

October 25, 2010

The Chehalis city council met in regular session on Monday, October 25, 2010, 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, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Tim Grochowski, Public Works Director; Russ Cox, Engineer Technician III; 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)(i) – potential litigation and RCW 42.30.140(4)(a) – collective bargaining for approximately one hour and there would be no decision following conclusion of the executive session.

Mayor Ketchum closed the executive session and announced the council would take a five minute recess before reopening the regular meeting at 6:13 p.m. Additional staff included: Glenn Schaffer, Police Chief; Bob Nacht, Community Development Director; and Eva Lindgren, Finance Manager. Members of the news media included Rachel Thomson from *The Chronicle*.

2. **Support for Chehalis Fire Department**. Malia Gislason (440 N Market Boulevard #308, Chehalis) stated she had always been partial to the fire department, noting their importance regarding medical emergencies. She felt the city had a great group of firefighters and not enough people gave them the kudos they deserved.

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

- a. Minutes of the regular meeting of October 11, 2010; and
- b. Claim Vouchers No. 98179-98318 and 92010 in the amount of \$346,650.91 dated October 15, 2010.

The motion was seconded by Councilor Spahr and carried unanimously.

4. **Staff Reports**.

a. **Quarterly and September Financial Reports**. Eva Lindgren spoke briefly on the monthly financial report for September, as well as the third quarter report.

Ms. Lindgren focused on the quarterly report, noting it included the final adjusted numbers to create the beginning fund balances for each fund. She reported the actual fund balance for the general fund was higher than what was budgeted for by about \$100,000, adding once the interest allocations were entered the number dropped slightly from \$1.155 to \$1.138 million. Ms. Lindgren reported, in 2009, they did not budget for the retro pay. She noted by leaving the beginning fund balance a little lower than what was anticipated, it ended up being a wash for the retro pay paid out in 2010.

Councilor Lund inquired as to when they would be paying back the interfund loan to the utility funds for the purchase of the city hall building. City Manager MacReynold reported it would be paid in 2011. He stated they were going to try to create a situation using the revenue from the National Avenue wetland credits the city would start receiving in 2011, rather than coming to the council with a recommendation to go out for bonding or loan. City Manager MacReynold stated the city was projecting to receive between \$1 and \$1.2 million dollars from the wetland credits, which was about what the city owed on the building. He noted if everything worked out the city would have a general fund budget with no debt sometime next year.

Councilor Lund inquired about the water connection fees, noting they budgeted \$200,000 and had only taken in \$45,000. He wondered why the budget wasn't ran like a business, and asked how they were going to make up the \$155,000 in two months. City Manager MacReynold stated the enterprise funds were ran like a business, adding they had to charge enough to pay for the loans and cover expenses. He explained they would not be making up the entire difference by the end of the year. Ms. Lindgren noted they had discussed the issue in a previous meeting, adding her projections were based on erroneous assumptions. She reported she worked very closely with Tim Grochowski and his staff on coming up with much more realistic estimates for 2011. Ms. Lindgren stated the variance would be addressed in the next budget amendment.

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b. **Quarterly Sales and Use Tax Report**. Ms. Lindgren talked briefly about sales and use tax, noting the October report was down by 24.6 percent compared to October 2009. Councilor Dawes recalled an inflated payment in October 2009, which accounted for a large amount of use tax that was remitted back to the city. Ms. Lindgren stated that was correct, noting a similar situation happened in March of 2010. She hoped it would start to swing in the opposite direction before the end of the year, but there was no guarantee that it would.

Ms. Lindgren reported they budgeted \$3.3 million in sales and use tax, which was on target for 2005 and 2009. Councilor Taylor asked if the shortfall had already been accounted for in the layoffs and other measures taken; and if Ms. Lindgren considered the decrease in sales tax revenue throughout the rest of the year. Ms. Lindgren indicated she had, adding her projection through the end of the year for sales and use tax was now \$3 million. She noted, as of October, they were at a negative 9.8 percent, which was right in the ballpark.

c. **Chehalis Renaissance Funding**. City Manager MacReynold reported Chehalis Community Renaissance Team Chair, Larry McGee, had received some feedback that the city was spending a lot of money on the Renaissance projects. He felt it would be helpful for the council to have a worksheet showing the sources of funding for each project. City Manager MacReynold stated it was impressive, the amount of funds the Renaissance group was accessing from other agencies and funding sources.

5. **Council Reports**.

a. **Update from Councilor Spahr**. Councilor Spahr reported he attended the cross-town football game on Friday evening, adding the Chehalis Bearcats were victorious over the Centralia Tigers. He noted Assistant Fire Chief/Fire Marshal Larry Allen was in a wager with the city of Centralia and ended up getting a pie in the face.

b. **Update on Chehalis Foundation**. Councilor Pope reported the Chehalis Foundation funded the development of "The Chehalis Story" to a DVD. He noted copies could be purchased from Bob Spahr in about two weeks, adding the proceeds would go to the Chehalis Foundation to continue to help fund local projects. Councilor Spahr briefly talked about the production, noting there was a lot of history and some real interesting stuff in the DVD.

c. **Update from Councilor Dawes**. Councilor Dawes reported, on October 18, he and most of the other councilors attended the neighborhood meeting regarding the American Behavioral Health Systems (ABHS) facility. He stated he was hopefully optimistic that things would get better. Councilor Dawes noted he had a chance to walk by the facility a few times since the meeting and saw a lot of the windows now had their blinds closed and he didn't see anyone out and about.

Councilor Dawes reported the Lewis County Historical Museum had their annual dinner coming up on November 14 at Kit Carson, adding they would be electing new officers sometime during the dinner/meeting.

d. **Meetings and Events Attended by Mayor Ketchum**. Mayor Ketchum noted he attended the following meetings and events:

- October 12 – attended Fire District #6 meeting, along with Councilors Dawes and Spahr
- October 18 – attended the neighborhood meeting with ABHS
- October 21 – attended the Industrial Commission luncheon
- October 22 – attended the safety city ribbon cutting ceremony

Mayor Ketchum reported he would not be at the next council meeting on November 8, because he would be in Japan.

e. **Update from Councilor Lund**. Councilor Lund reported he also attended the neighborhood meeting with ABHS. He also attended the Chehalis Community Farmers Market dinner, and a barbeque for Pope's Kids Place.

f. **Update from Councilor Harris**. Councilor Harris thanked the Chehalis Business Association for putting up the Halloween decorations in the downtown area, as well as the landscaping in the planters.

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Councilor Harris felt the ABHS meeting was very productive, adding he had been by the facility everyday and changes were visible.

Councilor Harris reported he sat in on the 2011 Budget review with Councilors Dawes and Taylor, adding it was very painful.

Councilor Harris noted he had the pleasure of refereeing a soccer game over on the new field at Tiger stadium in Centralia, adding he liked the pitch of the field and it was a nice facility.

There being no further business to come before the council, the meeting adjourned a 6:36 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of October 25, 2010.