

November 8, 2010

The Chehalis city council met in regular session on Monday, November 8, 2010, in the Chehalis city hall. Mayor Pro-tem Dawes called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, and Chad Taylor. Mayor Ketchum was absent (excused). Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Bob Nacht, Community Development Director; and Peggy Hammer, Human Resources Administrator. Members of the news media included Rachel Thomson from *The Chronicle* and Paul Walker from KITI.

1. **Celebrating Women's Right to Vote in Washington State.** Mayor Pro-tem Dawes presented a proclamation to Lewis County Historical Museum Director Debbie Knapp, in celebration of the 100-year anniversary of women's right to vote in Washington State.

2. **Employee Service Award.** Mayor Pro-tem Dawes presented City Clerk Judy Schave a certificate of appreciation for 25 years of service with the city.

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

a. Minutes of the regular meeting of October 25, 2010; and

b. Claim Vouchers No. 98319-98427 in the amount of \$171,379.31 dated October 29, 2010; and Payroll Vouchers No. 34148-34227 and 1830-1900 in the amount of \$704,074.26 dated October 29, 2010.

The motion was seconded by Councilor Taylor and carried unanimously.

4. **Staff Reports.**

a. **Resignation Letter Received from Public Works Director.** City Manager MacReynold reported he received a letter of resignation from Public Works Director Tim Grochowski with an effective date of January 24, 2011. He noted Mr. Grochowski's contributions to the city were very significant.

Mayor Pro-tem Dawes asked if they planned to start the replacement process before Mr. Grochowski retires. City Manager MacReynold indicated they did.

5. **Council Reports.**

a. **Update from Councilor Harris.** Councilor Harris announced the arrival of his new granddaughter born Friday, November 5, 2010. He added everyone was doing well.

Councilor Harris congratulated both the W.F. West girls' soccer team for winning their division, and the Centralia girls' soccer team who were headed to the playoffs. He extended his apologies to one of the forwards on the Centralia team who tore her ACL during one of the games he refereed.

b. **Update from Councilor Spahr.** Councilor Spahr talked briefly about "The Chehalis Story" project, which he had been working on for about three years. He noted it was a movie filmed in 1952 that gave a little snapshot of what life was like in Chehalis at that time.

Councilor Spahr stated he believed it was filmed by a gentleman who was traveling through town, and did it as a Chamber of Commerce project. He noted his dad received the film about 40 years ago and he always thought it was something that should be in the hands of the people of Chehalis. Councilor Spahr reported they were able to digitalize the film and put it onto DVD. He noted all the proceeds from the sale of the DVDs would go to the Chehalis Foundation for projects in Chehalis.

Councilor Spahr stated he was pleasantly surprised at how people were taking to the DVD, adding they had already sold about 200. He reported there were several locations around town where people could pick it up for a donation of \$20.

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c. **Update from Councilor Taylor.** Councilor Taylor asked if City Manager MacReynold could give an update on the releasing of the Federal Emergency Management Administration (FEMA) maps.

City Manager MacReynold stated the city was informed, unofficially, that the FEMA maps would be released on November 11 or 12. He noted they would be meeting with FEMA tomorrow to see about pulling areas out of the floodway, adding there was still a question as to whether FEMA would be willing to do that.

Councilor Taylor asked if the release was earlier than what they intended. City Manager MacReynold reported they were going to release the maps in March, and then it got moved to July, then to September, and so on. He noted the city started requesting information about five months ago and, as of last week, FEMA claimed they had given it all to us; however, Engineer Bob Montgomery informed the city he still didn't have everything. City Manager MacReynold stated they weren't sure why FEMA couldn't get us the information, when, in fact, they had it to do the modeling to develop the floodway and floodplain. He reported he spoke with Mr. Montgomery about an hour ago, and he believed he may now have all the information we were requesting.

