CITY OF LEAVENWORTH
2015-2016

FINAL

CITY COUNCIL
BUDGET TRANSMITTAL & PLANNING DOCUMENT

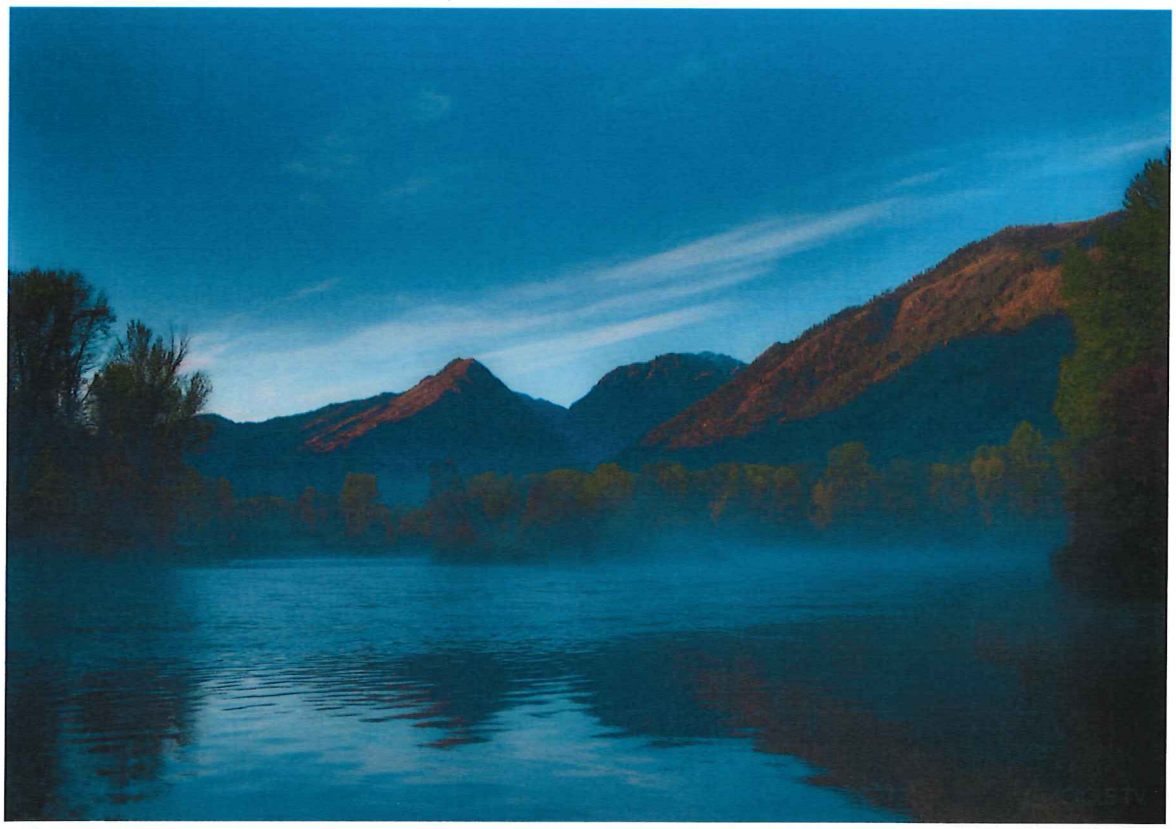

TABLE OF CONTENTS

SECTION 1:	Budget Message	IV
SECTION 2:	Policies & Ordinances	XV
SECTION 3:	Mayor/Council Roles and Protocol	XVII
SECTION 4:	Financial Summary	XX
SECTION 5:	Budget Figures and Spreadsheets	XXVII

LEAVENWORTH CITY COUNCIL

The City of Leavenworth is a community of creative people dedicated, as partners, to effectively serving the diverse needs of City residents, business interests, visitors, and our upper valley neighbors. - CITY OF LEAVENWORTH MISSION STATEMENT

MAYOR CHERYL K. FARIVAR

TIBOR LAK

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LARRY MEYER

CAROLYN WILSON, MAYOR PRO TEMPORE

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SECTION 1

Budget Message

SECTION 1: MAYOR'S AND ADMINISTRATOR'S BUDGET MESSAGE

Honorable City Council and Citizens of Leavenworth
City of Leavenworth, Washington

Submitted herein is the 2015 - 2016 City of Leavenworth Annual operating Budget. This budget is submitted in accordance with RCW 35.33.051. The annual budget is not the product of an individual effort, rather it represents the collective effort of the City's Finance Committee and city staff to deliver a responsible financial and operating plan on behalf of the City and I want to take this opportunity to acknowledge and thank the contributions to all of those that took part in the process.

The budget document is the single most important document presented to the City Council and to the citizens of Leavenworth. While the budget document reflects the policy determination of the City Council, it also serves as an aid to citizens in providing a better understanding of the City's operating fiscal programs. The budget has been built on the foundation of the City Council adopted Fiscal Policies, and developed on conservative fiscal principals that reflect the Council's and staff's commitment to maintaining necessary services, continuing improvement of the quality of the operation of the City, and keeping expenditures and taxpayer load to a minimum.

The purpose of the Biennial Budget is to present to the public and City Council a comprehensive picture of the current status and proposed operation of the City in providing the services requested and identified by the City Council and residents. The budget itself is intended to accomplish two things: (1) to provide the Administration with the opportunity to present recommendations for the allocation of resources and methods of financing of services in the coming biennium; and (2) to provide the City Council with the most effective control possible over the expenditure of public funds.

FISCAL SUMMARY

The City of Leavenworth's economy is based on tourism; the continuous investment of improvements and maintenance in the City's downtown infrastructure is of primary concern. These investments contribute to expanding the sales tax revenues and growing the City's economic base, which helps Leavenworth moderate the dependence on property tax for funding city services. The City's revenue for funding the General Fund and Street Maintenance Fund is derived primarily from five areas: Retail Sales Tax, Property Tax, Licenses and Permits, Charges for Services, and other taxes (Primarily Business and Operating Taxes on sewer, water, garbage, and other utilities/phone services/cable).

The proposed 2015/2016 Budget establishes spending across all Funds at $12,458,305 in 2015 and $9,437,001 in 2016. Revenues for the 2015 Budget are estimated at $12,069,556. The 2015 budget year has expenditures of $2,275,353 in grant funding that was awarded to the City in 2014 and in addition the 2015 budget accounts for planned capital fund expenditures in the Capital Project (Warehouse) Fund and Festhalle Fund (Leavenworth Civic Center).

Operating Budget:

The expenditure of funds for the City operation remain relatively flat as in previous years; the operating budget for the City is the sum of expenditures for personnel and benefits, contracted service such as public safety, court service, legal fees, and operating expenses; expenditures such as contracted maintenance, supplies, equipment, etc. The operating budget does not include the expenditure for capital improvements or debt service; the decline in the City operating budget from 2014 to 2015 is approximately 5%.

YEAR	Operating Budget*
2013	$8,911,086
2014	$8,137,686 Amended
2015	$7,716,015
2016	$7,565,143

**Does not include capital expenditures or debt service*

Capital Expenditures:

The 2015-2016 Capital Expenditures include both large and small individual projects that are budgeted at $3,476,536. Project funding will rely on a combination of accumulated reserves, grant awards of $1,847,267; this includes $1,727,267 for the Chumstick Multi-Use Trail and Commercial Street projects in the Street Fund and $120K in the Stormwater fund; prior years' borrowing/refinancing of $145,000, and new debt of $366,454. A summary of several specific improvements are listed below and a full list of capital expenditures and associated funding sources is embedded within the budget document which follows the transmittal letter and summary information.

Debt Management:

The management of municipal debt is among those factors generally considered to be key indicators of a government's financial well-being. December 31, 2013, the City was given an A+ credit rating by Standard & Poor's; credit ratings are forward-looking opinions about credit risk. Standard & Poor's credit ratings express the agency's opinion about the ability and willingness of an issuer, such as a city government, to meet its financial obligations in full and on time. Recognizing the importance of a sound debt management strategy, the City's Financial Policy sets a maximum level for outstanding General Obligation debt at 90% of the statutory limit of 1.5% of assessed value for non-voted bond issue or lease purchases. At the end of the 2013/2014 Budget the City's outstanding G.O. debt without a vote would have totaled approximately $3,493,318 or approximately 62% of the statutory limit. With the additional $1,326,456 identified for the ROW property acquisition, DOE Solar/Energy Grant match and

water/sewer transmission line construction for the Meadowlark Affordable Housing Project, the level of outstanding debt increases to $4,819,774 and reaches approximately 85.5% of the statutory maximum by year-end 2015; at this time no new debt is identified in 2016.

The following is the list of projects that the City will be issuing additional bonds to secure funding for the project completion:

Department of Commerce Energy Grant:
$91,454 5 Year LOCAL Lending Program, debt service to be supported by energy savings.

Right of Way/Land Purchase Chumstick Multi-Use Trail Meadowlark Utility Transmission Lines:
$275,000 5 Year LOCAL Lending Program, debt service to be supported by Utility and REET Revenue.

Construction of Utility Transmission Lines/Chumstick Hwy. Meadowlark Development Utilities:
$960,000 15/20 Year Bond program, debt service supported by Local Improvement District payments; City commitment of $193,000 funded in water and sewer utilities.

BUDGET PROPOSALS

The following areas are discussed in detail as the expenditures and revenues have a direct budgetary implication.

Wage and Benefit Costs:

The 2015 – 2016 Budget does not identify any additional staffing increases. In fact due to the changes in personnel and positions over the previous two years; the wage and benefit expenditures for 2015 only increases $6,650 from the 2014 expenditure level. This is due in large part to not filling the City Engineer position and reevaluating several positions before filling vacancies in 2013 and 2014. The contractual obligations for the wages and benefit package of the City with the Teamsters Union included a 2.25% wage increase for 2015. The City continues to invest in training, technology and equipment upgrades to help our employees work smarter, be successful, and continuously improve our work product and customer service.

In 2015 – 2016 the City has set aside funds in each utility fund to allow for the development of Graphic Interface System (GIS) levels for in field data collection of each utility (water, sewer, & storm) and City streets. Development Services will continue the investment in developing GIS overlays that identify housing density, shoreline areas, critical areas, and wetland delineations which improves customer service and information access for the residents and businesses of Leavenworth. The total investment for the City in GIS in the 2015 – 2016 Budget is $45,000.

Grant Funding

The City has had a high level of success at securing grant funding for a number of capital projects that have been identified as City Council and City resident priorities:

Commercial (Street 3rd to 8th) $1,481,200 Project: This project includes a mixture of Department of Transportation Funding. The project is the complete reconstruction of Commercial Street from 3rd Street to 8th Street to include addressing stormwater issues, improving pedestrian facilities and the complete reconstruction of the base and roadway.

$620,638 Fed Funds	$178,937 City Match
$681,625 TIB Funds	

Energy Grant, Department of Commerce $914,544: This project includes improvements to a number of aging HVAC systems at various City facilities. In addition Solar Grant funding was made available for several solar demonstration projects; one at the community pool and one solar power generator at the Waste Treatment Facility. Projects should be completed in mid-2015; 5 year payback period in energy savings to offset the City match portion of the grant. The project grant funding is not included in the 2015 budget, but will be included as a budget amendment when utilized; the City match however is included in the proposed budget.

$461,964	Energy	$99,455 City Match
$61,400	PUD Rebate	
$291,471	Solar	
$8,255	PUD Rebate	

Wetland/Stormwater Grant, Department of Ecology $200,000: This project is the development of a Stormwater Plan for the City and a Wetland Area Study to develop and address a palette of options to address the wetlands within the urban growth area.

$150,000	$50,000 City Match

Chumstick Multi Use Trail (2009 Award/STP and Ped/Bike Funding): This project provides a multi-use trail from the Cascade High School to the a terminus north of the intersection of North Road and the Chumstick Hwy; the ROW to also be used for the installation of utility transmission lines to provide City utility services to the Meadowlark Affordable Housing Project.

$424,262	$84,852

Meadowlark Affordable Housing Project (2013 CDBG Award): These funds are available to construct the onsite utilities for approximately 30 affordable homes. This grant funding is not included in the 2015 – 2016 Budget but will be added as a budget amendment once the project is under contract.

$750,000	$0

Totals: $3,449,615 Grant Dollars	**$413,244 City Funds**

Lodging Fund Expenditures

One source of revenue that benefits City businesses and residents in Leavenworth is the Lodging Tax Revenue stream; in 2015 the City will receive an estimated $1,148,450 in revenue from this fund. The City Council allocates expenditures in a number of areas to promote tourism, offset tourism related expenditures, fund capital costs and debt service payment on facilities related to tourism and to provide funding for local festivals; all of which are expenditures that enhance the economic vitality of Leavenworth and enrich the Leavenworth Community.

Although the City and City businesses faced economic challenges with the summer fires of 2014, the City continues to partner with the Chamber of Commerce and the Leavenworth Lodging Association to support and fund the Leavenworth Area Promotions Committee (LAP). In 2014 the City provided an additional $16,000 for a blitz marketing campaign to address perceived fire and smoke issues associated with the Chiwaukum Creek Fire. In addition, the City provided $20,000 for a Leavenworth/Steven's Pass Destinations Marketing Program promoting Leavenworth and Stevens Pass.

The City provides funds to support the tourism and festival activities – added police, public maintenance, and advertising - for a number of major and minor festivals, including Maifest, Autumn Leaf Festival, Christmas Lighting Festival, Leavenworth Museum, and Oktoberfest. The table below provides a breakdown of the funding areas identified in the 2015-2016 Lodging Tax Fund expenditures:

Lodging Tax Expenditure	2015	2016
LAP Committee	$528,000	$528,000
Chamber of Commerce	$207,000	$211,140
City Directed Group Advertising - Includes Emergencies	$50,300	$50,300
Stevens Pass Ski & Stay	*TBD	*TBD
Tourism Operations	$187,628	$177,409
Debt Service	$164,479	$167,779
Capital Projects	$30,000	$40,000
Reserves	$53,741	$62,016
Total Expenses	**$1,167,407**	**$1,174,628**

**TBD – to be determined*

General Fund

General Fund Property Tax

The General Fund Ad Valorem levy for the proposed budget is $418,786 in 2015 based on a preliminary assessed value for 2015 taxes of $375,622,057. The 1% limit is $4,018 with $11,643 in new construction revenue and $1,310 in refund revenue. The tax levy for 2013 was $1.591 per $1,000 valuation. The General Fund Ad Valorem levy for the 2014 final year adopted budget was $401,815 and the actual tax levy was $1.17224 per $1000. The General Fund Ad Valorem levy for 2015 is $16,971 greater than the 2014 Ad Valorem levy.

