

CHEHALIS CITY COUNCIL AGENDA

CITY HALL
350 N MARKET BLVD | CHEHALIS, WA 98532

Dennis L. Dawes, Position at Large
Mayor

Anthony E. Ketchum Sr., District 3
Daryl J. Lund, District 2, Mayor Pro Tem
Robert J. Spahr, Position at Large

Jerry Lord, District 1
Dr. Isaac S. Pope, District 4
Vacant, Position at Large

Regular Meeting of Monday, September 13, 2021 5:00 pm

1. Call to Order. (Mayor Dawes)
2. Pledge of Allegiance. (Mayor Dawes)
3. Approval of Agenda. (Mayor Dawes)

PROCLAMATIONS / PRESENTATIONS

4. Lewis County EDC Update – Todd Chaput
5. Lewis County Housing Summit Information – Commissioner Swope and Kelly Smith Johnston

CITIZENS BUSINESS (PUBLIC COMMENT)

Individuals 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 Kiley Franz at 360-345-1042 or at kfranz@ci.chehalis.wa.us. Public comments will be limited to five (5) minutes.

6. Jeff Barcott

ITEM

CONSENT CALENDAR		
7. <u>Minutes of the Regular City Council Meeting of August 23, 2021.</u> (City Clerk)	APPROVE	1
8. <u>Vouchers and Transfers – Accounts Payable in the Amount of \$694,483.00 Dated August 31, 2021.</u> (City Manager, Finance Director)	APPROVE	4
9. <u>Vouchers and Transfers – Payroll in the Amount of 847,120.83 Dated August 31, 2021.</u> (City Manager, Finance Director)	APPROVE	6
10. <u>Resolution No. 13-2021, Declaring Property to be Surplus.</u> (City Clerk)	ADOPT	7
11. <u>Short Plat to Divide Airport Property – Tract 7a (Lewis County Parcel Number 005605827001).</u> (City Manager, Airport Operations Coordinator)	APPROVE	9

ITEM

NEW BUSINESS		
12. <u>Ordinance No. 1021-B, Second and Final Reading – A Petition to Vacate Portions of Right-of-Way on SE Adams, 12th Street, and the Undeveloped Alley Between 11th and 12th Streets.</u> (City Manager, Planning and Building Manager)	PASS	11
13. <u>Regional Water Supply Agreement between the City of Chehalis and the City of Centralia.</u> (City Manager, Public Works Director)	APPROVE	18
14. <u>Ordinance No. 1022-B, First Reading – Amending the 2021 Budget.</u> (City Manager, Finance Director)	PASS	28
15. <u>Appointment of New Lodging Tax Advisory Committee Members.</u> (City Manager, City Clerk)	APPROVE	40
16. <u>Process for Filling the Vacant City Council Seat (At-Large Position No. 2).</u> (City Manager, City Clerk)	DIRECTION REQUESTED	44

ITEM

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

EXECUTIVE SESSION

19. Pursuant to RCW:

- a. 42.30.110(1)(c) – Sale/Lease of Real Estate
- b. 42.30.110(1)(i) – Litigation/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, SEPTEMBER 27, 2021.**

Chehalis City Council
Meeting Minutes
August 23, 2021

The Chehalis City Council met in regular session on Monday, August 23, 2021. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following members present: Jerry Lord, Tony Ketchum, Dr. Isaac Pope, and Bob Spahr. Councilor Daryl Lund participated via Zoom; Councilor Michael Bannan was absent, excused. Staff present included: Jill Anderson, City Manager; Tammy Baraconi, Planning and Building Manager, Kiley Franz, City Clerk; Randy Kaut, Police Chief; Trent Lougheed, Public Works Director (via Zoom); Brandon Rakes, Airport Operations Coordinator; and Chun Saul, Finance Director.

Please Note: Due to a technical issue, the first twenty minutes of the meeting were not recorded. Minutes for the Public Hearing and a portion of the Chehalis Community Renaissance Team Update have been provided in action minute format.

1. **Approval of Agenda.** A motion to approve the agenda was made by Councilor Pope. The motion was seconded by Councilor Spahr and carried unanimously.

2. **Public Hearing – Petition to Vacate Portions of Right-of-Way on SE Adams, 12th Street, and the Undeveloped Alley Between 11th and 12th Streets.** Mayor Dawes recessed the regular meeting and opened the public hearing at 5:03 pm.

Tammy Baraconi provided an overview of the of the street vacation request. Members of the public were given an opportunity to speak either in favor or against the street vacation. Ms. Baraconi informed the Council that one written comment was received from a member of the public with concerns about drainage on their property; Ms. Baraconi informed the citizen that this process was just for a street vacation and the proposed development was not yet under review.

Mayor Dawes closed the public hearing and reopened the regular meeting at 5:14 pm.

3. **Chehalis Community Renaissance Team Update – Annalee Tobey, Executive Director.** Annalee Tobey provided the Council an update of activities for the Chehalis Community Renaissance Team. A mural at the airport was completed, a mural at Parking Lot C will be started soon, more utility boxes have been painted, and a self-directed art tour is being designed.

Mayor Dawes asked how many people were in the Coworks at any given time. Annalee Tobey estimated three to five individuals would be utilizing the space at the same time.

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

- a. Minutes of the regular City Council meeting of August 9, 2021; and
- b. August 13, 2021 Claim Vouchers No. 132330 – 132446, Replacement Check No. 132329, and Electronic Funds Transfer Check Nos. 1477 – 1506, and 20, 21, and 22 in the amount of \$1,679,900.24

The motion was seconded by Councilor Lord and carried unanimously.

5. **COVID-19 Contracted Payment Plan Application Policy for Utility Payments.** City Manager Anderson informed the Council that the City had been in compliance with Governor Inslee’s moratorium on late fees and deferred utility bill payments. This moratorium is set to expire on September 30, 2021 and the City has created a payment plan policy to assist citizens who may have gotten behind on their utility bills due to the pandemic. A notice will be sent to utility customers that the moratorium is set to expire and provide information on when those charges will be due. Citizens will need to have a payment plan in place prior to January 2022 to prevent water shut offs.

City Manager Anderson provided the Council and members of the public with a flyer that has been sent out with utility bills to customers with information regarding assistance programs for those affected by the pandemic. This information is also available on the city’s website at www.ci.chehalis.wa.us.

City Manager Anderson informed the Council that Councilor Lord had provided clarification in the draft policy that the statement regarding collection of fees when a house is being sold should be through the escrow process, not through the title company.

Mayor Dawes expressed concern for landlords who may wind up being responsible for uncollected utility bills after the moratorium is lifted. He stated that with the moratorium on evictions, the landlords could be negatively impacted financially. He asked if some of the funding received from the state could be used to assist landlords that may be held liable for their tenants' lack of payment. City Manager Anderson stated that a program could be created to help landlords. Councilor Spahr expressed his support of the creation of a plan to assist landlords.

A motion to approve the "Covid-19 Contracted Payment Plan Application Policy" for utility payments with the understanding that staff will make some minor revisions that will not change the intent of the policy was made by Councilor Spahr. The motion was seconded by Councilor Lord and unanimously.

6. Ordinance No. 1021-B, First Reading – A Petition to Vacate Portions of Right-of-Way on SE Adams, 12th Street, and the Undeveloped Alley Between 11th and 12th Streets. Tammy Baraconi explained that the petition was to vacate a portion of right-of-way on SE Adams, 12th Street, and the undeveloped alley between 11th and 12th Streets. The purpose of these petitions is to come back to apply for permits for a multi-family dwelling. The only public comment received was from Ms. Music regarding drainage concerns.

Staff is requesting that Council adopt Ordinance No. 1021-B with the following conditions:

1. A utility easement shall be prepared by the applicant, approved by the City Engineer, and in effect prior to the purchase of a portion of 12th Street.
2. A utility easement shall be prepared by the applicant, approved by the City Engineer, and in effect prior to the purchase of a portion of Adams Avenue.
3. An access easement of twenty feet for the benefit of parcel #005859000000 shall be prepared by the applicant, approved by the City Engineer, and in effect prior to the purchase of the Adams Avenue.
4. Authorize the City Manager to negotiate the number of square feet with easements and the number of square feet without easements.
5. The property owner must pay the City the fair market value of the property.
6. To complete the property transfer, the applicant, at their expense shall have deeds drawn for the right of way vacation areas, approved by the City Engineer, and recorded.
7. The applicant, at their own expense shall have a boundary line adjustment created that 'connects' the vacated right of way to the appropriate parcels, have it reviewed and approved by City staff, and recorded before civil permits or building permits are issued.

Mayor Dawes asked members of the public that missed the public hearing to voice their concerns. A neighbor of the property in question expressed concerns regarding the boundary lines. Mayor Dawes suggested that since the ordinance was only up for first reading, a meeting with Tammy Baraconi could clarify any questions that they have regarding the matter. They agreed to set up a meeting with Tammy Baraconi, who will bring any concerns that require Council consideration to the next City Council meeting on September 13, 2021.

Councilor Ketchum expressed concerns about drainage for neighboring properties and asked that an adequate drainage plan be created to ensure the City did not negatively impact neighboring houses. Councilor Spahr and Mayor Dawes expressed concerns about citizen access to their properties. Ms. Baraconi stated that access had been a concern while reviewing the request and no restrictions had been found.

A motion to pass Ordinance No. 1021-B on first reading with the seven recommended conditions from staff as stated in the agenda summary was made by Councilor Spahr. The motion was seconded by Councilor Pope and carried unanimously.

7. Administration Reports.

- a. **City Manager Update.** City Manager Anderson invited members of the public to attend the swearing in ceremony for Randy Kaut, who will become the City's next Chief of Police, which will take place on Tuesday, August 24th at 1:30 pm in the Council Chambers.

8. Councilor Reports/Committee Updates.

- a. **Councilor Lund.** Councilor Lund thanked City staff for how the chip seal process was completed. He stated that he had received many comments praising staff on the process. Lines to prevent parking in fire lane areas had also been repainted and was appreciated by those in the neighborhood. He inquired about the water runoff issue with Mr. Ryan; City Manager Anderson explained that a minor project to divert the water would be completed in fall. Trent Loughheed informed the Council that stormwater hubs had been added to assist in water diversion when the chip sealing was completed.
- b. **Mayor Dawes.** Mayor Dawes stated that he had attended the Music in the Park events, which were well attended. He also attended the opening ceremonies at the county fair.

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 7:00 pm and there will be no action taken following conclusion of the executive session. Mayor Dawes closed the regular meeting at 6:03 pm. and the executive session began at 6:05 pm. Following conclusion of the executive session at 7:00 pm, the regular meeting was reopened and was immediately adjourned.

Dennis L. Dawes, Mayor

Kiley Franz, 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: September 13, 2021

SUBJECT: Vouchers and Transfers – Accounts Payable in the Amount of \$694,483.00

ISSUE

City Council approval is requested for Vouchers and Transfers dated August 31, 2021.

DISCUSSION

The August 31, 2021 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. 132447 - 132522 and Electronic Funds Transfer Check Nos. 1507 – 1538 in the amount of \$694,483.00 dated August 31, 2021 which included the transfer of:

- \$ 88,021.97 from the General Fund
- \$ 2,412.18 from the Dedicated Street Fund – 4% Sales Tax
- \$ 261,007.41 from the Transportation Benefit District Fund
- \$ 2,330.40 from the LEOFF 1 OPEB Reserve Fund
- \$ 64,885.90 from the G. O. Bond Fund
- \$ 30,054.98 from the Public Facilities Reserve Fund
- \$ 134,653.80 from the Wastewater Fund
- \$ 60,692.59 from the Water Fund
- \$ 1,376.71 from the Storm & Surface Water Utility Fund
- \$ 48,619.59 from the Airport Fund
- \$ 301.47 from the Firemen’s Pension Fund
- \$ 126.00 from the Custodial Other Agency Fund

RECOMMENDATION

It is recommended that the City Council approve the August 31, 2021 Claim Vouchers No. 132447 – 132522 and Electronic Funds Transfer Check Nos. 1507 – 1538 in the amount of \$694,483.00.

