

CITY OF CENTRALIA



State of the City ~ 2012

Mayor Bonnie Canaday

It is an honor and privilege to give this report. It is nice to be able to share some good news. While



the City of Centralia has had to tighten its belt, we are starting to see some promise of better days to come. Regardless of the downturn, the Departments in the City have found ways to keep moving forward.

We used approximately \$236,000 of reserves to balance the 2012 budget; we may also need to use some reserves to balance the 2013 budget. Our goal is to have a balanced budget, without the use of reserves, by 2014.

We have over 26% of the total budget in reserves; during 2011 we have seen a slow but steady improvement in revenue.

Growth that will improve our financial future: the Sports Complex, new business in the Historic downtown and Outlet Malls, growth of the Centralia Port and of course, the building of the new Event Center.

We continue to work with FEMA to raise structures out of the floodplain and purchase properties in the floodway. This helps reduce the costs when another flood happens.

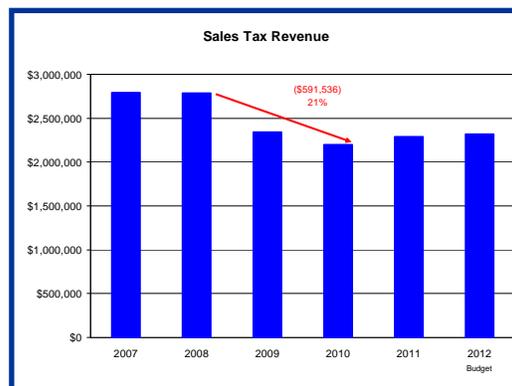
We are forming a committee of citizens to work on our street concerns; with funding being the biggest obstacle. Our goal is to have a plan in place in time for the 2013 budget.

In closing, I believe that Centralia has a great team in place with a vision for a brighter future.

CITY FINANCES

It is no secret to anyone that the economies at national, state and local levels have suffered extensively through the "Great Recession". The City of Centralia has not escaped the impacts of this economic downturn.

As general purpose unrestricted sales tax revenues decrease, it becomes increasingly difficult for the City to maintain desired service levels. Difficult decisions have been made over the past several years, eliminating and selectively reducing programs and services, primarily in the general fund. Sales Tax revenue is a primary indicator of economic health with the following graph illustrating the decline.



The utilities owned and operated by the City have been able to maintain necessary levels of service by increasing user fees.

While this may seem rather gloomy, circumstances are much worse for many cities throughout Washington. Cities, large and small alike, have been forced to make

wholesale cuts and have dangerously low levels of reserve cash.

Reserves

One of the most common indicators used to measure the fiscal health of a city is the amount of general fund cash reserves, also referred to as ending balance. Healthy reserves are maintained to ensure adequate cash flow, as a hedge against economic downturn, for unforeseen disasters and potential liabilities, for capital projects and to bolster credit worthiness.

The Government Finance Officers Association recommends that cities maintain, at a minimum, general fund reserves of no less than

two months (or 16%) of annual operating expenses. A survey conducted by the National League of Cities reflects the trend of cities being required to use reserves to fill budget gaps the last few years. In

2008, average cash reserves for cities nationwide was at a highpoint of 25.2%. In the three years since, reserves have dropped by nearly 40 percent to 15.4% in 2011.

Centralia has been averaging slightly above 25% total reserves in recent years. This is due to a conservative budgeting approach and

sound fiscal oversight by the current and previous City Councils.

However, as good as 25% might seem, needs within the community far exceed that amount. The Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) Plan 1 medical and long-term care benefits plus millions of dollars in needed street improvements alone would quickly wipe out existing reserves. Funding these needs remains a constant challenge for City representatives.

Outlook for the Future

The ability of the City to continue to provide adequate levels of service is dependent upon revenues stabilizing and hopefully improving. Sales tax revenue showed a slight improvement in 2011 following the severe decline in tax revenues in 2009 and 2010. Revenues largely leveled off in 2010 and actually showed slight improvement in 2011. There are other indicators nationwide that suggest slow but steady improvement.

Development of the Borst Park Sports Complex is one example of efforts underway to stimulate the local economy. Recent signs of activity in the Port of Centralia and new businesses in the historic downtown area and outlet mall are also encouraging. The ability of Centralia to sustain growth will be largely dependent on the economy as a whole.



