

January 26, 2009

The Chehalis city council met in regular session on Monday, January 26, 2009, in the Chehalis city hall. Prior to the regular meeting Mayor Ketchum called the work session to order at 5:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Daryl Lund, and Dennis Dawes. Councilors Taylor and Fuller were absent (excused). Staff present included: Merlin MacReynold, City Manager; Judy Schave, City Clerk; Joanne Schwartz, Economic Development Administrator; Caryn Foley, Administrative Assistant – Economic Development; Bob Nacht, Community Development Director; Tim Grochowski, Public Works Director; and Judith Smith, Office Manager – Public Works. Members of the news media in attendance included Eric Schwartz of *The Chronicle*.

1. **Work Session.** Tom Beckwith, of the Beckwith Consulting Group, reported they were closing in on the implementation phases of the project. He felt it was a good time for both he and the Economic Development Steering Committee (EDSC) to come back and update the council on the progress. Mr. Beckwith reported there would be a need to take the information back to an open-house session, so the public could see what was involved in the program proposals and some of the feasibility assumptions and details.

Mr. Beckwith provided a handout, which included prototypes of what other cities and agencies had done. The prototypes in the handout included:

- The city of Elgin - Website outreach
- Illinois Historic Preservation Agency – Website/downtown promotional materials
- Skagit Young Professionals – Young professional retention/outreach
- Public Service Loan Forgiveness – College loans for public service
- National Trust for Historic Preservation Main Street Program – Downtown revitalization programs
- The Creative Workforce – Entrepreneurial retention/outreach
- La Conner Outdoor Sculpture Westcott Bay Sculpture Park – Artworks
- Torpedo Factory Arts Center – Arts centers
- Albuquerque Historic District Improvements Company – For-profit/non-profit joint ventures

Mr. Beckwith reviewed the rough draft of phase 2, which included the priority action items and a summary list of progress to date. He reported they grouped projects into five broad categories, which included:

- Community Building
 - Implement new Chehalis brand – website and promotional materials
 - Initiate Young Chehalis outreach
 - Adopt Main Street Program
- Economic Development
 - Initiate entrepreneur retention/recruitment program
 - Expand local capital investment funds
- Quality Design
 - Adopt building, sign and landscape design standards
 - Erect National Historic District signage on I-5
 - Erect major gateways with district identification
 - Erect system of way-finding signage
 - Create Dillenbaugh Creek Conservancy Park
 - Relocate Steam Train to Main Street
 - Install street trees on arterials
 - Replace gas station with gateway and artwork
 - Enhance Market/Boistfort streetscape
 - Extend curbs at intersection in Chehalis/Courthouse District
 - Reconfigure Twin City Town Center

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- Traffic & Parking
 - Realign West Street/Market Boulevard intersection
 - Designate Park Street one-way at Library
 - Incorporate left turn lanes on Main Street
 - Install angle parking on Washington, Pacific, and Park
 - Install angle parking on Chehalis/Cascade Avenues
 - Install angle parking on Front Street and Railroad Avenue

- Downtown Development Projects
 - Acquire Severns' Building
 - Acquire St. Helens Inn
 - Issue RFP for parking on Washington
 - Issue RFP for parking on Division

The council heard from various EDSC members including: Lewis County Economic Development Director Dick Larman; Business Owners, David Hartz and Greg Lund; Bambi Forsman from the Historic Preservation Commission; Airport Manager Allyn Roe; Ralph Hubbert from Tires Inc.; and Gail Shaw from the Chehalis Industrial Commission. The members all spoke in support of the project and talked about what they believed to be most important about the project.

Mr. Larman talked about how important the renaissance plan was, and the role it played for him to do his job, adding people needed to be able to envision themselves and/or their employees living here. He felt people needed to be excited about being here and we had to make it be a community of choice. Mr. Larman felt traffic projects had to come from all sides, and the investments had to be carefully planned and timed.

