

2011	Harris	Ketchum	Lund	Pope	Dawes	Spahr	Taylor
Meeting Date							
January 10, 2011	P	P	P	P	P	P	A(ex)
January 18, Neighbor	P	P	P	A(ex)	P	P	P
January 24, 2011	P	P	P	P	P	P	P
February 14, 2011	P	P	P	P	P	P	P
February 28, 2011	P	P	P	P	P	P	P
March 7, 2011(special)	P	P	P	P	P	P	P
March 14, 2011	P	P	P	P	P	P	P
March 28, 2011	P	P	P	P	P	P	P
April 11, 2011	P	P	P	P	P	P	A(ex)
April 25, 2011	P	P	P	P	P	P	P
May 9, 2011	P	A(ex)	P	A(ex)	P	A(ex)	P
May 23, 2011	P	P	P	A(ex)	P	P	p
May 31 (special)	P	P	P	P	P	P	P
June 13, 2011	P	P	P	P	P	P	P
June 27, 2011	P	P	P	P	P	P	A(ex)
July 11, 2011	P	P	P	P	A(ex)	P	P
July 18, 2011 (special)	P	P	P	P	P	A(ex)	P
July 25, 2011	P	P	P	P	P	P	P
August 8, 2011	P	P	P	P	P	P	A(ex)
August 22, 2011	A(ex)	A(ex)	P	P	P	P	P
September 12, 2011	P	P	P	P	P	A(e)	P
September 26, 2011	P	P	P	P	P	P	A(ex)
October 10, 2011	P	P	P	P	P	P	P
October 24, 2011	P	P	P	P	P	P	P
November 14, 2011	P	P	P	P	P	P	P
November 28, 2011	P	A(ex)	P	P	P	P	P
December 12, 2011	P	P	P	P	P	P	A(ex)
December 27, 2011 (Cancelled)							

P = Present
P (ph) – Present (Telephonically)
A = Absent
A(ex) = Absent (excused)
R= Resigned

January 10, 2011

The Chehalis city council met in regular session on Monday, January 10, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:31 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Dennis Dawes. Councilor Taylor was absent (excused). Staff present included: Merlin MacReynold, City Manager; Brian Baker, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Tim Grochowski, Public Works Director; Judith Smith, Public Works Office Manager; Rick Sahlin, Street Superintendent; and Dave Vasilauskas, Water Superintendent. Members of the Chehalis Airport Board attending the work session included: Dan Foster, John Spears, and Frank DeVaul. Also present were: Airport Manager Allyn Roe and his Administrative Assistant LaDonna Neiser, and Lewis County Commissioner Bill Schulte. Members of the news media included Rachel Thomson from *The Chronicle*, and Paul Walker from KITI.

1. **Work Session to Discuss Airport Issues**. City Manager MacReynold reported, at the last meeting, there was some discussion about the airport's budget and during that discussion some of the council members thought it would be an opportune time to meet with the Airport Board to talk about the issues they were dealing with, and the long-term concerns of the city about filling at the airport. He noted the Lewis County Commissioners were also invited to join the discussion.

Councilor Dawes inquired about the 'L' shaped piece of property owned by the airport, wanting to know if the litigation issues had been resolved. He suggested it was a prime piece of property and believed the airport had the ability to fill it in if they so desired.

Airport Manager Allyn Roe reported they still have some on-going litigation, but the airport had the option to lease the property if something came up. Councilor Dawes suggested the option might be more appealing if the property was filled in. Mr. Roe reported the primary reason they had not filled it themselves was because they would have to pay prevailing wage. Councilor Dawes wondered if there was any disagreement between the board members about filling in the property. Board Member Frank DeVaul stated there wasn't necessarily any disagreement, noting they had discussed the issue on several occasions. He stated they had looked at the cost benefit ratio and whether or not they could recoup their cost, which was based on what they would have to pay to fill it versus what a developer coming in would pay. He noted Mr. Roe had been very diligent about presenting the board with any opportunities that may have come about. Mr. DeVaul noted the board was cognizant of the city's desire to get the property filled in, noting it was a matter of making the most prudent use of the assets and resources of the airport. Councilor Dawes stated he was just wondering if the interest wasn't there because of the fill issue, and thought a potential tenant might feel the same way.

Mr. Roe noted they had received more interest in the property immediately adjacent to Appleby's, than any of the other. Mr. DeVaul noted there were some view restrictions for the property on the west side of Louisiana Avenue, but not on the east side. He added based on the site lines, there were restrictions on what could be built on the 'L' shaped piece of property, much more so than on the property on the other side of Louisiana Avenue. Board Member Dan Foster noted Walmart had a master plan stating they had to be seen from the freeway, so people going southbound had time to exit the freeway. Mr. Roe noted there were similar restrictions on the south end, which limited the size of some buildings.

Commissioner Schulte stated he attended most of the airport board meetings and the commissioners were updated once a month by the board. He stated the county was fully supportive of filling in at the airport, adding they were also supportive of having a tenant who had the ability to fill it cheaper. Commissioner Schulte felt it would be a political liability for either the county or the city to say we would fill it in.

Councilor Lund inquired about just having the airport fill it in. Commissioner Schulte noted the airport was owned by the city and the county, so it would fall back on us as being the ones filling it. He noted they had some potential tenants come in suggesting they would consider filling it if they could get a big break; however, it never penciled out.

Councilor Lund asked what would happen if the option to fill went away, with regards to the Federal Emergency Management Administration (FEMA) mapping issue. Commissioner Schulte stated that would be a real

January 10, 2011

problem. He suggested if the fill was approved prior to final FEMA flood maps, they could move forward on those projects.

Commissioner Schulte noted, at the last FEMA mapping meeting, they received a lot of support on what the city and county were doing. He felt they had a pretty good chance on getting changes made to the preliminary maps, to remove the airport and its levees out the floodway.

Councilor Lund asked how difficult it would be to get a fill permit. Mr. Nacht reported if it were designated as 'floodway,' it would be virtually impossible; however, if it's not designated as a floodway, the same rules would apply as they do today in a floodplain.

Councilor Lund presented the following scenario: If someone from New York was given the task of putting a store in our region and his job depended on whether that store opened by a certain date, they might look elsewhere at a piece of property that's ready to go, rather than risk putting something out at the airport. Commissioner Schulte noted his understanding was, the city and airport had the ability to approve fill right now and the county would not obstruct that.

Councilor Dawes noted lessons were learned as development began and continued out at the airport, but the risk overall had been beneficial to the community and the region. He felt the airport board was using the same strategy that was successful for them in the past, and they were prudently following a wise direction. Councilor Dawes suggested Mr. Roe meet every other month with the council to give them an update.

Councilor Harris suggested when the board has something or someone come to them with an offer, the city should have the opportunity to get involved financially, to see if there are things the city would be willing to do. He felt if they didn't look at all of the opportunities, they could be wasting opportunities.

Mr. Roe stated he didn't believe they had lost any opportunities, adding they had been more aggressive in the last year with regards to the property. He noted there had been talk about the city's latecomer fee ordinance, adding he had been working with Bob Nacht on those issues. Mr. Roe suggested, when they start talking about fees in the millions of dollars, the board would certainly come back to the council. Councilor Harris felt those were the types of things the council needed to be kept apprised of, so they can decide what they want to do.

Councilor Pope believed the airport board had done a fairly decent job, and felt they had enough experience and knowledge on the board to know when it's necessary to make a presentation to the council. He agreed it would be nice to receive an update once in a while; however, he didn't believe the council should get involved with what should be done and not done out there.

Councilor Pope noted the only issue he had was when the airport board brings issues to the council that need immediate attention. He stated it wasn't that he didn't trust what the board was doing; he just felt it would be nice to have time to look things over before rushing into something blindly. Mayor Ketchum felt Councilor Pope made a good point. Mr. Roe responded to Councilor Pope's concern, nothing there were a couple occasions when he brought forms to the city to sign regarding FFA funding. He stated he would try his best to get information to the council ahead of time.

Councilor Dawes stated he also agreed with Dr. Pope's statement, adding as long as our representatives know what the council would like to see done out there, it was the board's job to see that it gets done.

Councilor Dawes talked briefly about latecomer fees, noting they were not set nor are they negotiated by the airport board. Councilor Harris felt the council needed to know if prospective developers had any concerns about the fees. Mr. DeVaul stated if it ever got to that point, they would bring it to the council. He noted they hadn't lost any deals because of it yet, but by the same token, they didn't want to put it out there because they would like to make sure the city receives what it's due. Councilor Harris wondered if it had ever slowed down any deals. Mr. DeVaul stated no, adding it was the economy that slowed it down more than anything. Mayor Ketchum believed there was really no way of knowing whether it was an issue or not.

January 10, 2011

Board Member John Spears brought up the issue with Starbucks a few years back, when they were charged a large fee by the city to hook up to water. He stated the city ended up putting a meter on it to find out how much water they were actually using, and after a year the results showed they were actually using more than what they were initially hit with. Mr. Spears reported the city did its part and they didn't hear any complaints after that.

Councilor Lund felt they didn't really know what they had lost suggesting potential leasers didn't even stop or call because of the way the site looked. He noted that was what they were complaining to them about at the Port of Chehalis, adding the big realtors that work for companies like Costco and Walmart want property that's shovel ready.

Mayor Ketchum stated it was a catch twenty-two, adding they would all like to see it filled now, but there was a fine line they had to walk.

Councilor Harris stated he didn't want things like the latecomer fee stifling the airport board.

Mr. Foster stated they were fully aware of all of the issues the council brought up, adding they would love to have it all filled in. He noted there was a pretty good size piece of property just north of I-5 Toyota that's ready to build on and he didn't see anybody falling all over to buy that piece of property. Councilor Lund didn't believe it was that big of a piece of property, while others thought it might be bigger. Councilor Harris felt a lot of it was retailers want to be as close to the freeway off-ramp as possible.

Mayor Ketchum thanked the board members and Commissioner Schulte for attending the meeting, adding he really appreciated them coming.

Mayor Ketchum closed the work session at 6:06 p.m. and announced the council would take a five minute recess before opening the regular meeting at 6:11 p.m.

2. **Public Hearing to Vacate a Portion of NW Louisiana Avenue.** Bob Nacht reported the public works department and the development review committee had been working with an applicant, Donald Whittington (388 NW Louisiana Avenue), over a period of time to try and make sure the proposal was consistent with what the city wanted with regards to rights-of-way along Louisiana Avenue. He reported the primary intent was to straighten out a right-of-way line, and to afford Mr. Whittington an opportunity to create a security fence for his facility. Mr. Nacht stated the proposal had been negotiated, and he was requesting the council authorize the administration to create an ordinance to accomplish it.

Mayor Ketchum closed the regular meeting and opened the public hearing at 6:14:20 p.m. There being no public comment, Mayor Ketchum closed the public hearing and reopened the regular meeting at 6:14:40 p.m.

Councilor Spahr moved that the council direct the administration to draft an ordinance to vacate two portions of NW Louisianan Avenue, Area 1 and Area 3 as revised, and accept the dedication of Area 2 and the conveyance of Area 4 which are currently private property, as proposed in the subject petition.

The motion was seconded by Councilor Lund and carried unanimously.

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

- a. Minutes of the regular meeting of December 13, 2010;
- b. Claim Vouchers No. 98678-98825 and Claim Voucher 112010 in the amount of \$1,062,103.50 dated December 15, 2010;
- c. Confirm reappointment of Merrilee Kenyon to the Historic Preservation Commission for a three-year term expiring December 31, 2013;

January 10, 2011

d. Affirm reappointment of Jim Ward to the Chehalis Planning Commission for a four-year term expiring December 31, 2014; and

e. Award bid for 2011 Janitorial Services contract to Coastal Business Services.

The motion was seconded by Councilor Lund and carried unanimously.

4. Staff Reports.

a. **Briefing on Proposed Changes to Utility Ordinances.** City Manager MacReynold reported the public works department was working on updating its current utility ordinances to deal with some on-going issues with reference to the billing process. He felt it would be good to first brief the council on the proposed changes, and get their feedback.

Tim Grochowski reported, back in June, the public works department began oversight of the utility billing department and noticed some changes that needed to be made to the current water, wastewater, and storm and surface water ordinances.

Mr. Grochowski reported staff was asking the council to consider increasing the deposit fees for owner/occupied accounts to \$200 from \$100, and commercial and rental accounts to \$200 from \$150. He noted the average residential bill was roughly \$220.

Mr. Grochowski stated the second item he wanted to address was the due date and the delinquent date of the utility bills, adding he felt they were currently giving customers too long to pay.

Mayor Ketchum inquired about the deposit fee and wondered how it compared to other cities around us. Judi Smith reported the City of Centralia did not charge a deposit for owner/occupied accounts; however, the landlords were allowed to direct the utility department on the amount of deposit they want collected on their rentals, which could be any amount they see fit.

Mr. Grochowski stated he received a question regarding social security payments/benefits, wanting to know when those were mailed out. He reported beneficiaries receiving benefits prior to 1997 would receive payment on the 3rd of the month, while those after 1997 would receive payment on the 4th Wednesday of the month. Councilor Spahr noted a lot of people get paid on the 1st and the 15th, with most of their check going towards housing on the 1st. He had concerns about changing the due date to the 15th from the 20th. After further discussion, the council made the following recommendations:

- Keep the delinquency date on the 20th
- Add the 10 percent late fee on the 21st and mail out delinquent statements
- Shut off unpaid delinquent accounts seven days from the date of the delinquent statement

Mr. Grochowski reported customers are told at the time they sign up for utilities that they have the option to pre-pay on their utility accounts and they remind customers of that option when they call for extensions. Councilor Dawes suggested looking at setting some people up on budget plans, where they pay the same amount every month.

Councilor Spahr wondered if it would be worth exploring what Centralia does with regards to landlords setting their own deposit amounts. It was noted, in past discussions with local landlords, they did not want the responsibility of setting their own deposit.

Mr. Grochowski also proposed to change the water connection fee structure from meter size to actual water usage, based on equivalent residential units (ERUs). He noted it was an industry standard, and the Department of Health was encouraging water utilities to go with ERUs to establish a common way to measure water capacity. He reported the city had established one ERU as being equal to 300 gallons of water per day per residential household. Mr. Grochowski reported the current method grossly under estimated the capability of a meter's water flow. There

January 10, 2011

were no objections by the council to change to the ERU structure.

b. **Upcoming Neighborhood Meeting with American Behavioral Health Systems**. Mayor Ketchum reminded the council about the follow-up meeting with American Behavioral Health Systems on Tuesday, January 18, 2011, at 5:30 p.m. in the city hall basement meeting room.

Councilor Lund suggested letters be sent to our state representatives inviting them to the meeting.

c. **2009 Audit Exit Conference**. City Manager MacReynold reported the 2009 audit exit conference would be held on Wednesday, January 26, 2011, at 10:00 a.m. at city hall. He noted his only concern was that they not end up with a quorum. Councilors Dawes and Harris indicated they both planned on attending.

5. **Special Reports**.

a. **Update on the Chehalis Renaissance**. Allyn Roe, Co-chair of the Chehalis Community Renaissance Team (CCRT), provided an update on what the CCRT had accomplished and related actions for 2011. He noted the following accomplishments:

- New motto
- New website
- Historic downtown Chehalis walking tour brochure
- Wayfinding signs
- Chehalis Avenue pilot project
- Weeding and replanting of the many islands along Market Boulevard

Mr. Roe noted the walking tour brochure had been a real success and they were now exploring the option of having a mobile link to the website, so people can use their mobile phones to go through the brochure while walking through town.

Mr. Roe reported they were working on getting the trees planted, and they also received a small grant to repair and expand the irrigation system along Market Boulevard.

Mr. Roe stated there was an effort underway to get a grant to study the feasibility for a business incubator, adding the CCRT and the Port of Chehalis were working on that program. He noted there was also an effort underway to look into the feasibility of a children's museum.

Mr. Roe reported the Friends of the Chehalis Community Renaissance formed a 501(c)3 to accept tax exempt funding. He reported to date, they had spent approximately \$118,000 on the various projects, with only 2 percent of that funding coming from the city of Chehalis. Mr. Roe reported in 2011 they looked to raise and spend \$262,000, with zero dollars coming from the city.

Mr. Roe felt the project had been pretty successful so far, adding it was great to see the activity and involvement of all the members.

6. **Council Reports**.

a. **Update from Councilor Spahr**. Councilor Spahr reported there was a constituent up on Prospect Street who complained to him about people driving up and down the hill at high speeds. He noted the gentleman felt nothing had changed and requested he be called back. Councilor Spahr asked to meet with Police Chief Glenn Schaffer after the meeting to give him the contact information.

b. **Update from Councilor Dawes**. Councilor Dawes reported the fire group was trying to arrange a date to meet. He noted he would make sure everyone received a copy of the news release once it comes out.

January 10, 2011

Councilor Harris reported he had a chance to talk with Centralia Councilor Lee Coumbs, who brought up the issue of the fire department group. He noted Councilor Dawes had stated several times that whatever the organization becomes, it had to pencil out. Councilor Harris asked Councilor Dawes to explain what he meant by 'pencil out.' Councilor Dawes noted the group was wide-open to any possibility, adding whatever that possibility was it had to be something they can sell not only to the council, but to the voters. He noted they had an idea of what the current costs were and if they were to go with a plan that costs three times as much, then it obviously wasn't going to 'pencil out,' or be supported. Councilor Dawes stated the idea was to come up with something that would be a win-win for everybody. He indicated this was exactly the reason why they decided not to talk about it outside the group because they had too many different people coming up with different ideas, who could potentially spread information that was not correct.

Councilor Harris believed Councilor Dawes' statement was a given, adding he was trying to figure out what Councilor Dawes had in mind for what he thought would pencil out. Councilor Dawes stated he didn't want to say he had anything in mind, because he wanted to remain open-minded.

c. **Update from Mayor Ketchum.** Mayor Ketchum reported he and Councilor Pope attended the ribbon cutting ceremony for the new Chehalis Eagles Museum. He noted the plan was to make it a tourist attraction by filling it up with artifacts and memorabilia from all over the United States.

Mayor Ketchum reported he attended a presentation at TransAlta on what they were doing at the plant, as well as environmentally. He believed TransAlta was a tremendous asset to the community; however, they were being picked apart by the Sierra Club who was recently successful in shutting down a plant in Oregon. Mayor Ketchum reported they were hoping to build a new facility in 2025, and as a community, they had to do whatever they could to help fight off the false attacks. He noted Senator Rockefeller was on a committee to help keep the facility open, and suggested a letter be sent to Senator Rockefeller to show the city's support.

Mayor Ketchum stated he attended an informative FEMA meeting at the Lewis County Courthouse on Thursday, January 6. He indicated Commissioner Schulte did a good job filling in for City Manager MacReynold, who was unable to attend. Mayor Ketchum reported the three people the city pays to support our efforts were very positive about working with FEMA, adding they had a good relationship with them. He stated FEMA was being open-minded at the moment, and there was a good chance they were going to remove some areas out of the floodway.

d. **Update from Councilor Harris.** Councilor Harris reported, in December, he attended a Chehalis River Basin Partnership meeting, adding they were still plodding along looking for financing. He indicated Lee Napier from Grays Harbor County, who had been the backbone since its inception, was no longer with the program. Councilor Harris stated Grays Harbor County was looking to give up the lead entity status, adding he didn't believe they wanted to be on the hook for the financial responsibility of paying for the structure of the organization. He noted they were going through some rapid changes and had to figure out a way to get some money before July 1, or they were going to be in a world of hurt.

There being no further business to come before the council, the meeting adjourned at 6:53 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

January 24, 2011

The Chehalis city council met in regular session on Monday, January 24, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:46 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier City Attorney; Judy Schave, City Clerk; and Peggy Hammer, Human Resources Administrator.

1. **Executive Session.** Mayor Ketchum announced the council would convene into executive session pursuant to RCW 42.30.110(1)(i) – potential litigation for approximately 15 minutes and there would be no decision following conclusion of the executive session.

Mayor Ketchum closed the executive session at 6:01 p.m. and announced the council would take a four minute recess before reopening the regular meeting at 6:05 p.m. Additional staff included: Glenn Schaffer, Police Chief; Becky Fox, Court Administrator; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Tim Grochowski, Public Works Director; Judith Smith, Public Works Office Manager; Rick Sahlin, Street Superintendent; and Dave Vasilauskas, Water Superintendent. Members of the news media included Rachel Thomson from *The Chronicle*, and Paul Walker from KITI.

2. **Update on Fisheries Study.** Edna Fund, the city's delegate on the fisheries study, reported the study was continuing on the Chehalis River, adding they got a late start because of how the funding was set up and the time it took to select a company to do the work. She stated they requested a longer time period from the Legislature to complete the study because they wanted to include all four seasons.

3. **Employee Service Award.** Mayor Pro-tem Dawes presented Court Administrator Becky Fox with a certificate of recognition and appreciation for 30 years of dedicated service to the city.

4. **Briefing on Lewis County Comprehensive Emergency Management Plan (CEMP) Updates.** Lewis County Emergency Management Deputy Director Ross McDowell reported there were very few changes between the 2005 and 2010 versions of the Lewis County CEMP. He noted the biggest change came from the federal government, adding they decided to reduce the 38 chapters of emergency service functions down to 16.

Mr. McDowell reported the document was now a four phase plan that included the following: an Introduction Phase; Basic Plan; Emergency Service Functions; and Annexes and other supporting documentation that detailed the different emergency response and mitigation recovery plans that are in play for each one of the cities, and for the county. He noted the only city not included in the CEMP was the City of Centralia, who had their own CEMP, and do their own emergency management.

Mr. McDowell asked that the city review the information and bring back a resolution to accept the Lewis County CEMP, the National Incident Management System, and the Incident Command System.

Mr. McDowell reported Lewis County adopted a resolution on January 10, 2011, to accept the plan.

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

- a. Minutes of the regular meeting of January 10, 2011; and
- b. Claim Vouchers No. 98826-98933 in the amount of \$138,895.60 dated December 30, 2010; Claim Vouchers No. 98934-99144 in the amount of \$675,296.16 dated January 14, 2011; Claim Vouchers No. 99145-99154 and 122010 in the amount of \$61,805.14 dated January 19, 2011; and Payroll Vouchers No. 34304-34388 and 1969-2035 in the amount of \$713,805.27 dated December 31, 2010.

The motion was seconded by Councilor Pope and carried unanimously.

6. **Staff Reports.**

a. **Quarterly, and November and December 2010 Financial Reports.** Eva Lindgren indicated she would focus primarily on the December report, rather than spend time on the report from November.

January 24, 2011

Ms. Lindgren stated the December report incorporated the final budget amendment passed in December. She reviewed the revenues for the general fund, noting the expected variance was only off by one percent from what was budgeted. Ms. Lindgren reported she still had some final 2010 adjustments to make, but the numbers would be pretty close to what was being presented. She talked briefly about the general fund expenditures, noting they were 1.3 percent below what was approved in the amended budget.

Councilor Taylor asked if there would be any more tax revenues coming into the general fund. Ms. Lindgren reported everything that could be recorded in terms of revenue had been recorded for 2010. She reminded the council that the city was cash-basis, which meant they don't accrue any receivables. Ms. Lindgren indicated she still had to do some interest reclassifications to the fund.

Councilor Taylor stated he was concerned about the variance in expected revenues, adding he thought the city pretty much knew what would be brought in. Councilor Harris suggested some revenues are based on the number of customers and the services provided. He noted the Solid Waste Advisory Committee received a monthly breakdown from LeMay that listed the number of customers who are receiving service, adding those numbers varied from month to month.

Councilor Spahr reported the budget showed a \$554,000 shortfall, and asked if that had anything to do with the adjustments made to the budget throughout the course of the year. Ms. Lindgren reported they sometimes budget to drawdown fund balance, which would show up on the report as a negative. She noted she would be reclassifying some police department expenditures to the gambling enforcement fund, which would change the actual net budget/income significantly for 2010. Ms. Lindgren projected she would be very close to the estimated beginning fund balance for 2011.

Ms. Lindgren reported on the wastewater revenues and expenditures, stating they were within two percent of the revenue projections. She noted the unadjusted expenditure numbers were over by .03 percent, but she still had some adjustments to make to reclassify some of the expenses out of the wastewater fund.

Councilor Harris inquired about the wastewater and water connection fees and sales. Ms. Lindgren reported one of the biggest adjustments they do in the water and wastewater funds was for the receivables. She noted when those were adjusted the actual revenues on the adjusted financials would either go up or down.

Councilor Taylor thought they had received a large connection fee from a tenant in the industrial park. Mr. Grochowski indicated the city received approximately \$100,000 from one tenant in the industrial park in 2010.

Ms. Lindgren reported on the 4th quarter financial report, noting it also included the budget amendments approved in December, but still required some year-end adjustments. She noted the beginning actual numbers were solid; however, the revenues, transfers-in, expenditures, and transfers-out could potentially change. Ms. Lindgren noted the estimated general fund balance should go up by approximately \$120,000, while the gambling enforcement fund would go down by the same amount. She indicated the interest income was very low and the reclassifications were not going to be that significant.

Councilor Taylor asked if there was special insurance to protect money the city keeps in the bank. Ms. Lindgren reported the city's money was protected, adding Washington State specifies which institutions may get governmental deposits. She noted banks had to meet certain requirements and agree to cover the money to make it whole.

b. **4th Quarter 2010 Sales and Use Tax Report.** Ms. Lindgren reminded the council that they reduced the budget in December to reflect what they anticipated they would receive in sales and use tax in 2010. She reported the final numbers exceeded projected budget by \$15,743.

Councilor Lund suggested things were pretty slow out there, adding people were getting laid off and businesses were cutting their hours.

January 24, 2011

7. **Update on Flood Authority.** Julie Balmelli-Powe reported they were currently working on the formation of a new flood zone district. She noted the flood authority was scheduled to go away June 30, 2011, and they had been directed to form some other organization to take its place by that time.

Ms. Balmelli-Powe reported the FCS Group, hired by the flood authority to form the district, was dealing with the eleven jurisdictions trying to get everyone on the same page. She noted there was legislation going through that would allow the formation of multi-county flood jurisdictions; however, the new organization would not be in place by the time the flood authority goes away. Ms. Balmelli-Powe stated the plan was to have an interlocal agreement to include the three counties, the Tribe and one city representative to take the place of the flood authority until the multi-county jurisdiction is formed. She noted the interests of Grays Harbor were obviously not the same as Chehalis, and believed the city would lose most of its representation once the flood authority goes away.

Ms. Balmelli-Powe reported the studies on water retention were looking good. She stated they just completed phase 2-b on the benefit cost analysis that passed on the one dam, but not on the second dam. Ms. Balmelli-Powe reported the Governor had money in the budget to fund a hydraulic study from Grand Mound to the headwaters. She stated they didn't know what effect retention would have past Grand Mound, but once they can prove how much decline in water there will be, it would strengthen the position for water retention.

Councilor Taylor asked how Ms. Balmelli-Powe was going to battle the representation issue. Ms. Balmelli-Powe stated Thurston County was against any form of a flood solution that would help Lewis County, adding they clearly feel that we created our own problem, and the Tribe and Grays Harbor appear to be on the same page. She reported she was hoping to get the cities throughout the basin to say they would like to have city representation from both Grays Harbor and Chehalis, to at least equal out the vote.

Ms. Balmelli-Powe reported that if they form the district the way they have suggested, everybody would have an equal vote. She didn't believe that was fair, since Thurston County receives a lot less damage than what Lewis and Grays Harbor receive. Councilor Harris noted they also had a lot less involvement, with reference to square miles. Ms. Balmelli-Powe stated she would be arguing that they need to go on a weighed vote based on what portion of the basin belongs to each county, rather than one county, one vote. Councilor Taylor thought that was a great idea. Councilor Harris thought getting that to fly would be difficult at best. Mr. Balmelli-Powe suggested it would be bad for the city if they form something that we have no control over. Mayor Ketchum and Councilor Taylor both agreed.

Councilor Taylor inquired as to how the one representative would be elected. Ms. Balmelli-Powe suggested the cities could elect that person amongst themselves, or take turns. Councilor Taylor asked if it would be helpful if the city put together a position paper to improve our case. Ms. Balmelli-Powe stated she would welcome a letter. She noted they had a meeting set up with the FCS Group on February 28; however, her personal opinion was they were not working for the cities.

City Manager MacReynold reported the council would be briefed by the FSC Group on what the alternatives are on February 28. Ms. Balmelli-Powe suggested the reason the meeting with the FSC Group was scheduled for the 28th was because their decision would already be made on the 17th. She felt the FCS Group was leading the group in a direction that would not be favorable to the city. Councilor Taylor noted they could raise their concerns at the meeting, but thought it would be nice if they could still give Ms. Balmelli-Powe some ammunition from the city. Mayor Ketchum felt they needed to get something to the FSC Group and to the flood authority on our position, as soon as possible.

Ms. Balmelli-Powe reported the other issue they were pushing for was the flood hazard mitigation plan. She stated there were 16 suggested regulations for building in the floodplain, followed by five more that were considered to be ideal. Councilor Taylor requested a copy of the 16 regulations be sent to Community Development Director Bob Nacht once they have those available, so the city can battle them before they get passed. Mr. Nacht reported he was part of the technical team that put the regulations together, and on the surface he didn't have any particular issues with the 16 regulations. He noted, with regard to the ideal 'five,' those would still need to be discussed.

Councilor Harris felt Ms. Balmelli-Powe was a strong advocate for the city and we were fortunate to have her, adding she's always looking out for the city's best interest.

January 24, 2011

8. Council Reports.

a. **Update from Councilor Spahr.** Councilor Spahr reported he attended the Cowlitz-Lewis Economic Development District meeting on January 19. He stated he volunteered to be on a by-laws committee primarily because they would be talking about funding from the jurisdictions involved. Councilor Spahr reported they were also working on an outline for an economic adjustment regional grant application that could be used on abandoned sites to develop comprehensive plans on how to use the property and develop it. He noted they were also working on a grant for a Three-Rivers Business and Technical Center.

b. **Update from Councilor Dawes.** Councilor Dawes reported he attended the regional fire district meeting, adding they were getting a little more formal with the process and had already given the first sub-committee some work to do. He indicated their next meeting was set for March and would probably involve more representatives from the city council. Councilor Dawes noted they had a potential facilitator, whom he believed would bring instant credibility to the process and would make sure the group sticks to what they are there to do and not get side-tracked.

c. **Update from Councilor Harris.** Councilor Harris reported he and other city representatives attended the Chamber banquet, adding it was a very nice event. He also attended a Chehalis Business Association (CBA) meeting, noting they were in the process breaking the organization up into 'event' committees, so each committee can take care of an event rather than the whole committee trying to take care of everything. He thanked Police Chief Glenn Schaffer for coming to the CBA meeting to make a presentation on crimereports.com.

Councilor Harris reported he and a majority of the council attended the neighborhood meeting with American Behavioral Health Systems (ABSH) on January 18. He thought it was a very good meeting, noting there were fewer residents and a lot more employees and former employees of ABHS in attendance. Councilor Harris believed trust in the community was growing, as evident by the fact that there were fewer residents in attendance; however, they still had a long way to go.

Councilor Harris reported he attended a solid waste advisory committee meeting on January 19, adding comingled recycling was up and tonnage of waste was down, which meant their income was down, as well. Councilor Harris indicated construction debris was primarily what they were seeing a great reduction in, adding they were working hard not to increase the tipping fees at the station.

Councilor Harris reported he attended the Chehalis River Basin Partnership meeting where they accepted an agreement with a pro bono attorney group to coordinate the 501(c)(3) process, which would allow them to receive additional funding. He noted as of June 30, 2011, all their current funding sources would go away. Councilor Harris stated the Chehalis Tribe donated \$15,000 to the program to help fund staff for another three to four months.

Councilor Harris reported the basin partnership got a letter off to the Governor's office, basically echoing what the flood authority sent. He noted the Governor's office was talking about taking the lead on both the flood and environmental preparations, since Grays Harbor County could no longer afford to fund the lead entity process. Councilor Harris felt it would free up about a half a million dollars that could go towards the progress of the partnership to implement the plans they have been working on.

Councilor Harris reported he also attended Tim Grochowski's retirement party at the public works department earlier in the afternoon.

d. **Resolution of Support for TransAlta.** Councilor Spahr reported, back when Governor Locke was in office, there was an agreement reached between TransAlta and the State of Washington, where TransAlta would spend millions of dollars to put in scrubbers and other things to clean the environment. He stated, according to a newspaper article, TransAlta had done considerable things to clean even more since that time. Councilor Spahr indicated the legislature was talking about forcing them to shut down by 2025, and environmental groups were requesting that they shut down before then. He was wondering if it would be beneficial if the city presented a resolution in support of TransAlta. Mayor Ketchum thought that was a great idea.

January 24, 2011

Councilor Lund also thought it was a great idea, adding the Port of Chehalis Commissioners had already signed a letter of support and mailed it in. City Manager MacReynold reported a resolution would be brought to the council for their consideration at the next regular meeting.

e. **ABHS Discussion.** Councilor Taylor reported the old hospital was a great building for the purpose of ABHS, but felt it was in the wrong location. He stated he didn't know what else they could do, noting he talked with a few of the neighbors to let them know that it was unfortunate, but the city could not regulate the types of business if they meet the zoning requirements.

Councilor Taylor asked if there was anything left for the city to do with regard to the situation.

City Manager MacReynold reported the city would continue to monitor and make sure they continue to progress. He felt they understood the need for better communication as far as what they had done and how they accomplished it. City Manager MacReynold reported he and CEO Craig Phillips talked after the meeting about possibly having a monthly open-house in their lobby, to open up some of that communication. He noted the city clerk would produce minutes from the meeting and would make them available to anyone requesting them.

Councilor Harris thanked City Manager MacReynold for having the wisdom to schedule the meeting in the first place. He stated, as they found out, there was a much bigger wound festering under the surface than what anyone knew about. City Manager MacReynold stated he couldn't take credit for it, adding the city had been receiving a number of complaints and it was the city clerk who suggested the neighborhood meeting.

Councilor Lund wondered if they could work with the Department of Corrections (DOC) to put a little more pressure on them to make sure they're abiding by the state rules. City Manager MacReynold didn't think the city had to put any more pressure on them, adding DOC had two representatives at the first meeting and several more at the second. Councilor Dawes didn't believe there was any more the city could do, adding he felt the state would work on their angle, and the owner needed to become a little bit more of a politician and say what he's been doing and produce results for what he says he's been doing. He believed they were making steps in the right direction and hoped it would continue to get better.

Councilor Lund asked if the city could write a letter to DOC to thank them for sending their staff to the meetings. City Manager MacReynold agreed that a letter of thanks would be nice.

9. **Ordinance No. 865-B First reading – Providing for and Establishing Charges, Rates, and Fees for Installations and Connections to the Water System; Ordinance No. 866-B, First Reading – Providing for the Operation and Regulation of the Public Water System; Ordinance No. 867-B, First Reading – Providing for the Operation and Regulation of the Public Sewer System; and Ordinance No. 868-B, First Reading – Establishing a System and Structure of Rates for the Storm and Surface Water Utility.** Mr. Grochowski reported they took all of the council's recommendations and incorporated them into the ordinances; such as: the due date would remain on the 20th of the month; the delinquent fee would be added on the 21st of the month, and delinquent statements would be sent out the following business day; delinquent accounts would be shut off if not paid within seven days from the date of the delinquent statement; all new accounts would require a \$200 deposit; and water connection charges would be calculated by using equivalent residential units.

Councilor Spahr stated he just wanted to clarify that the deposit was necessary to turn water on, but would be applied to the entire bill at the time the account is closed, and not just the water portion. Mr. Grochowski stated that was correct. Councilor Taylor brought up the issue of landlords requiring higher deposits. Mr. Grochowski reported landlords could require whatever amount they want, but the city would only require a \$200 deposit to turn utilities on.

Councilor Dawes stated there really was no increase in anything other than the deposit, adding the rates were not being increased.

Councilor Dawes moved to pass Ordinance Nos. 865-B, 866-B, 867-B and 868-B on first reading and suspend the reading of the ordinances.

January 24, 2011

The motion was seconded by Councilor Harris and carried unanimously.

10. **Ordinance No. 869-B, First Reading – Vacating a Portion of NW Louisiana Avenue.** Bob Nacht reported the petitioner was requesting two pieces of excess rights-of-way along Louisiana Avenue be vacated. He stated, in order to straighten out the line, the city requested the petitioner dedicate a piece of their property to the city. Mr. Nacht noted the petitioner would also be conveying a small piece of property to the city located on the northwest portion of the parcel. He reported, since the city was vacating more square footage of land than it was receiving, there would be some cash transaction by the petitioner. He noted once they have an appraisal done, they would know more of what that amount would be.

Councilor Harris moved to pass Ordinance No. 869-B on first reading.

The motion was seconded by Councilor Lund and carried unanimously.

11. **Resolution No. 1-2011, First and Final Reading – Adopting a Policy of Granting Awards in Recognition of Service to the City.** Peggy Hammer reported, in addition to certificates of appreciation, employees were awarded jeweled pins, and more recently, the city participated with The Chamber of Commerce in awarding 'chamber bucks.' She reported because of the economic situation and the discontinuation of the 'chamber bucks' program, the administration was bringing forward a new resolution to remove the financial award from the service recognition process. Ms. Hammer stated they would certainly maintain the certificates for the appreciation they had for the employees for their years of service. She noted the resolution did not impact longevity pay for employees, just the milestone service awards.

Councilor Lund asked if an employee's time would be combined into total years served if they worked for the city on two separate occasions. Councilor Harris noted the resolution addressed the issue of an employee's time being interrupted, adding they would receive credit for continuous length of service.

Ms. Hammer noted there were no funds allocated in the 2011 budget for monetary awards. Mayor Ketchum noted the 'chamber bucks' were discontinued because it wasn't cost effective for The Chamber, adding the city was the only agency left participating in the program.

Councilor Taylor moved to adopt Resolution No. 1-2011 on first and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

12. **Public Servant Farewell.** Mayor Ketchum presented Tim Grochowski with a certificate of recognition and appreciation for 33 years of dedicated service to the city. City Manager MacReynold presented Mr. Grochowski with a jacket from the management team and congratulated him on his retirement.

Mr. Grochowski reflected on his years of service with the city. He reported he started in 1978 in the water department and transferred to the street department in 1981. Mr. Grochowski was appointed as street superintendent in 1985, at which time he created a list of 16 street projects he wanted to see done. He reported there were only two projects on the list that had not been accomplished, and Chamber Way was not one of the original projects listed. In 2004, Mr. Grochowski was appointed to the position of Public Works Director, making him the third director of that department. He hoped the next director would put their heart and soul into the community as he had done.

Mr. Grochowski thanked everyone for their support and for allowing him to serve the city. He stated it was a great 33 years of his life, adding he couldn't have done it without his wife, Billie.

Councilor Dawes stated he has some fond memories of working with both Mr. Grochowski and Andy Sennes, adding the three of them had accomplished a lot of things that needed to be done. He wished Mr. Grochowski all the best in his retirement.

There being no further business to come before the council, the meeting adjourned at 7:35 p.m.

January 24, 2011

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

February 14, 2011

The Chehalis city council met in regular session on Monday, February 14, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:03 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Brian Kelly, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Becky Fox, Court Administrator; Bob Nacht, Community Development Director; Peggy Hammer, Human Resources Administrator; Rick Sahlin, Interim Public Works Director/Street Superintendent; Judith Smith, Public Works Office Manager; and Dave Vasilauskas, Water Superintendent. Members of the news media included Lee Hughes from *The Chronicle*. Lewis County Commissioner Bill Schulte was also present.

1. **New Chronicle Reporter.** Mayor Ketchum introduced Lee Hughes, the new Chronicle reporter.
2. **Proclamation – Rotary Day.** Mayor Ketchum presented Larry McGee, Shannon Murphy-Olson, and Rotary President Gordon Shewfelt a proclamation proclaiming February 23, 2011, as 'Rotary Day' in Chehalis.
3. **Consent Calendar.** Councilor Dawes moved to approve the consent calendar comprised of the following:
 - a. Minutes of the regular meeting of January 24, 2011;
 - b. Claim Vouchers No. 99155-99252 in the amount of \$120,380.60 dated January 31, 2011; and Payroll Vouchers No. 34389-34465, 2036-2102, and Electronic Federal Tax Payment No. 95 in the amount of \$696,366.42 dated January 31, 2011; and
 - c. Resolution No. 2-2011, First and Final Reading – Adopting the Lewis County Comprehensive Emergency Management Plan, the National Incident Management System, and the Incident Command System.

The motion was seconded by Councilor Lund and carried unanimously.

4. **Staff Reports.**

- a. **Update on FEMA Mapping Issue.** City Manager MacReynold gave a brief overview of what they had been working on over the past year. He felt it was important to first identify the timeline, adding it was amazing the amount of work that had been done. City Manager MacReynold stated he was glad that Commissioner Schulte was present, because he was instrumental in making some very significant changes with the process. He reported the timeline of events, as follows:
 - January 2010: FEMA Updated Flood Plain and Flood Way meeting with Lewis County and County Commissioners invite cities. Lewis County hired Pacific International Engineering (PIE) to take the lead for Lewis County in seeking to obtain FEMA data used to create preliminary flood map based on FEMA briefing. Chehalis City Manager briefs City Council on FEMA Meeting and council directs CM to proceed to do what we can to prevent release of maps in cooperation with other jurisdictions.
 - February 2010: Lewis County, Chehalis, Chamber, Airport, and Port representatives form Work Group and begin holding meetings to discuss appeal of FEMA's preliminary flood map. Meetings have continued on at least on a monthly basis to-date and many times weekly.
 - March 2010: Letter to FEMA from Pacific International Engineers (PIE) on behalf of Lewis County, Chehalis, Centralia, Ports of Chehalis and Centralia, Industrial Commission, Lewis County EDC, Chamber, and Airport requesting collaboration, information, and time extension for release of preliminary flood map.
 - March 2010: City enters into agreement with Chehalis-Centralia Airport Board to provide \$20,000 toward appeal effort with matching amount from City.
 - March 2010: City enters into agreement with Centralia-Chehalis Chamber of Commerce to provide \$10,000 toward appeal effort.
 - March 2010: City enters into agreement with Cairncross & Hempelmann (Don Marcy) to provide legal services for map appeal process.

February 14, 2011

- April 2010: FEMA response to 3/2/10 letter indicating they would not suspend the release.
- May 2010: Letter to Lewis County from STARR in response to County's letter of 4/15/10 requesting data.
- May 2010: City of Chehalis takes lead with the lead responsibility for the Work Group. Certified letter from Chehalis to STARR in response to their letter of 4/9/2010 to again request information.
- May 2010: STARR response to City's letter of 5/12/2010.
- June 2010: City enters into agreement with Washington2 Advocates (Tony Williams) to provide governmental relations services at the federal level for map appeal process. W2A continues to provide regular updates to our Congressional delegation.
- June 2010: City enters into agreement with Port of Chehalis to provide \$5,000 toward appeal effort.
- June 2010: City receives letter of support from City of Centralia.
- June 2010: City enters into agreement with Lewis County to provide \$50,000 toward appeal effort.
- July 2010 City enters into agreement with Anchor QEA (Bob Montgomery) to provide technical review of FEMA modeling data.
- August 2010: Certified letter to FEMA from Lewis County, Chehalis, Centralia, Chamber, Port, and Airport requesting a delay in release of the preliminary flood map.
- August 2010: Letter from Congressman Baird to FEMA in support of locals request for information still not received and the need to meet with locals to share and explain information.
- August 2010: Certified letter to FEMA from Lewis County, Chehalis, Centralia, PUD, Chamber, Airport, Port with memo from Anchor QEA attached regarding data still not received, and another request to delay release of the preliminary flood map.
- August 2010: FEMA response to 8/2/2010 letter indicating the map release would not be delayed and all information has been provided.
- September 2010: Meeting with staff from Senator Murray's and Congressman Baird's offices to talk about cooperation and support of group through this process and that requested information has still not been received.
- September 2010: Certified letter to FEMA from Lewis County, Chehalis, Centralia, Chamber, Port, and Airport in response to their letter of 8/31/2010 explaining that not all data has been received, and another request to not publish official notice of preliminary map release prior to 2/1/2011.
- September 2010: FEMA letter advising they would not release preliminary map as scheduled on 9/30/2010, and acknowledging that additional dialogue is needed.
- October 2010: STARR response to Chehalis letter dated 9/16/2010 regarding memo from Anchor QEA and missing data.
- October 2010: Memo from Chehalis to FEMA regarding need for all data.
- October 27, 2010: Meeting with FEMA regarding release of maps, explanation of process, and requested data at County Court House.
- November 2010: Meeting of Work Group with FEMA at FEMA Offices to talk about current status and next steps. Major items accomplished at the meeting:
 - Charter/Agreement to be drafted to outline commitments of both parties and process
 - FEMA will run models with map changes provided by Chehalis and Centralia after prioritized list is presented to FEMA
 - FEMA will provide timeline on modeling the proposed changes
- November 2010: Official letter from FEMA releasing maps and containing preliminary digital flood insurance rate maps and flood insurance study report for Lewis County; request for meeting to review; notifying group that we have 30 days from receipt of letter to review, and that a 90-day appeal period would follow after an official publication in the local newspaper. To date official notice to start the 30 public process has not taken place.
- 2010 budget: \$105,000 budget and \$99,016 has been spent in appeal effort.
- 2011 estimated budget: \$120,000.

Public Sector TOTAL Commitment	\$60,000
Private Sector Target Commitment	\$60,000

February 14, 2011

2011 Work Group Projected Budget

\$120,000

- January 2010: Public meeting held regarding FEMA preliminary flood mapping.
- Mid January 2011: Meeting with USGS to review Chehalis River peak flows from December 2007 flood.
- February and March 2011: Meetings will be scheduled with potential private sector partners funding to raise additional \$60,000 needed for 2011 budget.
- February 2011: Assessment impact paper drafted to show loss of values to properties both within the floodway and the floodplain.
- February 2010: Meeting with FEMA to discuss reruns of model maps with priority areas.
- February 2010: Meeting with FEMA to discuss potential long term flood mitigation sites.

