

CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BLVD | CHEHALIS, WA 98532

Dennis L. Dawes, Position at Large
Mayor

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

Anthony E. Ketchum Sr., District 3
Chad E. Taylor, Position at Large
Robert J. Spahr, Position at Large

Regular Meeting of Monday, September 24, 2018
5:00 p.m.

1. Call to Order. (Mayor)
2. Pledge of Allegiance. (Mayor)

PROCLAMATIONS / PRESENTATIONS

3. Proclamation – Senior Center Month. (Mayor)
4. Recognition of David Hartz and Allyn Roe. (Mayor, CCRT Representatives)

SPECIAL BUSINESS

5. Chehalis Basin Strategy Update. (Andrea McNamara Doyle, Director, Office of Chehalis Basin)
6. Music in the Park Report. (Paul Beattie)

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.

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7. <u>Minutes of the Regular City Council Meeting of September 10, 2018.</u> (City Clerk)	APPROVE	1
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9. <u>Bid for the Shaw Aquatics Center Pool Resurfacing Project.</u> (City Manager, Community Development Director, Property/Facilities Manager)	REJECT BID	6
10. <u>Resolution No. 7-2018, First and Final Reading – Declaring City Property to be Surplus.</u> (City Manager, City Clerk)	ADOPT	7

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UNFINISHED BUSINESS		
11. <u>Ordinance No. 991-B, Second and Final Reading – Amending the 2018 Adopted Budget.</u> (City Manager, Finance Director)	PASS	9

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NEW BUSINESS		
12. <u>Audit Requirements for Recipients of Lodging Tax Funding.</u> (Mayor Pro Tem)	DISCONTINUE EXTERNAL AUDIT REQUIREMENT	20

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13. <u>Administration Reports.</u> a. City Manager Update. (City Manager)	INFORMATION ONLY	- - -
14. <u>Councilor Reports/Committee Updates.</u> (City Council)	INFORMATION ONLY	- - -

**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA.
NEXT REGULAR CITY COUNCIL MEETING IS MONDAY, OCTOBER 8, 2018.**

September 10, 2018

The Chehalis city council met in regular session on Monday, September 10, 2018, in the Chehalis city hall. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following council members present: Terry Harris, Tony Ketchum, Daryl Lund, Dr. Isaac Pope, Bob Spahr, and Chad Taylor. Staff present included: Jill Anderson, City Manager; Ken Cardinale, Fire Chief; Caryn Foley, City Clerk; Bill Hillier, City Attorney; Trent Loughheed, Community Development Director; Brandon Rakes, Airport Operations Coordinator; Rick Sahlén, Public Works Director; Chun Saul, Finance Director; Glenn Schaffer, Police Chief; Judy Schave, Human Resources/Risk Manager; and Patrick Wiltzius, Wastewater Superintendent. Members of the news media in attendance included Will Rubin from *The Chronicle*.

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

a. Minutes of the regular city council meeting of August 27, 2018, and the special city council meeting of August 30, 2018;

b. August 31, 2018 Claim Vouchers No. 123461-123592 in the amount of \$172,890.93;

c. August 31, 2018 Payroll Vouchers No. 40444-40509, Direct Deposit Payroll Vouchers No. 9825-9932, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 197-200 in the amount of \$807,305.76;

d. Accept the Public Works Reroof Project as complete and release retainage after all statutory requirements have been met;

e. Award bid for the Discover! Children's Museum Parking Lot Project to Sterling Breen Crushing in the amount of \$273,516; and

f. Settlement with Waste Action Project.

The motion was seconded by Councilor Lund and carried unanimously.

2. **Ordinance No. 990-B, Second and Final Reading – Providing for an Interfund Loan between the Water Fund and the Airport Fund**. City Manager Anderson stated a question arose during first reading of the ordinance regarding the savings of the proposed interfund loan transfer compared to paying off the bank loan at a faster pace. That analysis was done by the Finance Director and the proposed interfund loan has an approximate \$18,000 savings over paying off the bank loan at a faster rate.

Councilor Spahr moved to pass Ordinance No. 990-B on second and final reading. The motion was seconded by Councilor Pope and carried unanimously.

3. **Interlocal Agreement with Lewis County Fire District 6 for Temporary Station Use by Chehalis**. City Manager Anderson stated that during the course of renovations of the historic fire station, asbestos was uncovered and the miniscule amounts were distributed in the main operational area. At that time, firefighters were evacuated to the Lewis County Fire District 6 station. In order to proceed with renovations and to make sure there are no future disruptions to fire service during that time, the city has approached District 6 about continuing to host the firefighters, which is anticipated to be 45 to 60 days. She appreciated the city's firefighters had to work out of a new station, but believed that continuing it for the next 45 to 60 days was the best course to prevent further disruptions. The proposed interlocal agreement provides that the city would rent the District 6 station for \$1,400 per month for the firefighters and equipment.

Councilor Ketchum moved to approve the interlocal agreement with Lewis County Fire District 6 and authorize the City Manager to execute the document. The motion was seconded by Councilor Pope and carried unanimously.

4. **Ordinance No. 991-B, First Reading – Amending the 2018 Adopted Budget**. Chun Saul stated the net city-wide decrease in fund balances totaled \$793,125:

- General Fund – Total net increase in appropriations of \$65,197 for tree removal; drug enforcement supplies; planning manager; software, firefighter benefits, contra expenses, fire station asbestos, and a transfer to the CDBG Fund. The current estimated ending cash balance was a little over \$1 million and with the proposed budget amendment would be \$969,000.

September 10, 2018

- Wastewater Fund – Total net increase in appropriations of \$355,987 for attorney fees and settlement costs; and Stan Hedwall sewer connection project scope of work change.
- Water Fund – Total net increase in appropriations of \$310,906 for the interfund loan to the Airport Fund; and payroll costs relating to a new Water Distribution Maintenance Worker and a new Planning and Building Manager.
- Airport Fund – Increase in revenues by \$279,430 for the interfund loan from the Water Fund to the Airport Fund to pay off the bank loan taken out for the Tract A site preparation.

Councilor Spahr moved to pass Ordinance No. 991-B on first reading. The motion was seconded by Councilor Lund.

Councilor Ketchum asked what "contra" meant. Ms. Saul explained that contra expenses are for administration costs from certain departments that support other department funds, and some of those costs are allocated to other funds based on various criteria. She stated contra expenses are also called interfund services charges.

The motion carried unanimously.

