

# CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BLVD | CHEHALIS, WA 98532

Dennis L. Dawes, Position at Large  
Mayor

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

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

## Regular Meeting of Monday, July 22, 2019 5:00 p.m.

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

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>PUBLIC HEARING</b>		
3. <u>Petition to Vacate Right-of-Way at NW North Street.</u> (City Manager, Public Works Director/City Engineer, Planning & Building Manager)	CONDUCT PUBLIC HEARING	1

<b>CITIZENS BUSINESS</b>
<p>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.</p>

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>CONSENT CALENDAR</b>		
4. <u>Minutes of the Regular City Council Meeting of July 8, 2019.</u> (City Clerk)	APPROVE	5
5. <u>Vouchers and Transfers – Accounts Payable.</u> (City Manager, Finance Director)	APPROVE	9

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>UNFINISHED BUSINESS</b>		
6. <u>Ordinance No. 999-B, Second and Final Reading – Providing for the Issuance and Sale of a Limited Tax General Obligation Bond Not to Exceed \$1 Million to Finance the Recreation Park Renovation Project.</u> (City Manager, Finance Director)	PASS	10

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>NEW BUSINESS</b>		
7. <u>Ordinance No. 1000-B, First Reading – Amending the 2019 Annual Budget.</u> (City Manager, Finance Director)	PASS	23

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>ADMINISTRATION AND CITY COUNCIL REPORTS</b>		
8. <u>Administration Reports.</u>	INFORMATION ONLY	- - -
a. Finance Report. (City Manager, Finance Director)		34
b. City Manager Update. (City Manager)		
9. <u>Councilor Reports/Committee Updates.</u> (City Council)	INFORMATION ONLY	- - -

<b>EXECUTIVE SESSION</b>		
10. Pursuant to RCW:		
a. 42.30.110(1)(b) – Selection of Site or Acquisition of Real Estate		
b. 42.30.110(1)(c) – Minimum Price at Which Real Estate Will Be Offered for Sale/Lease		
c. 42.30.110(1)(g) – Review Performance of a Public Employee.		

**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA.  
NEXT REGULAR CITY COUNCIL MEETING IS MONDAY, AUGUST 12, 2019.**

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager

**BY:** Trent J. Lougheed, Public Works Director/City Engineer  
Hillary Hoke, Planning and Building Manager

**DATE:** July 22, 2019

**SUBJECT:** Public Hearing for Petition to Vacate Right-of-Way at NW North Street

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**ISSUE**

The City is conducting a public hearing to consider a Petition to Vacate Right-of-Way at the end of NW North Street and abutting BNSF Railroad right-of-way. Richard Graham is petitioning to vacate the northern 15' of NW North Street ROW that abuts his 50' property line.

**BACKGROUND**

NW North Street was originally a 60' right-of-way (ROW). In 1989, Mr. Fred Wildhaber, previous owner of the current Jeremy's restaurant location, submitted a petition to vacate the southern 15' of NW North Street that abutted his property. The ROW vacation associated with the Wildhaber's property is now built upon with a solid walled structure that doesn't meet setback requirements.

A public hearing was held on March 13, 1989 before the City Council. All three abutting property owners spoke in opposition of the vacation:

1. Grahams (current petitioner) own property to the north and spoke against the proposal due to traffic congestion. Grahams asserted the existing traffic congestion was created by the closure of the NW North Street railroad crossing and granting of the ROW vacation would compound the problem.
2. Lewis County PUD, former owner of property to the northeast, spoke in opposition citing over-head power lines that would require easements for access and the use of their property had not been established yet. Future use of said property may be restricted/adversely impacted by the ROW vacation.
3. Jones, former owner of the property to the northeast currently owned by Lewis County, spoke against the proposal due to traffic congestion.

At that time, despite adjacent owner objections and assuming it was an effort to be business friendly, staff recommended approval of the petition and the City Council granted vacation approval via Ordinance 401-B. The current situation has created numerous issues demanding staff time from several departments pertaining to parking, use of the right-of-way, encroachments, access and perceived violations.

## **DISCUSSION**

The proposed right-of-way vacation petition was submitted on March 1, 2019, by Richard Graham. The proposed vacation area is 50' wide and 15' in depth, and abuts the southern line of the petitioner's property at the end of NW North Street. After initial staff and City Manager review, an alternative proposal to vacate the entire ROW depth of 45' was suggested to Mr. Graham. He elected to leave the application as submitted and is only interested in vacating the 15' that abuts their property.

The current proposal proposed by the Grahams would vacate the northern 15' of NW North Street that abuts the Graham's southern property line. The southern 15' that abuts the Wildhaber's property (Jeremy's Restaurant) was vacated in 1989. This has created a very narrow, dead end ROW. There's no turn-around and very little room to maneuver between parked cars, dumpsters and barricades. The original ROW was 60' wide. The current ROW is 45' due to the previously approved vacation. If the current vacation request is granted as proposed, the final ROW width would be 30'.

There are no utility lines in the ROW at that location so easements are not necessary for city utilities.

Lewis County PUD and LeMay were contacted for potential impacts. As of the date of this report, no comments had been received.

The Development Review Committee and City Manager have reviewed the proposal and are presenting the following options for consideration:

### **OPTION 1:**

***Grant the vacation as proposed and leave parking open on both sides of the remaining NW North Street.***

***PROS:*** Current petitioner would be afforded the same privileges as the previous petitioner in 1989. A one-time fiscal gain as the petitioner is required to purchase the vacated ROW.

***CONS:*** This option would essentially reduce NW North Street to a one lane, dead end road for the last 50'. It would create a 30' ROW width with approximately 8' of parking on each side; leaving 14' open in the middle to vehicular traffic with no turn-around area.

**OPTION 2:**

***Grant the 15' vacation and create no parking along both sides of NW North Street.***

This option would create privileges and hinderances for both adjacent property owners. Both property owners would be afforded the privilege of an additional 15' of private property. Both property owners would lose the right to utilize parking spaces on the south side of NW North St.

***PROS:*** This option would create a 30' ROW and afford Grahams the same privileges as received by the Wildhabers in 1989. A one-time fiscal gain for purchase of the vacated ROW. A clear vehicular travel lane of 30' would be created.

***CONS:*** Approximately 4 parking spaces would be eliminated. No turn-around area.

**OPTION 3:**

***Vacate the entire 45' ROW for the last 50' and give each abutting property owner the opportunity to purchase half. This would move the end of NW North Street 50' to the west.***

This does not appear to be a viable option as adjacent property owner participation is required and the Grahams have already indicated they are not interested. Without adjacent owner participation, the ROW would revert to a standard city lot and access to the Graham's property would be via an easement granted by the City. Easement access is generally prohibited, and creation of a landlocked parcel is prohibited.

**OPTION 4:**

***Deny the vacation and situation remains status quo.***

***PROS:*** Even though the previous vacation was made with the best intentions of being business friendly, it has created a contentious situation. Denying the vacation would ensure history does not repeat itself.

***CONS:*** The situation remains status quo without resolution of the current complaints and no documented consensus for staff direction.

**OPTION 5:**

***Deny the vacation and create no parking zones along both sides of NW North Street from the Graham's property to the BNSF railroad ROW and from the Wildhaber's building to the BNSF railroad ROW.***

***PROS:*** Allows as wide of an access approach to the Graham's property as possible. Creates a clear, unobstructed 45' ROW; which is as close to a standard ROW design as possible in this vicinity. A

turn-around area for small vehicles could be utilized. Use of the ROW for deliveries may be obtained on a temporary basis via an approved ROW use permit.

**CONS:** Barricades on the northern side of the ROW placed by the Grahams appear to be located in the ROW and would have to be removed, if verified as such. Loss of approximately 4 parking spaces on the southern side of NW North Street.

This option would grant privileges to both adjacent property owners: Grahams are ensured as wide of an approach as possible to their property and Wildhabers already obtained an additional 15' of property. However, there would also be hinderances imposed on both adjacent property owners: Grahams would not be granted the additional 15' of property as requested and Wildhabers would lose 4 parking spaces normally occupied by their employees. Although those spaces are not reserved for the Wildhabers, the hours of business operation generally dictate occupancy of those spaces by Jeremy's employees for the vast majority of the day.

### **FISCAL IMPACT**

If a ROW vacation is approved, the petitioning party shall cause an appraisal to be completed and compensate the city in an amount which does not exceed one-half the appraised value of the area so vacated. If the street has been part of a dedicated public right-of-way for 25 years or more, or if the subject property or portions thereof were acquired at public expense, the city may require the owners of the abutting property owners of the street or alley to compensate the city in an amount that does not exceed the full appraised value of the area vacated.

If a ROW vacation is denied, no fiscal impact.

If a NO PARKING zone is created, costs to manufacture and install the signs will be incurred.

### **RECOMMENDATION**

Present an ordinance approving Option 5 for first reading at the August 12, 2019 regularly scheduled City Council meeting.

### **SUGGESTED MOTION**

I move the City Council approve Option 5 and direct staff to present an ordinance for first reading at the regularly scheduled City Council meeting on August 12, 2019.

July 8, 2019

The Chehalis city council met in regular session on Monday, July 8, 2019, in the Chehalis city hall. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following council members present: Terry Harris, Tony Ketchum, Daryl Lund, Dr. Isaac Pope, Bob Spahr, and Chad Taylor. Staff present included: Jill Anderson, City Manager; Ken Cardinale, Fire Chief; Caryn Foley, City Clerk; Bill Hillier, City Attorney; Trent Loughheed, Public Works Director/City Engineer; Brandon Rakes, Airport Operations Coordinator; Chun Saul, Finance Director; Glenn Schaffer, Police Chief; Don Schmitt, Street/Storm Superintendent; Lilly Wall, Recreation Manager; and Dave Vasilaukas, Water Superintendent. Members of the news media included Will Rubin of *The Chronicle*.

1. **Port of Chehalis Update.** Randy Mueller reported on recent activities:

- RE Bennett/Cascade schools redevelopment feasibility study
- Airport partnership planning
- New building construction on Maurin Road
- Rail reload and agricultural service center
- International client talks about wood pellet manufacturing plants)
- CCR&M (still working towards transfer of rail line to CCR&M)
- CCRT (funding \$40,000 this year; Chehalis Coworks successful; Port supports monthly Downtown Business Academy events, blight removal, beautification, and redevelopment)

Mayor Dawes asked about airport partnership planning and whether or not the area could be extended to the Chamber Way railroad overpass to maybe find some dollars that could be in addition to what the city is finding. He wondered if there might be grant funding available to the Port that would not be available to the city. Mr. Mueller stated there are usually more grants available to cities than ports, but he was always happy to look at partnerships. He added the structure was a valuable piece of infrastructure and when you start thinking about transportation and economic development, that would be one that would certainly qualify.

2. **Pioneer Pie Social.** Commissioner Edna Fund reminded everyone about the Pioneer Pie Social on July 14 at 1:30 pm at Claquato Church.

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

- a. Minutes of the regular meeting of June 24, 2019;
- b. June 28, 2019 Claim Vouchers No. 126186-126273 in the amount of \$139,427.69 and voided Check No. 126132 in the amount of \$204.57 and Check No. 126134 in the amount of \$16.00;
- c. June 28, 2019, Payroll Vouchers No. 40871-40926, Direct Deposit Payroll Vouchers No. 10887-11010, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 244-249 in the amount of \$982,986.55;
- d. Amendment #1 to engineering services agreement with Jacobs Engineering Group in the amount of \$20,000 to address air emissions at the Chehalis Regional Water Reclamation Facility;
- e. Award Recreation Park Improvement Project to KBH Construction in the amount of \$2,281,383;
- f. Construction services agreement with Skillings Connolly, Inc., in an amount not to exceed \$157,927 for the Recreation Park Improvement Project; and
- g. Resolution No. 9-2019, first and final reading – declaring property to be surplus.

The motion was seconded by Councilor Taylor and carried unanimously.

4. **Ordinance No. 999-B, First Reading – Providing for the Issuance and Sale of a Limited Tax General Obligation Bond Not to Exceed \$1 Million to Finance the Recreation Park Renovation Project.** City Manager Anderson stated the city could now award the bid for the ballfield improvement component of the project, with the goal of starting construction in August. She stated the council provided direction earlier this year to proceed with placing a council-manic bond for the project. City Manager Anderson didn't believe the full \$1 million would be needed.

July 8, 2019

Chun Saul stated the ordinance appoints the city manager, and the finance director in the absence of the city manager, as the designated representatives. Ms. Saul reviewed the parameters set forth in the ordinance, and outlined the responsibilities of participants in the process, including the City Council, the designated representatives; D.A. Davidson & Co., the placement agent; and Foster Pepper PLLC, the bond counsel. Ms. Saul stated the total estimated project budget as of today was \$4,071,669. The project would be funded through secured funding of \$3,055,430; \$208,239 from additional outstanding donations; and estimated proceeds from the bond. The preliminary schedule of events, ranging from first reading of the ordinance to bond closing, was reviewed.

Ms. Saul outlined the fiscal impact. The bond constitutes a general indebtedness of the city and that the city pledges full faith, credit, and resources for annual debt service payments. The Lodging Tax Advisory Committee voted to pay the annual debt service up to \$75,000 per year, but it remains a general obligation debt. The bond price, interest rate, and required annual debt service payment will be determined upon bond closing in August.

Councilor Taylor asked if two readings were required for the ordinance. City Attorney Hillier advised that two readings were required for any financial indebtedness to a city.

Dave Trageser, Placement Agent and Managing Director of D.A. Davidson & Co. explained that once the ordinance was passed on final reading, the Request for Proposals would be distributed to financial service providers that would be purchasing the bond. A bidder would then be selected, followed by closing of the bond and making the funds available, which was expected to be late August. Interest rates are currently stable, barring any major economic announcement that could rock the market.

Councilor Taylor asked if it would be one bidder or multiple bidders buying the bond. Mr. Trageser stated it was being done as a private placement of the bond, with one sophisticated investor because it was a smaller bond issue and a way to keep the issuance costs fairly low.

Councilor Lund asked how much would be wired to the city. Mr. Trageser stated the wire would originate from the bond purchaser. The actual amount will be set, which will be less than \$1 million based on information received from city staff.

