

# PLEASE NOTE SPECIAL MEETING TIME

## CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BOULEVARD, CHEHALIS, WA 98532

Anthony E. Ketchum Sr., District 3

Mayor

Terry F. Harris, District 1  
Daryl J. Lund, District 2  
Dr. Isaac S. Pope, District 4

Dennis Dawes, Position at Large, Mayor Pro Tem  
Chad E. Taylor, Position at Large  
Bob Spahr, Position at Large

August 22, 2011

5:30 p.m.

### EXECUTIVE SESSION

- |   |     |  |
|---|-----|--|
| 1. <u>Executive Session Pursuant to RCW 42.30.140(4)(a) – Collective Bargaining, and RCW 42.30.110(1)(i) – Potential Litigation.</u> (City Manager) | ... |  |
|---|-----|--|

Regular Meeting of August 22, 2011

6:00 p.m.

ITEM

ADMINISTRATION  
RECOMMENDATION

PAGE

- |   |  |  |
|---|--|--|
| 2. <u>Call to Order.</u> (Mayor)        |  |  |
| 3. <u>Pledge of Allegiance.</u> (Mayor) |  |  |

**CITIZENS BUSINESS**

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.

**PRESENTATIONS / PROCLAMATIONS**

4. Proclamation Declaring September 17, 2011, as Health and Wellness Day.  
(Mayor)

**CONSENT CALENDAR**

5. Minutes of the Regular Meeting of August 8, 2011. (City Clerk)

APPROVE

1

6. Vouchers and Transfers. (Finance Manager)

APPROVE

7

**STAFF AND CITY COUNCIL REPORTS**

7. Administration Reports.

a. July financial report. (City Manager)

INFORMATION ONLY

8

b. Presentation of the Infiltration/Inflow Strategic Plan. (Public Works Director)

INFORMATION ONLY

13

8. Council Reports.

a. Councilor reports. (City Council)

INFORMATION ONLY

b. Council committee reports. (City Council)

INFORMATION ONLY

**NEW BUSINESS**

9. Chehalis-Centralia Airport FAA Grant Offer. (Airport Manager)

AUTHORIZE EXECUTION OF FAA  
GRANT OFFER

16

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, SEPTEMBER 12, 2011

August 8, 2011

The Chehalis city council met in regular session on Monday, August 8, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:01 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Dennis Dawes. Councilor Taylor was absent (excused). Staff present included: Merlin MacReynold, City Manager; Mark Scheibmeir, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Peggy Hammer, Human Resources Administrator; Herta Fairbanks, Public Works Director; and Patrick Wiltzius, Wastewater Superintendent. Members of the media included Lee Hughes from *The Chronicle* and Bruce Hunting from KIT1.

1. **Upcoming Events at the Vernetta Smith Chehalis Timberland Regional Library.** Community Librarian Corine Aiken reported on two upcoming events taking place at the library on September 7, 2011. The first was a ribbon cutting ceremony by the Chamber of Commerce at 3:00 p.m. to celebrate over 100 years of public library service in Chehalis, with refreshments provided by the Friends of the Library. Ms. Aiken reported later that same day they had a program planned "A 100 Years in Chehalis" starting at 6:00 p.m. Speakers for the program would include herself, two local published authors, Julie Zander and Pricilla Tiller, and Edna Fund.

2. **Concern for Homeless in Chehalis.** June Villalovas stated she was advocating for the homeless people, noting she as well as others were being treated very badly by shelters in the area. She reported many of them had been thrown out for personality disorders, which she felt was not fair or right. Ms. Villalovas wondered what the purpose of a fair housing law was when personality disorders are not being recognized as discrimination.

Mayor Ketchum stated he understood Ms. Villalovas' plea; however, as a council, their authority was very limited because they don't have control of what the shelters do. City Manager MacReynold stated he would be happy to follow-up with Ms. Villalovas and the Lewis County health department to find out what authority the county had over the shelters.

3. **Request for Letter of Support.** Steve Harvey, Director of the Cowlitz-Wahkiakum Council of Governments (CWCOG), reported they are a regional planning agency and they address a variety of regional and local planning issues. He noted they also provide a variety of contractual services to their members. Mr. Harvey stated they were governed by a Board of Representatives from the various jurisdictions that meet once a month to give policy direction, approve budgets and amendments to the budgets. He talked briefly about the different projects and services provided by the CWCOG, which include: planning services; parks and recreation planning; community visualization services; housing and community development; economic development planning; fiscal planning; grant application development; transportation planning; and data and information services.

Mr. Harvey reported they were currently looking at an opportunity to get a federal grant being put up by the Federal Housing and Urban Development (HUD), adding they issued their first notice last year for the first round of funding. He noted the due date for the preliminary application was August 25, 2011. Mr. Harvey reported they met and talked with the Economic Development District Board who strongly urged them to do a two-county effort rather than trying to cover such a larger geographic area. He noted they took their proposal to the Lewis County and Cowlitz County Commissioners last week to get their support for submitting an application to HUD for a sustainable communities regional planning grant. Mr. Harvey reported if the grant was successful it would bring together a number of different efforts that would look at issues such as: water/sewer infrastructure, land use planning and environmental conservation, energy systems, and other infrastructure priorities. He stated the two counties would look at putting the elements together to identify priorities, and hopefully create an enhanced eligibility for other federal grant programs. Mr. Harvey indicated the CWCOG worked with the two counties to put together a comprehensive economic development strategy to identify common goals and policies for the two-county region in the area of economic diversification.

Mr. Harvey reported it would be a three year program, adding the maximum eligibility for the two counties would be \$1.5 million. He noted a lot of the money would be used to build up the capacity to help the two economic development councils, rather than try to create any new boards or committees.

Mayor Ketchum suggested the council read the information and come back at the next meeting with their decision. The council brought up several issues that they had concerns about, such as:

- Where would the process take them after the planning stage
- Where would the money come from for implementation

August 8, 2011

- What was the expected commitment and obligation from the city
- Was there something to show the outcome of previous studies done by the CWCOG, other than a set of books and nice plans
- What were some of the obligations the city might be setting itself up for with regard to the program goals

City Manager MacReynold stated the letter of support would not obligate the city for the grant or the planning; it would be to simply support the CWCOG's efforts to apply for the grant.

Mayor Ketchum asked "if the city signed a letter of support, and the CWCOG gets approval, would the city then receive something back to look through that would state what the city would be obligated to do. Mr. Harvey reported, if HUD approved the grant, the next step would be to develop a full application which would include a full scope of work to show how the project would be structured, and at that time they would come back to the city with more details.

Councilor Pope moved that the council sign a letter of intent to apply for a grant with the CWCOG.

The motion was seconded by Councilor Lund.

Councilor Harris noted in reading the program outcome, it seemed that it primarily had to do with the recent gathered census information. He stated he didn't know if he wanted to participate in the study itself, but he would not hold up the letter of intent.

The motion carried 4 to 1 with Councilor Harris being the dissenting vote.

4. **Consent Calendar**. Councilor Dawes moved to approve the consent calendar comprised of the following:

- a. Minutes of the regular meeting of July 25, 2011;
- b. Claim Vouchers No. 100596-100724 in the amount of \$205,321.28 dated July 29, 2011; and Payroll Vouchers No. 34871-34963, 2443-2512, and Electronic Federal Tax Payment No. 101 in the amount of \$671,035.24 dated July 29, 2011; and
- c. Accept bid from Triad Industrial Contractors in the amount of \$244,882 for the construction of the NW State Avenue pump station upgrade project.

