

LEAVENWORTH CITY COUNCIL MINUTES
April 14, 2020

Mayor Carl J. Florea called the April 14, 2020 Leavenworth City Council meeting to order at 6:30 PM. The meeting was held by Zoom teleconference.

ROLL CALL

Council Present: Mayor Carl J. Florea, Carolyn Wilson, Mia Bretz, Sharon Waters, Clint Strand, Jason Lundgren, Anne Hessburg, and Zeke Reister.

Staff Present: City Attorney Tom Graafstra, Chantell Steiner, Lilith Vespier, Herb Amick, Sue Cragun, and Planning Commissioner Andy Lane.

APPROVAL OF THE CONSENT AGENDA

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

Councilmember Hessburg motioned to approve the consent agenda. The motion was seconded by Councilmember Lundgren and passed unanimously.

PUBLIC SAFETY REPORT: SERGEANT SCOTT LAWRENCE, LIAISON OFFICER

None.

COUNCILMEMBER AND COMMITTEE REPORTS

Councilmember Bretz reported on the Link Transit Special meeting and stated that the Board discussed extending the benefits for staff, due to the COVID-19 outbreak.

Councilmember Waters reported that she attended the Chelan Douglas Health District Board meeting, which included Chelan County Sheriff representatives, Wenatchee Mayor Frank Kuntz, and others. She noted a newspaper article that spoke to the overnight rental ban in Chelan County and another that spoke to the amendment with regard to the overnight rental ban. She confirmed that www.cdhd.wa.gov updates the local numbers on COVID-19 at 8:00 AM every morning. She briefly addressed the current reported COVID-19 cases in Leavenworth and Waterville.

Councilmember Strand noted that COVID-19 cases are slowly rising in the area. He added that most healthcare officials agree that the current COVID-19 statistics aren't necessarily accurate, as testing has been underserved for our population; testing will be increased so that we will have a more accurate look at how the virus is moving in the area. He said that healthcare officials agree that there is far more community spread than what the numbers indicate.

Councilmember Lundgren stated that he would like to set up an exploratory committee to address long term recovery for our community. He said that there are people who deal with wild fire and natural disasters; given that Leavenworth is the number one area for wildfire; given the current state of affairs, he feels that we can learn a lot from these people. He said that he has spoken to community members and he will send an invitation to the Mayor, Council, Chamber of Commerce, and others.

Councilmember Hessburg reported that she has been contacted by community members who have requested information on the implementation of the Paid & Timed Parking Program. She requested that an update be provided to the community, either in the Newsletter or the Community Letter from the Mayor. She would like the community to know that the project is currently on hold.

Councilmember Reister reported that he filled out tally sheets for the Request for Proposal for the Housing Action Plan.

MAYOR/ADMINISTRATION REPORTS

Mayor Carl Florea stated that he is aware that some Councilmembers may wish to conduct second interviews with the three finalists for City Administrator. He said that we are on hold, so that can be arranged by Tony Piasecki from Prothman. He noted that he has already done follow-up interview with the finalists. He is hopeful that those finalists will be able to come to Leavenworth soon to meet with the community; social distancing will be in order.

Finance Director Chantell Steiner reported that she is working on the Financial Reports for March. She said that currently, the numbers look good and we won't see changes until the May numbers are provided in the June Financial Report. She addressed parking revenue and stated that revenues were down 50% for March; April is at 3%. She addressed utilities and stated that garbage is at 36% for the month of April; commercial businesses have either cut or stopped services due to COVID-19. She said that water is currently trending at 90% for April, sewer is 87%, and stormwater is 92%. She said that she will be able to provide more accurate figures on utility revenues for the month of April at the next Council meeting. She addressed parking revenue and noted that the Chamber of Commerce recently collected bus parking fees from the 2019 Christmas Lighting Festival in the amount of \$21,000, which was deposited to the Parking Fund, rather than the Lodging Tax Fund, as was done in the prior year to support the traffic mitigation. She said that she will email the March Financial Reports to the Council the following day.