5. Administration Reports.

a. **City Manager Update.** City Manager Anderson presented the results of the August 30 strategic planning session. The participants identified a number of core values that were important to Chehalis and narrowed the list of top values:

- Ethical Behavior
- Honesty and Integrity
- Professionalism
- Reliability
- Dedication and Hard Work
- Collaboration and Teamwork
- Service to the Community

The group completed a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. Strengths and accomplishments since the January strategic planning session totaled 65+. Participants identified internal weaknesses and challenges, external opportunities and external threats. Council members reaffirmed the goals and new six-month objectives were then identified:

Maintain and enhance financial stability

- Ensure all Enterprise Funds establish designated fund accounts for capital improvement projects for 2019
- Formulate policies to re-establish dedicated reserve funding
- Update on Rich Development lease
- Commence annexation process
- Present scope of work and potential funding for updated utility rate study

Enhance and modernize technology

- Recommend vendor payment program
- Present system for citywide camera and alarm security
- Research and present program to facilitate credit card or bank account payments

Increase and optimize staffing levels

- Review potential funding for prioritized positions and make recommendation regarding potential positions
- Develop a new employee recognition program
- Develop/identify professional development program for managers and supervisors

Improve and maintain the infrastructure

- Complete Stan Hedwall Park sewer service
- Complete design of sanitary sewer forcemain improvement project

September 10, 2018

- Present a Transportation Benefit District implementation plan
- Present a Chehalis beautification plan

Enhance and maintain facilities (Recreation Park, Dispatch Center, and Fire Station)

- Draft letter to Lewis County for commitment to change current government structure and incorporate new structure into a new interlocal agreement (in discussions)
- Present marketing plan for fundraising for Penny Playground Project
- Report success in receiving grants for Recreation Park funding
- Report feasibility of Centralia, RFA, and Chehalis utilizing Thurston County 9-1-1 for dispatch services
- Re-evaluate current fire station
- Recommend 9-1-1 dispatch service organization

City Manager Anderson stated the next strategic planning session was scheduled for Thursday, March 7, 2019.

Councilor Ketchum asked about the difference in opinion about how a recent meeting went between the city and the county regarding dispatch services that was reported on in *The Chronicle*. Mayor Dawes suggested the council discuss the topic under council reports.

b. **Lewis County Program for Public Information (PPI) Committee.** Trent Lougheed stated that Lewis County is currently going through their six-year cycle under the Community Rating System and they are creating a Public Information Committee to provide public information and outreach. The county has asked Chehalis to participate, which would allow the city to earn credits toward its own CRS score. There is a minimum of five committee members required. One from each participating agency must be a certified flood plain manager, and for every staff member there must be one community member. The plan would be to have three staff members and three community members. It was recommended that the city's staff members be Celest Wilder and Hillary Hoke, both with flood plain manager certification. The city needs to come up with one community person involved with flooding.

City Manager Anderson stated a meeting is supposedly scheduled for next week, and typically, staff would ask the council for input on potential community members to serve on the committee and then to appoint them to represent the city. In light of the last minute request, staff is in a position now of asking council to provide ideas for names and then come back to the council for formal appointment.

Following brief discussion, Councilor Spahr moved to authorize the formation of a committee to assist Lewis County with their six-year CRS review and request that the names be submitted back to council for confirmation. The motion was seconded by Councilor Harris.

Councilor Taylor asked if this was a worthwhile use of staff time. Mr. Lougheed thought the time commitment would be minimal, and it would provide credits toward the city's CRS rating.

The motion carried unanimously.

6. Councilor Reports/Committee Updates.

a. Councilor Ketchum stated it was nice to be getting Hillary Hoke back to Chehalis.

b. Councilor Lund received an email from a citizen reporting the sluffing off a hillside under a city road. He called the City Manager and she got staff together and met the gentleman at the site and he was very happy at the city's response.

c. Councilor Spahr commented on the recent strategic planning session. He stated he has seen many of these types of plans sit on the shelf, but thought this one was a living plan that would be worked and added to.

d. Councilor Pope stated he was approached by a coach of a girls' soccer team that practices at Stan Hedwall Park, and was asked what could be done about the homeless that wander in and out of the park. The coach stated they cannot allow individual girls to go to the bathroom by themselves because they don't think it's safe.

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Councilor Pope stated that Boistfort water has some situation and he was asked if Chehalis had enough water to supply Boistfort in the event it was needed. City Manager Anderson stated the person asking should contact Rick Sahlin.

Councilor Pope stated he is part of the council subcommittee on the dispatch issue and attended the recent meeting that was reported on by *The Chronicle*. He asked himself if that was the same meeting he attended and he came to the conclusion that somebody was lying in regards to the meeting, and someone needs to take account of their professional integrity.

e. Councilor Harris stated that regarding the strategic planning session, he appreciated the fact that the facilitator is excellent. It's nice to see the accomplishments and teamwork that goes on. He stated it is a measurable plan.

f. Mayor Dawes attended the following: ribbon cutting at Bartel's; the communications meeting; the grand opening of the Lintott Elementary School; the strategic planning session; the monthly mayors' meeting; and the chamber barbeque.

Regarding the communications meeting with the county, Mayor Dawes stated he agreed with Dr. Pope in that he was caught flat-footed with the county's view of the meeting. He thought it was a professional meeting, but taken as a threat to the county, which disappointed him, along with some inflammatory comments made to the paper. That being said, he stated the city was committed and asked for two weeks from the county to consider a number of options. He stated city staff has expressed a level of frustration that the council cannot ignore, and Chehalis was willing to come to a professional conclusion.

7. **Executive Session.** Mayor Dawes announced the council would take a short recess and then be in executive session pursuant to RCW 42.30.140(4)(b) – Collective Bargaining not to exceed 6:30 pm and there would be no decision following conclusion of the executive session. Mayor Dawes closed the regular meeting at 5:52 pm. The executive session began at 5:58 pm. At 6:28 pm Mayor Dawes reopened the regular meeting and announced the council would continue in executive session not to exceed 6:45 pm and there would be no decision following conclusion of the executive session. Following conclusion of the executive session, the regular meeting was reopened and immediately adjourned at 6:42 pm.

Note: Councilor Spahr and Councilor Pope left the meeting at 6:29 pm.

Dennis L. Dawes, Mayor

Caryn Foley, City Clerk

Approved:

Initials: _____

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director
Michelle White, Accounting Tech II

MEETING OF: September 24, 2018

SUBJECT: Vouchers and Transfers

ISSUE

City Council approval is requested for Vouchers and Transfers dated September 14, 2018.

DISCUSSION

The September 14, 2018 claim vouchers have been reviewed by a committee of three councilors prior to the release of payments. The administration is requesting City Council approval for Claim Vouchers No. 123593-123739 and Electronic Funds Transfer No. 82018 in the amount of \$409,525.19 dated September 14, 2018, which includes the transfer of:

- \$130,657.16 from the General Fund
- \$2,380.31 from the Dedicated Street Fund – 4% Sales Tax
- \$13,293.14 from the Transportation Benefit District Fund
- \$564.00 from the 1982-93 Community Development Block Grant Fund
- \$70,709.68 from the Public Facilities Reserve Fund
- \$478.54 from the Garbage Fund
- \$67,735.01 from the Wastewater Fund
- \$55,933.68 from the Water Fund
- \$7,898.31 from the Storm & Surface Water Utility Fund
- \$59,875.36 from the Airport Fund

RECOMMENDATION

It is recommended that the City Council approve the September 14, 2018 Claim Vouchers No. 123593-123739 and Electronic Funds Transfer No. 82018 in the amount of \$409,525.19.

