

## **LEAVENWORTH CITY COUNCIL STUDY SESSION MINUTES**

### **November 14, 2017**

Mayor Cheryl Kelley Farivar called the November 14, 2017 Study Session to order at 9:00 AM.

Council Present: Mayor Cheryl Kelley Farivar, Carolyn Wilson, Elmer Larsen, Gretchen Wearne, Mia Bretz, Margaret Neighbors, Sharon Waters, and Clint Strand.

Staff Present: Joel Walinski, Herb Amick, Nathan Pate and Chantell Steiner.

City Clerk Chantell Steiner conducted the oath of office for incoming Councilmember Clint Strand who is replacing Councilmember Richard Brinkman.

### **1. Chamber Report**

Chamber Director Nancy Smith and Chamber President Paula Helsel updated the Council on the current budget planning processes underway for the Leavenworth Area Chamber of Commerce, the finalizing of plans for the upcoming Christmas Lighting Ceremonies, and this year's commemorative ornament. Director Smith identified some of the processes involved with lighting the trees in Front Street Park and Chamber related membership meetings and elections. She then noted the County Lodging Tax application process that is underway and stated that there was not a lot of requests this year for the funding and the Chamber will be focusing on an application for next year's funding. She added that the Chamber is now working on planning for the upcoming Ice Fest in January.

### **2. Review of Lodging Tax Budget and Leavenworth Area Promotion (LAP) 2018 Budget Request**

Jessica Stoller, Bill Forhan, Jesse Boyd and Gary Thebault from the Leavenworth Area Promotions (LAP) Committee joined the Council discussion. City Administrator Joel Walinski gave a brief update on the City's biennial budget process and the new requests from LAP that will affect the second half of the 2017-2018 Budget. He noted that the Ski & Stay Program with Stevens Pass was originally committed to in 2014 for a four-year program ending in 2017; therefore, LAP is requesting on behalf of Stevens Pass, that this program once again be extended into 2018 at \$20,000. Administrator Walinski proceeded to identify a few line items that are being recommended for amendments.

Ms. Stoller reviewed the additional LAP request of \$58,000 from lodging tax funds this year based on revenue increases that have occurred over the past two years at about a 10% increase. She then reviewed details within the LAP Committee's Budget to include general promotions, media advertising and the different types of media advertising that has been transitioning more to online media versus paper print media. Mr. Forhan provided examples of the changes that he has seen over the past decade of more viewers using his online media services while print advertising has remained fairly stable with no new growth. Ms. Stoller added that there are unique tools for tracking online access and viewing from visitors that helps their webmaster determine what is popular and how best to present the digital media. Director Smith added that the significance of

this transition is never ending and the opportunities are many. Ms. Stoller discussed the opportunities for use of the funding increase for media related purchases and attending travel related tours.

Councilmember Waters questioned how she can best respond to citizens on when and how much is enough when it comes to advertising and bringing more visitors to town. Director Smith stated that she believes a good discussion on this topic would be well served with business owners in the downtown to discuss the challenges that do come up, such as employee retention and ever increasing costs for employers. Mr. Thebault added that the LAP Committee is focusing the advertisement on Sunday through Thursday promotions as weekends are already well attended. He spoke to his own challenges as a business owner over the past ten years in Leavenworth and how some months of the year are very difficult to meet bottom lines, such as November and spring months. Administrator Walinski noted that tourism business does require ongoing advertising to maintain the economic engine as a streamlined process. Councilmember Bretz added that bringing in more people for such things as recreation and trail use is necessary while keeping in mind that infrastructure is critical to work on improving for better and expanded access. Administrator Walinski confirmed that the next part of the question for funding use is the expansion and care of infrastructure to support the tourism; he identified the handout regarding several downtown improvements that have been discussed as a critical need by various Council Committees, the Chamber of Commerce, and City staff. Councilmember Larsen concurred that capital improvements are very important such as more parking, restroom expansion and downtown improvements such as new pavers that needs to be considered annually for some of the increased dollars. Director Smith gave a brief background on how the LAP Committee has morphed its advertising to include more than just the Bavarian themed downtown but to also include multiple day stays for families to stay longer and recreate. Mayor Farivar noted that the current list of potential capital projects should also consider funding support for the new LINK Transit Park-n-Ride behind Safeway. Council continued to discuss the fine balance that is needed for both advertising and capital related improvements.

### **3. Review of Rate & Fees for 2018**

Finance Director Chantell Steiner stated that the current redline changes for the Rate & Fee Schedule includes changes related to RCW 42.56 – The Public Records Act. She noted that these changes are directly related to the changes made by the State Legislature this year. She added that the City will have another step in this process to formally create and approve a Public Records Disclosure Policy. Council discussed some of the changes to the law that now includes better communication with requestors and the ability to reject onerous requests that are non-specific to a public record.

### **4. Utility Rate Study Update by HDR, Inc.**

Kevin Lorentzen and Shawn Koorn of HDR, Inc. provided the Council with an update on the Utility Rate Process to date. Mr. Lorentzen proceeded to review the PowerPoint Presentation on the status update. He discussed how impacts have been spaced in various years to accommodate service levels and capital needs that may be necessary today on one particular utility while other utilities, such as sewer, will need future improvements. Council suggested looking at adjusting

the overall rate to stabilize each year at about a 4% to 5% increase which would include increases starting in 2018 for the sewer utility. Mr. Koorn stated that the figures can be estimated differently to stabilize out the rate increases from year to year. Mr. Lorentzen added that some of the utilities have certain increases earlier due to debt service requirements from borrowing funding to complete capital related projects that have to be considered for balancing the budget appropriately. Mayor Farivar explained that it is important to the citizens to be able to easily project annual percent increases across the board than to attempt to guess the individual increases on each utility. Councilmember Waters requested that any upcoming publications related to these rate increases are clear and concise on each utility increase and what the main increase is specific to.

