

**LEAVENWORTH CITY COUNCIL MINUTES
October 25, 2011**

Mayor Larsen called the October 25, 2011 Leavenworth City Council meeting to order at 6:05 PM and led the City Council in the Flag Salute.

ROLL CALL

Council Present: Mayor Elmer Larsen, Tibor Lak, Peter DeVries, Michael Molohon, and Cheri Farivar.

Staff Present: Joel Walinski, City Attorney Thom Graafstra, Dave Schettler, Chantell Steiner and Sue Palmer.

Mayor Larsen excused Councilmembers Francis and Meyer from the October 25 meeting.

APPROVAL OF THE CONSENT AGENDA

Mayor Larsen asked for a motion to approve the consent agenda as follows:

Consent Agenda:

1. Approval of Agenda
2. Approval of October 11, 2011 Study Session Minutes
3. Approval of October 11, 2011 Regular Meeting Minutes
4. Claims \$111,760.50

Councilmember DeVries motioned to approve the Consent Agenda as presented. The motion was seconded by Councilmember Lak and passed unanimously.

PUBLIC SAFETY REPORTS

Mayor Larsen stated that there would not be a public safety report, although he commented on the recent car prowling around the City. He added that he has heard that some people have been apprehended. He noted that this was happening within the city limits since Oktoberfest began.

COUNCILMEMBER AND COMMITTEE REPORTS

Councilmember Farivar reported on the Finance Committee meeting. She stated that they have had very good retail sales tax increases at 8.2 percent over last year and a 6.2 percent increase in the lodging tax. She added that with the end of the year coming soon, they are hopeful that these increases continue their upwards trend through the holiday season.

MAYOR AND ADMINISTRATIVE REPORTS

Mayor Larsen reported on the morning study session. He stated that they thoroughly discussed the rate structure for water, sewer, garbage, and storm water and noted that there is an upcoming public hearing on November 8, 2011. He added that there was also some discussion on the 2012 budget and there would also be a public hearing regarding the budget at that same time.

City Administrator Joel Walinski reported that the Economic Development Committee met and discussed the current draft agreement from the Nelson Legacy Group regarding the Fruit Warehouse acquisition. He stated that there was some language in the agreement that they were still going over, primarily revolving around liability and indemnity. He added that they were trying to get that cleared up this week, but may possibly need to have a special Council Meeting to review the final agreement. He updated Council in regards to the charging station and stated that the lease agreement had been signed by the Mayor and Development Services has been working on the development agreement for the project.

City Attorney Thom Graafstra briefly reported on the Demarest lawsuit against the City in regards to the sign code. He said that progress has been made as they have entered into a partial settlement funded by Washington Cities Insurance Authority (WCIA). He stated that Mr. Demarest has executed a release for all claims associated with the old and interim sign codes and has limited his claims as they relate to the new sign code. He added that the court could still declare portions of the new code unlawful or unenforceable but could not award Mr. Demarest damages or attorneys fees at this time.

Finance Director Chantell Steiner updated Council regarding the temporary interfund loan to the pool. She said that this month will include an additional \$9,000, which has brought us to about \$20,000. She added that property taxes are due in a week at which time she will pay back the loan and Council will see the voucher next month.

Public Works Director Dave Schettler reported on two new projects beginning downtown. He noted that they are both well on their way. He said one project should be completed by the end of the week. He also said that the Streetlight project has one aspect that may take four weeks for a part to arrive, although the contractor will still try to complete this project prior to winter. He added that the Mountain Meadows development is underway, as is the Latter Day Saints (LDS) Church parking lot expansion. He noted that there was a public meeting / open house on October 26, 2011 at the Festhalle to talk to the business community as well as residents involved in the Front Street re-construction project (Division Street to Highway 2) which will begin next year.

Public Hearing on Ad Valorem Tax @ 6:15PM

Administrator Walinski began with a Power Point presentation. He explained that Ad Valorem is our property tax intake and the City gains just under \$500,000 annually. He added that it is one of our largest revenue streams which is used for the City's public safety contracts. He spoke to the budget and discussions of the budget at the earlier study session meeting. Administrator Walinski addressed budget changes and challenges as well as finance recommendations to the proposed budget. He reviewed the overall budget development process and that current State law only allows the City to raise property taxes by one percent per year. He further explained that the City of Leavenworth has "banked capacity" which is the allowable property tax increase that the

City has not taken in previous years. If the City chooses to use this for the 2012 budget, the "banked capacity" will allow the City to take the one percent and an additional 1.49 percent to allow the City to raise property taxes by 2.49 percent. He added that this gives the City the most flexibility going into the future in terms of a revenue stream from property taxes. He further explained that over the years property taxes have been declining as property values continue to decline. Director Steiner further explained how we are currently reducing property taxes to the tax payer by refinancing current bonds in which we own. The decrease in debt service added to the increase in property tax should result in a overall decrease in the total dollars the City is requesting to be paid for through property tax.

Mayor Larsen asked for comments from the public. Hearing none he closed the public hearing on Ad Valorem Tax at 6:35 PM.

