

MINUTES OF THE February 23, 2012 CITY COUNCIL MEETING  
City Hall, 135 East Johnson Avenue, Chelan, Washington

1. CALL TO ORDER

The meeting was called to order at 6:00 p.m.

2. ROLL CALL

ELECTED OFFICIALS PRESENT: Mayor Goedde and Councilmembers Cooney, Harper, Higgins, Isenhart, McCardle, Steele. EXCUSED ABSENCE REQUESTED: Councilmember Morehouse.

STAFF PRESENT: Administrator Reinbold, Attorney Galbraith, Clerk/Administrative Assistant Allison-Liles, Finance Director Grant, Parks & Recreation Director Sablan, Planning & Community Development Director Gildroy, Public Works Director Van Epps.

3. AGENDA CHANGES

- A. Agenda item 6A, a presentation on Warehouse Industrial Zone planning, was removed from the agenda by the Mayor due to time constraints.
- B. At Councilmember McCardle's request, agenda item 8G, a discussion on Town Toyota Center debt, was moved up on the agenda to immediately follow the consent agenda.

4. CITIZEN COMMENTS

None

5. CONSENT AGENDA

**McCardle moved to approve the consent agenda as follows. Seconded by Steele, motion passed unanimously.**

- A. Approve Minutes for the Following Meetings: January 26, 2012 Regular Council Meeting, February 2, 2012 Special Council Meeting, February 9, 2012 Special Council Meeting.
- B. Approve: Claim Warrants No. 78444 – 78528 Totaling \$157,064.59, Payroll Warrants No. 37781 – 37851 Totaling \$132,692.61.

6. SPECIAL PRESENTATIONS

None

7. PUBLIC HEARINGS

None

8. ORDINANCES, RESOLUTIONS AND OTHER ACTION ITEMS

- G. TOWN TOYOTA CENTER/PUBLIC FACILITIES DISTRICT: Mayor Goedde called for discussion on whether or not the City of Chelan should join other members of the Greater Wenatchee Regional Events Center Public Facilities District (PFD) in allowing the PFD to sponsor a ballot

measure asking voters to increase sales tax by up to .1% to retire Town Toyota Center indebtedness.

At Cooney's suggestion audience members testified prior to Council discussion:

Nathan Scott, East Wenatchee, spoke against allowing the proposed district wide vote. Scott pointed out that Chelan has its own financial needs to consider, in particular how it is going to fund a badly needed new hospital.

Scott Anderson, President of North Cascades National Bank, spoke in favor of allowing the vote. Anderson said a failure to do so could lead to higher interest rates and put the credit rating of the entire state at risk.

Mike Harris, 420 North Navarre, said he isn't sure whether Council should allow the vote, but he doesn't care at all about the Town Toyota Center and doesn't want his taxes paying for somebody else's bad judgment.

Ken Martin, Wenatchee, said he is a banker and he agrees with Scott Anderson.

Russ Jones, 29 Chestnut, said the citizens deserve an opportunity to vote for the sake of everyone in the district.

Bill Crego, 526 Wapato Avenue, spoke against allowing the vote. Crego said the hospital, fire district and state are all seeking more taxes for their purposes; the people didn't vote to establish the PFD; the PFD didn't plan ahead; Chelan has had no representation on the PDF board; and he is not looking to bail Wenatchee out of its financial problems.

Councilmembers then commented (paraphrased):

Higgins: He's concerned that a "no" vote will result in a higher interest rate when the hospital goes for its bond. His concern is what is best for the people of Chelan, and he believes higher interest rates would cost them more than the tax increase would.

Isenhart: Town Toyota Center fills a niche in our region, offering opportunities unavailable elsewhere. It is established, operational and has momentum. It has been operating in the black for the past four years even though it has never received the .033% tax earmarked for operations and maintenance – that money has gone to lawyers. However, it has a poor financing structure based on a pro forma that was way too rosy and it is too small to house many events that could bring in more revenue.

Allowing the tax increase may be rewarding Wenatchee's unacceptable behavior and enabling it to continue. However, a "yes" vote would strengthen regional ties and allow Chelan to say it has done all it can to prevent Wenatchee's default and bankruptcy. Wenatchee's bankruptcy could involve the other PFD members in lawsuits. The smaller towns don't have the money for that, and it could put them in bankruptcy too. Further, a public vote is the proper course of action proscribed by the PFD agreement.

Harper: He has been totally against going to a vote on the proposed tax increase, but the discussion at the February 21<sup>st</sup> meeting changed his mind. Wenatchee Councilmember Karen Rutherford said it was apparent two years ago that Town Toyota Center was in financial trouble, but nothing was done. Frank Kunz, Wenatchee's new Mayor, is an honorable man trying to save Wenatchee, and Chelan needs to do as much as it can to help. Let the tax increase go to a vote of the people.