Mayor Pro-tem Dawes reported the city received a long letter from FEMA stating they would make sure we got everything we needed prior to Election Day; however, that didn't happen and two days after the election the city received notice that they were going to release the maps.

d. **Update from Mayor Pro-tem Dawes.** Mayor Pro-tem Dawes reported he attended the Association of Washington Cities (AWC) regional meeting in Kelso, Washington, on October 26. He noted AWC's legislative priorities for this year included:

- Delay the rule-making on state mandates that come down with no funding, with the expectation for cities to pay for it
- Flexibility with the real estate excise tax as to what it can be used for
- New tools to help cities thrive and recover
- Suspend personnel costs
- Maintain a beachhead in the state-shared revenues

Mayor Pro-tem Dawes reported just hours before the regional meeting an executive order was signed to simplify state sales tax. He asked AWC what it meant, but they didn't know, adding it was suggested it might mean a uniform tax countywide.

Mayor Pro-tem Dawes stated they also brought up the issue of streamlined sales tax, adding a committee/group (JLARK) was doing a study on what affect streamlined sales tax has had.

Mayor Pro-tem Dawes reported on October 27, he and Mayor Ketchum, Councilor Spahr and City Manager MacReynold attended a planning committee meeting with Fire District 6. He added the next step in the process was to appoint a member of the council to represent the city on the Regional Fire Planning Committee.

Mayor Pro-tem Dawes reported he showed up at Via Mercato, Inc., for a ribbon cutting ceremony, but apparently they thought it was going to rain, so they cancelled it. He stated he was disappointed that he didn't receive any kind of memo, or something stating it had been cancelled.

6. **Lodging Tax Advisory Committee (LTAC) Recommendations for 2011 Tourism Funds.** Councilor Harris, chair of the LTAC, briefly explained what the lodging tax was and what it could be used for. He reported there were regulations that determined its use and guidelines as to how to build a committee to make recommendations for its use.

Councilor Harris stated they had a wonderful committee comprised of: Natalie Ketchum, Best Western Park Place Inn & Suites; Satpal "Paul" Sohal, Chehalis Inn; Rick Burchett, Chehalis-Centralia Railroad and Museum; and Lee Grimes, Veterans Memorial Museum. He noted they were a hardworking committee and didn't have any difficulties asking the tough questions. Councilor Harris thanked City Manager MacReynold for attending their last meeting, and Caryn Foley for putting together the packets and the minutes from the meeting.

Councilor Harris thanked all 13 applicants that showed up to give presentations.

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Mayor Pro-tem Dawes asked the council if they wanted to continue to receive the full packet of information on the requests made to the committee. He noted he was able to find the information he needed by reading the minutes from the meeting, and was satisfied with what the committee was doing. The majority of the council didn't feel it was necessary, but that packets should still be made available to those who would like to continue to receive it, such as Councilor Lund.

Councilor Harris talked briefly about a few of the requests in general. He reported they received a request from Jim Thomas asking for funding to host the proposed regional tournament in 2013. Councilor Harris noted Mr. Thomas had to show the regional headquarters of Babe Ruth Baseball by April 2011 that he had the financial resources to hold the tournaments. He indicated \$10,000 would be held in reserves in 2011 and \$10,000 in 2012, for use in 2013. Councilor Harris stated the committee was very supportive, adding they felt the tournament would generate at least that much funding, and possibly some additional funding that could be kicked back to the local Babe Ruth organizations.

Councilor Harris reported they received a request from the Centralia-Chehalis Chamber of Commerce and Dale Pullin, Sports Capital NW, who put together a 'scouting' program for higher level youth athletes in a five-state, two Canadian province area, to be brought to our area for scouts to view. He noted the program was not unanimously supported by the committee, adding it seemed it was more like a pass-through situation to supplement funding for a full-time marketing person to promote the Lewis County Sports Complex and Event Center. Councilor Harris indicated Mr. Pullin was not a 501(c)(3) and was contracting with the Chamber who was asking the city for the funding.

Councilor Harris talked about another funding request by the Chamber, which was to support the production of a "mobile" application for phones that would list information about Chehalis, such as: food, dining, shopping, etc. He noted the committee unanimously supported the request.