RESOLUTIONS, ORDINANCES, ORDERS, AND OTHER BUSINESS

1. Motion to set a Public Hearing on the 2012 Final Budget for November 22, 2011 @ 6:15 PM

Mayor Larsen noted that the Preliminary Hearing on the 2012 Final Budget was scheduled for November 8, 2011.

Councilmember Farivar motioned to set a Public Hearing on the 2012 Final Budget for November 22, 2011 @ 6:15 PM. The motion was seconded by Councilmember DeVries and passed unanimously.

2. Authorize the Mayor to Sign the Local Agency Agreement with WSDOT

Administrator Walinski stated that there are three projects for which they have received grant funding. In order to save some administrative costs, engineering and miscellaneous fees, they have asked Washington State Department of Transportation (WSDOT) to combine all three projects.

Councilmember DeVries motioned to authorize the Mayor to sign the Local Agency Agreement with the Washington State Department of Transportation in regards to the City of Leavenworth – Citywide Preservation and Improvements. The motion was seconded by Councilmember Lak and passed unanimously.

3. Consultant Agreement for Citywide Improvements with TD&H

Administrator Walinski noted that this is the Professional Services Agreement in relation to the projects noted above and the amount is not to exceed \$77,300.

Councilmember Farivar motioned to approve the Professional Services Agreement with TD&H Engineering for Plans, Specifications, and Engineering regarding the Citywide Preservations and Improvement Project. The motion was seconded by Councilmember Lak and passed unanimously.

4. Review Gazebo Refurbishment and Maintenance Project

Administrator Walinski began with a Power Point presentation in reference to the Refurbishment and Maintenance project for the downtown Gazebo. He stated that Projekt Bayern asked the City to look into refurbishment of the Gazebo as they would like to fund this much needed project. He explained the scope of the project which included a new ceiling and roof replacement, replacing support posts, floor joists and new paint. During this refurbishment and maintenance, it was decided that this would be a good time to give the Gazebo a more Bavarian look. It was stated that this was not simply a beautification project, but repair and maintenance work that needs to be completed.

Jeff Hoffman, the architect on the project pointed out specific design elements that were being incorporated into the plans in order to be structurally sound while giving it a more Bavarian look. Mayor Larsen explained some history behind the Gazebo and some of the problems that have arisen over the years. There was much discussion as to specific construction details, while offering suggestions and ideas that may be incorporated into the final plans.

Administrator Walinski stated that the City has paid \$17,000 for the design and engineering phase and that the estimated construction cost at this time is \$90,500. He noted that the next steps will be to present the project to the Design Review Board for consultation, then to the public for comment and then prepare the final plans and specifications for City Council. He stated that they would like to begin construction late this winter in order to be completed in the spring prior to Maifest.

INFORMATION ITEMS FOR FUTURE CONSIDERATION

Mayor Larsen noted that the Utility Rate Study Public Presentation and the Preliminary 2012 Budget Presentation would both be held on November 8, 2011.

COMMENTS FROM THE PUBLIC ON ITEMS NOT ON THE AGENDA.

Christian Rivas, 8747 School Street, Leavenworth: Mr. Rivas stated that his senior project was organizing a soccer camp over the summer.

Skyler Elser, 8798 School Street, Leavenworth: Mr. Elser stated that he constructed a tennis ball hitting wall at the high school for his senior project. He noted that it is constructed of exterior materials and is held up in such a way as to not be affected by the wind.

Curtis Stein, 201 Benton Street, Leavenworth: Mr. Stein stated that he is organizing a production for the middle school students so as to introduce those students to the theatrical arts and to help him in his direction of working with children. He added that they will put on a show which will be open to the public later this fall.

Dakota Curl, 9420 Ollala Canyon, Cashmere: Mr. Curl stated that his senior project includes job shadowing the Finance Director/City Clerk, Chantell Steiner. He stated that he has been going

over budgets of recent years and completing data entry work while learning about the current 2012 City budget.

Bill Lynn, 9700 East Leavenworth Road, Leavenworth: Mr. Lynn spoke to the noise levels over the three Oktoberfest weekends and said they were more tolerable this year than in recent years. He thanked Council for their help in working with the public.

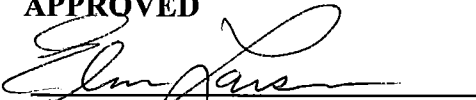
Mayor Larsen noted that there would be a Transportation Benefit District meeting immediately following the City Council meeting.

ADJOURNMENT

Seeing no other business, Councilmember DeVries motioned to adjourn the October 25, 2011 meeting of the Leavenworth City Council. The motion was seconded by Councilmember Lak and passed unanimously.

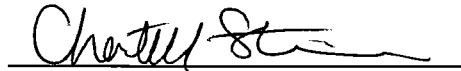
The meeting adjourned at 7:10 PM.

APPROVED



Elmer Larsen
Mayor

ATTEST



Chantell Steiner
Finance Director/City Clerk