

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

Terry F. Harris, District 1, Mayor Pro Tem Daryl J. Lund, District 2 Dr. Isaac S. Pope, District 4	Dennis L. Dawes, Position at Large Mayor	Anthony E. Ketchum Sr., District 3 Chad E. Taylor, Position at Large Bob Spahr, Position at Large
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Regular Meeting of Monday, March 28, 2016

5:00 p.m.

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

CITIZENS BUSINESS		
This is an opportunity for members of the audience to address the council on matters not listed elsewhere on the agenda. Speaker identification forms are available at the door and may be given to the city clerk prior to the beginning of the meeting.		

SPECIAL BUSINESS		
3. <u>Renewal of Solid Waste Disposal District No.1 Interlocal Agreement.</u> (Lewis County Public Works Director Tim Elsea)		1

CONSENT CALENDAR		
4. <u>Minutes of the Regular Meeting of March 14, 2016, and the Special Meeting of March 21, 2016.</u> (City Clerk)	APPROVE	3
5. <u>Vouchers and Transfers.</u> (Finance Manager)	APPROVE	10
6. <u>Ratify the City Manager's Execution of the Termination Notice for the Interlocal Agreement between the City, Lewis County and the City of Tacoma for the Option to Purchase a Portion of the Tacoma Rail Line.</u> (City Manager)	RATIFY	11
7. <u>Authorize City Manager to Execute Engineering Services Agreement for the Coal Creek Sewer Extension Project with Gibbs & Olson in an Amount not to Exceed \$62,350.</u> (City Manager, Public Works Director, Wastewater Superintendent)	AUTHORIZE CITY MANAGER TO EXECUTE AGREEMENT	14
8. <u>Authorize City Manager to Execute Agreement with the FCS Group for the Water/Wastewater Rate Study in the Amount of \$53,005.00.</u> (City Manager, Public Works Director)	AUTHORIZE CITY MANAGER TO EXECUTE AGREEMENT	30

ADMINISTRATION AND CITY COUNCIL REPORTS		
9. <u>Administration Reports.</u>		
a. February financial report. (City Manager, Finance Manager)	INFORMATION ONLY	42
b. Discuss work session for Recreation Park Project. (City Manager, Community Development Director)	SET DATE FOR WORK SESSION	
10. <u>Council Reports.</u>		
a. Councilor reports. (City Council)	INFORMATION ONLY	
b. Council committee reports. (City Council)	INFORMATION ONLY	

UNFINISHED BUSINESS		
11. <u>Ordinance No. 954-B, Second and Final Reading – Providing for Annexation of the Chehalis School Annexation.</u> (City Manager, City Attorney, Community Development Director)	PASS	48

NEW BUSINESS		
12. <u>Ordinance No. 956-B, First Reading – Limiting Marijuana Processing, Production and Retail Facilities.</u> (City Manager, Community Development Director)	PASS	56

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

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

NEXT REGULAR CITY COUNCIL MEETING WILL BE ON MONDAY, APRIL 11, 2016

BRIEF HISTORY OF LEWIS COUNTY SOLID WASTE DISPOSAL DISTRICT NO. 1 AND LEWIS COUNTY SOLID WASTE UTILITY

- 1989 City of Centralia learns that landfill must be closed.
- 1992 Interlocal Agreements Regarding Lewis County Solid Waste Disposal District No. 1 and Flow Control, as authorized by RCW 36.58.100, were signed by the nine incorporated cities and the county in the spring of 1992, for a term of 25 years. Through the interlocal agreements, the cities joined with the county in creating the Disposal District. Lewis County Commissioners are the authority for the District. The cities also agreed to flow control, which means their municipal solid waste (MSW) would be disposed of at Disposal District sites.
- 1992 Executive Advisory Committee for the Lewis Co. Solid Waste Disposal District No. 1 was also formed. Lewis County, as well as each city and town in Lewis County, appointed a representative from its legislative body to be a part of this committee. The purpose of this committee is to consider various matters in the management of the Comprehensive Solid Waste Management Plan and Comprehensive Moderate Risk Waste Management Plan, and to also consider funding allocations as may be recommended to the Disposal District.
- 1993 The Interlocal Agreement for Solid Waste Disposal Administration was signed by the Solid Waste Disposal District No. 1 and Lewis County, Feb. 25, 1993. The Disposal District, which has no assets and no employees, is responsible for establishing tipping fee rates at transfer stations. The Disposal District does not own the transfer stations, the county does.
- 1993 Solid Waste Utility Division is formed. It is a division of Lewis County, and operates the following:
- o Garbage collection sites (transfer stations)
 - o Waste reduction and recycling services
 - o Hazardous waste services and programs
 - o Special community cleanup events
- The revenue source for solid waste operations comes from a monthly transfer of user fees held by the Disposal District. Additionally, funds are received from state grants for recycling/waste reduction/hazardous waste programs and services.
- 1994 Centralia Landfill officially closed on March 31. The CTS in Centralia opens April 1, for disposal of MSW and recycling services. A solid waste disposal fee of \$95 per ton was set to ensure sufficient funds for clean-up and closure of the Centralia Landfill. MSW tonnage from April-December was 28,789.84
- 1995 Tonnage for the first full year of operation for the CTS was 39,036.94
- 1996 Administration relocated to CTS site
- 1997 East Lewis County Transfer Station (ELCTS) in Morton opens and the Hazo Hut was built at Central Transfer Station site.
- 1997 The solid waste disposal fee was lowered to \$82 per ton when revenue bonds were defeased.
- 2001 Randle and Mossyrock drop boxes closed permanently
- 2006 Mineral and Meskill drop box sites closed permanently
- 2007 Year-end tonnage peaked at 78,830.93 of which 9,699.26 tons was flood debris and 69,131.67 was regular MSW – the maximum, non-flood tonnage collected in Disposal District history.

- 2008 Solid Waste institutes commingled curbside program and revises Recycle Service Area 1 (RSA 1) to include to the west end of the county, beginning at Highway 7
- 2009 Commingled recycling of general household materials became available to the public in January; and later in the year, a yard waste recycling box was placed in the Recycle Area with a tipping fee of \$60 per ton or \$5 for 160 pounds or less. Yard waste is hauled to Silver Springs Organics, an organic recycling facility in Rainier.
- 2009 Remaining drop box sites in Packwood, Onalaska, Winlock and Toledo closed. The CTS and ELCTS are the only refuse disposal sites in the county.
- 2011 The minimum MSW disposal fee increased. Based on a rate of \$82 per ton, the minimum fee increased from \$5 for 100 pounds or less to \$10 for 220 pounds or less, effective April 1, 2011.
- 2011 A new time-saving option became available to Central Transfer Station customers. The Express Service allows customers with up to six 32-gallon cans or bags of household refuse (no loose trash or bulky items) to drop their garbage in a 40-yard container in the Recycle Area after a flat fee of \$10 is paid at the inbound scale. Express Service customers avoid driving to the tipping floor to dispose of their debris and waiting in line a second time at the outbound scale.
- 2011 A bulkhead for recycling boxes at the East Lewis County Transfer Station in Morton opened in August, making recycling of commingled general household materials, glass, cardboard, tires and yard waste more convenient for east-county customers.
- 2011 Year-end tonnage dipped to 55,727.99
- 2013 In July 2013, two sites were developed for yard waste at the Central Transfer Station: a site for chippable debris was created behind the recycling bulkhead and below the tipping floor; and the disposal site for leaves and grass continues to be a 40-yard container in the Recycle Area. The tipping fee for leaves, grass and wood debris remains at \$60 per ton or \$5 for 160 pounds or less. Wood debris is chipped twice a year and hauled to the City of Centralia wastewater treatment plant where the chips are used in the city's bio solids composting operation. Hauling costs to the wastewater treatment plant are paid by the City of Centralia. Leaves and grass continue being hauled to Silver Springs Organics, Rainier, at the Solid Waste Utility's expense.
- 2014 After a public hearing held jointly by the Board of Lewis County Commissioners and the Board of the Lewis County Solid Waste Disposal District #1 on Oct. 28, 2013, both boards passed a resolution to increase the MSW tipping fee to \$90 per ton from \$82 per ton, effective Feb. 1, 2014. The minimum fee remained \$10, but for 200 pounds or less, rather than 220 pounds. The yard waste fee remains the same.
- 2015 Year-end tonnage was 60,019.45, an increase of 4,291.46 tons compared to 2011 year-end tonnage.
- 2017 The Interlocal Agreements Regarding Lewis County Solid Waste Disposal District No. 1 and Flow Control expire April 30, 2017

March 14, 2016

The Chehalis city council met in regular session on Monday, March 14, 2016, in the Chehalis city hall. Mayor Dawes called the meeting to order at 5:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, and Chad Taylor. Councilors Lund and Ketchum were absent (excused). Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Dennis Osborn, Community Development Director; Judy Pectol, Finance Manager; Peggy Hammer, Human Resources Administrator; Rick Sahlin, Public Works Director; and David Fleckenstein, Airport Manager. Members of the media included Justyna Tomtas from *The Chronicle*.

1. **Public Hearing on Proposed Chehalis School Annexation.** Community Development Director Dennis Osborn reported the city had received a petition for annexation of approximately 57 acres commonly referred to as the Chehalis School Annexation. He noted the certification for the annexation had been received from the Lewis County Assessor's Office.

Mayor Dawes closed the regular meeting at 5:02:09 p.m. and opened the public hearing.

There being no public comment, Mayor Dawes closed the public hearing and reopened the regular meeting at 5:02:51 p.m.

2. **Public Hearing on Marijuana Processing, Production and Retail Facilities.** Mr. Osborn reported this matter was before the council in December 2015 and has since been to the Chehalis Planning Commission for their review. He noted the Commission provided the following recommendations for the council to consider:

- Prohibit outdoor production and processing facilities
- Allow production and processing facilities in the industrial zone only as permitted uses
- Allow retail in the general commercial and freeway commercial zones, and not allow retail in the central business district zone

Mr. Osborn reported the limited number of available sites in conjunction with the state restrictions would limit the number of production and processing facilities within the city.

Mayor Dawes closed the regular meeting at 5:04 p.m. and opened the public hearing.

Justin Wildhaber (1087 Monte Elma Rd) reported he's a licensed Tier 3 producer and processor and supplies products to Old Toby's located on State Street in Chehalis. He stated, according to the planning department, the zones identified would fit in line with his arguments. Mr. Wildhaber suggested in order for a retail business to be successful they need to have adequate parking and visibility, adding the city is on the right path.

Jerrie Paine (391 NW State Avenue) thanked the council for taking a chance and giving them the opportunity to show that cannabis can be sold in a very respectful and responsible manner. She reported part of their goal is to normalize cannabis and get rid of the stigma. Ms. Paine stated because the council is considering opening more stores, they have achieved their goal.

Mr. Wildhaber reported there had been discussion about limiting the number of retail businesses in the city.

Mayor Dawes stated that is one of the potential outcomes.

Mr. Wildhaber reported the retail sales in Grays Harbor County last month were in excess of \$800,000; retail sales for Lewis County last month were about \$200,000. He suggested Chehalis as one of the more progressive places in Lewis County has the potential of bringing in an estimated \$800,000 to \$1 million per month in retail sales. Mr. Wildhaber asked that the council consider this when talking about limiting the number of retail outlets.

Mayor Dawes stated it would be safe to assume that the reason we have the number of requests that we do is because the county and Centralia have said no to any type of operations.

Mayor Dawes closed the public hearing at 5:14 p.m. and reopened the regular meeting.

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Councilor Harris moved to direct the administration to prepare a draft ordinance to include the recommendations of the Chehalis Planning Commission for the council to consider at the next regular meeting.

The motion was seconded by Councilor Pope and carried unanimously.

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

a. Minutes of the special meeting of February 16, 2016, and the regular meeting of February 22, 2016;

b. Claim Vouchers No. 115045-115132 in the amount of \$192,166.56 dated February 29, 2016; and Payroll Vouchers No. 38681-38733, Direct Deposit Payroll Vouchers No. 6856-6947 and Electronic Federal Tax Payment No. 157 in the amount of \$729,214.34 dated February 29, 2016;

c. Award 2016 asphalt bid to Lakeside Industries; and

d. Adopt Resolution No. 7-2016 on first and final reading for the surplus of city property.

The motion was seconded by Councilor Spahr and carried unanimously.

4. **Administration Reports.**

a. **Briefing on Countywide Planning Policies Process and City Suggestions.** Mr. Osborn reported, late last year, the city received notice from the county to provide input on amendments to the Countywide Planning Policies. He noted several of the suggestions submitted had to do with the language of the Urban Growth Area (UGA); however, due to the recent expiration of the Interlocal Agreement, some of the suggestions are basically moot at this point.

Mr. Osborn reported, at a meeting held in March, the county presented a proposal to have a couple of other areas included in the urban growth boundaries. He noted he asked that the cities be allowed to take changes back to their respective policy makers to get their input and to find out what potential implications there are, if any, and then provide that input to the county.

Mr. Osborn provided a copy of a letter addressed to Lewis County Community Development Director Lee Napier outlining their approach and collaborative process. He noted the letter points out that the statute states that the county and the cities agree to all procedures and provisions, including but not limited to desired planning policies. Mr. Osborn stated he's just asking that we have that opportunity to see if there's an agreement before moving forward. He reported dialog is occurring and he hoped to be able to come back and talk more about what's going on with potential new urban growth boundaries within Lewis County and what they may or may not mean for the city of Chehalis.

b. **Update on Recreation Park/Penny Playground Funding Proposal and the Green Hill School Parking Lot Discussions.** Project Manager Tom Skillings with Skillings Connolly, Inc. provided an update on the status of the Recreation Park/Penny Playground Improvement Project.

Funding Scenario: Excess Levy for total project cost, less feasibility study and project management

Total Project Cost: \$6,190,000

- Feasibility Study: \$80,000
- Project Management: \$190,000
- Excess Levy Funded Amount \$5,920,000

Levy Cost Analysis: Rates based on the following assumptions:

- Interest Rate (assumed) – 4.00%
- Duration (years) – 30
- Total annual payment \$342,354

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- Rate increase of \$86.37 on a home valued at \$157,000

Mr. Skillings reported they will also be applying for a Recreation and Conservation Office (RCO) grant and a Safe Routes to School grant for the project. He provided the following breakdown of what the grant monies would be used for:

- enhanced landscaping with concrete walkways
- increased number of trees, shrubs and groundcover
- increased pedestrian lighting
- two large picnic shelters as opposed to two smaller shelters
- some ballfield equipment improvements
- minor field house improvements

Mr. Skillings reported, with regard to drainage, the grant funding would cover additional:

- curb and gutter along railroad
- onsite drainage/grading enhancements
- topsoil for surfacing
- underdrain improvements
- free-draining topsoil
- seed/mulch/fertilizer
- irrigation system

Mr. Skillings reported on the feasibility study to potentially relocate the four ballfields currently at Recreation Park to Stan Hedwall Park, or to the new school site. He noted the Chehalis School Board is very much in favor of having the city look at the school site as a potential location for the ballfield facility. Mr. Skillings stated they plan to present the findings to the Parks Committee in the next couple of weeks and would be back to talk with the council and get direction at the second meeting in April.

Mr. Skillings reported everything is being driven by the schedule for the levy resolution. He noted this will need to be approved by council by the May 9 meeting in order to make the August ballot.

Mr. Skillings reported they also met with representatives from Green Hill School to discuss the potential use of their parking lot. He noted they reached an agreement in principal to do an immediate agreement concerning temporary use for this season, and will work on a long-term agreement going forward for use of the 99 parking stalls.

