

May 31, 2011

The Chehalis city council held a work session on Monday, May 31, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:06 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; Kelvin Johnson, Fire Chief; Larry Allen, Assistant Fire Chief/Fire Marshal; Becky Fox, Court Administrator; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; and Herta Fairbanks, Public Works Director. Members of the news media included Lee Hughes from *The Chronicle*.

1. **Review Draft Three-Year Financial and Organizational Strategy.** City Manager MacReynold started off with a quote by Woody Allen, which he believed clearly reflected how the management team, and probably most of our employees felt about the long-standing recession that we're in. He noted he change the quote just a bit to say, "More than any other time in history, city management faces a crossroads...one path leads to despair and another to hopelessness...the other to total financial ruin. Let us pray we have the wisdom to choose correctly."

City Manager MacReynold reported the city was now approaching three years of severe economic downturn. He noted what was thought and hoped would be a short-lived situation, now appeared to be here for several more years. Facing that reality, he reported the city administration was taking a longer term, multi-year strategy that would allow the city to respond and plan accordingly, rather than reacting every year to decreasing revenues. He believed this approach would encourage a more reasoned response to the evolving economic conditions and would allow the city to meet its fiscal responsibilities over the next several years, as the city continues to provide essential services to our citizens and the community.

City Manager MacReynold reported Chehalis had seen a significant decrease in general fund revenues due to reductions in:

- Sales tax collections
- Licenses and fees
- Available grants and other government funding

Councilor Pope stated at one time the city had a grant writer. He asked if they were able to produce enough grants to pay for that position, and had the city received any significant grants since that position was eliminated. City Manager MacReynold noted the grant writer did get some grants for the city early on; however, the situation changed as the health of the person who held that position declined. He stated, at the time, cutting the position seemed the expeditious thing to do. City Manager MacReynold noted grant writing was a very specialized talent and there were not very many people who were good at it. He stated they could certainly revisit the issue; however, most engineering firms were willing to write grants with the hope of getting work from it.

Councilor Pope inquired about the city manager's budget, noting it started to escalate in 2010. City Manager MacReynold reported the city attorney's budget and the former Economic Development Administrative Assistant position were both folded into the city manager's budget in 2010.

City Manager MacReynold reported the administration believed that it is imperative to examine the city's financial status and create strategies to address conditions for the immediate (2011), near term (2012 - 2013) and long term (3+ years out) horizons. Towards this goal, he noted the city management team and mid-level managers worked over the past two months to identify a wide range of options over the next three years to reduce costs and increase revenues, while maintaining priority services. The review process included:

- Examining revenues and expenses for the past several years
- Projecting anticipated revenues and expenses for 2011 and out to 2015
- Identifying priority services to the community (public safety, water and sewer, streets and recreation) and evaluating alternative methods for providing these services
- Evaluating ideas for the feasibility and the potential for revenue increases or savings
- Evaluating implementation options for immediate (2011), near term (2012 - 2013) and long term (3+ years out)

May 31, 2011

City Manager MacReynold reported the administration recognized that there are a number of challenges that can impact the viability and implementation of various options, including:

- Union and bargaining issues
- Uncertainty of revenue and expense predictions
- Political climate
- High local unemployment
- Restrictions on use of general funds
- Time and resources needed to implement some of the ideas
- Further staffing cuts are likely to lead to service changes

City Manager MacReynold reviewed the 'Draft' 2011-2013 Financial and Organizational Strategy, to include the following:

2011 (Immediate)

Expenditure Savings

• Do Not Fill Building Inspector Position	\$51,000
• Do Not Fill Property Manager Position	<u>14,000</u>
Sub-total	\$65,000

Revenue Increases

• REET – Facilities and Parks (OTO)	80,000
• Grant for Pool M&O (OTO)	20,000
• Foundation Grant (OTO)	10,000
• Sale of City Property (OTO)	15,000
• Recreation Leagues Donation	4,000
• LTAC Funding for Recreation	28,000
• Accept FEMA Home Elevation Grant (OTO)	31,000
• FEMA Revenues (OTO)	<u>24,900</u>
Sub-total	\$212,900

Total \$277,900

Evaluate Other Options and Implement Where Feasible

- Issue Request for Proposals for Alternative Methods of Providing Services
  - Mowing Major Parks
  - Fire Code Inspections
  - Nuisance Abatement and Animal Control
- Fire Dept. Operational Changes to Reduce O/T
- Evaluate Energy Use in Buildings

2012 (Near Term)

Expenditure Savings

• Two (2) Position Reductions	\$110,505
• Do Not Fill Positions from 2011	<u>117,000</u>
Sub-total	\$227,505

Revenue Increases

• LTAC Funding for Recreation	\$ 28,000
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May 31, 2011

