

CHEHALIS CITY COUNCIL AGENDA
 CITY HALL
 350 N MARKET BOULEVARD, CHEHALIS, WA 98532

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| Terry F. Harris, District 1, Mayor Pro Tem Daryl J. Lund, District 2 Dr. Isaac S. Pope, District 4 | Dennis L. Dawes, Position at Large Mayor | Anthony E. Ketchum Sr., District 3 Chad E. Taylor, Position at Large Bob Spahr, Position at Large |
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Regular Meeting of Monday, July 25, 2016

5:00 p.m.

| ITEM | ADMINISTRATION RECOMMENDATION | PAGE |
|---|----------------------------------|------|
| 1. <u>Call to Order.</u> (Mayor) | | |
| 2. <u>Pledge of Allegiance.</u> (Mayor) | | |

| CITIZENS BUSINESS | | |
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| This is an opportunity for members of the audience to address the council on matters not listed elsewhere on the agenda. Speaker identification forms are available at the door and may be given to the city clerk prior to the beginning of the meeting. | | |
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| PUBLIC HEARING | | |
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| 3. <u>Conduct Public Hearing on the Proposed Establishment of a Tourism Promotion Area.</u> (City Manager) | CONDUCT PUBLIC HEARING | |

CONSENT CALENDAR

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| 4. <u>Minutes of the Regular Meeting of July 11, 2016.</u> (City Clerk) | APPROVE | 1 |
| 5. <u>Vouchers and Transfers.</u> (Finance Manager) | APPROVE | 9 |
| 6. <u>Authorize City Manager to Execute Amendment 1 with the Drinking Water State Revolving Fund (DWSRF) to Reflect a New Loan Amount of \$858,500 for the Construction of the High Level Reservoir Replacement Project.</u> (City Manager, Public Works Director, Water Superintendent) | AUTHORIZE CITY MANAGER TO EXECUTE AMENDMENT 1 WITH DWSRF FOR THE CONSTRUCTION OF THE HIGH LEVEL RESERVOIR REPLACEMENT PROJECT | 10 |
| 7. <u>Authorize City Manager to Execute Amendment 1 with Gibbs & Olson in the Amount of \$52,077 for Construction Management Services on the Basin 1022 I&I Rehabilitation Project.</u> (City Manager, Public Works Director, Wastewater Superintendent) | AUTHORIZE CITY MANAGER TO EXECUTE AMENDMENT 1 WITH GIBBS & OLSON TO PROVIDE CONSTRUCTION MANAGEMENT ON THE BASIN 1022 I&I REHABILITATION PROJECT | 16 |
| 8. <u>Accept Final Grant Amount of \$526,810 and Award Bid for the National Avenue at Salzer Creek Bridge Scour Countermeasures Project to JamesCo Pro, Inc., in the Amount of \$284,247.50 and Authorize the City Manager to Execute a Contract Agreement for the Same.</u> (City Manager, Public Works Director, Street/Stormwater Superintendent) | ACCEPT FINAL GRANT AMOUNT/ AWARD BID TO JAMESCO PRO, INC., AND AUTHORIZE CITY MANAGER TO EXECUTE CONTRACT AGREEMENT | 22 |
| 9. <u>Authorize City Manager to Execute Lease Agreement between the City and the State of Washington Department of Social and Health Services – Green Hill School for Use of Parking Lot.</u> (City Manager, Recreation Manager, City Attorney) | AUTHORIZE CITY MANAGER TO EXECUTE LEASE AGREEMENT FOR USE OF PARKING LOT | 24 |

ADMINISTRATION AND CITY COUNCIL REPORTS

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|--|--|----|
| 10. <u>Administration Reports.</u> a. Quarterly and June financial reports, and Quarterly sales and use tax report. (City Manager, Finance Manager) | INFORMATION ONLY | 42 |
| 11. <u>Council Reports.</u> a. Councilor reports. (City Council) b. Council committee reports. (City Council) | INFORMATION ONLY INFORMATION ONLY | |

UNFINISHED BUSINESS

| | | |
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| 12. <u>Ordinance No. 960-B, Second and Final Reading – Amending Ordinance No. 956-B Limiting the Number of Indoor Cannabis Production and Processing Facilities and Placing Requirements for Odor Control.</u> (City Manager, City Attorney, Interim Community Development Director) | PASS | 50 |
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EXECUTIVE SESSION

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| 13. <u>Executive Session Pursuant to RCW 42.30.110(1)(g) – Review Performance of a Public Employee.</u> (City Manager, City Attorney) | --- | |
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**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON
OTHER ITEMS NOT LISTED ON THIS AGENDA**

NEXT REGULAR CITY COUNCIL MEETING WILL BE ON MONDAY, AUGUST 8, 2016

July 11, 2016

The Chehalis city council met in regular session on Monday, July 11, 2016, in the Chehalis city hall. Mayor Dawes called the meeting to order at 5:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Tony Ketchum. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Randy Kaut, Deputy Police Chief; Judy Pectol, Finance Manager; Trent Lougheed, Interim Community Development Director; Rick Sahlin, Public Works Director; and Dave Vasilauskas, Water Superintendent. Members of the media included Justyna Tomtas from *The Chronicle*.

1. **Citizen's Business.** Virginia Baldwin (350 SE Washington Avenue) stated she had concerns about fireworks going off well before the holiday and late at night. She proposed that the council put a curfew of 11:00 p.m. for shooting off fireworks, and also suggested they include a substantial fine for those who shoot them off after that time.

Mayor Dawes stated, for the record, the city also received a letter from Patty Ward (472 SW 14th Street) with a similar request. He reported it's very difficult for two or three patrol cars to catch up to everyone shooting off fireworks. Mayor Dawes reported the laws that govern fireworks are by the state statutes, which the city has adopted by reference. He asked City Attorney Hillier if the city could restrict it further than the state statutes.

City Attorney Hillier reported the city has the ability to restrict the number of days authorized for fireworks to go off, but it would need to be done before the end of the year.

Mayor Dawes suggested the council have a work session to discuss how to address the issue.

Councilor Pope stated he appreciated Ms. Baldwin bringing this up, adding he had similar concerns.

2. **Approve City Manager Employment Agreement.** City Manager MacReynold reported the agreement before the council includes the elements the council wanted to see for the future city manager.

Councilor Ketchum moved to approve the City Manager Employment Agreement between the city and Tracie "Jill" Anderson.

The motion was seconded by Council Lund and carried unanimously.

3. **Consent Calendar.** Councilor Spahr moved to approve the consent calendar comprised of the following:

- a. Minutes of the regular meeting of June 27, 2016;
- b. Claim Vouchers No. 116073-116251 in the amount of \$164,785.18 dated June 30, 2016; and Payroll Vouchers No. 38892-38979, Direct Deposit Payroll Vouchers No. 7230-7324 and Electronic Federal Tax Payment No. 161 in the amount of \$786,699.30 dated June 30, 2016;
- c. Adopt Resolution No. 16-2016 on first and final reading setting the date and time of July 25, 2016, at 5:05 p.m. for a public hearing on the intention to establish a Tourism Promotion Area; and
- d. Award the bid for the Redundant Flocculation Basin Project to Prospect Construction, Inc., in the amount of \$1,204,349.04 and authorize the city manager to execute a contract agreement for the same; and authorize the city manager to execute Amendment No. 1 with HDR Engineering, Inc., in the amount of \$117,000 to provide additional engineering services required for the Redundant Flocculation Basin Project.

The motion was seconded by Councilor Pope and carried unanimously.

4. **Council Reports.**

a. **Update From Councilor Pope.** Councilor Pope reported, last year, they started providing breakfast to displaced students once a month at the Chehalis Eagles. He stated once school starts, they're going to try to start having breakfast every Sunday morning for these kids, noting they currently have about 163 students in the district that are displaced.

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b. **Update From Councilor Lund.** Councilor Lund reported he attended a Chehalis Parks Committee meeting with Councilor Pope earlier in the day to talk about the Recreation Park Improvement Project.

c. **Update From Councilor Taylor.** Councilor Taylor reported he had a couple of people talk to him about the old Thurman's building on Kresky Avenue, noting there appears to be an issue with garbage in the back, as well as a rat problem. He noted he referred them to the city's code enforcement department.

d. **Update From Councilor Ketchum.** Councilor Ketchum reminded everyone about the Seattle to Portland bike ride this coming weekend and asked everyone to be careful.

e. **Update From Mayor Dawes.** Mayor Dawes reported he had been exchanging emails with an individual regarding the 'park and ride' at Main Street. The individual stated he found a deed indicating the property is owned by the city and not the state. Mayor Dawes reported if this is the case they need to come up with an ordinance, or something, to make sure it stays a 'park and ride,' adding there have been several complaints about someone staying there permanently.

Mayor Dawes suggested the Code Enforcement Officer also stop by 4th Street and Market Boulevard, noting the grass and weeds are getting pretty tall.

5. **Ordinance No. 959-B Second and Final Reading – Amending Section 5.04.120 of the Chehalis Municipal Code Dealing with Special Licenses (Mobile Ice Cream Vendors).** Councilor Spahr moved to pass Ordinance No. 959-B on second and final reading.

The motion was seconded by Councilor Pope and carried unanimously.

Councilor Ketchum made a request that the individual that's driving the ice cream truck around town be contacted to make sure he's legal.

6. **Ordinance No. 960-B, First Reading – Amending Ordinance No. 956-B, Limiting the Number of Indoor Cannabis Production and Processing Facilities and Placing Requirements for Odor Control.** Councilor Ketchum moved to pass Ordinance No. 960-B on first reading.

Councilor Spahr seconded the motion.

Mayor Dawes reported when the original ordinance passed it limited the number of retail operations to two, and it was thought that it also limited the number of grow and production/processing facilities to two. He noted he had the administration do some research and it appears there was no mention of limiting the number of production facilities to two.

Mayor Dawes reported they had some individuals attend the last council meeting who stated they did not want to have any production facilities in Chehalis, and asked the council to reconsider the ordinance and limit the number of these facilities.

Mayor Dawes stated the council is not under any obligation to take citizen input, but thought it was important that they hear from the citizens before taking any action. He reported the concerns brought up at the previous meeting were odor, security, and property values. Mayor Dawes asked those who wished to speak to limit their time to three minutes.

Jeremy Wildhaber (Jeremey's Farm to Table) reported he owns a building on State Avenue that he put up for lease after his financial situation changed. He noted the industry that's exploding right now is marijuana and those are the only people who came to look at the building. Mr. Wildhaber reported the tenants have put thousands of dollars into the building and had everything looked at and permitted by the city.

Mr. Wildhaber provided a petition signed by 35 of the business owners along State Avenue agreeing that marijuana growers, processors, and distributors are a legal business in the State of Washington. He talked briefly about the myths behind this type of industry, as well as property values. Mr. Wildhaber stated, unbeknownst to many people, there is a legal grow operation on State Avenue in a building near his fruit stand, adding nobody knew about it because there's no smell, or advertising of what it is.

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Pam Fuller (776 Coal Creek Road) stated she hoped the city was not changing their mind, or having a change of heart. She noted everyone involved has invested a lot of time and money into this. Ms. Fuller stated, contrary to what a lot of people think, there are not a whole lot of out-of-towners moving in to do this business. She hoped that the council would reconsider, noting there are all kinds of businesses that are targeted for problems and asked that the council give them a chance.

Andre Pilon (11904 Champion Dr. SW) reported he owns and operates Green Brothers Farms in Tenino. He stated it's very difficult to find areas properly zoned and property owners that will consider leasing to them. Mr. Pilon stated the whole purpose of initiative 502 was to get marijuana out of the black market, which is exactly what it's done. He reported the odor issue can be easily mitigated by using carbon filters and/or ozone generators. Mr. Pilon reported property values have actually increased in some areas, including a location in Tumwater that has three producer/processors and one additional processor. He noted the value of that particular piece of property has gone from \$1.58 million to \$2.2 million.

David Kois (2431 Westwind Drive) reported he owns CBD Management LLC located at 420 Alaskan Way NE and he's been working to get licensed by the state for the last three years. He noted he's spent the last nine months and a substantial amount of money refurbishing his facility and is only waiting on the final inspection to begin operations. Mr. Kois reported he's done everything the city has asked of him, including going in front of the Hearings Examiner and obtaining a conditional use permit, and now a week before he's to be licensed by the state, the city is trying to limit the number of producers and processors to one. Mr. Kois reported the council had the ability to ban or limit the industry when they passed the zoning back in April. He stated he relied on the ordinances that the city had in place when he decided to move forward, and as such, is vested both by state law and city ordinance.

Mr. Kois stated back in January when the council adopted their vesting ordinance, they also had an update from staff on I-502. He noted at that meeting they discussed limiting the number of licenses to one and the city attorney specifically noted he, Mr. Kois, was vested and the city had the ethical responsibility to see his application through. Mr. Kois stated not only does the council have the ethical responsibility to see his and the other vested applications through, they also have the legal responsibility to do so. He noted the council doesn't limit other businesses within the city, in fact, the city's municipal code prohibits employees or officers of the city from denying licenses simply because they believe there are too many of one particular type of business in the city. Mr. Kois asked that the council go back and revise the ordinance to at least reflect those that are vested before moving forward.

Summer Chapman (2725 US Hwy 12) reported she and Gabe Koth, co-owners of Wild Mint LLC, submitted an application for one of the businesses at 1132 NW State Avenue. She noted they are a Tier 1 marijuana producer/processor that produces rosin, which is a marijuana concentrate that is extracted through heat and pressure. Ms. Chapman stated they will also focus on a small line of infused salves and balms, as well as provide a line of hand crafted local and organic products to a consumer that chooses to use marijuana as either their recreational option, or for an alternative in their holistic or naturopathic medicinal needs. She reported they've followed every law, rule and regulation put forth by the state, county and city, adding safety is of the utmost importance to them and their small business.

Stacey Richards (9830 Lathrop Industrial Drive) reported his business, Doc Crock LLC, is the fourth largest processor and producer in Washington State. He noted they are looking at setting up a concentration laboratory in one of Mr. Wildhaber's buildings that would employ 15-20 people. Their main product focus will be medical concentrates for cancer and HIV patients to be sold through Old Tobey's and the new medical store. Mr. Richards reported they've been working on the licensing process for the last month and were told that everything was fine until last week when he was told the city wouldn't accept his application. He addressed the odor issue, noting if you use carbon filters you won't smell anything. Mr. Richards suggested crime has decreased since I-502 has come in and property values have increased. He noted their application is not for growing, but for a laboratory.

Colomba Tsang, owner of Chiliwist Creek Farm, reported she submitted an application for 1132 NW State Avenue. She talked about the safety concerns noted at the previous meeting and the security systems they recently installed at their business location. Ms. Tsang reported she did her due-diligence and worked with the city's planning department to make sure she complied with city code. She noted their facility would have an indoor sealed system with carbon filters in every room. Ms. Tsang reported she is here to work with the community and if there are additional complaints, she is willing to add additional filters, ozone generators, and UV lights to help with the odor. She indicated she's run a medical facility in Tacoma for many

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years and has had zero complaints and zero crime. Ms. Tasang suggested the council might be jumping the gun by assuming bad things are going to happen simply because it's a new business.

David Faulk (12315 34th Avenue E, Tacoma) reported he and his wife own the Green Vault. He noted the reason they came to Chehalis (365 NW State Avenue) is because the cost for rent and power is much cheaper here than in Tacoma. Mr. Faulk addressed the recent complaints regarding the odor, noting they worked with the city and installed some carbon charcoal filters, adding the city has been out twice to inspect the facility and said they're fine. He noted there's no odor unless the door is open and suggested if there are further issues they are willing to work with the city to be compliant. Mr. Faulk reported King Beverage recently moved out of the building and they are looking to expand into that area. He noted they've signed a lease with the option to buy; they've purchased the licenses, and look to hire 55-70 people at that site. Mr. Faulk noted he did not speak at the council meeting on March 28, because the council was only looking at limiting the number of retail stores.

Pastor Keith Heldreth (3323 Jackson Hwy) talked briefly about the morality issue of what he's seeing. He stated just because the state made a law doesn't necessarily mean it's good for us, or that we have to come under the power of that law. Pastor Heldreth suggested the council has the power to enact laws at the local level to stop this, and it's imperative that they do. Pastor Heldreth talked briefly about a member of his church who spent 18 years incarcerated, primarily for drug offenses. He noted they've had many conversations about the issue and it's his belief that most drug offenders started out with marijuana and moved up from there. Pastor Heldreth didn't want to see this type of business in the State Avenue neighborhood.

