

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 22, 2021 5:00 pm

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

PROCLAMATIONS / PRESENTATIONS

4. Recognition of Bill Hillier, City Attorney.

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.

5. John Kerner
6. Aaron Fuller

ITEM

CONSENT CALENDAR		
7. <u>Minutes of the Regular City Council Meeting of November 8, 2021.</u> (City Clerk)	APPROVE	1
8. <u>Vouchers and Transfers – Accounts Payable in the Amount of \$1,974,287.40 Dated November 15, 2021.</u> (City Manager, Finance Director)	APPROVE	3
9. <u>Confirmation and Reappointment of Dale McBeth as Municipal Court Judge.</u> (City Manager, Court Administrator)	APPROVE	5
10. <u>Extension for Indigent Defense Services Contract.</u> (City Manager, Court Administrator)	APPROVE	6
11. <u>Resolution No. 15-2021, First and Final Reading – Appointing City Attorney and Assistant City Attorneys.</u> (City Manager)	ADOPT	24

ITEM

PUBLIC HEARINGS		
12. <u>Proposed 2022 Revenue Sources – Property Taxes and Levies – Second Hearing.</u> (City Manager, Finance Director)	CONDUCT PUBLIC HEARING	27
13. <u>Proposed 2022 Budget – Second Hearing.</u> (City Manager, Finance Director) <i>Citizens may participate in person or submit comments for the public hearings by:</i> 1. Submitting through the City website – https://www.ci.chehalis.wa.us/contact . 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.	CONDUCT PUBLIC HEARING	30
14. <u>Proposed Chehalis Basin Comprehensive Flood Hazard Management Plan.</u> (City Manager, Planning and Building Manager)	CONDUCT PUBLIC HEARING	32

ITEM

OLD BUSINESS		
15. <u>Ordinance No. 1023-B and Ordinance No. 1024-B, Second and Final Reading – Adoption of Property Tax Levies.</u> (City Manager, Finance Director)	PASS	49
16. <u>Ordinance No. 1025-B, Second and Final Reading – Adopting the 2022 Proposed Budget.</u> (City Manager, Finance Director)	PASS	54

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
NEW BUSINESS		
17. <u>Resolution No. 16-2021, First and Final Reading – Adopting the Chehalis Basin Comprehensive Flood Hazard Mitigation Plan.</u> (City Manager, Planning and Building Manager)	ADOPT	75
18. <u>Resolution No. 17-2021, First and Final Reading – Adoption of Revised Public Defense Standards.</u> (City Manager, Court Administrator)	ADOPT	79
19. <u>Consideration of Grant Agreement for Improvement of Public Defense Services.</u> (City Manager, Court Administrator)	APPROVE	82

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
ADMINISTRATION AND CITY COUNCIL REPORTS		
20. <u>Administration Reports.</u>	INFORMATION ONLY	---
a. City Manager Update. (City Manager)		
21. <u>Councilor Reports/Committee Updates.</u> (City Council)	INFORMATION ONLY	---

EXECUTIVE SESSION
22. Pursuant to RCW:
a. 42.30.110(1)(i) – Litigation/Potential Litigation
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, DECEMBER 13, 2021.**

Chehalis City Council
Meeting Minutes
November 8, 2021

The Chehalis City Council met in regular session on Monday, November 8, 2021. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following members present: Terry Harris, Tony Ketchum, Jerry Lord, Dr. Isaac Pope, and Bob Spahr. Councilor Daryl Lund participated via Zoom. Staff present included: Jill Anderson, City Manager; Tammy Baraconi, Planning and Building Manager (Zoom); Lance Bunker, Street/Storm Water Superintendent; Kiley Franz, City Clerk; Melody Guenther, Court Administrator (Zoom); Erin Hillier, City Attorney; Andrew Hunziker, Facilities Manager; Trent Lougheed, Public Works Director (Zoom); Dale McBeth, Court Judge; Devlan Pool, Wastewater Superintendent; Brandon Rakes, Airport Operations Coordinator; and Chun Saul, Finance Director; Glenn Schaffer, Human Resources/Risk Manager (Zoom); Dave Vasilaukas, Water Superintendent; and Lilly Wall, Recreation Manager.

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

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

- a. Minutes of the regular City Council meeting of October 25, 2021; and
- b. October 29, 2021 Claim Vouchers No. 132815 – 132901 and Electronic Funds Transfer Check Nos. 1627 – 1655 in the amount of \$300,713.51; and
- c. October 29, 2021, Payroll Vouchers No. 41789-41849, 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; and
- d. Amendment to professional services agreement with Precision Approach Engineering for the Airfield Pavement Rehabilitation Project; and
- e. Resolution No. 14-2021, first and final reading – Incentive program for lateral police officer applicants.

The motion was seconded by Councilor Lord and carried unanimously.

3. **Public Hearing – Proposed 2022 Revenue Sources – Property Taxes and Levies.** City Manager Anderson explained that the budget documents were disseminated to the Council and made available to the public online on Tuesday, November 2nd.

Chun Saul provided a presentation regarding the proposed 2022 revenue sources. Ms. Saul explained that the general fund is the primary operating fund for the City and provides funds for all basic municipal services. Funding for the general fund comes from taxes, fees for services, state shared revenues, and other such revenues. The estimated revenue for the general fund for 2022 is \$11,909,220. Of this estimated revenue, tax revenue makes up approximately 82%; reserve fund monies will be used to balance the budget. Mayor Dawes clarified that typically the revenue estimates for the prior year have been low and more revenues are received, and those funds were the ones being used to balance the budget. Of the available revenues, 52% of the budget is allocated to police and fire services, 12.1% is allocated to parks and facilities maintenance, 2.8% is allocated to municipal court, 8.2% is allocated to building and planning, 3.7% is allocated to recreation, 8.8% is allocated to administrative functions (city council, city manager, city clerk, human resources, and finance departments), and 12.4% is allocated to the non-departmental fund.

Ms. Saul explained that every year, the city must set levy amounts to support the cost of the general government. Ms. Saul briefly reviewed the current tax amounts levied by the City. The continuation of the EMS levy was approved by voters in August 2021 and would be collected at \$0.50 per \$1,000 of assessed value. The total proposed regular tax levy amount for 2022 is \$1.81154 per \$1,000 of assessed value.

4. **Public Hearing – Proposed 2022 Budget.** City Manager Anderson explained that the city-wide budget is made up of 27 funds, the utilization of 26 of which are restricted by law or policy; the general fund is used to provide general municipal services. The total city-wide budget is \$41,615,222. Five new capital expenditure funds have been created, these funds are for

wastewater, water, storm and surface water, the airport, and park improvement; these funds will help with long-term planning by creating dedicated reserve funds.

The total budget for 2022 has increased by \$11,153,737 or 36.6%. This increase is due to an intra-fund transfer to the new five new capital funds. Without these transfers, the budget for 2022 has decreased by \$255,266 or 0.84% of the amended 2021 budget. Of all city-wide expenditures, the general fund makes up approximately 32%, special revenue funds (such as the transportation benefit district, lodging tax, federal grant control funds) make up 11%, utility funds make up 48%, the airport fund makes up 7%, and the remaining 2% is made up of the firemen's pension fund, debt service fund, and capital projects funds.

Of the 8.2% sales tax rate: 6.5% is allocated to the state; 0.01% is the state fee; 0.64% is allocated to Lewis County, transit, mental health, and juvenile detention; 0.85% is allocated to the City of Chehalis general fund, and 0.2% is allocated to the City of Chehalis transportation benefit district.

Ms. Saul explained that the proposed budget planned to fill five positions in the city that were left vacant during 2020 and 2021. These positions include two firefighters, one police officer, one part time parking enforcement officer, and one part time administrative assistant for the recreation department. Two new positions have been added to the budget, one for a property maintenance worker, and one for a financial analyst. ARPA funds will be used to fund one police officer position, two firefighter positions, and the purchase of police body cameras and the associated software.

City Manager Anderson provided a brief overview of budget concerns: additional positions are a necessity, increasing costs in services and supplies, ongoing facility maintenance and repairs, revenues may not continue to grow, and uncertainty about the end of COVID-19 stimulus money and payment deferrals. The City Council budget committee recommends that the 2022 City Council budget committee continue to meet quarterly.

5. **Ordinance No. 1023-B and Ordinance No. 1024-B, First Reading – Adoption of Property Tax Levies.** A motion to pass Ordinance No. 1023-B and Ordinance No. 1024-B on first reading was made by Councilor Ketchum. The motion was seconded by Councilor Spahr and carried unanimously.

6. **Ordinance No. 1025-B, First Reading – Adopting the 2022 Proposed Budget.** A motion to pass Ordinance No. 1025-B on first reading was made by Councilor Ketchum. The motion was seconded by Councilor Spahr and carried unanimously.

7. **Administration Reports.**

a. **City Manager Update.** City Manager Anderson introduced the new Street/Stormwater Superintendent, Lance Bunker. City Manager Anderson also informed the public that there are still vacancies on the planning commission and the historic preservation commission.

8. **Councilor Reports/Committee Updates.**

a. **Mayor Dawes.** Mayor Dawes informed the Council that he attended the memorial service for Gary Stamper. He also attended the Mayor's meeting, a walk-through of a potential parking lot site with Lilly Wall and Andrew Hunziker, and will be meeting with local legislatures on November 30th.

9. **Executive Session.** Mayor Dawes announced the council would take a short recess and then be in executive session pursuant to RCW 42.30.110(1)(i)(iii) – Litigation or Legal Risk and RCW 42.30.110(1)(c) – Sale/Lease of Real Estate, not to exceed 7:07 pm and there will be no action taken following conclusion of the executive session. Mayor Dawes closed the regular meeting at 6:07 pm. and the executive session began at 6:10 pm. At 6:10 pm, Mayor Dawes extended the executive session to 7:30 pm. Following conclusion of the executive session at 7:30 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 22, 2021

SUBJECT: Vouchers and Transfers – Accounts Payable in the Amount of \$1,974,287.40

ISSUE

City Council approval is requested for Vouchers and Transfers dated November 15, 2021.

DISCUSSION

The November 15, 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. 132902 - 132988 and Electronic Funds Transfer Check Nos. 31 and 1656 – 1683 in the amount of \$1,974,287.40 dated November 15, 2021 which included the transfer of:

- \$ 97,396.84 from the General Fund
- \$ 200,406.54 from the Transportation Benefit District Fund
- \$ 2,083.86 from the LEOFF 1 OPEB Reserve Fund
- \$ 89,937.50 from the G.O. Bond Fund
- \$ 64,105.91 from the Public Facilities Reserve Fund
- \$ 499.67 from the Garbage Fund
- \$ 1,016,454.92 from the Wastewater Fund
- \$ 264,695.28 from the Water Fund
- \$ 196,512.35 from the Storm & Surface Water Utility Fund
- \$ 31,688.62 from the Airport Fund
- \$ 6,014.41 from the Firemen’s Pension Fund
- \$4,491.50 from the Custodial Other Agency Fund

RECOMMENDATION

It is recommended that the City Council approve the November 15, 2021 Claim Vouchers No. 132902 – 132988 and Electronic Funds Transfer Check Nos. 31 and 1656 – 1683 in the amount of \$1,974,287.40.

SUGGESTED MOTION

I move that the City Council approve the November 15, 2021 Claim Vouchers No. 132902 – 132988 and Electronic Funds Transfer Check Nos. 31 and 1656 – 1683 in the amount of \$1,974,287.40.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Melody Guenther, Court Administrator

MEETING OF: November 22, 2021

SUBJECT: Confirmation and Reappointment of Dale McBeth as Municipal Court Judge

ISSUE

Judge Dale McBeth's current term as municipal Court judge expires at the end of December.

DISCUSSION

Judge McBeth has served for the last 10-plus years in this capacity for the city. He stays up to date with administrative issues involving municipal courts and new legislation about charges that are typically filed in those courts.

On December 11, 2017, the City Council confirmed the reappointment of Dale McBeth as municipal court judge to another four-year term, which expires December 31, 2021. He would like to serve another term for Chehalis, and representatives who have roles in the city's criminal justice system support that. By their accounts, he has performed well as our judge.

Judge McBeth will be sworn in at the first meeting in December 2021, if his reappointment is approved.

FISCAL IMPACT

N/A

RECOMMENDATION

It is recommended that the City Council confirm the reappointment of Dale McBeth as municipal Court judge to a four-year term expiring on December 31, 2025.

SUGGESTED MOTION

I move that the City Council confirm the reappointment of Dale McBeth as municipal Court judge to a four-year term expiring on December 31, 2025.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Melody Guenther, Court Administrator

MEETING OF: November 22, 2021

SUBJECT: Extension for Indigent Defense Services Contract

ISSUE

The City is required to provide legal representation to those that cannot afford their own attorneys consistent with the U.S. Constitution. The current contract for Indigent Defense Services expires on December 31, 2021 and an extension is being presented for an additional two (2) year term.

DISCUSSION

In December 2019, the city entered into a contract with Attorneys Joseph O. Enbody and Lewis Zieske to provide legal representation for court defendants determined to be indigent. This agreement will be expiring the end of December 2021. There is a provision in the agreement to extend the contract for an additional two (2) year term at the mutual agreement of the parties. Both attorneys have indicated in writing they are willing to continue to provide services by extending the current contract.

FISCAL IMPACT

The proposed 2022 Budget includes \$90,000 for indigent defense services. A portion of the attorney compensation is currently funded with grant monies received from a state grant. Staff reapplied for this grant and the city has been offered funding for 2022-2023. There would be no fiscal change if the city accepts the grant funding for 2022-2023. The contract also includes provisions for a reduced rate if the City does not accept the grant funding, which is the subject of a separate agenda item at the November 22, 2021 meeting.

RECOMMENDATION

It is recommended that the City Council approve a two (2) year extension to the current contract for Indigent Defense Services and authorize the City Manager to sign the extension addendum.

SUGGESTED MOTION

I move that City Council approve a two (2) year extension to the current contract for Indigent Defense Services and authorize the City Manager to sign the extension addendum.