- **Levy Limits**

Given the cumulative effect that a diminished levy has on future tax capacity, maximizing the current levy may be thought of as a "best practice" within the context of the restrictive 1% levy limit legislation. The proposed budget continues to recognize the efficacy of maximizing the current levy as a vehicle to help sustain the City's long term financial health. To be clear, this is **not** a "tax to the max" approach that simply imposes a levy at the maximum allowable level without regard to actual need or purpose; in fact the proposed 2015 levy does leave the banked tax capacity of $123,371 untouched. To the contrary, the suggested approach is one that seeks to preserve future capacity and provide a current revenue source in support of identifiable future spending requirements such as fleet replacement, capital improvements, or unfunded mandates from the state government that have not been identified at this time.

Utility Operations

Though frequently not a critical part of the budget discussions, the City's five Enterprise activities represent a significant segment of the annual budget, accounting for approximately 34% of total operating expenses, $4,074,849.

- **Wastewater Utility**

The City's wastewater utility continues to operate on a narrow margin as in the past several years. The proposed rate adjustment is projected to generate revenue totaling $1,522,374; with operating expenses projected to be $1,565,522 in 2015. The fund balance for the biennium is expected to be at $417,030 for 2015 and $385,718 for 2016.

During the 2015 – 2016 time frame the City will be completing the study to address the TMDL requirement for phosphorus on the Wenatchee River while completing the Facility Plan required by the Department of Ecology. The City has allocated $340,000 in 2015/2016 for completing these planning projects; the City will also be seeking a DOE planning grant for 2016 to complete this work offsetting a portion of these costs. The construction phase for these projects will be in

2017/2018. A critical priority of the planning process will be for the City to develop a financial plan for the improvements to minimize impacts to rate payers.

- **Water Utility**

The water utility will have a negative cashflow in 2015 primarily due to the cost associated with a replacement transmission line included in the Commercial Street 3rd to 8th Reconstruction project and the debt service associated with the construction of the Chumstick Water /Sewer Transmission Line project; operating costs will increase 4%. To offset increased future debt service costs to the Water Fund a one-time transfer of funds ($50,000) from REET Funding will be used to pay for a portion of the cost of the waterline construction costs within the Commercial Street Project. The debt service associated with the Chumstick Water/Sewer Transmission Line Project will be covered through Local Improvement District Payments from benefiting properties of the Meadowlark Development. The overall fund balance of the Water Fund will stabilize at approximately $56,000 in 2015 and 2016.

One issue that is an ongoing concern of the Water Fund is the available water for future growth. The City is working with the Icicle Work Group and Wenatchee Water Reserve Group to develop new sources of water availability to secure water rights necessary for the 20 year and 50 year planning horizons. As limited water resources continue to be a growing issue throughout the State of Washington; the City will need to explore more aggressive conservation efforts and/or the acquisition of existing water rights from other agencies.

- **Solid Waste Services**

The City's Garbage Fund encompasses the services of commercial and residential refuse collection and disposal, cardboard pickup and recycling, and the operation of the Leavenworth Recycling Center. The garbage rates will remain flat for 2015; a slight increase may be needed in 2016 to maintain the fund balance of 25%.

In 2014 the City opened the Leavenworth Recycling Center. In 2015 the City will be expanding the recycling effort by providing a $5.00 per month rebate to those residential customers that use Waste Management Single Stream Recycling Program, in addition, the City will begin a trial program for recycling in the downtown City public spaces.

- **Stormwater Fund**

The City implemented the Stormwater Fund in 2013. The current rate is $2.00 per month per residential unit; a $.50 increase is included in the 2015 budget. In 2015, the City will also implement a 50% rebate program for those homeowners that have addressed and retained a 25 year storm event onsite.

The Stormwater fund revenues are used to address the aging stormwater infrastructure and to develop a Master Stormwater Plan. In 2014 the City was awarded a $150,000 Centennial Water Grant from the Department of Ecology to develop the Master Stormwater Plan and to study and develop Wetland Mitigation options for wetlands located in the Urban Growth Area/Municipal Boundary. This area has major implications on the City's stormwater system and future growth

within the Urban Growth Area. The City will provide $50,000 to the grant award of $150,000; funding will be provided through the Stormwater Fund.

- **Parking Fund**

In 2014 the City established the Parking Fund, prior to that, revenues and expenditures related to parking were tracked through the Capital Project Fund (Warehouse) and the Street Fund. Within the fund for 2015-2016, the City has an annual debt service for the purchase of the property of approximately $185,000 and an interfund loan payment of $33,000 in 2015 and the final interfund loan payment of $34,000 in 2016. On the parking revenue side, the City has budgeted $216,000 in parking revenues in 2015 and $220,000 in 2016. In addition, $55,000 is budgeted for lease payments; $50,000 from Projekt Bayern for the 3 week lease of the property in October of each year and $5,000 annually for the lease of the triangle piece of property for the Coffee Shop operation.

In 2013, the City established the paid parking lot (P3) adjacent to City Hall and made $135,000 worth of improvements which was partly funded through an interfund loan from the Cemetery Fund. In 2013, the City purchased the warehouse property (outlined below); the City issued a bond of $2,595,000 for the purchase of the property and necessary improvements to establish parking operations. In 2014 the City completed a stabilization project on the property at a cost of $257,244. For the 2015 Budget, approximately $95,000 remains for capital improvements.

The 2015/2016 budget will need to be further developed to fully cover ongoing maintenance costs, administrative costs, and enforcement.

History:

In December of 2011 the City entered into a Lease/Option to Purchase agreement with the owners of the property, the Nelson Family Trust, to purchase the fruit warehouse property. The property is located between Hwy. 2 and Front Street on the east end of the Commercial District, 1000 Front Street, Leavenworth, WA. The total property area is approximately 117,900 S. F.; the City purchased approximately 92,500 S.F.; the Nelson Legacy Group redeveloped the remnant parcel of 25,400 SF. The purchase price of the property was $2,106,690.81; the City bonded for a total of $2,475,000 leaving approximately $368,309 for required improvements.

Purchase Price	***Closing Oct 1, 2013***	***$2,156,201.18***
Rent Credit on Purchase price ($60,000/Year) *(60% of annual lease payment credit to purchase payment)*		($99,079.44)
Demolition Costs to City *(Demolition costs split between parties)*		$188,828.61
Credit on purchase price if completed within 24 months of demolition).		$150,000
Other Closing Costs		$10,740.46
	TOTAL:	**$2,106,690.81**

Roadway Improvement Projects

The City will continue making investments to improve the roadway infrastructure within the residential and business districts and to complete projects identified within the 2015 - 2020 Transportation Improvement Plan (TIP). The 2013/2014 roadway improvement projects with completed construction includes the following:

- Ski Hill Drive Pavement Overlay Project from Highway 2 to Pine Street.
- West Street Sidewalk Construction – Mine St to Ski Hill Dr (Safe Routes to School Project).
- Repaving of West Street – Mine Street to Ski Hill Drive.
- Benton and Evans Street Intersection and Crosswalk Improvements (Safe Routes to School Project).
- Commercial Street – 9th Street to Division Street (Pavement Preservation Project).
- Hwy. 2 Pedestrian Crosswalk Improvement at City Hall.
- Double BST Treatment of Birch, Cedar, Prospect and River Street in 2013.

The projects listed above are funded through a mix of awarded grant funding, the use of Transportation Benefit District funding dollars and the City providing a percentage of the match to complete the projects. In the 2015 – 2016 Budget cycle the top three priority projects identified by the City Council at this time include:

- Pine Street Reconstruction: This project is the reconstruction of Pine Street from Ski Hill Drive to Chumstick Hwy. The project will require coordination with Chelan County, which shares ownership of the roadway, for both design and funding. The scope of the project will include the addition of sidewalks, right-of-way acquisition, and addressing stormwater issues within the project area. The final engineering and construction phase of the project will be separated into two phases: Phase I will be the reconstruction of Pine Street from Ski Hill Drive to Titus Road and Phase II will be the reconstruction of Pine Street from Titus Road to the Chumstick Hwy. The City has allocated $42,500 in funding for 2015 to develop the preliminary engineering for the entire project. Funding will be sought to assist in the final engineering phase and construction phase of this project beginning in 2016.

- Commercial Street Improvements/3rd to 8th Street: This project includes pavement replacement, lighting improvements and the addition of sidewalks on one side of the street. The design and engineering plans currently are nearly complete with the anticipated bid period for the project in December 2014. Funding has been secured through the Transportation Improvement Board (TIB) and the Regional Transportation Planning Office (RTPO). The Project is expected to be completed by September of 2015.

- Crosswalks Improvements Hwy. 2: The City has identified two pedestrian crosswalks on Hwy. 2 to relocate and update with pedestrian lighting and flashing yellow beacons to improve pedestrian visibility to vehicle traffic. One location is the crosswalk at the LINK Park & Ride and the other is located at the Community Pool Crossing on Hwy. 2.

Funding for the improvements are being explored with the Washington State Department of Transportation.

- In 2016 the City will continue with the Residential Street Improvement Program. The following roadways have been identified for pavement improvement, although the specific sequence of the projects has not been confirmed:
  - ✓ Orchard Street
  - ✓ Whitman Street
  - ✓ Benton Street
  - ✓ 14th Street
  - ✓ Joseph/Commercial Street

Budget Preparation Timeline

The City's budget is prepared with the input of the Mayor, City Council, and Staff. The 2015 – 2016 Budget development process incorporated a number of City Council Study Sessions, Council Committee work, and a Budget Planning Retreat in April of 2014. As the City's budget process continues to advance, so too will the development of this budget document. Progress of the 2015 – 2016 Budget was provided regularly to the City Council at Council meetings throughout the fall of 2014.

SUMMARY

Owing in large part to the financial management policies and practices implemented over the past several years, the City has been able to effectively negotiate the challenges of stricter levy limits, reduced state funding and the financial depression period of 2008 - 2010. By most measures, the overall fiscal well-being of the City is quite good. Preparation of the proposed 2015 – 2016 Budget is based on a continuation of the adopted City Financial Policy and the use of the best practice financial management principles that have served the City well for the past several years and that will hopefully continue to do so in the future.

The budget document incorporates the City Council's priorities from the City Council Retreat, City Council Committee work and various Council discussions, adopted City plans and the developed budgeting by priorities process established by the City Council. The goals of the Budgeting by Priorities process are:

- Align the budget with Council / Citizen priorities
- Measure progress towards priorities
- Get the best value for each tax dollar
- Foster continuous learning in the City
- Build regional cooperation

The goal of this document is to provide the average citizen a road map to know what services and projects are provided in the budget. This budget document attempts to do just that. I

hope you find it readable and informative. The City of Leavenworth's 2015 - 2016 Budget contains a great deal of information for all levels of users.

Acknowledgments

We would like to express our sincere appreciation to the City Council and Staff for their effort, dedication and diligence in developing a budget that reflects the needs of the City's departments and the expectations of the City Council and Citizens of Leavenworth.

We would also like to thank the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

Cheryl K. Farivar
Mayor

Joel Walinski
City Administrator

SECTION 2

Policies & Ordinances

SECTION 2: POLICIES AND ORDINANCES

This section includes the budget creation process which explains the steps involved in the preparation and administration of the budget and adoption of the ordinance for the 2015/2016 Operating Budget.

BUDGET CREATION AND PLANNING

This operating budget represents the City of Leavenworth's comprehensive financial and operational plan for 2015 - 2016. The primary intent of this document is to answer two basic questions: Where do the City's funds come from and how will those funds be used?

In addition to providing the obvious financial planning and legal authority to obligate public funds, the annual budget provides significant policy direction by the City Council to the Staff and the community. As a result, the City Council, Staff, and public are all involved in the process of budget development.

All of the information presented herein is organized by the fund that is responsible for providing a service or activity. For example, money that the City collects from its customers for their water consumption is spent on the City providing water service through the Water Fund. The 2015 - 2016 Budget is divided into Sections by fund and includes the fund's financial condition, and the budgeted expenditure in each funds line item.

City Council Budget Planning

CALENDAR FOR PREPARATION OF 2015-2016 BIENNIAL BUDGET

July 21, 2014	✓ Finance Director Request to Staff for Detailed Budget Estimates
Aug 11, 2014	✓ Staff Requests Due to Finance Director for Budget Development
Aug 29, 2014	✓ Departmental Budgets submitted to Administrator for Review
Sept 8, 2014	✓ Staff Meeting to Review/Finalize Preliminary Budget for Presentation
Sept 23, 2014- 2nd meeting in Sep:	✓ Economic Development (4:00) & Finance (5:00) Committees Review ✓ Set Public Hearing on Ad Valorem (Property) Tax, **Oct 28** ✓ CAO Presentation Current Year Budget Review/Preliminary Budget Review
Oct 14, 2014 – 1st meeting in Oct:	✓ Parks (4:00) & Public Works (5:00) Committees Review ✓ Set Public Hearing on Preliminary Budget, **Nov 12 (Wed after holiday)** ✓ Preliminary Budget delivered to City Council without Admin Budget Message

Oct 21, 2014 – 11am-1pm Lunch	✓ Special Finance Committee Meeting – Priority Review – Conference Room
Oct 28, 2014 - 2nd meeting in Oct:	✓ Special Study Session – Priority Review ✓ Public Hearing on Ad Valorem (Property) Tax ✓ Set Public Hearing on Final Budget, **Nov 25**
Nov 7, 2014	✓ Preliminary Budget Available to Public w/Administrator's Budget Message
Nov 12, 2014 – 1st meeting in Nov: **(Wed after holiday)**	✓ Public Hearing and Preliminary Budget Review by Administrator ✓ Ad Valorem (Property) Tax Ordinances-Adopt (DUE COUNTY **Nov 30**)
Nov 25, 2014–2nd meeting in Nov:	✓ Public Hearing on Final Budget
Dec 9, 2014 – 1st meeting in Dec:	____Resolution for Rate & Fee Schedule ____2013-2014 Final Budget Amendment Ordinance ____Adoption of 2015-2016 Biennial Budget Ordinance
April 24, 2015	____Annual Budget Retreat Planning
Sept 14, 2015	____Staff Meeting to Review 2016 Budget for Modification
Sept 22, 2015 - 2nd meeting in Sep	____Economic Development (4:00) & Finance (5:00) Committees Review ____Set Public Hearing on Ad Valorem (Property) Tax, **Oct 27** ____Set Public Hearing for Biennial Budget Review/Modification, **Oct 27**
Oct 13, 2015 – 1st meeting in Oct:	____Parks (4:00) & Public Works (5:00) Committees Review
Oct 23, 2015	____Mid-Biennium Budget Updates Available to Public if Necessary
Oct 27, 2015 – 2nd meeting in Oct:	____Public Hearing on Ad Valorem (Property) Tax ____Public Hearing on Biennial Budget Review/Modification
Nov 10, 2015 – 1st meeting in Nov:	____Ad Valorem (Property) Tax Ordinances-Adopt (DUE COUNTY **Nov 30**)
Dec 8, 2015	____Resolution for Rate & Fee Schedule ____Ordinance Amending Biennial Budget Review/Modification if Necessary

SECTION 3

Mayor/Council Roles and Protocol

SECTION 3: Mayor/Council Roles and Protocol

Mayor/Council Roles

The Mayor and the City Council have previously discussed their respective roles and expectations in order to reach an understood protocol for conducting City business.

