

LEAVENWORTH CITY COUNCIL STUDY SESSION MINUTES

December 11, 2018

Mayor Cheryl Kelley Farivar called the December 11, 2018 Study Session to order at 8:03 AM.

Council Present: Mayor Cheryl K. Farivar, Carolyn Wilson, Elmer Larsen, Mia Bretz, Margaret Neighbors, Sharon Waters, Clint Strand, and Jason Lundgren.

Staff Present: Joel Walinski, Chantell Steiner, Herb Amick, and Lilith Vespier.

1. Chamber Report

Chamber Director Nancy Smith and Chamber President Paula Helsel updated the Council on the Chamber Board's planning efforts for Ice Fest in January and asked the Council if there were any questions regarding how Christmas Lighting has been going. Director Smith stated that this year marks the earliest time of the month that it can occur while next year will be the latest falling on the 7th; this may have some effects on attendance. She stated that the number of busses on the first weekend were down from normal at about 60 compared to 85; the second weekend was also lower with about 75 compared to 100; the Chamber is anticipating the third weekend to possibly be the largest turnout this year. Council briefly discussed how to acquire statistics on whether the traffic control services is creating a return on investment; Department of Transportation will have some timing statistics on traffic flow; other emergency personnel services may also weigh in after the events are completed. Director Smith noted that the Chamber was actively asking busses to take Stevens Pass, as opposed to Blewett Pass, to help spread the busses out more if possible. Councilmembers spoke about individual experiences these past two weeks on traffic flow with many of them noting that they felt it was improved over recent years.

2. Christmas Lighting Update

Public Works Director Herb Amick discussed the new traffic control services that have been explored this year noting that the first weekend did have some minor glitches in set-up and efficiency. He stated that the second weekend was smoother with the traffic control staff being more efficient in managing the traffic flow. City Administrator Joel Walinski added that the traffic was steadily moving at all times which greatly improves the ability for public safety responses. He noted that the Festhalle is reserved to have vendors and food options this year from the 20th through New Years allowing for more opportunities for visitors to find food and a warm space.

3. Lodging Tax Request – Leavenworth Area Promotions (LAP)

Icicle Village Resort Manager Karl Ruether introduced himself and gave a brief background on his 25 years of experience in assisting in managing and monitoring lodging tax revenues and expenditures. Mr. Ruether answered questions from Council on specific line items within the LAP budget request. He noted that the Camera funding is not to purchase but rather to pay for the electronic services and support costs; Director Smith added that the cost is increased to now cover two cameras, one on Front Street and one at the Festhalle.

Director Smith updated the Council on the request related to social media and explained the type of advertising that occurs through social websites and on billboards, busses, rolling ads, and

other campaigns that are typically driven based on new ideas that come up throughout the year. She stated that the Chamber has been actively seeking to target visitors that would come during the week rather than the weekend. Director Smith noted the use of last year's increase was specific to last minute type of advertising, such as the rolling ads, going to conferences to learn new innovative ideas to keep activities fresh for old and new visitors, as well as marketing the ever-changing environment of social media style advertising versus magazines, newspapers and radio. Director Smith explained how social media advertising can be very specific and directed towards a certain group of people based on google analytics.

Mr. Ruether gave background history on the lodging tax implementation at the request of the Lodging Association at 1% originally, then increased to 2% and was again increased to today's rate of 3%; this is in addition to the State tourism tax of 2% for a cumulative rate of 5%. Councilmember Waters questioned whether and when enough advertising is enough; Director Smith spoke to the challenges of a few months throughout the year that the small businesses are struggling to make ends meet to pay employees and stay in business year-round. The busy months are so valuable to build a reserve for those months that tourism does decline. There is no specific measurement, other than taxes, to know how exponentially growth has occurred and to watch for downturns that will occur from changes in tourism, retail purchasing and construction related growth or decline. Councilmember Bretz spoke to the need to continue to fund costs related to advertising, tourism service level support, of which the need has been growing, and to increase capital related improvements to amenities in the downtown; she would like to see more dollars this year go towards the support of service levels and capital improvements rather than increases to advertising. Director Smith cautioned backing off on advertising; one of the largest issues that tourist communities face is backing off on their advertising and not being able to respond quickly and efficiently once the downturn starts to occur. There was a brief discussion on the need to focus on improving parking opportunities and to always remember to partner with other agencies, such as the Port of Chelan County.

