

PLEASE NOTE SPECIAL MEETING TIME

CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BOULEVARD, CHEHALIS, WA 98532

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

October 24, 2011

5:45 p.m.

WORK SESSION		
1. <u>Chehalis-Centralia Airport – Quarterly Update.</u> (Allyn Roe, Airport Manager)		

Regular Meeting of October 24, 2011

6:00 p.m.

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

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

PROCLAMATIONS / PRESENTATIONS

4. Proclamation Declaring October as "Domestic Violence Awareness Month."
(Mayor)

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CONSENT CALENDAR

5. Minutes of the Regular Meeting of October 10, 2011. (City Clerk)

APPROVE

1

6. Vouchers and Transfers. (Finance Manager)

APPROVE

4

STAFF AND CITY COUNCIL REPORTS

7. Administration Reports.

a. September and quarterly financial report. (Finance Manager)

INFORMATION ONLY

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b. Quarterly sales and use tax report. (Finance Manager)

INFORMATION ONLY

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8. Council Reports.

a. Councilor reports. (City Council)

INFORMATION ONLY

b. Council committee reports. (City Council)

INFORMATION ONLY

NEW BUSINESS

9. Ordinance No. 878-B, First and Final Reading – Debt Issuance. (Finance Manager, Alan Dashen & Associates, Foster Pepper PLLC)

PASS

12

10. Ordinance No. 879-B, First and Final Reading – Bond Registration. (Finance Manager, Alan Dashen & Associates, Foster Pepper PLLC)

PASS

32

11. Ordinance No. 880-B, First Reading – Amending Section 3.32.020 of Ordinance No. 658-B Providing for Use of Real Estate Excise Tax Funds. (Finance Manager)

PASS

37

12. Resolution No. 18-2011, First and Final Reading – Revising the City's Capital Improvement Plan. (Community Development Director)

ADOPT

42

13. Lodging Tax Advisory Committee (LTAC) Recommendations for 2012 Tourism Funding and Reappointment of Memberships. (Councilor Harris)

APPROVE RECOMMENDATIONS OF THE LTAC FOR 2012 TOURISM FUNDING AND REAPPOINTMENT OF MEMBERSHIPS

49

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

NEXT REGULAR CITY COUNCIL MEETING WILL BE ON MONDAY, NOVEMBER 14, 2011

October 10, 2011

The Chehalis city council met in regular session on Monday, October 10, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; and Bob Nacht, Community Development Director. Members of the media included Bianca Fortis from *The Chronicle* and Bruce Hunting from KITI.

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

a. Minutes of the regular meeting of September 26, 2011; and

b. Claim Vouchers No. 101131-101220 in the amount of \$77,090.44 dated September 30, 2011; and Payroll Vouchers No. 35056-35135, Direct Deposit Payroll Vouchers No. 2585-2655, and Electronic Federal Tax Payment No. 103 in the amount of \$696,318.03 dated September 30, 2011.

The motion was seconded by Councilor Taylor and carried unanimously.

2. **Council Reports.**

a. **Update from Councilor Spahr.** Councilor Spahr reported the council budget committee and staff had been meeting over the last two weeks to discuss the 2012 budget.

Councilor Spahr reported he also attended a train show with his granddaughter, adding they had a lot of good exhibits.

b. **Update from Councilor Pope.** Councilor Pope reported on the Children's Justice Task Force meeting he recently attended. He noted the City of Sunnyside received a grant from the task force to deal with the trafficking of young people, adding he felt they were going to be the model for the way agencies approach those types of problems in the future. Councilor Pope indicated they had also been somewhat successful in addressing gang issues.

c. **Update from Councilor Dawes.** Councilor Dawes talked briefly about the 2012 budget meetings over the last couple of weeks, adding he was glad to get that done. He reported they weren't able to get everything back that they had to reduce over last few years, but felt the action they took put the city on a little better footing as we face the next couple of years.

Councilor Dawes reported he would be attending the AWC Regional meeting down in Vancouver, Washington, on Tuesday evening. He hoped to broaden his knowledge about what's on the horizon, besides budget shortfalls and how that may or may not affect the cities funding-wise.

d. **Update from Councilor Taylor.** Councilor Taylor gave a brief update on filling the Twin Transit general manager position. He reported they went through an all-day interview process about a month ago and at the end of the day they picked the candidate from Arizona. Councilor Taylor announced they offered Rob LaFontaine the position and he accepted it, adding he believed he would start work on October 17. He reported he planned to invite Mr. LaFontaine to a council meeting, so the rest of the council could meet him.

e. **Update from Councilor Harris.** Councilor Harris also commented on the 2012 budget review process, noting after four days of meetings it just had to be said again.

Councilor Harris reported the Lodging Tax Advisory Committee held a meeting on October 6 to go over the 2012 funding requests. He stated they had over \$500,000 in requests and would be submitting a recommendation to the council to give out about \$160,000. Councilor Harris indicated not everyone got what they wanted, and unfortunately some didn't get any. He felt the process was very effective, adding the conference they attended a couple of weeks ago helped them to have a very constructive meeting. Councilor Harris thanked the committee members for their time and commitment to the process.

Councilor Harris reported he had a chance earlier in the day to judge fire prevention posters in Centralia. He noted they would be hanging the posters up at the Centralia Outlets.

October 10, 2011

3. Authorize Signatures on Louisiana Avenue and Airport Road Connection (LAARC) Project Documents. Bob Nacht reported they had been working with staff at Lewis County to comply with all of the requirements of the State Department of Transportation (DOT) to get the right-of-way certified for the LAARC project, also known as the Transportation Improvement Board project. He added the project was scheduled to go to construction next year.

Mr. Nacht reported the administration was recommending that the council authorize the mayor and city manager to execute the four documents before them, in order to get the right-of-way into a legal status. He noted since the agenda report was submitted on October 4, he had received word from the county that there may very well be a fifth document that needs to be addressed having to do with perpetual slope easement on the existing fill that was put in for the Louisiana Avenue road bed. Mr. Nacht indicated, should that document be necessary, he would bring that to the city manager for his signature.

Councilor Spahr stated it appeared they were doing this primarily to bring the road into a legal status and we are giving the easements to ourselves. City Attorney Bill Hillier noted they had to dedicate the roadways because the property was not originally platted for a roadway. He noted they were doing the easements for drainage purposes, adding it would be a benefit to both the city and the airport.

Councilor Spahr inquired about the perpetual easement for the slope. Mr. Nacht stated it had to do with the slope that was existing, adding the base of that slope actually encroaches on the Barnes property by a couple of feet. He noted it was anticipated at the time the road bed was installed that the filling activity on the Barnes property would occur at about the same time for development, which would negate this necessity. Mr. Nacht stated it was basically to protect the existing slope, and had to do with the criteria that DOT requires for certification.

Councilor Spahr moved that the council authorize the Mayor and City Manager to execute the attached dedication and easement documents relating to the Louisiana Avenue/Airport Road Project.

The motion was seconded by Councilor Pope and carried unanimously.

4. Shoreline Master Program Update Interlocal Agreement. Bob Nacht reported Lewis County requested that the cities partner with them in pooling the grant resources that are available through the State Department of Ecology (DOE) for the required Shoreline Master Program Update. He noted the interlocal agreement would allow the city to participate with the county to get the project done. Mr. Nacht reported one of the key issues mentioned in the agenda report was that if state funding does not exist later on, then the required mandate would be deferred until funding is available.

Councilor Harris inquired about the significant funding differences for the project, noting the city's portion was \$125K and all of the other cities were either \$40K or \$50K. Mr. Nacht reported they addressed that same question with DOE twice, noting the formulas were established by the Legislature. He suggested in transition, someone may have dropped a number one in front of the \$50K for the City of Centralia, which seemed reasonable. Mr. Nacht indicated they have asked DOE to research it to make sure the figures are correct.

Councilor Dawes moved that the council authorize the City Manager to execute the attached interlocal agreement with Lewis County.

The motion was seconded by Councilor Spahr and carried unanimously.

5. Chehalis-Centralia Airport Board Appointments. City Manager MacReynold reported the city would have two vacancies on the Chehalis-Centralia Airport Board at the end of the year. City Representative Frank DeVaul's term expires December 31, as well as the two-year rotating appointment held by Robert Schroeter who was appointed by Lewis County in 2010. City Manager MacReynold stated he would talk to the council members individually about filling the appointments for those positions.

There being no further business to come before the council, the meeting adjourned at 6:14 p.m.

October 10, 2011

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of October 10, 2011.

CITY OF CHEHALIS
AGENDA REPORT

DATE: October 14, 2011
TO: The Honorable Mayor and City Council
FROM: Eva Lindgren, Finance Manager 
PREPARED BY: Michelle White, Accounting Tech II 
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

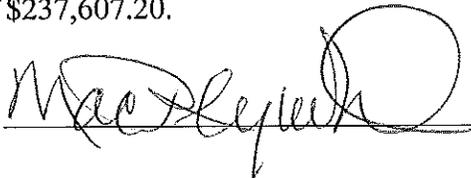
1. Claim Vouchers No. 101221 through 101362 in the amount of \$237,607.20 dated October 14, 2011 and the transfer of \$66,549.40 from the General Fund, \$17,331.33 from the Tourism Fund, \$175.00 from the HUD Block Grant Fund, \$519.39 from the Garbage Fund, \$119,259.09 from the Wastewater Fund, \$29,213.51 from the Water Fund, \$769.48 from the Storm & Surface Water Utility Fund, \$3,565.00 from the Firemen's Pension Fund and \$225.00 from the City Agency Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the October 14, 2011 Claim Vouchers No. 101221 through 101362 in the amount of \$237,607.20.

SUGGESTED MOTION

I move to approve the October 14, 2011 Claim Vouchers No. 101221 through 101362 in the amount of \$237,607.20.

Reviewed by: , City Manager

To: The Honorable Mayor and Council
 Via: Merlin MacReynold, City Manager
 From: Eva K. Lindgren, Finance Manager
 Date: October 19, 2011
 Subject: Monthly Financial Reports for September

City of Chehalis
 Comparative Financial Reports
 September 2010 and 2011

GENERAL FUND (#001) REVENUES	A September 2010		B		C=B/A		D September 2011		E		F=E/D		G		H^ Varnc.frm Expected		I=F-G % Variance	
	Budget	Actual	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	Actual	% Rec'd	Expected	% Rec'd	Expected	% Rec'd	Expected	% Rec'd	Expected	% Rec'd
General Property Taxes	1,212,580	664,181	1,219,000	674,402	54.8%	1,219,000	674,402	55.3%	674,402	75.0%	75.0%	75.0%	(239,848)	75.0%	75.0%	(239,848)	75.0%	-19.7%
EMS Property Taxes	230,920	127,122	233,000	129,096	55.1%	233,000	129,096	55.4%	129,096	75.0%	75.0%	75.0%	(45,654)	75.0%	75.0%	(45,654)	75.0%	-19.6%
Sales & Use Tax	3,300,000	2,261,951	3,000,000	2,314,427	68.5%	3,000,000	2,314,427	77.1%	2,314,427	75.0%	75.0%	75.0%	64,427	75.0%	75.0%	64,427	75.0%	2.1%
Electricity Tax	400,000	301,502	375,000	315,642	75.4%	375,000	315,642	84.2%	315,642	75.0%	75.0%	75.0%	34,392	75.0%	75.0%	34,392	75.0%	9.2%
Gas/Natural Gas Tax	284,000	192,553	253,000	196,026	67.8%	253,000	196,026	77.5%	196,026	75.0%	75.0%	75.0%	6,276	75.0%	75.0%	6,276	75.0%	2.5%
Criminal Justice Tax	100,000	66,313	92,000	66,606	66.3%	92,000	66,606	72.4%	66,606	75.0%	75.0%	75.0%	(2,394)	75.0%	75.0%	(2,394)	75.0%	-2.6%
Interfund Water/Sewer Tax	328,200	248,807	350,000	239,628	75.8%	350,000	239,628	68.5%	239,628	75.0%	75.0%	75.0%	(22,872)	75.0%	75.0%	(22,872)	75.0%	-6.5%
Garbage Tax	65,000	47,157	65,000	44,011	72.5%	65,000	44,011	67.7%	44,011	75.0%	75.0%	75.0%	(4,739)	75.0%	75.0%	(4,739)	75.0%	-7.3%
Cable Tax	80,000	85,398	80,000	68,414	106.7%	80,000	68,414	85.5%	68,414	75.0%	75.0%	75.0%	8,414	75.0%	75.0%	8,414	75.0%	10.5%
Telephone Tax	335,000	232,287	335,000	236,491	69.3%	335,000	236,491	70.6%	236,491	75.0%	75.0%	75.0%	(14,759)	75.0%	75.0%	(14,759)	75.0%	-4.4%
Leasehold Excise Tax	34,000	25,720	35,000	26,448	75.6%	35,000	26,448	75.6%	26,448	75.0%	75.0%	75.0%	198	75.0%	75.0%	198	75.0%	0.6%
Other Taxes	0	0	0	27	N/A	0	27	N/A	27	75.0%	75.0%	75.0%	27	75.0%	75.0%	27	75.0%	N/A
Total Tax Revenues	\$6,369,700	\$4,252,991	\$6,037,000	\$4,311,218	66.8%	\$6,037,000	\$4,311,218	71.4%	\$4,311,218	75.0%	75.0%	75.0%	(\$216,532)	75.0%	75.0%	(\$216,532)	75.0%	-3.6%
Licenses & Permits	66,080	51,063	120,200	46,646	77.3%	120,200	46,646	38.8%	46,646	75.0%	75.0%	75.0%	(43,504)	75.0%	75.0%	(43,504)	75.0%	-36.2%
Intergov't Grants/Entitlements	432,650	321,052	337,414	229,195	74.2%	337,414	229,195	67.9%	229,195	75.0%	75.0%	75.0%	(23,866)	75.0%	75.0%	(23,866)	75.0%	-7.1%
Charges for Goods and Svcs.	1,052,589	796,606	779,094	579,250	75.7%	779,094	579,250	74.3%	579,250	75.0%	75.0%	75.0%	(5,071)	75.0%	75.0%	(5,071)	75.0%	-0.7%
Fines and Forfeitures	96,360	81,280	147,824	120,443	84.4%	147,824	120,443	81.5%	120,443	75.0%	75.0%	75.0%	9,575	75.0%	75.0%	9,575	75.0%	6.5%
Interest Earnings	28,200	14,226	18,800	7,718	50.4%	18,800	7,718	41.1%	7,718	75.0%	75.0%	75.0%	(6,382)	75.0%	75.0%	(6,382)	75.0%	-33.9%
Rents & Royalties	64,215	52,802	64,200	54,542	82.2%	64,200	54,542	85.0%	54,542	75.0%	75.0%	75.0%	6,392	75.0%	75.0%	6,392	75.0%	10.0%
Donations/Contributions	36,969	20,801	102,599	98,598	56.3%	102,599	98,598	96.1%	98,598	75.0%	75.0%	75.0%	21,649	75.0%	75.0%	21,649	75.0%	21.1%
Misc. Revenue/Insurance	3,000	3,820	10,918	11,335	127.3%	10,918	11,335	103.8%	11,335	75.0%	75.0%	75.0%	3,147	75.0%	75.0%	3,147	75.0%	28.8%
Non-Revenues	3,958	4,269	5,500	3,278	107.9%	5,500	3,278	59.6%	3,278	75.0%	75.0%	75.0%	(847)	75.0%	75.0%	(847)	75.0%	-15.4%
Total Non-Tax Revenues	1,784,021	1,345,919	1,586,549	1,151,005	75.4%	1,586,549	1,151,005	72.5%	1,151,005	75.0%	75.0%	75.0%	(\$38,907)	75.0%	75.0%	(\$38,907)	75.0%	-2.5%
Proceeds of Long-Term Debt	1,131,362	0	1,131,362	0	0.0%	1,131,362	0	0.0%	0	75.0%	75.0%	75.0%	(848,522)	75.0%	75.0%	(848,522)	75.0%	-75.0%
Operating Transfers-In	50,000	37,500	24,000	18,000	75.0%	24,000	18,000	75.0%	18,000	75.0%	75.0%	75.0%	0	75.0%	75.0%	0	75.0%	0.0%
Total Other Financing Sources	1,181,362	37,500	1,155,362	18,000	3.2%	1,155,362	18,000	1.6%	18,000	75.0%	75.0%	75.0%	(\$848,522)	75.0%	75.0%	(\$848,522)	75.0%	-73.4%
TOTALS	\$9,335,083	\$5,636,410	\$8,778,911	\$5,480,223	60.4%	\$8,778,911	\$5,480,223	62.4%	\$5,480,223	75.0%	75.0%	75.0%	(\$1,103,960)	75.0%	75.0%	(\$1,103,960)	75.0%	-12.6%

