

IMPORTANT NOTICE

Due to regulations pertaining to in-person meetings listed in the Governor's Open Public Meetings Act Proclamation(s), this meeting will be held remotely.

There are two options for viewing/listening to the meeting:

1. Live-Stream

View and listen through live streaming by using the following link –

<https://www.ci.chehalis.wa.us/citycouncil/live-streaming-and-demand-viewing-city-council-meetings>

or

2. Telephone

Dial: 1-253-215-8782

Meeting ID: 849 8116 0126

Passcode: 386584

Citizens wishing to provide public comments in general and on agenda items should submit comments by 4:00 pm on the day of the meeting. All comments received will be acknowledged by the Mayor under the Citizens Business portion of the meeting agenda. Please use the following form to submit comments – <https://www.ci.chehalis.wa.us/contact>. If you do not have computer access or would prefer to submit a comment verbally, please contact City Clerk Caryn Foley at 360-345-1042 or at cfoley@ci.chehalis.wa.us. Citizens Business comments will be limited to five (5) minutes.

If you have any questions about live streaming the meeting or submitting a comment, please contact City Clerk Caryn Foley at cfoley@ci.chehalis.wa.us or 360-345-1042.

**The City truly appreciates the community's cooperation
and patience during this challenging time.**

1 CHEHALIS CITY COUNCIL AGENDA

CITY HALL
350 N MARKET BLVD | CHEHALIS, WA 98532

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

Regular Meeting of Monday, November 23, 2020 5:00 p.m.

1. <u>Call to Order.</u> (Mayor)

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
PROCLAMATIONS / PRESENTATIONS		
2. <u>Recognition of Barbara Lovelady, Fire Department Administrative Assistant.</u> (Mayor)	PASS	

CITIZENS BUSINESS

Citizens wishing to provide public comments in general and on agenda items should submit comments by 4:00 pm on the day of the meeting. All comments received will be acknowledged by the Mayor under Citizens Business of this meeting agenda. Please use the following form to submit comments – <https://www.ci.chehalis.wa.us/contact>. If you do not have computer access or would prefer to submit a comment verbally, please contact City Clerk Caryn Foley at 360-345-1042 or at cfoley@ci.chehalis.wa.us. Citizens Business comments will be limited to five (5) minutes.

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
CONSENT CALENDAR		
3. <u>Minutes of the Regular City Council Meeting of November 9, 2020.</u> (City Clerk)	APPROVE	1
4. <u>Vouchers and Transfers – Accounts Payable in the Amount of \$685,074.67 Dated November 13, 2020.</u> (City Manager, Finance Director)	APPROVE	4

CONSENT CALENDAR CONTINUED ON NEXT PAGE

ITEM

ADMINISTRATION
RECOMMENDATION

PAGE

CONSENT CALENDAR – Continued		
5. <u>Appointments of Debbie Franz and Kristi Kaech to the Historic Preservation Commission for Three-Year Terms Expiring December 31, 2023.</u> (City Manager, Planning & Building Manager)	APPROVE	5
6. <u>Engineering and Construction Services Agreement with Precision Approach Engineering for the Above-Ground Fuel Storage Project Not to Exceed \$134,000.</u> (City Manager, Public Works Director, Airport Operations Coordinator)	APPROVE	8

ITEM

ADMINISTRATION
RECOMMENDATION

PAGE

PUBLIC HEARINGS		
7. <u>Proposed 2021 Revenue Sources/Property Taxes – Second Hearing.</u> (City Manager, Finance Director)	CONDUCT PUBLIC HEARING	27
8. <u>Proposed 2021 Budget – Second Hearing.</u> (City Manager, Finance Director)	CONDUCT PUBLIC HEARING	29
<p><i>Citizens may submit comments for the public hearings by:</i></p> <p>1. Submitting through the City website – https://www.ci.chehalis.wa.us/contact.</p> <p>2. Contacting City Clerk Caryn Foley at 360-345-1042 or cfoley@ci.chehalis.wa.us to provide verbal comments or to sign up to log-in via Zoom to comment directly to the City Council.</p>		

ITEM

ADMINISTRATION
RECOMMENDATION

PAGE

UNFINISHED BUSINESS		
9. <u>Ordinance No. 1011-B, Second and Final Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2021 and Ordinance No. 1012-B, Second and Final Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2021.</u> (City Manager, Finance Director)	PASS	31
10. <u>Ordinance No. 1013-B, Second and Final Reading – Adopting the Proposed 2021 Budget.</u> (City Manager, Finance Director)	PASS	36
11. <u>Review of Lodging Tax Advisory Committee Comments Regarding 2021 Funding Allocation Revisions.</u> (City Manager)	APPROVE	53

ITEM

ADMINISTRATION
RECOMMENDATION

PAGE

NEW BUSINESS		
12. <u>Ordinance No. 1014-B, First Reading – Amending the 2020 Budget.</u> (City Manager, Finance Director)	PASS	61
13. <u>Award Bid for Temporary Fire Station Site Preparation Project.</u> (City Manager, Public Works Director)	APPROVE	73

ITEM

ADMINISTRATION
RECOMMENDATION

PAGE

ADMINISTRATION AND CITY COUNCIL REPORTS		
14. <u>Administration Reports.</u> a. City Manager Update. (City Manager)	INFORMATION ONLY	---
15. <u>Councilor Reports/Committee Updates.</u> (City Council)	INFORMATION ONLY	---

EXECUTIVE SESSION
16. Pursuant to RCW: a. 42.30.110(1)(c) – Sale/Lease of Real Estate b. 42.30.110(1)(i) – Potential Litigation

THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA.
NEXT REGULAR CITY COUNCIL MEETING IS MONDAY, DECEMBER 14, 2020.

November 9, 2020

The Chehalis city council met in regular session on Monday, November 9, 2020. Mayor Dennis Dawes (present in the council chambers) called the meeting to order at 5:00 pm with the following council members present via Zoom: Jerry Lord, Tony Ketchum, Daryl Lund, Dr. Isaac Pope, and Bob Spahr. Councilor Chad Taylor arrived at 5:03 pm. Staff present included: Jill Anderson, City Manager; Tammy Baraconi, Planning & Building Manager (Zoom); Caryn Foley, City Clerk; Kiley Franz, City Manager's Administrative Assistant; Erin Hillier, City Attorney; Trent Loughheed, Public Works Director; Brandon Rakes, Airport Operations Coordinator; Chun Saul, Finance Director; and Lilly Wall, Recreation Manager (Zoom). Due to orders from the Governor's office relating to COVID-19, members of the public and the press were able to view the meeting via live streaming or via telephone through Zoom. The public was also provided a process for submitting comments prior to the meeting.

Mayor Dawes stated the item relating to 2021 Lodging Tax Advisory Committee funding allocations would be moved to the November 23 meeting agenda.

1. **Chehalis Basin Flood Damage Reduction**. Commissioner Edna Fund stated that tomorrow from 5:30 pm to 7:30 pm was a public meeting on the basin wide flood damage reduction and was an opportunity for residents to get updated on the strategy to shape flood damage reduction that impacts homes, property, and businesses. She noted it was the first of three public meetings and she encouraged people to participate.

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

- a. Minutes of the regular city council meeting of October 26, 2020;
- b. October 30, 2020 Claim Vouchers No. 130350 – 130458 and Electronic Funds Transfer Check Nos. 987 – 1007, 920202 and 920203 in the amount of \$427,420.74;
- c. October 30, 2020, Payroll Vouchers No. 41465-41491, Direct Deposit Payroll Vouchers No. 12695-12799, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 315-318 in the amount of \$758,976.17;
- d. Addendum to manager contract for a cost of living adjustment consistent with terms of original employment agreement;
and
- e. Resolution No. 12-2020, first and final reading - letter of support for the Chehalis River Basin Flood Damage Reduction Project draft NEPA Environmental Impact Statement.

The motion was seconded by Councilor Lord and carried unanimously.

3. **Public Hearing – Proposed 2021 Revenue Sources/Property Taxes, and Levies**. Mayor Dawes recessed the regular meeting and opened the public hearing at 5:09 pm.

Chun Saul provided information on proposed 2021 revenue sources and property tax levies. She outlined the basic municipal services provided through the General Fund. The General Fund budget was \$10,137,769, which was balanced using \$444,680 of General Fund Reserve (beginning cash). She noted 57% of General Fund expenditures were dedicated for police and fire. About 87.7% of total General Fund revenue was from taxes. She explained how property tax levy limits were set and disbursed among all taxing districts. The city's emergency medical services (EMS) levy would expire in 2021 and require voter approval for renewal. There were no plans to use any banked capacity in 2021. Ms. Saul outlined the 2021 property tax levy proposed increase amounts and percentages of change from 2020.

Mayor Dawes noted the public could submit comments through the city website, by contacting the City Clerk via phone or email, or by contacting the City Clerk to speak directly to the council via Zoom. Caryn Foley stated no public comments were received regarding the public hearing. There being no public comments, Mayor Dawes closed the public hearing and reopened the regular meeting at 5:21 pm.

4. **Public Hearing – Proposed 2021 Budget**. Mayor Dawes recessed the regular meeting and opened the public hearing at 5:21 pm.

Chun Saul stated the citywide budget was balanced using \$1.26 million beginning cash. With the exception of the general governmental funds, use of beginning fund balance was related to one-time capital expenditures.

November 9, 2020

Mayor Dawes clarified it was a portion of the beginning fund balance being used; not the entire \$1.26 million. He asked members of the press to contact the Finance Director if they had questions.

Ms. Saul provided an overview of the General Fund. She noted about 88% of General Fund revenues were from taxes, primarily from sales tax, property tax, and utility tax. She explained the assumptions used to estimate 2021 revenue projections and how those tax dollars were distributed. A summary of General Fund expenditures was provided. Ms. Saul highlighted items included and not included in the proposed budget.

City Manager Anderson stated the proposed budget was carefully vetted by the council budget committee. The committee was hesitant to make significant reductions in the budget because that would result in a reduction in services. She noted there were some positions that would remain unfilled. While things were tight and General Fund reserves were needed to balance the budget, it was hoped that sales tax revenues would maintain and less reserves would be needed to balance the budget. Revenues and expenditures would continue to be monitored carefully. In planning for 2022 and beyond, positions will be revisited as people retire and potential new revenues will be identified.

Caryn Foley stated no public comments were received regarding the public hearing. Mayor Dawes reiterated that the public could submit comments through the city website, by contacting the City Clerk via phone or email, or by contacting the City Clerk to speak directly to the council via Zoom. There being no public comments, Mayor Dawes closed the public hearing and reopened the regular meeting at 5:48 pm. He stated the second public hearings would be held at the next council meeting.

5. Ordinance No. 1011-B, First Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2021 and Ordinance No. 1012-B, First Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2021. Councilor Spahr moved to pass Ordinance No. 1011-B and Ordinance No. 1012-B on first readings. The motion was seconded by Councilor Pope and carried unanimously.

6. Ordinance No. 1013-B, First Reading – Adopting the Proposed 2021 Budget. Councilor Spahr moved to pass Ordinance No. 1013-B on first reading. The motion was seconded by Councilor Taylor and carried unanimously.

7. Administration Reports.

a. City Manager Update. Trent Lougheed provided a report on the abnormal amount of streetlights that were out and staff's plan to address the issue. Members of the public should report outages to Chehalis Public Works at 360-748-0238 for lights on metal poles or to Lewis County PUD at 360-562-5612 for lights on wood poles. If there was doubt about who to report outages to, Mr. Lougheed stated citizens could just call Chehalis public works.

Mayor Dawes wondered if there were any grant programs to replace city-owned streetlights with LED lights. Mr. Lougheed stated he would look into the suggestion.

Councilor Lund stated there were employees driving around all night that could report outages to public works. Mr. Lougheed stated the public works department had an employee drive the city and inventoried the lights that were out.

City Manager Anderson stated the council had been meeting via Zoom to comply with the governor's proclamations for open public meetings and staff was expecting new information from the governor's office on the issue that may include more options for meeting in person. In recognition of Veterans Day on Wednesday, City Manager Anderson thanked all veterans for their service and the importance of the day to recognize the service of so many.

8. Councilor Reports/Committee Updates.

a. Councilor Lord. Councilor Lord stated tomorrow was 245th birthday of the Marine Corps.

b. Mayor Dawes. Mayor Dawes also gave his thanks to members of the Marine Corps and all veterans.

9. Executive Session. Mayor Dawes announced the council would take a short recess and then be in executive session pursuant to RCW 42.30.110(1)(i) – Litigation/Potential Litigation and RCW 42.30.110(1)(c) – Sale/Lease of Real Estate, not to exceed 6:45 pm and there would be no action following conclusion of the executive session. Mayor Dawes closed the

November 9, 2020

regular meeting at 6:02 pm. The executive session began at 6:03 pm. Following conclusion of the executive session, the regular meeting was reopened at 6:43 pm and immediately adjourned.

Notes:

- *Councilor Taylor had a conflict of interest with regard to the sale/lease of real estate topic under executive session and left the meeting at 6:21 pm.*
- *Councilor Pope left the meeting at 6:42 pm.*

Dennis L. Dawes, Mayor

Caryn Foley, City Clerk

Approved:

Initials: _____

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

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

MEETING OF: November 23, 2020

SUBJECT: Vouchers and Transfers – Accounts Payable in the Amount of \$685,074.67

ISSUE

City Council approval is requested for Vouchers and Transfers dated November 13, 2020.

DISCUSSION

The November 13, 2020 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. 130459 – 130561 and Electronic Funds Transfer Check Nos. 1008 - 1032, 1020205 and 1120200 in the amount of \$685,074.67 dated November 13, 2020 which includes the transfer of:

- \$ 175,467.21 from the General Fund
- \$ 5,261.34 from the Dedicated Street Fund – 4% Sales Tax
- \$ 46.18 from the Arterial Street Fund
- \$ 2,842.00 from the Transportation Benefit District Fund
- \$ 1,886.70 from the LEOFF 1 OPEB Reserve Fund
- \$ 86,109.38 from the 2011 G.O. Bond Fund
- \$ 33,273.78 from the Automotive Equipment Reserve Fund
- \$ 69,315.11 from the Wastewater Fund
- \$ 60,342.09 from the Water Fund
- \$ 2,929.22 from the Storm & Surface Water Utility Fund
- \$ 247,601.66 from the Airport Fund

RECOMMENDATION

It is recommended that the City Council approve the November 13, 2020 Claim Vouchers No. 130459 – 130561 and Electronic Funds Transfer Check Nos. 1008 – 1032, 1020205 and 1120200 in the amount of \$685,074.67.

SUGGESTED MOTION

I move that the City Council approve the November 13, 2020 Claim Vouchers No. 130459 – 130561 and Electronic Funds Transfer Check Nos. 1008 – 1032, 1020205 and 1120200 in the amount of \$685,074.67.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Tammy Baraconi, Building and Planning Manager

MEETING OF: November 23, 2020

SUBJECT: Appointments of Debbie Franz and Kristi Kaech to the Historic Preservation Commission for Three-Year Terms Expiring December 31, 2023

ISSUE

The Historic Preservation Commission currently has two vacancies. Debbie Franz and Kristi Kaech, both residents within the Pennsylvania Historic District, have applied to fill those vacancies.

DISCUSSION

Ms. Franz and Ms. Kaech both have a passion for historic preservation. They see serving on this Commission as a great way to serve their community and further the goals of historic preservation.

FISCAL IMPACT

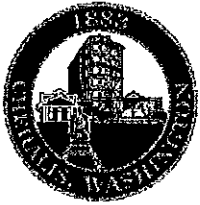
None

RECOMMENDATION

It is recommended that the City Council appoint Debbie Franz and Kristi Kaech to the Historic Preservation Commission for Three-Year Terms Expiring December 31, 2023.

SUGGESTED MOTION

I move that the City Council appoint Debbie Franz and Kristi Kaech to the Historic Preservation Commission for Three-Year Terms Expiring December 31, 2023.



Application for Appointment

Date: _____

The city of Chehalis accepts applications from anyone residing in the city limits of Chehalis, who meets the required criteria for each board, commission, or committee. Please see below the corresponding RCW, CMC, or Resolution for appointment criteria. Return completed form to the Chehalis City Clerk, City Hall, 350 N. Market Boulevard, Chehalis, WA 98532. For more information contact the City Clerk at 360-345-1000.

I wish to be considered for appointment to the following board, commission, or committee:

- Lodging Tax Advisory Committee (Res. 1-98)
- Historic Preservation Commission (CMC 2.66)
- Planning Commission (CMC 2.48)
- Other _____
- Civil Service Commission (CMC 2.56 | RCW 41.08 Fire | RCW 41.12 Police)

PLEASE PRINT

Name: <u>Debbie Traay</u>	Home Phone: <u>360 880 1045</u>
Home Mailing Address: <u>354 Pennsylvania Ave.</u>	Cell Phone: <u>360 880 0340</u>
<u>Chehalis, WA 98532</u>	Email: <u>Koby427@gmail.com</u>
Employer: <u>Lewis Co. Fleet Service</u>	Work Phone: <u>360 266 0497</u>
Employer Address: <u>663 Kootz Rd.</u>	Work Cell: <u>360 880 0340</u>
<u>Chehalis, WA 98532</u>	Work Email: <u>lfs_chehalis@yahoo.com</u>

Have you previously or are you now serving on any of the above boards, commissions, committees? Yes No
If yes, please explain: _____

Date available for appointment: anytime

Available to attend: Evening Meetings? Yes No Daytime Meetings? Yes No

Approximately how many hours each month can you devote to city business? whatever is needed

Provide a brief statement of qualifications and reason for requesting appointment: _____
I love the neighborhood and would like the opportunity to help to preserve the historical nature of the area.

Signature Debbie Traay



Application for Appointment

Date: 10/15/20

The city of Chehalis accepts applications from anyone residing in the city limits of Chehalis, who meets the required criteria for each board, commission, or committee. Please see below the corresponding RCW, CMC, or Resolution for appointment criteria. Return completed form to the Chehalis City Clerk, City Hall, 350 N. Market Boulevard, Chehalis, WA 98532. For more information contact the City Clerk at 360-345-1000.

I wish to be considered for appointment to the following board, commission, or committee:

- Lodging Tax Advisory Committee (Res. 1-98)
- Historic Preservation Commission (CMC 2.66)
- Planning Commission (CMC 2.48)
- Other _____
- Civil Service Commission (CMC 2.56 | RCW 41.08 Fire | RCW 41.12 Police)

PLEASE PRINT

Name: <u>Kristi Kaich</u>	Home Phone: <u>(360) 880-2448</u>
Home Mailing Address: <u>673 NW Pennsylvania</u>	Cell Phone: <u>(360) 880-2448</u>
<u>Chehalis</u>	Email: <u>kristi.knich22@yahoo.com</u>
<u>Ave</u>	
Employer: <u>Lewis County Fleet Service</u>	Work Phone: <u>(360) 266-0497</u>
Employer Address: <u>803 Kuntz Rd</u>	Work Cell:
<u>Chehalis, WA 98532</u>	Work Email:

Have you previously or are you now serving on any of the above boards, commissions, committees? Yes No
If yes, please explain: _____

Date available for appointment: anytime

Available to attend: Evening Meetings? Yes No Daytime Meetings? Yes No

Approximately how many hours each month can you devote to city business? Available when needed

Provide a brief statement of qualifications and reason for requesting appointment: I own a home on Pennsylvania and care about upholding the historic atmosphere. I am passionate about improvements and will put in the time and effort to make it as nice as possible.

Signature [Handwritten Signature]

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Trent Lougheed, Public Works Director
Brandon Rakes, Airport Operations Coordinator

MEETING OF: November 23, 2020

SUBJECT: Engineering and Construction Services Agreement with Precision Approach
Engineering for the Above-Ground Fuel Storage Project Not to Exceed \$134,000

ISSUE

In January 2020, the WSDOT Community Aviation Revitalization Board awarded a loan to the Chehalis-Centralia Airport for the purpose of replacing the existing fuel storage facilities with above-ground fuel storage.

The current fuel tanks are nearing the end of their useful life expectancy, increasing the risk of an environmental hazard due to fuel leaking. Also, we are currently limited to six-thousand gallons of fuel for 100LL and Jet A fuel, which adversely limits the amount of fuel that is on hand.

DISCUSSION

It is recommended that the City engage Precision Approach Engineering to provide the engineering and construction services for the project due to their experience and success with other Airport projects. The Scope of Services for the project would include:

- Project management
- Project status review meetings and site visits
- Environmental
- Permitting
- Design and preparation of construction drawings with specifications
- Bid call services
- Construction engineering and management
- Related reimbursable expenses

A complete Scope of Work and definition of tasks can be found in the attached proposal.

