

November 9, 2009

The Chehalis city council met in regular session on Monday, November 9, 2009, in the Chehalis city hall. Mayor Ketchum called the work session 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 Robin Fuller arrived at 6:00 p.m. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Becky Fox, Court Administrator; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; and Bob Nacht, Community Development Director. Members of the news media in attendance included Marquise Allen of *The Chronicle* and Paul Walker of KITI.

1. **Briefing on Accepting Credit Card Payments.** City Manager MacReynold reported the council requested the administration give an update on where they were with regards to setting up a system in which customers could make payments for city services using personal credit cards.

Eva Lindgren briefly reviewed the background on credit card acceptance by governments. She reported a lot of governmental agencies had elected not to go down the path of using credit cards because of the increase in fees that would be passed on to the customer. Ms. Lindgren stated the other component was they were not allowed to charge a convenience fee for making payments at the front counter, adding the fee only applied to customers who called in their payments. She indicated within the last year, Master Card, American Express, and Discover Card had relented and decided convenience fees would be acceptable at the front counter for governments, which made the transaction more equitable and would give governments more options of accepting credit card payments.

Ms. Lindgren reported she and court administrator Becky Fox, worked together to look into accepting credit card payments citywide.

Ms. Fox reported they researched a few different vendors and selected Official Payments as their provider, for taking credit card payments for the municipal court. She noted Official Payments was also a vendor for the Internal Revenue Service, and for several other cities and courts in Washington State.

Ms. Fox noted they gave an opportunity to one local back to submit a proposal; however, they could not meet the criteria. She reported they signed an agreement with Official Payments on June 11, 2009, and proceeded to write some standards to set guidelines and put controls in place for audit purposes. Ms. Fox felt the standards would also give other departments some guidance when they set up their own policies for accepting credit cards.

Ms. Fox reported they worked with Official Payments to set up various limits and convenience fees. She noted the court set a maximum payment of \$200 with a convenience fee of \$4.95 for citations; and parking tickets were set at a maximum payment of \$100 with a convenience fee of \$3.95. Ms. Fox reported they also worked with Beachdog.com to update the city website to allow customers to make payments on-line. She noted they also received marketing materials free of charge from Official Payments, which were printed in both English and Spanish.

Ms. Fox reported on the process of accepting credit cards and how each transaction was receipted in. She indicated the process was working really well, so far.

Ms. Lindgren talked briefly about the issues of accepting credit card payments for utility bills. She reported the city's utility software provider, Springbrook, decided to work exclusively with Merchant Transact because of their high standards and requirements. Ms. Lindgren reported Merchant Transact did not provide a lot of flexibility and they were unable to distinguish between commercial and residential accounts for setting fees. She stated they would have to set the fee relatively high in order to recover all of the costs, which she felt was a disservice to the residential customers. Ms. Lindgren noted, because Merchant Transact was so new at setting convenience fees, matching up those recovery fees was going to be very challenging.

Ms. Lindgren reported on an analysis done by Springbrook, which included current billing information on our utility customers. She noted with an average monthly volume of \$75,000, the average transaction amount would be roughly \$270. Based on experience, Springbrook reported 15 percent of billings would be paid on-line. The total fees for an average transaction would be \$2.03, or \$681 per month. Ms. Lindgren provided additional fee schedules from Visa and Master Card, which were a little pricier. She talked briefly about the higher fees and explained the other issues and challenges of taking Visa.

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Councilor Dawes asked if any of Ms. Lindgren's research involved contacting other cities, such as the city of Lacey, or other communities that do it extensively, to find out how they got around it. Ms. Lindgren stated the reality was they were locked into one particular vendor. She indicated she had talked with some other utilities; however, the city had to work within certain parameters. Ms. Lindgren reported most of the other agencies were setting their fees on a flat fee basis. She indicated Visa was the big holdout because they did not accept convenience fees across the counter.

