

# PLEASE NOTE SPECIAL MEETING TIME

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

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

**November 9, 2015**

**4:30 p.m.**

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

**Regular Meeting of Monday, November 9, 2015**

**5:00 p.m.**

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

CITIZENS BUSINESS		
This is an opportunity for members of the audience to address the council on matters not listed elsewhere on the agenda. Speaker identification forms are available at the door and may be given to the city clerk prior to the beginning of the meeting.		
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PUBLIC HEARING		
4. <u>Public Hearing on 2016 Proposed Budget and Revenue Sources, Taxes and Levies.</u> (City Manager, Finance Manager)	CONDUCT PUBLIC HEARING	

PRESENTATIONS		
5. <u>Community Service Award - Liam Radtke.</u> (Fire Chief)		

CONSENT CALENDAR		
6. <u>Minutes of the Regular Meeting of October 26, 2015.</u> (City Clerk)	APPROVE	1
7. <u>Vouchers and Transfers.</u> (Finance Manager)	APPROVE	5

ADMINISTRATION AND CITY COUNCIL REPORTS		
8. <u>Council Reports.</u>		
a. Councilor reports. (City Council)	INFORMATION ONLY	
b. Council committee reports. (City Council)	INFORMATION ONLY	

NEW BUSINESS		
9. <u>Ordinance No. 946-B, First Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2016.</u> (City Manager, Finance Manager)	PASS	7
10. <u>Ordinance No. 947-B, First Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2016.</u> (City Manager, Finance Manager)	PASS	9
11. <u>Ordinance No. 948-B, First Reading – Adopting the Proposed 2016 Budget.</u> (City Manager, Finance Manager)	PASS	10

**NEW BUSINESS CONTINUED**

12. <u>Ordinance No. 949-B, First Reading – Amending the 2015 Budget.</u> (City Manager, Finance Manager)	PASS	13
13. <u>Ordinance No. 950-B, First Reading – Allowing Cannabis Growing, Processing and Production in City of Chehalis Industrial Zones.</u> (City Manager, Community Development Director)	PASS	19

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

**NEXT REGULAR CITY COUNCIL MEETING WILL BE ON MONDAY, NOVEMBER 23, 2015**

October 26, 2015

The Chehalis city council met in regular session on Monday, October 26, 2015, in the Chehalis city hall. Mayor Dawes called the meeting to order at 5:00 p.m. with the following council members present: Dr. Isaac Pope, Bob Spahr, Chad Taylor, Daryl Lund, and Tony Ketchum. Councilor Harris was absent (excused). Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Judy Pectol, Finance Manager; Dennis Osborn, Community Development Director; and Peggy Hammer, Human Resources Administrator. Members of the media included Dameon Pesanti from *The Chronicle*.

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

- a. Minutes of the regular meeting of October 12, 2015; and
- b. Claim Vouchers No. 113854-114017 and Electronic Funds Transfer No. 92015 in the amount of \$512,960.38 dated October 15, 2015.

The motion was seconded by Councilor Taylor and carried unanimously.

2. **Administration Reports.**

a. **Third Quarter and September Financial Reports and Quarterly Sales and Use Tax Report.** Finance Manager Judy Pectol reported everything is looking good at this time, noting some funds are doing very well, such as the tourism fund and the two REET funds. She suggested the general fund revenues will look even better once we receive the property tax payment from Lewis County in November.

Mayor Dawes reported he spoke with Ms. Pectol earlier and she indicated the water and wastewater funds are starting to come up a bit.

Ms. Pectol stated that was correct. She noted the city also received its first quarterly marijuana excise tax payment in the amount of \$1,740.

Mayor Dawes reported the marijuana excise tax was a topic of discussion at the Association of Washington Cities (AWC) Regional meeting that he attended on October 20. He stated Vancouver, Washington, received a substantial amount, noting they collected the highest amount in the state. Mayor Dawes suggested if Oregon legalizes marijuana people may not need to go across the border to buy it in Washington.

Ms. Pectol reported the sales and use tax revenue is still not at the level she would like it to be, noting it may end up a little below what they budgeted for the year.

Mayor Dawes reported the sales and use tax revenue is slightly higher than what was taken in at this time last year.