Amanda Hubbert (1283 NW State Avenue) reported she's a fourth generation employee of a family business on State Avenue that's been there for 62 years. She stated she came back to Chehalis to raise her family and believed, as a young professional, there are a lot of young people doing some really good things. Ms. Hubbert suggested this is not good for their business, noting they're an open-air work facility and they cannot guarantee there will be no odor. She noted they can smell the current grow facility down the street on a daily basis and their customers mention it when they walk through the door. Ms. Hubbert believed this new business will really hurt their retail sales, adding customers and employees don't want to smell that odor. She stated just because someone applied for a permit doesn't mean the city has to grant it. Ms. Hubbert asked the council to think about the next generation and the young professionals that have come back to this great city.

Mark Giffey (1214 NW State Avenue) asked if there is an odor compliance statute in the city of Chehalis for marijuana production.

City Attorney Hillier stated there is currently nothing, but part of the proposed ordinance will cure that problem.

Mr. Giffey asked, "What is going to be in the odor control ordinance and what will the teeth behind it be?" He noted they lived through last summer with the whole street smelling bad, adding he appreciated the Mr. Faulk's investment to make the odor decrease. Mr. Giffey stated he didn't want it to become a situation where the cost of doing business is paying a fine to the city because it's cheaper to pay the fine than it is to install the necessary equipment that will make it odor-free at the property line of the business. He reported he wants to be a good neighbor and wants them to be a good neighbor too. Mr. Giffey suggested they can't dispute the fact that the production of marijuana does produce a very distinct odor. He noted he's all for creating jobs, and because it is a legal business and he has no problem with that. The bottom line is, it smelled badly in this community all of last summer.

Mayor Dawes asked Mr. Giffey if the odor could be controlled, would that take care of his concerns.

Mr. Giffey stated he didn't ever want to smell it. He suggested if there's technology to make it odor-free, permanently, and they would never smell it, he really wouldn't have any complaints.

Pat Sauter (436 NW State Avenue – National Frozen Foods) stated he felt the biggest challenge the city will have is dealing with a new industry that isn't regulated like National Frozen Foods is. He suggested the retail and production facilities don't have to comply with federal laws, or state agencies, such as the Department of Ecology, the Environmental Protection Agency, the Department of Transportation, and Southwest Washington Air Pollution Control. Mr. Sauter assured the council that the retail business across the street from National Frozen Foods does have riff-raff walking up and down the street intoxicated. He reported they drive, walk, and get in the way of their equipment and they have to constantly police them. Mr. Sauter stated it's going to be up to the city council to regulate it until the state catches up with them and the feds get involved.

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He noted National Frozen Foods discharges a lot of things and all of those things have to be permitted. Mr. Sauter suggested if a company is manufacturing something they're discharging something.

Councilor Ketchum noted his company got in trouble with Southwest Washington Air Pollution Control over a mint odor. He suggested they're there, they just don't regulate everything.

Mayor Dawes thanked everyone for coming, adding he understands there are various thought processes on the issue. He noted Chehalis is a very conservative community and folks just don't want it, but we have to deal with it. Mayor Dawes suggested had the state brought it to be, there probably would have been regulations, but the state was only interested in the money they would make and left it to the local jurisdictions to deal with.

Councilor Ketchum inquired about the current applications wanting to know if they are vested.

City Attorney Hillier reported anyone who made application to the city for the right to locate in this area, and the city signed off approving it, are vested. He suggested the council could hire an attorney to litigate the issue, but it's his opinion that those are vested permits. City Attorney Hillier stated, regardless of what the council does today, the city does not have the power to stop them once they've been approved by the state process and have met the requirements of the city.

Councilor Taylor thought Mr. Sauter brought up some pretty good points about regulations. He wondered if the city had any regulations regarding discharge in its ordinances.

City Attorney Hillier reported the city doesn't have any knowledge as to the discharges from these facilities, other than odor, but the state has some stiff regulations on the removal of the bi-products of marijuana. He stated between the first and second reading they can beef up the ordinance to say they would immediately be shut down if in fact there is a violation.

Councilor Taylor noted he has family members in California that are involved in this industry and have huge warehouses for manufacturing and production. He suggested if you drive by it you wouldn't even know the type of business they have there. Councilor Taylor suggested they look at enlisting the knowledge of someone who knows the business to make sure our regulations are what they need to be.

Councilor Harris reported the council really doesn't know much about the industry, or what the future impact will be to the environment, adding all he's seeing is the leaps and bounds by the industry that the council is trying to regulate.

Councilor Spahr thanked everyone for the intelligent debate, noting some interesting facts were brought forth. He stated the people of Chehalis are extremely easy going and great to work with, noting most of the complaints we receive have to do with tall grass, weeds, and fireworks. Councilor Spahr reported one of the things they were promised is that there would be no odor, and the fact that we do have an odor issue on State Avenue is a problem with him.

Councilor Pope reported pain killers are the most common violated drug in our country, not marijuana. He stated marijuana is not a gateway drug, but pain killers are.

Councilor Harris noted some of his neighbors appreciate the fact that they can buy products from Old Tobey, but they don't like the fact that their property values are dropping. He noted some are trying to sell their homes and are having issues with finding interested buyers with the odor in the air. Councilor Harris suggested if they can take care of the odor it would help the situation a lot.

Mayor Dawes asked the administration if the odor issue had been addressed.

City Manager MacReynold believed it had been. He noted the city required an air filtration system to be installed at the production facility and believed the odor went away, but from what he's hearing tonight, that may not be the case.

Councilor Harris stated it's much better, but it's still there.

Councilor Spahr asked what caused the odor in the processing.

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Mr. Faulk reported when the plants flower they omit an odor. He stated the ozone generators will completely knock it out, but unfortunately, it also takes away the smell from the product, which a lot of the people who use marijuana like.

Councilor Taylor asked if the city had specific filtration requirements for buildings being built.

City Manager MacReynold stated no, they only required it to deal with the specific situation. He suggested, if the council gives direction, the administration will beef up the requirements around odor control for these types of facilities.

Interim Community Development Director Trent Lougheed reported when the odor issue was originally brought up the business was notified and they put in the recommended charcoal filter system. He noted he paid a visit and walked around the building before going inside and smelled no odor; however, as soon as they opened the door the smell came out. Mr. Lougheed suggested a charcoal filter system inside the breezeway between the two doors would probably eliminate any smell when the door opens.

Mr. Sauter reported when they turn their fans on it pulls the air down into their plant and they still smell the odor.

Mr. Wildhaber reported the state is not issuing more licenses. He noted people had to have a location by June 1, 2016, and if they didn't they lost their license.

Councilor Harris asked if the tenants had to sign leases before they were permitted by the state.

Mr. Wildhaber reported they had to have a lease in place before the state would look at their application.

Councilor Pope stated it's his understanding that the city is not giving out any more licenses, regardless if they have a location.

City Attorney Hillier reported the direction from the council is to stop accepting applications for new licenses until we get the matter resolved. He noted in the resolution process it's his opinion that the city needs to honor the ones we've approved, but we're not taking any new applications right now.

Councilor Taylor asked if that stopped the laboratory business from coming in.

City Attorney Hillier stated, yes.

Mayor Dawes stated if the council takes the direction to agree with the city attorney's position, that these licenses would be vested, they could still limit it to one. He noted as the processing facilities go out of business, for whatever reason, there would still be a limit of one and the city could legally say we're not taking applications, or allowing anymore.

City Attorney Hillier stated that's true, as well as the fact that he's only one attorney. He suggested the council could direct the city to not accept his position and hire an attorney to fight it, but that's the council's choice.

Mayor Dawes reminded the council that they have a motion on the floor to pass Ordinance No. 960-B in its current form.

Councilor Harris stated he would like to make a couple of amendments to the ordinance, to include:

- Add to Item #15 the words "and Federal requirements"
- Add to Item #16 the words "any violation of odor control shall cause the business to immediately cease operations until such time the operator demonstrates compliance"

Mayor Dawes didn't believe they could add the word "Federal" to the ordinance.

City Attorney Hillier reported it's the intension of the administration between first and second reading to beef the odor requirements up, which could include the requirement of ozone generators.

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Councilor Harris stated he would also like for the licenses to not be transferrable.

City Attorney Hillier reported they can sell it, but they're going to have to get licensed under a new name. He noted they would also have to be able to obtain a new license, which the city could turn down if they limit it to one facility.

Councilor Harris moved that the council direct the administration to include language in the ordinance pertaining to odor control.

Councilor Ketchum stated he would first like to see what the attorney brings back in two weeks.

The motion died for a lack of a second.

Mayor Dawes stated he believed the administration will be able to meet what Councilor Harris is looking for and that everyone is on the same page as far as the odor issue.

Councilor Pope asked, "If they're going to limit it to one, shouldn't there be a statement in the ordinance allowing the four that are vested?"

City Attorney Hillier stated it's a known fact and didn't feel it needed to be in the ordinance. He recommended they not put it in there.

Mayor Dawes asked what would keep someone from arguing the limit if there's no mention of it.

City Attorney Hillier stated "vested" is defined as having a signed permit from the city approving the license, and there are only four of those. He suggested they could include language in the "Whereas," section of the ordinance to address it.

City Manager MacReynold reported you don't want to codify a statement about vesting. He agreed with City Attorney Hillier that they could add a "Whereas," making it clear to anyone looking at the ordinance that the city would accept the current vested applications.

Councilor Ketchum asked if it wouldn't be better to wait and vote on it after the amendments are made.

Councilor Ketchum moved to withdraw his motion, adding he would like to table the item until they have a clean document in front of them.

Councilor Spahr moved to withdraw his second.

City Manager MacReynold stated, if they table it, the administration will bring back an ordinance with the changes as discussed, but it would still require a second reading.

City Attorney Hillier stated the council could declare an emergency and pass it on one reading at the next meeting.

City Manager MacReynold suggested the council approve the ordinance, as amended through the discussion, and bring it back at the next meeting for second and final reading.

Mayor Dawes reported he wants to make sure they do it correctly and not rush through it. He stated he was under the assumption that they can make suggested changes and pass it on first reading, as amended.

Councilor Ketchum moved to pass Ordinance No. 960-B on first reading with amendments to the nuisance of odor, that it be defined in a stricter manner, and add a subtitle "Whereas," stating the four individuals are vested under the city permitting process.

Councilor Pope seconded the motion.

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City Manager MacReynold reminded the council that they have two other businesses that have sought applications. He asked if those were part of an existing address, or if they were new addresses to the applications we currently have.

City Attorney Hillier felt the city would be setting a terrible precedent if they accept applications that have not been presented yet and recommended against including those.

Councilor Lund reported, in listening to Rev. Heldreth, it almost sounded like his parents talking. He noted it made him start thinking and wondering if they really want to change what Chehalis is like. Councilor Lund stated change is good, but it's kind of hard to go against something that you were raised to believe, that you shouldn't really be doing.

Councilor Lund moved to amend the motion to include the words "and Federal" to #15 of the proposed ordinance.

Councilor Taylor seconded the motion.

The motion failed 3-4, with Councilors Harris, Pope, Ketchum and Mayor Dawes voting against the motion.

Mayor Dawes stated his vote is based on the fact that they wouldn't be able to vest anything and it would go against the ordinance they already have on the books.

Mayor Dawes restated the motion on the table to pass Ordinance No. 960-B on first reading, as amended, to include a new "Whereas," to address the four current vested applications, and to address Item #16 regarding the regulation of odors.

After a brief discussion about odor control, Councilor Pope called for the question.

The motion carried 4-3 with Councilors Harris, Taylor, and Ketchum voting against the motion.

Councilor Taylor stated the odor issue is very important and they need to address it to make sure they don't cause any harm to the businesses they locate next to. He noted the other reason he voted against it is because he believes in capitalism and the market should determine the amount of businesses that are here, not laws and regulations.

7. Executive Session. Mayor Dawes closed the regular meeting at 6:50 p.m. and announced the council would convene into executive session for approximately 30 minutes pursuant to RCW 42.30.110(1)(d) – review negotiations on the performance of public bid contracts and there would be no decision following conclusion of the executive session.

Following conclusion of the executive session, the regular meeting was reopened at 7:20 p.m., and there being no further business to come before the council, the meeting was immediately adjourned.

Mayor

Attest:
City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of July 11, 2016.

CITY OF CHEHALIS
AGENDA REPORT

DATE: July 15, 2016
TO: The Honorable Mayor and City Council
FROM: Judy Pectol, Finance Manager *JP*
PREPARED BY: Michelle White, Accounting Tech II *MW*
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following:

Claim Vouchers No. 116252 through 116421 and Electronic Funds Transfer No. 62016 in the amount of \$447,804.64 dated July 15, 2016 and the transfer of \$187,806.18 from the General Fund, \$20,551.46 from the Dedicated Street Fund – 4% Sales Tax Fund, \$635.40 from the Arterial Street Fund, \$10,192.56 from the Tourism Fund, \$1,241.04 from the Garbage Fund, \$40,145.99 from the Wastewater Fund, \$109,699.44 from the Water Fund, \$4,054.30 from the Storm & Surface Water Utility Fund and \$73,478.27 from the Airport Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the July 15, 2016 Claim Vouchers No. 116252 through 116421 and Electronic Funds Transfer No. 62016 in the amount of \$447,804.64.

SUGGESTED MOTION

I move to approve the July 15, 2016 Claim Vouchers No. 116252 through 116421 and Electronic Funds Transfer No. 62016 in the amount of \$447,804.64.

Reviewed by: *MacDywell*, City Manager

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: July 12, 2016
TO: The Honorable Mayor and City Council
FROM: Dave Vasilauskas, Water Superintendent
Rick Sahlin, Public Works Director
SUBJECT: Drinking Water State Revolving Fund Contract Amendment for the High Level Reservoir Replacement Project

ISSUE

The Drinking Water State Revolving Fund (DWSRF) has agreed to increase the loan granted to the City to cover increased High Level Reservoir Replacement Project costs.

DISCUSSION

In April, the Council awarded a contract to construct the High Level Reservoir Replacement Project and authorized an amendment to the engineering services agreement for additional services. Because project costs came in higher than the amount of the loan awarded to the City by the DWSRF, the City requested additional loan money from DWSRF.

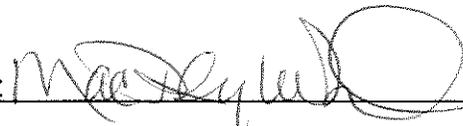
The DWSRF has agreed to provide additional loan funding for the project. The DWSRF will amend the previously awarded loan amount from \$555,500 to \$858,500 with a loan fee of \$8,500 for 14 years at 1.5 percent interest. (See attachment)

RECOMMENDATION/COUNCIL ACTION DESIRED

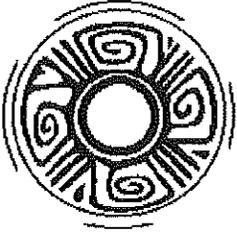
The administration recommends the council authorize the city manager to execute Amendment 1 with the DWSRF to reflect a new loan amount of \$858,500 for 14 years at 1.5 percent interest with a loan fee of \$8,500 for the construction of the High Level Reservoir Replacement project.

SUGGESTED MOTION

I move that the council authorize the city manager to execute Amendment 1 with the DWSRF to reflect a new loan amount of \$858,500 for 14 years at 1.5 percent interest rate with a loan fee of \$8,500 for the construction of the High Level Reservoir Replacement project.

REVIEWED BY: 

CITY MANAGER



**Washington State
Public Works Board**

1011 Plum Street SE
Post Office Box 42525
Olympia, Washington 98504-2525

July 7, 2016

Dave Vasilauskas
Chehalis
2007 NE Kresky Ave
Chehalis, WA 98532

RE: Amendment to Loan Agreement/Contract DM13-952-179

Dear Mr. Vasilauskas

Enclosed are two originals of an amendment to the above loan agreement number. The amendment revises the loan amount to the value shown on the attached Declarations Page as LOAN AMOUNT. This amount is inclusive of any loan fees listed on the Declarations Page. If loan fees are applicable, the amount shown on the Declarations Page as LOAN FEE is the total loan fee after adding any new fees due to the change of the total loan amount.

Please have both originals of the amendment signed and dated by the appropriate authorities, and return them to the Contracts Administration Unit within 60 days of the date of this letter.

Sincerely,

Jeff Hinckle
Federal Programs Unit
360-725-3060
jeff.hinckle@commerce.wa.gov

Enclosures

Administrative services provided by the Department of Commerce

(360) 725-3150

Fax (360) 586-8440

www.pwb.wa.gov

AMENDMENT DECLARATIONS

Amendment Title: Loan Amount Change
Amendment Number: A

CLIENT INFORMATION

Legal Name: Chehalis
Loan Number: DM13-952-179
Award Year: 2013
State Wide Vendor Number: SWV0015116-01

PROJECT INFORMATION

Project Title: Replacement of High Level Reservoir
Project City: Chehalis
Project State: Washington
Project Zip Code: 98532

LOAN INFORMATION

New Loan Amount: \$858,500
Prior Loan Amount: \$555,500
New Loan Fee (Included in loan amount if applicable): \$8,500
Loan Forgiveness %: 0%
Loan Term: 14 years
Interest Rate: 1.5%
Payment Month: October 1st
Earliest Date for Construction Reimbursement: 7/1/2013
Time of Performance: 48 months from Contract execution date to Project Completion date.