SUGGESTED MOTION

I move that the City Council approve the September 14, 2018 Claim Vouchers No. 123593-123739 and Electronic Funds Transfer No. 82018 in the amount of \$409,525.19.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Trent Lougheed, Community Development Director
Andrew Hunziker, Property/Facilities Manager

MEETING OF: September 24, 2018

SUBJECT: Reject Bids for the Shaw Aquatics Center Pool Resurfacing Project

ISSUE

In August, bids were solicited for the resurfacing of the Shaw Aquatics Center pool bottom. The estimated cost of the project was \$150,000 and the only bid received came in substantially higher.

DISCUSSION

The resurfacing of the pool is needed because the bottom surface must be white. The bottom was repainted during the original project back in 2014, but the paint discolored and began to flake off. Last year, the pool was drained and another coat of paint was applied, but only to have the same result due to poor preparation and a bad product.

Bids for the work were solicited in August and the only bid received was for \$268,172.62. The estimated cost of the project was \$150,000, so it is recommended that the bid be rejected. The project will be bid again in January in hopes of receiving more bids at less cost. It is assumed the city would receive better bids from contractors if the project can be completed in September 2019 rather than proceed at this time.

FISCAL IMPACT

None by this action.

RECOMMENDATION

It is recommended that the City Council reject the bid for the Shaw Aquatics Center Pool Resurfacing Project.

SUGGESTED MOTION

I move that the City Council reject the bid for the Shaw Aquatics Center Pool Resurfacing Project.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Caryn Foley, City Clerk

DATE: September 24, 2018

SUBJECT: Resolution No. 7-2018, First and Final Reading – Declaring Surplus Property

ISSUE

The Public Works Department has property that is no longer needed. State law requires that property must first be declared surplus by the City Council before being sold, transferred, or disposed of.

DISCUSSION

The Public Works Water Division has 300+ old water meters used for tracking water and waste water use in order to bill customers' usage. The old meters were removed either because they were dead or were part of a meter upgrade/change-out program.

FISCAL IMPACT

All of the meters will be sold to a licensed metal scrap company with proceeds going to the Water Fund.

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 7-2018.

SUGGESTED MOTION

I move that the City Council adopt Resolution No. 7-2018 on the first and final reading.

RESOLUTION NO. 7-2018

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

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

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

Public Works Department	Identifying Information
300+ Brass Water Meters – ½” to 3” Type	

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

ADOPTED by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this _____ day of _____, 2018.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: September 10, 2018

SUBJECT: Ordinance No. 991-B, Second Reading – Second Amendment to the 2018 Budget

ISSUE

Ordinance No. 991-B, amending the 2018 Budget, was introduced and passed on first reading on September 10, 2018. The second reading of the ordinance is scheduled for this meeting. No changes have been made to the ordinance since first reading. A budget amendment is proposed to reflect the changes in estimates and actual activity of the city; ensure compliance with state appropriation requirements; and document adjustments to the 2018 Budget.

DISCUSSION

In June of this year, Ordinance No. 987-B was adopted to amend the 2018 budget, which was the first budget amendment of the year.

This proposed ordinance is the second amendment to the 2018 Budget. The attached spreadsheet provides information on a line-by-line basis, as well as the summary information of the proposed budget amendment. The net city-wide decrease in fund balances associated with the second budget amendment totals \$793,125 which includes the following:

General Fund

Increase in revenue estimates by \$43,038, including a \$21,560 donation from the Chehalis Foundation, \$10,853 from drug seizures, and \$10,625 fees for UGA permitting services.

Total net increase in appropriations is \$32,635, which includes the following:

- \$21,560 increase for unanticipated tree removal costs at Lintott Alexander Park which is reimbursed by the Chehalis Foundation donation.
- \$10,853 increase for operating supplies and small equipment needed for drug enforcement activities.
- \$20,381 increase in personnel costs relating to a new Planning and Building Manager and a reclassification of a Property Maintenance Tech II position to a Property/Facilities Manager.

- \$8,973 increase in software (Building Permit) support costs that were omitted from the adopted 2018 budget.
- \$77,650 contributions made to the Fire Fighters' Health Savings Account that was omitted from the adopted 2018 budget.
- \$66,782 decrease in the City Council, City Manager, City Clerk, Human Resources, and Finance department expenditures collectively, resulting from adjustments of contra expenses (administrative support cost allocation to other funds, thus reducing the support departments' expenditures) based on actual activities through July 2018 to reflect more to the actual.
- \$40,000 decrease in the Non-departmental budget for professional services and communications budget lines that we do not plan on spending the entire amount.

Total of \$75,600 transfer outs are requested for the following:

- \$75,000 to the Public Facilities Reserve Fund for fire station repair costs due to asbestos testing and cleanup.
- \$600 to the 1982-1993 Community Building Block Grant (CDBG) Fund to cover unexpected legal service costs incurred.

1982-93 Community Block Grant Fund (CDBG)

The CDBG fund has a negative fund balance due to unexpected legal work done on a parcel.

Increase in appropriations by \$915 is requested.

A \$600 transfer in from the General Fund is requested to bring the fund balance above zero.

The 2018 adopted budget includes an estimated revenue of \$10,000, however, no revenues are expected to be received. A decrease in revenue estimates in the amount of \$9,700 is proposed.

Public Facilities Reserve Fund

Additional funds (appropriation) in the amount of \$84,515 are needed for the following:

- \$75,000 to cover unexpected asbestos cleanup cost at the fire station, and
- \$9,515 for the Architecture & Engineering service costs for the Recreation Park project.

Total of \$84,515 transfer in is requested as follows:

- \$75,000 transfer in from the General Fund for the asbestos cost, and
- \$9,515 from the Second Quarter REET Fund for the Recreation Park project cost.

Second Quarter Percent REET Fund

It is proposed that \$9,515 be transferred out to the Public Facilities Reserve Fund to provide additional funds needed for the Recreation Park Architecture & Engineering service costs.

Garbage Fund

\$1,500 increase in appropriation is needed to cover increased costs in yard waste and organic dump usage.

Wastewater Fund

A net total increase in appropriations for \$355,987, including the following:

- \$299,000 increase in attorney fees and settlement cost.
- \$108,968 increase for Stan Hedwall sewer connection project scope of work change.
- \$2,687 increase in payroll costs relating to a new Planning & Building Manager.
- \$29,976 decrease in indirect support cost allocations (contra expenses) from the General Fund and the Water Fund.
- Other net decrease \$24,692.

Water Fund

Total net increase in appropriations for \$310,906, including the following:

- \$279,430 interfund loan to the Airport Fund proposed
- \$40,272 increase in payroll costs relating to a new Water Distribution Maintenance Worker and a new Planning and Building Manager
- \$8,796 net decrease in indirect support cost allocations/charges (contra expense) from the General Fund and to the other utilities funds.

