

November 26, 2012

The Chehalis city council met in regular session on Monday, November 26, 2012, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Staff present included Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; Peggy Hammer, Human Resources Administrator; and Herta Fairbanks, Public Works Director. Members of the media included Kyle Spurr from *The Chronicle*.

1. **Public Hearing on 2013 Proposed Budget and Revenue Sources, Taxes and Levies.** City Manager MacReynold reported there was no additional tax or fee increases included in the proposed 2013 budget. He noted there were, however, a few changes made to the budget, based on council action at the last meeting.

Finance Manager Eva Lindgren noted some of the more significant changes to the budget ordinance included the Lodging Tax Advisory Committee's recommendations, and the reduction of the wastewater treatment rates for the City of Napavine and Lewis County Water & Sewer District #4.

Councilor Dawes suggested it could be a little confusing with regard to the process the council just went through to raise the water and sewer utility rates to users both inside and outside the city, and then have a report saying they are reducing rate charges to other agencies. He asked Ms. Lindgren to briefly speak to that issue.

Ms. Lindgren reported the city provides wastewater treatment to both the City of Napavine and Lewis County Water & Sewer District #4. She noted the costs for the treatment process are re-evaluated annually and are based on expenses incurred two years prior. Ms. Lindgren reported it had nothing to do with the residential and commercial rates; it was for other agencies that use our plant to process their wastewater.

Councilor Spahr asked if the debt service was figured into the rates. Ms. Lindgren reported it was separate and the two agencies make payments twice a year on the debt service portion.

Councilor Harris inquired about the amount of banked capacity the city had for property tax. Ms. Lindgren stated she would have to go back and look at that information, and would report back.

Councilor Pope stated there were occasions when people on the council ask for additional information and don't always take the time to look at it and/or sign off on it. He suggested if someone asks for additional work to be done, the department directors should make sure the councilor who asks for it, comes and looks at it.

City Manager MacReynold felt that would put a department director and any staff in a precarious situation with reference to something that's been done based on discussion at a council meeting. He requested the council not look to the department directors to take that kind of stance.

Councilor Pope felt if they were going to be asking for additional information they should be obligated to go look at it.

Mayor Ketchum closed the regular meeting at 6:08:22 p.m. and opened the public hearing. There being no public comment the public hearing was closed and the regular meeting reopened at 6:08:40 p.m.

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

- a. Minutes of the regular meeting of November 13, 2012;
- b. Claim Vouchers No.104608-104728 in the amount of \$152,638.06 dated November 15, 2012; and
- c. Approve the revised 2012 budget for the Chehalis-Centralia-Airport.

Councilor Spahr seconded the motion.

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Councilor Lund inquired about the airport's budget, noting the income for the facilities was not broken down. He asked Airport Manager Allyn Roe if they included any anticipated income for the new Taco Time in the budget.

Mr. Roe reported they were projecting Taco Time to come on-line during the 2014 budget period. He noted they offered some concessions to Taco Time that also include commission agreements, which would prolong the time from when the doors open, to when they will actually receive anything.

Councilor Lund asked when the doors would open. Mr. Roe reported they were working with Taco Time on some requirements by the city.

Councilor Lund wanted to know what the holdup was, noting he had people bugging him wanting jobs and they keep getting pushed off. He asked if there was a reason why it hadn't been fired up yet.

Mr. Roe reported they were working with the city on a sewer study, which was submitted last month. He noted they were still waiting on the results of the study.

Councilor Lund suggested if Mr. Roe was having a problem he and/or his board needed to come to the city and ask for help because a month is too long to have to wait, and the citizens shouldn't have to wait for something like this.

Mr. Roe reported they were working on the issue and validating the report.

Councilor Lund stated he had heard good things about Mr. Roe, but maybe he needed to be more forceful and complain if he can't get something done.

The motion carried unanimously.

3. Administration Reports.

a. **October Financial Report.** Ms. Lindgren reported the largest variances in the general fund had to do with timing issues. She noted earlier in the day she received the most current sales and use tax data, adding the year-to-date total was up by .3 percent. Ms. Lindgren believed they were going to exceed the annual budget, noting that was nice to see.

Councilor Dawes reported he heard on the radio that Chehalis was eighth in the state for sales per capita, which made it sound like we should be swimming in money. Ms. Lindgren reported that was because we have such a small "nighttime" population with a large volume of sales. She stated the amount of sales and use tax we pull in are very significant.

Ms. Lindgren stated most of the negative net budget income in the general fund was attributable to the property tax. She noted the second half was due to the county by the end of October, but would not be remitted to the city until November. She indicated she would provide the council with some additional information on the property tax at the next council meeting.