FUNDING INFORMATION

Total Amount of Federal Award (as applicable) [To be determined]
Federal Award Date [To be determined]
Federal Award ID # (FAIN) [To be determined]
Amount of Federal Funds Obligated by this action [To be determined]
Awarding Official [To be determined]

SPECIAL TERMS AND CONDITIONS GOVERNING THIS LOAN AGREEMENT

None

LOAN SECURITY CONDITION GOVERNING THIS LOAN AGREEMENT

This loan is a revenue obligation of the Contractor payable solely from the net revenue of the Water system. Payments shall be made from the net revenue of the utility after the payment of the principal and interest on any revenue bonds, notes, warrants or other obligations of the utility having a lien on that net revenue. As used here, "net revenue" means gross revenue minus expenses of maintenance and operations. The Board grants the Contractor the right to issue future bonds and notes that constitute a lien and charge on net revenue superior to the lien and charge of this loan Contract. This option may be used only if the entire project is a domestic water, sanitary sewer, storm sewer, or solid waste utility project.

AMENDMENT DECLARATIONS (continued)

| | |
|------------------|--|
| Amendment Title | Loan Amount Change |
| Loan Number: | DM13-952-179 |
| Amendment Number | A |
| Project Title: | Replacement of High Level Reservoir |

Scope of Work:

Construction of a new reservoir, up to 200,000 gallon capacity, to replace the existing reservoir. To connect the new reservoir to the existing system, the project also includes replacement of approximately 300 linear feet of 8 to 10 inch yard piping, electrical with telemetry/controls, and approximately 250 linear feet of security fencing and lighting (2 light poles). One radio system with base antenna.

AMENDMENT FACE SHEET
Contract Number: DM13-952-179
Amendment Number: A
DRINKING WATER STATE REVOLVING FUND (MUNICIPAL)

| | | | |
|---|---|---|---|
| 1. Contractor Chehalis 2007 NE Kresky Ave Chehalis, WA 98532 | | 2. Contractor Doing Business As (optional) N/A | |
| 3. Contractor Representative (only if updated) N/A | | 4. Public Works Board Representative (only if updated) N/A | |
| 5. Original Contract Amount \$555,500 | 6. Amendment Amount \$303,000 | 7. New Contract Amount \$858,500 | |
| 8. Amendment Funding Source Federal: <input checked="" type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/> | | 9. Amendment Start Date Amendment Execution Date | 10. Contract End Date October 1, 2027 |
| 11. Federal Funds (as applicable): N/A | Federal Agency: EPA | CFDA Number: 66.468 | |
| 12. Amendment Purpose: The purpose of this amendment is to modify the amount of the Loan. The Board, defined as the Washington State Public Works Board, and Borrower/Contractor acknowledge and accept the terms of this Agreement/Contract As Amended and attachments and have executed this Contract on the date below to start as of this date of execution. The rights and obligations of both parties to this Agreement/Contract As Amended are governed by this Agreement/Contract Amendment and the following other documents incorporated by reference: Declarations Page, Amendment Terms and Conditions including all attachments. A copy of this Agreement/Contract Amendment shall be attached to and made a part of the original Agreement/Contract between the Board and the Borrower/Contractor. Any reference in the original Contract to "Agreement" or "Contract" shall mean the "Agreement As Amended" or "Contract As Amended," respectively. | | | |
| FOR THE BORROWER/CONTRACTOR _____ Signature _____ Print Name _____ Title _____ Date | | FOR PUBLIC WORKS BOARD _____ Stan Finkelstein, Public Works Board Chair _____ Date APPROVED AS TO FORM ONLY This 14 th Day of December, 2015 _____ Bob Ferguson Attorney General _____ Signature on File Kathryn Wyatt Assistant Attorney General | |

AMENDMENT TERMS AND CONDITIONS

DRINKING WATER STATE REVOLVING FUND (MUNICIPAL)

Contractor/Borrower: Chehalis
Contract Number: DM13-952-179
Amendment Number: A

The purpose of this amendment is to modify the amount of the Loan Agreement / Contract identified above. This amendment is being entered into based on the following reason:

To increase the total loan amount to \$858,500.00.

The New Loan Amount is amended to delete the original Loan Amount in your contract and replace it with a sum not to exceed the Loan Amount as shown on the attached Declarations Page, and identified on the Contract Face Sheet as Contract Amount. The Interest Rate shall be the percent amount shown on the Declarations Page, per annum on the outstanding principal balance.

The loan amount, where referenced in the Contract's Special Terms and Conditions section, shall refer to this declared Loan Amount, which is alternately listed as New Contract Amount on the attached Contract Amendment Face Sheet.

If loan fees are applicable, the amount shown on the Declarations Page as Loan Fee is the total loan fee after adding any new loan fees due to the change of the total loan amount.

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: July 18, 2016
TO: The Honorable Mayor and City Council
FROM: Patrick Wiltzius, Wastewater Superintendent
Rick Sahlin, Public Works Director
SUBJECT: Amendment to the Engineering Services Agreement for the Basin 1022 I&I Rehabilitation Project

ISSUE

The administration is presenting an engineering services agreement amendment for the Basin 1022 I&I Rehabilitation Project for the council's review and consideration.

DISCUSSION

In February of 2015, the council approved an engineering services agreement with Gibbs & Olson to design the Basin 1022 I&I Rehabilitation Project. Now that the project has been designed and a contract awarded for the construction, an amendment to the original agreement to include construction management services is proposed. The cost of construction management services is \$78,550. Because design costs came in \$26,473 less than budgeted, the amendment only needs to be for \$52,077.

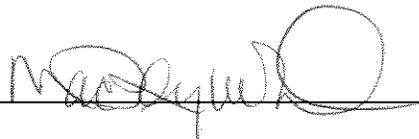
RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council authorize the city manager to execute Amendment 1 to the engineering services agreement with Gibbs & Olson for \$52,077.

SUGGESTED MOTION

I move that the council authorize that the city manager to execute Amendment 1 to the engineering services agreement with Gibbs & Olson for \$52,077.

REVIEWED BY:



CITY MANAGER

AMENDMENT NO. 1

This Amendment No. 1 modifies the Agreement for Engineering Services (Agreement) between Gibbs & Olson, Inc., Longview, Washington (Engineer) and the City of Chehalis, Washington (Client) executed on February 24, 2015, for a project known as the Basin 1022 I/I Rehabilitation Project.

The following modifications are made to the Agreement. All other terms and conditions of the Agreement remain unchanged.

SCOPE OF WORK

The Scope of Work to be performed by the Engineer is modified as identified below. This Amendment incorporates the following additional bid/ad and construction phase engineering services for the project. The following specific tasks are added to the Engineer's Scope of Work:

BID PHASE ENGINEERING SERVICES

Work under this task includes Bidding Phase Engineering Services for the sewer project as follows:

- a) Engineer will make arrangements to provide the contract documents, drawings and specifications for bidding to the Client.
- b) Assist in obtaining bids for construction through public advertisement.
- c) Receive contract questions from plan holders and prospective bidders and prepare appropriate answers.
- d) Issue addenda as appropriate to interpret, clarify, amend, or expand the Bidding Documents.
- e) Assist Client with scheduling a pre-construction meeting.

Bidding and Award Phase Deliverables include:

- Two (2) hardcopy sets and one .pdf electronic set of bidding documents for construction of the sewer system improvements for the Client's use.
- Addenda that have been issued.

CONSTRUCTION MANAGEMENT PHASE ENGINEERING SERVICES

Work under this task includes Construction Phase Engineering for the project as follows:

- a) Consult with and advise the Client and act as the Client's representative as required by the Construction Contract Documents. As the Client's representative, all of the instructions to Contractor(s) will be issued through Engineer who will have authority to act on behalf of the Client to the extent provided in the Contract Documents. Engineer shall prepare monthly narrative progress reports and submit them to the Client. Construction is expected to take three months.
- b) Visits to Site and Observation of Construction. In connection with observations of the work

of the Contractor(s) while it is in progress:

- 1) Engineer shall make six (6) visits to the site at intervals appropriate to the various stages of construction as Engineer deems necessary in order to observe as an experienced and qualified design professional the progress and quality of the various aspects of Contractor(s)' work. In addition, Engineer shall provide the services of a Resident Project Representative (and assistants as agreed) at the site to assist the Engineer and to provide more continuous observation of such work. Based on information obtained during such visits and on such observations, Engineer shall endeavor to determine in general if such work is proceeding in accordance with the Contract Documents and Engineer shall keep the Client informed of the progress of the work.
 - 2) The Resident Project Representative (RPR) (and any assistants) will be Engineer's agent or employee and under Engineer's supervision. The RPR shall provide written daily reports to Engineer's project manager utilizing Engineer's standard report forms. Copies of all daily RPR reports will be provided to Client for their permanent project file. RPR is budgeted for 400 hours spread over the three-month construction period with more on site time during critical pipe lining and manhole coating operations.
 - 3) The purpose of Engineer's visits to and representation by the RPR (and assistants, if any) at the site will be to enable Engineer to better carry out the duties and responsibilities assigned to and undertaken by Engineer during the Construction Phase, and, in addition, by exercise of Engineer's efforts as an experienced and qualified design professional, to provide for the Client a greater degree of confidence that the completed work of Contractor(s) will conform generally to the Contract Documents and that the integrity of the design concept as reflected in the Contract Documents has been implemented and preserved by Contractor(s). On the other hand, Engineer shall not, during such visits or as a result of such observations of Contractor(s)' work in progress, supervise, direct or have control over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor(s), for safety precautions and programs incident to the work of the Contractor(s) or for any failure of Contractor(s) to comply with laws, rules, regulations, ordinances, codes, or orders applicable to Contractor(s) furnishing and performing their work. Accordingly, Engineer can neither guarantee the performance of the construction contracts by Contractor(s) nor assume responsibility for Contractor(s)' failure to furnish and perform their work in accordance with the Contract Documents.
- c) Defective Work. During such visits and on the basis of such observations, Engineer may disapprove of or reject Contractor(s)' work while it is in progress if Engineer believes that such work will not produce a completed Project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the Project as reflected in the Contract Documents.
 - d) Interpretations and Clarifications. Engineer shall issue necessary interpretations and clarifications of the Contract Documents and in connection therewith prepare work directive changes and change orders as required.
 - e) Shop Drawings. Engineer shall review and take appropriate action in respect of Shop

Drawings, samples and other data, which Contractor(s) are required to submit for compliance with the Contract Documents. Such reviews and approvals or other action shall not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto.

- f) Inspections and Tests. Engineer shall have authority, as the Client's representative, to require special inspections or testing of the work, and shall receive and review all certificates of inspections, tests and approvals required by laws, regulations, ordinances, codes, orders or the Contract Documents but only to determine generally that their content complies with the requirements of, and the results certified indicate compliance with, the Contract documents.
- g) Disputes between Client and Contractor. Engineer shall act as initial interpreter of the requirements of the Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of the Client and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of the work. Engineer shall not be liable for the result of any such interpretations or decisions rendered in good faith and made in conformance with the Standard of Practice identified in Exhibit C, Item B.
- h) Applications for Payment. Based on Engineer's on-site observations as an experienced and qualified design professional, on information provided by the Client and on review of applications for payment and the accompanying data and schedules:
 - 1) Engineer shall determine the amounts owing to the Contractor(s) and recommend in writing payments to Contractor(s) in such amounts. Such recommendations of payment will constitute a representation to Client, based on such observations and review, that the work has progressed to the point indicated, and that, to the best of Engineer's knowledge, information and belief, the quality of such work is generally in accordance with the Contract Documents (subject to an evaluation of such work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation). In the case of unit price work, Engineer's recommendations of payment will include final determinations of quantities and classifications of such work subject to any subsequent adjustments allowed by the Contract Documents.
 - 2) By recommending any payment Engineer will not thereby be deemed to have represented that exhaustive, continuous or detailed reviews or examinations have been made by Engineer to check the quality or quantity of Contractor(s)' work as it is furnished and performed beyond the responsibilities specifically assigned to Engineer in this Agreement and the Contract Documents. Engineer's review of Contractor(s) work for the purposes of recommending payments will not impose on Engineer responsibility to supervise, direct or control such work or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto or Contractor(s) compliance with laws, rules, regulations, ordinances, codes, or orders applicable to their furnishing and performing the work. It will also not impose responsibility on Engineer to make any examination to ascertain how or for what purposes any Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any of the

work, materials or equipment has passed to Client free and clear of any lien, claims, security interests or encumbrances, or that there may not be other matters at issue between Client and Contractor that might affect the amount that should be paid.

- i) Inspections. Engineer shall conduct an inspection to determine if the work is substantially complete and a final inspection to determine if the completed work is acceptable so that the Engineer may recommend, in writing, final payment to Contractor(s) and may give written notice to Client and the Contractor(s) that the work is acceptable (subject to any conditions therein expressed), but any such recommendation and notice will be subject to the limitations expressed in paragraph "h-2" above.
- j) Prepare a set of reproducible record prints of Drawings showing those changes made during the construction process, based on the marked-up prints, drawings and other data furnished by Contractor(s) to Engineer and which Engineer considers significant.
- k) Limitations of Responsibility. Engineer shall not be responsible for the acts or omissions of any Contractor, or of any subcontractor or supplier, or any of the Contractor(s)' or subcontractor's or supplier's agents or employees or any other persons (except Engineer's own employees and agents) at the site or otherwise furnishing or performing any of the Contractor(s)' work; however, nothing contained in paragraphs "a" through "i" above, shall be construed to release Engineer from liability for failure to properly perform duties and responsibilities assumed by Engineer in the Contract Documents.

SCHEDULE:

Construction contract award is June 2016 with construction to follow in July through October and contract close out in November 2016.

BUDGET

The budget for the additional Scope of Work presented above is \$78,550 as detailed in the attached Exhibit A. There is currently \$26,473 remaining in the original budget. Therefore the amount of this Amendment No. 1 is \$52,077 and the Total Agreement Amount is increased to \$191,977 as summarized below.

| | |
|---------------------------------|---------------------|
| Original Agreement Amount | \$139,900.00 |
| <u>Amendment No. 1.....</u> | <u>\$ 52,077.00</u> |
| Total Agreement Amount | \$191,977.00 |

CITY OF CHEHALIS

GIBBS & OLSON, INC.

By: _____
Merlin MacReynold, City Manager

By: Richard A. Gushman
Richard A. Gushman, President Date: _____

Date: July 14, 2016

Exhibit A - Budget for Bid and Construction Phase Services
 City of Chehalis - Basin 1022 I/I Rehabilitation Project
 Date Prepared: July 14, 2016
 Gibbs & Olson, Inc.



| Task No. | Task Description | Principal | Proj. Mgr. | Engineer V | RPR | CAD | Word Processor | Cost |
|----------|---------------------------------|-----------|------------|------------|-----|-----|----------------|-----------------|
| 1 | Bid Phase Services | 2 | 20 | 0 | 0 | 4 | 8 | \$4,818 |
| 2 | Construction Phase Services | 4 | 144 | 24 | 400 | 20 | 4 | \$68,556 |
| 3 | Project Administration | 4 | 12 | 0 | 0 | 0 | 4 | \$3,132 |
| | Total Hours by Staff Position | 10 | 176 | 24 | 400 | 24 | 16 | |
| | SUBTOTAL | | | | | | | \$76,506 |
| | Telephone | | | | | | | \$75 |
| | Mileage | | | | | | | \$1,620 |
| | Reproduction | | | | | | | \$150 |
| | Miscellaneous Project Expenses | | | | | | | \$199 |
| | Total Engineering Budget | | | | | | | \$78,550 |

\$189 \$176 \$143 \$92 \$98 \$66

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: July 19, 2016

TO: The Honorable Mayor and City Council

FROM: Rick Sahlin, Public Works Director
Don Schmitt, Street Superintendent

SUBJECT: Bid Award – National Avenue Bridge at Salzer Creek Scour Countermeasures Project.

ISSUE

Bids for the National Avenue Bridge at Salzer Creek Scour Countermeasures Project were solicited and one bid was received. The results of the bidding and a recommendation to award a contract are presented for the council's consideration and approval.

DISCUSSION

Public Works, HDJ Design Group, and the City Clerk recently completed the bidding phase of the National Avenue Bridge at Salzer Creek Scour Countermeasures Project. This project has been in process since 2012 when the City was awarded a Bridge Scour Grant from the Washington State Department of Transportation (WSDOT) Local Programs and the Federal Highway Bridge Program. The original grant was issued in the amount of \$190,500, to include both design and construction. Two increases were made to the original grant due to requirements that a consultant oversee the project, and a delay in the project because of environmental permitting issues. One final grant increase was requested after the bid was tabulated. The total cost for the project is now estimated at \$550,567. The final grant amount has been limited to \$526,810 leaving an estimated local balance of \$23,757.