Centralia Police Department



Activity / Function	2011
Calls for Service and Complaints:	22,627
Traffic Infraction Notices Issued:	1,178
Criminal Citations Issued:	1,044
Felony Arrests (non warrant):	508
Warrants Served/ Felony Misdemeanor	852
Summons Requests:	64
Juvenile Arrests and Referrals:	84
Traffic Collision Investigations/Reports:	518

The agency is a full service department, created and authorized under Chapter 2.15 of the Centralia Municipal Code. The authorized staffing level is 33 commissioned officers (1.98 officers per thousand), 6 limited commissioned officers (1 F/T - 5 P/T), and 6 civilian employees. The department has many volunteers, working in several departmental programs, including a force of 10 reserve police officers. The 2012 operating budget for the department is \$5.4 million (\$314 per capita).

The department is organized into two bureaus, Operations (patrol - including 2 K-9 teams, detectives, and special operations - including a FEMA Type III SWAT Team) and Services, each led by a police commander. Six sergeants supervise the work units within the Operations Bureau. CPD is also the emergency management agency for the city. CPD works out of two facilities; city hall and our CPD/RFA Joint

Training and Support (JTS) facility on Mellen Street.

The organization and activities of the department are based on a community policing philosophy which includes an aggressive enforcement approach to drugs, gangs and violent crimes, coupled with support of early intervention programs for children and youth, along with support for redirecting future public safety behavior. We believe

that this approach has contributed to a 44% decline in our crime rate since 2004.

The employees of the department believe that the four most significant accomplishments for the past three years have been:

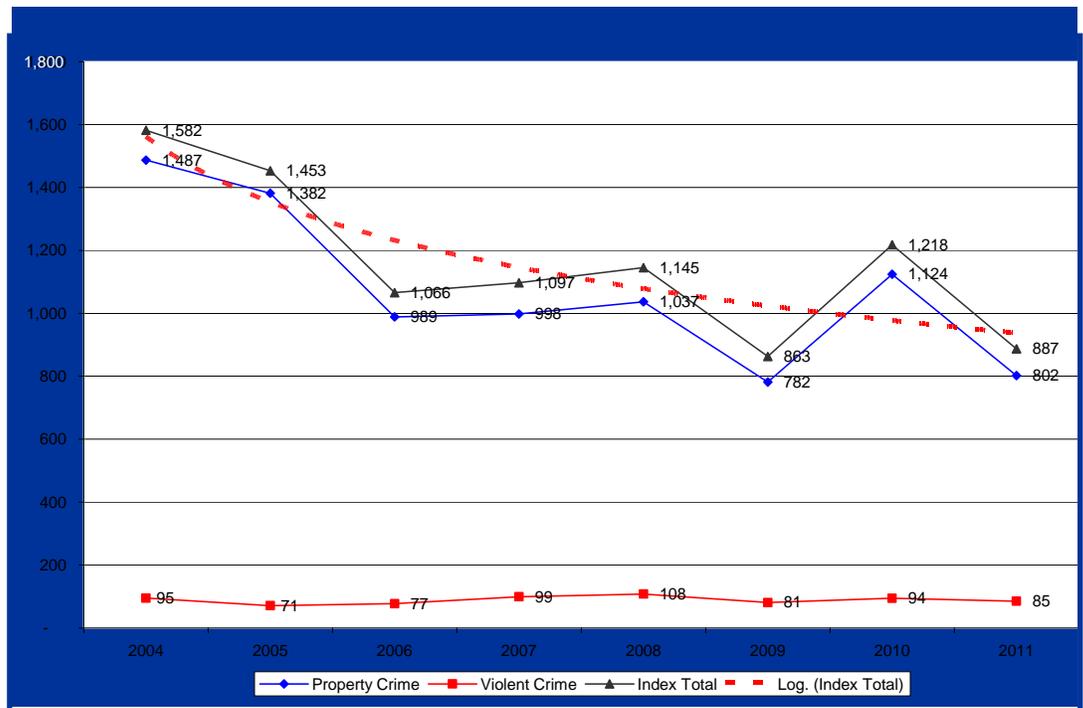
1. Staff professionalism and the public image of the department (exceptional people)
 2. Our community policing efforts and our relationships with other public safety agencies
 3. Our commitment to obtain up to date technology and proper equipment to do the job
- Our training program - skills retention & enhancement, and professional development

Present and future challenges as identified by

agency leadership include:

1. Financial/Budget issues facing the city - including keeping our current staffing levels
2. Staff succession planning - retirements anticipated in key positions within the agency
3. Keeping up with technology - some costs are being reduced, while others increase
4. Continued funding for training - department is one of the best trained agencies in southwest Washington. This commitment requires funding

As with all departments of city government, our biggest challenge and concern deals with preserving the gains that we as a department have made over the past five years.



