

October 23, 2017

The Chehalis city council met in regular session on Monday, October 23, 2017, in the Chehalis city hall. Mayor Dennis Dawes called the meeting to order at 5:00 pm 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; Betty Brooks, Accountant; Ken Cardinale, Fire Chief; Tracey Cox, Administrative Assistant; Caryn Foley, City Clerk; Bill Hillier, City Attorney; Derrick Paul, Fire Captain; Brandon Rakes, Airport Office Manager; Rick Sahlin, Public Works Director; Glenn Schaffer, Police Chief; Lilly Wall, Recreation Manager; and Patrick Wiltzius, Wastewater Superintendent. Members of the media included Graham Perednia from *The Chronicle*.

**1. Eagle Scout Project Community Service Award.** Fire Chief Cardinale and Fire Captain Derrick Paul presented a community service award to Thomas Even. Fire Captain Paul stated the city's fire hydrants had not been painted in about 20 years. He stated Mr. Even was completing his Eagle Scout project, part of which requires a public service project. Mr. Even took on the painting of the fire hydrants and provided leadership, communication, and planning to get the project done. Captain Paul stated staff had previously budgeted the project over two years to paint the city's 350+ hydrants, but Mr. Even and his crew completed it in one month! Mr. Even thanked the city and stated it was an honor to accept the certificate.

**2. Commemorative Naming of SW 16<sup>th</sup> Street and Proclamation Honoring Orin Smith.** Mayor Dawes stated the next item was very special and he was privileged to read a proclamation on behalf of the city and the council honoring Mr. Orin Smith to commemoratively name SW 16<sup>th</sup> Street as "Orin Smith Commemorative Way ~ Preparing Students for a Brighter Future." Mayor Dawes then unveiled a mock-up of the street sign that will be going up in several locations along SW 16<sup>th</sup> Street. He stated that Mr. Smith sent an email that he wanted to share:

*"It is with great regret that my medical condition does not allow me to be with you tonight. However, I want you to know how incredibly honored I am that you have decided to name 16<sup>th</sup> Street, "Orin Smith Commemorative Way." I have always believed much of the success I have enjoyed in life was due to the strength of the Chehalis community and its leadership. Accordingly, nothing is giving me greater joy than the opportunity I have had in recent years to work with the community and education leaders to provide current and future generations with the same opportunities that were made available to me. In every respect since the initial planning for the Vernetta Smith Chehalis Timberland Library through more recent educational initiatives, Chehalis has proven to be an incredibly generous community with outstanding leadership and broad community participation. What we have been able to accomplish together has been remarkable and I believe it is only the beginning. Thank you for allowing me to be part of the Chehalis Renaissance. The experience has been a great joy to me."*

On behalf of the community, Mr. J. Vander Stoep thanked the council for taking this action. He spoke about Mr. Smith's story – the American dream. A kid from a poor family who grew up without a lot of material advantages and went to the very top of American and world-wide business. He had a strong mother who led the raising of her children. They could not afford going to expensive things, but they could go to the library, which they did every week. A small town boy that not only made good, but did good. During every stage of his career, he brought other people up with him, and when he got to the top, he gave back to Chehalis and many other places around the world. Chehalis was a community that reached up to a young man and supported him when he was growing up, and in turn, he has supported the community. Mr. Vander Stoep shared several stories about how the community watched out for and helped Orin as he was growing up.

Mr. Vander Stoep noted Orin's education included Centralia College, the University of Washington, and Harvard Business School. He was the budget director for the state of Washington twice, working under Governors Ray and Gardner. He was then hired by Starbucks as the Chief Financial Officer being promoted to Chief Operating Officer, and then to Chief Executive Officer and President. When he became the CEO, Starbucks was a Pacific Northwest coffee company. Orin led the expansion of the company into a world-wide enterprise. He stated that Orin will say that Starbucks has become the world-wide leader because of its relationship with its customers and its employees. When you walk into a Starbucks there is a feeling you have there, the heart of which are the employees. Orin created that culture world-wide, learning that if you treat people with respect and dignity, and support them in their job, they will then in turn support the company. Millions of us enjoy starting or ending our day with a Starbucks coffee and Mr. Vander Stoep believed that wouldn't have happened if Orin Smith hadn't done what he did. Additionally, hundreds of thousands of people have received good jobs to provide for their families around the world. After retiring, Orin went on to the board of Nike and Disney, where he is still today, and served on the board of regents for the University of Washington.

