

June 23, 2014

The Chehalis city council met in regular session on Monday, June 23, 2014, in the Chehalis city hall. Mayor Dawes called the meeting to order at 4:15 p.m. with the following council members present: Terry Harris, Bob Spahr, Daryl Lund, and Chad Taylor. Councilors Ketchum and Pope were absent (excused). Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; and Peggy Hammer, Human Resources Administrator.

1. **Executive Session.** Mayor Dawes announced the council would be in executive session pursuant to RCW 42.30.110(1)(g) – evaluate qualifications; and RCW 42.30.140(4)(a) – collective bargaining for approximately 45 minutes and there would be no decision following conclusion of the executive session.

Mayor Dawes closed the executive session at 4:57 p.m. and announced the council would take a three minute recess before opening the regular meeting at 5:00 p.m. Additional staff included Glenn Schaffer, Police Chief; Judy Pectol, Finance Manager; Dennis Osborn, Community Development Director; Becky Fox, Court Administrator; Rick Sahlin, Public Works Director; and Don Schmitt, Street Superintendent. Members of the media included Dameon Pesanti from *The Chronicle*.

2. **Well City Award.** Wellness Committee Chair Becky Fox reported the committee was very excited to receive the Well City Award for 2014. She noted the city would receive a two percent premium discount of approximately \$28,000 in 2015.

Mayor Dawes presented the Well City Award (plaque) to Chairman Fox and certificates of achievement to each of the committee members, to include: Chairman Fox, Betty Brooks, Julie Hampson, Peggy Hammer, Judy Schave, and Don Schmitt. Committee members not in attendance include: Danyell Zavodsky, Melody Guenther, and Tracey Paddock. Mayor Dawes stated he couldn't thank the committee enough for all of their hard work.

3. **Citizens Business.** Holly St. Clair (371 Zandecki Road) reported a meeting was recently held at the Matrix (Coffeehouse) to discuss the dangers of oil trains passing through our area. Some of the concerns discussed included: safety, increased rail traffic, and environmental and economic impact.

Ms. St. Clair talked briefly about her personal concerns and her concern for others living near the tracks, including the Chehalis fire department. She provided the council with a copy of a draft resolution for their consideration, noting the Safe Rails Lewis County group is trying to get the resolution passed as soon as possible.

Mayor Dawes reported there are number of issues when it comes to rail that need to be taken into consideration. He noted he and the administration would work to see if they can come up with a resolution that the council could support.

4. **TIGER Grant for Corridor Improvement/Safety Projects from Blakeslee Junction to Grays Harbor.** Donald Seil from Puget Sound and Pacific Railroad (PSAP) provided information on the TIGER grant funding application submitted by the Port of Centralia. He noted the Port worked with PSAP to develop the grant application in order to acquire funding for infrastructure and capacity improvements on the PSAP line.

Mr. Seil reported the TIGER grant had been around for about six years and provides funding for transportation investment generating economic recovery, as well as preservation of existing routes and environmental concerns. He noted the Port's objective for the TIGER grant is to provide grade crossing safety improvements; improvements toward the safety of the infrastructure, and economic factors, such as local jobs and competitive growth.

Mr. Seil reported on the improvements that the grant funding would support in Lewis County, which will include:

- Track Improvements (3,000 ties in 4.4 miles)
- Track surfacing – 5 miles
- Upgrades to the bridge over the Skookumchuck River
- Partner with City of Centralia to review quiet zone for railroad horn reduction
- Enhance two crossings' warning protection devices
- Increase speed of trains

Community benefits would include: less delays at crossings, reduced emissions, enhanced crossing warning devices, and a positive ripple effect on the passenger corridor.

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Mr. Seil noted their core purpose is to be the safest and most respected rail service provider in the world. He noted they can see growth coming and they need to be able to handle it to ensure the economic livelihood of the communities.

Mr. Seil talked briefly about the specifics of the TIGER grant application, to include:

- Seven (7) bridges - \$2 million for improvements
- Ties and Surfacing – 15 miles of ties; 20 miles of surfacing to increase speed
- Expansion of Line Capacity and Interchange Portal – Construct 8500' siding at Montesano; and, expand Blakeslee Junction three yard tracks to 8000'
- Enhance Livability – work with the City of Centralia to develop quiet zone, upgrade warning protection at two crossings, and close four passive warning crossings

Mr. Seil reported the plan fits into the long-term goals of the Washington State Department of Transportation Plan submitted two years ago to improve the track structure to the Port of Grays Harbor. He stated they see their growth in autos and grain continuing and need additional capacity. Mr. Seil suggested the city send a letter of support to the Port of Centralia for their application.

