

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

October 27, 2014

4:15 p.m.

EXECUTIVE SESSION		
1. <u>Executive Session Pursuant to RCW 42.30.110.(1)(i) – Potential Litigation.</u> (City Manager, City Attorney, Community Development Director)	---	

Regular Meeting of Monday, October 27, 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.

PRESENTATIONS

- 4. Chehalis Foundation Progress Report. (Chehalis Foundation President Tim Saylor)
- 5. Update on Discover! Children's Museum. (Steering Committee Vice-President Larry McGee)

CONSENT CALENDAR

- | | | |
|--|--|----|
| 6. <u>Minutes of the Regular Meeting of October 13, 2014.</u> (City Clerk) | APPROVE | 1 |
| 7. <u>Vouchers and Transfers.</u> (Finance Manager) | APPROVE | 9 |
| 8. <u>Approve and Authorize City Manager to Execute Interlocal Agreement between the City and Regional Fire Authority for Maintenance and Operation of Emergency Communications System.</u> (City Manager, Interim Fire Chief) | APPROVE AND AUTHORIZE CITY MANAGER TO EXECUTE INTERLOCAL AGREEMENT | 10 |

ADMINISTRATION AND CITY COUNCIL REPORTS

- | | | |
|--|------------------|----|
| 9. <u>Administration Reports.</u> | | |
| a. 3rd quarter and September financial reports and 3rd quarter sales and use tax report. (Finance Manager) | INFORMATION ONLY | 15 |
| 10. <u>Council Reports.</u> | | |
| a. Councilor reports. (City Council) | INFORMATION ONLY | |
| b. Council committee reports. (City Council) | INFORMATION ONLY | |

NEW BUSINESS

11. Resolution No. 9-2014, First and Final Reading – Approving State Revolving Fund Loan in the Amount of \$1,033,150.00 for the Construction of Basin 1022 Inflow and Infiltration Project. (City Manager, Public Works Director, Wastewater Superintendent)

ADOPT

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**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON
OTHER ITEMS NOT LISTED ON THIS AGENDA**

SPECIAL EXECUTIVE SESSION ON TUESDAY, OCTOBER 28, 2014

NEXT REGULAR CITY COUNCIL MEETING WILL BE ON MONDAY, NOVEMBER 10, 2014

October 13, 2014

The Chehalis city council met in regular session on Monday, October 13, 2014, in the Chehalis city hall. Mayor Dawes called the meeting to order at 5:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Tony Ketchum. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief/Interim Fire Chief; Judy Pectol, Finance Manager; Peggy Hammer, Human Resources Administrator; Dennis Osborn, Community Development Director; Rick Sahlin, Public Works Director; and Dave Vasilauskas, Water Superintendent. Members of the media included Dameon Pesanti from *The Chronicle*.

1. Citizens Business.

a. **Dogs Running Loose and Panhandling.** Darin James McGowan (Centralia) expressed concern about people letting their dogs run loose within the city, noting in the last month he's been chased twice by dogs that were not on a leash. Mayor Dawes asked if Mr. McGowan called dispatch to report the incidents. Mr. McGowan stated he did not; however, he did stop by the police department to report it.

Mr. McGowan stated he also wanted to speak out against allowing panhandling, noting it's getting out of hand in the area near Walmart. He reported the city of Centralia recently banned it and suggested Chehalis do the same. City Manager MacReynold stated he would meet with the police chief to explore the issue and would report back to the council.

b. **Water Taste Test.** Kim Ashmore (118 Blanchard Road, Centralia) provided a brief report on the 9th Annual Chehalis Basin Watershed Festival held in Aberdeen, Washington. He stated the water taste test has turned into a friendly competition between local agencies, noting Centralia has won most of the time. Mr. Ashmore reported they had four participants this year, including Centralia, Chehalis, Montesano, and Napavine, and out of the four Chehalis came out on top.

Mayor Dawes stated the water department works hard to make sure we have good clean water to drink, adding it's nice to see them get recognized for that effort.

2. **Proclamation Presentation.** Mayor Dawes presented Human Response Network Executive Director Tara Leno with a proclamation declaring the month of October as "Domestic Violence Awareness Month" in the city of Chehalis.

3. **Update on Port of Chehalis Activities.** Mayor Dawes first asked Port of Chehalis Executive Director Randy Mueller how his 90-day plan went. Mr. Mueller reported the 90 days were up about two weeks ago, noting it was a mad hustle towards the end to check some of the things off the list. He indicated the biggest problem he ran into was the number of people he ended up meeting with, adding each time he met with one they had to add two more names to the list, which made the list quite long by the end of the process.

Mr. Mueller talked briefly about his background and provided an update on some of the projects he's currently working on, to include: rail spur project for Conrad Industries; potential land sale to the Willamette Valley Co.; and making Port properties more shovel ready.

Mr. Mueller talked briefly about the types of jobs they want to bring to the Port. He suggested if you advertise cheap land you're going to get the people looking for the cheapest deal, which may not necessarily be the best.

Mr. Mueller reported there are 75 port districts in the State of Washington that provide 75 flavors of economic development based on what they see as a vision for their community. He stated he's currently looking at all of their options and seeking input from everywhere in order to provide the best options for the Commission to consider.

Mr. Mueller reported his short-term priorities are to make the Port more profitable. He noted their current line of business includes sale and leasing of Port land and buildings. Mr. Mueller stated the Port receives most of their money from their lines of business.

Mr. Mueller reported his long-term goal is to provide jobs that pay a decent wage with decent benefits. He would also like to see more high quality jobs, so when our children graduate from college they can come back to professional career opportunities.

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Councilor Harris stated he would like to see them talking with larger well-known companies, including international companies, adding there might be some opportunities there that they haven't looked at yet.

Councilor Lund asked if they were going to do anything with the Port sign along I-5. Mr. Mueller stated the sign is sorely in need of an update, noting the phone number listed doesn't even go to the Port. He reported he has a couple of drafts on his desk for the redesign that include their web address rather than a phone number. Councilor Lund stated he would be happy if they left the sign the way it is, but put the correct phone number on it.

Councilor Spahr stated he appreciated Mr. Mueller's enthusiasm and goals. He agreed that the person looking for the cheapest land and labor force is not the person we really want, adding we need to up our goals.

4. Shorelines Master Program Update. Community Development Director Dennis Osborn introduced Brad Medrud with AHBL to provide an update on the Shorelines Master Program (SMP).

Mr. Medrud reported he was before the council last November to provide an update, noting the updates are required by the Department of Ecology (DOE) who established the guidelines and rules of what needs to be included in the documents. He stated the new SMP will be an update of the existing program, which has been in place since 1974.

Mr. Medrud reported on some of the new requirements passed down by DOE, to include: no net loss in restoration; public access; allowing for water dependent uses; and actively seeking public input throughout the process. Mr. Medrud reported they were at step 3 of 5 of the process and hopes to finish by June 2015.

Mr. Medrud reported they would start meeting with the Chehalis Planning Commission in July, noting the Commission acts as the Citizens' Advisory Committee. He stated their job is to review the documents and provide input and direction on the community's wishes before they get to the formal hearing and adoption process.

Mr. Medrud reported, at their next meeting, they will be discussing specific use policies within the shoreline environment designations and the specific regulations tied to recreation and commercial development. He noted they would also be introducing shoreline modifications and talk about how to administer the SMP.

Mr. Medrud reported, at their November/December meeting, they expect to talk about the critical area regulations that will be enacted within the shoreline jurisdiction. He stated DOE has a rather large hammer when it comes to addressing critical areas and there are going to be some procedural things that will need to be addressed.

Mr. Medrud reported sometime between December 2014 and March 2015 they will finish the accumulative impacts analysis. This will include the no net loss report for the entire process, as well as the restoration plan. Mr. Medrud stated the Chehalis Planning Commission will hold the initial public hearings, and the council will review the process and pass their recommendations on to DOE who will have final say. He believed they would have the final SMP ready for adoption in late 2015.

Councilor Spahr asked Mr. Medrud to describe a shoreline and explain how it affects the average citizen. Mr. Medrud stated you essentially start with 200 feet off of any waterway considered of the state. He noted in Chehalis that would be the Chehalis River, the Newaukum River, and some of the smaller creeks. Mr. Medrud reported if there are any floodways or wetlands associated, then the areas starts to expand. He suggested it wouldn't have much effect on industrial based business because it doesn't touch a lot of that, but it will have an impact on the public side.

5. Update on Chehalis River Basin Flood Authority Policy Workshop. City Representative Julie Balmelli-Powe reported this was the third workshop since the Flood Authority started the new studies, and the final workshop before they make a recommendation to the Governor's Office in November. She provided an overview on some of the alternatives that are still on the board:

- Flood Proofing – would provide a great benefit, but it doesn't cover a lot of area
- Habitat Restoration - low and high enhancement habitat restoration would manage flooding if the natural process is restored; and would help compensate for some damage caused by a dam

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- I-5 Project - cost benefit ratio is not viable for this project even though it does protect I-5 and would be a lot less expensive
- Raising the Airport Levee - would be included in either combination
- Flood Only Water Retention - will shut the dam during storm events and release the water slowing over a two week period versus having the reservoir behind the dam
- Water Retention with Storage – would have a reservoir year round that could be used during the summer months

Ms. Balmelli-Powe talked briefly about the multipurpose alternatives, noting in the short-term the multipurpose alternative with a reservoir actually shows potential to help fish, especially the spring Chinook and possibly the Coho, whereas the 'flood only' alternative doesn't benefit the fish at all. She noted this is because it doesn't have the water to cool or to add oxygen to the water in the summer when it's needed.

Ms. Balmelli-Powe reported, over the long-term, if they do high enhancement with the 'flood only,' the cost benefit ratio would actually get higher than the multipurpose with high enhancement. She noted the way they explained it is the reservoir wouldn't be needed as much because of the shading and cooling of the stream, so in the end the benefits of the enhancements will outweigh the benefits of the summer flow augmentation. Ms. Balmelli-Powe reported she questioned their philosophy, noting in order to get full benefit from the enhancement project it will take 100 years and they're basing a lot of the benefit from the effects of the dam over a 50-year period.

Councilor Taylor asked if anyone questioned why they didn't compare them to the same number of years. Ms. Balmelli-Powe stated she asked, but they basically said they needed more information.

Ms. Balmelli-Powe reported they looked at each alternative individually, but couldn't come up with the solution they were looking for, so they just kept trying to find different combinations. She noted it's only in the last combination that provides for water retention, the airport levee, flood proofing, and high enhancement that they get the results they want and still had a cost benefit.

Ms. Balmelli-Powe reported she needed to get direction from the council on which option to support.

Councilor Ketchum stated if they do the reservoir with enhancements without doing anything to control flooding it could end up wiping out all of the enhancements. He felt it was important to have water storage no matter what.

Councilor Pope asked what the difference was between this study and all of the studies done in the past.

Ms. Balmelli-Powe stated she's excited with the new studies, noting they've done a lot more with the effects on fish. She reported it was very encouraging, but there's still more questions to be answered and they still have a long way to go. Ms. Balmelli-Powe stated with the information they have they'll be able to make a recommendation and move forward on a few more in-depth studies, but they have to get the go-ahead from the Governor's Office first.

Ms. Balmelli-Powe reported they did a really great study on flood proofing, noting they have much better maps of the terrain to where they can actually see the water level and know which homes will receive damage. Ms. Balmelli-Powe reported the problem with flood proofing is you can't flood proof all commercial buildings because of access problems. She suggested this is another barrier to why flood proofing isn't the only solution.

Councilor Harris stated he was under the impression that the water would be held until low flow periods, rather than draining it over a two week period.

Ms. Balmelli-Powe reported, because of the fish, they have to let it out at a gradual pace over a period of about 12 days. She stated once all the water is let out, the streams will flow naturally.

Ms. Balmelli-Powe suggested the 'flood only' approach is better than having no dam at all, but if they're going to be putting that much money into it, it makes better sense to have an approach that prepares more for the future and protects the citizens of the basin.

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Councilor Harris asked if they discussed the areas they're considering for water and river enhancements. Ms. Balmelli-Powe reported they stated the high enhancement would go from the Wynoochee River up to the dam and the low enhancement would start near Porter. She noted the restoration enhancements would include barrier removal, stream bank enhancements, and trees to create more shade along the river.

Councilor Taylor reported when he attended the Flood Authority meetings the council's direction was along the lines of having a dam/reservoir to benefit the summer flows. The consensus of the council was to continue down that same path.

Mayor Dawes reported this was the first time he's heard of them talking about a dam that releases all of the water after a flood event, adding he thought the whole idea of the retention dam was to hold the water and release it during the summer months as the river gets low. Mayor Dawes also thought the thing that brought the Chehalis Tribe on board was the fact that there was a chance to enhance the waters and make it better for fish.

Ms. Balmelli-Powe suggested the 'flood only' dam is more of a compromise, noting the science really promotes the multipurpose dam. She suggested the compromise might be that they can give a little to build the dam, as long as it keeps the river as natural as possible.

Mayor Dawes stated, based on the discussion, the preference of the council is to have the full dam.

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

- a. Minutes of the regular meeting of September 22, 2014;
- b. Claim Vouchers No. 110506-110627 in the amount of \$165,314.87 dated September 30, 2014; Payroll Vouchers No. 37641-37716, Direct Deposit Payroll Vouchers No. 5345-5430 and Electronic Federal Tax Payment No. 140 in the amount of \$740,092.51 dated September 30, 2014;
- c. Award engineering contract for the high level reservoir at McFadden Park to HDR Engineering, Inc., in an amount not to exceed \$250,000 and authorize the city manager to execute the contract agreement; and
- d. Award engineering contract for a second flocculation pre-sedimentation train at the water filter plant to HDR Engineering, Inc., in an amount not to exceed \$420,000 and authorize the city manager to execute the contract agreement.

Councilor Lund seconded the motion.

Councilor Spahr inquired about the engineering costs for the second flocculation pre-sedimentation train. Public Works Director Rick Sahlin reported the contract includes \$20,900 for project management, \$94,000 for the Department of Health project report, as well as other permit and review fees. He stated it's not just the design of the project, adding it will take them all the way through the audit process for the loans.

The motion carried unanimously.

7. **Administration Reports.**

a. **Update on Annual Debt Compliance.** Finance Manager Judy Pectol reported the financial information on the city's bond debt has been reported as required. She stated there will be more requirements for reporting in the future; for example, when any bonds are redeemed that information will need to be reported as well.

8. **City Council Reports.**

a. **Update From Councilor Lund.** Councilor Lund reported he and Mayor Dawes and Councilor Spahr attended the monthly Joint Oversight Board meeting.

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b. **Update From Councilor Spahr.** Councilor Spahr reported he received a copy of the 90-day plan that the Lewis County Economic Development Council is putting in place, adding he hoped to see good things come out of it.

c. **Update From Councilor Harris.** Councilor Harris reported they've been working on Christmas projects for the last couple of months, noting Ms. Balmelli-Powe, as well as two of her children and a bunch of others, came out to the airport to help out. He stated he also attended a Chehalis Community Renaissance Team meeting, noting it was very good.

d. **Update From Councilor Taylor.** Councilor Taylor reported he and his wife have been walking on the side streets up on the hillside and noticed a lot of the sidewalks closer to the north end of town are getting overgrown with ivy. He stated he understood that it's the responsibility of the property owner to maintain the sidewalks, but asked if there is anything the city can do to encourage or help clean them up.

Councilor Ketchum stated he's noticed it too.

Councilor Pope reported when he built his office on Market Boulevard he was made to put in new sidewalks, but when he wanted to do something with the sidewalks or on the right-of-way he couldn't because it's city property. He stated if the landowner is responsible for the sidewalk, the city shouldn't have anything to say about what they do with it.

Councilor Lund reported he had to put in a new sidewalk, as well.

City Manager MacReynold reported in all of the jurisdictions he's ever worked, sidewalks have always been an issue.

Councilor Ketchum stated when he first moved into his house he received a notice from the city that he had to replace the sidewalk. He suggested the city has sent out notices more than once in the past.

City Manager MacReynold stated he would prefer to have a conversation with the public works department to see if there's some sort of middle ground, and follow up with some specific areas that may need to be looked at.

Mayor Dawes reported he and his wife do a lot of walking as well. He noted his wife has contacted public works in the past and they've been very good about coming out and taking care of the growth over the sidewalks.

e. **Update From Mayor Dawes.** Mayor Dawes reported on September 27 he attended a luncheon with a Korean Consulate from the Seattle office. He noted the Korean Government presented Korean War Veterans with medals at the ceremony held at the Veterans Memorial Museum.

Mayor Dawes reported the budget committee has a couple of meetings coming up to tie up some loose ends on some budget recommendations that will be made to the full council at a later date.

Mayor Dawes reported he attended the Centralia College Foundation kick-off event, noting it was a nice evening.

Mayor Dawes attended the Association of Washington Cities regional meeting in Centralia on October 7. He noted they continue to stress that we contact our Legislators using different approaches other than what's been done in the past.

Mayor Dawes reported on the Joint Oversight Board meeting, noting they're at a point where they need to sit down and review where they've been, where they're going, and what the timeframe is for that. He noted cooperation has been very good and both departments speak highly of it.

9. **City Manager Search Recruitment Schedule.** City Manager MacReynold asked that the council take a look at the updated recruiting schedule they received to make sure they're available on the dates that were highlighted. He noted those were critical times for both selecting the finalists and for the interview process.

10. **Approve Candidates and Funding Amounts of the Lodging Tax Advisory Committee (LTAC) for Use of Lodging Tax Funds for 2015 and 2014; and Reappoint the Memberships of Todd Chaput, Michel Rey, Satpal Sohal, Alicia Bull, Rick Burchett, and Chip Duncan to the LTAC.** Councilor Harris reported he would first like to make sure none of

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the council have any particular conflicts before putting a motion on the floor.

Councilor Taylor stated he would be recusing himself from voting.

Councilor Harris reported the LTAC received \$445,630 in requests and they recommended a total of \$222,000, which went slightly into their expected \$50,000 reserve for items that might come up during the course of the year. He stated none of the seven Committee members completely agreed with anything as far as the original requests. Councilor Harris noted, as chair, he has obligated himself to support what the Committee has sent forward.