Councilor Spahr noted we're actually quite a bit over last year. He reported we budgeted about \$350,000 more than the previous year, adding that's a pretty good increase from what we've done in the past.

b. **Changes at State Level Regarding Marijuana.** Community Development Director Dennis Osborn stated, for the most part, medical marijuana facilities will go away in terms of how they are treated and regulated.

City Attorney Hillier reported the Legislature's goal and intent is to no longer allow medical marijuana facilities to operate without being regulated under the same tax obligation requirements as recreational marijuana.

City Attorney Hillier reported, in the smaller jurisdictions, the Liquor and Cannabis Board has opened up the application process for marijuana facilities. He noted population is no longer relevant, so we could end up with 10, or more applications.

Mr. Osborn reported the letter received from the state indicated they are not going to limit the number of facilities, but they may take that under consideration in the future.

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Mr. Osborn reported the administration proposes to continue to keep doing things the way we have been, with the exception of clarifying the industrial component in our 'use' code. He noted the city will also continue to treat retail stores the same.

City Attorney Hillier suggested this will also give us an opportunity to open up to a growing/processing operation if someone wanted to do that, but noted it would need to be located in an industrial zone.

Councilor Taylor asked if the city had received any new applications.

Mr. Osborn stated he's received a couple of applications for retail and quite a few inquiries on the industrial. He noted he also has a proposal from the state for a general commercial zone use, and one application for production and processing. Mr. Osborn indicated he receives at least one inquiry a month on marijuana applications.

Councilor Spahr asked if they're making any changes with regard to our location requirements.

City Attorney Hillier stated we're still operating under the same requirements from the state that we talked about the first time we went around on this.

Mayor Dawes asked if we could include a proviso stating we don't want these type of businesses located within so many miles of each other.

City Attorney Hillier stated we could, but suggested we first look at how many applications come in.

c. **City Manager Recruitment.** City Manager MacReynold reminded the council that he will be leaving employment with the city at the end of 2016. He noted he discussed this matter with the Council Budget Committee and they thought it would be better to start the recruitment process at the beginning of 2016, that way we'll have someone on board by the time we start the 2017 budget process in July or August.

City Manager MacReynold stated if the council supports this idea, he'll notify the search firm and they'll start the process at the beginning of the year. He noted because the last search was not concluded the recruiting firm has agreed to do it for about half the price they would normally charge.

The council supported the idea of starting the recruitment process in early 2016.

### 3. **Council Reports.**

a. **Update From Councilor Pope.** Councilor Pope reported on the emergency medical services levy pamphlet that's being distributed for the upcoming election. He stated the pamphlet outlines what the money will be used for, one item being to re-establish a firefighter/EMT position that was lost in 2010. Councilor Pope stated he lent his name to support the levy, but he could not support that, noting that position has to come through the city council.

b. **Update From Councilor Lund.** Councilor Lund reminded the citizens to go onto the city's website to fill out the questionnaire on the Recreation Park/Penny Playground Improvement Project.

c. **Update From Mayor Dawes.** Mayor Dawes reported he and Police Chief Glenn Schaffer met with representatives from the City of Port Angeles to talk about our panhandling ordinance. He felt there was some interest by the one council member who attended the meeting to take something back to their full council for consideration.

Mayor Dawes reported he attended the AWC Regional meeting in Vancouver, noting the highlight of the night was their legislative priorities for 2016, which included:

- Infrastructure - Halt the diversion of critical infrastructure programs to help cities grow and prosper
- Physical Sustainability - Insure sufficient and flexible revenue for essential city services

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- Emergency Responsiveness - Help cities prepare for and address impacts of natural disasters or other emergencies
- Public Records - Strengthen the Public Records Act in response to changing technology and burdensome requests
- Human Services, Homelessness and Affordable Housing - Enhance the provision of much needed human services programs to address issues that drive increased homelessness and public safety costs

d. **Recreation Park/Penny Playground Improvement Project Open House.** Mr. Osborn reported the first open house for the Recreation Park/Penny Playground Improvement Project is scheduled for Thursday, October 29 from 6:00 to 8:00 p.m., at the V.R. Lee Building.

