



City of Leavenworth

700 Highway 2 / Post Office Box 287
Leavenworth, Washington 98826
(509) 548-5275 / Fax: (509) 548-6429
Web: www.cityofleavenworth.com

City Council
Carl J. Florea - *Mayor*
Carolyn Wilson
Mia Bretz
Sharon Waters
Clint Strand
Jason Lundgren
Anne Hessburg - *Mayor Pro Tem*
Zeke Reister
City Administrator - *Vacant*

MEETING VIA ZOOM CONFERENCING April 14, 2020 06:30 PM Pacific Time (US and Canada)

Join Zoom Meeting

<https://zoom.us/j/430158431?pwd=dVcycDd4Wk10MW8vNzZ3Rm8ybTdqUT09>

Meeting ID: 430 158 431

Password: 810960

or

Dial by your location

+1 301 715 8592 US

+1 253 215 8782 US

Find your local number: <https://zoom.us/u/aeGK1g6nYa>

The City requests that all non-essential visits to City Hall for the Council Meeting be observed. City Hall will be open for the public that wants to attend the meeting in person; however, social distancing will be required for those that choose to attend. Space may be limited. We encourage all Councilmembers and the public to utilize the zoom meeting feature. Staff will ensure hosting of the access approximately 10 minutes prior to the Council meeting; no meeting business may be discussed prior to the official opening of the meeting beginning at 6:30 PM. The public is encouraged to submit written comments prior to the meeting by sending to the City Clerk at financedir@cityofleavenworth.com; comments via email will need to be submitted by no later than 6:00 PM on April 14, 2020 in order for them to be received and prepared for submission into the record; comments received will be read aloud as part of the Comments From the Public on Items Not on the Agenda or during the discussion of specific items. If you would like to deliver comments you may contact City Hall at 509-548-5275 prior to 1:00 PM on April 13, 2020 to schedule an appointment for delivery. Comments received through US Mail will be included if they are received prior to the meeting.

PUBLIC NOTICE

Notice is hereby given that the City of Leavenworth Study Session meeting scheduled to take place on April 14, 2020 at 8:30 AM has been canceled.

Chantell Steiner
Finance Director / City Clerk
City of Leavenworth

LEAVENWORTH CITY COUNCIL AGENDA

Leavenworth City Hall – Council Chambers

April 14, 2020 – 6:30 PM

Call to Order

Roll Call

Consent Agenda

1. Approval of Agenda
2. Approval of March 24, 2020 Regular Meeting Minutes
3. Approval of April 2, 2020 Special Meeting Minutes
4. March 2020 Payroll \$247,926.80
5. 2020 Claims \$339,268.10

Council Committees – 2nd Tuesday

Economic Development 3:00 PM – *Canceled*

Parks 4:00 PM – *Canceled*

Public Works 5:00 PM – *Canceled*

Public Safety Report: Sergeant Scott Lawrence, Liaison Officer

Councilmember and Committee Reports

Mayor / Administration Reports

Comments from the Public on Items Not on the Agenda

Public Hearing for Design Review Board Code Amendments @ 6:45 PM –

- **MOTION:** *The Leavenworth City Council moves to continue the public hearing to 6:45 pm, June 9, 2020 at City Hall, Council Chambers.*

Public Hearing for Subdivision Code Amendments @ 6:45 PM –

- **MOTION:** *The Leavenworth City Council moves to continue the public hearing to 6:45 pm, June 9, 2020 at City Hall, Council Chambers.*

Resolutions, Ordinances, Orders, and Other Business

1. Action: Ordinance 1609 – Design Review Board Code Amendments
2. Action: Ordinance 1610 – Subdivision Code Amendments
3. Action: Garbage Truck Purchase
4. Action: Ordinance 1611 – Quarterly Budget Amendment
5. Discuss: 2020 Project Tracker / 2020 Future Council Agenda Items
6. Discuss: Quarterly City Newsletter Recommendations
7. Discuss: Wastewater Treatment Plant/Collection System Budget/Funding Update