Councilor Lund stated the ordinance provides for up to \$1 million, but the current amount needed is around \$800,000. He asked why we wouldn't take the entire \$1 million in case something came up during construction. City Manager Anderson anticipated a total issue of \$825,000 with a net of about \$808,000. She stated there is a contingency built into the project, and that amount is what the LTAC has generally committed to. If for some reason, the use of lodging tax money changes in the future by the state, we want to keep the bond issue in an amount the city could handle. She agreed that with a project of this level, you just never know what could happen and having the full \$1 million would be nice. She stated if that was what the council wished to do, staff could bring back what that would cost at the next meeting.

Councilor Harris suggested the City Manager made a good point about the potential for changes in use of lodging taxes by the state.

Councilor Spahr moved to pass Ordinance No. 999-B on first reading. The motion was seconded by Councilor Pope and carried unanimously.

**5. Interlocal Agreement with Lewis County Fire District #6 for Sharing of Fire Chief Services.** City Manager Anderson stated the city's fire personnel were moved to the District 6 headquarters station in August 2018 after Station 48 had to be vacated due to safety concerns, and the District has gone out of their way to accommodate the city. After the District's chief resigned in April, the District asked if Chief Cardinale could act as their interim chief until a replacement could be found. City Manager Anderson stated she was hesitant at first, but the District had again approached the city to reconsider. She noted the proposed agreement had not been approved by the District Commissioners, but they will meet tomorrow night to consider it. Special assignment pay for Chief Cardinale would cost the city salary plus employer paid benefits, which would be just under \$5,000 per month. The initial thought about how to divide the chief's time was 50% city business; 30% district business; and 20% joint city and district business. That proposed division of pay was estimated to be around \$6,200 to the District for 40% of the chief's pay to the city. After meeting with the chair of the District Commissioners, those figures were adjusted to be 57%, 23%, and 20%, respectively, resulting in a little less than \$5,200 to the District.



July 8, 2019

Other key terms of the agreement would be that the chief would remain an employee of City, except for a provision related to L&I coverage; the contract would begin retroactive to July 1, 2019 and end on January 2, 2020, with a clause allowing the City Manager to extend for an additional six months; either party could terminate the agreement with 15-days' written notice; and each party agrees to mutual indemnification. City Manager Anderson recommended that the council approve the proposed ILA subject to the modification of the draft agreement to reflect that the District will pay a monthly fee to the City for fire chief services in the amount of \$5,189.76, which represents approximately 33% of the chief's salary and employer paid benefits, including special assignment pay; authorize the City Manager to execute the document subject to written acceptance of the final terms by the fire chief and the District; and approve special assignment pay for the chief retroactive to the effective date of the agreement until the termination of the agreement.

Councilor Spahr stated this was a heck of a burden to the chief and his family. Chief Cardinale stated his wife was very supportive and understood the situation. He recognized what the District had provided the city during the situation with the city's fire station. He also looked at it as an opportunity to continue to have the crews grow together and that the vision to have them join in the future will come to fruition.

Councilor Taylor agreed that it was an investment in the potential combining of the departments in the future and he thanked Chief Cardinale for his willingness to take on the additional duties. He added the District has been gracious in letting the city "live in their house" for several months now.

Mayor Dawes asked if the revised figures outlined by City Manager Anderson were generally something the District would agree with. City Manager Anderson stated the District was in agreement with the revised figures.

Councilor Ketchum moved to:

- Approve the proposed ILA with Lewis County Fire District #6 in substantially the same form as presented, subject to the modification of the draft agreement to reflect that the District will pay a monthly fee to the City for Fire Chief Services in the amount of \$5,189.76, which represents approximately 33% of the Chief's salary and employer paid benefits, including special assignment pay.
- Authorize the City Manager to execute the document subject to written acceptance of the final terms by the Fire Chief and LCFD #6 Board of Commissioners.
- Approve Special Assignment Pay for the Fire Chief retroactive to the effective date of this agreement until the termination of the agreement.

The motion was seconded by Councilor Pope and carried unanimously.

#### **6. Administration Reports.**

a. **City Manager Update.** City Manager Anderson stated Music in the Park starts on July 12 with additional shows on July 19, and 26, and the STP is this weekend.

#### **7. Councilor Reports/Committee Updates.**

a. Councilor Harris asked that Chief Schaffer pass along thanks regarding comments in the Chief's weekly newsletter about commendations of two officers. Councilors Pope and Spahr echoed their thanks.

b. Councilor Lund wished a happy birthday to Mayor Dawes on July 10.

c. Councilor Taylor stated Joe Clark continues to do a good job at Twin Transit and has brought forth a lot of good ideas for improving the transit system. He's been working with city staff to locate some pull-outs that will help traffic flow. He stated the proposed new transit center will not happen, and that Mr. Clark is looking at options to present to the board on how to utilize the property where it was to be located.

July 8, 2019

d. Mayor Dawes attended the AWC Conference, along with the City Manager. One item discussed was HB1406 relating to affordable housing, which would allow cities to be reimbursed for eligible programs from a portion of the state's sales tax. Mayor Dawes stated he had a deep understanding of what law enforcement is going through; he also passed along his thanks to officers and all first responders.

e. Councilor Pope stated the July 4 celebration held at Rene Remund's farm was one of the best in a long time. He stated there are still people that celebrate our country for what it is.

There being no further business to come before the council, the meeting was adjourned at 6:03 pm.

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Dennis L. Dawes, Mayor

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Caryn Foley, City Clerk

Approved:

Initials: \_\_\_\_\_

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager

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

**MEETING OF:** July 22, 2019

**SUBJECT:** Vouchers and Transfers

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**ISSUE**

City Council approval is requested for Vouchers and Transfers dated July 15, 2019.

**DISCUSSION**

The July 15, 2019 claim vouchers have been reviewed by a committee of three councilors prior to the release of payments. The administration is requesting City Council approval for Claim Vouchers No. 126274-126409 and Electronic Funds Transfer Nos. 62019 and 620191 in the amount of \$364,552.22 dated July 15, 2019, which includes the transfer of:

- \$ 147,282.21 from the General Fund
- \$ 7,707.20 from the Dedicated Street Fund – 4% Sales Tax Fund
- \$ 41.43 from the Arterial Street Fund
- \$ 3,987.50 from the Transportation Benefit District Fund
- \$ 1,094.85 from the Garbage Fund
- \$ 59,112.02 from the Wastewater Fund
- \$ 77,819.27 from the Water Fund
- \$ 2,544.03 from the Storm & Surface Water Utility Fund
- \$ 64,963.71 from the Airport Fund

**RECOMMENDATION**

It is recommended that the City Council approve the July 15, 2019 Claim Vouchers No. 126274-126409 and Electronic Funds Transfer Nos. 62019 and 620191 in the amount of \$364,552.22.

**SUGGESTED MOTION**

I move that the City Council approve the July 15, 2019 Claim Vouchers No. 126274-126409 and Electronic Funds Transfer Nos. 62019 and 620191 in the amount of \$364,552.22.

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager

**BY:** Chun Saul, Finance Director

**MEETING OF:** July 22, 2019

**SUBJECT:** Ordinance No. 999-B, Second and Final Reading – Providing for the Issuance and Sale of a Limited General Obligation Bond Not to Exceed \$1 Million to Finance the Recreation Park Renovation Project

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**ISSUE**

Bond Ordinance No. 999-B is presented for consideration to the City Council for second reading. The Bond Ordinance has been prepared for issuance and sale of a Limited Tax General Obligation (“LTGO” or “council-manic”) Bond, 2019 in connection with the Recreation Park renovation project.

On July 8, 2019, Ordinance No. 999-B was presented for City Council consideration on first reading. There have been no changes to the text of the Bond Ordinance; however, the preliminary schedule of financing event and the project budget and funding sources have been updated and are presented in this agenda report. As a result of the update, the estimated par amount of the bond issue has been raised from \$825,000 to \$900,000, which is expected to yield \$881,000 for the project or \$75,000 more than the amount discussed during the first reading.

**DISCUSSION**

On February 25, 2019, the City Council approved a council-manic debt issue not to exceed \$1 million, for a maximum maturity term of 15 years through a private placement, to finance the Recreation Park renovation project (the “Project”).

The Bond Ordinance appoints the City Manager, or the Finance Director in absence of the City Manager, as the designated representative of the City and delegates the authority to approve the final terms of the bond sales as the designated representative deems advisable and authorizes the issuance and sale of a limited tax general obligation bond, within the following parameters:

- Principal Amount: Not to exceed \$1 million

- Issuance Date: No later than December 2019
- Interest Rate: Not to exceed 4.5%
- Final Maturity: No later than 15 years

As of July 15, 2019, the preliminary schedule of events for the bond issue are as follows:

Date	Event	Participants
Completed	City provides disclosure updates for RFP term sheet	Staff
<b>July 8</b>	<b>First Reading of Bond Ordinance (completed)</b>	<b>Staff, Council, BC</b>
July 9	Distribute first draft RFP term sheet to finance team (completed)	DAD
July 16	Provide comments on draft RFP term sheet (completed)	Staff, DAD, BC
<b>July 22</b>	<b>Second Reading of Bond Ordinance</b>	<b>Staff, Council, BC</b>
July 24	Distribute RFP term sheet to bidders	DAD
August 2	RFP bids due @ 12 P.M.	Staff, DAD
August 5	Bid summary; distribute final numbers, select bidder	Staff, DAD, BC, Purchaser
August 23	Bond closing, funds available	Staff, DAD, BC, Purchaser

Staff=city staff; DAD = D. A. Davidson & Co (Private Placement Agent); BC = Bond Counsel

\*Subject to change

### **PROJECT BUDGET**

Since the last meeting, the project budget and potential for increased costs to address items discussed but not included in the formal budget were reviewed. As a result, \$75,000 has been added to the project budget in the category of "Additional Items" or the Project "Wish List," to include:

- Perimeter landscaping or decorative fencing along 13<sup>th</sup> Street to reduce the potential for little kids running into the street.
- Landscaping around the VR Lee Building and Fred Hess Kitchen.

*Please go to the next page for the project budget.*

<b>Project Budget:</b>	<b>Amount</b>
Ballfield Complex Construction:	
Construction (plus 3% Contingency)	\$ 2,167,846
Construction Project Management (plus 5% Contingency)	165,823
Total for Ballfield Complex Construction	2,333,669
Penny Playground	1,350,000
Additional Improvements (Wish-list)	463,000
Total Estimated Project Budget as of 7/18/2019	<u>\$ 4,146,669</u>
Secured Funds:	
City reserved fund	\$ 5,430
State and Federal Grants	1,600,000
Donations Received from Chehalis Foundation - Various Sources	927,246
Chehalis Foundation - Additional funds available (Engwersen) upon request	522,754
Total Secured Funds	3,055,430
Additional outstanding pledges expected to be paid in 2019	210,239
Estimated Bond Proceed, net of issuance costs, available for project*	881,000
Total Estimated Funding Sources as of 7/18/2019	<u>\$ 4,146,669</u>
Excess funding sources over estimated project budget	<u>\$ -</u>

*\*Estimated Bond Issue: Par \$900,000, less estimated issuance costs \$19,000*

As of July 18, 2019, the estimated par amount of bond issue is \$900,000.

### **FISCAL IMPACT**

The bond constitutes a general indebtedness of the City and is payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for payment of principal and interest on the bond, including lodging taxes and real estate excise taxes (REET).

The bond price, interest rate, and required annual debt service payments will be determined upon bond closing.

On June 11, 2019, the Lodging Tax Advisory Committee (LTAC) voted to pay the annual debt service payments up to \$75,000 a year (which is an estimated annual debt service payment for a bond issue of \$825,000 - \$850,000), over the life of the bond (15 years). With an estimated \$900,000 bond issue, it is expected that the City would need to budget approximately \$7,500 a year to cover the balance of the debt service.

### **RECOMMENDATION**

It is recommended that the City Council pass Bond Ordinance No. 999-B on second and final reading.

**SUGGESTED MOTION**

I move that the City Council pass Bond Ordinance No. 999-B on second and final reading.

**ORDINANCE NO. 999-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A LIMITED TAX GENERAL OBLIGATION BOND IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,000,000 TO BE USED TO FINANCE THE RECREATION PARK RENOVATION PROJECT AND OTHER CAPITAL IMPROVEMENTS; FIXING OR SETTING PARAMETERS WITH RESPECT TO CERTAIN TERMS AND COVENANTS OF THE BOND; APPOINTING THE CITY'S DESIGNATED REPRESENTATIVE TO APPROVE THE FINAL TERMS OF THE SALE OF THE BOND; AND PROVIDING FOR OTHER RELATED MATTERS.**

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

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

(a)     “*Bond*” means the “City of Chehalis, Washington Limited Tax General Obligation Bond, 2019” authorized by this ordinance.

(b)     “*Bond Fund*” means the debt service fund of the City created for the payment of the principal of and interest on the Bond.

(c)     “*Bond Register*” means the registration records for the Bond maintained by the Bond Registrar.

(d)     “*Bond Registrar*” means the City Finance Director, whose duties include registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond, and paying the principal of and interest on the Bond.

(e)     “*City*” means the City of Chehalis, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington.

(f)     “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

(g)     “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(h)     “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City's designated representative in accordance with RCW 39.46.040(2).

(i)     “*Issue Date*” means the date of the delivery of the Bond to the Purchaser.



(j) “*Project*” means the recreation park renovation project, which may include improvements to Penny Playground, the ballfields, walkways and trails, and other capital improvements.

(k) “*Project Fund*” means the fund or account designated or created by the City for the purposes of carrying out the Project.

(l) “*Purchaser*” means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser for the Bond.

Section 2. Findings and Determinations. The City takes note of the following facts and makes the following findings and determinations:

(a) *Authority and Description of the Project.* The City is in need of financing its recreation park renovation project, including improvements to Penny Playground, the ballfields, walkways and trails, and other capital improvements. The City Council therefore finds that it is in the best interests of the City to carry out the Project.

