

# CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BLVD | CHEHALIS, WA 98532

Anthony E. Ketchum, Sr., District 3  
Mayor

Jerry Lord, District 1  
Daryl J. Lund, District 2  
Dr. Isaac S. Pope, District 4

Kate McDougall, Position at Large No. 1  
Kevin Carns, Position at Large No. 2  
Robert J. Spahr, Mayor Pro Tem, Position at Large No. 3

## Regular Meeting of Monday, March 27, 2023

5:00 pm

*To access this meeting via Zoom:*

Meeting ID: 834 4212 6653

Pass Code: 674890

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

### PRESENTATIONS/PROCLAMATIONS

4. **Proclamation for Child Abuse Awareness Month** (Mayor Ketchum)
5. **Timberland Regional Library** (Cheryl Heywood, Executive Director)

### CONSENT CALENDAR

	ADMINISTRATION RECOMMENDATION	PAGE
6. <b>Minutes of the Regular Meeting March 13, 2023</b> (City Clerk)	APPROVE	1
7. <b>Vouchers and Transfers- Accounts Payable in the Amount of \$396,488.23</b> (Finance Director)	APPROVE	5
8. <b>2023 Rock Bid Award</b> (Public Works Director)	APPROVE	7
9. <b>Resolution No. 06-2023, Surplus Property</b> (City Clerk)	APPROVE	11
10. <b>Budgeted Purchase of Fuel for Resale</b> (Airport Director)	APPROVE	15

### PUBLIC HEARINGS

ADMINISTRATION RECOMMENDATION	PAGE

### 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 Kassi Mackie at 360-345-1042 or at [kmackie@ci.chehalis.wa.us](mailto:kmackie@ci.chehalis.wa.us). Public comments will be limited to five (5) minutes.

UNFINISHED BUSINESS		ADMINISTRATION RECOMMENDATION	PAGE
11.	<u>Final Reading of Ordinance No. 1065-B, 2022 Year-End Fund Balance Commitments</u> (Finance Director)	APPROVE	19

NEW BUSINESS		ADMINISTRATION RECOMMENDATION	PAGE
12.	<u>Reconsideration of Latecomer's Agreement with Arnold Haberstroh</u> (City Manager)	APPROVE	25

ADMINISTRATION AND CITY COUNCIL REPORTS		ADMINISTRATION RECOMMENDATION	PAGE
a.	<u>Administration Reports</u> <ul style="list-style-type: none"> <li>• City Manager Update</li> </ul>	INFORMATION ONLY	---
b.	<u>Councilor Reports/Committee Updates</u> (City Council)		

EXECUTIVE SESSION	
Pursuant to RCW: <ul style="list-style-type: none"> <li>• <b>42.30.110(1)(b)</b>- Selection of Site or Acquisition of Real Estate</li> <li>• <b>42.30.110(1)(c)</b> – Sale/Lease of Real Estate</li> <li>• <b>42.30.110(1)(i)</b> - Litigation/Potential Litigation</li> </ul>	

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

**NEXT REGULAR CITY COUNCIL MEETINGS**

MONDAY, APRIL 10, 2023-5:00 P.M.

MONDAY, APRIL 24, 2023- 5:00 P.M.

**Chehalis City Council**  
Regular Meeting Minutes  
March 13, 2023  
5:00 p.m.

**Council Present:** Mayor Ketchum, Councilmember McDougall, Councilmember Spahr, Councilmember Lord, Councilmember Carns (virtual attendance), Councilmember Pope, and Councilmember Lund (virtual attendance)

**Council Absent:** None

**Staff Present:** Jill Anderson, City Manager; Kassi Mackie, City Clerk; Kevin Nelson, City Attorney; Cassie Frazier, Airport Administrative Assistant; Chun Saul, Finance Director; Lance Bunker, Public Works Director; Randy Kaut, Police Chief; Justin Phelps, Wastewater Superintendent

**Press Present:** Owen Sexton, The Chronicle

1. **Call to Order:**  
Mayor Ketchum called the meeting to order at 5:00 p.m.
2. **Pledge of Allegiance**  
Councilor Lord led the flag salute.
3. **Approval of Agenda**  
The executive session was removed from the agenda.

