of Work or agreed upon in writing as a modification to this Agreement.

f. Consultant will allow access to the City, State of Washington, Federal Grantor Agency, Comptroller General of the United States, or any of their duly authorized representatives, to any books, documents, papers, and records which are directly pertinent to this Agreement for the purpose of making audit, examination, excerpts, and transcriptions. Unless otherwise provided, said records must be retained for three (3) years from the date of receipt of final payment. If any litigation, claim, or audit arising out of, in connection with, or relating to this Agreement is initiated before the expiration of the three-year period, the records shall be retained until such litigation, claim, or audit involving the records is completed.

5. INDEPENDENT CONTRACTOR

Consultant, and any and all employees of Consultant or other persons engaged in the performance of any work or services required of Consultant under this Agreement, are independent contractors and shall not be considered employees of the City. Any and all claims that arise at any time under any Workers' Compensation Act on behalf of said employees or other persons while so engaged, and any and all claims made by a third party as a consequence of any act or omission on the part of Consultant's employees or other persons engaged in any of the work or services required to be provided herein, shall be the sole obligation and responsibility of Consultant.

6. **OWNERSHIP OF DOCUMENTS**

Any and all data, analyses, documents, photographs, plans, designs, drawings, specifications, surveys, films, documents, reports and other work products created, prepared, produced, constructed, assembled, made, performed, or otherwise produced by Consultant or Consultant's subcontractors for delivery to the City pursuant to this Agreement shall become the sole and absolute property of the City upon completion of the services and payment in full of all payment due to Consultant of the fees set forth in this Agreement. Such property shall constitute "work made for hire" as defined by the U.S. Copyright Act of 1976, 17 U.S.C. § 101, and the ownership of the copyright and any other intellectual property rights in such property shall vest in the City at the time of its creation. Ownership of the intellectual property includes the right to copyright, patent, and register, and the ability to transfer these rights. Material which Consultant uses to perform this Agreement but is not created, prepared, constructed, assembled, made, performed or otherwise produced for or paid for by the City is owned by Consultant and is not "work made for hire" within the terms of this Agreement. Consultant will ensure that all independent contractors have written agreements in place that transfers ownership of all Intellectual Property created by them or provided by them to the City.

The City may make or permit to be made any modifications to the plans and specifications without the prior written authorization of Consultant. The City agrees to waive any claim against Consultant arising from any unauthorized reuse of the plans and specifications, and to indemnify and hold Consultant harmless from any claim, liability or cost arising or allegedly arising out of any reuse of the plans and specifications by the City or its agent not authorized by Consultant.

7. **TERMINATION**

a. This Agreement may be terminated by either Party upon thirty (30) days' written notice. In the event this Agreement is terminated by Consultant, the City shall be entitled to reimbursement of costs occasioned by such termination. In the event the City terminates this Agreement, the City shall pay Consultant for the work performed, which shall be an amount equal to the percentage of completion of the work as mutually agreed between the City and Consultant.

b. If any work covered by this Agreement shall be suspended or abandoned by the City before Consultant has completed the assigned work, Consultant shall be paid an amount equal to the costs incurred up to the date of termination or suspension as mutually agreed upon between the City and Consultant.

8. **AVAILABILITY OF RECORDS FOR PUBLIC INSPECTION**

a. As a public contract, all records prepared, generated or used by Consultant or its agents, employees and subcontractors relating to this Agreement and associated work (hereinafter "public records") may be subject to disclosure under the Washington State Public Record Act, Chapter 42.56 RCW.

b. Contractor shall maintain and retain all such public records in a manner that is readily accessible for a minimum term of no less than three (3) years following completion of the contract work. City shall have the right to timely review all such public records upon request. Contractor shall provide copies of any public records requested by City within thirty (30) calendar days of City's request. If City requests that copies of public records be provided to City in an electronic format, said records shall be provided at no cost to City. If paper copies are requested by City, City shall pay $.10 per page. Payment for paper copies shall be rendered to Consultant within twenty (20) calendar days of receipt.

c. All records subject to a public disclosure request will be provided to a requester unless exempted from disclosure by law. The City's decision to exempt or redact any public record shall be based only upon valid exemptions that apply to the City. City will not refrain from disclosing any record under an exemption that may be personal to Consultant. In the event Consultant objects to release of any public record under this Agreement, Consultant may seek judicial approval to prevent such disclosure at Consultant's sole expense. City shall neither aid nor interfere with Consultant's request for an injunction to prevent disclosure of any public record under this Agreement.

d. Consultant shall insert this provision in all contracts with subcontractors or agents providing services relating to this Agreement.

9. DISPUTE RESOLUTION

a. The City and Consultant agree to negotiate in good faith for a period of thirty (30) days from the date of notice of all disputes between them prior to exercising their rights under this Agreement, or under law.

b. All disputes between the City and Consultant not resolved by negotiation between the Parties may be arbitrated only by mutual agreement of the City and Consultant. If not mutually agreed to resolve the claim by arbitration, the claim will resolve by legal action.

10. DEBARMENT CERTIFICATION

Consultant certifies that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in this contract by any federal or state department or agency. Further, Consultant agrees not to enter into any arrangements or contracts related to completion of the work contemplated under this Agreement with any party that is on the "General Service Administration List of Parties Excluded from Federal Procurement or Non-Procurement Programs" which can be found at: www.sam.gov and https://secure.lni.wa.gov/verify/

11. VENUE, APPLICABLE LAW AND PERSONAL JURISDICTION

In the event that either Party deems it necessary to initiate a legal action to enforce any right or obligation under this Agreement, the Parties agree that any such action shall be initiated in the Superior Court of the State of Washington situated in Benton County. The Parties agree that all questions shall be resolved by application of Washington law, and that the Parties to such action shall have the right of appeal from such decision of the Superior Court in accordance with the laws of the State of Washington. Consultant hereby consents to the personal jurisdiction of the Superior Court of the State of Washington situated in Benton County.

12. ATTORNEY'S FEES

The Parties agree that should legal action be necessary to enforce any of the provisions of this Agreement, that the substantially prevailing Party will be awarded its reasonable attorney's fees and costs in action, including costs and attorney's fees on appeal if appeal is taken.

13. INSURANCE

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 Consultant, its agents, representatives, or employees.

a. No Limitation. Consultant's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

b. Minimum Scope of Insurance. Consultant shall obtain insurance of the types described below:

   1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage.

   2. Commercial General Liability insurance shall be as least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap independent contractors and personal injury and advertising injury. The City shall be named as an insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.

   3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

   4. Professional Liability, Errors or Omissions insurance appropriate to the Consultant's profession. Coverage shall be provided if Consultant is providing services under this Agreement as a licensed professional, including, but not limited to, engineers, architects, accountants, surveyors, and attorneys.

c. Minimum Amounts of Insurance. Consultant shall maintain the following insurance limits:

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

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

   3. Professional Liability insurance shall be written with limits no less than $1,000,000 per claim and $1,000,000 policy aggregate limit.

d. Other Insurance Provisions. Consultant's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance with respect to the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of Consultant's insurance and shall not contribute with it.

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

f. 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 endorsement, evidencing the insurance requirements of Consultant before commencement of the work.

g. Notice of Cancellation. Consultant shall provide the City with written notice of any policy cancellation within two (2) business days of Consultant's receipt of such notice.

h. Failure to Maintain Insurance. Failure on the part of Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five (5) business days' notice to Consultant to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due Consultant from the City.

i. Public Entity Full Availability of Consultant Limits. If Consultant maintains higher insurance limits than the minimum shown above, the City shall be insured for the full available limits of the Commercial General and Excess or Umbrella liability maintained by Consultant, irrespective of whether such limits maintained by Consultant are greater than those required by this contract or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by Consultant.

14. INDEMNIFICATION / HOLD HARMLESS

a. Consultant shall defend, indemnify, and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the willful or negligent acts, or alleged willful or alleged negligent acts, errors or omissions of the Consultant or the Consultant's employees or agents in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

b. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability, including the duty and cost to defend, shall be only to the extent of the Consultant's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the Parties. The provisions of this section shall survive the expiration or termination of this Agreement.

15. STANDARD OF CARE

The professional services will be furnished in accordance with the care and skill ordinarily used by members of the same profession practicing under similar conditions at the same time and in the same locality.

16. SUCCESSORS OR ASSIGNS

All of the terms, conditions and provisions hereof shall inure to the benefit of and be binding upon the Parties hereto, and their respective successors and assigns; provided, however, that no assignment of the Agreement shall be made without written consent of the non-assigning Party, which may be given in the non-assigning Party's sole discretion.

17. NOTICES

Any notices required under this Agreement will be in writing, addressed to the appropriate Party at the address which appears below (as modified in writing from time to time by such party), and given by electronic submission, by facsimile personally, by registered or certified mail, return receipt requested, or by nationally recognized overnight courier service. All notices shall be effective upon the date sent.

Purchasing Manager	Contact Name:	Chad Wright
City of Richland	Name of Firm:	Wright Creative Group, LLC DBA Forward Partners
625 Swift Blvd., MS-11	Address:	P.O. Box 224
Richland, WA 99352	Address:	Leander, TX 78646
Email: purchasing@ci.richland.wa.us	Email:	Chad@ForwardPartners.net
Phone: (509) 942-7710	Phone Number:	(512) 864-4743

18. EQUAL OPPORTUNITY AGREEMENT

Consultant agrees that Consultant will not discriminate against any employee or job applicants for work under this Agreement for reasons of race, sex, nationality, religious creed, or sexual orientation.

19. SEVERABILITY

If any provision of this Agreement conflicts with applicable law, or its application is found to be invalid by a court of competent jurisdiction, the remainder of this Agreement shall not be affected, and to this end, the terms of this Agreement are declared to be severable.

20. AMENDMENTS

All amendments must be in writing and be approved and signed by both Parties.

21. CHANGE IN LAW

The Parties hereto agree that in the event legislation is enacted or regulations are promulgated, or a decision of court is rendered, or any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation is published that affects or may affect the legality of this Agreement or any part thereof or that materially and adversely affects the ability of either Party to perform its obligations or receive the benefits intended hereunder ("Adverse Change in Law"), then within fourteen (14) calendar days following written notice by either Party to the other Party of such adverse change in law, the Parties shall meet to negotiate in good faith an amendment which will carry out the original intention of the Parties to the extent possible. If, despite good faith attempts, the Parties cannot reach agreement upon an amendment within sixty (60) calendar days after commencing negotiation, then this Agreement may be terminated by either Party as of the earlier of: (i) the effective date of the adverse change in law, or (ii) the expiration of a period of sixty (60) days following written notice of termination provided by one Party to the other.

22. CONFIDENTIALITY

In the course of performing under this Agreement, Consultant, including its employees, agents or representatives, may receive, be exposed to, or acquire confidential information. Confidential information may include, but is not limited to, patient information, contract terms, sensitive employee information, or proprietary data in any form, whether written, oral, or contained in any computer database or computer readable form. Consultant shall: i) not disclose or sell confidential information except as permitted by this Agreement; (ii) only permit use of such confidential information by employees, agents and representatives having a need to know in connection with performance under this Agreement; and (iii) advise each of its employees, agents, and representatives of their obligations to keep such information confidential.

23. CHANGES OF WORK

a. When required to do so, and without any additional compensation, Consultant shall make such changes and revisions in the completed work of this Agreement as necessary to correct or revise any errors, omissions, or other deficiencies in the design, drawings, specifications, reports, and other similar documents which Consultant is responsible for preparing or furnishing under this Agreement.

b. Should the City find it desirable for its own purposes to have previously satisfactorily completed work or parts thereof changed or revised, Consultant shall make such revisions as directed by the City. This work shall be considered as Extra Work and will be paid for as herein provided under Section 24, Extra Work.

24. EXTRA WORK

The City may desire to have Consultant perform work or render additional services within the general scope of this Agreement. Such work shall be considered as extra work and will be specified in a written supplement to this Agreement which will set forth the nature of the scope, schedule for additional work, additional fees and the method of payment. Work under a supplemental Agreement shall not proceed until authorized in writing by the City.

25. ENTIRE AGREEMENT

This Agreement contains the entire agreement of the Parties hereto and supersedes all previous understandings and agreements, written and oral, with respect to this transaction. Neither Party shall be liable to the other for any representations made by any person regarding the terms of this Agreement, except to the extent that the same are expressed in this Agreement.

26. AUTHORITY TO EXECUTE

Each person executing this Agreement on behalf of another person, corporation, partnership, company, or other organization or entity represents and warrants that he or she is fully authorized to so execute and deliver this Agreement on behalf of the entity or party for which he or she is signing. The Parties hereby warrant to each other that each has full power and authority to enter into this Agreement and to undertake the actions contemplated herein, and that this Agreement is enforceable in accordance with its terms.

27. COUNTERPART ORIGINALS

Execution of this Agreement and any amendment or other document related to this Agreement may be by electronic signature and in any number of counterpart originals, each of which shall be deemed to constitute an original agreement, and all of which shall constitute one whole agreement.

(Signature page to follow)

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

CITY OF RICHLAND

____
Jon Amundson, ICMA-CM
City Manager

Attest:

____
Jennifer Rogers, City Clerk

Approved as to form:

____
Heather Kintzley, City Attorney

CONSULTANT

____
Signature

____
Printed Name

____
Title

EXHIBIT A: Detailed Scope of Work

Exhibit A to follow

EXHIBIT A

City of Richland

2026 Leadership Engagement

GOAL

The goal of this engagement is to spend a year working deeply with the leadership team to establish the foundation for a culture of healthy leadership and thriving teams.

To accomplish this we conduct four quarterly full-day leadership retreats, to help the team come together and give them the tools to embrace healthy leadership. Participants will receive access to the Leadership Foundation Course that will guide them through monthly meetings to continue to develop those tools and have deep conversations.

We will have monthly coaching sessions with the city manager and an additional monthly coaching session to be used as the team sees fit. These can be for individual or group coaching and will be customized to challenges facing the team as they navigate the year.

Employee Conference

The goal of Employee Conference engagements is to give employees the self-development conference experience, without ever leaving town. Many employees don't get to have that experience, making this a valuable and engaging way to invest in their growth. Topics range from healthy leadership to developing thriving teams.

PLAN

- Access to Leadership Foundation Course for Executive Leader and 15 Additional Participants
- Additional Participant Course Access is $499 Per Person
- 12 Monthly 1-on-1 Executive Coaching Calls (1 Hour)
- 12 Monthly 1-on-1 or Group Coaching Calls for Directors
- Quarterly Full-Day Leadership Retreats
- Employee Conference - Opening or Closing Talk + Breakout Session, Printed Workbooks for All Participants

INVESTMENT

$76,485

plus travel fee

(Estimated at $4,550 for the year)

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Resolutions - Adoption

Strategic Priority 1 - High Performance Government
Strategic Priority 2 - Financial Sustainability
Strategic Priority 5 - Engaged Workforce

Subject

Resolution No. 2025-140, Authorizing a Consultant Agreement with Gallagher Benefit Services, Inc. for a Classification & Compensation Study

Department/Office	Ordinance/Resolution Number	Document Type
Human Resources	2025-140	Resolution

Recommended Motion

Adopt Resolution No. 2025-140, authorizing the City Manager to sign and execute a consultant agreement with Gallagher Benefit Services, Inc. in the amount of $108,995.00 for the 2025 Classification & Compensation Study.

Summary

The City of Richland solicited responses from professional consulting firms for a Classification & Compensation Study for all unaffiliated employees. The City of Richland has not conducted an in-depth, agency-wide review of the classification and compensation of unaffiliated positions since 2018. This project includes a comprehensive study of positions, classifications, and total compensation.

The overall goals of the Classification & Compensation Study include the following:

- Create a compensation philosophy to guide future classification and compensation action;
- Ensure market/internal structure alignment;
- Simplify classification structures;
- Address recruitment and retention needs;
- Review minimum qualifications to facilitate recruitment talent.

The City received and reviewed seven (7) proposals. In accordance with City purchasing policies, a staff committee comprised of Human Resources Director Lacey Paulsen and Human Resources Supervisor Krysten Mabe reviewed and rated the submitted proposals, selecting Gallagher Benefit Services, Inc. as the most qualified consultant.