FISCAL IMPACT

The project would be billed on a Time & Material basis with a total cost of engineering services not-to-exceed \$134,000. It is recommended that City Council also authorize the City Manager signatory authority for an additional \$13,400 for change orders in the event of unforeseen tasks/expenses during this phase of the project. Therefore, the total impact to the City will be up to \$147,400 by this action.

This project has been identified in the 2020 budget, but recent events have caused this project to be pushed later into the year than anticipated. This project is anticipated be completed before the end of 2021.

Based on the estimates provided in the proposal, there are sufficient funds in the Airport reserves combined with the \$750,000 CARB Loan to pay for the design and construction of the project. Although no construction cost estimate has been prepared to date, based on known factors, it is estimated that the total project cost will be between \$600,000-\$900,000.

The construction of the project would be bid after the completion of the engineering. Construction would only proceed after the award of a construction contract by the City Council. This action will likely be requested in the first half of 2021.

RECOMMENDATION/COUNCIL ACTION DESIRED

It is recommended that the City Council:

- Award contract for engineering and construction services for the Above-Ground Fuel Storage Project to Precision Approach Engineering in an amount not-to-exceed \$134,000;
- Authorize an additional contingency budget of \$13,400; and
- Authorize the City Manager to execute the agreement and change orders that do not exceed a total project cost of \$147,400.

SUGGESTED MOTION

I move that the City Council:

- Award contract for engineering and construction services for the Above-Ground Fuel Storage Project to Precision Approach Engineering in an amount not-to-exceed \$134,000;
- Authorize an additional contingency budget of \$13,400; and
- Authorize the City Manager to execute the contract and change orders that do not exceed a total project cost of \$147,400.

ENGINEERING SERVICES AGREEMENT

THIS AGREEMENT, made this ___ day of _____, 20___, by and between CITY OF CHEHALIS, hereinafter called the "OWNER," and PRECISION APPROACH ENGINEERING, INC., 5125 SW Hout Street, Corvallis, Oregon, hereinafter called the "CONSULTANT." Unless otherwise terminated or extended, the term of this Agreement is project specific for the ABOVE GROUND FUEL STORAGE ENGINEERING AND SERVICES AGREEMENT. This Agreement shall be interpreted, construed, governed and enforced in accordance with and under the laws of the State of Washington, without regard to the principles of conflicts of law.

WITNESSETH:

WHEREAS, the OWNER has defined a PROJECT at the Chehalis-Centralia Airport and is desirous to seek the assistance of the CONSULTANT in accordance with Section A of the CONTRACT for the ABOVE GROUND FUEL STORAGE ENGINEERING AND SERVICE AGREEMENT PROJECT, and further defined in attached Exhibit A, Scope of Services Engineering Design Services.

WHEREAS, OWNER intends to seek appropriate state agency assistance for the PROJECT and the CONSULTANT will assist OWNER in these endeavors;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

A. EMPLOYMENT OF CONSULTANT

The OWNER hereby employs the CONSULTANT and the CONSULTANT accepts and agrees to perform the following engineering services to the PROJECT.

1. The OWNER hereby employs the CONSULTANT and the CONSULTANT accepts and agrees to perform the engineering services for the PROJECT as described in **Exhibit A**, Scope of Services, attached.

B. OWNER'S RESPONSIBILITIES

1. The OWNER shall make available to CONSULTANT all technical data in OWNER's possession that contain pertinent information required by CONSULTANT relating to this work.
2. The OWNER shall pay publishing costs for the advertisement of notices, public hearings, requests for bids, and other similar items; pay for all permits and licenses that may be required by local, state, or federal authorities; and secure the necessary land, easements, rights-of-way, required for the project.
3. The OWNER shall provide access to the site as necessary to allow the performance of engineering services.
4. The OWNER agrees to cooperate with the CONSULTANT in the approval of all plans and specifications. Timely decisions shall be made, should the OWNER disapprove of any part of said plans and specifications in order that no undue expenses will be caused the CONSULTANT. If the CONSULTANT is caused extra drafting or other expenses due to changes ordered by the OWNER after the completion and approval of the plans and specifications, the CONSULTANT shall be paid for such extra expenses and services involved.

C. COMPENSATION FOR CONSULTING SERVICES

The OWNER shall pay the CONSULTANT the appropriate fee as complete compensation for all services rendered as herein agreed and as stated in this ENGINEERING SERVICES AGREEMENT:

1. The OWNER shall pay the CONSULTANT as complete compensation for the ENGINEERING DESIGN SERVICES set forth in Exhibit A, attached, according to the labor rates shown in Exhibit B agreement and direct nonsalary expenses at the actual cost. The maximum estimated total cost for these services is **ONE HUNDRED THIRTY-FOUR THOUSAND Dollars (\$134,000)**.
2. Any amount over the maximum estimated cost for the services as set forth in Exhibit B because of a scope of work changes will be negotiated and agreed upon between the OWNER and the CONSULTANT in writing prior to beginning of additional work.
3. In the event that the engineering services are required in connection with this project beyond 2021, the Consultant's Hourly Rates shall be adjusted to conform with the CONSULTANT's standard rates as established for the subsequent years. The annual percentage increase will not exceed five percent for any subsequent year.
4. OWNER shall pay the CONSULTANT for professional services performed under this AGREEMENT for services performed during monthly billing periods within 45 days of receipt of an invoice for services.
5. No reduction shall be made from the CONSULTANT's fee on account of penalty, liquidated damages, or other sums withheld from payment to any other party.
6. In the event of legal or other controversy not directly caused in whole or in part by the CONSULTANT's negligence, but requiring the services of the CONSULTANT, OWNER shall pay the CONSULTANT for services rendered in regard to such legal or other controversy, in accordance with the CONSULTANT's Hourly Rates attached to this AGREEMENT or as amended and approved by the OWNER for subsequent years, accordingly, and direct nonsalary expenses at actual cost, in addition to other sums of money payable under this AGREEMENT.

D. RESERVATIONS AND COMPLIANCE

1. OWNER and the funding agency or any of their duly authorized representatives shall have access to any books, documents, papers, and all other records which are directly pertinent to this AGREEMENT for the purpose of making audit, examination, excerpts, and transcripts. All documents shall be retained a minimum of five (5) years or as required by law. All documents produced under this AGREEMENT become the property of the OWNER.
2. The CONSULTANT reserves the right to obtain the services of other consulting engineers experienced in airport work to prepare and execute the work which is relating to the Project.
3. **Insurance**
 - a. Insurance provided by CONSULTANT will be primary and non-contributory over any other insurance provided to the Additional Insured.
 - b. CONSULTANT shall at its own expense provide the following insurance:
 - i Worker's Compensation and employer liability insurance as required by the State of Washington.
 - ii Professional Liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 for each claim or incident. This is to cover damages caused by error,

omission, or negligent acts related to the professional services to be provided under this contract.

- iii Commercial General Liability insurance including Products & Completed Operations coverage with a combined single limit, or the equivalent, of not less than \$2,000,000 per occurrence for Bodily Injury and Property Damage. It shall include contractual liability coverage for the indemnity provided under this contract.
 - iv. Automobile Liability insurance with a combined single limit, or the equivalent, of not less than \$1,000,000 for each' accident for Bodily Injury and Property Damage, including coverage for owned, hired or non-owned vehicles, as applicable.
 - v. Umbrella/Excess Liability insurance with combined single limits/or the equivalent, of not less than \$1,000,000 for Bodily Injury and Property Damage.
- c. Notice of cancellation or change. There shall be no cancellation or intent not to renew the insurance coverage(s) without 30 days' written notice from the CONSULTANT or its insurer(s) to the OWNER.
 - d. Certificates of Insurance. In respect to General and Automobile Liability, and Professional Liability, and as evidence of the insurance coverage required by this contract, the CONSULTANT shall furnish acceptable insurance certificates to the OWNER. CONSULTANT shall name OWNER and its elected officials, officers, volunteers, agents and employees as Additional Insureds on any insurance policies (not including workers compensation and professional liability) required herein, but only with respect to CONSULTANT's services to be provided under this Contract. A copy of the Additional Insured Endorsement will be provided to the OWNER with the Certificate of Insurance. The certificate will specify all of the parties who are additionally insured. Insuring companies or entities are subject to OWNER's acceptance. If requested, complete copies of insurance policies, trust agreements, etc., shall be provided to OWNER. The CONSULTANT shall be financially responsible for all pertinent deductibles, self-insured retentions and/or self-insurance.
4. **Compliance with Laws.** In performing its services under the AGREEMENT, CONSULTANT shall comply with applicable federal, state, and local laws, ordinances, and regulations in effect at the time the services are performed, including the public contract laws of the State of Washington, the provisions of which are hereby incorporated by reference.
5. **Dispute Resolution.** OWNER and CONSULTANT agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice prior to invoking the provision of this Agreement, or exercising their rights under law. If the parties fail to resolve a dispute through negotiation, then either or both may invoke their rights under law.
6. **Indemnification.** The CONSULTANT agrees to indemnify the OWNER, its officers, and employees and will hold them harmless from, any and all claims, damages, losses, or liabilities to the extent arising out of the negligent acts, errors, or omissions of the CONSULTANT in the performance of this AGREEMENT, but only for that portion of such claims, costs, suits, or damages that reflect the percentage of negligence of the CONSULTANT compared to the total negligence of all persons, firms, or corporations that result in said damage to the OWNER.

The OWNER agrees to indemnify the CONSULTANT, its officers, and employees and will hold them harmless from, any and all claims, damages, losses, or liabilities to the extent arising out of the negligent acts, errors, or omissions of the OWNER in the performance of this AGREEMENT, but only for that portion of such claims, costs, suits, or damages that reflect the percentage of negligence

of the OWNER compared to the total negligence of all persons, firms, or corporations that result in said damage to the CONSULTANT.

If the negligent act or omission of both parties (or an entity they are legally liable for) is a cause of such damage or injury, the loss, cost, or expense shall be shared between Parties in proportion to their relative degrees of negligence.

7. **Title VI Assurances.** During the performance of this CONTRACT, the CONSULTANT for itself, its assignees, and successors in interest (hereinafter referred to as the CONSULTANT), agrees as follows:
- a. **COMPLIANCE WITH REGULATIONS:** The CONSULTANT shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulation, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
 - b. **NONDISCRIMINATION:** The CONSULTANT, with regard to the work performed by CONSULTANT during the CONTRACT, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The CONSULTANT shall not participate either directly or indirectly in the discrimination prohibited by Title 49, Part 21, Section 21.5 of the Code of Federal Regulations, including employment practices when the CONTRACT covers a program set forth in Appendix B of the Regulation.
 - c. **SOLICITATION FOR SUBCONTRACTS, INCLUDING PROCUREMENTS OF MATERIALS AND EQUIPMENT:** In all solicitations, either by competitive bidding or negotiation made by the CONSULTANT for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier shall be notified by CONSULTANT of the CONSULTANT's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
 - d. **INFORMATION AND REPORTS:** The CONSULTANT shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the OWNER or this agency to be pertinent to ascertain compliance with such Regulations, order, and instructions. Where any information required of a CONSULTANT is in the exclusive possession of another who fails or refuses this information, the CONSULTANT shall so certify to the OWNER, as appropriate, and shall set forth what efforts it has made to obtain the information.
 - e. **SANCTIONS FOR NONCOMPLIANCE:** In the event of the CONSULTANT's noncompliance with the nondiscrimination provisions of this CONTRACT, the OWNER shall impose such contract sanctions as it may determine to be appropriate including, but not limited to, withholding of payments to the CONSULTANT under the CONTRACT until the CONSULTANT complies.

E. CONFIDENTIALITY

With respect to any information supplied in connection with this Agreement and designated by either Party as confidential, the recipient agrees to protect the confidential information in a reasonable and appropriate manner, and use and reproduce the confidential information only as necessary to perform its obligations under this Agreement or as otherwise required by law, rule or regulation or to fulfill professional obligations and standards and for no other purpose. For clarity, confidential information

shall include all Personal Data. Notwithstanding the foregoing, the obligations in this section will not apply to information which is: (a) publicly known; (b) already known to the recipient; (c) lawfully disclosed by a third-party; (d) independently developed by the recipient without benefit of the disclosing Party's confidential information; or (e) disclosed pursuant to legal requirement or order.

If either Party receives a subpoena or other validly issued administrative or judicial demand requiring it to disclose the other Party's confidential information, recipient shall, unless prohibited by law, provide prompt written notice to disclosing Party of such demand in order to permit it to seek a protective order. So long as recipient gives notice as provided herein, recipient shall be entitled to comply with such demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter.

F. DISADVANTAGED BUSINESS ENTERPRISE (DBE) ASSURANCES

1. **POLICY:** It is the policy of the Department of Transportation (DOT) that disadvantaged business enterprises as defined in 49 CFR Part 26 shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with federal funds under this AGREEMENT.
2. **DBE OBLIGATIONS:** The CONSULTANT agrees to ensure that disadvantaged business enterprises as defined in 49 CFR Part 26 have the maximum opportunity to participate in the performance of contracts and subcontracts financed in whole or in part with federal funds provided under this AGREEMENT. In this regard, the CONSULTANT shall make all necessary and reasonable steps in accordance with 49 CFR Part 26 to ensure that disadvantaged business enterprises have the maximum opportunity to compete for and perform contract. CONSULTANT shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of DOT-assisted contracts.

G. STANDARD OF CARE

The standard of care applicable to CONSULTANT's services will be the degree of skill and diligence normally employed by professional engineers or consultants performing the same or similar services. The CONSULTANT will re-perform services not meeting this standard without additional compensation.

H. TERMINATION OF AGREEMENT

1. In the event that the OWNER authorizes the CONSULTANT to proceed to execute the various portions of work called for herein, this AGREEMENT shall be in full force and effect until completion and acceptance of the work by the OWNER.
2. This AGREEMENT may be terminated by either party by seven (7) days' written notice in the event of substantial failure to perform in accordance with the terms hereof by one party through no fault of the other party. Either party may terminate this AGREEMENT for any reason whatsoever upon 30 days' written notice to the other party.

I. CERTIFICATION OF CONSULTANT

OWNER and the CONSULTANT hereby certify that the CONSULTANT has not been required, directly or indirectly, as an express implied condition in connection with obtaining or carrying out this contract to:

1. Employ or retain, or agree to employ or obtain, any firm or persons.

2. Pay, or agree to pay, to any firm, person, or organization, any fee, contribution, donation, or consideration of any kind.

J. SUCCESSORS AND ASSIGNMENTS

1. OWNER and CONSULTANT each assign themselves, their partners, successors, executors, and administrators to this AGREEMENT.
2. Except as above, neither the OWNER nor the CONSULTANT shall assign, sublet, or transfer their interest or obligation hereunder in the AGREEMENT without the written consent of the other. Any transfer of such rights without written consent shall be void.
3. It is understood by OWNER and the CONSULTANT that the funding agency or other state and federal agencies, are not a party to this AGREEMENT and will not be responsible for associated costs except as should be agreed upon by OWNER and the agency under a grant agreement for a PROJECT.

K. SEVERABILITY AND SURVIVAL

All express representation, waiver, indemnification, included in this Agreement will survive its completion or termination for any reason. If any of the provisions contained in this Agreement are held for any reason to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

L. NOTICES

All notices and demands of a legal nature that either party may be required or may desire to serve upon the other party shall be in writing and shall be served upon the other party by personal service, by facsimile transmission, E-Mail followed by mail delivery of the original of the notice, by overnight courier with proof of receipt, or by certified mail, return receipt requested, postage prepaid, addressed as follows:

<u>OWNER</u>	<u>CONSULTANT</u>
<p>City of Chehalis Attn: Jill Anderson/City Manager 350 N Market Blvd, Room 101 Chehalis, WA 98532 Phone: (360) 345-1042 Email: janderson@ci.chehalis.wa.us</p>	<p>Precision Approach Engineering, Inc. Attn: Corley McFarland/President 5125 SW Hout Street Corvallis, OR 97333 Phone: 541-754-0043 Email: cmcfarland@preappinc.com</p>

M. ATTORNEY FEES

In the event that this AGREEMENT is in any suit, action, or other enforcement, the prevailing party shall be entitled to recover such sum as the court may adjudge reasonable for attorney's fees, including reasonable attorney's fees for the prevailing party allowed on appeal to a higher court or courts.

N. AUTHORIZE SIGNER

Each person signing this Agreement represents and warrants that they are duly authorized and has the legal capacity to execute and deliver this Agreement.

IN WITNESS WHEREOF, OWNER and the CONSULTANT have made and executed this AGREEMENT the day and year first above written.


For: **CITY OF CHEHALIS**

By: _____

Title: _____

Date: _____

For: **PRECISION APPROACH ENGINEERING, INC.**

By: 

Title: President

Date: 11/5/2020

p:\che003\fuel sys\0000\cm\0030\contract\services agreement\che003-engineering service agreement.docx

EXHIBIT A
to
ENGINEERING SERVICES AGREEMENT

SCOPE OF SERVICES FOR
ABOVE GROUND FUEL STORAGE ENGINEERING
AND SERVICES AGREEMENT

CHEHALIS-CENTRALIA AIRPORT

PROJECT DESCRIPTION

This project consists of installation of a new Aircraft Fueling System at the Chehalis-Centralia Airport to include:

- Installation of AVGAS and Jet-A Fuel tanks
- Installation of retail dispensers, associated pipes/appurtenances, and fuel management system with card reader
- Site work to provide fuel system installation compatible with self-service fueling of aircraft and trucks as well as delivery tanker offloading
- Decommissioning of two existing underground storage tanks and associated infrastructure

Some of the improvements are within the boundaries of National Register of Historic Places (NRHP) eligible archaeological sites. The project is subject to the Section 106 of the National Historic Preservation Act. There is a previously prepared Archaeological Resources Monitoring Plan (ARMP) for the project; the ARMP outlines the procedures and protocols to be followed during construction. Archeological monitoring is required during all ground disturbing work.

CONSULTANT ELEMENTS OF WORK

Precision Approach Engineering, Inc. (PAE) will provide design to assist the City of Chehalis (City), with subconsultants, as noted, and listed in the Scope of Services below. Design of improvements will follow industry standards including WSDOT standards for construction, and FAA standards and guidelines with regards to layout of aircraft access.

SCOPE OF SERVICES

• **Task 1 – Project Administration/Management**

PAE will manage internal project efforts, coordination with the City, FAA, airport users, and subconsultants shown in this scope of services. PAE's specific responsibilities/activities consist of:

- a. Project management/administration including in-house file management, invoicing.
- b. Client communications and information exchange.
- c. Prepare contract exhibits for incorporation into City prepared contract.
- d. FAA communications and coordination.
- e. Subconsultant services coordination throughout project (Environmental, Electrical, and Fuel System Engineer).
- f. Provide project schedule, including up to 1 City requested revision.

Deliverables

- Contract and/or contract exhibits as required
- Monthly invoices
- Project schedule

• **Task 2 – Project Status Review Meetings and Site Visits**

PAE will coordinate and attend onsite and conference call meetings to review the status of the project with the City and other stakeholders. PAE's specific responsibilities/activities consist of:

- a. Onsite meetings and meeting preparation for project kickoff, and 90 percent submittal. Also includes 1 additional progress/stakeholder meeting during the project, (3 meetings total).
- b. Conference calls with City to discuss project progress (up to 4 conference calls).

• **Task 3 – Environmental**

Project work elements will subject to the National Environmental Policy Act (NEPA). Environmental documentation necessary to meet the requirements of NEPA will be completed and submitted to FAA. A Categorical Exclusion (CatEx) determination is anticipated to be made by the FAA. PAE and its ESA's specific responsibilities/activities consist of:

- a. Categorical Exclusion
 - Prepare a CatEx for the project using FAA's Checklist. The CatEx will describe the existing conditions at the project site to determine if certain environmental categories, as identified in Appendix A of FAA Order 1050.1F, may be affected by the proposed action.
 - The Cat Ex will be based on review of existing information for all environmental elements. After the site reconnaissance is conducted, the Cat Ex will be drafted. As the fuel island will be located in an existing paved area, no technical studies are needed to support the CatEx.
 - A copy of the Cat Ex will be sent to the FAA for review and comment. Subconsultant will finalize the CatEx after comments are received, reviewed and discussed with FAA.
- b. Historic and Cultural Resource Investigation
 - Prepare an Area of Potential Effects (APE) map and letter to submit to FAA. The FAA will submit the correspondence to the Washington State Department of Archaeology and Historic Preservation (DAHP) and potentially affected Tribes to initiate consultation and define the APE for the project pursuant to 36 CFR 800.4(a)(1).
 - Due to previous negative cultural resources surveys in accessible portions of the Project Area, and the presence of impermeable surfaces across the unsurveyed portions. ESA proposes to conduct archaeological monitoring of ground disturbance, rather than traditional archaeological survey prior to construction. ESA will prepare a project-specific Archaeological Resources Monitoring Plan (ARMP) for the project to implement during project construction. The ARMP will include recommendations on levels of effort across the APE.
- c. State Environmental Policy Act (SEPA)
 - Prepare a SEPA Checklist for the project. The Checklist will meet the City's SEPA standards. The Checklist will be based on review of existing information for all environmental elements. As the fuel island will be located in an existing paved area, no technical studies are needed to support the CatEx.