Key:

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

^To calculate the dollar variance between expected and actual expenditures, the following formula is used:

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

City of Chehalis
Comparative Financial Reports
September 2010 and 2011

GENERAL FUND (#001) EXPENDITURES	A September 2010		B		C=B/A		D		E September 2011		F=E/D		G		H^ Variance		I=G-F			
	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Budget	Actual	% Exp'd	% Exp'd	Expected % Exp'd	% Exp'd	Expected % Exp'd	Expected % Exp'd	Expected	Actual	% Variance	% Variance		
City Council	97,431	68,431	70.2%	74.927	101,063	74,927	74.1%	75.0%	75.0%	870	0.9%									
Municipal Court	325,256	232,342	71.4%	233,948	334,798	233,948	69.9%	75.0%	75.0%	17,151	5.1%									
City Manager	351,343	262,023	74.6%	243,068	323,204	243,068	75.2%	75.0%	75.0%	(665)	-0.2%									
Finance	496,314	380,187	76.6%	231,077	317,680	231,077	72.7%	75.0%	75.0%	7,183	2.3%									
City Clerk	95,912	68,911	71.8%	65,989	91,305	65,989	72.3%	75.0%	75.0%	2,490	2.7%									
Non-Departmental	1,534,163	249,308	16.3%	210,051	1,542,687	210,051	13.6%	75.0%	75.0%	946,964	61.4%									
Human Resources	140,962	96,353	68.4%	107,175	130,530	107,175	82.1%	75.0%	75.0%	(9,278)	-7.1%									
Police	2,403,537	1,792,051	74.6%	1,620,929	2,269,433	1,620,929	71.4%	75.0%	75.0%	81,146	3.6%									
Fire	1,913,289	1,393,739	72.8%	1,295,875	1,766,840	1,295,875	73.3%	75.0%	75.0%	29,255	1.7%									
Public Works - Streets	615,696	401,808	65.3%	278,697	464,160	278,697	60.0%	75.0%	75.0%	69,423	15.0%									
Public Works - Engineering	289,837	222,558	76.8%	86,316	138,813	86,316	62.2%	75.0%	75.0%	17,794	12.8%									
Community Development	1,560,275	1,165,771	74.7%	995,586	1,218,672	995,586	81.7%	75.0%	75.0%	(81,582)	-6.7%									
TOTALS	\$9,823,995	\$6,333,482	64.5%	\$5,443,638	\$8,699,185	\$5,443,638	62.6%	75.0%	75.0%	1,080,751	12.4%									
Net Budget/Income/Variance:															(\$488,912)	(\$697,072)	\$79,726	\$36,585	(\$23,210)	-0.2%

Key:

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

^To calculate the dollar variance between expected and actual expenditures, the following formula is used:

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

- (1) Property taxes are not collected evenly throughout the year.
- (2) Debt has yet to be issued.
- (3) Interfund loans will be repaid only once debt has been issued.

**City of Chehalis
Comparative Financial Reports
September 2010 and 2011**

WASTEWATER FUND (#404) REVENUES	A September 2010		B September 2010		C=B/A		D September 2011		E September 2011		F=E/D		G Expected % Rec'd*		H^ Var'nc frm Expected		I=F-G % Variance	
	Budget	Actual	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	Actual	% Rec'd	Actual	% Rec'd	Actual	% Rec'd*	Expected	Actual	%	Variance
Wastewater Fees	3,510,208	2,570,402	70,000	47,185	73.2%	3,338,552	2,508,576	75.1%	2,508,576	75.0%	4,662	0.1%	75.0%	75.0%	4,662	0.1%		
Sewer Connection/Misc. Fees	70,000	47,185	3,750	3,750	67.4%	35,000	15,836	45.2%	15,836	75.0%	(10,414)	-29.8%	75.0%	75.0%	(10,414)	-29.8%		
Rentals	3,750	3,750	2,500	2,744	100.0%	3,750	3,750	100.0%	3,750	75.0%	938	25.0%	75.0%	75.0%	938	25.0%		
Misc. Revenues/Insurance	2,500	2,744	565,681	0	109.8%	2,500	8,706	348.2%	8,706	75.0%	6,831	273.2%	75.0%	75.0%	6,831	273.2%		
Interfund Principal Repayment	565,681	0	0	3,668	0.0%	565,681	0	0.0%	0	75.0%	(424,261)	-75.0%	75.0%	75.0%	(424,261)	-75.0%		(1)
Proceeds frm Sale of Capital Assets	54,000	12,766	0	3,668	N/A	0	0	N/A	0	75.0%	0	N/A	75.0%	75.0%	(3,130)	-19.6%		
Interest Earnings	54,000	12,766	0	3,668	N/A	0	0	N/A	0	75.0%	0	N/A	75.0%	75.0%	(3,130)	-19.6%		
Totals:	\$4,206,139	\$2,640,515	\$4,206,139	\$2,640,515	62.8%	\$3,961,483	\$2,545,738	64.3%	\$2,545,738	75.0%	(\$425,374)	-10.7%	75.0%	75.0%	(\$425,374)	-10.7%		

WASTEWATER FUND (#404) EXPENSES	A September 2010		B September 2010		C=B/A		D September 2011		E September 2011		F=E/D		G Expected % Exp*		H^ Var'nc frm Expected		I=G-F % Variance			
	Budget	Actual	Budget	Actual	% Exp'd	Budget	Actual	% Exp'd	Actual	% Exp'd	Actual	% Exp'd	Actual	% Exp*	Expected	Actual	%	Variance		
Operating Expenses	2,292,351	1,765,021	70,000	16,770	77.0%	2,427,364	1,781,182	73.4%	1,781,182	75.0%	39,341	1.6%	75.0%	75.0%	39,341	1.6%				
Capital Outlay	70,000	16,770	1,737,660	974,123	24.0%	290,000	107,558	37.1%	107,558	75.0%	109,942	37.9%	75.0%	75.0%	109,942	37.9%		(2)		
Debt Principal	1,737,660	974,123	59,481	41,916	56.1%	1,685,894	932,595	55.3%	932,595	75.0%	331,826	19.7%	75.0%	75.0%	331,826	19.7%		(3)		
Interest Expense	59,481	41,916	\$4,159,492	\$2,797,830	70.5%	50,166	33,741	67.3%	33,741	75.0%	3,884	7.7%	75.0%	75.0%	3,884	7.7%				
Totals:	\$4,159,492	\$2,797,830	\$4,159,492	\$2,797,830	67.3%	\$4,453,424	\$2,855,076	64.1%	\$2,855,076	75.0%	\$484,992	10.9%	75.0%	75.0%	\$484,992	10.9%				
Net Budget/Income/Variance:											\$46,647	(\$157,315)			(\$491,941)	(\$309,338)			\$59,618	0.2%

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

- (1) Interfund loans will only be paid once G.O. debt has been issued.
- (2) Capital expenditures are not made evenly throughout the year.
- (3) Debt is not paid evenly throughout the year.

**City of Chehalis
Comparative Financial Reports
September 2010 and 2011**

WATER FUND (#405) REVENUES	A September 2010		B		C=B/A		D		E		F=E/D		G		H^		I=F-G	
	Budget	Actual	Budget	Actual	% Rec'd	% Rec'd	Budget	Actual	% Rec'd	% Rec'd	Expected % Rec'd*	% Rec'd	Var'nc Expected	% Rec'd	Expected % Rec'd*	Var'nc Expected	% Variance	
Intergovernmental Revenues	0	0	14,520	14,520	N/A	100.0%	14,520	14,520	100.0%	75.0%	75.0%	3,630	25.0%	75.0%	3,630	25.0%		
Water Sales	2,298,896	1,734,912	2,541,852	1,798,246	75.5%	70.7%	2,541,852	1,798,246	70.7%	75.0%	75.0%	(108,143)	-4.3%	75.0%	(108,143)	-4.3%		
Water Connection/Misc. Fees	200,000	45,607	26,000	40,271	22.8%	154.9%	26,000	40,271	154.9%	75.0%	75.0%	20,771	79.9%	75.0%	20,771	79.9%		
Interfund Principal Repayment	565,681	0	565,681	0	0.0%	0.0%	565,681	0	0.0%	75.0%	75.0%	(424,261)	-75.0%	75.0%	(424,261)	-75.0%	(1)	
Misc. Revenues/Insurance	0	115	0	1,037	N/A	N/A	0	1,037	N/A	75.0%	75.0%	1,037	N/A	75.0%	1,037	N/A		
Interest Earnings	14,000	882	16,000	7,020	6.3%	43.9%	16,000	7,020	43.9%	75.0%	75.0%	(4,980)	-31.1%	75.0%	(4,980)	-31.1%		
Proceeds frm Sale of Capital Assets	0	1,692	0	0	N/A	N/A	0	0	N/A	75.0%	75.0%	0	N/A	75.0%	0	N/A		
Totals:	\$3,078,577	\$1,783,208	\$3,164,053	\$1,861,094	57.9%	58.8%	\$3,164,053	\$1,861,094	58.8%	75.0%	75.0%	(\$511,946)	-16.2%	75.0%	(\$511,946)	-16.2%		

WATER FUND (#405) EXPENSES	A September 2010		B		C=B/A		D		E		F=E/D		G		H^		I=G-F	
	Budget	Actual	Budget	Actual	% Exp'd	% Exp'd	Budget	Actual	% Exp'd	% Exp'd	Expected % Exp*	% Exp'd	Var'nc Expected	% Exp'd	Expected % Exp*	Var'nc Expected	% Variance	
Operating Expenses	1,803,191	1,368,905	1,940,075	1,339,844	75.9%	69.1%	1,940,075	1,339,844	69.1%	75.0%	75.0%	115,212	5.9%	75.0%	115,212	5.9%		
Capital Outlay	577,000	423,229	320,768	79,809	73.3%	24.9%	320,768	79,809	24.9%	75.0%	75.0%	160,767	50.1%	75.0%	160,767	50.1%		
Debt Principal	127,464	129,077	129,077	129,077	101.3%	100.0%	129,077	129,077	100.0%	75.0%	75.0%	(32,269)	-25.0%	75.0%	(32,269)	-25.0%		
Interest Expense	28,725	28,862	26,496	26,496	100.5%	100.0%	26,496	26,496	100.0%	75.0%	75.0%	(6,624)	-25.0%	75.0%	(6,624)	-25.0%	(2)	
Totals:	\$2,536,380	\$1,950,073	\$2,416,416	\$1,575,226	76.9%	65.2%	\$2,416,416	\$1,575,226	65.2%	75.0%	75.0%	\$237,086	9.8%	75.0%	\$237,086	9.8%		

Net Budget/Income/Variance: \$542,197 (\$166,865)

\$747,637 \$285,868

(\$274,860) -6.4%

Key:

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

^To calculate the dollar variance between expected and actual expenditures, the following formula is used:

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

(1) Interfund loans will only be paid once G.O. debt has been issued.

(2) Capital expenditures are not made evenly throughout the year.

City of Chehalis
Comparative Financial Reports
September 2010 and 2011

STORM FUND (#406) REVENUES	A September 2010		B		C=B/A		D September 2011		E		F=E/D		G		H [^]		I=F-G	
	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	Budget	Actual	% Rec'd	Expected	% Rec'd*	Expected	Var'nc frm Expected	% Variance	Expected	Var'nc frm Expected	% Variance	
Storm & Surface Water Fees	402,500	301,192	74.8%	401,500	303,982	75.7%	401,500	303,982	75.7%	75.0%	75.0%	2,857	0.7%	75.0%	2,857	0.7%		
Storm Connection/Misc. Fees	24,000	5,090	21.2%	10,000	489	4.9%	10,000	489	4.9%	75.0%	75.0%	(7,011)	-70.1%	75.0%	(7,011)	-70.1%		
Interest Earnings	1,500	0	0.0%	500	245	49.0%	500	245	49.0%	75.0%	75.0%	(130)	-26.0%	75.0%	(130)	-26.0%		
Misc. Revenues/Insurance	0	0	N/A	0	398	N/A	0	398	N/A	75.0%	75.0%	398	N/A	75.0%	398	N/A		
Totals:	\$428,000	\$306,282	71.6%	\$412,000	\$305,114	74.1%	\$412,000	\$305,114	74.1%	75.0%	75.0%	(\$3,886)	-0.9%	75.0%	(\$3,886)	-0.9%		

STORM FUND (#406) EXPENSES	A September 2010		B		C=B/A		D September 2011		E		F=E/D		G		H [^]		I=G-F	
	Budget	Actual	% Exp'd	Budget	Actual	% Exp'd	Budget	Actual	% Exp'd	Expected	% Exp*	Expected	Var'nc frm Expected	% Variance	Expected	Var'nc frm Expected	% Variance	
Operating Expenses	376,541	255,707	67.9%	363,139	227,661	62.7%	363,139	227,661	62.7%	75.0%	75.0%	44,693	12.3%	75.0%	44,693	12.3%		
Capital Outlay	73,000	213	0.3%	\$363,139	3,464	N/A	0	3,464	N/A	75.0%	75.0%	(3,464)	N/A	75.0%	(3,464)	N/A		
Totals:	\$449,541	\$255,920	56.9%	\$363,139	\$231,125	63.6%	\$363,139	\$231,125	63.6%	75.0%	75.0%	\$41,229	11.4%	75.0%	\$41,229	11.4%		

Net Budget/Income/Variance: (\$21,541) \$50,362 \$48,861 \$73,989 \$37,343 10.5%

Key:

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

^To calculate the dollar variance between expected and actual expenditures, the following formula is used:

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

RECOMMENDATION/COUNCIL ACTION DESIRED

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

Reviewed by  City Manager

City of Chehalis
Third Quarter Financial Statements - All Funds
September 30, 2011

	General Fund #001	
	Budget	Actual
Beginning Fund Balance	583,736	615,991
Revs. & Transfers In	8,778,911	5,480,223
Exps. & Transfers Out	(8,699,185)	(5,443,638)
Ending Fund Balance	663,462	652,576

	Arterial Street Fund #102	
	Budget	Actual
	56,203	56,203
	174,134	132,284
	(229,183)	(201,768)
	1,154	(13,281)

	Tourism Fund #107	
	Budget	Actual
	86,502	90,773
	153,000	112,368
	(165,900)	(106,979)
	73,602	96,162

	Compensated Abs. #110	
	Budget	Actual
	57,268	59,717
	150	39
	(55,810)	(55,731)
	1,608	4,025

	CDBG Fund #195	
	Budget	Actual
	178	1,877
	0	20,884
	0	0
	178	22,761

	HUD Fund #197	
	Budget	Actual
Beginning Fund Balance	313,193	321,558
Revs. & Transfers In	1,500	305
Exps. & Transfers Out	(2,500)	(1,749)
Ending Fund Balance	312,193	320,114

	Gambling Enforcmt. #198	
	Budget	Actual
	445,428	448,139
	0	366
	(165,000)	(144,628)
	280,428	303,877

	Public Fac. Res. #301	
	Budget	Actual
	46,867	46,948
	23,444	4,536
	(24,000)	(18,000)
	46,311	33,484

	Auto/Equip. Res. #302	
	Budget	Actual
	33,627	35,589
	100	34
	0	0
	33,727	35,623

	1st Qtr. REET Fund #305	
	Budget	Actual
	149,259	152,606
	38,550	23,114
	(40,000)	0
	147,809	175,720

	2nd Qtr. REET Fund #306	
	Budget	Actual
Beginning Fund Balance	55,796	60,584
Revs. & Transfers In	38,250	23,026
Exps. & Transfers Out	(40,000)	0
Ending Fund Balance	54,046	83,610

	Garbage Fund #402	
	Budget	Actual
	16,485	16,789
	5,740	6,466
	(12,845)	(8,627)
	9,380	14,628

	Wastewater Fund #404	
	Budget	Actual
	2,442,140	2,480,719
	3,961,483	2,545,738
	(4,453,424)	(2,855,076)
	1,950,199	2,171,381

	Water Fund #405	
	Budget	Actual
	1,956,382	2,096,427
	3,164,053	1,861,094
	(2,416,416)	(1,575,226)
	2,704,019	2,382,295

	Storm/Surface Wtr. #406	
	Budget	Actual
	307,535	266,997
	412,000	305,114
	(363,139)	(231,125)
	356,396	340,986

	City Agency Fund	
	Budget	Actual
	302,256	319,741
	0	(652)
	0	0
	302,256	319,089

	Firemen's Pension #611	
	Budget	Actual
Beginning Fund Balance	297,688	299,302
Revs. & Transfers In	13,750	12,527
Exps. & Transfers Out	(135,000)	(90,846)
Ending Fund Balance	176,438	220,983

	Notes:	
	Budget	Actual

In some instances, ending fund balances include non-cash components, such as pre-paid postage, pre-paid insurance, inventory, accounts receivable, which provide an immaterial variance from cash-basis accounting.

