

**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, November 26, 2018**  
**5:00 p.m.**

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

**SPECIAL BUSINESS**

3. Port of Chehalis Update. (Randy Mueller, Chief Executive Officer)

**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.

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>CONSENT CALENDAR</b>		
4. <u>Minutes of the Regular City Council Meeting of November 13, 2018.</u> (City Clerk)	APPROVE	1
5. <u>Vouchers and Transfers – Accounts Payable.</u> (City Manager, Finance Director)	APPROVE	5
6. <u>Professional Services Agreement with Allen Unzleman to Provide Hearings Examiner Services.</u> (City Manager, Community Development Director, Planning & Building Manager)	APPROVE/AUTHORIZE CITY MANAGER TO SIGN	6

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>PUBLIC HEARING</b>		
7. <u>2019 Proposed Budget and Revenue Sources, Taxes, and Levies.</u> (City Manager, Finance Director)	CONDUCT PUBLIC HEARING	19

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>UNFINISHED BUSINESS</b>		
8. <u>Ordinance No. 993-B, Second and Final Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2019.</u> (City Manager, Finance Director)	PASS	21
9. <u>Ordinance No. 994-B, Second and Final Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2019.</u> (City Manager, Finance Director)	PASS	21
10. <u>Ordinance No. 995-B, Second and Final Reading – Adopting the Proposed 2019 Budget.</u> (City Manager, Finance Director)	PASS	26

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>NEW BUSINESS</b>		
11. <u>Ordinance No. 996-B, First Reading – Amending the 2018 Adopted Budget.</u> (City Manager, Finance Director)	PASS	40

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>ADMINISTRATION AND CITY COUNCIL REPORTS</b>		
12. <u>Administration Reports.</u> a. City Manager Update. (City Manager)	INFORMATION ONLY	- - -
13. <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, DECEMBER 10, 2018.**

November 13, 2018

The Chehalis city council met in regular session on Tuesday, November 13, 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; Melody Guenther, Court Administrator; Bill Hillier, City Attorney; Andrew Hunziker, Property/Facilities Manager; Trent Lougheed, Community Development Director; Dale McBeth, Municipal Court Judge; Brandon Rakes, Airport Operations Coordinator; Rick Sahlin, Public Works Director; Chun Saul, Finance Director; Glenn Schaffer, Police Chief; Judy Schave, HR/Risk Manager; Don Schmitt, Street/Storm Superintendent; Dave Vasilauskas, Water Superintendent; Lilly Wall, Recreation Manager; and Patrick Wiltzius, Wastewater Superintendent. Members of the news media in attendance included Will Rubin from *The Chronicle*.

1. **Citizens Business.** Jeff Graham (PO Box 952, Chehalis) and Richard Graham (310 SE Valley View Way, Chehalis) addressed the council on issues with a portion of NW North Street. Jeff Graham stated his father, Richard, was the owner of 537 NW Center Street and a parcel on NW North Street. The issue involves access of the 30-foot hard-surfaced portion of NW North Street that dead-ends at the Burlington North Railroad. He stated there is no signage indicating that the road is a dead-end. He explained it has become an overflow parking, storage, and trash area, as well as a place to cook and can by Jeremy's Restaurant. He submitted several pictures showing examples of the problems. In late August, the street was almost completely blocked, but was cleaned up with help from the city's code enforcement. A meeting was held with the restaurant owner to ask them to keep the 30-foot roadway clear so they could access their property and leased alleyway. He noted the county would also like uninterrupted access to their two adjacent properties. Mr. Graham provided suggestions that he thought would solve the problem, including placing no parking signs on a portion of the street; and creating a loading zone to accommodate all the adjacent property owners for deliveries and garbage pickup.

Councilor Taylor stated these types of issues are normally handled by staff. Mr. Graham stated that in speaking with his counsel, it was suggested that the issue be brought before the county for the records. He added they have potential to either use the area themselves or lease to someone else, but the roadway needs to be accessible.

Mayor Dawes asked the city manager facilitate a meeting between the Grahams and staff to resolve the issue.

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

- a. Minutes of the regular city council meeting of October 22, 2018;
- b. October 31, 2018 Claim Vouchers No. 124030-124175 and Electronic Funds Transfer No. 1020181 in the amount of \$261,957.07;
- c. October 31, 2018, Payroll Vouchers No. 40564-40603, Direct Deposit Payroll Vouchers No. 10041-10149, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 205-210 in the amount of \$859,200.03;
- d. Acceptance of grant funding in the amount of \$85,000 for the Flood Storage Basin Master Plan – Phase II Project;
- e. Engineering Services Agreement with Skillings Connolly not to exceed \$85,000 for the Flood Storage Basin Master Plan - Phase II; and
- f. Corrected Master Ground Lease Agreement with Rich Development Enterprises, LLC for Airport Tracts 7A, 8, and 9 (located along I-5 between Dutch Bros. Coffee and I-5 Toyota).

The motion was seconded by Councilor Pope.

Councilor Taylor asked if local companies ever bid on city projects. Trent Lougheed responded that they do.

Mayor Dawes stated that since the Master Ground Lease with Rich Development rescinded the previously approved agreement, he wanted to know what the changes included. City Manager Anderson stated that in the preparation of the October 8 agenda, there were a couple different versions of the lease. The one that was the actual final was not the one attached to the staff report. The four sections that had changes included Permitted Assignments, Phase Assignments, Landlord Termination Right for Future Phases, and Right of First Refusal.

November 13, 2018

Mayor Dawes asked if the agreement should be removed from the consent calendar. Mr. Hillier stated it was at the pleasure of the council and either way would be fine.

Councilor Spahr amended his motion to approve consent calendar items "a" through "e." Councilor Pope indicated he had no objections to Councilor Spahr's amendment.

The council discussed the hiring of local companies versus out of town companies, noting there are processes and procedures that the city must follow when bidding projects.

Trent Loughheed noted the city supports local professional services, as well. In the case of the engineering services agreement for the flood storage project, Skillings Connolly was chosen because their environmental section is probably second to none.

The motion carried unanimously.

3. **Rich Development Master Ground Lease.** Councilor Spahr moved to rescind approval of the Master Lease Agreement with Rich Development on October 8, 2018; approve the corrected lease agreement for Tracts 7A, 8, and 9 between with Rich Development Enterprises, LLC; and authorize the City Manager to execute the agreement. The motion was seconded by Councilor Taylor and carried unanimously.

4. **Public Hearing – 2019 Proposed Budget and Revenue Sources, Taxes, and Levies.** Mayor Dawes recessed the regular meeting and opened the public hearing at 5:27 pm for public comment on the 2019 proposed budget and revenue sources, taxes, and levies.

Chun Saul provided an overview of the 2019 proposed revenue sources, taxes, and levies as part of the legally required public hearing. Information on ad valorem and overall property tax assessments was included as background for Ordinance No. 993-B setting the amounts for ad valorem and EMS taxes, and for Ordinance No. 994-B stating the amount and percentage increase over the current year regular and EMS levies. The total General and General Fund Reserves total a little over \$10 million of the total revenue budget, which account for financial resources not required to be accounted for in other funds. All other funds have restrictions or commitments for very specific activities. Proposed expenditures total \$10,019,670, and she noted about 55% was allocated to police and fire. She stated the proposed budget was balanced using \$197,428 of General Fund reserves. General Fund revenues are estimated just over \$9.8 million.

Ms. Saul stated most revenues are external to council control except for property taxes, which may be increased on a limited basis with council approval. The law allows property taxes to be increased 1% above the previous year's highest lawful levy amount without a vote, plus any increase from new construction, annexation, and other adjustments. Cities can also use banked capacity. She stated Chehalis has not taken the allowed 1% increase for many years and has regular levy banked capacity of \$319,464.94 (21.8% of 2018 actual levy) and EMS levy banked capacity of \$7,412.25 (2.36% of 2018 actual levy). She noted several taxing districts/agencies may tax the same property, and the city's share of typical property taxes is 22.1%. Ms. Saul stated the total (regular and EMS) proposed levy amount was \$1,903,078 using 25% banked capacity and taking the 1% allowed increase, including increases in new construction and other adjustments. The increase from the 2018 levy is \$102,786.00. She stated the increase represented a \$14.22 property tax increase for every \$100,000 of assessed valuation.

Mayor Dawes asked if there was anyone from the public that would wished to comment on the proposed revenue sources, taxes, or levies. There were no comments by members of the public.

City Manager Anderson provided a presentation on the proposed budget. The total of all city funds was balanced with use of \$2 million beginning cash. With the exception of the General Fund, use of beginning cash is related to one-time capital expenditures. The proposed budget included general and restricted funds of \$27.96 million. She stated the budget was balanced using \$197,428 of General Fund reserves with an estimated General Fund ending cash balance of 7.9% of operating revenues. The expenditure budget was a little over \$10 million and she noted salaries and benefits made up almost 75% of the General Fund budget. She suggested that one-time reductions or revenue could likely fill the gap in 2019; however, a significant infusion of revenues or a significant reduction in expenses was needed in 2020 and beyond. The proposed General Fund Revenue budget was \$9,822,242 representing an increase of \$492,390 or 5.3% over the 2018 amended budget. She noted sales tax was the largest General Fund revenue source at 52.4%. Ms. Anderson stated sales tax was bolstered in 2017 and 2018 by significant construction, but that growth was projected to level off in the coming year.

November 13, 2019

City Manager Anderson reiterated that the proposed property tax levy increase would represent about a \$14.22 tax increase per one hundred thousand assessed value. She noted again that sales tax, property tax, and utility tax are the three major revenue sources for the city. As far as expenditures, police and fire make up about 55% of general fund expenditures. City Manager Anderson reviewed some of the items in the budget and other items not included in the budget.

Mayor Dawes asked if there was anyone from the public that wanted to comment on the proposed revenue sources, taxes, levies, or the 2019 proposed budget. There being no public comment, Mayor Dawes closed the public hearing at 6:01 pm.

**5. Ordinance No. 993-B, First Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2019; Ordinance No. 994-B, First Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2019; and Ordinance No. 995-B, First Reading – Adopting the Proposed 2019 Budget.**

Councilor Taylor moved to pass Ordinances No. 993-B, 994-B, and 995-B on first readings. The motion was seconded by Councilor Lund.

Councilor Taylor stated that since his time on the council, one of the biggest points of argument has been over the budget. He stated long-term council members have talked with him about the importance of keeping up with rising costs for the things that keep the city going. He stated this year things happened in his life that made him think about the services the city provides and what he wanted for the community, like roads and the employees who respond when needed. For a long time, he thought saying no to increased property taxes or fees justified his being a conservative person. He stated that when you look at fees and taxes that are collected at the local level, the dollars that are collected go to "boots on the ground" and back into the economy. He stated he didn't take raising taxes lightly, but was something the council had talked about for years and was probably needed for a couple years. He thought it was time to invest, not only for the people that work here, but also for the community as a whole. He thought everybody that worked for the city had to cut back so much and find ways to provide services, sometimes on their own time, to make sure the job got done for the people that live here. He estimated it would personally cost him about \$8 per month to put a little money back into the community that has served him and his family.

Mayor Dawes stated staff has been very responsible with their budgets have tried every year to make everything stretch as far as they could and not spend their budget capacity. He stated it was the council's job to find ways to do things better, such as looking at fire consolidation, and other ways to partner with our neighbors, and pursuing grants to help take the stress off local dollars.

Councilor Spahr stated the city's projected revenues from property taxes are \$1,903,078 and the salaries of the police department alone are \$1,891,500. The revenue from property taxes barely covers the city's police officers. It doesn't count the rest of the city employees.

The motion carried unanimously.

**6. Administration Reports**

a. **City Manager Report**. City Manager Anderson stated she was contacted by *The Chronicle* that some of the city's recreation grants had made it to the next round. She had not heard that, but staff will confirm the news.