(b) *Plan of Financing.* Pursuant to applicable law, including without limitation chapters 35.37, 39.36, 39.44, 39.46 and 39.52 RCW, the City is authorized to issue general obligation bonds for the purpose of financing the Project. The total expected cost of the Project is approximately \$4,100,000, which is expected to be made up of proceeds of the Bond, grants, donations and other available money of the City.

(c) *Debt Capacity.* The maximum amount of indebtedness authorized by this ordinance is \$1,000,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote:

(1) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for collection in the calendar year 2019 is \$717,643,811.

(2) As of April 30, 2019, the City had limited tax general obligation indebtedness, consisting of bonds and loans outstanding in the principal amount of \$2,136,003, 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 without a vote.

(3) As of April 30, 2019, the City had no unlimited tax general obligation indebtedness outstanding.

(d) *The Bond.* For the purpose of providing the funds necessary to carry out the Project and to pay the costs of issuance and sale of the Bond, the City Council finds that it is in the best interests of the City and its taxpayers to issue the Bond consistent with this ordinance.

Section 3. Authorization of the Bond. The City is authorized to borrow money on the credit of the City and issue a limited tax general obligation bond evidencing indebtedness in the

aggregate principal amount not to exceed \$1,000,000 to provide funds necessary to finance the Project and to pay the costs of issuance and sale of the Bond.

Section 4. Description of the Bond; Appointment of the Designated Representative. The City Manager, or the Finance Director in the absence of the City Manager, is appointed as the Designated Representative of the City and is authorized and directed to approve the final terms of the Bond, with such additional terms and covenants as the Designated Representative deems advisable, within the following parameters.

(a) *Principal Amount.* The Bond shall not exceed the aggregate principal amount of \$1,000,000.

(b) *Date.* The Bond shall be dated as of its date of delivery to the Purchaser, which date may not be later than December 31, 2019.

(c) *Interest Rate(s).* The Bond shall bear interest at a fixed rate or rates per annum as acceptable to the Designated Representative, which rate shall not exceed 4.50%.

(d) *Payment Dates.* Interest will be payable at the rate(s) and on such dates as are acceptable to the Designated Representative. Principal payments will be payable and shall commence on such payment date acceptable to the Designated Representative.

(e) *Final Maturity.* The Bond shall mature no later than 15 years from the Issue Date.

(f) *Price.* The purchase price for the Bond may be in an amount as is acceptable to the Designated Representative.

(g) *Other Terms and Conditions.*

(1) The Bond may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date.

(2) The Bond may be sold in accordance with Section 13 of this ordinance.

(3) The Designated Representative may accept such additional terms, conditions and covenants as she or he may determine are in the best interests of the City, consistent with this ordinance.

Section 5. Bond Registrar; Registration and Transfer of the Bond. Pursuant to RCW 39.46.030(4) the City's Finance Director shall serve as initial fiscal agent for the City (the "Bond Registrar") with respect to the Bond and is authorized, on behalf of the City, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this ordinance. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar (the "Bond Register"). The Bond Register shall contain the name and mailing address of the owner of the Bond.

Upon a determination by the Finance Director that maintenance of the duties of the Bond Registrar is no longer convenient, the fiscal agent of the State of Washington shall act as Bond Registrar.

The Bond Registrar shall keep, or cause to be kept, at its office, sufficient books for the registration, assignment or transfer of the Bond, which books shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond transferred or exchanged in accordance with the provisions of the Bond and this ordinance, to serve as the City's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this ordinance.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bond.

The Bond may be assigned or transferred only in whole by the Purchaser to a single investor that is a financial institution or an entity reasonably believed to be a qualified institutional buyer within the meaning of the applicable federal securities laws. Any transfer shall be without cost to the owner or transferee, except for governmental charges imposed on any such transfer or exchange. The Bond Registrar shall not be obligated to exchange or transfer the Bond during the 15 days preceding any payment or prepayment date. When the Bond has been paid in full, both principal and interest, the Bond shall be surrendered to the Bond Registrar, who shall cancel the Bond.

#### Section 6. Form and Execution of the Bond.

(a) *Form of the Bond; Signatures and Seal.* The Bond shall be prepared in a form consistent with the provisions of this ordinance and Washington law. The Bond shall be signed by the Mayor and the 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. If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, the Bond 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. The 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 its Issue Date.

(b) *Authentication.* Only the Bond bearing a Certificate of Authentication in substantially 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 the fully registered City of Chehalis, Washington, Limited Tax General Obligation Bond, 2019, 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.

Section 7. Payment of the Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by electronic transfer, unless payment by check or draft of the Bond Registrar is permitted by the Purchaser, and sent to the Purchaser so that the Purchaser receives said payments when due at the address appearing on the Bond Register. The Bond is not subject to acceleration under any circumstances.

Upon receipt of the final payment of principal of and interest on the Bond, whether at maturity or upon prepayment, the Purchaser shall present and surrender the Bond to the Bond Registrar to be destroyed or cancelled in accordance with law. The City and the Bond Registrar may deem and treat the Purchaser as the absolute owner of the Bond for the purpose of receiving payment of principal and interest and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary other than proper notice of assignment or transfer.

Section 8. Funds and Accounts; Deposit of Bond Proceeds.

(a) *Bond Fund.* The Bond Fund of the City is created for the sole purpose of paying principal of and interest on the Bond. All amounts allocated to the payment of the principal of and interest on the Bond shall be accounted for separately and shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bond. The principal of and interest on the Bond shall be paid out of the Bond Fund. Until needed for that purpose, the City may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and used for the purposes of that fund.

(b) *Project Fund.* The Project Fund is a fund of the City to be used to pay the costs of the Project. Proceeds received from the sale and delivery of the Bond shall be deposited into the Project Fund and used to pay the costs of the Project and costs of issuance of the Bond. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Fund and used for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Project Fund and used for those tax or rebate purposes.

Section 9. Prepayment. The City may prepay the Bond upon such terms as is acceptable to the Designated Representative.

Section 10. Failure to Pay the Bond. If any payment of the Bond is not paid when due, the City shall be obligated to pay interest on the Bond at the same rate provided in the Bond from and after its maturity or date fixed for prepayment until the 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, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Purchaser.

Section 11. Pledge of Taxes. The Bond constitutes a general indebtedness of the City and is payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of and interest on the Bond, including lodging taxes [and real estate excise taxes (REET)]. For as long as the Bond is outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and

statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bond as the same become due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bond and such pledge shall be enforceable in mandamus against the City.

Section 12. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on the Bond.* The City covenants that it will take all actions necessary to prevent interest on the Bond 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 Bond or other funds of the City treated as proceeds of the Bond that will cause interest on the Bond to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond.

(b) *Post-Issuance Compliance.* The Finance Director is authorized and directed to adopt and implement the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bond from being included in gross income for federal tax purposes.

(c) *Designation of the Bond as a "Qualified Tax-Exempt Obligation."* The City designates the Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

(1) the Bond does not constitute a "private activity bond" within the meaning of Section 141 of the Code;

(2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity 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) will issue during the calendar year in which the Bond is issued will not exceed \$10,000,000; and

(3) the amount of tax-exempt obligations, including the Bond, 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 Bond is issued does not exceed \$10,000,000.

Section 13. Sale of the Bond. The Designated Representative shall request bids for the purchase of the Bond under or within the terms of this ordinance. A pricing certificate shall set forth the final terms of the Bond. The Designated Representative is authorized to execute the pricing certificate on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

Section 14. Reporting Requirements. While the Bond is outstanding, the City shall submit to the Purchaser its annual financial reports within 30 days after receipt of such annual financial report from the Washington State Auditor and such additional information as the Purchaser may reasonably request.

Section 15. Default. The following events shall constitute a default under the Bond:

- (a) a failure to pay principal or interest on the Bond when due,
- (b) a failure by the City to comply with any of its obligations, or to perform any of its duties, under this ordinance, which failure continues and is not cured for a period of more than 60 days after the Purchaser has made written demand on the City to cure such failure, or
- (c) a material misrepresentation to the Purchaser by the City in the purchase of the Bond, as reasonably concluded by the Purchaser after investigation and discussion with the City.

If any default occurs as delineated in this section, the interest rate may be increased to a default interest rate (if any) acceptable to the Designated Representative and will be described in the pricing certificate, and the Purchaser may pursue any other remedies to which it is entitled under the Bond and this ordinance, at law or in equity.

Section 16. Governing Law; Waiver of Jury Trial. The Bond shall be governed and interpreted according to the laws of Washington. The City hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding relating to this ordinance.

Section 17. General Authorization and Ratification. The Mayor, City Manager, Finance Director, City Clerk and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of the Bond to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bond. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 18. 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 19. 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 second and final reading this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

\_\_\_\_\_  
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. 999-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 \_\_\_\_\_, 2019, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper, which publication date is expected to be July \_\_\_\_\_, 2019.

3. 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.

Dated: \_\_\_\_\_.

CITY OF CHEHALIS, WASHINGTON

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



**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council  
**FROM:** Jill Anderson, City Manager  
**BY:** Chun Saul, Finance Director  
**MEETING OF:** July 22, 2019  
**SUBJECT:** Ordinance No. 1000-B, First Reading – Amending the 2019 Annual Budget

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**ISSUE**

Ordinance No. 1000-B amending the 2019 budget, is hereby submitted to reflect the changes in estimates and actual activity of the city since the first amendment of the 2019 budget in April 2019. This ordinance is necessary to ensure compliance with state appropriation requirements and to document adjustments to the 2019 budget.

**DISCUSSION**

In April of this year, Ordinance No. 997-B was adopted to amend the 2019 budget, which was the first budget amendment of the year.

This proposed ordinance is the second amendment to the 2019 budget. The attached spreadsheet (Exhibit A-1) provides information on a line-by-line basis, as well as summary information of the proposed budget amendment by funds. The net city-wide decrease in fund balances associated with the second budget amendment total is \$704,757. The proposed budget amendments by fund are summarized below:

Fund Name	Net Increase (decrease) in Fund Balance from Second Budget Amendment
General Fund	\$ (181,498)
Arterial Street Fund	(5,432)
Tourism Fund	(100,000)
Public Facilities Reserve Fund	(271,388)
Wastewater Fund	(144,224)
Water Fund	(1,441)
Airport Fund	(774)
Total	\$ (704,757)

## **General Fund:**

The budget amendment proposal includes a \$301,420 increase in revenues, \$463,918 increase in expenditures, and \$19,000 increase in transfers-out. A total decrease in fund balance from the proposed budget amendment is \$181,498.

Total proposed amendment to the revenue budget is \$301,420 which includes the following:

- \$178,676 from accounting procedure changes relating to the Fire Insurance Premium Tax and the regular property tax levy allocated for the Firemen's Pension Fund. During the 2017 annual audit, the State Auditor's Office directed that these revenues are to be accounted for in the general fund and distributed to the Firemen's Pension Fund as expenditures. Appropriate revenue and expenditure accounts have been created in the City's general ledger system. Expenditure budget is increased for the same amount, thus, there is zero impact to the general fund's fund balance from this adjustment.
- \$85,000 for anticipated Flood Authority grant to reimburse the consultant service costs relating to the Flood Storage Master Plan Phase II.
- \$37,744 service charges for interlocal service agreement relating to Fire Chief service to the Lewis County Fire District No. 6.

Total amendment to the expenditure and transfers-out budgets are \$463,918 and \$19,000, respectively, as summarized below:

- Municipal Court department requests \$1,752 budget increase to cover increased costs relating to information technology related services.
- Facilities and Parks department incurred additional costs related to new roof at girl's league building and new diving board at Shaw Aquatic Center in the amount of \$13,150. An additional appropriation for janitorial services and facilities maintenance for general and park facilities in the amount of \$24,400 is requested to reflect close to actual. However, the approved budget for the pool deck replacement is being reduced by \$19,000 and allocated for the pool liner replacement cost which is accounted for in the Public Facilities Reserve Fund (Fund 301). A transfers-out budget of \$19,000 is requested in the non-departmental department section. Net total increase in appropriations for Facilities and Parks department from this proposed budget amendment is \$18,550.
- Non-departmental department requests \$178,676 increase in appropriations relating to contributions to the Firemen's Pension Fund for regular property tax and fire insurance premium tax, described above. In addition, a transfer-out of \$19,000 to the Public Facilities Reserve fund for pool liner replacement is proposed.
- Human Resources department requests a \$70,000 increase to professional services budget relating to union negotiations. To-date expenditures is \$48,380 and has exceeded the 2019 approved budget of \$20,000 by \$28,380 with just the fire union negotiations. Staff anticipates that another \$41,620 would be needed for the Police Guild and Non-Uniformed employee groups and to finish the negotiation process with the Fire Union.

- Police department requests a \$12,719 increase in appropriations. While there was about \$8,900 reduction to the 2019 adopted payroll budget, about \$21,600 budget increase is needed for activities relating to drug enforcement (JNET), purchase of a dry storage unit, and adjust budget for prisoner care services to reflect to actual.
- Fire department requests \$94,571 increase in appropriations, which includes the following items: **1)** \$29,497 increase in payroll budget for the interlocal agreement for fire chief service to the Lewis County Fire District #6 approved on July 8, 2019. **2)**\$24,734 increase in professional services and dues and subscriptions budget relating to fire policy implementation and annexation financial feasibility study, which were previously approved by the City Council. **3)**\$36,000 increase to space rent budget for temporary fire station at the Lewis County Fire District #6. This was not included in the 2019 original budget. **4)** \$4,340 increase to communications budget for phone services to reflect close to actual.
- Planning and Building department requests a \$87,650 increase in appropriations, which includes the following: **1)** \$85,000 professional service costs were incurred relating to the Flood Storage Master Plan Phase II project. This service agreement was approved by City Council in November 2018; however, it was not included in the 2019 adopted budget. 100% of the cost is expected to be reimbursed by the Flood Authority grant. The corresponding revenue budget increase for this item is included in this proposed budget amendment. Staff is working with the Flood Authority to finalize the grant document. **2)**\$2,650 increase to communications budget is needed to reflect close to actual.

