

November 14, 2011

The Chehalis city council met in regular session on Monday, November 14, 2011, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 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; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; Bob Nacht, Community Development Director; Dale McBeth, Municipal Court Judge; Becky Fox, Court Administrator; Rick Sahlin, Street Superintendent; Patrick Wiltzius, Wastewater Superintendent; Dave Vasilauskas, Water Superintendent; and Judi Smith, Public Works Office Manager. Members of the media included Bianca Fortis from *The Chronicle* and Bruce Hunting from KIT1.

1. **Citizen Business.**

a. **Introduction of Medical Student.** Councilor Pope introduced Brian McCarthy, a medical student who was rotating through various clinics in the community.

Mr. McCarthy reported he was a third year medical student going to Pacific Northwest University, which was an osteopathic medical school in Yakima that opened up in 2007. He noted he and another student were rotating through the different clinics in Centralia and Chehalis, and at the hospital. Mr. McCarthy added it had been a real pleasure so far.

b. **Introduction of New General Manager from Twin Transit.** Councilor Taylor introduced Rob LaFontaine, the new general manager for Twin Transit. He reported Mr. LaFontaine came from Arizona, but was a native of our area.

Mr. LaFontaine reported it was a pleasure to be back home and he looked forward to handling all of their transit concerns.

2. **Public Hearing on 2012 Proposed Budget and Revenue Sources, Taxes, and Levies.** City Manager MacReynold reported this was a very important time for the city, adding this was council's opportunity for consideration of the city's budget and approval of tax levies. He indicated the budget being presented was balanced and maintained good reserves. City Manager MacReynold noted the reserves in the general fund were improving; however, there were some problem areas with regard to the water, wastewater, and stormwater funds, adding the administration would be doing an internal rate study sometime next year.

Mayor Ketchum closed the regular meeting at 6:04:40 p.m. and opened the public hearing. There being no public comment Mayor Ketchum closed the public hearing at 6:40:50 p.m. and reopened the regular meeting.

3. **Update on Chehalis Community Pool Project.** Mike Austin, President of the Chehalis Foundation, reported they had sent out over 600 information packets to local businesses and past patrons of their various projects. He noted he brought copies of the engineering report if anyone was interested in looking at it.

Mr. Austin reported they wrote four grants for local businesses and recently heard back that they had made it to the second level of the process on a couple of them.

Mr. Austin reported they recently started up a lapel pin drive, adding the pins were \$5 each and people could pick them up at various locations throughout the community. He stated the Foundation was putting up \$100,000 of their funds and would match dollar-for-dollar for the first \$100,000 raised for the project. Mr. Austin indicated the project was estimated to be around \$340,000 and was pleased to report they were about one-third of the way there. He suggested it wasn't very often that a city receives a gift of \$100,000, adding it was a pretty important endeavor.

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

a. Minutes of the regular meeting of October 24, 2011;

b. Claim Vouchers No. 92011 and 101363-101487 in the amount of \$263,683.18 dated October 31, 2011; and Payroll Vouchers No. 35136-35209, Direct Deposit Payroll Vouchers No. 2656-2726, and Electronic Federal Tax Payment No. 104 in the amount of \$640,059.45 dated October 31, 2011; and

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- c. Adopt Resolution No. 17-2011 on first and final reading declaring city property as surplus.

The motion was seconded by Councilor Taylor and carried unanimously.

4. Administration Reports.

- a. Update on Debt Issuance. City Manager MacReynold reported the council was briefed on the issue of the city issuing debt at the last regular meeting.

Ms. Lindgren reported the city recently had a rating call with Standard and Poor's (S&P) Corporation and received a rating of "A," noting that was very good for a government of our size. She stated S&P was quoted as saying "S&P was very impressed with the steps the City took to improve its financial condition over the last few years." Ms. Lindgren reported they did note a small downside in terms of the slightly weaker than average fund balance; however, they felt the city was stable.

Ms. Lindgren indicated an ad was placed in *The Chronicle* on November 12, 2011, for the bond issuance. She reported not all tax exempt debt could be purchased by a bank; however, because it was bank qualified debt, a bank could purchase it and receive all of the benefits.

