

LEAVENWORTH CITY COUNCIL
Study Session Agenda
City Hall - Council Chambers
June 13, 2017 9:00 a.m.

9:00 – 9:15 Chamber Report

This time is provided for a Chamber of Commerce representative to provide an update to the City Council on items of interest to the Chamber and City.

9:15 – 9:30 Parking Study

This time is provided to give a brief update to the full Council on the current status of the Parking Study. The steering committee for this project, which includes representatives from the City Council, Chamber of Commerce, and Chelan County Port, met with Mr. Rick Williams of Williams Consulting on May 25th to discuss finalizing the scope of work for the study. At this time, the City has provided additional information back to Williams Consulting and is proceeding with developing a Professional Service Agreement. Staff will provide a draft agreement if available on Tuesday.

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

9:30 – 10:00 Public Works Updates – Herb Amick / John Schons

This time has been set aside for Public Works to update the Council regarding recent department system upgrades.

Herb Amick, Public Works Director, will be relaying information regarding a new software system, “MOBILE 311”, recently purchased and implemented within the Public Works various divisions. This is a GPS based cloud system which enables work order creation, job tracking, mapping, record keeping and reporting, all accessible by City smart phones and computers.

John Schons, Parks Supervisor, will be relaying information regarding recent upgrades he has implemented in Parks regarding state of the art irrigation monitoring and controls, remote lighting controls, and remote locking and security controls; highlighting the advantages and savings these systems provide.

There following items are included under **TAB B**:

- Water utility account history
- Future irrigation control upgrades

10:00 – 10:20 Public Safety Contract

This time is set aside to discuss the Public Safety Contract and options on future public safety services within the City of Leavenworth.

The City of Leavenworth currently contracts with the Chelan County Sheriff's Department for police services within the City. The current contract expires December 31, 2017. The new proposed contract is for a four year term with an average cost increase of 3.475% annually over the term of the contract. The Sheriff's Office has offered a 2.8% increase for 2018, and 3.7% increase in 2019, 2020, and 2021. The following table provides the dollar amounts for the base contract:

Year 2018	Basic Services	\$ 531,552
Year 2019	Basic Services	\$ 551,220
Year 2020	Basic Services	\$ 571,614
Year 2021	Basic Services	\$ 592,764

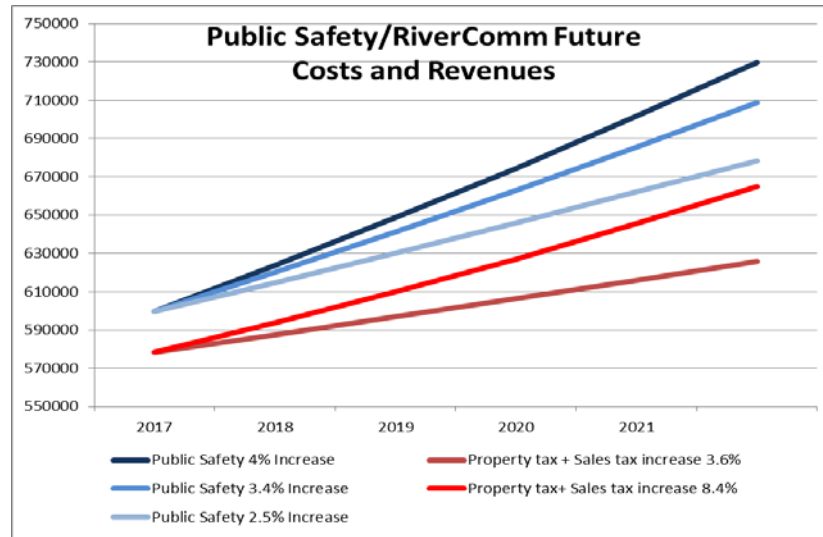
In addition to the base service, the City is also responsible for payment of approximately \$65,000 annually for Rivercom Services, an additional \$10,000 annually for the initial 200 hours of overtime hours for police services for City sponsored events, and additional overtime hours for hours above the initial 200 hours. At this time the payment for \$20,000 for a School Resource Officer is not included in this contract.

The police service levels included within the contract include the following:

- The Sheriff is designated as the Chief Executive Law Enforcement Officer, or Police Chief of the City pursuant to RCW 35A.12.020. The Sheriff or his/her designee will be the assigned Police Chief, consistent with the laws of the State of Washington.
- The intent of this contract is to provide the City of Leavenworth twenty-four (24) hour police response coverage, seven days a week, within the City of Leavenworth.
- One of the Officers assigned in providing this coverage will be a police liaison officer. The Police Liaison Officer shall be assigned to patrolling the City within the municipal boundaries of the City at "peak times" or "extraordinary circumstances" which shall be defined by the Sheriff or Sheriff's designee in consultation with the Mayor or Mayor's designee. The Police Liaison Officer will spend a minimum of eighty percent (80%) of his/her on-duty time annually addressing police issues within the municipal boundaries of the City.
- The Sheriff's Office furnishes and supplies all necessary equipment, communication facilities and vehicles and supplies necessary to maintain the level of service to be rendered hereunder, and shall pay all salaries and employee benefits and other costs in connection therewith.