The proposed second 2019 budget amendment decreases the General Fund's fund balance by \$181,498. The below table provides summary information for the General Fund:

General Fund by Department	Additional Revenue Sources	Additional Transfers-In	Additional Appropriations Requested	Additional Transfers-Out	Net Increase (decrease) in Fund Balance
Municipal Court	-	-	1,752	-	(1,752)
Facilities & Parks	-	-	18,550	-	(18,550)
Non-departmental	178,676	-	178,676	19,000	(19,000)
Human Resources	-	-	70,000	-	(70,000)
Police	-	-	12,719	-	(12,719)
Fire	37,744	-	94,571	-	(56,827)
Planning & Building	85,000	-	87,650	-	(2,650)
<b>Total General Fund</b>	<b>301,420</b>	<b>-</b>	<b>463,918</b>	<b>19,000</b>	<b>(181,498)</b>

The ending cash balance (fund balance) of the General Fund at the end of 2019 is estimated at \$790,431, which is about 7.96% of the General Funds' operating revenue. This is below the 10% Council policy to maintain 10% of General Fund's operating revenues in the General Fund.

#### **Arterial Street Fund:**

A \$5,432 transfer-out to the Public Facilities Reserve Fund is requested. A portion of the motor vehicle and fuel tax received is reserved to maintain paths and trails per RCW 47.30. A total of \$5,432 has been accumulated in the Arterial Street Fund. This money is eligible for the

path/walkway portion of the Recreation Park renovation project and has been requested to be available for the project.

**Tourism Fund:**

A \$100,000 transfer-out to the Public Facilities Reserve Fund is requested. In 2018, the Lodging Tax Committee had approved \$100,000 funding for the pool liner replacement cost at the Shaw Aquatic Center, and it was approved in the 2018 budget. 2018 appropriation was not spent in 2018 and is being carried forward to 2019 budget. The 2019 adopted budget included \$82,000 for the pool liner replacement project. Total 2019 appropriation for the pool liner replacement cost, including this proposed budget amendment, will be \$182,000.

**Public Facilities Reserve Fund:**

The proposed budget amendment includes \$3,973,064 increase in revenue budget, \$124,432 increase in transfers-in, and \$4,368,884 increase in appropriations. The proposed budget amendments are related to the Recreation Park renovation project and the pool liner replacement project at the Shaw Aquatic Center. The below table provides summary information for the Public Facilities Reserve Fund:

Public Facilities Reserve Fund Purposes	Additional Revenue Sources	Additional Transfers-In	Additional Appropriations Requested	Additional Transfers-Out	Net Increase (decrease) in Fund Balance
Recreation Park Renovation Project	3,073,064	5,432	4,146,669	-	(1,068,173)
G.O. Bond Issue	900,000		19,000		881,000
Subtotal for Recreation Park	3,973,064	5,432	4,165,669	-	(187,173)
Pool liner replacement	-	119,000	203,215		(84,215)
<b>Total Public Facilities Reserve Fund</b>	<b>3,973,064</b>	<b>124,432</b>	<b>4,368,884</b>	<b>-</b>	<b>(271,388)</b>

As of July 18, 2019, total estimated project budget for Recreation Park construction is \$4,165,669 which includes ballfield complex, Penny Playground, and additional improvements to the Recreation Park. Funding for the project is provide by various sources, including grants, donations and bond issue proceeds. Total of \$1,600,000 from state and federal grants, \$1,473,064 from donations, and estimated proceeds from bond issue, net of issuance cost, in the amount of \$881,000 are included in this proposed budget amendment. The City will use \$187,173 beginning cash which is reserved from donations received in prior year for the ballfield complex construction.

The proposed budget amendment is for the full amount of the estimated total project budget. The ballfield complex portion of the project is expected to be substantially completed by the end of 2019; however, the Penny Playground and other improvement project are most likely started in 2019 and completed in 2020. Any unspent 2019 budget appropriations will be carried forward to 2020 through a budget amendment in 2020.

The pool liner replacement project would require use of \$84,215 beginning cash.

**Wastewater Fund:**

A \$144,244 increase in appropriations is requested for additional costs incurred for 1) \$60,000 for hiring consultant to work on SWCAA permit issues and 2) \$84,244 increase relating to change orders for capital expenditures and unforeseen repairs.

**Water Fund:**

Revenue budget increase in the amount of \$744 is proposed for interest on the interfund loan to the Airport Fund. In September 2018, the City Council approved an interfund loan from the Water Fund to the Airport Fund in the amount of \$279,426.60 at 2% minimum interest to be adjusted according to the Local Government Investment Pool (LGIP) net earnings rate should the LGIP interest go above 2%. The LGIP net earnings rate rose from 2.01% in August 2018 to 2.51% in June 2019. Thus, an adjustment to the interest payment is needed. A \$2,215 increase in appropriation is requested for additional payroll cost relating to cash out of unused accruals upon retirement.

**Airport Fund:**

An increase of \$744 to interfund interest expenditure budget is needed, as explained in the Water Fund section.

**Firemen’s Pension Fund:**

The proposed budget amendment includes budget transfers between its revenue accounts within the Firemen’s Pension Fund. As mentioned in the General Fund section above, Firemen’s Pension Fund share of the regular property tax levy and state Fire Insurance Premium tax are received in the General Fund and then contributed to the Firemen’s Pension Fund under Pension Contribution from General Fund. The below table shows the net zero budget impact:

	Additional Revenue Sources	Additional Revenue Sources	Additional Budget Request	Additional Budget Request	Net Increase (decrease) in Fund Balance
Firemen's Pension Fund					
Property Tax	(165,126)	(165,126)			165,126
Fire Insurance Premium Tax	(13,550)	(13,550)			13,550
Pension Contribution - GF Property Tax	165,126	165,126			(165,126)
Pension Contribution - GF Fire Ins. Tax	13,550	13,550			(13,550)
Total Firemen's Pension Fund	-	-	-	-	-

**RECOMMENDATION**

It is recommended that the City Council pass Ordinance No. 1000-B on first reading.

**SUGGESTED MOTION**

I move that the City Council pass Ordinance No. 1000-B on first reading.

Fund No. and Name	Account Name	Reason for Amendment	2019	Revenue		Appropriation		Total	Recommended
			Amended Budget	Increase (Decrease)	Transfers In	Increase (Decrease)	Transfers Out	Amendment Increase (Decrease)	Amended Budget
<b>Fund 001 - General Fund</b>									
<b>Revenues:</b>									
001.311.010.10	Property Tax Reg Levy - Fire Pension%	Accounting Change per SAO (Corresponding adjustment with Firemen's Pension Fund)	-	162,675				162,675	162,675
001.311.010.11	Property Tax Reg Levy Delq- Fire Pension%	Accounting Change per SAO (Corresponding adjustment with Firemen's Pension Fund)	-	2,451				2,451	2,451
001.336.006.91	Fire Insurance Premium Tax - for FFP	Accounting Change per SAO (Corresponding adjustment with Firemen's Pension Fund)		13,550				13,550	13,550
001.334.003.10	Ecology/Flood Authority Grant	Grant for Flood Storage Master Plan Phase II consultant costs	-	85,000				85,000	85,000
001.342.021.05	Fire Chief Service - LCFD#6	Interlocal Agreement with LCFD#6 for Fire Chief service (July-Dec).	-	37,744				37,744	37,744
<b>Total General Fund Revenues &amp; Transfers In</b>			<b>9,822,242</b>	<b>301,420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301,420</b>	<b>10,123,662</b>
<b>Expenditures:</b>									
001.C1.512.050.41.00	Professional Services - LC IT	New server connection service by Lewis County IT. Started June. \$94.50/mo	-			662		662	662
001.C1.512.050.47.00	Public Utility Service	Adjust budget to reflect actual. Increased document shredding service.	250			90		90	340
001.C1.512.050.48.01	Repair & Maint - Equipment	Adjust budget to reflect actual.	3,357			(2,857)		(2,857)	500
001.C1.512.050.48.02	Repair & Maint - IT Software/hardware	Adjust budget to reflect actual. IT computer service and EDEN software shared cost.	950			3,857		3,857	4,807
<b>subtotal - Municipal Court</b>						<b>1,752</b>		<b>1,752</b>	
001.F2.518.030.41.00	Prof Services-General Service	Janitorial services, RV park caretakers, Park Facilities services, etc.	30,000			17,920		17,920	47,920
001.F2.518.031.42.00	Communications	Adjust budget to reflect actual.	8,076			2,300		2,300	10,376
001.F2.518.030.45.00	Rentals	Adjust budget to reflect actual. Includes annual lease payment for mowers	15,760			1,500		1,500	17,260
001.F2.518.030.47.00	Public Utility Service	Adjust budget to reflect actual. Includes electricity, garbage, shredding	62,179			2,680		2,680	64,859
001.F2.518.030.48.00	Repair & Maint-Facilities	Additional cost for new roof at girls League building (went with metal roof)	128,000			6,000		6,000	134,000
001.F2.576.020.31.00	Office & Operating Supplies	New diving board at Shaw Aquatic Center. Not budgeted.	23,437			7,150		7,150	30,587
001.F2.576.020.48.00	Repairs & Maint- Facilities (pool)	Reallocate \$19K pool deck budget to pool liner project (transfer to 301 fund)	26,000			(19,000)		(19,000)	7,000
<b>subtotal - Facilities &amp; Parks</b>						<b>18,550</b>		<b>18,550</b>	
001.G1.597.000.05.31	Transfer out - Fund 301	Transfer out for Pool liner replacement cost	265,000				19,000	19,000	284,000
001.G1.522.010.29.01	Fire Pension Contribution- Property Tax	Contributions to Firemen's Pension Fund - Property Tax \$0.225/\$1,000 AV	-			165,126		165,126	165,126
001.G1.522.010.29.02	Fire Pension Contribution - Fire Ins Prem Tax	Contributions to Firemen's Pension Fund - Fire Insurance Premium Tax	-			13,550		13,550	13,550
<b>subtotal - Non-departmental</b>						<b>178,676</b>	<b>19,000</b>	<b>197,676</b>	
001.G2.518.010.41.00	Professional Services	Attorney fees for Labor contract negotiations under budgeted.	20,000			70,000		70,000	90,000
<b>subtotal - Human Resources</b>						<b>70,000</b>		<b>70,000</b>	
001.H1.521.R10.11.00	Salaries and Wages	Increase for Police Records Technician Position Reclassification	90,492			5,644		5,644	96,136
001.H1.521.R10.21.00	Personnel Benefits	Increase for Police Records Technician Position Reclassification	63,324			733		733	64,057
001.H1.521.R10.11.00	Salaries and Wages	New Records Assistant/Evidence Tech Position approved	-			19,625		19,625	19,625
001.H1.521.R10.21.00	Personnel Benefits	New Records Assistant/Evidence Tech Position approved	-			13,440		13,440	13,440
001.H1.542.065.11.00	Salaries and Wages	Elimination of Parking/Evidence Tech position	47,200			(36,577)		(36,577)	10,623
001.H1.542.065.12.00	Personnel Benefits	Elimination of Parking/Evidence Tech position	23,482			(18,861)		(18,861)	4,621
001.H1.542.065.11.05	Salaries and Wages	New part-time Downtown Parking Enforcement Officer	-			6,150		6,150	6,150
001.H1.542.065.12.05	Personnel Benefits	New part-time Downtown Parking Enforcement Officer	-			880		880	880
001.H1.521.010.42.00	Communications	Adjust budget to reflect actual.	32,000			2,700		2,700	34,700
001.H1.521.022.42.01	Communications	Adjust budget to reflect actual.	3,500			500		500	4,000
001.H1.521.023.43.00	Travel/Hotel/Per Diem	Required training for our JNET Officer-funds from Drug Seizure Funds	1,300			2,000		2,000	3,300
001.H1.521.023.45.00	Rentals	Undercover vehicle-funds from Drug Seizure Funds	3,200			6,139		6,139	9,339
001.H1.523.060.51.00	Intergovt Prof Services	Cost Increase LC Sheriff's Office Prisoner Care Service	80,000			2,407		2,407	82,407
001.H1.594.021.62.00	Buildings & Structures	Purchase of Dry storage unit for police department. Not budgeted	-			7,939		7,939	7,939
<b>subtotal - Police</b>						<b>12,719</b>		<b>12,719</b>	
001.I1.522.010.11.00	Salaries and Wages	Fire Chief Special Assignment Pay for ILA with LCFD#6	110,244			27,561		27,561	137,805
001.I1.522.010.21.00	Personnel Benefits	Interlocal agreement with Lewis Co Fire District # 6	19,333			1,936		1,936	21,269
001.I1.522.010.41.00	Professional Services	Policy implementation & Annexation Financial Feasibility Study	2,000			18,700		18,700	20,700
001.I1.522.010.42.00	Communications	Adjust budget to reflect actual.	13,800			4,340		4,340	18,140
001.I1.522.050.45.00	Rental-Facilities	Temporary space at Lewis Co Fire District # 6	-			36,000		36,000	36,000
001.I1.522.020.48.01	Repairs & Maint - Equipment	Move budget line. Annual radio maintenance & operation service agreement w/ RFA	41,500			(10,000)		(10,000)	31,500
001.I1.522.020.48.02	Repairs & Maint - IT Software/Hardware	Move budget line. Annual radio maintenance & operation service agreement w/ RFA	2,960			10,000		10,000	12,960
001.I1.522.010.49.02	Membership Dues/ Subscriptions	Online fire policy manual annual subscription	620			6,034		6,034	6,654
<b>subtotal - Fire</b>						<b>94,571</b>		<b>94,571</b>	
001.P2.558.030.41.00	Professional Services-Property Development	Prof. Service for Flood Storage Master Plan Phase II (FA Grant eligible)	-			85,000		85,000	85,000
001.P2.524.011.42.00	Communications	Adjust budget to reflect actual.	4,000			2,232		2,232	6,232
001.P2.558.060.42.00	Communications	Adjust budget to reflect actual.	1,600			418		418	2,018
<b>subtotal - Planning &amp; Building</b>						<b>87,650</b>		<b>87,650</b>	

Fund No. and Name	Account Name	Reason for Amendment	2019	Revenue		Appropriation		Total	Recommended
			Amended Budget	Increase (Decrease)	Transfers In	Increase (Decrease)	Transfers Out	Amendment Increase (Decrease)	Amended Budget
Total General Fund Expenditures & Transfers Out			10,654,575	-	-	463,918	19,000	482,918	11,137,493
Total for General Fund				301,420	-	463,918	19,000	(181,498)	