SUGGESTED MOTION

I move that the City Council approve the August 31, 2021 Claim Vouchers No. 132447 – 132522 and Electronic Funds Transfer Check Nos. 1507 – 1538 in the amount of \$694,483.00.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director
Deri-Lyn Stack, Payroll Accounting

MEETING OF: September 13, 2021

SUBJECT: Vouchers and Transfers – Payroll in the Amount of \$847,120.83

ISSUE

City Council approval is requested for Payroll Vouchers and Transfers dated August 31, 2021.

DISCUSSION

The administration requests City Council approval for Payroll Vouchers No. 41758-41788, Direct Deposit Payroll Vouchers No. 13805-13937, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 356-359 dated August 31, 2021, in the amount of \$847,120.83, which include the transfer of:

- \$570,328.22 from the General Fund
- \$6,543.10 from the Arterial Street Fund
- \$5,197.50 from the LEOFF1 OPEB Reserve Fund
- \$94,746.57 from the Wastewater Fund
- \$118,584.53 from the Water Fund
- \$19,841.67 from the Storm & Surface Water Utility Fund
- \$31,879.24 from the Airport Fund

RECOMMENDATION

It is recommended that the City Council approve the August 31, 2021 Payroll Vouchers No. 41758-41788, Direct Deposit Payroll Vouchers No. 13805-13937, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 356-359 in the amount of \$847,120.83.

SUGGESTED MOTION

I move that the City Council approve the August 31, 2021 Payroll Vouchers No. 41758-41788, Direct Deposit Payroll Vouchers No. 13805-13937, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 356-359 in the amount of \$847,120.83.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Kiley Franz, City Clerk

MEETING OF: September 13, 2021

SUBJECT: Resolution No. 13-2021, First and Final Reading – Declaring City Property to be Surplus

ISSUE

The Police Department, Public Works Department, and Recreation Department have property that is no longer needed. State law requires that property must first be declared surplus by the City Council before being sold, transferred, or disposed of.

DISCUSSION

The Public Works Department, specifically the Water Department, has over 400 ½” to 2” water meters made of brass that will be sold for scrap. The old water meters were used for tracking water and wastewater use in order to bill customer usage. Old water meters were removed due to them either being dead, upgraded, or part of the water meter change out program.

The Police Department has a 2010 Ford Crown Victoria that was used as a patrol car. This vehicle has run its life expectancy and would cost more to repair than it is worth.

The Recreation Department has a 1992 Dodge Caravan that is no longer in good running condition. This vehicle will be sold at auction.

FISCAL IMPACT

Proceeds from items that are sold or auctioned will go to their respective department/division or the general fund when applicable.

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 13-2021.

SUGGESTED MOTION

I move that the City Council adopt Resolution No. 13-2021 on first and final reading.

RESOLUTION NO. 13-2021

**A RESOLUTION OF THE CITY OF CHEHALIS, WASHINGTON,
DECLARING PERSONAL PROPERTY OF THE CITY OF CHEHALIS TO
BE SURPLUS AND OF NO FURTHER USE TO THE CITY, AND
DIRECTING THE DISPOSITION THEREOF.**

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

Section 1. The following described personal property of the city of Chehalis, Washington, a municipal corporation, shall be, and the same hereby is, declared to be surplus and no longer of necessary use.

Public Works Department (Water)	Identifying Information
400+ ½" to 2" Water Meters	
Police Department	Identifying Information
One (1) 2010 Ford Crown Vic	VIN: 2FABP7BVXAX124730
Recreation Department	Identifying Information
One (1) 1992 Dodge Caravan	VIN: 2B46H2532NR722568

Section 2. The personal property described herein shall be disposed of by the City Manager.

ADOPTED by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this 13th day of September, 2021.

Dennis L. Dawes, Mayor

Attest:

Kiley Franz, City Clerk

Approved as to form and content:

Erin Hillier, City Attorney

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Brandon Rakes, Airport Operations Coordinator

DATE: September 13, 2021

SUBJECT: Short Plat to Divide Airport Property - Tract 7A (Lewis County Parcel Number 005605827001)

ISSUE

The Chehalis-Centralia Airport requests to divide Tract 7A on current Binding Site Plan 3538510 (Lewis County Parcel Number 005605827001), which is currently 9-acres, into two 4.5-acre tracts labeled as Tract 7A and 7B.

DISCUSSION

Tract 7A is a 9-acre parcel of land located north of Dutch Bros. and Burger King along I-5. As part of previous negotiations with KEM for Tract 8 (adjacent lot to the north), they were granted a First Right of Refusal for Ground Lease on Adjacent Lot. This portion delineated in the First Right of Refusal is the northerly 4.5-acres. This 4.5-acres would be identified as Tract 7A.

This short plat would divide Tract 7A into two 4.5-acre parcels. This will likely facilitate the future development of this area by creating smaller parcels, which may be easier to develop.

FISCAL IMPACT

There is no negative fiscal impact associated with this action.

RECOMMENDATION

It is recommended that the City Council approve the short plat and authorize the City Manager to execute all documents necessary for such purpose.

SUGGESTED MOTION

I move that the City Council approve the short plat and authorize the City Manager to execute all documents necessary for such purpose.



**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Tammy Baraconi, Planning and Building Manger

MEETING OF: September 13, 2021

SUBJECT: Ordinance No. 1021-B, Second and Final Reading – A Petition to Vacate Portions of Right-of-Way on SE Adams, 12th Street, and the Undeveloped Alley Between 11th and 12th Streets.

ISSUE

A public hearing regarding the proposed street vacations was held on for Monday, August 23. The first reading took place after the public hearing and was passed on first reading.

PROPOSED RIGHT-OF-WAY VACATION

On June 3, 2021, Fuller Design on behalf of Tom and Cara Nicholas submitted a petition to vacate a portion of right-of-way SE Adams, 12th Street, and the undeveloped alley between 11th and 12th. (Exhibit A). All right of ways primarily abut property owned by Tom and Cara Nicholas. Only one lot, 227 SE Prospect Street is owned by Steven Raynolds and LaDawn Music. Research of the plats associated with these right of ways shows that the Nicholas' have the first right of ownership of SE Adams Ave.

The request for vacation breaks down as follows.

- SE Adams- 60 ft x 244 ft = 14,624 sq ft
- 12th Street- 50 ft x 300 ft = 14,974 sq ft
- Alley- 16 ft x 142 ft = 2,274 sq ft

If approved for vacation the Nicholas' plan to combine the existing lots with the vacation lots and then construct mulit-family units.

Applicable Code:

CMC 12.32 Street and Alley Vacations
RCW 35.79 Streets – Vacation

Public Notice:

Public notice was sent to all property owners within 300 feet of the proposed vacations. The notice was mailed on August 5, 2021. A notice was posted in The Chronicle legal notices on August 7, 2021. (Exhibit B) The comment period ended on August 11, 2021. Only one comment was received. It came from the adjacent property owner, La Dawn Music, on August 15, 2021. (Exhibit C) The lateness of her comment was because the Post Office was late delivering her mail. Staff requests

that the Council accept her written comment even though it was received after the comment period ended but before the Public Hearing.

Ms. Music's concern centers around drainage that comes off the hill, across her property, and then on to the adjacent property. This is an issue that will be addressed at the time of development. Staff encouraged Ms. Music to attend this evening's hearing.

SEPA and Environmental Constraints:

As per WAC 197-11-800 Categorical exemptions, the vacation process is not subject to the SEPA process. The right of ways do not provide access to any bodies of water (RCW 35.79.035) that would prevent the vacation process from moving forward in a typical manner. All other environmental constraints such as slopes and drainage will be reviewed at the time of development.

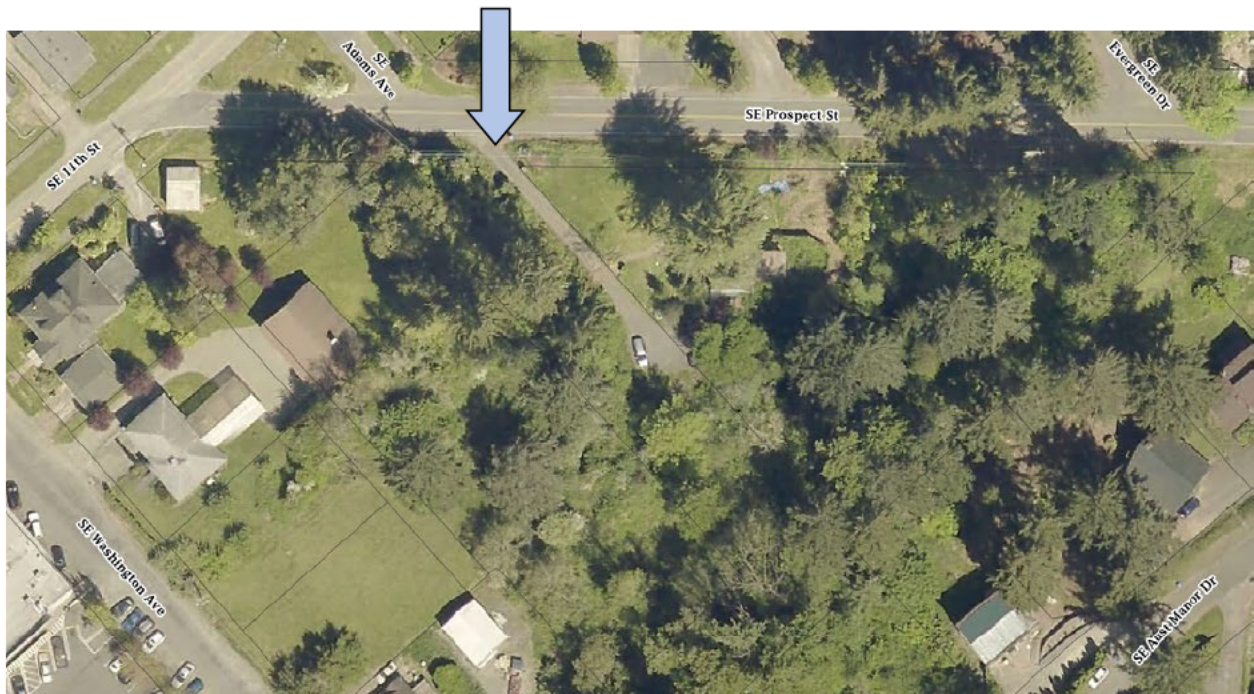
Utilities:

Of the three right of ways in question, only a portion of Adams currently contains utilities. The applicant has proposed a twenty-foot utility easement over the area. (Exhibit D)

There is also a sanitary sewer line running the length of the proposed vacation on 12th Street. At this time, no easement has been proposed by the applicant.

Access:

All the proposed vacations are undeveloped. A portion of Adams Avenue is currently used by La Dawn Music and Steven Reynolds to access their property.



A portion of the undeveloped alley between 11th and 12th Street is used by the property owners on the northwest end of the alley. However, the applicant does not propose purchasing this portion of right of way, allowing the adjacent property owners continued use.



A portion of the proposed vacation of 12th Street is used by the property owners, Tom and Cara Nicholas. If they choose to continue to use this access point, they will have to grant themselves an easement during the development phase of the project to ensure continued use by subsequent property owners.



Staff analysis:

The City Engineer has reviewed this proposal and finds that there are no existing or planned utilities within the area requesting to be vacated, and as there are no plans to improve this right-of-way, City Engineer has no objection to the request.

The Planning Department has reviewed this proposal and as per CMC 12.32.060 Public hearing – Criteria for granting vacation and makes the following findings.

A. That the vacation will provide a public benefit, and/or will be for a public purpose.

Discussions with the applicants indicate that without these vacations, they will not be able to develop their property with multi-family housing at a density that will allow for profit. Given the extreme shortage of housing in our community at this time, staff finds that the proposed vacations will provide a public benefit.

B. That the right-of-way vacation shall not adversely affect the street pattern or circulation of the immediate area or the community as a whole.

As these right-of-ways are currently undeveloped, staff finds that there will be no impact to the street pattern or circulation of the immediate area or the community as a whole.

C. That the public need shall not be adversely affected.

Staff finds that with conditions for a utility easement along 12th Street, a utility and access easement on SE Adams Ave, and a twenty-foot-wide access easement for the benefit of parcel #005859000000, owned by La Dawn Music and Steven Raynolds, public need shall not be adversely affected.