The role of the City Council is to adopt policies for the City, while the Mayor's role is to administer and execute those policies. This accurate yet simplistic distinction, however, can create both confusion and antagonism. Although the Mayor does not specifically set policy, it is certainly appropriate for the chief executive to introduce policy options and recommendations, which comprises part of the leadership role of the Mayor.

Under the 'separation of powers doctrine', the Mayor and City Council exercise certain defined powers that are free from unreasonable interference by the other. As the chief executive and administrative officer of the City, the Mayor is responsible for carrying out the policies set by the Council and seeing that local laws are enforced.

Additionally, the Mayor and her administrative staff run the day to day operations of the City, including the supervision of all appointed officials and employees, and the hiring and firing of all appointed officers and employees subject to civil laws. The Council has some authority to require confirmation of the appointment of certain officials, but may not require confirmation of firings by the Mayor. Additionally, the Council should not be involved in the Mayor's supervision of employees, their work schedules, or interfere with their work.

It is also the role of the Mayor to prepare meeting agendas, preside over meetings, report to the Council on matters involving City Administration, and to propose policy initiatives or changes. While agenda preparation is left to the Mayor, the agenda content is based on both Staff and City Council input.

In addition to setting policy, the City Council has final authority over budgeting and contracting. If the Mayor wishes to purchase equipment for a particular department, for example, Council approval is required, in 2013 the Council did adopt a City Wide Purchasing Policy which identifies procedures and spending authorization which delegates authority to the Mayor and Staff once the budget allocations have been approved by the City Council and proper procedural protocols have been met. Routine purchases that fall clearly within budget limits should be solely administrative decisions.

Parliamentary Procedure

Additional clarification is presented regarding parliamentary procedure. Upon considering an agenda item, the Mayor will entertain a motion and a second of that motion from the Council to approve an agenda item in order to open Council discussion of an issue.

In the event that a staff presentation and/or public hearing are required for the agenda item, the presentation and/or hearing will take place prior to any Council discussion. Council Member questions of staff will take place during the staff presentation, which will be followed by the public hearing, if required.

The Mayor, upon completion of the staff presentation and/or public hearing, will then entertain the motions from the Council, as described above, in order to begin discussion of the issue. Council Members may 'call for the question' to bring forth a vote on the issue, but that 'call for the question' itself may require a vote to end Council discussion on the item of business.

Consent Agenda

The City Council Consent Agenda typically includes approval of the regular meeting agenda, minutes from previous meeting(s), claims, and payroll. If a Councilmember desires to add or delete an agenda item, a motion should be made to amend the Consent Agenda to include such modification to the regular meeting agenda. A second to the motion to amend followed by an affirmative vote would then be required to approve the Consent Agenda.

Conclusion

Through this budget planning process, the Leavenworth City Council has reconfirmed the Budgeting by Priority Process and the General Financial Goals from the Council's adopted financial policies (Resolution No. 6 – 2013) as outlined below:

The goals of the Budgeting by Priorities process are:

- Align the budget with Council / Citizen priorities
- Measure progress towards priorities
- Get the best value for each tax dollar
- Foster continuous learning in the City
- Build regional cooperation

General Financial Goals

a. To provide a financial base sufficient to sustain municipal services to maintain the social well being and physical conditions of the City.

b. To be able to withstand local and regional economic trauma, to adjust to changes in the service requirements, and to respond to other changes as they affect the community.

c. To maintain an excellent credit rating in the financial community and assure taxpayers that Leavenworth city government is maintained in sound fiscal condition.

By incorporating many of these previous goals, the City strategically places itself to best take advantage of those opportunities – whether partnering with other agencies or community groups or enhancing the economic vitality of the community.

SECTION 4

Financial Summary

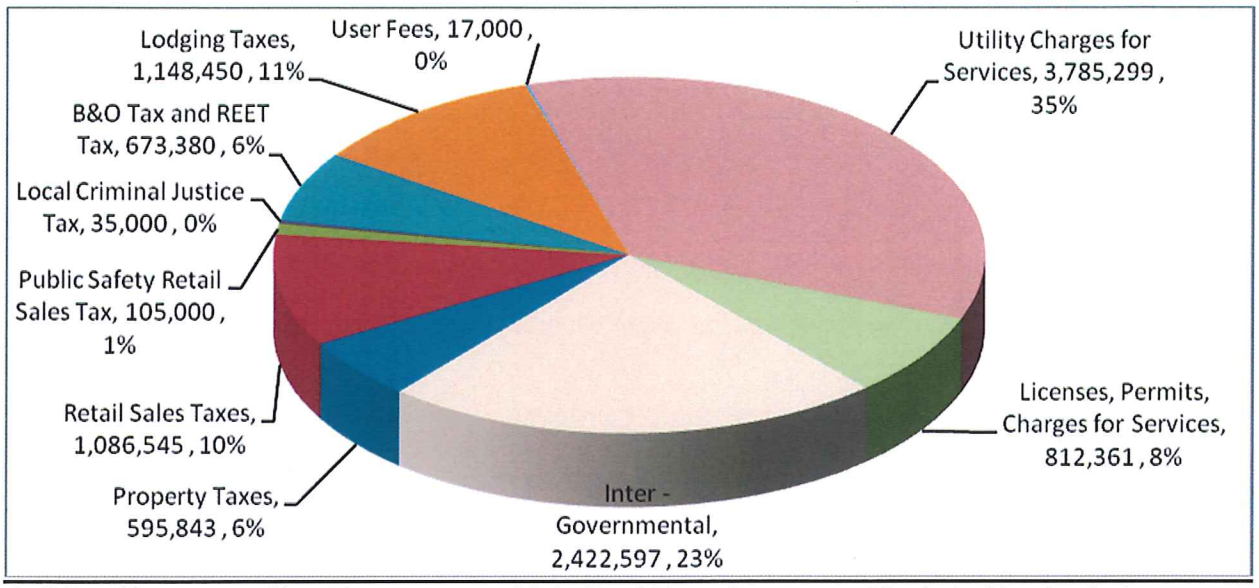
SECTION 4: Financial Summary

CITY OF LEAVENWORTH BY THE NUMBERS SNAPSHOT:

Total Preliminary Assessed Valuation of the City of Leavenworth for 2015 is		**$375,622,057**	
New Construction Value (included in the above total) for 2014 is:		**$9,932,090**	
The total Property Tax Levy Rate for 2014 was		**1.17224 per $1,000**	
City of Leavenworth receives:		**$418,786**	
City of Leavenworth Real Estate Excise Tax (REET)		**¼ % + ¼% = ½% of sales**	
Total Budget Expenditures all Funds			
Revised 2014:	**$11,820,540**	Proposed 2015:	**$12,458,305**
Fund Balance			
2014 Ending Estimated	**$1,769,686**	2015 Estimated:	**$1,990,080**
General Fund Expenditure			
2014 Amended:	**$2,387,292**	2015(Proposed):	**$2,432,316**

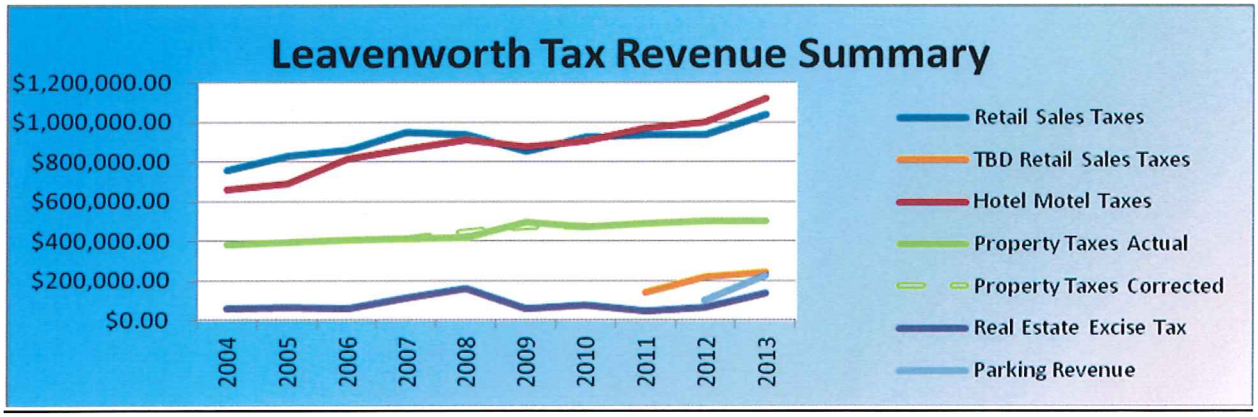
GOVERNMENTAL REVENUES

The City of Leavenworth derives funding from a number of sources as identified in the graph below; this diverse funding allows for stabilization of the City's financial status unlike a number of other communities that rely more heavily on one source of funding.



* Other Revenues, Non-Revenues and Interfund Transfers are not included in chart above.

This section provides information on the more significant sources of revenue the City of Leavenworth receives in its governmental funds in a given year. Included is a discussion on property taxes, sales taxes, and the B & O taxes, which collectively account for approximately 75% of General Fund Recurring Revenues.



Sales Taxes

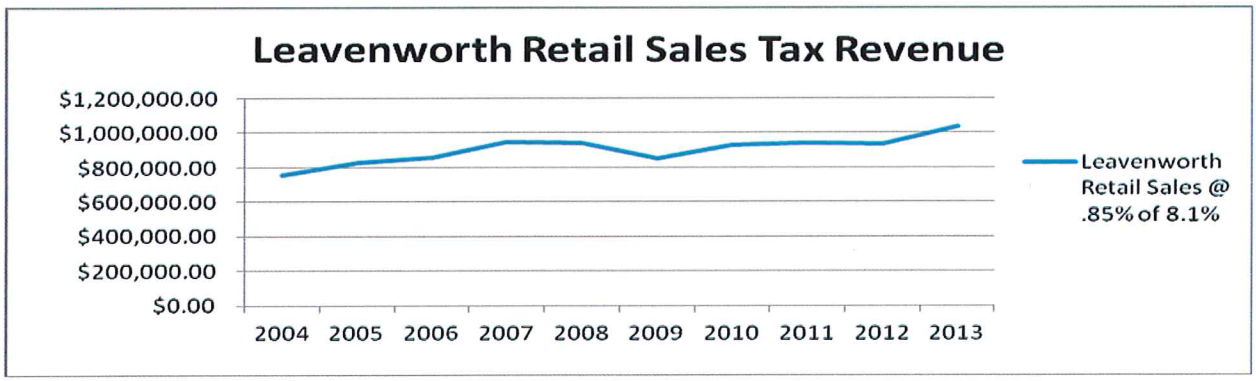
Sales tax is a tax collected by businesses on the retail sales of tangible personal property and certain services within the State. Exceptions to the retail sales tax include groceries, prescription drugs, certain government activities, and newspapers. Businesses do not pay sales tax on the purchase of materials that are to become components of finished products for sale.

The total sales tax charge is 8.40%, this includes two voter approved increases; the additional .2% for the Transportation Benefit District in 2011 and the .1% increase in April 2014 for the Public Safety increase. Of this, the State collects 6.50%, with the balance collected by the City (1.135%), Chelan County (0.265%), LINK (0.40%), and Juvenile Detention Center Bonds (0.10%). The Public Safety Sales tax is split with Chelan County 85% to the City and 15% to Chelan County, the County has agreed to use those revenues to offset the School Resource Officer at the Cascade School District. 55% of sales tax revenue received by the City of Leavenworth goes to the General Fund, while 45% goes to the City's Street Fund.

The City's General Fund and Street Fund rely heavily on the revenues generated by the retail sales tax. In 2015 the City's General Fund and Street Fund is estimated to split the $1,086,546; $596,021 for the General Fund and $490,525 for the Street Fund. Sales tax revenues have continued the upward trend over the last three years reflecting the increase in building activity and commerce in the commercial districts. The following table provides a history of the City's sales tax receipts for the years 2003 through 2013:

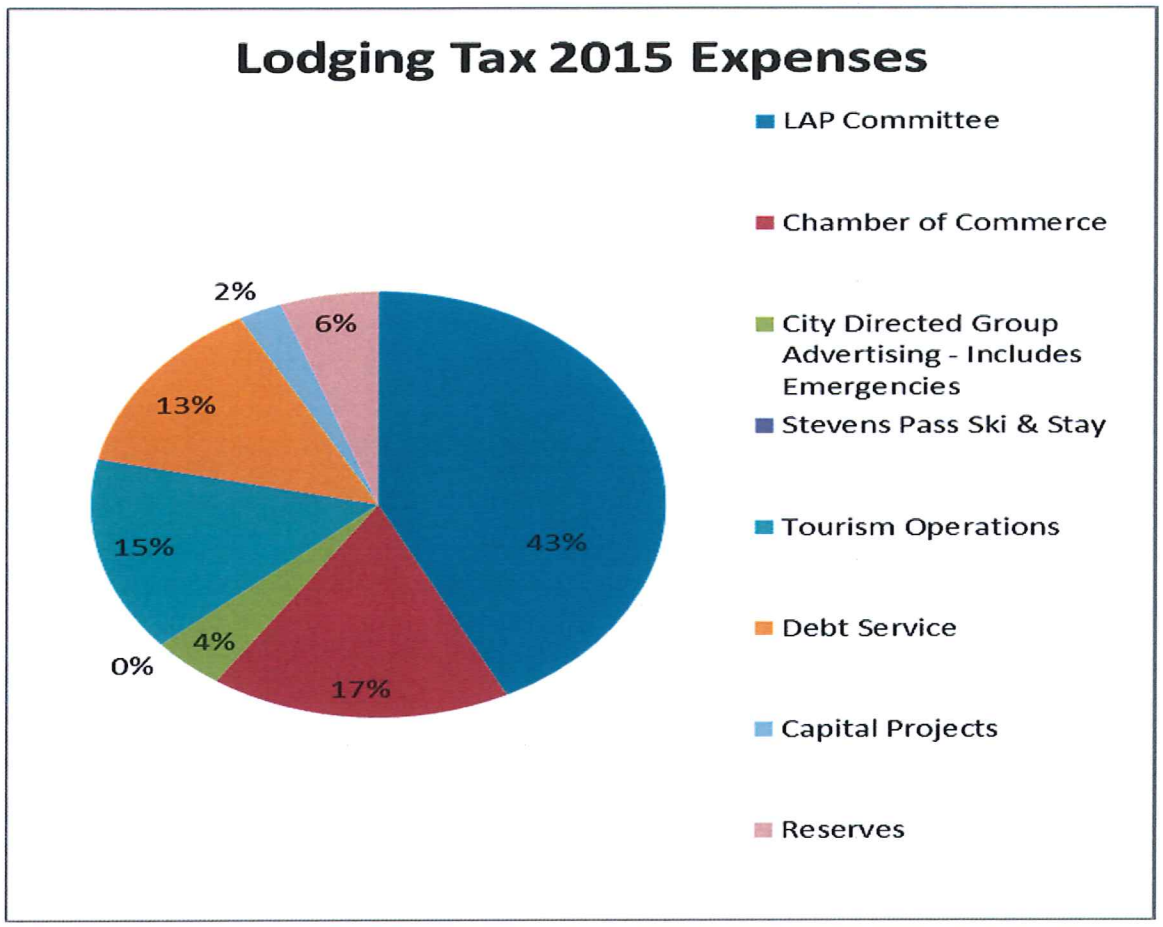
2004	$755,666	2005	$827,710	2006	$859,207	2007	$945,376
2008	$937,151	2009	$849,726	2010	$925,773	2011	$938,513
2012	$936,242	2013	$1,038,148				

2009 revenues represented a 10.3% reduction from 2008 and 2010 represented an 8.2% increase over 2009. 2011 revenues represented a 1.3% increase over 2010 and collections for 2012 were flat compared to 2011 with a total of $936,242 received. Below is a graph showing the yearly trends of the Retail Sales Tax revenue over a ten year period.