Mr. Lund reported he spent a lot of time with people coming to the area, introducing them to the community. He noted most of his clients were looking for smaller communities with vitality. He felt it was important to show that we believed in ourselves and we that we invested in ourselves. Mr. Lund hoped the city council would stand behind the project and move the plan forward. He added it was exactly the right time, noting we had a lot more people who were looking our way.

Ms. Forsman reported she and her husband were in the process of re-doing the St. Helens Inn. She talked briefly about the area attractions and what made her want to come back to this area. Ms. Forsman felt it was important to hear and listen to what the needs of the people were, including new-comers and long-time residents for their leadership and understanding of the area. She believed Chehalis was the crossroads to everything, and it was important to give people a reason to be here.

Ms. Forsman believed people want the opportunity to be able to create new businesses and/or they just want to be able to land somewhere and do what they do, and do it well. She talked briefly about how multigenerational the community was, and how people like a community that has a great deal of value and reflects progression. Ms. Forsman felt the empty storefronts were a great opportunity for the city to create really strong design ordinances. She indicated people love to invest in communities, but they also look at what the community has to offer.

Mr. Hartz stated it was an impressive adventure and believed they needed to press forward, or it would flounder. He was thankful that the city chose to move forward with the plan instead of waiting another year because of the flood issue. Mr. Hartz felt the downtown area was the heart of the community, and if they didn't get their arms around it they were going to lose it. He listed a number of businesses that had recently closed and/or were in the process of closing.

Mr. Hartz believed they city needed to find the time and finances to retain Mr. Beckwith, adding they needed his objective leadership in order to come to the important decisions that needed to be made. He stated they had a huge task in front of them, but it was a worthwhile battle.

Mr. Hartz felt the city also needed to figure out a way to make their tax revenue grow. He believed they were building a long-term project and eventually the heart and soul would generate long-term revenues, which would generate the memories to make our community incredibly special.

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Mr. Roe stated he represented the younger generation, as well as the airport. He reported he was getting more involved with different groups and organizations, and wanted to be a part of helping to make a difference, to make the community a place where younger people want to stay.

Mr. Roe stated the plan was giving people a tool, and a vision of what was happening. He believed the plan was broken out to allow various organization and entities to get involved. Mr. Roe felt by finishing the plan, it would give everyone the guidance and support to be able to move forward to finish the project.

Mr. Hubbert felt they had a great layout and it was something positive for the community to look forward to. He believed 'if you build it, they will come,' adding once the city starts implementing things it would start to draw businesses back in. Mr. Hubbert stated it was a great opportunity and he would like to see it become a reality. He added there were so many people behind the project, and a lot of groups willing to help out. Mr. Hubbert thanked the council and encouraged them to start moving the project forward.

Mr. Shaw announced he was thankful to be there, adding the outpouring of enthusiasm was overwhelming. He noted the theme was now one of appreciation and thankfulness. Mr. Shaw felt the cities historical position was probably the greatest asset it had in the community, and the development of the historical background was something to be very thankful for. He shared some history from the early 1900's, and talked about the importance of each event.

Mr. Shaw was thankful for what the people did back then, and the type of people we had today who were interested in making something happen in Chehalis. He was also thankful for the council, who went out and found City Manager MacReynold and between the two, chose a developer to advise the city and give us opportunities.

Mr. Shaw felt the city now had the opportunity to leverage whatever little it had, to build it and make it happen. He added the city needed to be able to follow a leader, Mr. Beckwith, and decide what they want to do with his help. Mr. Shaw believed it was important to work together and not have a lot of little fractions, adding they didn't need to re-invent the program.

Mayor Ketchum thanked everyone for coming and was very supportive of the process. He was thankful to have a lot of participation from people, and that they were able to express what it was that they wanted to see. He stated he appreciated all the hard work and energy being put into the project.

Councilor Pope noted it was the first time they had gotten to that level in planning and hoped to take it to the implementation level, and complete the project.