Councilor Dawes asked what had been done to get our new congressional representative up to speed on the issue. City Manager MacReynold reported they had been briefed numerous times and were totally up to speed. He added the Industrial Commission had been very helpful in the process, and they hired Attorney J. Vander Stoep to work with the city on the issue.

Bob Nacht reported on the prioritized areas that they were requesting to be pulled out of the floodway. He noted FEMA indicated they would be willing to work with the city on alternatives to what they originally presented. Mr. Nacht stated FEMA requested the city identify areas that we felt should be removed from the proposed floodway, and to prioritize those areas. He indicated it was a limited request within the context of our dealings with FEMA, adding he personally thought there should be a lot more removed, but they had the issues of the modeling to deal with. He stated FEMA would work with the city on remodeling what they've already modeled; however, there would be a limit as to how many times they would do it.

Mr. Nacht reported the group started out with what they felt would be successful in a remodeling effort. He noted the following areas were prioritized from the highest to lowest priority.

1. The Chehalis-Centralia Airport, to include the Twin City Town Center and the commercial development in that area. The extent of the area would involve the existing dike.
2. Two areas in Centralia - the Centralia Wastewater Treatment Plant, and an area between Harrison Avenue and Mellen Street that has not flooded and was significant to the City of Centralia.
3. The area around Sunbirds Shopping Center, Hemphill O'Neill Company, and the old Washington Home Center lot, which are developable properties along National Avenue and Kresky.
4. The Fairway Shopping Center and the Southwest Washington Fairgrounds. Requested FEMA to consider the existing floodway of Salzer Creek as the floodway in that area. #4 also includes property out at the Curtis sort yard, as requested by the Port of Chehalis.
5. The Chehalis Wastewater Treatment Plant.
6. Areas along Newaukum Avenue that encompass the Veterans Museum, Steam Train, Weyerhaeuser property, and properties that front on Newaukum Avenue.

Mr. Nacht reported they also identified an area just south of the existing Chehalis Wastewater Treatment Plant, known as the Shoreline Drive buyout area, which the city purchased under a grant program some years ago. He noted those properties could not be developed, so they were proposing they be added to the floodway as a trade-off for what they were requesting to be removed.

Mr. Nacht reported the request involved about 708 net acres to be removed from the floodway designation. He noted it wasn't just surface acres that are important in a floodway, it also includes acre-feet of storage capacity.

Councilor Pope asked if the undevelopable properties on Shoreline Drive could be used for ballfields. Mr. Nacht noted the property could be used for ballfields, but there would be some limits on how dugouts, backstops, or fencing could be installed, adding it would be pretty difficult to do without the obstruction of any floodwater. He noted anything done with that property would have to be within the criteria they agreed upon when they accepted the grant money for that property.

February 14, 2011

City Manager MacReynold reported they would be meeting later in the week with FEMA, noting they had done two runs with our requested priorities. He stated they would meet again next week to talk about long-term mitigation funding for floods in general.

Councilor Spahr commented on the amount of money being spent to fight the issue, adding we were not the only communities in the United States fighting this type of situation. He wondered what other communities, such as New Orleans, were going through. Councilor Spahr reported John Panesko made a comment that when Congress gets together it costs private enterprise multi-millions of dollars to defend themselves against regulations.

Councilor Taylor asked if the priority level mattered. City Manager MacReynold reported it did matter because what they were requesting to be taken out of the floodway could not raise it more than one foot. Mr. Nacht reported FEMA would put the areas into their model one at a time, starting with the highest priority and would work their way down the list. Mr. Nacht stated they finally received the data from the hydrologist, Bob Montgomery of Anchor QEA, LLC, adding they were concerned that FEMA was using erroneous data to model the floodplain and floodway, which they were trying to negotiate. He reported Mr. Montgomery had the FEMA models and data and was able to do a par review on what FEMA was doing, adding he had been communicating with the FEMA modelers, as well.

Councilor Taylor asked if FEMA's models included the dikes. Mr. Nacht stated he wasn't sure, but FEMA indicated they would not use the dikes unless they were certified to be 100-year dikes. City Manager MacReynold added the key for FEMA was we could not negatively impact our downstream partners in any significant way.

Councilor Harris noted the chokepoint at Mellen Street really exasperated the problem, but never really seemed to get much conversation. He felt once the water gets to the chokepoint, anything downstream was in a different bath tub. Mr. Nacht stated, with regard to the floodplain, upstream of Mellen Street created a situation where Mellen Street itself attenuates any flooding condition downstream. He noted, as they deal with the removal of the airport and all of the modeling, what affect it may have near the airport would be attenuated by Mellen Street, adding it was only about half or a quarter of what affect it has upstream from Mellen Street. Mr. Nacht noted the chokepoint at Mellen Street was an advantage to us in the mitigation arena because it doesn't have an affect downstream.

City Manager MacReynold reported the Chehalis River Basin was two million acres, the second largest basin in the northwest. He noted people look at the 340 acres at the airport and blame that on the flooding in the basin, which was not true. City Manager MacReynold stated the airport had little to no impact on flooding in Lewis County, which has been modeled to show that was the case.

Councilor Dawes requested that City Manager MacReynold give the council periodic updates, so they don't have to wait two weeks between meetings. He noted he was just interested in seeing if they get some of the results they were hoping for. City Manager MacReynold reported he would be happy to give an update at every council meeting, and if something happened in between, he would send out an email.

Commissioner Schulte thanked the city and City Manager MacReynold for taking the lead on the mapping issue. He stated it was something that didn't look very promising initially, but they had done a much better job to the point that the business community was willing to participate by putting money into the process. He noted a lot of the successes they were seeing were because of the city and its staff.

Councilor Taylor asked if the flood authority had been helpful in getting us to this point. Commissioner Schulte indicated he didn't believe so. He felt we had made much more progress with FEMA on the flood maps than they had with flood issues through the flood authority.

b. **Council Goals and Project Work Session.** City Manager MacReynold reported he would like the council to start thinking about projects and goals they would like to see done in 2012. He suggested they set up a work session sometime between the middle of April and the middle of May.

5. **Council Reports.**

February 14, 2011

a. **Update from Councilor Spahr.** Councilor Spahr reported he attended an Economic Development Council board meeting, adding he requested the reports on the projects they could talk about, so he could share them with the council. He felt they had some good projects on-line.

b. **Update from Councilor Harris.** Councilor Harris reported he attended a Chehalis Community Renaissance Team meeting last week, adding he was going to make it a regular visit. He stated Chairman Larry McGee did a wonderful job at keeping the meeting to one hour, and still got a lot done. Councilor Harris noted it was exciting to see the things they have going on and the community involvement. He suggested other councilors might want to attend those meetings, as well.

c. **Community Health Partnership (CHP).** Councilor Pope reported he was a member of the CHP, noting they are an organization that works on resolving health issues in Lewis County. He stated several programs had come out of the CHP, including Pope's Kids Place dental program and Valley View. Councilor Pope indicated there was a group that comes to Lewis County from Vancouver, Washington, called the 'Dream Team' who provided dental services in our schools. He asked Commissioner Schulte if they were supposed to have permission to do that. Commissioner Schulte stated he believed so. Councilor Pope stated he would like to get together with Commissioner Schulte to discuss the issue because he felt they were creating problems for Lewis County. He indicated they come in and give hope to a lot of kids with regards to their dental problems; however, the work the 'Dream Team' has been doing was very poor.

d. **2009 Audit Exit Conference.** Councilor Dawes reported he met with City Manager MacReynold and staff for the 2009 audit exit conference. He noted everything went pretty well and it looked like some of the issues they faced a few years ago had been resolved.

6. **Ordinance No. 865-B Second and Final Reading – Providing for and Establishing Charges, Rates, and Fees for Installations and Connections to the Water System; Ordinance No. 866-B, Second and Final Reading – Providing for the Operation and Regulation of the Public Water System; Ordinance No. 867-B, Second and Final Reading – Providing for the Operation and Regulation of the Public Sewer System; and Ordinance No. 868-B, Second and Final Reading – Establishing a System and Structure of Rates for the Storm and Surface Water Utility.** City Manager MacReynold reported the updates to the ordinances were an effort to bring a lot of our practices up to date and to make some improvements.

Councilor Taylor moved to pass Ordinance Nos. 865-B, 866-B, 867-B, and 868-B on second and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

7. **Ordinance No. 869-B, Second and Final Reading – Vacating a Portion of NW Louisiana Avenue.** Councilor Dawes moved to pass Ordinance No. 869-B on second and final reading.

The motion was seconded by Councilor Spahr and carried unanimously.

8. **Resolution No. 3-2011, First and Final Reading – Providing Support for TransAlta.** City Manager MacReynold reported, at the last meeting, the council requested that staff put together a resolution to show the city's commitment to TransAlta, and to provide support for the important role they play in our community.

Councilor Taylor moved to adopt Resolution No. 3-2011 on first and final reading.

Councilor Pope seconded the motion.

Mayor Ketchum stated the Mayor of Centralia stated last week that TransAlta was our Boeing and/or Microsoft. Mayor Ketchum didn't believe King or Pierce County would ask their Boeing and Microsoft employees to stop driving cars, since they were probably the major pollutants causing the haze around the mountain. He stated it was unfortunate that the big people were going after the little people, adding they don't realize the consequences of

February 14, 2011

shutting TransAlta down.

Councilor Dawes stated he was in support of the resolution. He noted, from what he understood, TransAlta sat down and made an agreement with the Governor and everything she did was within her rights as Chief Executive of the State. Councilor Dawes stated if that was the situation and agreements can be undone within a year or two, what was going to bring people to our state to do business in the future.

Councilor Spahr reported, in his opinion, the agreement made with the current Governor was superseded by the one they made with Governor Locke. He noted the \$300 million was supposed to be a cure-all to keep TransAlta functioning. Councilor Spahr reported TransAlta puts out 10 percent of the states power and asked, if they shut TransAlta down in four years where will they find the power to replace it. He stated he agreed with Councilor Dawes, adding maybe after companies start looking at the way the State treats businesses, Boeing and Microsoft will decide to leave the area as well.

The motion carried unanimously.

9. Review Process for Comprehensive Plan Revisions. Mr. Nacht stated the report was only to advise the council that the planning commission was on track for reviewing and eventually recommending adoption of a new comprehensive plan. He noted the comprehensive plan was the umbrella document that governs the policies of the city for land use development and programs. Mr. Nacht reported the last update to the comprehensive plan was done in 2003, noting it was originally adopted in 1999. He stated the Growth Management Act (GMA) also required a number of things that the comprehensive plan must contain, but because ours was a little dated they were not in there.

Mr. Nacht reported they contracted with a consultant to draft some amendments to our comprehensive plan, adding those amendments were posted on the city's website and invited anybody to review them and to provide comments on the context of the documents. He stated the Planning Commission would conduct a public hearing on February 22, at 6:00 p.m., in the city hall council chamber.

Councilor Pope asked what areas outside the city limits would be impacted by the plan, noting there were some areas that depend on us for their utilities.

Mr. Nacht reported the comprehensive plan was designed to identify the direction that the city wants to go over the next 20 years, within the city limits itself and its designated urban growth area (UGA). He noted Lewis County was responsible for designating our UGA through collaboration and dialog that we have with them, but it was based on statutory requirements of the GMA. Mr. Nacht stated the Chehalis UGA was established through a process with Lewis County and was basically stationary, noting the lines are set by the county and we live within them. He stated that's not to say city services don't extend beyond the UGA, adding in those cases the contractual arrangements the city has with those service areas have to govern how the city's utilities are used in areas outside the UGA. Mr. Nacht reported the comprehensive plan could allude to that, but because it's outside the UGA we don't have direct growth management control through our comprehensive plan, but we should have control through our contractual relationship with those other entities.

Councilor Pope noted he was indirectly referring to some things that are going on in Napavine that might require more services from the city. Mr. Nacht noted those issues would need to be dealt with in the contractual arrangement.

10. Resolution No. 4-2011, First and Final Reading – Declaring City Property to be Surplus. City Clerk Judy Schave reported the city had 10 vehicles and two pieces of equipment that were no longer needed, and requested that they be surplussed. She noted, if adopted, the items would be sent to the Chehalis Livestock Market and sold at auction in March.

Councilor Taylor moved to pass Resolution No. 4-2011 on first and final reading.

The motion was seconded by Councilor Spahr and carried unanimously.

February 14, 2011

11. **Resolution No. 5-2011, First and Final Reading – Approving Formation of a Regional Fire Protection Service Authority Planning Committee.** Councilor Dawes reported, since being appointed by the council to represent the city on the planning committee, they had been going hot and heavy. He reported they identified four other agencies that wish to enter into serious talks about looking at a regional fire authority plan, which included: Fire Districts 5, 6, Riverside Fire Authority, and Chehalis.

Councilor Dawes reported there appeared to be a lot of interest, not only from the elected officials representing the various entities, but also the employees and reserves. He stated they had a chance to talk to a potential facilitator, who he believed understood the seriousness of the planning process and would keep everyone on task.

Councilor Dawes talked briefly about the rules and operating procedures of the committee, adding there would now be three representatives from each agency on the committee. He hoped those interested in being on the committee are ready to go to work because they would be getting their first report at the next meeting, which was scheduled for March 2, at 6:00 p.m., at the Lewis County District 6 fire hall. He noted the meetings would be open to the public because the district would have a quorum with their three commissioners in attendance. Councilor Dawes encouraged the public to be there from the start, so they can get educated and know full-well what it entails.

Councilor Dawes reported the agreement stated in the agenda report was only for the planning process, adding the final decision would be made by elected officials of the various entities represented.

Councilor Spahr asked if there was a budget attached to the process. Councilor Dawes reported, as of now, there was no budget, adding there were no costs other than the time involved in doing it. He stated there may be some expenses at a later date for the facilitator.

Councilor Dawes moved to adopt Resolution No. 5-2011 on first and final reading.

Councilor Pope seconded the motion.

Councilor Dawes added, since being involved with the process, he noticed there were seven rather large agencies up north that are looking at forming fire authorities, as well. He felt this was a movement that was really getting serious looks from a lot of places, noting everyone was looking at costs and alternative ways of providing services.

The motion carried unanimously.

12. **2011 Adopted Budget.** City Manager MacReynold reported the council had before them copies of the 2011 adopted budget. He asked that they please take an opportunity to look at it, and if they had any questions to contact him, or Finance Manager Eva Lindgren.

There being no further business to come before the council, the meeting adjourned at 7:14 p.m.

Anthony E. Ketchum, Mayor

Attest:
Judith A. Schave, City Clerk

February 28, 2011

The Chehalis city council met in regular session on Monday, February 28, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:12 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Eva Lindgren, Finance Manager; and Rick Sahlin, Interim Public Works Director/Street Superintendent. Also present were Julie Balmelli-Powe, Flood Authority Representative; Centralia City Councilmember Edna Fund, Fisheries Study Committee Representative; and Lewis County Commissioner Bill Schulte. Members of the news media included Lee Hughes from *The Chronicle*.

1. **Briefing on Flood Entity Formation Process.** City Manager MacReynold reported the formation process of a flood entity was a critical issue for how we proceed into the future in transitioning from a flood authority to something else. He felt it was an opportune time to hear from the consultant who had been working with the flood authority on this challenging effort. City Manager MacReynold introduced Pam Bissonnette from the Financial Consulting Solutions Group (FCS), who was selected by the flood authority to do an economic analysis.

Ms. Bissonnette reported FCS had put together a number of flood districts in the State of Washington, as well as the State of Nevada. She talked briefly about the background, the actions to date, and the formation process and benefits of a Flood Control Zone District (FCZD).

Ms. Bissonnette noted, last summer, the flood authority decided to create an interim funding structure by interlocal agreement. She reported she interviewed each of the flood authority members individually and found that the majority of them felt the 11 member group was too large. Ms. Bissonnette reported the proposed interim entity membership would include Grays Harbor, Lewis and Thurston Counties, the Chehalis Tribe (if they consent to be a member), the State of Washington (an ex officio member), and one member appointed by the cities within the boundaries of the three county areas. She indicated the reason a flood district was being considered was because they can bring additional revenue into the picture.

Ms. Bissonnette reported Lewis County was in the process of re-creating a new FCZD, noting they had a couple of zones formed in the past that have since been dissolved. She noted Grays Harbor County was considering the formation of a FCZD and would be starting their process over again with some better public outreach. Ms. Bissonnette reported Thurston County was also considering the formation of a FCZD and would be meeting with their Board of County Commissioners on March 3. She noted the county actions were all cued up, so that the creation of the larger multi-county district could stay on schedule for June 2011.

Ms. Bissonnette reported FCZDs are formed by a vote of the Board of County Commissioners, who also set the boundaries. She noted the District Board of Supervisors initially would be the Board of County Commissioners, but then they could stand or have a special election to vote for a separately elected board. Ms. Bissonnette reported the board would have tax and assessment authority with the ability to levy up to .50 cent per \$1,000. She noted they would also have assessment authority to generate revenue for flood projects directly connected with value to a specific property.

Mayor Ketchum asked if the board would automatically have taxing authority, or would it have to be voted in by the people first? Ms. Bissonnette reported they automatically get taxing authority, but suggested they do an advisory vote on any revenue packages. Mayor Ketchum felt it wasn't right to levy a tax without our vote. Ms. Bissonnette suggested the new legislation might cure that issue to some degree.

Councilor Taylor asked if there was more than one way to form a district. Ms. Bissonnette reported there were two types of flood districts. The first type was a flood control district (FCD), which had assessment authority only and had to be formed by a vote of property owners. Ms. Bissonnette reported a FCD had been rejected by the flood authority because it wouldn't work for what they are trying to do. The second type was a FCZD that could be enacted by a vote of the Board of County Commissioners. She noted a FCZD would have the ability to levy rates and charges without a vote of the people. Ms. Bissonnette indicated a separate vote would be required if they want a separately elected board, or if they want to issue general obligation bonds. She noted they had talked to the flood authority in length about having an advisory ballot, even if they are not required to have one.

February 28, 2011

Councilor Pope suggested an advisory vote had some positives, but would not guarantee an honest answer for what the people really want. He also felt it would depend on when the vote was taken.

Ms. Bissonnette reported the deadline set by the state was not for raising revenue, but for the creation of the district. She indicated there was a request for another full year of funding from the state in the Governor's budget. Ms. Bissonnette noted that funding would allow the district to get its feet on the ground and demonstrate to the people the benefit of the district before either having to request or take a vote on levying additional funding. She noted the funding coming from the state and federal governments would be contingent on the local share, which would come from the levied tax and assessments.

Councilor Spahr stated he thought they were moving from an authority to a district because a district was easier to manage and less confrontational. He noted they still had some of the same players, such as Thurston County Commissioner Karen Valenzuela, who is adamantly against any flood proofing of our area, and wondered how the new district would improve the situation for Lewis County. Ms. Bissonnette noted there were some differences regarding the treatment of the floodplain, but Commissioner Valenzuela and her staff were recommending they consider doing a FCZD. She reported FCS had been asked to do was an economic analysis on how important it was for areas to be protected from flooding, and felt negotiation would occur with the shares that come from each of the areas. Ms. Bissonnette suggested those who would benefit the most would be where a majority of the population and value are. She noted Thurston County had very little property compared to Lewis and Grays Harbor Counties, with reference to property tax being a means to raise the local share.

Councilor Taylor asked if votes would be weighed based on the amount of land affected. He noted it was his understanding that Thurston County had a very small amount of affected area, but their vote would be equal to that of Lewis County and Grays Harbor County. Ms. Bissonnette stated if they are voting on the election of the board, it had to be one person, one vote; however, for projects and funding issues there was discussion about using a supermajority weighted vote. She noted the membership was not set in stone, adding she felt the flood authority would appreciate any kind of feedback to tell them what each jurisdiction would like to see. Ms. Bissonnette stated she would also like to know what's important to each entity, since they were the ones doing the analysis.

Ms. Bissonnette reported on the role of the multi-county flood authority, as follows:

- Continue to develop and update the flood hazard mitigation plan
- Determine what the funding level would be and agree on allocations to each member
- Develop projects and be the sponsorship with the United States Army Corps of Engineers (Corps)
- Undertake contracts with others to do projects or programs
- May issue bonds depending on structure
- Voting structure to be negotiated and included in the interlocal agreement

Ms. Bissonnette reported on the reasons for a multi-county FCZD, which included:

- The multi-county flood entity formed through interlocal agreement cannot raise revenue, nor require lands within the Chehalis River Basin to be included in its boundary
- A County FCZD can raise revenues for flood purposes through taxes, charges and/or assessments
- A County FCZD can require both incorporated and unincorporated areas (excluding tribal lands) within the County be included in the boundary by decision of the Board of County Commissioners

Ms. Bissonnette reported Commissioner Averill has spoken very eloquently about the need to have a separately elected board. She noted that would allow members from the cities to stand for election and be on the board, as opposed to having the county as the board.

City Manager MacReynold stated it appeared the zone district was an interim step, and asked how it would affect Chehalis if Lewis County formed a FCZD and the other participants in the basin did not. Ms. Bissonnette stated if Lewis County formed a district to include all of the cities within the county, but Thurston County did not, Thurston County could sign an interlocal agreement as a county. She stated Grays Harbor could also sign an interlocal

February 28, 2011

agreement as a county, but in either case none of the cities would be coming in unless both Thurston and Grays Harbor Counties negotiate separate agreements with their cities.

City Manager MacReynold stated he had heard that Grays Harbor County Commissioners voted against forming a FCZD. Ms. Bissonnette stated that was correct, but it was her understanding in talking with Commissioner Terry Willis, who was a proponent of the district, that she actually made the motion to not form a district. She noted Commissioner Willis felt there wasn't a good enough understanding as to why a FCZD would be needed in Grays Harbor.

City Manager MacReynold asked what would happen if they reach the June deadline and Lewis County was the only one to form a FCZD. Ms. Bissonnette stated that would be a great question for the state, adding it was really their decision as to how big the multi-county district had to be.

Ms. Bissonnette reported, by having a comprehensive solution, it would prevent showing a problem downstream, or creating a problem upstream. She noted the benefits of a FCZD, as follows:

- Provides additional ability to directly address longstanding flooding issues for Lewis County and its cities
- Provides the ability to comprehensively address Chehalis Basin flooding, which the county and cities cannot do alone
- Provides funding to match federal & state resources to do projects and programs
- County would retain control of funding sources (taxes/charges/assessments) and revenues
- Allows for flexibility to adjust to needs

Ms. Bissonnette reported they were in the process of drafting an interlocal agreement for the members to sign that would create the interim multi-county flood entity, which would be out for review in the next couple of weeks. She suggested when the entities receive the draft they turn it over to their legal counsel for review.

Ms. Bissonnette reported they had done some public involvement, such as informational materials, public meetings, media outreach, web sites and social media, and county commissioner/city briefings. She noted the key messages they were providing were:

- Area governments are working together on the problem
- We have a plan to address the region's flood problems
- The flood authority is moving into action
- The flood authority is committed to informing and involving the public
- The flood authority will balance the need to address flooding with the current economic situation
- Flood reduction benefits and costs should be shared in and outside the region

Ms. Bissonnette talked briefly about the economic analysis, noting the first draft went to the flood authority on the 17th of February. She reported the 2007 flood alone was about \$938 million in damages. Ms. Bissonnette stated they were looking at a much broader definition of flood damage than the Corps assesses. She noted if they added up the damages and impacts of all of the storms, the benefit of doing a project was much greater.

Councilor Taylor asked if they were allowed to use multiple flood events for the cost benefit ratio for Corps projects. Ms. Bissonnette stated she didn't know, but they were using it to work with the flood authority on how the costs of the projects should be allocated.

Ms. Bissonnette reported on the involvement of the cities, as follows:

- Draft Interlocal Agreement (ILA) for multi-county flood district/ includes one voting member for cities
- Draft ILA to include provisions for a 15 member Advisory Board Committee for cities and other interests
- Potential with new legislation for the multi-county FCZD to have an elected board providing opportunities for cities to be elected to seats

February 28, 2010

Councilor Spahr stated after the 1990 and 1996 flood, the Washington State Department of Transportation's (WSDOT) fix for I-5 was to raise it nine feet. He noted at the time the city couldn't see that happening, adding the cost would have been tremendous. Councilor Spahr reported they showed WSDOT that flood control would be cheaper than trying to raise I-5, and would accomplish something for everybody.

Councilor Spahr felt the Airport was an entity that really needed to be protected. He noted a lot of people keep pointing at the development around the Airport as the cause for all of the problems, but the fact was Twin City Town Center was such a small part of it, and they need to convey that message.

Councilor Dawes reported, in order to be successful, they needed a basin-wide solution and everyone was going to have to come to the table ready to solve the problem at hand, and get beyond the finger pointing and blaming. He felt others needed to come to the realization that maybe the facts are correct and what they had been told behind the door was not. Councilor Dawes suggested the elected leaders needed to be educated and made to understand that what was good for one would be good for everybody, just not perhaps to the same degree.

Councilor Harris stated he had a problem with the finger pointing, as well. He noted the Tribe was pretty much against anything having to do with correcting the problem, and Thurston County, specifically Commissioner Valenzuela, was shoulder to shoulder with the Tribe on the issues. Councilor Harris stated, when it comes to flooding, Lewis County was up to its neck in water, whereas, Thurston County sometimes has a toe in it, yet those two entities, the Tribe and Thurston County, will have as much power as anybody in the program. He felt Lewis County was not being given the support it needs to make the decisions that mostly affect us.

Councilor Harris commented on the issue of the flood authority being too large, noting it was only after a bunch of entities decided they needed a voice, that it became too large. He stated he had a problem with the way things were constructed, adding Lewis County receives the most damage and blame, yet we're restricted from being able to take care of things.

Julie Balmelli-Powe stated her biggest fear was that once the interim entity was formed they would be the voice for the future entity, and we would lose ours. She stated they may get legislation passed for a multi-county jurisdiction, but if we're still fighting the same people who are anti-Lewis County, they're never going to vote to form the future district. Ms. Balmelli-Powe believed if they form the body like it is now, it would kill any future formation of a district that would actually be constructive.

Commissioner Bill Schulte felt the flood authority was broken and with any proposed plan with the same kind of makeup, Lewis County, at best, would have two of the five votes and we would never get anywhere. He stated his fear was whatever they do in the interim group would continue to obstruct any kind of progress for this area.

Commissioner Schulte felt it was a good plan; however, events had overtaken it and we are not getting support from the other two counties.

Commissioner Schulte reported the county was in the process of forming a new FCZD, which was up before the boundary review board. He didn't believe Lewis County could go it alone and hoped we could create a FCZD and get an interlocal agreement with Grays Harbor to come up with some joint interim group until we get the rest of it solved.

Councilor Taylor noted the reason everybody thought the larger flood authority group was necessary was because the smaller group could never afford to pay for a project to solve the flooding. He wondered how they were going to be able to build and maintain anything with a smaller group, noting even with the larger group it was going to be a task. Commissioner Schulte stated Councilor Taylor was right, they couldn't do it alone, adding they were going to have to partner with people who are also getting hurt by flooding. He felt they only needed three parties, which included: Lewis County, the State with their infrastructure, and Grays Harbor. Councilor Taylor felt the biggest entity they needed was the Tribe. Commissioner Schulte stated once they have a plan they can agree on they'll have to get the Tribe to buy off on it, one way or another.

February 28, 2010

Councilor Taylor felt they were spending a ton of money on studies and wondered if they were just spinning their wheels, since they know they are not going to do anything with it. Commissioner Schulte stated all he had to say was it was a good plan, it just didn't work out.

Edna Fund noted the statistics listed in the PowerPoint only reflected Lewis and Thurston County, and not Grays Harbor. She reported a special meeting was set for March 31 at the flood authority to discuss the transition plan. Ms. Fund noted flooding was not an easy problem to solve, but like Councilor Dawes stated earlier, if they can get the other stuff out of the way, perhaps they can get something done.

Ms. Balmelli-Powe reported the state was recognizing the levee plan was not going to work and that water retention might. She believed they would continue to be a supporting body until it's proven that it won't work. Ms. Balmelli-Powe suggested they were getting mixed messages from the Tribe, adding Mark White continues to say no, but anyone who has talked to David Burnett believes if they can prove any damage to the fish can be repaired or mitigated, they're still listening.

Mayor Ketchum closed the work session and immediately opened the regular meeting at 6:15 p.m.

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

- a. Minutes of the regular meeting of February 14, 2011;
- b. Claim Vouchers No. 99253-99387 in the amount of \$169,730.40 dated February 15, 2011, and
- c. Award bids for rock and asphalt to the various bidders, as recommended.

The motion was seconded by Councilor Lund and carried unanimously.

3. **Staff Reports.**

a. **January Financial Report.** Eva Lindgren reported the most significant variances were with the property tax and the long-term debt proceeds, which do not occur regularly throughout the year. She stated, in 2011, they did some reorganization and pulled the utility billing function and the costs associated with that function out of the finance department and moved them to the water fund, which created the large variance between 2010 and 2011.

Ms. Lindgren reported she was going to take a step back in 2011 and start doing some modified accrual accounting for certain expenses, such as the annual software maintenance in the finance budget, and the annual insurance premium in the non-departmental budget. She noted she didn't get around to expensing those costs out in January, so February would have two months worth. Ms. Lindgren indicated each department would be hit with their portion of the insurance premium on a monthly basis, noting approximately 50 percent of the premium would be paid out of the utility funds and the other 50 percent out of the general fund. She noted the advantage to doing modified accrual accounting was that the council would have a much better feel for what was going on in those two funds.

Ms. Lindgren talked briefly about two variances in the 2011 year-to-date expenditures. She noted over \$94,000 in the Non-departmental budget was attributed to the interfund loan repayment that had not been made yet; and the police department budget had a large variance because of the \$33,000 paid out for 1st quarter dispatch services. Ms. Lindgren noted they also budgeted some police officer time in the gambling enforcement fund, but the coding wasn't changed in time for the January report, so those costs would also be shifted out.

4. **Council Reports.**

a. **Tax to Enhance Drug Court and Mental Health Services.** Councilor Pope reported, earlier last year, they talked about the 1/10th of one percent sales tax to be used for enhancing drug court and mental health services. He noted he would provide the council with some information to review prior to the next meeting, and requested Judge

February 28, 2010

Hunt be asked to attend the meeting to give a presentation on the tax and what it would be used for. Councilor Pope reported the money collected would be for Lewis County only. He noted the Lewis County Commissioners were asking for an advisory vote, but felt that a waste of time, since they had the ability to pass it by a vote of the three commissioners.

b. **Update from Councilor Dawes.** Councilor Dawes reported he attended the Chamber Business after Hours event on the 17th of March at Windermere Real Estate, adding they had quite an interesting story about the building.

Councilor Dawes talked briefly about the Regional Fire Authority, noting their meeting scheduled for Wednesday had been postponed due to a couple of conflicts. He suggested to the group that they try to meet on the third Wednesday of the month. Councilor Dawes noted their meetings would be open to the public and hoped there was some public interest because they would be the ultimate decision makers. Councilor Dawes reported Councilor Spahr expressed interest in being one of the three city representatives.

Councilor Lund inquired about the dates and times of the meeting, and after a brief discussion stated he would be willing to be the third representative for the city.

c. **Pothole Issue.** Councilor Lund stated there was a gentleman who contacted Councilor Harris about some potholes, and wanted to know if staff had taken care of that request. City Manager MacReynold reported he passed the request on to Interim Public Works Director Rick Sahlin, but had not heard back as to what the conversation had been.

d. **Passing of Former Councilmember Robin Fuller.** Councilor Taylor reported they had all signed a card for former councilmember Robin Fuller, but hoped there was something more the city could do. He asked if there had ever been anything done, such as sending flowers. Councilor Dawes felt a lot would depend on the family, and in this case, the wishes of Mr. Fuller. He suggested if there was a charity or something noted by the family, individuals could step up if they felt it appropriate.

5. **Update on FEMA Mapping Issue.** Commissioner Schulte reported they signed a charter/resolution today between FEMA, the City of Chehalis, and the other local governments working together on the flood mapping issue.

6. **Sales Tax Increase for the Purpose of Expanding Substance Abuse and Mental Health Treatment.** Commissioner Schulte reported there was one commissioner who was leaning toward voting for the 1/10th of one percent sales tax, and the other two were sitting on the fence. He noted the problem was all three Commissioners ran with a position of 'no new taxes.' He noted, if passed, the little bit of money they get back from the state would actually save the county quite a bit of money in drug treatment, drug court, and mental health. Commissioner Schulte stated it would help if the city would feel the need to adopt a resolution in support of the tax.

Mayor Ketchum suggested a resolution accompany the information being provided by Councilor Pope for their consideration at the next regular meeting. City Attorney Hillier reported the Lewis County Bar Association passed a resolution supporting the imposition of the tax last week.

Commissioner Schulte reported all three Commissioners support the tax, but two would like to see it go to a vote. He stated he would be willing to support a council-manic vote, even though it goes against what they said about no new taxes. Commissioner Schulte reported the tax would be one cent on every \$10. He noted Lewis County had the lowest sales tax in the state because the county was reluctant to impose any new taxes.

Councilor Dawes suggested advisory votes can sometimes be good, but they do come with a cost. Commissioner Schulte noted the costs would be over \$100,000. Councilor Dawes felt the county would be better off taking the heat for the 1/10th of one percent than a \$100,000 advisory vote.

February 28, 2010

Councilor Taylor inquired as to what the new rate would be. Commissioner Schulte reported it would go up to eight percent.

There being no further business to come before the council, the meeting adjourned at 6:39 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

March 7, 2011

The Chehalis city council met in special session on Monday, March 7, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:07 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Brian Kelly, Assistant City Attorney; Judy Schave, City Clerk; Peggy Hammer, Human Resources Administrator; Rick Sahlin, Interim Public Works Director/Street Superintendent; and Judi Smith, Public Works Office Manager. Members of the news media included Lee Hughes from *The Chronicle*.

1. **Meet and Greet Public Works Director Applicants.** The council held a special meeting to meet the two candidates for the position of Public Works Director. City Manager MacReynold reported, in the previous two hiring processes for department directors, one of the things done was to give the finalist the opportunity to talk about themselves with the council, and to answer any questions they might have. He stated, from his perspective, it had been very helpful for him to see their interaction and how they present themselves in a formal setting, which a department director had to deal with on a regular basis.

City Manager MacReynold introduced Herta Fairbanks and Kevin Dragon, and asked them to talk about their background and why they thought being the public works director for Chehalis was a good move for them.

After the introductions and questions, City Manager MacReynold thanked the council for attending the special meeting, adding he planned to move very quickly and would like to be in a position to make a decision by the end of the week.

Mayor Ketchum thanked Ms. Fairbanks and Mr. Dragon for spending the day in Chehalis and for showing interest in the position. He thought they were both well qualified for the position and wished them both well.

There being no further business to come before the council, the meeting adjourned at 5:51 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

March 14, 2011

The Chehalis city council met in regular session on Monday, March 14, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:31 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Peggy Hammer, Human Resources Administrator; and Rick Sahlin, Interim Public Works Director/Street Superintendent. Members of the news media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

1. **Briefing on I-5 Projects and Impacts.** City Manager MacReynold reported the I-5 corridor projects were coming to fruition, especially around the Mellen Street interchange. He introduced Bart Gernhart from Washington State Department of Transportation (WSDOT) and Lewis County Commissioner Ron Averill to walk the council through the various projects.

Mr. Gernhart reported on the new Mellen Street Interchange, which was about a half mile south of the existing overpass, noting there were no significant changes to that project. He talked briefly about the ramp changes, the collector/distributor (CD) lines, the use of the current Mellen Street overpass, and the installation of two-phase stop lights at various intersections to allow traffic to flow through more quickly. Mr. Gernhart stated they had looked at a number of solutions over the years for the Mellen Street area, noting some of those were pulled off the table for a variety of reasons.

Mr. Gernhart reported their first priority was to be able to get to the hospital. He noted the plan still included the two one-way lanes going west under the current overpass. Mr. Gernhart stated, based on the proposed CD line improvements, WSDOT predicted they would not have to widen that section of I-5 for another 10 to 20 years.

Mr. Gernhart reported they had two on-ramp changes, noting the main change was with the northbound off-ramp to Harrison Avenue, which had been changed to exit before the Skookumchuck River Bridge to allow more time for traffic to weave in.

Mr. Gernhart reported they were continuing to work on the six-lane widening project just north of Blakeslee Junction. He noted they still planned to add one extra lane under the Harrison Avenue Overpass by moving the sidewalks from the inside of the columns, to the outside.

Mr. Gernhart discussed the different alternatives to get from one destination to another using the new CD lines.

Commissioner Averill stated, when they started the project, their primary concern was access to the hospital. He noted, at first, they thought they might have to eliminate the underpass at Mellen Street because it's usually under water during most flood events. Mr. Gernhart reported the improvements to the Long Road dike and tying it into the interchange would prevent the Chehalis River from flooding the area on the east side of I-5, including Mellen Street. He reported they would also be building a short wall around the old waste water treatment plant, which would keep the water from coming back into the area of the Mellen Street underpass.

Commissioner Averill stated if they have a storm where the Skookumchuck River causes China Creek to flood and go under the freeway, they can reverse traffic on the new overpass and use that as an alternate route to get to the hospital.

Councilor Spahr suggested the Mellen Street Bridge was somewhat of a dam that backs the water up in the Chehalis River. Mr. Gernhart and Commissioner Averill agreed. Councilor Spahr asked if the project would create a higher dam. Mr. Gernhart stated they were trying to prevent water from shooting over I-5, adding they had analyzed the connection and what it would do at a 100 year elevation. He noted, by not allowing the water to flood out all of the homes on the east side of I-5, it would increase the water level by about one tenth of a foot back at the fairgrounds.

Mr. Gernhart reported the county hired a consultant to do a study on the construction of a dike just above the Centralia-Alpha Road. He noted the study showed they could spend between \$3 and \$4 million, and maybe reduce the water elevations at the fairgrounds by a couple of inches. Commissioner Averill reported the Centralia-Alpha Road

March 14, 2011

dike would only be beneficial if the United States Corp of Engineers decide to build a levee system. He noted they were going to set the Centralia-Alpha Road dike aside for now, and possibly take another look at it later.

Councilor Spahr asked if they had ever studied what it might do if they changed the abutments on the Mellen Street Bridge. Mr. Gernhart reported if they did that they would have to deal with the people downstream and they really didn't want to have to do that. Commissioner Averill reported there were at least two entities that have threatened to sue the county if they widen that particular breach more than six inches.

Mr. Gernhart reported the projects included the following:

- Long Road dike tie-in
- Rebuild the base of Airport Road (county project)
- Raise Airport Road to tie into Louisiana Avenue (DOT project)
- Tie existing five lanes on Louisiana Avenue over to Airport Road (county and city project)

Mr. Gernhart reported all of the projects were being connected together and would hopefully be done at the same time as the freeway project. He stated they would like to go out to construction in 2012. Mr. Gernhart noted they still had about 30 more properties to buy, permits to obtain, and had to finalize the design. He reported there were still a lot of challenges, but felt things were going relatively well.

Commissioner Averill reported the base stabilization project on Airport Road was estimated to be about \$1.3 million. He indicated they ran into some problems with the money set aside for freeway widening because most of it was earmarked. Commissioner Averill stated, in order to make sure we don't lose the money, it needed to be committed. He reported, because Centralia would be benefiting a lot from the Mellen Street project, they were looking at how to take the available money and have it benefit all of us. Commissioner Averill stated there was about \$2 million of federal money in Lewis County's pot, which they proposed to give to WSDOT to complete the base stabilization project on Airport Road, rather than the county doing that project. Mr. Gernhart stated we would all save a bunch of money by utilizing the federal earmarks where they can be utilized. He noted, about two year ago, there was a \$700,000 issue having to do with the Galvin Road project, but that issue had been resolved.

Mr. Gernhart stated there were a lot of other issues that would be covered when they meet with the City of Centralia in a couple of weeks. He noted they were looking at entering into a Memorandum of Understanding with the county and cities that would benefit everybody.

Commissioner Averill brought up the issue of both cities waiving mitigation; however, Mr. Gernhart didn't believe there was a need for Chehalis to take any action, since the projects requiring mitigation were all in Centralia.

City Manager MacReynold gave credit to Mr. Gernhart for his willingness to take the lead on making the connection with Airport Road, in cooperation with the Mellen Street project. He felt it would save a boatload of money for our jurisdiction and the county, adding the connection was critical for the future of that part of the city.

Mayor Ketchum asked if there was a possibility that the fill for the project might push water back and cause it to come over the dike at the airport. Mr. Gernhart didn't believe that would happen, adding they were only talking about fractions of inches.

Mayor Ketchum stated if there were no objections, he would like to see a letter of support from the city sent to WSDOT to keep the project moving forward, adding he felt it was very important for the city to get Louisiana Avenue connected to Airport Road. City Manager MacReynold suggested staff could draft a letter of support and have Mayor Ketchum sign it on behalf of all the council.

Mr. Gernhart reported they were getting prepared to scope the next segment, which was the five mile stretch between 13th Street and the new Mellen Street interchange. He encouraged staff from Chehalis, Centralia, and Lewis

March 14, 2011

County to start another sounding board, adding he didn't have any money for major projects, but he did have a little to start the scoping process. Mr. Gernhart stated they had about six to seven months to address as many issues as possible, such as the West Street overpass and the frontage roads near I-5. He noted the project would be much more substantial than the Mellen Street/Harrison Avenue project, adding he was excited to get started on it.

Mayor Ketchum closed the work session and immediately opened the regular meeting at 6:07 p.m.

2. **Police Department Complaint.** Darin Fields (6323 190th Lane, Rochester, Washington) reported, on the 26th of February, his son came to Chehalis to pick up a friend who had apparently been drinking too much. He noted it was close to closing time when his son entered the bar and on his way out was struck in the face and received a broken eye socket. Mr. Fields noted his son was told by the police that he needed to find his own witnesses. When Mr. Fields contacted the police department he was told the police would go back to the bar and investigate; however, they already knew nobody saw anything.

Mr. Fields stated he found it hard to believe that this was how the police operate in our nation. He provided a copy of the police report to the city manager and the council, asking them to take a look at it. Mayor Ketchum suggested Mr. Fields give his phone number to the City Manager and the Police Chief, so they could look into the matter and get back to him.

3. **Mayor's Prayer Breakfast.** Pastor Tom Bradshaw from the First Christian Church in Chehalis extended a special invitation to the council to participate in an event that the local churches are planning for the National Day of Prayer. He noted the event would take place on May 5, at 7:00 a.m., at the Centralia Christian School.

Mayor Ketchum reported he and Mayor Pro-tem Dawes were unavailable to attend and suggested if any of the other council members were interested, to contact Mr. Bradshaw.

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

- a. Minutes of the regular meeting of February 28, 2011, and the special meeting of March 7, 2011;
- b. Claim Vouchers No. 99388-99475 in the amount of \$86,167.87 dated February 28, 2011, and Payroll Vouchers No. 34466-34540, 2103-2169, and Electronic Federal Tax Payment No. 96 in the amount of \$657,524.40.

The motion was seconded by Councilor Pope and carried unanimously.

5. **Staff Reports.**

a. **Status on Public Works Director Position.** City Manager MacReynold introduced Herta Fairbanks, who was selected to fill the vacant position of the city's public works director. He stated Ms. Fairbanks would be starting work on March 25.

Ms. Fairbanks thanked the council for the opportunity, adding she was very excited to get started.

6. **Council Reports.**

a. **Update from Councilor Dawes.** Councilor Dawes reported there was a book written by Julie McDonald Zander that included articles from the Chehalis Bee Nugget back in 1915. He stated it was amazing to see some of the older names mentioned in the book, which a lot of our city streets are named after. Councilor Dawes noted the books could be purchased at the Lewis County Historical Museum.

b. **Update from Mayor Ketchum.** Mayor Ketchum talked briefly about the recent earthquake and tsunami that hit Japan on Friday, March 11. He noted he had not heard anything back from our sister city, Inasa, Japan, but in communications with people living near Inasa, he heard they may have only suffered minor damages.

March 14, 2011

Mayor Ketchum extended his condolences to the family of Kirk Johnson, who passed away last week. He noted Mr. Johnson was a Lewis County Fire District #6 Commissioner, who he worked with during the time the city was talking about merging with the district. Mayor Ketchum noted Mr. Johnson was one of the big proponents of the merger and fought hard to get everyone moving on it.

c. **Regional Fire Protection Service Authority Planning Committee Meeting Scheduled.** Councilor Dawes reported the committee scheduled their next meeting for March 30, 2011, at 6:00 p.m., at the Lewis County District #6 fire hall. He stated he would like to iron down a good time and day of the month to start meeting regularly. Councilor Dawes noted there was a good chance the open public meetings would rotate to different locations each month.

7. **Resolution No. 6-2011, First and Final Reading – Supporting the One Tenth of One Percent Sales Tax Increase to Enhance and Expand Services in Prevention and Treatment of Substance Abuse, Mental Illness in the Criminal Justice System.** Councilor Pope introduced Judge Nelson Hunt and Attorney Paul Dugaw to speak on behalf of the proposed resolution.

Judge Hunt reported the resolution called for support from the Chehalis city council for the Board of County Commissioners (BOCC) to pass the one tenth of one percent sales tax increase to support not only drug court, but enhance mental health and other chemical dependency treatment programs within the county. He stated the BOCC started the Lewis County Drug Court in 2004, which survived on a federal grant that lasted about two years, and out of the current expense budget of the county for the remainder. Judge Hunt reported the money was no longer there to support discretionary programs, noting drug court was the only discretionary program that Lewis County Superior Court had. He indicated they had cut their budget back to the point of being on the edge of becoming an inefficient program, and unless they could find another funding stream, drug court would no longer exist.

