



City of Leavenworth
700 HIGHWAY 2 / POST OFFICE BOX 287
LEAVENWORTH, WASHINGTON 98826
(509) 548-5275 / FAX: (509) 548-6429
Web: www.cityofleavenworth.com

City Council
Cheryl K. Farivar - *Mayor*
Elmer Larsen
Carolyn Wilson - *Mayor Pro-Tem*
Mia Bretz
Margaret Neighbors
Sharon Waters
Clint Strand
Jason Lundgren
Joel Walinski - *City Administrator*

LEAVENWORTH CITY COUNCIL AGENDA

Leavenworth City Hall - Council Chambers
April 10, 2018 - 6:30 PM

Call to Order

Flag Salute

Roll Call

Consent Agenda

1. Approval of Agenda
2. Approval of March 23, 2018 Annual Retreat Minutes
3. Approval of March 27, 2018 Regular Meeting Minutes
4. March 2018 Payroll \$210,111.24
5. 2018 Claims \$111,530.85
6. PRSA Voucher Request \$15,000.00

Public Safety Report: Sergeant Scott Lawrence, Liaison Officer

Councilmember and Committee Reports

Mayor/Administration Reports

Comments from the Public on Items Not on the Agenda

Resolutions, Ordinances, Orders and Other Business

1. Action: Resolution 03-2018 – KOA Sewer Connection Exemption
2. Action: Ordinance 1562 – LID No. 24 Bond Sale
3. Action: Ordinance 1563 – Quarterly Budget Amendment
4. Action: Resolution 04-2018 – Housing Committee – New Standing Committee
5. Action: Mayor Pro Tempore Standing Committee Assignments
6. Action: Varela & Associates Contract: Waste Treatment Plant Improvements
7. Action: J.A. Brennan Associates PLLC Contract for Front Street Park Master Plan
8. Action: Resolution 05-2018 – Rate & Fee Schedule
9. Action: Surplus Computers

Information Items for Future Consideration

1. Final Reminder – Public Disclosure Commission Filing Deadline April 15th
2. Parking Study Open House – May 2, 2018 @ 6:00 PM in the Festhalle

Adjournment

(Next Ordinance is 1564 - Next Resolution is 06-2018)

Council Committees - 2nd Tuesday

Economic Development 3:00

Parks 4:00

Public Works 5:00

SUPPLEMENTAL COUNCIL AGENDA

1. Resolution 03-2018 – KOA Sewer Connection Exemptions

The Council is being asked to approve Resolution No. 03-2018 Sewer Connection Exemption. Resolution No. 03-2018 allows for the KOA Property to be connected to the City's sewer system. During the regular Study Session, the Council reviewed details of the request.

Under LMC 13.68.020, the City Council can allow the connection of City sewer to properties outside of the City municipal boundaries provided the following conditions are met:

- A. The City Council must make a finding that the overall public interest will be served by granting the exemption; and
- B. The property owner, their successors, heirs, and assigns shall record with the Chelan County Auditor's office a notice to title, as approved by the City of Leavenworth, which provides notice of and binds all future property owners to the following waivers of protest and other requirements. It shall also be the obligation of the property owner, their successors, heirs, and assigns to inform potential buyers of these items:
 1. Property owners, their successors, heirs, and assigns shall not protest annexation. Provided further, nothing in approval of extension of city sanitary sewer shall bind the City to annex said property nor obligate the City to approve future subdivision and development of the property, nor impose or not impose any particular conditions or requirements for said development and land use actions, nor implement improvements to its utilities and/or roads that may be required to serve the development. If the City agrees to annex this property, the City does not warrant that existing facilities are adequate to serve this development; and
 2. Property owners, their successors, heirs, and assigns agree to participate in future local improvement districts (LID) and/or other similar financing mechanisms for the redevelopment of streets, sidewalks, utilities, and related infrastructure in the area. This participation shall be in accordance with reasonable methods established by Washington State law and/or by local law, and shall be for a pro-rata share of improvements in the geographic area as established by a benefits assessment or other similar mechanism; and
- C. The connection may be allowed provided the applicant upgrades or installs a new eight-inch sanitary sewer main to the property within right-of-way or public utility easement, as necessary and determined by the City; and
- D. The connection may be allowed provided the property requesting the exemption is contiguous with the existing boundaries of the City; and
- E. When the property is approved for connection to the city service, the City sewer connection charges and fees in effect at the time of connection shall apply to the property; and
- F. Connection to city sanitary or storm sewer shall not be allowed outside the urban growth area unless the City Council makes a finding that the connection is necessary to protect

basic public health and safety and the environment; the connection is financially supportable at rural densities; and does not permit urban development outside of the urban growth area.