Total increase in revenues for \$18,200 relating to interfund loan repayments from the Airport Fund.

Storm & Surface Water Utility Fund

Total increase in appropriation for \$23,035, including the following:

- \$2,687 increase in payroll costs relating to a new Planning and Building Manager
- \$20,348 increase in indirect cost allocations/charges (contra expenses) from the General Fund and from the Water Fund for administrative support cost.

Airport Fund

Increase in revenues by \$279,430, which is an interfund loan from the Water Fund to the Airport Fund to pay off a bank loan taken out for the Tract A site preparation in November 2017.

Increase in appropriation by \$314,600, including the following:

- \$292,960 increase in debt service payments for paying off existing bank loan and three-monthly repayment of interfund loans to the Water Fund.
- \$2,687 increase in payroll costs relating to a new Planning and Building Manager.
- \$18,953 increase in indirect support costs allocations/charges (contra expenses) from the General Fund.

A summary of the proposed budget amounts and estimated ending fund balances, as well as full details of the proposed budget amendment are attached to the proposed ordinance as exhibit "A" and exhibit "A-1".

RECOMMENDATION

It is recommended that the City Council pass Ordinance No. 991-B on second reading.

SUGGESTED MOTION

I move that the City Council pass Ordinance No. 991-B on second reading.

ORDINANCE NO. 991-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING THE 2018 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 985-B BY REVISING THE BUDGETED AMOUNTS BY A COMBINED TOTAL OF SEVEN HUNDRED NINETY THREE THOUSAND ONE HUNDRED TWENTY FIVE DOLLARS (\$793,125) FOR THE GENERAL FUND, 1982-93 COMMUNITY DEVELOPMENT BLOCK GRANT FUND , PUBLIC FACILITIES RESERVE FUND, SECOND QUARTER PERCENT REET FUND, GARBAGE FUND, WASTEWATER FUND, WATER FUND, STORM & SURFACE WATER UTILITY FUND, AND AIRPORT FUND AND DIRECTING THE FINANCE DIRECTOR TO EFFECT THE BUDGET AMENDMENTS HEREIN PROVIDED.

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

Section 1. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the General Fund's estimated revenues by \$43,038, increase appropriations by \$32,625, and increase transfers out by \$75,600.

Section 2. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to decrease the 1982-93 Community Development Block Grant Fund's estimated revenues by \$9,700, increase transfer in by \$600, and increase appropriations by \$915.

Section 3. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the Public Facilities Reserve Fund's transfer in by \$84,515 and increase appropriations by \$84,515.

Section 4. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the Second Quarter Percent REET Fund's transfers out by \$9,515.

Section 5. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the Garbage Fund's appropriations by \$1,500.

Section 6. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the Wastewater Fund's appropriations by \$355,987.

Section 7. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the Water Fund's revenues by \$18,200 and increase appropriations by \$310,906.

Section 8. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the Storm & Surface Water Fund's appropriations by \$23,035.

Section 9. The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the Airport Fund's revenues by \$279,430 and increase appropriations by \$314,600.

Section 10. Attached hereto and identified as Exhibit A, in summary form, are the total of estimated revenues, transfers in, expenditures, and transfers out for each separate fund and the aggregate totals for all such funds combined for the city for the amended 2018 budget which shows a total estimated ending fund balance of \$16,764,866.

PASSED by the city council of the City of Chehalis, Washington, and **APPROVED** on its second reading at a regularly scheduled open public meeting thereof this _____ day of _____, 2018.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

EXHIBIT A
CITY OF CHEHALIS SECOND AMENDED 2018 BUDGET
2018 Budget Summary Revised with Ordinance No. 991-B

FUND NAME	FUND NO.	Est. Beg. Fund Balance	Revenue	Transfers In	Expenditures	Transfers Out	Est. End. Fund Balance	Change in Est. Fund Balance	Fund Bal. % Chg Beg - End.
General Fund	001	\$ 2,041,941	\$ 9,329,852	\$ -	\$ 9,845,641	\$ 556,527	\$ 969,625	(1,072,316)	-52.5%
Dedicated Street Fund - 4% Sales Tax	003	117,842	500	184,625	180,940	-	122,027	4,185	3.6%
Building Abatement Fund	004	90,313	200	9,596	-	-	100,109	9,796	10.8%
Arterial Street Fund	102	114,125	148,500	-	160,060	-	102,565	(11,560)	-10.1%
Transportation Benefit Fund	103	360,055	850,600	-	500,000	-	710,655	350,600	97.4%
Tourism Fund	107	313,086	233,800	-	217,435	100,000	229,451	(83,635)	-26.7%
Compensated Absence Fund	110	-	-	92,868	-	-	92,868	92,868	0.0%
Community Dev. Block Grant Fund	195	111	300	600	990	-	21	(90)	-81.1%
HUD Block Grant Fund	197	70,943	100	-	-	-	71,043	100	0.1%
2011 G.O. Bond Fund	200	-	-	102,510	102,510	-	-	-	0.0%
Public Facilities Reserve Fund	301	90,185	189,233	739,515	829,660	-	189,273	99,088	109.9%
Automotive/Equip. Res. Fund	302	463	-	92,868	-	-	93,331	92,868	20057.9%
1st Quarter REET Fund	305	176,107	90,700	-	-	242,865	23,942	(152,165)	-86.4%
2nd Quarter REET Fund	306	264,738	90,650	-	-	323,190	32,198	(232,540)	-87.8%
Garbage Fund	402	7,024	6,445	-	7,505	-	5,964	(1,060)	-15.1%
Wastewater Fund	404	4,322,426	5,529,897	-	5,512,192	-	4,840,131	17,705	0.4%
Water Fund	405	7,192,608	2,880,084	-	3,210,767	-	6,861,925	(330,683)	-4.6%
Storm & Surface Water Fund	406	1,100,553	578,130	-	721,225	-	957,458	(143,095)	-13.0%
Airport Fund	407	371,625	2,369,689	-	2,218,232	-	523,082	151,457	40.8%
Firemen's Pension Fund	611	729,330	177,478	-	78,500	-	828,308	98,978	13.6%
City Agency Fund	633	10,890	360,000	-	360,000	-	10,890	-	0.0%
TOTALS		\$ 17,874,365	\$ 22,836,158	\$ 1,222,582	\$ 23,945,657	\$ 1,222,582	\$ 16,764,366	\$ (1,109,499)	-6.2%