**7. Councilor Reports/Committee Updates**

- a. Councilor Lund stated the steam train is getting ready for their Polar Express train rides, which are already sold out.
- b. Councilor Pope stated the Chehalis Foundation met earlier today and voted to support and take the lead on fundraising for the Penny Playground project. The goal is to raise \$300,000 to \$350,000 for the project.
- c. Councilor Harris applauded the council and staff for what they put together to unanimously support the proposed budget, noting it was always a difficult choice to raise taxes. He thanked the police department for creating more space in his hangar to work on Christmas decorations.

d. Mayor Dawes attended an AWC Regional Meeting. He plans to share an idea with AWC about what can be done with the Firemen's Pension Fund once there are no longer any obligations to pre-LEOFF firefighters and seeing if there is a way

November 13, 2018

to use the money toward LEOFF liabilities for retired police and firefighters. He attended a meeting with U.S. Senator Maria Cantwell and spoke about the Clean Water Act and the lawsuits the city is faced with periodically. He also had an opportunity to speak with U.S. Representative Jaime Herrera Beutler about the same issue. Mayor Dawes attended a ribbon cutting for the Chamber overpass, the Centralia College gala, a meeting with Fire District 6 regarding consolidation, and a .09 committee meeting. He thanked the public works department for the well placed warning markers on SW 19<sup>th</sup> Street near the Middle School indicating potential drainage hazards.

Mayor Dawes announced there would be no executive session, and there being no further business before the council, the meeting was adjourned at 6:19 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:** November 26, 2018

**SUBJECT:** Vouchers and Transfers

---

**ISSUE**

City Council approval is requested for Vouchers and Transfers dated November 15, 2018.

**DISCUSSION**

The November 15, 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. 124176-124324 and Electronic Funds Transfer No. 1020182 in the amount of \$1,491,575.51 dated November 15, 2018, which includes the transfer of:

- \$177,782.73 from the General Fund
- \$4,945.86 from the Dedicated Street Fund – 4% Sales Tax
- \$12,325.48 from the Tourism Fund
- \$49,230.53 from the Public Facilities Reserve Fund
- \$400.42 from the Garbage Fund
- \$1,017,333.29 from the Wastewater Fund
- \$190,655.23 from the Water Fund
- \$8,490.46 from the Storm & Surface Water Utility Fund
- \$30,411.51 from the Airport Fund

**RECOMMENDATION**

It is recommended that the City Council approve the November 15, 2018 Claim Vouchers No. 124176-124324 and Electronic Funds Transfer No. 1020182 in the amount of \$1,491,575.51.

**SUGGESTED MOTION**

I move that the City Council approve the November 15, 2018 Claim Vouchers No. 124176-124324 and Electronic Funds Transfer No. 1020182 in the amount of \$1,491,575.51.

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager

**BY:** Trent J. Loughheed, P.E., Community Development Director  
Hillary Hoke, Planning & Building Department Manager

**DATE:** November 26, 2018

**SUBJECT:** Professional Services Agreement for Hearings Examiner Services

---

**ISSUE**

A professional services agreement with Allen Unzelman, licensed attorney, for all duties and services required of the Office of the Hearings Examiner is being presented for City Council review and approval.

**DISCUSSION**

The current Hearings Examiner agreement has expired, and a new agreement is needed. The Hearings Examiner presides over public hearings pertaining to appeals, conditional use permits, variance applications, shoreline permits, and other approvals requiring a quasi-judicial review process.

The current Hearings Examiner is John McKerricher. Mr. McKerricher has provided the Hearings Examiner services since 2002 and has retired from full-time practice.

Mr. Unzelman is currently practicing with the Chehalis law firm of Vander Stoep, Remund, Blinks & Jones Attorneys. He specializes in real property law, as well as estate planning and administration, elder law, and civil litigation. Mr. Unzelman was admitted to the Washington State Bar Association in 2011 and is also a member of the Lewis County Bar Association and the Washington State Bar Association Real Property Probate and Trust Section.

**FISCAL IMPACT**

Over the past four years, the Hearings Examiner required expenditures averaging \$1,100 per year. The 2019 budget contains provisions for these services. No additional budget impact is anticipated.



**RECOMMENDATION**

It is recommended that the City Council approve the professional services contract with Allen Unzleman to provide Hearings Examiner services.

**SUGGESTED MOTION**

I move that the City Council approve the professional services contract with Allen Unzleman to provide Hearings Examiner services, and authorize the City Manager to execute the document.

**PROFESSIONAL SERVICES CONTRACT**

**THIS AGREEMENT**, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2018, by and between **CITY OF CHEHALIS, WASHINGTON**, a municipal corporation, hereinafter referred to as “City”, and **ALLEN UNZELMAN**, a licensed Washington attorney, P.O. Box 867, Chehalis, Washington, 98532, hereinafter referred to as “Contractor”,

**W I T N E S S E T H:**

**WHEREAS**, City desires to contract with Contractor to perform all duties and professional services required of the office of Hearings Examiner of Chehalis, Washington, as prescribed by ordinance; and

**WHEREAS**, Contractor has the particular training, ability, knowledge, expertise, and experience to provide all duties and professional services required by City in said capacity; and

**WHEREAS**, it is the purpose of this contract to establish the terms and conditions of the relationship of Contractor to act and fulfill the duties of the office of Hearings Examiner; now, therefore,

**IN CONSIDERATION** of the above-referenced recitals and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Term.** The term of this contract shall commence on the \_\_\_\_\_ day of \_\_\_\_\_, 2018, and shall, unless terminated or renewed as provided elsewhere in this contract, terminate on the \_\_\_\_\_ day of \_\_\_\_\_, 2019. Thereafter, pursuant to the enabling ordinance, and without limitation, City may by resolution re-appoint Contractor as Hearings Examiner upon agreement of the parties and extend or modify the terms of this contract. Contractor agrees to be bound by the terms and provisions of this agreement, including any provision which would allow removal for cause. If at any time during the initial

term of this agreement Contractor determines that he cannot fulfill the terms of this agreement, Contractor shall be allowed the right to terminate this agreement upon thirty (30) days' written notice to City.

2. **Scope of Work.** City has adopted development regulations which create the office of Hearings Examiner for City. Under said regulations, the Hearings Examiner is assigned the duties of administering and conducting quasi-judicial and appellate administration hearings under City ordinances and regulations.

The following represents the general services to be provided by Contractor under the terms of this agreement:

a. Contractor shall provide and City will receive Hearings Examiner services specified and reasonably implied within the regulations in the affected city.

Contractor's duties shall include the administration, processing, recording, and storing of records of hearings and other matters involving the position. In conjunction with particular ordinances and regulations, or as amendments to existing general policies and procedures shall become necessary, Contractor shall develop and publish such additional, specific policies and procedures required to properly administer, process, record, and store records thereto. Contractor shall periodically review its existing policies and procedures for compliance with local and state regulations and current law.

b. Contractor agrees and understands that time may be of the essence in developing general policies and procedures with regard to this contract and shall

commence work and submit a draft thereof to City for review and comment as soon as practicable.

c. Contractor shall make available, and City may request, Hearings Examiner services Monday through Friday of the week and during such hours as shall reasonably be necessary to perform the function of Hearings Examiner. City and Contractor shall hereinafter establish general time slots for hearings, which shall include both daytime and evening hearing schedules.

d. Provision for Hearings Examiner services shall include, but not be limited to, an Examiner and Deputy Examiners with prior training and experience in the field of administrative law and quasi-judicial hearings, regulatory enactments, and statutory interpretation and application, and support personnel as shall be reasonably necessary to fulfill Contractor's obligations herein.

3. **Additional Contractor Obligations.** Contractor shall provide personnel, and professional services, sufficient to meet the needs of the Hearings Examiner office, including situations where Contractor has a conflict of interest in the decision-making process.

All hearings conducted by the Contractor shall be conducted in a quasi-judicial environment, in full compliance with all state and local rules and regulations. Contractor agrees to defend, indemnify, and hold harmless City from and against any and all liability or loss and against all claims or actions based upon or arising out of the negligence or misconduct of Contractor or any of Contractor's employees, if the same is not covered by City's errors and omissions policy. Contractor shall also defend, indemnify, and hold harmless City against all liability and loss in connection with, and assume full responsibility for, payment of all federal, state, and local taxes or contributions imposed or required under unemployment insurance,

workmen's compensation, social security, and income tax laws, with respect to Contractor's employees and subcontractors engaged in the performance of this agreement.

4. **Obligations of City.** City will coordinate and supervise solicitation of Hearings Examiner services. City staff and documentation shall be made available to Contractor during normal business hours, or as otherwise agreed to between the parties, to assist Contractor in the performance of services. City will provide such administrative and logistical services as may reasonably be necessary to allow Contractor to conduct the business of Hearings Examiner. All notices of hearings shall be initiated by City staff. Legal services provided by City for the benefit of Contractor shall be available only upon express agreement of both parties to this document.

City shall be responsible to provide adequate meeting space for all hearings, including quasi-judicial proceedings, public hearings, and appellate proceedings. City shall be responsible for the set-up, cleaning, and maintenance of all space to assure the continued compliance of the Hearings Examiner office with the mandates of city regulations. City shall be responsible to provide adequate recording equipment and the necessary maintenance and support to maintain the equipment in good condition for use in hearings.

5. **Compensation.** It is agreed between the parties hereto that City shall compensate Contractor for services rendered under the terms of this agreement at the rate of One Hundred Fifty and no/100 Dollars (\$150.00) per hour, payable on or before the tenth (10th) day of the month following invoice for such services.

6. **Designation of Hearings Examiner.** It is hereby agreed between the parties hereto that Allen Unzelman shall be designated as the Hearings Examiner for the city of Chehalis, Washington. Deputy Hearings Examiners approved under the terms of this agreement shall be

---

\_\_\_\_\_ . Contractor shall be allowed, subject to City's approval, to add additional parties to this list to serve as Deputy Hearings Examiner.

7. **General Conditions.**

a. **Assignment and Subcontracting.** Unless otherwise agreed to between the parties, no portion of this contract may be assigned or subcontracted to any other individual, firm, or entity without the express and prior written approval of City.

b. **Independent Contractor.** Contractor's services shall be furnished by Contractor as an independent contractor and nothing herein contained shall be construed to create a relationship of employer/employee or master-servant, but all payments made hereunder and all services performed shall be made and performed pursuant to this agreement by Contractor as an independent contractor. Contractor acknowledges that the entire compensation for this agreement is specified herein and Contractor is not entitled to any City benefits including, but not limited to: vacation pay, holiday pay, sick leave pay, medical, dental, or other insurance benefits, or any other rights or privileges afforded to City employees.

c. **No Guarantee of Employment.** The performance of all or part of

this contract by Contractor shall not operate to vest any employment rights whatsoever and shall not be deemed to guarantee any employment of Contractor or any employee of Contractor or any subcontractor or any employee of any subcontractor by City at the present time or in the future.

d. Taxes. Contractor understands and acknowledges that City will not withhold federal or state income taxes. Where required by state or federal law, Contractor authorizes City to make withholding for any taxes other than income taxes (i.e., medicare). All compensation received by Contractor will be reported to the Internal Revenue Service at the end of the calendar year in accordance with the applicable IRS regulations. It is the responsibility of Contractor to make the necessary estimated tax payments throughout the year, if any, and Contractor is solely liable for any tax obligation arising from Contractor's performance of this agreement. Contractor hereby agrees to indemnify City against any demand to pay taxes arising from Contractor's failure to pay taxes on compensation earned pursuant to this agreement.

e. Regulations and Requirement. This agreement shall be subject to all laws, rules, and regulations of the United States of America, the state of Washington, and political subdivisions of the state of Washington.

f. Right to Review. This contract is subject to review by any federal or state auditor. City or its designee shall have the right to review and monitor the financial and service components of this program by whatever means are deemed expedient by the City. Such review shall occur with notice, and may include, but not be limited to, on-site inspection by City agents or employees, inspection of all records or other materials which City deems pertinent to the agreement and its performance, and any and all communications with or evaluations by service recipients under this agreement. Contractor shall preserve and maintain all financial records and records relating to the performance of work under this agreement for three (3) years after contract termination, and shall make them available for such review, within the city of Chehalis, Washington, upon request.

g. Modifications. Either party may request changes in this agreement. Any and all agreed modifications shall be in writing, signed by each of the parties.

h. Termination for Default. If Contractor defaults by failing to perform any of the obligations of this contract, or becomes insolvent or is declared bankrupt or commits any act of bankruptcy or insolvency, or makes an assignment for the benefit of creditors, City may, by depositing written notice to Contractor in the U. S. mail, postage prepaid, terminate this contract, and at City's option, obtain performance of the work elsewhere. If this contract is terminated for default, Contractor shall not be entitled to receive any further payments under this contract until work called for has been fully performed. Any extra cost or damage to City resulting from such default(s) shall be deducted from any money due or coming due to Contractor.