The motion was seconded by Councilor Spahr.

Councilor Spahr noted the estimate for the pump station project was \$200,000 and wondered if staff was okay with the low bid of \$244,882. Herta Fairbanks reported there was \$200,000 budgeted for the project in 2011. She noted the \$244,882 included \$24,000 in contingency, which would bring them closer to their budgeted amount. Ms. Fairbanks stated they were confident they could cover it with what they have available from the wastewater fund.

Councilor Dawes asked if it was possible that the estimate came from a few years back, due to project delays. Ms. Fairbanks noted the estimate could have been low to start with, based on recent history. She added lately, because of the economy, construction estimates have been far greater than what the actual bids have come in at, but it seemed that trend was kind of reversing itself.

The motion carried unanimously.

5. **Special Reports**. City representative Julie Balmelli-Powe updated on the council on the recent meetings of the Flood Authority. Ms. Balmelli-Powe reported last June they fired the chair of the authority and reappointed a new chair, Mayor Vickie Raines from Cosmopolis, Washington. She felt the meeting in July had been their most productive meeting ever, adding they probably got more done in one meeting than in their three years together.

Ms. Balmelli-Powe reported the budget finally passed and they were given \$1.32 million for the biennium, which was what they had asked for. She noted it would give them the ability to complete the fish study, as well as look at enhancement.

August 8, 2011

Ms. Balmelli-Powe reported they also received money to implement an early-warning system, and a hydraulic study that will allow them to plug information into the model to show the affects downstream.

Ms. Balmelli-Powe reported the Chehalis Tribe was officially off of the flood authority, adding their reign ended on June 29. She noted the Tribe could rejoin the authority if they would like, but to date they have not.

Ms. Balmelli-Powe talked briefly about the termination of the Corps project. She felt the project would have done more harm than good. Ms. Balmelli-Powe stated the bad part was the federal money was no longer there; however, it was good because they could now reformulate the same study and integrate retention into different projects for a basin-wide solution. She noted Congresswoman Jaime Herrera Beutler requested that the United States Army Corps of Engineers not terminate the project because if terminated it would mean starting over from ground zero.

Ms. Balmelli-Powe reported the flood authority would like each jurisdiction to report on what their jurisdiction was doing in the realms of flooding. She inquired as to whom she should talk with, whether it is City Manager MacReynold or Community Development Director Bob Nacht, to get that information in the future.

Mayor Ketchum stated he recently heard that Dave Muller with the Lewis County Public Utility District (PUD), who was a big proponent of retention, was stepping down at the end of the year and wondered if the PUD itself would continue to be committed to retention. Ms. Balmelli-Powe suggested the PUD was kind of the catalyst and believed they would continue to be supportive. Councilor Dawes suggested the city contact the PUD to make sure there is that continued interest.

Ms. Balmelli-Powe reported, with the recent change of reign, they also got rid of the consultants and facilitators that were working against them. She noted they recently hired some new consultants for limited consultation for a lot less money, and felt they would be a lot more productive.

Councilor Dawes noted he recently read a comment made by Keith Phillips from the Governor's Office that the group needed to cooperate with the local Tribes. He stated he was troubled by the comment because based on the information he received it seemed the group has tired to work with the Tribe. Councilor Dawes thought the spokesman for the Tribe was very outspoken and shot down every idea without ever giving it a chance. He asked Ms. Balmelli-Powe if she had any idea how the group felt about Mr. Phillips' comment. Ms. Balmelli-Powe stated all of the cities in the authority, with the exception of Bucoda, were all on the same page and working together. She reported she spoke with Mr. Phillips about his comment, noting she explained to him that the Tribe had been a barrier and did nothing but hold them up. His response was he would like the authority to forward any studies and information on to the Tribe and ask for their comments. Ms. Balmelli-Powe noted they were not expected to change their time-line or process because of the Tribe's comments. Councilor Dawes indicated he wasn't suggesting the Tribe be left out he just thought it was too bad there wasn't someone else who was a little more objective who could represent the Tribe. Ms. Balmelli-Powe stated she agreed, adding it would be nice to have a constructive partner instead of someone who is always trying to obstruct the process.

Councilor Pope stated he wanted to personally thank Ms. Balmelli-Powe, adding he was totally impressed with how she educated herself to the process and how she was going about it in a very constructive manner. He stated it would be nice if the city had more citizens who were willing to get involved, rather than complain.

## 6. Council Reports.

a. Update from Councilor Spahr. Councilor Spahr reported he attended the Chamber Forum earlier in the day, where Speaker of the House Frank Chopp was the guest speaker. He stated he had a chance to talk with Speaker Chopp who made some comments about the Washington State Department of Ecology, noting they seemed to be having some of the same problems we're having with that department.

b. Update from Councilor Dawes. Councilor Dawes reported he attended the Music in the Park event on July 29. He also helped out at the Lewis County Historical Museum pancake breakfast on Saturday, July 30, adding he cooked a lot of sausage along with the mayor who was busy cooking pancakes and Councilor Pope who was serving people.

August 8, 2011

Councilor Dawes reported he attended a ribbon cutting ceremony downtown at the Trading Post, adding they are very supportive of the local organizations and presented a check for \$500 to one of the local clubs.

Councilor Dawes reported he also stopped by the airport over the weekend where they had some good static displays and lot of air traffic coming in and out, as part of the Planes, Trains, and Automobiles event.

c. **Update from Councilor Harris.** Councilor Harris reported he attended the Chehalis Basin Partnership meeting, adding it was still a good functional group. He noted they may be coming back to look at funding options from all the partners to see if they can keep the partnership going.

d. **Update from Mayor Ketchum.** Mayor Ketchum reported he met with the Lewis County Commissioners, local mayors, and city staff to discuss redoing our shoreline master plan. He indicated they want the city to join together with the county and the other cities to pool the money to make a county-wide shoreline policy. Mayor Ketchum noted there would be something brought to the council at the next regular meeting, or the meeting after.

7. **Continued Citizen Business.** Ms. Villalovos suggested, as an advocate for homeless prevention, any money (grants) being put out there should be used for housing for homeless individuals, who are not being treated fairly. She believed homeless people were being thrown aside for other 'pet' projects that the city chooses to do.

8. **Ordinance No 876-B, First Reading – Repealing Utility Related Ordinance Nos. 776-B, 795-B §1, 847-B §4 and 5, and 858-B §6 and 7.** Judy Schave reported, last February, the council passed several ordinances relating to the city's utility rates and operations. As Code Publishing was updating the Chehalis Municipal Code they found a few ordinances that did not get repealed in the process. She noted the ordinance before the council would repeal the areas that were restated in the new utility ordinances. Councilor Dawes suggested, since there were no budgetary issues and it was simply a housekeeping item, that they suspend the rules and pass the ordinance on first and final reading.

Councilor Dawes moved to suspend the rules requiring two readings of an ordinance.

The motion was seconded by Councilor Harris and carried unanimously.

Councilor Dawes moved to pass Ordinance No. 876-B on first and final reading.

The motion was seconded by Councilor Harris and carried unanimously.

