

September 24, 2018

The Chehalis city council met in regular session on Monday, September 24, 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, Tony Ketchum, Daryl Lund, Dr. Isaac Pope, Bob Spahr, and Chad Taylor. Staff present included: Jill Anderson, City Manager; Caryn Foley, City Clerk; Bill Hillier, City Attorney; Trent Loughheed, Community Development Director; Brandon Rakes, Airport Operations Coordinator; Chun Saul, Finance Director; and Glenn Schaffer, Police Chief. Members of the news media in attendance included Will Rubin from *The Chronicle*.

1. **Proclamation – Senior Center Month.** Mayor Dawes read and presented a proclamation declaring September as Senior Center Month. Ron Averill accepted the proclamation on behalf of Lewis County Seniors.

2. **Recognition of David Hartz and Allyn Roe.** David Hartz and Allyn Roe were both recognized for their leadership roles on the Chehalis Community Renaissance Team (CCRT). Mayor Dawes read and presented proclamations to both men, and Andy Skinner, Vice President of the Renaissance Board, presented each with a plaque.

3. **Chehalis Basin Strategy Update.** Andrea McNamara Doyle, Director of the Office of Chehalis Basin (OCB), provided an update on recent progress of the group. She stated the Chehalis Basin Strategy (CBS) covers the entire 2700 miles of the Chehalis River, running through eight counties. The basin is a fertile and bucolic region with extreme flooding. It is an abundant region of natural resources and aquatic species, but has challenges with struggling aquatic species. Harvest has been limited by poor runs over the last 30 years and habitat productivity degraded. The CBS is attempting to address these issues with a holistic approach. Ms. Doyle stated the mission of the OCB was to aggressively pursue an integrated strategy and funding to address these issues through projects relating to habitat restoration, local flood reduction, and large-scale flood reduction. One large-scale proposal is the flood retention facility above Pe Ell. Strategy development has moved into project-specific review and the public has an opportunity comment on some of the next big steps, including the aquatic species restoration plan, final design of the North Shore Levee; a report on the Newaukum sub-basin feasibility, draft basin-wide flood proofing strategy, and the flood retention facility above Pe Ell. Ms. Doyle distributed a focus sheet on the environmental review process. The public comment period runs September 28 – October 29. Two public meetings on the Final EIS will be held on October 16 from 5:00 to 8:00 pm at Montesano City Hall and on October 17 from 5:00 to 8:00 pm at Centralia College. There will be another comment period after the draft environmental review documents are prepared. 2019 will be when the project-specific environmental review will be happening, and then in early 2020 the public will get another chance to comment. It's at that point that the Chehalis Basin board will have the information available to them, along with the Flood Control Zone District, to make a decision about moving forward on the flood control facility.

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

- a. Minutes of the regular city council meeting of September 10, 2018;
- b. September 14, 2018 Claim Vouchers No. 123593-123739 and Electronic Funds Transfer No. 82018 in the amount of \$409,525.19;
- c. Reject bid for the Shaw Aquatics Center Pool Resurfacing Project; and
- d. Resolution No. 7-2018, first and final reading – declaring city property to be surplus.

The motion was seconded by Councilor Lund and carried unanimously.

5. **Ordinance No. 991-B, Second and Final Reading – Amending the 2018 Adopted Budget.** City Manager Anderson stated a detailed report was provided at the last meeting, and staff was recommending passage of the ordinance.

Councilor Harris moved to pass Ordinance No. 991-B on second and final reading. The motion was seconded by Councilor Pope and carried unanimously.

6. **Audit Requirements for Recipients of Lodging Tax Funding.** Councilor Harris stated it was recently brought to the city's attention that the system the council developed a few years ago to help protect both the city and the entities that request lodging tax funds may have been a little bit of a knee-jerk reaction to the incident that happened at the Historical Museum. The audit requirement was to ensure that organizations were being run properly. He stated audits are very expensive and some of the non-profit groups don't have those kinds of funds. Beyond that, the city already requires the organization's:

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- Total budget
- Current IRS filing (Form 990, 990-EZ, or 990-N)
- Balance Sheet or Statement of Assets, Liabilities, and Fund Balance
- Income Statement or Profit and Loss Statement
- Bank statements to confirm existence of cash balances and to coincide with financial statements
- Statement signed by the President and Treasurer that the documents presented are true and correct
- Verification of current registration with the Secretary of State Corporations Division and Charities Division, and IRS tax exempt status

Councilor Harris stated that because of the above-noted requirements, there has been a request to discontinue the audits.

Tom Bradley, a local CPA, addressed the council regarding the issue. Mr. Bradley stated that from the beginning he thought requiring small organizations to have an audit was overkill. He thought the financial documents the city requires with the application provide detailed information. Furthermore, the funds received through the lodging tax program are reimbursable and require invoices to show how the money was spent. He thought those items were a pretty good audit check.

Councilor Spahr asked who could perform audits. Mr. Bradley stated they have to be done by a firm that does those types of engagements, which he does not. Generally, those are larger firms. There used to be sole practitioner in the area, but that individual retired. Another local firm is doing some small audits, but they are still very expensive – around \$10,000 to \$12,000, while a review can run \$6,000 to \$8,000.

Mayor Dawes asked if the financial information the city was asking for was cumbersome. Mr. Bradley indicated it shouldn't be. He stated the list of documents was something he recommended to the council. The items required show that an organization's books and tax filings are up to date.

Councilor Harris stated the financial information submitted has primarily been reviewed by Caryn Foley. He asked if the council was interested in having a council subcommittee review the documents since it was the council asking for the information. It was suggested that the lodging tax advisory committee review the information.

Councilor Spahr moved that the City Council discontinue the requirement that organizations that receive Chehalis tourism funding over an extended period greater than five years be required to have an external audit. The motion was seconded by Councilor Pope and carried unanimously.

7. Administration Reports. City Manager Anderson stated that at the last meeting staff asked council to approve asking members of the public to participate in a public program for information regarding flood protection. Staff identified Duane Taylor and Ken Frazier to participate on the committee. A formal request for appointment will come before the council at an upcoming meeting.

8. Councilor Reports/Committee Updates. Mayor Dawes reminded council members to turn in their city manager evaluations to the City Clerk by Wednesday. Mayor Dawes attended the following: .09 committee meeting; a meeting with Japanese representatives looking at potentially locating in the Port of Chehalis; and Business After Hours at Linex.

There being no further business to come before the council, the meeting was adjourned at 5:51 pm.

Dennis L. Dawes, Mayor

Caryn Foley, City Clerk

Approved: 10/8/2018

Initials: cf