Development Services Manager Lilith Vespier reported that the new permit tracking system is nearly ready to launch, possibly by early May. She updated the Council regarding the Building Department and stated that building is on hold, essential inspections are taking place, and the department is currently educating the public. She said that City Planner Maggie Boles is currently processing and organizing historic files and will soon begin to accept building permit applications via US Mail or email; payment processing will take place over the phone. She announced that the new Alpenglow Village subdivision has sold all but one of their lots; the department is expecting building permits to come from those lot sales. Finance Director Chantell Steiner noted the increased Real Estate Excise Tax (REET) that the City has recently received. Ms. Vespier addressed the recently advertised Requests for Proposals and Qualifications (RFP/Q) and stated that the City received five (5) submittals for the Housing Action Plan; the top consultant was BERK Consulting, which has been asked to redefine the Scope of Work. The City received three (3) submittals for the Transportation Element Update; the top consultant was Fehr & Peers. She

requested guidance from the Council regarding funding that has been budgeted for the Transportation Element Update. There was discussion of the estimates coming in from \$69,000 - \$77,000 and the need for Council to consider \$70,000 being budgeted for the update.

Public Works Director Herb Amick provided a brief update on current projects and stated that the Wastewater Treatment Plant Upgrade project is moving forward; a preconstruction meeting has been held and construction may begin in May. He said that the Whitman Street Pavement Pilot Project cannot move forward at this time.

COMMENTS FROM THE PUBLIC ON ITEMS NOT ON THE AGENDA

None.

PUBLIC HEARING FOR DESIGN REVIEW BOARD CODE AMENDMENTS @ 6:45 PM

Mayor Florea opened the public hearing at 6:57 PM.

Councilmember Wilson motioned to continue the public hearing to 6:45 pm, June 9, 2020 at City Hall, Council Chambers. The motion was seconded by Councilmember Strand and passed unanimously.

PUBLIC HEARING FOR SUBDIVISION CODE AMENDMENTS @ 6:45 PM

Mayor Florea opened the public hearing at 6:58 PM.

Councilmember Wilson motioned to continue the public hearing to 6:45 pm, June 9, 2020 at City Hall, Council Chambers. The motion was seconded by Councilmember Lundgren and passed unanimously.

RESOLUTIONS, ORDINANCES, ORDERS, AND OTHER BUSINESS

1. Ordinance 1609: Design Review Board Code Amendments

Councilmember Strand motioned to continue Ordinance 1609 to a date certain of June 9, 2020. The motion was seconded by Councilmember Wilson and passed unanimously.

2. Ordinance 1610: Subdivision Code Amendments

Councilmember Lundgren motioned to continue Ordinance 1610 to a date certain of June 9, 2020. The motion was seconded by Councilmember Waters and passed unanimously.

3. Garbage Truck Purchase

Public Works Director Herb Amick stated that the City Council is being asked to authorize the purchase of a 2021 Peterbilt 520/Labrie garbage truck at a cost of \$316,301.98 including sales tax, excluding license, to replace the Utility Department 2010 Peterbilt 320/Labrie garbage truck. He said that the Equipment Rental & Revolving (ER&R) Fund 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. He confirmed that the new garbage truck will

have a larger capacity and was test driven by staff in 2019 to ensure maneuverability in the City's small alleys. He explained that the approval of the purchase will allow for the possible sale of the 2010 truck; however, Public Works is requesting that the Council consider retaining the replaced vehicle for "back-up" of the two active garbage trucks; if one truck is down, Public Works crews are not able to recycle cardboard.