Staff recommends approval of Resolution No. 2025-140.

Fiscal Impact	The total cost of the consultant agreement will not exceed $108,995, which includes completion of both phases in the scope of work for the project. The 2025 Classification & Compensation Study was anticipated in the 2025 Budget.

Attachments

1. Resolution No. 2025-140
2. Draft Consultant Agreement for the 2025 Classification & Compensation Study - Gallagher

RESOLUTION NO. 2025-140

A RESOLUTION OF THE CITY OF RICHLAND, WASHINGTON, AUTHORIZING A CONSULTANT AGREEMENT WITH GALLAGHER BENEFIT SERVICES, INC. FOR THE 2025 CLASSIFICATION AND COMPENSATION STUDY.

WHEREAS, the City of Richland last conducted a classification and compensation study in 2018; and

WHEREAS, an updated classification and compensation study will ensure that unaffiliated positions are accurately classified and compensated equitably and competitively; and

WHEREAS, a scope of work and project budget have been established; and

WHEREAS, a competitive Request for Proposals (RFP) process was conducted in compliance with the City's purchasing policies, with seven (7) proposals received and opened on September 24, 2025; and

WHEREAS, a consultant selection team evaluated the responsive proposals and identified the proposal submitted by Gallagher Benefit Services, Inc. as the most qualified; and

WHEREAS, funding is available in the 2025 Budget for the services to be performed.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richland that the City Manager is authorized to sign and execute a consultant agreement with Gallagher Benefit Services, Inc. in an amount not to exceed $108,995 for the 2025 Classification and Compensation study.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

ADOPTED by the City Council of the City of Richland, Washington, at a regular meeting on the 4th day of November, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

Contract No. __________

AGREEMENT BETWEEN CITY AND CONSULTANT

Classification and Compensation Study

This Agreement is entered into this ______ day of November, 2025 (“Effective Date”) by and between the **City of Richland** (“**City**”), a Washington municipal corporation located at 625 Swift Blvd. Richland, WA 99352, and **Gallagher Benefit Services, Inc.** (“**Consultant**”), a foreign for-profit corporation with service at 2850 Golf Rd., Rolling Meadows, IL 60008. **City** and **Consultant** are referred to individually herein as a “Party” and collectively herein as the “Parties.”

WITNESSETH:

1. SCOPE OF WORK

a. Consultant shall furnish all services, labor and related equipment necessary to conduct and complete the work outlined in Exhibit A. In performing these services, Consultant shall at all times comply with all federal, state and local statutes, rules and ordinances applicable to the performance of such services. In addition, these services and all duties incidental or necessary therefore, shall be performed diligently and completely and in accordance with professional standards of conduct and performance. All services performed under this Agreement will be conducted solely for the benefit of the City and will not be used for any other purpose without written consent of the City.

b. This Agreement consists of this Agreement and other documents listed below. These form the entire Agreement between the Parties, and are fully integrated into this Agreement as if stated or repeated herein. In the event of a conflict between documents, the order of precedence will be the order listed below. An enumeration of the Agreement documents is set forth below (mark all that apply):

1. ☒City of Richland Agreement No. ___________
2. ☒Exhibit A: Scope of Work
3. ☒City Richland Solicitation No. RFP 25-0082
4. ☒Exhibit B: Solicitation No. RFP 25-0082 proposal response submitted by Consultant dated September 22, 2025.
5. ☐Additional Documents – N/A.

2. TIME FOR COMPLETION

Consultant shall not begin any work under the terms of this Agreement until authorized in writing by the City. Consultant agrees to use best efforts to complete all work described under this Agreement by May 31, 2026.

3. TERM

The term of this Agreement shall commence on the Effective Date identified above and end at midnight on May 31, 2026.

4. PAYMENT

a. Services rendered by Consultant under this Agreement will be paid at the rate set forth in Exhibit A Scope of Work, but in no event shall the total compensation for services rendered under this Agreement exceed **One Hundred eight thousand, nine hundred ninety-five and 00/100** ($**108,995.00**), including all fees and those reimbursable expenses listed in Exhibit A.

b. City shall pay Consultant for services rendered after receipt of a detailed invoice. Invoices not in dispute by the City will be paid net thirty (30) days and shall reference the contract number and/or purchase order applicable to the work. The invoice shall provide sufficient detail on the work being billed and include detailed receipts for any invoices.

c. Partial payments to cover the percentage of work completed may be requested by Consultant. These payments shall not be more than one (1) per month.

d. Pre-approved travel, meals and lodging will be reimbursed at cost and only when consultant travels at least 150 miles per one way trip. Reimbursable expenses are limited to the following: coach airfare, ground transportation (taxi, shuttle, car rental), hotel accommodations as provided below, personal or company vehicle use at the then-current federal mileage rate, and meals at the current federal per-diem meal allowance or up to the current federal per-diem with detailed receipts, no alcohol, and a 20% maximum gratuity.

   i. Hotel accommodations: eligible lodging expenses include the room cost only; itemized receipts must be provided for hotel reimbursements.

   ii. Hotel reimbursement is limited to the single room rate. If two or more consultants are sharing a room, reimbursement is allowable for only one consultant at the double room rate.

   iii. The maximum reimbursement should be limited to the best discount rate available and allowable that meets traveler's business needs and basic needs for health, safety and cleanliness. Non-smoking rooms are authorized even if they are more expensive.

e. Reimbursement for extra services/reimbursable expenses are not authorized under this Agreement unless detailed in the Scope of Work or agreed upon in writing as a modification to this Agreement.

f. Consultant will allow access to the City, State of Washington, Federal Grantor Agency, Comptroller General of the United States, or any of their duly authorized representatives, to any books, documents, papers, and records which are directly pertinent to this Agreement for the purpose of making audit, examination, excerpts, and transcriptions. Unless otherwise provided, said records must be retained for three (3) years from the date of receipt of final payment. If any litigation, claim, or audit arising out of, in connection with, or relating to this Agreement is initiated before the expiration of the three-year period, the records shall be retained until such litigation, claim, or audit involving the records is completed.

5. INDEPENDENT CONTRACTOR

Consultant, and any and all employees of Consultant or other persons engaged in the performance of any work or services required of Consultant under this Agreement, are independent contractors and shall not be considered employees of the City. Any and all claims that arise at any time under any Workers' Compensation Act on behalf of said employees or other persons while so engaged, and any and all claims made by a third party as a consequence of any act or omission on the part of Consultant's employees or other persons engaged in any of the work or services required to be provided herein, shall be the sole obligation and responsibility of Consultant.

6. OWNERSHIP OF DOCUMENTS

Any and all data, analyses, documents, photographs, plans, designs, drawings, specifications, surveys, films, documents, reports and other work products created, prepared, produced, constructed, assembled, made, performed, or otherwise produced by Consultant or Consultant's subcontractors for delivery to the City pursuant to this Agreement shall become the sole and absolute property of the City upon completion of the services and payment in full of all payment due to Consultant of the fees set forth in this Agreement. Such property shall constitute "work made for hire" as defined by the U.S. Copyright Act of 1976, 17 U.S.C. § 101, and the ownership of the copyright and any other intellectual property rights in such property shall vest in the City at the time of its creation. Ownership of the intellectual property includes the right to copyright, patent, and register, and the ability to transfer these rights. Material which Consultant uses to perform this Agreement but is not created, prepared, constructed, assembled, made, performed or otherwise produced for or paid for by the City is owned by Consultant and is not "work made for hire" within the terms of this Agreement. Consultant will ensure that all independent contractors have written agreements in place that transfers ownership of all Intellectual Property created by them or provided by them to the City.

The City may make or permit to be made any modifications to the plans and specifications without the prior written authorization of Consultant. The City agrees to waive any claim against Consultant arising from any unauthorized reuse of the plans and specifications, and to indemnify and hold Consultant harmless from any claim, liability or cost arising or allegedly arising out of any reuse of the plans and specifications by the City or its agent not authorized by Consultant.

7. TERMINATION

a. This Agreement may be terminated by either Party upon thirty (30) days' written notice. In the event this Agreement is terminated by Consultant, the City shall be entitled to reimbursement of costs occasioned by such termination. In the event the City terminates this Agreement, the City shall pay Consultant for the work performed, which shall be an amount equal to the percentage of completion of the work as mutually agreed between the City and Consultant.

b. If any work covered by this Agreement shall be suspended or abandoned by the City before Consultant has completed the assigned work, Consultant shall be paid an amount equal to the costs incurred up to the date of termination or suspension as mutually agreed upon between the City and Consultant.

8. AVAILABILITY OF RECORDS FOR PUBLIC INSPECTION

a. As a public contract, all records prepared, generated or used by Consultant or its agents, employees and subcontractors relating to this Agreement and associated work (hereinafter "public records") may be subject to disclosure under the Washington State Public Record Act, Chapter 42.56 RCW.

b. Contractor shall maintain and retain all such public records in a manner that is readily accessible for a minimum term of no less than three (3) years following completion of the contract work. City shall have the right to timely review all such public records upon request. Contractor shall provide copies of any public records requested by City within thirty (30) calendar days of City's request. If City requests that copies of public records be provided to City in an electronic format, said records shall be provided at no cost to City. If paper copies are requested by City, City shall pay $.10 per page. Payment for paper copies shall be rendered to Consultant within twenty (20) calendar days of receipt.

c. All records subject to a public disclosure request will be provided to a requester unless exempted from disclosure by law. The City's decision to exempt or redact any public record shall be based only upon valid exemptions that apply to the City. City will not refrain from disclosing any record under an exemption that may be personal to Consultant. In the event Consultant objects to release of any public record under this Agreement, Consultant may seek judicial approval to prevent such disclosure at Consultant's sole expense. City shall neither aid nor interfere with Consultant's request for an injunction to prevent disclosure of any public record under this Agreement.

d. Consultant shall insert this provision in all contracts with subcontractors or agents providing services relating to this Agreement.

9. DISPUTE RESOLUTION

a. The City and Consultant agree to negotiate in good faith for a period of thirty (30) days from the date of notice of all disputes between them prior to exercising their rights under this Agreement, or under law.

b. All disputes between the City and Consultant not resolved by negotiation between the Parties may be arbitrated only by mutual agreement of the City and Consultant. If not mutually agreed to resolve the claim by arbitration, the claim will resolve by legal action.

10. DEBARMENT CERTIFICATION

Consultant certifies that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in this contract by any federal or state department or agency. Further, Consultant agrees not to enter into any arrangements or contracts related to completion of the work contemplated under this Agreement with any party that is on the "General Service Administration List of Parties Excluded from Federal Procurement or Non-Procurement Programs" which can be found at: www.sam.gov and https://secure.lni.wa.gov/verify/

11. VENUE, APPLICABLE LAW AND PERSONAL JURISDICTION

In the event that either Party deems it necessary to initiate a legal action to enforce any right or obligation under this Agreement, the Parties agree that any such action shall be initiated in the Superior Court of the State of Washington situated in Benton County. The Parties agree that all questions shall be resolved by application of Washington law, and that the Parties to such action shall have the right of appeal from such decision of the Superior Court in accordance with the laws of the State of Washington. Consultant hereby consents to the personal jurisdiction of the Superior Court of the State of Washington situated in Benton County.

12. ATTORNEY'S FEES

The Parties agree that should legal action be necessary to enforce any of the provisions of this Agreement, that the substantially prevailing Party will be awarded its reasonable attorney's fees and costs in action, including costs and attorney's fees on appeal if appeal is taken.

13. INSURANCE

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 Consultant, its agents, representatives, or employees.

a. No Limitation. Consultant's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

b. Minimum Scope of Insurance. Consultant shall obtain insurance of the types described below:

   1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage.

   2. Commercial General Liability insurance shall be as least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, personal injury and advertising injury. The City shall be named as an insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.

   3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

   4. Professional Liability, Errors or Omissions insurance appropriate to the Consultant's profession. Coverage shall be provided if Consultant is providing services under this Agreement as a licensed professional, including, but not limited to, engineers, architects, accountants, surveyors, and attorneys.

c. Minimum Amounts of Insurance. Consultant shall maintain the following insurance limits:

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

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

   3. Professional Liability insurance shall be written with limits no less than $1,000,000 per claim and $1,000,000 policy aggregate limit.

d. Other Insurance Provisions. Consultant's Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance with respect to the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of Consultant's insurance and shall not contribute with it.

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

f. 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 endorsement, evidencing the insurance requirements of Consultant before commencement of the work.

g. Notice of Cancellation. Any cancelled or non-renewed policy will be replaced with no coverage gap and a current Certificate of Insurance will be provided to the City

h. Failure to Maintain Insurance. Failure on the part of Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five (5) business days' notice to Consultant to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due Consultant from the City.

i. Public Entity Full Availability of Consultant Limits. If Consultant maintains higher insurance limits than the minimum shown above, the City shall be insured for the full available limits of the Commercial General and Excess or Umbrella liability maintained by Consultant, irrespective of whether such limits maintained by Consultant are greater than those required by this contract or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by Consultant.

14. INDEMNIFICATION / HOLD HARMLESS AND LIMITATION OF LIABILITY

a. Consultant shall defend, indemnify, and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the willful or negligent acts, or alleged willful or alleged negligent acts, errors or omissions of the Consultant or the Consultant's employees or agents in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

b. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability, including the duty and cost to defend, shall be only to the extent of the Consultant's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the Parties. The provisions of this section shall survive the expiration or termination of this Agreement.

c. Consultant's liability to the City and any other party for any losses, injury or damages to persons or properties or work performed arising out of in connection with this Agreement and for any other claim, whether the claim arises in contract, tort, statute or otherwise, shall be limited to the amount of the total fees due to Consultant from City for the particular Services giving rise to the claim. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, CONSULTANT SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, LOST PROFITS, OR PUNITIVE DAMAGES SUSTAINED OR INCURRED IN CONNECTION WITH THIS AGREEMENT, WHETHER OR NOT SUCH DAMAGES ARE FORESEEABLE."

15. STANDARD OF CARE

The professional services will be furnished in accordance with the care and skill ordinarily used by members of the same profession practicing under similar conditions at the same time and in the same locality.

16. SUCCESSORS OR ASSIGNS

All of the terms, conditions and provisions hereof shall inure to the benefit of and be binding upon the Parties hereto, and their respective successors and assigns; provided, however, that no assignment of the Agreement shall be made without written consent of the non-assigning Party, which may be given in the non-assigning Party's sole discretion.

17. NOTICES

Any notices required under this Agreement will be in writing, addressed to the appropriate Party at the address which appears below (as modified in writing from time to time by such party), and given by electronic submission, by facsimile personally, by registered or certified mail, return receipt requested, or by nationally recognized overnight courier service. All notices shall be effective upon the date sent.

Purchasing Manager	Contact Name:	Erik Henry-Smetana
City of Richland	Name of Firm:	Gallagher Benefit Services, Inc.
625 Swift Blvd., MS-11	Address:	2850 Golf Road
Richland, WA 99352	Address:	Rolling Meadows, IL 60008
Email: purchasing@ci.richland.wa.us	Email:	Erik_henrysmetana@ajg.com
Phone: (509) 942-7710	Phone Number:	(314) 494-4849

18. EQUAL OPPORTUNITY AGREEMENT

Consultant agrees that Consultant will not discriminate against any employee or job applicants for work under this Agreement for reasons of race, sex, nationality, religious creed, or sexual orientation.

19. SEVERABILITY

If any provision of this Agreement conflicts with applicable law, or its application is found to be invalid by a court of competent jurisdiction, the remainder of this Agreement shall not be affected, and to this end, the terms of this Agreement are declared to be severable.

20. AMENDMENTS

All amendments must be in writing and be approved and signed by both Parties.

21. CHANGE IN LAW

The Parties hereto agree that in the event legislation is enacted or regulations are promulgated, or a decision of court is rendered, or any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation is published that affects or may affect the legality of this Agreement or any part thereof or that materially and adversely affects the ability of either Party to perform its obligations or receive the benefits intended hereunder ("Adverse Change in Law"), then within fourteen (14) calendar days following written notice by either Party to the other Party of such adverse change in law, the Parties shall meet to negotiate in good faith an amendment which will carry out the original intention of the Parties to the extent possible. If, despite good faith attempts, the Parties cannot reach agreement upon an amendment within sixty (60) calendar days after commencing negotiation, then this Agreement may be terminated by either Party as of the earlier of: (i) the effective date of the adverse change in law, or (ii) the expiration of a period of sixty (60) days following written notice of termination provided by one Party to the other.

