

# PLEASE NOTE SPECIAL MEETING TIME

## CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BOULEVARD, CHEHALIS, WA 98532

Anthony E. Ketchum Sr., District 3  
Mayor

Terry F. Harris, District 1, Mayor Pro Tem  
Daryl J. Lund, District 2  
Dr. Isaac S. Pope, District 4

Dennis Dawes, Position at Large  
Chad E. Taylor, Position at Large  
Bob Spahr, Position at Large

July 23, 2012

5:00 p.m.

### WORK SESSION

1. Utility Rates. (Public Works Director)

Regular Meeting of Monday, July 23, 2012

6:00 p.m.

ITEM

ADMINISTRATION  
RECOMMENDATION

PAGE

2. Call to Order. (Mayor)

3. Pledge of Allegiance. (Mayor)

### CITIZENS BUSINESS

This is an opportunity for members of the audience to address the council on matters not listed elsewhere on the agenda. Speaker identification forms are available at the door and may be given to the city clerk prior to the beginning of the meeting.

**PUBLIC HEARING**

4. <u>Public Hearing on Petition to Rezone Property from Commercial to R-3; Multi-Family Residential.</u> (Community Development Director)	CONDUCT PUBLIC HEARING	1
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**SPECIAL BUSINESS**

5. <u>Recognition for Raising Funding for New Automated External Defibrillator at City Hall.</u> (Mayor)	---	
6. <u>Presentation of Wastewater Treatment Plant Outstanding Performance Award.</u> (Mayor)	---	
7. <u>Chehalis Renaissance Update.</u> (Chairman Larry McGee and Co-Chair Allyn Roe)	---	

**CONSENT CALENDAR**

8. <u>Minutes of the Regular Meeting of July 9, 2012.</u> (City Clerk)	APPROVE	15
9. <u>Vouchers and Transfers.</u> (Finance Manager)	APPROVE	22
10. <u>Award SE Prospect Avenue Watermain Replacement Project to Iversen and Sons, Inc., in the amount of \$205,505.64</u> (Public Works Director, Water Superintendent)	AWARD SE PROSPECT WATERMAIN REPLACEMENT PROJECT	23
11. <u>Resolution No. 11-2012, First and Final Reading – Surplus of City Property.</u> (Police Chief)	ADOPT	26

**ADMINISTRATION AND CITY COUNCIL REPORTS**

12. <u>Administration Reports.</u>		
a. Second quarter and June financial report. (Finance Manager)	INFORMATION ONLY	28
b. Sales and use tax quarterly report. (Finance Manager)	INFORMATION ONLY	34
c. Council work session - July 30, 2012, at 5:00 p.m. (City Manager)	INFORMATION ONLY	
13. <u>Council Reports.</u>		
a. Councilor reports. (City Council)	INFORMATION ONLY	
b. Council committee reports. (City Council)	INFORMATION ONLY	

UNFINISHED BUSINESS		
14. <u>Ordinance No. 897-B – Second and Final Reading – Approving Interfund Loan Between the Water and Wastewater Funds.</u> (Finance Manager, Public Works Director)	PASS	35
15. <u>Ordinance No. 896-B – Second and Final Reading – Amending the 2012 Budget.</u> (Finance Manager)	PASS	39

NEW BUSINESS		
16. <u>Petition to Rezone Property from General Commercial to Multi-Family; R-3 Residential.</u> (Community Development Director)	DIRECT ADMINISTRATION TO PREPARE ORDINANCE TO REZONE PROPERTY FROM GENERAL COMMERCIAL TO MULTI-FAMILY; R-3 RESIDENTIAL	1

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

COUNCIL WORK SESSION, MONDAY JUNE 30, 2012  
NEXT REGULAR CITY COUNCIL MEETING WILL BE ON MONDAY, JULY 9, 2012

**CITY OF CHEHALIS  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council  
**FROM:** Bob Nacht, Community Development Director  
**DATE:** July 16, 2012  
**SUBJECT:** Public Hearing on a Petition to Rezone Property from Commercial to R-3; Multi-Family Residential.

**ISSUE**

The city received a petition to rezone property at 1340 NW Arizona Street. The Planning Commission conducted a public hearing and forwarded a recommendation on this petition. A public hearing must now be held before the Council on this petition.

**DISCUSSION**

Mr. Rick Hamilton submitted a petition to rezone his property on NW Arizona Street from General Commercial to R-3; Multi-Family Residential. The details of the proposal are identified in the attachments to this agenda report.

The Planning Commission conducted a public hearing on this proposal on June 12<sup>th</sup>, and has submitted a recommendation to approve the rezone request. The draft minutes of the Commission meeting are also attached.

The city's development regulations require that the Council must also conduct a public hearing on rezone requests before making a decision.

Mr. Hamilton stated at the Planning Commission hearing that he wanted to construct several duplexes or triplexes on the subject property – something similar to other residential development in the area.

The Development Review Committee has reviewed this proposal, and has no specific comments. At such time as any development permit application might be submitted, a technical review of the development proposal would be done.

One of the issues facing the subject area is the proximity to the Chehalis River. The subject property is not located within the regulatory floodway, but it is in a floodplain. The current regulations would require any buildings to be located above the flood of record level (the 2007 flood event).

The Wastewater Treatment Center operator has suggested that odor from the plant may impact residential development in the vicinity (and downwind) of the plant. He has suggested that any development approvals contain language regarding the potential for air quality impacts. The city's development regulations would allow conditioning statements on any permit review and approval, so that issue could be addressed at permit review.

**RECOMMENDATION / COUNCIL ACTION DESIRED**

The administration recommends that the council consider any public testimony provided on the petition to rezone property at 1340 NW Arizona Street, and determine whether or not the subject area should be rezoned to Multi-Family Residential.

**SUGGESTED MOTION**

I move that the council direct the administration to draft an ordinance for the Council's consideration to rezone the subject property from General Commercial to Multi-Family R-3 Residential.

Reviewed by:  \_\_\_\_\_ City Manager

### PETITION FOR AMENDMENT

*(check only one)*

- Chehalis Comprehensive Plan (July 12, 1999)
- Chehalis Uniform Development Regulations (March 25, 2002)
- Chehalis Public Works Standards (July, 2005)
- Chehalis Zoning Map (Rezone)
- Other (specify): \_\_\_\_\_

To: The Honorable Mayor and City Council  
Chehalis Planning Commission  
Chehalis Development Review Committee

From: [The undersigned]

Date: March 27, 2012

***Subject: Request for Formal Review and Decision on a Proposed Change to the Indicated Document.***

1. The specific location (page number, section number or other identification) of the referenced text or map to be considered for amendment:

Part of the NW1/4 SW1/4 Sec 30, T14N R2W W.M. Lewis County, Washington

2. The specific text proposed to be changed. Use ~~strikethrough~~ format to indicate text proposed to be deleted, and underline format for text proposed to be added. If lengthy, attach additional pages:

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3. Submit a map for the alternative to the existing map. (Attach). Use dashed lines to indicate new lines proposed to be added or moved, and 'X's on removed or revised lines.

4. The specific reason (In detail) why this change is necessary:

Would like zoning changed from commercial to R3 or R4 to allow  
Single Family, Multi-Family or Condominium residency, on the  
parcels.

5. The anticipated/expected affect of this change on the location, vicinity and/or overall community:

Nocadverse affect is anticipated with this change as the property  
is adjacent to single family residents and a apartment complex.

6. By my signature hereon, I hereby certify that I have a full understanding of the implications of the above proposal, and request an opportunity to present testimony at any public hearing(s) held on this petition. I further understand that the Chehalis city council will consider this and any other similar petitions only during the second quarter of a calendar year.