Ms. Lindgren reported she looked into an interface, but her research found they would end up paying a lot of money for a jumbled together system that wasn't highly functional. She reported the city's current billing module would provide customers the benefit of having access to their account on-line.

Councilor Lund reported Lewis County Public Utility District (PUD) customers were able to call in and give their credit card numbers over the phone to make their payments. He wondered why the city couldn't provide the same service. Ms. Lindgren reported they could. She stated she was just laying out what the different options were, based on the challenges they were facing. Ms. Lindgren reported the city could absorb the cost, but down the road it would affect the rates the city charges.

Councilor Dawes stated the whole idea was to make it convenient for the customer. He noted the city did not have to absorb the cost to make it convenient; that was a choice the customer had to make. Councilor Dawes stated he would like to see the city start taking electronic payments. He stated he was not interested in doing anything that would raise utility rates one cent. Councilor Dawes felt if the customer wanted the convenience, the customer needed to pay the convenience fee.

The consensus of the council was they were not interested in anything that would pass an increased cost on to the rate payers; and the administration needed to contact other cities and the PUD to find out what they do. The council also agreed that if customers wanted to use credit cards to make their payments, that was their choice; however, it would be at the customers own expense.

Ms. Lindgren added the memo attached to the handout addressed direct withdrawals from customer bank accounts. She noted Ed Schonack had been working with Springbrook and confirmed it was a definite possibility.

Mayor Ketchum closed the work session and immediately opened the regular meeting at 6:00 p.m.

**2. Public Hearing on Critical Areas Ordinance (CAO) and Associated State Environmental Policy Act (SEPA) Checklist.** Bob Nacht reported the CAO was a very significant piece of legislation for a community. He briefly explained a few of the issues they were proposing and how the CAO related to the development in the community.

Mr. Nacht reported he would be recommending the council continue the public hearing to the November 23 council meeting. He noted the document had been submitted to the state agencies for the required 60-day state agency review. Mr. Nacht expected a number of comments from the state agencies on some of the provisions of the document. He noted they had received a request from the Department of Ecology (DOE) to extend the deadline for comments because they were still reviewing it. Mr. Nacht felt the state agency comments would have a significant bearing on what the ordinance had to ultimately say. He reported those comments, as well as staff's response to the agencies comments, would be presented at the continued public hearing on the 23rd.

Mr. Nacht reported rather than reinvent the wheel they plagiarized a lot of other successful CAO ordinances from other cities, particularly the city of Shelton. He noted there were a couple of missing references to the city of Shelton, which would be corrected before they bring it back to the council. Mr. Nacht stated the document introduced a new concept, which had to do with a 'Reasonable Use Standard' in environmentally sensitive areas, particularly as it related to existing non-conforming lots.

Mr. Nacht reported section 17.21.088 referred to existing non-conforming buildings. He added there a lot of existing development within environmentally sensitive areas and that section would guide the city on how to deal with permitting those existing non-conforming properties.

Mr. Nacht stated, when they originally introduced the CAO in 1999-2000, they integrated the provisions of the CAO with the procedural elements of the Development Review Committee. He noted CAOs were requested by the agencies to be stand-alone documents so they didn't have to weed through the city's entire development review process and regulations to find which

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areas relate to CAO. Mr. Nacht reported they were also in the process of making sure the procedural elements of the document are consistent with the other thousands of pages of the city's development regulations, noting they could not have a

conflict between the two. He stated there may be some proposed changes to the document at the next public hearing, or at such time they present it to the council for action on first reading.

Mr. Nacht reported the current document did not propose to change any city regulations, as it related to flood plain development. He noted the existing city regulations had been audited by the Community Rating System, the Insurance Services Office, and DOE on numerous occasions. Mr. Nacht reported they had been amended and revised to be consistent with all of the agencies' requirements, and they did not propose to change anything that had already been audited and successfully approved. He suggested as the Flood Authority pursues criteria for flood plain development, they would probably bring the conversation back to the council at a later date.