Given the rising cost of the Sheriff's Public Safety Service Contract, the City must either explore an alternative service model or accept the cost of service as offered by the Sheriff's Department and look at other areas of funding or service reductions to cover the cost of the services. Currently the Sheriff's Contract and the costs of Rivercom are \$21,000 more than the revenues

collected through the Public Safety Sales Tax (\$126,000) and the full collection of property tax (\$452,430).



As noted in the chart above, the gap between the cost for services and funding continues to expand in a number of scenarios, making the financial model unsustainable without a correction in either the service level or revenue source. Also note that the City expends additional dollars for Public Safety to include funding for Fire Inspections, Fire Plan Review, Prosecution Attorney Services, Emergency Services, Jail/Incarceration Fees, and Court costs. The total annual cost of those services is \$94,279 in 2017. The discussion today is to review alternatives and other funding areas for providing police services within the City.

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

10:20 – 10:40 Wastewater Treatment Plant Financing

This time is provided to discuss the current efforts towards securing funding and financing for the mandated improvements at the City of Leavenworth Waste Treatment Facility. The City is currently applying for US Department of Agriculture (USDA) Rural Development (RD) Funding. The total estimated cost for the project at this time includes the following:

Waste Treatment Plant Upgrades:

The estimated costs for the Waste Treatment Plant upgrades at this time are \$9,150,000. This does include engineering, contingency, and inflation contingency. The upgrades at this time include the improvements to comply with the Phosphorous daily loading limits, equipment replacement at the existing plant of mechanicals and software reaching the end of its useful life (20 years), and funds for the construction of relocating the public works facility onsite.

Collection System Improvements:

The estimated cost for the collection system improvements at this time are \$4,510,000. This number includes all projects listed as Priority 1, 2, and 3. These numbers include engineering, contingency, and inflationary contingency. Collection system improvements include the

replacement of 8 to 18 inch existing sewer lines. The majority of the concrete pipeline is 70 year old concrete piping. Areas of pipe recommended were identified via a video inspection that was completed 15 years ago. One of the more significant improvements is the South Interceptor Sewer Line replacement which is approximately 4,000 lineal feet of trunk mainline sewer paralleling the Wenatchee River. This plan also includes video inspection prior to engineering so that alternative methods of reconstruction can be considered: open cut replacement, slip lining, pipe bursting, and Concrete Cured in Place Pipe Relining.

The total estimated cost of the project at this time is \$13,660,000. The City Council at a future date will need to confirm the full scope and specific project to be included in the overall project. At this time the RD Funding Application will be for the \$13,660,000.

USDA RD

The United States Department of Agriculture Rural Development (USDA RD) offers loans, grants and loan guarantees to support economic development and essential services such as housing, health care, first responder services and equipment, and water, electric and communications infrastructure. The USDA Rural Development has a \$216 billion portfolio of loans. Currently they will administer \$38 billion in loans, loan guarantees and grants through USDA RD programs in the current fiscal year. The Water and Waste Disposal Loan and Grant Program funds projects for small (less than 10,000 people) financially distressed communities to extend and improve water and waste treatment facilities. The program is primarily a loan program however, grants are also offered on projects where sewer rates become excessive as compared to sewer rates being paid in other similar communities in the region.

Applicants must demonstrate effort and subsequent inability to finance the project through their own resources or commercial credit, and demonstrate the financial feasibility of the project, including the ability to repay the loan. Loan security is normally a revenue bond ordinance, with loan repayment from utility rates; although, repayment from taxes can also be used for RD loans.

RD Financing:

- a. Applications for funding are accepted year-round with award typically within 6 – 18 months of application submittal. In this case, will allow the City to continue toward achieving the August 31, 2020 operational/permit deadline.
- b. Interest rates vary – Currently they are in the 1.375% – 2.375% range.
- c. Loan terms are 30 to 40-year. To obtain grant funding, applicant must accept 40-year terms. While these longer terms spread the payment over time and reduce the near term implications on utility rates, several identified improvements included in the Facility Plan have a 20 year usable life span.
- d. Application requirements:
 - Approved environmental assessment; process currently underway with Development Services and Varela & Associates.
 - Preliminary engineering report; this requires the Facility Plan created by Varela & Associates to be redrafted in the form of an Engineering Report. A template document is provided by RD.