9. **Resolution No. 13-2011, First and Final Reading – Authorize City Manager to Execute Interlocal Agreement between the City and the City of Centralia for Rental of Chehalis Vac-Con Truck.** Ms. Fairbanks reported the city has responded to the city of Centralia on an emergency basis when they need the use of a vac-con truck because they do not have one of their own. She noted the city has always billed them for the use of this vehicle in the past. Ms. Fairbanks reported the interlocal agreement was just a step to formalize the agreement between the two cities and would allow them to use their own operators to run the equipment.

Councilor Harris moved that the council adopt Resolution No. 13-2011 on first and final reading, authorizing the city manager to execute the interlocal agreement with the city of Centralia for the rental of the city's sewer jet truck.

The motion was seconded by Councilor Spahr and carried unanimously.

10. **Lodging Tax Advisory Committee (LTAC) Recommendation – Request for Tourism Funding.** Councilor Harris reported the city community development department made a request to the LTAC for \$28,000. The LTAC met, but did not include the two newest members, and authorized the distribution of \$20,000 of the requested amount.

Mayor Ketchum asked if Councilor Harris could briefly explain why the committee did not authorize the full \$28,000. Councilor Harris reported there was a lot of conversation about the ending fund balance, noting the committee was shooting to keep \$50,000 in the fund at year end. He noted, because the budget is created in the prior year, and they really don't know what revenue will be coming in, a lot of it is unknown.

August 8, 2011

Councilor Harris noted other cities have used lodging tax dollars to support similar requests in the past, adding the Revised Code of Washington explicitly states that it can be used for parks and recreation. He noted there was some trepidation on the part of many of the members of the committee as to taxation dollars going back to fund government.

Councilor Spahr thought the money should have been going back into the parks department for years in order to run the tournaments. He was curious as to why they waited until August, after the fastpitch season, to bring it to council when they started talking about it in June. Councilor Harris reported the money would be used for 2011 expenses, adding there were still some tournaments coming up and other things going on. He noted part of the problem was they also have the mandatory 45-day publishing period once the committee makes the recommendation before it can go before the council.

Councilor Lund moved that the council approve the full request of \$28,000.

Councilor Spahr stated he wasn't comfortable changing the recommendation of the committee, adding he felt the committee did their job and he would hate to go against their wishes.

The motion failed for the lack of a second.

Councilor Spahr moved that the council approve the recommendation of the LTAC to award \$20,000 to the City's Community Development Department to fund youth fastpitch and basketball tournaments.

The motion was seconded by Councilor Pope.

Councilor Lund thought they should listen to staff because he felt they should know more than the citizen committee. He suggested they were not being supportive of staff.

The motion carried unanimously.

Councilor Dawes noted one if not all the hotels were very good at tracking where the heads-in-beds were coming from. And while he agreed with the concept of Councilor Lund, that the tournaments probably put more heads-in-beds than anything else they fund, it would be nice to know where most of the heads-in-beds are coming from. He suggested maybe the committee needs to start looking at the funding and following where the heads-in-beds are going.

Councilor Harris reported there was complete agreement in the room that the tournaments do more to put heads-in-beds than any of the other programs combined. He noted tracking was very difficult for most of the hotels, adding they've come up with different ideas on how to track it. Councilor Harris stated the onus was on the organizations that receive the funding to track how many heads they put in beds.

Councilor Pope reported this was the first year he had been involved with requesting funding from the LTAC for Pope's Kids Place. He noted for their event they made the appointments for their guests at the hotels and also had forms out at the event asking people where they were from and where they were staying.

Councilor Pope reported they also put the hotel names and phone numbers on all of their publications they send out throughout the year, which is the way it should be if the city is going to be invested in the organization. He felt it was wrong for an organization to ask for money from the city for one event and for the rest of the year they don't do anything to support our city.

Councilor Lund reported Todd Chaput from the Holiday Inn offered to set up a system to track heads-in-beds and pay money back to the recipients of the funding, but couldn't get any participation.

There being no further business to come before the council, the meeting adjourned at 7:24 p.m.

---

Mayor

August 8, 2011

Attest:

\_\_\_\_\_  
City Clerk

**SUGGESTED MOTION**

**I move that the council approve the minutes of the regular city council meeting of August 8, 2011.**



**CITY OF CHEHALIS**  
**AGENDA REPORT**

DATE: August 15, 2011  
TO: The Honorable Mayor and City Council  
FROM: Robert Nacht, Acting Finance Manager  
PREPARED BY: Michelle White, Accounting Tech II  
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:


1. Claim Voucher No. 72011 and Claim Vouchers No. 100725 through 100864 in the amount of \$182,417.16 dated August 15, 2011 and the transfer of \$85,945.98 from the General Fund, \$20,175.32 from the Arterial Street Fund, \$150.00 from the 1982-93 Community Development Block Grant, \$98.75 from the HUD Block Grant Fund, \$3,021.20 Public Facilities Reserve Fund, \$12.51 from the Garbage Fund, \$38,183.32 from the Wastewater Fund, \$25,695.99 from the Water Fund, \$5,321.84 from the Storm & Surface Water Utility Fund and \$3,812.25 from the Firemen's Pension Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the August 15, 2011 Claim Voucher No. 72011 and Claim Vouchers No. 100725 through 100864 in the amount of \$182,417.16.

SUGGESTED MOTION

I move to approve the August 15, 2011 Claim Voucher No. 72011 and Claim Vouchers No. 100725 through 100864 in the amount of \$182,417.16.

Reviewed by:  <sup>Acting</sup> City Manager

To: The Honorable Mayor and Council  
 Via: Merlin MacReynold, City Manager  
 From: Eva K. Lindgren, Finance Manager  
 Date: August 9, 2011  
 Subject: Monthly Financial Reports for July

