

February 26, 2018

The Chehalis city council met in regular session on Monday, February 26, 2018, in the Chehalis city hall. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following council members present: Terry Harris, Daryl Lund, Dr. Isaac Pope, and Bob Spahr. Councilors Tony Ketchum and Chad Taylor were absent (excused). Staff present included: Jill Anderson, City Manager; Caryn Foley, City Clerk; Bill Hillier, City Attorney; Trent Lougheed, Community Development Director; Brandon Rakes, Airport Office Manager; Rick Sahlin, Public Works Director; Chun Saul, Finance Director; Glenn Schaffer, Police Chief; Judy Schave, HR/Risk Manager; and Lilly Wall, Recreation Manager. Members of the news media in attendance included Natalie Johnson of *The Chronicle*.

1. **Proclamation – Chehalis STEM Wing.** Mayor Dawes read and presented a proclamation congratulating the Chehalis School District on the opening of the new STEM (Science, Technology, Engineering, and Math) wing at W.F. West High School. Superintendent Ed Rothlin, Assistant Superintendent Mary Lou Bissett, W. F. West Principal Bob Walters, and Krista Wilkes, a science teacher, accepted the proclamation.

2. **Citizens Business.** David Hartz, President of the Chehalis Community Renaissance Team (CCRT), stated the grand opening of Chehalis Coworks was held last week. He thanked the city for its support of the CCRT, stating the group would not have come this far without the council's support. Coworks is a partnership between the CCRT and Port of Chehalis and was funded by a Distressed County Fund grant. Now that the facility is open, the group will work on getting the word out. Mr. Hartz added that as the CCRT moves forward they are anxious to hear about the city's recent strategic planning meeting because they want to make sure they are on the same page as the city.

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

- a. Minutes of the regular meeting of February 12, 2018;
- b. February 15, 2018 Claim Vouchers No. 121605-121766 and Electronic Funds Transfer No. 12018 in the amount of \$483,224.22; and
- c. Engineering services agreement with Gibbs & Olson in an amount not to exceed \$97,000 for the Riverside Pump Station Force Main Replacement Project.

The motion was seconded by Councilor Lund and carried unanimously.

4. **Early Termination of Heidar Ground Lease.** Brandon Rakes stated the airport has a 1994 ground lease with Dr. Helgi Heidar, which expires April 2019. Dr. Heidar would like to terminate the lease one year early and requested that the airport pay him \$2,500. Dr. Heidar pays an annual fee of \$800 dollars for the lease, so terminating the lease early would allow the city to lease the hangar space that Dr. Heidar constructed. The airport is currently at 100% hangar occupancy. Mr. Rakes estimated being able to collect at least \$400 a month for the hangar space.

Mayor Dawes noted that the reason Dr. Heidar's lease was so cheap is because when he leased the ground it was bare property. The terms of the lease provided that once the hangar was constructed and the lease was carried out until April 2019, the airport would own the building.

Bill Hillier added the city has previously bought-out another hangar, so this is not a new thing for the city.

Councilor Spahr asked if the airport had people waiting to lease hangars. Mr. Rakes stated he currently has a waiting list of about 12 candidates.

Councilor Pope moved to approve the Chehalis-Centralia Airport early termination of the ground lease with Dr. Heidar and pay him \$2,500 upon early termination of the lease in consideration for the permanent property improvements made during the term of the lease. The motion was seconded by Councilor Lund and carried unanimously.

5. **Presentation on Updated Parks Recreation and Open Space (PROS) Plan.** Lilly Wall stated the plan is required by the Washington State Recreation and Conservation Office and must be updated every six years to be considered eligible for grants. The administrative update of the 2012 PROS Plan was completed with modifications to meet current/future city needs. The city's vision and priorities have been altered since the previous plan was developed, and choices that confront Chehalis are significant and could alter the character and quality of PROS facilities and services (without adequate planning). The update outlines available choices and strategies for implementing preferred actions that have been determined to provide the most

February 26, 2018

benefit to Chehalis residents. Ms. Wall stated there has been little growth since the 2012 PROS Plan was adopted, except for two significant accomplishments that include the city's acquisition of Stan Hedwall Park and the renovation and naming of the Gail and Carolyn Shaw Aquatics Center.

Ms. Wall stated the 2012 plan identified the Gail and Carolyn Shaw property, located adjacent to the Chehalis Middle School, as the ideal site to build a multipurpose recreational and athletic facility; however, that concept is no longer a viable option since the property was donated to the Chehalis School District to build two new elementary schools. The 2018 update has a new focus on possible improvements and upgrades to city-owned park facilities, including Recreation Park, Stan Hedwall Park, Westside Park, Alexander/Lintott Park, and Millett Field. It also includes a secondary focus on general improvements to Henderson Park, Dobson Park, McFadden Park, Henderson Park, and the National Avenue wetlands.

Councilor Pope asked if the city still owned Dobson Park. Ms. Wall stated only a portion of the park was sold.