**ADDENDUM TO CONTRACT FOR
INDIGENT DEFENSE SERVICES**

THIS ADDENDUM is made and entered into this _____ day of _____, 2021, by and between the **CITY OF CHEHALIS**, Washington, a municipal corporation, hereinafter called "City", and **LEWIS H. ZIESKE, JR., Attorney at Law, and JOSEPH O. ENBODY, JR., Attorney at Law**, individual Public Defender, hereinafter referred to as "Public Defender",

W I T N E S S E T H:

WHEREAS, The City of Chehalis and Lewis H. Zieske, Jr., and Joseph O. Enbody, Jr., entered into a Contract for Indigent Defense Services dated December 12, 2019, a copy of which is attached to this Addendum, and incorporated herein by this reference; and

WHEREAS, Section 1 of said Contract shall be amended to read as follows:

“1. **Scope of Services, Standards and Warranties.** The Public Defender will provide indigent defense services in misdemeanor and gross misdemeanor cases in accordance with the standards adopted by the City in Resolution No. 17-2021 as the same exists or is hereafter amended (herein “Standards”) and the Decision. The Public Defender individually warrants that he/she, and every Public Defender and/or intern employed by the Public Defender to perform services under this contract, has read and is fully familiar with the provisions of the Standards adopted by the City and the Decision. Compliance with these Standards and the Decision goes to the essence of the Agreement.”

WHEREAS, Section 3 of said Contract shall be amended to read as follows:

“3. **Term.** The term of this agreement shall be from the date of execution of this

Addendum for a two (2) year initial term through December 31, 2023, unless sooner terminated as provided herein. The Agreement may be extended for a two (2) year term at the mutual agreement of the parties. Re-openers of the contract will be considered after July of 2023.”

In consideration of the above referenced recital, the parties hereto agree to amend Section 3 of that certain Contract dated December 12, 2019, to reflect the dates set forth in this Addendum.

All other terms and conditions of said Contract shall remain in full force and effect.

EXECUTED IN DUPLICATE on the date and year first above written.

CITY OF CHEHALIS

PUBLIC DEFENDER

By: _____
City Manager

By: _____
Lewis H. Zieske, Jr.

By: _____
Joseph O. Enbody, Jr.

CONTRACT FOR INDIGENT DEFENSE SERVICES

WHEREAS, the City of Chehalis, Washington (hereinafter “City”) provides public defense services pursuant to contract with attorneys practicing as public defenders (“Public Defender”), and

WHEREAS, a decision by the Federal Court for the Western District of Washington, the Honorable Robert Lasnik, in a case styled *Wilbur, et al v. Mt. Vernon, et al* (hereinafter the “Decision”) emphasizes the need for the City to provide indigent defense services to misdemeanor clients in municipal and district courts in a manner which fully complies with the City’s obligations under the Sixth and Fourteenth Amendments to the United States Constitution, and

WHEREAS, the Washington Supreme Court has adopted standards regarding the caseload of Public Defenders and the Washington State Office of Public Defense has provided guidance regarding case weighting system, and

WHEREAS, the City has conducted an evaluation of its public defense system, including the court system and appointment process, and

WHEREAS, the City has amended its contract to bring it into compliance with the guidance of the Decision, Supreme Court Standards and the standards for the provision of indigent defense services adopted by the City in Resolution No. 8-2014, and

WHEREAS, the City periodically applies for grant funding through the Washington State Office of Public Defense pursuant to RCW 10.101, which may allow a corresponding increase in compensation to contracted indigent defense counsel, public defense training, interpreter services, investigation services, and expert witnesses, and

WHEREAS, award of grant funds through the Washington State Office of Public Defense requires the City recipient to meet the WSBA Standards for Indigent Defense to receive said grant award, and it is the desire of the parties to memorialize adherence to those conditions for increased funding within its own contract.

NOW THEREFORE, In consideration of the mutual benefits to be derived and the promises contained herein, the City of Chehalis, Washington, a municipal corporation (“City”) and the individual Public Defender(s) who perform services under this contract (the “Public Defender”) have entered into this Agreement.

1. Scope of Services, Standards and Warranties. The Public Defender will provide indigent defense services in misdemeanor and gross misdemeanor cases in accordance with the standards adopted by the City in Resolution No. 8-2014 as the same exists or is hereafter amended (hereinafter “Standards”) and the Decision. The Public Defender individually warrants that he/she, and every Public Defender and/or intern employed by the Public Defender to perform services under this contract, has read and is fully familiar with the provisions of the Standards adopted by

the City and the Decision. Compliance with these Standards and the Decision goes to the essence of this Agreement.

1.1 The Public Defender, and every attorney and/or intern performing services under this Agreement shall certify compliance with Supreme Court Rule and governing case load quarterly with the Chehalis Municipal Court on the form established for that purpose by court rule. A copy of each and every such certification shall be provided to the City contemporaneously with filing. The Public Defender and every attorney and/or intern warrants that he/she shall conform to the case load limitations not only with respect to services under this Agreement but also with respect to his/her practice as a whole, including other contracts for public defense and/or private practice.

1.2 Public Defender will maintain records documenting all work performed on each assigned case. Public Defender will maintain and provide to the City a quarterly report detailing:

1.2.1 The number of cases assigned during the period on monthly billing statements.

1.3 The Public Defender further warrants that his/her proposal, reflected in Section 2, Compensation, reflects all infrastructure, support, administrative services, routine investigation, and systems necessary to comply with the Decision and Standards except as provided in Section 2.4 below.

1.4 The Public Defender promises that he/she will promptly notify the City if any circumstance, including change in rule or law, renders it difficult or impossible to provide service in compliance with the Decision and/or the Standards.

1.5 The Public Defender will show proof of annual attendance of at least seven (7) hours of criminal defense training approved by the Washington State Office of Public Defense (OPD).

2. Compensation. Effective January 1, 2020 and conditioned on the award of State Public Defense Grant Funds for the terms of this agreement, the City shall pay to the Public Defender for services rendered under this Contract the sum of One Hundred Eighty and 00/100 Dollars (\$180.00) per case for years 2020 and 2021. **If the City does not receive an award of grant funds as stated above for term of this agreement, the City shall pay to the Public Defender for services rendered under this Contract the sum of one hundred fifty and 00/100 Dollars (\$150.00) per case.** Cases involving a single incident and offense date will be treated as one case regardless of the number of charges or citations filed.

The Public Defense Fee Schedule is incorporated herein as attached **Exhibit C** hereto.

Representing and advising a criminal defendant accused of either a misdemeanor or gross misdemeanor offense through all states including pre-trial release, pre-trial hearings, suppression hearings, change of plea and sentencing. The public defender may request additional

compensation on a case when circumstances warrant additional payment as determined by the presiding judge. The public defender's representation terminates upon entry of a Judgment and Sentence or withdrawal order. If a defendant has failed to appear in court as ordered and at least six (6) months have elapsed there from without the defendant having appeared in court, the public defender representation shall continue and the case shall be treated as a new appointment.

The compensation amount represents the salary and benefits necessary to provide Public Defense services through the undersigned counsel as supplemented in Section 2.4 below, along with all infrastructure, support, and systems necessary to comply with the Standards and Decision including by way of illustration and not limitation, training, research, secretarial and office facilities. As provided in Section 2.5 and its sub paragraphs below, the parties will periodically review staffing in light of changes in court rule and case load in order to adjust staffing based on experience.

The public defender shall provide to the City a Statement of Services describing the number of cases assigned. The public defender may submit cases for payment in the month of the appointment. Such invoices shall be submitted to the City no later than the 5th of the month. If the public defender withdraws prior to completion of the case, then the public defender will reimburse the City for amounts previously paid. Checks issued as payment to the public defender shall be processed in the 1st invoice run of the month as long as invoices are submitted in a timely manner as noted above.

The City will issue payment monthly for all services provided by the public defender. Payment shall be made directly to the public defender.

Notwithstanding any other terms or provisions contained in this contract to the contrary, contractor shall not be required to accept, and contractor shall decline to accept, an appointment under this contract if the particular appointment would in the sole opinion of the contract attorney, create a conflict of interest for contractor or would otherwise cause or constitute an actual violation of any generally recognized ethical or professional standards common and applicable to attorneys in the state of Washington. In the event a conflict of interest arises subsequent to the contractor receiving an appointment under this contract, contractor shall immediately notify the court or the court's designee of the conflict of interest and the court shall appoint another attorney at the city's expense. The attorney appointed by the court as a result of the conflict shall be compensated at the same rate as the public defender under terms outlined herein.

2.1 **Case Counts.** Based upon case counts maintained by Public Defender and reviewed by the City, current estimates for annual case counts for all indigent cases filed by the City is approximately four hundred (400) cases per year. As provided in the Supreme Court Standards, the case counts also include the Public Defender's appearance at arraignment calendars and status conferences if appointed as counsel. The terms "case" and "credit" shall be defined in accordance with the Washington State Supreme Court rule and Washington Office of Public Defense guidelines. The City adopts an unweighted case count.

2.2 **Adjustment; Internal Allocation.** As provided in the Standards, case counts may be revised upwards based upon a variety of factors. Upon the Public Defender's request, the

City shall review any particular case with the Public Defender to determine whether greater weighting should be assigned, and upward revisions shall not be unreasonably refused. The annual caseload shall be reviewed annually on or about June 30th each year.

2.3 **Base Compensation.** Except as expressly provided in Section 2.4, the cost of all infrastructure, administrative, support and systems as well as standard overhead services necessary to comply with the established standards are included in the base payment provided in Section 2.1 above.

2.4 **Payments in Addition to the Base Compensation.** The City shall pay for the following case expenses when reasonably incurred and approved by the Court from funds available for that purpose:

2.4.1 **Discovery.** Discovery shall be provided in accordance with law and court rule by the City Prosecutor. For post-conviction relief cases, discovery includes the cost to obtain a copy of the defense, prosecuting attorneys making any charge or court files pertaining to the underlying case.

2.4.2 **Preauthorized Expenses.** Case expenses may be requested by the Public Defender and preauthorized by order of the Court. Unless the services are performed by Public Defender's staff or subcontractors, such expenses include, but are not limited to:

- (i) investigation expenses;
- (ii) medical and psychiatric evaluations;
- (iii) expert witness fees and expenses;
- (iv) interpreters;
- (v) polygraph, forensic and other scientific tests;
- (vi) unusually extensive computerized legal research; and
- (vii) any other non-routine expenses the Court finds necessary and proper for the investigation, preparation, and presentation of a case.

2.4.3 **Lay Witness Fees.** Lay witness fees and mileage incurred in bringing defense witnesses to court, but not including salary or expenses of law enforcement officers required to accompany incarcerated witnesses;

2.4.4 **Copying Clients' Files.** The cost, if it exceeds \$25, of providing one copy of a client's or former client's case file upon client's or client's appellate, post-conviction relief or habeas corpus attorney's request, or at the request of counsel appointed to represent the client when the client has been granted a new trial;

2.4.5 **Copying Direct Appeal Transcripts Supreme Court Rules for the Administration of Courts of Limited Jurisdiction RALJ Appeals.** The cost, if it exceeds \$25, of making copies of direct appeal transcripts for representation in post-conviction relief cases. Public Defender is limited to no more than two copies;

2.4.6 **Records.** To the extent such materials are not provided through discovery, medical, school, birth, DMV, and other similar records, and 911 and emergency communication recordings and logs, when the cost of an individual item does not exceed \$75; and

2.4.7 **Process Service.** The normal, reasonable cost for the service of a subpoena.

2.5 **Review and Renegotiation.**

2.5.1 **Due to Increases or Decreases in Case Load.** The City and the Public Defender shall, at the option of either party, renegotiate this contract if there is a significant increase or decrease in the number of cases assigned. Significant "decrease" shall mean a change of more than ten percent (10%) in the number of cases assigned. If cases are estimated to approach or exceed four hundred forty (440) cases per year or one hundred ten (110) cases per quarter, the parties may renegotiate this contract to increase case coverage and compensation to Public Defender. At the request of either party, the City and Public Defender will periodically review case assignment trends, requests for additional credits and any other matters needed to determine contract compliance or necessary contract modifications. Public Defender shall promptly notify the City when quarterly caseloads can reasonably be anticipated to require use of overflow or conflict counsel to assure that cases assigned to Public Defender remain within the limits adopted in this contract and comply with state and local standards.

2.5.2 **Renegotiation Due to Change in Rule or Standard.** This contract may be renegotiated at the option of either party if the Washington State Supreme Court, the Washington State Bar or the City significantly modifies the Standards for Indigent Defense adopted pursuant to the Court rule or City Resolution.

3. **Term.** The term of this agreement shall be from the date of execution for a two (2) year initial term through December 31, 2021, unless sooner terminated as provided herein. The Agreement may be extended for a two (2) year term at the mutual agreement of the parties. Re-openers of the contract will be considered after July of 2021.

3.1 **Termination For Cause.** This agreement may be terminated for good cause for violation of any material term of this agreement. "Material term" shall include any violation indicating a failure to provide representation in accordance with the rules of court, the ethical obligations established by the Washington State Bar Association, the willful disregard of the rights and best interests of the client, a willful violation of the Standards or the Decision, the provisions of Section 6 relating to insurance, conviction of a criminal charge, and/or a finding that the license of the Attorney or any Public Defender providing service under this agreement, has been suspended or revoked. Any violation of the other provisions of this Contract shall be subject to cure. Written notice of contract violation shall be provided to the Public Defender who shall have thirty (30) business days to cure the violation. Failure to correct the violation will give rise to termination for cause at the City's discretion. In lieu of terminating this contract, the City may agree in writing to alternative corrective measures.

3.2 **Termination Without Cause.** This agreement may be terminated upon ninety (90) days written notice by either party.

3.3 **Obligations survive Termination.** In the event of termination of this agreement, the following obligations shall survive and continue:

3.3.1 **Representation.** The compensation established in this agreement compensates Public Defender for services relating to each and every assigned case. Therefore, in the event this agreement is terminated, the Public Defender will continue to represent clients on assigned cases until a case is concluded on the trial court level.

3.3.2 The provisions of sections 1 and 5 survive termination as to the Public Defender. The City shall remain bound by the provisions of section 2.4 with respect to additional costs incurred with respect to cases concluded after the termination of this contract.

4. **Nondiscrimination.** Neither the Public Defender nor any person acting on behalf of the Public Defender, shall, by reason of race, creed, color, national origin, sex, sexual orientation, honorably discharged doctrine or military status, or the presence of any sensory, mental, or physical disability or the use of a trained guide dog or service animal by a person with a disability, discriminate against any person who is qualified and available to perform the work to which the employment relates, or in the provision of services under this agreement.

5. **Indemnification.** The Public Defender agrees to hold harmless and indemnify the City, its officers, officials, agents, employees, and representatives from and against any and all claims, costs, judgments, losses, or suits including Public Defender's fees or awards, and including claims by Public Defender's own employees to which Public Defender might otherwise be immune under Title 51 arising out of or in connection with any willful misconduct or negligent error, or omission of the Public Defender, his/her officers or agents.