Separation of Powers

CENTRALIA MUNICIPAL COURT

Background

What is the Court?

The Municipal Court is the judicial branch of government for the City of Centralia. The Court adjudicates misdemeanor, gross misdemeanor and civil infraction violations committed within the jurisdictional boundaries of the City of Centralia.

Separation of Powers

The City Council's role is analogous to that of the legislature in establishing local public policy; the City Manager heads the executive branch; the Court exercises judicial functions.

Knowing the Territory

- Basic Legal Guidelines for Washington City, County and Special Purpose District Officials.
- Municipal Research and Services Center
- Report No. 47, Revised November 2011
- City Council: Legislative Branch
- City Manager: Executive Branch

- Court: Judicial Branch

Total Cases Filed

2007	2,098
2008	3,246
2009	2,752
2010	2,696
2011: *information not finalized	

Comparison of Total Cases Filed for 2010

Lynden.....	1,659
Lake Frst Prk ..	2,429
Anacortes	2,126
Sunnyside.....	3,709
Centralia	2,696
Aberdeen	6,064
Monroe	2,946
Tumwater.....	3,930

Year to Date – 2012
Dockets held: 6
New Cases Filed: 274
Total Hearing Held 1,034

Current Issues and Challenges

Total Hearings Held
Total number of hearings held is a current issue. Year to date, there have been approx. 1,034 hearings held through 6 weeks of 2012. Averaged over 52 weeks, that is 8,961 hearings.

Suspended Licenses
Significant factor in total number of hearings held is number of people

who are charged with a violation related to a suspended driving license.

Future Issues and Challenges

Amnesty Program

Consider offering limited program to help those with outstanding traffic tickets and fines regain their driving licenses by waiving interest and a portion of collection costs if paid in full.

Video Arraignments and Hearings

Establish capability to conduct video arraignments and/or hearings with defendants in custody at Lewis County Jail, thereby: (1) greatly diminishing the necessity of transporting defendants; (2) re-

ducing the number of individuals present the courtroom; (3) increasing security for citizens, staff and parties.

Success Stories

Traffic Safety School

Program established by Centralia Police Department. Allows Court to present alternative to those receiving traffic related infractions.

Opportunities

Through technology, create greater access to relevant court information.

Create awareness of Court and its functions/role in our community.

Continue to fairly and impartially adjudicate issues before the Court.



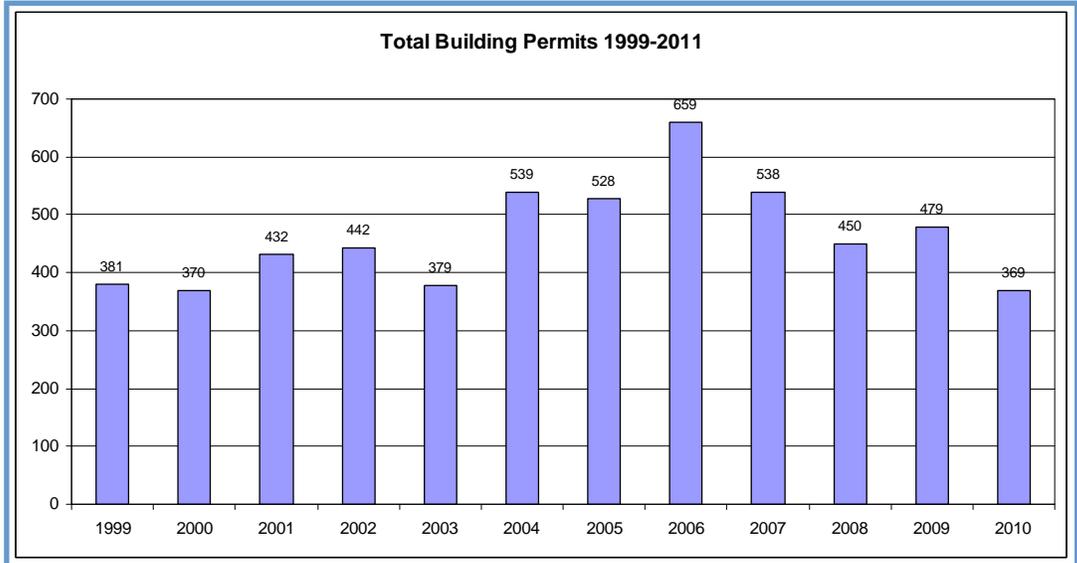
COMMUNITY DEVELOPMENT DEPARTMENT

Background

Community Development is comprised of four divisions (Building Inspections, Planning & Zoning, Building Maintenance, and Parks and Recreation). There are four full-time staff in Planning and Building and two full-time staff in Building Maintenance (cleaning). Parks has five full-time employees, one full-time PT and four part-time seasonal employees. Recreation has just one full-time employee and part-time recreational aides.