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Mr. Vander Stoep stated the story then comes back home to Chehalis, specifically to the library and the pool. The Smiths became involved and instead of repairing both facilities, new facilities were built. The library was a \$4 million project, with Orin being the lead donor. The same goes for the swimming pool. Chehalis now has a \$2.7 million first class facility. The Smith family has also been involved with the school district's student achievement initiative to ensure that all students receive a first class education. Mr. Vander Stoep cited an article about Orin called, "Heart + Mind" published by the University of Washington, which reads in part:

*Kid from Chehalis*

*More than a decade after his amazing run with Starbucks, Smith remains both in highest regard and in highest demand. He continues to apply his unique balance of leadership – marrying vision and efficacy, ambition and principles, confidence and humility – toward furthering worthy causes and institutions. "Orin is simply one of the most thoughtful, collaborative and humble leaders I have ever known," says Bill Ayer (MBA 1978), the retired Chairman and CEO of Alaska Airlines and current chair of the UW Board of Regents. "His leadership style and clear-minded reasoning are legendary. His calm demeanor and deep understanding of issues and people make his advice and counsel sought after."*

*Not bad for a kid from Chehalis. But then, maybe his humble beginnings have everything to do with all that Smith has accomplished, and how.*

*"Earnest, compassionate, humble. A principled leader and man of exceptional integrity. That was and is the essence of Orin Smith," adds Anne McGonigle. "You could take the kid out of Chehalis and send him to the University of Washington, Harvard Business School and the heights of business success, but you could never take Chehalis out of the kid."*

Mr. Vander Stoep noted that at the last council meeting, Mayor Dawes stated that what Orin does, he not only does right, he does it for the right reason, and it is not to glorify Orin Smith, and that is why it is so appropriate for the council to be taking this step. He stated Orin has been gone from Chehalis for over 50 years, but Chehalis continues to be his home.

Mr. Vander Stoep stated the word "humble" is used often to describe Orin. He shared a story relating to that. Just last month, Kevin Smith drove his brother to Chehalis. After spending time with Chehalis School District representatives, they went to Onalaska to meet with the school superintendent. He explained that there was an article this past summer in the Seattle Times about how all of the Onalaska Class of 2017 students had been accepted into college. Orin wanted to know how they did it. Orin wanted to meet with the superintendent because he thought he might have something to learn.

Mr. Vander Stoep concluded by saying he once heard Orin tell Mr. Gail Shaw that he inspired him. Mr. Vander Stoep thought we could all say back to Orin now, that he has inspired us. Orin has had an impact world-wide and he's had a tremendous impact on this community. Mr. Vander Stoep stated he was raised to believe that the American dream isn't just making more money than your parents so you can buy a nicer house, but it's the idea that you have a responsibility to the next generation and that is exactly how Orin has lived his life. So, if anybody asks why the school district is naming one of the new schools after Orin, or why the city is naming a street after Orin, the first answer is because this man has been so generous to our community and it is our way of saying thank you. But, the best reason is because given where he came from and understanding Orin's life, we can say to every kid that ever comes out of Chehalis, you can make it. You can rise in this world as high as your talent and hard work will take you. And, looking at Orin, it can even take you to the top.

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

- a. Minutes of the regular meeting of October 9, 2017;
- b. October 13, 2017 Claim Vouchers No. 120531-120677 and Electronic Funds Transfer Nos. 92017 & 920171 in the amount of \$471,523.57;
- c. Ordinance No. 982-B, Second and Final Reading – Amending the Zero Rise Policy;
- d. Accept the Redundant Flocculation Basin Project as complete and release the retainage in the amount of \$56,385.10 to Prospect Construction, Inc., after all statutory requirements have been met; and

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e. Accept the Kresky Avenue Sewer Repair Project as complete and authorize release of retainage after all statutory requirements have been met.

The motion was seconded by Councilor Lund and carried unanimously.

**4. Approve Candidates and Funding Amounts of the Lodging Tax Advisory Committee (LTAC) for Use of Lodging Tax Funds for 2018; and Reappoint Committee Members.** Councilor Harris briefed the council on the state statutes concerning the process for awarding lodging tax revenues. Nine requests totaling \$393,785 were received and reviewed by the LTAC with the following recommendations to the council. Three organizations either received no funding or decreased funding.