Fund No. and Name	Account Name	Reason for Amendment	2018 Amended Budget	Revenue Increase (Decrease)	Transfers In	Transfers Increase (Decrease)	Appropriation In	Transfers Increase (Decrease)	Out	Total Amendment Increase (Decrease)	Recommended Amended Budget
Fund 001 - General Fund											
Revenues:											
001.345.089.02	Com Dev Admin Fee - UGA Permitting	Anticipated Revenue from UGA Permitting	-	10,625	-	-	-	-	-	10,625	10,625
001.369.030.00	Confiscated & Forfeiture-Drug/JNET Facilities Donation	Drug Unit increased costs to be reimbursed.	10,000	10,853	-	-	-	-	-	10,853	20,853
001.367.011.76	Total General Fund Revenues & Transfers In	Chehalis Foundation for tree removal at Lintott/Alexander	9,296,814	21,560	-	-	-	-	-	21,560	21,560
				43,038						43,038	9,339,852
Expenditures:											
CONTRA EXPENSES:											
001.B1.511.069.1C.00	Council-Wage Contra Expense	Review of Contra Accounts-Reflects more to actual	(1,800)	-	-	(1,263)	-	-	-	(1,263)	(3,063)
001.B1.511.069.2C.00	Council-Benefit Contra Expense	Review of Contra Accounts-Reflects more to actual	(17,900)	-	-	(14,743)	-	-	-	(14,743)	(32,543)
001.B1.511.069.3C.00	Council-Supplies Contra Expense	Review of Contra Accounts-Reflects more to actual	(285)	-	-	(460)	-	-	-	(460)	(745)
001.D1.511.069.4C.00	City Manager-Wage Contra Expense	Review of Contra Accounts-Reflects more to actual	(4,461)	-	-	1,250	-	-	-	1,250	(3,211)
001.D1.513.019.1C.00	City Manager-Benefit Contra Expense	Review of Contra Accounts-Reflects more to actual	(55,895)	-	-	(4,713)	-	-	-	(4,713)	(60,608)
001.D1.513.019.2C.00	City Manager-Supplies Contra Expense	Review of Contra Accounts-Reflects more to actual	(31,200)	-	-	5,388	-	-	-	5,388	(25,812)
001.D1.513.019.3C.00	City Manager-Services Contra Expense	Review of Contra Accounts-Reflects more to actual	(420)	-	-	49	-	-	-	49	(371)
001.D1.513.019.4C.00	City Manager-Supplies Contra Expense	Review of Contra Accounts-Reflects more to actual	(4,373)	-	-	(4,332)	-	-	-	(4,332)	(9,307)
001.D1.515.019.3C.00	City Manager-Supplies Contra Expense	Review of Contra Accounts-Reflects more to actual	(422)	-	-	(7)	-	-	-	(7)	(429)
001.D1.515.019.4C.00	City Manager-Services Contra Expense	Review of Contra Accounts-Reflects more to actual	(23,881)	-	-	(11,357)	-	-	-	(11,357)	(34,938)
001.E1.514.029.1C.00	Finance-Wage Contra Expense	Review of Contra Accounts-Reflects more to actual	(84,000)	-	-	(15,505)	-	-	-	(15,505)	(99,505)
001.E1.514.029.2C.00	Finance-Benefit Contra Expense	Review of Contra Accounts-Reflects more to actual	(36,900)	-	-	(2,751)	-	-	-	(2,751)	(39,351)
001.E1.514.029.3C.00	Finance-Supplies Contra Expense	Review of Contra Accounts-Reflects more to actual	(2,901)	-	-	1,400	-	-	-	1,400	(1,501)
001.E1.514.029.4C.00	Finance-Services Contra Expense	Review of Contra Accounts-Reflects more to actual	(13,847)	-	-	(12,827)	-	-	-	(12,827)	(26,174)
001.E4.514.028.1C.00	City Clerk-Wage Contra Expense	Review of Contra Accounts-Reflects more to actual	(14,815)	-	-	(7,035)	-	-	-	(7,035)	(21,660)
001.E4.514.028.2C.00	City Clerk-Benefit Contra Expense	Review of Contra Accounts-Reflects more to actual	(6,825)	-	-	(4,480)	-	-	-	(4,480)	(11,305)
001.E4.514.028.3C.00	City Clerk-Supplies Contra Expense	Review of Contra Accounts-Reflects more to actual	(324)	-	-	195	-	-	-	195	(129)
001.E4.514.028.4C.00	City Clerk-Services Contra Expense	Review of Contra Accounts-Reflects more to actual	(2,700)	-	-	494	-	-	-	494	(2,206)
001.G1.518.030.1C.00	HR/Risk Mgmt-Wage Contra Expense	Review of Contra Accounts-Reflects more to actual	(361)	-	-	361	-	-	-	361	-
001.G1.518.030.2C.00	HR/Risk Mgmt-Benefit Contra Expense	Review of Contra Accounts-Reflects more to actual	(26,740)	-	-	(925)	-	-	-	(925)	(27,665)
001.G2.518.019.1C.00	HR/Risk Mgmt-Wage Contra Expense	Review of Contra Accounts-Reflects more to actual	(10,045)	-	-	(626)	-	-	-	(626)	(10,671)
001.G2.518.019.2C.00	HR/Risk Mgmt-Benefit Contra Expense	Review of Contra Accounts-Reflects more to actual	(1,693)	-	-	1,222	-	-	-	1,222	(471)
001.G2.518.019.3C.00	HR/Risk Mgmt-Supplies Contra Expense	Review of Contra Accounts-Reflects more to actual	(6,553)	-	-	3,883	-	-	-	3,883	(2,670)
		Sub total -contra expenses				(66,782)				(66,782)	
001.F2.518.030.11.00	Salaries & Wages	Reclassification Facility Manager	276,505	-	-	(29,638)	-	-	-	(29,638)	246,867
001.F2.518.030.12.00	Overtime	Reclassification Facility Manager	6,000	-	-	(580)	-	-	-	(580)	5,420
001.F2.518.030.21.00	Personnel Benefits	Reclassification Facility Manager	152,951	-	-	(16,210)	-	-	-	(16,210)	136,741
001.F2.518.031.11.00	Salaries & Wages	Reclassification Facility Manager	20,261	-	-	33,361	-	-	-	33,361	53,622
001.F2.518.031.21.00	Personnel Benefits	Reclassification Facility Manager	7,189	-	-	17,324	-	-	-	17,324	24,513
		Sub total - facility manager reclassification				4,257				4,257	
001.F2.518.030.48.00	Repair & Maintenance	Unforeseen Tree Removal at Lintott Alexander Park	74,500	-	-	21,560	-	-	-	21,560	96,060
		Sub total - facility other				(25,000)				(25,000)	
001.G1.518.080.41.00	Professional Services	Not planning on spending the entire amount	48,000	-	-	(25,000)	-	-	-	(25,000)	23,000
001.G1.518.090.42.00	Communications	Not planning on spending the entire amount	25,000	-	-	(15,000)	-	-	-	(15,000)	10,000
001.G1.597.000.05.31	Transfer Out to Fund 301	Fire station repairs - asbestos testing/clean up cost	75,000	-	-	75,000	-	-	75,000	75,000	150,000
001.G1.597.000.05.95	Transfer out - Fund 195 (CDBG)	Transfer out to CDBG fund to cover legal service fees	-	-	-	600	-	-	600	600	600
		Sub total - non department				(40,000)				(40,000)	
001.H1.521.022.24.00	Uniforms & Clothing	Rifle ballistic vests JNET	13,500	-	-	1,629	-	-	-	1,629	15,129
001.H1.521.022.35.00	Small Tools and Minor Equipment	SWAT rifle & drug scale JNET	18,000	-	-	5,594	-	-	-	5,594	23,594
001.H1.521.022.41.00	Professional Services	Drug patrol car lining	3,000	-	-	300	-	-	-	300	3,300
001.H1.521.022.45.00	Rentals	Undercover vehicle rental JNET	-	-	-	1,328	-	-	-	1,328	1,328
001.H1.521.040.43.01	Training Staff	Vital training for JNET	2,000	-	-	981	-	-	-	981	2,981
001.H1.521.040.49.00	Registration	Vital training for JNET	1,800	-	-	1,021	-	-	-	1,021	2,821
		Sub-Total Police				10,853				10,853	
001.I1.522.020.21.00	Personnel Benefits	HRAVEBA contribution for firefighters omitted in the original budget	71,880	-	-	15,530	-	-	-	15,530	87,410
001.I1.522.026.21.00	Personnel Benefits	HRAVEBA contribution for firefighters omitted in the original budget	287,523	-	-	62,120	-	-	-	62,120	349,643
		Sub-Total Fire				77,650				77,650	
001.K1.543.010.11.00	Salaries & Wages	New position - Planning & Building Manager (Oct. - Dec.)	64,624	-	-	1,758	-	-	-	1,758	66,382
001.K1.543.010.21.00	Personnel Benefits	New position - Planning & Building Manager (Oct. - Dec.)	25,154	-	-	929	-	-	-	929	26,083
		Sub-Total Street				2,687				2,687	