The following items are included under **TAB 1:**

- Resolution No. 03-2018
- Recreational Adventures Company, March 14, 2018 Utility Connection Request
- LMC 13.68 - Connection exemptions

- **MOTION:** *The Leavenworth City Council moves to approve Resolution No. 03-2018; and finds that the connection is necessary to protect basic public health and safety and the environment; the connection is financially supportable at rural densities; and does not permit urban development outside of the urban growth area.*

2. Ordinance 1562 – LID No. 24 Bond Sale

The City Council is being presented with the final ordinance for implementing Local Improvement District (LID) No. 24 in relation to the Water/Sewer Line Extension and Sewer Lift Station improvements for the Meadowlark Development area. This ordinance was presented in draft format at the March 27, 2018 Council meeting. At this time, the Ordinance has been finalized with a fixed interest rate of 3.9% per annum on the assessments. As noted previously, the City will be issued a separate bond for each of the 15 years at rates that range from 2.16% to 3.87% over the life of the bonds; this equates to a “net interest cost” of 3.47% when amortized over 15 years with annual equal payments. Based on discussion with the City’s Bond Attorney Foster Pepper and other financial advisors, most issuers set the assessment rate at .5% higher, which is known as the “true interest cost”. This is typical for an LID to account for the additional risk that the City and its taxpayers take on when issuing bonds that are secured by the LID Guaranty Fund. If any payments are delinquent by the property owners, the City is responsible for the additional interest that is charged by the lending bank; on the other hand, property owners can pay off their assessments early and in turn reduce their own interest owed. Therefore, the total “true interest cost” has been included as 3.47% + .5% and rounded down to a total of 3.9%.

The following item is included under **TAB 2:**

- Ordinance 1562

- **MOTION:** *The Leavenworth City Council moves to adopt Ordinance 1562 fixing the amount, form, date, interest rates, maturity and denominations of Local Improvement District No. 24 Bonds and providing for the sale and delivery of bonds by Cashmere Valley Bank.*

3. Ordinance 1563 Quarterly Budget Amendment

The City Council is being asked to adopt Ordinance 1563 Quarterly Budget Amendment, which amends the budget at the fund level. A majority of this amendment includes the necessary adjustments to the beginning and ending fund balances; the Council will find other amendments based on Council actions or necessary corrections to the 2018 budget that either have been carried over from the 2017 budget or require amendment due to changes not foreseen in the development of the original budget in 2016.

The following items are included under **TAB 3**:

- Ordinance 1563 Quarterly Budget Amendment
- Revenue and Expense Line Item Details

- **MOTION:** *The Leavenworth City Council moves to adopt Ordinance 1563 Quarterly Budget Amendment.*

4. Resolution 04 -2018 – Housing Committee – New Standing Committee

The City Council is being asked to review and consider for approval Resolution 04 – 2018 which is a resolution establishing a Housing Committee of the City Council. The establishment of the Housing Committee is a recommendation from the City Council Retreat to continue to focus on the City’s Priority of addressing housing affordability and availability of workforce housing within the City of Leavenworth.

In 2016, Mayor Cheryl K. Farivar established a Taskforce on Housing Affordability. The Taskforce contracted with BERK Consulting to conduct a Housing Needs Assessment. The study found that the tourism and recreation economy found in Leavenworth results in upward pressure on local rents and housing prices. These pressures are fundamentally caused by a shortage of housing supply to accommodate the combined demands for recreational, seasonal, and workforce housing.

Several of the key findings of the report showed that 36% of the available housing was only available for seasonal, recreational, or short-term use; a very low vacancy rate in long-term rentals and rents increasing by 13% annually; wages in the Leavenworth area are significantly lower than needed to afford local housing costs; and home production has not matched needs, particularly within the City of Leavenworth. Given these findings, the Housing Affordability Taskforce provided a number of recommendations to the City Council that needed to be investigated further. While the Planning Commission has been tasked with exploring a number of code revisions, Taskforce recommendations for investigation on regional solutions and funding will be addressed by the newly established Housing Committee.

The Committee will be scheduled to meet on the 4th Tuesday of each month at 3:00 PM. The makeup of Committee will be the three City Council Members. The Mayor and City Administrator will also attend, additional staff support will be provided when needed and available.

The following item is located under **TAB 4**:

- Resolution 04-2018

- **MOTION:** *The Leavenworth City Council moves to approve Resolution 04-2018 which establishes a new Housing Committee of the City Council.*

5. Mayor Pro Tempore Housing Committee Assignments

The City Council is being asked to confirm Mayor Pro-Tempore Wilson’s appointments of City Council Members to the Housing Committee. Under the authority provided in RCW 35A.12.120, the City Council may enact rules and regulations to govern the conduct and operations of the

City Council. This authority includes the ability to determine if and when standing committees will be utilized, what the committees will be, how they will conduct their business, and how their members will be appointed. Under Resolution 1-2012 Section 4, the City Council Procedures and Rules; the Mayor Pro-Tempore makes appointments to the standing committees with confirmation by the City Council.

