

LEAVENWORTH CITY COUNCIL MINUTES
November 22, 2011

Mayor Larsen called the November 22, 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, Peter DeVries, Tibor Lak, Michael Molohon, Cheri Farivar and Larry Meyer.

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

Mayor Larsen stated that Robert Francis was not in attendance, although he did note that his absence was likely work related. He then proceeded to amend the agenda for claims vouchers in the amount of \$341,565.73 and added Item 3.A: Martin Nelson & Co. Agreement for Bond Underwriting Services, Item 10: 2012 Agreement for Emergency Services, and Item 11: Motion to Purchase a Genie GS-2646 Man-Lift for \$3,600.

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 November 8, 2011 Study Session Minutes
3. Approval of November 8, 2011 Regular Meeting Minutes
4. Claims \$341,565.73

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

PUBLIC SAFETY REPORTS

None.

COUNCILMEMBER AND COMMITTEE REPORTS

Councilmember Farivar reported on the Finance Committee meeting. She stated that compared to 2010, retail sales tax is up 2.92%, lodging tax is up 6.1% and the real estate excise tax is down 39%. She added that the lower numbers for the real estate excise tax is understandable due to the current economy.

Councilmember Lak reported on the Economic Development Committee meeting. He spoke to the specific parking agreement being developed as part of the Lease Purchase Option Agreement with the Nelson Legacy Group in regards to the Fruit Warehouse. He stated that they discussed construction plans and timelines, but more importantly, they agreed to have all demolition completed between November 1st and June 15th so as to not disrupt downtown business during the busy summer and festival seasons.

Councilmember DeVries reported on the Chelan Douglas Health District meeting. He stated that they are looking forward to what the legislature will be doing in regards to funding health services throughout Chelan and Douglas Counties. He noted that the Chelan Douglas Health District does have a balanced budget for this year with a reserve equal to last year. He added that he attended the Leavenworth Area Promotion (LAP) meeting where he learned that Northwest Magazine ran an article about the Bavarian City of Leavenworth as well as an ad for servicemen, women, and their families to enjoy discounts throughout the City.

MAYOR AND ADMINISTRATIVE REPORTS

Public Works Director Dave Schettler reported on the Downtown Streetlight project. He stated that progress is being made; the concrete bases have been poured and the lights should be installed next week. He added that the asphalt patching repairs have been completed.

PUBLIC HEARING ON 2012 FINAL BUDGET @ 6:15 PM

City Administrator Joel Walinski began a review of the final budget with a power point presentation. He noted that they had made a few changes to the budget and that he would like to talk about the direction they are headed. He addressed the various funds and explained how they are funded and what projects they support. He briefly addressed grants, how they are used and how they are incorporated into the revenue for various funds. He stated that the City one change made in this presentation is the reallocation of the retail sales tax dollars between the Street Fund and the General Fund. A change was made from a 45/55 split to a 35% Street Fund/55% General Fund allocation of the retail sales tax. He stated that this gives the City more flexibility by building the General Fund's fund balance which can be used for multitude of purposes.

He identified specific 2012 expenditures such as the City's support of the pool, the Upper Valley MEND request for the City's support in building affordable housing, and the increased Law Enforcement costs. Administrator Walinski spoke to the cost of city government and what a citizens tax dollars pay for. He provided information that compared the total property taxes and B/O taxes collected and the City's cost for emergency services and snow removal. The tax dollars and costs for these services being nearly equal. He also reported on the water rights litigation with the Department of Ecology and what the expenditures and implications maybe looking forward. He explained the costs involved with the Fruit Warehouse and briefly touched on the various street projects underway and how they will be funded.

In addition, Administrator Walinski addressed personnel costs and explained that by leaving several personnel positions open and by adding three support positions, the City will have a \$32,000 decrease in personnel expenses next year.

Mayor Larsen opened the Public Hearing for comment at 6:38 PM.

Sharon Waters, 336 Birch Street, Leavenworth: Ms. Waters inquired to the \$22,500 which the City pays to support the pool. She questioned if the funding would continue in 2012, and if not, what it could be used for if the City weren't obligated to support the pool.

It was stated that the Upper Valley Parks and Recreation Service District (PRSA) is looking at different options to balance their budget without direct City support as the District was created originally to maintain and operate the pool. The District will be seeking a reauthorization of the maintenance and operations levy through a 2012 levy referendum for increased funding in 2013. Administrator Walinski noted that the \$22,500 is included for support of the pool for the 2012 season.

