

January 24, 2011

The Chehalis city council met in regular session on Monday, January 24, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:46 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; and Peggy Hammer, Human Resources Administrator.

1. **Executive Session.** Mayor Ketchum announced the council would convene into executive session pursuant to RCW 42.30.110(1)(i) – potential litigation for approximately 15 minutes and there would be no decision following conclusion of the executive session.

Mayor Ketchum closed the executive session at 6:01 p.m. and announced the council would take a four minute recess before reopening the regular meeting a 6:05 p.m. Additional staff included: Glenn Schaffer, Police Chief; Becky Fox, Court Administrator; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Tim Grochowski, Public Works Director; Judith Smith, Public Works Office Manager; Rick Sahlin, Street Superintendent; and Dave Vasilauskas, Water Superintendent. Members of the news media included Rachel Thomson from *The Chronicle*, and Paul Walker from KITL.

2. **Update on Fisheries Study.** Edna Fund, the city's delegate on the fisheries study, reported the study was continuing on the Chehalis River, adding they got a late start because of how the funding was set up and the time it took to select a company to do the work. She stated they requested a longer time period from the Legislature to complete the study because they wanted to include all four seasons.

3. **Employee Service Award.** Mayor Pro-tem Dawes presented Court Administrator Becky Fox with a certificate of recognition and appreciation for 30 years of dedicated service to the city.

4. **Briefing on Lewis County Comprehensive Emergency Management Plan (CEMP) Updates.** Lewis County Emergency Management Deputy Director Ross McDowell reported there were very few changes between the 2005 and 2010 versions of the Lewis County CEMP. He noted the biggest change came from the federal government, adding they decided to reduce the 38 chapters of emergency service functions down to 16.

Mr. McDowell reported the document was now a four phase plan that included the following: an Introduction Phase; Basic Plan; Emergency Service Functions; and Annexes and other supporting documentation that detailed the different emergency response and mitigation recovery plans that are in play for each one of the cities, and for the county. He noted the only city not included in the CEMP was the City of Centralia, who had their own CEMP, and do their own emergency management.

Mr. McDowell asked that the city review the information and bring back a resolution to accept the Lewis County CEMP, the National Incident Management System, and the Incident Command System.

Mr. McDowell reported Lewis County adopted a resolution on January 10, 2011, to accept the plan.

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

- a. Minutes of the regular meeting of January 10, 2011; and
- b. Claim Vouchers No. 98826-98933 in the amount of \$138,895.60 dated December 30, 2010; Claim Vouchers No. 98934-99144 in the amount of \$675,296.16 dated January 14, 2011; Claim Vouchers No. 99145-99154 and 122010 in the amount of \$61,805.14 dated January 19, 2011; and Payroll Vouchers No. 34304-34388 and 1969-2035 in the amount of \$713,805.27 dated December 31, 2010.

The motion was seconded by Councilor Pope and carried unanimously.

6. **Staff Reports.**

a. **Quarterly, and November and December 2010 Financial Reports.** Eva Lindgren indicated she would focus primarily on the December report, rather than spend time on the report from November.

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Ms. Lindgren stated the December report incorporated the final budget amendment passed in December. She reviewed the revenues for the general fund, noting the expected variance was only off by one percent from what was budgeted. Ms. Lindgren reported she still had some final 2010 adjustments to make, but the numbers would be pretty close to what was being presented. She talked briefly about the general fund expenditures, noting they were 1.3 percent below what was approved in the amended budget.

Councilor Taylor asked if there would be any more tax revenues coming into the general fund. Ms. Lindgren reported everything that could be recorded in terms of revenue had been recorded for 2010. She reminded the council that the city was cash-basis, which meant they don't accrue any receivables. Ms. Lindgren indicated she still had to do some interest reclassifications to the fund.

Councilor Taylor stated he was concerned about the variance in expected revenues, adding he thought the city pretty much knew what would be brought in. Councilor Harris suggested some revenues are based on the number of customers and the services provided. He noted the Solid Waste Advisory Committee received a monthly breakdown from LeMay that listed the number of customers who are receiving service, adding those numbers varied from month to month.

