

May 11, 2009

The Chehalis city council met in regular session on Monday, May 11, 2009, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:00 p.m. with the following council members present: Terry Harris, Robin Fuller, 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; and Peggy Hammer, Human Resources Administrator.

1. **Executive Session.** Mayor Ketchum announced the council would be in executive session pursuant to RCW 42.30.110(1)(g) – public employee performance review, and RCW 42.30.140(4)(a) – collective bargaining for approximately sixty minutes and there would be no decisions following conclusion of the executive session.

Mayor Ketchum closed the executive session at 5:52 p.m. and announced the council would take a ten minute recess and reopen the regular meeting at 6:02 p.m. Additional staff included: Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Joanne Schwartz, Economic Development Administrator; and Judi Smith, Public Works Office Manager. Members of the news media in attendance included Marquise Allen of *The Chronicle* and Paul Walker of KITI.

2. **Citizens Business.** Rich Waring (1380 NW Arizona, Chehalis) reported he was approached by several different people with concerns regarding employee layoffs and furloughs. He presented the council with a questionnaire, asking them if they would fill it out individually in order for him to get to know the city council better. Mr. Waring stated he hoped the layoffs and furloughs would come from up above, as well as down below, adding he had concerns about potential layoffs in the police and fire departments. He suggested the council look at some of the city's top salaries and step everybody down. Mr. Waring believed the downturn in the economy was brought on by greed, and the council needed to look realistically at the safety aspect of the situation. He reported he would be attending the next council meeting, and would bring a list of things the city was going to have to spend money on this year. Mr. Waring requested that the Police Chief and Fire Chief also fill out the questionnaire.

3. **Proclamation – The Salvation Army Week – May 11-17, 2009.** Mayor Ketchum presented a proclamation to Steve Carnick, proclaiming the week of May 11-17, 2009, as 'The Salvation Army Week' in the city of Chehalis, Washington.

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

- a. Minutes of the regular meeting of April 27, 2009; and
- b. Claim Vouchers No. 93295-93460 in the amount of \$319,047.00 dated April 20, 2009; Claim Vouchers No. 93461-93570 in the amount of \$715,890.52 dated May 4, 2009; and Payroll Vouchers No. 32294-32390 and 568-638 in the amount of \$691,632.52 dated April 30, 2009.

The motion was seconded by Councilor Taylor and carried unanimously.

5. **Staff Reports.**

a. **Update on WiFi Project.** City Manager MacReynold stated, about two and a half years ago, the city started down the path of looking at implementing a WiFi program in the downtown area, which was later expanded to include the I-5 corridor. He indicated with the recent financial challenges the city was facing, he met with the WiFi Committee, who clearly felt it didn't make sense to continue the project unless the city was willing to spend more money.

City Manager MacReynold stated he directed to committee to bring the issue back to the council to get their thoughts on whether they should continue forward with the project, or not. He reported Joanne Schwartz had served on, and chaired the committee for pretty much the entire time, adding some of the members had changed during the course of its existence.

Joanne Schwartz reported on the project, noting the council started talking about the issue three years ago in June, and in October 2006, the administration put together a very dedicated group of volunteers. She introduced the committee members, including: David Hartz, Book 'n Brush; Mark Carrier, Local Access/Rainier Connect; Ed Schnoack, Comp Prime; Allyn Roe, Manager of the Chehalis/Centralia Airport; and David Reitz, originally with Lewis County Central Services (now with the Washington State Utilities and Transportation), who continued to be a committee member.

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Ms. Schwartz reported the council had a good idea in the WiFi program, and the administration proceeded with their authority to put out a request for proposals (RFP). She noted as they kept the council up to date throughout the process, it turned out to be far more complicated than the committee anticipated, due to the complexity of the RFPs received. Ms. Schwartz reported they received seven proposals and three seemed to fit the needs of the city, and the cost was something the committee felt the city could manage.

Ms. Schwartz reported an agreement was negotiated with GoNetworks and the city proceeded to make plans to install the equipment. She noted with the help of City Attorney Hillier, they negotiated a couple of contracts with local building owners; however those contracts were never signed. Ms. Schwartz stated they were notified that GoNetworks had filed for bankruptcy, which at that point, the committee went to the city manager to discuss options.

Ms. Schwartz indicated it would cost another \$25,000 to install the equipment, with an additional estimated cost of \$14,556 per year for the annual up-keep.

