

CHEHALIS CITY COUNCIL AGENDA
 CITY HALL
 350 N MARKET BOULEVARD, CHEHALIS, WA 98532

Terry F. Harris, District 1, Mayor Pro Tem Daryl J. Lund, District 2 Dr. Isaac S. Pope, District 4	Dennis L. Dawes, Position at Large Mayor	Anthony E. Ketchum Sr., District 3 Chad E. Taylor, Position at Large Bob Spahr, Position at Large
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Regular Meeting of Monday, April 11, 2016

5:00 p.m.

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
1. <u>Call to Order.</u> (Mayor)		
2. <u>Pledge of Allegiance.</u> (Mayor)		

CITIZENS BUSINESS
This is an opportunity for members of the audience to address the council on matters not listed elsewhere on the agenda. Speaker identification forms are available at the door and may be given to the city clerk prior to the beginning of the meeting.

PRESENTATIONS / PROCLAMATIONS
3. <u>Proclamation Declaring April as "Sexual Assault Awareness Month" in the City of Chehalis.</u> (Mayor, Human Response Network Board Member Peggy Hammer)

CONSENT CALENDAR

4. <u>Minutes of the Regular Meeting of March 28, 2016.</u> (City Clerk)	APPROVE	1
5. <u>Vouchers and Transfers.</u> (Finance Manager)	APPROVE	8
6. <u>Resolution No. 8-2016, First and Final Reading - Authorizing the City Manager to Apply for and Accept the Washington State Department of Transportation Grant Supplementing AIP Project Number: 3-53-0015-016 & 17 in the amount of \$92,500 for the Construction to Repair the Apron, Reconfigure the Tie-down Layout, Realign the Taxiway, and Relocate the Runway End Identification Lights.</u> (City Manager, Airport Manager)	ADOPT	10

ADMINISTRATION AND CITY COUNCIL REPORTS

7. <u>Administration Reports.</u>		
a. Report on upcoming Planning Commission text amendments. (Community Development Director)	INFORMATION ONLY	
8. <u>Council Reports.</u>		
a. Councilor reports. (City Council)	INFORMATION ONLY	
b. Council committee reports. (City Council)	INFORMATION ONLY	

UNFINISHED BUSINESS

9. <u>Ordinance No. 956-B, Second and Final Reading, as Amended, – Allowing Cannabis Growing, Production, Processing, and Retail Facilities in Certain Zones within the City Limits of Chehalis.</u> (City Manager, Community Development Director)	PASS	13
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NEW BUSINESS

10. <u>Ordinance No. 957-B, First Reading – Amending the 2016 Budget.</u> (City Manager, Finance Manager)	PASS	17
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EXECUTIVE SESSION

11. Executive Session Pursuant to RCW 42.30.110(1)(i) – Potential Litigation. (City Manager, City Attorney)

WORK SESSION

12. Discuss Recreation Park Improvement Project Schedule, Feasibility Study and Potential MOU with the Chehalis School District. (City Manager, Community Development Director, Project Consultant)

PROVIDE GENERAL DIRECTION

**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON
OTHER ITEMS NOT LISTED ON THIS AGENDA**

NEXT REGULAR CITY COUNCIL MEETING WILL BE ON MONDAY, APRIL 25, 2016

March 28, 2016

The Chehalis city council met in regular session on Monday, March 28, 2016, in the Chehalis city hall. Mayor Dawes 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, and Chad Taylor. Councilor Ketchum was absent (excused). Staff present included: Glenn Schaffer, Acting City Manager/Police Chief; Bill Hillier, City Attorney; Judy Schave, City Clerk; Dennis Osborn, Community Development Director; Judy Pectol, Finance Manager; Rick Sahlin, Public Works Director; and Patrick Wiltzius, Wastewater Superintendent. Members of the media included Justyna Tomtas from *The Chronicle*.

1. **Renewal of Solid Waste Disposal District No. 1 Interlocal Agreement.** Lewis County Public Works Director Tim Elsea reported the Interlocal Agreement that created the Solid Waste Disposal District is due to expire next year. Mr. Elsea provided a brief history on how the District came about and when the Solid Waste Utility Division was formed. He noted Councilor Harris has been through a lot of the history of the District and has served diligently on the Solid Waste Advisory Committee.

Mr. Elsea reported the tipping fees were originally set at \$95 per ton in 1994; however, a few years later they were able to lower the fee to \$82 per ton. He noted this dollar amount remained in effect until last year when they raised it to \$90 per ton, which is still lower than any community around us that doesn't have their own landfill.

Mr. Elsea reported the Joint Municipal Solid and Hazardous Management Plan had to be updated every six years, which was recently done. He talked briefly about the role of the Executive Advisory Committee and the Solid Waste Advisory Committee (SWAC).

Mr. Elsea reported the agreement continues to work well for all of the agencies involved. He noted he would be back before the council at a later date to present a new Interlocal Agreement that will extend the current agreement.

Councilor Pope asked Mr. Elsea if he plans to rewrite the agreement.