Councilor Pope reported he noticed there was no funding being recommended for the Bridal Show and asked why. He also brought up the recommended funding for an electronic kiosk at the Chamber of Commerce, noting he didn't think they should be in the business of funding equipment of that nature.

Councilor Harris reported there's a new facility on Jackson Highway called the Red Barn, and apparently it's bringing in tons of weddings from outside the city at a cost of about \$3,000 per day to rent the facility. He noted the rural setting is very appealing to Seattleites and it puts lots of heads-in-beds. Councilor Harris reported the Chehalis Bridal Show was started by the city to help develop a revenue stream for lodging tax, but suddenly the Committee decided that wasn't enough.

Councilor Harris reported the new regulations for distributing lodging tax funds only allows the council to give what the Committee recommends, or they can give zero dollars. He stated that's one of the issues he has with the new regulations because it gives the Committee more power than the council.

Councilor Ketchum stated he still didn't understand why they didn't give any funding for the Bridal Show.

Councilor Harris stated at least four members decided not to give any funding, including the three hoteliers and one other committee member. He reported most of the revenue for the Bridal Show went to the radio station for advertising, and there's a mindset by several LTAC members that the way of the future is the internet. Councilor Harris stated the hoteliers shared with the Committee that most of their revenue comes from internet reservations.

Councilor Ketchum reported they've had the discussion before that, outside of the tournaments, this organization is the next highest at putting heads-in-beds.

Councilor Harris stated the Committee has had many discussions about the businesses they fund, adding it's really difficult at times to try to figure out how far they should go in telling them how to operate. He noted there have been suggestions in years past about getting Premier Broadcasters (Rick Petty) more involved in social media and other forms of advertising, other than just radio. Councilor Harris indicated the request from Premier Broadcasters came in higher this year, but according to Mr. Petty, that was just so they could start advertising earlier in the season. He stated the Committee just wasn't enamored with the way Mr. Petty wanted to operate.

Councilor Taylor suggested it was a different kind of sell in that market, noting Mr. Petty is selling the future and the hoteliers are selling this weekend. He felt Mr. Petty's approach worked well for creating interest in our community, and when people do find an interest, they usually go on-line to book their hotel.

Councilor Pope stated the council's position has always been that lodging tax is supposed to serve as an incubator to help businesses get started, and not a resource for sustaining them.

Councilor Harris stated Councilor Pope was right, noting a lot of the requests have diminished over the years because of that philosophy.

Councilor Spahr stated he agreed with Councilor Pope that they're in the business of putting heads-in-beds, not buying equipment. He didn't see the kiosk as a way to put heads-in beds, adding most people have apps on their phones that do the same thing as a kiosk would.

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Councilor Harris reported there was discussion by the Committee regarding the kiosk, adding Chehalis would be the only entity funding the project.

Councilor Spahr moved that the council approve the candidates for reappointment to the LTAC and approve the funding amounts of the LTAC for use of lodging tax funds for 2015 and 2014, with the exception of Item No. 7 (the electronic kiosk) for a total of \$202,000.

Councilor Lund seconded the motion.

Councilor Harris noted the Committee has always been very supportive of giving all they can to city projects; however, the city in its requests did not receive everything they asked for. He reported a lot of revenue from the city manager's office is revenue that goes to the Chamber for the city's portion of county-wide advertising promotion.

The motion carried 5-1 with Councilor Ketchum voting against the motion. (Councilor Taylor abstained from voting.)

City Manager MacReynold reported, with reference to the Bridal Show, the council can request that the Committee reconsider its decision on not funding it and ask that they meet and review it again.

Councilor Spahr suggested, if Mr. Petty isn't doing the advertising the way they would like it done, perhaps they should have him come back to the Committee and sell his product. He stated he would like to see it addressed, noting it seemed funny to him as well that two years ago it was one of the biggest events that put heads-in-beds.

Councilor Spahr moved that the LTAC reconsider the Bridal Show funding request from Premier Broadcasters and report back to the council at the first meeting in November.

Councilor Lund seconded the motion.

Councilor Harris stated he would like to first talk with Mr. Petty to see if there would be a reason for the Committee to meet, noting Mr. Petty was very discouraged when he was notified about the Committee's recommendation.

The motion carried unanimously. (Councilor Taylor abstained from voting.)

Mayor Dawes inquired about the \$45,000 for the city manager's office wanting to know if it all goes to the Chamber for advertising. City Manager MacReynold reported \$40,000 will go to the Chamber for the tourism services contract and the additional \$5,000 will be used for marketing and promotion.

Mayor Dawes stated he would be interested in knowing the amount of tourism funding that other governmental agencies are providing to the Chamber. City Manager MacReynold stated, based on what's been reported, Centralia has committed \$21,000 and the Chamber did not seek funding from Lewis County for 2015.

11. **Special Meeting Rescheduled.** Mayor Dawes reported the special meeting set for Tuesday, October 14 was rescheduled to Tuesday, October 28, at 5:00 p.m.

12. **Stan Hedwall Park Committee.** Councilor Lund stated, since the city received some tourism funding to do the engineering study on Stan Hedwall Park, he thought it might be good to set up a council committee to work with staff on the project. He noted a few weeks ago he talked about fixing up our parks and suggested they consider going out for a bond for the project, and if the LTAC is willing, they could use tourism funding to make annual payments on the bond.

After a brief discussion, Councilors Lund, Pope, and Harris volunteered to be on the committee.

There being no further business to come before the council, the meeting adjourned 5:49 p.m.

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Mayor

Attest:

City Clerk

Approved: October 27, 2014

Initials: __

CITY OF CHEHALIS
AGENDA REPORT

DATE: October 15, 2014
TO: The Honorable Mayor and City Council
FROM: Judy Pectol, Finance Manager *JP*
PREPARED BY: Michelle White, Accounting Tech II *MW*
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

Claim Vouchers No. 110628 through 110781 and Electronic Funds Transfer Nos. 92014 and 920141 in the amount of \$415,915.38 dated October 15, 2014 and the transfer of \$143,491.27 from the General Fund, \$15,951.03 from the Tourism Fund, \$240.00 from the Federal & State Grants Fund, \$43.13 from the Automotive Equipment Reserve Fund, \$298.61 from the Garbage Fund, \$140,460.64 from the Wastewater Fund, \$32,645.78 from the Water Fund, \$4,751.10 from the Storm & Surface Water Utility Fund, \$77,818.39 from the Airport Fund and \$215.43 from the City Agency's Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the October 15, 2014 Claim Vouchers No. 110628 through 110781 and Electronic Funds Transfer No. 92014 and 920141 in the amount of \$415,915.38.

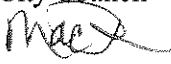
SUGGESTED MOTION

I move to approve the October 15, 2014 Claim Vouchers No. 110628 through 110781 and Electronic Funds Transfer Nos. 92014 and 920141 in the amount of \$415,915.38.

Reviewed by: *Michelle White*, City Manager

CITY OF CHEHALIS

AGENDA REPORT

TO: The Honorable Mayor and City Council
FROM: City Manager MacReynold 
DATE: October 20, 2014
SUBJECT: Interlocal Agreement between the City of Chehalis and the Riverside Fire Authority for Maintenance and Operation of Emergency Communications System

ISSUE

The City of Chehalis utilizes the emergency communications system of Riverside Fire Authority for dispatching and emergency responses of fire personnel within the City of Chehalis. An interlocal agreement has been established to provide payment to RFA for equipment and maintenance costs of this communications system.

DISCUSSION

In July of 2013, Chief Jim Walkowski acquired Homeland Security Grant funding to convert the Chehalis Fire Radio Frequency over to the Riverside Fire Authority's frequency (RFA #2). This allowed for the City of Chehalis Fire Department and the Riverside Fire Authority to be on the same frequency, making the dispatching of emergency responses and communication between the two agencies more consistent. The interlocal agreement outlines that in consideration for the services provided by RFA, the City will pay the RFA \$5,000.00 annually for equipment and maintenance costs of the communications system.

RECOMMENDATION / COUNCIL ACTION DESIRED

The administration recommends that the council authorize the city manager to execute the proposed interlocal agreement between the City and the RFA for the utilization of the communications system.

SUGGESTED MOTION

I move that the council authorize the city manager to execute the attached interlocal agreement between the City and RFA for the utilization of the communications system.

**INTERLOCAL AGREEMENT
BETWEEN CITY OF CHEHALIS AND RIVERSIDE FIRE AUTHORITY
REGARDING MAINTENANCE AND OPERATION
OF EMERGENCY COMMUNICATIONS SYSTEM**

THIS INTERLOCAL AGREEMENT is entered into and effective this 1st day of January, 2015, by and between the City of Chehalis (hereinafter "the City") and Riverside Fire Authority (hereinafter "RFA"), both of which are municipal corporations under the laws of the State of Washington.

WHEREAS, the City of Chehalis utilizes the emergency communications system of Riverside Fire Authority for dispatching and emergency responses within the City of Chehalis; and

WHEREAS, Riverside Fire Authority incurs maintenance and operations costs with respect to the two-way radio system used for such emergency communications; and

WHEREAS, both municipal corporations may enter into interlocal cooperative agreements pursuant to chapter 39.34 of the Revised Code of Washington;

NOW, THEREFORE, it is hereby agreed between the parties:

1. **PURPOSE.**

The purpose of this agreement is to provide reasonable compensation annually to RFA for the City's fair share of the maintenance and operations costs for the City's use of the emergency communications system of RFA, for the City's needs relative to dispatching and emergency responses.

2. **PROGRAM DELIVERY.**

The RFA will continue to operate and maintain the radio system so that the City can use such system for its dispatching and emergency responses. No separate legal or administrative entity is created by this agreement, which shall be administered by the RFA's Fire Chief. No real or personal property shall be acquired, held or disposed of under this agreement.

3. **TERM OF AGREEMENT.**

The term of this Agreement shall be for one year after the effective date hereof, **provided** that this agreement shall be automatically renewed from year to year unless terminated or modified in accordance with the provisions hereof. The parties agree to review the program shortly before the end of the annual term to determine if changes need to be made. Either party may terminate their participation during the term of this agreement, or any renewal term, by providing 90 days written notice to the other party.

4. **CONSIDERATION.**

In consideration for the services provided by RFA, the City will pay the RFA \$5,000.00 annually, payable within 30 days after receipt of the invoice.

5. **EMPLOYER/EMPLOYEE RELATIONSHIP.**

It is understood and agreed by the parties that any employee of either party providing services pursuant to this Agreement, shall be and remain an employee of their usual employer. He/she shall not be deemed an employee of the other party, even though he/she may operate at times under the direct supervision and control of the other agency's officials for the limited purposes of this agreement. Nothing contained in this Agreement shall create the relationship of master and servant or employer and employee, as between the agency served and the other agency's employee. He/she shall not be considered an independent contractor, but rather a continuing employee of the regular employer.

6. **OTHER PROVISIONS.**

The following standard provisions also apply:

1. **Integrated Agreement.** This Agreement is the full and complete understanding of the parties and there are no other agreements, either verbal or written, which would alter the terms of this document. The agreement may be modified or amended only by supplemental written agreement hereafter negotiated by the parties.
2. **No Third Party Beneficiary.** The provisions of this interlocal agreement are not intended to create any third-party beneficiary contract rights, and therefore none should be deemed created by this agreement. The agreement between the parties is only intended to create rights and/or obligations as between the signatory parties.
3. **Governing Law.** This Agreement is entered into and shall be governed by the law of the State of Washington. In the event of a dispute that has completed arbitration or has been held ineligible for arbitration, the venue shall lie in Lewis County, Washington.
4. **Arbitration of Disputes.** It is the intent of all parties to this agreement that disputes, if any, between any of the parties hereto shall be resolved as informally and amicably as possible by settlement without the assistance of any outside professionals in dispute resolution. However, if such conciliation fails, the parties agree that mediation may be used. If the parties are unable to resolve the dispute through mediation, then an arbitrator shall be selected through the auspices of the American Arbitration Association, or any such entity providing arbitrators as the parties may agree upon. The arbitration shall proceed, however, with a single arbitrator and with the parties sharing the costs proportionately, depending upon how many of the parties are involved in the dispute. Only if arbitration is

unsuccessful or declared by a court to be inapplicable to the dispute shall the parties proceed to Superior Court.

5. **Construction/Interpretation.** This Agreement is being entered into and shall be construed and interpreted in accordance with the laws of the State of Washington.
6. **Hold Harmless/Indemnification.** Each of the parties which are signatories hereto, by executing this agreement, are deemed to hold harmless and indemnify any and all other parties for any negligence, errors or omissions of the indemnifying party. The indemnification and hold harmless is mutual with respect to any of the negligence, errors and omissions of any of the other parties, with respect to their own negligence, errors and omissions. Each party, therefore, remains solely liable for their own sole negligence, errors or omissions. Such indemnification extends not only to the actual party, but all employees, agents, volunteers and parties acting on their behalf. The respective parties to the interlocal agreement are not deemed to be agents of each other for purposes of this agreement.
7. **Waiver of Breach.** The failure of any party to this agreement to insist upon strict performance of any of the covenants and agreements contained in this agreement, or to exercise any option or right conferred by this agreement, in any one or more instances shall not be construed to be a waiver or relinquishment of any such option or right or of any other covenants or agreements which shall all be and remain in full force and effect.
8. **Industrial Insurance Waiver.** With respect to the performance of this agreement and as to claims against any of the parties, their officers, agents, and employees, each party expressly waives its immunity to the other parties only, under Title 51 of the Revised Code of Washington, the Industrial Insurance Act, for injuries to its employees, and agrees that the obligations to indemnify, defend and hold harmless provided in this agreement, extend to any claim brought by or on behalf of any employee of the party. This waiver is mutually negotiated by the parties to this agreement.
9. **Notices.** Any notice required or desired to be served, given or delivered hereunder shall be in writing and shall be deemed to have been validly served, given or delivered upon deposit in the United States mail by registered or certified mail with proper postage prepaid and addressed to the party to be notified. Each party shall include the applicable address below the signature block hereof.

**RIVERSIDE FIRE AUTHORITY
GOVERNANCE BOARD**

Chairman

Board Member

Vice-Chair

Board Member

Board Member

Board Member

ATTEST:

Board Secretary

Address for Notices: 1818 Harrison Avenue, Centralia, WA 98531

THE CITY OF CHEHALIS

City Manager

ATTEST:

City Clerk

Address for Notices: 350 N Market Blvd, Chehalis WA 98532

City of Chehalis
Third Quarter Financial Statements - All Funds
September 30, 2014

	General Fund #001		Arterial Street Fund #102		Tourism Fund #107		CDBG Fund #195		HUD BG Fund #197	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	860,937	871,336	27,091	29,909	50,135	62,952	90,646	90,857	327,335	327,631
Revs. & Transfers In	8,297,639	6,335,711	150,000	111,563	175,000	131,619	10,100	59	3,600	213
Exps. & Transfers Out	(8,283,605)	(7,055,152)	(175,540)	(137,549)	(181,475)	(99,221)	0	0	0	0
Ending Fund Balance	874,971	151,895	1,551	3,923	43,660	95,350	100,746	90,916	330,935	327,844

	Gambling Enforcmt. #198		Federal & State Grant Fund #199		2011 G.O. Bond Fund #200		Public Fac. Res. #301		Auto/Equip. Res. #302	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	0	0	0	0	54	0	0	0	1,638	5,154
Revs. & Transfers In	0	0	2,510,900	3,077,053	102,993	77,245	0	0	53,256	47,081
Exps. & Transfers Out	0	0	(2,510,900)	(3,077,053)	(103,047)	(16,875)	0	0	(54,756)	(48,449)
Ending Fund Balance	0	0	0	0	0	60,570	0	0	138	3,786

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	1st Qtr. REET Fund #305		2nd Qtr. REET Fund #306		Garbage Fund #402		Wastewater Fund #404		Water Fund #405	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	127,012	131,159	53,137	57,591	15	257	1,409,148	1,517,797	3,353,790	3,865,151
Revs. & Transfers In	45,400	26,970	45,000	26,925	12,550	6,522	4,381,331	3,574,858	2,671,565	2,212,706
Exps. & Transfers Out	(43,772)	(32,829)	(33,473)	(25,105)	(12,347)	(3,690)	(4,280,969)	(2,750,399)	(2,511,180)	(1,562,486)
Ending Fund Balance	128,640	125,300	64,664	59,411	218	3,089	1,509,510	2,342,256	3,514,175	4,515,371

	Storm/Surface Wtr. #406		Airport Fund #407		Firemens' Pension #611		City Agency Fund #633		All Funds Totals	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	448,246	454,098	0	0	294,300	291,761	356,127	3,025	7,399,611	7,708,678
Revs. & Transfers In	470,584	357,571	3,342,845	2,820,745	148,550	87,756	0	65	22,421,313	18,894,662
Exps. & Transfers Out	(467,158)	(321,549)	(1,655,751)	(855,550)	(69,400)	(40,902)	0	0	(20,383,373)	(16,026,609)
Ending Fund Balance	451,672	490,120	1,687,094	1,965,195	373,450	338,615	356,127	3,090	9,437,551	10,576,731

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

To: The Honorable Mayor and Council
 Via: Merlin MacReynold, City Manager
 From: Judy Pectol, Finance Manager
 Prepared by: Betty Brooks, Payroll Accountant
 Date: October 13, 2014
 Subject: Monthly Financial Reports for September