Information Items for Future Consideration

1. Final Reminder – Public Disclosure Commission Filing Deadline April 15, 2020

Executive Session: RCW 42.30.110 (1)(i)(ii) Potential Litigation

Adjournment

(Next Ordinance is 1612 – Next Resolution is 09-2020)

SUPPLEMENTAL COUNCIL AGENDA

1. Ordinance 1609: Design Review Board Code Amendments

The Design Review Board code update was initiated by the 2019 Docket. The Board and staff started reviewing Chapter 14.08 Old World Bavarian Architectural Theme in May of 2019 and worked through December 2019. The initial review started as a discussion to provide for more administrative approval of sign permits, but quickly changed into a discussion about how to provide clarity to the applicants and the Board on design objectives and process steps.

The Planning Commission reviewed the proposed amendment at their regular February 2020 meeting where several items were modified. The public hearing was held on March 4, 2020 with no public comment. The Planning Commission recommendation for approval included three clarifications to the proposed amendments, specifically, page 3 “A change of use or occupancy...”, page 12 addition of an “a”, and page 16 correction of a reference for quasi-judicial review in LMC 21.09.050. The Planning Commission is forwarding the proposed amendments to the City Council with a recommendation of approval.

At this time, Staff is requesting that the Ordinance be continued until the conclusion of the Hearing schedule for June 9, 2020, based on Governor Inslee’s March 24, 2020 Proclamation (20-28) that clarified certain state law requirements related to the open public meetings act and states “Public entities are further prohibited from taking “action” as defined in RCW 42.30.020, unless those matters are necessary and routine matters or are matters necessary to respond to the COVID-19 outbreak and the current public health emergency.”

COUNCIL GOALS

<i>Revenue & Fiscal Health</i>	Is the request/action (Ordinance/Resolution) consistent with the Financial Policy?	
<i>Infrastructure</i>	Does the request/action support a safe and efficient infrastructure?	
<i>Economic Development Growth and Vitality</i>	Is the request/action supportive of the Old-World Bavarian Theme or promote the diversification of the economic base?	
<i>Transparency and Accountability</i>	Does the request/action further public understanding and engagement?	✓
<i>Community Building</i>	Is the request/action supporting residential needs for housing, safety, transportation, affordable governmental services?	✓

The following items are included under **TAB 1**:

- Attachment A – *Redline version*
- Ordinance 1609 and Attachment A – *Clean version*
- **MOTION:** *The Leavenworth City Council moves to continue Ordinance 1609 to a date certain of June 9, 2020.*

2. Ordinance 1610: Subdivision Code Amendments

The 2020 Docket included a simple code modification to permit the review of short subdivisions of nine or fewer lots (rather than the existing four) as an Administrative process. Major Subdivisions would change from five or more proposed lots to ten or more proposed lots. This change would not

change the number of lots to be permitted in the zoning district or the requirements for infrastructure (such as roads).

The benefits of a Short Subdivision are the reduced time for processing, which in turn, means reduced costs and not having to present at a hearing. For the City, the benefits of a Short Subdivision are encouraging infill development where existing city services are readily available. Infill development increases the number of users on water and sewer lines without extending City infrastructure resulting in reduced costs for all users and reduced maintenance for City workers. Generally, infill development within the City has been for housing.

At this time, Staff is requesting that the Ordinance be continued until the conclusion of the Hearing scheduled for June 9, 2020, based on Governor Inslee’s March 24, 2020 Proclamation (20-28) that clarified certain state law requirements related to the open public meetings act and states “Public entities are further prohibited from taking “action” as defined in RCW 42.30.020, unless those matters are necessary and routine matters or are matters necessary to respond to the COVID-19 outbreak and the current public health emergency.”

