

PLEASE NOTE SPECIAL MEETING TIME

CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BOULEVARD, CHEHALIS, WA 98532

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

February 24, 2014

4:45 p.m.

EXECUTIVE SESSION		
1. <u>Executive Session Pursuant to RCW 42.30.110(1)(b) - Acquisition of Real Estate.</u> (City Manager, City Attorney)	---	

Regular Meeting of Monday, February 24, 2014

5:00 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.

SPECIAL BUSINESS

4. Lewis County Sports Commission Presentation. (Jenni Bodnar and Tom Alderson, Local Business Representatives)

CONSENT CALENDAR

5. <u>Minutes of the Regular Meeting of February 10, 2014.</u> (City Clerk)	APPROVE	1
6. <u>Vouchers and Transfers.</u> (Interim Finance Manager)	APPROVE	6
7. <u>Resolution No. 2-2014, First and Final Reading – Surplus of City Property.</u> (City Clerk)	ADOPT	9
8. <u>Award 2014 Rock and Gravel Bid to Dulin Construction, Inc.</u> (Public Works Director, Street/Storm Superintendent)	AWARD BID FOR ROCK AND GRAVEL	11

ADMINISTRATION AND CITY COUNCIL REPORTS

9. <u>Administration Reports.</u>		
a. January financial report. (Interim Finance Manager)	INFORMATION ONLY	13
10. <u>Council Reports.</u>		
a. Councilor reports. (City Council)	INFORMATION ONLY	
b. Council committee reports. (City Council)	INFORMATION ONLY	

NEW BUSINESS

11. <u>Ordinance No. 928-B, First Reading – Extending the Moratorium on Recreational and Medical Marijuana and Dispensaries for an Additional Six Months.</u> (City Manager, City Attorney, Community Development Director)	SUSPEND RULES REQUIRING TWO READINGS OF AN ORDINANCE AND PASS ON FIRST AND FINAL READING	19
12. <u>Update on Amendments to the Chehalis Municipal Code for Capital Improvement Plan.</u> (City Manager, Community Development Director)	DIRECT ADMINISTRATION TO PREPARE ORDINANCE FOR CONSIDERATION	23
13. <u>Authorize City Manager to Execute an Agreement with HDR Engineering, Inc., in the amount of \$49,806 for Engineering Services to Conduct an Operations and Capacity Assessment of the CRWRF.</u> (City Manager, Public Works Director, Wastewater Superintendent)	AUTHORIZE CITY MANAGER TO EXECUTE AGREEMENT WITH HDR ENGINEERING, INC., IN THE AMOUNT OF \$49,806	35

**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, MARCH 10, 2014

February 10, 2014

The Chehalis city council met in regular session on Monday, February 10, 2014, in the Chehalis city hall. Mayor Dawes called the meeting to order at 4:30 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; and Peggy Hammer Human Resources Administrator.

1. **Executive Session.** Mayor Dawes announced that the council would be in executive session pursuant to RCW 42.30.110(1)(g) – review performance of a public employee and RCW 42.30.110(1)(b) – acquisition of real estate for approximately 30 minutes and there would be no decision following conclusion of the executive session.

Mayor Dawes closed the executive session at 4:59 p.m. and announced the council would take a short recess and reopen the regular meeting at 5:02 p.m. Additional staff included Glenn Schaffer, Police Chief; Dennis Osborn, Community Development Director; Rick Sahlin, Public Works Director; and Allyn Roe, Airport Manager. Members of the media included Kyle Spurr from *The Chronicle* and Christina Crea from *Business to Business*.

2. **Port of Chehalis and Centralia Discussion Concerning Executive Director and Combining of the Ports.** City Manager Merlin MacReynold reported, at the previous meeting, council thought it would be good to have a discussion with the Interim Port Director and the Port of Chehalis Commissioners about what's happening at the port.

Mayor Dawes first thanked Commissioners Mark Giffey, Ken Kostick, and Mark Anders and Interim Director Dave Muller for attending the meeting. He noted he had read something in the newspaper and was hearing things in the community regarding the port, and wanted to hear from the Port Commission on the matter.

Commissioner Giffey reported, for the record, the Port of Chehalis is in session because all three Commissioners are in attendance.

Commissioner Giffey admitted he was the one who got things started when he heard former Executive Director Jim Rothlin was leaving to take a position with the Port of Bremerton. He noted it has been the desire of the Port to consider some type of joint management with the Port of Centralia for over a decade. Commissioner Giffey briefed the council on the history of the ports, noting there was never a thought that the ports should never be together; they just wanted to make sure the Chehalis community had a port for economic development purposes.

Commissioner Giffey stated when you have a port of their size you end up spending a significant amount of money on administrative overhead. He reported they were trying to find out if there was a more cost effective way of managing the Port of Chehalis businesses. Mr. Giffey stated he took on the task of contacting the Port of Centralia to see if they had any interest in some type of management relationship. He noted the Port of Centralia provided a very enticing draft proposal that would have saved them a significant amount of money in operation expenses.

Commissioner Giffey reported the Port of Centralia was not running at full capacity, but had enough staff to be able to manage both ports at the same time. He stated, as things progressed, questions were being asked about combining the ports together. He noted they've received a number of calls regarding this matter, adding some people are very supportive, while others are very opposed to it.

Commissioner Giffey reported, on February 8, they received a letter from the Port of Centralia stating the current time may not be the best timeframe, but they are still interested in proceeding forward at some time in the future.

Commissioner Giffey suggested people are seeing that the Friday night football mentality of competing between local municipal corporations isn't the best or most cost effective way to service taxpayers.

Councilor Taylor stated he talked with Commissioner Giffey in the beginning about the concept, noting he is always looking for ways to save the taxpayers money. He noted it's very sad to see ideas ruined because of personalities, adding it's more than about the person sitting in the chair. Councilor Taylor reported the savings they would see could be put back into economic development. He hoped someday down the road they will look at it again, as well as other services we provide.

February 10, 2014

Commissioner Giffey stated the word on the street was that they would concede the governing of the Port of Chehalis to the Port of Centralia. He noted there was never talk of giving up the legislative authority about how the port would be ran, they were simply looking at what was best for the taxpayers.

Councilor Ketchum felt the atmosphere was right and they should leave it on the table. He suggested they need to continue their investigation because it's the right thing to do.

Councilor Spahr stated he didn't totally disagree, but didn't agree either, adding it was something that could be looked at, but the decision would ultimately be made by the voters.

Mayor Dawes reported there has been things done in the past, or thought to have been done, that have created a real issue of trust. He suggested the only thing that will heal the situation is time and a track record to show they want to cooperate. Mayor Dawes stated the time for cooperation to build trust is now.

Councilor Pope thought the idea of forming some kind of partnership is good; however, timing and personnel is everything, and right now the time is not good. He noted there are people who will throw a monkey-wrench into everything regardless of what you're trying to accomplish, which is totally inappropriate. Councilor Pope agreed that we need to do whatever we can to lessen the burden for our citizens and improve our surroundings. He stated he hoped they would keep it on the table, but that they take a hard look at it first.

Mayor Dawes thanked the Commissioners again, noting the council appreciated their input. He stated the city valued the partnership they have with the Port, adding they are vital for our local area.

Commissioner Giffey announced that the Port meeting was adjourned.

3. Flood Authority Outreach and Education Presentation. City Manager MacReynold introduced the city's Flood Authority representative Arnold Haberstroh to briefly speak on the presentation.

Mr. Haberstroh stated the committee would be giving an update on where they're at and what they've made headway on, noting there's been a lot of work done locally and at the state level. He noted the Flood Authority members are also coming together and moving forward in a positive direction. Mr. Haberstroh reported one of the important things to him was to have some type of billboard/sign for people to see the results of the Flood Authority. He was pleased to announce that they recently installed a sign on Louisiana Avenue that provides information on the airport levee project.

Lewis County Commissioner Edna Fund reported J. Vander Stoep has really done a lot for the Flood Authority at the state level, adding he's a good leader and gets things done. She noted one thing he encourages them to do is to keep telling their story. Commissioner Fund noted there's no one currently in the Legislature that was there back then, but the lobbyists have stayed the same.

Flood Authority staff person Scott Boettcher reported the key message to take away from the presentation is, for the first time in a century, they have Board agreement on the next steps to reduce flood damage and enhance salmon and aquatic species; they have an action-oriented, multi-phased basin-wide strategy to protect communities along the river and enhance aquatic species; and, they have collaboration and partnerships. Mr. Boettcher gave a PowerPoint presentation that provided information on the following:

- Action – New signage showing projects
- Active Groups – The Governor's Chehalis Basin Work Group, and the Chehalis River Basin Flood Authority
- Background information on previous flooding events
- Solutions - Basin-wide approach
 - Basin-wide relationships
 - Hydraulic understanding
 - Large capital projects
 - Smaller-scale local projects
 - Land use, floodplain management

February 10, 2014

- o Enhancement of salmon (aquatic species)
- o Early flood warning system
- o Outreach, education and communication

Mr. Boettcher provided the council with some additional information and resources, including website links to the Flood Authority, Ruckelshaus Center, and the flood warning system.

Mayor Dawes stated it was certainly nice to see some progress other than another study.

Councilor Harris thanked Mr. Boettcher for showing the small pieces, as well as the big pieces. He reported right after the 2007 flood, city representatives went to the Legislature and testified against the Governor wanting to throw in money to do the levee project to save I-5. City representatives let them know that we were more concerned about a holistic approach to the entire Basin, not just Chehalis. Councilor Harris suggested the Flood Authority is actually performing what the city envisioned, to mitigate as much flooding as we can. He thanked the Flood Authority for continuing to do what they do.

Mr. Vander Stoep echoed what Councilor Harris had to say, adding he remembered being here in January 2008, looking at the Army Corp of Engineer's plan. He stated the city was right from the beginning, that the Corps plan wasn't the right plan. Mr. Vander Stoep reported it's taken a lot of time to get rid of the bad plan and on to looking at something that will make a difference for our families and communities. He stated he could point to at least 100 people who have helped them get to where they are today.

4. **Discover! Children's Museum Update.** Chehalis Librarian Corine Aiken reported she has been heavily involved in the Discover! Children's Museum project for the last four years. She stated they've met extensively, taking the project from being the dream, to actually having an 11-month pilot project that closed at the end of December. Ms. Aiken noted the reports are in and the pilot project was simply a major success. She reported they exceeded every expectation by putting their focus on education through play. Ms. Aiken stated their attendance was strong right up to and including their last month of operation.

Executive Board Member Larry McGee thanked the council, noting each of them have been supportive of the Renaissance. He suggested the children's museum has been one of their key projects for about five years.

Mr. McGee reported before they started the pilot, they spent hours on the phone interviewing people. One of the firm messages they received was, "Run a pilot so you really learn about your community." They also acquired the services of David Plotz to do a very detailed feasibility study for them. Mr. McGee suggested they've done their homework and they are now committed to move forward to build an 18,000 sq. foot facility. He noted the council would be in charge of some of the key decisions, such as the location of their new facility.

Mr. McGee reported they need a location that has high visibility, high traffic, green space, and adequate parking. He indicated the committee felt the best site that met those requirements is a 1.3 acre lot near the entrance to Home Depot, and it just so happened that the adjacent lot has been designated a "green space." Mr. McGee proposed a notice of intent to lease that space from the city, noting they are looking at a 20-year term with a 50-year term option. He stated they were looking to rent the space for \$30,000 annually (market base in that area) with payment starting at the time they open their doors to the public.

Mr. McGee talked briefly about the appraised value of the land, which is based on the land not being filled. He noted the good news is, nobody paid to fill it. Mr. McGee requested that the city use the "unfilled" appraisal value.

Mr. McGee reported they envision using a relatively small part of the green space from the adjacent lot for some outdoor exhibits and a play area for the museum, and the rest of the green space would be open to the public. He noted they proposed to develop, improve and maintain the green space, and provide parking that would be open to the public, as well.

Mr. McGee asked that the city consider waiving the latecomer fee that is currently in place, adding it would be approximately \$150,000 for the various utilities. He noted they are not a profit making organization and never would be.

