

**City of South Bend
Council Meeting
Monday, August 26, 2019 @ 5:30 pm
Council Chambers
1102 W. First Street, South Bend, WA**

1. Call to Order
2. Pledge of Allegiance
3. Approval of Agenda and Consent Agenda
Approval of Minutes: *August 12, 2019 Regular Meeting*
4. Correspondence
5. *Resolution #2019-05 – Legislation to Authorize a Sales and Use Tax for Affordable Housing (Action)*
6. Items from the Public ***(3 Minute Limit)***
7. Department Head Reports:
 - i) Police Chief Eastham
 - ii) City Supervisor Houk
 - iii) Clerk/Treasurer Roberts
 - iv) Fire Department
8. Mayor's Report
9. Council Comments
10. Adjournment

The City of South Bend strives to provide access and services to all members of the public. Please notify the City at least 48 hours prior to an event if reasonable accommodations are needed.

NOTICE – All proceedings of this meeting are sound recorded
Except Executive Sessions.

Next Regular Meeting: Monday, September 9, 2019 @ 5:30 PM

South Bend Council Meeting

Monday, August 26, 2019, 2019

CONSENT AGENDA

1. Approval of Vendor Checks

Vendors – Check #45250 thru Check #45273 - \$299,494.79 Including EFT Payments

08/26/19

VENDOR	AMOUNT	
45250 A&M Auto Body, Inc. (Hand Pay)	\$ 1,526.04	Repair/Maintenance - Fire Dept
45251 ALS Group USA Corp	\$ 60.00	Water Samples
45252 Bank of the Pacific	\$ 38.10	Monthly Interest on Interim Financing - Water Treatment Plant
45253 Chinook Observer	\$ 138.60	Police Dept
45254 Cook Security Group, Inc.	\$ 1,116.02	Repair/Maintenance - City Hall
45255 Day Wireless Systems	\$ 2,994.37	Capital Outlay - Fire Dept
45256 Evoqua Water Technologies	\$ 54,694.55	Pay Estimate #1 - WTP Upgrades (USDA RD Funded)
45257 Fastenal	\$ 20.99	Operating Supplies - Water Fund
45258 Grays Harbor County Dept of Public Services	\$ 108.00	Water Samples
45259 Hach	\$ 743.67	Operating Supplies - Water Fund
45260 JCI Jones Chemicals, Inc.	\$ 1,030.36	Operating Supplies - Water/Sewer Fund
45261 Jonathan Quittner	\$ 775.00	Municipal Court Public Defender - August 2019
45262 M & M Control Service, Inc.	\$ 303.02	Operating Supplies - Water Fund
45263 Oregon Corrections Enterprises	\$ 179.00	Operating Supplies - Streets \$83.00 and Docks \$96.00
45264 Pacific County Auditor - Election Reserve Fund	\$ 8,082.79	2019 Election Costs
45265 Rognlin's, Inc.	\$ 223,994.31	Pay Estimate #2 - TIB Project
EFT Pay Smarsh - EFT Pay	\$ 345.40	Monthly Archiving
45266 South Bend Boat Shop, LLC	\$ 243.23	Operating Supplies - Sewer Fund
45267 South Bend Utilities	\$ 57.93	Utility Deposit Refund
45268 South Bend Utilities	\$ 200.00	Utility Deposit Refund
45269 Steve's Front End & Brake, Inc.	\$ 644.42	Repair/Maintenance - Water/Sewer Fund
45270 TMG Services	\$ 447.86	Repair/Maintenance - Water Fund
45271 Vision Forms LLC	\$ 694.53	Statement Automation - August
45272 William Penoyar	\$ 830.00	Municipal Court Prosecutor - August 2019
45273 Zee Medical Services	\$ 226.60	Operating Supplies - City Hall \$59.84 and Public Works \$166.76
TOTAL	\$ 299,494.79	

Mayor Julie K. Struck

Mayor Struck

L.D. Houk

City Supervisor Houk

Chief 2019

Police Chief Eastham

**CITY OF SOUTH BEND
COUNCIL MEETING – 08/12/19**

1-2. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The council meeting was called to order by Mayor Struck at 5:30 pm followed by the Pledge of Allegiance. Members present: Councilor Buchanan, Councilor Williams, Councilor Davis, Councilor Little, City Supervisor Houk, Police Chief Eastham and Clerk/Treasurer Roberts. Councilor Neve was absent (excused).