City Manager MacReynold reported what the city committed to do with regard to the parking lot is to provide a counter-proposal to what they initially proposed to us. He noted that would be done before the end of the week.

Councilor Harris asked if there might be a need to do a workshop between the April 25 meeting and May 9 meeting to make sure everyone is on the same page regarding the project.

Councilor Spahr inquired about the study being done at Stan Hedwall regarding the ballfields.

Mr. Skillings reported their intent is to move the feasibility study parallel to have the same level of detail at Hedwall as they will at Recreation Park. He noted they would do layouts at both sites to look at them equally, but there would be no detail design done for Hedwall.

Councilor Spahr felt a work session after the feasibility study is finished would be real beneficial.

Mr. Skillings stated they could do that, noting it would be ready before April 25.

5. Council Reports.

March 14, 2016

a. **Update From Councilor Harris.** Councilor Harris reported on the Chehalis Community Renaissance Team (CCRT) meeting, noting they received updates from The Chamber, the Chehalis-Centralia Railroad and Museum, the Lewis Economic Development Council, and the Community Farmers Market. He stated they also received an update on the Discover! Children's Museum, noting they're buzzing along even though they didn't receive any funding in the last legislative budget and don't plan on any funding this year. Councilor Harris reported the museum will happen; it's just a matter of trying to figure out how.

Councilor Harris reported the Community Farmers Market is gearing up to open up on June 7 and the Marketing Committee continues to work hard on their program for the city and the CCRT.

Councilor Harris reported on the Willapa Hills Trail, noting it's open all the way through from Chehalis to Raymond now. He noted the one major issue they had in completing the project was in Littell where the trail crosses Hwy 6. Councilor Harris indicated the State Parks Department will be asking the state at the next legislative session to provide assistance in designing and constructing a safe crossing. Councilor Harris reported one of the upcoming events for the trail is the Fat Tire Ride and Festival.

Councilor Pope reported if they don't do something about the traffic near the trailhead in Chehalis they're going to bypass Chehalis and start the event in Adna.

Councilor Harris noted the Lodging Tax Advisory Committee supplied the funding for the Fat Tire event in hopes to bring folks into the community. He indicated they're expecting about 500 riders this year and are hoping to increase that amount to 5,000 within the next couple of years.

Councilor Harris talked briefly about the tragic house fire that took place in Centralia on March 4 and asked everyone to keep the family and the first responders in their thoughts and prayers. He expressed his thanks to the first responders and his condolences to the family.

b. **Update From Councilor Spahr.** Councilor Spahr reported he attended the EDC Board meeting, noting there's a lot of work being done and some good contacts being made. He noted one of the topics of discussion was flooding, adding the EDC wants to get more involved and has agreed to accept monies contributed by municipalities to help fund the efforts of the Flood Authority. Councilor Spahr noted the Legislature has presented a bill to establish a Board.

City Manager MacReynold reported the funding would be used to continue to maintain the current level of involvement that we've had over the past many years from the various jurisdictions and private sector. He noted the Flood Authority and the Governor's Group see this as a very critical time in which we do not want to back away from any of our support because we're beginning the permitting process and any backing away would not be seen as support by our community. City Manager MacReynold reported the EDC is going to send a letter to each jurisdiction requesting \$15,000 annually to maintain the current level of support. He noted when that letter is received it will be brought before the council.

City Manager MacReynold suggested this is a very critical time in which we do not want to waiver. He stated the Council has been a primary mover, noting Chehalis was the first jurisdiction in the Chehalis Basin to pass a resolution in favor of a retention facility.

c. **Update From Mayor Dawes.** Mayor Dawes reported he and Councilor Spahr attended the EDC banquet on February 25. He noted the .09 Committee met on March 11, adding there were a couple of issues at the Port that received favorable consideration, which was good to see.

Mayor Dawes noted there had been some movement with regard to the RV situation, but he is still a little concerned about a logging truck issue on 14th Street. He stated he would like to see something brought back to the council to address the issue, noting there's obviously a violation of the law by going off the truck route with that type of vehicle when they're not engaged in commercial work.

March 14, 2016

6. **Ordinance No. 953-B, Second and Final Reading – Providing for Annexation of the Phase 1 Industrial Annexation.** City Manager MacReynold reported if the council approves the ordinance there is still a period in which people can appeal to the Lewis County Boundary Review Board.

City Attorney Hillier stated there's a period of 45 days from the date the ordinance goes in to effect in which someone can petition the Boundary Review Board. He noted it doesn't mean our ordinance is not effective, but in reality we won't be collecting taxes or anything from that area until the appeal period runs.

Councilor Taylor moved to pass Ordinance No. 953-B on second and final reading providing for the annexation of the Phase 1 Industrial Annexation.

The motion was seconded by Councilor Pope and carried unanimously.

7. **Ordinance No. 954-B, First Reading – Providing for Annexation of the Chehalis School Annexation.** City Manager MacReynold reported this is the first reading of the Chehalis School Annexation. He noted the annexation also includes a few smaller pieces of property that were pulled in, which we are required to do in order to not make them islands.

Councilor Harris moved to pass Ordinance No. 954-B on first reading providing for the annexation of the Chehalis School Annexation.

The motion was seconded by Councilor Taylor and carried unanimously.

8. **Ordinance No. 955-B, First Reading – Repealing Section 6.040.290 (I) of the Chehalis Municipal Code Pertaining to Honeybee Hives.** City Manager MacReynold reported, at the previous meeting, the council discussed the issue of honeybee hives with members of the Lewis County Beekeepers Association. He noted because there is no fiscal impact the administration is recommending the council consider suspending the rules and take action on one reading to implement the ordinance.

Councilor Spahr moved to suspend the rules requiring two readings of an ordinance for final approval.

The motion was seconded by Councilor Harris and carried unanimously.

Councilor Spahr moved to council pass Ordinance No. 955-B on first and final reading repealing Section 6.04.290(I) of the Chehalis Municipal Code.

The motion was seconded by Councilor Pope and carried unanimously.

9. **Resolution No. 6-2016, First and Final Reading – Renaming a Portion of Northwest Liberty Place (west of the roundabout) to Alta Way.** City Manager MacReynold reminded the council that this request came up by the applicant at the previous meeting.

Mr. Osborn reported the city received a request from ALTA Forest Products to rename the east/west portion of NW Liberty Place to NW Alta Way. He noted the administration contacted Timberland Bank and they had no objections. Mr. Osborn reported the name change would go into effect once the resolution is adopted.

Councilor Taylor moved to adopt Resolution No. 6-2016 on first and final reading.

The motion was seconded by Councilor Pope and carried unanimously.

10. **Special Meeting.** Mayor Dawes announced that the council will be holding a special meeting on Monday, March 21, 2016, at 11:00 a.m., in the Commissioners Chamber at the Lewis County Courthouse. He noted this would be a joint meeting with the Commissioners regarding the feasibility study on the Tacoma Rail Line from Maytown to Chehalis.

March 14, 2016

11. **Executive Session.** Mayor Dawes announced the council would convene into executive session after a short recess beginning at 5:57 p.m. pursuant to RCW 42.30.110(1)(i) – potential litigation, RCW 42.30.110(1)(d) – review negotiations on the performance of publicly bid contract, and RCW 42.30.110(1)(b) – purchase or acquisition of land for approximately 30 minutes, and there would be no decision following conclusion of the executive session.

Following conclusion of the executive session, the regular meeting was reopened at 6:51 p.m., and there being no further business to come before the council, the meeting was immediately adjourned.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of March 14, 2016.

March 21, 2016

The Chehalis city council met in a special session with the Lewis County Commissioners on Monday, March 21, 2016, in the Lewis County Commissioners Chamber. The meeting was called to order at 11:00 a.m. by Commissioner Bill Schulte. Chehalis Councilmembers present included: Mayor Dennis Dawes, Mayor Pro-tem Terry Harris, and Councilor Daryl Lund. City staff present included: Merlin MacReynold, City Manager; and Judy Schave, City Clerk. Members of the Tacoma Rail Group present included: Centralia Mayor Bonnie Canaday, Centralia City Manager Rob Hill, LC Board Administrative Assistant Candace Hallom, Larry McGee, Toby Van Altvorst, and David Hartz.

1. **Review Feasibility Study on Tacoma Rail Line.** Ann-Marie Lundberg with Tangent Services, Inc., presented the final report on the Feasibility Study and Business Plan for potential purchase of the Tacoma rail line from Chehalis to Maytown. Ms. Lundberg reported on the purpose of the study and the study components, to include:

- Condition of the rail infrastructure
- Cost to upgrade the rail line
- Market analysis
- Financial analysis
- External funding
- Environmental risks
- Operating and management models

In conclusion, Ms. Lundberg stated there was not a strong case to promote economic development. She noted the financial sustainability would be a stretch, but they did see that local control would be a benefit. Ms. Lundberg suggested it would be a risky purchase for the county, and given the competitive nature and the demand for rail improvements in the region it would be tough to get any grant funding.

Commissioner Schulte reported the draft termination notice of the Interlocal Agreement and Option to Purchase had to be executed by the representatives of the City of Chehalis, Lewis County and the City of Tacoma.

Because the council did not have a quorum, no action was taken by the city council.

There being no further business, the meeting adjourned at 12:27 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the special meeting of March 21, 2016.

CITY OF CHEHALIS
AGENDA REPORT

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

ISSUE

Council approval is requested of the following:

Claim Vouchers No. 115133 through 115273 and Electronic Funds Transfer No. 22016 in the amount of \$213,983.39 dated March 15, 2016 and the transfer of \$93,955.51 from the General Fund, \$629.52 from the Dedicated Street Fund - 4% Sales Tax, \$2.78 from the Garbage Fund, \$30,675.57 from the Wastewater Fund, \$66,198.16 from the Water Fund, \$1,250.20 from the Storm & Surface Water Utility Fund and \$21,271.65 from the Airport Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the March 15, 2016 Claim Vouchers No. 115133 through 115273 and Electronic Funds Transfer No. 22016 in the amount of \$213,983.39.


SUGGESTED MOTION

I move to approve the March 15, 2016 Claim Vouchers No. 115133 through 115273 and Electronic Funds Transfer No. 22016 in the amount of \$213,983.39.

Reviewed by: *Mac DeLeon*, City Manager

MEMORANDUM

To: The Honorable Mayor and City Council

From: Merlin MacReynold, City Manager 

Date: March 23, 2016

Subject: Termination Notice of Interlocal Agreement and Option to Purchase a Portion of the Tacoma Rail Line.

On Monday, March 21, a special meeting was held in the Lewis County Commissioners Chamber to receive the final report on the Feasibility Study and Business Plan for the potential purchase of the Tacoma rail line from Chehalis to Maytown.

The Consultant, Ann-Marie Lundberg with Tangent Services, Inc., presented the information and suggested there was not a strong case to promote economic development and that financial sustainability would be a stretch. In follow up discussion between the city, the county, and members of the Tacoma Rail Work Group present, it was clear that it was not economically reasonable to purchase the rail line as agreed to with the city of Tacoma.

It was the decision of the County Commissioners to execute the Termination Notice. Commissioner Bill Schulte provided the signed copy, and after counsel from our City Attorney, I also executed the notice.

Attached you will find a copy of the signed Termination Notice for the Interlocal Agreement and Option to Purchase between the City of Chehalis, Lewis County and the City of Tacoma.

Based upon the City Attorney's recommendation, I'm seeking ratification by the city council of the execution of the Termination Notice.



Board of County Commissioners

Lewis County Courthouse
351 NW North Street
Chehalis, WA 98532-1900

March 24, 2016

T. C. Broadnax, City Manager (Certified Mail – Return Receipt Requested)
747 Market Street
Room 1200
Tacoma, WA 98402

Title Guaranty Company of Lewis County (Certified Mail – Return Receipt Requested)
200 NW Pacific Avenue
Chehalis, WA 98532

Re: Termination Notice of Interlocal Agreement and Option to Purchase, dated March 24, 2014;
City of Chehalis, Lewis County and City of Tacoma -- Chehalis Extension of Tacoma
Railroad.

Dear City Manager Broadnax and Escrow Manager:

Pursuant to sections 4 and 10.4 of the "Interlocal Agreement-- Option to Purchase" executed by representatives of the City of Chehalis, Lewis County and the City of Tacoma and dated March 24, 2014 (hereinafter "Agreement"), Optionee hereby gives the City of Tacoma notice of termination of the Agreement.

After execution of the Agreement, the Optionee engaged a professional railroad consultant firm to determine the feasibility of the City (Chehalis) and County's joint ownership and operation of the approximately 20-mile portion of the Tacoma Railroad system extending from Maytown in Thurston County to the Port of Chehalis in Lewis County ("the Chehalis Extension").

Unfortunately, the railroad consultant determined that the funding, purchase, operation and maintenance of the Chehalis Extension by the Optionee and/or other local entities is not feasible and, *inter alia*, that the Optionee will not be able to obtain the grant funding necessary to purchase, operate and maintain the facility.

For these reasons, the City of Chehalis and Lewis County have not approved and executed an inter-local agreement -- within two years of the execution of the Agreement, an indispensable condition to exercise of the option stated in section 10.4 of the Agreement-- providing for: "full payment of debt service on any bonds or other obligations issued or to be issued by Lewis County and/or those entities to

O 360.740.1120

F 360.740.1475

TDD 360.740.1480

Edna J. Fund
First District

P.W. Schulte
Second District

Gary Stamper
Third District

Karri L. Muir, CMC
Clerk of the Board

fund the purchase of the Property; full payment of all costs to investigate, remediate, or respond to any physical condition limiting the use of the Property or any and all environmental conditions (including but not limited to release of hazardous substances) on, in or under the Property to the extent not paid by Tacoma; and payment of any and all costs of operation, maintenance and insurance of the Property."

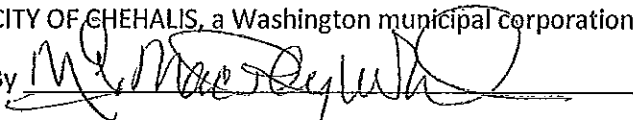
Section 10.4 of the Agreement provides that satisfaction of "[t]his contingency is non-waivable" and that "[i]f such approvals and agreements are not obtained prior to the expiration of such two-year period, this Agreement shall terminate and Tacoma shall refund pursuant to Section 4 to the Optionee the Option Earnest Money and other monies held in escrow, and none of the Parties shall have any further obligation hereunder." (Emphasis supplied)

Section 4.1 of the Agreement provides: "[i]f Optionee terminates this Agreement before the second anniversary of this Agreement's execution by the Parties (hereinafter "the Second Anniversary"), the entire Option Earnest Money deposit in escrow shall be returned to Optionee." Similarly, Section 4.2.2 provides for the return to the Optionee of the entire Option Earnest Money in the case of "the inability of Optionee to secure grant funding to purchase the Property." Either and both conditions for the return of the entire Option Earnest Money are met.

Accordingly, Optionee gives notice of the failure of the required contingencies, the resulting termination of the Agreement, and hereby demands that the Escrow Agent disburse to Lewis County the entire Option Earnest Money deposited into escrow by Lewis County, including all interest accrued thereon.

