

July 13, 2020

The Chehalis city council met in regular session on Monday, July 13, 2020, in the Chehalis city hall. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following council members present Tony Ketchum, Jerry Lord; Daryl Lund (telephonically); Dr. Isaac Pope; and Bob Spahr. Councilor Chad Taylor arrived at 5:01 pm. Staff present included: Jill Anderson, City Manager; Caryn Foley, City Clerk; Tedd Hendershot, Interim Fire Chief; Erin Hillier, City Attorney; Andrew Hunziker, Parks & Facilities Manager; Trent Loughheed, Public Works Director; Chun Saul, Finance Director; and Lilly Wall, Recreation Manager. No members of the news media were in attendance.

1. **Citizens Business – Flooding and Farms.** Lewis County Commissioner Edna Fund provided copies of the new Lewis County Farm Guide; provided handouts from the Office of Chehalis Basin about the new Community Flood Assistance and Resilience Program for land and business owners and for local and tribal governments; and fielded various questions from the council relating to COVID-19. Questions regarded the requirements for masks and health reasons that exempt people from wearing a mask. City Attorney Hillier stated the Governor's Office provided guidance on the issue, and she noted that face masks were currently required in public areas of city buildings.

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

- a. Minutes of the regular city council meeting of June 22, 2020;
- b. June 30, 2020 Claim Vouchers No. 129357 – 129476 and Electronic Funds Transfer Check No. 901, 902 and 903 in the amount of \$207,205.86 and voided Electronic Funds Transfer Check Nos. 901, 902 and 903 in the amount of \$794.20;
- c. June 30, 2020, Payroll Vouchers No. 41328-41361, Direct Deposit Payroll Vouchers No. 12242-12353, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 299-302 in the amount of \$964,447.11; and
- d. Agreement with the Lewis Economic Development Council to provide economic development services.

The motion was seconded by Councilor Ketchum.

The council discussed the services provided by the EDC. City Manager Anderson stated part of the situation with being involved with the EDC was a regional approach – the city doing its part for general economic development.

It was noted that the EDC brings tangible indirect and direct benefits to the city, and that the organization was always talking to clients, but can't disclose those clients. It was suggested that the EDC provide an annual update on what they produced.

The motion carried unanimously.

3. **Resolution No. 9-2020, First and Final Reading – Providing for an Interfund Loan Policy.** Chun Saul stated that due to COVID-19, the city's General Fund was experiencing significant disruption in revenue collections. MRSC (Municipal Research and Services Center) suggested that governments may be able to provide blanket authority to staff for interfund loans in response to temporary cashflow deficiencies. The proposed policy would require staff to report any interfund loan transaction by resolution to the council at the next regularly scheduled council meeting. The policy would give blanket authority to the City Manager to authorize the Finance Director to make temporary interfund loan transfers with subsequent reporting to the council.

Mayor Dawes stated the policy provided no limitations. At the very least, the council budget committee should be made aware of the situation and give approval. If the budget committee had concerns, then it should be brought to the whole council.

Councilor Taylor hoped that if cash got really tight, the council would have an emergency meeting. He was concerned about a policy that turned over a responsibility of the council to someone else.

Councilor Lund agreed with everyone's comments. He thought it was the council's responsibility.

City Manager Anderson stated there was a budget committee meeting on Thursday, and they could discuss the policy at that time and determine whether or not it needed to come back to the council. She acknowledged the council's concerns.

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4. Temporary Emergency Fire Station Update – Request for Additional Authority for Site Preparation Work and the Addition of a Temporary Apparatus Bay. Trent Lougheed stated the council authorized staff to start preparing a temporary fire station site located at 710 NW Arkansas Way due to Lewis County Fire District 6 terminating the station use agreement with the city.

Site Preparation. The council authorized the City Manager to expend funds up to \$150,000 in preparation of the site, which did not include any structures. The costs associated with work to-date exceeded estimates and additional financial authority was needed. Mr. Lougheed summarized the site preparation work to-date and stated the items that caused exceeded estimates related to additional excavating and rock, and electrical power to the site. The anticipated site preparation costs were now \$199,700 to be paid by the Airport Fund, which would allow the property to be leased in the future as “improved property.”