• Recreation Leagues Donation	<u>4,000</u>
Sub-total	\$ 32,000
Total	\$259,505

Evaluate Other Options and Implement Where Feasible

- Annexation
- REET Funding Bond/Loan (\$75,000)
- Selective Logging of McFadden & Dobson Parks – Parks M&O
- Selective Logging of Public Works Property
- Resolution about Mitigation Fund Use
- Comprehensive Re-evaluation of City's Telecommunication Needs (phones, radios, cell phones)
- Increase Building Permit Fees to Cover Costs
- Increase RV Space Rentals to Cover Costs
- Increase Organic Dump Permit Fees to Cover Costs
- Increase Animal Shelter Fees to Cover Costs
- Solicit Advertising Opportunities for Local Businesses to Sponsor Specific Facilities, Such as: Spray Park, Other Parks - to Pay for Parks & Recreation M&O
- Offer Light Pole Banners in Selected Locations Along Arterial Streets: Louisiana Avenue, Central Business District, Market Boulevard, Etc.

2013 (Near Term)

Expenditure Savings

• One (1) Position Reduction	\$ 60,000
• Position Reductions from 2012	110,505
• Do not fill Positions from 2011	<u>117,000</u>
Sub-total	\$287,505

Revenue Increases

• LTAC Funding for Recreation	\$ 28,000
• Recreation Leagues Donation	<u>4,000</u>
Sub-total	\$ 32,000
Total	\$319,505

Evaluate Other Options and Implement Where Feasible

- Regional Fire Authority Implementation
- REET Funding Bond/Loan (\$75,000)
- Reorganize Community Development Department into Permits Center with Parks and Facilities & Recreation Moved (staffing changes)
- Sale of Mitigation Credits (Resolution)
- Evaluate Space Savings to Save on Electricity and/or Natural Gas
- Increase Building Rental Fees to Cover Costs
- Investigate the Cost/Benefit of Utilizing and Enforcing the City Alarm Ordinance

City Manager MacReynold reported on the draft general fund revenue and expenditure analysis that included the proposed strategy changes through 2015, noting the changes significantly improved the city's situation.

In conclusion, City Manager MacReynold reported the strategy outline provided a longer term road map to maintaining city services during the continued economic conditions faced by the City of Chehalis. He stated, while we strive to plan for the future and implement this strategy, we must also face up to the following facts:

May 31, 2011

- Uncertainty remains; things could get better, but they could get worse, too.
- We must continue to be fiscally responsible, which may continue to mean changes and hard decisions.
- We must be prepared to adapt and modify our plans and strategies as new information becomes available.
- We must acknowledge and respect the political realities and the desire to avoid increasing taxes during difficult economic times.
- There are some costs such as fuel, materials and medical insurance that we have little or no control over.
- There is uncertainty in the efforts to contain costs through the labor negotiation process and the potential for continued increase in the cost of labor and benefits.
- We cannot ignore or postpone addressing difficult issues
  - Repayment of the loan for city hall
  - The need to maintain adequate fund balances
  - The need to fund essential maintenance and capital improvement projects
- Many issues, such as the development of a regional fire authority and annexation of additional properties require long-term planning, research and funding in order to determine feasibility. Implementation time on these more complex issues can take many months or even years once decisions are made to proceed.

Councilor Pope reported the Chehalis Foundation had a consultant look at McFadden Park, adding the reason they didn't log it earlier was because of the market, and they also had to do some work with the underbrush. City Manager MacReynold noted they would wait until the market was better if they weren't going to make any money at this time. He suggested the logging industry in Lewis County was coming back slightly, and they were seeing some improvements on the cost of lumber because of other things going on in the world. City Manager MacReynold felt it was a good opportunity to create a one-time-only revenue stream, adding it would certainly help out the parks program.

Councilor Pope reported, when the Chehalis Foundation did the Kiddy Spray Park Project, they set aside a small amount of money for the upkeep of that park. He noted the Foundation also set aside some money for the maintenance of Lintott/Alexander Park. City Manager MacReynold stated he was unaware of that. Councilor Pope indicated he would check on it and report back to staff.

Councilor Taylor stated, with reference to logging, it would be nice to hear what the plan was for the road near the site. City Manager MacReynold stated they would have to go through a very open public process with any logging the city does, adding the neighbors would be very sensitive, and rightly so.

City Manager MacReynold reported, at some time in the future, the administration would be bringing back a resolution for the council to consider, proposing to put the mitigation bank revenues into the facilities and maintenance fund. He noted they proposed to use the money to offset the loan repayment for city hall and the library landscape work.

Councilor Dawes asked if there had been any progress with reference to the mitigation bank. Bob Nacht reported the consultant was currently negotiating with the United States Army Corps of Engineers and the Washington State Department of Ecology on the approval process. He noted there were a lot of environmental issues and it would likely take a year to get through that process. City Manager MacReynold stated the projected revenue at the time it was presented to the council was about \$1.2 million.