Ms. Lindgren reported the bonds would be priced on November 17 and they were looking at a closing of the bonds on December 6, 2011, which was when the city would receive the cash from the sale into our bank account.

- b. Community Rating System (CRS) Annual Repetitive Loss Program Report. Mr. Nacht reported the city continued to participate in the CRS program along with other jurisdictions in the area. He noted the progress report was a mandatory element for annual recertification. Mr. Nacht reported the city currently had a 'Class 5' rating, which resulted in a 25 percent reduction in flood insurance premiums for local residents. He stated it would be interesting to see what happens to the CRS program over time with the issues the federal government and insurance industry are facing, noting the economic downturn not only affected small cities, but all governments including the CRS program. Mr. Nacht reported the FEMA flood mapping and flood insurance all affect how our CRS program operates.

Mayor Ketchum noted he saved about \$50 on his flood insurance because of the program.

5. Council Reports.

- a. Parking Issue. Councilor Spahr reported the city's current parking ordinance allowed for anyone to park a vehicle on a city street for however long they wish, as long as the vehicle is licensed and in running condition. He talked briefly about a situation up on Washington Avenue where they have a vehicle that's been parked on the street for at least seven to eight months.

Councilor Spahr stated he would like to see something in the ordinance that would allow people who are having a problem with this issue, some kind of resource to go to.

City Manager MacReynold reported he and Police Chief Glenn Schaffer have communicated with each other regarding the issue. He noted the ordinance does not require any more than what Councilor Spahr identified. City Manager MacReynold reported some jurisdictions put time limits on neighborhood parking, anywhere from 48 hours to a week depending on what's going on in the jurisdiction. He stated if the council wished for the administration to bring back something formal, they certainly would be happy to do that.

Councilor Pope noted Washington Avenue was a very difficult street to drive down to begin with, adding it didn't make sense to allow a vehicle to sit for months on end.

Councilor Spahr reported most of the people on Washington Avenue have parking under or behind their homes in the alley, and suggested the area in front should be available for guests or night parking. He felt that allowing the vehicle to park on the street for months on end was a real detraction to the neighborhood.

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Councilor Dawes reported, in a previous life, he dealt with the issue and it had been discussed a number of times. He suggested if they were to put a time limit such as 48 hours, the first thing that would probably happen would be someone parks a vehicle on the street and leaves town for a few days and when they return they find that their vehicle has been towed. Councilor Dawes agreed with what was being presented and supported finding something to eliminate the problem.

Mayor Ketchum felt it was an issue, but could not see penalizing a homeowner for not moving their vehicle.

Councilor Taylor suggested as they look at it, it would be nice to apply something citywide and not just on the one street.

The consensus of the council was for the administration to look into the matter and bring something back for their consideration.

City Attorney Bill Hillier reported they had talked at length about the notice requirements needed to get the word out, so people are not caught up in a situation similar to what Councilor Dawes described earlier.

Chief Schaffer reported operationally the ordinance itself would not be difficult to change. He noted logistically it would not be easy with only one part-time parking control officer; however, it probably could work on a 'complaint' basis. Chief Schaffer reported the RCW's require a 24 hour notice, but thought that would be too short of a time period.

Councilor Dawes asked if there was any city out there that has found something workable. Chief Schaffer stated what he had found was that most of the larger jurisdictions had a 72 hour ordinance, but they also have full-time staff to deal with it. He noted he was unable to find any smaller agencies that have one on the books, probably due to the difficulty of enforcing it.

Chief Schaffer reported one of the difficulties of dealing with it would be the history, adding people have habits of leaving their cars parked on the street. He suggested educating people would be one of the first things they would have to tackle.

Councilor Spahr stated he didn't care if it was limited to two weeks, adding the problem was anyone could bring a car in from anywhere and put it on the street and tell the city that it runs and the city has no authority to ask that person to start it up and turn the wheels, which didn't make any sense to him at all. He suggested it was cheap storage for some people.

Councilor Harris noted if they did it on a 'complaint' basis, the time period wouldn't start until the police were notified and then it would be another two weeks before anything could be done.

b. **Update from Councilor Dawes.** Councilor Dawes reported on the recent issues of the Lewis County Historical Museum, having to do with the discovery of the endowment funds demise. He noted, as a result of the election that the society members had at their meeting last Sunday, a whole new slate of officer's had been elected to take over at the first of the year, or sooner depending on what the other officer's choose to do.