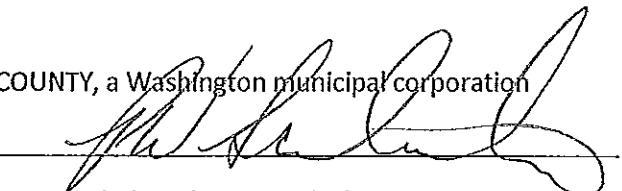
CITY OF CHEHALIS, a Washington municipal corporation

By


Merlin MacReynold, City Manager

LEWIS COUNTY, a Washington municipal corporation

By


P. W. Schulte, Chair, Board of County Commissioners

Cc: William Fosbre, Esq.

CITY OF CHEHALIS
AGENDA REPORT

DATE: March 23, 2016
TO: The Honorable Mayor and City Council
FROM: Patrick Wiltzius, Wastewater Superintendent
Rick Sahlin, Public Works Director
SUBJECT: Engineering Services for the Coal Creek Sewer Extension Project

ISSUE

Gibbs & Olson has submitted a proposed design services agreement for the Coal Creek Sewer Extension Project. The administration is submitting the agreement for council review and consideration.

DISCUSSION

The city recently received and accepted a funding package from the Department of Ecology to construct the Coal Creek Sewer Extension Project. The project will connect nine homes on Coal Creek Rd. that have failing septic systems to the city's sewer system. Completion of this project will allow the residents to remain in their homes and addresses various health, safety and water quality concerns in the Coal Creek Area. The sewer extension will include the supply and installation of grinder pumps, electrical upgrades, and valve stations for each home. It will also include the installation of approximately 950 feet of 2 inch force main and decommissioning of the failed septic tanks. The estimated project cost is \$325,000.

Gibbs & Olson has submitted an engineering services agreement for the design and construction management services required to construct the project for an amount not to exceed \$62,350. This amount will be covered by the grant funds awarded by Ecology for the project.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the city council authorize the city manager to execute the agreement for engineering services for the Coal Creek Sewer Extension Project to Gibbs & Olson for an amount not to exceed \$62,350.

SUGGESTED MOTION

I move that the council authorize the city manager to execute the agreement for engineering services for the Coal Creek Sewer Extension Project to Gibbs & Olson for an amount not to exceed \$62,350.

REVIEWED BY:  _____, CITY MANAGER



March 11, 2016

City Manager Merlin G. MacReynold
City of Chehalis
350 North Market Blvd.
Chehalis, WA 98532

RE: Agreement for Engineering Services - Coal Creek Sewer Project

City Manager MacReynold:

We are pleased to submit this proposal for Engineering Services for the City's Coal Creek Sewer Project. This letter Agreement, together with Exhibits A, B, C and D comprise our proposed Agreement for engineering services related to this project.

A G R E E M E N T

RELATIONSHIP

For purposes of this contract, the Client shall be the City of Chehalis, Washington and, the Engineer shall be Gibbs & Olson, Inc., Longview, Washington.

PROJECT DESCRIPTION

Lewis County has identified nine residences near NE Coal Creek Road and NE North End Road that have failing septic systems. The Client has received funding from the Washington State Department of Ecology to extend the Client's sewer system to provide service to the nine residences. The project includes installing nine grinder pumps and approximately 950 feet of 2" HDPE forcemain pipe which will discharge into an existing manhole in NE Coal Creek Road.

SCOPE OF WORK

The Engineer will provide engineering services required to complete the Scope of Work presented in Exhibit A - Scope of Work of this Agreement.

SCHEDULE

Final contract documents will be provided to the Client by June 30, 2016, with bidding and construction anticipated to occur in late summer/early fall of 2016.

BUDGET

The estimated budget for the identified Scope of Work is \$62,350 and is presented in detail in Exhibit B - Budget of this Agreement.

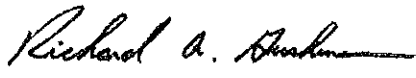
Any additional services beyond the identified Scope of Work which may be authorized by the Client will be billed by Engineer based on the Engineer's Standard Rate Schedule contained in Exhibit C of this Agreement.

City Manager MacReynold
March 11, 2016
Page 2 of 2

Engineer will bill the Client monthly for services and project expenses in accordance with Article I in Exhibit D - Agreement General Conditions of this Agreement. Each progress billing will also include a progress report describing work completed during the billing period, work anticipated to be completed in the next billing period, information needed from the Client, and if any out of scope work has been identified or performed.

We propose that this letter, together with attached Exhibits A through D, be our Agreement for services for this project. If you have any questions or would like to discuss this further, please feel free to give us a call. If, however, it is agreeable, we would appreciate receiving a signed and dated copy for our file and we will begin work immediately.

Sincerely,
GIBBS & OLSON, INC.

By 
Richard A. Gushman, President

ACCEPTED AND AUTHORIZED THIS _____ DAY OF _____, 2016.

CITY OF Chehalis, WASHINGTON

By _____
Merlin G. MacReynold - City Manager

**EXHIBIT A
SCOPE OF WORK
CITY OF CHEHALIS, WASHINGTON
COAL CREEK SEWER PROJECT**

PROJECT DESCRIPTION

Lewis County (County) has identified nine residences near NE Coal Creek Road and NE North End Road that have failing septic systems. The Client has received funding from the Washington State Department of Ecology (Ecology) to extend the Client's sewer system to serve the nine residences. The project includes installing nine grinder pumps and approximately 950 feet of 2" HDPE forcemain pipe which will connect to a manhole in NE Coal Creek Road.

ASSUMPTIONS

The Engineer has utilized the following assumptions in preparing this Scope of Work and the associated Budget. In the event that any ultimate facts or events differ from these assumptions, the Engineer's Scope of Work, Schedule and Budget shall be adjusted accordingly.

- A. Ecology approval of the design plans and specifications is required.
- B. Geotechnical work is not included.
- C. The County will secure all easements required on private property.
- D. The County will locate all septic tanks.
- E. The County will host two public meetings.

DESIGN PHASE ENGINEERING SERVICES

Pre-Design Phase - Basic Engineering

During the Pre-Design Phase, the Engineer shall:

- a) Provide evaluation of which grinder pump is best suited for the project.
- b) Prepare environmental reports for cross cutters as required by Ecology.
- c) Hire a local electrician to survey the electrical panels of the nine residences to determine bid items for electrical work for pump power.

Design Phase

During the Design Phase, the Engineer shall:

- a) Provide field topographic survey for preparation of design drawings. Engineer will call for utility locates prior to performing field topographic survey work. Engineer will also set a minimum of two project benchmarks that can be utilized for construction staking. It is assumed that no easements will be required to be obtained and pipe alignment will follow existing Client or County right-of-ways. If any right-of-way or easement issues are identified from the survey work the Client and Engineer agree that an amendment modifying this Agreement may need to be negotiated and executed.

- b) Prepare final drawings to show the general scope, extent and character of the work to be furnished and performed by Contractor(s) hereinafter called Drawings and Specifications which will be prepared in conformance with WSDOT and APWA Standard Specification format. It is anticipated that construction requirements for the project can be shown on approximately 5 drawing sheets (measuring 22" x 34") and that the contract documents and specifications will be comprised of approximately 150 pages (8-1/2" x 11").
- c) Prepare for review and approval by Client, its legal counsel and other advisors construction contract agreement forms, general conditions and supplementary conditions, and bid forms, invitation to bid and instructions to bidders.
- d) Provide technical criteria, written descriptions and data for Client's use in filing applications for permits with or obtaining approvals of such governmental authorities as have jurisdiction to approve the design of the Project, and assist Client in consultations with appropriate authorities.
- e) Advise Client of any adjustments to the latest opinion of probable Total Project Costs caused by changes in general scope, extent or character or design requirements of the Project or Construction Costs. Furnish to Client a revised opinion of probable Total Project Costs based on the Drawings and Specifications.
- g) Provide Project Administration consisting of the following:
 - 1. Prepare monthly narrative progress reports and submit to the Client.
 - 2. Prepare a draft project schedule using Excel and review schedule with the Client, adjust as necessary and prepare a final schedule.
 - 3. Update the schedule as the project proceeds and provide copies of the schedule to the Client together with the monthly payment requests.
- h) Design Phase Deliverables include the following:

Monthly progress reports
 Monthly schedule updates
 Meeting agendas
 Meeting notes from monthly project meetings
 50% complete Drawings and Specifications in .pdf format
 Draft (90% complete) Drawings and Specifications in .pdf format
 Five (5) hardcopies of Bid Ready (100% complete) Drawings and Construction Contract Documents

BID PHASE ENGINEERING SERVICES

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

- a) Engineer will make arrangements to provide the contract documents, drawings and specifications for bidding to the Client.

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

Bidding and Award Phase Deliverables include:

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

Addenda that have been issued.

CONSTRUCTION MANAGEMENT PHASE ENGINEERING SERVICES

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

- a) Consult with and advise the Client and act as the Client's representative as required by the Construction Contract Documents. As the Client's representative, all of the instructions to Contractor(s) will be issued through Engineer who will have authority to act on behalf of the Client to the extent provided in the Contract Documents. Engineer shall prepare monthly narrative progress reports and submit them to the Client. Construction is expected to take two months.
- b) Client shall contract directly with a licensed or certified subconsultant for soils compaction testing and shall coordinate with subconsultant to provide soils compaction as appropriate. Engineer has **NOT** included these services as part of this scope of work or budget.
- c) Visits to Site and Observation of Construction. In connection with observations of the work of the Contractor(s) while it is in progress:
 - 1) Engineer shall make two (2) visits to the site at intervals appropriate to the various stages of construction as Engineer deems necessary in order to observe as an experienced and qualified design professional the progress and quality of the various aspects of Contractor(s)' work. In addition, Engineer shall provide the services of a Resident Project Representative (and assistants as agreed) at the site to assist the Engineer and to provide more continuous observation of such work. Based on information obtained during such visits and on such observations, Engineer shall endeavor to determine in general if such work is proceeding in accordance with the Contract Documents and Engineer shall keep the Client informed of the progress of the work.
 - 2) The Resident Project Representative (RPR) (and any assistants) will be Engineer's agent or employee and under Engineer's supervision. The RPR shall provide written daily reports to Engineer's project manager utilizing Engineer's standard report forms. Copies of all daily RPR reports will be provided to Client for their permanent project file. RPR is budgeted for 180 hours spread over the two month construction period with more on site time during critical pump and pipe laying operations.

- 3) The purpose of Engineer's visits to and representation by the RPR (and assistants, if any) at the site will be to enable Engineer to better carry out the duties and responsibilities assigned to and undertaken by Engineer during the Construction Phase, and, in addition, by exercise of Engineer's efforts as an experienced and qualified design professional, to provide for the Client a greater degree of confidence that the completed work of Contractor(s) will conform generally to the Contract Documents and that the integrity of the design concept as reflected in the Contract Documents has been implemented and preserved by Contractor(s). On the other hand, Engineer shall not, during such visits or as a result of such observations of Contractor(s)' work in progress, supervise, direct or have control over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor(s), for safety precautions and programs incident to the work of the Contractor(s) or for any failure of Contractor(s) to comply with laws, rules, regulations, ordinances, codes, or orders applicable to Contractor(s) furnishing and performing their work. Accordingly, Engineer can neither guarantee the performance of the construction contracts by Contractor(s) nor assume responsibility for Contractor(s)' failure to furnish and perform their work in accordance with the Contract Documents.
- d) Defective Work. During such visits and on the basis of such observations, Engineer may disapprove of or reject Contractor(s)' work while it is in progress if Engineer believes that such work will not produce a completed Project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the Project as reflected in the Contract Documents.
- e) Interpretations and Clarifications. Engineer shall issue necessary interpretations and clarifications of the Contract Documents and in connection therewith prepare work directive changes and change orders as required.
- f) Shop Drawings. Engineer shall review and take appropriate action in respect of Shop Drawings, samples and other data, which Contractor(s) are required to submit for compliance with the Contract Documents. Such reviews and approvals or other action shall not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto.
- g) Inspections and Tests. Engineer shall have authority, as the Client's representative, to require special inspections or testing of the work, and shall receive and review all certificates of inspections, tests and approvals required by laws, regulations, ordinances, codes, orders or the Contract Documents but only to determine generally that their content complies with the requirements of, and the results certified indicate compliance with, the Contract documents.
- h) Disputes between Client and Contractor. Engineer shall act as initial interpreter of the requirements of the Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of the Client and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of the work. Engineer shall not be liable for the result of any such interpretations or decisions rendered in good faith and made in conformance with the Standard of Practice identified in Exhibit C, Item B.

- i) Applications for Payment. Based on Engineer's on-site observations as an experienced and qualified design professional, on information provided by the Client and on review of applications for payment and the accompanying data and schedules:
- 1) Engineer shall determine the amounts owing to the Contractor(s) and recommend in writing payments to Contractor(s) in such amounts. Such recommendations of payment will constitute a representation to Client, based on such observations and review, that the work has progressed to the point indicated, and that, to the best of Engineer's knowledge, information and belief, the quality of such work is generally in accordance with the Contract Documents (subject to an evaluation of such work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation). In the case of unit price work, Engineer's recommendations of payment will include final determinations of quantities and classifications of such work subject to any subsequent adjustments allowed by the Contract Documents.
 - 2) By recommending any payment Engineer will not thereby be deemed to have represented that exhaustive, continuous or detailed reviews or examinations have been made by Engineer to check the quality or quantity of Contractor(s)' work as it is furnished and performed beyond the responsibilities specifically assigned to Engineer in this Agreement and the Contract Documents. Engineer's review of Contractor(s) work for the purposes of recommending payments will not impose on Engineer responsibility to supervise, direct or control such work or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto or Contractor(s) compliance with laws, rules, regulations, ordinances, codes, or orders applicable to their furnishing and performing the work. It will also not impose responsibility on Engineer to make any examination to ascertain how or for what purposes any Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any of the work, materials or equipment has passed to Client free and clear of any lien, claims, security interests or encumbrances, or that there may not be other matters at issue between Client and Contractor that might affect the amount that should be paid.
- j) Inspections. Engineer shall conduct an inspection to determine if the work is substantially complete and a final inspection to determine if the completed work is acceptable so that the Engineer may recommend, in writing, final payment to Contractor(s) and may give written notice to Client and the Contractor(s) that the work is acceptable (subject to any conditions therein expressed), but any such recommendation and notice will be subject to the limitations expressed in paragraph "i-2" above.
- k) Prepare a set of reproducible record prints of Drawings showing those changes made during the construction process, based on the marked-up prints, drawings and other data furnished by Contractor(s) to Engineer and which Engineer considers significant.
- l) Limitations of Responsibility. Engineer shall not be responsible for the acts or omissions of any Contractor, or of any subcontractor or supplier, or any of the Contractor(s)' or subcontractor's or supplier's agents or employees or any other persons (except Engineer's own employees and agents) at the site or otherwise furnishing or performing any of the Contractor(s)' work; however, nothing contained in paragraphs "a" through "j" above, shall

be construed to release Engineer from liability for failure to properly perform duties and responsibilities assumed by Engineer in the Contract Documents.

SCHEDULE:

Survey completed within 3 weeks of Client issuing Notice to Proceed.

Submit 50% design drawings and contract documents for Client review within 8 weeks of Survey completion.

Submit 90% design drawings and contract documents for Client review within 6 weeks of Engineer receiving Client 60% review comments.

Submit 100% design drawings and contract documents to Client within 6 weeks of Engineer receiving Client 90% review comments.



Exhibit B - Budget
 City of Chehalis - Coal Creek Sewer Project
 Date Prepared: March 11, 2016
 Gibbs & Olson, Inc.