Hearing no further comments, Mayor Larsen closed the public hearing on the 2012 Final Budget at 6:41PM.

RESOLUTIONS, ORDINANCES, ORDERS, AND OTHER BUSINESS

1. Approval Traffic / Foot patrols needed for Christmas Lighting

Administrator Walinski asked Council to approve additional Chelan County Sheriff's staffing for traffic and crowd control over the three weekends of the Christmas Lighting Festivities. He noted that this is the same estimated cost they used last year, although the actual dollars were less than estimated.

Councilmember DeVries motioned to approve the request for the additional 88.5 hours of deputy sheriff's officer time at an estimated cost of \$5,575 for the Christmas Lighting Ceremonies in 2011. The motion was seconded by Councilmember Lak and passed unanimously.

2. Approval of Special Use Permit Christmas Lighting Festival

Administrator Walinski briefly explained that this Special Use Permit (SUP) is for the Chamber of Commerce which would allow them to set up a tent to sell their gluhvein cider and for the closure of Front Street between 8th and 9th during festival hours. He noted that this SUP was originally approved in 2008 and has been ongoing. He suggested Council waive the fees due to this being one of the three recognized festivals during the year. There was much discussion in regards to alcohol sales on City property and ensuring that there are security personnel to check identification.

Councilmember DeVries motioned to approve the Special Use Permit with the Leavenworth Area Chamber of Commerce for the Christmas Lighting Ceremonies in 2011, furthermore the City Council waives the fees for the Special Use Permit in 2011. The motion was seconded by Councilmember Molohon and passed unanimously.

3. Ordinance 1402 Bond Funding Water Rights

Finance Director Chantell Steiner introduced Jim Nelson of Martin Nelson & Company. She stated that Mr. Nelson would be speaking to the City's bond rating and the savings the City will receive by refinancing these bonds.

Mr. Nelson began his presentation by stating that the City of Leavenworth has achieved a bond rating grade of "A" by Standard and Poor's, which refers to the City having a stable economy and employment. He added that this is a great accomplishment for a small city to achieve this high of rating. He further explained the ratings of other comparable cities and their results compared to Leavenworth. He noted the benefits of maintaining this rating and the process and benefits of achieving an even higher rating over time.

Mr. Nelson then addressed the Limited & Unlimited Tax General Obligation Bonds which are being financed for the water rights litigation and refinanced for the fire hall. He spoke to the current interest rates, the new rates the City will receive and the long term benefit to the taxpayers. He stated that using the City's non-voted debt capacity for the water rights bonding made for a very cost effective transaction. Mayor Larsen reiterated that the savings from the refinancing of the fire hall goes back to the property taxpayer, therefore the taxpayer is directly benefitting from this refinancing.

Mr. Nelson was asked to comment on the PRSA refinancing of the 2000 voted bond for the swimming pool / aquatics center project which was approved by the PRSA earlier that day. He stated that this was to achieve an interest cost savings. He added that those were non rated bonds; therefore the interest rate is slightly higher than what the City had received. It was noted that the PRSA refinancing is a ten year savings of \$65,000 and by combining the two refinancing bonds, the total taxpayer savings escalates to approximately \$100,000 over the ten year period.

There was an informal discussion between Council and the public in regards to understanding the reason behind the water rights litigation with the Department of Ecology. It was noted that a key factor in this process is to ensure the City's current water rights and restore any that were improperly removed that could ultimately support the future growth of the community.

Director Steiner had an informal discussion with the public and clarified their questions in regards to property taxes and bond refinancing.

Councilmember Farivar motioned that the City Council adopt Ordinance 1402, bond funding for water rights. The motion was seconded by Councilmember Meyer and passed unanimously.

3A. Bond Underwriting Services for Martin Nelson & Co.

Councilmember Meyer motioned to approve the underwriting services for Martin Nelson & Co. The motion was seconded by Councilmember Lak and passed unanimously.

4. Ordinance 1403 Bond Funding Refinancing Fire Hall

Councilmember DeVries motioned to adopt Ordinance 1403, bond funding refinancing for the fire hall. The motion was seconded by Councilmember Lak and passed unanimously.

Councilmember Farivar motioned to accept the offer to purchase from Martin Nelson & Company made in their letter of November 22, 2011 of the \$495,000 unlimited tax general obligation refunding bond 2011 and \$715,000 limited tax general obligation bond 2011 dated December 8, 2011. The motion was seconded by Councilmember Meyer and passed unanimously.

