

November 12, 2013

The Chehalis city council met in regular session on Tuesday, November 12, 2013, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 4:30 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; Randy Kaut, Deputy Police Chief; Jim Walkowski, Fire Chief; Dennis Osborn, Community Development Director; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; Dale McBeth, Municipal Court Judge; Becky Fox, Court Administrator; Rick Sahlin, Interim Public Works Director/Street Superintendent; Patrick Wiltzius, Wastewater Superintendent; and Dave Vasilauskas, Water Superintendent. Members of the media included Kyle Spurr from *The Chronicle* and Christina Crea from *Business to Business*.

1. **Work Session to Review Chehalis-Centralia Airport Organizational Structure Options.** City Manager MacReynold stated city and county representatives have been in discussions regarding the airport for approximately one year. He noted on September 21, Lewis County passed a resolution to transfer ownership of the airport to the city of Chehalis.

City Manager MacReynold reported there were really only three options with regard to the organization and structure of the airport. He stated it clearly made better sense to have the airport as a free-standing department rather than a division within a department. City Manager MacReynold reported the decision the council will need to make is whether the airport will have an advisory board to the council, or not. He stated the airport has a long history of having a board, but recommended the council not pass that authority on to anyone else.

City Attorney Hillier stated the real concern was in Title 14 of the RCWs, noting it sets up the presumption that if a board is put in place by the entity that owns it, the board would make the decisions that are usually made by the council. In his opinion, there were very few things that the board would do that are not decisions that should be made by the city council.

Councilor Dawes stated he was under the assumption that a governing board is created when you have multi-jurisdictional ownership of an airport. City Attorney Hillier stated you can also have a board in a single ownership situation.

City Manager MacReynold reported, should the council take action to proceed, there are still some things that need to be cleaned up, such as:

- Approval with FAA; certify that the city is a legal entity that has the ability to take on the responsibility of ownership of the airport
- Deeds to the property
- Personnel issues
- Changes to city code
- Incorporating the airport budget into the city's 2014 budget
- Insurance
- HR and union issues

City Manager MacReynold stated he didn't see a need to make any personnel changes at this time. He noted two of the employees would need to be in the union, but they would sort those things out over the next month and a half.

Councilor Spahr inquired about the transfer of real estate to the city. City Attorney Hillier reported Lewis County would sign a quit claim deed releasing the property to the city. Councilor Spahr asked, "What interest does Lewis County and the City of Centralia have if down the road the city has an opportunity to sell the property?" City Attorney Hillier stated if there is equity in the airport after repayment of all of the FAA grants, the proceeds from the sale would be split according to the agreement that was entered into by the three agencies prior to Centralia pulling out.

Councilor Dawes reported Chehalis and Lewis County owned the property when Centralia was allowed to sign on and the only gain they would see would be on any property purchased after they came on board in the early 1960s. He noted there was still quite a chunk on the Walmart lease, so if we did own it we wouldn't be able to do anything for quite a while; otherwise, we could potentially go into debt by going back on the leases.

November 12, 2013

Councilor Spahr noted 50 years from now the capital gain could be a lot of money and asked if all of the gain would have to be split. City Attorney Hillier stated, if the sale price exceeds the debt limit, it would be split between the county and the city in accordance to what was agreed upon when Centralia left. Councilor Spahr stated that didn't seem very equitable to him.

Councilor Spahr stated he had concerns about the council's lack of knowledge of running an airport. He asked how the available property would be managed and marketed. City Manager MacReynold stated things would change, but the current manager has done a good job marketing the property. The advantage of it being a city department will be the working relationship between our community development department, public works and the airport. City Manager MacReynold stated with the change in the economy we need to be thinking about the future, and positioning ourselves to be competitive. He felt the opportunity for further economic development would be significantly improved.

