

LEAVENWORTH CITY COUNCIL MINUTES
November 14, 2023

Mayor Carl J. Florea called the November 14, 2023 Leavenworth City Council meeting to order at 7:01 PM. Councilmember Waters led the City Council in the Pledge of Allegiance.

ROLL CALL

Council Present: Mayor Carl J. Florea, Sharon Waters, Clint Strand, Jason Lundgren, Anne Hessburg, Zeke Reister, Marco Aurilio and Tibor Lak.

Staff Present: Matthew "Selby", Chantell Steiner, Lilith Vespier, Tom Wachholder, Kara Raftery (Zupke) and Andrea Fischer.

APPROVAL OF THE CONSENT AGENDA

Consent Agenda

1. Approval of Agenda
2. Approval of October 24, 2023 Study Session and Regular Meeting Minutes
3. 2023 Claims \$1,203,319.61
4. October 2023 Payroll \$413,213.60
5. PRSA Voucher Request \$56,417.00
6. Public Hearing on CIP Amendments on January 9, 2024 @ 7:00 PM
7. Chelan County Prosecution Services Agreement for 2024
8. Professional Services Agreements/Supplemental Agreements:
 - a. The Local Event Co. for Feshhalle Management Services
 - b. Winton Mfg. for Food Waste Pilot Project
 - c. Waste Loop for Food Waste Pilot Project
 - d. Supp. No. 1 ARC Architects for Front Street Restroom/Stairway Project
 - e. RH2 Engineering Design for Pine Street Phase 2 Watermain Replacement Project
9. Grant from the Chelan-Douglas Regional Port Authority

Councilmember Reister asked to pull item 8a from the consent agenda as he had questions about this professional services agreement.

Councilmember Hessburg moved to approve the consent agenda as amended. The motion was seconded by Councilmember Lak and passed unanimously.

COMMENTS FROM THE PUBLIC ON ITEMS NOT ON THE AGENDA

None.

10. Presentation: The Housing Authority of Chelan County & City of Wenatchee

Kevin King from the Housing Authority of Chelan County & City of Wenatchee (CCWHA), Stephanie Davis and Mark King from ZBA Architecture and Isabel Garcia from the Office of Rural and Farmworker Housing gave a presentation of a concept for the Blewett (P2) Parking Lot to provide workforce housing, parking and retail space for Leavenworth. The building would offer 55 units of workforce housing with approximately 100 parking spaces, 55 for

tenants with 5% of ADA parking and the remainder for paid parking by visitors and six potential retail spaces for affordable and/or minority business owners. This project is not revenue based, as CCWHA is a nonprofit organization and is not able to collect the profit on the retail space. There is currently a bond on the Blewett parking lot so the City would need to find out what will need to happen with the bond in order to lease the property to CCWHA. There was concern there was not enough parking spaces for visitor paid parking. This is roughly 60 spaces less than what is currently available in the Blewett parking lot. The CCWHA is an equal opportunity housing provider and cannot provide the housing based on where the recipient works. It could mean that they will rent apartments to people who work outside of the City of Leavenworth. The Council was supportive of continuing forward with the CCWHA to do a feasibility study and find funding for this project. The City Council will need to approve a lease at the next Council meeting to give the CCWHA site control, however the City will be able to continue the paid parking program while the feasibility study is happening.

11. Public Hearing: Continuation of Multi-Family Tax Exemption (MFTE) Program

Mayor Florea opened the continued public hearing from the October 24, 2023 meeting at 7:43 PM.

Andy Lane 321 Tumwater Drive; Mr. Lane encourages the City Council to adopt the MFTE program as it will provide the City a tool in its toolbox to help create affordable and workforce housing. It will encourage more development to provide housing for all the economic segments of the population. He wishes to thank the Council for doing this hard work for the community.

Kurt Peterson 12700 Spring Street; Mr. Peterson wants to stop his property taxes from increasing, which is why he would like to see the MFTE program move forward. It will encourage homes to be built which in turn will lower the assessed value of his home, making his property taxes more manageable.

Ann Crosby 306 Cascade Street; Ms. Crosby stated that very few people in the community know about this program. She is worried that there is no upper limit to the tax shifting and that is a great concern.

Steven Booher 161 West Benton Street; Mr. Booher supports the MFTE program passing.

Polly McIntyre 202 Prospect Street; Ms. McIntyre does not support the MFTE program. She feels Leavenworth is too small for this to be successful here. She also thinks there has been too much confusion about this topic, and in her quest to truly understand this process, she has spoken with the Mayor, Community Development Director Lilith Vespier and Finance Director Chantell Steiner and does not think we should put this tool in the toolbox because she does not feel the Council has spent enough time studying it and you should not put a tool in the toolbox if you do not know how the tool works.