Mr. Elsea reported he hoped to just re-present it and not rewrite it

Mayor Dawes stated since it's working well he would hope that what they bring back will only be minor changes to the fees and not something that doubles the size of the current document. He suggested the city residents have benefited from the agreement, as well as the garbage contracts the city has been able to secure from our local vendor.

Mr. Elsea reported last year, for the first time, they were in the black by \$50,000. He noted this money will be put away in reserves for future capital projects.

Councilor Harris reported he's served on the Budget Review Committee for the SWAC and Disposal District. He noted it's a good group of folks that work really hard to get every dime out of the services they supply. Councilor Harris reported one of the reasons they were in the black was because the tonnage was more than what they anticipated. He noted staff has been very good at predicting from year-to-year what their tonnage will be. Councilor Harris stated Mr. Elsea works tirelessly and applauded him for the work he does with this particular part of his job.

Mr. Elsea promised the council they would not be surprised with the agreement he'll be presenting.

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

a. Minutes of the regular meeting of March 14, 2016, and the March 21 meeting notes from the joint meeting with the Board of County Commissioners;

b. Claim Vouchers No. 115133-115273 and Electronic Funds Transfer No. 22016 in the amount of \$213,983.39 dated March 15, 2016;

c. Ratify the city manager's execution of the termination notice for the Interlocal Agreement between the city, Lewis County and the city of Tacoma for the option to purchase a portion of the Tacoma rail line;

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d. Authorize city manager to execute the Engineering Services Agreement between the city and Gibbs & Olson for the Coal Creek Sewer Extension Project in an amount not to exceed \$62,350; and

e. Authorize city manager to execute an agreement between the city and the FCS Group for the Water and Wastewater Rate Study in the amount of \$53,005.

Councilor Taylor seconded the motion.

Councilor Pope reported he understood why the sewer line is being extended and that a grant would take care of most of it, but wondered who would be paying for the hookup fees once the residents are on the system.

Wastewater Superintendent Patrick Wiltzius reported he included the hookup fees in the grant that was approved, but didn't know for sure if the Department of Ecology (DOE) would be paying those fees. He noted if not, the county dedicated \$25,000 towards the project. He reported it still needed to be finalized who would be paying the connection fees.

Councilor Pope stated our citizens bought and paid for our system, so money should come back to the city to pay for those hookups.

Mr. Wiltzius agreed, noting it's not the city's intent to give those away.

The motion carried unanimously.

3. Administration Reports.

a. **February Financial Report.** Finance Manager Judy Pectol reported on the February financials, noting so far this year they've received \$80,013 in building permit fees, which exceeds the \$62,000 they received in 2015. She noted the first half of the property tax is not due until May 2, which means the city will not receive the money until June from those who pay their taxes at the last moment.

Councilor Spahr asked if the building permits came from inside the city limits, or from the Urban Growth Area (UGA).

Ms. Pectol indicated 62 percent came from the UGA.

Councilor Spahr suggested there might have been a rush to get permits in before the change in permitting took place with the county.

Ms. Pectol indicated she would be coming back to the council with a budget transfer request at the next meeting.

b. **Discuss Work Session for Recreation Park Project.** Community Development Director Dennis Osborn reported the Chehalis Parks Committee met earlier in the day to discuss the two meetings they had with the Chehalis School District. He stated if they can get the materials they need from the District they are hoping to have a special work session on April 4; but if they don't get the materials they would like to tag it onto the April 11 council meeting prior to the regular meeting. Mr. Osborn stated April 4 would be the preferred date.

Mayor Dawes stated Councilor Ketchum is unable to make it at 4:00, so it would need to be at the end of the regular meeting.

The special work session was set for April 4, at 5:00 p.m., unless the materials are not received.

4. Council Reports.

a. **Update From Councilor Taylor.** Councilor Taylor reported he helped out with the Easter Steam Train and Egg Hunt over the weekend, noting they had over 1,200 people show up to ride the train. He stated they added three additional

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trains and still had to turn people away. Councilor Taylor reported there were a number of people he talked with that traveled quite a distance to attend the event.

Councilor Taylor also reported there was a pot hole at the top of Winchester Hill that needed to be filled.

Public Works Director Rick Sahlin stated they would take care of it, but in the future residents can call and let the department know because they don't get up that way too often.

b. **Update From Councilor Lund.** Councilor Lund reported he attended two Park Committee meetings and the Joint Oversight Board meeting with Mayor Dawes and Councilor Spahr regarding the functional consolidation.

c. **Update From Councilor Harris.** Councilor Harris reported the Recreation Park meetings have been going very well. He noted some questions were brought to the Chehalis School District and they're currently in negotiations with them. Councilor Harris suggested as the meetings progress and information is received they will immediately get it to the council so they can start looking at things as a group.

Councilor Harris reported he attended the Chehalis Basin Partnership meeting last Friday, noting they received presentations regarding the water quality monitoring on the Chehalis River, upcoming TMDL effectiveness monitoring, and the study of the upper Chehalis River. Councilor Harris reported we've been out of the river for about nine years and they still don't know if things are getting any better.