February 10, 2014

Mr. McGee believed the children's museum will be one of the best things they do in the whole Renaissance program, even if they're still doing it 20 years from now. Based on their data and experience with the pilot project, they expect 22,000 paid guests annually, with approximately 20 percent coming from out of town.

Mr. McGee believed the focus on education first and not entertainment is the right way to go. He noted they were in discussion with some key people in the area that do things for children. Mr. McGee stated they are committed to doing things that are meaningful for the schools, especially with regard to some STEM related exhibits that the schools probably can't afford.

Mayor Dawes asked if they were asking for a lease agreement. Mr. McGee stated they wanted to submit an official notice to lease (first right of refusal) that would give them time to put a financial plan together.

Councilor Spahr stated he wondered if the museum would be out of place in the location they were proposing. Mr. McGee stated after talking with Executive Director Chip Duncan at the Veterans Memorial Museum, visibility is everything. He noted they would not build in a location that's not sustainable.

Councilor Ketchum moved that the council direct staff to work with the Discover! Children's Museum group and draft an agreement that would allow the museum to lease the property for placement of their new facility.

Councilor Taylor seconded the motion.

Councilor Harris indicated it quickly became very evident that a high traffic area was one of the key points in the museum's success. He noted when they first started talking about the children's museum they were looking at how to create something in our community that our citizens could utilize. Councilor Harris stated he would have rather had it inside our community; however, knowing that it will be successful at the proposed site made it very easy to support.

Mayor Dawes stated one of the things he liked about the location is that it's based off information provided during the trial period, adding you can't argue with success. He noted it would have been nice to have it closer to the downtown area, but there's absolutely no parking at this time. Mayor Dawes reported there would also be programs that will come into play making it very convenient for parents to drop their children off while they shop. He urged the council to support the request.

The motion carried unanimously.

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

a. Minutes of the regular meeting of January 27, 2014;

b. Claim Vouchers No. 108165-108174 in the amount of \$1,378.24 dated January 15, 2014, Claim Vouchers No. 108175-108233 in the amount of \$337,025.11 dated January 15, 2014; and Claim Vouchers No. 108234-108249 and Electronic Funds Transfer No. 122013 in the amount of \$39,389.26 dated January 17, 2014.

The motion was seconded by Councilor Pope and carried unanimously.

6. **Administration Reports.**

a. **Marijuana Moratorium Discussion.** City Manager MacReynold reported the city's current moratorium would expire on March 11 and requested guidance from the council on how they would like to proceed.

City Attorney Hillier stated there's a significant amount of information on the Association of Washington Cities (AWC) Legislative Bulletin. He noted there were a number of bills in the hopper dealing with discussion of whether medical and recreational marijuana should be merged together as one, so that sales are consistently placed in a retail market area.

City Attorney Hillier noted there was also significant language in I-502, to include a mandate that cities cannot control their own destiny, and if someone wants to place a retail or growing operation in the city we couldn't turn them down. He noted

February 10, 2014

that language is being highly contested by AWC. City Attorney Hiller stated AWC is asking people to contact their Legislators to express their opinions because within the next two weeks there's going to be some decisions made that will have a significant impact. He noted there's also legislation before the Legislature promoting that we would lose our liquor sales tax revenues if we don't agree to allow marijuana to be sold.

Councilor Harris stated he read an email from the Attorney General stating cities can control their own destiny. City Attorney Hillier stated that was correct; however, legislation can change that by adding language to the Initiative.

Councilor Ketchum moved to extend the city's current moratorium on medical and recreational marijuana for an additional six months.

The motion was seconded by Councilor Spahr and carried unanimously

7. Council Reports.

a. **Update From Mayor Dawes.** Mayor Dawes reported he attended the law enforcement memorial unveiling at the Lewis County Law and Justice Building. He also attended the "Support A Scout" dinner last week.

8. Ordinance No. 924-B, Second and Final Reading – Amending Section 17.12.330 of the Chehalis Municipal Code (CMC) Dealing with Binding Site Plan; Ordinance No. 925-B, Second and Final Reading – Adopting the 2012 Building Code and Appendices and Repealing Previous Sections to the CMC; Ordinance No. 926-B, Second and Final Reading – Creating and Adopting Section 12.32 of the CMC Dealing with Street and Alley Vacations; and Ordinance No. 927-B, Second and Final Reading – Amending Section 17.81.010 of the CMC Dealing with Tent Camping. Councilor Ketchum moved to pass Ordinance Nos. 924-B, 925-B, and 926-B on second and final reading, and pass Ordinance No. 927-B on second and final reading, as amended.

The motion was seconded by Councilor Pope and carried unanimously.

9. Money Received by Mayor. Mayor Dawes reported he recently received an envelope from Jack Underbody (402 Sincere Lane, Chehalis) that included a photo of Mayor Dawes and \$1 in cash. He noted he had an idea of who sent it to him, but would be giving the dollar to the Chehalis Foundation to go towards the pool project.

There being no further business to come before the council, the meeting adjourned 6:20 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of February 10, 2014.

CITY OF CHEHALIS
AGENDA REPORT

DATE: February 6, 2014
TO: The Honorable Mayor and City Council
FROM: Judy Schave, Interim Finance Manager *B*
PREPARED BY: Michelle White, Accounting Tech II
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

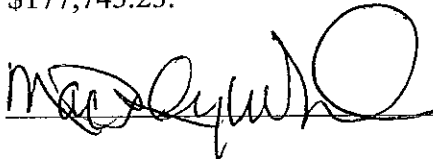
Claim Vouchers No. 108250 through 108373 in the amount of \$177,743.23 dated January 31, 2014 and the transfer of \$62,182.10 from the General Fund, \$38,546.42 from the Federal & State Grants Fund, \$39,612.30 from the Automotive Equipment Reserve Fund, \$10,461.21 from the Wastewater Fund, \$4,548.88 from the Water Fund, \$815.74 from the Storm & Surface Water Utility Fund, \$20,044.37 from the Airport Fund, \$1,009.84 from the Firemen's Pension Fund and \$522.37 from the City Agency Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the January 31, 2014 Claim Vouchers No. 108250 through 108373 in the amount of \$177,743.23.

SUGGESTED MOTION

I move to approve the January 31, 2014 Claim Vouchers No. 108250 through 108373 in the amount of \$177,743.23.


Reviewed by: , City Manager

CITY OF CHEHALIS
AGENDA REPORT

DATE: February 14, 2014

TO: The Honorable Mayor and City Council

FROM: Judy Schave, Interim Finance Manager

PREPARED BY: Michelle White, Accounting Tech II 

SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

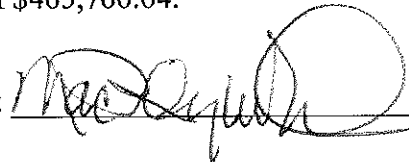
Claim Vouchers No. 108374 through 108524 in the amount of \$465,760.04 dated February 14, 2014 and the transfer of \$117,842.89 from the General Fund, \$213,270.43 from the Federal & State Grants Fund, \$352.21 from the Automotive Equipment Reserve Fund, \$68,455.23 from the Wastewater Fund, \$42,713.93 from the Water Fund, \$2,387.66 from the Storm & Surface Water Utility Fund, \$20,508.27 from the Airport Fund and \$229.42 from the City Agency Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the February 14, 2014 Claim Vouchers No. 108374 through 108524 in the amount of \$465,760.04.

SUGGESTED MOTION

I move to approve the February 14, 2014 Claim Vouchers No. 108374 through 108524 in the amount of \$465,760.04.

Reviewed by:  _____, City Manager

CITY OF CHEHALIS
AGENDA REPORT

DATE: February 6, 2014
TO: The Honorable Mayor and City Council
FROM: Judy Schave, Interim Finance Manager
PREPARED BY: Michelle White, Accounting Tech II
SUBJECT: Payroll Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

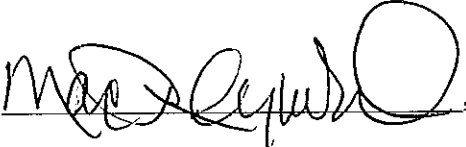
Payroll Vouchers No. 37109 through 37111 dated 1/10, 1/23, 1/24, respectively, Payroll Vouchers No. 37112 through 37170, Direct Deposit Payroll Vouchers No. 4678 through 4756, and Electronic Federal Tax Payment No. 132 dated January 31, 2014 in the amount of \$691,147.09 and the transfer of \$489,321.38 from the General Fund, \$9,180.13 from the Arterial Street Fund, \$67,268.79 from the Wastewater Fund, \$78,365.81 from the Water Fund, \$17,706.17 from the Storm & Surface Water Utility Fund, \$26,192.11 from the Airport Fund and \$3,112.70 from the Firemen's Pension Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the January 2014 Payroll Vouchers No. 37109 through 37170, Direct Deposit Payroll Vouchers No. 4678 through 4756, and Electronic Federal Tax Payment No. 132 in the amount of \$691,147.09.

SUGGESTED MOTION

I move to approve the January 2014, Payroll Vouchers No. 37109 through 37170, Direct Deposit Payroll Vouchers No. 4678 through 4756, and Electronic Federal Tax Payment No. 132 in the amount of \$691,147.09.

Reviewed by:  City Manager

**CITY OF CHEHALIS
AGENDA REPORT**

Date: February 13, 2014
To: The Honorable Mayor and City Council
From: Judy Schave, City Clerk
Subject: Resolution No. 02-2014 - Surplus Property

ISSUE

The airport department has certain property that is no longer of use to the city. State law requires that property must first be declared surplus by the city council before being, leased, sold or otherwise disposed of.

DISCUSSION

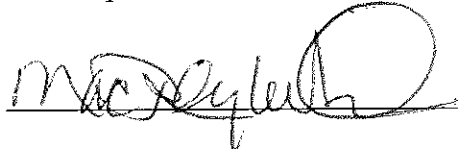
A resolution has been prepared for the council's consideration to surplus one (1) 1986 Ford refueler truck, Vin #1FDXF82H9FVA7129. The current estimated surplus value is \$15,000. The department plans to advertise on-line to sell the vehicle.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council adopt Resolution No. 02-2014 on first and final reading.

SUGGESTED MOTION

I move that the council adopt Resolution No. 02-2014 on first and final reading.

REVIEWED BY:  _____, City Manager

RESOLUTION NO. 02-2014

A RESOLUTION OF THE CITY OF CHEHALIS, WASHINGTON, DECLARING PERSONAL PROPERTY OF THE CITY OF CHEHALIS TO BE SURPLUS AND OF NO FURTHER USE TO THE CITY, AND DIRECTING THE SALE AND DISPOSITION THEREOF.

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

Section 1. The following described personal property of the city of Chehalis, Washington, a municipal corporation, shall be, and the same hereby is, declared to be surplus and no longer of necessary use.

Airport:

1. 1986 Ford Refueler Truck, Vin No. 1FDXF82H9FVA7129

Section 2. The personal property described herein shall be disposed of by the City Manager.

ADOPTED by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this 24th day of February, 2014.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

CITY OF CHEHALIS

AGENDA REPORT

DATE: February 19, 2014
TO: The Honorable Mayor and City Council
FROM: Rick Sahlin, Public Works Director
Don Schmitt, Street/Strom Superintendent
SUBJECT: Bids for Rock, Gravel, and Asphalt

ISSUE

Bids for rock, gravel, and asphalt to be used by the city in 2014 have been received and tabulated. A list of the bid tabulations is attached. This information is being presented for the council's review and consideration.

DISCUSSION

The administration recently advertised for rock, gravel, and asphalt bids. We received no bids for asphalt and one company Dulin Construction submitted the only bid for various materials that are anticipated to be needed for maintenance by public works and other city departments in 2014. The bid is based on the materials being picked up by the city at the bidders' site. The bid award recommendations for the various materials are listed on the attached evaluation sheet.

Please note that the administration placed a restriction that all pick-up locations were required to be within 12 miles of Chehalis City Hall because of the high costs of fuel. The city will continue to use the two local asphalt companies to purchase asphalt which is beneficial as it increases our chances to obtain asphalt when needed and not when their plants are in service.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the city council award the bid for the various materials to the bidder as recommended on the attached 2014 Rock, Gravel, and Asphalt Bid - Evaluation Sheet.