Suzie Lane 321 Tumwater Drive; Ms. Lane encourages the Council to pass the MFTE program. She stated there is no certainty with this program, and developers may not decide to use this

tool, but with the projections given in the example it will equal two lattes a year and it is a tool to put in our toolbox to encourage building.

Travis McMaster 1122 Commercial Street; Mr. McMaster stated that he supports the MFTE program and thanks the Council for their work on this topic.

Celeste Peterson 12700 Spring Street; Ms. Peterson spent the morning going over all of the information about MFTE program, and she is excited about it and is in favor of it. This program has been used successfully in the State of Washington for years, so she does not feel like we would be a guinea pig.

Stacey Hurd 210 Pinegrass Street; Ms. Hurd feels this tool needs more data behind it and would ask the Council to postpone the decision until the newly elected Council convenes at the beginning of the year.

Julie Hamstreet 268 Scholze Street; Ms. Hamstreet supports additional affordable housing in the City, but is against this. This program is not sufficient for a community of our size, and there are no comparable cities that have used it. She stated it places an unfair burden on people who make less money and does not ensure that it will provide workforce housing for the Leavenworth work force.

Eric Snyder 202 Commercial Street; Mr. Snyder stated that he is completely against the MFTE program. He feels that he would have to pay the taxes for other people on a modest income and does not feel like it is a good deal for him.

Michael Cummings 10251 North Road; Mr. Cummings feels that it is a good idea fundamentally; however, he still has some questions and thinks the code language could be defined better. He is concerned about the smaller taxing districts not getting their money.

Mike Martin 12672 Spring Street; Mr. Martin thanked the Council for their hard work in looking at this program. He is in favor of the MFTE program.

Robin DeMario 118 Evans Street; Ms. DeMario does not feel this program is the right tool for affordable housing in this community at this time.

Curt Haire 1380 Commercial Street; Mr. Haire would encourage the Council to wait as we are too small of a community for it to be effective. We do want tools for workforce housing, but do not want a hammer where we need a screwdriver. There is plenty of incentive for builders to build in Leavenworth as it is a lucrative and desirable place to build.

Lin Hessel 263 Center Street; Ms. Hessel is opposed to the MFTE program.

Hearing no additional comments, Mayor Florea closed the Public Hearing at 8:19 PM

12. Public Hearing: Bed & Breakfast Code Amendments

Mayor Florea opened the continued the public hearing from the October 24, 2023 meeting at 8:20 PM.

Community Development Director Lilith Vespier stated in the transmittal memo the Planning Commission has struck out the provision for this code to take effect January 1, 2033. The Planning Commission has advised this be changed to immediately, but staff recommends a small grace period of one or two years. The legal review came in late, so she walked through the changes with the Council.

Linda Colasurdo 10265 Ski Hill Drive; Ms. Colasurdo stated her statement was incorrect in the October 24, 2023 minutes. Her previous statement was recorded as "*She feels it would be more equitable to give everyone at least a year before enacting these amendments.*" She is not in favor of waiting a year for the code to take effect. She is in agreement with the Planning Commission that with the transfer of ownership should be effective immediately. As she has stated prior, there have been a lot of code changes done that have had effects on many of the residents in the past few years and doesn't understand why we would give the Bed & Breakfast owners a pass for a year or two. It seems very inequitable.

Hearing no comments, Mayor Florea closed the Public Hearing at 8:30 PM

RESOLUTIONS, ORDINANCES, ORDERS AND OTHER BUSINESS

8a. Professional Services Agreement - The Local Event Co. for Festhalle Management Services

Councilmember Reister asked for clarification on the Festhalle finances before raising the management fee. Councilmember Lak, who is a part of the Festhalle Oversight committee, stated the revenues are increasing steadily and the managers are starting to book more midweek events which helps the bottom line.

Councilmember Hessburg moved to approve the professional services agreement for The Local Event Co. for management services. The motion was seconded by Councilmember Lak and passed unanimously.

13. Resolution 17-2023 – Snow and Ice Maintenance Policy

Public Works Director Tom Wachholder stated the previous Snow and Ice Maintenance Policy was adopted in 2015 and earlier this year, public works staff recommended it be reviewed. It was brought to the Council at the Study Session two times previously. The Council has asked to explore increasing the level of service for sidewalk snow removal. He is recommending adding 1,085 ft of sidewalk to the maintenance plan. This includes the recently constructed sidewalk on Ski Hill Drive, the remaining section of Evans Street and the gap along Birch Street between Central and Summit. It has also been decided to terminate sidewalk snow removal on Benton Street due to the narrow sidewalks and how difficult it is to maneuver.

