

October 28, 2013

The Chehalis city council met in regular session on Monday, October 28, 2013, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 5:00 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; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; and Patrick Wiltzius, Acting Public Works Director. Members of the media included Kyle Spurr from *The Chronicle*.

1. **Quarterly Report on Chehalis-Centralia Airport Activities.** Airport Manager Allyn Roe reported they spent most of the summer working on their capital projects. Earlier in the year they were awarded an FAA Airport Improvement Program grant that paid for a new building for the snow removal equipment and some new markings on the runway for instrument approach. He noted the building project is about 25 percent under budget due to their ability to submit force account labor against the project.

Mr. Roe reported, in working on a long-term solution for traffic counts along Louisiana Avenue, they found a traffic radar device that can count several lanes of traffic at a time. He noted the device is located near Walgreens and they are getting anywhere from 16,000 to 20,000 vehicle movements per day. Mr. Roe stated the primary use of the information will be for marketing, to attract new tenants in the retail sector. He noted the radar device can also be moved to different locations if they need to obtain data in other areas.

Mr. Roe reported they wrapped up the new entryway along Arkansas Way that serves their properties that surround Home Depot. He noted the entryway would allow for future development in that area.

Mr. Roe reported the levee project was also wrapping up for the year, noting Lewis County found a new location to haul material from, which sped up the project considerably.

Mr. Roe indicated they have some budget adjustments that need to be made prior to the end of the year for some capital expenditures primarily related to the sewer lift station.

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

- a. Minutes of the regular meeting of October 14, 2013;
- b. Claim Vouchers No. 107335-107474 in the amount of \$377,913.03 dated October 15, 2013; and
- c. Adopt Resolution No. 13-2013 on first and final reading for the surplus of city property.

The motion was seconded by Councilor Lund and carried unanimously.

3. **Administration Reports.**

a. **Third Quarter and September Financial Report.** Finance Manager Eva Lindgren reported the general fund is covering the cash flow from the grant funds while we wait for reimbursement. She noted once the money is received for the FEMA home elevation project and pool project, the general fund would be replenished. Ms. Lindgren noted we will also be receiving a property tax payment from Lewis County sometime in November.

Councilor Pope stated it was his understanding that the city would not lose any money with the pool project. Ms. Lindgren reported the city was not losing money, adding it was just a timing issue. She noted we want to go through the grant funds first before we start taking money from the Chehalis Foundation.

Councilor Harris asked if the reimbursement for the FEMA home elevation project would be received by the end of the year. Ms. Lindgren reported she tries to bill for reimbursement every other month. Councilor Harris asked if they were quick to respond once the city submits for reimbursement. Ms. Lindgren stated there have been some hiccups, and sometimes she's had to call to inquire.

Ms. Lindgren briefly reviewed the September financial report, noting a large variance in the general fund attributed to

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the general property taxes. As noted earlier, payment from Lewis County should be received in November. Ms. Lindgren reported the operating transfers-in were also a little behind, but that would change once we receive reimbursement from the state grant agencies.

Ms. Lindgren stated she didn't have any highlights to report for the utility funds, but offered to answer any questions.

b. **Quarterly Sales and Use Tax Report.** Finance Manager Eva Lindgren reported, at the end of the second quarter, the sales and use tax revenue showed an increase of 7.9 percent over last year. She noted through September 2013 the increase shrunk to 7.1 percent, but was cautiously optimistic that it would hold through the end of the year.

c. **Update on Chehalis-Centralia Airport Ownership.** City Manager MacReynold reported on Monday, October 21, the Lewis County Commissioners unanimously passed a resolution in favor of transferring ownership of the Chehalis-Centralia Airport to the city. He noted, administratively, we plan to have a similar resolution and organizational proposal to the council relatively quickly.

4. **Council Reports.**

a. **Update From Councilor Dawes.** Councilor Dawes reported the Regional Fire Authority Planning Committee met on October 16 and reviewed the proposed interlocal agreement. He noted they were working on the last bit of training and hoped to have something very soon for the agencies to consider. Councilor Dawes stated if the agreement is met with positive results from both sides, they would be looking at a target date of January 1 to start the functional consolidation stage.