<u>Organization</u>	<u>Request</u>	<u>Recommendation</u>
1. Chehalis-Centralia Railroad & Museum	\$ 35,000	\$ 35,000
2. Lewis County Historical Museum	\$ 40,000	\$ 40,000
3. Veterans Memorial Museum	\$ 30,000	\$ 30,000
4. Lewis Co. Community Trails (Ride the Willapa)	\$ 22,750	\$ 0
5. Friends of the Chehalis Community Renaissance	\$ 43,600	\$ 40,000
6. Cent-Cheh Chamber (Visitor Center Services)	\$ 40,000	\$ 40,000
7. Chehalis Wedding Show	\$ 12,435	\$ 12,435
8. Athletic Tournaments	\$ 20,000	\$ 20,000
9. Pool Liner	\$ 150,000	\$ 100,000
<b>Total</b>	<b>\$ 393,785</b>	<b>\$ 317,435</b>

Councilor Ketchum stated the report also recommends that \$50,000 be placed in reserves for improvements to Recreation Park. He asked if 2018 would be the first year. Councilor Harris stated that was correct. He noted that the tournaments on the fields at Recreation Park, along with the adjacent pool, generate tourism revenue and the LTAC fully supports this recommendation and voted unanimously in favor of the annual contribution. The annual contribution toward the park would allow the city to pay back a council-matic bond.

Councilor Pope moved to accept the recommendation of the LTAC to put \$50,000 annually into reserves for improvements to Recreation Park. The motion was seconded by Councilor Lund and carried unanimously. Councilor Taylor abstained from voting.

Councilor Ketchum moved to approve, both individually and collectively, the candidates and funding amounts of the LTAC for use of lodging tax funds for 2018, and to set aside \$50,000 annually toward Recreation Park improvements. The motion was seconded by Councilor Pope and carried unanimously. Councilor Taylor abstained from voting.

Councilor Ketchum moved to reappoint Todd Chaput, Gloria Choi, Jena Sorenson, Alicia Bull, Rick Burchett, and Chip Duncan to the Lodging Tax Advisory Committee. The motion was seconded by Councilor Lund and carried unanimously.

Councilor Harris thanked the LTAC for working together, the presenters, and city staff, specifically, Jill Anderson, Caryn Foley, and Denny Peace.

**5. Ordinance No. 981-B, First Reading – Amending the 2017 Annual Budget.** City Manager Anderson stated this is the second amendment to the 2017 budget. Sales tax numbers continue to be strong, planning and building fees are coming in better than expected, Business & Occupation taxes are increasing, as well as grant reimbursements. Expenditures have been increased due to wage adjustments with one of the three collective bargaining groups. A one-time expenditure for the other two collective bargaining groups for retroactive wages has been included. Other unexpected expenses include professional services, strategic planning, temporary financial help, and equipment and facility needs. So, revenue projections for the General Fund have been increased by \$1.362 million since November 2016. The expenditure projections have increased \$665,000. The projected ending fund balance has increased by \$373,000, which brings the ending fund balance to just under \$1.4 million, or 13.7%, which exceeds the council policy of 10%. Even with increasing sales tax, City Manager Anderson stated it took several years to recover from the great recession and she is concerned that the next recession is coming. The sales tax increases we've seen over the last several years cannot be sustained long-term, so she is cautiously optimistic.

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In addition to the General Fund, adjustments are proposed for several of the City's other funds, including the Dedicated Street Fund to account for the revenue and expenditure associated with the purchase of a new chip spreader; the Building Abatement Fund to purchase safety fencing; the Transportation Benefit District to add revenue and expenditures for planning and overlay project; and the Airport Fund for a loan and construction for the Tract 5A fill project. City Manager Anderson stated in summary, the fund balance has increased by about \$2.5 million. Of that fund balance, she noted it is primarily the city's restricted funds, which limits what can be done with those funds. Overall, she thought the city was in a good spot going into 2018.

Councilor Harris moved to pass Ordinance No. 981-B on first reading. The motion was seconded by Councilor Lund and carried unanimously.

**6. Administration Reports.**

a. **Finance Report.** City Manager Anderson provided a financial update as of the end of September. The numbers are solid and showing an increase in revenues.

b. **City Manager Update.** City Manager Anderson reported that there continues to be a vacancy on the city's Civil Service Commission.

**7. Councilor Reports/Committee Updates.**

a. Councilor Harris thanked staff for all their work on the budget.

b. Councilor Ketchum thanked staff for reinstalling the pedestrian bridge on National Avenue.

c. Mayor Dawes stated the final budget committee meeting is on Wednesday. He attended the Business After Hours event held at Reliable Enterprises last week. Mayor Dawes passed out city manager evaluation forms to complete and return to the city clerk by October 27. The review will be held in executive session at the next meeting.

There being no further business to come before the council, the meeting was adjourned at 6:09 pm.

Dennis L. Dawes, Mayor

Caryn Foley, City Clerk

Approved: 11/13/2017  
Initials: cf