It is specifically and expressly understood that the indemnification provided herein constitutes the waiver of the Public Defender's waiver of immunity under Title 51 RCW solely for the purposes of this indemnification. The parties have mutually negotiated this waiver.

The City agrees to hold harmless and indemnify the Public Defender, his/her officers, officials, agents, employees, and representatives from and against any and all claims, costs, judgments, losses, or suits including Public Defender's fees or awards, arising out of or in connection with any willful misconduct or negligent error or omission of the City, its officers or agents.

This clause shall survive the termination or expiration of this agreement and shall continue to be in effect for any claims or causes of action arising hereunder.

6. **Insurance.** The Public Defender shall maintain malpractice insurance during the entire period of the contract and shall provide proof of such insurance to the city.

7. **Personal Services, no Subcontracting.** This Agreement has been entered into in consideration of the Public Defender's particular skills, qualifications, experience, and ability to meet the Standards incorporated in this Agreement. Therefore, the Public Defender has personally signed this Agreement below to indicate that he/she is bound by its terms. This Agreement shall not be subcontracted without the express written consent of the City and refusal to subcontract may be withheld at the City's sole discretion. Any assignment of this Agreement by the Public Defender without the express written consent of the City shall be void.

8. **Complaint Process.** Contractor will establish a procedure for promptly responding to complaints regarding the performance of any attorney(s) under this contract. The complaining client should be informed as to the disposition of the complaint within one week. If after utilizing the contractor's complaint procedure, the client states he or she continues to have a complaint, then the contractor shall provide the client with the City of Chehalis contact information so the client may pursue the complaint. (Exhibit B)

9. **Retention of Case Records.** Contractor shall compile and maintain appropriate case records for each person whom contractor is appointed to represent consistent with the WSBA Guide to Best Practices for Client File Retention and Management. Contractor shall retain such records in their entirety for a period of no less than three (3) years from the date on which the case or matter is fully and finally concluded or for any other time period specified under applicable court rule or statute, whichever date/event occurs last.

10. **Provide Notice of WSBA Disciplinary Proceedings.** The contractor will immediately report any formal disciplinary proceeding and/or admonishment, censure, or any other formal discipline by the Washington State Bar Association or by another state or jurisdiction or court to the City Contract Manager. If the circumstances underlying such matters negatively reflect on the contractor's duty and ability to effectively and competently render legal services under this contract, it is grounds for termination of this contract. Suspension or disbarment is grounds for immediately suspension and/or termination of this contract.

11. **Immigration Consequences and Research.** Contractor will, in appropriate circumstances, consult with a state funded Washington Defender Immigration Project Resource Attorney or another immigration attorney to determine the potential immigration consequences of a noncitizen client being charged with a criminal offense.

12. **Modification.** No waiver, alteration or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by the duly authorized representatives of the City and the Public Defender. An additional attorney may be added to this Agreement by adding his or her signature to these agreements.

13. **Entire Agreement; Prior Agreement Superseded.** The written provisions in terms of this Agreement, together with any exhibit attached hereto, shall supersede all prior verbal statements of any officer or other representative of the City, and such statement(s) shall not be effective or construed as entering into or forming a part of, or altering in any manner whatsoever, this Agreement. Upon execution, this Agreement shall supersede any and all prior agreements between the parties.

14. **Written Notice.** All communications regarding this Agreement shall be sent to the parties at the addresses listed below, unless notified to the contrary. Any written notice hereunder shall become effective as of the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated in the Agreement or such other address as may be hereinafter specified in writing:

CITY CONTRACT ADMINISTRATOR:

City Manager
City of Chehalis
350 N. Market Blvd., Rm. 101
Chehalis, WA 98532

PUBLIC DEFENDERS:

Lewis H. Zieske, Jr.
Attorney at Law
PO Box 566
Chehalis, WA 98532

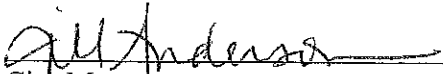
Joseph O. Enbody
ENBODY DUGAW & ENBODY
PO Box 855
Centralia, WA 98531

15. **Nonwaiver of Breach.** The failure of the City to insist upon strict performance of any of the covenants and agreements contained herein or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of such covenants, agreements, or options and the same shall be and remain in full force and effect.

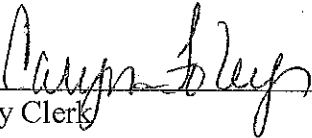
16. **Resolutions of Disputes, Governing Law.** Should any dispute, misunderstanding or conflict arise as to the terms or conditions contained in this Agreement, the matter shall be referred to the Contract Administrator, whose decision shall be final. Provided, however, that any complaint regarding any violation of the Standards or which relate to any manner whatsoever to trial strategy or an ongoing case, shall be referred to the Judge of the City's Municipal/District Court or to the Washington State Bar Association as appropriate. Nothing herein shall be construed to obligate, require or permit the City, its officers, agents, or employees to inquire into any privileged communication between the Public Defender and any indigent defendant. In the event of any litigation arising out of this Agreement, the prevailing party shall be reimbursed for reasonable attorney's fees from the other party. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington and the rules of the Washington Courts as applicable. Venue for an action arising out of this Agreement shall be in Lewis County.

IN WITNESS WHEREOF, the parties have executed this Agreement on the 12th
day of December, 2019.

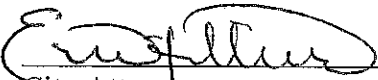
CITY OF CHEHALIS

By: 
City Manager

ATTEST:

By: 
City Clerk

APPROVED AS TO FORM AND CONTENT:

By: 
City Attorney

PUBLIC DEFENDER

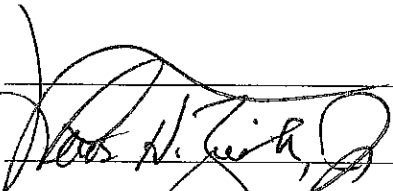
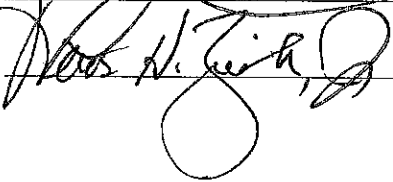
By: 
By: 

EXHIBIT A

The undersigned Attorneys hereby personally warrants and certifies that as a condition of their performance of this Agreement on behalf of the Public Defender, they will commit to providing the services under this Agreement in accordance with the Standards set forth in sections 1, 4, and 7, and that the Attorney's personal warranty of that performance shall survive the Agreement.

ATTORNEY: STED ENGIN
Print Name

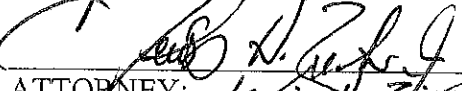

ATTORNEY: Lewis H. Zieske, Jr.
Print Name

EXHIBIT B

CITY OF CHEHALIS PUBLIC DEFENDER COMPLAINT PROCEDURE

Policy

It is the policy of The City of Chehalis to address client complaints in an efficient, timely, and courteous manner. The following procedures are established for clients alleging complaints against the public defender assigned to the client's case. For purposes of this policy, the grieving client is referred to as the complainant.

Procedure

Written Complaint

Any client alleging a complaint against the public defender attorney assigned to the client's case shall complete a Public Defender Feedback Form (see exhibit A), and submit it to the City of Chehalis Court Administrator. The Court Administrator will then refer the complaint to the City Manager. Complaints are accepted only from the client or by an individual that has the legal authority to act on behalf of the client.

Action on Receipt of Written Complaint

Upon receipt of a signed, written complaint against a public defender, the City Manager shall take the following actions:

- a) Provide the respondent attorney with a complete copy of the complaint and follow up statement, if any;
- b) Carefully review the complaint; and
- c) Determine if further investigation or action is necessary to address the complaint.

In addition, the City Manager may choose to contact the complainant (either in person or via telephone) for the purpose of obtaining further clarification regarding the facts alleged.

Decision by City Manager

Following the Action on Receipt of Written Complaint, the City Manager shall make an initial decision regarding action, if any, to be taken by the respondent attorney and shall, thereafter, advise the complainant of the decision.

Questions about this policy should be directed to the Court Administrator at the following address:

City of Chehalis
Municipal Court Administrator
350 N. Market Blvd., Rm. 105
Chehalis, WA 98532
360-345-1025

Appointment of Alternate Court Appointed Attorney

If you wish to be appointed an alternate court appointed attorney, you will need to ask the judge for a different attorney. The decision whether to grant an alternate court appointed attorney is the judge's decision. If you communicate your request to your current court appointed public defender, they may make that request in court on your behalf.

Exhibit A



CITY OF CHEHALIS

PUBLIC DEFENDER CLIENT FEEDBACK FORM

If you wish to provide comments or discuss concerns regarding your public defender, please complete this form and submit the completed form to the Chehalis Municipal Court Administrator's office located at 350 N. Market Blvd., Rm. 105, Chehalis, WA 98532. Your completed form will be forwarded to the Chehalis City Manager for investigation. This form will not be provided to the judge. This form is only for comments or concerns about public defenders. Do not use this form to complain about a private attorney, judge, police officer or prosecutor. Only the defendant may provide feedback regarding public defenders. The City of Chehalis does not accept anonymous complaints.

The City of Chehalis Public Defender is provided pursuant to a Professional Services Agreement that requires compliance with Rules of Conduct established by the Washington State Bar Association as adopted by the Supreme Court of the State of Washington. The City of Chehalis is interested in the performance of the Public Defender. You may request a copy of the Public Defender Complaint Procedure at the Municipal Court Administrator's office located at 350 N. Market Blvd, Rm. 105, Chehalis, WA.

IMPORTANT: If you wish to be appointed an alternate court appointed attorney, you will need to ask the judge for a different attorney. If you communicate your request to your current court appointed public defender, they may make that request in court on your behalf. The decision whether to grant an alternate court appointed attorney is the judge's decision.

Your Name: _____ e-mail: _____

Mailing Address: _____

Phone Number: _____ Attorney's Name: _____

Cause No./Citation No(s): _____

How would you prefer to be contacted? Phone e-mail Mailing Address: _____

EXHIBIT C

Public Defense Fee Schedule 2020 – 2021

- Criminal case involving a single incident and offense date - \$180.00
- DUI or DV case –\$240.00
- Jury trial – \$750.00; jury trials begin upon empaneling a jury
- Bench trial – \$375.00; bench trials begin upon opening statements
- Filed Suppression Motion – \$150.00
- Suppression hearing – \$150.00
- Sentence Compliance and Review Hearings - \$75.00 (may include multiples cases if they are all appointed at the same time)
- Arraignment/standby counsel - \$112.50 per day
- Arraignment/standby counsel/jail – \$225.00 per day
- Appeals - \$65.00 per hour up to a maximum of \$1,500.00 exclusive of costs, unless a greater amount is approved by the Court. Verified hourly billings under penalty of perjury must be presented upon completion prior to payment being made.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Kiley Franz, City Clerk

MEETING OF: November 22, 2021

SUBJECT: Resolution No. 15-2021, First and Final Reading – Appointing City Attorney and Assistant City Attorneys

ISSUE

After the retirement of Bill Hillier, the City needs to appoint a new city attorney and assistant city attorneys.

DISCUSSION

The City of Chehalis has retained legal counsel with the law firm of Hillier, Scheibmeir, Kelly, and Satterfield, PS for civil municipal and prosecutorial services under a retainer agreement for several decades. This agreement was last updated and executed on July 1, 2015.

The current city attorney, Bill Hillier has retired from law practice. Erin L. Hillier has been providing legal services for the City of Chehalis as assistant city attorney. Erin Hillier has provided exceptional legal counsel on many sensitive issues. Mark C. Scheibmier, Brian L. Kelly, and Samuel D. Satterfield have also provided their expertise on City related issues as allowed for by the agreement.

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 15-2021 on first and final reading, to appoint Erin L. Hillier as the City Attorney, and to appoint Mark C. Scheibmeir, Brian L. Kelly, and Samuel D. Satterfield as assistant attorneys.

SUGGESTED MOTION

I move that the City Council adopt Resolution No. 15-2021 on first and final reading.

RESOLUTION NO. 15-2021

**A RESOLUTION OF THE CITY OF CHEHALIS,
WASHINGTON, APPOINTING CITY ATTORNEY
AND ASSISTANT CITY ATTORNEYS, AND
PROVIDING FOR AN EFFECTIVE DATE HEREOF.**

WHEREAS, the City of Chehalis has retained legal counsel with the law firm of Hillier, Scheibmeir, Kelly & Satterfield, PS for civil municipal and prosecutorial services under Retainer Agreement, most recently modified and executed on July 1, 2015; and

WHEREAS, legal services are provided to the City pursuant to said Retainer Agreement by a City Attorney, a Prosecutor, and Assistant City Attorneys from the same law firm; and

WHEREAS, the designated and appointed City Attorney under said Agreement has retired from the practice of law; and

WHEREAS, it is in the City's interest to continue contracting with Hillier, Scheibmeir, Kelly & Satterfield, PS by appointing an Assistant City Attorney currently under the Retainer Agreement as City Attorney; now, therefore,

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

Section 1. Erin L. Hillier is hereby designated as, and appointed to act as, City Attorney for the City of Chehalis. Mark C. Scheibmeir, Brian J. Kelly, and Samuel D. Satterfield, are designated as, and appointed to act as, Assistant City Attorneys pursuant to the Retainer Agreement, most recently modified and executed on July 1, 2015.

Section 2. Severability. If any sections, sentence, clause, or phrase of this Resolution shall be held to be invalid or unconstitutional by a court of competent jurisdiction, or its application held inapplicable to any person, property or circumstance, such invalidity or unconstitutionality or inapplicability shall not affect the validity or constitutionality of any other section, sentence, clause, or phrase of this Resolution or its application to any other person, property or circumstance.

Section 3. The effective date of this Resolution shall be immediately upon its adoption.

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.

Mayor

Attest:

City Clerk

Approved as to form:

City Attorney

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: November 22, 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. At the November 8, 2021 City Council Meeting, the first of two public hearings was held; no substantive changes have been made since the first reading.