Fund 102 - Arterial Street Fund

Expenditures:

103.03.597.000.05.31	Transfer out - 301 Fund	Reserved cash for Trail/Path to be used for Recreation Park Renovation project	-	-	-	-	5,432	5,432	5,432
Total Arterial Street Fund Expenditures & Transfer out			170,218	-	-	-	5,432	5,432	175,650
Total for Arterial Street Fund				-	-	-	5,432	(5,432)	

Fund 107 - Tourism

Expenditures:

107.05.597.000.05.31	Transfer out - Fund 301	Transfer unused 2018 budget for Pool liner replacement cost	82,000	-	-	-	100,000	100,000	182,000
Total Tourism Expenditures & Transfer out			305,435	-	-	-	100,000	100,000	405,435
Total for Tourism Fund				-	-	-	100,000	(100,000)	

Fund 301 - Public Facilities Reserve Fund

Revenues:

301.334.002.70	State RCO Grants	State RCO YAF & WWRP grants for Recreation Park Renovation project	-	850,000	-	-	-	850,000	850,000
301.334.000.10	State Capital Grant	State Local & Community capital grant for Recreation Park Renovation project	-	250,000	-	-	-	250,000	250,000
301.333.015.91	Federal LWRF Grants/RCO	Federal LWCF grant pass through state RCO for Recreation Park Renovation project	-	500,000	-	-	-	500,000	500,000
301.367.011.76	Chehalis Foundation Donation-Ballfields	Donations for Recreation Park Ballfield complex	-	823,064	-	-	-	823,064	823,064
301.367.011.77	Chehalis Foundation Donation-Penny Playground	Donations for Recreation Park Penny Playground	-	650,000	-	-	-	650,000	650,000
301.391.010.01	General Obligation Bonds Issue - Par	2019 LTGO bonds issue for Recreation Park Renovation Project	-	900,000	-	-	-	900,000	900,000
301.397.000.01	Transfer In - Fund 001	Transfer of Pool Deck budget for Pool liner replacement cost	265,000	-	19,000	-	-	19,000	284,000
301.397.000.02	Transfer In - Fund 102	Transfer of reserved cash for Trail/Path for Recreation Park Renovation Project cost	-	-	5,432	-	-	5,432	5,432
301.397.000.07	Transfer In - Fund 107	Transfer of 2018 appropriation for Pool liner replacement cost	82,000	-	100,000	-	-	100,000	182,000
Total Public Facilities Reserve Fund Revenues & Transfers In			350,780	3,973,064	124,432	-	-	4,097,496	4,448,276

Expenditures:

301.44.592.076.84.00	Debt Issuance Cost	Bond issuance cost for Recreation Park Renovation Project	-	-	-	19,000	-	19,000	19,000
304.44.594.076.63.00	Other Improvements-Pool	Additional budget for Pool liner replacement (approved by Council)	82,000	-	-	203,215	-	203,215	285,215
301.44.594.076.63.01	Capital project - Ballfields (Essentials)	New project. Not budgeted. Recreation Park Renovation construction project	14,724	-	-	4,146,669	-	4,146,669	4,161,393
Total Public Facilities Reserve Fund Expenditures & Transfers Out			96,724	-	-	4,368,884	-	4,368,884	4,465,608
Total for Public Facilities Reserve Fund				3,973,064	124,432	4,368,884	-	(271,388)	

Fund 404 - Wastewater Fund

Expenditures:

404.11.594.035.41.00	Professional Services	Riverside Forcemain carry over from 2018	25,000	-	-	48,526	-	48,526	73,526
404.11.594.035.65.00	Construction Projects	Retainage for Stan Hedwall Project	700,000	-	-	12,868	-	12,868	712,868
404.16.535.050.48.01	Repairs & Maintenance-Equipment	Belt filter press	18,300	-	-	13,000	-	13,000	31,300
404.16.535.080.41.00	Professional Services	Hired consultant to work on SWCAA permit issues	37,000	-	-	60,000	-	60,000	97,000
404.17.535.050.48.00	Repairs & Maintenance-Facilities	Puget Sound Energy bill for gas line damage during sewer repair	5,000	-	-	9,830	-	9,830	14,830
Total Wastewater Fund Expenditures			5,750,639	-	-	144,224	-	144,224	5,894,863
Total Wastewater Fund				-	-	144,224	-	(144,224)	

Fund 405 - Water Fund

Revenues:

Fund No. and Name	Account Name	Reason for Amendment	2019	Revenue		Appropriation		Total	Recommended
			Amended Budget	Increase (Decrease)	Transfers In	Increase (Decrease)	Transfers Out	Amendment Increase (Decrease)	Amended Budget
405.361.040.02	Interfund loan interest	Adjust for Increase in LGIP net interest rate from average 2.0% to 2.6%	4,692	774				774	5,466
<b>Total Water Fund Revenues &amp; Transfers In</b>			<b>2,885,647</b>	<b>774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>774</b>	<b>2,886,421</b>
<b>Expenditures:</b>									
405.14.534.080.11.00	Salaries & Wages	Retirement compensation above original budget projection	145,752			5,235		5,235	150,987
405.15.534.080.11.00	Salaries & Wages	Retirement compensation above original budget projection	180,179			(3,020)		(3,020)	177,159
<b>Total Water Fund Expenditures</b>			<b>4,270,340</b>	<b>-</b>	<b>-</b>	<b>2,215</b>	<b>-</b>	<b>2,215</b>	<b>4,272,555</b>
<b>Total for Water Fund</b>				<b>774</b>	<b>-</b>	<b>2,215</b>	<b>-</b>	<b>(1,441)</b>	
<b>Fund 407 - Airport Fund</b>									
<b>Expenditures:</b>									
407.09.592.046.83.05	Interfund loan interest	Adjust for Increase in LGIP net interest rate from average 2.0% to 2.6%	4,692			774		774	5,466
<b>Total Airport Fund Expenditures</b>			<b>4,429,286</b>	<b>-</b>	<b>-</b>	<b>774</b>	<b>-</b>	<b>774</b>	<b>4,430,060</b>
<b>Total for Airport Fund</b>				<b>-</b>	<b>-</b>	<b>774</b>	<b>-</b>	<b>(774)</b>	
<b>Fund 611 - Firemen's Pension Fund</b>									
<b>Revenues:</b>									
611.311.010.00	Property Tax	Accounting Change per State Auditor. Move to Pension Contribution BARS accounts	162,675	(162,675)				(162,675)	-
611.311.010.01	Property Tax Delg	Accounting Change per State Auditor. Move to Pension Contribution BARS accounts	2,451	(2,451)				(2,451)	-
611.336.006.91	Fire Insurance Premium Tax	Accounting Change per State Auditor. Move to Pension Contribution BARS accounts	13,550	(13,550)				(13,550)	-
611.369.070.01	Pension Contribution - GF Property Tax	Accounting Change per State Auditor. Move from Property Tax BARS account.	-	165,126				165,126	165,126
611.369.070.02	Pension Contribution - GF Fire Ins Prem Tax	Accounting Change per State Auditor. Move from Property Tax BARS account.	-	13,550				13,550	13,550
<b>Total Firemen's Pension Fund Revenues &amp; Transfers In</b>			<b>191,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,236</b>
<b>Total for Firemen's Pension Fund</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Amendment for City-wide All Funds</b>				<b>4,275,258</b>	<b>124,432</b>	<b>4,980,015</b>	<b>124,432</b>	<b>(704,757)</b>	



**ORDINANCE NO. 1000-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING THE 2019 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 995-B BY REVISING THE BUDGETED AMOUNTS BY A COMBINED TOTAL OF SEVEN HUNDRED FOUR THOUSAND SEVEN HUNDRED FIFTY SEVEN (\$704,757) FOR THE GENERAL FUND, ARTERIAL STREET FUND, TOURISM FUND, PUBLIC FACILITIES RESERVE FUND, WASTEWATER FUND, WATER FUND, AND AIRPORT FUND AND DIRECTING THE FINANCE DIRECTOR TO EFFECT THE BUDGET AMENDMENTS HEREIN PROVIDED.**

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

**Section 1.** The annual budget of the city for the calendar year 2019 shall be, and the same hereby is, amended so as to increase the General Fund's revenues by \$301,420, increase appropriations by \$463,918, and increase transfers-out by \$19,000.

**Section 2.** The annual budget of the city for the calendar year 2019 shall be, and the same hereby is, amended so as to increase the Arterial Street Fund's transfers-out by \$5,432.

**Section 3.** The annual budget of the city for the calendar year 2019 shall be, and the same hereby is, amended so as to increase the Tourism Fund's transfers-out by \$100,000.

**Section 4.** The annual budget of the city for the calendar year 2019 shall be, and the same hereby is, amended so as to increase the Public Facilities Reserve Fund's revenues by \$3,973,064, increase transfers-in by \$124,432, and increase the appropriations by \$4,368,884.

**Section 5.** The annual budget of the city for the calendar year 2019 shall be, and the same hereby is, amended so as to increase the Wastewater Fund's appropriations by \$144,224.

**Section 6.** The annual budget of the city for the calendar year 2019 shall be, and the same hereby is, amended so as to increase the Water Fund's revenues by \$774 and increase appropriations by \$2,215.

**Section 7.** The annual budget of the city for the calendar year 2019 shall be, and the same hereby is, amended so as to increase the Airport Fund's appropriations by \$774.

**Section 8.** Attached hereto and identified as Exhibit A, in summary form, are the total of estimated revenues, transfers-in, expenditures, and transfers-out for each separate fund and the aggregate totals for all such funds combined for the city for the amended 2019 budget which shows a total estimated ending fund balance of \$17,471,913.

**PASSED** by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

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

**Exhibit "A"**  
**CITY OF CHEHALIS SECOND AMENDED 2019 BUDGET**  
**2019 BUDGET SUMMARY REVISED WITH ORDINANCE NO. 1000-B**

FUND NO.	FUND NAME	BEGINNING CASH	REVENUES	TRANSFERS IN	EXPENDITURES	TRANSFERS OUT	ESTIMATED ENDING CASH	CASH BALANCE CHANGE FROM BEGINNING TO ENDING	ENDING CASH % CHANGE
001	General Fund	\$ 1,804,262	\$ 10,043,662	\$ 80,000	\$ 10,267,014	\$ 870,479	\$ 790,431	\$ (1,013,831)	-56.2%
003	Dedicated Street Fund	163,772	710	198,808	172,520	-	190,770	26,998	16.5%
004	Building Abatement Fund	101,209	330	80,000	-	80,000	101,539	330	0.3%
102	Arterial Street Fund	125,142	165,504	-	170,218	5,432	114,996	(10,146)	-8.1%
103	Transportation Benefit District Fund	1,110,158	992,518	-	1,175,000	-	927,676	(182,482)	-16.4%
107	Tourism Fund	263,943	225,985	-	223,435	182,000	84,493	(179,450)	-68.0%
110	Compensated Absences Reserve Fund	93,841	1,850	100,000	-	-	195,691	101,850	108.5%
195	Community Development Block Grant Fund	24,190	-	1,000	1,000	-	24,190	-	0.0%
197	HUD Block Grant Fund	86,259	1,420	-	1,000	-	86,679	420	0.5%
200	2011 General Obligation Bond Fund	1	-	99,563	99,563	-	1	-	0.0%
301	Public Facilities Reserve Fund	439,638	3,976,844	471,432	4,465,608	-	422,306	(17,332)	-3.9%
302	Automotive/Equipment Reserve Fund	94,311	230	181,780	81,780	-	194,541	100,230	106.3%
305	First Quarter REET Fund	62,712	106,280	-	-	40,821	128,171	65,459	104.4%
306	Second Quarter REET Fund	71,769	106,470	-	-	33,851	144,388	72,619	101.2%
402	Garbage Fund	7,706	6,745	-	7,252	-	7,199	(507)	-6.6%
404	Wastewater Fund	5,112,880	5,472,262	-	5,894,863	-	4,690,279	(422,601)	-8.3%
405	Water Fund	7,437,091	2,886,421	-	4,272,555	-	6,050,957	(1,386,134)	-18.6%
406	Storm and Surface Water Fund	1,264,662	800,770	-	786,526	-	1,278,906	14,244	1.1%
407	Airport Fund	1,051,418	4,423,173	-	4,430,060	-	1,044,531	(6,887)	-0.7%
611	Firemen's Pension Fund	877,319	191,236	-	78,500	-	990,055	112,736	12.9%
633*	Agency Fund	4,114	360,000	-	360,000	-	4,114	-	0.0%
<b>TOTALS</b>		<b>\$ 20,196,397</b>	<b>\$ 29,762,410</b>	<b>\$ 1,212,583</b>	<b>\$ 32,486,894</b>	<b>\$ 1,212,583</b>	<b>\$ 17,471,913</b>	<b>\$ (2,724,484)</b>	<b>-13.5%</b>

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

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager

**BY:** Chun Saul, Finance Director

**MEETING OF:** July 22, 2019

**SUBJECT:** 2019 Second Quarter Financial Status Report

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**DISCUSSION**

This document provides a summary review of the City's financial activities and status for the second quarter 2019.

The reports have been formatted to be consistent with the approved budget for ease of comparison and review of information. Comparisons and variances shown are based on straight line projections. The percentage year-to-date (YTD) target for June is 50% (6 of 12 months).

First report provides a summary review of all City funds with their beginning cash balances, total revenues and transfers in, total expenditures and transfers out, changes in fund balances during the year, and estimated ending cash balances.

Second set of reports provide two-year comparative financial data of actual revenues and expenditures compared to the budget for the General Fund and the major enterprise funds.

**CITY-WIDE OVERVIEW**

Overall, on a city-wide basis, the city has received \$13,544,620 or 51.0% of the 2019 revenue budget (including transfers-in) and has expensed \$10,858,178 or 38.0% of the 2019 appropriations (including transfers-out) through the second quarter. Total city-wide revenues exceeded total expenditures by \$2,691,442 during this period. The city-wide total fund balance as of June 30, 2019 is \$22,887,839.

