

**LEAVENWORTH CITY COUNCIL**  
**Study Session Agenda**  
**City Hall - Council Chambers**  
**November 13, 2018 8:00 a.m.**

**8:00 – 8:15 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.

**8:15 – 8:35 Traffic Control for Christmas Lighting with Chelan County Sheriff Office**

At the evening meeting, the City Council will be asked to consider the approval of the expenditure and allocation of officers for traffic control for the 2018 Christmas Lighting Festival put on by the Leavenworth Chamber of Commerce. Sergeant Lawrence of the Chelan County Sheriff's office will be on hand to discuss the traffic control plan and the allocation of officers. The traffic control plan was developed with the input of the Washington State Patrol, Washington State Department of transportation, Chelan County Fire District #3, and the Sheriff's Office.

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

- Christmas Lighting Festival Traffic Control Plans

**8:35 – 9:15 Initial Review of the 2019 Planning Commission Docket**

The Planning Commission Docket is a list of planning projects, approved by the City Council, which the Planning Commission and staff use to focus and prioritize work throughout the upcoming year. While the primary purpose of the Docket is to address Comprehensive Plan amendments, per LMC Chapter 21.31, it has been expanded to include code amendments which are also required to be heard by the Planning Commission. By expanding the Docket, the Planning Commission and Council may efficiently prioritize the workload for the year.

The attached draft Docket was developed based on last year's projects and items which were identified by staff throughout the year. New items may be submitted by the public or through the upcoming Planning Commission and Council meetings. Public requests, for City sponsored, amendments may be submitted for consideration through December 31, 2018. At the close of public requests, the draft Docket will be reviewed at a joint Planning Commission and Council meeting tentatively scheduled for January 22, 2019. The purpose of this meeting is to review and determine which public items, if any, will be City sponsored and to prioritize projects.

Final adoption of the Docket is anticipated in January with a placeholder for any City map amendment applications received by January 31<sup>st</sup> and any unincorporated amendments received from Chelan County by mid-March.

The draft Docket has been grouped into three sections. The first section lists items that should be completed within the amendment cycle year (2019); the second section includes items which may be completed in the cycle year, as time permits; and, the third section is a list of items/topics that may be considered for future review. The progression of an amendment depends upon complexity and staff workload. Some topics are anticipated to take considerable time and may remain on the "Docket" for multiple years.

To briefly recap the last few years, the 2016 Docket included vacation rentals and housing related questions as the first priority followed by a mix of code amendments, infrastructure planning, and comprehensive planning tasks. To address the housing related questions, the Housing Affordability Task Force developed recommendations for the Council and the City contracted with BERK to complete a Housing Assessment (completed March 2017). For the 2017 Docket, the year was focused on finalizing the Comprehensive Plan update, which required a substantial amount of work and time. For the 2018 Docket, the primary focus has been on reviewing the Housing Affordability Task Force recommendations. This work is on-going and expected to continue into 2019.

At this time, the draft 2019 Docket is being provided for review and general discussion.

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

- Draft 2019 Planning Commission Docket

### **9:15 – 9:45      Budget Updates - Lodging Tax**

This time has been provided for the City Council to review and discuss future Lodging Tax Fund expenditures.

The administration is recommending three areas for consideration of the expenditure of Lodging Tax Funds:

1. As noted in the discussion regarding the Christmas Lighting Festival and necessary traffic control and public safety personnel, this will be an ongoing expense. The dollar figure for 2018 is an estimated \$91,000. In 2019, consideration will need to be given on added staffing for Sunday's event if the Festival continues to grow and possible increased parking management for the Saturday event. The current Preliminary 2019-2020 Budget includes the request for Christmas Lighting in 2019 for \$112,500 and \$162,500 in 2020; this will be amended in the future budget years based on the results of 2018.
2. A second funding item that the City Council may consider is an allocation of Lodging Tax Funds for resurfacing the City's Outdoor Pool. The estimated cost for this project is approximately \$150,000 based on the bid work/cost estimate that was completed in 2016. While the pool operated by the City and funded by the PRSA is not a substantial tourist attraction, there is some out of the area use. In the 2016 zip code study, it was estimated that slightly less than 10% of the users were from out of the 98826 area code. Since funding has not been provided from the lodging taxes over the course of the pool's

existence of approximately 16 years, providing this one-time expenditure could be justified for tourist related support.