Planning and Building

The Planning & Zoning and Building divisions are considered need-based service work. Need-based service means to rely on customers to provide work/questions (planning projects, building permits). These divisions answer questions and ensure compliance with Federal, State, and City requirements that are necessary for development. Questions pertaining to critical areas (i.e. areas prone to flooding, wetlands, and shorelines), Growth Management (GMA), zoning regulations, and building requirements are the most common. These divisions also provide services during times of



natural disasters such as flooding, earthquakes and storm events.

Current Issues/Challenges

Planning/Zoning –

- * Closing out the FEMA grant for elevation and purchasing properties
- * Shoreline Master Plan due in 2013
- * Changes in the National Floodplain Insurance Program and FEMA floodplain maps
- * Historic Preservation in the downtown area
- * Building Inspections
- * Declining number of building permits
- * Computer tracking system is no longer supported

Future Issues/Challenges

Planning/Zoning –

- * Shoreline Master Plan due in 2013
- * Changes in the National Floodplain Insurance Program (NFIP) could reduce our Community Rating System (CRS)
- * Changes in the FEMA floodplain maps will affect where the City's floodplain and floodways are located
- * Expansion or reduction of Urban Growth Areas
- * Reduction in the number of development permits

Building Inspections

Declining number of building permits

Building Maintenance

- * Condition of the HVAC systems, roofs, interiors (painting and car-

pets) and exteriors of the buildings especially the Historic Train Depot, Library, and City Hall

Success Stories

Planning/Zoning –

- * Successful Historic Preservation Action (work) Plan and the Historic Preservation Facebook page
- * Completion of the FEMA Hazard Mitigation Grant Acquisition Project – 3 properties

Opportunities

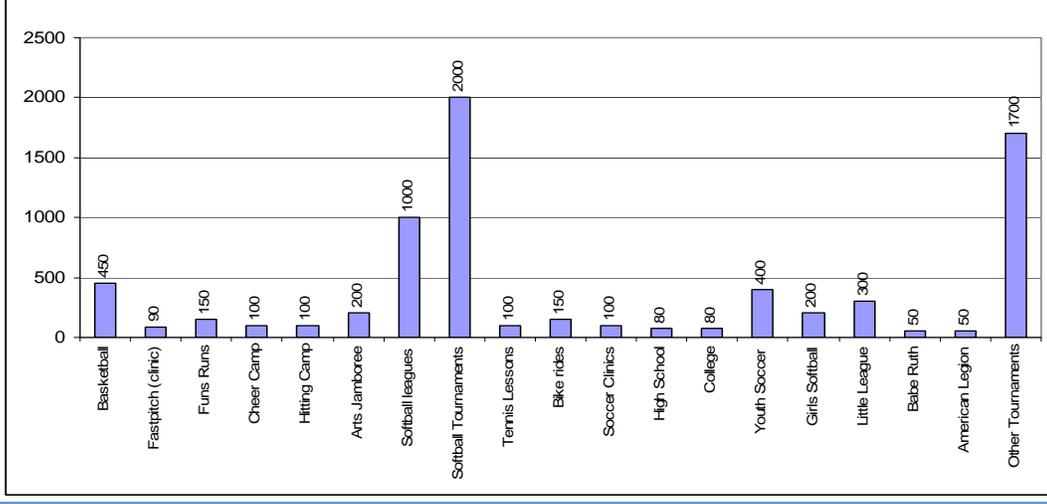
Planning/Zoning –

- * Historic Preservation Month in May
- * Historic Preservation Plan approved by the City Council.
- * Creation of a partnership with Lewis County to share the cost and the oversight of the development of the Shoreline Plan due in 2013.