- **Task 4 – Permitting**

- a. Prepare building permit application for fuel tank system.
- b. Prepare permit applications for electrical service, grading permit, and plumbing permit, if required.
- c. Initial coordination of project with Local and State Fire Marshall to include discussions regarding application to install above ground tanks.
- d. Initial coordination with Washington Department of Ecology (DOE).
- e. Prepare Washington State DOE Construction Stormwater Permit Application and NOI for City advertisement, if required.
- f. Prepare and submit FAA Form 7460-1 for airspace analysis.
- g. Coordinate “Pen & Ink” ALP update with the FAA.

Deliverables:

- Draft project permit applications for City review, signature, and submittal

Exclusions:

- Permits not listed above, additional impervious surface, and stormwater quantity and quality
- Permit to install flammable/combustible liquid above ground tanks (To be performed by the Contractor)
- Existing tank removal permitting/DOE coordination (To be performed by the Contractor)
- Any work required for FAA project approval beyond a “Pen & Ink” ALP update

- **Task 5 – Design**

Design services will include elements of work necessary for the proposed work in preparation for bidding and construction. PAE and subconsultants specific responsibilities/activities consist of:

- a) Prepare Airside Construction Safety and Phasing Plan Concepts abbreviated to reflect non-FAA funded project. Includes Construction Phasing Plan to minimize airport impacts.
- b) Fuel system and site layout design
 - Fuel site layout including site layout/improvements for self-service of aircraft and fuel trucks and delivery tanker offloading.
 - Provide preliminary height evaluation for proposed improvements (FAA to provide final determination of height compatibility).
 - Provide fuel system options to City and finalize list of selected options to be provided.
 - Initial coordination with City’s fuel supplier.
 - Finalize fuel tank capacities with City.
 - Develop fuel system design.
 - Develop fuel system canopy cover design including coordination with potential supplier(s).
 - Develop pavement marking plan.
 - Design of fuel/oil water separator for refueling area including discharge to dispersion system or daylight adjacent to site.
 - Design removal of existing fuel system.
 - Pavement section design for new pavement areas. Aircraft fleet information will be used from forecasts developed in the Airport Master Plan.
 - Grading plans.

- Stormwater Pollution Prevention Plan (SWPPP) and details meeting current DOE Stormwater Management Manual for Western Washington.

c) Electrical Improvements (includes subconsultant time)

- Electrical design for powering of fuel system.
- Review potential conflicts of new development with existing power and/or communication lines.

Deliverables:

- Design elements in conformance with industry standards and following FAA and WSDOT guidelines that will be incorporated into the contract document drawings for bidding purposes and ultimately construction
- Layout and system options selection exhibits, 90% draft submittal, and final document submittal

Exclusions:

- No stormwater quality and quantity improvements beyond the oil/water separator noted above with outlet adjacent to the site.
- No fuel tank system slab/foundation design (To be provided by Contractor)

• **Task 6 – Construction Documents**

Documents for construction will incorporate consultant's elements of work for bidding and construction of project. PAE's specific responsibilities/activities consist of:

- a. Create construction drawings incorporating design concepts (Approximately 25 drawings).
- b. Preparation of performance based Technical Specifications (WSDOT based) covering the demolition and removal of the existing fueling system, installation of new fueling system, and site improvements.
- c. Provide review and comment on Legal Specifications prepared by City.
- d. Construction Quantities – preliminary, 90% and final submittals.
- e. Construction Cost Opinion – preliminary, 90% and final submittals.
- f. Compile, prepare, and print contract documents.

Deliverables:

- 4 sets of contract documents to City
- Full size bid drawings to City (1 set)
- Contract drawings in PDF and CAD format to City

• **Task 7 – Bidding Services**

PAE will assist City Staff, attend onsite meetings, and review bids with City for proposed work. PAE's specific responsibilities/activities consist of:

- a. Assist City with text and publishing of bid advertisement.
- b. Prepare electronic bid documents and post on BXWA.
- c. Respond to questions during bidding process.
- d. Prepare addenda as required.

- e. Prepare and conduct pre-bid conference (Site Visit).
- f. Review bid proposals, prepare bid abstract with recommendations for bid acceptance and assist in necessary approvals for awarding the contract.

Deliverables

- Draft bid advertisement
- Pre-bid conference agenda and meeting minutes
- Addenda, if required
- Bid abstract and bid tabulation
- Recommendation to award letter

ADDITIONAL EXCLUSIONS

This Scope of Services is completed upon opening of bids and Engineer's recommendation for award of construction contract to the City. It is anticipated that a Construction Administration/Services During Construction contract will be negotiated with the City prior to construction that will cover construction related activities required during project award, project construction and project close-out.

This scope of services does not include performance of any further special studies or services beyond those specifically stated. Should the project be found to require further studies or services, a revised scope and fee additions will be proposed.

p:\c\che003-fuel sys\0000con\0030contract\services agreement\ex a_che000d_fuel system design scope of work_20200121.docx

PROPOSED FEE - DESIGN SERVICES
AIRCRAFT FUELING SYSTEM - DESIGN

PROJECT TASK	Eng 7 Project QA Manager	Eng 4 Supervisor Engineer/Design Manager	Eng 3 Design Engineer	Tech 7 Design CAD Tech	Tech 1 CAD Tech	Admin 6 Admin, Assistant	Admin 5	Admin 3	Sub-Consultant	TOTAL EXCLUDES (SUBS)
Task 1 - Project Administration / Management										
a. Project management/administration including in-house file management, invoicing	2	8	8			8	2			
b. Client communications and information exchange							2			
c. Prepare contract exhibits for incorporation into City prepared contract	1	6					2			
d. FAA communications and coordination		2								
e. Subconsultant services coordination throughout project (Environmental, Electrical, and Fuel System Engineer)	1	4					2			
f. Provide project schedule, including up to 1 City requested revision		1								
TOTAL HOURS	4	23	8	-	-	8	6	-	-	-
RATE / HOUR (2020 rates)	\$ 253.40	\$ 173.40	\$ 156.60	\$ 198.40	\$ 102.20	\$ 140.00	\$ 127.20	\$ 102.40	\$ -	\$ 6,885
TOTAL LABOR COSTS - EXCLUDING SUBS (2020 rates)	\$ 1,013.60	\$ 3,988.20	\$ -	\$ -	\$ -	\$ 1,120.00	\$ 763.20	\$ -	\$ -	\$ -
Task 2 - Project Status Review Meetings and Site Visits										
a. Onsite meetings and meeting preparation for project kickoff, and 50 percent submittal. Also includes 1 additional progress/stakeholder meeting during the project. (3 meetings total)		26	8							
b. Conference calls with City to discuss project progress (up to 4 conference calls)		4	4							
TOTAL HOURS	-	30	12	-	-	-	-	-	-	-
RATE / HOUR (2020 rates)	\$ 253.40	\$ 173.40	\$ 156.60	\$ 198.40	\$ 102.20	\$ 140.00	\$ 127.20	\$ 102.40	\$ -	\$ 7,081
TOTAL LABOR COSTS - EXCLUDING SUBS (2020 rates)	\$ -	\$ 5,202.00	\$ 1,879.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,100.00	\$ -
Task 3 - Environmental										
a. Categorical Exclusion		2								
b. Cultural Resources Report and Section 106 Consultation		1								
c. Assistance with incorporating site improvements into SEPA checklist		2								
TOTAL HOURS	-	5	-	-	-	-	-	-	-	-
RATE / HOUR (2020 rates)	\$ 253.40	\$ 173.40	\$ 156.60	\$ 198.40	\$ 102.20	\$ 140.00	\$ 127.20	\$ 102.40	\$ -	\$ 867
TOTAL LABOR COSTS - EXCLUDING SUBS (2020 rates)	\$ -	\$ 867.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 4 - Permitting										
a. Prepare building permit application for fuel tank system		4								
b. Prepare permit applications for electrical service, grading permit, and plumbing permit. If required		8								
c. Initial coordination of project with Local and State Fire Marshal to include discussions regarding application to install above ground tanks		2								
d. Initial coordination with Washington Department of Ecology (DOE)		2								
e. Prepare Washington State DOE Construction Stormwater Permit Application and NOI for City advertisement, if required		1	4							
f. Prepare and submit FAA Form 7460-1 for airspace analysis		2								
g. Coordinate Pen & Ink ALP update with the FAA		8								
TOTAL HOURS	-	27	8	-	-	-	-	-	-	-
RATE / HOUR (2020 rates)	\$ 253.40	\$ 173.40	\$ 156.60	\$ 198.40	\$ 102.20	\$ 140.00	\$ 127.20	\$ 102.40	\$ -	\$ 6,549
TOTAL LABOR COSTS - EXCLUDING SUBS (2020 rates)	\$ -	\$ 4,681.80	\$ 1,252.80	\$ -	\$ -	\$ -	\$ -	\$ 614.40	\$ -	\$ -

PROPOSED FEE - DESIGN SERVICES
AIRCRAFT FUELING SYSTEM - DESIGN

PROJECT TASK	Eng 7 Principal/Project QA Manager	Eng 6 Project Engineer/Design Manager	Eng 5 Design Engineer	Tech 7 Design Technicians CAD Tech	Tech 1 CAD Tech	Admin 6 Admin, Assistant	Admin 5	Admin 3	Sub-Consultant	TOTAL (EXCLUDES SUBS)
Task 5 - Design										
a. Prepare Airside Construction Safety and Phasing Plan Concepts abbreviated to reflect non-FAA funded project. Includes Construction Phasing Plan to minimize airport impacts		4		4	4					
b. Fuel System and Site Layout Design										
- Fuel site layout including site layout/improvements for self-service of aircraft and fuel trucks and delivery tanker offloading		2	4	6	2					
- Provide preliminary height evaluation for proposed improvements (FAA to provide final determination of height compatibility)		1	4							
- Provide fuel system options to City and finalize list of selected options to be provided		2	1							
- Initial coordination with City's fuel supplier		2								
- Finalize fuel tank capabilities with City		12	8							
- Develop fuel system design		1	1	2						
- Develop fuel system canopy cover design including coordination with potential suppliers		4								
- Design of fuel/oil water separator for refueling area including discharge to dispersion system or daylight adjacent to site		2	4							
- Design removal of existing fuel system		8	4							
- Pavement section design for new pavement areas. Aircraft fleet information will be used from forecasts developed in the Airport Master Plan		4	12							
- Grading plans		1	2	4						
- Stormwater Pollution Prevention Plan (SWPPP) and details meeting current DOE Stormwater Management Manual for Western Washington										
c. Electrical Improvements (includes subconsultant time)										
- Electrical design for powering of fuel system		1								
- Review potential conflicts of new development with existing power and/or communication lines		1								
TOTAL HOURS	2	48	46	16	6					
RATE / HOUR (2020 rates)	\$ 253.40	\$ 173.40	\$ 156.60	\$ 198.40	\$ 102.20	\$ 140.00	\$ 127.20	\$ 102.40		
TOTAL LABOR COSTS - EXCLUDING SUBS (2020 rates)	\$ 506.80	\$ 8,323.20	\$ 7,203.60	\$ 3,174.40	\$ 613.20	\$ -	\$ -	\$ -	\$ 5,000.00	\$ 19,821
Task 6 - Construction Documents										
a. Create construction drawings incorporating design concepts (Approximately 25 drawings)		12	8	50	25					
b. Preparation of performance based Technical Specifications (WSDOT based) covering the demolition and removal of the existing fueling system, installation of new fueling system, and site improvements		2	18							
c. Provide review and comment on Legal Specifications prepared by City		4	4							
d. Construction Quantities - preliminary, 90% and final submittals		2	1							
e. Construction Cost Opinion - preliminary, 90% and final submittals		2	1							
f. Compile, prepare, and print contract documents		2								
TOTAL HOURS	2	39	13	50	25					
RATE / HOUR (2020 rates)	\$ 253.40	\$ 173.40	\$ 156.60	\$ 198.40	\$ 102.20	\$ 140.00	\$ 127.20	\$ 102.40		
TOTAL LABOR COSTS - EXCLUDING SUBS (2020 rates)	\$ 506.80	\$ 6,762.60	\$ 2,035.80	\$ 9,920.00	\$ 2,555.00	\$ -	\$ -	\$ 409.60	\$ -	\$ 22,190

**PROPOSED FEE - DESIGN SERVICES
AIRCRAFT FUELING SYSTEM - DESIGN**

Precision Approach Engineering, Inc.
Chehalis-Centralia Airport
January 2020

PROJECT TASK	Eng 7 Principal/Project QA Manager	Eng 4 Project Engineer/Design Manager	Eng 3 Design Engineer	Tech 7 Design Tech/Lead CAD Tech	Tech 1 CADD Tech	Admin 6 Admin, Assistant	Admin 5	Admin 3	Sub-Consultant	TOTAL EXCLUDES SUBS
Task 7 - Bidding Services										
a. Assist City with writing/issuing the Notice to Proceed (NTP)		1								
b. Prepare electronic bid documents and post on B2XVA		1					2			
c. Respond to questions during bidding process		8								
d. Prepare address as required		4								
e. Prepare and conduct pre-bid conference at the airport (site visit)		8								
f. Review bid proposals, prepare bid abstract with recommendations for bid acceptance and assist in necessary approvals for awarding the contract		2					2			
TOTAL HOURS		24					4			
RATE / HOUR (2020 rates)	\$ 253.40	\$ 173.40	\$ 156.60	\$ 198.40	\$ 102.20	\$ 140.00	\$ 127.20	\$ 102.40		
TOTAL LABOR COSTS - EXCLUDING SUBS (2020 rates)	\$ -	\$ 4,161.60	\$ -	\$ -	\$ -	\$ -	\$ 508.80	\$ -	\$ -	\$ 4,670
TOTAL PROJECT HOURS	8	156	79	66	31	8	10	10		
RATE / HOUR (2020 rates)	\$ 253.40	\$ 173.40	\$ 156.60	\$ 198.40	\$ 102.20	\$ 140.00	\$ 127.20	\$ 102.40		
TOTAL LABOR COSTS - EXCLUDING SUBS (2020 rates)	\$ 2,027.20	\$ 33,986.40	\$ 12,371.40	\$ 13,094.40	\$ 3,188.20	\$ 1,120.00	\$ 1,272.00	\$ 1,024.00	\$ -	\$ 68,064
EXPENSES										
Etch	\$ -									
Per Diem (day) - Assume Project Manager/Design Engineer = 4 trips each	\$ 30,580									
Travel (mile/trip) - Assume Project Manager/Design Engineer = 4 round trips each from Office		\$ 360								
Printing										
Misc supplies, copying, prelim submittals, postage, etc.										
TOTAL EXPENSES	\$ 30,940	\$ 360	\$ -	\$ 1,015.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,837
SUBCONSULTANTS EXPENSES										
Subconsultants (subtotal)									\$ 64,100.00	
0% Subconsultant Markup									\$ -	
TOTAL SUBCONSULTANTS									\$ 64,100.00	\$ 64,100
TOTAL DESIGN FEE										\$ 134,000

Notes:
Project will incorporate current FAA Advisory Circulars and Orders



EXHIBIT B

**WASHINGTON
2020 STANDARD LABOR RATES**

Classification	2020 Rate
ADMIN 1	\$76.20
ADMIN 2	\$88.80
ADMIN 3	\$102.40
ADMIN 4	\$113.80
ADMIN 5	\$127.20
ADMIN 6	\$140.00
TECHNICIAN 1	\$102.20
TECHNICIAN 2	\$113.80
TECHNICIAN 3	\$127.20
TECHNICIAN 4	\$142.60
TECHNICIAN 5	\$159.60
TECHNICIAN 6	\$178.60
TECHNICIAN 7	\$198.40
ENGINEER 1	\$127.60
ENGINEER 2	\$143.40
ENGINEER 3	\$156.60
ENGINEER 4	\$173.40
ENGINEER 5	\$198.40
ENGINEER 6	\$225.20
ENGINEER 7	\$253.40
ENGINEER 8	\$282.80
ENGINEER 9	\$316.60



EXHIBIT B

**WASHINGTON
 2021 STANDARD LABOR RATES**

Classification	2020 Rate
ADMIN 1	\$76.20
ADMIN 2	\$88.80
ADMIN 3	\$102.40
ADMIN 4	\$113.80
ADMIN 5	\$127.20
ADMIN 6	\$140.00
TECHNICIAN 1	\$102.20
TECHNICIAN 2	\$113.80
TECHNICIAN 3	\$127.20
TECHNICIAN 4	\$142.60
TECHNICIAN 5	\$159.60
TECHNICIAN 6	\$178.60
TECHNICIAN 7	\$198.40
ENGINEER 1	\$127.60
ENGINEER 2	\$143.40
ENGINEER 3	\$156.60
ENGINEER 4	\$173.40
ENGINEER 5	\$198.40
ENGINEER 6	\$225.20
ENGINEER 7	\$253.40
ENGINEER 8	\$282.80
ENGINEER 9	\$316.60

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: November 23, 2020

SUBJECT: Public Hearing on the Proposed 2021 Revenue Sources/Property Taxes – Second Hearing

ISSUE

This agenda item has been scheduled to provide for a public hearing on the City’s Proposed 2021 revenue sources and property tax levies that would be included in the budget projections. This public hearing is the second of two required hearings. The first public hearing was held on November 9, 2020. Ordinance Nos. 1011-B and 1012-B have been prepared in connection with levying property taxes for collection in 2021.

DISCUSSION

The Proposed 2021 Budget, which includes a summary of anticipated revenues and expenditures, is available for public review at City Hall, the Finance Department, and on the City’s website at www.ci.chehalis.wa.us.

Ordinance No. 1011-B

Ordinance No. 1011-B establishes the amount of the City’s levies of ad valorem taxes (i.e., property taxes) to be collected for general operations and Emergency Medical Services (EMS). The amount of revenue to be raised by ad valorem taxes for 2021 tax year for general operations is \$1,648,617.59 and for emergency medical services is \$336,409.23. The following table shows the amounts of proposed property tax levies to be collected in 2021:

Ordinance No. 1011-B			
2021 Proposed Property Tax Levy Amount - City of Chehalis			
	Regular Levy[^]	EMS Levy	Total Levy
2020 Tax Year Actual Levy	\$ 1,616,190.00	\$ 330,199.00	\$ 1,946,389.00
Plus Ordinance Increase:			
1% Maximum Allowed Increase over 2020 Highest Lawful Levy (HLL)	\$ 18,485.42	\$ 3,343.12	\$ 21,828.54
Total Increase Over 2020 Levy	\$ 18,485.42	\$ 3,343.12	\$ 21,828.54
Plus estimated Increase from new construction & state assessed utilities	\$ 10,496.83	\$ 2,144.58	\$ 12,641.40
Plus Certification of Administrative Refunds for the 2021 tax year	\$ 3,445.34	\$ 722.53	\$ 4,167.87
Total Increase from New Construction & Other Adjustments	\$ 13,942.17	\$ 2,867.11	\$ 16,809.27
2020 Total Proposed Property Tax Levy Amount	\$ 1,648,617.59	\$ 336,409.23	\$ 1,985,026.81

[^] \$0.225 per \$1,000 assessed value of regular levy is allocated to LEOFF1 OPEB Reserve Fund for LEOFF 1 medical benefits.
The 2021 Proposed Budget allocates \$166,000 for LEOFF1 retiree medical benefits.

Ordinance No. 1012-B

Ordinance 1012-B identifies the changes, in both the dollar amounts and percentage terms, in the City's regular property tax levy and the EMS levy for next year (2021) compared to this year (2020).

The 1% maximum allowed tax levy increase is estimated at \$21,829. This increase is exclusive of additional revenue resulting from new construction, property improvements, any increase in the value of state assessed property, any annexations that have occurred, or property tax administrative refunds.

The following table shows the tax levy amount and percentage increase from 2020 actual property tax levies from 1% maximum allowed increase, as well as an estimated tax increase amount for property owners, which would be about \$2.86 a year for every hundred thousand of assessed property value.