3. APPROVAL OF AGENDA, CONSENT AGENDA AND APPROVAL OF MINUTES

A motion was made by Councilor Williams to approve the Agenda, Consent Agenda and the minutes of the July 22, 2019 regular meeting. The motion was seconded by Councilor Davis. **Vote: Ayes-4, Noes-0, Absent-1**

Vendors – Check #45212 thru Check #45249 - \$528,059.85 Including EFT Payments

Payroll – Check #24655 thru Check #24670 - \$103,269.04 Including Direct Deposit

4. CORRESPONDENCE – NONE

5. CONTRACT FOR BOARDING PRISONERS

Councilor Williams made a motion to accept the Contract for Boarding Prisoners as presented. The motion was seconded by Councilor Little. **Vote: Ayes-4, Noes-0, Absent-1**

6. INTERGOVERNMENTAL AGREEMENT REPLACING PCOG-STP AGREEMENT

Councilor Buchanan made a motion to accept the Intergovernmental Agreement Replacing PCOG-STP Agreement as presented. The motion was seconded by Councilor Williams. **Vote: Ayes-4, Noes-0, Absent-1**

7. ITEMS FROM THE PUBLIC – NONE

8. DEPARTMENT HEAD REPORTS

- Police Chief Eastham advised that his department is getting ready for Labor Day. The Raymond Police Department and the Pacific County Sheriff's Office will be providing assistance over the long weekend and for the parade on Sunday. Police Chief Eastham noted that this will be the first time in many years that the Pacific County Sheriff's Office has provided help for the parade.
- Police Chief Eastham announced that there will be civil service testing for two entry level police officer positions on August 19, 2019.
- City Supervisor Houk reported that the Kendrick Street project (Transportation Improvement Board (TIB) funded) is winding down. Contractor Rognlin's, Inc. will be pushing back the hydroseeding due to the dry weather until around the middle of September.
- City Supervisor Houk announced that the Central Avenue project (Centennial Clean Water Revolving Fund) will be starting soon. The contractor, Big River Excavating, will begin mobilizing on August 14th with a 45-day substantial completion date.

9. MAYOR'S REPORT

- ✦ Mayor Struck announced that all of the events for *Come Play on Labor Day* are in full swing. There is a lot of great things planned that weekend including the City of South Bend's 150th Anniversary celebration which will be held at the Willapa Harbor Chamber of Commerce building on Saturday, August 31st starting at 6:30 pm. She encouraged anyone who might have questions to give her a call or stop by city hall and see her.

10. COUNCIL COMMENTS

- ❖ Councilor Little thanked City Supervisor Houk and his crew – the city is looking good!
- ❖ Councilor Davis questioned the signs that she recently noticed that say “this is not a crosswalk” on Highway 101. She was advised that the signs have been in place for some time and were put there by the Washington State Department of Transportation.
- ❖ Councilor Williams also thinks that the city is looking very nice. The current TIB sidewalk project has really helped too.
- ❖ Councilor Buchanan noted that he recently rode by the fairgrounds in Menlo and the trail has been mowed so people can walk to the fair (August 21st through 24th) if they want.