PARKS & RECREATION DEPARTMENT

The Number of Recreation Participants by Activity



The City owns approximately 240 acres in parks and open space with 5 main parks – Fort Borst Park, Washington Park, Riverside Park, Washington Cemetery, and Seminary Hill. The Parks maintenance crew also maintains the grounds, exterior, and HVAC systems for the following buildings: City Hall, Train Depot, Historic Borst Home, One-room School, Library, community kitchens (2), picnic shelters (2), Parks Building, 3-restroom facilities, 3-concession stands, Wheeler Field, Wheeler batting cage and the outdoor pool. The Parks crew also prepares and maintains the following fields: Wheeler Field, Borst Softball Complex (4), Sports Complex fields (8), Little League fields (2), and soccer fields (5+).

Responsibilities:

Parks: Maintain all facilities (buildings, playing fields, and other facilities) to a level that is safe and acceptable for public use, will not affect future budgets through a lack of maintenance, and not discourage economic development opportunities.

Recreation: organize, schedule, and host events (leagues, tournaments for youth and adults in the community to improve their quality of life. Organize and hold special events – Tree Lighting ceremony (1,000+ users), Summerfest (2000+ users), Arts Jamboree, ASA, Invitational, school softball tournaments (2,000 users), and bike rides. Recreation works with over 7,300 youth and adults in recreation opportunities within the community.

Current Issues/Challenges:

- Difficult to stay up with

routine maintenance and projects

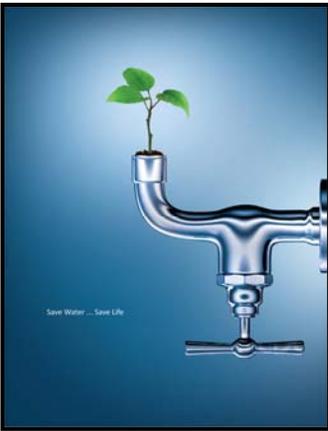
- Reduction in staff and funding
- Concessions in the Sports Complex
- Restroom facilities at the south end of Borst Park
- **Future Issues/Challenges**
- The poor condition of parking lot by Wheeler field and Pioneer Way
- Indoor and Outdoor swimming pools (age, condition, and funding)



Success Stories:

- Sports Complex – 1st year holding tournaments saw an uptick in hotel/motel usage and positive feedback from retail establishments about the number of people coming into their businesses from the tournaments.
- Borst Park Lights – 1st year of the Borst Park lights saw over 5,000 people visit the park to see the lights.
- Remodeling of the Parks building (siding and roof). Partnered with Thorbecke's to lease space for a three (3) year time-frame and used the money to remodel the outside of the building along with FEMA flood funds. In addition, Borst Construction funds to create a large conference room to be used by the different sports groups.
- **Opportunities**
- Utilization of the sports complex and other sports facilities to bring additional sports and users into the area; turf the infield of Wheeler Field for baseball; reshaping of Field 5 to match other ball fields; turf the infield of Field 5 for softball and make improvements on the Pioneer and Stevens soccer fields – field and sprinkler system reconfiguration
- Working with soccer clubs to design and construct a dedicated soccer field
- Work with agency partners toward the completion of the Lewis County Event Center in Fort Borst Park.

CITY WATER DEPARTMENT



On June 3, 1890 the City of Centralia passed the first ordinance related to water granting A. J. Miller the right and "privilege (sic)" of erecting and maintaining water works within the City of Centralia for the purpose of conveying and distributing a supply of "pure and wholesome water" for the City and its inhabitants for a term of twenty years. Rates were set at \$1.25 for a family of six or less and there were individual rates for each private bath tub, wash basin, urinal and "water closet". The City acquired a private system in 1913 using the Skookumchuck River as the source.

This source was abandoned in 1914 for a Ne-waukum River source which was used until 1993 when massive landslides in the Ne-waukum watershed and new surface water regulations led the City to rely completely on groundwater wells.

In June 1984 the Water

Department purchased the Cooks Hill Water System. The old reservoir was replaced with a 128 foot tall 760,000 gallon reservoir in 2005. In July 1993 the Water Department took possession of Seminary Hill and Ham Hill Water Systems.

Today Centralia provides water to over 16,000 customers from three primary sources: the Fords Prairie well, the Eshom Well and the Tennis Court well. This water is distributed through 124 miles of pipe to over 6,500 homes and businesses in the City.

Annually, Centralia tests for more than 100 possible contaminants at our water supply sources. None have exceeded any State and Federal limits. A copy of this report is available on the City of Centralia website www.cityofcentralia.com under Departments/ Public Works/Water.