City of Chehalis
 Comparative Financial Reports
 September 2013 and 2014

GENERAL FUND (#001) REVENUES	A September 2013		B September 2013		C=B/A		D September 2014		E September 2014		F=E/D		G Expected		H^ Variance		I=F-G	
	Budget	Actual	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	% Rec'd	% Rec'd	Expected	Actual	% Variance	Expected	% Variance
General Property Taxes	\$1,249,000	\$677,808	\$1,262,000	\$692,155	54.3%	\$1,262,000	\$692,155	54.8%	\$692,155	\$692,155	75.0%	75.0%	75.0%	(\$254,345)	-20.2%	75.0%	(\$254,345)	-20.2%
EMS Property Taxes	237,500	128,500	239,500	131,086	54.1%	239,500	131,086	54.7%	131,086	131,086	75.0%	75.0%	75.0%	(48,539)	-20.3%	75.0%	(48,539)	-20.3%
Sales & Use Tax	3,115,000	2,421,058	3,265,000	2,700,832	77.7%	3,265,000	2,700,832	82.7%	2,700,832	2,700,832	75.0%	75.0%	75.0%	252,082	7.7%	75.0%	252,082	7.7%
Electricity Tax	417,000	349,627	430,000	359,175	83.8%	430,000	359,175	83.5%	359,175	359,175	75.0%	75.0%	75.0%	36,675	8.5%	75.0%	36,675	8.5%
Gas/Natural Gas Tax	240,000	161,654	222,000	168,085	67.4%	222,000	168,085	75.7%	168,085	168,085	75.0%	75.0%	75.0%	1,585	0.7%	75.0%	1,585	0.7%
Criminal Justice Tax	90,000	70,240	91,000	76,301	78.0%	91,000	76,301	83.8%	76,301	76,301	75.0%	75.0%	75.0%	8,051	8.8%	75.0%	8,051	8.8%
Water/Sewer Tax	399,996	303,023	415,834	327,214	75.8%	415,834	327,214	78.7%	327,214	327,214	75.0%	75.0%	75.0%	15,339	3.7%	75.0%	15,339	3.7%
Garbage Tax	62,000	44,099	60,000	45,513	71.1%	60,000	45,513	75.9%	45,513	45,513	75.0%	75.0%	75.0%	513	0.9%	75.0%	513	0.9%
Cable Tax	92,000	70,530	94,000	74,799	76.7%	94,000	74,799	79.6%	74,799	74,799	75.0%	75.0%	75.0%	4,299	4.6%	75.0%	4,299	4.6%
Telephone Tax	313,000	228,289	318,000	205,505	72.9%	318,000	205,505	64.6%	205,505	205,505	75.0%	75.0%	75.0%	(32,995)	-10.4%	75.0%	(32,995)	-10.4%
Leasehold Excise Tax	38,000	19,314	38,000	28,774	50.8%	38,000	28,774	75.7%	28,774	28,774	75.0%	75.0%	75.0%	274	0.7%	75.0%	274	0.7%
Other Taxes	32	40	40	37	125.0%	40	37	92.5%	37	37	75.0%	75.0%	75.0%	7	17.5%	75.0%	7	17.5%
Total Tax Revenues	6,253,528	4,474,182	6,435,374	4,809,476	71.5%	6,435,374	4,809,476	74.7%	4,809,476	4,809,476	75.0%	75.0%	75.0%	(17,055)	-0.3%	75.0%	(17,055)	-0.3%
Lienses & Permits	63,980	51,807	69,980	78,243	81.0%	69,980	78,243	111.8%	78,243	78,243	75.0%	75.0%	75.0%	25,758	36.8%	75.0%	25,758	36.8%
Intergov't Grants/Entitlements	168,502	159,716	167,950	196,278	94.8%	167,950	196,278	116.9%	196,278	196,278	75.0%	75.0%	75.0%	70,316	41.9%	75.0%	70,316	41.9%
Charges for Goods and Svcs.	341,170	270,217	332,800	262,550	79.2%	332,800	262,550	78.9%	262,550	262,550	75.0%	75.0%	75.0%	12,950	3.9%	75.0%	12,950	3.9%
Fines and Forfeitures	159,055	108,982	151,875	100,078	68.5%	151,875	100,078	65.9%	100,078	100,078	75.0%	75.0%	75.0%	(13,828)	-9.1%	75.0%	(13,828)	-9.1%
Interest Earnings	9,306	6,817	11,760	5,948	73.3%	11,760	5,948	50.6%	5,948	5,948	75.0%	75.0%	75.0%	(2,872)	-24.4%	75.0%	(2,872)	-24.4%
Rents & Royalties	70,100	57,280	71,350	59,931	81.7%	71,350	59,931	84.0%	59,931	59,931	75.0%	75.0%	75.0%	6,419	9.0%	75.0%	6,419	9.0%
Donations/Contributions	0	4,676	40,475	6,606	N/A	40,475	6,606	16.3%	6,606	6,606	75.0%	75.0%	75.0%	(23,750)	-58.7%	75.0%	(23,750)	-58.7%
Misc. Revenue/Insurance	5,000	14,790	11,850	40,633	295.8%	11,850	40,633	342.9%	40,633	40,633	75.0%	75.0%	75.0%	31,746	267.9%	75.0%	31,746	267.9%
Non-Revenues	3,500	2,682	4,225	3,032	76.6%	4,225	3,032	71.8%	3,032	3,032	75.0%	75.0%	75.0%	(137)	-3.2%	75.0%	(137)	-3.2%
Total Non-Tax Revenues	820,613	676,967	862,265	753,299	82.5%	862,265	753,299	87.4%	753,299	753,299	75.0%	75.0%	75.0%	106,600	12.4%	75.0%	106,600	12.4%
Operating Transfers-In	500,000	143,794	1,000,000	772,936	N/A	1,000,000	772,936	77.3%	772,936	772,936	75.0%	75.0%	75.0%	22,936	2.3%	75.0%	22,936	2.3%
Total Other Financing Sources	500,000	143,794	1,000,000	772,936	N/A	1,000,000	772,936	77.3%	772,936	772,936	75.0%	75.0%	75.0%	22,936	2.3%	75.0%	22,936	2.3%
TOTALS	\$7,574,141	\$5,294,943	\$8,297,639	\$6,335,711	69.9%	\$8,297,639	\$6,335,711	76.4%	\$6,335,711	\$6,335,711	75.0%	75.0%	75.0%	\$112,482	1.4%	75.0%	\$112,482	1.4%

Key:
 * The expected percentage is calculated as follows: since the report is for the 9th month of the year, 9 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
September 2013 and 2014

GENERAL FUND (#001) EXPENDITURES	A September 2013		B September 2013		C=B/A		D September 2014		E September 2014		F=E/D		G Expected % Exp		H^ Variance from Expected		I=G-F	
	Budget	Actual	Budget	Actual	% Exp'd	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	% Exp'd	Variance	% Variance	Variance	% Variance		
City Council	\$76,587	\$55,040	\$93,551	\$67,928	71.9%	\$93,551	\$67,928	72.6%	75.0%	\$2,235	2.4%	75.0%	\$2,235	2.4%				
Municipal Court	333,882	238,833	340,304	251,463	71.5%	340,304	251,463	73.9%	75.0%	3,765	1.1%	75.0%	3,765	1.1%				
City Manager	236,121	179,777	270,131	209,651	76.1%	270,131	209,651	77.6%	75.0%	(7,053)	-2.6%	75.0%	(7,053)	-2.6%				
Finance	164,316	122,751	183,331	142,869	74.7%	183,331	142,869	77.9%	75.0%	(5,371)	-2.9%	75.0%	(5,371)	-2.9%				
City Clerk	56,516	38,792	74,986	54,721	68.6%	74,986	54,721	73.0%	75.0%	1,519	2.0%	75.0%	1,519	2.0%				
Non-Departmental	819,630	735,209	1,302,246	1,529,449	89.7%	1,302,246	1,529,449	117.4%	75.0%	(552,765)	-42.4%	75.0%	(552,765)	-42.4%				
Human Resources	91,769	68,322	90,033	68,820	74.4%	90,033	68,820	76.4%	75.0%	(1,295)	-1.4%	75.0%	(1,295)	-1.4%				
Police	2,464,666	1,820,295	2,573,370	1,926,635	73.9%	2,573,370	1,926,635	74.9%	75.0%	3,393	0.1%	75.0%	3,393	0.1%				
Fire	1,705,443	1,178,974	1,657,866	1,253,922	69.1%	1,657,866	1,253,922	75.6%	75.0%	(10,523)	-0.6%	75.0%	(10,523)	-0.6%				
Public Works - Streets	474,659	324,335	469,060	604,727	68.3%	469,060	604,727	128.9%	75.0%	(252,932)	-53.9%	75.0%	(252,932)	-53.9%				
Community Development	1,247,359	980,494	1,228,727	944,967	78.6%	1,228,727	944,967	76.9%	75.0%	(23,422)	-1.9%	75.0%	(23,422)	-1.9%				
TOTALS	\$7,670,948	\$5,742,822	\$8,283,605	\$7,055,152	74.9%	\$8,283,605	\$7,055,152	85.2%	75.0%	(\$842,448)	-10.2%	75.0%	(\$842,448)	-10.2%				

Net Budget/Income/Variance: (\$96,807) (\$447,879) \$14,034 (\$719,441) (\$729,967)

Key:

* The expected percentage is calculated as follows: since the report is for the 9th month of the year, 9 is divided by 12-the number of months in the year.

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

City of Chehalis
Comparative Financial Reports
September 2013 and 2014

WASTEWATER FUND (#404) REVENUES	A September 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	September 2014 Actual	% Rec'd	% Rec'd	Expected % Rec'd	Expected % Rec'd	Varinc from Expected	% Variance	Expected % Rec'd	Expected % Rec'd	% Variance
Intergovernmental Revenues	\$0	\$35,000			N/A		\$0				N/A	75.0%	75.0%	\$0	N/A	75.0%	75.0%	
Wastewater Fees	4,160,318	3,141,149			75.5%		4,364,408	3,385,942			77.6%	75.0%	75.0%	112,636	2.6%	75.0%	75.0%	
Sewer Connection/Misc. Fees	35,000	14,826			42.4%		10,000	179,638			1796.4%	75.0%	75.0%	172,138	1721.4%	75.0%	75.0%	
Rentals	3,323	3,323			100.0%		3,323	3,545			106.7%	75.0%	75.0%	1,053	31.7%	75.0%	75.0%	
Misc. Revenues/Insurance	3,300	7,197			218.1%		3,300	4,529			137.2%	75.0%	75.0%	2,054	62.2%	75.0%	75.0%	
Interest Earnings	3,000	407			13.6%		300	1,204			401.3%	75.0%	75.0%	979	326.3%	75.0%	75.0%	
Totals:	\$4,204,941	\$3,201,902			76.1%		\$4,381,331	\$3,574,858			81.6%	75.0%	75.0%	\$288,860	6.6%	75.0%	75.0%	

WASTEWATER FUND (#404) EXPENSES	A September 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	September 2014 Actual	% Exp'd	% Exp'd	Expected % Exp	Expected % Exp	Varinc from Expected	% Variance	Expected % Exp	Expected % Exp	% Variance
Operating Expenses	\$2,638,208	\$1,855,227			70.3%		\$2,550,559	\$1,892,296			74.2%	75.0%	75.0%	\$20,623	0.8%	75.0%	75.0%	
Capital Outlay	192,000	58,255			30.3%		67,000	48,835			72.9%	75.0%	75.0%	1,415	2.1%	75.0%	75.0%	
Debt Principal	1,603,594	847,962			52.9%		1,552,598	795,772			51.3%	75.0%	75.0%	368,677	23.7%	75.0%	75.0%	
Interest Expense	32,540	16,548			50.9%		27,480	13,496			49.1%	75.0%	75.0%	7,114	25.9%	75.0%	75.0%	
Interfund Loan Repayment	82,794	0			N/A		83,332	0			0.0%	75.0%	75.0%	62,499	75.0%	75.0%	75.0%	
Totals:	\$4,549,136	\$2,777,992			61.1%		\$4,280,969	\$2,750,399			64.2%	75.0%	75.0%	\$460,328	10.8%	75.0%	75.0%	

Net Budget/Income/Variance: (\$344,195) \$423,910
\$100,362 \$824,459
\$749,188

Key:

* The expected percentage is calculated as follows: since the report is for the 9th month of the year, 9 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
September 2013 and 2014

WATER FUND (#405) REVENUES	A		B		C=B/A		D		E		F=E/D		G		H^		I=F-G	
	Budget	September 2013 Actual	Budget	September 2013 Actual	% Rec'd	% Rec'd	Budget	September 2014 Budget	Actual	September 2014 Actual	% Rec'd	% Rec'd	Expected % Rec'd	Expected % Rec'd	Expected	Variance from Expected	Variance	% Variance
Water Sales	\$2,496,400	\$1,909,773	\$2,566,160	\$2,068,774	76.5%	80.6%	\$2,566,160	10,000	137,879	1378.8%	75.0%	75.0%	75.0%	\$144,154	5.6%			
Water Connection/Misc. Fees	20,000	16,626	10,000	137,879	83.1%	1378.8%	10,000	83,332	0	0.0%	75.0%	75.0%	130,379	1303.8%				
Interfund Principal Repayment	82,794	0	83,332	0	0.0%	0.0%	83,332	1,000	2,201	220.1%	75.0%	75.0%	(62,499)	-75.0%				
Misc. Revenues/Insurance	0	45,016	1,000	2,201	N/A	220.1%	1,000	11,073	3,852	34.8%	75.0%	75.0%	1,451	145.1%				
Interest Earnings	11,901	7,739	11,073	3,852	65.0%	34.8%	11,073	\$2,212,706	\$2,212,706	82.8%	75.0%	75.0%	(4,453)	-40.2%				
Totals:	\$2,611,095	\$1,979,154	\$2,671,565	\$2,212,706	75.8%	82.8%	\$2,671,565				75.0%	75.0%	\$209,032	7.8%				

WATER FUND (#405) EXPENSES	A		B		C=B/A		D		E		F=E/D		G		H^		I=G-F	
	Budget	September 2013 Actual	Budget	September 2013 Actual	% Exp'd	% Exp'd	Budget	September 2014 Budget	Actual	September 2014 Actual	% Exp'd	% Exp'd	Expected % Exp'd	Expected % Exp'd	Expected	Variance from Expected	Variance	% Variance
Operating Expenses	\$1,782,704	\$1,166,174	\$1,834,545	\$1,337,647	65.4%	72.9%	\$1,834,545	525,333	73,537	73.537%	75.0%	75.0%	\$38,262	2.1%				
Capital Outlay	640,000	98,686	525,333	73,537	15.4%	14.0%	525,333	132,077	132,077	100.0%	75.0%	75.0%	320,463	61.0%				
Debt Principal	131,077	131,077	132,077	132,077	100.0%	100.0%	132,077	19,225	19,225	100.0%	75.0%	75.0%	(33,019)	-25.0%				
Interest Expense	21,690	21,690	19,225	19,225	100.0%	100.0%	19,225	\$1,562,486	\$1,562,486	62.2%	75.0%	75.0%	(4,806)	-25.0%				
Totals:	\$2,575,471	\$1,417,627	\$2,511,180	\$1,562,486	55.0%	62.2%	\$2,511,180				75.0%	75.0%	\$320,899	12.8%				

Net Budget/Income/Variance: \$35,624 \$561,527 \$160,385 \$650,220 \$529,931

Key:

* The expected percentage is calculated as follows: since the report is for the 9th month of the year, 9 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
September 2013 and 2014

STORM FUND (#406) REVENUES	A		B		C=B/A		D		E		F=E/D		G		H^		I=F-G	
	September 2013 Budget	September 2013 Actual	% Rec'd	September 2014 Budget	September 2014 Actual	% Rec'd	% Rec'd	Expected % Rec'd	Expected % Rec'd	Variance	% Variance							
Storm & Surface Water Fees	\$441,674	\$330,883	74.9%	\$470,284	\$352,913	75.0%	75.0%	75.0%	\$200	0.0%								
Storm Connection/Misc. Fees	0	0	N/A	0	4,068	N/A	N/A	75.0%	4,068	N/A								
Misc. Revenues/Insurance	0	781	N/A	0	276	N/A	N/A	75.0%	276	N/A								
Interest Earnings	500	0	0.0%	300	314	104.7%	75.0%	75.0%	89	29.7%								
Totals:	\$442,174	\$331,664	75.0%	\$470,584	\$357,571	76.0%	75.0%	75.0%	\$4,633	1.0%								

STORM FUND (#406) EXPENSES	A		B		C=B/A		D		E		F=E/D		G		H^		I=G-F	
	September 2013 Budget	September 2013 Actual	% Exp'd	September 2014 Budget	September 2014 Actual	% Exp'd	% Exp'd	Expected % Exp'd	Expected % Exp'd	Variance	% Variance							
Operating Expenses	\$345,875	\$273,622	79.1%	\$452,358	\$304,132	67.2%	75.0%	75.0%	\$35,137	7.8%								
Capital Outlay	0	0	N/A	15,000	17,417	N/A	75.0%	75.0%	(6,167)	N/A								
Totals:	\$345,875	\$273,622	79.1%	\$467,358	\$321,549	68.8%	75.0%	75.0%	\$28,970	6.2%								

Net Budget/Income/Variance: \$96,299 \$58,042
\$3,226 \$36,022
\$33,603

Key:
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^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
September 2013 and 2014

AIRPORT FUND (#407) REVENUES	A September 2013		B		C=B/A		D September 2014		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*	Variance Expected	Variance Expected	% Variance	% Variance
Rental Car Tax	\$0	\$0	\$0	\$0	N/A	N/A	\$0	\$72	0	3,000	N/A	N/A	75.0%	75.0%	\$72	\$72	N/A	N/A
Licenses & Permits	0	0	0	0	N/A	N/A	0	3,000	0	3,000	N/A	N/A	75.0%	75.0%	3,000	3,000	N/A	N/A
Intergovernmental Revenues	0	0	0	0	N/A	N/A	265,000	0	0	0	0.0%	0.0%	75.0%	75.0%	(198,750)	(198,750)	-75.0%	-75.0%
Charges for Goods and Svcs.	0	0	0	0	N/A	N/A	500,000	411,272	0	411,272	82.3%	82.3%	75.0%	75.0%	36,272	36,272	7.3%	7.3%
Interest Earnings	0	0	0	0	N/A	N/A	8,000	109	0	109	1.4%	1.4%	75.0%	75.0%	(5,891)	(5,891)	-73.6%	-73.6%
Rents & Royalties	0	0	0	0	N/A	N/A	73,203	52,749	0	52,749	72.1%	72.1%	75.0%	75.0%	(2,153)	(2,153)	-2.9%	-2.9%
Misc. Revenues/Insurance	0	0	0	0	N/A	N/A	2,000	1,438	0	1,438	71.9%	71.9%	75.0%	75.0%	(62)	(62)	-3.1%	-3.1%
Capital Contribution - Airport	0	0	0	0	N/A	N/A	1,672,724	1,730,091	0	1,730,091	103.4%	103.4%	75.0%	75.0%	475,548	475,548	28.4%	28.4%
Capital Lease Receipts	0	0	0	0	N/A	N/A	821,918	622,014	0	622,014	75.7%	75.7%	75.0%	75.0%	5,576	5,576	0.7%	0.7%
Totals:	\$0	\$0	\$0	\$0	N/A	N/A	\$3,342,845	\$2,820,745	\$0	\$2,820,745	84.4%	84.4%	75.0%	75.0%	\$310,539	\$310,539	9.4%	9.4%