If a notice of termination for default has been issued and it is later determined for



any reason that Contractor was not in default, the rights and obligations of the parties shall be the same as if the notice of termination had not been issued.

i. Venue and Choice of Law. In the event that any litigation should arise concerning the construction or interpretation of any of the terms of this agreement, the venue of such action of litigation shall be in the courts of the state of Washington in and for the county of Lewis. This agreement shall be governed by the laws of the state of Washington.

j. Withholding Payment. In the event Contractor has failed to perform any substantial obligation to be performed by Contractor under this agreement, and said failure has not been cured within the times set forth in this agreement, then City may, upon written notice, withhold all moneys due and payable to Contractor, without penalty, until such failure to perform is cured or otherwise adjudicated.

k. Future Non-allocation of Funds. If sufficient funds are not appropriated or allocated for payment under this contract for any future fiscal period, City will not be obligated to make payments for services or amounts incurred after the end of the fiscal period. Likewise, Contractor shall have no obligation to perform if compensation is not appropriated. No penalty or expense shall accrue to City or Contractor in the event this provision applies.

l. Disputes.

(1) General. Differences between Contractor and City, arising under and by virtue of this contract document, shall be brought to the attention of City at the earliest possible time in order that such matters may be settled or other appropriate action promptly taken. Except for such objections as are made of record in the manner

hereinafter specified and within the time limits stated, the records, orders, rulings, instructions, and decisions of the City shall be final and conclusive.

(2) Notice of Potential Claims. Contractor shall not be entitled to additional compensation which otherwise may be payable, or to extension of time for (a) any act or failure to act by City, or (b) the happening of any event or occurrence, unless Contractor has given City a written Notice of Potential Claim within ten (10) days of the commencement of the act, failure, or event giving rise to the claim, and before final payment by City. The written Notice of Potential Claim shall set forth the reasons for which Contractor believes additional compensation or extension of time is due, the nature of the cost involved, and insofar as possible, the amount of the potential claim. Contractor shall keep full and complete daily records of the work performed, labor and materials used, and all costs and additional time claimed to be additional.

m. Confidentiality. Contractor, its employees, subcontractors, and their employees, shall maintain the confidentiality of all information provided by City or acquired by Contractor in performance of this agreement, except upon the prior written consent of the Chehalis City Attorney or an order entered by a court after having acquired jurisdiction over City. Contractor shall immediately give to City notice of any judicial proceedings seeking disclosure of such information. Contractor shall indemnify and hold harmless City, its officials, agents, or employees, for all loss or expense, including, but not limited to, settlements, judgments, setoffs, attorney's fees, and costs resulting from Contractor's breach of this provision.

n. Notice. Except as set forth elsewhere in this agreement, for all purposes under this agreement, except for service of process, notice shall be given by Contractor to

City for whom services are rendered, to-wit: City Mayor, 350 N Market Blvd, Room 101, Chehalis, Washington, 98532. Notice to Contractor for all purposes under this agreement shall be given to the address reflected for Contractor hereinabove, to-wit: P. O. Box 867, Chehalis, Washington, 98532. Notice may be given by delivery or by depositing in the U. S. mail, first class, postage prepaid.

o. Severability. If any term or condition of this contract or the application thereof to any person(s) or circumstance(s) is held invalid, such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application. To this end, the terms and conditions of this contract are declared severable.

p. Waiver. Waiver of any breach or condition of this contract shall not be deemed a waiver of any prior or subsequent breach. No term or condition of this contract shall be held to be waived, modified, or deleted except by an instrument, in writing, signed by the parties hereto.

q. Entire Agreement This written contract represents the entire agreement between the parties and supersedes any prior oral statements, discussions, or understandings between the parties.

**EXECUTED IN DUPLICATE** on the date and year first above written.

**CITY OF CHEHALIS, WASHINGTON**

**By** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Attest:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**CITY**

**ALLEN UNZELMAN**

**By** \_\_\_\_\_  
**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_

**CONTRACTOR**

**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:** November 26, 2018

**SUBJECT:** Public Hearing on the Proposed 2019 City Budget, Revenue Sources, Taxes, and Levies – Second Hearing

---

**ISSUE**

The 2019 Proposed Budget has been prepared for consideration by the City Council. Ordinances 993-B and 994-B have been prepared in connection with levying property taxes for collection in 2019. A public hearing was held on November 13 and a second hearing has been scheduled to provide members of the community additional opportunity to comment on the 2019 Budget.

**DISCUSSION**

The Proposed 2019 Operating Budget, which includes a summary of anticipated revenues and expenditures, is available for public review at City Hall, the Finance Department, and on the City's website at [www.ci.chehalis.wa.us](http://www.ci.chehalis.wa.us).

**Ordinance No. 993-B**

Ordinance No. 993-B establishes the city's levies of ad valorem taxes (i.e., property taxes) for general operations, the Firefighters' Pension Fund, and Emergency Medical Services (EMS).

**Ordinance No. 994-B**

Ordinance 994-B identifies the changes, in both dollar amounts and percentage terms, in the City's regular property tax levy and the EMS levy for next year (2019) compared to this year (2018).

The 2019 Proposed Budget includes an increase in property revenues of \$102,786, which includes use of 25% of banked property tax capacity plus 1% maximum allowed tax levy increase. This increase is exclusive of additional revenue resulting from new construction,

property improvements, any increase in the value of state assessed property, any annexations that have occurred, and any property tax administrative refunds.

The following table shows the tax amount and percentage increase from 2018 actual property tax levies from use of banked capacity and 1% allowed increase, as well as an estimated tax increase amount for property owners, which would be \$14.22 a year *for every hundred thousand* of assessed property value.

**Dollar Amounts and Percentage of Changes in Property Tax Levies in 2019 Tax Year over 2018 Tax Year**

Tax Levy	2018 Actual Levy	Use of Banked Capacity (25%)	1% Maximum Allowed Increase	Total Amount Increase in 2019 from 2018 Levy*	Percent Increase from 2018	Estimated Tax increase for Property with \$100,000 Assessed Value
Regular Levy^	\$ 1,465,306	\$ 79,866	\$ 17,848	\$ 97,714	6.6685%	\$ 13.52
EMS Levy	\$ 314,525	\$ 1,853	\$ 3,219	\$ 5,072	1.6127%	\$ 0.70
<b>Total</b>	<b>\$ 1,779,831</b>	<b>\$ 81,719</b>	<b>\$ 21,067</b>	<b>\$ 102,786</b>	<b>5.7751%</b>	<b>\$ 14.22</b>

*\* Does not include current year add-ons such as tax levy for new construction and changes for state-assessed properties*

*^ Per the statute, \$0.225 per \$1,000 assessed valuation is allocated to the City's Firemen's Pension Fund.*

The banked capacity available to the City is because the City has rarely increased the portion of the property tax it receives. The cost of providing services to Chehalis residents and businesses continues to increase and it has become necessary to consider an increase in the property tax so that the current level of municipal services, including police and fire, can be maintained.

**RECOMMENDATION**

It is recommended that the City Council open the public hearing, accept public comment, close the public hearing and consider this information when taking action on these items, which are scheduled on this meeting agenda under "Unfinished Business" with agenda reports that provide additional information on the Budget and the related ordinances.

**SUGGESTED MOTION**

There is no motion needed after the public hearing.

**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:** November 26, 2018

**SUBJECT:** Ordinances 993-B and 994-B, Second and Final Readings – Adoption of Tax Levies

---

**INTRODUCTION**

Ordinances 993-B and 994-B have been prepared in connection with levying property taxes for collection in 2019. The ordinances are required in order to have Lewis County collect property taxes on behalf of the City.

On November 13, 2018, the City Council approved the first readings of Ordinances 993-B and 994-B, which establish the amount of revenue to be raised by ad valorem taxes during the calendar year 2019 and states the amount and percentage of changes in property tax levy in the 2019 tax year from the 2018 tax year. These ordinances are now being presented for City Council consideration on second readings. There have been no changes since the first readings on November 13, 2018.

**DISCUSSION**

The 2019 Proposed Budget, which includes a summary of anticipated revenues and expenditures, is available for public review at City Hall, the Finance Department, and on the City's website: [www.ci.chehalis.wa.us](http://www.ci.chehalis.wa.us).

**Ordinance No. 993-B** establishes the amount of the City's levies of ad valorem taxes (i.e., property taxes) to be collected in 2019 for general operations, Firemen's Pension Fund, and Emergency Medical Services (EMS).

The following table shows the amounts of proposed property tax levies to be collected in 2019:

**2019 Property Tax Levy Amount - City of Chehalis**

	Regular Levy <sup>^</sup>	EMS Levy	Total Levy
2018 Tax Year Actual Levy	\$ 1,465,306	\$ 314,525	\$ 1,779,831
Plus Ordinance Increase Amount (Use 25% of 2018 Banked Capacity)	79,866	1,853	81,719
Plus Ordinance 1% Maximum Allowed Increase (1% of Highest Lawful Levy)	17,848	3,219	21,067
Plus Revenue Increase from New Construction	13,520	2,915	16,435
Plus Estimate Revenue Increase from Changes in State Assessed Property	1,000	-	1,000
Plus 2018 Certification of Administrative Refunds	2,490	536	3,026
<b>2019 Total Proposed Property Tax Levy Amount</b>	<b>\$ 1,580,030</b>	<b>\$ 323,048</b>	<b>\$ 1,903,078</b>

<sup>^</sup> Per the statute, \$0.225 per \$1,000 assessed valuation is allocated to the City's Firemen's Pension Fund.  
 The 2019 Proposed Budget allocates \$162,675 of the City's regular levy to the Firemen's Pension Fund.

**Ordinance 994-B** identifies the changes, in both dollar amounts and percentage terms, in the City's regular property tax levy and the EMS levy for next year (2019) compared to this year (2018).

The 2019 Proposed Budget includes an increase in property revenues of \$102,786, which includes use of 25% of banked property tax capacity plus 1% maximum allowed tax levy increase. This increase is exclusive of additional revenue resulting from new construction, property improvements, any increase in the value of state assessed property, any annexations that have occurred, and any property tax administrative refunds.

The following table shows the tax amount and percentage increase from 2018 actual property tax levies from use of banked capacity and 1% allowed increase, as well as an estimated tax increase amount for property owners, which would be \$14.22 a year for every hundred thousand of assessed property value.

**Dollar Amounts and Percentage of Changes in Property Tax Levies in 2019 Tax Year over 2018 Tax Year**

Tax Levy	2018 Actual Levy	Use of Banked Capacity (25%)	1% Maximum Allowed Increase	Total Amount Increase in 2019 from 2018 Levy*	Percent Increase from 2018	Estimated Tax increase for Property with \$100,000 Assessed Value
Regular Levy <sup>^</sup>	\$ 1,465,306	\$ 79,866	\$ 17,848	\$ 97,714	6.6685%	\$ 13.52
EMS Levy	\$ 314,525	\$ 1,853	\$ 3,219	\$ 5,072	1.6127%	\$ 0.70
<b>Total</b>	<b>\$ 1,779,831</b>	<b>\$ 81,719</b>	<b>\$ 21,067</b>	<b>\$ 102,786</b>	<b>5.7751%</b>	<b>\$ 14.22</b>

\* Does not include current year add-ons such as tax levy for new construction and changes for state-assessed properties

<sup>^</sup> Per the statute, \$0.225 per \$1,000 assessed valuation is allocated to the City's Firemen's Pension Fund.

**RECOMMENDATION**

It is recommended that the City Council pass Ordinances No. 993-B and 994-B on second and final readings.

**SUGGESTED MOTION**

I move that the City Council pass Ordinances No. 993-B and 994-B on second and final readings.



**ORDINANCE NO. 993-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, DETERMINING AND FIXING THE AMOUNT OF REVENUE TO BE RAISED BY AD VALOREM TAXES DURING THE CALENDAR YEAR 2019; AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.**

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

**Section 1.** The amount of revenue to be raised by ad valorem taxes during 2019 for general city operations and Firemen's Pension Fund shall be, and the same hereby is, determined and fixed in the sum of One Million Five Hundred Eighty Thousand Thirty Dollars (\$1,580,030).