Other than the General Fund, all other funds are restricted funds that are used to account for specific revenues or resources that are legally restricted or designated to finance particular activities of the city, such as Transportation Benefit District, utilities, and Airport funds.

Total revenues received is about 1.0% or \$256,969 ahead of the YTD target amount. Total tax revenues from the General Fund and Transportation Benefit District fund makes up about \$189,040 of this variance.

Total year-to-date expenditures is about 12% or \$3,444,337 below the YTD target amount. This variance is mostly due to capital expenditures. Total 2019 capital expenditure budget is \$6,886,655 and only \$293,440 or 4.3% of the 2019 budget have been expensed. This is \$3,149,888 or 45.7% below the YTD target amount.

For the most part, the city funds operated within the normal budget parameters and resulted in positive changes in fund balances, except for the General Fund.

The revenue and expenditure variances for the General Fund and the major enterprise funds are explained in detail in the fund overview section below.

**Bottom Line:** The City operated within normal budget parameters.

### **GENERAL FUND OVERVIEW**

The General Fund received 51.4% of the 2019 revenue budget including transfers-in in the first half of 2019. This is \$134,653 ahead of the YTD target. Total YTD expenditures is 51.6% of the 2019 budget. This is \$171,172 above the YTD target amount. At the end of second quarter, the General Fund total expenditures and transfers-out exceeded total revenues by \$452,685 (54.4% of the YTD target).

The fund balance for the General Fund as of June 30, 2019 is \$1,351,577, which is about 13.8% of the General Fund revenue budget. The estimated fund balance at the end of 2019 is \$971,929 or 10% of the general fund's operating revenues.

### **General Fund Revenues:**

Total tax revenues received is \$4,387,909 or 51.5% of the 2019 budget. This is \$124,463 ahead of the YTD target amount. Total tax revenues make up 87.0% of total general fund revenues received through June 2019.

Property Tax revenue received through June 2019 is \$999,773 or 56.8% of the 2019 budget and \$118,962 ahead of the YTD target amount.

Sales Tax revenue received is \$2,550,684 or 49.6% of the 2019 budget. This total includes \$2,409,186 for regular local sales and use tax, \$68,503 for Brokered Natural Gas sales tax, and \$72,995 for Criminal Justice sales tax.

Sales tax is the City's largest revenue source. Sales tax revenues make up 50.6% of the total General Fund revenues received through June 2019.

The regular local sales and use tax received is 48.5% of the 2019 budget and is \$75,904 below the YTD target amount.

About \$171,469 (or 7.1%) of the YTD 2019 local sales and use tax is from construction activities (construction of buildings, heavy and civil engineering, and specialty trade contractors). As predicted, the sales tax from construction activities declined by \$77,605 (or 31.2%) when compared to this time last year. Sales taxes from motor vehicle and parts dealers and home and garden supplies stores increased by \$51,343, whereas, sales taxes from general merchandise stores declined by \$38,498 when compared to last year YTD. Local sales and use tax revenues trend will be closely monitored throughout the year.

Utility Tax revenue received is \$807,314 or 51.2% of the 2019 budgeted amount. Electricity utility tax revenue received is 56.4% of the 2019 budget and \$35,085 ahead of the YTD target amount. However, telephone utility tax revenue received is 39.0% of the 2019 budget and \$27,444 below the YTD target amount. Total utility tax revenues make up 16% of the General Fund total revenues received through June 2019.

License and Permit fee revenue received is \$110,794 or 55.2% of the 2019 budget and \$10,507 ahead of the YTD target amount. This includes business licenses and permit fees and non-business licenses and permit fees (i.e., building permit fees, animal licenses, and gun permits).

Intergovernmental revenue is \$124,471 or 47.3% of the 2019 budget and \$7,015 below the YTD target amount. This category includes intergovernmental grants, state shared revenues, and the Main Street B&O Tax Credit.

2019 YTD state Shared revenue received is \$79,010 or 35.9% of the 2019 budget and \$31,092 below the YTD target amount. This category includes Multimodal Transportation, Streamlined Sales Tax (SST) Mitigation, Criminal Justice Special Program, Marijuana Enforcement, Marijuana Excise Tax, DUI cities, Liquor Excise Tax and Liquor Board Profits, and PUD Privilege Tax. PUD Privilege Tax is budgeted for \$75,113 and is expected to be received in July.

The City received \$37,500 in Main Street B&O Tax Credit and has used it to reduce the B&O Tax payment liability.

Charges for goods and services revenue received is \$133,519 or 35.1% of the 2019 budget and \$56,653 below the YTD target amount. This category includes charges for fire and police services, plan check review fees, and recreation program fees. Recreation program fees make up about 51% of the 2019 budget in this category. YTD parks and recreation program revenue received is 29.2% of the 2019 budget and \$40,383 below the YTD target amount. A significant portion of the recreation program fee revenues are typically received during the summer months.

### **General Fund Expenditures and Transfers-out**

Total YTD expenditures and transfers-out through June is \$5,498,459 or 51.6% of the 2019 budget. This is \$171,172 above the YTD target amount.

Total YTD expenditures for salaries and benefits is \$3,436,997 or 48.1% of the 2019 budget. Total salaries and benefits make up 62.5% of the total general fund expenditures including transfers-out or 73.5% of the total YTD general fund operating expenditures.

Total YTD expenditures for supplies is \$178,119 or 45.6% of the 2019 budget. Total YTD expensed for services is \$1,064,530 or 49.8% of the 2019 budget. Services include but not limited to annual WCIA insurance, computer software & hardware maintenance, facilities maintenance, and other professional and intergovernmental services.

Police and Fire make up 49.6% of the total YTD General Fund expenditures and transfers-out or 58.3% of the General Fund operating expenditures.

All departments, except Human Resources, Fire, and Planning and Building departments, operated within the YTD target amounts. The exceptions are summarized below:

The Human Resources department expensed 56.9% of its 2019 budget and \$8,595 above the YTD target amount. Attorney fees incurred for labor contract negotiations exceeded the 2019 budget by \$17,041 as of June 2019. The 2019 second budget amendment proposal includes additional appropriations for this item.

The Fire department expensed 52.4% of its 2019 budget and \$52,371 above the YTD target amount. The key factors for this variance are a combination of certain annual payments being paid in the first half of the year (i.e. WCIA insurance, H.S.A. contributions for the firefighters, fire code inspection and enforcement services provided by Riverside Fire Authority, etc.) and the monthly rent (\$3,000 per month) for the temporary fire station at Lewis County Fire District #6 which was not included in the 2019 adopted budget. An additional budget appropriation for 2019 rent in the amount of \$36,000 is being requested in the 2019 second budget amendment proposal.

The Planning and Building department's YTD expenditure is 66.3% of the 2019 budget and \$49,615 above the YTD target amount. This is mainly due to \$54,951 paid for professional services related to the flood storage master plan phase 2. Total professional services agreement for this project is \$85,000 which is to be reimbursed by the Flood Authority grant. The service agreement was approved by the City Council on November 1, 2018; however, the revenues and expenditures relating to this project were not included in the 2019 adopted budget. The 2019 second budget amendment proposal includes these items.

The 2019 budget as amended in April 2019 includes transfers-out in the amount of \$851,479, which includes setting aside funds for building abatement, compensated absences, debt service, public facilities, automotive and equipment, and 4% of local sales and use taxes for dedicated street fund. A total of \$748,038 or 87.9% of the 2019 budget has been transferred to the appropriate reserve funds.

**Bottom Line:** Overall, the general fund operated within the budget parameters.

## **ENTERPRISE FUNDS**

### **Wastewater Fund**

Total YTD operating revenues received through the second quarter is \$2,834,764 or 51.8% of the 2019 budget. This is \$98,963 ahead of the YTD target amount. The key contributing factors for year-to-date revenues exceeding the YTD target amount are 1) annual discharge service fee of \$175,000 was received in the first half of 2019, thus exceeding the YTD target by \$35,000 and 2) investment interest earnings exceeded the YTD target by \$40,000.

Total operating expenditures is \$1,466,278 or 48.2% of the 2019 budget; whereas, total expenditures incurred for capital expenditures is 11.4% of the 2019 budget.

Total revenues exceeded total expenditures by \$334,397 during the first half of 2019.

### **Water Fund**

Total YTD operating revenues received through the second quarter is \$1,481,063 or 52.6% of the 2019 budget. This is \$72,422 ahead of the six-month target amount. YTD investment interest earnings exceeded the YTD target by \$53,094, and charges for services exceeded the YTD target by \$18,884.

Total operating expenditures through the second quarter is \$1,199,582 or 48.3% of the 2019 budget. However, only 2.3% of the 2019 budget has been spent for debt service and capital outlays.

Total revenues exceeded the total expenditures by \$273,702 for the first half of 2019.

### **Storm and Surface Water Fund**

Total YTD operating revenues received in the first half of 2019 is \$374,752 or 46.8% of the 2019 budget. This is \$25,618 below the six-month target amount.

Total operating expenditures is \$255,525 or 46.8% of the 2019 budget. However, only 5% of the 2019 capital outlay budget has been spent through June.

Total revenues exceeded total expenditures by \$107,217 during the first half of 2019.

### **Airport Fund**

Total operating revenues received in the first half of 2019 is \$857,959 or 53.8% of the 2019 budget. This is \$59,992 ahead of the YTD target amount. Fuel sales revenue and interest earnings are \$49,523 and \$11,176 ahead of the YTD target amount, respectively.

Intergovernmental revenues (grants) received is 4.2% of the 2019 budget. The grant revenue budget includes the FAA and WSDOT grants for the Taxiway Realignment project. The grant



reimburses 95% of the eligible costs incurred. Taxiway realignment project has not started as of June 2019; thus, no grant payments have been received for this project.

YTD total operating expenditures is \$572,027 or 48.8% of the 2019 budget. However, only 1.8% of the 2019 capital budget has been spent through June 2019. The 2019 budget for the Taxiway Realignment project is \$2,803,678, and the construction of the federal project is expected to begin in late July 2019.

Total revenues exceeded total expenditures by \$332,905 during the first half of 2019.

**TREASURER’S REPORT – CASH AND INVESTMENTS**

The city’s total cash, deposits, and investments as of June 30, 2019 is \$22,887,839. About 82.7% or \$18,922,462 of the city’s cash is invested and earns interests. The remaining 17.3% or \$3,965,356 is held at the city or deposited in non-interest-bearing checking accounts to cover on-going operational cash flow needs. A summary of cash funds and investment types are as follows:

City of Chehalis Cash, Deposits & Investment - Total Combined All Funds		
Account Type	Balance 6/30/2019	% of Total
Imprest Petty Cash Funds	\$ 6,250	0.03%
Checking	3,959,106	17.30%
Money Market & Savings	187,332	0.82%
Local Government Investment Pool (LGIP)	16,359,797	71.48%
US Govt Agency Securities	2,375,353	10.38%
<b>Total</b>	<b>\$ 22,887,839</b>	<b>100.00%</b>

Other than the General Fund, all other funds are restricted funds which account for specific revenues or resources that are legally restricted or designated to finance particular activities of the city, such as Transportation Benefit District, utilities, and Airport funds.

Only about 5.9% or \$1,351,577 of the total balance belongs to the General Fund. A total of \$14,541,286 or 63.5% of the total balance belongs to the combined utilities funds, and \$1,384,323 or 6.1% of the total balance belongs to the Airport fund. The table below provides summary totals for each fund.

Total Cash, Deposits & Investments by Funds	Balance 6/30/2019	% of Total
<b>General Fund</b>	<b>\$ 1,351,577</b>	<b>5.9%</b>
TBD Fund	1,629,628	7.1%
Utilities Funds	14,541,286	63.5%
Airport Fund	1,384,323	6.0%
Capital Project Funds	1,770,728	7.7%
All other funds	2,210,297	9.7%
<b>Total</b>	<b>\$ 22,887,839</b>	<b>100.0%</b>

Total investment interest earnings through June 30, 2019 totaled \$211,050. The LGIP average net earnings rate for the first six-months of 2019 was 2.5192%

**FISCAL IMPACT**

As shown.

**RECOMMENDATION**

It is recommended that the City Council review this information and let staff know if there are any questions.