4. **Approve Candidates and Funding Amounts of the Lodging Tax Advisory Committee (LTAC) for Use of Lodging Tax Funds for 2016; and Reappoint the Memberships of Todd Chaput, Michel Rey, Satpal Sohal, Alicia Bull, Rick Burchett, and Chip Duncan to the LTAC.** Mayor Dawes noted City Manager MacReynold would provide the report on the 2016 funding requests, since Councilor Harris was unable to be here.

City Manager MacReynold first commended the LTAC for the work they do, noting they continue to take their job very seriously.

City Manager MacReynold stated they had a significant year as far as revenue. He reported their estimated revenue was \$366,854, which left \$316,854 available for distribution to the applicants after deducting the ending fund balance reserve of \$50,000.

City Manager MacReynold reported they received \$208,380 in requests for 2016. He noted, after meeting with each of the applicants, the committee unanimously agreed to recommend that all requests be funded as submitted, except for the Veterans Memorial Museum. City Manager MacReynold reported the committee proposed to give the museum an additional \$10,000 because, in prior years, the museum decreased the amount of their funding request in order to support other organizations. He noted the committee recognized the incredible work they do at the museum and felt they deserved some additional funding. City Manager MacReynold reported if the funding requests are approved, as recommended, it will leave almost \$100,000 more in reserve, beyond the \$50,000. He noted there's a belief by the committee that once the council takes action on the Recreation Park Project the city would be coming back to them with a request for additional funding for that project.

City Manager MacReynold reported the committee recommends that the council approve the funding requests of the applicants, as submitted.

Councilor Ketchum asked, "Since the steam train didn't run this year and they had money allocated, does that money come back to this fund?"

City Manager MacReynold stated they did not run, but we assumed they used the money as part of their package for the work they did on the boiler and did not give any of it back.

Councilor Ketchum asked if the money could be used for that purpose.

City Attorney Hillier indicated maintenance of equipment that belongs to the city for the purpose of tourism and economic development wouldn't happen but for the required repair work to keep that engine running. He thought that it probably fit within in the requirements.

Councilor Taylor stated he would be recusing himself from voting on the motion to approve the funding amounts, noting his company works for a few of the organizations who receive tourism funding from the city.

Councilor Spahr moved that the council approve, both individually and collectively, the candidates and funding amounts of the LTAC for use of lodging tax funds for 2016.

The motion was seconded by Councilor Pope and carried unanimously. Councilor Taylor abstained from voting.

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Councilor Spahr moved that the council reappoint the memberships of Todd Chaput, Michel Rey, Satpal Sohal, Alicia Bull, Rick Burchett, and Chip Duncan to the LTAC.

Councilor Pope seconded the motion.

Councilor Spahr stated it was absolutely amazing that the Polar Express had already sold out and they were considering adding more runs. He was very surprised to see that tickets were purchased from 161 ZIP codes and from seven states. Councilor Spahr noted there was also mention of a train enthusiast group looking at Chehalis for their 2018 conference, which runs four days. He stated that is an incredible thing for Chehalis.

Councilor Taylor reported, not only did the Polar Express runs sell out in 48 hours, they also added an additional 10 runs for people who wanted to buy tickets, but didn't have the opportunity. He noted they did it all through social media, which he thought was pretty impressive.

The motion carried unanimously.

Mayor Dawes asked how close they were to getting the engine running.

City Manager MacReynold reported as far as he knew they were scheduled to do their first Polar Express run sometime in November.

There being no further business to come before the council, the meeting adjourned at 5:31 p.m.

\_\_\_\_\_  
Mayor

Attest:

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

**SUGGESTED MOTION**

**I move that the council approve the minutes of the regular city council meeting of October 26, 2015.**

**CITY OF CHEHALIS**  
**AGENDA REPORT**

DATE: October 30, 2015  
TO: The Honorable Mayor and City Council  
FROM: Judy Pectol, Finance Manager *JP*  
PREPARED BY: Michelle White, Accounting Tech II *MW*  
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following:

Claim Vouchers No. 114018 through 114141 and Electronic Funds Transfer No. 102015 in the amount of \$486,511.05 dated October 30, 2015 and the transfer of \$49,086.19 from the General Fund, \$3,235.14 from the Dedicated Street Fund - 4% Sales Tax, \$19,093.30 from the Tourism Fund, \$46,511.74 from the Wastewater Fund, \$121,078.67 from the Water Fund, \$1,000.22 from the Storm & Surface Water Utility Fund, \$245,472.19 from the Airport Fund, \$912.68 from the Firemen's Pension Fund and \$120.92 from the City Agency Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the October 30, 2015 Claim Vouchers No. 114018 through 114141 and Electronic Funds Transfer No. 102015 in the amount of \$486,511.05.