Judge Hunt reported the stream of funding had existed since 2005 when the Legislature authorized counties to enact a one tenth of one percent increase on the sales tax, but the BOCC had stridently refused to consider it unless it was an alternative of last resort, which was where they were at. He noted they had been told by the BOCC that if the tax was not enacted, drug court would cease to exist as of December 31, 2011.

Judge Hunt reported he had been out in the community appealing for a show of support from various community groups, large employers, as well as just talking to individuals. He noted they met a ground swell of support for what could be an unpopular move, which was to raise taxes. Judge Hunt stated he wanted to tell the council a little about why the tax should be supported and hopefully gain their support, as well.

Judge Hunt talked briefly about the statistics of the program and about the mental health services, which he believed were sadly lacking.

Judge Hunt reported the question had come up as to why taxpayers should fund the program, especially during these lean times when they're the ones who made the choice to use drugs and such, in the first place. His response to that question was, the taxpayers were already paying for them through the criminal justice system, noting the costs for trials and jail was enormous. Judge Hunt stated drug court works, and hopefully with the addition of the enhanced mental health services, they would be able to also impact those individuals and get them out of the system, which would lower the costs of all the citizens.

Mayor Ketchum asked how much it would save the community if the tax increase was enacted. Judge Hunt reported it would be difficult to actually put a number on the savings. He noted there were a couple of projections they could make, such as, how many people would be saved out of the criminal justice system, and how much they would save on jail time. Judge Hunt indicated drug court came pretty close to paying for itself using only the savings of the jail expenses; however, it was the intangible part that was hard to put a cost or savings on, such as the burglaries, forged prescriptions, or the escalating criminal behavior that doesn't happen. Judge Hunt stated, putting a number on what happens to those people in their lives was also very difficult, but a necessary thing to do. He noted, with drug court, you can actually see the change in the people over the course of the program.

March 14, 2011

Judge Hunt reported they would be having community meetings in Morton, Toledo and Winlock, and one at W.F. West High School on March 31. He noted the meetings would be an opportunity for the citizenry to come and ask questions and get information.

Councilor Spahr reported he had a chance to attend the graduation of an individual from drug court. He thought it was interesting how all of the participants interacted with each other, adding it was an incredible process and thought it was worth continuing. Councilor Spahr felt Judge Hunt had to give Mr. Dugaw a lot of credit for his contribution to the program. Judge Hunt stated Mr. Dugaw was an unusual drug court defense attorney, in that he's been there and can relate to the participants in a way no one else can. He stated Mr. Dugaw was the most effective defense attorney in drug court he had ever run into in the four years he had been doing the program.

Councilor Pope stated if they didn't take the tax now, they were going to lose it. Judge Hunt reported it was real clear that the Legislators were watching how they are doing things. He noted the BOCC had been incredibly supportive and had looked at every way to keep the program going.

Mr. Dugaw reported the National Association of Drug Court Professionals, an organization founded in the late 1990s, had done some quantified economic studies to evaluate the value of drug courts. He noted their scientific study showed that \$3.62 was returned to the community for every dollar invested in drug court.

Mr. Dugaw felt the tax increase would be an investment in the community. He noted the Lewis County Drug Court had a reputation among all the drug courts in the State of Washington as being one of the best. Mr. Dugaw stated he had to give credit to Judge Hunt, adding he leads the program and has been out in the community supporting it. He reported they couldn't quantify the burglaries that aren't committed or the identities that are not stolen, but they are out there and drug court was making a difference.

Mr. Dugaw stated they would appreciate the support of the council and support for the BOCC because they may take some political flack from enacting a tax increase. He believed the investment would be worth the cost, adding once people are educated they will understand that it's something worth paying for.

Councilor Taylor asked if there was another way to pay for drug court, besides a sales tax increase. He believed a lot of companies do business in Lewis County and Chehalis because we have a low sales tax rate. Councilor Taylor stated he felt the program was needed, and asked if the BOCC could pass an increase on property tax, rather than sales tax. Judge Hunt indicated they had looked everywhere, and the one tenth of one percent was what the Legislature had given them, adding they didn't have the authority to do it any other way. He stated, as far as other resources, there weren't any. Judge Hunt stated all of the money they collect through sales tax would come to the county and stay in the county, adding he was not sure if that would be the case if the revenue came from property tax. He believed the Legislature would have to enact a similar statute to the one on sales and use tax, to allow the counties to do that.

Councilor Taylor stated he would gladly pay it; however, his concern had to do with our lower sales tax rate, which was a competitive advantage when you buy high ticket items. Judge Hunt stated he appreciated the question, adding that was a concern expressed to the Community Health Network early on. He noted they got a surprising statement from the representative of the Lewis County Economic Development Council, who believed it would not be an issue.

Judge Hunt reported Mr. Dugaw presented the information to the Chamber of Commerce earlier that day, adding the response was gratifying and enthusiastic. He was optimistic that the Chamber would continue to be supportive. Judge Hunt reported Cardinal Glass was also effusive in their praise of the program, largely because of their need for sober employees. He noted the support of local business was very gratifying.

Councilor Pope moved to adopt Resolution No. 6-2011 on first and final reading.

The motion was seconded by Councilor Harris and carried 5-1, with Councilor Taylor voting against the motion.

March 14, 2011

There being no further business to come before the council, the meeting adjourned at 6:46 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

March 28, 2011

The Chehalis city council met in regular session on Monday, March 28, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Brian Kelly, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Eva Lindgren, Finance Manager; Bob Nacht, Community Development Director; Herta Fairbanks, Public Works Director; Rick Sahlin, Street Superintendent; and Dave Vasilauskas, Water Superintendent. Members of the news media included Lee Hughes from *The Chronicle*.

1. **Sexual Abuse/Assault Awareness Month**. Mayor Ketchum presented Human Response Network Program Manager Katie Braae with a proclamation declaring April 2011 as 'Sexual Abuse/Assault Awareness Month' in the city of Chehalis.

2. **National Crime Victim's Rights Week**. Mayor Ketchum presented Human Response Network Interim Lead Crime Victims Advocate Joe Keen with a proclamation declaring the week of April 10-16, 2011, as 'National Crime Victim's Rights Week' in the city of Chehalis.

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

- a. Minutes of the regular meeting of March 14, 2011; and
- b. Claim Vouchers No. 99476-99621 and 22011 in the amount of \$189,865.90 dated March 15, 2011.

The motion was seconded by Councilor Lund and carried unanimously.

4. **Staff Reports**.

a. **February Financial Report**. Ms. Lindgren reported the variance for the sales and use tax revenue was positive, but cautioned the council from getting too enthusiastic about it. She noted they did a better job of budgeting for 2011 than they did in 2010, adding the \$3 million budgeted was more in-line with what was anticipated.

Ms. Lindgren reported on the general fund expenditures, noting the large positive variance in the non-departmental fund was still due to the interfund loans that will be repaid to the water and wastewater funds once the debt is issued. She indicated she still had some adjustments to do for the police department, adding some of the officers' salaries and benefits are being paid out of the gambling enforcement fund.

Ms. Lindgren reported on the wastewater fund, noting the large negative variance was mostly due to the interfund principal repayment, which was tied to the issuance of debt. She noted the same thing was happening in the water fund, with the exception of some additional negative variances.

5. **Council Reports**.

a. **Update from Councilor Spahr**. Councilor Spahr reported he attended a Cowlitz-Lewis Economic Development District Board sub-committee meeting, adding they were working on the by-laws, membership, and designation of small and large cities. He noted they would be going over the information for the next few months, and in the process they may talk a little about membership dues. Councilor Spahr reported the current by-laws refer to two large cities and two small cities from each county, but they don't distinguish between what's considered as being a large city or a small city. He reported they were also talking about bringing in Ports and EDCs, which some thought might become too cumbersome.

b. **Update from Councilor Dawes**. Councilor Dawes reminded Councilors Spahr and Lund about the Regional Fire Protection Service Authority Planning Committee meeting on Wednesday at 6:00 p.m. at the Lewis County District #6 fire hall.

March 28, 2011

Councilor Dawes reported he attended the Chamber of Commerce Business After Hours event at Live 95/KITI on March 17. He also attended a special meeting with Congresswoman Jaime Herrera Beutler, along with the rest of the council and members of the Centralia City Council, on Friday, March 25, at the Vernetta Smith Chehalis Timberland Regional Library. Councilor Dawes indicated they were able to identify a number of issues that the cities could use her assistance on.

6. **2011 Water System Plan (WSP) Update for Council Review.** Herta Fairbanks presented the council with copies of the 2011 WSP update and asked them to review the document over the next couple of weeks. She reported a public workshop was scheduled for April 11, at which time the council could comment on the plan. Ms. Fairbanks suggested Chapters 4, 7, 11, and 12 would be of the most interest to the council, and noted the following:

- Chapter 4, Planning Data and Demand - takes existing city data and extrapolates it into the future over the 20 and 50 year time horizons, which will give an idea of what the demands are going to be on the system based on the population and growth projections for the city;
- Chapter 7, System Analysis - provides the technical detail of the plan, and at the end of each section would be a brief discussion of any improvements necessary for different components of the system, such as: distribution, storage, source, etc.;
- Chapter 11, Capital Improvement Plan - summarizes the improvements over the six-year and 20-year planning horizons; and
- Chapter 12, Financial Plan - projects the impacts of the planned capital improvements and the effects on the financials of the water system.

7. **Resolution No. 7-2011, First and Final Reading – Adopting the Lewis County Hazardous Waste Management Plan Dated March 2011.** Mark Bronson, Lewis County Hazardous Waste Coordinator, reported in October of 2008, the City of Chehalis adopted the Lewis County Solid and Hazardous Waste Management Plan Update. He noted in 2009, the Washington State Department of Ecology (DOE) adopted new guidelines and instructed all counties who had adopted the hazardous waste management plan to re-write their current plans in order to be in compliance with the new guidelines.

Mr. Bronson reported the Lewis County Solid Waste Advisory Committee took on the task of creating an amendment to the hazardous waste management plan to bring Chapter 6 into compliance with DOE guidelines. He stated the update of Chapter 6 was completed at the end of 2010 and given to DOE for their comments, which have been added to the document being presented to the council for adoption.

Mr. Bronson reported the plan adopted in 2008 was pretty bare-bones, adding there were only five pages on hazardous waste management. He noted the updated plan incorporated more educational materials and explained what actions Lewis County was going to take to manage hazardous materials.

Mr. Bronson stated Lewis County was asking all of the cities to adopt the amended Chapter 6 to make the county's plan compliant with DOE guidelines.

Councilor Harris thanked Mr. Bronson and the staff at the Transfer Station for their contributions, and for doing so much of the groundwork. He noted, although the plan was adopted in 2008, they had no clue as to what DOE was going to require in their guidelines. Councilor Harris commented on the fact that it only took half of the life of the plan for it to finally come to fruition. Councilor Harris suggested residents take advantage of the hazo-hut at the Transfer Station, adding it was a wonderful program.

Councilor Spahr talked briefly about the new florescent light bulbs, commenting on how dangerous they were. He inquired about the disposal of the florescent bulbs, wondering what the consumer was supposed to do with them once they burn out. Mr. Bronson reported they worked really hard with the State Legislature to get the mercury light law passed, and at the beginning of 2013 they will have a system of take-back locations where people can more readily take back their florescent tubes.

March 28, 2011

Councilor Spahr stated the oil recycling station on State Street was no longer there. Mr. Bronson reported that was correct; however, they picked up a new recycling station at the Forest Grange on Jackson Highway, adding they hoped to have the new tank on site in April. He noted it was hard to get site sponsors to agree to put the oil recycling stations on their property, simply because they are real messy. Councilor Lund suggested the county set an example by putting an oil disposal tank at the county courthouse.

Councilor Dawes moved to adopt Resolution No. 7-2011 on first and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

8. Ordinance No. 870-B, First Reading – 2011 Amendments to the Chehalis Comprehensive Plan.

Bob Nacht introduced LaJane Schopfer, adding she had been the backbone of the effort over the last couple of years, and was instrumental in putting the technical language into the current proposal. He indicated Ms. Schopfer was very well versed at writing comprehensive plans, noting she understands what the Growth Management Act (GMA) requires.

Mr. Nacht reported the Chehalis Planning Commission had been dealing with the issue in earnest for the last two years. He noted they had several public meetings and two or three public hearings, the last being in February 2011. Mr. Nacht stated the proposed amendments to the comprehensive plan had been posted on the city's website for several weeks. He reiterated that the document itself, or portions of the document, would be revised and changed prior to the second reading of the ordinance.

Mr. Nacht reported the State received the plan on January 28, adding the termination of the 60-day review process by all state agencies would end at 5:00 p.m. on Tuesday, March 29. He noted any comments received from the State would be addressed in the plan as part of the amendments, or revisions. Mr. Nacht stated the next agenda report would identify any specific changes made to the plan from the one currently posted on the website.

Councilor Spahr asked if the city would automatically accept what the state tells us to do. Ms. Schopfer reported they would look at the comments as recommendations, noting they wouldn't normally comment unless it was for a good reason. Mr. Nacht indicated the comments that might come from the state may be recommendations as how to change things to make it more suited for their agencies priorities. He noted they may also comment on the GMA requirements, in which case, the city may need to take a look at altering the plan to satisfy some of the statutory requirements of GMA.

Councilor Harris moved to pass Ordinance No. 870-B on first reading.

The motion was seconded by Councilor Lund and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:35 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

April 11, 2011

The Chehalis city council met in regular session on Monday, April 11, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:30 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Dennis Dawes. Councilor Taylor was absent (excused). Staff present included: Merlin MacReynold, City Manager; Mark Scheibmeir, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Larry Allen, Assistant Fire Chief/Fire Marshal; Bob Nacht, Community Development Director; Herta Fairbanks, Public Works Director; and Dave Vasilauskas, Water Superintendent. Members of the news media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

1. **Work Session - Water System Plan (WSP) Update.** Herta Fairbanks reported the 2011 WSP Plan update covered the planning period from 2010 to 2016. She noted the plan was delayed because of efforts made to work with District 5, who the city currently has a contract with. Ms. Fairbanks stated a draft plan was presented to the council at the prior regular meeting. At that time she directed the council to focus on four key chapters in the plan, to include:

- Chapter 4 – Planning Data and Demand
- Chapter 7 – System Analysis
- Chapter 11 – Capital Improvement Program (CIP)
- Chapter 12 – Financial Plan

Ms. Fairbanks stated the purpose of the rest of the plan was to meet state requirements. She noted it talked about what the water system was about, as well as the efforts of the city to maintain it.

Ms. Fairbanks reported Chapter 4 was an analysis of the historical demand on the system. She noted the information provided was used to project and develop a 6-year, 20-year, and 50-year system analysis.

Ms. Fairbanks reported Chapter 7 looked at all the different components of the system, such as: source and supply, storage, distribution system, transmission system, fire flow, etc., and compared the demand forecasts to what the system had available. She noted they used that information to identify places where there might be any deficiencies going into the future.

Ms. Fairbanks stated Chapter 11 identified not only any needed infrastructure to meet demand requirements, but also replacement of any infrastructure that would be necessary, as things become obsolete or additional requirements are placed on the system. Some of the major capital improvement programs were identified, as follows:

- Key Near-Term Projects:
 - Treatment Plant (\$1.35 million) – Automation Project (Phase V), Redundant Flocculation Basin, Planning for Capacity Expansion and/or Additional South End Facility
 - Pumping (\$1.25 million) - High Level Zone and Valley View Zone
 - Piping (\$5.64 million) – Annual Main Replacement, I-5 Crossing Upgrade, Bishop Road (new piping)
- Key Long-Term Projects:
 - Supply/Treatment (\$9.84 million) – North Fork Intake Upgrades, Expansion and/or Additional South End Facility
 - Storage (\$12.23 million) – New Main Zone Reservoir, Upgraded High Level and Valley View Reservoirs
 - Pumping (\$0.74 million) – 18th Street Booster Pump Station Upgrade
 - Piping (\$21.21 million) – Central Business District (pipe upsizing), Newgard Addition (Phase 1), and Jackson Highway Transmission Main Upgrade.

Ms. Fairbanks reported the CIP was a listing of all of the capital improvements that would be necessary to meet future demands, and any needed upgrades to the system.

April 11, 2011

Ms. Fairbanks stated it was a pretty significant list if they had to do all of the projects. She noted as they get into the future they would have a better grasp on what really needs to be done. Ms. Fairbanks suggested their focus should be on the first six years of the program. She suggested it was not reasonable to expect the current rates to support the full CIP that the plan anticipates will be required. Ms. Fairbanks reported they would need to find some additional funding, which could come in the form of low interest loans or grant programs. She added if the economy starts to turn around, and we have a growth spurt, the city would have some capital facility charges that could be used to off-set some of the cost of the CIP. Ms. Fairbanks believed that in order to truly accomplish the entire program the rates would need to be adjusted for the water system, and split between what was growth and what was necessary to serve the existing customers.

Councilor Harris talked briefly about Chapter 2, suggesting they had far more water and water rights than what the city could use. He stated the only restriction was the size of our reservoirs, the piping, and what they could draw out of the Chehalis River.

Councilor Dawes brought up the 18th Street booster pump station, noting they had problems with it, even during the time it was being built. He stated they just finished putting the final touches on it and wouldn't think they would have to turn around so soon and soak another three quarters of a million into it for upgrades. Engineer Jeff Hansen, from HDR Engineering, Inc., noted the three quarters of a million was an escalated cost in future year dollars. He noted the improvement was not a full scale replacement, but rather the upsize of a pump and some mechanical work. Mr. Hansen referred to Table 11-1 of the plan noting it outlined the costs for each CIP in 2010 dollars, as well as future escalated costs. Mr. Hansen indicated the 18th Street booster pump station was on the list to meet future demands in the southern portion of the system. He noted what was really driving the costs for an upgrade was the potential for large industrial growth in the Port area. Mr. Hansen reported they took a very conservative approach in terms of what the largest potential was for industrial demand down south. He noted there was also potential for District #5 to connect, which would pull water from the south. Mr. Hansen stated it was only if those things happen that they would need to do the upgrades to the 18th Street booster pump station. He indicated if growth continued at a more moderate pace, they would not see the need to do the upgrades.

Councilor Pope stated there was discussion at one time about building the 18th Street booster pump station for the future; however, the city couldn't afford to do it at that time.

Councilor Spahr inquired about the Louisiana Avenue Extension, noting it was not listed on the summary sheet. Mr. Hansen reported they didn't list every single piping project on the summary sheet, adding they only called attention to the larger items. He noted the Louisiana Avenue Extension was included in the \$8.65 million listed in the first six years on Table 11-1. Councilor Spahr wondered if that project shouldn't be paid out of the sewer fund with the money the city received for the purchase of the land. He noted they sold the property based on finished product and felt they should use the money received from the purchase to build the road and put in the infrastructure. Mayor Ketchum believed they already used the money from the purchase to upgrade what Mr. Peterson didn't do.

City Manager MacReynold reported some of the money was used for what it was intended; however, there was some money from the general fund that was used, as Councilor Spahr had surmised. He noted the matter was being researched and any general fund money used would have to go back into the general fund.

Councilor Dawes inquired about the amount of money spent to make corrections for the shoddy work that was done on Louisiana Avenue, adding he thought they were anticipating getting that back through late-comer agreements. City Manager MacReynold reported that was correct.

Mr. Hansen stated it was a plan, and not all projects were listed. He noted some of the projects would be funded by developer contributed capital, as noted on Table 11-1.

Councilor Lund suggested opening up the old reservoir that the city filled in. Dave Vasilauskas noted they jack-hammered the bottom out of it before they filled it.

April 11, 2011

Mayor Ketchum asked if the costs would decrease on the long-term storage project if they spent the \$1.25 million on the High Level and Valley View Reservoirs in the near term. Mr. Hansen indicated it would be a wash.

Councilor Harris asked if the new reservoir project included any property acquisition. Mr. Hansen reported it did not, adding the vision was to build the new storage facility somewhere in the southern portion of the city near the Port, where the significant demands were anticipated. He noted it was placed on the 20-year CIP in order to be on the radar-screen for both the city and the Department of Health (DOH).

Councilor Dawes asked if there was a priority list made for the projects. He suggested now might be the time to strike while things are a little more competitive, if they have the financial capability within the budget to do some of the projects. Mr. Hansen stated there was definitely prioritization put into the plan, adding the things of higher priority were put into the near-term window. He noted there were things scheduled based on priority and cash flow listed on the near-term projects on Table 11-1.

Councilor Harris noted the serious water leakage problem and asked if they were going to be able to meet DOH standards. Mr. Hansen reported a lot had been done in the last two years regarding that issue. He noted the historically high numbers were a result of poor accounting of the water and significant leaks. Mr. Hansen believed the accounting of water had essentially been resolved. He stated they could pretty well quantify the water leak issue, adding there were some significant leaks on the Chehalis line, which have been fixed.

Councilor Harris asked if they were now accurately metering the water coming into the system and looking at what was being charged on the meters. Mr. Hansen stated it was challenging, but the city was now accurately metering its water.

Councilor Spahr talked briefly about the financial plan, asking if there were any rate increases between 2005 and 2009. Ms. Fairbanks noted the last rate adjustment was in 2007.

Councilor Spahr inquired about the increase in debt service. Ms. Fairbanks reported there was a Public Works Trust Fund (PWTF) Loan that was taken out in 2009. She indicated the debt service started in 2009 and would presumably continue on a 20-year schedule. City Manager MacReynold stated he didn't remember doing a PWTF Loan in 2009. Mr. Vasilauskas reported the loan was for the water filter plant upgrade.

Councilor Spahr inquired about the miscellaneous revenue, asking what it consisted of. Ms. Fairbanks reported it was pretty much any other fee charged that was not from the sale of water, such as late fees, new connection fees, and NSF check fees.

Ms. Fairbanks commented on the leakage issue, noting there had been significant work done on the system. She reported a few years back the city had Andrew Graham, from HDR, come in and work with the water department on the water use efficiency rule required by DOH. Ms. Fairbanks felt that was really the first time the city had taken a step back to do a self-evaluation of where the city's water was going. She reported they had identified in that effort, and in conjunction with this effort, that there was a lot of water being used from the system that fell into a category called 'non-accounted for' or 'non-revenue' water, such as water for fighting fires and for flushing mains and hydrants.

Councilor Harris noted in 2007-2008 the city gave away over a million gallons of water to help with the flood clean-up.

Councilor Dawes stated, as a member of the council budget committee, as they go through the planning of the budget next year he would like to know the dollar amounts dedicated to debt and the projects that need to get done. He noted this was the first time he had heard about the .16 cents per thousand going against debt.

Mayor Ketchum closed the work session and immediately opened the regular meeting at 6:08 p.m.

April 11, 2011

2. **Appreciation Letter for Support.** Donna Karvia with Health Partnership Network presented the council with a letter of appreciation for passing a resolution in support for additional funding for substance abuse, drug court, and mental health services in Lewis County.

3. **XII Step Club of Lewis County Day of Recovery.** Mayor Ketchum presented XII Step Club representatives Tom Ellenburger and Carl Bohlin with the a proclamation declaring April 23, 2011, as "XII Step Club of Lewis County Day" in the city of Chehalis.

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

a. Minutes of the regular meeting of March 28, 2011; and

b. Claim Vouchers No. 99622-99720 in the amount of \$68,209.74 dated March 31, 2011; and Payroll Vouchers No. 34541-34622, 2170-2237, and Electronic Federal Tax Payment No. 97 in the amount of \$681,913.87 dated March 31, 2011.

The motion was seconded by Councilor Pope and carried unanimously.

5. **Staff Reports.**

a. **Council Goals and Projects Work Session.** City Manager MacReynold suggested the council meet on Monday, May 16, at 5:00 p.m. for their goals and projects work session. Several council members noted they would not be available on that particular day. After a short discussion, it was decided to try to meet on Tuesday, May 31, at 5:00 p.m.

6. **Council Reports.**

a. **Update from Councilor Spahr.** Councilor Spahr reported he and Councilors Dawes and Lund attended the Regional Fire Protection Service Authority Planning Committee meeting, adding it was their first real work session. He noted Councilor Dawes was elected as Chair of the committee.

Councilor Dawes added, the committee decided to have their meetings at 6:30 p.m. on the third Wednesday of each month. He stated it would be an 18 to 24 month process. Councilor Dawes indicated any costs associated with the process would be shared evenly amongst the four participating groups. He noted they may look at hiring a facilitator, or someone at a later date to look at the finished work project to make sure something wasn't overlooked.

b. **Update from Councilor Harris.** Councilor Harris reported he attended a Chehalis Community Renaissance Team (CCRT) meeting, where Co-chair Allyn Roe provided a draft feasibility study for a children's museum. He noted the project was going well and there was a lot of support from the community. Councilor Dawes noted there was a community group already working on that project and asked if the CCRT group was working with them. Councilor Harris indicated they were.

Councilor Harris reported the committee was also working to get art projects in the empty storefronts along Chehalis Avenue and Market Boulevard to add some life to them.

Councilor Harris reported they were still looking at various types of trees that would work in the downtown area. He noted they did some digging downtown to see what they could do as far as deep-rooted trees and had quite the task of just trying to get through whatever was under the asphalt and brick. Councilor Harris reported when they finally got through the old concrete they ran into water, which suggested they would not be able to plant trees in the ground along Market Boulevard. He indicated they were looking at different planters and ideas for those trees.

c. **Update from Councilor Pope.** Councilor Pope reported on the antique lighting project for Chehalis Avenue that the Chehalis Foundation was working on. He noted they had a brief discussion, but no conclusion was

April 11, 2011

drawn on the increase in the costs for the additional lighting that was going to be required. Councilor Pope hoped they would be able to discuss the matter in more detail at their next Foundation meeting and would report back to the Renaissance Team.

7. Ordinance No. 870-B, Second Reading – 2011 Amendments to the Chehalis Comprehensive Plan.

Mr. Nacht reported there was a question brought up earlier by one of the councilors regarding the flood mapping. He noted the comprehensive plan would not adopt the new Federal Emergency Management Administration (FEMA) flood maps. Mr. Nacht indicated all of the regulatory programs currently in place are based on the 1980 FEMA maps, adding they were quite accurate in depicting where the water goes during flood events.

Mr. Nacht reported, because of the city's floodplain management practices, it still participated in the National Flood Insurance Program, and qualified for the Community Rating System programs. He stated the plan would adopt the Flood Authority's model floodplain ordinance, which the city already practices. Mr. Nacht reported the final version of the plan would be posted on the city's website.

Councilor Spahr moved to pass Ordinance No. 870-B on second and final reading.

The motion was seconded by Councilor Pope and carried unanimously.

8. Ordinance No. 871-B, First Reading – Creating and Establishing the Duties and Responsibilities of the Sister City Committee. City Manager MacReynold reported the new ordinance would update the current membership of the sister city committee by expanding the number of members, and would clarify the funding for the program.

Mayor Ketchum reported the current ordinance provided for nine members, with one member being a city councilor. He stated every time they go to Japan more people want to join the committee, and rather than coming back every year to update the ordinance they were asking to expand the committee to allow for up to 12 members.

Councilor Spahr moved to suspend the rules requiring two readings of an ordinance.

The motion was seconded by Councilor Harris and carried unanimously.

Councilor Spahr moved to pass Ordinance No. 871-B on first and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

9. Ordinance No. 872-B, First Reading – Revising the Chehalis Parking Code. Police Chief Glenn Schaffer reported this was just another step in the process to reorganize and revamp some of the city ordinances. He noted the revisions to the parking code came about with their initial effort to revamp some of the signage downtown, both in the parking lots and on signs they post for special events. Chief Schaffer stated the new ordinance would include the addition of some definitions, some clarifying wording, and a clarification on one of the late penalties. He noted there were no increases in fines or changes in the department.

Chief Schaffer reported there was some confusion in the previous ordinance with regard to the \$5, \$10, and \$20 parking fines. He noted only two of the fines had late fees attached to them, so they added the late fee to the third to make it consistent.

Councilor Dawes inquired about Section 10.08.030 (Additional Rules and Regulations), which stated "The Chief shall also have the authority to establish rules and procedures for the validation of parking tickets in conjunction with any system for validation." He noted it seemed like they went down that road before and were advised by the State Auditor that it was illegal to validate parking tickets, adding once the ticket was issued it had to go through the court in order for it to be dismissed. Councilor Dawes reported at one time there was a concern about people receiving tickets for parking in the same zone twice during the same day while trying to take care of business. For example, if

April 11, 2011

someone purchased a large item from one of the downtown merchants and returned a few hours later to pick it up, they could potentially receive a ticket for parking in the same zone twice during that day. He noted they tried to answer that by allowing businesses to validate the parking; however, the State Auditor stated that was illegal.

City Manager MacReynold noted it was existing language in the current ordinance. Councilor Dawes stated he knew that, adding he didn't know how it got in, or why it was still in there. City Manager MacReynold stated because the ordinance required two readings they would check on it and have an answer before the second reading.

Councilor Pope suggested, if the State Auditor made a decision regarding the matter, there should be something in writing. City Manager MacReynold agreed.

Assistant City Attorney Mark Scheibmeir felt the word that may be troublesome was the validation of a 'ticket,' suggesting they might be able to validate the parking, but not the ticket. He stated he would talk with the City Attorney about the wording.

Councilor Lund stated the situation of getting tickets for parking in the same zone twice in one day was still going on, and suggested they may need to get rid of that feature.

Councilor Spahr asked if they were still using a computer to track parking. Chief Schaffer reported Parking Enforcement Officer Linda Bailey marks the tires and does it all in her head. Councilor Dawes felt Officer Bailey pretty much knew who was down there and what was going on with the parking situation. He noted he didn't believe it was that big of a deal, adding he just wanted to make sure there wasn't something in the ordinance that shouldn't be.

Councilor Lund asked if they were going to remove the language regarding parking in the same zone twice in one day. He felt it wasn't the department's fault; they were just doing their job.

Councilor Harris moved to pass Ordinance No. 872-B on first reading.

The motion was seconded by Councilor Spahr and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:35 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

April 25, 2011

The Chehalis city council met in regular session on Monday, April 25, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:32 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Brian Kelly, Assistant City Attorney; Judy Schave, City Clerk; Becky Fox, Court Administrator; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; and Judith Smith, Public Works Office Manager. Members of the news media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

1. **Chehalis-Centralia Airport Board First Quarter Report.** Airport Manager Allyn Roe and city representative, Frank DeVaul, updated the council on what was happening at the airport during the first quarter of the year.

Mr. Roe reported they were continuing to work on some of their capital projects. He noted the most visible project they were currently working on was the new fencing, adding they had one final area at the north end to work on before the project would be complete. Other projects they were currently working on and future projects included:

- painting improvements
- approach lighting for the north end of the runway (1400 feet of light stations placed every 200 feet)
- upgrades to weather equipment to make it more reliable
- continue to work with the trails group
- finish up their observation park at the south end near the airport entrance

Mayor Ketchum stated he appreciated receiving the airport meeting information, which was something that was requested by the council at the last meeting.

Mr. Roe talked briefly about the development out at the airport, which included discussions with two potential tenants for the two acres near Applebee's. He stated one of the discussions has slowed down; however, the other was looking to execute something with the airport in the next couple of months.

Councilor Lund asked if there was any change in their thinking with regard to having the property site-ready for development. Mr. Roe reported in conversations with the Board, one large obstacle was the issue of having to pay prevailing wage for fill work.

Councilor Harris asked if a developer would have to go through the same process of paying prevailing wage. Mr. Roe stated no.

Councilor Lund suggested other entities in the community were getting things done at reasonable costs and wondered what kind of jobs and sales tax revenue we were losing by not having the property site-ready. He felt there should be a balance somewhere in the process where it's worth making a deal in order to provide jobs. Mr. Roe agreed, adding in the current market they planned to be very aggressive with anyone who brings something to the table.

Mr. DeVaul stated the Board was very cognizant and were looking at every opportunity, even exploring the potential of doing some of the work themselves. He noted they were trying to resolve some issues they had with the former developer, adding they were almost to the point of cutting bait and doing something on their own. Mr. DeVaul stated they were not going to let anything go by, and believed the best way to handle the situation was to continue to aggressively pursue potential clients, as Mr. Roe indicated earlier.

Councilor Dawes reported at one time the Airport Board passed a resolution to keep a certain amount of money in the bank to keep them solvent. He felt to deplete the reserves on something that's not there was probably not the way to go. Councilor Dawes suggested if someone was hot under the collar to get a business going they could look at forming a partnership and use some of the money, which could be paid back as a part of the lease.

April 25, 2011

Mr. DeVaul noted the restriction on how much they keep in the bank was removed, since they no longer have a line of credit with the county. Councilor Dawes reported there was a time when the airport spent a considerable amount of money to do some fill for something that was coming in. Mr. DeVaul stated that was correct, noting they have utilized it at times, especially with the FAA projects since they can put in for reimbursement.

Councilor Lund believed there might be some small businesses that could go in if the property was site-ready. Mr. DeVaul stated that didn't seem to be the issue with the current clients they were working with. He noted the issues had more to do with putting together their business and site plans. Mr. Roe reported they had become more of a facilitator to help their clients with site development planning and putting them in touch with local resources. He reported they also hired two marketing firms to help market the properties.

Councilor Taylor asked if there would ever be a time that they would not be able to fill the property because of regulations. Mr. Nacht stated it was certainly possible, but not in the near future. Mr. Roe suggested the Federal Emergency Management Administration (FEMA) mapping issue was probably their biggest challenge right now.

Mr. DeVaul reported the board recently applied with the city to do levee enhancements. He noted the operational enhancements and aviation development would bode well for long-term commitments to the community.

City Manager MacReynold reported the Washington State Department of Transportation was beginning their scope of work for widening the freeway between Mellen Street and 13th Street, and the connection of Airport Road. He encouraged Mr. Roe to contact Regional Director Bart Gernhart about participating on the sounding board. Mr. Roe reported they already had one meeting with Mr. Gernhart concerning the impacts to their frontage properties, which they planned to address now rather than after it's developed.

Mayor Ketchum closed the work session at 5:51 p.m. and announced the council would take a ten minute recess and reopen the regular meeting at 6:01:p.m.

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

- a. Minutes of the regular meeting of April 11, 2011;
- b. Claim Vouchers No. 99721-99859 and 32011 in the amount of \$265,280.19 dated April 15, 2011;
- c. Confirm re-appointment of Lee McCrite, Butch Partee and Vern Schmidt to the Sister City Committee for four-year terms expiring December 31, 2014;
- d. Confirm appointment of Sue Carmick to fill the unexpired term of Sue Bellevue on the Sister City Committee expiring December 31, 2012; and
- e. Confirm appointment of Karen Monroe to the Sister City Committee for a four-year term expiring December 31, 2014.

The motion was seconded by Councilor Pope and carried unanimously.

3. **Staff Reports.**

a. **First Quarter and March Financial Reports.** Eva Lindgren reported, although the report stated 'preliminary adjusted beginning cash and investment balances,' it would probably be the final report. She pointed out how close the estimated beginning fund balances were to where the actual beginning fund balances ended up. Ms. Lindgren stated one reason the general fund ended up being a little higher than budgeted was because she undid a transfer-out to the Arterial Street fund for \$10,000, which the fund did not need.

b. **First Quarter Sales and Use Tax Report.** Ms. Lindgren reported the general property tax revenue had a significant negative balance, noting most of the taxes would be collected by Lewis County in April and remitted to the city in May.

April 25, 2011

Councilor Harris inquired about the electricity tax. Ms. Lindgren stated, as she recalled, electricity taxes were remitted on a quarterly basis. She stated she would take a closer look and if it still looked out of line next month she would have an answer for the council as to why.

Ms. Lindgren briefly talked about the expenditures, adding things were looking much smoother now that the prepaid insurance was being evenly charge out every month. She noted the fire department was showing a negative variance of almost \$11,000, due to a rather large repair bill for the ladder truck.

Councilor Lund asked if it would be difficult to figure out how much had been spent on the ladder truck for repairs since it was purchased. Fire Chief Kelvin Johnson noted they kept individual files on each of the vehicles, adding it wouldn't be too difficult to gather that information. He noted the ladder truck was 15-years old and a truck like that today would run close to a million and a half dollars.

Councilor Harris asked how often they had to send the truck back east for repairs. Chief Johnson reported the truck was sent back in 2008. He noted most of the work on that particular vehicle could be done up at the (Pierce Representative) shop in Puyallup, Washington. Chief Johnson indicated they send the truck up north once a year to have it gone through.

Councilor Harris noted in 2010 they budgeted \$66,000 for licenses and permits; however, in 2011 they budgeted \$120,000. Ms. Lindgren stated, based on information provided by the community development director, there was a project in the pipeline that they anticipated would bring in additional revenues in 2011.

c. **First Quarter Sales and Use Tax Report.** Ms. Lindgren reported on the first quarter revenues from sales and use tax, adding the drop in the March figures had to do with 'use taxes.' She noted there was an entity that usually goes out once or twice a year and makes very large purchases, which increases the use tax; however, that had not happened so far this year. Ms. Lindgren reported she did not have the time to do a deep analysis on the report, since she was busy with the annual audit.

Councilor Spahr noted the sales tax revenue seemed to be keeping up with what was budgeted for 2011. Ms. Lindgren stated the first quarter should be the city's best quarter because the month of December was imbedded in those numbers; however, it was not. City Manager MacReynold stated he hoped to stay in-line with what was budgeted, but there were no indications that the economy was getting any better.

Councilor Lund asked if they used reserves to balance the budget. City Manager MacReynold noted they had used up part of the reserves for the last five years. He indicated they couldn't go much below what was already budgeted, adding the administration would have to do further reductions. Councilor Lund asked if they couldn't start doing reductions ahead of time. City Manager MacReynold stated they would.

Councilor Harris suggested the revenues were a little low, especially with the sales tax; however, every department seemed to be under-spending what had been budgeted to them. He commended the departments for being tight-fisted. Ms. Lindgren reminded Councilor Harris that last year the insurance costs were paid upfront, which was a distortion between the two years.

Councilor Lund stated he agreed with Councilor Harris that the departments were spending less, but noted citizens were also spending less, which meant they weren't bringing in as much sales tax to pay the bills. He suggested the city needed to buckle down even more.

Councilor Dawes inquired as to when the streamlined sales tax went into affect. Councilor Harris stated July 1, 2008. Councilor Dawes reported that seemed to be about the same time the city's sales tax started to drop. Councilor Harris noted September 2008 was also when the recession started to hit, adding the State had been very fortunate to be able to hide behind that fact.

c. **Briefing on Council Chamber/Courtroom Recording System.** City Manager MacReynold reported, over the years, the council has had interest in televising meetings. He noted, because of the costs associated with

April 25, 2011

televising through public broadcasting, the council had consistently backed away from doing it. City Manager MacReynold reported the city's current recording system had become outdated and parts were becoming obsolete. He noted the city clerk and court administrator did some research and found that besides providing recordings of the meetings, they could also provide video at a reasonable cost.

City Clerk Judy Schave reported, during the 2011 budget process, the issue of replacing the current recording system was discussed with the council budget committee. She talked briefly about a new software program developed by AV Capture All that would provide live streaming of audio and video for meetings held in the council chamber/courtroom. Ms. Schave noted the audio and video would also be stored on the city's website for future viewing by the public. She and Court Administrator Becky Fox believed the new system would be more cost effective, flexible and accessible to the public as opposed to the alternative of televising via public access.

Ms. Schave stated they were recommending the purchase of some new equipment, which would include six gooseneck microphones and two cameras. She noted they proposed to use money from the automotive equipment reserve fund to purchase the additional equipment.

Councilor Spahr asked if the new system would give them better audio, adding it was hard to hear what people were saying, especially from the back of the room. Ms. Schave noted the microphones themselves would be a lot taller and adjustable, which would help with the audio issue. She noted they didn't plan on replacing the speakers, since they do produce volume if you talk close enough to the microphones.

Councilor Spahr asked if there was anyway to tell how often someone looks at the recordings. Ms. Schave suggested there had to be a way to get that type of data off the computer, or at least from the website.

Councilor Harris noted in the information provided it stated the system would allow up to 50 customers per month to watch the meetings live. Ms. Schave noted as of May 1 that number would double to 100 customers per month. She stated, in order to be counted, a customer would have to be connected to the meeting for at least ten minutes. Ms. Schave reported Adam Rivas, owner of AV Capture All, indicated he would be surprised if we had more than 50 customers viewing live per month, adding for most people it was a matter of being able to watch meetings at their convenience. Ms. Schave stated if they have more than 100 customers viewing during the month no one would be denied access, noting they would just have to consider upgrading the maintenance fee to allow for more viewers.

Councilor Dawes asked if it would be possible to make a DVD recording and offer it to Comcast to show a couple of times a week. He noted as part of the franchise they had to offer public access channels at little or no cost. Councilor Taylor noted they talked to Comcast a few years ago, but wasn't sure on their ability to do something like that. He noted he thought if we provided them a disk they would air it, but it would be at their discretion.

Councilor Lund asked if they would be able to do public service announcements or commercials. Ms. Schave stated she didn't believe that would be possible.

Ms. Fox reported Judge Buzzard didn't feel it would be good to stream live video of the court sessions, just because of security issues. She noted they would continue to record the audio, adding it will be great for 'appeals' because people will be able to go on-line and buy the CD themselves. Ms. Fox reported they were continuing to work with Lewis County on setting up video arraignments. She agreed the current recorder was definitely on its last legs.

The consensus of the council was to move forward with the purchase of the hardware and recording software, as outlined in the agenda report.

4. **Flood Authority Update.** Julie Balmelli-Powe reported it had been an interesting week, noting Grays Harbor County, Thurston County, and the Tribe side-lined the flood authority with an agreement amongst themselves, and left Lewis County and all of the cities out. She noted they went as far as to rush it to Olympia to present it to the State to have them sign on. Ms. Balmelli-Powe reported the State said the earliest they would look at it would be June, after the budget gets worked out. She noted the money currently in the budget was designated for the flood authority

April 25, 2011

or a local flood jurisdiction. She indicated if they approved the budget with that wording, the new cooperative would be ruled out.

Ms. Balmelli-Powe reported the three agencies kind of hung themselves with the new interlocal agreement, which stated 'any preceding agreement is now revoked.' She reported if the new agreement was taken for its word, it would actually remove them from both the partnership and the flood authority. Ms. Balmelli-Powe stated she didn't believe that was their intent, but as it's legally written, that's what they would end up doing.

April 25, 2011

Ms. Balmelli-Powe felt they had great unity, noting every city within the three counties, with the exception of Bucoda, voted to maintain the current flood authority.

Councilor Taylor asked if any of the consultants hired by the flood authority helped out in any way with the new interlocal agreement. Ms. Balmelli-Powe reported they did. Councilor Taylor suggested they should all be fired. Ms. Balmelli-Powe stated the reason they stopped where they did, rather than being more bold and braising, was because the budget hadn't been approved yet. She noted they believed if there was a large conflict going on they would never see the \$1.3 million from the State to study water retention.

Ms. Balmelli-Powe reported, supposedly, the representative from the FCS Group, on her own time and under the direction of Grays Harbor County Commissioner Terry Willis, prepared a scaled down agreement from the one that the flood authority had been working on. She stated the representative indicated she didn't realize what they were doing. Ms. Balmelli-Powe noted the facilitator, Bruce Mackey, who was also hired by the flood authority to help move things along, supposedly knew nothing about the agreement either, until he was directed to take it to the State and keep it quiet.

Ms. Balmelli-Powe reported her approach at the next flood authority meeting would be to ask for the removal of the current Chair and Vice-chair, but to allow them the option to stay on the flood authority. She suggested if they have a majority at the next flood authority meeting they will fire the FSC Group and have no more charge for forming a flood zone district until they have a plan.

Councilor Dawes stated he certainly didn't have the level of involvement others had, but found the circumstances to be highly disappointing. He stated for a group to go out off and make an agreement and then publicly state that they didn't mean to be divisive, they had to be a little bit ignorant. Councilor Dawes stated he hoped the flood authority would be able to bring some kind of order and trust back to the group. He noted it was an important issue and the disagreements in his opinion had more to do with who wants to do economic development and where; and how they can be the first one to get it.

Councilor Spahr stated if we don't do some kind of significant flood control to keep the flood levels down, we would end up with a nine foot dike called I-5 running through town. He stated 'if they think a little fill inside the airport dike was going to create flooding, just wait until they raise I-5.'

Ms. Balmelli-Powe reported they had a great presentation on the fill issue at last Thursday's meeting. She asked the presenter, 'If they took out all of the development inside the airport dike and at put it back to nature, how much would that have reduced the 2007 flood?' His answer was zero.

Ms. Balmelli-Powe stated those who oppose us want us to prove to them that water retention will not harm fish or the environment downstream before they will go along with it; however, they continue to undermine us and the studies aren't even done yet.

Mayor Ketchum stated he heard there were some slides showing the Chehalis Tribe filling in the flood plain. Ms. Balmelli-Powe noted the slides that Mayor Ketchum might be referring to were ones showing the fuel station along Highway 12 under three to four feet of water, after the Tribe adamantly stated they don't build in the floodplain.

April 25, 2011

Councilor Harris commented on the Chehalis River Basin Partnership meeting, noting the Skokomish Tribe put on a fascinating program about how they were revitalizing the Skokomish River. Councilor Harris reported they deepened, widened, used bulldozers and backhoes to cut channels to put the streams back, and stated the upper part of the river may need to have some water retention done to offset tree loss, which was exactly what we're trying to do. He stated they were getting effective results in fish, water, and land management, and reclamation of wetlands. Ms. Balmelli-Powe noted they were doing all of that without the United States Corps of Engineers. Councilor Harris stated, when asked if they had followed the general investigation (GI) study, their response was, 'we can't wait on the GI study, we're putting shovels to the ground and getting things done ourselves.' He noted this was almost a duplicate of what's being talked about with regard to the Chehalis River.