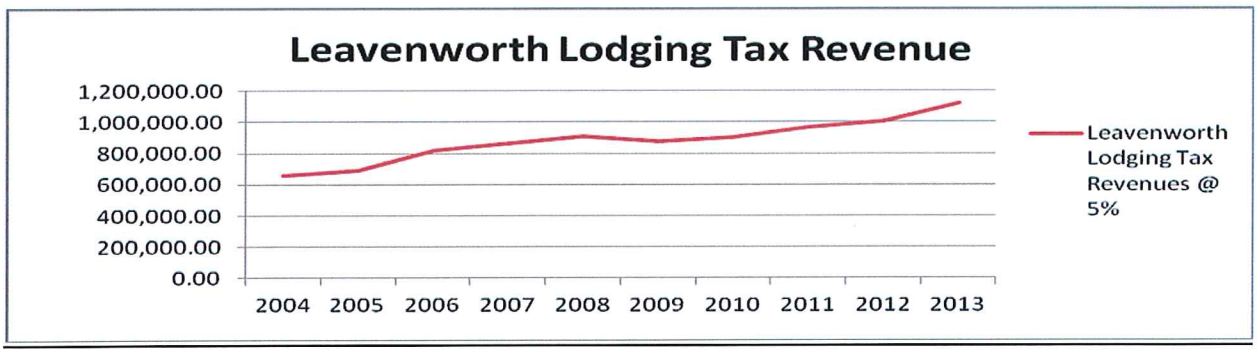


Lodging Tax

The estimated collection of lodging tax dollars for 2015 is $1,148,450 up from the $1,115,000 budgeted for 2014. The chart below shows a breakdown of allocations approved by the City Council:



Over time Lodging tax has continued to increase with the expansion of the tourism season and the number of rooms and lodging facilities added to the community within the municipal boundaries. The chart below tracks this increased growth from 2004 through 2013.



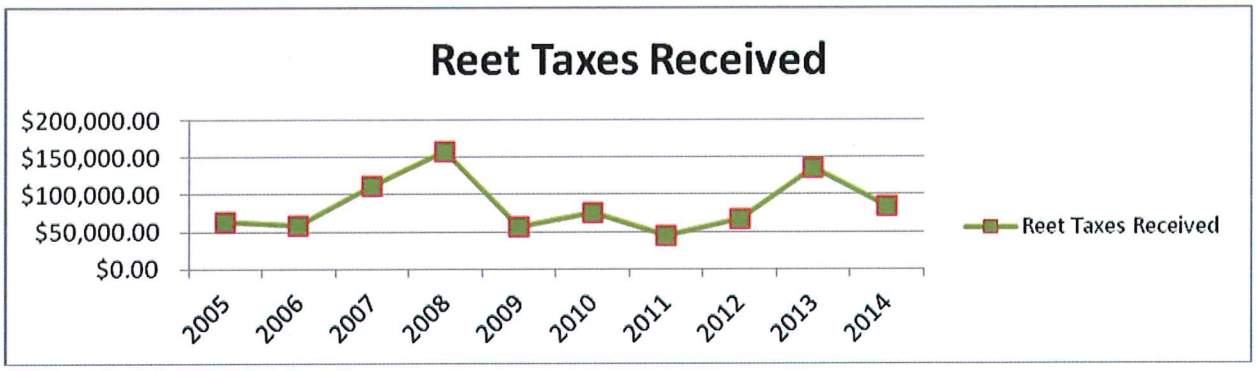
Business and Occupation Taxes

Business and Occupation Taxes are levied on all utilities, cable television, telephone, and wireless communications. The tax is equal to 6% of the total gross income from gross subscriber receipts for electric, telephone and wireless communications and 10% on all other utilities.

Real Estate Excise Tax

The Real Estate Excise Tax (REET) is a tax on the transfer of real property, which is paid by the seller at the time of closing. There are two ¼% portions available to the City. The first ¼% may be spent towards local capital improvements, which may include streets, parks, sewers, water mains, swimming pools, etc. The second ¼% may only be spent towards capital projects of a public works nature, such as streets, sidewalks, lighting, water systems, storm and sanitary systems, and park construction or reconstruction. The City Council voted in 2006 to begin the collection of the 2nd ¼% REET to begin a residential street and sidewalk restoration program.

Due to the uptick in the economy these revenues are recovering from the downturn in the economy in 2009 as identified in the illustration of historical revenues below.



Charges for Services

This category includes all service charges for outside customers and where one department of the City becomes a customer of another. Park fees and service charges are included in this category, and charges vary based upon the type of service being delivered. Revenues received from this source are typically utilized to recoup the cost of service delivery. Fees charged to the public are based upon predetermined rate and fee schedules, which the City Council adopts by Resolution each year. Fees charged for utility administration and engineering/planning services are based upon an estimate of actual time spent on projects.

City Utilities: Water, Waste Water, Garbage, Stormwater and Parking

The City has five Utility Funds that provide services, four of which residents and business are charged a fee for services. By law those charges for services must be based on the cost to the agency providing those services. Equally as important, the funds collected for those services cannot be spent on any other services nor go to support any other City funded activity. The rates for the Water, Waste Water, Garbage and Stormwater services that the City provides were

the outcome of a Utility Rate Study completed by HDR Engineering in 2011.The study included the review of ongoing capital maintenance and operational costs, a review of the current infrastructure improvements for the Wastewater and Water Infrastructure System, and future capital construction costs associated to those systems which are driven by development. The result of this rate study reaffirmed the current rate structure the City has implemented over time. In 2015 the recommended increases in utility fees are:

	Water	Sewer	Garbage	Stormwater	Total
¾ Meter	$5.28	$2.14	$ 0	$0.50	$7.92
Senior	$2.59	$1.20	$ 0	$0.50	$4.29
Senior Hardship	$1.35	$0.45	$ 0	$0.50	$2.30

Intergovernmental Funds:

Intergovernmental funds cover a wide area of revenues received by the City from other governmental agencies, while the largest group on funding is from grant awards; the City also receives funds from the Liquor Control Board for alcohol sales, Criminal Justice Tax, and several smaller funding areas.

Property Taxes

Property tax is a tax on real property for the full-assessed value. Revenue obtained from this tax is devoted to the state, cities, counties, schools, special purpose districts, and libraries. Assessed value is determined by the Chelan County Assessor's Office, which makes a reevaluation of each property every year. The property tax is limited to $3.60 per thousand dollars of assessed valuation for Cities. In Leavenworth, the City is annexed to the library district thus making the maximum tax rate available to the City only $3.10, since $.50 per thousand of assessed valuation goes to the library system.

In November of 2001, Washington voters approved Initiative 747 which limits the increase in property tax to the lower of 101% or the rate of inflation as measured by the implicit price deflator (IPD). Local increases of more than 1% are allowed if the citizens of Leavenworth vote to approve a levy lid lift. Because the cost of doing business typically increases by more than 1% per year, the City Council is considering a 1% property tax increase as allowed by law for the 2015 budget.

The Leavenworth property tax is used to support public safety expenditures within the General Fund. Public safety expenditures make up 25% of the General Fund budget. This includes expenditures for police services, incarceration costs, court services, emergency management, and Fire Marshall services; the largest expenditure being police services. The City contracts with the Chelan County Sheriff's Office for police services. The contracted amount for that service in 2015, including RiverCom communication services, is $532,608; the estimated amount in 2016 is $551,733. The estimated Property Tax collected by the City of Leavenworth for 2015 is $418,786. In addressing public safety costs the City also allocates 100% of the Public Safety Sales tax that was implemented in 2014, which is estimated to be $105,000 in 2015; the additional shortfall in costs associated to public safety expenditures is covered with other General Fund revenues.

The table below is a comparison of the 2014 City Property Tax burden for those city residents and those that live adjacent to the City or other jurisdictions within Chelan County:

Taxing Jurisdiction	County 201,936	Cashmere 201,812	Chelan 200,921	Leavenworth 200,916	Wenatchee 200,924
ST SCH - STATE SCHOOL	532.40	591.15	500.38	492.19	504.89
CITY TAX		**521.39**	**240.88**	**242.73**	**534.36**
CHELAN COUNTY GENERAL	256.29	284.56	294.52	236.93	243.05
LIBRARY	87.46	97.11	82.20	80.86	82.94
CC RD - ROAD DISTRICT	271.16				
PORT OF CHELAN COUNTY	55.78	61.93	52.42	51.56	52.89
UPPER VALLEY PK & REC	37.79			34.94	
CEMETERY 4			12.19		
FIRE	113.88		198.50	76.03	
HOSPITAL	197.67		110.83	182.76	
SCHOOL DISTRICT	374.60	1363.54	439.99	346.30	736.94
2 - LEAVENWORTH MOSQUITO DISTR.				19.00	
PEST - HORT PEST ASSESSMENT	1.35	1.35	1.35	1.35	1.35
WEED - NOXIOUS WEED ASSESSMENT	5.00	5.00	5.00	5.00	5.00
TOTAL	**1,933.38**	**2,926.03**	**1,938.26**	**1,769.65**	**2,161.42**
	.957%	1.449%	.964%	.880%	1.08%

SECTION 5

Budget Figures and Spreadsheets

SECTION 5: BUDGET FIGURES AND SPREADSHEETS

General Fund Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 421,600	$ 486,195	$ 454,103
Total Taxes:	$1,723,083	$1,748,186	$1,800,843
Total Licenses and Permits:	$ 114,750	$ 128,050	$ 128,050
Total Intergovernmental Revenue:	$ 53,716	$ 143,330	$ 51,876
Total Charges for Services:	$ 67,000	$ 47,850	$ 47,850
Total Interest & Other Earnings:	$ 39,565	$ 41,975	$ 41,950
Total Other & Non-Revenues:	$ 478,800	$ 322,925	$ 147,925

General Fund Expenditures

Mayor and City Council

The Mayor and City Council establish the goals and priorities for the City through the adoption of Ordinances, policies, and the City's annual budget. Members of the City Council also serve on numerous intergovernmental committees which are responsible for addressing local and regional issues such as public safety, public transportation, solid waste disposal, infrastructure needs, economic development and parks and recreation. The Mayor/Council function represents 2% of General Fund expenditures.

Description	2014 Budget	2015 Budget	2016 Budget
Total Legislative Services:	$ 41,750	$ 48,250	$ 61,750

City Administrator

Under the direction and authority of the Mayor, the City Administrator is responsible to supervise, administer and coordinate the activities and functions of the various city offices, departments, commissions and boards in carrying out the requirements of city ordinances and the policies of the City Council. The Administrator helps to identify community needs for Council review, researches information, prepares reports, negotiates contracts, manages personnel, and maintains relations with local, state, and federal agencies. The administrator serves as personnel officer of the City, supervises

all purchasing by the City, and directs the annual budget process. The City Administrator function represents 5% of General Fund expenditures.

Description	2014 Budget	2015 Budget	2016 Budget
Total Executive - City Administrator:	$ 113,090	$ 117,847	$ 121,262

Finance/City Clerk Department

The Finance/City Clerk Department is responsible for ensuring the sound financial management of all City operations and the safekeeping of City assets and records. The department performs employee payroll and benefits, annual financial reporting, utility billing, parking enforcement billing, accounts receivable/payable, budget and audit reports, investments and debt management, records management, computer information technology services and assists the Development Services Department with business licensing functions. In addition to providing excellent customer service, the Finance/City Clerk Department in 2014 completed the annual report for 2013 and will perform in the 2015 budget cycle audit reviews of 2013 and 2014 in conjunction with the Washington State Auditor's Office. The City anticipates a clean audit report for both prior years. The Finance Department assisted the Administration in the creation of a biennial budget process, continues to archive and digitize City records, maintains a vehicle & equipment replacement program, computer replacement program and assets tracking system, maintains the City Code online as ordinances are adopted, reviews and updates City Financial Policies and investigates alternative investment opportunities of financing of city bonds. The Finance/City Clerk Department function represents 5% of General Fund expenditures.

Description	2014 Budget	2015 Budget	2016 Budget
Total Finance/City Clerk:	$ 118,590	$ 121,242	$ 116,425

Legal Services

The City Attorney is a contract position that involves a monthly retainer, as well as an hourly rate applied to services beyond the scope of the retainer. The City Attorney provides legal counsel and representation services to the City on a variety of issues, ranging from Ordinances and Resolutions to land-use appeals and negligence claims. This program also funds legal services from other attorneys in specialized fields, such as land use, contracts, and personnel. The City Attorney function represents 2% of General Fund expenditures.

Description	2014 Budget	2015 Budget	2016 Budget
Total Legal Services:	$ 52,000	$ 48,250	$ 48,250

Property Management

The Property Management program covers expenses associated with the maintenance and repair of City Hall, including janitorial service, and the Festhalle maintenance and repair. In 2012, the budget increased to include dedicated staff resources for ongoing maintenance needs of city owned facilities. In February 2014 a full time Facility Maintenance position was created and filled, enabling the City to accomplish ongoing building maintenance, repairs and upgrades. As a result, Festhalle improvements including interior walls and lighting were accomplished in house. In addition, the City applied for, and was awarded in March of 2014, with an energy efficiency and solar grant. This was awarded for capital improvements in regards to energy efficiency for City Hall, PRSA pool, Festhalle, Public Work Facilities, Amtrak Train Station, Wastewater Treatment Plant and Front Street, which are all slated for completion in 2015. Property Management represents 5% of General Fund expenditures.