Fund No. and Name	Account Name	Reason for Amendment	2018 Amended Budget	Revenue Increase (Decrease)	Transfers In	Transfers Increase (Decrease)	Appropriation Out	Total Amendment Increase (Decrease)	Recommended Amended Budget
001.P2.524.011.49.00	Software Maintenance & Training	Annual software support cost. Not in the 2018 original budget.	-	-	-	8,973	-	8,973	8,973
001.P2.559.030.11.00	Salaries & Wages	New position - Planning & Building Manager (Oct.- Dec.)	65,700	(9,700)	-	8,791	-	(9,700)	74,491
001.P2.559.030.21.00	Personnel Benefits	New position - Planning & Building Manager (Oct.- Dec.)	27,794	-	-	4,646	-	4,646	32,440
Sub-Total Planning & Building			10,293,933	-	-	22,410	-	22,410	10,402,166
Total General Fund Expenditures & Transfers Out			10,293,933	-	-	32,635	75,600	108,235	10,402,166
Total General Fund			43,038	-	-	32,635	75,600	(65,197)	

Fund 195 - 1982-93 Community Development Block Grant Fund

Revenues									
195.345.060.00	CDBG loan principal payment	Not expect to receive budgeted amount	10,000	(9,700)	-	-	-	(9,700)	300
195.397.000.01	Transfers in - Fund 001	Transfer from General Fund	-	-	600	-	-	600	600
Total 1982-93 Community Development Block Grant Revenues and Transfer in			10,000	(9,700)	600	-	-	(9,100)	900
Expenditures:									
195.46.559.030.41.00	Professional Services	Legal work necessary on a parcel	75	-	-	915	-	915	990
Total 1982-93 Community Development Block Grant Expenditures			75	-	-	915	-	915	990
Total 1982-93 Community Development Block Grant Fund			(9,700)	600	915	-	-	(10,015)	

Fund 301 - Public Facilities Reserve Fund

Revenues:									
301.397.000.01	Transfer in - Fund 001	Fire Station asbestos testing/cleanup costs	75,000	-	75,000	-	-	75,000	150,000
301.397.000.36	Transfer in - Fund 306	Recreating Park A & E expenditures over budget	280,000	-	9,515	-	-	9,515	289,515
Total Public Facilities Reserve Fund Revenues and Transfers in			844,233	-	84,515	-	-	84,515	928,748
Expenditures:									
301.44.594.022.62.00	Bldgs./Structures - Fire Station	Fire Station Repair	195,000	-	-	75,000	-	75,000	270,000
301.44.594.076.63.01	Other Improvements-Rec.Parks	Progress for A&E service Recreation Park faster than expected	110,000	-	-	9,515	-	9,515	119,515
Total Public Facilities Reserve Fund Expenditures and Transfers Out			745,145	-	-	84,515	-	84,515	829,660
Total Public Facilities Reserve Fund			-	-	84,515	-	-	-	

Fund 306 - Second Quarter Percent REET Fund

Expenditures:									
306.44.597.000.05.31	Transfer out to 301	Recreating Park A & E expenditures over budget	280,000	-	-	9,515	-	9,515	289,515
Total Second Quarter Percent REET Fund Expenditures & Transfers Out			313,675	-	-	9,515	-	9,515	323,190
Total Second Quarter Percent REET Fund			-	-	-	-	-	(9,515)	

Fund 402 - Garbage Fund

Expenditures:									
402.12.537.070.47.01	Utility Service-Yard Waste	Increase in yard waste and organic dump usage	5,775	-	-	1,500	-	1,500	7,275
Total Garbage Fund Expenditures			6,005	-	-	1,500	-	1,500	7,505
Total Garbage Fund			-	-	-	-	-	(1,500)	

Fund 404 - Wastewater Fund

Expenditures:									
404.11.535.091.1A.00	Wastewater-Wage Contra Offsets	Review of Contra Accounts-Reflects more to actual	91,330	-	-	9	-	9	91,339
404.11.535.091.2A.00	Wastewater-Benefits Contra Offsets	Review of Contra Accounts-Reflects more to actual	43,700	-	-	399	-	399	50,099
404.11.535.091.3A.00	Wastewater-Supplies Contra Offsets	Review of Contra Accounts-Reflects more to actual	4,200	-	-	(2,650)	-	(2,650)	1,550
404.11.535.091.4A.00	Wastewater Prof Sys Contra Offsets	Review of Contra Accounts-Reflects more to actual	35,800	-	-	(2,814)	-	(2,814)	32,986
404.11.535.099.1A.00	Wastewater-Wage Contra Offsets	Review of Contra Accounts-Reflects more to actual	75,197	-	-	(22,897)	-	(22,897)	52,300