The average daily demand in Centralia today is 3.33 million gallons per day (mgd) with a maximum daily requirement of 5.70 mgd. Based upon population growth estimates the 20-year forecast (2031) is for an average daily demand of 6.12 mgd and a maximum daily demand of 9.38 mgd. If population growth is

close to the 20-year projection the City has sufficient water rights to satisfy the demand through 2031 but will need to find additional sources of water to meet projected needs sometime after that.

The City has five reservoirs with a total of just over eight million gallons of water storage. The requirement to meet fire fighting flows is the biggest factor used to determine the size of the water reser-

voirs and water mains. This directly affects the cost of the system and future needs.

In 2004 the Centralia Water Department began replacing all of the 6,500 old water meters that had to be opened and read individually by a person with new meters that could be read by someone driving by in a pickup truck with a computer. That transition is almost complete. Now we can now read all the meters in a day instead of two weeks.

Centralia wins 2008, 2010 & 2011 Water Taste Test!

Chehalis Basin Watershed Festival Water Taste Test

2008 was the first year that the Chehalis Basin Partnership sponsored a "fun", non-scientific drinking water taste test. The test was held at a booth during the Watershed Festival at Rotary Park in Aberdeen. Water was collected in insulated, plastic, 5-gallon containers from 5 of the Chehalis Basin cities. The containers were labeled A,B,C,D,E, so taste testers did not know which city's water they were drinking. After the votes were counted, the City of Centralia was the winner three out of four years!



CITY WASTEWATER DEPARTMENT

Centralia's sanitary sewer history is a long one; here is an overview.

1891 - Sewer tax

1907 - Special election on funding a sewer system

1908 - Local Improvement District (LID) 7 formed to extend sewer

1908 - Regulating and requiring sewer connections

1924 - Residents of the easterly and southerly parts of the City of Centralia repeatedly petitioned the Commission "for relief from the unsanitary conditions that now prevail..."

1950 - Authorizing the first wastewater treatment facility at Mellen Street

1952 - Sewer installation in the Logan District

Fast forward to 2004 when the City dedicated its new wastewater treatment plant (WWTP) located on Goodrich Road. In 1950 treatment consisted of screening and grit removal, removal of particulates in primary and secondary clarifiers and chlorination before discharge to the river. Today we still screen to remove grit, rags and anything else bigger than a grain of sand, but that is followed by approxi-

mately 5-16 days of bacterial digestion in a controlled environment, removal of particulates in secondary clarifiers and disinfection using ultra-violet light. The end result is water as clear as drinking water.

Centralia currently treats an average of one million gallons of wastewater per day in the dry season. During the wet winter months this can increase to six or seven million gallons per day because ground water levels rise and it seeps into old leaky sewer pipes. Wastewater staff maintain 26 sanitary sewer pump stations used in low or flat areas of town and over 65 miles of sanitary sewer pipe.

Our biggest wastewater challenges are:

- The cost of electrical power and the raw materials necessary for our treatment process continue to climb.
- Regulatory requirements keep getting more and more stringent.
- Chemicals such as prescription drugs, hormones and caffeine are not removed by the treatment process. There is growing evidence that these chemicals are harmful to aquatic life. The solution – more expensive treatment and applying the finished

product to land rather than the Chehalis River so soil bacteria can break the chemicals down.

- The cost of replacing old leaky sewer pipe and the disruption caused by the construction.
- The cost of building new sewer service into areas that currently do not have sewer service. This cost is typically paid by developers and favors more dense development to cover the cost.
- Reinforcing the river bank where the force mains that go to the WWTP are located to prevent major contamination in the Chehalis River and a sudden loss of treatment.
- Planning for transition as older employees retire.
- WWTP is now eight years old and will start showing its age. Maintenance costs will start to rise as time goes on.

- Training staff to perform work that is currently contracted out. This increases our ability to respond quickly to unforeseen events and can actually be less expensive.

Centralia is currently in the middle of a two-year \$5.6 million dollar sewer replacement project that will replace over 2 miles of old leaky sewer pipe and 140 side sewers to individual homes. A map of the project is available at the City of Centralia website

www.cityofcentralia.com under Departments/ Public Works/ Engineering.

Centralia currently serves over 6,300 residential and commercial addresses and has plenty of room at the wastewater treatment facility for future expansion.



STORMWATER DEPARTMENT

Stormwater starts when rain picks up pollutants from streets, sidewalks, and lawns. If it quickly drains into our streams and wetlands without any treatment to remove pollutants people, fish and animals can be harmed. Too much runoff at once can cause streams to overflow causing localized flooding that damages stream banks and property.