SUGGESTED MOTION

I move that the council award the bids for the various materials to the bidder as recommended.

REVIEWED BY:  _____, CITY MANAGER

2014 Bid Results Rock & Asphalt		Dulin Construction
1	Snow Sand 3/8"	-
2	Snow Sand 1/4"	9.50
3	1/4" - Crushed Screenings	9.50
4	3/8" No. 10 Crushed Screenings	10.80
5	1/2" - 1/4" Crushed Screenings	10.00
6	5/8" - 1/4" Crushed Screenings	-
7	Ballast	7.75
8	Crushed Surfacing Base Course	7.75
9	Crushed Surfacing Top Course	7.75
10	Quarry Spalls	-
11	Rip Rap	-
12	1 1/2" Drain Rock	7.50
13	3" Minus Rock	-
14	Pea Gravel	7.50
15	Sand, Washed	7.50
16	_____ (size) Pit Run Rock	(6") 5.75
17	Asphalt Concrete Class "B"	-
18	Asphalt Concrete Class "G"	-
19	Asphalt Cold Mix Patch Material - EZ	-

To: The Honorable Mayor and Council
 Via: Merlin MacReynold, City Manager
 From: Judith A. Schave, Interim Finance Manager
 Prepared by: Betty Brooks, Payroll Accountant
 Date: February 14, 2014
 Subject: Monthly Financial Reports for January

City of Chehalis
 Comparative Financial Reports
 January 2013 and 2014

GENERAL FUND (#001) REVENUES	A January 2013		B Actual	C=B/A		D January 2014		E Actual	F=E/D		G Expected % Rec'd	H [^] Variance	I=F-G % Variance
	Budget	%		Budget	%	Budget	%		Rec'd	%			
General Property Taxes	\$1,249,000	0.5%	\$6,109	0.5%	\$1,262,000	0.4%	\$5,538	8.3%	0.4%	8.3%	(\$99,629)	-7.9%	
EMS Property Taxes	237,500	0.5%	1,165	0.5%	239,500	0.4%	1,057	8.3%	0.4%	8.3%	(18,901)	-7.9%	
Sales & Use Tax	3,015,000	9.0%	271,376	9.0%	3,265,000	8.9%	290,642	8.3%	8.9%	8.3%	18,559	0.6%	
Electricity Tax	417,000	15.4%	64,228	15.4%	430,000	15.4%	66,319	8.3%	15.4%	8.3%	30,486	7.1%	
Gas/Natural Gas Tax	240,000	13.4%	32,185	13.4%	222,000	17.1%	37,950	8.3%	17.1%	8.3%	19,450	8.8%	
Criminal Justice Tax	90,000	8.1%	7,322	8.1%	91,000	8.5%	7,777	8.3%	8.5%	8.3%	194	0.2%	
Water/Sewer Tax	399,996	30.242	30,242	7.6%	415,834	7.9%	32,837	8.3%	7.9%	8.3%	(1,816)	-0.4%	
Garbage Tax	62,000	14.647	14,647	23.6%	60,000	25.0%	14,971	8.3%	25.0%	8.3%	9,971	16.7%	
Cable Tax	92,000	23.944	23,944	26.0%	94,000	26.4%	24,808	8.3%	26.4%	8.3%	16,975	18.1%	
Telephone Tax	313,000	18.217	18,217	5.8%	318,000	5.0%	15,860	8.3%	5.0%	8.3%	(10,640)	-3.3%	
Leasehold Excise Tax	38,000	0	0	0.0%	38,000	0	0	8.3%	0.0%	8.3%	(3,167)	-8.3%	
Other Taxes	32	0	0	0.0%	40	0	0	8.3%	0.0%	8.3%	(3)	-0.6%	
Total Tax Revenues	6,153,528	469,435	469,435	7.6%	6,435,374	497,759	497,759	8.3%	7.7%	8.3%	(38,522)	-0.6%	
Licenses & Permits	63,980	5,379	5,379	8.4%	69,980	2,101	2,101	8.3%	3.0%	8.3%	(3,731)	-5.3%	
Intergov't Grants/Entitlements	168,502	6,345	6,345	3.8%	167,950	17,665	17,665	8.3%	10.5%	8.3%	3,669	2.2%	
Charges for Goods and Svcs.	341,170	16,481	16,481	4.8%	332,800	16,588	16,588	8.3%	5.0%	8.3%	(11,145)	-3.3%	
Fines and Forfeitures	159,055	11,921	11,921	7.5%	151,875	10,232	10,232	8.3%	6.7%	8.3%	(2,424)	-1.6%	
Interest Earnings	9,306	444	444	4.8%	11,760	656	656	8.3%	5.6%	8.3%	(324)	-2.7%	
Rents & Royalties	70,100	6,003	6,003	8.6%	71,350	5,876	5,876	8.3%	8.2%	8.3%	(70)	-0.1%	
Donations/Contributions	0	1,150	1,150	N/A	40,475	1,339	1,339	8.3%	3.3%	8.3%	(2,034)	-5.0%	
Misc. Revenue/Insurance	5,000	476	476	9.5%	11,850	89	89	8.3%	0.8%	8.3%	(899)	-7.5%	
Non-Revenues	3,500	330	330	9.4%	4,225	239	239	8.3%	5.7%	8.3%	(113)	-2.6%	
Total Non-Tax Revenues	820,613	48,529	48,529	5.9%	862,265	54,765	54,765	8.3%	6.4%	8.3%	(17,070)	-1.9%	
Operating Transfers-In	500,000	0	0	N/A	1,000,000	122,012	122,012	8.3%	12.2%	8.3%	38,679	3.9%	
Total Other Financing Sources	500,000	0	0	N/A	1,000,000	122,012	122,012	8.3%	12.2%	8.3%	38,679	3.9%	
TOTALS	\$7,474,141	\$517,964	\$517,964	6.9%	\$8,297,639	\$674,556	\$674,556	8.3%	8.1%	8.3%	(\$16,914)	-0.2%	

Key:
 * The expected percentage is calculated as follows: since the report is for the 1st month of the year, 1 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
January 2013 and 2014

GENERAL FUND (#001) EXPENDITURES	A January 2013		B Actual		C=B/A		D January 2014		E Actual		F=E/D		G Expected % Exp.		H^ Var Incm Expected		I=G-F Variance %	
	Budget	Actual	Budget	Actual	% Exp'd	Budget	Actual	% Exp'd	% Exp'd	% Exp'd	% Exp'd	% Exp'd	% Exp'd	Expected	Actual	%		
City Council	\$76,587	\$6,133	\$93,551	\$6,443	8.0%	\$93,551	\$6,443	6.9%	8.3%	\$6,443	6.9%	8.3%	\$1,353	1.4%				
Municipal Court	332,409	25,792	340,304	24,571	7.8%	340,304	24,571	7.2%	8.3%	24,571	7.2%	8.3%	3,788	1.1%				
City Manager	226,121	19,146	270,131	22,638	8.5%	270,131	22,638	8.4%	8.3%	22,638	8.4%	8.3%	(127)	-0.1%				
Finance	159,594	16,384	183,331	15,046	10.3%	183,331	15,046	8.2%	8.3%	15,046	8.2%	8.3%	232	0.1%				
City Clerk	56,516	3,967	74,986	6,004	7.0%	74,986	6,004	8.0%	8.3%	6,004	8.0%	8.3%	245	0.3%				
Non-Departmental	796,715	21,559	1,302,246	16,029	2.7%	1,302,246	16,029	1.2%	8.3%	16,029	1.2%	8.3%	92,492	7.1%				
Human Resources	91,769	7,586	90,033	6,170	8.3%	90,033	6,170	6.9%	8.3%	6,170	6.9%	8.3%	1,333	1.4%				
Police	2,464,666	210,476	2,573,370	187,064	8.5%	2,573,370	187,064	7.3%	8.3%	187,064	7.3%	8.3%	27,384	1.0%				
Fire	1,705,443	125,226	1,632,938	144,738	7.3%	1,632,938	144,738	8.9%	8.3%	144,738	8.9%	8.3%	(8,660)	-0.6%				
Public Works - Streets	471,480	14,482	469,060	18,943	3.1%	469,060	18,943	4.0%	8.3%	18,943	4.0%	8.3%	20,145	4.3%				
Community Development	1,227,135	132,559	1,228,727	81,302	10.8%	1,228,727	81,302	6.6%	8.3%	81,302	6.6%	8.3%	21,092	1.7%				
TOTALS	\$7,608,435	\$583,310	\$8,298,677	\$528,948	7.7%	\$8,298,677	\$528,948	6.4%	8.3%	\$528,948	6.4%	8.3%	\$159,275	1.9%				

Net Budget/Income/Variance: (\$134,294) (\$65,346) \$38,962 \$145,608 \$142,361 1.7%

Key:

* The expected percentage is calculated as follows: since the report is for the 1st month of the year, 1 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
January 2013 and 2014

WASTEWATER FUND (#404) REVENUES	A January 2013		B		C=B/A		D		E		F=E/D		G		H [^]		I=F-G	
	Budget	Actual	Budget	Actual	% Rec'd	% Rec'd	Budget	Actual	Budget	Actual	% Rec'd	% Rec'd	Expected % Rec'd*	Expected % Rec'd	Var'nc Expected	Var'nc Expected	% Variance	% Variance
Wastewater Fees	\$4,160,318	\$332,525	\$4,364,408	\$362,223	8.0%	8.3%	10,000	4,545	\$4,364,408	\$362,223	8.3%	8.3%	8.3%	8.3%	(\$1,478)	3,712	0.0%	37.2%
Sewer Connection/Misc. Fees	35,000	0	10,000	4,545	0.0%	45.5%	3,323	0	10,000	4,545	0.0%	0.0%	8.3%	8.3%	(277)	1,993	-8.3%	-8.3%
Rentals	3,323	0	3,300	282	0.0%	8.5%	300	0	3,300	2,268	0.0%	0.0%	8.3%	8.3%	(25)	6,944	60.4%	-8.3%
Misc. Revenues/Insurance	3,300	282	3,300	0	8.5%	0.0%	300	0	3,300	2,268	0.0%	0.0%	8.3%	8.3%	(25)	6,944	60.4%	-8.3%
Interest Earnings	3,000	0	300	0	0.0%	0.0%	300	0	300	0	0.0%	0.0%	8.3%	8.3%	(25)	6,944	60.4%	-8.3%
Totals:	\$4,204,941	\$332,807	\$4,381,331	\$369,036	7.9%	8.4%	\$4,381,331	\$369,036	\$4,381,331	\$369,036	8.4%	8.4%	8.3%	8.3%	\$3,925	\$3,925	0.1%	0.1%

WASTEWATER FUND (#404) EXPENSES	A January 2013		B		C=B/A		D		E		F=E/D		G		H [^]		I=G-F	
	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Expected % Exp*	Expected % Exp	Var'nc Expected	Var'nc Expected	% Variance	% Variance
Operating Expenses	\$2,638,208	\$160,827	\$2,550,559	\$136,879	6.1%	5.4%	55,000	0	\$2,550,559	\$136,879	0.0%	0.0%	8.3%	8.3%	\$75,668	4,583	2.9%	8.3%
Capital Outlay	192,000	0	55,000	0	0.0%	0.0%	1,552,598	0	55,000	0	0.0%	0.0%	8.3%	8.3%	129,383	8,333	8.3%	8.3%
Debt Principal	2,001,005	53,374	1,552,598	0	2.7%	0.0%	27,480	0	1,552,598	0	0.0%	0.0%	8.3%	8.3%	2,290	2,290	8.3%	8.3%
Interest Expense	38,715	1,868	83,332	0	4.8%	N/A	83,332	0	27,480	0	0.0%	0.0%	8.3%	8.3%	6,944	6,944	8.3%	8.3%
Interfund Loan Repayment	0	0	\$4,268,969	\$136,879	N/A	3.2%	\$4,268,969	\$136,879	\$4,268,969	\$136,879	3.2%	3.2%	8.3%	8.3%	\$218,868	\$218,868	5.1%	5.1%
Totals:	\$4,869,928	\$216,069	\$4,268,969	\$136,879	4.4%	3.2%	\$4,268,969	\$136,879	\$4,268,969	\$136,879	3.2%	3.2%	8.3%	8.3%	\$222,794	\$222,794	5.2%	5.2%

