

LEAVENWORTH CITY COUNCIL

Study Session Agenda
City Hall - Council Chambers
September 13, 2011 9:00 a.m.

9:00 – 10:00 Utility Rate Study Overview – Cil Pierce

This item is a review and update on the Utility Rate Study authorized by the City Council in April of 2011 under a contract with HDR, Inc. The current project timing is to use the information in the completed study for the City Council discussion on the 2012 budget and utility rates. Ms. Cil Pierce is the Senior Project Manager at HDR assigned to this project. At the August 2011 Council Study Session the council reviewed the project overview and approach and also reviewed the handout provided by HDR on the “Summary of Utility Rate Studies Progress and Policy Issues”. The Public Works Committee also reviewed the preliminary estimate of utility fees at their August meeting.

Today’s discussion will be lead by Ms Pierce, reviewing the work completed to date and the estimated rate structures. Before finalizing the rate amounts, the Council will need to provide direction on several policy items regarding utility capital improvements, debt structure, and the rate structure. These will be reviewed in the presentation today. A handout of the presentation by Ms. Pierce is included with the study session agenda.

10:00 – 10:45 Sign Code & Electric Vehicle Amendments Update – Nathan Pate

The City Council will be holding a hearing at the Council Meeting on Tuesday evening to consider adoption of the Sign Code & Electric Vehicle Charging Station amendments. Information for the Sign Code is in section 1 of the packet and the information on Electric Vehicles is in section 2 of the packet. Both amendments were before the Planning Commission for a public hearing on September 7, 2011, and both were unanimously recommended to be transmitted to the City Council. In attendance were approximately 20 people and 15 who desired to speak regarding the Sign Code. The Planning Commission received testimony from 12 individuals. The primary comments focused on the duration of time allowed for festival and event posters (defined as Temporary Community Service Event Signs LMC 14.10.050 (P) and the potential for “clutter” throughout the City with “sandwich board signs.” The Planning Commission asked staff to make text revisions to provide more time for the Temporary Community Service Event Signs of 6-months with the understanding that consultation with the City Attorney would be needed (content neutral and other aspects). The Planning Commission agreed that the new regulations for “sandwich board signs” (LMC 14.10.050 (G) provided a “happy medium” or balance which would help businesses in need of additional advertisement and appropriate controls. Many other discussions were undertaken and considered. Regarding the Electric Vehicle Charging stations, one agency comment from the Department of Commerce was received, and the Planning Commission asked staff to make revisions which addressed the comments. No other public comments or testimony was provided.

10:45 – 11:00 SUP Requests for Der Hinterhof & Projekt Bayern – Joel Walinski

The City Council will be holding a hearing at the Council Meeting on Tuesday evening to consider the approval of two separate Special Use Permits regarding a noise exemption. One Request is from Mr. Steve Demarest the owner of Der Hinterhof and the other is from Mr. Bob Kelly representing Projekt Bayern and the Chairman of the Leavenworth Oktoberfest. The two SUP's are for the Oktoberfest weekends of September 30th – October 1st, October 14th and 15th, and October 21st and 22nd of this year. The Leavenworth Municipal Code (LMC) 9.33.040 Exemptions allows for the City Council to approve with conditions or deny special use permits at its sole discretion. To approve the SUP's the Council must consider the conditions and provisions for granting a special use permit stipulated in LMC 9.33.040 (I) (Items 1 – 5 below). The Council's decision of approval or denial of the SUP's must be based if the request meets or fails to meet the following criteria:

1. The special use permit is necessary; and
2. There exists a special circumstance relative to size, topography, location or surroundings of the subject property; and
3. Requesting property owner or agency has provided a plan for mitigation of noise to be implemented on the approval of the special use permit; and
4. That the granting of the special use permit will not be materially detrimental to the comfort, health, or safety of the public; and
5. That the special use permit is limited to not more than 14 days in any 90 day period.

Included for your review with the study session agenda is a copy of LMC 9.33 Public Disturbance Noise Regulations, the letter of requests from each party, and the Compliance Analysis for each request are located in section 8 of the packet.

This evening the City Council will hold an open public meeting regarding the SUP's. Listed below is a suggested protocol which may be followed by the Mayor Pro-tem and City Council to aid in the consideration of this item.