Description	2014 Budget	2015 Budget	2016 Budget
Total Property Management:	$ 79,904	$ 118,241	$ 118,630

Law Enforcement

The City contracts with Chelan County for law enforcement and RiverCom (dispatch services), emergency management, jail, and prosecution services. The Chelan County Sheriff's Office (CCSO) is responsible for the protection of the citizens of Leavenworth and provides 24 hour emergency response, patrol, and criminal investigation. The City Council approved a 4 year (2014 – 2017) Public Safety contract with the CCSO with a 4% annual increase. The new contract also provides for a City Liaison Officer who is assigned to patrol the City on an ongoing basis. In addition the new contract has 150 hours of overtime within the contract to cover festivals and events. The City uses Lodging and Hotel Tax dollars to hire additional sheriff deputies for other City sanctioned festivals above and beyond the 150 hours. The Regional Justice Center costs are billed monthly based on actual incarceration numbers at $73.50 per day. The

Prosecution Services agreement is based on the number of prior year cases at a set rate per case of $210. The City's provision of law enforcement services through these contractual arrangements represents 24% of General Fund expenditures.

Description	2014 Budget	2015 Budget	2016 Budget
Total Law Enforcement:	$ 563,710	$ 582,471	$ 602,233

Fire and Emergency Response Services

In November 2012 voters approved annexation of the City into the Chelan County Fire District #3 which took effect in January 2014. For the 2014 budget year, property tax requests were reduced to offset the reduction of contractual agreements with the Fire District. The City now contracts with the Fire District to provide Fire Marshall services; these services include a fire inspection program of commercial, public, and industrial buildings and Fire Code plan review for new construction. The current contract runs through 2016. The provision of the Fire Marshall Service contract represents 2% of General Fund expenditures in 2015.

Description	2014 Budget	2015 Budget	2016 Budget
Total Fire Control & Emergency Response:	$ 130,000	$ 43,000	$ 43,000

Emergency Services

The Chelan County Sheriff's Office provides Emergency Management services to the City of Leavenworth. Provision of these services is required by law, and includes emergency services planning and coordination with the Federal Government, the State of Washington, neighboring counties, military organizations and other support agencies. Should an incident occur demanding emergency management operations, the Chelan County Emergency Management staff would be onsite to assist the City. Charges for the Emergency Services Management program provided through the Chelan County Sheriff's Office are based on a per resident cost to coordinate emergency services management throughout Chelan County.

Description	2014 Budget	2015 Budget	2016 Budget
Total Emergency Management Services:	$ 4,477	$ 4,450	$ 4,450

Physical & Economic Environment

Cemetery maintenance and the provision of animal control services comprise the physical environment components of the City's operations. The 2015 - 2016 contracted fee for animal control services shows no increase at this time. The new contract implemented in 2013 is for reduced services; however, it does provide for the collection of stray animals and resident access to the Animal Humane Center. The Economic Environment provides funding for services to non-profit agencies that support such areas as affordable housing and senior services. The Physical & Economic Environment function represents 4% of General Fund expenditures.

Description	2014 Budget	2015 Budget	2016 Budget
Total Cemetery:	$ 62,229	$ 89,270	$ 93,206
Total Animal Control:	$ 10,100	$ 9,100	$ 9,100
Total Affordable Housing:	$ 0	$ 0	$ 0
Total Aging & Adult Services:	$ 4,500	$ 4,500	$ 4,500
Total Physical & Economic Environment:	$ 76,829	$ 102,870	$ 106,806

Development Services Department

The Development Services Department provides services that help achieve the community's vision by implementing the goals and policies of the City's Comprehensive Plan. The Department is responsible for providing long range planning, short range planning, and permitting services to protect public health, safety, and economic vitality through the utilization of established land use policies and standard construction practices.

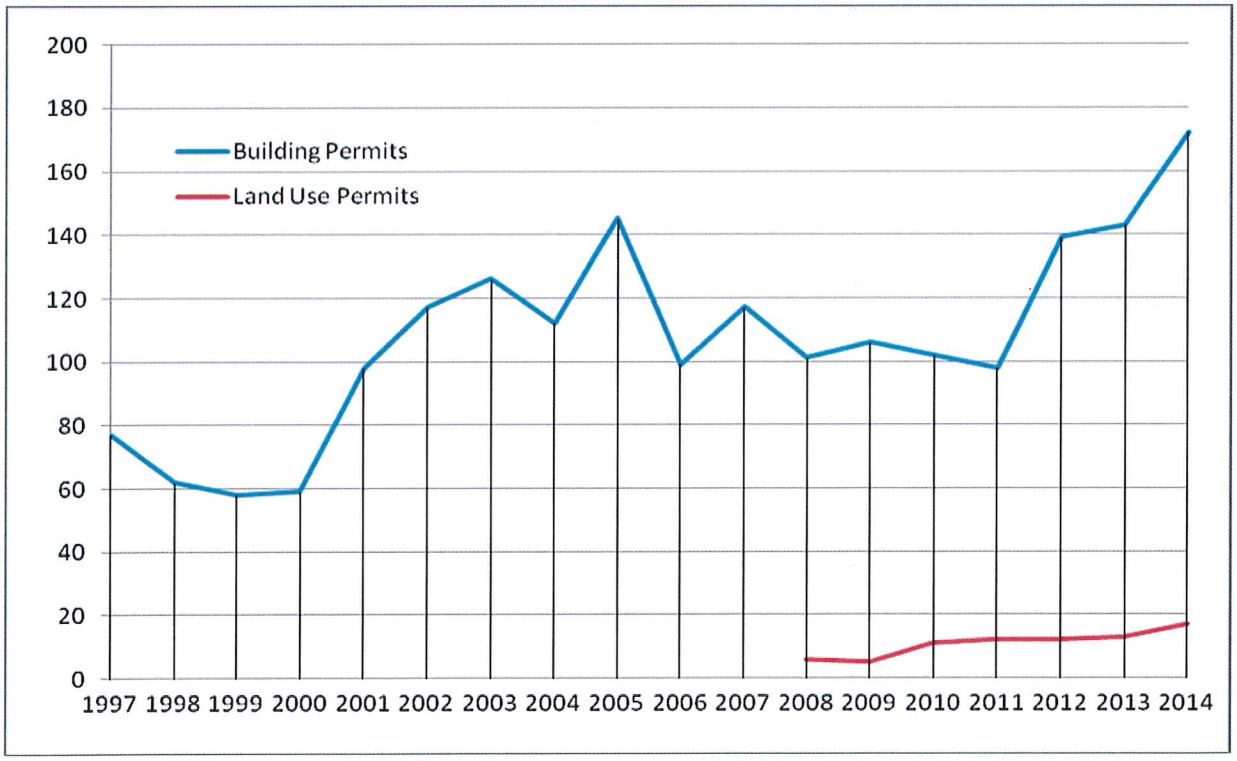
The Department is responsible for performing a variety of complex activities, including researching and analyzing technical data to apply local, State and Federal law to development, construction, licensing, land use approvals, permitting, and updating rules and regulations. The Department oversees zoning / land use ordinances, interlocal planning, oversight of special research / community projects, grant writing, and special project development. Development Services also provides support to the City Administration, City Council, Design Review Board, Planning Commission, and Downtown Master Plan Steering Committee for the purpose of administration and implementation of projects and permitting. The Department provides professional technical assistance to the public, other staff members, officials, contractors, developers, and design / construction professionals from conception to completion. Development and Code services represents 12% of General Fund expenditures.

Building, Construction and Other Permits Over Time

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005
Building Permits	77	62	58	59	98	117	126	112	145
Land Use Permits									

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Building Permits	99	117	101	106	102	98	139	143	172*
Land Use Permits			6	5	11	12	12	13	17**

(Numbers include only permits issued/processed per year, including revisions, and may include previous year docket/permit numbering. Does not include voided, withdrawn, or issued in subsequent year permits)
* As of 11/13/2014 including in process
**As of 11/13/2104 including in process



Building, Construction and Other Permit Types

One measurement of activity within the Development Services Department is the total number of building permits processed throughout the year. In 2014, the total number of building permits processed was 168 In comparison, 2011 which included 98 permits; in 2012, 139 permits; and in 2013 143 permits processed. The breakdown on permits is provided below:

Permits by Type	2008	2009	2010	2011	2012	2013	2014
Building	52	45	35	47	49	47	61
Plumbing	1	7	7	9	10	5	9
Mechanical	6	3	4	7	11	29	26
Parking Lot	0	0	0	1	1	3	0
Demolition	2	1	0	1	5	1	4
Sign	19	23	23	24	32	26	29
Design	6	6	9	4	12	15	19
Other	15	21	24	6	19	17	24
Total	101	106	102	99	139	143	172

Other = Lighting, Fire Safety, Footing/Foundation, Grade/Ex, etc

Land Use Permits

In addition to building permits, the Development Services Department is also involved with land use permits, code amendments, and enforcement actions. The totals are provided below:

Land Use	2008	2009	2010	2011	2012	2013	2014
BLA	3	4	6	3	8	6	5
CUP	1	1	0	2	2	2	1
VAR	0	0	0	1	2	1	1
BSP	0	0	0	0	0	1	0
SS	0	0	0	3	0	0	0
MS	0	0	0	1	0	2	0
SS	0	0	0	0	0	0	0
PD	0	0	0	0	0	1	0
SHL-E	0	0	4	2	0	0	0
SHL-SSD	1	0	0	0	0	0	0
SHL-V	1	0	0	0	0	0	0
HO	0	0	1	0	0	0	10
Total	6	5	11	12	12	13	17

Business and Liquor License

Another significant task undertaken by the Development Services Department is with business and liquor license processing and issuance. In 2014 the department processed 194 business licenses, issuing 143 licenses (new and renewal/re-open) with 51 denied or determined to not require a City license (outside City etc). The department processed 80 liquor licenses, issuing 78 licenses with 2 denied (location changed).

Long Range Planning (Comprehensive Plan, Map and LMC Amendments)

The Development Services Department will be working on the 2015 Planning Commission Docket which includes 27 potential amendments, studies, plans, and/or action items for Council adoption and/or approval. From the 2014 Docket, 11 "roll-over" amendments will be included into 2015 Development Services work plan and Docket. Completion of the 2014 Docket included the following Comprehensive Plan, Map and LMC amendments:

1. Ord 1467 - Amends 13.04.230, 18.08.190, 18.20.020, 18.20.030, 18.21.020, 18.21.030, 18.23.020, 18.23.030, Ch. 18.52, 21.09.030, 21.09.040, 21.90.172 and 21.90.176, home occupations.
2. Ord 1473 - Amends 14.08.050, Old World Bavarian theme supplemental regulations - bonding / expiration to complete DRB improvements within timelines.
3. Ord 1474 - Amends [adds] 14.17.045, flags, flagpoles, towers, and tower structure exemptions ("City of Leavenworth Maibaum exemption.")
4. Ord 1475 - Amends 21.03.060, 21.09.040, 21.15.070, and 21.03.020 - "substantial development permits" are moved from quasi-judicial to full admin permit type.
5. Ord 1476 - Amends [adds] 14.08.035 and 14.10.035, design review and sign permit conditions and effects.
6. Ord 1477 - Amends 14.10.050 and 14.10.055, Sign Code ("parking sign" that differs from "Directional Sign.")
7. Ord 1478 - Amends Ch. 15.04, building codes - International Codes Adopt by Reference ("International Codes (IBC, IFC, IRC, etc). PHASE I
8. Ord 1480 - Amends zoning map (Special) - Lions Club Park interim Zoning Map
9. Ord 1482 - Amends shoreline master program
10. Ord 1483 - Repeals and replaces Ch. 14.04 - Developer Reimbursement and Collection Agreements (late comers agreements)
11. Ord 1485 - Adds 21.11.025; amends14.08.030, design review - Design Review Board quasi-judicial authority, review process, thresholds, and appeal edits; and Add admin approval for "equipment" applicability

12. Ord 1486 - Amends 16.04.100 - State Environmental Policy Act - Categorical Exemption levels / thresholds changes.
13. Ord 1487 - Adds Ch. 14.09 and 21.90.038, 21.90.094, 21.90.201, 21.90.215, 21.90.223, 21.90.286, 21.90.287 and 21.90.289; amends and renumbers - Old World Bavarian Alpine Theme minimum maintenance standards with update to definitions.
14. Ord 1490 - Amend Chapter 14.10 for Educational Institutions Reader Board Sign(s);
15. Ord 1491 - Comprehensive Plan Land Use Designation and Zoning District Map amendment for property known as "Lions Club Park" and "Howard Hopkins Memorial Pool" from "General Commercial District" to the "Recreation-Public District"
16. Ord XXXX (at time of report pending) Amend - Light Industrial uses.
17. Section 14.08.110 - Temporary and/or seasonal decorations. (voted down)
18. Sections 14.28.090 and 14.28.110 - Temporary and/or seasonal lighting. (voted down)

Other actions:

1. Ord 1464 Amends 5.36.010 through 5.36.070, taxicabs and motorized vehicles for hire (5.36)
2. Ord 1465 Alley vacation; repeals Ord. 546 (Special)
3. Ord 1468 Adds Ch. 9.70, false alarms (9.70)
4. Ord 1472 Adds Ch. 9.55 [9.25], public urination and/or defecation (9.25)
5. Ord 1479 Adds 6.04.012, confinement of animals in vehicle infraction (6.04)

Objectives

Permitting levels continue to increase with the focus on timely issuance of all permits, effective processing procedures, attention to risk management, and professional customer service.

The work of the staff, Boards and Commissions play a vital role in assuring that all sectors of the community receive fair, courteous and effective service and experience project success from conception to completion. Development Services Department staff members are simultaneously engaged in administering a variety of regulatory requirements and work daily with the community which includes everything from construction, the environment, community vision, and economic development. One key element of the continued economic sustainability of tourism in Leavenworth is our Old World Bavarian Alpine Theme and design which is administered by the Department.

Work will continue with Chelan County, State of Washington, and other jurisdictions, agencies and organization to proactively engage regional planning efforts.

With the priority of permit issuance and customer service along with long-range planning of the work for the Department, continued enforcement will need to be addressed as contingency plans to the Department's priorities.