Councilor Harris felt they needed an advisory board until they learn more about the capacity of the board. He suggested the council didn't know a thing about airports, and future councilmembers may not know anything about them either. Councilor Harris reported he would like to have a board to do nothing more than advise and give the council the information they need to make good decisions. He stated, in this case, rather than give up their authority they'll need to trust the airport manager to do exactly that.

Airport Manager Allyn Roe stated his interpretation is that the RCWs allow for an advisory board that can help the council and the airport manager on the aeronautical uses and advise on the operation of the airport. He noted they would have no governance related to the airport. Mr. Roe noted the statute also allows for an Airport Commission, which would be similar to the current governing board.

City Attorney Hillier stated Mr. Roe was correct in that the statute allows either one to take place, but the statute doesn't differentiate between what we're creating and what authority they have. He noted they would have to go back to the statutes and set out in the appointing document what specific authority the board would have. His point being, why go to all that effort when you have a professional manager that can make the reports to council, and if he needs help they can talk about it.

Councilor Pope stated it was his understanding that decisions were made by the airport board and manager based on information presented to the council for consideration. Mr. Roe reported the information presented to council was fairly limited; primarily the council had oversight on their budget and appointment of members on the board. He noted the day-to-day policy items were at the direction of the governing board.

City Attorney Hillier noted, essentially, the governing board would be supplanting a lot of the authority that the city manager has, especially with regard to personnel matters.

Councilor Taylor thought the airport governing board acted similar to the city council. City Manager MacReynold stated that was correct, noting the challenge with an advisory board is that they create something that's advisory to the council. City Manager MacReynold stated the council needs to decide if they want that kind of relationship, or if they want a direct relationship, as with other departments in the city.

Councilor Dawes stated he knew a little about airports after serving on the board, but not that much about community development or public works and had to rely on staff's input. He stated he was not comfortable in setting a precedence that's different from what they have with the other enterprise funds.

Councilor Dawes reported he was somewhat concerned and a little disappointed in the current governing board's involvement in an action that was to be left at the legislative level at the county and city. He wondered if they would be setting themselves up for the exact same thing by having an advisory board. Councilor Dawes felt the airport has staff that is highly capable of providing the same level of expertise and information to the council, much like the other directors in the city.

City Attorney Hillier added that the council's opportunity to create a board or commission never goes away. He noted if things start to go south and the airport feels they need guidance from people in the aeronautic field, they can create a board at any time. City Attorney Hillier stated it was the administration's position that we don't need a board up front.

November 12, 2013

Councilor Harris stated he trusted the people on the city council, the administration, and Mr. Roe. He noted he could see where they could operate without a board right now, and wouldn't have any problems supporting it under those terms.

Councilor Lund inquired about Donahoe Field, wanting to know when it was given to us. City Attorney Hillier reported it was provided to us from the federal government as a joint ownership between the county and the city of Chehalis. He noted the only thing we've acquired since then are some avigational rights, and the Blaser Property.

Mr. Roe provided the following information about the airport property:

- The city of Chehalis bought the property from the Donahoe family pre-1941
- Lewis County and Chehalis came together and bought additional property in 1941
- In 1941, the property was handed over to the Navy who did a lot of improvements to the property
- In 1945, the property came back to Lewis County and Chehalis
- In 1961, the city of Centralia came on board and the current airport board was formed
- Property acquisitions were made in 1981
- Between 2003-2004 they purchased the 100 acre Blaser Farm
- The city of Centralia withdrew in 2005

Councilor Lund asked about the small piece of property between the dike and I-5, currently owned by the county. Mr. Roe reported that was not part of the airport property, adding it was more adjacent to the old Barnes property. Councilor Lund suggested the county should throw it in with the transfer. City Attorney Hillier stated we could talk to the county about it, but it was not part of the description that we currently have.

Councilor Dawes believed the county purchased that piece of property to have access to work on that section of the dike. Councilor Taylor stated that didn't mean we might not need access to work on the dike.

City Attorney Hillier stated the more appropriate way to handle it would be to request a vacation of that parcel from the county at such time we feel it's necessary to acquire ownership.