Ordinance No. 1012-B					
Dollar Amounts and Percentage of Changes in Property Tax Levies for 2021 over 2020					
Tax Levy	2020 Actual Levy	1% Maximum Allowed Increase over 2020 Highest Lawful Levy (HLL)	Total Amount Increase in 2021 from 2020 Levy*	Percent Increase from 2020	Estimated Tax increase for Property with \$100,000 Assessed Value
Regular Levy^	\$ 1,616,190.00	\$ 18,485.42	\$ 18,485.42	1.143765%	\$ 2.42326
EMS Levy	\$ 330,199.00	\$ 3,343.12	\$ 3,343.12	1.012456%	\$ 0.43794
Total	\$ 1,946,389.00	\$ 21,828.54	\$ 21,828.54	1.121489%	\$ 2.86120

The cost of providing services to Chehalis residents and businesses continues to rise and it has become necessary to consider the levying of the 1% property tax increase to help offset the increasing costs of general municipal services, including police and fire.

RECOMMENDATION

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

SUGGESTED MOTION

There is no motion needed after the close of the public hearing.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: November 23, 2020

SUBJECT: Public Hearing on the Proposed 2021 Budget – Second Hearing

ISSUE

This agenda item has been scheduled to provide for a public hearing on the City's Proposed 2021 Budget. This public hearing is the second of two required hearings. The first public hearing was held on November 9, 2020. Ordinance No. 1013-B has been prepared for adoption of the budget and is scheduled for the second of two readings at this City Council meeting.

DISCUSSION

The Proposed 2021 Budget, which includes a summary of anticipated revenues and expenditures, is available for public review at City Hall, the Finance Department, and on the City's website at www.ci.chehalis.wa.us.

Ordinance No. 1013-B

Adoption of the Proposed 2021 Budget requires two public hearings and the adoption of an implementing City Ordinance. The Ordinance, No. 1013-B, has been prepared for consideration by the City Council on the second of two required readings. This public hearing is to provide the public an opportunity to present comments and questions about the proposed budget. Typically, this occurs in a meeting that is conducted with in-person participation; however, due to COVID-19 meeting restrictions, the public can provide written comments and/or participate in the public hearing via Zoom.

The City Budget is made up of 21 separate funds that are used to account for the revenues and expenditures associated with the provision of services in the community; however, 20 of the 21 funds are restricted for specific purposes by law or policy. The 21 funds do not include fiduciary funds which are used to account for assets that are held for other individuals, funds, or agencies, including the State of WA. Only the General Fund can be used for general governmental services that include police, fire, and recreation services. As a result, it is important to note that while multiple funds make up the complete City budget, there are limitations on how the individual funds can be used.

As noted above, additional detail on the Proposed 2021 Budget, can be found in the agenda packet for this City Council meeting and online at the City's website: www.ci.chehalis.wa.us.

RECOMMENDATION

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

SUGGESTED MOTION

There is no motion needed after the close of the public hearing.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: November 23, 2020

SUBJECT: Ordinance Nos. 1011-B and 1012-B, Second and Final Readings - Adoption of Tax Levies

ISSUE

Ordinance Nos. 1011-B and 1012-B have been prepared in connection with levying property taxes for collection in 2021. The ordinances are required in order to have Lewis County collect property taxes on behalf of the City. There have been no changes to either ordinance since first reading on November 9, 2020.

DISCUSSION

The 2021 Proposed Budget, which includes a summary of anticipated revenues and expenditures, is available for public review at City Hall, the Finance Department, and on the City's website: www.ci.chehalis.wa.us.

Ordinance No. 1011-B

Ordinance No. 1011-B establishes the amount of the City's levies of ad valorem taxes (i.e., property taxes) to be collected in 2021 for general operations and Emergency Medical Services (EMS). The amount of revenue to be raised by ad valorem taxes for 2021 tax year for general operations is \$1,648,617.59 and for emergency medical services is \$336,409.23. The following table shows the amounts of proposed property tax levies to be collected in 2021:

Ordinance No. 1011-B			
2021 Proposed Property Tax Levy Amount - City of Chehalis			
	Regular Levy[^]	EMS Levy	Total Levy
2020 Tax Year Actual Levy	\$ 1,616,190.00	\$ 330,199.00	\$ 1,946,389.00
Plus Ordinance Increase:			
1% Maximum Allowed Increase over 2020 Highest Lawful Levy (HLL)	\$ 18,485.42	\$ 3,343.12	\$ 21,828.54
Total Increase Over 2020 Levy	\$ 18,485.42	\$ 3,343.12	\$ 21,828.54
Plus estimated Increase from new construction & state assessed utilities	\$ 10,496.83	\$ 2,144.58	\$ 12,641.40
Plus Certification of Administrative Refunds for the 2021 tax year	\$ 3,445.34	\$ 722.53	\$ 4,167.87
Total Increase from New Construction & Other Adjustments	\$ 13,942.17	\$ 2,867.11	\$ 16,809.27
2020 Total Proposed Property Tax Levy Amount	\$ 1,648,617.59	\$ 336,409.23	\$ 1,985,026.81

[^] \$0.225 per \$1,000 assessed value of regular levy is allocated to LEOFF1 OPEB Reserve Fund for LEOFF 1 medical benefits. The 2021 Proposed Budget allocates \$166,000 for LEOFF1 retiree medical benefits.

Ordinance No. 1012-B

Ordinance No. 1012-B identifies the changes, in both the dollar amounts and percentage of changes, in the City’s regular property tax levy and the EMS levy for next year (2021) compared to this year (2020).

The 1% maximum allowed tax levy increase is estimated at \$21,828.54. This increase is exclusive of additional revenue resulting from new construction, property improvements, any increase in the value of state assessed property, any annexations that have occurred, or property tax administrative refunds.

The following table shows the tax levy amount and percentage increase from 2020 actual property tax levies from 1% maximum allowed increase, as well as an estimated tax increase amount for property owners, which is about \$2.86 a year *for every hundred thousand of assessed property value*.

Ordinance No. 1012-B					
Dollar Amounts and Percentage of Changes in Property Tax Levies for 2021 over 2020					
Tax Levy	2020 Actual Levy	1% Maximum Allowed Increase over 2020 Highest Lawful Levy (HLL)	Total Amount Increase in 2021 from 2020 Levy*	Percent Increase from 2020	Estimated Tax increase for Property with \$100,000 Assessed Value
Regular Levy^	\$ 1,616,190.00	\$ 18,485.42	\$ 18,485.42	1.143765%	\$ 2.42326
EMS Levy	\$ 330,199.00	\$ 3,343.12	\$ 3,343.12	1.012456%	\$ 0.43794
Total	\$ 1,946,389.00	\$ 21,828.54	\$ 21,828.54	1.121489%	\$ 2.86120

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

The cost of providing services to Chehalis residents and businesses continues to increase and it has become necessary to consider an increase in the property tax so that the current level of municipal services, including police and fire, can be maintained.

RECOMMENDATION

It is recommended that the City Council pass Ordinance No. 1011-B and Ordinance No. 1012-B on second and final readings.

SUGGESTED MOTION

I move that the City Council pass Ordinance No. 1011-B and Ordinance No. 1012-B on second and final readings.

ORDINANCE NO. 1011-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 2021; 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 2021 for general city operations shall be, and the same hereby is, determined and fixed in the sum of One Million Six Hundred Forty-Eight Thousand Six Hundred Seventeen Dollars and Fifty-Nine Cents. (\$1,648,617.59).

Section 2. The amount of revenue to be raised by ad valorem taxes during 2021 for emergency medical services (EMS) shall be, and the same hereby is, determined and fixed in the sum of Three Hundred Thirty-Six Thousand Four Hundred Nine Dollars and Twenty-Three Cents (\$336,409.23).

Section 3. The effective date of the ordinance shall be the _____ day of December 2020.

PASSED by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this _____ day of November 2020.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

ORDINANCE NO. 1012-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, STATING THE AMOUNT AND PERCENTAGE OF CHANGE IN PROPERTY TAX LEVY IN CALENDAR YEAR 2021.

WHEREAS, the City of Chehalis, Washington, properly gave notice of a public hearing held the 9th day of November 2020, to consider the city budget for 2021, including possible property tax increases and other revenues, pursuant to RCW 84.55.120; and,

WHEREAS, the City Council of the City of Chehalis has met and considered its budget for the calendar year 2021; and,

WHEREAS, the City's actual levy amounts in 2020 for general operations and Emergency Medical Services (EMS) levies were \$1,616,190.00 and \$330,199.00, respectively; and,

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

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

Section 1. An increase in the regular property tax levy and the emergency medical services (EMS) tax levy are hereby authorized for the levies to be collected in the 2021 tax year.

Section 2. The dollar amount of the increase for regular property tax levy over the actual levy amount from 2020 tax year shall be \$18,485.42 which is a percentage increase of 1.143765% from 2020 tax year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

Section 3. The dollar amount of the increase for emergency medical services (EMS) tax levy over the actual levy amount from 2020 tax year shall be \$3,343.12 which is a percentage increase of 1.012456% from 2020 tax year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

PASSED by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this _____ day of November 2020.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: November 23, 2020

SUBJECT: Ordinance No. 1013-B, Second and Final Reading – Adopting the 2021 Proposed Budget

ISSUE

Ordinance 1013-B has been prepared for the purpose of adopting the 2021 Proposed Budget. There have been no changes to the ordinance since first reading on November 9, 2020. The two property levy ordinances reflected in this budget are being presented to the City Council concurrently as the subject of a separate agenda item.

SUMMARY OF PROPOSED BUDGET – ALL FUNDS

The 2021 Proposed Budget, including all funds (General Fund and Restricted Funds), presented in Ordinance 1013-B is summarized as follows:

Budget Summary - All Funds	<u>2021 Proposed Budget</u>
Total Estimated Beginning Fund Balance	\$ 19,560,947
Total Revenues and Transfers In	\$ 23,992,276
Total Expenditures and Transfers Out	\$ 25,250,310
Total Estimated Ending Fund Balance	\$ 18,302,913

The total expenditure budget, including all funds, as presented in the 2021 Proposed Budget is \$25,250,310 and is summarized by purposes as follows:

Expenditure Budget Summary - All Funds	<u>2021 Proposed Budget</u>
Operating Purposes	\$ 18,461,860
Debt Service Purposes	\$ 2,660,146
Capital Purposes	\$ 3,465,570
Transfers Out	\$ 662,734
Total Expenditures & Transfers Out	<u>\$ 25,250,310</u>

GENERAL FUND

Background on development of the 2020 proposed budget: For the General Fund, the 2021 Preliminary Draft Budget that was presented to the City Council Budget Committee for review in October was balanced using \$759,600 beginning fund balance. The projected ending General Fund reserve was only \$330,124 or 3.4% of the General Fund's operating expenditures. This was a significant concern and options for increasing the ending reserve were presented to the City Council Budget Committee, which then provided direction that is discussed below.

Estimated Beginning Cash: On September 14, 2020, the 2020 Budget was amended for the second time. Due to the impacts of COVID-19 to the City's General Fund revenues, especially for the sales tax and recreation program revenues, the 2020 General Fund budget was rebalanced. Revenue projection was reduced by \$392,500 including a 5% of \$246,900 reduction in local sales tax and \$145,600 in other revenues. The spending budget was also reduced by \$405,012. Most of the spending budget reduction was possible by keeping several vacant positions unfilled for the remainder of 2020. The estimated beginning cash for the 2021 budget reflects the estimated ending cash balance from the send 2020 budget amendment, which is \$1,089,814.

Closing the Gap: After careful review of each budget and considering options to close the gap between proposed revenues and expenditures, the Council Budget Committee concluded that it would be premature to make additional cuts to the budget, recognizing that it would require a corresponding reduction in services by leaving multiple positions unfilled through 2021 and leaving them unbudgeted through 2021. The Committee also concluded that use of a banked capacity in 2021 is not advisable, as the City may have a greater need for it in 2022. The Committee recommended closing the funding gap in the General Fund by:

- *Moving the 2021 retiree cash outs budget of up to \$200,000 to the Compensated Absences Reserve fund*
- *Reducing the 4% sales tax transfer to the Dedicated Street Fund to 2.5% or reduce by \$70,100*
- *Remove \$46,700 (1% local sales tax) transfer to the Automotive/Equipment Reserve Fund to accumulate funds for the City's financial software system upgrade that is needed in 2022*
- *Remove \$46,700 (1% local sales tax) transfer to the Public Facilities Reserve Fund for future major facility repairs and/or improvements.*

These options helped close the gap between the revenues and expenditures by \$363,500. After incorporating these options recommended by the Council Budget Committee and a minor budget adjustment of \$49,490, the gap between the revenues and expenditures was reduced to \$444,680 and establish the projected ending reserve at \$645,134.

The 2021 Proposed Budget for the General Fund is summarized below.

Budget Summary - General Fund	2021 Proposed Budget
Estimated Beginning Fund Balance	\$ 1,089,814
Revenues & Transfers In	\$ 9,693,089
Expenditures & Transfers Out	\$ 10,137,769
Net Revenues Over (Under) Expenditures	\$ (444,680)
Estimated Ending Fund Balance	\$ 645,134

The 2021 Proposed Budget presented before you is balanced using \$444,680 of the General Fund beginning reserve, with the projected ending reserve of \$645,134. However, the 2021 Proposed Budget remains structurally imbalanced, i.e., ongoing expenses are exceeding ongoing revenues. This is of significant concern, because the City is currently relying on one-time revenues to fund ongoing operations, which includes salaries and benefits. This also creates tremendous financial pressure on the City moving forward.

General Fund Operating Reserve: If revenues and expenditures are in line with projections, the General Fund operating reserve will be 6.7% of the operating revenue budget at the end of 2021. This is less than the 10% reserve that the City Council has determined to be the policy goal and the 16.7% (2-month) of operating expenses budget that is recommended by Government Finance Officers’ Association. Less than 10% is not a healthy annual reserve over the long-term, especially, when the City does not have other dedicated reserves, such as automotive/equipment replacement, major facility repairs or improvement, or reserves for rainy day funds. Therefore, it is recommended that that City Council continue to monitor and assess the City’ long-term financial condition and consider options for increasing revenues and reducing costs in the years to come. It is important to do this in 2021 so there is time to develop a reasonable plan to move toward a structurally balanced budget in 2022 and in 2023.

The 2020 Proposed Budget document can be found on the City’s website. For the convenience of the reader, the Budget Message that accompanies the 2020 Proposed Budget, dated October 30, 2020, is attached to this agenda report. The Budget Message provides introductory comments regarding the City’s current fiscal condition and a brief summary of each fund. Staff will also be available at the City Council meeting to address any questions from the Council and the public hearing regarding the 2021 Proposed Budget. Additional changes may be made to the ordinance prior to its second reading to reflect new information and/or direction from the City Council.

RECOMMENDATION

It is recommended that the City Council pass Ordinance No. 1013-B on second and final reading.

SUGGESTED MOTION

I move that the City Council pass Ordinance No. 1013-B on second and final reading.

CITY OF CHEHALIS 2021 PROPOSED BUDGET MESSAGE



October 30, 2020

Dear Honorable Mayor Dawes and Members of the City Council,

The 2021 Proposed Budget was prepared in an environment of uncertainty, largely created by the COVID-19 pandemic. The goal was to reflect a realistic assessment of the cost to generally maintain municipal services and the staffing needed to do so with as few reductions as possible. While the majority of the City's 21 separate funds (excluding fiduciary funds) are stable, the condition of the City's General Fund is concerning because the 2021 Proposed General Fund Budget is balanced with one-time revenues. The proposed use of one-time revenues, such as the City's General Fund reserves, is needed because revenue forecasts have been adjusted, primarily downward, due to the indicators that there will be negative ongoing impacts on the economy due to the response to COVID-19. This made the review and analysis of the 2021 preliminary draft budget more challenging for all those involved, particularly the City Council Budget Committee. Mayor Dennis Dawes, Councilor Bob Spahr, and Councilor Jerry Lord invested significant time and effort to provide guidance and insights through the preliminary draft budget review process. Their thoughtful direction through the process balanced the stronger than expected rebound in consumer spending in the third quarter of 2020 and the predictions regarding the negative impacts that COVID-19 may have on the economy in 2021; along with the pressing need to fill positions left vacant in 2020 in order to meet the service needs of Chehalis residents, businesses, and visitors.

As always, a City's budget represents the work done by many members of the staff throughout the organization over the course of several months, as well as the careful review done by the City Council Budget Committee. The City's Finance Director, Chun Saul, deserves special recognition for the large amounts of time and energy that she devoted to the preparation of a complete budget document and the accompanying financial analysis. She worked well with the department directors, managers, and program administrators and their staffs, who did a commendable job of preparing their budgets. Special thanks to Betty Brooks, Accountant; Tim McGuire, Financial Analyst (part-time); Nichole Paulis, Public Works Office Manager; and Kiley Franz, Administrative Assistant to the City Manager for the extra work that went into the preparation of the 2021 Proposed Budget.

GENERAL FUND

Background

The City's General Fund, which funds basic municipal services, including Police and Fire, had been experiencing significant increases in revenues since the depths of the recession; however, it took until 2016 to recover to 2008 sales tax revenues. Sales tax continued to increase in 2017 and 2018, buoyed by significant construction spending on two new schools. In 2019, the City's sales tax revenues began to level off and the City experienced a notable reduction in sales tax related to construction activity. In 2020, we were hit by COVID-19, which had a dramatic impact on revenue stability.

Financial Implications of the COVID-19 Pandemic Crisis

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a new virus (coronavirus COVID-19). In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures include closing

businesses; schools; cancelling public events; prohibiting public and private gatherings; and requiring people to stay home unless they were leaving for essential functions. Since then, the Governor has ordered a "Safe Start" plan, a phased approach to reopening Washington's economy which allows for modifications of business closures and physical distancing measures. While Lewis County is currently in phase 3 of a 4-phase plan, there are still significant restrictions on which business or which activities can be resumed. The directives from the Governor and Health Officials in Lewis County continues to change and evolve in response to the pandemic, which has made the path forward unpredictable.

The COVID-19 crisis has significant impacts on the City's revenues. Sales tax is one of the largest revenue sources for the City's General Fund and makes up more than fifty percent of the General Fund revenues. The City's local sales and use tax revenue declined sharply in April and May by 17.8% and 36.6%, respectively, from a year ago. Chehalis sales tax collection continued to recover in June, July, August, and September following the sharp decline in April and May 2020. However, based on economic forecast outlook and year-to-date sales tax collection status from August, the City revised its sales tax revenue projection downward by 5% (\$246,000) in September. The second amendment to the 2020 budget adopted on September 14, 2020 reduced the General Fund revenues projection by \$392,500 and expenditure budget by \$405,012 with estimated ending fund balance of \$1,089,814. The spending budget reduction was accomplished mostly through hiring freeze on currently vacant positions and adjusting recreation program related expenditures.

Sales tax collections since June has been much stronger than expected in June and has recovered to a level that is about 1.7% or \$61,670 increase from this time last year. The increases came from higher-than-expected taxable activity in retail trade, the result of the allowed opening of non-essential retail establishment and online sales. The September 2020 forecast by Washington State Economic and Revenue Forecast Council (ERFC) provides that the most recent collection period represented taxable activities in July, when a \$600 per week supplemental unemployment benefits and other federal benefits, though winding down, were still present. While income, employment, and housing activity are currently at higher level than expected in June, which will create more revenue going forward; however, the level of uncertainty remains high with the COVID-19 crisis. Therefore, forecast does not expect that collections over the next several months will show the same strength.

The length of time these measures will be in place and the full extent of the financial impact on the City of Chehalis is unknown at this time. A potential for a second wave of COVID-19 cases; continued social distancing; no additional federal fiscal stimulus; and expiration of various payment deferral protections will most likely impact the local, state, and national economy. It is anticipated that the fourth quarter 2020 tax collections may not be as strong as the third quarter.

There is concerns for whether the City will be able to sustain its current service level if the economy does not recover to its pre-COVID19 level in 2021. The 2021 Proposed Budget assumes the sales tax revenue will be at 95% of 2019 level and does not include five General Fund regular positions unfilled in 2021.

Furthermore, costs continue to rise faster than revenues in all areas, particularly in the cost of providing salaries and maintaining benefits at a level near the average for similar size municipal agencies in WA to attract and retain high-quality employees. The State's Revised Code of Washington (RCW) provides legal direction on what agencies are comparable to Chehalis and provides binding arbitration for the settlement of Police and Fire collective bargaining contracts. The cost of services the City uses to conduct business have also increased, such as the cost of the 911 Communications Services which will increase about 7% in 2021.

Budget Process

The process of preparing the budget document begins in late July. At that time, the City departments were directed to prepare their respective draft budgets consistent with the level of service provided in

2020, with reductions in discretionary expenses when possible. After the compilation of the requests by the Finance Director and I met with each department to review their 2021 proposed budget. Modifications to the initial draft budget requests were made and information was updated as more details became available.