Councilor Harris reported they also talked about DOE regulations that affect cities greater than 10,000. He noted once we reach that level we'll have to follow the same development regulations as Centralia regarding impervious surfaces and swales. Councilor Harris talked briefly about the Chehalis Avenue project and the swales that were put in to recycle the drainage water. He noted he inquired about the drainage from vehicles driving on the road, asking at what point and time does the dirt become so contaminated that we have to do something with it, and who will be responsible for it. Councilor Harris stated he knew the city would be responsible, but wanted to make a point about the Legislators having the ability to make regulations and have no idea what they are regulating, or deregulating.

Councilor Harris reported he also questioned unfunded mandates and was presented with a list of potential grants and low to zero interest loans to help pay for these things, if and when they do come up. He noted it's always an interesting dialog with ecology when they talk about how they're interacting with the cities and municipalities.

d. **Update From Mayor Dawes.** Mayor Dawes reported he attended a Business After Hours at the Tiki-Tap House in Centralia, sponsored by the Washington State Employees Credit Union. He noted on March 21 he and Councilors Lund and Harris attended the joint meeting between the city, Lewis County, and the Tacoma Rail Work Group, to discuss the option to purchase a portion of the Tacoma rail line. Mayor Dawes reported they're obviously not going to pursue it, but didn't want to close any doors either. He noted the concerns are still there, which is why they want to keep it on the back burner.

Mayor Dawes reported he also attended the Joint Oversight Board meeting with Riverside Fire Authority. He noted the joint agreement with Riverside regarding consolidation expired December 31, 2015, which was their cue to make a decision on whether they would start the process to annex into the Riverside Fire Authority, or step away. Mayor Dawes noted it was the opinion of everyone in attendance that, while there have been tremendous strides in education and training, the stars were not lined up to where it looked like it would be advantageous for the city or Riverside Fire Authority to continue to the next step to look at annexation.

Mayor Dawes reported they agreed it would be in the best interest of everyone for the city to focus its attention on Lewis County Fire District No. 6 that currently serves the area to the south of the city. He stated they certainly have an interest in what's going on and suggested we start some kind of dialog with them and put everything on the table so there are no surprises. He suggested because we already have a committee that's been appointed it would be nice to continue on with that.

Councilor Spahr reported the discussion also centered on Central Dispatch and what's going on there. He noted the fire chiefs, police chiefs, and the Sheriff are all involved in discussions and suggested we need keep an eye on the issue as it unfolds. Councilor Spahr indicated they have some issues that need to be resolved.

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Councilor Harris reported he was going to ask to pull the Tacoma rail item from the consent calendar to talk about it more, adding he wanted to make a symbolic 'no' vote on it. He stated they had a very good discussion and understood completely about not going through with the purchase; however, he didn't want anybody to overlook the fact that even though what they were looking at was a numbers study there are things you can't quantify in dollar amounts, such as control of a rail line. Councilor Harris suggested it's not on the front burner right now because oil prices are down, but if the Bakken oil starts back up again we could potentially have mile long trains running through our community if someone picks it up and starts transferring oil trains to Grays Harbor. He noted there were disagreements about some of the numbers, but at the same time it was too far away financially. Councilor Harris stated if nothing were to happen everyone at that meeting will look wiser; however, if something does happen they'll all look back and kick themselves for missing a potential opportunity.

5. Ordinance No. 954-B, Second and Final Reading – Providing for Annexation of the Chehalis School Annexation. Chehalis School Administrator Mary Lou Bissett stated she really appreciated the efficiency in which the city is moving on the annexation. She noted the Chehalis School District is in favor of the annexation and is pleased that all of their buildings will be served by the city of Chehalis.

Councilor Spahr moved to pass Ordinance No. 954-B on second and final reading.

The motion was seconded by Councilor Pope and carried unanimously.

6. Ordinance No. 956-B, First Reading – Limiting Marijuana Processing, Production and Retail Facilities. Mr. Osborn reported, back in December, the council asked the administration to take a look at limiting the number of production and processing facilities within the city. He noted the Chehalis Planning Commission held a workshop and a public hearing on the issue, and on March 14 a public hearing was held by the city council.

Mr. Osborn reported the proposed ordinance before the council would allow indoor production and processing facilities within Industrial zones. He noted the Planning Commission felt the number would be limited based on the zoning. Mr. Osborn reported the other recommendation of the Planning Commission is to allow retail sale facilities in the Commercial Freeway zones and General Commercial zones. He noted at the time this came up the city was limited to one facility; however, it's now been raised to two. Mr. Osborn reported the Planning Commission proposed no restrictions on retail other than the state limiting it to two facilities at this time.

Mayor Dawes stated he understood that the Commercial Freeway zone is the development over by the airport, and the General Commercial zone is basically all of the commercial zoned areas, with the exception of the Central Business District. He asked if the Central Business District included Chehalis Avenue from Pacific Avenue to Main Street.

Mr. Osborn stated he believed it did.