Task No.	Task Description	Principal	Proj. Mgr.	Engineer V	Engineer I	RPR	2 Man Survey Crew GPS	PLS	CAD	Word Processor	Electrical Sub	Cost
1	Gather and review background information/data	0	4	4	2	0	0	0	0	0	\$1,200	\$2,650
2	Grinder Pump Selection	1	4	4	0	0	0	0	0	2		\$1,597
3	Survey	0	2	2	0	0	10	4	8	2		\$3,962
4	Meetings with the Client and County	0	6	2	0	0	0	0	2	1		\$1,604
5	Prepare 50% Drawings and Specifications	2	8	10	20	0	0	0	24	16		\$8,364
6	Prepare 90% Drawings and Specifications	2	4	10	20	0	0	0	8	8		\$5,564
7	Prepare 100% Drawings and Specifications	2	4	4	10	0	0	0	8	8		\$3,836
8	Environmental Reports including cross cutters	0	4	4	12	0	0	0	0	8		\$2,848
9	Assist with permits	0	2	2	0	0	0	0	4	4		\$1,294
10	Bid Phase Services	1	4	4	2	0	0	0	2	2		\$1,967
11	Construction Phase Services	2	20	24	20	180	8	0	4	4		\$27,822
12	Project Administration	2	4	0	0	0	0	0	0	2		\$1,214
	Total Hours by Staff Position	12	66	70	86	180	18	4	60	57		\$60,755
	SUBTOTAL											\$25
	Telephone											\$1,100
	Mileage											\$120
	10% Markup on subconsultant											\$150
	Reproduction											\$200
	Miscellaneous Project Expenses											\$62,350
	Total Engineering Budget											

Exhibit C
GIBBS & OLSON, INC.
2016 Standard Rate Schedule

Labor Category	Hourly Rate
Principal	\$189
Project Manager	\$176
Senior Engineer	\$159
Engineer VI	\$148
Engineer V	\$143
Engineer IV	\$127
Engineer III	\$115
Engineer II	\$93
Engineer I	\$87
Sr. Land Surveyor	\$122
Land Surveyor	\$100
1 Man Survey Crew with GPS	\$150
2 Man Survey Crew	\$162
2 Man Survey Crew with GPS	\$192
2 Man Survey Crew with Sonar	\$250
3 Man Survey Crew	\$235
3 Man Survey Crew with GPS	\$265
3 Man Survey Crew with Sonar	\$325
Senior Technician III/Resident Project Representative III	\$92
Senior Technician II/Resident Project Representative II	\$86
Senior Technician I/Resident Project Representative I	\$77
CAD Specialist III	\$98
CAD Specialist II	\$95
Work Processor	\$66
14' Aluminum Boat w/ Outboard Motor	\$15
Rotohammer & Generator	\$15
Mileage @ Current IRS Rate	\$0.54
Expenses At Cost Plus	10%
Subconsultants	
(Geotech, Elect., Structural, Lab, Etc.) Invoice Plus	10%

Expert Witness Fees are 150% of listed rates above.
Rates subject to change January 1st of following year.

EXHIBIT D
GENERAL CONDITIONS

A. HEADINGS

Headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, and conditions of this Agreement.

B. STANDARD OF PRACTICE

Services performed by the Engineer under this Agreement will be conducted in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality and under similar conditions at the time the services are performed. No other representation, expressed or implied, and no warranty or guarantee is included or intended in this Agreement, or in any report, opinion, document or otherwise.

C. MAINTENANCE OF PROFESSIONAL STANDARDS AND ETHICS

The Client recognizes that the Engineer's services in all cases must be rendered in accordance with prevailing professional standards and ethics, as well as certain laws or regulations that apply specifically to the Engineer. If a situation emerges that causes the Engineer to believe compliance with the Client's wishes could result in the Engineer violating an applicable provision or aspect of professional standards or ethics, laws or regulations, the Engineer shall so advise the Client, and the Client and the Engineer shall immediately enter into discussions to arrive at a mutually satisfactory solution. Failing achievement of a solution, either party may terminate this Agreement in accordance with termination provisions stated herein.

D. NO THIRD PARTY BENEFICIARIES

Engineer's services are intended for the Client's sole use and benefit and solely for the Client's use on this Project and shall not create any third party rights. Except as agreed in writing, Engineer's services and work products shall not be used by or relied upon by any other person or entity.

E. ASSIGNMENT

The Engineer shall not assign this Agreement in whole or in part nor subcontract any portion of the work to be performed hereunder, except that the Engineer may use the services of persons and entities not in his or her employ, when it is appropriate and customary to do so. Such persons and entities include, but are not necessarily limited to, specialized consultants, and testing laboratories. The Engineer's use of others for additional services shall not be unreasonably restricted by the Client provided the Engineer notifies the Client in advance.

F. INDEPENDENT CONSULTANT

The Engineer is an independent consultant. The Engineer and Engineer's employees or agents performing work under this Agreement are not employees or agents of the Client. The Engineer will not hold itself out as nor claim to be an officer or employee of the Client. The Engineer will not make any claim of right, privilege, or benefit which would accrue to an employee of Client under law. The Client shall neither be liable for nor obligated to pay sick leave, vacation pay, or any other benefit of employment, nor to pay any social security or other payroll taxes as due. Industrial or any other insurance which is purchased for the benefit of the Engineer shall not be deemed to convert this Agreement to an employment contract.

It is recognized that the Engineer may or will be performing professional services during the term for other parties and that the Client is not the exclusive user of the Engineer's services; provided, however, that the performance of other professional services shall not conflict with or interfere with the Engineer's ability to perform the services to be performed under this Agreement.

G. INSURANCE

The Engineer maintains: 1) worker's compensation and employer's liability insurance of a form and in an amount as required by state law; 2) comprehensive general liability and automotive liability insurance; and 3) professional liability insurance to cover negligent errors or omissions for which the Engineer becomes legally obligated to pay. Certificates of Insurance (COI) shall be provided to the Client upon request. The Client will be named as an additional insured if required on the comprehensive general liability and automotive liability insurance COI.

H. INDEMNIFICATION

The Engineer agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Client, its officers, directors and employees (collectively, Client) against all damages, liabilities or costs, including reasonable attorneys' fees and defense costs, to the extent caused by the Engineer's negligent performance of professional services under this Agreement and that of its subconsultants or anyone for whom the Engineer is legally liable.

The Client agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Engineer, its officers, directors, employees and subconsultants (collectively, Engineer) against all damages, liabilities or costs, including reasonable attorneys' fees and defense costs, to the extent caused by the Client's negligent acts in connection with the Project and the acts of its contractors, subcontractors or consultants or anyone for whom the Client is legally liable.

Neither the Client nor the Engineer shall be obligated to indemnify or defend the other party in any manner whatsoever for the other party's own negligence.

The provisions of this section shall survive the expiration or termination of this Agreement.

I. BILLING AND PAYMENT

1. BUDGET FOR SERVICES

The budget estimate included in this proposal is only for those services identified within the attached scope of work. The budget and proposed scope of work are based on information currently available to the Engineer. If conditions change, unforeseen circumstances are encountered, or work efforts are redirected, the budget estimate may require modification. Similarly, if the work efforts are completed quicker than the time estimated or direct expenses are less than estimated, the Engineer will bill the Client only for the time or expense encountered.

Monthly billings will be submitted on a time and materials basis but will not exceed the estimated budget for the identified Scope of Work without the Client's prior authorization. For projects that extend beyond the calendar year in which the Agreement is executed, the Engineer's billing rates are subject to adjustment each January.

2. REIMBURSABLE EXPENSES

Expenses incurred in connection with project tasks such as out-of-town subsistence, long distance telephone, reproduction costs and similar, will be invoiced at direct cost plus Ten (10%) percent. Mileage will be invoiced at the current IRS rate per mile.

3. SERVICES BY OTHERS

If this project requires the specialized services of consultants and other technical companies, then such services will be utilized only with the Client's written approval, with the cost of such services included at the invoice cost plus Ten (10%) percent.

4. INVOICES.

The Engineer will submit invoices to Client on a monthly basis and a final bill upon completion of services. Payment is due upon receipt of the invoice and is past due Thirty (30) days after the invoice date. Client agrees that the invoice balance is correct unless Engineer is notified in writing within Fourteen (14) days of the invoice date. In the event of a disputed or contested billing, only that portion so contested will be withheld from payment, and the undisputed portion will be paid. The Client will exercise reasonableness in contesting any bill or portion thereof. No interest will accrue on any contested portion of the billing until it is mutually resolved. A service charge of 12% per annum (1% per month) will be added on all unpaid balances over Sixty (60) days old. If the account becomes delinquent, Engineer will perform no further services on the project until the Client pays the outstanding balance plus applicable interest or, at the Engineer's sole discretion, until satisfactory written payment arrangements have been made between the Engineer and the Client.

J. CHANGES IN THE AGREEMENT

If during the course of performance of this Agreement, the Client requests additional services to be performed, or if conditions or circumstances are discovered which were not contemplated by the Engineer at the commencement of this Agreement, then the Engineer shall notify the Client in writing of the additional services to be performed or the newly discovered conditions or circumstances. The Client and Engineer shall renegotiate in good faith, the budget, schedule and other applicable conditions of this Agreement. Unless otherwise agreed to, the Client and Engineer shall have Thirty (30) days after the notice to reach agreement on the amended terms and conditions.

K. RIGHT OF ENTRY

The Client shall provide for right of entry to the project site. Such right of entry shall be for the Engineer and others, and necessary equipment in order for the Engineer to fulfill the scope of services indicated in this Agreement. While the Engineer will take all reasonable precautions to minimize damage to the property, the Client understands that in the normal course of work some damage may occur, the correction of which is not part of this Agreement.

L. OPINION OF CONSTRUCTION COST

The Engineer shall submit to the Client an opinion of the probable cost required to construct work recommended, designed, or specified by the Engineer. The Engineer is not a construction cost estimator or construction contractor, nor should the Engineer's rendering an opinion of probable construction costs be considered equivalent to the nature and extent of service a construction cost estimator or construction contractor would provide. The Engineer's opinion will be based solely upon his or her own experience with construction. This requires the Engineer to make a number of assumptions as to actual conditions that will be encountered on site; the specific decisions of other design professionals engaged; the means and methods of construction the contractor will employ; the cost and extent of labor, equipment and materials the contractor will employ; contractor's techniques in determining prices and market conditions at the time, and other factors over which the Engineer has no control. Given the assumptions which must be made, the Engineer cannot guarantee the accuracy of his or her opinion of cost, and, in recognition of that fact, the Client waives any claim against the Engineer relative to the accuracy of the Engineer's opinion of probable construction cost.

M. OWNERSHIP OF DOCUMENTS

All reports, field data, field notes, test data, calculations, Drawings, specifications, cost opinions, quantity estimates, electronic files, and other documents (Document) prepared by the Engineer are instruments of service and the Engineer retains an ownership and property interest (including the copyright, if applicable, and the right of reuse) in such Documents, whether or not the Project is completed. Upon payment in full to Engineer, Engineer grants Client a license to use the Documents on the project and extensions of the project, subject to the following limitations: 1) Client may make and retain copies of Documents for information, reference and submittal to regulatory agencies; 2) Client acknowledges that such Documents are not intended or represented to be suitable for use on the Project unless completed by Engineer; 3) any reuse or modification of the Documents by any party other than Engineer is at Client's sole risk and without any liability whatsoever to Engineer; and 4) Client shall defend, indemnify and hold harmless Engineer from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any use of Documents other than completion of the specific Project for which they were prepared.

N. DISPUTES

In the event of a dispute arising under this Agreement and if the dispute cannot be settled through direct discussions, the parties agree to first attempt to settle the dispute by non-binding mediation before recourse to a judicial forum. If the dispute is settled by litigation, the substantially prevailing party shall be awarded its reasonable costs incurred, including staff time at current billing rates, court costs, expert witness fees, attorney's fees upon trial, or appeal, collection or lien fees, late payment charges and interest, and other claim related expenses. Venue for any litigation shall be the Superior Court of the County in which the project is located.

O. TERMINATION

The Client may terminate this Agreement by giving the Engineer Thirty (30) days written notice. The Client or the Engineer may terminate this Agreement for reasons identified elsewhere in the Agreement or for other reasons which may arise.

Either party may terminate this Agreement if either party fails substantially to perform through no fault of the other and does not commence correction of such nonperformance within Five (5) workdays of written notice and diligently complete the correction thereafter. If corrective action is not taken within Five (5) workdays, termination will become effective Fourteen (14) calendar days after receipt of the termination notice.

Irrespective of which party shall effect termination or the cause therefore, or if the Client suspends work on the project for more than three (3) months, the Client shall within Thirty (30) calendar days of termination or suspension remunerate the Engineer for services rendered and costs incurred, in accordance with the Engineer's prevailing fee schedule and expense reimbursement policy. Services shall include those rendered up to the time of termination or suspension, as well as those associated with termination or suspension itself, such as demobilizing, modifying schedules, reassigning personnel, and so on. Costs shall include those incurred up to the time of termination or suspension, as well as those associated with termination or suspension and post-termination or suspension activities.

P. GOVERNING LAW AND VENUE

Unless otherwise provided in an addendum, the laws of the state in which the project takes place will govern the validity of this Agreement, its interpretation and performance, and remedies for contract breach or any other claims related to the Agreement. Venue for any litigation shall be the Superior Court of the County in which the project is located.

Q. SEVERABILITY

The Client and the Engineer have entered into this Agreement of their own free will, to communicate to one another mutual understandings and responsibilities. Any element of this Agreement later held to violate a law or regulation shall be deemed void, and all remaining provisions shall continue in force. However, the Client and the Engineer will in good faith attempt to replace an invalid or unenforceable provision with one that is valid and enforceable, and which comes as close as possible to expressing or achieving the intent of the original provision.

R. INTEGRATION

This Agreement, including attachments incorporated herein by reference, comprises a final and complete repository of understandings between the Client and the Engineer. It supersedes all prior or contemporaneous communications, representations, or agreements, whether oral or written, relating to the subject matter of this Agreement. Each party has advised the other to read this document thoroughly before accepting it to help assure it accurately conveys meanings and intents. Acceptance of this Agreement as provided for signifies that each party has read the document thoroughly and has had any questions or concerns completely explained by independent counsel and is satisfied. The Client and the Engineer agree that modifications to this Agreement shall not be binding unless made in writing and signed by an authorized representative of each party.

S. AGREEMENT DOCUMENTS

Letter Agreement signed by Client and Engineer
Exhibit A - Scope of Work
Exhibit B - Budget
Exhibit C - Engineer's Current Rate Schedule
Exhibit D - General Conditions

The exchange of copies of this Agreement and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by a combination of such means, shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of an original Agreement for all purposes. Signatures of the parties transmitted by facsimile or by electronic mail in .pdf form shall be deemed to be their original signatures for all purposes.

T. LIMITATION OF LIABILITY

Client agrees to require Engineer be named as an additional insured for all insurance policies carried by contractors, subcontractors and suppliers on which Client has been or will be named as an additional insured. Regardless of the presence or absence of coverage, Engineer shall not be liable for loss or damage occasioned by delays beyond Engineer's control, or for loss of earnings, loss of use or other incidental or consequential damages suffered by Client or others, however caused. Engineer's liability hereunder, whether in tort or in contract, for any cause of action, inclusive of legal costs, shall be limited as follows: (a) for insured liabilities arising out of Engineer's negligence, to the lesser of 1) the amount of insurance then available to fund any settlement, award or verdict, or 2) to 100 percent (100%) of the fee earned by Engineer under this Agreement; (b) for uninsured liabilities, to 100 percent (100%) of the fee earned by Engineer under this Agreement.