Councilor Dawes noted a Board Resolution was passed authorizing him to secure records that would normally be made available to auditor's and/or accountants, which have been secured and delivered to the person doing the initial review. He noted there were issues of getting the 990 Non-profit forms filled out for past years dating back to 2008. Councilor Dawes reported the accountant was diligently working on the matter and the new board would get to the bottom of what occurred and do what needs to be done. He stated he was very confident that the individuals selected to lead the museum in the future, including Councilor Lund who was elected as the new treasurer, would do exactly that and put this tough time behind them.

Councilor Dawes reported he and Councilors Lund and Spahr had the monthly North Lewis County Regional Fire Authority Planning Committee meeting coming up on Wednesday, November 16 at Lewis County Fire District #6.

c. **Update from Councilor Taylor.** Councilor Taylor reported he had some neighbors ask if there was anything the city could do to prevent people from converting a single-family dwelling into an apartment type facility. He noted the city had zones where certain things can be built and it would be nice if the zoning regulations could be upheld. Mr. Nacht reported in the land use arena there were a number of issues. He noted both the city and private property owners have rights and

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responsibilities, and in this case, he would need time to understand what the situation was and how the rules apply to it, adding he could certainly look into it.

6. Ordinance No. 881-B First Reading – Revisions of Sewer Rates for Lewis County Water & Sewer District #4 and Napavine for 2012. Patrick Wiltzius reported the 2012 rates would be going up about 22 percent for Lewis County and 26 percent for the city of Napavine, mainly due to their growth as compared to ours. He indicated, overall, the rate of inflation was about 3.4 percent for Lewis County and 4.3 percent for Napavine since 2005. Mr. Wiltzius noted the rates have been given to both agencies for their review and he had not heard of any objections.

Councilor Spahr asked if there was any explanation as to why it goes up and down so much. Mr. Wiltzius noted each year the flows are different depending on how many rain storms we have, growth in each community, and expenses. He noted the fees were for the treatment of sewage, adding the debt service was a separate issue.

Councilor Harris moved that the council pass Ordinance No 881-B on first reading.

The motion was seconded by Councilor Pope and carried unanimously.

7. Ordinance No. 883-B, First Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2012; Ordinance No. 884-B, First Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2012; and Ordinance No. 882-B, First Reading – Adopting the 2012 Budget. City Manager MacReynold reported they spend about four months each year putting together the city's budget. He thanked the department manager's for the incredible job that they do, especially during these challenging times. City Manager MacReynold recognized and thanked Ms. Lindgren who spent countless hours working on the documents. He thanked the 2012 Council Budget Committee members made up of Mayor Pro-tem Dawes, Councilor Harris and Councilor Spahr. City Manager MacReynold also thanked Councilor Taylor who served on the budget committee for many years, up until this year.

City Manager MacReynold talked briefly about the 2012 budget. He noted they had reduced the general fund budget by about 12 percent and projected to bring in about 13 percent less in taxes and revenues. He noted, in spite of the reductions, the city was doing very well with reference to the ending fund balance and we continue to strengthen our position, which spoke well of the council and the management team.

City Manager MacReynold reported the biggest concern for 2012 was in the water, wastewater and storm utility funds, adding the administration was going to have to do an in-house assessment as to where we are with that. He noted the administration plans to bring some recommendation to the council for their consideration in early to mid-year next year.

City Manager MacReynold reported they were not proposing any tax increases in property tax or emergency medical services, as directed by the council. He stated, based on the state requirement, they were recommending to reinstitute the firemen's pension fund which is paid for through tax levy funds.

Ms. Lindgren reported, with regards to the property tax levy, there were certain increases that the city was entitled to, primarily having to do with 'new construction' and increases resulting from reduced assessments that were not programmed in for the current year.

Ms. Lindgren reported her calculations for the tax levy were based on estimates because she had yet to receive her numbers from Lewis County. She briefly explained the process of how the county comes up with their numbers, adding she did not expect things to change once she receives the numbers from the county.