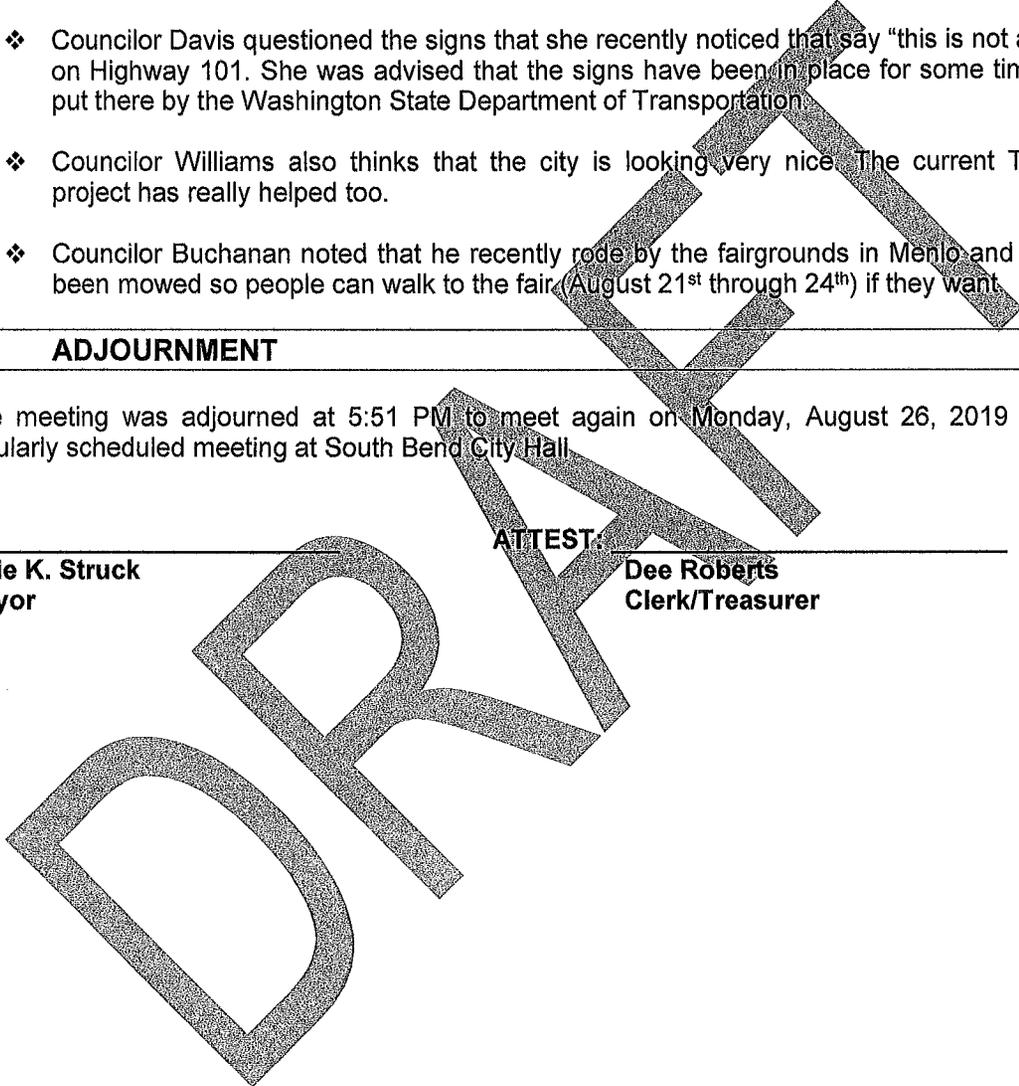
11. ADJOURNMENT

The meeting was adjourned at 5:51 PM to meet again on Monday, August 26, 2019 for the next regularly scheduled meeting at South Bend City Hall.

Julie K. Struck
Mayor

ATTEST:

Dee Roberts
Clerk/Treasurer



RESOLUTION # 2019-05

A RESOLUTION OF BY THE CITY COUNCIL OF THE CITY OF SOUTH BEND, WASHINGTON DECLARING THE INTENT OF THE CITY OF SOUTH BEND TO ADOPT LEGISLATION TO AUTHORIZE A SALES AND USE TAX FOR AFFORDABLE AND SUPPORTIVE HOUSING IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), AND OTHER MATTERS RELATED THERETO.

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406 (Chapter 338, Laws of 2019) ("SHB 1406"); and

WHEREAS, SHB 1406 authorizes the governing body of a city or county to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of affordable or supportive housing; and

WHEREAS, the tax will be credited against state sales taxes collected within the county and, therefore, will not result in higher sales and use taxes within the city and will represent an additional source of funding to address housing needs in the city; and

WHEREAS, the tax must be used to assist persons whose income is at or below sixty percent of the County median income; and

WHEREAS, Pacific County and its municipalities are distinguished by an elderly population (median age is 52 county-wide), very modest household incomes (median income is \$38,400), a relatively high percentage of veterans (13% of the entire county's population), and a large population segment claiming disability status (27% of the entire county's population). Additionally, 39% of household with children in the county are headed by a single parent, with households in South Bend reporting an even higher percentage (50%). Relative to state-wide averages, Pacific County incomes are significantly lower, and include dramatically higher populations of individuals and families characterized by unique stresses and needs.¹ Based on this information the City Council has determined that imposing the sales and use tax to address this need will benefit its citizens; and

WHEREAS, in order for a city or county to impose the tax, within six months of the effective date of SHB 1406, or January 28, 2020, the governing body must adopt a resolution of intent to authorize the maximum capacity of the tax, and within twelve months of the effective date of SHB 1406, or July 28, 2020, must adopt legislation to authorize the maximum capacity of the tax; and

WHEREAS, this resolution constitutes the resolution of intent required by SHB 1406; and

WHEREAS, the City Council now desires to declare its intent to impose a local sales and use tax as authorized by SHB 1406 as set forth herein;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of South Bend as follows:

¹ Joint Pacific County Housing Authority. Organization Strategic Plan 2019-2023 – September 2018

Section 1. Resolution of Intent. The City Council declares its intent to adopt legislation to authorize the maximum capacity of the sales and use tax authorized by SHB 1406 within one year of the effective date of SHB 1406, or by July 28, 2020.