Description	2014 Budget	2015 Budget	2016 Budget
Total Planning and Development Services:	$ 175,031	$ 202,596	$ 214,539
Total Code Administration:	$ 81,307	$ 90,769	$ 95,041
Total Development and Code Services:	$ 256,338	$ 293,392	$ 309,580

Parks Maintenance

The Public Works Parks Maintenance Division is responsible for turf and grounds preservation, seasonal hanging baskets and annual plantings, site repair, and other facility improvements for the City's five park sites, Mountain View Cemetery, and various landscaped areas throughout the community. The City established a Parks Supervisor position to provide the technical expertise and leadership in developing and improving the assets within the City's park system. Parks Maintenance is provided by one full time employee, one eight month seasonal employee, two six-month seasonal employees, and two part-time employees. In addition, a Custodian Attendant was contracted via the Senior Center to provide a higher level of care to the downtown restrooms on an ongoing basis. This program will continue in 2015-2016. The Parks Division accounts for 20% of General Fund expenditures. Listed below is a brief description of the City park facilities:

- Enchantment Park: Accessed via Enchantment Park Way, this park features three ball fields, restrooms, playground equipment, picnic tables, and trails to the Wenatchee River. Several commercial rafting services also use this park as a staging area to launch their vessels during rafting season, and each rafting company pays a fee to the City based on their number of customers or a percentage of profits. Enchantment Park is the home of the City owned athletic fields and the home to the Upper Valley Youth Baseball, Adult softball league and the Leavenworth Soccer Club. In 2014 a renovation of the restroom facility was completed improving this site for residents and visitors. Enchantment Park connects to Waterfront Park through a series of trails.

- Waterfront Park: Accessed via Ninth and Commercial Streets on the south edge of the core commercial area, Waterfront Park features a riverside trail, playground equipment, interpretive signs, picnic areas, a small amphitheater and restrooms. The Park connects to Enchantment Park through a series of trails. In 2013-2014 the Chelan

County Department of Natural Resources, with the cooperation of the Parks Division, have begun several shoreline and erosion control projects including split rail fencing, planting and restoration signs. This project will be ongoing into 2015.

- Front Street Park: Located downtown between Front Street and Highway 2, Front Street Park features a gazebo, restrooms, and several sitting areas. This park hosts entertainment, a Thursday through Sunday art show held several months throughout the year, and is the focal point for several of the City's festivals. Since the major rehab and renovation project of the Gazebo in 2012, the City has continually maintained and preserved the work done to the Gazebo and plaza area, which includes recent upgrades to the restroom facilities. In 2014 approval was given to purchase snowmaking equipment, on a lease/purchase agreement, in accordance that the machine would be utilized at Front Street Park for the sledding hill and other events on a trial basis through the 2015 season with a potential purchase in 2016.

- Trout Unlimited Park/Boat Launch: This Park is located off of East Leavenworth Road and features a boat ramp to the Wenatchee River for boats to access fishing on the Icicle River. The City routinely installs port-a-potties and provides trash and litter control during the summer, due to the high use of this parking lot by rafters and tubers.

- Lions Club Park: Located next to City Hall on Highway 2, Lions Club Park features picnic tables and a picnic shelter. The park is the site for a number of fund-raising breakfasts and barbecues sponsored by the Leavenworth Lions Club throughout the year. In 2014 Projekt Bayern, along with the assistance of the City, began construction on the addition of restrooms and covered area to the existing kitchen, with completion to be expected in early 2015. Lions Club Park is also the location for the community pool, completed in 2003. The pool is operated by the City with an agreement with the Upper Valley Park and Recreation Service Area (PRSA). In 2012, voters living within the PRSA service district passed a new voter approved levy which is used to operate the pool and address several deferred capital maintenance items at the twelve year old facility. In 2013-2014 capital maintenance improvements were made to the pool which included the upgrade of the filtering system, replacement of the heating system and the addition of an ADA Wheelchair to allow for limited mobility users better access to the pool. The voter approved levy allows the pool to operate on a self-sustaining operating budget which will no longer require the City General Fund to provide ongoing funding for the operation of the outdoor pool. The City will however continue to provide an allocation of staff time for pool operating maintenance when needed at the start and close of the season and staff assistance for the administration and oversight of cash management and budgetary requirements.

- Mountain View Cemetery: The City owns and maintains Mountain View Cemetery located on Icicle Road approximately two miles south of the City. Although revenue from the sale of cemetery plots is divided between current maintenance needs and a

long-term endowment account, cemetery maintenance is paid from the General Fund and currently requires an ongoing subsidy. In 2014, the City began the process of upgrading the cemetery software from a DOS based system to a GIS based system. This new software will allow for more detailed and accurate information, as well as more precise mapping of locations. Also in 2014, a filter system was installed on the irrigation water in hopes of solving the debris problem that plugs the sprinklers and allows infiltration of sand which is abrasive to the system. The Parks Division is working hard to adapt the irrigation system, but the many variables that are encountered with irrigation water supply are proving difficult. It is the Parks Division's goal in 2015 to be able to supplement the City water supply by utilizing the Irrigation District water to reduce cost in 2015 and beyond.

Description	2014 Budget	2015 Budget	2016 Budget
Total Parks Maintenance:	$ 424,348	$ 485,343	$ 502,299
Total Public Health and Education:	$ 2,400	$ 3,975	$ 3,975
Total Parks, Public Health & Education:	$ 426,748	$ 489,318	$ 506,274

Non-Expenditures, Capital Expenditures, and Other Financing Uses

In addition to the departmental expenditures listed above, the General Fund also expends funds for non-expenditures (these are typically offset by non-revenues as an in and out but also includes refunds for businesses and developers, Interfund loans and leasehold tax payments), capital improvements, debt service on outstanding bonds, and transfers to other City funds. Notable General Fund capital for 2015-2016 includes a land purchase for extension of the Chumstick Trail, ground facilities improvements for the Golf Course, park improvements for the City and grant matching dollars for a trails grant and Solar/Energy grants to upgrade various city facilities. This section of the General Fund represents 20% of General Fund expenditures.

Description	2014 Budget	2015 Budget	2016 Budget
Total Non-Expenditures:	$ 502,906	$ 140,025	$ 140,025
Total Debt Service	$ 0	$ 37,625	$ 37,100
Total Capital Expenditures:	$ 20,950	$ 287,454	$ 16,000
Total Other Financing Uses/Transfers:	$ 0	$ 30,000	$ 30,000
Total Non-Expenditures, Capital, Other:	$ 523,856	$ 495,104	$ 223,125

Description	2014 Budget	2015 Budget	2016 Budget
Total General Fund Expenditures:	$2,387,292	$2,464,408	$2,261,785
Total Fund Balance & General Revenues:	$2,898,514	$2,918,512	$2,672,597
General Fund Ending Balance (16% of '16 Total Revenues*):			$ 410,812

*The Council adopted Financial Policy set the minimum General Fund Balance at 15% of the General Fund revenues.

SPECIAL REVENUE FUNDS

Street Fund

The City Street Fund is used to account for the maintenance and construction of roads throughout the City. The Street Fund is separated from other funds because a portion of the Fund's revenue comes from the State's fuel tax and has strict limitations on its use. In addition to State shared revenue, the Street Fund program is funded using 45% of the City's sales tax revenue. The sales tax allocation is reviewed and set by Council annually and continues to benefit both the Street and General Funds. Additionally, revenues from the Leavenworth Transportation Benefit (TBD) District, which was enacted during the 2010 November election, provided for a .2% increase on the sales tax and is transferred to the Street Fund as projects are completed. This revenue is estimated to be approximately $240,000 per year and is strictly allocated for street and sidewalk maintenance, repairs and new construction. Street maintenance services are provided as part of the duties of the Public Works Street & Utility Maintenance Division. Programs within the Street Fund include Facility Engineering, Road and Street Maintenance, Sidewalks, Street Lighting, Traffic Control Devices, Snow and Ice Control, Street Cleaning, Transit Systems, Debt Redemption, and Capital Improvements.

The following street projects are scheduled to be completed in 2014:

- Ski Hill Drive Pavement Overlay Project from Highway 2 to Pine Street
- West Street Sidewalk Construction – Mine St to Ski Hill Dr (Safe Routes to School Project)
- Benton and Evans Street Intersection and Crosswalk Improvements (Safe Routes to School Project)
- City Hall Adjacent Parking Lot Improvements
- Initial Downtown Old Warehouse area Parking Lot Improvements (continuing into 2015)
- Pavement Preservation Restoration Project for selected residential streets
- West Street Grinding/Repaving Project

For the past several years the City has been working on developing plans and securing funding for the reconstruction of Commercial Street, from 3rd Street to 8th Street. The bidding process is scheduled to begin in December of 2014, with construction beginning in the spring of 2015, and estimated completion in the fall of 2015. Also included as a capital project in 2015 is the construction of the Chumstick Multi-Use Trail. This project is estimated to be bid early in 2015 and construction to begin in May 2015; this project is funded primarily through grant funding and will be completed in conjunction with the Chumstick Water and Sewer Transmission Line Project.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 67,547	$ 92,442	$ 167
Total Taxes:	$ 343,421	$ 490,525	$ 510,146
Total Intergovernmental Revenues:	$1,002,066	$1,769,267	$ 42,000
Total Misc., Non, and Other Revenues:	$ 300,000	$ 0	$ 0
Total Interfund Transfers:	$ 348,000	$ 450,000	$ 195,000

Expenditures

Description	2014 Budget	2015 Budget	2016 Budget
Total Road and Street Maintenance:	$ 272,546	$ 251,334	$ 260,837
Total Sidewalks:	$ 6,750	$ 7,000	$ 7,000
Total Street Lighting:	$ 25,500	$ 25,500	$ 25,500
Total Traffic Control:	$ 3,000	$ 3,000	$ 3,000
Total Snow and Ice Control:	$ 26,000	$ 34,500	$ 34,500
Total Street Cleaning:	$ 500	$ 500	$ 500
Total Street General Administration:	$ 62,823	$ 259,989	$ 287,530
Total Road & Street Ops (Engineer):	$ 18,673	$ 0	$ 0
Total Railroad Planning:	$ 500	$ 500	$ 500
Total Non-Expenditures & Debt Service:	$ 476,858	$ 62,681	$ 62,397
Total Capital Expenditures:	$1,110,206	$2,157,065	$ 64,000
Total Transfers:	$ 22,509	$ 0	$ 0
Total Street Fund Expenditures:	$2,025,865	$2,802,068	$ 745,764
Total Fund Balance & Street Revenues:	$2,061,034	$2,802,235	$ 747,313
Street Fund Ending Balance:			$ 167

Lodging Tax Fund

In 1973, the Washington State Legislature authorized Cities to levy a "lodging tax" of two percent on the sale of hotel and motel rooms for the promotion of tourism and the construction of tourism-related facilities such as the Leavenworth Festhalle and Icicle Station. Over the years, a number of Cities, including Leavenworth, were successful in the development of legislation that raised the basic two percent tax on room rentals to a total of five percent.

In Leavenworth, the lodging tax has been used to fund tourism-related promotion, maintenance, and capital construction. An advisory committee, Leavenworth Area Promotions (LAP), with representatives from the City, the Chamber of Commerce, and the Leavenworth Lodging Association, provides recommendations on proposed promotions, projects, and purchases.

The estimated collection of lodging tax dollars for 2015-2016 is $2,331,354. Of the estimated $1,165,000 annually, 42% is distributed to Leavenworth Area Promotions (LAP), 17% to the Leavenworth Chamber of Commerce, 4% to other civic organizations for advertising, 13% for debt payments on the Festhalle and Icicle Station, 17% is for capital improvements, maintenance of restrooms, overtime for added event security, and utilities directly related to tourism use, and the remaining 7% is for maintaining a minimum fund reserve of approximately $100,000. The City Council Financial Policy has also identified increasing the minimum fund reserve to $200,000 by 2020, this effort will need to be balanced between the commitment for funding new projects and promotional initiatives and increasing the fund reserve over time.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 194,829	$ 72,698	$ 53,741
Total Lodging Taxes:	$1,115,000	$1,148,450	$1,182,904
Total Misc. & Non-Revenues :	$ 0	$ 0	$ 0

Expenditures

Total Community Services:	$ 959,952	$ 972,928	$ 966,849
Total Non Expenditures & Debt Services:	$ 137,136	$ 135,436	$ 138,736
Total Capital Expenditures:	$ 91,000	$ 30,000	$ 40,000
Total Transfers:	$ 29,043	$ 29,043	$ 29,043
Total Lodging Tax Fund Expenditures:	$1,217,131	$1,167,407	$1,174,628
Total Fund Balance & Lodging Revenues:	$1,309,829	$1,221,148	$1,236,645
Total Lodging Tax Ending Balance:			$ 62,016

Leavenworth Civic Center (Festhalle) Fund

In 2013 the operational oversight of the Leavenworth Festhalle Civic Center was ushered back to the City. In the previous 10 years; the initial oversight had been implemented and managed by the Leavenworth Civic Center Foundation. 2013 was the transition year for the establishment of the Festhalle Oversight Committee, made up of a seven member board appointed by the Mayor; the committee provides a high level of oversight on the daily operations of the Festhalle and focuses on the long-term improvements of the facility. The financial goal of the Festhalle operation is to have revenues balance expenditures while providing a location that can hold events and festivals that promote the economic vitality of the community. In 2014, the Oversight Committee made several aesthetic improvements to the event center, future improvements include addressing storage issues within the building and updating the kitchen serving area.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 140,351	$ 97,889	$ 48,540
Total Charges for Services	$ 76,000	$ 85,050	$ 85,050
Total Misc. & Non-Revenues :	$ 7,500	$ 500	$ 500
Total Transfers:	$ 0	$ 30,000	$ 30,000

Expenditures

Total Cultural & Recreational Services:	$ 76,997	$ 113,399	$ 113,121
Total Non Expenditures:	$ 7,500	$ 1,500	$ 1,500
Total Capital Expenditures:	$ 120,000	$ 50,000	$ 0
Total Festhalle Fund Expenditures:	$ 204,497	$ 164,899	$ 114,621
Total Fund Balance & Festhalle Revenues:	$ 223,851	$ 213,439	$ 164,090
Total Festhalle Ending Balance:			$ 49,469

Community Swimming Pool Fund

In 2003, the City's 50-year old pool along Highway 2 was replaced with a newly-constructed facility with six swim lanes, a zero-depth wading pool, and a 12-foot deep diving well. The project was funded with a $986,000 levy approved by voters of the Upper Valley Parks and Recreation Service Area (PRSA), as well as contributions from the City's Park Reserve, Pool Reserve, and Lodging Tax Fund. This levy is billed and

paid for directly through Chelan County and therefore is not included in the City's budget document.

The City operates the pool under an interlocal agreement with the PRSA Board, with the Community Swimming Pool Fund established in 2002 to track the revenues and expenditures associated with the City's operation of the facility.

The City has subsidized the Pool operations since inception with varying amounts ranging from $21,000 to $25,000. Despite the increase in 2011 of user fees and the $55,000+ from the PRSA's maintenance and operation levy, the City subsidized the pool operations with $22,500 for 2012. In November 2012 voters approved an increase to the maintenance and operations levy to cover the required annual operational costs as well as funding for much needed capital improvements.