Ms. Balmelli-Powe felt the difference between the Skokomish Tribe and the Chehalis Tribe was that the Skokomish Tribe was working in cooperation with the people to do things together. She noted at the end of Thursday's meeting Centralia City Councilmember Edna Fund invited Mark White from the Tribe to bring all of his ideas to the next flood authority meeting. She noted he stammered and stuttered and suggested that was for other people to bring.

5. Council Reports.

a. **Update from Councilor Pope.** Councilor Pope reported, at the Foundation's last meeting, they devised a list of community based projects, to include:

- walking bridge over the Chehalis River from Lintott-Alexander Park to the Steam Train and Veterans Memorial Museum
- repair or replace the city swimming pool
- antique lighting in the central business district
- repair concession stand at Stan Hedwall Park

He noted the Foundation also appropriated \$24,000 for the following projects, which came from the community development department wish list. The projects included:

- porta-potty rental at the kiddy spray pool
- beauty bark for entrances to city
- signage update at community development department consistent with the Renaissance branding
- tables, chairs, kitchen range and gas fireplace at the VR Lee building
- \$10,000 to be used at the city's discretion

Councilor Pope reported the Foundation added another section to their by-laws for 'Academic Excellency.' He noted the Chehalis School District received approximately \$200,000 for their biology and delta base programs, and would be starting a mathematic program as well.

Councilor Pope felt the Foundation was doing a lot to help the city get some projects done that it wouldn't otherwise be able to do.

Councilor Pope provided information to Police Chief Glenn Schaffer on the Family Forward Committee, who put on educational programs in communities. He noted this year's program would focus on Asperger Syndrome and Autism. Councilor Pope stated there was a guide put together by a police department back in Wisconsin to help police officers responding to cases involving people with Autism. He noted the Lewis County Autism Coalition, consisting of about 20 organizations, planned to initiate a program in Lewis County and were thinking about including the guide in the program. Councilor Pope stated the coalition felt the program would help police officers to understand people with Autism, should they ever encounter them.

b. **Update from Councilor Dawes.** Councilor Dawes reported he attended the Lewis County Historical Society board meeting to help plan their annual fundraising events. He noted the annual pie social at Claquato Church would be in July, and they were looking for representatives from the council to participate in the egg toss.

April 25, 2011

Councilor Dawes reported the North Lewis County Regional Fire Authority Planning Committee met for a second time on April 20. He stated it was a good meeting and they got the initial report on fleet and facilities, adding they were very surprised to find out that they had over 80 pieces of apparatus within the fire departments involved. Councilor Dawes noted the committee talked about applying for a domain name for a website, which would be linked to the various municipal agencies. He noted they would use the website to update the public on where they were with the planning process. Councilor Dawes reported their next meeting was scheduled for May 18, at which time they would be discussing the following items:

- strengths, weaknesses, opportunities, and threats
- dealing with fleets and facilities
- begin and develop a baseline on operations
- website

Councilor Lund stated he was very surprised at how little debt there was against the 80 some pieces of equipment, adding Chehalis was completely debt-free on all of theirs.

6 Ordinance No. 872-B, Second and Final Reading – Revising the Chehalis Parking Code. Chief Schaffer reported the only change made to the ordinance since first reading was to remove the text surrounding the validation of parking tickets by the police chief.

Councilor Dawes moved to pass Ordinance No. 872-B, as amended, on second and final reading.

The motion was seconded by Councilor Taylor and carried unanimously.

7. Ordinance No. 873-B, First and Final Reading – Authorizing Alternative to Incarceration Options. Peggy Hammer reported a risk management issue concerning the city's electronic home monitoring program was brought to their attention by Washington Cities Insurance Authority (WCIA). She stated there were some inherent risks; however, there was obviously a huge benefit to the city for providing the program.

Ms. Hammer reported case law was such that when an entity showed that they had debated an issue and made a policy decision to go forward with something, it would provide some protection for liability. She noted the process of discussion and the adoption of the ordinance would limit the city's liability with regard to the home monitoring program. Ms. Hammer indicated WCIA helped with writing the ordinance that was before the council for their consideration.

Ms. Fox reported the city's home monitoring program was started in 1995 and had experienced little to no problems. She stated there were a lot of bail bond companies getting into the business of providing home monitoring services, as well, and was surprised that they were not required to be certified or licensed. Ms. Fox reported the court had a pretty strict screening process and limited the number of people on the program to two or three, since the staff person who works the program only works part-time.

Ms. Fox stated, since January, they've had 85 days served on home monitoring. She noted for that time they receipted in \$1,400 and spent \$483 on equipment. Ms. Fox noted if that time would have been served in jail it would have cost the city over \$3,800. She suggested they didn't make a lot of money; however, the cost savings to the city was very good.

Ms. Fox stated they would prepare a list of reputable monitoring agencies for the Judge to approve, so the court can refer people when we don't have room for them on our program.

Mayor Ketchum stated it seemed like the risk was pretty minimal since the city had been doing it for such a long time and had a good success rate.

Councilor Dawes stated he would support the ordinance, because it was a step in the right direction. He noted anytime the city can save money, it was like making money.

April 25, 2011

Councilor Harris moved to suspend the rules requiring two readings of an ordinance.

The motion was seconded by Councilor Taylor and carried unanimously.

Councilor Harris moved to pass Ordinance No. 873-B on first and final reading.

The motion was seconded by Councilor Taylor and carried unanimously.

8. **Customer Service Appreciated.** Councilor Lund reported he received a call from Police Officer Jay Roberts concerning some information. Councilor Lund was unavailable at the time he received the call; however, Officer Roberts was nice enough to drive to his location and deliver the information to him directly. Councilor Lund felt that was nice customer service and something that more people needed to work on.

There being no further business to come before the council, the meeting adjourned at 7:10 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

May 9, 2011

The Chehalis city council met in regular session on Monday, May 9, 2011, in the Chehalis city hall. Mayor Pro-tem Dawes called the meeting to order at 6:02 p.m. with the following council members present: Terry Harris, Daryl Lund, and Chad Taylor. Mayor Ketchum and Councilors Pope and Spahr were absent (excused). Staff present included: Merlin MacReynold, City Manager.

1. **Executive Session.** Mayor Pro-tem Dawes announced that the council went into executive session at 5:50 p.m. pursuant to RCW 42.30.110(1)(g) – public employee performance review for approximately 12 minutes. He closed the executive session at 6:02 p.m. and announced the council would convene back into executive session immediately following the conclusion of the regular meeting to continue their discussion. Mayor Pro-tem Dawes stated the council would take a five minute recess before opening the regular meeting at 6:07 p.m. Additional staff included: 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 Dave Vasilauskas, Water Superintendent. Members of the news media included Lee Hughes from *The Chronicle*.

2. **Citizen Business.** Mr. Douglas L. O'Lague (325 SW 15th Street) reported he was having an issue with one of his neighbors concerning a loud vehicle. He stated his neighbor had a lawn care business and usually goes out and starts his vehicle between 7:00 a.m. and 8:00 a.m. and lets it run for 15 to 20 minutes before leaving. Mr. O'Lague stated his bedroom was about 15 feet away from where the vehicle sits running on most mornings. He inquired as to what the zoning was for that area.

Bob Nacht reported he spoke with Mr. O'Lague regarding the matter and referred him to Community Services Officer Angie Elder to investigate the noise issue. He noted he had not yet had a chance to review the business license scenario, but expected the neighbor had a home occupation to operate a lawn care service. Mr. Nacht stated the matter of starting a 'loud' vehicle in the morning was not a zoning issue, but rather a noise abatement issue. He noted any issues identified as problematic would need to be dealt with through the nuisance abatement system.

Mr. O'Lague reported he confronted the neighbor about two weeks ago, but got nowhere. He stated he was advised by the police department to call 911, if and when it happens. Mr. O'Lague stated they often leave at different times, and felt they would be gone by the time an officer responded to the call. Mayor Pro-tem Dawes suggested Mr. O'Lague let the police department know about what time they start the vehicle, and perhaps officers could do spot checks as time allowed.

3. **Interview Applicant for Chehalis Planning Commission Vacancy.** Bob Nacht introduced Kyle McKerricher, who submitted an application for consideration for the vacant position on the Chehalis Planning Commission. He recommended Mr. McKerricher be appointed to fill the position.

Mayor Pro-tem Dawes asked Mr. McKerricher to briefly tell the council about himself and to talk about his interest in being appointed to the commission.

Mr. McKerricher stated he planned on being in the city for a long time and wanted to be a part of its growth and development and thought this was a good way to get involved.

Mayor Pro-tem Dawes thanked Mr. McKerricher for his interest, adding he was glad to see younger members of the community getting involved.

Councilor Lund agreed, adding he had a chance to talk with Mr. McKerricher and he seemed to be pretty smart. He noted his family had also been a part of the community for a very long time.

Councilor Taylor felt Mr. McKerricher would be a great addition to the planning commission.

4. **Consent Calendar.** Councilor Harris moved to approve the consent calendar comprised of the following:

May 9, 2011

c. Minutes of the regular meeting of April 25, 2011;

d. Claim Vouchers No. 99860-99973 the amount of \$131,831.03 dated April 29, 2011; and Payroll Vouchers No. 34623-34698, No. 2238-2305, and Electronic Federal Tax Payment No. 98 in the amount of \$662,093.15 dated April 29, 2011;

e. Set date and time of May 23, 2011, at 6:05 p.m. for a public hearing on the 2012-2017 Six-Year Transportation

Improvement Program; and

f. Confirm appointment of Kyle McKerricher to the Chehalis Planning Commission for a four-year term expiring December 31, 2014.

The motion was seconded by Councilor Taylor and carried unanimously.

5. **Staff Reports.**

a. **Relocation and Consolidation of Public Works Personnel – Billing Function.** Herta Fairbanks reported the public works department would be relocating the two billing personnel from their current location at 1321 S Market Boulevard out to the public works office at 2007 Kresky Road. She stated the purpose of the move was to consolidate their operations so that customers would have a one stop shop for anything related to public works. Ms. Fairbanks indicated the move would be complete on Monday, May 16, adding they had been in the process of a gradual transition over the last month to get things organized.

Ms. Fairbanks reported they had done quite a bit of pre-planning on how to inform the public. She noted a press release would be given to *The Chronicle* and a separate mailing would be sent to each customer to let them know about the move. Ms. Fairbanks stated, in order to help ease the transition, they would leave the exterior drop box out at Community Development, so customers could continue to drop payments off at that location. She noted they would also install an additional exterior drop box outside the public works office building. Ms. Fairbanks reported information and maps would be left at the community development office to help customers after the transition.

Mayor Pro-tem Dawes stated there were a lot of older citizens who still like to drop their payments off, and was glad to see they would be leaving the drop box at the community development office location. He felt with the recent reductions in staff, the addition of the two utility clerks at public works would help out with coverage, especially during the lunch hour when a lot of people take care of personal business.

6. **Council Reports.**

a. **Update from Councilor Lund.** Councilor Lund reported he attended the National Day of Prayer breakfast, noting they had a large turnout for the event. Mayor Pro-tem Dawes thanked Councilor Lund for attending, adding he was unable to be there himself because of his work schedule.

c. **Update from Mayor Pro-tem Dawes.** Mayor Pro-tem Dawes reported they would be postponing the May 18 North Lewis County Regional Fire Authority Planning Committee meeting because they were still putting together materials for their presentation. He reported the next meeting was scheduled for Wednesday, June 15, at which time they would receive a complete report on operations, fleet and facilities.

Councilor Taylor asked if there were any costs involved with the process yet. Mayor Pro-tem Dawes indicated there were currently no costs. He noted the consensus of the group was that any fees associated with the process would be split equally between each of the agencies. Councilor Taylor stated it was nice to see a process happen without having a multi-million dollar facilitator contract. Mayor Pro-tem Dawes stated they thought about having someone who had been through the process review the plan to make sure everything had been addressed.

May 9, 2011

Councilor Lund stated Centralia Councilor Lee Coumbs made a good choice by nominating Mayor Pro-tem Dawes to chair the committee, adding he was doing a great job leading the process.

Mayor Pro-tem Dawes stated he and Councilor Taylor had a chance to briefly attend the open house at Providence's new facility on Market Boulevard. He noted it was a nice facility and was expected to be highly used.

7. **Resolution No. 8-2011, First and Final Reading - Accepting Electronic Signatures.** City Clerk Judy Schave reported the administration was requesting that the city start accepting electronic signatures on certain forms developed for the city's website. She noted attached to the resolution was the Jury Summons form for their consideration. Ms. Schave stated any future forms requiring electronic signatures would be brought to the council under a separate resolution.

Councilor Taylor moved to adopt Resolution No. 8-2011 on first and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

8. **Water System Plan (WSP) – Approval to Submit to Washington State Department of Health (DOH) and Open Public Review.** Ms. Fairbanks reported the next step for the WSP would be to submit it to DOH for their review and comment. She noted DOH would have 90 days to provide comment, adding it was rare for a plan to come back before the end of the 90-day period. Ms. Fairbanks stated, at the very least, one of the things DOH would comment on was the fact that they need the plan stamped by a licensed engineer.

Ms. Fairbanks reported any comments received from DOH would be incorporated into the plan, or responded to as they see fit. She stated the responses, along with any amendments to the plan, would go back to DOH, at which time the city should receive an approval letter. Ms. Fairbanks requested the council authorize the administration to submit the plan to DOH to begin the 90-day review period.

Councilor Taylor moved that the council authorize staff to submit the 2011 WSP for the City of Chehalis to DOH, and that the document be available for public review and comment.

The motion was seconded by Councilor Lund and carried unanimously.

At 6:33 p.m., Mayor Pro-tem Dawes announced that the council would take a five minute recess before convening back into executive session pursuant to RCW 42.30.110(1)(g) – public employee performance review for approximately 15 minutes and there would be no decisions following conclusion of the executive session.

Mayor Pro-tem Dawes closed the executive session at 6:55 p.m. and there being no further business to come before the council, the meeting was immediately adjourned.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

May 23, 2011

The Chehalis city council met in regular session on Monday, May 23, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:02 p.m. with the following council members present: Terry Harris, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Councilor Pope was absent (excused). Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; and Herta Fairbanks, Public Works Director. Members of the news media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

1. **Public Hearing on the 2012-2017 Six-Year Transportation Improvement Program (STIP).** Herta Fairbanks reported the 2012-2017 STIP was required in order to submit transportation related projects to the Washington State Department of Transportation (WSDOT). She noted WSDOT used the information to compile a statewide listing to be submitted to the federal government, depending upon whether or not the projects qualify or are expected to receive federal funding.

Ms. Fairbanks reported the council received copies of what was sent off to WSDOT, which included seven projects totaling \$6.5 million. She stated a secondary capital improvement program list was also included showing all of the city's projects that would soon be necessary, totaling \$47.7 million. Ms. Fairbanks indicated the largest ticket item was a \$15 million dollar bridge replacement for the Chamber of Commerce Way Bridge. She stated there was only one project on the list that had secured funding, which was the Chehalis Avenue Beautification Project.

Mayor Ketchum inquired about the Chamber Way Project, wondering what was left to do before they could technically close it out. Ms. Fairbanks indicated there were some details that needed to be coordinated between WSDOT and the city. City Manager MacReynold noted part of it had to do with the funding change with reference to the federal highway money that went to the City of Centralia for the Galvin Road/Harrison Avenue Project. He stated WSDOT was being very cautious about giving the city direction to close it out because they don't want to lose the opportunity to reimburse Centralia that \$700,000.

Councilor Dawes stated he thought the Airport Road Extension Project was funded. Ms. Fairbanks noted it wasn't technically funded yet, adding it would be part of the greater project that WSDOT has on the books. She stated until that project was funded in its entirety from the federal government the city couldn't technically say we have the funding for it.

Mayor Ketchum closed the regular meeting at 6:06:30 p.m. and opened the public hearing. There being no public comment, Mayor Ketchum closed the public hearing and reopened the regular meeting at 6:06:50 p.m.

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

- a. Minutes of the regular meeting of May 9, 2011; and
- b. Claim Vouchers No. 99974-100102 in the amount of \$198,148.56 dated May 13, 2011.

The motion was seconded by Councilor Lund and carried unanimously.

3. **Administration Reports.**

a. **April Financial Report.** Eva Lindgren noted a question was raised during the April 25 council meeting concerning electricity tax. She reported the Lewis County Public Utility District made an effort to pay the city every other month; however, they recently upgraded their software which caused a delay in payment. Ms. Lindgren indicated the city was currently above the projected year-to-date revenues for electricity tax and didn't feel there was any need to be concerned at this time.

Ms. Lindgren reported the general fund showed a negative \$742,685, which was primarily due to property taxes, which were slightly down, and proceeds of long-term debt.

May 23, 2011

Mr. Lindgren reported on the wastewater fund, noting they were slightly ahead in regular fees. She reminded the council that they had some very heavy debt service payments for the wastewater treatment plant, which were not paid evenly throughout the year.

Ms. Lindgren reported the water fund showed a slight negative variance from expected water sales; however, they were still ahead of last year. She noted there were also some variances in the storm water fund revenues having to do with storm connections and miscellaneous fees.

Ms. Lindgren indicated they would to start allocating interest earnings on a monthly basis, once they get caught up.

b. **Municipal Court Judge Retiring.** City Manager MacReynold reported Chehalis Municipal Court Judge Steve Buzzard was moving on to retirement and his last day with the city would be Wednesday, May 25. He noted they had solicited applications to fill the vacancy and received four, which the administration would review over the next few weeks.

c. **Upcoming Council Work Session.** City Manager MacReynold reminded the council about the upcoming council work session on Tuesday, May 31, at 5:00 p.m. in the council chamber.

4. **Council Reports.**

a. **Update from Councilor Dawes.** Councilor Dawes reported he stopped by Stan Hedwall Park Saturday morning for the Relay-for-Life event, adding they seemed to have been able to carry through despite the weather. He noted it was a good cause and the people did a lot of work this year to raise money.

b. **Update from Councilor Lund.** Councilor Lund presented Mayor Ketchum with a pen that he received from Pastor Tom Bradshaw at the Day of Prayer Breakfast. He noted the pens were given out to all the mayors who attended the breakfast.

Councilor Lund also attended the 50th anniversary of the Lions Club, which was held at the Veterans Memorial Museum. He stated it was amazing to see how much the Lions Club had done for our community.

c. **Update from Councilor Harris.** Councilor Harris reported he attended the Chehalis River Basin Partnership meeting, adding there were some notable absentees. He stated Vice-chair Mark White, from the Chehalis Tribe, attended for the first time in about four months. Councilor Harris reported the meeting became quite contentious at the beginning after Lewis County Commissioner Bill Schulte suggested they select a new temporary chair, since Mr. White was no longer a member of the committee due to the agreement signed by the Tribe, Grays Harbor County and Thurston County, which disqualified them from other entities and agencies. Councilor Harris noted the point was taken and the meeting was finally allowed to proceed.

Councilor Harris reported he also attended the Chehalis Community Renaissance Team meeting, adding they were working very well on getting things done.

d. **Update from Councilor Spahr.** Councilor Spahr stated he and his wife (Jackie) did a little canyon hopping down in the southwest, noting it was beautiful country, but they didn't have anything over us.

e. **Update from Mayor Ketchum.** Mayor Ketchum reported he attended the opening ceremonies for the Lewis County Cancer Walk at Stan Hedwall Park. He noted they had a record number of teams (65) turnout, and it was nice to have the event back in Chehalis where it originally started in this area. Mayor Ketchum added it was an honor to be amongst people he considered to be heroes just because of what they have to go through every day. He indicated they had a little rain throughout the night, but the park held up well and the participants' spirits didn't diminish.

Mayor Ketchum reported their goal was \$137,000 and at closing they had raised a total of \$131,000. He noted they would find out later the total amount raised, once they do their final tally.

May 23, 2011

Mayor Ketchum reported he and Councilor Harris also had the privilege to walk around Friday evening and judge all of the campsites.

Councilor Harris noted the parks department did a wonderful job accommodating everyone.

5. **Lodging Tax Advisory Committee (LTAC) – Request for Tourism Funding.** Councilor Harris introduced 'Jazz in July' Chair, Erin McQuigg, to briefly explain what they were requesting funding for.

Ms. McQuigg reported this year was the 10th anniversary for 'Jazz in July.' She noted the event raised funds for Pope's Kids Place, and Alder House, which was an adult family home for young adults with developmental disabilities. Ms. McQuigg stated, in the past, it had been a one-night event where they bring in food, wine, and some of the best musicians in the Northwest. She reported, with this year being the anniversary, they were planning to expand the event to three days, to include the following:

- New Orleans Jazz -Thursday night at the Olympic Club in Centralia
- Jazz in July (normal annual event) - Friday night at the Edison House in Centralia
- Gospel Concert – Saturday morning at the Edison House in Centralia

Ms. McQuigg reported some of the related expenses for the event would include: food, venue rental fees, ticket printing, publishing, and fees for musicians and vocalist. She noted the \$5,000 would help pay for some of those expenses, so all of the ticket sales can go to the two charitable organizations.

Ms. McQuigg stated the events would be held in Centralia, but all the musicians and their guests would be lodged in Chehalis. She noted the event has been held in Chehalis in the past; however, they've not been able to find a venue with good acoustics. Ms. McQuigg stated they hoped to eventually expand it to a week-long festival that will draw in more people from the outside area.

Councilor Spahr stated he would like to see the council approve the request because in ten years it could be a winning combination of bringing people into the community, adding he thought it was a good investment for the city.

Ms. McQuigg reported, between Pope's Kids Place and Alder House, they averaged about \$30,000 each year. She stated it was hard to project what ticket sales were going to be, but after 10 years they had a good idea of what the event would bring in.

Councilor Spahr asked if they would be keeping track of the number of heads-in-beds. Mayor Ketchum noted one of the stipulations on getting the funding was that they had to come back next year with a count on the number of heads they put in beds, in Chehalis. Ms. McQuigg reported they planned to provide that information, as well as an accounting of what they spend the entire \$5,000 on.

Mayor Ketchum reported the event had grown every year and it was unfortunate that the city didn't have a venue for such events. He stated it was good overall for both communities, no matter where it was held.

Councilor Lund reported Ms. McQuigg's husband was well known for his musical talent. He noted he and Todd Chaput from the Holiday Inn got to talking about hotel/motel tax and when he mentioned the event, Mr. Chaput reported, out of all of the money given out by the LTAC, the 'Jazz in July' event was about the only one that really puts heads-in-beds.

Councilor Harris reported, the way the RCWs are now written, they allow for promotion and operations to include things such as: supplies, musicians, and food. He stated the motel owners were very happy with the program and were willing to support it primarily because they already put heads-in-beds. Councilor Harris suggested most of the promotions that the LTAC funds are weekend warrior type events; whereas, the 'Jazz in July' event should bring people in earlier in the week.

May 23, 2011

Councilor Spahr moved to approve the recommendation of the Lodging Tax Advisory Committee to award \$5,000 to Pope's Kids Place for the 'Jazz in July' event.

The motion was seconded by Councilor Harris and carried unanimously.

6. **Increase Number of LTAC Participants.** Mayor Ketchum reported the Lewis County Historical Museum, one of the recipients of tourism funding, was asking to be appointed to the LTAC. It was noted that the Holiday Inn was also interested in being a part of the committee, as well. Mayor Ketchum asked that invitations be sent to those who were currently on the committee to see if they still had an interest in being appointed, and to also send invitations to the Lewis County Historical Museum and the Holiday Inn to invite them to be a part of the committee.

7. **Sister City Delegation Arrival.** Mayor Ketchum reported the Sister City Delegation from Inasa, Japan, would be arriving on June 2. He noted their first stop would be a 'Welcome Reception' at the V.R. Lee Community Building at Recreation Park, at 11:30. Mayor Ketchum stated anyone interested in joining the group on any of their other scheduled events should contact Caryn Foley, so they can be added to the list.

There being no further business to come before the council, the meeting adjourned at 6:38 p.m.

Dennis Dawes, Mayor Pro-tem

Attest:

Judith A. Schave, City Clerk

May 31, 2011

The Chehalis city council held a work session on Monday, May 31, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:06 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Larry Allen, Assistant Fire Chief/Fire Marshal; Becky Fox, Court Administrator; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; and Herta Fairbanks, Public Works Director. Members of the news media included Lee Hughes from *The Chronicle*.

1. **Review Draft Three-Year Financial and Organizational Strategy.** City Manager MacReynold started off with a quote by Woody Allen, which he believed clearly reflected how the management team, and probably most of our employees felt about the long-standing recession that we're in. He noted he change the quote just a bit to say, "More than any other time in history, city management faces a crossroads...one path leads to despair and another to hopelessness...the other to total financial ruin. Let us pray we have the wisdom to choose correctly."

City Manager MacReynold reported the city was now approaching three years of severe economic downturn. He noted what was thought and hoped would be a short-lived situation, now appeared to be here for several more years. Facing that reality, he reported the city administration was taking a longer term, multi-year strategy that would allow the city to respond and plan accordingly, rather than reacting every year to decreasing revenues. He believed this approach would encourage a more reasoned response to the evolving economic conditions and would allow the city to meet its fiscal responsibilities over the next several years, as the city continues to provide essential services to our citizens and the community.

City Manager MacReynold reported Chehalis had seen a significant decrease in general fund revenues due to reductions in:

- Sales tax collections
- Licenses and fees
- Available grants and other government funding

Councilor Pope stated at one time the city had a grant writer. He asked if they were able to produce enough grants to pay for that position, and had the city received any significant grants since that position was eliminated. City Manager MacReynold noted the grant writer did get some grants for the city early on; however, the situation changed as the health of the person who held that position declined. He stated, at the time, cutting the position seemed the expeditious thing to do. City Manager MacReynold noted grant writing was a very specialized talent and there were not very many people who were good at it. He stated they could certainly revisit the issue; however, most engineering firms were willing to write grants with the hope of getting work from it.

Councilor Pope inquired about the city manager's budget, noting it started to escalate in 2010. City Manager MacReynold reported the city attorney's budget and the former Economic Development Administrative Assistant position were both folded into the city manager's budget in 2010.

City Manager MacReynold reported the administration believed that it is imperative to examine the city's financial status and create strategies to address conditions for the immediate (2011), near term (2012 - 2013) and long term (3+ years out) horizons. Towards this goal, he noted the city management team and mid-level managers worked over the past two months to identify a wide range of options over the next three years to reduce costs and increase revenues, while maintaining priority services. The review process included:

- Examining revenues and expenses for the past several years
- Projecting anticipated revenues and expenses for 2011 and out to 2015
- Identifying priority services to the community (public safety, water and sewer, streets and recreation) and evaluating alternative methods for providing these services
- Evaluating ideas for the feasibility and the potential for revenue increases or savings
- Evaluating implementation options for immediate (2011), near term (2012 - 2013) and long term (3+ years)

May 31, 2011

out)

City Manager MacReynold reported the administration recognized that there are a number of challenges that can impact the viability and implementation of various options, including:

- Union and bargaining issues
- Uncertainty of revenue and expense predictions
- Political climate
- High local unemployment
- Restrictions on use of general funds
- Time and resources needed to implement some of the ideas
- Further staffing cuts are likely to lead to service changes

City Manager MacReynold reviewed the 'Draft' 2011-2013 Financial and Organizational Strategy, to include the following:

2011 (Immediate)

Expenditure Savings

• Do Not Fill Building Inspector Position	\$51,000
• Do Not Fill Property Manager Position	<u>14,000</u>
Sub-total	\$65,000

Revenue Increases

• REET – Facilities and Parks (OTO)	80,000
• Grant for Pool M&O (OTO)	20,000
• Foundation Grant (OTO)	10,000
• Sale of City Property (OTO)	15,000
• Recreation Leagues Donation	4,000
• LTAC Funding for Recreation	28,000
• Accept FEMA Home Elevation Grant (OTO)	31,000
• FEMA Revenues (OTO)	<u>24,900</u>
Sub-total	\$212,900
Total	\$277,900

Evaluate Other Options and Implement Where Feasible

- Issue Request for Proposals for Alternative Methods of Providing Services
 - Mowing Major Parks
 - Fire Code Inspections
 - Nuisance Abatement and Animal Control
- Fire Dept. Operational Changes to Reduce O/T
- Evaluate Energy Use in Buildings

2012 (Near Term)

Expenditure Savings

• Two (2) Position Reductions	\$110,505
• Do Not Fill Positions from 2011	<u>117,000</u>
Sub-total	\$227,505

May 31, 2011

Revenue Increases

• LTAC Funding for Recreation	\$ 28,000
• Recreation Leagues Donation	<u>4,000</u>
Sub-total	\$ 32,000
Total	\$259,505

Evaluate Other Options and Implement Where Feasible

- Annexation
- REET Funding Bond/Loan (\$75,000)
- Selective Logging of McFadden & Dobson Parks – Parks M&O
- Selective Logging of Public Works Property
- Resolution about Mitigation Fund Use
- Comprehensive Re-evaluation of City's Telecommunication Needs (phones, radios, cell phones)
- Increase Building Permit Fees to Cover Costs
- Increase RV Space Rentals to Cover Costs
- Increase Organic Dump Permit Fees to Cover Costs
- Increase Animal Shelter Fees to Cover Costs
- Solicit Advertising Opportunities for Local Businesses to Sponsor Specific Facilities, Such as: Spray Park, Other Parks - to Pay for Parks & Recreation M&O
- Offer Light Pole Banners in Selected Locations Along Arterial Streets: Louisiana Avenue, Central Business District, Market Boulevard, Etc.

2013 (Near Term)

Expenditure Savings

• One (1) Position Reduction	\$ 60,000
• Position Reductions from 2012	110,505
• Do not fill Positions from 2011	<u>117,000</u>
Sub-total	\$287,505

Revenue Increases

• LTAC Funding for Recreation	\$ 28,000
• Recreation Leagues Donation	<u>4,000</u>
Sub-total	\$ 32,000
Total	\$319,505

Evaluate Other Options and Implement Where Feasible

- Regional Fire Authority Implementation
- REET Funding Bond/Loan (\$75,000)
- Reorganize Community Development Department into Permits Center with Parks and Facilities & Recreation Moved (staffing changes)
- Sale of Mitigation Credits (Resolution)
- Evaluate Space Savings to Save on Electricity and/or Natural Gas
- Increase Building Rental Fees to Cover Costs
- Investigate the Cost/Benefit of Utilizing and Enforcing the City Alarm Ordinance

City Manager MacReynold reported on the draft general fund revenue and expenditure analysis that included the proposed strategy changes through 2015, noting the changes significantly improved the city's situation.

May 31, 2011

In conclusion, City Manager MacReynold reported the strategy outline provided a longer term road map to maintaining city services during the continued economic conditions faced by the City of Chehalis. He stated, while we strive to plan for the future and implement this strategy, we must also face up to the following facts:

- Uncertainty remains; things could get better, but they could get worse, too.
- We must continue to be fiscally responsible, which may continue to mean changes and hard decisions.
- We must be prepared to adapt and modify our plans and strategies as new information becomes available.
- We must acknowledge and respect the political realities and the desire to avoid increasing taxes during difficult economic times.
- There are some costs such as fuel, materials and medical insurance that we have little or no control over.
- There is uncertainty in the efforts to contain costs through the labor negotiation process and the potential for continued increase in the cost of labor and benefits.
- We cannot ignore or postpone addressing difficult issues
 - Repayment of the loan for city hall
 - The need to maintain adequate fund balances
 - The need to fund essential maintenance and capital improvement projects
- Many issues, such as the development of a regional fire authority and annexation of additional properties require long-term planning, research and funding in order to determine feasibility. Implementation time on these more complex issues can take many months or even years once decisions are made to proceed.

Councilor Pope reported the Chehalis Foundation had a consultant look at McFadden Park, adding the reason they didn't log it earlier was because of the market, and they also had to do some work with the underbrush. City Manager MacReynold noted they would wait until the market was better if they weren't going to make any money at this time. He suggested the logging industry in Lewis County was coming back slightly, and they were seeing some improvements on the cost of lumber because of other things going on in the world. City Manager MacReynold felt it was a good opportunity to create a one-time-only revenue stream, adding it would certainly help out the parks program.

Councilor Pope reported, when the Chehalis Foundation did the Kiddy Spray Park Project, they set aside a small amount of money for the upkeep of that park. He noted the Foundation also set aside some money for the maintenance of Lintott/Alexander Park. City Manager MacReynold stated he was unaware of that. Councilor Pope indicated he would check on it and report back to staff.

Councilor Taylor stated, with reference to logging, it would be nice to hear what the plan was for the road near the site. City Manager MacReynold stated they would have to go through a very open public process with any logging the city does, adding the neighbors would be very sensitive, and rightly so.

City Manager MacReynold reported, at some time in the future, the administration would be bringing back a resolution for the council to consider, proposing to put the mitigation bank revenues into the facilities and maintenance fund. He noted they proposed to use the money to offset the loan repayment for city hall and the library landscape work.

Councilor Dawes asked if there had been any progress with reference to the mitigation bank. Bob Nacht reported the consultant was currently negotiating with the United States Army Corps of Engineers and the Washington State Department of Ecology on the approval process. He noted there were a lot of environmental issues and it would likely take a year to get through that process. City Manager MacReynold stated the projected revenue at the time it was presented to the council was about \$1.2 million.

Councilor Spahr inquired about the police department gambling enforcement subsidy. City Manager MacReynold reported they started taking money out of that fund in 2011 and would continue to use it through 2013. He noted they were using the funds for positions, training, and the replacement of some equipment.

May 31, 2011

2. **Update on 2011 Council Goals.** City Manager MacReynold reported it was amazing that we had accomplished as much as we had, with the current economic situation we're facing. He reported at this time the city had no general fund debt, adding there were very few cities in the State of Washington who could say that. City Manager MacReynold reported all of that could change by the end of the year when the administration brings a proposal to the council to establish a bond or loan to pay back the interfund loan.

City Manager MacReynold talked briefly about the list of positions the city eliminated, reduced hours and held vacant.

City Manager MacReynold updated the council on the 2011 goals, which included:

- Maintain the fiscal viability of the city (Accomplished)
- Street repairs: Identify how to get them done (Partially accomplished)
- Institute taking credit card and electronic payments (Accomplished)
- City take lead in land development at the Barnes property (Not accomplished)
- Continue to work on regional flood issues (Accomplished)
- Improve downtown aesthetic and infrastructure (Partially accomplished)
- Continue to work on 2010 goals not identified as 100 percent complete:
 - City Comprehensive Plan: Complete and approval of the comprehensive plan; includes a parks comprehensive plan (Partially accomplished)
 - Develop a customer service program for the city (Not accomplished)
- Pool Improvement Project (city needs to approach Chehalis Foundation) (Partially accomplished)
- Consolidation or regionalization of fire services with Fire District #6 and continue to look at relocating the fire station (Partially accomplished)
- Improve the quality of our parks (Partially accomplished)
- Consider other uses for fire hall building (Not accomplished)
- Develop programs for the youth (Accomplished)
- Get more involved with Lewis County Campus Project (Partially accomplished)
- Clean up city property on Chehalis Avenue near Green Hill School (Partially accomplished)
- Develop "Stream Team" to enhance local streams, using youth and volunteers (Not accomplished)

Councilor Pope noted a lot of the city streets are in need of repair, adding it would help if the city could inform the public as to why certain streets are not being repaired. City Manager MacReynold reported the new public works director was taking a different approach on providing information to the council and suggested she could make the reports more informational for the general public, as well.

Councilor Harris asked if there was a breakdown to determine what the cost was to the city for taking credit cards. It was noted the customer is charged a convenience fee, which is paid directly to the credit card company.

With regard to the regional flood issues, Councilor Dawes felt the state made it abundantly clear that if something wasn't done they were just going to raise the freeway. He stated, with what had happened over the last couple of months, he didn't see the trust factor getting built, or everybody coming to the table to come up with some kind of plan. He thought there had been some positive changes made, but there was still going to be some backroom politics and shortstopping where it could be done.

City Manager MacReynold noted, in conversations with the focus group who are discussing the widening of I-5 from Harrison Avenue to 13th Street, that issue had come up and Bart Gernhart from the Washington State Department of Transportation (WSDOT) indicated, if the flood authority was unable to deal with the situation, they may look at putting up walls to prevent the freeway from flooding. Councilor Dawes noted the walls would provide the same affect in that it still does not take care of the long-term flooding in the basin.

Councilor Taylor felt WSDOT supported the city, adding the flood authority was the one who hasn't been able to develop a relationship with the people we need to in order to move forward. He noted it was tough to do anything when you have people, like The Tribe, who think your doing something behind closed doors, when in reality we had

May 31, 2011

been very open with them. Councilor Dawes agreed that it wasn't WSDOT. He suggested whatever orders the state gives, WSDOT would carry them out.

City Manager MacReynold felt the council had played a key leadership role over the past four years, with regard to the flood issue, and based on what was going on, they may have to continue to play that kind of role.

Councilor Pope asked if anything had been initiated with the state regarding Stan Hedwall Park. City Manager MacReynold reported the administration approached one of our state legislators to help us, adding there was a belief that he could help the city take over that property through some legislation that was in the works, but unfortunately that didn't happen.

City Manager MacReynold suggested they may need to take a different approach with a different legislator. Mayor Ketchum agreed.

Councilor Spahr noted earlier that day he was listening to a radio program that suggested black top sealers were going to be outlawed in the State of Washington. He asked if the city had heard anything about it, and wondered what it would do to our paving projects. Public Works Director Herta Fairbanks stated she wasn't familiar with that, but would check into it.

Councilor Spahr asked if the FAA had intervened in the flooding issue, since the airport was established by the federal government and the dikes were originally built by the federal government. He stated, if in fact the State of Washington builds walls along I-5, it could have a real negative impact on the airport. City Manager MacReynold reported they had some discussions about the issue, but most of them had taken place primarily around the Federal Emergency Management Administration (FEMA) maps. He stated Airport Manager Allyn Roe has kept the FAA well informed of what the situation is. City Manager MacReynold believed the FAA was paying close attention, but they were not going to step out and get in front of the Corps, FEMA, or the United States Geological Survey on how they are approaching the flood maps, or with reference to flood control. Councilor Dawes didn't believe the FAA would step in until there was something critically altering the use of the airport. He also didn't believe they were going to stand by and let someone come in and destroy what they had built out there.

Councilor Spahr stated he would like to see the city contact the railroad about cleaning up their right-of-way on Pacific Avenue, and maybe do some repairs to some of the fencing.

Councilor Pope noted there was a group who wanted to develop a quiet zone through Chehalis. After a brief discussion, it was decided the group could bring something to the council for consideration, if that's their desire.

Mayor Ketchum thanked City Manager MacReynold and the staff for all the effort put into what was presented. He noted it was very much appreciated.

3. Discussion on Future Projects, Goals, and Priorities for 2012-2013. City Manager MacReynold asked if there were things the council would like to see done in 2012-2013. Councilor Dawes stated he would like to see the city maintain what it has right now, adding realistically it's been a tough year for everyone. He felt the city would be way ahead of a lot of others if we were able to maintain current services and staffing.

Councilor Spahr inquired about a cost savings program that was instituted a number of years ago, wondering if it was still around. Councilor Dawes spoke against the program, noting some of the ideas that were getting paid money were things that other departments had already been doing for a number of years. He felt the program became looked upon as a joke.

Mayor Ketchum stated they very much appreciated the employees of the city, noting they should be highly commended for their tremendous effort in keeping service level ups. He wished they could do more than just say words, but unfortunately right now that was all they had.

May 31, 2011

With regards to looking at saving on overtime, Councilor Taylor wondered how the city would be able to offer the same level of service when they're down employees. Fire Chief Kelvin Johnson reported, in 2010, they did lay off one firefighter, which represented not quite ten percent of their workforce. He noted the impact was hard to measure because their business was not something that's scheduled. Chief Johnson reported the current staffing model used by the department allowed for three people assigned to each shift, with a minimum of two people available to respond to calls. He believed that was the absolute minimum to be able to answer one call at a time. Chief Johnson noted when a second call comes in they use the overtime model to bring people back. He stated it will impact their service if they don't have a certain amount of funds to have someone come back on an overtime basis.

City Manager MacReynold noted most of the calls are aid calls, which brought up the question, was there a different way the city can provide that service. He felt that was the nut to crack, if it could be cracked. City Manager MacReynold reported they were continuing to explore going to a fire authority, which would be a major move for the city, and region.

Councilor Taylor inquired about the relationship the city had with AMR. Chief Johnson reported the fire department was the designated first responder to provide emergency services. Through a consortium, AMR, by contract, was the transport/ALS service provider for the community. He noted AMR typically only charges for transporting, and the city does not pay AMR any money for that service.

Chief Johnson reported, in an effort to look at saving on overtime they would look at the program. He noted, based on the type of call, whether it was low risk or high risk, the officer in charge would need to make a judgment call on whether or not to call in back up. Chief Johnson didn't know how much they would save because they don't get to schedule the calls, or the severity of them.

Councilor Dawes brought up the issue of impact fees. He suggested they may see a time when cities have to implement such fees.

Chief Johnson reported most fire service was somewhat re-active, but they also had a very strong pro-active program, which was why they are adamant about code enforcement issues being done by qualified people. Councilor Dawes noted with 80 percent of calls being EMS related he didn't know how they were going to educate people on how to not injure themselves, or have a medical emergency. Chief Johnson noted there were programs out there, such as: fall prevention for seniors, and overdose in medications. He felt people needed to be educated on the appropriate use of emergency services. Councilor Dawes stated it would be interesting to know how many of the aid calls really need a paramedic or EMT to respond.

Councilor Lund stated, as a goal, he would like to see the council improve communications with our neighbors (City of Centralia). He suggested the two city councils get together four times a year for lunch and to visit. Councilor Lund believed the two groups could team up to get more accomplished.

Councilor Taylor noted that would be fine with him, adding he felt they currently had an excellent relationship with Centralia. Councilor Harris agreed. Councilor Spahr brought up the issue of the open meetings act. Councilor Lund stated the press would be welcome, as well.

There being no further business to come before the council, the meeting adjourned at 6:34 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

June 13, 2011

The Chehalis city council met in regular session on Monday, June 13, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Brian Kelly, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Director; Herta Fairbanks, Public Works Director; and Patrick Wiltzius, Wastewater Superintendent. Members of the news media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

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

- a. Minutes of the regular meeting of May 23, 2011, and the special work session of May 31, 2011; and
- b. Claim Vouchers No. 42011 and 100103-100217 in the amount of \$107,865.44 dated May 31, 2011, and Payroll Vouchers No. 34699-34772, 2306-2374, and Electronic Federal Tax Payment No. 99 in the amount of \$652,987.16 dated May 31, 2011.

The motion was seconded by Councilor Spahr and carried unanimously.

2. **Council Reports.**

- a. **Update from Councilor Dawes.** Councilor Dawes stated he had the honor to welcome the Inasa delegation to Chehalis on June 2, while the Mayor was out of town. He noted he also went to a couple of ribbon cutting ceremonies, one at the Lewis County Historical Museum for the Chehalis Business Association, and one at the Chehalis Park Place Inn.
- b. **Update from Councilor Spahr.** Councilor Spahr reported he attended the Lewis County Economic Development Council Board meeting, noting he brought copies of the minutes so the council could see what was going on with that group. He also provided an article that Bill Lotto passed out at the meeting that talked about the Fredrickson Industrial Park in Tacoma, and how that was filling up. Councilor Spahr stated the article also talked about where to go next for industrial development, noting both Thurston County and Lewis County were both mentioned; Thurston County in the negative because it was not very friendly to industrial based companies, and Lewis County very positively. Councilor Spahr suggested, while we've all been waiting for this influx of industry to come from Seattle and Portland, maybe somebody other than ourselves can see that it's going to happen now.
- c. **Update from Councilor Pope.** Councilor Pope reported last week he represented the city in presenting an honorary plaque to Mrs. Mudge, for her years of teaching our young people the string violin. He felt Mrs. Mudge had the passion for the profession, adding it was a great gift that she has given to the community.
- d. **Update from Mayor Ketchum.** Mayor Ketchum reported last Wednesday he attended a dinner event put on by Gail Shaw for Congresswoman Jaime Herrera Beutler, adding it was very nice.
- e. **Gifts from Inasa Delegation.** Mayor Ketchum presented the gifts from the Inasa Delegation, noting each of the councilors received a piano pin from a really nice orchestra/instrumental museum in Hamamatsu, a towel, and a pen. He noted the city also received a gold coin and a tapestry, noting like most things from Japan, it had sentimental value and reasoning. Mayor Ketchum presented a collage of photos given to the city that were taken during their 2010 20th anniversary visit to Inasa.

3. **Resolution No. 9-2011, First and Final Reading – Adopting the 2012-2017 Six-Year Transportation Program (STIP).** Herta Fairbanks reported the information had been presented to the council on two prior occasions and this was simply the final reading of the resolution to adopt the STIP. She noted none of the information presented to the council previously had changed.

June 13, 2011

Councilor Dawes inquired about the connection of Louisiana Avenue to Airport Road, noting it was not on the STIP. He stated he wanted to make sure that it wouldn't put a kibosh on that project for not being listed. Ms. Fairbanks stated it would not. She reminded the council that the STIP could be adjusted at any time. Ms. Fairbanks noted at such time the funding becomes available through the work being done by the Washington State Department of Transportation, they would go in and amend the STIP and bring it back before the council for approval. Councilor Dawes noted, as tight as the transportation dollars are, and as active as everyone was seeking them, he didn't want that kind of technicality to cause the city to lose it.