Mr. Lorentzen proceeded to review a summary of the cost of service analysis that has been incorporated into this rate study. He stated that the purpose of a cost of service analysis is to determine an equitable allocation of the revenue requirement that supports the expenditures of each utility. He stated that in looking at the multifamily definitions and rates it was determined to be unequitable and in need of review and amendment. He stated that the study includes options for addressing any inequities in user class rates, to look at meter size ratios for charges based on a national average, and considering the vacation rate. There was a brief discussion on what size of lines/meters are needed versus those that are requested by the developer/home owner particular to single family residential. Mr. Lorentzen stated that one option for multifamily is to consider the different meter size ratios or leave those as is and to consider adding a separate per unit charge for the water utility; Council suggested looking at amending the meter ratios for 1 ½ inch lines and greater. Administrative Walinski reminded the Council that the Planning Commission Docket will be looking at ways to incorporate housing affordability options and possible incentives for affordable housing when it comes to new developments. Some of the tools that the Council can look at are system development charges versus monthly rates that may define affordable housing units with reduced rate options. Councilmember Larsen stated that having a per unit charge could be beneficial in the future for tiny homes to provide incentives. Mr. Koorn stated that the tiny homes concept is occurring more often; however, at this time cities have not considered this in monthly rates while they are starting to consider it in system development charges. He then reviewed changes to consider regarding charging water use; one option to leave in place is the 7,500 gallons in the base rate versus removing this allocation to charge based on no gallon allocation in the base rate. Mr. Lorentzen stated that multifamily will need to be considered for both water and sewer changes. He noted that the balance of the bill will remain fairly close to the current total rate because the change is almost identical in value for each of the utilities, an increase in monthly water charges and a decrease in monthly sewer charges.

Council proceeded to review the practice of “vacation rate” users and how those are impacting the overall revenues of the combined utilities at a cost of \$34,000 per year. Mayor Farivar asked the Council to consider the equitability to all users while some individuals are being subsidized by a majority of the users. The current practice allows for water to be turned off to a base rate of \$17.82 while no charges are included for sewer, garbage and stormwater. Councilmembers discussed how the system, regardless of use by an individual, is still in place and needs to be maintained and improved over time. There was discussion of garbage possibly being one utility that could have less of an impact due to the lack of infrastructure requirements. Mr. Lorentzen

noted an option to consider a more equitable vacation rate that identifies a charge for each of the utilities. Mayor Farivar reminded the Council to also consider the amount of staff time involved in turning utilities on/off from administrative to maintenance staff support. Councilmembers discussed their individual thoughts on whether this should be considered for amendment. Councilmembers Larsen, Wilson and Neighbors are in support of a partial increase to meet base capacity requirements, Mayor Farivar and Councilmembers Strand and Waters support having all families pay a fair share year-round, Councilmember Bretz feels multifamily needs to be considered. There was a brief discussion on waters rights and whether the City has enough water rights to start considering expansion to homes located outside of the city limits; it was noted that current water rights are not enough to consider this as an option.

## **5. Initial Review of 2018 Planning Commission Docket**

Development Services Manager Nathan Pate provided the Council an overview of the Planning Commission 2018 Docket and how the cycle of amendments are discussed, reviewed and incorporated in by the Council. He reviewed the past year's discussions and adoptions that Council has considered, such as the Housing Affordability Task Force Study, to include changes for consideration to development related changes within the City Code. Manager Pate explained how a simple item, such as allowing "density bonuses", could have many different factors that need to be analyzed; it is not just a simple statement of "increasing density." Council discussed some factors that all need to be considered when looking at increasing density such as snow storage, parking, and public safety considerations. Manager Pate continued to review future items that will likely carry into 2019 that includes the zoning & code changes and the list of items that are included on attachment A that have been on the docket for many years now. He noted that these long-term goals are important to previous discussions but have been put lower on the priority level as other important initiatives have come forward in recent years; some items were suggested to be considered for moving up on the docket if they appear to be conducive to discussions that occur earlier. Council discussed some specific items, including further review of bed and breakfasts density limitations in the future and wildland fire considerations for code amendments.

## **6. Council Open Discussion**

Councilmember Neighbors suggested Councilmembers read the articles within the Cityvision Magazine on sustainability that recently came out from the Association of Washington Cities.

Councilmember Bretz identified the email provided for the Council in the front binder regarding the Mountain Pact and that Administrator Walinski will email out the attachment that was included with the email.

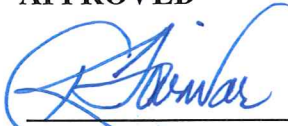
Councilmember Larsen asked the status of the Lions Club Pavilion; Administrator Walinski stated that it has gone through review with the Design Review Board and is now in discussion with the funding partners prior to moving forward with structural engineering. It was noted that the new design will not encroach further on the current pool area.

Mayor Farivar announced the Elected Essentials class that is upcoming in Chelan and Olympia if Councilmembers are interested in attending.

Administrator Walinski asked the Council on direction on how they would like to replace the position for outgoing Councilmember Gretchen Wearne. Councilmembers were in support of doing the application/interview process as has been done previously and asked that staff work on getting the advertising out in December for interviews in January.

Study Session adjourned at 12:15 PM.

**APPROVED**



---

**Cheryl K. Farivar**  
Mayor

**ATTEST**



---

**Chantell Steiner**  
Finance Director/City Clerk