AIRPORT FUND (#407) EXPENSES	A September 2013		B		C=B/A		D September 2014		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'd*	Expected % Exp'd*	Variance Expected	Variance Expected	% Variance	% Variance
Operating Expenses	0	0	0	0	N/A	N/A	\$941,045	\$683,538	0	\$683,538	72.6%	72.6%	75.0%	75.0%	\$22,246	\$22,246	2.4%	2.4%
Capital Outlay	0	0	0	0	N/A	N/A	398,500	13,909	0	13,909	3.5%	3.5%	75.0%	75.0%	284,966	284,966	71.5%	71.5%
Principal - G.O. Bonds	0	0	0	0	N/A	N/A	222,285	109,955	0	109,955	49.5%	49.5%	75.0%	75.0%	56,759	56,759	25.5%	25.5%
Interest Expense	0	0	0	0	N/A	N/A	93,921	48,148	0	48,148	51.3%	51.3%	75.0%	75.0%	22,293	22,293	23.7%	23.7%
Totals:	\$0	\$0	\$0	\$0	N/A	N/A	\$1,655,751	\$855,550	\$0	\$855,550	51.7%	51.7%	75.0%	75.0%	\$386,263	\$386,263	23.3%	23.3%

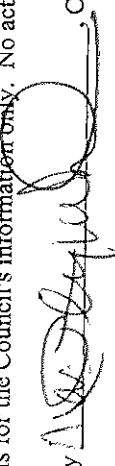
Net Budget/Income/Variance: \$0 \$1,687,094 \$1,965,195 \$696,803

Key:

- * The expected percentage is calculated as follows: since the report is for the 9th month of the year, 9 is divided by 12-the number of months in the year.
- ^To calculate the dollar variance between expected and actual expenditures, the following formula is used:
H=(D*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

RECOMMENDATION/COUNCIL ACTION DESIRED

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

Reviewed by  City Manager

**City of Chehalis
Sales & Use Tax Revenue**

	Month-by-Month Comparisons					% Chg.		
	2008	2009	2010	2011	2012		2013	2014
January	338,775.84	311,681.25	242,158.24	255,550.11	239,905.57	271,375.98	290,642.45	7.1%
February	325,708.20	326,987.75	296,867.87	288,322.28	293,448.86	322,000.58	333,263.02	3.5%
March	352,594.58	247,974.49	269,687.71	209,202.31	201,418.97	221,154.40	238,177.91	7.7%
April	323,886.70	245,182.86	223,636.27	211,769.41	229,146.29	231,493.06	248,725.24	7.4%
May	366,700.91	255,481.63	246,998.74	269,316.42	250,189.48	271,850.87	297,383.10	9.4%
June	340,751.01	266,335.35	228,867.63	253,348.87	253,817.94	265,285.99	277,316.08	4.5%
July	352,426.34	270,324.94	239,316.92	235,882.93	251,676.19	268,330.22	329,111.43	22.7%
August	416,021.47	276,851.50	268,052.83	264,592.08	264,996.44	278,101.71	385,924.11	38.8%
September	327,171.53	250,448.70	246,365.20	320,998.49	276,271.10	291,464.88	300,288.47	3.0%
October	305,787.51	345,695.15	260,630.19	245,472.95	283,408.61	278,187.79		
November	373,132.35	257,314.61	251,801.70	261,382.66	273,852.79	285,244.13		
December	194,375.82	234,399.17	241,368.04	233,191.67	258,144.76	277,923.31		
Year Totals	4,017,332.26	3,288,677.40	3,015,751.34	3,049,030.18	3,076,277.00	3,262,412.92	2,700,831.81	N/A
As of September 30th	3,144,036.58	2,451,268.47	2,261,951.41	2,308,982.90	2,260,870.84	2,421,057.69	2,700,831.81	11.6%
As of 2nd Quarter	2,048,417.24	1,653,643.33	1,508,216.46	1,487,509.40	1,467,927.11	1,583,160.88	1,685,507.80	6.5%
As of 1st Quarter	1,017,078.62	886,643.49	808,713.82	753,074.70	734,773.40	814,530.96	862,083.38	5.8%

CITY OF CHEHALIS

AGENDA REPORT

DATE: November 10, 2014

TO: The Honorable Mayor and City Council

FROM: Patrick Wiltzius, Wastewater Superintendent
Rick Sahlin, Public Works Director

SUBJECT: Loan Offer from the State Revolving Fund for the Basin 1022 I&I Rehabilitation Project

ISSUE

The City applied for and has been offered a State Revolving Fund (SRF) loan to finance the Basin 1022 I&I Rehabilitation Project. The loan agreement is being presented for the council's review and consideration.

DISCUSSION

In 2013 an application was submitted to the Washington State Department of Ecology requesting \$ 1,410,000 for the design and construction of the Basin 1022 I&I Rehabilitation Project as listed in the Wastewater Division's I&I Strategic and Capital Improvement Plans.

The Basin 1022 I&I Rehabilitation Project would consist of the rehabilitation of approximately 4,000 feet of 8-inch and 1,300 feet of 12-inch sewer pipe via trenchless methods along with rehabilitation of all associated manholes and side sewer stubs within the public right of way in an area located between Chamber Way and the northern City limits.

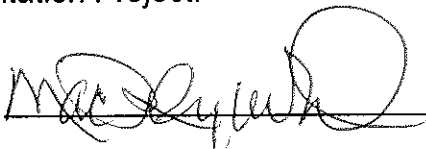
The City has been offered a SRF loan from Ecology for \$1,033,150 at one and four tenths percent (1.4 %) interest for a period of 20 years. The loan also carries a one percent (1.0%) administration fee. In addition to the loan, the City received \$301,850 in grant funds and \$75,000 as forgivable principal.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council pass resolution 9-2014 and authorize the city manager to execute a contract with the SRF for a loan of \$1,033,150 at 1.4% interest with a term of 20 years for the Basin 1022 I&I Rehabilitation Project.

SUGGESTED MOTION

I move that the city council pass resolution 9-2014 and authorize the city manager to execute a contract with the SRF for a loan of \$1,033,150 at 1.4% interest with a term of 20 years for the Basin 1022 I&I Rehabilitation Project.

REVIEWED BY:  _____, CITY MANAGER

RESOLUTION NO. 9-2014

A RESOLUTION OF THE CITY OF CHEHALIS, WASHINGTON, APPROVING STATE REVOLVING FUND LOAN (SRF) NO. WQC-2015-CHEHPW-0007 IN THE AMOUNT OF \$1,033,150.00 FOR CONSTRUCTION OF THE BASIN 1022 I&I REHABILITATION PROJECT.

WHEREAS, The Department of Ecology, a Washington State Agency, has established a State Revolving Fund (SRF) for providing financial assistance for municipal work; and

WHEREAS, the City of Chehalis desires to participate in the loan from the SRF; and

WHEREAS, a requirement to participate requires a resolution of the governing body authorizing the City Manager to receive said SRF loans and to execute a contract and scope of work; now therefore,

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

Section 1. The City of Chehalis desires to participate in the SRF loan.

Section 2. The City Council of the City of Chehalis does hereby authorize the City Manager to receive the SRF loan and to take such other actions as necessary and relevant to the SRF Loan Program.

Section 3. Effective Date: This Resolution shall take effect and be in force immediately upon its passage.

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 ___ day of October, 2014.

Mayor

Attest:

City clerk

Approved as to form and content:

City Attorney



Agreement WQC-2015-ChehPW-00007

Water Quality Combined Financial Assistance AGREEMENT

BETWEEN THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY

AND

City of Chehalis - Public Works Department

This is a binding Agreement entered into by and between the State of Washington, Department of Ecology, hereinafter referred to as "ECOLOGY" and City of Chehalis - Public Works Department, hereinafter referred to as the "RECIPIENT" to carry out with the provided funds activities described herein.

GENERAL INFORMATION

Project Title:	Chehalis Basin 1022 I&I Rehabilitation Project
Total Cost:	\$1,410,000.00
Total Eligible Cost:	\$1,410,000.00
Ecology Share:	\$1,410,000.00
Recipient Share:	\$0.00
The Effective Date of this Agreement is:	07/01/2014
The Expiration Date of this Agreement is no later than	03/31/2017
Project Type:	Wastewater Facility

Project Short Description:

Design and construct project to rehabilitate approximately 4,000 feet of 8-inch and 1,300 feet of 12-inch sewer pipe, manholes and other associated structures using trenchless construction methods to reduce or eliminate Inflow and Infiltration (I&I) in Basin 1022.

Project Long Description:

The Chehalis, Napavine, and Lewis County Sewer District No. 4 General Sewer Plan prepared by Gibbs & Olson, Inc., dated February 2001 and approved by the RECIPIENT, identifies Basins 1022 A & B as having excessive I&I. Basins 1022 A & B are located in the northern end of Chehalis and encompass the sewer service area from Chamber Way on the east side of I-5 to the RECIPIENT's northern limits. The I&I Strategic Plan prepared by Gibbs & Olson, Inc., dated December 2010 and approved by the RECIPIENT, ranks Basin 1022 as the highest priority for rehabilitation.

The proposed project will entail the rehabilitation of approximately 4,000 feet of 8-inch and 1,300 feet of 12-inch

sewer pipe via trenchless methods along with rehabilitation of all associated manholes and side sewer stubs within the public right of way.

Basin 1022 consists of 11,614 LF of sewer main and is subdivided into two sub-basins (1022A and 1022B). Sub-basin 1022A contains 5,505 linear feet (LF) of gravity sewer, 22 manholes and four pump stations (N. National Ave PS, S. National Ave PS, S. Kresky PS and N. Kresky PS). The majority of the pipeline in sub-basin 1022A is located in a marshy field west of Old US Highway 99 (National Ave). The existing manholes have been raised in an attempt to reduce I&I when flooding occurs; however, this basin still provides the highest amount of possible I&I removal for the lowest cost. Sub-basin 1022A has very few side sewer connections and therefore is a good candidate for pipe bursting or cast in place pipe (CIPP). Sub-basin 1022A contains piping that crosses both Salzer Creek and through a thick area of brush and wetlands.

Sub-basin 1022 B contains 6,109 feet of gravity and force main sewer and has 24 manholes but no pump stations. Most of the sewer in this basin traverses through commercial property. There is a gravity sewer line suspended from a bridge on Coal Creek and the main force main leaving this basin runs under Coal Creek.

In both 1022 sub-basins, the I&I Strategic Plan has identified certain sections of pipe to be rehabilitated by trenchless methods and certain sections to be rehabilitated by dig and replace methods. This funding application is only for rehabilitation of lines designated for trenchless methods (approximately 5,300 ft. total).

Overall Goal:

The overall goal of the project is to take substantive actions to control, reduce, and eliminate excessive inflow and infiltration (I&I) from the RECIPIENT's collection system (basins 1022 A & B), thereby reducing or eliminating sanitary sewer overflows from both the collection system and the wastewater treatment plant. This will in turn minimize or eliminate environmental impacts to waters of the state, its habitats and associated wildlife. In addition, completion of this work will result in recapturing capacity lost in both the collection system and wastewater treatment plant due to excessive I&I and reduce energy consumption by eliminating the need to pump excessive I &I from the system.

Agreement No: WQC-2015-ChehPW-00007
 Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
 Recipient Name: City of Chehalis - Public Works Department

RECIPIENT INFORMATION

Organization Name: City of Chehalis - Public Works Department
 Federal Tax ID: 91-6001235
 DUNS Number: 079266664
 Mailing Address: 2007 NE Kresky Ave.
 Chehalis, WA, 98532
 Physical Address: 2007 NE Kresky Avenue
 Chehalis, Washington, 98532
 Organization Email: pwiltzius@ci.chehalis.wa.us

Contacts

<p>Project Manager</p>	<p>Patrick Wiltzius Wastewater Superintendent 2007 NE Kresky Ave. Chehalis, Washington, 98532 Email: pwiltzius@ci.chehalis.wa.us Phone: (360) 740-7536</p>
<p>Billing Contact</p>	<p>Judy Pectol Finance Manager 1321 S. Market Blvd. Chehalis, Washington, 98532 Email: jpectol@ci.chehalis.wa.us Phone: (360) 345-3231</p>
<p>Authorized Signatory</p>	<p>Patrick J Wiltzius Wastewater Superintendent 2007 NE Kresky Ave. Chehalis, Washington, 98532 Email: pwiltzius@ci.chehalis.wa.us Phone: (360) 740-7536</p>

Agreement No: WQC-2015-ChehPW-00007
Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
Recipient Name: City of Chehalis - Public Works Department

ECOLOGY INFORMATION

Mailing Address: Department of Ecology
Water Quality
PO BOX 47600
Olympia, WA 98504-7600

Physical Address: Water Quality
300 Desmond Drive
Lacey, WA 98503

Contacts

Project Manager	Dave Dougherty P.O Box 47775 Olympia, Washington, 98504-7775 Email: ddou461@ecy.wa.gov Phone: (360) 407-6278
Financial Manager	Jeanna Ridner P.O. Box 47600 Olympia, Washington, 98504-7600 Email: jmac461@ecy.wa.gov Phone: (360) 407-6533
Technical Advisor	Greg Zentner P.O Box 47775 Olympia, Washington, 98504-7775 Email: gzen461@ecy.wa.gov Phone: (360) 407-6368

SCOPE OF WORK

Task Number: 1 **Task Cost: \$35,000.00**

Task Title: Project Administration/Management

Task Description:

A. The RECIPIENT will administer the project. Responsibilities will include, but not be limited to: maintenance of project records; submittal of requests for reimbursement and corresponding backup documentation, progress reports and recipient closeout report (including photos); compliance with applicable procurement, contracting, and interlocal agreement requirements; application for, receipt of, and compliance with all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items.

B. The RECIPIENT must manage the project. Efforts will include: conducting, coordinating, and scheduling project activities and assuring quality control. Every effort will be made to maintain effective communication with the RECIPIENT's designees; ECOLOGY; all affected local, state, or federal jurisdictions; and any interested individuals or groups. The RECIPIENT must carry out this project in accordance with any completion dates outlined in this agreement.

Task Goal Statement:

Properly managed project that meets agreement and Ecology administrative requirements.

Task Expected Outcome:

- * Timely and complete submittal of requests for reimbursement, quarterly progress reports and recipient closeout report.
- * Properly maintained project documentation

Recipient Task Coordinator: Patrick Wiltzius / Eva Lindgen

Project Administration/Management

Deliverables

Number	Description	Due Date
1.1	Progress Reports	
1.2	Recipient Closeout Report	
1.3	Project Outcome Summary Report	

Agreement No: WQC-2015-ChehPW-00007
Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
Recipient Name: City of Chehalis - Public Works Department

SCOPE OF WORK

Task Number: 2 **Task Cost: \$150,000.00**

Task Title: Project Design

Task Description:

A. The RECIPIENT will design the Basin 1022 I&I rehabilitation project. The design must comply with the General Project Management Guidelines. Elements of the design will include:

1. 4,000 feet of 8-inch sewer pipe.
2. 1,300 feet of 12-inch sewer pipe.
3. Trenchless methods will be used.
4. Associated manholes and all side sewer stubs within the public right of way.
5. Field survey for design of the proposed project.
6. Televiser sewer mains to be rehabilitated.

B. The RECIPIENT will complete the facility designs within one year after the execution of this AGREEMENT.

C. The RECIPIENT will comply with federal cross cutting requirements, and assist ECOLOGY with any consultation required by federal resource protection agencies. The RECIPIENT will submit a final Cross Cutter Report to ECOLOGY for review and final determination of impacts for each of the required federal cross cutters. Costs incurred for construction activities that occur before federal cross cutter approval will not be eligible for reimbursement.

Task Goal Statement:

The goal of this task is to complete design of a successful I&I project utilizing information from our General Sewer and I&I Strategic Plans. Prepare all of the necessary contract and bidding documents necessary to request bids for construction and remain within the established budget for this task.

Task Expected Outcome:

The outcome of this task will be a completed design (including all of the necessary contract and bidding documents necessary to request bids for construction) of an I&I project that will enable the RECIPIENT to take substantive actions to control, reduce and eliminate excessive I&I from the RECIPIENT's collection system. Completion of this task will allow the RECIPIENT to advertise for bids to construct the project.

Recipient Task Coordinator: Patrick Wiltzius

Project Design

Deliverables

Number	Description	Due Date
2.1	A copy of all executed contracts for engineering and design work to be performed under this task. The RECIPIENT must submit contracts before ECOLOGY will provide reimbursement for work performed under this task.	
2.2	Documentation of the RECIPIENT's process for procuring engineering services.	
2.3	Submit two copies of the draft and final design to ECOLOGY for review and approval.	
2.4	Submit two copies of final Cross Cutter Report to ECOLOGY's Project Manager for ECOLOGY's review and concurrence.	

Agreement No: WQC-2015-ChehPW-00007
Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
Recipient Name: City of Chehalis - Public Works Department

SCOPE OF WORK

Task Number: 3 Task Cost: \$1,100,000.00

Task Title: Project Construction

Task Description:

- A. The RECIPIENT will include ECOLOGY's specification insert in the bid documents. The RECIPIENT will execute a contract with the low responsive responsible bidder to construct the project.
- B. The RECIPIENT will complete the construction in accordance with the approved Plans and Specifications .
The construction project will include:
1. 4,000 feet of 8-inch sewer pipe.
 2. 1,300 feet of 12-inch sewer pipe.
 3. Trenchless methods will be used.
 4. Associated manholes and all side sewer stubs within the public right of way.
- C. The RECIPIENT will conduct a pre-construction conference and invite ECOLOGY staff.
- D. The RECIPIENT will negotiate any change orders to the construction contract. Change orders that are a significant deviation from the approved plans/specifications must be submitted in writing to ECOLOGY for review and approval, prior to execution. The RECIPIENT will submit all other change orders to ECOLOGY within 30 days after execution. ECOLOGY may approve, through formal amendment to this Agreement, funding for change orders for up to five percent of the eligible portion of the low responsive responsible construction bid(s).