The City of Centralia formed a Stormwater Utility by ordinance in 2004 declaring that "absent effective maintenance, operation, regulation and control, existing storm and surface water drainage conditions in all drainage basins within the City constitute a potential hazard to the health, safety and general welfare of the City. The utility will have authority and responsibility for planning, design, construction, maintenance, administration and operation of all City stormwater conveyances and facilities." Stormwater rates were established in 2004 at \$6.00 per parcel and adjusted in 2005 to reflect the amount of impervious surface on a parcel and type of storm water controls applied before discharge to the City's stormwater system.

A Stormwater Management plan was approved by the City Council in 2007. Around the same time Centralia fell under the mandatory State Department of Ecology Phase 2 Stormwater Permit due to its population. This five-year permit lists 94 actions Centralia is

required to complete and deadlines for completing them. Our current permit is good through February 2012.

Centralia's stormwater infrastructure within the City and its urban growth area consists of 34 miles of curbs and gutters, 14 miles of gravel shoulders, approximately 22 culverts, 23 miles of stormwater conveyance pipe, 1,800 catch basins, 59 drywells, 492 manholes, 66 retention/detention stormwater facilities, 43 underground stormwater facilities, 307 private water quality facilities, 58 outlets and 2,500 feet of ditch.

Management of the City's stormwater program has evolved over time. Initially it was under the Assistant Utility Director, then a Stormwater Permit Manager. Today the Stormwater program has been merged into a combined Street and Stormwater Department to improve efficiency.

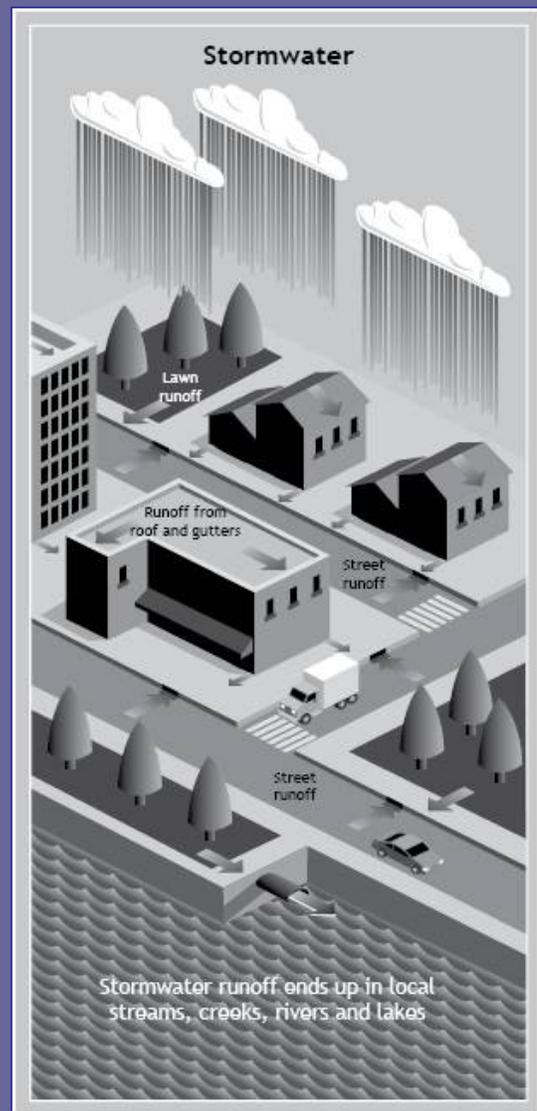
Centralia formed a Stream Team as part of its stormwater education requirements under the Phase 2 Permit, providing an opportunity for volunteers to clean up creeks and plant trees along City waterways. To date the Stream Team has held approximately 24 events, removing 4.53 tons of debris from creeks and planting more than 300 trees that will eventually provide shade.

Centralia has received more than \$400,000 in state stormwater funds to help with program implementation. These funds

have paid for development of the Stormwater Management Plan, stormwater staff, a stormwater treatment effectiveness study and Stream Team activities.

The biggest stormwater challenges the City faces are the age of the existing stormwater drainage system, the lack of stormwater drainage systems in many areas of Centralia and continuously increasing requirements under

each 5-year Phase 2 Stormwater Permit. This includes a requirement to incorporate low impact development practices and inspection of stormwater pollution prevention practices on all future development sites regardless of size and potential stormwater monitoring. A new 5-year State Department of Ecology Phase 2 Stormwater Permit is scheduled to be released in 2013.



