

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
Terry Harris, Position at Large
Jerry Lord, District 1

Daryl J. Lund, District 2, Mayor Pro Tem
Dr. Isaac S. Pope, District 4
Robert J. Spahr, Position at Large

Regular Meeting of Monday, November 8, 2021 5:00 pm

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

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.

ITEM

CONSENT CALENDAR		
4. <u>Minutes of the Regular City Council Meeting of October 25, 2021.</u> (City Clerk)	APPROVE	1
5. <u>Vouchers and Transfers – Accounts Payable in the Amount of \$300,713.51 Dated October 29, 2021.</u> (City Manager, Finance Director)	APPROVE	3
6. <u>Vouchers and Transfers – Payroll in the Amount of \$789,544.85 Dated October 29, 2021.</u> (City Manager, Finance Director)	APPROVE	5
7. <u>Amendment to Professional Services Agreement with Precision Approach Engineering for the Airfield Pavement Rehabilitation Project.</u> (City Manager, Airport Operations Coordinator)	APPROVE	6
8. <u>Resolution No. 14-2021, First and Final Reading – Incentive Program for Lateral Police Officer Applicants.</u> (City Manager, Police Chief)	ADOPT	18

ITEM

PUBLIC HEARINGS		
9. <u>Proposed 2022 Revenue Sources – Property Taxes and Levies.</u> (City Manager, Finance Director)	CONDUCT PUBLIC HEARING	24
10. <u>Proposed 2022 Budget.</u> (City Manager, Finance Director)	CONDUCT PUBLIC HEARING	27
<p><i>Citizens may participate in person or submit comments for the public hearings by:</i></p> <p>1. Submitting through the City website – https://www.ci.chehalis.wa.us/contact.</p> <p>2. Contacting City Clerk Kiley Franz at 360-345-1042 or kfranz@ci.chehalis.wa.us to provide verbal comments or to sign up to log-in via Zoom to comment directly to the City Council.</p>		

ITEM

NEW BUSINESS		
11. <u>Ordinance No. 1023-B and Ordinance No. 1024-B, First Reading – Adoption of Property Tax Levies.</u> (City Manager, Finance Director)	PASS	29
12. <u>Ordinance No. 1025-B, First Reading – Adopting the 2022 Proposed Budget.</u> (City Manager, Finance Director)	PASS	34

ITEM

ADMINISTRATION
RECOMMENDATION PAGE

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

EXECUTIVE SESSION
15. Pursuant to RCW: a. 42.30.110(1)(b) – Selection of Site or Acquisition of Real Estate b. 42.30.110(1)(c) – Sale/Lease of Real Estate

**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA.
NEXT REGULAR CITY COUNCIL MEETING IS MONDAY, NOVEMBER 22, 2021.**

Chehalis City Council

Meeting Minutes
October 25, 2021

The Chehalis City Council met in regular session on Monday, October 25, 2021. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following members present: Terry Harris, Jerry Lord, Dr. Isaac Pope, and Bob Spahr. Councilor Daryl Lund participated via Zoom. Councilor Tony Ketchum was absent, excused. Staff present included: Jill Anderson, City Manager; Tammy Baraconi, Planning and Building Manager; Kiley Franz, City Clerk; Erin Hillier, City Attorney; Andrew Hunziker, Facilities Manager; Randy Kaut, Police Chief; Brandon Rakes, Airport Operations Coordinator; Chun Saul, Finance Director; and Lilly Wall, Recreation Manager.

1. **Approval of Agenda.** City Manager Anderson informed the Council that the executive session for sale and lease of real estate was not needed; it was removed from the agenda. A motion to approve the agenda as amended was made by Councilor Pope. The motion was seconded by Councilor Spahr and carried unanimously.

2. **First Responders Appreciation Day Proclamation.** Mayor Dawes read a proclamation designating October 28th as First Responders' Day in the City of Chehalis and thanked first responders for their service.

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

- a. Minutes of the regular City Council meeting of October 11, 2021; and
- b. October 15, 2021 vouchers and transfers - accounts payable in the amount of \$452,560.69;

The motion was seconded by Councilor Lord and carried unanimously.

4. **Incentive Program for Lateral Police Officer Applicants.** Chief Kaut explained that it has become difficult to recruit quality, experienced officers. In response, many agencies have created a signing bonus incentive to entice lateral officers. He further explained that the cost of sending an entry level officer to academy is slightly under \$26,000; which includes wages, benefits, and the cost of the academy.

The proposed program would provide a \$20,000 signing bonus to be paid out over a two-year period. \$8,000 would be paid at the time of hire, \$6,000 upon completion of probation, and \$6,000 at the end of the two-year period. A three-year agreement would be required, which would ensure that the City would be paid back if the applicant left City of Chehalis employment.

Discussion between Council members ensued regarding the amount of the signing bonus; Mayor Dawes supported \$15,000, Councilor Harris supported \$20,000, and Councilor Lund supported \$25,000. Councilor Lund asked why the reserve program was no longer in place. Chief Kaut explained that the stringent training requirements placed upon volunteers made it not financially viable.

Councilor Spahr made a motion to approve the lateral police officer monetary incentive program where the amount of \$20,000 is paid over two years to lateral police officer applicants who successfully complete three years of service with the City. The motion was seconded by Councilor Lord and carried unanimously.

5. **Memorandum of Understanding with the Lewis County Economic Development Council (EDC) for Infrastructure Project Funding, Coordination, and Advocacy Assistance.** Todd Chaput of the Lewis County Economic Development Council explained that while the project had originally been discussed for use with ARPA funds, the restrictions placed upon those funds has led to discussions of alternative funding. The focus of the project is to bring multiple entities together when completing a project to work cohesively to improve the area.

Councilor Lord asked if other jurisdictions had implemented a similar program. Todd Chaput explained that the infrastructure project was unique and encouraged coordination between entities. Councilor Pope asked when something tangible would be seen from this project. Todd Chaput explained that it would be unlikely they would have something for this legislative session, but would expect to see something proposed at the next.

A motion to approve the MOU and authorize the City Manager to sign the MOU with the EDC (Economic Alliance) was made by Councilor Spahr. The motion was seconded by Councilor Harris and carried four to one; Councilor Lord disapproved.

6. Administration Reports.

- a. **3rd Quarter Financial Status Report.** Chun Saul provided a third quarter financial report. The City's general fund revenue has collected 75.2% of the 2021 budget. 60% of property taxes have been collected, which is expected at this time of year since the second half of taxes are due in November. Sales and use taxes have collected 79% of the 2021 estimated revenue; utility taxes have collected 81.9%; and other tax collections are roughly 75%. Total tax collections through September is \$7,079,733.

Most departments spent below the 75% targeted amount. The facilities and parks departments are over the 75% target due to seasonal staff and projects completed in the summer months. Overall, the City has expended 62.8% of the 2021 budgeted amount.

- b. **Parks and Facilities Project Updates.** Andrew Hunziker provided an overview of parks and facilities projects within the City; projects include: renovation of the Stan Hedwall Park RV bathroom and shower facility, concrete parking stops at Lintott Alexander Park, tree trimming at Lintott Alexander Park, final preparations for the opening of Penny Playground, repairs to Penny Playground after a vehicle accident, new landscape at Lintott Alexander Park, new asset essentials work order system, cleaning and replacing parking stops, drainage at the Scout Lodge, cleanup of a giant cottonwood at Lintott Alexander Park; and other landscaping and maintenance projects throughout the city. Andrew Hunziker thanked the Streets Department for their assistance.

Mayor Dawes suggested signs at Stan Hedwall Park encouraging visitors to visit local shops and attractions.

Andrew Hunziker also informed the Council that prior to the repairs to the pool, it was losing approximately 25,000 to 30,000 gallons of water per day. After the resurfacing project was completed, only about 3,000 gallons a day are being lost. Heating and chlorine costs have been reduced with these repairs.

- c. **City Manager Update.** City Manager Anderson informed the Council that Marilyn Snider, the strategic planning facilitator, will be unable to attend in person but would be able to conduct the session remotely. The Council unanimously agreed to postpone the strategic planning session until able to participate in person. Positions are available on the Planning Commission and Historic Preservation Committee; applications have been posted on the City's website (www.ci.chehalis.wa.us). City Manager Anderson provided the telephone numbers to report street light outages: City of Chehalis (metal poles) 360-748-0238 and Lewis County PUD (wooden poles) 360-748-9261.

7. Councilor Reports/Committee Updates.

- a. **Councilor Harris.** Councilor Harris informed the Council that the Chehalis Basin Partnership heard from the Office of the Chehalis Basin, they are involved with a plan for the Skookumchuck dam. They are analyzing everything from dam removal to fish passages; they have indicated that it will not have an effect on water rights issues with TransAlta, but Councilor Harris expressed apprehension.
- b. **Mayor Dawes.** Mayor Dawes informed the Council that budget meetings had concluded.

8. 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)(g) – Review performance of a public employee, 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 6:30 pm. and the executive session began at 6:34 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: November 8, 2021

SUBJECT: Vouchers and Transfers – Accounts Payable in the Amount of \$300,713.51

ISSUE

City Council approval is requested for Vouchers and Transfers dated October 29, 2021.

DISCUSSION

The October 29, 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. 132815 - 132901 and Electronic Funds Transfer Check Nos. 1627 – 1655 in the amount of \$300,713.51 dated October 29, 2021 which included the transfer of:

- \$ 80,944.24 from the General Fund
- \$ 2,376.66 from the Dedicated Street Fund – 4% Sales Tax
- \$ 53,293.33 from the Transportation Benefit District Fund
- \$ 48,358.15 from the Tourism Fund
- \$ 2,488.00 from the LEOFF 1 OPEB Reserve Fund
- \$ 7,744.52 from the Public Facilities Reserve Fund
- \$ 67,529.58 from the Wastewater Fund
- \$ 10,803.61 from the Water Fund
- \$ 1,707.68 from the Storm & Surface Water Utility Fund
- \$ 25,166.27 from the Airport Fund
- \$ 301.47 from the Firemen’s Pension Fund

RECOMMENDATION

It is recommended that the City Council approve the October 29, 2021 Claim Vouchers No. 132815 – 132901 and Electronic Funds Transfer Check Nos. 1627 – 1655 in the amount of \$300,713.51.

SUGGESTED MOTION

I move that the City Council approve the October 29, 2021 Claim Vouchers No. 132815 – 132901 and Electronic Funds Transfer Check Nos. 1627 – 1655 in the amount of \$300,713.51.

**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: November 8, 2021

SUBJECT: Vouchers and Transfers – Payroll in the Amount of \$789,544.85

ISSUE

City Council approval is requested for Payroll Vouchers and Transfers dated October 29, 2021.

DISCUSSION

The administration requests City Council approval for Payroll Vouchers No. 41824-41849, Direct Deposit Payroll Vouchers No. 14060-14167, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 364-367 dated October 29, 2021, in the amount of \$789,544.85, which include the transfer of:

- \$531,319.55 from the General Fund
- \$4,137.01 from the Arterial Street Fund
- \$5,197.50 from the LEOFF1 OPEB Reserve Fund
- \$96,333.62 from the Wastewater Fund
- \$104,749.31 from the Water Fund
- \$15,136.19 from the Storm & Surface Water Utility Fund
- \$32,671.67 from the Airport Fund

RECOMMENDATION

It is recommended that the City Council approve the October 29, 2021 Payroll Vouchers No. 41824-41849, Direct Deposit Payroll Vouchers No. 14060-14167, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 364-367 in the amount of \$789,544.85.

SUGGESTED MOTION

I move that the City Council approve the October 29, 2021 Payroll Vouchers No. 41824-41849, Direct Deposit Payroll Vouchers No. 14060-14167, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 364-367 in the amount of \$789,544.85.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Brandon Rakes, Airport Operations Coordinator

MEETING OF: November 8, 2021

SUBJECT: Amendment to Professional Services Agreement with Precision Approach Engineering—Task Order #4 Airfield Pavement Rehabilitation Design Services and Services During Construction, AIP Project No. 3-53-0012-019-2021

ISSUE

The original Professional Services Agreement with Precision Approach Engineering for engineering and consulting has expired and an extension is being presented for services related to the Airfield Pavement Rehabilitation project, which is fully funded by the Federal Administration Administration.

DISCUSSION

In September of 2020, Precision Approach Engineering’s contract was extended to provide services during the engineering and construction of the Taxiway Realignment Project. This extension expired on September 3, 2021. In 2021 we commenced work on the Airfield Pavement Rehabilitation Project with City Council authorization and one-hundred percent funding from the FAA on a reimbursement basis. This work was initiated under the Professional Services Agreement with Precision signed in September of 2020. All site work for this project is now complete. However, the project is still in the closeout phase for paperwork with the FAA. Due to the timing for closeout and specific costs related to the project, an amendment to the Professional Services Agreement is now required to complete the project.

Services provided by Precision Approach Engineering in this project include but are not limited to the following items:

- Manage project efforts and coordinate with the City of Chehalis, FAA and subconsultants
- Administer the project including monitoring and updating project schedules, ongoing City and FAA coordination, and preparing invoices for submittal to the City
- Prepare and submit Quarterly Performance Reports over the life of the grant
- Annual SF 425/SF 271 report preparation support at the end of the Federal Fiscal Year
- Prepare a uniform report of DBE awards or commitments and payments for engineering contract/expenditures

- Prepare a new Part 26 3-year DBE plan with yearly goals for 2021, 2022, and 2023. The consultant will also assist with consultations required in conjunction with development of the plan.
- Prepare and submit FAA-format Final Report (per FAA checklist for final construction report requirements RG 620-05), to include project financial information which will require coordination with City records.

FISCAL IMPACT

This amendment, known as Task Order #4, authorizes payment of eighty-two thousand dollars for Engineering Design Services and one-hundred eight thousand dollars for services provided during the Airfield Rehabilitation Project to be paid to Precision Approach Engineering. The FAA will reimburse all funding for these costs. The closeout of the Airfield Pavement Rehabilitation Project is expected to conclude in 2022.

RECOMMENDATION

It is recommended that the City Council approve Task Order No. 4 to Professional Services Agreement with Precision Approach Engineering and authorize the City Manager to execute the document.

SUGGESTED MOTION

I move that the City Council approve Task Order No. 4 to Professional Services Agreement with Precision Approach Engineering and authorize the City Manager to execute the document.

