

February 28, 2011

The Chehalis city council met in regular session on Monday, February 28, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:12 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; Glenn Schaffer, Police Chief; Eva Lindgren, Finance Manager; and Rick Sahlin, Interim Public Works Director/Street Superintendent. Also present were Julie Balmelli-Powe, Flood Authority Representative; Centralia City Councilmember Edna Fund, Fisheries Study Committee Representative; and Lewis County Commissioner Bill Schulte. Members of the news media included Lee Hughes from *The Chronicle*.

1. **Briefing on Flood Entity Formation Process.** City Manager MacReynold reported the formation process of a flood entity was a critical issue for how we proceed into the future in transitioning from a flood authority to something else. He felt it was an opportune time to hear from the consultant who had been working with the flood authority on this challenging effort. City Manager MacReynold introduced Pam Bissonnette from the Financial Consulting Solutions Group (FCS), who was selected by the flood authority to do an economic analysis.

Ms. Bissonnette reported FCS had put together a number of flood districts in the State of Washington, as well as the State of Nevada. She talked briefly about the background, the actions to date, and the formation process and benefits of a Flood Control Zone District (FCZD).

Ms. Bissonnette noted, last summer, the flood authority decided to create an interim funding structure by interlocal agreement. She reported she interviewed each of the flood authority members individually and found that the majority of them felt the 11 member group was too large. Ms. Bissonnette reported the proposed interim entity membership would include Grays Harbor, Lewis and Thurston Counties, the Chehalis Tribe (if they consent to be a member), the State of Washington (an ex officio member), and one member appointed by the cities within the boundaries of the three county areas. She indicated the reason a flood district was being considered was because they can bring additional revenue into the picture.

Ms. Bissonnette reported Lewis County was in the process of re-creating a new FCZD, noting they had a couple of zones formed in the past that have since been dissolved. She noted Grays Harbor County was considering the formation of a FCZD and would be starting their process over again with some better public outreach. Ms. Bissonnette reported Thurston County was also considering the formation of a FCZD and would be meeting with their Board of County Commissioners on March 3. She noted the county actions were all cued up, so that the creation of the larger multi-county district could stay on schedule for June 2011.

Ms. Bissonnette reported FCZDs are formed by a vote of the Board of County Commissioners, who also set the boundaries. She noted the District Board of Supervisors initially would be the Board of County Commissioners, but then they could stand or have a special election to vote for a separately elected board. Ms. Bissonnette reported the board would have tax and assessment authority with the ability to levy up to .50 cent per \$1,000. She noted they would also have assessment authority to generate revenue for flood projects directly connected with value to a specific property.

Mayor Ketchum asked if the board would automatically have taxing authority, or would it have to be voted in by the people first? Ms. Bissonnette reported they automatically get taxing authority, but suggested they do an advisory vote on any revenue packages. Mayor Ketchum felt it wasn't right to levy a tax without our vote. Ms. Bissonnette suggested the new legislation might cure that issue to some degree.

Councilor Taylor asked if there was more than one way to form a district. Ms. Bissonnette reported there were two types of flood districts. The first type was a flood control district (FCD), which had assessment authority only and had to be formed by a vote of property owners. Ms. Bissonnette reported a FCD had been rejected by the flood authority because it wouldn't work for what they are trying to do. The second type was a FCZD that could be enacted by a vote of the Board of County Commissioners. She noted a FCZD would have the ability to levy rates and charges without a vote of the people. Ms. Bissonnette indicated a separate vote would be required if they want a separately elected board, or if they want to issue general obligation bonds. She noted they had talked to the flood authority in length about having an advisory ballot, even if they are not required to have one.

Councilor Pope suggested an advisory vote had some positives, but would not guarantee an honest answer for what the people really want. He also felt it would depend on when the vote was taken.

