

Chehalis City Council
Meeting Minutes
September 13, 2021

The Chehalis City Council met in regular session on Monday, September 13, 2021. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following members present: Tony Ketchum, Jerry Lord, Dr. Isaac Pope, and Bob Spahr. Councilor Daryl Lund participated via Zoom. Staff present included: Jill Anderson, City Manager; Tammy Baraconi, Planning and Building Manager; Kiley Franz, City Clerk; Tedd Hendershot, Fire Chief; Erin Hillier, City Attorney; Randy Kaut, Police Chief; Brandon Rakes, Airport Operations Coordinator; Chun Saul, Finance Director; Dave Vasilaskus, Water Superintendent; and Celest Wilder, Engineering Technician II. Eric Rosane from *The Chronicle* was also in attendance.

1. **Approval of Agenda.** Mayor Dawes informed the Council that an executive session would not be necessary; the executive session was removed from the agenda. A motion to approve the agenda as amended was made by Councilor Spahr. The motion was seconded by Councilor Pope and carried unanimously.

2. **Lewis County EDC Update – Todd Chaput.** Todd Chaput explained that the Lewis County EDC planned to leverage ARPA funds to create a database with upcoming projects for the county, local cities, the state, and some private entities. This could help to coordinate efforts on projects, which could reduce costs and redundancy. Mayor Dawes asked if they were looking at just approved projects or planned projects as well. Todd Chaput informed the Council that they were looking for all projects, even those that are not yet feasible; he hoped that including all projects may create an opportunity to collaborate with other entities to complete more projects. They are working to research and lobby for capital improvement projects in Lewis County.

3. **Lewis County Housing Summit Information.** Centralia City Councilor Kelly Smith Johnston invited the Council to the Policy Summit to discuss housing issues in Lewis County. They hope to create a cross-jurisdictional plan to increase housing in Lewis County. They will focus on the whole housing pipeline, which covers emergency shelters, transitional housing, social housing, affordable rental housing, affordable home ownership, market rental housing, and market home ownership.

Councilor Lord expressed his interest in the project.

4. **Citizens Business.**

- a. Jeff Barcott of Barcott Construction explained that he had completed some Public Works projects for the City of Chehalis and was currently working on more. He expressed frustration with the bid process for the 12th and Williams Avenue project, missing documents in the Northwest Pacific Avenue project bid paperwork, and the delays with the Fire Station Project.
- b. Jo Kuhner informed the Council that she would be interested in helping to keep the City-owned parking lot by the San Juan apartments clean and safe. She expressed her desire to clean-up the area by pulling weeds; she currently maintains the alley by the apartment building.

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

- a. Minutes of the regular City Council meeting of August 23, 2021; and
- b. August 31, 2021 Claim Vouchers No. 132447 – 132522 and Electronic Funds Transfer Check Nos. 1507 – 1538 in the amount of \$694,483.00; and
- c. August 31, 2021, Payroll Vouchers No. 41758-41788, Direct Deposit Payroll Vouchers No. 13805-13937, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 356-359 in the amount of \$847,120.83; and
- d. Resolution No. 13-2021, First and Final Reading – Declaring Property to be Surplus; and
- e. Short Plat to Divide Airport Property – Tract 7a (Lewis County Parcel Number 005605827001).

The motion was seconded by Councilor Ketchum and carried unanimously.

6. Ordinance No 1021-B, Second and Final Reading – A Petition to Vacate Portions of Right-of-Way on SE Adams, 12th Street, and the Undeveloped Alley Between 11th and 12th Streets. Tammy Baraconi explained that the petition to vacate portions of the right-of-way on SE Adams, 12th Street, and the undeveloped alley between 11th and 12th Streets had not changed since the first reading. The City was proposing to retain easements to access utilities in the alley.

Councilor Lord asked if new easements were being created. Ms. Baraconi explained that there were new ones for the utility purposes. Councilor Ketchum asked if the concerned neighbor had been in contact with Ms. Baraconi regarding the petition to vacate; Ms. Baraconi stated that she had been and her questions had been answered.

Erin Hillier noted that for best practices for vacating right-of-ways, the legal description and the final price per square foot that the City is to be compensated for the space. This Ordinance does not contain the exact square footage and a range of prices. It was decided to postpone the second reading of Ordinance No. 1021-B until the September 27, 2021 City Council meeting.

7. Regional Water Supply Agreement between the City of Chehalis and the City of Centralia. City Manager Anderson informed the Council that the members of the Growth Management Committee had been in review of a possible purchase of water rights agreements from the City of Centralia, which had been obtained from TransAlta.

Tom McDonald of Cascadia Law explained that demand for water rights has always been high. The proposed agreement would be for three million gallons of water a day for the City of Chehalis. The original agreement had been for the City of Chehalis to purchase water wholesale from the City of Centralia, but the agreement has been revised for the City of Chehalis to own the water rights instead.