Councilor Spahr reported the budget showed a \$554,000 shortfall, and asked if that had anything to do with the adjustments made to the budget throughout the course of the year. Ms. Lindgren reported they sometimes budget to drawdown fund balance, which would show up on the report as a negative. She noted she would be reclassifying some police department expenditures to the gambling enforcement fund, which would change the actual net budget/income significantly for 2010. Ms. Lindgren projected she would be very close to the estimated beginning fund balance for 2011.

Ms. Lindgren reported on the wastewater revenues and expenditures, stating they were within two percent of the revenue projections. She noted the unadjusted expenditure numbers were over by .03 percent, but she still had some adjustments to make to reclassify some of the expenses out of the wastewater fund.

Councilor Harris inquired about the wastewater and water connection fees and sales. Ms. Lindgren reported one of the biggest adjustments they do in the water and wastewater funds was for the receivables. She noted when those were adjusted the actual revenues on the adjusted financials would either go up or down.

Councilor Taylor thought they had received a large connection fee from a tenant in the industrial park. Mr. Grochowski indicated the city received approximately \$100,000 from one tenant in the industrial park in 2010.

Ms. Lindgren reported on the 4th quarter financial report, noting it also included the budget amendments approved in December, but still required some year-end adjustments. She noted the beginning actual numbers were solid; however, the revenues, transfers-in, expenditures, and transfers-out could potentially change. Ms. Lindgren noted the estimated general fund balance should go up by approximately \$120,000, while the gambling enforcement fund would go down by the same amount. She indicated the interest income was very low and the reclassifications were not going to be that significant.

Councilor Taylor asked if there was special insurance to protect money the city keeps in the bank. Ms. Lindgren reported the city's money was protected, adding Washington State specifies which institutions may get governmental deposits. She noted banks had to meet certain requirements and agree to cover the money to make it whole.

b. **4th Quarter 2010 Sales and Use Tax Report.** Ms. Lindgren reminded the council that they reduced the budget in December to reflect what they anticipated they would receive in sales and use tax in 2010. She reported the final numbers exceeded projected budget by \$15,743.

Councilor Lund suggested things were pretty slow out there, adding people were getting laid off and businesses were cutting their hours.

7. **Update on Flood Authority.** Julie Balmelli-Powe reported they were currently working on the formation of a new flood zone district. She noted the flood authority was scheduled to go away June 30, 2011, and they had been directed to form some other organization to take its place by that time.

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Ms. Balmelli-Powe reported the FCS Group, hired by the flood authority to form the district, was dealing with the eleven jurisdictions trying to get everyone on the same page. She noted there was legislation going through that would allow the formation of multi-county flood jurisdictions; however, the new organization would not be in place by the time the flood authority goes away. Ms. Balmelli-Powe stated the plan was to have an interlocal agreement to include the three counties, the Tribe and one city representative to take the place of the flood authority until the multi-county jurisdiction is formed. She noted the interests of Grays Harbor were obviously not the same as Chehalis, and believed the city would lose most of its representation once the flood authority goes away.

Ms. Balmelli-Powe reported the studies on water retention were looking good. She stated they just completed phase 2-b on the benefit cost analysis that passed on the one dam, but not on the second dam. Ms. Balmelli-Powe reported the Governor had money in the budget to fund a hydraulic study from Grand Mound to the headwaters. She stated they didn't know what effect retention would have past Grand Mound, but once they can prove how much decline in water there will be, it would strengthen the position for water retention.

Councilor Taylor asked how Ms. Balmelli-Powe was going to battle the representation issue. Ms. Balmelli-Powe stated Thurston County was against any form of a flood solution that would help Lewis County, adding they clearly feel that we created our own problem, and the Tribe and Grays Harbor appear to be on the same page. She reported she was hoping to get the cities throughout the basin to say they would like to have city representation from both Grays Harbor and Chehalis, to at least equal out the vote.