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Ms. Bissonnette reported the deadline set by the state was not for raising revenue, but for the creation of the district. She indicated there was a request for another full year of funding from the state in the Governor's budget. Ms. Bissonnette noted that funding would allow the district to get its feet on the ground and demonstrate to the people the benefit of the district before either having to request or take a vote on levying additional funding. She noted the funding coming from the state and federal governments would be contingent on the local share, which would come from the levied tax and assessments.

Councilor Spahr stated he thought they were moving from an authority to a district because a district was easier to manage and less confrontational. He noted they still had some of the same players, such as Thurston County Commissioner Karen Valenzuela, who is adamantly against any flood proofing of our area, and wondered how the new district would improve the situation for Lewis County. Ms. Bissonnette noted there were some differences regarding the treatment of the floodplain, but Commissioner Valenzuela and her staff were recommending they consider doing a FCZD. She reported FCS had been asked to do an economic analysis on how important it was for areas to be protected from flooding, and felt negotiation would occur with the shares that come from each of the areas. Ms. Bissonnette suggested those who would benefit the most would be where a majority of the population and value are. She noted Thurston County had very little property compared to Lewis and Grays Harbor Counties, with reference to property tax being a means to raise the local share.

Councilor Taylor asked if votes would be weighed based on the amount of land affected. He noted it was his understanding that Thurston County had a very small amount of affected area, but their vote would be equal to that of Lewis County and Grays Harbor County. Ms. Bissonnette stated if they are voting on the election of the board, it had to be one person, one vote; however, for projects and funding issues there was discussion about using a supermajority weighted vote. She noted the membership was not set in stone, adding she felt the flood authority would appreciate any kind of feedback to tell them what each jurisdiction would like to see. Ms. Bissonnette stated she would also like to know what's important to each entity, since they were the ones doing the analysis.

Ms. Bissonnette reported on the role of the multi-county flood authority, as follows:

- Continue to develop and update the flood hazard mitigation plan
- Determine what the funding level would be and agree on allocations to each member
- Develop projects and be the sponsorship with the United States Army Corps of Engineers (Corps)
- Undertake contracts with others to do projects or programs
- May issue bonds depending on structure
- Voting structure to be negotiated and included in the interlocal agreement

Ms. Bissonnette reported on the reasons for a multi-county FCZD, which included:

- The multi-county flood entity formed through interlocal agreement cannot raise revenue, nor require lands within the Chehalis River Basin to be included in its boundary
- A County FCZD can raise revenues for flood purposes through taxes, charges and/or assessments
- A County FCZD can require both incorporated and unincorporated areas (excluding tribal lands) within the County be included in the boundary by decision of the Board of County Commissioners

Ms. Bissonnette reported Commissioner Averill has spoken very eloquently about the need to have a separately elected board. She noted that would allow members from the cities to stand for election and be on the board, as opposed to having the county as the board.

City Manager MacReynold stated it appeared the zone district was an interim step, and asked how it would affect Chehalis if Lewis County formed a FCZD and the other participants in the basin did not. Ms. Bissonnette stated if Lewis County formed a district to include all of the cities within the county, but Thurston County did not, Thurston County could sign an interlocal agreement as a county. She stated Grays Harbor could also sign an interlocal agreement as a county, but in either case none of the cities would be coming in unless both Thurston and Grays Harbor Counties negotiate separate agreements with their cities.

City Manager MacReynold stated he had heard that Grays Harbor County Commissioners voted against forming a FCZD. Ms. Bissonnette stated that was correct, but it was her understanding in talking with Commissioner Terry Willis, who was

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a proponent of the district, that she actually made the motion to not form a district. She noted Commissioner Willis felt there wasn't a good enough understanding as to why a FCZD would be needed in Grays Harbor.

City Manager MacReynold asked what would happen if they reach the June deadline and Lewis County was the only one to form a FCZD. Ms. Bissonnette stated that would be a great question for the state, adding it was really their decision as to how big the multi-county district had to be.