Councilor Dawes stated he chose to stay in Chehalis because of the opportunities. He noted they needed to keep coming up with new ideas and opportunities in order to keep people here. Councilor Dawes felt, in order to be successful they, needed the opinions of everyone. He noted it was good to see a nice young bright individual like Mr. Roe take over at the airport, adding that was the kind of things the city needed. Mr. Dawes felt it was important to make sure everyone saw the value in the project; even though it may not affect them in the beginning, there was going to be a benefit from it.

Councilor Harris felt the planning process was barely started, and it would not end until the last thing the council implements was the decision to implement the plan. He believed getting started on the small things, such as trees and parking were good things; however he still wanted to make sure they really attack and hear from the youth.

Councilor Lund felt if Mr. Shaw hadn't been with the Industrial Commission in the 1950's, and forced his father to buy railroad ties, the area would have died when the timber industry moved ahead. He believed the council needed to take advantage of what Mr. Shaw did back then, and keep building on it.

Mayor Ketchum closed the work session at 6:10 p.m. and announced the council would take a five-minute recess before reopening the regular meeting at 6:15. Additional staff included: Bill Hillier, City Attorney; Glenn Schaffer, Police Chief; Peggy Hammer, Human Resources Administrator; and Eva Lindgren, Finance Manager. Additional members of the news media in attendance included Paul Walker of KITI.

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

a. Minutes of the regular meeting of January 12, 2009; and the special meeting of January 20, 2009; and

b. Payroll Vouchers No. 31874-31981 and 291-359 in the amount of \$734,383.09 dated December 31, 2008, Claim Vouchers No. 92267-92417 in the amount of \$302,956.36 dated January 5, 2009; Claim Vouchers No. 92418-92541 in the amount of \$438,530.09 dated January 12, 2009; and Claim Vouchers No. 92542-92641 in the amount of \$413,952.40 dated January 19, 2009.

The motion was seconded by Councilor Lund and carried unanimously.

3. **Staff Reports.**

a. **December Financial Report.** Eva Lindgren reported the financial statements reflected a lot of work on the budget and felt the numbers were looking good. She indicated there was a lot of restraint in capital expenditures in 2008, noting the administration, public works in particular, was very conservative.

Councilor Harris inquired about the increase in natural gas tax, asking why it was doubled from the previous year. Ms. Lindgren stated that issue was addressed in the previous reports, noting it was the one-time payment from Darigold Farms. She indicated it was not originally budgeted; however it was reflected in the year-end budget amendment.

Ms. Lindgren pointed out that the statements being presented were unadjusted and unaudited, noting there was still a lot of cleanup work to be done, such as interest allocations.

b. **2008 4th Quarter Sales and Use Tax Report.** Ms. Lindgren stated the report included year-to-date comparisons between the two years, as well as the last three months. She stated the city was on an upward trend until the December report came in, which brought the numbers down compared to the same time last year. Councilor Dawes felt it was an unusually low amount, noting the report reflected sales in October. He asked if Ms. Lindgren could research what caused that much of a difference. Ms. Lindgren stated she suspected part of the decrease was due to fewer vehicle sales. Councilor Harris, being in the business sector, felt it was more than just vehicle sales. He noted businesses started feeling the effect in late September, and October, November, and December were hard months as well. Councilor Harris stated, in talking with other business owners, he didn't expect anything more than what the report showed. He also believed the difference between four and/or five weekends in one month could have had an effect on the amount in sales.

City Manager MacReynold felt, along with car sales, the economic impact that started in the fall and the impact of the streamline sales tax change also needed to be considered as part of the decrease in revenues. Councilor Dawes noted the streamline sales tax would not involve large ticket items such as vehicles. He added he had never seen a drop that drastic in all the years he had been with the city. Ms. Lindgren stated based on the economy, they all anticipated a drop; however they were not anticipating quite as dramatic a drop.