**Section 2.** The amount of revenue to be raised by ad valorem taxes during 2019 for emergency medical services (EMS) shall be, and the same hereby is, determined and fixed in the sum of Three Hundred Twenty-Three Thousand Forty-Eight Dollars (\$323,048).

**Section 3.** The effective date of the ordinance shall be the \_\_\_\_\_ day of December, 2018.

**PASSED** by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this \_\_\_\_\_ day of November, 2018.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

\_\_\_\_\_  
City Attorney

**ORDINANCE NO. 994-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON,  
STATING THE AMOUNT AND PERCENTAGE OF CHANGE IN  
PROPERTY TAX LEVY IN CALENDAR YEAR 2019.**

**WHEREAS**, the City of Chehalis, Washington, properly gave notice of a public hearing held the 13<sup>th</sup> day of November 2018, to consider the City budget for 2019, including possible property tax increases and other revenues, pursuant to RCW 84.55.120; and,

**WHEREAS**, the City Council of the City of Chehalis has met and considered its budget for the calendar year 2019; and,

**WHEREAS**, the City's actual levy amounts in 2018 for general operations and Emergency Medical Services (EMS) levies were \$1,465,305 and \$314,525, respectively; and,

**WHEREAS**, the population of the City is less than 10,000; now, therefore,

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

**Section 1.** An increase in the regular property tax levy and the Emergency Medical Services (EMS) tax levy are hereby authorized for the levies to be collected in the 2019 tax year.

**Section 2.** The dollar amount of the increase for regular property tax levy over the actual levy amount from 2018 tax year shall be \$97,714 which is a percentage increase of 6.6685% from 2018 tax year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

**Section 3.** The dollar amount of the increase for Emergency Medical Services (EMS) tax levy over the actual levy amount from 2018 tax year shall be \$5,072 which is a percentage increase of 1.6127% from 2018 tax year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

**PASSED** by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this \_\_\_\_\_ day of November, 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:** November 26, 2018

**SUBJECT:** Ordinance 995-B, Second and Final Reading – Adopting 2019 Proposed Budget

---

**INTRODUCTION**

On November 13, the City Council conducted a public hearing regarding the Proposed 2019 Budget, as well as the anticipated 2019 revenues. At that time, Ordinance 995-B was approved on first reading. The second and final reading of Ordinance 995-B is scheduled for this meeting and approval will adopt the 2019 Budget. The two property levy ordinances reflected in the 2019 Proposed Budget are being presented to the City Council concurrently as a separate agenda item and were considered during a public hearing on November 13, 2018.

**CHANGES SINCE THE FIRST READING**

Since first reading, there have been some minor changes that have had no impact on the numbers presented, including the correction of some typos and minor formula errors. In addition, the City's 2019 Comprehensive Salary Schedule has been updated to reflect a change to the Waste Water Superintendent Position Classification, moving the position from a 7N to an 8N. The position classification change is needed at this time to initiate a recruitment for the position, which will be open due to a scheduled retirement in the first half of 2019.

The market value for skilled waste water operators for Level (Group) 4 Facilities, like Chehalis, is increasing as the number of people with the legally required certifications is decreasing, primarily due to retirements. One estimate is that more than 70% of the current certified operators in WA State will be retiring in the next five years. The City's current salary classification is below the market and raising it one level will put the City at the lower end of the comps for similar operations. The budget impact is approximately \$5,000 a year; however, the plan is to add the amount needed through a budget amendment in the first part of 2019. This is an unrepresented/exempt position that is fully funded from the Waste Water Budget, which is a restricted enterprise fund. This change will have no impact to the General Fund and there has been no change to the numbers in the 2019 proposed budget for the Waste Water Division of Public Works.

Members of the Budget Committee were contacted regarding the change in the salary classification and concurred with the proposed change in consideration of the recruitment issues surrounding the position.

**SUMMARY OF PROPOSED BUDGET**

The 2019 Proposed Budget as presented is balanced using \$197,428 of General Fund Reserve (beginning cash). The 2019 Proposed Budget presented in Ordinance 995-B is summarized as:

Budget Summary	2019 Proposed Budget
Total Estimated Beginning Fund Balance	\$ 16,764,866
Total Revenues and Transfers In	\$ 25,948,523
Total Expenditures and Transfers Out	\$ 27,958,925
Total Estimated Ending Fund Balance	\$ 14,754,464

**BACKGROUND ON DEVELOPMENT OF THE 2019 PROPOSED BUDGET**

The Preliminary Draft Budget dated September 28, 2018 was balanced using \$299,146 of General Fund Reserve when presented to the Budget Committee for review in October. After careful review of each budget, the Budget Committee concluded that it would be premature to make additional cuts to the budget, recognizing that it would require a corresponding reduction in services. It then started to consider the possibility of increasing revenues, specifically the possibility of using some of the City’s banked property tax capacity.

The Committee requested that the proposal be brought to the attention of the full City Council prior to the formal budget hearings, which led to the City Council work session that took place on October 22, 2018 prior to the regular City Council meeting. For the first time in many years, the City Council provided consensus direction to include an estimate for the inclusion of a portion (25%) of the City’s banked property tax capacity and 1% maximum allowed increase in preparation of the proposed budget when it met for the October 22 work session. With the increase in property tax projection and a minor change in expenditure appropriation, the use of the General Fund Reserve is reduced by \$101,718 (from \$299,146 to \$197,428).

**PROPOSED ADOPTION OF THE BUDGET**

Ordinance 995-B adopting the 2019 Proposed Budget reflects the Budget that was delivered to the City Council on November 2, 2018 and considered during a public hearing on November 13, 2018.

Prior to the public hearing on November 13, the City Council considered a draft preliminary budget on October 22, 2018. The 2019 Proposed Budget considered on November 13 and scheduled for second reading at this time include the following changes to the preliminary budget distributed to the City Council on October 22, 2018:

- A. Total revenue and transfers-in amount increase by \$191,010 from the Preliminary Draft Budget, which includes 1) proposed increase in property tax revenue of \$109,010

and 2) \$82,000 transfer in from Tourism Fund to the Public Facilities Reserve Fund for LATC approved expenditures.

B. Total expenditures and transfers-out amount increase by \$217,000 from the Preliminary Draft Budget, which includes 1) Police budget increase requested for JNET activities in the amount of \$8,000; 2) increase in LTAC-approved expenditures for \$88,000; 3) capital expenditure budget increase in Public Facilities Reserve Fund by \$82,000 related to the LTAC funding for the Shaw Aquatic Center pool liner replacement project; and 4) Wastewater expenditure increase requested for \$39,000 relating to replacement of camber zone for belt filter press and sewer line lease on railroad property.

C. Total estimated ending fund balance is reduced by \$23,661 from the above changes.

The tables below provide additional information about the changes.

***2019 Proposed Budget Summary for All Funds  
(General and Restricted Funds)***

The information below has not changed since the public hearing and first reading for Ordinance 995-B on November 13, 2018.

**2019 Proposed Budget Summary**

Budget Summary	2019 Preliminary Draft Budget	Changes from Preliminary Draft Budget	2019 Proposed Budget
Total Estimated Beginning Fund Balance	\$ 16,762,537	\$ 2,329	\$ 16,764,866
Total Revenues and Transfers In	\$ 25,757,513	\$ 191,010	\$ 25,948,523
Total Expenditures and Transfers Out	\$ 27,741,925	\$ 217,000	\$ 27,958,925
Total Estimated Ending Fund Balance	\$ 14,778,125	\$ (23,661)	\$ 14,754,464

Additional details regarding the changes summarized above are provided in the following tables.

**Changes from the 2019 Preliminary Draft Budget to 2019 Proposed Budget**

Budget Summary	General Fund		Tourism Fund		Public Facilities Reserve Fund	
	Preliminary Draft Budget	Proposed Budget	Preliminary Draft Budget	Proposed Budget	Preliminary Draft Budget	Proposed Budget
Total Revenues & Transfers In	\$ 9,712,524	\$ 9,822,242	\$ 225,985	\$ 225,985	\$ 3,780	\$ 85,780
Total Expenditures & Transfers Out	\$ 10,011,670	\$ 10,019,670	\$ 217,435	\$ 305,435	\$ 14,724	\$ 96,724
Net Revenues Over (Under) Expenditures	\$ (299,146)	\$ (197,428)	\$ 8,550	\$ (79,450)	\$ (10,944)	\$ (10,944)
Estimated Beginning Cash Balance	\$ 969,625	\$ 969,625	\$ 229,451	\$ 229,451	\$ 189,273	\$ 189,273
Estimated Ending Cash Balance	\$ 670,479	\$ 772,197	\$ 238,001	\$ 150,001	\$ 178,329	\$ 178,329
<b>Changes in Ending Cash Balance</b>		<b>\$ 101,718</b>		<b>\$ (88,000)</b>		<b>\$ -</b>

**Explanations for Changes as Increase (Decrease) in Ending Cash:**

Property Tax Revenue Projection	\$	109,718				
Police Budget Increase (JNET)	\$	(8,000)				
LTAC funding increase - Shaw Aquatic Center Pool Liner Project				\$ (82,000)		
LTAC funding increase - Friends of the Chehalis Community Renaissance				\$ (6,000)		
Transfer in from Tourism Fund for Pool Liner Project						\$ 82,000
Expenditures for Pool Liner Project						\$ (82,000)
<b>TOTALS</b>		<b>\$ 101,718</b>		<b>\$ (88,000)</b>		<b>\$ -</b>

Budget Summary	Wastewater Fund		Storm & Surface Water Fund		Firemen's Pension Fund		Net Total Change From Draft to Proposed Budget
	Preliminary Draft Budget	Proposed Budget	Preliminary Draft Budget	Proposed Budget	Preliminary Draft Budget	Proposed Budget	
Total Revenues & Transfers In	\$5,472,262	\$5,472,262	\$ 800,770	\$ 800,770	\$ 191,944	\$191,236	\$ 191,010
Total Expenditures & Transfers Out	\$5,711,639	\$5,750,639	\$ 786,526	\$ 786,526	\$ 78,500	\$ 78,500	\$ 217,000
Net Revenues Over (Under) Expenditures	\$ (239,377)	\$ (278,377)	\$ 14,244	\$ 14,244	\$ 113,444	\$112,736	\$ (25,990)
Estimated Beginning Cash Balance	\$4,840,131	\$4,840,131	\$ 955,129	\$ 957,458	\$ 828,308	\$828,308	\$ 2,329
Estimated Ending Cash Balance	\$4,600,754	\$4,561,754	\$ 969,373	\$ 971,702	\$ 941,752	\$941,044	\$ (23,661)
<b>Changes in Ending Cash Balance</b>		<b>\$ (39,000)</b>		<b>\$ 2,329</b>		<b>\$ (708)</b>	<b>\$ (23,661)</b>

**Explanations for Changes as Increase (Decrease) in Ending Cash:**

Property Tax Revenue Projection					\$ (708)	\$ 109,010
One-time expenditures for replacing camber zone for belt filter press	\$ (31,000)					\$ (31,000)
Recurring Sewer line lease on railroad property	\$ (8,000)					\$ (8,000)
Correction in Estimated Beginning Cash				\$ 2,329		\$ 2,329
<b>TOTALS</b>		<b>\$ (39,000)</b>		<b>\$ -</b>	<b>\$ (708)</b>	<b>\$ (23,661)</b>

The 2019 Proposed Budget document can be found on the City's website. For the convenience of the reader, the Budget Message provides an overview of each fund. Staff will also be available at the City Council meeting to address any questions from the Council and the public hearing regarding the 2019 Proposed Budget.

**RECOMMENDATION**

It is recommended that the City Council pass Ordinance 995-B on second and final reading.

**SUGGESTED MOTION**

I move that the City Council pass Ordinance 995-B on second and final reading.