Councilor Taylor reported he received a call for Jerrie Paine (Old Tobey – 391 NW State Avenue) stating she was worried that the proposed ordinance would zone her out of business.

Mr. Osborn reported her business would be allowed to continue to operate as an existing non-conforming use; however, if the building were to be damaged or destroyed by more than 50 percent they would not be allowed to rebuild.

Councilor Spahr inquired about the zoning for State Avenue.

Mr. Osborn reported in this particular area its zoned industrial. He noted the interesting thing about the Light/Industrial (IL) zone is that certain components include an 'asterisk' that allows certain general commercial uses within the IL zone, which is how Old Tobey got in.

Councilor Spahr noted Palmer Lumber, which is across the street from Old Tobey, is also retail outlet.

Mr. Osborn reported they also fall under that 'asterisk' for general commercial facilities in the IL zone.

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Ms. Paine reported she thought the issue before the council on March 14 was to limit the number of retail stores, not the issue of zoning. She suggested the proposed ordinance would zone her business out and asked what the basis is for changing the zoning to begin with. Ms. Paine stated she was told from the very beginning that their location was going to be zoned IL. She stated she found it arbitrary and capricious for the council to consider rezoning it in such a manner that it would zone them out altogether.

Ms. Paine asked if an impact study had been done with regard to putting a retail store in the Freeway zone. She reported people have a hard time finding them in the industrial area, but on occasion they do have intoxicated folks trying to buy marijuana. Ms. Paine suggested if they were to put a retail store along the freeway that could be a common occurrence.

Mayor Dawes stated Ms. Paine's question would probably need to be referred back to the Planning Commission since it was a recommendation that came from them.

Ms. Paine stated it was her understanding that in order to create new zones there were steps that had to be taken. She noted the retail issue came up after the Planning Commission conducted the public hearing. Ms. Paine suggested the zoning issue for retail stores be sent back to the Planning Commission for a public hearing.

City Attorney Hillier reported the Planning Commission would have had to fully consider the issue before making a recommendation to the council. He stated the council could choose to refer it back to the Planning Commission if there are concerns about the issues being brought up.

Mr. Osborn reported it was discussed by the Planning Commission, but not in much detail. He noted the feedback he received from the Planning Commission was to limit it to two, and anymore analysis would be moot.

Councilor Harris stated the concern he had is that the state initially limited it to one retail store and now they've changed it to two. He noted this is an arbitrary number and the state can pull the cap completely off at any time.

City Attorney Hillier reported they could certainly send it back through the Planning Commission process if the state increases the number, but the council can also put limitations on it.

Mr. Osborn suggested they could simply add an additional note under the Use and Occupancy for Cannabis Retail Facilities, which states, "No more than two retail facilities shall be allowed in the city of Chehalis."

Ms. Paine stated they could certainly limit the number, but her concern is the zoning. She requested that the council consider zoning the area in which her business is located to IL, and not allow it in the Freeway zone. Ms. Paine suggested Commercial General is fine, so long as it meets the 1,000 foot rule.

Mayor Dawes asked Mr. Osborn what the thinking of the Planning Commission was to take the IL zone out of there.

Mr. Osborn reported the feedback he gave the Planning Commission was that the council was looking at limiting the number of retail facilities because they didn't want to be the 'cannabis capital' of Washington. He noted they really focused on that, which is how they came up with limiting it, but still allowing it.

Mayor Dawes stated the location of Ms. Paine's store is a good one if you're going to have it. He felt there was nothing in the ordinance that limited anything.

Mayor Dawes reported he could see the state raising the number of retail stores in the cities who have allowed it, and during a budget shortfall the money they currently share with the cities is going to go away because that's what the state does. He noted that is one of the reasons he's looking to limit it, so we don't become the cash cow for someone else.

Councilor Pope stated he would like to see it limited to two stores and didn't think it should be allowed in the Freeway zone, adding that was not the intention. He suggested if they have the ability to control it, they should.

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Councilor Harris reported, as a business owner, he would like his property protected. He stated whether he agrees or disagrees with what's going on, he would like to figure out a way to protect the businesses that are currently here. Councilor Harris noted we already have too many things controlling our future and suggested they put a limit on the number of marijuana retail facilities and take the Freeway zone out.

Councilor Lund stated he agreed they should not be in the Freeway zone and suggested they send it back to the Planning Commission. He stated it's not fair for someone to spend a lot of money on their business and if something happens they can't rebuild. Councilor Lund felt they should leave businesses alone so they can make money and put people to work.

Councilor Spahr asked if Palmer Lumber would be able to rebuild in their current location if their business burned down.

Mr. Osborn stated they could because they're a permitted use with the 'asterisk.'

City Attorney Hillier recommended they either send it back to the Planning Commission to reanalyze it, or they could adjust the ordinance for second reading.

Mayor Dawes stated, based on what he heard from the council, he would request the following changes be made to the proposed ordinance:

- Section 1. - Growing processing and production would stay in the Industrial zones
- Section 2. - Retail sale of cannabis would be allowed only in the General Commercial and Industrial zones

City Attorney Hillier agreed, adding the other change he heard is to limit the number of retail stores to two, which could be added as a note under the Use Chart. He stated if the council is comfortable with these changes they can direct the administration to update the ordinance with the changes for second reading.