Fund No. and Name	Account Name	Reason for Amendment	2018		Transfers		Appropriation		Transfers		Total Amendment Increase (Decrease)	Recommended Amended Budget
			Amended Budget	Increase (Decrease)	In	Out	Increase (Decrease)	Out				
404.11.535.089.2A.00	Wastewater Benefits Contra Offsets	Review of Contra Accounts-Reflects more to actual	42,095	(6,700)	-	-	(6,700)	-	-	(6,700)	35,395	
404.11.535.099.3A.00	Wastewater Supplies Contra Offsets	Review of Contra Accounts-Reflects more to actual	2,310	3,996	-	-	3,996	-	-	3,996	6,306	
404.11.535.099.4A.00	Wastewater Prof Svs Contra Offsets	Review of Contra Accounts-Reflects more to actual	13,161	681	-	-	681	-	-	681	13,842	
		Subtotal for Wastewater Contras		(29,976)			(29,976)			(29,976)		
404.11.535.010.11.00	Salaries & Wages	New position - Planning & Building Manager (Oct.- Dec.)	117,765	1,758	-	-	1,758	-	-	1,758	119,523	
404.11.535.010.21.00	Personnel Benefits	New position - Planning & Building Manager (Oct.- Dec.)	49,049	929	-	-	929	-	-	929	49,978	
404.11.594.035.65.00	Construction Projects	Stan Hedwall Sewer Connection project scope change	150,905	108,968	-	-	108,968	-	-	108,968	259,873	
404.16.535.050.48.00	Repairs & Maintenance-Facilities	Solids removal by contractor not done	58,300	(28,000)	-	-	(28,000)	-	-	(28,000)	30,300	
404.16.535.080.41.00	Professional Services	Attorney fees & settlement (contribution to a Land Trust)	66,000	299,000	-	-	299,000	-	-	299,000	365,000	
404.16.535.080.47.00	Public Utility Service	Disposal of debris for Fire at WWTP	106,000	3,308	-	-	3,308	-	-	3,308	109,308	
		Subtotal for Wastewater Other		385,963			385,963			385,963		
		Total Wastewater Fund Expenditures	5,166,205	-	-	-	355,987	-	-	355,987	5,512,192	
		Total Wastewater Fund								(355,987)		

Fund 405 - Water Fund

Revenues:												
405.361.040.07	Interest on interfund loan	New interfund loan interest from Airport Fund (Oct-Dec)	-	1,400	-	-	-	-	-	-	1,400	1,400
405.381.020.07	Interfund loans repayment received	New interfund loan repayment from Airport Fund (Oct-Dec)	-	16,800	-	-	-	-	-	-	16,800	16,800
	Total Water Fund Revenues		2,861,884	18,200	-	-	-	-	-	-	18,200	2,880,084
Expenditures:												
405.10.534.071.1C.00	Wage Contra Expenditures	Correction for budget entry for charges to other utility funds	(52,975)	(27,039)	-	-	(27,039)	-	-	(27,039)	(80,014)	
405.10.534.071.2C.00	Benefit Contra Expenditures	Correction for budget entry for charges to other utility funds	(29,655)	(22,641)	-	-	(22,641)	-	-	(22,641)	(52,296)	
405.10.534.071.3C.00	Supplies Contra Expenditures	Correction for budget entry for charges to other utility funds	(1,628)	(9,924)	-	-	(9,924)	-	-	(9,924)	(11,552)	
405.10.534.071.4C.00	Services Contra Expenditures	Correction for budget entry for charges to other utility funds	(9,272)	(16,087)	-	-	(16,087)	-	-	(16,087)	(25,359)	
405.10.534.091.1A.00	Water Wage Contra Offsets	Review of Contra Accounts-Reflects more to actual	3,315	54,256	-	-	54,256	-	-	54,256	57,571	
405.10.534.091.2A.00	Water Benefits Contra Offsets	Review of Contra Accounts-Reflects more to actual	1,362	28,683	-	-	28,683	-	-	28,683	30,045	
405.10.534.091.3A.00	Water Supplies Contra Offsets	Review of Contra Accounts-Reflects more to actual	13,164	(12,194)	-	-	(12,194)	-	-	(12,194)	970	
405.10.534.091.4A.00	Water Prof Svs Contra Offsets	Review of Contra Accounts-Reflects more to actual	22,741	(3,850)	-	-	(3,850)	-	-	(3,850)	18,891	
		Subtotal for Water Contras		(8,796)			(8,796)			(8,796)		
405.10.534.010.11.00	Salaries & Wages	New position - Planning & Building Manager (Oct.- Dec.)	108,870	1,758	-	-	1,758	-	-	1,758	110,628	
405.10.534.010.21.00	Personnel Benefits	New position - Planning & Building Manager (Oct.- Dec.)	54,892	929	-	-	929	-	-	929	55,821	
405.10.534.070.11.00	Salary & Wages	A new water distribution operator/meter reader position	188,528	20,940	-	-	20,940	-	-	20,940	209,468	
405.10.534.070.21.00	Personnel Benefits	A new water distribution operator/meter reader position	111,873	16,645	-	-	16,645	-	-	16,645	128,518	
405.10.581.010.07.00	Interfund loan to 407 Airport Fund	Interfund loan issue to Airport Fund 10/1/2018	-	279,430	-	-	279,430	-	-	279,430	279,430	
	Total Water Fund Expenditures	Subtotal for Water other	2,899,861	319,702	-	-	319,702	-	-	319,702	3,210,767	
	Total Water Fund			18,200	-	-	310,906	-	-	(292,706)		

Fund 406 - Storm & Surface Water Utility Fund

Expenditures:												
406.06.531.031.11.00	Salaries & Wages	New position - Planning & Building Manager (Oct.- Dec.)	64,625	1,758	-	-	1,758	-	-	1,758	66,383	
406.06.531.031.21.00	Personnel Benefits	New position - Planning & Building Manager (Oct.- Dec.)	25,605	929	-	-	929	-	-	929	26,534	
		Subtotal for Storm other		2,687			2,687			2,687		
406.06.531.091.1A.00	Stormwater Wage Contra Offsets	Review of Contra Accounts-Reflects more to actual	6,993	7,440	-	-	7,440	-	-	7,440	14,433	
406.06.531.091.2A.00	Stormwater Benefits Contra Offsets	Review of Contra Accounts-Reflects more to actual	3,914	3,874	-	-	3,874	-	-	3,874	7,788	
406.06.531.091.3A.00	Stormwater Supplies Contra Offsets	Review of Contra Accounts-Reflects more to actual	215	31	-	-	31	-	-	31	246	
406.06.531.091.4A.00	Stormwater Prof Svs Contra Offsets	Review of Contra Accounts-Reflects more to actual	1,324	3,620	-	-	3,620	-	-	3,620	4,944	
406.06.531.099.1A.00	Stormwater Wage Contra Offsets	Review of Contra Accounts-Reflects more to actual	26,584	1,130	-	-	1,130	-	-	1,130	27,714	
406.06.531.099.2A.00	Stormwater Benefits Contra Offsets	Review of Contra Accounts-Reflects more to actual	18,241	(1,340)	-	-	(1,340)	-	-	(1,340)	16,901	
406.06.531.099.3A.00	Stormwater Supplies Contra Offsets	Review of Contra Accounts-Reflects more to actual	9,524	(4,278)	-	-	(4,278)	-	-	(4,278)	5,246	
406.06.531.099.4A.00	Stormwater Prof Svs Contra Offsets	Review of Contra Accounts-Reflects more to actual	1,645	9,871	-	-	9,871	-	-	9,871	11,516	
		Subtotal for Storm Contras		20,348			20,348			20,348		