Finance Director Chantell Steiner stated that with 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, which also pays for fuel and maintenance. There was a brief discussion of the ER&R Fund and how it is funded. Councilmembers discussed the cost and necessity of a new truck at this time, forgoing the 3-bid requirement, retaining versus selling the older garbage truck, the Garbage Fund shortfall, due to businesses being closed, and the use of Lodging Tax funds for the purchase. It was stated that garbage trucks are high maintenance vehicles and do not have a long useful life and that it is less costly to use the Sourcewell Agreement for vehicle purchasing, rather than receiving three (3) bids, as the State has already locked in discount pricing. Some Councilmembers were opposed to Lodging Tax Funds being used for the purchase of the truck, even though it is an appropriate use of the Funds, as the truck is serving the Commercial District. After much discussion, it was agreed to purchase the garbage truck from the ER&R Fund, using a 50/50 split between the Garbage Fund and Lodging Tax Funds for just one year of the ten-year transfers to the ER&R Fund; this decision is only for the 2020 calendar year. Councilmembers Wilson, Lundgren, and Hessburg expressed their concerns with regard to funding the garbage truck purchase with Lodging Tax. Councilmembers Bretz, Waters, Strand, and Reister had similar concerns, although agreed that it is an appropriate use of the Fund, but would still like to further the discussion prior to development of the 2021 budget.

City Attorney Tom Graafstra stated that the Council cannot expend monies unless there is a budget document to support that expenditure; if the Council majority holds to the purchase, Council majority will need to vote for the appropriate budget amendment to support the purchase.

Mayor Florea asked if there were any comments from the public.

Mr. Jesse Boyd asked if it were possible to use an interfund loan for the temporary situation that the City is in. Director Steiner stated that the City can do that, but revenue is not currently being generated from garbage services, which is necessary in order to pay back the loan.

Councilmember Waters motioned 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. The motion was seconded by Councilmember Strand and passed 4/3 with Councilmembers Wilson, Lundgren, and Hessburg opposed.

4. Ordinance 1611: Quarterly Budget Amendment

Finance Director Chantell Steiner stated that the City Council is being asked to adopt Ordinance 1611 Quarterly Budget Amendment, which amends the budget at the fund level. She addressed the City's 2-year budget cycle and noted that the biennial budget was created in 2018, which is the reason for the significant budget amendments that address beginning and ending fund balances.

She also noted that the amendment captures changes approved by the City Council over the past six months. She briefly addressed the recently completed Cost Allocation Plan that is a Federal and State level requirement, which addresses salaries and wages. She addressed the reductions that are being incorporated to the City's major revenue streams, due to the Covid-19 shutdown, which includes Parking, Retail Sales, and Lodging Tax revenues. She addressed the changes to the Garbage Fund, which includes funding a garbage truck with a 50/50 split with the Garbage Fund and Lodging Tax Fund one-year transfer to the ER&R Fund. There was discussion of the required reserves in various Funds, the purpose of the individual Funds, and further discussion of financing the garbage truck purchase with Lodging Tax Funds. Director Steiner confirmed that this budget amendment pertains only to the 2020 calendar year.

Mayor Florea asked if there were any comments from the public.

Mr. Jesse Boyd cautioned the Council with regard to using the Lodging Tax Fund as a bail out option. He does not agree that the Fund should be used to help surplus, in the future, these types of expenditures (regarding the garbage truck purchase).

Councilmember Reister motioned to adopt Ordinance 1611 Quarterly Budget Amendment. The motion was seconded by Councilmember Hessburg and passed 5/2 with Councilmembers Wilson and Lundgren opposed.

5. 2020 Project Tracker / 2020 Future Council Agenda Items

Mayor Florea addressed the 2020 Project Tracker and future council agenda items and asked if there were any questions. Councilmembers asked for clarification on the City Administrator hiring process, the Cascade School District's position on the Osborn Elementary School property, Fire Code Amendments, Festhalle floor resurfacing project, burn and/or disposal of yard waste being collected because of the Apple Maggot quarantine, Front Street Park Restroom Expansion project, Pool Resurfacing project, and water rights negotiations. Mayor Florea and Directors Steiner, Amick, and Vespier addressed those questions and provided additional clarification.

6. Quarterly City Newsletter Recommendations – Distribution in May

Mayor Florea stated that the City will be publishing the quarterly Mayor and City Council Newsletter in May. Councilmember Hessburg requested that an update regarding the Paid & Timed Parking Program be included in the Newsletter. There was discussion of including an insert, if necessary, in order to provide additional information, including a list of available services being provided by local businesses, and requesting additional distribution by the Chamber of Commerce if local businesses are still closed at the time of mailing.