22. CONFIDENTIALITY

In the course of performing under this Agreement, Consultant, including its employees, agents or representatives, may receive, be exposed to, or acquire confidential information. Confidential information may include, but is not limited to, patient information, contract terms, sensitive employee information, or proprietary data in any form, whether written, oral, or contained in any computer database or computer readable form. Consultant shall: i) not disclose or sell confidential information except as permitted by this Agreement; (ii) only permit use of such confidential information by employees, agents and representatives having a need to know in connection with performance under this Agreement; and (iii) advise each of its employees, agents, and representatives of their obligations to keep such information confidential.

23. CHANGES OF WORK

a. When required to do so, and without any additional compensation, Consultant shall make such changes and revisions in the completed work of this Agreement as necessary to correct or revise any errors, omissions, or other deficiencies in the design, drawings, specifications, reports, and other similar documents which Consultant is responsible for preparing or furnishing under this Agreement.

b. Should the City find it desirable for its own purposes to have previously satisfactorily completed work or parts thereof changed or revised, Consultant shall make such revisions as directed by the City. This work shall be considered as Extra Work and will be paid for as herein provided under Section 24, Extra Work.

24. EXTRA WORK

The City may desire to have Consultant perform work or render additional services within the general scope of this Agreement. Such work shall be considered as extra work and will be specified in a written supplement to this Agreement which will set forth the nature of the scope, schedule for additional work, additional fees and the method of payment. Work under a supplemental Agreement shall not proceed until authorized in writing by the City.

25. ENTIRE AGREEMENT

This Agreement contains the entire agreement of the Parties hereto and supersedes all previous understandings and agreements, written and oral, with respect to this transaction. Neither Party shall be liable to the other for any representations made by any person regarding the terms of this Agreement, except to the extent that the same are expressed in this Agreement.

26. AUTHORITY TO EXECUTE

Each person executing this Agreement on behalf of another person, corporation, partnership, company, or other organization or entity represents and warrants that he or she is fully authorized to so execute and deliver this Agreement on behalf of the entity or party for which he or she is signing. The Parties hereby warrant to each other that each has full power and authority to enter into this Agreement and to undertake the actions contemplated herein, and that this Agreement is enforceable in accordance with its terms.

27. COUNTERPART ORIGINALS

Execution of this Agreement and any amendment or other document related to this Agreement may be by electronic signature and in any number of counterpart originals, each of which shall be deemed to constitute an original agreement, and all of which shall constitute one whole agreement.

(Signature page to follow)

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

CITY OF RICHLAND

____
Jon Amundson, ICMA-CM
City Manager

Attest:

____
Jennifer Rogers, City Clerk

Approved as to form:

____
Heather Kintzley, City Attorney

CONSULTANT

____
Signature

____
Printed Name

____
Title

EXHIBIT A: Detailed Scope of Work

Exhibit A to follow

City of Richland, WA

25-0082 Classification and Compensation Study

September 24, 2025

Mr. Erik Smetana, MBA, SPHR, SHRM-SCP, SWP
Managing Director & Practice Leader | Public Sector & Higher Education
314.494.4849 | Erik_HenrySmetana@ajg.com

221 N Wall Street, Suite 201, Spokane, WA 99201

Gallagher Benefit Services, Inc. | ajg.com

Gallagher
Insurance | Risk Management | Consulting

Table of Contents

Richland Washington	City of Richland	Solicitation Number: RFP 25-0082
	Attachment A **RFP Signature Form and Addendum Acknowledgement**	

Classification and Compensation Study

ALL PROPOSERS COMPLETE THIS PAGE AND INCLUDE WITH SUBMITTAL:

1. By submitting a response, the Proposer certifies that the Proposer has fully read and understands this RFP document and has full knowledge of the scope, nature, quantity, and quality of work to be performed; the detailed requirements of the services to be provided; and the conditions under which the services are to be performed.
2. The Proposer certifies that they have read and understand all terms and conditions of this solicitation.
3. By signing this document, the Proposer certifies that they have not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding. If the City determines that collusion has occurred among the Proposers, none of the submittals from the participants of such collusion will be considered. The City's determination will be final.
4. The Proposer acknowledges that the person who signs below is fully authorized to sign on behalf of the firm listed and to fully bind the firm to all conditions and provisions thereof.
5. The Proposer acknowledges receipt of the following addenda: 1 through 2.

Respectfully submitted this 22nd day of September, 2025.

Name of Firm: Gallagher Benefit Services

Address: 2850 Golf Rd, Rolling Meadows, IL 60008

Signature: Erik Henry-Smetana

Name (Print): Erik Henry-Smetana

Title: Managing Director & Practice Leader

Email: Erik_HenrySmetana@ajg.com Phone: 314.494.4849

Form **W-9**
(Rev. March 2024)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Go to *www.irs.gov/FormW9* for instructions and the latest information.

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

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See *Specific Instructions* on page 3.

1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)

GALLAGHER BENEFIT SERVICES, INC.

2 Business name/disregarded entity name, if different from above.

3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor ☑ C corporation ☐ S corporation ☐ Partnership ☐ Trust/estate

☐ LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) . . . . ______

Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ______

3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions . . . . ☐

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) 5

Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) E

(Applies to accounts maintained outside the United States.)

5 Address (number, street, and apt. or suite no.). See instructions.

2850 GOLF ROAD

Requester's name and address (optional)

6 City, state, and ZIP code

ROLLING MEADOWS, IL 60008

7 List account number(s) here (optional)

P.O. Box 71696, Chicago, IL 60694-1696

Part I Taxpayer Identification Number (TIN)

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

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number

[redacted]

Part II Certification

Under penalties of perjury, I certify that:

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

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

Sign Here **Signature of U.S. person** Amy McClary **Date** 4/15/2024

General Instructions

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

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9*.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

Executive Summary

September 24, 2025

Brian Kirschman
625 Swift Blvd.
Richland, WA 99352

Dear Mr. Kirschman:

We appreciate the opportunity to present this proposal regarding the services Gallagher's Human Resources & Compensation Consulting practice can offer the City of Richland (the City). Gallagher is highly capable and qualified to work with the City based on our extensive experience with public sector organizations across the country. We would consider it a privilege to serve the City in this capacity.

It is our understanding that the City is seeking a consultant to conduct a comprehensive Classification and Compensation Study for approximately 242 unaffiliated employees, covering around 150 job profiles. The scope of work includes evaluating positions, classifications, and total compensation to ensure the City can attract and retain qualified employees, classify similar roles appropriately, provide salaries aligned with duties, establish justifiable pay differentials, and maintain competitiveness with comparable government entities.

We believe we will provide the City with the most diversely experienced project team of any consulting practice in the country, which enhances the solutions and recommendations we will provide on this engagement. The questions and perspective provided by our team ensure we anticipate any issues the City may face throughout this project, as well as the ongoing management of the updated classification and compensation system.

We have prepared the following proposal in response to your request. We appreciate having the opportunity to submit this proposal and look forward to assisting the City in this engagement.

Value Proposition:

The ability to deliver comprehensively structured human capital solutions to clients is Gallagher's signature in the marketplace. At Gallagher, we want to know what makes your organization unique. We listen intently to learn about your culture and priorities and delve deeply into all the details that matter when balancing human capital needs with your bottom line. This single-minded focus on excellence — characterized by innovation and creativity — is the driving force behind every Gallagher engagement.

Company History:

Arthur J. Gallagher & Co. opened its doors for business in 1927 and is still "growing strong" because of a practiced ability to help clients think ahead. Founded by its namesake who was previously the leading producer for Chicago's largest insurance brokerage, Gallagher is now one of the world's largest human capital, insurance brokerage and risk management services firms. We have operations in 33 countries and extend our client-service capabilities to more than 90 countries through a global network of correspondent brokers and consultants. Since 1961, we have been helping clients overcome business barriers and create new opportunities to cost-effectively attract, retain, and productively engage the best performers in their field. Gallagher started trading on the NYSE under the symbol AJG in 1984.

About Gallagher

Sustained growth. Steady focus on quality.

Founded in **1927**

The Gallagher Way

25 tenets that have guided a team-oriented culture for 30+ years

Social Responsibiliity

Companywide focus on ethical conduct, employee health and welfare, environmental integrity and community service

$11.3B

Total Adjusted Brokerage & Risk Management Revenues

Full Year 2024

56,000+

Employees Worldwide

As of December 31, 2024

970+

Offices Globally

130+

Countries Served

Global Reach. Local Presence.

Shared Values + Passion of Excellence = Promises Delivered

Company Culture & Philosophy:

The ideals, principles and values embodied by the founder whose name still appears on our door are part of our corporate DNA. Gallagher's approach to business, cultivated through three generations of family leadership, has always centered on creating relationship value as true partners to our clients. Gallagher's interactions with you will be straightforward and candid. By earning the trust of our clients, we have sustained a reputation for ethics and a commitment to transparency that continues to contribute to our growth.

The high standards of conduct we have set for our external professional relationships are the same rules we follow internally. The Gallagher Way, a one-page document that outlines our 25 shared values, was written in 1984 but is just as culturally relevant today. It speaks to the value of relationships and several tenets set guidelines for ethical behavior. Gallagher combines innovative solutions, thoughtful advice and honest business practices to minimize risk and help fuel your success.

#3 OUR TENET

We push for professional excellence.

The Gallagher Way. Since 1927.

Project Manager:

Services will be led by Erik Smetana, located in our Tennessee office, outside Nashville, located at 8 Cadillac Drive, Suite 200, Brentwood, TN 37027. Other members of Gallagher will be utilized, as the project requires. The closest local office to the client is at 221 N Wall Street, Suite 201, Spokane, WA 99201.

Talent Practice:

Gallagher's Talent practice empowers clients to **attract talent, manage staff, develop leaders**, and **reward success**—leveraging the power of Gallagher and wisdom of experience to produce an engaged and productive workforce. Tapping into expertise that spans the spectrum of human resources at every level, we can assemble flexible compensation and consulting solutions that improve efficiency and build bottom lines.

Our practice is a combination of some of the most respected names in human resources and compensation consulting. As we have grown in our services and reach, we have grown in our ability to serve our clients – this includes the acquisition and integration of talented firms, consultants, and advisors from Koff & Associates (2021) and Buck (2023). Bringing together experts from compensation, performance, compliance, data and analytics, survey, and leadership fields, Gallagher empowers clients with tools for the entire lifecycle of employment management.

With an experienced team of consultants located in offices across the United States and Canada, our services include:

HR & Organizational Effectiveness
Think of us as your strategic partner and an extension of your HR and organizational change team.

Compensation & Rewards
We strengthen the employer-employee relationship by designing equitable, competitive, and sustainable compensation and rewards programs.

Multinational Benefits & Mobility
As Global Connectors, we provide solutions for you to manage your multinational workforce in a compliant, coordinated, strategic, administratively efficient, and cost-effective way.

Communications
A global leader in employee communication, we set the industry standard for excellence and innovation

People Development & Insights
We help you understand your customers and your workforce to unlock value and performance.

Public Sector & Higher Education Consulting Practice:

Gallagher's public sector & higher education consulting practice **has completed more than 1,500 classification and compensation related studies for public entities, higher education, and similarly situated clients nationally.** We have extensive experience in developing and communicating compensation philosophy, designing and implementing market-aligned pay structures and career frameworks and developing job evaluation methods to maintain internal equity. We conduct benchmark analyses, including conducting custom tailored salary surveys (if needed), and recommend appropriate administrative and procedural guidelines to maintain the compensation system. We ensure that our clients comply with applicable laws and regulations, such as the Fair Labor Standards Act (FLSA), the Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) standards and have pay systems that are appropriate for their organization and market strategy.

We have served our clients for more than 40 years across an array of strategic and value-adding HR services with **classification, compensation, and pay equity as our core specialties**.

We have a strategic alliance with the Public Sector Human Resources Association (PSHRA), the National Public Employers Labor Relations Association (NPELRA), and the Colleges and Universities Professional Association for Human Resources (CUPA - HR) and have conducted a series of training seminars/workshops on compensation, classification, job evaluation, strategic HR, and employee benefits management throughout the nation in conjunction with these organizations. Gallagher Benefit Services also focuses on the higher education market. Our consultants have demonstrated leadership in the compensation and strategic HR fields by completing training and certifications from WorldatWork, ERI, HRCI, Human Capital Institute, SHRM, and others in addition to serving as instructors and presenters for ICMA, CUPA-HR, NAPO, WorldatWork, NACO, NPELRA, PSHRA and other regional and national associations. Our thought leadership has been published and/or highlighted in *University Business, PSHRA News, American City and County, TalentCulture, Public Management, TLNT, Corporate Report Ventures, ERE, Corporate Board Member, Benefits Planner*, and others.

As your Trusted Advisor we have additional information for your consideration based on your current focus.

You can expect a trusted advisor in Gallagher, not just a vendor focusing on only one aspect of your HR offerings. While there are numerous vendors that can provide HR consulting, our subject matter expertise is brought to life in the way we partner with our public sector entities and is what truly sets Gallagher apart. Our consulting style is proactive and collaborative. We strive to provide you with relevant information and partner with you to support informed decisions and anticipate the future. As experts in providing a broad spectrum of human resource and talent management capabilities our experience has shown us that many public sector entities conducting a compensation project may also need support in these key areas:

HR & Organizational Effectiveness

Think of our team both as a strategy partner, and as an **extension of your HR team** – providing expertise and additional capacity aligned with your specific HR needs, including strategic advisory, one-off projects, and fractional on-going HR solutions.

Here are some of the ways we can provide support:

- HR Policy Development
- Compliance
  - I-9 Reviews & Revisions, ACA Reporting & Compliance, Local, State & Federal Laws, Fair Labor Standards Act (FLSA) Compliance
- Career Transition Services
- Recruiting Services
- Payroll & HRIS Technology Services
  - Managed Payroll Solutions, Interim Emergency Support, State Tax Registrations, Year-End Support
- HR Technology Selection and Implementation
- Organizational Change Management
- HR Support
  - People Operations (Policies, Handbooks, JDs, Leave, Workplace Investigations)

Communication

You may encounter some cases that require communication such as sharing outcomes and findings of your needs assessment. Our award-winning Communications Practice is a global leader in employee communications.

We **will increase your business performance** by amplifying the entire employee experience through world leading employee communications.

Let us help you with:

- Benefits (Total Wellbeing) Communications
- **Compensation Communication**
- **Reward Communication**
- Retirement Communication
- **Internal Communication (IC)**
- Audit and Insight – Communication Effectiveness
- Organizational Change Communication
- Digital (Communication) Experience
- **Employee Value Proposition (EVP) Development and Communication**
- Personalized Portals
- Non-personalized portals
- Decision-support tools

We welcome the opportunity to further explore how we can partner with you in these critical areas.

Sincerely,

Erik Smetana, MBA, SPHR, SHRM-SCP, SWP
Managing Director & Practice Leader
314.494.4849 | Erik_HenrySmetana@ajg.com
8 Cadillac Drive, Suite 200, Brentwood, TN 37027

Approach to the Project

Our practice takes a thoughtful and collaborative approach to all our client engagements, where we work to ensure our efforts are ones which demonstrate how the Public Sector & Higher Education practice **C.A.R.E.S.** - collaborate/consult, advise/assess, recommend/resource, engage/endorse, and strategize/serve - about our clients and their needs. To that end, our project approach starts with our process and client communications.

Our extensive experience has resulted in a comprehensive understanding of the scope of work described by the City. Additionally, we understand the importance of this study as one of many strategies to address current human resources issues and appreciate the delicate nature of public sector spending. Below are some key considerations we have in this type of project, followed by our approach to the areas identified by the City, our detailed work plan, and the estimated project timeline.