Mr. Roe added FAA has jurisdiction over the airport land and wouldn't want to mix it in with the airport property.

Councilor Lund asked if we were getting the entire Blaser Farm. Mr. Roe stated yes, except for the west portion that was sold off a couple of years ago to National Frozen Foods.

Councilor Lund stated he agreed with the suggested motion.

Mayor Ketchum closed the work session and opened the regular meeting at 5:00 p.m.

2. Public Hearing on the 2014 Proposed Budget and Revenue Sources, Taxes and Levies. Prior to taking public comment, City Manager MacReynold and Finance Manager Eva Lindgren reviewed some of the highlights, revenues and taxes from the proposed 2014 budget.

City Manager MacReynold reported the council had before them a balanced budget. He noted the administration and the city council have worked very hard over the years to make sure that happens.

City Manager MacReynold highlighted the proposed 2014 beginning and ending fund balances for the general fund and the enterprise funds. He noted the overall budget had a beginning fund balance of \$7,374,683, and an ending fund balance of \$7,750,457. City Manager MacReynold stated the numbers clearly reflect that the council and the administration are being very fiscally responsible to the public and will continue to do so.

City Manager MacReynold reviewed some of the highpoints of the budget, to include:

- Construction and completion of the Gail and Carolyn Shaw Aquatic Center - \$1.2 million
- Implementation of ownership of the Chehalis-Centralia Airport - should the council take action

November 12, 2013

- Partnering with Lewis County to purchase a portion of the Tacoma rail line extending from Chehalis to Maytown
- Bringing back Music in the Park – three (3) events scheduled
- Building maintenance on the Chehalis public works building
- City Manager search
- Replacement of monitors and software in the council chamber
- Implementation of video arraignment for municipal court
- Functional consolidation of Chehalis and Riverside Fire Departments
- Continue chip-seal program
- Annexation of the south industrial area in our urban growth area
- Ownership of Stan Hedwall Park

Ms. Lindgren reviewed the general fund revenues, noting there were very minor changes to this section of the budget. She stated the property taxes were increased based on the data she received from Lewis County, and the sales and use taxes were cautiously optimistic. Ms. Lindgren projected an increase in sales and use tax of \$100,000 in 2014.

Ms. Lindgren briefly reviewed the general fund and enterprise fund summaries. She also reviewed how the “contra expenditures” fit into the budget.

Ms. Lindgren talked briefly about the supplemental information regarding transfers, capital expenditures, loan schedules, and the 2014 salary schedule. She noted the only change to salaries is in the temporary and seasonal hourly rates because we’re hitting up against the state’s minimum wage. Ms. Lindgren pointed out that a recreation aide position and a tournament director position were added to the 2014 schedule, should the city have to hire out for recreational services.

Councilor Spahr inquired about the loan schedule, wanting to know if the SRFL loans were all related to the sewage treatment plant. Ms. Lindgren reported SRFL #3A and 3B were definitely for the wastewater treatment plant, but couldn’t say for sure if #1 and #2 were.

Mayor Ketchum closed the regular meeting at 5:23:20 p.m. and opened the public hearing.

There being no public comment, Mayor Ketchum closed the public hearing at 5:23:46 p.m. and reopened the regular meeting.

3. **Shorelines Plan Update.** Brad Medrud, with AHBL, reported he was hired as the consultant project manager to do the Shoreline Master Programs (SMP) update. He reported Lewis County and the cities of Chehalis, Centralia, Morton, and Winlock are working together to update their SMP together as the “Lewis County Coalition.”

Mr. Medrud reported the Coalition is required by state law to update their SMP, and received a grant from the State Department of Ecology (DOE) to support the work. He noted the city is responsible for making sure the SMP is updated and complete.

The presentation outline included an overview of the SMP update process, shoreline inventory findings, and next steps. He noted the SMP is what the city uses to manage development within its shorelines. Mr. Medrud reported the SMP requirements do not apply retroactively and does not affect existing development.