There are no items included under **TAB 5**.

- **MOTION:** *The Leavenworth City Council moves to confirm Council Member _____, Council Member _____, and Council Member _____ appointments by Mayor Pro-Tempore Wilson to the City Council Housing Committee for 2018.*

6. Varela & Associates Contract: Waste Treatment Plant Improvements – Joel Walinski

The City Council is being asked to review and consider for approval an Engineering Contract with Varela & Associates for the design and engineering required for the Wastewater Plant Improvements. The format of the contract is required by United States Department of Agriculture Rural Development Funding Programs. As was discussed at the last City Council meeting, the City was awarded \$10,670,000 in loan funds and \$3,270,000 in grant funding. The Rural Development (RD) funding covers the engineering and improvements for the Waste Treatment Plant and other collection system improvements identified in the Wastewater System Plan. The contract has been reviewed by the City Attorney and the contract language regarding insurance and liability has been reviewed by the City's Insurance provider, Washington Cities Insurance Association (WCIA).

The engineering is necessary for the new waste treatment plant improvements required by the Department of Ecology and the Environmental Protection Agency for the removal of phosphorus from the City wastewater stream. In 2017, Varela & Associates completed the Wastewater Facility Plan, which was reviewed and approved by the Department of Ecology. The next step in the process is to develop the engineering and construction plans for the phosphorus removal process, along with the replacement of mechanical, electrical, and technology systems currently in use at the waste treatment plant; however, nearing the end of their service life.

Contract particulars:

- The scope of the contract covers the improvements necessary at the Waste Treatment Plant and collection system improvements. The City has previously identified the South Interceptor Reconstruction as the priority project for the collection system. This project will be scheduled with the waste treatment plant improvements in 2019. Other collection system improvements will follow.
- Article 4 of the contract provides the requirements for submittal of invoices and payments. Payments will require agency concurrence (approval by Rural Development) prior to payment.
- Article 7 (beginning page 9) provides contract definitions.
- Exhibit A of the Contract identifies the engineer responsibilities and scope of work.

- Exhibit A-1 provides a tentative schedule for the completion on contracted work.
- Exhibit A-2 provides the scope and estimated costs for various tasks within the scope of work.
- Exhibit A-3 provides the cost for the professional services and identifies reimbursable costs.
- Exhibit B of the Contract identifies the owner/City responsibilities.
- Exhibit D identifies the responsibility of the Resident Project Representatives. Because of the scope and technical nature of this project, the engineering firm provides an individual that observes, records, and field checks the contractors progress and work quality.

The following items are included under **TAB 6:**

- Engineer's Joint Contract Documents Committee (EJCDC) Agreement
- March 16, 2018 Engineering Services Agreement Cover Letter
- **MOTION:** *The Leavenworth City Council moves to approve and authorizes the Mayor to sign the Engineering Service Contract Agreement between the City of Leavenworth and Varela & Associates for an estimated maximum cost of \$1,046,510 for engineering services associated with the Wastewater Plant Upgrades and Collection System Repairs.*

7. J.A. Brennan Associates PLLC Contract for Front Street Park Master Plan

The City Council is being asked to review and consider for approval a Professional Services Agreement (PSA) with J.A. Brennan Associates for the landscape architecture services regarding the Master Plan Design of Front Street Park. The PSA is in the City standard agreement format; Attachment A provides a Scope of Work and Exhibit A provides a scope of services with estimated costs. The contract amount is for a not to exceed amount of \$35,000. The scope of work has been reviewed and recommended by the Downtown Steering Committee.

Over the last year, the Downtown Steering Committee has been compiling and reviewing a list of improvements and deferred maintenance items associated with Front Street Park and Front Street. The short list includes the following items:

- a. Front Street – curbs, sidewalks, lighting, and possible walking plaza.
- b. Front Street Park Deferred Maintenance items: added electrical power, trees near end of life, sound system, gazebo basement, turf, paver plaza area, lighting, sidewalks, etc.
- c. Front Street Park Restroom Expansions.
- d. Sledding Hill / Grass Area: All agree and want to keep some form of the hill, maybe add heated steps on east side of gazebo.

In the 2018 Budget, the City Council had provided funding for designing the expansion of the Front Street Park Restrooms. In their discussions, the Steering Committee recommended that these funds would be better spent on providing an overall master plan for Front Street Park, with the plan considering multiple items and then developing a phased construction approach as

opposed to only addressing the Front Street Park Restrooms. The tentative delivery date for the final Master Plan is October 2018. The development of the Master Plan will include a public engagement process and the consultant working with the Downtown Steering Committee. While the Steering Committee will work with the consultant through the design phase, the final Master Plan will be presented for consideration of approval by the City Council. Once a Master Plan is completed, a funding/financial plan will need to be developed in order to pay for the development of the projects incorporated within the Master Plan. The funding sources may include the creation of a Local Improvement District (LID) for the commercial area, use of Lodging Tax Funds, grants, and other funding sources.