Key Considerations:

Leadership Support: Effective compensation reform requires consistent, visible leadership commitment at multiple organizational levels. We establish a leadership accountability structure that includes executive sponsors, department champions, and implementation teams with clearly defined roles. Leaders must actively communicate the program's importance, address concerns directly, and visibly support the process through each phase. We provide leaders with focused messaging tools and data points to effectively advocate for changes. Without this multi-level support structure, even technically sound compensation systems often encounter significant resistance during implementation.

Internal Fairness and Equity: Our approach balances external market competitiveness with internal equity through comprehensive job analysis techniques. We conduct detailed comparisons across job families, reporting relationships, and responsibility levels to ensure logical compensation relationships. This includes specialized analysis of career progression paths and appropriate differentials between supervisory and non-supervisory roles. We implement specific methodologies to address compression issues, particularly between long-service employees and new hires with market-driven starting salaries. Our process identifies and remedies historical inequities while establishing defensible rationales for pay differences based on skills, responsibilities, and performance factors.

Appropriate Timelines: We develop realistic project schedules based on organizational complexity and resources. This includes adequate time for comprehensive job documentation, employee input, leadership review cycles, and implementation planning. A typical comprehensive compensation project requires 6+ months for proper execution, including 2-3 months for thorough job analysis, 1-2 months for market research, and 2-3 months for implementation planning, noting that this work may happen concurrently across the life of the engagement. Accelerated timelines often compromise data quality and stakeholder buy-in, leading to implementation challenges and future rework. We establish appropriate checkpoints and quality controls to ensure thoroughness while maintaining momentum.

Data-Driven with Human Oversight: Our methodology combines rigorous data collection with expert interpretation. We utilize multiple validated market sources appropriate for your sector, geographic region, and organizational characteristics. All job matches undergo multi-level validation checks to ensure accurate comparisons. This empirical foundation is then contextualized through structured consultant review panels that consider institutional history, strategic priorities, and unique operational factors as shared and iterated by our clients. We document both the data-driven recommendations and any exceptions to provide a clear, defensible audit trail. This balanced approach ensures decisions are not rigidly algorithmic while maintaining system integrity.

Clear and Consistent Communication: We develop compensation structures and classification frameworks with inherent clarity, using straightforward job leveling frameworks, transparent progression criteria, and consistent application of compensable factors. Communication materials are tailored to different stakeholder needs—executive summaries for leadership, detailed implementation guides for HR professionals, and practical explanation tools for managers and employees. We create accessible resources explaining compensation philosophy, range structure, placement methodology, and future growth opportunities. Systems are designed with straightforward administration requirements that do not require specialized expertise for day-to-day management.

Compression Planning and Analysis: Our implementation approach includes detailed financial modeling that identifies potential compression scenarios before placement decisions are finalized. We analyze the distribution of current salaries against proposed ranges to identify employee clusters and gaps requiring special attention. Implementation options are developed with multi-year cost projections, including various phasing alternatives to balance budget constraints with equity requirements. Special focus is given to departments with significant longevity differences and areas with recent hiring at market rates. This proactive approach prevents creating new inequities while addressing existing compression issues within available resources.

Our Approach:

Comprehensive Job Documentation Review

Our methodical approach to position documentation begins with a thorough review of the City's existing job descriptions to ensure both internal consistency and regulatory compliance. This analysis includes:

- Documentation Structure Assessment
  Systematic evaluation of job descriptions through our 15-point documentation checklist, assessing critical elements including essential functions, ADA compliance language, FLSA classification support, and competency requirements.
- Functional Accuracy Verification
  Application of our validation process to ensure documentation reflects actual work performed. For positions where current documentation (job descriptions or other supporting materials) lacks sufficient clarity or detail, we may implement our Job Analysis Questionnaire (JAQ) methodology. This targeted approach uses our structured JAQ format to capture essential job elements more accurately than traditional methods. The JAQ process is selectively applied only where existing documentation fails to clearly define:
  - Work complexity and decision-making authority
  - Technical skill requirements and application
  - Supervisory/management responsibilities
  - Problem-solving requirements and organizational impact
  - Minimum qualification requirements
- Regulatory Compliance Review
  Application of our compliance checklist to ensure job documentation satisfies requirements across multiple regulatory frameworks, including ADA, EEOC, FLSA, and other applicable laws. This process identifies specific compliance gaps and develops appropriate language solutions.

Internal Equity Assessment

Our internal equity methodology uses analytical techniques to ensure position valuation reflects organizational priorities:

- Job Evaluation System Review
  Assessment of the City's current job evaluation methodology to determine effectiveness and alignment with organizational values. Based on this assessment, we will either:
  - Refine the existing methodology to improve consistency and validity
  - Implement our factor-based evaluation system, customized to the City's specific requirements
- Position Value Analysis
  Application of the selected job evaluation methodology across all positions, using a standardized approach to ensure consistent application of factors:
  - Multiple-reviewer approach to minimize subjective bias
  - Consistency checking across organizational units
  - Identification and resolution of internal equity issues
  - Development of clear rationales for evaluation decisions

- Equity Validation Process
  Implementation of our three-level validation approach to ensure evaluation outcomes reflect genuine job value rather than historical patterns:
  - Horizontal equity checks across functional areas
  - Vertical equity review within career paths
  - Cross-organizational comparison against similar position families

Market Comparison Analysis
Our market analysis methodology combines multiple data sources to create a comprehensive competitive assessment:

- Benchmark Position Selection
  Identification of benchmark positions (typically 60-65% of job classifications), mapping, and communication of process to ensure:
  - Representation across all major job families and levels
  - Focus on positions with reliable and abundant market data
  - Inclusion of mission-critical and hard-to-fill positions
  - Coverage of positions with known compensation challenges
  - Consistency and understanding of roles relative to Gallagher's benchmark mapping process
- Comprehensive Market Data Collection
  Multi-source data approach combining:
  - Published survey data from industry-specific and general compensation surveys
  - Custom survey data collected from selected competitor organizations
  - Current labor market information on compensation trends
- Total Rewards Analysis
  Complete competitive assessment including:
  - Base compensation positioning relative to defined market
  - Variable pay practices and prevalence
  - Benefits package evaluation and competitiveness leveraging Gallagher's industry-leading National Benchmark Survey data
  - Work arrangement flexibility and other non-monetary elements
  - Employer/employee cost-sharing analysis for benefits programs

Compensation Structure Development
Our compensation structure development process transforms market and internal data into an integrated framework that supports organizational objectives:

- Structure Design
  Development of grade and range structures through data analysis:
  - Analysis of market data to establish market-responsive relationships
  - Integration of internal equity requirements into structure design
  - Modeling of various structure options (typically 2-3 alternatives)
  - Review of position distribution across proposed structures
- Position Placement
  Allocation of positions to appropriate grades based on:
  - Internal equity values established through job evaluation
  - Market position requirements for critical job families
  - Organizational design considerations and reporting relationships
  - Career progression pathway requirements
- Implementation Analysis
  Financial analysis to evaluate implementation approaches:
  - Individual employee placement modeling based on defined criteria
  - Development of up to three implementation scenarios
  - Compression/inversion identification and remediation planning

System Sustainability Plan

Our approach ensures the City can maintain and evolve the compensation system independently:

- Comprehensive Documentation & System Integration
  Development of system documentation and transfer of data in formats compatible with the City's HRIS system, enabling smooth integration with existing technology.
- Administrative Knowledge Transfer
  Implementation of our training approach:
  - Thorough training for HR staff on system maintenance
  - Development of administrative tools and decision support materials
  - Creation of position evaluation guides and procedures
  - Establishment of ongoing monitoring and adjustment processes
- Long-term Maintenance Planning
  Development of a sustainable maintenance approach:
  - Annual review methodology and timeline
  - Market monitoring recommendations and data sources
  - Position evaluation guidelines for new or changed positions
  - Budget planning guidance for annual structure adjustments

Our final deliverable will include a comprehensive report detailing methodologies, findings, and recommendations, along with all necessary implementation tools and documentation. This deliverable will provide the City with both immediate implementation guidance and long-term direction for compensation management.

Work Plan:

The work plan proposed is designed to provide the flexibility necessary to attract, retain, and motivate employees to provide quality services and ensure the system is not an administrative and/or costly burden to the City now or in the future. Gallagher has integrated the Scope of Services into our phased approach and deliverables to address the City's requests. All phases will require that designated the City - team members and Gallagher have ongoing status meetings to explain the process, review the project's progress, review draft materials, address questions, and discuss next steps.

The phased work plan is as follows:

PHASE 1: STRATEGIC ALIGNMENT, PROJECT INITIATION, & STUDY ADMINISTRATION

Our engagement begins with a comprehensive strategic alignment phase designed to establish clear governance structures and critical success parameters:

- **Executive Strategy Session / Preliminary Meeting**
  - Facilitate session with executive leadership
  - Confirmation of organizational priorities and talent philosophy
  - Alignment of compensation strategy with business objectives
  - Risk assessment and mitigation planning
  - Finalization of project scope parameters

- **Project Governance Implementation**
  - Establishment of steering committee and working team
  - Definition of roles, responsibilities, and decision-making authority
  - Implementation of our proprietary communication matrix
  - Configuration of project management platform with milestone tracking
  - Development of risk management and escalation protocols

- **Current State Diagnostic**
  - Comprehensive documentation collection and review
  - In-depth assessment of existing compensation philosophy
  - Evaluation of current classification architecture
  - Gap analysis against industry best practices
  - Identification of critical improvement opportunities
  - Diagnostic findings presentation to project team

- **Stakeholder Engagement Planning**
  - Development of multi-level communication strategy
  - Creation of employee communication materials
  - Configuration of feedback collection mechanisms
  - Establishment of change management protocols
  - Finalization of communication timeline

- **Employee Orientation Sessions**
  - Delivery of employee information sessions
  - Distribution of project overview materials
  - Q&A facilitation with consistent messaging
  - Expectation setting for participation requirements
  - Initial feedback collection

V*irtual Meetings are included. On-site visits are available at an additional cost to the City.*

PHASE 2: CLASSIFICATION & CAREER FRAMEWORK REVIEW + DESIGN

Conduct of meetings with HR/leadership/project team at critical intervals to discuss deliverables. Some components of Phase 2 will overlap with Phase 1.

Our methodology leverages leading practice and analytical frameworks refined through implementations across hundreds of client engagements:

- **Position Analysis & Documentation Preparation**

PHASE 2: CLASSIFICATION & CAREER FRAMEWORK REVIEW + DESIGN

- Configuration of Job Analysis Questionnaires (JAQs)
- Development of manager review protocols
- Creation of job analysis interview guides, as appropriate to ensure clarity of information
- Establishment of documentation standards
- Training of internal reviewers on validation methodology

- **Data Collection Execution**
  - Collection of job description and position information details from client
    - Review and analysis of role details and duties performed
  - Distribution of JAQs to selected employees (1-week completion window), as necessary to supplement job description review
    - Technical support for JAQ completion process
    - Manager review and validation (1-week review period)
    - Follow-up for incomplete submissions
    - Data quality review and normalization
  - Structured manager validation interviews (selected positions)
  - Documentation of organizational relationships

- **FLSA Classification Review**
  - Application of our 7-point compliance methodology (see appendix for methodology details)
  - Job-by-job exemption status determination
  - Documentation of exemption rationale
  - Identification of compliance risk areas
  - Development of remediation recommendations

- **Classification Architecture Development**
  - Multi-dimensional job evaluation using the approach of best alignment for the organization, from among the five leading approaches (ranking, classification/grading, point factor, factor analysis, and/or market-alignment)
  - Job family identification and definition
  - Development of career progression pathways
  - Cross-functional alignment analysis
  - Draft classification structure development
  - Internal consistency review and refinement
  - Preliminary presentation to project team for feedback
  - Classification structure refinement based on feedback
  - Final classification structure development

- **Position Documentation Development**
  - Development of standardized, ADA-compliant job description templates
  - Creation of job family introductions and organizational context
  - Position requirement articulation using competency-based frameworks
  - Physical/environmental requirements documentation
  - Essential functions definition
  - Education/experience requirement standardization
  - Initial job description drafting (staggered by job family)
  - Management review and refinement
  - Final job description development
  - Job descriptions are a crucial component in ensuring continuity and consistency within an organization. They are useful in training and coaching employees, evaluating employee performance, establishing accountabilities for individuals, and managing employee compensation. Well-written, objective job descriptions are an important aspect of managing and clarifying work responsibilities. Job descriptions help to formalize the essential duties and responsibilities of a job. Effective and well-written job descriptions describe expected outcomes, responsibilities, and

PHASE 2: CLASSIFICATION & CAREER FRAMEWORK REVIEW + DESIGN

working conditions associated with jobs. Specifically, Gallagher develops job descriptions that contain information regarding the following: Employee work requirements and outcomes, How employees do their jobs, Knowledge, skills, etc. that the job requires, and Working conditions and the physical demands of the job

PHASE 3: COMPENSATION, BENCHMARKING & MARKET ANALYSIS

Our data-driven approach combines deep market knowledge with sophisticated analytical techniques:

- **Market Analysis Strategy Development**
  Gallagher will map organizational roles to standard market benchmarks, based on work performed and not simply internal titling, to ensure consistency and accuracy of market data. This process includes discussion and integration of details regarding hard-to-fill, high turnover, and unique scenarios within the client organization to ensure informed decisions regarding the benchmarking process.
  - Strategic identification of appropriate labor markets and peer organizations
  - Development of data collection strategy
  - Determination of aging factors and effective dates
  - Selection of published survey sources
  - Identification of custom survey participants

- **Custom Market Intelligence Gathering**
  - Development of custom survey instrument
  - Participant recruitment and confirmation
  - Survey distribution to identified participants
  - Technical support for participants
  - Data collection monitoring
  - Follow-up for non-respondents
  - Data validation and quality review
  - Compilation of custom survey results
  - Supplemental data-mining to ensure sufficient data resources for analysis

- **Published Survey Data Collection**
  - Extraction of relevant data from published sources
  - Normalization of data across sources
  - Application of geographic differentials
  - Implementation of aging factors
  - Compilation of comprehensive market dataset
  - Quality assurance review

- **Advanced Data Analytics**
  - Integration of custom and published data sources
  - Statistical validation of integrated dataset
  - Outlier identification and handling
  - Application of regression analysis for market line determination
  - Competitive positioning analysis
  - Internal equity assessment
  - Pay compression diagnosis

- **Compensation Structure Engineering**
  - Development of pay structure alternatives (typically 2-3 options)
  - Range modeling with various spread and overlap scenarios
  - Alignment of structure with classification architecture
  - Testing of structure against current positions

PHASE 3: COMPENSATION, BENCHMARKING & MARKET ANALYSIS

- Financial impact modeling of alternatives
- Structure refinement based on testing results
- Finalization of recommended structure

PHASE 4: IMPLEMENTATION STRATEGY, FINAL REPORTS, & SUSTAINABILITY PLANNING

Our approach ensures successful implementation and long-term program sustainability:

- **Financial Impact Analysis**
  - Individual employee placement modeling
  - Aggregate financial impact calculation
  - Development of implementation scenarios (typically 3)

- **Implementation Strategy Development**
  - Creation of phased implementation timeline
  - Development of exception handling protocols
  - Red-circle/green-circle treatment policies
  - Communication planning for rollout

- **Policy and Procedure Development**
  - Comprehensive compensation policy documentation
  - Administrative procedure development
  - Authority matrix creation
  - Process flow documentation
  - Recommendation for governance structure
  - Ongoing maintenance protocols

- **Toolkit Creation and Knowledge Transfer** (Weeks 21-23)
  - Development of position evaluation tools
  - Creation of manager decision-support resources
  - Design of employee education materials
  - Development of training curriculum
  - Delivery of administrator training (2 sessions)

- **Executive Presentation and Finalization**
  - Preparation of executive presentation materials
  - Delivery of executive briefing session
  - Facilitation of decision-making on implementation approach
  - Finalization of deliverables based on executive input
  - Delivery of all project materials and tools
  - Project close-out and transition to ongoing support

PHASE 5: POST-PROJECT SUPPORT & OPTIONAL ONGOING SERVICES

- **Implementation Support** (Up to 10 hours of direct support for the 6 months following project closure)
  - Technical assistance during the initial rollout
  - Advisory support for complex situations
  - Resolution of emergent issues
  - Refinement of tools based on initial usage
  - Documentation of lessons learned
  - Development of long-term sustainability recommendations

- **Ongoing Support Services (Optional)**
  - The consultant will offer ongoing support services throughout the year, including job evaluation, market pricing, job description development, trend data analysis, and related activities on an ad-hoc basis. The typical turnaround time for ad-hoc requests is two to four business days, depending on the nature and volume of the requests. These services are often provided after completing larger projects to aid in implementing and maintaining the outcomes and deliverables of the initial engagement.