Ms. Wall stated the 2018 update would be for planning purposes. She stated no modifications are being recommended to the financial strategy, but staff will apply for grants when available, and fundraising strategies may be implemented. She noted that if grants/other outside sources of revenue are limited, some (or most) of the proposed enhancements will be reduced or extended beyond the next six-year period. The plan will continue to be re-evaluated every six years, and if circumstances change, a more comprehensive plan would be completed. She stated that staff was recommending that the council review the update and provide comments. A resolution to adopt the updated plan will be on the next council meeting agenda. A hard copy of the first six chapters of the plan will be provided to each council member and will also be available on the city's website.

Councilor Harris commented it would be nice to add power to Westside Park for Christmas decorations.

6. Administration Reports.

a. **Financial Report.** Chun Saul provided a 2017 year-end financial report. For all city funds, revenues and transfers in were 105.0% with expenditures and transfers out at 87.1%, resulting in an increase to the ending fund balance of \$3.4 million. With respect to the General Fund, revenues were 99.7% of the budget and expenditures and transfers out were 92.2%, resulting in an increase of about \$900,000. Ms. Saul stated that 79.8% of total General Fund revenues come from taxes. The 2017 total tax revenues were 99.2% of the budget; however, overall tax receipts showed a \$783,399 increase from the previous year. She noted these figures did not include Transportation Benefit District funds.

City Manager Anderson noted almost half of the city's General Fund revenues are from sales and use taxes, which makes the city very susceptible to downturns in the economy. She also noted that more than 50% of the city's budget goes for police and fire services.

Councilor Spahr asked if other cities were similar to Chehalis in relying so heavily on sales taxes. Ms. Saul stated sales taxes were also Lacey's largest revenue source. Mayor Dawes thought sales tax was probably the major revenue source for most cities.

With regard to Enterprise Funds, Ms. Saul provided the following:

- **Wastewater Fund**
 - Operating revenues \$5,520,573 (102.1% of budget)
 - Wastewater sales \$173,567 lower than 2016
 - Connection fees \$234,825 higher than 2016
 - Loan proceeds \$574,534
 - Total expenses at 90.1% of the budget
 - Overall revenues and loan proceeds exceeded total expenses by \$510,110

- **Water Fund**
 - Operating revenues \$3,233,688 (118.5% of budget)
 - Water sales \$56,262 lower than 2016
 - Connection fees \$195,879 higher than 2016
 - Total expenses at 72.3% of the budget

February 26, 2018

- State DWRP Loan proceeds \$2,050,000 for two major capital projects completed
- Overall revenues and loan proceeds exceeded total expenses by \$2,349,977
- Storm & Surface Water Fund
 - Operating revenues \$695,601 (124.9% of budget)
 - Storm water sales \$51,478 higher than 2016
 - Connection fees \$76,976 higher than 2016
 - Total expenses is 81.9% of the budget
 - Overall revenues exceeded total expenses by \$265,780
- Airport Fund
 - Operating revenues \$1,565,431 (102.7% of budget)
 - Fuel sales \$482,300 (90.2% of budget)
 - Lease revenues \$1,062,374 (108.2% of budget)
 - Grants and loan proceeds \$1,262,586
 - Total expenses at 91.2% of the budget
 - Overall expenses exceeded total receipts by \$1,446,094 due to \$1,547,741 G.O. Bond pay off

Ms. Saul noted this report was still preliminary due to needing a few more year-end adjustments to conform to State Auditor requirements for cash basis reporting. She noted the 2018 January/February financial reports would be provided at the March 26 council meeting.

Councilor Pope left the meeting to attend another meeting that required his attendance.

b. **City Manager Update.** City Manager Anderson stated the Chehalis Foundation is holding a gala on March 31 to celebrate their 15 years of success. It was her understanding that the Foundation is seriously considering naming a city project related to Recreation Park for their next big effort. She stated additional information will be coming from the Foundation.

7. Councilor Reports/Committee Updates.

a. Councilor Spahr attended the grand opening of Chehalis Coworks and the Pope's Kids Place Gala, which was very successful.

b. Councilor Lund also attended the Pope's Kids Place Gala. He stated the Longview Elks attended and made a \$5,000 contribution. He didn't think people realized that Pope's serves children in several counties beyond just Lewis County.

c. Mayor Dawes attended the Chehalis Coworks event.

8. **Executive Session.** At 5:48 pm, Mayor Dawes announced the council would take a short recess and then be in executive session pursuant to RCW 42.30.140(4)(b) – Collective Bargaining not to exceed 6:15 pm and there would be no decision following conclusion of the executive session. The council convened into executive session at 5:52 pm. Following conclusion of the executive session, the regular meeting was reopened and immediately adjourned at 6:04 pm.

Dennis L. Dawes, Mayor

Caryn Foley, City Clerk

Approved: 3/12/2018

Initials: cf