D. That the right-of-way is not contemplated or needed for future public use, including utility routing or park or pedestrian/bike access.

As per the City Engineer, there are no plans to develop these right-of ways. Since these right-of-ways are not developed and there are no contemplated needs in the future for public use of this land, staff finds that with the addition of utility easements, there will be no adverse impact to future planning.

E. That no abutting owner becomes landlocked or his access will not be substantially impaired, i.e., there must be an alternative mode of ingress and egress by way of a city street or alley, even if less convenient; and

Only two property owners will be affected by these vacations. The first is the applicant, Tom and Cara Nicholas. They are able to provide themselves an easement if they wish to preserve the south end of 12th Street for access to their property. The second property owner, La

Dawn Music and Steven Raynalds, use the undeveloped northwest end of Adams Avenue to access their property. Staff is concerned that if they were to lose this access public safety would be impacted. Staff finds that with a twenty-foot access easement for the benefit of parcel #005859000000, access will not be substantially impaired.

F. That vacation of right-of-way shall not be in violation of RCW 35.79.035.

RCW 35.79.035 addresses right of ways that abut bodies of fresh and salt water. Staff finds that there are no bodies of water abutting the proposed right of way vacations and therefore will not be in violation of RCW 35.79.035.

FISCAL IMPACT

An appraisal of the land has been conducted by Nadine Tauscher and provided by the applicant. Ms. Tauscher's appraisals indicate that the property is valued between \$0.55 per square foot and \$4.28 per square foot, dependent on easements. (Exhibit E)

RECOMMENDATION

It is recommended that the City Council pass on second and final reading, Ordinance No. 1021-B, A Petition to Vacate Portions of Right-of-Way on SE Adams, 12th Street, and the Undeveloped Alley Between 11th and 12th Streets with the following conditions.

1. A utility easement shall be prepared by the applicant, approved by the City Engineer, and in effect prior to the purchase of a portion of 12th Street.
2. A utility easement shall be prepared by the applicant, approved by the City Engineer, and in effect prior to the purchase of a portion of Adams Avenue.
3. An access easement of twenty feet for the benefit of parcel #005859000000 shall be prepared by the applicant, approved by the City Engineer, and in effect prior to the purchase of the Adams Avenue.
4. Authorize the City Manager to negotiate the number of square feet with easements and the number of square feet without easements.
5. The property owner must pay the City the fair market value of the property.
6. To complete the property transfer, the applicant, at their expense shall have deeds drawn for the right of way vacation areas, approved by the City Engineer, and recorded.
7. The applicant, at their own expense shall have a boundary line adjustment created that 'connects' the vacated right of way to the appropriate parcels, have it reviewed and approved by City staff, and recorded before civil permits or building permits are issued.

SUGGESTED MOTION

I move the City Council pass Ordinance No. 1021-B on second and final reading with the seven recommended conditions from staff as stated in the agenda summary.

ORDINANCE NO. 1021-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, PROVIDING FOR THE VACATION OF A PORTIONS OF SE ADAMS ST, 12TH STREET, AND THE UNDEVELOPED ALLEY BETWEEN 11TH AND 12TH STREETS; AND PROVIDING THAT THIS VACATION SHALL BE EFFECTIVE ONLY UPON SUCH DATE AS THE OWNER OF THE REAL PROPERTY ABUTTING SAID VACATION SHALL COMPENSATE THE CITY OF CHEHALIS IN AN AMOUNT EQUAL TO THE VALUE OF SAID VACATED RIGHT-OF-WAY.

Whereas, the city of Chehalis received a petition from Fuller Design on behalf of Tom and Cara Nicholas for vacation of a portion of SE Adams Street, 12th Street, and an undeveloped alley between 11th and 12th Street more particularly described in said petition; and,

Whereas, pursuant to RCW 35.79.010, the city Council of the city of Chehalis did, at a regularly scheduled meeting on the 12th day of July, 2021, adopt Resolution No. 10-2021, setting the date of August 23, 2021, at the hour of 5:00pm as the time for a public hearing on said petition, which date was not less than twenty (20) days nor more than sixty (60) days after the adoption of said Resolution; and,

Whereas, The city Council of the city of Chehalis held a public hearing to consider said petition on the 23rd day of August, 2021, after due notice to the owners of all property abutting and adjacent to the area identified in said petition as required by law; and,

Whereas, the city of Chehalis must provide for utility service to all properties in the vicinity, including provisions for utilities provided by others; now, therefore,

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

Section 1.

The legal descriptions for each portion of right of way being vacated is described in Exhibit A with certified survey drawings as Exhibit B and summarized as follows:

- SE Adams- 60 feet x 244 feet, 14,624 sq ft
- 12th Street- 50 feet x 300 feet, 14,974 sq ft
- Alley- 16 feet x 142 feet, 2,274 sq ft

shall be, and the same hereby is, vacated.

Section 2.

The city of Chehalis shall retain an easement and the right to grant easements over, under and across all said vacated portions of right-of-way for the provision of utility services.

Section 3.

This ordinance shall become effective only upon the date that Tom and Cara Nicholas, the owners of the real property adjacent and abutting said vacated rights-of-way shall compensate the city of Chehalis in an amount equal to the value of the rights-of-way so vacated.

PASSED by the City Council of the city of Chehalis, Washington, and **APPROVED** by its mayor this ____ day of _____, 2021.

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: Trent Lougheed, Public Works Director

MEETING OF: September 13, 2021

SUBJECT: Regional Water Supply Agreement between the City of Chehalis and the City of Centralia

ISSUE

In December of 2019, the City of Chehalis began informal discussions with City of Centralia regarding acquisition of TransAlta water rights and the opportunity for a securing a regional water supply that would become available from a well field developed by the City of Centralia near the confluence of the Skookumchuck and Chehalis Rivers. The proposed Regional Water Supply Agreement between the two cities would formalize arrangements to proceed with the process to acquire water rights from TransAlta. These water rights would become available by purchasing offsetting mitigation credits from TransAlta. So, by purchasing the mitigation credits the Cities would acquire the water rights to groundwater from the Centralia Outwash Gravel Aquifer.

INTRODUCTION

The City of Centralia has applied to the Department of Ecology (Ecology) for up to 8 million gallons per day (MGD) of additional groundwater rights sourced in the Centralia Outwash Gravel Aquifer, which underlies the confluence area of the Skookumchuck and Chehalis Rivers. This 8 MGD supply is intended to provide the projected future 50-year water demands for the Centralia retail water service area; the Chehalis retail water service area; the Centralia UGA; and other nearby water systems that could become wholesale customers; plus a 2 MGD reserve for future commercial/industrial development.

DISCUSSION

The Centralia Outwash Gravel Aquifer, located primarily within the Centralia city limits, is an ideal location for development of additional public water supplies for which available mitigation resources can be used to prevent impacts to minimum instream flows protected by the Water Resource Protection Program for the Chehalis River Basin, Ch. 173-522 WAC. The prospect for approval of new water rights in the Chehalis River Basin will be greatly enhanced by developing regional water supplies that mitigate for regional impacts, which is why Centralia included regional water demands and mitigation within its groundwater application G2-30763.

On December 8, 2020, the Centralia City Council approved the Water Rights Purchase and Sale Agreement with TransAlta Centralia Generation, LLC (“TransAlta”) for the purchase of up to 8 MGD of mitigation credits (which allows the right to pump 8 MGD) from TransAlta’s pending Water Bank, which will provide

for mitigation of instream flow impacts in the Skookumchuck River and the Chehalis River downstream of its confluence. This TransAlta mitigation agreement requires a closing of the purchase of a mitigation certificate within five months of the last final approval of the TransAlta Water Bank change application and Centralia's groundwater application G2-30763. Closing of this mitigation water purchase is subject to adjustments based on approval of the applications but is expected to cost the City of Centralia up to \$1.26 million per MGD at a negotiated and competitive unit cost of \$1,500 per consumptive acre-foot of water.

The Regional Water Supply Agreement between Chehalis and Centralia is the culmination of many months of negotiations between the two cities to share the cost of processing groundwater application G2-30763 and the cost of purchasing mitigation credits from TransAlta. It also provides a mechanism for determining cost-sharing for the development of new water system infrastructure, including wells, treatment plant, storage, and transmission lines, to deliver this additional water supply to customers, including the annual costs for Centralia's delivery of water to Chehalis via an existing intertie.

KEY TERMS OF PROPOSED AGREEMENT

The common objective of this cost-sharing agreement is that neither city's rate payers will be subsidizing the cost of water for the other City's ratepayers. The Regional Water Supply Agreement also provides for splitting Application G2-30763 and assigning a portion of the TransAlta mitigation agreement so that City of Chehalis will be acquiring its own mitigation certificate and funding the application costs for its portion (3 MGD) of the groundwater application. This allows the City of Chehalis to become a part of the process to secure the water rights with Centralia. While there will be water right processing costs, in addition to the actual purchase of the water rights, this is an opportunity that would not be feasible to pursue separate from the City of Centralia.

The following are the key components of the proposed agreement:

- Centralia and Chehalis will file with Ecology an assignment of 3.0 MGD of the Pending Application to Chehalis. Chehalis shall become a co-applicant on the Pending Application for the 3.0 MGD. The assignment will provide notice to Ecology that the Cities request separate water right permits upon approval of the Pending Application.
- Centralia currently has an agreement with TransAlta ("TransAlta Agreement") to acquire mitigation upon approval of TransAlta's water bank and the Pending Application. Centralia shall amend the TransAlta Agreement with terms acceptable to Chehalis that recognizes Chehalis is a co-applicant of the Pending Application consistent with the terms and intent of the TransAlta Agreement, including Chehalis purchasing and owning the mitigation from TransAlta for the 3.0 MGD consistent with and subject to the terms regarding the purchase of mitigation for the 8.0 MGD. Centralia and Chehalis will cooperate with TransAlta in regard to its pending application to change TransAlta's Skookumchuck River water rights for mitigation banking purposes.
- The Cities shall share in the costs associated with the processing of the Pending Application. The costs include filing fees, publication of notices, and consulting fees associated with filing, amending, and processing the Pending Application, the costs associated with a Cost Reimbursement Agreement (CRA) with Ecology, and negotiating additional terms for an amended TransAlta Agreement.
- The Cities shall each be responsible for the cost of purchasing from TransAlta the necessary mitigation for the quantities approved by Ecology for each City under the terms of the TransAlta Agreement, as may be amended.

- Subject to approval of the Pending Application and issuance of the Permit, the Cities will share the costs of development and ongoing management and operation of the water sources and other infrastructure required for the diligent development of the Permit and future use of the water under the Permit.
- A Cost Sharing Agreement (“CSA”) will be developed by the Cities. The CSA shall develop a cost structure associated with the necessary infrastructure required for development of the Permit, and the costs associated with ongoing operation and maintenance of the facilities. The Cities intend to contract with a utility rate consultant for the purpose of ensuring that the structure of the CSA provides a **fair and equitable share of costs that does not allow for either City to be subsidizing the other City to the detriment of the respective City’s rate payers.** The Working Group will have the discussion of hiring the rate consultant at its first meeting. The Cities may jointly contract with the rate consultant under a shared services agreement.

In order for Chehalis to obtain these water rights in the absence of a Regional Water Supply Agreement, Chehalis would need to submit its own application and negotiate with TransAlta for the water rights the City is seeking from the Skookumchuck River. In order to utilize the water directly from the river, Chehalis would need to acquire an easement or property along the river, install an intake, booster station, and transmission main to a new water plant (with property purchase) that would need to be constructed in the northern area of the City. These costs would be very high and would need substantial funding to be a viable alternative. This alternative would also eliminate the ability to cost-share water system infrastructure development and economies of scale for future water system operations, and it may also have a negative impact on the prospects for approval of a groundwater application based on elimination of regional approaches to water source development and mitigation.

FISCAL IMPACT

Approval of the Regional Water Supply Agreement commits the City to share a portion of the costs associated with securing the water rights and will require payment to Trans Alta for the water rights at a rate of \$1500 to \$1800 an acre foot, although the working number at the current time is \$1500 an acre foot which is approximately 50% below market value for consumptive water rights.