SUGGESTED MOTION

I move to approve the October 30, 2015 Claim Vouchers No. 114018 through 114141 and Electronic Funds Transfer No. 102015 in the amount of \$486,511.05.

Reviewed by:  \_\_\_\_\_, City Manager



**CITY OF CHEHALIS**  
**AGENDA REPORT**

DATE: October 30, 2015  
TO: The Honorable Mayor and City Council  
FROM: Judy Pectol, Finance Manager *JP*  
PREPARED BY: Michelle White, Accounting Tech II *MW*  
SUBJECT: Payroll Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

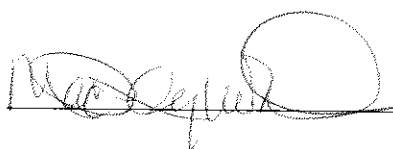
Payroll Vouchers No.38485 through 38534, Direct Deposit Payroll Vouchers No. 6501 through 6588 and Electronic Federal Tax Payment No. 153 dated October 30, 2015 in the amount of \$668,678.92 and the transfer of \$454,681.81 from the General Fund, \$2,662.76 from the Arterial Street Fund, \$80,032.76 from the Wastewater Fund, \$82,294.85 from the Water Fund, \$21,049.62 from the Storm & Surface Water Utility Fund, \$26,411.13 from the Airport Fund and \$1,545.99 from the Firemen's Pension Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the October 30, 2015 Payroll Vouchers No. 38485 through 38534, Direct Deposit Payroll Vouchers No. 6501 through 6588, and Electronic Federal Tax Payment No. 153 in the amount of \$668,678.92.

SUGGESTED MOTION

I move to approve the October 30, 2015, Payroll Vouchers No. 38485 through 38534, Direct Deposit Payroll Vouchers No. 6501 through 6588, and Electronic Federal Tax Payment No. 153 in the amount of \$668,678.92.

Reviewed by:  \_\_\_\_\_, City Manager

**CITY OF CHEHALIS  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council  
**FROM:** Judy Pectol, Finance Manager  
**DATE:** November 9, 2015  
**SUBJECT:** Ordinance Nos. 946-B and 947-B – Adoption of Tax Levies

**ISSUE**

Ordinance Nos. 946-B and 947-B have been prepared in connection with levying property taxes for collection in 2016. These are required in order to have Lewis County collect property taxes on behalf of the City.

**DISCUSSION**

Ordinance No. 946-B establishes the city's levies of ad valorem taxes (i.e. property taxes) for general operations, the Firefighters' Pension Fund and Emergency Medical Services (EMS).

Ordinance No. 947-B is required under the provisions of Referendum 47. It identifies the changes, in both dollar amounts and percentage terms, in the City's general operations property tax levy; the firefighters' pension levy and the EMS levy for next year compared to this year.

The property tax levy will increase due to increases in new construction, property improvements, the value of state assessed property as well as property tax administrative refunds. However; the City will not use the one percent increase allowed by statute nor will the City use any of its banked capacity.

**RECOMMENDATION/COUNCIL ACTION DESIRED**

The administration recommends passage of Ordinance Nos. 946-B and 947-B on first reading.

**SUGGESTED MOTION(S)**

**I move that the council pass Ordinance No. 946-B on first reading.  
I move that the council pass Ordinance No. 947-B on first reading.**

Reviewed by: , City Manager

**ORDINANCE NO. 946-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, DETERMINING AND FIXING THE AMOUNT OF REVENUE TO BE RAISED BY AD VALOREM TAXES DURING THE CALENDAR YEAR 2016 AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.**

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

**Section 1.** The amount of revenue to be raised by ad valorem taxes during 2016 for general city operations shall be, and the same hereby is, determined and fixed in the sum of One Million Three Hundred Eighty Thousand Two Hundred Ninety-Three Dollars (\$1,380,293).

