

October 26, 2015

The Chehalis city council met in regular session on Monday, October 26, 2015, in the Chehalis city hall. Mayor Dawes called the meeting to order at 5:00 p.m. with the following council members present: Dr. Isaac Pope, Bob Spahr, Chad Taylor, Daryl Lund, and Tony Ketchum. Councilor Harris was absent (excused). Staff present included: Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Judy Pectol, Finance Manager; Dennis Osborn, Community Development Director; and Peggy Hammer, Human Resources Administrator. Members of the media included Dameon Pesanti from *The Chronicle*.

1. **Consent Calendar.** Councilor Spahr moved to approve the consent calendar comprised of the following:

- a. Minutes of the regular meeting of October 12, 2015; and
- b. Claim Vouchers No. 113854-114017 and Electronic Funds Transfer No. 92015 in the amount of \$512,960.38 dated October 15, 2015.

The motion was seconded by Councilor Taylor and carried unanimously.

2. **Administration Reports.**

a. **Third Quarter and September Financial Reports and Quarterly Sales and Use Tax Report.** Finance Manager Judy Pectol reported everything is looking good at this time, noting some funds are doing very well, such as the tourism fund and the two REET funds. She suggested the general fund revenues will look even better once we receive the property tax payment from Lewis County in November.

Mayor Dawes reported he spoke with Ms. Pectol earlier and she indicated the water and wastewater funds are starting to come up a bit.

Ms. Pectol stated that was correct. She noted the city also received its first quarterly marijuana excise tax payment in the amount of \$1,740.

Mayor Dawes reported the marijuana excise tax was a topic of discussion at the Association of Washington Cities (AWC) Regional meeting that he attended on October 20. He stated Vancouver, Washington, received a substantial amount, noting they collected the highest amount in the state. Mayor Dawes suggested if Oregon legalizes marijuana people may not need to go across the border to buy it in Washington.

Ms. Pectol reported the sales and use tax revenue is still not at the level she would like it to be, noting it may end up a little below what they budgeted for the year.

Mayor Dawes reported the sales and use tax revenue is slightly higher than what was taken in at this time last year.

Councilor Spahr noted we're actually quite a bit over last year. He reported we budgeted about \$350,000 more than the previous year, adding that's a pretty good increase from what we've done in the past.

b. **Changes at State Level Regarding Marijuana.** Community Development Director Dennis Osborn stated, for the most part, medical marijuana facilities will go away in terms of how they are treated and regulated.

City Attorney Hillier reported the Legislature's goal and intent is to no longer allow medical marijuana facilities to operate without being regulated under the same tax obligation requirements as recreational marijuana.

City Attorney Hillier reported, in the smaller jurisdictions, the Liquor and Cannabis Board has opened up the application process for marijuana facilities. He noted population is no longer relevant, so we could end up with 10, or more applications.

Mr. Osborn reported the letter received from the state indicated they are not going to limit the number of facilities, but they may take that under consideration in the future.

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Mr. Osborn reported the administration proposes to continue to keep doing things the way we have been, with the exception of clarifying the industrial component in our 'use' code. He noted the city will also continue to treat retail stores the same.

City Attorney Hillier suggested this will also give us an opportunity to open up to a growing/processing operation if someone wanted to do that, but noted it would need to be located in an industrial zone.

Councilor Taylor asked if the city had received any new applications.

Mr. Osborn stated he's received a couple of applications for retail and quite a few inquiries on the industrial. He noted he also has a proposal from the state for a general commercial zone use, and one application for production and processing. Mr. Osborn indicated he receives at least one inquiry a month on marijuana applications.

Councilor Spahr asked if they're making any changes with regard to our location requirements.

City Attorney Hillier stated we're still operating under the same requirements from the state that we talked about the first time we went around on this.

Mayor Dawes asked if we could include a proviso stating we don't want these type of businesses located within so many miles of each other.

City Attorney Hillier stated we could, but suggested we first look at how many applications come in.

c. **City Manager Recruitment.** City Manager MacReynold reminded the council that he will be leaving employment with the city at the end of 2016. He noted he discussed this matter with the Council Budget Committee and they thought it would be better to start the recruitment process at the beginning of 2016, that way we'll have someone on board by the time we start the 2017 budget process in July or August.

City Manager MacReynold stated if the council supports this idea, he'll notify the search firm and they'll start the process at the beginning of the year. He noted because the last search was not concluded the recruiting firm has agreed to do it for about half the price they would normally charge.

The council supported the idea of starting the recruitment process in early 2016.