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

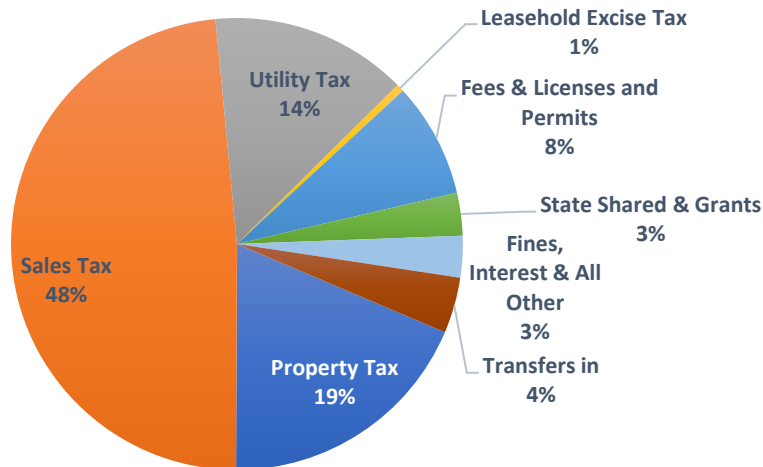
The General Fund is the primary operating fund used for basic municipal services. It accounts for all financial resources except those required or designated to be accounted for in another fund. The funding sources for the General Fund come from property tax, sales tax, utility tax, leasehold excise 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 22, 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. At the November 8, 2021 City Council Meeting, the first of two public hearings was held; no substantive changes have been made since the first reading.

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.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Tammy Baraconi, Planning and Building Manager

MEETING OF: November 22, 2021

SUBJECT: Public Hearing on the Proposed Chehalis Basin Comprehensive Flood Hazard Management Plan

ISSUE

Flooding is a very common occurrence in the Chehalis Basin. Flood events have caused millions of dollars in damage, lost commerce, and disrupted lives. Recent events and the formation of the Chehalis River Basin Flood Control Zone District (FCZD) have prompted the FCZD to update the Chehalis Basin Comprehensive Flood Hazard Management Plan. This document has been prepared to provide guidance for the FCZD by providing policies, programs, and projects to reduce long term risks of flooding to people and property in the Basin.

The City Council is required to hold a public hearing prior to taking action on the plan, so that public comment can be considered when deliberating adoption of the proposed plan.

BACKGROUND

Flood hazard mitigation is a way to reduce or alleviate the loss of life, personal injury, and property damage that can result from flooding through long- and short-term strategies. It involves strategies such as planning, policy changes, programs, projects, and other activities that can mitigate the impacts of floods. The responsibility for flood hazard mitigation lies with many, including private property owners, business, industry, and local, state, and federal government.

Numerous state and federal programs and regulations promote comprehensive flood hazard management planning. Notable among these is the Federal Emergency Management Agency's (FEMA) Community Rating System (CRS) program. This program that is part of the National Flood Insurance program (NFIP), provides benefits in the form of reduced flood insurance costs for communities that meet minimum requirements for flood hazard management.

The Chehalis River Basin Comprehensive Flood Hazard Management Plan (the Flood Plan) recommends regional policies, programs, and projects to reduce the risk to people and property from river flooding and channel migration in Lewis County. This plan presents a long-term vision for managing all flood hazards within the portion of the Chehalis River Basin that is within Lewis County and recommends specific near-term actions to achieve that vision. The Flood Plan recommends actions the FCZD, Lewis County, and cities in the County may take to reduce flood risks and to protect, restore or enhance riparian and aquatic ecosystems.

Lewis County and the Cities of Centralia, Chehalis, and Napavine, and Town of Pe Ell participate in the NFIP. Flooding has been an ongoing hazard in the County. Historical records indicate that minor flooding generally occurs every two to five years, and major flooding every ten years. However, there were major floods in 2007 and again in 2009. The 2007 flood caused an estimated \$500 million in public and private property damage in the County. Data suggests that flood frequency and intensity are increasing. Current estimates range from an 18 percent to 90 percent increase in peak flows. (WA Ecology, 2016).

In consideration of the risk of flooding, the County formed a Flood Control Zone District (FCZD) in 2011 to support flood hazard management, and the State formed the Chehalis Basin Work Group. The Chehalis Basin Work Group led to the formation of the Chehalis River Basin Flood Authority and the Office of the Chehalis Basin and millions of dollars of state funding to perform flood reduction projects throughout the watershed.

PURPOSE OF THE FLOOD HAZARD MANAGEMENT PLAN

Recent efforts led by the Office of the Chehalis Basin involving the FCZD have demonstrated the need to update the Flood Plan. The proposed plan complies with state and federal requirements for flood hazard management and meets the specific near-term planning needs of Lewis County for flood control. It identifies resources, information, and strategies for reducing risk from flood hazards, and will help guide and coordinate mitigation activities. The Flood Plan was developed to meet the following objectives:

- Meet the needs of the FCZD, Lewis County, and state and federal requirements.
- Coordinate existing plans and programs so that high-priority actions and projects to mitigate possible flood impacts are funded and implemented.
- Create a linkage between the Flood Plan and other established City, County, and state plans so that they can work together for successful mitigation.

All residents and businesses of Lewis County are the ultimate beneficiaries of this plan. The plan's goals and recommendations lay the groundwork for development and implementation of local mitigation activities and partnerships. The full plan may be viewed on the City's website at: [finaldraft_cfhmp_11-16-2021.pdf \(chehalis.wa.us\)](https://www.chehalis.wa.us/files/2021/06/finaldraft_cfhmp_11-16-2021.pdf), the table of contents and the executive summary have been provided as an attachment to this agenda item.

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 and the related ordinances.

SUGGESTED MOTION

There is no motion needed after the public hearing.

Chehalis River Basin Flood Control Zone District

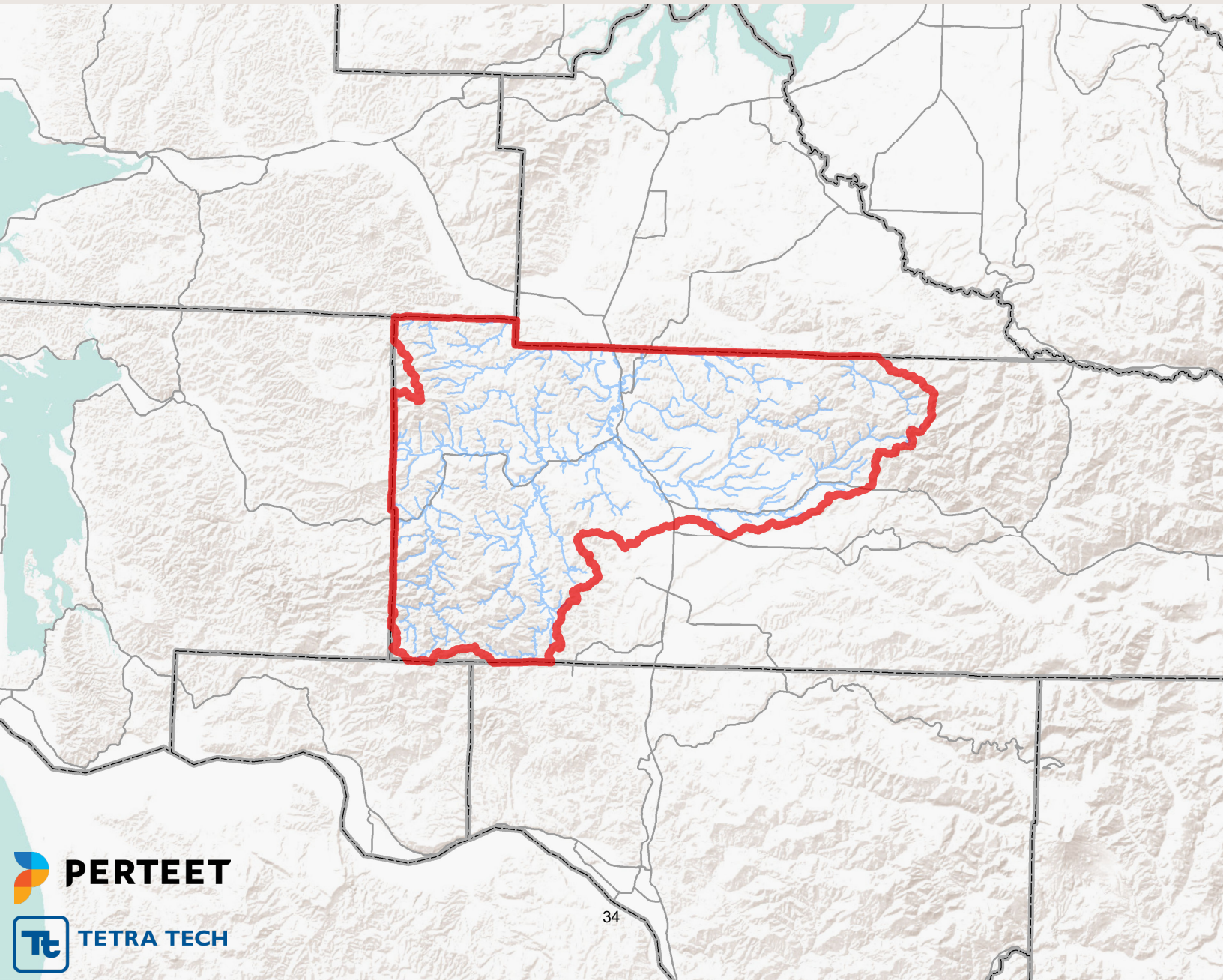
Comprehensive Flood Hazard Management Plan

FINAL DRAFT 11-16-2021

City of Chehalis - Adopted on _____

Lewis County - Adopted on _____

CRB FCZD - Adopted on _____



ACKNOWLEDGMENTS

Client

Chehalis River Basin Flood Control Zone District

Project Team

Betsy Dillin, PE
Erik Martin, PE
Lara McRea

Consultants

Christina Wollman, AICP, CFM, Perteet Inc.
Kirk Holmes, Perteet Inc.
Rob Flaner, CFM, Tetra Tech, Inc.
Carol Baumann, Tetra Tech, Inc.

Stakeholder Committee

Tim Fife	Hillary Hoke	Dan Maughan
Betsy Dillin	Celeste Wilder	Steve Grega
Lee Napier	Tammy Baraconi	Dave Muller
Preston Pinkston	John Henricksen	A. Jason Humphrey
Andy Caldwell	Bill Brumsickle	Alex Rosen
Fionna Velazquez	Bonnie Canaday Coumbs	Chrissy Bailey
Emil Pierson	Charles Coddington	J. Vander Stoep

Special Acknowledgments

The development of this plan would not have been possible without the dedication and commitment to the process by the Stakeholder Committee. The dedication of the Stakeholder Committee volunteers who graciously allocated their time to this process is greatly appreciated. In addition to the Stakeholder Committee's effort, the Flood Control Zone District and the Comprehensive Flood Hazard Management Plan would not be possible without the citizens of Lewis County.

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EXECUTIVE SUMMARY

Flooding is a major concern in the Chehalis River Basin within Lewis County. Flood events have caused millions of dollars in damage, lost commerce, and disrupted lives. Recent events and the formation of the Chehalis River Basin Flood Control Zone District (FCZD) have prompted the FCZD to update this Flood Plan. The FCZD needs a comprehensive plan to guide its operations. This Flood Plan will serve as a guidance document for the FCZD by providing regional policies, programs, and projects to reduce the risk to people and property from river and stream flooding within the Chehalis River Basin. It presents a long-term vision for managing all flood hazards in Lewis County's Chehalis River Basin and recommends near-term actions to achieve that vision. The Flood Plan recommends actions the FCZD, Lewis County, the Cities of Centralia, Chehalis, and Napavine, and the Town of Pe Ell may take to reduce flood risks and to protect, restore, or enhance riparian and aquatic ecosystems.

What is Flood Hazard Mitigation?

Mitigation is defined as "sustained action taken to reduce or eliminate long-term risk to life and property." It involves strategies such as planning, policy changes, programs, projects, and other activities to address risk from hazards in a planning area. The responsibility for hazard mitigation lies with many, including private property owners, business, industry, and local, state, and federal government. Recognizing that there is no one solution for mitigating flood hazards, planning provides a mechanism to identify the best alternatives within the capabilities of a jurisdiction. A flood hazard management plan achieves the following to set the course for reducing the risk associated with flooding:

- Ensuring that all possible activities are reviewed and implemented so that local problems are addressed by the most appropriate and efficient solutions.
- Ensuring that activities are coordinated with each other and with other community goals and activities, preventing conflicts and reducing the cost of implementing each individual activity.
- Coordinating local activities with federal, state, and regional programs.
- Educating residents on the hazards, loss reduction measures, and natural and beneficial functions of their floodplains.
- Building public and political support for mitigation projects.
- Fulfilling planning requirements for obtaining state or federal assistance.
- Facilitating the implementation of floodplain management and mitigation activities through an action plan that has specific tasks, staff assignments, and deadlines.

The Chehalis River Basin Comprehensive Flood Hazard Management Plan identifies policies and actions chosen through a facilitated process that focused on meeting these objectives.

Plan Development Methodology

Development of the Chehalis River Basin Comprehensive Flood Hazard Management Plan included five phases:

- Phase 1, Organize and review – An 11-member Stakeholder Committee of local representatives was assembled to oversee the development of the plan, consisting of County staff, citizens, and other stakeholders in the planning area. A planning team consisting of key County staff as well

as a technical consultant was assembled to provide technical support to the Stakeholder Committee. Full coordination with other county, state, and federal agencies involved in flood hazard mitigation occurred from the outset of this plan's development through its completion. A multimedia public involvement strategy centered on a hazard preparedness questionnaire was implemented. A comprehensive review was performed of existing plans and programs that can support flood hazard mitigation. A key function of the Stakeholder Committee was to identify guiding principles, goals, and objectives for the Flood Plan.

- Phase 2, Flood Hazard Risk Assessment – Risk assessment is the process of measuring the potential loss of life, personal injury, economic injury, and property damage resulting from natural hazards. This process assesses the vulnerability of people, buildings, and infrastructure to natural hazards. It focuses on the following parameters:
 - Hazard profiling
 - The impact of hazards on physical, social, and economic assets
 - Vulnerability identification
 - Estimates of the cost of damage or cost that can be avoided through mitigation
- The flood hazard risk assessment for this Flood Plan meets the requirements outlined in Chapter 44 of the Code of Federal Regulations as well as the requirements for flood hazard assessment included in the Federal Emergency Management Agency's (FEMA's) Community Rating System (CRS).
- Phase 3, Engage the public – The Stakeholder Committee developed a public involvement strategy to maximize the capabilities of the County. This strategy was implemented by the planning team and included two public meetings early in the planning process, a public meeting to review the draft plan, a hazard mitigation survey, a County-sponsored website dedicated to the plan, and multiple media releases. This strategy was a key element in the success of the planning effort.
- Phase 4, Assemble the updated plan – The Planning Team and Stakeholder Committee assembled key information from Phases 1 and 2 into a document to meet CRS requirements. Under the CRS, a flood hazard management plan must include the following:
 - A description of the planning process
 - A risk assessment
 - A mitigation strategy including goals, a review of alternatives, and a prioritized action plan
 - A plan maintenance section
 - Documentation of adoption
- Phase 5, Plan adoption – Upon completion of Phase 4, a pre-adoption review draft of the Flood Plan will be sent to the Insurance Services Office (ISO), FEMA's Community Rating System (CRS) contractor, for review and comment. Once pre-adoption approval has been granted by ISO, the final adoption phase will begin. The Flood Plan includes a plan implementation and maintenance section that details the formal process for ensuring that the plan remains an active and relevant document. The plan maintenance process includes a schedule for monitoring and evaluating the plan's progress annually and producing a plan revision every five years. This phase includes strategies for continued public involvement and incorporation of the Flood Plan recommendations into other County planning mechanisms, such as the comprehensive plan, capital improvement plan, and the Lewis County Hazard Mitigation Plan.