ADDITIVE: COMPARATIVE ANALYSIS

- **Comparative analysis of the existing pay for performance system, when contrasted with a step and/or COLA system**

Project Staffing:

Our team of specialists and experts brings a proven track record of designing and executing comprehensive compensation strategies, performing complex classification analyses, evaluating pay equity to ensure fair, competitive structures, and delivering high-value strategic HR advisory services. Many of our professionals have served as practitioners within the very sectors we support, granting us unique insight into real-world operational challenges. We combine rigorous data analytics, industry best practices, and innovative thinking to craft customized, forward-looking solutions aligned with each organization's strategic HR goals. By drawing from hands-on experience and leveraging an in-depth understanding of market trends, we help our clients both meet current standards and proactively prepare for an ever-evolving talent landscape.

Gallagher fosters a commitment of excellence, professionalism, integrity, collaboration, and urgency to each of our clients. With each unique client, Gallagher combines these principles to deliver client services customized, specifically to meet your needs. Your Gallagher consulting team has years of experience consulting to public sector clients, including those with unionized and represented employees with a significantly diverse employee workforce with organizations nationwide, including a long history of serving Washington cities, counties, and public bodies - we have worked with more than 1,000 public sector and higher education clients over the past decade. Each member of Gallagher's public sector compensation consulting practice has achieved one or more of the following certifications and/or degrees:

- Certified Compensation Professional from WorldatWork
- Compensation Analyst Credential from Economic Research Institute
- IPMA-SCP from the Public Sector Human Resources Association
- PHR and/or SPHR from the Human Resources Certification Institute
- SHRM-CP and/or SCP from the Society for Human Resource Management
- SWP and HCS from the Human Capital Institute
- Master's degree or above, in Human Resources, Business Administration, and/or Organizational Psychology

PROJECT LEADERSHIP & LEADERSHIP SUPPORT

ERIK SMETANA, MBA, MFA, SHRM-SCP, SPHR, SWP, HCS, Managing Director & Practice Leader - *25+ years of experience*
Erik manages operations and leads Gallagher's public sector & higher education Human Resources & Compensation Consulting practice. Erik's 25-plus-year work history has led him to serve in various diverse roles across human resource management, particularly in compensation and benefits, talent management and organizational development, people analytics, and employee relations and policy development. Erik has extensive experience in private and public sectors, working with an eclectic mix of dynamic organizations, including Fortune 500 companies across multiple industries, international not-for-profit organizations, membership associations, media outlets (e.g., NPR and NBC affiliates), institutions of higher education and research, and others. Before joining Gallagher, he served as the enterprise-wide Deputy CHRO and business unit CHRO with the University of Missouri System and with Vanderbilt University as the Executive Director of People & Engagement, leading, designing, and implementing compensation, employee learning, talent acquisition, and people-focused programs and initiatives.

As a consultant, Erik has been **engaged in more than 250 client projects with organizations ranging from cities and counties to state agencies to tribal nations and more including school districts, colleges and universities, special districts and authorities,** and other sector aligned entities in the provision of *compensation, classification, pay equity, organizational assessment, leadership coaching, performance management, and other strategic HR advisory services*.

ZAK SHTULBERG, Senior Consultant & Project Operations Lead - *15+ years of experience*
Since starting as an HR consulting intern at Buck (now Gallagher) in 2012, Zak has been mission-driven and passionate about collaboration with clients and partners on transformative people, compensation, and other HR initiatives that improve the lives of employees and their communities. Projects have spanned a broad spectrum, including compensation strategy design, change management and communications, workforce planning, project management, analytics and technology enablement, and organization design, among many others. With both internal and external partners, he is recognized for blending strategic and technical advice with innovative analytics and technology and has grown as a trusted partner and subject matter expert in HR and compensation. Prior to starting his career, he earned a Bachelor of Science in Industrial and Labor Relations from Cornell University.

TRACY MORRIS, MBA, SHRM-CP, Senior Consultant & Systems Optimization Lead - *15+ years of experience*
Tracy has more than a decade of experience working in the strategic HR space with significant public sector HR and compensation consulting. Tracy holds a bachelor's degree in applied economics and a Master of Business Administration, both from Texas Tech University, and she is a SHRM Certified Professional (SHRM-CP). She serves clients as a project manager, thought leader, and advisor – additionally, she supports and manages our process improvement and optimization efforts to ensure each of our clients has an experience that meets their needs and exceeds their expectations.

CHRISTINE NICHOLS, Operations Support Specialist - *30+ years' experience*
Christine joined Gallagher in 2023, bringing more than 30 years' experience in Operations Support to the practice. Prior to joining Gallagher, she worked in the private sector for a Global staffing company. In her role as Operations Support for the practice, Christine ensures that all administrative processes across the team run efficiently and effectively, providing seamless client experience from proposal to project closure. She plays an integral part in the contract review process, follows up on client invoices & vendor payments, pulls data from a variety of internal & external systems and coordinates communications with other Gallagher departments. Christine is responsible for managing all RFPs, web inquiries & client referrals to the practice. She also handles all the scheduling of internal & external meetings for the practice, as well as review & audit of practice expenses.

SHARI FALLON, PHR, SHRM-CP, Senior Consultant & Project Manager - *25+ years of experience*
Prior to joining Gallagher, Shari worked for Cornell University as a Senior Compensation & Workforce Analytics Consultant for 24 years. In her role at Cornell University, Shari was responsible for providing expertise and consultation to campus constituents and resolving conflicts among functional areas to support best practice standards. She developed and designed the institutional foundation for assessing, delivering, and applying workforce planning analytics, advancing HR interests and shared responsibility in the consistency of practice across recruiting, compensation, staffing patterns, performance management, training, and transaction processing. Prior to Cornell, she worked in Human Resources for Retail and Health organizations. Shari has a bachelor's degree in political science/history from the College of St. Rose in Albany, NY, and is certified as a Professional in Human Resources from the Society of Human Resource Management.

LARRY ROBERTSON, Senior Consultant & Project Manager - *25+ years of experience*
Larry's 29-plus-year work history includes a variety of roles including compensation, human resources information systems, and recruiting as well as serving in a primary leadership role as acting vice president for human resources for several months. Larry has experience in both private and public sectors, working in a manufacturing environment before moving to higher education for the 21 years prior to coming to Gallagher. He has previously earned professional certifications with the Human Resources Certification Institute (PHR and SPHR). He has been actively involved in CUPA-HR on chapter, regional, and national boards and is a 2022 CUPA-HR Distinguished Service Award Recipient.

DEREK SMITH, PhD, Senior Consultant & Project Manager - *25+ years of experience*
Before joining Gallagher, Derek served as the National Executive Director of the Higher Education Recruitment Consortium and as a part-time consultant with Sawgrass Consulting, following more than 15+ years in higher education leadership roles at places like UNLV, Kansas State University, the University of Missouri System, and the University of Pittsburgh. Derek has a bachelor's degree in history, a master's degree in science, a master's degree in business administration, and a PhD in public policy and leadership. He has earned

professional certifications with the Human Resources Certification Institute (PHR), the Society for Human Resource Management (SHRM-CP), Economic Research Institute (ERI) Compensation Analyst Credential, and the Korn Ferry Leadership Architect.

CATHERINE THORP, Senior Consultant & Project Manager - *25+ years of experience*
Ms. Thorp holds a Bachelor of Business Administration degree in Management from the University of Mary Hardin-Baylor. Before joining Gallagher, Catherine worked as a Senior Compensation Manager at Dun & Bradstreet and in roles ranging from analyst to senior manager at McLane Company, Inc. Catherine has applied her compensation knowledge in market analysis, salary structure design, pay equity, career competencies, strategic planning, system integration, and process optimization. Catherine will complete her CCP in 2023.

JAIME PARKER, Senior Consultant & Project Manager - *15+ years of experience*
Jaime has 15 years of experience in Higher Education with 7.5 of those years in compensation and organizational effectiveness. Prior to joining Gallagher, she worked at Kansas State University in Human Capital Services, and in the Office of Institutional Effectiveness. Before her career in Higher Education, Jaime worked in the Banking Industry as a Banking Center Manager and Customer Service Manager. Jaime is a graduate of Kansas State University with a bachelor's degree in accounting.

PROJECT STAFF SUPPORT

CHARMAIN KOHLER, Consultant II & Client Liaison - *10+ years of experience*
Charmain has over 25 years of human resources experience in a variety of roles and industries. She has a bachelor's degree in business administration with a concentration in Management from Saginaw Valley State University. Prior to joining Gallagher, she was the Senior Compensation Analyst at Numotion and at Saginaw Chippewa Indian Tribe of Michigan. Her professional experience also includes 10 years as a Human Resources Consultant in higher education.

SHILOH VENABLE, Consultant II & Client Liaison - *15+ years of experience*
Shiloh Venable is a consultant in Gallagher's Human Resources & Compensation Consulting practice, specializing in the Public Sector and Higher Education service line. She brings more than 15 years of experience in human resources, learning and development, and program management across corporate, nonprofit, and higher education environments. Prior to joining Gallagher, Shiloh served as a learning & development manager at NXP Semiconductors, where she led global leadership development initiatives. She also held roles in nonprofit program management and student affairs at several universities, where she managed complex projects that supported staff and student growth. Shiloh holds a bachelor's degree in human resource development and a master's degree in education administration, both from Texas A&M University. In 2025, she received her Compensation Analyst Credential (CAC) from the Economic Research Institute (ERI). She is also a certified Professional in Human Resources (PHR).

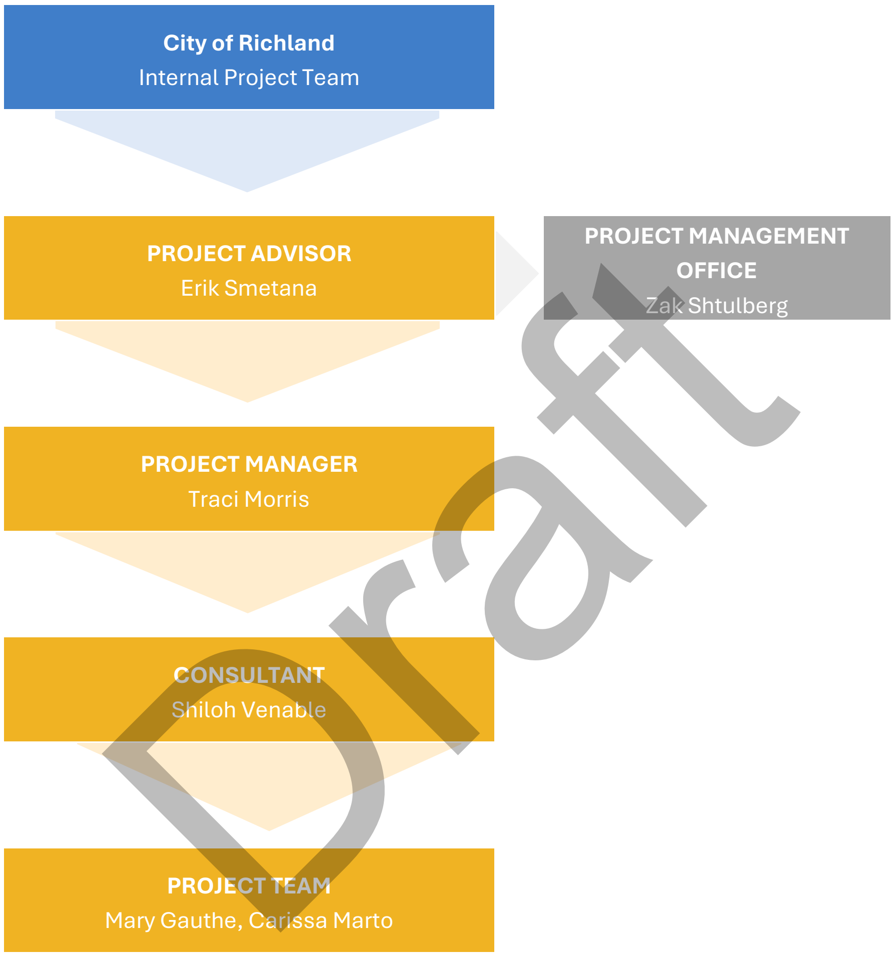
AMBER SHANG, MA in I/O Psychology, Senior Associate Consultant - *5+ years of experience*
Amber holds a BS with honors in Psychology from the University of Washington and an MA in Industrial & Organizational Psychology from New York University. Before joining Gallagher, Amber has applied her knowledge of people analytics in roles ranging from Talent Acquisition at VNS Health to Compensation Analysis at Willis Towers Watson, and Selection & Assessment at DCI Consulting Group. At WTW and DCI, she helped clients from various sectors to tackle challenges and identify strategic solutions. She holds a Certified Analyst Credential (CAC) from the Economic Research Institute (ERI).

MARY GAUTHE, MBA, SHRM-CP, Senior Associate Consultant - 5+ *years of experience*
Mary has five years of experience from Louisiana State University, where she served as a Compensation Consultant within the University's Central HR unit. She holds a bachelor's degree in management with a concentration in Human Resources from Nicholls State University and a master's degree in leadership and human resource development from Louisiana State University. For the past two years, Mary has served as an Associate Consultant within the PSHE team.

CARISSA MARTO, MA in I/O Psychology, Associate Consultant - *5+ years of experience*
Carissa has a bachelor's degree in psychology from Anderson University (SC) and a master's degree in industrial & organizational psychology from Middle Tennessee State University. Prior to joining Gallagher, she held project-based roles working in performance and promotional assessments related to test design.

Organization Chart:

Your Gallagher consulting team has years of experience consulting to public sector clients. One of the advantages of Gallagher is that we are a small team-based practice in which all members of the project team are intimately familiar with all activities of the project, while having all of the resources of a major national firm. We will work closely with you to ensure a quality product that fits your needs and culture. Gallagher does not, and will not, use any subcontractors to deliver services to the City. All the consulting analyses and assistance we provide are furnished by staff employed by Gallagher.



Project Timeline:

The following is an estimate to complete each phase by month. We will discuss the details of each phase during Phase 1 and identify specific deadlines for the project at that time. We will conduct frequent conference calls with the City to ensure the schedule is monitored throughout the project. In today's world, speed is particularly important. However, given the significance of this project, it is just as important for the City officials, department heads, and employees to have sufficient time to review and approve the recommendations of Gallagher and to ensure proper communications occur. We have prepared a timeline to ensure the City has the work products in an expeditious manner. Our phases run concurrently; in that we do not wait until the full completion of a phase to begin another phase. We are prepared to commence the work within two weeks of receiving your authorization to proceed.