The engineering estimate for construction of this project was \$189,841. One bid was received from JamesCo Pro Inc., Randle, Washington in the amount of \$284,247.50. A significant difference in the engineer's estimate and the bid amount is due to late advertisement and a tight fish window to work in, resulting in the single bid.

The administration, along with the engineering firm of HDJ Design Group reviewed the bid by JamesCo Pro Inc., Randle, Washington and find it to be a responsible bid.

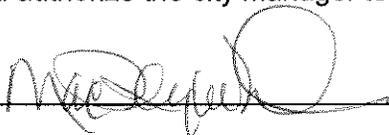
RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the city council accept the final grant amount of \$526,810 and award the National Avenue Bridge at Salzer Creek Scour Countermeasures Project to JamesCo Pro, Inc., in the amount of \$284,247.50 and authorize the city manager to execute the contract agreement.

SUGGESTED MOTION

I move to accept the final grant amount of \$526,810 and award the National Avenue Bridge at Salzer Creek Scour Countermeasures Project to JamesCo Pro, Inc., in the amount of \$284,247.50 and authorize the city manager to execute the contract agreement.

REVIEWED BY:



CITY MANAGER

Final Design Bid Tab for Scour Countermeasures
National Avenue Bridge
City of Chehalis, Washington
Prepared by HDJ
11-Jul-16

| BID ITEM NO | QUANTITY | UNIT | BID ITEM DESCRIPTION | Engineer's Estimate | | JamesCo Pro Inc. |
|-------------|----------|-------|--|---------------------------------------|----------------|---------------------|
| | | | | Estimated Unit Cost | Estimated Cost | |
| 1 | 1 | L.S. | MOBILIZATION | \$18,000.00 | \$18,000.00 | |
| 2 | 1 | L.S. | CLEARING AND GRUBBING | \$5,000.00 | \$5,000.00 | |
| 3 | 640 | C.Y. | CHANNEL EXCAVATION INCL. HAUL | \$28.00 | \$17,920.00 | |
| 4 | 17 | C.Y. | QUARRY SPALLS | \$100.00 | \$1,700.00 | |
| 5 | 74 | C.Y. | PERMEABLE BALLAST | \$102.00 | \$7,548.00 | |
| 6 | 118 | L.F. | SILT FENCE | \$5.50 | \$649.00 | |
| 7 | 12 | DAY | ESC LEAD | \$160.00 | \$1,920.00 | |
| 8 | 0.2 | ACRE | SEEDING AND MULCHING | \$3,000.00 | \$600.00 | |
| 9 | 197 | S.Y. | STABILIZED CONSTRUCTION ENTRANCE | \$29.00 | \$5,713.00 | |
| 10 | 16 | L.F. | WATTLE | \$4.40 | \$70.40 | |
| 11 | 5 | EACH | PLANT SELECTION 2 GALLON | \$18.00 | \$90.00 | |
| 12 | 50 | EACH | PLANT SELECTION LIVE STAKE 4-6 FT HEIGHT | \$3.75 | \$187.50 | |
| 13 | 410 | EACH | PLANT SELECTION BAREFOOT 18-24 INCH HEIGHT | \$2.65 | \$1,086.50 | |
| 14 | 655 | EACH | PLANT SELECTION BAREFOOT 12-18 INCH HEIGHT | \$2.25 | \$1,473.75 | |
| 15 | 236 | L.F. | HIGH VISIBILITY FENCE | \$5.50 | \$1,298.00 | |
| 16 | 1 | L.S. | PROJECT TEMPORARY TRAFFIC CONTROL | \$4,000.00 | \$4,000.00 | |
| 17 | 1 | L.S. | TRAFFIC CONTROL SUPERVISOR | \$5,000.00 | \$5,000.00 | |
| 18 | 50 | hour | FLAGGERS | \$39.60 | \$1,980.00 | |
| 19 | 1 | CALC | MINOR CHANGE | \$15,000.00 | \$15,000.00 | |
| 20 | 1 | L.S. | SPCC PLAN | \$1,000.00 | \$1,000.00 | |
| 21 | 1 | L.S. | CONSTRUCTION SURVEYING | \$6,000.00 | \$6,000.00 | |
| 22 | 15 | EACH | LIVE POLE BUNDLE | \$90.00 | \$1,350.00 | |
| 23 | 2 | MONTH | PLANT ESTABLISHMENT | \$400.00 | \$800.00 | |
| 24 | 30 | S.F. | VERTICAL SLOPE STABILIZATION | \$125.00 | \$3,750.00 | |
| 25 | 388 | C.Y. | MODIFIED WSDOT CLASS A ROCK (FOR EROSION AND SCOUR PROTECTION) | \$108.00 | \$41,904.00 | |
| 26 | 60 | C.Y. | CONSTRUCTED STREAMBED | \$100.00 | \$6,000.00 | |
| 27 | 1 | L.S. | WORK AREA ISOLATION SYSTEM | \$33,000.00 | \$33,000.00 | |
| 28 | 1 | L.S. | WORK AREA ISOLATION PLAN | \$3,000.00 | \$3,000.00 | |
| 29 | 3 | EACH | KEYED LOG | \$1,000.00 | \$3,000.00 | |
| 30 | 1 | EACH | PIER LOG | \$800.00 | \$800.00 | |
| | | | | Estimated Construction Budget: | | \$284,247.50 |
| | | | | | | \$189,840.15 |

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: July 25, 2016
TO: The Honorable Mayor and City Council
FROM: Merlin G. MacReynold, City Manager
SUBJECT: Lease Agreement for Use of Green Hill School Parking Lot

ISSUE

Attached for council consideration is a Lease Agreement between the city and the State of Washington, Department of Social and Health Services (DSHS) - Green Hill School.

DISCUSSION

As part of the Recreation Park Improvement Project, the administration negotiated a Lease Agreement with Green Hill School for use of their parking lot near 375 SW 11th Street. This lease will provide approximately 99 additional parking stalls for use by the city for a three year period ending September 16, 2019. ^{9. 5}

Attached for council consideration is a copy of the draft lease agreement.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that council authorize the city manager to execute the Lease Agreement between the city and DSHS Green Hill School for use of their parking lot near 375 SW 11th Street from June 17, 2016 to September 16, 2019.

SUGGESTED MOTION

I move that council authorize the city manager to execute the Lease Agreement with DSHS Green Hill School for use of their parking lot near 375 SW 11th Street from June 17, 2016 to September 16, 2019.

Reviewed:  _____, City Manager

**LEASE AGREEMENT
BETWEEN
THE STATE OF WASHINGTON
THE DEPARTMENT OF SOCIAL & HEALTH SERVICES
AND
City of Chehalis**

1. **Premises.** The State of Washington, Department of Social and Health Services (“DSHS”) leases to the City of Chehalis (“Lessee”) the following described premises (“Premises”):

Common Street Address: Parking lot near 375 SW 11th St, Chehalis, Washington 98532

Tax Parcel Number: 005864002002 and 005864002003

Approximately 32,735 square feet of parking space as shown in Exhibit A, Map of Premises on Green Hill campus (“Campus”), legally described as follows:

Exhibit B, Record of Survey AF# 3001741:

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 14 NORTH, RANGE 2 WEST, W.M. LEWIS COUNTY, WASHINGTON DESCRIBE AS FOLLOWS:

PARCEL 005864002002

COMMENCING AT THE NORTHEAST CORNER OF THE STATE TRAINING SCHOOL PROPERTY, SITUATED IN THE SOUTHEAST QUARTER OF SAID SECTION 32; THENCE WESTERLY ALONG THE NORTHERLY BOUNDARY LINE OF SAID STATE TRAINING SCHOOL PROPERTY A DISTANCE OF 370.61 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING WESTERLY ALONG THE NORTHERLY BOUNDARY OF SAID STATE TRAINING SCHOOL PROPERTY A DISTANCE OF 452.0 FEET; THENCE SOUTH 33-02 WEST A DISTANCE OF 64.75 FEET; THENCE SOUTH 34-26 EAST A DISTANCE OF 246.54 FEET; THENCE NORTH 53-28 EAST A DISTANCE OF 432.80 FEET TO AN INTERSECTION WITH THE NORTHERLY BOUNDARY LINE OF SAID STATE TRAINING SCHOOL PROPERTY, AND THE TRUE POINT OF BEGINNING.

EXCEPT A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 14 NORTH, RANGE 2 WEST, W.M., LEWIS COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTH QUARTER CORNER OF SAID SECTION 32, THENCE NORTHERLY ALONG THE CENTERLINE OF SAID SECTION 32, A DISTANCE OF 906.2 FEET TO AN INTERSECTION WITH THE CENTERLINE SURVEY OF 11TH STREET IN THE CITY OF AVENUE, A DISTANCE OF 524.51 FEET TO A POINT AT THE EAST CORNER OF A TRACT OF LAND TRANSFERRED TO THE DEPARTMENT OF HIGHWAYS BY INSTRUMENTS OF CONSENT , NOW OF

RECORD AND ON FILE IN THE OFFICE OF THE DIRECTOR OF HIGHWAYS AT OLYMPIA, FROM THE STATE DEPARTMENT OF BUSINESS CONTROL (NOW THE DEPARTMENT OF PUBLIC INSTITUTIONS, FORMERLY THE DEPARTMENT OF FINANCE, BUDGET AND BUSINESS), DATED MARCH 2, 1924 AND OCTOBER 28, 1943 A DISTANCE OF 62.8 FEET; THENCE NORTH 34-26 WEST 45.3 FEET TO THE SOUTH BOUNDARY LINE OF WILLIAM AVENUE; THENCE EAST ALONG SAID SOUTH BOUNDARY LINE A DISTANCE OF 76.0 FEET, MORE OR LESS, TO THE INITIAL POINT AND THE END OF THIS DESCRIPTION, THE SPECIFIC DETAILS CONCERNING ALL OF WHICH ARE TO BE FOUND WITHIN THAT CERTAIN MAP OF DEFINATE LOCATION NOW OF RECORD AND ON FILE IN THE OFFICE OF THE DIRECTOR OF HIGHWAYS AT OLYMPIA AND BEARING DATE OF APPROVAL SEPTEMBER 9, 1947, REVISED JULY 18, 1950.

PARCEL 005864002003

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 14 NORTH, RANGE 2 WEST, W.M., LEWIS COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTH QUARTER CORNER OF SAID SECTION 32, THENCE NORTHERLY ALONG THE CENTERLINE OF SAID SECTION 32, A DISTANCE OF 906.2 FEET TO AN INTERSECTION WITH THE CENTERLINE OF SURVEY OF 11TH STREET IN THE CITY OF CHEHALIS; THENCE SOUTH 34-26 EAST, 312.36 FEET TO A POINT AT THE SOUTH CORNER OF A TRACT OF LAND TRANSFERRED TO THE DEPARTMENT OF HIGHWAYS BY INSTRUMENTS OF CONSENT, NOW OF RECORD IN THE OFFICE OF THE DIRECTOR OF HIGHWAYS AT OLYMPIA, FROM THE STATE DEPARTMENT OF BUSINESS CONTROL (NOW DEPARTMENT OF FINANCE, BUDGET AND BUSINESS) DATED MARCH 2, 1924 AND OCTOBER 23, 1943, SAID CORNER BEING THE INITIAL POINT OF THIS DESCRIPTION; THENCE CONTINUE SOUTH 34-26 EAST 200 FEET; THENCE NORTH 53-28 EAST 100 FEET; THENCE NORTH 34-26 WEST 100 FEET; THENCE NORTH 53-28 EAST 270 FEET, THENCE NORTH 34-26 WEST 100 FEET; MORE OR LESS, TO THE SOUTHEASTERLY BOUNDARY LINE OF SAID TRACT OF LAND DESCRIBED IN SAID INSTRUMENT OF CONSENT DATE OCTOBER 8, 1943: THENCE SOUTH 53-28 WEST ALONG SAID SOUTHEASTERLY BOUNDARY LINE 370 FEET MORE OR LESS TO THE INITIAL POINT OF THIS DESCRIPTION.

No other property on the Premises shall be used for any purpose by the Lessee.

2. **Term.** The lease shall begin 06/17/2016 and terminate on 09/16/2019, unless terminated sooner as provided herein.
3. **No Warranty of Quiet Enjoyment.** DSHS makes no warranty of quiet enjoyment of the Premises.

4. Condition of Premises.

- 4.1. Lessee has had an opportunity to inspect Premises and enters into this Agreement solely in reliance on Lessee's own examination and not by reason of any representation by DSHS. Premises are accepted in their present condition "AS IS WHERE IS".
- 4.2. DSHS has no obligation to make any repairs, additions, or improvements to the Premises, and expressly disclaims any warranty that the Premises are suitable for such use.

5. Permitted Use. Lessee shall only use the Premises for the purposes of additional parking for the City of Chehalis Parks and Recreation events.

- 5.1. Lessee shall have exclusive use of premise during April 1st through Labor Day of each calendar year.
- 5.2. Lessee shall have non-exclusive use of premise between January 1st through March 31st and the day after Labor Day through December 31st of each calendar year.
 - 5.2.1. Lessee shall share the premise with Green Hill School on a "first come first serve" basis.
 - 5.2.2. Green Hill School will be responsible for locking and unlocking the sliding gate, as shown in Exhibit A - Map of Premises, during operational hours.

6. Parking Management. Lessee shall manage parking and coordinate parking space needs with the DSHS Lease Manager

7. Lessee Obligations.

- 7.1. Use due diligence, exercise reasonable care, and remain aware of its surroundings when entering, exiting, and while within the Premises with respect
- 7.2. Comply with all City requirements, which include but are not limited to operating plan approval, permits for constructing improvements.
- 7.3. Construct and maintain a chain link fence that is six feet (6 Ft) in height with lockable sliding gate(s) to create a physical separation between Green Hill School staff parking and the City of Chehalis parking, construct and provide all ingress and egress Improvements; as shown in Exhibit A - Map of Premises.
- 7.4. Post any and all signage at the Lessee's sole cost. This includes, but is not limited to identifying DSHS Green Hills School staff parking, City of Chehalis Parks & Recreation parking and parking lot entrance/exit.

8. Condition at End of Lease.

- 8.1. Upon vacating the Premises on the termination date, Lessee shall:
 - 8.1.1. Leave the Premises and all improvements in a state of repair and cleanliness as required under this Agreement, with the exception of the chain link fence installed.
 - 8.1.1.1. City shall remove the installed six foot (6ft) chain link fence with lockable sliding gate and return premise in a state of repair and good condition.
 - 8.1.1.2. Peaceably surrender the same to DSHS.
- 8.2. Lessee shall surrender all rights to leasehold improvements upon termination of the Agreement.

9. Financial Obligations.

9.1. Rent

- 9.1.1. Lessee shall pay DSHS a prorated rent in the amount of \$1000 for June 17, 2016 through December 31, 2016.
- 9.1.2. Lessee shall pay DSHS rent in the amount of \$ 2000.00 annually, for the period of January 1, 2017 through December 31, 2018
- 9.1.3. Lessee shall pay DSHS a prorated rent in the amount of \$1000 for January 1, 2019 through September 16, 2019.
- 9.1.4. Rent payments shall be due on April 1st of each calendar year

Rent Schedule.

| Calendar Year | Rent Due | Period of Use | Amount |
|---------------|----------------------------|--|-----------|
| 2016 | Executed Date of Agreement | Executed Date of Agreement through December 31, 2016 | \$1000.00 |
| 2017 | April 1, 2017 | January 1, 2017 through December 31, 2017 | \$2000.00 |
| 2018 | April 1, 2018 | January 1, 2018 through December 31, 2018 | \$2000.00 |
| 2019 | April 1, 2019 | January 1, 2019 through September 16, 2019 | \$1000.00 |

9.2. Leasehold Excise Tax

9.2.1. As of the signing of this Lease, the Lessee is Property Tax Exempt which also exempts the Lessee from paying Leasehold Excise Tax. If at any time during the term of this Lease the Lessee is no longer exempt from Leasehold Excise Tax payments, the Lessee shall notify DSHS and Leasehold Excise Tax will be applied in addition to the monthly rent payments. The current Leasehold Excise Tax rate is 12.84% of the rent amount. Lessee shall be responsible for any adjustments to the Leasehold Excise Tax amount required by the Department of Revenue as required by Chapter 82.29A RCW.

9.3. Overdue Rent.

9.3.1. Lessee's failure to pay rent within 30 days after the due date shall be a default of the Lease, and DSHS may then pursue remedies as provided in Section 30, Remedies for Default. Rent payments received after 30 days following the due date shall include the late penalty and interest charges.

9.3.2. Lessee shall pay DSHS a late charge of six percent (6%) of the amount of any rent payment received by DSHS more than 30 days after the due date.

9.3.3. Lessee shall pay DSHS interest at the rate of one percent (1%) per month, beginning on the date such rent is due and until the rent is paid, for any rent payment received by DSHS more than 30 days after the due date.

