

**LEAVENWORTH CITY COUNCIL**  
**Study Session Agenda**  
**City Hall - Council Chambers**  
**November 8, 2016 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 – 9:45 Discussion with Lodging Association Representatives and Review of LAP Budget Requests**

This time has been set aside for the City Council to review and discuss the information necessary for adjustments to the Lodging Tax Budget. The discussion today will include a conversation with one or two of the Lodging Association members, Mr. Lyman Boyd and Mr. Karl Ruether have been invited. After that conversation the Council will have an opportunity to review the LAP budget requests for 2017 and the overall Lodging Tax Fund revenues and expenditures for 2017. Last week the City received the funding request from the Leavenworth Area Promotions (LAP) Committee after they held their October retreat. In addition, the Downtown Steering Committee met on October 25, 2016 and discussed the scope and cost implications of the Park Plaza Project. The Committee has recommended scaling back the scope of that project, which was funded in part with Lodging Tax Funds.

**History:**

The Lodging Tax Budget receives funding from the taxes collected from overnight stays. The tax rate has been set at a special rate of 5% by the City of Leavenworth.

The Washington State “Lodging Tax” was originally established for King County in the late 1960’s as a way to pay for the construction of the Kingdome. Under the original legislation creating the tax, the State returned \$0.02 (two cents) of the State’s sales tax collected on lodging in King County to fund Kingdome construction (a “tourist related facility”). In the mid-1980’s, cities throughout Washington became eligible to receive the 2% lodging tax, with the stipulation that it be used for construction and maintenance of “tourism related facilities.”

In the mid-1990’s, the State allowed certain cities to raise the lodging tax collected at the local level. Under this legislation, the City of Leavenworth (at the request of the Leavenworth Lodging Association) adopted an additional 1% lodging tax in 1993 and increased it again to 3% in 1997. As a result, the current “hotel-motel” or lodging tax is 5% (2% returned from the State and 3% collected locally).

In the mid-1990’s, Leavenworth had two committees, which included members from the Chamber of Commerce, Lodging Association, and City Councilmembers, who advised the City on the expenditure of these funds. The “2% Committee” made recommendations to the City on the use of the basic 2% tax for tourism-related construction and maintenance projects, such as the

improvements to Front Street Park or the development of a Visitor Center/Heritage House. Their focus stemmed from the original legislation for that tax. When the State Legislature broadened the use of this tax in the mid-1990's, Leavenworth began to use the funds for the Chamber of Commerce operations. The Autumn Leaf Festival, Salmon Fest, Cascade Loop Association, the maintenance of public restrooms, and the Leavenworth Visitor's Guide were all funded with these funds in the year 2000.

The "3% Committee," known as LAP was implemented in 1997 and recommends expenditures on the 3% tax and focused on promotions; examples of uses include media advertising, brochures, radio advertising, an Internet Web Camera, horse harnesses, the Leavenworth sign for the beverage wagon, and additional Chamber staff time to handle the results of LAP advertising.

At this time the State no longer requires an advisory committee for the City of Leavenworth or makes the distinction between the uses of the 2% and 3% lodging taxes. When the formal agreement expired in 2000, the 2% and 3% Committees recommended to the Council that they be combined into a single committee that would review both construction and advertising/promotion uses of the tax. The structure today is the Leavenworth Area Promotions (LAP) Committee; they focus their resources on tourism and promotion which is funded through an allocation of the Lodging Tax Funds authorized by the City Council. In addition, the Chamber of Commerce operates the Visitor Center, which is funded partially by an allocation of the Lodging Tax Fund, under an agreement between the Chamber of Commerce and the City Council. The additional dollars within the fund are allocated by the City Council to support festivals, improve tourist related facilities through capital expenditures, fund tourist related required maintenance such as the downtown flowers, restrooms, and additional security or deputy patrols. A final item within the Lodging Tax Fund identified by the Council was to establish a fund reserve which could be used in times of "Emergency" as determined by the Council. The Fund Balance had been set at \$100,000 for many years; recently the Council established a goal to increase the fund balance to \$200,000 by 2020.