Councilor Spahr inquired about the police department gambling enforcement subsidy. City Manager MacReynold reported they started taking money out of that fund in 2011 and would continue to use it through 2013. He noted they were using the funds for positions, training, and the replacement of some equipment.

**2. Update on 2011 Council Goals.** City Manager MacReynold reported it was amazing that we had accomplished as much as we had, with the current economic situation we're facing. He reported at this time the city had no general fund debt, adding there were very few cities in the State of Washington who could say that. City Manager MacReynold reported all of that could change by the end of the year when the administration brings a proposal to the council to establish a bond or loan to pay back the interfund loan.

City Manager MacReynold talked briefly about the list of positions the city eliminated, reduced hours and held vacant.

May 31, 2011

City Manager MacReynold updated the council on the 2011 goals, which included:

- Maintain the fiscal viability of the city (Accomplished)
- Street repairs: Identify how to get them done (Partially accomplished)
- Institute taking credit card and electronic payments (Accomplished)
- City take lead in land development at the Barnes property (Not accomplished)
- Continue to work on regional flood issues (Accomplished)
- Improve downtown aesthetic and infrastructure (Partially accomplished)
- Continue to work on 2010 goals not identified as 100 percent complete:
  - City Comprehensive Plan: Complete and approval of the comprehensive plan; includes a parks comprehensive plan (Partially accomplished)
  - Develop a customer service program for the city (Not accomplished)
- Pool Improvement Project (city needs to approach Chehalis Foundation) (Partially accomplished)
- Consolidation of fire services with Fire District #6 and continue to look at relocating the fire station (Partially accomplished)
- Improve the quality of our parks (Partially accomplished)
- Consider other uses for fire hall building (Not accomplished)
- Develop programs for the youth (Accomplished)
- Get more involved with Lewis County Campus Project (Partially accomplished)
- Clean up city property on Chehalis Avenue near Green Hill School (Partially accomplished)
- Develop "Stream Team" to enhance local streams, using youth and volunteers (Not accomplished)

Councilor Pope noted a lot of the city streets are in need of repair, adding it would help if the city could inform the public as to why certain streets are not being repaired. City Manager MacReynold reported the new public works director was taking a different approach on providing information to the council and suggested she could make the reports more informational for the general public, as well.

Councilor Harris asked if there was a breakdown to determine what the cost was to the city for taking credit cards. It was noted the customer is charged a convenience fee, which is paid directly to the credit card company.

With regard to the regional flood issues, Councilor Dawes felt the state made it abundantly clear that if something wasn't done they were just going to raise the freeway. He stated, with what had happened over the last couple of months, he didn't see the trust factor getting built, or everybody coming to the table to come up with some kind of plan. He thought there had been some positive changes made, but there was still going to be some backroom politics and shortstopping where it could be done.

City Manager MacReynold noted, in conversations with the focus group who are discussing the widening of I-5 from Harrison Avenue to 13<sup>th</sup> Street, that issue had come up and Bart Gernhart from the Washington State Department of Transportation (WSDOT) indicated, if the flood authority was unable to deal with the situation, they may look at putting up walls to prevent the freeway from flooding. Councilor Dawes noted the walls would provide the same affect in that it still does not take care of the long-term flooding in the basin.

Councilor Taylor felt WSDOT supported the city, adding the flood authority was the one who hasn't been able to develop a relationship with the people we need to in order to move forward. He noted it was tough to do anything when you have people, like The Tribe, who think your doing something behind closed doors, when in reality we had been very open with them. Councilor Dawes agreed that it wasn't WSDOT. He suggested whatever orders the state gives, WSDOT would carry them out.

City Manager MacReynold felt the council had played a key leadership role over the past four years, with regard to the flood issue, and based on what was going on, they may have to continue to play that kind of role.

Councilor Pope asked if anything had been initiated with the state regarding Stan Hedwall Park. City Manager MacReynold reported the administration approached one of our state legislators to help us, adding there was a belief that he could help the city take over that property through some legislation that was in the works, but unfortunately that didn't happen.

May 31, 2011

City Manager MacReynold suggested they may need to take a different approach with a different legislator. Mayor Ketchum agreed.

Councilor Spahr noted earlier that day he was listening to a radio program that suggested black top sealers were going to be outlawed in the State of Washington. He asked if the city had heard anything about it, and wondered what it would do to our paving projects. Public Works Director Herta Fairbanks stated she wasn't familiar with that, but would check into it.