Mr. Hartz stated the IT Committee was making the recommendation to surplus the equipment, for the reasons stated by Ms. Schwartz. He didn't feel the committee could have foreseen the company going out of business, adding they did a lot of homework by talking to other cities that used the same equipment and were very satisfied. Mr. Hartz believed WiFi was a good option because it would help take the city forward in a very progressive and pro-active manner to market the city; however the committee didn't feel it was a wise move to continue the project, adding it would be better for the city to cut its losses now.

Mayor Ketchum felt it was a good project as well. He believed there were more businesses in the city that were now giving people the opportunity to use WiFi, adding 13th Street, Main Street, Chamber Way and most of the downtown was covered. Mayor Ketchum noted his biggest issue with the WiFi project was using tax payers dollars for the annual upkeep of the system.

Councilor Dawes stated he originally supported the WiFi concept; however it was somewhat frustrating for him because he didn't believe the original intent he wanted to see was carried out. He believed restaurants and hotels were the more appealing places where people would go to use WiFi; and that they could have partnered with other businesses and shared the cost of providing it in the areas around I-5.

Councilor Dawes stated he could continued to support the project because it was funded with hotel/motel tax receipts and not general fund dollars; however he believed the committee came to a logical conclusion to discontinue the project and hoped they would be able to recoup some of the money to go back into the revenue base for perhaps another idea, project or event that would bring people in. Councilor Dawes felt he couldn't stress enough that the money being used was not general tax fund dollars, but money that was raised from people who stay in the motels, and was to be used for things to bring people in.

Councilor Fuller stated he had concerns about the evaluation made by Ms. Schwartz, adding he didn't remember the WiFi project being the council's idea. City Manager MacReynold stated he was the one who came to the council with the proposal, adding he felt it might be a good economic development tool. He suggested pulling a committee of technical people from the local community together, and ask them look at the issue to see if it was something that could happen. City Manager MacReynold reported the committee was formed and they came back with a recommendation that the city should look at it.

Councilor Fuller asked who put the committee together. City Manager MacReynold reported, at the time, he had gotten some names from the Chamber of Commerce Executive Director of people locally, who were in the high-tech business. He stated, at the same time, he asked Ms. Schwartz to chair the committee and help them work through the process. Councilor Fuller stated he had concerns, because Mr. Hartz seemed to be the only businessman on the committee; who actually already had WiFi installed at his business. Mr. Hartz reported they did have WiFi in their store; however it was not yet released to the public, adding he was hoping the city's project would have provided that service.

Councilor Fuller reported he heard a rumor that one of the key buildings in the downtown area pulled out of the project. Ms. Schwartz reported that was true; however they figured out they could still do the project without that building. Mr. Hartz indicated the business pulled out because they were concerned about potential interference of the WiFi with their own security system, which was also a wireless system.

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Councilor Fuller stated he voted against the project because he didn't believe it was a good thing for Chehalis at the time, and as a business person, it was a benefit that the businesses should have provided. He thought there should have been more business representation on the committee, noting he felt the thinking was tainted because of the makeup of the committee members, who were either, governmental, people selling, or installing and maintaining equipment.

Councilor Fuller talked briefly about the company the committee selected to purchase the equipment from, noting it was alluded to, that the city received an exceptionally good price. He felt, as a businessman, you only sell stuff half price just long enough to go out of business, which should have been a red flag to the committee.

Councilor Fuller felt the council approved a negotiated contract, working on information that was less than solid. He had concerns about them purchasing the equipment before they even had contracts signed and locations located. Councilor Fuller discussed the request to surplus the equipment and asked the question, who would buy it. Mr. Hartz agreed, it was not a good position to be in and they would have preferred that the company was still viable and the project was moving forward. He indicated the committee felt the best thing was to surplus the equipment, adding they were asking GoNetworks to help to see if there were any existing buyers/installations that might need backup equipment. Mr. Hartz stated if the council wanted the committee to move forward with the project, they could still get the equipment installed, and up and running; however if they ran into mechanical difficulties, there would be a problem.

Councilor Fuller continued discussion on the purchase of the equipment and asked Ms. Schwartz what she thought they could get for the equipment if the council voted to surplus it. Ms. Schwartz thought it would be .20 cents on the dollar, which worked out to about \$5,000.

Councilor Fuller stated he felt the council acted in good faith with some incomplete information and it reminded him of how the prior administrations used to do things, which he called wasting tax payers dollars. He stated they, as a governing body, had an obligation to spend all tax dollars in the wisest and best fiscal manner. Councilor Fuller added he consulted one of the other councilors after the vote and asked them, if it were general fund money how they would have voted at the time, and the answer he received was they would have voted against it. Councilor Fuller felt it had turned into a real governmental fiasco. Ms. Schwartz stated she appreciated Councilor Fullers statements; however it was not her project. City Manager MacReynold stated the administration worked with the council on the project, and kept the council informed as they moved through the process; unfortunately it didn't work out.