Fund No. and Name	Account Name	Reason for Amendment	2018		Transfers		Appropriation		Transfers		Total	
			Amended Budget	Revenue Increase (Decrease)	In	Out	Increase (Decrease)	Out	Amendment Increase (Decrease)	Recommended Amended Budget		
Total Storm & Surface Water Utility Fund Expenditures			698,190	-	-	-	23,035	-	-	-	23,035	721,225
Total Storm & Surface Water Utility Fund											(23,035)	
Fund 407 - Airport Fund												
Revenues:												
407.381.010.05	Interfund Loan Received	Interfund Loan from Water Fund (to payoff bank loan)	2,090,259	279,430	-	-	-	-	-	-	279,430	279,430
Total Airport Fund Revenues				279,430							279,430	2,369,689
Expenditures:												
407.09.546.091.1A.00	Airport Wage Contra Offsets	Review of Contra Accounts-Reflects more to actual	47,868	-	-	-	1,281	-	-	-	1,281	49,149
407.09.546.091.2A.00	Airport Benefits Contra Offsets	Review of Contra Accounts-Reflects more to actual	26,796	-	-	-	4,954	-	-	-	4,954	31,750
407.09.546.091.3A.00	Airport Supplies Contra Offsets	Review of Contra Accounts-Reflects more to actual	1,470	-	-	-	(588)	-	-	-	(588)	882
407.09.546.091.4A.00	Airport Prof Svs Contra Offsets	Review of Contra Accounts-Reflects more to actual	8,378	-	-	-	13,306	-	-	-	13,306	21,684
Subtotal for Airport Contris												
407.09.546.010.11.00	Salaries & Wages	New position - Planning & Building Manager (Oct. - Dec.)	190,954	-	-	-	1,758	-	-	-	1,758	192,712
407.09.546.010.21.00	Personnel Benefits	New position - Planning & Building Manager (Oct. - Dec.)	110,605	-	-	-	929	-	-	-	929	111,534
407.09.581.020.05.00	Interfund Loan Repayments	Principal Interfund Loan repayment to WA fund (Oct-Dec)	-	-	-	-	16,800	-	-	-	16,800	16,800
407.09.591.046.71.02	Loan Principal Tract 5A	Early payoff SSBank loan principal (Tract A)	21,000	-	-	-	276,105	-	-	-	276,105	297,105
407.09.592.046.83.02	Loan Interest Tract 5 A	SSB loan interest - early payoff (Tract A)	12,400	-	-	-	(1,345)	-	-	-	(1,345)	11,055
407.09.592.046.83.05	Loan Interest Tract 5 A-Interfund loan	Interfund loan interest to WA fund (Oct-Dec)	-	-	-	-	1,400	-	-	-	1,400	1,400
Subtotal for Airport other												
Total Airport Fund Expenditures			1,903,632	-	-	-	314,600	-	-	-	295,647	2,218,232
Total Airport Fund				279,430							(35,170)	
Total City-wide All Funds				330,968	85,115	1,124,093	85,115				(793,125)	

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Terry Harris, Chair, Lodging Tax Advisory Committee

BY: Jill Anderson, City Manager
Caryn Foley, City Clerk

MEETING OF: September 24, 2018

SUBJECT: Audit Requirements for Recipients of Lodging Tax Funding

ISSUE

The City Council is being asked to reconsider the requirement for an external audit by organizations that receive Chehalis lodging tax funds.

BACKGROUND

In 2012, the City Council required that lodging tax funding applicants provide the city with documentation relating to their non-profit status and finances, including:

- Organization's total budget
- Current IRS filing (Form 990, 990-EZ, or 990-N)
- Balance Sheet or Statement of Assets, Liabilities, and Fund Balance
- Income statement or Profit and Loss Statement
- Bank statements to confirm existence of cash balances and to coincide with financial statements
- Statement signed by the President and Treasurer that the documents presented are true and correct
- Verification of organization's current registration from the Secretary of State Corporations Division, IRS tax exempt status, and current report to State Charities Division

In 2013, the City Council voted that organizations that receive Chehalis tourism funding over an extended period greater than five years be required to have an external audit. Such audits may only be performed by a licensed member of the American Institute of Certified Public Accountants and who pass peer review to issue audit reports on financial statements. Audits were to be required every five years effective with submittal of applications for 2015 funding.

The City Council acknowledged this added expense to non-profits, but believed that it would not only protect the city and public funds, but also the organizations and the people within the organizations. This requirement was prompted in-part after a local non-profit was a victim of embezzlement.

DISCUSSION

In August, the city was contacted by a local accountant for one of the recipient organizations that receive Chehalis lodging tax funding, specifically relating to the city's requirement for an external audit every five years. He explained that if the Council's intent is to protect organizations from embezzlement, requiring an external audit only once every five years defeats the purpose. He stated that the audit cycle usually consists of an *internal review* one year, an *external review* the second year, and an *audit* the third year. Having the audit every five years leaves two years that are not being reviewed or monitored through the audit cycle.

Staff met with Councilor Harris, chair of the Lodging Tax Advisory Committee, to share this information. A well-respected local CPA, Tom Bradley, was also contacted and he confirmed that audits are done on a three-year cycle.

This issue led to a discussion on what the City was responsible for and what it could actually do with the audit information. The reality is that is the responsibility of an organization's Board of Directors to manage their funds and use best practices to avoid the misuse of funds. The city's responsibility to ensure that the funds it receives from the lodging tax are being distributed and used consistent with state law.

The current practice requires an application for the funds, which are reviewed by the Lodging Tax Advisory Committee (LTAC). The LTAC makes recommendations to the City Council, which is responsible for approving the funding allocations.

Following the award of funding requests by the City Council, each organization enters into an agreement with the city. The agreement requires that organizations use the funds in accordance with state statutes, and that they provide quarterly reimbursement requests, including paid invoices. Each invoice is reviewed to ensure that Chehalis lodging tax funds were spent on appropriate uses, before the expense is reimbursed. This review holds the organizations accountable for the use of the lodging tax funds allocated, fulfilling the city's responsibility.

Since the current practice provides that invoices must be submitted and reviewed before being paid, the external audit requirement is not necessary for the city's accounting for lodging tax funds. Therefore, it is proposed that the requirement for an audit every 5 years be removed as a condition of funding.

Mr. Bradley has been invited to the September 24 City Council meeting to provide information about the different types of audits and address questions that might arise during the discussion of this matter.

FISCAL IMPACT

None by this action.

RECOMMENDATION

It is recommended that the City Council remove the requirement that organizations that receive Chehalis tourism funding over an extended period greater than five years be required to have an external audit.

SUGGESTED MOTION

I move that the City Council discontinue the requirement that organizations that receive Chehalis tourism funding over an extended period greater than five years be required to have an external audit.