Ms. Lindgren reported on the water and wastewater funds, noting there were still some large variances in the interfund loans received and paid out. She stated she was waiting until the next meeting to see if any additional loans will need to be taken out against the appropriation. Ms. Lindgren hoped it wouldn't be necessary, but wanted to leave a safety measure there.

b. **Update on AT&T Settlement Agreement.** City Attorney Bill Hillier reported, within the last two years, the city was included in litigation with New Cingular Wireless Services, an affiliate of AT&T Mobility. He noted the litigation involved a refund of taxes attributable to various wireless services providing internet access reflected on customer bills as a separate charge from November 1, 2005, through September 30, 2010. Attorney Hillier indicated the city was included in the suit with virtually every city in the state that has any wireless connection capability. He noted five cities in Lewis County were included in the litigation.

Attorney Hillier stated a request was made for reimbursement from the city for \$18,200. He reported, after looking at the cost to defend the matter, it was decided it would be in the best interest of the city to try and settle the claim. Attorney Hillier indicated he was able to negotiate it down to \$12,154 and they were able to work it in as part of their budget.

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City Attorney Hillier stated it would be a big savings for the city in not having to defend it and still be responsible. He noted City Manager MacReynold signed the settlement document on his ability to do so, but he wanted to bring it to the council's attention so they are aware of the expenditure.

City Attorney Hillier reported they were able to fix the problem in 2010 and would not be faced with it in the future with regard to AT&T.

c. **Update on Community Development Director Selection.** City Manager MacReynold reported a special work session was set for Thursday, December 13, at 5:30 p.m. for the council to meet the four finalists for the community development director position.

4. **Council Reports.**

a. **Update From Councilor Dawes.** Councilor Dawes reported "Author's Night" was coming up on Friday, November 30 at the Lewis County Historical Museum. He noted people would have a chance to purchase books on local history and have them signed by the authors.

Councilor Dawes reported, since the last council meeting, Lewis County Fire District #6 notified the North Lewis County Regional Fire Authority Planning Committee that they are going to pull out of the committee. He noted he was frustrated with the way it was handled and didn't believe District #6 gave it the proper chance to see it all the way through.

Councilor Dawes believed there was still an opportunity for the city to explore a way to provide a rather important service to the citizens with the potential of a reduced rate, or in worst case, at the same rate. He reported the committee would be taking a cool-off time for the later part of November and all of December.

Councilor Dawes reported the city's committee representatives would be meeting with City Manager MacReynold and Fire Chief Kelvin Johnson on Thursday to come up with a recommendation for the remainder of the council to consider, as to where they go from here.

Councilor Spahr stated he would still like to pursue it, adding if it can save the city money, and the entity can still exist, they should continue to explore it.

Councilor Lund felt they were all missing out with District #6 not following it through and pulling out early. He noted all three agencies realized they do things differently and they were supposed to start the functional consolidation soon. Councilor Lund thought the exercise would have been a big help to the community even if they decide not to consolidate, adding it would have given them the chance to be able to work together better.

Councilor Dawes reported they would have done the functional consolidation starting early next year for a period of one year, which would have given the public and the departments the ability to function as one unit without actually formally becoming one unit and intermingling money.

Councilor Taylor asked if Fire District #6 gave a reason for pulling the plug. Councilor Dawes noted one of the Commissioners said their constituency told them no way, they were not interested. Councilor Spahr stated governance seemed to be an issue with them also.

Councilor Dawes reported he didn't believe governance would have been an issue, although, one of the things that would have been a deal breaker was if the agencies disagreed on how the governing body would be set up.

Councilor Dawes reported after being on the budget committee over the last five years, it was very plain to him that we need to do everything we can to maintain what we have.

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b. **Update From Councilor Pope**. Councilor Pope asked Attorney Hillier to give a brief report on the last Chehalis Foundation meeting. Attorney Hillier reported Councilor Pope spearheaded a move for the Foundation to support the police department by taking on a one-time contribution for the K-9 program. He reported the Foundation agreed to fund the program for \$12,000 with two caveats: that the police department not be out actively soliciting donations that would contravene with their attempts to get donations for the pool; and that this was a one-time shot.

5. **Ordinance No. 903-B, Second and Final Reading – Revising Sewer Rates for Lewis County Water & Sewer District #4 and Napavine for 2013**. Herta Fairbanks reported the new rates to be assessed to the City of Napavine and Lewis County Water & Sewer District #4 were for operational expenses at the treatment plant only. She noted, as stated earlier, the debt service is charged separately and coincides with when the city makes its debt service payments on the plant.

Ms. Fairbanks reported the proposed rates were going down for the two jurisdictions by a very small amount over last year's rates, the primary reason being the two-year lag from when the rates are calculated. She noted the overall reduction for the City of Napavine was just shy of 7 percent for the year, and Lewis County Water & Sewer District #4's rate was 1.3 percent below last year's amount. Ms. Fairbanks stated the overall adjustment, if averaged out over the last five years, was just below 3 percent. She noted it was pretty close to what you would consider a CPI type rate, even though it's not based on any type of inflationary figure.