Ms. Bissonnette reported, by having a comprehensive solution, it would prevent shoving a problem downstream, or creating a problem upstream. She noted the benefits of a FCZD, as follows:

- Provides additional ability to directly address longstanding flooding issues for Lewis County and its cities
- Provides the ability to comprehensively address Chehalis Basin flooding, which the county and cities cannot do alone
- Provides funding to match federal & state resources to do projects and programs
- County would retain control of funding sources (taxes/charges/assessments) and revenues
- Allows for flexibility to adjust to needs

Ms. Bissonnette reported they were in the process of drafting an interlocal agreement for the members to sign that would create the interim multi-county flood entity, which would be out for review in the next couple of weeks. She suggested when the entities receive the draft they turn it over to their legal counsel for review.

Ms. Bissonnette reported they had done some public involvement, such as informational materials, public meetings, media outreach, web sites and social media, and county commissioner/city briefings. She noted the key messages they were providing were:

- Area governments are working together on the problem
- We have a plan to address the region's flood problems
- The flood authority is moving into action
- The flood authority is committed to informing and involving the public
- The flood authority will balance the need to address flooding with the current economic situation
- Flood reduction benefits and costs should be shared in and outside the region

Ms. Bissonnette talked briefly about the economic analysis, noting the first draft went to the flood authority on the 17th of February. She reported the 2007 flood alone was about \$938 million in damages. Ms. Bissonnette stated they were looking at a much broader definition of flood damage than the Corps assesses. She noted if they added up the damages and impacts of all of the storms, the benefit of doing a project was much greater.

Councilor Taylor asked if they were allowed to use multiple flood events for the cost benefit ratio for Corps projects. Ms. Bissonnette stated she didn't know, but they were using it to work with the flood authority on how the costs of the projects should be allocated.

Ms. Bissonnette reported on the involvement of the cities, as follows:

- Draft Interlocal Agreement (ILA) for multi-county flood district/ includes one voting member for cities
- Draft ILA to include provisions for a 15 member Advisory Board Committee for cities and other interests
- Potential with new legislation for the multi-county FCZD to have an elected board providing opportunities for cities to be elected to seats

Councilor Spahr stated after the 1990 and 1996 flood, the Washington State Department of Transportation's (WSDOT) fix for I-5 was to raise it nine feet. He noted at the time the city couldn't see that happening, adding the cost would have been tremendous. Councilor Spahr reported they showed WSDOT that flood control would be cheaper than trying to raise I-5, and would accomplish something for everybody.

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Councilor Spahr felt the Airport was an entity that really needed to be protected. He noted a lot of people keep pointing at the development around the Airport as the cause for all of the problems, but the fact was Twin City Town Center was such a small part of it, and they need to convey that message.

Councilor Dawes reported, in order to be successful, they needed a basin-wide solution and everyone was going to have to come to the table ready to solve the problem at hand, and get beyond the finger pointing and blaming. He felt others needed to come to the realization that maybe the facts are correct and what they had been told behind the door was not. Councilor Dawes suggested the elected leaders needed to be educated and made to understand that what was good for one would be good for everybody, just not perhaps to the same degree.

Councilor Harris stated he had a problem with the finger pointing, as well. He noted the Tribe was pretty much against anything having to do with correcting the problem, and Thurston County, specifically Commissioner Valenzuela, was shoulder to shoulder with the Tribe on the issues. Councilor Harris stated, when it comes to flooding, Lewis County was up to its neck in water, whereas, Thurston County sometimes has a toe in it, yet those two entities, the Tribe and Thurston County, will have as much power as anybody in the program. He felt Lewis County was not being given the support it needs to make the decisions that mostly affect us.

Councilor Harris commented on the issue of the flood authority being too large, noting it was only after a bunch of entities decided they needed a voice, that it became too large. He stated he had a problem with the way things were constructed, adding Lewis County receives the most damage and blame, yet we're restricted from being able to take care of things.

Julie Balmelli-Powe stated her biggest fear was that once the interim entity was formed they would be the voice for the future entity, and we would lose ours. She stated they may get legislation passed for a multi-county jurisdiction, but if we're still fighting the same people who are anti-Lewis County, they're never going to vote to form the future district. Ms. Balmelli-Powe believed if they form the body like it is now, it would kill any future formation of a district that would actually be constructive.