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

	Month-by-Month Comparisons										10-11 % Chg
	2005	2006	2007	2008	2009	2010	2011				
January	244,346.77	264,552.49	303,003.96	338,775.84	311,681.25	242,158.24	255,550.11				5.5%
February	328,762.57	388,722.09	370,242.18	325,708.20	326,987.75	296,867.87	288,322.28				-2.9%
March	208,023.53	254,068.00	275,769.04	352,594.58	247,974.49	269,687.71	209,202.31				-22.4%
April	222,298.47	246,106.89	262,854.70	323,886.70	245,182.86	223,636.27	211,769.41				-5.3%
May	257,313.38	350,778.11	309,705.17	366,700.91	255,481.63	246,998.74	269,316.42				9.0%
June	225,729.39	287,446.83	288,762.68	340,751.01	266,335.35	228,867.63	253,348.87				10.7%
July	274,225.27	318,763.36	280,090.89	352,426.34	270,324.94	239,316.92	241,327.00				0.8%
August	361,378.86	331,608.32	367,841.64	416,021.47	276,851.50	268,052.83	264,592.08				-1.3%
September	292,417.87	304,839.70	331,262.66	327,171.53	250,448.70	246,365.20	320,998.49				30.3%
October	298,905.19	327,097.48	353,302.89	305,787.51	345,695.15	260,630.19					
November	285,548.60	303,346.25	352,562.39	373,132.35	257,314.61	251,801.70					
December	274,668.21	322,768.97	314,120.78	194,375.82	234,399.17	241,368.04					
Inter-year adj.	16,143.47	(16,143.47)	-	-	-	-					
Totals	3,289,761.58	3,683,955.02	3,809,518.98	4,017,332.26	3,288,677.40	3,015,751.34	2,314,426.97				N/A
As of 9/XX:	2,414,496	2,746,886	2,789,533	3,144,037	2,451,268	2,261,951	2,314,427				2.3%
As of 3rd Qtr.:	2,414,496	2,746,886	2,789,533	3,144,037	2,451,268	2,261,951	2,314,427				2.3%

**CITY OF CHEHALIS
AGENDA REPORT**

TO: The Honorable Mayor and City Council
FROM: Eva Lindgren, Finance Manager
DATE: October 24, 2011
SUBJECT: Bond Issuance and Delegation Ord. No. 878-B and Bond Registration Ord. No. 879-B

ISSUE

In 2008, the City's Wastewater and Water Funds issued interfund loans to the General Fund to provide interim financing of the City's acquisition and renovation of City Hall. These interfund loans were temporary and never intended to permanently divert funds from the Wastewater and Water Funds to the General Fund.

Following a comprehensive review of the different financing options available to the City, the City Council chose to pursue the issuance of General Obligation Bonds for the purpose of reimbursing the Wastewater and Water Funds. In addition, the Wastewater and Water Funds are to use the proceeds they receive on eligible capital projects. This approach allows the City to issue Limited Tax General Obligation Bonds, which carry a lower interest rate than a taxable bond issuance.

Currently, the City owes the Wastewater and Water Funds \$565,681 each, for a total of \$1,131,362. The debt issuance is being established in such a manner to ensure that the interfund loans and the debt issuance costs will all be paid in full by this issuance. No debt service payments will be made on this issuance until 2012.

DISCUSSION

The attached Bond Issuance and Delegation Ordinance No. 878-B has been prepared by Foster Pepper PLLC, the City's bond counsel. The ordinance's table of contents clearly outlines all provisions addressed by this ordinance. Key provisions are as follows:

- The parameters of the bond sale are established, including the following key parameters: bonds shall not exceed the aggregate principal amount of \$1,300,000; the "all-in" true interest cost for the City for the bonds may not exceed 5%; the purchase price of the bonds may not be less than 95% or more than 115% of the par value of the bonds; and the bonds shall mature no later than December 1, 2026.
- Although the date of the bonds is listed as being no later than December 31, 2011, it is our expectation that the bonds will be issued in early December. This extended date is intended to provide greater flexibility in when the debt is issued and consequently ensure the best possible pricing for this issuance.
- The City Manager will be appointed as the City's Designated Representative for purposes of approving the final terms of the sale and issuance of the bonds, provided that the bond sale falls within the parameters approved by the City Council, as outlined in Ordinance 878-B. This is in accordance with new State law and ensures that a Special Council Meeting will not be required in order to approve the bond sale on the day of the sale.

The attached Bond Registration Ordinance No. 879-B has been prepared by Foster Pepper PLLC and is required by Section 149(a) of the Internal Revenue Code (IRC) of 1986, as amended. This section of the IRC requires that municipal bonds and obligations offered to the public, which have a maturity longer than one year and provide interest income exempt from federal income taxes, must be registered.

The Bond Registration Ordinance establishes the City's adoption of a registration system; notes associated requirements; and appoints the Finance Manager as the Registrar responsible for ensuring compliance with the ordinance and applicable provisions of the IRC.

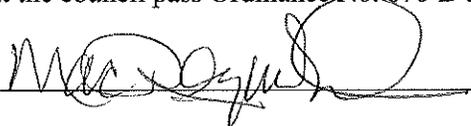
Representatives from Foster Pepper PLLC, and A. Dashen and Associates, the City's Financial Advisor, will be available to answer questions regarding these ordinances.

RECOMMENDATION/COUNCIL ACTION DESIRED

The Administration recommends that the council pass Ordinance Nos. 878-B and 879-B, on first and final reading.

SUGGESTED MOTION

I move that the council pass Ordinance No. 878-B and 879-B, on first and final reading.

Reviewed  _____ City Manager

CITY OF CHEHALIS, WASHINGTON

ORDINANCE NO. 878-B

AN ORDINANCE of the City of Chehalis, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed \$1,300,000 par value of Limited Tax General Obligation Bonds, 2011, for the purposes of (i) repaying interfund loans made by the City's Water and Wastewater Funds which will provide the money necessary to pay the costs of certain replacements, additions and improvements to the City's water and wastewater systems and (ii) paying the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City Manager as the City's designated representative to approve the final terms of the sale and issuance of the bonds; and providing for matters relating thereto.

This document prepared by:

*Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 447-4400*

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CITY OF CHEHALIS, WASHINGTON

ORDINANCE NO. 878-B

AN ORDINANCE of the City of Chehalis, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed \$1,300,000 par value of Limited Tax General Obligation Bonds, 2011, for the purposes of (i) repaying interfund loans made by the City's Water and Wastewater Funds which will provide the money necessary to pay the costs of certain replacements, additions and improvements to the City's water and wastewater systems and (ii) paying the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City Manager as the City's designated representative to approve the final terms of the sale and issuance of the bonds; and providing for matters relating thereto.

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

Section 1. Definitions. As used in this ordinance, the following words shall have the following meanings:

- (a) "Authorized Denomination" means \$5,000 or any integral multiple thereof within a maturity.
- (b) "Beneficial Owner" means the owner of any beneficial interests in the Bonds.
- (c) "Bond Fund" means the Limited Tax General Obligation Bond Fund, 2011, created by this ordinance for the payment of the Bonds.
- (d) "Bond Purchase Agreement" means an offer to purchase the Bonds presented by the Underwriter, setting forth certain terms and conditions of the issuance, sale and delivery of the Bonds.
- (e) "Bond Register" means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds.
- (f) "Bond Registrar" means the Fiscal Agent.
- (g) "Bonds" means the not to exceed \$1,300,000 par value Limited Tax General Obligation Bonds, 2011, of the City issued pursuant to and for the purposes provided in this ordinance.
- (h) "City" means the City of Chehalis, Washington, a municipal corporation duly organized and existing under the laws of the State.

(i) "City Council" means the governing body of the City, acting in its legislative capacity.

(j) "City Manager" means the City Manager of the City or the successor officer.

(k) "Closing Date" means the date on which the Bonds are delivered to the Underwriter upon payment in full therefor.

(l) "Code" means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(m) "Designated Representative" means the officer or employee of the City appointed in Section 5 of this ordinance to serve as the City's designated representative in accordance with RCW 39.46.040(2) for purposes of accepting, on behalf of the City, an offer to purchase the Bonds on terms consistent with this ordinance and the parameters set forth herein.

(n) "DTC" means The Depository Trust Company, New York, New York.

(o) "Final Terms" means the terms and conditions for the sale of the Bonds, including, but not limited to the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, and price.

(p) "Financial Advisor" means A. Dashen and Associates of Bellevue, Washington, or any other Financial Advisor then appointed and acting as financial advisor to the City.

(q) "Finance Manager" means the Finance Manager of the City or the successor officer.

(r) "Fiscal Agent" means the fiscal agent of the State, as the same may be designated by the State from time to time.

(s) "Government Obligations" has the meaning given in chapter 39.53 RCW, as it now exists or may hereafter be amended.

(t) "Interfund Loans" means the interfund loans made by the City's Utility Funds to the City's General Fund relating to the purchase and renovation of City Hall, which loans are currently outstanding in the aggregate principal amount of \$1,131,362.

(u) "Letter of Representations" means the Blanket Issuer Letter of Representations with DTC substantially in the form on file with the City Clerk, as it may be amended from time to time.

(v) "MSRB" means the Municipal Securities Rulemaking Board.

(w) "Owners" means, without distinction, the Registered Owner(s) and the Beneficial Owner(s).

(x) "Projects" means, collectively, the Water Projects and the Wastewater Projects, all as deemed necessary and advisable by the City's administration and approved by the City Council. The Projects include the acquisition, construction and installation of all necessary infrastructure, equipment, apparatus, accessories, fixtures and appurtenances. The term "land" includes all real property and all appurtenant improvements, structures and interests therein. Incidental costs incurred in connection with carrying out and accomplishing the Projects, consistent with RCW 39.46.070, shall be included as costs of the Projects.

(y) "Registered Owner" means the person in whose name a Bond is registered on the Bond Register. For so long as the City utilizes the book-entry system for the Bonds under the Letter of Representations, Registered Owner shall mean DTC.

(z) "Registration Ordinance" means City Ordinance No. 879-B establishing a system of registration for the City's bonds and other obligations.

(aa) "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(bb) "SEC" means the United States Securities and Exchange Commission.

(cc) "State" means the State of Washington.

(dd) "Term Bonds" means those Bonds designated as Term Bonds in the Bond Purchase Agreement, as approved by the Designated Representative.

(ee) "Undertaking" means the continuing disclosure agreement set forth in Section 15 of this ordinance.

(ff) "Underwriter" means Martin Nelson & Company, Inc. of Seattle, Washington.

(gg) "Utility Funds" means, collectively, the Water and Wastewater Funds of the City.

(hh) "Wastewater Projects" means, collectively, replacements, additions and improvements to the City's wastewater system consistent with the City's annual budget and capital improvement plan, which may be amended from time to time by the City's administration and approved by the City Council.

(ii) "Water Projects" means, collectively, replacements, additions and improvements to the City's water system consistent with the City's annual budget and capital improvement plan, which may be amended from time to time by the City's administration and approved by the City Council.

Section 2. Recitals and Findings.

(a) The Interfund Loans are temporary and not intended to be a permanent diversion of the Utility Funds' money, and therefore, it is now necessary to authorize the issuance of the Bonds to provide permanent financing for certain costs relating to the City's purchase and renovation of City Hall.

(b) The City is in need of carrying out the Projects, the estimated cost of which is at least \$1,131,362.

(c) It is in the best interest of the City's tax payers to issue the Bonds to repay the Interfund Loans and such repayment will then provide the funds necessary to pay the costs of carrying out the Projects.

(d) Upon the deposit of Bond proceeds into the City's Water Fund in at least the amount of \$565,681 and the deposit of Bond proceeds into the City's Wastewater Fund in at least the amount of \$565,681, the Interfund Loans will be deemed repaid and no longer outstanding.

(e) The life of the capital facilities to be financed with the proceeds of the Bonds exceeds the term of the Bonds.

Section 3. Debt Capacity. The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for the calendar year 2011 is \$632,359,410.

(a) The City has a general obligation State revolving fund loan outstanding in the principal amount of \$946,138, which is incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes.

(b) The City does not have any voted general obligation indebtedness.

(c) The amount of indebtedness authorized by this ordinance is \$1,300,000 and is issued within the limitation permitted for general municipal purposes without a vote.

Section 4. Purpose and Authorization of Bonds. The City shall borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing that indebtedness in an amount not to exceed \$1,300,000 for the purposes of (i) repaying the Interfund Loans which will provide the funds necessary to pay the costs carrying out the Projects and (ii) paying the costs of issuance and sale of the Bonds. The Projects, or any portion or portions thereof, shall be acquired or made, to the extent practicable, with available proceeds of the Bonds, together with any other legally available money of the City, and in such order of time as the City Manager deems necessary and advisable and approved by the City Council. The Projects are to be more fully described in the plans and specifications to be prepared by the City's administration in conjunction with licensed engineers, when required.

Section 5. Description of Bonds; Appointment of Designated Representative. The City Manager is appointed as the City's Designated Representative and is authorized to approve the Final Terms of the Bonds, within the following parameters:

(a) Amount. The Bonds shall not exceed the aggregate principal amount of \$1,300,000.

(b) Date or dates. The Bonds shall be dated as of their date of delivery to the Underwriter, which date may not be later than December 31, 2011.

(c) Denominations and designations. The Bonds shall be issued in Authorized Denominations, shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.

(d) Interest rate(s). The Bonds shall bear interest at fixed rates per annum (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds, which rate or rates must be in multiples of 1/8th or 1/20th of 1%, or both. No rate of interest for any maturity may exceed 5.00%, and the "all-in" true interest cost for the City for the Bonds may not exceed 5.00%.

(e) Payment dates. Interest must be payable at fixed rates semiannually (on each June 1 and December 1, or such other semiannual dates as are selected by the Designated Representative), commencing no earlier June 1, 2012. Principal must be payable annually (on each December 1, or such other annual date as is selected by the Designated Representative) commencing no earlier than December 1, 2012.

(f) Final maturity. The Bonds shall mature no later than December 1, 2026.

(g) Redemption rights. The Bonds shall be issued subject to optional and mandatory redemption provisions, including designation of Term Bonds, if any, as set forth in Section 9.

(h) Price. The purchase price for the Bonds may not be less than 95.00% or more than 115.00% of the par value of the Bonds.

(i) Debt capacity. The issuance of the Bonds may not exceed the City's debt capacity at the time of issuance.

(j) Bond insurance. The Designated Representative, in consultation with the Financial Advisor, may determine that it is in the City's best interest to provide for bond insurance or other credit enhancement, and may accept, on behalf of the City, such additional terms, conditions, and covenants as may be required by the bond insurer, if consistent with the provisions of this ordinance.

Section 6. Bond Registrar; Registration and Transfer of Bonds.

(a) Registration of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register.

(b) Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and City's Registration Ordinance.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become either a Registered or Beneficial Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

(c) DTC and the Book Entry System. The Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC).