U. LIMITATION OF ACTIONS

All causes of action between the parties to this Agreement pertaining to any acts or failures to act shall be deemed to have accrued and the applicable statute of limitations starts to run no later than the last performance of professional services performed by the Engineer under this Agreement, including any steps or phases provided.

V. LIMITATION OF ACTIONS:

All causes of action between the parties to this Agreement pertaining to any acts or failures to act shall be deemed to have accrued and the applicable statute of limitations starts to run no later than the last performance of professional services performed by Engineer under this Agreement, including any steps or phases provided.

CITY OF CHEHALIS

AGENDA REPORT

DATE: March 21, 2016
TO: The Honorable Mayor and City Council
FROM: Rick Sahlin, Public Works Director
Patrick Wiltzius, Wastewater Superintendent
Dave Vasilauskas, Water Superintendent
SUBJECT: Consultant Services for a Water / Wastewater Rate Study

ISSUE

Financial Consulting Solutions Group, Inc. (FCS Group) has submitted a proposed scope and budget agreement to do a rate study for the water and wastewater utilities. The update would include revenue requirements analyses and a capital facilities charge update. The administration is submitting the agreement for council review and consideration.

DISCUSSION

The administration selected FCS Group from the cities 2016 Consultant / Engineering Roster. The administration asked FCS Group to provide options for a Water / Wastewater rate study update.

Attached are the three Scope of Work proposals broken down by tasks submitted by FCS Group.

1. A full scope rate study at \$78,525.00 (Includes cost of service analysis)
2. A study with revenue requirements analyses and capital facilities charge updates at \$53,005.00.
3. Just a revenue requirements analyses at \$38,765.00.

The last revenue analyses for Water / Wastewater was conducted in 2011 and adopted by the City Council for five years with the fifth and final increase effective in November 2015. The last capital facilities charge update was last done in 2005.

Also attached is the contract agreement proposal with the Detailed Scope of Services in the amount of \$53,005.00.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the city council authorize the city manager to execute the agreement with the FCS Group for the Water / Wastewater rate study in the amount of \$53,005.00.

SUGGESTED MOTION

I move that the council authorize the city manager to execute the agreement with the FCS Group for the Water / Wastewater rate study in the amount of \$53,005.00.

REVIEWED BY:  , CITY MANAGER

CONTRACT AGREEMENT

BETWEEN

**FINANCIAL CONSULTING SOLUTIONS
GROUP, INC.**
Redmond Town Center
7525 – 166th Ave. NE, Suite D-215
Redmond, Washington 98052

AND

CITY OF CHEHALIS
350 N. Market Boulevard
Room 101
Chehalis, WA 98532

PROJECT: WATER & WASTEWATER RATE STUDY

THIS AGREEMENT combines all understandings between the Parties regarding professional services for the Project named above and supersedes all prior proposals, quotations, solicitations, negotiations, representations, agreements or understandings, whether written or oral.

The performance of the professional services herein described and authorized by the City of Chehalis (Client), as well as payment for such services, shall be in accordance with the terms and conditions presented in this Agreement and the following Sections and Exhibits which are attached and incorporated by reference which, taken together, shall constitute the whole Agreement.

- Section I - Relationship of the Parties**
- Section II - Contract Provisions**
- Exhibit A - Scope of Work and Budget**
- Exhibit B - Fee Schedule**

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this ____ th day of _____, 2016.

APPROVED:

**FINANCIAL CONSULTING
SOLUTIONS GROUP, INC.**

APPROVED:

CITY OF CHEHALIS

John Ghilarducci
Principal

City Representative

Date: _____

Date: _____

SECTION I: RELATIONSHIP OF THE PARTIES

The City of Chehalis ("Client"), desires to perform a water and wastewater rate study ("Study"). In furtherance of the Study, the Client hereby contracts with **Financial Consulting Solutions Group, Inc.** ("FCS GROUP") to perform the professional services described in Exhibit A of this Agreement. All services shall be performed under the joint supervision of the Client's Representative, Rick Sahlin, or a designee or designees identified in writing to FCS GROUP by the Client's Representative.

This Agreement shall inure to the benefit of and be binding upon successors, assigns, and legal representatives of each of the Parties hereto. Any assignment or transfer of an interest in this Agreement by either Party without the written consent of the other shall be void.

SECTION II: CONTRACT PROVISIONS

1. **Scope of Work:** FCS GROUP shall perform the service for the Client as defined in Exhibit A of this Agreement.

2. **Time for Completion:** The Scope of Work for the conduct of the Study as set forth above is anticipated to be completed by FCS GROUP within a time frame approximating that shown by the following schedule:

Notice to Proceed: On or before April 1, 2016

Completion of Rate Update: On or before June 30, 2016

Completion of Services: No later than December 31, 2016.

FCS GROUP agrees to perform the work described in the Scope of Work guided by the contract schedule. Any delays shall be agreed upon by FCS GROUP and Client prior to the due date. Changes in the schedule caused by Client delays may require additional compensation and a change order. Due to the need and urgency of this Study, both parties to this Agreement agree that they will endeavor to adjust the respective party's work and process as necessary to accommodate that objective.

If FCS GROUP is delayed in the performance of services by conditions which are beyond their control, or by a Client requested change in the scope of work, the schedule showing time of performance may be revised. Any revision thereto shall be submitted in writing to the Client for review and approval by the Client Representative. If FCS GROUP's services are temporarily suspended by the Client in the interest of the Study and with written notice to FCS GROUP, and the suspensions last longer than 90 consecutive days, FCS GROUP shall be compensated for any additional labor and direct expenses incurred due to the interruption and resumption of services.

3. **Payment:** FCS GROUP will be paid by the Client on a time and expense basis as outlined below and in accordance with the hourly billing rates attached hereto as Exhibit B. FCS GROUP agrees to perform the services as set forth in Exhibit A at a cost not to exceed **\$53,005**. It is understood that FCS GROUP will not exceed this amount without the Client's prior written authorization.

Payment to FCS GROUP for services set forth in Exhibit A shall be: an amount equal to FCS GROUP's hourly billing rates as set forth in Exhibit B multiplied by the actual hours worked. Should any unforeseen project delays, not caused by FCS GROUP, and/or any requested amendments to the original scope of work, cause this Agreement to extend more than 90 days past the original contracted schedule date, any work and/or amendments to the work shall be billed at the hourly billing rates in effect for the period of time the work is being performed. If said change in billing rates will cause the Study to exceed the amount stated in the preceding paragraph, a change order will be prepared, negotiated and signed by both parties.

Study related direct expenses will not be charged except as identified in Exhibit B. Payment shall be made monthly upon receipt and approval of FCS GROUP's invoice, subject to the Client's remittance approval process.

4. Supplemental Agreements: Supplemental Agreements may be entered into upon mutual written agreement that would increase or decrease the scope and associated costs and payment.

5. Work to be Accomplished: All work accomplished will be performed under the direction of the Client Representative or his/her Designee.

6. Termination: This Agreement may be terminated by the Client by giving FCS GROUP written notice of such termination no fewer than fifteen (15) days in advance of the effective date of said termination. FCS GROUP shall be entitled to terminate this Agreement only in the case of a material breach by the Client, and upon failure of the Client to remedy said breach within fifteen (15) days of said notice. In the event that the Agreement is terminated before completion, FCS GROUP shall be paid for the services to date on the basis set forth in Paragraph 3, plus 10% of the total compensation earned to time of termination to compensate for FCS GROUP's rescheduling adjustments, reassignment of personnel, and related costs incurred due to termination. The Client shall notify FCS of termination or abandonment in writing.

7. Indemnity: FCS GROUP shall comply with all Federal Government, State and local laws and ordinances applicable to the work to be done under this Agreement.

FCS GROUP hereby agrees to hold the Client harmless from and shall process and defend at its own expense, specific claims, demands or suits at law or equity, arising from FCS GROUP's negligent performance of the provisions of this Agreement; provided that if the Client and FCS GROUP are concurrently negligent, FCS GROUP shall be required to indemnify and defend only in proportion to negligence of FCS GROUP. These indemnity provisions shall not require FCS GROUP to defend or indemnify the Client against any action based solely on the alleged negligence of the Client.

8. All Work Produced is Joint Property of FCS GROUP and the Client: The materials, computer programs, reports, calculations, analyses, etc., generated by FCS GROUP under this Agreement including the final report shall be the joint property of the Client and FCS GROUP. FCS GROUP may retain copies thereof for work paper documentation and their own use unless specifically restricted in writing by the Client as to use.

Computer models use generally available software, such as Microsoft Excel (TM), and FCS GROUP does not intend or imply any warranty of those programs.

9. Financial Forecasts: Neither FCS GROUP's name nor the report and its financial projections may be referred to or included in any prospectus or as a part of any offering or representation made in connection with the sale of securities or participation interests to the public, whether through a public or private offering.

The information used in developing the forecast assumptions will be derived from published information, Client provided data and information, and other sources FCS GROUP considers appropriate. However, FCS GROUP cannot assume responsibility for the accuracy of such material. Moreover, forecasts are subject to many uncertainties as to the future; therefore, FCS GROUP cannot represent that the Client's projected financial performance will be representative of the results that actually occur. FCS GROUP will endeavor to include appropriate comments drawing the readers' attention to these matters.

10. Integrated Agreement: This Agreement together with attachments or addenda, represents the entire and integrated agreement between the Client and FCS GROUP supersedes all prior negotiations, representations, or agreements written or oral. This Agreement may be amended by written instrument signed by both the Client and FCS GROUP.

11. Independent Contractor: The parties intend that an independent Contractor/Client relationship will be created by this Agreement. No agent, employee, or representative of FCS GROUP shall be deemed to be an agent, employee, or representative of the Client for any purpose. FCS GROUP shall be

solely responsible for all acts of its agents, employees, representatives, and subcontractors during the performance of this Agreement.

12. Equal Opportunity: FCS GROUP is committed to the principles of providing equal employment opportunities for all employees. The performance and diversity of our employees will help us meet the challenges of the present and the future in serving our clients. This policy statement is a reaffirmation of our long-standing commitment to provide equal opportunity on the basis of individual merit and personal qualifications to employees and applicants for employment without regard to race, color, religious creed, sex, sexual orientation or preference, gender identity, genetic characteristics or information of employee or family, age, national origin, ancestry, marital status, citizenship, the presence of sensory, mental, or physical disability, pregnancy/childbirth or related condition, medical condition, membership in the military service, veteran's status, political ideology or any other basis protected by applicable federal, state, or local laws.

13. Notices: Notices to the Client shall be sent to the following address:

City of Chehalis
Attention: Rick Sahlin, Public Works Director
2007 N.E. Kresky Avenue
Chehalis, WA 98532

Notices to FCS GROUP shall be sent to the following address:

Financial Consulting Solutions Group, Inc.
Attention: John Ghilarducci, Principal
Redmond Town Center
7525 – 166th Ave. NE, Suite D-215
Redmond, Washington 98052

EXHIBIT A: STUDY SCOPE OF WORK AND TASK PLAN

This work plan includes a revenue requirement update for both the water and wastewater services, as well as capital facilities charge updates.

1. Kickoff Meeting / Data Request

Prior to performing any work on this project, FCS GROUP will submit a request for needed data and arrange for a meeting with City staff to set a course for completing the work and establish a clear project understanding. This meeting will also serve as an information exchange with FCS GROUP personnel responsible for collecting all necessary information and clarifying data requests. Also during the meeting, the consultant and City staff will identify and discuss key policy and technical issues to be addressed in the study.

- 1.1 FCS GROUP will prepare a request for information needed to perform the study.
- 1.2 FCS GROUP will prepare for and participate in a project kickoff meeting.
- 1.3 FCS GROUP will prepare a follow-up data request and ask clarifying questions as needed.

2. Revenue Requirements Analyses

After the City has provided the information requested in the data request list and after the kickoff meeting, FCS GROUP will review and update the revenue requirements for each service. The revenue requirement is defined as the total amount of rate revenue needed to meet an enterprise's financial obligations, including capital, operating, and policy-driven commitments. The results of the revenue requirement analyses will be the recommended percentage rate increases or decreases needed to meet the obligations of each service.

- 2.1 Capital Financing Plan – Based on the Capital Improvement Plans (CIPs) provided by the City, annual rehabilitation and replacement needs, and the capital funding strategy discussed in Task 1 (likely to include a balance of cash and debt funding), FCS GROUP will project capital funding needs, borrowing requirements, and associated cash flows and cash balances for up to a 20-year study period.
- 2.2 Operating Forecast – FCS GROUP will forecast ongoing operating, maintenance, administrative, debt service, and other cash obligations of the two services for up to a 20-year study period. We will incorporate economic factors for customer growth and cost escalation, as well as additional O&M expenses, if any, resulting from the capital improvement programs or other known changes in operational requirements.
- 2.3 Revenue Needs Assessment – The revenue needs assessment ultimately identifies the total rate revenue to be collected from customers of the City, serving as the platform for generating rates that recover total utility costs for each service. We will compare projected cash requirements against projected revenue under existing rate levels to determine annual rate adjustments needed to satisfy the projected cash obligations of each service. We will test the sufficiency of City resources against City fiscal policies (as discussed in Task 1) and existing and/or projected future debt covenants (i.e., coverage) for each service.
- 2.4 We will meet on site with City staff to review revenue requirement findings.

3. Capital Facilities Charge Update

Capital facilities charges recover a proportionate share of the cost of system assets from new customers. This includes costs associated with existing assets (which were oversized to accommodate future growth) as well as planned capital projects. Regular CFC updates promote equity between existing customers and growth, ensuring that new customers bear an equitable share of the cost of existing infrastructure and planned future facilities. Task 3 includes the following elements:

- 3.1 Identify CFC-Eligible Costs – FCS GROUP will compile the list of CFC-eligible project costs from existing facilities records and from the capital improvement plans of each service.
- 3.2 Capacity Basis – Using information available in the rate study customer data and in master plans, we will derive the applicable capacity basis (the denominator in the CFC calculation) with which to craft CFC components.
- 3.3 Existing Facilities Component – The consultant will calculate the existing facilities component of the CFC for each service using financial and engineering data provided by the City, and consistent with the policy objectives defined in Task 1.
- 3.4 Future Facilities Component – The consultant will calculate the facilities component of the CFC for each service using cost and engineering information collected and refined (as necessary) from the capital improvement plans, recent system plans, and with the input of City staff, also consistent with policy objectives defined in Task 1.
- 3.5 We will meet on site with City staff to review CFC findings.
- 3.6 Recommended CFCs – FCS GROUP will propose a CFC methodology for each service and resulting charge alternatives.

4. Documentation / Presentation

FCS GROUP will document findings in a comprehensive study report, and provide a copy of the spreadsheet analysis for future City use. FCS GROUP will present and discuss findings in meetings with the City Council and/or interested parties.

- 4.1 Draft Report – At the conclusion of the project, FCS GROUP will provide a draft report for City review. The report will summarize the methodology and analysis undertaken in completing the project, the results and conclusions of the study, and recommendations. The report will include proposed rate and CFC schedules, implementation recommendations, and the CFC methodology. We will submit up to ten (10) copies of the draft report for review.
- 4.2 Council / Public Meetings - The consultant will present and discuss study results at up to two City Council meetings, likely to include one work session and one Council meeting.
- 4.3 Final Report – Upon receipt of comments from the City, FCS GROUP will incorporate the comments, as appropriate, into a Final Report to be submitted to the City. We will submit up to ten (10) copies of the Final Report to the City along with one electronic copy in both Word and PDF formats.
- 4.4 Spreadsheet Model – FCS GROUP will deliver a final copy of the Excel-based spreadsheet model for City use.