4 . Lodging Tax Request – Upper Valley Park & Recreation Service Area

Finance Director/City Clerk Chantell Steiner reviewed the request from the Upper Valley Park & Recreation Service Area (PRSA) for its request of funding support to do a major capital resurfacing project in 2019. She stated that the PRSA Board is requesting a 50% match of the \$150,000 project from the City of Leavenworth. She stated that the City Council can determine if funding comes from either the City's General or Lodging Tax Funds as the pool has been a frequented attraction for both residents and visitors alike; although, a majority of the use is by local residents of the PRSA. Since the lodging tax funds have not provided funding since it was built in 2003, there is justification to assist in this major upgrade from the past 15 years of use by visitors. She explained the funding challenges for the Pool to also pay for the other 50% of costs and that the PRSA Board would also ask for a 3-year loan from the City to be paid back between 2020 and 2022. If the Council supports these actions then a decision will need to be made in early 2019 if improvements are to be completed in the spring; otherwise, they will occur in the fall.

5. Lodging Tax Funding Allocation

Administrator Walinski reviewed a five-year history of the breakdown of the lodging tax expenditures and reserves. Based on previous requests to analyze the usage, the data is broken into four basic areas; advertising/promotions, tourism operations, capital expenses/debt service

and reserves. He identified the trends over time showing that direct advertising has slowly been decreasing while reserves have been increasing; it was noted that this also has to do with the increased amount of revenues with a lack of allocation to new expenditures. He noted that operations and capital/debt has remained fairly flat. Major capital projects have not been paid for in recent years by lodging tax dollars; however, upcoming improvements such as parking and Front Street Park improvements could quickly and easily deplete much of the reserves. In addition, more restrooms have been requested for many years. Council discussed what the next steps need to be that could include further analysis of the data and goal setting for all of the requests that are already in the queue. Council discussed some concern with current codes for parking requirements by businesses in the downtown area and the need to look at funding parking improvements into the future. Council reviewed the Stevens Pass past allocations and the future of that program to be funded from the Chamber.

6. Planning Commission 2019 Docket Review

Development Services Manager Lilith Vespier reviewed the updated draft of the 2019 Planning Commission Docket. She explained the timing that will be involved for the Planning Commission in completing the docket items noting that the top priority, mandated items, will take a majority of the Commission's time; there will be a few months to address additional items. She proceeded to review the mandated items that includes items 2, 3, 4 and 5; item 1 is an item that will occur but is not necessarily mandated. Council discussed how best to approach creating a way to prioritize the list to determine what items should be addressed once the mandated items are completed. Mrs. Vespier questioned whether identifying a goal would be beneficial before identifying priorities; Mayor Farivar stated that the Council has previously determined that the two top goals are affordable housing and parking. Mrs. Vespier proceeded to review the remaining docket items for consideration that includes new code amendment requests, prior year docket items for code amendments from the Housing Task Force, requested comprehensive plan items, secondary 2019 code and comprehensive plan amendments, and section three items for future review. Mrs. Vespier provided a handout and talked about the process for public requests for comprehensive plan amendments and how best to assist the staff and Planning Commission to ensure the process is open and transparent. She stated that she will reassess how to organize the docket that will assist the Council in prioritizing the items for the January joint meeting with the Planning Commission; she will bring an updated document to the January Study Session.

7. Gray & Osborne, Inc. – Water Plant Assessment Review

Administrator Walinski introduced Adam Miller and Keith Stewart (via teleconference) from Gray & Osborne, Inc. He explained to the Council how there are some important factors to consider within this assessment that will also correlate to the water rights planning involved with the Icicle Work Group.