Net Budget/Income/Variance: (\$664,987) \$116,738 \$112,362 \$232,157

Key:

* The expected percentage is calculated as follows: since the report is for the 1st month of the year, 1 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
January 2013 and 2014

WATER FUND (#405) REVENUES	A January 2013		B		C=B/A		D		E		F=E/D		G		H [^]		I=F-G	
	Budget	Actual	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	Expected % Rec'd*	Varnc Expected	firm Expected	% Variance			
Water Sales	\$2,496,400	\$169,765	\$2,566,160	\$197,093	6.8%	\$2,566,160	\$197,093	7.7%	\$2,566,160	\$197,093	7.7%	8.3%	(\$16,754)	5,344	-0.6%			
Water Connection/Misc. Fees	20,000	0	10,000	6,177	0.0%	10,000	6,177	61.8%	10,000	6,177	61.8%	8.3%	5,344	5,344	53.5%			
Interfund Principal Repayment	397,411	0	83,332	0	0.0%	83,332	0	0.0%	83,332	0	0.0%	8.3%	(6,944)	(6,944)	-8.3%			
Misc. Revenues/Insurance	0	344	1,000	393	N/A	1,000	393	39.3%	1,000	393	39.3%	8.3%	310	310	31.0%			
Interest Earnings	18,076	0	11,073	0	0.0%	11,073	0	0.0%	11,073	0	0.0%	8.3%	(923)	(923)	-8.3%			
Totals:	\$2,931,887	\$170,109	\$2,671,565	\$203,663	5.8%	\$2,671,565	\$203,663	7.6%	\$2,671,565	\$203,663	7.6%	8.3%	(\$18,967)	(\$18,967)	-0.7%			

WATER FUND (#405) EXPENSES	A January 2013		B		C=B/A		D		E		F=E/D		G		H [^]		I=G-F	
	Budget	Actual	Budget	Actual	% Exp'd	Budget	Actual	% Exp'd	Budget	Actual	% Exp'd	Expected % Exp*	Varnc Expected	firm Expected	% Variance			
Operating Expenses	\$1,782,704	\$105,299	\$1,834,545	\$110,503	5.9%	\$1,834,545	\$110,503	6.0%	\$1,834,545	\$110,503	6.0%	8.3%	\$42,376	42,376	2.3%			
Capital Outlay	640,000	0	210,000	0	0.0%	210,000	0	0.0%	210,000	0	0.0%	8.3%	17,500	17,500	8.3%			
Debt Principal	131,077	9,000	132,077	9,000	6.9%	132,077	9,000	6.8%	132,077	9,000	6.8%	8.3%	2,006	2,006	1.5%			
Interest Expense	21,690	3,750	19,225	3,300	17.3%	19,225	3,300	17.2%	19,225	3,300	17.2%	8.3%	(1,698)	(1,698)	-8.9%			
Totals:	\$2,575,471	\$118,049	\$2,195,847	\$122,803	4.6%	\$2,195,847	\$122,803	5.6%	\$2,195,847	\$122,803	5.6%	8.3%	\$60,184	\$60,184	2.7%			

Net Budget/Income/Variance: \$356,416 \$52,060 \$475,718 \$80,860 \$41,217 2.0%

Key:
 * The expected percentage is calculated as follows: since the report is for the 1st month of the year, 1 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
January 2013 and 2014

STORM FUND (#406) REVENUES	A January 2013		B		C=B/A		D January 2014		E		F=E/D		G		H^A		I=F-G		
	Budget	Actual	Budget	Actual	% Rec'd	% Rec'd	Budget	Actual	Budget	Actual	% Rec'd	% Rec'd	Expected	Actual	Expected	Actual	% Variance	% Variance	
Storm & Surface Water Fees	\$441,674	\$38,443	0	0	8.7%	N/A	\$470,284	\$41,759	0	1,232	8.9%	N/A	\$2,569	1,232	\$2,569	1,232	0.6%	N/A	
Storm Connection/Misc. Fees	500	0	0	0	0.0%	0.0%	300	0	0	0	0.0%	0.0%	(25)	(25)	(25)	(25)	-8.3%	-8.3%	
Interest Earnings	\$442,174	\$38,443	0	0	8.7%	8.7%	\$470,584	\$42,991	0	0	9.1%	8.3%	\$3,776	\$3,776	\$3,776	\$3,776	0.8%	0.8%	
Totals:																			

STORM FUND (#406) EXPENSES	A January 2013		B		C=B/A		D January 2014		E		F=E/D		G		H^A		I=G-F		
	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Expected	Actual	Expected	Actual	% Variance	% Variance	
Operating Expenses	\$345,875	\$31,585	0	0	9.1%	N/A	\$452,358	\$26,958	0	0	6.0%	N/A	\$10,739	1,250	\$10,739	1,250	2.3%	N/A	
Capital Outlay	0	0	0	0	N/A	N/A	15,000	0	0	0	N/A	8.3%	8.3%	1,250	1,250	1,250	1,250	N/A	N/A
Totals:	\$345,875	\$31,585	0	0	9.1%	9.1%	\$467,358	\$26,958	0	0	5.8%	8.3%	\$11,989	\$11,989	\$11,989	\$11,989	2.5%	2.5%	
Net Budget/Income/Variance:	\$96,299	\$6,858					\$3,226	\$16,033					\$15,764	\$15,764	\$15,764	\$15,764	3.3%	3.3%	

Key:

* The expected percentage is calculated as follows: since the report is for the 1st month of the year, 1 is divided by 12-the number of months in the year.

^A 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.)

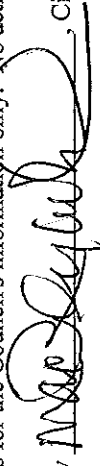
City of Chehalis
Comparative Financial Reports
January 2013 and 2014

AIRPORT FUND (#407) REVENUES	A		B		C=B/A		D		E		F=E/D		G		H^		I=F-G	
	Budget	Actual	Budget	Actual	% Rec'd	% Rec'd	Budget	Actual	% Rec'd	% Rec'd	% Rec'd	% Rec'd	% Rec'd	Expected % Exp*	Expected % Exp*	Var'nc Expected	Var'nc Expected	% Variance
Intergovernmental Revenues	\$0	\$0	\$265,000	\$0	N/A	N/A			0.0%	0.0%	8.3%	8.3%	8.3%	8.3%	8.3%	(\$22,083)	(\$22,083)	-8.3%
Charges for Goods and Svcs.	0	0	500,000	8,063	N/A	N/A			1.6%	1.6%	8.3%	8.3%	8.3%	8.3%	8.3%	(33,604)	(33,604)	-6.7%
Interest Earnings	0	0	8,000	0	N/A	N/A			0.0%	0.0%	8.3%	8.3%	8.3%	8.3%	8.3%	(667)	(667)	-8.3%
Rents & Royalties	0	0	73,203	6,360	N/A	N/A			8.7%	8.7%	8.3%	8.3%	8.3%	8.3%	8.3%	260	260	0.4%
Misc. Revenues/Insurance	0	0	2,000	858	N/A	N/A			42.9%	42.9%	8.3%	8.3%	8.3%	8.3%	8.3%	691	691	34.6%
Capital Contribution - Airport	0	0	1,672,724	164,142	N/A	N/A			9.8%	9.8%	8.3%	8.3%	8.3%	8.3%	8.3%	24,748	24,748	1.5%
Capital Lease Receipts	0	0	821,918	67,114	N/A	N/A			8.2%	8.2%	8.3%	8.3%	8.3%	8.3%	8.3%	(1,379)	(1,379)	-0.1%
Totals:	\$0	\$0	\$3,342,845	\$246,537	N/A	N/A			7.4%	7.4%	8.3%	8.3%	8.3%	8.3%	8.3%	(\$32,033)	(\$32,033)	-1.0%

AIRPORT FUND (#407) EXPENSES	A		B		C=B/A		D		E		F=E/D		G		H^		I=G-F	
	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Budget	Actual	% Exp'd	% Exp'd	% Exp'd	% Exp'd	% Exp'd	% Exp'd	Expected % Exp*	Expected % Exp*	Var'nc Expected	Var'nc Expected
Operating Expenses	0	0	\$941,045	\$44,802	N/A	N/A			4.8%	4.8%	8.3%	8.3%	8.3%	8.3%	8.3%	\$33,618	\$33,618	3.5%
Capital Outlay	0	0	398,500	1,865	N/A	N/A			0.5%	0.5%	8.3%	8.3%	8.3%	8.3%	8.3%	31,343	31,343	7.8%
Principal - G.O. Bonds	0	0	222,285	0	N/A	N/A			0.0%	0.0%	8.3%	8.3%	8.3%	8.3%	8.3%	18,524	18,524	8.3%
Interest Expense	0	0	93,921	0	N/A	N/A			0.0%	0.0%	8.3%	8.3%	8.3%	8.3%	8.3%	7,827	7,827	8.3%
Totals:	\$0	\$0	\$1,655,751	\$46,667	N/A	N/A			2.8%	2.8%	8.3%	8.3%	8.3%	8.3%	8.3%	\$91,312	\$91,312	5.5%

Net Budget/Income/Variance: \$0 \$0 \$1,687,094 \$199,870 \$59,279 4.6%

Key:
* The expected percentage is calculated as follows: since the report is for the 1st month of the year, 1 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

AGENDA REPORT

DATE: February 14, 2014

TO: The Honorable Mayor and City Council

FROM: William T. Hillier, City Attorney

SUBJECT: Ordinance No. 928-B – Extending the One-Year Moratorium on Medical Marijuana and Dispensaries and the Retail Sale, Growing and Processing of Recreational Marijuana for an Additional Six Months

ISSUE

To date there has been no change made to the application of the state law that's currently in place regarding medical marijuana collective gardens and dispensaries, and recreational marijuana. The city's one-year moratorium extension on this issue expires March 11, 2014.

DISCUSSION

This matter has been before the council on more than one occasion to request an extension on the city's moratorium regarding medical marijuana collective gardens dispensaries; and more recently, the retail sale, growing and processing of recreational marijuana.

On March 11, 2013, the council passed Ordinance No. 908-B, extending for a third time, the moratorium established by Ordinance No. 877-B, passed on the 12th day of September, 2011. On November 18, 2013, the council passed Ordinance No. 918-B, amending Ordinance No. 908-B as created under Ordinance No. 877-B, to include the retail sale, growing and processing of recreational marijuana.

The state is currently working on rules to govern the growing and selling of legalized marijuana in the State of Washington. The rules adopted by the state will help the city in our formulation of rules governing the growing and distribution of marijuana. It makes little sense for the city to try and establish rules when they may differ with state regulations, therefore the administration is proposing a six-month moratorium to allow additional time for lawmakers to formulate state rules governing the growing and distribution of marijuana.


RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that that council suspend the rules requiring two readings of an ordinance and pass Ordinance No. 928-B on first reading and final reading.

SUGGESTED MOTION

I move that the council suspend the rules requiring two readings of an ordinance.

I move that the council pass Ordinance No. 928-B on first and final reading.

Reviewed by:  _____, City Manager

ORDINANCE NO. 928-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, EXTENDING THE MORATORIUM AS CREATED UNDER ORDINANCE NO. 877-B, DEALING WITH MEDICAL MARIJUANA COLLECTIVE GARDENS OR MEDICAL MARIJUANA DISPENSARIES, AND ORDINANCE NO. 918-B ADDING THE RETAIL SALE, GROWING AND PROCESSING OF RECREATIONAL MARIJUANA, AND ESTABLISHING AND EFFECTIVE DATE HEREOF.