**Section 2.** The amount of revenue to be raised by ad valorem taxes during 2016 for emergency medical services shall be, and the same hereby is, determined and fixed in the sum of Two Hundred Ninety-Eight Thousand Three Hundred Eighty-Six Dollars (\$298,386).

**Section 3.** The effective date of the ordinance shall be the 7th day of December 2015.

**PASSED** by the city council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this 9th day of November, 2015 on first reading.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

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

**ORDINANCE NO. 947-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS,  
WASHINGTON, STATING THE AMOUNTS AND  
PERCENTAGES OF CHANGE IN PROPERTY TAX  
LEVY IN CALENDAR YEAR 2016.**

**WHEREAS**, the City of Chehalis, Washington, properly gave notice of a public hearing held the 9th day of November, 2015, to consider the city budget for 2016, including possible property tax increases and other revenues, pursuant to RCW 84.55.120; and,

**WHEREAS**, the city's actual levy amounts for general operations; and Emergency Medical Services (EMS) levies were \$1,366,007.78; and \$231,875.43 respectively, in 2015; and,

**WHEREAS**, the population of this city is less than 10,000; and now, therefore,

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

**Section 1.** The 2015 general operations property tax levy for collection in 2016 is One Million Three Hundred Eighty Thousand Two Hundred Ninety-three Dollars (\$1,280,293), which is an increase of Zero Dollars (\$0) and Zero Percent (0.0%) over the amount levied in 2014 for collection in 2015. Increases for the amounts allowed under the new construction and improvements to property provisions of RCW 84.55.010 and refunds, are only reflected in the total levy amount.

**Section 2.** The 2015 voter-approved EMS property tax levy for collection in 2016 is Two Hundred Ninety-Eight Thousand Three Hundred Eighty-Six Dollars (\$298,386), which is an increase of Sixty-Six Thousand Five Hundred Eleven Dollars (\$66,511) and Twenty-Eight Percent (28%) over the amount levied in 2014 for collection in 2015. Increases for the amounts allowed under the new construction and improvements to property provisions of RCW 84.55.010 and refunds are only reflected in the total levy amount.

**PASSED** by the city council of the city of Chehalis, Washington during a regularly scheduled open public meeting thereof this 9th day of November, 2015, on first reading.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

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

**CITY OF CHEHALIS  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council  
**FROM:** Judy Pectol, Finance Manager  
**DATE:** November 9, 2015  
**SUBJECT:** **Ordinance 948-B – 2016 Budget Adoption, First Reading**

**ISSUE**

Ordinance 948-B has been prepared for the purpose of adopting the 2016 Budget. The two levy ordinances reflected in this budget are being presented to the Council concurrently.

**DISCUSSION**

During September and October the Council Budget Committee attended several meetings with the administration during which budget presentations were made, discussed and reviewed. Ordinance 948-B reflects the revised budget presented. Additional amendments may be made to the ordinance prior to its second reading.

**RECOMMENDATION/COUNCIL ACTION DESIRED**

The administration recommends passage of Ordinances 948-B on first reading.

**SUGGESTED MOTION**

I move that the council pass Ordinance No. 948-B on first reading.

Reviewed by: , City Manager

**ORDINANCE NO. 948-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON,  
ADOPTING THE BUDGET OF THE CITY FOR THE YEAR 2016  
AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.**

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

**Section 1.** Attached hereto and identified as Exhibit "A", in summary form, are the total of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined for the budget of the city for 2016, and by this reference said Exhibit "A," showing a total estimated ending fund balance of \$9,493,953 is incorporated herein as if set forth in full and the same is hereby adopted in full.

**Section 2.** This ordinance is a legislative act delegated by statute to the City Council of the City of Chehalis, is not subject to referendum and shall take effect December 7, 2015.