Mr. Miller provided the Council with a PowerPoint Presentation and identified the various assessments completed on the Water Treatment Plant. He reviewed the existing facility and how the system currently flows and operates. In this initial review, they analyzed concerns with the existing facility maintenance and necessary improvements needed; he noted the facility was built in the 1970's and has not been improved or expanded over time. He stated that the plant building is in fairly good condition; however, the electrical has unreliability issues for the SCADA system, there are overall concerns with equipment degradation, limited accessibility and lack of access to equipment, lack of storage options, and concerns with treatment areas including

but not limited to the filters, backwash basin, clearwells, chlorine contact building, and effluent monitoring.

Mr. Miller reviewed the cost for modifications that are currently necessary to maintain the plant facilities; high priority items being identified first then followed by recommended modifications. The high priority items are estimated to be about \$1.8M and additional recommended interim improvements are about \$700,000. He identified the need to consider future water rights when looking at further improvements of the facility noting the needs of interruptible versus un-interruptible water rights. He stated that there are additional concerns with the distribution system that is likely undersized for the current demands. The study did not look at the distribution system; however, through a review of the Water System Plan, some areas are identified as likely undersized and the aging pipes from the 1930's continually have leaks. He stated that the minimum expectation today for improvements is just under \$1M to maintain and keep the plant operational until further future improvements can be considered. Mr. Miller then reviewed future improvement costs that are estimated to be about \$6M to \$7M for new Filter Equipment or to consider \$7.5M to \$9.5M for new Membrane Filter Equipment. To replace the entire Water Treatment Plant, the estimated cost would be about \$10.5M which would include a new location, intake facilities, filter facilities, disinfection facilities and finished water pumping facilities. Distribution line replacements will be critical for upgrades in conjunction with major plant improvements.

Council discussed legislative requirements, potential new regulations in the future and timing of improvements. Administrator Walinski explained that the City conducted this study to identify the most critical improvements and to have data to consider affordable improvement options in an organized fashion. Mr. Miller noted a final option is to abandon the current plant facilities and to consider increasing groundwater expansion that would include transferring existing water rights and building a new groundwater facility along the Icicle or Wenatchee rivers. In closing, he noted the need to consider what the desired capacity is, how to operate the system with the plant and/or wells, potential impacts, and low loan funding opportunities.

8. Parking Pilot Program

Administrator Walinski informed the Council that the Cascade Medical Center is excited to see some employee parking program get underway. The staff has reviewed options for implementing a pilot program in January that designates locations in the P2 and P4 parking lot. At this time there will be no limitations on who can apply for the spaces, although spaces will be limited to a set number per lot with 30 in P2 and 15 in P4. He reviewed the pilot program to begin with a six-month trial period, how passes will be distributed and monitored, and coordination for ticketing illegal parking with a towing service option. Administrator Walinski added that the Parking Stakeholder Committee will revisit the program after the six-month trial period and make further recommendations for changes if needed.

9. Council Open Discussion

Councilmember Strand stated that there is a location that a constituent believes is illegally operating an overnight rental in the residential zone. Mayor Farivar stated that the constituent is encouraged to contact either the overnight rental hotline or city staff directly with the location.

Councilmember Lundgren stated that a recent report from the Forest Service on fire risk areas has identified Leavenworth within the top of the list; he would like to see a future study session discussion item on this.

Councilmember Neighbors stated that the Leavenworth Museum will be considering a contract for a new location this week and stated that the Museum will need some financial assistance.

Councilmember Lundgren stated that the compost movement/focus group has been meeting and discussing the future of the program; he will have more updates soon.

Mayor Farivar stated how wonderful the memorial service was for Army Ranger Sgt. Leandro A.S. Jasso aka "Lando"; Councilmembers reflected on the overwhelming support from the community for Lando and to consider a memorial statue. Administrator Walinski noted that there may be some room by the Saunders Memorial to add a statue.

Study Session adjourned at 11:10 AM.

APPROVED



Cheryl K. Farivar
Mayor

ATTEST



Chantell Steiner
Finance Director/City Clerk