Councilor Dawes stated he wanted to clarify that the general property taxes in Chehalis were not going up in the general fund, and the tax increase they see will be on the firemen's pension fund, which the State enacted a number of years ago. He reported the State set up a program in which 22.5 cents per thousand would be levied through the property tax to be used solely for the senior firefighter's that retired prior to the evolution of the former LEOFF 1 system. Councilor Dawes indicated the tax collected for this purpose would not be comingled with the general fund in any way, shape, or form. He noted a number of years ago they had about \$500,000 left in the fund and the council at that time made the correct decision to not levy the tax; however, over the years, and with some recent medical issues that have come up with some of the retirees, that fund

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has gotten to the point that it's starting to raise some alarm. Councilor Dawes explained that they need to start building a cushion because the city still had a few retirees that qualify for it. Ms. Lindgren added, an actuarial evaluation would be required if the city were to discontinue or reduce it. She noted the actuarial basically looked at what the total estimated liability was for the fund. Ms. Lindgren stated it was very clear just by looking at the budget that this is something they really need to do in 2012.

Councilor Pope asked how many people were covered in the firemen's pension fund. Ms. Lindgren believed they had five left in the program. She noted the LEOFF 1 firefighter retirees were accounted for in the non-departmental fund.

Councilor Spahr noted some of the pre-LEOFF retirees were in their 90's and asked what would happen with the money left in the fund once the last of the five passes on. City Attorney Hillier reported state statute allowed for it to be rolled into the general fund at that time.

Mayor Ketchum stated he understood it to be a mandatory tax and wondered if they had to take the whole 22.5 cents per thousand. City Attorney Hillier indicated it was mandatory and they couldn't cut it, but as Ms. Lindgren stated, they could get an actuarial person to come in and value it, and make the determination if there's a point when the city won't need it any more. Councilor Spahr asked how much it would cost to do the actuarial study. Ms. Lindgren noted she looked into it a few years ago and thought it was between \$10,000 and \$20,000. The council agreed it wouldn't be worth it.

Councilor Dawes thought the state did actuarial studies on all of the pension systems. He added one of the things that probably called for reinstating the tax would be if they have one of the retirees go into a nursing home, adding it would take that fund down \$100,000 a year real fast. Councilor Dawes believed now was the time to do it, and didn't want anyone to think they were doing it just to build the fund up to put into the general fund.

Ms. Lindgren reported the revenues for the enacted levy would only slightly exceed the expenditures the city is expecting to make.

Councilor Taylor noted, for clarification, for a \$100,000 home a family could expect to pay \$22.50 more a year.

Ms. Lindgren reported on some of the key items in the proposed 2012 budget. She noted the following:

- No fee increases budgeted in 2012, with the exception of the garbage fund for the organic waste disposal passes
- In-house rate study to review rates for the wastewater and water funds (budget did not reflect rate increases in the wastewater fund per Ordinance No. 881-B)
- Lodging Tax Advisory Committee recommendation still needed to be incorporated into the budget document
- City continues to fund the salaries of 1.71 full-time equivalent (FTE) police officers out of the gambling enforcement fund; however, it is projected that, in 2013, this fund will no longer be able to fund 1.71 FTEs
- New fund in the budget - 2011 General Obligation Bond Fund

Councilor Dawes asked if the loan repayment to the water and wastewater funds was plugged into the numbers yet. Ms. Lindgren indicated it was already taken into account because the repayment would happen in December 2011.

Councilor Taylor moved to pass Ordinance Nos. 883-B, 884-B, and 882-B on first reading.

Councilor Dawes seconded the motion.

Councilor Taylor asked if there were other revenue streams out there that would fund a police officer, other than the general fund. City Manager noted they could only be funded out of the general fund.

The motion carried unanimously.

8. Lodging Tax Advisory Committee (LTAC) Recommendations for 2012 Tourism Funding and Reappointment of Memberships. Councilor Harris reported they've had a few weeks to digest the information provided with regards to the recommendations of the LTAC. He stated he wanted to open it up for discussion by the council to find out where they were at.

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Councilor Harris noted, from discussions he had with several of the council members, they were kind of all over the place on different things. He suggested they may need to look at it one item at a time unless someone had another idea.

Councilor Taylor asked that they take them one at a time, since he would have to recuse himself on at least one of the recommendations, adding he represents the Chehalis-Centralia Railroad and Museum.