**City of Chehalis**  
**Comparative Financial Reports**  
**July 2010 and 2011**

GENERAL FUND (#001) REVENUES	A July 2010		B Actual		C=B/A %		D Budget	E July 2011 Actual	F=E/D %	G Expected % Rec'd*	H^ Var'nc frm Expected	I=F-G %
	Budget	Actual	Budget	Actual	Rec'd	%	Budget	Actual	%	%	Expected	Variance
General Property Taxes	1,212,580	649,077	1,219,000	654,029	53.5%	53.7%	1,219,000	654,029	53.7%	58.3%	(57,054)	-4.6%
EMS Property Taxes	230,920	124,234	233,000	125,200	53.8%	53.7%	233,000	125,200	53.7%	58.3%	(10,717)	-4.6%
Sales & Use Tax	3,300,000	1,747,533	3,000,000	1,728,836	53.0%	57.6%	3,000,000	1,728,836	57.6%	58.3%	(21,164)	-0.7%
Electricity Tax	400,000	179,479	375,000	252,285	44.9%	67.3%	375,000	252,285	67.3%	58.3%	33,535	9.0%
Gas/Natural Gas Tax	284,000	152,135	253,000	175,799	53.6%	69.5%	253,000	175,799	69.5%	58.3%	28,216	11.2%
Criminal Justice Tax	100,000	49,397	92,000	48,965	49.4%	53.2%	92,000	48,965	53.2%	58.3%	(4,702)	-5.1%
Interfund Water/Sewer Tax	328,200	184,917	350,000	178,998	56.3%	51.1%	350,000	178,998	51.1%	58.3%	(25,169)	-7.2%
Garbage Tax	65,000	30,146	65,000	29,295	46.4%	45.1%	65,000	29,295	45.1%	58.3%	(8,622)	-13.2%
Cable Tax	80,000	85,398	80,000	68,414	106.7%	85.5%	80,000	68,414	85.5%	58.3%	21,747	27.2%
Telephone Tax	335,000	177,204	335,000	180,949	52.9%	54.0%	335,000	180,949	54.0%	58.3%	(14,468)	-4.3%
Leasehold Excise Tax	34,000	16,811	35,000	16,766	49.4%	47.9%	35,000	16,766	47.9%	58.3%	(3,651)	-10.4%
Other Taxes	0	0	0	27	N/A	N/A	0	27	N/A	58.3%	27	N/A
<b>Total Tax Revenues</b>	<b>\$6,369,700</b>	<b>\$3,396,331</b>	<b>\$6,037,000</b>	<b>\$3,459,563</b>	<b>53.3%</b>	<b>57.3%</b>	<b>\$6,037,000</b>	<b>\$3,459,563</b>	<b>57.3%</b>	<b>58.3%</b>	<b>(\$62,020)</b>	<b>-1.0%</b>
Licenses & Permits	66,080	33,994	120,200	37,155	51.4%	30.9%	120,200	37,155	30.9%	58.3%	(32,962)	-27.4%
Intergov't. Grants/Entitlements	432,650	197,075	337,414	205,859	45.6%	61.0%	337,414	205,859	61.0%	58.3%	9,034	2.7%
Charges for Goods and Svcs.	1,052,589	625,001	779,094	458,497	59.4%	58.9%	779,094	458,497	58.9%	58.3%	4,026	0.6%
Fines and Forfeitures	96,360	64,357	147,824	94,295	66.8%	63.8%	147,824	94,295	63.8%	58.3%	8,064	5.5%
Interest Earnings	28,200	12,481	18,800	6,674	44.3%	35.5%	18,800	6,674	35.5%	58.3%	(4,293)	-22.8%
Rents & Royalties	64,215	39,256	64,200	40,001	61.1%	62.3%	64,200	40,001	62.3%	58.3%	2,551	4.0%
Donations/Contributions	36,969	32,801	102,599	98,098	88.7%	95.6%	102,599	98,098	95.6%	58.3%	38,249	37.3%
Misc. Revenue/Insurance	3,000	3,552	10,918	11,258	118.4%	103.1%	10,918	11,258	103.1%	58.3%	4,889	44.8%
Non-Revenues	3,958	3,322	5,500	2,664	83.9%	48.4%	5,500	2,664	48.4%	58.3%	(544)	-9.9%
<b>Total Non-Tax Revenues</b>	<b>1,784,021</b>	<b>1,011,839</b>	<b>1,586,549</b>	<b>954,501</b>	<b>56.7%</b>	<b>60.2%</b>	<b>1,586,549</b>	<b>954,501</b>	<b>60.2%</b>	<b>58.3%</b>	<b>\$29,014</b>	<b>1.9%</b>
Proceeds of Long-Term Debt	1,131,362	0	1,131,362	0	0.0%	0.0%	1,131,362	0	0.0%	58.3%	(659,961)	-58.3%
Operating Transfers-In	50,000	12,500	24,000	0	25.0%	0.0%	24,000	0	0.0%	58.3%	(14,000)	-58.3%
<b>Total Other Financing Sources</b>	<b>1,181,362</b>	<b>12,500</b>	<b>1,155,362</b>	<b>0</b>	<b>1.1%</b>	<b>0.0%</b>	<b>1,155,362</b>	<b>0</b>	<b>0.0%</b>	<b>58.3%</b>	<b>(\$673,961)</b>	<b>-58.3%</b>
<b>TOTALS</b>	<b>\$9,335,083</b>	<b>\$4,420,670</b>	<b>\$8,778,911</b>	<b>\$4,414,064</b>	<b>47.4%</b>	<b>50.3%</b>	<b>\$8,778,911</b>	<b>\$4,414,064</b>	<b>50.3%</b>	<b>58.3%</b>	<b>(\$706,967)</b>	<b>-8.0%</b>

Key:  
 \* The expected percentage is calculated as follows: since the report is for the 7th month of the year, 7 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  
July 2010 and 2011**

GENERAL FUND (#001) EXPENDITURES	A July 2010		B Actual		C=B/A %		D July 2011		E Actual		F=E/D %		G Expected % Exp*		H^ Var'nc f'm Expected		I=G-F % Variance	
	Budget	Actual	Budget	Actual	Exp'd	%	Budget	Actual	Exp'd	%	Exp'd	%	Exp'd	%	Exp'd	%	Exp'd	%
City Council	97,431	54,706	56.1%	56.1%	101,063	56,613	56.0%	58.3%	2,340	2.3%	58.3%	2,340	2.3%	2,340	58.3%	2,340	58.3%	2.3%
Municipal Court	325,256	183,160	56.3%	56.3%	334,798	176,518	52.7%	58.3%	18,781	5.6%	58.3%	18,781	5.6%	18,781	58.3%	18,781	58.3%	5.6%
City Manager	351,343	207,640	59.1%	59.1%	323,204	187,645	58.1%	58.3%	891	0.2%	58.3%	891	0.2%	891	58.3%	891	58.3%	0.2%
Finance	496,314	308,638	62.2%	62.2%	317,680	178,398	56.2%	58.3%	6,915	2.1%	58.3%	6,915	2.1%	6,915	58.3%	6,915	58.3%	2.1%
City Clerk	95,912	54,415	56.7%	56.7%	91,305	51,814	56.7%	58.3%	1,447	1.6%	58.3%	1,447	1.6%	1,447	58.3%	1,447	58.3%	1.6%
Non-Departmental	1,534,163	195,607	12.8%	12.8%	1,542,687	167,836	10.9%	58.3%	732,065	47.4%	58.3%	732,065	47.4%	732,065	58.3%	732,065	58.3%	47.4%
Human Resources	140,962	73,854	52.4%	52.4%	130,530	82,529	63.2%	58.3%	(6,387)	-4.9%	58.3%	(6,387)	-4.9%	(6,387)	58.3%	(6,387)	58.3%	-4.9%
Police	2,403,537	1,403,290	58.4%	58.4%	2,269,433	1,285,818	56.7%	58.3%	38,018	1.6%	58.3%	38,018	1.6%	38,018	58.3%	38,018	58.3%	1.6%
Fire	1,913,269	1,120,442	58.6%	58.6%	1,766,840	1,001,358	56.7%	58.3%	29,299	1.6%	58.3%	29,299	1.6%	29,299	58.3%	29,299	58.3%	1.6%
Public Works - Streets	615,696	248,354	40.3%	40.3%	464,160	200,026	43.1%	58.3%	70,734	15.2%	58.3%	70,734	15.2%	70,734	58.3%	70,734	58.3%	15.2%
Public Works - Engineering	289,837	174,366	60.2%	60.2%	138,813	66,429	47.9%	58.3%	14,545	10.4%	58.3%	14,545	10.4%	14,545	58.3%	14,545	58.3%	10.4%
Community Development	1,560,275	915,856	58.7%	58.7%	1,218,672	768,386	63.1%	58.3%	(57,494)	-4.8%	58.3%	(57,494)	-4.8%	(57,494)	58.3%	(57,494)	58.3%	-4.8%
<b>TOTALS</b>	<b>\$9,823,995</b>	<b>\$4,940,328</b>	<b>50.3%</b>	<b>50.3%</b>	<b>\$8,699,185</b>	<b>\$4,223,370</b>	<b>48.5%</b>	<b>58.3%</b>	<b>851,155</b>	<b>9.8%</b>	<b>58.3%</b>	<b>851,155</b>	<b>9.8%</b>	<b>851,155</b>	<b>58.3%</b>	<b>851,155</b>	<b>58.3%</b>	<b>9.8%</b>

Net Budget/Income/Variance: (\$488,912) (\$519,658)

\$79,726 \$190,694

\$144,187 1.8%

Key:

\* The expected percentage is calculated as follows: since the report is for the 7th month of the year, 7 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.)