Councilor Spahr reported he was told passenger trains couldn't cross the PSAP line. Mr. Seil stated that would be a legal matter and he would have to research the answer. He noted it all has to do with their sales agreement with the railroad, and the lease agreements with their Class 1 carriers.

Councilor Spahr inquired about the possibility of oil trains running on the line. Mr. Seil reported they have three customers going through the permitting process at the Port of Grays Harbor, but he had no knowledge of what the outcome will be.

Mayor Dawes asked Mr. Seil if PSAP would be interested in the oil trains if permitted, or would they go through BNSF or Union Pacific. Ms. Seil stated PSAP would handle it because they own the line.

Mayor Dawes reported, when he first heard about the Port's TIGER grant application, he had concerns that some of the funding might be used by the Port to try to purchase the same portion of rail line that Chehalis and Lewis County are looking to purchase from the City of Tacoma. Mr. Seil stated the entire amount of the TIGER funds is to support the capacity of the PSAP railroad.

Mayor Dawes asked Mr. Seil if PSAP owned the section of rail line running from Blakeslee Junction to the Port of Centralia (that crosses Harrison Avenue). Mr. Seil noted that particular line is owned by Union Pacific, but PSAP leases it so they can service their customers at the Port.

Councilor Harris stated he was still at a loss in determining whether or not we'll be able to run passengers on the Tacoma rail line. Mr. Seil stated they would have to do some research on the agreements to find the answer to that question.

Mr. Seil reported PSAP has a matching fund of 30 percent on \$12.9 million project. He stated they hope to hear back in September on whether the grant application was successful.

5. **Consent Calendar.** Councilor Taylor moved to approve the consent calendar comprised of the following:

- a. Minutes of the regular meeting of June 9, 2014;
 - b. Claim Vouchers No. 109481-109636 and Electronic Funds Transfer No. 52014 in the amount of \$640,306.85 dated June 13, 2014;
 - c. Ordinance No. 931-B, first reading – amending the Chehalis Municipal Code pertaining to firearms and panhandling;
- and

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d. Approve collective bargaining agreement between the City and the International Association of Fire Fighters Local 2510.

Councilor Harris seconded the motion.

Police Chief Glenn Schaffer reported the ordinances on the books pertaining to firearms in public and in parks and panhandling have been around for a number of years and don't pertain any longer. He noted they've either been preceded by RCW or by case law and need to be removed from our current ordinances.

The motion carried unanimously.

6. Administration Reports.

a. **May Financial Report.** Finance Manager Judy Pectol reported some of the general fund revenues were still lagging. She noted the electricity tax was down because the revenue normally received in May was not received until June. Ms. Pectol reported the revenue for licenses and permits was also lagging. She noted those activities were starting to increase and the numbers would look a lot better in June.

Ms. Pectol stated she still had to do a budget amendment for the airport budget. She reported on the interest revenue, noting the money being held by Lewis County for the future debt payment was in an investment that only pays interest twice a year and the first payment should be received in September.

b. **Alternative Local Funding Options for City Street and Road Improvements.** City Manager MacReynold reported the repair and maintenance of our local city streets and roads has been an on-going discussion. He noted, over the last several years, there's also been a decline in state and federal funding for smaller jurisdictions.

City Manager MacReynold stated he and staff had been meeting over the last few months to talk about what could be done with regard to funding and came up with two possible funding sources.

1. Dedicate four percent of the city's annual sales and use tax towards local streets and road repair and maintenance
2. Create a Transportation Benefit District (TBD) and establish a \$20 vehicle license fee per qualifying vehicle

City Manager MacReynold believed these were viable funding sources and suggested the two revenues combined would bring in roughly \$230,000 to \$250,000 annually.