PHASE 1: STRATEGIC ALIGNMENT, PROJECT INITIATION, & STUDY ADMINISTRATION	
Milestone	**Timeframe**
Executive Strategy Session / Preliminary Meeting	Week 1
Project Governance Implementation	Week 1-2
Current State Diagnostic	Weeks 2-3
Stakeholder Engagement Planning	Week 3
Employee Orientation Sessions	Week 4
PHASE 2: CLASSIFICATION & CAREER FRAMEWORK REVIEW + DESIGN	
Milestone	**Timeframe**
Position Analysis & Documentation Preparation	Weeks 3-5
Data Collection Execution	Weeks 5-8
FLSA Classification Review	Weeks 8-9
Classification Architecture Development	Weeks 9-12
Position Documentation Development	Weeks 10-14 (overlapping with Architecture completion)
PHASE 3: COMPENSATION, BENCHMARKING & MARKET ANALYSIS	
Milestone	**Timeframe**
Market Analysis Strategy Development	Weeks 7-8
Custom Market Intelligence Gathering	Weeks 9-14
Published Survey Data Collection	Weeks 9-14 (concurrent with custom survey)
Advanced Data Analytics	Weeks 14-16
Compensation Structure Engineering	Weeks 16-18
PHASE 4: IMPLEMENTATION STRATEGY, FINAL REPORTS, & SUSTAINABILITY PLANNING	
Milestone	**Timeframe**
Financial Impact Analysis	Weeks 17-19
Implementation Strategy Development	Weeks 19-21
Policy and Procedure Development	Weeks 20-22
Toolkit Creation and Knowledge Transfer	Weeks 21-23
Executive Presentation and Finalization	Weeks 23-24
PHASE 5: POST-PROJECT SUPPORT & OPTIONAL ONGOING SERVICES	
Milestone	**Timeframe**
Implementation Support	*Up to 10 hours of direct support for the 6 months following project closure*
ADDITIVE: COMPARATIVE ANALYSIS	
Milestone	**Timeframe**
Comparative Analysis	3 months

Cost Proposal:

We believe that our methodology and implementation success rate is attributable to the significantly greater level of contact we have with employees, employee representation, management, and the governing body. The time we commit to working with employees (orientations and briefings, meetings with employees via personal interviews, sharing of compensation survey data, etc.) results in significantly greater buy-in throughout the process.

It has been our experience that the time, money, and resources invested in stakeholder communication throughout the study are time, money, and resources saved during implementation. Our goal is to conduct each study the right way the first time.

To create efficiency and cost savings for our clients, as well as operating as green an organization as possible, we often conduct our studies virtually. Our cost proposal assumes that all meetings and presentations will be conducted virtually/remotely and no onsite travel to the City offices will occur. Should the City desire onsite meetings, our per diem cost for onsite meetings based on travel time and market rate travel cost are outlined below. The table below outlines the price per phase.

Phase	Fees
PHASE 1: Strategic Alignment, Project Initiation, & Study Administration *Includes virtual meetings and ongoing project management meetings throughout.* *On-site meetings are available at an additional cost**	**$74,245**
PHASE 2: Classification & Career Framework Review + Design**	
PHASE 3: Compensation, Benchmarking & Market Analysis	
PHASE 4: Implementation Strategy, Final Reports, & Sustainability Planning *Includes virtual meeting; On-site meetings are available at an additional cost **	
PHASE 5: Post-Project Support & Optional Ongoing Services	**$0**; annualized ongoing support services available
ADDITIVE: Comparative Analysis	**$34,750**
TOTAL COST OF CLASSIFICATION & COMPENSATION STUDY (Including all tasks) will not exceed: $74,245 **ADDITIVE PHASE COST: $34,750**	

**On-site meetings are available at an additional cost.*

***Should the City request Gallagher to update/write job descriptions, those services will be priced separately since we are unable to determine the number that will be required. Pricing would be $550 per job description and is in addition to the "Total Cost" identified above. Based on volume, this rate may be discounted.*

Our study costs are directly derived from estimating the number of hours needed to perform the work and the level of the consultant charged with performing the work. Gallagher typically bills monthly up to the maximum of each deliverable. Please note, as phases sometimes run concurrently, a phase may not be completed at the time it is billed. All expenses are included in this quote.

Should the City wish to have additional on-site presentation days or meetings, the estimated cost would be $4,000 per day. Any change to the scope of the assignment (beyond what is described above) as well as other work requested beyond this assignment will be billed based on our hourly rates unless we mutually agree on a fixed fee for the additional work.

Optional Ongoing Services:

Service	Fees
Ongoing Ad-Hoc Review *Includes job evaluation, single role market pricing, and job description development, classification review, PDQ/JAQ review*	**$13,500* per annum** for up to 25 requests**
Annual Trend Memo *Includes market and sector movement memorandum to inform annual budget planning, structure adjustments, and understanding of market trends*	**$3,500 per annum****
Market Benchmarking Tool (Gallagher CompSight) *Includes client access to cloud-based market benchmarking tool and the development/facilitation of an annual custom survey to provide real-time market data to the client organization in between large-scale studies*	**$45,000 per annum (includes tool and survey)*****

**price may be modified (up or down) based on anticipated client volume*
***annual cost discounted by $1,000 and held flat (i.e., no rate increases) for multi-year (2 or more) service agreements*
****annual cost discounted to $34,500 per annum for multi-year (2 or more) service agreements*

Hourly Rates:

Role	Rate
Associate Consultant	$250
Consultant	$375
Senior Consultant	$455
Principal	$495
Managing Director	$550

References

Contact names and phone numbers are listed for each project. These projects are relevant to demonstrating our ability to meet the needs of the City and show considerable experience in developing compensation systems for a variety of public sector organizations. Our references can attest to the timeliness, quality, and responsiveness of the services we provide, our understanding of job classification and pay equity, and our knowledge of legal issues, such as the ADA and FLSA, and our expertise in working with public organizations and sensitive personnel issues. The projects listed below were completed by members of your project team and within similar timeframes to what the City is requesting.

CITY OF RUSTON, LA | *401 North Trenton Street, Ruston, LA 71270*
Julie Keen, Finance Director, 318.251.8651, JulieKeen@RustonLA.gov

In 2022, Gallagher contracted with the City of Ruston to perform a compensation study for all city employees. The study utilized a custom survey and published data to complete the study. The study included police, fire, and utility workers.

CITY OF AUSTIN, TX | *301 West Second Street, Austin, TX 78701*
Bryan Dore, Compensation Manager, 512.974.3216, bryan.dore@austintexas.gov

We have been retained to do numerous projects with the City since 2017. In 2017, we were hired to assist the City with a review and assessment of the compensation strategy and to conduct a compensation study for the Human Resources and Legal departments. In 2019, Gallagher conducted another custom salary survey for the City and a comprehensive evaluation of pay equity in comparison to its prior studies to identify if there are any pay equity issues in the organization. Since 2021, we have been engaged in a number of compensation and broader engagements – with our multi-year agreement renewed for 5 years in fall of 2024 – recent efforts have included compensation philosophy design, organizational assessments, and compensation reviews.

CITY OF GILLETTE, WY | *201 East 5th Street, Gillette, WY 82716-4303*
Déca Wasson, Human Resources Director, 307.686.5222, decaw@gillettewy.gov

From 2022 to 2023, we were contracted by the City to perform compensation and HR advisory services.

HARRIS COUNTY, TX | *3100 Main Street, Houston TX 77002*
Amanda Porter, Senior Manager, Compensation and Position Control, 713.274.3018, Amanda.Porter@harriscountytx.gov

We are currently engaged with the County, the third largest in the country, for a compensation, classification, and pay equity study. This study encompasses over 18,000 employees across 4,000 classifications. The study involves writing job descriptions, creating guidelines, and training for salary administration to ensure pay equity in addition to designing frameworks to support the County's ongoing HR transformation efforts.

PRINCE WILLIAM COUNTY, VA | *1 County Complex Court, Suite 155, Woodbridge, VA 22192*
Stacey E. Allen, Assistant Director of Human Resources, 703.792.5172, SAllen@pwcgov.org

Since 2018, Gallagher and the County have partnered to conduct multiple classification and compensation studies with the goal of ensuring internal equity, external competitiveness, and legal compliance in pay structures while supporting career development and workforce planning. To build the compensation and classification framework from the ground-up, the team reviewed and updated over 310 job descriptions, facilitated employee and supervisor Job Analysis Questionnaires (JAQs), conducted interviews and focus groups, and performed market benchmarking. Deliverables included revised salary structures, implementation cost models, and communication toolkits. The studies concluded with actionable recommendations, including a streamlined classification system, updated pay ranges, and tailored implementation strategies aligned with the County's operational and budgetary needs. Gallagher continues to partner with Prince William County and is currently engaged in a 2025 project to build on the previous work, introducing innovative approaches to JAQ design and data collection and market pricing.

Additional references and/or case studies are available upon request to support client decision-making.

Case Studies:

We have completed over 500 classification and compensation studies for municipalities in the last ten (10) years. The following case studies show our specific experience in conducting similar studies for other government organizations. The experience we have gained in conducting these studies will inform our analyses and recommendations to the City.

CITY OF LEXINGTON, NC - Beginning in 2023, the City collaborated with Gallagher to conduct a comprehensive classification and compensation study. The classification study included Gallagher reviewing updated job descriptions and working with Human Resources to clarify any roles that needed additional information. Once that information was reviewed, Gallagher utilized the information to develop a new classification structure for the City and Gallagher consultants assigned job evaluation ratings to all classifications. For the comprehensive compensation study, Gallagher worked with the City to determine what positions should be included in a custom survey sent to 29 comparator organizations. For positions that are cross industry, Gallagher utilized published survey sources to market price some positions. The analyzed information was then used to create salary structures for general employees, police and fire that were internally equitable and externally competitive. Upon the completion of the study, Gallagher reviewed the data with the City's project team and incorporated feedback into the draft and final reports. Recommendations with implementation options were provided to the project team and shared with City Leadership.

CLAY COUNTY, IA - In 2023, the County engaged with Gallagher to conduct a classification and compensation study, which included the development of a compensation strategy, job evaluation using employee questionnaires, employee interviews and panels. Gallagher consultants used this collective information to develop a simplified and flexible class structure and assigned job evaluation ratings to all classifications. For the comprehensive compensation study, Gallagher worked with the County to deliver a custom survey that was sent to 19 comparator organizations. For positions that are cross industry, Gallagher utilized published survey sources to market price positions. This analysis was used to develop a pay structure with implementation costs and best practices guidance to move through the structure and remain competitive with the market. Upon the completion of the study, Gallagher reviewed the data with the County's project team and incorporated feedback into the draft and final reports. Recommendations shared with County Leadership.

CITY OF BLOOMINGTON, IL - The City collaborated with Gallagher to conduct a comprehensive classification and compensation study. The classification study included Gallagher reviewing updated job descriptions and working with Human Resources to clarify any roles that needed additional information. Once that information was reviewed, Gallagher utilized the information to revise the City's current classification structure. Gallagher consultants closed this phase by assigning job evaluation ratings to all classifications. For the comprehensive compensation study, Gallagher worked with the City to determine what positions should be included in a custom survey sent to 29 comparator organizations. For positions that are not easily found in the public sector, Gallagher utilized published survey sources to market price these positions. The analyzed information was then used to create a salary structure that was internally equitable and externally competitive. Upon the completion of the study, Gallagher reviewed the data with the City's project team and incorporated feedback into the draft and final reports. Recommendations with implementation options were provided to the project team. Final presentations were made to the City's leadership team.

PRINCE WILLIAM COUNTY, VA - The County collaborated with Gallagher to conduct a comprehensive classification, compensation, and pay equity study. The classification study included Gallagher assisting the County in the administration of a Position Description Questionnaire (PDQ) to gather information about each employee's respective role. Gallagher also interviewed a sample of employees to gain clarity where needed. Once that information was received and reviewed, Gallagher consultants utilized the information to create a new classification structure and classification descriptions for the resulting classifications. Gallagher consultants closed this phase by assigning job evaluation ratings to all classifications.

For the comprehensive compensation study, Gallagher consultants worked with the County to determine what positions should be included in a custom survey that was sent to 25 comparator organizations. For positions that are not easily found in the public sector, Gallagher consultants utilized published survey sources to market price these positions. The analyzed information was then utilized to create a salary structure that was internally equitable and externally competitive.

Gallagher consultants also performed a pay equity study for the County to identify potential pay disparities on the basis of race, age or gender. Upon the completion of the analysis, Gallagher consultants reviewed the data with the County's project team and incorporated feedback into the draft and final reports. Recommendations with implementation options were provided to the project team. Final presentations were made to leadership team and to the County's Board.

CITY OF RALEIGH, NC - The City collaborated with Gallagher to conduct a classification and compensation redesign study that began in June 2016. The objectives of this study included:

- Review duties and responsibilities of current jobs and employees to develop a new classification system.
- Develop new classification specifications.
- Evaluate jobs for internal value relationships.
- Collect market compensation data from private and public organizations.
- Develop a new/revised compensation system that is externally competitive and internally equitable.
- Review and update compensation policies and practices.
- Develop a transition plan.

The classification review was conducted to assess the types and levels of work across all jobs in the City and provide recommendations for an updated, simplified, and sustainable classification system. The more than 700 current City job classes were consolidated by type and level of work into an updated class system that incorporated approximately 260 job classes across 34 job families. The type and level of work for each class was rated using the Decision Band Method® job evaluation tool. Class specifications addressing the type and level of work for each job consistent with the approved class structures were developed. Employees were allocated to the new class systems based on PDQs and management input.

A customized data collection instrument was developed to collect pay data on each of the benchmark classifications from the City's national and local labor market. Survey data was analyzed to develop four separate pay structures tailored for specific groups of employees, which were coordinated with the job evaluation results. Structures consisted of broad-banded open ranges and step structures. Gallagher provided implementation cost options for the City's consideration. In addition, pay practice, classification, and compensation policy recommendations were provided to the City.

HENRICO COUNTY, VA - In November of 2022, Gallagher was engaged to conduct a compensation study for Henrico County covering 779 job classifications, covering 11,250 full time and part time employees. This study included collecting market data on as many job titles as possible through the use of published survey sources to analyze and evaluate all data in an objective manner and make recommendations designed to assist Henrico County in attracting, recruiting, and retaining top performing talent. Gallagher also provided recommendations to update Henrico County's compensation system to facilitate effective use and maintenance of the County's updated compensation structure.

CITY OF AUSTIN, TX - Beginning in 2016, we initiated an ongoing working relationship with the City - including the conduct of multiple function-specific pay equity studies, comprehensive compensation studies including but not limited to executive positions, emergency management, and currently the execution of studies focused on non-sworn police positions and mobility services roles as well as studies focused on COVID-19 workforce impacts and council member and staff compensation and classification. Recent and ongoing studies focus on pay equity, compensation, and organizational/administrative review. In 2016, 2018, and 2019, the City hired Gallagher to conduct a comprehensive evaluation of pay equity in comparison to its prior studies to identify if there are any pay equity issues in the organization. We conducted detailed statistical analysis of the current pay levels and identified possible pay equity issues at both organizational and department levels. The objective of the analysis was to determine if there were indications of systematic pay disparities between employees of different races or genders, isolate specific areas as possible, and identify key contributing factors.

In 2017, we were hired to assist the City with a review and assessment of the compensation strategy and conduct a compensation study for the Human Resources and Legal departments. In 2019, Gallagher conducted another custom salary survey for the City. In 2020, we were engaged to conduct compensation studies for the Forensic positions and City-wide Executive positions. In 2021, we were engaged to conduct a classification and compensation study for transportation mobility services positions, a pay equity study, and a classification and compensation study for select non-sworn police positions. In recent years, our team has conducted a range of studies for the city, including pay equity studies, compensation studies, organizational review studies, a benchmarking study, and various ad-hoc studies.

HARRIS COUNTY, TX - Harris County, the third largest county in the United States, is partnering with Gallagher to undertake a comprehensive review of roles, compensation, equity, and organizational structures, including their police operations, as part of a broader effort to ensure fair and equitable pay practices across its workforce. We are conducting detailed compensation, classification, and pay equity study covering over 18,000 employees across 4,000 job classifications. The study involves developing accurate job descriptions, creating salary administration guidelines, and designing frameworks to support the county's ongoing HR transformation efforts. Key components include equity analysis to address pay disparities, organizational structure review for efficient operations, and training for HR personnel on equitable pay practices. This initiative aims to enhance Harris County's ability to attract and retain top talent by ensuring competitive compensation, improving employee satisfaction, and improving performance across all departments, positioning the county to achieve its HR transformation objectives and maintain its status as a leading employer in the region.

Contractual Considerations

Gallagher is pleased to submit this proposal to the City. While this proposal is not meant to constitute a formal offer, acceptance, or contract, notwithstanding anything to the contrary contained in the proposal, Gallagher is submitting this proposal with the understanding the parties would negotiate and sign a contract containing terms and conditions that are mutually acceptable to both parties.

Our legal team has provided the following exceptions to the terms and conditions outlined in this proposal. We are open to discussion on these.