Councilor Lund reported they talked about taking some of the funds and using them on the thing that brings in the most hotel/motel tax revenue. He noted they had a discussion at the last meeting about fixing up the ballfields because they dearly need it. Councilor Lund wondered if they should direct staff to put in a proposal to the LTAC and have a recommendation brought back to the council for consideration.

City Manager MacReynold suggested, before they begin to move through the process, it might be good for the council to hear what Mr. Nacht and staff had come up with regarding things the city could do and what the costs would be.

Mr. Nacht reported, since the last discussion, they did take a look at some of the things that would be necessary to enhance our ability to run tournaments on the fields that we have, and also the length of time in the year that those fields are playable. He stated one of the important items they identified was drainage systems, adding the fields do not drain well or properly, and over the years the ground has shifted and the playability and maintenance of them has caused a different topography on the fields. Mr. Nacht reported what to do with them was complex and they would be dealing with an estimated range of costs.

Mr. Nacht reported the first priority would be the Recreation Park fastpitch complex, adding they would have the greatest advantage to enhance the tournaments if this complex were remodeled, particularly the drainage and soil amendments on the fields. He noted the amenities at that facility, such as the restrooms, concessions, and dug outs, were important as well, but the playability of the fields was primarily centered on the drainage, soil amendments, and the maintenance of the fields during the season. Mr. Nacht stated they didn't have a specific cost, but estimated it would take somewhere in the neighborhood of \$20,000 to \$30,000 to spruce the fields up to topnotch.

Mr. Nacht suggested, with the improvements noted, they could start soliciting for tournaments earlier in the year and play on them longer. He stated if they had the maintenance staff during the season they could also groom them between games and get more games on them during the week and on the weekends.

Mr. Nacht reported the second priority would be the Stan Hedwall Park complex, which was primarily used for soccer, and by Babe Ruth, and Little League. He stated it would also benefit by drainage improvements, adding the problem they have at Stan Hedwall Park was that it's in the floodplain, so it's under water part of the year, and it's a pretty good size area. Mr. Nacht didn't have a specific cost of what it would take to do the improvements, but thought it might be in the tens of thousands of dollars. He reported they would want to take a look at what would be the best benefit, noting both the drainage systems and some level of flood protection would need to be addressed in order to make it work right.

Mr. Nacht stated they also had a number of uses for Stan Hedwall Park for large scale community venues, such as: Music in the Park or rock concerts.

Councilor Spahr asked what the recommended \$33,200 would be used for. Mr. Nacht reported the money was for what they identified it costs the division to run the tournaments during the existing year. He noted it would be used to pay umpires and referees, and on the facilities themselves, adding they have to add soil amendments every year to make them playable.

Mr. Nacht reported if they had better facilities they could have a longer playing time and could theoretically solicit more teams to the area to generate additional revenue, but there would also be some increase in the cost of doing that.

Councilor Spahr asked if the teams paid an entry fee for the tournaments. Mr. Nacht reported they did, which covers the costs for the tournament themselves, but not the upkeep of the facilities.

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Councilor Harris reported the state has allowed a broader usage of the funds, including things like promotional T-shirts, awards, and trophies; however, after 2013 some of those things might not be eligible.

Councilor Taylor asked if Councilor Pope would give a status report on the field behind Olympic School that the Chehalis Foundation was working on. Councilor Pope reported they had completed the first phase, which was the engineering for the drainage system. He noted some of the money for the engineering was coming from the Foundation and there were other groups who are going to be contributing financially.

Mr. Nacht reported the city had received the permit application for the site work to develop that facility and they were currently doing the processing of that permit, which included drainage, filling, and soil amendments. He indicated a couple of years ago the city received a proposal from the Lewis County Trails Association to put in a mile-long trail around the perimeter of Stan Hedwall Park, and pledged \$35,000 towards the project. The engineering estimate for the project submitted by the Trails Association was for \$228,000. Mr. Nacht noted the project was sitting on the books and believed it was in the city's Capital Facilities Plan as an unfunded project. He suggested the walking trails and upgrades to the facilities would draw people into the community, and were activities that recreation services would support.

