

February 13, 2017

The Chehalis city council met in regular session on Monday, February 13, 2017, in the Chehalis city hall. Mayor Dennis Dawes called the meeting to order at 5:00 p.m. with the following council members present: Terry Harris, Tony Ketchum, Daryl Lund, Dr. Isaac Pope, Bob Spahr, and Chad Taylor. Staff present included: Jill Anderson, City Manager; Ken Cardinale, Fire Chief; David Fleckenstein, Airport Manager; Caryn Foley, City Clerk; Bill Hillier, City Attorney; Rick Sahlin, Public Works Director; Glenn Schaffer, Police Chief; Judy Schave, Human Resources/Risk Manager; Don Schmitt, Street Superintendent; and Patrick Wiltzius, Wastewater Superintendent. Members of the media included Justyna Tomtas from *The Chronicle*.

1. **Citizens Business.** Chris Rohr of Flood Valley Brewing (434 NW Prindle Street) addressed the council regarding a requirement to install a fire suppression system in his building by April. Mr. Rohr stated he is trying to work with the building owners, but they are not willing to do anything. The codes requiring the system are using the 5,000 sq. ft. footprint of the building, but he only occupies a portion of the building. The system costs about \$30,000 for a building space that he is leasing. He asked if there was a way to extend the timeline so he does not get shut down because he has invested everything in trying to make his business successful. He would like to have until the end of the year to meet the requirement.

Mayor Dawes stated if laws on the books are not enforced there is potential liability to the city. He asked Mr. Rohr if he's tried working with the fire department. Mr. Rohr stated he was told there should be no problem with a variance and he's already been given five months, but with trying to start his business, he hasn't been able to meet the requirement.

Mayor Dawes wondered if the portion of the building being occupied by Mr. Rohr could be permanently separated from the rest of the building to make the area smaller to meet the criteria.

Councilor Lund believed there was always a way to make things work and he hoped that would happen in this case.

Councilor Ketchum suggested that Mr. Rohr meet with city staff to discuss potential options.

Mayor Dawes stated the city was happy to see Mr. Rohr bring his business back to Chehalis and wanted to see him flourish, but at the same time protect the city's interests.

2. **Special Business.** David Hartz and Annalee Tobey provided an update on CCRT (Chehalis Community Renaissance Team) activities. Mr. Hartz recognized that the CCRT would not be a successful organization without the support of the city council and the city manager. The CCRT's membership in the Main Street Program is driving some organizational changes. In order to take advantage of Main Street B&O (business & occupation) funds, the CCRT needed to hire a paid executive director. As a result, they are looking at combining the CCRT and the Friends of the Chehalis Community Renaissance, which is the non-profit and funding mechanism for Renaissance projects. He provided a handout outlining the four committees of the CCRT, which include Design, Economic Restructuring, Promotion, and Organization. In the past, the city manager appointed the chair of the CCRT, but with the changes being made, that appointment went away. They want the city to have a permanent spot on the Board of Directors (the Organization Committee), so the city manager will be a voting member. In the past, the city manager was a non-voting member. Mr. Hartz asked for the council's "blessing" on the changes before they are put into place. Mr. Hartz introduced Annalee Tobey, the newly appointed Main Street Executive Director.

Ms. Tobey updated the council on Renaissance activities, including new banners on Market Boulevard; the Lewis County Visitor Guide and Chehalis brochure will be sent to print soon; and an empty building inventory of for sale/lease properties was created and is available on the Renaissance page of the city's website. The CCRT now has a physical location at 60 NW Boistfort Street thanks to Daryl Lund. One of the biggest projects currently underway is the remodeling of the downtown public restrooms, which have been closed for quite a few months. In speaking with downtown businesses, the need to reopen the bathrooms was very important. The Renaissance has committed \$25,000 toward the project. The goal is to complete the project before the Farmers Market opens in June. Ms. Tobey also thanked the city for its contribution to the B&O Tax Incentive Program toward Renaissance projects. Between the city's donation, and donations from Callisons, Book 'N Brush, and Security State Bank, the Renaissance received \$71,000. She specifically thanked Finance Manager Judy Pectol for making the city's contribution just after 12:00 am on New Year's Eve. All donation money was spoken for by 6:00 am on January 1, so Judy's willingness to get the city's donation submitted was truly appreciated.

Mayor Dawes expressed his appreciation of the work done by the CCRT. Ms. Tobey noted the bus stop will also be moved within the coming weeks closer to the Colony House, and they are looking at making that space as storage.