The Preliminary Draft Budget was then prepared and distributed to the City Council Budget Committee, which met multiple times to carefully review the budgets for each department, including those that are fully funded by enterprise funds, which can only be used consistent with legal restrictions. In other words, the enterprise funds cannot be used to fund General Fund services like police and fire.

Financial Assumptions

For the General Fund, the 2021 Preliminary Draft Budget that was presented to the City Council Budget Committee for review in October was balanced using \$759,600 beginning fund balance, which means that the proposed expenditures exceed estimated revenues by \$759,690. The projected ending General Fund reserve was only \$330,124 or 3.4% of the General Fund's revenue budget. This was a significant concern, and options for increasing the ending reserve balance were presented to the City Council Budget Committee, which then provided direction that is discussed below.

Estimated Beginning Cash: On September 14, 2020, the 2020 budget was amended for the second time. Due to the impacts of COVID-19 to the City's General Fund revenue, especially for the sales tax and recreation program revenues, the 2020 General Fund budget was rebalanced. Revenue projection was reduced by \$392,500 including a 5% or \$246,900 reduction in local sales tax and \$145,600 in other revenues. The spending budget was also reduced by \$405,012. Most of the spending budget reduction was possible by keeping several vacant positions unfilled for the remainder of 2020. The estimated beginning cash for the 2021 budget reflects the estimated ending cash balance from the second 2020 budget amendment.

Closing the Gap

After careful review of each budget and considering options to close the gap between proposed revenues and expenditures, the Budget Committee concluded that it would be premature to make additional cuts to the budget, recognizing that it would require a corresponding reduction in services by leaving multiple positions unfilled through 2021 and leaving them unbudgeted through 2021. The Committee also concluded that use of a banked capacity in 2021 is not advisable, as the City may have a greater need for it in 2022.

The Committee recommended closing the funding gap in the General Fund by:

- *Moving the 2021 retiree cash outs budget of up to \$200,000 to the Compensated Absences Reserve fund*
- *Reducing the 4% sales tax transfer to the Dedicated Street Fund to 2.5% or reduce by \$70,100*
- *Remove \$46,700 (1% local sales tax) transfer to the Automotive/Equipment Reserve fund to accumulate funds for City's financial software system upgrade that is needed in 2022.*
- *Remove \$46,700(1% local sales tax) transfer to the Public Facilities Reserve fund for future major facility repairs and/or improvements.*

The total reduction in the gap from these options is \$363,500. After incorporating these options recommended by the Council Budget Committee and a minor budget adjustment of \$49,490, the gap between the revenues and expenditures was reduced to \$444,680. The 2021 Proposed Budget is balanced using \$444,680 of the General Fund beginning reserve, with the projected ending reserve balance of \$645,134. However, the 2021 Proposed Budget remains structurally imbalanced, i.e. ongoing expenses are exceeding ongoing revenues. This is of significant concern because the City is

currently relying on one-time revenues to fund ongoing operations, which includes salaries and benefits. This also creates tremendous financial pressure on the City moving forward.

General Fund Operating Reserve: If revenues and expenditures are in line with projections, the General Fund operating reserve will be 6.7% of the operating revenue budget at the end of 2021. This is less than the 10% reserve that the City Council has determined to be the policy goal and the Government Finance Officers Association recommends 2 months of operating expenses, which is 16.7%. Less than 10 % is not a healthy annual reserve over the long-term, especially, when the City does not have other dedicated reserves, such as automotive/equipment replacement, major facility repairs or improvement, or reserves for rainy day funds. Therefore, it is recommended that that City Council continue to monitor and assess the City' long-term financial condition and consider options for increasing revenues and reducing costs in the years to come. It is important to do this in 2021 so there is time to develop a reasonable plan to move toward a structurally balanced budget in 2022 and in 2023.

Looking Ahead

When planning for the future, there are some uncertainties in the economy that are of concern. The ERFC's June report indicated that the United States officially entered recession in February 2020. It also provides that the Washington economy has begun to recover from the recession from the COVID-19 crisis but remains well below pre-COVID activity. Though the September forecast restores about half of the revenue reduction from the June forecast, expected revenue for the current and subsequent biennia remains substantially weaker than the pre-pandemic outlook.

Sales Tax represents 50.5% of the General Fund's 2021 estimated revenues, making the City particularly vulnerable to economic fluctuations, like those created by the COVID-19 business restrictions. In 2021, we will continue to closely monitor revenues and expenses, along with economic trends to assess any reductions or increases in sales tax revenue associated with changes in consumer spending.

In the unfortunate event that there is a significant increase in unexpected expenditures and/or another drop in revenues, the City will have to carefully assess its financial condition and make adjustments as early as March 2021 after we get the actual numbers from 2020 to close out the books for the 2020 fiscal year. This is particularly difficult because most City services are delivered through people and about 73% of the General Fund budget is attributed to salaries and benefits. Furthermore, 56.5% of total expenditures are related to Police and Fire services. Therefore, if significant reductions are needed to restore structural balance to the budget, it will likely require very difficult decisions related to what level of service can be maintained over the long-term.

While the possibility of revenue reductions is sobering, there are some positive revenue enhancement possibilities projected for 2022 and/or 2023. While the proposed shopping center development did not come to fruition, there is significant interest from new retail developers in the land adjacent to I-5. The one major caveat is that retail development is very sensitive to the economy and could be delayed if the COVID induced recession continues to play havoc with the economy. In addition, the City has a strategic goal to proceed with an annexation plan along its borders in 2021, which when completed would add residential and commercial property to the City leading to some increases in sales and property tax revenue in 2022 or 2023.

RESTRICTED FUNDS

The City's restricted funds, including the City's utility enterprise funds, are generally stable. The enterprise funds, which are legally restricted funds for the operation of the City's utilities and the airport, include budgets for needed capital projects in the City's water, sewer, and airport divisions. The Dedicated Street Fund, which is supported through a transfer from General Fund sales tax revenues

consistent with City Council policy, continues to be used to fund the program for chip sealing and crack sealing of street and road miles within city limits. However, due to financial constraints, the funding level was reduced from 4% to 2.5% for year 2021. The Proposed Budget includes a reserve fund for LEOFF 1 retiree medical benefits (LEOFF 1 OPEB) by dedicating a portion of the general property tax levy at 22.5 cents per \$1,000 assessed valuation. In addition, the City will continue to make street improvements made possible by the Transportation Benefit District, which is funded by a 0.2% increase in the sales tax approved by voters and went into effect in July 2017. Each fund is summarized in the pages that follow this budget message and presented in detail in the body of the budget document.

ONGOING BUDGET CONSIDERATIONS

Unfortunately, the City is addressing its current fiscal issues while the economy is still relatively unstable, and there are some issues that will have significant budget impacts in the coming years, including the following concerns, which are also addressed in the City's Strategic Plan for 2019-2021:

- **Facility Maintenance:** Ongoing maintenance and repair or replacement of the City's aging buildings and facilities, particularly the building of a new permanent fire station, will continue to require investment of very limited General Fund resources. In 2020, the City purchased a property for a new fire station with funding through a Limited Tax General Obligation Bond. It is anticipated that a voter approved levy will be needed to construct the new permanent station. The City is currently setting up temporary fire station structures at the new site; however, a permanent station will need to be constructed as soon as financially feasible. In addition, there will need to be an ongoing investment to properly maintain the recently completed improvements at Recreation Park.
- **Vehicle Replacement:** Many of the vehicles used by General Fund activities, particularly Parks and Facilities are more than a decade old, some are nearly 30 years old, and in need of replacement. While Police patrol cars are on a regular replacement schedule, an annual appropriation is still needed and could be compromised if expenses continue to increase faster than revenues.
- **Retirements:** Planning for the tangible and intangible costs associated with the anticipated retirement of 20% of City's workforce in the next two years. This includes payments for vacation and sick leave accruals that are due to long-time employees at the time of retirement; as well as the costs to attract, train, and retain a new generation of workers, particularly those in the fields requiring special training and licenses, such as public safety and public works. The Administration is aware of nine planned retirements in 2021 alone. Six of the nine are General Fund employees, with an estimated cost of \$260,500 for the associated payments due when they leave the City. There are ten more potential retirees in 2022, with five of them being the General Fund employees.
- **911 Dispatch:** In 2020 the City joined Lewis County, City of Centralia, and Riverside Fire Authority to fund and coordinate a feasibility study to determine the potential for regionalization of Lewis County emergency dispatch operations with Thurston County Communications (TCOMM). This study is expected to be done by the end of 2020 or January 2021. Regardless of the path chosen, the costs associated with 911 will increase in the years to come, due to the staffing, technology and infrastructure demands associated with making any changes, including the much-needed replacement of the antiquated equipment currently being used.

CLOSING COMMENTS

The budget challenges identified in the 2021 Proposed Budget are very concerning and I will remain vigilant, along with the Finance Director in monitoring expenditures and revenue trends, including the

potentially complicating factors created by COVID-19. The City Council Budget Committee plans to meet quarterly in 2021, as it did in 2020, to provide careful oversight of the situation and preliminary policy guidance as necessary. As always, financial reports will be provided throughout the year to keep the City Council informed and to obtain policy direction as needed.

I am honored to serve you, the staff, and the community as your City Manager. It is a privilege to be a part of this team, including the City Council, Staff, and a generous community that continued to make significant progress on its major strategic goals in 2020 in spite of the additional challenges created by the response to the COVID-19 pandemic. The most notable include, but are certainly not limited to, substantial completion of the improvements to Recreation Park including new ballfields and a new Penny Playground; advancing the feasibility study regarding the potential for regionalizing 911 services; and completing the purchase of property for the future construction of a new fire station.

Your continued support as we move through the 2021 Budget preparation process and beyond is truly appreciated. While the challenges before us are significant, I look forward to working with you to identify solutions that will serve our community now and in the years to come.

Sincerely,

Jill Anderson

Jill Anderson
City Manager

SUMMARIES OF THE GENERAL FUND AND RESTRICTED FUNDS

GENERAL FUND (FUND 001)

The General Fund budget is \$10,137,769. The budget is balanced with a total revenue projection of \$9,693,089 and use of \$444,680 General Fund reserves (beginning cash).

General Fund Revenues

It is projected that in 2021 overall General Fund revenues will be reduced by \$209,063 or 2.1% from 2020 amended budget. Total tax revenues make up 88.2% of the General Fund revenues.

Sales tax is the largest revenue source for the City and makes up 50.5% of the 2021 General Fund revenue budget. The 2021 sales tax is projected at 95% of 2019 actual revenues and up by 0.1% or \$4,600 over the amount estimated in the amended 2020 budget.

Typically, sales tax revenues from construction activities are considered one-time in nature and are recommended to be excluded from future revenue projections unless other economic or financial data can support the continued growth. However, the City has not been able to reserve construction sales taxes as revenues have not been able to support growing expenditures. In 2017 and 2018, sales tax was bolstered by significant construction spending, primarily related to the building of two new elementary schools that were completed in April 2019. Construction sales tax leveled off in 2019. The average construction sales tax over the last ten years is about 5% of total local sales tax, ranging from 2% in 2010 to 10% in 2018. As predicted, construction sales tax in 2020 has declined 23.6% from 2019. At the time the 2021 budget was prepared, no large-scale construction was anticipated to take place in 2021.

Property tax is the second largest revenue source for the City and makes up about 20.4% of the 2021 General Fund revenues. Property tax revenue is projected at \$1,980,859, up by \$43,017 or 2.2% from the 2020 amended budget. The proposed budget includes 2019 levy amount of \$1,946,389 plus the 1% statutory maximum allowed increase of \$19,464 and estimated tax levy of \$15,006 for new construction.

Utility tax is the third largest revenue source used to fund municipal services. Utility tax revenue is projected at \$1,619,400, which is a \$26,765 or 1.7% increase from the 2020 amended budget. 2021 utility tax revenues are projected using last three-year average collection. Electric utility tax revenue projection shows a \$24,511 increase from the 2020 budget, while telephone utility tax revenue projection is decreased by \$6,658 or 3.2%.

Intergovernmental grants. The proposed 2021 budget includes a \$330,437 reduction in intergovernmental grant revenues from 2020. The 2020 budget included one-time awards from RCO for flood storage basin master plan project and \$10,000 award from AOC. There are no confirmed grant awards for 2021.

Fees for Services. The proposed budget is increased by \$163,230 or 93% recovery from the 2020 amended budget. Due the COVID-19 pandemic, most recreation facilities and programs were closed and/or cancelled, and 85% (\$179,850) of the original 2020 recreation program revenue budget was reduced. The proposed budget assumes that recreation and pool activities will resume and increase to 120% of 2019 level in 2021.

Custodial Receipts are monies collected on behalf of other agencies and remitted to them. This includes state portion of court fines, sales and leasehold excise taxes. Starting 2020, the Washington State Auditor's Office requires that these custodial activities are to be accounted for and reported in a

separate fiduciary fund. Therefore, the 2021 proposed budget does not include these custodial receipts in the General Fund. The third and last amendment to the 2020 budget will adjust the 2020 budget and receipt activities accordingly.

Other revenues are expected to remain relatively stable.

General Fund Expenditures

The proposed budget projects expenditures of \$10,137,769, which is a \$136,693 or 1.33% decrease from 2020 amended budget. The combined budgets of the Police and Fire Departments represent 56.5% of General Fund expenditures in 2021, which reflects the high priority of keeping residents and visitors in Chehalis safe.

Municipal services are delivered primarily through people, which is the largest ongoing cost to the General Fund. Salaries and benefits make up almost 73% of General Fund expenditures. The proposed expenditures reflect increases for health insurance premiums and salary and wage increases for all employees, including non-represented employees, consistent with contracts, collective bargaining agreements, and policy direction consistent with applicable State law. No budget allocations have been made to the City's designated reserve funds, due to the need to use limited resources to maintain existing services.

Ending General Fund Balance

The projected General Fund ending balance, also referred to as fund reserve, is estimated to be 6.7% of General Fund revenues at the end of 2021. This does not meet the City Council policy of maintaining a 10% fund reserve. Reserve funds are necessary to address unforeseen expenses, including equipment and facility repairs, as well as emergencies.

SUMMARIES OF RESTRICTED FUNDS

Dedicated Street Fund (Fund 003)

In 2014, the City Council adopted a policy to allocate 4% of the City's sales tax revenue is transferred to this fund to be used and accumulated for needed City street repairs and improvements. Unfortunately, the City is facing financial constraints as it enters 2021. The Budget Committee has recommended that the local sale tax contribution to this fund reduced from 4% to 2.5% for 2021 Proposed Budget. In 2021, a transfer of \$116,800 from the General Fund is budgeted, with expenditures of \$184,520. The estimated fund balance at the end of 2021 is \$1,224.

Building Abatement Fund (Fund 004)

The Building Abatement Fund was established by the City Council in 2017 for the purpose of removing hazards to public health and safety and potentially address aesthetic concerns related to abandoned buildings in our community. The 2021 budget includes a \$100 interest earnings and no expenditures. The estimated fund balance at the end of 2021 is \$52,732.

Arterial Street Fund (Fund 102)

The Arterial Street Fund is a special revenue fund that accounts for the state distributed motor vehicle fuel tax (MVFT) that is restricted to use for city street purposes. The MVTF distribution is based on population. The MVFT is the only revenue source for this fund. The City uses this fund primarily for the "oiling and chip sealing" program for our city streets. The 2021 revenue is projected at \$160,600, with expenditures of \$166,400.

Transportation Benefit District Fund (Fund 103)

On February 14, 2017, the voters of Chehalis approved a 0.2% increase to the sales tax to fund the Transportation Benefit District. The increase went into effect in July 2017. The use of these funds is restricted by law and must be used for specific transportation projects contained in the City's transportation improvement plan. Improvements can range from roads and transit service to sidewalks and transportation demand management. Projects may also include the operation, preservation, and maintenance of these facilities or programs.

2021 revenue is estimated at \$1,100,000, with total project costs budgeted \$980,850. The estimated fund balance at the end of 2021 is \$2,128,514.

Tourism Fund (Fund 107)

The Lodging Tax Advisory Committee (LTAC) requested funding for organizations that advertise and promote tourism in the City and "put heads in beds". The sole revenue source (except for interest earnings on the fund balance) for this fund is the local Hotel/Motel sales tax and special local Hotel/Motel tax. 2021 revenue is projected at \$219,500, which is a \$24,370 or 12.5% increase from the 2020 amended budget. The proposed budget includes preliminary expenditures of \$256,563, which includes \$71,563 for the debt service payment of the 2019 LTGO Bond for the Recreation Park renovation project. Fund reserves will be used to fund the difference between the proposed revenues and expenditures, per the recommendation of the LTAC. The proposed budget includes an estimated fund balance at the end of 2021 to be \$16,085; however, the estimated ending fund balance is anticipated to be increased to \$49,985, as there will be unused budget from 2020 that will increase the 2021 beginning fund balance.

Compensated Absences Reserve Fund (Fund 110)

The Compensated Absences Reserve Fund was established in 1985 for the purpose of setting aside funds to be used for compensation of employees for cash outs for unused accrued leaves; approved disability leaves; approved unemployment benefits; and authorized severance pay. During the great recession of 2007-2009 and the subsequent long recovery, all funds had been expended. During 2019, the Council approved a transfer of \$100,000 to this fund from the General Fund. Ideally, an amount of money would be set aside every year to more effectively manage the one-time payments for retiring General Fund employees and potential unemployment benefit liabilities. Unfortunately, no additional funding is planned for 2021 due to financial constraints. Additionally, the 2021 Proposed Budget includes \$200,000 expenditures for accrual cash out payments for 2021 retirees. Of the total \$265,500 General Fund retiree cash out budget, \$200,000 was moved to this fund to close the gap in the General Fund. The estimated fund balance at the end of 2021 is \$948. Additional funding will be needed in 2022 as the City anticipates several general fund employees retiring in 2022 with significant amount of cash out values.

LEOFF1 OPEB Reserve Fund (Fund 115)

The LEOFF1 OPEB Reserve Fund is created with the 2020 Budget adoption to provide funding for LEOFF 1 retiree medical benefits. A portion of the regular property tax levy at 22.5 cents per \$1,000 assessed value and \$78,000 annual transfer from the Firemen's Pension Fund are the main sources of the funding. Once the funds are contributed into this fund, the fund balance is restricted by law and must be used to pay LEOFF 1 medical benefits. The 2021 Proposed Budget includes transfer in of \$166,000 from the General Fund for a portion of the regular property tax levy and a \$78,000 transfer from the Firemen's Pension Fund, with expenditures budget of \$168,300. The estimated fund balance at the end of 2021 is \$85,849.

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

The CDBG and HUD Block Grant Funds were created to provide home rehabilitation loans which were funded by the Community Development Block Grant and the Department of Housing & Urban Development Grant. The balance of the loans will be received by the City as ownership of these properties are transferred to anyone other than the loan holder. As of September 1, 2020, the outstanding loan principal on CDBG loan and HUD loan were \$81,963.91 and \$38,148.94, respectively.

No loan repayment revenues are projected for 2021. The estimated fund balance for the CDBG and HUD Grant funds at the end of 2021 are \$23,984 and \$85,827, respectively. There are no plans to spend the remaining fund balances in 2021; however, the Council Budget Committee would like to explore how the City might best use these funds in the future consistent with any legal restriction on their use.

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

The Debt Service Fund was created to record the payments on the 2011 General Obligation Bonds. Additionally, the City issued a Limited Tax General Obligation (LTGO) Bond in 2019 for the Recreation Park renovation project and Limited Tax General Obligation (LTGO) Bond in 2020 for future fire station land acquisition and the temporary fire station project. The General Fund and the two REET funds provide funds to cover the 2011 LTGO and 2020 LTGO debt services payment and the Tourism fund provides funds for the 2019 LTGO debt service payment. 2021 total debt service expenditures are budgeted for \$301,934.

Public Facilities Reserve Fund (Fund 301)

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

During 2019, the City Council approved a transfer of \$284,000 to this fund from the General Fund to set aside for future fire station land acquisition and other major facility maintenance projects and repairs. Ideally, an amount of money would be set aside every year to more effectively manage the one-time large expenditures. A portion of the reserve was used for the pool liner replacement project and for the temporary fire station project in 2020. Unfortunately, the City is facing financial constraints again as it enters 2021, there is no additional funding is provided in the 2021 Proposed Budget.

There are no planned projects in 2021. The estimated fund balance at the end of 2021 is \$254,616, which includes unspent donations designated for Recreation Park, future fire station project, and other general city facilities.

Automotive/Equipment Reserve Fund (Fund 302)

This fund was established for the purpose of setting aside money on a regular basis to be able to replace the City's vehicles and equipment as needed. However, after the recession of 2007-2009, and the subsequent long recovery, all funds had been expended. During 2019, the City Council approved the transfer of \$181,780 from the General Fund to set aside for future needs. In 2020, a \$181,083 budget request from police and fire for vehicles and equipment were moved to this fund.