Councilor Harris inquired about section 17.26.030 and 040 that referred to a Wellhead Protection Plan, wondering why it was highlighted in the document. Mr. Nacht reported it was probably left over from their initial run-through to identify issues they had to follow up on, noting the city did not currently have a wellhead protection program. He reported their consultant had contacted, and was working with Lewis County as to how they do wellhead protection. Mr. Nacht indicated Lewis County did not have a wellhead protection plan either; however, Lewis County Environmental Health had a number of criteria that are required in and around wellheads, and the city was in the process of adopting those same standards. Mr. Nacht noted those would be presented as amendments to the CAO in the future.

Councilor Lund stated Mr. Nacht reminded him of the Wizard of Oz, because he was always looking out for the city. He added he appreciated all that Mr. Nacht did. Mr. Nacht stated he appreciated the comment; however, the Environmental Protection Agency at the federal and state level was not going to allow the city to do business as usual.

Mayor Ketchum closed the regular meeting at 6:14 p.m. and opened the public hearing.

Jim Ward (472 SW 14<sup>th</sup> Street, Chehalis), Chairman of the Chehalis Planning Commission, reported the city and the planning commission had been working on the regulations for the past couple of years, adding there had been at least three different versions. Mr. Ward stated they liked the first version; however, the Department of Community, Trade and Economic Development (CTED) didn't; the second version was one in which they pirated pieces from other cities that had already been approved by CTED, but it really wasn't what the commission wanted. He noted they were reluctantly ready to approve the second version with some of their edits.

Mr. Ward reported the version in front of the council struck the middle ground, and the commission hoped it would meet the requirements of protecting both the ecological function and the public's health and safety. He noted they were encouraged that the latest version has some flexibility built into it, and at their last meeting the consensus of those present was that it was a good plan.

Councilor Lund thanked Mr. Ward for all of the time that he and the other commission members put in.

Mayor Ketchum closed the public hearing and re-opened the regular meeting at 6:17 p.m. Mayor Ketchum noted the public hearing would be continued to November 23, 2009, at 6:05 p.m.

3. **Consent Calendar.** Councilor Dawes moved to approve the consent calendar comprised of the following:
  - a. Minutes of the regular meeting of October 26, 2009;
  - b. Payroll Vouchers No. 32963-33067 and 1003-1073 in the amount of \$765,738.64 dated October 30, 2009; and Claim Vouchers No. 95097-95207 in the amount of \$139,136.12 dated November 2, 2009; and
  - c. Adoption of Ordinance No. 16-2009 – Authorizing Acquisition of Avigation Easement and Other Property Rights on first and final reading.

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The motion was seconded by Councilor Taylor and carried unanimously.

#### **4. Council Reports.**

a. **Congratulations to W.F. High School Sports Teams.** Mayor Ketchum congratulated all of the W.F. West high school sports teams, noting the boys football team was going on to State; the boys tennis team had 1<sup>st</sup> and 2<sup>nd</sup> place finishers; the girls soccer team was going on to State as well; and the W.F. West girls cross country team was named the WIAA State Academic Champions. Councilor Dawes reported the boys cross country team also went to State and placed 9<sup>th</sup> overall.

b. **Lewis County Historical Museum Update.** Councilor Dawes reported he attended the Lewis County Historical Museum annual membership dinner held at Kit Carson. He noted there were a number of things going on, and a number of things planned for next year.

c. **Special Thanks to Mayor Ketchum.** Councilor Harris thanked Mayor Ketchum for stepping in and taking over the Lodging Tax Advisory Committee meeting. He stated he appreciated everyone who took part in the process. Councilor Harris noted the minutes from the meeting were excellent, making it easy for him to catch up on what was going on.