TASK ORDER NO. 4

AIRFIELD PAVEMENT REHABILITATION DESIGN SERVICES AND SERVICES DURING CONSTRUCTION

CHEHALIS-CENTRALIA AIRPORT AIP Project No. 3-53-0012-019-2021

Included herein is TASK ORDER NO. 4 to the Professional Services Agreement dated September 3, 2015, hereinafter called CONTRACT, between the CITY OF CHEHALIS hereinafter called OWNER, and PRECISION APPROACH ENGINEERING, INC., hereinafter called CONSULTANT.

WHEREAS, the OWNER has defined a PROJECT at Chehalis-Centralia Airport and is desirous to seek the assistance of the CONSULTANT in accordance with Section A of the CONTRACT for the PROJECT listed above, and further defined in attached Exhibit A, Scope of Services for Design Engineering Services, and Exhibit B, Scope of Work for Services During Construction.

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

A. EMPLOYMENT OF CONSULTANT

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

1. The OWNER hereby employs the CONSULTANT and the CONSULTANT accepts and agrees to perform the engineering services for the PROJECT as described in **Exhibit A**, Scope of Services for Design Engineering Services, and **Exhibit B**, Scope of Work for Services During Construction, attached.
2. The CONSULTANT shall prepare contract documents including construction drawings, specifications, the invitation to bid, and related contract forms for the work listed above. The CONSULTANT shall also provide opinions of construction costs. The OWNER AND FAA shall approve the final drawings and specifications prior to advertisement for bid.

B. OWNER'S RESPONSIBILITIES

1. The OWNER shall make available to CONSULTANT all technical data in OWNER's possession that contain pertinent information required by CONSULTANT relating to this work.
2. The OWNER shall pay publishing costs for the advertisement of notices, public hearings, requests for bids, and other similar items; pay for all permits and licenses that may be required by local, state, or federal authorities; and secure the necessary land, easements, rights-of-way, required for the project.
3. The OWNER shall provide access to the site as necessary to allow the performance of engineering services.
4. Other OWNER's responsibilities shall be as stated in the Professional Services Agreement.

C. COMPENSATION FOR CONSULTING SERVICES

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

1. The OWNER shall pay the CONSULTANT as complete compensation for the ENGINEERING DESIGN SERVICES set forth in Exhibit A, attached, according to the labor rates shown in Exhibit C agreement and direct nonsalary expenses at the actual cost. The maximum estimated total cost for these services are **EIGHTY-TWO THOUSAND Dollars (\$82,000)**.
2. The OWNER shall pay the CONSULTANT for the SERVICES DURING CONSTRUCTION set forth in Exhibit B, attached, according to the labor rates shown in Exhibit C agreement and direct nonsalary expenses at actual cost. The maximum estimated total cost for these services is **ONE HUNDRED EIGHT THOUSAND Dollars (\$108,000)**.
3. Any amount over the maximum estimated cost for the services as set forth in Exhibit A and Exhibit B because of a scope of work changes will be negotiated and agreed upon between the OWNER and the CONSULTANT in writing prior to beginning of additional work.
4. The OWNER recognizes that the construction schedule is not controlled by the CONSULTANT and that the compensation for services is dependent upon the actual time expended by the OWNER and by the Construction Contractor for construction. If it is agreed by the OWNER and the CONSULTANT that more effort than is budgeted is required to complete the construction work, the maximum estimated fee shown in C-2 above shall be increased accordingly.
5. In the event that the engineering services are required in connection with this project beyond 2021, the Consultant's Hourly Rates shall be adjusted to conform with the CONSULTANT's standard rates as established for the subsequent years.
6. The CONSULTANT's direct nonsalary expenses are defined as the costs incurred on or directly for the PROJECT, other than payroll costs. Such direct nonsalary expenses shall be computed on the basis of actual purchase price for items obtained from commercial sources and on the basis of usual commercial charges for items provided by the CONSULTANT. Direct nonsalary expenses shall include, but not be limited to, necessary transportation costs, including mileage at the current rate per mile allowed by the IRS when automobiles are used and standard rates when aircraft are used, meals and lodging, laboratory tests and analyses, equipment rental, postage, shipping, printing, binding, and copying charges.

The CONSULTANT shall have the option to charge Construction Observer expenses in lieu of as stated above, as follows:

- Meals and lodging incurred by the Construction Observer(s) will be invoiced as per diem at the current standard rate allowable by the Internal Revenue Service. The Consultant shall not be required to provide documentation for meals, lodging, and incidental expenses that do not exceed the daily rate.

D. AUTHORIZE SIGNER

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

WITNESSETH that the parties hereto do mutually agree to all mutual covenants and agreements contained within the CONTRACT.

CITY OF CHEHALIS

By: _____
Title: _____
Date: _____

PRECISION APPROACH ENGINEERING, INC.

By: Cashy McFarland
Title: President
Date: 8/25/2021

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**EXHIBIT A to
TASK ORDER NO. 4**

**SCOPE OF SERVICES FOR
AIRFIELD PAVEMENT REHABILITATION - DESIGN SERVICES**

**CHEHALIS-CENTRALIA AIRPORT
AIP PROJECT NO. 3-53-0012-019-2021**

PROJECT DESCRIPTION/JUSTIFICATION

The City of Chehalis is proposing to complete a minor rehabilitation of various pavements at the Chehalis-Centralia Airport to extend their useful life. Rehabilitation of the airfield pavements will help prevent accelerated deterioration of the pavement and reduce overall life cycle rehabilitation costs. In addition, rehabilitation of the pavements is necessary now to ensure continued service and prevent failure of the pavement.

Project designs will follow industry standards, including FAA standards and advisory circulars. Design will be complete and bidding will occur in spring 2021. It is anticipated that all elements of design and construction work will be AIP eligible.

DESIGN SERVICES

Task 1 – Project Administration and Management

Precision Approach Engineering (PAE) will manage project efforts and coordinate with the City of Chehalis (City), FAA and subconsultants. PAE specific services include:

- a) Client communications and information exchange.
- b) Prepare and provide a draft detailed scope of work to the City for review, approval and finalization.
- c) Prepare and provide to the City a proposed fee for the agreed scope of work, in spreadsheet format, as well as a “blank” fee spreadsheet for the City to solicit and obtain an independent fee estimate (IFE).
- d) Assist the City with IFE Record of Negotiations documentation if necessary.
- e) Prepare and provide to the City and FAA a project schedule.
- f) Administer the project including: monitoring and updating project schedules, ongoing City and FAA coordination, preparing monthly invoices for submittal to the City (*assume 4 hours per month for 8 months*).
- g) Coordinate efforts of project team members (*assume 12 hours per month for 5 months*).
- h) Assist the City with preparing and submitting an FAA Grant Application.
- i) Prepare and submit Quarterly Performance Reports over life of grant.
- j) Annual SF 425/SF 271 report preparation support at the end of Federal Fiscal Year.
- k) Arrange for and attend up to one meeting at the Airport (*by the PM*) during the project design to update the City as to progress to date and provide a status report as to future work.

Task 2 – Environmental Efforts

The project was evaluated by the Seattle ADO and it was determined that the project is categorically excluded per 1050.1.F paragraph 5-6.4e. No further NEPA review is required.

- a) If necessary, prepare a State Environmental Policy Act (SEPA) checklist for the project.

Task 3 – Permitting

- a) Prepare and submit up to one (1) FAA 7460-1 submittal associated with the FAA Construction Safety and Phasing Plan, and up to two (2) FAA 7460-1 submittals associated with temporary construction impacts.

Task 4 – Design In accordance with current FAA AC's 150/5300-13, 150/5320-6, 150/5340-1, and 150/5370-10)

Design services will include elements of work necessary for the proposed work in preparation for bidding and construction. PAE services to include:

- a) Conduct a site visit (*by the PM*) to perform a visual investigation of project work elements.
- b) Define project limits and rehabilitation methods for:
 - i. Existing PCC parallel taxiway and Runway 16-34. Work is anticipated to include longitudinal joint sealing, spall repair and slab repair.
 - ii. Existing HMA taxiways and taxilanes. Work is anticipated to include crack seal and fog seal.
 - iii. Failing storm drain catch basin collars.
- c) Pavement marking layout.
- d) Stormwater pollution prevention plan.
- e) Weekly in-house project team meetings.

Task 5 – General Tasks

During the course of providing professional design services, certain general tasks will be required in conjunction with the deliverables. PAE's specific responsibilities/activities consist of:

- a) Prepare predesign conference agenda based on FAA predesign conference checklist (RG 620-03) and conduct a predesign conference call with City and FAA. Also includes the preparation of predesign conference minutes.
- b) Construction Phasing alternates evaluation to maximize airport safety, economy, and minimize airport impacts where possible. Work includes analysis of construction phasing options for elements of work requiring runway and/or taxiway closure.
- c) FAA Construction Phasing and Safety Plan (CSPP) narrative in accordance with AC 150/5370-2H incorporating above construction phasing concepts. Also includes the development of FAA CSPP drawings (Up to 6 drawings). PAE will provide draft submittal to City and FAA, followed by the incorporation of comments and final document submittal.
- d) Prepare Design Report per FAA NW Mountain Regional Guidance 620-04 (90%, and final submittals).
- e) Prepare a uniform report of DBE awards or commitments and payments for engineering contracts/expenditures.
- f) Prepare a new Part 26 3-year DBE plan with yearly goals for 2021-2023. PAE will also assist with consultations required in conjunction with development of the plan.

Task 6 – Construction Documents

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

- a) Create construction drawings incorporating design concepts (Approximately 16 drawings).
- b) Technical Specifications (FAA AC 150/5370-10H including errata) – Includes General Requirements and approximately 12 technical specifications. Includes submittal of technical specifications showing “Project Specific Specification Clarifications” in a track changes format at 90% submittal documenting all proposed changes to FAA boilerplate (required to clarify, update references to standards that are no longer current, meet the specific needs of the project, and/or provide enhancement to FAA boilerplate) followed by final submittal. Also includes submittal of “Project Specific Specification Clarifications” justification form for FAA review/determination of acceptance for all changes proposed to FAA boilerplate.
- c) Prepare draft Legal Specifications for FAA and City review.
- d) Incorporate City requirements into legal specifications.
- e) Construction Quantities – preliminary, 90% and final submittals.
- f) Construction Cost Opinion – preliminary, 90% and final submittals.
- g) Quality control throughout the project and complete review of 90% submittal by Senior PM.
- h) Compile, prepare, and print contract documents. Three sets of contract documents to the City and one set to the FAA.

Task 7 – Bidding

Documents will be prepared and distributed for soliciting and obtaining bids to construct the identified work. PAE services to include:

- a) Assist City with text and publishing of bid advertisement.
- b) Prepare project files (.pdf) for advertisement on QuestCDN website.
- c) Respond to technical questions during bidding.
- d) Prepare and distribute addenda as required to clarify bid documents.
- e) Prepare for and conduct pre-bid conference (*by the PM and PE*) at the Airport. Prepare meeting agenda, sign-in sheet and minutes.
- f) Prepare for and attend the bid opening (*by the PM*) at City offices. Prepare blank bid tabulation sheets for attendees and sign-in sheet.
- g) Review bid proposals, prepare bid abstract with recommendations for bid acceptance and assist in necessary approvals for awarding the contract.

ADDITIONAL EXCLUSIONS

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

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**EXHIBIT B to
TASK ORDER NO. 4**

**SCOPE of WORK for
AIRFIELD PAVEMENT REHABILITATION – SERVICES DURING CONSTRUCTION**

**CHEHALIS-CENTRALIA AIRPORT
AIP PROJECT NO. 3-53-0012-019-2021**

PROJECT DESCRIPTION/JUSTIFICATION

This project consists of the following principal construction elements scheduled to occur in 2021:

- Minor rehabilitation of PCC pavement, including longitudinal joint sealing, and spall repair.
- Minor rehabilitation of HMA pavement, including crack seal and fog seal.
- Storm drain catch basin collar repair.
- New pavement marking.

CONSULTANT ELEMENTS OF WORK

Precision Approach Engineering, Inc. (PAE), will provide construction administration and observation to assist the City of Chehalis (City), with subconsultants, as noted, and listed in the Scope of Services below. Construction of improvements will follow the project Contract Document and the Federal Aviation Administration (FAA) standards and guidelines.

SERVICES DURING CONSTRUCTION (SDC) - SCOPE OF SERVICES

Task 1 – Project Administration/Management

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

- a) Prepare detailed scope of work to the City for review, approval and finalization.
- b) Prepare and provide to the City a proposed fee for the agreed scope of work, in spreadsheet format, as well as a “blank” fee spreadsheet for the City to solicit and obtain an independent fee estimate (IFE).
- c) Conduct continuous project management and administration.
- d) Set up and maintain in-house project files.
- e) Prepare monthly consultant invoices.

Task 2 – Construction Contract Award

PAE will assist the City with construction contract award. Specific responsibilities/activities will be:

- a) Assisting the City, prepare and issue the contractor Notice to Proceed (NTP).
- b) Prepare conforming contract documents containing contract, bonds, proposal, and other signature forms.
- c) Prepare agenda for, conduct and prepare minutes for pre-construction conference (per AC 150/5370-12B). Project Manager (PM) and Resident Project Representative (RPR) to attend.
- d) Review contractor construction schedule and coordinate changes as necessary.

Task 3 – Pre-construction Work

In preparation for construction, PAE will perform pre-construction activities. PAE specific responsibilities consist of:

- a) Incorporate addenda, and provide contractor electronic drawing files - 16 drawings (requires converting CAD files prior to providing to Contractor).
- b) Review and comment upon contractor submittals and material certifications (estimate 10-15 submittals).

- c) Review Contractor Safety Plan Compliance Document (SPCD) to the Construction Safety and Phasing Plan (CSPP) and provide one round of comments to the contractor.
- d) Prepare and submit FAA National NAS Strategic Interruptions Service Level Agreement “Airport Sponsor Strategic Event Submission Form”.
- e) Set up construction files.

Task 4 – Construction Services

- a) SDC by PM and other in-house personnel. PAE specific responsibilities/activities include:
 - Correspond with City, FAA and contractor.
 - Participate in weekly progress/safety meetings with City and contractor to review work completed, work in progress and work expected.
 - Support onsite construction activities in addition to weekly meetings (up to three visits by PM).
 - Prepare needed construction change order and supplemental agreement documents, as well as associated cost justifications as necessary.
 - Respond to contractor Requests for Information (RFI).
 - Review RPR-prepared punch list.
 - Conduct substantial completion inspection and prepare minutes.
 - Prepare draft substantial completion letter for City use.
 - Conduct final completion inspection.
 - Conduct continuous coordination with RPR.
- b) SDC by RPR and other in-house personnel – assume 35 calendar days of onsite construction - provide full-time RPR and part-time office support staff to monitor general contractor conformance with construction contract documents as follows:
 - Full time RPR – 12-hour days for 35 calendar days (assume 5-day work week).
 - Part-time engineering support – 4 hours per week for 5 weeks (20 hours).
 - Part-time administrative support – 4 hours per week for 5 weeks (20 hours).