(1) Debt has yet to be issued.

(2) Interfund loans will be repaid only once debt has been issued.

City of Chehalis  
Comparative Financial Reports  
July 2010 and 2011

	A		B		C=B/A		D		E		F=E/D		G		H^		I=F-G	
	Budget	July 2010 Actual	Budget	Actual	%	Rec'd	Budget	July 2011 Actual	%	Rec'd	Expected % Rec'd*	Expected % Exp*	Var'nc Expected	f'm Expected	Expected	Variance		
<b>WASTEWATER FUND (#404)</b>																		
<b>REVENUES</b>																		
Wastewater Fees	3,510,208	2,014,649	57.4%	3,338,552	1,966,243	58.9%	18,754	58.3%	18,754	58.3%	18,754	0.6%	18,754	0.6%	18,754	0.6%	0.6%	
Sewer Connection/Misc. Fees	70,000	20,239	28.9%	35,000	13,129	37.5%	(7,288)	58.3%	13,129	58.3%	(7,288)	-20.8%	(7,288)	-20.8%	(7,288)	-20.8%	-20.8%	
Rentals	3,750	3,750	100.0%	3,750	3,750	100.0%	1,563	58.3%	3,750	58.3%	1,563	41.7%	1,563	41.7%	1,563	41.7%	41.7%	
Misc. Revenues/Insurance	2,500	2,744	109.8%	2,500	2,083	83.3%	625	58.3%	2,083	58.3%	625	25.0%	625	25.0%	625	25.0%	25.0%	
Interfund Principal Repayment	565,681	0	0.0%	565,681	0	0.0%	(329,981)	58.3%	0	58.3%	(329,981)	-58.3%	(329,981)	-58.3%	(329,981)	-58.3%	-58.3%	(1)
Proceeds from Sale of Capital Assets	0	3,668	N/A	0	0	N/A	0	58.3%	0	58.3%	0	N/A	0	N/A	0	N/A	N/A	
Interest Earnings	54,000	8,329	15.4%	16,000	7,570	47.3%	(1,763)	58.3%	7,570	58.3%	(1,763)	-11.0%	(1,763)	-11.0%	(1,763)	-11.0%	-11.0%	
Totals:	\$4,206,139	\$2,053,379	48.8%	\$3,961,483	\$1,992,775	50.3%	(\$318,090)	58.3%	\$1,992,775	58.3%	(\$318,090)	-8.0%	(\$318,090)	-8.0%	(\$318,090)	-8.0%	-8.0%	

	A		B		C=B/A		D		E		F=E/D		G		H^		I=G-F	
	Budget	July 2010 Actual	%	Exp'd	Budget	July 2011 Actual	%	Exp'd	Expected % Exp*	Expected % Exp*	Var'nc Expected	f'm Expected	Expected	Variance				
<b>WASTEWATER FUND (#404)</b>																		
<b>EXPENSES</b>																		
Operating Expenses	2,292,351	1,378,697	60.1%	2,427,364	1,359,600	56.0%	56,362	58.3%	1,359,600	58.3%	56,362	2.3%	56,362	2.3%	56,362	2.3%	2.3%	
Capital Outlay	70,000	10,784	15.4%	290,000	104,803	36.1%	64,364	58.3%	104,803	58.3%	64,364	22.2%	64,364	22.2%	64,364	22.2%	22.2%	
Debt Principal	1,737,660	954,351	54.9%	1,685,894	912,823	54.1%	70,615	58.3%	912,823	58.3%	70,615	4.2%	70,615	4.2%	70,615	4.2%	4.2%	
Interest Expense	59,481	41,916	70.5%	50,166	33,741	67.3%	(4,478)	58.3%	33,741	58.3%	(4,478)	-9.0%	(4,478)	-9.0%	(4,478)	-9.0%	-9.0%	
Totals:	\$4,159,492	\$2,385,748	57.4%	\$4,453,424	\$2,410,967	54.1%	(\$131,226)	58.3%	\$2,410,967	58.3%	(\$131,226)	-3.8%	(\$131,226)	-3.8%	(\$131,226)	-3.8%	-3.8%	

Net Budget/Income/Variance: \$46,647 (\$332,369)

(\$491,941) (\$418,192)

(\$131,226) -3.8%

Key:

\* The expected percentage is calculated as follows: since the report is for the 7th month of the year, 7 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.)

(1) Interfund loans will only be paid once G.O. debt has been issued.

**City of Chehalis**  
**Comparative Financial Reports**  
**July 2010 and 2011**

WATER FUND (#405) REVENUES	A		B		C=B/A		D		E		F=E/D		G		H^		I=F-G	
	Budget	July 2010 Actual	Actual	Rec'd	%	Budget	July 2011 Budget	Actual	Rec'd	%	Expected % Rec'd*	Var'nc frm Expected	%	Expected % Rec'd*	Var'nc frm Expected	%		
Intergovernmental Revenues	0	0	0	N/A		14,520	14,520	100.0%	58.3%	58.3%	6,050	41.7%	58.3%	6,050	41.7%			
Water Sales	2,298,896	1,220,744	1,220,744	53.1%		2,541,852	1,288,187	50.7%	58.3%	58.3%	(194,560)	-7.6%	58.3%	(194,560)	-7.6%			
Water Connection/Misc. Fees	200,000	18,597	18,597	9.3%		26,000	11,719	45.1%	58.3%	58.3%	(3,448)	-13.2%	58.3%	(3,448)	-13.2%			
Interfund Principal Repayment	565,681	0	0	0.0%		565,681	0	0.0%	58.3%	58.3%	(329,981)	-58.3%	58.3%	(329,981)	-58.3%			
Misc. Revenues/Insurance	0	115	115	N/A		0	837	N/A	58.3%	58.3%	837	N/A	58.3%	837	N/A			
Interest Earnings	14,000	0	0	0.0%		16,000	6,738	42.1%	58.3%	58.3%	(2,595)	-16.2%	58.3%	(2,595)	-16.2%			
Proceeds frm Sale of Capital Assets	0	1,692	1,692	N/A		0	0	N/A	58.3%	58.3%	0	N/A	58.3%	0	N/A			
<b>Totals:</b>	<b>\$3,078,577</b>	<b>\$1,241,148</b>	<b>\$1,241,148</b>	<b>40.3%</b>		<b>\$3,164,053</b>	<b>\$1,322,001</b>	<b>41.8%</b>	<b>58.3%</b>	<b>58.3%</b>	<b>(\$523,697)</b>	<b>-16.6%</b>	<b>58.3%</b>	<b>(\$523,697)</b>	<b>-16.6%</b>			