The price for the water rights would be \$1,500/acre foot of water for consumptive water; this price could go up to \$1,800/acre foot of water depending on the Department of Ecology. Mr. McDonald explained that the agreement ensured that neither city's rate payers would be subsidizing the cost for the other city's rate payers. The permit for the water rights would not be issued until approximately August 2022.

Councilor Lord asked how much it will cost the City of Chehalis for infrastructure in relation to the water rights agreement. City Manager Anderson explained that a working group, with the assistance of some consultants and attorneys, would return to the Council with the costs at a later date. City Manager Anderson explained that policy decisions regarding rates and costs would be brought before the Council as well.

Councilor Spahr asked if these water rights would be subjected to the Department of Ecology's 'use it or lose it' policy. Mr. McDonald explained that since this will be a water right permit, they allow a development schedule, which has been requested to cover the next fifty years. Water rights will not be up for forfeiture until the end of the requested fifty years.

Councilor Spahr asked if the water rights would cost the \$4.5 million or the \$5.4 million listed in the agenda report. City Manager Anderson explained that the costs had not yet been finalized, so the cost would be between \$4.5 million and \$5.4 million; Mr. McDonald explained that the lower cost was anticipated. Councilor Spahr asked if the City would be required to purchase the water rights even if they were unable to utilize the water, Mr. McDonald confirmed that they would. Councilor Spahr clarified that if the City was unable to utilize the water rights, they could later sell them.

A motion to approve the Regional Water Supply Agreement between the City of Centralia and the City of Chehalis and authorize the City Manager to sign the agreement was made by Councilor Spahr. The motion was seconded by Councilor Lord and carried unanimously.

8. Ordinance Number 1022-B, First Reading – Amending the 2021 Budget. Chun Saul provided the City Council with an overview of the second budget amendment. This amendment will increase the total revenue budget by \$2,623,867; the total expenditure budget will increase by \$720,848; and the total transfers in and out by \$297,181, for a net zero; with a total net increase in ending fund balance of \$1,903,019.

Ms. Saul provided budget overviews for the general fund expenditures and revenues with a net increase of \$832,301. Councilor Ketchum asked why the revenue projections would be modified mid-year if there could potentially be a major decrease in sales tax. Ms. Saul explained that projections were created to reflect what has been received through August. Mayor Dawes expressed concern regarding a possible sales tax revenue decrease associated with decreased auto sales.

Ms. Saul provided budget overviews for the Transportation Benefit District fund, the federal grant control fund, the public facilities reserve fund, utility funds, and the airport fund.

The estimated 2021 ending fund balance across all funds is \$24,554,668.

A motion to pass Ordinance No. 1022-B on first reading was made by Councilor Spahr. The motion was seconded by Councilor Lord and unanimously.

9. Appointment of New Lodging Tax Advisory Committee Members. City Manager Anderson explained that the Lodging Tax Advisory Committee (LTAC) meets annually to review applications for lodging tax funds. Two members of the LTAC have resigned from their positions in the hospitality industry. Jacob Blue of the Holiday Inn Express has applied. Since representatives of other local hotels were unable to attend this year, staff is recommending the appointment of Lilly Wall, Recreation Manager of the City of Chehalis be appointed to the open position. The City does meet the requirements of a collecting agency due to the RV park.

A motion to appoint Jacob Blue and Lilly Wall to the City's Lodging Tax Advisory Committee was made by Councilor Spahr. The motion was seconded by Councilor Pope and unanimously.

10. Process for Filling the Vacant City Council Seat (At-Large Position No. 2). City Manager Anderson explained that Councilor Bannan had resigned on September 7, 2021 after moving outside of the city limits. The open At-Large Position #2 will expire at the first council meeting after the certification of the election results in November. Michael Bannan was running unopposed in the coming election; if elected, he may decline the position and another appointment to the Council will be necessary. If a write-in candidate were to win the election, a second appointment will not be necessary.

A motion to approve the process and application, and direct staff to proceed with the process for seeking candidates to fill the At-Large No. 2 position to complete the term, which ends at the first City Council meeting that follows the certification of the November 2, 2021 election results by the Lewis County Auditor's Office was made by Councilor Spahr. The motion was seconded by Councilor Lord and carried unanimously.

11. Councilor Reports/Committee Updates.

- a. **Councilor Spahr.** Councilor Spahr mentioned an abandoned motorhome on Interstate Avenue.
- b. **Mayor Dawes.** Mayor Dawes will take part in the legislative roundtable, which will take place on Friday, October 1, 2021.

12. Executive Session. Mayor Dawes announced the council would take a short recess and then be in executive session pursuant to RCW 42.30.110(1)(i) – Litigation/Potential Litigation and RCW 42.30.110(1)(c) – Sale/Lease of Real Estate, not to exceed 8:00 pm and there will be no action taken following conclusion of the executive session. Mayor Dawes closed the regular meeting at 7:20 pm. and the executive session began at 7:26 pm. Following conclusion of the executive session at 8:00 pm, the regular meeting was reopened and was immediately adjourned.

Dennis L. Dawes, Mayor

Kiley Franz, City Clerk

Approved:

Initials: KF