Councilor Spahr asked if the FAA had intervened in the flooding issue, since the airport was established by the federal government and the dikes were originally built by the federal government. He stated, if in fact the State of Washington builds walls along I-5, it could have a real negative impact on the airport. City Manager MacReynold reported they had some discussions about the issue, but most of them had taken place primarily around the Federal Emergency Management Administration (FEMA) maps. He stated Airport Manager Allyn Roe has kept the FAA well informed of what the situation is. City Manager MacReynold believed the FAA was paying close attention, but they were not going to step out and get in front of the Corps, FEMA, or the United States Geological Survey on how they are approaching the flood maps, or with reference to flood control. Councilor Dawes didn't believe the FAA would step in until there was something critically altering the use of the airport. He also didn't believe they were going to stand by and let someone come in and destroy what they had built out there.

Councilor Spahr stated he would like to see the city contact the railroad about cleaning up their right-of-way on Pacific Avenue, and maybe do some repairs to some of the fencing.

Councilor Pope noted there was a group who wanted to develop a quiet zone through Chehalis. After a brief discussion, it was decided the group could bring something to the council for consideration, if that's their desire.

Mayor Ketchum thanked City Manager MacReynold and the staff for all the effort put into what was presented. He noted it was very much appreciated.

**3. Discussion on Future Projects, Goals, and Priorities for 2012-2013.** City Manager MacReynold asked if there were things the council would like to see done in 2012-2013. Councilor Dawes stated he would like to see the city maintain what it has right now, adding realistically it's been a tough year for everyone. He felt the city would be way ahead of a lot of others if we were able to maintain current services and staffing.

Councilor Spahr inquired about a cost savings program that was instituted a number of years ago, wondering if it was still around. Councilor Dawes spoke against the program, noting some of the ideas that were getting paid money were things that other departments had already been doing for a number of years. He felt the program became looked upon as a joke.

Mayor Ketchum stated they very much appreciated the employees of the city, noting they should be highly commended for their tremendous effort in keeping service level ups. He wished they could do more than just say words, but unfortunately right now that was all they had.

With regards to looking at saving on overtime, Councilor Taylor wondered how the city would be able to offer the same level of service when they're down employees. Fire Chief Kelvin Johnson reported, in 2010, they did lay off one firefighter, which represented not quite ten percent of their workforce. He noted the impact was hard to measure because their business was not something that's scheduled. Chief Johnson reported the current staffing model used by the department allowed for three people assigned to each shift, with a minimum of two people available to respond to calls. He believed that was the absolute minimum to be able to answer one call at a time. Chief Johnson noted when a second call comes in they use the overtime model to bring people back. He stated it will impact their service if they don't have a certain amount of funds to have someone come back on an overtime basis.

City Manager MacReynold noted most of the calls are aid calls, which brought up the question, was there a different way the city can provide that service. He felt that was the nut to crack, if it could be cracked. City Manager MacReynold reported they were continuing to explore going to a fire authority, which would be a major move for the city, and region.

Councilor Taylor inquired about the relationship the city had with AMR. Chief Johnson reported the fire department was the designated first responder to provide emergency services. Through a consortium, AMR, by contract, was the

May 31, 2011

transport/ALS service provider for the community. He noted AMR typically only charges for transporting, and the city does not pay AMR any money for that service.

Chief Johnson reported, in an effort to look at saving on overtime they would look at the program. He noted, based on the type of call, whether it was low risk or high risk, the officer in charge would need to make a judgment call on whether or not to call in back up. Chief Johnson didn't know how much they would save because they don't get to schedule the calls, or the severity of them.

Councilor Dawes brought up the issue of impact fees. He suggested they may see a time when cities have to implement such fees.

Chief Johnson reported most fire service was somewhat re-active, but they also had a very strong pro-active program, which was why they are adamant about code enforcement issues being done by qualified people. Councilor Dawes noted with 80 percent of calls being EMS related he didn't know how they were going to educate people on how to not injure themselves, or have a medical emergency. Chief Johnson noted there were programs out there, such as: fall prevention for seniors, and overdose in medications. He felt people needed to be educated on the appropriate use of emergency services. Councilor Dawes stated it would be interesting to know how many of the aid calls really need a paramedic or EMT to respond.

Councilor Lund stated, as a goal, he would like to see the council improve communications with our neighbors (City of Centralia). He suggested the two city councils get together four times a year for lunch and to visit. Councilor Lund believed the two groups could team up to get more accomplished.

Councilor Taylor noted that would be fine with him, adding he felt they currently had an excellent relationship with Centralia. Councilor Harris agreed. Councilor Spahr brought up the issue of the open meetings act. Councilor Lund stated the press would be welcome, as well.

There being no further business to come before the council, the meeting adjourned at 6:34 p.m.

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Mayor

Attest:

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City Clerk

**SUGGESTED MOTION**

**I move that the council approve the minutes of the council work session of May 31, 2011.**