To induce DTC to accept the Bonds as eligible for deposit at DTC, the City approves the Letter of Representations. The City Manager of the City is authorized and directed to execute and deliver the Letter of Representations, on behalf of the City, to DTC on or before the date of delivery of the Bonds to the purchaser thereof and the payment therefor, with such changes as the City Manager of the City deems to be in the best interest of the City, and such execution and delivery of the Letter of Representations shall evidence irrevocably the approval of the Letter of Representations by the City.

For as long as any Bonds are held in fully immobilized form, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its nominee and, except for the purpose of the City's undertaking herein to provide continuing disclosure, shall not mean the Beneficial Owners. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the City or such substitute depository's successor; or (iii) to any person if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the City that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the City may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained or (ii) the City determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in fully immobilized form.

Section 7. Form and Execution of Bonds. The Bonds shall be prepared in a form consistent with the provisions of this ordinance and state law and shall be signed by the Mayor and City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate Of Authentication. This Bond is one of the fully registered City of Chehalis, Washington, Limited Tax General Obligation Bonds, 2011, described in the Bond Ordinance." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

If any officer whose manual or facsimile signature appears on the Bonds ceases to be an officer of the City authorized to sign bonds before the Bonds bearing his or her manual or facsimile signature are authenticated or delivered by the Bond Registrar or issued by the City, those Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 8. Payment of Bonds. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For as long as the Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds shall be made in the manner set forth in the Letter of Representations. If the Bonds cease to be in book-entry-only form, interest on the Bonds shall be paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the Registered Owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date or by electronic transfer on the interest payment date. The City shall not be required to make electronic transfers except to a Registered Owner of Bonds pursuant to a request in writing (and at the sole expense of that Registered Owner) received at least 10 days before an interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar.

Section 9. Redemption Provisions and Open Market Purchase of Bonds.

(a) Optional Redemption. The City's Designated Representative may designate certain maturities of the Bonds as being subject to redemption at the option of the City prior to their respective maturities on the dates and at the prices set forth in the Bond Purchase Agreement. The Designated Representative may also, in his or her discretion, designate certain maturities of the Bonds as not being subject to redemption prior to maturity.

(b) Mandatory Redemption. The Designated Representative may approve the designation of certain maturities of the Bonds as Term Bonds, as set forth in the Bond Purchase Agreement. The City shall redeemed Term Bonds, if not previously redeemed under any optional redemption at a price of par plus accrued interest on the annual redemption dates and in annual redemption amounts approved by the Designated Representative. If the City redeems under the optional redemption provisions, purchases in the open market or defeases Term Bonds, the par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(c) Partial Redemptions. Portions of the principal amount of any Bond, in any Authorized Denomination, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining unredeemed.

(d) Selection of Bonds for Redemption. If fewer than all of the outstanding Bonds within a maturity are to be redeemed prior to maturity, selection of Bonds for redemption shall be randomly within a maturity in such manner as the Bond Registrar shall determine. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

(e) Notice of Redemption. While the Bonds are held by DTC in book-entry only form, any notice of redemption shall be given at the time, to the entity and in the manner required by DTC in accordance with the Letter of Representations, and the Bond Registrar shall not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form unless waived by any Registered Owner of the Bonds to be redeemed, the City shall cause notice of any intended redemption of Bonds to be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Registered or Beneficial Owner of any Bond.

In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB, consistent with the Undertaking, to any nationally recognized rating agency which at the time maintains a rating on the Bonds at the request of the City, and to such other persons and with such additional information as the Finance Manager shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

(f) Effect of Redemption. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption, unless the notice of redemption is rescinded as set forth above.

(g) Open Market Purchase. The City further reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price acceptable to the City plus accrued interest to the date of purchase.

(h) Cancellation of Bonds. All Bonds purchased or redeemed under this section shall be canceled.

Section 10. Failure To Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or date set for redemption, if applicable, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date set for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 11. Pledge of Taxes. For as long as any of the Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually, within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City, on all of the taxable property within the City in an amount sufficient, together with other money legally

available and to be used therefor, to pay when due the principal of and interest on the Bonds. The full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 12. Tax Covenants; Designation of Bonds as “Qualified Tax-Exempt Obligations.”

(a) Preservation of Tax Exemption for Interest on Bonds. The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes.

(b) Small Governmental Issuer Arbitrage Rebate Exception and Designation of Bonds as “Qualified Tax-Exempt Obligations.” The City finds and declares that (a) it is a duly organized and existing governmental unit of the State and has general taxing power; (b) no Bond which is part of this issue of Bonds is a “private activity bond” within the meaning of Section 141 of the Code; (c) at least 95% of the net proceeds of the Bonds will be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); (d) the aggregate face amount of all tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) issued by the City and all entities subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) during the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000; and (e) the amount of tax-exempt obligations, including the Bonds, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bonds are issued does not exceed \$10,000,000. The City therefore certifies that the Bonds are eligible for the arbitrage rebate exception under Section 148(f)(4)(D) of the Code and designates the Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code.

Section 13. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the “defeased Bonds”) and to pay the costs of the refunding or defeasance. If money and/or Government Obligations maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the “trust account”), then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The City shall include in the refunding or defeasance plan such provisions as the City deems necessary for the random selection of any

defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the defeased Bonds and to such other persons as the City shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the City may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

Section 14. Bond Fund and Deposit of Bond Proceeds. The Bond Fund is hereby created and established in the office of the Finance Manager as a special fund designated the Limited Tax General Obligation Bond Fund, 2011, for the purpose of paying principal of and interest on the Bonds. All taxes and other amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

All proceeds received from the sale and delivery of the Bonds shall be deposited into the City's General Fund. Upon receipt of the proceeds, the City shall deposit from the General Fund:

(i) to the Water Fund an amount of Bond proceeds sufficient to repay the portion of the Interfund Loans allocable to the Water Fund, which proceeds shall then be used to pay the costs of the Water Projects; and

(ii) to the Wastewater Fund an amount of Bond proceeds sufficient to repay the portion of the Interfund Loans allocable to the Wastewater Fund, which proceeds shall then be used to pay the costs of the Wastewater Projects.

Proceeds of the Bonds remaining after repayment of the Interfund Loans shall first be used to pay the costs of issuance and sale of the Bonds and then any remaining proceeds of the Bonds shall be transferred to the Bond Fund to pay interest on the Bonds on their first interest payment date. Until needed to pay such costs, the City may invest those proceeds paid to the Utility Funds temporarily in any legal investment, and the investment earnings may be retained in the Utility Funds and be spent on the costs of the Projects.

Section 15. Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the City makes the following written Undertaking for the benefit of holders of the Bonds:

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in subsection (b) of this section.

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in subsection (a) of this section:

(i) Shall consist of (1) annual financial statements prepared in accordance with other comprehensive basis of accounting (cash basis) or generally accepted accounting principles applicable to local governmental units such as the City, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) outstanding general obligation bonds; (3) assessed valuation for the fiscal year; (4) regular property tax levy rate and regular property tax levy rate limit for the fiscal year; and (5) general fund revenues from other major tax sources;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City’s fiscal year ending December 31, 2011; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB, or filed with the SEC.

(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the City and any Beneficial Owner of Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any Beneficial Owner of a Bond shall be to take such actions as that Beneficial Owner deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Manager of the City (or such other officer of the City who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the City in respect of the Bonds set forth in this section and in accordance with Rule 15c2-12, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in subsection (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(iii) Determining whether any person other than the City is an “obligated person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with Rule 15c2-12;

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the City in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

Section 16. Approval of Bond Purchase Agreement; Delivery of Bonds. It is anticipated that the Underwriter will present the Bond Purchase Agreement to the City offering to purchase the Bonds. Pursuant to the terms of RCW 39.46.040, the Designated Representative is hereby authorized to serve as the designated representative of the City and to accept, on behalf of the District, the Bond Purchase Agreement consistent with the terms of this ordinance. The Bonds will be printed at City expense and will be delivered to the Underwriter in accordance with the Bond Purchase Agreement, with the approving legal opinion of Bond Counsel, regarding the Bonds.

Section 17. Official Statement.

(a) Preliminary Official Statement Under the Rule. The Designated Representative and the Finance Manager are each independently authorized to review and approve the information about the City contained in the preliminary official statement (the “Preliminary Official Statement”) prepared in connection with the public offering and sale of the Bonds; and (for the sole purpose of aiding a participating underwriter in its compliance with Section (b)(1) of the Rule) “deem final” that Preliminary Official Statement as of its date, except for the omission of information permitted to be omitted by the Rule and approve or ratify the distribution of that Preliminary Official Statement to potential purchasers of the Bonds.

(b) Approval of Official Statement. The Designated Representative and the Finance Manager are each independently authorized to review and approve distribution of a final official statement with respect to the Bonds to be sold to the public. The City agrees to cooperate with the Underwriter to deliver or cause to be delivered, within such period as may be required by applicable law, copies of the final official statement pertaining to the Bonds in sufficient quantity to comply with paragraph (b)(4) of the Rule and rules of the MSRB.

Section 18. Supplemental Ordinances. The City Council from time to time and at any time may pass an ordinance or ordinances supplemental to this ordinance which supplemental ordinance or ordinances thereafter shall become a part of this ordinance, in order to: (a) add covenants and agreements that do not adversely affect the interests of the holders and owners of the Bonds, or to surrender any right or power herein reserved to or conferred upon the City; or (b) cure any ambiguities or cure, correct or supplement any defective provision contained in this ordinance in a manner that does not materially adversely affect the interest of the holders and owners of the Bonds.

Section 19. General Authorization and Ratification. The Designated Representative, the Finance Manager and other appropriate officers of the City are each authorized to do everything as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance.

Section 20. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 21. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Chehalis, Washington, at an open public meeting thereof, on its first and final reading, this 24th day of October, 2011, and signed in authentication of its passage this 24th day of October, 2011.

CITY OF CHEHALIS, WASHINGTON

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

CERTIFICATION

I, the undersigned, City Clerk of the City of Chehalis, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 878-B (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on October 24, 2011, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five days after publication in the City's official newspaper; and

2. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of October, 2011.

CITY OF CHEHALIS, WASHINGTON

Judy Schave, City Clerk

CITY OF CHEHALIS, WASHINGTON

ORDINANCE NO. 879-B

AN ORDINANCE adopting a system of registration of bonds and obligations of the City.

WHEREAS, Section 149(a) of the Internal Revenue Code of 1986, as amended, requires municipal bonds and obligations offered to the public, having a maturity of more than one year, to be in registered form as a condition of the exclusion from gross income for federal income tax purposes of the interest on those bonds and obligations; and

WHEREAS, RCW 39.46.030 authorizes cities to establish a system of registering the ownership of their bonds or obligations as to principal and interest, or principal only; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN as follows:

Section 1. Definitions. The following words shall have the following meanings when used in this ordinance:

(a) "Bond" or "bonds" has the meaning defined in RCW 39.46.020(1), as the same may be amended from time to time.

(b) "City" means the City of Chehalis, Washington.

(c) "Fiscal Agent" means the duly appointed fiscal agent of the State of Washington serving as such at any given time.

(d) "Obligation" or "obligations" has the meaning defined in RCW 39.46.020(3), as the same from time to time may be amended.

(e) "Registrar" means the person, persons or entity designated by the City to register ownership of bonds or obligations under this ordinance or under an ordinance of the City authorizing the issuance of such bonds or obligations.

Section 2. Findings. The City Council of the City finds that it is in the City's best interest to establish a system of registering the ownership of the City's bonds and obligations in the manner permitted by law.

Section 3. Adoption of Registration System. The City adopts the following system of registering the ownership of its bonds and obligations.

(a) Registration Requirement. All bonds and obligations offered to the public, having a maturity of more than one year, on which the interest is intended to be excluded from gross income for federal income tax purposes, shall be registered as to both principal and interest as provided in this ordinance.

(b) Method of Registration. The registration of all City bonds and obligations required to be registered shall be carried out either by

(1) a book-entry system of recording the ownership of the bond or obligation on the books of the Registrar, whether or not a physical instrument is issued; or

(2) recording the ownership of the bond or obligation and requiring as a condition of the transfer of ownership of any bond or obligation the surrender of the old bond or obligation and either the reissuance of the old bond or obligation or the issuance of a new bond or obligation to the new owner.

No transfer of any bond or obligation subject to registration requirements shall be effective until the name of the new owner and the new owner's mailing address, together with such other information deemed appropriate by the Registrar, shall be recorded on the books of the Registrar.

(c) Denominations. Except as may be provided otherwise by the ordinance authorizing their issuance, registered bonds or obligations may be issued and reissued in any denomination up to the outstanding principal amount of the bonds or obligations of which they are a part. Such denominations may represent all or a part of a maturity or several maturities and on reissuance may be in smaller amounts than the individual denominations for which they are reissued.

(d) Appointment of Registrar. Unless otherwise provided in the ordinance authorizing the issuance of registered bonds or obligations, the Finance Manager of the City shall be the Registrar for all registered interest-bearing warrants, installment contracts, interest-bearing leases, and other registered bonds or obligations not usually subject to trading without a fixed maturity date or maturing one year or less after issuance and the Fiscal Agent shall be the Registrar for all other City bonds and obligations without a fixed maturity date or maturing more than one year after issuance.

(e) Duties of Registrar. The Registrar shall serve as the City's authenticating trustee, transfer agent, registrar, and paying agent for all registered bonds and obligations for which he, she, or it serves as Registrar and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties.

The rights, duties, responsibilities and compensation of the Registrar shall be prescribed in each ordinance authorizing the issuance of the bonds or obligations, which rights, duties, responsibilities, and compensation shall be embodied in a contract executed by the City and the Registrar, except that (i) when the Fiscal Agent serves as Registrar, the City adopts by reference the contract between the State Finance Committee of the State of Washington and the Fiscal Agent in lieu of executing a separate contract and prescribing by ordinance the rights, duties, obligations and compensation of the Registrar, and (ii) when the Finance Manager of the City serves as Registrar, a separate contract shall not be required.

In all cases when the Registrar is not the Fiscal Agent and the bonds or obligations are assignable, the ordinance authorizing the issuance of the registered bonds or obligations shall specify the terms and conditions of

- (1) making payments of principal and interest;
- (2) printing any physical instruments, including the use of identifying numbers or other designation;
- (3) specifying record and payment dates;
- (4) determining denominations;
- (5) establishing the manner of communicating with the owners of the bonds or obligations;
- (6) establishing the methods of receipting for the physical instruments for payment of principal, the destruction of such instruments and the certification of such destruction;
- (7) registering or releasing security interests, if any; and
- (8) such other matters pertaining to the registration of the bonds or obligations authorized by such ordinance as the City may deem to be necessary or appropriate.

Section 4. Statement of Transfer Restrictions. Any physical instrument issued or executed by the City subject to registration under this ordinance shall state that the principal of and interest on the bonds or obligations shall be paid only to the owner thereof registered as such on the books of the Registrar as of the record date defined in the instrument and to no other person, and that such instrument, either principal or interest, may not be assigned except on the books of the Registrar.

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PASSED by the City Council of the City of Chehalis, Washington, at an open public meeting thereof, on its first and final reading, this 24th day of October, 2011, and signed in authentication of its passage this 24th day of October, 2011.

CITY OF CHEHALIS, WASHINGTON

Mayor

ATTEST:

City Clerk

FORM APPROVED:

City Attorney

CERTIFICATION

I, the undersigned, City Clerk of the City of Chehalis, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 879-B (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on October 24, 2011, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five days after the publication of its summary in the City's official newspaper; and

2. A quorum of the members of the City Council was present throughout the meeting and a majority of those members present voted in the proper manner for the passage of the Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of October, 2011.

CITY OF CHEHALIS, WASHINGTON

Judy Schave, City Clerk

**CITY OF CHEHALIS
AGENDA REPORT**

TO: The Honorable Mayor and City Council
FROM: Eva Lindgren, Finance Manager
DATE: October 19, 2011
SUBJECT: Ord. No. 880-B Amending Section 3.32.020 of Ordinance No. 658-B

ISSUE

In 1999, in accordance with then-existing RCWs, the City Council approved Ordinance 658-B establishing that all Real Estate Excise Tax (REET) funds received by the City were to be used exclusively for the purpose of acquisition of capital assets.