Councilor Pope inquired about the Snively Avenue Improvement project, adding it was his understanding that the street was going to be improved to include sidewalks to make it safer for kids to walk to and from school. He asked if there had been any consideration to doing the project on Gails Avenue rather than Snively Avenue, noting it was a wider roadway and they wouldn't have the issue of parking that they do with Snively Avenue. Councilor Pope suggested it might be cheaper to go down 16th Street to Gails Avenue, across to 18th Street and then down Fair Street to the back of the Middle School. Ms. Fairbanks noted she couldn't speak to what discussion occurred on that issue already, but she would definitely bring it to the attention of the street superintendent.

Mayor Ketchum thought the biggest reason they were looking at Snively Avenue was because it was a school bus route and they felt there might be a better chance of receiving grant funding; however, looking at the other might be a good idea. Councilor Pope noted they had some grant funding out right now for 'safe walks to school.'

Councilor Spahr moved to adopt Resolution No. 9-2011 on first and final reading.

The motion was seconded by Councilor Taylor and carried unanimously.

4. Resolution No. 10-2011, First and Final Reading – Authorizing Sole Source Purchase of Equipment.

Ms. Fairbanks reported they were looking to replace the 1980 boom truck, noting the cost of maintenance on the vehicle was exceeding its worthiness to the city. She noted Patrick Wiltzius located a new (used) boom truck in Spokane, Washington, and had a number of diagnostic tests done on it to ensure it something the city would be willing to purchase. Ms. Fairbanks reported, as part of the purchase price, the seller would deliver the vehicle to Chehalis, assuming we go forward with the purchase.

Councilor Spahr moved to adopt Resolution No. 10-2011 authorizing a sole source purchase of a boom truck for the Wastewater Division on first and final reading.

Councilor Pope seconded the motion.

Councilor Harris asked what they would be doing with the old vehicle, wondering if it had any life left in it. Mr. Wiltzius indicated it would be put on the surplus market. Councilor Harris suggested the Chehalis Community Renaissance Team might be able to use it for different things, or the city might use it to put up holiday decorations and such. Mr. Wiltzius noted it was more of a heavy lifting type device, but if it was ever needed to help out with any city activity, it was certainly available.

The motion carried unanimously

5. Ordinance No. 874-B First Reading – Amending Title 1 of the Chehalis Municipal Code, Creating a new Chapter 1.14 Relating to the Disclosure of Public Records. City Manager MacReynold reported, during this year's audit from the Washington Cities Insurance Authority (WCIA), one issue that came up was how the city deals with public records requests.

Judy Schave reported, at the recommendation of WCIA, the administration put together a draft ordinance for the council's consideration. She noted the ordinance added a new Chapter to Title 1 of the Chehalis Municipal Code, titled Public Records. Ms. Schave stated the ordinance contained several sections from, the purpose of public records disclosure, to the processing and inspection of public records; fees for providing copies; and a list of some of the many exemptions.

June 13, 2011

Ms. Schave reported the city was liable for any fines or judgments against the city for not providing non-exempt records in a timely manner. She indicated payment of the mandatory penalties ranged from \$5 to \$100 per day for unlawful delay or denial of records. Ms. Schave felt the ordinance would give guidance to both city staff and those wishing to request records from the city. She stated she also created a pamphlet on public disclosure that would be available at the various city departments, to hopefully assist the public in understanding the Public Records Act.

Councilor Dawes moved to pass Ordinance No. 874-B on first reading.

The motion was seconded by Councilor Taylor and carried unanimously.

6. **Ordinance No. 875-B, First Reading – Amending the 2011 Budget.** Eva Lindgren indicated the report was pretty much self-explanatory, noting the council should be familiar with the spreadsheet format in which she provided them with some very detailed information. She stated she tried to reflect the items that were discussed in the city's financial and organizational strategy. Ms. Lindgren reported she listed out the items that were not included because they were not definitive until they actually have a firm commitment. She was happy to announce that early in the day she received a check for \$20,000 for the pool, adding she would be amending the budget to reflect that revenue.

Ms. Lindgren reported there was nothing currently listed for water or wastewater; however, those sections would be expanded as public works had submitted some requests. She indicated she also had some minor revenue amendments that she still needed to add.

Councilor Pope stated, in view of the fact that they were being asked why the city was using taxpayer funds on things that are happening in the city, it would be nice if when they make improvements that the funding for the project be identified as to where it came from. Ms. Lindgren noted those types of things were identified in the budget amendment document. Councilor Pope felt those who give funding to the city, such as the Chehalis Foundation, needed to be given credit for their efforts.

Councilor Dawes reported in some communities, when they receive something, they will sometimes put up a small sign. For example, on the wayfinding signs they could put a sign to say 'funding for signs provided by...' He didn't believe there would be much costs involved with that.

Councilor Dawes suggested they could continuously notify people about things, but some folks don't always want to hear what they are being told. He thought the new wayfinding signs received good press coverage on where the funding came from at the time they were first unveiled; however, a small sign could be put up just to illustrate that point. Mayor Ketchum suggested that might lead to signs on top of signs, and at some point the city would be signed to death.

Councilor Harris reported they would be having a Lodging Tax Advisory Committee meeting on Friday morning to discuss the \$28,000 being requested by the city for use by the parks and recreation department.

Councilor Lund stated he agreed with Councilors Pope and Dawes, noting people might want to donate more just to get their name up on a sign.

Councilor Spahr moved to pass Ordinance No. 875-B on first reading.

The motion was seconded by Councilor Pope and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:28 p.m.

Anthony E. Ketchum, Mayor

June 13, 2011

Attest:

Judith A. Schave, City Clerk

June 27, 2011

The Chehalis city council met in regular session on Monday, June 27, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:42 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Dennis Dawes. Councilor Taylor was absent (excused). Staff present included: Merlin MacReynold, City Manager; Judy Schave, City Clerk; and Peggy Hammer, Human Resources Administrator.

1. **Executive Session.** Mayor Ketchum announced that the council would be in executive session pursuant to RCW 42.30.140(4)(a) – collective bargaining for approximately fifteen minutes and there would be no decision following conclusion of the executive session.

Mayor Ketchum closed the executive session at 5:56 p.m. and announced the council would take a four minute recess and reopen the regular meeting at 6:00 p.m. Additional staff included: Bill Hillier, City Attorney; Bob Nacht, Community Development Director; Becky Fox, Court Administrator; Eva Lindgren, Finance Manager; Herta Fairbanks, Public Works Director; Larry Allen, Assistant Fire Chief/Fire Marshal; Randy Kaut, Deputy Police Chief; and Judi Smith, Public Works Office Manager. Members of the news media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

2. **Citizen Business.**

a. **Relay for Life.** Relay for Life Chair, Debbie Knapp thanked the city of Chehalis for working with them and for allowing them the use Stan Hedwall Park for the Relay for Life event. She noted they had 65 teams this year and collected close to \$130,000 for the Cancer Society. Ms. Knapp reported they brought in over 3,000 people throughout the weekend, and if they city would have them back; they would like to hold the event at the same location next year.

b. **Update on the Community Farmers Market.** Community Farmers Market Manager Jackie Rose stated their 2010 season reported a seven percent increase over 2009 in overall sales. She noted they added five new vendors to the market this year that would be offering candy, emu oil, produce (2 vendors), and meats. Ms. Rose thanked the city officials and business owners for coming down on opening day for the ribbon cutting ceremony, noting it was a great day for them. She stated the Chehalis business owners had been extremely supportive of the market over the years, which was very welcoming to her as the new market manager. Ms. Rose reported they had 23 vendors for the 2011 market season, up from 22 in 2010. She noted they actually had to turn away some vendors this year due to the lack of space.

Ms. Rose reported they were in the process of conducting vendor and customer surveys to find out how people would like to see the market to grow.

c. **Introduction of University of Washington (UW) Medical Student.** Councilor Pope reported for a number of years he has had medical students come to our community as part of an off-site facility for the UW Medical School. He introduced Eric Mar who had been with Pope's Kids Place for about three weeks. Councilor Pope stated it was his hope that some of the students that come here for the program would eventually come back here to work and live.

Mr. Mar talked briefly about the program, noting it was an outstanding experience.

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

- a. Minutes of the regular meeting of June 13, 2011;
- b. Claim Vouchers No. 100218-100356 in the amount of \$1,074,523.43 dated June 15, 2011; and
- c. Authorize city manager to execute the interlocal agreement between the city and the Chehalis-Centralia Airport for the airport to construct new wayfinding kiosks.

The motion was seconded by Councilor Lund and carried unanimously.

June 27, 2011

4. **Administration Reports.**

a. **May Financial Report.** Eva Lindgren stated the report was pretty self explanatory and offered to answer any questions the council might have.

Councilor Harris stated, with regard to the revenues donations/contributions, he wanted to thank the Chehalis Foundation and the other organizations for putting the money forward to help the city.

b. **Report on the City's Outstanding Debt.** Ms. Lindgren reported, during a previous meeting, the council expressed an interest in the city's current debt. She referred to the detailed report she prepared on the debt service, noting the information was also included in the city's financial statements and audited annually. Ms. Lindgren hoped the 2010 financials would be issued next month, after the completion of the state audit.

Ms. Lindgren talked briefly about the difference between general obligation (G.O.) debt and revenue debt. She noted G.O. debt was required to be paid by the city; and revenue debt was used for a specific revenue stream and normally associated with debt incurred by utility funds.

Ms. Lindgren reported the city issued debt on behalf of the Chehalis Industrial Park, adding there was an interlocal agreement in which the Chehalis Industrial Park pledged collateral towards the debt. She noted even though the debt was being reimbursed 100 percent by the Chehalis Industrial Park, it remained the City's debt and was reported accordingly.

Ms. Lindgren stated the city also had resolutions in place for the City of Napavine and Lewis County Sewer District #4 to reimburse the City a portion of the debt service paid on Loan #L050014 for the Chehalis Regional Water Reclamation Facility. She noted the water fund also had some G.O. debt and was making all of the payments on that debt service, as well.

Councilor Dawes questioned why the interfund loan for city hall was not on the schedule. Ms. Lindgren stated it was her understanding that the council was only interested in the city's regular issued debt. Councilor Dawes stated he was the one who generated the question, which was to know what our debt was, and the timeline. He asked if there was something written in the loans prohibiting the city from renegotiating when conditions are favorable. Ms. Lindgren believed the Hamilton loan did not provide any provision for that. She noted there was some language in the 1979 revenue bond that suggested there was a possibility to do that. City Attorney Hillier addressed the Hamilton loan, noting it was a secured note set with a fixed interest rate. He stated there was no room to adjust it, according to the terms of the note.

5. **Council Reports.**

a. **Update from Councilor Dawes.** Councilor Dawes reported he had a chance to attend a ribbon cutting ceremony and an open house event. The first was a Business After Hours with The Chamber at Rainier Connect, and the other was at Northwest Farm Credit in the 600 block of S. Market Boulevard.

Councilor Dawes reported they handed out information binders to the committee members at their last North Lewis County Regional Fire Authority (NLCRFA) meeting. He noted they recently set up a website to post all of the information about the NLCRFA, so people can follow what's happening with the process. Some of the information on the site would include presentations, minutes, and meeting schedules.

Councilor Dawes reported he attended the 2011 AWC Convention in Spokane, Washington, noting there were a lot of people in attendance. He stated he had a chance to attend a number of different sessions, adding it was well worth the time to go.

b. **Update from Councilor Harris.** Councilor Harris reported he also attended the AWC Convention, adding he hadn't been to a state convention in a number of years. He reported over the next couple of weeks he planned to provide the council with some of the information he received from two or three of the key workshops he attended.

June 27, 2011

Councilor Harris talked briefly about the outward sharing that took place at the convention, which let him know Chehalis was pretty much on the right track, as far as what we are limited with. He also noted there were a lot more cities that were more lost than we are. Councilor Harris reported a lot of communities were trying to develop assets, such as local organizations, private and citizen groups that are willing to stand up and volunteer their time to do things, which in a lot of ways, we already have in our community.

c. **Update from Councilor Pope.** Councilor Pope reported, at a recent Chehalis Foundation meeting, one of the topics discussed was the maintenance on the pool equipment. He stated no real decision was made; however, they requested Bob Nacht to provide them with some more information.

Mr. Nacht stated he was asked to look at what it would take to bring the pool facility up to current code, and also to look at what it would take to refurbish or upgrade the pool for a 20 to 50-year life cycle. He noted the pool was built in the late 1950s or early 1960s and a lot of the systems were made up of steel pipe or cast-iron, which were rusted through. Mr. Nacht noted there had been a lot of band-aids put on the pool over the last few years, but it was running and they didn't anticipate any issues this year.

Mr. Nacht reported they recently did a walk-through with an expert on how to upgrade and make the pool facility meet all of the codes and standards, adding they would get that report to the Foundation as soon as it's available. He noted there were a lot of issues that he was dealing with in trying to put together a package of alternatives.

Councilor Pope reported there were some questions about a covered pool, noting that was absolutely prohibitive and the Foundation could not do that. Mr. Nacht suggested it would take several million dollars to cover the pool, adding it was pretty much impractical at this time. Councilor Pope suggested if there were individuals in the community who would like to make a donation to the Foundation to put towards the project, it would be greatly appreciated.

d. **Update from Councilor Lund.** Councilor Lund reported he also attended the NLCRFA planning committee meeting along with Councilor Dawes.

6. **Ordinance No. 874-B, Second and Final Reading – Amending Title 1 of the Chehalis Municipal Code, Creating a New Chapter 1.14 Relating to the Disclosure of Public Records.** City Manager MacReynold reported the suggested ordinance came as a recommendation from our insurance carrier, Washington Cities Insurance Authority. He noted city clerk Judy Schave worked with the city attorney to put together the ordinance, and she also created an informational brochure that was a lot more 'user' friendly for the public.

Ms. Schave reported there were no changes to the ordinance since its passage on first reading, and asked that the council consider passing the ordinance on second and final reading.

Councilor Harris moved to pass Ordinance No. 874-B on second and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

7. **Ordinance No. 875-B, Second and Final Reading – Amending the 2011 Budget.** Ms. Lindgren reported on the amendments she made to the ordinance since the first reading. She stated the Chehalis Foundation stepped up again for Lintott-Alexander Park, noting they covered the \$5,000 deductible associated with damages from a fallen tree in the park. She indicated the city also received an additional \$4,500 from the Foundation for custodial care at Lintott-Alexander Park for 2010.

Ms. Lindgren reported the city received a \$20,000 donation for pool operations, as well.

Councilor Harris moved to pass Ordinance No. 875-B on second and final reading, as amended.

The motion was seconded by Councilor Pope and carried unanimously.

June 27, 2011

8. **Confirm City Manager's Appointment of Municipal Court Judge to Fill Unexpired Four-Year Term Ending December 31, 2013.** City Manager MacReynold reported, with the retirement of former Municipal Court Judge Steve Buzzard, the city went through a process to hire a new court judge. He noted they interviewed four possible candidates and did reference checks.

City Manager MacReynold stated Attorney Dale McBeth was clearly the best match for our city, adding he had extensive experience not only in our city, but pretty much the whole court system. He asked that the council confirm his appointment of Attorney Dale McBeth as our Municipal Court Judge.

Councilor Spahr moved to confirm the City Manager's appointment of Attorney Dale McBeth as the new Municipal Court Judge for the remainder of the unexpired four-year term ending December 31, 2013.

Councilor Dawes seconded the motion.

Mayor Ketchum asked what the appointment would do to their efforts of looking at combining the Chehalis and Centralia courts. City Manager MacReynold reported it didn't impact it at all, adding he and city staff were planning to meet in the near future with Centralia City Manager Rob Hill and his court administrator, to continue discussions on the possibility of combining the courts. He noted they needed to spend some time analyzing how our courts work to see if it is even feasible.

The motion carried unanimously.

9. **Swearing-in of New Municipal Court Judge.** City Attorney Bill Hillier swore in Attorney Dale McBeth as the city's new Municipal Court Judge.

10. **Lodging Tax Advisory Committee (LTAC) Membership Appointments.** Councilor Harris, Chair of the LTAC, reported they had been working with a five member panel for a number of years. He noted they had legal restrictions that required them to have an equal number of motels and recipients on the committee.

Councilor Harris reported applications were received from Debbie Knapp, representing the Lewis County Historical Museum, and Todd Chaput, representing the Holiday Inn Express & Suites. He stated it was wonderful that they both stepped up to get involved, adding Mr. Chaput's experience on the Lewis County Lodging Tax Advisory Committee would be very beneficial.

Councilor Harris stated he was glad to take it from five members to seven, noting they would have that many more minds, ideas and insight that would be nothing but beneficial.

Councilor Harris moved that Debbie Knapp and Todd Chaput be appointed to the city's LTAC.

The motion was seconded by Councilor Spahr and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:39 p.m.

Mayor

Attest:

City Clerk

July 11, 2011

The Chehalis city council met in regular session on Monday, July 11, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Chad Taylor. Councilor Dawes was absent (excused). Staff present included: Merlin MacReynold, City Manager; Mark Scheibmeir, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; Herta Fairbanks, Public Works Director; and Dave Vasilauskas, Water Superintendent. Members of the news media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

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

a. Minutes of the regular meeting of June 27, 2011;

b. Claim Vouchers No. 52011 and 100357-100450 in the amount of \$83,586.03 dated June 30, 2011, and Payroll Vouchers No. 34773-34870, 2375-2442, and Electronic Federal Tax Payment No. 100 in the amount of \$683,087.96 dated June 30, 2011; and

c. Award bid for SE Evergreen Drive Water Main Replacement Project to Martin Sand and Gravel, Inc., in the amount of \$207,157.

The motion was seconded by Councilor Pope and carried unanimously.

2. **Administration Reports.**

a. **Special Meeting to Discuss Debt Issuance.** City Manager MacReynold reported a special work session was scheduled for Monday, July 18, at 5:30 p.m. to discuss the options available for the issuance of debt for the remodel of city hall and the grounds work around the new library. He stated both projects were funded by a loan through our utilities, and based on the requirements of State law, it was time to determine how to best refinance it.

b. **Purchase of Diesel Generator for the High Level Pump Station.** Herta Fairbanks reported on the purchase of a new generator for the high level pump station. She noted the new generator would replace the 1970s vintage generator currently at that location, which had far exceeded its useful life and was no longer working.

Ms. Fairbanks stated they contacted the Washington State Department of General Administration and determined that Cummins Northwest, LLC, had the state bid for diesel services and diesel generator equipment. Based on that information, the city was able to purchase directly off the state bid, using the bidding process they had already done, which saved the city the administrative fees of going through the bidding process ourselves. Ms. Fairbanks reported the state bid was for \$27,040, plus tax. She stated the city budgeted \$34,560 for the entire project, which left some room in the budget in the event they have any issues with the installation of the generator.

Councilor Spahr inquired as to where the high level pump station was located. Dave Vasilauskas noted it was just below the Water Filter Plant. Councilor Spahr reported it was noted that the old generator never really worked, and wondered how frequently it was needed. Ms. Fairbanks reported the generator on site was a used piece of equipment and worked intermittently. She noted they test the generators monthly to make sure they are running, which was how they discovered the old generator was no longer working. Ms. Fairbanks suggested the new generator would have a pretty extensive useful life. Councilor Spahr thought it was an important item to have, even though it's not used very often; however, he had concerns that some people might wonder why the city would purchase one if they don't use it that often. Ms. Fairbanks reported the Washington State Department of Health requires backup energy be available to power the system.

3. **Update on the Chehalis Renaissance.** Larry McGee, Chair of the Chehalis Community Renaissance Team (CCRT), provided the council with a tri-fold handout that described the projects that the team was currently working on, as well as some of the projects that had been completed. He touched briefly on some of the major projects, which included:

July 11, 2011

- Community Building:
 - Open a hands-on children's museum
 - Provide information package for new residents/business owners

- Economic Development:
 - Create an integrated business incubator (Port of Chehalis successfully obtained a \$40,000 grant)
 - Create a walking tour brochure to enhance time spent in downtown area; looking at providing brochure on-line

- Quality Design:
 - Erect system of wayfinding signs
 - Enhance plantings on Market Boulevard in downtown
 - Chehalis Avenue beatification

Gail Shaw, Chairman of The Industrial Commission, reported the volunteers on the CCRT were spreading out the concepts of some of the information they had received, but the way to build a community was to include more people into participation and volunteer positions, develop friendships and establish relationships, develop confidence, and include people you wouldn't necessarily include. Mr. Shaw stated it would be nice if everyone could start thinking about how we could include other people in some of our meetings, to try to build more interest into the community.

Mr. Shaw stated it was great to have people like Mr. McGee and City Manager MacReynold to lead the group on, and a council that supports it when needed.

Mr. McGee stated without the special working relationship with City Manager MacReynold, and his key staff, they wouldn't be getting things done. He noted they were using lot of money from outside sources and was proud to tell people that this year there was zero funding coming from the city's operating budget.

Mayor Ketchum thanked Mr. McGee and the committee for the great job they were doing.

4. Council Reports.

a. **Update from Councilor Spahr.** Councilor Spahr reported he and City Manager MacReynold attended the Cowlitz-Lewis Economic Development District meeting at Mary McCrank's on June 30. He noted they had a lot going on and they really compiled a lot of information into the two meetings they have annually. Councilor Spahr reported they had some interesting application requests for monies, noting his main concern was they had always turned down some of the grants because of the strings attached to them. He stated they were going to keep an eye on the grants as they go through to make sure they don't tie them to something later on down the road.

Councilor Spahr reported he also attended the Chamber Forum where James Donaldson, seven foot two center for the Seattle Sonics and Washington State University, was the key speaker. He noted Mr. Donaldson was well spoken and the speech he gave was very upbeat. Councilor Spahr stated, earlier in the day, he took Councilor Pope with him to Mr. Donaldson's book signing at Book'n'Brush because he wanted to see Councilor Pope stand next to someone taller than him.

b. **Update from Councilor Pope.** Councilor Pope reported, earlier in the day, the Lewis County Board of County Commissioners (BOCC) approved the formation of an advisory committee to establish a standard of care for the community, adding he hoped the committee would be able to help make the needs in our community more reasonable. He felt the current BOCC appeared to have the community's interest at heart.

c. **Update from Councilor Taylor.** Councilor Taylor reported Twin Transit was currently without a director since the retirement of Ernie Graichen a few weeks ago. He noted they decided against hiring an interim because of the expense and would just use staff to run the transit authority while they look for a new director. Councilor Taylor stated they were using Prothman Company to do the hiring process. He stated within the next month they would be interviewing and would hopefully find a replacement for Mr. Graichen.

July 11, 2011

d. **Update from Councilor Lund.** Councilor Lund reported the neighbors on Prospect Street and Valley View Way wanted to say thank you to the road department for trimming the trees and for spraying the weeds that were encroaching on the right-of-way. He noted the residents asked if the city could do some additional tree trimming at that same intersection because some of the limbs are still low enough that they hit the larger vehicles, such as camper trailers, traveling through that intersection.

e. **Response to Citizen Letters.** Mayor Ketchum stated he wanted to respond to a letter that was sent to the city, and one that was sent to the editor, from a citizen who had concerns about the city not cleaning up the tall grass and weeds around town. Mayor Ketchum noted the city was actively looking at the people with tall grass and weed issues, but it wasn't as simple as knocking on their door and asking them to take care of it. He noted the city had to go through a process, which sometimes takes awhile. Mayor Ketchum reported, as for the company he works for, he believed their lot was cleaned up before the letters came out. He added, he did not manage the facility and did not have a say-so in what they do. Mayor Ketchum suggested if they have a lot of civic-minded people who want to get involved, the city would welcome them to put a group together to come down and help the city out.

5. Resolution No. 11-2011, First and Final Reading – Revising Appendix Chapter “A” (Schedule of Fees and Charges) of the Uniform Development Regulations. Ms. Lindgren reported the resolution was initiated based on a brochure relating to public disclosure that was produced by City Clerk Judy Schave. She noted it was very clear the city had a discrepancy between the brochure and the schedule of fees and charges the city had attached to its ordinances.

Bob Nacht reported there were only a few minor updates to the schedule, noting the following changes:

- Move the NSF fee or returned check fee from 'Other (Miscellaneous) License Fees' to 'Other (Miscellaneous) Fees' and extend it to electronic fee transfers (ACH)
- Add parking permits to the 'Other (Miscellaneous) Fees' (an existing permit that was not listed previously)
- Change the photo copies cost to \$.15 from \$.50 to make it more in line with what the state requires
- Add building rental fee structure to the fee schedule – no changes in fees

Mr. Nacht reported they were trying to get everything they can that's related to non-utility fees and charges into this one appendix.

Councilor Spahr moved to adopt Resolution No. 11-2011 on first and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:32 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

July 18, 2011

The Chehalis city council met in special session on Monday, July 18, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:30 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Daryl Lund, Chad Taylor, and Dennis Dawes. Councilor Spahr was absent (excused). Staff present included: Merlin MacReynold, City Manager; Judy Schave, City Clerk; Eva Lindgren, Finance Manager; and Herta Fairbanks, Public Works Director. Members of the news media included Bruce Hunting from KITI.

1. **Discussion on Issuance of Debt.** Finance Manager Eva Lindgren gave a brief overview on the history of the debt. She noted with the purchase of city hall and the remodel, the city ended up going out for a short-term loan with Bank of America, which had to be repaid in 2007. Ms. Lindgren reported, in September 2008, Jim Nelson from Martin Nelson and Company gave a presentation to the council on bond financing, to lay the groundwork and explain how the process worked. In October 2008, the city council approved an interfund loan with the Water and Wastewater funds as a short-term fix.

Ms. Lindgren reported in April 2010, she called for some informal quotes on a 15 year fixed rate loan from a number of local banks and a couple located outside our jurisdiction. She stated most banks do not want to go out as far as 15 years because it exposed them to interest rate change fluctuation risk. Ms. Lindgren reported they also had some feelers out with a Federal agency that does long-term loans; however, since the project was already complete the city didn't qualify.

Ms. Lindgren reported, per state requirements, they need to pay back the interfund loan by October 2011. She noted there were many factors which need to be taken into consideration when contemplating the issuance of debt:

- The length of the loan (loan maturity)
- Taxable vs. non-taxable debt
- Fixed rate vs. variable rate debt
- Funding options: bond issue; bank loan; or private placement
- The debt type: general obligation; revenue debt; or LID debt
- Debt issuance costs financed or paid out-of-pocket

Ms. Lindgren introduced Scott Bauer with A. Dashen & Associates and Hugh Spitzer from Foster Pepper PLLC to present the funding options, and to talk about the bonding process.

Mr. Bauer reported they looked at various funding options to repay the water and wastewater funds, which included: a bond issue with an underwriting firm; a bank loan; and private placement. He stated they also looked at issuing tax-exempt Limited Tax General Obligation bonds (LTGO), adding the city had a maximum of \$9.49 million in LTGO debt capacity.

Mr. Bauer summarized the details of each of the potential funding sources, as followed:

- **Bond Issue**
 - Bonds would be issued through a public offering via an underwriting firm
 - Bonds are typically sold to multiple investors
 - Bonds generally have higher costs of issuance, but lower interest rates
 - The bond issuing process usually takes about 6 to 8 weeks and requires the preparation of an official statement and obtaining a credit rating
 - Bonds could be issued for nearly any term: 15 to 20 years would not be an issue
- **Bank Loans**
 - Bank loans work well for interim, variable rate financing (tied to Prime or LIBOR)
 - Most banks will not lend for longer than 15 years
 - Most banks will not lend at a fixed rate for 15 years
 - Typically lower costs of issuance than a bond issue

July 18, 2011

- Private Placement
 - Loan is placed with interested investor or investors
 - May offer a fixed rate for 15 years
 - Typically lower costs of issuance than a bond issue

Mr. Bauer reported they contacted several banks to obtain indicative rates for each option. He noted, with regard to a bond issue, they contacted two underwriting firms and received the following feedback from one firm:

- 15 year interest rates average 3.45%
 - Average annual debt service of \$103,205
 - Total Debt Service \$1,565,291
- 20 Year interest rates average 4.02%
 - Average annual debt service of \$88,250
 - Total Debt Service \$1,779,475
- Costs of issuance are estimated at \$39,200 (includes: financial advisor, bond council, document preparation, and underwriter compensation)
- With costs of issuance included, interest rate is 3.91% (15 year) and 4.39% (20 year)

Mr. Bauer reported they contacted several banks that they frequently work with that are familiar with tax-exempt municipal debt. He indicated they would be happy to entertain any competitive bid from any local bank. Mr. Bauer provided the following information received from the one bank that responded:

- Would provide a loan for 15 years, with adjustment in rates every 5 years
- Years 1-5, interest rates are fixed at an estimated 3.50% to 3.60%
- Years 6-10, interest rates increase to a fixed 4.75% to 4.80%
- Years 11-15, interest rates are tied to a spread off of an index
- Cost of issuance are estimated at \$16,400

Mr. Bauer reported they contacted a bank that does private placement, and noted the following results:

- Would provide a loan for 15 years
- The interest rate would be fixed for the term at 4.95%
- Costs of issuance are estimated at \$16,400

Mr. Bauer recommended pursuing a bond issue, noting even with higher costs of issuance, a bond issue appeared to provide the lowest cost of financing; however, as they go through the process they would want to revisit the other options since markets and interest rates change. He recommended they issue tax-exempt LTGO Bonds for approximately \$1.2 million for a 15 year term.

Councilor Harris asked if there would be any pre-pay penalties. Mr. Bauer noted generally bonds have the 10 year call date, so it would be very inefficient to try to refinance before the 10 year period was up. Mr. Spitzer stated if the city had a strong reason for wanting a shorter period, because it might be able to pay it off in five to seven years, the city would end up paying a higher rate. Mr. Bauer stated that was correct, noting the customary call was 10 years and if the city was interested in a shorter period they would have to pay an interest rate penalty.

Mayor Ketchum inquired as to why it was so different for governments to go through a bank than it was for an individual. Mr. Spitzer stated there are very different markets for different kinds of products, noting there were banks that loan to individuals and banks that do commercial loans for businesses, and some that are doing both. He noted many banks are not familiar with governments as borrowers, and governments are typically interested in borrowing on a tax-exempt basis. Mr. Spitzer reported most banks don't know how to calculate the tax benefits. He stated there was also the provision of how a bank deducts their costs of carrying funds. Mr. Spitzer indicated another big factor was that banks don't make money on tax-exempt paper. Ms. Lindgren added mortgages were supported by the federal government, which was one of the reasons why banks are willing to make those loans.

July 18, 2011

Mr. Bauer reported the next steps would include:

- Receive Council direction on funding option
- If pursuing tax-exempt option, identify eligible water and wastewater capital projects
- Prepare detailed schedule
- Select a bank
- Prepare documents
- Objective is to complete by October 2011

Councilor Dawes asked, with regard to all the talk about the Federal Government not getting their act together, if they pick a short-term fix to boot the issue through to the next election how would that affect the rates between now and October. Mr. Bauer noted he asked several underwriters about that and their sense was the rates would increase as or when the economy picks up. He reported he didn't expect the issue to have any impact on the rates; however, if the government defaults that was a whole different issue and he had no idea what would happen then.

Councilor Harris inquired about the credit rating for the city. Mr. Bauer stated they told the underwriters to assume the city would be rated to at least an "A." Councilor Harris asked what factors were taken into consideration when they do a credit rating analysis, noting the city had very little debt. Mr. Bauer reported with a general obligation (GO) bond they would look at things, such as: the city's tax base; how the assessed value did over the past several years; what the general economy was around the area, and such. He stated Lewis County was an "AA3" and the City of Centralia was at an "A+," which made him think Chehalis would be in the "A" category. Councilor Harris stated the only thing that concerned him was that a lot of the city's budget was sales tax based. Mr. Bauer suggested sales tax would be a component, but since this was a GO type debt the primary thing they would look at is property tax.

Councilor Dawes asked what the proposed funding revenue source would be if the council were to issue something. City Manager MacReynold reported, as part of the Three Year Financial and Organizational Strategy, the administration identified one element of payment as being the REET Funds, which the city knows has a consistent revenue stream of about \$60,000 to \$80,000 per year. He stated he would request the council take formal action to identify that revenue as a funding source for the bond payments. City Manager MacReynold indicated any additional amount needed to pay the annual payments would come from the general fund, which would vary depending on what the cost will be on an annual basis.

City Manager MacReynold reported, at some future date, the city will start receiving money from the National Avenue mitigation bank that will total about \$1.2 million. He stated at the point that revenue starts coming in the administration would come back to the council asking them to commit that money to the facilities reserve fund to reduce the stress on the general fund and make the REET money available for other things.

Mr. Spitzer briefly explained his role during the transaction, adding bond counsel was a special type of lawyer used for municipal and state transactions. He stated they work with the city and the financial advisor in structuring the transaction, and provide the following services:

- Draft the bond authorizing ordinance and other documents relating to bonds to make sure everything is consistent with applicable state law
- Look at the federal securities' laws that apply, which require language in the bond ordinance relating to on-going securities disclosure in the market
- Look at the documents drafted by Mr. Bauer and his company to make sure they accurately reflect bond documents and securities, and tax law
- Make sure in the case of tax-exempt bonds that everything is done to allow the bonds to carry the tax-exempt status, so that the purchasers of the bonds are not paying income tax on the interest they earn

Mr. Spitzer reported the reason the tax-exempt bonds were something of a challenge was because the city will use the proceeds of the bonds to repay the loan from the water and sewer funds. He noted from the Internal Revenue Service's view, the city is borrowing money to pay for the operating fund.

July 18, 2011

Mr. Spitzer reported, after talking the situation through with Ms. Lindgren, it was realized the city could issue the bonds and repay the water and sewer funds allowing those two funds to essentially commit to using the \$1.2 million to help fund capital improvement projects (CIP). He suggested the utilities could then use the money it would have spent on capital projects for other things. Mr. Spitzer indicated they could structure the transaction in such a way that the bonds would be tax-exempt, which would save the city a significant amount of money.

Councilor Lund suggested they take the money owed to the utilities and pay it towards the loan on the wastewater treatment plant. Ms. Lindgren noted that would be refunding, which was an entirely different transaction. City Manager MacReynold reported the loan on the new treatment plant was a Public Works Trust Fund loan at zero percent interest. Mr. Spitzer suggested the rate payers would do better to use current income to pay off the no interest loan and to use this money for projects already on the CIP.

Councilor Dawes stated he understood the concerns of Councilor Lund; however, there were a number of projects that both utilities had put off for the last few years in order to not raise taxes or rates, which have to be done.

Councilor Lund suggested, if the National Avenue mitigation bank project was such a good thing, why not just borrow the money from a local bank and pay it off when the money comes in.

Councilor Dawes reported, as one of the members of the budget committee, this issue was one of particular high interest to him. He noted they need to get something done with it not only because of the statutory limitations, but because it's the right thing to do. Councilor Dawes noted, from past experience, bonds were probably the preferable way to go, adding he would rather go with something that's fixed. He suggested if the economy improves they could be looking at higher rates down the road.

Councilor Dawes moved that a 15 year tax-exempt bond issue be pursued and that the City Manager be authorized to retain the services of A. Dashen and Associates and Foster Pepper PLLC for the purposes of the G.O. debt issuance of approximately \$1.2 million.

The motion was seconded by Councilor Harris.

Councilor Lund stated he would be voting against the motion because he felt they should spend their money locally and pay it off faster than 15 years.

The motion carried 4-1, with Councilor Lund being the descending vote.

There being no further business to come before the council, the meeting adjourned at 6:18 p.m.

Mayor

Attest:

City Clerk

July 25, 2011

The Chehalis city council met in regular session on Monday, July 25, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:45 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Kelvin Johnson, Fire Chief; Bob Nacht, Community Development Director; and Peggy Hammer, Human Resources Administrator.

1. **Work Session - Chehalis-Centralia Airport Second Quarter Report.** Airport Manager Allyn Roe and City Representative Dan Foster briefly updated the council on some of the major activities that were currently underway. Mr. Roe noted one of the recent developments was every five years they are required by the FAA to select an engineering consultant to have on file to handle all of the FAA associated construction projects and equipment purchases for the airport. He indicated they went through a 'request for qualifications' process and received five firms, which were narrowed down to three. Mr. Roe reported the Airport Board recently selected W.H. Pacific Engineers as their new engineering firm, noting they had worked with them on past projects. He noted the firm also represents the Toledo and Packwood Airports, as well as others here in the northwest. Other projects the airport is working on include:

- Approach lighting
- Established an interlocal with the city of Chehalis for the development of wayfinding kiosks
- Received \$170,000 grant from the FAA on a reimbursement status to cover a dump truck/snow plow that the board purchased
- Fencing project at the south end - completed in March
- Runway paint project
- Replaced instrumentation on weather equipment that tells them how high the clouds are
- Working with Pacific Cataract and Laser Institute on a new hangar facility
- Working on landscaping improvements; hired landscape architect to come up with a design for the roundabout

Councilor Harris asked how much they were looking at spending on the roundabout project. Mr. Roe stated about \$40,000, noting they have made two attempts at applying for 09 funding, but were denied both times. He indicated the roundabout was currently filled with ground rock and weeds.

Councilor Dawes wondered if there was anyone licensed in the city that could spray the weeds, adding it would be nice to remove them until a project comes through. Mr. Roe stated they hired an additional laborer for the summer to spray the right-of-way in the area of the development near the airport.

City Manager MacReynold noted there was a lot of activity around all of our properties relating to the issue of weeds. He added in the most recent budget amendment they included two temporary positions for the facilities and parks crew, which has really helped a lot. Councilor Dawes noted they were also getting a lot more inmate labor as well, which was good to see.

Councilor Dawes brought up the issue of whose responsibility it was to mow the dike located around the airport. Mr. Roe reported the airport was responsible for that, adding the one area near the freeway was very difficult to maintain because of the recent enhancements done to the levee. He indicated, at the end of the season, they generally contract with Lewis County to come over and mow it. Councilor Dawes stated the grant to purchase the snow plow equipment was great and suggested they look into a future grant to purchase some equipment to help with their mowing needs. Mr. Roe indicated they unfortunately didn't have a grant for that type of equipment, noting they were looking into getting some equipment with a side flail mower; however, they could not currently support it.

Mayor Ketchum closed the work session at 5:54 p.m. and announced the council would take a five minute recess before reopening the regular meeting at 6:00 p.m.

2. **Property Maintenance Issue on 8th Street.** Rick Strange (72 SW 8th Street) reported he was representing his mother regarding her property located on 8th Street, which they purchased from Robin Fuller in 2004. Mr. Strange noted the issue they were having had to do with two tanks located on the old "Fullers" grocery store

July 25, 2011

property that held vegetable oil and animal fat residue. He reported Mr. Fuller had an easement, and still does, to clean the two tanks out; however, upon closing the store the tanks were never cleaned out. Mr. Strange indicated one of the tops of the tanks was crushed while doing some

cleaning on the property, which made them aware that the tanks were not empty.

Mr. Strange went on to briefly describe issues they were currently having with the new owners of the 'Fuller' property, such as: runoff onto his mother's property; and most recently, closing the road while they unload their trucks. He suggested the new owners still had not adequately brought the building up to code in the manner in which they get rid of their water or have their sanitation pipes going through the building.

Mayor Ketchum asked City Manager MacReynold to work with staff to see what angle the city could take. Bob Nacht reported the issue was brought to his attention earlier in the day and he had not yet had the opportunity to discover which part was civil and which part was code related.

3. **Thanks to City for Paving Alley.** Jim Wilson (210 N Market Boulevard) stated he wanted to thank the city's public works department for paving the alley behind his home last week. He thought they did a wonderful job, adding he and his vehicle really appreciated it.

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

- a. Minutes of the regular meeting of July 11, 2011, and the special meeting of July 18, 2011;
- b. Claim Vouchers No. 62011 and 100451-100595 in the amount of \$320,922.15 dated July 15, 2011; and
- c. Adopt Resolution No. 12-2011 on first and final reading, amending Section 2 of Resolution No. 1-98 relating to membership on the Lodging Tax Advisory Committee.

The motion was seconded by Councilor Taylor and carried unanimously.

5. **Administration Reports.**

a. **Second Quarter and June Financial Reports.** City Manager MacReynold reported he was very encouraged by the quarterly report, adding the ending fund balances were all in the right direction. He noted there were a couple that weren't quite as good, but for the most part he felt the city was looking okay.

City Manager MacReynold talked briefly about the water, wastewater and stormwater funds, noting they were seriously going to have to look at those funds and bring back some recommendations to the council about some increases next year.

City Manager MacReynold reported the sales tax revenues were not as good as last month, but they were still moving in a positive direction. He noted if things continue to be consistent, with reference to sales tax revenues, we should end up at the \$3 million projected by the end of the year.

City Manager MacReynold reported on the expenditures for the general fund, noting he had to compliment the management team for keeping their budgets under budget.

City Manager MacReynold reported on the wastewater fund, adding it was not bringing in the revenues that were projected. He stated even though the department was currently under-spending, it was something they needed to watch. City Manager MacReynold felt some of it will be driven by increased costs, which is why they need to seriously look at wastewater adjustments next year.

July 25, 2011

City Manager MacReynold reported, like the wastewater fund, the water and stormwater funds are not meeting the projected revenues, but continue to be under-spent on the expenditure side.

6. **Council Reports.**

a. **Update from Councilor Dawes.** Councilor Dawes reported he had a chance to attend the following events.

- Music in the Park on July 22
- The Chamber Business After Hours event on July 23
- A Health Forum sponsored by Lewis County on July 6
- The Pioneer Pie Social (fundraiser) for the Lewis County Historical Museum on July 16
- The 2010 audit exit conference, along with Councilor Harris, on July 21

Councilor Dawes reported he and Councilor Spahr attended the North Lewis County Regional Fire Authority Planning Committee meeting on Wednesday, July 20. He noted they continued to receive reports and encouraged everyone to go online and read them. Councilor Dawes reported things was coming together, noting one of the interesting things they found was that when they totaled up all of the fire calls for the various departments in Lewis County, 92+ percent were EMS calls. He stated it was amazing when you start adding up all the apparatus and personnel, adding maybe there is a way to do it better.

b. **Update from Councilor Spahr.** Councilor Spahr reported he attended the Cascade Country Cook-off and Classic Car Show over at Stan Hedwall Park, noting they ended up with lousy weather for the event. He stated they had a lot of people participating, but just not a lot of people attending.

c. **Update from Councilor Taylor.** Councilor Taylor reported he attended a joint transportation meeting with the City of Centralia, noting one of the topics on the agenda was to discuss how often they should meet and if they should start incorporating different topics and invite different councilors to attend, since most of the transportation issues had been handled. It was decided that they would start focusing on different topics throughout the year, adding their next meeting was scheduled for October.

d. **Update from Councilor Lund.** Councilor Lund reported, in the early 1960s at Point Defiance Park, they started what's called Camp 6, which was a historic logging museum. He recently learned that the museum, owned by Western Forest Industries Museum, Inc., in Tacoma, Washington, who also owns Mount Rainier Scenic Railroad in Mineral, Washington, was closing. Councilor Lund reported their Board of Directors decided to sell off, or give away Historic Camp 6. He wondered if the city might work with the Chehalis Renaissance Team, or someone, to see if we can obtain some of the items for our local logging museum. Councilor Lund suggested, with the great visibility from the freeway, we could set up a display near the Steam Train and Veterans Museum to give people another reason to stop in.

Councilor Lund reported there was talk that someone in California might be buying it, adding it would be sad to see the logging history from our community go to California. He noted some of the equipment would go to Mount Rainier Scenic Railroad to be put on display.

Mayor Ketchum though it was a good idea, adding perhaps the Renaissance Committee could tie it into what they were doing.

Councilor Spahr asked if he knew what they owned or what they wanted for it. Councilor Lund indicated he didn't, adding he tried to call, but the contact person was on vacation.

Mayor Ketchum asked if there was any objection from the rest of the council to look into obtaining some of the equipment, and there was none.

There being no further business to come before the council, the meeting adjourned at 6:27 p.m.

July 25, 2011

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

August 8, 2011

The Chehalis city council met in regular session on Monday, August 8, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:01 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Dennis Dawes. Councilor Taylor was absent (excused). Staff present included: Merlin MacReynold, City Manager; Mark Scheibmeir, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Peggy Hammer, Human Resources Administrator; Herta Fairbanks, Public Works Director; and Patrick Wiltzius, Wastewater Superintendent. Members of the media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

1. **Upcoming Events at the Vernetta Smith Chehalis Timberland Regional Library.** Community Librarian Corine Aiken reported on two upcoming events taking place at the library on September 7, 2011. The first was a ribbon cutting ceremony by the Chamber of Commerce at 3:00 p.m. to celebrate over 100 years of public library service in Chehalis, with refreshments provided by the Friends of the Library. Ms. Aiken reported later that same day they had a program planned "A 100 Years in Chehalis" starting at 6:00 p.m. Speakers for the program would include herself, two local published authors, Julie Zander and Pricilla Tiller, and Edna Fund.

2. **Concern for Homeless in Chehalis.** June Villalovas stated she was advocating for the homeless people, noting she as well as others were being treated very badly by shelters in the area. She reported many of them had been thrown out for personality disorders, which she felt was not fair or right. Ms. Villalovas wondered what the purpose of a fair housing law was when personality disorders are not being recognized as discrimination.

Mayor Ketchum stated he understood Ms. Villalovas' plea; however, as a council, their authority was very limited because they don't have control of what the shelters do. City Manager MacReynold stated he would be happy to follow-up with Ms. Villalovas and the Lewis County health department to find out what authority the county had over the shelters.

3. **Request for Letter of Support.** Steve Harvey, Director of the Cowlitz-Wahkiakum Council of Governments (CWCOG), reported they are a regional planning agency and they address a variety of regional and local planning issues. He noted they also provide a variety of contractual services to their members. Mr. Harvey stated they were governed by a Board of Representatives from the various jurisdictions that meet once a month to give policy direction, approve budgets and amendments to the budgets. He talked briefly about the different projects and services provided by the CWCOG, which include: planning services; parks and recreation planning; community visualization services; housing and community development; economic development planning; fiscal planning; grant application development; transportation planning; and data and information services.