In April of 2016, J.A. Brennan Associates was selected by the Downtown Steering Committee and approved by the City Council for the design work for the Downtown Park Plaza/Royal Lady Plaza. In selecting a landscape-engineering firm for that project, the Steering Committee reviewed the submittals of three firms, J.A. Brennan was recommended because of the work they have completed in creating unique streetscape spaces in urban downtown areas, their work with other eastern Washington small cities, and their experience in developing funding strategies for various projects. Work under the previous contract that was completed in early 2017; plans are currently at 90% and on hold until full construction funding of the project is in place. The estimated construction costs for the plaza project is \$355,000, of which \$239,000 has been set aside for construction. Currently, the City has expended \$31,433.15 of the \$53,680 approved for the Park Plaza Design contract.

The Steering Committee is pleased with the work completed to date by the firm and is recommending this firm again. J.A. Brennan was efficient in the workplan and design development, has a good understanding of the Downtown Master Plan as the basis for the design, and the Steering Committee appreciated the quality of the design work completed on the previous project.

The following item is included under **TAB 7:**

- PSA J.A. Brennan Associates, PLLC for Front Street Park Master Plan
 - **MOTION:** *The Leavenworth City Council moves to approve and authorizes the Mayor to sign a Professional Services Agreement with J.A. Brennan Associates, PLLC for the Master Plan Design of Front Street Park at a not to exceed amount of \$35,000.*

8. Resolution 05-2018 – Rate & Fee Schedule

The City Council is being asked to approve a change to the Rate & Fee Schedule regarding the Commercial Cardboard Service. This represents a major change to the rate and fee structure regarding cardboard services provided by the City. These rate and fee policy changes have been discussed at length with the Public Works Committee, the Downtown Steering Committee, and with the entire Council at the Study Session on February 13, 2018. Upon review, it was determined that due to the substantial costs incurred by the City to provide this service to commercial customers, an increase in the rate and fee policy is essential for the continuation of the City provided service.

Briefly, the proposed new rate and fee divides the service into two new categories; those businesses bordering the Front Street and Commercial Street Alley (Front Street Alley Core) where cardboard dumpster space is limited, and those businesses not connected to the alley

(Stand Alone) where a business can be assigned a designated cardboard dumpster. Rates and fees will be specific to those two areas. The full specifications can be found in the proposed Rate and Fee Schedule changes in the packet material.

Upon Council approval of the Rate and Fee Schedule changes, the Public Works Department will be notifying all City of Leavenworth commercial accounts/businesses of the change by means of an informational packet delivered by mail service and by hand delivery. In addition, the change will be posted on the City website as well as the City Facebook page. The packet notifications will specifically designate and inform each commercial account/business as to the category of fee to be applied to their individual account. After thorough notification, the new fees will be initiated on July 1, 2018.

The following items are included under **TAB 8:**

- Redline and clean version of Resolution 05-2018 (affected pages only)
- Rate and Fee Policy Change Notification Informational Letter

- **MOTION:** *The Leavenworth City Council moves to approve Resolution 05-2018 amending the rate and fee schedule for commercial cardboard recycling services.*

9. Surplus Computers

The City Council is being asked to authorize the Mayor to proceed with surplusing for recycling purposes, the City's old and obsolete computer systems. At this time, the City has identified six (6) computer systems for recycling. In general, the City depreciates values on computers at an estimated useful life of four to five years (seven to eight years for Servers and up to 10 years for laptops) and at this time, each of the computers identified for recycling have no remaining value as they have all exceeded the useful life. On April 8, 2014, the Council approved a perpetual professional service agreement with Firefly for the recycling process that requires the retention of the hard drives on each of the devices. Due to the confidentiality of potential data contained on the hard drives, the City has chosen to dispose of the computer systems through this professional service agreement to ensure the protection of this sensitive data. Firefly removes the hard drives on these computers and provides them to the City for retention purposes. Additionally, Firefly outsources the rebuilding of these obsolete computers for donating back to the community through programs for schools, low-income families, senior centers, and other agencies that have use for older computers and computer parts.

The following items are included under **TAB 9:**

- City of Leavenworth April 10, 2018 Computer Systems for Recycling List
- Professional Service Agreement with Firefly – April 8, 2014

- **MOTION:** *The Leavenworth City Council moves to authorize the Mayor to surplus for recycling purposes with Firefly the computer systems as identified by serial numbers on the April 10, 2018 Computer Systems for Recycling List.*