**SUGGESTED MOTION**

N/A

# City of Chehalis



## Quarterly Council Financial Report Second Quarter 2019

For the Period Ending  
June 30, 2019  
(January through June)

The City of Chehalis, Washington

City of Chehalis  
 Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual  
 2019 Second Quarter Financial Statements - All Funds  
 As of June 30, 2019

Fund Type/Name	Beginning Fund Balance		Revenues & Transfers			Expenditures & Transfers			Changes in Fund Balance		Ending Fund Balance	
	2019 Amended Budget	Actual 1/1/2019	2019 Amended Budget	YTD 6/30/2019 Actual	YTD % of Budget	2019 Amended Budget	YTD 6/30/2019 Actual	YTD % of Budget	2019 Amended Budget	YTD 6/30/2019 Actual	2019 Amended Budget	Actual 6/30/2019
<b>General Funds:</b>												
General Fund	\$ 1,804,262	\$ 1,804,262	\$ 9,822,242	\$ 5,045,774	51.4%	\$ 10,654,575	\$ 5,498,459	51.6%	\$ (832,333)	\$ (452,685)	971,929	\$ 1,351,577
Dedicated Street Fund	163,772	163,772	199,518	109,640	55.0%	172,520	88,917	51.5%	26,998	20,723	190,770	184,495
Building Abatement Fund	101,209	101,209	80,330	80,897	100.7%	80,000	80,000	100.0%	330	897	101,539	102,106
Compensated Absences Fund	93,841	93,841	101,850	101,296	99.5%	-	-	0.0%	101,850	101,296	195,691	195,137
<b>Total General Funds</b>	<b>2,163,084</b>	<b>2,163,084</b>	<b>10,203,940</b>	<b>5,337,607</b>	<b>52.3%</b>	<b>10,907,095</b>	<b>5,667,376</b>	<b>52.0%</b>	<b>(703,155)</b>	<b>(329,769)</b>	<b>1,459,929</b>	<b>1,833,315</b>
<b>Special Revenue Funds:</b>												
Arterial Street Fund	125,142	125,142	165,504	75,160	45.4%	170,218	48,335	28.4%	(4,714)	26,825	120,428	151,967
Transportation Benefit Dist. Fund	1,110,158	1,110,158	992,518	579,238	58.4%	1,175,000	59,768	5.1%	(182,482)	519,470	927,676	1,629,628
Tourism Fund	263,943	363,943	225,985	112,800	49.9%	305,435	76,503	25.0%	(79,450)	36,297	184,493	400,240
Community Block Grant Fund	24,190	24,190	1,000	44	4.4%	1,000	-	0.0%	-	44	24,190	24,234
HUD Block Grant Fund	86,259	86,259	1,420	878	61.8%	1,000	-	0.0%	420	878	86,679	87,137
<b>Total Special Revenue Funds</b>	<b>1,609,692</b>	<b>1,709,692</b>	<b>1,386,427</b>	<b>768,120</b>	<b>55.4%</b>	<b>1,652,653</b>	<b>184,606</b>	<b>11.2%</b>	<b>(266,226)</b>	<b>583,514</b>	<b>1,343,466</b>	<b>2,293,206</b>
<b>Debt Service Funds:</b>												
2011 G.O. Bond Fund	1	1	99,563	99,563	100.0%	99,563	12,282	12.3%	-	87,281	1	87,282
<b>Total Debt Service Fund</b>	<b>1</b>	<b>1</b>	<b>99,563</b>	<b>99,563</b>	<b>100.0%</b>	<b>99,563</b>	<b>12,282</b>	<b>12.3%</b>	<b>-</b>	<b>87,281</b>	<b>1</b>	<b>87,282</b>
<b>Capital Project Funds:</b>												
Public Facilities Reserve Fund	439,638	339,638	350,780	1,011,852	288.5%	96,724	10,886	11.3%	254,056	1,000,966	693,694	1,340,604
Automotive/Equip. Reserve Fund	94,311	94,311	182,010	183,351	100.7%	81,780	3,846	4.7%	100,230	179,505	194,541	273,816
First Quarter REET Fund	62,712	62,712	106,280	48,186	45.3%	40,821	40,821	100.0%	65,459	7,365	128,171	70,077
Second Quarter REET Fund	71,769	71,769	106,470	48,313	45.4%	33,851	33,851	100.0%	72,619	14,462	144,388	86,231
<b>Total Capital Project Funds</b>	<b>668,430</b>	<b>568,430</b>	<b>745,540</b>	<b>1,291,702</b>	<b>173.3%</b>	<b>253,176</b>	<b>89,404</b>	<b>35.3%</b>	<b>492,364</b>	<b>1,202,298</b>	<b>1,160,794</b>	<b>1,770,728</b>
<b>Proprietary Funds:</b>												
Garbage Fund	7,706	7,706	6,745	5,498	81.5%	7,252	1,867	25.7%	(507)	3,631	7,199	11,337
Wastewater Fund	5,112,880	5,112,880	5,472,262	2,835,245	51.8%	5,750,639	2,500,848	43.5%	(278,377)	334,397	4,834,503	5,447,277
Water Fund	7,437,091	7,437,091	2,885,647	1,514,313	52.5%	4,270,340	1,240,611	29.1%	(1,384,693)	273,702	6,052,398	7,710,793
Storm & Surface Water Fund	1,264,662	1,264,662	800,770	374,796	46.8%	786,526	267,579	34.0%	14,244	107,217	1,278,906	1,371,879
Airport Fund	1,051,418	1,051,418	4,423,173	1,063,969	24.1%	4,429,286	731,064	16.5%	(6,113)	332,905	1,045,305	1,384,323
<b>Total Proprietary Funds</b>	<b>14,873,757</b>	<b>14,873,757</b>	<b>13,588,597</b>	<b>5,793,821</b>	<b>42.6%</b>	<b>15,244,043</b>	<b>4,741,969</b>	<b>31.1%</b>	<b>(1,655,446)</b>	<b>1,051,852</b>	<b>13,218,311</b>	<b>15,925,609</b>
<b>Fiduciary Funds:</b>												
Firemen's' Pension Fund	877,319	877,319	191,236	116,684	61.0%	78,500	29,388	37.4%	112,736	87,296	990,055	964,615
City Agency Fund	4,114	4,114	360,000	137,123	38.1%	360,000	128,153	35.6%	-	8,970	4,114	13,084
<b>Total Fiduciary Funds</b>	<b>881,433</b>	<b>881,433</b>	<b>551,236</b>	<b>253,807</b>	<b>46.0%</b>	<b>438,500</b>	<b>157,541</b>	<b>35.9%</b>	<b>112,736</b>	<b>96,266</b>	<b>994,169</b>	<b>977,699</b>
<b>TOTAL ALL CITY FUNDS</b>	<b>\$ 20,196,397</b>	<b>\$ 20,196,397</b>	<b>\$ 26,575,303</b>	<b>\$ 13,544,620</b>	<b>51.0%</b>	<b>\$ 28,595,030</b>	<b>\$ 10,853,178</b>	<b>38.0%</b>	<b>\$ (2,019,727)</b>	<b>\$ 2,691,442</b>	<b>\$ 18,176,670</b>	<b>\$ 22,887,839</b>

Note: May contain rounding differences of +/-1

City of Chehalis  
Comparative Revenues and Expenditures - Budget to Actual  
June 2018 and 2019  
General Fund

GENERAL FUND (#001)	2018	YTD	2018	YTD Target % of Budget*	YTD	50.0%	2019	2019-2018
	Amended Budget	6/30/2018 Actual	YTD % of Budget	2019 Amended Budget	6/30/2019 Actual	YTD % of Budget	YTD Variance^	YTD Variance
<b>Revenues:</b>								
<b>Taxes:</b>								
Property Taxes	\$ 1,639,220	\$ 902,760	55.1%	\$ 1,761,623	\$ 999,773	56.8%	\$ 118,962	\$ 97,013
Sales and Use Taxes	4,909,128	2,464,554	50.2%	5,142,110	2,550,684	49.6%	(20,371)	86,130
Utility Taxes	1,588,620	818,172	51.5%	1,576,490	807,314	51.2%	19,069	(10,858)
Other Taxes	50,222	27,237	54.2%	46,670	30,138	64.6%	6,803	2,901
<b>Total Taxes</b>	<b>8,187,190</b>	<b>4,212,723</b>	<b>51.5%</b>	<b>8,526,893</b>	<b>4,387,909</b>	<b>51.5%</b>	<b>124,463</b>	<b>175,186</b>
<b>Non-Tax Revenues:</b>								
Licenses and Permits	188,435	76,988	40.9%	200,575	110,794	55.2%	10,507	33,806
Intergovernmental Revenues <sup>(1)</sup>	316,519	135,656	42.9%	262,971	124,471	47.3%	(7,015)	(11,185)
Charges for Goods & Services	321,205	108,899	33.9%	380,343	133,519	35.1%	(56,653)	24,620
Fines and Forfeitures	114,085	60,856	53.3%	120,110	61,656	51.3%	1,601	800
Miscellaneous Other	310,738	169,969	54.7%	251,350	147,425	58.7%	21,750	(22,544)
<b>Total Non-Tax Revenues</b>	<b>1,250,982</b>	<b>552,368</b>	<b>44.2%</b>	<b>1,215,349</b>	<b>577,865</b>	<b>47.5%</b>	<b>(29,810)</b>	<b>25,497</b>
<b>Other Fund Sources:</b>								
Transfers-in	-	-	0.0%	80,000	80,000	100.0%	40,000	80,000
<b>Total Other Fund Sources</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>80,000</b>	<b>80,000</b>	<b>100.0%</b>	<b>40,000</b>	<b>80,000</b>
<b>Total Revenues &amp; Fund Sources</b>	<b>\$ 9,438,172</b>	<b>\$ 4,765,091</b>	<b>50.5%</b>	<b>\$ 9,822,242</b>	<b>\$ 5,045,774</b>	<b>51.4%</b>	<b>\$ 134,653</b>	<b>\$ 280,683</b>
<b>Expenditures</b>								
<b>Operating Expenditures by Department:</b>								
City Council	\$ 77,498	\$ 37,110	47.9%	\$ 97,825	\$ 44,871	45.9%	\$ 4,042	\$ 7,761
Municipal Court	489,082	221,777	45.3%	496,226	231,078	46.6%	17,035	9,301
City Manager	262,340	124,162	47.3%	190,628	92,448	48.5%	2,866	(31,714)
Finance	273,990	127,243	46.4%	296,333	140,575	47.4%	7,592	13,332
City Clerk	81,252	33,486	41.2%	86,347	36,198	41.9%	6,976	2,712
Legal Service	-	-	0.0%	74,633	33,286	44.6%	4,031	33,286
Facilities and Parks	1,073,729	514,033	47.9%	1,154,667	558,109	48.3%	19,225	44,076
Non-Departmental	421,189	97,959	23.3%	330,567	83,500	25.3%	81,784	(14,459)
Human Resources	122,749	45,289	36.9%	124,278	70,734	56.9%	(8,595)	25,445
Police	3,200,771	1,611,265	50.3%	3,282,629	1,593,712	48.5%	47,603	(17,553)
Fire	2,296,930	1,100,618	47.9%	2,156,036	1,130,389	52.4%	(52,371)	29,771
Public Works - Streets	568,451	226,823	39.9%	601,350	260,424	43.3%	40,251	33,601
Planning & Building	325,880	153,621	47.1%	303,793	201,511	66.3%	(49,615)	47,890
Recreation	481,740	203,082	42.2%	482,879	202,811	42.0%	38,629	(271)
<b>Total Operating Expenditures</b>	<b>9,675,601</b>	<b>4,496,468</b>	<b>46.5%</b>	<b>9,678,191</b>	<b>4,679,646</b>	<b>48.4%</b>	<b>159,450</b>	<b>183,178</b>
<b>Other Expenditures:</b>								
Debt Service	114,385	57,216	50.0%	114,432	57,216	50.0%	-	-
Capital Expenditures	143,760	70,480	49.0%	10,473	13,559	129.5%	(8,323)	(56,921)
Transfers-out	562,527	360,768	64.1%	851,479	748,038	87.9%	(322,299)	387,270
<b>Total Other Expenditures</b>	<b>820,672</b>	<b>488,464</b>	<b>59.5%</b>	<b>976,384</b>	<b>818,813</b>	<b>83.9%</b>	<b>(330,621)</b>	<b>330,349</b>
<b>Total Expenditures</b>	<b>\$ 10,496,273</b>	<b>\$ 4,984,932</b>	<b>47.5%</b>	<b>\$ 10,654,575</b>	<b>\$ 5,498,459</b>	<b>51.6%</b>	<b>(171,172)</b>	<b>\$ 513,527</b>
<b>Changes in Fund Balance</b>	<b>\$ (1,058,101)</b>	<b>\$ (219,841)</b>	<b>20.8%</b>	<b>\$ (832,333)</b>	<b>\$ (452,685)</b>	<b>54.4%</b>	<b>(36,519)</b>	<b>\$ (232,844)</b>

Foot Note:

\* The target percentage of budget is calculated as the month of reporting (6 for June) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

(1) Main Street Tax Credit is moved from Utility B&O Tax line to Intergovernmental Revenue line.

City of Chehalis  
 Comparative Revenues and Expenditures - Budget to Actual  
 June 2018 and 2019  
 Wastewater Fund

Wastewater Fund (#404)	2018	YTD	2018	YTD Target % of Budget*		50.0%	2019	2019-2018
	Amended Budget	6/30/2018 Actual	YTD % of Budget	2019 Amended Budget	YTD 6/30/2019 Actual	YTD % of Budget	YTD Variance^	YTD Variance
<b>Revenues:</b>								
<b>Operating Revenues:</b>								
Charges for Goods & Services	\$ 5,447,792	\$ 2,738,796	50.3%	\$ 5,393,872	\$ 2,749,648	51.0%	\$ 52,712	\$ 10,852
Intergovernmental Revenues	10,905	10,903	100.0%	-	-	0.0%	-	(10,903)
Late Payment Fees	51,000	25,768	50.5%	42,910	26,691	62.2%	5,236	923
Interest Earnings	60,000	24,952	41.6%	29,130	54,565	187.3%	40,000	29,613
Rental Income	3,545	3,545	100.0%	4,140	3,545	85.6%	1,475	-
Miscellaneous Other	1,100	1,356	123.3%	1,550	315	20.3%	(460)	(1,041)
<b>Total Operating Revenues</b>	<b>5,574,342</b>	<b>2,805,320</b>	<b>50.3%</b>	<b>5,471,602</b>	<b>2,834,764</b>	<b>51.8%</b>	<b>98,963</b>	<b>29,444</b>
<b>Other Fund Sources:</b>								
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	555	566	102.0%	660	481	72.9%	151	(85)
Debt Proceeds	-	-	0.0%	-	-	0.0%	-	-
<b>Total Other Fund Source</b>	<b>555</b>	<b>566</b>	<b>102.0%</b>	<b>660</b>	<b>481</b>	<b>72.9%</b>	<b>151</b>	<b>(85)</b>
<b>Total Revenues &amp; Fund Sources</b>	<b>\$ 5,574,897</b>	<b>\$ 2,805,886</b>	<b>50.3%</b>	<b>\$ 5,472,262</b>	<b>\$ 2,835,245</b>	<b>51.8%</b>	<b>\$ 99,114</b>	<b>\$ 29,359</b>
<b>Expenditures:</b>								
<b>Operating Expenditures:</b>								
Operating Expenditures	\$ 3,349,574	\$ 1,492,611	44.6%	\$ 3,041,234	\$ 1,466,278	48.2%	\$ 54,339	\$ (26,333)
<b>Total Operating Expenditures:</b>	<b>3,349,574</b>	<b>1,492,611</b>	<b>44.6%</b>	<b>3,041,234</b>	<b>1,466,278</b>	<b>48.2%</b>	<b>54,339</b>	<b>(26,333)</b>
<b>Other Expenditures:</b>								
Custodial Activities	600	538	89.7%	600	481	80.2%	(181)	(57)
Debt Service	1,909,145	955,657	50.1%	1,879,905	939,952	50.0%	1	(15,705)
Capital Expenditures	294,873	10,903	3.7%	828,900	94,137	11.4%	320,313	83,234
Transfers-out	-	-	0.0%	-	-	0.0%	-	-
<b>Total Other Expenditures</b>	<b>2,204,618</b>	<b>967,098</b>	<b>43.9%</b>	<b>2,709,405</b>	<b>1,034,570</b>	<b>38.2%</b>	<b>320,133</b>	<b>67,472</b>
<b>Total Expenditures</b>	<b>\$ 5,554,192</b>	<b>\$ 2,459,709</b>	<b>44.3%</b>	<b>\$ 5,750,639</b>	<b>\$ 2,500,848</b>	<b>43.5%</b>	<b>\$ 374,472</b>	<b>\$ 41,139</b>
<b>Changes in Fund Balance</b>	<b>\$ 20,705</b>	<b>\$ 346,177</b>	<b>1671.9%</b>	<b>\$ (278,377)</b>	<b>\$ 334,397</b>	<b>-120.1%</b>	<b>\$ 473,586</b>	<b>\$ (11,780)</b>
<i>Operating Income (deficit)</i>	<i>\$ 2,224,768</i>	<i>\$ 1,312,709</i>	<i>59.0%</i>	<i>\$ 2,430,368</i>	<i>\$ 1,368,486</i>	<i>56.3%</i>	<i>\$ 153,302</i>	<i>\$ 55,777</i>