9.4. Utilities and Assessments.

9.4.1. Lessee shall use its best efforts to conserve utility usage on the Premises.

9.4.2. Lessee shall coordinate any utility issues with the DSHS Facilities Manager.

9.4.3. Lessee shall pay all assessments that may be charged against the leased Premises per Chapter 79.44 RCW, including, but not limited to:

9.4.3.1. Storm water runoff.

9.4.3.2. Fire protection services and security.

9.4.3.3. Weed.

9.4.3.4. Local improvement district.

9.4.3.5. Watershed protection district.

9.4.3.6. Conservation district.

9.4.4. Reimbursements shall be based on actual costs incurred by Campus.

Lessee's share of utility and assessment costs is based on:

The square footage of the Premises 32,735, divided by the Campus parking square footage 86,015, and then multiplied by actual costs incurred by Campus.

10. Termination for Convenience. DSHS may terminate this Agreement for any reason by providing 30 calendar days written notice to the Lessee.

11. Billing and Payment.

DSHS shall submit invoices for payment to Lessee monthly. Payments shall be considered timely if received by DSHS within 30 days from the billing date. Payments shall be sent to DSHS at the address listed below:

Department of Social and Health Services
Office of Capital Programs
Attention: Fiscal Unit
1115 S. Washington St., MS: 45848
Olympia, Washington 98504-5848

12. Lease Management. The Lease Manager for each of the parties shall be responsible for and shall be the contact person for all communications regarding the performance of this Agreement. Each party may amend the contact person by giving written notice to the other party.

The Lease Manager for the Lessee is:

Merlin MacReynold
The City of Chehalis
350 N. Market Boulevard Room 101
Chehalis, Washington 98532
(360) 345-1042 extension # 1

The Lease Manager for DSHS is:

Jeanne Rodriguez
DSHS Office of Capital Programs
1115 S. Washington St., MS:45848
Olympia, Washington 98504-5848
(360) 902-8330

The Facilities Manager for the Campus is:

Mike Smalley

DSHS Green Hill School
375 SW 11th St,
Chehalis, Washington 98532
(360) 740-3500

The OSSD Project Manager for DSHS is:

Penny Koal

DSHS Office of Capital Programs
1115 S. Washington St., MS:45848
Olympia, Washington 98504-5848
(360) 902-8156

13. Security.

- 13.1. DSHS shall not provide security services to Lessee.
- 13.2. Lessee shall provide security to patrol premises at its own cost to ensure safety and prevent suspicious activities.
- 13.3. Lessee staff shall be aware of its surroundings when entering, exiting and within the Premises, to help ensure the safety and well-being of DSHS' residents and employees.

14. Repairs and Maintenance of Premises.

- 14.1. Lessee, at its sole cost and expense, shall maintain the Premises in good condition. Keep the Premises neat and clean, and make all necessary repairs. Repairs shall include such items as routine repairs parking area, and other parts of the Premises damaged or worn through normal occupancy. This includes paving, parking lot striping, garbage pickup, snow and ice removal and general maintenance of landscaping, fencing and signage and any other maintenance required in order for Lessee to utilize the Premises for its Permitted Use.
- 14.2. Lessee shall:
 - 14.2.1. Provide a reasonable program for the control of infestation of insects, rodents, and other pests on the Premises.
 - 14.2.2. Take whatever action necessary to ensure lights and noise coming from the property are not of such magnitude to disrupt the therapeutic environment of the Campus.
- 14.3. Should Lessee fail to maintain the Premises in good condition and repair, DSHS shall give Lessee written notice to take corrective action. If corrective

action is not taken within 10 working days, DSHS shall make arrangements for the maintenance or repairs and bill, and Lessee shall reimburse DSHS for these costs.

15. Damage and Destruction.

15.1. If the Premises are damaged by fire, casualty, or structural defects not due to the negligent acts or fault of Lessee, which prevents Lessee from using the Premises for its contracted purposes, then Lessee shall have 90 days following such damage to notify DSHS in writing and terminate the Agreement. The termination shall be effective on the date of receipt by DSHS of the written notification.

15.2. If the Premises are damaged by fire or other casualty resulting from any act or negligence of Lessee or any of Lessee's agents, then:

15.2.1. Consideration shall not be diminished or abated while such damages are under repair; and,

15.2.2. Lessee shall be responsible for all costs of repair.

16. Access and Compliance.

16.1. DSHS shall have access to the Premises at all reasonable times.

16.2. In the event of an emergency threatening immediate DSHS client or public health and safety, DSHS shall have immediate access to the Premises, and shall notify the Lessee as soon as possible of the circumstances necessitating such emergency entry.

16.3. Failure to inspect or enforce compliance shall not be construed as a waiver of DSHS' right to declare a breach, nor relieve Lessee of any liability to DSHS for any breach of the terms, conditions, or requirements of this Agreement.

17. Insurance.

City certifies that it is a member of the Washington Cities Insurance Association risk pool and shall pay for losses for which it is liable.

18. Indemnity / Hold Harmless.

To the fullest extent permitted by law, Lessee shall indemnify, defend and hold harmless State of Washington, agencies of State and all officials, agents and employees of State, from and against all claims, including claims by Lessee's employees, agents, contractors, guests, and all visitors, arising out of or resulting from the operation of this Lease. "Claim" as used in this section means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease or death, or injury to or destruction of tangible property including loss of use resulting therefrom. Lessee's obligation to indemnify, defend, and

hold harmless includes any claim by Lessee' agents, employees, representatives, guests, all visitors or any contractors or its employees. Lessee's obligation to indemnify, defend, and hold harmless State shall not be eliminated or reduced by any actual or alleged concurrent negligence of State or its agents, agencies, employees and officials. The Lessee waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless State and its agencies, officials, agents, volunteers or employees.

19. Weed Control. Lessee shall control noxious weeds and vegetation on the Premises as required by law. Lessee shall be responsible for, or shall immediately reimburse DSHS for, any noxious weed control costs incurred as a result of Lessee's failure to control noxious weeds on the Premises.

20. Hazardous, Toxic, or Harmful Substances. Lessee shall not keep, on our about the Premises, any substances designated as or containing components designated as hazardous, toxic, dangerous, or harmful, or are subject to regulation by law.

21. Drugs, Alcohol, or Firearms.

No drugs, alcohol, or firearms are allowed at any time on the Premises.

22. Assignment. Lessee shall not sublease or sublet the Premises, and shall not assign this Agreement without written approval from DSHS.

23. Authorized Improvements and Alterations.

23.1. Improvements and alterations may be constructed on the Premises only upon prior written consent by DSHS. All improvements made on or to the Premises without the consent of DSHS shall immediately become the property of DSHS, or at DSHS' option, may be required to be removed by the Lessee, at Lessee's sole cost.

23.2. Improvements upon the Premises constructed by the Lessee shall be the property of the Lessee during the term of this Agreement, including without limitation all additions, alterations, and improvements to or replacement of the Premises and installed fixtures.

23.3. At the expiration or earlier termination of this Agreement, all improvements, additions, alterations, and improvements to or replacement of the Premises and shall become the property of DSHS, unless DSHS requires their removal per Section 8, Condition at End of Lease.

24. Plan Approval.

24.1. Lessee shall meet with the DSHS Operations Support and Services Division (OSSD) Project Manager prior to submitting plans for any contemplated improvements to the Premises.

24.2. Lessee shall submit the plans or specifications for the construction of the

authorized improvements, and any changes thereto, in writing to the OSSD Project Manager for approval.

The written request shall include:

24.2.1. A Plan of Operation, including a construction schedule;

24.2.2. A diagram indicating location of improvements and location of any utility changes, and;

24.2.3. Dimensions and square footage of improvements.

24.3. DSHS will review the written request and respond with a decision in writing within 30 days. After 30 days, non-action by DSHS will signify approval. DSHS' approval shall be contingent upon acceptance of the plans by the applicable state and local regulatory authorities.

25. Compliance with Laws and Regulations. Lessee shall cause all work and business conducted on the Premises to be performed in accordance with all applicable laws, directions, and regulations of all governmental agencies having jurisdiction. Lessee shall, at its sole cost and expense, correct any failure or compliance created through its fault or by reason of its use.

26. Liens. Lessee shall not suffer or permit any lien to be filed against DSHS' interest in the Premises, including improvements, due to work, labor, services provided, or materials supplied to, by, or through Lessee. If any such lien is filed, Lessee shall cause the lien to be discharged of record within 30 days after the date of filing or creation of the lien, unless other arrangements are authorized in writing by DSHS in advance.

27. Order of Precedence. In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

27.1. Applicable Washington state and federal statutes and rules.

27.2. This Agreement.

27.3. Any other provision of this Agreement, including Exhibits and other materials incorporated by reference.

28. Governing Law and Venue. This Agreement shall be construed, interpreted and enforced pursuant to the laws of the State of Washington. Venue shall be in Lewis County.

29. Ordinary Meaning. The terms of this Agreement shall be given their ordinary meaning and shall not be presumed construed in favor of or against either party.

30. Remedies for Default.

- 30.1. If Lessee breaches or defaults on any undertaking, promise, or performance required in this Agreement, DSHS may terminate this Lease after the Lessee has been given 30 days notice of the breach or default, and the breach of default has not been corrected within 30 days.
- 30.2. Upon such termination as referenced in Section 30.1, Lessee shall be responsible for returning the property to the condition it was in prior to the execution date of this Agreement, other than:
 - 30.2.1. Needed repairs authorized under Section 13, Repairs and Maintenance of Premises, and;
 - 30.2.2. Improvements authorized under Section 23, Authorized Improvements and Alterations.
- 30.3. DSHS may seek damages for any and all violations or defaults with or without terminating this lease. If DSHS determines the breach or default constitutes a threat to safety, life, or property, DSHS may elect to intervene immediately, without notice, to remedy the breach or default by requiring the Lessee to:
 - 30.3.1. Act immediately to remedy the breach or default at Lessee's expense, or;
 - 30.3.2. Require Lessee to reimburse DSHS for all costs incurred in remedying the breach or default upon demand, including interest from the date of expenditure.

31. Disputes.

- 31.1. Except as otherwise provided in this Agreement, when a bona fide dispute arises between the parties and it cannot be resolved through discussion and negotiation, either party may request a Dispute Resolution Board (DRB). A request for a DRB must be in writing, state the disputed issues, state the relative positions of the parties and be sent to all parties. Parties must provide a response within 14 calendar days.
- 31.2. Once a party requests a DRB, each party shall designate a representative. The representatives shall mutually select a third member. The DRB shall evaluate the facts, Agreement terms and applicable statutes and rules and make a determination by majority vote. The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding concerning this Agreement. The parties agree that the DRB shall precede any action in judicial or quasi-judicial tribunal.
- 31.3. Nothing in this Agreement shall be construed to limit the parties' ability to elect a mutually acceptable Alternate Dispute Resolution in place of the dispute resolution process outlined above.

32. Nonwaiver.

32.1. Waiver by DSHS of strict performance of any provision of this Agreement shall not be a waiver of nor prejudice DSHS' right to require strict performance of the same provision in the future, or of any other provision.

32.2. The acceptance of performance, rent, or any other sum owing, by DSHS following a breach by Lessee of any provision of this Agreement shall not constitute a waiver of any right of DSHS with respect to such breach. DSHS shall be deemed to have waived any right only if DSHS shall do so in writing.

33. Severability. If any provision of this Agreement is held invalid, such invalidity shall not affect the validity of the other terms and conditions of this Agreement.

34. Maintenance of Records.

34.1. DSHS and Lessee shall each maintain books, records, documents and other evidence that sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the service(s). These records shall be subject to inspection, review or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law.

34.2. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

35. Amendment. This Agreement may only be modified by a written amendment signed by both parties. Only staff authorized to bind each of the parties may sign an amendment.

36. Condemnation.

36.1. If all of the Premises are taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the term of this Agreement, this Agreement terminates as of the date the condemner takes possession.

36.2. If part of the Premises are so taken, either party may terminate the Agreement by providing 30 days written notice to the other party. All damages awarded for the taking or damaging of all or any part of the Premises shall belong to and become the property of DSHS.

37. Survivability. The terms and conditions contained in this Agreement which, by their sense and context, are intended to survive the expiration or termination of the particular agreement shall survive. Surviving terms include, but are not limited to:

- 37.1. Condition at End of Lease
- 37.2. Billing and Payment
- 37.3. Indemnity and Hold Harmless
- 37.4. Order of Precedence
- 37.5. Governing Law and Venue
- 37.6. Ordinary Meaning
- 37.7. Remedies for Default
- 37.8. Disputes
- 37.9. Condemnation

38. Entire Agreement. This written Agreement or its successor or replacement contains the entire agreement of the parties, and no other agreement, statement, or promise made by any party shall be binding or valid.

Exhibit A: Map of Premises

Exhibit B: Record of Survey

CITY OF CHEHALIS:

DEPARTMENT OF SOCIAL & HEALTH SERVICES:

Signature

Print Name

Title

Date

Signature

Jeanne Rodriguez

Print Name

Capital Assets Manager

Title

Date

STATE OF WASHINGTON)
) ss.
County of Lewis)

I, the undersigned, a Notary Public, do hereby certify that on this _____ day of _____, 20_____, personally appeared before me _____, as the _____, of the City of Chehalis, to me known to be the individual described in and who executed the within instrument, and acknowledged that _____ signed and sealed the same as the free and voluntary act and deed of the City of Chehalis, for the purposes and uses therein mentioned, and on oath stated that he was duly authorized to execute said document.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the State of Washington,
Residing at _____
My commission expires _____

STATE OF WASHINGTON)
) ss.
County of Thurston)

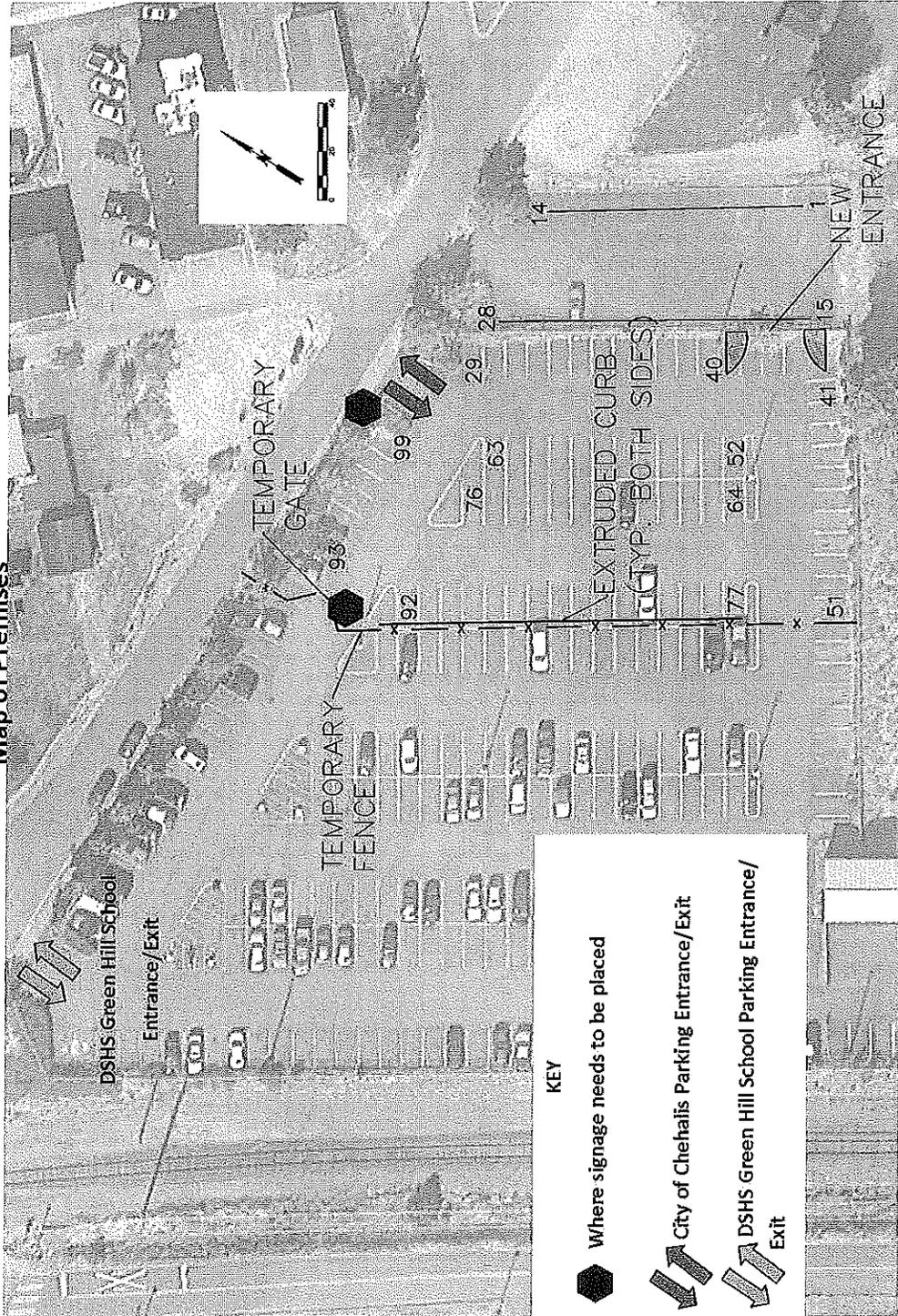
I, the undersigned, a Notary Public, do hereby certify that on this _____ day of _____, 20_____, personally appeared before me Jeanne R. Rodriguez, Capital Assets Manager, Department of Social and Health Services, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as the free and voluntary act and deed of the Department, for the purposes and uses therein mentioned, and on oath stated that he was duly authorized to execute said document.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the State of Washington,
Residing at _____
My commission expires _____

