

**LEAVENWORTH CITY COUNCIL MINUTES
November 8, 2011**

Mayor Larsen called the November 8, 2011 Leavenworth City Council meeting to order at 6:03 p.m. and led the City Council in the Flag Salute.

ROLL CALL

Council Present: Mayor Elmer Larsen, Peter DeVries, Tibor Lak, Michael Molohon, Robert Francis and Larry Meyer.

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

Mayor Larsen excused Councilmember Cheri Farivar.

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 25, 2011 Regular Meeting Minutes and Special Study Session Minutes
3. Claims \$216,979.24
4. October 2011 Payroll \$184,835.83
5. PRSA Voucher Request \$17,000

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

PUBLIC SAFETY REPORTS

None.

COUNCILMEMBER AND COMMITTEE REPORTS

Councilmember Meyer reported that he recently attended the Mosquito Control Board meeting and noted that it was the last meeting of the year. He added that the rate will remain the same at \$19.00 per parcel through 2012. He additionally reported that he had a meeting with Link Transit. He stated that they do not have their electric buses in service due to a battery problem; however, they do expect to be in service soon.

Councilmember Francis reported on the progression of the Lions Club Park sign. He addressed the timeline to completion as well as some of the design elements of the sign itself.

Councilmember DeVries reported on the Chelan Douglas Regional Support Network Board. He stated that the board handles developmental disabilities for children and adults as well as mental health programs. He spoke to the budget cuts recommended by the State regarding social and human services. He said that these are very traumatic cuts. He added that there are programs that are essential to citizens with needs and is fearful they may be cut, although they won't know the final cuts until sometime in late November.

MAYOR AND ADMINISTRATIVE REPORTS

Mayor Larsen reported on the Solid Waste Advisory Council meeting. He explained that this group is involved with recycling and that there will be funding for the program in 2012. He also stated that the City has been awarded a \$12,000 grant for bins in order to begin construction on the recycle center. He spoke to recycling and noted that the county is changing the way recycling takes place and what changes will be taking place in the future in regards to recycling as well as hazardous waste disposal. Mayor Larsen also reported on the morning Study Session and stated that they reviewed the Utility Rate Study, the draft Parks and Recreation Plan and bonding for water rights and to refinance the Fire Station. He added that other topics included the 2012 Planning Commission goals, the new Personnel Policy, Feshalle maintenance changes and the Wenatchee Valley Humane Society contract.

City Administrator Joel Walinski reported that the Cascade Medical Center (CMC) hospital is finalizing their construction. He reminded Council that they will be conducting an open house Sunday, November 13th from 1:00 – 4:00 and that Councilmembers had been invited. He then added that they discussed bond refinancing at the morning Study Session and that the City would be getting their current bond rating the following day. In conclusion, Administrator Walinski spoke to the election and stated that the election would be certified on November 29, 2011 and there would be some elected official essential training in January and February for anyone interested.

City Attorney Thom Graafstra reminded Council that if multiple Councilmembers are together at the CMC open house, although it may be a public setting, they cannot discuss City business as it would be deemed a meeting.

Finance Director Chantell Steiner made a technical correction to a comment in the October 25, 2011 minutes. She stated that at the last Council meeting, Councilmember Farivar misquoted the retail sales tax figure being 8.21% over last year. She noted that the correct figure is 2.48%.

Public Works Director Dave Schettler reported on the downtown street repair project and said that it is nearing completion. He then spoke to the downtown streetlights project and said that it is underway, making progress and will likely be complete prior to Thanksgiving. He added that he had attended a Chelan County PUD meeting regarding the various local cities 2012 projects. Director Schettler introduced the Downtown Front Street project to the PUD at that meeting so as to introduce the City's desire to underground all utility, cable and telephone wires. He added that the planning stage for this project is near completion and as they move forward there will be one final public meeting prior to beginning construction next year.

Development Services Manager Nathan Pate noted that they have two Planning Commission positions available and are currently in the selection process. He confirmed that the Mountain Meadow project is nearing completion and looking for temporary occupancy by December 15th. He noted that the Posthotel project is making progress and has begun another phase in their construction plans.

PUBLIC HEARING ON PRELIMINARY BUDGET

Mayor Larsen opened the Public Hearing for a staff presentation on the Preliminary Budget at 6:25 PM.

Administrator Walinski began with a Power Point presentation and stated that Council has been working on the 2012 budget for several months now, but this is the first time it has been presented to the public. He began by explaining a chart depicting 2012 revenues less expenditures. He noted that in some areas they plan on deficit spending while other areas may grow in revenues. He then explained the areas that still need work as well as areas of concern.

Administrator Walinski addressed the various funds and their current balances, what they are used for and where that revenue comes from. He added that when reviewing the budget, they look at the revenue, the operating expenses, which are the day to day expenditures and the capital, which are the one time expenditures. He explained the 2012 revenue increases due to the property tax and utility rates increase. He spoke to the general fund and the City being in a good position and noted that this is important as it is a reflection of how the city operates. He stated that the City has previously had larger general fund revenues due to their being larger projects in process which in turn increases revenue streams.