EXHIBIT B: FINANCIAL CONSULTING SOLUTIONS GROUP, INC. FEE SCHEDULE

LABOR

<u>Name</u>	<u>Title</u>	<u>Hourly Billing Rate</u>
John Ghilarducci	Principal	\$250
Chris Gonzalez	Project Manager	\$165
Consultant Staff		\$115
Administrative & Graphic Support		\$75

DIRECT EXPENSES

Other than mileage at \$0.50 per mile for travel to and from Study related meetings and technology at \$5 per hour, direct expenses will not be charged for ordinary study-related expenses. For any client-requested extraordinary expenses such as a mass reproduction of the study report, the Client will reimburse FCS GROUP for the cost. However for this study the Client agrees to provide Study related reproduction services when practical.

SCOPE OF WORK

This work plan includes a revenue requirement update for both the water and wastewater services, as well as cost-of-service and rate structure analyses, and capital facilities charge updates. It is our understanding that the City needs the revenue requirement updates, but may not wish to pursue the cost-of-service and rate structure analyses and / or the capital facilities charge updates at this time. Following the task plan, we have provided a table showing the cost of the study with and without those optional tasks, followed by a detailed project budget.

1. Kickoff Meeting / Data Request

Prior to performing any work on this project, FCS GROUP will submit a request for needed data and arrange for a meeting with City staff to set a course for completing the work and establish a clear project understanding. This meeting will also serve as an information exchange with FCS GROUP personnel responsible for collecting all necessary information and clarifying data requests. Also during the meeting, the consultant and City staff will identify and discuss key policy and technical issues to be addressed in the study.

- 1.1 FCS GROUP will prepare a request for information needed to perform the study.
- 1.2 FCS GROUP will prepare for and participate in a project kickoff meeting.
- 1.3 FCS GROUP will prepare a follow-up data request and ask clarifying questions as needed.

2. Revenue Requirements Analyses

After the City has provided the information requested in the data request list and after the kickoff meeting, FCS GROUP will review and update the revenue requirements for each service. The revenue requirement is defined as the total amount of rate revenue needed to meet an enterprise's financial obligations, including capital, operating, and policy-driven commitments. The results of the revenue requirement analyses will be the recommended percentage rate increases or decreases needed to meet the obligations of each service.

- 2.1 Capital Financing Plan – Based on the Capital Improvement Plans (CIPs) provided by the City, annual rehabilitation and replacement needs, and the capital funding strategy discussed in Task 1 (likely to include a balance of cash and debt funding), FCS GROUP will project capital funding needs, borrowing requirements, and associated cash flows and cash balances for up to a 20-year study period.
- 2.2 Operating Forecast – FCS GROUP will forecast ongoing operating, maintenance, administrative, debt service, and other cash obligations of the two services for up to a 20-year study period. We will incorporate economic factors for customer growth and cost escalation, as well as additional O&M expenses, if any, resulting from the capital improvement programs or other known changes in operational requirements.
- 2.3 Revenue Needs Assessment – The revenue needs assessment ultimately identifies the total rate revenue to be collected from customers of the City, serving as the platform for generating rates that recover total utility costs for each service. We will compare projected cash requirements against projected revenue under existing rate levels to determine annual rate adjustments needed to satisfy the projected cash obligations of each service. We will test the sufficiency of City resources against City fiscal policies (as discussed in Task 1) and existing and/or projected future debt covenants (i.e., coverage) for each service.
- 2.4 We will meet on site with City staff to review revenue requirement findings.

3. Cost of Service Analyses

The cost-of-service analysis is the evaluation, based on available engineering and customer information, of “who should pay” in order to equitably recover adequate revenues. If the revenue requirement analysis determines the size of the pie, the cost-of-service-analysis determines how you slice it among customers. The results of the cost-of-service analysis will be rate structure alternatives that equitably charge utility customers based on the unique demands of their class.

- 3.1 In order to ensure the quality and reliability of the cost of service analyses, the consultant will examine the customer statistics, for each service, provided by the City. Statistics will be adjusted as necessary following this review to allow for the development of rational rate structure options. Monthly water consumption statistics will be analyzed to either validate the existing definition of “winter” for wastewater billing, or support a new definition of winter for wastewater billing.
- 3.2 The consultant will develop cost of service and rate design models using Excel spreadsheet. The models will be constructed with user-friendliness in mind and will accommodate user-entry of key data and assumptions. The models will be flexible and stable enough to analyze multiple scenarios and/or rate structure alternatives. While similar in format and “look”, the cost of service models for each service will differ among the services. For example, allocations of plant and expense would again be made by service to the following functional categories:
 - ◆ Water – customer, base demand, extra (or peak) demand (possibly including several peak categories), and fire protection;
 - ◆ Wastewater – customer, flow, biochemical oxygen demand (BOD), total suspended solids (TSS), and infiltration & inflow;
- 3.3 Drawing upon City staff’s knowledge and input, allocate plant and expense items to relevant functional cost categories for each service.
- 3.4 Generate rate alternatives. Each model will allow simultaneous analysis of up to three rate structures: a simple across-the-board adjustment to current rates and two alternative rate structures. Alternatives will be chosen based on the input of City staff and direction from City Council (if applicable).
- 3.5 We will meet on site with City staff to review cost-of-service and rate findings.
- 3.6 Cost of service analyses and rate designs may be revised in light of feedback from the City.

4. Capital Facilities Charge Update

Capital facilities charges recover a proportionate share of the cost of system assets from new customers. This includes costs associated with existing assets (which were oversized to accommodate future growth) as well as planned capital projects. Regular CFC updates promote equity between existing customers and growth, ensuring that new customers bear an equitable share of the cost of existing infrastructure and planned future facilities. Task 4 includes the following elements:

- 4.1 Identify CFC-Eligible Costs – FCS GROUP will compile the list of CFC-eligible project costs from existing facilities records and from the capital improvement plans of each service.
- 4.2 Capacity Basis – Using information available in the rate study customer data and in master plans, we will derive the applicable capacity basis (the denominator in the CFC calculation) with which to craft CFC components.

- 4.3 Existing Facilities Component – The consultant will calculate the existing facilities component of the CFC for each service using financial and engineering data provided by the City, and consistent with the policy objectives defined in Task 1.
- 4.4 Future Facilities Component – The consultant will calculate the facilities component of the CFC for each service using cost and engineering information collected and refined (as necessary) from the capital improvement plans, recent system plans, and with the input of City staff, also consistent with policy objectives defined in Task 1.
- 4.5 We will meet on site with City staff to review CFC findings.
- 4.6 Recommended CFCs – FCS GROUP will propose a CFC methodology for each service and resulting charge alternatives.

5. Documentation / Presentation

FCS GROUP will document findings in a comprehensive study report, and provide a copy of the spreadsheet analysis for future City use. FCS GROUP will present and discuss findings in meetings with the City Council and/or interested parties.

- 5.1 Draft Report – At the conclusion of the project, FCS GROUP will provide a draft report for City review. The report will summarize the methodology and analysis undertaken in completing the project, the results and conclusions of the study, and recommendations. The report will include proposed rate and CFC schedules, implementation recommendations, and the CFC methodology. We will submit up to ten (10) copies of the draft report for review.
- 5.2 Council / Public Meetings - The consultant will present and discuss study results at up to two City Council meetings, likely to include one work session and one Council meeting.
- 5.3 Final Report – Upon receipt of comments from the City, FCS GROUP will incorporate the comments, as appropriate, into a Final Report to be submitted to the City. We will submit up to ten (10) copies of the Final Report to the City along with one electronic copy in both Word and PDF formats.
- 5.4 Spreadsheet Model – FCS GROUP will deliver a final copy of the Excel-based spreadsheet model for City use.

Budget

We propose to perform the study as described above for no more than \$78,525. If the City were to choose to perform only tasks 1, 2, and 5, the study cost would be \$38,765. The table below shows the project budget for different combinations of the task plan. A detailed project budget follows on the next page.

Task	Full Scope	No COSA	No COSA / CFCs
1. Kickoff Meeting / Data Request	\$ 5,550	\$ 5,550	\$ 5,550
2. Revenue Requirements Analyses	\$ 16,280	\$ 16,280	\$ 16,280
3. Cost-of-Service Analyses	\$ 24,020		
4. CFC Analyses	\$ 13,430	\$ 13,430	
5. Documentation / Presentation	\$ 14,715	\$ 14,715	\$ 14,715
Labor Cost	\$ 73,995	49,975.0	36,545.0
Expenses	4,530	3,030	2,220
Total Project Cost	\$ 78,525	\$ 53,005	\$ 38,765

City of Chehalis Water & Wastewater Rate Study FCS GROUP Proposed Budget

	Managing Principal <i>Ghilarducci</i>	Assistant PM <i>Gonzalez</i>	Consultant	Support		
Hourly Rate =>	\$250	\$165	\$115	\$75	Hours	Cost
<i>(Number of meetings by task noted in parentheses)</i>						
1. Kickoff Meeting / Data Request						
1.1 Data request & review	-	4.0	8.0	-	12.0	\$ 1,580
1.2 Kickoff meeting (1)	6.0	6.0	6.0	-	18.0	3,180
1.3 Data follow-up	-	2.0	4.0	-	6.0	790
<i>Task 1 Total:</i>	<u>6.0</u>	<u>12.0</u>	<u>18.0</u>	<u>-</u>	<u>36.0</u>	<u>\$ 5,550</u>
2. Revenue Requirements Analyses						
2.1 Capital funding plan	2.0	4.0	32.0	-	38.0	\$ 4,840
2.2 Operating forecast	2.0	4.0	32.0	-	38.0	4,840
2.3 Revenue needs assessment	2.0	4.0	24.0	-	30.0	3,920
2.4 Meet with staff (1)	4.0	6.0	6.0	-	16.0	2,680
<i>Task 2 Total:</i>	<u>10.0</u>	<u>18.0</u>	<u>94.0</u>	<u>-</u>	<u>122.0</u>	<u>\$ 16,280</u>
3. Cost-of-Service Analyses						
3.1 Compile customer data	2.0	12.0	48.0	-	62.0	\$ 8,000
3.2 Develop c-o-s modules	1.0	4.0	16.0	-	21.0	2,750
3.3 Allocate plant and expenses	1.0	4.0	24.0	-	29.0	3,670
3.4 Generate rate alternatives	2.0	4.0	32.0	-	38.0	4,840
3.5 Meet with staff (1)	4.0	6.0	6.0	-	16.0	2,680
3.6 Revise c-o-s and rate design	2.0	4.0	8.0	-	14.0	2,080
<i>Task 3 Total:</i>	<u>12.0</u>	<u>34.0</u>	<u>134.0</u>	<u>-</u>	<u>180.0</u>	<u>\$ 24,020</u>
4. CFC Analyses						
4.1 Identify CFC-eligible costs	2.0	4.0	24.0	-	30.0	3,920
4.2 Develop capacity bases	2.0	4.0	12.0	-	18.0	2,540
4.3 Calculate existing facilities component	1.0	2.0	8.0	-	11.0	1,500
4.4 Calculate future facilities component	1.0	2.0	8.0	-	11.0	1,500
4.5 Meet with staff (1)	4.0	6.0	6.0	-	16.0	2,680
4.6 Recommend CFCs	2.0	2.0	4.0	-	8.0	1,290
<i>Task 4 Total:</i>	<u>12.0</u>	<u>20.0</u>	<u>62.0</u>	<u>-</u>	<u>94.0</u>	<u>\$ 13,430</u>
5. Documentation / Presentation						
5.1 Draft report	2.0	4.0	40.0	4.0	50.0	\$ 6,060
5.2 Council / public meetings (2)	12.0	12.0	8.0	-	32.0	5,900
5.3 Final report	1.0	4.0	8.0	4.0	17.0	2,130
5.4 Computer spreadsheets	-	1.0	4.0	-	5.0	625
<i>Task 5 Total:</i>	<u>15.0</u>	<u>21.0</u>	<u>60.0</u>	<u>8.0</u>	<u>104.0</u>	<u>\$ 14,715</u>
PROJECT TOTALS:	<i>Labor:</i>	55.0	105.0	368.0	8.0	536.0 \$ 73,995
	<i>Expenses:</i>					4,530
	<i>Total Cost:</i>	\$ 13,750	\$ 17,325	\$ 42,320	\$ 600	\$ 78,525

To: The Honorable Mayor and Council
 Via: Merlin MacReynold, City Manager
 From: Judy Pectol, Finance Manager
 Prepared by: Betty Brooks, Payroll Accountant
 Date: March 21, 2016
 Subject: Monthly Financial Reports for February

City of Chehalis
 Comparative Financial Reports
 February 2015 and 2016

GENERAL FUND (#001) REVENUES	A February 2015		B February 2015		C=B/A		D February 2016		E February 2016		F=E/D		G Expected		H^ Variance from Expected		I=F-G %	
	Budget	Actual	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	% Rec'd	% Rec'd	% Rec'd	% Rec'd	% Rec'd	% Rec'd	Variance	%	Variance	%
General Property Taxes	\$1,268,579	\$15,439	\$1,276,948	\$6,403	1.2%	\$1,276,948	\$6,403	0.5%	16.7%	16.7%	(\$206,847)	-16.2%	16.7%	16.7%				
EMS Property Taxes	238,157	2,930	304,886	1,213	1.2%	304,886	1,213	0.4%	16.7%	16.7%	(49,703)	-16.3%	16.7%	16.7%				
Sales & Use Tax	3,762,844	610,709	3,772,472	675,869	16.2%	3,772,472	675,869	17.9%	16.7%	16.7%	45,866	1.2%	16.7%	16.7%				
Electricity Tax	440,000	69,424	495,100	71,784	15.8%	495,100	71,784	14.5%	16.7%	16.7%	(10,898)	-2.2%	16.7%	16.7%				
Gas/Natural Gas Tax	221,000	29,930	217,725	31,979	13.5%	217,725	31,979	14.7%	16.7%	16.7%	(4,381)	-2.0%	16.7%	16.7%				
Criminal Justice Tax	110,000	18,243	105,050	18,688	16.6%	105,050	18,688	17.8%	16.7%	16.7%	1,145	1.1%	16.7%	16.7%				
Water/Sewer Tax	445,000	66,591	452,900	74,519	15.0%	452,900	74,519	16.5%	16.7%	16.7%	(1,115)	-0.2%	16.7%	16.7%				
Garbage Tax	61,000	15,949	81,900	15,884	26.1%	81,900	15,884	19.4%	16.7%	16.7%	2,207	2.7%	16.7%	16.7%				
Cable Tax	104,000	25,694	133,485	26,893	24.7%	133,485	26,893	20.1%	16.7%	16.7%	4,601	3.4%	16.7%	16.7%				
Telephone Tax	270,500	48,172	275,000	65,238	17.8%	275,000	65,238	23.7%	16.7%	16.7%	19,313	7.0%	16.7%	16.7%				
Leasehold Excise Tax	39,500	9,341	41,000	9,508	23.6%	41,000	9,508	23.2%	16.7%	16.7%	2,661	6.5%	16.7%	16.7%				
Timber Excise Tax	40	0	45	0	0.0%	45	0	0.0%	16.7%	16.7%	(8)	-16.7%	16.7%	16.7%				
Total Tax Revenues	6,960,620	912,422	7,156,511	997,978	13.1%	7,156,511	997,978	13.9%	16.7%	16.7%	(197,159)	-2.8%	16.7%	16.7%				
Licenses & Permits	168,116	29,736	157,050	80,013	17.7%	157,050	80,013	50.9%	16.7%	16.7%	53,786	34.2%	16.7%	16.7%				
Intergovt: Grants/Entitlements	421,400	105,872	445,620	10,401	25.1%	445,620	10,401	2.3%	16.7%	16.7%	(64,018)	-14.4%	16.7%	16.7%				
Charges for Goods and Svcs.	408,295	38,058	371,196	44,216	9.3%	371,196	44,216	11.9%	16.7%	16.7%	(17,774)	-4.8%	16.7%	16.7%				
Fines and Forfeitures	163,739	26,216	147,420	27,293	16.0%	147,420	27,293	18.5%	16.7%	16.7%	2,674	1.8%	16.7%	16.7%				
Interest Earnings	9,990	3,956	11,890	3,344	39.6%	11,890	3,344	28.1%	16.7%	16.7%	1,358	11.4%	16.7%	16.7%				
Rents & Royalties	88,472	10,206	71,280	15,513	11.5%	71,280	15,513	21.8%	16.7%	16.7%	3,609	5.1%	16.7%	16.7%				
Misc. Revenue/Insurance	11,850	37,381	29,385	230	315.5%	29,385	230	0.8%	16.7%	16.7%	(4,677)	-15.9%	16.7%	16.7%				
Non-Revenues	4,225	674	124,435	22,452	16.0%	124,435	22,452	18.0%	16.7%	16.7%	1,671	1.3%	16.7%	16.7%				
Total Non-Tax Revenues	1,276,087	252,099	1,358,276	203,462	19.8%	1,358,276	203,462	15.0%	16.7%	16.7%	(23,370)	-1.7%	16.7%	16.7%				
TOTALS	\$8,236,707	\$1,164,521	\$8,514,787	\$1,201,440	14.1%	\$8,514,787	\$1,201,440	14.1%	16.7%	16.7%	(\$220,529)	-2.6%	16.7%	16.7%				