In light of the continuing economic downturn, Washington State House Bill 1953 was passed during the 2011 Regular Session. This legislation provides local governments with greater flexibility in using their REET funds, from July 22, 2011 until December 31, 2016. It allows a city or county to “use the greater of one hundred thousand dollars or thirty-five percent of available funds...but not to exceed one million dollars per year, for the operations and maintenance of existing capital projects.”

The City Council has already approved a budget amendment which would shift \$80,000 in Parks and Facilities maintenance costs to the REET funds in 2011, in accordance with State law. However, until the City’s Municipal Code is amended to reflect the change in State law, the Administration can not charge these costs to the REET Funds.

DISCUSSION

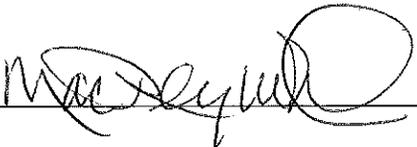
Approval of Ordinance 880-B Amending Section 3.32.020 of Ordinance No. 658-B would allow the Administration to use REET funds in accordance with the 2011 budget amendment already passed by the City Council.

RECOMMENDATION/COUNCIL ACTION DESIRED

The Administration recommends that the Council pass Ordinance Nos. 880-B, on first reading.

SUGGESTED MOTION

I move that the council pass Ordinance No. 880-B, on first and final reading.

Reviewed  _____ City Manager

ORDINANCE NO. 658-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, ESTABLISHING AND IMPOSING AN EXCISE TAX ON THE SALE OF REAL PROPERTY IN THE CORPORATE LIMITS OF THE CITY OF CHEHALIS IN AN AMOUNT EQUAL TO ONE-HALF (1/2) OF ONE PERCENT (1%) OF THE SELLING PRICE THEREOF; DEDICATING THE FUNDS RECEIVED FROM SAID EXCISE TAX FOR MUNICIPAL CAPITAL IMPROVEMENTS; REPEALING ORDINANCE NO. 398-B, PASSED THE 9TH DAY OF JANUARY, 1989, CODIFIED IN THE CHEHALIS MUNICIPAL CODE AS CHAPTER 3.32; AND ESTABLISHING THE EFFECTIVE DATE HEREOF.

WHEREAS, the City Council of the City of Chehalis is contemplating applying for funds from the Public Works Trust Fund for the purpose of effecting municipal capital improvements in the City of Chehalis, and

WHEREAS, in order to obtain said funds the City of Chehalis is required to adopt an excise tax on the sale of real property within the corporate limits of the City of Chehalis and dedicate the funds derived therefrom for municipal capital improvements, and

WHEREAS, RCW 82.46.010(1) authorizes the City of Chehalis to impose an excise tax on the sale of real property within the corporate limits of the City of Chehalis at a rate not exceeding one-half (1/2) of one percent (1%) of the selling price, now, therefore,

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

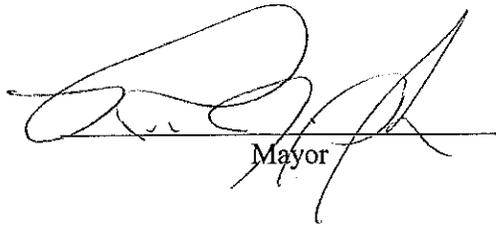
Section 3.32.010. An excise tax on the sale of real property located within the corporate limits of the City of Chehalis, Washington, shall be, and the same hereby is, established and imposed in an amount equal to one-half (1/2) of one percent (1%) of the selling price of each sale of said real property. The term "sale" and the term "selling price" as used herein shall be as defined in RCW 82.45.010 and 82.45.030, respectively.

Section 3.32.020. All funds received from the imposition of said excise tax shall be, and the same hereby are, dedicated for municipal capital improvements.

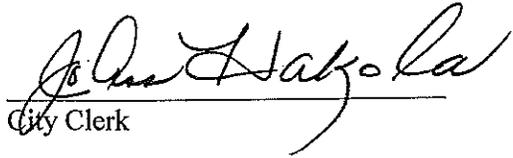
Section 3.32.030. Ordinance No. 398-B, passed the 9th day of January, 1989, codified in the Chehalis Municipal Code as Chapter 3.32, shall be, and the same hereby is, repealed.

Section 3.32.040. The effective date of this ordinance shall be the 1st day of December, 1999.

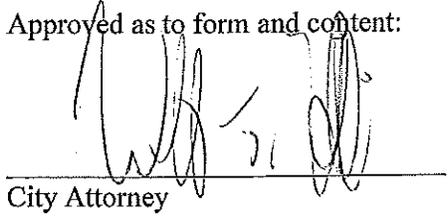
PASSED by the City Council of the City of Chehalis, Washington, and APPROVED by its Mayor, at a regularly scheduled open public meeting thereof this 27th day of September, 1999.

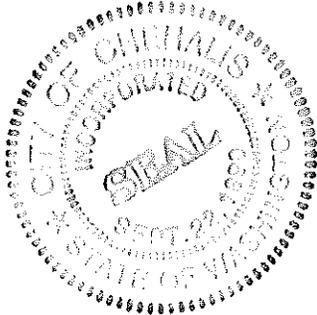

Mayor

Attest:


City Clerk

Approved as to form and content:


City Attorney



ORDINANCE NO. 880-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING SECTION 3.32.020 OF ORDINANCE NO. 658-B PASSED THE 27TH DAY OF SEPTEMBER, 1999, AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.

WHEREAS, the City Council of the City of Chehalis passed Ordinance 658-B on the 27th day of September, 1999, providing for all real estate excise tax funds received by the City shall be used and are dedicated for the purpose of municipal capital improvements; and

WHEREAS, Washington State House Bill 1953 passed during the 2011 Regular Session expands the use of real estate excise tax funds beyond capital expenditures from July 22, 2011, until December 31, 2016, enabling a city or county to “use the greater of one hundred thousand dollars or thirty-five percent of available funds...but not to exceed one million dollars per year, for the operations and maintenance of existing capital projects;” and

WHEREAS, the City is desirous of incorporating the key provisions of H.B. 1953 into its municipal code; and

WHEREAS, it is in the best interests of the City of Chehalis and its citizens that the amendment take place, now, therefore,

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

Section 1. Section 3.32.020 of Ordinance No.658-B shall be and the same hereby is amended to read as follows:

“Funds received from the imposition of said excise taxes may be used for both capital and operating expenditures, with the following limitations: the city may use the greater of one hundred thousand dollars or thirty-five percent of available funds, under section 1 of RCW 82.46.010, starting July 22, 2011, but not to exceed one million dollars per year, for the operations and maintenance of existing capital projects as defined in subsection (6) of section 1 of RCW 82.46.010. The ability to use real estate excise taxes for operations and maintenance continues through calendar year 2016, after which real estate excise taxes shall only be used for capital expenditures.”

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 _____, 2011.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CITY OF CHEHALIS
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Bob Nacht, Community Development Director
Eva K. Lindgren, Finance Manager

DATE: October 19, 2011

SUBJECT: Resolution No. 18-2011; Update to the Capital Improvement Plan

ISSUE

City's Capital Improvement Plan (CIP) needs to be updated in order to be compliant with State requirements relating to the expenditure of REET funds and to identify Public Works projects eligible to be funded with bond proceeds from the 2011 G.O. Bond issuance. The current CIP includes the years 2010 through 2015. This updated CIP will cover 2011 through 2016. A new CIP covering 2012 through 2017 will be presented to the City Council for review and approval early next year.

DISCUSSION

The Administration has reviewed the current CIP with regard to the current budget constraints, REET funding constraints, and the 2011 debt issuance. This CIP also represents an effort to more closely align this document with the City's annual budget process. The attached listing of CIP projects and equipment is presented to further coordinate the relationship between the operational needs of the city within its budget constraints.

There is little change to the listing or the amounts that were adopted last April. The line-items that have been revised or added are highlighted and reflect current operating conditions, budget constraints, and/or changes to funding sources.

The CIP is an integral part of the City's Comprehensive Plan. However, the CIP is expected to be changed / updated at least annually, so revisions can be made by resolution. Footnotes introduced in the adoption of the Comprehensive Plan provide for annual revisions to the CIP document. This revision is designed not only to ensure compliance with State requirements and identify projects potentially to be funded by bond proceeds, it also provides a current analysis of budgeting requirements for next year.

The Administration will be available to respond to any questions the City Council may have.

RECOMMENDATION / COUNCIL ACTION DESIRED

The administration recommends that the council adopt Resolution No. 18-2011 on first and final reading, which will update the City's Capital Improvement Plan.

SUGGESTED MOTION

I move that the council adopt Resolution No. 18-2011 on first and final reading.

Reviewed by  City Manager

RESOLUTION NO. 18-2011

**A RESOLUTION OF THE CITY OF CHEHALIS,
WASHINGTON, REVISING THE CHEHALIS
CAPITAL IMPROVEMENT PLAN AND PROVIDING
FOR AN EFFECTIVE DATE HEREOF.**

WHEREAS, The Chehalis Capital Improvement Plan (CIP) is adopted as a component of the Chehalis Comprehensive Plan; and

WHEREAS, The Chehalis Comprehensive Plan provides that amendments and revisions to the Capital Improvement Plan are anticipated to be made by the Council to reflect changing conditions; and

WHEREAS, The Finance Manager has identified a requirement in the state law that necessitates amending the current CIP to satisfy state auditor requirements for certain budget amendments; and

WHEREAS, The administration has reviewed the current CIP and recommended changes to reflect current operating conditions and budget constraints; now, therefore,

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

Section 1. The Chehalis Capital Improvement Plan for project years 2011 through 2016, attached hereto, and dated October, 2011, shall be, and the same hereby is, adopted by reference as if fully set forth herein.

Section 2. The 2011 through 2016 Capital Improvement Plan dated October, 2011, shall be inserted into the Chehalis Comprehensive Plan replacing all prior versions thereof.

Section 3. The effective date of this Resolution shall be immediately upon its adoption.

ADOPTED by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof on this 24th day of October, 2011.

Attest:

Mayor

City Clerk

Approved as to form and content:

City Attorney

City of Chehalis 2011-2016 Capital Improvement Plan

Department	Category
City Manager	Ballfields
City Clerk	Buildings
Community Devel	Community
Finance	Equipment
Fire	Facilities
Human Resources	Office Equipment
Municipal Court	Parks
Police	Projects
Public Works	Vehicles
-	Vehicles / Equipment
-	Debt Svc.
-	-
-	-

Six-Year Sum
 Categorical Sum \$ 170,000 \$ 584,178 \$ 1,571,853 \$ 1,788,623 \$ 5,271,348 \$ 1,751,903 \$ 1,410,708 \$ 77,162,710 \$ 88,681,825

Department	Category	Project	General Description	Funding Source	Start Year	Prior Years	2011	2012	2013	2014	2015	2016	Future	Total Cost
Public Works	Vehicles / Equipment	Pickup	Replacement 1996 Crown Vic	General Fund, Engineering	Future								20,000	20,000
Public Works	Projects	Westside Storm Capacity	West Street to Silka	Stormwater Fund & Grants	Future								5,000,000	5,000,000
Public Works	Projects	Exhibitor Road Bridge	Erosion Control / Protection	Stormwater Fund & Grants	Future								100,000	100,000
Public Works	Projects	20th Street Improvements	Capacity and re-routes to Dillywig	Stormwater Fund & Grants	Future								1,000,000	1,000,000
Public Works	Projects	National Ave. Box Culvert over Coal Creek	Repair erosion damage	Stormwater Fund, grants & loans	Future								1,000,000	1,000,000
Public Works	Projects	16th - William to Kelly	Storm System Replacement	Stormwater Fund & Grants	Future								1,500,000	1,500,000
Public Works	Vehicles / Equipment	Sweeper	1/2 Replacement of 1995 - mobile	Stormwater / Auto Equip. Reserve	2014				125,000					125,000
Public Works	Projects	Louisiana Avenue Repairs	Spot repair & overlay Hwy. 6 North 1.15 mi.	General Fund/TBD	Future								450,000	450,000
Public Works	Projects	Airport Rd. Extension	Extend roadway from dlke to I-5 Toyota curb, gutter, streetlights, storm, etc.	General Fund, Utility Funds & Grants	2013			245,000	2,205,000					2,450,000
Public Works	Projects	National Ave. Overlay	Grind, Overlay, guardrail, etc.	Grants	Future								1,066,000	1,066,000
Public Works	Projects	Kresky Ave. Flood Mitigation	Raise Roadway between NE Exhibitor and NE Scott Johnson Blvd.	General Fund	Future								2,078,000	2,078,000
Public Works	Projects	Market Blvd. - Park to N National Ave.	Renaissance streetscape planning	Utility Funds & Twin Transit	Future								2,000,000	2,000,000
Public Works	Projects	Shively Ave. Improvements	Reconstruct 16th to 20th	General Fund, Utility Funds & Twin Transit	Future								2,234,000	2,234,000
Public Works	Projects	Guardrail	Various locations throughout city	General Fund	Future								125,000	125,000
Public Works	Projects	Riverside Dr/Neuaukum Ave. Repairs	Spot repairs Hwy 6 to Shorey Rd.	General Fund	Future								250,000	250,000
Public Works	Projects	Chamber Way Bridge Replacement	Replace Bridge	Grants & Loans	Future								15,000,000	15,000,000
Public Works	Projects	Kresky Ave Improvements	Structural rebuild	Grants & Loans	Future								2,000,000	2,000,000
Public Works	Projects	Market Blvd - 13th to city limits	Grind/Overlay	Grants & Loans	Future								2,500,000	2,500,000
Public Works	Projects	Front, Pacific, Park Streets Improvements	Grind, overlay/utility/frontage	General Fund, Grants & Loans	Future								2,500,000	2,500,000
Public Works	Projects	Louisiana Improvements	Structural Rebuild SF-6 to Chamber Way	General Fund, Grants & Loans	Future								2,500,000	2,500,000
Public Works	Projects	Washington Ave. - Cascade to National	Structural Rebuild	General Fund, Grants & Loans	Future								2,000,000	2,000,000
Public Works	Projects	Chehalis Ave - Pacific to Main	Structural Rebuild	Grants & Loans	Future								2,000,000	2,000,000
Public Works	Projects	Interstate Ave. - Parkland to Bishop	Structural Rebuild	Grants & Loans	Future								3,500,000	3,500,000
Public Works	Projects	Satsbury Ave. Improvements	Structural Rebuild 21st to Jackson	Grants & Loans	Future								1,500,000	1,500,000
Public Works	Vehicles / Equipment	Pickup	Replacement - 1989 Chevrolet Silverado	TBD	2014				25,000					25,000
Public Works	Vehicles / Equipment	Sweeper	1/2 Replacement - 1995 mobile	TBD	2014				125,000					125,000
Public Works	Vehicles / Equipment	Backhoe	Replacement - 1986 Case	TBD	Future								150,000	150,000