Administrator Walinski addressed the long term budget impacts. He stated that interest rates have significantly decreased over previous years and that the contracted law enforcement services have increased and will continue to increase annually. He explained that personnel costs are under control but is an ongoing process; however, there have been staffing changes and open positions left vacant and this has resulted in a significant decrease in personnel costs going forward. He further explained the water rights litigation with the Department of Ecology and identified its impacts on the future of the City, the costs involved and timelines of this process. In closing, he addressed many of the significant projects that were accomplished this past year, works in progress and how these have been and will be funded.

Mayor Larsen addressed the public and asked if there are any comments.

There was an informal discussion regarding recycling and garbage rates. It was stated that the rates have stayed the same for the citizens, although the fee to dispose of the garbage has had substantial increases. Discussions continued about recycling and how the recycling center will benefit the community and help to offset some costs in the disposal of garbage.

Questions arose regarding the fruit warehouse and the costs to the City. There was an informal discussion addressing the concerns of the citizens. It was stated that the City is not in a long term contract and this gives the City time to see if this will be a viable venture before proceeding.

Hearing no further comments, Mayor Larsen closed the public hearing at 7:21 PM.

PUBLIC HEARING ON UTILITY RATE STUDY

Mayor Larsen opened the public hearing on the Utility Rate Study at 7:23 PM.

Cil Pierce, a consultant with HDR Engineering, began with a Power Point presentation addressing the utility rate study for water, sewer, and solid waste utilities and analyzing the potential for a stormwater utility study for the City of Leavenworth. Ms. Pierce spoke to the revenue requirements needed for each utility as there is no comingling of money between the utilities. She stated that when designing the rates, she wanted to ensure there was revenue generated from each utility and that it is easy to understand and administer, while promoting the Council's direction for conservation. She introduced different rate structures that would take place over time, as well as an increase in user fees and a decrease in the monthly base water consumption. Ms. Pierce showed how the rate will increase for the first six months and then increase again the latter half of next year while cutting the base consumption allowance for an overall decrease for the average residential user. She further explained that the fees the City charges need to also pay for improvements and replacement costs needed for the water and sewer systems. There was much informal discussion from the public and the stated concerns were regarding the base consumption being lowered, the costs that will be incurred over warmer months and if this rate increase is being used to fund larger City projects. Further discussions continued in regards to commercial and residential users. It was stated that commercial users make up approximately 51%. Ms. Pierce then addressed the increase in sewer utility rates and noted the higher charge for being outside the City limits and suggested a possible consumption charge to commercial customers. Mayor Larsen stated that the need for this rate change is to identify the long term needs so as to be able to anticipate projects as needs arise, as well as have the revenue available.

Ms. Pierce addressed the solid waste rate adjustment and explained why it is needed. She spoke to the increased annual disposal cost and that this annual cost has increased by \$75,000 since 2009. She also explained that by recycling and keeping those recyclables out of the transfer stations; this could further reduce tipping fees by approximately 10%. It was noted that the City received \$125,000 in grant funding to help with the property purchase and construction of the recycling center. There was much discussion in regards to the recycling center, yard waste and the related cost increases. It was also noted that the City is looking into different sized garbage containers to further offset costs and that this is something that may be implemented in the future.

Ms. Pierce stated that she has been looking at the feasibility of the stormwater utility rate study. She stated that she developed a financial plan by reviewing all of the operating expenses and capital projects related to stormwater. She discovered the capital needs for the City through 2016 and has suggested gradual implementation of the stormwater utility over the course of five years.

Ms. Pierce added that all the utility rates beyond 2012 are subject to Council approval and that the rates should be reviewed each year as part of the budget process.

There was an informal discussion in regards to the monthly base consumption being lowered, average household water consumption and water conservation. It was stated that some don't agree with raising the rates and adding a stormwater utility fee while others supported the proactive approach to avoid a major increase in a future single year. It was also stated that commercial water usage should be equitable and fair and we need to make sure that the residents aren't carrying the burden for the commercial water usage.

Hearing no further comments, Mayor Larsen closed the public hearing at 8:31 PM.

RESOLUTIONS, ORDINANCES, ORDERS, AND OTHER BUSINESS

1. Ordinance 1400 Authorizing Special Levy

Director Steiner stated that this ordinance is for the 1997 General Obligation Bond debt for the fire station. She added that this is an annual ordinance which must be adopted in order for the assessor to levy this tax. She noted that they have reduced the levy amount from \$100,000 to \$80,000.

Councilmember Lak motioned to adopt Ordinance 1400 Authorizing the Special Levy. The motion was seconded by Councilmember Molohon and passed unanimously.