Section 2. Further Authority; Ratification. All city officials, their agents, and representatives are hereby authorized and directed to undertake all action necessary or desirable from time to time to carry out the terms of, and complete the actions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

Section 3. Effective Date. This resolution shall take effect immediately upon adoption.

Upon motion made for the adoption of this resolution, the following vote was cast by the City Council of the City of South Bend on this the 26th of August 2019.

Ayes –

Noes –

Absent –

Julie K. Struck, Mayor

AUTHENTICATED BY: _____

Dee Roberts, Clerk/Treasurer



**Office of the Washington State Auditor
Pat McCarthy**

August 19, 2019

City Council
City of South Bend
PO Box 9
South Bend, WA 98586

We are pleased to confirm the audits to be performed by the Office of the Washington State Auditor, in accordance with the provisions of Chapter 43.09 RCW, for the City of South Bend. This letter confirms the nature and limitations of the audits, as well as responsibilities of the parties and other engagement terms.

Auditor Responsibilities

Financial Statement Audit

The Office of the Washington State Auditor agrees to perform an audit of the financial statements of the City of South Bend as of and for the fiscal years ended December 31, 2018, 2017 and 2016, prepared in accordance with the cash basis *Budgeting, Accounting and Reporting System Manual* (BARS). Our audits will be conducted with the objective of our expressing an opinion on these financial statements.

We will perform our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. Since we do not review every transaction, our audit cannot be relied upon to identify every potential misstatement. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the standards identified above.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers relevant internal controls in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we will express no such opinion.

Although our audit is not designed to provide an opinion on the effectiveness of internal control over financial reporting, we are required to report any identified significant deficiencies and material weaknesses in controls. We are also required to report instances of fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the accuracy of financial statements, or any instances of material abuse that come to our attention. Abuse is defined by *Government Auditing Standards* as involving behavior that is deficient or improper, or misuse of authority or position for personal financial interests. As the determination of abuse is subjective, *Government Auditing Standards* do not require auditors to detect instances of abuse.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

All misstatements identified by the audit will be discussed with management. Material misstatements corrected by management and all uncorrected misstatements will be communicated at the exit conference, as required by professional auditing standards.

Our responsibility is to express in a written report an opinion on the financial statements based on the results of our audit. We cannot guarantee an unmodified opinion. We may modify or disclaim an opinion on the financial statements if we are unable to complete the audit or obtain sufficient and appropriate audit evidence supporting the financial statements. If our opinion is other than unmodified, we will fully discuss the reason with you prior to issuing our report. Further, in accordance with professional standards, we may add emphasis-of-matter or other-matter paragraphs to our report to describe information that, in our judgment, is relevant to understanding the financial statements or our audit.

We will also issue a written report (that does not include an opinion) on issues identified during the audit related to the City's internal control over financial reporting and on compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*.

The City prepares supplementary information that accompanies the financial statements, which is required by the BARS Manual. We agree to perform auditing procedures on this information, with the objective of expressing an opinion as to whether it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Accountability Audit

In accordance with RCW 43.09.260, we will perform an accountability audit for the fiscal years ended December 31, 2018, 2017, and 2016, of the City's compliance with applicable state laws, regulations, policies and procedures, and safeguarding of public resources in areas representing the highest risk of fraud, loss, abuse, or noncompliance.

Areas will be selected for audit using a risk-based approach and will be identified in the audit entrance conference.

Upon completion of our audit we will issue a written report describing the overall results and conclusions for the areas we examined.

Reporting Levels for Audit Issues

Issues identified through the auditing process will be communicated as follows. Failure to appropriately address audit issues may result in escalated reporting levels.

- **Findings** formally address issues in an audit report. Findings report significant deficiencies and material weaknesses in internal controls; misappropriation; and material abuse or non-compliance with laws, regulations, contracts or grant agreements. You will be given the opportunity to respond to a finding, and this response, or a synopsis of it, will be published in the audit report. Professional auditing standards define the issues we must report as findings with regard to non-compliance with a financial statement effect and internal controls over financial reporting.
- **Management letters** communicate control deficiencies, non-compliance, abuse, or errors with a less-than-material effect on audit objectives. Management letters are referenced, but not included, in the audit report.
- **Exit items** address control deficiencies, non-compliance, abuse, or errors that have an insignificant effect on audit objectives. These issues are informally communicated to management and are not referenced in the audit report.