Department	Category	Project	General Description	Funding Source	Start Year	Prior Years	2011	2012	2013	2014	2015	2016	Future	Total Cost
Public Works	Vehicles / Equipment	Dump	Replacement - 1995 Dump	TBD	Future								150,000	150,000
Public Works	Vehicles / Equipment	Dump	Replacement - 1987 Dump	TBD	Future								150,000	150,000
Public Works	Vehicles / Equipment	Dump	Replacement - 1995 Ford w/sander/blow	TBD	Future								65,000	65,000
Public Works	Vehicles / Equipment	Dump	Replacement - 1990 Dump w/sander/blow	TBD	Future								125,000	125,000
Public Works	Projects	State Avenue pump station	Reconstruc - dry well to submersible pumps	Wastewater Fund/ G.O. Bonds	2011		40,000	250,000						290,000
Public Works	Projects	Front Street Pump Station	Upgrade	Wastewater Fund/ G.O. Bonds	2012		50,000	150,000						200,000
Public Works	Projects	Airport Rd. Extension	Sewerline Extension	Wastewater Fund/ G.O. Bonds	2012		350,000							350,000
Public Works	Projects	Sewer Basin No. 1022A	Rehab. / Repair	Wastewater Fund	2012		140,000	650,000						770,000
Public Works	Projects	Sewer Basin No. 1022B	Rehab. / Repair	Wastewater Fund	2013			275,000	1,240,000					1,515,000
Public Works	Projects	Sewer Basin No. 80225A	Rehab. / Repair	Wastewater Fund	2014				160,000	712,000				872,000
Public Works	Projects	Sewer Basin No. 8022B	Rehab. / Repair	Wastewater Fund	2015					230,000	1,050,000			1,280,000
Public Works	Projects	Sewer Basin No. 8022C	Rehab. / Repair	Wastewater Fund	2016						215,000		970,000	1,185,000
Public Works	Projects	Sewer Basin No. 8022D	Rehab. / Repair	Wastewater Fund	Future								1,148,000	1,148,000
Public Works	Projects	Sewer Basin No. 4050	Rehab. / Repair	Wastewater Fund	Future								696,600	696,600
Public Works	Projects	Sewer Basin No. 5076A	Rehab. / Repair	Wastewater Fund	Future								934,500	934,500
Public Works	Projects	Sewer Basin No. 5076B	Rehab. / Repair	Wastewater Fund	Future								1,027,300	1,027,300
Public Works	Projects	Sewer Basin No. 5076D	Rehab. / Repair	Wastewater Fund	Future								926,500	926,500
Public Works	Projects	Alport Pump Station Upgrade & Force Main	P. S. Upgrade	Developer	Future								500,000	500,000
Public Works	Projects	PTP Disinfection System C12	Change from C12 gas to liquid w/boom	Wastewater Fund	2015					50,000				50,000
Public Works	Vehicles / Equipment	Boom Truck	Replacement - 1980 GMC	Wastewater Fund	2011		85,000							85,000
Public Works	Vehicles / Equipment	Forklift	Replacement - 1983 Hyster (WW)	Wastewater Fund	2014				50,000					50,000
Public Works	Vehicles / Equipment	Pickup	Replacement - 1994 Chevrolet pickup ww-6	Wastewater Fund	2013				30,000					30,000
Public Works	Vehicles / Equipment	Van	Replacement - 1995 Ford ww-13	Wastewater Fund	2013				30,000					30,000
Public Works	Vehicles / Equipment	Van	Replacement - 1990 GMC Camera Van ww-5	Wastewater Fund	Future								100,000	100,000
Public Works	Vehicles / Equipment	Centrailla Alpha Pump Station	Upgrade	Water Fund	Future								55,000	55,000
Public Works	Projects	Service Meter Replacement Program (on going)	Replace 10% yearly w/ tough-read meters	Water Fund	on-going		25,000	25,000	25,000	25,000	25,000	25,000	25,000	175,000
Public Works	Projects	Water system plan update	Required 6-year update of plan	Water Fund	Future								200,000	200,000
Public Works	Projects	Water Filter Plant	Replace Reservoir Cover	Water Fund	2015					380,000				380,000
Public Works	Projects	SE Evergreen Waterline replacement	replace 6" waterlines from SE Park to SE Prospect	Water Fund	2011		210,000							210,000
Public Works	Projects	Telemetry at Chetalls River Pump Station	New equipment	Water Fund	2011		68,966							68,966
Public Works	Projects	Generator at High Level Pump Station	Replacement of old generator	Water Fund	2011		41,034							41,034
Public Works	Projects	Chehalis River Crib	Rebuild	Water Fund	Future								320,000	320,000
Public Works	Projects	Filter Plant Automation Phase V	Upgrade per 1999 pre-design report	Water Fund/G.O. Bonds	2014				450,000					450,000
Public Works	Projects	Newgard Addition Phase II	Design and Construction of 8" & 10" waterline - Prospect from Evergreen to Greenwood including all side streets	Water Fund/G.O. Bonds	2012		209,000							209,000
Public Works	Projects	Airport Rd. Extension - 12" watermain		Water Fund/G.O. Bonds	2012		300,000							300,000
Public Works	Projects	South Market 22nd - 11th N. Fork	Replace 16" raw watermain from N. Fork	Water Fund	Future								600,000	600,000
Public Works	Projects	SE Satellite Water Filter Facility	Design & High Level Pump Station	Water Fund	Future								3,000,000	3,000,000
Public Works	Projects	High Level Reservoir & High Level Pump Station	Replacement design & construction	Water Fund	Future								2,000,000	2,000,000
Public Works	Projects	Replace Thomson Ave watermain	Replace Watermain	Water Fund	Future								80,000	80,000

Department	Category	Project	General Description	Funding Source	Start Year	Prior Years	2011	2012	2013	2014	2015	2016	Future	Total Cost
Public Works	Projects	Bishop Rd. I watermain extension	2200' of 12" Survevant to Main	Water Fund	Future								300,000	300,000
Public Works	Projects	Bishop Rd. II watermain extension	4400' of 12" Main Rd. to Borrows on Bishop	Water Fund	Future								748,000	748,000
Public Works	Projects	I-5 watermain extension/connection	Bore 1300' of 12" Waimart to State Street	Water Fund	Future								650,000	650,000
Public Works	Vehicles / Equipment	Pickup	Replacement - 1996 Chevrolet w-14	Water Fund	2014					20,000				20,000
Public Works	Vehicles / Equipment	Pickup	Replacement - 1988 Chevrolet w-6	Water Fund	2014					20,000				20,000
Public Works	Vehicles / Equipment	Generator	Replacement - 2006 230kw w/FP	Water Fund	Future								30,000	30,000
Public Works	Vehicles / Equipment	Generator	Replacement - 19KW @ North Fork Intake	Water Fund/G.O. Bonds	2012									40,000
Public Works	Vehicles / Equipment	Dump Truck	Replacement - 2004 C3500 Dump Truck w-2	Water Fund	Future								35,000	35,000
Public Works	Vehicles / Equipment	Forklift	Replacement - 1980 10-ton Forklift w-20	Water Fund	Future								30,000	30,000
Public Works	Vehicles / Equipment	Generator	Replacement - 1998 35kw Generator - Centralia Alpha PS	Water Fund	Future								40,000	40,000
Public Works	Vehicles / Equipment	Generator	Replacement - 1985 60kw generator - WFP High Level Pmp	Water Fund	Future								40,000	40,000
Public Works	Vehicles / Equipment	Generator	Replacement - 1998 200kw generator - Chehalis River PS	Water Fund	Future								60,000	60,000
Public Works	Vehicles / Equipment	Generator	Replacement - 1998 generator - Sorland PS	Water Fund	Future								40,000	40,000
Public Works	Vehicles / Equipment	Pickup	Replacement - 2008 4wd Extended Cab w-25	Water Fund	Future								26,000	26,000
Public Works	Vehicles / Equipment	Pickup	Replacement - 2008 4wd Extended Cab w-26	Water Fund	Future								26,000	26,000
Public Works	Vehicles / Equipment	Air Compressor	Replacement - 2008 Ingersoll-Rand P18SWJD w-27	Water Fund	Future								20,000	20,000
Public Works	Vehicles / Equipment	Trailer	Replacement - 1995 12-ton Walton Trailer w-13	Water Fund	Future								22,000	22,000
Public Works	Vehicles / Equipment	Pickup	Replacement - 1999 D1500 1/2 T Dodge w-23	Water Fund	Future								25,000	25,000
Public Works	Vehicles / Equipment	Backhoe	Replacement - 2007 CAT Backhoe w-24	Water Fund	Future								90,000	90,000
Public Works	Vehicles / Equipment	Pickup	Replacement - 1997 S-10 W-21	Water Fund	2014				25,000					25,000
Public Works	Vehicles / Equipment	Pickup	Replacement 1990 Dodge - W-3	Water Fund	2013				25,000					25,000
Public Works	Vehicles / Equipment	Pickup	Replacement 1997 Ford - W-17	Water Fund	2013				25,000					25,000
Public Works	Vehicles / Equipment	Dump Truck	Replacement - 1987 Chevrolet w-7	Water Fund	2015					125,000				125,000
Public Works	Vehicles / Equipment	Generator w/ Trailer	Replacement - 60KW on trailer	Water Fund	Future								80,000	80,000
Public Works	Vehicles / Equipment	Van	Replacement - 1996 Ford Utility Van - W-15	Water Fund	Future								25,000	25,000
Public Works	Vehicles / Equipment	Step-van	Replacement - 2001 Ford utility van - W-9	Water Fund	Future								40,000	40,000
Human Resources	Office Equipment	Computer	Routine Replacement	General Fund	2013				\$ 1,100					\$ 1,100
City Clerk	Office Equipment	Computer	Computer Replacement	General Fund	2013				\$ 800					\$ 800
City Clerk	Office Equipment	Computer	Computer Monitor Replacement	General Fund	2012			\$ 300						\$ 300
Fire	Vehicles	Engine	Replacement - 1978 Fire Truck	TBD/EMS Levy	2014				\$ 600,000					\$ 600,000
Fire	Vehicles	Engine	Replacement - 1993 Fire Truck	TBD/EMS Levy	Future									\$ 600,000
Fire	Vehicles	Engine	Replacement - 2004 Fire Truck	TBD	Future									\$ 600,000
Fire	Vehicles	Ladder Truck	Replacement - 1993 Ladder Truck	TBD	Future									\$ 1,200,000
Fire	Vehicles	Medic	Replacement - 2005 Medic Unit	TBD/EMS Levy	Future								\$ 120,000	\$ 120,000
Fire	Vehicles	Boat	Airboat	TBD	Future								\$ 60,000	\$ 60,000
Fire	Vehicles	Truck	Replacement - 4996-Jeep X2000 Card Expedition	TBD	Future								\$ 50,000	\$ 50,000
Fire	Vehicles	Truck	Replacement - 1998 Pickup	TBD	Future								\$ 50,000	\$ 50,000
Fire	Vehicles	Truck	Replacement - 2002 Pickup	TBD	Future								\$ 60,000	\$ 60,000
Fire	Equipment	Turnout Gear	Replacement - 2005 Tahoe	TBD	2011								\$ 9,500	\$ 9,500
Fire	Equipment	Computers - Desktop	4 Sets / Year Replacement one per year	General Fund: Fire	2011		\$ 8,000	\$ 8,000	\$ 9,000	\$ 9,000	\$ 9,500	\$ 9,500	\$ 9,500	\$ 62,500
Fire	Equipment	Portable Radios	Replacement	General Fund: Fire	2011		\$ 1,233	\$ 1,233	\$ 1,233	\$ 1,233	\$ 1,233	\$ 1,233	\$ 1,233	\$ 8,693
Fire	Equipment	Computer Server	Replace current every 5 years	TBD	2011		\$	\$	\$ 3,500				\$ 3,500	\$ 3,500
Fire	Equipment	Computers	Mobile for Vehicles	TBD	Future								\$ 12,000	\$ 12,000

Department	Category	Project	General Description	Funding Source	Start Year	Prior Years	2011	2012	2013	2014	2015	2016	Future	Total Cost
Fire	Equipment	Copier / Printer	Unknown When Purchased	TBD	Future								\$ 9,000	\$ 9,000
Police	Vehicles	Patrol Vehicles	Annual Vehicle Replacement	Auto/Equip. Repl. Fuels/TBD	2012		\$ 36,500	\$ 32,700	\$ 62,500	\$ 33,000			\$ 200,750	\$ 364,450
Police	Equipment	3-Camera ALPR	New equipment	Grant	2011		\$ 7,640	\$ 24,800					\$ 25,000	\$ 7,640
Police	Vehicles	Detective Vehicle	Replacement	TBD	2013					\$ 22,000			\$ 22,000	\$ 49,800
Police	Vehicles	CSO Vehicle	Replacement	TBD	2014					\$ 1,480			\$ 13,595	\$ 26,660
Police	Equipment	Ballistic Vests	Annual Vest Replacement	General Fund and Grant	2011		\$ 1,800	\$ 1,200	\$ 1,800	\$ 1,200	\$ 1,800		\$ 7,200	\$ 15,000
Police	Equipment	Computer	Annual Computer Replacement	General Fund; Police	2011		\$ 7,000	\$ 3,500	\$ 7,000	\$ 3,500	\$ 7,000		\$ 24,500	\$ 52,500
Police	Equipment	Mobile Data Terminals (LAPTOPS)	New terminals / fleet	General Fund; Police	2011		\$ 650	\$ 650	\$ 650	\$ 650	\$ 650		\$ 1,950	\$ 5,200
Police	Equipment	Mobile Radios	Annual Radio Replacement	General Fund; Police	2011		\$ 650	\$ 650	\$ 650	\$ 650	\$ 650		\$ 1,950	\$ 5,200
Police	Equipment	Portable Radios	Annual Radio Replacement	General Fund; Police	2011		\$ 650	\$ 650	\$ 650	\$ 650	\$ 650		\$ 1,950	\$ 5,200
Police	Equipment	Service Handguns	Replacement of six weapons	General Fund; Police	2014				\$ 3,600	\$ 3,600			\$ 3,600	\$ 10,800
Police	Equipment	Taser	Purchase three new weapons	General Fund; Police	2011		\$ 815	\$ 815	\$ 815	\$ 815	\$ 815		\$ 4,880	\$ 9,965
Police	Equipment	Copier / Printer / Fax	Replacement	TBD	Future								\$ 9,000	\$ 9,000
Police	Equipment	Varea Alarm	Replacement	TBD	2014			\$ 5,000					\$ 5,000	\$ 10,000
Police	Equipment	Generator	Replacement - 1989 Generator	TBD	Future								\$ 50,000	\$ 50,000
Police	Equipment	Trazer	Replacement	TBD	Future								\$ 15,000	\$ 15,000
Community Development	Vehicles	Sedan	Replacement - Admin. Car	TBD	Future								\$ 8,000	\$ 8,000
Community Development	Vehicles	Sedan	Replacement - Building Official Car	TBD	Future								\$ 8,000	\$ 8,000
Community Development	Equipment	Computer	Replacement - Five Computers	TBD	Future								\$ 20,000	\$ 20,000
Community Development	Buildings	Fire Station	Acquire new fire station building	General Fund, Pub. Fac. Res. Fund & Loan	Future								\$ 4,500,000	\$ 4,500,000
Community Development	Buildings	Animal Shelter	Reconstruct Animal Shelter Building	General Fund, Pub. Fac. Res. Fund & Loan	Future								\$ 100,000	\$ 100,000
Community Development	Buildings	13th and Market Bldg.	Replace HVAC w/Heat Pump	General Fund & Pub Fac. Res. Fund	Future								\$ 30,000	\$ 30,000
Community Development	Buildings	13th and Market Bldg.	Replace Sewer Line	General Fund & Pub Fac. Res. Fund	Future								\$ 15,000	\$ 15,000
Community Development	Buildings	Swimming Pool	Replace Pool Blanket	General Fund, Donations & Grants	2012		\$ 12,000							\$ 12,000
Community Development	Buildings	Swimming Pool	Repair, Circ Line, Pump, Vinyl Liner	General Fund & Pub Fac. Res. Fund	Future								\$ 50,000	\$ 50,000
Community Development	Buildings	V R Lee Building	Interior Remodel/Repair, Replace Windows	General Fund & Pub Fac. Res. Fund	Future								\$ 43,000	\$ 43,000
Community Development	Buildings	Hess Kitchen	Litholium	General Fund & TBD	2012		\$ 5,000						\$ 5,000	\$ 5,000
Community Development	Buildings	Hess Kitchen	Interior Remodel/Repair, Replace Windows	General Fund & Pub Fac. Res. Fund	Future								\$ 25,000	\$ 25,000
Community Development	Buildings	Public Safety Building	Replace Light Fixtures	General Fund & Pub Fac. Res. Fund	Future								\$ 8,000	\$ 8,000
Community Development	Buildings	Public Safety Building	Replace phone system, HVAC system	General Fund & Pub Fac. Res. Fund	Future								\$ 50,000	\$ 50,000
Community Development	Buildings	Scout Lodge	Remodel/Repair Building	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 150,000	\$ 150,000
Community Development	Buildings	Activity Building	Replace Carpet	General Fund & Pub Fac. Res. Fund	Future								\$ 10,000	\$ 10,000
Community Development	Buildings	Roof Repair/Replace	Various - parks office, pub restroom, babe nuth, RV Park, pool, pub safety (2011), activity bldg., Scout Lodge	General Fund, Donations & TBD	2011		\$ 5,000	\$ 5,000	\$ 5,000				\$ 65,000	\$ 80,000
Community Development	Buildings	Parking Lots	Replace/Repair parking lots - Henderson, Pool, RV Pads, Little League, Slepplich, Recreation Park	General Fund & Pub Fac. Res. Fund	Future								\$ 250,000	\$ 250,000
Community Development	Parks	Hedwall Park	Annual Irrigation Upgrade/Repair	General Fund	2005	\$ 100,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000		\$ 80,000	\$ 260,000
Community Development	Parks	Hedwall Park	Design/Construct Sewer Collection System	Wastewater Fund & Pub Fac. Reserve Fund	2007	\$ 70,000							\$ 80,000	\$ 150,000
Community Development	Parks	Hedwall Park	Replace 1993 Big Toy @ LL Complex	General Fund, Pub Fac. Res. Fund, Donations & Grants	2013		\$ 8,000						\$ 8,000	\$ 8,000
Community Development	Parks	Hedwall Park	Replace general playground equipment	General, Pub Fac. Reserve, Grants	Future								\$ 15,000	\$ 15,000
Community Development	Parks	Hedwall Park	Replace Scout Island Bridge	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 50,000	\$ 50,000
Community Development	Parks	Henderson Park	Design/Construct Irrigation System	General, Pub Fac. Reserve, Grants	Future								\$ 15,000	\$ 15,000
Community Development	Parks	Recreation Park	Replace Penny playground equipment, security lighting	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 125,000	\$ 125,000