Commissioner Bill Schulte felt the flood authority was broken and with any proposed plan with the same kind of makeup, Lewis County, at best, would have two of the five votes and we would never get anywhere. He stated his fear was whatever they do in the interim group would continue to obstruct any kind of progress for this area. Commissioner Schulte felt it was a good plan; however, events had overtaken it and we are not getting support from the other two counties.

Commissioner Schulte reported the county was in the process of forming a new FCZD, which was up before the boundary review board. He didn't believe Lewis County could go it alone and hoped we could create a FCZD and get an interlocal agreement with Grays Harbor to come up with some joint interim group until we get the rest of it solved.

Councilor Taylor noted the reason everybody thought the larger flood authority group was necessary was because the smaller group could never afford to pay for a project to solve the flooding. He wondered how they were going to be able to build and maintain anything with a smaller group, noting even with the larger group it was going to be a task. Commissioner Schulte stated Councilor Taylor was right, they couldn't do it alone, adding they were going to have to partner with people who are also getting hurt by flooding. He felt they only needed three parties, which included: Lewis County, the State with their infrastructure, and Grays Harbor. Councilor Taylor felt the biggest entity they needed was the Tribe. Commissioner Schulte stated once they have a plan they can agree on they'll have to get the Tribe to buy off on it, one way or another.

Councilor Taylor felt they were spending a ton of money on studies and wondered if they were just spinning their wheels, since they know they are not going to do anything with it. Commissioner Schulte stated all he had to say was it was a good plan, it just didn't work out.

Edna Fund noted the statistics listed in the PowerPoint only reflected Lewis and Thurston County, and not Grays Harbor. She reported a special meeting was set for March 31 at the flood authority to discuss the transition plan. Ms. Fund noted flooding was not an easy problem to solve, but like Councilor Dawes stated earlier, if they can get the other stuff out of the way, perhaps they can get something done.

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Ms. Balmelli-Powe reported the state was recognizing the levee plan was not going to work and that water retention might. She believed they would continue to be a supporting body until it's proven that it won't work. Ms. Balmelli-Powe suggested they were getting mixed messages from the Tribe, adding Mark White continues to say no, but anyone who has talked to David Burnett believes if they can prove any damage to the fish can be repaired or mitigated, they're still listening.

Mayor Ketchum closed the work session and immediately opened the regular meeting at 6:15 p.m.

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

- a. Minutes of the regular meeting of February 14, 2011;
- b. Claim Vouchers No. 99253-99387 in the amount of \$169,730.40 dated February 15, 2011, and
- c. Award bids for rock and asphalt to the various bidders, as recommended.

The motion was seconded by Councilor Lund and carried unanimously.

3. **Staff Reports.**

a. **January Financial Report.** Eva Lindgren reported the most significant variances were with the property tax and the long-term debt proceeds, which do not occur regularly throughout the year. She stated, in 2011, they did some reorganization and pulled the utility billing function and the costs associated with that function out of the finance department and moved them to the water fund, which created the large variance between 2010 and 2011.

Ms. Lindgren reported she was going to take a step back in 2011 and start doing some modified accrual accounting for certain expenses, such as the annual software maintenance in the finance budget, and the annual insurance premium in the non-departmental budget. She noted she didn't get around to expensing those costs out in January, so February would have two months worth. Ms. Lindgren indicated each department would be hit with their portion of the insurance premium on a monthly basis, noting approximately 50 percent of the premium would be paid out of the utility funds and the other 50 percent out of the general fund. She noted the advantage to doing modified accrual accounting was that the council would have a much better feel for what was going on in those two funds.