**PASSED** by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this 9<sup>th</sup> day of November, 2015 on first reading.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

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

**ORDINANCE 948-B  
Attachment "A"**

**CITY OF CHEHALIS BUDGET  
2016 Proposed Budget Summary**

<b>FUND NAME</b>	<b>Est. Beg. Fund Balance</b>	<b>Revenue</b>	<b>Operating Transfers In</b>	<b>Expenditures</b>	<b>Operating Transfers Out</b>	<b>Est. End. Fund Balance</b>
General Fund	1,036,237	8,514,787	-	8,515,413	186,797	848,814
Dedicated Street Fund - 4% Sales Tax	1,000	-	150,899	148,000	-	3,899
Arterial Street Fund	4,369	150,000	-	130,120	-	24,249
Transportation Benefit Fund	-	-	-	-	-	-
Tourism Fund	141,959	224,895	-	218,380	-	148,474
Community Dev. Block Grant Fund	10	10,136	-	-	-	10,146
HUD Block Grant Fund	43,991	390	-	-	-	44,381
Federal and State Grant Fund	-	-	-	-	-	-
2011 G.O. Bond Fund	-	-	95,592	95,592	-	-
Automotive/Equip. Res. Fund	-	-	12,000	12,000	-	-
1st Quarter REET Fund	176,016	100,175	-	-	40,149	236,042
2nd Quarter REET Fund	144,385	100,150	-	-	31,545	212,990
Garbage Fund	-	6,410	-	4,155	-	2,255
Wastewater Fund	1,528,146	6,307,612	-	6,144,517	-	1,691,241
Water Fund	4,475,544	2,950,383	-	3,883,821	-	3,542,106
Storm & Surface Water Fund	554,295	512,355	-	469,176	-	597,474
Airport Fund	1,612,249	2,518,618	-	2,563,089	-	1,567,778
Firemen's Pension Fund	479,285	151,845	-	74,333	-	556,797
City Agency Fund	7,307	360,000	-	360,000	-	7,307
<b>TOTALS</b>	<b>10,204,793</b>	<b>21,907,756</b>	<b>258,491</b>	<b>22,618,596</b>	<b>258,491</b>	<b>9,493,953</b>

**CITY OF CHEHALIS  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council  
**FROM:** Judy Pectol, Finance Manager  
**DATE:** November 9, 2015  
**SUBJECT:** Budget Amendment Ordinance 949-B; First Reading

**ISSUE**

Ordinance 949-B amending the 2015 Budget is hereby submitted to reflect the changes in estimates and the actual activity of the city. It is necessary to ensure compliance with appropriation requirements.

**DISCUSSION**

We are revising the budget to include grant and donation revenues and related expenses that were not included in the 2015 Budget. This will also adjust the budget for known changes in estimated expenditures.

The net City-wide decrease to estimated fund balances equals \$46,132. This ordinance is presented for consideration on the first of two required readings.

**RECOMMENDATION/COUNCIL ACTION DESIRED**

The administration recommends that the council pass Ordinance No. 949-B on first reading.

**SUGGESTED MOTION**

I move that the council pass Ordinance No. 949-B on first reading.

Reviewed  \_\_\_\_\_ City Manager



**ORDINANCE NO. 949-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING THE ANNUAL BUDGET OF THE CITY FOR THE CALENDAR YEAR 2015, BY INCREASING APPROPRIATIONS OF THE GENERAL FUND IN THE SUM OF SEVEN THOUSAND SIX HUNDRED SIXTY-SEVEN (7,667); AND REDUCING APPROPRIATIONS OF THE TOURISM FUND IN THE SUM OF FORTY-TWO THOUSAND FIVE HUNDRED DOLLARS (\$42,500); AND INCREASING THE APPROPRIATIONS OF THE HUD BLOCK GRANT FUND BY ONE HUNDRED THOUSAND (\$100,000); AND THE FEDERAL & STATE GRANT FUND BY SEVEN THOUSAND EIGHT HUNDRED EIGHTY-SIX (\$7,886); AND THE WATER FUND BY EIGHTEEN THOUSAND FOUR HUNDRED SIX AND DIRECTING THE FINANCE MANAGER 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 2015 shall be, and the same hereby is, amended so as to increase the General Fund's estimated revenues by \$11,149; increase transfers in by \$7,886; and increase expenditures by \$7,667.

**Section 2.** The annual budget of the city for the calendar year 2015 shall be, and the same hereby is, amended so as to decrease the Tourism Fund's appropriations by \$42,500.

**Section 3.** The annual budget of the city for the calendar year 2015 shall be, and the same hereby is, amended so as to increase the HUD Block Grant Fund appropriations by \$100,000.