WHEREAS, the city of Chehalis passed Ordinance No. 877-B on the 12th day of September, 2011, providing for a six-month moratorium on establishment or location of medical marijuana collective gardens or medical marijuana dispensaries within the city limits; and

WHEREAS, on February 27, 2012, it was the consensus of the City Council to pass Ordinance No. 890-B, extending the moratorium for an additional six months; and

WHEREAS, on September 24, 2012, the City Council passed Ordinance No 899-B, extending the moratorium for an additional six months; and

WHEREAS, on March 11, 2013, the City Council passed Ordinance No. 908-B, extending the moratorium for one additional year to March 11, 2014; and

WHEREAS, on November 18, 2013, the City Council passed Ordinance No. 918-B, to include the retail sale, growing and processing of recreational marijuana; and

WHEREAS, the City Council has determined it appropriate that the six-month moratorium established under Ordinance Nos. 877-B, 890-B, and 899-B, and the one-year moratorium established under Ordinance Nos. 908-B, and 918-B be extended for an additional six-month period; and

WHEREAS, it is in the best interest of the city and its citizens that the moratorium established under Ordinance Nos. 877-B, 890-B, 899-B, 908-B, and 918-B be extended for an additional six-month period. **NOW, THEREFORE**,

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

Section 1. The City Council of the city of Chehalis, Washington, hereby agrees to extend the one-year moratorium from the 11th day of March, 2014, until the 11th day of September, 2014.

Section 2. In all other respects, the provisions of Ordinance No. 877-B passed the 12th day of September, 2011, and Ordinance No. 918-B, passed the 18th day of November, 2013, shall remain in full force and effect, and any public hearings held thereunder shall be properly noted

for public information and held in accordance with the mandates of Ordinance No. 877-B.

Section 3. The effective date of this ordinance shall be March 11, 2014.

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 24th day of February, 2014.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

CITY OF CHEHALIS

AGENDA REPORT

DATE: February 24, 2013
TO: The Honorable Mayor and City Council
FROM: Dennis Osborn, Community Development Director
SUBJECT: Amending Chehalis Municipal Code for
Capital Improvement Plan

ISSUE

As part of the code amendments being processed for 2013 updating the Capital Improvement Plan (CIP).

DISCUSSION

This issue was set aside while Council and staff worked on the ADU and Signs in Right of Way issue. This item has expanded beyond a Public Works update and now includes the Community Development and Airport projects now that the Airport is owned by the City.

For cities planning under the Growth Management Act, we must keep a Capital Improvement Plan (CIP) list. In order to be compliant with state law in funding capital projects with local and state grant funds, capital projects being undertaken by the city need to be on the CIP. The CIP is an estimate of when the project will occur and the cost is also an estimate. We are not required to be exact on timing or projected costs. The flexibility is to allow jurisdictions to pursue a project on the CIP or update the CIP when funding becomes available.

The administration presents this CIP for Council review. The Public Works updates are for projects on the immediate event horizon (next few years) and projects that received or look to be favorable for grant/loan funding. The pool and a couple of ball field improvements are added to make sure these are listed as we move forward on these projects over the next few years. And of course the airport additions are to include projects that have been identified by the airport on the City CIP since the airport is now part of the city.

The Public Works additions are on the larger spread sheet, the Airport and Parks are on their own sheets. This was presented in this manner so Council could see the additions without having to hunt through the entire CIP.

RECOMMENDATION/COUNCIL ACTION DESIRED

After Council review, discussion and possible changes, it is recommended that the Council direct the administration to bring the CIP back in Ordinance form for first reading.

SUGGESTED MOTION

I move that the administration bring back the appropriate Ordinance for first reading for adoption of the Capital Improvement Plan.

Reviewed:  _____, City Manager

CITY OF CHEHALIS 2010-2015 CAPITAL IMPROVEMENT PROGRAM

Project Start Year	General Description Funding Source	Total Cost	Prior Years	2012	2013	2014	2015	2016	2017	2018	2019	Future
PUBLIC WORKS DEPARTMENT												
ADMINISTRATION / ENGINEERING - FACILITIES												
	<u>Total Admin/Engineering - Facilities</u>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENGINEERING - VEHICLES / EQUIPMENT												
	Pickup replacement 1996 crown vic Engineering Budget	\$20,000										\$20,000
	<u>Total Admin/Engineering - Vehicles</u>	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
	TOTAL ADMINISTRATION / ENGINEERING	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
WATER UTILITY - PROJECTS												
	Centralia Alpha Pump Station Upgrade Water Utility	\$98,000										\$98,000
	Chehalis River Pumpline to Water Filter Plant Future Replace line from 3rd & Chehalis to Sylvanus	\$420,000										-\$420,000
	Water Filter Plant Future Design and installation of lining for settling basins water utility	\$606,000										\$606,000
	South Market 22nd - 11th future replace 16" raw watermain from N Fork water utility	\$879,000										\$879,000
	<u>Newgard Addition Phase II - Greenwood/Crestview Area 2016/2017</u>	\$900,000	\$40,000	\$260,000	\$50,000	\$50,000	\$500,000					\$580,000
	add fire protection-loop to high level resy water utility											
	SE Satellite Water Filter Facility future design & construct treatment facility water utility	\$7,969,000										\$7,969,000
	<u>High Level Reservoir & High Level Pump Station 2014/2015</u>	\$550,000	\$50,000	\$500,000								\$500,000
	replacement design & construction water utility											

Project Start Year	General Description	Total Cost	Prior Years	2012	2013	2014	2015	2016	2017	2018	2019	Future
2018-2019	Chehalis River Crisis rebuild water utility	\$600,000								\$320,000	\$280,000	
	Annual Water Main Replacement	\$200,000/yr					\$200,000	\$200,000				\$4,259,000
2009	Service meter replacement program (on going) replace 10% of the meters each year with touch-read meters	\$150,000	\$0	\$25,000	\$25,000	\$25,000	\$25,000					\$500,000
2018-2019	Filter plant automation Phase V upgrade per 1999 pre-design report	\$450,000										\$450,000
2018	Water system plan update required six-year update of plan	\$180,000								\$180,000		\$0
2012	Airport Rd Extension - 12" watermain	\$300,000		\$300,000								
2020	Replace Waterline on Kelly Ave & Shively from 16th to Pacific Ave	\$320,000										\$320,000
future	Bishop Road 1 watermain extension 2200' of 12" Sturdevant to Maurin	\$901,000	\$0	\$0								\$901,000
future	I-5 watermain extension/connection 1300' of 12" Wal-Mart to State Street developer	\$942,000	\$0	\$0								\$942,000
2014/2015	Redundant Flocculation Basin	\$900,000				\$119,000	\$781,000					
Future	Valley View Reservoir	\$648,000										\$648,000
Future	Main Zone Reservoir	\$11,064,000										\$11,064,000
2015/Future	Valley View Booster Pump Station	\$874,000									\$124,000	\$750,000
2012-2014	Chehalis Avenue Water Improvements rates	\$35,000	\$5,000	\$20,000	\$10,000							

Project Start Year	General Description	Total Cost	Prior Years	2012	2013	2014	2015	2016	2017	2018	2019	Future
Future	Loop to North Star Drive Funding Source grant/loan	\$1,500,000										\$1,500,000
	Total Water Utility - Projects	\$30,286,000	\$0	\$330,000	\$45,000	\$404,000	\$1,630,000					\$31,886,000
	WATER UTILITY - VEHICLES / EQUIPMENT											
Generator Replaced 2012	replacement - 15KW @ North Fork intake water utility	\$40,000	\$0	\$0	\$40,000							\$0
Dump truck 2020	replacement - 1987 Chevrolet - W-7 water utility	\$125,000	\$0	\$0								\$125,000
Pickup Replaced 2013	replacement - 1996 Chevrolet - W-14 water utility	\$32,000	\$0	\$0	\$32,000							\$0
Generator w/ trailer future 2016	replacement - 60KW on trailer water utility	\$80,000	\$0	\$0								\$80,000
Van 2016	replacement - 1996 Ford Utility van - W-15 water utility	\$25,000	\$0	\$0			\$25,000					
Step-van Future 2013	replacement - 2001 Ford utility van - W-9 water utility	\$40,000	\$0	\$0								\$40,000
Pickup Replaced 2013	replacement 1990 Dodge - W-3 water utility	\$35,000	\$0	\$0	\$35,000							
Pickup 2015	replacement 1997 Chevy S10 W-21 water utility	\$25,000	\$0	\$0			\$25,000					
Pickup 2014	replacement 1999 Dodge W-23 water utility	\$35,000	\$0	\$0	\$35,000							
Pickup 2014	replacement 1997 Ford W-17 water utility	\$35,000	\$0	\$0	\$35,000							
	Total Water - Vehicles / Equipment	\$472,000	\$0	\$0	\$107,000	\$70,000	\$25,000					\$245,000
	TOTAL WATER DIVISION	\$30,758,000	\$0	\$330,000	\$152,000	\$474,000	\$1,655,000					\$32,131,000
	WASTEWATER UTILITY - PROJECTS											

Project Start Year	General Description Funding Source	Total Cost	Prior Years	2012	2013	2014	2015	2016	2017	2018	2019	Future
2013	Capacity Analysis - WWTP review capacity/sludge wastewater utility	\$50,000				\$50,000						
2012	SCADA Upgrade upgrade equipment wastewater utility	\$25,000		\$25,000								
2016-2017	PTP Disinfection System	\$225,000						\$25,000	\$200,000			
EQ2 Fencing 2014		\$12,000				\$12,000						
	Total Wastewater - Projects	\$1,239,900	\$0	\$155,000	\$280,000	\$187,000	\$75,000					\$9,067,900
	WASTEWATER UTILITY - VEHICLES / EQUIPMENT											
Forklift 2016	replacement - 1983 Hyster (WW-9) wastewater utility	\$60,000	\$0	\$0				\$50,000				\$0
Tractor 2017	replacement - 1980 bobcat skidsteer wastewater utility	\$40,000	\$0	\$0					\$40,000			
Pickup 2014	replacement - Collections Truck WW-5 wastewater utility	\$35,000	\$0	\$0		\$35,000						
Van future	replacement - 1996 GMC wastewater utility	\$35,000	\$0	\$0								\$35,000
Quad 2014	replace stolen quad insurance/wastewater utility	\$7,500				\$7,500						
Truck 2015	replace 1998 truck WW-2 wastewater utility	\$35,000							\$35,000			
	Total Wastewater - Veh./Equip	\$212,500	\$0	\$0	\$0	\$42,500	\$35,000					\$35,000
	TOTAL WASTEWATER DIVISION	\$11,452,400	\$0	\$155,000	\$280,000	\$229,500	\$110,000					\$9,102,900
	STORMWATER UTILITY - PROJECTS											
	Westside storm capacity reroute	\$5,000,000										

Project Start Year	General Description Funding Source	Prior Years	2012	2013	2014	2015	2016	2017	2018	2019	Future
	various location throughout city general fund										
	National Ave overlay - City Limits to West St grind, overlay, guardrail, etc. grants	\$0	\$2,000,000								\$2,000,000
	Newaukum Ave./Riverside Improvements overlay, repair and add safety features general fund		\$1,000,000								\$1,000,000
	Chamber Way bridge replacement replace bridge grants, loans	\$0	\$20,000,000	\$0							\$20,000,000
	Kresky Ave improvements - Staples to City Limits structural rebuild grants, loans	\$0	\$12,000,000	\$0							\$12,000,000
	Market Blvd - 13th to city limits grind/overlay grants, loans		\$2,500,000								\$2,500,000
	Front, Pacific, Park Streets improvements grind, overlay/utility/frontage improvements general fund, grants, loans	\$0	\$3,000,000	\$0							\$3,000,000
	Louisiana improvements structural rebuild SR-6 to Chamber Way general fund, grants, loans	\$0	\$2,500,000	\$0							\$2,500,000
	Washington Ave - Cascade to National structural rebuild general fund, grants, loans	\$0	\$2,000,000	\$0							\$2,000,000
	Chehalis Ave - Pacific to Main grind & overlay grants, loans	\$0	\$600,000	\$0	\$600,000						
	Interstate Ave - Parkland to Bishop structural rebuild grants, loans	\$0	\$3,500,000	\$0							\$3,500,000
	Salsbury Ave improvements structural rebuild 21st to Jackson grants, loans	\$0	\$1,500,000	\$0							\$1,500,000
	National Ave/Coal Creek Scour Project & Bridge Repair, erosion control / protection sidewalk repair, grants	\$0	\$7,000,000	\$0							\$7,000,000
	National Ave/Salzer Creek Bridge Scour Project		\$190,500		\$114,000						\$76,500