Client's Responsibilities

Management is responsible for the accuracy and completeness of information provided to the auditor and will provide the Office of the Washington State Auditor with:

- Unrestricted access to people with whom the auditor wish to speak.
- All information that is requested or relevant to auditor requests.
- Notification when any documents, records, files, or data contain information that is covered by confidentiality or privacy laws, such as HIPAA.
- Adequate work space and conditions, including interacting with auditors professionally and respectfully and promptly communicating about any issues and concerns.

Moreover, our audit does not relieve management or the governing body of their responsibilities. These responsibilities include:

- Selecting and applying appropriate administrative and accounting policies.
- Establishing and maintaining effective internal controls over financial reporting, compliance, and safeguarding of public resources.
- Designing and following effective controls to prevent and detect fraud, theft, and loss.
- Promptly reporting to us knowledge of any fraud, allegations of fraud or suspected fraud involving management, employees or others, in accordance with RCW 43.09.185.
- Ensuring compliance with laws, regulations and provisions of contracts and grant agreements.
- Preparation and fair presentation of these financial statements in accordance with the cash basis *Budgeting, Accounting and Reporting System Manual* (BARS).
- Preparing the following supplementary information and providing us with certain written representation concerning the supplementary information:
 - Schedule of Liabilities in accordance the BARS Manual
- Including the auditor's report on the supplementary information in any document that both contains the supplementary information and indicates that the auditor reported on the supplementary information.
- Either presenting the supplementary information with the audited financial statements or, if the supplementary information will not be presented, making the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information and auditor's report thereon are issued.

Responsibilities at the conclusion of the audit

At the conclusion of our audit, the City will provide us with a letter to confirm in writing certain express and implied representations made during the course of the audit. This letter includes representations regarding legal matters. A separate letter may be needed from the City's legal counsel.

Management and the governing body are also responsible for following up and taking corrective action on all audit findings, including, when applicable, preparing a summary schedule of prior audit findings and a corrective action plan on the City's own letterhead.

Estimated Audit Costs and Timeline

We estimate the cost of the audit work to be \$26,900, plus travel costs, and other expenses, if any. Invoices for these services will be prepared and presented each month as our audit work progresses.

We anticipate our reports, which will be addressed to the City's governing body and published on our website www.sao.wa.gov to be available to you and the public as outlined below. These estimates are based on timely access to financial information and no significant audit reporting issues. The estimated cost and completion date may change if unforeseen issues arise or if significant audit issues are identified necessitating additional audit work. We will promptly notify you if this is the case.

Report	Date*
Independent Auditor's Report on Financial Statements	October 2019
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	October 2019
Independent Auditor's Report on Accountability	October 2019

**Report Issuance Dates Are Estimates Only*

The audit documentation for this engagement, which may contain confidential or sensitive information, is the property of SAO and constitutes a public record under Chapter 42.56 RCW. Subject to applicable laws and regulations, appropriate individuals, as well as audit documentation, will be made available upon request and in a timely manner to appropriate auditors and reviewers, City's management and governing body, and federal agencies, for purposes of a public records request, a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities.

The audit documentation for this engagement will be retained for a minimum of five years after the report release (publish) date in accordance with the public records retention schedule established by the Washington Secretary of State.

Expected Communications

During the course of the audit, we will communicate with the City's selected audit liaison, Dee Roberts, Clerk/Treasurer, on the audit status, any significant changes in our planned audit scope or schedule and preliminary results or recommendations as they are developed. The audit liaison is responsible for regularly updating the City's management and the governing body on these matters. We may also provide direct communication of these matters to management and the governing body as needed or at the City's request.

Please contact us if, during the audit, any events or concerns come to your attention of which we should be aware. We will expect the audit liaison to keep us informed of any such matters.

Audit Dispute Process

Please contact the Audit Manager or Assistant Director to discuss any unresolved disagreements or concerns you have during the performance of our audit. At the conclusion of the audit, we will summarize the results at the exit conference. We will also discuss any significant difficulties or disagreements encountered during the audit and their resolution.

By signing and returning this letter you acknowledge that the foregoing is in accordance with your understanding. Please contact us with any questions.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Sincerely,



Lisa Carrell, CPA, Assistant Audit Manager 8/19/2019
Office of the Washington State Auditor

City Response:

This letter correctly sets forth our understanding.

Mayor Julie K. Struck 8/19/19
Julie Struck, Mayor Date

Dee Roberts 8/19/19
Dee Roberts, Clerk/Treasurer Date