Mayor Ketchum inquired about the men's slowpitch fields at Stan Hedwall Park, noting back in his younger days that was like the only game in town and they were filled all summer and weekend long. He asked if they were used much anymore, besides for youth soccer. Lilly Wall reported they do have a men's "Twin Cities Slowpitch League" that use the fields during June and July. She noted they also have a coed church league and a summer coed league that use them on Friday's. Ms. Wall stated the amount of use had decreased over the years, which has been a statewide trend. She reported her goal was to make it a more multi-use facility for adults, little league and girls fastpitch.

Councilor Pope reported there was an effort being put together to build a batting facility over by W.F. West High School, adding the group working on the project was usually pretty successful in what they attempt to do. He felt there were a number of efforts to improve facilities in our community to make it a better quality of life for our kids, and in the process of doing that, it also makes our city more attractive.

Councilor Lund brought up the issue of things changing regarding the use of the funding. He felt the city should use the money while they can, and direct staff to draw up a plan to send to the committee. He noted it sounds like there's a lot of work to be done that would be advantageous to our youth.

Mayor Ketchum believed they were all in favor of fixing up the fields and to have staff look more in-depth at what it would take to upgrade Recreation Park and Stan Hedwall Park.

Councilor Spahr thought there would have to be some kind of study to analyze what could be done and what it would cost.

City Manager MacReynold stated if that was the desire of the council it would be cleaner for the administration, adding they need to keep a record because the council was giving direction back to the LTAC. He asked for a motion directing the administration to look at upgrading Stan Hedwall Park and Recreation Park.

Councilor Harris reported they had discussed the issue at the last meeting and felt the council agreed to have the administration put a proposal together to take back to the committee, adding he and other members of the LTAC got that message loud and clear. He also felt staff was aware that the council wants some kind of a program put together to where it will help the community and the ballfields. Councilor Harris stated he was looking for direction from the council, adding they had to figure out if there was a dollar amount that they want to set aside or hold back, or if they want to utilize more of the reserves. He didn't know if a motion would be necessary to direct staff to do that, or not.

Councilor Lund didn't think they could make any decisions on anything other than what the LTAC recommended. Councilor Harris reported the problem was there wouldn't be enough time before the end of the year to get a project put together to present to the committee, and still be able to include in the 2012 budget. Councilor Lund stated that was not told to them at the last meeting when they were discussing it.

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Mayor Ketchum suggested they were not necessarily looking at spending the money; they just want a project brought back. He stated their job that night was to look at the recommendations from the LTAC, and where they were going to get the money for a project to come to them sometime in 2012.

Councilor Harris stated if they have a figure in their head of what they want to keep, they could slice off of what the LTAC recommended and keep enough money back to satisfy what they think they might want to put towards future city projects.

City Manager MacReynold thought the direction from the last meeting was clear, that the council was interested in what the city could do and what it would cost. He stated, based on the information provided by Mr. Nacht and staff, they were looking at a project in the range of \$30,000 for the upgrades at Recreation Park. He noted the project at Stan Hedwall was more complex and would take some analysis and time.

Councilor Spahr brought up the issue of the ownership of Stan Hedwall Park in the near future. Councilor Pope stated they had 14 years before their lease runs out with the State.

Mayor Ketchum stated in order to set aside some money to build up the reserve they were going to have to change the recommendation of the LTAC, to lower the recommended dollar amounts.

Councilor Lund stated he wanted to see something done for the kids. Councilor Harris stated the \$33,200 recommended by the LTAC for the community development department would be doing some of that by supporting the tournaments. He added that financial assistance would relieve some of the costs on actual labor that could be used for the upkeep of the facilities. Councilor Harris thought they had the right direction as far as what the council was looking for, adding everybody agreed that they want to see what they can do about improving the quality of the facilities themselves.

Councilor Lund thought the money spent on city projects should go into projects that make a difference, such as infrastructure, not for labor.

Councilor Taylor asked what the added costs would be to the city if they were able to extend the season. Mr. Nacht reported they did not go to that level of detail on the exercise performed, but they certainly could bring back a proposal that had that information in it. He suggested the \$33,200 requested was identified specifically as recreation division costs of putting on tournaments that bring people to the community. Mr. Nacht stated if they were to run a longer season he wasn't sure if it would cost significantly more, but they would have to do the exercise to find out what it would be.