Mr. Harvey reported they were currently looking at an opportunity to get a federal grant being put up by the Federal Housing and Urban Development (HUD), adding they issued their first notice last year for the first round of funding. He noted the due date for the preliminary application was August 25, 2011. Mr. Harvey reported they met and talked with the Economic Development District Board who strongly urged them to do a two-county effort rather than trying to cover such a larger geographic area. He noted they took their proposal to the Lewis County and Cowlitz County Commissioners last week to get their support for submitting an application to HUD for a sustainable communities regional planning grant. Mr. Harvey reported if the grant was successful it would bring together a number of different efforts that would look at issues such as: water/sewer infrastructure, land use planning and environmental conservation, energy systems, and other infrastructure priorities. He stated the two counties would look at putting the elements together to identify priorities, and hopefully create an enhanced eligibility for other federal grant programs. Mr. Harvey indicated the CWCOG worked with the two counties to put together a comprehensive economic development strategy to identify common goals and policies for the two-county region in the area of economic diversification.

Mr. Harvey reported it would be a three year program, adding the maximum eligibility for the two counties would be \$1.5 million. He noted a lot of the money would be used to build up the capacity to help the two economic development councils, rather than try to create any new boards or committees.

Mayor Ketchum suggested the council read the information and come back at the next meeting with their decision. The council brought up several issues that they had concerns about, such as:

August 8, 2011

- Where would the process take them after the planning stage
- Where would the money come from for implementation
- What was the expected commitment and obligation from the city
- Was there something to show the outcome of previous studies done by the CWCOG, other than a set of books and nice plans
- What were some of the obligations the city might be setting itself up for with regard to the program goals

City Manager MacReynold stated the letter of support would not obligate the city for the grant or the planning; it would be to simply support the CWCOG's efforts to apply for the grant.

Mayor Ketchum asked 'if the city signed a letter of support, and the CWCOG gets approval, would the city then receive something back to look through that would state what the city would be obligated to do. Mr. Harvey reported, if HUD approved the grant, the next step would be to develop a full application which would include a full scope of work to show how the project would be structured, and at that time they would come back to the city with more details.

Councilor Pope moved that the council sign a letter of intent to apply for a grant with the CWCOG.

The motion was seconded by Councilor Lund.

Councilor Harris noted in reading the program outcome, it seemed that it primarily had to do with the recent gathered census information. He stated he didn't know if he wanted to participate in the study itself, but he would not hold up the letter of intent.

The motion carried 4 to 1 with Councilor Harris being the dissenting vote.

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

- a. Minutes of the regular meeting of July 25, 2011;
- b. Claim Vouchers No. 100596-100724 in the amount of \$205,321.28 dated July 29, 2011; and Payroll Vouchers No. 34871-34963, 2443-2512, and Electronic Federal Tax Payment No. 101 in the amount of \$671,035.24 dated July 29, 2011; and
- c. Accept bid from Triad Industrial Contractors in the amount of \$244,882 for the construction of the NW State Avenue pump station upgrade project.

The motion was seconded by Councilor Spahr.

Councilor Spahr noted the estimate for the pump station project was \$200,000 and wondered if staff was okay with the low bid of \$244,882. Herta Fairbanks reported there was \$200,000 budgeted for the project in 2011. She noted the \$244,882 included \$24,000 in contingency, which would bring them closer to their budgeted amount. Ms. Fairbanks stated they were confident they could cover it with what they have available from the wastewater fund.

Councilor Dawes asked if it was possible that the estimate came from a few years back, due to project delays. Ms. Fairbanks noted the estimate could have been low to start with, based on recent history. She added lately, because of the economy, construction estimates have been far greater than what the actual bids have come in at, but it seemed that trend was kind of reversing itself.

The motion carried unanimously.

5. **Special Reports.** City representative Julie Balmelli-Powe updated on the council on the recent meetings of the Flood Authority. Ms. Balmelli-Powe reported last June they fired the chair of the authority and reappointed a

August 8, 2011

new chair, Mayor Vickie Raines from Cosmopolis, Washington. She felt the meeting in July had been their most productive meeting ever, adding they probably got more done in one meeting than in their three years together.

Ms. Balmelli-Powe reported the budget finally passed and they were given \$1.32 million for the biennium, which was what they had asked for. She noted it would give them the ability to complete the fish study, as well as look at enhancement. Ms. Balmelli-Powe reported they also received money to implement an early-warning system, and a hydraulic study that will allow them to plug information into the model to show the affects downstream.

Ms. Balmelli-Powe reported the Chehalis Tribe was officially off of the flood authority, adding their reign ended on June 29. She noted the Tribe could rejoin the authority if they would like, but to date they have not.

Ms. Balmelli-Powe talked briefly about the termination of the Corps project. She felt the project would have done more harm than good. Ms. Balmelli-Powe stated the bad part was the federal money was no longer there; however, it was good because they could now reformulate the same study and integrate retention into different projects for a basin-wide solution. She noted Congresswoman Jaime Herrera Beutler requested that the United States Army Corps of Engineers not terminate the project because if terminated it would mean starting over from ground zero.

Ms. Balmelli-Powe reported the flood authority would like each jurisdiction to report on what their jurisdiction was doing in the realms of flooding. She inquired as to whom she should talk with, whether it is City Manager MacReynold or Community Development Director Bob Nacht, to get that information in the future.

Mayor Ketchum stated he recently heard that Dave Muller with the Lewis County Public Utility District (PUD), who was a big proponent of retention, was stepping down at the end of the year and wondered if the PUD itself would continue to be committed to retention. Ms. Balmelli-Powe suggested the PUD was kind of the catalyst and believed they would continue to be supportive. Councilor Dawes suggested the city contact the PUD to make sure there is that continued interest.

Ms. Balmelli-Powe reported, with the recent change of reign, they also got rid of the consultants and facilitators that were working against them. She noted they recently hired some new consultants for limited consultation for a lot less money, and felt they would be a lot more productive.

Councilor Dawes noted he recently read a comment made by Keith Phillips from the Governor's Office that the group needed to cooperate with the local Tribes. He stated he was troubled by the comment because based on the information he received it seemed the group has tired to work with the Tribe. Councilor Dawes thought the spokesman for the Tribe was very outspoken and shot down every idea without ever giving it a chance. He asked Ms. Balmelli-Powe if she had any idea how the group felt about Mr. Phillips' comment. Ms. Balmelli-Powe stated all of the cities in the authority, with the exception of Bucoda, were all on the same page and working together. She reported she spoke with Mr. Phillips about his comment, noting she explained to him that the Tribe had been a barrier and did nothing but hold them up. His response was he would like the authority to forward any studies and information on to the Tribe and ask for their comments. Ms. Balmelli-Powe noted they were not expected to change their time-line or process because of the Tribe's comments. Councilor Dawes indicated he wasn't suggesting the Tribe be left out he just thought it was too bad there wasn't someone else who was a little more objective who could represent the Tribe. Ms. Balmelli-Powe stated she agreed, adding it would be nice to have a constructive partner instead of someone who is always trying to obstruct the process.

Councilor Pope stated he wanted to personally thank Ms. Balmelli-Powe, adding he was totally impressed with how she educated herself to the process and how she was going about it in a very constructive manner. He stated it would be nice if the city had more citizens who were willing to get involved, rather than complain.

6. Council Reports.

a. Update from Councilor Spahr. Councilor Spahr reported he attended the Chamber Forum earlier in the day, where Speaker of the House Frank Chopp was the guest speaker. He stated he had a chance to talk with Speaker Chopp who made some comments about the Washington State Department of Ecology, noting they seemed

August 8, 2011

to be having some of the same problems we're having with that department.

b. **Update from Councilor Dawes.** Councilor Dawes reported he attended the Music in the Park event on July 29. He also helped out at the Lewis County Historical Museum pancake breakfast on Saturday, July 30, adding he cooked a lot of sausage along with the mayor who was busy cooking pancakes and Councilor Pope who was serving people.

Councilor Dawes reported he attended a ribbon cutting ceremony downtown at the Trading Post, adding they are very supportive of the local organizations and presented a check for \$500 to one of the local clubs.

Councilor Dawes reported he also stopped by the airport over the weekend where they had some good static displays and lot of air traffic coming in and out, as part of the Planes, Trains, and Automobiles event.

c. **Update from Councilor Harris.** Councilor Harris reported he attended the Chehalis Basin Partnership meeting, adding it was still a good functional group. He noted they may be coming back to look at funding options from all the partners to see if they can keep the partnership going.

d. **Update from Mayor Ketchum.** Mayor Ketchum reported he met with the Lewis County Commissioners, local mayors, and city staff to discuss redoing our shoreline master plan. He indicated they want the city to join together with the county and the other cities to pool the money to make a county-wide shoreline policy. Mayor Ketchum noted there would be something brought to the council at the next regular meeting, or the meeting after.

7. **Continued Citizen Business.** Ms. Villalovos suggested, as an advocate for homeless prevention, any money (grants) being put out there should be used for housing for homeless individuals, who are not being treated fairly. She believed homeless people were being thrown aside for other 'pet' projects that the city chooses to do.

8. **Ordinance No 876-B, First Reading – Repealing Utility Related Ordinance Nos. 776-B, 795-B §1, 847-B §4 and 5, and 858-B §6 and 7.** Judy Schave reported, last February, the council passed several ordinances relating to the city's utility rates and operations. As Code Publishing was updating the Chehalis Municipal Code they found a few ordinances that did not get repealed in the process. She noted the ordinance before the council would repeal the areas that were restated in the new utility ordinances. Councilor Dawes suggested, since there were no budgetary issues and it was simply a housekeeping item, that they suspend the rules and pass the ordinance on first and final reading.

Councilor Dawes moved to suspend the rules requiring two readings of an ordinance.

The motion was seconded by Councilor Harris and carried unanimously.

Councilor Dawes moved to pass Ordinance No. 876-B on first and final reading.

The motion was seconded by Councilor Harris and carried unanimously.

9. **Resolution No. 13-2011, First and Final Reading – Authorize City Manager to Execute Interlocal Agreement between the City and the City of Centralia for Rental of Chehalis Vac-Con Truck.** Ms. Fairbanks reported the city has responded to the city of Centralia on an emergency basis when they need the use of a vac-con truck because they do not have one of their own. She noted the city has always billed them for the use of this vehicle in the past. Ms. Fairbanks reported the interlocal agreement was just a step to formalize the agreement between the two cities and would allow them to use their own operators to run the equipment.

Councilor Harris moved that the council adopt Resolution No. 13-2011 on first and final reading, authorizing the city manager to execute the interlocal agreement with the city of Centralia for the rental of the city's sewer jet truck.

The motion was seconded by Councilor Spahr and carried unanimously.

August 8, 2011

10. Lodging Tax Advisory Committee (LTAC) Recommendation – Request for Tourism Funding.

Councilor Harris reported the city community development department made a request to the LTAC for \$28,000. The LTAC met, but did not include the two newest members, and authorized the distribution of \$20,000 of the requested amount.

Mayor Ketchum asked if Councilor Harris could briefly explain why the committee did not authorize the full \$28,000. Councilor Harris reported there was a lot of conversation about the ending fund balance, noting the committee was shooting to keep \$50,000 in the fund at year end. He noted, because the budget is created in the prior year, and they really don't know what revenue will be coming in, a lot of it is unknown.

Councilor Harris noted other cities have used lodging tax dollars to support similar requests in the past, adding the Revised Code of Washington explicitly states that it can be used for parks and recreation. He noted there was some trepidation on the part of many of the members of the committee as to taxation dollars going back to fund government.

Councilor Spahr thought the money should have been going back into the parks department for years in order to run the tournaments. He was curious as to why they waited until August, after the fastpitch season, to bring it to council when they started talking about it in June. Councilor Harris reported the money would be used for 2011 expenses, adding there were still some tournaments coming up and other things going on. He noted part of the problem was they also have the mandatory 45-day publishing period once the committee makes the recommendation before it can go before the council.

Councilor Lund moved that the council approve the full request of \$28,000.

Councilor Spahr stated he wasn't comfortable changing the recommendation of the committee, adding he felt the committee did their job and he would hate to go against their wishes.

The motion failed for the lack of a second.

Councilor Spahr moved that the council approve the recommendation of the LTAC to award \$20,000 to the City's Community Development Department to fund youth fastpitch and basketball tournaments.

The motion was seconded by Councilor Pope.

Councilor Lund thought they should listen to staff because he felt they should know more than the citizen committee. He suggested they were not being supportive of staff.

The motion carried unanimously.

Councilor Dawes noted one if not all the hotels were very good at tracking where the heads-in-beds were coming from. And while he agreed with the concept of Councilor Lund, that the tournaments probably put more heads-in-beds than anything else they fund, it would be nice to know where most of the heads-in-beds are coming from. He suggested maybe the committee needs to start looking at the funding and following where the heads-in-beds are going.

Councilor Harris reported there was complete agreement in the room that the tournaments do more to put heads-in-beds than any of the other programs combined. He noted tracking was very difficult for most of the hotels, adding they've come up with different ideas on how to track it. Councilor Harris stated the onus was on the organizations that receive the funding to track how many heads they put in beds.

Councilor Pope reported this was the first year he had been involved with requesting funding from the LTAC for Pope's Kids Place. He noted for their event they made the appointments for their guests at the hotels and also had forms out at the event asking people where they were from and where they were staying.

August 8, 2011

Councilor Pope reported they also put the hotel names and phone numbers on all of their publications they send out throughout the year, which is the way it should be if the city is going to be invested in the organization. He felt it was wrong for an organization to ask for money from the city for one event and for the rest of the year they don't do anything to support our city.

Councilor Lund reported Todd Chaput from the Holiday Inn offered to set up a system to track heads-in-beds and pay money back to the recipients of the funding, but couldn't get any participation.

There being no further business to come before the council, the meeting adjourned at 7:24 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

August 22, 2011

The Chehalis city council met in regular session on Monday, August 22, 2011, in the Chehalis city hall. Mayor Pro-tem Dawes called the meeting to order at 5:33 p.m. with the following council members present: Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Chad Taylor. Mayor Ketchum and Councilor Harris were absent (excused). Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Peggy Hammer, Human Resources Administrator; and Bob Nacht, Community Development Director.

1. **Executive Session.** Mayor Pro-tem Dawes announced the council would be in executive session pursuant to RCW 42.30.140(4)(a) – collective bargaining, and RCW 42.30.110(1)(i) – potential litigation for approximately 30 minutes and there would be no decision following conclusion of the executive session.

Mayor Pro-tem Dawes closed the executive session at 6:03 p.m. and announced the council would take a three minute recess before opening the regular meeting at 6:06 p.m. Additional staff included: Kelvin Johnson, Fire Chief; Herta Fairbanks, Public Works Director; and Patrick Wiltzius, Wastewater Superintendent. Members of the media included Lee Hughes from *The Chronicle*.

2. **Report on the Steam Train.** Bill Thompson, President of the Chehalis-Centralia Railroad and Museum, reported they were running mostly to capacity every weekend due to the Groupon sales that their marketing people put out. He stated financially they were sound and only getting sounder. Mr. Thompson noted there were some rumors floating around concerning the city's locomotive (Engine #15), that it was being neglected and they were spending all of their money on the locomotive (Engine #25) that was donated to them from the City of Centralia. He reported that was not true, adding they hadn't spent anything on Engine #25 except for a whole case of W-D 40. Mr. Thompson reported they wanted to make it clear that Engine #15 was in pristine condition. He noted it ran as smooth as silk and he would put it up against any engine that runs through here. He stated if there were anymore rumors or if anyone hears of any rumors they would like to know about it right away, rather than hearing about it on the street.

Mr. Thompson reported Engine #15 had eleven years on it and four more to go before they would need to rebuild it. He stated they were looking between \$125,000 and \$150,000 on the rebuild, which they would foot the bill for. Mayor Pro-tem Dawes asked if the rebuild of Engine #15 would be done during the off season, so it doesn't miss a year. Mr. Thompson indicated it would be.

Councilor Spahr asked what their intention was with reference to Engine #25. Mr. Thompson reported they work on it during the winter months, noting during the summer they're just too busy keeping up with business. He stated he would be surprised if Engine #25 was done in four year's time. Mr. Thompson reported it was their intention to get it running, noting it was one of the three engines that worked on the railroad back in the day. He indicated Engine #20 was scrapped, #15 went to Chehalis, and #25 went to Centralia.

Mr. Thompson reported they recently put on a barbeque and train ride for 250 people from the National Railroad Historical Society. He noted every state was represented with the exception of one, and they also had two people from Japan in the group.

Councilor Spahr reported he had heard that the Railroad Association was kind of a closed group and wondered how many people were involved, and if someone was interested, how could they become involved. Mr. Thompson stated it wasn't a closed group, adding they had members from all over. He suggested they bring their gloves and work clothes and come on out, noting they hold two work parties per month and would take anybody willing to help out.

3. **Presentation of Proclamation.** Mayor Pro-tem Dawes presented Maretta Berg with a proclamation declaring September 17, 2011, as "Health and Wellness Day" in the city of Chehalis.

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

- a. Minutes of the regular meeting of August 8, 2011; and
- b. Claim Vouchers No. 72011 and 100725-100864 in the amount of \$182,417.16 dated August 15, 2011.

August 22, 2011

The motion was seconded by Councilor Lund and carried unanimously.

5. **Administration Reports.**

a. **July Financial Report.** City Manager MacReynold briefly reported on the financials for the various funds. He reported the general fund was doing relatively okay with regards to revenues, noting they were a little bit under the projected amounts that were built into the budget. City Manager MacReynold indicated the departments continued to do an exceptional job of staying within their budgets, with the exception of a couple that are dealing with issues that are driving costs up.

City Manager MacReynold reported the wastewater fund revenues and expenditures were doing pretty well, noting the department continued to under spend their budget, and were a little bit above with regard to fees.

City Manager MacReynold reported the water fund was coming in under the projected revenues, but felt the fund was still doing relatively well. He noted they were significantly under in expenditures.

City Manager MacReynold noted the stormwater fund had always been a challenge with reference to the fees being charged, but it was doing okay. He noted they were also greatly under in expenditures.

b. **Presentation of the Infiltration/Inflow Strategic Plan.** Herta Fairbanks reported the city, as well as many other cities, suffers from inflow and infiltration (I&I), which amounts to surface water getting into the sewer system from various means. She noted it causes a number of problems at the treatment plant by diluting the flows and strengths of the sewer, which causes staff to be reactive to try and figure out how to treat it properly, so that the end result meets our permitting purposes.

Ms. Fairbanks reported the study basically took a look at the city's I&I and prioritized areas within the city that will provide the highest reductions in I&I, in the most cost effective manner. She noted they took a look at it from a ten year perspective and found ten projects somewhere around the \$1 million per year range. The reason they went with the \$1 million per year was to make it a large enough project to where they could pursue outside funding from agencies, such as the Department of Ecology, the Public Works Trust Fund, or USDA.

Ms. Fairbanks indicated the report was completed in 2010. She talked briefly about the table listed in the agenda report that provided the following information: a list of prioritized basins; which of the replacement methods was recommended; and a cost estimate for each of the projects.

Ms. Fairbanks stated the report was for informational purposes, and a chance for the council to ask questions.

Councilor Spahr noted, several years ago, the Department of Ecology (DOE) graciously came down and agreed to look at our plan because nobody had really done one. He felt the city established a program where over 20 years they were going to completely redo the city; however, DOE wanted it done in four years. Councilor Spahr asked if the 10-year program would pass muster with DOE. Ms. Fairbanks reported there was no requirement at this time for the city to do I&I, adding they were just trying to take a pro-active approach. She noted, in the course of history, the new wastewater plant helped a lot in terms of being able to address I&I issues because the city has excess capacity that allows enough room to treat all of the I&I that we are currently receiving and then some.

Councilor Pope asked if the separation project they did several years ago was ever completed, and if so, how much did that help. Patrick Wiltzius noted they did a bunch of those projects back in the 1980s and some in the early 1990s.

Mr. Wiltzius reported the Environmental Protection Agency (EPA) was going over DOE's head and auditing various cities and their collection programs to see how they are maintaining their sewer systems. He noted they've already hit Seattle and some other bigger cities. Mr. Wiltzius indicated we were not on their radar yet, and a good part of the plan was to be ready for when they come knocking on our door. He noted he was also working on a collection

August 22, 2011

system management plan.

6. **Council Reports.**

a. **Update from Councilor Pope.** Councilor Pope asked Bob Nacht to update the council on the recent Chehalis Foundation meeting. Mr. Nacht reported the community development staff met with the Foundation and discussed the possibility of the Foundation supporting, through funding, a renovation of the outdoor swimming pool. He noted the Foundation did commit to match dollar-for-dollar up to \$100,000 of their funding to the community for a specific renovation program for the outdoor pool. Mr. Nacht stated the Foundation was in the process of putting the financing package together and would be doing a presentation to the council on exactly what it was all about. He noted the city was also putting together the technical package on how it's to be accomplished. Mr. Nacht thanked the Foundation for their generous commitment to the city.

b. **Update from Councilor Spahr.** Councilor Spahr reported he attended an Economic Development Committee Board meeting, but there was nothing in particular to report. He also attended the North Lewis County Regional Fire Authority (NLCRFA) Planning Committee meeting and encouraged the public to go to the website to find out more information.

Councilor Spahr reported he, as well as Mayor Pro-tem Dawes and Councilor Lund, attended the opening ceremony of the SW Washington Fair.

c. **Update from Councilor Taylor.** Councilor Taylor updated the council on the hiring process for the new Twin Transit director. He thanked City Manager MacReynold for allowing Peggy Hammer to take his place on the panel while he was on vacation. Councilor Taylor reported they narrowed the field of applicants down to ten and they planned to do some conference call interviews to narrow the field down even further. He hoped Ms. Hammer would be allowed to continue in the process until it was done, adding her experience was very helpful and appreciated.

d. **Update from Mayor Pro-tem Dawes.** Mayor Pro-tem Dawes reported he attended the opening ceremony of the SW Washington Fair along with Councilors Spahr and Lund, and worked a stint in the Lewis County Historical Museum fair booth. He echoed what Councilor Spahr stated about checking the NLCRFA website because if something comes to fruition it's the people that will make the ultimate decision.

7. **Chehalis-Centralia Airport FAA Grant Offer.** Airport Manager Allyn Roe reported every year they were eligible for approximately \$150,000 in airport improvement program funds from the FAA, which is funded by a charge assessed to every commercial airline ticket. He indicated, with the rollover from last year, they requested to use the funds for the following projects: purchase of new snow removal equipment; repairs to the weather equipment; new fencing on the south end of the airport; and paint for part of the runway project.

Mr. Roe reported before the council was a grant offer from the FAA, adding the city along with Lewis County, as sponsors of the airport, were the ones that need to sign and approve it.

Councilor Spahr moved to authorize the airport, on the city's behalf, to enter into an agreement for the FAA grant offer in the amount of \$170,000.

The motion was seconded by Councilor Taylor and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:37 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

September 12, 2011

The Chehalis city council met in regular session on Monday, September 12, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:10 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Daryl Lund, Chad Taylor, and Dennis Dawes. Councilor Spahr was absent (excused). Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; and Glenn Schaffer, Police Chief.

1. **Executive Session.** Mayor Ketchum announced the council would be in executive session pursuant to RCW 42.30.110(1)(i) – potential litigation for approximately 15 minutes and there would be no decision following conclusion of the executive session.

Mayor Ketchum closed the executive session at 5:26 p.m. and announced the council would take a four minute recess before opening the work session at 5:30 p.m. Additional staff included: Herta Fairbanks, Public Works Director and Eva Lindgren, Finance Manager. Members of the media included Lee Hughes from *The Chronicle* and Bruce Hunting from KITI.

2. **Work Session – Review Event Policy Proposal.** City Manager MacReynold reported there had been an increasing number of special event requests and in trying to deal with them the administration realized that they needed some consistency and a common approach, since we currently don't have any clear written policy.

Police Chief Glenn Schaffer reported they were seeing an increasing number of requests for events, noting a lot of them were starting to use the parks and some are filling up our streets. He suggested, while events can be a good, they also put a drain on city resources, public safety, and can create real traffic nightmares. Chief Schaffer reported he really didn't have a lot to go on as far as a policy, or what they should use for a basis to either approving or not approving applications for events. He noted there was a memorandum handed out in 2003 by former City Manager Dave Campbell, which was the last documented direction that he had seen regarding the topic.

Chief Schaffer reported the proposed events policy was not a whole lot different from what they already do. He stated one of the major difficulties they have is when individual businesses want to close down the city's main thoroughfares for their own particular gain; the second issue was loud music and alcohol that can go until 2:00 a.m. in the downtown district where people reside.

Chief Schaffer reported the proposed policy before the council described how the Development Review Committee (DRC) would like to look at the applications. He noted the one major change would prohibit the closing down of any of the main thoroughfares, such as Market Boulevard, Washington Avenue, and Chehalis Avenue. Chief Schaffer stated the only exception would be for organizations, such as the Chehalis Businesses Association (CBA) and Chamber of Commerce, to do events that have a broader community interest. He stated he would like to restrict the ability for individual businesses to take over a main section of a city street primarily for the purpose of their own business.

Mayor Ketchum asked Chief Schaffer what would stop a business from using the CBA or the Chamber to hold an event. Chief Schaffer believed they would be able to show that those types of events were not for the greater interest and mostly just for that individual business.

Chief Schaffer reported only one permit would be issued per year, per individual, business, and/or organization. He noted that was not anything new, adding it was actually discussed by the council and Mr. Campbell back in 2003.

The council talked briefly about the impacts on other business. Chief Schaffer reported there was always some sort of impact on the surrounding businesses, adding they were trying to allow some sort of voice for those businesses to be able to stay open.

Chief Schaffer reported the other item they added to the policy was that events must occur between the hours of 8 a.m. and 10 p.m.

September 12, 2011

Chief Schaffer stated the only change for events with alcohol was that alcohol sales must stop at least 30 minutes prior to the closing of the event. He noted the intent was to get people to finish their drinks before the event closes, so they don't have as much trouble with them taking their drinks out into the streets.

Chief Schaffer reported the policy would address live or amplified entertainment, adding in the past they've allowed it but hadn't done anything with regards to the noise ordinance.

Chief Schaffer reported one of the important issues they need to take into consideration before approving an application was the availability of city resources necessary to manage the anticipated impact to the public areas affected by the event. Councilor Taylor asked if they could charge the sponsors of the event for having to call in for extra help. Chief Schaffer reported they haven't yet, but they certainly could.

Councilor Lund inquired about sponsors of events offering to hire their own security for larger events. Chief Schaffer stated it certainly would help the resources for those types of events, which has been done before. He reported it would also depend on who they hire and their credentials, noting there were some credible security companies out there that will do it. Chief Schaffer reported people can also contract through the city to hire a Chehalis police officer at an overtime rate; however, since we only have a few officers who already get plenty of overtime, they really don't want anymore. He indicated the Sheriff's Department was pretty much in the same boat.

Councilor Lund brought up the car show, noting there were a lot of downtown businesses who don't want it and wondered how they could protect those businesses. Chief Schaffer reported one of the things they recently put into place was to put the onus on the sponsor of the event to get feedback from those who are going to be affected, to show whether they support the event or not.

Mayor Ketchum brought up the issue of events having to shut down at 10 p.m. Chief Schaffer indicated the council could make that time whatever they want, suggesting perhaps a mid-night deadline. He noted most events go until 2:00 a.m. and they start receiving phone calls from residents between midnight and 1:00 a.m. regarding the noise.

Councilor Taylor thought that downtowns were supposed to be lively and have events and music. He felt by putting so many restrictions on things, it would kill the whole idea of revitalizing our downtown. Chief Schaffer stated events would still happen, noting what they were trying to do was to regulate when and where events would occur, as opposed to letting people close down the streets whenever they want. He added these were just guidelines for the DRC to consider when reviewing applications.

Councilor Dawes stated he didn't want to give the impression that they were trying to kill events, adding he wanted to make sure we do what we can to see that events happen. Chief Schaffer stated they were on the same page with regards to that.

City Manager MacReynold reported, as Chief Schaffer described, what the administration was trying to do was to give ourselves some consistent guidelines in which decisions can be made.

Councilor Lund had concerns that the city has been operating without any rules, and felt there might be a little hesitation on the part of the businesses. He added, the staff we have right now knows how to work with the public and wondered what happens when they retire and we get people in those positions that are strictly by the book and have no flexibility or common sense. Chief Schaffer stated their goal was to write the policy not to be restrictive and put hard-line rules together, but to just have some guidelines to follow. He noted he had discussed the concept with both Debbie Knapp and Jim Valley and both were very amiable to the idea of having something consistent. Councilor Lund suggested those people don't realize what the business people want. With regards to parades, Councilor Lund recommended lining up in a different location, such as along Cascade Avenue. Chief Schaffer reported the staging area for parades was going to change, adding he believed they found a better way to address it. Councilor Harris noted Lewis County Commissioner Bill Schulte had mentioned using the county's parking lot for staging if the event takes place on the weekend.

September 12, 2011

Mayor Ketchum closed the work session at 5:58 p.m. and announced the council would take a three minute recess before opening the regular meeting at 6:01 p.m.

3. Citizen Business.

a. **Utility Deposits.** Tom Guyer from T.J. Guyer, Inc., (1616 S Market Blvd) reported he was approached about six months ago by former Public Works Director Tim Grochowski, to talk about the water code. He noted the problem he was having was that once a tenant moves out of one of the single-family dwellings that they manage they are required to put down a \$200 deposit. Mr. Guyer stated he had been in the business for 30 years and never missed a payment. He felt there was too much money being spent on the transfer of information between the city and his business. Mr. Guyer suggested the city take a look at the code (13.12.030) and try to make it less expensive and less of a headache. He stated he would like to have the issue revisited as to how to pay it, make it easier, or keep a deposit on the account until the property sells.

Mayor Ketchum suggested Mr. Guyer make an appointment with City Manager MacReynold and the public works director to see what they can come up with.

4. **Report from the Chehalis Foundation on Pool Funding.** Mike Austin, President of the Chehalis Foundation, reported they had been pretty busy over the last year. He noted they had been working with the Chehalis Community Renaissance Team on various projects, and the Chehalis School District on their 'Excellence in Education' initiative. They also recently helped with the tennis court remodel at the Chehalis High School, and gave the city \$25,000 for various parks and recreation projects.

Mr. Austin reported they had spent the last six months looking for their next project, which they decided will be the Chehalis community swimming pool. He stated the Foundation requested the parks department have an assessment done on the pool to evaluate the needs. Mr. Austin noted the assessment provided information on some necessary things that would extend the life of the pool by 10 years, which included: a plumbing filtration system; surge tank; valves and inlets. Other items included new lighting and a diving board.

Mr. Austin reported the three items in Phase 1 would be approximately \$166,000. He noted they were rounding it up to \$200,000 just in case the bids come in higher. Phase 2 would include a new fiberglass liner, which would add another 10 years of life to the pool and help with the yearly maintenance. He added they would also have to drain the pool and fill in the cracks. Phase 3 would be another \$25,000 to put vanity screens in the showers, storage for clothing, and new toilets.

Mr. Austin reported in order to get Phase 1 off the ground, the Foundation was willing to put up \$100,000 and do a one-on-one match with the community.

Councilor Dawes asked if Phase 2 was to add a new liner or if it was a replacement. Mr. Austin indicated the pool did not currently have a liner.

Councilor Lund thought it was great what the Foundation was doing, adding they are a great asset to our community. He stated he had concerns about draining the pool, noting what he learned from the people who had experience with the pool in Centralia, that it's bad to drain a pool. Mr. Austin indicated it would need to be done at the right time of the year, adding it would be difficult to paint it if it wasn't drained.

Mr. Austin asked for the council's blessing on the project and hoped they were as excited as the Foundation. He noted he talked with several people around the community and they were very excited about the project, as well.

Mr. Austin reported they planned to raise money by going out to the different organizations and individuals, adding it would be similar to what they did on the kiddy spray pool project.

Mr. Austin stated, in order to get the project off and running, he and his wife would like to donate the first \$250 to the project.

September 12, 2011

Councilor Pope reported the Foundation did take a hard look at covering the pool. Mr. Austin noted to cover the pool it would run about \$1.5 million and there was no way during these hard times that that type of project would get done.

Mayor Ketchum stated the Foundation had their blessing, adding they appreciated all the hard work that the Foundation does for the community.

Councilor Pope reported Mr. Austin did a good job of keeping the Foundation organized and moving forward.

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

a. Minutes of the regular meeting of August 22, 2011; and

b. Claim Vouchers No. 100865-100988 in the amount of \$89,171.37 dated August 31, 2011; and Payroll Vouchers No. 34964-35055, 2513-2584, and Electronic Federal Tax Payment No. 102 in the amount of \$726,660.49 dated August 31, 2011.

The motion was seconded by Councilor Pope and carried unanimously.

6. **Council Reports.**

a. **Update from Councilor Taylor.** Councilor Taylor reported they would be having their final interviews for the Twin Transit general manager position on Tuesday, and hoped that by the end of the day they find their new general manager.

b. **Update from Councilor Dawes.** Councilor Dawes reported he had a chance to see KELA's newly refurbished studio during the Business After Hours event on August 25. He also spent a short stint in the information booth at the Garlic Fest on Saturday, August 26.

c. **Update from Councilor Pope.** Councilor Pope reported the Advisory Tax Committee had its first meeting earlier that day, since the one-tenth of one percent sales tax passed to support drug court. He stated he was recently appointed to the committee and would try to keep the council up to date on their progress.

7. **Ordinance No. 877-B, First Reading – Placing a Moratorium on Receipt of Applications for Development of Community Medical Marijuana Gardens in the City of Chehalis.** City Attorney Bill Hillier reported before the council was Ordinance 877-B, which asked for the council to declare an emergency, so they can immediately adopt an ordinance creating a moratorium for a maximum of six months, unless at sometime during the six month period the council chooses to extend it for some reason or another.

City Attorney Hillier reported it was clear from the information they were getting from the State that it's on the minds of all of the state legislators, adding they are working between sessions to address the confusion that's been brought before all the cities with regards to the distinctions between federal and state law in the application of state law that's currently in place. He indicated by knowing the legislature is going to address the issue, our six month moratorium would put the city in a position where the legislature will act within the six months and we'll know which way it will be resolved.

City Attorney Hillier reported they would come back to the council through the process and would be working on what they anticipate will happen, which would be to allow gardens to exist, but with limitations on how many people can use a single garden, or how many dispensaries can apply to one single garden's creation of a crop versus multiple gardens. He stated they wanted to be sure the city has proposed zoning in place, which they would bring to the council.

September 12, 2011

City Attorney Hillier reported the recommendation from Municipal Research was that we work on specific located zones to protect any conflict the city might have with locations of schools, daycares, and the like. He noted there may be some move at the federal level to create it as a class drug and run it through pharmacies which would take it out of our hands, but they don't know that yet.

City Attorney Hillier reported the ordinance creates the moratorium and allows the council to direct staff to continue to look at the issues and see what we can do to co-exist with state and federal law. He noted the moratorium would clearly stop anyone from coming to the city and making application for a permit to allow either a dispensary or garden to occur. City Attorney Hillier reported the reason for declaring an emergency was, if it was simply on for first reading they didn't want anyone racing in between the two readings to create a problem for the city.

Councilor Taylor inquired about the process of obtaining the marijuana and asked if a doctor would have to write a prescription for the marijuana and if the person who owns the dispensary had to be pharmacists. City Attorney Hillier stated it's clearly not designated as a 'pharmacists,' but as a person who is authorized to dispense marijuana. He noted possession of marijuana was illegal unless you have a prescription or the right for medical reasons to possess it. City Attorney Hillier suggested it creates the potential that it is legal to possess it, which would be an affirmative defense to the charge.

Chief Schaffer reported you do not need to be a pharmacist to dispense marijuana under the current laws. For example, if he had a medical marijuana card he could grow his own, or ask someone to grow it for him because it requires no qualifications at all. Chief Schaffer reported during the last round the legislature opened up an avenue for people to create collective gardens where people can get together and grow marijuana to dispense to individuals under the previous set of laws pertaining to medical marijuana. He noted the proposed ordinance would prohibit collective gardens, because like the previous laws before them, there is so much ambiguity in how to regulate the collective gardens, what it means to be a part of them, who would have access, how to secure them, and where they can be. Chief Schaffer stated there were just no solid answers yet.

City Attorney Hillier stated the ordinance also restricts a dispensary from setting up in Chehalis to dispense it out to people who have cards, until such time the city is able to figure out the appropriate way to handle it.

Councilor Pope moved to suspend the rules requiring two readings of an ordinance.

The motion was seconded by Councilor Taylor and carried unanimously.

Councilor Pope moved to declare an emergency and pass Ordinance No. 877-B on first and final reading.

The motion was seconded by Councilor Harris and carried unanimously.

8. Resolution 14-2011, First and Final Reading – Surplus of City Property. City Clerk Judy Schave reported the city recently purchased a new generator for the high level pump station located just below the water filter plant. She noted with the new generator in place, the administration was recommending to surplus the old generator.

Councilor Dawes moved to adopt Resolution No. 14-2011 on first and final reading.

The motion was seconded by Councilor Pope and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:28 p.m.

Dennis Dawes, Mayor Pro-tem

Attest:

Judith A. Schave, City Clerk

September 26, 2011

The Chehalis city council met in regular session on Monday, September 26, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Dennis Dawes. Councilor Taylor was absent (excused). Staff present included: Merlin MacReynold, City Manager; Mark Scheibmeir, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Bob Nacht, Community Development Director; Becky Fox, Court Administrator, Peggy Hammer, Human Resources Administrator; and Eva Lindgren, Finance Manager. Members of the media included Lee Hughes and Bianca Fortis from *The Chronicle*.

1. **Citizen Business – Emergency Shelter.** Carl Bohlin (2100 N National Avenue) reported during the last three years the local emergency shelter had received 1900 bed requests as well as dispatch calls from the police departments during the off season. Mr. Bohlin stated the shelter has a 'no questions asked' policy, so that those who might fall through the cracks have an opportunity to be safe from the cold outside. He indicated the shelter was staffed by volunteers and supported by donations from the community.

Mr. Bohlin reported on their annual sleeping bag drive taking place on October 8 and 9, between the hours of 9 a.m. and 5 p.m. He noted sleeping bags could be dropped off at the Lewis County Sheriffs Office, or at the Centralia Police Department. Mr. Bohlin stated if anyone would like to give a cash donation they can do so at any of the Sterling Savings Bank branch offices.

2. **Employee Service Award.** Mayor Ketchum presented Municipal Court Clerk Melody Guenther a certificate of appreciation for 20 years of service with the city.

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

- a. Minutes of the regular meeting of September 12, 2011;
 - b. Claim Vouchers No. 82011 and 100989-101130 in the amount of \$414,604.99 dated September 15, 2011;
- and
- c. Adopt Resolution No. 16-2011 on first and final reading renaming a portion of NE Adams Avenue to SE Adams Avenue.

Councilor Spahr seconded the motion.

Councilor Spahr stated, with regards Resolution No. 16-2011, he understood why the city originally numbered NE Adams Avenue the way they did, noting the break point was Main Street. He indicated he totally supported the change.

Bob Nacht reported, based on the numbering scheme and the configuration, they requested the address number be 9 SE Adams Avenue. He noted there would still be some additional numbers available if other properties were built up there.

The motion carried unanimously.

4. **Administration Reports.**

a. **August Financial Report.** Eva Lindgren gave a brief overview of the finances, noting they were pretty straight forward. She stated there were very small variances in the general fund overall for both revenues and expenditures, if you take out the debt service that the administration was looking at doing.

Ms. Lindgren reported the largest variance on the revenue side for both wastewater and water was the fact that they hadn't received the proceeds from the debt issuance happening later in the year.

September 26, 2011

b. **Update on Revisions to City's Shoreline Master Plan**. City Manager MacReynold noted, based on prior discussions, the city was moving forward with the state requirement for doing a shoreline master plan update. He felt it would be timely for the council to receive an update from Mr. Nacht to find out where the city was with reference to the update.

Mr. Nacht reported, about three months ago, the county contacted all of the cities and indicated they wanted to pursue the requirement to update the shoreline master plan. He noted our current master plan was adopted in 1981, and the State Department of Ecology (DOE) requested that it be updated.

Mr. Nacht reported the county contacted DOE and other agencies, and has assembled the cities. He noted some of the cities were going to coordinate their efforts with the county and others have chosen to do their own plan. Mr. Nacht indicated DOE has provided grant funding for this endeavor; however, it remained to be seen what the state would do with their budget issues.

Mr. Nacht reported they were in the process of drafting an interlocal agreement that Lewis County will present to the cities. He stated he and City Manager MacReynold were working with the county to get the project underway. Mr. Nacht reported it would be a three year project and hopefully within the next couple of months, they would have some definitive direction on where they were going and how to get there. He noted at some point the issue would be brought back to the council.

5. **Council Reports**.

a. **Update from Councilor Pope**. Councilor Pope reported, while doorbelling in the city's fourth district, he found a water leak off of Magnolia Avenue. He stated he appreciated how quickly the water department responded to the call.

Councilor Pope reported he was very surprised at the number of vacant homes in his district, and how some of the yards were left un-kept. He thought the city should do something, adding it was a very dangerous fire hazard. Councilor Pope reported he was confronted by a resident on 21st Street who had concerns about an area near her home, adding if it ever caught on fire they would lose about five or six houses.

b. **Update from Councilor Spahr**. Councilor Spahr reported he attended the North Lewis County Regional Fire Authority Planning Committee (NLCRFA) meeting along with Councilor Dawes, adding there wasn't much new to talk about, but they were getting ready to take a speakers bureau around to organizations that want to hear about what's going on. He noted there were questions being raised now as to what it all means. Councilor Spahr stated the important thing to remember was that in the end it was the citizens who will make the decision whether there is any consolidation, or not. He noted it could take the committee up to two years to compile the information to find out what they want and what it's going to cost.

Councilor Spahr reported he went down to New Mexico to visit his daughter who is a Major in the Army Reserves. He noted it was interesting and fun to see another part of the country. Councilor Spahr added he was very proud of his daughter.

c. **Update from Councilor Harris**. Councilor Harris reported he and Caryn Foley, and Lodging Tax Advisory Committee (LTAC) members Natalie Ketchum, Todd Chaput and Rick Burchett attended a lodging tax forum up in Everett, Washington, hosted Jan Jutte, director of legal affairs for the State Auditor's Office. He noted they provided some great information and clarification, adding Ms. Jutte did a good job explaining to the hoteliers that it wasn't all just about heads-in-beds. Councilor Harris reported the state was impressed by the fact that this was really monitored by the councils in the local jurisdictions, and by the County Commissioners. He indicated the Auditor's Office was happy with the two step process of having the applications go through a LTAC and then to a board or council.

September 26, 2011

Councilor Harris reported about five years ago the city received an audit finding for using tourism funding to buy flower baskets for the downtown community, which had to be repaid back out of the general fund. He noted Ms. Jutte explained that they could not buy flower baskets with lodging tax funds; however, if the city sponsored an event and had an organization doing its bidding, if they want flower baskets as part of that event they can use lodging tax dollars to buy them. Councilor Harris stated, in essence, they explained to them how to package things to meet the criteria.

Councilor Harris reported they did hang on one issue, which was conflict of interest. He noted they suggested cities be very conscientious when it comes to any appearance of conflict of interest, adding if any member of the council has anything to do with a funding request, they should bust those out individually and allow those council members, if they wish, to recuse themselves from voting on those.

He noted the Lodging Tax Advisory Committee would be spending a day or two next week going over the 13 applicants who applied for lodging tax funding for 2012.

d. **Update from Councilor Dawes.** Councilor Dawes reported he was able to attend the Business After Hours event at *The Chronicle*, which was highlighting the 'Family' section that they periodically print.

Councilor Dawes followed up on Councilor Spahr's report regarding the NLCRFA meeting, adding they put together a PowerPoint presentation to show to the various community groups to let them know what the committee has been working on. He noted they had one tentative date set with the Centralia Rotary Club in October.

Councilor Dawes reported on September 17 he attended an event with the Soroptimist Club and Child Advocacy Center in Centralia, adding he thanked them on behalf of the city for providing that service to the community.

e. **Update on Chehalis Foundation.** Councilor Pope reported at the last Chehalis Foundation meeting they decided to move forward with the funding effort for the Chehalis swimming pool. He added they were somewhat disappointed that the announcement of the \$100,000 donation to the city for the pool was not taken notice of. Councilor Pope indicated the community promotion program should be getting started soon, to collect matching funds for the \$100,000. He noted the Foundation was going to try to make an effort to do the whole project.

f. **Update from Councilor Lund.** Councilor Lund reported over the weekend he went to Nevada for the Nevada State Rail Symposium. He stated the Nevada Railroad was started in 1905 to haul ore to the smelter. Councilor Lund noted they had two operating steam locomotives, all of the coaches from the 1890s, and seven full-time employees. He reported he was visiting with the director and asked if they had hotel/motel tax. The director indicated they did not, adding a few years ago their county commissioners said the two percent on the hotel/motel rooms would stay with them. Councilor Lund reported the town was about the size of Chehalis and was between 250 to 300 miles away from any major population base, so they really had to promote to get people to come to their location. He stated it was quite impressive and it would be nice if other people could learn from them.

6. **Resolution No. 15-2011 – First and Final Reading, Surplus of City Property.** City Manager MacReynold reported the administration was requesting the council to surplus another generator from the public works department.

Councilor Harris moved to adopt Resolution No. 15-2011 on first and final reading.

Council Pope seconded the motion.