***A motion was made by Councilmember Spahr, seconded by Councilmember Pope, to approve the agenda as amended. Motion carried unanimously.***

**PRESENTATIONS**

**CONSENT CALENDAR**

4. **Minutes of the Special City Council Meeting of February 27, 2023** (City Clerk)
5. **Minutes of the Regular City Council Meeting of February 27, 2023** (City Clerk)
6. **Vouchers and Transfers- Accounts Payable in the Amount of \$370,461.92** (Finance Director)
7. **Vouchers and Transfers- Payroll in the Amount of \$892,693.76** (Finance Director)
8. **Appointment of Aubrey Anderson to the Planning Commission** (City Manager)

***A motion was duly made and passed approving the remaining items on the Consent Calendar as though acted on individually.***

**CITIZENS BUSINESS**

None.

**UNFINISHED BUSINESS**

9. **Final Reading of Ordinance No. 1064-B, Amendments to Title 7.04.320(B) of the Chehalis Municipal Code-Noise Ordinance** (Police Chief)

Police Chief Kaut presented.

*A motion was made by Councilmember Spahr, seconded by Councilmember McDougall to adopt Ordinance No. 1064-B with the addition of December 31 to the holidays on second reading. Motion carried unanimously.*

**NEW BUSINESS**

10. **First Reading of Ordinance No. 1066-B, Amending Chapter 7.04.320(F)(1)(i) of the Chehalis Municipal Code (Prohibition on Camping on Public Property)** (Police Chief)

*A motion was made by Councilmember Spahr, seconded by Councilmember Lord, to approve Ordinance No. 1066-B on first reading. The motion carried unanimously.*

*An amendment was made by Councilmember Carns, seconded by Councilmember Lund to suspend the rules and adopt the ordinance on first reading as part of protecting the health, safety and welfare of the citizens of Chehalis. The amendment carried unanimously.*

11. **First Reading of Ordinance No. 1065-B, 2022 Year-End Fund Balance Commitments** (Finance Director)

Finance Director Chun Saul presented.

*A motion was made by Councilmember Spahr, seconded by Councilmember Lord, to approve Ordinance No. 1065-B on first reading. Motion carried unanimously.*

**ADMINISTRATION AND CITY COUNCIL REPORTS**

**City Manager Update**

City Manager Anderson announced fulfillment of the position of Fire Chief by Adam Fulbright.

**Councilor Reports/Committee Updates**

Councilor Lund inquired about the expansion of city limits. City Manager Anderson provided a brief update.

Councilmember Pope thanked the Finance Director, Chun Saul for her thoroughness regarding the City finances.

Councilmember Carns thanked the City Attorney for his effort on Ordinance No. 1066-B.

Councilmember Lord thanked Commissioner Pollock for her attention to a Lewis County Health Department matter.

Councilmember McDougall provided a report on the Board of Health meeting, and a ride-along with the Chehalis Fire Department.

Mayor Ketchum reported attendance at the City Council Growth Management meeting; monthly mayor's meeting; ribbon cutting for the Chehalis Theatre; Experience Chehalis meeting; and thanked all those involved in the Ladies Night Out event.

**ADJOURNMENT**

***Mayor Ketchum adjourned the meeting at 5:43 p.m.***

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Anthony Ketchum, Sr., Mayor

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Attest: Kassi Mackie, City Clerk



**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager

**BY:** Chun Saul, Finance Director  
Clare Roberts, Accounting Tech II

**MEETING OF:** March 27, 2023

**SUBJECT:** 2023 Vouchers and Transfers – Accounts Payable in the Amount of \$396,488.23.

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**ISSUE**

City Council approval is requested for 2023 Vouchers and Transfers dated March 15, 2023.