Councilor Harris believed the problem started when people stopped moving money sometime after September. Councilor Lund agreed, noting Councilor Harris had a good feel of what was going on.

c. **Hiring for Police Vacancies.** City Manager MacReynold reported, as part of the 2009 budget process, the council made a policy to freeze all positions for 2009. He noted during that time, the administration requested to be able to come back to the council and request support for any critical position that might be necessary. City Manager MacReynold stated the police department was already down one officer and they had another officer who recently received a tentative offer from the Port of Seattle. He felt the city could be down two officers in a matter of weeks. City Manager MacReynold reported Chief Glenn Schaffer was requesting and recommending the council's authorization to proceed to fill the one position, should the officer decide to terminate employment.

Peggy Hammer reported there was also a potential of one retirement in 2009, which could come quickly on the heels of the other person leaving. She indicated it was necessary, with council's permission, that they get the process rolling, so they don't end up with multiple vacancies all at once.

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Councilor Dawes didn't believe the request for the freeze had to do with the situation being discussed. He felt from a public safety aspect, it was something that needed to be staffed. Councilor Dawes noted the current staffing level was authorized by the council and he supported the request to get those positions filled.

Councilor Dawes moved to authorize the police department to fill the vacancy that could potentially occur.

The motion was seconded by Councilor Pope and carried unanimously.

It was noted the administration would return to request future vacancies be filled, should that situation arise.

4. **Council Reports.**

a. **Lewis County Historical Museum Update.** Councilor Dawes reported the museum was busy planning for another year of events. He noted a 'Sweet Heart's Dance' was planned at the Lewis County Senior Center on Valentine's Day. Councilor Dawes stated other projects the museum was working on included: the brick pavers; retaining wall; and the raising of the curb. He hoped the museum would be able to work with the city on the project, since it would definitely help beautify that entry into the downtown area.

b. **Chehalis Fire Department Commended.** Councilor Harris commended the Chehalis Fire Department for their participation in the unfortunate incident of a two-year old, which took place in Centralia on Saturday night. He felt it was a well executed effort, under the circumstances.

c. **Meetings and Events Attended by the Mayor.** Mayor Ketchum reported he attended the following:

- January 13 – Fire District #6 meeting
- January 16 – ACEC Banquet – 'Gold Award' for the wastewater treatment plant
- January 20 – Centralia-Chehalis Transportation Cooperative meeting
- January 21 – Branding work session with the Renaissance committee

d. **Parking Issues in the Downtown Area.** Councilor Lund reported he had been approached by business owners about parking issues in the downtown area, noting there were some concerns and frustration with the current parking situation. Mayor Ketchum suggested the businesses come up with some solutions, and directed staff to go forward and work with them to see if anything can be done to improve the situation.

5. **Accept FEMA Funded Project as Complete for 2007 Flood Damage and Release Retainage.** City Manager MacReynold reported the administration was going through the process to close out the 2007 FEMA projects. Tim Grochowski requested the council accept the project as complete and authorize the release of retainage. He noted they just started the paper work for the 2009 flood event.

Councilor Pope moved that the council accept the FEMA Funded December 2007 Flood Damage Project as complete and release the retainage in the amount of \$17,887.38 to Martin Sand & Gravel, Inc., after the city clerk ensures all statutory requirements have been met.

The motion was seconded by Councilor Dawes and carried unanimously.

6. **Approve Use of Hotel/Motel Money for Grant Funding Match.** City Manager MacReynold reported one of the key elements of the Chehalis Renaissance Plan was the change of signage. He noted the Lewis County Economic Development Public Facilities.09 had funding available for a signage project.

Joanne Schwartz walked the council through the process, noting past funding from the program had been used for many projects throughout the county, including the Steam Train, which had been a recipient of some of the funds for tourism purposes. She reported she was working on a grant to go to the Lodging Tax Advisory Committee (LTAC) to request \$60,000 of the 2009 Distressed Counties Tourism Funds for a way-finding project (signage). Ms. Schwartz reported the city had \$100,000 in reserves from 2008, adding they collected \$107,000 in 2008 alone in hotel/motel monies. She stated she anticipated some

significant growth in revenues in 2009 because of the new motels coming in. Ms. Schwartz reported the grant was due in by Friday, January 30, and asked for the council's approval for the use of \$25,000 in hotel/motel tax funds to be used as a match.