Councilor Taylor inquired about ARTrails, asking if they provided any kind of information to show how many people they brought in, or what they did to put money back into the fund. Councilor Harris stated it was difficult for the individual artists to track, but the committee received information that about 1,000 people attended the event this year. He noted there was a concern by the committee of only having three artists located in Chehalis, while the vast majority was located in Centralia. Councilor Harris indicated what ARTrails had requested was quite reduced, based on past performance. He added a couple of years ago they were going to build a large database and do some other things, but were not able to demonstrate they had accomplished any of that. Councilor Harris noted it was difficult for the committee to even come up with the \$2,500, but they were willing to continue to support it at the reduced rate.

Councilor Taylor reported local hotels were reporting the biggest bang they were seeing was coming from the Garlic Fest & Craft Show. Councilor Harris stated that was why they were recommending full funding for both the Garlic Fest and the Cascade Country Cook Off.

Councilor Pope stated, in the past, he had problems approving funding for ARTrails. He reported one thing they asked them to do was to take a look at the vacant storefronts in downtown Chehalis and help to coordinate artists who would be interested in having their work displayed. Councilor Pope noted that project had not gotten off the ground yet, but thought it would be interesting to see if it could happen in conjunction with the Renaissance. Mayor Pro-tem Dawes suggested having the opening event in one of the vacant buildings. Councilor Harris noted ARTrails had used the train station in Centralia to be their hub in past years.

Councilor Lund asked if a person or organization had to be a 501(c)(3) to receive funding. Councilor Harris indicated no, they did not. He added a not-for-profit was pretty much required, but there were circumstances where as long as the committee believed the event would provide for heads-in-beds, and not gifting of public funds, it was okay. Councilor Harris reported the State Auditors Office was a little vague on how they deal with things, adding they've had ruling reversals year after year on things where they would allow funding one year and not the next.

Councilor Lund suggested they think a little differently about the recommendations. He noted he had heard from others that our ballfields were hideous and tournaments wouldn't come here because of the shape they were in. Councilor Lund felt our kids were important to our community and if they don't have things for them to do, they end up in trouble. He stated the Chehalis Foundation was doing things for the kids, like the kiddy spray pool, and wondered why the city wasn't taking care of its baseball fields. Councilor Lund asked the council to think outside the box and maybe spend some of the money toward the

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ballfields, because the tournaments do put a lot of heads-in-beds. He suggested they talk to the Chehalis Foundation about fixing up the parks and ballfields. Councilor Lund felt they should reconsider the recommendations and start taking care of the city first before worrying about everybody else.

Councilor Harris stated he understood Councilor Lund's sentiment. He noted only recently had the auditor's office allowed tourism funds to be used for capital projects. Councilor Harris reported, based on the projections of what they were going to draw in next year, they would have a balance of \$68,080 at the end of 2011. He stated he would like to be able to do some work on the ballfields, but \$68,000 wouldn't even be a drop in the bucket to turf one of the fields. Councilor Harris reported we were spoiled in this country because we had to have artificial fields with painted lines on them; but unfortunately, that would take a lot more money than what the city had available. He noted he would be glad to work on any kind of project that would help do that for our ballfields, even if it was one at a time.

Councilor Lund stated there were a lot of other things they could do to improve the fields besides turf, such as having the fields drained, and making sure the base distances were at the right distance apart.

Councilor Spahr stated the hotel/motel owners recommended a few years ago that we go to the maximum on the tax. He felt the committee members had thoughtfully went through the process and awarded the money to those whom they thought had the best payback.

Councilor Spahr moved that the council approve the recommendations of the LTAC for use of lodging tax funds for 2011, and the council reappoint the memberships of Rick Burchett, Lee Grimes, Natalie Ketchum, and Paul Sohal to the LTAC.

Councilor Pope seconded the motion

Councilor Spahr stated he totally concurred with Councilor Lund that they needed to work on the ballfields. He stated he too would be willing to work with him to get something going in that general direction.