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

a. Minutes of the regular meeting of January 23, 2017;

b. January 31, 2017 Payroll Vouchers No. 39359 – 39402, Direct Deposit Payroll Vouchers No. 7902 – 7997, Electronic Federal Tax Payment No. 168 in the amount of \$708,728.30; and January 31, 2017 Claim Vouchers No. 118099 – 118227 in the amount of \$761,402.23;

c. Interlocal Agreement for Riverside Fire Authority to provide fire marshal services to the city of Chehalis; and

d. Intergovernmental Cooperative Purchasing Agreement with Lewis County.

The motion was seconded by Councilor Taylor and carried unanimously.

4. **Administration Reports.**

a. **City Manager Update.** City Manager Anderson introduced Denny Peace, the new administrative assistant to the city manager, a position vacated by the promotion of Caryn Foley to city clerk. Ms. Anderson acknowledged the fire department for the support given to Riverside Fire Authority in a very serious fire in Centralia that resulted in three individuals being airlifted to Harborview in Seattle and two children who were hospitalized locally. It shows the cooperation between the fire agencies to better serve the public. She also noted that public works crews, along with police and fire, were out in the snow and rain – plowing snow at the beginning of the week and on flood watch by the end of the week.

5. **Councilor Reports/Committee Updates.**

a. **Councilor Ketchum.** Councilor Ketchum stated he has a sister city committee meeting tonight. He thanked Caryn Foley for providing support to the sister city program. Denny Peace will take over the duties. A delegation from Inasa, Japan will be visiting Chehalis March 23-28.

b. **Councilor Lund.** Councilor Lund attended the EDC banquet on February 9 and the monthly meeting with Fire District No. 6 on February 8. He wondered what the council thought about having staff really push to get volunteers to help the city's career firefighters. He thought it might be an opportunity for young people to volunteer. Mayor Dawes didn't think anyone on the council would be against that and he agreed with Councilor Lund's suggestion.

c. **Councilor Spahr.** Councilor Spahr also attended the EDC banquet and meeting with District No. 6. He stated a potential merger with the District will take time and really comes down to dollars and how we can make it work.

Councilor Spahr addressed the recent letter to the editor talking about the city's Transportation Benefit District (TBD) ballot measure. The letter stated the city had received \$1 million since 2010, and although a fact, it was not the total story. In 2008 the city collected \$5,111,171 in sales tax and property tax. In 2009, it was \$4,413,323. In 2010, it was \$4,175,730, so at that point in time, there was a deficit of \$2,533,517. He agreed that police and fire still came when called, but today, neither department is at full staffing capacity. Also during that time, staff was cut and management staff took reductions in pay. Parks and recreation was almost gutted, and roads were basically not done for several years. 2016 was the first year the city collected more sales and property taxes toward the general fund than it did in 2008. \$5,289,948 was collected, which provided a \$178,777 plus after nine years. Altogether, the city is down \$4,368,203 since 2008 and that was made up through cuts, cuts, and more cuts. The purpose of the TBD is not only to try and catch up, but to allow for long-range project planning for the city's 54 miles of roads. A portion of National Avenue was recently improved at a cost of \$550,000. Councilor Spahr stated the funds would also be used as grant match money.

d. **Councilor Pope.** Councilor Pope supported Councilor Spahr's comments. He added that the council made a decision as to what would be the best avenue to raise funds for the TBD. Rather than raising property taxes, the council decided on sales taxes because it would be more equitable to our citizens. He stated that 20,000 to 30,000 people come into the city to shop and those purchases would help pay for improvements to roads that they also use.

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It appeared to Councilor Pope that on a couple occasions, the council has been courted to create special tax privileges for one or two business industries in the community. It now appears that the council is being told that it will cause a business to lose a great deal of money. Councilor Pope stated that when he was elected to the city council he believed that he was supposed to represent everyone in the community and do what was in the best interest of everyone. Are we going to make some mistakes? Yes. He stated the city is also a business, and the council has to make the best decisions regarding the city. He stated things don't get done without money, and the city needs to maintain its infrastructure. He thought the sales tax option was the best decision and not geared toward any particular business, and he hoped the community also supports it.