In addition to onsite construction observation, RPR work also includes:

- Correspond continuously with PM, contractor and City.
- Prepare daily and weekly inspection reports, both following FAA format.
- Participate in weekly progress/safety meetings with PM, contractor and City.
- Assist with preparation of contractor pay estimates for completed work, including inspection and CAD time (as needed) to verify quantities.
- Prepare monthly letter to the City recommending Contractor payment.
- Review contractor quality control (QC) and QA test results.
- Perform wage rate interviews.
- Collect contractor certified payroll and check wage rate contract conformance.
- Prepare a construction item punch list.
- Attend substantial completion inspection.
- Attend final completion inspection.

Task 5 – Project Closeout (per NWMR Regional Guidance 620-05)

Assist the City with project closeout. PAE’s specific responsibilities/activities consist of:

- a) Collect and verify DBE data to be included in final report.
- b) Obtain release of liens from contractor and subcontractors.
- c) Draft final completion letter for City use.
- d) Create electronic AutoCAD Record Drawings from Contractor-provided markups (16 sheets), and prepare electronic and printed sets of deliverables.
- e) Review final project test results.
- f) Prepare and submit FAA-format Final Report (per FAA checklist for final construction report requirements RG 620-05), to include project financial information which will require coordination with City records.

EXCLUSIONS

This scope of work provides for general review of construction for conformance with contract documents, and does not include performance of special studies or services beyond those specifically stated. Should the project be found to require special studies or services, a revised scope of work and fee proposal will be required.

The following items are specifically excluded from this scope of services:

- a) Material Testing –All material testing is to be scheduled and paid for by the contractor, and performed by an independent testing laboratory. Construction services associated with testing will include review of test results for conformance with project specifications.
- b) Project Construction Surveys – project construction surveys are to be performed by a state licensed Professional Land Surveyor (PLS), hired and paid for by the contractor.



CONFIDENTIAL

**EXHIBIT C
 TO
 TASK ORDER #4**

**WASHINGTON
 2021 STANDARD LABOR RATES**

Classification	2021 Rate
ADMIN 1	\$76.20
ADMIN 2	\$88.80
ADMIN 3	\$102.40
ADMIN 4	\$113.80
ADMIN 5	\$127.20
ADMIN 6	\$140.00
TECHNICIAN 1	\$102.20
TECHNICIAN 2	\$113.80
TECHNICIAN 3	\$127.20
TECHNICIAN 4	\$142.60
TECHNICIAN 5	\$159.60
TECHNICIAN 6	\$178.60
TECHNICIAN 7	\$198.40
ENGINEER 1	\$127.60
ENGINEER 2	\$143.40
ENGINEER 3	\$156.60
ENGINEER 4	\$173.40
ENGINEER 5	\$198.40
ENGINEER 6	\$225.20
ENGINEER 7	\$253.40
ENGINEER 8	\$282.80
ENGINEER 9	\$316.60

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Randy Kaut, Police Chief

MEETING OF: Monday, November 8, 2021

SUBJECT: Resolution No. 14-2021, First and Final Reading – Incentive Program for Lateral Police Officer Applicants

ISSUE

A resolution has been prepared to implement the Lateral Police Officer Monetary Incentive Program for experienced applicants, which was discussed and approved at the October 25, 2021 City Council meeting.

DISCUSSION

As law enforcement agencies are finding it harder to recruit qualified police officers, departments are finding different ways to recruit experienced employees. It costs the city nearly \$26,000 in wages and fees to send an inexperienced entry level applicant to the police academy which lasts 5 to 6 months. When we hire an experienced lateral applicant, we can get them on the street 5 months sooner while saving on the cost of sending them to the academy. Our proposal is to use some of that cost savings to entice experienced officers to apply with our city.

Under this program, we would pay a lateral applicant \$20,000 over a two-year period with the understanding they would remain with the city at least three years. If they leave or are terminated during that time, they would be required to pay the city back the incentive money based on an agreement they would sign at the time they are hired.

This proposal was discussed and approved at the last City Council meeting where the City Attorney recommended that a resolution be presented to the Council for final approval. Minor modifications have been made to the policy and the agreement for legal purposes, though the intent of the program remains the same.

FISCAL IMPACT

For each lateral police officer hired under this program, the cost would be:

- \$8,000 at the time they are hired
- \$6,000 at the time they are off probation (one year, unless extended)
- \$6,000 at the time they complete two years of service

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 14-2021 on first and final reading. It is also recommended the City Council policy requiring two readings of resolutions that impact the budget be waived.

SUGGESTED MOTION

I move that the City Council:

- adopt Resolution No. 14-2021 on first and final reading; and
- waive the City Council policy requiring two readings of resolutions that impact the budget.

RESOLUTION NO. 14-2021

**A RESOLUTION OF THE CITY OF CHEHALIS, WASHINGTON,
ADOPTION OF POLICY REGARDING SIGNING BONUS INCENTIVE
PROGRAM FOR EXPERIENCED POLICE OFFICERS.**

WHEREAS, the Chehalis City Council wishes to establish a Signing Bonus Incentive Program for hiring qualified experienced Police Officers; and

WHEREAS, the City of Chehalis may use signing bonuses to attract competent, experienced external Police Officer candidates which are difficult to recruit and hire.

THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO HEREBY RESOLVE that the Signing Bonus Incentive Program policy, which is attached as Exhibit A hereto and incorporated herein, be established and adopted.

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 _____ day of _____, 2021.

Dennis L. Dawes, Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

SIGNING BONUS INCENTIVE PAYMENT POLICY FOR LATERAL POLICE OFFICERS

Any applicant given a final job offer who meets the qualifications of a Lateral Entry Police Officer as defined in Chehalis Civil Service Rules may receive a one-time \$20,000.00 signing bonus incentive after she/he:

- Passes a background investigation, post-conditional offer examinations, and has been offered and accepted the final job offer.
- Has agreed to and signed the City of Chehalis Hiring Bonus Agreement.

The \$20,000.00 signing bonus will be processed in the following manner:

- \$8000.00 to be paid upon the first full pay period of employment.
- \$6000.00 to be paid upon the first full pay period immediately following the satisfactory completion of probationary period.
- \$6000.00 to be paid upon the first full pay period immediately following the satisfactory completion of two years of service as a police officer.

The signing bonus incentive payment is taxable income and will be reported on a W-2 form for income tax purposes.

If an employee separates within the first three years of employment due to resignation, termination, retirement, or accepting other employment, the employee shall be responsible for repaying the bonus incentive they received as part of this program, back to the City. At the time of the hire, the employee agrees that their final paycheck can be retained by the City to assist in repayment. If sufficient funds are not available from their final check, the balance due is to be paid by check or cash at the time of separation.

Nothing in this policy changes the “at will” status of the non-represented position eligible for a sign-on bonus nor does it change pertinent language found in the local bargaining unit representing this position.

EXHIBIT A TO RESOLUTION NO. 14-2021

**CITY OF CHEHALIS
HIRING BONUS AGREEMENT**

THIS AGREEMENT is entered into this ____ day of _____ 20__, by the City of Chehalis, (“City” or "employer")" and _____, (“Candidate”) (collectively, “the Parties”).

I. RECITALS.

WHEREAS, the City desires to attract and retain quality employees and to be competitive with other employers; and

WHEREAS, in order to attract and retain the most qualified candidates, the City is offering a \$20,000.00, Hiring Bonus (“Bonus”) to qualified Lateral Police Officer Candidates that accept a final offer of hire, in exchange for a three-year commitment to the City; and

WHEREAS, the Bonus must be paid back to the City if Candidate does not complete a three year commitment of employment with the City as a result of accepting other employment, resignation, termination, or retirement.

NOW, THEREFORE, the City and Candidate do mutually agree as follows.

II. AGREEMENT.

1. Hiring Bonus. The City shall pay Candidate a \$20,000.00, Bonus in exchange for the Candidate accepting the City’s offer of employment. The amount shall be paid as follows:

- a. \$8,000.00 shall be paid with Candidate’s first paycheck after being formally hired; and
- b. An additional \$6,000.00 shall be paid to Candidate upon successful completion of Candidate’s probation period. In the event that Candidate does not successfully complete the probation period, Candidate shall not be awarded this or any further bonus payments; and
- c. An additional \$6,000.00 shall be paid to Candidate after continual employment of two years as a Police Officer for the City, calculated from the start date of employment; and
- d. The City will apply all required federal and state tax deductions and will report all payments made under this Agreement as required by federal and state law. Taxes shall be withheld from the Bonus and reported to the Internal Revenue Service as income on the Candidate’s IRS Form W-2; and
- e. Payment of the Hiring Bonus, in full or in part, does not waive, alter, or amend, repayment as required in Section 3.

2. Employment Commitment. In exchange and in consideration for the Bonus, Candidate agrees to commit to three years of continuous employment with the City.

3. Repayment. In return for accepting the Bonus, the Candidate agrees that if he or she does not complete a three-year commitment of regular and continuous employment with the City, calculated from the start date of employment, as a result of accepting other employment, resignation, termination, or retirement, Candidate will be responsible for repaying the City the full amount they have received under this agreement, up to the \$20,000.00 limit. This would not apply if the City terminates Candidate’s

employment due to a reduction in force. Candidate authorizes the City of Chehalis to deduct repayment from Candidate's last paycheck, and that any remaining balance not covered by the paycheck will be paid by the Candidate within thirty (30) days of the date the City requests repayment or the last day of employment, whichever occurs sooner. Upon mutual agreement between the Parties, the City may consider a reasonable installment repayment plan requiring full repayment within no more than six (6) months on a case-by-case basis.

4. Entire Agreement; Modification. This Agreement, together with attachments or addenda, represents the entire and integrated Agreement between the City and Candidate regarding the Bonus and supersedes all prior negotiations, representations, or agreements whether written or oral. No amendment or modification of this Agreement shall be of any force or effect unless it is in writing and signed by the Parties.

5. Severability. If any term, condition or provision of this Agreement is declared void or unenforceable or limited in its application or effect, such event shall not affect any other provisions hereof and all other provisions shall remain fully enforceable.

6. Applicable Law; Venue; Attorneys' Fees. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. In the event any suit, arbitration, or other proceeding is instituted to enforce any term of this Agreement, the Parties specifically understand and agree that venue shall be properly laid in Lewis County, Washington. The prevailing party in any such action shall be entitled to its attorneys' fees and costs of suit.

CITY OF CHEHALIS:

Signature: _____

Name: _____

Title: _____

Date: _____

CANDIDATE:

Signature: _____

Name: _____

Title: _____

Date: _____

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council
FROM: Jill Anderson, City Manager
BY: Chun Saul, Finance Director
MEETING OF: November 8, 2021
SUBJECT: Public Hearing on the Proposed 2022 City Revenue Sources-Property Taxes and Levies

ISSUE

Per RCW 84.55.120, the City is required to hold a public hearing on revenue sources for the City’s following year’s current expense budget that is primarily funded by taxes and charges and reflects the provision of ongoing services. The hearing must include consideration of any possible increase in property tax revenues.

DISCUSSION

The Proposed 2022 Budget, which includes a summary of anticipated revenues and expenditures, is available for public review at City Hall, the Finance Department, and on the City’s website at www.ci.chehalis.wa.us.

2022 GENERAL FUND BUDGET OVERVIEW

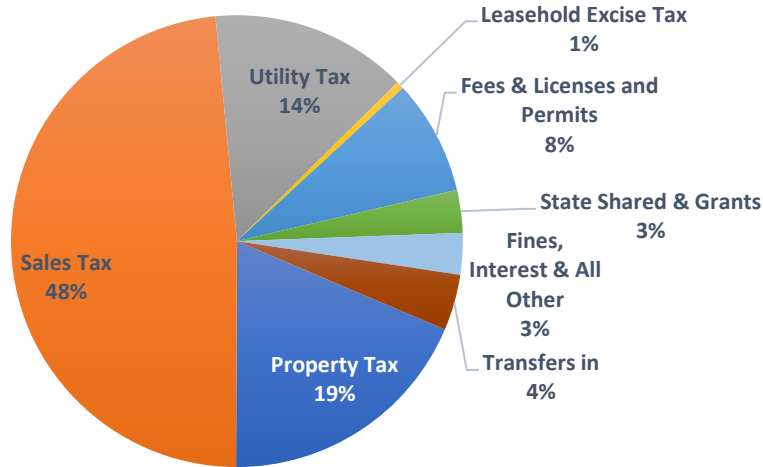
The General Fund is the primary operating fund used for basic municipal services. It accounts for all financial resources except those required or designated to be accounted for in another fund. The funding sources for the General Fund come from property tax, sales tax, utility tax, leasehold excise tax, fees for services, intergovernmental revenues and grant, and other miscellaneous revenues.

The 2022 proposed budget is balanced with use of \$462,210 of General Fund reserves (beginning fund balance). The 2022 projected revenue totals \$11,447,010 which includes \$457,340 transfers in from other city funds.

General Fund Budget Summary	2022 Proposed Budget
Estimated Beginning Cash Balance	\$ 1,832,460
Revenues & Transfers In	\$ 11,447,010
Expenditures & Transfers Out	\$ 11,909,220
Net Revenues Over (under) Expenditures	\$ (462,210)
Estimated Ending Cash Balance	\$ 1,370,250

Total tax revenue projection is \$9,357,000 and makes up 81.7% of the General Fund revenues which support the governmental services. The total tax revenue projected in the 2022 budget is 0.2% or \$16,059 decrease from the amended 2021 budget.

City of Chehalis General Fund 2022 Total Revenue Budget \$11,447,010 Where The Money Comes From



Property tax is the second largest revenue source for the City’s General Fund and makes up about 18.7% of the 2022 General Fund revenues. Property tax levies are typically used for local governments for operating and maintenance costs. They are not commonly used for capital improvements.

Property tax revenue projected in the 2022 budget includes the maximum 1% increase over the 2021 actual levy and an estimated increase from new construction for the regular levy. EMS tax revenue is projected at \$0.50 per \$1,000 estimated assessed value. The current EMS levy expires on December 31, 2021; however, in August 2021, Chehalis voters approved renewal of Chehalis EMS levy for the next six-years which reset the levy rate from \$0.408 in 2021 to \$0.500 in 2022 for the new 2022 assessed valuation.

