

**LEAVENWORTH CITY COUNCIL STUDY SESSION MINUTES
October 11, 2011**

Mayor Elmer Larsen called the October 11, 2011 Study Session to order at 9:00 a.m.

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

Staff Present: Joel Walinski, Nathan Pate, David Schettler and Chantell Steiner.

1. Biennial Audit Exit Interview for 2009 & 2010

Finance Director/City Clerk Chantell Steiner introduced Katie Marshall, Lead Auditor for the City this year. Ms. Marshall provided the exit conference handouts to the Council outlining the audit items for 2009 and 2010. She reviewed the two criteria of the audit that relates to accountability and financial statement reporting in compliance with Washington State laws. She stated that the City has improved significantly since the last audit with no findings or the need for a management discussion letter. She identified no difficulties in the performance of the audit this year and that the staff was very polite and helpful throughout. She added that there were no issues with internal controls and no mis-statements on the financial statements. She then proceeded to review four areas of exit level items, also identified as recommendations, concerning contract monitoring, loss notification, credit card policies and use of city vehicles. She briefly touched on each of these topics giving examples related to the Golf Course contract that identifies submission of audited financial statements, notification to the auditor's office in the event of theft and/or loss of property and having clear definition of uses for credit cards and city vehicles in the personnel policy. She added that if an employee is to be allowed a specific use that is not addressed in a policy that it is recommended to be in writing. In closing, she reviewed contacts, report publication, audit cost analysis, and the next scheduled audit for 2013 as well as a customer service survey to be completed by staff.

2. Budget Priorities Discussion

City Administrator Joel Walinski reviewed the process that was completed by the Finance Committee at the committee meeting last week to review the budget priority items. He stated that the projects included are recommendations from previous Council meetings and added that there are some service level items, such as contracted staffing, also included for consideration. He stated that the list includes all of the previously discussed items which results in expenditures exceeding revenues in various funds. The next step is to look at where we are at and what projects still need to be reduced or eliminated to balance the budget. He reviewed the laws related to use of funds, dedicated funds, such as grant related funds, and the inability to intermingle various fund resources. Administrator Walinski proceeded to review in detail the projects that were prioritized by the Committee. Council discussed the priorities, the need to maintain current owned facilities, funding shortfalls and finding funding for projects that have been placed on hold year after year. Council concurred to include the recommendations presented by the Finance Committee at this time into the proposed budget document. A follow-up session for the review of these changes will be scheduled.

3. Leavenworth Area Promotions (LAP) 2012 Proposed Budget

Mayor Larsen welcomed the LAP Committee representatives, Nancy Smith, Jessica Robinson and Brad Schmidt. Ms. Smith reviewed the support of the Chamber as well as the addition of the Public Relations position that has been filled by Ms. Robinson. The committee proceeded to review the proposed 2012 budget for consideration of use of the lodging tax funds. They reviewed the trade shows attended over the last year that included wedding, skiing, and cruise shows and discussed the strategies involved in presenting with large groups such as the Seattle Concierge, the Pacific Northwest Writer's Conference, and military personnel. They discussed how these large groups have already supported the City in advertising from various articles that did not come out of the lodging tax funds. Included in various advertising mechanisms, they reviewed support of the Golf Course, Amtrak, the potential for a cheaper wooden design of the Woody Statue, additional trade shows, guide distributions, and media advertising. The total budget request this year, less the Woody Statue, is 5% higher than last year's funding at a total of \$477,255, if including the statue, the total request is \$492,225. They also identified the production of visitor guides and that the City will be featured on the cover of NW Travel this year in December.

4. Rate & Fee Schedule for 2012 / Utility Rate Study Discussion

Administrator Walinski noted the need to have a special study session to review the Utility Rate Study in more detail. Council confirmed the potential meeting to be on October 25th.

5. Front Street Design Updates

Pete Weber, Larry Cordes and John Tilley of Hammond Collier Wade Livingstone reviewed the history of the engineering portion of this project and delays related to funding concerns for the project. Mr. Weber reviewed the progress completed to date and the status of the project at this time. He identified funding dollars that includes grant funds of \$800,000 from the Transportation Improvement Board and a request for a low interest loan from the Public Works Trust Fund (PWTF) in the amount of approximately \$1.2 million that includes a portion of matching funds by the City. He noted that the PWTF funds are currently pre-approved by the Board, however, are now subject to final approval by the Legislature. He proceeded to review the various draft drawings and identified the specific options included such as paver locations, tinted concrete driveways, lamp and lighting locations and landscaping. He reviewed alternatives related to pavement options and the suggestion by the Downtown Steering Committee to seek pavers if affordable. He identified public safety concerns with the corner on Highway 2 for the entrance near Dan's Market for the semi truck loading area and the suggested change that will help to alleviate those concerns. Discussion ensued on the potential for a one-way street only versus the current proposal to maintain two-way traffic. Mr. Weber continued to review other portions of the project at the south end of the street and concerns with snow removal and placement. The Council continued to review other portions such as bus stop locations, the need to start public open house meetings with the residents and business owners, inclusion of utilities and the prospect of underground electrical wiring. [NOTE: The Public Open House is scheduled for October 26, 2011 at 6:30 PM in the City's FesteHalle].

6. Resolution 19-2011 Public Records Request Policy

Mayor Larsen stated that this policy would be reviewed at the evening meeting.

7. Christkindlmarkt Special Use Permit

Administrator Walinski noted that there are only minor changes in the request for this special use permit from last year and that the permit would be reviewed, finalized and administratively approved by staff.

8. Prosecution Services Report Review

Administrator Walinski noted that this document is for Council to review and consider in preparation of the upcoming prosecution services agreement that is anticipated with no change in the per case fee.

9. Personnel Policy Review

Administrator Walinski stated that this draft document has been put together in conjunction with the City's insurance company, Washington Cities Insurance Authority, and has been reviewed by the management team and the WCIA Attorney. He briefly reviewed various sections and identified those sections that are legally written that should not be amended. Council reviewed concerns with travel related hotel costs. Administrator Walinski asked that Council review this further and prepare for discussion at the November Study Session. He added that the document is also scheduled for review by the entire staff next week.

10. Quarterly Newsletter Recommendations

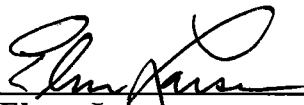
Mayor Larsen asked the Council to bring suggestions to the evening meeting.

11. Council Open Discussion

No further discussions were brought forward.

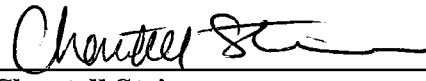
Study Session adjourned at 12:20 p.m.

APPROVED



Elmer Larsen
Mayor

ATTEST



Chantell Steiner
Finance Director/City Clerk