Unfortunately, the City is again facing financial constraints as it enters 2021 and no additional funding is provided in the 2021.

The 2021 Proposed Budget includes \$15,000 expenditures to purchase one used vehicle for the Recreation department. The estimated fund balance at the end of 2021 is \$27,288.

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

The First and Second Quarter Percent Real Estate Excise Tax (REET) Funds were established in accordance with state requirements to account for real estate excise taxes which have specific criteria for usage.

The 2021 Proposed Budget includes transfers out to the G.O Debt Service Fund to provide funding for the 2011 LTGO Bonds and 2020 LTGO Bond debt service payments.

The 2021 projected revenues and expenditures for the First Quarter Percent REET fund are \$115,100 and \$130,196, respectively, with an estimated fund balance of \$194,151 at the end of 2021.

The 2021 projected revenues and expenditures for the Second Quarter Percent REET fund are \$110,700 and \$75,131, respectively, with an estimated fund balance of \$268,284 at the end of 2021.

Garbage Fund (Fund 402)

This fund is used to account for the revenues and expenditures associated with the City's organic waste disposal site at Stan Hedwall park. For 2021, the projected revenue is \$6,115 and expenditures is \$6,100, with an estimated ending fund balance of \$8,137.

Wastewater Fund (Fund 404)

The 2021 revenues for the Wastewater Fund are projected to be \$5,513,500, and expenditures are projected to be \$5,645,270 which includes one-time expenditures of \$432,966 for capital projects. The proposed budget is balanced with use of \$131,770 beginning reserves due to one-time capital project expenditures. The projected fund balance at the end of 2021 is \$4,700,270.

Water Fund (Fund 405)

The 2021 revenues for the Water Fund are projected to be \$3,263,897, and expenditures are projected to be \$3,619,407 which includes one-time expenditures of \$905,966 for capital projects. The proposed budget is balanced using \$355,510 beginning reserves due to one-time capital project expenditures. The projected fund balance at the end of 2021 is \$5,929,460.

Storm & Surface Water Utility Fund (Fund 406)

The Storm & Surface Water Utility Fund provides planning, construction, operation and maintenance of the City's storm drainage system. In 2020, the projected revenues are \$716,465 with projected expenditures of \$889,100, including one-time expenditures of \$339,302 for capital projects. The projected fund balance at the end of 2021 is \$1,331,781.

Airport Fund (Fund 407)

The Airport Fund is dedicated and restricted to the operation of the Chehalis-Centralia Airport. In 2021, the projected revenues are \$2,102,911, including \$250,000 financing from CARB loan for above ground fuel storage project. Total expenditures are estimated at \$2,068,865, including one-time capital

expenditures of \$713,500 for the above ground fuel storage project and restroom renovation. The estimated fund balance at the end of 2021 is \$1,564,288.

Firemen's Pension Fund (Fund 611)

This fund is restricted to payments for supplemental or "excess pension benefits" to retirees who had pre-LEOFF service credits. LEOFF is the acronym for Law Enforcement Officers' and Fire Fighters' Retirement System.

In October 2019, an actuarial valuation of the City of Chehalis Firefighter's Pension Fund (FPF) was performed by Milliman, Inc. The actuarial valuation report provided that the current assets (fund balance) as of January 1, 2019 is sufficient to pay all future FPF pension benefits and that a portion of the excess asset may be used to pay LEOFF 1 retiree other post-employment benefits (OPEB). The actuarial report further recommended that use of the excess fund be limited to \$78,000 per year over the next 10 years.

The pension levy (22.5 cent per \$1,000 assessed value of regular property tax) is no longer received in this fund, as the Fund has sufficiently funded to pay all future pension benefits. However, the annual fire insurance premium tax will continue to be received in this fund.

The 2021 Proposed Budget includes \$15,480 in revenues, \$13,300 expenditures for pension benefits and \$78,000 transfer out to the LEOFF1 OPEB reserve fund for LEOFF 1 retiree medical benefits.

The projected fund balance at the end of 2021 is \$889,428.

Custodial Fund (Fund 633 and Fund 634)

Fund 633 was established to account for the funds received by the Municipal Court that are owed to a person or to other agencies. They are held in this fund until it can be determined what disbursements need to be made and to whom. Starting 2020, only the portion that are due to other entities or to individuals are accounted for in this fund. In 2021, projected receipts and disbursements are \$103,800, with the estimated balance of \$8,830 at the end of 2021.

Fund 634 was established in 2020 to implement a new mandated fiduciary reporting requirement for monies collected for other agencies other than state court. This includes sales and leasehold excise taxes and other fees collected on behalf of other agencies and remitted to them. The 2021 estimated receipts and disbursements are \$206,805. There is no anticipated fund balance at the end of the year, as monies collected are remitted at the close of each month.

#####

ORDINANCE NO. 1013-B

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON,
ADOPTING THE BUDGET OF THE CITY OF CHEHALIS FOR THE YEAR
2021 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 2021, and by this reference said Exhibit "A," showing a total estimated ending fund balance of \$18,302,913 is incorporated herein as if set forth in full and the same is hereby adopted in full.

Section 2. This ordinance is a legislative act delegated by statute to the City Council of the City of Chehalis, is not subject to referendum and shall take effect the ____ day of _____, 2020.

PASSED by the City Council of the City of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this ____ day of November, 2020.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**Ordinance No. 1013-B
Exhibit "A"**

**CITY OF CHEHALIS
2021 PROPOSED BUDGET SUMMARY - ALL FUNDS**

FUND NO.	FUND NAME	ESTIMATED BEGINNING FUND BALANCE 01/01/2021	REVENUES	TRANSFERS IN	EXPENDITURES	TRANSFERS OUT	ESTIMATED ENDING FUND BALANCE 12/31/2021	INCREASE (DECREASE) IN FUND BALANCE	% CHANGE
001	General Fund (Current Expense)	\$ 1,089,814	\$ 9,693,089	\$ -	\$ 9,829,925	\$ 307,844	\$ 645,134	\$ (444,680)	-40.8%
003	Dedicated Street	68,794	150	116,800	184,520	-	1,224	(67,570)	-98.2%
004	Building Abatement	52,632	100	-	-	-	52,732	100	0.2%
102	Arterial Street	92,883	160,600	-	166,400	-	87,083	(5,800)	-6.2%
103	Transportation Benefit District	2,009,364	1,100,000	-	980,850	-	2,128,514	119,150	5.9%
107	Tourism	53,148	219,500	-	185,000	71,563	16,085	(37,063)	-69.7%
110	Compensated Absences Reserve	200,548	400	-	200,000	-	948	(199,600)	-99.5%
115	LEOFF 1 OPEB Reserve	10,049	100	244,000	168,300	-	85,849	75,800	754.3%
195	Community Development Block Grant	23,934	50	-	1,000	-	22,984	(950)	-4.0%
197	HUD Block Grant	87,647	180	-	2,000	-	85,827	(1,820)	-2.1%
200	General Obligation Bond	-	-	301,934	301,934	-	-	-	0.0%
301	Public Facilities Reserve	254,116	500	-	-	-	254,616	500	0.2%
302	Automotive/Equipment Reserve	42,188	100	-	15,000	-	27,288	(14,900)	-35.3%
305	First Quarter REET	209,247	115,100	-	-	130,196	194,151	(15,096)	-7.2%
306	Second Quarter REET	232,715	110,700	-	-	75,131	268,284	35,569	15.3%
402	Garbage	8,122	6,115	-	6,100	-	8,137	15	0.2%
404	Wastewater	4,832,040	5,513,500	-	5,645,270	-	4,700,270	(131,770)	-2.7%
405	Water	6,284,970	3,263,897	-	3,619,407	-	5,929,460	(355,510)	-5.7%
406	Storm and Surface Water	1,504,416	716,465	-	889,100	-	1,331,781	(172,635)	-11.5%
407	Airport	1,530,242	2,102,911	-	2,068,865	-	1,564,288	34,046	2.2%
611	Firemen's Pension	965,248	15,480	-	13,300	78,000	889,428	(75,820)	-7.9%
633*	Custodial Fund - Municipal Court	8,830	103,800	-	103,800	-	8,830	-	0.0%
634*	Custodial Fund - Other Agency	-	206,805	-	206,805	-	-	-	0.0%
TOTALS		\$ 19,560,947	\$ 23,329,542	\$ 662,734	\$ 24,587,576	\$ 662,734	\$ 18,302,913	\$ (1,258,034)	-6.4%

*Funds 633 and 634 are custodial funds 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: Lodging Tax Advisory Committee
 Mayor Pro Tem Chad Taylor, Chair
 Alicia Bull, Centralia-Chehalis Chamber of Commerce
 Rick Burchett, Chehalis-Centralia Railroad & Museum
 Todd Chaput, Holiday Inn Express & Suites
 Gloria Choi, OYO Hotel
 Chip Duncan, Veterans Memorial Museum
 Trent Henning, Riverside Golf Club

BY: Jill Anderson, City Manager
 Kiley Franz, Administrative Assistant

MEETING OF: November 23, 2020

SUBJECT: Lodging Tax Advisory Committee Comments Regarding 2021 Funding Allocations

BACKGROUND

The Lodging Tax Advisory Committee (LTAC) presented recommendations to the City Council at the September 28, 2020 meeting. After discussion regarding projected revenues and unused funds, it was decided to have the City Council Budget Committee review the recommendations from the LTAC. The Council Budget Committee reviewed, revised, and presented its lodging tax funding recommendations to the City Council at the October 12 City Council meeting. Per RCW 67.28.1817(2), the City Council returned the revisions to the LTAC for review and comment. The Lodging Tax Advisory Committee met on Friday, October 30, 2020 for this review. After further discussions, the LTAC met again on November 19, 2020 to again review the information and provide additional comment.

LTAC FUNDS AVAILABLE

With a projected beginning fund balance of \$53,148, plus projected revenues of \$219,500, and unused funds in the amount of \$33,900.52, the estimated revenues for 2021 totaled \$306,548.52. A \$50,000 reserve was set aside for projects/activities that may come up during the year. The dedicated debt service fund for the Recreation Park bond payment schedule totaled \$71,563 for 2021. A total of \$184,985.52 estimated revenue was appropriated for lodging tax recipients. After discussion from the budget committee, this figure was rounded to \$185,000.

Projected Beginning Fund Balance	\$	53,148
Estimated Unused in 2020	\$	33,901
Estimated Revenue	\$	<u>219,500</u>
Total Estimated Funds	\$	306,549
Recommended Ending Fund Balance	\$	(50,000)
Dedicated Debt Service for Recreation Park	\$	<u>(71,563)</u>
Total Estimated Available Revenue	\$	184,986

At the *October 30, 2020* meeting, the LTAC held discussions regarding the revisions made by the City Council Budget Committee. Concerns were raised that the Budget Committee may not have been aware of what entities adapted to change during the pandemic and those that did not. The Committee also discussed how some activities more directly impact the creation of lodging tax revenues than others. On October 30, 2020, the committee agreed to provide comments to the City Council that included recommendations for the allocation of funds. The information was reviewed by the Mayor and Mayor Pro Tem and there were concerns about the differences between the Budget Committee’s recommendation and the LTAC’s recommendations as provided in its comments. As a result, the matter was again referred back to the LTAC for additional review and comment.

At the *November 19, 2020* meeting, the LTAC discussed further adjustments to the previous comments. The LTAC voted in favor of presenting the following allocation recommendation as comments for consideration by the Chehalis City Council:

<u>Organization</u>	<u>Budget Committee</u>	<u>Revised LTAC Comments</u>	<u>Difference</u>
1. ARTrails	\$ 2,500	\$ 0	\$ (2,500)
2. Centralia-Chehalis Chamber	\$ 35,000	\$ 38,550	\$ 3,550
3. Chehalis-Centralia Railroad & Museum – Marketing	\$ 30,000	\$ 35,000	\$ 5,000
4. Chehalis-Centralia Railroad & Museum – Personnel	\$ 10,000	\$ 0	\$(10,000)
5. Chehalis Community Renaissance	\$ 32,500	\$ 32,900	\$ 400
6. City of Chehalis – RV Park Restrooms	\$ 0	\$ 0	\$ 0
7. City of Chehalis – Youth Athletic Tournaments	\$ 15,000	\$ 15,000	\$ 0
8. Lewis County Historical Museum	\$ 35,000	\$ 35,000	\$ 0
9. Veterans Memorial Museum	\$ 25,000	\$ 28,550	\$ 3,550
Total	\$185,000	\$185,000	\$ 0

Based on the input and comments of the Budget Committee and the LTAC, it is recommended that the City Council approve the allocations that are presented as the “Revised LTAC Comments.”

ELIGIBLE USES OF LODGING TAX FUNDING

Lodging tax funds can be used for various non-profit organizations or government entities for marketing, activities, operations, and expenditures designed to increase tourism. Examples include: Tourism marketing; marketing and operations of special events and festivals designed to attract tourists; operations and capital expenditures of tourism-related facilities owned or operated by a municipality; and operations of tourism-related facilities owned or operated by non-profit organizations. (RCW. 67.28.080(6) and RCW.67.28.1816(1))

AWARD PROCESS

A municipality may award amounts different from the LTAC, but only after satisfying procedural requirements of the state statute. A municipality must submit its proposed change(s) to the advisory committee for review and comment at least 45 days before final action on the proposal. In this time, the LTAC review the alterations and provide comment.

The attachments to this report include the approved minutes from the October 30, 2020 LTAC meeting, the draft meeting minutes from the November 19, 2020 LTAC meeting, and a chart for 2021 tourism fund projections and requests with the revised LTAC comments listed as ‘New Option’.

Upon City Council approval, all recipients must enter into an agreement with the city for use of the funds. They are required to report for reimbursement of funds on a quarterly basis. All expenses are reviewed for accuracy before reimbursements are disseminated.

RECOMMENDATION

It is recommended that the City Council:

1. Review comments provided by the LTAC; and
2. Approve funding allocations for 2021 tourism funds consistent with the comments provided by the LTAC at its November 19, 2020 meeting, which would be as follows:

<u>Organization</u>	Revised LTAC Comments
1. ARTrails	\$ 0
2. Centralia-Chehalis Chamber	\$ 38,550
3. Chehalis-Centralia Railroad & Museum – Marketing	\$ 35,000
4. Chehalis-Centralia Railroad & Museum – Personnel	\$ 0
5. Chehalis Community Renaissance	\$ 32,900
6. City of Chehalis – RV Park Restrooms	\$ 0
7. City of Chehalis – Youth Athletic Tournaments	\$ 15,000
8. Lewis County Historical Museum	\$ 35,000
9. Veterans Memorial Museum	\$ 28,550
Total	\$185,000

SUGGESTED MOTION

I move that the City Council approve funding allocations for 2021 tourism funds consistent with the comments provided by the LTAC at its November 19, 2020 meeting, which would be as follows:

<u>Organization</u>	Revised LTAC Comments
1. ARTrails	\$ 0
2. Centralia-Chehalis Chamber	\$ 38,550
3. Chehalis-Centralia Railroad & Museum – Marketing	\$ 35,000
4. Chehalis-Centralia Railroad & Museum – Personnel	\$ 0
5. Chehalis Community Renaissance	\$ 32,900
6. City of Chehalis – RV Park Restrooms	\$ 0
7. City of Chehalis – Youth Athletic Tournaments	\$ 15,000
8. Lewis County Historical Museum	\$ 35,000
9. Veterans Memorial Museum	\$ 28,550
Total	\$185,000

**Chehalis Lodging Tax Advisory Committee
Meeting Minutes
October 30, 2020**

The Lodging Tax Advisory Committee (LTAC) met on Friday, October 30, 2020 via Zoom to review and provide comment on revisions made to funding allocations by the Budget Committee. Members present were: Mayor Pro Tem Chad Taylor, Chair; Alicia Bull, Centralia-Chehalis Chamber of Commerce; Rick Burchett, Chehalis-Centralia Railroad and Museum; Todd Chaput, Holiday Inn; Chip Duncan, Veterans Memorial Museum; and Trent Henning, Riverside Golf Course. Gloria Choi, OYO Motel was not in attendance. Chehalis administration included Jill Anderson, City Manager, and Kiley Franz, City Manager's Administrative Assistant. Nic Scott of KELA was also in attendance.

Call to Order

The meeting was called to order at 10:15 A.M. by Mayor Pro Tem Taylor.

Mayor Pro Tem Taylor welcomed everyone to the meeting. He began by explaining that concerns about lodging tax fund revenues and unused funds from the 2020 funding year prompted the council to request the budget committee to review the allocations. Per RCW 67.28.1817(2), the lodging tax advisory committee may review these alterations and provide comment to the council.

Discussion

Mayor Pro Tem Taylor explained to the LTAC that after questions arose regarding projected revenues, the City Council had asked the Budget Committee to review the projections and allocations. Jill Anderson explained the reduction to the allocation for the Chamber of Commerce; since financial resources are constrained due revenue reductions from COVID-19 closures, consistency in funding between all entities.

Todd Chaput expressed his displeasure in the reallocation of funding and stated there was no motivation to remain 'team players' if recommendations were ignored by the Council.

Jill Anderson informed the group that no disrespect was intended, and that the Council understood they were passionate about making decisions that would benefit the community.

It was agreed by the LTAC that the Chamber of Commerce should receive their secondary funding request in the amount of \$40,000. Alicia Bull expressed her frustration with the funding request from the Budget Committee in regard to the Chamber of Commerce. She explained that the Chamber of Commerce would be unable to remain open six days a week if funding was cut. She further expressed frustration on the limitations requested regarding the use of funds for Chehalis-based activities only. Jill Anderson explained that this request had been made due to the lack of funding received by the Chamber of Commerce from other entities while the City of Chehalis had provided consistent funding.

Chip Duncan informed the committee that he was disappointed by agencies that requested funding but had closed during the pandemic. He explained that the Veterans Memorial Museum and the Chehalis-Centralia Railroad and Museum had worked together to plan COVID restriction compliant activities while other agencies had chosen to remain closed during the epidemic.

Discussion regarding requesting entities and the recommendations of the budget committee ensued.

Comments from LTAC

The Lodging Tax Advisory Committee unanimously agreed to present to the City Council the following comments regarding funding allocations:

Organization	Budget Committee	LTAC Comments	Difference
1. ARTrails	\$ 2,500	\$ 2,500	\$ 0
2. Centralia-Chehalis Chamber	\$ 35,000	\$ 40,000	\$ 5,000
3. Chehalis-Centralia Railroad & Museum – Marketing	\$ 30,000	\$ 30,000	\$ 0
4. Chehalis-Centralia Railroad & Museum – Personnel	\$ 10,000	\$ 10,000	\$ 0
5. Chehalis Community Renaissance	\$ 32,500	\$ 30,000	\$ (2,500)
6. City of Chehalis – RV Park Restrooms	\$ 0	\$ 0	\$ 0
7. City of Chehalis – Youth Athletic Tournaments	\$ 15,000	\$ 15,000	\$ 0
8. Lewis County Historical Museum	\$ 35,000	\$ 30,000	\$ (5,000)
9. Veterans Memorial Museum	\$ 25,000	\$ 27,500	\$ 2,500
Total	\$185,000	\$185,000	\$ 0

The meeting concluded at 11:43 A.M.

Minutes respectfully submitted by Kiley Franz, City Manager’s Administrative Assistant.

**Chehalis Lodging Tax Advisory Committee
Meeting Minutes
November 19, 2020**

The Lodging Tax Advisory Committee (LTAC) met on Thursday, November 19, 2020 via Zoom to review and provide comment on possible revisions to recommended 2021 lodging tax allocations. Members present were: Mayor Pro Tem Chad Taylor, Chair; Alicia Bull, Centralia-Chehalis Chamber of Commerce; Rick Burchett, Chehalis-Centralia Railroad and Museum; and Chip Duncan, Veterans Memorial Museum. Todd Chaput, Holiday Inn; Gloria Choi, OYO Motel; and Trent Henning, Riverside Golf Course were not in attendance. Chehalis administration included Jill Anderson, City Manager, and Kiley Franz, City Manager’s Administrative Assistant. Nic Scott of KELA was also in attendance.

Call to Order

The meeting was called to order at 10:10 A.M. by Mayor Pro Tem Taylor.

Discussion

Mayor Pro Tem Taylor welcomed everyone to the meeting. He began by explaining that he had conversations with Mayor Dawes regarding the recommendations and comments provided by the LTAC at its October 30, 2020 meeting. Concerns were expressed and they proposed a slightly revised funding allocation and wanted to get the LTAC’s comments on the new option. This proposed new funding allocation option was presented to the LTAC for review. Mayor Pro Tem Taylor explained that he believed the new funding allocation option could gain support and approval from the City Council and wanted to provide the information to the Committee for consideration and comment.