**a) Fund Balance Status**

Provided under TAB A is the current spread sheet which provides the status of the Lodging Tax Fund Balance. Of note are the commitments made by the City Council in 2016. One is the three year commitment (2015 – 2017) of \$20,000 annually for funding of the Leavenworth Base Camp/Ski and Stay promotion effort partnering with Steven's Pass Ski Area. Another is the commitment by the City Council of \$20,000 for the Leavenworth Winter Sports Club (LWSC); the Council also suggested at that time a five year funding commitment of \$20,000 annually to LWSC which would be discussed and considered going forward into the 2017 budget allocation. Two other expenditures of note is the increase in Salaries and Wages for support of tourism – trash collection and admin – and funds for the expansion of the Downtown Recycling Program. The fund also provides the funding for two capital projects; the Skatepark \$43,750 and the Park Plaza Project for \$100,000. The final item is the improvement made on growth of the Fund Balance which is identified in the City Council's Financial Policy; if all expenditures are approved and the revenue meets expectations; the fund balance at the end of 2018 will be at \$199,844.

**b) LAP Budget Request**

One item that is reviewed annually is the Leavenworth Area Promotions (LAP) Committee budget request. The Committee held their yearly request on October 18, 2016; attached under TAB A is the proposed budget. The request is for a 8.7 % increase; or \$47,000. Council Member Wearne and Larsen as the City representatives of the LAP Committee can provide more information on the proposed budget and initiatives for LAP in 2017.

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

- Lodging Tax Fund 2017 – 2018 Proposed Budget
- LAP Funding Request Letter
- Lodging Tax Funding Distribution Charts

### **9:45 – 10:00 Review of Rate & Fee Schedule for 2017**

The City Council is being provided the latest update to the draft Rate & Fee Schedule that will need to be adopted by the December 13<sup>th</sup> meeting. Previous comments from the October Study Session have been amended as discussed regarding clarification on the language related to parking overtime fees, and specific holidays have been included regarding the new Commercial Federal Holiday Garbage pick-up fee; specific items removed include the requests to consider dog license fee changes and a new fee to consider for alcohol in Front Street Park Use.

Included below are some new items and comments to consider at the Tuesday Study Session:

The Stormwater Fee In Lieu of is still included in the Rate & Fee Schedule. The Public Works Committee Meeting on November 8, 2016 will hear from Pacific Engineering on the methodology to develop this fee and when this fee may be beneficial to a property owner. The Committee will make a recommendation back to Council based on that conversation.

Council is being asked to consider and discuss the addition of a Miscellaneous Fee and Charge for scheduled use of the Gazebo in Front Street Park for private party activities such as weddings. Presently there is no charge for reserving the facility for two to three hours. The reservation only includes the use of the facilities with no other amenities or City provided services; this practice would not change. Request for the facility for this type of event has been steadily increasing over the past several years. A reservation fee of \$50.00 would begin to cover a portion of Administrative and ongoing maintenance costs realized by the City to provide this service and maintain the facility.

Other Public Works related schedule changes for review include a \$50.00 surcharge fee for requested commercial garbage pickup on federally designated holidays as well as a clarification of pass through charges related to Water/Sewer Mainline Extension Permits. This item is being recommended to recover overtime costs for garbage collection on holidays.

One additional item of note, the City Council has retained the current fee schedule for planning permit fees and services for many years without change. At this time the City does not have a cost recovery approach for providing this service. A cost recovery approach is intended to collect enough fees to fully recover the cost of processing permits for projects. However, it is estimated that the City collects, on average, less than 50% of the cost of processing permits for large and

complex development projects, while less complex projects fees do cover the cost of services provided. No changes in development or permit fees are being recommended at this time.

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

- Redline Draft Rate & Fee Resolution

### **10:00 – 10:30 Discussion of 2016 – 2017 Legislative Priorities for the City**

The City Council is being asked to review a recommended list of Legislative Priorities for the 2016/2017 Washington State Legislative Session. While the City has identified legislative priorities in the past, the Association of Washington Cities (AWC) in their Operations: Strong Cities Program is recommending that cities actually review and adopt by motion a list of Legislative Priorities, provide those priorities to their District Legislative representatives and then follow-up after the session to see what actions were achieved. The City Administration has developed a list of priorities based on the needs of the City and recommendations with AWC. Under Tab C of the Council Packet is the 2016/2017 Proposed Legislative Priorities. The suggested priorities for the 2016/2017 Legislative Session would include:

1. Infrastructure Funding/Sales Tax Option.
2. Affordable Housing Revenue Source
3. FireWise Assistant/Modifications to WAC 173-425-040 Outdoor Burning.
4. Public Works Trust Fund
5. Secure Funding for MRSC

Once approved, the City will furnish the list of priorities to the offices of State Elected Representatives after the election.