Any excess revenues generated may be reserved for significant capital expenditures in the future. With the passage of this levy, the City's General Fund is no longer subsidizing the operations and maintenance of the pool facility.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 301	$ 10,571	$ 10,740
Total Taxes:	$ 113,308	$ 117,057	$ 118,228
Total Charges for Services:	$ 103,500	$ 91,000	$ 91,000
Total Misc.& Non Revenues:	$ 60,550	$ 40,575	$ 40,575

Expenditures

Total Pool Facilities:	$ 178,908	$ 179,138	$ 179,066
Total Non Expenditures & Debt Service:	$ 70,325	$ 50,325	$ 50,325
Total Capital Expenditures:	$ 15,500	$ 19,000	$ 5,000
Total Expenditures:	$ 264,733	$ 248,463	$ 234,391
Total Fund Balance & Pool Revenues:	$ 277,659	$ 259,203	$ 260,543
Community Swimming Pool Ending Balance:			$ 26,152

DEBT SERVICE FUNDS

General Obligation Bond Funds and other Bonds

When the City borrows money to finance projects or purchases, General Obligation (G.O.) bonds are issued as a promissory note to repay the debt. The City's G.O. bonds are bought and sold by banks and individuals as a tax-exempt investment backed by

the full faith and credit of the government, similar to the Federal government's treasury notes. In 2013 the Council and staff approved a City Debt Policy as part of the new Financial Policy which will help in establishing debt use and debt service guidelines for future City expenditures.

The City of Leavenworth currently has the following nine outstanding G.O. bonds:

A voter approved 1997 bond, now renamed the 2011 Refunding Bond, for the construction of a fire station/emergency services building. This bond is repaid through a property tax levy and therefore is a separate fund for purposes of the ad valorem tax requirements. This bond was refinanced in late 2011 for the remaining six years of the bond at a reduced interest rate that will save taxpayers an estimated $35,000. The annual levy request was reduced starting in 2012 in conjunction with the reduced annual debt service payments. The fund balance will also reduce annually as the balance must be reduced to a minimal amount as it nears maturity. This bond will end in 2017.

A voter approved 2003 bond for the construction of the Civic Center – Festhalle. This bond is repaid directly from the Lodging Tax Fund. This bond was refinanced in 2013 as a portion of the new non-voter approved 2013 bond for acquisition of the Leavenworth Fruit Warehouse property purchase for City owned parking lots. As part of the savings from the refinancing of the original 2003 bond, $120,000 was added for Festhalle improvements that are being expended in 2014 and 2015. The Festhalle (old and new money) portion of this bond will end in 2028 while the remaining parking debt portion of the bond continues through 2033.

A non-voter approved 2009 bond for the construction of the Icicle Train Station. This bond was set up as a separate fund and is repaid from revenues transferred out of the Lodging Tax Fund. This bond will end in 2018.

A non-voter approved 2009 bond for the purchase of a new Garbage Truck. This bond is repaid directly from the Equipment Replacement and Revolving Loan Fund (ER&R). This bond will end in 2019.

A non-voter approved 2009 bond for the purchase of new garbage Receptacles for the residential and commercial accounts. This bond is repaid directly from the Garbage Fund. This bond ends with the final payment in 2014 and is included to recognize the final payment.

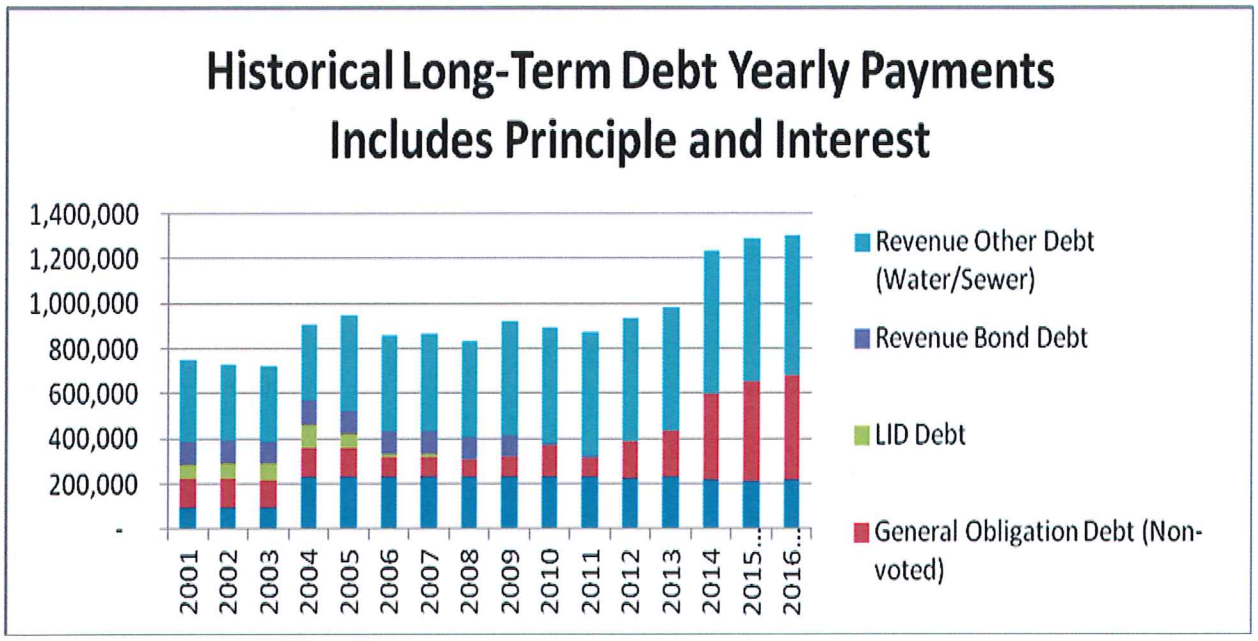
A non-voter approved 2010 bond for the purchase of a new F-550 Utility Truck. This bond is paid directly from the ER&R fund. This bond will end in 2015.

A non-voter approved 2011 bond for the purchase of a new Street Sweeper. This bond is paid directly from the ER&R fund. This bond will end in 2021.

A non-voter approved 2011 bond for the payment of Water Rights Litigation that has been ongoing since 2008-2009 with the Department of Ecology. This bond is paid directly from the Water fund. This bond will end in 2026.

A non-voter approved 2013 bond for the purchase of a new Road Grader. This bond is paid directly from the ER&R fund. This bond will end in 2023.

The graph below represents a historical view of the annual debt payments by type of debt over a ten year period with the estimated 2015-2016 payments.



Description	2014 Budget	2015 Budget	2016 Budget
Revenues (1997 G.O. Bond Fund)			
Beginning Fund Balance:	$ 115,132	$ 83,583	$ 57,781

Description	2014 Budget	2015 Budget	2016 Budget
Total Real & Personal Property Taxes:	$ 60,000	$ 60,000	$ 60,000
Total Misc & Other Revenues:	$ 0	$ 0	$ 0
Expenditures (1997 G.O. Bond Fund)			
Total Debt Service:	$ 93,742	$ 85,802	$ 89,042
Total 1997 G.O. Bond Fund Expenditures:	$ 93,742	$ 85,802	$ 89,042
Total Fund Balance & Revenues:	$ 175,132	$ 143,583	$ 117,781
1997 G.O. Bond Ending Balance:			$ 28,739
Revenues (2009 G.O. Bond Fund)			
Beginning Fund Balance:	$ 0	$ 0	$ 0
Total Transfers:	$ 29,043	$ 29,043	$ 29,043
Expenditures (2009 G.O. Bond Fund)			
Total Debt Service:	$ 29,043	$ 29,043	$ 29,043
Total 2009 G.O. Bond Fund Expenditures:	$ 29,043	$ 29,043	$ 29,043
Total Fund Balance & Revenues:	$ 29,043	$ 29,043	$ 29,043
2009 G.O. Bond Ending Balance:			$ 0
Revenues (2013 G.O. Bond Fund)			
Beginning Fund Balance:	$ 52	$ 28	$ 28
Total Other Financing Sources:	$ 0	$ 0	$ 0
Total Interfund Transfers:	$ 183,489	$ 186,713	$ 184,813
Expenditures (2013 G.O. Bond Fund)			
Total Debt Service:	$ 183,513	$ 186,713	$ 184,813
Total 2013 G.O. Bond Fund Expenditures:	$ 183,513	$ 186,713	$ 184,813
Total Fund Balance & Revenues:	$ 183,541	$ 186,741	$ 184,841
2013 G.O. Bond Ending Balance:			$ 28

Water & Sewer Bond Reserve Funds

When the City borrows money and issues bonds to fund water or sewer projects, some companies that underwrite the City's loans require that approximately 10 percent of the bond amount be set aside in a special fund to ensure that bond payments can be made if there is a downturn in revenues from the utilities. By placing these reserves into these funds, it is not spent on day-to-day operations of the utilities or to repay other debt. Currently the 2000 Department of Ecology Loan requires $118,000 (equivalent to one year's payment) to be held aside for Sewer related bond reserves. In 2012 the City separated the Water and Sewer Fund into individual funds; in turn the Water & Sewer Bond Reserve Funds were also separated equally and completed through a budget amendment in 2011. Below are the separate Water & Sewer Bond Reserve Funds. In 2014 the Water Bond Reserve Fund is budgeted to loan the Water Fund $130,000 for a three year period to assist in the capital improvements necessary for the installation of the new well pump #3.

Description	2014 Budget	2015 Budget	2016 Budget
Revenues (Water Bond Reserve)			
Beginning Fund Balance:	$ 132,024	$ 2,024	$ 45,024
Total Non Revenues:	$ 0	$ 43,000	$ 43,000
Expenditures (Water Bond Reserve)			
Total Non Expenditures:	$ 130,000	$ 0	$ 0
Total Water Bond Reserve Expenditures:	$ 130,000	$ 0	$ 0
Total Fund Balance & Revenues:	$ 132,024	$ 45,024	$ 88,024
Water Bond Reserve Ending Balance:			$ 88,024
Revenues (Sewer Bond Reserve)			
Beginning Fund Balance:	$ 132,024	$ 132,024	$ 132,024
Total Transfers:	$ 0	$ 0	$ 0
Sewer Bond Reserve Ending Balance:			$ 132,024

CAPITAL PROJECT FUNDS

Public Works Capital Improvement Fund

Under Washington law, Cities may adopt a tax of up to ½ of 1% on the sale of real estate, commonly referred to as the Real Estate Excise Tax or "REET." This tax was originally adopted by the Legislature to provide Cities with a funding mechanism to accommodate growth-related infrastructure improvements, and as a result, the funds must be used for capital improvements such as roads, parks, and community buildings. Up until 2006, the City of Leavenworth had adopted a Real Estate Excise Tax of ¼ of 1%. The collection of the second ¼ of 1% allowed by State law was approved by the City Council in the fall of 2006 to be dedicated to a Residential Street and Sidewalk Restoration Program, however legislation allows for a wider use of these funds. Funds from the first ¼ % tax were matched with funds from the General Fund to pay the debt service on bonds that were issued to finance the construction of City Hall in 1994 and were paid off in 2010. Remaining funds were used as matching funds in the 2008 Downtown Reconstruction Project on 9th Street. Starting in 2009, revenues declined dramatically and remaining funds were used to match over $53,000 in residential street capital improvements, $17,000 in street maintenance, and $45,000 for the Train Station capital improvements. Beginning in 2011 and continuing forward, funds are being transferred for the repair, maintenance and potential replacement of various residential street and sidewalks. A small additional transfer was included between 2012 and 2014 to assist in funding the new Capital Projects Fund for the Warehouse Property improvements that is described below. Remaining funds are being held for future capital projects.

Description	2014 Budget	2015 Budget	2016 Budget
Revenues			
Beginning Fund Balance:	$ 83,461	$ 90,811	$ 20,811
Total REET Taxes:	$ 70,000	$ 80,000	$ 80,000
Total Misc. Revenues:	$ 0	$ 0	$ 0
Expenditures			
Total Transfers:	$ 78,000	$ 150,000	$ 60,000
Total Capital Imp. Fund Expenditures:	$ 78,000	$ 150,000	$ 60,000
Total Fund Balance & Revenues:	$ 153,461	$ 170,811	$ 100,811
Capital Improvement Ending Balance:			$ 40,811

Capital Project Fund (Warehouse Property)

In December of 2011 the City entered into a Lease/Option to Purchase agreement with the owners of the property, the Nelson Family Trust. The location of the fruit warehouse property is on the east end of the existing downtown commercial district fronting on Hwy. 2, located between Hwy. 2 and Front Street. The total property area is approximately 117,900 S. F.; the City purchased approximately 92,500 S.F.; the Nelson Legacy Group redeveloped the remnant parcel of 25,400 SF. The purchase price of the property less credits and initial required improvements was $2,106,690.81. The redevelopment of the property now includes a City owned surface level parking lot with approximately 200 parking stalls and 8,200 S.F. of retail redevelopment constructed by the Nelson Legacy Group.

Project History: In 2010, the City began a series of discussions with the Nelson Family Trust and in late 2011 agreed to the following terms of a Lease/Option to Purchase agreement:

Purchase Price	***Closing Oct 1, 2013***	***$2,156,201.18***
Rent Credit on Purchase price ($60,000/Year) *(60% of annual lease payment)*		($99,079.44)
Demolition Costs to City *(Demolition costs split between parties)*		$188,828.61
Credit on purchase price if completed within 24 months of demolition).		$150,000
Other Closing Costs		$10,740.46
	TOTAL:	**$2,106,690.81**

From the spring of 2012, both the Nelson Family Trust and City have been working through the planning of developing the warehouse site. The Nelson's project is 8,200 S.F. of commercial retail space fronted on Hwy. 2 and Front Street at the west end of the property with an estimated construction cost of $1.85 M; the City bonded for a total of $2,475,000 leaving approximately $368,309 for negotiated improvements on the City's portion of the property. This fund will no longer be used beginning in 2016 if all capital dollars for improvements have been spent.

Description	2014 Budget	2015 Budget	2016 Budget
Revenues			
Beginning Fund Balance:	$ 388,882	$ 95,015	$ 0
Total Transfers:	$ 28,000	$ 0	$ 0
Expenditures			
Total Capital Outlay:	$ 368,309	$ 95,015	$ 0
Total Transfers:	$ 48,573	$ 0	$ 0
Total Capital Project Fund Expenditures:	$ 416,882	$ 95,015	$ 0
Total Fund Balance & Revenues:	$ 416,882	$ 95,015	$ 0
Capital Improvement Ending Balance:			$ 0

ENTERPRISE FUNDS

The Water and Wastewater Funds account for revenues and expenditures necessary to operate the City's water and sewer utilities. Starting in 2012, the City closed out the combined Water/Sewer Fund and created two separate funds for the Water Utility and Sewer Utility.

Water Fund

Leavenworth's water utility provides potable water to approximately 1384 service customers, of which 236 are commercial customers and 1148 are residential customers. 371 of the utility's residential customers reside outside of City limits.