- Gallagher is not a federal contractor or subcontractor. Therefore, Gallagher cannot agree to federal contracting provisions contained within the RFP.
- Section 21 (PDF Page 15); Section 14 (PDF Page 24)- Indemnification should be limited to grossly negligent acts and omissions, breaches of the contract, intentional misconduct, or violations of law.
- Section 21 (PDF Page 15); Section 14 (PDF Page 24)- A limitation of liability of fees paid needs to be added to the indemnification provision. We would request this limit be set at total project fees.
- Section 23 (PDF Page 15)- Note that City can terminate the agreement at any time for any reason and with no minimum notice period. You may want to request 90 days' advance notice.
- Section 6 (PDF Page 21-22)- This section should make clear that Client shall own all final deliverables provided to Client by Gallagher as part of the services provided under this Agreement, provided however, Gallagher shall retain sole and exclusive ownership of all right, title, and interest in, and to, its intellectual property and derivatives thereof which no data or Confidential Information of the Client was used to create and which was developed entirely using Gallagher's own resources, including any and all pre-existing or independently developed know-how, methods, processes and other materials prepared by Gallagher. To the extent Gallagher's intellectual property is necessary for the Client to use the deliverables provided under this Agreement, Gallagher grants to Client a non-exclusive, royalty-free license to Gallagher's intellectual property solely for Client's use of such deliverables.
- Section 10 (PDF Page 23)- Gallagher is not a federal contractor (or subcontractor) and is not registered in SAM, and has made an informed business decision not to enter into this space.
- Section 13 (PDF Page 23-24)- Below are Gallagher's insurance representations based on AJG Risk Management policies. These are not changed on a client by client basis:
  - Gallagher shall at all times during the term of this Agreement and for a period of two (2) years thereafter, obtain and maintain in force the following minimum insurance coverages and limits at its own expense:
  - Commercial General Liability (CGL) insurance on an ISO form number CG 00 01 (or equivalent) covering claims for bodily injury, death, personal injury, or property damage occurring or arising out of the performance of this Agreement, including coverage for premises, products, and completed operations, on an occurrence basis, with limits no less than $2,000,000 per occurrence and $4,000,000 in the aggregate;
  - Workers Compensation insurance with statutory limits, as required by the state in which the work takes place, and Employer's Liability insurance with limits no less than $1,000,000 per accident for bodily injury or disease. Insurer will be licensed to do business in the state in which the work takes place;
  - Automobile Liability insurance on an ISO form number CA 00 01 covering all hired and non-owned automobiles with limit of $1,000,000 per accident for bodily injury and property damage;
  - Umbrella Liability insurance providing excess coverage over all limits and coverages with a limits no less than $10,000,000 per occurrence or in the aggregate;
  - Errors & Omissions Liability insurance, including extended reporting conditions of two (2) years with limits of no less than $5,000,000 per claim, or $10,000,000 in the aggregate;
  - Cyber Liability, Technology Errors & Omissions, and Network Security & Privacy Liability insurance, including extended reporting conditions of two (2) years with limits no less than $2,000,000 per claim and in the aggregate, inclusive of defense cost; and

- Crime insurance covering third-party crime and employee dishonesty with limits of no less than $1,000,000 per claim and in the aggregate.

All commercial insurance policies shall be written with insurers that have a minimum AM Best rating of no less than A-VI, and licensed to do business in the state of operation. Any cancelled or non-renewed policy will be replaced with no coverage gap, and a Certificate of Insurance evidencing the coverages set forth in this section shall be provided to Client upon request

* * * * *

Thank you for this opportunity to offer our services. Please feel free to contact us at any time if you have any questions or require additional information. We look forward to hearing from you soon.

Sincerely,

Erik Smetana

Erik Smetana, MBA, SPHR, SHRM-SCP, SWP
Managing Director & Practice Leader
314.494.4849 | Erik_HenrySmetana@ajg.com

Appendix 1: Publications & Conference Presentations

Over the past 36 months, your Gallagher Public Sector & Higher Education consultants have actively contributed to the discourse through a variety of publications and conference presentations. These efforts underscore our commitment to thought leadership and our dedication to advancing industry practices. This section highlights our key publications and presentations, showcasing our expertise and the value we bring to our clients and partners.

K-12 Emerging Trends & Risks for this School Year (Webinar)
Arthur J. Gallagher & Co. | July 23, 2025

Navigating What's Next: Revenue, Risk, and the Future of College Athletics (Webinar)
Arthur J. Gallagher & Co. | May 8, 2025

FMLA Bootcamp: Leave Management Trends, Paid Time Off & Sick Banks (Webinar)
myBenefits Channel | April 24, 2025

How Student-Athlete Pay Can Boost Students, Sports, and Institutional Success
Arthur J. Gallagher & Co. - News & Insights | February 26, 2025

Shaping the Journey to Fair Pay for Student Athletes
Arthur J. Gallagher & Co. - News & Insights · Jan 15, 2025

Competitive Compensation Structures for Higher Ed Institutions and Systems
CUPA-HR presentation | September 2024

Public Sector: Trends in Compensation & HR
Public Sector HR Association (PSHRA) - Virginia Chapter - State Conference | September 24, 2024

How a Compensation Philosophy Can Boost Employee Engagement in the Public Sector
Arthur J. Gallagher & Co. - News & Insights Jul 2, 2024

Driving Public Sector Excellence: The Power of Job Architecture and Career Frameworks
Arthur J. Gallagher & Co. - News & Insights | May 2, 2024

Promoting Excellence and Pay Equity: The Benefits of Merit Pay in Higher Education
Arthur J. Gallagher & Co. - News & Insights·| April 8, 2024

Recruitment and Retention Opportunities within the Public Sector & Public Safety
National Association of Police Organizations - Retirement & Benefits Symposium | January 29, 2024

How a Coaching Leadership Style Unleashes Human Potential at Work
TalentCulture | Jan 16, 2024

Does Your HR Strategy Leverage Organizational Competencies
TalentCulture | June 23, 2023

Workforce and Succession Planning Can Help Stem Higher Education Employee Turnover
Arthur J. Gallagher & Co. - News & Insights · May 15, 2023

Looking Beyond the "Great Resignation" and Planning for a Great Future
International Public Management Association for Human Resources (IPMA-HR) | September 27, 2022

Leverage Compensation Strategies to Attract and Retain Top Public Talent (Conference Presentation)
IPMA-HR Central Region Conference, ICMA

Leverage a Holistic People Strategy to Help Higher Education Employers Face the Future with Confidence
Arthur J. Gallagher & Co. - News & Insights | July 15, 2022

Prepare Now for FLSA Rule Changes Coming Soon
Arthur J. Gallagher & Co. - News & Insights | March 15, 2022

Appendix 2: FLSA Compliance Methodology

Our 7-Point FLSA Compliance Methodology provides a structured, defensible approach to determining the appropriate exemption status of each position within your organization. This systematic framework goes beyond basic salary thresholds to ensure proper classification according to the most current Department of Labor regulations and case law interpretations.

1. Salary Basis Assessment

- Evaluation of compensation structure against current FLSA minimum salary requirements
- Analysis of pay practices for compliance with salary basis test requirements
- Review of compensation delivery methods and frequency
- Assessment of permissible and impermissible deductions
- Identification of salary basis vulnerabilities and remediation recommendations

2. Primary Duty Analysis

- Quantitative time allocation analysis across job functions
- Relative importance assessment of exempt vs. non-exempt functions
- Freedom from direct supervision evaluation
- Comparative wage differential analysis between positions
- Documentation of primary duty determination rationale

3. Discretion & Independent Judgment Evaluation

- Assessment against standardized regulatory factors for independent judgment
- Analysis of authority to formulate, affect, interpret, or implement policies/practices
- Documentation of decision-making authority and constraints
- Evaluation of consequences of decisions and recommendations
- Comparison against DOL examples and precedents for similar positions as appropriate

4. Exemption-Specific Testing

- Targeted assessment against relevant exemption criteria:
  - Executive exemption: supervision, hiring/firing authority analysis
  - Administrative exemption: administrative vs. production work distinction
  - Professional exemption: specialized education/expertise requirements
  - Computer professional: systems analysis and programming function review
  - Outside sales: customer location and sales activity documentation
- Application of relevant regulatory interpretations and case law precedents

5. Industry-Specific Considerations

- Application of industry-specific exemptions and requirements
- Analysis of specialized rules for educational institutions, government entities, healthcare, etc.
- Review of collective bargaining implications, if applicable
- Assessment of state-specific requirements that exceed federal standards
- Documentation of industry-specific compliance rationale

6. Documentation Alignment

- Job description language assessment for exemption supportability
- Identification of documentation vulnerabilities
- Development of compliant descriptive language
- Creation of audit trail documenting exemption determination process
- Alignment of job documentation with actual duties performed

7. Risk Assessment & Mitigation Planning

- Comprehensive evaluation of misclassification risk by position
- Financial impact analysis of potential misclassification
- Prioritization of positions requiring classification changes
- Development of implementation timeline for required changes
- Creation of monitoring protocols for ongoing compliance

This methodology ensures that all exemption determinations are made systematically, consistently, and in accordance with current regulatory requirements. Our approach has been validated through successful implementation with hundreds of clients and has withstood scrutiny in DOL audits and legal challenges

Appendix 3: Job Description Review & Analysis Process

Systematic evaluation of job descriptions through our 15-point documentation checklist, assessing critical elements including essential functions, ADA compliance language, FLSA classification support, and competency requirements.

1. **Strategic Role Alignment**
   Validate that the role supports the institution's mission, strategic priorities, and organizational structure.

2. **Position Title Benchmarking**
   Assess title consistency with internal hierarchies and external market comparators.

3. **Organizational Context**
   Clearly define reporting lines, supervisory scope, and cross-functional interfaces.

4. **Essential Duties and Responsibilities**
   Articulate core functions using outcome-based language that reflects operational impact.

5. **ADA-Compliant Language**
   Ensure inclusion of physical and cognitive requirements with appropriate accommodation language.

6. **FLSA Classification Justification**
   Provide documented rationale for exempt/non-exempt status based on duties and salary thresholds.

7. **Minimum Qualifications**
   Specify baseline education, experience, and certifications required for role entry.

8. **Preferred Qualifications**
   Identify additional attributes that enhance performance or succession potential.

9. **Competency Mapping**
   Align behavioral and technical competencies with institutional competency models.

10. **Work Environment and Conditions**
    Describe physical demands, work setting, and any unique environmental factors.

11. **Work Schedule Expectations**
    Clarify standard hours, flexibility, travel, and remote/hybrid eligibility.

12. **Performance Metrics and KPIs**
    Define success measures and how performance will be evaluated.

13. **Technology and Tools Utilized**
    List key systems, platforms, and tools essential to the role.

14. **Review Cadence and Governance**
    Establish a schedule for periodic review and stakeholder accountability.

15. **Documentation and Version Control**
    Maintain audit-ready records with version history and approval tracking.

Appendix 4: Additional Services

We are confident we have provided our most cost-effective and best approach. We have included all products and services which are necessary to provide innovation as well as the functional capabilities proposed in our response. We take pride in our creativity and track record in developing innovative solutions to compensation and benefit issues. We spend considerable time and effort researching and exploring trends and technical issues to develop and test approaches not usually considered by other consulting firms that help inform innovative compensation program solutions.

While we will train the City in its use of the recommended compensation system to ensure the City is able to answer questions and maintain the system long-term. The following services are optional and may be provided in the future:

General Consulting and Strategic Advisory Services

Billed hourly, rate varies based on level of consulting required; dependent on scope of engagement may be billed on a fixed fee basis

Includes the provision of consulting and advisory services focused on areas of human resources, compensation and classification, and related areas. Typically conducted to help develop strategic and operational approaches, support leadership decision making, or to review and/or assess current approaches and processes (e.g., performance assessment, etc.) compensation decisions (e.g. review pay decision – not facilitate a review/study – for HR leader) as a neutral third-party.

Leadership Coaching

Billed hourly, rate varies based on level of consulting required; billed on a fixed fee basis for ongoing client engagements

Facilitated dialogues with leaders regarding leadership and management approach, strategic thinking and style, communications approach, and other related topics to further enhance the individual's leadership presence, ability, and perspectives.

Strategic Planning Facilitation

Billed hourly plus related expenses, rate varies based on level of consulting required

Facilitated leadership discussion to outline, identify, and develop strategic roadmaps affecting the direction and approach of an organization over a defined period (i.e. 3 to 5 years) to include operational and strategic imperatives, articulation and definition of employment value proposition, and understanding linkages to organizational outcomes/priorities.

Succession Planning

Billed on a fixed fee basis based on particulars of the study

A review of current leadership and organizational staff as well as identification of talent gaps/needs. Typically, it includes working sessions (N dependent on size of organization) to assess existing staffing mix, organizational fit and other success factors, as well as proficiency in current role and progress toward next level of role and advancement readiness. Deliverables include a memorandum summarizing our findings, conclusions, and recommendations.

Process Design & Re-Engineering

Billed on a fixed fee basis based on particulars of the study

Includes a review of selected processes and practices, assessment of components (value add vs. value waste vs. value neutral but necessary), mapping of revised processes and as appropriate development of updated standard operating procedures documentation (SOPs).

Organizational Effectiveness Assessment

Billed on a fixed fee basis based on particulars of the study

Includes a review and in-depth assessment of organizational practices, structures, and operational alignment, often across multiple working units, to determine opportunities for organizational design, operational and strategic priorities, modification of mission/vision and/or how the organization delivers on those items, and to identify opportunities that may increase effectiveness and efficiency. Deliverables include a memorandum summarizing our findings, conclusions, and recommendations.

Span of Control Assessment

Billed on a fixed fee basis based on particulars of the study

Includes a review and in-depth assessment of organizational spans and layers, often across multiple working units, to determine opportunities for organizational redesign, modification of degrees of separation to senior leadership, and to identify opportunities that may increase effectiveness and efficiency. Deliverables include a memorandum summarizing our findings, conclusions, and recommendations.

Reclassification Review

Billed per title

Includes a review of job information through analysis of existing or new job description or Position Description Questionnaire, follow-up with HR, supervisor, or employee as appropriate to ensure understanding, and then development of memo recommendation. Deliverables include a memorandum summarizing our findings, conclusions, and recommendations.

Job Description Development

Billed per title

Leveraging an updated Position Description Questionnaire, Gallagher confirms the need of creation of new classification, and confirmation with client, and writing of new classification.

Market pricing

Billed per title

Client provides job information in current or new job description, Position Description Questionnaire, and Gallagher collects market data from published survey ($400) and develops market pricing worksheets and memo on the process. If the client needs market data from the local market (like custom survey), Gallagher will research or conduct individual survey, and collect market data from published survey sources to develop the market pricing worksheet and a detailed memo on the process.

Annual Adjustments and Trend Data

Billed per scope of request

Collection of market salary trend data from published survey sources or local market trend data with development of a memo on process and recommendations associated to any structural adjustments.

Executive Compensation Study (Public Sector, Higher Education, Non-Healthcare NPOs)

Billed on a fixed fee basis based on particulars of the study

Comprehensive review of executive compensation and perquisites to facilitate compensation committee decision-making and confirm reasonability of pay packages. This may include but is not limited to research and analysis of market data, industry data (IPEDs, 990, etc.), and others to review or recommend a going-forward approach for affected executives. This type of study is recommended as an annual study.

Pay Equity Study

Billed on a fixed fee basis based on particulars of the study

Comprehensive review, but not limited to actions including, performing a series of statistical tests to determine if there are any pay differences between gender and protected groups that are statistically significant. We will determine whether these differences can be explained by a factor other than gender, race, or age. Statistical analyses will be performed in accordance with standard, professionally accepted methods and those methods that are recognized by the Equal Employment Opportunity Commission (EEOC). Deliverables typically include general pay breakdowns to assess the pay levels and representation for each breakout identified, perform statistical analysis to identify systemic issues, and provide detailed comparisons where necessary. This type of study is recommended as a triennial study.

Performance Management/Assessment Study

Billed on a fixed fee basis based on particulars of the study

Includes the review of existing programs and approaches, stakeholder feedback collection, development of tools and resources and recommendations, and as appropriate custom peer surveying to identify and leverage best practices across region, industry (e.g. higher education), peer cohorts, role type that are supportive of the strategic and operational imperatives of the client to support employee engagement, performance management, and culture. This type of study is recommended as necessary, based on the particulars and needs of the client.