5. Ordinance 1404 Amending LMC Chapter 2.01 Mayor

Councilmember DeVries noted an incorrect passage in ordinance 1404 in regards to the Mayor's compensation and suggested that it be removed. Director Steiner noted that this was historical language in the old ordinance and stated that all but the last sentence in the section could be removed without changing the current intent of the previous ordinance. There was a brief discussion as to language in the ordinance in regards to personnel policies developed by the Mayor and the new language that now includes a City Council vote of approval.

Councilmember DeVries motioned to approve Ordinance 1404 which amends Chapter 2.01 sections 2.01.010, 2.01.020 and 2.01.030 as discussed. The motion was seconded by Councilmember Farivar and passed unanimously.

6. Resolution 20-2011 Personnel Policy

Administrator Walinski asked Council to adopt resolution 20-2011 Personnel Policy. He stated that the new policy, by resolution, supersedes all previous policies. He added that it has been reviewed by the City's insurance provider, city employees and the union representative. He noted that due to rules and laws changing, the policy would likely need reviewing on an annual basis. There was a brief discussion regarding the union contract and using the policy to guide contract discussions in the future.

Councilmember Farivar motioned to approve Resolution 20-2011 City of Leavenworth Personnel Policy. The motion was seconded by Councilmember DeVries and passed unanimously.

7. Review of Rate & Fee Schedule

Administrator Walinski stated that every year the City puts forth a resolution amending the City's rates and fees. He noted that this year the Council and staff had devoted a lot of time working on the utility rate and fee schedule. He spoke to changes to the utility rates and pointed out that they wanted to simplify the system development fees, both commercial and residential as well as review the fees difference between inside versus outside the city limits. He noted the qualified low income, senior and disabled citizen discounted rate which followed with a brief discussion in understanding how the lower rate is calculated and how long it has been in effect. It was also noted that the City should follow up on what data was used to calculate the low income, senior and disabled citizen rates to ensure they are in accordance with market conditions.

Mayor Larsen spoke to the garbage rates and fees and noted that the current garbage containers are 64 gallons. He stated that they are phasing in a 96 gallon container for commercial and multi-family only. Administrator Walinski added that there would still be some slight changes in these rates as they still need to go back and recalculate based on the recent Utility Rate Study.

Mayor Larsen addressed the public and asked for any comments.

Donald May, 1213 Commercial Street, Leavenworth: Mr. May questioned if the commercial district is paying their fair share of the utilities. He reported on the growth he has seen of hotels, condominiums and restaurants in Leavenworth over the years. He urged Council to complete a study in this regard, to make sure the commercial district is paying their share. He would like to see more communication in regards to the fairness between commercial and residential.

Sharon Waters, 336 Birch Street, Leavenworth: Ms. Waters stated that she wanted to see a chart depicting how the commercial rates are different. She spoke to "average water use" and stated that it was not an accurate number because those conducting the survey did not deduct the non occupied homes. She further added that the City should give the citizens something easier to understand in regards to the water rates.

8. Resolution 21-2011 Supporting for Municipal Bond Financing – Meadowlark Development – Upper Valley Mend Development

Administrator Walinski stated that Council is being asked to adopt a resolution committing the City to provide approximately \$815,000 in municipal bonds for the construction of a water main and sewer main trunk line for the Meadowlark Development low income housing project. He added that there were members of Upper Valley MEND at the meeting to update Council on the progress thus far. Administrator Walinski addressed the different phases of the project and how the City would be involved as well as allocation of costs, public/grant funding and reimbursement to the City by the private and non-profit developers through agreements.

Brian Thompson-Royer of Upper Valley MEND introduced the Meadowlark Development and those who will be involved in the project. He spoke to the early stages of construction and the need to create roads, water and sewer infrastructure with an estimated cost of \$3,000,000. He stated that they would not be able to begin the project without the City's help along with grant funding. Mr. Thompson-Royer gave a timeline of the project and what the associated costs would be along the progression of construction. He explained how the City would benefit due to new sales tax revenue, utility reimbursements and property taxes. He added that they continue to carry out fundraising and that the City of Leavenworth support is critical in moving forward. Mr. Thompson-Royer shared his experience in helping families receive and maintain affordable housing over the years. There was a brief discussion as to how many people are employed through Upper Valley MEND. Mr. Thompson-Royer also shared the available positions as well as those services they are currently under contract with. He also identified that condition three and eight of Resolution 20-2011 was repetitive and it was suggested to delete condition three and leave condition eight as it stands.