Councilor Taylor asked if there was ever any legal opinion received on whether the use of hotel/motel tax dollars for WiFi was an appropriate expenditure, and if WiFi actually put heads in beds. City Manager MacReynold reported he and Ms. Schwartz had a phone conference with the state auditor's office and their attorney regarding the matter. He indicated they received counsel from the state auditor, which was, they should have met with the Lodging Tax Advisory Committee (LTAC) first. City Manager MacReynold stated the auditor indicated because the city's intent was to promote tourism, they just needed to meet with the LTAC to incorporate that step into the process, which the administration did.

Councilor Fuller stated they voted in June 2008 to negotiate a contract, and the equipment was purchased in August; the LTAC was called to a meeting on January 22, 2009, to make it a proper expenditure. He indicated that he too had conversations with the state auditor's office, and didn't believe it was going to be a dead issue.

Councilor Lund asked if anyone had a chance to talk to Rob Carter. Mr. Hartz stated he had not; however he saw the request in the previous minutes and reported he would be more than happy to give him a call. City Manager MacReynold believed someone had followed up with Mr. Carter, adding he would confirm it and find out what the outcome was.

Councilor Lund stated the council was a policy setting committee who told the administration what to do. He asked; when you tell someone what to do and it doesn't get done, what do you do? Councilor Lund reported the downtown businesses were happy that the council voted to move forward with the project, and they were counting on the city. He added the city had failed.

Councilor Dawes moved that the council declare the WiFi equipment surplus and that it be sold to the highest bidder.

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The motion was seconded by Councilor Harris. Councilor Fuller abstained from voting and the motion carried 5-0.

City Manager MacReynold reported the administration would bring a resolution forward to the council at the next meeting, in order to officially surplus the equipment.

b. **Council Work Session Scheduled.** Mayor Ketchum reminded the council about the work session on Monday, May 18, 2009, starting at 4:30 p.m. in the city hall basement meeting room, regarding the Chehalis Renaissance Plan implementation.

5. **Council Reports.**

a. **Update on Lewis County Historical Museum Paver Project.** Councilor Dawes reported the Lewis County Historical Museum was busy working on their paving project. He stated the project was a partnership with the county, and believed the contractor who was awarded the bid was MDK Construction. Councilor Dawes noted, in addition to the pavers, there would be a retaining wall/flower bed that would go along the length of project. He reported they were working with the Chehalis public works department to try to figure out a way to keep the water from running off the street into the flower beds. Councilor Dawes thanked Commissioner Bill Schulte for helping out on the project, by getting the ball moving at the county.

b. **Lodging Tax Advisory Committee (LTAC) Meeting Update.** Councilor Harris reported he met with the LTAC last week, and they agreed to help fund the freeway signage for the downtown and business districts. The committee also agreed to fund some website development for tourism. Councilor Harris stated he was proud of the committee for stepping up.

c. **Streamline Sales Tax Update.** Councilor Harris reported they met with Senator Swecker to follow up on some questions regarding streamline sales tax issues. He indicated the Senator would have something together within a week, to potentially take back to the legislature, to include some of the city's recommendations to suspend the streamline sales tax re-distribution, which could save the state \$65 million. Councilor Harris reported Senator Swecker would have some legislation written up during the week and hoped to have it back to the city by next week. He stated the legislature was not suppose to meet until next year; however if the economy continued to be a problem they would have some issues to deal with; and saving the state \$65 million might be a feather in the city's cap, as long as the city continues to receive its original sales tax revenue that we would normally be getting. Councilor Harris noted they pointed out that there were some flaws the system and they believed Senator Swecker saw that. He added Ms. Lindgren did a good job laying them out in the memo the council received at the previous meeting. Councilor Harris indicated he was very pleased with the meeting, and it was looking very hopeful.

Mayor Ketchum added, if the legislature does not get called back into action, they would look at working with the other cities that were on the losing side of the tax return to file a law suit with the state to suspend the streamline sales tax right away instead of having to wait another year.

d. **Fire Hose Returned After 23 years.** Councilor Lund reported, 25 years ago he bought a fire truck from Fire District #6, and 23 years ago, the city came to him because they had to test their pumps and they didn't have the proper hose to do it. He reported he loaned his hose to the city and they never brought it back, even though he asked for it back throughout the years. Councilor Lund thanked City Manager MacReynold and Fire Chief Kelvin Johnson for seeing that it was returned to him. He indicated it was nice to have it back.

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

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of May 11, 2009.