**DISCUSSION**

The March 15, 2023, 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 Replacement Checks No. 136214 - 136215 and Claim Vouchers including Electronic Funds Transfer Checks No. 2699 - 2729, 96 - 97 and Voucher Checks No. 136216 - 136321 in the amount of \$396,488.23 dated March 15, 2023 which included the transfer of:

- \$ 110,879.93 from the General Fund
- \$ 41,825.86 from the Street Fund
- \$ 5.14 from the Transportation Benefit District Fund
- \$ 1,962.90 from the LEOFF 1 OPEB Reserve Fund
- \$ 21,921.32 from the Public Facilities Reserve Fund
- \$ 43,275.54 from the Automotive Equipment Reserve Fund
- \$ 51,378.75 from the Wastewater Fund
- \$ 72,409.01 from the Water Fund
- \$ 2,118.69 from the Storm & Surface Water Utility Fund
- \$ 40,828.70 from the Airport Fund
- \$ 6.62 from the Wastewater Capital Fund
- \$ 3,976.25 from the Water Capital Fund

- \$ 5,745.27 from the Custodial Court Fund
- \$ 154.25 from the Custodial Other Agency Fund

### **RECOMMENDATION**

It is recommended that the City Council approve the Replacement Checks No. 136214 - 136215 and Claim Vouchers including Electronic Funds Transfer Checks No. 2699 - 2729, 96 - 97 and Voucher Checks No. 136216 - 136321 in the amount of \$396,488.23 dated March 15, 2023.

### **SUGGESTED MOTION**

I move that the City Council approve the Replacement Checks No. 136214 - 136215 and Claim Vouchers including Electronic Funds Transfer Checks No. 2699 - 2729, 96 - 97 and Voucher Checks No. 136216 - 136321 in the amount of \$396,488.23 dated March 15, 2023.



**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager

**BY:** Lance Bunker, Public Works Director

**MEETING OF:** March 27, 2023

**SUBJECT:** 2023 Bids for Rock and Gravel

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**ISSUE**

Bids for rock and gravel that will be needed by the City in 2023 have been received and tabulated. This information is being presented for award by the City Council.

**DISCUSSION**

The City recently advertised for rock and gravel bids. A in previous years, the bid instructions included a restriction that all pick-up locations are required to be within twelve (12) miles of Chehalis City Hall because of the periodic high costs of fuel.

Two bids were received for materials that are anticipated to be needed for maintenance by Public Works in 2023. Good's Crushing submitted a bid for rock and gravel and Lakeside Industries submitted a bid for asphalt.

**FISCAL IMPACT**

The bids provide a set price for the listed products for the year and eliminates the need to solicit prices for each purchase. A summary of the bids is attached to this report.

**RECOMMENDATION**

It is recommended that the City Council award the 2023 bid for items 1, 4-13, and 16 to Good's Crushing and the 2023 bid for items 17-19 to Lakeside Industries.

**SUGGESTED MOTION**

I move that the City Council award the 2023 bid for items 1, 4-13, and 16 to Good's Crushing and items 17-19 to Lakeside Industries.



**2023 Rock, Gravel, and Asphalt Bid Evaluation Sheet  
Pricing Per Ton**

Material	Bidder	Bidder
	Good's Quarry	Lakeside Industries
1 Snow Sand 3/8"	\$ 25.00	
2 Snow Sand 1/4"		
3 1/4" - Crushed Screenings		
4 3/8" – No. 10 4 Crushed Screenings	\$ 25.00	
5 1/2" – No. 4 Crushed Screenings	\$ 25.00	
6 5/8" – 1/4" Crushed Screenings	\$ 25.00	
7 Ballast	\$ 13.25	
8 Crushed Surfacing Base Course	\$ 12.75	
9 Crushed Surfacing Top Course	\$ 13.00	
10 Quarry Spalls	\$ 13.25	
11 Rip Rap	\$ 28.00	
12 1 1/2" Drain Rock	\$ 13.25	
13 3" Minus Rock	\$ 12.25	
14 Pea Gravel		
15 Sand, Washed		
16 12" Pit Run Rock	\$ 10.50	
17 Asphalt Concrete Class "B"		\$ 88.00
18 Asphalt Concrete Class "G"		\$ 91.00
19 Asphalt Cold Mix Patch Material		\$ 150.00



**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager

**BY:** Kassi Mackie, City Clerk

**MEETING OF:** March 27, 2023

**SUBJECT:** Resolution No. 06-2023, First and Final Reading – Declaring Surplus Property

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**ISSUE**

The Chehalis Public Works Department and Airport each have vehicles that are no longer being used. State law requires that municipal property must first be declared surplus by the City Council before being sold, transferred, or disposed of.