Ms. Balmelli-Powe reported that if they form the district the way they have suggested, everybody would have an equal vote. She didn't believe that was fair, since Thurston County receives a lot less damage than what Lewis and Grays Harbor receive. Councilor Harris noted they also had a lot less involvement, with reference to square miles. Ms. Balmelli-Powe stated she would be arguing that they need to go on a weighed vote based on what portion of the basin belongs to each county, rather than one county, one vote. Councilor Taylor thought that was a great idea. Councilor Harris thought getting that to fly would be difficult at best. Mr. Balmelli-Powe suggested it would be bad for the city if they form something that we have no control over. Mayor Ketchum and Councilor Taylor both agreed.

Councilor Taylor inquired as to how the one representative would be elected. Ms. Balmelli-Powe suggested the cities could elect that person amongst themselves, or take turns. Councilor Taylor asked if it would be helpful if the city put together a position paper to improve our case. Ms. Balmelli-Powe stated she would welcome a letter. She noted they had a meeting set up with the FCS Group on February 28; however, her personal opinion was they were not working for the cities.

City Manager MacReynold reported the council would be briefed by the FSC Group on what the alternatives are on February 28. Ms. Balmelli-Powe suggested the reason the meeting with the FSC Group was scheduled for the 28th was because their decision would already be made on the 17th. She felt the FCS Group was leading the group in a direction that would not be favorable to the city. Councilor Taylor noted they could raise their concerns at the meeting, but thought it would be nice if they could still give Ms. Balmelli-Powe some ammunition from the city. Mayor Ketchum felt they needed to get something to the FSC Group and to the flood authority on our position, as soon as possible.

Ms. Balmelli-Powe reported the other issue they were pushing for was the flood hazard mitigation plan. She stated there were 16 suggested regulations for building in the floodplain, followed by five more that were considered to be ideal. Councilor Taylor requested a copy of the 16 regulations be sent to Community Development Director Bob Nacht once they have those available, so the city can battle them before they get passed. Mr. Nacht reported he was part of the technical team that put the regulations together, and on the surface he didn't have any particular issues with the 16 regulations. He noted, with regard to the ideal 'five,' those would still need to be discussed.

Councilor Harris felt Ms. Balmelli-Powe was a strong advocate for the city and we were fortunate to have her, adding she's always looking out for the city's best interest.

8. Council Reports.

a. **Update from Councilor Spahr.** Councilor Spahr reported he attended the Cowlitz-Lewis Economic Development District meeting on January 19. He stated he volunteered to be on a by-laws committee primarily because they would be talking

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about funding from the jurisdictions involved. Councilor Spahr reported they were also working on an outline for an economic adjustment regional grant application that could be used on abandoned sites to develop comprehensive plans on how to use the property and develop it. He noted they were also working on a grant for a Three-Rivers Business and Technical Center.

b. **Update from Councilor Dawes.** Councilor Dawes reported he attended the regional fire district meeting, adding they were getting a little more formal with the process and had already given the first sub-committee some work to do. He indicated their next meeting was set for March and would probably involve more representatives from the city council. Councilor Dawes noted they had a potential facilitator, whom he believed would bring instant credibility to the process and would make sure the group sticks to what they are there to do and not get side-tracked.

c. **Update from Councilor Harris.** Councilor Harris reported he and other city representatives attended the Chamber banquet, adding it was a very nice event. He also attended a Chehalis Business Association (CBA) meeting, noting they were in the process breaking the organization up into 'event' committees, so each committee can take care of an event rather than the whole committee trying to take care of everything. He thanked Police Chief Glenn Schaffer for coming to the CBA meeting to make a presentation on crimereports.com.

Councilor Harris reported he and a majority of the council attended the neighborhood meeting with American Behavioral Health Systems (ABSH) on January 18. He thought it was a very good meeting, noting there were fewer residents and a lot more employees and former employees of ABHS in attendance. Councilor Harris believed trust in the community was growing, as evident by the fact that there were fewer residents in attendance; however, they still had a long way to go.

Councilor Harris reported he attended a solid waste advisory committee meeting on January 19, adding comingled recycling was up and tonnage of waste was down, which meant their income was down, as well. Councilor Harris indicated construction debris was primarily what they were seeing a great reduction in, adding they were working hard not to increase the tipping fees at the station.