This plan is an update to the 2008 Lewis County Comprehensive Flood Hazard Management Plan. The 2008 plan was a comprehensive update of the 2001 and 1994 plans. Relevant components of the 2008 plan have been carried over to this plan, which applies only to the Chehalis River Basin within Lewis County. In addition, information relevant to Lewis County was gathered from several of the studies and other documents that have been prepared for activities related to the Chehalis Basin Flood Authority and recently formed Office of the Chehalis Basin.

Goals and Objectives

Through a facilitated process, the Stakeholder Committee identified goals and objectives. These planning components all directly support one another. Goals were selected that meet County and city priorities, and objectives were identified that fulfill multiple goals.

Goals:

1. Reduce and minimize flood related hazards to the public and emergency responders.
2. Reduce and minimize flood damage and financial impacts to the community.
3. Avoid impacts that cause flooding of downstream neighbors.
4. Avoid, minimize, or mitigate environmental impacts of flood hazard reduction activities.
5. Increase public awareness and understanding of flooding.

Objectives:

1. Utilizing the best available data and science, continually improve and annually review plans for mitigating and minimizing flood damage impacts.
2. Identify and support flood damage mitigation projects that provide the highest cost benefit and greatest protection, and avoid, minimize, or mitigate impacts on the environment.
3. Communicate flood damage risk to the public, including increased risk due to climate change, and encourage that future development recognize and minimize this risk.
4. Consider floodplain management policies that promote resiliency and sustainable operations of identified critical facilities.
5. Support the current Chehalis Basin Strategy and the Lewis County Shoreline Master Program to enhance aquatic species and restore habitat in the floodplain.
6. Promote and maintain partnerships among all levels of government, including tribal governments, and the business community to coordinate mutually beneficial mitigation strategies.
7. Continue to improve systems that provide warning and emergency communications.
8. Enhance all facets of partnership emergency response capabilities, including flood damage mitigation of vulnerable critical facilities and infrastructure.

Mitigation Actions

The flood hazard mitigation action plan is a key element of this plan. It is through the implementation of the action plan that Lewis County can strive to become flood disaster-resilient through sustainable hazard mitigation. The action plan includes an assessment of the capabilities of the FCZD, County, and

Cities to implement hazard mitigation actions, a review of alternatives, a prioritization schedule, and a mitigation strategy matrix that identifies the following:

- Description of the action
- Objectives addressed
- Lead implementation agency (or agencies)
- Estimated benefits
- Estimated costs
- Timeline for implementation
- Funding sources
- Prioritization

For the purposes of this document, mitigation actions are defined as activities designed to reduce or eliminate losses resulting from the impacts of flooding. Mitigation actions may be implemented by one or more of the agencies that participated in this planning effort. Not all mitigation actions apply to all agencies.

Although one of the driving influences for preparing this plan was the CRS program and receiving more CRS credit to improve the rating of participating communities, this plan does not focus solely on CRS credits. It was important to the FCZD and the Stakeholder Committee to examine actions that would work through all phases of emergency management and flood risk reduction. Some of the actions outlined in this plan fall outside CRS credit criteria, and CRS creditability was not the focus of their selection. Rather, the focus was on the actions’ effectiveness in achieving the goals of the Flood Plan and whether they are within the FCZD’s, County’s, and Cities’ capabilities. Table ES-1 presents a summary of the identified hazard mitigation actions.

Table ES-1. Summary of Hazard Mitigation Actions.

Action #	Description	Priority
1	Continue participation and implementation of the flood damage reduction projects that are part of the Chehalis Basin Strategy sponsored by the Office of the Chehalis Basin.	High
2	Develop a technical assistance program to support landowners with bank stabilization and/or post-disaster debris removal.	High
3	Develop a Newaukum Unit Drainage Basin Plan for Dillenbaugh, Dilly, and Berwick Creeks. Develop a comprehensive drainage basin plan to identify cost effective and feasible structural and non-structural actions that will minimize future peak flow increases. The study should include the area between Armstrong Road and Jackson Highway adjacent to Logan Hill Road.	Medium
4	Identify sources of local funding for the FCZD to fund FCZD administration and leverage alternative funding sources.	High
5	Identify alternative sources of funding to leverage FCZD funding to perform new flood studies in identified areas of need based on risk.	Low
6	As FCZD projects are constructed, monitor projects using identified performance measures and adaptive management to track the effectiveness of completed projects to inform the design and implementation of future projects.	Medium
7	When requested, FCZD may act as the applicant agent for mitigation grant opportunities for private property requesting to participate in grant programs.	Medium

Action #	Description	Priority
8	Maximize federal, state, and local funding opportunities through grant application submittals in support of capital improvement projects, technical studies, and other flood hazard management activities.	Low
9	Mitigate flood related risk to publicly owned County and City bridges.	Low
10	Maintain database of flood control needs within the planning area as needs become identified for incorporation into future updates and progress reporting to this plan.	High
11	Inform future mapping, grant applications, studies, and other activities by maintaining a database on known flood risk that tracks historical flood conditions to include, but not be limited to: high water marks, recorded damages, photos, observed flood conditions, etc.	High
12	Utilizing the best available data, science, and technology, maintain and enhance, as data becomes available, the Level 2, user-defined Hazus-MH model that was constructed to support this planning effort.	High
13	Offer the Chehalis River Basin Comprehensive Flood Hazard Management Plan as information available for integration into other appropriate plans and programs that can support or enhance the participating jurisdictions efforts to reduce flood risk as these plans and programs are updated. Examples of such plans/programs would include but are not limited to: Lewis County Hazard Mitigation Plan, Lewis County Comprehensive Plan, and Lewis County Shoreline Master Program.	High
14	Lewis County and the Cities of Centralia and Chehalis will continue participating in the Community Rating System (CRS) process.	High
15	Deploy public information and outreach program targeting at risk properties within the planning area.	High
16	Coordinate with FEMA Region X on deploying flood insurance workshops for agents, lenders, and citizens within the performance period for this plan.	High
17	Participate and coordinate with the Office of the Chehalis Basin, the Chehalis River Basin Flood Authority, and other pertinent Chehalis Basin organizations to ensure projects and programs are consistent with larger basin-wide objectives.	High
18	Participate in updates to the County's Flood Insurance Rate Maps to ensure the maps accurately reflect local conditions.	Medium
19	Include CMZs, dam and levee breach inundation areas, and other critical areas as informational layers in the County's online public web map.	Medium
20	Encourage FEMA and NFIP training for County and City staff that administer floodplain regulations and FEMA grant programs.	High
21	Provide outreach and educational materials for the public on flood hazards, risks of development in floodplains, NFIP regulations, and flood mitigation programs, including annual mailings to flood prone properties and placing flood information at local libraries.	High
22	Maintain the flood information website on the FCZD web page to provide Chehalis River Basin information and links to the flood warning system and all other related websites and information.	High
23	Maintain an inventory of properties located in the floodplain.	High
24	Continue to support projects that evaluate the feasibility of regional stormwater detention facilities to address increased stormwater runoff for development in the basins that occurred prior to implementation of site-specific stormwater management measures	High
25	Maintain a database of properties that experience repetitive flooding, to include properties identified as Repetitive Loss (RL) properties. The County will establish a procedure for updating the list annually or following a flood event as necessary. The	High

Action #	Description	Priority
	database will be used to establish a prioritized list of properties that would benefit from mitigation or acquisition, and to provide the owners of the properties information about available funding.	
26	Participate in developing flood control projects with other entities such as the Chehalis River Basin Flood Authority, Office of the Chehalis Basin, USACE, and the Washington State Department of Transportation (WSDOT).	Low
27	Perform a field examination of all flood control structures and create a database of the information, including ownership and maintenance responsibilities. Determine the maintenance responsibility of each structure.	Medium
28	Support projects that would mitigate or relocate utilities and critical facilities which are subject to flooding.	Low
29	Encourage NIMS/ICS training for County staff that may work within or interact with the Emergency Operations Center (EOC).	High
30	Develop a flood response plan that includes response and recovery roles, responsibilities, and priorities, flood early warning system procedures, pre-identified detour routes, criteria to assist emergency response personnel in determining what actions are appropriate when providing assistance to private property during the response and recovery phases, and a list of not-for-profit essential service providers that provide community support during and after a flood event.	Medium
31	Develop and/or review adequacy of mutual aid agreements and procure on-call service contracts to assist with demand for human resources following a disaster.	Medium
32	Maintain a database of all known past problem areas. This database should be linked to GIS for easy visual examination. The County should update the database after each flood event to ensure that the information is captured for future mitigation grant opportunities.	High
33	Assign a staff member to become familiar with the FEMA Stafford Act Section 406 mitigation assistance program and identify potential new mitigation funding opportunities.	Medium
34	Coordinate with WA EMD to ensure County staff attends annual preliminary damage assessment and Public Assistance Grant Program training.	Medium
35	Prevent adverse impacts to the floodplain by requiring all new commercial, industrial, multi-family, and subdivisions to demonstrate no adverse impact.	High
36	Continue to maintain good standing under the National Flood Insurance Program by implementing programs that meet or exceed the minimum NFIP requirements. Such programs include enforcing an adopted flood damage prevention ordinance, participating in floodplain mapping updates, and providing public assistance and information on flood hazard requirements and impacts.	Medium
37	Develop a communication protocol plan and provide training to all County and city responders on new protocol and system upgrades as funding becomes available.	Medium
38	Map detour routes and share routes with WSDOT to assist in efficient detour planning.	High
39	Support updates to the flood warning system to ensure it utilizes the best available data, science, and technology.	High
40	Utilize the best available data, science, and technology in District led projects, programs, and outreach.	Low

Implementation

Full implementation of the recommendations of this plan will require time and resources. This plan reflects an adaptive management approach in that specific recommendations and plan review protocols are provided to evaluate changes in vulnerability and action plan prioritization after the Flood Plan is adopted. The true measure of the plan's success will be its ability to adapt to the ever-changing climate of hazard mitigation.

Funding resources are always evolving, as are programs based on state or federal mandates. Lewis County has a long-standing tradition of progressive, proactive response to issues that may impact its citizens. This tradition is reflected in the development of this plan. The Chehalis River Basin Flood Control Zone District Board of Supervisors will assume responsibility for adopting the recommendations of this plan and committing resources toward implementation of actions that are the responsibility of the FCZD and supporting the implementation of actions that are the responsibility of other agencies. The framework established by this plan will help to identify strategies to maximize the potential for implementation based on available and potential resources. It encourages the responsible agencies to pursue mitigation projects when the project benefits exceed the project costs. The FCZD developed this plan with extensive public input. These techniques will set the stage for successful implementation of the recommendations in this plan.

**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 22, 2021

SUBJECT: Ordinances 1023-B and 1024-B, Second and Final 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. The first reading of these ordinances occurred at the November 8, 2021 City Council meeting; no substantive changes have been made since the first reading.

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 second and final reading.

SUGGESTED MOTION

I move that the City Council pass Ordinance 1023-B and Ordinance 1024-B on second and final 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 22, 2021

SUBJECT: Ordinance 1025-B, Second and Final Reading – Adopting the 2022 Proposed Budget

ISSUE

Ordinance 1025-B has been prepared for the purpose of adopting the 2022 Proposed Budget. The first reading of these ordinances occurred at the November 8, 2021 City Council meeting; no substantive changes have been made since the first reading. 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:

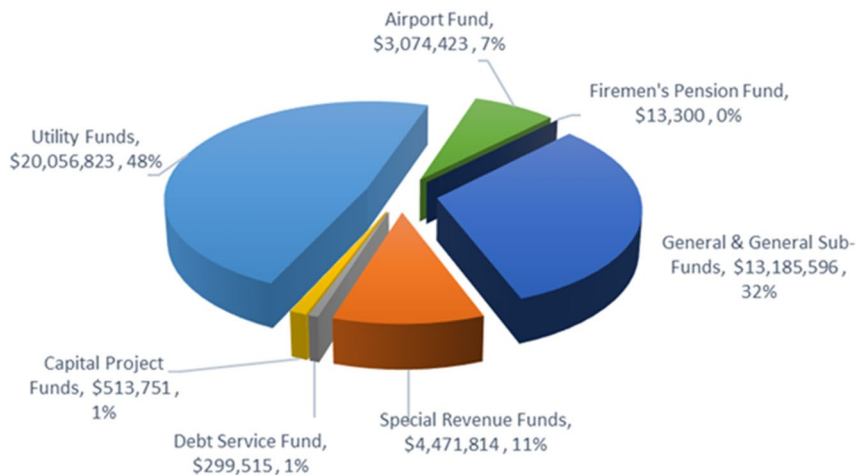
Expenditure Budget Summary - All Funds	2022 Proposed Budget	% of Total
Operating Purposes	\$ 19,980,521	48.0%
Debt Service Purposes	\$ 2,657,430	6.4%
Capital Purposes	\$ 5,528,787	13.3%
Transfers Out	\$ 13,448,484	32.3%
Total	\$ 41,615,222	100.0%

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.