Site Set-Up. Mr. Lougheed stated set-up of the site was needed and was separate from the site preparation work. He noted the costs would be paid by the General Fund for structures; radio equipment; temporary fencing until an apparatus building was erected; garbage service; internet service; water and sewer service lines; and temporary power installation. The total cost of set-up work to-date was approximately \$27,000.

Temporary Apparatus Bay. A 60' x 68' engineered steel structure was estimated to cost \$170,700, which included sales tax. He stated a steel building was about \$16,000 more, but it would be able to be dismantled and relocated for city use.

Mr. Lougheed outlined the anticipated costs:

Airport Fund – Total anticipated costs for site preparation work was \$199,100 (substantially complete). Mr. Lougheed stated staff was requesting \$205,000 in case additional unforeseen work was necessary.

General Fund – Total anticipated costs for a temporary apparatus building was \$201,000. In addition, staff identified tent-like covers for the engine until the apparatus bay was constructed at a cost of about \$6,500. Staff was requesting \$220,000, plus a contingency of \$12,500 for unforeseen work.

Mr. Lougheed indicated staff would, in the future, be requesting authority to purchase a mobile home for around \$150,000. This would be a one-time purchase and be less expensive than paying the monthly rental fees for the mobile structures over the next several years while the permanent fire station was designed, funded, and constructed.

City Manager Anderson noted the mobile home would most likely be put on the permanent fire station site. She reiterated the idea was to transition from the monthly rental of the Pacific Mobile Structure buildings. She also stated the temporary apparatus bay would also most likely be on the permanent site or transferred to that site. Both structures would be used for several years as a new fire station was designed and constructed.

Several council members expressed concern about the increase in costs for the project from the last meeting. City Manager Anderson explained that the costs discussed at the last meeting related to site preparation. They did not include the cost of the apparatus bay.

Trent Lougheed noted that the site preparation work would not be wasted. It would increase the value of the property and be recovered when the property was leased in the future. The only non-recoverable costs would be the \$27,000 for the site set-up. The apparatus bay would be used until a permanent fire station was built and then repurposed at the firing range for evidence storage.

Some council members noted the city was put in this situation because of others. There was also frustration and confusion about the way the costs were presented. It was suggested that the temporary apparatus bay be located on the property that the city was going to purchase for the permanent fire station.

City Manager Anderson stated staff anticipated that the apparatus bay could be constructed on the permanent site. If everything on the purchase of the property moved forward, the purchase could close the first half of October.

In regard to the apparatus bay, Mayor Dawes wanted the start and end dates of construction to be ironclad so that the equipment had proper protection.

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Frustration was again expressed about why the city was in this situation, which did not include poor planning on the part of the city's administration.

Councilor Ketchum moved to:

- Authorize the City Manager to spend an additional \$70,000, increasing the project spending authority for the emergency temporary fire station and apparatus shelters from \$150,000 to \$220,000, which would be General Fund expenditures; and
- Establish signing authority for site preparation in a "not-to-exceed" amount of \$205,000, which would be Airport Fund expenditures; and
- Acknowledge that this work is being done under the emergency authority granted to the City Manager for all work related to the establishment of an emergency temporary fire station by City Council adoption of Resolution 7-2020 on June 8, 2020, which expires on September 6, 2020.

The motion was seconded by Councilor Spahr.

Councilor Taylor expressed concern that a local contractor was not used in this emergency situation. Councilor Lund agreed that the city was not supporting the people that support the city.

The motion carried 5 to 2. Councilors Lund and Taylor voted against the motion.

5. Financing Options for New Fire Station Land Purchase and Temporary Fire Station. Chun Saul stated the total estimated cost was \$1,820,000 and she provided debt financing options, including the LOCAL Program administered through the State Treasurer's Office; public offering; and private placement. She reviewed the process, along with the pros and cons of each option. Ms. Saul then reviewed estimated debt service scenarios. She recommended a 15-year term with the annual debt service to be provided with REET (Real Estate Excise Tax) Funds. She noted the city's debt management policy provided annual debt service payments for non-voted debt not to exceed 4.2% of General Fund operating revenues or \$42,000, whichever was greater, so the policy may need updated in 2021.