The 2022 General Fund budget appropriation is \$11,909,220. Compared to the amended 2021 budget, this is an increase of 4.1% or \$466,138. The combined budgets for the Police and Fire Departments represent 52.0% of the General Fund expenditures in 2022, which reflects the high priority of keeping residents and visitors in Chehalis safe.

PROPERTY TAX – ANNUAL LEVY ACTION – PROPOSED AMOUNT

The City Council must set levy every year to support the cost of general government, and the property tax levy for upcoming year must be certified to the County Assessor no later than November 30. The cost of providing services to Chehalis residents and businesses continues to increase. The proposed budget includes the one (1) percent increase in annual property tax collected as allowed by law in order to help offset the increasing of providing municipal services, including police and fire.

The proposed amount of property tax levies to be collected in 2022 are as follows:

❖ **2022 Regular Levy \$1,680,716.78**

- 2021 actual levy \$1,648,617.59, plus
- 1% increase plus estimated new construction \$32,099.19

❖ **2022 EMS Levy \$463,990.54***

- 2022 preliminary assessed value of \$927,981,072 at \$0.50 per \$1,000 assessed value.

**The projected amount is based on the preliminary 2022 assessed value provided by the County Assessor at the time this report was prepared.*

RECOMMENDATION

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

SUGGESTED MOTION

There is no motion needed after the public hearing.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: November 8, 2021

SUBJECT: Public Hearing on the Proposed 2022 Budget

ISSUE

This agenda item has been scheduled to provide for a public hearing on the City's Proposed 2022 Budget. Ordinance No. 1025-B has been prepared for provide for the adoption of the budget and is scheduled for the first of two readings at this City Council meeting.

DISCUSSION

The Proposed 2022 Budget, which includes a summary of anticipated revenues and expenditures, is available for public review at City Hall, the Finance Department, and on the City's website at www.ci.chehalis.wa.us.

Ordinance No. 1025-B

Adoption of the Proposed 2022 Budget requires two public hearings and the adoption of an implementing City Ordinance. The Ordinance, No. 1025-B, has been prepared for consideration by the City Council on first of two required readings. This public hearing is to provide the public an opportunity to present comments and questions about the proposed budget. Individuals can participate in the public hearing in-person or via Zoom. Public comments can also be provided in writing to the City Clerk prior to the City Council meeting.

The City Budget is made up of 27 separate funds that are used to account for the revenues and expenditures associated with the provision of services in the community. The General Fund provides the primary governmental functions. Other than the General Fund, all other funds are restricted for specific purposes by law or policy. The 27 funds do not include fiduciary funds which are used to account for assets that are held for other agencies, including the State of WA. Only the General Fund can be used for general governmental services that include police, fire, and recreation services. As a result, it is important to note that while multiple funds make up the complete City budget, there are limitations on how the individual funds can be used.

As noted above, additional detail on the Proposed 2022 Budget, can be found in the agenda packet for this City Council meeting and online at the City's website: www.ci.chehalis.wa.us.

RECOMMENDATION

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

SUGGESTED MOTION

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

**CITY OF CHEHALIS
CITY COUNCIL MEETING AGENDA REPORT**

TO: The Honorable Mayor and City Council
FROM: Jill Anderson, City Manager
BY: Chun Saul, Finance Director
DATE: November 8, 2021
SUBJECT: Ordinances 1023-B and 1024-B, First Reading - Adoption of Property Tax Levies

ISSUE

Per RCW 84.52.020, the City is required to submit a Levy Certification to the county legislative authority, the amounts to be raised by taxation on the assessed valuation of the property in the city, no later than November 30th of the year preceding the year in which the levy amounts are to be collected.

In addition to the Levy Certification, the City is required to submit Ordinance/Resolution stating the dollar amount and percentage increase over the actual levy amount from the previous year to the County Board of Commissioners. Without the Ordinance/Resolution and Levy Certification, the County can only collect what it collected the year before.

Ordinances 1023-B and 1024-B have been prepared in connection with levying property taxes for collection in 2022. The Ordinances are required in order to have Lewis County collect property taxes on behalf of the City.

DISCUSSION

The 2022 Proposed Budget, which includes a summary of anticipated revenues and expenditures, is available for public review at City Hall, the Finance Department, and on the City's website: www.ci.chehalis.wa.us.

Ordinance No. 1023-B (Setting the 2022 Levy Amount)

Ordinance No. 1023-B establishes the amount of the City's levies of ad valorem taxes (i.e., property taxes) to be collected in 2022 for general operations and Emergency Medical Services (EMS). The proposed levy amounts are as follows:

- ❖ **2022 Regular Levy \$1,680,716.78**
 - 2021 actual levy \$1,648,617.59 plus
 - 1% increase plus estimated new construction \$32,099.169

- ❖ **2022 EMS Levy \$463,990.54***
 - 2022 Preliminary Assessed Value \$927,981,072 at \$0.50 per \$1,000 assessed value.

**The projected amount is based on the preliminary 2022 assessed value provided by the County Assessor at the time this report was prepared.*

Ordinance No. 1024-B (Changes from 2021)

Ordinance No. 1024-B identifies the changes, in both the dollar amounts and percentage of changes, in the City’s regular property tax levy and the EMS levy for next year (2022) compared to this year (2021).

This increase is exclusive of additional revenue resulting from new construction, property improvements, any increase in the value of state assessed property, any annexations that have occurred, or property tax administrative refunds.

Dollar Amounts and Percentage of Changes in Property Tax Levies for 2022 over 2021

Tax Levy	2021 Actual Levy	1% Increase over 2021 Highest Lawful Levy (HLL)	Total Amount Increase in 2022 from 2021 Levy*	Percent Increase from 2021
Regular Levy^	\$ 1,648,617.59	\$ 18,382.86	\$ 18,382.86	1.115047%
EMS Levy	\$ 336,409.23	n/a ^^	\$ 127,581.31	37.924437%

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

^^ The current EMS levy expires on December 31, 2021; however, in August 2021, Chehalis voters approved renewal of Chehalis EMS levy for the next six-years which reset the levy rate from \$0.408 in 2021 to \$0.500 in 2022 for the new 2022 assessed valuation. The total increase in 2022 from 2021 EMS levy is calculated based on the preliminary 2022 assessed value provided by the County Assessor as shown below:

2022 Preliminary Assessed Value	\$ 927,981,072.00
2022 EMS levy rate	\$ 0.50
2022 EMS levy Amount	\$ 463,990.54
2021 EMS actual levy	\$ 336,409.23
Increase in 2022 over 2021	\$ 127,581.31

RECOMMENDATION

It is recommended that the City Council pass Ordinance 1023-B and Ordinance 1024-B on first reading.

SUGGESTED MOTION

I move that the City Council pass Ordinance 1023-B and Ordinance 1024-B on first reading.

ORDINANCE NO. 1023-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, DETERMINING AND FIXING THE AMOUNT OF REVENUE TO BE RAISED BY AD VALOREM TAXES DURING THE CALENDAR YEAR 2022 AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.

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

Section 1. The amount of revenue to be raised by ad valorem taxes during 2022 for general city operations shall be, and the same hereby is, determined and fixed in the sum of One Million Six Hundred Eighty Thousand Seven Hundred Sixteen Dollars and Seventy-Eight Cents. (\$1,680,716.78).

Section 2. The amount of revenue to be raised by ad valorem taxes during 2022 for emergency medical services (EMS) shall be, and the same hereby is, determined and fixed in the sum of Four Hundred Sixty-Three Thousand Nine Hundred Ninety Dollars and Fifty-Four Cents (\$463,990.54).

Section 3. The effective date of the ordinance shall be the _____ day of December 2021.

PASSED by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this _____ day of November 2021.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

ORDINANCE NO. 1024-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, STATING THE AMOUNT AND PERCENTAGE OF CHANGE IN PROPERTY TAX LEVY IN CALEDAR YEAR 2022.

WHEREAS, the City of Chehalis, Washington, properly gave notice of a public hearing held the 8th day of November 2021, to consider the city budget for 2022, including possible property tax increases and other revenues, pursuant to RCW 84.55.120; and,

WHEREAS, the City Council of the City of Chehalis has met and considered its budget for the calendar year 2022; and,

WHEREAS, the City’s actual levy amounts in 2021 for general operations and Emergency Medical Services (EMS) levies were \$1,648,617.59 and \$336,409.23, respectively; and,

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

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

Section 1. An increase in the regular property tax levy and the emergency medical services (EMS) tax levy are hereby authorized for the levies to be collected in the 2022 tax year.

Section 2. The dollar amount of the increase for regular property tax levy over the actual levy amount from 2021 tax year shall be \$18,382.862 which is a percentage increase of 1.115047% from 2021 tax year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

Section 3. The dollar amount of the increase for emergency medical services (EMS) tax levy over the actual levy amount from 2021 tax year shall be \$127,581.31 which is a percentage increase of 37.924437% from 2021 tax year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

PASSED by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this ____ day of November 2021, on first reading.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

DATE: November 8, 2021

SUBJECT: Ordinance 1025-B, First Reading – Adopting the 2022 Proposed Budget

ISSUE

Ordinance 1025-B has been prepared for the purpose of adopting the 2022 Proposed Budget. The two property levy ordinances reflected in this budget are being presented to the City Council concurrently as the subject of a separate agenda item.

SUMMARY OF PROPOSED BUDGET – ALL FUNDS

The 2022 Proposed Budget, including all funds (General Fund and Restricted Funds), presented in Ordinance 1025-B is summarized as follows:

Budget Summary - All Funds	2022 Proposed Budget
Total Estimated Beginning Fund Balances	\$ 24,554,668
Total Revenues	\$ 28,374,422
Total Transfers In	\$ 13,448,484
Total Expenditures	\$ 28,166,738
Total Transfers Out	\$ 13,448,484
Total Ending Fund Balances	\$ 24,762,352

The total expenditure budget, including all funds, as presented in the 2022 Proposed Budget is \$41,615,222 and is summarized by major purposes as follows:

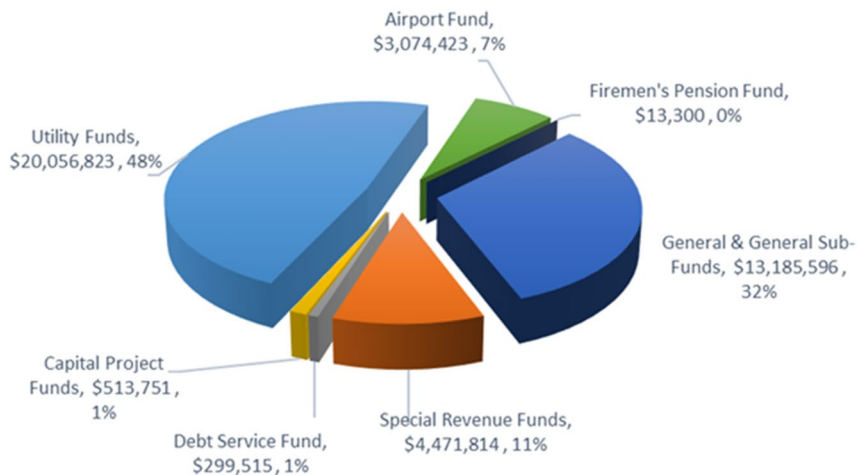
Expenditure Budget Summary - All Funds	2022 Proposed Budget	% of Total
Operating Purposes	\$ 19,980,521	48.0%
Debt Service Purposes	\$ 2,657,430	6.4%
Capital Purposes	\$ 5,528,787	13.3%
Transfers Out	\$ 13,448,484	32.3%
Total	\$ 41,615,222	100.0%

The 2022 proposed budget includes combined expenditure appropriations of \$41,615,222. This is a \$11,153,734 or 44.7% increase from the 2021 amended budget. This increase is substantially all due to one-time intra-fund transfers within each of the city’s utility funds and within the Airport funds.

Beginning with the adoption of the 2022 Budget, the City is establishing five new capital funds: Wastewater Capital Fund, Water Capital Fund, Storm and Surface Water Capital Fund, Airport Capital Fund, and Parks Improvement Fund. The 2022 budget includes one-time transfers of fund balances in excess over the operating reserves at three and one-half months of annual operating expenditures and an annual debt serve reserves to their prospective capital funds. The Park Improvement Fund receives one-time transfer of designated fund balance from the Public Facilities Reserve Fund. The total one-time transfers due to establishment of these five capital funds totals \$11,409,000. Without these one-time transfer amounts, the 2022 budget is a \$255,266 or 0.84% decrease from the amended 2021 budget. The City continues to live within its means.

The many funds that comprise the city-wide budget are used to separate the primary functions and activities. Funds can be grouped by type: **Governmental** which includes the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Project Funds; **Proprietary** which includes Enterprise Funds (utilities and Airport), and **Fiduciary**. Each fund has specific functions to perform and in each, the revenues and expenditures must be self-balancing. Overall, the City has twenty-seven funds in which it records its revenues and expenditures associated with providing services to its citizens.

Total City Budget by Major Fund Type
\$41,615,222



GENERAL FUND

The General Fund is the primary operating fund used for basic municipal services. It accounts for all financial resources except those required or designated to be accounted for in another fund. The funding sources for the General Fund come from property tax, sales tax, utility tax, leasehold excise tax, fees for services, intergovernmental revenues and grant, and other miscellaneous revenues.

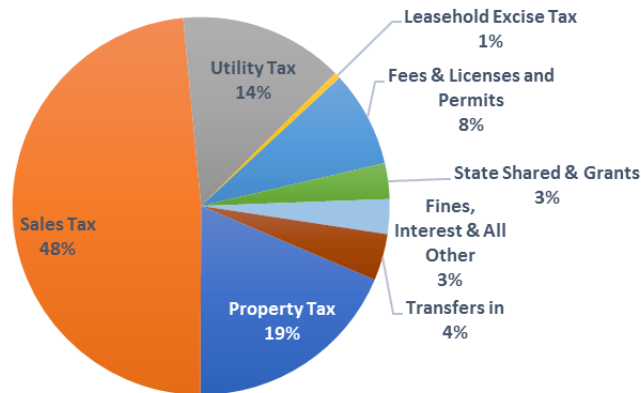
2022 General Fund Revenue Budget

The 2022 proposed budget is balanced with use of \$462,210 of General Fund reserves (beginning fund balance). The 2022 projected revenue totals \$11,447,010 which includes \$457,340 transfers in from other city funds.