Councilor Lund asked if it would be possible for Ms. Paine to expand her facility.

Mr. Osborn reported the proposed changes to the ordinance would allow it.

Dick Watkins (135 Literal Road, Chehalis) reported he's been helping Jerry Antenelli with his store located at 1570 N National Avenue. He indicated it's hard to find a place that meets the state requirements and the 1,000 foot rule limits the area in which you can have a retail store within the city. Mr. Watkins suggested if the city added a 1,000 foot rule between two marijuana retail outlets there would be no other place for marijuana businesses to open in the city.

Mr. Watkins reported he attended the Planning Commission meetings, adding they discussed growing and processing, but didn't mention anything about retail. He asked if the proposed ordinance included the store at 1570 N National Avenue.

Mayor Dawes stated yes, adding it's included in the General Commercial zone.

Councilor Harris moved that the council pass Ordinance No. 956-B on first reading.

The motion was seconded by Councilor Taylor.

Councilor Harris moved that the council amend Ordinance No. 956-B changing Section 2. to read, "The retail sale of cannabis in the city of Chehalis is allowed only in the General Commercial and Industrial zones," and add a note under the Use Code (No. 17) limiting the number of retail facilities to two.

The motion was seconded by Councilor Lund and carried unanimously to approve the amendments.

The motion to pass Ordinance No. 956-B, as amended, carried unanimously.

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Mayor Dawes reported the scheduled executive session had been cancelled due to the city manager being out ill.

There being no further business to come before the council the meeting adjourned at 6:13 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of March 28, 2016.

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: March 31, 2016
TO: The Honorable Mayor and City Council
FROM: Judy Pectol, Finance Manager *JP*
PREPARED BY: Michelle White, Accounting Tech II *MW*
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following:

Claim Vouchers No. 115274 through 115396 in the amount of \$351,443.46 dated March 31, 2016 and the transfer of \$69,139.19 from the General Fund, \$126,778.17 from the Wastewater Fund, \$6,417.94 from the Water Fund, \$891.01 from the Storm & Surface Water Utility Fund, \$147,039.67 from the Airport Fund and \$1,177.48 from the Firemen's Pension Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the March 31, 2016 Claim Vouchers No. 115274 through 115396 in the amount of \$351,443.46.

SUGGESTED MOTION

I move to approve the March 31, 2016 Claim Vouchers No. 115274 through 115396 in the amount of \$351,443.46.

Reviewed by: *Michelle White*, City Manager

CITY OF CHEHALIS
AGENDA REPORT

DATE: March 31, 2016
TO: The Honorable Mayor and City Council
FROM: Judy Pectol, Finance Manager *JP*
PREPARED BY: Michelle White, Accounting Tech II *MW*
SUBJECT: Payroll Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

Payroll Vouchers No.38734 through 38784, Direct Deposit Payroll Vouchers No. 6948 through 7040 and Electronic Federal Tax Payment No. 158 dated March 31, 2016 in the amount of \$781,136.79 and the transfer of \$534,521.46 from the General Fund, \$3,434.77 from the Arterial Street Fund, \$99,036.24 from the Wastewater Fund, \$93,710.18 from the Water Fund, \$21,433.66 from the Storm & Surface Water Utility Fund, \$27,289.79 from the Airport Fund and \$1,710.69 from the Firemen's Pension Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the March 31, 2016 Payroll Vouchers No. 38734 through 38784, Direct Deposit Payroll Vouchers No. 6948 through 7040, and Electronic Federal Tax Payment No. 158 in the amount of \$781,136.79.

SUGGESTED MOTION

I move to approve the March 31, 2016, Payroll Vouchers No. 38734 through 38784, Direct Deposit Payroll Vouchers No. 6948 through 7040, and Electronic Federal Tax Payment No. 158 in the amount of \$781,136.79.

Reviewed by: *[Signature]*, City Manager

**CITY OF CHEHALIS
AGENDA REPORT**

Date: April 11, 2016
To: The Honorable Mayor and City Council
From: David Fleckenstein, Airport Manager
Subject: Resolution No. 8-2016 - Approval for application and acceptance of Washington State Department of Transportation Grant for Airport Improvements

ISSUE

The Chehalis-Centralia Airport wishes to apply for and accept a grant from the Washington State Department of Transportation (WASDOT). This grant supplements a Federal Aviation Administration (FAA) grant as part of the Airport Improvement Program.

DISCUSSION

Under the Airport Improvement Program, the FAA pays for 90% of the approved projects with the remaining costs split between the state and the sponsor. Hence, for the upcoming project, listed in a., b., c., and d. below, the state funded portion amounts to \$92,500 (approximately \$50,000 if FAA discretionary funding is not approved for 2016). It requires approval by the City of Chehalis as Sponsors/Owners of the Airport for the application and acceptance of the funding. This planned AIP project will:

- a. Repair apron to correct changes in grade and drainage problems.
- b. Reconfigure tie-down layout to improve efficiency (part of the apron).
- c. Realign taxiway to provide 90 degree entrance to runway to improve safety
- d. Relocate Runway End Identification Lights (REIL)

Construction is planned for summer of 2016. FAA is funding 90 percent (90%) of the project. The remaining 10 percent (10%) of funding will be split between WA State Department of Transportation (5%) and the Chehalis-Centralia Airport (5%).