Councilor Dawes noted he read in some materials he received from the Airport Board that something was being prepared for them to pay a dollar to get a generator from the city. City Manager MacReynold reported the airport was very interested in the generator up for surplus. Councilor Dawes believed there was statute that would allow the city to turn the surplus equipment over to another agency. City Manager MacReynold indicated there just had to be an agreement for the transfer.

September 26, 2011

Councilor Lund suggested they use the generator on a holiday display at Alexander Park, or something. Councilor Harris stated he appreciated Councilor Lund's candor and his appreciation of him.

The motion carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:30 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

October 10, 2011

The Chehalis city council met in regular session on Monday, October 10, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; and Bob Nacht, Community Development Director. Members of the media included Bianca Fortis from *The Chronicle* and Bruce Hunting from KITL.

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

- a. Minutes of the regular meeting of September 26, 2011; and
- b. Claim Vouchers No. 101131-101220 in the amount of \$77,090.44 dated September 30, 2011; and Payroll Vouchers No. 35056-35135, Direct Deposit Payroll Vouchers No. 2585-2655, and Electronic Federal Tax Payment No. 103 in the amount of \$696,318.03 dated September 30, 2011.

The motion was seconded by Councilor Taylor and carried unanimously.

2. **Council Reports.**

a. **Update from Councilor Spahr.** Councilor Spahr reported the council budget committee and staff had been meeting over the last two weeks to discuss the 2012 budget.

Councilor Spahr reported he also attended a train show with his granddaughter, adding they had a lot of good exhibits.

b. **Update from Councilor Pope.** Councilor Pope reported on the Children's Justice Task Force meeting he recently attended. He noted the City of Sunnyside received a grant from the task force to deal with the trafficking of young people, adding he felt they were going to be the model for the way agencies approach those types of problems in the future. Councilor Pope indicated they had also been somewhat successful in addressing gang issues.

c. **Update from Councilor Dawes.** Councilor Dawes talked briefly about the 2012 budget meetings over the last couple of weeks, adding he was glad to get that done. He reported they weren't able to get everything back that they had to reduce over last few years, but felt the action they took put the city on a little better footing as we face the next couple of years.

Councilor Dawes reported he would be attending the AWC Regional meeting down in Vancouver, Washington, on Tuesday evening. He hoped to broaden his knowledge about what's on the horizon, besides budget shortfalls and how that may or may not affect the cities funding-wise.

d. **Update from Councilor Taylor.** Councilor Taylor gave a brief update on filling the Twin Transit general manager position. He reported they went through an all-day interview process about a month ago and at the end of the day they picked the candidate from Arizona. Councilor Taylor announced they offered Rob LaFontaine the position and he accepted it, adding he believed he would start work on October 17. He reported he planned to invite Mr. LaFontaine to a council meeting, so the rest of the council could meet him.

e. **Update from Councilor Harris.** Councilor Harris also commented on the 2012 budget review process, noting after four days of meetings it just had to be said again.

Councilor Harris reported the Lodging Tax Advisory Committee held a meeting on October 6 to go over the 2012 funding requests. He stated they had over \$500,000 in requests and would be submitting a recommendation to the council to give out about \$160,000. Councilor Harris indicated not everyone got what they wanted, and unfortunately some didn't get any. He felt the process was very effective, adding the conference they attended a couple of weeks ago helped them to have a very constructive meeting. Councilor Harris thanked the committee members for their time and commitment to the process.

October 10, 2011

Councilor Harris reported he had a chance earlier in the day to judge fire prevention posters in Centralia. He noted they would be hanging the posters up at the Centralia Outlets.

3. Authorize Signatures on Louisiana Avenue and Airport Road Connection (LAARC) Project Documents. Bob Nacht reported they had been working with staff at Lewis County to comply with all of the requirements of the State Department of Transportation (DOT) to get the right-of-way certified for the LAARC project, also known as the Transportation Improvement Board project. He added the project was scheduled to go to construction next year.

Mr. Nacht reported the administration was recommending that the council authorize the mayor and city manager to execute the four documents before them, in order to get the right-of-way into a legal status. He noted since the agenda report was submitted on October 4, he had received word from the county that there may very well be a fifth document that needs to be addressed having to do with perpetual slope easement on the existing fill that was put in for the Louisiana Avenue road bed. Mr. Nacht indicated, should that document be necessary, he would bring that to the city manager for his signature.

Councilor Spahr stated it appeared they were doing this primarily to bring the road into a legal status and we are giving the easements to ourselves. City Attorney Bill Hillier noted they had to dedicate the roadways because the property was not originally platted for a roadway. He noted they were doing the easements for drainage purposes, adding it would be a benefit to both the city and the airport.

Councilor Spahr inquired about the perpetual easement for the slope. Mr. Nacht stated it had to do with the slope that was existing, adding the base of that slope actually encroaches on the Barnes property by a couple of feet. He noted it was anticipated at the time the road bed was installed that the filling activity on the Barnes property would occur at about the same time for development, which would negate this necessity. Mr. Nacht stated it was basically to protect the existing slope, and had to do with the criteria that DOT requires for certification.

Councilor Spahr moved that the council authorize the Mayor and City Manager to execute the attached dedication and easement documents relating to the Louisiana Avenue/Airport Road Project.

The motion was seconded by Councilor Pope and carried unanimously.

4. Shoreline Master Program Update Interlocal Agreement. Bob Nacht reported Lewis County requested that the cities partner with them in pooling the grant resources that are available through the State Department of Ecology (DOE) for the required Shoreline Master Program Update. He noted the interlocal agreement would allow the city to participate with the county to get the project done. Mr. Nacht reported one of the key issues mentioned in the agenda report was that if state funding does not exist later on, then the required mandate would be deferred until funding is available.

Councilor Harris inquired about the significant funding differences for the project, noting the city's portion was \$125K and all of the other cities were either \$40K or \$50K. Mr. Nacht reported they addressed that same question with DOE twice, noting the formulas were established by the Legislature. He suggested in transition, someone may have dropped a number one in front of the \$50K for the City of Centralia, which seemed reasonable. Mr. Nacht indicated they have asked DOE to research it to make sure the figures are correct.

Councilor Dawes moved that the council authorize the City Manager to execute the attached interlocal agreement with Lewis County.

The motion was seconded by Councilor Spahr and carried unanimously.

5. Chehalis-Centralia Airport Board Appointments. City Manager MacReynold reported the city would have two vacancies on the Chehalis-Centralia Airport Board at the end of the year. City Representative Frank DeVaul's term expires December 31, as well as the two-year rotating appointment held by Robert Schroeter who was appointed by Lewis County in 2010. City Manager MacReynold stated he would talk to the council members

October 10, 2011

individually about filling the appointments for those positions.

There being no further business to come before the council, the meeting adjourned at 6:14 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

October 24, 2011

The Chehalis city council met in regular session on Monday, October 24, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:45 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Bob Nacht, Community Development Director; Peggy Hammer, Human Resources Administrator; Eva Lindgren, Finance Manager; and Herta Fairbanks, Public Works Director. Members of the media included Bianca Fortis from *The Chronicle* and Bruce Hunting from KITI.

1. **Work Session – Chehalis-Centralia Airport Quarterly Update.** Airport Manager Allyn Roe and City Representative Frank DeVaul briefed the council on activities taking place at the airport over the past three months.

Mr. Roe reported they recently closed out the FAA Airport Improvement Program grant for the purchase of a truck/snowplow, restriping of the runway, and new weather equipment totaling approximately \$195,000. He indicated they were working with a large tenant to construct a new 15,000 square foot hangar facility with associated parking.

Mr. Roe stated they planned to approve their 2012 budget next month, adding overall it looked pretty good. He reported an increase in revenues even after making some rental adjustments on some commercial property. Mr. Roe noted every five years or so the leases automatically adjust, or they have the properties reappraised.

Councilor Dawes asked how the lease rates had been. Mr. Roe reported they just finished up a 10-year reappraisal and the value went up approximately 26 percent.

Mr. Roe reported they recently met with representatives for Joint Base Lewis-McChord who are reaching out to the smaller airports in the Puget Sound Region to let them know about increased military activities over the next couple of years. He noted they had noticed this with an increase of complaints from the community, primarily from helicopters involved with night and low level operations in the area.

Mr. Roe reported, last July, the Airport Board selected W.H. Pacific from Bothell, Washington, as its five year on-call engineering consultant, noting they had represented the airport for the past five years. He indicated they'd been working with them on a project for 2012-2013 for the installation of approach lighting at the north end of the airport. Mr. Roe noted a series of five or six light stations would be installed to provide increased safety and would reduce the minimum requirement for landing in adverse weather conditions.

Mr. Roe reported they just wrapped up their annual audit with no issues or findings. They also recently started work on the fabrication of the kiosks for the City and the Chehalis Community Renaissance Team.

Councilor Harris inquired about the instrument landing system (ILS). Mr. Roe stated they had a GPS approach, which was very similar to an ILS. He added the only difference was the ILS had a ground-base equipment instrument landing system. Mr. Roe stated when they had the trees removed just north of the airport it allowed them to go into another category where planes can land in even worse conditions. He reported the new approach would be published by the FAA next April and would be a real benefit during the morning hours for planes flying in from outside the community. Mr. Roe indicated the new approach would also benefit Providence Hospital, noting they were pretty much right in line with the runway allowing the Medivac Helicopters to come in on their approach.

Councilor Taylor asked if there was anything on the horizon for development or new businesses coming in. Mr. Roe reported a few years ago they had interest from developers who wanted to take a large piece of property and develop it out with sub-tenants, but now more of the small individual tenants were approaching them directly.

Councilor Lund stated when he was a kid the airport looked similar to a cow pasture. He noted over the last few years they had really dressed it up, showing the pride we have in our community. Councilor Lund thanked Mr. Roe for the work being done.

Mayor Ketchum announced the council would take a six minute recess and reopen the regular meeting at 6:00 p.m.

October 24, 2011

2. **Lodging Tax Advisory Committee (LTAC) Recommendations for 2012 Tourism Funding and Reappointment of Memberships.** Mayor Ketchum requested that the council pull the item from the agenda, so more information could be put together by the administration. The consensus of the council was to pull the item and bring it back to the council at the first regular meeting of November.

3. **Citizen Business.**

a. Karla Hooper (Market Street Pub) and Joel Wall (The Shire) reported they recently found out about the policy change regarding outdoor events. Mr. Wall asked if there was a possibility of getting the time changed to allow live music until 1:00 a.m., as opposed to midnight. He reported they host a number of events and benefits throughout the year, adding the outdoor events was a way to keep their businesses vital.

Mayor Ketchum suggested they set up a meeting with City Manager MacReynold to discuss the issue.

b. Tiffany Simpkins (67 SW 11th Street) reported she wanted to cancel her garbage service with LeMay, Inc., but was told by both LeMay and the City that she cannot cancel it. Ms. Simpkins stated she understood the ordinance, which requires residents to have garbage service in the city; however, in the ordinance under section 8.04.100 §J it states 'it is not unlawful for any resident to take their own trash to an approved solid waste disposal site,' which was what she would like to do.

Mayor Ketchum indicated, because she had contacted a lawyer, the council could not discuss the matter with her, and suggested she start a dialog with City Manager MacReynold to try and work something out.

4. **Proclamation – Domestic Violence Awareness Month.** Mayor Ketchum presented Human Response Network Executive Director Joan Caywood with a proclamation declaring October as "Domestic Violence Awareness Month" in the city of Chehalis.

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

- a. Minutes of the regular meeting of October 10, 2011; and
- b. Claim Vouchers No. 101221-101362 in the amount of \$237,607.20 dated October 14, 2011.

The motion was seconded by Councilor Taylor and carried unanimously.

6. **Administration Reports.**

a. **September and Quarterly Financial Report.** Eva Lindgren reported the largest variance in the general fund revenues had to do with the proceeds from long-term debt. She noted later in the meeting the council would hopefully take action on an item, which should eliminate that variance by December.

Councilor Pope commented on the 'licenses and permits' budget line item, noting it went from \$66,080 in 2010 to \$120,200 in 2011. Ms. Lindgren reported the difference was driven by anticipated revenue from Green Hill School for some very large projects. Councilor Spahr stated he had heard that Green Hill was adding a \$4 million addition.

Ms. Lindgren reported the largest variance in the general fund expenditures was in the non-departmental fund. She noted this had to do with the interfund loans, which could not be paid until debt was issued. Ms. Lindgren reported community development showed a negative variance from 'expected' of over \$80,000. She noted the administration would be recommending a change to the Chehalis Municipal Code (CMC) that would allow some of the capital maintenance expenditures to be moved to the REET funds, which would eliminate that particular variance.

October 24, 2011

Councilor Dawes noted, with regards to community development, it was also fair to say that there was a significant amount of revenue that comes in for recreational programs, and suggested that was something they needed to keep in mind.

Ms. Lindgren reported she needed to do some rebalancing between the general fund and the arterial street fund to cover the large positive variance in the street fund, and the negative ending fund balance in the arterial street fund.

Ms. Lindgren reported on the wastewater fund, noting there had been some deferral on capital expenditures relating to the State Avenue Pump Station. She noted some of the expenditures budgeted for this year would be re-budgeted into 2012. Ms. Lindgren noted the council should expect the budgeting for those capital expenditures to be reduced in the next budget amendment.

Ms. Lindgren reported on the water fund, noting there may be some capital outlay deferrals in this fund as well, but she didn't remember any specifics.

Councilor Spahr noted the water sales were comparable to last year, but the budget was considerably higher and asked if there was some anticipated revenue. Ms. Lindgren reported there were several different types of water sale revenues and believed there was some expectation of an increase. She noted she would take a look at it and respond to the council by email.

Councilor Taylor asked if there was a way to add an actual total dollar amount for each fund. Ms. Lindgren reported that particular information was listed on the quarterly report. Councilor Taylor stated it would be nice to see the numbers associated with each fund on one page.

Ms. Lindgren briefly reviewed the quarterly report which included: estimated and actual beginning fund balances; revenues and transfers in; expenditures and transfers out; and the ending fund balance for each fund. She gave a quick overview of the different accounts and investments that the city has, and how each fund was associated.

b. **Quarterly Sales and Use Tax Report.** Ms. Lindgren reported the city showed a 30.3 percent increase for September receipts over 2010. She noted there was a business that made a very large one time purchase associated with the increase. Ms. Lindgren stated back in March 2011 they had a negative 22.4 percent drop, which was associated with a business that had a large one time only use tax payment in 2010.

Councilor Harris stated, according to the October report that Ms. Lindgren emailed out, they were still slightly above year-to-date.

7. **Council Reports.**

a. **Update from Councilor Dawes.** Councilor Dawes reported he recently attended an Association of Washington Cities (AWC) Regional meeting down in Vancouver, Washington. He noted one of the topics for discussion was State shared revenues. Councilor Dawes reported the city received \$121,169 in State shared revenues, which was made up of streamlined sales tax mitigation, liquor tax, liquor profits, and municipal criminal justice.

Councilor Dawes reported the Democratic Party was talking about potentially floating a tax measure in February. His concern was a lot of school districts run M & O levies at that time, adding historically if you run two tax measures on one ballot, one was going to fail. He suggested AWC talk with the School Directors Association and the Legislature and tell them that it might be very critical to some people.

Councilor Dawes reported he attended the North Lewis County Regional Fire Authority Planning Committee meeting along with Councilors Lund and Spahr on October 19. He noted their first presentation to talk about where they were at was scheduled with the Centralia Rotary Club on December 6 at noon. Councilor Dawes reported the three sub-committees they were working on were: facilities, fleets, and operations. He noted they made the decision to

October 24, 2011

not meet separately, which was a big stride in where they were going with the whole project. Councilor Dawes stated it wasn't going to be a foot-race to the finish, but he hoped the process would start moving a little faster.

Councilor Dawes reported he and Councilor Spahr attended the Chamber's Business After Hours event at the Helly Hansen Outlet Store in Centralia.

b. **Update from Councilor Spahr.** Councilor Spahr reported, along with the events that Councilor Dawes spoke about, he also attended the Lewis County Economic Development Council Board meeting. He added they had some projects on-line that were coming up, but no announcements had been made just yet.

c. **Update from Councilor Pope.** Councilor Pope gave an update on the Chehalis Foundation pool project. He reported they put a community program together to go after matching funds for the \$100,000. Councilor Pope noted they also submitted for a couple of grants, which would help out with the costs of the project. He stated he would like to have Foundation President Mike Austin come to the next council meeting to make an official presentation on the program they have outlined. Councilor Pope reported they were asking high school and grade school kids to participate in the effort, so they can have a buy-in that it's their swimming pool.

d. **Update from Mayor Ketchum.** Mayor Ketchum reported his biggest event was last Friday, at which time he attended Councilor Lund's 50th birthday party.

8. Ordinance No. 878-B, First and Final Reading – Debt Issuance, and Ordinance No. 879-B, First and Final Reading – Bond Registration. Ms. Lindgren introduced the members of the team she worked with on putting the city's bond issuance together, which included: Alan Dashen, financial advisor with Dashen & Associates; Lindsay Coates, legal counsel with Foster Pepper PLLC; and Jim Blumenthal, underwriter with Martin Nelson & Company.

Ms. Lindgren reported the council had received a revised ordinance that included some language changes, and some additional flexibility around the par value.

Ms. Lindgren reported the parameters of the bond sale were spelled out in Section 5 of the ordinance, which specified: the maximum aggregate principal amount (\$1,300,000); the interest rate (may not exceed 5 percent); final maturity (December 1, 2026); and price (not less than 95.00 percent or more than 115.00 percent of the par value of the bonds).

Ms. Coates reported a new statute went into affect July 22, 2011, that delegated the authority to issue bonds. She noted previously they would go out and get pricing terms the day of the council meeting and present it to the council as a 'take it or leave it' deal; however, the new statute allowed more flexibility to where they can set parameters that allow staff to work with the financial advisor and underwriter to price on the most beneficial day for the city. Ms. Coates reported, under the new parameters, Section 5 of the ordinance outlined each item that had to be established by statute. With regard to the pricing parameter in Section 5 (h), she gave the following example: If the city needed \$1.2 million for a project the investors might pay the city 98 percent of that price (that being the value on the market that day), so the city might need to up the price of the bonds and adjust the interest rates in order to get the actual dollar amount the city would be seeking for the project.

Mr. Dashen provided the council a sample of bond structures for 'Generate Overall Premium Bonds' and 'Generate Overall Discount Bonds,' and briefly explained how each worked. He stated, basically, if the city sold 'premium bonds' it would get some extra money, and with 'discount bonds' it wouldn't get quite as much money as needed.

Councilor Spahr noted there might be some who wonder why we don't just go to the bank and borrow what we need. Ms. Lindgren explained that the city really couldn't do that, adding local banks were not willing to go out 15 years for this type of loan. She noted there were a few banks out there that do; however, they don't have a presence in our community and they were not looking at expanding into it. Ms. Lindgren stated from the feedback she received, the most the city could look at was a 5 year loan. Mr. Dashen added they always look at bank loans before bond issues. He noted they also hypothetically estimate what a bond bank would charge for 15 years, adding the bond

October 24, 2011

structure being presented was at a much lower interest rate.

Councilor Spahr asked how someone would go about buying the bonds. Mr. Blumenthal reported when they get ready to sell the bonds they would advertise the issue in the local newspaper using a display ad. He noted they usually advertise a week prior to the sale of the bonds when they lock in the interest rate. Mr. Dashen added the city council could not buy the bonds, noting it would be a direct conflict of interest.

Councilor Taylor moved that the council pass Ordinance Nos. 878-B and 879-B on first and final reading.

Councilor Dawes seconded the motion.

City Manager MacReynold reported the reason the city was looking at bonds was because of the city hall building. He stated the council purchased the building with a short-term loan in hopes of making it a city facility. City Manager MacReynold noted, in moving through a process, it was determined that putting city hall, police, and municipal court would be the best use for the building. He reported, based on the law, we could only borrow from our utilities for three years and we were now at the point where we need to look at a long-term approach on how to pay off the loan to our utilities.

Councilor Dawes stated he wanted to speak in favor of the motion, adding when he first got on the council one of the things he wanted to work on was to get a financial package put together to pay the building off. He noted the interfund loan provided a short-term approach, and over the last two years the budget committee has wanted to see something brought to the council. Councilor Dawes stated he was pleased to see the culmination of the project, noting they had set aside revenues in the REET tax fund and some in the general fund as a way to pay the debt off.

The motion carried unanimously.

9. Ordinance No. 880-B, First Reading – Amending Section 3.32.020 of Ordinance No. 658-B Providing for Use of Real Estate Excise Tax Funds. Ms. Lindgren reported, while working on the debt issuance and reading through the CMC, she realized that although we had a budget amendment in place to charge some of the park and facilities costs to the REET funds, the city actually could not do so with the way the CMC was currently written. She noted we would be compliant with state law, but not with our own code. Ms. Lindgren requested the ordinance be considered and passed on first and final reading.

Councilor Spahr moved to pass Ordinance No. 880-B on first and final reading.

The motion was seconded by Councilor Taylor and carried unanimously.

10. Resolution No. 18-2011, First and Final Reading – Revising the City's Capital Improvement Plan (CIP). Ms. Lindgren first thanked Bob Nacht for taking on the project on her behalf. With regards to the CIP, Ms. Lindgren reported they added a new column to identify the funding source. She noted they were able to identify several water and wastewater projects that could potentially be funded by the general obligation bond, which was critical because in Ordinance No. 878-B it specified that only projects that have been approved in the annual budget and the CIP will be considered eligible for funding by the general obligation bond.

Ms. Lindgren reported there was very little money left in the automotive equipment reserve (AER) fund. She noted a lot of the projects that were originally identified as being funded by the AER fund, were replaced with 'To Be Determined' (TBD), until they know what fund will pay for them.

Ms. Lindgren reported, for 2011, she had to address shifting some of the parks and facilities maintenance costs out of the general fund to the REET funds. She indicated the State Auditor's Office wanted to see anything associated with REET funding identified in the CIP.

October 24, 2011

Ms. Lindgren reported, in 2012 and beyond, she identified the REET funding to be used for debt service payments, and also picked up the general fund portion. She noted by demonstrating that the council was fully aware of what the administration was attempting to do, that should satisfy the Auditor's Office.

Ms. Lindgren reported this CIP was far more reflective of what's going on in the annual budgets for both 2011 and 2012. She stated they already talked with the budget committee about making it a more united effort, so that the CIP and annual budget tie more closely together going forward.

Councilor Taylor inquired about the funding sources listed as 'TBD' and asked if all vehicles and equipment would come out of the AER fund. He also asked if there was a way to figure out what the AER fund needs to have in it to cover future acquisitions. Ms. Lindgren indicated almost every one of the TBD items were originally listed as AER, adding that just wasn't realistic. She noted there were other possible funding sources, such as the gambling enforcement fund, but right now they have not determined how some of the acquisition would be funded.

Ms. Lindgren reported one of the purposes of having a capital asset inventory was to have control over our assets and even though we are cash basis, it can be used to calculate depreciation using the estimated life of the assets. She noted by doing depreciation you have an idea of how much of your capital assets you're using up, which should tell you how much you actually need to set aside each year.

Councilor Dawes reported, in the past, pretty much every vehicle used by a general fund was purchased out of the AER fund. He noted at one time each department put money away as part of their budgetary expenses into that fund, and at some point it all got comingled, which was probably why we are in the situation we are now. Councilor Dawes suggested the items listed as 'TBD' were probably at one time each departments AER fund.

Councilor Taylor stated it would just be nice to know how much money they need to have in the AER fund, suggesting perhaps the funding sources just need to be drilled down.

City Manager MacReynold reported the frustration the administration has had over the past four years was declining revenues. He stated we've always known that the missing piece to make it a functional fund was the information that identifies all of our equipment that would be funded from that fund, and then what the life expectancy is on what we currently have. City Manager MacReynold suggested, by knowing the life expectancy, we could know every year what items would need to be replaced and how much was going to be needed in the fund. He stated right now was probably not a good time put \$300,000 in the AER fund because currently that would mean quite a few employee positions.

Councilor Dawes suggested it was one of those things where when times are better we need to put the money in, and when times get tough we need to have the fiscal restraint not to go in there and go after it.

Mr. Nacht reported it was important to note that the CIP had an annual review and revision process and would be brought back to the council sometime during the second quarter next year. He noted the council would have an opportunity to make any revisions at that time. Mr. Nacht felt it was also important to note that the CIP document was a collaborative effort between all of the city departments, particularly fire, police and public works. He noted as the finances ebb and flow, so would the columns in the document.

Councilor Harris inquired about the Louisiana Avenue/Airport Road extension project, noting the CIP budgeted funding in the water and wastewater funds in 2012, as well as in 2013-2014. Mr. Nacht stated he could not say for certain, but it was his recollection that the numbers in the CIP related to the TIB grant. He noted there would have to be budget adjustments as the grant monies come in and go out. Councilor Harris stated he feared they were not going to get the road connected until 2014. Mr. Nacht believed the construction would start in 2012 and probably go on for a few years.

Herta Fairbanks reported they just attended a sounding board meeting for the I-5/Mellen Street project, at which time the Washington State Department of Transportation (WSDOT) laid out their schedule for the Mellen Street interchange work and the connection to Airport Road. She reported the good news was they would be starting the

October 24, 2011

project in 2012, but the bad news was they've guaranteed Airport Road would be closed for at least two years, potentially three. Ms. Fairbanks indicated there were a lot of moving pieces to WSDOTS' scope. She reported they planned to start by creating the collector/distributor lanes between Harrison Avenue and Mellen Street, and at the same time they would also start on closing down Airport Road from Mellen Street to where Louisiana Avenue would connect. Ms. Fairbanks reported the closure would impact a lot of things and the only part WSDOT would commit to leaving open was the road down to the meat shop, so they could continue their business.

City Manager MacReynold reminded the council that this was not an Airport Road/Louisiana Avenue project, but a Mellen Street project, and our piece was a very small piece of a much bigger project, which would drive their timeline for multiple years.

Councilor Taylor wondered if they would allow the connection over the dike to be looped around. Ms. Fairbanks felt the unpaved portion of Louisiana Avenue was going to be the least of WSDOT's concern, noting their focus would be on the new interchange and what they could do there first.

Councilor Harris inquired about the \$15 million Chamber Way Bridge Replacement listed on the CIP, noting he assumed that was for the railroad bridge. Ms. Fairbanks stated it was in fact the railroad bridge.

Councilor Taylor stated in the future he would like to see the actual amounts needed for the automotive equipment reserve fund and the arterial street fund. He wanted to know how much the budget committee should be putting into those funds, so the city can actually buy or replace vehicles and equipment, and maintain the streets. City Manager MacReynold stated Councilor Taylor made a good point.

Councilor Lund didn't believe things were going to get better anytime soon. He noted his vendors are saying sales are down fifty percent and they were laying people off. Councilor Lund stated he hoped they don't go out and get a bunch of bonds and put the city in debt, because it might be tough to pay them back.

Councilor Dawes moved that the council adopt Resolution No. 18-2011 on first and final reading.

The motion was seconded by Councilor Pope and carried unanimously.

11. **Liquor Tax Initiative.** Councilor Taylor inquired about the liquor tax initiative, wondering if it were to pass, do we know how it will affect the city monetarily. City Manager MacReynold stated he believed the city received about \$90,000 in tax revenue annually, which would obviously go away. He noted at this point they didn't know what the affect of other stores selling liquor would have on the city, with reference to sales tax.

Councilor Dawes didn't believe AWC took a stand one way or the other on the issue. He suggested the original intention of initiatives were probably very honorable, but as they've found out, well intentioned acts don't always come out to be as well intentioned as the author thought they should be.

12. **Lodging Tax Funding.** Councilor Lund stated he always thinks about the kids in our town, and how important they are to our future. He brought up the issue of the ballfields, adding if we had some help with them perhaps we could get more people here to spend their money, which would give the city more revenue to buy vehicles and equipment. Councilor Lund wondered if they shouldn't give direction to the City Manager to prepare a presentation for the LTAC to reconsider helping out more with the ballfields.

Councilor Harris noted they would first have to have a project and it would need to go before the LTAC for a recommendation before the council could act on it. He added staff made two very good presentations at the last meeting of the LTAC.

Councilor Pope agreed it would be good to look at the fund for future help with the ballfields. He reported there was a field behind Olympic School that was currently in the planning stage for soccer, football and baseball fields, and a walking path. He reported the Chehalis Foundation had invested money into that project, and suggested if the council wanted to help out that would be one project they could look also at.

October 24, 2011

Councilor Taylor stated it might be a good time to look at what the council's been asked to do, what services they've been asked to provide for the people that live here, and what things they've had to cut back on because of the economy. He suggested that giving the money away may not be the right decision and urged caution.

Councilor Harris reported the number one source of putting heads-in-beds was our sports tournaments, and the second was the Bridal Fair.

The consensus of the council was to have staff look and see what they could come up with. City Manager MacReynold stated the administration would be more than happy to look into it. He understood and agreed that the programs that bring families and kids to the area have a positive financial impact on the community.

The council continued their discussion on potential projects for the city and the possibility of reducing some of the recommendations of the LTAC, to see if they want to give those funds out in 2012 or hold them back for other purposes.

There being no further business to come before the council, the meeting adjourned at 7:36 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

November 14, 2011

The Chehalis city council met in regular session on Monday, November 14, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; Bob Nacht, Community Development Director; Dale McBeth, Municipal Court Judge; Becky Fox, Court Administrator; Rick Sahlin, Street Superintendent; Patrick Wiltzius, Wastewater Superintendent; Dave Vasilauskas, Water Superintendent; and Judi Smith, Public Works Office Manager. Members of the media included Bianca Fortis from *The Chronicle* and Bruce Hunting from KITI.

1. **Citizen Business.**

a. **Introduction of Medical Student.** Councilor Pope introduced Brian McCarthy, a medical student who was rotating through various clinics in the community.

Mr. McCarthy reported he was a third year medical student going to Pacific Northwest University, which was an osteopathic medical school in Yakima that opened up in 2007. He noted he and another student were rotating through the different clinics in Centralia and Chehalis, and at the hospital. Mr. McCarthy added it had been a real pleasure so far.

b. **Introduction of New General Manager from Twin Transit.** Councilor Taylor introduced Rob LaFontaine, the new general manager for Twin Transit. He reported Mr. LaFontaine came from Arizona, but was a native of our area.

Mr. LaFontaine reported it was a pleasure to be back home and he looked forward to handling all of their transit concerns.

2. **Public Hearing on 2012 Proposed Budget and Revenue Sources, Taxes, and Levies.** City Manager MacReynold reported this was a very important time for the city, adding this was council's opportunity for consideration of the city's budget and approval of tax levies. He indicated the budget being presented was balanced and maintained good reserves. City Manager MacReynold noted the reserves in the general fund were improving; however, there were some problem areas with regard to the water, wastewater, and stormwater funds, adding the administration would be doing an internal rate study sometime next year.

Mayor Ketchum closed the regular meeting at 6:04:40 p.m. and opened the public hearing. There being no public comment Mayor Ketchum closed the public hearing at 6:40:50 p.m. and reopened the regular meeting.

3. **Update on Chehalis Community Pool Project.** Mike Austin, President of the Chehalis Foundation, reported they had sent out over 600 information packets to local businesses and past patrons of their various projects. He noted he brought copies of the engineering report if anyone was interested in looking at it.

Mr. Austin reported they wrote four grants for local businesses and recently heard back that they had made it to the second level of the process on a couple of them.

Mr. Austin reported they recently started up a lapel pin drive, adding the pins were \$5 each and people could pick them up at various locations throughout the community. He stated the Foundation was putting up \$100,000 of their funds and would match dollar-for-dollar for the first \$100,000 raised for the project. Mr. Austin indicated the project was estimated to be around \$340,000 and was pleased to report they were about one-third of the way there. He suggested it wasn't very often that a city receives a gift of \$100,000, adding it was a pretty important endeavor.

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

a. Minutes of the regular meeting of October 24, 2011;

November 14, 2011

b. Claim Vouchers No. 92011 and 101363-101487 in the amount of \$263,683.18 dated October 31, 2011; and Payroll Vouchers No. 35136-35209, Direct Deposit Payroll Vouchers No. 2656-2726, and Electronic Federal Tax Payment No. 104 in the amount of \$640,059.45 dated October 31, 2011; and

c. Adopt Resolution No. 17-2011 on first and final reading declaring city property as surplus.

The motion was seconded by Councilor Taylor and carried unanimously.

4. **Administration Reports.**

a. **Update on Debt Issuance.** City Manager MacReynold reported the council was briefed on the issue of the city issuing debt at the last regular meeting.

Ms. Lindgren reported the city recently had a rating call with Standard and Poor's (S&P) Corporation and received a rating of "A," noting that was very good for a government of our size. She stated S&P was quoted as saying "S&P was very impressed with the steps the City took to improve its financial condition over the last few years." Ms. Lindgren reported they did note a small downside in terms of the slightly weaker than average fund balance; however, they felt the city was stable.

Ms. Lindgren indicated an ad was placed in *The Chronicle* on November 12, 2011, for the bond issuance. She reported not all tax exempt debt could be purchased by a bank; however, because it was bank qualified debt, a bank could purchase it and receive all of the benefits.

Ms. Lindgren reported the bonds would be priced on November 17 and they were looking at a closing of the bonds on December 6, 2011, which was when the city would receive the cash from the sale into our bank account.

b. **Community Rating System (CRS) Annual Repetitive Loss Program Report.** Mr. Nacht reported the city continued to participate in the CRS program along with other jurisdictions in the area. He noted the progress report was a mandatory element for annual recertification. Mr. Nacht reported the city currently had a 'Class 5' rating, which resulted in a 25 percent reduction in flood insurance premiums for local residents. He stated it would be interesting to see what happens to the CRS program over time with the issues the federal government and insurance industry are facing, noting the economic downturn not only affected small cities, but all governments including the CRS program. Mr. Nacht reported the FEMA flood mapping and flood insurance all affect how our CRS program operates.

Mayor Ketchum noted he saved about \$50 on his flood insurance because of the program.

5. **Council Reports.**

a. **Parking Issue.** Councilor Spahr reported the city's current parking ordinance allowed for anyone to park a vehicle on a city street for however long they wish, as long as the vehicle is licensed and in running condition. He talked briefly about a situation up on Washington Avenue where they have a vehicle that's been parked on the street for at least seven to eight months.

Councilor Spahr stated he would like to see something in the ordinance that would allow people who are having a problem with this issue, some kind of resource to go to.

City Manager MacReynold reported he and Police Chief Glenn Schaffer have communicated with each other regarding the issue. He noted the ordinance does not require any more than what Councilor Spahr identified. City Manager MacReynold reported some jurisdictions put time limits on neighborhood parking, anywhere from 48 hours to a week depending on what's going on in the jurisdiction. He stated if the council wished for the administration to bring back something formal, they certainly would be happy to do that.

Councilor Pope noted Washington Avenue was a very difficult street to drive down to begin with, adding it didn't make sense to allow a vehicle to sit for months on end.

November 14, 2011

Councilor Spahr reported most of the people on Washington Avenue have parking under or behind their homes in the alley, and suggested the area in front should be available for guests or night parking. He felt that allowing the vehicle to park on the street for months on end was a real detraction to the neighborhood.

Councilor Dawes reported, in a previous life, he dealt with the issue and it had been discussed a number of times. He suggested if they were to put a time limit such as 48 hours, the first thing that would probably happen would be someone parks a vehicle on the street and leaves town for a few days and when they return they find that their vehicle has been towed. Councilor Dawes agreed with what was being presented and supported finding something to eliminate the problem.

Mayor Ketchum felt it was an issue, but could not see penalizing a homeowner for not moving their vehicle.

Councilor Taylor suggested as they look at it, it would be nice to apply something citywide and not just on the one street.

The consensus of the council was for the administration to look into the matter and bring something back for their consideration.

City Attorney Bill Hillier reported they had talked at length about the notice requirements needed to get the word out, so people are not caught up in a situation similar to what Councilor Dawes described earlier.

Chief Schaffer reported operationally the ordinance itself would not be difficult to change. He noted logistically it would not be easy with only one part-time parking control officer; however, it probably could work on a 'complaint' basis. Chief Schaffer reported the RCW's require a 24 hour notice, but thought that would be too short of a time period.

Councilor Dawes asked if there was any city out there that has found something workable. Chief Schaffer stated what he had found was that most of the larger jurisdictions had a 72 hour ordinance, but they also have full-time staff to deal with it. He noted he was unable to find any smaller agencies that have one on the books, probably due to the difficulty of enforcing it.

Chief Schaffer reported one of the difficulties of dealing with it would be the history, adding people have habits of leaving their cars parked on the street. He suggested educating people would be one of the first things they would have to tackle.

Councilor Spahr stated he didn't care if it was limited to two weeks, adding the problem was anyone could bring a car in from anywhere and put it on the street and tell the city that it runs and the city has no authority to ask that person to start it up and turn the wheels, which didn't make any sense to him at all. He suggested it was cheap storage for some people.

Councilor Harris noted if they did it on a 'complaint' basis, the time period wouldn't start until the police were notified and then it would be another two weeks before anything could be done.

b. **Update from Councilor Dawes.** Councilor Dawes reported on the recent issues of the Lewis County Historical Museum, having to do with the discovery of the endowment funds demise. He noted, as a result of the election that the society members had at their meeting last Sunday, a whole new slate of officer's had been elected to take over at the first of the year, or sooner depending on what the other officer's choose to do.

Councilor Dawes noted a Board Resolution was passed authorizing him to secure records that would normally be made available to auditor's and/or accountants, which have been secured and delivered to the person doing the initial review. He noted there were issues of getting the 990 Non-profit forms filled out for past years dating back to 2008. Councilor Dawes reported the accountant was diligently working on the matter and the new board would get to the bottom of what occurred and do what needs to be done. He stated he was very confident that the individuals selected to lead the museum in the future, including Councilor Lund who was elected as the new treasurer, would do

November 14, 2011

exactly that and put this tough time behind them.

Councilor Dawes reported he and Councilors Lund and Spahr had the monthly North Lewis County Regional Fire Authority Planning Committee meeting coming up on Wednesday, November 16 at Lewis County Fire District #6.

c. **Update from Councilor Taylor.** Councilor Taylor reported he had some neighbors ask if there was anything the city could do to prevent people from converting a single-family dwelling into an apartment type facility. He noted the city had zones where certain things can be built and it would be nice if the zoning regulations could be upheld. Mr. Nacht reported in the land use arena there were a number of issues. He noted both the city and private property owners have rights and responsibilities, and in this case, he would need time to understand what the situation was and how the rules apply to it, adding he could certainly look into it.

6. **Ordinance No. 881-B First Reading – Revisions of Sewer Rates for Lewis County Water & Sewer District #4 and Napavine for 2012.** Patrick Wiltzius reported the 2012 rates would be going up about 22 percent for Lewis County and 26 percent for the city of Napavine, mainly due to their growth as compared to ours. He indicated, overall, the rate of inflation was about 3.4 percent for Lewis County and 4.3 percent for Napavine since 2005. Mr. Wiltzius noted the rates have been given to both agencies for their review and he had not heard of any objections.

Councilor Spahr asked if there was any explanation as to why it goes up and down so much. Mr. Wiltzius noted each year the flows are different depending on how many rain storms we have, growth in each community, and expenses. He noted the fees were for the treatment of sewage, adding the debt service was a separate issue.

Councilor Harris moved that the council pass Ordinance No 881-B on first reading.

The motion was seconded by Councilor Pope and carried unanimously.

7. **Ordinance No. 883-B, First Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2012; Ordinance No. 884-B, First Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2012; and Ordinance No. 882-B, First Reading – Adopting the 2012 Budget.** City Manager MacReynold reported they spend about four months each year putting together the city's budget. He thanked the department manager's for the incredible job that they do, especially during these challenging times. City Manager MacReynold recognized and thanked Ms. Lindgren who spent countless hours working on the documents. He thanked the 2012 Council Budget Committee members made up of Mayor Pro-tem Dawes, Councilor Harris and Councilor Spahr. City Manager MacReynold also thanked Councilor Taylor who served on the budget committee for many years, up until this year.

City Manager MacReynold talked briefly about the 2012 budget. He noted they had reduced the general fund budget by about 12 percent and projected to bring in about 13 percent less in taxes and revenues. He noted, in spite of the reductions, the city was doing very well with reference to the ending fund balance and we continue to strengthen our position, which spoke well of the council and the management team.

City Manager MacReynold reported the biggest concern for 2012 was in the water, wastewater and storm utility funds, adding the administration was going to have to do an in-house assessment as to where we are with that. He noted the administration plans to bring some recommendation to the council for their consideration in early to mid-year next year.

City Manager MacReynold reported they were not proposing any tax increases in property tax or emergency medical services, as directed by the council. He stated, based on the state requirement, they were recommending to reinstitute the firemen's pension fund which is paid for through tax levy funds.

Ms. Lindgren reported, with regards to the property tax levy, there were certain increases that the city was entitled to, primarily having to do with 'new construction' and increases resulting from reduced assessments that were not programmed in for the current year.

November 14, 2011

Ms. Lindgren reported her calculations for the tax levy were based on estimates because she had yet to receive her numbers from Lewis County. She briefly explained the process of how the county comes up with their numbers, adding she did not expect things to change once she receives the numbers from the county.

Councilor Dawes stated he wanted to clarify that the general property taxes in Chehalis were not going up in the general fund, and the tax increase they see will be on the firemen's pension fund, which the State enacted a number of years ago. He reported the State set up a program in which 22.5 cents per thousand would be levied through the property tax to be used solely for the senior firefighter's that retired prior to the evolution of the former LEOFF 1 system. Councilor Dawes indicated the tax collected for this purpose would not be comingled with the general fund in any way, shape, or form. He noted a number of years ago they had about \$500,000 left in the fund and the council at that time made the correct decision to not levy the tax; however, over the years, and with some recent medical issues that have come up with some of the retirees, that fund has gotten to the point that it's starting to raise some alarm. Councilor Dawes explained that they need to start building a cushion because the city still had a few retirees that qualify for it. Ms. Lindgren added, an actuarial evaluation would be required if the city were to discontinue or reduce it. She noted the actuarial basically looked at what the total estimated liability was for the fund. Ms. Lindgren stated it was very clear just by looking at the budget that this is something they really need to do in 2012.

Councilor Pope asked how many people were covered in the firemen's pension fund. Ms. Lindgren believed they had five left in the program. She noted the LEOFF 1 firefighter retirees were accounted for in the non-departmental fund.

Councilor Spahr noted some of the pre-LEOFF retirees were in their 90's and asked what would happen with the money left in the fund once the last of the five passes on. City Attorney Hillier reported state statute allowed for it to be rolled into the general fund at that time.

Mayor Ketchum stated he understood it to be a mandatory tax and wondered if they had to take the whole 22.5 cents per thousand. City Attorney Hillier indicated it was mandatory and they couldn't cut it, but as Ms. Lindgren stated, they could get an actuarial person to come in and value it, and make the determination if there's a point when the city won't need it any more. Councilor Spahr asked how much it would cost to do the actuarial study. Ms. Lindgren noted she looked into it a few years ago and thought it was between \$10,000 and \$20,000. The council agreed it wouldn't be worth it.

Councilor Dawes thought the state did actuarial studies on all of the pension systems. He added one of the things that probably called for reinstating the tax would be if they have one of the retirees go into a nursing home, adding it would take that fund down \$100,000 a year real fast. Councilor Dawes believed now was the time to do it, and didn't want anyone to think they were doing it just to build the fund up to put into the general fund.

Ms. Lindgren reported the revenues for the enacted levy would only slightly exceed the expenditures the city is expecting to make.

Councilor Taylor noted, for clarification, for a \$100,000 home a family could expect to pay \$22.50 more a year.

Ms. Lindgren reported on some of the key items in the proposed 2012 budget. She noted the following:

- No fee increases budgeted in 2012, with the exception of the garbage fund for the organic waste disposal passes
- In-house rate study to review rates for the wastewater and water funds (budget did not reflect rate increases in the wastewater fund per Ordinance No. 881-B)
- Lodging Tax Advisory Committee recommendation still needed to be incorporated into the budget document
- City continues to fund the salaries of 1.71 full-time equivalent (FTE) police officers out of the gambling enforcement fund; however, it is projected that, in 2013, this fund will no longer be able to fund 1.71 FTEs

November 14, 2011

- New fund in the budget - 2011 General Obligation Bond Fund

Councilor Dawes asked if the loan repayment to the water and wastewater funds was plugged into the numbers yet. Ms. Lindgren indicated it was already taken into account because the repayment would happen in December 2011.

Councilor Taylor moved to pass Ordinance Nos. 883-B, 884-B, and 882-B on first reading.

Councilor Dawes seconded the motion.

Councilor Taylor asked if there were other revenue streams out there that would fund a police officer, other than the general fund. City Manager noted they could only be funded out of the general fund.

The motion carried unanimously.

8. Lodging Tax Advisory Committee (LTAC) Recommendations for 2012 Tourism Funding and Reappointment of Memberships. Councilor Harris reported they've had a few weeks to digest the information provided with regards to the recommendations of the LTAC. He stated he wanted to open it up for discussion by the council to find out where they were at.

Councilor Harris noted, from discussions he had with several of the council members, they were kind of all over the place on different things. He suggested they may need to look at it one item at a time unless someone had another idea.

Councilor Taylor asked that they take them one at a time, since he would have to recuse himself on at least one of the recommendations, adding he represents the Chehalis-Centralia Railroad and Museum.

Councilor Lund reported they talked about taking some of the funds and using them on the thing that brings in the most hotel/motel tax revenue. He noted they had a discussion at the last meeting about fixing up the ballfields because they dearly need it. Councilor Lund wondered if they should direct staff to put in a proposal to the LTAC and have a recommendation brought back to the council for consideration.