Mayor Pro-tem Dawes stated he also agreed with Councilor Lund, but he wanted to make sure they supported the ones who bring the support back to the city. He stated he needed to follow up on a conversation he had with Mr. Pullin, noting their plan was to get so many events that they would need all the fields in both towns to do it, and once they got some of the fields addressed in Centralia, they would be coming over here. It was his understanding that it would get done. Mayor Pro-tem Dawes stated he would have to find some time to chat with Mr. Pullin again, to see if that was still the plan.

Councilor Lund asked how they were going to pay for the upgrades. He felt they had an opportunity to plan ahead and put a little money aside for the future.

Councilor Lund moved to amend the motion to take back 25 percent across the board from the 2011 recommendations, and put it into a separate fund for infrastructure and improvements to our ballfields.

The motion was seconded by Councilor Taylor, but was defeated 4 to 2 with Councilor's Harris, Pope, Spahr and Mayor Pro-tem Dawes voting against the motion.

The main motion passed 5 to 1 with Councilor Lund voting against the motion.

Councilor Pope asked City Manager MacReynold to include a discussion on the ballfields at their next workshop. He noted there was movement to do something with the field behind Olympic School to covert it into a soccer field, and to later add a baseball or softball field. Councilor Pope reported they do have some diagrams and a committee working with the Renaissance team on that project. He noted, in conjunction with the fields, there would also be a walking path that Woodland Estate residents would be able to use and hoped they would be a positive participant in the plan.

Councilor Pope suggested they take an overall look at our facilities, adding there should be some planning to look at not only the lodging tax for funds, but other taxes, as well. He stated when they've gone to the public for our kids, they have always responded.

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City Manager MacReynold reported there was approximately \$50,000 being held aside, and if there was an alternative approach as Councilor Lund suggested of having the Chehalis Foundation look at it as a resource, they could go back and submit a proposal to the LTAC for consideration of funding. He noted the door wasn't closed if there was a real interest in it.

7. Expansion of National Avenue Mitigation Bank. City Attorney Hillier reported the city recently entered into a mitigation bank development agreement with Womble, Carlyle (WCEI). He stated WCEI had since determined there was another property owner with four pieces of property next to the city's property, which added up to approximately 30 more acres that WCEI was very interested in. City Attorney Hillier believed it would enhance not only the ability to sell the credits for our 66 acres, but would enhance the return value of the credits.

City Attorney Hillier reported part of the drainage that goes through the city's 66 acres was included in the 33 acres owned by Kevin Klumper (K&K Property). He noted TransAlta had some property in the drainage basin that WCEI was real interested in, as well, that may enhance the ability to sell credits. City Attorney Hillier stated WCEI also liked the looks of our SR6 property, which was the surplus the city had from what we purchased for the poplar tree plantation. He stated WCEI was convinced the value of the credits off the National Avenue property would increase, and our ability to recoup our investment through the process would take about two years.

City Attorney Hillier reported all the property owners and stakeholders in the amendment agreed that Chehalis would take their dollars out first before any other party received any money. He stated he couldn't speak to whether the SR6 property would be included in that because there were a couple of hurdles to jump over, adding there had to be some dirt removed from the property before it would become subject to the enhancement process.

City Attorney Hillier reported the restated agreement would allow them to insert property, or take out property as needed. He noted the documents were drawn up to give the city the flexibility to include or to not include the SR6 and TransAlta property. He stated by adding the Klumper property it would certainly enhance our ability to complete the project on National Avenue, and it clearly enhanced the value of each credit. City Attorney Hillier didn't feel there was any downside to it and recommended the council allow the city manager to execute the agreements.

Councilor Taylor asked if the city's return on the credits had changed, noting at one time it was \$1.2 million. City Attorney Hillier reported there was absolutely no question the number would be going up. He didn't know the exact number yet, because the value per credit wouldn't be determined until after the development was completed.

Mayor Pro-tem Dawes inquired about the sharing of the costs involved. City Attorney Hillier reported the city would not pay any costs of the actual development, adding the city owned the property today and would continue to own the property.