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council adopt Resolution No. 8-2016 on first and final reading and authorize the city manager to apply for and accept the WASDOT

grant supplementing AIP Project Number: 3-53-0015-016 & 17 in the amount of \$92,500 for airport construction.

SUGGESTED MOTION

I move that the council adopt Resolution No. 8-2016 on first and final reading and authorize the city manager to apply for and accept the WASDOT grant in the amount of \$92,500 for the Construction to repair the apron, reconfigure the tie-down layout, realign the taxiway, and relocate the Runway End Identification Lights.

Reviewed By:  _____, City Manager

RESOLUTION NO. 8-2016

**A RESOLUTION OF THE CITY OF CHEHALIS,
WASHINGTON, AUTHORIZING THE SUBMITTAL OF A
GRANT APPLICATION FOR AIRPORT IMPROVEMENTS
TO THE WASHINGTON STATE DEPARTMENT OF
TRANSPORTATION.**

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO
HEREBY RESOLVE AS FOLLOWS:**

Section 1. The City of Chehalis hereby authorizes the submittal of a grant application for airport aid to the Washington State Department of Transportation for the specific purpose of rehabilitating the field apron as well as realigning taxi ways and relocating the Runway Ends Identification Lighting (REIL).

Section 2. The elected officials support the application. The City further authorizes the City Manager to be the authorized representative of the City for signature purposes on any application with the Department of Transportation.

Section 3. The sponsor has the required matching funds available.

ADOPTED by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this 11th day of April, 2016.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CITY OF CHEHALIS
AGENDA REPORT**

DATE: April 11, 2016

TO: The Honorable Mayor and City Council

FROM: Dennis Osborn, Community Development Director

SUBJECT: Ordinance No. 956-B, Second and Final Reading, as Amended, Allowing Cannabis Growing, Processing, Production, and Retail Facilities in Certain Zones within the City Limits of Chehalis

ISSUE

At the meeting of March 28, 2016, the council discussed Ordinance No. 956-B and directed the administration to revise Section 2. and to limit the number of retail facilities to two within the city.

DISCUSSION

On March 28, council passed Ordinance No. 956-B on first reading, with the following amendments:

- Prohibit cannabis retail sales in the Commercial Freeway zone
- Allow the retail sale of cannabis in the General Commercial and Industrial zones only
- Limit the number of cannabis retail facilities to two within the city limits of Chehalis


The attached ordinance contains the revisions as directed by the council.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council pass Ordinance No. 956-B on second and final reading, as amended, allowing cannabis growing, production and processing in Industrial zones; the retail sale of cannabis in General Commercial and Industrial zones; and limiting the number of cannabis retail facilities to two within the city limits of Chehalis.

SUGGESTED MOTION

I move that the council pass Ordinance No. 956-B on second and final reading, as amended, allowing cannabis growing, production and processing in Industrial zones; the retail sale of cannabis in General Commercial and Industrial zones; and limiting the number of retail cannabis facilities to two within the city limits of Chehalis.

Reviewed:  _____, City Manager

ORDINANCE NO. 956-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, ALLOWING THE GROWING, PRODUCTION AND PROCESSING OF CANNABIS WITHIN INDUSTRIAL ZONES, AND SALES OF CANNABIS IN THE INDUSTRIAL AND GENERAL COMMERCIAL ZONES OF THE CITY LIMITS, AND LIMITING RETAIL FACILITIES TO TWO ESTABLISHMENTS WITHIN THE CITY LIMITS, AND ESTABLISHING AN EFFECTIVE DATE HEREOF.

WHEREAS, a majority of voters of the state passed I-502; and

WHEREAS, the State of Washington has determined to allow the growing, production, processing and sales of cannabis; and

WHEREAS, the growing, production and processing of cannabis is an Industrial activity and is best suited for such zone; and

WHEREAS, municipalities have authority to enact ordinances in furtherance of public safety, morals, health, and welfare pursuant to Article XI, Section 11 of the Washington State Constitution; and

WHEREAS, RCW 69.51A.140(1) allows municipalities to regulate the production, processing and dispensing of cannabis through business licensing and taxing, and health and safety requirements; and

WHEREAS, in 2012, the Washington voters passed Initiative 502, which directed the Washington State Liquor Control Board (LCB) to regulate recreational cannabis by licensing and taxing recreational cannabis producers, processors and retailers, and is codified in Chapter 69.50 RCW; now, therefore,

THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The growing, production and processing of cannabis in the City of Chehalis for medical or recreational purposes are hereby a permitted use in the Industrial zones.

Section 2. The retail sale of cannabis in the City of Chehalis is allowed only in the General Commercial (GC) and Industrial (IL) zones.