City Manager MacReynold suggested, before they begin to move through the process, it might be good for the council to hear what Mr. Nacht and staff had come up with regarding things the city could do and what the costs would be.

Mr. Nacht reported, since the last discussion, they did take a look at some of the things that would be necessary to enhance our ability to run tournaments on the fields that we have, and also the length of time in the year that those fields are playable. He stated one of the important items they identified was drainage systems, adding the fields do not drain well or properly, and over the years the ground has shifted and the playability and maintenance of them has caused a different topography on the fields. Mr. Nacht reported what to do with them was complex and they would be dealing with an estimated range of costs.

Mr. Nacht reported the first priority would be the Recreation Park fastpitch complex, adding they would have the greatest advantage to enhance the tournaments if this complex were remodeled, particularly the drainage and soil amendments on the fields. He noted the amenities at that facility, such as the restrooms, concessions, and dug outs, were important as well, but the playability of the fields was primarily centered on the drainage, soil amendments, and the maintenance of the fields during the season. Mr. Nacht stated they didn't have a specific cost, but estimated it would take somewhere in the neighborhood of \$20,000 to \$30,000 to spruce the fields up to topnotch.

Mr. Nacht suggested, with the improvements noted, they could start soliciting for tournaments earlier in the year and play on them longer. He stated it they had the maintenance staff during the season they could also groom them between games and get more games on them during the week and on the weekends.

November 14, 2011

Mr. Nacht reported the second priority would be the Stan Hedwall Park complex, which was primarily used for soccer, and by Babe Ruth, and Little League. He stated it would also benefit by drainage improvements, adding the problem they have at Stan Hedwall Park was that it's in the floodplain, so it's under water part of the year, and it's a pretty good size area. Mr. Nacht didn't have a specific cost of what it would take to do the improvements, but thought it might be in the tens of thousands of dollars. He reported they would want to take a look at what would be the best benefit, noting both the drainage systems and some level of flood protection would need to be addressed in order to make it work right.

Mr. Nacht stated they also had a number of uses for Stan Hedwall Park for large scale community venues, such as: Music in the Park or rock concerts.

Councilor Spahr asked what the recommended \$33,200 would be used for. Mr. Nacht reported the money was for what they identified it costs the division to run the tournaments during the existing year. He noted it would be used to pay umpires and referees, and on the facilities themselves, adding they have to add soil amendments every year to make them playable.

Mr. Nacht reported if they had better facilities they could have a longer playing time and could theoretically solicit more teams to the area to generate additional revenue, but there would also be some increase in the cost of doing that.

Councilor Spahr asked if the teams paid an entry fee for the tournaments. Mr. Nacht reported they did, which covers the costs for the tournament themselves, but not the upkeep of the facilities.

Councilor Harris reported the state has allowed a broader usage of the funds, including things like promotional T-shirts, awards, and trophies; however, after 2013 some of those things might not be eligible.

Councilor Taylor asked if Councilor Pope would give a status report on the field behind Olympic School that the Chehalis Foundation was working on. Councilor Pope reported they had completed the first phase, which was the engineering for the drainage system. He noted some of the money for the engineering was coming from the Foundation and there were other groups who are going to be contributing financially.

Mr. Nacht reported the city had received the permit application for the site work to develop that facility and they were currently doing the processing of that permit, which included drainage, filling, and soil amendments. He indicated a couple of years ago the city received a proposal from the Lewis County Trails Association to put in a mile-long trail around the perimeter of Stan Hedwall Park, and pledged \$35,000 towards the project. The engineering estimate for the project submitted by the Trails Association was for \$228,000. Mr. Nacht noted the project was sitting on the books and believed it was in the city's Capital Facilities Plan as an unfunded project. He suggested the walking trails and upgrades to the facilities would draw people into the community, and were activities that recreation services would support.

Mayor Ketchum inquired about the men's slowpitch fields at Stan Hedwall Park, noting back in his younger days that was like the only game in town and they were filled all summer and weekend long. He asked if they were used much anymore, besides for youth soccer. Lilly Wall reported they do have a men's "Twin Cities Slowpitch League" that use the fields during June and July. She noted they also have a coed church league and a summer coed league that use them on Friday's. Ms. Wall stated the amount of use had decreased over the years, which has been a statewide trend. She reported her goal was to make it a more multi-use facility for adults, little league and girls fastpitch.

Councilor Pope reported there was an effort being put together to build a batting facility over by W.F. West High School, adding the group working on the project was usually pretty successful in what they attempt to do. He felt there were a number of efforts to improve facilities in our community to make it a better quality of life for our kids, and in the process of doing that, it also makes our city more attractive.

November 14, 2011

Councilor Lund brought up the issue of things changing regarding the use of the funding. He felt the city should use the money while they can, and direct staff to draw up a plan to send to the committee. He noted it sounds like there's a lot of work to be done that would be advantageous to our youth.

Mayor Ketchum believed they were all in favor of fixing up the fields and to have staff look more in-depth at what it would take to upgrade Recreation Park and Stan Hedwall Park.

Councilor Spahr thought there would have to be some kind of study to analyze what could be done and what it would cost.

City Manager MacReynold stated if that was the desire of the council it would be cleaner for the administration, adding they need to keep a record because the council was giving direction back to the LTAC. He asked for a motion directing the administration to look at upgrading Stan Hedwall Park and Recreation Park.

Councilor Harris reported they had discussed the issue at the last meeting and felt the council agreed to have the administration put a proposal together to take back to the committee, adding he and other members of the LTAC got that message loud and clear. He also felt staff was aware that the council wants some kind of a program put together to where it will help the community and the ballfields. Councilor Harris stated he was looking for direction from the council, adding they had to figure out if there was a dollar amount that they want to set aside or hold back, or if they want to utilize more of the reserves. He didn't know if a motion would be necessary to direct staff to do that, or not.

Councilor Lund didn't think they could make any decisions on anything other than what the LTAC recommended. Councilor Harris reported the problem was there wouldn't be enough time before the end of the year to get a project put together to present to the committee, and still be able to include in the 2012 budget. Councilor Lund stated that was not told to them at the last meeting when they were discussing it.

Mayor Ketchum suggested they were not necessarily looking at spending the money; they just want a project brought back. He stated their job that night was to look at the recommendations from the LTAC, and where they were going to get the money for a project to come to them sometime in 2012.

Councilor Harris stated if they have a figure in their head of what they want to keep, they could slice off of what the LTAC recommended and keep enough money back to satisfy what they think they might want to put towards future city projects.

City Manager MacReynold thought the direction from the last meeting was clear, that the council was interested in what the city could do and what it would cost. He stated, based on the information provided by Mr. Nacht and staff, they were looking at a project in the range of \$30,000 for the upgrades at Recreation Park. He noted the project at Stan Hedwall was more complex and would take some analysis and time.

Councilor Spahr brought up the issue of the ownership of Stan Hedwall Park in the near future. Councilor Pope stated they had 14 years before their lease runs out with the State.

Mayor Ketchum stated in order to set aside some money to build up the reserve they were going to have to change the recommendation of the LTAC, to lower the recommended dollar amounts.

Councilor Lund stated he wanted to see something done for the kids. Councilor Harris stated the \$33,200 recommended by the LTAC for the community development department would be doing some of that by supporting the tournaments. He added that financial assistance would relieve some of the costs on actual labor that could be used for the upkeep of the facilities. Councilor Harris thought they had the right direction as far as what the council was looking for, adding everybody agreed that they want to see what they can do about improving the quality of the facilities themselves.

Councilor Lund thought the money spent on city projects should go into projects that make a difference, such as infrastructure, not for labor.

November 14, 2011

Councilor Taylor asked what the added costs would be to the city if they were able to extend the season. Mr. Nacht reported they did not go to that level of detail on the exercise performed, but they certainly could bring back a proposal that had that information in it. He suggested the \$33,200 requested was identified specifically as recreation division costs of putting on tournaments that bring people to the community. Mr. Nacht stated if they were to run a longer season he wasn't sure if it would cost significantly more, but they would have to do the exercise to find out what it would be.

Councilor Spahr asked if the funding could be amended mid-year. Councilor Harris stated it could be, after a meeting of the LTAC. Councilor Spahr stated they could talk about it all night and never get anywhere. He stated if they were to reduce all of the recommendations by 10 percent it would give them another \$16,000 in reserves, which should give them enough money to do something on Recreation Park.

Councilor Harris stated if they looked at the number of requests and the amount of money requested, most of the items had either been reduced or not funded. He reported all of the programs, as far as the LTAC was concerned, were important and crucial programs that cumulatively build the atmosphere of the city, adding he didn't want to rob Peter to pay Paul.

Councilor Lund stated all of the groups listed had been asking for money for years and wondered why they hadn't figured out how to do it without asking for the money. He quoted a former city commissioner, Bob McGandy, as saying "this isn't the Salvation Army, find it yourself." Councilor Lund stated that was kind of how he felt, and believed they should use the money to take care of the city and the kids.

Councilor Dawes suggested if there were some specific ideas and recommendations to be made, they should make them; otherwise they needed to move on. He stated he was a little concerned about spending down the reserves, adding he didn't want to take away from what they were building for next year, in case something changes and we're unable to use it for what we've used it for in the past. Councilor Dawes stated, while he thought building the ballfields was great and he didn't have any problem with that, he did have concerns about spending down the reserves.

Councilor Pope felt it would take a major effort to do something this year, so rather than take money away from what had already been recommended by the LTAC he suggested they look at the future of the money coming in, and recommended the city keep 75 percent for city facilities and distribute 25 percent elsewhere. He stated that would give staff enough time to research, plan and prioritize what projects they want to do, and know that the money will be available to do it.

Councilor Harris suggested they go through the list one by one and discuss what they would like to settle on.

Mayor Ketchum made the following recommendations in order to set aside \$25,000 for city projects:

- Veterans Memorial Museum – reduce recommendation from \$25,000 to \$20,000
- Chehalis-Centralia Railroad Museum – reduce recommendation from \$30,000 to \$20,000
- Lewis County Historical Museum – reduce recommendation from \$22,500 to \$17,500
- Chehalis Garlic Fest – reduce recommendation from \$18,000 to \$13,000

Councilor Spahr stated it was hard for him to sit there and say that the organizations should receive less, because he wasn't in on the discussions of the LTAC. He noted as far as the kids go, he felt every one of the funding recipients help kids in a lot of ways, either today or in the future. Councilor Spahr stated he would really need to hear from the committee to see how it would affect what the organizations are doing.

Councilor Harris stated it was difficult for the LTAC to come up with the numbers being presented in the first place, adding the funds the organizations receive from other places are drying up, or depleting.

Councilor Taylor stated he was contacted by three of the local hotels and they all reported the biggest draw to fill rooms in their hotels was sporting events. He wondered if there was a way they could work together with the hotels to help create more heads-in-beds.

November 14, 2011

City Manager MacReynold reported, based on the conversation, the mayor identified an additional \$25,000 by recommending some reductions. He stated if the council decides they want to proceed with priority number one, they could draw down the reserve by \$10,000 which would give them \$35,000 to focus on Recreation Park next year. City Manager MacReynold added, based on the recommendation from Councilor Pope the council could give direction to the LTAC for next year to appropriate 75 percent of the funds for city related projects, and distribute 25 percent of whatever revenue is available between the different organizations. He noted that would allow council to take on the following actions: get something done in 2012; fund a lot of the organizations that are in the mix already; and put the organizations on notice that next year it was going to be very different.

Councilor Pope made a motion that 75 percent of the money taken in for tourism tax be reserved for city projects, and 25 percent be allocated between the organizations applying for funding.

Councilor Dawes requested clarification on the motion, wanting to know if it would affect the 2012 appropriations, or 2013. Councilor Pope noted it would not affect the recommended 2012 appropriations.

Councilor Spahr asked if passed, would it be in concrete or just a goal of the city. City Manager MacReynold stated it would clearly send direction to the LTAC and the administration on how we approach funding for 2013. Councilor Harris reminded the council that it's a fluid situation, adding the council can make amendments and adjustments when necessary.

Councilor Dawes called for the question and the motion passed six to one, with Councilor Spahr voting against the motion.

Councilor Spahr moved that the council reduce each recommended appropriation by 10 percent and leave the balance of the proceeds in the ending fund balance reserve, and decide what they do with it at a later date.

Councilor Harris seconded the motion.

Mayor Ketchum didn't believe that would be enough money.

Councilor Lund made a motion to amend the motion to make it 30 percent.

Councilor Taylor noted he needed to recuse himself from voting on the motion because it included one of the organizations he represented.

Councilor Lund withdrew his motion to amend the motion.

The motion failed 2-4 with Councilor's Harris, Lund, Dawes and Mayor Ketchum voting against the motion.

Councilor Spahr moved to reduce each amount by 20 percent.

Mayor Ketchum stated he would hate to drop the amount recommended for the Chehalis Bridal Show since they were the second highest event that brings in heads-in-beds, and recommended they leave that one alone. Councilor Harris agreed.

Councilor Dawes reported he was the council representative to the Lewis County Historical Museum and having firsthand knowledge of what they're going through he would hate to see their funding reduced. He felt they were going to need what funding they get from both the county and the city to use as a seed to get things started back up. Councilor Dawes stated he also had a problem with doing a straight across the board cut.

The motion died for a lack of a second.

Councilor Spahr moved to reduce all of the recommendations by 20 percent with the exception of the Chehalis Bridal Show and the Lewis County Historical Museum.

November 14, 2011

Councilor Dawes seconded the motion.

Mayor Ketchum indicated the motion included funding for the city and felt that was a bad cut. Councilor Harris agreed.

Councilor Dawes stated he would be willing to withdraw his second to the motion.

Councilor Spahr withdrew the motion.

Councilor Pope moved to accept the recommendations of the LTAC for 2012 appropriations.

The motion was seconded by Councilor Dawes

The motion carried 4 to 2 with Mayor Ketchum and Councilor Lund voting against the motion.

City Manager MacReynold noted it appeared the council was very interested in priority number one that Mr. Nacht identified. He asked if the council would be interested in the administration proceeding down a path to put a real proposal together for that project to take to the LTAC.

Councilor Taylor moved that the city be allowed \$10,000 to help them put a proposal together for improvements at Recreation Park.

The motion was seconded by Councilor Spahr and carried unanimously.

Councilor Harris reported Lee Grimes was stepping down from his appointment on the committee, so they would have to accept another applicant from another one of the recipients of funding. Councilor Spahr asked if this was something they could do at the next meeting.

Councilor Harris stated he would like to table the reappointments to the LTAC until the next meeting.

The consensus of the council was to table the reappointments until the following meeting.

9. **Revisions to Debt Management Policy.** Ms. Lindgren reported during the process of issuing debt, it was suggested to the city that we make some updates to our debt management policy due to some post compliance issues. She noted she and City Manager MacReynold worked strenuously with the bond council to incorporate their recommendations into the policy. Ms. Lindgren reported the main focus of the amendments was in the section dealing with post-issuance compliance for tax-exempt bonds.

Ms. Lindgren noted the amended section of the policy referred back to Ordinance No. 878-B, which stated "the designated representative (City Manager), Finance Manager, and other officials of the city will do everything in their power to make sure the city does everything they are supposed to do to make sure things are copasetic."

Ms. Lindgren indicated she would report to the city manager on an annual basis to demonstrate what had been done to ensure compliance. She noted there was also a section addressing educational requirements to make sure the city stays on top of the changing rules and regulations.

Councilor Harris inquired about item number 2 under Section IV, which stated "the City Council has the overall, final responsibility for monitoring whether the City is in compliance with post-issuance federal tax requirements." City Manager MacReynold reported the administration would keep the council informed through regular reporting, as they do with other regular monthly and quarterly reporting.

Mayor Ketchum asked what would happen if they didn't sell all of the bonds. Ms. Lindgren stated she didn't anticipate that happening, adding the rating the city received made them very attractive. She reported they could always choose to not accept the contract, noting the city was not obligated to sign off on any anything unless it meets

November 14, 2011

with the parameters of the ordinance approved by the council.

Councilor Spahr moved that the council adopt the Debt Management and Post Issuance Compliance Policy.

The motion was seconded by Councilor Taylor and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 8:02 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk

November 28, 2011

The Chehalis city council met in regular session on Monday, November 28, 2011, in the Chehalis city hall. Mayor Pro-tem Dawes called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Chad Taylor. Mayor Ketchum was absent (excused). Staff present included: Merlin MacReynold, City Manager; Amanda Vey, Assistant City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; Bob Nacht, Community Development Director; Becky Fox, Court Administrator; and Herta Fairbanks, Public Works Director. Members of the media included Bianca Fortis from *The Chronicle*.

1. **Santa Parade**. Chamber Executive Director Jim Valley reported the 62nd Annual Santa Parade would be taking place on Saturday, December 3, at 11:00 a.m. He noted the grand marshals would be J. (Jim) and Suzi Vander Stoep, adding the Vander Stoeps had been a part of the community for many years and their contributions were endless. Mr. Valley reported members of the Seattle Sea Gals would also be on board one of the floats as special guests of the parade. He noted following the parade, the Sea Gals would be at the Market Street Pub from noon to 1 p.m. for a meet-and-greet, adding the pub would be open to all ages during that time. Mr. Valley stated he looked forward to having Mayor Pro-tem Dawes as their Master of Ceremonies again this year.

2. **Continue Public Hearing on 2012 Proposed Budget and Revenue Sources, Taxes, and Levies**. City Manager MacReynold thanked the council budget committee once again for their involvement in the process. He also thanked the department directors and their staff for putting the budget together, adding it was a very time-intensive process. City Manager MacReynold reported they were presenting to the council a balanced budget with reserves better than the previous year. He reminded the council that they were going to have to look at the water, wastewater, and storm water utility rates early next year and would be coming back to them with information on that.

City Manager MacReynold felt the city was in good financial shape, and if their projections were correct, the city should end up with a reasonable ending fund balance at the end of the year.

Mayor Pro-tem Dawes closed the regular meeting at 6:05:51 p.m. and opened the public hearing. There being no public comment Mayor Pro-tem Dawes closed the public hearing at 6:06:34 p.m. and reopened the regular meeting.

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

- a. Minutes of the regular meeting of November 14, 2011; and
- b. Claim Vouchers No. 101488-101628 in the amount of \$165,192.16 dated November 15, 2011.

The motion was seconded by Councilor Pope and carried unanimously.

4. **Administration Reports**.

a. **Update on Debt Issuance**. Eva Lindgren reported the city did very well on the issuance of the dept, noting we were able to get a better interest rate than another government agency rated the same and going out to sale at the same time. She reported the total all-in cost, including the issuance costs, came to approximately 3.86 percent. Ms. Lindgren noted everything sold by the day City Manager MacReynold was set to sign the paperwork. In response to the question that came up at the prior council meeting regarding what would happen if they didn't all sell, she reported there was another entity in Washington that didn't sell everything right away and ended up having to increase the interest rate in order to get people to buy them.

Ms. Lindgren reported the city issued \$1.155 million with a slight premium, and at the end of the year the 2011 General Obligation Bond Fund would have \$4,270 in it, once all of the bond issuance costs are paid.

b. **October Financial Report**. Mr. Lindgren reported on the general fund property tax, noting what they were seeing in the October report were September collections. She stated she obtained information from the Lewis County Treasurer's Office on the amount received through November 18, which showed we were on track with over

November 28, 2011

\$495,000 in the general property tax and over \$94,000 in the emergency medical services tax.

Ms. Lindgren reminded the council that the proceeds for the long-term debt would not be included in the November report because they would not receive the cash from the bond sale until December 6.

Ms. Lindgren reported because they went through the process of changing some language in the Chehalis Municipal Code (CMC) and getting the revised Capital Improvement Plan approved to include the maintenance labor, she was finally able to do the journal entry to move labor and benefit costs out of community development into the REET funds, making the community development department look much better. She noted they were not allowed to charge any labor costs that related prior to the date of the new law, which went into effect in July.

Mayor Pro-tem Dawes stated he wanted to confirm that the repayment to the water and wastewater funds would happen at the time the money was received for the bond sale. Ms. Lindgren reported a journal entry would be done just as soon as the city received the money, and briefly explained the transaction that would take place between the general fund and the water and wastewater funds. Mayor Pro-tem Dawes stated he just wanted to make sure the utility funds were where they are supposed to be at the time the rate study is done next year. Ms. Lindgren assured Mayor Pro-tem Dawes that the money would be there.

5. Council Reports.

a. **Update from Councilor Spahr.** Councilor Spahr reported on the W.F. West Bearcat football game up at the Tacoma Dome, adding those who missed it missed one heck of a ball game. Councilor Spahr noted there was nothing but pride in the ball team, which showed in the way they handled themselves. Mayor Pro-tem Dawes stated he wasn't able to go up, but did watch the game on the computer. He felt the team did the community proud, adding they played very well.

b. **Update from Mayor Pro-tem Dawes.** Mayor Pro-tem Dawes reported he attended the monthly North Lewis County Regional Fire Authority Planning Committee meeting along with Councilors Spahr and Lund. He also attended the Business After Hours at John L. Scott Real Estate in Centralia on November 17.

Mayor Pro-tem Dawes reported, as everyone was aware, the Lewis County Historical Museum was going through a very difficult and intense reorganization. He noted, as a result of the reorganization, they were planning a grand re-opening on Friday, December 2, with a ribbon cutting ceremony at 5:30 p.m. Mayor Pro-tem Dawes indicated it would coincide with the "Evening with the Authors" event taking place from 5 p.m. to 7 p.m. He thanked all of those, including Councilor Lund, who had stepped in as volunteers to become heads of the organization to help steer them through this difficult time.

6. Tabled Items.

a. **Appointment and Reappointment of Lodging Tax Advisory Committee Members.** Councilor Harris recommended that the council continue to table the item until the second meeting in January, adding there was nothing time-sensitive at the moment. There were no objections by the council.

7. **Ordinance No. 881-B Second and Final Reading – Revisions of Sewer Rates for Lewis County Water & Sewer District (LCW&S) #4 and Napavine for 2012.** Herta Fairbanks reported the agenda item was to confirm the change in rates for Napavine and LCW&SD #4 for sending their wastewater to our treatment plant. She noted the rates would be going up based on their flows from 2010. Ms. Fairbanks indicated they would be looking at the way the agreement was calculated as part of the sewer rate adjustment next year, noting they were always a full year behind by the time the city gets around to calculating the new rates annually. She stated, for the sake of parity between city retail and wholesale customers, it made sense to bring them all on par.

Councilor Spahr moved that the council pass Ordinance No 881-B on second and final reading.

The motion was seconded by Councilor Pope and carried unanimously.

November 28, 2011

8. **Ordinance No. 883-B, Second and Final Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2012; Ordinance No. 884-B, Second and Final Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2012; and Ordinance No. 882-B, Second and Final Reading – Adopting the 2012 Budget.** Ms. Lindgren reported the agenda reports were very explanatory on what changes were made to the ordinances. She noted, based on comments received from the Lewis County Assessor's Office, the firemen's pension fund levy was rolled into the general levy, rather than having it as a separate reference. She noted when the city collects the money it would be recorded separately because we would know the relative portion for the general fund as opposed to the firemen's pension fund.

Ms. Lindgren reported the changes approved by the council at the last meeting were reflected in the 2012 budget document.

Councilor Harris moved to pass Ordinance Nos. 883-B, 884-B, and 882-B on second and final readings.

The motion was seconded by Councilor Spahr and carried unanimously.

9. **Ordinance No. 885-B, First Reading – Amending Section 5.16 of the Chehalis Municipal Code and Repealing Ordinance No. 640-B.** Ms. Lindgren reported the proposed amendments came out of a review she had to do of the CMC when working on the bond issuance. She stated the new language clarified what the underlying activity was when dealing with the lodging taxes.

Councilor Harris moved that the council pass Ordinance No. 885-B on first reading.

The motion was seconded by Councilor Taylor and carried unanimously.

10. **Ordinance No. 886-B, First Reading – Amending the 2011 Budget.** Ms. Lindgren reported this was the first reading of the budget amendment and the council should expect some additional changes at the second reading. She indicated there were still some adjustments that she was aware of that needed to be reflected, and she was still working with the departments to see what the needs were.

Councilor Taylor moved that the council pass Ordinance No. 886-B on first reading.

The motion was seconded by Councilor Pope and carried unanimously.

Councilor Pope asked if the funding received from the Chehalis Foundation was put into a special category, or if it went under the departments. Ms. Lindgren reported the city no longer nets donations against expenditures. She noted donations are recorded; however, what she tends to do is record cash that comes in as 'restricted' and it gets put into a separate account. Ms. Lindgren noted the city had several project numbers set up for the various foundation projects, so when money is spent they can run a report to see all of the expenditures that are for a specific foundation project and from there they reduce the reserve cash. Ms. Lindgren reported it was a process, but it made the city accountable.

11. **Ordinance No. 887-B, First Reading – Amending the City Parking Ordinance.** City Manager MacReynold requested that the item be pulled because there was some administrative work around the enforcement element that needed to be addressed.

Assistant City Attorney Amanda Vey reported, from the prospective of enforcement, she had a couple of concerns with regard to the provisions dealing with notice, specifically who was to receive the notice and how that notice was to be provided. She stated any impound actions taken by the city need to be defensible by the city, and the notice provision from her legal perspective was a little squishy. Ms. Vey wanted to see if they could tighten that up so there are fewer questions with regard to enforcement and notice.

12. **Fire on Washington and North Street.** Councilor Taylor inquired about the house fire near his home, and asked if the Fire Chief could give them some information on it.

November 28, 2011

Fire Chief Kelvin Johnson reported everybody was okay, adding the occupant and pets got out of the house safely and no personnel were injured. He noted there was significant damage to the home and they were still going through the investigative stage. Chief Johnson reported the preliminary information indicates that potentially it could have been caused by a candle in the home. He suggested that candles in homes need to be dealt with very cautiously and not left unattended. Chief Johnson reported part of the problem was the age and construction of the building. He stated the home had balloon frame construction, meaning the walls and framing go from the ground floor directly to the attic and have no fire-stops in them. He added once the fire gets into an area like that it's very difficult to control.

Councilor Taylor asked if the Chief knew what the response time was, adding some neighbors he talked with felt it took them a long time to put water on it. Chief Johnson reported he didn't have that information with him, but added being a responder, it seems like an enormous amount of time when you're standing there waiting for something to take place. He stated if the council needed further information it was all available to them.

Mayor Pro-tem Dawes thanked everyone for coming, especially staff that came ready to answer any and all questions about the 2012 budget. He stated he appreciated their work throughout the year in monitoring the budget, as well as preparing them. Mayor Pro-tem Dawes felt they had gone through a real change in how budgets are prepared in the last few years, adding they had streamlined it down pretty good.

There being no further business to come before the council, the meeting adjourned at 6:35 p.m.

Dennis L. Dawes, Mayor Pro-tem

Judith A. Schave, City Clerk

December 12, 2011

The Chehalis city council met in regular session on Monday, December 12, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:32 p.m. with the following council members present: Terry Harris, Bob Spahr, Dr. Isaac Pope, Daryl Lund, and Dennis Dawes. Councilor Taylor was absent (excused). Staff present included: Merlin MacReynold, City Manager; Brian Kelly, Assistant City Attorney; Judy Schave, City Clerk; and Peggy Hammer, Human Resources Administrator.

1. **Executive Session.** Mayor Ketchum announced the council would be in executive session pursuant to RCW 42.30.140(4)(a) – collective bargaining for approximately 30 minutes and there would be no decision following conclusion of the executive session.

Mayor Ketchum closed the executive session at 5:59 p.m. and announced the council would take a four minute recess before opening the regular meeting at 6:03 p.m. Additional staff included: Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Eva Lindgren, Finance Manager; Bob Nacht, Community Development Director; and Herta Fairbanks, Public Works Director. Members of the media included Bianca Fortis from *The Chronicle* and Bruce Hunting from KITI.

2. **Update on Chehalis Flood Authority.** Julie Balmelli-Powe gave a brief update on what was happening with the flood authority. She reported a new early warning system recently went on-line at contrail.onerain.net, adding it was pretty informative, but they still had a few kinks to work out.

Ms. Balmelli-Powe talked briefly about the second addendum to the interlocal agreement between the different communities of the Chehalis River Basin, adding she hoped the council would support it. She noted the interlocal agreement would be discussed later in the meeting.

Ms. Balmelli-Powe thanked the council for the go-ahead to hire Fish Biologist Shane Scott to review the fish study. She provided a handout from Anchor QEA which showed the predicted salmonid abundance using various modeled scenarios. Ms. Balmelli-Powe reported the best-case scenario with the least impact was water retention with the ability to draw water from the bottom of the reservoir. She noted the initial report indicated very little damage to the fish habitat. Ms. Balmelli-Powe stated there was also an enhancement study out which showed they can enhance fish habitat to compensate for any damage that the retention structure might cause. She reported most people who are against water retention, including Anchor QEA, were shocked that the best-case scenario was actually the hydraulic dam with a reservoir.

Councilor Spahr inquired about the scenario of flood storage only (with passage), and asked how big the dam would be. Ms. Balmelli-Powe thought it was a 220 foot dam, adding the footing was almost as wide as the reservoir dam. She indicated they would still have to put in a tunnel to provide fish passage through the base of the dam. Councilor Spahr asked where the water would come through and what harm would there be to the fish. Ms. Balmelli-Powe reported it wouldn't leave the natural stream open, it would just allow fish passage all of the time with the use of a fish ladder to get there. Councilor Harris suggested they couldn't open it at the bottom, adding the increased pressure would cause it to blow out, which was why they still needed to have a ladder.

Ms. Balmelli-Powe stated everything was looking promising and noted the flood authority chair recently had a great breakthrough with the Tribe. She indicated elections were coming up in January and believed the current chair would continue to chair the flood authority.

3. **Chehalis-Centralia Airport Property and Louisiana Avenue/Airport Road Connection.** Lewis County Public Works Director Tim Elsea and Lewis County Real Estate Services Operations Manager Larry Unzelman briefed the council on the Airport Road reconstruction project. Mr. Elsea reported, in order for the project to move forward, they needed to acquire some right-of-way along Airport Road from National Frozen Foods. Mr. Elsea stated the area varied in width, but it was about three acres. He noted in talking with National Frozen Foods they were worried about losing some areas of irrigation, which they use to do away with wastewater from their process. Mr. Elsea reported National Frozen Foods was asking that they be allowed to purchase about 40 acres from the old Blaser property at fair market value. He noted National Frozen Foods considered this to be contingent on them providing the right-of-way for the Airport Road Project. Mr. Elsea noted the area of the Blaser property that National Frozen Foods was interested in

December 12, 2011

was not purchased with FAA funding, adding if it was it would not be allowed to be sold at this point.

Mr. Elsea reported the City Council and the Board of County Commissioners would both have to approve any land acquisition or sale of property that happens on the airport property. He stated they were asking for a motion from the Council to be able to go ahead and continue negotiations with National Frozen Foods to sell a portion of their land for right-of-way use for the Airport Road reconstruction project, and in turn we would sell them a portion of the airport property to use for their operation.

Councilor Dawes stated he was aware of the reason why part of the property was funded with FAA funding and part wasn't. He noted only a portion of the farm was needed for the aviation easement and other work, but they had to buy the whole thing because the seller wasn't willing to parcel it out. Councilor Dawes indicated at one time the airport looked at marketing the unneeded property; however, there wasn't any interest because of where it was located. He didn't believe the property had any potential use by the airport and suggested that selling it might be a good option to look at. Airport Manager Allyn Roe reported, as far as airport use, they could not determine anything that would ultimately come up in the future.

Mr. Roe stated they were currently locked into a 20-year lease with National Frozen Foods. He indicated, based on their request for proposals on the property, National Frozen Foods was the highest bidder and probably had the best use for the property. Mr. Roe noted there would be further protections on the property including an existing aviation easement that was on the site before they purchased it. He reported they also plan to do everything necessary to ensure that it does not cause a conflict in the future with airport operations.

Mr. Elsea stated they saw it as a win win situation in that we get the right-of-way for the Airport Road improvements and the airport gets an infusion of cash by selling the property at fair market value, while keeping restrictions and perpetuity to protect the airport. He noted the airport can also get the aviation easement they've been wanting, and at the same time they are protecting and enhancing a local business.

Councilor Spahr inquired about the area of the freeway that was going to need more property for the widening project. Mr. Elsea reported that was not part of the proposal at all. He noted the 40 acres will take care of the needs of National Frozen Foods, even if they lose some acreage to the freeway widening.

Councilor Lund noted years ago there was talk of using the Blaser farm to enhance other property. He asked, 'if they sold it could the airport still use it for that purpose.' Mr. Roe stated they looked into that issue when they had the compensatory requirements on the books and the biggest obstacle they ran into was the known archeology sites that were pretty much everywhere out there.

Councilor Spahr moved that the council authorize negotiations for the sale of the airport surplus property.

The motion was seconded by Councilor Pope and carried unanimously.

4. Update on Recent Levee Inspection. Mr. Elsea reported during the levee inspection this year the inspectors and the United States Corps of Engineers (Corps) noticed a couple of low spots. He stated the Washington State Department of Transportation (WSDOT) did some work to figure out where the low spots were and are now asking if we would be willing to work with them to quantify where the levee could be raised to give us more freeboard for future flooding, and to also work with the Corps on getting permits that may be needed to raise the levee before any spring flooding.

Mr. Elsea reported he contacted the Corps and they are encouraging us to get the levee raised in two areas. He noted he also spoke with WSDOT and they have tentatively agreed that the county and WSDOT would split the costs, adding there would be no costs to the airport, or the city. Mr. Elsea stated they would need to enter into an MOA in the future and would bring that back to the council for approval before any work was done.

December 12, 2011

Councilor Dawes stated in the future he would appreciate it if when anything is discussed regarding the airport that they bring our city manager in from the beginning, since it was a jointly run operation between the city and the county. Mr. Elsea stated he would commit that that would happen.

5. **Express Services at Solid Waste Transfer Station.** Mr. Elsea reported, back on November 1, they started a new 'express service' at the solid waste transfer station. He briefly explained the new service, noting if someone brings in household garbage in quantities of six 32 gallon bags/cans or less, they can pay \$10 at the window as they come in, drive into the recycle area and dump their garbage into a 40-yard container, and then drive out. Mr. Elsea noted the new service would eliminate having to drive up to the tipping floor and then wait in line on the way out to pay. He noted he had been out there on a couple of Saturdays to let people know about the new service. Mr. Elsea stated it wouldn't change the number of customers; they were just targeting people who were already bringing in household containers, mainly on weekends.

Councilor Spahr asked "what happens when people figure out they can go through the recycle lane to dump their garbage and skip paying the \$10." Mr. Elsea suggested there was always going to be people trying to abuse the system a little, but the scale attendants and the technicians up top were pretty good at watching what was happening. He noted since implementing the process they have increased the number of 32 gallon containers from four to six.

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

- a. Minutes of the regular meeting of November 28, 2011;
- b. Claim Vouchers No. 101629-101737 and EFT No. 102011 in the amount of \$140,853.98 dated November 30, 2011; and Payroll Vouchers No. 35210-35282, 2727-2797, and Electronic Federal Tax Payment No. 105 in the amount of \$643,393.58 dated November 30, 2011;
- c. Approve second addendum to the interlocal agreement among the communities of the Chehalis River basin for study, analysis, and implementation of flood control projects to protect the Chehalis River Basin; and
- d. Authorize city manager to execute the 2011/2012 Teamsters Local #252 Non-uniformed Personnel Contract.

The motion was seconded by Councilor Lund and carried unanimously.

7. **Administration Reports.**

a. **Update on the Chehalis Avenue Beautification Project.** Public Works Director Herta Fairbanks reported the city applied for a grant last year with the Transportation Improvement Board (TIB) to re-do Chehalis Avenue, and in conjunction with that, we also applied for a beautification grant. She noted the city received the beautification grant; however, we did not get the grant to fix the street. Ms. Fairbanks reminded the council that the city did some of the beautification on a 'pilot' basis to see how traffic would respond, but hadn't really moved forward with anything in addition to that just yet, mostly by virtue of the late construction season this year.

Ms. Fairbanks reported the city reapplied for the same TIB grant as we did last year, and in addition, TIB opened up a second grant application process that was under a truncated application for preservation of urban arterial streets. She was pleased to report that the city received the TIB grant to grind out a layer of Chehalis Avenue and replace it with new surface. Ms. Fairbanks noted the project would be done in conjunction with the beautification grant. She stated once the city signs the agreement with TIB we can move forward with engineering, which she anticipated doing come the first of the year.

December 12, 2011

b. **Second Council Meeting in December.** City Manager MacReynold asked if the council felt the need for a second meeting in December, adding he didn't have any administrative needs for the remainder of the year. The consensus of the council was to cancel the second meeting in December.

8. **Council Reports.**

a. **Update from Councilor Spahr.** Councilor Spahr reported he attended the Lewis County Economic Development Board meeting and the annual retreat, which City Manager MacReynold also attended. He noted good things were happening in Lewis County, but sometimes you just don't see it. Councilor Spahr stated he hoped 2012 would be good for economic development.

Councilor Spahr reported he also attended the annual Santa parade, adding they gave out a lot of candy this year.

b. **Update from Councilor Dawes.** Councilor Dawes reported he and Councilor Lund recently attended a couple of Lewis County Historical Board meetings. He noted the museum also held a grand reopening and ribbon cutting ceremony along with the "Evening with the Authors" event on December 2, adding it was a very busy and successful night. Councilor Dawes reported the work continued on rebuilding the museum back into a smooth operation, adding there was a good core of hard-working volunteers helping out to make things happen.

Councilor Dawes reported he served as a 'describer' at the annual Santa parade this year, adding he was impressed by the very large crowd that turned out, adding that was nice to see.

Councilor Dawes reported, on December 6, he and other North Lewis County Regional Fire Authority Planning Committee members met and gave a presentation to the Centralia Rotary Club. He reported Fire Chief Kelvin Johnson and Chief Jim Walkowski from Riverside Fire Authority gave the presentation, along with four or five members from the committee. Councilor Dawes stated they were working very hard to get information out to people, so there are no surprises when the committee comes up with something to present at the end of the process.

c. **Update on the Chehalis River Basin Partnership.** Councilor Harris reported the Chehalis River Basin Partnership met in November, at which time Boistfort Valley agreed to drop from the program because they were so inundated with work that it was hard for them to take a half a day to make the meetings. He noted Thurston County Public Utility District had expressed interest in becoming a member, and being one of the largest purveyors of water around, Boistfort agreed to step aside and allow Thurston County to join the partnership.

Councilor Harris reported the Solid Waste Advisory Committee (SWAC) had been working on the addition of the 'express service' at the transfer station for quite some time. He noted because construction debris was down and more people are recycling they were having a difficult time financially, adding the way they make their money is by tonnage. Councilor Harris stated they were trying to keep their losses at a minimum and were working very hard not to increase tipping fees to people who come in because that usually leads to people dumping their garbage out along the highways and back roads.

Councilor Harris added, he thought the Santa parade was wonderful this year.

Councilor Lund asked if anyone tried to renegotiate the rent at the transfer station. Councilor Harris stated they had and it resulted in a major increase in the rent of approximately \$18,000 per month at the beginning of last year. He reported the property was owned by the county and was rented by the facility.

Councilor Harris stated it was interesting that the Lewis County Commissioners were also the committee that oversaw the program. He noted SWAC gives them guidance and counseling and asks them to support their ideas. Councilor Harris indicated, as they lose money, the county was continually drawing money out of their reserves. He noted they have agreed on where they will allow their reserves to be drawn down to, adding they were about two years away from not having any reserves left.

December 12, 2011

Councilor Lund inquired about the county owning the land, wondering if the taxpayers who dump their garbage there were paying themselves to lease their own land. Councilor Harris suggested they could look at it in a lot of different ways.

Councilor Harris stated he felt they were working with them as much as they can, adding it becomes a sticky wicket when you have a utility that's a revenue stream and they have to follow the letter of the law as to what they can do. He reported they were just losing money.

9. **Tabled Items.**

a. **Appointment and Reappointment of Lodging Tax Advisory Committee Members.** Mayor Ketchum noted the item would be tabled until January 23, 2012.

10. **Ordinance No. 885-B, Second and Final Reading – Amending Section 5.16 of the Chehalis Municipal Code and Repealing Ordinance No. 640-B.** Eva Lindgren reported there were no changes made to the ordinance since it was presented to the council for first reading. She noted they were basically cleaning up the language to clarify the two components of the special excise tax for lodging.

Councilor Harris moved that the council pass Ordinance No. 885-B on second and final reading.

The motion was seconded by Lund and carried unanimously.

11. **Ordinance No. 886-B, Second and Final Reading – Amending the 2011 Budget.** Ms. Lindgren reported the information provided in the council packet included a line-by-line description of what was being affected in the budget amendment. She noted she clearly identified items that had been added or amended for the second reading and offered to answer any questions the council might have.

Councilor Dawes stated it appeared that the fund repayment to the utilities had been added. Ms. Lindgren reported they had already budgeted for the payback of the funds in the utilities, adding what they did not have was the bond fund itself that was created with the bond ordinance. Ms. Lindgren stated, based on the terminology that was created in our offering statement and in order to be compliant, the city had to use the bond fund this year to pay the debt issuance costs.

Councilor Dawes moved to pass Ordinance No. 886-B, as amended, on second and final reading.

The motion was seconded by Councilor Spahr and carried unanimously.

12. **Resolution 19-2011, First and Final Reading – Adopting the 2012 Budget for the Chehalis-Centralia Airport.** Airport Manager Allyn Roe reported annually the county and the city jointly approve their budget and any amendments. He noted the 2012 budget was fairly consistent with past budgets. Mr. Roe reported the one thing to note was the fluctuation of fuel prices, adding they move about 120,000 gallons of fuel per year, which can obviously change their budget. He noted the only capital projects for next year was the engineering for approach lighting at the north end of the airport, and environmental work necessary to plan for construction in 2013. Mr. Roe reported their operating expenditures were fairly consistent coming in at \$1,443,141, noting the only large fluctuation was fuel sales. He reported total revenues expected for 2012 were \$1,470,055, leaving a net profit of \$26,914.

Councilor Harris inquired about the fund balances. Mr. Roe stated they were around \$1.5 million. Councilor Harris asked if that was what he was declaring as reserves. Mr. Roe stated that was correct.

Councilor Dawes stated he too wondered why the reserves were not listed, adding they were normally included. He stated he was glad to hear that they were healthy, but would feel a little more comfortable to have that information provided in the document that comes to them. Mr. Roe stated he understood.

December 12, 2011

Councilor Spahr asked how many full-time employees (FTEs) were included in their budget. Mr. Roe reported they had about 4.5 FTEs.

City Manager MacReynold asked Mr. Roe to email him the reserve numbers, and he would forward them to the council. Mr. Roe apologized for leaving that information out and stated he would email City Manager MacReynold the full county budget that included those numbers.

Councilor Lund asked why the county commissioners were not charging rent for the airport property. It was noted because it was jointly owned by the city and the county. Mr. Roe believed most likely it would fall under the revenue diversion clause of the FAA grant obligations.

Councilor Dawes moved that the council adopt Resolution No. 19-2011 on first and final reading.

The motion was seconded by Councilor Pope and carried unanimously.

13. **Ordinance No. 887-B, First Reading – Amending the City Parking Ordinance.** City Manager MacReynold reported the ordinance was held over from the previous meeting to give the administration a chance to look into the enforcement of it. He noted the ordinance being presented to the council was the same as what was brought before them at the previous meeting.

Police Chief Glenn Schaffer reported the ordinance would allow for the removal of vehicles after 72 hours, based on our policies on a complaint basis. He reported once vehicles are identified they will need to be tagged and remain in place for 72 hours before they could be removed.

Councilor Pope inquired about vehicles on private property. Chief Schaffer reported the city could not tow vehicles off of private property unless they create some sort of nuisance. He noted the ordinance would only affect on-street parked vehicles.

Councilor Spahr moved that the council pass Ordinance No. 887-B on first reading.

Councilor Pope seconded the motion.

Mayor Ketchum stated as long as he had been sitting on the council they've only had two people come to the city to complain about on-street parking, and now all of the sudden they were going to jump on the bandwagon and put an ordinance in place. Councilor Spahr stated it wasn't all of the sudden, adding the particular incident he was referring to had been going on for about eight months, adding it was a shame they have to go to something like this. He suggested if you live on a street where parking is limited and people begin to use the street as a storage facility for a vehicle they never use, it can be very frustrating. Councilor Spahr believed the ordinance would give residents a way to make a complaint and have vehicles moved.

Councilor Dawes stated he understood the reason why, adding it was very frustrating. He suggested they have a lot of folks who may have one house with six vehicles and others who just don't move their vehicles. He did have concerns that one of the first vehicles that gets towed will probably be someone on vacation. Councilor Dawes stated he would support the ordinance because he knew there were certain vehicles in certain areas that need to be moved. He believed it was a quality of life issue and these were the types of things that can turn people's buttons real quick.

Councilor Lund stated he agreed with the Mayor, adding "how many years has this city been here, and we've gotten along fine without this ordinance." He suggested there were a lot of retired people who live in the community that may be gone on vacation for weeks at a time. Councilor Spahr noted that was why it was 'complaint' oriented. He noted the case that brought the issue up was on Washington Street, adding it was a truck that had been parked there for almost a year without being moved and there was no other way to get the vehicle off of the road.

December 12, 2011

Councilor Lund wondered if they were going to amend the budget in order to hire another officer. He suggested people might start faxing in complaints once the ordinance is in place and felt we didn't have the staff to deal with it.

The motion passed 5 to 2, with Mayor Ketchum and Councilor Lund voting against the motion.

City Manager MacReynold wished the council a very Merry Christmas and a happy and safe New Year.

There being no further business to come before the council, the meeting adjourned at 6:55 p.m.

Anthony E. Ketchum, Mayor

Attest:

Judith A. Schave, City Clerk