The Council discussed and clarified the Snow and Ice maintenance policy; such as the phases the plows use and snow berm removal.

Councilmember Reister moved to approve Resolution No. 17-2023 Updating the City's Snow and Ice Maintenance Policy. The motion was seconded by Councilmember Lundgren and passed unanimously.

14. Ordinance 1682 – Multi-Family Tax Exemption Program

The Council discussed the various pros and cons of the Multi-Family Tax Exemption program, such as the lack of new tax revenue for the County junior taxing districts while the exemption is in place. There was also discussion about the difference between the 8-year exemption, which is what Wenatchee adopted, as explained by the assessor previously. The City is not offering the 8-year program which does not include affordable housing. The City is only offering the 12-year rental exemption and the 20-year home ownership exemption. The number one priority of the Council is housing and they need tools in order to do this.

Councilmember Reister moved to adopt Ordinance 1682 – Multi-Family Tax Exemption Program. The motion was seconded by Councilmember Lundgren and passed with a vote of 4-3 with Councilmembers Waters, Strand and Lak opposed.

15. Ordinance 1683 – Bed & Breakfast Code Amendments

Director Vespier stated the Planning Commission has recommended that this code be enacted immediately, whereas staff is recommending a longer expiration period, in order to give the Community a chance to make the change if they need to sell. The Council discussed in depth when the expiration date should be.

Councilmember Aurilio moved to adopt Ordinance 1683 – Bed & Breakfast Code Amendments amending the expiration of Conditional Use Permits upon home sale to take effect on January 1, 2025. The motion was seconded by Councilmember Lak and passed with a vote of 6-1 with Councilmember Reister opposed.

16. Ordinance 1684

a. Adopting Ad Valorem Tax

Finance Director Chantell Steiner stated the Council had a public hearing on October 24, 2023 regarding the Ad Valorem (Property) Tax. The Council has the option to take a 1% increase in property taxes as allowed by the State and would generate an additional \$7,088.51 in revenue.

Councilmember Lundgren moved to adopt Ordinance 1684 with the Ad Valorem Tax increase of \$7,088.51, which is an increase of 1% from the previous year. The motion was seconded by Councilmember Hessburg and passed unanimously.

b. Authorize Mayor to Sign Tax Levy

This will authorize the Mayor to sign the Tax Levy that is given to the Assessor's Office in order to capture the 1% revenue. The certification figure is approximately \$20,000 more than the actual levy amount for the regular levy to allow the Assessor to collect more revenue if their preliminary projections are higher than presented due to revaluations, new construction, annexations or refunds; this ensures that no funds are left unaccounted for.

Councilmember Reister moved to authorize the Mayor to sign the Tax Levy Certificate. The motion was seconded by Councilmember Aurilio and passed with a vote of 6-0 with Councilmember abstaining.

17. North Central Regional Library Building & Maintenance Agreement

City Administrator Selby introduced the City's new Communications and Special Projects Manager Kara Raftery (Zupke) to the Council. He and the Council are excited to have her on board with the City.

Administrator Selby stated the North Central Regional Library (NCRL) provided the City with a new Building & Maintenance Agreement for January 1, 2024 through December 31, 2029. NCRL has reduced the amount of reimbursable square footage due to the realization that that the library was not using a storage and staircase that was calculated in previously. The reimbursement rate is currently \$3.75/sf and will increase to \$4.00/sf through 2026, and increase to \$4.25 through 2029. It also allows the City to charge the Library for use of the Council Chambers if the Council decides to. The NCRL does not pay rent to the City or any of their facilities with other local municipalities.

Councilmember Lak moved to approve and authorizes the Mayor to sign the North Central Regional Library Building & Maintenance Agreement. The motion was seconded by Councilmember Aurilio and passed unanimously.

18. Approval of Village of Lights Traffic/Pedestrian Plan & Funding

Director Wachholder stated he is asking the Council to approve \$135,000 in funding for the 2023 Village of Lights: Christmastown event. This pays for traffic and pedestrian control, Chelan County Sheriff, Washington State Patrol and the Washington State Department of Transportation's traffic management personnel. There might be a tow truck and patrols in the neighborhoods in order to prevent double parking.