Signature (x): *Rick Hamilton*

Printed name: Rick Hamilton

Mailing address: 1316 NW River St Chehalis Wa. 98532

Phone #: 748-9615 or cell 269-4845

**OFFICE USE ONLY:**

Received 3/30/12 By *R*

File # RZ-12-105

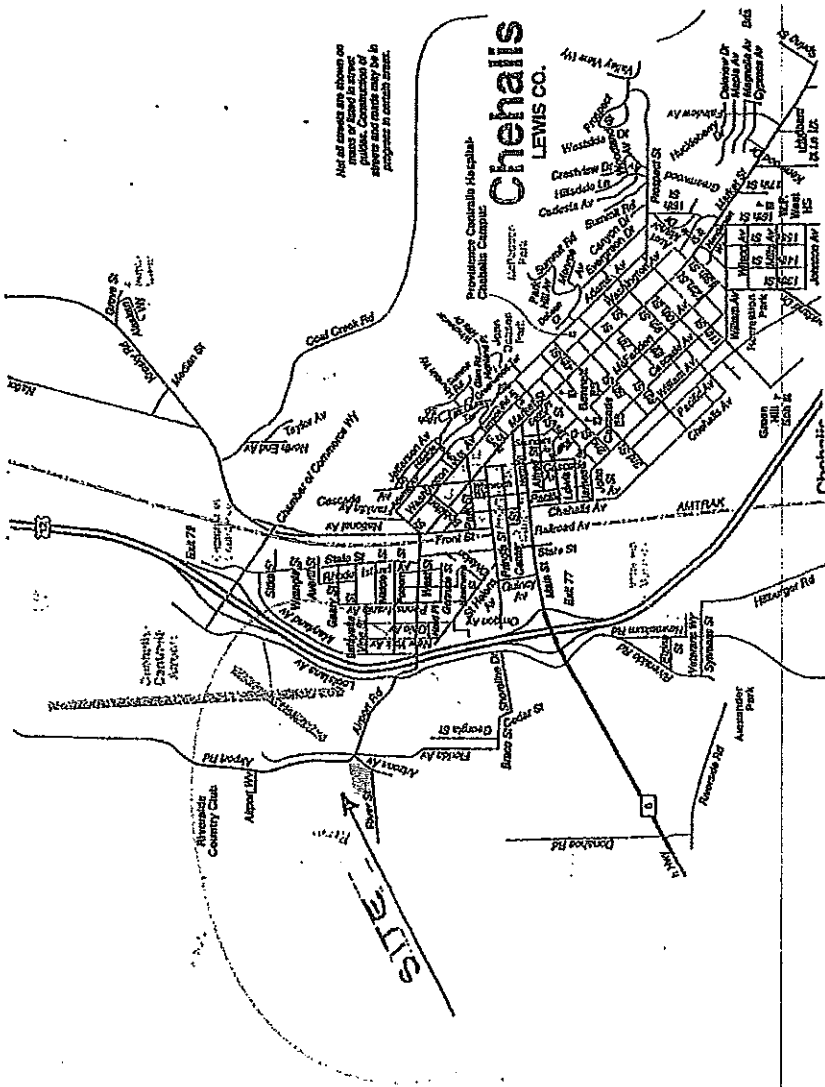
Fee paid on 3-30-12 Check #: 8714

Receipt # 7131

Submit to the Development Review Committee on: \_\_\_\_\_

Submit to the Planning Commission on: \_\_\_\_\_

Submit to the City Council on: \_\_\_\_\_



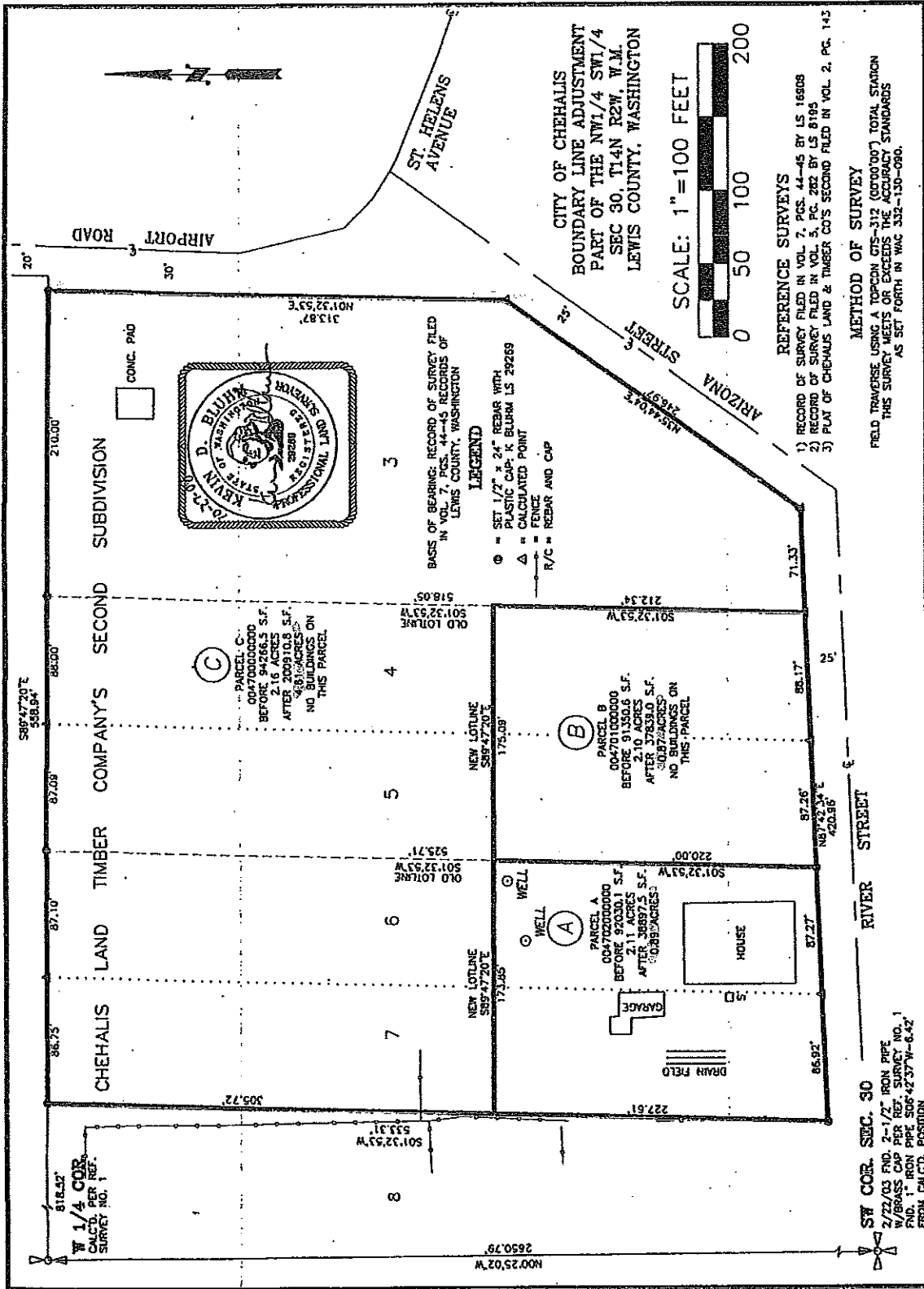
Map of streets are shown as  
 streets of Lewis County  
 public. Commission of  
 streets are shown as they are  
 prepared in 1925.

# Chehalis LEWIS CO.

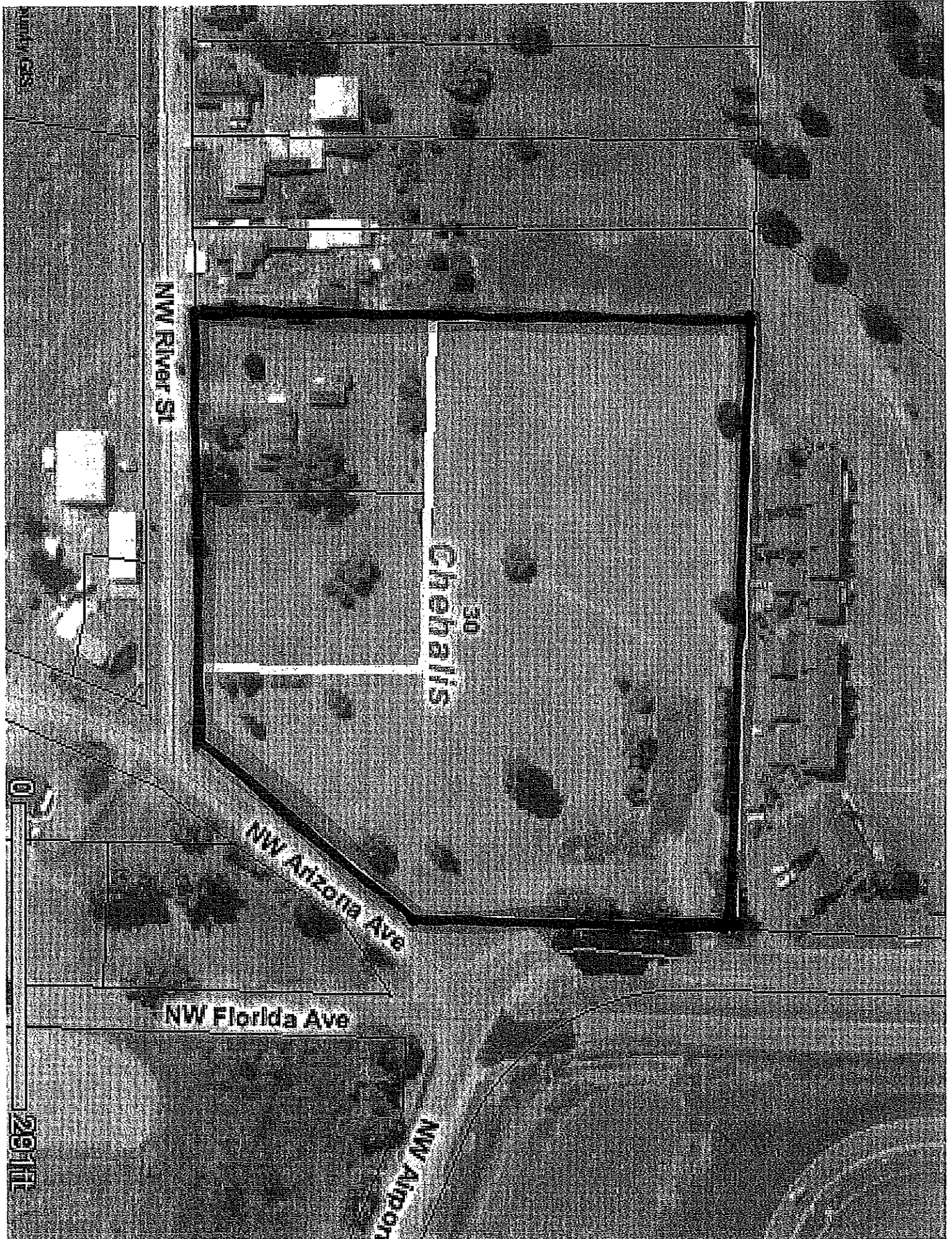
VACINITY MAP







6.37 Acres



17.48.020 Bulk regulations (R-3 zone)

Use Category	Min. Zone Size	Min. Lot Size	Min. Lot Frontage	Max. Cover	Max. Height	Minimum Street Setback	Minimum Adj. Lot Setback	Minimum Alley Setback	D Minir
Permitted	10 acres of contiguous residential zones	5,000 sq. ft.	50' except a flag lot may have 16' of frontage	80%	35'	20'	10% of lot width but not more than 10' nor less than 3'	5'	6/18 u
Accessory	—	5,000 sq. ft.	—	25%	35'	20'	3' if located totally within rear yard, otherwise, same as permitted	0' if vehicle access parallel to, or not from, alley; otherwise 5'	6/18 u
Conditional	—	—	—	80%	35'	20'	10% of lot width but not more than 10' nor less than 3'	5'	6/18 u
Temporary	—	5,000 sq. ft.	50'	80%	35'	20'	10% of lot width but not more than 10' nor less than 3'	5'	6/18 u

17.51.020 Bulk regulations (R-4 zone)

Use Category	Min. Zone Size	Min. Lot Size	Min. Lot Frontage	Max. Cover	Max. Height	Minimum Street Setback	Minimum Adj. Lot Setback	Minimum Alley Setback	D Minir
Permitted	10 acres of contiguous residential zones	5,000 sq. ft.	50' except a flag lot may have 25' of frontage	80%	50'	20'	5'	5'	10/24
Accessory	—	5,000 sq. ft.	—	25%	50'	20'	3' if located totally within rear yard, otherwise, 5' elsewhere	0' if vehicle access parallel to, or not from, alley; otherwise 5'	10/24
Conditional	—	—	—	80%	50'	20'	5'	5'	10/24
Temporary	—	5,000 sq. ft.	50'	80%	50'	20'	5'	5'	10/24

**17.09.140 Amendments/rezones.**

A. The provisions of this title and/or the adopted comprehensive plan may be amended during the second quarter of any calendar year except as provided in subsection (C) of this section. Any agency or any taxpayer may petition the city for an amendment to this title and/or the comprehensive plan. If such a petition involves a rezoning of any property within the city or its UGA, the petitioner must hold a legal ownership interest in at least one tax parcel of property within any area submitted for rezoning.

B. A petition for any amendment to this title or the comprehensive plan shall be submitted on forms provided by the administrator (Appendix Chapter B), received by the city between February 1st and March 31st of any calendar year, and be accompanied by any required filing fee (Appendix Chapter A). Only one subject, area, or section shall be submitted per form, but there is no limit to the number of forms that may be submitted. Nothing herein shall preclude the filing of a petition at any other time of year; however, the city shall take no formal action on such a petition until the February 1st following receipt of such a filing.

C. This title and/or the comprehensive plan may be amended at any time to comply with any statutory requirements mandated by state and/or federal law. An emergency shall be deemed to exist if failure to amend this title may result in any sanction to the city from any source.

D. A completed petition for amendment shall be reviewed by the DRC, and any comments or recommendations made by the DRC shall be attached to the petition.

E. The petition and any comments or recommendations made by the DRC shall be forwarded by the administrator to the planning commission. The planning commission shall conduct a public hearing on such petition and make a recommendation thereon. The petition and planning commission recommendation shall be forwarded to the city council for consideration.

F. The city council shall conduct a public hearing on the petition and the planning commission recommendation, and approve, modify, or deny such petition.

G. A petition for a rezone of specific property shall be considered an amendment to this title, and such a petition for rezone shall conform to all applicable provisions of this title, including this section.

H. For the purpose of establishing and maintaining sound, stable, and desirable development within the city, the rezoning of land is to be discouraged and allowed only under certain circumstances as provided in this section. This policy is based on the opinion of the city council that the map is the result of a detailed and comprehensive appraisal of the city's present and future needs regarding land use allocation and, as such, should not be amended unless to correct a manifest error or because of changed or changing conditions in a particular area or the city in general. Rezoning shall only be allowed if the petitioner demonstrates by clear and convincing evidence that:

1. The land to be rezoned was initially zoned in error and as presently zoned is inconsistent with the policies and goals of the comprehensive plan; or
  2. Conditions in the area for which rezoning is requested have changed or are changing to such a degree that it is in the public interest to encourage a redevelopment of the area; or
  3. The proposed rezoning is necessary in order to provide land for a community-related use which was not anticipated at the time of the adoption of the comprehensive plan, and that such rezoning will be consistent with the policies of the comprehensive plan. [Ord. 720B § 1, 2002.]
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NOTICE IS HEREBY GIVEN that the Chehalis Planning Commission will conduct a public hearing on Tuesday, June 12, 2012, at 6:00 PM at Chehalis City Hall, Council Chambers. The subject of the public hearing will be a petition from Rick Hamilton to rezone property located at 1340 NW Arizona Ave. (TPN 004702003000) from C-G; General Commercial to R-4; Residential, High Density. A copy of the petition is available from the Chehalis Community Development Office ([comdev@ci.chehalis.wa.us](mailto:comdev@ci.chehalis.wa.us)) or (360) 345-2229 upon request.

Anyone wishing to present their views on the petition may submit them in writing to the Chehalis Planning Commission, c/o Chehalis Community Development, 1321 S. Market Blvd., Chehalis, WA 98532 (or [comdev@ci.chehalis.wa.us](mailto:comdev@ci.chehalis.wa.us)) on or before the date of the hearing. Written and/or oral comments may be presented at the hearing.

The Chehalis City Hall Council Chambers is accessible from the North Entrance of the building at 350 N. Market Blvd., Chehalis WA. Hearing room doors will be open at 5:45 PM on the date of the hearing.

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Chronicle, Please publish the above two times, Thursday, May 31 and Monday, June 4, 2012.  
Bill to Chehalis Community Development

RZ-12-105  
**LEGAL OWNERS OF ALL PROPERTY LOCATED WITHIN 300 FEET  
 OF THIS PROPERTY BEING: 4702-3-0**

Pg. 1

1340 NW Arizona Avenue

<u>PARCEL NUMBER</u>	<u>NAME AND ADDRESS OF PROPERTY OWNER</u>		
4702-3-0	Rick Hamilton	1316 NW River St.	Chehalis
4709-2-1	Sorenson & McCullough GC, LLC	1451 NW Airport Rd.	"
21807-7-0	Thompson Properties LLC	Po Box 569	"
"	Tenant	1305 NW Airport Rd.	"
5605-80-1	Chehalis Centraliz Airport Board	Po Box 1344	"
5679-1-0	Rick Hamilton / Tenant	542 NW Florida Ave	"
5680-4-0	Dan & Cheryl Brown	1385 NW Arizona Ave	"
5680-5-0	"	"	"
5680-3-0	"	"	"
5680-2-0	"	"	"
5682-1-0	Richard & Rose Jaring	1380 NW Arizona Ave	Chehalis
5681-0	"	"	"
5683-0	Steven Emrich	1358 NW River St.	"
4706-0	"	"	"
4705-0	William Fibich	1352 NW River St.	"
4704-0	Ted Holmes	1348 NW River St.	"
4703-0	Donald Ramecher et al	3906-107 <sup>th</sup> Ave SW	Olympic 98512
"	Tenant	1330 NW River St	Chehalis
4702-1-0	Hamilton / Tenant	1316 NW River St.	"
4702-2-0	"	1312 "	"
21807-C	Thomas Kimball	1309 NW Airport Rd.	"



Chehalis Planning Commission  
Minutes

June 12, 2012

The Chehalis Planning Commission met in regular session on Tuesday, June 12, 2012. Members present were chairperson Jim Ward, Scott Blinks, Jeff Mecca and Steve Bell. Members absent were Arnold Haberstroh, Adam Holgate and Kyle McKerricher.