# Budget Memo

November 2, 2018

**Dear Honorable Mayor Dawes and Members of the City Council,**

The 2019 Proposed Budget was prepared to reflect a realistic assessment of the cost to maintain the current level of municipal services for the residents, businesses and visitors in the City of Chehalis. It is the result of the work done by many members of the staff throughout the organization over the course of several months, as well as the careful review done by the City Council Budget Committee. Mayor Dennis Dawes, Mayor Pro Tem Terry Harris, and Councilor Bob Spahr again invested significant time and effort to provide guidance and insights through the preliminary budget review process.

The opportunity to provide an overview of the General Fund Budget in a work session on October 22, 2018 is also appreciated, as is the feedback provided on options for balancing the budget in a year that General Fund costs are rising faster than the City's General Fund revenues. These Council discussions provided important policy and budget guidance which is reflective in the 2019 Proposed Budget that is now being presented in its entirety for review and discussion by the City Council, as well as members of the public who would like to comment during the public hearings on Tuesday, November 13 and Monday, November 26.

I will also take this opportunity to recognize the City's Finance Director, Chun Saul, who joined the City less than a year ago. Chun worked very hard to add additional information and graphics to provide more context for the financial data. She worked well with the department directors, managers, and program administrators and their staffs, who did a commendable job of preparing their respective budgets. Special thanks to Betty Brooks, Accountant; Nichole Paulis, Public Works Office Manager; Judy Schave, HR Manager, and Kiley Franz, Administrative Assistant to the City Manager; for their extra effort through the process.

## **GENERAL FUND**

### **Background**

The City's General Fund, which funds basic municipal services, including Police and Fire, had been experiencing significant increases in revenues since the depths of the recession; however, it took until 2016 to meet and just barely exceed 2008 sales tax revenues. Sales tax continued to increase in 2017 and 2018, buoyed by significant construction spending on two new schools. While 2019 sales tax is expected to increase over 2018 estimates, there is uncertainty surrounding the unknowns related to construction spending, or lack thereof.

Unfortunately, costs continue to rise faster than revenues in all areas, particularly in the cost of providing salaries and maintaining benefits at a level near the average for similar size municipal agencies. The cost of services the City uses to conduct business have also increased, most notably the cost of 911 Dispatch. In addition, in 2017 and 2018, the City has invested heavily in repair and maintenance projects that were deferred during the recession and the long recovery.

The Preliminary Proposed Budget was balanced using almost \$300,000 of General Fund Reserve when presented to the Budget Committee for review in October. After careful review of each budget, the Budget Committee concluded that it would be premature to make additional cuts to the budget, recognizing that it would require a corresponding reduction in services. It then started to consider the possibility of increasing revenues, specifically the possibility of using some of the City's banked property tax capacity. The Committee requested that the proposal be brought to the attention to the full City Council prior to the formal budget hearings, which led to the City Council work session that took place on October 22, 2018 prior to the regular City Council meeting.

### **Some Banked Property Tax Capacity in Proposed Budget to Maintain Services**

For the first time in many years, the City Council provided consensus direction to include an estimate for the inclusion of a portion of the City's banked property tax capacity when it met for the October 22



# Budget Memo

work session. The 2019 Proposed Budget includes an increase in property tax revenues of \$102,786, which if approved would equate to an increase of \$14.22 per year for every hundred thousand in property value. So, if your property is worth \$200,000, the City portion of the property tax bill would be \$28.44 more in 2019 than it was in 2018. An important note is that the City collects less than 25% of the property tax paid to the County. State and Local Schools collect more than 40% with the remaining shared between the State and County entities.

With the addition of property tax revenue, the 2019 Proposed Budget is balanced using just under \$200,000 of General Fund Reserve; however, the 2019 Proposed Budget remains structurally imbalanced, i.e. ongoing expenses are exceeding ongoing revenues. If revenues and expenditures are in line with projections, the General Fund Operating Reserve will be 7.9% at the end of 2019. While this is very concerning, based on the comments made on October 22, I understand that the Budget Committee and the City Council as a body are confident that revenues will be higher and expenses lower than projected, to bring the general fund reserve back to the 10%, which is the City Council policy goal.

In the unfortunate event that there is a significant increase in unexpected expenditures and/or drop in revenues, the City will have to carefully assess its financial condition and make adjustments in the second half of 2019, while evaluating if there is a need for additional reductions in 2020. This is particularly difficult because most City services are delivered through people and 75% of the General Fund Budget is attributed to salaries and benefits. Furthermore, 55% of expenditures are related to Police and Fire services. Therefore, if significant reductions are needed to restore structural balance to the budget, it will likely require very difficult decisions related to what level of service can be maintained over the long-term.

## **Future Growth Opportunities**

While the possibility of revenue reductions is sobering, the City does have some very positive revenue enhancement possibilities projected for 2021, namely the recent lease of 16+ acres adjacent to I-5 for a shopping center development. In addition, the City has a strategic goal to proceed with an annexation plan along its borders in 2019, which when completed would add residential and commercial property to the City leading to some increases in property tax and sales tax increase as early as 2020.

Financial analysts report that the economy, which is in the longest recovery on record, is potentially vulnerable to a recession in 2020. Sales Tax represents 52.4% of the City's estimated revenues, making the City particularly vulnerable to economic fluctuations. In 2019, there will be very close monitoring of revenues and expenses, along with economic trends.

## **RESTRICTED FUNDS**

The City's restricted funds, including the City's utility enterprise funds, are generally stable. The Enterprise funds, which are legally restricted funds for the operation of the City's utilities and the airport, include budgets for needed capital projects in the City's water, sewer, and airport divisions, primarily paid for by grants and state low interest loans. The Dedicated Street Fund, which is supported through a transfer from General Fund Sales tax revenues consistent with Council policy, continues to be used to fund the program for chip sealing and crack sealing of street and road miles within city limits. In addition, the City will continue to make street improvements made possible by the Transportation Benefit District, which is funded by a .02% increase in the sales tax approved by voters and went into effect in July 2017. Each fund is summarized in the pages that follow this budget memo and presented in detail in the body of the budget document.

## **ONGOING BUDGET CONSIDERATIONS**

Fortunately, the City is addressing its current fiscal issues while the economy is still relatively stable.

However, there are some issues that will have significant budget impacts in the coming years, including the following concerns, which are also addressed in the City's Strategic Plan:

# Budget Memo

**Facility Maintenance:** Ongoing maintenance and repair or replacement of the City's aging buildings and facilities, particularly the Fire Station, has and will continue to require investment of very limited

General fund resources.

**Vehicle Replacement:** Many of the vehicles used by General Fund activities, particularly Parks and Facilities are more than a decade old, some are nearly 30 years old, and in need of replacement. While Police patrol cars are on a regular replacement schedule, an annual appropriation is still needed and could be compromised if expenses continue to increase faster than revenues.

**Retirements:** Planning for the tangible and intangible costs associated with the anticipated retirement of more than a third of the City's workforce in the next decade in recognition that 35% of the City's workforce is currently over 55. This includes payments that may be due to long-time employees at the time of retirement; as well as the costs to attract, train, and retain a new generation of workers, particularly those in the fields requiring special licenses, such as public works.

**911 Dispatch:** The City is continuing to explore options for improving the delivery of 911 Dispatch services in cooperation with the City of Centralia and the Riverside Fire Authority (RFA), as well as Lewis County which is the current provider. The costs associated with 911 will increase in the years to come, regardless of the options chosen due to the technology and infrastructure demands associated with making any changes.

**Recreation Park:** Construction of improvements planned for Recreation Park will be dependent on grant awards, which should be secured in 2019 based on preliminary rankings. A funding plan for the amount not provided through grants and donations will likely be needed in 2019.

These issues and others will be discussed during the City's next strategic planning session scheduled for March 28, 2019. The semi-annual working sessions will provide the City Council and management team an opportunity to review the plan and work together to establish six month objectives.

## CLOSING COMMENTS

The budget challenges identified in 2019 are very concerning and I will remain vigilant, along with the staff, in monitoring expenditures and revenue trends. As always, financial reports will be made throughout the year to provide the City Council information, as well as an opportunity to provide policy direction as needed. I appreciate the City Council's commitment to maintaining the current level of service in response to community expectations, while considering opportunities to reduce costs and achieve revenue stability with a fiscally responsible approach.

I am honored to serve you, the staff, and the community as your City Manager. Your continued support as we move through the 2019 Budget process and beyond is truly appreciated. While the challenges before us are significant, I look forward to working with you to identify solutions that will serve our community now and in the years to come.

Sincerely,

Jill Anderson  
City Manager

# Budget Memo

## SUMMARIES OF THE GENERAL FUND AND RESTRICTED FUNDS

### General Fund (Fund 001)

The General Fund budget is \$10,019,670. The budget is balanced with a total revenue projection of \$9,822,242 and use of \$197,428 General Fund reserves (beginning cash).

**Revenues:** It is projected that overall General Fund revenues will be up by \$492,390 or 5.3% from 2018. Total tax revenues make up 87.2% of the General Fund revenues.

Sales tax is the largest revenue source for the City and makes up 52.4% of the 2019 General Fund revenues. The sales tax is projected to increase 8.2% over the estimated in the amended 2018 budget and 1.9% over the 2018 estimated year-end totals. The 1.9% estimate is based on the last ten-year average inflation rate. In 2017 and 2018, sales tax was bolstered by significant construction spending, primarily related to the building of two new elementary schools, one of which has been completed and another that will be completed in April 2019.

At this time, it does not appear that any large-scale construction will begin in 2019, so sales tax growth is projected to level off in the coming year. Sales tax revenues from aggregated construction groups for the last 12 months (September 2017 to August 2018) was \$520,826. Typically, sales tax revenues from construction activities are considered one-time in nature and are recommended to be excluded from future revenue projections unless other economic or financial data can support the continues growth. However, the sales tax revenue projection in the proposed budget is not adjusted for possible sales tax revenue reduction from construction activities.

Sales tax is closely tied to the economy which is cyclical in nature, with a downturn in the economy approximately every 10 years. The great recession occurred in 2007 to 2009, which suggests that there may be another downturn in the next 18 months (in 2020). Therefore, sales tax trends will be monitored closely.

Property tax is the second largest revenue source for the City and makes up about 17.9% of the 2019 General Fund revenues. During the October 22, 2018 City Council meeting, the City Council approved use of 25% of banked property tax capacity plus 1% maximum allowed tax levy increase in preparation of the 2019 Proposed Budget.

Property tax revenue is projected at \$1,761,623, is up by \$122,403 or 7.5% from the 2018 amended budget. The proposed budget includes property tax increase from the proposed use of banked property tax capacity of \$81,719.30, 1% maximum allowed increase of \$21,067.08, and tax levy for new construction \$16,434.43, and an estimated tax increase for state-assessed utilities \$1,000.

The following table shows the tax amount and percentage increase from 2018 actual tax levy from use of banked capacity and 1% allowed increase, as well as an estimated tax increase amount for property owners, which would be \$14.22 a year for every *hundred thousand* of assessed property value.

Tax Levy	2018 Actual Levy	Use of Banked Capacity	1% Maximum Allowed Increase	Total Amount Increase from 2018 Levy*	Percent Increase from 2018	Tax increase for Property with \$100,000 Assessed Value
General Levy	\$ 1,465,305.68	\$ 79,866.24	\$ 17,847.71	\$ 97,713.95	6.669%	\$ 13.52
EMS Levy	\$ 314,525.02	\$ 1,853.06	\$ 3,219.37	\$ 5,072.43	1.613%	\$ 0.70
<b>Total</b>	<b>\$ 1,779,830.70</b>	<b>\$ 81,719.30</b>	<b>\$ 21,067.08</b>	<b>\$ 102,786.38</b>	<b>5.775%</b>	<b>\$ 14.22</b>

\* Does not include current year add-ons such as tax levy for new construction and changes for state-assessed properties.

# Budget Memo

Utility tax is the third largest revenue source used to fund municipal services. Utility tax revenue is projected at \$1,613,990, which is a \$63,930 or 3.8% decrease from the estimated 2018 amended budget. Cable utility

tax revenue projection shows \$45,413 decrease from 2018 budget. It is assumed that this is related to the decreasing number of cable customers over the recent years.

Other revenues are expected to remain relatively stable.

**Expenditures:** The proposed budget projects expenditures of \$10,019,670, which is 1.7% less than in 2018. The combined budgets of the Police and Fire Departments represent 55% of General Fund expenditures in 2019, which reflects the high priority of keeping residents and visitors in Chehalis safe.