General Fund Budget Summary	2022 Proposed Budget
Estimated Beginning Cash Balance	\$ 1,832,460
Revenues & Transfers In	\$ 11,447,010
Expenditures & Transfers Out	\$ 11,909,220
Net Revenues Over (under) Expenditures	\$ (462,210)
Estimated Ending Cash Balance	\$ 1,370,250
<i>Ending Fund Balance % of Revenue Budget</i>	<i>12.0%</i>

Total tax revenue projection is \$9,357,000 and makes up 81.7% of the General Fund revenues which support the governmental services. The total tax revenue projected in the 2022 budget is 0.2% or \$16,059 decrease from the amended 2021 budget.

**City of Chehalis General Fund
2022 Total Revenue Budget \$11,447,010
Where The Money Comes From**



2022 General Fund Expenditure Budget

The proposed 2022 expenditure budget is \$11,909,220, which is a \$466,138 or 4.1% increase from the 2021 amended budget. The increases represent the filling of positions left unbudgeted last year; the addition of two new positions; as well as increases in services and supplies.

The proposed 2022 budget includes filling five General Fund vacant positions that were left unfilled during 2020/2021 due to revenue constraints due to the COVID-19 pandemic crises:

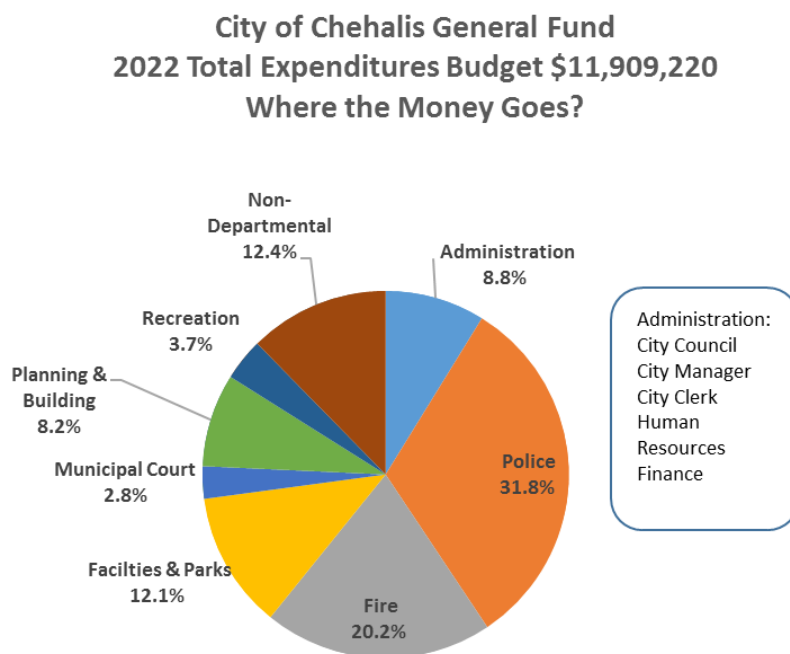
- *Two Firefighters*
- *One Police Officer*
- *One part-time Parking Enforcement Officer*
- *One part-time Administrative Assistance in Recreation (Funding starts in April 2022)*

In addition, the following two new critical positions were added to the proposed 2022 budget:

- *Financial Analyst (Funding starts in April of 2022)*
- *Property Maintenance Worker I (Funding starts in April of 2022)*

The proposed budget also includes \$200,000 reserve transfer out to the Public Facilities Reserve Fund for future permanent fire station related expenses.

The Combined budgets of the Police and Fire Department represent 52.0% of General Fund expenditures in 2022, which reflects the high priority of keeping residents and visitors in Chehalis safe. The facilities and parks maintenance received the next single highest level of funding. About 6.5% of General Fund budget is allocated for city street maintenance which is included in the non-departmental budget as transfers out to the Street Fund.



Estimated Ending Fund Balance

Based on current projections, the ending 2022 fund balance of the General Fund, also referred to as operating fund reserve, is estimated to be \$1,370,250 or 12.0% of 2022 General Fund projected revenues. Maintaining operating reserves at 10% of the revenue budget is the policy goal of the City Council, and the projected ending fund balance at the end of 2022 meets the suggested reserve goals. While the 12% operating reserve may seem high, it still comes far short of actual needs when considering the total costs of all of the infrastructure needs, deferred capital improvements for general and park facilities, and vehicle and equipment replacements. In addition to the General Fund, the City maintains the following sub-funds of the General Fund for specific purposes: Street Fund, Building Abatement Fund, Compensated Absences Reserve Fund, LEOFF 1 OPEB Reserve Fund, and Automotive/Equipment Reserve Fund. However, the fund balances in these funds are less than adequate when considering the ongoing need.

Background on development of the 2022 proposed budget

For the General Fund, the 2022 Preliminary Draft Budget that was presented to the City Council Budget Committee for review in October was balanced using \$717,360 beginning fund balance. The biggest decision facing the Budget Committee during its review of the 2022 Preliminary Budget was regarding the City’s staffing levels. The Budget Committee recognized that the City was at times in a precarious position in 2021 with such limited staffing, particularly in police and fire. In addition, there was a recognition that the additional positions are needed for the City to fulfill its fiduciary responsibilities related to finance and maintaining the City’s facilities which exist for the benefit of the community.

After careful review of each budget, and considering the proposals, the City Council Budget Committee concluded that the City’s strong starting and ending fund balance estimates justified adding back the positions left unbudgeted in 2021 and recommends the new positions identified above. These conclusions were made in recognition that the City Budget is not structurally balanced at the time of adoption and that revenues would need to increase over the next three years to maintain the proposed staffing level.

One way to offset the staffing cost is through use of ARPA funds for eligible positions. The Budget Committee is recommending that ARPA funds be used to fund two firefighters and one police officer in 2022, 2023 and 2024, as well as the one-time expense to purchase police body cameras and the associated software in 2022. The Committee also concluded that use of a banked capacity in 2022 is not advisable, as the City may have greater need for it in future years.

Proposed adoption of budget

The 2022 proposed budget presented before you is balanced using \$421,210 of the General Fund beginning fund balance with the estimated ending fund balance of \$1,370,250.

The 2020 Proposed Budget document can be found on the City’s website. For the convenience of the reader, the Budget Message that accompanies the 2022 Proposed Budget, dated November 2, 2021, is attached to this agenda report. The Budget Message provides introductory comments regarding the City’s current fiscal condition and a brief summary of each fund. Staff will also be available at the City Council meeting to address any questions from the Council and the public hearing regarding the 2022 Proposed Budget. Additional changes may be made to the ordinance prior to its second reading to reflect new information and/or direction from the City Council.

RECOMMENDATION

It is recommended that the City Council pass Ordinance 1025-B on first reading.

SUGGESTED MOTION

I move that the City Council pass Ordinance 1025-B on first reading.

CITY OF CHEHALIS PROPOSED BUDGET MESSAGE FOR 2022



November 2, 2021

Dear Honorable Mayor Dawes and Members of the City Council,

I am honored to serve you, as the City Manager of the City of Chehalis. It is a privilege to be a part of this team, which includes you, the City Council, as well as the dedicated staff and a generous community. Together, we continued to make significant progress on major strategic goals in 2021 while dealing with the additional professional and personal challenges created by the ongoing response to the COVID-19 pandemic.

In 2021, the City completed three street/utility improvement projects; made substantial progress on developing an interim/long-term temporary fire station; responded to an unprecedented demand in development services; updated its Building Codes and Fee Schedule; and approved cost-sharing agreement with the City of Centralia that establishes a path toward the acquisition of water rights that are needed for the City to continue to develop over the next 50 years.

The most notable achievement includes the celebration of the completion of the Recreation Park Project. This included the increasing use of the renovated Sports Complex by local and travelling teams, which repeatedly commented on the high caliber of the facility; and the re-opening of a brand-new Penny Playground that is attracting hundreds of kids every day in honor of the community spirit that made the original and new playgrounds possible.

Budget Process

The process of preparing the budget document begins in late July. At that time, each department prepared their respective draft budgets consistent with the level of service provided in 2021, with the notable exception of adding back the positions that were not budgeted in 2021.

After the compilation of the requests, the Finance Director, Chun Saul, and I met with each department to review their 2022 proposed budget. Modifications to the initial draft budget requests were made and information was updated as more details became available. Reductions in discretionary expenses were made when possible; however, the cost of insurance, supplies, and services continue to increase at a faster pace than in previous years.

The Preliminary Draft Budget was then prepared and distributed to the City Council Budget Committee, which invested nearly 20 hours of time in meetings to carefully review the budgets for each department, including enterprise funds that are restricted and can only be used consistent within the applicable legal parameters.

Current Conditions Create Cautious Optimism

The 2022 Proposed Budget was prepared as the State's response to the COVID-19 pandemic continued to require adaptations to the way businesses and schools operate. Fortunately, the City has been able to adjust to the requirements while continuing to maintain service levels.

When the United States was first impacted by the spread of the COVID-19 virus in March of 2020, there was a very negative impact on the City's revenues, followed by a strong rebound. When the books were closed on 2020 in February of 2021, there was a larger than expected fund balance, which provided the foundation that was further strengthened by salary savings and sales tax revenues that remained consistent through the year. The estimated sales tax revenues for 2021 are on track to exceed 2020.

There is speculation that sales tax levels remain strong in part due to the Governor's proclamations that continued to allow the deferral of rent and utility payments through most of 2021, as well as the continuing infusion of federal stimulus dollars that propped up the economy. Yet, the housing market continues to be strong and there are several large multi-family housing developments in the permitting process for construction in the City's Urban Growth Area. Another positive sign is that there are several large commercial-industrial projects in the preliminary development stage that would be built in the City's UGA. Inside City limits, there are three projects scheduled for construction in 2022, including a Honda dealership, which is expected to open in 2023.

These factors influenced revenue projections which reflect cautious optimism. The 2022 Proposed Budget assumes that sales tax revenue will be at 97% of 2021 level. This is a significant influencing factor on the 2022 Proposed Budget, which has been prepared using fund balance estimated to be available at the close of 2021 and estimates a fund balance of \$1,370,250 at the end of 2022, which is approximately 12% of the General Fund Budget.

The 2022 Budget also includes the five positions that were not budgeted in 2021:

- ***Two Firefighters***
- ***One Police Officer***
- ***One part-time Parking Enforcement Officer***
- ***One part-time Administrative Assistant in Recreation (Funding starts in April of 2022)***

In addition, the following positions were added to the Proposed 2022 Budget:

- ***Planner position:*** This position was added in June of 2021 and is included in the 2021 Budget to help the City be responsive to the continuing demand for building and planning services, particularly in the UGA.
- ***Financial Analyst:*** The City's ambitious agenda over the last five years has included two bond issuances, multiple grant funded projects; as well as other restricted funds that have increased the tracking and reporting requirements. In 2020, COVID-19 relief money was distributed by the State of WA and in 2021, the U.S. Congress approved American Rescue Plan Act (ARPA) funding. These financial developments have increased financial activity and reporting requirements, particularly those related to Federal money. The burden of this increased activity has been borne by the Finance Director, Chun Saul, who is now

planning to retire in early 2023. The position would be needed in any circumstance but is critical with the anticipated retirement of an extremely skilled and hard-working Finance Director. This position is funded for 9 months, starting in April of 2022.

- ***Property Maintenance Worker I:*** When planning for the renovation of Recreation Park, it was acknowledged that additional staff would be needed to maintain the new facility. With the completion of the Sports Complex in 2021 and Penny Playground in 2021, the time has come to add a Property Maintenance Worker. This position is funded for 9 months, starting in April of 2022.

A complete financial summary of the budget has been prepared by the Finance Director, Chun Saul. It includes an overview of the major funds, including the General Fund and can be found immediately following this budget message.

Risks Remain

The staff additions have been proposed, recognizing the risk of the economy taking a turn as well as the general concern that costs continue to rise faster than revenues in all areas, particularly in the cost of providing salaries and maintaining benefits to attract and retain high-quality employees.

This is particularly concerning because most City services are delivered through people and almost 65% of the General Fund expenditures in 2022 are attributed to salaries and benefits. Furthermore, 52% of total expenditures are related to Police and Fire services. Therefore, if significant reductions are needed to restore structural balance to the budget, it will likely require very difficult decisions related to what level of service can be maintained over the long-term.

The cost of services the City uses to conduct business have also increased, such as the cost of the 911 Communications Services which will increase about six (6) percent in 2022. Health insurance for employees is increasing an average of seven (7) percent and the City's insurance through the Washington Cities Insurance Authority (a risk pool) is increasing over eleven (11) percent. Supplies like chemicals and fuel are also increasing.

The proposed 2022 Budget reflects a realistic assessment of the cost to maintain municipal services in what appears to be an inflationary environment and add staff positions that are now critically needed. However, it also uses ending fund balance anticipated at the end of 2021 to pay for the positions. This use of one-time money to fund ongoing operating costs is of concern when planning for the future and will require careful monitoring of revenues and expenditures in the months and years to come. There also continues to be an underlying concern about how the economy is going to respond to the removal of the COVID-19 stimulus funding and payment deferral programs.

Budget Committee Recommendations

The biggest decision facing the Budget Committee during its review of the 2022 Preliminary Budget was regarding the City's staffing levels. The Budget Committee recognized that the City was at times in a precarious position in 2021 with such limited staffing, particularly in police and fire. In addition, there was a recognition that the additional positions are needed for the City to fulfill its fiduciary responsibilities related to finance and maintaining the City's facilities which exist for the benefit of the community.

After careful review of each budget and considering the proposals, the City Council Budget Committee concluded that the City's strong starting and ending fund balance estimates justified adding back the positions left unbudgeted in 2021 and recommends the new positions identified above. These conclusions were made in recognition that the City Budget is not structurally balanced at the time of adoption and that revenues would need to increase over the next three years to maintain the proposed staffing level.

One way to offset the staffing cost is through use of ARPA funds for eligible positions. The Budget Committee is recommending that ARPA funds be used to fund two firefighters and one police officer in 2022, 2023 and 2024, as well as the one-time expense to purchase police body cameras and the associated software in 2021. The Committee also concluded that use of a banked capacity in 2022 is not advisable, as the City may have a greater need for it in future years.

Ongoing Budget Considerations

While the City is experiencing strong revenue growth, adding the positions necessary to make strides toward providing the increasing level of service required adds ongoing expenses. Again, the positions are needed to operate the City in a responsible manner to provide public safety, maintain City facilities, and comply with state and federal financial requirements.