The regular meeting was called to order at 6:00 PM by chairperson Ward, and recessed into a public hearing regarding a petition to rezone property at 1340 NW Arizona Street. Mr. Rick Hamilton presented his petition and explained the reasons he wanted to have his property rezoned.

Mr. Hamilton explained that the character of that area is residential, not commercial as is the present zoning designation, and there are both single family and multi-family residences already existing around his property. He indicated that he wanted to construct a few duplexes on the property, not an apartment complex.

Mr. Ward asked the staff if there were any correspondence or recommendations. Mr. Bob Nacht explained the notification process for the hearing and that staff had mailed notices to property owners within 300 feet of the subject property. Notice of the hearing had also been provided to the media as required. Mr. Nacht explained the internal review process provided by the city's Development Review Committee, and that no comments or recommendations were noted from staff on this petition. Future development of the subject property will be subject to whichever zoning designation is adopted as well as other applicable development regulations.

The chairperson asked if anyone in the audience wanted to speak for or against the proposal. Mr. Tom Kimbal, a resident within 300 feet of Mr. Hamilton's property, indicated he didn't have any comments, but that he was in attendance to learn what the proposal was and what Mr. Hamilton's plans were.

Mr. Ward closed the public hearing and reopened the regular meeting. The commission members discussed the various aspects of the proposal amongst themselves.

Mr. Scott Blinks moved to recommend approval of a rezone to R-3. He stated that there are no objections to this proposal filed even after the surrounding property owners had been notified of the hearing. Mr. Blinks stated that the proposed rezone area is not 10 acres, but the surrounding area is already developed in residential homes even if not zoned residential, that Mr. Hamilton does not control any properties other than his own, that it is not reasonable to require expansion of a residential zone westward into a floodway where residential construction is prohibited, or northward into the golf course, simply to get to 10 acres.

Mr. Jeff Mecca seconded the motion and it passed unanimously.

There being no further business before the Commission, Mr. Blinks moved, and Mr. Steve Bell seconded, to adjourn the meeting. Motion passed unanimously at 6:40 PM.

July 9, 2012

The Chehalis city council met in regular session on Monday, July 9, 2012, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:16 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Dennis Dawes. Councilor Taylor arrived at 6:00 p.m. Staff present included: Merlin MacReynold, City Manager; Brian Kelly, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; Herta Fairbanks, Public Works Director; and Becky Fox, Court Administrator. Members of the media included Kyle Spurr from *The Chronicle*.

1. **Work Session – Latecomer Fees on Airport Property**. The council met with Airport Manager Allyn Roe and Board Representative John Spears to discuss latecomer fees for future development on the airport property. City Manager MacReynold asked Bob Nacht to set the stage on how the city got to where we are with regard to the latecomer fees.

Mr. Nacht provided the council with a copy of the CCA Retail 60-acre Master Plan, noting it was the cover page for a binding site plan application that Rick Peterson submitted to the city back in 2004. He reported the plan included a number of phases for development, which was the basis of where they started with the ordinances that established the latecomer fees.

Mr. Nacht reported, when the CCA Retail 60-acre Master Plan was first introduced, the traffic impact analysis suggested as the Twin City Town Center was developed the north connection to Airport Road had to be included for traffic mitigation, and as part of the State Environmental Policy Act (SEPA) process, Mr. Peterson was on the hook to participate in the development northward. He noted item No. 4 of the Final Determination of Non-Significance stated, "All public utility extensions and roadway construction serving any development proposal shall be installed, approved and dedicated prior to any development permits being issued. Phasing of such extension may be appropriate, and if submitted, shall be consistent with the approved master plan and the city's engineering standards." Mr. Nacht noted this was the reason the city created the two ordinances pertaining to latecomer fees.

Mr. Nacht reported there were also provisions in the SEPA document, noting, "All development sites that are not required to construct frontage improvements consistent with the city's engineering standards shall pay the calculated (pro-rated) capital improvement charge for utility and roadway capacity extensions that are constructed by the city, as provided in a resolution to be adopted by the city." He stated the SEPA decision was the crux for the basis of why the city proceeded in developing the two ordinances.

Mr. Nacht talked briefly on Ordinance Nos. 817-B and 818-B that established the latecomer fees on the airport property. He also provided the council with two maps depicting the different lots/tracts of the airports property, and worksheets showing the construction cost breakdown for the streets/transportation and the utilities. Mr. Nacht explained the different phases and the impacts with regard to the latecomer fees. He noted part of the fee was based on the city having to go in and repair the different systems that didn't meet code at the time Mr. Peterson walked away from the project. Mr. Nacht reported, if they ever have to use the worksheets, they would have to discuss whether or not to collect the \$100 administrative fee. He reminded the council that the financing of the two projects came out of the wastewater utility fund, so they would get the accounts receivable in this case.

Mr. Nacht reported on the infrastructure for the streets, noting at one time Mr. Peterson was on the hook for development of the transportation system for any future mitigation and development. He noted the current development did not trigger a level of service standard that necessitated the connection with Airport Road; however, they were now at the point where the connection to Airport Road has to be made to mitigate the traffic impact.

Airport Manager Allyn Roe felt the common theme was Mr. Peterson. He noted the Airport Board was struggling with how they were going to adopt their leasing standards at fair market values and be able to accommodate the additional fees for the corrections made on the property.

Mr. Roe believed both the airport and the city shared the same position with regard to being hurt by CCA Retail and Mr. Peterson. He stated it was their belief that the additional fees should have been directly focused toward Mr. Peterson and CCA Retail, and not spread out over the properties again.

July 9, 2012

Mr. Roe reported, at the time the two ordinances were passed, the Airport Board had an option agreement with CCA Retail/Rick Peterson to lease all of the remaining properties. He stated the idea behind the ordinances was, Mr. Peterson had to lease the properties and would be responsible for paying the fees, and the city would recoup their money from Mr. Peterson. Mr. Roe noted the airport, through legal negotiations, was able to get out of the option agreement because of other issues with the development of the property.

Mr. Roe believed the downturn in the economy was keeping a lot of the bigger developers from wanting to lease larger areas, adding the airport hadn't executed a lease on the property since the end of 2003.

Mr. Roe provided a fact sheet that highlighted the development of the airport property. He noted they currently lease approximately 60 acres to various national retail tenants; they have 53 businesses that employ about 700 people; and the estimated combined tax revenues are over \$2 million. Mr. Roe suggested they get a double impact to the region based on the dollars re-spent in the community, along with an impact of about 3,200 jobs.

Mr. Roe talked briefly about the benefits to the city and what concessions and investments the airport could make that will earn them more in the long run. He noted the impact to Chehalis was about \$2 million in tax revenue, but the real winner was the State of Washington who receives over \$9 million in tax revenue. Mr. Roe reported estimated gain to the city for the new Taco Time would be about \$18,000 per year.

Mr. Roe reported the Airport Board made a decision to start paying commission fees in an effort to attract businesses. He noted, based on the fees that are currently set up, it would cost them the equivalent of about eight months of lease revenue. Mr. Roe stated they were also offering to fill some areas, which would cost them initially, but would be made up with the development of adjacent properties.

Mr. Roe stated they were interested in negotiating with the city to either reduce the latecomer fees or eliminate them.

Mr. Nacht reported the transportation ordinance provides that the latecomer fee can be collected over a 15-year period through the utility billing process, and the portion for the utilities could be amortized over a 10-year period.

Councilor Pope suggested they were going to have to raise the utility rates in the near future, and it wouldn't look good if the city is forgiving fees on property out at the airport.

Mr. Roe felt the city should look at trying to recoup those fees from Mr. Peterson, who caused the additional work. Councilor Pope suggested the city would have to incur legal fees in order to do that.

Councilor Harris stated they had three options: they could waive all fees; waive no fees; or evaluate them on a case-by-case basis. He asked if the \$9,700 fee for Taco Time would make or break the deal. Mr. Roe didn't believe so, adding it was a pretty reasonable fee.

Councilor Harris brought up the issue of the city not having a business and occupation tax, suggesting if we did, we could give everyone a break on those taxes making it look like they are getting something for nothing.

Councilor Harris reported he was more inclined to look at the latecomer fees on a case-by-case basis, adding if it was going to make or break the deal, he was definitely pro-business.

Councilor Spahr inquired as to who Mr. Peterson contracted with and who was responsible for him. Mr. Nacht reported Mr. Peterson had his own construction company, Retaining Walls Northwest, adding he was the applicant and his construction company was the permit holder for the development out at the airport.

Councilor Spahr asked, "Who was responsible for inspecting the work done by Mr. Peterson?" Mr. Nacht reported the city was, adding the city did issue correction notices, but Mr. Peterson failed or refused to respond to them.

July 9, 2012

Councilor Spahr inquired about the fair market rent and fees, wanting to know if they could take a little less in rent to make up for the fees. Mr. Roe stated it was his understanding that they have to charge fair market rent. Councilor Dawes noted state law says you have to collect fair market value, but added there are creative ways to do it. He reported if they didn't get creative with Wal-Mart and Home Depot they wouldn't be sitting there today.

Councilor Dawes stated they had to remember that the city is a joint owner of the airport, and the Board works for the city and the council. He suggested they work together on finding creative ways to lease and/or fill the property.

Councilor Dawes stated he also shared Councilor Pope's concern regarding utility charges, adding he didn't like seeing the city forgiving things because it will be the citizens who end up paying for it.

Councilor Spahr suggested the city was not without fault and we need to work with the airport.

Mr. Roe noted he didn't want the airport to be perceived as not being 'giving,' adding the initial utilities were given by the airport through a considerable lease concession and all of the utilities and improvements had been done in a similar fashion.

Mayor Ketchum asked Mr. Roe if he was okay with the fees established for Taco Time. Mr. Roe stated he believed so. Mayor Ketchum thought the council was in close agreement to look at it on a case-by-case basis.

Councilor Spahr stated he had a problem with doing it on a case-by-case basis, noting down the road the city would probably end up in a lawsuit.

Councilor Harris suggested business negotiations were just that, and as long as the legal guidelines are met, it doesn't matter what one person is charged versus another.

Councilor Lund stated he agreed with Councilor Spahr, noting you might give one person a super good deal, and the next person not so good of a deal. He suggested the issue of the fair market value could be waived real easy, depending on who you get to do the market value study.

Councilor Lund stated he also agreed with Councilor Dawes, noting the Airport Board should be working for the city. In his opinion, the whole site should be filled to make it more attractive and easier to lease out.

City Manager MacReynold suggested the council take some time to think about it, adding the administration could have a follow up discussion with Mr. Roe to look at possible alternatives to bring back to the council for consideration.

Councilor Pope asked if there was a way to go after Mr. Peterson through the bonding process. Mr. Nacht suggested those were complex legal matters and the city would need to address that through legal counsel.

Mayor Ketchum closed the work session at 6:07 p.m. and announced the council would take a short recess before opening the regular meeting at 6:10 p.m.

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

a. Minutes of the regular meeting of June 25, 2012;

b. Claim Vouchers No. 103434-103540 in the amount of \$80,650.04 dated June 29, 2012; Payroll Vouchers No. 35716-35811, Direct Deposit Payroll Vouchers No. 3231-3303, and Electronic Federal Tax Payment No. 112 in the amount of \$708,446.73 dated June 29, 2012; and

c. Set date and time of July 23, 2012, at 6:05 p.m. for public hearing on petition to rezone property from commercial to R-3; multi-family residential.

The motion was seconded by Councilor Pope and carried unanimously.