The City is anticipating purchasing approximately 3,000 acre feet of consumptive water rights through this agreement. At a cost of \$1,500 per acre foot, the cost would be \$4.5 million. At a cost of \$5.4 million. The City would need to identify a funding source, which at this time is expected to be a low-interest loan, currently just under 2%) from US Rural Development Administration Loan which would be paid over 40 years by the City’s water funds.

It should be noted that even if the City was able to secure water rights from a different party it is likely that the cost per acre foot would be approximately \$3,000. It is anticipated that water rights will become even more valuable over time because they are so hard to secure.

The City of Chehalis does not currently have the water needed to serve the growth that is projected to occur over the next 50 years. The purchase of the water rights is needed primarily to serve future development in the City of Chehalis and its Urban Growth Area. Therefore, at the completion of the process, the City may want to consider a mechanism to offset the cost of this expense, that will be borne by current ratepayers, from the future ratepayers through fees and/or capacity charges when the water actually becomes available.

The City will also incur its portion of the cost to secure the water right, processing and application fees, and attorney fees. This will be a costly process; however, the cost is difficult to estimate.

CITY COUNCIL GROWTH MANAGEMENT COMMITTEE

The City Council's Growth Management Committee has been briefed several times during the last year and has reviewed the key terms of the proposed agreement. The Committee recommends proceeding to secure the water that is needed to serve projected demand over the next 50 years at a below-market price per acre foot. The Committee noted that without additional water rights, the City will not be able to grow and that it will be more difficult and more expensive to secure water rights in the future.

RECOMMENDATION

It is recommended that the City Council approve the Regional Water Supply Agreement between the City of Centralia and City of Chehalis and authorize the City Manager to sign the agreement.

SUGGESTED MOTION

I move that the City Council approve the Regional Water Supply Agreement between the City of Centralia and City of Chehalis and authorize the City Manager to sign the agreement.

REGIONAL WATER SUPPLY AGREEMENT

This Regional Water Supply Agreement (“Agreement”) is entered into between the City of Centralia, a Washington municipal corporation (“Centralia”), and the City of Chehalis, a Washington municipal corporation (“Chehalis”) (individually “City”, collectively the “Cities”), regarding the development of a regional water supply and is effective as of the date signed below.

1. RECITALS

1.1. Centralia supplies potable water to customers within its boundaries through an approved Group A public water system. Centralia anticipates future water demands of approximately 3.0 million gallons per day (MGD), with a potential additional regional demand of 2.0 MGD in its planning area beyond its currently approved sources of water supply.

1.2. Chehalis supplies potable water to customers within its boundaries through an approved Group A public water system. Chehalis anticipates future water demands of approximately 3.0 MGD in its planning area beyond its currently approved sources of water supply.

1.3. Centralia has been developing an additional source of water supply associated with the Skookumchuck River and regional groundwater to meet future water demands. The Cities now desire to cooperate in the development of this additional water supply, including planning and payment for permitting costs and necessary infrastructure development and operations/maintenance to be agreed by the Cities.

1.4. Centralia has contract rights from an existing 1967 agreement to purchase mitigation water from TransAlta USA, Inc. (“TransAlta”), including the necessary mitigation for a regional water supply of up to 8.0 MGD, which includes the 3.0 MGD for Chehalis’s future water demands.

1.5. Chehalis desires to purchase from TransAlta the mitigation necessary for the 3.0 MGD, or the quantity otherwise approved by Ecology.

2. MUTUAL UNDERSTANDINGS

2.1. Regional Water Supply Development Project. Centralia has two pending water right applications with the Washington State Department of Ecology (“Ecology”) for ground and surface water resources to serve the future regional water demands in its vicinity, with application numbers S2-30405 and G2-30763. Application S2-30405 has an April 13, 2007 priority date and seeks the diversion and municipal use of up to 26 cubic feet per second of the Skookumchuck River for municipal water supply purposes. Application G2-30763 has a January 31, 2020 priority date and seeks the withdrawal of up to 8.0 MGD of public groundwaters near the confluence of the Skookumchuck and Chehalis Rivers for future municipal and industrial demands, including regional demands for Chehalis estimated at 3.0 MGD. This Agreement is related to only Application G2-30763 (the “Pending Application”).

2.2. Partial Assignment of Application. Centralia and Chehalis will file with Ecology an assignment of 3.0 MGD of the Pending Application to Chehalis. Chehalis shall become a co-applicant on the Pending Application for the 3.0 MGD. The assignment will provide notice to Ecology that the Cities request separate water right permits upon approval of the Pending Application.

2.3. Mitigation. To be approved, the Pending Application requires mitigation to prevent impairment of minimum instream flows for the Skookumchuck and Chehalis Rivers as set forth in Ch. 173-522 WAC.

2.3.1. Centralia currently has an agreement with TransAlta (“TransAlta Agreement”) to acquire this mitigation upon approval of TransAlta’s water bank and the Pending Application. Centralia shall amend the TransAlta Agreement with terms acceptable to Chehalis that recognizes Chehalis is a co-applicant of the Pending Application consistent with the terms and intent of the TransAlta Agreement, including Chehalis purchasing and owning the mitigation from TransAlta for the 3.0 MGD consistent with and subject to the terms regarding the purchase of mitigation for the 8.0 MGD. Centralia and Chehalis will cooperate with TransAlta in regard to its pending application to change TransAlta’s Skookumchuck River water rights for mitigation banking purposes.

2.3.2. Centralia anticipates that population growth rates in the Centralia/Chehalis region along Interstate Highway 5 may exceed current growth rates in the future and that additional industrial or commercial opportunities in the region would place a higher than planned demand on local water resources. At the same time, the risk of contamination to groundwater increases the need for additional water sources to secure the public health and safety. Based on these assumptions, Centralia desires to develop its new water source to supply 2.0 MGD in addition to its 3.0 MGD, for a total of 5.0 MGD of water for a planning horizon of 50 years.

2.3.3. In addition, both Centralia and Chehalis possess senior water rights from the Newaukum River that may be available for mitigation purposes only if needed for approval of the Pending Application.

2.4. Cooperation. The Cities shall work cooperatively in support of the Pending Application and approval of a water right permit (“Permit”) issued by Ecology.

2.4.1. Planning and Documentary Support. The Cities shall share planning and engineering studies and documents that demonstrate their respective future population forecasts, water demand forecasts, and related evidence supporting each City’s future water demand. The Cities shall mutually support and consent to Washington State Department of Health planning approvals of a regional wholesale service area in each City’s current and future water system plans, including the retail water service area and UGA.

2.4.2. Stakeholder Support. The Cities shall coordinate and cooperate in future communications and consultations with regional tribal officials, fish and wildlife managers, and other stakeholders who express an interest in the Pending Application.

2.4.3. Application Support. The Cities shall provide letters to Ecology and other state or tribal agencies in support of Centralia's Pending Application and TransAlta's pending water mitigation bank, as reasonably requested by Centralia.

2.5. Application Costs.

2.5.1. The Cities shall share in the costs associated with the processing of the Pending Application. The costs include filing fees, publication of notices, and consulting fees associated with filing, amending, and processing the Pending Application, the costs associated with a Cost Reimbursement Agreement (CRA) with Ecology, and negotiating additional terms for an amended TransAlta Agreement.

2.5.2. The costs shall be prorated between the Cities based on the amount of water requested for each City compared to the total 8.0 MGD in the Pending Application. Centralia may request that Ecology split the Pending Application and delay processing and approval of 2.0 MGD for a future industrial reserve, which would reduce Centralia's allocated quantity from 5.0 MGD to 3.0 MGD. In that case, the Cities will split the application processing costs equally, 50% allocated to each City. Each City shall be responsible for its legal fees in regard to processing the Pending Application unless otherwise agreed in writing. If processing and approval of the 2.0 MGD for a future industrial reserve is delayed, Centralia will ask Ecology to split its portion of the Pending Application to separate the 2.0 MGD for future consideration.

2.5.3. The Cities shall each be responsible for the cost of purchasing from TransAlta the necessary mitigation for the quantities approved by Ecology for each City under the terms of the TransAlta Agreement, as may be amended, and which is incorporated herein by reference.

2.6. Future Supply and Costs. Subject to approval of the Pending Application and issuance of the Permit, the Cities will share the costs of development and ongoing management and operation of the water sources and other infrastructure required for the diligent development of the Permit and future use of the water under the Permit.

2.6.1. A Cost Sharing Agreement ("CSA") will be developed by the Cities.

2.6.2. The CSA shall develop a cost structure associated with the necessary infrastructure required for development of the Permit, and the costs associated with ongoing operation and maintenance of the facilities.

2.6.3. Each City's Public Works Director and Water Department Manager/Superintendent will form the working group ("Working Group") which will draft the CSA. Each City will consult with its financial staff.

2.6.4. The Working Group shall determine the allocation of the costs between the Cities based on each City's proportionate use of the facilities and delivery of water under the Permit.

2.6.5. To assist the Working Group, the Cities intend to contract with a utility rate consultant for the purpose of ensuring that the structure of the CSA provides a fair and equitable share of costs that does not allow for either City to be subsidizing the other City to the detriment of the respective City's rate payers. The Working Group will have the discussion of hiring the rate consultant at its first meeting. The Cities may jointly contract with the rate consultant under a shared services agreement.

2.6.6. The Working Group shall submit the proposed CSA to the City Manager of each City by August 1, 2022, for subsequent approval by each City Council.

2.6.7. Upon approval, the terms of the CSA will supersede any inconsistent terms in this Agreement or the TransAlta Agreement.

2.7. Planning Assumptions.

2.7.1. For planning purposes and as may be required for water system plans, the Working Group shall determine future peak day (PDD) and average daily demand (ADD) and annual acre feet (AFY) requirements in five-year increments of each City's portion of the Permit. These demand requirements shall be completed and provided to each City Manager on or before August 1, 2022.

3. MISCELLANEOUS

3.1. Neither this Agreement nor obligations to perform hereunder may be assigned voluntarily by either City without the other City's written consent. The Cities do not intend to confer rights or benefits upon any third party. This Agreement is complete and contains the entire understanding of the Cities, and it may be modified only by a writing executed by the Cities.

3.2. Centralia hereby releases, indemnifies, and promises to defend and hold harmless Chehalis from and against any and all liability, loss, damage, expense, actions, and claims, including costs and reasonable attorneys' fees incurred by Chehalis in defenses thereof, asserted or arising directly or indirectly on account of or out of acts or omission of Centralia and Centralia's servants, agents, employees, contractors, guests or invitees in the exercise of the rights granted in this Agreement. This paragraph does not purport to indemnify Chehalis against damages arising out of bodily injury to persons or damage to property caused by or resulting from the sole negligence or intentional acts of Chehalis, or its respective agents, contractors, employees, tenants, or invitees.

3.3. Chehalis hereby releases, indemnifies, and promises to defend and hold harmless Centralia from and against any and all liability, loss, damage, expense, actions, and claims, including costs and reasonable attorneys' fees incurred by Centralia in defenses thereof, asserted or arising directly or indirectly on account of or out of acts or omission of Chehalis and Chehalis's servants, agents, employees, contractors, guests, or invitees in the exercise of the rights granted in this Agreement. This paragraph does not purport to indemnify Centralia against damages arising out of bodily injury to persons or damage to property caused by or resulting from the sole negligence or intentional acts of Centralia, or its respective agents, contractors, employees, tenants, or invitees.

3.4. Unless otherwise provided in this Agreement, any notice required or permitted to be given under this Agreement shall be in writing and shall be sent by United States registered or certified mail, postage prepaid, return receipt requested, or by personal delivery, receipt requested, or by recognized overnight courier service to the address set forth below, or at such other address as either City may from time to time designate to the other City by notice given in accordance with the terms of this paragraph. Notices shall be deemed given two (2) business days after mailing in any post office or branch post office regularly maintained by the United States government, or on the date personal delivery is effected or the next business day after delivery to a recognized overnight courier service, as the case may be:

To Centralia:
Public Works Director
City of Centralia
1100 N Tower Avenue
Centralia, WA 98531

To Chehalis:
Public Works Director
City of Chehalis
2007 NE Kresky Ave.
Chehalis, WA 98532

3.5. No waiver of any of the provisions hereof shall be effective unless in writing and signed by the City to be charged with such waiver. No waiver shall be deemed a continuing waiver or waiver in respect of any subsequent breach or default, whether of similar or different nature, unless expressly so stated in writing. This Agreement may not be orally cancelled, changed, modified, or amended, and no cancellation, change, modification, or amendment shall be effective or binding, unless reduced to writing and signed by both Cities to this Agreement.