Councilor Dawes reported he also attended the Business After Hours event on October 17, the Centralia College Foundation Kick-off on the 19th, and the Lewis County Commissioners meeting on October 21.

b. **Update From Councilor Taylor.** Councilor Taylor stated he's had several residents ask him if there's a way the city can look at a utility customer's annual use and come up with an average monthly amount to pay, rather than paying every two months. City Manager MacReynold stated the administration could certainly look at it and report back.

c. **Update From Councilor Lund.** Councilor Lund reported once they get to the functional consolidation stage, the Chehalis fire department will have an on-duty paramedic for the first time. Councilor Dawes stated one of the increased benefits the city would see is having a paramedic on duty, 24-hours a day, every day of the year. He noted the city currently has one firefighter/paramedic that's still going through training, and that's going very well.

5. **Chehalis Avenue Beautification and Overlay Project.** City Manager MacReynold reported the council authorized the low bid for the project at a prior meeting; however, after looking at it more carefully, the administration has some concerns primarily around the cost.

City Attorney Hillier reported, early on, the matter was presented to the council for consideration and the council said in general terms to go with the low bid; however, after taking time to look at it, the administration feels we can do better for the citizens. City Attorney Hillier stated, if the council takes it under reconsideration and rejects all bids, we can go back out to bid this winter and get a much more favorable bid. He reported the administration ran it by the Washington State Department of Transportation and they are fine with the city rebidding the project.

Councilor Harris moved that the council reconsider acceptance of the bid from Nova Contracting Inc., reject all bids previously received and direct the administration to rebid the Chehalis Avenue Beautification and Overlay Project.

The motion was seconded by Councilor Pope and carried unanimously.

6. **Ordinance No. 913-B, Second and Final Reading – Amending the 2013 Budget.** Ms. Lindgren highlighted some of the items added to the budget amendment, including eight new Windows 7 laptops for the police department. She noted Microsoft recently made a decision to stop supporting Windows XP effective April 2014, which raised security issues with the computers used by the police officers. Ms. Lindgren reported rather than purchasing the very expensive indestructible

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laptops, the Police Chief decided to purchase laptops off the shelf. She noted they've tried the less expensive laptops and have had a very good experience with them.

Ms. Lindgren reported the amendment also addresses the grant issues previously mentioned, and other operational type issues.

Councilor Taylor inquired about the K-9 and K-9 transport purchases noted in the amendment. Ms. Lindgren stated the expenses were for the partial cost of the K-9, and full cost for the equipment for transporting the K-9 in the vehicle.

Mayor Ketchum asked if the repairs to the Chamber Way overpass (located above the railroad tracks) would be reimbursed. Ms. Lindgren indicated the max we would be reimbursed is \$10,000.

Councilor Spahr moved to pass Ordinance No. 913-B on second and final reading, as amended.

The motion was seconded by Councilor Taylor and carried unanimously.

7. Resolution No. 12-2013, First and Final Reading – Adopting an Interlocal Agreement Between the City and the Association of Washington Cities (AWC) Benefit Trust Authorizing the City to Jointly Participate in a Self-Insured Health Care Program Administered by AWC Trustees and Authorizing the City Manager to Execute the Same. Human Resources Administrator Peggy Hammer reported, in January 2014, AWC is making a change to move to a self-insurance method. She indicated there would be no change as a member of the AWC "Pool," other than the process of adopting the interlocal agreement. Ms. Hammer stated the selection of the various medical programs and the items covered does not change, adding the city will continue to get billed the same way and employees can continue to see their same doctors.

Ms. Hammer reported AWC's Advisory Board believes they can do as well, if not better, by maintaining the required reserves and paying the claims themselves. She noted the process is regulated by the RCWs and stipulates that all parties that are part of the "Pool" need to have a formal agreement, which is what is being presented to the council for consideration.

Ms. Hammer reported, in 2014, the rates will go down a couple of percentage points for the LEOFF1 Retirees on the Medicare Advantage Program, while all of the other plans will have a zero percent increase.

Councilor Harris asked about the reserves AWC is required to have. Ms. Hammer reported AWC's beginning program for 2014 is \$15.4 million, and after projected contributions and expenses, their year-end balance will be about \$15.7 million.

Councilor Taylor moved to adopt Resolution No. 12-2013 on first and final reading.

The motion was seconded by Councilor Spahr and carried unanimously.

8. Lodging Tax Advisory Committee (LTAC) 2014 Recommendations. Councilor Harris noted their new member Michel Rey, owner of the Best Western, was in attendance, while Rick Burchett from the Chehalis-Centralia Railroad and Museum was unfortunately unable to attend.

Councilor Harris thanked Administrative Assistant Caryn Foley for organizing everything for the committee, noting she is the backbone of the program and does 99 percent of the labor. He also thanked the organizations who came and made presentations.