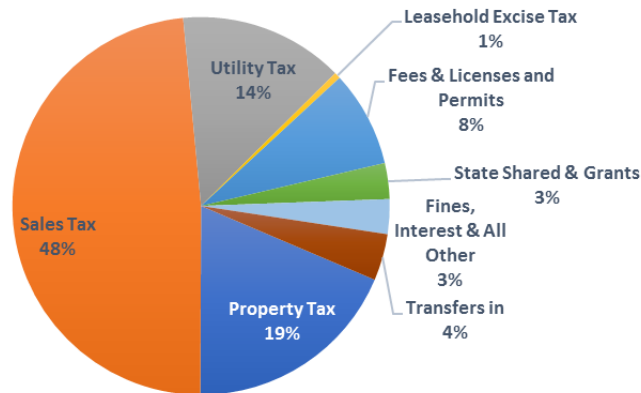
2022 General Fund Revenue Budget

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:

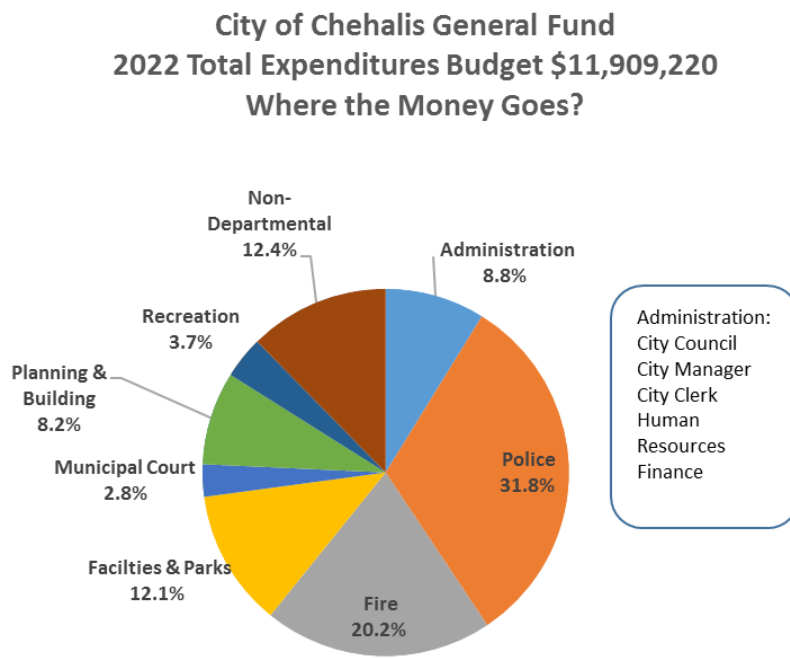
- *Two Firefighters*
- *One Police Officer*
- *One part-time Parking Enforcement Officer*
- *One part-time Administrative Assistance in Recreation (Funding starts in April 2022)*

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 second and final reading.

SUGGESTED MOTION

I move that the City Council pass Ordinance 1025-B on second and final 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.

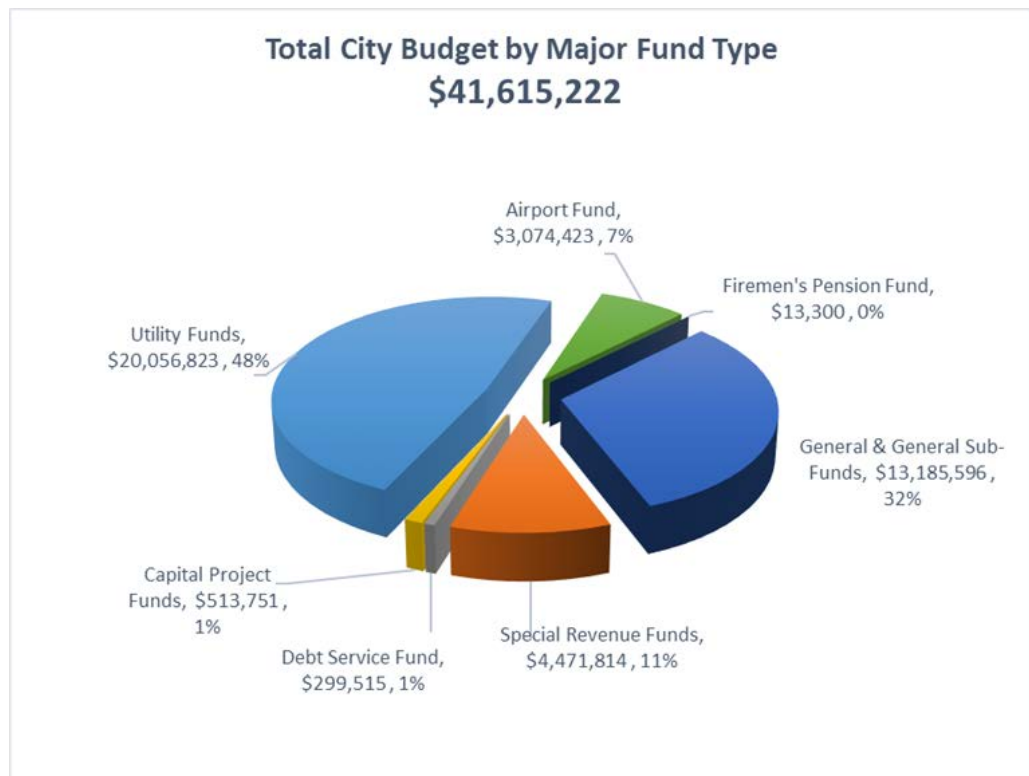
The General Fund provides the primary general governmental functions. In addition to the General Fund, the City maintains six sub-funds of the general fund for specific purposes: the Street Fund, Building Abatement Fund, Compensated Absences Reserve Fund, LEOFF 1 OPEB Reserve Fund, and Automotive/Equipment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

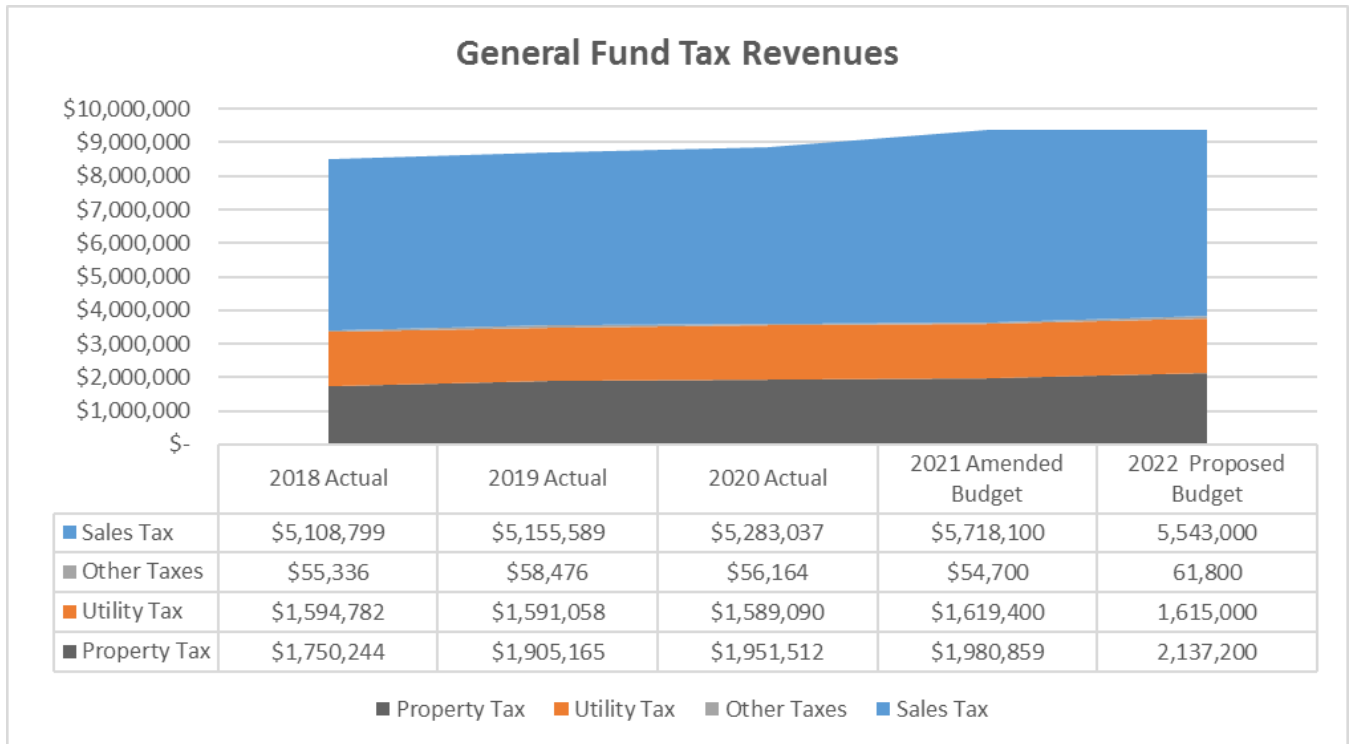
GENERAL FUND (FUND 001)

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

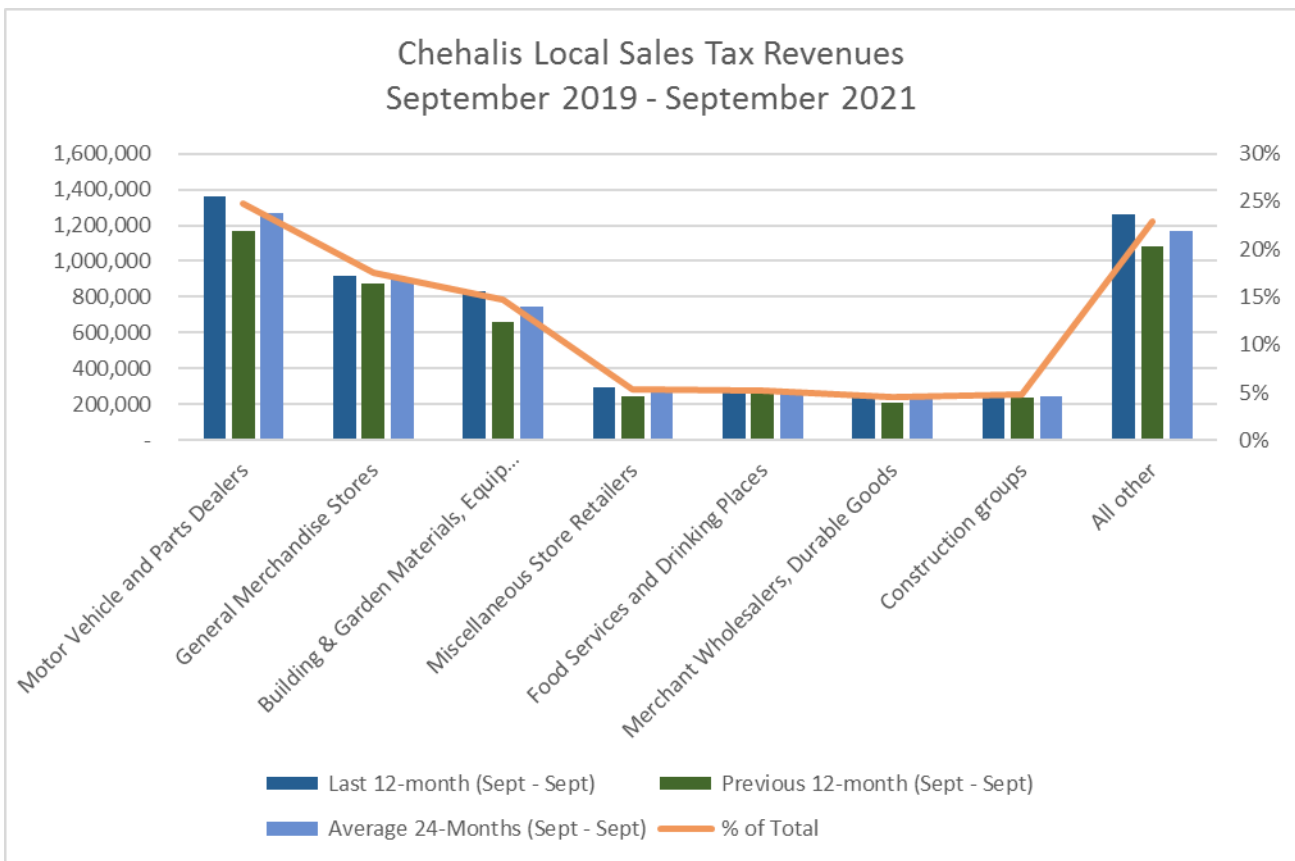
The 2022 projected revenue totals \$11,447,010 which includes \$457,340 transfers in from other city funds. Compared to the 2021 amended budget, this is an increase of 3.7% or \$412,207.

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

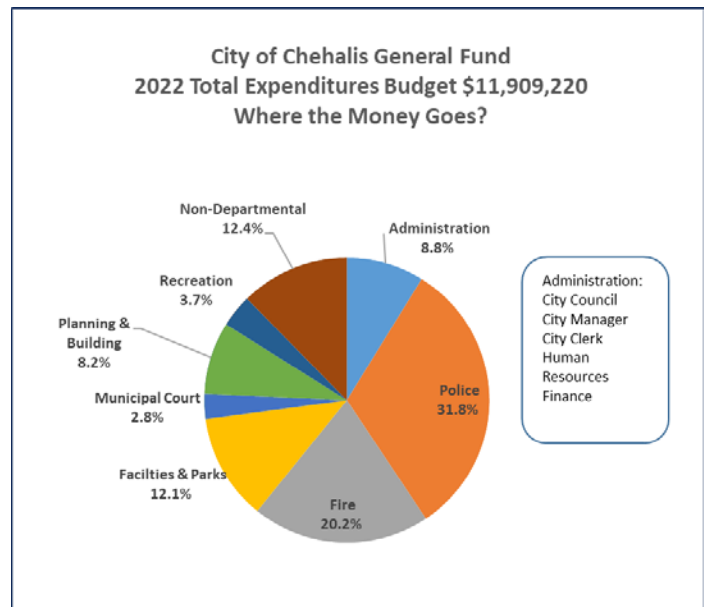
The proposed 2022 expenditure budget is \$11,909,220, which is a \$466,138 or 4.1% increase from 2021 amended budget.

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.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Tammy Baraconi, Planning and Building Manager

MEETING OF: November 22, 2021

SUBJECT: Resolution No. 16-2021, First and Final Reading – Adopting the Chehalis Basin Comprehensive Flood Hazard Management Plan

INTRODUCTION

This item has been scheduled to provide the City Council an opportunity to take action on a resolution to adopt the Chehalis Basin Comprehensive Flood Hazard Management Plan (the Flood Plan). This action item has been scheduled to occur after the Public Hearing on the FHMP which occurred earlier in the meeting, so public input can be considered when the City Council is considering adoption of the plan.