Project Start Year	General Description Funding Source	Total Cost	Prior Years	2012	2013	2014	2015	2016	2017	2018	2019	Future
2014/2015	Remove and correct scour											
	Kresky Ave Bridge Scour Project Remove and correct scour	\$400,000										\$400,000
	Exhibitor St Bridge Scour Project Remove and correct scour	\$400,000										\$400,000
	Riverside Ave/Dillenbaugh Bridge Scour Project Remove and correct scour	\$400,000										\$400,000
	Total Street Division - Projects	\$61,280,500	\$0	\$0	\$40,000	\$714,000	\$76,500	\$0	\$0	\$0	\$0	\$60,450,000
	STREET DIVISION - VEHICLES / EQUIPMENT											
	Pickup future	\$35,000	\$0	\$0								\$35,000
	Backhoe future	\$150,000	\$0	\$0								\$150,000
	Dump future	\$150,000	\$0	\$0								\$150,000
	Dump future	\$150,000	\$0	\$0								\$150,000
	Dump future	\$65,000	\$0	\$0								\$65,000
	Dump future	\$125,000	\$0	\$0								\$125,000
	Total Street Division - Veh / Equip	\$675,000	\$0	\$0	\$40,000	\$714,000	\$76,500	\$0	\$0	\$0	\$0	\$675,000
	TOTAL STREET DIVISION	\$61,955,500	\$0	\$0	\$40,000	\$714,000	\$76,500	\$0	\$0	\$0	\$0	\$61,125,000
	TOTAL PUBLIC WORKS DEPARTMENT	\$112,970,900	\$0	\$485,000	\$472,000	\$1,417,500	\$1,876,500	\$0	\$0	\$0	\$0	\$111,128,900

Community Development Parks CIP update

Project	Est. Cost	Description
Slow-pitch	\$500,000	Field drainage, Soil improvement and grading, backstops, covered dugouts, overhead netting Walkways
Fast pitch	1.6 mill	Field Drainage, infield soil improvement and grading, filed irrigation, concrete viewing corridor, Parking and loop road, remodel Penny Playground restroom, batting cage
Swimming Pool	3.4 mill	Replacement of building, circulation system, filters, pool liner, pool reconfiguration, deck upgrade, fencing, pool amenities and safety equipment, 3 unisex restrooms, zero depth entry addition and interactive toys and slides

Chehalis-Centralia Airport
Capital Improvement Plan - Suggestions (Feb 2014)

Year	Project	Funding Source	Status	Project Notes
		Airport FAA Other		
2013	PCLI Hangar Acquisition	\$ 145,000	Complete	Original offer in 2011 was \$150k, price reduces \$4,600 every year. Hangar has been purchased and is available for lease.
2013	Garage (Fuel Truck, Snow Plow, ARFF)	\$ 45,000 \$ 85,800	In-Process	Storage garage for three vehicles. 90% Complete
2013	Jet-A Refueler Truck	\$ 85,000	In-Process	Replacement of existing 1986 2000 gallon jet refueler truck . 90% Complete
2013	Hangar A Maintenance Shop Conversion	\$ 25,000	On-Hold	Convert "A" hangar with roll up doors, center roof support, elevated office/work area, sink, storage racks. Placed on hold to use funds on Sewer Lift pump.
2013	Opps SUV (Used)	\$ 15,000	Complete	Used SUV (Ford Escape type) for Airport Operations
2014	Fencing - North	\$ 15,000 \$140,000	Deferred	Security fencing to enclose the Airport on the north. Deferred due to levee construction work in the area, funds combined for taxiway intersection project.
2014	Runway Guard Lights	\$ 16,000	On-Hold	Flashing lights at all runway entrances for safety. Hold to increase restroom budget contingency.
2014	Video Surveillance	\$ 10,000	Planned	Camera improvements to monitor aircraft parking, hangars, fuel facilities, and main entrance.
2014	Outdoor restroom reconstruction	\$ 40,000	Planned	Reconstruction of outdoor restroom facilities. If we ever reconstruct the old hangar that was demolished in 2008 these restrooms could be located inside this hangar. Upped from \$25,000 since sewer hookup is required.
2014	Entry road beautification (trees & lights)	\$ 20,000	Planned	Trees on the west side of the driveway and lights on the east side. Very dark road in the evening and trees will assist with beautification and sound protection for town houses.
2014	Tractor - Small	\$ 20,000	Planned	Replacement of existing 26hp Kubota tractor
2014	Maintenance Truck	\$ 15,000	Planned	Replacement of existing 2000 Chevy Maintenance truck
2014	TBD	\$ 12,500 \$125,000	Planned	FAA Use it or Lose it. Combine funds from fence to complete A1 Taxiway intersection re-alignment
2015	12,000 Gallon Jet Fuel Tank	\$ 70,000	Planned	Above ground storage tank with pumping skid to load refueler truck and retail sales. New tank will provide a large shipping expense savings because we pay \$750 for a delivery of fuel. Currently we can only 4,000 gallons at a time - new tank will take 10,000 gallons per load. Moved from 2013 to 2015 to combine with 100LL tank
2015	6,000 Gallon 100LL Fuel Tank (Self Serve)	\$ 68,000	Planned	Above ground fuel tank with card lock system with self serve capabilities. Current buried tanks are single walled.
2015	ARFF Fire Truck (Used)	\$ 100,000	Planned	Used 1500 gallon airport fire truck with foam and dry chem. Coordinate with Riverside to see if appropriate.
2016	Ramp reconstruction and reconfiguration (2016)	\$ 80,000 \$720,000	Planned	Reconstruction and reconfiguring for the main parking ramp. We will evaluate the pattern of PCLI with their new hangar and then make a design plan.
2016	Tractor - Large	\$ 50,000	Planned	Replacement of existing 66hp Kubota tractor.
2017	L.TGO Bond Balloon Payment (June 2017)	\$ 1,250,000	Planned	Balloon payment for bond. Can refinance if needed/wanted but would cost in interest and approx. \$7k in bond counsel fees. Payoff would free up \$316,000 per year in budget
2019	Taxilane Construction for new T-Hangar	\$ 22,000 \$200,000	Planned	Construction of taxilane on the south side of S1 hangar for the expansion of another 12 unit T-Hangar
2019	12 Unit T-Hangar	\$ 400,000	Planned	Construction of new 12 unit T-hangar.
2020	Hangar Demolition	\$ 30,000	Planned	Demolition of one old T-hangar structure
??????	Arkansas Way Roadway Extension	\$ 80,000 \$ 800,000	Planned	Roadway extension for Arkansas Way - grant dependant.

CITY OF CHEHALIS

AGENDA REPORT

DATE: February 19, 2014
TO: The Honorable Mayor and City Council
FROM: Patrick Wiltzius, Wastewater Superintendent
Rick Sahlin, Public Works Director
SUBJECT: Engineering Services for CRWRF Operations and Capacity Assessment

ISSUE

HDR has submitted a proposed agreement for engineering services to conduct an Operations and Capacity Assessment of the Chehalis Regional Water Reclamation Facility (CRWRF). The administration is submitting the agreement for council review and consideration.

DISCUSSION

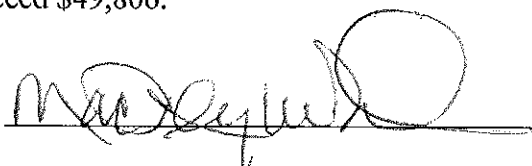
A local processing facility has approached the City and inquired if the CRWRF would be able to accept and treat the sludge they produce at their facility and/or treat all of their wastewater on a full time basis. In order for the City to evaluate this request, the current capacity of the CRWRF needs to be determined (phase 1) and then an evaluation of what is needed in order to facilitate the request from the processing facility (phase 2). In addition, operational issues at the CRWRF have caused some permit violations. To that end, the administration has developed a scope and budget with HDR to do an Operations and Capacity Assessment which will serve as the phase 1 study and also address the operational issues currently being experienced at the CRWRF. In addition, the data collected from the phase 1 study will be required to update the General Sewer Plan some time in the near future. \$55,000 has been budgeted for the Operations and Capacity Assessment in the 2014 wastewater utility budget. Attached is a contract with HDR for an amount not to exceed \$49,806 for council review and approval.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the city council authorize the city manager to execute an agreement for engineering services to conduct an Operations and Capacity Assessment of the CRWRF with HDR for an amount not to exceed \$49,806.

SUGGESTED MOTION

I move that the council authorize the city manager to execute the agreement for engineering services to conduct an Operations and Capacity Assessment of the CRWRF with HDR for an amount not to exceed \$49,806.

REVIEWED BY:  , CITY MANAGER

**SHORT FORM AGREEMENT BETWEEN OWNER AND HDR ENGINEERING,
INC. FOR PROFESSIONAL SERVICES**

THIS AGREEMENT is made as of this _____ day of _____, 2014, between The City of Chehalis (“OWNER”) and HDR ENGINEERING, INC., (“ENGINEER”) a Nebraska corporation, with principal offices at 8404 Indian Hills Drive, Omaha, Nebraska, 68114 for services in connection with the project known as City of Chehalis Regional Water Reclamation Facility Operations and Capacity Assessment (“Project”);

WHEREAS, OWNER desires to engage ENGINEER to provide professional engineering, consulting and related services (“Services”) in connection with the Project; and

WHEREAS, ENGINEER desires to render these Services as described in SECTION I, Scope of Services.

NOW, THEREFORE, OWNER and ENGINEER in consideration of the mutual covenants contained herein, agree as follows:

SECTION I. SCOPE OF SERVICES

ENGINEER will provide Services for the Project, which consist of the Scope of Services as outlined on the attached Exhibit A.

SECTION II. TERMS AND CONDITIONS OF ENGINEERING SERVICES

The “HDR Engineering, Inc. Terms and Conditions for Professional Services,” which are attached hereto in Exhibit B, are incorporated into this Agreement by this reference as if fully set forth herein.

SECTION III. RESPONSIBILITIES OF OWNER

The OWNER shall provide the information set forth in paragraph 6 of the attached “HDR Engineering, Inc. Terms and Conditions for Professional Services.”

SECTION IV. COMPENSATION

Compensation for ENGINEER’S services under this Agreement shall be on the basis of

Direct Labor Costs times a factor of 3.1 for the services of Engineer’s personnel engaged on the Project, plus Reimbursable Expenses, an amount not to exceed Forty Nine Thousand Eight Hundred and Six Dollars and Zero Cents (\$49,806.00).

The amount of any sales tax, excise tax, value added tax (VAT), or gross receipts tax that may be imposed on this Agreement shall be added to the ENGINEER'S compensation as Reimbursable Expenses.

Compensation terms are defined as follows:

Direct Labor Cost shall mean salaries and wages, (basic and overtime) paid to all personnel engaged directly on the Project. The Direct Labor Costs and the factor applied to Direct Labor Costs will be adjusted annually as of the first of every year to reflect equitable changes to the compensation payable to Engineer.

Reimbursable Expense shall mean the actual expenses incurred directly or indirectly in connection with the Project for transportation travel, subconsultants, subcontractors, computer usage, telephone, telex, shipping and express, and other incurred expense. ENGINEER will add ten percent (10%) to invoices received by ENGINEER from subconsultants and subcontractors to cover administrative expenses and vicarious liability.

SECTION V. PERIOD OF SERVICE

Upon receipt of written authorization to proceed, ENGINEER shall perform the services described in Exhibit A within a the schedule included in the exhibit.

Unless otherwise stated in this Agreement, the rates of compensation for ENGINEER'S services have been agreed to in anticipation of the orderly and continuous progress of the project through completion. If any specified dates for the completion of ENGINEER'S services are exceeded through no fault of the ENGINEER, the time for performance of those services shall be automatically extended for a period which may be reasonably required for their completion and all rates, measures and amounts of ENGINEER'S compensation shall be equitably adjusted.

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

City of Chehalis
"OWNER"

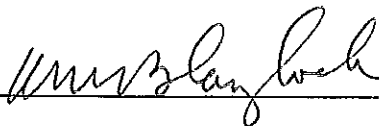
BY: _____

NAME: _____

TITLE: _____

ADDRESS: _____

HDR ENGINEERING, INC.
"ENGINEER"

BY: 

NAME: William Blaylock

TITLE: Sr. Vice President

ADDRESS: 500 108th Ave NE, Suite 1200
Bellevue, WA 98004

EXHIBIT A

Scope of Services

Project Approach

The following section describes the approach for preparing an operational and capacity assessment of the regional water reclamation facility.