3.6. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Washington without giving effect to conflict of laws, applicable to agreements made and to be performed entirely within such state.

3.7. This Agreement, including all other documents referred to herein, contains the entire understanding of the Cities with respect to this matter. Except as provided herein, this Agreement supersedes all prior agreements and understandings between the Cities with respect to such subject matter.

3.8. Each City shall cooperate and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Agreement.

3.9. The section headings and recitals contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. All terms and words used in this Agreement, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

3.10. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

3.11. Enforcement of the terms of this Agreement shall be in any administrative or judicial proceeding against any person or persons violating, breaching, or attempting to violate this

Agreement. Such enforcement shall either be to collect amounts due, to restrain such violation, or to recover damages. If either City to this Agreement takes legal action against the other City concerning this Agreement, the prevailing City is entitled to reasonable attorney fees and expenses (including any fees on appeal, or through use of Alternative Dispute Resolution processes) from the non-prevailing City.

3.12. Each City attests that this Agreement has been approved by its proper legislative authority and has provided the direction and authority of its City Manager to execute this Agreement on behalf of and binding the City.

EFFECTIVE as of the ___ day of _____, 2021.

CITY OF CENTRALIA

CITY OF CHEHALIS

City Manager
Attest: _____
Dated: _____

City Manager
Attest: _____
Dated: _____

Approved as to form:

Approved as to form:

City Attorney

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 DATE: September 13, 2021

SUBJECT: Ordinance No. 1022-B, First Reading – Amending the 2021 Budget

ISSUE

Ordinance No. 1022-B amending the 2021 Budget, is hereby submitted to reflect the changes in estimates and actual activities of the City since the adoption of the 2021 Budget. This is the second amendment to the 2021 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

A summary for the proposed amendment, including updated beginning fund balances, revenues, transfers-in, expenditures, transfers-out, and estimated ending fund balances and a detailed list of proposed budget amendment items are attached to the proposed Ordinance No. 1022-B as Exhibit “A” and Exhibit “A-1”.

The proposed budget amendments by fund are summarized as follows:

General Fund

The proposed budget amendment increases the General Fund’s revenues by \$1,108,289, increases appropriations by \$235,988, and increases transfers-out by \$40,000, resulting in a net increase in fund balance by \$832,301.

Total revenue budget increase is to reflect actual revenues received through August exceeding the 2021 budget amounts, which includes but not limited to the following:

- \$820,000 - Local Sales Tax revenue
- \$187,500 - Building permit fees and Plan Check fees
- \$ 10,000 - Public Defense Improvement Grant received by Municipal Court
- \$ 39,236 – State Shared Revenues for City Assistance and EI & CJ Leg One-Time Cost
- \$ 21,450 – Drug seizure and forfeiture distribution
- \$ 30,103 – other miscellaneous revenues and receipts.

Local Sales Tax revenue received through August 2021 exceeds the eight-month target by \$720,107 (about 15.4%). Using 2019 level for the remaining months in 2021 (September – December), the 2021

local sales revenue is projected to be about \$5,493,200, which is about an \$820,000 increase from the original budget projection of \$4,673,200. This new projection is about an 17.5% increase from the original 2021 budget projection and about an 8.0% increase from the actual 2020 local sales tax revenue.

Total appropriations and transfers-out budget increase of \$275,988 consists of the following:

General Fund Budget Amendment Request by Department

General Fund Department	2021 Current Budget	Amendment Request Increase (Decrease)	Proposed Second Amended 2021 Budget	% Increase (decrease)
City Council	94,430	-	94,430	0.0%
Municipal Court	415,600	12,716	428,316	3.1%
City Manager	227,015	1,200	228,215	0.5%
Finance	283,635	3,000	286,635	1.1%
City Clerk	96,925	3,251	100,176	3.4%
Legal Services	76,700	3,000	79,700	3.9%
Facilities and Parks	1,234,758	68,128	1,302,886	5.5%
Non-Departmental	901,644	73,243	974,887	8.1%
Human Resources	122,250	1,500	123,750	1.2%
Police	3,490,310	(65,000)	3,425,310	-1.9%
Fire	2,369,615	5,100	2,374,715	0.2%
Street	571,257	35,000	606,257	6.1%
Planning and Building	896,605	134,850	1,031,455	15.0%
Parks and Recreation	386,350	-	386,350	0.0%
Total Expenditures and Transfers Out	11,167,094	275,988	11,443,082	2.5%

- Municipal Court - Unexpected unemployment benefit payment, 2020 AV Capture annual fee paid in 2021, and court bail deposit refunds not in the current budget.
- City Manager and Finance – increase in IT services due to new user(s) and other support.
- Facilities and Parks – Increase in maintenance activities. \$28,000 for seasonal maintenance staff, \$18,000 for maintenance supplies, and \$14,500 for drainage project at the scout lodge and sign refurbishments, and \$7,628 for various other needs and adjustments.
- Non-departmental: \$32,243 repayment to Department of Revenue for brokered natural gas tax received in 2019. DOR had issued an audit of a taxpayer in 2019 including an estimated tax of \$32,423 which was then distributed to the City. DOR concluded the audit in August this year and determined that the taxpayer did not owe the tax and requested the City repay the tax to DOR. \$40,000 transfers-out to the Public Facilities Reserve Fund for Westside Park and Lintott/Alexander Park improvement projects.
- Police: Police evidence garage acquisition budgeted in 2021 is being moved to 2022.
- Fire: Membership dues and subscription budget adjust to actual.
- Street: Purchase of LED lights and costs for installation of LED lights more than anticipated.
- Planning and Building: Addition \$75,000 for contracted inspector service due to exceptionally busy permit season, \$53,000 payroll expenses for new Planner hired in June 2021, \$6,800 for permit software annual fee increase, office equipment, and IT service expenses for new staff.

A summary of proposed amendment to the 2021 budget for the General Fund is provided below:

	2021 Current Budget	Amendment Request Increase (Decrease)	Proposed Second Amended 2021 Budget	% Increase (decrease)
General Fund				
Revenues	\$ 9,926,514	\$ 1,108,289	\$ 11,034,803	11.2%
Transfers In	-	-	-	0.0%
Expenditures	10,459,250	235,988	10,695,238	2.3%
Transfers Out	707,844	40,000	747,844	5.7%
Net Revenues Over (Under) Expenditures	\$ (1,240,580)	\$ 832,301	\$ (408,279)	-67.1%
Beginning Fund Balance	2,240,739	-	2,240,739	0.0%
Estimated Ending Fund Balance	\$ 1,000,159	\$ 832,301	\$ 1,832,460	83.2%
Estimated Ending Fund Balance % of Reve	10.1%		16.6%	

Transportation Benefit District Fund

Public Transportation Tax revenue received through August 2021 exceeds the eight-month target by \$173,336 (about 15.6%). Using 2019 level for the remaining months in 2021 (September – December), the 2021 TBD tax revenue is projected to be \$1,286,000, which is about a \$190,000 increase from the original budget projection of \$1,096,000. This new projection is about a 17% increase from the original projection and about an 8.0% increase from the actual 2020 TBD tax revenue.

Compensated Absences Reserve Fund

The proposed budget amendment reduces the Compensated Absences Reserve Fund’s appropriations by \$49,000 due to allocation of accrual cash outs for three retirees from Human Resources, Finance, and City Clerk’s offices to proprietary funds as contra expense (or indirect cost allocation). Total 2021 cash out expenditure are \$128,674, and about \$48,900 or 38.0% of the total is estimated to be allocable to utilities and Airport funds.

LEOFF 1 OPEB Reserve Fund

The proposed budget amendment decreases the LEOFF 1 OPEB Reserve Fund’s transfers-in by \$78,000. The adopted 2021 budget includes \$78,000 transfers-in from the Firemen’s Pension Fund. It was learned that to report the Firemen’s Pension Fund as a fiduciary fund on the City’s financial statement, the funds must stay in the Firemen’s Pension Fund until there is no pre-LEOFF pension beneficiary remaining. This financial statement reporting issue was discussed with Council Budget Committee members during July 13th Budget Committee meeting and the Council Budget Committee recommend keeping the funds in the Firemen’s Pension Fund until there is no beneficiary remaining or use of the funds is needed.

Federal Grant Control Fund

This fund is used to account for the State and Local Fiscal Recovery Funds (SLFRF) received under the American Rescue Plan Act of 2021 (ARPA). The budget amendment reflects \$1,066,299 revenue for ARPA funds received in June 2021 and \$335,181 transfers-out to the Public Facilities Reserve Fund to supplement the temporary fire station project costs exceeding the bonds proceeds. This was approved by the City Council on 8/9/2021.

Public Facilities Reserve Fund

The proposed budget amendment increases the Public Facilities Reserve Fund’s revenues by \$15,591, increases transfers-in by \$375,181, and increases the appropriations by \$391,009, resulting in a net decrease in fund balance by \$237.

Increase in appropriations includes \$15,828 retainage released in August for pool resurfacing project, \$40,000 ear-marked for two parks improvement projects: Westside Park and Lintott/Alexander Park,

and \$335,181 for temporary fire station project. Recreation Park and Penny Playground projects are complete other than a few minor punch items being added. The only remaining major project in 2021 is the temporary fire station project. A summary of the 2021 proposed amended budget for the Public Facilities Reserve Fund is provided below:

	2021 Current Budget	Amendment Request Increase (Decrease)	Proposed Second Amended 2021 Budget	% Increase (decrease)
Public Facilities Reserve Fund				
Revenues	\$ 321,210	\$ 15,591	\$ 336,801	4.9%
Transfers In	-	375,181	375,181	0.0%
Expenditures	869,176	391,009	1,260,185	45.0%
Transfers Out	-	-	-	0.0%
Net Revenues Over (Under) Expenditures	\$ (547,966)	\$ (237)	\$ (548,203)	0.0%
Beginning Fund Balance	958,474		958,474	0.0%
Estimated Ending Fund Balance	\$ 410,508	\$ (237)	\$ 410,271	-0.1%

About \$190,000 of the estimated ending fund balance is donations received and restricted for Recreation Park.

Wastewater Fund

The proposed budget amendment increases the Wastewater Fund's revenues by \$18,211 and decreases appropriations by \$35,900, resulting in a net increase in fund balance by \$54,111.

Revenue increases includes \$36,211 FEMA grant reimbursement received in 2021 for January 2020 winter storm disaster event damage recovery costs, \$32,000 increase in hookup/connection fee revenues to reflect to actual through August, and loss of late fee revenue by \$50,000.

Decrease in appropriations includes \$90,000 for postponement of equalization basin construction project to 2022 and \$25,000 increase for sewer replacement at Sitka Avenue which was not in the original budget.

Water Fund

The proposed budget amendment decreases the Water Fund's revenues by \$25,300 and increase appropriations by \$1,800. Revenue decrease includes \$33,000 for loss of late fee revenue and \$7,700 increase for latecomer fee deposits.

Storm and Surface Water Fund

The proposed budget amendment decreases the Storm and Surface Water Fund's revenues by \$6,700 and increases appropriations by \$3,200.

Airport Fund

The proposed budget amendment increases the Airport Fund's revenues by \$257,477 and increases appropriations by \$173,751, resulting in a net increase in fund balance by \$83,726.

The revenue increase includes \$129,377 FAA grant for the runway rehabilitation project and additional debt service payment for Arkansas Way loan and \$128,100 lease escrow deposits received that was not in the original budget.

Total appropriations increase includes expense of the FAA grants for the scope of the grant award and increase for contra expenses (general fund indirect cost allocation for administrative services) by \$29,900 to reflect more to actual through August activities.