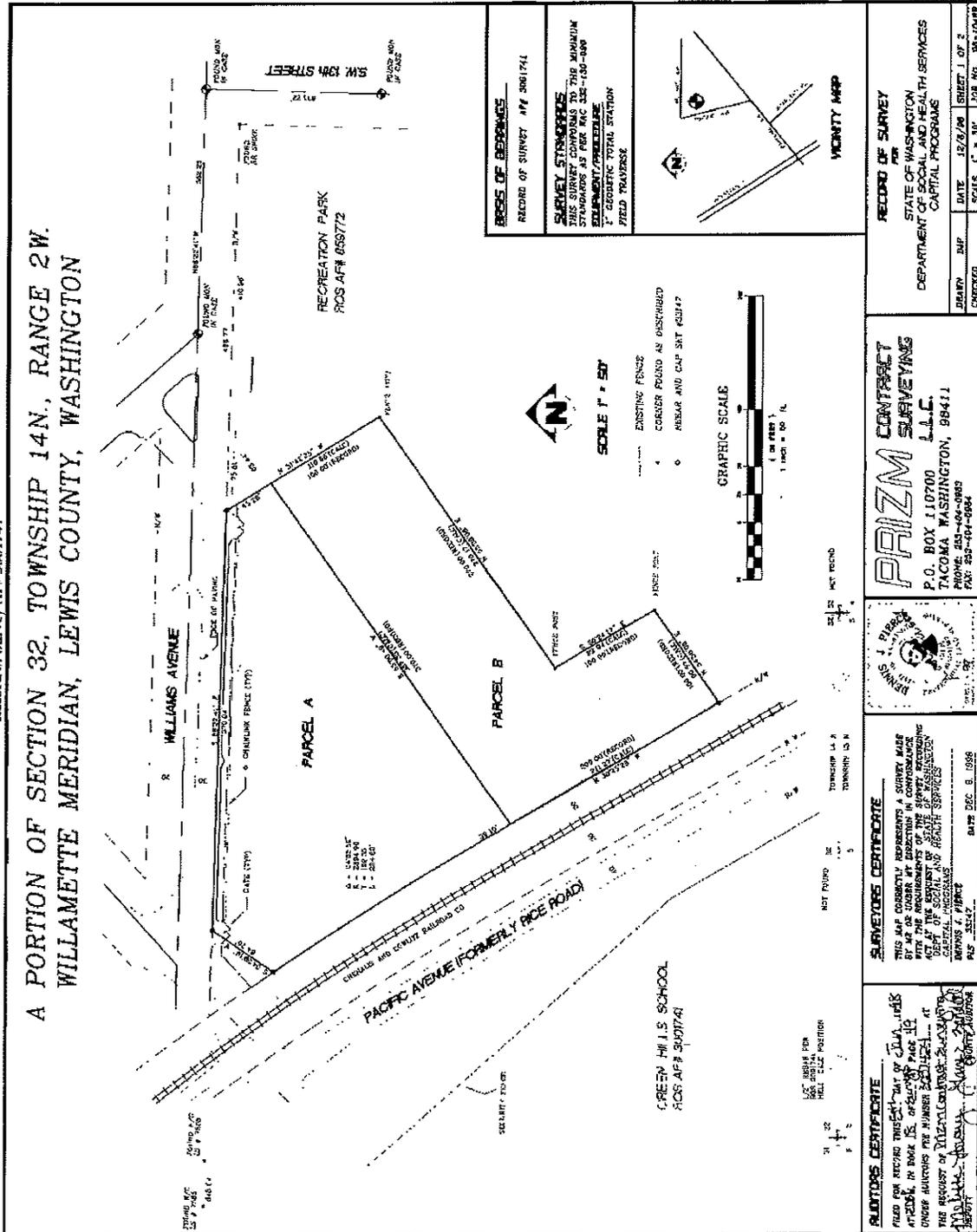
DSHS 1678-68199
Exhibit A

Map of Premises



DSHS 1678-68199
 Exhibit B
 Record of Survey A/S# 3001741

A PORTION OF SECTION 32, TOWNSHIP 14N., RANGE 2W.
 WILLAMETTE MERIDIAN, LEWIS COUNTY, WASHINGTON



#3057424

City of Chehalis
Second Quarter Financial Statements - All Funds
June 30, 2016

| | General Fund #001 | | Dedicated Street Fund #003 | | Arterial Str Fund #102 | | TBD Fund #103 | | Tourism Fund #107 | |
|------------------------|-------------------------------|-------------|-------------------------------|-----------|------------------------------|----------|------------------------------|-------------|-----------------------------|-------------|
| | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual |
| Beginning Fund Balance | 1,512,139 | 1,512,139 | 92,883 | 92,883 | 68,357 | 68,357 | 0 | 0 | 198,720 | 198,720 |
| Revs. & Transfers In | 8,624,812 | 4,185,005 | 593,159 | 75,447 | 150,000 | 76,280 | 0 | 0 | 224,895 | 99,419 |
| Exps. & Transfers Out | (9,112,095) | (4,561,715) | (640,260) | (41,832) | (130,120) | (24,312) | 0 | 0 | (218,380) | (54,571) |
| Ending Fund Balance | 1,024,856 | 1,135,429 | 45,782 | 126,498 | 88,237 | 120,325 | 0 | 0 | 205,235 | 243,568 |
| | CDBG Fund #195 | | HUD BG Fund #197 | | 2011 G.O. Bond #200 | | Public Fac. Res. #301 | | Auto/Eq Reserve #302 | |
| | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual |
| Beginning Fund Balance | 110 | 110 | 57,350 | 57,350 | 0 | 0 | 0 | 0 | 459 | 459 |
| Revs. & Transfers In | 10,136 | 0 | 390 | 72 | 96,017 | 15,566 | 0 | 0 | 12,000 | 1 |
| Exps. & Transfers Out | 0 | 0 | 0 | 0 | (96,017) | (15,566) | 0 | 0 | (12,000) | 0 |
| Ending Fund Balance | 10,246 | 110 | 57,740 | 57,422 | 0 | 0 | 0 | 0 | 459 | 460 |
| | 1st QTR REET Fund #305 | | 2nd QTR REET Fund #306 | | Garbage Fund #402 | | Wastewater Fund #404 | | Water Fund #405 | |
| | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual |
| Beginning Fund Balance | 155,433 | 155,433 | 126,740 | 126,740 | 4,554 | 4,554 | 3,271,463 | 3,271,463 | 5,584,336 | 5,643,056 |
| Revs. & Transfers In | 100,175 | 63,327 | 100,150 | 63,291 | 6,410 | 6,114 | 6,307,612 | 2,865,732 | 3,859,383 | 1,240,647 |
| Exps. & Transfers Out | (40,149) | (6,693) | (31,545) | (4,981) | (4,155) | (2,533) | (6,092,688) | (2,105,699) | (3,883,821) | (1,059,883) |
| Ending Fund Balance | 215,459 | 212,067 | 195,345 | 185,050 | 6,809 | 8,135 | 3,486,387 | 4,031,496 | 5,559,898 | 5,823,820 |
| | Storm/Surface Wtr #406 | | Airport Fund #407 | | Firemens Pension #611 | | City Agency Fund #633 | | ALL FUNDS TOTALS | |
| | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual |
| Beginning Fund Balance | 682,478 | 682,478 | 1,899,100 | 1,901,080 | 490,266 | 490,266 | 8,107 | 8,000 | 14,152,495 | 14,213,088 |
| Revs. & Transfers In | 512,355 | 273,056 | 2,551,118 | 946,416 | 151,845 | 88,358 | 360,000 | 204 | 23,660,457 | 9,998,935 |
| Exps. & Transfers Out | (487,176) | (133,710) | (2,595,589) | (995,749) | (74,333) | (21,199) | (360,000) | 0 | (23,778,328) | (9,028,443) |
| Ending Fund Balance | 707,657 | 821,824 | 1,854,629 | 1,851,747 | 567,778 | 557,425 | 8,107 | 8,204 | 14,034,624 | 15,183,580 |

Note: In some instances, ending fund balances include non-cash components, such as prepaid insurance and inventory. Resulting variances are considered immaterial.

To: The Honorable Mayor and Council
 Via: Merlim MacReynold, City Manager
 From: Judy Pectol, Finance Manager
 Prepared by: Betty Brooks, Payroll Accountant
 Date: July 20, 2016
 Subject: Monthly Financial Reports for June

City of Chehalis
 Comparative Financial Reports
 June 2015 and 2016

| GENERAL FUND (#001) REVENUES | A June 2015 | | B Actual | | C=B/A | | D June 2016 | | E Actual | | F=E/D | | G Expected | | H^ Var'nc from Expected | | I=F-G Variance | |
|---------------------------------|----------------|-------------|-------------|-------------|-------------|------------|----------------|-------------|-------------|-------------|-------------|------------|---------------|-------------|-------------------------------|----------|-------------------|--|
| | Budget | Actual | % Rec'd | Budget | Actual | % Rec'd | Budget | Actual | % Rec'd | Budget | Actual | % Rec'd | Expected | % Rec'd* | Expected | Expected | % Variance | |
| General Property Taxes | \$1,268,579 | \$703,844 | 55.5% | \$1,276,948 | \$686,517 | 53.8% | \$1,276,948 | \$686,517 | 53.8% | \$1,276,948 | \$686,517 | 53.8% | 50.0% | 50.0% | \$48,043 | 3.8% | | |
| EMS Property Taxes | 238,157 | 132,334 | 55.6% | 304,886 | 164,493 | 54.0% | 304,886 | 164,493 | 54.0% | 304,886 | 164,493 | 54.0% | 50.0% | 50.0% | 12,050 | 4.0% | | |
| Sales & Use Tax | 3,762,844 | 1,738,849 | 46.2% | 3,772,472 | 1,882,237 | 49.9% | 3,772,472 | 1,882,237 | 49.9% | 3,772,472 | 1,882,237 | 49.9% | 50.0% | 50.0% | (3,999) | -0.1% | | |
| Electricity Tax | 440,000 | 147,854 | 33.6% | 495,100 | 236,289 | 47.7% | 495,100 | 236,289 | 47.7% | 495,100 | 236,289 | 47.7% | 50.0% | 50.0% | (11,261) | -2.3% | | |
| Gas/Natural Gas Tax | 221,000 | 92,169 | 41.7% | 217,725 | 108,960 | 50.0% | 217,725 | 108,960 | 50.0% | 217,725 | 108,960 | 50.0% | 50.0% | 50.0% | 98 | 0.0% | | |
| Criminal Justice Tax | 110,000 | 50,760 | 46.1% | 105,050 | 53,220 | 50.7% | 105,050 | 53,220 | 50.7% | 105,050 | 53,220 | 50.7% | 50.0% | 50.0% | 695 | 0.7% | | |
| Water/Sewer Tax | 445,000 | 207,819 | 46.7% | 452,900 | 233,945 | 51.7% | 452,900 | 233,945 | 51.7% | 452,900 | 233,945 | 51.7% | 50.0% | 50.0% | 7,495 | 1.7% | | |
| Garbage Tax | 61,000 | 31,362 | 51.4% | 81,900 | 31,748 | 38.8% | 81,900 | 31,748 | 38.8% | 81,900 | 31,748 | 38.8% | 50.0% | 50.0% | (9,202) | -11.2% | | |
| Cable Tax | 104,000 | 51,510 | 49.5% | 133,485 | 53,363 | 40.0% | 133,485 | 53,363 | 40.0% | 133,485 | 53,363 | 40.0% | 50.0% | 50.0% | (13,380) | -10.0% | | |
| Telephone Tax | 270,500 | 132,161 | 48.9% | 275,000 | 125,123 | 45.5% | 275,000 | 125,123 | 45.5% | 275,000 | 125,123 | 45.5% | 50.0% | 50.0% | (12,377) | -4.5% | | |
| Leasehold Excise Tax | 39,500 | 18,922 | 47.9% | 41,000 | 24,384 | 59.5% | 41,000 | 24,384 | 59.5% | 41,000 | 24,384 | 59.5% | 50.0% | 50.0% | 3,884 | 9.5% | | |
| Timber Excise Tax | 40 | 39 | 97.5% | 45 | 43 | 95.6% | 45 | 43 | 95.6% | 45 | 43 | 95.6% | 50.0% | 50.0% | 21 | 45.6% | | |
| Total Tax Revenues | 6,960,620 | 3,307,623 | 47.5% | 7,156,511 | 3,600,322 | 50.3% | 7,156,511 | 3,600,322 | 50.3% | 7,156,511 | 3,600,322 | 50.3% | 50.0% | 50.0% | 22,067 | 0.3% | | |
| Licenses & Permits | 168,116 | 90,605 | 53.9% | 157,050 | 118,906 | 75.7% | 157,050 | 118,906 | 75.7% | 157,050 | 118,906 | 75.7% | 50.0% | 50.0% | 40,381 | 25.7% | | |
| Intergov't. Grants/Entitlements | 421,400 | 251,518 | 59.7% | 450,645 | 81,852 | 18.2% | 450,645 | 81,852 | 18.2% | 450,645 | 81,852 | 18.2% | 50.0% | 50.0% | (143,471) | -31.8% | | |
| Charges for Goods and Svcs. | 408,295 | 148,180 | 36.3% | 371,196 | 107,579 | 29.0% | 371,196 | 107,579 | 29.0% | 371,196 | 107,579 | 29.0% | 50.0% | 50.0% | (78,019) | -21.0% | | |
| Fines and Forfeitures | 163,739 | 73,365 | 44.8% | 147,420 | 76,043 | 51.6% | 147,420 | 76,043 | 51.6% | 147,420 | 76,043 | 51.6% | 50.0% | 50.0% | 2,333 | 1.6% | | |
| Interest Earnings | 9,990 | 9,172 | 91.8% | 11,890 | 11,576 | 97.4% | 11,890 | 11,576 | 97.4% | 11,890 | 11,576 | 97.4% | 50.0% | 50.0% | 5,631 | 47.4% | | |
| Rents & Royalties | 88,472 | 34,974 | 39.5% | 71,280 | 38,619 | 54.2% | 71,280 | 38,619 | 54.2% | 71,280 | 38,619 | 54.2% | 50.0% | 50.0% | 2,979 | 4.2% | | |
| Donations/Contributions | 0 | 4,775 | 100.0% | 87,000 | 62,687 | 72.1% | 87,000 | 62,687 | 72.1% | 87,000 | 62,687 | 72.1% | 50.0% | 50.0% | 19,187 | 22.1% | | |
| Misc. Revenue/Insurance | 11,850 | 98,125 | 836.5% | 29,385 | 19,191 | 65.3% | 29,385 | 19,191 | 65.3% | 29,385 | 19,191 | 65.3% | 50.0% | 50.0% | 4,499 | 15.3% | | |
| Non-Revenues | 4,225 | 11,488 | 271.9% | 124,435 | 68,230 | 54.8% | 124,435 | 68,230 | 54.8% | 124,435 | 68,230 | 54.8% | 50.0% | 50.0% | 6,013 | 4.8% | | |
| Transfers In | 0 | 0 | 0.0% | 18,000 | 0 | 0.0% | 18,000 | 0 | 0.0% | 18,000 | 0 | 0.0% | 50.0% | 50.0% | (9,000) | -50.0% | | |
| Total Non-Tax Revenues | 1,276,087 | 723,202 | 56.7% | 1,468,301 | 584,683 | 39.8% | 1,468,301 | 584,683 | 39.8% | 1,468,301 | 584,683 | 39.8% | 50.0% | 50.0% | (149,468) | -10.2% | | |
| TOTALS | \$8,236,707 | \$4,030,825 | 48.9% | \$8,624,812 | \$4,185,005 | 48.5% | \$8,624,812 | \$4,185,005 | 48.5% | \$8,624,812 | \$4,185,005 | 48.5% | 50.0% | 50.0% | (\$127,401) | -1.5% | | |

Key:

* The expected percentage is calculated as follows: since the report is for the 6th month of the year, 6 is divided by 12-the number of months in the year.
 ^To calculate the dollar variance between expected and actual expenditures, the following formula is used:
 H=(D*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

City of Chehalis
Comparative Financial Reports
June 2015 and 2016

| GENERAL FUND (#001) EXPENDITURES | A June 2015 | | B | | C=B/A | | D June 2016 | | E | | F=E/D | | G | | H^ Variance from Expected | | I=G-F Variance | |
|-------------------------------------|----------------|-------------|-------------|-------------|------------|------------|----------------|-------------|-------------|-------------|------------|------------|-----------|---------|---------------------------------|----------|-------------------|--|
| | Budget | Actual | Budget | Actual | % Exp'd | % Exp'd | Budget | Actual | Budget | Actual | % Exp'd | % Exp'd | Expected | % Exp.* | Variance | Expected | % | |
| City Council | \$111,811 | \$55,476 | \$98,657 | \$61,589 | 49.6% | 62.4% | \$98,657 | \$61,589 | \$98,657 | \$61,589 | 62.4% | 50.0% | \$12,261 | 50.0% | (\$12,261) | 50.0% | -12.4% | |
| Municipal Court | 380,000 | 178,978 | 522,105 | 264,617 | 47.1% | 50.7% | 522,105 | 264,617 | 522,105 | 264,617 | 50.7% | 50.0% | (3,565) | 50.0% | (3,565) | 50.0% | -0.7% | |
| City Manager | 266,410 | 176,357 | 308,708 | 184,518 | 66.2% | 59.8% | 308,708 | 184,518 | 308,708 | 184,518 | 59.8% | 50.0% | (30,164) | 50.0% | (30,164) | 50.0% | -9.8% | |
| Finance | 203,500 | 178,497 | 228,295 | 173,331 | 87.7% | 75.9% | 228,295 | 173,331 | 228,295 | 173,331 | 75.9% | 50.0% | (59,184) | 50.0% | (59,184) | 50.0% | -25.9% | |
| City Clerk | 78,816 | 48,103 | 78,878 | 47,626 | 61.0% | 60.4% | 78,878 | 47,626 | 78,878 | 47,626 | 60.4% | 50.0% | (8,187) | 50.0% | (8,187) | 50.0% | -10.4% | |
| Non-Departmental | 461,773 | 190,360 | 542,916 | 188,084 | 41.2% | 34.6% | 542,916 | 188,084 | 542,916 | 188,084 | 34.6% | 50.0% | 83,374 | 50.0% | 83,374 | 50.0% | 15.4% | |
| Human Resources | 85,969 | 62,637 | 85,553 | 63,103 | 72.9% | 73.8% | 85,553 | 63,103 | 85,553 | 63,103 | 73.8% | 50.0% | (20,327) | 50.0% | (20,327) | 50.0% | -23.8% | |
| Police | 2,717,426 | 1,324,332 | 2,751,643 | 1,413,395 | 48.7% | 51.4% | 2,751,643 | 1,413,395 | 2,751,643 | 1,413,395 | 51.4% | 50.0% | (37,574) | 50.0% | (37,574) | 50.0% | -1.4% | |
| Fire | 1,902,335 | 890,023 | 2,048,797 | 1,061,061 | 46.8% | 51.8% | 2,048,797 | 1,061,061 | 2,048,797 | 1,061,061 | 51.8% | 50.0% | (36,663) | 50.0% | (36,663) | 50.0% | -1.8% | |
| Public Works - Streets | 731,360 | 295,775 | 758,249 | 225,670 | 40.4% | 29.8% | 758,249 | 225,670 | 758,249 | 225,670 | 29.8% | 50.0% | 153,455 | 50.0% | 153,455 | 50.0% | 20.2% | |
| Community Development | 1,396,330 | 753,206 | 1,688,294 | 878,721 | 53.9% | 52.0% | 1,688,294 | 878,721 | 1,688,294 | 878,721 | 52.0% | 50.0% | (34,574) | 50.0% | (34,574) | 50.0% | -2.0% | |
| TOTALS | \$8,335,730 | \$4,153,744 | \$9,112,095 | \$4,561,715 | 49.8% | 50.1% | \$9,112,095 | \$4,561,715 | \$9,112,095 | \$4,561,715 | 50.1% | 50.0% | (\$5,668) | 50.0% | (\$5,668) | 50.0% | -0.1% | |

Net Budget/Income/Variance: (\$99,023) (\$122,919) (\$487,283) (\$376,710) (\$133,069)

Key:

* The expected percentage is calculated as follows: since the report is for the 6th month of the year, 6 is divided by 12-the number of months in the year.

^To calculate the dollar variance between expected and actual expenditures, the following formula is used:

H=(D*G) - E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

City of Chehalis
Comparative Financial Reports
June 2015 and 2016

| | A | | B | | C=B/A | | D | | E | | F=E/D | | G | | H^A | | I=F-G | |
|-------------------------------|--------------------|--------------------|--------------|--------------------|--------------------|--------------|--------------------|--------------------|--------------|-------------------|--------------------|----------------------|------------|--|-----|--|-------|--|
| | Budget | June 2015 Actual | % Rec'd | Budget | June 2016 Actual | % Rec'd | Budget | June 2016 Actual | % Rec'd | Expected % Rec'd* | Expected % Rec'd* | Var'nc from Expected | % Variance | | | | | |
| WASTEWATER FUND (#404) | | | | | | | | | | | | | | | | | | |
| Intergovernmental Revenues | \$0 | \$0 | 0.0% | \$1,400,000 | \$0 | 0.0% | \$1,400,000 | \$0 | 0.0% | 50.0% | (\$700,000) | 0.0% | | | | | | |
| Wastewater Fees | 4,968,202 | 2,444,203 | 49.2% | 4,818,053 | 2,752,241 | 57.1% | 4,818,053 | 2,752,241 | 57.1% | 50.0% | 343,215 | 7.1% | | | | | | |
| Sewer Connection/Misc. Fees | 10,000 | 22,119 | 221.2% | 30,000 | 9,999 | 33.3% | 30,000 | 9,999 | 33.3% | 50.0% | (5,001) | -16.7% | | | | | | |
| Rentals | 3,545 | 3,545 | 100.0% | 3,545 | 3,545 | 100.0% | 3,545 | 3,545 | 100.0% | 50.0% | 1,773 | 50.0% | | | | | | |
| Misc. Revenues/Insurance | 4,000 | 1,875 | 46.9% | 3,000 | 2,212 | 73.7% | 3,000 | 2,212 | 73.7% | 50.0% | 712 | 23.7% | | | | | | |
| Non-Revenue Tax Receipts | 0 | 63 | 0.0% | 555 | 524 | 94.4% | 555 | 524 | 94.4% | 50.0% | 247 | 44.4% | | | | | | |
| Proceeds of Long-Term Debt | 0 | 1,342 | 0.0% | 0 | 63,535 | 100.0% | 0 | 63,535 | 100.0% | 50.0% | 63,535 | 100.0% | | | | | | |
| Fines and Forfeitures | 0 | 0 | 0.0% | 50,000 | 29,057 | 58.1% | 50,000 | 29,057 | 58.1% | 50.0% | 4,057 | 100.0% | | | | | | |
| Interest Earnings | 985 | 1,227 | 124.6% | 2,459 | 4,619 | 187.8% | 2,459 | 4,619 | 187.8% | 50.0% | 3,390 | 137.8% | | | | | | |
| Totals: | \$4,986,732 | \$2,474,374 | 49.6% | \$6,307,612 | \$2,865,732 | 45.4% | \$6,307,612 | \$2,865,732 | 45.4% | 50.0% | (\$288,074) | -4.6% | | | | | | |

| | A | | B | | C=B/A | | D | | E | | F=E/D | | G | | H^A | | I=G-F | |
|-------------------------------|--------------------|--------------------|--------------|--------------------|--------------------|--------------|--------------------|--------------------|--------------|------------------|------------------|----------------------|------------|--|-----|--|-------|--|
| | Budget | June 2015 Actual | % Exp'd | Budget | June 2016 Actual | % Exp'd | Budget | June 2016 Actual | % Exp'd | Expected % Exp^* | Expected % Exp^* | Var'nc from Expected | % Variance | | | | | |
| WASTEWATER FUND (#404) | | | | | | | | | | | | | | | | | | |
| Operating Expenses | \$2,666,292 | \$1,123,913 | 42.2% | \$2,723,260 | \$1,066,328 | 39.2% | \$2,723,260 | \$1,066,328 | 39.2% | 50.0% | \$295,302 | 10.8% | | | | | | |
| Capital Outlay | 253,000 | 32,688 | 12.9% | 1,467,900 | 111,187 | 7.6% | 1,467,900 | 111,187 | 7.6% | 50.0% | 622,763 | 42.4% | | | | | | |
| Debt Principal | 1,832,390 | 915,891 | 50.0% | 1,834,840 | 917,111 | 50.0% | 1,834,840 | 917,111 | 50.0% | 50.0% | 309 | 0.0% | | | | | | |
| Interest Expense | 24,524 | 12,293 | 50.1% | 34,188 | 11,073 | 32.4% | 34,188 | 11,073 | 32.4% | 50.0% | 6,021 | 17.6% | | | | | | |
| Transfers Out | 83,784 | 0 | 0.0% | 32,500 | 0 | 0.0% | 32,500 | 0 | 0.0% | 50.0% | 16,250 | 50.0% | | | | | | |
| Totals: | \$4,859,990 | \$2,084,785 | 42.9% | \$6,092,688 | \$2,105,699 | 34.6% | \$6,092,688 | \$2,105,699 | 34.6% | 50.0% | \$940,645 | 15.4% | | | | | | |

Net Budget/Income/Variance: \$126,742 \$389,589 \$214,924 \$760,033 \$652,571

Key:
 * The expected percentage is calculated as follows: since the report is for the 6th month of the year, 6 is divided by 12-the number of months in the year.
 ^To calculate the dollar variance between expected and actual expenditures, the following formula is used:
 H=(D*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

**City of Chehalis
Comparative Financial Reports
June 2015 and 2016**

| WATER FUND (#405) REVENUES | A | | B | | C=B/A | | D | | E | | F=E/D | | G | | H [^] | | I=F-G | |
|-------------------------------|-------------|------------------|---------|------------------|------------------|---------|--------|--------|---------|-------------------|-------------------|----------------------|----------|---|----------------|--|-------|--|
| | Budget | June 2015 Actual | % Rec'd | June 2016 Budget | June 2016 Actual | % Rec'd | Budget | Actual | % Rec'd | Expected % Rec'd* | Expected % Rec'd* | Var'nc from Expected | Variance | % | | | | |
| Water Sales | \$2,566,160 | \$1,150,444 | 44.8% | \$2,351,387 | \$1,202,225 | 51.1% | 14,105 | 0 | 0.0% | 50.0% | 26,532 | 1.1% | | | | | | |
| Water Connection/Misc. Fees | 10,000 | 31,017 | 310.2% | 10,000 | 14,105 | 141.1% | 0 | 0 | 0.0% | 50.0% | 9,105 | 91.1% | | | | | | |
| Interfund Principal Repayment | 83,332 | 0 | 0.0% | 0 | 0 | 0.0% | 0 | 0 | 0.0% | 50.0% | 0 | 0.0% | | | | | | |
| Misc. Revenues/Insurance | 1,000 | 13,560 | 1356.0% | 2,121 | 3,740 | 176.3% | 100 | 365 | 365.0% | 50.0% | 2,680 | 126.3% | | | | | | |
| Non-Revenue Tax Receipts | 0 | 0 | 0.0% | 1,464,500 | 13,950 | 0.0% | 25,000 | 0 | 0.0% | 50.0% | (732,250) | 315 | 315.0% | | | | | |
| Proceeds of Long-Term Debt | 0 | 0 | 0.0% | 0 | 0 | 0.0% | 0 | 0 | 0.0% | 50.0% | 1,450 | 100.0% | | | | | | |
| Fines and Forfeitures | 0 | 0 | 0.0% | 6,275 | 6,262 | 99.8% | 0 | 0 | 0.0% | 50.0% | 1,450 | 100.0% | | | | | | |
| Interest Earnings | 11,073 | 3,095 | 28.0% | 6,275 | 6,262 | 99.8% | 0 | 0 | 0.0% | 50.0% | 3,125 | 49.8% | | | | | | |
| Totals: | \$2,671,565 | \$1,198,116 | 44.8% | \$3,859,383 | \$1,240,647 | 32.1% | | | | 50.0% | (\$689,045) | -17.9% | | | | | | |

| WATER FUND (#405) EXPENSES | A | | B | | C=B/A | | D | | E | | F=E/D | | G | | H [^] | | I=G-F | |
|-------------------------------|-------------|------------------|---------|------------------|------------------|---------|---------|--------|---------|-------------------|-------------------|----------------------|----------|---|----------------|--|-------|--|
| | Budget | June 2015 Actual | % Exp'd | June 2016 Budget | June 2016 Actual | % Exp'd | Budget | Actual | % Exp'd | Expected % Exp'd* | Expected % Exp'd* | Var'nc from Expected | Variance | % | | | | |
| Operating Expenses | \$1,819,713 | \$888,302 | 48.8% | \$1,888,309 | \$848,367 | 44.9% | 199,191 | 10,000 | 7.5% | 50.0% | \$95,788 | 5.1% | | | | | | |
| Capital Outlay | 979,400 | 190,784 | 19.5% | 1,847,000 | 199,191 | 10.8% | 134,077 | 10,000 | 7.5% | 50.0% | 724,309 | 39.2% | | | | | | |
| Debt Principal | 133,077 | 10,000 | 7.5% | 14,435 | 2,325 | 16.1% | 0 | 0 | 0.0% | 50.0% | 57,039 | 42.5% | | | | | | |
| Interest Expense | 26,185 | 2,825 | 10.8% | 0 | 0 | 0.0% | 0 | 0 | 0.0% | 50.0% | 4,893 | 33.9% | | | | | | |
| Transfers Out | 420,000 | 0 | 0.0% | 0 | 0 | 0.0% | 0 | 0 | 0.0% | 50.0% | 0 | 0.0% | | | | | | |
| Totals: | \$3,378,375 | \$1,091,911 | 32.3% | \$3,883,821 | \$1,059,883 | 27.3% | | | | 50.0% | \$882,028 | 22.7% | | | | | | |

Net Budget/Income/Variance: (\$706,810) \$180,764
(\$24,438)

Key:

* The expected percentage is calculated as follows: since the report is for the 6th month of the year, 6 is divided by 12-the number of months in the year.