July 9, 2012

3. Administration Reports.

a. Report on Chehalis Poplar Tree Plantation Tour. Public Works Director Herta Fairbanks reported they received an interesting call from a woman asking if it would be possible for her daughter to take a tour of the city's Poplar Tree Plantation for her birthday. She noted she and her family lived in the Boistfort area and drive past the plantation daily, adding her daughter watched the development of the plantation and subsequent growth of the trees for the past nine years. Ms. Fairbanks reported Patrick Wiltzius arraigned for a tour on June 18 and upon arrival he found the whole family had showed up for the tour. Mr. Wiltzius gave a quick talk on the need for and the basic operation of the plantation and walked the family among the trees and through the aisles of management unit one. He also took them to see the sacred oak and told them about its history.

b. Update on Metal Detector Installation. Chehalis Municipal Court Administrator Becky Fox reported on the new metal detector for municipal court. She stated a company from Vancouver, Washington, installed and calibrated the detector earlier in the day, noting it wasn't permanently attached to the floor. Ms. Fox reported they had a signed contract with Western Washington Merchant Patrol to provide security services during court sessions. She stated she appreciated the council's support and the help received from the other departments in getting the equipment installed.

c. Letter to Congresswoman Jaime Herrera Beutler. City Manager MacReynold reported, at a recent Chehalis-Centralia Cooperative meeting, they discussed putting together a joint letter from Chehalis and Centralia, supporting Congresswoman Jaime Herrera Beutler's proposal to exclude any of the proposals with reference to protecting I-5.

Councilor Spahr moved to approve the letter and to have it signed by the entire council.

The motion was seconded by Councilor Pope and carried unanimously.

Councilor Dawes asked if there was anyway the state could shove a project through whether we like it or not. City Manager MacReynold suggested the state could set its own priorities. He reminded the council that, after the 2007 flood event, the Governor made several appearances in the area and repeatedly said she would not protect I-5 and do harm to the people in the surrounding communities, and to her credit she continues to stand by that.

Julie Balmelli-Powe, staff person for Congresswoman Herrera Beutler, talked briefly about the amendment that restricted any funds of the transportation bill to go towards the I-5 wall project. She noted the way it was worded it would have interfered with the money going towards I-5 projects between Blakeslee Junction and 13<sup>th</sup> Street. Ms. Balmelli-Powe reported the Congresswoman agreed to drop her amendment because the head of the committee agreed to work with her to re-write an amendment that can be put on the transportation bill at a later date. She noted the new amendment would be written with the help of the Washington State Department of Transportation and wouldn't interfere with any present projects.

d. Update on Chehalis Pool Grants. Mr. Nacht gave a brief update on the status of the pool grant application process. He noted the funding for the Land and Water Conservation Fund (LWCF) grant, that was apportioned by the transportation bill, was removed from the bill making one of the pots of money the city applied for unfunded. He noted the potential for the Washington Wildlife and Recreation Program grant through the Recreation Conservation Office was still there as far as he knew, and the \$250,000 committed by the Chehalis Foundation was still available as our local match. Mr. Nacht suggested if they were successful with two of the three funding sources the city could still get a good project out of it.

Mr. Nacht reported they were hopeful that the funding for the LWCF will be reinstated through some means, adding if that happens, they would continue with their three legged approach.

Councilor Pope asked if the information for the grant could be re-written for a private foundation. Mr. Nacht noted the applications the city is pursuing had to be done by a municipal entity; however, the source of the funding could be the Chehalis Foundation. He noted any other private funding sources would also be greatly welcome.

July 9, 2012

4. **Council Reports.**

a. **Update From Councilor Pope.** Councilor Pope reported there was a lot of effort and participation on the part of the community and members of the Lewis County Bowlers Association to install an automated external defibrillator (AED) at Fairway Lanes in Centralia. He noted during a brief discussion with the Fraternal Order of Eagles in Chehalis, they suggested if the Chehalis Fire Department participated in teaching a class at the Eagles they would receive a \$1,000 grant to put towards an AED for city hall. As a result of the well-attended class, the Eagles got their AED and the city received one as well. Councilor Pope noted the funds left over from the money raised for the AED at the bowling alley would be added to the grant money for the purchase of the city's AED.

Councilor Pope stated he would like to invite representatives from the Chehalis Eagles and the Lewis County Bowling Association to the next council meeting, to give them some recognition for their help in providing an AED for the city.

Police Chief Glenn Schaffer reported the AED did come in and was pretty much set up and ready to be installed. He thanked Councilor Pope for everything he did to help raise funds for the new AED and wall cabinet.

City Manager MacReynold reported the feedback he received was that the training provided by Fire Captain Rob Gebhart was exceptional.

b. **Update From Councilor Dawes.** Councilor Dawes reported he attended a Lewis County Historical Museum Board meeting on July 3, where Councilor Lund did a good job presenting the idea that, if there wasn't the assistance from Lewis County and the city, the doors at the museum would probably be closed because they don't take in enough money to operate. Councilor Dawes reported the new director was really strained with so much to do and was in need of some volunteers. He suggested if there was anyone out there looking for a place to volunteer, the museum be one to look into.

Councilor Dawes reported the museum had a couple of good fundraisers coming up: the Annual Blueberry Pancake Breakfast on July 28; and the Pioneer Pie Social on July 29.

Councilor Dawes reported one of the more important North Lewis County Regional Fire Authority Planning Committee meetings was coming up on July 18. He noted it will be one of their first looks at: what the preliminary costs will be; what liabilities may stay with the city; and what the model will look like.

c. **Update From Councilor Spahr.** Councilor Spahr reported he was able to run over to Summerfest in Centralia for a short time, noting they have a real nice program with a lot of neat things going on. He also attended the Annual Schwingfest in Francis, Washington, over the weekend, adding he had a wonderful time with all of his relatives.

5. **Ordinance No. 897-B, First Reading – Approving Interfund Loan Between the Water and Wastewater Funds.** Finance Manager Eva Lindgren reported the interfund loan was basically a stop-gap measure. She noted they addressed the loan and the anticipated additional loan in the budget amendment, which would be covered under Ordinance No. 896-B. Ms. Lindgren reported they were looking at loaning up to \$1.2 million to the wastewater fund from the water fund.

Ms. Lindgren reported the city currently had two sets of loan covenants: the state loan and the general obligation (GO) bond. She noted the GO bond covenant requires the city to keep it reserved until we spend the money, and the state loan covenant basically states we have to set aside and reserve a year's worth of debt service payment.

Ms. Lindgren reported the interfund loan the council was currently considering would keep them good for now, but advised that the city was going to have some pretty heavy debt service at the end of the year. She reported, in order to keep the costs down, they were breaking it up so the wastewater fund wasn't borrowing any more than it had to at this point.

Ms. Lindgren explained how she arrived at the interest rate, noting she got quotes for what the city would pay on a 3-year CD. She reported the city was required by law to pay, at a minimum, what the local government investment pool rate is. Ms. Lindgren believed the city should be good for the foreseeable future; however, in the event interest rates jump up dramatically, they would need to revisit the issue of the debt service schedule.

July 9, 2012

Councilor Lund asked why one entity was taking advantage of another with regard to the interest rate. Ms. Lindgren reported, since it was in-house, she was looking for the best rate. She asked if Councilor Lund was looking to see a higher rate and have the wastewater fund pay more. Councilor Lund suggested the rate Ms. Lindgren was proposing was not the same as what the rate would be for someone borrowing money from a bank, adding he just wanted to throw that out for consideration.

Councilor Lund reported he had concerns and didn't believe in loaning the money. He noted when times got tough he suggested we watch how we were running those two departments, and if we had been, perhaps we wouldn't have to borrow money now. Councilor Lund thought the city should be running the two utility departments like a business rather than spending the money however we want.

City Manager MacReynold responded to Councilor Lund's concerns, noting with support of the council, the city had not raised utility rates in approximately five years. He reported the city needs to have a certain number of people running the utilities, and didn't believe we were overstaffed in any of them. City Manager MacReynold suggested they have been running it like a business and continue to be responsible, but at the same time, recognizing we have some requirements based on the loans and the funds received from the state to build what is now a regional wastewater facility.

Ms. Lindgren reported the scheduled rate increases from the rate study were specifically set up to address the heavy debt service payment, noting over half of the wastewater budget is pure debt service.

Councilor Harris suggested a higher interest rate would only be passed on to the rate payers, adding it was the council who decided not to incrementally increase the rates for the last five years that got them to this point.

Councilor Dawes agreed, noting the council was the only ones who could have made those decisions. He stated he was under the impression that the interest rate used on an interfund loan had to be what the State Investment Pool was paying on their savings account. Ms. Lindgren reported the written guidance she received from the State Auditor's Office suggested the administration present an agreement to the council with an amortization schedule showing the payoff, but she could only do that if she knew what the rate was. She noted the CD rates were actually higher than the State Investment Pool.

Councilor Dawes stated he too was uncomfortable with the loan, but saw the need and would support it. He felt they were going to have some very tough decisions to make in the near future with regard to utility rates.

Councilor Pope stated he remembered the discussion they had regarding the incremental rate increases, noting they either did it then, or later, and it would be more painful if they did it later. He suggested the council needed to bite the bullet sometimes and do things on a regular schedule when they're supposed to be done.

Councilor Dawes moved that the council pass Ordinance No. 897-B on first reading.

The motion was seconded by Councilor Taylor and carried 6-1 with Councilor Lund voting against the motion.

**6. Ordinance No. 896-B, First Reading – Amending the 2012 Budget.** Ms. Lindgren reported the beginning fund balances ended up being better than what they originally budgeted for 2012. She noted even though the revenues were not quite as much as they had hoped, they were able to better the estimates because the departments were very careful with their budgets.

Ms. Lindgren reported the recent purchase of the 'used' street sweeper would be funded totally by the storm and surface water fund because it benefits that system. She noted she ran it by the State Auditor's Office first to make sure there would be no issues with funding it entirely through the one fund.

Councilor Harris moved to pass Ordinance No. 896-B on first reading.

The motion was seconded by Councilor Spahr and carried 6 to 1 with Councilor Lund voting against the motion.

There being no further business to come before the council, the meeting adjourned at 6:54 p.m.

July 9, 2012

\_\_\_\_\_  
Mayor

Attest:



\_\_\_\_\_  
City Clerk

**SUGGESTED MOTION**

I move that the council approve the minutes of the regular city council meeting of July 9, 2012.



**CITY OF CHEHALIS**  
**AGENDA REPORT**

DATE: July 13, 2012  
TO: The Honorable Mayor and City Council  
FROM: Eva Lindgren, Finance Manager   
PREPARED BY: Michelle White, Accounting Tech II   
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

Claim Vouchers No. 103541 through 103674 in the amount of \$217,463.17 dated July 13, 2012 and the transfer of \$71,120.01 from the General Fund, \$12.50 from the HUD Block Grant Fund, \$755.27 from the Automotive Equipment Reserve Fund, \$1,053.57 from the Garbage Fund, \$84,280.36 from the Wastewater Fund, \$52,232.79 from the Water Fund, \$4,168.82 from the Storm & Surface Water Utility Fund, and \$3,839.85 from the Firemen's Pension Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the July 13, 2012 Claim Vouchers No. 103541 through 103674 in the amount of \$217,463.17.

SUGGESTED MOTION

I move to approve the July 13, 2012 Claim Vouchers No. 103541 through 103674 in the amount of \$217,463.17.

Reviewed by: , City Manager

CITY OF CHEHALIS  
AGENDA REPORT

DATE: July 23, 2012  
TO: The Honorable Mayor and City Council  
FROM: Herta Fairbanks, Public Works Director  
Dave Vasilauskas, Water Superintendent  
SUBJECT: Bid Award – SE Prospect Watermain Replacement Project

ISSUE

Bids for Prospect Watermain Replacement were solicited and ten bids were received (attached). The administration seeks the council's approval to award the contract to the lowest responsible bidder.

DISCUSSION

Public Works, RB Engineering, and the City Clerk recently completed the bidding phase of the Prospect Street Watermain Replacement Project. This project is one phase of several necessary to replace old and under-sized watermain in this area. This phase will include replacement of approximately 1,500 feet of 4-inch and 6-inch cast iron watermain with 8-inch ductile iron watermain. It will also include main valves, water service connections and other appurtenances, as well as the installation of 2 new fire hydrants. The low bidder for this work is Iversen and Sons, Inc., of Rochester, Washington with a bid amount of \$205,505, which includes a 24% contingency. The contingency cannot be used until authorized by the city.

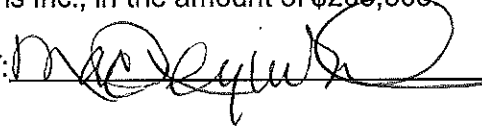
The engineering estimate for this project was \$251,205 including engineering. Funding is included in the Water Division budget adopted for 2012. The administration, along with the engineering firm, RB Engineering, reviewed the bid by Iversen and Sons, Inc, Rochester, Washington, and finds it to be the lowest reasonable and responsible bid.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the city council award the SE Prospect Street Watermain Replacement Project to Iversen and Sons Inc., Rochester, Washington, in the amount of \$205,505.