Mr. Medrud reported the city currently has an SMP in existence that’s been around since the mid 1970s, known as the Lewis County Plan. He indicated the update is pretty extensive because they’re taking a new look at things and there are a host of new regulations, to include:

- New requirements for “no net loss” and restoration
- Preservation and enhancement to public access
- Giving preference to “water-dependent uses”
- Public input throughout update process

November 12, 2013

Mr. Medrud briefly reviewed the different phases of the process, to include:

- Phase 1 – Shoreline Jurisdiction
- Phase 2 – Inventory & Analysis
- Phase 3 – Draft SMP
- Phase 4 – Restoration Plan
- Phase 5 – Adoption

Mr. Medrud reported they hoped to bring back a final draft to the various agencies for formal adoption by summer 2014. He noted DOE would have final review and approval, and once that's done the plan would formally be in place.

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

- a. Minutes of the regular meeting of October 28, 2013;
- b. Claim Vouchers No.107475-107595 and Electronic Funds Transfer Nos. 92013 and 102013 in the amount of \$147,964.35 dated October 31, 2013; Payroll Vouchers No. 36937-36997, Direct Deposit Payroll Vouchers No. 4443-4520, and Electronic Federal Tax Payment No. 129 in the amount of \$627,517.10 dated October 31, 2013; and
- c. Confirm city manager's reappointment of Dale McBeth as municipal court judge for a four-year term expiring at the end of December 2017.

The motion was seconded by Councilor Lund and carried unanimously.

5. **Administration Reports.**

a. **Update on Right-of-Way Signage Code.** Mr. Osborn reported the proposal being presented was based on several conversations with council on how to navigate signage on city right-of-way, in particular, the roundabout on Louisiana Avenue near I-5 Toyota. He noted the general direction the administration took is to amend the current code that allows off premise signs within 300 feet of Kresky Avenue and National Avenue. Mr. Osborn proposed to add, "And within the roundabouts on Louisiana Avenue," to the current code, as noted in Option 1 of the agenda report.

Mr. Osborn reported the administration discussed with council, and legal counsel, the use of a lease agreement that would include compensation for use. He indicated the administration came up with some standard language that would be incorporated into the agreement to capture the traffic safety issues raised by council.

Mr. Osborn reported they would need to amend Chehalis Municipal Code (CMC) Title 12.56.060 that deals with the use of right-of-ways. He suggested they also modify CMC Title 12.56.030(b) for short-term temporary sign use in the right-of way that would allow for small community event signs.

City Manager MacReynold reported the administration was looking for some guidance with reference to which of the options the council feels most comfortable with.

Councilor Taylor inquired about the licensing for right-of-way use of the Louisiana Avenue roundabout. City Attorney Hillier stated, based on the proposed amendments to the ordinance, users would need to reapply for the use annually. He noted this would allow the city to move that use around to other businesses if they have an interest.

Councilor Dawes stated it appeared that the recommended changes would take care of the issues previously brought forth by the council.

Councilor Spahr stated he didn't want the city's roundabouts to become cluttered with placards and signs, and hoped the amendments would allow the council to control that in the future.

November 12, 2013

Mr. Osborn suggested the administration could add some additional controls for tighter constrictions, if the council so desired. City Attorney Hillier stated the intended use of the roundabout would be for a single licensee.

Councilor Taylor noted concerns regarding the aesthetics of the signage. City Attorney Hillier stated applications for use would have to go before the city's Development Review Committee for review, and they would make recommendations to the council.

The consensus of the council was to have the administration bring back an ordinance for their consideration with the proposed changes.

b. **Clarification on Audits for Lodging Tax Recipients.** City Manager MacReynold asked for clarification and guidance on a motion made at the previous meeting requiring recipients of lodging tax funds to have an audit every five years.

Councilor Pope stated his intention was to have it apply to the 2015 funding cycle. He noted the decision for funding the organizations in 2014 was already done. Councilor Pope stated organizations that have received funding for the last five years will need to have an audit turned in before the 2015 cycle.