^To calculate the dollar variance between expected and actual expenditures, the following formula is used:

H=(D*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

City of Chehalis
Comparative Financial Reports
June 2015 and 2016

| STORM FUND (#406) REVENUES | A June 2015 | | B | | C=B/A | | D | | E | | F=E/D | | G | | H^ | | I=F-G | |
|-------------------------------|-------------|-----------|--------|--------|---------|---------|-----------|-----------|---------------------|---------------------|---------|---------|-------------------|-------------------|-------------------------|-------------------------|------------|------------|
| | Budget | Actual | Budget | Actual | % Rec'd | % Rec'd | Budget | Actual | June 2016 Budget | June 2016 Actual | % Rec'd | % Rec'd | Expected % Rec'd* | Expected % Rec'd* | Var'nc from Expected | Var'nc from Expected | % Variance | % Variance |
| Storm & Surface Water Fees | \$506,772 | \$249,417 | | | 49.2% | | \$501,000 | \$269,331 | | | 53.8% | 50.0% | 50.0% | \$18,831 | | 3.8% | | |
| Storm Connection/Misc. Fees | 1,000 | 3,912 | | | 100.0% | | 4,000 | 0 | | | 0.0% | 50.0% | 50.0% | (2,000) | | -50.0% | | |
| Misc. Revenues/Insurance | 825 | 1,475 | | | 100.0% | | 2,000 | 0 | | | 0.0% | 50.0% | 50.0% | (1,000) | | -50.0% | | |
| Non-Revenue Tax Receipts | 0 | 0 | | | 0.0% | | 275 | 0 | | | 0.0% | 50.0% | 50.0% | (138) | | -50.0% | | |
| Fines and Forfeitures | 0 | 0 | | | 0.0% | | 4,500 | 2,764 | | | 61.4% | 50.0% | 50.0% | 514 | | 100.0% | | |
| Interest Earnings | 1,300 | 285 | | | 21.9% | | 580 | 961 | | | 165.7% | 50.0% | 50.0% | 671 | | 115.7% | | |
| Totals: | \$509,897 | \$255,089 | | | 50.0% | | \$512,355 | \$273,056 | | | 53.3% | 50.0% | 50.0% | \$16,879 | | 3.3% | | |

| STORM FUND (#406) EXPENSES | A June 2015 | | B | | C=B/A | | D | | E | | F=E/D | | G | | H^ | | I=G-F | |
|-------------------------------|-------------|-----------|--------|--------|---------|---------|-----------|-----------|---------------------|---------------------|---------|---------|-----------------|-----------------|-------------------------|-------------------------|------------|------------|
| | Budget | Actual | Budget | Actual | % Exp'd | % Exp'd | Budget | Actual | June 2016 Budget | June 2016 Actual | % Exp'd | % Exp'd | Expected % Exp* | Expected % Exp* | Var'nc from Expected | Var'nc from Expected | % Variance | % Variance |
| Operating Expenses | \$442,590 | \$154,346 | | | 34.9% | | \$469,176 | \$133,710 | | | 28.5% | 50.0% | 50.0% | \$100,878 | | 21.5% | | |
| Transfers Out | 18,000 | 2,822 | | | 0.0% | | 18,000 | 0 | | | 0.0% | 50.0% | 50.0% | 9,000 | | 0.0% | | |
| Totals: | \$460,590 | \$157,168 | | | 34.1% | | \$487,176 | \$133,710 | | | 27.4% | 50.0% | 50.0% | \$109,878 | | 22.6% | | |

Net Budget/Income/Variance: \$49,307 \$97,921
\$25,179 \$139,346
\$126,757

Key:
 * The expected percentage is calculated as follows: since the report is for the 6th month of the year, 6 is divided by 12-the number of months in the year.
 ^To calculate the dollar variance between expected and actual expenditures, the following formula is used:
 H=(D*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

City of Chehalis
Comparative Financial Reports
June 2015 and 2016

| AIRPORT FUND (#407) REVENUES | A June 2015 | | B | | C=B/A | | D | | E | | F=E/D | | G | | H^A | | I=F-G | |
|---------------------------------|-------------|-----------|-------------|-----------|------------|------------|--------|--------|------------|------------|----------------------|-------------|-------------------------|---------------|----------------------|---------------|-------|--|
| | Budget | Actual | Budget | Actual | % Rec'd | % Rec'd | Budget | Actual | % Rec'd | % Rec'd | Expected % Rec'd* | % Rec'd | Var'nc from Expected | % Variance | Expected % Rec'd* | % Variance | | |
| Intergovernmental Revenues | \$800,000 | \$722 | \$916,600 | \$175,406 | 0.1% | 19.1% | | | 50.0% | 50.0% | | (282,894) | -30.9% | | | | | |
| Charges for Goods and Svcs. | 520,000 | 284,595 | 533,622 | 235,956 | 54.7% | 44.2% | | | 50.0% | 50.0% | | (30,855) | -5.8% | | | | | |
| Interest Earnings | 15,085 | 7,234 | 14,000 | 5,340 | 48.0% | 38.1% | | | 50.0% | 50.0% | | (1,660) | -11.9% | | | | | |
| Licenses & Permits | 0 | 3,000 | 0 | 0 | 0.0% | 0.0% | | | 50.0% | 50.0% | | 0 | 0.0% | | | | | |
| Rents & Royalties | 96,000 | 38,744 | 80,001 | 41,275 | 40.4% | 51.6% | | | 50.0% | 50.0% | | 1,275 | 1.6% | | | | | |
| Capital Lease Receipts | 879,651 | 424,773 | 816,422 | 410,766 | 48.3% | 50.3% | | | 50.0% | 50.0% | | 2,555 | 0.0% | | | | | |
| Misc. Revenues/Insurance | 2,000 | 447 | 600 | 0 | 22.4% | 0.0% | | | 50.0% | 50.0% | | (300) | -50.0% | | | | | |
| Non-Revenue Tax Receipts | 0 | 34,424 | 157,373 | 77,673 | 100.0% | 49.4% | | | 50.0% | 50.0% | | 76 | -0.6% | | | | | |
| Operating Transfers In | 420,000 | 0 | 32,500 | 0 | 0.0% | 0.0% | | | 50.0% | 50.0% | | (16,250) | 0.0% | | | | | |
| Totals: | \$2,732,736 | \$793,939 | \$2,551,118 | \$946,416 | 29.1% | 37.1% | | | 50.0% | 50.0% | | (\$311,880) | -12.9% | | | | | |

| AIRPORT FUND (#407) EXPENSES | A June 2015 | | B | | C=B/A | | D | | E | | F=E/D | | G | | H^A | | I=G-F | |
|---------------------------------|-------------|-----------|-------------|-----------|------------|------------|--------|--------|------------|------------|--------------------|------------|-------------------------|---------------|--------------------|---------------|-------|--|
| | Budget | Actual | Budget | Actual | % Exp'd | % Exp'd | Budget | Actual | % Exp'd | % Exp'd | Expected % Exp* | % Exp'd | Var'nc from Expected | % Variance | Expected % Exp* | % Variance | | |
| Operating Expenses | \$1,199,816 | \$520,733 | \$1,338,870 | \$507,919 | 43.4% | 37.9% | | | 50.0% | 50.0% | | \$161,516 | 12.1% | | | | | |
| Capital Outlay | 1,455,000 | 20,563 | 904,130 | 318,609 | 1.4% | 35.2% | | | 50.0% | 50.0% | | 133,456 | 14.8% | | | | | |
| Principal - G.O. Bonds | 231,992 | 114,756 | 278,505 | 125,935 | 49.5% | 45.2% | | | 50.0% | 50.0% | | 13,318 | 4.8% | | | | | |
| Interest Expense | 84,215 | 43,347 | 74,084 | 43,286 | 51.5% | 58.4% | | | 50.0% | 50.0% | | (6,244) | -8.4% | | | | | |
| Totals: | \$2,971,023 | \$699,399 | \$2,595,589 | \$995,749 | 23.5% | 38.4% | | | 50.0% | 50.0% | | \$302,046 | 11.6% | | | | | |

Net Budget/Income/Variance: (\$238,287) \$94,540
(\$44,471) (\$49,333)
-\$9,834

Key:
* The expected percentage is calculated as follows: since the report is for the 6th month of the year, 6 is divided by 12-the number of months in the year.
^To calculate the dollar variance between expected and actual expenditures, the following formula is used:
H=(D*G) - E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

RECOMMENDATION/COUNCIL ACTION DESIRED

This report is for the Council's information only. No action is necessary.

Reviewed by  City Manager

City of Chehalis Sales & Use Tax Revenue

| | Month-by-Month Comparisons | | | | | | | | | | | | % Chg. |
|------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--|--|-------------|--------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | | | |
| January | 338,775.84 | 311,681.25 | 242,158.24 | 255,550.11 | 239,905.57 | 271,375.98 | 290,642.45 | 274,670.17 | 301,243.31 | | | 9.7% | |
| February | 325,708.20 | 326,987.75 | 296,867.87 | 288,322.28 | 293,448.86 | 322,000.58 | 333,263.02 | 336,038.91 | 374,625.26 | | | 11.5% | |
| March | 352,594.58 | 247,974.49 | 269,687.71 | 209,202.31 | 201,418.97 | 221,154.40 | 238,177.91 | 258,421.46 | 266,503.75 | | | 3.1% | |
| April | 323,886.70 | 245,182.86 | 223,636.27 | 211,769.41 | 229,146.29 | 231,493.06 | 248,725.24 | 257,696.99 | 287,548.74 | | | 11.6% | |
| May | 366,700.91 | 255,481.63 | 246,998.74 | 269,316.42 | 250,189.48 | 271,850.87 | 297,383.10 | 300,832.16 | 314,636.79 | | | 4.6% | |
| June | 340,751.01 | 266,335.35 | 228,867.63 | 253,348.87 | 253,817.94 | 265,285.99 | 277,316.08 | 311,189.00 | 337,679.04 | | | 8.5% | |
| July | 352,426.34 | 270,324.94 | 239,316.92 | 235,882.93 | 251,676.19 | 268,330.22 | 329,111.43 | 325,909.63 | | | | | |
| August | 416,021.47 | 276,851.50 | 268,052.83 | 264,592.08 | 264,996.44 | 278,101.71 | 385,924.11 | 337,037.17 | | | | | |
| September | 327,171.53 | 250,448.70 | 246,365.20 | 320,998.49 | 276,271.10 | 291,464.88 | 300,288.47 | 328,074.52 | | | | | |
| October | 305,787.51 | 345,695.15 | 260,630.19 | 245,472.95 | 283,408.61 | 278,187.79 | 316,620.23 | 322,106.93 | | | | | |
| November | 373,132.35 | 257,314.61 | 251,801.70 | 261,382.66 | 273,852.79 | 285,244.13 | 319,051.89 | 323,911.63 | | | | | |
| December | 194,375.82 | 234,399.17 | 241,368.04 | 233,191.67 | 258,144.76 | 277,923.31 | 293,816.98 | 308,587.05 | | | | | |
| Year Totals | 4,017,332.26 | 3,288,677.40 | 3,015,751.34 | 3,049,030.18 | 3,076,277.00 | 3,262,412.92 | 3,630,320.91 | 3,684,475.62 | 1,882,236.89 | | | n/a | |
| As of June 30th | 2,048,417.24 | 1,653,643.33 | 1,508,216.46 | 1,487,509.40 | 1,467,927.11 | 1,583,160.88 | 1,685,507.80 | 1,738,848.69 | 1,882,236.89 | | | 8.2% | |
| 1st Quarter | 1,017,078.62 | 886,643.49 | 808,713.82 | 753,074.70 | 734,773.40 | 814,530.96 | 862,083.38 | 869,130.54 | 942,372.32 | | | 8.4% | |
| 2nd Quarter | 1,031,338.62 | 766,999.84 | 699,502.64 | 734,434.70 | 733,153.71 | 768,629.92 | 823,424.42 | 869,718.15 | 939,864.57 | | | 8.1% | |

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: July 25, 2016

TO: The Honorable Mayor and City Council

FROM: Trent J. Lougheed, P.E., Interim Community Development Director

SUBJECT: Revision to Ordinance No. 956-B, Second Reading, as Amended, Allowing Cannabis Growing, Processing, Production, and Retail Facilities in Certain Zones within the City Limits of Chehalis; Limiting the number of Indoor Cannabis Production, Processing, and Growing Facilities.

ISSUE

At the meeting of March 28, 2016, the council discussed Ordinance No. 956-B and directed the administration to revise Section 2 and to limit the number of retail facilities to two within the city.

At the meeting of June 27, 2016, the council received public comment regarding limiting the number of Cannabis Production, Processing, and Growing Facilities to one within the city.

DISCUSSION

On April 11, council passed Ordinance No. 956-B on second reading, with the following amendments:

- Prohibit cannabis retail sales in the Commercial Freeway zone
- Allow the retail sale of cannabis in the General Commercial and Industrial zones only
- Limit the number of cannabis retail facilities to two within the city limits of Chehalis

The amendment (and resultant ordinance) was silent on the number of Cannabis Production, Processing, and Growing Facilities within the city limits.

At the meeting of June 27, 2016, the council received public comment regarding Ordinance No. 956-B and directed the administration to revise the code to limit the number of Cannabis Production, Processing, and Growing Facilities to one within the city.

At the meeting of July 11, 2016, the council received public comment at the first reading of the proposed ordinance. Council approved the ordinance (as revised) with additional

language addressing vested applicants and odor control.

The revised ordinance addresses the vesting of current applications as well as the following odor control requirements:

All cannabis growing, production and processing facilities must conduct their operations in a manner that results in no detectable odor outside of the facility. All facilities must provide an Odor Control Plan identifying locations and model numbers of all odor control systems as well as sizing calculations for the proprietary devices to be installed. If at any time the City determines that the odor control system is not sufficient, the facility must upgrade their Odor Control Plan and implement identified upgrades within 30 days written notice from the City of the violation.

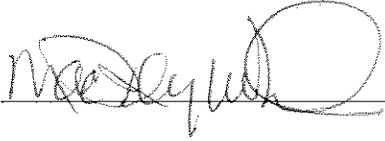
The attached ordinance contains the revisions as directed by the council.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that council pass Ordinance No. 960-B on second and reading, limiting the number of Cannabis Production, Processing, and Growing Facilities to one within the city limits of Chehalis.

SUGGESTED MOTION

I move that the council pass Ordinance No. 960-B on second and final reading, limiting the number of Cannabis Production, Processing, and Growing Facilities to one within the city limits of Chehalis.

Reviewed:  _____, City Manager

ORDINANCE NO. 960-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING ORDINANCE 956-B OF THE CITY OF CHEHALIS, ALLOWING THE GROWING, PRODUCTION AND PROCESSING OF CANNABIS WITHIN INDUSTRIAL ZONES, AND SALES OF CANNABIS IN THE INDUSTRIAL AND GENERAL COMMERCIAL ZONES OF THE CITY LIMITS, AND LIMITING GROWING, PRODUCTION AND PROCESSING OF CANNABIS TO ONE ESTABLISHMENT AND LIMITING RETAIL FACILITIES TO TWO ESTABLISHMENTS WITHIN THE CITY LIMITS, PLACING REQUIREMENTS FOR ODOR CONTROL, AND ESTABLISHING AN EFFECTIVE DATE HEREOF.

WHEREAS a majority of voters of the state passed I-502; and

WHEREAS the State of Washington has determined to allow the growing, production, processing and sales of cannabis; and

WHEREAS municipalities have authority to enact ordinances in furtherance of public safety, morals, health, and welfare pursuant to Article XI, Section 11 of the Washington State Constitution; and

WHEREAS Washington law allows municipalities to regulate and production, processing and dispensing of cannabis through business licensing and taxing, and health and safety requirements; and

WHEREAS in 2012, the Washington voters passed Initiative 502, which directed the Washington State Liquor Control Board (LCB) to regulate recreational cannabis by licensing and taxing recreational cannabis producers, processors and retailers, and is codified in Chapter 69.50 RCW; and

WHEREAS current applications for growing and production are deemed vested by the City; now, therefore, in consideration of the above-referenced recitals,

THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The growing, production and processing of cannabis in the City of Chehalis for medical or recreational purposes are hereby a permitted use in the Industrial Zone.

Section 2. The retail sale of cannabis in the City of Chehalis is allowed only in the General Commercial (GC) and Industrial (IL) zones.

Section 3.

USE CHART – Sorted Alphabetically within the FACTORY (MANUFACTURING) Occupancy Group

(See Appendix Chapter F for Definitions)

| CODE | USE OR OCCUPANCY | PARKING | R-1 | R-2 | R-UGA | R-3 | R-4 | EPF | C-O | C-N | C-G | C-F | CBD | I-L | I-H |
|-------|--|-------------|-----|-----|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| FI22A | Indoor Cannabis production, processing and growing facility (15) (16) (17) (19) (20) | 3/1,000 GSF | x | x | x | x | x | x | x | x | x | x | x | P | P |

| CODE | USE OR OCCUPANCY | PARKING | R-1 | R-2 | R-UGA | R-3 | R-4 | EPF | C-O | C-N | C-G | C-F | CBD | I-L | I-H |
|------|---|-------------|-----|-----|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| M051 | Cannabis Retail Facility (15) (17) (18) | 5/1,000 GSF | x | x | x | x | x | x | x | x | P | x | x | P | x |

15. The Facility must comply with any and all State requirements.
16. The facility must comply with City restrictions regarding control of odor so that no odor can be detected outside the facility. Every applicant (before commencing business) must conduct their operations in a manner that results in no detectable odor outside of the facility. All facilities must provide an Odor Control Plan identifying locations and model numbers of all odor control systems as well as sizing calculations for the proprietary devices to be installed. If at any time the City determines that the odor control system is not sufficient, the facility must upgrade their Odor Control Plan and implement identified upgrades within 30 days of a written notice from the City. During operation, if the building official detects odor problems, the business shall be immediately shut down and will not be allowed to operate until the odor issue is resolved to the City Manager or designee’s satisfaction.
17. Outdoor production facilities shall be prohibited.
18. The number of cannabis retail facilities shall be limited to two within the city limits of Chehalis.
19. The number of production, processing and growing facilities shall be limited to one within the city limits of Chehalis.
20. Even though this City ordinance limits production and processing facilities to one (1) operation, the City recognizes the following business applicants as being vested to operate in the City subject to state and municipal regulations. These businesses are:

Washington State Producers, LLC
 355 NW State Avenue
 Chehalis, Washington 98532

CBD Management, LLC/Loaded Soda
420 N.E. Alaska Way
Chehalis, Washington 98532

Chiliwist Creek Farms
1132 N.W. State Avenue
Chehalis, Washington 98532

Wild Mint, LLC
1132 N.W. State Avenue
Chehalis, Washington 98532

Doc Croc
1132 N.W. State Avenue
Chehalis, Washington 98532.

Section 4. This Ordinance shall become effective on 2nd day of August, 2016.

PASSED by the City Council of the city of Chehalis, Washington, and APPROVED by its Mayor, at a regularly scheduled open public meeting thereof this 25th day of July, 2016.

Dennis L. Dawes, Mayor

Attest:

Judith A. Schave, City Clerk

Approved as to form and for content:

William T. Hillier, City Attorney