Councilor Pope asked if the project fit within the guidelines for the use of the funds. Ms. Schwartz stated she believed it did, adding the Economic Development Public Facilities Advisory Committee set aside \$100,000 each year for tourism related projects; however she could not guarantee it.

Councilor Dawes stated he was in support of the project, but didn't believe it would fit the criteria of what he recalled as being eligible. He wondered if they could look at an alternative approach and approve it with the use of CDBG funds, rather than hotel/motel tax. Councilor Dawes noted if after a legal review found it to be a proper use the funds, they could do a budget transfer of funds.

City Attorney Hillier reported he spoke with Ms. Schwartz earlier, noting it was inevitable that it would end up before the state auditor for review. He noted if the council were to simply pass a motion that the city would provide the matching funds, they could look at a different funding source and come back to it at a later date.

Ms. Lindgren reported with the improved practices of the city, and after the grants acceptance, she would expect to submit a budget amendment at that time. She felt they should have the issue resolved by the time the city accepts the grant. For the record, Ms. Lindgren noted there was not a lot of funding available in the CDBG fund.

Ms. Schwartz stated she did not disagree with Councilor Dawes; however the Lodging Tax Advisory Committee would be meeting Friday morning and the matter would be on their agenda for discussion. Councilor Dawes stated the only way he would be able to vote in favor of it, would be if it was a worthwhile project, which he believed it was, and if it was legal. He added if it didn't meet that criteria, then he couldn't support it. Councilor Dawes stated he did not want to be the model city for not using hotel/motel funds correctly.

City Manager MacReynold reported he and Ms. Schwartz had had communication with the State Auditors Office and their attorney with reference to a similar situation. He noted the state auditor's attorney told them if they have it approved by the LTAC and the council approves it, in many cases it would pass their smell test, unless it was clearly not a tourism activity. City Manager MacReynold believed the signage would help promote tourism. Councilor Harris indicated he had the same question, and the problem he had in trying to get a definite answer was, the state continued year-after-year to reverse their opinion on how the money was allowed to be spent. He felt no matter what happened it would be correctable.

Councilor Harris moved that the council approve the use of Hotel/Motel funds in the amount of \$25,000, to be used as a match to apply for a Lewis County Economic Development Public Facilities Project for a city signage project.

The motion was seconded by Councilor Pope.

Councilor Dawes abstained from voting, noting he was not satisfied in his own mind that it was the legal thing to do. He stated he supported the concept; however he did not want to give staff the wrong impression by voting against the motion.

The motion carried, with one abstention.

7. Resolution No. 3-2009, First Reading – Declaring City Property Surplus. City Manager MacReynold reported the city had a 1968 Jeep vehicle that was of no further use or value to the city, and wished to declare it surplus. He noted he understood there was some concern by the council with reference to the follow-up steps, and indicated he would be happy to pull the item and find out the details of what steps needed to be gone through in order to dispose of the vehicle, if that would make the council more comfortable.

Councilor Dawes thought it was a good idea to sell the vehicle to the Veteran's Memorial Museum; however he had concerns about the legality, since they were not a government agency. City Attorney Hillier stated once the vehicle was declared surplus they would obtain a reasonable value, but believed the city could gift it for tourism purposes to a non-profit. He stated he would get an opinion on it and bring it back to the council at the next meeting.

Councilor Dawes suggested a possible lease with the museum for the same amount.

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After continued discussion, Councilor Harris moved to table the matter.

The motion was seconded by Councilor Dawes and carried unanimously.

8. **Executive Session**. Mayor Ketchum announced the council would convene into executive session at 7:00 p.m. after a five minute break beginning at 6:55 p.m. pursuant to RCW 42.30.110(1)(c) – lease or sale of real estate, for one half hour and there would be no decision following conclusion of the executive session.

Following conclusion of the executive session, Mayor Ketchum reopened the regular meeting at 7:31 p.m. and there being no further business to come before the council, the meeting immediately adjourned.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of January 26, 2009.