While the City is addressing its current fiscal issues in a cautiously optimistic environment; the economic indicators for the U.S. economy remain inconclusive. There are also some issues that will have significant budget impacts in the coming years, including but not limited to the following:

- **Collective Bargaining:** The City's three labor groups have collective bargaining agreements that expire on December 31, 2022. Negotiations with the three separate groups will begin as early as April 2022. There will be significant pressure to increase salaries and wages to keep pace with the cost of living and to remain competitive with other agencies that also need a skilled workforce. In addition, the State's Revised Code of Washington (RCW) provides legal parameters on what agencies are comparable to Chehalis. The State also has binding arbitration for the settlement of Police and Fire collective bargaining contracts.
- **Facility Maintenance:** There is a need to make a long-term commitment to properly maintain the recently completed renovations at Recreation Park, Stan Hedwall Park, and the developing plan to improve Westside Park in cooperation with a community led effort. In addition, ongoing maintenance and repair or replacement of the City's aging buildings and facilities, particularly the building of a new permanent fire station, will continue to require investment of very limited General Fund and other potentially applicable resources. In October of 2020, the City purchased a property for a new permanent fire station with funding through a Limited Tax General Obligation Bond. It is anticipated that a voter approved levy will be needed to construct the new permanent station. The City is currently in the process of setting-up temporary fire station structures at the new site; however, planning for the new station will need to begin as soon as feasible. This will be a multi-year planning process for design and preliminary engineering to identify cost; development of a funding plan; preparation of construction ready planning documents; and ultimately construction.
- **Vehicle Replacement:** While Police patrol cars are on a regular replacement schedule, an annual appropriation is still needed and could be compromised if expenses continue to increase faster than revenues. Many of the vehicles used by General Fund activities,

particularly Parks and Facilities are more than a decade old, some are nearly 30 years old, and in need of replacement. The Fire Department Aid Car and Ladder Truck will also need to be replaced as soon as financially feasible.

- **Retirements:** The City has replaced almost a quarter of its full-time workforce in 2021, primarily due to the retirement of many long-term employees. Fortunately, the City had set aside funds to address this a couple of years ago in anticipation of transition, which has helped reduce the one-time burden of the payments of vacation and sick leave accruals cash outs due to long-time employees, which was particularly high in 2021. This trend is continuing with several more retirements planned in 2022, most notably the Municipal Court Administrator, the Fire Chief, and the Water Superintendent. There are intangible and tangible costs associated with the departure of so many employees retiring in a short period of time. The City is dealing with and will continue to work through the challenges associated with the loss of institutional knowledge and establishing a positive and productive organizational culture with so many new employees that we trust will serve the City well in the years to come.
- **911 Dispatch:** In 2020 the City joined Lewis County, City of Centralia, and Riverside Fire Authority to fund and coordinate a feasibility study to determine the potential for regionalization of Lewis County emergency dispatch operations with Thurston County Communications (TCOMM). This study was completed in 2021 with the conclusion that regionalization is not an option. The County will use the results of the study to work with stakeholders, including Chehalis, to identify how to improve 911 in Lewis County, including the serious consideration of a different governance model. Regardless of the path chosen, the costs associated with 911 will increase in the years to come, due to the staffing, technology and infrastructure demands associated with making any changes, including the much-needed replacement of the antiquated equipment currently being used.
- **Annexations:** The City Council would like to proceed with annexation of portions of the Urban Growth Area. The in-depth planning and analysis needed to update the City's Comprehensive Plan to support the City's annexation application started in 2021. There are several steps needed to proceed, including discussions with the impacted agencies, most notably Lewis County Fire District #6. It is a potentially complicated process that will need specialized legal and other professional expertise.
- **Water Rights Acquisition:** In September of 2021, the City Council approved an agreement with Centralia to share in the costs of obtaining water rights from TransAlta. The agreement includes commitments to invest an estimated \$5 million dollars in the acquisition of the water rights, as well as the legal and administrative costs related to the application. The financial burden will be on the water fund; however, the effort involves legal and financial consultants; Finance and Public Works staff; as well as the City Manager, City Council Growth Management Committee, and City Council. It is a significant endeavor to make the most of the opportunity to secure water rights needed for the City to develop to its full potential over the next 50 years.

Closing Comments and Recognition

The 2022 Proposed Budget includes the allocation of much needed resources to improve the City's operational effectiveness. It is very encouraging to budget for positions left vacant in 2021

and add positions that have been needed for some time. On the other hand, the City is taking on a new level of commitment by adding staff. Revenues will need to increase significantly in the next three years to maintain the increased staffing levels, that while truly needed, are increasing the cost of doing business.

I will remain vigilant, along with the Finance Director in monitoring expenditures and revenue trends, including the potentially complicating factors created by anticipated reduction in State and Federal financial interventions that were put in place shortly after the start of the pandemic in March of 2020. The 2021 City Council Budget Committee recommends that those selected to serve on the Committee in 2022 continue to meet quarterly in 2022, as it did in 2021, to provide careful oversight of the situation and preliminary policy guidance as necessary. As always, financial reports will be provided throughout the year to keep the entire City Council informed and to obtain policy direction as needed.

As you know, the City's budget represents the work done by many members of the staff throughout the organization over the course of several months, as well as the careful review done by the City Council Budget Committee. Chun Saul, the City's Finance Director, deserves special recognition for the large amounts of time and energy that she devoted to the preparation of a complete budget document and the accompanying financial analysis. She worked extremely well with the department directors, managers, and program administrators and their staffs, who also did a commendable job of preparing their budgets. I am very appreciative of Chun's financial acumen, ongoing commitment, and high standard of professionalism.

The City Council Budget Committee took on the challenge of balancing the need for additional staffing and strong revenues with the ongoing risk that sales tax, the City's largest General Fund revenue, is vulnerable if consumer confidence wanes in the face of inflation and supply chain interruptions. Mayor Dennis Dawes, Councilor Bob Spahr, and Councilor Jerry Lord invested significant time and effort to provide guidance and insights through the preliminary draft budget review process. Their recommendations are woven through the document and reflect an optimism that budget estimates will be met and that the City has the time and ability to identify changing economic conditions to be able to adapt accordingly. Special thanks to Mayor Dawes for his 16 years of service on the City Council, many of those which included participation on the Budget Committee.

Your support through the unique circumstances posed by the ongoing pandemic and continued support as we move through the 2022 Budget preparation process and beyond is truly appreciated. While the challenges before us are significant, I look forward to working with you to identify solutions that will serve our community now and in the years to come.

Sincerely,

Jill Anderson

Jill Anderson
City Manager

2022 BUDGET SUMMARY OVERVIEW



CITYWIDE – ALL FUNDS

The 2022 proposed budget includes combined expenditure appropriations of \$41,615,222. This is a \$11,153,734 or 44.7% increase from the 2021 amended budget. This increase is substantially all due to one-time intra-fund transfers within each of the city’s utility funds and within the Airport funds.

Beginning with the adoption of the 2022 Budget, the City is establishing five new capital funds: Wastewater Capital Fund, Water Capital Fund, Storm and Surface Water Capital Fund, Airport Capital Fund, and Parks Improvement Fund. The 2022 budget includes one-time transfers of fund balances in excess over the operating reserves at three and one-half months of annual operating expenditures and an annual debt serve reserves to their prospective capital funds. The Park Improvement Fund receives one-time transfer of designated fund balance from the Public Facilities Reserve Fund. The total one-time transfers due to establishment of these five capital funds totals \$11,409,000. Without these one-time transfer amounts, the 2022 budget is a \$255,266 or 0.84% decrease from the amended 2021 budget. The City continues to live within its means.

The many funds that comprise the city-wide budget are used to separate the primary functions and activities. Funds can be grouped by type: **Governmental** which includes the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Project Funds; **Proprietary** which includes Enterprise Funds (utilities and Airport), and **Fiduciary**. Each fund has specific functions to perform and in each, the revenues and expenditures must be self-balancing.

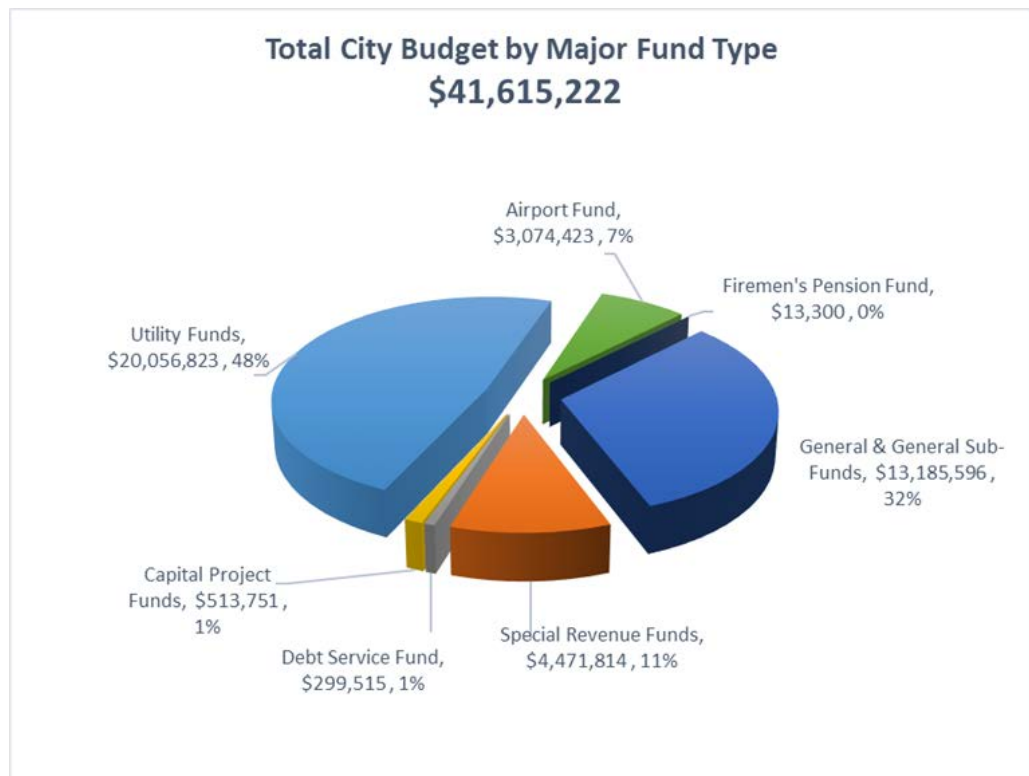
The General Fund provides the primary general governmental functions. In addition to the General Fund, the City maintains six sub-funds of the general fund for specific purposes: the Street Fund, Building Abatement Fund, Compensated Absences Reserve Fund, LEOFF 1 OPEB Reserve Fund, and Automotive/Equipment Reserve Funds. Together, they provide the general governmental services.

Special Revenue Funds include: the Transportation Benefit District Fund, Tourism Fund, Community Development Block Grant Fund, HUD Grant Fund, and Federal Grant Control Fund.

Capital Project Funds include: the Public Facilities Reserve Fund, Park Improvement Fund, and the First Quarter Percent and the Second Quarter Percent REET funds.

There are seven separate funds that account for the city’s utilities and two separate funds for the Airport Fund.

The Fiduciary Fund with budget appropriation is the City’s Firemen’s Pension Fund.



Overall, the City has twenty-seven funds in which it records its revenues and expenditures associated with providing services to its citizens.

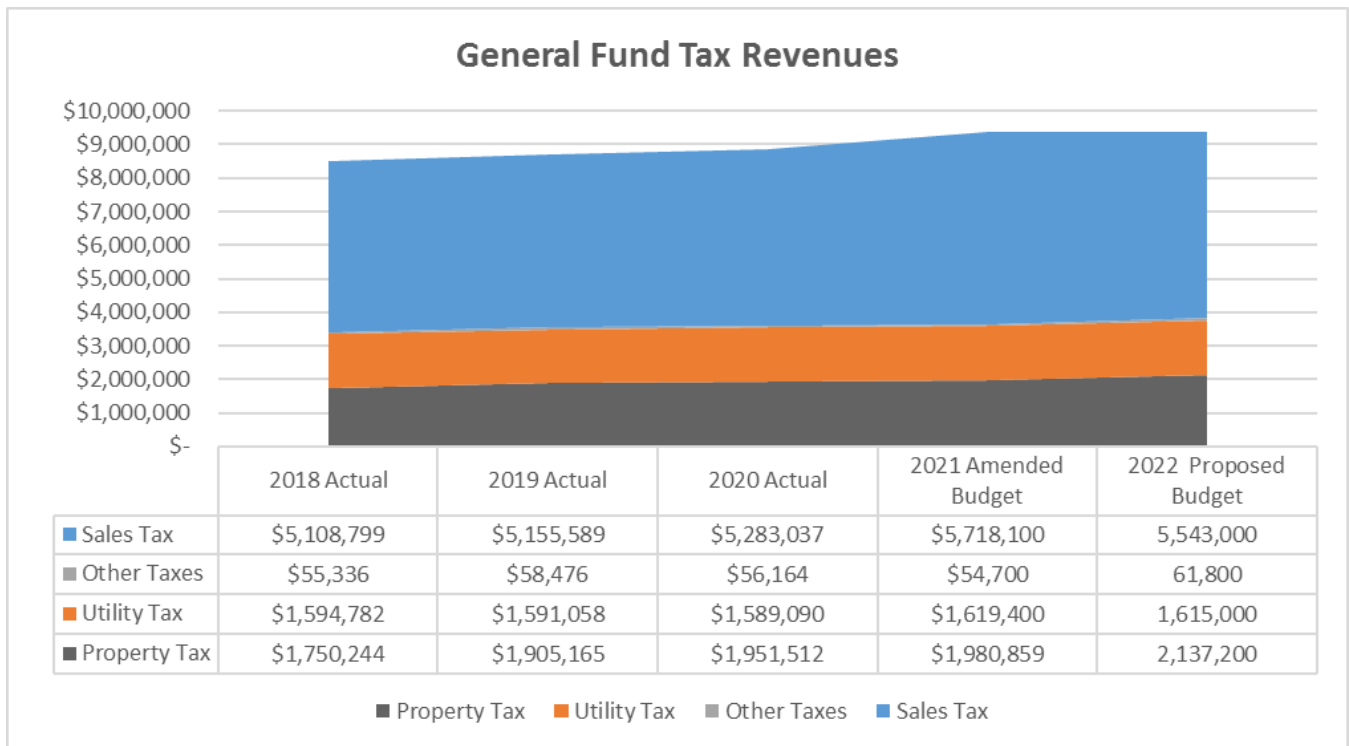
GENERAL FUND (FUND 001)

The 2022 General Fund budget is \$11,909,220. The 2022 proposed budget is balanced with a total revenue projection of \$11,447,010 with use of \$462,210 of General Fund reserves (beginning cash).