City-Wide Summary

The proposed budget amendment revises the budgeted amount by a combined net total increase in fund balance by \$1,903,019 and a total estimated ending fund balance to \$24,554,668 as provided below:

City-wide (All Funds)	2021 Current Budget	Amendment Request Increase (Decrease)	Proposed Second Amended 2021 Budget	% Increase (decrease)
Revenues	\$ 26,197,901	\$ 2,623,867	\$ 28,821,768	10.0%
Transfers-In	1,062,734	297,181	1,359,915	28.0%
Expenditures	28,691,330	720,848	29,412,178	2.5%
Transfers-out	1,062,734	297,181	1,359,915	28.0%
Net Revenues Over (Under) Expenditures	\$ (2,493,429)	\$ 1,903,019	\$ (590,410)	-76.3%
Beginning Fund Balance^	25,145,078	-	25,145,078	0.0%
Estimated Ending Fund Balance	\$ 22,651,649	\$ 1,903,019	\$ 24,554,668	8.4%

RECOMMENDATION

It is recommended that the City Council pass Ordinance No. 1022-B on first reading.

SUGGESTED MOTION

I move that the City Council pass Ordinance No. 1022-B on first reading.

ORDINANCE NO. 1022-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING THE 2021 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1013-B BY REVISING THE BUDGETED AMOUNTS BY A COMBINED TOTAL OF ONE MILLION NINE HUNDRED THREE THOUSAND NINETEEN DOLLARS (\$1,903,019) FOR THE GENERAL FUND, TRANSPORTATION BENEFIT DISTRICT FUND, COMPENSATED ABSENCES RESERVE FUND, LEOFF 1 OPEN RESERVE FUND, FEDERAL GRANT CONTROL FUND, PUBIC FACILITIES RESERVE FUND, WASTEWATER FUND, WATER FUND, STORM AND SURFACE WATER FUND, AIRPORT FUND, AND FIREMEN'S PENSION 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 2021 shall be, and the same hereby is, amended so as to increase the General Fund's revenues by \$1,108,289, increase appropriations by \$235,988, and increase transfers-out by \$40,000.

Section 2. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to increase the Transportation Benefit District Fund's revenues by \$190,000.

Section 3. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to decrease the Compensated Absences Reserve Fund's appropriations by \$49,000.

Section 4. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to decrease the LEOFF 1 OPEB Reserve Fund's transfers-in by \$78,000.

Section 5. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to increase the Federal Grant Control Fund's revenues by \$1,066,299 and increase transfers-out by \$335,181.

Section 6. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to increase the Public Facilities Reserve Fund's revenues by \$15,591, increase transfers-in by \$375,181, and increase appropriations by \$391,009.

Section 7 The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to increase the Wastewater Fund's revenues by \$18,211 and decrease appropriations by \$35,900.

Section 8. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to decrease the Water Fund's revenues by \$25,300 and increase appropriations by \$1,800.

Section 9. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to decrease the Storm and Surface Water Fund's revenues by \$6,700 and increase appropriations by \$3,200.

Section 10. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to increase the Airport's revenues by \$257,477 and increase appropriations by \$173,751.

Section 11. The annual budget of the city for the calendar year 2021 shall be, and the same hereby is, amended so as to decrease the Firemen's Pension Fund's transfers-out by \$78,000.

Section 12. 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 2021 budget which shows a total estimated ending fund balance of \$24,554,668.

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 _____, 2021.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CITY OF CHEHALIS "SECOND " AMENDED 2021 BUDGET
2021 BUDGET SUMMARY REVISED WITH ORDINANCE NO. 1022-B**

FUND NO.	FUND NAME	ACTUAL BEGINNING FUND BALANCE 01/01/2021		TRANSFERS IN	EXPENDITURES	TRANSFERS OUT	ESTIMATED ENDING FUND BALANCE 12/31/2021	INCREASE (DECREASE) IN FUND BALANCE	% CHANGE
		REVENUES							
001	General Fund (Current Expense)	\$ 2,240,739	\$ 11,034,803	\$ -	\$ 10,695,238	\$ 747,844	\$ 1,832,460	\$ (408,279)	-18.2%
003	Dedicated Street	188,475	150	116,800	184,520	-	120,905	(67,570)	-35.9%
004	Building Abatement	51,614	100	-	-	-	51,714	100	0.2%
102	Arterial Street	98,528	160,600	-	168,300	-	90,828	(7,700)	-7.8%
103	Transportation Benefit District	3,105,160	1,751,740	-	1,637,650	-	3,219,250	114,090	3.7%
107	Tourism	110,053	219,500	-	185,000	71,563	72,990	(37,063)	-33.7%
110	Compensated Absences Reserve	198,020	400	200,000	151,000	-	247,420	49,400	24.9%
115	LEOFF 1 OPEB Reserve	33,607	100	166,000	168,300	-	31,407	(2,200)	-6.5%
195	Community Development Block Grant	24,592	50	-	1,000	-	23,642	(950)	-3.9%
197	HUD Block Grant	88,424	180	-	2,000	-	86,604	(1,820)	-2.1%
199	Federal Grant Control	-	1,066,299	-	-	335,181	731,118	731,118	0.0%
200	General Obligation Bond	5	-	301,934	301,934	-	5	-	0.0%
301	Public Facilities Reserve	958,474	336,801	375,181	1,260,185	-	410,271	(548,203)	-57.2%
302	Automotive/Equipment Reserve	108,178	6,514	200,000	46,500	-	268,192	160,014	147.9%
305	First Quarter REET	217,375	115,100	-	-	130,196	202,279	(15,096)	-6.9%
306	Second Quarter REET	240,627	110,700	-	-	75,131	276,196	35,569	14.8%
402	Garbage	8,318	6,115	-	6,100	-	8,333	15	0.2%
404	Wastewater	5,368,364	5,531,711	-	5,812,570	-	5,087,505	(280,859)	-5.2%
405	Water	7,990,124	3,238,597	-	3,918,107	-	7,310,614	(679,510)	-8.5%
406	Storm and Surface Water	1,699,119	709,765	-	948,100	-	1,460,784	(238,335)	-14.0%
407	Airport	1,391,726	4,206,458	-	3,601,769	-	1,996,415	604,689	43.4%
611	Firemen's Pension	1,023,556	15,480	-	13,300	-	1,025,736	2,180	0.2%
633*	Custodial Court Fund	-	103,800	-	103,800	-	-	-	0.0%
634*	Custodial Other Agency Fund	-	206,805	-	206,805	-	-	-	0.0%
TOTALS		\$ 25,145,078	\$ 28,821,768	\$ 1,359,915	\$ 29,412,178	\$ 1,359,915	\$ 24,554,668	\$ (590,410)	-2.3%

*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.

Original Budget	19,560,947	23,329,542	662,734	24,587,576	662,734	18,302,913	(1,258,034)
Changes from Amendment #1	5,584,131	2,868,359	400,000	4,103,754	400,000	4,348,736	(1,235,395)
Amended Budget #1	25,145,078	26,197,901	1,062,734	28,691,330	1,062,734	22,651,649	(2,493,429)
Changes from Amendment #2	-	2,623,867	297,181	720,848	297,181	1,903,019	1,903,019

Fund No. and Name	Account Name	Reason for Amendment	2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
Fund 001 - General Fund									
Revenues									
001 313 011.00	Local Sales Tax	Increase projection to reflect more to actual	4,673,200	820,000				820,000	5,493,200
001 322 010.00	Building Permits	Relect to actual. Increase in permit activities	80,400	125,000				125,000	205,400
001 322 090.00	Other Licenses & Permits - fire safety	Reflect more to actual	600	10,000				10,000	10,600
001 331 016.60	DOJ Bullet Proof Vest Grant	Bulletproof Vest Grant reimbursement received not in budget	-	1,530				1,530	1,530
001 334 001.20	Other Judicial Agencies	Public Defense Improvement Grant received not in budget	-	10,000				10,000	10,000
001 335 000.91	PUD Privilege Tax	Reflect more to actual	75,000	3,560				3,560	78,560
001 335 004.01	Ee & Cj Leg One-Time Cost	State shared revenue not in budget	-	29,916				29,916	29,916
001 336 000.98	City Assistance	Reflect more to actual	13,800	9,320				9,320	23,120
001 342 021.03	Fire Protection Service -Green Hills	Rate increase per 2021-2022 service agreement	25,100	2,975				2,975	28,075
001 342 021.06	Intergov'tl Ambulance Service Conso	Not in 2021 budget	-	1,200				1,200	1,200
001 345 083.00	Plan Check Fees	Increase in permit activities	44,500	62,500				62,500	107,000
001 356 050.03	Drug/Alcohol Spec Assessment	Reflect more to actual	1,800	1,305				1,305	3,105
001 367 000.00	Private Donations	WFOA scholarship for Accounting Intern in Finance	-	1,533				1,533	1,533
001 369 010.00	Sale of Scrap or Junk	Sale of miscellaneous fire equipment	-	3,000				3,000	3,000
001 369 030.00	Confisc & Forfeit - Drugs/UNET	Increase in drug seizure payments	21,800	21,450				21,450	43,250
001 382 010.01	Municipal Court Bail Deposits	Municipal Court bail deposits received not in budget	-	5,000				5,000	5,000
Total General Fund Revenues & Transfers In			9,926,514	1,108,289	-	-	-	1,108,289	11,034,803
Expenditures									
001.C1 512 050.48.02	R & M - IT Software/Hardware	AV Capture 2020 Annual fee paid in 2021	4,000			2,915		2,915	6,915
001.C1 523 020.21.07	Personnel Benefits - UI Taxes	Unemployment tax payment not in budget	-			3,801		3,801	3,801
001.C1 582 010.00.01	Municipal Court Bail Deposit Refunds	Bail deposit refunds not in budget	-			6,000		6,000	6,000
subtotal for Municipal Court			415,600	-	-	12,716	-	12,716	428,316
001 D1 513 010.48.02	R & M - IT Software/Hardware	Increase IT service for setting up new user and other support	600			1,200		1,200	1,800
subtotal for City Manager			227,015	-	-	1,200	-	1,200	228,215
001 E1.514.023.11 00	Salaries and Wages	New staff with less pay step	251,200			(5,500)		(5,500)	245,700
001 E1.514.023.11 05	Salaries and Wages - PT	Need additional help to pick up tasks done by previous accountant until new staff is trained	11,000			5,500		5,500	16,500
001 E1.514.023.48 02	R & M - IT Software/Hardware	Increase IT support service for multipel setting up new users due to staff changes	33,300			3,000		3,000	36,300
subtotal for Finance			283,635	-	-	3,000	-	3,000	286,635
001 E4.518.080.41 00	Professional Services	Municipal code online update, not in 2021 budget	-			3,251		3,251	3,251
subtotal for City Clerk			96,925	-	-	3,251	-	3,251	100,176
001 F1 515.041.41.32	Professional Services - Litigation	Services for public records litigation exceeded budget estimated	5,000			3,000		3,000	8,000
subtotal for Legal Services			76,700	-	-	3,000	-	3,000	79,700
001 F2 518.030.11.05	Salaries and Wages - PT	Facilities maintenance	36,000			25,000		25,000	61,000
001 F2 518.030.21.07	Personnel Benefits - UI Tax	Unexpected unemployment benefit payments	-			1,600		1,600	1,600
001 F2 518.030.31.00	Operaing supplies	Facilities maintenance supplies	50,000			18,000		18,000	68,000
001 F2 518.030.48.00	R & M - Facilitiéis	Drainage project at the scout lodge, city hall, police sign refurbishment	30,000			14,500		14,500	44,500
001 F2 572.050.11.05	Salaries and Wages - PT	Library mainteance	-			1,800		1,800	1,800
001 F2 576.020.11.05	Salaries and Wages - PT	Pool mainteance	-			1,200		1,200	1,200
001 F2 576.020.31.00	Operaing supplies	Pool mainteance supplies	40,000			5,000		5,000	45,000
001 F2 594.018.71.01	Capital Lease -Mower-Principal	Adjust budget to actual	10,879			1,463		1,463	12,342
001 F2 594.018.81.01	Capital Lease -Mower-Interest	Adjust budget to actual	1,663			(435)		(435)	1,228
subtotal for Facilities and Parks			1,234,758	-	-	68,128	-	68,128	1,302,886
001.G1 553.030.40.11	Intergov't Service -LC Flood Warning	Budget \$4,000, Actual \$4,933.70	4,000			1,000		1,000	5,000
001.G1 588.010.00.00	Prior Period Adjustment	Refund DOR for tax distributed to City in 2019	-			32,243		32,243	32,243
001.G1 597.000.05.31	Transfer Out - Fund 301	Westside & Lintott-Alexander Park Impv. project (Council approved 5/24/21)	-			-	40,000	40,000	40,000
subtotal for Non-Departmental			901,644	-	-	33,243	40,000	73,243	974,887
001.G2 518.010.44.00	Advertising	GeoGov/APWA - vacant postion postings	250			1,500		1,500	1,750
subtotal for Human Resources			122,250	-	-	1,500	-	1,500	123,750
001 H1 594 021.62.00	Building and Structure	Police evidence garage acquisition moved to 2022	65,000			(65,000)		(65,000)	-
subtotal for Police			3,490,310	-	-	(65,000)	-	(65,000)	3,425,310
001.I1.522.010.41.00	Professional Services	Reflect more to actual	-			5,000		5,000	5,000
001.I1 522.010.49.02	Membership Dues & Subscription	Adjust to actual	3,000			5,100		5,100	8,100
001.I1 522.026.41.00	Professional Services	Reflect more to actual	10,000			(5,000)		(5,000)	5,000
subtotal for Fire			2,369,615	-	-	5,100	-	5,100	2,374,715
001 K1.542.030.45 00	Rentals	Equipment rentals for roadway maint not budgetted	6,000			5,000		5,000	11,000
001 K1.542.063 31 00	Office & Operating Supplies	Purchased a lot more LED lights than expected.	3,500			18,000		18,000	21,500
001 K1.542.063.48 00	Repair & Maint - Facilities	More electrician service for installation of LED lights	5,000			6,000		6,000	11,000
001 K1.542.063.48 01	Repair & Maint - Equipment	Street light repairs at Louisiana Ave not budgetted	-			6,000		6,000	6,000
subtotal for Street			571,257	-	-	35,000	-	35,000	606,257
001 P2.524.011.41 00	Prof Services - Inspection/Permit	Exceptionally busy building permit season. Additional budget requested.	112,000			75,000		75,000	187,000