Concerns were raised by the members of the LTAC regarding the proposed adjustments to the funding. Alicia Bull said that during the pandemic many agencies were worried about funding and tensions were high. It was agreed by the LTAC that a first quarter 2021 review of funding and possible additional allocations could greatly benefit many of the organizations that had applied for funding.

Alicia Bull made a motion to approve the allocations identified as “11-19-20 Revised LTAC Comments” be provided to the City Council with a recommendation for funding. The motion was seconded by Chip Duncan. Mayor Pro Tem Chad Taylor (Chair), Alicia Bull, and Chip Duncan voted in favor. Rick Burchett opposed.

Comments from LTAC

Three of the four LTAC members present agreed to provide the following comments to the Chehalis City Council:

Organization	Budget Budget Committee	10-30-20 LTAC Comments	11-19-20 Revised LTAC Comments
1. ARTrails	\$ 2,500	\$ 2,500	\$ 0
2. Centralia-Chehalis Chamber	\$ 35,000	\$ 40,000	\$ 38,550
3. Chehalis-Centralia Railroad & Museum – Marketing	\$ 30,000	\$ 30,000	\$ 35,000
4. Chehalis-Centralia Railroad & Museum – Personnel	\$ 10,000	\$ 10,000	\$ 0
5. Chehalis Community Renaissance	\$ 32,500	\$ 30,000	\$ 32,900
6. City of Chehalis – RV Park Restrooms	\$ 0	\$ 0	\$ 0
7. City of Chehalis – Youth Athletic Tournaments	\$ 15,000	\$ 15,000	\$ 15,000
8. Lewis County Historical Museum	\$ 35,000	\$ 30,000	\$ 35,000
9. Veterans Memorial Museum	\$ 25,000	\$ 27,500	\$ 28,550
Total	\$185,000	\$185,000	\$185,000

Approval of Meeting Minutes

Meeting minutes from the September 22, 2020 meeting and the October 30, 2020 meeting were presented to the LTAC for review. A motion was made by Alicia Bull to approve both sets of meeting minutes as presented, Chip Duncan seconded the motion. All in favor; none opposed.

The meeting concluded at 11:43 A.M.

Minutes respectfully submitted by Kiley Franz, City Manager’s Administrative Assistant.

DRAFT

2021 Chehalis Tourism Fund Projections and Requests

As of: 11/19/2020

Projected Beginning Fund Balance	\$ 53,148
Estimated Unused in 2020	\$ 33,901
Estimated Revenue (revised 10/2/2020)	\$ 219,500
Total Estimated Funds	\$ 306,549
Recommended Ending Fund Balance	\$ (50,000)
Dedicated Debt Service for Recreation Park (Corrected)	\$ (71,563)
Total Estimated Available Revenue	\$ 184,986

Lodging Tax @ 85% of 2019 Actual (Reduction of \$25,800) \$ (25,800)

Corrected from \$63,396 to \$71,563 (difference \$8,167) \$ 8,167

\$ 184,986

	2020 Original Awarded	2020 Possible Adjusted Award	2021 Requests	2021 Secondary Funding Request	Original 2021 LTAC Recommendations	Budget Committee Recommendation	10-30-20 Comments from LTAC	New Option 11-19-20 Revised LTAC Comments	Difference from 10-30-20 LTAC Comment
Facilities									
Chehalis-Centralia Railroad and Museum - Personnel	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 10,000.00	\$ 15,000.00	\$ 10,000.00	\$ 10,000.00	\$ -	\$ (10,000.00)
Lewis County Historical Museum	\$ 40,000.00	\$ 20,000.00	\$ 45,000.00	\$ 40,000.00	\$ 11,000.00	\$ 35,000.00	\$ 30,000.00	\$ 35,000.00	\$ 5,000.00
Veterans Memorial Museum	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 25,000.00	\$ 28,000.00	\$ 25,000.00	\$ 27,500.00	\$ 28,550.00	\$ 1,050.00
ARTrails	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ -	\$ (2,500.00)
Chehalis-Centralia Railroad and Museum - Marketing	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ 30,000.00	\$ 35,000.00	\$ 30,000.00	\$ 30,000.00	\$ 35,000.00	\$ 5,000.00
Chehalis Community Renaissance Team	\$ 27,000.00	\$ 21,000.00	\$ 32,900.00	\$ 24,900.00	\$ 24,852.00	\$ 32,500.00	\$ 30,000.00	\$ 32,900.00	\$ 2,900.00
Centralia-Chehalis Chamber of Commerce	\$ 40,000.00	\$ 40,000.00	\$ 50,000.00	\$ 40,000.00	\$ 50,000.00	\$ 35,000.00	\$ 40,000.00	\$ 38,550.00	\$ (1,450.00)
Recreation - Youth and Athletic Tournaments	\$ 15,000.00	\$ 8,000.00	\$ 20,000.00	\$ 15,000.00	\$ 20,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ -
Parks - RV Park Restrooms/Shower Building Renovation	\$ -	\$ -	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 562,483.09	\$ 528,582.57	\$ 252,900.00	\$ 258,963.00	\$ 186,352.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ -

Est. Unused: \$ 33,900.52 Access (deficiency) over Available Funds \$ (1,366.48)

Note on Unused Funds/Adjusted Awards

Unused funds include the \$20,000 requested by the Historical Museum as 'carry-over' (Listed as a \$20,000 Adjusted Award)

Adjusted Award amounts reflect what awardees have estimated will remain unused for 2020, bold amounts are those that have predicted unused funds will remain

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: November 23, 2020

SUBJECT: Ordinance No. 1014-B, First Reading – Amending the 2020 Budget

ISSUE

Ordinance No. 1014-B amending the 2020 Budget, is hereby submitted to reflect the changes in estimates and actual activities of the City since the adoption of the 2020 Budget. This is the third and final amendment to the 2020 Budget.

Throughout the year, adjustments to the budget become necessary as a result of City Council actions, changes in estimates, activity levels that were not anticipated during budget development, and grant awards or other receipts of outside funding. Historically, the budget has been amended two or three times per year prior to the adoption of the next year's budget.

DISCUSSION

This proposed amendment to the 2020 Budget includes the following key items:

- 1) Grant revenues and expenditures for Corona Virus Relief Fund (CARES Act).
 - Increase revenue budget by \$230,300 for reimbursements that are expected to be received in 2020. *Grant reimbursements are receipted in the fund that incurred the eligible expenditures.*
 - Increase expenditure budget by \$125,000 for the amount dedicated for Chehalis CARES Community Program
- 2) Moving budgeted amounts related to custodial activities from individual funds that collect the receipts to designated fiduciary/custodial funds (633/634).
 - Custodial revenue (collections) budgeted \$298,505 being moved to custodial funds
 - Custodial expenditures (remittances) budgeted \$297,575 being moved to custodial funds

This budget adjustment was necessary to comply with the new financial reporting requirements related to custodial activities issued by the State Auditor's Office. Custodial activities include collection and remittance of sales and leasehold excise taxes, state portion of court revenues, and certain fees of other government entities. The City collects these monies on behalf of the other governmental agencies on a fiduciary capacity and must remit them to those agencies at the close of each month. These monies are not available for the City to use. Previously, custodial activities were budgeted in the funds that collect the fees. Starting fiscal year 2020,

custodial activities are to be accounted for and reported in separate fund types. To implement the new reporting requirements, we have created a new custodial fund and are reallocating current budget amounts between related funds.

- 3) Other budget adjustments in the General Fund and proprietary funds including utilities and Airport funds to reflect more to actual.

A 2020 Budget Summary for the proposed amendment, including beginning fund balances, revenues, transfers-in, expenditures, transfers-out, and estimated ending fund balances and a detailed spreadsheet of proposed budget amendment items are attached to the proposed Ordinance No. 1014-B as Exhibit "A" and Exhibit "A-1". The proposed budget amendments by fund are summarized as follows:

Fund/Department	Revenues & Transfers-in Budget Increase (Decrease)	Expenditures & Transfers-out Budget Increase (Decrease)	Fund Balance Increase (Decrease)
General Fund:			
CARES Act grant revenue	215,000		
Donations received for Police equipment	10,609		
Transfer from Fund 633	6,000		
Custodial receipts move to custodial fund	(107,025)		
Custodial receipts remittances move to custodial funds		(106,125)	
Chehalis CARES Program Expense Pass-thru awards		125,000	
Police department equipment purchase - WRAP		1,357	
Police department equipment purchase - Fingerprinting		9,252	
Planning department - increase for inspector services		20,000	
Planning department - salaries and wages		16,500	
City Manager department - salaries and wages		5,500	
Non-departmental - remove estimated C.O.L.A. budget		(23,150)	
Total General Fund	124,584	48,334	76,250
Other Funds:			
Garbage Fund	(290)	-	(290)
Wastewater	(96,040)	(600)	(95,440)
Water	(139,550)	(100)	(139,450)
Storm & Surface Water	(39,400)	(50)	(39,350)
Airport	26,484	158,251	(131,767)
Custodial Court Fund	(182,560)	(173,730)	(8,830)
Custodial Other Agency Fund	205,725	205,725	-
Total City-Wide	(101,047)	237,830	(338,877)

General Fund:

The proposed budget amendment increases the General Fund's revenues and transfers-in by \$124,584 and increases expenditures by \$48,334, resulting in a net increase in fund balance by \$76,250.

Total revenue budget increase of \$124,584 is consists of the following:

- \$215,000 increase for COVID-19 CARES Act grant reimbursement that is expected to be received in 2020.

- \$10,609 increase for donations received for purchase of certain police equipment.
- \$107,025 decrease for moving custodial receipts to separate custodial funds.
- \$6,000 transfer-in from the Custodial Fund (Municipal Court) for balance of court bail deposits.

Total expenditure budget increase of \$48,334 is net of the following items:

- \$125,000 increase for Chehalis CARES Community Program expenses. The City sub-awarded the CARES Act funds on a reimbursement basis to local non-profits that provide services to communities in response to the COVID-19 pandemic. The City will reimburse the non-profits and then submit a reimbursement request to the state Commerce.
- \$10,609 increase in Police Department for purchase of a fingerprinting equipment and the WRAP. The funding for the fingerprinting equipment was provided by The Chehalis Foundation, and funding for the WRAP was provided by a donation from the Dawes family.
- \$20,000 increase for contracted building inspection services in Planning and Building Department.
- \$22,000 increase for salaries and wages in the City Manager (\$5,500) and Planning and Building departments (\$16,500) due to cost-of-living increases approved and labor distribution allocation changes incurred during the year.
- \$23,150 decrease in Non-departmental suspense account that was budgeted for estimated COLA increases.
- \$106,125 decrease in various departments for custodial activities (move to custodial funds).

A summary of changes from 2020 current budget to the 2020 proposed amended budget is provided below:

General Fund	2020 Proposed		
	2020 Current Budget	Amended Budget	Increase (Decrease)
Revenues & Transfers-in	\$ 9,902,152	\$ 10,026,736	\$ 124,584
Expenditures & Transfers- out	10,274,462	10,322,796	48,334
Net Revenues Over (Under) Expenditures	(372,310)	(296,060)	76,250
Beginning Fund Balance	1,462,124	1,462,124	-
Estimated Ending Fund Balance	\$ 1,089,814	\$ 1,166,064	\$ 76,250
Estimated Ending Fund Balance % of Revenues	11.0%	11.6%	

Garbage Fund:

The proposed budget amendment decreases the Garbage Fund’s revenues by \$290. This is due to moving sales tax receipts due to the state to a custodial fund.

Wastewater Fund:

The proposed budget amendment decreases the Wastewater Fund’s revenues by \$96,040 and decreases the appropriations by \$600, resulting in a net decrease in fund balance by \$95,440. The budget projections for hookup/connection fees, late payment fees, and interest earnings are decreased by \$50,000, \$35,000, and \$15,000, respectively. Revenue for the COVID-19 CARES Act grant reimbursement is estimated at \$4,400. Revenues and expenditures budgets for custodial activities being moved to a custodial fund are \$440 and \$600, respectively.

Water Fund:

The proposed budget amendment decreases the Water Fund's revenues by \$139,550 and decreases the appropriations by \$100, resulting in a net decrease in fund balance by \$139,450. The budget projections for hookup/connection fees, late payment fees, and interest earnings are decrease by \$70,000, \$25,000, and \$50,000, respectively. Revenue for the COVID-19 CARES Act grant reimbursement is estimated at \$5,500. Revenue and expenditure budgets for custodial activities being moved to a custodial fund are \$50 and \$100, respectively.

Storm and Surface Water Fund:

The proposed budget amendment decreases the Storm and Surface Water Fund's revenues by \$39,400 and decreases the appropriations by \$50, resulting in a net decrease in fund balance by \$39,350. The budget projections for hookup/connection fees, late payment fees, and interest earnings are decrease by \$25,000, \$4,500, and \$13,000, respectively. Revenue for the COVID-19 CARES Act grant reimbursement is estimated at \$3,100. Expenditure budget for custodial activities being moved to a custodial fund is \$50.

Airport Fund:

The proposed budget amendment increases the Airport Fund's revenues by \$26,484 and increases appropriations by \$158,251, resulting in a net decrease in fund balance by \$131,767.

The net total revenue budget increase of \$26,484 includes a \$2,300 COVID-19 CARES Act grant reimbursement, a \$60,000 increase for fuel sales, \$146,884 grant reimbursements requested in 2019 but received in 2020, an \$8,000 increase for interest earnings, and a \$190,700 decrease in custodial receipts budget (sales and leasehold excise tax) being moved to a custodial fund.

The net total expenditure budget increase of \$158,251 includes \$40,000 increase in fuel purchase, \$9,000 increase for insurance due to adding pollution policy, \$100,076 lease deposit refunded to Rich Development, \$199,875 capital improvement expenditure for site improvement at Arkansas Way for temporary fire station, and decrease (moving) of \$190,700 in custodial collection remittance budget to a custodial fund.

Custodial Court Fund

The proposed budget amendment decreases the Custodial Court Fund's revenues by \$182,560, decreases the expenditures budget by \$179,730, and increases transfers-out by \$6,000, resulting in a net decrease in fund balance by \$8,830. The amended budget represents only the estimated amounts for state portion of court revenue collections and remittances to the state.

Custodial Other Agency Fund

This is a new fund created with this budget amendment to comply with the State Auditor's new reporting guidance. The proposed budget amendment increases the Custodial Other Agency Fund's revenues by \$205,725 and increases the expenditures budget by \$205,725, with a net zero fund balance.

The amended budget represents the estimated state revenue collections for sales and leasehold taxes and other fees collected and remitted to the state and other agencies.

City-Wide

The proposed budget amendment revises the budgeted amount by a combined net total decrease in fund balance by \$338,877 as provided below:

City-wide (All Funds)	2020 Proposed		Increase (Decrease)
	2020 Current Budget	Amended Budget	
Revenues & Transfers-in	\$ 28,187,547	\$ 28,086,500	\$ (101,047)
Expenditures & Transfers-out	32,028,090	\$ 32,265,920	237,830
Net Revenues Over (Under) Expenditures	(3,840,543)	(4,179,420)	(338,877)
Beginning Fund Balance	23,401,490	23,401,490	-
Estimated Ending Fund Balance	\$ 19,560,947	\$ 19,222,070	\$ (338,877)

RECOMMENDATION

It is recommended that the City Council pass Ordinance No. 1014-B on first reading.

SUGGESTED MOTION

I move that the City Council pass Ordinance No. 1014-B on first reading.

ORDINANCE NO. 1014-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING THE 2020 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1003-B BY REVISING THE BUDGETED AMOUNTS BY A COMBINED TOTAL OF THREE HUNDRED THIRTY-EIGHT THOUSAND EIGHT HUNDRED SEVENTY-SEVEN DOLLARS (\$338,877) FOR THE GENERAL FUND, GARBAGE, WASTEWATER FUND, WATER FUND, STORM AND SURFACE WATER FUND, AIRPORT FUND, CUSTODIAL COURT FUND, AND CUSTODIAL OTHER AGENCY 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 2020 shall be, and the same hereby is, amended so as to increase the General Fund's revenues by \$118,584, increase transfers in by \$6,000, and increase appropriations by \$48,334.

Section 2. The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Garbage Fund's revenues by \$290.

Section 3. The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Wastewater Fund's revenues by \$96,040 and decrease appropriations by \$600.

Section 4. The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Water Fund's revenues by \$139,550 and decrease appropriations by \$100.

Section 5. The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Storm and Surface Water Fund's revenues by \$39,400 and decrease appropriations by \$50.

Section 6. The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to increase the Airport Fund's revenues by \$26,484 and increase appropriations by \$158,251.

Section 7. The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Custodial Court Fund's revenues by \$182,560, decrease appropriations by \$179,790, and increase transfers-out by \$6,000.

Section 8. The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to increase the Custodial Other Agency Fund's revenues by \$205,725 and increase appropriations by \$205,725.

Section 9. Attached hereto and identified as Exhibit A, in summary form, is 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 2020 budget which shows a total estimated ending fund balance of \$19,222,070.

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 ____ day of _____, 2020.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CITY OF CHEHALIS "THIRD" AMENDED 2020 BUDGET
2020 BUDGET SUMMARY REVISED WITH ORDINANCE NO. 1014-B**

FUND NO.	FUND NAME	BEGINNING FUND BALANCE 01/01/2020	REVENUES	TRANSFERS IN	EXPENDITURES	TRANSFERS OUT	ESTIMATED ENDING FUND BALANCE 12/31/2020	INCREASE (DECREASE) IN FUND BALANCE
001	General Fund	\$ 1,462,124	\$ 9,975,736	\$ 51,000	\$ 10,077,464	\$ 245,332	\$ 1,166,064	\$ (296,060)
003	Dedicated Street Fund	222,014	1,250	47,050	201,520	-	68,794	(153,220)
004	Building Abatement Fund	103,032	1,600	-	7,000	45,000	52,632	(50,400)
102	Arterial Street Fund	121,703	137,199	-	166,019	-	92,883	(28,820)
103	Transportation Benefit District Fund	2,166,644	2,260,601	-	2,417,881	-	2,009,364	(157,280)
107	Tourism Fund	420,501	195,130	-	317,087	245,396	53,148	(367,353)
110	Compensated Absences Reserve Fund	196,908	3,640	-	-	-	200,548	3,640
115	LEOFF 1 OPEB Reserve Fund	-	-	233,549	223,500	-	10,049	10,049
195	Community Development Block Grant Fund	24,454	480	-	1,000	-	23,934	(520)
197	HUD Block Grant Fund	87,927	1,720	-	2,000	-	87,647	(280)
200	General Obligation Bond Fund	1	-	160,914	160,915	-	-	(1)
301	Public Facilities Reserve Fund	1,066,995	2,343,824	189,853	3,346,556	-	254,116	(812,879)
302	Automotive/Equipment Reserve Fund	240,631	3,640	-	202,083	-	42,188	(198,443)
305	First Quarter REET Fund	136,249	112,980	-	-	39,982	209,247	72,998
306	Second Quarter REET Fund	152,571	113,300	-	-	33,156	232,715	80,144
402	Garbage Fund	8,002	6,440	-	6,610	-	7,832	(170)
404	Wastewater Fund	5,374,991	5,484,355	-	6,122,746	-	4,736,600	(638,391)
405	Water Fund	7,967,916	3,068,730	-	4,891,126	-	6,145,520	(1,822,396)
406	Storm and Surface Water Fund	1,460,054	696,295	-	691,283	-	1,465,066	5,012
407	Airport Fund	1,169,630	2,666,334	-	2,437,489	-	1,398,475	228,845
611	Firemen's Pension Fund	1,013,143	32,375	-	12,770	67,500	965,248	(47,895)
633*	Custodial Court Fund	6,000	92,780	-	92,780	6,000	-	(6,000)
634*	Custodial Other Agency Fund	-	205,725	-	205,725	-	-	-
TOTALS		\$ 23,401,490	\$ 27,404,134	\$ 682,366	\$ 31,583,554	\$ 682,366	\$ 19,222,070	\$ (4,179,420)

*Custodial fund which the city holds funds as a custodian for a period of time. This money does not belong to the City.