General Fund Revenues

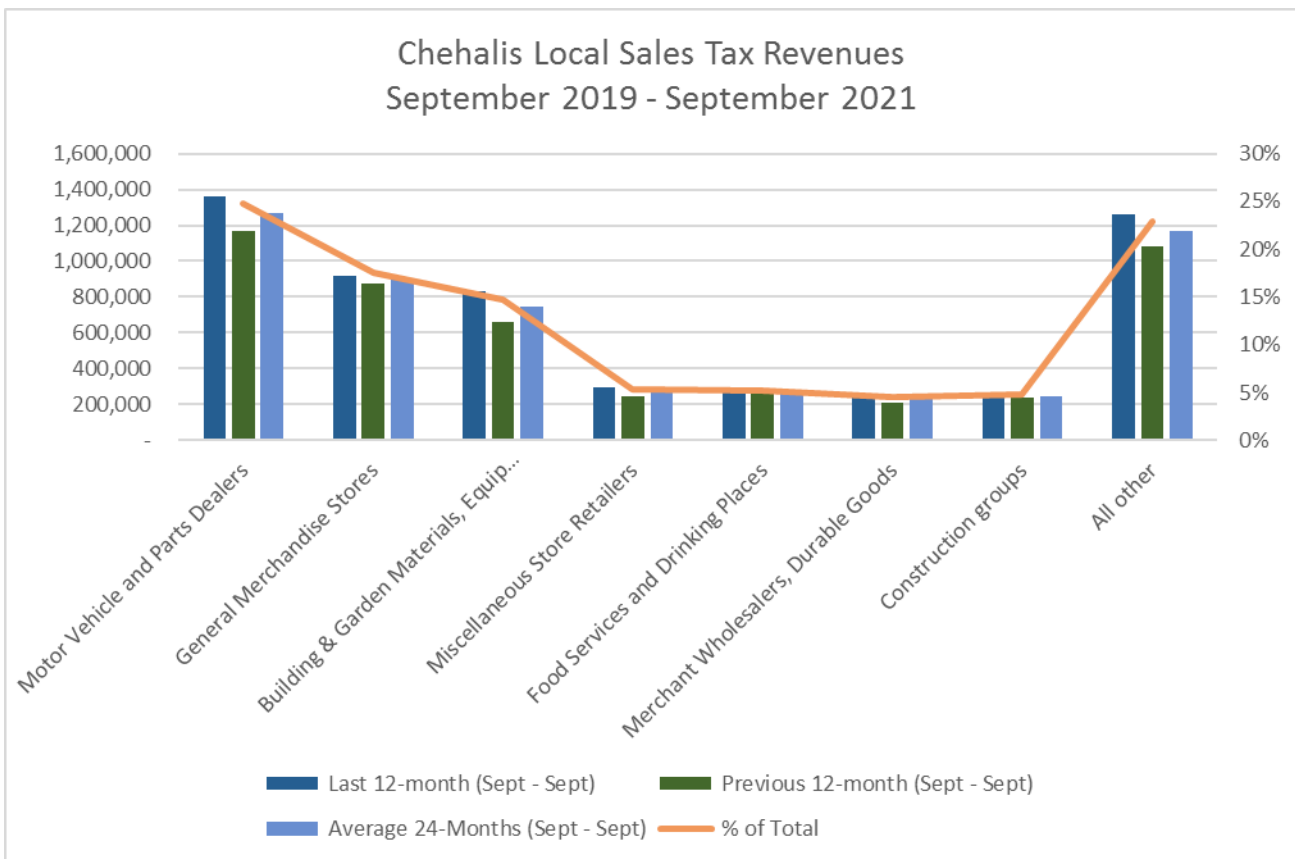
The 2022 projected revenue totals \$11,447,010 which includes \$457,340 transfers in from other city funds. Compared to the 2021 amended budget, this is an increase of 3.7% or \$412,207.

Total tax revenue projected is \$9,357,000 and makes up 81.7% of the General Fund revenues which support the governmental services provided by the General Fund. The total tax revenue projected in the 2022 budget is 0.2% or \$16,059 decrease from the amended 2021 budget.



Sales tax is the largest revenue source for the City and makes up about 48.4% of the 2022 General Fund revenue budget. The average growth rate for sales tax from September to September since 2018 to 2021 is about 7%. However, the level of uncertainty remains high with the COVID-19 crisis and the economic forecasts are inconsistent regarding whether or not collections over the next several months will show the same strength. Therefore, the 2022 sales tax is projected at 97% of the amended 2021 budget and is up by approximately 5.0% or \$255,000 over the 2020 actual revenues.

Typically, sales tax revenues from construction activities are considered one-time in nature and are recommended to be excluded from future revenue projections unless other economic or financial data can support the continued growth. Therefore, the 2022 proposed budget does not include potential construction sales taxes from large-scale constructions that are anticipated to take place in 2022.



However, the 2022 projected revenue includes the typical average construction sales tax, which is about 5% of total local sales tax during the past ten-year period. The major categories of sales taxes are motor vehicle and part dealers, general merchandise stores, building and garden materials and equipment, and other retailers and wholesalers, and food services; together these comprise about 77% of all sales tax revenues.

Property tax is the second largest revenue source for the City and makes up about 18.7% of the 2022 General Fund revenues. Property tax revenue is projected at \$2,137,200 in the 2022 budget, up by \$156,341 or 7.9% from the 2021 amended budget. The proposed budget includes 2021 regular levy amount of \$1,648,618 plus 1% statutory maximum allowed increase and estimated tax for new construction for the regular levy and an estimated increase of \$120,972 or 22.5% over 2021 levy for EMS levy. The current EMS levy expires on December 31, 2021; however, in August 2021, Chehalis voters approved renewal of Chehalis EMS levy for the next six-years which reset the levy rate from \$0.408 to \$0.500 in 2022 for the new 2022 assessed valuation.

Utility tax is the third largest revenue source used to fund municipal services. Utility tax revenue is projected at \$1,615,000 based on the last three-year average collections and makes up about 14.1% of the 2022 General Fund revenues. Revenue projected is a \$4,400 decrease from the 2021 amended budget. The telephone utility tax continues to decline whereas all other utility taxes remain steady with only slight increases over the last few years. Overall, the average growth rate for total utility tax is about 0.3% over the last four years.

Licenses and Permits. The revenue is projected at \$459,700 in the 2022 budget. Compared to the 2021 amended budget, this is an increase of 36.9% or \$123,980. The 2022 budget projection includes anticipated increase in building permit activities in the UGA.

Intergovernmental grants. The proposed 2022 budget includes a \$234,955 reduction in intergovernmental grant revenues from 2021. The 2021 budget included one-time awards from state Recreation and Conservation Office (RCO) for flood storage basin master plan study in the amount of \$233,425.

Fees for Services. The revenue is projected at \$481,100 in the 2022 budget. Compared to the 2021 amended budget, this is an increase of 17.2% or \$70,525. This increase is mostly from the anticipated increase in development permit review and plan check fees.

Transfers In. The proposed 2022 budget includes a \$457,340 interfund transfers which includes a \$420,000 of the American Rescue Plan Act (ARPA) funds from the Federal Grant Control Fund and a \$37,340 from the Tourism Fund. ARPA funds are designated to fund the purchase of police body cameras and staffing of one police officer and two firefighter positions that were left unfilled since 2020 due to the anticipated revenue constraints from the COVID-19 pandemic. The lodging tax funds is designated for LTAC approved parks and recreation programs and facility maintenance expenses.

Other revenues are expected to remain relatively stable.

General Fund Expenditures

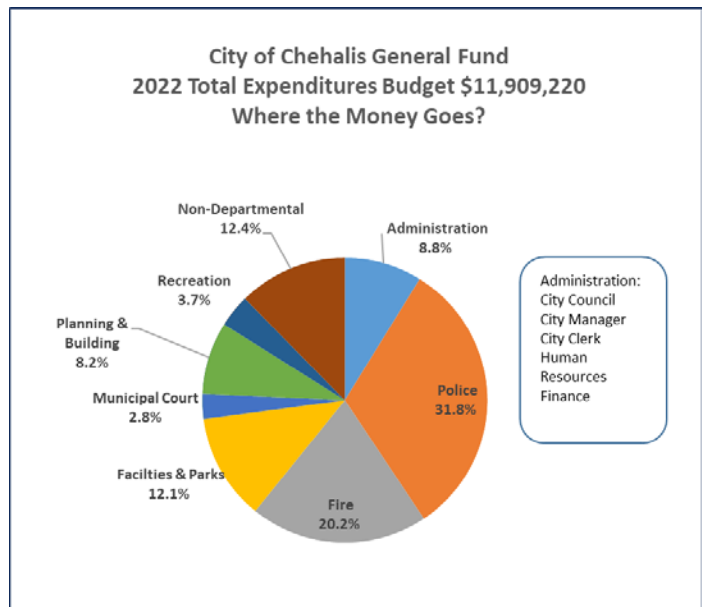
The proposed 2022 expenditure budget is \$11,909,220, which is a \$466,138 or 4.1% increase from 2021 amended budget.

Municipal services are delivered primarily through people, which is the largest ongoing cost to the General Fund. Salaries and benefits make up almost 65% of the total General Fund expenditures. Additional salaries and benefits of \$441,520 (or 3.7% of the total General Fund expenditures) is budgeted in the Street Fund, which is a sub-fund of the General Fund. The proposed expenditures reflect increases for health insurance premiums and salary and wage increases for all employees, including non-represented employees, consistent with contracts, collective bargaining agreements, and policy direction consistent with applicable State law. A significant burden that the city continues to struggle is the rising cost of employee salaries and benefits, which is significantly higher than revenue growth.

The proposed 2022 budget includes filling five General Fund vacant positions that were left unfilled during 2020/2021 due to revenue constraints anticipated due to the COVID-19 pandemic crisis and two new proposed positions. Four of these positions are budgeted for full-year and three positions are budgeted for 9 months. Total estimated 2022 payroll budget for these positions is \$525,000.

The proposed 2022 budget includes \$200,000 transfer out to the Public Facilities Reserve Fund to provide funds for future permanent fire station related expenses.

The combined budgets of the Police and Fire Departments represent 52.0% of General Fund expenditures in 2022, which reflects the high priority of keeping residents and visitors in Chehalis safe. The facilities and parks maintenance receives the next single highest level of funding. About 6.6% of General Fund budget is allocated for city street maintenance which is included in the non-departmental budget as transfers out to the Street Fund.



Ending General Fund Balance

Based on current projections, the ending 2022 fund balance of the General Fund, also referred to as operating fund reserve, is estimated to be \$1,370,250 or 12.0% of 2022 General Fund projected revenues. Maintaining operating reserves at 10% of the revenue budget is the policy goal of the City Council, and the projected ending fund balance at the end of 2022 meets the suggested reserve goals.

While the 12% operating reserve may seem large, it still comes far short of actual needs when considering the total cost of all of the infrastructure needs, deferred capital improvements for general and park facilities, and vehicle and equipment replacements. In addition to the General Fund, the City maintains the following sub-funds of the general fund for specific purposes: Street Fund, Building Abatement Fund, Compensated Absences Reserve Fund, LEOFF 1 OPEB Reserve Fund, and Automotive/Equipment Reserve Fund. However, the fund balances in these funds are less than adequate when considering the ongoing need.

SUMMARIES OF RESTRICTED FUNDS

Street Fund (Fund 003), Formerly Dedicated Street Fund – 4% Sales Tax

In 2014, the City Council adopted a policy to allocate 4% of the City's sales tax revenue be transferred to this fund to be used and accumulated for needed city street repairs and improvements. Beginning in 2022, the General Fund Street Department and Arterial Street Funds are combined to the formerly Dedicated Street Fund – 4% Sales Tax and renamed as the Street Fund. The funding sources for the Street Fund come from transfers from the General Fund, state shared Motor Vehicle Fuel Tax, state and Federal grants, and other revenues that are restricted to be used for street purposes.

The 2022 projected revenue and funding source is \$1,038,301 which includes a \$786,000 transfer in from the General Fund. The expenditures budget is \$1,057,976. The estimated 2022 ending fund balance is \$101,230 which is about 9.7% of the 2022 revenue budget. Maintaining certain level of fund balance in this fund can be used to leverage grants and loans in the future.

Building Abatement Fund (Fund 004)

The Building Abatement Fund was established by the City Council in 2017 for the purpose of removing hazards to public health and safety and potentially address aesthetic concerns related to abandoned buildings in our community. The 2022 budget includes a \$50 interest earnings and no expenditures. The estimated fund balance at the end of 2022 is \$51,764.

Arterial Street Fund (Fund 102)

The Arterial Street Fund is a special revenue fund that accounts for the state distributed motor vehicle fuel tax (MVFT) that is restricted to use for city street purposes. The MVFT distribution is based on population. The MVFT is the only revenue source for this fund. The City uses this fund primarily for the "oiling and chip sealing" program for our city streets. Beginning in 2022, this fund is combined with the Street Fund. The 2022 budget includes a \$90,828 transfer out of the remaining fund balance to the Street Fund, which results in the ending fund balance of zero in 2022.

Transportation Benefit District Fund (Fund 103)

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

2022 revenue is estimated at \$4,283,000 which includes a state grant fund of \$3,025,000. Total project costs budgeted in 2022 is \$3,700,000. The estimated fund balance at the end of 2022 is \$3,802,250.

Tourism Fund (Fund 107)

The Lodging Tax Advisory Committee (LTAC) requested funding for organizations that advertise and promote tourism in the city and "put heads in beds". The sole revenue source (except for interest earnings on the fund balance) for this fund is the local Hotel/Motel sales tax and special local Hotel/Motel tax. 2022 revenue is projected at \$235,070, which is a \$15,570 or 7.1% increase from the 2021 amended budget. The proposed expenditure budget is \$257,986, and an estimated ending fund balance is \$50,074. The operating reserve level currently set by the LTAC is \$50,000.

Compensated Absences Reserve Fund (Fund 110)

The Compensated Absences Reserve Fund was established in 1985 for the purpose of setting aside funds to be used for compensation of employees for cash outs for unused accrued leaves; approved disability leaves; approved unemployment benefits; and authorized severance pay. No additional funding is in the 2022 budget. Total expenditures budget is \$61,700 which is for cash outs of three General Fund employees retiring in 2022.