Key:
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City of Chehalis
Comparative Financial Reports
February 2015 and 2016

GENERAL FUND (#001) EXPENDITURES	A		B		C=B/A		D		E		F=E/D		G		H^		I=G-F
	Budget	February 2015 Actual	Budget	February 2016 Actual	% Exp'd	Budget	February 2016 Actual	% Exp'd	% Exp*	Expected	Varinc from Expected	%	Expected	Varinc from Expected	%		
City Council	\$111,811	\$16,850	\$95,657	\$18,864	15.1%	\$95,657	\$18,864	19.7%	16.7%	(\$2,889)	-3.0%	16.7%	(\$2,889)	-3.0%			
Municipal Court	380,000	55,480	522,105	97,365	14.6%	522,105	97,365	18.6%	16.7%	(10,173)	-1.9%	16.7%	(10,173)	-1.9%			
City Manager	266,410	59,274	305,708	60,798	22.2%	305,708	60,798	19.9%	16.7%	(9,745)	-3.2%	16.7%	(9,745)	-3.2%			
Finance	203,500	81,644	228,295	73,557	40.1%	228,295	73,557	32.2%	16.7%	(35,432)	-15.5%	16.7%	(35,432)	-15.5%			
City Clerk	78,816	15,450	78,878	15,702	19.6%	78,878	15,702	19.9%	16.7%	(2,529)	-3.2%	16.7%	(2,529)	-3.2%			
Non-Departmental	461,773	58,625	463,976	54,553	12.7%	463,976	54,553	11.8%	16.7%	22,931	4.9%	16.7%	22,931	4.9%			
Human Resources	85,969	21,388	85,553	21,472	24.9%	85,553	21,472	25.1%	16.7%	(7,185)	-8.4%	16.7%	(7,185)	-8.4%			
Police	2,717,426	433,021	2,737,263	480,426	15.9%	2,737,263	480,426	17.6%	16.7%	(23,303)	-0.9%	16.7%	(23,303)	-0.9%			
Fire	1,902,335	270,497	2,017,257	346,998	14.2%	2,017,257	346,998	17.2%	16.7%	(10,116)	-0.5%	16.7%	(10,116)	-0.5%			
Public Works - Streets	731,360	97,804	753,224	58,766	13.4%	753,224	58,766	7.8%	16.7%	67,022	8.9%	16.7%	67,022	8.9%			
Community Development	1,396,330	200,955	1,414,294	227,163	14.4%	1,414,294	227,163	16.1%	16.7%	9,024	0.6%	16.7%	9,024	0.6%			
TOTALS	\$8,335,730	\$1,310,988	\$8,702,210	\$1,455,664	15.7%	\$8,702,210	\$1,455,664	16.7%	16.7%	(\$2,395)	0.0%	16.7%	(\$2,395)	0.0%			

Net Budget/Income/Variance: (\$99,023) (\$146,467)

(\$187,423) (\$254,224)

(\$222,924)

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City of Chehalis
Comparative Financial Reports
February 2015 and 2016

WASTEWATER FUND (#404) REVENUES	A February 2015		B		C=B/A		D		E February 2016		F=E/D		G		H ^Δ		I=F-G	
	Budget	Actual	Budget	Actual	% Rec'd	% Rec'd	Budget	Actual	% Rec'd	% Rec'd	Expected % Rec'd*	Expected % Rec'd	Var'nc from Expected	Expected Variance	Expected	Actual	% Variance	
Intergovernmental Revenues	\$0	\$0	\$1,400,000	\$0	0.0%	0.0%			0.0%	0.0%	16.7%	16.7%	-\$233,800	0.0%				
Wastewater Fees	4,968,202	714,371	4,868,053	842,631	14.4%	17.3%			17.3%	17.3%	16.7%	16.7%	29,666	0.6%				
Sewer Connection/Misc. Fees	10,000	0	30,000	0	0.0%	0.0%			0.0%	0.0%	16.7%	16.7%	(5,010)	-16.7%				
Rentals	3,545	0	3,545	3,545	0.0%	100.0%			100.0%	100.0%	16.7%	16.7%	2,953	83.3%				
Misc. Revenues/Insurance	4,000	604	3,000	230	15.1%	7.7%			7.7%	16.7%	16.7%	16.7%	(271)	-9.0%				
Non-Revenue Tax Receipts	0	0	555	474	0.0%	85.4%			85.4%	16.7%	16.7%	16.7%	381	68.7%				
Proceeds of Long-Term Debt	0	0	0	28,576	0.0%	100.0%			100.0%	16.7%	16.7%	16.7%	28,576	100.0%				
Interest Earnings	985	0	2,459	0	0.0%	0.0%			0.0%	16.7%	16.7%	16.7%	(411)	-16.7%				
Totals:	\$4,986,732	\$714,975	\$6,307,612	\$875,456	14.3%	13.9%			13.9%	16.7%	16.7%	16.7%	(\$177,915)	-2.8%				

WASTEWATER FUND (#404) EXPENSES	A February 2015		B		C=B/A		D		E February 2016		F=E/D		G		H ^Δ		I=G-F	
	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Budget	Actual	% Exp'd	% Exp'd	Expected % Exp*	Expected % Exp	Var'nc from Expected	Expected Variance	Expected	Actual	% Variance	
Operating Expenses	\$2,666,292	\$334,820	\$2,723,260	\$322,245	12.6%	11.8%			11.8%	11.8%	16.7%	16.7%	\$132,539	4.9%				
Capital Outlay	253,000	19,688	1,467,900	20,934	7.8%	1.4%			1.4%	16.7%	16.7%	16.7%	224,205	15.3%				
Debt Principal	1,832,390	19,773	1,834,840	19,773	1.1%	1.1%			1.1%	16.7%	16.7%	16.7%	286,645	15.6%				
Interest Expense	24,524	0	34,733	0	0.0%	0.0%			0.0%	0.0%	16.7%	16.7%	5,800	16.7%				
Interfund Loan Repayment	83,784	0	83,784	0	0.0%	0.0%			0.0%	0.0%	16.7%	16.7%	13,992	16.7%				
Totals:	\$4,859,990	\$374,281	\$6,144,517	\$362,952	7.7%	5.9%			5.9%	16.7%	16.7%	16.7%	\$663,182	10.8%				

Net Budget/Income/Variance: \$126,742 \$340,694 \$163,095 \$512,504 \$485,267

Key:
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City of Chehalis
Comparative Financial Reports
February 2015 and 2016

WATER FUND (#405) REVENUES	A February 2015		B		C=B/A		D		E		F=E/D		G		H^A		I=F-G	
	Budget	Actual	Budget	Actual	% Rec'd	% Rec'd	Budget	Actual	% Rec'd	% Rec'd	% Rec'd	% Rec'd	% Rec'd	% Rec'd	Var'nc from Expected	% Variance	% Variance	
Water Sales	\$2,566,160	\$381,563	\$2,376,387	\$411,639	14.9%	17.3%	\$2,376,387	\$411,639	17.3%	16.7%	16.7%	17.3%	16.7%	14,782	0.6%			
Water Connection/Misc. Fees	10,000	0	10,000	3,535	0.0%	35.4%	10,000	3,535	35.4%	16.7%	16.7%	35.4%	1,865	18.7%				
Interfund Principal Repayment	83,332	0	0	0	0.0%	0.0%	0	0	0.0%	16.7%	16.7%	0.0%	0	0.0%				
Misc. Revenues/Insurance	1,000	4,926	2,121	2,414	492.6%	113.8%	2,121	2,414	113.8%	16.7%	16.7%	113.8%	2,060	97.1%				
Non-Revenue Tax Receipts	0	0	100	(260)	0.0%	-260.0%	100	(260)	-260.0%	16.7%	16.7%	-260.0%	(277)	-276.7%				
Proceeds of Long-Term Debt	0	0	555,500	0	0.0%	100.0%	555,500	0	100.0%	16.7%	16.7%	100.0%	(92,769)	100.0%				
Interest Earnings	11,073	19	6,275	(38)	0.2%	-0.6%	6,275	(38)	-0.6%	16.7%	16.7%	-0.6%	(1,086)	-17.3%				
Totals:	\$2,671,565	\$386,508	\$2,950,383	\$417,290	14.5%	14.1%	\$2,950,383	\$417,290	14.1%	16.7%	16.7%	14.1%	(\$75,424)	-2.6%				

WATER FUND (#405) EXPENSES	A February 2015		B		C=B/A		D		E		F=E/D		G		H^A		I=G-F	
	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Budget	Actual	% Exp'd	% Exp'd	% Exp'd	% Exp'd	% Exp'd	Var'nc from Expected	% Variance	% Variance		
Operating Expenses	\$1,819,713	\$259,646	\$1,888,309	\$256,715	14.3%	13.6%	\$1,888,309	\$256,715	13.6%	16.7%	16.7%	13.6%	\$58,633	3.1%				
Capital Outlay	979,400	69,179	1,847,000	20,693	7.1%	1.1%	1,847,000	20,693	1.1%	16.7%	16.7%	1.1%	287,756	15.6%				
Debt Principal	133,077	10,000	134,077	10,000	7.5%	7.5%	134,077	10,000	7.5%	16.7%	16.7%	7.5%	12,391	9.2%				
Interest Expense	26,185	2,825	14,435	2,325	10.8%	16.1%	14,435	2,325	16.1%	16.7%	16.7%	16.1%	86	0.6%				
Transfers Out	420,000	0	\$3,883,821	0	0.0%	0.0%	\$3,883,821	0	0.0%	16.7%	16.7%	0.0%	0	0.0%				
Totals:	\$3,378,375	\$341,650	\$3,883,821	\$289,733	10.1%	7.5%	\$3,883,821	\$289,733	7.5%	16.7%	16.7%	7.5%	\$358,865	9.2%				

Net Budget/Income/Variance: -\$706,810 \$44,858 (\$933,438) \$127,557 \$283,441

Key:

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City of Chehalis
Comparative Financial Reports
February 2015 and 2016

STORM FUND (#406) REVENUES	A		B		C=B/A		D		E		F=E/D		G		H^A		I=F-G	
	Budget	February 2015 Actual	% Rec'd	Budget	February 2016 Actual	% Rec'd	Budget	February 2016 Actual	% Rec'd	Expected % Rec'd*	Expected % Rec'd	Var'nc from Expected	Expected % Rec'd	Expected % Rec'd	Var'nc from Expected	Expected % Rec'd	Expected % Rec'd	Var'nc from Expected
Storm & Surface Water Fees	\$506,772	\$83,438	16.5%	\$505,500	\$90,823	18.0%	\$505,500	\$90,823	18.0%	16.7%	16.7%	\$6,405	16.7%	16.7%	\$6,405	16.7%	16.7%	1.3%
Storm Connection/Misc. Fees	1,000	0	100.0%	4,000	0	0.0%	4,000	0	0.0%	16.7%	16.7%	(668)	16.7%	16.7%	(668)	16.7%	16.7%	-16.7%
Misc. Revenues/Insurance	825	1,475	100.0%	2,000	0	0.0%	2,000	0	0.0%	16.7%	16.7%	(334)	16.7%	16.7%	(334)	16.7%	16.7%	-16.7%
Non-Revenue Tax Receipts	0	0	0.0%	275	0	0.0%	275	0	0.0%	16.7%	16.7%	(46)	16.7%	16.7%	(46)	16.7%	16.7%	-16.7%
Interest Earnings	1,300	0	0.0%	580	0	0.0%	580	0	0.0%	16.7%	16.7%	(97)	16.7%	16.7%	(97)	16.7%	16.7%	-16.7%
Totals:	\$509,897	\$84,913	16.7%	\$512,355	\$90,823	17.7%	\$512,355	\$90,823	17.7%	16.7%	16.7%	\$5,260	16.7%	16.7%	\$5,260	16.7%	16.7%	1.0%

STORM FUND (#406) EXPENSES	A		B		C=B/A		D		E		F=E/D		G		H^A		I=G-F	
	Budget	February 2015 Actual	% Exp'd	Budget	February 2016 Actual	% Exp'd	Budget	February 2016 Actual	% Exp'd	Expected % Exp.*	Expected % Exp'd	Var'nc from Expected	Expected % Exp.*	Expected % Exp'd	Var'nc from Expected	Expected % Exp.*	Expected % Exp'd	Var'nc from Expected
Operating Expenses	\$442,590	\$50,583	11.4%	\$469,176	\$41,578	8.9%	\$469,176	\$41,578	8.9%	16.7%	16.7%	\$36,774	16.7%	16.7%	\$36,774	16.7%	16.7%	7.8%
Capital Outlay	18,000	0	0.0%	0	0	0.0%	0	0	0.0%	16.7%	16.7%	0	16.7%	16.7%	0	16.7%	16.7%	0.0%
Totals:	\$460,590	\$50,583	11.0%	\$469,176	\$41,578	8.9%	\$469,176	\$41,578	8.9%	16.7%	16.7%	\$36,774	16.7%	16.7%	\$36,774	16.7%	16.7%	7.8%

Net Budget/Income/Variance: \$49,307 \$34,330 \$43,179 \$49,245 \$42,034

Key:

* The expected percentage is calculated as follows: since the report is for the 2nd month of the year, 2 is divided by 12-the number of months in the year.
 ^A To calculate the dollar variance between expected and actual expenditures, the following formula is used:
 H=(D*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: March 28, 2016
TO: The Honorable Mayor and City Council
FROM: Dennis Osborn, Community Development Director
SUBJECT: Ordinance No. 954-B, Second and Final Reading – Providing for Annexation of the Chehalis School Annexation

ISSUE

The City received a Petition for Annexation signed by a majority of property owners within the proposed annexation area of approximately 57 acres. Council conducted a first reading of this Ordinance on March 14, 2016. Attached is Ordinance No. 954-B for Council consideration.