COUNCIL GOALS

<i>Revenue & Fiscal Health</i>	Is the request/action (Ordinance/Resolution) consistent with the Financial Policy?	
<i>Infrastructure</i>	Does the request/action support a safe and efficient infrastructure?	
<i>Economic Development Growth and Vitality</i>	Is the request/action supportive of the Old-World Bavarian Theme or promote the diversification of the economic base?	
<i>Transparency and Accountability</i>	Does the request/action further public understanding and engagement?	✓
<i>Community Building</i>	Is the request/action supporting residential needs for housing, safety, transportation, affordable governmental services?	✓

The following items are included under **TAB 2:**

- Attachment A – *Redline version*
- Ordinance 1610 and Attachment A – *Clean version*
- **MOTION:** *The Leavenworth City Council moves to continue Ordinance 1610 to a date certain of June 9, 2020.*

3. Garbage Truck Purchase

The City Council is being asked to authorize the expenditure of funds for the purchase of a 2021 Peterbilt 520/Labrie garbage truck at a cost of \$316,301.98 including sales tax, excluding licensing, to replace the Utility Department 2010 Peterbilt 320/Labrie garbage truck (VIN#38PZH58X2AF110100). The ER&R identified a 2020 replacement cost of \$253,967. The vehicle quote was provided by Peterbilt through a Sourcewell Agreement, which eliminates the State 3-bid requirement for purchase. The new garbage truck will have a larger capacity (31 cu. yds. versus 24 cu. yds. contributing to some of the additional cost increase) and was test driven by staff in 2019 to ensure maneuverability in the City’s small alleys.

Approval for purchase will allow for the possible sale of the 2010 truck; however, Public Works would like for Council to consider retaining the replaced vehicle for “back-up” of the two active garbage trucks for the following reasons:

1. The garbage trucks are highly complex vehicles with many moving parts and are subject to frequent breakdown and repair.
2. The City presently uses one truck for commercial garbage pickup and the other for cardboard recycling pickup. In the event of a breakdown of either truck, Public Works is forced to combine garbage and cardboard (thus eliminating the recycling) until such time repairs are completed.
3. In the event that both trucks go down for repairs at the same time, the City has no means of collecting commercial garbage.

In conclusion, retaining the replaced truck will allow the City, in the event of breakdowns, to ultimately show no change in service and minimally maintain the essential commercial garbage service.

Due to the Garbage Fund having significant shortfalls from the COVID-19 pandemic, staff is recommending that the City Council approve the purchase with a 50/50 split to come from the Garbage Fund and Lodging Tax Fund, of which funds are transferred to the Equipment Rental & Revolving (ER&R) Fund on an annual basis over a ten-year period. In addition, this split would include annual operating costs associated directly with the garbage trucks and is more detailed below in the budget amendment item. The ER&R Fund currently has the reserve to purchase the garbage truck but will need to have annual transfers to replenish its reserves. Previously the Lodging Tax Fund did not support garbage related major capital or maintenance costs; however, now that a majority of the garbage collected comes from the businesses and hotel/motels it makes sense to supplant the Garbage Fund with Lodging Tax Fund support. Several years ago, the City did increase costs to the Lodging Tax Fund for personnel related costs associated with commercial garbage collections but has not provided capital related support. The Lodging Tax Fund currently has a large surplus of revenues and does have the ability to continue this annual cost.

COUNCIL GOALS

<i>Revenue & Fiscal Health</i>	Is the request/action (Ordinance/Resolution) consistent with the Financial Policy?	✓
<i>Infrastructure</i>	Does the request/action support a safe and efficient infrastructure?	
<i>Economic Development Growth and Vitality</i>	Is the request/action supportive of the Old-World Bavarian Theme or promote the diversification of the economic base?	
<i>Transparency and Accountability</i>	Does the request/action further public understanding and engagement?	✓
<i>Community Building</i>	Is the request/action supporting residential needs for housing, safety, transportation, affordable governmental services?	

The following items are included under **TAB 3**:

- Western Peterbilt, Inc. Quote
- Peterbilt 520 Garbage truck information
- **MOTION OPTION A PREFERRED:** *The Leavenworth City Council moves to authorize the expenditure of funds for the purchase of a 2021 Peterbilt 520/Labrie garbage truck at a cost of \$316,301.98 including sales tax, excluding licensing, and agrees to retain the replaced vehicle (VIN#38PZH58X2AF110100) in City inventory.*
- **MOTION OPTION B:** *The Leavenworth City Council moves to authorize the expenditure of funds for the purchase of a 2021 Peterbilt 520/Labrie garbage truck*

at a cost of \$316,301.98 including sales tax, excluding licensing, and agrees to sale/auction the replaced vehicle (VIN#38PZH58X2AF110100) as surplus.