Task Goal Statement:

To rehabilitate approximately 4,000 feet of 8-inch and 1,300 feet of 12-inch sewer pipe via trenchless methods along with rehabilitation of all associated manholes and side sewer stubs within the public right of way to eliminate excessive I&I from the RECIPIENT's sanitary sewage collection system without any adverse environmental impact .

Task Expected Outcome:

Approximately 4,000 feet of 8-inch and 1,300 feet of 12-inch sewer pipe and associated structures will be either replaced via pipe bursting methods or relined utilizing the cast in place pipe (CIPP) process to eliminate excessive I&I from the RECIPIENT's sanitary sewage collection system. This will result in less water needing to be pumped by the RECIPIENT's wastewater pump stations (primarily the S. National and Prindle pump stations) and reduction or elimination of sanitary sewer overflows throughout the associated collection system and at the Chehalis Regional Water Reclamation Facility. This in turn will protect waters of the State and associated habitats and wildlife and will also result in lower utility costs for pumping and wastewater treatment.

Recipient Task Coordinator: Patrick Wiltzius / Judy Schave

Project Construction

Deliverables

Number	Description	Due Date
3.1	Rehabilitation of approximately 5,300 feet of rehabilitated sewer lines, manholes and associated structures in basin 1022 A & B as designed and specified in the contract documents.	
3.2	Bid Tabs, the Notice of Award, and a copy of the executed contract. The RECIPIENT must submit Bid Tabs, the Notice of Award, and a copy of the executed contract before ECOLOGY will provide reimbursement for work performed under this task.	
3.3	Copy of the advertisement for bids and the affidavit of publication.	
3.4	Copy of the notice to proceed.	
3.5	Minutes of the pre-construction meeting.	

Agreement No: WQC-2015-ChehPW-00007
Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
Recipient Name: City of Chehalis - Public Works Department

SCOPE OF WORK

Task Number: 4 Task Cost: \$125,000.00

Task Title: Construction Management

Task Description:

A. The RECIPIENT will provide adequate and competent construction management and inspection for the project . This may involve procuring the professional services.

B. The RECIPIENT will develop a detailed Construction Quality Assurance Plan (WAC 173-240-075) and submit it to ECOLOGY for approval. This plan must describe the activities which the RECIPIENT will undertake to achieve adequate and competent oversight of all construction work.

C. The RECIPIENT will ensure construction progresses according to a timely schedule developed to meet completion dates indicated in the construction contract. The RECIPIENT will revise or update the schedule whenever major changes occur and resubmit to ECOLOGY. In the absence of any major changes, the RECIPIENT will describe progress of the construction in the quarterly progress reports.

D. Upon completion of construction, the RECIPIENT will provide ECOLOGY's Project Manager with a set of "as-built" plans (i.e., record construction drawings which reflect changes, modifications, or other significant revisions made to the project during construction).

E. Upon project completion, the RECIPIENT will submit the Declaration of Construction Completion form to ECOLOGY in accordance with WAC 173-240-090. The form, when signed by a professional engineer, indicates that the project was completed in accordance with the plans and specifications and major change orders approved by ECOLOGY, and is accurately shown on the as-built plans.

Task Goal Statement:

To effectively manage construction of the project and to ensure the project is built to approved plans and specifications while maintaining compliance with all State and Federal laws and regulations, ensure the best interests of the RECIPIENT is met and ensure there are no environmental impacts from the project.

Task Expected Outcome:

Completion of the project per plans and specifications.

Recipient Task Coordinator: Patrick Wiltzius / Construction Management Consultant

Construction Management

Deliverables

Number	Description	Due Date
4.1	Submittal of a copy of all executed contracts for engineering services and construction performed under this task. The RECIPIENT must submit executed contracts before ECOLOGY will provide reimbursement for work performed under this task.	
4.2	Documentation of the RECIPIENT's process for procuring engineering services.	
4.3	Copy of the advertisement for bids and the affidavit of publication.	
4.4	Submittal of a Construction Quality Assurance Plan.	
4.5	Submittal of a Declaration of Construction completion.	

Agreement No: WQC-2015-ChehPW-00007
Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
Recipient Name: City of Chehalis - Public Works Department

SCOPE OF WORK

Task Number: 5 Task Cost: \$0.00

Task Title: Change Order

Task Description:

A. The RECIPIENT will negotiate all change orders to the construction contract necessary for successful completion of the project.

B. The RECIPIENT will negotiate any change orders to the construction contract. Change orders that are a significant deviation from the approved plans/specifications must be submitted in writing to ECOLOGY for review and approval, prior to execution. The RECIPIENT will submit all other change orders to ECOLOGY within 30 days after execution.

Task Goal Statement:

Submittal of all change orders. Changes to the construction contract must be approved prior to reimbursement for work performed under this task.

Task Expected Outcome:

Submittal and approval of all change orders.

Recipient Task Coordinator: Patrick Wiltzius

Change Order

Deliverables

Number	Description	Due Date
5.1	Submittal and approval of all change orders.	
5.2	.	

Agreement No: WQC-2015-ChehPW-00007
 Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
 Recipient Name: City of Chehalis - Public Works Department

BUDGET

Funding Distribution EF150004

Funding Title: SRF - Forgivable
 Funding Type: forgivable loan Funding Expiration Date: 03/31/2017
 Funding Effective Date: 07/01/2014
 Funding Source:

Title: CWSRF - SFY15
 Type: Federal
 CFDA: 66.458

Assistance Agreement:

Description: The Clean Water Act (CWA) (33 U.S.C. §1251-1387) established the State Revolving Fund (SRF) low interest loan program (40. C.F.R. Part 31, 35 Sub Part K). Funds come from a combination of Federal Capitalization Grant provided through the Environmental Protection Agency (EPA), state match, and revolved funds from repayments and interest on previous loans.

Recipient Match %: 0
 InKind Interlocal Allowed: No
 InKind Other Allowed: No
 Is this Funding Distribution used to match a federal grant? No

SRF - Forgivable	Task Total
Project Design	\$ 75,000.00

Total: \$ 75,000.00

Agreement No: WQC-2015-ChehPW-00007
 Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
 Recipient Name: City of Chehalis - Public Works Department

BUDGET

Funding Distribution EG150005

Funding Title: Centennial
 Funding Type: grant Funding Expiration Date: 03/31/2017
 Funding Effective Date: 07/01/2014
 Funding Source:

Title: Centennial - SFY15
 Type: State
 CFDA:

Assistance Agreement:

Description: The Centennial Clean Water Program provides grants for nonpoint source pollution control activity projects and wastewater facility construction projects in smaller, financially distressed communities.

Recipient Match %: 0
 InKind Interlocal Allowed: No
 InKind Other Allowed: No
 Is this Funding Distribution used to match a federal grant? No

Centennial	Task Total
Project Administration/Management	\$ 8,385.00
Project Construction	\$ 263,520.00
Construction Management	\$ 29,945.00

Total: \$ 301,850.00

Agreement No: WQC-2015-ChehPW-00007
 Project Title: Chehalis Basin I022 I&I Rehabilitation Project
 Recipient Name: City of Chehalis - Public Works Department

BUDGET

Funding Distribution EL150003

Funding Title: SRF Loan
 Funding Type: loan Funding Expiration Date: 03/31/2017
 Funding Effective Date: 07/01/2014
 Funding Source:

Title: CWSRF - SFY15
 Type: Federal
 CFDA: 66.458

Assistance Agreement:

Description: The Clean Water Act (CWA) (33 U.S.C. §1251-1387) established the State Revolving Fund (SRF) low interest loan program (40. C.F.R. Part 31, 35 Sub Part K). Funds come from a combination of Federal Capitalization Grant provided through the Environmental Protection Agency (EPA), state match, and revolved funds from repayments and interest on previous loans.

Recipient Match %: 0
 InKind Interlocal Allowed: No
 InKind Other Allowed: No

Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 2.4% Interest Rate: 1.4% Admin Charge: 1%

Terms: 20 years

Project Start Date: 07/01/2014 Project Completion Date: 03/31/2017

Estimated Initiation of Operation date: 12/31/2016

Loan Security: Revenue Secure Lien Obligation of the Recipient

Final Accrued Interest: \$

Final Loan Amount: \$

Repayment Schedule Number: 2032

SRF Loan	Task Total
Project Administration/Management	\$ 26,615.00
Project Design	\$ 75,000.00
Project Construction	\$ 836,480.00
Construction Management	\$ 95,055.00

Total: \$ 1,033,150.00

Funding Distribution Summary

Recipient / Ecology Share

Funding Distribution Name	Recipient Match %	Recipient Share	Ecology Share	Total
Centennial	0.00 %	\$ 0.00	\$ 301,850.00	\$ 301,850.00
SRF - Forgivable	0.00 %	\$ 0.00	\$ 75,000.00	\$ 75,000.00
SRF Loan	0.00 %	\$ 0.00	\$ 1,033,150.00	\$ 1,033,150.00
Total		\$ 0.00	\$ 1,410,000.00	\$ 1,410,000.00

AGREEMENT SPECIFIC TERMS AND CONDITIONS

N/A

SPECIAL TERMS AND CONDITIONS

SECTION 1: DEFINITIONS

Unless otherwise provided, the following terms will have the respective meanings for all purposes of this agreement:

“Administration Charge” means a charge established in accordance with Chapter 90.50A RCW and Chapter 173-98 WAC, to be used to pay Ecology’s cost to administer the State Revolving Fund by placing a percentage of the interest earned in an Administrative Charge Account.

“Administrative Requirements” means the effective edition of ECOLOGY’s ADMINISTRATIVE REQUIREMENTS FOR RECIPIENTS OF ECOLOGY GRANTS AND LOANS at the signing of this agreement.

“Annual Debt Service” for any calendar year means for any applicable bonds or loans including the loan, all interest plus all principal due on such bonds or loans in such year.

“Average Annual Debt Service” means, at the time of calculation, the sum of the Annual Debt Service for the remaining years of the loan to the last scheduled maturity of the loan divided by the number of those years.

“Centennial Clean Water Program” means the state program funded from various state sources.

“Contract Documents” means the contract between the RECIPIENT and the construction contractor for construction of the project.

“Cost Effective Analysis” means a comparison of the relative cost-efficiencies of two or more potential ways of solving a water quality problem as described in Chapter 173-98-730 WAC.

“Defeasement” or “Defeasance” means the setting aside in escrow or other special fund or account of sufficient investments and money dedicated to pay all principal of and interest on all or a portion of an obligation as it comes due.

“Effective Date” means the earliest date on which eligible costs may be incurred.

“Effective Interest Rate” means the total interest rate established by Ecology that includes the Administrative Charge.

“Estimated Loan Amount” means the initial amount of funds loaned to the RECIPIENT.

“Estimated Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Estimated Loan Amount.

“Final Accrued Interest” means the interest accrued beginning with the first disbursement of funds to the RECIPIENT through such time as the loan is officially closed out and a final loan repayment schedule is issued.

“Final Loan Amount” means all principal of and interest on the loan from the Project Start Date through the Project Completion Date.

“Final Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Final Loan Amount.

“Forgivable Principal” means the portion of a loan that is not required to be paid back by the borrower.

“General Obligation Debt” means an obligation of the RECIPIENT secured by annual ad valorem taxes levied by the RECIPIENT and by the full faith, credit, and resources of the RECIPIENT.

“General Obligation Payable from Special Assessments Debt” means an obligation of the RECIPIENT secured by a valid general obligation of the Recipient payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all of the taxable property within the boundaries of the RECIPIENT.

“Gross Revenue” means all of the earnings and revenues received by the RECIPIENT from the maintenance and operation of the Utility and all earnings from the investment of money on deposit in the Loan Fund, except (i) Utility Local Improvement Districts (ULID) Assessments, (ii) government grants, (iii) RECIPIENT taxes, (iv) principal proceeds of bonds and other obligations, or (v) earnings or proceeds (A) from any investments in a trust, Defeasance, or escrow fund created to Defeasance or refund Utility obligations or (B) in an obligation redemption fund or account other than the Loan Fund until commingled with other earnings and revenues of the Utility or (C) held in a special account for the purpose of paying a rebate to the United States Government under the Internal Revenue Code.

“Guidelines” means the ECOLOGY's Funding Guidelines that that correlate to the State Fiscal Year in which the project is funded.

“Initiation of Operation Date” means the actual date the Water Pollution Control Facility financed with proceeds of the loan begins to operate for its intended purpose.

“Loan” means the Washington State Water Pollution Control Revolving Fund Loan or Centennial Clean Water Fund (Centennial) Loan made pursuant to this loan agreement.

“Loan Amount” means either an Estimated Loan Amount or a Final Loan Amount, as applicable.

“Loan Fund” means the special fund of that name created by ordinance or resolution of the RECIPIENT for the repayment of the principal of and interest on the loan.

“Loan Security” means the mechanism by which the RECIPIENT pledges to repay the loan.

“Loan Term” means the repayment period of the loan.

“Maintenance and Operation Expense” means all reasonable expenses incurred by the RECIPIENT in causing the Utility to be operated and maintained in good repair, working order, and condition including payments to other parties, but will not include any depreciation or RECIPIENT levied taxes or payments to the RECIPIENT in lieu of taxes.

“Net Revenue” means the Gross Revenue less the Maintenance and Operation Expense.

“Principal and Interest Account” means, for a loan that constitutes Revenue-Secured Debt, the account of that name created in the loan fund to be first used to repay the principal of and interest on the loan.

“Project” means the project described in this agreement.

“Project Completion Date” means the date specified in the agreement on which the Scope of Work will be fully completed.

“Project Schedule” means that schedule for the project specified in the agreement.

“Reserve Account” means, for a loan that constitutes Revenue-Secured Debt, the account of that name created in the loan fund to secure the payment of the principal of and interest on the loan.

“Revenue-Secured Debt” means an obligation of the RECIPIENT secured by a pledge of the revenue of a utility and one not a general obligation of the RECIPIENT.

“Risk-Based Determination” means an approach to sub-recipient monitoring and oversight based on risk factors associated to a RECIPIENT or project.

“Scope of Work” means the tasks and activities constituting the project.

“Section 319” means the section of the Clean Water Act that provides funding to address nonpoint sources of water pollution.

“Senior Lien Obligations” means all revenue bonds and other obligations of the RECIPIENT outstanding on the date of execution of this loan agreement (or subsequently issued on a parity therewith, including refunding obligations) or issued after the date of execution of this loan agreement having a claim or lien on the Gross Revenue of the Utility prior and superior to the claim or lien of the loan, subject only to Maintenance and Operation Expense.

“State Water Pollution Control Revolving Fund (Revolving Fund)” means the water pollution control revolving fund established by Chapter 90.50A.020 RCW.

“Termination Date” means the effective date of ECOLOGY’s termination of the agreement.

“Termination Payment Date” means the date on which the RECIPIENT is required to repay to ECOLOGY any outstanding balance of the loan and all accrued interest.

“Total Eligible Project Cost” means the sum of all costs associated with a water quality project that have been determined to be eligible for ECOLOGY grant or loan funding.

“Total Project Cost” means the sum of all costs associated with a water quality project, including costs that are not

eligible for ECOLOGY grant or loan funding.

“ULID” means any utility local improvement district of the RECIPIENT created for the acquisition or construction of additions to and extensions and betterments of the Utility.

“ULID Assessments” means all assessments levied and collected in any ULID. Such assessments are pledged to be paid into the Loan Fund (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments will include principal installments and any interest or penalties which may be due.

“Utility” means the sewer system, stormwater system, or the combined water and sewer system of the RECIPIENT, the Net Revenue of which is pledged to pay and secure the loan.

SECTION 2: THE FOLLOWING CONDITIONS APPLY TO ALL RECIPIENTS OF WATER QUALITY COMBINED FINANCIAL ASSISTANCE FUNDING.

A. Architectural and Engineering Services: The RECIPIENT certifies by signing this agreement that the requirements of Chapter 39.80 RCW, “Contracts for Architectural and Engineering Services,” have been, or shall be, met in procuring qualified architectural/engineering services. The RECIPIENT shall identify and separate eligible and ineligible costs in the final negotiated agreement and submit a copy of the agreement to ECOLOGY.

B. Cultural and Historic Resources Protection: The RECIPIENT must comply with all requirements listed in Section 106 of the National Historic Preservation Act (for federally funded projects) or Executive Order 05-05 (for state funded projects) prior to implementing any project that involves soil disturbing activities. A soil disturbing activity includes but is not limited to planting vegetation, installing fence posts, sloping stream banks, channel modifications, geotechnical test borings, and other construction projects. For more details regarding these requirements, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY’s Water Quality Program funding website.

C. Equipment Purchase: Equipment not included in the scope of work or a construction plan and specification approval must be pre-approved by ECOLOGY’s project manager before purchase.

D. Funding Recognition: The RECIPIENT must inform the public about ECOLOGY or EPA funding participation in this project through the use of project signs, acknowledgement in published materials, reports, the news media, websites, or other public announcements. Projects addressing site- specific locations must utilize appropriately sized and weather-resistant signs. Sign logos are available from ECOLOGY’s financial manager upon request.

E. Growth Management Planning: The RECIPIENT certifies by signing this agreement that it is in compliance with the requirements of Chapter 36.70A RCW, “Growth Management Planning by Selected Counties and Cities.” If the status of compliance changes, either through RECIPIENT or legislative action, the RECIPIENT shall notify ECOLOGY in writing of this change within 30 days.

F. Interlocal: The RECIPIENT certifies by signing this agreement that all negotiated interlocal agreements necessary for the project are, or shall be, consistent with the terms of this agreement and Chapter 39.34 RCW, “Interlocal Cooperation Act.” The RECIPIENT shall submit a copy of each interlocal agreement necessary for the project to ECOLOGY.

G. Post Project Assessment Survey: The RECIPIENT agrees to participate in a brief survey regarding the key project results or water quality project outcomes and the status of long-term environmental results or goals from the project approximately three years after project completion. A representative from ECOLOGY’s Water Quality Program may

contact the RECIPIENT to request this data. ECOLOGY may also conduct site interviews and inspections, and may otherwise evaluate the project, as part of this assessment.