Facility Background

The Chehalis Regional Water Reclamation Facility (CRWRF) is a relatively new plant and has been in operation since April of 2007. The facility employs the sequencing batch reactor (SBR) process for biological treatment, and the RDP lime stabilization process for producing a Class A biosolids product. During wet weather, effluent is discharged to the Chehalis River and during the summer, Class A reclaimed water is produced for irrigation of a poplar plantation.

The plant has experienced periodic violations of its National Pollutant Discharge Elimination System (NPDES) permit and struggles to maintain compliance during high flow events. Sludge settles poorly in the reactor basins, with typical sludge volume index values ranging from 200 to 400 milliliters per gram. Waste solids processing is also problematic. Waste biological solids are routed to a storage tank prior to lime stabilization. Due to compromised sludge settling, and the limited ability to decant the material to form denser solids, available storage time is limited, requiring frequent operation of the lime stabilization process.

Capacity Demand

A local dairy processor that currently discharges treated wastewater to the CRWRF during dry-weather for disposal at the City's poplar tree plantation (PTP) is inquiring if the CRWRF could:

1. Process and dispose of their sludge, and/or
2. Process and dispose of all of their wastewater on a year round basis.

The City believes it is time for a consultant to review and evaluate current treatment plant configuration and operations and recommend upgrades, modifications and/or process changes to address these and other issues currently being experienced at the plant.

Approach

A full understanding of the current plant limitations will be necessary before performance improvements can be evaluated and recommended. The proposed approach is to conduct a phased process, starting with an initial facility operations and capacity assessment. The initial activities, identified as Tasks 1 through 3, are defined and budgeted below. Future work would consist of an evaluation of the dairy loading (Task 4) and potentially an engineering report (Task 5). A preliminary description of future activities is presented, but budget is not defined. Once the initial assessment is completed, a future rerating study or engineering report (not included in the current scope) would be prepared for submission to the Department of Ecology that would identify facility rerating and necessary improvements, as well as the capability to accommodate the industrial loading.

Technical Memorandum Outline

The proposed outline for the technical memorandum is as follows:

- Section ES. Executive Summary
- Section 1. Current Conditions: Discharge permit requirements, current loadings, and study objectives.
- Section 2. Description of Existing Water Reclamation Facility: Description of existing treatment system, basic design and sizing data for each treatment process, treatment efficiency, effluent characteristics, site considerations, flood zone information, hydraulic profile, plant layout, process flow diagram, outfall considerations, and biosolids management considerations.
- Section 3. Evaluation of Existing Capacity: Description of hydraulic, biological, and solids processing capacity.
- Section 4. Improvement Alternatives: Identify potential options for restoring treatment capacity.

Task 1 – Water Reclamation Operations and Capacity Facility Assessment

Objective

Assess the Regional Water Reclamation Facility. The first step is to collect and analyze operating data and facility record document to identify trends and performance. A solids balance, biological performance model, and hydraulic model will be prepared to allow performance to be further evaluated, to assess performance at peak events where operating data may not be available, and to test alternative operating strategies and potential configuration changes.

HDR Activities

Consultant will perform the following activities:

- 1.1. **Project Initiation Meeting.** Make one visit to the reclamation to coordinate the work effort and collect City information described below.
- 1.2. **Wastewater Flow and Loading Review.** Review current loadings to all CRWRF processes (with an emphasis on wet weather) and compare to design values. This task will focus mainly on the SBRs but also include an overview of all other treatment units. Evaluate the SBR capacity by comparison to the design guidelines in the Department of Ecology, Criteria for Sewage Works Design (Orange Book), Publication 98-37 WQ as revised October, 2006. Evaluate the SBR sludge process capacity by comparison to other generally accepted wastewater treatment design criteria. Provide summary of findings and current capacity status of all units.
- 1.3. **Discharge Permit and Monthly Monitoring Reports Review.** Review current National Pollutant Discharge Elimination System (NPDES) permit and three years

of monthly Discharge Monitoring Reports (DMRs). Consultant will consolidate data into a single spreadsheet tool. Review compliance with NPDES, reclaimed water and biosolids permits. Identify problem areas and recommend changes to operations, process configuration and/or upgrades required to achieve consistent compliance.

- 1.4. **Microscopic Evaluation of Activated Sludge Culture.** The City will collect three samples of mixed liquor and ship to laboratory. Michael Richard Wastewater Microbiology LLC (<http://www.mrwwm.com/>) will inspect the samples and prepare a brief written report describing the microscopic examination results.
- 1.5. **SBR Operations Review.** Review current operation of SBRs. Compare current operation (including loadings from Task 1) to vendor information and industry norms. Review will include analysis of cycle times, operational programming, high flow operations, amount of sludge generated vs. design, nutrient removal efficiencies vs. design and sludge settling characteristics. Provide recommendations to optimize SBR flow capacity, nutrient removal and sludge settling.
- 1.6. **Wastewater Treatment Plant Solids Balance.** Prepare a solids balance of the existing treatment facilities using proprietary tool (HDR ENVision). Solids balance will be used to evaluate overall plant performance, including capacity of solids handling processes, as well as to project quantity of final biosolids product generated.
- 1.7. **Waste Sludge Generation Review.** Review current SBR sludge generation and solids handling operations vs. design. Provide recommendations for ways to reduce sludge generation and/or increase sludge handling capacity.
- 1.8. **Wastewater Treatment Plant Process Model.** Prepare a biological treatment process model, using the BioWin software, to simulate the existing SBR. Model will be calibrated with existing plant data. Model will be used to simulate alternate operating strategies, potential phosphorus removal strategies, and for a future task to evaluate the impact of industrial wastewater loading.
- 1.9. **Potential Phosphorus Limits Review.** The CRWRF is now tasked with testing for phosphorus in its current NPDES permit. The City has been monitoring ortho- and total- phosphorus since September of 2012. Phosphorus removal has not been required in previous NPDES permits and as such no consideration for phosphorus removal was included in the design of the CRWRF. The City envisions phosphorus limits for the CRWRF sometime in the future. Provide a short review of phosphorus limits currently being enforced in western Washington and where the current plant loadings are in relation to these limits. Provide a summary of what might be required to install phosphorus removal at the CRWRF.
- 1.10. **Treatment Plant Hydraulic Capacity.** Evaluate the hydraulic capacity of the treatment plant by developing a hydraulic profile model of the treatment plant (Visual Hydraulics software). Consultant will prepare hydraulic calculations for

average and peak flow, at both the existing and future conditions, to determine if the plant can process the anticipated quantities. Prepare a hydraulic profile drawing.

- 1.11. Implementation Plan.** Based on the results of the assessment, it may be that operational modifications may be sufficient to improve facility performance, or it may be that capital improvements are necessary to restore full plant capacity. Identify recommended next steps. Provide recommendations for alternative process configurations and/or additional unit processes and equipment that would allow the ability to accommodate additional influent loadings while meeting the current NPDES effluent discharge permit requirements.

City Responsibilities

1. City will provide the following information prior to the Notice to Proceed:
 - Monthly DMRs from April 2007 to the present,
 - Data from April 2007 to present contained in the HACH WIMS program. This will provide data reports and graphing for any parameter for any given time period,
 - General Sewer plan (2002),
 - Facilities Plan (2003),
 - O&M Manuals,
 - Blueprints and Specifications,
 - Annual reports to Ecology and their response,
 - Chehalis staff observations,
 - SOPs, and
 - SCADA system historical data.
2. City will collect and ship mixed liquor samples for microscopic examination.

Deliverables

1. E-mail report on microscopic examination,
2. Notes from meetings, and
3. Input into technical memorandum described in the following task.

Task 2 – Project Communications and Technical Memoranda

Objective

Prepare draft and final technical memoranda to document the reclamation facility evaluation.

Approach

Consultant will perform the following activities:

- 2.1. **Review Work Session.** Conduct a work session at the reclamation facility to review interim progress, review preliminary information, and receive input. The key project experts will be present at this session.
- 2.2. **Draft Technical Memorandum.** Prepare a draft technical memorandum summarizing the results of the study.
- 2.3. **Final Feasibility Technical Memorandum.** Update the technical memorandum based upon comments provided by the City.

Assumptions

1. Length of the technical memorandum will be 30 pages or less.
2. Potential improvement options will be identified, but cost estimates for the options will not be developed.

Assumptions

1. The project duration will be 8 weeks. The schedule will be as shown in Section 4.

City Responsibilities

1. Participate in review session.
2. Provide review comments on draft technical memorandum.

Deliverables

1. Electronic file of the Draft Technical Memorandum.
2. Electronic file of the Final Technical Memorandum.

Task 3 – Project Management and Quality Control

Objective

The purpose of this task is to administer the project, coordinate project technical resources to a level of service and responsiveness consistent with the project schedule and budget, and conduct quality control reviews.

Approach

Consultant will perform the following activities:

- 3.1. **Project Guide.** Prepare a Project Guide to identify project scope, individual work elements, budget for each element, responsible individuals for each work element, quality assurance and quality control plan, staffing plan and schedule. The Project Guide will be updated periodically when significant events impact the scope and/or schedule of the project.
- 3.2. **Project Management Meetings.** Schedule one project meeting or conference call every month. Participants in the project meetings shall include City staff and selected members of the Consultant team, as appropriate. The purpose of the meeting is to track time and budget, work elements accomplished, work items planned for the next period, staffing needs, scope issues, and information needs.

- 3.3. **City Coordination.** Coordinate with City representatives via telephone during the project.
- 3.4. **Invoices and Status Reports.** Prepare monthly project status reports that compare work accomplished with scheduled activities, provide support documentation for the invoices, compare expenditures with task budgets, and describe changes to the scope that have occurred. A combined report with consistent details will be provided by the Consultant and all subconsultants. All reports shall be submitted to the City with the monthly invoices.
- 3.5. **Team Management.** Project Manager will supervise the engineering team over the course of the project, and review technical content of work products. The Project Manager will monitor team's work in terms of product, quality, schedule and budget.
- 3.6. **Quality Control Review.** Designated technical reviewer will conduct review of draft technical memorandum. Documentation of quality control review will be provided to City.

Assumptions

1. The schedule will be as shown in Section 4.
2. Invoices will be HDR standard invoice format.

City Responsibilities

1. Prompt processing of invoices.

Deliverables

1. Monthly reports and invoices.

City Responsibilities

1. Coordinate meetings and data collection with Darigold.

Deliverables

1. Electronic file of the Draft Technical Memorandum.

Project Schedule

The proposed schedule for the operations and capacity assessment is as follows:

Activity or Milestone	Duration from NTP Calendar days
Notice to Proceed (NTP) with Operations and Performance Assessment	0
Project Initiation Meeting	14 days
Project Review Session	49 days
Submit Draft Technical Memorandum	70 days
Receive City Comments on Draft Technical Memorandum	84 days
Submit Final Technical Memorandum	98 days

EXHIBIT B
HDR Engineering, Inc.
Terms and Conditions for Professional Services

1. STANDARD OF PERFORMANCE

The standard of care for all professional engineering, consulting and related services performed or furnished by ENGINEER and its employees under this Agreement will be the care and skill ordinarily used by members of ENGINEER's profession practicing under the same or similar circumstances at the same time and in the same locality. ENGINEER makes no warranties, express or implied, under this Agreement or otherwise, in connection with ENGINEER's services.

2. INSURANCE/INDEMNITY

ENGINEER agrees to procure and maintain, at its expense, Workers' Compensation insurance as required by statute; Employer's Liability of \$250,000; Automobile Liability insurance of \$1,000,000 combined single limit for bodily injury and property damage covering all vehicles, including hired vehicles, owned and non-owned vehicles; Commercial General Liability insurance of \$1,000,000 combined single limit for personal injury and property damage; and Professional Liability insurance of \$1,000,000 per claim for protection against claims arising out of the performance of services under this Agreement caused by negligent acts, errors, or omissions for which ENGINEER is legally liable. OWNER shall be made an additional insured on Commercial General and Automobile Liability insurance policies and certificates of insurance will be furnished to the OWNER. ENGINEER agrees to indemnify OWNER for claims to the extent caused by ENGINEER's negligent acts, errors or omissions. However, neither Party to this Agreement shall be liable to the other Party for any special, incidental, indirect, or consequential damages arising out of, resulting from, or in any way related to the Project or the Agreement from any cause or causes, including but not limited to any such damages caused by the negligence, errors or omissions, strict liability or breach of contract.