SUGGESTED MOTION

I move that the council award the SE Prospect Street Watermain Replacement Project to Iversen and Sons Inc., in the amount of \$205,505

REVIEWED BY:  \_\_\_\_\_, CITY MANAGER

**SE PROSPECT AVENUE WATER MAIN REPLACEMENT  
BIDDERS LIST**

**June 19**

**11:00 A.M.**

**Engineer Est. \$251,205**

<b>1. BC Balmelli Construction, Inc.</b>	<b>\$231,544.23</b>
<b>2. Nova Contracting, Inc.</b>	<b>\$248,195.90</b>
<b>3. Rognlin's Inc.</b>	<b>\$306,376.76</b>
<b>4. Baker Underground &amp; Construction</b>	<b>\$250,084.15</b>
<b>5. Iversen and Sons, Inc.</b>	<b>\$205,315.36 ALB</b>
<b>6. Pape &amp; Sons Construction, Inc.</b>	<b>\$247,789.65</b>
<b>7. The Kugel Corporation</b>	<b>\$274,672.35</b>
<b>8. Sterling Breen Crushing, Inc.</b>	<b>\$259,551.02</b>
<b>9. WC&amp;T, Inc.</b>	<b>\$295,485.23</b>
<b>10. George Gill, Construction</b>	<b>\$276,512.90</b>

Note: Sales tax was bid at 7.9%. (should be 8.0%)



July 17, 2012

Dave Vasilauskas, Water Division Superintendent  
City of Chehalis Public Works Department  
2007 NE Kresky Avenue  
Chehalis, WA 98532

Re: SE Prospect Street Water Main Replacement Project  
RBE No. 12002

Dear Dave:

We have contacted the references provided by Iversen and Sons, Inc. and all the feedback was positive for their past project work. Based on their bid and references we recommend the City award the contract for the SE Prospect Street Water Main Replacement Project to Iversen and Sons, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Balmelli", written over a light blue horizontal line.

Robert W. Balmelli PE  
President

Cc: Judy Schave – City Clerk via email

PO Box 923  
91 SW 13th Street  
Chehalis, WA 98532

Phone: (360) 740-8919  
Fax: (360) 740-8912  
www.RBEngineers.com  
CivilPros@RBEngineers.com

12002.7.17.12.Vasilauskas.ltr

CITY OF CHEHALIS  
AGENDA REPORT

DATE: July 17, 2012  
TO: The Honorable Mayor and City Council  
FROM: Glenn R. Schaffer, Chief of Police  
SUBJECT: Resolution No. 11-2012 - Surplus of City Property

ISSUE

The Chehalis Police Department has certain property that is no longer used or needed. State law requires that property must first be declared surplus by the city council before being sold, traded, or transferred to another agency.

DISCUSSION

At this time the Police Department has one vehicle that has been replaced due to the vehicle's age, mileage and condition. We would like to declare this vehicle surplus so it can be disposed of. The vehicle to be declared surplus is:

2006 Ford, Crown Victoria Vin # 2FAFP71W96X152571, License # 429992D

RECOMMENDATION / COUNCIL ACTION DESIRED

The administration recommends that the council adopt Resolution No. 11-2102 on first and final reading.

SUGGESTED MOTION

I move that the council adopt Resolution No. 11-2012 on first and final reading.

REVIEWED BY:  \_\_\_\_\_, City Manager

**RESOLUTION NO. 11-2012**

**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 SALE AND DISPOSITION THEREOF.**

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

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

1. 2006 Ford, Crown Victoria Vin # 2FAFP71W96X152571, License # 429992D

**Section 2.** The personal property described herein in 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 23<sup>rd</sup> day of July, 2012.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form and content:

\_\_\_\_\_  
City Attorney

**City of Chehalis**  
**Second Quarter Financial Statements - All Funds**  
**With Preliminary Actual Beginning Fund Balances**  
**June 30, 2012**

	General Fund #001		Arterial Street Fund #102		Tourism Fund #107		Compensated Abs. #110		CDBG Fund #195	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	768,697	828,989	4,443	26,808	60,023	73,255	4,036	4,045	21,987	21,725
Revs. & Transfers In	8,896,381	3,786,129	155,000	70,566	155,150	63,903	10	0	5,050	4,679
Exps. & Transfers Out	(8,939,316)	(3,660,672)	(155,626)	(46,483)	(175,200)	(34,821)	(4,046)	0	(6,500)	(6,232)
Ending Fund Balance	725,762	954,446	3,817	50,891	39,973	102,337	0	4,045	20,537	20,172

	HUD Fund #197		Gambling Enforcmt. #198		Federal & State Grant Fund #199		2011 G.O. Bond Fund #200		Public Fac. Res. #301	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	319,758	319,920	263,954	260,592	0	0	4,270	4,272	33,515	33,874
Revs. & Transfers In	600	4,034	500	70	2,194,322	19,378	94,560	47,280	50	22,901
Exps. & Transfers Out	(2,500)	(975)	(171,961)	(93,670)	(2,194,322)	(18,974)	(98,830)	(16,677)	(33,000)	(33,000)
Ending Fund Balance	317,858	322,979	92,493	166,992	0	404	0	34,875	565	23,775

	Auto/Equip. Res. #302		1st Qtr. REET Fund #305		2nd Qtr. REET Fund #306		Garbage Fund #402		Wastewater Fund #404	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	35,639	35,647	142,806	139,987	50,659	47,816	11,089	11,796	2,197,974	2,288,868
Revs. & Transfers In	33,000	33,000	35,200	10,818	35,075	10,443	6,500	5,763	3,439,749	1,783,403
Exps. & Transfers Out	(68,500)	(55,466)	(40,188)	(20,094)	(30,732)	(15,366)	(12,580)	(4,318)	(4,917,632)	(2,222,743)
Ending Fund Balance	139	13,181	137,818	130,711	55,002	42,893	5,009	13,241	720,091	1,849,528

	Water Fund #405		Storm/Surface Wtr. #406		Firemen's Pension #611		City Agency Fund #633		All Funds Totals	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Beginning Fund Balance	2,732,018	2,885,253	336,421	364,776	189,349	190,491	349,742	349,003	7,526,380	7,887,117
Revs. & Transfers In	2,486,633	1,165,480	408,280	210,724	157,100	86,975	0	0	18,103,160	7,325,546
Exps. & Transfers Out	(2,845,102)	(921,760)	(390,313)	(153,835)	(135,000)	(63,621)	0	0	(20,221,348)	(7,368,707)
Ending Fund Balance	2,373,549	3,128,973	354,388	421,665	211,449	213,845	349,742	349,003	5,408,192	7,843,956

Note: In some instances, ending fund balances include non-cash components, such as prepaid insurance and inventory. Resulting variances are considered immaterial.

To: The Honorable Mayor and Council  
 Via: Merlin MacReynold, City Manager  
 From: Eva K. Lindgren, Finance Manager  
 Date: July 17, 2012  
 Subject: Monthly Financial Reports for June

City of Chehalis  
 Comparative Financial Reports  
 June 2011 and 2012

GENERAL FUND (#001) REVENUES	A June 2011		B Actual	C=B/A		D June 2012		E Actual		F=E/D		G Expected % Rec'd*		H^ Var'nc frm Expected		I=F-G % Variance	
	Budget	%		Budget	%	Actual	%	Actual	%	Expected % Rec'd*	Var'nc frm Expected						
General Property Taxes	\$1,219,000	53.3%	\$649,460	53.3%	\$1,235,000	53.7%	\$663,687	53.7%	50.0%	\$46,187	50.0%	50.0%	3.7%				
EMS Property Taxes	233,000	53.4%	124,327	53.4%	236,000	53.8%	126,994	53.8%	50.0%	8,994	50.0%	50.0%	3.8%				
Sales & Use Tax	3,000,000	49.6%	1,487,509	49.6%	3,000,000	48.9%	1,467,927	48.9%	50.0%	(32,073)	50.0%	50.0%	-1.1%				
Electricity Tax	375,000	51.2%	192,109	51.2%	400,000	53.1%	212,283	53.1%	50.0%	12,283	50.0%	50.0%	3.1%				
Gas/Natural Gas Tax	253,000	56.8%	143,732	56.8%	290,000	57.1%	142,851	57.1%	50.0%	17,851	50.0%	50.0%	7.1%				
Criminal Justice Tax	92,000	45.0%	41,394	45.0%	88,000	47.9%	42,170	47.9%	50.0%	(1,830)	50.0%	50.0%	-2.1%				
Interfund Water/Sewer Tax	350,000	43.5%	152,394	43.5%	340,000	46.5%	158,014	46.5%	50.0%	(11,986)	50.0%	50.0%	-3.5%				
Garbage Tax	66,000	45.1%	29,295	45.1%	62,000	46.8%	28,998	46.8%	50.0%	(2,002)	50.0%	50.0%	-3.2%				
Cable Tax	80,000	57.2%	45,732	57.2%	92,000	50.0%	45,999	50.0%	50.0%	(1)	50.0%	50.0%	0.0%				
Telephone Tax	335,000	48.8%	163,412	48.8%	325,000	47.4%	154,082	47.4%	50.0%	(8,418)	50.0%	50.0%	-2.6%				
Leasehold Excise Tax	35,000	47.9%	16,766	47.9%	35,000	52.6%	18,403	52.6%	50.0%	903	50.0%	50.0%	2.6%				
Other Taxes	0	N/A	27	N/A	30	0.0%	0	0.0%	50.0%	(15)	50.0%	50.0%	-50.0%				
<b>Total Tax Revenues</b>	<b>6,037,000</b>	<b>50.5%</b>	<b>3,046,157</b>	<b>50.5%</b>	<b>6,063,030</b>	<b>50.5%</b>	<b>3,061,408</b>	<b>50.5%</b>	<b>50.0%</b>	<b>29,893</b>	<b>50.0%</b>	<b>50.0%</b>	<b>0.5%</b>				
Licenses & Permits	120,200	27.2%	32,658	27.2%	63,630	39.7%	25,237	39.7%	50.0%	(6,578)	50.0%	50.0%	-10.3%				
Intergov't Grants/Entitlements	337,414	40.6%	136,994	40.6%	643,765	20.6%	132,360	20.6%	50.0%	(189,523)	50.0%	50.0%	-29.4%				
Charges for Goods and Svcs.	779,094	386,533	49.6%	800,725	51.6%	413,414	51.6%	413,414	51.6%	13,052	50.0%	50.0%	1.6%				
Fines and Forfeitures	147,824	56.4%	83,402	56.4%	167,080	47.1%	78,757	47.1%	50.0%	(4,783)	50.0%	50.0%	-2.9%				
Interest Earnings	18,800	33.4%	6,274	33.4%	12,546	45.1%	5,654	45.1%	50.0%	(619)	50.0%	50.0%	-4.9%				
Rents & Royalties	64,200	54.5%	34,979	54.5%	71,422	40.7%	29,059	40.7%	50.0%	(6,652)	50.0%	50.0%	-9.3%				
Donations/Contributions	110,017	N/A	100,516	N/A	42,200	83.2%	35,113	83.2%	50.0%	14,013	50.0%	50.0%	33.2%				
Misc. Revenue/Insurance	3,500	101.6%	3,556	101.6%	3,100	102.7%	3,185	102.7%	50.0%	1,635	50.0%	50.0%	52.7%				
Non-Revenues	5,500	44.2%	2,430	44.2%	4,866	39.9%	1,942	39.9%	50.0%	(491)	50.0%	50.0%	-10.1%				
<b>Total Non-Tax Revenues</b>	<b>1,586,549</b>	<b>49.6%</b>	<b>787,342</b>	<b>49.6%</b>	<b>1,809,334</b>	<b>40.1%</b>	<b>724,721</b>	<b>40.1%</b>	<b>50.0%</b>	<b>(179,946)</b>	<b>50.0%</b>	<b>50.0%</b>	<b>-9.9%</b>				
Proceeds of Long-Term Debt	1,131,362	0.0%	0	0.0%	0	N/A	0	N/A	50.0%	0	50.0%	50.0%	N/A				
Operating Transfers-In	24,000	N/A	0	N/A	1,024,017	0.0%	0	0.0%	50.0%	(512,009)	50.0%	50.0%	-50.0%				
<b>Total Other Financing Sources</b>	<b>1,155,362</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1,024,017</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>50.0%</b>	<b>(512,009)</b>	<b>50.0%</b>	<b>50.0%</b>	<b>-50.0%</b>				
<b>TOTALS</b>	<b>\$8,778,911</b>	<b>43.7%</b>	<b>\$3,833,499</b>	<b>43.7%</b>	<b>\$8,896,381</b>	<b>42.6%</b>	<b>\$3,786,129</b>	<b>42.6%</b>	<b>50.0%</b>	<b>(\$662,062)</b>	<b>50.0%</b>	<b>50.0%</b>	<b>-7.4%</b>				

Key:  
 \* The expected percentage is calculated as follows: since the report is for the 6th month of the year, 6 is divided by 12-the number of months in the year.  
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 H=(D\*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)