LEOFF1 OPEB Reserve Fund (Fund 115)

The LEOFF1 OPEB Reserve Fund was created with the 2020 Budget adoption to provide funding for LEOFF 1 retiree medical benefits. A portion of the regular property tax levy up to \$22.5 cents per \$1,000 assessed valuation is the sole funding source other than interest earnings on the fund balance. Once the funds are contributed into this fund, the money is restricted by law and must be used to pay LEOFF 1 retiree medical benefits. The proposed 2022 budget includes \$205,800 transfer in from the General Fund for a portion of the regular property tax levy, with expenditures budget of \$156,700. The estimated fund balance at the end of 2022 is \$80,607.

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

The CDBG and HUD Block Grant Funds were created to provide home rehabilitation loans which were funded by the Community Development Block Grant and the Department of Housing & Urban Development Grant. The balance of the loans will be received by the City as ownership of these properties are transferred to anyone other than the loan holder. As of October 31, 2021, the outstanding loan principal on CDBG and HUD loans were \$81,963.91 and \$38,148.94, respectively.

No loan repayment revenue is projected in the 2022 budget. The estimated fund balance for the CDBG and HUD Grant funds at the end of 2022 are \$22,667 and \$84,689, respectively. If loan repayment in a year is less than \$35,000, the income is considered miscellaneous income and can be used for any community development activity including a CDBG eligible activity or a project benefiting low-and moderate-income persons. There are no plans to spend the remaining fund balances in 2022; however, the Council Budget Committee would like to explore how the City might best use these funds in the future consistent with any legal restriction on their use.

Federal Grant Control Fund (Fund 199)

This fund was established in 2012 to track and manage various federal and state grant funds and has not had any activity since 2015. With receipt of the Coronavirus Local Fiscal Recovery Funds under the American Rescue Plan Act (ARPA) of 2021, this fund was re-activated to track and manage the ARPA funds. The ARPA funds are restricted funds and must be used for the eligible costs defined in the U.S. Treasury Interim Final Rules. The 2022 budget includes \$1,069,443 in additional ARPA funds and \$420,000 in expenditures. The estimated ending fund balance in the 2022 budget is \$1,380,561. The ARPA funds must be used by 12/31/2024.

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

The Debt Service Fund was created to record the payments on the 2011 General Obligation Bonds. Additionally, the City issued a Limited Tax General Obligation (LTGO) Bond in 2019 for the Recreation Park improvement project and Limited Tax General Obligation (LTGO) Bond in 2020 for future fire station land acquisition and the temporary fire station project. The General Fund and the two REET funds provide funds to cover the 2011 LTGO and 2020 LTGO debt services payment and the Tourism fund provides funds for the 2019 LTGO debt service payment. 2021 total debt service expenditures are budgeted for \$299,515.

Public Facilities Reserve Fund (Fund 301)

The Public Facilities Reserve Fund was established many years ago to set aside monies over time to prepare for significant maintenance, repairs, and renovation of the City's buildings, which are used to provide public services to our community. The funding sources for this fund come from the General Fund reserves, bonds and loans, state and federal grants, REET funds, and other dedicated funding such as community donations for park facility improvement projects.

The proposed 2022 budget includes \$200,000 transfer in from the General Fund. The expenditure budget is \$310,000 which includes \$130,000 for facility improvements and acquisition of police evidence garage and \$180,000 transfer out to the newly created Park Improvement Fund. The \$180,000 transfer-out includes \$140,000 unspent private donations received for the Recreation Park project and \$40,000 Council committed for future improvements to the Westside and Lintott/Alexander parks.

The estimated fund balance at the end of 2022 is \$300,521, which includes future fire station project and other general city buildings and facilities improvements.

Automotive/Equipment Reserve Fund (Fund 302)

This fund was established for the purpose of setting aside money on a regular basis to be able to replace the City's vehicles and equipment as needed.

No additional funding or expenditures are in the 2022 proposed budget. The estimated fund balance at the end of 2022 is \$268,292.

Park Improvement Fund (Fund 303)

The Park Improvement Fund is being established in 2022 to accumulate and provide funds for capital improvements to the city's park facilities. The 2022 budget includes \$180,000 transfers in from the Public Facilities Reserve Fund. The transferred funds are restricted for Recreation Park ball fields capital improvements and the Westside and Lintott/Alexander parks. No expenditures are planned in the 2022 budget.

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

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

The 2022 proposed budget includes transfers out to the G.O. Debt Service Fund to provide funding for the 2011 LTGO Bonds and 2020 LTGO Bond debt service payments.

The 2022 projected revenues and expenditures for the First Quarter Percent REET fund are \$126,400 and \$130,494, respectively, with an estimated ending fund balance of \$198,185.

The 2022 projected revenues and expenditures for the Second Quarter Percent REET fund are \$126,475 and \$73,257, respectively, with an estimated ending fund balance of \$329,414.

Garbage Fund (Fund 402)

This fund is used to account for the revenues and expenditures associated with the city's organic waste disposal site at Stan Hedwall Park. For 2022, the projected revenue is \$6,110 and expenditures is \$7,000, with an estimated ending fund balance of \$7,443.

Wastewater Fund (Fund 404) and Wastewater Capital Fund (Fund 414)

The 2022 revenues for the Wastewater Fund are projected to be \$5,531,200 which is substantially the same as the 2021 amended budget. Total expenditure budget in 2022 is \$6,074,359. The proposed 2022 budget is balanced with using \$542,994 beginning reserves due to one-time capital project expenditures. The projected fund balance at the end of 2022 is \$4,544,511, which includes \$1,055,837 for operating reserves, \$1,882,874 for annual debt service reserves, and \$1,605,800 for capital reserves.

The Wastewater Capital Fund will be established with the adoption of the 2022 Annual Budget to provide dedicated revenues and reserve dollars for capital improvements and replacements of new and existing wastewater collection and treatment facilities and systems. A portion of the wastewater service revenues and all of the hookup/connection charges are allocated and budgeted in the Wastewater Capital Fund with a \$2,000,000 one-time transfer of the fund balance in excess over the operating reserves at three and one-half months of operating expenditures plus an annual debt service reserve is transferred from the Wastewater Fund to the Wastewater Capital Fund in the 2022 budget.

Water Fund (Fund 405) and Water Capital Fund (Fund 415)

The 2022 revenues for the Water Fund are projected to be \$3,249,601 which is substantially the same as the 2021 amended budget. Total expenditure budget in 2022 is \$3,641,709. The proposed budget is balanced with using \$392,108 of beginning reserves due to one-time capital project budget of \$841,000. The projected fund balance at the end of 2022 is \$6,918,506, which includes \$765,562 for operating reserves, \$236,344 for debt service reserves, and \$5,916,600 for capital reserves.

The Water Capital Fund will be established with the adoption of the 2022 Annual Budget to provide dedicated revenues and reserve dollars for capital improvements and replacements of new and existing water production and distribution facilities and systems. A portion of the water service revenues and all of the hookup/connection charges are allocated and budgeted in the Water Capital Fund with a \$6,400,000 one-time transfer of the fund balance in excess over the operating reserves at three and one-half months of operating expenditures plus an annual debt service reserve is transferred from the Water Fund to the Water Capital Fund in the 2022 budget.

Storm & Surface Water Fund (Fund 406) and Storm & Surface Water Capital Fund (Fund 416)

The Storm & Surface Water Utility Fund provides planning, construction, operation, and maintenance of the City's storm drainage system. In 2022, the total projected revenue is \$719,770 which is substantially the same as the 2021 amended budget. Total 2022 expenditures budget is \$639,920. The projected fund balance at the end of 2022 is \$1,541,634, which includes \$169,134 for operating reserves and \$1,372,600 for capital reserves.

The Storm & Surface Water Capital Fund will be established with the adoption of the 2022 Annual Budget to provide dedicated revenues and reserve dollars for capital improvements and replacements of new and existing stormwater collection and treatment facilities and systems. A portion of the stormwater service revenues and all of the hookup/connection charges are allocated and budgeted in the Storm & Surface Water Capital Fund with a \$1,295,000 one-time transfer of the fund balance in excess over the operating reserves at three and one-half months of operating expenditures is transferred from the Storm & Surface Water Fund to the Storm & Surface Water Capital Fund in the 2022 budget.

Airport Fund (Fund 407) and Airport Capital Fund (417)

The Airport Fund is dedicated and restricted to the operation of the Chehalis-Centralia Airport. In 2022, the total projected revenue is \$1,859,880. Total expenditures are estimated at \$1,540,423. The estimated fund balance at the end of 2022 is \$2,315,872, which includes \$396,070 for operating reserves, \$72,552 for annual debt service reserves, and \$1,847,250 for capital reserves.

The Airport Capital Fund will be established with the adoption of the 2022 Annual Budget to provide dedicated revenues and reserve dollars for capital improvements and replacements of new and existing Airport facilities and capital assets. A portion of the Airport fuel sales and lease revenues are allocated and budgeted in the Airport Capital Fund with a \$1,534,000 one-time transfer of the fund balance in excess over the operating reserves at three and one-half months of operating expenditures and an annual debt service reserve from the Airport Fund to the Airport Capital Fund in the 2022 budget.

Firemen's Pension Fund (Fund 611)

This fund is restricted to payments for supplemental or "excess pension benefits" to retirees who had pre-LEOFF service credits. LEOFF is the acronym for Law Enforcement Officers and Firefighters Retirement System. Funding was provided with a property tax of \$22.5 cents per \$1,000 assessed valuation from the City's regular property tax levy and the annual Fire Insurance Premium Tax distribution from the state.

The pension levy is no longer received in this fund starting 2020, as the 2019 actuarial study determined that this fund is sufficiently funded to pay all future pension benefits. However, the annual fire insurance premium tax will continue to be received in this fund.

The 2022 Proposed Budget includes \$15,480 in revenues and \$13,300 in expenditures for pension benefits. The projected fund balance at the end of 2022 is \$1,027,916.

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ORDINANCE NO. 1025-B

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON,
ADOPTING THE BUDGET OF THE CITY OF CHEHALIS FOR
THE YEAR 2022 AND PROVIDING FOR THE EFFECTIVE DATE
HEREOF.**

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

Section 1. Attached hereto and identified as Exhibit “A,” in summary form, are the total of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined for the budget of the City for 2022, and by this reference said Exhibit “A,” showing a total estimated ending fund balance of \$24,762,352 is incorporated herein as if set forth in full and the same is hereby adopted in full.

Section 2. This ordinance is a legislative act delegated by statute to the City Council of the City of Chehalis, is not subject to referendum and shall take effect the ____ day of _____, 2021.

PASSED by the City Council of the City of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this ____ day of _____, 2021, on first reading.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

Ordinance No. 1025-B
Exhibit "A"
CITY OF CHEHALIS
2022 BUDGET SUMMARY - ALL FUNDS

Fund No.	Fund Name	Estimated Beginning Fund Balance 01/01/2022	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Ending Fund Balance 12/31/2022	Change in Fund Balance Increase (Decrease)	% Change
001	General Fund	\$ 1,832,460	\$ 10,989,670	\$ 457,340	\$ 10,693,001	\$ 1,216,219	\$ 1,370,250	\$ (462,210)	-25.2%
003	Street Fund	120,905	161,473	876,828	1,057,976	-	101,230	(19,675)	-16.3%
004	Building Abatement Fund	51,714	50	-	-	-	51,764	50	0.1%
102	Arterial Street Fund	90,828	-	-	-	90,828	-	(90,828)	-100.0%
103	Transportation Benefit District Fund	3,219,250	4,283,000	-	3,700,000	-	3,802,250	583,000	18.1%
107	Tourism Fund	72,990	235,070	-	149,300	108,686	50,074	(22,916)	-31.4%
110	Compensated Absences Reserve Fund	247,420	240	-	61,700	-	185,960	(61,460)	-24.8%
115	LEOFF 1 OPEB Reserve Fund	31,407	100	205,800	156,700	-	80,607	49,200	156.7%
195	Community Development Block Grant Fund	23,642	25	-	1,000	-	22,667	(975)	-4.1%
197	HUD Block Grant Fund	86,604	85	-	2,000	-	84,689	(1,915)	-2.2%
199	Federal Grant Control Fund	731,118	1,069,443	-	-	420,000	1,380,561	649,443	88.8%
200	General Obligation Bond Fund	5	-	299,516	299,515	-	6	1	20.0%
301	Public Facilities Reserve Fund	410,271	250	200,000	130,000	180,000	300,521	(109,750)	-26.8%
302	Automotive/Equipment Reserve Fund	268,192	100	-	-	-	268,292	100	0.0%
303	Parks Improvement Fund	-	-	180,000	-	-	180,000	180,000	0.0%
305	First Quarter REET Fund	202,279	126,400	-	-	130,494	198,185	(4,094)	-2.0%
306	Second Quarter REET Fund	276,196	126,475	-	-	73,257	329,414	53,218	19.3%
402	Garbage Fund	8,333	6,110	-	7,000	-	7,443	(890)	-10.7%
404	Wastewater Fund	5,087,505	5,383,400	-	5,532,194	2,000,000	2,938,711	(2,148,794)	-42.2%
414	Wastewater Capital Fund	-	147,800	2,000,000	542,000	-	1,605,800	1,605,800	0.0%
405	Water Fund	7,310,614	2,892,001	-	2,800,709	6,400,000	1,001,906	(6,308,708)	-86.3%
415	Water Capital Fund	-	357,600	6,400,000	841,000	-	5,916,600	5,916,600	0.0%
406	Storm and Surface Water Fund	1,460,784	584,370	-	581,020	1,295,000	169,134	(1,291,650)	-88.4%
416	Storm and Surface Water Capital Fund	-	135,400	1,295,000	57,900	-	1,372,500	1,372,500	0.0%
407	Airport Fund	1,996,415	1,470,130	-	1,463,923	1,534,000	468,622	(1,527,793)	-76.5%
417	Airport Capital Fund	-	389,750	1,534,000	76,500	-	1,847,250	1,847,250	0.0%
611	Firemen's Pension	1,025,736	15,480	-	13,300	-	1,027,916	2,180	0.2%
TOTALS		\$ 24,554,668	\$ 28,374,422	\$ 13,448,484	\$ 28,166,738	\$ 13,448,484	\$ 24,762,352	\$ 207,684	0.8%

*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.