**DISCUSSION**

The Public Works Department has a 1998 Dodge Caravan that is no longer reliable for use as part of the City's operations. Originally, this vehicle was tagged to be auctioned, however, the Fire Department has requested to use it for vehicle extraction training.

The Airport has a 2000 Ford Taurus that was previously used as a courtesy car for pilots visiting the Chehalis-Centralia Airport. This vehicle has outlived its useful life and is no longer needed by the Airport and will be auctioned.

**FISCAL IMPACT**

Any proceeds from the auction of the Airport vehicle will be credited to the Airport fund.

**RECOMMENDATION**

It is recommended that the City Council adopt Resolution No. 06-2023.

**SUGGESTED MOTION**

I move that the City Council approve Resolution No. 06-2023 on the first and final reading.



**RESOLUTION NO. 06-2023**

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

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

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

<b>Public Works</b>	<b>Identifying Information</b>
<ul style="list-style-type: none"><li>• Dodge Caravan 1998</li></ul>	<ul style="list-style-type: none"><li>• 1B4GT54L0WB576849</li></ul>
<b>Airport</b>	<b>Identifying Information</b>
<ul style="list-style-type: none"><li>• Ford Taurus Wagon 2000</li></ul>	<ul style="list-style-type: none"><li>• 1FAFP5823YH210108</li></ul>

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

**ADOPTED** by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this 27 day of March 2023.

\_\_\_\_\_  
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:** Brandon Rakes, Airport Director

**MEETING OF:** March 27, 2023

**SUBJECT:** Budgeted Purchase of Fuel for Resale

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**ISSUE**

The recent invoice from Epic Aviation, LLC, for the purchase and delivery of Avgas 100LL fuel has a total purchase of \$52,882.34. The recently approved procurement policy requires City Council approval of purchases over \$40,000, even if they are budgeted.

**DISCUSSION**

Last year, the Chehalis-Centralia Airport successfully completed the installation of new above-ground fuel storage tanks. The size of the new fuel system is twice that of the old system and can hold 12,000 gallons of fuel per tank. Due to this increase, the cost to fill these tanks will be greater than it was previously.

The newly adopted procurement policy put in place revised limits on authorized purchase amounts. The newly revised limits, combined with the increased price of fuel, and the increased quantity of fuel purchased at one time, have resulted in a single fuel purchase for resale exceeding normal administrative purchase limits.

**FISCAL IMPACT**

The amount of this invoice totals \$52,882.34. This has been budgeted for in the 2023 budget where \$405,000 has been designated for the purchase of fuel for resale. Any fuel purchases for resale above the budgeted amount of \$405,000 will require a budget amendment.

**RECOMMENDATION**

It is recommended that the City Council authorize the City Manager to approve payment of the invoice from Epic Aviation in the amount of \$52,882.34.

**SUGGESTED MOTION**

I move that the City Council authorize the City Manager to approve payment of the invoice from Epic Aviation in the amount of \$52,882.34.





EPIC Aviation, LLC

PO Box 12249

Salem, OR 97309

866.501.3742

www.EPICFuels.com

**BILLING ADDRESS:**

CHEHALIS-CENTRALIA AIRPORT  
 \*\*\*HAND FAX INVOICES\*\*\*  
 PO BOX 1344  
 CHEHALIS, WA 98532-0318

**SHIPPED TO:**

CHEHALIS-CENTRALIA AIRPORT  
 900 NW AIRPORT RD ACROSS  
 FROM GOLF COURSE ON RIGHT  
 CHEHALIS, WA 98532

INVOICE DATE	CUSTOMER P.O. #	ACCOUNT #		TERMINAL	INVOICE NO.	LOAD NUMBER
		MAIN #	SHIPTO			
3/14/2023		CHE8106	CLS01	PORCHEV	7674662	749479

DATE	BOL #	DESCRIPTION	GROSS	BASIS	UNIT PRICE	AMOUNT
03/08/23	1027631	AVGAS 100LL	9,997			48,979.46
03/08/23	1027631	FEDERAL OIL SPILL LIABILITY				21.77
03/08/23	1027631	FEDERAL HAZARDOUS SUBSTANCE SUPERFUND				39.61
03/08/23	1027631	FEDERAL EXCISE TAX				1,970.46
03/08/23	1027631	WA PETROLEUM PRODUCT TAX				71.58
03/08/23	1027631	WA AVIATION EXCISE TAX ON AVGAS				1,799.46