3. A third Lodging Tax allocation consideration would include future improvements to the DOT Parking lot once identified by the Council, and future expenditure to partially fund other parking lot and parking program improvements once identified by the Parking Stakeholders Group and considered by the City Council.

## **History**

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 of Chamber; Lodging Association, and City Councilmembers that advise 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, Autumn Leaf Festival, Salmon Fest, Cascade Loop Association, the maintenance of public restrooms, and the Leavenworth Visitor’s Guide; all were funded with these funds in the year 2000.

The “3% Committee,” known as Leavenworth Area Promotion (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 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 Lodging Tax 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 Council established Fund Balance goal is to increase the fund balance to \$300,000 by 2020.

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

- RCW 67.28.1816 Lodging Tax – Tourism Promotion
- Lodging Tax Expenditure Pie Chart
- History of Lodging Tax Budget and Actual Expenditures / Revenues

### **9:45 – 10:00 2019 Rate & Fee Schedule Review / Changes**

The City Council is being provided the draft changes to the rate and fee schedule that will need to be approved at the December 11, 2018 meeting. Staff has not received any specific suggestions from Council members regarding any rate changes that were requested at the October Study Session. At this time, the amendments include the utility rate changes as included within the Six-Year Utility Rate Study and as approved by Council action to consider the annual rate increases per Resolution 20-2017. Based on utility fund balances, planned and continuing capital related projects, and revenue/expense projections, staff recommends continuing with the planned rate increases for 2019. Several items have been highlighted for discussion purposes of whether those fees should be amended prior to final approval of the schedule in December.

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. 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 project fees do cover the cost of services provided. Based on the recent contracted services with SCJ Alliance for Ms. Charity Duffy’s time, the City does have some time analysis data to consider any recommendations for fee changes. No changes in development or permit fees have been included at this time; however, Council will be asked to discuss whether they would like staff to consider changes.

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

- Redline Draft Rate & Fee Resolution
- Resolution 20-2017

### **10:00 – 11:00 Regionalization/Consolidation Study Presentation**

Over the last 18 months, the City of Leavenworth has participated in a study regarding the benefits and hurdles in regionalization of the Upper Valley Water and Sewer service. The goal of

the study was to identify the pros and cons of regionalizing the utility services and provide this information to the decision makers of each local jurisdiction.

The cities of Cashmere and Leavenworth, the Chelan County PUD, and the Peshastin Water District each own individual water and wastewater systems along the Wenatchee River. Each entity individually plans, improves, operates, maintains, and manages its respective utilities. When services are provided by a single operator (regionalization of the services), potential savings could arise from reduced labor requirements, eliminated duplication of services, and improved planning and coordination of services provided. In addition to the sustainable operating model, water and sewer utilities are two major factors in planning for and addressing economic development and growth within the Upper Valley, so perhaps not only are there efficiencies in operation, there may also be efficiencies in planning for and addressing economic vitality and growth on a regional basis.

In late 2015, the Chelan County PUD invited its customer-owners to submit proposals for projects that enhance the quality of life in Chelan County. The cities of Cashmere and Leavenworth and the Chelan County Board of Commissioners submitted a request to study and identify the advantages and difficulties in a regional approach to providing water and wastewater services in the upper Wenatchee Valley. The original request did not name a preferred regional operator; however, through further discussions with the proposers it was deemed Chelan County PUD would be the logical regional operator. This proposal was amongst those approved for funding in 2017. In the discussions since the initial request, the Peshastin Water District was added as a member of the study. In 2017, the FCS Group was selected as the consultant for the project. Since that time, the Regionalization Stakeholders Group has met on an ongoing basis; the consultant has met with each of the agencies and developed financial models for the regionalization. On Tuesday, the consultants will provide a review of their process and findings.

Mr. Gordon Wilson and Mr. Mathew Hobson from the FCS Group will provide the presentation and lead the discussion regarding the Regionalization Study.

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

- Wenatchee Valley Utilities – Utility Consolidation Study Presentation

### **11:00 – 11:30 Council Open Discussion**

1. Parking Stakeholder Committee Formation

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