2. Ordinance 1401 Adopting Ad Valorem Tax

Director Steiner stated that this is an ordinance which must be adopted annually for the operations of the general fund. She further explained that this is an increase of 2.49% which includes the 1% annual increase allowed by law as well as the current banked capacity available.

Councilmember DeVries motioned to adopt Ordinance 1401 Adopting Ad Valorem Taxes. The motion was seconded by Councilmember Francis and passed unanimously.

3. Authorize Mayor to Sign Tax Levy

Director Steiner stated that this is a Department of Revenue (DOR) form and it is required by the DOR to collect the tax in conjunction with the assessor's office. She noted that the regular levy is higher than the property tax number due to preliminary numbers at this time.

Councilmember Meyer motioned to authorize the Mayor to sign the Tax Levy Certificate. The motion was seconded by Councilmember Lak and passed unanimously.

4. 2012 Prosecution Service Agreement

Administrator Walinski asked the Council to approve the Prosecution Service Agreement with Chelan County. He added that the contract is based on the number of cases over the course of twelve months, at \$200 per case. He noted that misdemeanor cases have been reduced compared to the prior year; therefore the overall contract amount is slightly less.

Councilmember DeVries motioned to approve the 2012 Prosecution Service Agreement and authorize the Mayor to sign the service agreement. The motion was seconded by Councilmember Lak and passed unanimously.

5. Contract Amendment with HDR for Utility Rate Study

Administrator Walinski requested Council to approve a contract amendment with HDR Engineering in the amount of \$2,200. He added that this is for the additional work requested by Council that was required to complete the utility rate study. He noted that the original contract amount for the study was \$49,965, which was a reduction from the original proposal.

Councilmember Molohon motioned to approve the Contract Amendment with HDR Engineering in the amount of \$2,200. The motion was seconded by Councilmember Meyer and passed unanimously.

6. Design Review Board Direction

Administrator Walinski stated that the City Council is being asked to provide a motion to the City's Design Review Board to review its by-laws and provide a written report to the City Council. He stated that they had a training session with the Design Review Board and they found there to be procedures that were not outlined in the ordinances and there were ordinances that were not as clear as they should be. He added that he would like the Design Review Board to go through their procedures and compare them to the ordinances and then report back to Council for approval.

Councilmember DeVries motioned to request and direct the City's Design Review Board to review its by-laws and procedures and provide a written report to the City Council on any recommended changes. The motion was seconded by Councilmember Molohon and passed unanimously.

7. Chelan County Public Hospital District #1 Easement

Development Services Manager Nathan Pate stated that the Council is being asked to review and grant authorization for the Mayor to sign the Chelan County Public Hospital District #1 sidewalk and future street light easement and maintenance agreement. He added that this is located on private property so it can be used for public use.

Councilmember DeVries motioned to approve and to authorize the Mayor to sign the Chelan County Public Hospital District #1 Sidewalk and Street Light Easement. The motion was seconded by Councilmember Lak and passed unanimously.

8. Chelan County Public Hospital District #1 Interlocal Agreement

Manager Pate noted that this is only a maintenance agreement using City's property for their landscaping.

Councilmember Meyer motioned to approve and to authorize the Mayor to sign the Chelan County Public Hospital District #1 Interlocal Landscape Maintenance Agreement. The motion was seconded by Councilmember DeVries and passed unanimously.

INFORMATION ITEMS FOR FUTURE CONSIDERATION

Mayor Larsen reminded Council, Staff and the public that the Residential Advisory Committee would hold a Town Hall meeting on Wednesday, November 9, 2011 at the Fire Hall. He also reminded those present of the Park Plan Open House on November 15, 2011 at 7:00 PM in Council Chambers at City Hall. He added that they will have the final public hearing on the 2012 Final Budget on November 22, 2011 at 6:15 PM in the Council Chambers.

COMMENTS FROM THE PUBLIC ON ITEMS NOT ON THE AGENDA.

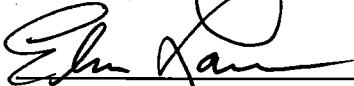
Sharon Waters, 336 Birch Street, Leavenworth: Ms. Waters stated that she received some excellent feedback from Administrator Walinski in understanding the utility rate study. She added that she appreciates the help she has received from Administrator Walinski and other Staff. She also requested that Council really look at the need to raise the utility rates and possibly taking another look before moving forward as she does not support a rate increase.

ADJOURNMENT

Seeing no other business, Councilmember Molohon motioned to adjourn the November 8, 2011 meeting of the Leavenworth City Council. The motion was seconded by Councilmember Lak and passed unanimously.

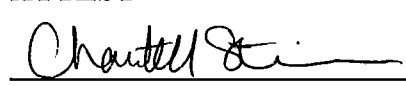
The meeting adjourned at 8:54 PM

APPROVED



Elmer Larsen
Mayor

ATTEST



Chantell Steiner
Finance Director/City Clerk