4. Ordinance 1611: Quarterly Budget Amendment

The City Council is being asked to adopt Ordinance 1611 Quarterly Budget Amendment, which amends the budget at the fund level. A majority of this amendment includes the necessary adjustments to the beginning and ending fund balances, salaries and wages due to the required 3-year Cost Allocation analysis, and reconfiguration of the Garbage Fund that removes residential garbage services. The Council will find other amendments based on past approved Council actions or necessary corrections to the 2020 budget that either have been carried over from the 2019 budget or require amendment due to changes not foreseen in the development of the original budget in 2018. Due to the COVID-19 shutdown, additional conservative reductions are being incorporated to the City’s major revenue streams, which includes parking, retail sales, and lodging tax revenues. At this time there are no recommended reductions to Water, Sewer, and Stormwater for collections; however, late/shut-off fees will be reduced from Water and Sewer at a later date. Due to amendments only showing an adjustment and not identifying what a “real” ending fund balance is estimated to be, I have included what the “Real Balance” is on each fund’s notes for their adjusted ending fund balance (EFB) lines.

Due to the magnitude of changes needed to the Garbage Fund, a separate spreadsheet is being provided to identify the original 2020 budget versus the amended budget. Included in this amendment is the anticipated transition to fund the Garbage Truck with a 50/50 split with the Garbage Fund and Lodging Tax Fund; these are included as an annual transfer of \$42,500 from each fund to the ER&R Fund; previously this has been covered entirely at \$85,000 by the Garbage Fund. If Council does not support this action, an amendment will be needed to this ordinance during passage. It should be noted that if the Council chooses not to support this, it will put the Garbage Fund in a critically low fund balance and will require an updated rate study by 2021 that will result in significant increased costs to commercial accounts.

At this time, it is uncertain what the total effects of lost revenues will have on the City’s individual funds. Based on the City’s current Financial Policy, which is planned for review by the Finance Committee in May, below is a current snapshot (these figures take into account this budget amendment for budgeted figures, not actuals) of the City’s fund balances versus the policy recommendations; if a fund is not listed there is no set policy for that fund:

Fund	Reserve Policy	Reserve After QBA
General	40% by 2020 - Revenues	56%
Garbage	25% - Expenditures	16%
Water	25% - Expenditures	48%
Sewer	35% - Expenditures	101%
Stormwater	25% - Expenditures	129%
Parking	100% - Annual Debt Due	109%
Lodging Tax	\$300,000	436% - \$1,307,766
ER&R	Sustain Operations/Capital	No issues EFB = \$410,870
Civic Center – Festhalle	50% - Expenditures	11%
City Pool	25% - Expenditures	55%

COUNCIL GOALS

<i>Revenue & Fiscal Health</i>	Is the request/action (Ordinance/Resolution) consistent with the Financial Policy?	✓
<i>Infrastructure</i>	Does the request/action support a safe and efficient infrastructure?	
<i>Economic Development Growth and Vitality</i>	Is the request/action supportive of the Old-World Bavarian Theme or promote the diversification of the economic base?	
<i>Transparency and Accountability</i>	Does the request/action further public understanding and engagement?	✓
<i>Community Building</i>	Is the request/action supporting residential needs for housing, safety, transportation, affordable governmental services?	

The following items are included under **TAB 4:**

- Ordinance 1611
- Revenue and Expense Line Item Details – Garbage Truck transfer and purchase items highlighted
- 2020 Garbage Fund Amendments
- **MOTION:** *The Leavenworth City Council moves to adopt Ordinance 1611 Quarterly Budget Amendment.*

5. 2020 Project Tracker / 2020 Future Council Agenda Items

This time is provided to review the Annual Objective and 2020 Project tracking document, and the Future Council Agenda Items document. The Project Tracker provides the Council with quarterly updates on the work and status of a number of Council Priorities or required projects/tasks that need to be completed by the City. It is not a comprehensive list; the project tracker does not include the daily tasks required to provide services and maintain service levels to residents, businesses, or visitors, but provides a good review of the work being completed by the City.