City Manager MacReynold provided the following proposed options for the council's consideration:

Option 1: An ordinance dedicating four (4) percent of the City's sales tax for street and road maintenance and improvements; (approximately \$130,000 annually)

Option 2: An ordinance establishing a TBD; and a resolution establishing a \$20 vehicle license fee to fund street and road maintenance and improvements; (approximately \$102,000 annually)

Option 3: An ordinance dedicating four (4) percent of the City's sales tax; an ordinance establishing a TBD; and a resolution establishing a \$20 vehicle license fee to fund street and road maintenance and improvements; (approximately \$232,000 annually)

Option 4: An ordinance establishing a TBD for street and road maintenance; and

Option 5: Take no action at this time.

Councilor Taylor thought there was a city in Whatcom County that did a special one cent gas tax per gallon and wanted to know if that option was available and how much it would bring in. City Manager MacReynold stated he would look into it.

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Mayor Dawes asked if money was available, would we have the staff to get more projects done. Mr. Sahlin stated it was kind of late in the year to start changing plans for what they already have scheduled. He noted they already have about \$60,000 in projects that were not budgeted for this year.

City Manager MacReynold suggested they could build it into next year's budget, which will give them an opportunity to plan on how to implement it. He noted Councilor Lund was very kind in his proposal to give the street department more money this year; however, they already have a pretty aggressive program with some additional costs for the other unbudgeted projects.

Councilor Spahr asked if the proposed four percent would be over and above what we're currently spending. Mr. Sahlin stated it would be an additional four percent that would come from the general fund.

Councilor Spahr asked what qualified as a "qualifying vehicle" with regard to the proposed \$20 vehicle license fee. Mr. Sahlin noted the list comes from the Department of Licensing and includes vehicles such as cars and trucks, and they have to be owned by a resident of the city. Vehicles such as campers and trailers do not qualify. Councilor Spahr stated the current \$30 vehicle license fee was very popular and suggested if they start pushing that rate up it was going to be very unpopular.

Councilor Spahr inquired about the gas tax revenue received from the state. Mr. Sahlin reported it was budgeted in the arterial street fund, adding it was slowly declining each year because more people are driving hybrid vehicles and using less gas. He noted the nickel package added by the state a few years ago basically goes to the Washington State Department of Transportation for their projects and doesn't benefit the cities at all.

Councilor Spahr stated he would like to know how much gas tax we're collecting. Mr. Sahlin reported the beginning balance in the arterial street fund in 2014 was approximately \$120,000.

Mr. Sahlin noted if they decide to do a TBD it would be six months before we would see any revenue from the Department of Licensing.

Mayor Dawes stated they could also consider reducing the proposed vehicle license fee to \$10, but that would decrease the potential revenue by half. He agreed that the city streets are in serious need of repair and they need to do something. Mayor Dawes stated if the council decides to move forward he would like to build in some safeguards to make sure the money can only be used for street and road maintenance and repairs.

Councilor Taylor stated he would like to see what a one cent tax per gallon would look like. City Manager MacReynold stated he would see what they could come up with.

Councilor Harris stated he didn't like the idea of taking more money out of his pocket any more than anyone else does, but they can't continue to put it off. He suggested they consider Option 3.

Councilor Lund suggestion Option 5 since staff already said they couldn't do any more projects because they don't have the time or money. He stated he was also against imposing a \$20 vehicle license fee.

Mayor Dawes stated he would like to get a consensus from the council so he can give direction to City Manager MacReynold on which way to go. He stated he didn't like raising fees any more than anyone else either, but sometimes there comes a point when you have to do something.

Councilor Spahr stated he didn't have any problem dedicating four percent of the sales and use tax, but he would have to think hard about adding a \$20 vehicle license fee.

City Manager MacReynold reported the council has authority under state statute to charge up to \$20 per vehicle for the TBD, and beyond that a vote of the public would be required. He noted the council also has the option of having the public vote on any amount of money the TBD hopes to collect.

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City Attorney Hillier stated it was important to note that they cannot put a vehicle license fee up for a vote unless they have a TBD in place. He noted they could also put a TBD in place without having any money come out of it. City Attorney Hillier reported the TBD would not garner any income until the council passes a resolution creating income, or puts a vote to the public.

Councilor Spahr stated he didn't know how many times the council raised the property tax in the last 20 years, but they might not be here talking about this if they would have taken small increments over the years. He suggested they need to take the one percent increase into consideration on an annual basis and ask themselves, "Can we really afford not to take it."