DISCUSSION

On February 22, the council held a public hearing and passed a resolution to accept the Petition for Annexation. The city has received the Certificate of Sufficiency for the annexation proposal from the Lewis County Assessor's Office certifying the 60% of assessed valuation has been met allowing the annexation to move forward. Before Council is Ordinance 954-B for second and final reading.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council pass Ordinance No. 954-B on second and final reading providing for the annexation of the Chehalis School Annexation.

SUGGESTED MOTION

I move that the council pass Ordinance No. 954-B on second and final reading providing for the annexation of the Chehalis School Annexation.

Reviewed:  _____, City Manager

ORDINANCE NO. 954-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, PROVIDING FOR THE ANNEXATION OF THE FOLLOWING DESCRIBED UNINCORPORATED AREA SITUATE IN THE COUNTY OF LEWIS, STATE OF WASHINGTON:

That portion of the Lewis Johnson Donation Land Claim in Sections 4 and 5, Township 13 North, Range 2 West, W.M. in Lewis County, Washington described as follows:

COMMENCING at the northwest corner of said Section 4; thence S00°10'44"E along the west line of said Section a distance of 1607.14 feet to the north line of the Lewis Johnson Donation Land Claim and the True Point of Beginning; thence N89°30'08"W along said north line a distance of 365.31 feet to the northeasterly margin of the Burlington Northern Santa Fe (formerly C. C. & C) Railroad right of way; thence S35°08'39"E along said margin a distance of 637.40 feet to the west line of said Section 4; thence S00°10'44"E along said west line a distance of 459.51 feet to the northeasterly margin of Interstate Avenue; thence S39°35'04"E along said margin a distance of 540.27 feet to the southwest corner of that parcel described in Quit Claim Deed recorded under Auditor's File Number 3424766, Records of Lewis County, Washington; thence S84°33'42"E along the south line of said parcel a distance of 1292.81 feet; thence S73°47'42"E along said south line a distance of 467.80 feet to the west margin of Bishop County Road; thence S88°59'42"E a distance of 60.00 feet to the east margin of Bishop County Road; thence N00°32'18"E along said east margin a distance of 1058.75 feet to the easterly extension of the south line of that parcel depicted on Record of Survey recorded in Book 7 of Surveys at Page 172, Records of Lewis County, Washington; thence N89°34'30"W along said south line and extension thereof a distance of 821.02 feet to the southwest corner of said parcel; thence N00°33'33"E along the west line of said parcel a distance of 571.65 feet to the south margin of Fair Avenue and the north line of said Lewis Johnson Donation Land Claim; thence N89°30'08"W along said south margin and north line a distance of 210.10 feet to the northerly extension of the east line of the Plat of Ruzicka Court as recorded in Volume 6 of Plats at Page 70, Records of Lewis County, Washington; thence S00°08'52"W along said extension and east line a distance of 406.00 feet to the southeast corner of said Plat; thence N89°30'08"W along the south line of said Plat and the south line of the Plat of JB Armstrong's First Addition to Chehalis, Washington as recorded in Volume 5 of Plats at Page 122, Records of Lewis County, Washington a distance of 752.32 feet to the southwest corner of said JB Armstrong's First Addition; thence N00°09'52"E along the west line of said Plat and the northerly extension thereof a distance of 406.00 feet to the south margin of Fair Avenue and the north line of said Lewis Johnson Donation Land Claim; thence N89°30'08"W along said south margin and north line a distance of 375.79 feet to the True Point of Beginning.

ALSO, Lot 2 and 3 in Block 1 of the Plat of Roberts Five Oaks Addition as recorded in Book 4 of Plats, at Page 50, Records of Lewis County, Washington.

WHEREAS, on the 16th day of February, 2016, the city of Chehalis, Washington, received a Petition for the annexation of property described herein from the owners of more than sixty percent (60%) in value, according to the assessed valuation for general taxation of the property described herein; and

WHEREAS, pursuant to Washington law, the City Council of the city of Chehalis set the date of March 14, 2016, at 5:05 p.m., for a public hearing to consider the Petition for Annexation; and

WHEREAS, notice of said hearing has been published and posted as required by law;

WHEREAS, the County has approved the petition and descriptions of the land to be annexed as required by law; now, therefore,

THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO

ORDAIN AS FOLLOWS:

Section 1. The following described unincorporated real property situate in the county of Lewis, state of Washington:

That portion of the Lewis Johnson Donation Land Claim in Sections 4 and 5, Township 13 North, Range 2 West, W.M. in Lewis County, Washington described as follows:

COMMENCING at the northwest corner of said Section 4; thence S00°10'44"E along the west line of said Section a distance of 1607.14 feet to the north line of the Lewis Johnson Donation Land Claim and the True Point of Beginning; thence N89°30'08"W along said north line a distance of 365.31 feet to the northeasterly margin of the Burlington Northern Santa Fe (formerly C. C. & C) Railroad right of way; thence S35°08'39"E along said margin a distance of 637.40 feet to the west line of said Section 4; thence S00°10'44"E along said west line a distance of 459.51 feet to the northeasterly margin of Interstate Avenue; thence S39°35'04"E along said margin a distance of 540.27 feet to the southwest corner of that parcel described in Quit Claim Deed recorded under Auditor's File Number 3424766, Records of Lewis County, Washington; thence S84°33'42"E along the south line of said parcel a distance of 1292.81 feet; thence S73°47'42"E along said south line a distance of 467.80 feet to the west margin of Bishop County Road; thence S88°59'42"E a distance of 60.00 feet to the east margin of Bishop County Road; thence

N00°32'18"E along said east margin a distance of 1058.75 feet to the easterly extension of the south line of that parcel depicted on Record of Survey recorded in Book 7 of Surveys at Page 172, Records of Lewis County, Washington; thence N89°34'30"W along said south line and extension thereof a distance of 821.02 feet to the southwest corner of said parcel; thence N00°33'33"E along the west line of said parcel a distance of 571.65 feet to the south margin of Fair Avenue and the north line of said Lewis Johnson Donation Land Claim; thence N89°30'08"W along said south margin and north line a distance of 210.10 feet to the northerly extension of the east line of the Plat of Ruzicka Court as recorded in Volume 6 of Plats at Page 70, Records of Lewis County, Washington; thence S00°08'52"W along said extension and east line a distance of 406.00 feet to the southeast corner of said Plat; thence N89°30'08"W along the south line of said Plat and the south line of the Plat of JB Armstrong's First Addition to Chehalis, Washington as recorded in Volume 5 of Plats at Page 122, Records of Lewis County, Washington a distance of 752.32 feet to the southwest corner of said JB Armstrong's First Addition; thence N00°09'52"E along the west line of said Plat and the northerly extension thereof a distance of 406.00 feet to the south margin of Fair Avenue and the north line of said Lewis Johnson Donation Land Claim; thence N89°30'08"W along said south margin and north line a distance of 375.79 feet to the True Point of Beginning.

ALSO, Lot 2 and 3 in Block 1 of the Plat of Roberts Five Oaks Addition as recorded in Book 4 of Plats, at Page 50, Records of Lewis County, Washington;

shall be, and the same hereby is, annexed to the corporate limits of the city of Chehalis, Washington.

Section 2. The Chehalis City Zoning Ordinance, and the Official Zoning Map shall be, and the same hereby are, amended to include the annexed area and zone the school owned property Essential Public Facility (EPF) and the remaining properties General Commercial, consistent with the City's Comprehensive Plan as exists now or amended.

Section 3. The effective date of this Ordinance shall be the _____ day of _____, 2016.

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

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

That portion of the Lewis Johnson Donation Land Claim in Sections 4 and 5, Township 13 North, Range 2 West, W.M. in Lewis County, Washington described as follows:

COMMENCING at the northwest corner of said Section 4; thence S00°10'44"E along the west line of said Section a distance of 1607.14 feet to the north line of the Lewis Johnson Donation Land Claim and the True Point of Beginning; thence N89°30'08"W along said north line a distance of 365.31 feet to the northeasterly margin of the Burlington Northern Santa Fe (formerly C. C. & C) Railroad right of way; thence S35°08'39"E along said margin a distance of 637.40 feet to the west line of said Section 4; thence S00°10'44"E along said west line a distance of 459.51 feet to the northeasterly margin of Interstate Avenue; thence S39°35'04"E along said margin a distance of 540.27 feet to the southwest corner of that parcel described in Quit Claim Deed recorded under Auditor's File Number 3424766, Records of Lewis County, Washington; thence S84°33'42"E along the south line of said parcel a distance of 1292.81 feet; thence S73°47'42"E along said south line a distance of 467.80 feet to the west margin of Bishop County Road; thence S88°59'42"E a distance of 60.00 feet to the east margin of Bishop County Road; thence N00°32'18"E along said east margin a distance of 1058.75 feet to the easterly extension of the south line of that parcel depicted on Record of Survey recorded in Book 7 of Surveys at Page 172, Records of Lewis County, Washington; thence N89°34'30"W along said south line and extension thereof a distance of 821.02 feet to the southwest corner of said parcel; thence N00°33'33"E along the west line of said parcel a distance of 571.65 feet to the south margin of Fair Avenue and the north line of said Lewis Johnson Donation Land Claim; thence N89°30'08"W along said south margin and north line a distance of 210.10 feet to the northerly extension of the east line of the Plat of Ruzicka Court as recorded in Volume 6 of Plats at Page 70, Records of Lewis County, Washington; thence S00°08'52"W along said extension and east line a distance of 406.00 feet to the southeast corner of said Plat; thence N89°30'08"W along the south line of said Plat and the south line of the Plat of JB Armstrong's First Addition to Chehalis, Washington as recorded in Volume 5 of Plats at Page 122, Records of Lewis County, Washington a distance of 752.32 feet to the southwest corner of said JB Armstrong's First Addition; thence N00°09'52"E along the west line of said Plat and the northerly extension thereof a distance of 406.00 feet to the south margin of Fair Avenue and the north line of said Lewis Johnson Donation Land Claim; thence N89°30'08"W along said south margin and north line a distance of 375.79 feet to the True Point of Beginning.

ALSO, Lot 2 and 3 in Block 1 of the Plat of Roberts Five Oaks Addition as recorded in Book 4 of Plats, at Page 50, Records of Lewis County, Washington.



Section A1
Total Assessed Value: \$2,182,800

LeWitt County, Washington

City of Chehalis - Proposed Annexation Draft for Chehalis Review

Annexation Option
 City Limits
 Fixed Control District #1
 Part of Chehalis
 UGA

Scale: 0 100 200 Feet
 North Arrow

City of Chehalis, 1000 1st Street, Chehalis, WA 98514
 Planning Department
 Phone: 360-738-2200
 Fax: 360-738-2201
 Email: planning@chehalis.wa.gov
 Website: www.chehalis.wa.gov



Lewis County Assessor

DIANNE DOREY
ASSESSOR

Marci Miess
Chief Deputy

R. C. Cavazos
Chief Appraiser

CERTIFICATE SHOWING SUFFICIENCY

RE: Chehalis Property Annexation Adjacent to Chehalis Schools

I, Dianne Dorey, Assessor for Lewis County, Washington, hereby certify that I have examined the petition (RCW 35A.14.120), for the proposed annexation to the City of Chehalis. The submitted legal description sufficiently describes seven Lewis County Tax Parcels and the adjacent roads and right-of way. Said properties are lying contiguous to the present boundary line of the Chehalis City Limits. I find that the said petition contains a sufficient number of signatures signed and dated by the owners of not less than sixty per cent of the value according to the assessed valuation of the designated area for which the annexation is petitioned.

Dated this 7th day of March, 2016.

A handwritten signature in cursive script that reads "Dianne Dorey".

Dianne Dorey
Lewis County Assessor

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: March 28, 2016

TO: The Honorable Mayor and City Council

FROM: Dennis Osborn, Community Development Director

SUBJECT: Ordinance No. 956-B, First Reading - Limiting Cannabis Processing, Production, and Retail Outlets

ISSUE

At the December 14, 2015 council meeting, the administration proposed clarifying the zoning code for marijuana production processing and retail. The council suggested exploring limiting cannabis facilities.

DISCUSSION

The item went to the Planning Commission and the Commission recommended the following:

- 1) Prohibit outdoor production and processing facilities;
- 2) Allow production and processing facilities in the Industrial Zones (IL & IH) only as permitted uses. The limited number of available sites in conjunction with the state restrictions would limit the number of facilities; and
- 3) Allow retail in the General Commercial and Freeway Commercial Zones, and not allow retail in the Central Business District (CBD) Zone.

The council held a public hearing for March 14, 2016, and took comment on the cannabis issue. It should be noted that at the time this issue came up in December with council, the state had a limit of 1 cannabis retail facility for Chehalis. Since then, the State has raised the city allocation from one to two for cannabis retail facilities. Given this, during discussion with the Planning Commission, the administration originally shared that retail is already limited to one, but as stated, it has since been raised during our review process of this issue to two retail facilities.

The proposed ordinance contains the provisions recommended by the Planning Commission. The city council may approve, modify, or deny such recommendation by the Planning Commission.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council pass Ordinance No. 956-B on first reading limiting cannabis growing, processing, and production to Industrial zones and retail sale of cannabis to General Commercial and Commercial Freeway zones within the city of Chehalis.

SUGGESTED MOTION

I move that the council pass Ordinance No. 596-B on first reading limiting cannabis growing, processing, and production to Industrial zones and the retail sale of cannabis to General Commercial and Commercial Freeway zones within the city of Chehalis.

Reviewed:  _____, City Manager

ORDINANCE NO. 956-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, ALLOWING THE PRODUCTION AND PROCESSING, OF CANNABIS WITHIN INDUSTRIAL ZONES, AND SALES OF CANNABIS IN THE COMMERCIAL FREEWAY AND GENERAL COMMERCIAL ZONES OF THE CITY LIMITS, AND ESTABLISHING AN EFFECTIVE DATE THEREOF.

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

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

WHEREAS the growing, production and processing of cannabis is and Industrial activity and is best suited for such zone.

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

WHEREAS RCW 69.51A.140(1), allows municipalities to regulate the production, processing and dispensing of cannabis through, business licensing and taxing, and health and safety requirements; and

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

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

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

Section 2. The retail sale of cannabis in the City of Chehalis allowed only in the General Commercial (GC) and the Commercial Freeway (CF) zone.

Section 3.

USE CHART – Sorted Alphabetically within the FACTORY (MANUFACTURING) Occupancy Group(See Appendix Chapter F for Definitions)

CODE	USE OR OCCUPANCY	PARKING	R-1	R-2	R-UGA	R-3	R-4	EPF	C-O	C-N	C-G	C-F	CBD	I-L	I-H
F122A	Indoor Cannabis production, processing and growing facility (15)(16)	3/1,000 GSF	X	X	X	X	X	X	X	X	X	X	X	P	P

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

- 15. The facility must comply with all State requirements.
- 16. Outdoor production facilities shall be prohibited.

Section 3. This Ordinance shall become effective on _____ day of _____, 20__.

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

Mayor

Attest:

City Clerk

Approved as to form and for content:

City Attorney