ISSUE

Flooding is a very common occurrence in the Chehalis Basin. Flood events have caused millions of dollars in damage, lost commerce, and disrupted lives. Recent events and the formation of the Chehalis River Basin Flood Control Zone District (FCZD) have prompted the FCZD to update the Flood Plan. This document is meant to provide guidance for the FCZD by providing policies, programs, and projects to reduce long term risks of flooding to people and property in the Basin.

BACKGROUND

Flood hazard mitigation is a way to reduce or alleviate the loss of life, personal injury, and property damage that can result from flooding through long- and short-term strategies. It involves strategies such as planning, policy changes, programs, projects, and other activities that can mitigate the impacts of floods. The responsibility for flood hazard mitigation lies with many, including private property owners, business, industry, and local, state, and federal government.

Numerous state and federal programs and regulations promote comprehensive flood hazard management planning. Notable among these is the Federal Emergency Management Agency's (FEMA) Community Rating System (CRS) program. This program that is part of the National Flood Insurance program (NFIP), provides benefits in the form of reduced flood insurance costs for communities that meet minimum requirements for flood hazard management.

The Chehalis River Basin Comprehensive Flood Hazard Management Plan (the Flood Plan) recommends regional policies, programs, and projects to reduce the risk to people and property from river flooding and channel migration in Lewis County. This plan presents a long-term vision for managing all flood

hazards within the portion of the Chehalis River Basin that is within Lewis County and recommends specific near-term actions to achieve that vision. The Flood Plan recommends actions the FCZD, Lewis County, and cities in the County may take to reduce flood risks and to protect, restore or enhance riparian and aquatic ecosystems.

Lewis County and the Cities of Centralia, Chehalis, and Napavine, and Town of Pe Ell participate in the NFIP. Flooding has been an ongoing hazard in the County. Historical records indicate that minor flooding occurs every two to five years, and major flooding every ten years; however, major floods occurred in 2007 and again in 2009. The 2007 flood caused an estimated \$500 million in public and private property damage in the County. Data suggests that flood frequency and intensity are increasing. Current estimates range from an 18 percent to 90 percent increase in peak flows. (WA Ecology, 2016).

In consideration of the increasing risk, the County formed a Flood Control Zone District (FCZD) in 2011 to support flood hazard management and the State formed the Chehalis Basin Work Group. The Chehalis Basin Work Group led to the formation of the Chehalis River Basin Flood Authority and the Office of the Chehalis Basin and millions of dollars of state funding to perform flood reduction projects throughout the watershed.

Recent efforts led by the Office of the Chehalis Basin involving the FCZD have demonstrated the need to update this Flood Plan. The Flood Plan complies with state and federal requirements for flood hazard management and meets the specific near-term planning needs of Lewis County for flood control. It identifies resources, information, and strategies for reducing risk from flood hazards, and will help guide and coordinate mitigation activities. The Flood Plan was developed to meet the following objectives:

- Meet the needs of the FCZD, Lewis County, and state and federal requirements.
- Coordinate existing plans and programs so that high-priority actions and projects to mitigate possible flood impacts are funded and implemented.
- Create a linkage between the Flood Plan and other established City, County, and state plans so that they can work together for successful mitigation.

All citizens and businesses of Lewis County are the ultimate beneficiaries of this plan. The plan's goals and recommendations lay the groundwork for development and implementation of local mitigation activities and partnerships.

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 16-2021, Chehalis River Basin Comprehensive Flood Hazard Management Plan.

SUGGESTED MOTION

I move that the City Council adopt the Resolution No. 16-2021, Chehalis River Basin Comprehensive Flood Hazard Management Plan.

RESOLUTION NO. 16-2021

**A RESOLUTION OF THE CITY OF CHEHALIS, WASHINGTON,
ADOPTING THE CHEHALIS RIVER BASIN COMPREHENSIVE
FLOOD HAZARD MANAGEMENT PLAN.**

WHEREAS, the Chehalis River Basin Flood Control Zone District (Flood District) has prepared a Comprehensive Flood Hazard Management Plan (CFHMP); and

WHEREAS, the goal of the CFHMP is to minimize the long-term risk to life and property from flooding; and

WHEREAS, the CFHMP evaluates the risk and vulnerability to flooding and identifies mitigation actions the community can take to reduce the impacts of flooding; and

WHEREAS, an 11-member Stakeholder committee of local representatives was assembled to oversee the development of the plan, consisting of Lewis County staff, citizens and representatives of the incorporated towns and cities, including the City of Chehalis to meet the requirements and needs of the Federal Emergency Management Agency's (FEMA's) Community Rating System (CRS) program other stakeholders in the planning area; and

WHEREAS, an initial scope and feasibility planning effort has been completed to establish the goals and objectives of a comprehensive plan as well as to prepare for and guide future grant opportunities; and

WHEREAS, the CFHMP was distributed to the general public for review and comments by the Flood District following an open house and 30 day comment period; and

WHEREAS, the City Council of the City of Chehalis, Washington, having held a public hearing and considered comments from the public, does hereby find that the proposed Chehalis River Basin Comprehensive Flood Hazard Management Plan is in the best interest of the public.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON DO RESOLVE AS FOLLOWS:

Section 1. The Chehalis City Council has conducted a public hearing at the regularly scheduled City Council meeting on November 22, 2021 at 5PM, to consider the adoption of the Chehalis River Basin Comprehensive Flood Management Plan, attached hereto as Exhibit A.

Section 2. The required public hearing notice, attached hereto as Exhibit B, was published in The Chronicle on November 6, 2021.

Section 3. Severability. If any provision of the Plan or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this Plan which can be given effect without the invalid provision or application.

Section 4. Effective Date. The Chehalis River Basin Comprehensive Flood Hazard Management Plan shall become effective five (5) days after the date of publication by summary.

ADOPTED by the City Council of the City of Chehalis, Washington and **APPROVED** by its Mayor, at a regularly scheduled meeting thereof this ____ day of _____, 2021.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Melody Guenther, Court Administrator

MEETING OF: November 22, 2021

SUBJECT: Resolution 17-2021 Adoption of Revised Public Defense Standards

ISSUE

RCW 10.101.030 requires the City to adopt standards for the delivery of public defense services. The City adopted Resolution 8-2014 to comply with this requirement. Recent changes to the public defense standards in 2021 require the City to adopt a new resolution.

DISCUSSION

In 2014, the City adopted Resolution 8-2014 to comply with the public defense standards as endorsed by the Washington State Bar Association (WSBA). In September 2021, the WSBA revised the standards for awarding public defense contracts and providing for the independence and oversight of public defense services. The purpose of these new standards is to safeguard the independence of public defense services from undue judicial influence and control and seeks to prevent conflicts of interest that may arise if the judge oversees these services. The new standards remove the judge and judicial staff from monitoring and overseeing the public defense contract, services, and performance. The new standards recommend that attorneys with public defense experience insulated from judicial and political influence should manage and oversee public defense services.

FISCAL IMPACT

Staff will be exploring options for an attorney on a Professional Services Agreement to administer and oversee the public defense contract and services. Court staff reapplied for the Washington State Public Defense Improvement Grant and have been offered \$29,000.00 in funding for 2022-2023. The actual cost for a coordinator is unknown at this time and will be dependent on the scope of services the city requires of this position. However, it is anticipated the grant funding will be used to fund this position.

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 17-2021 on first and final reading.

SUGGESTED MOTION

I move that the City Council adopt Resolution No. 17-2021 on first and final reading.

RESOLUTION NO. 17 - 2021

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, ADOPTING PUBLIC DEFENSE STANDARDS AND REQUESTING THE CITY MANAGER TO PROVIDE UPDATES REGARDING CHANGES IN THE UNDERLYING ADOPTED STANDARDS IN CONJUNCTION WITH THE ANNUAL BUDGET REPORT.

WHEREAS, Section 10.101.030 of the Revised Code of Washington requires cities to adopt standards for the delivery of public defense services; and

WHEREAS, said statute provides that the standards endorsed by the Washington State Bar Association for the provision of public defense services “should serve as guidelines” to the City Council in adopting standards; and

WHEREAS, the Honorable Robert S. Lasnik of the Federal District for Western Washington in his decision in Wilbur v. Mt. Vernon, et al provides guidance to cities regarding the provision of indigent defense services in the funding and evaluation of such services; and

WHEREAS, the Washington State Supreme Court has adopted Standards for Indigent Defense more specifically, Standard 3 regarding case load limits; now therefore,

THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON HEREBY RESOLVES AS FOLLOWS:

Section 1. The City of Chehalis hereby adopts standards for the delivery of public defense services by reference, as the same exist or may hereafter be amended:

1.1 Public Defense Services shall be provided to all clients in a professional, skilled manner consistent with the current Standards set forth by the Washington State Bar Association and Standards for Indigent Defense Services (September 1, 2021); and

1.2 The Washington State Rules of Professional Conduct; and

1.3 The decision of the Honorable Robert S. Lasnik, Western District of Washington, in Wilbur, et al v. Mt Vernon, et al, Case No. 2:11-cv-01100.

Section 2. Nondiscrimination. The Public Defender shall comply with all federal, state, and local non-discrimination laws or ordinances in the provision of services to indigent defendants as well as with respect to the hiring and employment practices of its employees.

Section 3. The City Council recognizes that by adopting these Standards by reference, it is important that changes be reviewed on a regular basis. Accordingly, the City Council requests the City Manager to provide a report to the City Council in conjunction with the annual budget process so that it may evaluate the need to update these Standards and the Public Defense contract.

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

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Melody Guenther, Court Administrator

MEETING OF: November 22, 2021

SUBJECT: Consideration of Grant Agreement for Improvement of Public Defense Services

ISSUE

It is requested that the City Council consider acceptance of grant funding for improvement of public defense services in 2022 and 2023.

DISCUSSION

City staff re-applied for the RCW 10.101.080 Public Defense Improvement Grant. The application was approved and the city has been offered a grant of \$29,000 to be distributed in two equal sums: one-half for use in 2022, and one-half for use in 2023. Per the grant requirements, funds shall be used for any of the following purposes:

- Increased compensation for public defense service providers
- Reimbursement of training costs for public defense service providers
- Interpreter services for attorney-client interviews and communications
- An attorney coordinator to oversee public defense services

The city is required by statute to follow the standards endorsed the Washington State Bar Association (WSBA). As part of the grant compliance, the city is required to follow these standards as well. In September 2021, the WSBA added new requirements to provide for independence and oversight of public defense services removing the Judge and judicial staff from managing and overseeing public defense services. The grant funds may be used to pay for an attorney coordinator to provide oversight for the public defense services such as contract management, review of attorney case/time reports and handling client complaints. The grant funds would also be used to continue the increased rate of compensation paid to the attorneys, as set forth in the indigent defense services contract.

FISCAL IMPACT

If accepted, the City would receive \$14,500 in 2022 and \$14,500 in 2023. The grant funding would be used to continue the increased compensation, first approved in 2019, in the indigent defense contract. The funding would also be used to pay for any interpreter services for client-

attorney meetings outside of court and direct training costs in public defense for the attorneys on the contract.

In addition, the plan would be to use the grant to fund an administrator to oversee the contract for indigent defense. The actual cost for a coordinator is unknown at this time and will be dependent on the scope of services the city requires of this position. Due to the pending retirements of the court administrator and other key city personnel in early 2022, city staff will be reviewing the establishment of an attorney coordinator position in late 2022. It is anticipated the position will be on a professional services contract and funded using the grant monies.

RECOMMENDATION

It is recommended that the City Council accept the 2022-2023 RCW 10.101.080 Public Defense Improvement Grant and authorize the City Manager to execute the grant agreement.

SUGGESTED MOTION

I move that the City Council accept the 2022-2023 RCW 10.101.080 Public Defense Improvement Grant and authorize the City Manager execute the grant agreement.



**WASHINGTON STATE
OFFICE OF PUBLIC DEFENSE**

Larry Jefferson, Director

(360) 586-3164
FAX (360) 586-8165

Email: opd@opd.wa.gov

November 1, 2021

Melody Guenther
Court Administrator
City of Chehalis
350 N. Market Blvd, Rm 105
Chehalis, WA 98532

Re: Chapter 10.101 RCW Application for Public Defense Grant Funds

Dear Ms. Guenther:

The Washington State Office of Public Defense (OPD) is pleased to announce the award of RCW 10.101.080 Public Defense Grant funds to the City of Chehalis. The award is \$29,000.00 for use in calendar years 2022 and 2023 for the following purpose(s):

- Increased compensation for public defense service providers
- Reimbursement of training costs for public defense service providers
- An attorney coordinator to oversee public defense services
- Interpreter services for attorney-client interviews and communications.

Enclosed is a Grant Agreement for your review and signature by an authorized representative of the City of Chehalis. The Agreement includes grant reporting templates required during the two-year grant cycle. The signed Grant Agreement should be returned to OPD by December 30, 2021 by postal mail or by email to Lindsey.Townsend@opd.wa.gov. (If the City requires an extension, please contact OPD.) A conformed copy will be sent to you for your records.

One half of the grant funds will be sent by postal mail to you in early January, and the second half will be sent in January 2023. The checks will be issued using State Vendor Number: **SWV0015116-00**. If you want the check mailed to a different person or office, please let us know. If the City of Chehalis uses state BARS coding, these grant funds should be received under BARS revenue code 334.01.2X.

Chapter 10.101 RCW requires cities awarded funds to demonstrate to OPD that they are either meeting the public defense standards referenced in RCW 10.101.030, or that the state funds are being used to make appreciable demonstrable improvements to public defense services. OPD's Public Defense Services Managers are available to assist the city and its public defense attorneys in implementing statutory and Supreme Court requirements. Please feel free to contact Katrin Johnson or George Yeannakis at (360) 586-3164 ext. 108 and 102 respectively.

Melody Guenther
Page 2 of 2

Please note that because this is a two-year grant term, we have reporting requirements. All participating cities will be required to submit four grant reports. The first will be due on **June 1, 2022**, the second on **December 1, 2022**, the third on **June 1, 2023** and the fourth on **December 1, 2023**. Instructions and templates for each grant report can be found within the attached Grant Agreement. OPD will also send email reminders and electronic templates prior to the due dates.

We look forward to receiving the city's first report in June 2022, as well as visiting your program during the two-year grant period. Thank you for your commitment to improving public defense services.