Councilor Spahr moved to pass Ordinance No. 903-B on second and final reading – amending the sewer rates for the City of Napavine and Lewis County Water & Sewer District #4.

The motion was seconded by Councilor Lund and carried unanimously.

6. **Ordinance No. 904-B, Second and Final Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2013; Ordinance No. 905-B, Second and Final Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2013; and Ordinance No. 906-B, Second and Final Reading – Adopting the 2013 Budget for the City of Chehalis**. Ms. Lindgren reported she just received the new estimated values for the tax year 2013 and provided copies of the information to the council. She noted the tax rate for 2013 would actually be 2.326, adding the assessed values increased from what they originally were. The EMS would also be going down to .398 from the .406.

Councilor Harris moved that the council pass Ordinance Nos. 904-B, 905-B, and 906-B as amended on second and final reading.

The motion was seconded by Councilor Taylor and carried unanimously.

7. **Ordinance No. 907-B, First Reading – Amending the 2012 Budget**. Ms. Lindgren highlighted some of larger changes being made to the 2012 budget. She noted they were not anticipating the large revenues, inflows, and expenditures out of the FEMA Home Elevation grant program this year. Also reflected were the AT&T settlement and some other items.

Councilor Spahr inquired about the FEMA grant, wanting to know what the problem was. Ms. Lindgren reported when the original grant was awarded their estimates for the cost of doing the actual elevations did not reflect the true cost.

Bob Nacht stated the issue they were facing with the grant program had to do with the way FEMA calculates the cost benefit ratio. He noted as they got into the program the bids came in higher than the original estimates three years ago. Mr. Nacht stated FEMA had to redo the cost benefit ratios and identified that our ratio was still within the program guidelines. He noted the city was currently in the process of dealing with our local administrator, Erin Hillier, and Rene Walker with FEMA, to get the program underway. Mr. Nacht stated, because we are now into the flood season, per FEMA guidelines, they wouldn't be getting any construction projects underway until April 2014.

Councilor Harris asked if they would need to recalculate the cost benefit ratio again next year due to costs going up. Mr. Nacht stated he didn't believe so, adding they were working with the contractors to try and get the bids good for a longer period of time.

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Councilor Spahr moved to pass Ordinance No. 907-B on first reading.

The motion was seconded by Councilor Lund and carried unanimously.

8. Resolution No. 17-2012, First and Final Reading – Adopting the 2013 Budget for the Chehalis-Centralia Airport. Mr. Roe reported, other than their capital expenditures, it was a pretty typical budget. He noted they were starting to look at the reserve balance and the needs of the airport, and made a seven-year financial projection of what it would look like.

Mr. Roe reported they really want to give a good first impression of the airport facilities and plan on reinvesting back into the airport. He noted their 2013 capital expenditures included the construction of a three-bay shop to house the snow removal equipment and their fuel truck. He reported 66 percent of those costs would be reimbursed by FAA. Also included would be a new Jet-A refueler truck, a used SUV for airport operations, one above-ground, double-walled steel tank for jet fuel, and a hangar for Pacific Cataract & Laser Institute.

Mr. Roe reported they showed a negative amount for the year 2013, primarily from deferring some of the capital projects from 2012 into 2013. He noted they will have a profit of approximately \$275,000 in 2012, which will offset the loss in 2013.

Councilor Harris asked if the reimbursement from the FAA was included in the 2013 budget. Mr. Roe reported it was.

Councilor Harris inquired about the safety and security issues of an aboveground fuel tank. Mr. Roe stated they were safer, noting they can secure them better and they will do better during a flood situation.

Councilor Dawes moved that the council approve the 2013 Airport budget by adopting Resolution No. 17-2012 on first and final reading.

The motion was seconded by Councilor Spahr and carried unanimously.

Councilor Lund suggested Mr. Roe keep up the good work. He stated he was amazed at the number of people from the Castle Rock and Longview, Washington, areas who come up here to shop.

9. Request for Partial Reimbursement of Automated External Defibrillator (AED). Ms. Lindgren reported the city was acting as a pass-through agency for the recently installed AED unit at city hall. She noted she had to record the donation received from the Chehalis Fraternal Order of Eagles, and the payment going out to Pope's Kids Place in the amount of \$1,000. Ms. Lindgren reported the payment would be added to the appropriations for the second reading of the budget amendment.

Councilor Harris moved to approve the request to reimburse Pope's Kids Place \$1,000 for the city hall AED unit.

The motion was seconded by Councilor Dawes and carried unanimously. Councilor Pope recused himself from voting on this matter.

There being no further business to come before the council, the meeting adjourned at 6:55 p.m.

Mayor

Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of November 26, 2012.