Cooney: This situation has nothing at all to do with most people in Chelan, who will have to pay for it. Council is in a true no-win situation. A lot of research has gone into the question and that won't be lost by allowing people to vote. He'd like Chelan to be known for a positive rather than a negative, and the lowering of the credit rating really matters. There is something to helping your neighbors in need, and he is hopeful that somewhere down the road, something good will come of it. Also, he has volunteered to represent Chelan on the new PFD board and if he is selected to do that, he intends to be a loud and vocal presence.

McCardle: People will say that continuing support of the Town Toyota Center is throwing good money after bad. She was hoping to leave the February 21 meeting with a confidence level she could take to the people who elected her, but she left that meeting unsatisfied. She agrees with everything the other Councilmembers have said tonight, but the citizens she's heard from either don't understand the situation or are against its going to a district wide vote. She still has no sense that City of Wenatchee has explored all available avenues to come up with more money and feels its officials are just taking the easiest route. Wenatchee didn't come up with the proposed solution – that was the counties. She is really torn and frustrated. If Council votes to allow the tax question to go to a public vote, Chelan citizens will want to know why, and she has no good answer.

STEELE: He is frustrated with the lack of facts and the ever changing time line. He is struggling with the pressure being put on Council to allow the vote. He questions Wenatchee's sincerity in pushing for the public's right to vote, while at the Legislature it is pushing for action to usurp the public vote. There are too many unknowns. The electorate isn't stupid, it absolutely knows what it wants. However, he doesn't even know what they'd be voting on – is he supposed to just throw this out to a vote and let them guess? Nobody has made it clear which is the lesser of two evils, and the cities are likely to get sued either way. He assumes all the Cities in the PFD are in an insurance pool, so should have resources for fighting law suits. If this is a huge issue that will affect the entire state's bond rating, where is the State? It is incredibly important to him that people understand that he is a regional player – he wants the entire region and its citizens to be successful, but he has to vote tonight to protect the citizens of Chelan.

Mayor Goedde spoke briefly in favor of authorizing a public vote.

Reinbold presented an ordinance that would need to be adopted should Council wish to authorize the Mayor to sign the proposed amendment to the PFD interlocal agreement. **Isenhardt moved to adopt Ordinance No. 06-032E authorizing the Mayor to execute the *First Amendment to Interlocal Agreement* regarding the Greater Wenatchee Regional Events Center Public Facilities District. Cooney seconded the motion.** There followed discussion with Peter Fraley, PFD attorney, answering questions

and clarifying certain provisions of the amendment and ordinance. Following discussion, Mayor Goedde called for the vote. **Motion passed 4-2 with Isenhart, Cooney, Harper and Higgins voting aye and McCardle and Steele voting nay.**

- A. VINEYARD CONDOMINIUMS' WATER BILL PENALTIES: Councilmembers were provided copies of a letter sent to Reinbold on November 22, 2011 by Phil Rogers, President of the Vineyard at Chelan Owners Association. The letter requested "relief from outstanding charges and late payment penalties incurred by the original developer who failed to make utility payments to the City despite collecting dues from the homeowners for that express purpose." Van Epps reported that Rogers met with the Public Works Committee on February 7, 2012, to discuss the matter. The committee concluded that there was sufficient argument to relieve the penalty of \$215.15, but not to justify relieving the base water bill of \$508.06.

There being no discussion, **Isenhart moved to waive \$215.15 in penalty fees on the Vineyard Condominiums' water bill. Seconded by Higgins, motion passed unanimously.**

- B. 2012 COMPREHENSIVE PLAN AMENDMENT PACKAGE: Gildroy explained that the Growth Management Act and Chelan Municipal Code 19.40 dictate that the Comprehensive Plan and Development Regulations be amended only once each year following early and continuous public involvement. Gildroy further explained that Council initiates the amendment process by instructing the Planning Commission to prepare and submit its recommendation on proposed amendments. Gildroy then reviewed a list of potential amendments compiled by staff, asked that Council accept the list as the "amendment package" and reported that the Planning Commission has asked that Council initiate the amendment process.

There being no discussion, **McCardle moved to accept the Planning Commission's recommendation that the docket for the 2012 Comprehensive Plan and Development Regulation Amendment Package be set and to instruct the Planning Commission to prepare its recommendation on the Amendment Package. Seconded by Isenhart, motion passed unanimously.**

- C. DON MORSE PARK SHORELINE RESTORATION/BEACH ENHANCEMENT/MARINA EXPANSION: Sablan reminded Council that on February 9 there was discussion about using sand instead of pea gravel for Don Morse Park beaches and Council postponed the pea gravel supply bid award until staff could come back with additional information. Sablan referred Council to an email from Jim Brennan, project consultant, dated February 15, 2012 providing the requested information.

Sablan also noted that Raye Davis of Tunnel Hill Granite was present at the February 9 meeting and advised Council of the requirement that the gravel and/or sand must be purchased from a permitted source. Sablan referred Council to additional information Davis provided in an email dated February 13, 2012, and assured Council that Godbey Red-E-Mix, the lowest responsible bidder for providing pea gravel is a permitted source.