WATER FUND (#405) EXPENSES	A		B		C=B/A		D		E		F=E/D		G		H^		I=G-F	
	Budget	July 2010 Actual	Actual	Exp'd	%	Budget	July 2011 Budget	Actual	Exp'd	%	Expected % Exp*	Var'nc frm Expected	%	Expected % Exp*	Var'nc frm Expected	%		
Operating Expenses	1,803,191	1,043,129	1,043,129	57.8%		1,929,809	1,037,133	53.7%	58.3%	58.3%	88,589	4.6%	58.3%	88,589	4.6%			
Capital Outlay	577,000	414,978	414,978	71.9%		331,034	43,657	13.2%	58.3%	58.3%	149,446	45.1%	58.3%	149,446	45.1%			
Debt Principal	127,464	16,000	16,000	12.6%		129,077	16,000	12.4%	58.3%	58.3%	59,295	45.9%	58.3%	59,295	45.9%			
Interest Expense	28,725	9,750	9,750	33.9%		26,496	8,950	33.8%	58.3%	58.3%	6,506	24.5%	58.3%	6,506	24.5%			
<b>Totals:</b>	<b>\$2,536,380</b>	<b>\$1,483,857</b>	<b>\$1,483,857</b>	<b>58.5%</b>		<b>\$2,416,416</b>	<b>\$1,105,740</b>	<b>45.8%</b>	<b>58.3%</b>	<b>58.3%</b>	<b>\$303,836</b>	<b>12.5%</b>	<b>58.3%</b>	<b>\$303,836</b>	<b>12.5%</b>			

Net Budget/Income/Variance: \$542,197 (\$242,709) \$747,637 \$216,261

Key:

\* The expected percentage is calculated as follows: since the report is for the 7th month of the year, 7 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.)

(1) Interfund loans will only be paid once G.O. debt has been issued.

(2) Capital expenditures are not made evenly throughout the year.

City of Chehalis  
Comparative Financial Reports  
July 2010 and 2011

STORM FUND (#406) REVENUES	A		B		C=B/A		D		E		F=E/D		G		H^		I=F-G	
	Budget	July 2010 Actual	Actual	% Rec'd	Budget	July 2011 Actual	Actual	% Rec'd*	Expected % Rec'd*	Expected % Exp*	Var'nc fm Expected	Var'nc	%					
Storm & Surface Water Fees	402,500	233,956	58.1%	401,500	236,408	58.9%	58.3%	58.3%	2,200	0.6%								
Storm Connection/Misc. Fees	24,000	5,090	21.2%	10,000	489	4.9%	58.3%	58.3%	(5,344)	-53.4%								
Interest Earnings	1,500	0	0.0%	500	245	49.0%	58.3%	58.3%	(47)	-9.3%								
Misc. Revenues/Insurance	0	0	N/A	0	398	N/A	58.3%	58.3%	398	N/A								
Totals:	\$428,000	\$239,046	55.9%	\$412,000	\$237,540	57.7%	58.3%	58.3%	(\$2,793)	-0.6%								

STORM FUND (#406) EXPENSES	A		B		C=B/A		D		E		F=E/D		G		H^		I=G-F	
	Budget	July 2010 Actual	Actual	% Exp'd	Budget	July 2011 Actual	Actual	% Exp'd	Expected % Exp*	Expected % Exp*	Var'nc fm Expected	Var'nc	%					
Operating Expenses	376,541	197,081	52.3%	363,139	170,076	46.8%	58.3%	58.3%	41,755	11.5%								
Capital Outlay	73,000	0	0.0%	0	3,464	N/A	58.3%	58.3%	(3,464)	N/A								
Totals:	\$449,541	\$197,081	43.8%	\$363,139	\$173,540	47.8%	58.3%	58.3%	\$38,291	10.5%								
Net Budget/Income/Variance:	(\$21,541)	\$41,965		\$48,861	\$64,000				\$35,498	9.9%								

Key:  
 \* The expected percentage is calculated as follows: since the report is for the 7th month of the year, 7 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.

Received by *Al Schreffler*, <sup>Acting</sup> City Manager

**CITY OF CHEHALIS  
AGENDA REPORT**

**DATE:** August 17, 2011

**TO:** The Honorable Mayor and City Council

**FROM:** Herta Fairbanks, Public Works Director  
Patrick Wiltzius, Water Superintendent

**SUBJECT:** Presentation of the Infiltration/Inflow Strategic Plan

**ISSUE**

In 2010, Council authorized funding for the development of a strategic plan for continuing the City's sewer rehabilitation program, the next step in the process of maintaining compliance with Consent Decree No. C96-5968RJB with the Washington State Department of Ecology (USEPA). The goal of the rehabilitation program is to remove I&I from the City's sewer system and thereby reduce wet weather influent flow to the City's wastewater treatment plant. The administration is presenting the completed Inflow/Infiltration Strategic Plan for Council's review and comment.

**DISCUSSION**

Inflow and infiltration (I&I) is the entrance of storm and groundwater into a collection system through cracks, holes in pipes and manholes. I&I is a very real issue for any sewer system as it:

- affects the amount of actual wastewater flows;
- has the potential to significantly change the characteristics of wastewater received at treatment facilities; and
- takes up valuable capacity in both the collection system and the treatment facilities that could be used for growth.

**Brief History:**

- In the 1980s and 1990s, the City spent several million dollars on rehabilitation projects to remove I&I from the wastewater collection system.
- In 1996, the City of Chehalis, the City of Centralia, and Darigold filed a complaint against the United States Environmental Protection Agency (EPA) and the WSDOE for injunctive and declaratory relief of the EPA's action approving total maximum daily loads (TMDLs) for the Upper Reach of the Chehalis River.
- In 1998, the last I&I project was completed.
- In January 2000, a consent decree was filed identifying concessions made by the defendants (EPA and WSDOE) as well as agreements made by the plaintiffs to receive these concessions. As part of this consent decree, Chehalis agreed to

continue with I&I projects in an effort to reduce I&I in the system. Compliance was set at 8 years from the date of the decree, with a 2 year hardship extension. This was further deferred pending completion of the new wastewater treatment plant but, per the Consent Decree, the City must, at a minimum, maintain the collection system in its current condition.

- In 2007, the new Wastewater Treatment Plant was completed and placed into operation.

Now that the treatment plant project is complete, the City should continue with I&I reduction efforts. There is no current regulatory requirement specifically identifying a pre-determined amount of I&I reduction, but the City is taking a proactive approach to the issue and as such has developed an I&I Strategic Plan.

This study presents a general strategic plan for removing I&I so that the City can move forward with an I&I reduction program at its own pace. For this strategic plan, staff directed Gibbs & Olson to identify and prioritize areas within the city (basins) which will provide the highest reductions in I&I in the most cost effective manner. For simplicity's sake, the top ten projects were identified with a total cost per project cap of not more than \$1,000,000. The \$1,000,000 target was chosen to provide projects that would better qualify for external funding. Most of these top ten projects can be broken down into smaller projects depending on funding available.

The table below provides a list of prioritized of basins, which replacement method is recommended and a cost estimate for that work. All costs are presented in 2010 dollars.

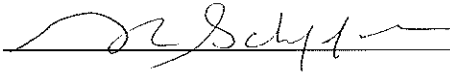
Table 4						
ESTIMATED PROJECT COSTS						
2010 Basin Priority	Basin Name	Pipe Lengths (Feet)	Dig and Replace	Pipe Bursting	CIPP	Total
1	1022A	5,505		\$378,400	\$391,300	\$769,700
2	1022B	6,109	\$1,293,900		\$146,600	\$1,440,500
3	8002A	4,414		\$655,700	\$135,600	\$791,300
4	8002B	5,431	\$601,700	\$126,500	\$382,000	\$1,110,200
5	8002C	4,390			\$1,030,500	\$1,030,500
6	8002D	4,870		\$826,400	\$171,600	\$998,000
7	4050	3,471	\$187,700	\$508,900		\$696,600
8	5076A	5,284		\$907,200	\$27,300	\$934,500
9	5076B	5,092		\$1,027,300		\$1,027,300
10	5076D	6,380		\$661,500	\$265,000	\$926,500
Totals		50,946	\$2,083,300	\$5,091,900	\$2,549,900	\$9,725,100

The projects identified in this listing, as stated earlier, are the top ten projects for providing the most significant reductions in I&I.