Municipal services are delivered primarily through people, which is the largest ongoing cost to the General Fund. Salaries and benefits make up almost 75% of General Fund expenditures. The proposed expenditures reflect increases for health insurance premiums and salary and wage increases for all employees, including non-represented employees, consistent with contracts, collective bargaining agreements, and policy direction.

The proposed budget includes one-time facility improvements of \$88,000 to continue to address deferred maintenance to City facilities and \$50,000 for repairs to water damage inside the library.

**Ending Fund Balance:** The projected ending fund balance, also referred to as fund reserve, is estimated to be 7.9% of revenues at the end of 2019. This does not meet the City Council policy of maintaining a 10% reserve. Reserve funds are necessary to address unforeseen expenses, including equipment and facility repairs, as well as emergencies.

## **SUMMARIES OF RESTRICTED FUNDS**

### **Dedicated Street Fund (Fund 003)**

Consistent with a policy of the City Council, an allocation of 4% of the City's sales tax revenue is transferred to this fund to be used and accumulated for needed City street repairs and improvements. For 2019, it is anticipated that there will be a transfer in of \$198,808 from the General Fund, with expenditures of \$172,520.

### **Building Abatement Fund (Fund 004)**

The Building Abatement Fund was established by the City Council in 2017 for the purpose of removing hazards to public health and safety and potentially address aesthetic concerns related to abandoned buildings in our community. Total of \$100,000 was transferred from the General Fund through the end of 2018. However, the 2019 budget includes a \$80,000 transfer back to the General Fund as a one-time fix to help reduce the gap between revenue projections and increasing costs estimated for 2019. The estimated fund balance at the end of 2019 is \$20,439.

### **Arterial Street Fund (Fund 103)**

The Arterial Street Fund is a special revenue fund that accounts for the state distributed motor vehicle fuel tax (MVFT) that is restricted to be used for city street purposes. The MVTF distribution is based on population. The MVFT is the only revenue source for this fund. The City uses this fund primarily for the "oiling and chip sealing" program for our city streets. The 2019 revenue is projected at \$165,504, which is \$17,004 or 11.5% increase from the 2018 budget.

# Budget Memo

## **Transportation Benefit District Fund (Fund 103)**

On February 14, 2017, the voters of Chehalis approved a .02% increase to the sales tax to fund the Transportation Benefit District. The increase went into effect in July 2017. The use of these funds is restricted by law and must be used for specific transportation projects contained in the City's transportation plan. Improvements can range from roads and transit service to sidewalks and transportation demand management. Projects may also include the operation, preservation, and maintenance of these facilities or programs.

2019 revenue is estimated at \$992,518 which is a \$141,918 or 16.7% increase from the 2018 estimated budget. Total project costs budgeted in 2019 is \$1,175,000 The estimated fund balance at the end of 2019 is \$528,173.

## **Tourism Fund (Fund 107)**

The Lodging Tax Advisory Committee (LTAC) requested funding for organizations that advertise and promote tourism in the City and "put heads in beds". The sole revenue source (except for interest earnings on the fund balance) for this fund is the local Hotel/Motel sales tax and special local Hotel/Motel tax. 2019 revenue is projected at \$225,985, which is a \$7,815 or 3.3% below the 2018 budget. The Council approved the 2019 recommendations of the LTAC on October 22, 2018. The 2019 approved expenditures are \$305,435, including \$82,000 for the replacement of the pool liner at the Gail and Carolyn Shaw Aquatics Center located at Recreation Park, which is a critical component of the City's work to promote tourism. LTAC reserves will be used to fund the difference between the proposed revenues and expenditures, per the recommendation of the LTAC. The estimated fund balance at the end of 2019 is \$150,001.

## **Compensated Absences Reserve Fund (Fund 110)**

The Compensated Absences Reserve Fund was established in 1985 for the purpose of setting aside funds to be used for compensation of employees for cash outs for unused accrued leaves, approved disability leaves, approved unemployment benefits, and authorized severance pay. During the great recession of 2007-2009 and the subsequent long recovery, all funds had been expended. During 2018, the Council approved a transfer of \$92,868 to this fund from the General Fund. There are no specific funding plans proposed in 2019. Ideally, an amount of money would be set aside every year to more effectively manage the one-time payments for retiring General Fund employees and potential unemployment benefit liabilities. No revenues or expenditures are proposed in the 2019 budget.

## **Community and Housing Development Block Grant Funds (Funds 195 and 197)**

These funds have been largely depleted. We estimate that the ending fund balance for the CDBG and HUD Grant funds at the end of 2019 will be \$21 and \$71,436 respectively. There are no plans to spend the remaining balances in 2019; however, the Council Budget Committee would like to explore how the City might best use these funds in the future consistent with any legal restriction on their use.

## **G.O. Bond - Debt Service Fund (Fund 200)**

The Debt Service Fund was created to record the payments on the 2011 General Obligation Bonds. For 2019 total debt service expenditures are \$99,563. Transfers in from the General Fund and the two REET funds are allocated to this fund to cover the expenditures.

## **Public Facilities Reserve Fund (Fund 301)**

The Public Facilities Reserve Fund was established many years ago to set aside money over time to prepare for significant maintenance, repairs and renovation of the City's buildings, which are used to provide public services to our community. However, during the great recession of 2007-2009, and the subsequent long recovery, money was not set aside in this fund for future public facilities improvements

# Budget Memo

due to a lack of funds. The LTAC approved a \$82,000 of the LTAC fund be transferred into this fund in 2019 for the pool liner replacement project at Gail and Carolyn Shaw Aquatics Center. Other than \$3,780 estimated investment earnings and the \$82,000 transfer from the General Fund, no other funding is included in the proposed budget. The estimated fund balance at the end of 2019 is \$178,329, which will be used for the repairs at the Library, Fire Station, and the pool.

## **Automotive/Equipment Reserve Fund (Fund 302)**

This fund was established for the purpose of setting aside money on a regular basis to be able to replace the City's vehicles and equipment as needed. However, after the recession of 2007-2009, and the subsequent long recovery, all funds had been expended. During 2018, the City Council approved \$92,868 be transferred into this fund from the General Fund. The estimated fund balance at the end of 2019 is \$93,331.

The 2019 proposed budget includes \$81,780 expenditures to purchase three vehicles: one police patrol car (\$39,780); a one-ton brush fire truck \$30,000 to reduce potential damage to the other fire engines which are not designed for off-street terrain; and a used vehicle for the recreation department employees (\$12,000) required for insurance purposes. The estimated fund balance at the end of 2019 is \$11,781.

## **First and Second Quarter Percent REET Funds (Funds 305 and 306)**

The First and Second Quarter Percent Real Estate Excise Tax (REET) Funds were established in accordance with state requirements to account for real estate excise taxes which have specific criteria for usage. For 2019, it is proposed that some REET monies be transferred out to fund the debt service for the 2011 General Obligation Bonds, which was issued to fund the city hall acquisition cost.

The 2019 estimated revenues and expenditures for the First Quarter Percent REET fund are \$106,280 and \$40,821, respectively, with an estimated cash balance of \$89,401 at the end of 2019.

The 2019 estimated revenues and expenditures for the Second Quarter Percent REET fund are \$106,470 and \$33,851, respectively, with an estimated cash balance of \$104,817 at the end of 2019.

## **Garbage Fund (Fund 402)**

This fund is used to account for the revenues and expenditures associated with the City's organic waste disposal site at Stan Hedwall park. For 2019, it is estimated that the revenues will be \$6,745 and expenditures will be \$7,252, with an ending fund balance of \$5,457.

## **Wastewater Fund (Fund 404)**

Revenues for the Wastewater Fund are projected to be \$5,472,262 in 2019. Expenditures are projected to be \$5,750,639, including one-time expenditures of \$997,652 for capital outlays. The projected fund balance at the end of 2019 is \$4,561,754.

## **Water Fund (Fund 405)**

Revenues for the Water Fund are projected to be \$2,885,647 in 2019. Expenditures are projected to be \$4,269,140, including one-time expenditures of \$1,599,805 for capital outlays. The projected fund balance at the end of 2019 is \$5,478,432.

## **Storm & Surface Water Utility Fund (Fund 406)**

The Storm & Surface Water Utility Fund provides planning, construction, operation and maintenance of the City's storm drainage system. The projected revenues are \$800,770 with planned expenditures of \$786,526, including one-time expenditures of \$255,576 for capital outlays. The projected fund balance

# Budget Memo

at the end of 2019 is \$971,373.

## **Airport Fund (Fund 407)**

This fund is dedicated and restricted to the operation of the Chehalis-Centralia Airport. In 2019, the projected revenues are estimated to be \$4,423,173, including one-time FAA grant funding for the Taxiway Realignment project in the amount of \$2,644,795. Total expenditures are estimated at \$4,429,286, including one-time expenditures of \$2,939,678 for the Taxiway Realignment grant funded project as well as capital

equipment acquisition. The estimated fund balance at the end of 2019 is \$516,969.

## **Firemen's Pension Fund (Fund 611)**

In 2019, the firemen's pension fund has an expenditure budget of \$78,500, with projected revenues of \$191,236 which includes a portion of the City's general property tax levy and fire insurance premium tax.

This fund is restricted to payments for medical and supplemental pension benefits to retirees who had pre-LEOFF service credits. LEOFF is the acronym for Law Enforcement Officers' and Fire Fighters' Retirement System. The projected fund balance at the end of 2019 is \$941,044.

## **City Agency Fund (Fund 633)**

This fund was established to account for the funds received by the Municipal Court that are owed to a person or an agency. They are held in this fund until it can be determined what disbursements need to be made and to whom. The fund was first established when the City converted to the cash basis of accounting. For 2019, expenditures are offset by revenues, both of which are estimated to be \$360,000 with a projected fund balance of \$10,890 at the end of 2019.

#####

**ORDINANCE NO. 995-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS,  
WASHINGTON, ADOPTING THE BUDGET OF THE CITY  
OF CHEHALIS FOR THE YEAR 2019 AND PROVIDING  
FOR THE EFFECTIVE DATE HEREOF.**

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

**Section 1.** Attached hereto and identified as Exhibit "A," in summary form, are the total of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined for the budget of the City for 2019, and by this reference said Exhibit "A," showing a total estimated ending fund balance of \$14,754,464 is incorporated herein as if set forth in full and the same is hereby adopted in full.

**Section 2.** This ordinance is a legislative act delegated by statute to the City Council of the City of Chehalis, is not subject to referendum and shall take effect the \_\_\_\_ day of December, 2018.

**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 November, 2018.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

\_\_\_\_\_  
City Attorney



**Ordinance 995-B  
Exhibit "A"  
2019 BUDGET SUMMARY - ALL FUNDS**

FUND NO.	FUND NAME	ESTIMATED BEGINNING CASH	REVENUES	TRANSFERS IN	EXPENDITURES	TRANSFERS OUT	ESTIMATED ENDING CASH	CASH BALANCE CHANGE FROM BEGINNING TO ENDING	% CHANGE
001	General Fund	\$ 969,625	\$ 9,742,242	\$ 80,000	\$ 9,794,971	\$ 224,699	\$ 772,197	\$ (197,428)	-20.4%
003	Dedicated Street Fund	122,027	710	198,808	172,520	-	149,025	26,998	22.1%
004	Building Abatement Fund	100,109	330	-	-	80,000	20,439	(79,670)	-79.6%
102	Arterial Street Fund	102,565	165,504	-	170,218	-	97,851	(4,714)	-4.6%
103	Transportation Benefit District Fund	710,655	992,518	-	1,175,000	-	528,173	(182,482)	-25.7%
107	Tourism Fund	229,451	225,985	-	223,435	82,000	150,001	(79,450)	-34.6%
110	Compensated Absences Reserve Fund	92,868	1,850	-	-	-	94,718	1,850	2.0%
195	Community Development Block Grant Fund	21	-	1,000	1,000	-	21	-	0.0%
197	HUD Block Grant Fund	71,043	1,420	-	1,000	-	71,463	420	0.6%
200	2011 General Obligation Bond Fund	-	-	99,563	99,563	-	-	-	0.0%
301	Public Facilities Reserve Fund	189,273	3,780	82,000	96,724	-	178,329	(10,944)	-5.8%
302	Automotive/Equipment Reserve Fund	93,331	230	-	81,780	-	11,781	(81,550)	-87.4%
305	First Quarter REET Fund	23,942	106,280	-	-	40,821	89,401	65,459	273.4%
306	Second Quarter REET Fund	32,198	106,470	-	-	33,851	104,817	72,619	225.5%
402	Garbage Fund	5,964	6,745	-	7,252	-	5,457	(507)	-8.5%
404	Wastewater Fund	4,840,131	5,472,262	-	5,750,639	-	4,561,754	(278,377)	-5.8%
405	Water Fund	6,861,925	2,885,647	-	4,269,140	-	5,478,432	(1,383,493)	-20.2%
406	Storm and Surface Water Fund	957,458	800,770	-	786,526	-	971,702	14,244	1.5%
407	Airport Fund	523,082	4,423,173	-	4,429,286	-	516,969	(6,113)	-1.2%
611	Firement's Pension Fund	828,308	191,236	-	78,500	-	941,044	112,736	13.6%
633*	Agency Fund	10,890	360,000	-	360,000	-	10,890	-	0.0%
<b>TOTALS</b>		<b>\$ 16,764,866</b>	<b>\$ 25,487,152</b>	<b>\$ 461,371</b>	<b>\$ 27,497,554</b>	<b>\$ 461,371</b>	<b>\$ 14,754,464</b>	<b>\$ (2,010,402)</b>	<b>-12.0%</b>

\*Fund 633 is an Agency Fund which the city holds funds as a custodian for a period of time. This money does not belong to the City.