Councilor Spahr asked if the funding could be amended mid-year. Councilor Harris stated it could be, after a meeting of the LTAC. Councilor Spahr stated they could talk about it all night and never get anywhere. He stated if they were to reduce all of the recommendations by 10 percent it would give them another \$16,000 in reserves, which should give them enough money to do something on Recreation Park.

Councilor Harris stated if they looked at the number of requests and the amount of money requested, most of the items had either been reduced or not funded. He reported all of the programs, as far as the LTAC was concerned, were important and crucial programs that cumulatively build the atmosphere of the city, adding he didn't want to rob Peter to pay Paul.

Councilor Lund stated all of the groups listed had been asking for money for years and wondered why they hadn't figured out how to do it without asking for the money. He quoted a former city commissioner, Bob McGandy, as saying "this isn't the Salvation Army, find it yourself." Councilor Lund stated that was kind of how he felt, and believed they should use the money to take care of the city and the kids.

Councilor Dawes suggested if there were some specific ideas and recommendations to be made, they should make them; otherwise they needed to move on. He stated he was a little concerned about spending down the reserves, adding he didn't want to take away from what they were building for next year, in case something changes and we're unable to use it for what we've used it for in the past. Councilor Dawes stated, while he thought building the ballfields was great and he didn't have any problem with that, he did have concerns about spending down the reserves.

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Councilor Pope felt it would take a major effort to do something this year, so rather than take money away from what had already been recommended by the LTAC he suggested they look at the future of the money coming in, and recommended the city keep 75 percent for city facilities and distribute 25 percent elsewhere. He stated that would give staff enough time to research, plan and prioritize what projects they want to do, and know that the money will be available to do it.

Councilor Harris suggested they go through the list one by one and discuss what they would like to settle on.

Mayor Ketchum made the following recommendations in order to set aside \$25,000 for city projects:

- Veterans Memorial Museum – reduce recommendation from \$25,000 to \$20,000
- Chehalis-Centralia Railroad Museum – reduce recommendation from \$30,000 to \$20,000
- Lewis County Historical Museum – reduce recommendation from \$22,500 to \$17,500
- Chehalis Garlic Fest – reduce recommendation from \$18,000 to \$13,000

Councilor Spahr stated it was hard for him to sit there and say that the organizations should receive less, because he wasn't in on the discussions of the LTAC. He noted as far as the kids go, he felt every one of the funding recipients help kids in a lot of ways, either today or in the future. Councilor Spahr stated he would really need to hear from the committee to see how it would affect what the organizations are doing.

Councilor Harris stated it was difficult for the LTAC to come up with the numbers being presented in the first place, adding the funds the organizations receive from other places are drying up, or depleting.

Councilor Taylor stated he was contacted by three of the local hotels and they all reported the biggest draw to fill rooms in their hotels was sporting events. He wondered if there was a way they could work together with the hotels to help create more heads-in-beds.

City Manager MacReynold reported, based on the conversation, the mayor identified an additional \$25,000 by recommending some reductions. He stated if the council decides they want to proceed with priority number one, they could draw down the reserve by \$10,000 which would give them \$35,000 to focus on Recreation Park next year. City Manager MacReynold added, based on the recommendation from Councilor Pope the council could give direction to the LTAC for next year to appropriate 75 percent of the funds for city related projects, and distribute 25 percent of whatever revenue is available between the different organizations. He noted that would allow council to take on the following actions: get something done in 2012; fund a lot of the organizations that are in the mix already; and put the organizations on notice that next year it was going to be very different.

Councilor Pope made a motion that 75 percent of the money taken in for tourism tax be reserved for city projects, and 25 percent be allocated between the organizations applying for funding.

Councilor Dawes requested clarification on the motion, wanting to know if it would affect the 2012 appropriations, or 2013. Councilor Pope noted it would not affect the recommended 2012 appropriations.

Councilor Spahr asked if passed, would it be in concrete or just a goal of the city. City Manager MacReynold stated it would clearly send direction to the LTAC and the administration on how we approach funding for 2013. Councilor Harris reminded the council that it's a fluid situation, adding the council can make amendments and adjustments when necessary.

Councilor Dawes called for the question and the motion passed six to one, with Councilor Spahr voting against the motion.