Councilor Lund stated things were tough right now and nobody was building. He asked if they knew what a credit would be worth in five years. City Attorney Hillier reported WCEI indicated they already had a market for the credits, which he thought was the State of Washington Department of Transportation. He stated the credits may be worth more in five years, but didn't know what that dollar figure would be. City Attorney Hillier reported in the next two years, WCEI was predicting at least \$2 million to the city.

Councilor Lund asked what they would do if they used up all of the credits now and needed more in the future. City Attorney Hillier reported they had two pools of credits, the first being the National Avenue property, which the city was reserving three credits; and the SR6 property, which would be four or five years down the road. Councilor Lund asked if the three credits would satisfy the need for the Barnes Property. Bob Nacht stated under the current scenario it would, adding what the city needed now was a developer interested in doing that. Councilor Lund suggested the council think about what they're going to do when the land is all gone, especially in five or ten years if they need to do something. He suggested they were locking themselves in with one company with everything they had, not knowing if they were going to perform, or not. He noted the council had gotten zinged before dealing with people they trusted, and thought it would be wise to wait and see how WCEI does on the first project.

City Attorney Hillier stated the council could certainly hold out the SR6 property.

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Councilor Spahr asked if there was a time limit in the agreement for performance. City Attorney Hillier stated they projected to take their prospectus to the Environmental Protection Agency the first week in November.

Mr. Nacht stated there was a lot of discussion going on between all the parties, adding the whole issue was culminating into a win-win situation for everybody, and encouraged the council to support it. He reported, as for the future, any credits available through the process would be available to any local developer, adding he didn't believe they were all pre-sold, and even if they were, there were other wetland banks in the vicinity that are available to local developers. Mr. Nacht felt if the city held on to some of the credits it would be a loss in revenue, and a cost to the city later on to make them credits.

Councilor Spahr stated he appreciated what Councilor Lund had to say, but he could also appreciate entering into an agreement today because once WCEI was gone, they're gone. He felt the opportunity was knocking and they should answer the door, adding the SR6 property had value as a whole, but probably not so much by itself.

Councilor Pope stated he had no problem with the National Avenue property, but believed the SR6 property had some potential value for other things. He indicated he had some objections to including the SR6 property at this time.

Councilor Harris stated he had some trepidation about including the SR6 property, as well. He suggested the property might be worth a little more down the road, and whether they could get WCEI to do the same thing later was of question. Councilor Harris talked briefly about the FEMA maps, adding who knows how good it would be once those come out.

Councilor Taylor asked if the SR6 property would still be of value to WCEI later on if they withheld for now. City Attorney Hillier stated the real enhancement of value was the addition of the Klumper property to the National Avenue site. He added they still don't know what the value of the SR6 property would be to the whole wetland project, adding WCEI was the one to show an interest. City Attorney Hillier stated they didn't have to include it, but the agreement would still need to be restated to include the Klumper property. Councilor Taylor asked if it would hurt the city to take the SR6 property out. City Attorney Hillier didn't feel that it would.

Councilor Harris asked if it would preclude them from doing anything in the future if they took it out. Mr. Nacht stated not necessarily, but the issue would be whether WCEI had any interest in doing it at a later date.

Mayor Pro-tem Dawes asked if the new FEMA maps would change the process in any way. Mr. Nacht stated it would not change the process; however, it could change the use of the property.

Mayor Pro-tem Dawes asked if they choose to include the SR6 property, could they request to hold credits for potential use by the city. City Attorney Hillier stated they had not discussed that concept, but if the council so desired, they could approach WCEI to see if we could negotiate something.

Mayor Pro-tem Dawes talked briefly about whether WCEI would be willing to come back at a later time and do a mitigation bank on the SR6 property. Councilor Lund was sure there were other people who would want to do it, adding the Port of Chehalis was currently doing one. He wondered why the Port couldn't work jointly with the city in the future to do it themselves.