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

- Draft Resolutions City of Leavenworth 2015-2016 Legislative Priorities
- List of Other Priorities

### **10:30 – 11:00 Initial Review of 2017 Planning Commission Docket**

This time is provided to review the draft 2017 Planning Commission Docket with the City Council.

Every year, the Planning Commission works on the City's "Docket." This list of amendments (the Docket) is developed throughout the year from citizen, Council, Planning Commission, and staff comments or requests. This year differs in a critical manner.

Every county and city in the state is required to conduct a periodic update of its comprehensive plan and development regulations, though the obligation varies depending on whether the

jurisdiction is fully or partially planning (RCW 36.70A.130(1)). Over the recent few years, the City has been "whittling down" differing development regulations in advance of the mandated deadline to reduce workloads. Now is the time mandated by RCW 36.70A.130 (WAC 365-196-610 and RCW 36.70A.130) which states "On or before June 30, 2017, and every eight years thereafter, for Benton, Chelan, Cowlitz, Douglas, Kittitas, Lewis, Skamania, Spokane, and Yakima counties and the cities within those counties" "shall update their respective Comprehensive Plans." Plans must be internally consistent, that is, elements within the plan must be mutually reinforcing. Consistency is also required among the plans of adjacent jurisdictions and where common regional issues exist. In addition, development regulations, such as zoning, must be consistent with local plans.

Required Plan Elements (RCW 36.70A.070) – The City of Leavenworth Comprehensive Plan must include, at a minimum, the following elements:

- Land Use,
- Utilities,
- Economic Development,
- Housing,
- Transportation,
- Parks and Recreation, and
- Capital Facilities.

All requests for city-initiated amendment proposals from the public must be received by December 31st to be considered for the upcoming year's amendment process. By January 31st of each year, all required application materials for proposed map amendments (excluding the unincorporated portions of the urban growth area) which are not city-initiated (i.e., those which are requested by private persons, organizations, agencies, etc.) must be submitted to the City. Map amendments within the unincorporated portions of the urban growth area that are not required to be initiated by the City shall be submitted to Chelan County per the requirements outlined in the Chelan County Code. The Docket includes a "place holder" for such applications.

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

- Planning Commission Docket – 2017 Cycle of Amendments

### **11:00 – 11:15 Highway 2 Crosswalk Improvement Project**

This time has been set aside to update and discuss with Council, the Highway 2 Crosswalk Improvement project and potential changes in design. This project includes the enhancements of two crosswalk locations on Highway 2; the crosswalk located at Gustav's and the crosswalk located at the Link Park N Ride. The original scope of the project included the addition of rapid flash pedestrian flashing units, new striping, new pedestrian lighting, curb cuts, ADA updates, and consideration of pedestrian islands. Mr. Steve Marsh, PE, TD&H Engineering is the City's engineering consultant on this project. Funding is provided through the Pedestrian/Bicycle Safety Program which is considered State Funding. The WA State Department of Transportation (WSDOT) has obligated funding for the design work on this project. Due to concerns regarding possible traffic congestion, one request for consideration from the Council and public was to investigate linking the crosswalks with the signal lights on Highway 2. After meeting with representatives from DOT, the system for this interlink system requires the rapid flash beacons to be upgraded to a system referred to as the HAWK System. We are working with WSDOT and TD&H Engineering investigating the change in design and the change in estimated costs. This change will also

require a change in scope for the grants awarded to the City for installation of the Rapid Flash Beacons and crosswalks. Information regarding the HAWK system can be found behind Tab E.

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

- HAWK Literature

### **11:15 – 11:30 Council Open Discussion**

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

- Discussion on Committee Assignments