**RECOMMENDATION/COUNCIL ACTION DESIRED**

No action is required at this time. This agenda item is for informational purposes only. We welcome your questions and comments.

REVIEWED BY: , ACTING CITY MANAGER



U.S. Department  
Of Transportation  
Federal Aviation Administration  
Northwest Mountain Region

Seattle Airports District Office  
1601 Lind Ave SW, Suite 250  
Renton, WA 98057

August 15, 2011

Mr. Allyn Roe  
Airport Manager  
Post Office Box 1344  
Chehalis, WA 98532

Dear Mr. Roe:

Grant offer for  
Chehalis-Centralia Airport  
Chehalis, Washington  
AIP Project Number:3-53-0012-013  
Contract Number:DOT-FA11NM-0048  
DUNS Number:07-927-2555

Enclosed is a copy of the subject grant offer in the amount of \$170,000.00. Please note that the grant offer must be accepted by each co-sponsor on or before: Monday, September 12, 2011.

Please have the appropriate official authorized to execute the Grant Offer sign and date the "Acceptance" with the appropriate official attesting to the execution and affixing the sponsor's corporate seal.

The attorney for the sponsor then must execute and date the "Certificate of Sponsor's Attorney" with the date being no earlier than the date of acceptance of the Grant Agreement. This action will certify that the acceptance complies with all applicable local and state laws and constitutes a legal and binding obligation of the sponsor.

After execution is completed, please fax (425) 227-1650 or scan and e-mail a copy of the signed Grant Agreement to your FAA project manager not later than: Monday, September 12, 2011, and, also, return an executed copy to this office by mail.

All applicable project-related requirements pertaining to environmental analysis and approval for this grant have been met in accordance with the guidelines contained in FAA Order 5050.4B, Airport Environmental Handbook.

If you have any questions in regard to acceptance of the grant offer, please contact your project manager or this office.

Sincerely,

Carolyn T. Read  
Acting ADO Manager, Seattle Airports District Office



U.S. Department of Transportation  
Federal Aviation Administration

---

Grant Agreement  
Part 1 – Offer

Chehalis-Centralia Airport

Chehalis, Washington

Date of Offer: Monday, August 15, 2011

Project Number: 3-53-0012-013

Contract Number: DOT-FA11NM-0048

To: Lewis County and City of Chehalis, Washington (herein called the "Sponsor")

From: The United States of America (acting through the Federal Aviation Administration, herein called the "FAA")

WHEREAS, the Sponsor has submitted to the FAA a Project Application dated August 10, 2011, for a grant of Federal funds for a project at or associated with the Chehalis-Centralia Airport which Project Application, as approved by the FAA, is hereby incorporated herein and made a part hereof; and  
WHEREAS, the FAA has approved a project for the Airport (herein called the "Project") consisting of the following:

Install perimeter fence; Acquire Snow Removal Equipment (SRE), including plow truck

all as more particularly described in the Project Application.

NOW THEREFORE, pursuant to and for the purpose of carrying out the provisions of Title 49, United States Code, and in consideration of (a) the Sponsor's adoption and ratification of the representations and assurances contained in said Project Application and its acceptance of this Offer as hereinafter provided, and (b) the benefits to accrue to the United States and the public from the accomplishment of the Project and compliance with the assurances and conditions as herein provided, THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES to pay, as the United States share of the allowable costs incurred in accomplishing the Project, ninety-five (95) percentum of all allowable Project costs.

This Offer is made on and subject to the following terms and conditions:

**Part I - Conditions**

- 1) The maximum obligation of the United States payable under this Offer shall be \$170,000.00. For the purposes of any future grant amendments which may increase the foregoing maximum obligation of the United States under the provisions of Section 47108(b) of the Act, the following amounts are being specified for this purpose:

\$0.00	For planning
\$170,000.00	For airport development or noise program implementation

- 2) The allowable costs of the project shall not include any costs determined by the FAA to be ineligible for consideration as to allowability under the provisions of the Act.
- 3) Payment of the United States' share of the allowable project costs will be made pursuant to and in accordance with the provisions of such regulations and procedures as the Secretary shall prescribe. Final determination of the United States' share will be based upon the final audit of the total amount of allowable project costs and settlement will be made for any upward or downward adjustments to the Federal share of costs.
- 4) The Sponsor shall carry out and complete the Project without undue delays and in accordance with the terms hereof, and such regulations and procedures as the Secretary shall prescribe, and agrees to comply with the assurances which were made part of the project application.
- 5) The FAA reserves the right to amend or withdraw this Offer at any time prior to its acceptance by the Sponsor.

- 6) This Offer shall expire and the United States shall not be obligated to pay any part of the costs of the project unless this Offer has been accepted by the Sponsor on or before Monday, September 12, 2011, or such subsequent date as may be prescribed in writing by the FAA.
- 7) The Sponsor shall take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner in any project upon which Federal funds have been expended. For the purposes of this grant agreement the term "Federal funds" means funds however used or disbursed by the Sponsor that were originally paid pursuant to this or any other Federal grant agreement. It shall obtain the approval of the Secretary as to any determination of the amount of the Federal share of such funds. It shall return the recovered Federal share, including funds recovered by settlement, order, or judgment to the Secretary. It shall furnish upon request, all documents and records pertaining to the determination of the amount of the Federal share or to any settlement, litigation, negotiation, or other efforts taken to recover such funds. All settlements or other final positions of the Sponsor, in court or otherwise, involving the recovery of such Federal share shall be approved in advance by the Secretary.
- 8) The United States shall not be responsible or liable for damage to property or injury to persons which may arise from, or be incident to, compliance with this grant agreement.
- 9) Trafficking in persons:
  - a) **Provisions applicable to a recipient that is a private entity.**
    - i) You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not—
      - (1) Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
      - (2) Procure a commercial sex act during the period of time that the award is in effect; or
      - (3) Use forced labor in the performance of the award or subawards under the award.
    - ii) We as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity—
      - (1) Is determined to have violated a prohibition in paragraph a.1 of this award term; or
      - (2) Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this award term through conduct that is either—

- (a) Associated with performance under this award; or
- (b) Imputed to your or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 49 CFR Part 29.

**b) Provision applicable to a recipient other than a private entity.**

- i) We as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity–
  - (1) Is determined to have violated an applicable prohibition in paragraph a.1 of this award term; or
  - (2) Has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in paragraph a.1 of this award term through conduct that is either–
    - (a) Associated with performance under this award; or
    - (b) Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 49 CFR Part 29.

**c) Provisions applicable to any recipient.**

- i) You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.1 of this award term.
- ii) Our right to terminate unilaterally that is described in paragraph a.2 or b of this section:
  - (1) Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104 (g)), and
  - (2) Is in addition to all other remedies for noncompliance that are available to us under this award.
- iii) You must include the requirements of paragraph a.1 of this award term in any subaward you make to a private entity.