SECTION 3: THE FOLLOWING CONDITIONS APPLY TO NONPOINT ACTIVITY PROJECTS ONLY

A. Technical Assistance: Technical assistance for agriculture activities provided under the terms of this agreement will be consistent with the current U.S. Natural Resource Conservation Service (“NRCS”) Field Office Technical Guide for Washington State. However, ECOLOGY may accept as eligible technical assistance, proposed practices, or project designs that do not meet these standards if approved in writing by the NRCS and ECOLOGY.

B. Project Status Evaluation: ECOLOGY will evaluate the status of this project 18 months from the effective date of this agreement. ECOLOGY’s Project Manager and Financial Manager will meet with the RECIPIENT to review spending trends, completion of outcome measures, and overall project administration and performance. If the RECIPIENT fails to make satisfactory progress toward achieving project outcomes, ECOLOGY may change the scope of work, reduce grant funds, or increase oversight measures.

C. Best Management Practices (BMP) Implementation: If the RECIPIENT installs BMPs that are not approved by ECOLOGY prior to installation, the RECIPIENT assumes the risk that part or all of the reimbursement for that activity may be delayed or ineligible. For more details regarding BMP Implementation, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY’s Water Quality Program funding website.

SECTION 4: THE FOLLOWING CONDITIONS APPLY TO CENTENNIAL CLEAN WATER FUNDED PROJECTS BEING USED TO MATCH SECTION 319 FUNDS ONLY.

A. Centennial-Funded Projects Used to Match Section 319-Funded Projects: Projects used by ECOLOGY to meet a matching requirement for the Section 319 program require the RECIPIENT to comply with Federal Section 319 reporting requirements. Required reporting includes providing project data on BMP implementation and annual pollutant load reduction.

B. Section 319 Reporting Requirements: The RECIPIENT must complete ECOLOGY’s “Clean Water Act Section 319 Initial Data Reporting Sheet.” The RECIPIENT must submit this form to ECOLOGY’s Financial Manager with the signed agreement. The form is available on ECOLOGY’s Water Quality Program funding website.

C. The RECIPIENT must complete ECOLOGY’s “Federal Clean Water Act Section 319 Grant Load Reductions Reporting Form” annually. This form is used to gather information on pollutant load reduction for each best management practice (BMP) installed for the project. The RECIPIENT must submit this form to ECOLOGY’s Financial Manager by January 15 of each year, and at project close-out. ECOLOGY may hold reimbursements until the RECIPIENT has completed and submitted the form to the financial manager. This form is available on our website.

SECTION 5: THE FOLLOWING CONDITIONS APPLY TO SECTION 319 FUNDED PROJECTS ONLY.

The RECIPIENT must submit the following documents to ECOLOGY before this agreement is signed by ECOLOGY:

1. Federal Funding Accountability and Transparency Act (FFATA) Form
 2. Clean Water Act Section 319 Initial Data Reporting Sheet
- Contact your ECOLOGY financial manager for the forms.

A. Disadvantaged Business Enterprise (DBE):

GENERAL COMPLIANCE, 40 CFR, Part 33 - The RECIPIENT agrees to comply with the requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises (MBE/WBE) in procurement under assistance agreements, contained in 40 CFR, Part 33.

FAIR SHARE OBJECTIVES, 40 CFR, Part 33, Subpart D - A RECIPIENT must negotiate with the appropriate EPA award official or his/her designee, fair share objectives for MBE and WBE participation in procurement under the financial assistance agreements.

Current Fair Share Objective/Goal - The dollar amount of this assistance agreement is over \$250,000; or the total dollar amount of all of the RECIPIENT's non-TAG assistance agreements from EPA in the current fiscal year is over \$250,000. The Washington State Department of Ecology has negotiated the following, applicable MBE/WBE fair share objectives/goals with EPA as follows:

MBE: SUPPLIES 8.00%;SERVICES 10.00%; EQUIPMENT 8.00%; CONSTRUCTION 10.00%
WBE: SUPPLIES 4.00%; SERVICES 4.00%; EQUIPMENT 4.00%; CONSTRUCTION 6.00%

Negotiating Fair Share Objectives/Goals, 40 CFR, Section 33.404 - If the RECIPIENT has not yet negotiated its MBE/WBE fair share objectives/goals, the RECIPIENT agrees to submit proposed MBE/WBE objectives/goals based on an availability analysis, or disparity study, of qualified MBEs and WBEs in their relevant geographic buying market for construction, services, supplies and equipment.

The RECIPIENT agrees to submit proposed fair share objectives/goals, together with the supporting availability analysis or disparity study, to the Regional MBE/WBE Coordinator within 120 days of its acceptance of the financial assistance award. EPA shall respond to the proposed fair share objective/goals within 30 days of receiving the submission. If proposed fair share objective/goals are not received within the 120 day time frame, the recipient may not expend its EPA funds for procurements until the proposed fair share objective/goals are submitted.

SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C - Pursuant to 40 CFR, Section 33.301, the RECIPIENT agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to ensure that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained:

- (a) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State, Local and Government recipients, this shall include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
- (b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
- (c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this shall include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
- (d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

(e) Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.

(f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

B. Funding Recognition: The RECIPIENT must use the following paragraph in all reports, documents, and signage developed under this agreement:

This project has been funded wholly or in part by the United States Environmental Protection Agency under an assistance agreement to the Washington State Department of Ecology. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency, nor does the mention of trade names or commercial products constitute endorsement or recommendation for use.

C. Time Extension: The RECIPIENT may request a one-time extension for up to 12 months. However, the time extension cannot exceed the time limitation established in EPA's assistance agreement. In the event a time extension is requested and approved by ECOLOGY, the RECIPIENT must complete all eligible work performed under this agreement by the expiration date.

SECTION 6: THE FOLLOWING CONDITIONS APPLY TO STATE REVOLVING FUND (SRF) LOAN FUNDED PROJECTS ONLY.

The RECIPIENT must submit the following documents to ECOLOGY before this agreement is signed by ECOLOGY:

1. Opinion of RECIPIENT's Legal Council
2. Authorizing Ordinance or Resolution
3. Pre-Award Compliance Review Report for All Applicants Requesting Federal Assistance
4. Federal Funding Accountability and Transparency Act (FFATA) Form
5. Clean Water State Revolving Fund Initial Data Reporting Sheet

A. Alteration and Eligibility of Project: During the term of this agreement, the RECIPIENT (1) shall not materially alter the design or structural character of the project without the prior written approval of ECOLOGY and (2) shall take no action which would adversely affect the eligibility of the project as defined by applicable funding program rules and state statutes, or which would cause a violation of any covenant, condition, or provision herein.

B. American Iron and Steel (Buy American): This loan provision applies to projects for the construction, alteration, maintenance, or repair of a "treatment works" as defined in the Federal Water Pollution Control Act (33 USC 1381 et seq.) The RECIPIENT shall ensure that all iron and steel products used in the project are produced in the United States. Iron and Steel products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The RECIPIENT may request waiver from this requirement from the Administrator of the Environmental Protection Agency. The RECIPIENT must coordinate all waiver requests through ECOLOGY. This provision does not apply if the engineering plans and specifications for the project were approved by ECOLOGY prior to January 17, 2014. ECOLOGY reserves the right to request documentation of RECIPIENT'S compliance with this provision.

C. Authority of RECIPIENT: This agreement is authorized by the Constitution and laws of the state of Washington, including the RECIPIENT's authority, and by the RECIPIENT pursuant to the authorizing ordinance or resolution. The

Agreement No: WQC-2015-ChehPW-00007
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Recipient Name: City of Chehalis - Public Works Department

RECIPIENT shall submit a copy of the authorizing ordinance or resolution to the ECOLOGY Financial Manager before this agreement shall be signed by ECOLOGY.

D. Clean Water State Revolving Fund Data Reporting Sheet (Data Reporting Sheet): The RECIPIENT shall submit the completed Data Reporting Sheet before this agreement is signed by ECOLOGY. ECOLOGY shall provide the Data Reporting Sheet form to the RECIPIENT.

E. Disadvantaged Business Enterprise (DBE): General Compliance, 40 CFR, Part 33. The RECIPIENT agrees to comply with the requirements of the Environmental Protection Agency's Program for Utilization of Small, Minority, and Women's Business Enterprises (MBE/WBE) 40CFR, Part 33 in procurement under this agreement.

Non-discrimination Provision. The RECIPIENT shall not discriminate on the basis of race, color, national origin or sex in the performance of this agreement. The RECIPIENT shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the RECIPIENT to carry out these requirements is a material breach of this agreement which may result in the termination of this contract or other legally available remedies.

The RECIPIENT shall comply with all federal and state nondiscrimination laws, including, but not limited to Title VI and VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and Chapter 49.60 RCW, Washington's Law Against Discrimination, and 42 U.S.C. 12101 et seq, the Americans with Disabilities Act (ADA).

In the event of the RECIPIENT's noncompliance or refusal to comply with any applicable nondiscrimination law, regulation, or policy, this agreement may be rescinded, canceled, or terminated in whole or in part, and the RECIPIENT may be declared ineligible for further funding from ECOLOGY. The RECIPIENT shall, however, be given a reasonable time in which to cure this noncompliance.

Fair Share Objective/Goals, 40 CFR, Part 33, Subpart D. If the dollar amount of this agreement or the total dollar amount of all of the RECIPIENT's financial assistance agreements in the current federal fiscal year from the Revolving Fund is over \$250,000, the RECIPIENT accepts the applicable MBE/WBE fair share objectives/goals negotiated with EPA by the Office of Minority Women Business Enterprises as follows:

Construction 10.00% MBE 6.00% WBE
Supplies 8.00% MBE 4.00% WBE
Services 10.00% MBE 4.00% WBE
Equipment 8.00% MBE 8.00% WBE

By signing this agreement the RECIPIENT is accepting the fair share objectives/goals stated above and attests to the fact that it is purchasing the same or similar construction, supplies, services and equipment, in the same or similar relevant geographic buying market as Office of Minority Women Business Enterprises.

Six Good Faith Efforts, 40 CFR, Part 33, Subpart C. The RECIPIENT agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under this agreement. Records documenting compliance with the following six good faith efforts shall be retained:

1) Ensuring Disadvantaged Business Enterprises are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government RECIPIENTS, this shall include placing Disadvantaged Business Enterprises on solicitation lists and soliciting them whenever they are potential sources. Qualified Women and Minority business enterprises may be found on the Internet

at www.omwbe.wa.gov or by contacting the Washington State Office of Minority and Women's Enterprises at 866-208-1064.

2) Making information on forthcoming opportunities available to Disadvantaged Business Enterprises and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by Disadvantaged Business Enterprises in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of thirty (30) calendar days before the bid or proposal closing date.

3) Considering in the contracting process whether firms competing for large contracts could subcontract with Disadvantaged Business Enterprises. For Indian Tribal, State and Local Government RECIPIENTS, this shall include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by Disadvantaged Business Enterprises in the competitive process.

4) Encourage contracting with a consortium of Disadvantaged Business Enterprises when a contract is too large for one of these firms to handle individually.

5) Using services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

6) If the prime contractor awards subcontracts, requiring the subcontractors to take the five good faith efforts in paragraphs 1 through 5 above.

MBE/WBE Reporting, 40 CFR, Part 33, Sections 33.302, 33.502 and 33.503. The RECIPIENT agrees to provide forms: EPA Form 6100-2 DBE Subcontractor Participation Form and EPA Form 6100-3 DBE Subcontractor Performance Form to all its DBE subcontractors, and EPA Form 6100-4 DBE Subcontractor Utilization Form to all its prime contractors. These forms are available on ECOLOGY's Water Quality Program funding website.

EPA Form 6100-2 – The RECIPIENT must document that this form was received by DBE subcontractor. DBE subcontractors may submit the completed form to the EPA Region 10 DBE coordinator in order to document issues or concerns with their usage or payment for a subcontract.

EPA Form 6100-3 – This form must be completed by DBE subcontractor(s), submitted with bid, and kept with the contract.

EPA Form 6100-4 – This form must be completed by the prime contractor, submitted with bid, and kept with the contract.

The RECIPIENT also agrees to submit ECOLOGY's MBE/WBE participation report Form D with each payment request.

Contract Administration Provisions, 40 CFR, Section 33.302. The RECIPIENT agrees to comply with the contract administration provisions of 40 CFR, Section 33.302. The RECIPIENT also agrees to ensure that RECIPIENTS of identified loans also comply with provisions of 40CFR, Section 33.302.

The RECIPIENT shall include the following terms and conditions in contracts with all contractors, subcontractors, engineers, vendors, and any other entity for work or services pertaining to this agreement.

“The Contractor will not discriminate on the basis of race, color, national origin or sex in the performance of this

Contract. The Contractor will carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under Environmental Protection Agency financial agreements. Failure by the Contractor to carry out these requirements is a material breach of this Contract which may result in termination of this Contract or other legally available remedies.”

Bidder List, 40 CFR, Section 33.501(b) and (c). The RECIPIENT agrees to create and maintain a bidders list. The bidders list shall include the following information for all firms that bid or quote on prime contracts, or bid or quote subcontracts, including both MBE/WBEs and non-MBE/WBEs.

1. Entity's name with point of contact
2. Entity's mailing address, telephone number, and e-mail address
3. The procurement on which the entity bid or quoted, and when
4. Entity's status as an MBE/WBE or non-MBE/WBE

F. Electronic and Information Technology (EIT) Accessibility: RECIPIENTS shall ensure that loan funds provided under this agreement for costs incurred in the development or purchase of EIT systems or products provide individuals with disabilities reasonable accommodations and an equal and effective opportunity to benefit from or participate in a program, including those offered through electronic and information technology as per Section 504 of the Rehabilitation Act, codified in 40 CFR Part 7. Systems or products funded under this agreement must be designed to meet the diverse needs of users without barriers or diminished function or quality. Systems shall include usability features or functions that accommodate the needs of persons with disabilities, including those who use assistive technology.

G. Free Service: The RECIPIENT shall not furnish utility service to any customer free of charge if providing that free service affects the RECIPIENT's ability to meet the obligations of this agreement.

H. Insurance: The RECIPIENT shall at all times carry fire and extended coverage, public liability and property damage, and such other forms of insurance with responsible insurers and with policies payable to the RECIPIENT on such of the buildings, equipment, works, plants, facilities, and properties of the Utility as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, or it shall self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the RECIPIENT, to protect it against loss.

I. Loan Interest Rate and Terms: This loan agreement shall remain in effect until the date of final repayment of the loan, unless terminated earlier according to the provisions herein.

When the Project Completion Date has occurred, ECOLOGY and the RECIPIENT shall execute an amendment to this loan agreement which details the final loan amount (Final Loan Amount), and ECOLOGY shall prepare a final loan repayment schedule. The Final Loan Amount shall be the combined total of actual disbursements made on the loan and all accrued interest to the computation date.

The Estimated Loan Amount and the Final Loan Amount (in either case, as applicable, a “Loan Amount”) shall bear interest based on the interest rate identified in this agreement as the “Effective Interest Rate,” per annum, calculated on the basis of a 365 day year. Interest on the Estimated Loan Amount shall accrue from and be compounded monthly based on the date that each payment is mailed to the RECIPIENT. The Final Loan Amount shall be repaid in equal installments semiannually over the term of this loan “Loan Term” as outlined in this agreement.

J. Loan Repayment:

Sources of Loan Repayment

1. Nature of RECIPIENT's Obligation. The obligation of the RECIPIENT to repay the loan from the sources identified

below and to perform and observe all of the other agreements and obligations on its part contained herein shall be absolute and unconditional, and shall not be subject to diminution by setoff, counterclaim, or abatement of any kind. To secure the repayment of the loan from ECOLOGY, the RECIPIENT agrees to comply with all of the covenants, agreements, and attachments contained herein.

2. For General Obligation. This loan is a General Obligation Debt of the RECIPIENT.

3. For General Obligation Payable from Special Assessments. This loan is a General Obligation Debt of the RECIPIENT payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all of the taxable property within the boundaries of the RECIPIENT.

4. For Revenue-Secured; Lien Position. This loan is a Revenue-Secured Debt of the RECIPIENT's Utility. This loan shall constitute a lien and charge upon the Net Revenue junior and subordinate to the lien and charge upon such Net Revenue of any Senior Lien Obligations.

In addition, if this loan is also secured by Utility Local Improvement Districts (ULID) Assessments, this loan shall constitute a lien upon ULID Assessments in the ULID prior and superior to any other charges whatsoever.

5. Other Sources of Repayment. The RECIPIENT may repay any portion of the loan from any funds legally available to it.

6. Defeasance of the Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT shall not be entitled to, and shall not affect, an economic Defeasance of the loan. The RECIPIENT shall not advance refund the loan.

If the RECIPIENT defeases or advance refunds the loan, it shall be required to use the proceeds thereof immediately upon their receipt, together with other available RECIPIENT funds, to repay both of the following:

(i) The Loan Amount with interest

(ii) Any other obligations of the RECIPIENT to ECOLOGY under this agreement, unless in its sole discretion ECOLOGY finds that repayment from those additional sources would not be in the public interest.

Failure to repay the Loan Amount plus interest within the time specified in ECOLOGY's notice to make such repayment shall incur Late Charges and shall be treated as a Loan Default.

7. Refinancing or Early Repayment of the Project. So long as ECOLOGY shall hold this loan, the RECIPIENT shall give ECOLOGY thirty days written notice if the RECIPIENT intends to refinance or make early repayment of the loan.

Method and Conditions on Repayments

1. Semiannual Payments. Notwithstanding any other provision of this agreement, the first semiannual payment of principal and interest on this loan shall be due and payable no later than one year after the project completion date or initiation of operation date, whichever comes first.

Thereafter, equal payments shall be due every six months.

If the due date for any semiannual payment falls on a Saturday, Sunday, or designated holiday for Washington State agencies, the payment shall be due on the next business day for Washington State agencies.

Payments shall be mailed to:

Department of Ecology
Cashiering Unit
P.O. Box 47611
Olympia WA 98504-7611

In lieu of mailing payments, electronic fund transfers can be arranged by working with ECOLOGY's Financial Manager.