Councilor Lund stated staff knew for a long time that money was needed to purchase the property and he asked why it had not been taken care of a month or two ago. City Manager Anderson explained that staff had been talking generally about the issue wanting to not put the cart before the horse. In addition, the city would not want to issue the bonds too soon and pay interest on a million-plus dollars for longer than needed, or until the environmental results came back appropriately and that the project was actually moving forward.

Councilor Spahr moved that the City Council authorize the City Manager to start preliminary work related to a bond issue, with a preliminary direction for a councilmanic debt issue not to exceed \$1.525 million dollars, for a maximum term of 15 years through a private placement financing process. The motion was seconded by Councilor Ketchum and carried 5 to 2. Councilors Lund and Taylor voted against the motion.

6. Administration Reports.

a. **City Manager Update.** City Manager Anderson stated Lilly Wall would be giving an update on issues related to the new Sports Complex and swimming pool in order to meet the Governor's proclamation and Lewis County Health Department regulations.

Lilly Wall stated there were challenges to be able to meet state requirements with opening Recreation Park in Phase 3, which included limiting gatherings to 50 or less. She stated the ballfields were basically done and completion of the playground was about two weeks out. Staff anticipated opening the entire park in Phase 4, but there was now a pause in moving to the next phase and it was unknown when that would happen. Staff was figuring out ways to use the complex during Phase 3 and she noted that teams coming from counties in lower phases than Lewis County could not participate. Ms. Wall stated that opening ceremonies will be rescheduled to hopefully the spring. The same restrictions apply to the playground, so that opening ceremony would be pushed back. Staff was also looking at not opening the park until Phase 4. The aquatics center and spray park would also be challenging in Phase 3, specifically with regard to keeping everyone safe.

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City Manager Anderson thanked the Chehalis Community Renaissance Team and Patty Kaija for planting the flower planters at city hall at no cost to the city.

7. **Executive Session.** Mayor Dawes announced the council would be in executive session pursuant to RCW 42.30.110(1)(b) – Selection of Site or Acquisition of Real Estate; 42.30.110(1)(c) – Sale/Lease of Property; 42.30.110(1)(g) – Review Performance of a Public Employee; and 42.30.110(1)(i) – Potential Litigation not to exceed 8:45 pm and there would be action following conclusion of the executive session. Mayor Dawes closed the regular meeting at 7:09 pm. The executive session began at 7:17 pm.

Mayor Dawes reopened the regular meeting 8:45 pm.

8. **Approve Commercial & Investment Real Estate Purchase & Sale Agreement and with Cascade Trader, Inc., for Property at 1380 NW State Avenue for the Site of a New Fire Station.** City Manager Anderson stated the city had been in negotiations for a piece of property at Chamber and State. A purchase agreement was entered into and a feasibility study had been completed. She stated the site was deemed suitable and asked that the council close the feasibility study and approve the purchase of the property (85,004 sq. ft. at \$14.06 per sq. ft. at a total value of \$1.195 million).

Councilor Ketchum moved to clear the feasibility study and authorize the City Manager to proceed with the purchase and sale agreement, closing in October, for property at 1380 NW State Avenue for 85,004 sq. ft. at \$14.06 per sq. ft. at a total value of \$1.195 million, and the payment of non-refundable earnest money in the amount of \$35,000. The motion was seconded by Councilor Spahr and carried unanimously.

Mayor Dawes announced the council would continue in executive session not to exceed 9:15 pm and there would be no decision following conclusion of the executive session. The regular meeting was closed at 8:49 pm. Following conclusion of the executive session, the regular meeting was reopened at 9:11 pm and immediately adjourned.

Dennis L. Dawes, Mayor

Caryn Foley, City Clerk

Approved: 7/27/2020

Initials: cf