Fund No. and Name	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
Fund 001 - General Fund									
Revenues:									
001.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement from Commerce	-	215,000	-	-	-	215,000	215,000
001.387.011.21	Private Donations - for Police	Private Donations for Police Equipment	-	10,609	-	-	-	10,609	10,609
001.389.030.XX	Due to State - various agencies	Collections for other agencies. Move to fiduciary funds (new SAO guidance)	107,025	(107,025)	-	-	-	(107,025)	-
001.397.000.63	Transfer in - Fund 633	Balance of municipal court bail bond deposit from fund 633	-	-	6,000	-	-	6,000	6,000
Total General Fund Revenues & Transfers In			9,902,152	118,584	6,000	-	-	124,564	10,026,736
Expenditures:									
001.C1.589.030.00.XX	Due to State - various	Court remittance to state, moved to a fiduciary fund (new SAO guidance)	92,780	-	-	(92,780)	-	(92,780)	-
subtotal for Municipal Court									
001.D1.513.010.11.00	Salaries and Wages	Adjust for COLA increase	148,524	-	-	4,500	-	4,500	153,024
001.D1.513.010.11.02	Salaries and Wages	Adjust to reflect more to actual	44,678	-	-	1,000	-	1,000	45,678
subtotal for City Manager			193,581			5,500		5,500	199,081
001.F2.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state, Move to fiduciary fund (new SAO guidance)	2,000	-	-	(2,000)	-	(2,000)	-
001.F2.589.030.00.06	Due to State - LET	Leasehold tax remittance to state, Move to fiduciary fund (new SAO guidance)	1,030	-	-	(1,030)	-	(1,030)	-
001.F2.589.030.00.14	Due to State - Hotel/Motel Tax	Hotel/motel tax remittance to state, Move to fiduciary fund (new SAO guidance)	540	-	-	(540)	-	(540)	-
subtotal for Parks & Facilities									
001.G1.518.063.40.20	General Grants Path-thru, CARES	New Chehalis CARES Community Program Funding	-	-	-	(3,570)	-	(3,570)	-
001.G1.589.090.00.00	Suspense/Clearing Account	Estimated COLA for non-uniform & non-rep updated in payroll budget	23,150	-	-	125,000	-	125,000	125,000
subtotal for Non-Departmental			23,150			(23,150)		(23,150)	
001.H1.521.022.35.00	Small Tools & Minor Equipment	Purchase of WRAP with Dawes family donation	13,850	-	-	1,357	-	1,357	15,207
001.H1.594.021.64.00	Machinery and Equipment	Purchase of new fingerprinting equipment with Chehalis Foundation Donation	3,327,132	-	-	9,252	-	9,252	3,336,384
subtotal for Police			3,327,132			10,609		10,609	3,337,741
001.P2.524.011.11.00	Salaries and Wages	Adjust to reflect more to actual	22,040	-	-	4,000	-	4,000	26,040
001.P2.559.030.11.00	Salaries and Wages	Adjust to reflect more to actual	43,542	-	-	12,500	-	12,500	56,042
001.P2.524.011.41.00	Prof. Service-Inspection	Adjust to reflect more to actual	35,100	-	-	20,000	-	20,000	55,100
001.F2.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	10	-	-	(10)	-	(10)	-
001.P2.589.030.00.24	Due to State - State Bldg. Code Fees	State bldg. code fee remittance to state move to fiduciary fund	100	-	-	(100)	-	(100)	-
subtotal for Planning & Building									
001.R1.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	9,665	-	-	(9,665)	-	(9,665)	-
subtotal for Recreation			9,665			(9,665)		(9,665)	
Total General Fund Expenditures & Transfers Out			10,274,462		6,000	48,334		48,334	10,322,796
Total for General Fund				118,584	6,000	48,334		76,250	
Fund 402 - Garbage Fund									
Revenues:									
402.389.030.04	Due to State - Sales Tax	Sales tax collection move to fiduciary fund (SAO new guidance)	290	(290)	-	-	-	(290)	-
Total Garbage Fund Revenues & Transfers In			6,730	(290)	-	-	-	(290)	6,440
Total Garbage Fund				(290)	-	-	-	(290)	
Fund 404 - Wastewater Fund									
Revenues:									
404.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement from Commerce	-	4,400	-	-	-	4,400	4,400
404.343.050.30	Hookup/Connection Fees	Reflect more to actual	107,920	(50,000)	-	-	-	(50,000)	57,920
404.359.000.00	Late Payment Fees	Reflect more to actual (due to COVID-19 measures)	50,450	(35,000)	-	-	-	(35,000)	15,450
404.361.011.00	Interest Earnings	Reflect more to actual	82,250	(15,000)	-	-	-	(15,000)	67,250
404.389.030.06	Leasehold Excise Tax Liability	Leasehold tax collection move to fiduciary fund (SAO new guidance)	440	(440)	-	-	-	(440)	-
Total Wastewater Revenues & Transfers In			5,580,395	(96,040)	-	-	-	(96,040)	5,484,355
Expenditures:									
404.11.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	100	-	-	(100)	-	(100)	-
404.11.589.030.00.06	Leasehold Excise Tax Liability	Leasehold tax remittance to state move to fiduciary fund (SAO new guidance)	500	-	-	(500)	-	(500)	-
Total Wastewater Fund Expenditures			6,123,346			(600)		(600)	6,122,746
Total Wastewater Fund				(96,040)	-	(600)		(696,040)	
Fund 405 - Water Fund									
Revenues:									

Fund No. and Name	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
Fund 406 - Storm & Surface Water Fund									
Revenues:									
406.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement from Commerce	-	5,500	-	-	-	5,500	5,500
406.343.040.30	Hookup/Connection Fees	Reflect more to actual	131,770	(70,000)	-	-	-	(61,770)	61,770
406.359.000.00	Late Payment Fees	Reflect more to actual (due to COVID-19 measures)	32,820	(25,000)	-	-	-	(7,820)	7,820
406.361.011.00	Interest Earnings	Reflect more to actual	105,000	(50,000)	-	-	-	(55,000)	55,000
406.389.030.04	Due to State - Sales Tax	Sales tax collection move to fiduciary fund (SAO new guidance)	50	(50)	-	-	-	(50)	-
Total Water Fund Revenues & Transfers In			3,208,280	(139,550)	-	-	-	(139,550)	3,068,730
Expenditures:									
406.10.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	100	-	-	(100)	-	(100)	-
Total Water Fund Expenditures			4,891,226	-	-	(100)	-	(100)	4,891,126
Total for Water Fund				(139,550)		(100)		(139,450)	
Fund 406 - Storm & Surface Water Fund									
Revenues:									
406.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement from Commerce	-	3,100	-	-	-	3,100	3,100
406.343.010.30	Hookup/Connection Fees	Reflect more to actual	29,750	(25,000)	-	-	-	(4,750)	4,750
406.359.000.00	Late Payment Fees	Reflect more to actual (due to COVID-19 measures)	6,700	(4,500)	-	-	-	(2,200)	2,200
406.361.011.00	Interest Earnings	Reflect more to actual	22,230	(13,000)	-	-	-	(9,230)	9,230
Total Storm Water Fund Revenues & Transfers In			735,695	(39,400)	-	-	-	(39,400)	696,295
Expenditures:									
406.06.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	50	-	-	(50)	-	(50)	-
Total Stormwater Fund Expenditures			691,333	-	-	(50)	-	(50)	691,283
Total Stormwater Fund				(39,400)		(50)		(39,350)	
Fund 407 - Airport Fund									
Revenues:									
407.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement thru Commerce	-	2,300	-	-	-	2,300	2,300
407.344.050.00	Fuel Sales	Reflect more to actual	615,000	60,000	-	-	-	675,000	675,000
407.334.003.60	State DOT Grants	2019 grant reimbursement requested received in 2020	-	139,184	-	-	-	139,184	139,184
407.337.009.38	Local Grant-Distressed County	2019 grant reimbursement requested received in 2020	-	7,700	-	-	-	7,700	7,700
407.361.011.00	Interest Earnings	To reflect more to actual	1,750	8,000	-	-	-	9,750	9,750
407.389.030.00	Rental Car Sales Tax	Rental Car Tax collection. Move to a fiduciary fund (new SAO guidance)	30	(30)	-	-	-	(30)	-
407.389.030.04	Due to State - Sales Tax	Sales tax collection. Move to a fiduciary fund (new SAO guidance)	43,950	(43,950)	-	-	-	(43,950)	-
407.389.030.06	Leasehold Excise Tax Liability	Leasehold tax collection. Move to a fiduciary fund (new SAO guidance)	146,720	(146,720)	-	-	-	(146,720)	-
Total Airport Fund Revenues & Transfers In			2,639,850	26,484	-	-	-	26,484	2,666,334
Expenditures:									
407.09.546.010.33.00	Fuel Purchased for Resale	Reflect more to actual	505,000	-	-	40,000	-	40,000	545,000
407.09.546.010.46.00	Insurance	Increase related to pollution policy	33,640	-	-	9,000	-	42,640	42,640
407.09.582.010.01.00	Refund of Deposit	Refund of lease escrow deposit to Rich Development not budgeted	-	-	-	100,076	-	100,076	100,076
407.09.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state. Move to a fiduciary fund (new SAO guidance)	43,950	(43,950)	-	(43,950)	-	(43,950)	-
407.09.589.030.00.06	Leasehold Excise Tax	Leasehold tax remittance to state. Move to a fiduciary fund (new SAO guidance)	146,720	(146,720)	-	(146,720)	-	(146,720)	-
407.09.589.030.00.10	Rental Car Sales Tax	Rental car tax remittance to state. Move to a fiduciary fund (new SAO guidance)	30	(30)	-	(30)	-	(30)	-
407.09.594.046.63.00	Other Improvements	Site improvement for temporary fire station not budgeted	116,000	-	-	199,875	-	199,875	315,875
Total Airport Fund Expenditures			2,279,238	-	-	158,251	-	158,251	2,437,489
Total for Airport Fund				26,484		158,251		(131,767)	
Fund 633 - Custodial Court Fund									
Revenues:									
633.389.030.00	Misc. Court Deposits/PrfPmt Rec'd	Move to new BARS account (new SAO guidance)	275,340	(275,340)	-	-	-	(275,340)	-
633.386.000.10	Due to State - Auto Theft Prev	Move from the General Fund (new SAO guidance)	-	2,820	-	-	-	2,820	2,820
633.386.000.11	Due to State - Access Comm/Multitrans	Move from the General Fund (new SAO guidance)	-	90	-	-	-	90	90
633.386.000.12	Due to Other Govt Unit-Crime Victims	Move from the General Fund (new SAO guidance)	-	2,020	-	-	-	2,020	2,020
633.386.000.20	Due to State - Distracted Driving Prev	Move from the General Fund (new SAO guidance)	-	-	-	-	-	-	-
633.386.000.82	Due to State - Vehicle License Fraud	Move from the General Fund (new SAO guidance)	-	40	-	-	-	40	40
633.386.000.83	Due to State - Trauma Care	Move from the General Fund (new SAO guidance)	-	1,980	-	-	-	1,980	1,980
633.386.000.89	Due to State - IT MC Safety	Move from the General Fund (new SAO guidance)	-	-	-	-	-	-	-

Fund No. and Name	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
Total Custodial Court Fund Revenues & Transfers In									
			275,340	(182,560)	-	-	-	(182,560)	92,780
Expenditures:									
633.00.586.000.00.10	Due to State - Auto Theft Prev	Move from the General Fund (new SAO guidance)	-	-	-	2,820	-	2,820	2,820
633.00.586.000.00.11	Due to State - PSEA 1	Move from the General Fund (new SAO guidance)	-	46,060	-	90	-	46,060	46,060
633.00.586.000.00.12	Due to State - PSEA 2	Move from the General Fund (new SAO guidance)	-	21,720	-	-	-	21,720	21,720
633.00.586.000.00.13	Due to State - HWY Safety	Move from the General Fund (new SAO guidance)	-	950	-	-	-	950	950
633.00.586.000.00.14	Due to State - Lab/Blood Breath	Move from the General Fund (new SAO guidance)	-	2,440	-	-	-	2,440	2,440
633.00.586.000.00.15	Due to State - JIS	Move from the General Fund (new SAO guidance)	-	14,050	-	-	-	14,050	14,050
633.00.586.000.00.16	Due to State - DNA Database Acct	Move from the General Fund (new SAO guidance)	-	80	-	-	-	80	80
633.00.586.000.00.17	Due to State - School Zone Safety	Move from the General Fund (new SAO guidance)	-	430	-	-	-	430	430
Total Custodial Court Fund Revenues & Transfers In									
			275,340	(182,560)	-	-	-	(182,560)	92,780
Expenditures:									
633.00.586.000.00.10	Due to State - Auto Theft Prev	Move from the General Fund (new SAO guidance)	-	-	-	2,820	-	2,820	2,820
633.00.586.000.00.11	Due to State - Access Comm/Multitrans	Move from the General Fund (new SAO guidance)	-	-	-	90	-	90	90
633.00.586.000.00.12	Due to Other: Govt Unit-Crime Victims	Move from the General Fund (new SAO guidance)	-	-	-	2,020	-	2,020	2,020
633.00.586.000.00.20	Due to State - Distracted Driving Prev	Move from the General Fund (new SAO guidance)	-	-	-	-	-	-	-
633.00.586.000.00.82	Due to State - Vehicle License Fraud	Move from the General Fund (new SAO guidance)	-	-	-	40	-	40	40
633.00.586.000.00.83	Due to State - Trauma Care	Move from the General Fund (new SAO guidance)	-	-	-	1,980	-	1,980	1,980
633.00.586.000.00.89	Due to State - IT MC Safety	Move from the General Fund (new SAO guidance)	-	-	-	-	-	-	-
633.00.586.000.00.90	Due to State - Domestic Violence Prev	Move from the General Fund (new SAO guidance)	-	-	-	100	-	100	100
633.00.586.000.00.91	Due to State - PSEA 1	Move from the General Fund (new SAO guidance)	-	-	-	-	-	-	-
633.00.586.000.00.92	Due to State - PSEA 2	Move from the General Fund (new SAO guidance)	-	-	-	46,060	-	46,060	46,060
633.00.586.000.00.94	Due to State - HWY Safety	Move from the General Fund (new SAO guidance)	-	-	-	21,720	-	21,720	21,720
633.00.586.000.00.96	Due to State - Lab/Blood Breath	Move from the General Fund (new SAO guidance)	-	-	-	950	-	950	950
633.00.586.000.00.97	Due to State - JIS	Move from the General Fund (new SAO guidance)	-	-	-	2,440	-	2,440	2,440
633.00.586.000.00.98	Due to State - DNA Database Acct	Move from the General Fund (new SAO guidance)	-	-	-	14,050	-	14,050	14,050
633.00.586.000.00.99	Due to State - School Zone Safety	Move from the General Fund (new SAO guidance)	-	-	-	80	-	80	80
633.00.589.030.00.00	Due to other entities	New BARS Account	272,510	-	-	430	-	(272,510)	-
633.00.589.030.00.01	Transfer Out - Fund 001	Balance of municipal court ball bond deposit to the General Fund	-	-	-	6,000	-	6,000	6,000
Total Custodial Court Fund Expenditures									
			272,510	-	-	(179,730)	6,000	(173,730)	98,780
Total for Custodial - Court Fund									
			275,340	(182,560)	-	(173,730)	6,000	(8,830)	92,780

Fund 634 - Custodial Other Agency Fund	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
Revenues:									
634.389.030.00	Due to State - WSP (BKG INV)	Fees collected for State. Moved from General Fund (new SAO guidance)	-	210	-	-	-	210	210
634.389.030.01	Due to State - DOL (CPL)	Fees collected for State. Moved from General Fund (new SAO guidance)	-	-	-	-	-	-	-
634.389.030.41	Due to State - Sales Tax (001)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	11,665	-	-	-	11,665	11,665
634.389.030.51	Due to State - Leasehold Excise Tax (001)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	1,020	-	-	-	1,020	1,020
634.389.030.14	Due to State - Hotel/Motel Tax	Tax collected for State. Moved from General Fund (new SAO guidance)	-	800	-	-	-	800	800
634.389.030.24	Due to State - Sales Tax (003)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	-	-	-	-	-	-
634.389.030.43	Due to State - ST Bldg. Code Fees	Tax collected for State. Moved from General Fund (new SAO guidance)	-	290	-	-	-	290	290
634.389.030.42	Due to State - Sales Tax (402)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	-	-	-	-	-	-
634.389.030.44	Due to State - Sales Tax (404)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	440	-	-	-	440	440
634.389.030.94	Due to State - Leasehold Excise Tax (404)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	50	-	-	-	50	50
634.389.030.45	Due to State - Sales Tax (405)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	-	-	-	-	-	-
634.389.030.46	Due to State - Rental Car Tax (406)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	30	-	-	-	30	30
634.389.030.07	Due to State - Rental Car Tax (407)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	43,950	-	-	-	43,950	43,950
634.389.030.47	Due to State - Sale Tax (407)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	146,720	-	-	-	146,720	146,720
634.389.030.67	Due to State - Leasehold Excise Tax (407)	Tax collected for State. Moved from General Fund (new SAO guidance)	-	-	-	-	-	-	-
Total Custodial Other Agency Fund Revenues & Transfers-in									
			205,725	205,725	-	-	-	205,725	205,725
Expenditures:									
634.01.589.030.00.00	Due to State - WSP (BKG INV)	Remittance to other agency. Moved from other funds (new SAO guidance)	-	-	-	210	-	210	210
634.01.589.030.00.01	Due to State - DOL (CPL)	Remittance to other agency. Moved from other funds (new SAO guidance)	-	-	-	-	-	-	-
634.01.589.030.00.04	Due to State - Sales Tax	Remittance to other agency. Moved from other funds (new SAO guidance)	-	-	-	55,955	-	55,955	55,955
634.01.589.030.00.06	Due to State - Leasehold Excise Tax	Remittance to other agency. Moved from other funds (new SAO guidance)	-	-	-	148,180	-	148,180	148,180
634.01.589.030.00.07	Due to Other - Special Events	Remittance to other agency. Moved from other funds (new SAO guidance)	-	-	-	-	-	-	-
634.01.589.030.00.10	Due to State - Rental car tax	Remittance to other agency. Moved from other funds (new SAO guidance)	-	-	-	30	-	30	30
634.01.589.030.00.14	Due to State - Hotel/Motel tax	Remittance to other agency. Moved from other funds (new SAO guidance)	-	-	-	550	-	550	550
634.01.589.030.00.24	Due to State - ST Bldg Code Fees	Remittance to other agency. Moved from other funds (new SAO guidance)	-	-	-	800	-	800	800
Total Custodial Other Agency Fund Expenditures									
			-	-	-	205,725	-	205,725	205,725

Fund No. and Name	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
Total for Custodial - Other Agency Fund				205,725	-	205,725	-	-	
Total Amendment for City-wide All Funds				(107,047)	6,000	231,830	6,000	(338,877)	

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Trent Lougheed, Public Works Director

MEETING OF: November 23, 2020

SUBJECT: Bid Award – Temporary Fire Station Site Preparation Project

INTRODUCTION

This agenda report has been prepared in advance of a bid opening that is scheduled to occur on the morning of Monday, November 23, which is the day of the City Council meeting. A verbal report will be provided at the meeting to update the City Council and the public on the results of the bid process and to provide the City Council a recommendation on what firm to award the contract to based on the bids received.

PROJECT SUMMARY

The City plans to relocate the Emergency Temporary Fire Station (currently located on Arkansas Way between Home Depot and Walmart) to the property the City recently purchased for a new permanent fire station at the southeast corner of Chamber Way and State Avenue for long-term interim use until the permanent station can be built. In order to do that, work is needed to prepare the site for a metal building to serve as apparatus bay and a mobile home which will serve as the office and living quarters for the Department until a new permanent station can be built.

The City had the consultant selected for the design of the new headquarters station prepare plans for site preparation for the long-term temporary use. The project was bid utilizing the Small Works Roster, which has a seven (7) day minimum bidding period. The bids were released on Monday, November 16, 2020 and bids are due on November 23, 2020. Five (5) Contractors were contacted to determine interest in bidding, and bid packages were sent to:

- Lakeside Industries
- Quigg Brothers
- Barcott Construction
- Northfork Asphalt Paving
- KBH Construction

The project includes grading, new hot-mix asphalt, new water and sewer utility services, new curb & gutter, new concrete sidewalk, preparation for new temporary structures, paint striping, and traffic control.

Bids will be opened on the morning of Monday, November 23, 2020. The results of the bidding process will be reported to the City Council at the meeting, with a recommendation to award the bid to the lowest qualified bidder.

FISCAL IMPACT

The City will utilize funds acquired from the bond the City Council approved to purchase the site and prepare for temporary use. As is the City's practice, it will also be recommended that an additional amount, in this case 15%, be added as a contingency for unanticipated change orders.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the City Council:

- Award the Temporary Fire Station Site Preparation Project
- Authorize an additional 15% contingency budget
- Authorize the City Manager to execute change orders that do not exceed the total project budget

SUGGESTED MOTION

I move that the City Council:

- Award the Temporary Fire Station Site Preparation Project to _____, in the amount of \$_____;
- Authorize an additional 15% contingency budget of \$_____; and
- Authorize the City Manager to execute change orders that do not exceed a total project cost of \$_____.