**City of Chehalis  
Comparative Financial Reports  
June 2011 and 2012**

GENERAL FUND (#001) EXPENDITURES	A June 2011		B		C=B/A		D		E		F=E/D		G		H <sup>^</sup>		I=G-F	
	Budget	Actual	Budget	Actual	% Exp'd	Budget	Actual	% Exp'd	% Exp'd	Actual	% Exp'd	% Exp'd	Expected % Exp <sup>*</sup>	Var'nc frm Expected	% Variance			
City Council	\$101,063	\$46,551	\$100,319	\$48,263	46.1%	\$100,319	\$48,263	48.1%	50.0%	\$1,897	50.0%	50.0%	50.0%	\$1,897	1.9%			
Municipal Court	334,798	149,189	334,309	161,414	44.6%	334,309	161,414	48.3%	50.0%	5,741	50.0%	50.0%	50.0%	5,741	1.7%			
City Manager	323,204	159,679	338,840	167,082	49.4%	338,840	167,082	49.3%	50.0%	2,338	50.0%	50.0%	50.0%	2,338	0.7%			
Finance	317,680	152,863	319,776	160,613	48.1%	319,776	160,613	50.2%	50.0%	(725)	50.0%	50.0%	50.0%	(725)	-0.2%			
City Clerk	91,305	41,908	93,216	44,583	45.9%	93,216	44,583	47.8%	50.0%	2,025	50.0%	50.0%	50.0%	2,025	2.2%			
Non-Departmental	1,542,687	138,248	1,377,555	172,717	9.0%	1,377,555	172,717	12.5%	50.0%	516,061	50.0%	50.0%	50.0%	516,061	37.5%			
Human Resources	130,530	70,482	132,619	62,765	54.0%	132,619	62,765	47.3%	50.0%	3,545	50.0%	50.0%	50.0%	3,545	2.7%			
Police	2,269,433	1,075,387	2,346,053	1,101,520	47.4%	2,346,053	1,101,520	47.0%	50.0%	71,507	50.0%	50.0%	50.0%	71,507	3.0%			
Fire	1,766,840	862,799	1,727,813	853,196	48.8%	1,727,813	853,196	49.4%	50.0%	10,711	50.0%	50.0%	50.0%	10,711	0.6%			
Public Works - Streets	464,160	164,109	890,073	204,440	35.4%	890,073	204,440	23.0%	50.0%	240,597	50.0%	50.0%	50.0%	240,597	27.0%			
Public Works - Engineering	138,813	57,022	111,017	49,768	41.1%	111,017	49,768	44.8%	50.0%	5,741	50.0%	50.0%	50.0%	5,741	5.2%			
Community Development	1,218,672	643,422	1,167,726	634,311	52.8%	1,167,726	634,311	54.3%	50.0%	(50,448)	50.0%	50.0%	50.0%	(50,448)	-4.3%			
<b>TOTALS</b>	<b>8,699,185</b>	<b>3,561,659</b>	<b>8,939,316</b>	<b>3,660,672</b>	<b>40.9%</b>	<b>8,939,316</b>	<b>3,660,672</b>	<b>41.0%</b>	<b>50.0%</b>	<b>808,986</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>808,986</b>	<b>9.0%</b>			
<b>Net Budget/Income/Variance:</b>													<b>\$146,925</b>	<b>1.6%</b>				
													<b>(\$42,935)</b>					

Key:

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H=(D\*G) - E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

(1) WSDOT and TIB-funded street projects are pending.

(2) Operating transfers are dependent upon FEMA elevation activity. Transfers will be made out of Non-Departmental, as necessary, to provide adequate cash-flow for the project. These funds will be transferred back to the General Fund from the Federal and State Grant Fund when not required.

**City of Chehalis**  
**Comparative Financial Reports**  
**June 2011 and 2012**

	A		B		C=B/A		D		E		F=E/D		G		H^		I=F-G	
	Budget	June 2011 Actual	% Rec'd	Budget	June 2012 Actual	% Rec'd	Budget	June 2012 Actual	% Exp'd	Expected % Rec'd*	Var'nc frm Expected	% Exp'd	Expected % Rec'd*	Var'nc frm Expected	% Variance			
<b>WASTEWATER FUND (#404)</b>																		
<b>REVENUES</b>																		
Wastewater Fees	\$3,338,552	\$1,698,017	50.9%	\$3,404,344	\$1,743,941	51.2%			50.0%	\$41,769	1.2%							
Sewer Connection/Misc. Fees	35,000	13,129	37.5%	25,000	11,473	45.9%			50.0%	(1,027)	-4.1%							
Rentals	3,750	3,750	100.0%	3,750	3,323	88.6%			50.0%	1,448	38.6%							
Misc. Revenues/Insurance	2,500	1,923	76.9%	2,000	22,430	1121.5%			50.0%	21,430	1071.5%							
Interfund Principal Repayment	565,681	0	0.0%	0	0	N/A			50.0%	0	N/A							
Interest Earnings	16,000	4,472	28.0%	4,655	2,236	48.0%			50.0%	(92)	-2.0%							
<b>Totals:</b>	<b>\$3,961,483</b>	<b>\$1,721,291</b>	<b>43.5%</b>	<b>\$3,439,749</b>	<b>\$1,783,403</b>	<b>51.8%</b>			<b>50.0%</b>	<b>\$63,529</b>	<b>1.8%</b>							

	A		B		C=B/A		D		E		F=E/D		G		H^		I=G-F	
	Budget	June 2011 Actual	% Exp'd	Budget	June 2012 Actual	% Exp'd	Budget	June 2012 Actual	% Exp'd	Expected % Exp*	Var'nc frm Expected	% Exp'd	Expected % Exp*	Var'nc frm Expected	% Variance			
<b>WASTEWATER FUND (#404)</b>																		
<b>EXPENSES</b>																		
Operating Expenses	\$2,427,364	\$1,173,423	48.3%	\$2,532,028	\$1,257,731	49.7%			50.0%	50.0%	\$8,283	0.3%						
Capital Outlay	290,000	17,363	6.0%	650,000	39,474	6.1%			50.0%	50.0%	285,526	43.9%						
Debt Principal	1,685,894	864,682	51.3%	1,694,944	903,817	53.3%			50.0%	50.0%	(56,345)	-3.3%						
Interest Expense	50,166	26,640	53.1%	40,660	21,721	53.4%			50.0%	50.0%	(1,391)	-3.4%						
<b>Totals:</b>	<b>4,453,424</b>	<b>2,082,108</b>	<b>46.8%</b>	<b>4,917,632</b>	<b>2,222,743</b>	<b>45.2%</b>			<b>50.0%</b>	<b>50.0%</b>	<b>236,073</b>	<b>4.8%</b>						

Net Budget/Income/Variance: (\$491,941) (\$360,817) (\$1,477,883) (\$439,340) \$299,602 6.6%

Key:

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H=(D\*G) - E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

(1) Capital expenditures are not made evenly throughout the year.

**City of Chehalis**  
**Comparative Financial Reports**  
**June 2011 and 2012**

	A		B		C=B/A		D		E		F=E/D		G		H <sup>^</sup>		I=F-G	
	Budget	June 2011 Actual	% Rec'd	Budget	June 2012 Actual	% Rec'd	Budget	June 2012 Actual	% Rec'd	Expected % Rec'd*	Var'nc frm Expected	% Exp'd	Expected % Exp*	Var'nc frm Expected	% Variance			
<b>WATER FUND (#405)</b>																		
<b>REVENUES</b>																		
Water Sales	\$2,541,852	\$1,092,552	43.0%	\$2,456,633	\$1,135,496	46.2%	20,000	24,620	123.1%	50.0%	(\$92,821)	50.0%	50.0%	14,620	73.1%			
Water Connection/Misc. Fees	26,000	11,719	45.1%	0	0	N/A	0	0	N/A	50.0%	0	50.0%	50.0%	0	N/A			
Intergovernmental Revenues	14,520	14,520	N/A	0	0	0.0%	0	0	N/A	50.0%	0	50.0%	50.0%	0	N/A			
Interfund Principal Repayment	565,681	0	0.0%	10,000	1,753	N/A	0	1,753	N/A	50.0%	1,753	50.0%	50.0%	1,753	N/A			
Misc. Revenues/Insurance	0	812	N/A	3,611	3,611	36.1%	10,000	3,611	36.1%	50.0%	(1,389)	50.0%	50.0%	(1,389)	-13.9%			
Interest Earnings	16,000	5,626	35.2%	\$2,486,633	\$1,165,480	46.9%				50.0%	(\$77,837)	50.0%	50.0%	(\$77,837)	-3.1%			
Totals:	\$3,164,053	\$1,125,229	35.6%															

	A		B		C=B/A		D		E		F=E/D		G		H <sup>^</sup>		I=G-F	
	Budget	June 2011 Actual	% Exp'd	Budget	June 2012 Actual	% Exp'd	Budget	June 2012 Actual	% Exp'd	Expected % Exp*	Var'nc frm Expected	% Variance						
<b>WATER FUND (#405)</b>																		
<b>EXPENSES</b>																		
Operating Expenses	1,929,809	905,462	46.9%	1,900,894	845,146	44.5%	790,000	64,439	8.2%	50.0%	105,301	5.5%	50.0%	330,561	41.8%			
Capital Outlay	331,034	40,024	12.1%	130,077	8,000	6.2%	24,131	4,175	17.3%	50.0%	57,039	43.8%	50.0%	7,891	32.7%			
Debt Principal	129,077	8,000	6.2%	2,845,102	921,760	32.4%				50.0%	500,791	17.6%	50.0%					
Interest Expense	26,496	4,575	17.3%															
Totals:	2,416,416	958,061	39.6%															

Net Budget/Income/Variance: \$747,637 \$167,168 (\$358,469) \$243,720

Key:

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<sup>^</sup>To calculate the dollar variance between expected and actual expenditures, the following formula is used:

H=(D\*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

(1) Capital expenditures are not made evenly throughout the year.

City of Chehalis  
Comparative Financial Reports  
June 2011 and 2012

	A		B		C=B/A		D		E		F=E/D		G		H <sup>A</sup>		I=F-G	
	Budget	June 2011 Actual	Budget	Actual	% Rec'd	% Rec'd	Budget	June 2012 Actual	% Rec'd	% Rec'd*	Expected	Var'nc	Expected	Var'nc	Expected	Var'nc	%	Variance
<b>STORM FUND (#406)</b>																		
<b>REVENUES</b>																		
Storm & Surface Water Fees	\$401,500	\$201,267	\$407,780	\$202,786	50.1%	49.7%	0	5,477	N/A	50.0%	(1,104)	5,477	N/A	50.0%	(250)	2,461	-0.3%	N/A
Storm Connection/Misc. Fees	10,000	489	0	5,477	4.9%	N/A	500	0	0.0%	50.0%	0	0	0	50.0%	2,461	2,461	-50.0%	N/A
Interest Earnings	500	245	0	398	49.0%	N/A	0	2,461	N/A	50.0%	0	0	0	50.0%	2,461	2,461	N/A	N/A
Misc. Revenues/Insurance	0	398	\$408,280	\$210,724	49.1%	51.6%	0	2,461	N/A	50.0%	\$6,584	\$6,584	1.6%	50.0%	0	0	1.6%	1.6%
<b>Totals:</b>	<b>\$412,000</b>	<b>\$202,399</b>	<b>\$408,280</b>	<b>\$210,724</b>	<b>49.1%</b>	<b>51.6%</b>	<b>0</b>	<b>2,461</b>	<b>N/A</b>	<b>50.0%</b>	<b>\$6,584</b>	<b>\$6,584</b>	<b>1.6%</b>	<b>50.0%</b>	<b>0</b>	<b>0</b>	<b>1.6%</b>	<b>1.6%</b>

	A		B		C=B/A		D		E		F=E/D		G		H <sup>A</sup>		I=G-F	
	Budget	June 2011 Actual	Budget	Actual	% Exp'd	% Exp'd	Budget	June 2012 Actual	% Exp'd	% Exp*	Expected	Var'nc	Expected	Var'nc	Expected	Var'nc	%	Variance
<b>STORM FUND (#406)</b>																		
<b>EXPENSES</b>																		
Operating Expenses	\$363,139	\$142,940	\$358,897	\$153,835	39.4%	42.9%	31,416	0	0.0%	50.0%	\$25,614	15,708	7.1%	50.0%	15,708	15,708	50.0%	50.0%
Capital Outlay	0	0	0	0	N/A	0.0%	0	0	0.0%	50.0%	0	0	0.0%	50.0%	0	0	0.0%	0.0%
<b>Totals:</b>	<b>363,139</b>	<b>142,940</b>	<b>390,313</b>	<b>153,835</b>	<b>39.4%</b>	<b>39.4%</b>	<b>31,416</b>	<b>0</b>	<b>0.0%</b>	<b>50.0%</b>	<b>41,322</b>	<b>41,322</b>	<b>10.6%</b>	<b>50.0%</b>	<b>41,322</b>	<b>41,322</b>	<b>10.6%</b>	<b>10.6%</b>

Net Budget/Income/Variance: \$48,861 \$59,459 \$17,967 \$66,889

Key:

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 H=(D\*G) -E (i.e.(annual budgeted amount x expected % expended) - actual expenditures.)