Councilor Harris reported he attended the Chehalis River Basin Partnership meeting where they accepted an agreement with a pro bono attorney group to coordinate the 501(c)(3) process, which would allow them to receive additional funding. He noted as of June 30, 2011, all their current funding sources would go away. Councilor Harris stated the Chehalis Tribe donated \$15,000 to the program to help fund staff for another three to four months.

Councilor Harris reported the basin partnership got a letter off to the Governor's office, basically echoing what the flood authority sent. He noted the Governor's office was talking about taking the lead on both the flood and environmental preparations, since Grays Harbor County could no longer afford to fund the lead entity process. Councilor Harris felt it would free up about a half a million dollars that could go towards the progress of the partnership to implement the plans they have been working on.

Councilor Harris reported he also attended Tim Grochowski's retirement party at the public works department earlier in the afternoon.

d. **Resolution of Support for TransAlta.** Councilor Spahr reported, back when Governor Locke was in office, there was an agreement reached between TransAlta and the State of Washington, where TransAlta would spend millions of dollars to put in scrubbers and other things to clean the environment. He stated, according to a newspaper article, TransAlta had done considerable things to clean even more since that time. Councilor Spahr indicated the legislature was talking about forcing them to shut down by 2025, and environmental groups were requesting that they shut down before then. He was wondering if it would be beneficial if the city presented a resolution in support of TransAlta. Mayor Ketchum thought that was a great idea.

Councilor Lund also thought it was a great idea, adding the Port of Chehalis Commissioners had already signed a letter of support and mailed it in. City Manager MacReynold reported a resolution would be brought to the council for their consideration at the next regular meeting.

e. **ABHS Discussion.** Councilor Taylor reported the old hospital was a great building for the purpose of ABHS, but felt it was in the wrong location. He stated he didn't know what else they could do, noting he talked with a few of the neighbors to let them know that it was unfortunate, but the city could not regulate the types of business if they meet the zoning requirements.

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Councilor Taylor asked if there was anything left for the city to do with regard to the situation.

City Manager MacReynold reported the city would continue to monitor and make sure they continue to progress. He felt they understood the need for better communication as far as what they had done and how they accomplished it. City Manager MacReynold reported he and CEO Craig Phillips talked after the meeting about possibly having a monthly open-house in their lobby, to open up some of that communication. He noted the city clerk would produce minutes from the meeting and would make them available to anyone requesting them.

Councilor Harris thanked City Manager MacReynold for having the wisdom to schedule the meeting in the first place. He stated, as they found out, there was a much bigger wound festering under the surface than what anyone knew about. City Manager MacReynold stated he couldn't take credit for it, adding the city had been receiving a number of complaints and it was the city clerk who suggested the neighborhood meeting.

Councilor Lund wondered if they could work with the Department of Corrections (DOC) to put a little more pressure on them to make sure they're abiding by the state rules. City Manager MacReynold didn't think the city had to put any more pressure on them, adding DOC had two representatives at the first meeting and several more at the second. Councilor Dawes didn't believe there was any more the city could do, adding he felt the state would work on their angle, and the owner needed to become a little bit more of a politician and say what he's been doing and produce results for what he says he's been doing. He believed they were making steps in the right direction and hoped it would continue to get better.

Councilor Lund asked if the city could write a letter to DOC to thank them for sending their staff to the meetings. City Manager MacReynold agreed that a letter of thanks would be nice.

9. Ordinance No. 865-B First reading – Providing for and Establishing Charges, Rates, and Fees for Installations and Connections to the Water System; Ordinance No. 866-B, First Reading – Providing for the Operation and Regulation of the Public Water System; Ordinance No. 867-B, First Reading – Providing for the Operation and Regulation of the Public Sewer System; and Ordinance No. 868-B, First Reading – Establishing a System and Structure of Rates for the Storm and Surface Water Utility. Mr. Grochowski reported they took all of the council's recommendations and incorporated them into the ordinances; such as: the due date would remain on the 20th of the month; the delinquent fee would be added on the 21st of the month, and delinquent statements would be sent out the following business day; delinquent accounts would be shut off if not paid within seven days from the date of the delinquent statement; all new accounts would require a \$200 deposit; and water connection charges would be calculated by using equivalent residential units.