Foot Note:

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City of Chehalis  
 Comparative Revenues and Expenditures - Budget to Actual  
 June 2018 and 2019  
 Water Fund

WATER FUND (#405)	2018	YTD	2018	YTD Target % of Budget*		50.0%	2019	2019-2018
	Amended Budget	6/30/2018 Actual	YTD % of Budget	2019 Amended Budget	YTD 6/30/2019 Actual	2019 YTD % of Budget	YTD Variance <sup>^</sup>	YTD Variance
<b>Revenues:</b>								
<b>Operating Revenues:</b>								
Charges for Goods & Services	\$ 2,814,784	\$ 1,373,006	48.8%	\$ 2,742,940	\$ 1,390,354	50.7%	\$ 18,884	\$ 17,348
Late Payment Fees	31,000	16,430	53.0%	27,720	14,914	53.8%	1,054	(1,516)
Interest Earnings	94,400	38,543	40.8%	45,402	75,795	166.9%	53,094	37,252
Other Misc. Revenues	1,000	948	94.8%	1,220	-	0.0%	(610)	(948)
<b>Total Operating Revenues</b>	<b>2,941,184</b>	<b>1,428,927</b>	<b>48.6%</b>	<b>2,817,282</b>	<b>1,481,063</b>	<b>52.6%</b>	<b>72,422</b>	<b>52,136</b>
<b>Other Funding Source</b>								
Inerfund Loan Repayment	16,800	-	0.0%	68,095	33,250	48.8%	(798)	33,250
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	100	(5)	-5.5%	270	-	0.0%	(135)	5
Debt Proceeds	-	-	0.0%	-	-	0.0%	-	-
Other Resources	-	2,733	0.0%	-	-	0.0%	-	(2,733)
<b>Total Other Fund Source</b>	<b>16,900</b>	<b>2,728</b>	<b>16.1%</b>	<b>68,365</b>	<b>33,250</b>	<b>48.6%</b>	<b>(933)</b>	<b>30,522</b>
<b>Total Revenues &amp; Fund Sources</b>	<b>\$ 2,958,084</b>	<b>\$ 1,431,655</b>	<b>48.4%</b>	<b>\$ 2,885,647</b>	<b>\$ 1,514,313</b>	<b>52.5%</b>	<b>\$ 71,490</b>	<b>\$ 82,658</b>
<b>Expenditures</b>								
<b>Operating Expenditures</b>								
Operating Expenditures	2,318,091	1,109,820	47.9%	2,484,278	1,199,582	48.3%	42,557	89,762
<b>Total Operating Expenditures</b>	<b>2,318,091</b>	<b>1,109,820</b>	<b>47.9%</b>	<b>2,484,278</b>	<b>1,199,582</b>	<b>48.3%</b>	<b>42,557</b>	<b>89,762</b>
<b>Other Expenditures</b>								
Custodial Activities	100	378	378.0%	100	-	0.0%	50	(378)
Debt Service	343,576	12,350	3.6%	321,662	12,792	4.0%	148,039	442
Capital Expenditures	290,570	34,568	11.9%	1,464,300	28,237	1.9%	703,913	(6,331)
Interfund Loan Disbursements	279,430	-	0.0%	-	-	0.0%	-	-
<b>Total Other Expenditures</b>	<b>913,676</b>	<b>47,296</b>	<b>5.2%</b>	<b>1,786,062</b>	<b>41,029</b>	<b>2.3%</b>	<b>852,002</b>	<b>(6,267)</b>
<b>Total Expenditures</b>	<b>\$ 3,231,767</b>	<b>\$ 1,157,116</b>	<b>35.8%</b>	<b>\$ 4,270,340</b>	<b>\$ 1,240,611</b>	<b>29.1%</b>	<b>\$ 894,559</b>	<b>\$ 83,495</b>
<b>Change in Fund Balance</b>	<b>\$ (273,683)</b>	<b>\$ 274,539</b>	<b>-100.3%</b>	<b>\$ (1,384,693)</b>	<b>\$ 273,702</b>	<b>-19.8%</b>	<b>\$ 966,049</b>	<b>\$ (837)</b>
<i>Operating Income (deficit)</i>	<i>\$ 623,093</i>	<i>\$ 319,107</i>	<i>51.2%</i>	<i>\$ 333,004</i>	<i>\$ 281,481</i>	<i>84.5%</i>	<i>\$ 29,865</i>	<i>\$ (37,626)</i>

Foot Note:

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<sup>^</sup> Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis  
 Comparative Revenues and Expenditures - Budget to Actual  
 June 2018 and 2019  
 Storm and Surface Water Fund

Storm Water Fund (#406)	2018	YTD	2018	YTD Target % of Budget*	50.0%	2019	2019	2019-2018
	Amended Budget	6/30/2018 Actual	YTD % of Budget	2019 Amended Budget	YTD 6/30/2019 Actual	YTD % of Budget	YTD Variance^	YTD Variance
<b>Revenues:</b>								
<b>Operating Revenues:</b>								
Charges for Goods & Services	\$ 611,100	\$ 323,949	53.0%	\$ 786,170	\$ 357,915	45.5%	\$ (35,170)	\$ 33,966
Fines and Forfeitures	5,000	4,119	82.4%	5,000	2,758	55.2%	258	(1,361)
Interest Earnings	13,250	5,995	45.2%	9,570	13,537	141.5%	8,752	7,542
Other Misc. Revenues	-	-	0.0%	-	542	0.0%	542	542
<b>Total Operating Revenues</b>	<b>629,350</b>	<b>334,063</b>	<b>53.1%</b>	<b>800,740</b>	<b>374,752</b>	<b>46.8%</b>	<b>(25,618)</b>	<b>40,689</b>
<b>Other Fund Sources:</b>								
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	30	21	70.0%	30	44	146.7%	29	23
Debt Proceeds	-	-	0.0%	-	-	0.0%	-	-
<b>Total Other Fund Sources</b>	<b>30</b>	<b>21</b>	<b>70.0%</b>	<b>30</b>	<b>44</b>	<b>146.7%</b>	<b>29</b>	<b>23</b>
<b>Total Revenues &amp; Fund Sources</b>	<b>\$ 629,380</b>	<b>\$ 334,084</b>	<b>53.1%</b>	<b>\$ 800,770</b>	<b>\$ 374,796</b>	<b>46.8%</b>	<b>\$ (25,589)</b>	<b>\$ 40,712</b>
<b>Expenditures:</b>								
<b>Operating Expenditures:</b>								
Operating Expenditures	491,175	228,158	46.5%	545,676	255,525	46.8%	17,313	27,367
<b>Total Operating Expenditures</b>	<b>491,175</b>	<b>228,158</b>	<b>46.5%</b>	<b>545,676</b>	<b>255,525</b>	<b>46.8%</b>	<b>17,313</b>	<b>27,367</b>
<b>Other Expenditures:</b>								
Custodial Activities	50	21	42.0%	50	44	88.0%	(19)	23
Capital Expenditures	230,000	13,682	5.9%	240,800	12,010	5.0%	108,390	(1,672)
Transfers-out	-	-	0.0%	-	-	0.0%	-	-
<b>Total Other Expenditures</b>	<b>230,050</b>	<b>13,703</b>	<b>6.0%</b>	<b>240,850</b>	<b>12,054</b>	<b>5.0%</b>	<b>108,371</b>	<b>(1,649)</b>
<b>Total Expenditures</b>	<b>721,225</b>	<b>241,861</b>	<b>33.5%</b>	<b>786,526</b>	<b>267,579</b>	<b>34.0%</b>	<b>125,684</b>	<b>25,718</b>
<b>Changes in Fund Balance</b>	<b>\$ (91,845)</b>	<b>\$ 92,223</b>	<b>-100.4%</b>	<b>\$ 14,244</b>	<b>\$ 107,217</b>	<b>752.7%</b>	<b>\$ 100,095</b>	<b>\$ 14,994</b>
<i>Operating Income (deficit)</i>	\$ 138,175	\$ 105,905	76.6%	\$ 255,064	\$ 119,227	46.7%	\$ (8,305)	\$ 13,322

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City of Chehalis  
Comparative Revenues and Expenditures - Budget to Actual  
June 2018 and 2019  
Airport Fund

	2018 Amended Budget	YTD 6/30/2018 Actual	2018 YTD % of Budget	YTD Target % of Budget*		2019 YTD % of Budget	2019 YTD Variance^	2019-2018 YTD Variance
				2019 Amended Budget	YTD 6/30/2019 Actual			
<b>Airport Fund (#407)</b>								
<b>Revenues:</b>								
<b>Operating Revenues:</b>								
Fuel sales	\$ 486,000	\$ 214,100	44.1%	\$ 470,073	\$ 284,559	60.5%	\$ 49,523	\$ 70,459
Other Misc. Revenues	1,700	43,578	2563.4%	1,375	2,045	148.7%	1,358	(41,533)
Late Payment Fees	-	60	0.0%	-	14	0.0%	14	(46)
Interest Earnings	-	3,623	0.0%	3,140	12,746	405.9%	11,176	9,123
Rents & Royalties	1,112,500	559,838	50.3%	1,121,347	558,595	49.8%	(2,079)	(1,243)
<b>Total Operating Revenues</b>	<b>1,600,200</b>	<b>821,199</b>	<b>51.3%</b>	<b>1,595,935</b>	<b>857,959</b>	<b>53.8%</b>	<b>59,992</b>	<b>36,760</b>
<b>Other Fund Sources:</b>								
Intergovernmental - Capital Grants	308,000	133,787	43.4%	2,644,795	110,812	4.2%	(1,211,586)	(22,975)
Custodial Activities	182,059	89,369	49.1%	182,443	94,253	51.7%	3,032	4,884
Interfund Loan Receipts	279,430	-	0.0%	-	-	0.0%	-	-
Proceeds from Sale of Capital Asset	-	-	0.0%	-	945	0.0%	945	945
Debt Proceeds (Bonds/Loans)	-	-	0.0%	-	-	0.0%	-	-
Operating Transfers In	-	-	0.0%	-	-	0.0%	-	-
<b>Total Other Fund Sources</b>	<b>769,489</b>	<b>223,156</b>	<b>29.0%</b>	<b>2,827,238</b>	<b>206,010</b>	<b>7.3%</b>	<b>(1,207,609)</b>	<b>(17,146)</b>
<b>Total Revenues &amp; Fund Sources</b>	<b>\$ 2,369,689</b>	<b>\$ 1,044,355</b>	<b>44.1%</b>	<b>\$ 4,423,173</b>	<b>\$ 1,063,969</b>	<b>24.1%</b>	<b>\$(1,147,618)</b>	<b>\$ 19,614</b>
<b>Expenditures:</b>								
Operating Expenditures	1,070,331	490,751	45.9%	1,173,077	572,027	48.8%	14,512	81,276
<b>Total Operating Expenditures</b>	<b>1,070,331</b>	<b>490,751</b>	<b>45.9%</b>	<b>1,173,077</b>	<b>572,027</b>	<b>48.8%</b>	<b>14,512</b>	<b>81,276</b>
<b>Other Expenditures:</b>								
Custodial Activities	182,014	48,050	26.4%	183,059	54,637	29.8%	36,893	6,587
Debt Service	336,014	32,451	9.7%	31,377	16,485	52.5%	(797)	(15,966)
Capital Expenditures	613,073	70,665	11.5%	2,973,678	54,665	1.8%	1,432,174	(16,000)
Interfund Loan Payment	16,800	-	0.0%	68,095	33,250	48.8%	798	33,250
<b>Total Other Expenditures</b>	<b>1,147,901</b>	<b>151,166</b>	<b>13.2%</b>	<b>3,256,209</b>	<b>159,037</b>	<b>4.9%</b>	<b>1,469,067</b>	<b>7,871</b>
<b>Total Expenditures</b>	<b>\$ 2,218,232</b>	<b>\$ 641,917</b>	<b>28.9%</b>	<b>\$ 4,429,286</b>	<b>\$ 731,064</b>	<b>16.5%</b>	<b>\$ 1,483,579</b>	<b>\$ 89,147</b>
<b>Changes in Fund Balance</b>	<b>\$ 151,457</b>	<b>\$ 402,438</b>	<b>265.7%</b>	<b>\$ (6,113)</b>	<b>\$ 332,905</b>	<b>-5445.9%</b>	<b>\$ 335,961</b>	<b>\$ (69,533)</b>
<i>Operating Income (deficit)</i>	<i>\$ 529,869</i>	<i>\$ 330,448</i>	<i>62.4%</i>	<i>\$ 422,858</i>	<i>\$ 285,932</i>	<i>67.6%</i>	<i>\$ 74,503</i>	<i>\$ (44,516)</i>

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