Section 3.

USE CHART – Sorted Alphabetically within the FACTORY (MANUFACTURING) Occupancy Group

(See Appendix Chapter F for Definitions)

CODE	USE OR OCCUPANCY	PARKING	R-1	R-2	R-UGA	R-3	R-4	EPF	C-O	C-N	C-G	C-F	CBD	I-L	I-H
F122A	Indoor Cannabis production, processing and growing facility (15)(16)	3/1,000 GSF	X	X	X	X	X	X	X	X	X	X	X	P	P

CODE	USE OR OCCUPANCY	PARKING	R-1	R-2	R-UGA	R-3	R-4	EPF	C-O	C-N	C-G	C-F	CBD	I-L	I-H
M051	Cannabis Retail Facility (15) (17)	5/1,000 GSF	X	X	X	X	X	X	X	X	P	X	X	X	X

- 15. The facility must comply with all State requirements.
- 16. Outdoor production facilities shall be prohibited.
- 17. The number of cannabis retail facilities shall be limited to two within the city limits of Chehalis.

Section 4. This Ordinance shall become effective on 19th day of April, 2016.

PASSED by the City Council of the City of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this 11th day of April, 2016.

Mayor

Attest:

City Clerk

Approved as to form and for content:

City Attorney

**CITY OF CHEHALIS
AGENDA REPORT**

TO: The Honorable Mayor and City Council
FROM: Judy Pectol, Finance Manager
DATE: April 6, 2016
SUBJECT: Ordinance No. 957-B, First Reading - Amending the 2016 Budget

ISSUE

Ordinance 957-B amending the 2016 Budget is hereby submitted to reflect the changes in estimates and the actual activity of the city. It is necessary to ensure compliance with appropriation requirements achieve a realistic budget.

DISCUSSION

The attached spreadsheet provides information on a line-by-line basis, as well as summary information of the proposed budget amendment.

Some of these items are due to timing issues related to items originally included in the 2015 budget that will impact the City's 2016 operations. We are also revising the budget to include new grant revenues and donations as well as items related to the Recreation Park Project.

The net city-wide increase to fund balances totals \$681,469. Our new estimated total ending fund balance will be \$14,123,124. This ordinance is presented for council consideration on the first of two required readings.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council pass Ordinance No. 957-B on first reading.

SUGGESTED MOTION

I move that the council pass Ordinance No. 957-B on first reading.

Reviewed  _____ City Manager

ORDINANCE NO. 957-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING THE ANNUAL BUDGET OF THE CITY FOR THE CALENDAR YEAR 2016, BY INCREASING APPROPRIATIONS OF THE GENERAL FUND IN THE SUM OF THREE HUNDRED NINETY-EIGHT THOUSAND FOUR HUNDRED THIRTY-FIVE DOLLARS (\$398,435); AND THE BOND FUND IN THE SUM OF FOUR HUNDRED TWENTY-FIVE DOLLARS (\$425); AND DECREASING THE WASTEWATER FUND APPROPRIATIONS BY EIGHTY FOUR THOUSAND THREE HUNDRED TWENTY-NINE DOLLARS (\$84,329); AND DIRECTING THE FINANCE MANAGER TO EFFECT THE BUDGET AMENDMENTS HEREIN PROVIDED.

THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The annual budget of the city for the calendar year 2016 shall be, and the same hereby is, amended so as to increase the General Fund's estimated revenues by \$87,000; increase transfers in by \$18,000; increase transfers out by \$425; and increase appropriations by \$398,435.

Section 2. The annual budget of the city for the calendar year 2016 shall be, and the same hereby is, amended so as to increase the Bond Fund's transfers in by \$425 and increase appropriations by \$425.

Section 3. The annual budget of the city for the calendar year 2016 shall be, and the same hereby is, amended so as to decrease the Wastewater Fund's appropriations by \$84,329.

Section 4. The annual budget of the city for the calendar year 2016 shall be, and the same hereby is, amended so as to increase the Water Fund's revenues by \$909,000

Section 5. The annual budget of the city for the calendar year 2016 shall be, and the same hereby is, amended so as to increase the Storm and Surface Water Fund's transfers out by \$18,000.

Section 6. Attached hereto and identified as Exhibit A, in summary form, are the total of estimated revenues, transfers in, expenditures, and transfers out for each separate fund and the aggregate totals for all such funds combined for the city for the amended 2016 budget which, shows a total estimated ending fund balance of \$14,123,124.