5. **Ordinance No. 850-B, First Reading – Adopting Selected Provisions into Title 7 of the Chehalis Municipal Code Criminalizing Certain Conduct and Providing for Penalties.** Police Chief Glenn Schaffer reported there were a number of statutes needed to fill in the gaps, specific to the city, that were not covered in the Revised Code of Washington (RCW). He indicated the ordinance covered phase two of an expected three phase process. Chief Schaffer stated the next step would include nuisance ordinances and animal control items, which he hoped to tackle next year. He noted a majority of the items listed in the ordinance were municipal ordinances the city had in one form or another, prior to repealing Title 7 in December 2008.

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

The motion was seconded by Councilor Lund and carried unanimously.

Councilor Taylor moved to pass Ordinance No. 850-B on first and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

6. **Lodging Tax Advisory Committee 2010 Budget Recommendations.** City Manager MacReynold reported the city was required by RCW to go through the process of having organizations request funding on its own behalf from the city's tourism fund. He stated he was very impressed with the committee and the quality of questions they asked. City Manager MacReynold recognized the Lodging Tax Advisory Committee members, which included: Rick Burchett, Chehalis-Centralia Railroad & Museum; Lee Grimes, Veterans Memorial Museum; Natalie Ketchum, Best Western Park Place Inn & Suites; and Satpal (Paul) Sohal, Chehalis Inn.

Councilor Harris stated he would like to echo what City Manager MacReynold stated, noting it was a good group of people. He reported he was glad to see that the new requirements for tracking were going to be implemented, although most of the organizations had already been doing it.

Lee Grimes stated all of the presentations were great and they drilled everybody pretty good on what their expectations were. He noted there was more money being requested than what they had, so there were some difficult decisions that had to be made by the committee. Mr. Grimes reported the committee went through each one individually and came to a consensus as to what they would recommend to the council. He felt it was very fair, and asked that the council approve the recommendations as presented.

Mayor Ketchum noted the new tracking requirement would require documentation of the function each organization provides to put people in hotels. He reported a form would go out to all of the organizations next year, and if that particular documentation does not come back with the packet, it will not be reviewed by the committee. Mayor Ketchum felt the new process would take a lot of stress off the committee.

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Councilor Harris noted some of the organizations were already performing excellent tracking; however, for others, the logistics of how they operate made it more difficult to come up with that information.

Mayor Ketchum reported the total funding requested for 2010 was \$164,000. He noted, as they looked at the requests, they took into consideration the current economy and felt there was no guarantee that business was going to get any better in the next few months. Mayor Ketchum stated the committee tried to come up with a reasonable number that the hotels and motels would bring in. He noted they were very comfortable with the numbers they came up with, including the \$132,000 that was being presented to the council for consideration. Mayor Ketchum recommended the council accept the Lodging Tax Advisory Committee 2010 budget recommendations.

Councilor Pope moved to approve the recommendations of the Lodging Tax Advisory Committee for the use of lodging tax funds for 2010 for the following organizations: Veterans Memorial Museum - \$20,000; Chehalis-Centralia Railroad & Museum - \$25,000; Lewis County Historical Museum - \$15,000; ARTrails - \$5,000; Cascade Country Cook Off - \$10,000; Chehalis Business Association - \$10,000; Garlic Fest and Craft Show - \$10,000; Visiting Nurses - \$2,500; Premier Broadcasters (Bridal Fair) - \$7,500; and the City of Chehalis - \$27,000; and approve the reappointments of Rick Burchett, Lee Grimes, Natalie Ketchum and Paul Sohal to the city's Lodging Tax Advisory Committee.

Councilor Lund seconded the motion.

City Manager MacReynold wanted to thank Caryn Foley for the wonderful job she did in preparing the packets, getting the word out, and for the minutes she provided. He felt the minutes were very informational and helpful not only for the committee, but as a permanent record for the council.

Mayor Ketchum thanked all the organizations for their hard work. He stated he was glad the city was able to give money back to them, since they do a lot to promote the city.

The motion carried unanimously.

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

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Mayor

Attest:

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City Clerk

**SUGGESTED MOTION**

**I move that the council approve the minutes of the regular city council meeting of November 9, 2009.**