**Section 4.** The annual budget of the city for the calendar year 2015 shall be, and the same hereby is, amended so as to increase the Federal and State Grant Fund's revenue by \$7,886; and increase transfers out by \$7,886.

**Section 5.** The annual budget of the city for the calendar year 2015 shall be, and the same hereby is, amended so as to increase the Water Fund's revenues by \$18,406; and increase appropriations by \$18,406.

**Section 6.** 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 2015 budget which, shows a total estimated ending fund balance of \$11,436,682.

**PASSED** by the city council of the City of Chehalis, Washington, and **APPROVED** on its first reading at a regularly scheduled open public meeting thereof this 9<sup>th</sup> day of November, 2015.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and content:

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

**EXHIBIT A**  
**CITY OF CHEHALIS AMENDED 2015 BUDGET**  
**2015 Budget Summary Revised with Ordinance # 949-B**

<b>FUND NAME</b>	<b>Beg. Fund Balance</b>	<b>Revenue</b>	<b>Operating Transfers In</b>	<b>Expenditures</b>	<b>Operating Transfers Out</b>	<b>Est. End. Fund Balance</b>
General Fund	990,221	9,079,117	304,763	9,109,731	216,815	1,047,555
Dedicated Street Fund - 4% Sales Tax	0		150,514	148,800		1,714
Arterial Street Fund	21,256	150,000	0	128,938		42,318
Tourism Fund	95,114	182,910	0	178,050		99,974
Community Dev. Block Grant Fund	11	10,186		0		10,197
HUD Block Grant Fund	139,907	600		100,000		40,507
Federal and State Grant Fund	0	304,763	0	0	304,763	0
2011 G.O. Bond Fund	0		97,210	97,210		0
Automotive/Equip. Res. Fund	459	0	36,700	36,700	0	459
1st Quarter REET Fund	123,306	32,125	0	25,000	41,315	89,116
2nd Quarter REET Fund	59,979	32,125	0	0	31,594	60,510
Garbage Fund	1,787	6,890	5,300	11,947		2,030
Wastewater Fund	1,910,597	4,987,332		4,860,590		2,037,339
Water Fund	4,795,321	4,008,847		3,009,649	420,000	5,374,519
Storm & Surface Water Fund	504,988	510,172		460,865		554,295
Airport Fund	1,822,481	2,499,144	420,000	3,136,023		1,605,602
Firemen's Pension Fund	383,125	151,200		71,085		463,240
City Agency Fund	7,307	0		0		7,307
<b>TOTALS</b>	<b>10,855,859</b>	<b>21,955,411</b>	<b>1,014,487</b>	<b>21,374,588</b>	<b>1,014,487</b>	<b>11,436,682</b>

City of Chehalis  
 2015 Budget Amendment No. 2 - Ordinance 949-B  
 11/9/2015

Fund No. and Name	Acct. Name	Reason for Amendment	Revenue Increase/(Decrease)	Appropriation Increase/(Decrease)	Transfers In/(Out)	Total Increase/(Decrease)
<b>Fund 001 - General Fund</b>						
001.367.011.076	Donations	High Noon Sertoma Donation	550			
001.53.518.031.48.00	Repairs & Maintenance	Picnic Table Purchased with donation		550		
001.367.011.076	Donations	Chehalis Youth Soccer Club donation	3,423			
001.53.518.030.31.00	Operational Supplies	Purchased soccer nets, etc. for Soccer Club		3,423		
001.337.009.39	Distressed Counties Grant	Wayfinding Signage Project	3,694			
001.G1.594.042.63.00	Capital Outlay - Signs	Wayfinding Signage Project		3,694		
001.336.006.41	Marijuana Revenue	New Revenue from the State	3,482			
001.397.000.99	Transfer in from Grant Fund	FEIMA Grant - Properties Owners Payments			7,886	
<b>Total General Fund</b>			11,149	7,667	7,886	11,368
<b>Fund 107 - Tourism Fund</b>						
107.05.557.030.41.25	Visiting Nurses 3 on 3 BB	Funds will not be used in 2015		(2,500)		
107.05.557.030.51.03	Stan Hedwall Park Project	Funds will not be used in 2015		(40,000)		
<b>Total Tourism Fund</b>			-	(42,500)	-	42,500
<b>Fund 197 - HUD Block Grant Fund</b>						
197.07.576.080.41.00	Professional Services	Partial Funding of Master Park Plan		100,000		
<b>Total HUD Block Grant Fund</b>			-	100,000	-	(100,000)
<b>Fund 199 - Federal &amp; State Grant Fund</b>						
199.367.011.59	Housing Revenues	FEMA Grant - Property Owners Share	7,886			
199.597.000.05.01	Transfer Out to General Fund	Transfer Grant Fund Revenues to General Fund			(7,886)	
<b>Total HUD Block Grant Fund</b>			7,886	-	(7,886)	-
<b>Fund 405 - Water Fund</b>						
405.333.093.00	Hamilton Road Grant	Feasibility Study Grant	18,406			
405.10.594.034.41.03	Professional Services	Feasibility Study		18,406		