Councilor Spahr inquired about the location of the SR6 property. Mr. Nacht stated it was the 56 acres coming back towards town from Highway 603, located on the west and south side of the duck pond.

Councilor Harris asked if WCEI could estimate how many credits were on the SR6 property. Mr. Nacht noted the property did not have a value to credits as it currently existed. He noted the current elevation of the property was too high and in order for it to become a mitigation bank there would have to be an action to remove dirt from the property before it would be of any value to WCEI. Mr. Nacht noted the property was considered a regulatory floodway and the city couldn't do anything with it.

Councilor Pope stated he agreed with Councilor Lund, they don't know what the future holds, and if they used up the three credits from the National Avenue property the city or a developer would have to pay for a mitigation bank somewhere else. He suggested they try to get another three or four credits secured.

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Councilor Lund stated he didn't mean he wanted three or four credits; he thought they needed to keep all of the SR6 property, because as the years go by the ratio per acre for mitigation was going to go up.

Councilor Pope moved that the council approve and authorize the execution of the amended and restated mitigation bank development agreement and the amendments to the mitigation bank development agreement, with the exception of the SR6 property.

The motion was seconded by Councilor Lund.

Councilor Harris stated, in the interest of expedition, he would like to see if they could get some response from staff and WCEI as to what the SR6 property could be worth in credits down the road. He noted he didn't want to close the door on the SR6 property.

Mayor Pro-tem Dawes didn't feel the motion would close the door to anything on SR6. He believed staff would try to find out the best potential use and benefit for the property. Councilor Harris felt staff had already told them what they thought was best.

City Manager MacReynold noted staff's recommendation was based on a recommendation from a developer who would benefit from the project. He noted these were the difficult decisions the council was elected to make, and felt the council was making a very wise decision, based on the fact that they were looking to the future.

Councilor Spahr stated if in two weeks staff comes back to them and they change their minds, they could put in an option for three to five credits on the SR6 property to be available in five years if we need them.

Mayor Pro-tem Dawes stated he felt comfortable supporting the motion as it was, for the simple reason it was something they needed to get moving on now and would prove to be the quickest turnaround for the city. He noted the SR6 property was still going to be there and the city would have total control over it to use as they see fit when the time comes.

Councilor Pope called for the question. The motion carried unanimously.

8. Appoint Council Representative to Regional Fire Planning Committee. City Manager MacReynold reported they had been in on-going discussions for about three to four years with Fire District 6 on the possibility of merging or consolidating with them. He stated recently their discussion had been expanded to include Riverside Fire Authority, and most recently, Fire District 5.

Chief Kelvin Johnson stated they had made some great steps on their working relationship with Fire District 6, as well as the other fire districts in the area. He stated there was no doubt in his mind after being in the fire service for the last 32 years that business was changing. Chief Johnson felt it was only wise and prudent to go ahead and have discussions with one another, and with our other neighboring departments to see what possibilities were out there to provide the level of service the citizens have come to expect. He noted there was information attached to the agenda that had been shared during their last couple of open public meetings, and they were now at the point where they want to formulate a specific planning committee to really get down to the nuts and bolts and come back with some type of recommendation, hopefully within the next 12 months.

Chief Johnson asked that the council appoint one of their members to join them on the planning committee.

Councilor Spahr felt the process was going to take a lot of time and work. He stated he would like to see Mayor Pro-tem Dawes appointed to the committee to represent them, if he would take it.

Mayor Pro-tem Dawes stated he would be willing to do it.

Councilor Taylor also nominated Mayor Ketchum, stating he had a chance to speak with the mayor and he asked that his name be put in the bucket for consideration. He felt either one would represent them well.

Councilor Spahr moved to appoint Mayor Pro-tem Dawes to the Regional Fire Planning Committee.

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The motion was seconded by Councilor Pope and carried 4 to 2 with Councilors Lund and Taylor voting against the motion.

There being no further business to come before the council, the meeting adjourned a 7:36 p.m.

Mayor

Attest:

City Clerk