- Financial feasibility and cost analysis; Administration and Finance will be assisting Varela & Associates on this part of the application.
- Public Hearing/Discussion: RD, similar to many of the federal funding programs, requires the City to publish notification and hold a Public Comment Meeting on the project and funding. This will be scheduled for the July 11, 2017 City Council Meeting.
- Application deadline for this period is July 15, 2017.

RD requires that the utility user rates provide for an annual 10% reserve income in addition to annual debt service. Each loan agreement is individual to the applicant. RD funds may be used for all phases of project costs (i.e. planning, design, construction, some operation) including costs incurred prior to application to RD (including costs for the current facility planning effort). The governing stipulation is that RD funds for reimbursement of early phase costs do not become available for reimbursement until project construction is initiated via a construction contract award.

Rate Implications:

Included in the packet material are Tables 10-7 and 10-8. These tables provide a breakout of expenses and rate implications. Table 10-7 is an example for the costs of Treatment only improvements and Table 10-8 is an example showing the total cost for the Treatment and Collection Improvements. The scenarios run through the numbers with the four most favorable programs for the City; a Department of Ecology (DOE) Low Interest Loan, DOE Loan and Hardship Grant, a RD Loan Only, and a RD Loan and Grant. The grant qualification on either program – DOE or RD is based on the current utility rate and the affect the new debt will have on existing rates. The calculation is: Estimated New Annual Sewer Rate / Median Household Income (currently \$37,348) must be greater than 2% to qualify for some level of grant assistance.

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

- 10.0 Implementation and Financing: Capital Improvement Plan
- Table 10-7: Funding Scenarios and Rate Impacts: Treatment Only
- Table 10-8: Funding Scenarios and Rate Impacts: Treatment & Collection
- Waste Treatment Site Plan
- Collection System Improvement Map

10:40 – 10:55 Pangborn Airport Pledge Discussion

This time is provided for the City Council to discuss approving a contribution to the Chelan County Port Air Service Investment Program. At the May 23, 2017 Council Meeting, the Council approved Resolution 11-2017 supporting the expansion of the Pangborn Airport air service. At that time, the Council requested additional information on the use of City funds for the support of this program. After discussions with other cities and follow-up with the City Attorney, justification could be made for the use of Lodging Tax Funds and/or General Fund. In the use of Lodging Tax Funds, the nexus is in supporting and promoting tourism; in the use of General Funds, the expansion of air services at Pangborn Airport could be justified as economic development within the context of the City's Comprehensive Plan. Staff is recommending using

a portion of the Tourism Improvement Funding Program which has a balance of \$29,873 at this time.

The Chelan County Port oversees the operation of the Pangborn Airport; the Port is encouraging local support for the Air Service Investment Program. The goal of the program is to secure daily air service between Pangborn Airport and the San Francisco Bay Area. The Air Service Investment Program is a program designed to share the risk of a new airline service route at Pangborn Airport between the Port, Pangborn Air Port, the community, airline investment, and the Federal Government. The community role is to secure approximately \$400,000 in pledges that will be matched 2 for 1 with Federal grant dollars. The funds will be used to offset only financial operating losses by the airline providing the service and only if needed. A successful service expansion will result in the return of the pledged dollars.

The current list of supporters and pledges is located at: <https://www.flywenatchee.com/bay-area-flight/> The total pledged dollars as of June 8, 2017 are \$282,000 of the needed \$400,000.

The request this evening is for the Council to consider a dollar amount for the program.

The following items are included under **TAB 6 (Evening Agenda Packet)**:

- Air Service Investment Program Fact Sheets
- Resolution 11-2017
- Budget Position Lodging Tax Funds

10:55 – 11:25 Development Services Updates

This time is set aside to provide an update and status report of development and/or land use activities and depictions of construction projects. The Development Services Department is presenting this information to update the Council on activity within the community. This information is a "snap shot" of construction. For the last few years and throughout these years, the Development Services Department presents detailed and oral reports to the Council on current projects.

1. The listed projects are considered recent and/or active, and many have been removed due to completion.
2. The last formal reporting was a part of the "Year End Report."
3. Many land use permits are attached to construction permits, and have longer terms. Some land use permits may not be included in this report.
4. This report is separate from that of the regular "project tracker" presented by the City Administrator, although there may be overlap in identified projects.
5. The photos are for discussion, and not a complete photo documentation of all projects listed.

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

- "Current Permits / Permit Report" and images of projects

11:25-11:35 Council Open Discussion

The remainder of this time slot allows for Council discussion of items not on the agenda.

Mountain Pact - Tab G

- Request for letter supporting the National Antiquities Act
- Use of City Logo