SHIPPED VIA: CASPNT

**SUB-TOTAL FOR: AVGAS 100LL**

**52,882.34**

PAYMENT TERM	DUE DATE	AMOUNT DUE
NET 15	03/29/2023	\$52,882.34

INVOICE TOTAL **\$52,882.34**

FOR BILLING QUESTIONS OR DISPUTES, PLEASE CONTACT THE BILLING DEPARTMENT AT INVOICEDISPUTES@EPICFUELS.COM

**Please Remit To:**

EPICremit@EPICfuels.com

**ACH**

ABA #121000358  
 Acct #1233555749

OR

**Lockbox**

PO Box 844217  
 Dallas, TX 75284-4217

**Federal Tax ID**

93-1069451



**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:** March 27, 2022

**SUBJECT:** Ordinance No. 1065-B, Second and Final Reading – Establishing 2022 Year-End Fund Balance Commitments

**ISSUE**

The Washington State Auditor’s BARS Manual requires beginning and ending cash and investments (fund balances) be classified in five fund balance categories as follows: nonspendable, restricted, committed, assigned, or unassigned for governmental funds.

The Committed Fund Balance classification requires the most binding formal action (Ordinance) by the City Council. Ordinance No. 1065-B has been prepared in connection with establishing 2022 year-end fund balance commitments.

Ordinance No. 1065-B was previewed and discussed by the City Council on the first reading at the March 13, 2023, City Council meeting. It is now being presented to the City Council for second and final reading. There have been no changes since the first reading.

**NEW FUND BALANCE CLASSIFICATIONS**

The chart below summarizes the fund balance classifications and specific requirements.

<b>Classification</b>	<b>Authority</b>	<b>Purpose</b>
<b><i>Nonspendable</i></b>	Inherent	Nonfinancial resources (i.e., endowment fund)
<b><i>Restricted</i></b>	External restrictions	Restrictions on the purpose or use of resources imposed by law through constitutional provisions or enabling legislation, or contracts (i.e., creditors, grantors, bond covenants, donors, or other governments).
<b><i>Committed</i></b>	Internal commitments	Specific (not generic) limitations that the government imposes upon itself by the governing body through the most binding formal action (i.e. ordinance) and that remains binding unless removed in the same manner.

<b>Assigned</b>	Intended use	Amounts intended to be used by the government for specific purposes that are neither restricted nor committed. Can be done in an informal way such as a motion or other form of directive.  The creation of a fund outside of the general fund is considered at least assigned since the creation of a fund automatically sets aside the monies for a purpose.
<b>Unassigned</b>	Any allowable use and purpose of that fund.	All other funds that are not reported in other categories.

These classifications indicate “the extent to which the government is bound to honor constraints on the *specific purposes for which amounts in the fund can be spent.*” The classifications reflect these limitations and inform management and financial statement users how much of the government’s resources are reserved for a specific purpose or use and how much is freely available for any allowable purpose of that fund.

Budget documents approved by resolution or ordinance do not meet criteria for classifying balances as committed because the budget only represents the government’s authorized spending during the period, rather than a constraint on remaining balances at year end. In other words, a budget deals with plans for anticipated revenues and expenditures – resources not yet collected, and expenditures not yet incurred – whereas an internal commitment imposes a permanent constraint on **currently existing** financial resources.

Merely creating “reserve” funds through resolution or ordinance to set money aside for a different purpose or circumstance (i.e., emergency fund or rainy-day fund) does not automatically classify the entire fund balance as committed.

The government may establish a policy for its intended order of use of classification balances when an expenditure is incurred in which restricted, committed, and assigned cash and investment balances can be used to pay the expenditure. In absence of an approved policy, it is assumed that the government will use the most restricted cash and investment balance first.

**PROPOSED COMMITMENTS FOR 2022 YEAR END FUND BALANCE**

**General Fund (Fund 001):** The preliminary ending cash and investment (fund balance) of the City’s General Fund as of 12/31/2022 is \$3,586,011. This is \$1,940,851 over the estimated balance and is about 28.0 % of the 2022 general fund actual revenues.