**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:** November 26, 2018

**SUBJECT:** Ordinance No. 996-B, First Reading – Third Amendment to the 2018 Budget

---

**ISSUE**

Ordinance No. 996-B, amending the 2018 Budget, is hereby submitted to reflect the changes in estimates and actual activity of the city. This ordinance is necessary to ensure compliance with state appropriation requirements and to document adjustments to the 2018 Budget.

**DISCUSSION**

The proposed ordinance is the third 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 increase in fund balances (general and restricted funds) associated with the third budget amendment totals \$439,465 and is summarized below.

**GENERAL FUND**

The net increase in the estimated ending fund balance for the General Fund associated with the third budget amendment is \$14,215, which includes an increase in revenue estimates by \$108,320 and an increase in total appropriations by \$94,105 (expenditures by \$88,105 and Transfers-out by \$6,000). Forty-six percent of the increase in expenditures is associated with the payment for compensated absences to a general fund employee who retired unexpectedly.

**Revenue Estimates**

Revenue estimates included in the third budget amendment to the 2018 Budget are based on the year-to-date actual receipts through October and estimates based on current and past year trends for the remaining November and December 2018 to more closely reflect actual.

The local sales tax revenue estimate is increased by \$150,000 (3.2% increase from the 2018 Amended Budget), whereas Utility B&O Taxes is decreased by \$51,800 (3.1% decrease from the 2018 Amended Budget). Fees for community and building service and court revenues are decreased by \$28,125 and \$26,600, respectively. The revenue increase also includes \$25,800 grant payments received that were not included in the current 2018 budget. Overall, the

general fund revenue estimate is increased by \$108,320 or 1.2% from the 2018 Amended Budget.

Additional information for the revenue estimates is summarized in the below table.

Revenue Type	Revenue Estimates		Recommended Amended Budget	% Change	Foot Note
	Current 2018 Budget	Increase (decrease)			
Local Sales Tax	\$ 4,615,427	\$ 150,000	\$ 4,765,427	3.2%	
Criminal Justice Sales Tax	106,101	7,000	113,101	6.6%	
Utility B&O Taxes	1,677,920	(51,800)	1,626,120	-3.1%	1
Franchise Tax	71,500	7,600	79,100	10.6%	
Grants Revenues	1,222	25,800	27,022	0.0%	
PUD Privilege Tax	70,775	4,330	75,105	6.1%	
Marijuana excise tax	18,946	17,115	36,061	90.3%	
Fees for Services - Security of Persons/Property	95,410	(16,000)	79,410	-16.8%	2
Fees for Services - Community & Building	61,385	(28,125)	33,260	-45.8%	3
Fines & Forfeiture - Court Revenues	140,685	(26,600)	114,085	-18.9%	4
Interest Earnings	10,350	10,000	20,350	96.6%	
All other revenues	2,470,481	9,000	2,489,481	0.4%	5
<b>Total Revenues</b>	<b>\$ 9,329,852</b>	<b>\$ 108,320</b>	<b>\$ 9,438,172</b>	<b>1.2%</b>	

Foot Notes:

1. Increase for electric, solid waste, water and wastewater utilities but decrease for gas, cable, and telephone utilities.
2. Decrease for adult probation and electronic monitoring service fee.
3. Decrease for plant check fees and UGA permitting fee
4. Overall court revenues are declining from recent years.
4. Includes \$5,000 increase for recreation program fees and \$4,000 training cost share with Lewis County FD#6.

### Expenditures

The total net increase in appropriations and transfer out is \$98,564, which includes the following:

**Human Resources Department:** \$12,000 increase for costs related to union labor negotiations.

The 2018 Adopted Budget includes an anticipated expenditure relating to the 2017-2018 firefighters' CBA in the Non-Departmental Department for \$161,609.

A budget transfer of \$12,000 from the Non-Departmental Department to Human Resources Department is proposed with this budget amendment. Therefore, no additional appropriation is requested relating to this item.

**Police Department:** \$57,094 increase including the following:

- \$41,405 payroll cost increase due to one-time payments for cash out of accrued leaves for one retired employee.
- \$15,700 increase for communications, fuel consumed, equipment rentals, and dispatch center service fee to more closely reflect actual expenditures to-date.
-

**Fire Department:** \$155,100 increase including the following:

- \$138,000 estimated payroll cost increase relating to the firefighter's 2017-2018 collective bargaining agreement that was approved in October 2018. This amount includes payments for salary increases retroactive from January 1, 2017 through September 2018, pay increases applicable for October through December 2018, and overtime payments and fringe benefits associated with these payments.

The 2018 Adopted Budget includes an anticipated expenditure relating to the 2017-2018 firefighters' CBA in the Non-Departmental Department for \$161,609.

A budget transfer of \$138,000 from the Non-Departmental Department to the Fire Department is proposed with this budget amendment. Therefore, no additional appropriation is requested relating to this item.

- \$17,100 increase for communications, professional services for grant writer, fuel consumed, and equipment rental to more closely reflect actual expenditures to-date.

**Recreation Department:** \$13,900 increase including the following:

- \$6,000 expenditures incurred for grant writer service fees for the Penny Playground grant.
- \$7,900 increased cost in personnel benefits due to an employee's health coverage change in 2018.

**Non-Departmental Department:** A net decrease of \$144,000 in appropriations, which includes a total of \$150,000 budget transfer (decrease) to Fire and Human Resources Departments and \$6,000 transfer out to the Dedicated Street Fund for the following purposes:

The 2018 Adopted Budget includes anticipated expenditures relating to the 2017-2018 firefighters' CBA in the Non-Departmental Department under Suspense Account in the amount of \$161,609. A budget transfer of \$150,000 from Non-Departmental Department to Fire and Human Resources Departments are proposed in this budget amendment as follows:

- \$138,000 budget transfer from Non-Departmental Department to Fire department to fund the retroactive payroll costs relating to the firefighter's CBA.
- \$12,000 budget transfer from Non-Departmental Department to Human Resources Department to fund the increased attorney fees relating to union labor negotiation.
- \$6,000 increase in Transfers Out to the Dedicated Street Fund for adjust 4% sales tax transfer to more closely reflect actual.

**Dedicated Street Fund**

\$6,000 increase for transfers-in from the General Fund relating to the adjusted sales tax revenue estimates to more closely reflect actual.

**Transportation Benefit District Fund**

A total of \$260,000 increase in revenue estimates, including increase in TBD sales tax revenue estimates by \$250,000 and \$10,000 in interest earnings, to more closely reflect actual.

**First Quarter Percent REET Fund**

Increase in REET tax revenue estimates by \$24,000 to more closely reflect actual.

**Second Quarter Percent REET Fund**

Increase in REET tax revenue estimates by \$24,000 to more closely reflect actual.

**Wastewater Fund**

\$45,000 increase in interest revenue, and \$40,000 Increase in appropriations for wastewater utility tax to the general fund to more closely reflect actual.

Net increase in estimated ending fund balance is \$3,000.

**Water Fund**

\$78,000 increase in interest revenue, and \$21,000 increase in appropriations for water utility tax to the general fund to more closely reflect actual.

Net increase in estimated ending fund balance is \$57,000.

**Storm & Surface Water Utility Fund**

\$40,000 increase storm water fee revenue estimates to more closely reflect actual and an increase in interest revenue by \$11,250.

Net increase in estimated ending fund balance is \$51,250.

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.996-B on first reading.

**SUGGESTED MOTION**

I move that the City Council pass Ordinance No. 996-B on first reading.