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

Finance Director Chantell Steiner stated that there is potentially a very large shortfall in the overall Wastewater Treatment Plan package of projects. She said that the original estimate for the projects is \$13,941,000, which includes \$10,670,000 in loan and \$3,271,000 in grant from Rural Development; the total estimated funding shortfall is \$5,565,000 over the original estimate. She addressed the projects multiple phases as follows:

Phase 1 regarding the Wastewater Treatment Plant (WWTP) Upgrade project is approved; the project bid came in \$1,934,000 over the original funding estimate that was prepared in 2017. She said that contractor costs have risen since the time of the original estimate.

Phase 2 regarding the South Interceptor project; this project is ready to go out to bid in the next week.

Phase 3 is a “placeholder” for various projects that relate to sewer collection system improvements; engineering and design work has not occurred and the estimate is a generic price per square foot.

There was discussion of the unacceptable cost overrun for the full project package. Director Amick stated that the Department of Ecology placed a mandate on the City for phosphorus removal, along with the WWTP being 20 years old, which is causing equipment failure; a lot of the increased costs are related to equipment replacement on top of the phosphorus removal. City Attorney Graafstra stated that there is only one contract in place, which is the WWTP Upgrade project and the budgeting for that project goes back to 2017, which is causing significant “estimate” overruns at this point. He said that if all matters continue on the trajectory of the WWTP bid, the South Interceptor will go over the prior estimate as well. He said that there may be some cost overruns, but there will likely be significant overruns as they relate to the engineer’s estimates. Mayor Florea concurred with Attorney Graafstra’s statements and addressed Phase 3; he reiterated that Phase 3 is a placeholder from 2017, using a standardized per square foot dollar amount, without any design and/or engineering work. He confirmed that prices have risen since 2017; Varela has since done some preliminary design work in order to be a little more accurate with their estimates. He said that the City is not committed to the Phase 3 portion of the project at this time, although there is currently opportunity to receive additional grants, versus loans, in order to move forward with the full project package. There was discussion of the USDA Rural Development grants/loans that the City is currently participating in and how the City is able to amend the contract to receive additional dollars, rather than applying for new funding opportunities. The deadline for an additional application is May 15, 2020 through Rural Development; staff is currently working with Varela to submit the application materials to see what funding options the Council will have.

INFORMATION ITEMS FOR FUTURE CONSIDERATION

None.

EXECUTIVE SESSION: RCW 42.30.110 (1)(I)(II) POTENTIAL LITIGATION – POSSIBLE ACTION TO BE TAKEN

Councilmember Hessburg motioned to recess into executive session at 8:48 PM for 30 minutes under RCW 42.30.110 (1)(i)(ii) to discuss potential litigation with action to be taken. The motion was seconded by Councilmember Bretz and passed unanimously.

Mayor Florea reconvened the regular City Council meeting at 9:18 PM.

Councilmember Hessburg motioned to extend the executive session at 9:21 for 10 minutes under RCW 42.30.110 (1)(i)(ii) to discuss potential litigation with action to be taken. The motion was seconded by Councilmember Wilson and passed unanimously.

Mayor Florea reconvened back into the regular City Council meeting at 9:31 PM.

Councilmember Wilson motioned to authorize the Mayor to send a letter to the County regarding the large Housing Project referenced as Chelan County Resolution No. 2020-31, asking if they would negotiate with the City a better result. The motion was seconded by Councilmember Bretz and passed unanimously.

ADJOURNMENT

Seeing no other business, Councilmember Hessburg motioned to adjourn the April 14, 2020 meeting of the Leavenworth City Council. The motion was seconded by Councilmember Reister and passed unanimously.

The meeting adjourned at 9:34 PM.

APPROVED



Carl J. Florea
Mayor

ATTEST



Chantell Steiner
Finance Director / City Clerk