3. OPINIONS OF PROBABLE COST (COST ESTIMATES)

Any opinions of probable project cost or probable construction cost provided by ENGINEER are made on the basis of information available to ENGINEER and on the basis of ENGINEER's experience and qualifications, and represents its judgment as an experienced and qualified professional engineer. However, since ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over the contractor(s)' methods of determining prices, or over competitive bidding or market conditions, ENGINEER does not guarantee that proposals, bids or actual project or construction cost will not vary from opinions of probable cost ENGINEER prepares.

4. CONSTRUCTION PROCEDURES

ENGINEER's observation or monitoring portions of the work performed under construction contracts shall not relieve the contractor from its responsibility for performing work in accordance with applicable contract documents. ENGINEER shall not control or have charge of, and shall not be responsible for, construction means, methods, techniques, sequences, procedures of construction, health or safety programs or precautions connected with the work and shall not manage, supervise, control or have charge of construction. ENGINEER shall not be responsible for the acts or omissions of the contractor or other parties on the project. ENGINEER shall be entitled to review all construction contract documents and to require that no provisions extend the duties or liabilities of ENGINEER beyond those set forth in this Agreement. OWNER agrees to include ENGINEER as an indemnified party in OWNER's construction contracts for the work, which shall protect ENGINEER to the same degree as OWNER. Further, OWNER agrees that ENGINEER shall be listed as an additional insured under the construction contractor's liability insurance policies.

5. CONTROLLING LAW

This Agreement is to be governed by the law of the state where ENGINEER's services are performed.

6. SERVICES AND INFORMATION

OWNER will provide all criteria and information pertaining to OWNER's requirements for the project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations. OWNER will also provide copies of any OWNER-furnished Standard Details, Standard Specifications, or Standard Bidding Documents which are to be incorporated into the project.

OWNER will furnish the services of soils/geotechnical engineers or other consultants that include reports and appropriate professional recommendations when such services are deemed necessary by ENGINEER. The OWNER agrees to bear full responsibility for the technical accuracy and content of OWNER-furnished documents and services.

In performing professional engineering and related services hereunder, it is understood by OWNER that ENGINEER is not engaged in rendering any type of legal, insurance or accounting services, opinions or advice. Further, it is the OWNER's sole responsibility to obtain the advice of an attorney, insurance counselor or accountant to protect the OWNER's legal and financial interests. To that end, the OWNER agrees that OWNER or the OWNER's representative will examine all studies, reports, sketches, drawings, specifications, proposals and other documents, opinions or advice prepared or provided by ENGINEER, and will obtain the advice of an attorney, insurance counselor or other consultant as the OWNER deems necessary to protect the OWNER's interests before OWNER takes action or forebears to take action based upon or relying upon the services provided by ENGINEER.

7. SUCCESSORS AND ASSIGNS

OWNER and ENGINEER, respectively, bind themselves, their partners, successors, assigns, and legal representatives to the covenants of this Agreement. Neither OWNER nor ENGINEER will assign, sublet, or transfer any interest in this Agreement or claims arising therefrom without the written consent of the other.

8. RE-USE OF DOCUMENTS

All documents, including all reports, drawings, specifications, computer software or other items prepared or furnished by ENGINEER pursuant to this Agreement, are instruments of service with respect to the project. ENGINEER retains ownership of all such documents. OWNER may retain copies of the documents for its information and reference in connection with the project; however, none of the documents are intended or represented to be suitable for reuse by OWNER or others on extensions of the project or on any other project. Any reuse without written verification or adaptation by ENGINEER for the specific purpose intended will be at OWNER's sole risk and without liability or legal exposure to ENGINEER, and OWNER will defend, indemnify and hold harmless ENGINEER from all claims, damages, losses and expenses, including attorney's fees, arising or resulting therefrom. Any such verification or adaptation will entitle ENGINEER to further compensation at rates to be agreed upon by OWNER and ENGINEER.

9. TERMINATION OF AGREEMENT

OWNER or ENGINEER may terminate the Agreement, in whole or in part, by giving seven (7) days written notice to the other party. Where the method of payment is "lump sum," or cost reimbursement, the final invoice will include all services and expenses associated with the project up to the effective date of termination. An equitable adjustment shall also be made to provide for termination settlement costs ENGINEER incurs as a result of commitments that had become firm before termination, and for a reasonable profit for services performed.

10. SEVERABILITY

If any provision of this agreement is held invalid or unenforceable, the remaining provisions shall be valid and binding upon the parties. One or more waivers by either party of any provision, term or condition shall not be construed by the other party as a waiver of any subsequent breach of the same provision, term or condition.

11. INVOICES

ENGINEER will submit monthly invoices for services rendered and OWNER will make prompt payments in response to ENGINEER's invoices.

ENGINEER will retain receipts for reimbursable expenses in general accordance with Internal Revenue Service rules pertaining to the support of expenditures for income tax purposes. Receipts will be available for inspection by OWNER's auditors upon request.

If OWNER disputes any items in ENGINEER's invoice for any reason, including the lack of supporting documentation, OWNER may temporarily delete the disputed item and pay the remaining amount of the invoice. OWNER will promptly notify ENGINEER of the dispute and request clarification and/or correction. After any dispute has been settled, ENGINEER will include the disputed item on a subsequent, regularly scheduled invoice, or on a special invoice for the disputed item only.

OWNER recognizes that late payment of invoices results in extra expenses for ENGINEER. ENGINEER retains the right to assess OWNER interest at the rate of one percent (1%) per month, but not to exceed the maximum rate allowed by law, on invoices which are not paid within thirty (30) days from the date of the invoice. In the event undisputed portions of ENGINEER's invoices are not paid when due, ENGINEER also reserves the right, after seven (7) days prior written notice, to suspend the performance of its services under this Agreement until all past due amounts have been paid in full.

12. CHANGES

The parties agree that no change or modification to this Agreement, or any attachments hereto, shall have any force or effect unless the change is reduced to writing, dated, and made part of this Agreement. The execution of the change shall be authorized and signed in the same manner as this Agreement. Adjustments in the period of services and in compensation shall be in accordance with applicable paragraphs and sections of this Agreement. Any proposed fees by ENGINEER are estimates to perform the services required to complete the project as ENGINEER understands it to be defined. For those projects involving conceptual or process development services, activities often are not fully definable in the initial planning. In any event, as the project progresses, the facts developed may dictate a change in the services to be performed, which may alter the scope. ENGINEER will inform OWNER of such situations so that changes in scope and adjustments to the time of performance and compensation can be made as required. If such change, additional services, or suspension of services results in an increase or decrease in the cost of or time required for performance of the services, an equitable adjustment shall be made, and the Agreement modified accordingly.

13. CONTROLLING AGREEMENT

These Terms and Conditions shall take precedence over any inconsistent or contradictory provisions contained in any proposal, contract, purchase order, requisition, notice-to-proceed, or like document.

14. EQUAL EMPLOYMENT AND NONDISCRIMINATION

In connection with the services under this Agreement, ENGINEER agrees to comply with the applicable provisions of federal and state Equal Employment Opportunity for individuals based on color, religion, sex, or national origin, or disabled veteran, recently separated veteran, other protected veteran and armed forces service medal veteran status, disabilities under provisions of executive order 11246, and other employment, statutes and regulations, as stated in Title 41 Part 60 of the Code of Federal Regulations § 60-1.4 (a-f), § 60-300.5 (a-e), § 60-741 (a-e).

15. HAZARDOUS MATERIALS

OWNER represents to ENGINEER that, to the best of its knowledge, no hazardous materials are present at the project site. However, in the event hazardous materials are known to be present, OWNER represents that to the best of its knowledge it has disclosed to ENGINEER the existence of all such hazardous materials, including but

not limited to asbestos, PCB's, petroleum, hazardous waste, or radioactive material located at or near the project site, including type, quantity and location of such hazardous materials. It is acknowledged by both parties that ENGINEER's scope of services do not include services related in any way to hazardous materials. In the event ENGINEER or any other party encounters undisclosed hazardous materials, ENGINEER shall have the obligation to notify OWNER and, to the extent required by law or regulation, the appropriate governmental officials, and ENGINEER may, at its option and without liability for delay, consequential or any other damages to OWNER, suspend performance of services on that portion of the project affected by hazardous materials until OWNER: (i) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the hazardous materials; and (ii) warrants that the project site is in full compliance with all applicable laws and regulations.

OWNER acknowledges that ENGINEER is performing professional services for OWNER and that ENGINEER is not and shall not be required to become an "arranger," "operator," "generator," or "transporter" of hazardous materials, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 (CERCLA), which are or may be encountered at or near the project site in connection with ENGINEER's services under this Agreement. If ENGINEER's services hereunder cannot be performed because of the existence of hazardous materials, ENGINEER shall be entitled to terminate this Agreement for cause on 30 days written notice. To the fullest extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER, its officers, directors, partners, employees, and subconsultants from and against all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused by, arising out of or resulting from hazardous materials, provided that (i) any such cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or injury to or destruction of tangible property (other than completed Work), including the loss of use resulting therefrom, and (ii) nothing in this paragraph shall obligate OWNER to indemnify any individual or entity from and against the consequences of that individual's or entity's sole negligence or willful misconduct.

16. EXECUTION

This Agreement, including the exhibits and schedules made part hereof, constitute the entire Agreement between ENGINEER and OWNER, supersedes and controls over all prior written or oral understandings. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by the parties.

17. ALLOCATION OF RISK

OWNER AND ENGINEER HAVE EVALUATED THE RISKS AND REWARDS ASSOCIATED WITH THIS PROJECT, INCLUDING ENGINEER'S FEE RELATIVE TO THE RISKS ASSUMED, AND AGREE TO ALLOCATE CERTAIN OF THE RISKS, SO, TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF ENGINEER (AND ITS RELATED CORPORATIONS, SUBCONSULTANTS AND EMPLOYEES) TO OWNER AND THIRD PARTIES GRANTED RELIANCE IS LIMITED TO THE GREATER OF \$100,000 OR ITS FEE, FOR ANY AND ALL INJURIES, DAMAGES, CLAIMS, LOSSES, OR EXPENSES (INCLUDING ATTORNEY AND EXPERT FEES) ARISING OUT OF ENGINEER'S SERVICES OR THIS AGREEMENT REGARDLESS OF CAUSE(S) OR THE THEORY OF LIABILITY, INCLUDING NEGLIGENCE, INDEMNITY, OR OTHER RECOVERY. THIS LIMITATION SHALL NOT APPLY TO THE EXTENT THE DAMAGE IS PAID UNDER ENGINEER'S COMMERCIAL GENERAL LIABILITY INSURANCE POLICY.

18. LITIGATION SUPPORT

In the event ENGINEER is required to respond to a subpoena, government inquiry or other legal process related to the services in connection with a legal or dispute resolution proceeding to which ENGINEER is not a party, OWNER shall reimburse ENGINEER for reasonable costs in responding and compensate ENGINEER at its then standard rates for reasonable time incurred in gathering information and documents and attending depositions, hearings, and trial.

19. UTILITY LOCATION

If underground sampling/testing is to be performed, a local utility locating service shall be contacted to make arrangements for all utilities to determine the location of underground utilities. In addition, OWNER shall notify ENGINEER of the presence and location of any underground utilities located on the OWNER's property which are not the responsibility of private/public utilities. ENGINEER shall take reasonable precautions to avoid damaging underground utilities that are properly marked. The OWNER agrees to waive any claim against ENGINEER and will indemnify and hold ENGINEER harmless from any claim of liability, injury or loss caused by or allegedly caused by ENGINEER's damaging of underground utilities that are not properly marked or are not called to ENGINEER's attention prior to beginning the underground sampling/testing.