3. **Council Reports.**

a. **Update From Councilor Pope.** Councilor Pope reported on the emergency medical services levy pamphlet that's being distributed for the upcoming election. He stated the pamphlet outlines what the money will be used for, one item being to re-establish a firefighter/EMT position that was lost in 2010. Councilor Pope stated he lent his name to support the levy, but he could not support that, noting that position has to come through the city council.

b. **Update From Councilor Lund.** Councilor Lund reminded the citizens to go onto the city's website to fill out the questionnaire on the Recreation Park/Penny Playground Improvement Project.

c. **Update From Mayor Dawes.** Mayor Dawes reported he and Police Chief Glenn Schaffer met with representatives from the City of Port Angeles to talk about our panhandling ordinance. He felt there was some interest by the one council member who attended the meeting to take something back to their full council for consideration.

Mayor Dawes reported he attended the AWC Regional meeting in Vancouver, noting the highlight of the night was their legislative priorities for 2016, which included:

- Infrastructure - Halt the diversion of critical infrastructure programs to help cities grow and prosper
- Physical Sustainability - Insure sufficient and flexible revenue for essential city services

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- Emergency Responsiveness - Help cities prepare for and address impacts of natural disasters or other emergencies
- Public Records - Strengthen the Public Records Act in response to changing technology and burdensome requests
- Human Services, Homelessness and Affordable Housing - Enhance the provision of much needed human services programs to address issues that drive increased homelessness and public safety costs

d. **Recreation Park/Penny Playground Improvement Project Open House.** Mr. Osborn reported the first open house for the Recreation Park/Penny Playground Improvement Project is scheduled for Thursday, October 29 from 6:00 to 8:00 p.m., at the V.R. Lee Building.

4. **Approve Candidates and Funding Amounts of the Lodging Tax Advisory Committee (LTAC) for Use of Lodging Tax Funds for 2016; and Reappoint the Memberships of Todd Chaput, Michel Rey, Satpal Sohal, Alicia Bull, Rick Burchett, and Chip Duncan to the LTAC.** Mayor Dawes noted City Manager MacReynold would provide the report on the 2016 funding requests, since Councilor Harris was unable to be here.

City Manager MacReynold first commended the LTAC for the work they do, noting they continue to take their job very seriously.

City Manager MacReynold stated they had a significant year as far as revenue. He reported their estimated revenue was \$366,854, which left \$316,854 available for distribution to the applicants after deducting the ending fund balance reserve of \$50,000.

City Manager MacReynold reported they received \$208,380 in requests for 2016. He noted, after meeting with each of the applicants, the committee unanimously agreed to recommend that all requests be funded as submitted, except for the Veterans Memorial Museum. City Manager MacReynold reported the committee proposed to give the museum an additional \$10,000 because, in prior years, the museum decreased the amount of their funding request in order to support other organizations. He noted the committee recognized the incredible work they do at the museum and felt they deserved some additional funding. City Manager MacReynold reported if the funding requests are approved, as recommended, it will leave almost \$100,000 more in reserve, beyond the \$50,000. He noted there's a belief by the committee that once the council takes action on the Recreation Park Project the city would be coming back to them with a request for additional funding for that project.

City Manager MacReynold reported the committee recommends that the council approve the funding requests of the applicants, as submitted.

Councilor Ketchum asked, "Since the steam train didn't run this year and they had money allocated, does that money come back to this fund?"

City Manager MacReynold stated they did not run, but we assumed they used the money as part of their package for the work they did on the boiler and did not give any of it back.

Councilor Ketchum asked if the money could be used for that purpose.

City Attorney Hillier indicated maintenance of equipment that belongs to the city for the purpose of tourism and economic development wouldn't happen but for the required repair work to keep that engine running. He thought that it probably fit within in the requirements.

Councilor Taylor stated he would be recusing himself from voting on the motion to approve the funding amounts, noting his company works for a few of the organizations who receive tourism funding from the city.

Councilor Spahr moved that the council approve, both individually and collectively, the candidates and funding amounts of the LTAC for use of lodging tax funds for 2016.

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

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

Councilor Pope seconded the motion.

Councilor Spahr stated it was absolutely amazing that the Polar Express had already sold out and they were considering adding more runs. He was very surprised to see that tickets were purchased from 161 ZIP codes and from seven states. Councilor Spahr noted there was also mention of a train enthusiast group looking at Chehalis for their 2018 conference, which runs four days. He stated that is an incredible thing for Chehalis.

Councilor Taylor reported, not only did the Polar Express runs sell out in 48 hours, they also added an additional 10 runs for people who wanted to buy tickets, but didn't have the opportunity. He noted they did it all through social media, which he thought was pretty impressive.

The motion carried unanimously.

Mayor Dawes asked how close they were to getting the engine running.

City Manager MacReynold reported as far as he knew they were scheduled to do their first Polar Express run sometime in November.

There being no further business to come before the council, the meeting adjourned at 5:31 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of October 26, 2015.