Councilor Harris reported the LTAC would really like to see the entities and programs that have been around for a while be more self-sustaining, and from some, they would like to see more positive results. He noted the Committee is willing to look at those who are willing to grow and expand, and those that are mostly sustaining. Councilor Harris felt it ended up being a pretty good budget by the time they were all done.

Councilor Spahr inquired about the \$45,000 allocation for the City Manager's Office. City Manager MacReynold noted \$5,000 was for actual advertising, and the other \$40,000 was a request from the Chamber of Commerce to expand their services to Sundays and do improvements to their website.

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Councilor Spahr stated he had a lot of faith in the LTAC and absolutely trusted what they do.

Councilor Lund wondered why the Chamber's request came through the City Manager's Office. City Manager MacReynold stated it's been done that way forever and they've just continued that practice. Councilor Harris noted the Chamber has a contract for their services with the city.

Penny Mael representing the Lewis County Historical Museum thanked the council for considering funding for the museum. She noted they hoped to continue to expand their budget by doing more fundraising events.

Councilor Harris reported the historical museum is one that the Committee wrestles with each year, and they do so positively. He stated by law the programs have to demonstrate heads-in-beds and it's difficult for the museum to produce those kind of numbers. Councilor Harris noted the LTAC also supports the museum because they understand what an empty building would look like in the downtown area.

Councilor Lund stated the museum also put on a model train show this year that brought in a lot of out of town vendors. He felt the event was a big start for them in trying to get more heads-in-beds.

Ms. Mael extended an invitation to the council to attend their annual dinner on November 10, at 5 p.m. She noted the cost was \$10.00 and assured the council the dessert would be divine!

Councilor Harris stated Interim Director Andy Skinner is doing an outstanding job in expanding the whole net of what the museum brings. He noted that was one of the reasons the LTAC is willing to support them.

Councilor Spahr moved that the council approve the candidates and funding amounts of the LTAC for use of lodging tax funds for 2014.

The motion was seconded by Councilor Lund and carried unanimously. Both Councilor Pope and Taylor abstained from voting.

Councilor Spahr moved that the council reappoint the memberships of Todd Chaput, Michel Rey, Satpol Sohal, Rick Burchett, and Chip Duncan, and the official appointment of Alicia Bull to the LTAC.

The motion was seconded by Councilor Lund and carried unanimously.

Councilor Pope insisted that organizations receiving the money should be required to get an audit. He noted it would be an embarrassing situation if we have another incident where the money has been misused or misappropriated. Councilor Pope stated if organizations can't afford it, they need to figure out a way to be able to afford it.

Mayor Ketchum noted the Chamber of Commerce has an audit every year.

Councilor Lund stated Councilor Pope was right, adding audits are not that expensive.

City Manager MacReynold believed it would be a policy decision and direction from the council would be needed. He suggested if the council wants to move in that direction he would encourage them to make a motion.

Councilor Pope moved that organizations that receive funds from the city's tourism tax fund over an extended period greater than five years be required to have an audit every five years, effective immediately.

Councilor Spahr seconded the motion.

Councilor Spahr stated it not only protects the city, it also protects the organizations and the people within the organizations.

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Councilor Dawes stated he didn't have any concerns with requiring audits, but does have a concern if taxpayer money is going to be used for the audits. He felt it was something that should be coming out of their allotment of money and not tax money received from the city.

The consensus of the council was to start the requirement next year. Mayor Ketchum stated the organizations would need to have it done before they apply for 2015 funding.

City Attorney Hillier asked if the council might want to hear from the organizations before they make their decision. Councilor Pope stated this is something that he's been asking for, for several years.

Councilor Harris stated he understood what City Attorney Hillier was saying, but didn't think they were asking too much. He noted there were probably going to be some hardship cases, but they can look at those as they come up.

Councilor Spahr suggested the policy could be changed accordingly, but this is the way the council wants to go.

Councilor Dawes stated he didn't know of anyone that receives government money that doesn't have to go through an audit. Attorney Hillier stated Councilor Dawes' point was well taken.

City Manager MacReynold stated the administration would send out a letter putting everybody on notice about the situation for next year.

Councilor Harris stated all of the entities are required to provide a breakdown of how the money is spent, and if any of them show part of the funds received paying for an audit, he could guarantee what will happen.

The motion carried unanimously.

There being no further business to come before the council, the meeting adjourned at 5:58 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of October 28, 2013.