A total of \$205,479 of the total fund balance is restricted which includes the drug seizure funds, municipal court bail deposit, and a small balance for donations received for parks and recreation programs. The remaining \$3,380,532 cash and investments can be classified as committed, assigned, or unassigned.

On March 7, 2023, the City Manager and Finance Director met with the City Council Budget Committee members and discussed whether a portion of the General Fund’s 2022 ending fund balance should be committed for specific purposes. The Council Budget Committee recommends \$800,000 (about 20%) of the General Fund ending fund balance be Committed for the following purposes:

- \$350,000 for general facilities improvements and major repairs.
- \$450,000 for vehicle and equipment replacements.

The committed fund balances, if approved, will be transferred to the respective reserve funds in 2023 through the budget amendment process.

The Committee recommends the remaining cash and investments balance of \$2,580,532 be classified as unassigned, which is about 20% of the 2022 revenues. This will provide the funding for the net estimated budget increase of \$1,160,800 that will be needed in 2023 and maintain an estimated operating reserves of \$1,594,466 at the end of year 2023, which is about 13.0% of the 2023 general fund revenue budget. The estimated budget increase of \$1,160,800 is primarily related to the approved Collective Bargaining Agreements and other increases in the cost of doing business, including a significant rise in insurance premiums. These costs will be further discussed during the presentation of the first proposed amendment to the 2023 Budget which is scheduled to occur in April.

#### 2022 Year-End Fund Balance - General Fund

General Fund (Fund 001)	2022 Budget	2022 Actual	Variance
Beginning Fund Balance	2,713,504	2,713,504	-
Revenues & Transfers In	12,414,723	12,776,348	361,625
Expenditures & Transfers Out	13,483,067	11,903,841	(1,579,226)
Changes in Fund Balance	(1,068,344)	872,507	1,940,851
Ending Fund Balance 12/31/2022	1,645,160	3,586,011	1,940,851
% of Revenues	13%	28%	

#### Fund Balance Designation:

Restricted Fund Balance	205,479
Committed Fund Balance (20% of Ending Fund Balance) - Proposed	800,000
Unassigned Fund Balance*	2,580,532
Total Fund Balance	3,586,011
*Unassigned Fund Balance % of Revenues	20%

**Other General Revenue Reserve Funds (sub-funds):** In addition to the General Fund (current expense fund), the City maintains the following reserve funds that are primarily funded with the City's general revenues. These funds are managerial funds in nature and are rolled-up into the general fund for financial reporting purposes. The total ending fund balances of these funds are classified as assigned by default except any portion that is designated as Committed by the City Council. It is recommended the ending fund balances of these funds, as of 12/31/2022, in the total amount of \$1,694,780, be designated as Committed for the following specific purposes:

- \$212,092 in Compensated Absences Reserve Fund (110) - future retiree accrual cash outs
- \$150,554 in LEOFF 1 OPEB Reserve Fund (115) - LEOFF1 retiree medical and health care benefits
- \$742,969 in Automotive/Equipment Reserve Fund (302) for the following purposes:
  - \$492,969 for vehicle/equipment replacements
  - \$250,000 for financial software/system upgrades
- \$549,165 in Public Facilities Reserve Fund for the following purposes:
  - \$200,000 for future permanent fire station preliminary design and A&E
  - \$80,000 for police evidence garage
  - \$95,600 for temporary fire station project commitments
  - \$173,565 for general facility improvements

- \$40,000 in Park Improvement Fund for the following purposes:
  - \$20,000 for Westside Park Improvement
  - \$20,000 for Lintott/Alexander Park Improvement

**Restricted Governmental Funds:** The ending cash and investments (fund balances) in the Arterial Street Fund, Transportation Benefit District (TBD) Fund, Lodging Tax Fund, CDBG Fund, HUD Block Grant Fund, Federal Advance Grant Control Fund, and REET Funds are reported as restricted as the revenue sources have statutory limitations or specific limitations from the granting agencies as to how they can be used. Some of the balances have been ear-marked and budgeted for specific purposes in the 2023 adopted budget.