City of Chehalis  
 2015 Budget Amendment No. 2 - Ordinance 949-B  
 11/9/2015

Fund No. and Name	Acct. Name	Reason for Amendment	Revenue		Appropriation		Transfers		Total
			Increase/(Decrease)	Increase/(Decrease)	In/(Out)	Increase/(Decrease)			
Total Water Fund			18,406	18,406	-	-	-	(0)	
<b>Fund 407 - Airport Fund</b>									
407.09.594.046.63.00	Other Improvements								
407.09.546.091.0A.00	Transfer Out Contra Offsets	Construction Changes		75,353					
407.09.546.091.1A.00	Wage Contra Offsets	Lower Contra Charges		(353)					
407.09.546.091.2A.00	Benefit Contra Offsets	Lower Contra Charges		(27,566)					
407.09.546.091.3A.00	Supplies Contra Offsets	Lower Contra Charges		(6,000)					
407.09.546.091.4A.00	Services Contra Offsets	Lower Contra Charges		(950)					
407.09.546.091.5A.00	Intergovernmental Contra	Lower Contra Charges		(40,000)					
Total Airport Fund			-	-	-	-	-	-	
<b>Total of All Funds</b>			<b>37,441</b>	<b>83,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46,132)</b>	

**CITY OF CHEHALIS  
AGENDA REPORT**

**DATE:** November 9, 2015

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

**FROM:** Dennis Osborn, Community Development Director

**SUBJECT:** Ordinance No. 950-B - Allowing Cannabis Growing, Processing and Production in City of Chehalis Industrial Zones

**ISSUE**

The city allows growing, production and processing of cannabis in the industrial zones. The city code allows hemp production and processing in the industrial zones and the administration has interpreted cannabis and hemp as one and the same, as both contain THC (tetrahydrocannabinol) and come from the same plant (the marijuana plant). The proposed ordinance would identify cannabis as a permitted use in the city's industrial zones.

**DISCUSSION**

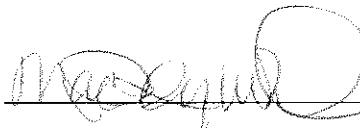
The marijuana/cannabis issue has been before council several times over the past couple of years. The city had a moratorium in place on cannabis sales, growing, production and processing. After several meetings and discussions, the council directed the administration to allow retail sales of cannabis, simply as a retail sales facility subject to the owner complying with all state laws. The council also directed the administration to allow the growing, production and processing component in the industrial zone, so long as the owner is compliant with all state and local laws. The administration shared that the zoning code allows hemp production and processing in the city industrial zones and that is how the administration has been interpreting the code. The proposed Ordinance would clarify that cannabis is allowed in the city's industrial zones instead of interpreting cannabis as hemp.

**RECOMMENDATION/COUNCIL ACTION DESIRED**

The administration recommends that council pass Ordinance No. 950-B on first reading.

**SUGGESTED MOTION**

I move that the council pass Ordinance No. 950-B on first reading.

Reviewed:  \_\_\_\_\_, City Manager

**ORDINANCE NO. 950-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, ALLOWING THE GROWING, PRODUCTION AND PROCESSING OF CANNABIS WITHIN INDUSTRIAL ZONES OF THE CITY LIMITS, AND ESTABLISHING AN EFFECTIVE DATE THEREOF.**

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

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

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

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

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

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

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

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

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

**Section 2.**

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

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

**Section 3.** This Ordinance shall become effective on \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**PASSED** by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form and for content:

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