Fund No. and Name	Account Name	Reason for Amendment	2018		Revenue		Appropriation		Total		
			Amended Budget	Amended Budget	Increase (Decrease)	Transfers In	Increase (Decrease)	Transfers Out	Increase (Decrease)	Amended Budget	
<b>Fund 001 - General Fund</b>											
<b>Revenues:</b>											
001.313.011.00	Local Sales Taxes	Reflect more to actual	4,615,427	150,000	150,000	4,765,427				150,000	4,765,427
001.313.071.00	Sales Tax - Criminal Justice Funding	YTD receipt over the budgeted amount	106,101	7,000	7,000	113,101				7,000	113,101
001.316.041.00	B&O Utility Tax - Electric	Reflects more to actual	515,102	68,000	68,000	583,102				68,000	583,102
001.316.043.00	B&O Utility Tax - Gas	Reflects more to actual	213,794	(70,000)	(70,000)	143,794				(70,000)	143,794
001.316.045.00	B&O Utility Tax - Solid Waste	Reflects more to actual	68,164	9,300	9,300	77,464				9,300	77,464
001.316.046.01	B&O Utility Tax - Cable	Reflects more to actual	132,843	(56,000)	(56,000)	76,843				(56,000)	76,843
001.316.047.00	B&O Utility Tax - Telephone	Reflects more to actual	254,902	(30,000)	(30,000)	224,902				(30,000)	224,902
001.316.048.00	Utility taxes - Waster	Reflects more to actual	176,000	2,700	2,700	178,700				2,700	178,700
001.316.049.00	Utility taxes - Wastewater	Reflects more to actual	279,615	24,200	24,200	303,815				24,200	303,815
001.321.091.02	Franchise Tax - Comcast	YTD receipt over the budgeted amount	71,500	7,600	7,600	79,100				7,600	79,100
001.331.016.60	DOJ -BPV Grant	Revenue not budgeted	-	1,610	1,610	1,610				1,610	1,610
001.333.020.60	US DOT Grant	Revenue not budgeted	-	1,300	1,300	1,300				1,300	1,300
001.333.097.03	FEMA Grant - 07 Flood	Revenue not budgeted -07 FEMA Flood	-	19,620	19,620	19,620				19,620	19,620
001.334.001.83	WA Dept of Military	Revenue not budgeted -07 FEMA Flood	-	3,270	3,270	3,270				3,270	3,270
001.342.033.00	Adult Probation Service	Reflects more to actual	18,720	(6,000)	(6,000)	12,720				(6,000)	12,720
001.342.036.00	Electronic Monitoring-Prison	Reflects more to actual	18,000	(10,000)	(10,000)	8,000				(10,000)	8,000
001.335.000.91	PUD Privilege Tax	YTD receipt over the budgeted amount	70,775	4,330	4,330	75,105				4,330	75,105
001.336.006.42	Marijuana Excise Tax	YTD receipt over the budgeted amount	18,946	17,115	17,115	36,061				17,115	36,061
001.337.009.22	Interlocal Agreement	Lewis County FD#6 Training Cost Share	-	4,000	4,000	4,000				4,000	4,000
001.345.083.00	Plan Checks	Reflects more to actual	47,500	(17,500)	(17,500)	30,000				(17,500)	30,000
001.345.089.02	Com Dev Fee - UGA Permitting	Reflects more to actual	10,625	(10,625)	(10,625)	-				(10,625)	-
001.347.030.01	Activity Fee/Pool Admission	YTD receipt over the budgeted amount	80,000	5,000	5,000	85,000				5,000	85,000
001.354.009.00	Parking Infractions	Reflects more to actual	8,000	(2,000)	(2,000)	6,000				(2,000)	6,000
001.355.020.00	Driving While Intoxicated	Reflects more to actual	11,500	(3,500)	(3,500)	8,000				(3,500)	8,000
001.354.009.00	Other Criminal Traffic	Reflects more to actual	26,175	(7,600)	(7,600)	18,575				(7,600)	18,575
001.356.050.03	Drug/Alcohol Spec Assessment	Reflects more to actual	2,500	(1,000)	(1,000)	1,500				(1,000)	1,500
001.356.090.00	Non-Traffic Misdemeanor	Reflects more to actual	25,000	(12,500)	(12,500)	12,500				(12,500)	12,500
001.361.011.11	Investment interest	Reflects more to actual	10,350	10,000	10,000	20,350				10,000	20,350
<b>Total General Fund Revenues &amp; Transfers in</b>			<b>9,329,852</b>	<b>108,320</b>	<b>108,320</b>	<b>9,438,172</b>				<b>108,320</b>	<b>9,438,172</b>
<b>Expenditures:</b>											
001.G1.589.090.00.00	Suspense Account	Budget Transfer to Fire & HR Dept for CBA Retro Pays & Legal Fees	161,609	(150,000)	(150,000)	11,609				(150,000)	11,609
001.G1.589.090.00.00	Transfer out to Dedicated Street	Reflect more to actual - sales tax revenue over budget projection	184,625	-	-	184,625			6,000	6,000	190,625
			<b>Sub total - non department</b>								
001.G2.518.010.41.00	Professional Services	Union labor negotiations attorney fees over budget	15,000	-	-	15,000				12,000	27,000
			<b>Sub total - HR</b>								
001.H1.521.010.42.00	Communications	Increased cost - reflects more to actual	26,000	5,700	5,700	31,700				5,700	31,700
001.H1.521.021.11.00	Salaries & Wages	Retiree Accruals Cash out - not budgeted	167,256	26,875	26,875	194,131				26,875	194,131
001.H1.521.021.12.00	Overtime	Retiree Accruals Cash out - not budgeted	16,286	12,530	12,530	28,816				12,530	28,816
001.H1.521.021.21.00	Personnel Benefits	Retiree Accruals Cash out - not budgeted	109,465	2,000	2,000	111,465				2,000	111,465
001.H1.521.022.32.00	Fuel Consumed	Increased cost - reflects more to actual	25,000	4,300	4,300	29,300				4,300	29,300
001.H1.521.022.45.00	Rentals	Increased cost - reflects more to actual	1,328	3,300	3,300	4,628				3,300	4,628
001.H1.523.060.51.00	Intergovernmental Service	Increased cost - reflects more to actual	80,000	2,400	2,400	82,400				2,400	82,400
			<b>Sub-Total Police</b>							<b>57,105</b>	
001.I1.522.010.41.00	Professional Services	Grant writer service fee not budgeted - Penny Playground	-	2,000	2,000	2,000				2,000	2,000
001.I1.522.010.42.00	Communications	Increased cost - reflects more to actual	13,800	1,700	1,700	15,500				1,700	15,500
001.I1.522.010.45.00	Rentals	Copier Lease Increased cost - reflects more to actual	-	3,000	3,000	3,000				3,000	3,000
001.I1.522.020.11.00	Salaries & Wages	Firefighters' CBA approved - Pay Increase & Retro Pay	165,203	21,800	21,800	187,003				21,800	187,003

Fund No. and Name	Account Name	Reason for Amendment	2018		Revenue		Appropriation		Total		Recommended
			Amended Budget	Amended Budget	Increase (Decrease)	Transfers In	Increase (Decrease)	Transfers Out	Increase (Decrease)	Amended Budget	
001.11.522.020.12.00	Overtime	Firefighters' CBA approved - Pay Increase & Retro Pay	50,000				3,200				53,200
001.11.522.028.21.00	Personnel Benefits	Firefighters' CBA approved - Pay Increase & Retro Pay	87,410				2,500				89,910
001.11.522.020.32.00	Fuel Consumed	Increased cost - reflects more to actual	8,000				6,200				14,200
001.11.522.028.11.00	Salaries & Wages	Firefighters' CBA approved - Pay Increase & Retro Pay	661,062				87,000				748,062
001.11.522.020.12.00	Overtime	Firefighters' CBA approved - Pay Increase & Retro Pay	200,000				13,300				213,300
001.11.522.028.21.00	Personnel Benefits	Firefighters' CBA approved - Pay Increase & Retro Pay	349,643				10,200				359,843
001.11.522.050.45.00	Rentals	Lewis County FD#6, station use fee not budgeted	-				4,200				4,200
		Sub-Total Fire					155,100				155,100
001.R1.571.011.21.00	Personnel Benefits	Increased Cost - Employee benefit choice change	70,425				7,900				78,325
001.R1.571.011.41.00	Professional Services	Increase costs - Grant Writer - Rec Park and Penny Playground	10,000				6,000				16,000
		Sub-Total Recreation					13,900				13,900
		Total General Fund Expenditures & Transfers Out	10,402,168				88,105	6,000			10,496,273
		Total General Fund		108,320			88,105	6,000			14,215

**Fund 003 - Dedicated Street Fund-4% Sales Tax**

Revenues:											
003.397.000.01	Transfers in from Fund 001	Reflects more to actual 4% of Sales Tax	184,625		6,000						190,625
	Total TBD Fund Revenues & Transfers In		185,125		6,000						191,125
	Total Transportation Benefit District Fund				6,000						6,000

**Fund 103 - Transportation Benefit District Fund**

Revenues:											
103.313.021.00	TBD Sales Taxes	Reflects more to actual	850,000		250,000						1,100,000
103.361.011.00	Interest Earnings	Reflects more to actual	600		10,000						10,600
	Total TBD Fund Revenues & Transfers In		850,600		260,000						1,110,600
	Total TBD Fund				260,000						260,000

**Fund 305 - First Quarter Percent REET Fund**

Revenues:											
305.318.034.00	REET 1	Reflects more to actual	90,000		24,000						114,000
	Total First Quarter Percent REET Fund Revenues & Transfers In		90,700		24,000						114,700
	Total First Quarter Percent REET Fund				24,000						24,000

**Fund 306 - Second Quarter Percent REET Fund**

Revenues:											
306.318.035.00	REET 2	Reflects more to actual	90,000		24,000						114,000
	Total Second Quarter Percent REET Fund Revenues & Transfers In		90,650		24,000						114,650
	Total Second Quarter Percent REET Fund				24,000						24,000

Fund No. and Name	Account Name	Reason for Amendment	2018		Appropriation		Total Amendment		Recommended Amended Budget
			Amended Budget	Revenue Increase (Decrease)	Transfers In	Transfers Out	Increase (Decrease)	Increase (Decrease)	
<b>Fund 404 - Wastewater Fund</b>									
Revenues:									
404.361.011.00	Interest Earnings	Reflects more to actual	15,000	45,000				45,000	60,000
	<u>Total Wastewater Revenues &amp; Transfers In</u>		5,529,897	45,000	-	-	-	45,000	5,574,897
Expenditures:									
404.11.535.010.53.01	Taxes & Oper Assessments - GF	Utility taxes on wastewater sales to GF - reflects more to actual	261,870			42,000		42,000	303,870
	<u>Total Wastewater Fund Expenditures</u>		5,512,192	-	-	42,000	-	42,000	5,554,192
	<b>Total Wastewater Fund</b>			<b>45,000</b>		<b>42,000</b>		<b>3,000</b>	
<b>Fund 405 - Water Fund</b>									
Revenues:									
405.361.011.00	Interest Earnings	Reflects more to actual	15,000	78,000				78,000	93,000
	<u>Total Water Fund Revenues &amp; Transfers In</u>		2,880,084	78,000	-	-	-	78,000	2,958,084
Expenditures:									
405.10.534.010.53.01	Taxes & Oper Assessment - GF	Utility taxes on water sale to GF - reflects more to actual	157,820			21,000		21,000	178,820
	<u>Total Water Fund Expenditures</u>		3,210,767	-	-	21,000	-	21,000	3,231,767
	<b>Total Water Fund</b>			<b>78,000</b>		<b>21,000</b>		<b>57,000</b>	
<b>Fund 406 - Storm &amp; Surface Water Fund</b>									
Revenues:									
406.343.010.02	Stormwater Closed Non-single family	Sales revenue to reflects more to actual	297,000	40,000				40,000	337,000
406.361.011.00	Interest Earnings	Reflects more to actual	2,000	11,250				11,250	13,250
	<u>Total Storm Water Fund Revenues &amp; Transfers In</u>		578,130	51,250	-	-	-	51,250	629,380
	<b>Total Water Fund</b>			<b>51,250</b>		<b>151,105</b>		<b>439,465</b>	
	Total City-wide All Funds			590,570	6,000	151,105	6,000	439,465	



**ORDINANCE NO. 996-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 FOUR HUNDRED THIRY-NINE THOUSAND FOUR HUNDRED SIXTY-FIVE DOLLARS (\$439,465) FOR THE GENERAL FUND, DEDICATED STREET FUND, TRANSPORTATION BENEFIT DISTRICT FUND, FIRST QUARTER PERCENT REET FUND, SECOND QUARTER PERCENT REET FUND, WASTEWATER FUND, WATER FUND, AND STORM & SURFACE WATER UTILITY 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 \$108,320, increase expenditures appropriations by \$88,105, and increase transfers out by \$6,000.

**Section 2.** The annual budget of the city for the calendar year 2018 shall be, and the same hereby is, amended so as to increase the Dedicated Street Fund – 4% Sales Tax's transfers in by \$6,000.

**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 Transportation Benefit District Fund's estimated revenues by \$260,000.

**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 First Quarter Percent REET Fund's estimated revenues by \$24,000.

**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 Second Quarter Percent REET Fund's estimated revenues by \$24,000.

**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 estimated revenues by \$45,000 and increase expenditure appropriations by \$42,000.

**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 estimated revenues by \$78,000 and increase expenditure appropriations by \$21,000.

**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 estimated revenues by \$51,250.

**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 \$17,114,147.

**PASSED** by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this \_\_\_\_\_ day of December, 2018.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

\_\_\_\_\_  
City Attorney

**EXHIBIT A**  
**CITY OF CHEHALIS THIRD AMENDED 2018 BUDGET**  
**2018 Budget Summary Revised with Ordinance No. 996-B**

FUND NAME	FUND NO.	Beginning Fund Balance	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Ending Fund Balance	Change in Fund Balance	Fund Bal. % Chg. Beg - End.
General Fund	001	\$ 2,042,442	\$ 9,438,172	\$ -	\$ 9,933,746	\$ 562,527	\$ 984,341	(1,058,101)	-51.8%
Dedicated Street Fund - 4% Sales Tax	003	117,842	500	190,625	180,940	-	128,027	10,185	8.6%
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	1,110,600	-	500,000	-	970,655	610,600	169.6%
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	114,700	-	-	242,865	47,942	(128,165)	-72.8%
2nd Quarter REET Fund	306	264,738	114,650	-	-	323,190	56,198	(208,540)	-78.8%
Garbage Fund	402	7,024	6,445	-	7,505	-	5,964	(1,060)	-15.1%
Wastewater Fund	404	4,833,519	5,574,897	-	5,554,192	-	4,854,224	20,705	0.4%
Water Fund	405	7,093,160	2,958,084	-	3,231,767	-	6,819,477	(273,683)	-3.9%
Storm & Surface Water Fund	406	1,098,223	629,380	-	721,225	-	1,006,378	(91,845)	-8.4%
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%
<b>TOTALS</b>		<b>\$ 17,784,181</b>	<b>\$ 23,426,728</b>	<b>\$ 1,228,582</b>	<b>\$ 24,096,762</b>	<b>\$ 1,228,582</b>	<b>\$ 17,114,147</b>	<b>\$ (670,034)</b>	<b>-3.8%</b>