- a. The Mayor Pro-tem can announce each matter as the meeting progresses and in accordance with the agenda
- b. The Mayor Pro-tem can speak to the appearance of fairness inquiry/conflict of interest inquiry
- c. The Mayor Pro-tem can ask of any objections to any council member serving to hear
- d. Staff will then be allowed to present the compliance analysis (presentation and introduction of matter)
- e. All members of the public wishing to testify will be sworn in (all witnesses - starting with the Applicant)
- f. Each Applicant will be asked to present and testify on behalf of their application and provide any additional evidence
- g. The public will then be asked to provide comment/testimony
- h. Staff can then be asked to respond if needed
- i. The Applicant will be asked if there is any rebuttal (given the last chance to speak on behalf of their proposal)
- j. Close presentation and public comment proceedings

- k. Council discussion
- l. Council motion and action

11:00 – 11:10 Traffic/Foot Patrols for Oktoberfest – Joel Walinski

At the Tuesday evening meeting the Council will be asked to approve the expenditure for additional Chelan County Sheriff's Deputies during the Oktoberfest Festival weekends, September 30th – October 2nd, October 7th – October 9th, October 14th – October 16th, 2011. The request for officers from the Chelan County Sheriff's office is to supplement the additional officers and security personnel already provided by Projekt Bayern for the Oktoberfest Event. This request is for a shift of officers to be scheduled from midnight through 2:00 AM on Saturday and Sunday mornings to provide foot patrols in the downtown area. There will be six officers on the Saturday morning shift and seven officers on the Sunday morning shift. The estimated cost to the City is \$7,200 based on the top overtime pay rate of a senior deputy officer. Actual overtime rates of individual officers will be used for invoicing the City so the actual costs may be lower. The City would be responsible for additional costs should there be an incident of extenuating circumstances that require additional deputy hours. Last year the cost for additional security costs for the City during the festival were \$8,841.37. This included additional sheriff deputies and personnel from Phoenix Security. The use of additional Phoenix Security personnel by the City was not requested by the Sheriff's Department or Projekt Bayern.

11:10 – 11:30 Water Rights Funding Options and Interfund Loan – Joel/Chantell

The City has been engaged in litigation for water rights since early 2009. Funds have been expended each year that has currently put the Water/Sewer Fund in a position that requires the funds to be replenished. With the 2012 budget and a Utility Rate Study underway, the Administration anticipates separating the Water from the Sewer and creating two separate funds.

Since inception of the Sewer System beginning in 1981, there has been no segregation of cash on hand or fund balance delineation for the water and sewer systems. Historically the revenues and expenses of each of these systems have been relatively similar; therefore an equal split of the current fund balance in both the Water/Sewer Fund and Water/Sewer Bond Reserve Fund would be appropriate. Due to the significant litigation expense on behalf of the water system only, it would be anticipated to replenish the funds expended to date before creating the separation.

At this time the city has expended approximately \$450,000 and anticipates at a minimum an additional \$100,000, therefore the City should consider seeking funding at a minimum of \$600,000 to be repaid by the future Water Fund. There are many types of bond funding options but the City generally seeks funding through the issuance of General Obligation (GO) Bonded Debt, Revenue Bonded Debt, or direct low interest loans from other governmental agencies such as the Public Works Trust Fund (PWTF). GO or Revenue Bond Debt is typically secured through a bank or other loan issuing agency. PWTF funds are not an option for the type of debt that is necessary and GO Bonds are basically a promise by the issuer to levy taxes to pay back the debt to the investors while Revenue Bonds are pledged on public utilities. Since the debt has been incurred by a public utility fund a Revenue Bond would be the preferred choice of financing. With current market rates being at the lowest they have been in recent years, it is in the City's best interest to secure the financing before rates begin to rise again. Council will

discuss the various options and anticipate a motion for the evening meeting to direct Staff to work with Bond Counsel to secure the amount of debt financing needed as determined by the Council at the best possible rate available.

Due to current debt payments coming due by October 1 and the need for cash flow purposes, a 4-month temporary loan from the Water and Sewer Bond Reserve Fund to the Water/Sewer Fund is included in section 6 of the packet. It is anticipated to secure the bond financing for replenishing the funds prior to adoption of the 2012 budget in December to allow for separation of the water and sewer system cash reserves.

Additional Refinance Opportunities: The City has been approached by our bond underwriter Martin Nelson & Company on the potential to refinance two of the City's current bonds. Due to the market rates for bonds being at an all-time low, the City could refinance the Upper Valley Park & Recreation Service Area Bond for the Pool Construction as well as the 1997 Fire Station Voted Bond, saving voters nearly \$100,000 over the life of the two bonds. Included in section 7 of the packet is a bond buyer index that shows bond rate trends over the last 30 years, various rate options for the Water Fund Litigation, and refinancing options for the two current bonds noted above.

11:30 – 11:45 Ice Rink Update – Tony Keyser

The Council will be given an update on the Pavilion and Ice Rink Project that is being developed by the Ski Hill Heritage Foundation. Their spokesperson, Mr. Tony Keyser will provide an update on changes to the project following the presentation and discussion at the August 9, 2011 Study Session.

11:45 – 12:00 Council Open Discussion

This time slot allows for Council discussion of items not on the agenda.