Ms. Lindgren talked briefly about two variances in the 2011 year-to-date expenditures. She noted over \$94,000 in the Non-departmental budget was attributed to the interfund loan repayment that had not been made yet; and the police department budget had a large variance because of the \$33,000 paid out for 1st quarter dispatch services. Ms. Lindgren noted they also budgeted some police officer time in the gambling enforcement fund, but the coding wasn't changed in time for the January report, so those costs would also be shifted out.

4. **Council Reports.**

a. **Tax to Enhance Drug Court and Mental Health Services.** Councilor Pope reported, earlier last year, they talked about the 1/10th of one percent sales tax to be used for enhancing drug court and mental health services. He noted he would provide the council with some information to review prior to the next meeting, and requested Judge Hunt be asked to attend the meeting to give a presentation on the tax and what it would be used for. Councilor Pope reported the money collected would be for Lewis County only. He noted the Lewis County Commissioners were asking for an advisory vote, but felt that a waste of time, since they had the ability to pass it by a vote of the three commissioners.

b. **Update from Councilor Dawes.** Councilor Dawes reported he attended the Chamber Business after Hours event on the 17th of March at Windermere Real Estate, adding they had quite an interesting story about the building.

Councilor Dawes talked briefly about the Regional Fire Authority, noting their meeting scheduled for Wednesday had been postponed due to a couple of conflicts. He suggested to the group that they try to meet on the third Wednesday of the month. Councilor Dawes noted their meetings would be open to the public and hoped there was some public interest because they would be the ultimate decision makers. Councilor Dawes reported Councilor Spahr expressed interest in being one of the

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three city representatives.

Councilor Lund inquired about the dates and times of the meeting, and after a brief discussion stated he would be willing to be the third representative for the city.

c. **Pothole Issue.** Councilor Lund stated there was a gentleman who contacted Councilor Harris about some potholes, and wanted to know if staff had taken care of that request. City Manager MacReynold reported he passed the request on to Interim Public Works Director Rick Sahlin, but had not heard back as to what the conversation had been.

d. **Passing of Former Councilmember Robin Fuller.** Councilor Taylor reported they had all signed a card for former councilmember Robin Fuller, but hoped there was something more the city could do. He asked if there had ever been anything done, such as sending flowers. Councilor Dawes felt a lot would depend on the family, and in this case, the wishes of Mr. Fuller. He suggested if there was a charity or something noted by the family, individuals could step up if they felt it appropriate.

5. **Update on FEMA Mapping Issue.** Commissioner Schulte reported they signed a charter/resolution today between FEMA, the City of Chehalis, and the other local governments working together on the flood mapping issue.

6. **Sales Tax Increase for the Purpose of Expanding Substance Abuse and Mental Health Treatment.** Commissioner Schulte reported there was one commissioner who was leaning toward voting for the 1/10th of one percent sales tax, and the other two were sitting on the fence. He noted the problem was all three Commissioners ran with a position of 'no new taxes.' He noted, if passed, the little bit of money they get back from the state would actually save the county quite a bit of money in drug treatment, drug court, and mental health. Commissioner Schulte stated it would help if the city would feel the need to adopt a resolution in support of the tax.

Mayor Ketchum suggested a resolution accompany the information being provided by Councilor Pope for their consideration at the next regular meeting. City Attorney Hillier reported the Lewis County Bar Association passed a resolution supporting the imposition of the tax last week.

Commissioner Schulte reported all three Commissioners support the tax, but two would like to see it go to a vote. He stated he would be willing to support a council-manic vote, even though it goes against what they said about no new taxes. Commissioner Schulte reported the tax would be one cent on every \$10. He noted Lewis County had the lowest sales tax in the state because the county was reluctant to impose any new taxes.

Councilor Dawes suggested advisory votes can sometimes be good, but they do come with a cost. Commissioner Schulte noted the costs would be over \$100,000. Councilor Dawes felt the county would be better off taking the heat for the 1/10th of one percent than a \$100,000 advisory vote.

Councilor Taylor inquired as to what the new rate would be. Commissioner Schulte reported it would go up to eight percent.

There being no further business to come before the council, the meeting adjourned at 6:39 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of February 28, 2011.