RECOMMENDATION/COUNCIL ACTION DESIRED

This report is for the Council's information only. No action is necessary.

Reviewed by  City Manager

## City of Chehalis Sales & Use Tax Revenue

	Month-by-Month Comparisons							2012	% Chg.	Key
	2006	2007	2008	2009	2010	2011	2011			
January	264,552.49	303,003.96	338,775.84	311,681.25	242,158.24	255,550.11	239,905.57	-6.1%	1	
February	388,722.09	370,242.18	325,708.20	326,987.75	296,867.87	288,322.28	293,448.86	1.8%		
March	254,068.00	275,769.04	352,594.58	247,974.49	269,687.71	209,202.31	201,418.97	-3.7%		
April	246,106.89	262,854.70	323,886.70	245,182.86	223,636.27	211,769.41	229,146.29	8.2%	2	
May	350,778.11	309,705.17	366,700.91	255,481.63	246,998.74	269,316.42	250,189.48	-7.1%	3	
June	287,446.83	288,762.68	340,751.01	266,335.35	228,867.63	253,348.87	253,817.94	0.2%		
July	318,763.36	280,090.89	352,426.34	270,324.94	239,316.92	235,882.93				
August	331,608.32	367,841.64	416,021.47	276,851.50	268,052.83	264,592.08				
September	304,839.70	331,262.66	327,171.53	250,448.70	246,365.20	320,998.49				
October	327,097.48	353,302.89	305,787.51	345,695.15	260,630.19	245,472.95				
November	303,346.25	352,562.39	373,132.35	257,314.61	251,801.70	261,382.66				
December	322,768.97	314,120.78	194,375.82	234,399.17	241,368.04	233,191.67				
Inter-year adj.	-16,143.47									
Totals	3,683,955.02	3,809,518.98	4,017,332.26	3,288,677.40	3,015,751.34	3,049,030.18		N/A		
As of 6/XX:	1,791,674.41	1,810,337.73	2,048,417.24	1,653,643.33	1,508,216.46	1,487,509.40	1,467,927.11	-1.3%		
As of 2nd Qtr.:	1,791,674.41	1,810,337.73	2,048,417.24	1,653,643.33	1,508,216.46	1,487,509.40	1,467,927.11	-1.3%		

**Key:**

- 1 In 2011, taxes relating to "Health Care Social Assistance" category were over-stated. This year they were not, and most of the variance is attributable to this.
- 2 Net increase appears to primarily be the result of stable or increased revenues for many existing businesses and sales being reported for businesses which only generate sales sporadically. Did not note any significant audit adjustments during review.
- 3 For May 2011, \$16,860 in sales and use tax revenues were attributable to the tax amnesty program in effect at the time. The tax amnesty program was not in effect during 2012; the program stopped accepting payments after April 2011.

**CITY OF  
CHEHALIS  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council  
**FROM:** Eva Lindgren, Finance Manager  
**DATE:** July 18, 2012  
**SUBJECT:** Ordinance No. 897-B; Second and Final Reading – Interfund Loan

**ISSUE**

The Wastewater Fund needs to ensure compliance with reserve requirements imposed by state debt covenants.

**DISCUSSION**

As noted at the first reading of Ordinance 897-B, the proposed interfund loan is intended to keep the Wastewater Fund compliant with state debt covenants with the temporary funding to be provided by the Water Fund. It is the expectation that the results of the pending rate study will allow the payback of this loan in a timely manner, as scheduled in the attached amortization schedule.

The administration has drafted Ordinance 897-B in which the Water Fund will provide an interfund loan of \$250,000 to the Wastewater Fund.

The ordinance is presented for passage on the second of two required readings.

**RECOMMENDATION/COUNCIL ACTION DESIRED**

The Administration recommends that the council pass Ordinance No. 897-B on second and final reading.

**SUGGESTED MOTION**

I move that the council pass Ordinance No. 897-B on second and final reading.

Reviewed: , City Manager

**ORDINANCE NO. 897-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AUTHORIZING AN INTERFUND LOAN FROM THE WATER FUND FOR TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000.00) TO THE WASTEWATER FUND; PROVIDING FOR THE TERMS OF REPAYMENT; PROVIDING FOR THE INTEREST RATE; AND AUTHORIZING THE EXPENDITURE OF SAID FUNDS FOR THE OPERATION OF THE AFORE-NAMED FUNDS OF THE CITY.**

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO**

**ORDAIN AS FOLLOWS:**

**Section 1.** The city is authorized to transfer funds pursuant to an interfund loan from the Water Fund to the Wastewater Fund a total sum up to of Two Hundred Fifty Thousand and no/100 Dollars (\$250,000.00). Said funds shall be repaid annually from the Wastewater Fund over a period of three years in accordance with the attached amortization schedule (**Attachment A**). Interest on the loan shall accrue at the rate of .65% per annum, commencing on the date of this Ordinance.

**Section 2.** Said funds shall be available for use by the Wastewater Fund of the city.

**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 23<sup>rd</sup> day of July, 2012.

---

Mayor

Attest:

---

City Clerk

Approved as to form and for content:

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City Attorney, WSBA #8059



## ATTACHMENT A

### Water Fund Interfund Loan to Wastewater Fund

Loan Amount	\$250,000	Scheduled Payment*	\$84,419.01
Annual Interest Rate	0.65%	Scheduled Number of Payments	3
Loan Period in Years	3	Actual Number of Payments	3
Number of Payments per Year	1	Total Yearly Payments	0
Start date of Loan	7/31/2012	Total Interest	\$3,533.05
Optional Extra Payments	\$0		

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment*	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	10/1/2013	\$250,000.00	\$84,695.03	\$0.00	\$84,695.03	\$82,794.00	\$1,901.03	\$167,206.00
2	10/1/2014	\$167,206.00	\$84,419.01	\$0.00	\$84,419.01	\$83,332.17	\$1,086.84	\$83,873.83
3	10/1/2015	\$83,873.83	\$84,419.01	\$0.00	\$84,419.01	\$83,873.83	\$545.18	\$0.00
						<u>\$250,000.00</u>	<u>\$3,533.05</u>	

\*Scheduled Payment is larger for the first payment since it was deferred 14 months instead of 12 months. This deferral is used to accommodate Wastewater's cash flows.

**CITY OF CHEHALIS  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council  
**FROM:** Eva Lindgren, Finance Manager  
**DATE:** July 18, 2012  
**SUBJECT:** Budget Amendment Ordinance 896-B; Second Reading

**ISSUE**

Ordinance 896-B amending the 2012 Budget is hereby submitted to reflect the changes in estimates and the actual activity of the city. It is necessary to ensure compliance with appropriation requirements.

**DISCUSSION**

The attached spreadsheet provides detailed information on a line-by-line basis, as well as summary information of the proposed budget amendment.

Very few changes have been made to Ordinance 896-B as presented for its first reading;

- The total appropriations associated with the 3% pay increase were adjusted slightly for the General Fund to reflect calculation corrections.
- The City's firewall needs to be replaced upon short notice and funding for this is has increased the budget appropriations for the General Fund by \$1,100.

The administration has drafted Ordinance No. 896-B which results in city-wide net increases to both revenues and appropriations to the 2012 Budget for all the items listed above and attached. The net increases total \$1,380,916 and \$1,340,087 for revenues and transfers in; and expenditures and transfers out, respectively. The ordinance is presented for passage on the second of two required readings.

**RECOMMENDATION/COUNCIL ACTION DESIRED**

The Administration recommends that the council pass Ordinance No. 896-B, as amended, on second and final reading.

**SUGGESTED MOTION**

I move that the council pass Ordinance No. 896-B, as amended, on second and final reading.

Reviewed  \_\_\_\_\_ City Manager

**ORDINANCE NO. 896-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING THE ANNUAL BUDGET OF THE CITY FOR THE CALENDAR YEAR 2012, BY INCREASING APPROPRIATIONS OF THE GENERAL FUND IN THE SUM OF SEVENTY THOUSAND ONE HUNDRED AND TEN DOLLARS (\$70,110); THE FEDERAL AND STATE GRANT FUND IN THE SUM OF SEVENTEEN THOUSAND EIGHT HUNDRED AND NINETY-FOUR DOLLARS (\$17,894); THE PUBLIC FACILITY RESERVE FUND IN THE SUM OF TWENTY-TWO THOUSAND NINE HUNDRED AND ONE DOLLARS (\$22,901); THE WASTEWATER FUND IN THE SUM OF ONE THOUSAND SIX HUNDRED AND EIGHTY-TWO DOLLARS (\$1,682); THE WATER FUND IN THE SUM OF ONE MILLION TWO HUNDRED AND ONE THOUSAND FIVE HUNDRED AND FORTY-FOUR DOLLARS (\$1,201,544); AND THE STORM AND SURFACE WATER FUND IN THE SUM OF TWENTY-FIVE THOUSAND NINE HUNDRED AND FIFTY-SIX DOLLARS (\$25,956); MAKING THE CHANGES TO COMPENSATION SCHEDULES AND FULL TIME EQUIVALENCIES AS SPECIFIED BELOW; AND DIRECTING THE FINANCE MANAGER TO EFFECT THE BUDGET AMENDMENTS HEREIN PROVIDED.**

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

**Section 1.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the General Fund's estimated beginning fund balance to \$828,989; increase revenues by \$111,030; increase expenditures by \$65,444 and increase transfers out by \$4,666. The annual budget of the city for the calendar year 2012 shall be, and hereby is amended to increase appropriations of the General Fund in the sum of seventy thousand one hundred and ten dollars (\$70,110).

**Section 2.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the Arterial Street Fund's estimated beginning fund balance to \$26,808.

**Section 3.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the Tourism Fund's estimated beginning fund balance to \$73,255.

**Section 4.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the Housing and Urban Development Grant (HUD) Fund's

revenues by \$3,614.

**Section 5.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the Federal and State Grant Fund's revenues by \$13,228; increase transfers in by \$4,666; and increase expenditures by \$17,894. The annual budget of the city for the calendar year 2012 shall be, and hereby is amended to increase appropriations of the Federal and State Grant Fund in the sum of seventeen thousand eight hundred and ninety-four dollars (\$17,894).

**Section 6.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the Public Facility Reserve Fund's revenues by \$22,901; and increase expenditures by \$22,901. The annual budget of the city for the calendar year 2012 shall be, and hereby is amended to increase appropriations of the Public Facility Reserve Fund in the sum of twenty-two thousand nine hundred and one dollars (\$22,901).

**Section 7.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the Wastewater Fund's estimated beginning fund balance to \$2,288,868; increase revenues by \$1,220,000; and increase expenditures by \$1,682. The annual budget of the city for the calendar year 2012 shall be, and hereby is amended to increase appropriations of the Wastewater Fund in the sum of one thousand six hundred and eighty-two dollars (\$1,682).

**Section 8.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the Water Fund's estimated beginning fund balance to \$2,885,253; and increase expenditures by \$1,201,544. The annual budget of the city for the calendar year 2012 shall be, and hereby is amended to increase appropriations of the Water Fund in the sum of one million two hundred and one thousand five hundred and forty-four dollars (\$1,201,544).

**Section 9.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the Storm and Surface Water Fund's estimated beginning fund balance to \$364,776; increase revenues by \$5,477; and increase expenditures by \$25,956. The annual budget of the city for the calendar year 2012 shall be, and hereby is amended to increase appropriations of the Storm and Surface Water Fund in the sum of twenty-five thousand nine hundred and fifty-six dollars (\$25,956).

**Section 10.** Attached hereto and identified as Exhibit A, in summary form, are the total of estimated revenues, transfers in, expenditures, and transfers out for each separate fund and the aggregate totals for all such funds combined for the city for 2012 for the amended 2012 budget as well as the budget as amended by Ordinance No. 896-B. The Exhibit A, as amended, shows a total estimated ending fund balance of \$5,817,394.

**Section 11.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the full time equivalency (FTE) for the Fire Department Administrative Assistant position from 0.75FTE to 1.00 FTE, retroactively to March 25, 2012.

**Section 12.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to increase the wages and salaries of non-represented employees by 3%, effective June 25, 2012. Pay increases are included in this ordinance's increased appropriations.

**Section 13.** The annual budget of the city for the calendar year 2012 shall be, and the same hereby is, amended so as to decrease the wages of seasonal lifeguard employees for Step B and Step C to \$9.20 and \$9.66 per hour, respectively. No resulting changes to appropriations are included in this ordinance.