Fund No. and Name	Account Name	Reason for Amendment	2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
001 P2.524.011 24 00	Uniform & Clothing	Safety clothing required for staff performing site visits	-	-	-	750	-	750	750
001 P2.524.011.48 02	R & M - IT Hardware/Software	Increased IT service due to new staff & permit software annual maintenance cost increase	12,900	-	-	5,000	-	5,000	17,900
001 P2.558.060.11 00	Salaries and Wages	Hired an additional planner 6/21/2021	94,300	-	-	38,000	-	38,000	132,300
001 P2.558.060 21 00	Personnel Benefits	Hired an additional planner 6/21/2021	72,900	-	-	15,000	-	15,000	87,900
001 P2.558.060.48 00	R&M - Facilities	Creation of new work space for new planner	200	-	-	600	-	600	800
001 P2.558.060.48 02	R & M - IT Hardware/Software	Increased IT service due to new staff	1,600	-	-	500	-	500	2,100
		subtotal for Planning & Building	896,605	-	-	134,850	-	134,850	1,031,455
Total General Fund Expenditures & Transfers Out			11 167 094	-	-	235 988	40 000	275 988	11 443 082
Total for General Fund				1,108,289	-	235,988	40,000	832,301	

Fund 103 - Transportation Benefit District Fund

Revenues									
103 313 021.00	Public Transportation Tax - TBD	Increase projection to reflect more to actual	1,096,000	190,000	-	-	-	190,000	1,286,000
Total Transportation Benefit District Fund Revenues & Transfers In			1,561,740	190,000	-	-	-	190,000	1,751,740
Total for Transportation Benefit District Fund				190,000	-	-	-	190,000	

Fund 110 - Compensated Absences Reserve Fund

Expenditures									
110.47 514 020.1C.00	Wage Contra Exp - city clerk	allocation of retiree cashouts expenses to proprietary funds	-	-	-	(11,200)	-	(11,200)	(11,200)
110.47 514 020.2C.00	Benefit Contra Exp - city clerk	allocation of retiree cashouts expenses to proprietary funds	-	-	-	(900)	-	(900)	(900)
110.47 514 023.1C.00	Wage Contra Exp - finance	allocation of retiree cashouts expenses to proprietary funds	-	-	-	(15,200)	-	(15,200)	(15,200)
110.47 514 023.2C.00	Benefit Contra Exp - finance	allocation of retiree cashouts expenses to proprietary funds	-	-	-	(1,200)	-	(1,200)	(1,200)
110.47 518 019.1C.00	Wage Contra Exp - HR	allocation of retiree cashouts expenses to proprietary funds	-	-	-	(19,000)	-	(19,000)	(19,000)
110.47 518 019.2C.00	Benefit Contra Exp - HR	allocation of retiree cashouts expenses to proprietary funds	-	-	-	(1,500)	-	(1,500)	(1,500)
Total Compensated Absences Reserve Fund Expenditures & Transfers Out			200,000	-	-	(49,000)	-	(49,000)	151,000
Total for Compensated Absences Reserve Fund				-	-	(49,000)	-	49,000	

Fund 115 - LEOFF 1 OPEB Reserve Fund

Revenues									
115 397 000.61	Transfer In- Fund 611	Keep funds in 611 (Council Budget Committee approved)	78,000	-	(78,000)	-	-	(78,000)	-
Total LEOFF 1 OPEB Reserve Fund Revenues & Transfers In			244,100	-	(78,000)	-	-	(78,000)	166,100
Total for Compensated Absences Reserve Fund				-	(78,000)	-	-	(78,000)	

Fund 199 - Federal Grant Control Fund

Revenues									
119 331 021.02	US Treasury Grant - ARPA	US Treasury ARPA Local Fiscal Recovery Funds Received not in budget	-	1,066,299	-	-	-	1,066,299	1,066,299
Total Federal Advance Grant Control Fund Revenues & Transfers In			-	1,066,299	-	-	-	1,066,299	1,066,299
Expenditures									
199.48 597 000.05.31	Transfer Out - Fund 301	ARPA funds for Temp. Fire Station project costs over bond proceeds (Council Approved 8/9/21)	-	-	-	-	335,181	335,181	335,181
Total Federal Advance Grant Control Fund Expenditures & Transfers Out			-	-	-	-	335,181	335,181	335,181
Total for Federal Grant Control Fund				1,066,299	-	-	335,181	731,118	

Fund 301 - Public Facilities Reserve Fund

Revenues									
301 367 011.76	Donation - Ballfield	Chehalis Foundation Donation for Ballfield not in budget	-	6,000	-	-	-	6,000	6,000
301 367 011.77	Donation - Penny Playground	Chehalis Foundation Donation for Penny Playground not in budget	-	9,591	-	-	-	9,591	9,591
301 397 000.01	Transfer In - Fund 001	Reserve for Westside Park & Lintott/Alexander Park Impv. proj \$20K each	-	-	40,000	-	-	40,000	40,000
301 397 000.19	Transfer In - Fund 199	ARPA funds for Temp. Fire Station Project (Council Approved 8/9/21)	-	-	335,181	-	-	335,181	335,181
Total Public Facilities Reserve Fund Revenues & Transfers In			321,210	15,591	375,181	-	-	390,772	711,982
Expenditures									
301.44 594 022.61.01	Land (Fire Station)	Additional cost for temp. fire station site prep work	233,396	-	-	191,825	-	191,825	425,221
301.44 594 022.62.00	Bldgs/Structures (Fire Station)	Additional cost for apparatus bay & modular home relocation work	204,500	-	-	143,356	-	143,356	347,856
301.44 594 076.63.00	Improvements - Pool	Retainage released for pool resurfacing project completed in 2020	-	-	-	15,828	-	15,828	15,828
301.44 594 076.63.02	Improvements - Westside Parks	Westside Park improvement project - initial seed money by City	-	-	-	20,000	-	20,000	20,000
301.44 594 076.63.03	Improvements - Lintott/Alexander	Lintott/Alexander Parks improvement project - initial city seed money by City	-	-	-	20,000	-	20,000	20,000

Fund No. and Name	Account Name	Reason for Amendment	2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
Total Public Facilities Reserve Fund Expenditures & Transfers Out			869,176	-	-	391,009	-	391,009	1,260,185
Total for Public Facilities Reserve Fund				15,591	375,181	391,009	-	(237)	

Fund 404 - Wastewater Fund

Revenues			2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
404 333 097.03	FEMA - federal grant	Reimbursement for January 2020 Disaster project costs not in budget	-	31,038	-	-	-	31,038	31,038
404 334 001.80	FEMA - state grant	Reimbursement for January 2020 Disaster project costs not in budget	-	5,173	-	-	-	5,173	5,173
404 343 050.30	Hookup/Connection Fees	Adjust more to actual (YTD revenue over 2021 budget)	87,200	32,000	-	-	-	32,000	119,200
404 359 000.00	Late Payment Fees	Late payment fees unable to assess due to governor's proclamation	51,200	(50,000)	-	-	-	(50,000)	1,200
Total Wastewater Revenues & Transfers In			5,513,500	18,211	-	-	-	18,211	5,531,711
Expenditures			2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
404.11 535 010.41.00	Professional Services	NASH consultant for employee issues, not in budget	6,300	-	-	15,000	-	15,000	21,300
404.11 594 035.65.00	Construction Projects	Sewer Replacement at Sitka Ave, not in budget	-	-	-	25,000	-	25,000	25,000
404.11 594 035.65.00	Construction Projects	2021 budgeted EQ1/EQ2 basin construction projects moved to 2022	543,300	-	-	(90,000)	-	(90,000)	453,300
404.11 535 091.1A 00	Wage Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	81,000	-	-	16,900	-	16,900	97,900
404.11 535 091.2A 00	Benefit Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	40,500	-	-	300	-	300	40,800
404.11 535 091.3A 00	Supplies Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	2,200	-	-	(200)	-	(200)	2,000
404.11 535 091.4A 00	Services Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	44,300	-	-	(2,900)	-	(2,900)	41,400
Total Wastewater Fund Expenditures			5,848,470	-	-	(35,900)	-	(35,900)	5,812,570
Total Wastewater Fund				18,211	-	(35,900)	-	54,111	

Fund 405 - Water Fund

Revenues			2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
405 359 000.00	Late Payment Fees	Governor's proclamation due to COVID19 - no fees to be assessed	33,800	(33,000)	-	-	-	(33,000)	800
405 382 010.06	Latecomer Agreement Deposit	Latecomer Agreement Payments not in budget	-	7,700	-	-	-	7,700	7,700
Total Water Fund Revenues & Transfers In			3,263,897	(25,300)	-	-	-	(25,300)	3,238,597
Expenditures			2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
405.10 534 091.1A 00	Wage Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	70,900	-	-	7,100	-	7,100	78,000
405.10 534 091.2A 00	Benefit Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	36,400	-	-	(1,800)	-	(1,800)	34,600
405.10 534 091.3A 00	Supplies Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	1,900	-	-	(200)	-	(200)	1,700
405.10 534 091.4A 00	Professional Services Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	39,300	-	-	(3,300)	-	(3,300)	36,000
Total Water Fund Expenditures			3,916,307	-	-	1,800	-	1,800	3,918,107
Total for Water Fund				(25,300)	-	1,800	-	(27,100)	

Fund 406 - Storm & Surface Water Fund

Revenues			2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
406 359 000.00	Late Payment Fees	Governor's proclamation due to COVID19 - no fees to be assessed	6,700	(6,700)	-	-	-	(6,700)	-
Total Storm Water Fund Revenues & Transfers In			716,465	(6,700)	-	-	-	(6,700)	709,765
Expenditures			2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
406 06 531 091.1A 00	Wage Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	14,200	-	-	3,600	-	3,600	17,800
406 06 531 091.2A 00	Benefit Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	6,700	-	-	300	-	300	7,000
406 06 531 091.3A 00	Supplies Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	400	-	-	(100)	-	(100)	300
406 06 531 091.4A 00	Services Contra Offsets	Reflect more to actual as of July, due to cash outs allocation	8,000	-	-	(600)	-	(600)	7,400
Total Stormwater Fund Expenditures			944,900	-	-	3,200	-	3,200	948,100
Total Stormwater Fund				(6,700)	-	3,200	-	(9,900)	