The City demolished and reconstructed the Icicle Road Reservoir in 2008 and as part of that work installed an auxiliary generator at the well field to insure a non-interrupted water supply to the City even when there is a power outage from the utility district. The City has continued to replace water meters with radio read meters that have enabled the City Public Work's staff to more efficiently read meters and reduce the number of days each month required for staff to complete these readings. The City had also replaced many of the worn-out larger commercial water meters with radio read meters to reduce the amount of incorrectly metered water usage. In 2015-2016 the City will continue implementing the stop gap measure to replace faulty meters when identified.

The East Leavenworth Road Water Main Replacement Project was completed in the fall of 2013. This project replaced the existing 10" steel water main (75 year old pipe with many pipe leaks over the past 30 plus years) with a new 16" water main. The project area was from Dye Road and continues southerly along East Leavenworth Road through the "S"-curves, a length of about 3/4 mile. All residential water services along this stretch were replaced with the installation of the new 16" water main in this area.

In 2014 the City equipped the new municipal water well number 3 which was drilled in 2013 at the existing City's well field located near the Wenatchee River and Icicle Road adjacent to the golf course. This project involved construction installation of the new well pump along with piping, valving and necessary electrical components for the new well pump.

In 2015 deferred maintenance will begin on well number 2, with completion scheduled for 2016.

In addition to the schedule for 2015, the new construction of Commercial Street, from 3rd Street to 8th Street, includes a replacement of the current 6" water line with a 12" line at an estimated cost of $125,000.00.

Description	**2014 Budget**	**2015 Budget**	**2016 Budget**
Revenues			
Beginning Fund Balance:	$ 123,552	$ 140,569	$ 54,580
Total Charges for Goods and Services:	$1,205,662	$1,339,148	$1,384,601
Total Fines & Penalties/Late Fees:	$ 8,500	$ 8,500	$ 8,500
Total Misc./Other & Non Revenues:	$ 227,692	$ 40,050	$ 50
Total Transfers:	$ 0	$ 50,000	$ 0
Expenditures			
Total Water Operations:	$ 871,881	$ 909,842	$ 927,151
Total Non Exp. & Debt Service:	$ 376,204	$ 380,584	$ 392,425
Total Capital Expenditures:	$ 307,299	$ 233,262	$ 70,000
Total Water Fund Expenditures:	$1,555,384	$1,523,688	$1,389,576
Total Fund Balance & Revenues:	$1,565,406	$1,578,267	$1,447,731
Water Ending Balance:			$ 58,154

Wastewater Fund

The City's Wastewater utility provides for the collection, treatment, and disposal of sanitary sewer waste. The system serves approximately 967 customers, 170 of which are commercial establishments.

The City's wastewater treatment plant receives an average flow of 300,000 gallons per day. In 2006, extensive work was completed on the Wenatchee River Watershed Plan, a Biosolids Management Plan and Manhole Channel rehabilitation on Burke Street. In 2010 the City renewed the Biosolids Management Plan Permit for another five years. In doing so, the City had to implement a Biosolids Spill Prevention Plan that was approved as part of the permit. The City Council in future years will need to consider increases to the wastewater portion of this fund to begin planning for forthcoming Department of Ecology regulations on phosphorous emissions.

In 2013 the City completed the reconstruction of Scholze Street sewer service line at a cost of $49,000. The project was necessary to replace an assortment of service lines that where having causing issues at a number of residences.

In 2014 the City, in conjunction with Varela and Associates, began to prepare the update to the Wastewater Facility System Plan. This update work will report to the Department of Ecology on the City's wastewater collection system. Piping improvements that are required along with the engineering design improvement alternates for how the City will construct tertiary improvements at the Wastewater Treatment Plant to meet the upcoming phosphorus limits on discharges to the Wenatchee River; this project will need to be constructed and operational by 2019.

Description	2014 Budget	2015 Budget	2016 Budget
Revenues			
Beginning Fund Balance:	$ 392,003	$ 460,177	$ 417,030
Total Charges for Goods and Services:	$1,305,313	$1,453,874	$1,531,912
Total Fines & Penalties/Late Fees:	$ 8,500	$ 8,500	$ 8,500
Total Misc./Other & Non Revenues:	$ 55,150	$ 60,000	$ 0
Expenditures			
Total Sewer Operations:	$ 970,805	$ 941,120	$ 978,941
Total Non Exp. & Debt Service:	$ 292,942	$ 304,402	$ 312,783
Total Capital Expenditures:	$ 197,620	$ 320,000	$ 280,000
Total Sewer Fund Expenditures:	$1,461,367	$1,565,522	$1,571,724
Total Fund Balance & Revenues:	$1,760,966	$1,982,551	$1,957,442
Sewer Ending Balance:			$ 385,718

Garbage Fund

The Garbage Fund is used to account for the revenues and expenditures associated with the City's operation of a solid waste collection utility. The Garbage Fund also operates a cardboard collection service in the central business district, an annual Spring Cleanup, and a Fall leaf pickup at no additional charge to customers. The solid waste collected by the City is hauled to a County-owned transfer station at Dryden.

The Chelan County Public Works Department in 2010 changed the methodology in calculating the garbage tipping fee. The change from a fee based on weight instead of volume has increased the garbage fees by approximately 25 – 30 percent for the City. In 2014 the City is in the process of purchasing and installing a weight measurement system (Loadman) to the garbage truck. This will enable the City to record the weight of each individual garbage pickup for data and cost evaluation. The City hopes to have the system fully operable by 2015.

In 2011, the City purchased the property adjacent to the 14th Street and Commercial Street Public Works yard using available cash and grant funds. In 2012, staff constructed a recycling center drop-off area adjacent to 14th Street, reconfigured the Public Works shop yard for its activities, and fenced the site for security. In 2014 the City opened the single streamed recycling center to the public two days per week. The City has a contract with the Leavenworth Senior Center to staff the recycling center on an ongoing yearly basis.

In 2015-2016, the City will continue exploring ways of providing cost effective garbage services and increase recycling services use for both commercial and residential accounts within City limits. By eliminating recyclable materials from going to the landfill, the City reduces the costs for garbage landfill services, which has a direct correlation to future garbage rates.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 93,695	$ 83,867	$ 136,453
Total Charges for Goods and Services:	$ 617,813	$ 656,891	$ 676,478
Total Misc. & Non Revenues:	$ 3,000	$ 2,500	$ 2,500

Expenditures

Total Solid Waste Utilities:	$ 616,789	$ 584,306	$ 602,631
Total Non Exp. & Debt Service:	$ 12,994	$ 0	$ 0
Total Capital Outlay:	$ 26,500	$ 22,500	$ 37,500

Description	2014 Budget	2015 Budget	2016 Budget
Total Garbage Fund Expenditures:	$ 656,283	$ 606,806	$ 640,131
Total Fund Balance & Revenues:	$ 714,508	$ 743,258	$ 815,431
Garbage Ending Balance:			$ 175,299

Stormwater Fund

The City's aging stormwater system will require infrastructure replacements and continuing operation and maintenance of these facilities to prevent storm water flooding. Faced with the old stormwater infrastructure and state requirements to maintain and if needed upsize the replacement of storm water facilities, the City created a new stormwater fund in 2013. In 2015, the City will develop a Stormwater Master Plan to assess the City's existing system to plan correctly for future stormwater improvements.

In 2015 the City will also begin a Storm Water Wetland Study for those areas affected within the City Limits and within the City's urban growth area that if developed will need to follow the rules in place by the State for wetland habitat mitigation. This study would identify possible areas and stakeholders as well as the County and the City which will need to work together to understand and solve the wetland mitigation measures required for possible development.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 22,425	$ 59,630	$ 41,407
Total Intergovernmental:	$ 15,000	$ 120,000	$ 15,000
Total Charges for Goods and Services:	$ 49,580	$ 64,386	$ 76,463
Total Misc. & Non Revenues:	$ 0	$ 0	$ 0

Expenditures

Total Stormwater Utilities:	$ 17,157	$ 37,081	$ 31,161
Total Debt Service:	$ 5,553	$ 5,528	$ 5,503
Total Capital Outlay:	$ 33,406	$ 160,000	$ 35,000
Total Stormwater Fund Expenditures:	$ 56,116	$ 202,609	$ 71,664
Total Fund Balance & Revenues:	$ 87,005	$ 244,016	$ 132,870
Stormwater Ending Balance:			$ 61,206

Parking Fund

In 2014 the Parking Fund was established as the City's fifth enterprise fund. This funds primary goal is to use the revenues collected through parking fees to provide the debt service payments for the Fruit Warehouse Property and to provide the funding for ongoing maintenance of the parking operations and costs for future improvements. The City Council identified improving parking within the City as a key element for maintaining and growing the economic vitality of the community, at the Council's direction the paid parking was established so a Local Improvement District or other property tax was not necessary to be put upon local businesses and resident property owners. As of this time the paid parking revenues are consistent with the preliminary projections.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 0	$ 90,064	$ 106,161
Total Interest & Other Earnings:	$ 206,000	$ 271,000	$ 275,200
Total Transfers:	$ 69,000	$ 0	$ 0
Expenditures			
Total Parking Facility Utilities:	$ 15,213	$ 25,090	$ 26,017
Total Non Expenditures & Debt Service:	$ 43,000	$ 43,000	$ 44,000
Total Transfers:	$ 183,489	$ 186,713	$ 184,813
Total Parking Fund Expenditures:	$ 241,702	$ 254,903	$ 254,830
Total Fund Balance & Revenues:	$ 275,000	$ 361,064	$ 381,361
Parking Ending Balance:			$ 126,530

Internal Service Funds

Equipment Rental and Replacement Fund

The Equipment Rental and Replacement (ER&R) Fund was created in 1999 to coordinate the maintenance and replacement of City-owned vehicles and equipment. A detailed replacement schedule was created in 2009 to help facilitate the amount needed each year with a healthy reserve for emergencies. Other funds in the City, such as the General and Street Funds, are charged a 'rental' fee for vehicles, and these funds are

then transferred to the ER&R Fund for maintenance and future replacement. Financial oversight of the ER&R Fund rests with the Finance Director, while a Public Works Department employee provides the actual maintenance and repair services. Specialized and overflow work is contracted to local repair businesses.

In 2015-2016 the Public Works Department will be studying the possible avenues of eliminating from the ER&R Fund two aging rear loading garbage trucks, and additionally evaluating the adjustment and coverage required for the services they currently provide to the City.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 323,527	$ 222,630	$ 213,331
Total Charges for Services:	$ 162,917	$ 453,911	$ 513,800
Total Non Revenues:	$ 144,723	$ 1,000	$ 1,000
Total Other Financing Sources:	$ 22,500	$ 5,500	$ 2,500

Expenditures

Total Services & Charges:	$ 212,588	$ 288,704	$ 292,273
Total Non Expenditures & Debt Service:	$ 106,500	$ 81,766	$ 76,440
Total Capital Expenditures:	$ 119,000	$ 99,240	$ 34,000
Total ER&R Expenditures:	$ 438,088	$ 469,710	$ 402,713
Total Fund Balance & Revenues:	$ 653,667	$ 683,041	$ 730,631
Equipment Rental and Revolving Ending Balance:			$ 327,918

Central Services Fund

All of the City's departments and divisions share expenses such as office supplies, telephones, and repairs to shared equipment such as the computer network, copiers, and the fax machine. Rather than pay for these expenses from several different funds, the creation of this fund in 2002 consolidated these shared expenses into a single program. Revenue for the Central Services Fund comes from annual payments from each of the City's funds based on a department or division's percentage of shared costs. A computer replacement program was completed in 2011 to help ensure properly working equipment. This fund will fluctuate every other year with the need to fund the biennial audits that are currently costing approximately $20,000 per audit. The next audit will occur in 2015 for the 2013 and 2014 years. Beginning in 2015, new audit

regulations require that this fund receive only funding necessary to operate; therefore, the fund will have a zero balance at the end of each year.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 756	$ 0	$ 0
Total Misc. Revenues:	$ 82,146	$ 91,250	$ 77,275

Expenditures

Total Central Services:	$ 68,139	$ 88,250	$ 71,275
Total Capital Outlay:	$ 14,763	$ 3,000	$ 6,000
Total Central Services Fund Expenditures:	$ 82,902	$ 91,250	$ 77,275
Total Fund Balance & Revenues:	$ 82,902	$ 91,250	$ 77,275
Central Services Ending Balance:			$ 0

FIDUCIARY FUNDS

Cemetery Endowment Fund

The City maintains and operates the Mountain View Cemetery on Icicle Road. When burial sites are sold, one-half of the revenue from the sale is applied to maintenance expenses in the present year. The other one-half of the sale revenue is placed in the Cemetery Endowment Fund for long-term investment so that maintenance can ultimately be paid from interest accumulating on the endowment. The City's General Fund currently subsidizes the cemetery maintenance operation. In 2013 the Cemetery Endowment Fund loaned the Street Fund $100,000 for a three year period to assist in the capital improvements for a new paid parking lot next to City Hall. Starting in 2014, parking revenues were transferred from the Street Fund to the new Parking Fund which will now pay the required debt service payments back to the Cemetery Endowment Fund by 2016.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 119,103	$ 158,608	$ 198,158
Total Sale of Lots:	$ 7,500	$ 6,500	$ 6,500
Total Other Revenues & Non Revenues:	$ 33,175	$ 33,050	$ 34,050

Description	2014 Budget	2015 Budget	2016 Budget
Expenditures			
Total Interfund Loans:	$ 0	$ 0	$ 0
Total Cemetery Endowment Fund Expenditures:	$ 0	$ 0	$ 0
Total Fund Balance & Revenues:	$ 159,778	$ 198,158	$ 238,708
Cemetery Endowment Ending Balance:			$ 238,708

Transportation Benefit District Fund

The Leavenworth Transportation Benefit (TBD) District, which was established in September of 2010 as the City look to provide a funding source for ongoing road maintenance and improvement projects. In November of 2010 the voters approved a .2% increase on the local sales tax which is known as the Transportation Benefit Local Sales Tax. Initially these funds were directly transferred to the City's Street Fund. Starting in 2014 based on the financial audit recommendations, the City created a separate fiduciary fund to receive revenues from the District that are then transferred to the Street Fund as projects occur. This revenue is estimated to be approximately $250,000 per year for the District and is strictly allocated for street and sidewalk maintenance, repairs and new construction. Distributions from the Transportation Benefit District will vary from year to year based on the needs of the projects within the Street Fund.

Revenues

Description	2014 Budget	2015 Budget	2016 Budget
Beginning Fund Balance:	$ 0	$ 0	$ 0
Total Intergovernmental Revenues:	$ 298,000	$ 350,000	$ 135,000
Expenditures			
Total Transfers:	$ 298,000	$ 350,000	$ 135,000
Total Transportation Fund Expenditures:	$ 298,000	$ 350,000	$ 135,000
Total Fund Balance & Revenues:	$ 298,000	$ 350,000	$ 135,000
Transportation Benefit District Ending Balance:			$ 0