Councilor Spahr moved that the council reduce each recommended appropriation by 10 percent and leave the balance of the proceeds in the ending fund balance reserve, and decide what they do with it at a later date.

Councilor Harris seconded the motion.

Mayor Ketchum didn't believe that would be enough money.

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Councilor Lund made a motion to amend the motion to make it 30 percent.

Councilor Taylor noted he needed to recuse himself from voting on the motion because it included one of the organizations he represented.

Councilor Lund withdrew his motion to amend the motion.

The motion failed 2-4 with Councilor's Harris, Lund, Dawes and Mayor Ketchum voting against the motion.

Councilor Spahr moved to reduce each amount by 20 percent.

Mayor Ketchum stated he would hate to drop the amount recommended for the Chehalis Bridal Show since they were the second highest event that brings in heads-in-beds, and recommended they leave that one alone. Councilor Harris agreed.

Councilor Dawes reported he was the council representative to the Lewis County Historical Museum and having firsthand knowledge of what they're going through he would hate to see their funding reduced. He felt they were going to need what funding they get from both the county and the city to use as a seed to get things started back up. Councilor Dawes stated he also had a problem with doing a straight across the board cut.

The motion died for a lack of a second.

Councilor Spahr moved to reduce all of the recommendations by 20 percent with the exception of the Chehalis Bridal Show and the Lewis County Historical Museum.

Councilor Dawes seconded the motion.

Mayor Ketchum indicated the motion included funding for the city and felt that was a bad cut. Councilor Harris agreed.

Councilor Dawes stated he would be willing to withdraw his second to the motion.

Councilor Spahr withdrew the motion.

Councilor Pope moved to accept the recommendations of the LTAC for 2012 appropriations.

The motion was seconded by Councilor Dawes

The motion carried 4 to 2 with Mayor Ketchum and Councilor Lund voting against the motion.

City Manager MacReynold noted it appeared the council was very interested in priority number one that Mr. Nacht identified. He asked if the council would be interested in the administration proceeding down a path to put a real proposal together for that project to take to the LTAC.

Councilor Taylor moved that the city be allowed \$10,000 to help them put a proposal together for improvements at Recreation Park.

The motion was seconded by Councilor Spahr and carried unanimously.

Councilor Harris reported Lee Grimes was stepping down from his appointment on the committee, so they would have to accept another applicant from another one of the recipients of funding. Councilor Spahr asked if this was something they could do at the next meeting.

Councilor Harris stated he would like to table the reappointments to the LTAC until the next meeting.

The consensus of the council was to table the reappointments until the following meeting.

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9. **Revisions to Debt Management Policy.** Ms. Lindgren reported during the process of issuing debt, it was suggested to the city that we make some updates to our debt management policy due to some post compliance issues. She noted she and City Manager MacReynold worked strenuously with the bond council to incorporate their recommendations into the policy. Ms. Lindgren reported the main focus of the amendments was in the section dealing with post-issuance compliance for tax-exempt bonds.

Ms. Lindgren noted the amended section of the policy referred back to Ordinance No. 878-B, which stated “the designated representative (City Manager), Finance Manager, and other officials of the city will do everything in their power to make sure the city does everything they are supposed to do to make sure things are copasetic.”

Ms. Lindgren indicated she would report to the city manager on an annual basis to demonstrate what had been done to ensure compliance. She noted there was also a section addressing educational requirements to make sure the city stays on top of the changing rules and regulations.

Councilor Harris inquired about item number 2 under Section IV, which stated “the City Council has the overall, final responsibility for monitoring whether the City is in compliance with post-issuance federal tax requirements.” City Manager MacReynold reported the administration would keep the council informed through regular reporting, as they do with other regular monthly and quarterly reporting.

Mayor Ketchum asked what would happen if they didn't sell all of the bonds. Ms. Lindgren stated she didn't anticipate that happening, adding the rating the city received made them very attractive. She reported they could always choose to not accept the contract, noting the city was not obligated to sign off on any anything unless it meets with the parameters of the ordinance approved by the council.

Councilor Spahr moved that the council adopt the Debt Management and Post Issuance Compliance Policy.

The motion was seconded by Councilor Taylor and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 8:02 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of November 14, 2011.