Councilor Spahr stated the amount of tax is 0.02%. As an example, if someone makes a \$35,000 purchase, the additional tax on that amount would be \$70.

e. **Councilor Harris.** Councilor Harris also spoke to the issue, stating it was sometimes difficult to sit on the council. As council members, they have fewer rights than the public. For example, it would be unethical for a council member to call the street department and notify them of the pothole. They have to go through the proper channels to make sure they aren't abusing their position to make it look like they are getting something done more rapidly. However, he stated that council members are allowed to express their opinions. He explained that his problem with the letter was that he's not prone to be a fear monger. The letter states that the proposed sales tax increase would cost hundreds, if not thousands, of dollars to people each year. He stated that if a person spent \$500,000 in one year on retail goods, the additional sales tax it would cost them would be \$1,000. That's after they've spent the other \$40,000 from the rest of the sales tax that they would have to spend. He also had a problem with the part of the letter that stated, "The city wants to raise sales tax and my question this whole time has been why." He stated the issue was not without explanation. The sales tax increase was one of only two possible ways to work on street infrastructure. If the writer of the letter had done his homework, he'd know why the money was needed.

Councilor Taylor stated the "why" wasn't because he didn't know what the increase would be used for. The "why" was why raise taxes? He thought the council members were using a bully pulpit to support the increase. Each council member could have done what he did by telling people why they supported the increase. He stated his opinion and each council member has every right to do that. Councilor Taylor believed there were other ways to raise money besides raising taxes. He stated that just because he has a difference of opinion on how to raise the money doesn't make his opinion invalid or wrong. He stated the council knows how he feels about not raising taxes. A smaller sales tax is a competitive advantage for all businesses in Chehalis, not just a select few. He believed the council thinks he's doing this because of one of his clients or a few of his clients, but the sales tax affects every business, not just the ones he represents. It's a big deal to businesses. All of the council members had the opportunity to inform anybody in any way they wanted. He stated presentations were made and the council had another government entity publicly support it. Councilor Taylor stated he had businesses come and talk to him about it.

f. **Mayor Dawes.** Mayor Dawes attended the TBD open house on January 26, the February 3 mayors' meeting, the February 7 Business Showcase ribbon cutting, and the EDC banquet on the 9<sup>th</sup>. It was nice to see J. Vander Stoep receive the Gail & Carolyn Shaw Industry Award, the Port of Chehalis received the Golden Shovel Award, Johnny Garcia received the Russ Mohny Recreation Stewardship Award, and Trevor Elliott and Amanda Hubbert received the Economic Development Leadership Award.

Mayor Dawes asked staff to look at the tree hanging down over the street right-of-way on 9<sup>th</sup> Street.

With regard to the TBD, Mayor Dawes stated the last thing he wanted to do is raise taxes. While he respects opposite opinions, he wanted the whole story told if information is given out. He reiterated that the city lost \$1 million in sales tax between 2008 and 2010, which is 25%. It was finally up in 2016 by a little over \$100,000. To leave out the first two years (2008 and 2009) in the drop and bring in the last years is not right. It's not the full story. He stated he would obviously accept the end result, but there is no one in the room that wants local businesses to survive and do better than the seven council members. He was disappointed with the fact that if there are other ways to raise revenue, he hasn't heard one suggestion from council members. He stated the council members are leaders and elected to represent the people. The streets are not getting in better shape. He noted the city of Lacey is doing the same thing. They are a lot bigger than Chehalis, but both cities rely a lot on sales tax. Lacey provided an example that a family that makes \$50,000 to \$60,000 a year would pay an extra \$25 in sales tax per year. If they were to raise tabs, that's \$40 and just applies to the people that live in the city limits. People come into Chehalis to shop, so is it fair to just burden our own taxpayers? Mayor Dawes stated these were the reasons he supported this. The city had to lay off several personnel and is still not back to the same staffing levels. While he doesn't like to pay more, he needs to

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drive on roads. He asked that if any council member had an idea as to how to otherwise raise the funds, we owe it to staff to give them those ideas. It's easy to say to staff to look at other ways, but sometimes the council needs to take the bull by the horn. He stated the council can disagree and leave it at the table.

Mayor Dawes announced at 5:49 p.m. that the council would take a short recess before going into executive session.

6. **Executive Session.** At 5:51 p.m., Mayor Dawes announced the council would be in executive session pursuant to RCW 42.30.110(1)(i) – Litigation/Potential Litigation not to exceed 20 minutes and there would be no decision following conclusion of the executive session.

Mayor Dawes closed the executive session at 6:07 p.m. and there being no further business to come before the council, the meeting was immediately adjourned.

Dennis L. Dawes, Mayor

Attest:

Caryn Foley, City Clerk

Approved: 2/27/2017

Initials: cf