PASSED by the city council of the City of Chehalis, Washington, and **APPROVED** on its first reading at a regularly scheduled open public meeting thereof this 11th day of April, 2016.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

EXHIBIT A
CITY OF CHEHALIS AMENDED 2016 BUDGET
2016 Budget Summary revised with Ordinance #957-B

FUND NAME	Est. Beg. Fund Balance	Revenue	Operating Transfers In	Expenditures	Operating Transfers Out	Est. End. Fund Balance
General Fund	1,512,139	8,601,787	18,000	8,913,848	187,222	1,030,856
Dedicated Street Fund - 4% Sales Tax	92,883	-	150,899	148,000	-	95,782
Arterial Street Fund	68,357	150,000	-	130,120	-	88,237
Transportation Benefit Fund	-	-	-	-	-	-
Tourism Fund	198,720	224,895	-	218,380	-	205,235
Community Dev. Block Grant Fund	110	10,136	-	-	-	10,246
HUD Block Grant Fund	57,350	390	-	-	-	57,740
Federal and State Grant Fund	-	-	-	-	-	-
2011 G.O. Bond Fund	-	-	96,017	96,017	-	-
Automotive/Equip. Res. Fund	459	-	12,000	12,000	-	459
1st Quarter REET Fund	155,433	100,175	-	-	40,149	215,459
2nd Quarter REET Fund	126,740	100,150	-	-	31,545	195,345
Garbage Fund	4,554	6,410	-	4,155	-	6,809
Wastewater Fund	3,271,463	6,307,612	-	6,060,188	-	3,518,887
Water Fund	5,584,336	3,859,383	-	3,883,821	-	5,559,898
Storm & Surface Water Fund	682,478	512,355	-	469,176	18,000	707,657
Airport Fund	1,899,100	2,518,618	-	2,563,089	-	1,854,629
Firemen's Pension Fund	490,266	151,845	-	74,333	-	567,778
City Agency Fund	8,107	360,000	-	360,000	-	8,107
TOTALS	14,152,495	22,903,756	276,916	22,933,127	276,916	14,123,124

City of Chehalis
 2016 Budget Amendment No. 1 - Ordinance 957-B
 4/6/2016

Fund No. and Name	Acct. Name	Reason for Amendment	Revenue		Appropriation		Transfers		Total Increase/(Decrease)
			Increase/(Decrease)		Increase/(Decrease)		In/(Out)		
Fund 001 - General Fund									
001.H1.521.022.24.00	Police Uniforms	Uniforms ordered in 2015; to be paid in 2016		1,275					
001.I1.522.020.24.00	Fire Uniforms	Uniforms ordered in 2015; to be paid in 2016		26,540					
001.367.000.01	Private Donations	Chehalis Foundation Donation for Ballfield Study	80,000						
001.53.518.031.41.00	Professional Services	Consultant Fee for Ballfield Feasibility Study		80,000					
001.53.518.031.41.00	Professional Services	Recreation Park Project Management Fees		156,000					
001.53.518.031.41.00	Professional Services	Re-Appropriate 2015 Balance of Skilling Contract		20,000					
001.367.000.00	Private Grant	BNSF Grant to Fire Department	5,000						
001.I1.594.022.64.00	Suppression Equipment	Grant Funded Fire Suppression Equipment		5,000					
001.G1.558.070.64.00	Professional Services	Main Street Donation		50,000					
001.397.000.46	Transfer In	Stormwater Transfer in Related to Recreation Park		18,000		18,000			
001.53.518.031.41.00	Professional Services	Recreation Park Project Management Fees					(425)		
001.G1.597.000.05.20	Transfer Out	Transfer to cover 2015 Bond Bank Fees							
001.H1.586.006.00.00	Leasehold Excise Tax	Leasehold Excise Tax On Parking Spaces		10,820					
001.H1.521.010.89.00	Interest - Other	Interest on Leasehold Excise Tax		285					
001.367.011.21	Donations - Police	Behind the Badge Foundation Donation							
001.H1.521.040.43.00	Travel - Staff	Police Travel for New York Trip	2,000						
001.G1.518.080.41.00	Professional Services	Carryover of 2015 Project 365 Budget		28,515					
Total General Fund			87,000	398,435	17,575	(293,860)			
Fund 200 - Bond Fund									
200.397.001.01	Transfer In	Transfer from General Fund					425		
200.OC.592.014.89.00	Debt Service Costs	2015 Bank Fees for New State Bank Agent		425					
Total Wastewater Fund			-	425	425	-			
Fund 404 - Wastewater Fund									
404.11.581.020.07.00	Interfund Loan	To Close out paid loan		(83,784)					
404.11.592.135.82.00	Interest on Interfund Loan	To Close out paid loan		(545)					
Total Wastewater Fund			-	(84,329)	-	84,329			

City of Chehalis
 2016 Budget Amendment No. 1 - Ordinance 957-B
 4/6/2016

Fund No. and Name	Acct. Name	Reason for Amendment	Revenue		Appropriation		Transfers		Total Increase/(Decrease)
			Increase/(Decrease)		Increase/(Decrease)		In/(Out)		
Fund 405 - Water Fund									
405.391.020.01	State Revolving Loan	Add 2015 Loan to 2016 Budget	909,000						
Total Water Fund			909,000		-		-		909,000
Fund 406 - Storm and Surface Water Fund									
406.06.597.000.01.00	Transfer Out	Transfer to general fund for recreation park					(18,000)		
Total Storm and Surface Water Fund			-		-		(18,000)		(18,000)
Total of All Funds			996,000		314,531		-		681,469