Best regards,

Larry Jefferson
Director

Enclosures

cc: Presiding Judge Dale A. McBeth, Chehalis Municipal Court

FACE SHEET

WASHINGTON STATE OFFICE OF PUBLIC DEFENSE

<p>1. Grantee City of Chehalis 350 N. Market Blvd, Rm 105 Chehalis, WA 98532</p>	<p>2. Grantee Representative Melody Guenther Court Administrator 350 N. Market Blvd, Rm 105 Chehalis, WA 98532</p>
<p>3. Office of Public Defense (OPD) 711 Capitol Way South, Suite 106 PO Box 40957 Olympia, WA 98504-0957</p>	<p>4. OPD Representative Katrin Johnson Managing Attorney Office of Public Defense 711 Capitol Way South, Suite 106 PO Box 40957 Olympia, WA 98504-0957</p>
<p>5. Grant Amount \$29,000.00</p>	<p>6. Grant Period January 1, 2022 through December 31, 2023</p>
<p>7. Grant Purpose The Chapter 10.101 RCW city grants are competitive grants for the purpose of improving the quality of public defense services in Washington municipalities. (See Chapter 10.101 RCW.)</p>	
<p>The Office of Public Defense (OPD) and Grantee, as defined above, acknowledge and accept the terms of this Grant Agreement and attachments and have executed this Grant Agreement on the date below to start January 1, 2022 and end December 31, 2023. The rights and obligations of both parties to this Grant are governed by this Grant Agreement and the following other documents incorporated by reference: Special Terms and Conditions of the City Grant Agreement, General Terms and Conditions of City Grant Agreement, and Exhibits A, B, C, and D.</p>	
<p>FOR THE GRANTEE</p> <p>_____</p> <p>Name, Title</p> <p>_____</p> <p>Date</p>	<p>FOR OPD</p> <p>_____</p> <p>Larry Jefferson, Director</p> <p>_____</p> <p>Date</p>

SPECIAL TERMS AND CONDITIONS OF THE CITY GRANT AGREEMENT

1. GRANT MANAGEMENT

The Representative for each of the parties shall be responsible for and shall be the contact person for all communications regarding the performance of this Grant.

- a. The Representative for OPD and their contact information are identified on the Face Sheet of this Grant.
- b. The Representative for the Grantee and their contact information are identified on the Face Sheet of this Grant.

2. GRANT AWARD AMOUNT

The Grantee is awarded twenty-nine thousand dollars and 00/100 Dollars (\$29,000.00) to be used for the purpose(s) described in the USE OF GRANT FUNDS below. One-half of the award amount shall be disbursed to Grantee in January 2022 for use during calendar year 2022. The remaining one-half shall be disbursed to Grantee in January 2023 for use during calendar year 2023. The disbursement of any grant funds is subject to the availability of funding appropriated to OPD by the Washington State Legislature.

3. PROHIBITED USE OF GRANT FUNDS (as adopted in OPD Policy County/City Use of State Public Defense Funding)

- a. Grant funds cannot be used to supplant local funds that were being spent on public defense prior to the initial disbursement of state grant funds.
- b. Grant funds cannot be spent on purely city or court administrative functions or billing costs.
- c. Grant funds cannot be used for cost allocation.
- d. Grants funds cannot be used for indigency screening costs.
- e. Grant funds cannot be used for city or court technology systems or administrative equipment.
- f. Grant funds cannot be used for city attorney time, including advice on public defense contracting.

4. USE OF GRANT FUNDS

- a. Grantee agrees to use the grant funds for the following:
 - i. Increased compensation for public defense service providers
 - ii. Reimbursement of training costs for public defense service providers
 - iii. An attorney coordinator to oversee public defense services
 - iv. Interpreter services for attorney-client interviews and communications.
- b. Grantee agrees to obtain OPD's written permission before funds are used for any purpose other than those listed in Section 4a above. Permission issued by electronic mail shall be sufficient for purposes of identifying other uses of grant funds not listed in section a.
- c. Grantee agrees to use the first disbursement of funds in calendar year 2022, and the second disbursement of funds in calendar year 2023. If Grantee is unable to use the funds in the year for which the funds are disbursed, the Grantee agrees to notify OPD to determine what action needs to be taken.
- d. Grantee agrees to deposit the grant check within fourteen days of receipt.

5. OVERSIGHT

- a. Grantee agrees to submit written reports to OPD. The first report shall be submitted to OPD no later than June 1, 2022 using the template found in Exhibit A. The second report shall be submitted to OPD no later than December 1, 2022 using the template found in Exhibit B. The third report shall be submitted to OPD no later than June 1, 2023 using the template found in Exhibit C. The final report shall be submitted to OPD no later than December 1, 2023 using the template found in Exhibit D. Where indicated, reports must be submitted along with the Grantee City's public defense attorneys' contracts, certifications of compliance, and other required documentation.
- b. Over the duration of the grant term, OPD may conduct site visits for purposes of addressing improvements to public defense and ensuring the use of grant funds for their specified purposes. At OPD's request, Grantee will assist in scheduling such site visits and inviting appropriate attendees such as, but not limited to: public defense attorneys, judicial officers, and city representatives.

6. **ORDER OF PRECEDENCE**

In the event of an inconsistency in this Grant, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes, regulations, and court rules
- Special Terms and Conditions of the City Grant
- General Terms and Conditions of the City Grant

GENERAL TERMS AND CONDITIONS OF THE CITY GRANT AGREEMENT

1. ALL WRITINGS CONTAINED HEREIN

This Grant contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Grant shall be deemed to exist or to bind any of the parties hereto.

2. AMENDMENTS

This Grant may be amended by mutual agreement of the parties. Such amendment shall not be binding unless it is in writing and signed by personnel authorized to bind each of the parties.

3. AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, also referred to as the "ADA" 29 CFR Part 35.

The Grantee must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

4. ASSIGNMENT

Neither this Grant, nor any claim arising under this Grant, shall be transferred or assigned by the Grantee without prior written consent of OPD.

5. ATTORNEY'S FEES

Unless expressly permitted under another provision of the Grant, in the event of litigation or other action brought to enforce Grant terms, each party agrees to bear its own attorney's fees and costs.

6. CONFORMANCE

If any provision of this Grant violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

7. ETHICS/CONFLICTS OF INTEREST

In performing under this Grant, the Grantee shall assure compliance with the Ethics in Public Service, Chapter 42.52 RCW and any other applicable court rule or state or federal law related to ethics or conflicts of interest.

8. GOVERNING LAW AND VENUE

This Grant shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

9. INDEMNIFICATION

To the fullest extent permitted by law, the Grantee shall indemnify, defend, and hold harmless the state of Washington, OPD, all other agencies of the state and all officers, agents and employees of the state, from and against all claims or damages for injuries to persons or property or death arising out of or incident to the performance or failure to perform the Grant.

10. LAWS

The Grantee shall comply with all applicable laws, ordinances, codes, regulations, court rules, policies of local and state and federal governments, as now or hereafter amended.

11. NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

During the performance of this Grant, the Grantee shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Grantee's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this Grant may be rescinded, canceled or terminated in whole or in part.

12. RECAPTURE

In the event that the Grantee fails to perform this Grant in accordance with state laws, federal laws, and/or the provisions of the Grant, OPD reserves the right to recapture funds in an amount to compensate OPD for the noncompliance in addition to any other remedies available at law or in equity.

13. RECORDS MAINTENANCE

The Grantee shall maintain all books, records, documents, data and other evidence relating to this Grant. Grantee shall retain such records for a period of six (6) years following the end of the grant period. If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been finally resolved.

14. RIGHT OF INSPECTION

At no additional cost all records relating to the Grantee's performance under this Grant shall be subject at all reasonable times to inspection, review, and audit by OPD, the Office of the State Auditor, and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Grant. The Grantee shall provide access to its facilities for this purpose.

15. SEVERABILITY

If any provision of this Grant or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Grant that can be given effect without the invalid provision, if such remainder conforms to the requirements of law and the fundamental purpose of this Grant and to this end the provisions of this Grant are declared to be severable.

16. SUBJECT TO THE AVAILABILITY OF FUNDS

Any full or partial allocation of funds under this Grant is subject to the appropriation of funds by the Washington Legislature to OPD.

17. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Grant unless stated to be such in writing.

Exhibit A

Washington State Office of Public Defense
 Public Defense Improvement Program
 City Grant Report #1

All City grant recipients are required to submit a completed copy of this report, along with corresponding documentation, to the Washington State Office of Public Defense by June 1, 2022.

City: _____

Date Completed: _____

Contact Name: _____

Title: _____

Mailing Address: _____

Phone: _____

Email Address: _____

Section I: Public Defense Expenditures/Budget

1.1 In 2021, the city paid indigent defense expenses as follows:

	City Funds	Chapter 10.101 RCW State Grant Funds	Other Funds
Attorney salaries and benefits, contract and conflict attorney compensation	\$	\$	\$
Investigators, experts, interpreters, social workers, and other professional services	\$	\$	\$
Other public defense expenses	\$	\$	\$
Total	\$	\$	\$

1.2 For 2022, the city has *budgeted* indigent defense expenses as follows:

	City Funds	Chapter 10.101 RCW State Grant Funds	Other Funds
Attorney salaries and benefits, contract and conflict attorney compensation	\$	\$	\$
Investigators, experts, interpreters, social workers, and other professional services	\$	\$	\$
Other public defense expenses	\$	\$	\$
Total	\$	\$	\$

1.3 What amount of the 2022 state grant funds has been spent to date? _____ \$ _____

Section II: Case Assignments

2.1 Provide the following data for the total number of public defense cases assignments in 2021:

Fill in section 2.1(a) if the city has a public defender agency or contracts with a county public defender agency or non-profit public defense firm. Fill in section 2.1(b) for list appointments or contracts with private attorneys.

a. Cities using public defender agencies.

Number of cases assigned to public defender agency (not including conflict counsel): _____

Number of probation violations and other miscellaneous post sentencing hearings assigned: _____

Number of full-time-equivalent public defenders: _____

Average per-attorney caseload, if available: _____

b. Cities using list appointments or contracts with private firms.

Number of cases assigned to public defense attorneys: _____

Number of probation violations and other miscellaneous post sentencing hearings assigned: _____

Number of attorneys with public defense contracts or on court’s appointment list: _____

Section III: Grant Funds

3.1 Permissible Use(s) of Grant Funds (See Section 4 of Grant Agreement <i>Special Terms and Conditions</i>):	
3.2 Description of How Grant Funds Have Been Used to Date:	
3.3 Plans for Utilizing Remaining Funds by End of Calendar Year (If Applicable):	
3.4 Description of Impact State Funds Have Had on Local Public Defense Services:	

Section IV: Attachments and Tables

- 4.1 If the city has public defense contracts, fill out the Table of Public Defense Contracts (*Table I*), and attach a copy of each *current contract* in alphabetical order by attorney name. Failure to provide current contracts could result in an incomplete report.

- 4.2 If the court appoints public defense attorneys from a list, provide the name of each attorney and the compensation paid per case or per hour in the Table of List-Appointed Public Defense Attorneys (*Table II*).

- 4.3 If the City has adopted any new public defense policies, ordinances, or resolutions within the last year, please attach them to this report.

- 4.4 Provide copies of attorneys' 2022 second quarter Certificates of Compliance.

Exhibit B

Washington State Office of Public Defense
Public Defense Improvement Program
City Grant Report #2

All City grant recipients are required to submit a completed copy of this report to the Washington State Office of Public Defense by December 1, 2022. Failure to timely submit this report could delay disbursement of 2023 grant funds.

City:	
--------------	--

Report Date:	
---------------------	--

Contact – Name/Title:	
Email:	
Phone:	
Address:	

1. As of the date of this report, the city has paid indigent defense expenses as follows in 2022:

	City Funds	Chapter 10.101 RCW State Grant Funds	Other Funds
Attorney salaries and benefits, contract and conflict attorney compensation	\$	\$	\$
Investigators, experts, interpreters, social workers, and other professional services	\$	\$	\$
Other public defense expenses	\$	\$	\$
Total	\$	\$	\$

Will all 2022 grant funds be expended by the end of the calendar year? Yes _____ No _____ Unsure _____

<p>2. Permissible Use(s) of Grant Funds (See Section 4 of Grant Agreement <i>Special Terms and Conditions</i>):</p>	
<p>3. Description of How Grant Funds Have Been Used in 2022:</p>	
<p>4. Plans for 2023 Grant Funds:</p>	
<p>5. Description of Impact State Funds Have Had on Local Public Defense Services</p>	

Exhibit C

Washington State Office of Public Defense
 Public Defense Improvement Program
 City Grant Report #3

All City grant recipients are required to submit a completed copy of this report, along with all public defense attorneys' 2023 quarterly Certificates of Compliance to the Washington State Office of Public Defense by June 1, 2023.

City:	
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Report Date:	
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Contact – Name/Title:	
Email:	
Phone:	
Address:	

1. For 2023, the city has *budgeted* indigent defense expenses as follows:

	City Funds	Chapter 10.101 RCW State Grant Funds	Other Funds
Attorney salaries and benefits, contract and conflict attorney compensation	\$	\$	\$
Investigators, experts, interpreters, social workers, and other professional services	\$	\$	\$
Other public defense expenses	\$	\$	\$
Total	\$	\$	\$

2. What amount of the 2023 state grant funds has been spent to date? _____ \$ _____

<p>3. Permissible Use(s) of Grant Funds (See Section 4 of Grant Agreement <i>Special Terms and Conditions</i>)</p>	
<p>4. Description of How Grant Funds Have Been Used to Date:</p>	
<p>5. Plans for Utilizing Remaining Funds by End of Calendar Year (If Applicable)</p>	
<p>6. Description of Impact State Funds Have Had on Local Public Defense Services</p>	

Exhibit D

Washington State Office of Public Defense
 Public Defense Improvement Program
 City Grant Report #4

All City grant recipients are required to submit a completed copy of this report to the Washington State Office of Public Defense by December 1, 2023.

City:	
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Report Date:	
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Contact – Name/Title:	
Email:	
Phone:	
Address:	

1. As of the date of this report, the city has paid indigent defense expenses as follows in 2023:

	City Funds	Chapter 10.101 RCW State Grant Funds	Other Funds
Attorney salaries and benefits, contract and conflict attorney compensation	\$	\$	\$
Investigators, experts, interpreters, social workers, and other professional services	\$	\$	\$
Other public defense expenses	\$	\$	\$
Total	\$	\$	\$

Will all 2023 grant funds be expended by the end of the calendar year? Yes _____ No _____ Unsure _____

<p>2. Permissible Use(s) of Grant Funds (See Section 4 of Grant Agreement <i>Special Terms and Conditions</i>):</p>	
<p>3. Description of How Grant Funds Have Been Used in 2023:</p>	
<p>4. Description of Impact State Funds Have Had on Local Public Defense Services</p>	