Councilor Spahr stated he just wanted to clarify that the deposit was necessary to turn water on, but would be applied to the entire bill at the time the account is closed, and not just the water portion. Mr. Grochowski stated that was correct. Councilor Taylor brought up the issue of landlords requiring higher deposits. Mr. Grochowski reported landlords could require whatever amount they want, but the city would only require a \$200 deposit to turn utilities on.

Councilor Dawes stated there really was no increase in anything other than the deposit, adding the rates were not being increased.

Councilor Dawes moved to pass Ordinance Nos. 865-B, 866-B, 867-B and 868-B on first reading and suspend the reading of the ordinances.

The motion was seconded by Councilor Harris and carried unanimously.

10. Ordinance No. 869-B, First Reading – Vacating a Portion of NW Louisiana Avenue. Bob Nacht reported the petitioner was requesting two pieces of excess rights-of-way along Louisiana Avenue be vacated. He stated, in order to straighten out the line, the city requested the petitioner dedicate a piece of their property to the city. Mr. Nacht noted the petitioner would also be conveying a small piece of property to the city located on the northwest portion of the parcel. He reported, since the city was vacating more square footage of land than it was receiving, there would be some cash transaction by the petitioner. He noted once they have an appraisal done, they would know more of what that amount would be.

Councilor Harris moved to pass Ordinance No. 869-B on first reading.

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The motion was seconded by Councilor Lund and carried unanimously.

11. **Resolution No. 1-2011, First and Final Reading – Adopting a Policy of Granting Awards in Recognition of Service to the City.** Peggy Hammer reported, in addition to certificates of appreciation, employees were awarded jeweled pins, and more recently, the city participated with The Chamber of Commerce in awarding ‘chamber bucks.’ She reported because of the economic situation and the discontinuation of the ‘chamber bucks’ program, the administration was bringing forward a new resolution to remove the financial award from the service recognition process. Ms. Hammer stated they would certainly maintain the certificates for the appreciation they had for the employees for their years of service. She noted the resolution did not impact longevity pay for employees, just the milestone service awards.

Councilor Lund asked if an employee’s time would be combined into total years served if they worked for the city on two separate occasions. Councilor Harris noted the resolution addressed the issue of an employee’s time being interrupted, adding they would receive credit for continuous length of service.

Ms. Hammer noted there were no funds allocated in the 2011 budget for monetary awards. Mayor Ketchum noted the ‘chamber bucks’ were discontinued because it wasn’t cost effective for The Chamber, adding the city was the only agency left participating in the program.

Councilor Taylor moved to adopt Resolution No. 1-2011 on first and final reading.

The motion was seconded by Councilor Lund and carried unanimously.

12. **Public Servant Farewell.** Mayor Ketchum presented Tim Grochowski with a certificate of recognition and appreciation for 33 years of dedicated service to the city. City Manager MacReynold presented Mr. Grochowski with a jacket from the management team and congratulated him on his retirement.

Mr. Grochowski reflected on his years of service with the city. He reported he started in 1978 in the water department and transferred to the street department in 1981. Mr. Grochowski was appointed as street superintendent in 1985, at which time he created a list of 16 street projects he wanted to see done. He reported there were only two projects on the list that had not been accomplished, and Chamber Way was not one of the original projects listed. In 2004, Mr. Grochowski was appointed to the position of Public Works Director, making him the third director of that department. He hoped the next director would put their heart and soul into the community as he had done.

Mr. Grochowski thanked everyone for their support and for allowing him to serve the city. He stated it was a great 33 years of his life, adding he couldn’t have done it without his wife, Billie.

Councilor Dawes stated he has some fond memories of working with both Mr. Grochowski and Andy Sennes, adding the three of them had accomplished a lot of things that needed to be done. He wished Mr. Grochowski all the best in his retirement.

There being no further business to come before the council, the meeting adjourned at 7:35 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of January 24, 2011.