There followed discussion about the information provided in Brennan's email.

**Isenhart moved to authorize award of the bid for supply and delivery of pea gravel for the Don Morse Park Shoreline Restoration/Beach Enhancement/Marina Expansion Project to Godbey Red-E-Mix Concrete, Inc., the lowest responsible bidder at \$120,855.80. Seconded by McCardle, motion passed unanimously.**

- D. WASTE WATER TREATMENT PLANT UPGRADE – PIPELINE PROJECT: Van Epps reminded Council that on February 9 it authorized award of the bid for construction of the Waste Water Treatment Plant Pipeline to Halme Construction, Inc., the lowest responsible bidder at \$1,174,783.78. Van Epps then presented the proposed contract with Halme for that work.

**There being no discussion, McCardle moved to authorize the Mayor to sign the agreement with Halme Construction, Inc. for construction of the Waste Water Treatment Plant Pipeline Project, subject to WSDOT approval. Seconded by Steele, motion passed unanimously.**

- E. NORTH BRADLEY STREET SIDEWALK PROJECT: Van Epps reported as follows. The City received four responses to its Request for Qualifications to provide design services for the North Bradley Street Sidewalk Project. Two respondents were interviewed. Although both were qualified, staff is recommending Council select RH2 for the project since that firm recently constructed the South Bradley Street sidewalk. Using the same design for this project will provide consistency and perhaps some economy. This project is being fully funded by a federal Safe Routes to School Grant, but the budget will be tight.

**There being no discussion, Isenhart moved to select RH2 Engineering, Inc. to provide design services for the North Bradley Street Sidewalk Project and to authorize Mayor Goedde to sign the Consultant Agreement as presented. Seconded by Harper, motion passed unanimously.**

- F. WAGE ADJUSTMENT FOR THE MAYOR AND NON-REPRESENTED EMPLOYEES: At Cooney's request, Council consented to postpone consideration of a 2.5% salary increase for the Mayor, City Administrator, City Clerk/Administrative Assistant, Finance Director, Assistant Finance Director, Community Development Director, Parks & Recreation Director, Public Works Director, Assistant Public Works Director. This recommendation from the Finance Committee will be reintroduced for consideration at the March 8, 2012 Council meeting.

## 9. MAYOR, COUNCIL COMMENTS

- A. TOWN TOYOTA CENTER/PUBLIC FACILITIES DISTRICT:  
Steele – He appreciates the public input on the Town Toyota Center and is proud that Council took the time to deliberate. We can move forward now.

Harper – He agrees with Steele. It was possible to make only half the people happy. It will be interesting to see how the legislature deals with the matter. He respects Steele and McCardle for their “no” vote.

Cooney – Tonight's vote doesn't do a community much good. It creates friction among friends and business associates. He is upset that it will likely have a negative impact on future Chelan

projects. It was a terrible decision to have to make. It may be years before we know who the winners and losers are.

Isenhart – Nobody is happy, but she hopes tonight’s action will help in resolving the problem. She enjoyed getting to know the others involved, and she believes we will get together, find a way, be smarter.

Higgins – Wenatchee will have a very tough sell on the vote to increase sales tax. If it is the will of the people, that’s the way democracy works. This whole process shines a great light on Chelan’s Council – its passion, knowledge and commitment to making hard decisions. He is fully supportive of how we’ll move forward. He hopes Town Toyota Center will have a strong business plan and we’ll be proud of tonight’s decision.

Goedde – We agree to disagree and move forward, hoping it all works out. He would be comfortable with Cooney representing Chelan on the PFD board.

Reinbold – He commended Council for their handling of this issue and said it was now time to move forward in a positive way.

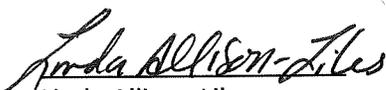
- B. LAW ENFORCEMENT: Goedde reported that seventeen people attended a recent meeting held by the Chelan County Sheriff’s Office to hear citizen concerns.
- C. LAKE LEVEL: Goedde announced that the Public Utility District and Lake Chelan Chamber of Commerce are holding a meeting on lake level at Campbells on February 27.
- D. VETERAN’S ADMINISTRATION: Goedde announced that the Veterans Administration would be holding an open house in Wenatchee on March 3.

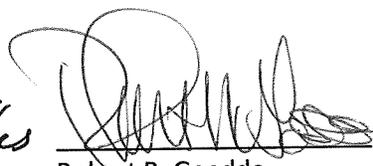
10. CITY ADMINISTRATOR’S REPORT  
None

11. RECESS (AIRPORT BOARD MEETING)

12. EXECUTIVE SESSION  
None

11. ADJOURNMENT

  
Linda Allison-Liles  
City-Clerk

  
Robert R. Goedde  
Mayor

Date Approved by Council: March 22, 2012