No change to the amount of the semiannual principal and interest payments shall be made without a formal amendment to this agreement. The RECIPIENT shall continue to make semiannual payments based on this agreement until the amendment is effective, at which time the RECIPIENT's payments shall be made pursuant to the amended agreement.

2. Late Charges. If any amount of the Final Loan Amount or any other amount owed to ECOLOGY pursuant to this agreement remains unpaid after it becomes due and payable, ECOLOGY may assess a late charge. The late charge shall be one percent per month on the past due amount starting on the date the debt becomes past due and until it is paid in full.

3. Repayment Limitations. Repayment of the loan is subject to the following additional limitations, among others: those on defeasance, refinancing and advance refunding, termination, and default and recovery of payments.

4. Prepayment of Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT may prepay the entire unpaid principal balance of and accrued interest on the loan or any portion of the remaining unpaid principal balance of the Loan Amount. Any prepayments on the loan shall be applied first to any accrued interest due and then to the outstanding principal balance of the Loan Amount. If the RECIPIENT elects to prepay the entire remaining unpaid balance and accrued interest, the RECIPIENT shall first contact ECOLOGY's Revenue/Receivable Manager of the Fiscal Office.

K. Loan Security

Due Regard: For loans secured with a Revenue Obligation: The RECIPIENT shall exercise due regard for Maintenance and Operation Expense and the debt service requirements of the Senior Lien Obligations and any other outstanding obligations pledging the Gross Revenue of the Utility, and it has not obligated itself to set aside and pay into the loan Fund a greater amount of the Gross Revenue of the Utility than, in its judgment, shall be available over and above such Maintenance and Operation Expense and those debt service requirements.

Levy and Collection of Taxes (if used to secure the repayment of the loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of its electors on all of the taxable property within the boundaries of the RECIPIENT in an amount sufficient, together with other money legally available and to be used therefore, to pay when due the principal of and interest on the loan, and the full faith, credit and resources of the RECIPIENT are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Not an Excess Indebtedness: For loans secured with a general obligation pledge or a general obligation pledge on special assessments: The RECIPIENT agrees that this agreement and the loan to be made do not create an indebtedness of the RECIPIENT in excess of any constitutional or statutory limitations.

Pledge of Net Revenue and ULID Assessments in the ULID (if used to secure the repayment of this loan): For so long

as the loan is outstanding, the RECIPIENT irrevocably pledges the Net Revenue of the Utility, including applicable ULID Assessments in the ULID, to pay when due the principal of and interest on the loan.

Reserve Requirement: For loans that are Revenue-Secured Debt with terms greater than five years, the RECIPIENT must accumulate a reserve for the loan equivalent to at least the Average Annual Debt Service on the loan during the first five years of the repayment period of the loan. This amount shall be deposited in a Reserve Account in the Loan Fund in approximately equal annual payments commencing within one year after the initiation of operation or the project completion date, whichever comes first.

“Reserve Account” means, for a loan that constitutes Revenue-Secured Debt, an account of that name created in the Loan Fund to secure the payment of the principal and interest on the loan. The amount on deposit in the Reserve Account may be applied by the RECIPIENT (1) to make, in part or in full, the final repayment to ECOLOGY of the loan amount or, (2) if not so applied, for any other lawful purpose of the RECIPIENT once the Loan Amount, plus interest and any other amounts owing to ECOLOGY, have been paid in full.

Utility Local Improvement District (ULID) Assessment Collection (if used to secure the repayment of the loan): All ULID Assessments in the ULID shall be paid into the loan Fund and used to pay the principal of and interest on the loan. The ULID Assessments in the ULID may be deposited into the Reserve Account to satisfy a Reserve Requirement if a Reserve Requirement is applicable.

L. Maintenance and Operation of a Funded Utility: The RECIPIENT shall at all times maintain and keep a funded Utility in good repair, working order and condition and also shall at all times operate the Utility and the business in an efficient manner and at a reasonable cost.

M. Opinion of RECIPIENT’s Legal Counsel: The RECIPIENT must submit an “Opinion of Legal Counsel to the RECIPIENT” to ECOLOGY before this agreement shall be signed. ECOLOGY will provide the form.

N. Payment to Consultants: The RECIPIENT shall ensure that loan funds provided under this agreement to reimburse for costs incurred by individual consultants (excluding overhead) is limited to the maximum daily rate for Level IV of the Executive Schedule (formerly GS-18), to be adjusted annually. This limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. This rate does not include transportation and subsistence costs for travel performed. Contracts for services awarded using the procurement requirements in 40 CFR Parts 30 or 31, as applicable, are not affected by this limitation unless the terms of the contract provide the RECIPIENT with responsibility for the selection, direction, and control of the individuals who shall be providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 30.27(b) or 40 CFR 31.36(j) for additional information.

O. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor.

The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and sub contracts in excess of \$2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act, and make such

records available for review upon request.

The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves "public work" and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and make such records available for review upon request.

P. Litigation; Authority: No litigation is now pending, or to the RECIPIENT's knowledge, threatened, seeking to restrain, or enjoin:

(i) the execution of this agreement; or

(ii) the fixing or collection of the revenues, rates, and charges or the formation of the ULID and the levy and collection of ULID Assessments therein pledged to pay the principal of and interest on the loan (for revenue secured lien obligations); or

(iii) the levy and collection of the taxes pledged to pay the principal of and interest on the loan (for general obligation-secured loans and general obligation payable from special-assessment-secured loans); or

(iv) in any manner questioning the proceedings and authority under which the agreement, the loan, or the project are authorized. Neither the corporate existence or boundaries of the RECIPIENT nor the title of its present officers to their respective offices is being contested. No authority or proceeding for the execution of this agreement has been repealed, revoked, or rescinded.

Q. Representations and Warranties: The RECIPIENT represents and warrants to ECOLOGY as follows:

Application: Material Information. All information and materials submitted by the RECIPIENT to ECOLOGY in connection with its loan application were, when made, and are, as of the date the RECIPIENT signs this agreement, true and correct. There is no material adverse information relating to the RECIPIENT, the project, the loan, or this agreement known to the RECIPIENT which has not been disclosed in writing to ECOLOGY.

Existence; Authority. It is a duly formed and legally existing municipal corporation or political subdivision of the state of Washington or a federally recognized Indian Tribe. It has full corporate power and authority to execute, deliver, and perform all of its obligations under this agreement and to undertake the project identified herein.

Certification. Each payment request shall constitute a certification by the RECIPIENT to the effect that all representations and warranties made in this loan agreement remain true as of the date of the request and that no adverse developments, affecting the financial condition of the RECIPIENT or its ability to complete the project or to repay the principal of or interest on the loan, have occurred since the date of this loan agreement. Any changes in the RECIPIENT's financial condition shall be disclosed in writing to ECOLOGY by the RECIPIENT in its request for payment.

R. Sale or Disposition of Utility: The RECIPIENT shall not sell, transfer, or otherwise dispose of any of the works, plant, properties, facilities, or other part of the Utility, or any real or personal property comprising a part of the Utility unless one of the following applies:

1. The facilities or property transferred are not material to the operation of the Utility; or have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the Utility; or are no longer necessary, material, or useful to

the operation of the Utility.

2. The aggregate depreciated cost value of the facilities or property being transferred in any fiscal year comprises no more than three percent of the total assets of the Utility.

3. The RECIPIENT receives from the transferee an amount which shall be in the same proportion to the net amount of Senior Lien Obligations and this loan then outstanding (defined as the total amount outstanding less the amount of cash and investments in the bond and loan funds securing such debt) as the Gross Revenue of the Utility from the portion of the Utility sold or disposed of for the preceding year bears to the total Gross Revenue for that period.

The proceeds of any transfer under this paragraph shall be used (1) to redeem promptly or irrevocably set aside for the redemption of, Senior Lien Obligations and to redeem promptly the loan; or (2) to provide for part of the cost of additions to and betterments and extensions of the Utility.

S. Sewer-Use Ordinance or Resolution: If not already in existence, the RECIPIENT shall adopt and shall enforce a sewer-use ordinance or resolution. The sewer use ordinance must include provisions to:

- 1) Prohibit the introduction of toxic or hazardous wastes into the RECIPIENT's sewer system.
- 2) Prohibit inflow of stormwater.
- 3) Require that new sewers and connections be properly designed and constructed.
- 4) Require all existing and future residents to connect to the sewer system. Such ordinance or resolution shall be submitted to ECOLOGY upon request by ECOLOGY.

T. Termination and Default:

Termination and Default Events

1. For Insufficient ECOLOGY or RECIPIENT Funds. ECOLOGY may terminate this loan agreement for insufficient ECOLOGY or RECIPIENT funds.
2. For Failure to Commence Work. ECOLOGY may terminate this loan agreement for failure of the RECIPIENT to commence project work.
3. Past Due Payments. The RECIPIENT shall be in default of its obligations under this loan agreement when any loan repayment becomes 60 days past due.
4. Other Cause. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance in full by the RECIPIENT of all of its obligations under this loan agreement. The RECIPIENT shall be in default of its obligations under this loan agreement if, in the opinion of ECOLOGY, the RECIPIENT has unjustifiably failed to perform any obligation required of it by this loan agreement.

Procedures for Termination. If this loan agreement is terminated prior to project completion, ECOLOGY shall provide to the RECIPIENT a written notice of termination at least five working days prior to the effective date of termination (the "Termination Date"). The written notice of termination by the ECOLOGY shall specify the Termination Date and, when applicable, the date by which the RECIPIENT must repay any outstanding balance of the loan and all accrued interest (the "Termination Payment Date").

Termination and Default Remedies

No Further Payments. On and after the Termination Date, or in the event of a default event, ECOLOGY may, at its sole discretion, withdraw the loan and make no further payments under this agreement.

Repayment Demand. In response to an ECOLOGY initiated termination event, or in response to a loan default event, ECOLOGY may at its sole discretion demand that the RECIPIENT repay the outstanding balance of the Loan Amount and all accrued interest.

Interest after Repayment Demand. From the time that ECOLOGY demands repayment of funds, amounts owed by the RECIPIENT to ECOLOGY shall accrue additional interest at the rate of one percent per month, or fraction thereof.

Accelerate Repayments. In the event of a default, ECOLOGY may at its sole discretion declare the principal of and interest on the loan immediately due and payable, subject to the prior lien and charge of any outstanding Senior Lien Obligations upon the Net Revenue. Repayments not made immediately upon such acceleration shall incur late charges.

Late Charges. All amounts due to ECOLOGY and not paid by the RECIPIENT by the Termination Payment Date or after acceleration following a default event, as applicable, shall incur late charges.

Intercept State Funds. In the event of a default event and in accordance with Chapter 90.50A.060 RCW, "Defaults," any state funds otherwise due to the RECIPIENT may, at ECOLOGY's sole discretion, be withheld and applied to the repayment of the loan.

Property to ECOLOGY. In the event of a default event and at the option of ECOLOGY, any personal property (equipment) acquired under this agreement may, in ECOLOGY's sole discretion, become ECOLOGY's property. In that circumstance, ECOLOGY shall reduce the RECIPIENT's liability to repay money by an amount reflecting the fair value of such property.

Documents and Materials. If this agreement is terminated, all finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the RECIPIENT shall, at the option of ECOLOGY, become ECOLOGY property. The RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Collection and Enforcement Actions. In the event of a default event, the state of Washington reserves the right to take any actions it deems necessary to collect the amounts due, or to become due, or to enforce the performance and observance of any obligation by the RECIPIENT, under this agreement.

Fees and Expenses. In any action to enforce the provisions of this agreement, reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of legal staff) shall be awarded to the prevailing party as that term is defined in Chapter 4.84.330 RCW.

Damages. Notwithstanding ECOLOGY's exercise of any or all of the termination or default remedies provided in this agreement, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and/or the state of Washington because of any breach of this agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

U. User-Charge System: The RECIPIENT certifies that it has the legal authority to establish and implement a user-charge system and shall adopt a system of user-charges to assure that each user of the utility shall pay its

proportionate share of the cost of operation and maintenance, including replacement during the design life of the project.

In addition, the RECIPIENT shall regularly evaluate the user-charge system, at least annually, to ensure the system provides adequate revenues necessary to operate and maintain the utility, to establish a reserve to pay for replacement, to establish the required Loan Reserve Account, and to repay the loan.

GENERAL FEDERAL CONDITIONS

If a portion or all of the funds for this agreement are provided through federal funding sources or this agreement is used to match a federal grant award, the following terms and conditions apply to you.

CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION:

1. The RECIPIENT/CONTRACTOR, by signing this agreement, certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds. If the RECIPIENT/CONTRACTOR is unable to certify to the statements contained in the certification, they must provide an explanation as to why they cannot.
2. The RECIPIENT/CONTRACTOR shall provide immediate written notice to ECOLOGY if at any time the RECIPIENT/CONTRACTOR learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
3. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the department for assistance in obtaining a copy of those regulations..
4. The RECIPIENT/CONTRACTOR agrees it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under the applicable Code of Federal Regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.
5. The RECIPIENT/CONTRACTOR further agrees by signing this agreement, that it will include this clause titled "CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION" without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
6. Pursuant to 2CFR180.330, the RECIPIENT/CONTRACTOR is responsible for ensuring that any lower tier covered transaction complies with certification of suspension and debarment requirements.
7. RECIPIENT/CONTRACTOR acknowledges that failing to disclose the information required in the Code of Federal Regulations may result in the delay or negation of this funding agreement, or pursuance of legal remedies, including suspension and debarment.
8. RECIPIENT/CONTRACTOR agrees to keep proof in its agreement file, that it, and all lower tier recipients or contractors, are not suspended or debarred, and will make this proof available to ECOLOGY before requests for reimbursements will be approved for payment. RECIPIENT/CONTRACTOR must run a search in <http://www.sam.gov> and print a copy of completed searches to document proof of compliance.

Federal Funding Accountability And Transparency Act (FFATA) Reporting Requirements:

RECIPIENT must complete the FFATA Data Collection Form (ECY 070-395) and return it with the signed agreement to ECOLOGY.

Any RECIPIENT that meets each of the criteria below must also report compensation for its five top executives, using FFATA Data Collection Form.

Agreement No: WQC-2015-ChehPW-00007
Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
Recipient Name: City of Chehalis - Public Works Department

- Receives more than \$25,000 in federal funds under this award; and
- Receives more than 80 percent of its annual gross revenues from federal funds; and
- Receives more than \$25,000,000 in annual federal funds

ECOLOGY will not pay any invoice until it has received a completed and signed FFATA Data Collection Form. ECOLOGY is required to report the FFATA information for federally funded agreements, including the required DUNS number, at www.fsrs.gov <<http://www.fsrs.gov>> within 30 days of agreement signature. The FFATA information will be available to the public at www.usaspending.gov <<http://www.usaspending.gov>>.

For more details on FFATA requirements, see www.fsrs.gov <<http://www.fsrs.gov>>.

GENERAL TERMS AND CONDITIONS

1. ADMINISTRATIVE REQUIREMENTS

- a) RECIPIENT shall follow the "Administrative Requirements for Recipients of Ecology Grants and Loans – EAGL Edition". <https://fortress.wa.gov/ecy/publications/SummaryPages/1401002.html>
- b) RECIPIENT shall complete all activities funded by this Agreement and be fully responsible for the proper management of all funds and resources made available under this Agreement.
- c) RECIPIENT agrees to take complete responsibility for all actions taken under this Agreement, including ensuring all subgrantees and contractors comply with the terms and conditions of this Agreement. ECOLOGY reserves the right to request proof of compliance by subgrantees and contractors.
- d) RECIPIENT's activities under this Agreement shall be subject to the review and approval by ECOLOGY for the extent and character of all work and services.

2. AMENDMENTS AND MODIFICATIONS

This Agreement may be altered, amended, or waived only by a written amendment executed by both parties. No subsequent modification(s) or amendment(s) of this Agreement will be of any force or effect unless in writing and signed by authorized representatives of both parties. ECOLOGY and the RECIPIENT may change their respective staff contacts and administrative information without the concurrence of either party.

3. ARCHAEOLOGICAL AND CULTURAL RESOURCES

RECIPIENT shall take reasonable action to avoid, minimize, or mitigate adverse effects to archeological or cultural resources. Activities associated with archaeological and cultural resources are an eligible reimbursable cost subject to approval by ECOLOGY.

RECIPIENT shall:

- a) Immediately cease work and notify ECOLOGY if any archeological or cultural resources are found while conducting work under this Agreement.
- b) Immediately notify the Department of Archaeology and Historic Preservation at (360) 586-3064, in the event historical or cultural artifacts are discovered at a work site.
- c) Comply with Governor Executive Order 05-05, Archaeology and Cultural Resources, for any capital construction projects prior to the start of any work.
- d) Comply with RCW 27.53, Archaeological Sites and Resources, for any work performed under this Agreement, as applicable. National Historic Preservation Act (NHPA) may require the RECIPIENT to obtain a permit pursuant to Chapter 27.53 RCW prior to conducting on-site activity with the potential to impact cultural or historic properties.

4. ASSIGNMENT

No right or claim of the RECIPIENT arising under this Agreement shall be transferred or assigned by the RECIPIENT.

5. COMMUNICATION

RECIPIENT shall make every effort to maintain effective communications with the RECIPIENT's designees, ECOLOGY, all affected local, state, or federal jurisdictions, and any interested individuals or groups.