Courtesy of AWC "State of the Cities 2011"

CENTRALIA CITY LIGHT

The City Light Department dates back to 1895 when the City purchased the local distribution system from a private company. Service territory consists of a 35 square mile area, including the entire City and the immediate outlying area.

The Electric System serves approximately 9,930 electrical customers

In 1929, the citizens of the City voted to undertake the construction of a hydroelectric facility along the Nisqually River located in Thurston County, about 30 miles north of the City (the "Yelm Generating Facility"). In 1955, the capacity of the Yelm Generating Facility was doubled

with the addition of a third generator. The Yelm Generating Facility is comprised of a diversion dam, hydro canal and generating facility.

In 2009, 25% of the City's power was supplied from the City's Yelm Generating Facility and 75% was supplied from Bonneville Power Administration.

Current Issues:

- Implementing design software for customer connections and documentation updates,
- Repairing turbines and generators at Yelm,
- Improving customer feedback for outages, bill information, and electric usage,

- Expanding use of our pre-pay system and managing the customer collections and billing process,
- Determining best use of our remaining bond monies for system improvements,
- Managing our rate structure to best represent the costs of the new 17-year BPA contract to our customers while protecting current customers against large rate increases,
- Continuing with aggressive pole replacement and vegetation removal to improve our system reliability and reduce outages for our customers.

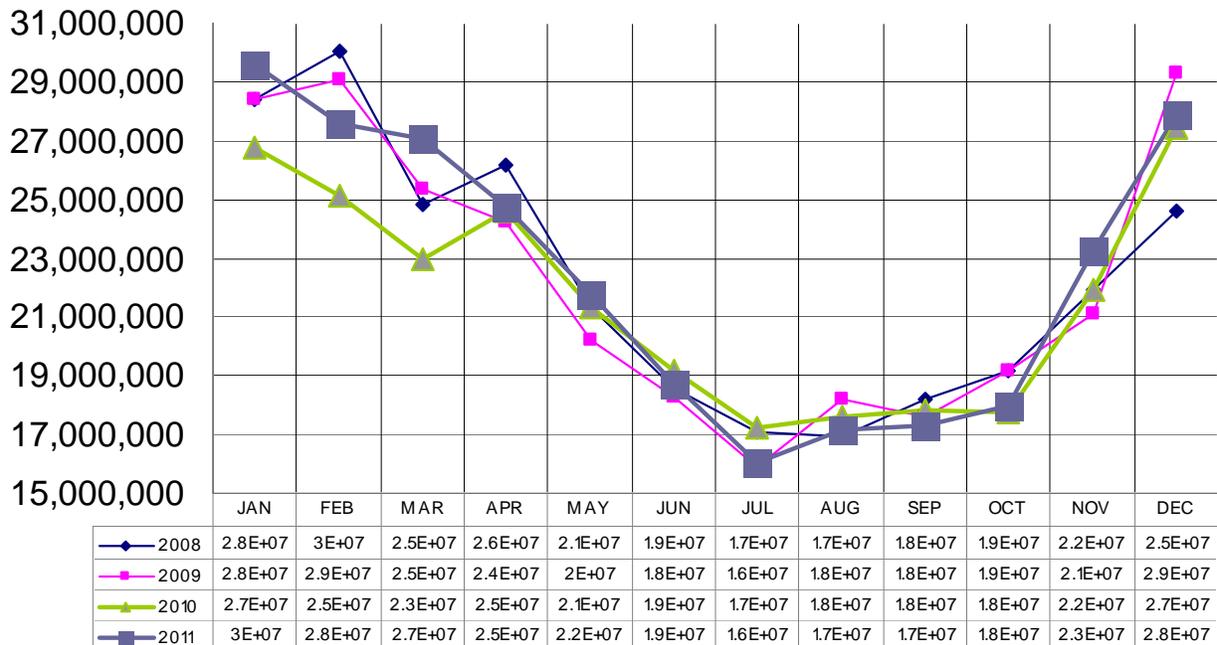
Future Issues:

- Maintaining low rates while providing excellent customer service,
- Preparing for BPA voltage upgrade to 115 kV on the transmission system,
- Rehabilitation of an aging hydro plant.

Opportunities:

- Avoid staff increases by increased professional training and more sophisticated use of computers and our improved network communications,
- Increase generation at Yelm Generating Facility by increasing canal capacity.

Energy Consumed (kWh)



STATE OF THE CITY ~ 2012