Fund 407 - Airport Fund

Revenues			2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
407 331 020.00	FAA A P & Rescue Grant Program	FAA grant increase for Runway and Arkansa debt service	1,346,070	129,377	-	-	-	129,377	1,475,447
407 382 010.00	Lease Escrow Deposit-Refundable	YTD refundable lease escrow deposits received, not in budget	-	128,100	-	-	-	128,100	128,100
Total Airport Fund Revenues & Transfers In			3,948,981	257,477	-	-	-	257,477	4,206,458
Expenditures			2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
407 9A.546.010.48 01	E & M - Equipment	Unexpected major repair required on the Jet A Fuel Truck	2,000	-	-	14,474	-	14,474	16,474
407 09 594 046.63.00	Other Improvement	Taxway Rehab & Improvement project cost increase	884,000	-	-	70,377	-	70,377	954,377
407 09 591 046.71.01	Principal-Arkansas Way	Additional principal payment with FAA ARGP Grant	42,422	-	-	59,000	-	59,000	101,422
407 09 546 091.1A 00	Wage Contra Offset	Reflect more to actual as of July, due to cash outs allocation	46,600	-	-	23,000	-	23,000	69,600

Fund No. and Name	Account Name	Reason for Amendment	2021 Current Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
407 09 546 091.2A 00	Benefit Contra Offset	Reflect more to actual as of July, due to cash outs allocation	26,900			4,000		4,000	30,900
407 09 546 091.3A 00	Supplies Contra Offset	Reflect more to actual as of July, due to cash outs allocation	1,200			300		300	1,500
407 09 546 091.4A 00	Services Contra Offset	Reflect more to actual as of July, due to cash outs allocation	25,700			2,600		2,600	28,300
Total Airport Fund Expenditures			3,428,018	-	-	173,751	-	173,751	3,601,769
Total for Airport Fund				257,477	-	173,751	-	83,728	
Fund 611 - Firemen's Pension Fund									
Expenditures									
611 36 597 000.05.15	Transfer Out - Fund 115	Keep funds in 611 (Council Budget Committee approved)	78,000				(78,000)	(78,000)	-
Total Firemen's Pension Fund Expenditures & Transfers Out			91,300	-	-	-	(78,000)	(78,000)	13,300
Total for Firemen's Pension Fund				-	-	-	(78,000)	78,000	
Total Amendment for City-wide All Funds				2,623,867	297,181	720,848	297,181	1,903,019	

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM:

BY: Jill Anderson, City Manager
Kiley Franz, City Clerk

MEETING OF: September 13, 2021

SUBJECT: Appointment of New Lodging Tax Advisory Committee Members

ISSUE

Two members of the Lodging Tax Advisory Committee (LTAC), Todd Chaput and Gloria Choi, have accepted positions outside of the hospitality industry and have thus resigned from the committee. The annual Lodging Tax Advisory Committee meeting to review funding applications has been scheduled for Tuesday, September 21st and new appointments are needed at this time.

DISCUSSION

The LTAC reviews and makes funding recommendations to the City Council to fund various non-profit organizations or government entities for marketing, activities, operations, and expenditures designed to increase tourism.

The LTAC for the City of Chehalis is currently comprised of seven members: three from entities that collect lodging tax funds (hotels, motels, etc.), three from entities that receive funds (non-profit agencies, cities, etc.), and one City Council member to chair the committee. Per state law (RCW 67.28.1817), members of the LTAC must have equal representation of hoteliers and receiving agencies.

In response to the resignations, staff contacted Councilor Lord, who chairs the Lodging Tax Advisory Committee, regarding the potentially interested candidates. Since both vacancies are from hoteliers, staff reached out to the eligible candidates. Most hoteliers are short staffed and unable to participate this year. The City of Chehalis is considered a collecting agency due to the RV park at Stan Hedwall Park. While the City typically avoids having a staff member on this committee, to ensure compliance with the equal representation state law, Lilly Wall, Recreation Manager, has applied for appointment to the committee.

- Jacob Blue of Holiday Inn has submitted the attached application for appointment to the LTAC.
- Lilly Wall, Recreation Manager for the City of Chehalis has submitted the attached application for appointment to the LTAC.

Both applications are attached to this report for your information.

RECOMMENDATION

It is recommended that the City Council appoint Jacob Blue and Lilly Wall to the City's Lodging Tax Advisory Committee.

SUGGESTED MOTION

I move that the City Council appoint Jacob Blue and Lilly Wall to the City's Lodging Tax Advisory Committee.



Application for Appointment

Date: 8/30/21

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 360-345-1042.

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>Jacob Blue</u>	Home Phone: [REDACTED]
Home Mailing Address: [REDACTED]	Cell Phone: [REDACTED]
	Email: [REDACTED]
Employer: <u>Holiday Inn Express - Chehalis</u>	Work Phone: <u>360-740-1800</u>
Employer Address: <u>730 NW Liberty Place</u>	Work Cell: <u>503-894-1976</u>
<u>Chehalis WA 98532</u>	Work Email: <u>JacobB@HotelServicesGroup.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: September 21st 2021

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

Approximately how many hours each month can you devote to city business? 35-40

Provide a brief statement of qualifications and reason for requesting appointment: I have 17 years employed in the lodging Hospitality Industry. I have been a General Manager for 5 different name brand Hotels and come with High recommendations for leadership, operations, and regulatory management. I am requesting this appointment because as the General Manger of Chehalis largest hotel, it is my civic obligation and responsibility to promote the general welfare of our community and lodging industry.

Signature Jacob Blue



Application for Appointment

Date: 9-13-2021

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 360-345-1042.

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>Lilly Wall</u>	Home Phone:
Home Mailing Address: [REDACTED]	Cell Phone: [REDACTED]
[REDACTED]	Email: [REDACTED]
Employer: <u>City of Chehalis</u>	Work Phone: <u>(360) 345-2224</u>
Employer Address: <u>1321 S. Market Blvd.</u>	Work Cell: <u>(360) 508-6263</u>
<u>Chehalis, WA 98532</u>	Work Email: <u>lwall@ci.chehalis.wa.us</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: Immediately

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

Approximately how many hours each month can you devote to city business? As much as needed

Provide a brief statement of qualifications and reason for requesting appointment: In the Recreation Manager for the city of chehalis and I am requesting appointment as we are an agency that collects LTAC funds from the Starke Wall RV Park.

Signature Lilly Wall

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Kiley Franz, City Clerk

MEETING OF: September 13, 2021

SUBJECT: Process for Filling the Vacant City Council Seat (At-Large Position No. 2)

ISSUE

Due to the resignation of Councilor Michael Bannan, effective September 7, 2021, the Chehalis City Council has one vacant seat, which is At-Large Position No. 2.

BACKGROUND

On Tuesday, September 7, 2021, City Manager Jill Anderson received notice from Councilor Michael Bannan that he had purchased a house outside of city limits and was resigning from the Chehalis City Council. Councilor Bannan was appointed on March 1, 2021 and sworn into office at the March 8, 2021 City Council meeting to fill the position vacated by Mayor Pro Tem Chad Taylor, which would have expired on December 31, 2021. When Councilor Bannan was appointed to the position, the end of the term of office became the first City Council meeting following the certification of the November 2, 2021 election.

Eligibility to a hold a City Council position is addressed in Chehalis Municipal Code 2.08.050, which provides that the individual has been a registered voter and resident of the city for a period of at least one year next preceding his or her election.

RCW 42.12 addresses the filling of vacancies of elected city officials, providing that a vacancy on an elected nonpartisan governing body shall be filled by the remaining members of the governing body. The City Council has 90 days from the date of the vacancy to make an appointment. If an appointment does not occur by then, the City Council loses its authority to fill the seat. According to RCW 42.12.070(4), the County's legislative body would then have the authority to make the appointment within 180 days of the vacancy's occurrence.

In response to a question about the possibility of a special election, staff contacted the Lewis County Auditor's Office to learn that cities cannot use a special election to fill a vacant seat on their City Council and are required to use the appointment process as set forth in the RCWs.

AT-LARGE POSITION NO. 2

The At-large Position No. 2, which is currently vacant, is also on the November 2, 2021 ballot for a two-year term ending on December 31, 2023. Due to the unique timing and circumstances, the City Council may want to consider the appointment process as two steps:

- 1) Making an appointment to complete the existing unexpired term created by Councilor Bannan’s resignation due to a move outside of City limits. This term ends when the Lewis County Auditor’s Office certifies the November 2, 2021 election results, at which point the elected person would take office at the City Council meeting following the certification. The deadline for the Lewis County Auditor to certify the election results is Tuesday, November 23. This process could potentially be completed by October 11.
- 2) Plan to make an appointment for the City Council term that would begin after certification of the November 2, 2021 election, when the election results are known. This appointment would be a two-year term ending after the certification of the next General Municipal Election in November 2023. This allows for the election process to proceed and the possibility that a write-in candidate could win the seat, which would eliminate the need for an appointment.

The two-step process is proposed because the At-Large Position No. 2 is up for election in November and former Councilor Bannan is on the ballot and running unopposed. The Lewis County Auditor’s Office informed City staff that his new residency outside the City would not negate the ability to certify the election result, so Mr. Bannan can technically be elected. If that is the case, Mr. Bannan can decline the position, which would ensure that he would not need to resign again. Then, the City Council would need to appoint someone to fill the position after the November 2 election for a term that would end after the certification of the next scheduled general municipal election in November 2023. There is also the possibility of a write-in candidate winning the election, which would eliminate the need for an appointment.

At this time, it is proposed that the City Council initiate the process to fill the vacant position with the term that will end at the City Council meeting following the certification of the November 2, 2021 election results. If the certification is not completed until the November 23, 2021 deadline, the appointment would end at the December 13, 2021 City Council meeting.

When the results of the November 2nd election are certified, the City Council will know if it needs to appoint or reappoint a person to the position vacated by Michael Bannan. The decision on how to fill that position can be made at that time with complete information about the election outcome.

PROPOSED PROCESS

In order to provide potential applicants sufficient time to complete and submit an application, and to ensure a timely appointment of a new City Councilor, the following timeline for filling the vacancy is proposed for the City Council’s consideration:

- Notice of vacancy published in official newspaper Thursday, September 16
- Applications due Thursday, September 30
- City Council conducts interviews at a special City Council meeting Monday, October 4
- New council member sworn in at regular City Council meeting Monday, October 11

A draft of an application for interested individuals to complete to be considered for the vacancy is also attached for City Council consideration.

FISCAL IMPACT

There is no fiscal impact related to the filling of this City Council member vacancy.

RECOMMENDATION

It is requested that the City Council review and comment on the proposed process for filling the vacancy, including the proposed application and then provide direction to staff.

SUGGESTED MOTION

I move that the City Council approve the process and application, and direct staff to proceed with the process for seeking candidates to fill the At-Large No. 2 position to complete the term, which ends at the first City Council meeting that follows the certification of the November 2, 2021 election results by the Lewis County Auditor's Office.



City of Chehalis

Application for City Council

At Large Position #2

Submittal Deadline: 5:00 PM Thursday, September 30, 2021

Name: _____

Physical Address: _____

Mailing Address: _____

Home Phone: _____ Cell Phone: _____

Email: _____

Years lived in the City of Chehalis: _____

Have you been a registered voter in the City of Chehalis for at least a year? _____

Current Employer: _____

Please answer the following questions using the area provided or on a separate piece of paper using no more than one page per question.

1) Why are you interested in serving as a member of the City Council? _____

2) What is your understanding of the role and responsibilities of a City Councilor? _____

3) What do you think are the strengths of the City? _____

4) How do you think the City can improve? _____

5) Please describe your qualifications and experience that have prepared you for service as a City Councilor: _____

Thank you for applying to be considered to serve as a City Councilor for the City of Chehalis. The City Council will review all applications submitted to the City Clerk's Office at Chehalis City Hall by 5:00 PM on Thursday, September 30, 2021. Applications will be accepted in person, private delivery (UPS/FedEX), the U.S. Postal Service; or via email at kfranz@ci.chehalis.wa.us. The City Clerk's office can be reached by phone at 360-345-1042, ext. 201 and is located at City Hall, 350 N. Market Street, Chehalis, WA 98532.

Reminder:
All applications must be received by
5:00 PM Thursday, September 30, 2021 to be considered.