**Enterprise Funds:** Fund balances in enterprise funds (utilities and Airport) will include restricted amounts for refundable customer deposits and minimum debt service reserves required by debt covenants. The remaining amounts will be reported as assigned balances that can be spent for that enterprise fund activity.

**SUMMARY**

In summary, a total of \$2,494,780 of the City’s governmental funds’ cash and investments (fund balances) as of December 31, 2022, are designated as Committed.

Additional details are provided in the below table.

2022 Year-End Committed Fund Balance	General Funds					Capital Project Funds		Total 2022 Year-End Committed Fund Balance
	Fund 001	Fund 110	Fund 115	Fund 302	General Fund & Sub Fund Total	Fund 301	Fund 303	
<b>Proposed Commitments &amp; Purposes:</b>								
Compensated absences		212,092			212,092			212,092
LEOFF 1 OPEB			150,554		150,554			150,554
Permanent Fire Station A&E	-				-	200,000		200,000
General facilities improvements	350,000				350,000	173,565		523,565
Vehicle/equipment replacements	450,000			492,969	942,969			942,969
Acquisition of police evidence garage*					-	80,000		80,000
Financial software/system upgrades				250,000	250,000			250,000
Temp fire station project remaining contracts					-	95,600		95,600
Westside Park Improvement					-		20,000	20,000
Lintott/Alexander Park Improvement					-		20,000	20,000
<b>Total Proposed Commitments</b>	<b>800,000</b>	<b>212,092</b>	<b>150,554</b>	<b>742,969</b>	<b>1,905,615</b>	<b>549,165</b>	<b>40,000</b>	<b>2,494,780</b>

**RECOMMENDATION**

It is recommended that the City Council authorize a total of \$2,494,780 of the City’s governmental funds’ cash and investments (fund balances) as of 12/31/2022 to be Committed for the amounts and specific purposes and uses as provided above and authorize the City Manager to designate other fund balances as Assigned in order to carry out the intent of the City Council and pass Ordinance No. 1065-B on the second and final reading.

**SUGGESTED MOTION**

I move that the City Council pass Ordinance No. 1065-B on second and final reading.



**ORDINANCE NO. 1065-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, ESTABLISHING FUND BALANCE DESIGNATION AS PROVIDED BY WASHINGTON STATE AUDITOR'S BARS MANUAL FOR CASH BASIS ENTITY FOR YEAR END 2022.**

**WHEREAS**, the Washington State Auditor's Office Cash Basis BARS Manual established a new classification system in 2020 requiring the beginning and ending cash and investments (fund balances) to be classified as "non-spendable," "restricted," "committed," "assigned," or "unassigned"; and

**WHEREAS**, these classifications indicate "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent"; and

**WHEREAS**, the Committed fund balance classification identifies internal fund commitments with limitations that the City imposes upon itself through formal binding action by the City Council; and

**WHEREAS**, the Assigned fund balance classification identifies funds intended to be used for specific purposes that are neither restricted, nor committed, and do not require formal binding action by City Council; and

**WHEREAS**, the City Council finds it beneficial to designate certain fund balances as Committed for specific purposes or projects and for the City Manager to designate certain other fund balances as Assigned in order to carry out the intent of the City Council.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DOES ORDAIN AS FOLLOWS:**

**Section 1.** The fund balances of the City of Chehalis designated in this Ordinance are Committed for the specific purposes indicated. Amendments or modifications of the Committed fund balances set forth herein shall require formal action by the City Council.

**Section 2.** The City Council authorizes the City Manager to categorize other fund balances as Assigned in order to carry out the intent of the City Council.

**Section 3.** The following portions of the City's December 31, 2022, fund balances are designated as Committed:

- \$800,000 in the General Fund (001) for the following purposes:
  - \$350,000 for general facilities improvements and major repairs
  - \$450,000 for vehicle and equipment replacements

- \$212,092 in Compensated Absences Reserve Fund (110) - future retiree accrual cash outs
- \$150,554 in LEOFF 1 OPEB Reserve Fund (115) - LEOFF1 retiree medical and health care benefits
- \$742,969 in Automotive/Equipment Reserve Fund (302) for the following purposes:
  - \$492,969 for vehicle/equipment replacements
  - \$250,000 for financial software/system upgrades
- \$549,165 in Public Facilities Reserve Fund (301) for the following purposes:
  - \$200,000 for future permanent fire station preliminary design and A&E
  - \$80,000 for police evidence garage
  - \$95,600 for temporary fire station project commitments
  - \$173,565 for general facility improvements
- \$40,000 in Park Improvement Fund (303) for the following purposes:
  - \$20,000 for Westside Park Improvement
  - \$20,000 for Lintott/Alexander Park Improvement

**Section 4.** This Ordinance hereby revokes any remaining orders or committed fund balances from the 2021 year-end Ordinance No. 1027-B.