**PASSED** by the city council of the City of Chehalis, Washington, and **APPROVED** on its second reading by its mayor, at a regularly scheduled open public meeting thereof this 23rd day of July, 2012.

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Mayor

Attest:

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City Clerk

Approved as to form and content:

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City Attorney

**Exhibit A**  
**CITY OF CHEHALIS AMENDED 2012 BUDGET**  
**2012 Budget Summary - Revised with Ordinance 893-B**  
**All Funds**

<b>FUND NAME</b>	<b>Est. Beg. Fund Balance</b>	<b>Revenue</b>	<b>Operating Transfers In</b>	<b>Expenditures</b>	<b>Operating Transfers Out</b>	<b>Est. End. Fund Balance</b>
General Fund	768,697	7,872,364	1,024,017	7,891,659	1,047,657	725,762
Arterial Street Fund	4,443	155,000	0	155,626	0	3,817
Tourism Fund	60,023	155,150	0	175,200	0	39,973
Compensated Absence Fund	4,036	10	0	4,046	0	0
Community Dev. Block Grant Fund	21,987	5,050	0	6,500	0	20,537
HUD Block Grant Fund	319,758	600	0	2,500	0	317,858
Gambling Enforcement	263,954	500	0	171,961	0	92,493
Federal & State Grant Fund	0	1,170,305	1,024,017	1,170,305	1,024,017	0
2011 G.O. Bond Fund	4,270	0	94,560	98,830	0	0
Public Facilities Reserve Fund	33,515	50	0	0	33,000	565
Automotive/Equip. Res. Fund	35,639	0	33,000	68,500	0	139
1st Quarter REET Fund	142,806	35,200	0	0	40,188	137,818
2nd Quarter REET Fund	50,659	35,075	0	0	30,732	55,002
Wastewater Fund	2,197,974	3,439,749	0	4,917,632	0	720,091
Water Fund	2,732,018	2,486,633	0	2,845,102	0	2,373,549
Storm & Surface Water Fund	336,421	408,280	0	390,313	0	354,388
Garbage Fund	11,089	6,500	0	12,580	0	5,009
Firemen's Pension Fund	189,349	157,100	0	135,000	0	211,449
City Agency Fund	349,742	0	0	0	0	349,742
<b>TOTALS</b>	<b>7,526,380</b>	<b>15,927,566</b>	<b>2,175,594</b>	<b>18,045,754</b>	<b>2,175,594</b>	<b>5,408,192</b>

**CITY OF CHEHALIS AMENDED 2012 BUDGET**  
**2012 Budget Summary - Revised with Ordinance 896-B**  
**All Funds**

<b>FUND NAME</b>	<b>Est. Beg. Fund Balance</b>	<b>Revenue</b>	<b>Operating Transfers In</b>	<b>Expenditures</b>	<b>Operating Transfers Out</b>	<b>Est. End. Fund Balance</b>
General Fund	828,989	7,983,394	1,024,017	7,957,103	1,052,323	826,974
Arterial Street Fund	26,808	155,000	0	155,626	0	26,182
Tourism Fund	73,255	155,150	0	175,200	0	53,205
Compensated Absence Fund	4,036	10	0	4,046	0	0
Community Dev. Block Grant Fund	21,987	5,050	0	6,500	0	20,537
HUD Block Grant Fund	319,758	4,214	0	2,500	0	321,472
Gambling Enforcement	263,954	500	0	171,961	0	92,493
Federal & State Grant Fund	0	1,183,533	1,028,683	1,188,199	1,024,017	0
2011 G.O. Bond Fund	4,270	0	94,560	98,830	0	0
Public Facilities Reserve Fund	33,515	22,951	0	22,901	33,000	565
Automotive/Equip. Res. Fund	35,639	0	33,000	68,500	0	139
1st Quarter REET Fund	142,806	35,200	0	0	40,188	137,818
2nd Quarter REET Fund	50,659	35,075	0	0	30,732	55,002
Wastewater Fund	2,288,868	4,659,749	0	4,919,314	0	2,029,303
Water Fund	2,885,253	2,486,633	0	4,046,646	0	1,325,240
Storm & Surface Water Fund	364,776	413,757	0	416,269	0	362,264
Garbage Fund	11,089	6,500	0	12,580	0	5,009
Firemen's Pension Fund	189,349	157,100	0	135,000	0	211,449
City Agency Fund	349,742	0	0	0	0	349,742
<b>TOTALS</b>	<b>7,894,753</b>	<b>17,303,816</b>	<b>2,180,260</b>	<b>19,381,175</b>	<b>2,180,260</b>	<b>5,817,394</b>

City of Chehalis  
 2012 Budget Amendment No. 2 - Ordinance 896-B  
 Second Reading  
 7/18/12

Fund No. and Name	Acct. Name	Reason for Amendment	Incr/(Decr) Rev.	Incr/(Decr) Exp.	Net Increase/(Decrease) to Fund Balance
<b>Fund 001 - General Fund</b>					
001.338.022.03	Fire Prot. Svcs. - Green Hill	State catch-up payments to City	61,750		
001.334.006.91	Dept. of Labor and Industries	State Reimb. For light duty L&I	3,366		
001.333.020.60	WA Traffic Safety Comm.	Grant Receipts	1,126		
001.333.097.03	FEIMA 2007 Haz. Mitigation	Grant Receipts	3,303		
001.334.001.86	Mil. Dept. 2007 Haz. Mitig.	Grant Receipts	551		
001.336.006.94	Liquor Excise Tax	Sale of Liquor Stores - City's Share	5,000		
001.337.009.39	Distressed Counties Grant	DC-Market Blvd. Irrigation Grant	1,378		
001.367.012.00	Other Improvements	CD: DC-Market Blvd. Irrigation Grant		1,378	
001.367.012.00	Donation-Planning & Dev.	FEMA Mapping	34,156		
001.367.012.00	Donation-Planning & Dev.	One Voice Donations - Fish Study	400		
001.G1.519.090.41.00	Professional Svcs.	Non-Dept.: FEIMA Mapping		30,000	
001.G1.519.090.41.00	Professional Svcs.	Non-Dept.: Fish Study		400	
001.53.576.080.21.07	Benefits - Unemployment	CD: 1st Quarter Unemployment	6,411		
001.C1.523.020.21.07	Benefits - Unemployment	Court: 1st Quarter Unemployment	2,916		
001.C1.594.012.64.00	Equipment	Court: Metal Detector	5,157		
001.C1.512.0XX.41.00	Professional Svcs.	Court: Court Security Services	5,000		
001.G2.516.010.41.00	Professional Svcs.	HR: "Transfer" funding to Court	(5,000)		
001.G1.519.090.41.00	Professional Svcs.	Non-Dept.: Cingular Wireless Case	1,000		
001.G1.597.000.55.99	Transfer Out to Grt. Fund	Non-Dept.: DC Grt.- Visitor Signage Project	4,666		
001.E1.514.023.35.00	Small Tools & Equip.	Fin: Capital Asset Software	4,000		
001.E4.514.030.11.00	Wages	Clerk: Non-rep employee 3% raise	885		Coding split & reduction for 2nd reading
001.E4.514.030.21.00	Benefits	Clerk: Non-rep employee 3% raise	130		Coding split & reduction for 2nd reading
001.E1.514.023.11.00	Wages	Fin.: Non-rep employee 3% raise	1,221		Coding split & reduction for 2nd reading
001.E1.514.023.21.00	Benefits	Fin.: Non-rep employee 3% raise	180		Coding split & reduction for 2nd reading
001.53.558.010.11.00	Wages	CD: Non-rep employee 3% raise	1,282		Coding split & reduction for 2nd reading
001.53.558.010.21.00	Benefits	CD: Non-rep employee 3% raise	189		Coding split & reduction for 2nd reading
001.53.574.020.11.00	Wages	CD: Non-rep employee 3% raise	868		Coding split & reduction for 2nd reading
001.53.574.020.21.00	Benefits	CD: Non-rep employee 3% raise	128		Coding split & reduction for 2nd reading
001.11.522.010.11.00	Wages	FD: Non-rep employee 3% raise	1,282		Coding split & reduction for 2nd reading
001.11.522.010.21.00	Benefits	FD: Non-rep employee 3% raise	86		Coding split & reduction for 2nd reading
001.11.522.010.11.02	Wages	FD: Non-rep employee 3% raise	648		Coding split & reduction for 2nd reading
001.11.522.010.21.02	Benefits	FD: Non-rep employee 3% raise	95		Coding split & reduction for 2nd reading
001.H1.521.010.11.00	Wages	PD: Non-rep employee 3% raise	2,423		Coding split & reduction for 2nd reading
001.H1.521.010.21.00	Benefits	PD: Non-rep employee 3% raise	312		Coding split & reduction for 2nd reading
001.C1.512.050.11.00	Wages	CD: Non-rep employee 3% raise	868		Coding split & reduction for 2nd reading
001.C1.512.050.21.00	Benefits	Court: Non-rep employee 3% raise	128		Coding split & reduction for 2nd reading
001.K1.543.010.11.00	Wages	SL: Non-rep employee 3% raise	833		Coding split & reduction for 2nd reading
001.K1.543.010.21.00	Benefits	SL: Non-rep employee 3% raise	123		Coding split & reduction for 2nd reading
001.G2.516.010.11.00	Wages	HR: Non-rep employee 3% raise	1,221		Added for second reading
001.G2.516.010.21.00	Benefits	HR: Non-rep employee 3% raise	180		Added for second reading
001.G1.19.090.35.00	Small Tools & Equip.	Non-Dept.: New firewall	1,100		Added for second reading

City of Chehalis  
 2012 Budget Amendment No. 2 - Ordinance 896-B  
 Second Reading  
 7/18/12

Fund No. and Name	Acct. Name	Reason for Amendment	Incr/(Decr) Rev.	Incr/(Decr) Exp.	Net Increase/(Decrease) to Fund Balance
		Less Transfers	111,030	70,110	40,920 General Fund 001
		Net Revenues/Expenditures	111,030	(4,666)	
				65,444	
<b>Fund 197 - Housing and Urban Development (HUD) Fund</b>					
197.333.D97.03	FEMA 2007 Haz. Mitigation		3,098		
197.334.001.86	Mil. Dept. 2007 Haz. Mit.		516		
			3,614	0	3,614 HUD Fund 197
<b>Fund 199 - Federal and State Grant Fund</b>					
(1) 199.397.000.01	Transfer In - from GF	To cover balance of LC Grant	4,666		
199.337.009.38	Distressed Counties Grant	LC DC Gr.- Visitor Signage Project	13,228		
199.48.079.63.00	Other Improvements	LC DC Gr.- Visitor Signage Project	17,894	17,894	
			17,894	17,894	0 Fed. & State Grt. Fund 199
		Less Transfers	(4,666)		
		Net Revenues/Expenditures	13,228	17,894	
<b>Fund 301 - Public Facilities Reserve Fund</b>					
301.369.090.00	Other Misc. Rev. - St. Vacatio Sale of R.O.W.		22,901	22,901	
301.44.595.030.65.00	Roadway Construction	LAARC Roadway Expansion	22,901	22,901	0 Public Fac Fund 301
<b>Fund 404 - Wastewater Fund</b>					
404.395.020.00	Ins. Recovery-Cap. Assets	Insurance Payment	20,000		
(2) 404.381.010.05	Interfund Loan from Water	Three-year loan(s) pending rate chan	1,200,000		
404.11.535.010.11.00	Wages	Non-Rep. Employee 3% raise		1,466	Coding split for 2nd reading
404.11.535.010.21.00	Benefits	Non-Rep. Employee 3% raise		216	Coding split for 2nd reading
			1,220,000	1,682	1,218,318 Waste Wtr Fund 404
<b>Fund 405 - Water Fund</b>					
405.10.534.010.11.00	Wages	Non-Rep. Employee 3% raise		1,345	Coding split for 2nd reading
405.10.534.010.21.00	Benefits	Non-Rep. Employee 3% raise		199	Coding split for 2nd reading
(2) 405.10.581.010.XX.00	Interfund Loan to WW	Three-year loan(s) pending rate changes		1,200,000	
			0	1,201,544	(1,201,544) Water Fund 405
<b>Fund 406 - Storm and Surface Water Fund</b>					
406.379.000.00	Utility Hook Up/Connect	Chgs Underbudgeted Revenue Acct.			
406.06.538.031.11.00	Wages and Benefits	Non-Rep. Employee 3% raise	5,477		
406.06.538.031.21.00	Wages and Benefits	Non-Rep. Employee 3% raise		833	Coding split for 2nd reading
406.06.594.038.64.00	Machinery and Equipment	Used Street Sweeper		123	Coding split for 2nd reading
			5,477	25,000	
			1,380,916	25,956	(20,479) Storm Fund 406
			1,340,087		40,829 City-wide