**d) Definitions. For purposes of this award term:**

- i) "Employee" means either:
  - (1) An individual employed by you or a subrecipient who is engaged in the performance of the project or program under this award; or
  - (2) Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.
  
- ii) "Forced labor" means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subsection to involuntary servitude, peonage, debt bondage, or slavery.
- iii) "Private entity":
  - (1) Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 CFR 175.25.
  - (2) Includes:
    - (a) A nonprofit organization, including any nonprofit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 CFR 175.25(b).
    - (b) A for-profit organization.
  
- iv) "Severe forms of trafficking in persons," "commercial sex act," and "coercion" have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

## Special Conditions

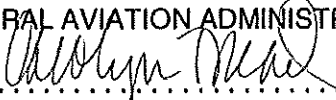
- 10) It is understood and agreed that Lewis County, WA and the City of Chehalis, WA authorized the execution of the Application for Federal Assistance dated August 10, 2011 and Standard DOT Title VI Assurances dated August 10, 2011, on their behalf by Allyn Roe, Airport Manager, and that they jointly and severally adopted and ratified the representations and assurances contained therein; and that the word "Sponsor" as used in the project application and other assurances is deemed to include Lewis County, WA and the City of Chehalis, WA.
  
- 11) It is mutually understood and agreed that if, during the life of the project, the FAA determines that the maximum grant obligation of the United States exceeds the expected needs of the Sponsor by \$25,000.00 or five percent (5%), whichever is greater, the maximum obligation of the United States can be unilaterally reduced by letter from the FAA advising of the budget change. Conversely, if there is an overrun in the total actual eligible and allowable development and land project costs, FAA may increase the maximum grant obligation of the United States to cover the amount of the overrun not to exceed the statutory percent limitation and will advise the Sponsor by letter of the increase. If the increase in project costs is attributable to planning items, the maximum United States obligation may not be increased. It is further understood and agreed that if, during the life of the project, the FAA determines that a change in the grant description is advantageous and in the best interests of the United States, the change in grant description will be unilaterally amended by letter from the FAA. Upon issuance of the aforementioned letter, either the grant obligation of the United States is adjusted to the amount specified or the grant description is amended to the description specified.
  
- 12) In accordance with Section 47108(b) of the Act, as amended, the maximum obligation of the United States, as stated in Condition No. 1 of this Grant Offer:
  - a) may not be increased for a planning project;
  - b) may be increased by not more than 15 percent for development projects;
  - c) may be increased by not more than 15 percent or by an amount not to exceed 25 percent of the total increase in allowable costs attributable to the acquisition of land or interests in land, whichever is greater, based on current credible appraisals or a court award in condemnation.
  
- 13) Unless otherwise approved by the FAA, the Sponsor will not acquire or permit any contractor or subcontractor to acquire any steel or manufactured products produced outside the United States to be used for any project for airport development or noise compatibility for which funds are provided under this grant. The Sponsor will include in every contract a provision implementing this special condition.



- 14) The Sponsor shall provide for an annual audit in accordance with Office of Management and Budget Circular A-133. The Sponsor shall provide one copy of the completed A-133 Audit to the FAA Airports District Office and three copies of the audit to: Federal Audit Clearinghouse, Bureau of the Census, 1201 10th Street, Jeffersonville, IN 47132.
- 15) The Sponsor agrees to monitor progress on the work to be accomplished by this grant. For consultant services, the Sponsor agrees to make payment only for work that has been satisfactorily completed. It is understood by and between the parties hereto that the approximate value of the final project documentation is ten percent (10%) of the total value of the engineering services contract, and that amount will not be paid to the Engineer until acceptable final project documentation is provided

The Sponsor's acceptance of this Offer and ratification and adoption of the Project Application incorporated herein shall be evidenced by execution of this instrument by the Sponsor, as hereinafter provided, and this Offer and Acceptance shall comprise a Grant Agreement, as provided by the Act constituting the contractual obligations and rights of the United States and the Sponsor with respect to the accomplishment of the Project and compliance with the assurances and conditions as provided herein. Such Grant Agreement shall become effective upon the Sponsor's acceptance of this Offer.

UNITED STATES OF AMERICA  
FEDERAL AVIATION ADMINISTRATION

By: 

Carolyn T. Read, Acting ADO Manager, Seattle Airports District Office

**Part II - Acceptance**

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the Project Application and incorporated materials referred to in the foregoing Offer and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the Project Application.

Executed this ..... day of ....., 2011  
Lewis County, Washington

(SEAL)

By.....  
Sponsor's Designated Official Representative

Title: .....

Attest: .....  
Title: .....

**CERTIFICATE OF SPONSOR'S ATTORNEY**

I, ....., acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of Washington. Further, I have examined the foregoing Grant Agreement and the actions taken by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and the Act. In addition, for grants involving projects to be carried out on property not owned by the Sponsor, there are no legal impediments that will prevent full performance by the Sponsor. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Dated at ..... this ..... day of ..... 2011.

.....  
Signature of Sponsor's Attorney

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the Project Application and incorporated materials referred to in the foregoing Offer and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the Project Application.

Executed this ..... day of ....., 2011  
City of Chehalis, Washington

(SEAL)

By.....  
Sponsor's Designated Official Representative

Title: .....

Attest: .....

Title: .....

**CERTIFICATE OF SPONSOR'S ATTORNEY**

I, ....., acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of Washington. Further, I have examined the foregoing Grant Agreement and the actions taken by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and the Act. In addition, for grants involving projects to be carried out on property not owned by the Sponsor, there are no legal impediments that will prevent full performance by the Sponsor. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Dated at ..... this ..... day of ..... 2011.

.....  
Signature of Sponsor's Attorney



## A-133 Single Audit Certification Form

The Single Audit Act of 1984, implemented by OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations) establishes audit requirements for State and local governments that receive Federal aid. State or local governments (City, County, Airport Board) that expend \$500,000 or more a year (calendar or fiscal) in **total** Federal financial assistance must conduct an audit and submit it to the Federal Audit Clearinghouse. For more information on the Single Audit Act requirements please reference the following web site: <http://harvester.census.gov/sac/>

This notice is our request for a copy of your most recent audit, whether or not there are any significant findings. In accordance with your Airport Improvement Program (AIP) grant agreement, you must also provide the following certification to your local Airports District Office (ADO). Please fill out the information below by checking the appropriate line(s), sign, date, and return this form to the FAA local ADO identified at the bottom of the form.

### Airport Sponsor Information:

_____	_____
Sponsor Name	Fiscal Calendar Year Ending
_____	_____
Airport Name	
_____	_____
Sponsor's Representative Name	Representative's Title
_____	_____
Telephone	Email

Please check the appropriate line(s):

- We are subject to the A-133 Single Audit requirements (expended \$500,000 or more in **total** Federal funds for the fiscal/calendar year noted above) **and** are taking the following action:
- The A-133 single audit for this fiscal/calendar year has been submitted to the FAA.
  - The A-133 single audit for this fiscal/calendar year is attached.
  - The A-133 single audit report will be submitted to the FAA as soon as this audit is available.
- We are exempt from the Single Audit A-133 requirements for the fiscal/calendar noted above.

### Sponsor Certification:

_____	_____
Signature	Date

Return to: FAA, Seattle Airports District Office  
1601 Lind Avenue SW, Suite 250  
Seattle, WA 98057-3356