Department	Category	Project	General Description	Funding Source	Start Year	Prior Years	2011	2012	2013	2014	2015	2016	Future	Total Cost
Community Development	Parks	Westside Park	Replace playground equipment	TBD	Future								\$ 15,000	\$ 15,000
Community Development	Ballfields	Little League	Replace drainage (f1,2,3), dugouts (f4), fence (f3,4), lighting (f1), scoreboard (f2)	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 227,000	\$ 227,000
Community Development	Ballfields	Babe Ruth	Replace drainage (f1), fence (f1,2), scoreboard	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 126,000	\$ 126,000
Community Development	Ballfields	Slowpitch	Replace fence (f1,2,3,4)	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 140,000	\$ 140,000
Community Development	Ballfields	Fastpitch	Replace roof, netting, scoreboard (f1,2), backstop (f1,2,3,4), fence (f1,2)	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 195,000	\$ 195,000
Community Development	Community	Central Business District	Replace street furniture/benches	Res. Fund, Donations & Grants	2012		\$ 5,000			\$ 5,000			\$ 15,000	\$ 25,000
Community Development	Community	Central Business District	Add & Replace garbage cans	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 5,000	\$ 5,000
Community Development	Community	Walking Trail Project	Design/Construct walking trail - Port to Hillburger	General Fund, Pub Fac. Res. Fund, Donations & Grants	Future								\$ 150,000	\$ 150,000
Community Development	Community	Walking Trail Project	Construct Heitwall Trail	TBD	2010								\$ 220,000	\$ 220,000
Community Development	Vehicles	Truck	Replacement - 1991 GMC [4512]	TBD	2013			\$ 8,000					\$ 8,000	\$ 8,000
Community Development	Vehicles	Truck	Replacement - 1993 GMC [4515]	TBD	Future								\$ 8,000	\$ 8,000
Community Development	Vehicles	Sedan	Replacement - 1992 Ford [4520]	TBD	Future								\$ 6,000	\$ 6,000
Community Development	Vehicles	Scooter	Replacement -ushman [4514]	TBD	Future								\$ 6,000	\$ 6,000
Community Development	Vehicles	Truck	Replacement - 1971 International (sewer) [4540]	TBD	Future								\$ 25,000	\$ 25,000
Community Development	Vehicles	Truck	Replacement - 1976 Ford Dump [4513]	TBD	2012			\$ 25,000					\$ 25,000	\$ 25,000
Community Development	Equipment	Field Groomer	Replacement - 2002 Gator 6x4	TBD	Future								\$ 8,000	\$ 8,000
Community Development	Equipment	Field Groomer	Replacement - 1985 Lily Roto Harrow	TBD	Future								\$ 10,000	\$ 10,000
Community Development	Equipment	Sprayer	Replacement - 1996 chemical sprayer	TBD	Future								\$ 10,000	\$ 10,000
Community Development	Equipment	Tractor	Replacement - 1971 Tractor	TBD	Future								\$ 15,000	\$ 15,000
Community Development	Equipment	Mower	Replacement - 2000 73" riding mower	TBD	2012			\$ 15,000					\$ 15,000	\$ 15,000
Community Development	Equipment	Trailer	Replacement - Tilt trailer	TBD	Future								\$ 8,000	\$ 8,000
Community Development	Equipment	Tractor	Replacement - 1987 4-wheel loader	TBD	Future								\$ 20,000	\$ 20,000
Community Development	Equipment	Generator	Replacement - 1992 EOC generator	TBD	Future								\$ 25,000	\$ 25,000
Community Development	Equipment	Mower	Replacement - 2003 72" riding mower	TBD	2013			\$ 18,000					\$ 18,000	\$ 18,000
Community Development	Equipment	Sweeper	Replacement - 1974 Toro	TBD	2012			\$ 25,000					\$ 25,000	\$ 25,000
Community Development	Equipment	Sweeper	Replacement - 2005 sidewalk sweeper	TBD	Future								\$ 35,000	\$ 35,000
Community Development	Equipment	Mower	Replacement - 2003 Xmark 48 Toro	TBD	Future								\$ 10,000	\$ 10,000
Community Development	Equipment	Mower	Replacement - 1995 walk behind Toro	TBD	Future								\$ 1,500	\$ 1,500
Municipal Court	Equipment	Hearing Equipment	ADA Hearing Assistance	TBD	2013			\$ 2,500					\$ 2,500	\$ 2,500
Council	Equipment	Video Equipment	Video Monitors - Presentations	TBD	2013			\$ 2,500					\$ 2,500	\$ 2,500
Community Development	Project	Parks & Facilities Maint.	Labor for Parks & Fac. Maint.	1st Qtr REET Fund	2011		\$ 40,000						\$ 40,000	\$ 40,000
Community Development	Project	Parks & Facilities Maint.	Labor for Parks & Fac. Maint.	2nd Qtr REET Fund	2011		\$ 40,000						\$ 40,000	\$ 40,000
Non-Dept.	Debt Svc.	2011 G.O. Debt Service	Debt Service on 15 year bonds	Non-Dept. - General Fund	2012		\$ 28,919	\$ 27,869	\$ 27,381	\$ 26,894	\$ 27,494	\$ 27,494	\$ 274,164	\$ 410,721
Non-Dept.	Debt Svc.	2011 G.O. Debt Service	Debt Service on 15 year bonds	1st Qtr REET Fund	2012		\$ 45,782	\$ 47,377	\$ 46,548	\$ 45,719	\$ 46,739	\$ 46,739	\$ 466,075	\$ 686,220
Non-Dept.	Debt Svc.	2011 G.O. Debt Service	Debt Service on 15 year bonds	2nd Qtr REET Fund	2012		\$ 34,994	\$ 36,229	\$ 35,596	\$ 34,962	\$ 35,742	\$ 35,742	\$ 356,413	\$ 533,936

CITY OF CHEHALIS
AGENDA REPORT

DATE: October 12, 2011

TO: The Honorable Mayor and City Council

FROM: Lodging Tax Advisory Committee
Councilor Terry Harris (Chair)
Rick Burchett, Chehalis-Centralia Railroad and Museum
Todd Chaput, Holiday Inn Express & Suites
Lee Grimes, Veterans Memorial Museum
Natalie Ketchum, Best Western Park Place Inn & Suites
Debbie Knapp, Lewis County Historical Museum
Satpal "Paul" Sohal, Chehalis Inn

SUBJECT: Lodging Tax Advisory Committee Recommendations for 2012 Tourism Funds

ISSUE

The Lodging Tax Advisory Committee (LTAC) met on October 6 to review the requests submitted by various organizations for 2012 tourism funds.

DISCUSSION

The following organizations made presentations to the LTAC for funding in 2012: Veterans Memorial Museum, Chehalis-Centralia Railroad and Museum, ARTrails, Lewis County Historical Museum, Advocate Foundation (Cascade Country Cook-Off and Chehalis Garlic Fest), Chehalis City Manager's Office, Premier Broadcasters/City (Chehalis Bridal Show), Department of Community Development for Parks & Rec Division, Centralia-Chehalis Chamber of Commerce, Friends of the Chehalis Community Renaissance, and Eagles Museum.

The attachments to this report include 2012 Tourism Fund projections and requests and the minutes from the October 6 LTAC meeting.

Upon council approval, all recipients must enter into a contract with the city for use of the funds. They are required to report on a quarterly basis how the funds are being spent.

After review and discussion, the committee recommended funding applicants at the following amounts:

<u>Organization</u>	<u>Request</u>	<u>Recommendation</u>
1. Veterans Memorial Museum	\$ 30,000	\$ 25,000
2. Chehalis-Centralia Railroad and Museum	\$ 40,000	\$ 30,000
3. ARTrails of Southwest Washington	\$ 25,000	\$ 0
4. Lewis County Historical Museum	\$ 30,000	\$ 22,500
5. Advocate Foundation for Cascade Country Cook-Off	\$ 15,000	\$ 5,000
6. Chehalis City Manager's Office	\$ 19,025	\$ 15,000
7. Premier Broadcasters/City for the Chehalis Bridal Show	\$ 10,000	\$ 10,000
8. Advocate Foundation for Chehalis Garlic Fest	\$ 20,000	\$ 18,000
9. Comm. Development Dept. for Parks & Rec Division	\$ 33,200	\$ 33,200
10. Centralia-Chehalis Chamber of Commerce	\$ 5,000	\$ 2,500
11. Veterans Memorial Museum (Electronic Sign)	\$245,004	\$ 0
12. Friends of the Chehalis Community Renaissance	\$ 25,000	\$ 0
13. Eagles Museum	\$ 4,000	\$ 0
Total	\$501,229	\$161, 200

According to the resolution establishing the LTAC, the city council is to review membership on an annual basis and make changes as appropriate. In accordance with state law, the committee must have at least five members, appointed by the city council. Membership must include at least two representatives of businesses required to collect hotel-motel tax, two people involved in activities that are authorized to be funded by the tax, and one elected official who serves as chairperson. The number of persons representing businesses that collect the tax and the number of persons involved in activities authorized to be funded by the tax must be equal. There is no established term of membership.

Committee members include Mr. Todd Chaput, Holiday Inn Express & Suites, Ms. Natalie Ketchum, Best Western Park Place Inn & Suites, and Mr. Satpal Sohal, Chehalis Inn, representing businesses required to collect the tax. Members representing activities funded by the tax are Mr. Rick Burchett, Chehalis-Centralia Railroad and Museum, Mr. Lee Grimes, Veterans Memorial Museum, and Ms. Debbie Knapp, Lewis County Historical Museum. Councilor Terry Harris is the council representative and acts as committee chair.

Mr. Grimes has notified the city of his intention to resign from the committee at the end of the year. A copy of his letter is attached. The administration will begin the process of finding a replacement for Mr. Grimes.

RECOMMENDATIONS/COUNCIL ACTION DESIRED

The Lodging Tax Advisory Committee recommends that the council approve its recommendations individually and collectively for use of the lodging tax funds for 2012, and the administration recommends the reappointments of Rick Burchett, Todd Chaput, Natalie Ketchum, Debbie Knapp, and Satpal Sohal to the city's Lodging Tax Advisory Committee, and also Lee Grimes until his position is filled.

The Lodging Tax Advisory Committee also recommends that the council approve each request individually.

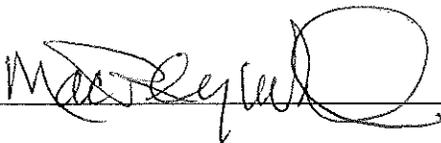
1st SUGGESTED MOTION

I move that the council approve the recommendations of the Lodging Tax Advisory Committee individually and collectively to fund the _____ in the amount of \$ _____ for use of lodging tax funds for 2012.

1. Veterans Memorial Museum	\$ 25,000
2. Chehalis-Centralia Railroad and Museum	\$ 30,000
3. ARTrails of Southwest Washington	\$ 0
4. Lewis County Historical Museum	\$ 22,500
5. Advocate Foundation for Cascade Country Cook-off	\$ 5,000
6. Chehalis City Manager's Office	\$ 15,000
7. Premier Broadcasters/City for Chehalis Bridal Show	\$ 10,000
8. Advocate Foundation for Chehalis Garlic Fest	\$ 18,000
9. Comm. Development Dept. for Parks & Rec Division	\$ 33,200
10. Centralia-Chehalis Chamber of Commerce	\$ 2,500
11. Veterans Memorial Museum (Electronic Sign)	\$ 0
12. Friends of the Chehalis Community Renaissance	\$ 0
13. Eagles Museum	\$ 0

2nd SUGGESTED MOTION

I move that the council reappoint the memberships of Rick Burchett, Todd Chaput, Lee Grimes, Natalie Ketchum, Debbie Knapp, and Satpal Sohal to the Lodging Tax Advisory Committee.

Reviewed by  _____, City Manager

Chehalis Lodging Tax Advisory Committee Meeting
October 6, 2011

The Lodging Tax Advisory Committee (LTAC) met on October 6, 2011, at 8:15 a.m. in the basement meeting room of Chehalis city hall to review applications for 2012 tourism funding. Members present were: Councilor Terry Harris, Chair; Rick Burchett, Chehalis-Centralia Railroad and Museum; Todd Chaput, Holiday Inn; Lee Grimes, Veterans Memorial Museum; Natalie Ketchum, Best Western; Debbie Knapp, Lewis County Historical Museum, and Satpal Sohal, Chehalis Inn. Chehalis staff members included Merlin MacReynold, City Manager; and Caryn Foley, City Manager's Administrative Assistant.

Call to Order

The meeting was called to order by Councilor Harris.

Review Committee Purpose & State Guidelines

Councilor Harris reported that several LTAC members recently attended a hotel-motel tax forum where Jan Jutte, Director of Legal Affairs for the Washington State Auditor's Office, talked about hotel-motel tax rates and intended uses, related requirements, the SAO's audit approach, and best practices. Councilor Harris stated the Q&A session following the presentation really provided a lot of good information. Everyone who attended took away that it's really about local control and the process. The SAO wants cities to be able to use the funding as they see fit, as long as it is used appropriately. They also want to see that requests come to the LTAC and that their recommendations then go to the city council for final approval. Ms. Jutte also noted that committee members should be mindful about the appearance of a conflict of interest, and that the tax goes beyond putting heads-in-beds. In addition to overnight stays, the definition of tourism also includes meals, tours, gifts, or souvenirs. Of course, we can't grow the fund without putting heads-in-beds.

Councilor Harris stated that Mr. Chaput provided a copy of an evaluation worksheet that is used by the county to evaluate funding requests, but he thought we really didn't have the volume of applications that required the use of the form. Mr. Chaput stated he found it helpful and something that the LTAC might consider using in the future.

Review 2012 Requests

1. Chip Duncan – Veterans Memorial Museum – \$30,000

Mr. Duncan stated that in addition to their standard request, the Museum was planning to add extra programs to continue to maintain and hopefully increase their tourist base. The increased funding request of \$10,000 is to hold a Civil War re-enactment event July 22-23, 2012. Funds would be used for rental of property, insurance, and advertising. The remaining \$20,000 will be used for marketing and promotion of the museum in general and other events. Mr. Duncan noted that the Washington Civil War Association is potentially interested in moving their annual re-enactment from Port Gamble to Chehalis, which could potentially bring in several hundred people.

Ms. Ketchum asked how the museum tracked visitors. Mr. Duncan stated they have a guest book, and among other things, they ask visitors where they came from and where they stayed during their visit. Their statistics showed that the museum generated 2,740 overnight stays from September 2010 to August 2011.

2. Chip Duncan – Veterans Memorial Museum – \$245,004

Mr. Duncan stated the request was to install a double-sided electronic reader board sign to benefit all organizations, such as museums, attractions, schools, sporting events, etc. Thousands of people drive along I-5 every day and it was hoped that such a sign would encourage people to get off the freeway and into Chehalis. Following a Request for Quotations, the museum chose a local vendor, Esco Pacific Signs. He proposed that annual electricity costs come from the lodging tax funds.