6. Council Reports.

a. **Update From Councilor Dawes.** Councilor Dawes reported he attended the city's exit audit on October 30, noting things seemed to go very well and there were no findings. On November 4, he attended a flood presentation at Centralia Community College, adding it was well received and they had good answers for a lot of the questions asked.

Councilor Dawes reported, on November 6, he attended the Association of Washington Cities regional meeting in Olympia, noting their legislative priorities were liquor tax revenue sharing and the public works trust fund. He predicted, as the marijuana issue comes on board, we'll be hearing more arguments about them not wanting to share the marijuana tax revenues with the cities.

Councilor Dawes stated he also attended the Lewis County Historical Society's dinner, adding it was very nice. He reported it seems they've turned things around, noting their endowment fund is up to \$35,000. In addition, he noted the museum is looking for volunteers and members.

Councilor Lund reported the Lewis County Historical Society also appointed Andy Skinner their full-time director.

b. **Update From Councilor Lund.** Councilor Lund reported the Chehalis-Centralia Railroad and Museum recently added five additional Polar Express trains, noting they've already sold out the original 16 scheduled for this year. He stated they only have a couple hundred tickets left for the "Santa" steam train ride that runs during the day. Councilor Lund was sure that a lot of the people buying tickets were coming from out of town.

7. **Resolution No. 14-2013, First and Final Reading – Authorizing the Removal of Lewis County From the Chehalis-Centralia Joint Operating Agreement and Approving the Transfer of Lewis County's Interest in the Airport to the City of Chehalis, and Authorizing Execution of the Transfer Agreement and the Assignment and Assumptions Agreement.** City Manager MacReynold stated he would encourage the council's approval of the resolution.

Councilor Harris moved that the council adopt Resolution No. 14-2013 on first and final reading and authorize the Transfer Agreement and Assignment and Assumptions Agreement to be executed by the city manager. Further, the council supports the administrations recommendation that the airport be a separate department within the city administration and that the council shall provide policy, legislative and budget authority over the airport.

The motion was seconded by Councilor Pope and carried unanimously.

8. **Ordinance No. 914-B, First Reading – Determining and Fixing the Amounts of Revenue to be raised by Ad Valorem Taxes during 2014; Ordinance No. 915-B, First Reading – Stating the Dollar Amounts and Percentages of**

November 12, 2013

Change in Property Tax Levies for 2014; and Ordinance No. 916-B, First Reading – Adopting the 2014 Budget. Councilor Taylor moved to pass Ordinance Nos. 914-B, 915-B, and 916-B on first reading.

Councilor Lund seconded the motion.

Councilor Taylor thanked the budget committee and the city administration for doing such a good job on the budget this year. He noted it seems that the budget continues to get easier to read and understand for people like him that don't have an accounting degree.

The motion carried unanimously.

9. **Ordinance No. 917-B, First Reading – Amending Sections of the CMC Providing for Accessory Dwelling Units (ADU).** Mr. Osborn reported the administration modified the ADU definition to clarify the language discussed by council. He noted Section 2 of Title 13.04.060 was also modified to take out conflicting language where it may say, "More than one meter." Mr. Osborn stated conflicting language was also taken out of Title 13.04.100. Mr. Osborn felt the amendments made met the intent and direction that the council gave to the administration.

Councilor Dawes brought up the issue of the "Affordable Housing Act" passed in the early 1990s. He suggested the administration do some research before the second reading to make sure we're not violating any federal laws by having residents sign a covenant. Councilor Dawes thought the city might fall under the population threshold regarding that issue.

Councilor Dawes moved to pass Ordinance No. 917-B on first reading.

The motion was seconded by Councilor Lund and carried unanimously.

There being no further business to come before the council, the meeting adjourned at 6:07 p.m.

Mayor

Attest:

City Clerk

Approved: November 25, 2013

Initials: ____