There was a brief discussion as to the annexation process. Development Services Manager Nathan Pate spoke to the process and stated that the timeline can be relatively short. Mr. Thompson-Royer addressed the processes that Upper Valley MEND has currently undertaken.

John Agnew stated that he and his wife are partners in the Meadowlark Development project as well as he is the Chairman of the Board at Upper Valley MEND. He stated that his property is adjacent to the Meadowlark Development, and he will be developing his property, although not in competition with Meadowlark. Mr. Agnew addressed his background in affordable housing and stated that his experience is part of the reason he joined Upper Valley MEND and is looking forward to the Meadowlark project. Mr. Agnew additionally explained how they will be raising capital and the various types of affordable funding that is available.

Discussion ensued as to how the City could fund the \$815,000 portion of the project trunk water and sewer line. City Attorney Thom Graafstra explained that most of the money could come from Utility Reimbursement Agreements with two of the private land developers regarding debt service and principle on a general obligation bond. A portion of the principle and debt service related to the MEND Project would be deferred and either reimbursed to the City via a CDBG Grant funds or utility hook-up/system development charges. He noted that regardless of the mechanism, the City will be responsible for the responsible agency for the debt service and principle payments. Mr. Agnew stated that once they begin construction of the water main, the developer's land would be liened as collateral for the bond.

Councilmember DeVries motioned to adopt Resolution 21-2011 supporting a commitment to Municipal Bond Financing with the noted change to eliminate item number three. The motion was seconded by Councilmember Farivar and passed unanimously.

9. Approval of Chumstick Utility Trunk Line Preliminary (30%) Engineering

Administrator Walinski asked the City Council to authorize the City to move into a contract with Hammond Collier Wade and Livingston for the initial engineering contract proposal along Chumstick Road. He further added that two sanitary sewer alternatives are to be evaluated and they are looking at options as well as considering the best interest of the City.

Councilmember Lak motioned to approve the engineering contract proposal with Hammond Collier Wade and Livingston, Engineering for the 30% Design of the Water and Sewer Trunk Line Evaluation and Design. The motion was seconded by Councilmember Meyer and passed unanimously.

10. 2011 Agreement for Emergency Services

Administrator Walinski asked Council to approve the Emergency Services contract with Chelan County. He stated that it is about a \$50 increase this year. He explained that in the event of a natural disaster, the Chelan County Emergency Service would provide emergency services management in order to help the City to address the incident and work through a recovery. He added that this was also necessary in order to receive Federal relief funding in the event of an emergency.

Councilmember DeVries motioned to approve the 2011 Agreement for Emergency Services with Chelan County. The motion was seconded by Councilmember Lak and passed unanimously.

11. Purchase a Genie GS-2646 Man-Lift for \$3,600

Public Works Director Dave Schettler described the process in acquiring the man-lift and how it will be used at the Festhalle. He added that they have been borrowing a lift for several years that is no longer available. Administrator Walinski added that the City has money set aside for the purchase of a lift and that this is at a substantial savings compared to a new model. Director Steiner noted that this purchase falls below the bid limits of \$7,500; therefore, no additional bids are required.

Councilmember Meyer motioned to approve the purchase of a Genie GS-2646 Man-lift for \$3,600. The motion was seconded by Councilmember Lak and passed unanimously.

INFORMATION ITEMS FOR FUTURE CONSIDERATION

Mayor Larsen noted that Council would be reviewing the final 2011 Budget Amendment, 2012 Budget Ordinance for Adoption and the Resolution for the Rate and Fee Schedule at the next Council meeting. He stated that the Transportation Benefit District meeting would be immediately following the Council meeting this evening. He reminded everyone that at the first meeting in December, the Council typically cancels the second meeting in December.

COMMENTS FROM THE PUBLIC ON ITEMS NOT ON THE AGENDA.

None.

ADJOURNMENT

Seeing no other business, Councilmember DeVries motioned to adjourn the November 22, 2011 meeting of the Leavenworth City Council. The motion was seconded by Councilmember Molohon and passed unanimously.

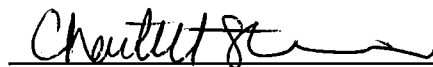
The meeting adjourned at 8:38 PM.

APPROVED



Elmer Larsen
Mayor

ATTEST



Chantell Steiner
Finance Director/City Clerk