Mr. Chaput asked if businesses/organizations would be able to advertise. Mr. Duncan thought that was something that would be up to the LTAC.

Mr. Burchett noted the total available funding for 2012 was \$145,000. He also thought that the state was going to ban these types of signs. Mr. Duncan stated the sign would be grandfathered in if it is installed prior to next year.

Mr. Chaput asked who would be responsible for maintenance and monitoring. Mr. Duncan stated that was yet to be determined.

Ms. Ketchum asked if Mr. Duncan had any numbers on what the return on investment was for reader board signs – how do you know they work? Mr. Duncan did not have that information, but he believed it gave travelers an excuse to stop.

Ms. Ketchum asked what the annual maintenance cost would be. Mr. Duncan estimated it to be around \$30,000.

There was discussion about other possible funding sources -- mortgage it, .09 funding, and public-private partnership. The LTAC also talked about the fact that technology is constantly changing and reader boards may not be the best route to go.

3. Wanda Thompson and Chad Taylor – Chehalis-Centralia Railroad and Museum - \$40,000

Ms. Thompson thanked the LTAC for their past support. She stated they had a good year with several special events, noting they still had the pumpkin train rides and Polar Express events to come.

Mr. Taylor stated he was amazed at what a draw the steam train and Veterans Memorial Museum were to our community. He stated that they expanded advertising and used new marketing methods this year, including any free methods of advertising, with print ads as the main focus. He would like to create a Facebook presence and improve the CCRM's website. One of the new things they did this year was Groupon, a daily deal site for discount sales on the Internet. It was overwhelming for the volunteers, but it brought in over 9,000 visitors. Mr. Taylor thought the benefits outweighed the negatives. Another goal is to expand marketing to the Seattle and Portland areas, and to Fort Lewis.

Ms. Thompson agreed that the additional Groupon tickets were overwhelming and some people had to wait for the next train. She stated they are looking for more cars to be able to handle additional riders.

Mr. Taylor thought a reader board would be beneficial, but he thought the annual maintenance cost would be less than the \$30,000 mentioned by Mr. Duncan.

Mr. Taylor stated that as a member of the Chehalis city council he would not participate in any discussions or vote on this proposal. Mr. Harris added that he will recommend that each request be voted on individually by the city council to avoid any appearance of a conflict of interest.

Mr. Grimes noted their second priority funding request was actually higher than the top priority request. Ms. Thompson stated the application was in error and should be \$35,000 instead of \$45,000.

4. Daniel La Plaunt – Lewis County Historical Museum - \$30,000

Mr. La Plaunt stated he was one of the museum's Board of Directors. The museum is a hub for tourism and their request is very important to the overall function of the museum being 31% of their overall budget. Several activities/events are slated for 2012 and the Board renewed their commitment to the director to help pull off these events, and they want to create multiple day events to encourage overnight stays. The big event for next year is the 100th anniversary for both the Chehalis and Centralia depots. They plan to work with Centralia and with the steam train to create a great event.

Ms. Knapp added she was contacted by "My Ghost Story," which airs on the BIO Channel, about paranormal activity at the museum. She and Board Member Kathy Gavin flew to Los Angeles to be interviewed, and the network then came to Chehalis to film. The program airs later this month.

Mr. La Plaunt also noted that the museum remodeled their gift shop and website to promote Chehalis as a whole, and their guest book showed that the museum generated 1,147 overnight stays.

Mr. Chaput stated he appreciated that the museum held off-season events.

5. Rick Petty – Premier Broadcasters/City of Chehalis for the Chehalis Bridal Show - \$10,000

Mr. Petty stated the bridal show showcases Chehalis as a great place to hold a wedding and you can find everything you need at the Chehalis Bridal Show. The grand prize of a wedding dress and vendor door prizes encourage brides to register. Brides-to-be receive information about each vendor and a list of Chehalis granges and churches. In turn, vendors receive information about the brides-to-be, including their wedding dates. He noted that vendors must have a Chehalis zip code to participate. Outside vendors are allowed only if there is no Chehalis business providing a particular service. A display is also set up at Book 'n Brush after the bridal show with all of the vendor contact information. The 2011 bridal show had 86 registered brides, with 51 from Chehalis and Centralia, and the rest traveling from Portland, Vancouver, Olympia, Enumclaw, Raymond, Longview, Rainier, and Shelton. Mr. Petty stated that information from the hotels shows that the resultant weddings from the bridal show are putting heads-in-beds.

Mr. Grimes asked if Mr. Petty could operate the bridal show with reduced funding. Mr. Petty said he could, but that would mean cutting back on advertising.

6. Jan Nontell – ARTrails of Southwest Washington - \$25,000

Ms. Nontell stated that ARTrails is entering its 10th year and they are planning a year-long recognition in 2012. She stated studio tours held in September have increased every year since 2002. Last year the LTAC questioned the low number of participating Chehalis artists in the studio tours. Ms. Nontell stated they heard the committee and have worked throughout the year to become more involved with Chehalis. Ms. Nontell now represents ARTrails on the Chehalis Community Renaissance Team (CCRT) and they have been working to place pop-up galleries, working artists, and window art in empty Chehalis storefronts through the Chehalis Storefront Art Project. They have also worked

with other organizations to promote Chehalis, including an art walk during Planes, Trains, and Automobiles. They are also working to place public art in a couple locations in town. ARTrails is looking into and trying to learn from others on how to drive economic development through the arts – Eugene, Oregon and Johnstown, Pennsylvania have both been successful. ARTrails' website is comprehensive and is a foundation for other organizations' events, such as wine tours and the Boistfort Valley Quilt Show.

Although not complete, this year's studio tours had 3,000 visitors from 89 cities and 10 states. Ms. Nontell stated that 8% reported staying overnight, while 87% ate at least one meal out. She stated that their 2012 request will be used mostly for advertising outside of a 50-mile radius from Chehalis. With 2012 being the 10th anniversary, they want to expand their advertising with their theme of, "Spend the Weekend ~ Spend the Week."

Mr. Burchett noted there were still many more Centralia artists than Chehalis artists, but ARTrails didn't ask Centralia for any tourism money. Ms. Nontell reported they did request funding, but Centralia revenues are down and most of their tourism money goes to the events center.

Mr. Grimes commented that their budget had increased from last year. Ms. Nontell reiterated they wanted to do more advertising.

Mr. Burchett asked if the storefront art project was only in Chehalis. Ms. Nontell indicated that was correct, and their first storefront display was going up next week. They also plan to have a Christmas gallery in downtown Chehalis this year, along with studios. She also noted that they were probably going to need a bigger space for their annual gala, which has been held at the Centralia railroad depot.

7. Jim Valley – Centralia-Chehalis Chamber of Commerce - \$5,000

Mr. Valley stated the annual Home & Garden show is moving from the Yard Birds Event Center back to the Fairgrounds. The event brings in around 8,500 people and the request is for funding to notify the public about the change in venue. Mr. Valley stated that many local businesses depend on this event. He added that he doesn't anticipate this to be an annual request.

8. Frank DeVaul – Advocate Foundation for Chehalis Garlic Fest & Craft Show - \$20,000

Mr. DeVaul stated this was the 15th year for Garlic Fest, which has grown significantly and an event that they want to make a national destination. He stated that their marketing was changed to target outside the Chehalis area, and they did see an increase in overnight stays. Of the 900 people surveyed, 26% reported spending the night. Garlic Fest staff did several hotel bookings themselves for vendors and entertainers, and they provided trolley service from the Amtrak station between hotels and the event, purposely passing through downtown Chehalis. Mr. DeVaul stated they listen and respond to all comments and concerns.

Mr. Sohal thought the number of overnight stays seemed high. Mr. Chaput thought there was probably some crossover and they really need to determine why people are coming to Chehalis.

9. Frank DeVaul – Advocate Foundation for Cascade Country Cook-Off and Tires, Inc. Cascade Car Show - \$15,000

Mr. DeVaul stated they made several changes to the event and hope to make it a bigger event in the future. The Pacific Northwest Barbeque Association, who the event is held in association with, loves the venue of Stan Hedwall Park, and they drew enough teams to make it a qualifying event. Despite the rainy weather, attendance was up 50% over last year as determined by an actual physical count of attendees. The car show was successful and the participants enjoyed the unique trophies. Overall, attendees reported 1,100 room nights.

Councilor Harris stated that several of the accompanying ads seemed to be the same. Mr. DeVaul explained that some of the ads appeared in several different publications.

Ms. Ketchum asked if they tracked the return on investment (ROI) of their advertising. Mr. DeVaul stated that tracking zip codes tells them how best to advertise.

Ms. Ketchum thought everyone should be mindful of how dollars are being spent. Councilor Harris thought it was sometimes difficult to track the ROI.

Mr. DeVaul stated that lodging tax dollars are used to advertise outside the area. He thought the best test was results and a 50% increase in attendance told them they are doing something right.

Mr. Grimes wondered if changing the name of the event from Cook-off to Festival might draw more people. Mr. DeVaul stated they are working with the Health Department to allow tasting in the hope that it might generate more of the general public.

10. Bob Nacht and Lilly Wall – Community Development Department for Parks & Rec Division - \$33,200

Mr. Nacht stated the request was for operations of the Recreation Division for tournaments, specifically basketball and fastpitch. He stated that in addition to overnight stays, the tournaments bring people to our restaurants, grocery stores, and other attractions.

Mr. Burchett stated there was no tracking information included in the application. Ms. Wall indicated that when they made their special funding request this summer, the tournaments had already occurred. They did email information requests to nearly 200 coaches and 21 responded. The results were that 162 families stayed anywhere from one to four nights. She stated they will implement tracking for all future tournaments.

Mr. Nacht added that the tournaments are ongoing from May through September every year, and the city's other sports programs also bring visitors to Chehalis.

Ms. Ketchum and Mr. Chaput confirmed that the tournaments certainly put heads-in-beds.

11. Merlin MacReynold –Chehalis City Manager's Office - \$19,025

Mr. MacReynold stated the city's request is the same as last year. Funding would allow the city to contract for tourism services with the Chamber – a joint effort with Centralia and Lewis County; place ads in the Lewis County Official Visitors Guide, Sunset Magazine, and the Summer Recreation & Visitor Guide; and provide half of the cost for annual hosting, maintenance and support for the city's website.

Ms. Foley reported that last year the city received around 440 leads from the Sunset Magazine ad, and have already received 340 this year since September.

Mr. MacReynold also noted that city council meetings can be viewed on-line through the city's website, which had been a longtime goal of the council.

Mr. Grimes asked if the city could operate on reduced funding. Mr. MacReynold indicated they could get by on \$15,000 with reduced advertising.

12. Susie Krogh – Eagles Museum - \$4,000

Ms. Krogh stated the museum opened in December 2010, and is currently open on Saturdays from 9:00 a.m. to 3:00 p.m. It is a work in progress and will always be changing to give people a new experience each time they visit. She thanked the city for including the museum in the new wayfinding signs. She stated their annual event, "Hands Across the Boarder" brings an average of 300 people to Chehalis and does put heads-in-beds. In Centralia, they hold a Christmas Cotillion that draws about 130 people annually. In addition, this year's state project is Pope's Kids Place. They will be raising money for Pope's while keeping people staying locally. Ms. Krogh stated they do have a guest book and will add the question of where people are staying.

Mr. Burchett asked if the Eagles had any other museums such as this one. Ms. Krogh stated they do not. Mr. Burchett asked if they charged admission. Ms. Krogh indicated they do not plan to charge until they are really up and running.

Mr. Burchett stated the request did not include funding for marketing. Ms. Krogh explained that they currently have no costs for marketing since everything is advertised internally through the Eagles organization.

13. David Hartz and Bill Schulte – Friends of the Chehalis Community Renaissance - \$25,000

Mr. Hartz stated the Chehalis Community Renaissance Team (CCRT) sees an ongoing problem that needs addressed; that being connecting events with retail businesses. These are difficult economic times and we need to act. Chehalis has wonderful events, but diminishing retail, and there is not good interaction between retail businesses and activities.

Mr. Schulte stated they would like to create a request for qualifications to hire a consultant for a training program. The question is how to increase local sales tax, and he reiterated that we do have great events and we need to maximize on these events.

As part of the Renaissance's wayfinding project, pedestrian kiosks will be going up at six locations throughout the city. It is hoped that an additional mobile kiosk can be constructed to have for various events.

Mr. Chaput asked if there would be a cost to attend the training. Mr. Hartz stated that had not yet been determined. He added they knew this was a different kind of request than the committee has seen in the past, but he thought it was complementary.

The LTAC briefly discussed other sources of potential funding for this project, such as .09 funding, The Industrial Commission, and the Chehalis Foundation.

Review of 2011 Revenue Projections

Ms. Foley stated the projected beginning fund balance for 2012 is \$60,023, estimated revenues are \$155,000, along with a small amount of interest at \$150. As was recommended last year, \$50,000 would be reserved to ensure an ending fund balance in case revenues come in less than projected, or in the event that the LTAC receives a special request for funding throughout the year. In addition, \$20,000 is reserved for South Sound Babe Ruth for tournaments in 2013. With those assumptions, \$145,173 is the estimated available funding for 2012.

The committee discussed how overnight guests are tracked. Just because someone says they are staying at a hotel while attending an event, does not imply that they are here for that particular reason. Mr. Chaput stated that his hotel's tracking system tells them exactly why people are staying, with the majority of guests coming here for work. They refer guests to events and other local places of interest and this should be tracked as such. He thought it was vital that the committee determine the exact reasons people are visiting, and not assume that everyone attending an event, museum or restaurant came there for that sole purpose.

2011 Allocation Recommendations to City Council

With requests totaling \$501,229 and available funding in the amount of \$145,173, the LTAC discussed the importance of funding those organizations that put the most heads-in-beds. They also agreed to reduce the recommended \$50,000 reserve to \$33,973 to increase the available funding. The LTAC agreed to make the following recommendations to the city council:

<u>Organization</u>	<u>Request</u>	<u>Recommendation</u>
1. Veterans Memorial Museum	\$ 30,000	\$ 25,000
2. Chehalis-Centralia Railroad and Museum	\$ 40,000	\$ 30,000
3. ARTrails of Southwest Washington	\$ 25,000	\$ 0
4. Lewis County Historical Museum	\$ 30,000	\$ 22,500
5. Advocate Foundation for Cascade Country Cook-Off	\$ 15,000	\$ 5,000
6. Chehalis City Manager's Office	\$ 19,025	\$ 15,000
7. Premier Broadcasters/City for Chehalis Bridal Show	\$ 10,000	\$ 10,000
8. Advocate Foundation for Chehalis Garlic Fest	\$ 20,000	\$ 18,000
9. Comm. Development Dept. for Parks & Rec Division	\$ 33,200	\$ 33,200
10. Centralia-Chehalis Chamber of Commerce	\$ 5,000	\$ 2,500
11. Veterans Memorial Museum (Electronic Sign)	\$245,004	\$ 0
12. Friends of the Chehalis Community Renaissance	\$ 25,000	\$ 0
13. Eagles Museum	\$ 4,000	\$ 0
Total	\$501,229	\$161, 200

The recommendations will be reviewed by the city council on October 24, 2011 at 6:00 p.m.

The meeting concluded at 3:35 p.m.

Minutes respectfully submitted by Caryn Foley, City Manager's Administrative Assistant.

October 7, 2011

Chehalis City Council

RE: LTAC Member Resignation

Dear Council Members:

It has been my pleasure to serve on the Chehalis Lodging Tax Advisory Committee for the past several years. Working with Joanne Schwartz in the past and Councilor Terry Harris the past several years has been rewarding, as working with very professional people always is. However, I feel it is time for me to step aside and provide my seat on the committee to a new face.

I have always attempted to serve my capacity as a committee member to the best of my ability and to the use of City Lodging Tax Funds as appropriately as possible. I hope my dedication to this committee has been of some use to the Council in their ultimate final decisions.

When considerations are made for a replacement, I might suggest Charles "Chip" Duncan, current director of the Veterans Memorial Museum. I have asked him if he would be interested and he replied in a positive manner.

Respectfully yours,

Lee T. Grimes