The following items are included under **TAB 5:**

- Annual Objective and Project Tracker 2020
- 2020 Future Council Agenda Items

6. Quarterly City Newsletter Recommendations – Distribution in May

The City will be publishing the quarterly Mayor and City Council Newsletter in May. Article topics at this time include, but are not limited to:

- “A Minute with the Mayor” – TBD by Mayor Florea
- COVID-19 Information – Sue Cragun
- 2020 Census Information – Lilith Vespier
- City Pool & Water Safety – Sue Cragun
- Upcoming Festivals and Events – Sue Cragun
- Leavenworth Recycle Center / Waste Loop – Sue Cragun
- Residential Advisory Committee – Mayor Florea

- Update on current / upcoming City projects – Herb Amick / Sue Cragun
 - WWTP Plant
 - Water Meters
 - Parking Meters
- Reminders: Leash Law and Overnight Rental Hotline – Sue Cragun
- Welcome New Planning Commission Members – Sue Cragun

Staff is requesting any additional suggestions from the Council at this time.

The following item is included under **TAB 6:**

- Summer 2019 Newsletter

7. Wastewater Treatment Plant/Collection System Budget/Funding Update

The City Council is being presented with an updated cost estimate for the Phase 1 – Wastewater Treatment Plant, Phase 2 – South Interceptor Collection Improvements, and Phase 3 – Additional Collection Improvement. Mayor Florea and Directors Amick and Steiner have been meeting over the past two weeks with engineer Dana Cowger with Varela and Associates as well as Rick Rose with Rural Development to discuss current funding shortfalls and potential new loan and grant funding opportunities. As you know, the City did receive bids and has awarded construction for the Wastewater Treatment Plant, which came in over the original engineer estimate by \$1,934,000. This funding gap has been reduced by \$450,000 from some portion of the contingency included within that phase. Staff is nearly ready to proceed with advertising bids for the South Interceptor portion of the project. There is some potential that upcoming bids will do better, as contractors have lost many of their projects during the stay at home orders. However, based on the cost increases that occurred for the Wastewater Treatment Plant, Mr. Cowger has provided the City with the attached estimated budget update and total estimated funding shortfall of \$5,565,000 over the original budget estimate of \$13,941,000. The original funding of \$13,941,000 includes \$10,670,000 in loan and \$3,271,000 in grant from Rural Development.

Discussions over the last week have been in regard to funding these new costs through either an amendment to the original application, versus a new application to Rural Development for the shortfall. The advantage of a new application would be an extended period of time to complete the project and possibly stop construction of portions of Phase 3, in turn, taking on less total debt if necessary; the disadvantage is increased staff time and costs for analysis, application processing, and bonding fees; roughly a \$20,000 to \$25,000 increase. The advantage of an amended application is a minimal cost increase to implement and process through Rural Development and bonding fees; roughly a \$10,000 increase. Mr. Rose suggested moving forward with an amendment after further discussion with his colleagues at Rural Development. He has stated that not only is it easier to process an amendment internally but also the potential for additional grant support will be greater, as well as, there could be new stimulus potential funding that could come over the next few months from the federal government. Already having a project in Rural Development could open the City up to larger grant opportunities, as this project is already considered shovel ready. In the 2008 recession, many new grant funding opportunities occurred; there is high confidence that this will once again come about over the next year.

At this time, Mayor Florea and staff would like to proceed with completing the amended application process with Rural Development so that the City Council can have the opportunity to proceed and take advantage of any additional grant increases. Rural Development has an upcoming deadline of May 15, 2020 to complete new or amended requests for the current funding cycle, so the City will need to act swiftly to complete the application paperwork over the next month. **No commitments to add additional funding for the project will be made without Council authorization.** Also, if additional funding is approved, the Council will still have options later, to consider reducing the total project, which would also reduce the loan and grant awards taken.

The following item is included under **TAB 7:**

- WWTP Summary of Budget Update for NEW or Supplemental RD Funding Application provided by Varela Engineering