6. COMPENSATION

- a) Any work performed prior to effective date of this Agreement will be at the sole expense and risk of the RECIPIENT. ECOLOGY must sign the Agreement before any payment requests can be submitted.
- b) Payments will be made on a reimbursable basis for approved and completed work as specified in this Agreement.
- c) RECIPIENT is responsible to understand if costs are eligible. Any questions regarding eligibility should be clarified with ECOLOGY prior to incurring costs. Costs that are conditionally eligible may require approval by ECOLOGY prior to purchase.
- d) RECIPIENT shall not invoice more than once per month unless agreed on by ECOLOGY.
- e) ECOLOGY will not process payment requests without the proper reimbursement forms, Progress Report and supporting documentation. ECOLOGY will provide instructions for submitting payment requests.
- f) ECOLOGY will pay the RECIPIENT thirty (30) days after receipt of a properly completed request for payment.
- g) RECIPIENT will receive payment through Washington State Department of Enterprise Services' Statewide Payee Desk. RECIPIENT must register as a payee by submitting a Statewide Payee Registration form and an IRS W-9 form at the website, <http://www.des.wa.gov/services/ContractingPurchasing/Business/VendorPay/Pages/default.aspx>. For any questions about the vendor registration process contact the Statewide Payee Help Desk at (360) 407-8180 or email payeehelpdesk@des.wa.gov.
- h) ECOLOGY may, at its sole discretion, withhold payments claimed by the RECIPIENT if the RECIPIENT fails to satisfactorily comply with any term or condition of this Agreement.
- i) Monies withheld by ECOLOGY may be paid to the RECIPIENT when the work described herein, or a portion thereof, have been completed if, at ECOLOGY's sole discretion, such payment is reasonable and approved according to this Agreement and, as appropriate, or upon completion of an audit as specified herein.
- j) RECIPIENT should submit final requests for compensation within thirty (30) days after the expiration date of this Agreement. Failure to comply may result in delayed reimbursement.

7. COMPLIANCE WITH ALL LAWS

RECIPIENT agrees to comply fully with all applicable Federal, State and local laws, orders, regulations, and permits related to this Agreement, including but not limited to:

- a) RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.
- b) RECIPIENT agrees to be bound by all federal and state laws, regulations, and policies against discrimination.
- c) RECIPIENT certifies full compliance with all applicable state industrial insurance requirements.
- d) RECIPIENT agrees to secure and provide assurance to ECOLOGY that all the necessary approvals and permits required by authorities having jurisdiction over the project are obtained. RECIPIENT must include time in their project timeline for the permit and approval processes.

ECOLOGY shall have the right to immediately terminate for cause this Agreement as provided herein if the RECIPIENT fails to comply with above requirements.

If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

8. CONFLICT OF INTEREST

RECIPIENT and ECOLOGY agree that any officer, member, agent, or employee, who exercises any function or responsibility in the review, approval, or carrying out of this Agreement, shall not have any personal or financial interest, direct or indirect, nor affect the interest of any corporation, partnership, or association in which he/she is a part, in this Agreement or the proceeds thereof.

9. CONTRACTING FOR GOODS AND SERVICES

RECIPIENT may contract to buy goods or services related to its performance under this Agreement. RECIPIENT shall award all contracts for construction, purchase of goods, equipment, services, and professional architectural and engineering services through a competitive process, if required by State law. RECIPIENT is required to follow procurement procedures that ensure legal, fair, and open competition.

RECIPIENT must have a standard procurement process or follow current state procurement procedures. RECIPIENT may be required to provide written certification that they have followed their standard procurement procedures and applicable state law in awarding contracts under this Agreement.

ECOLOGY reserves the right to inspect and request copies of all procurement documentation, and review procurement practices related to this Agreement. Any costs incurred as a result of procurement practices not in compliance with state procurement law or the RECIPIENT's normal procedures may be disallowed at ECOLOGY's sole discretion.

10. DISPUTES

When there is a dispute with regard to the extent and character of the work, or any other matter related to this Agreement the determination of ECOLOGY will govern, although the RECIPIENT shall have the right to appeal decisions as provided for below:

- a) RECIPIENT notifies the funding program of an appeal request.
- b) Appeal request must be in writing and state the disputed issue(s).
- c) RECIPIENT has the opportunity to be heard and offer evidence in support of its appeal.
- d) ECOLOGY reviews the RECIPIENT's appeal.
- e) ECOLOGY sends a written answer within ten (10) business days, unless more time is needed, after concluding the review.

The decision of ECOLOGY from an appeal will be final and conclusive, unless within thirty (30) days from the date of such decision, the RECIPIENT furnishes to the Director of ECOLOGY a written appeal. The decision of the Director or duly authorized representative will be final and conclusive.

The parties agree that this dispute process will precede any action in a judicial or quasi-judicial tribunal.

Appeals of the Director's decision will be brought in the Superior Court of Thurston County. Review of the Director's decision will not be taken to Environmental and Land Use Hearings Office.

Pending final decision of a dispute, the RECIPIENT agrees to proceed diligently with the performance of this Agreement and in accordance with the decision rendered.

Nothing in this contract will be construed to limit the parties' choice of another mutually acceptable method, in addition to the dispute resolution procedure outlined above.

11. ENVIRONMENTAL STANDARDS

- a) RECIPIENTS who collect environmental-monitoring data must provide these data to ECOLOGY using the Environmental Information Management System (EIM). To satisfy this requirement these data must be successfully loaded into EIM, see instructions on the EIM website at: <http://www.ecy.wa.gov/eim>.

b) RECIPIENTS are required to follow ECOLOGY's data standards when Geographic Information System (GIS) data are collected and processed. More information and requirements are available at: <http://www.ecy.wa.gov/services/gis/data/standards/standards.htm>. RECIPIENTS shall provide copies to ECOLOGY of all final GIS data layers, imagery, related tables, raw data collection files, map products, and all metadata and project documentation.

c) RECIPIENTS must prepare a Quality Assurance Project Plan (QAPP) when a project involves the collection of environmental measurement data. QAPP is to ensure the consistent application of quality assurance principles to the planning and execution of all activities involved in generating data. RECIPIENTS must follow ECOLOGY's Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, July 2004 (Ecology Publication No. 04-03-030). ECOLOGY shall review and approve the QAPP prior to start of work. The size, cost, and complexity of the QAPP should be in proportion to the magnitude of the sampling effort.

12. GOVERNING LAW

This Agreement will be governed by the laws of the State of Washington, and the venue of any action brought hereunder will be in the Superior Court of Thurston County.

13. INDEMNIFICATION

ECOLOGY will in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.

To the extent that the Constitution and laws of the State of Washington permit, each party will indemnify and hold the other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this Agreement.

14. INDEPENDENT STATUS

The employees, volunteers, or agents of each party who are engaged in the performance of this Agreement will continue to be employees, volunteers, or agents of that party and will not for any purpose be employees, volunteers, or agents of the other party.

15. KICKBACKS

RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this Agreement to give up any part of the compensation to which he/she is otherwise entitled or, receive any fee, commission, or gift in return for award of a subcontract hereunder.

16. MINORITY AND WOMEN'S BUSINESS ENTERPRISES (MWBE)

RECIPIENT is encouraged to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated under this Agreement.

Contract awards or rejections cannot be made based on MWBE participation; however, the RECIPIENT is encouraged to take the following actions, when possible, in any procurement under this Agreement:

- a) Include qualified minority and women's businesses on solicitation lists whenever they are potential sources of goods or services.
- b) Divide the total requirements, when economically feasible, into smaller tasks or quantities, to permit maximum participation by qualified minority and women's businesses.
- c) Establish delivery schedules, where work requirements permit, which will encourage participation of qualified minority and women's businesses.
- d) Use the services and assistance of the Washington State Office of Minority and Women's Business Enterprises (OMWBE) (866-208-1064) and the Office of Minority Business Enterprises of the U.S. Department of Commerce, as appropriate.

17. ORDER OF PRECEDENCE

In the event of inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) applicable Federal and State statutes and regulations; (b) Scope of Work; (c) Special Terms and Conditions; (d) Any provisions or terms incorporated herein by reference including the "Administrative Requirements for Recipients of Ecology Grants and Loans"; and (e) the General Terms and Conditions.

18. PRESENTATION AND PROMOTIONAL MATERIALS

RECIPIENT shall obtain ECOLOGY's approval for all communication materials or documents related to the fulfillment of this Agreement, steps for approval:

- a) Provide a draft copy to ECOLOGY for review and approval ten (10) business days prior to production and distribution of any documents or materials compiled or produced.
- b) ECOLOGY reviews draft copy and reserves the right to require changes until satisfied.
- c) Provide ECOLOGY two (2) final copies and an electronic copy of any tangible products developed.

Copies include any printed materials, and all tangible products developed such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements, or gadgets, such as a refrigerator magnet with a message as well as media announcements, and any other online communication products such as Web pages, blogs, and Twitter campaigns. If it is not practical to provide a copy, then the RECIPIENT must provide a complete description including photographs, drawings, or printouts of the product that best represents the item.

RECIPIENT shall include time in their project timeline for ECOLOGY's review and approval process.

RECIPIENT shall acknowledge in the materials or documents that funding was provided by ECOLOGY.

19. PROGRESS REPORTING

- a) RECIPIENT must satisfactorily demonstrate the timely use of funds by submitting payment requests and progress reports to ECOLOGY. ECOLOGY reserves the right to amend or terminate this Agreement if the RECIPIENT does not document timely use of funds.
- b) RECIPIENT must submit a progress report with each payment request. Payment requests will not be processed without a progress report. ECOLOGY will define the elements and frequency of progress reports.
- c) RECIPIENT shall use ECOLOGY's provided progress report format.
- d) Quarterly progress reports will cover the periods from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports shall be submitted within thirty (30) days after the end of the quarter being reported.
- e) RECIPIENT shall submit the Closeout Report within thirty (30) days of the expiration date of the project, unless an extension has been approved by ECOLOGY. RECIPIENT shall use the ECOLOGY provided closeout report format.

20. PROPERTY RIGHTS

- a) Copyrights and Patents. When the RECIPIENT creates any copyrightable materials or invents any patentable property, the RECIPIENT may copyright or patent the same but ECOLOGY retains a royalty free, nonexclusive, and irrevocable license to reproduce, publish, recover, or otherwise use the material(s) or property, and to authorize others to use the same for federal, state, or local government purposes.
- b) Publications. When the RECIPIENT or persons employed by the RECIPIENT use or publish information of ECOLOGY; present papers, lectures, or seminars involving information supplied by ECOLOGY; use logos, reports, maps, or other data, in printed reports, signs, brochures, pamphlets, etc., appropriate credit shall be given to ECOLOGY.
- c) Presentation and Promotional Materials. ECOLOGY shall have the right to use or reproduce any printed or graphic materials produced in fulfillment of this Agreement, in any manner ECOLOGY deems appropriate. ECOLOGY shall

acknowledge the RECIPIENT as the sole copyright owner in every use or reproduction of the materials.

d) Tangible Property Rights. ECOLOGY's current edition of "Administrative Requirements for Recipients of Ecology Grants and Loans," shall control the use and disposition of all real and personal property purchased wholly or in part with funds furnished by ECOLOGY in the absence of state and federal statutes, regulations, or policies to the contrary, or upon specific instructions with respect thereto in this Agreement.

e) Personal Property Furnished by ECOLOGY. When ECOLOGY provides personal property directly to the RECIPIENT for use in performance of the project, it shall be returned to ECOLOGY prior to final payment by ECOLOGY. If said property is lost, stolen, or damaged while in the RECIPIENT's possession, then ECOLOGY shall be reimbursed in cash or by setoff by the RECIPIENT for the fair market value of such property.

f) Acquisition Projects. The following provisions shall apply if the project covered by this Agreement includes funds for the acquisition of land or facilities:

a. RECIPIENT shall establish that the cost is fair value and reasonable prior to disbursement of funds provided for in this Agreement.

b. RECIPIENT shall provide satisfactory evidence of title or ability to acquire title for each parcel prior to disbursement of funds provided by this Agreement. Such evidence may include title insurance policies, Torrens certificates, or abstracts, and attorney's opinions establishing that the land is free from any impediment, lien, or claim which would impair the uses intended by this Agreement.

g) Conversions. Regardless of the agreement expiration date, the RECIPIENT shall not at any time convert any equipment, property, or facility acquired or developed under this Agreement to uses other than those for which assistance was originally approved without prior written approval of ECOLOGY. Such approval may be conditioned upon payment to ECOLOGY of that portion of the proceeds of the sale, lease, or other conversion or encumbrance which monies granted pursuant to this Agreement bear to the total acquisition, purchase, or construction costs of such property.

21. RECORDS, AUDITS, AND INSPECTIONS

RECIPIENT shall maintain complete program and financial records relating to this Agreement, including any engineering documentation and field inspection reports of all construction work accomplished.

All records shall:

- a) Be kept in a manner which provides an audit trail for all expenditures.
- b) Be kept in a common file to facilitate audits and inspections.
- c) Clearly indicate total receipts and expenditures related to this Agreement.
- d) Be open for audit or inspection by ECOLOGY, or by any duly authorized audit representative of the State of Washington, for a period of at least three (3) years after the final grant payment or loan repayment, or any dispute resolution hereunder.

RECIPIENT shall provide clarification and make necessary adjustments if any audits or inspections identify discrepancies in the records.

ECOLOGY reserves the right to audit, or have a designated third party audit, applicable records to ensure that the state has been properly invoiced. Any remedies and penalties allowed by law to recover monies determined owed will be enforced. Repetitive instances of incorrect invoicing or inadequate records may be considered cause for termination.

All work performed under this Agreement and any property and equipment purchased shall be made available to ECOLOGY and to any authorized state, federal or local representative for inspection at any time during the course of this Agreement and for at least three (3) years following grant or loan termination or dispute resolution hereunder.

RECIPIENT shall provide right of access to ECOLOGY, or any other authorized representative, at all reasonable times, in order to monitor and evaluation performance, compliance, and any other conditions under this Agreement.

22. RECOVERY OF FUNDS

The right of the RECIPIENT to retain monies received as reimbursement payments is contingent upon satisfactory performance of this Agreement and completion of the work described in the Scope of Work.

All payments to the RECIPIENT are subject to approval and audit by ECOLOGY, and any unauthorized expenditure(s) or unallowable cost charged to this agreement shall be refunded to ECOLOGY by the RECIPIENT.

RECIPIENT shall refund to ECOLOGY the full amount of any erroneous payment or overpayment under this Agreement.

RECIPIENT shall refund by check payable to ECOLOGY the amount of any such reduction of payments or repayments within thirty (30) days of a written notice. Interest will accrue at the rate of twelve percent (12%) per year from the time ECOLOGY demands repayment of funds.

Any property acquired under this Agreement, at the option of ECOLOGY, may become ECOLOGY's property and the RECIPIENT's liability to repay monies will be reduced by an amount reflecting the fair value of such property.

23. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, and to this end the provisions of this Agreement are declared to be severable.

24. STATE ENVIRONMENTAL POLICY ACT (SEPA)

RECIPIENT must demonstrate to ECOLOGY's satisfaction that compliance with the requirements of the State Environmental Policy Act (Chapter 43.21C RCW and Chapter 197-11 WAC) have been or will be met. Any reimbursements are subject to this provision.

25. SUSPENSION

When in the best interest of ECOLOGY, ECOLOGY may at any time, and without cause, suspend this Agreement or any portion thereof for a temporary period by written notice from ECOLOGY to the RECIPIENT. RECIPIENT shall resume performance on the next business day following the suspension period unless another day is specified by ECOLOGY.

26. SUSTAINABLE PRACTICES

In order to sustain Washington's natural resources and ecosystems, the RECIPIENT is fully encouraged to implement sustainable practices and to purchase environmentally preferable products under this Agreement.

- a) Sustainable practices may include such activities as: use of clean energy, use of double-sided printing, hosting low impact meetings, and setting up recycling and composting programs.
- b) Purchasing may include such items as: sustainably produced products and services, EPEAT registered computers and imaging equipment, independently certified green cleaning products, remanufactured toner cartridges, products with reduced packaging, office products that are refillable, rechargeable, and recyclable, and 100% post consumer recycled paper.

For more suggestions visit ECOLOGY's web pages: Green Purchasing, <http://www.ecy.wa.gov/programs/swfa/epp> and Sustainability, www.ecy.wa.gov/sustainability.

27. TERMINATION

a) For Cause

ECOLOGY may terminate for cause this Agreement with a seven (7) calendar days prior written notification to the

RECIPIENT, at the sole discretion of ECOLOGY, for failing to perform an Agreement requirement or for a material breach of any term or condition. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Failure to Commence Work. ECOLOGY reserves the right to terminate this Agreement if RECIPIENT fails to commence work on the project funded within four (4) months after the effective date of this Agreement, or by any date mutually agreed upon in writing for commencement of work, or the time period defined within the Scope of Work.

Non-Performance. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this Agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of ECOLOGY, to perform any obligation required of it by this Agreement, ECOLOGY may refuse to pay any further funds, terminate in whole or in part this Agreement, and exercise any other rights under this Agreement.

Despite the above, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and the State of Washington because of any breach of this Agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

b) For Convenience

ECOLOGY may terminate for convenience this Agreement, in whole or in part, for any reason when it is the best interest of ECOLOGY, with a thirty (30) calendar days prior written notification to the RECIPIENT. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Non-Allocation of Funds. ECOLOGY's ability to make payments is contingent on availability of funding. In the event funding from state, federal or other sources is withdrawn, reduced, or limited in any way after the effective date and prior to the completion or expiration date of this agreement, ECOLOGY, at its sole discretion, may elect to terminate the agreement, in whole or part, or renegotiate the agreement, subject to new funding limitations or conditions. ECOLOGY may also elect to suspend performance of the agreement until ECOLOGY determines the funding insufficiency is resolved. ECOLOGY may exercise any of these options with no notification or restrictions.

If payments have been discontinued by ECOLOGY due to unavailable funds, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination.

RECIPIENT's obligation to continue or complete the work described in this Agreement shall be contingent upon availability of funds by the RECIPIENT's governing body.

c) By Mutual Agreement

ECOLOGY and the RECIPIENT may terminate this Agreement, in whole or in part, at any time, by mutual written agreement.

d) In Event of Termination

All finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, reports or other materials prepared by the RECIPIENT under this Agreement, at the option of ECOLOGY, will become property of ECOLOGY and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Nothing contained herein shall preclude ECOLOGY from demanding repayment of all funds paid to the RECIPIENT in accordance with Recovery of Funds, identified herein.

Agreement No: WQC-2015-ChehPW-00007
Project Title: Chehalis Basin 1022 I&I Rehabilitation Project
Recipient Name: City of Chehalis - Public Works Department

28. THIRD PARTY BENEFICIARY

RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this Agreement, the state of Washington is named as an express third party beneficiary of such subcontracts with full rights as such.

29. WAIVER

Waiver of a default or breach of any provision of this Agreement is not a waiver of any subsequent default or breach, and will not be construed as a modification of the terms of this Agreement unless stated as such in writing by the authorized representative of ECOLOGY.