Compensation and Classification Audit

Billed on a fixed fee basis based on particulars of the study

An external review of current market data collection, data sources, job matches, and salary structures. Audit delivery will validate existing processes or result in recommended alternative approaches leveraging the available data. This type of study is recommended as necessary, based on particulars and needs of the client, often coinciding with internal structure changes or revisions.

Change Management

Billed on a fixed fee basis based on particulars of the study

An assessment of current change management practices and communications approaches related to organizational change to identify opportunities for enhancement, additionally as appropriate to the organizational need, training related to managing and facilitating organizational change and the development of communications tools and resources to support change may be developed and delivered to better ensure success and revised internal practices.

ajg.com The Gallagher Way. Since 1927.

Gallagher is pleased to submit this proposal to you. While this proposal is not meant to constitute a formal offer, acceptance, or contract, notwithstanding anything to the contrary contained in the proposal, Gallagher is submitting this proposal with the understanding the parties would negotiate and sign a contract containing terms and conditions that are mutually acceptable to both parties.

This material was created to provide accurate and reliable information on the subjects covered by should not be regarded as a complete analysis of these subjects. It is not to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc., a non-investment firm and subsidiary of Arthur J. Gallagher & Co., is a licensed insurance agency that does business in California as “Gallagher Benefit Services of California Insurance Services” and in Massachusetts as “Gallagher Benefit Insurance Services.

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Items of Business

Strategic Priority 2 - Financial Sustainability

Subject
Ordinance No. 2025-33, Approving the 2026 Budget and the 2026-2031 Capital Improvement Plan (First Reading)

Department/Office	Ordinance/Resolution Number	Document Type
Finance	2025-33	Ordinance

Recommended Motion
Give first reading to Ordinance No. 2025-33, approving the 2026 Budget and the 2026-2031 Capital Improvement Plan.

Summary
Richland City Council received a presentation of the proposed 2026 Budget and 2026-2031 Capital Improvement Plan (CIP) on September 23, 2025. A revenue hearing was also conducted at the October 21, 2025 City Council meeting. The preliminary hearing and presentation of the 2025 Budget and 2026-2031 CIP is scheduled for the November 4, 2025 regular Council meeting, followed by the final budget hearing on November 18, 2025.

The first reading of Ordinance No. 2025-33 adopting the 2026 Budget is scheduled for November 4, 2025. Second reading and passage of the 2026 Budget ordinance is scheduled for November 18, 2025.

Staff recommends approval of Ordinance No. 2025-33 for first reading.

Fiscal Impact The proposed total 2026 budgeted appropriations for all funds is $334,920,390.

Attachments
1. Ordinance No. 2025-33

ORDINANCE NO. 2025-33

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON ADOPTING THE 2026 ANNUAL BUDGET OF THE CITY OF RICHLAND, INCLUDING THE 2026-2031 CAPITAL IMPROVEMENT PLAN.

BE IT ORDAINED by the City of Richland as follows:

Section 1. Budget Adopted. The Annual Budget of the City of Richland for the year 2026, including the 2026-2031 Capital Improvement Plan, and each and every fund thereof as fixed and determined in the Proposed Budget for the year 2026, as revised by the City Council, is hereby adopted as the Budget of the City for the calendar year 2026. The total appropriations for each of the funds of the City of Richland are as follows:

Funds	Total Estimated Revenues	Appropriated Beginning Fund Balances	Est. Revenues & Approp. Fund Balance	Total Appropriations
General Fund	$ 77,747,674	$ 5,545,500	$ 83,293,174	$ 83,293,174
Special Revenue Funds:				
City Streets	4,251,969	631,072	4,883,041	4,883,041
Transportation Benefit District	1,918,500	-	1,918,500	1,881,400
Park Reserve	665,786	-	665,786	476,571
Industrial Development	1,433,897	891,228	2,325,125	2,325,125
Criminal Justice	104,460	-	104,460	81,639
Public Safety Sales Tax	3,033,000	49,600	3,082,600	3,082,600
BCES Operations	7,915,860	-	7,915,860	7,915,860
Hotel/Motel Tax	1,700,710	556,389	2,257,099	2,257,099
Special Lodging Assmnt	845,000	-	845,000	845,000
Community Dev. Block Grant	290,848	-	290,848	290,848
HOME	765,306	119,481	884,787	884,787
Debt Service Funds:				
LTGO Bonds	5,405,691	-	5,405,691	5,395,618
Fire Station 74	673,306	-	673,306	671,106
Library Remodel	1,623,000	151,800	1,774,800	1,774,800
LRF Debt Service	657,310	1,188	658,498	658,498
LID Guaranty	20,000	-	20,000	30
Special Assessment	1,583	-	1,583	-
Capital Projects Funds:				
Streets Capital Projects	9,299,775	-	9,299,775	9,298,550
Capital Improvement	3,224,000	498,461	3,722,461	3,722,461
Parks Capital Projects	1,740,000	-	1,740,000	1,740,000
General Government	750,000	-	750,000	750,000

Funds	Total Estimated Revenues	Appropriated Beginning Fund Balances	Est. Revenues & Approp. Fund Balance	Total Appropriations
Enterprise Funds:				
Electric	87,178,740	9,054,174	96,232,914	96,232,914
Water	16,718,326	3,759,007	20,477,333	20,477,333
Wastewater	11,577,500	7,569,682	19,147,182	19,147,182
Solid Waste	13,050,750	1,891,267	14,942,017	14,942,017
Stormwater	4,120,050	859,896	4,979,946	4,979,946
Golf Course	2,518,073	-	2,518,073	2,449,341
Medical Services	7,914,415	1,797,732	9,712,147	9,712,147
Broadband	383,000	714,638	1,097,638	1,097,638
Internal Service Funds:				
Equipment Maintenance	6,419,894	-	6,419,894	6,162,048
Equipment Replacement	8,235,303	-	8,235,303	4,761,685
Public Works Adm & Eng.	4,989,500	1,041,137	6,030,637	6,030,637
Workers Compensation	2,443,638	205,456	2,649,094	2,649,094
Employee Benefits	13,585,952	-	13,585,952	12,940,045
Unemployment	80,548	-	80,548	69,852
Post Employment Benefit	1,140,379	-	1,140,379	1,040,304
Totals	$ 304,423,743	$ 35,337,708	$ 339,761,451	$ 334,920,390

Section 2. Salaries and Wages. The total cumulative salaries and wages set forth in the budget document represent the maximum approved expenditure, subject to the requirements and limitations set forth in the Compensation Plan for Unaffiliated Employees and Collective Bargaining Agreements for Affiliated Employees, or other contracts approved by Council. In the interests of operational efficiency and business need, the City Manager may amend salaries and wages within departments and divisions as long as the total labor budget is not exceeded.

Section 3. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the ___ day of ______________, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

First Reading: _________
Second Reading: _________
Date Published: _________

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 11/4/2025 Agenda Category: Items of Business

Strategic Priority 1 - High Performance Government

Subject
Ordinance No. 2025-34, Vacating a Portion of Snively Road Right-of-Way (First Reading)

Department/Office	Ordinance/Resolution Number	Document Type
Public Works	2025-34	Ordinance

Recommended Motion
Give first reading to Ordinance No. 2025-34, vacating a portion of Snively Road right-of-way.

Summary
The City owns the right-of-way for Snively Road between State Route 240 (SR-240) and the Yakima River. The right-of-way is located on undeveloped land owned by the City (PID No. 1-1107-100-0002-000). The right-of-way no longer suits the planned development of this area, and no paved surface currently exists. Additionally, the Washington State Department of Transportation (WSDOT) and the City of Richland entered into an agreement in 1982 committing to relinquishment of the right-of-way related to Snively Road's access onto SR-240 in favor of an alternate intersection location further east when the City's street network develops in the area. *See* WSDOT Contract No. GM1061.

The City will work with adjacent land development to provide an alternate route to access Snively Road and SR-240 in conjunction with this vacation. The City has exempted a portion of the right-of-way from vacation to provide access to the Washington Department of Fish & Wildlife Access Area and a turnaround area until a permanent route is developed.

On October 7, 2025, Richland City Council adopted Resolution No. 2025-124, setting November 4, 2025 at 6:00pm in the City Hall Council Chambers as the time and place for a public hearing as required prior to right-of-way vacation action. On October 15, 2025, notice was published that a public hearing would be held on November 4, 2025 to take public testimony on the proposed right-of-way vacation action. The public hearing is scheduled on tonight's regular meeting agenda.

Staff recommends approval of Ordinance No. 2025-34 for first reading.

Fiscal Impact None.

Attachments
1. Ordinance No. 2025-34

WHEN RECORDED RETURN TO:
Richland City Clerk's Office
625 Swift Boulevard, MS-07
Richland, WA 99352

ORDINANCE NO. 2025-34

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, VACATING A PORTION OF SNIVELY ROAD RIGHT-OF-WAY.

WHEREAS, the City of Richland owns the right-of-way for Snively Road between State Route 240 (SR-240) and the Yakima River located on undeveloped land owned by the City (PID No. 1-1107-100-0002-000); and

WHEREAS, the right-of-way, as described in **Exhibit A** and depicted on **Exhibit B**, no longer suits the planned development of this area and no pavement surface currently exists; and

WHEREAS, the City will work with adjacent land development to provide an alternate route to access Snively Road and SR-240 in conjunction with this vacation; and

WHEREAS, the City has exempted a portion of the vacation to provide access to the Washington Department of Fish and Wildlife Access Area and a turnaround area until a permanent route is developed; and

WHEREAS, on October 7, 2025, Richland City Council adopted Resolution No. 2025-124, setting November 4, 2025 at 6:00 p.m. in the City Hall Council Chambers as the time and place for a public hearing as required prior to a right-of-way vacation action; and

WHEREAS, notice was duly published on October 15, 2025 that a public hearing would be held on November 4, 2025 to take public testimony on the proposed right-of-way vacation action; and

WHEREAS, on November 4, 2025, a public hearing was held by Richland City Council to receive public testimony.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

Section 1. The portion of Snively Road right-of-way, as legally described in **Exhibit A** and depicted on **Exhibit B**, is hereby vacated.

Section 2. The City Clerk is directed to file with the Auditor of Benton County, Washington, a copy of this Ordinance and the attached exhibits, duly certified by the Clerk as a true copy.

Section 3. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

Section 4. Should any section or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of the Ordinance as a whole or any part thereof, other than the part so declared to be invalid.

Section 5. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including but not limited to the correction of scrivener's errors/clerical errors, section numbering, references, or similar mistakes of form.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the ___ day of ________, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

First Reading: _________
Second Reading: _________
Date Published: ________

EXHIBIT A

Legal Description

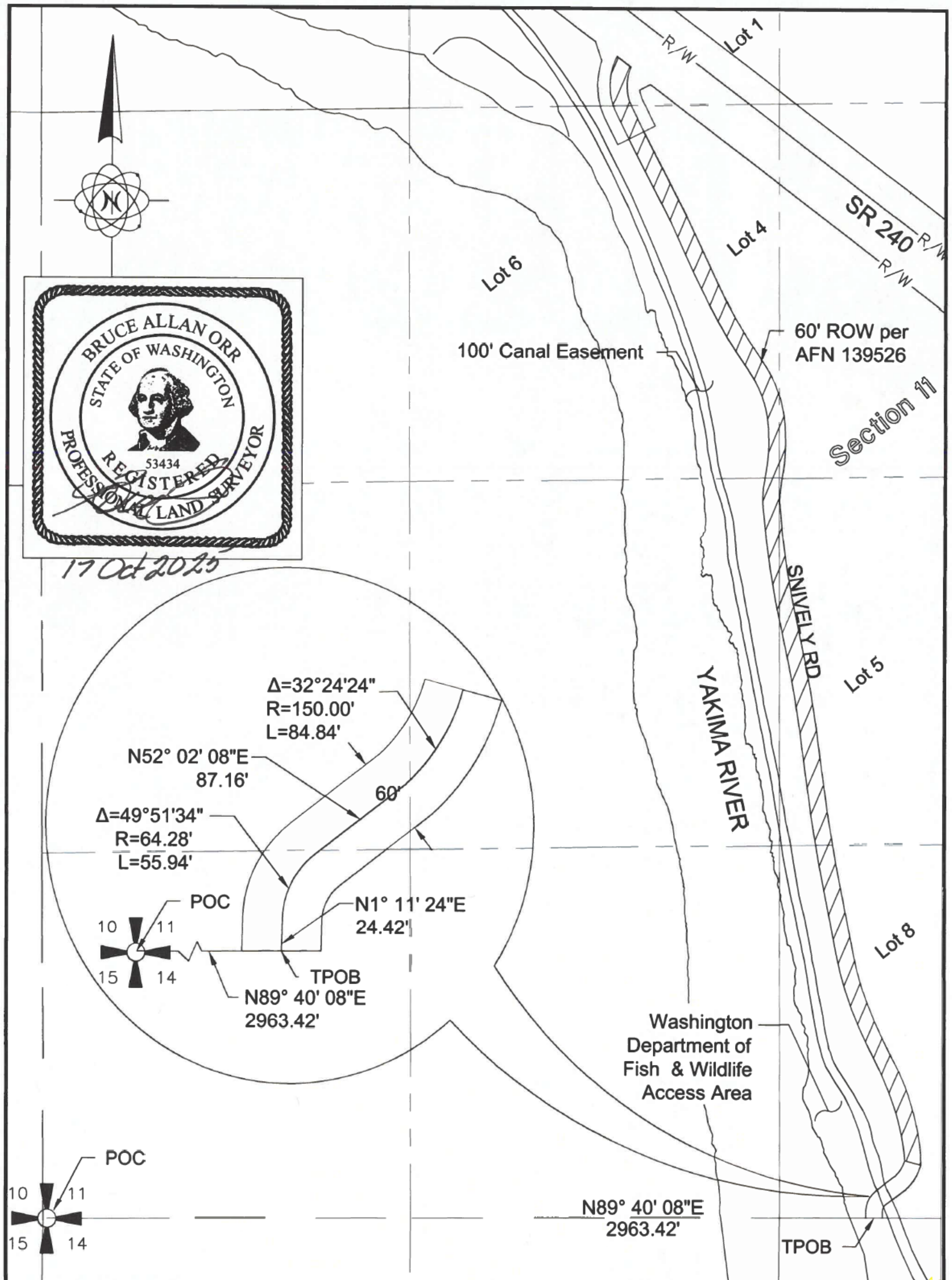
All that portion of a 60.00 foot wide public road known as Snively Road situate in Government Lots 1, 4, 5, 8, of Section 11 and a portion of the Northeast Quarter of Section 11, Township 10 North, Range 27 East, Willamette Meridian, Benton County, Washington, conveyed in quitclaim deed recorded under Auditor's File Number 139526, records of said county.

EXEMPTING THEREFROM a portion of 60.00 foot right-of-way of hereinabove mentioned Snively Road and described as follows:

Commencing at the Southwest corner of hereinabove mentioned Section which lies South 89°40'08" West 5288.37 from the Southeast corner of said Section as recorded on Short Plat 1597 recorded under Auditor's Fee Number 1987-004817, records of Benton County; Thence along South line of said Section North 89°40'08" East 2963.42 feet to the **True Point of Beginning** of the following centerline:

Beginning at the **True Point of Beginning** described hereinabove; Thence North 1°11'24" East 24.42 feet to a curve concave to the southeast with a radius of 64.28 feet; Thence northeasterly 55.94 feet along said curve through a central angle of 49°51'34" (long cord N 26°36'56" E 54.19 feet); Thence North 52°02'08" East 87.16 feet to a curve concave to the northwest with a radius of 150.00 feet; Thence northeasterly 84.84 feet along said curve through a central angle of 32°24'24" (long cord S 31°06'26" E 83.71 feet) to **Point of Terminus**.

EXHIBIT B
Depiction



Drawn by: ORR	EXHIBIT B	CITY OF RICHLAND PUBLIC WORKS	
Date: 10/17/2025	Vacation Snively Road		
File 2025-022	Section 11 Township 10 North Range 27 East	1"= 500'	Sheet:1 OF 1