Councilor Harris suggested they put both options out there for them to vote on; noting that would give them some options to choose from and time to research the one cent per gallon fuel tax. He stated he also wouldn't mind finding out what the one percent property tax would bring in from year to year.

Councilor Harris stated the council is supposed to be the leaders in the community and they need to be able to make decisions that help the people; sometimes whether they like it, or not.

City Manager MacReynold suggested the administration could bring back a series of things for the council to consider. He noted they will obviously want to hold a public hearing to get some feedback from the public. City Manager MacReynold stated there were some sample ordinances included in the agenda packet, which could be finalized and brought back to the council for their consideration. He suggested they could also do a work session to discuss the options and ask further questions.

Mayor Dawes reported they could also have a public advisory vote and they wouldn't have to pass any ordinances. He noted the cost to do that would be about \$10,000, depending on when it goes on the ballot.

City Manager MacReynold stated the real question is the funding, which would require public input and consideration.

Mayor Dawes stated, at the very least, they could start out with a work session and a public hearing to outline the situation and provide alternatives.

Councilor Taylor suggested looking at what type of industry produces the most sales tax and go out and recruit something like it to open up shop in Chehalis.

Mayor Dawes stated its incumbent upon the city to do something, adding they can't wait for the state or feds because they're not there anymore.

Councilor Spahr asked if they could get a 10-year history on where the gas tax money has been going, so the people see that the money is disappearing slowly but surely.

7. Council Reports.

a. **Update From Councilor Taylor.** Councilor Taylor reported he attended a Twin Transit meeting last week where they held a public meeting to talk about service reductions to help bring their budget back in line. He noted there were several members of the public in attendance. Councilor Taylor reported he made a motion to reduce or cut service to Olympia and to restrict transit service on Sundays. He noted General Manager Rob LaFontaine would be bringing back his formal recommendation to the Transit Board on July 1.

b. **Update from Councilor Lund.** Councilor Lund wondered if the council would let staff look into talking to Weyerhaeuser Company about their property off of Riverside Drive, to see if they would be willing to donate it to the city. He noted it might be an opportunity for them to expand the area around the Chehalis-Centralia Railroad and Museum and the Veterans Memorial Museum or possibly use it for a transloading site. The consensus of the council was to have the administration contact Weyerhaeuser to see if they would be interested in donating the property to the city.

c. **Update From Councilor Harris.** Councilor Harris reported he attended the Chehalis Community Renaissance Team meeting, noting there were a lot of remembrances about Gail Shaw. He stated Mr. Shaw would never be forgotten, or duplicated.
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d. **Update From Mayor Dawes.** Mayor Dawes reported he attended the ribbon cutting for the Community Farmers Market; a public meeting on the Chehalis Avenue Project; and the annual AWC Conference in Spokane, Washington. He noted marijuana was one of the top subjects of discussion at the conference this year. Mayor Dawes reported he also attended the "Chef's Night Out" event which raised a lot of money that would benefit United Way of Lewis County.

8. **Request to Name Little League Press Box at Stan Hedwall Park the "Virgil Bluhm Press Box and Storage Facility."** Community Development Director Dennis Osborn reported the city received a request from Rich Bunker to name the press box at Stan Hedwall Park, at the field known as Andy Sennes Field, the "Virgil Bluhm Press Box and Storage Facility." He noted the administration has no objection to the request.

Mr. Bunker reported Mr. Bluhm has been involved with Little League for nearly 50 years. He noted Mr. Bluhm wasn't in the best of health and felt it would be appropriate to recognize him for his contributions. Mr. Bunker reported there would be no cost to the city for this name change, adding all cost associated with a sign would be donated by the Bunker family.

Councilor Spahr agreed with Mr. Bunker, noting Mr. Bluhm was one of those guys who never asked for anything, he just gave. He stated it was the least they could do, adding he only wished they could do more.

Mayor Dawes stated he's known Mr. Bluhm for a number of years and thought the request was very appropriate.

Councilor Spahr moved that the Council name the press box at Andy Sennes Field the "Virgil Bluhm Press Box and Storage Facility."

The motion was seconded by Councilor Taylor and carried unanimously.

There being no further business to come before the council, the meeting adjourned 6:24 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of June 23, 2014.