**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 \_\_\_\_\_, 2023.

\_\_\_\_\_  
Tony Ketchum, Mayor

Attest:

\_\_\_\_\_  
Kassi Mackie, City Clerk

Approved as to form and content:

\_\_\_\_\_  
Kevin Nelson, City Attorney

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

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

**FROM:** Jill Anderson, City Manager  
Kevin Reynolds, City Attorney

**MEETING OF:** March 27, 2023

**SUBJECT:** Reconsideration of Latecomer's Agreement with Arnold Haberstroh

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**ISSUE**

On October 10, 2022, the City Council authorized an extension of a 2008 latecomer's agreement based on an interpretation of RCW 35.91.020 (4)(a) presented by staff and the former City Attorney. Since October, the matter has been reviewed and more information has become available from the current City Attorney and Municipal Research and Services Center (MRSC) that requires the City Council action to extend the latecomer's agreement to be reconsidered.

**DISCUSSION**

The City of Chehalis entered into a latecomer's Agreement with Arnold Haberstroh in September 2008 for a 1,080 foot water main extension with three (3) fire hydrants installed and paid for by Mr. Haberstroh. The Agreement allows the City of Chehalis to collect a predetermined amount of money from property owners that connect to the water main extension and then forward those funds to Mr. Haberstroh to reimburse him for a portion of the work done on the water main. It is valid for fifteen (15) years beginning on September 2, 2008, and ending September 2, 2023.

Sometime after this Agreement was signed and recorded, the State amended RCW 35.91.020(4)(a) to allow Latecomer's Agreements to be effective for twenty (20) years. The former City Attorney interpreted the amendment to allow the City to extend existing latecomer's agreements, including the one with Mr. Haberstroh. On August 11, 2022, Mr. Haberstroh, via email, requested a fifteen (15) year to twenty (20) year extension, so that the latecomer's agreement would end on September 2, 2028, instead of September 2, 2023.

On October 10, 2022, the City Council approved a five-year extension of the latecomer's agreement with Mr. Haberstroh based on the information and interpretation provided by the former City Attorney. There were follow-up actions related to the extension that required legal counsel from the current City Attorney, Kevin Nelson. Upon review of the matter and consultation with MRSC, Mr. Nelson concluded that the amendments to RCW35.91.020 did not allow the City to extend an existing agreement. Therefore, the City Council is being asked to review the matter and rescind the October 10, 2022, actions related to the latecomer's agreement on October 10, 2022. These include rescinding the authorization given to the City Manager to execute the extension; and rescinding the adoption of the following two findings of fact: 1) The extension is consistent with the Comprehensive Plan and all development regulations for the City of Chehalis; and 2) The period of the extension is from September 2, 2023 to September 2, 2028.

This request is made with apologies to Mr. Haberstroh, who has been cooperative and respectful as the understanding of this legal matter has evolved.

### **FISCAL IMPACT**

There is no direct fiscal impact to the City of Chehalis related to the proposed action.

### **RECOMMENDATION**

It is recommended that the City Council:

- 1) Rescind the adoption of the findings of fact made on October 10, 2022, related to a five-year extension of a latecomer's agreement with Arnold Haberstroh; and
- 2) Rescind the authority granted the City Manager to sign a five-year extension of said latecomer's agreement with Arnold Haberstroh.

### **SUGGESTED MOTION**

I move that the City Council:

- 1) Rescind the adoption of the findings of fact made on October 10, 2022, related to a five-year extension of a latecomer's agreement with Arnold Haberstroh; and
- 2) Rescind the authority granted the City Manager to sign a five-year extension of said latecomer's agreement with Arnold Haberstroh.