Councilmember Hessburg moved to authorize a not to exceed expenditure of \$135,000 to provide traffic control and additional public safety officers for the 2023 Village of Lights: Christmastown Event. The motion was seconded by Councilmember Lundgren and passed unanimously.

19. Ski Hill Drive Sidewalk Improvements – Change Order No. 1

Director Wachholder stated this Change Order is associated with the curb ramp on the Southeast quadrant of the Ski Hill Drive and Evans Street intersection that did not meet the current Americans with Disabilities Act (ADA) requirements and needed to be

reconstructed. In order for this to happen, the City needed to acquire additional right of way in order to proceed with this portion of the project. The City also added 12 additional bicycle stencils in the bike lane on Ski Hill Drive which was an oversight. Councilmember Reister asked Director Wachholder why the cost was so high for 20' of sidewalk. Director Wachholder stated that cement prices are high right now, but feels he got the best price.

Councilmember Hessburg moved to approve and authorizes the Mayor to execute Change Order No. 1 associated with the Ski Hill Drive Sidewalk Improvements project in the amount of \$32,317.48. The motion was seconded by Councilmember Reister and passed unanimously.

20. Ski Hill Drive Sidewalk Improvements – Change Order No. 2

Director Wachholder stated as a part of the Public Works Integrated Capital Improvement Plan (ICIP) and moving to a more proactive versus reactive culture the City decided to reconstruct all the water services crossing the sidewalk locations on Ski Hill Drive from the Ski Hill Drive watermain to each meter. This will save the City the need to dig up the brand new sidewalk to replace individual water services. Many of the water meter setters were not up to standard, and needed to be replaced, and there was also re-routing of the utilities which was not anticipated and not budgeted for.

Councilmember Waters moved to approve and authorizes the Mayor to execute Change Order No. 2 associated with the Ski Hill Drive Sidewalk Improvements project in the amount of \$40,602.56. The motion was seconded by Councilmember Lundgren and passed unanimously.

21. Professional Services Agreement – RH2 Engineering, Inc. – Supplemental Agreement No. 1 – Pine Street Emergency Replacement Watermain: Services During Construction

Director Wachholder stated this contract is for services during construction of the Pine Street Emergency Watermain Replacement project.

Councilmember Hessburg moved to approve and authorizes the Mayor to execute Supplemental Agreement No. 1 to the Professional Services Agreement with RH2 Engineering, Inc. for the Pine Street Phase 2 Watermain Replacement Project, increasing the not to exceed amount to \$65,387. The motion was seconded by Councilmember Waters and passed unanimously.

22. Loan Agreement – Department of Commerce Public Works Board – Pine Street Watermain Replacement: Titus Road to Fir Street

Director Wachholder stated this formalizes the loan from the Department of Commerce Public Works Board for \$340,000 and a small grant for \$60,000.

Councilmember Strand moved to approve and authorizes the Mayor to execute the Public Works Board Emergency Funding Contract for the Pine Street Water Main Replacement:

Titus Road to Fir Street project in the amount of \$400,000, authorizes the acceptance of the funds when tendered from the Public Works Board, authorizes payment out of the net revenue of the City water fund, and directs any relevant budget amendments as required. The motion was seconded by Councilmember Hessburg and passed unanimously.

23. Loan Application Submission – Department of Health Drinking Water State Revolving Fund – Water Distribution Capacity Improvement and Loop Completion Project

Director Wachholder stated the bipartisan infrastructure law has made \$150 million dollars available, and the City is looking to apply for a part of it to help fund some of our water projects such as:

- the Cedar Street loop completion, which will connect two dead ends of watermain between Titus and Fir Street.
- Stafford Street watermain replacement and loop completion between O’Grady Street and Ski Hill Drive.
- Commercial Street main replacement between Division Street and 14th Street.

Councilmember Lundgren moved to approve and authorizes City staff (Tom Wachholder, Andi Zontek-Backstrum, Matthew “Selby”, and/or Chantell Steiner) to submit the Department of Health Drinking Water State Revolving Fund Construction Loan application for the Water Distribution Capacity Improvements and Loop Completion project with a total loan request of \$1,651,754. The motion was seconded by Councilmember Waters and passed unanimously.

COUNCILMEMBER AND MAYOR/ADMINISTRATION REPORTS

Due to the full agenda and in the interest of time, the Councilmember and Staff Reports are written and will be included on a separate page with these minutes as part of the record.

INFORMATION ITEMS & FUTURE CONSIDERATIONS

24. September 2023 Public Works Report

Executive Session: RCW 42.30.110 (1)(i) – Pending Litigation

Councilmember Hessburg moved to recess into executive session under RCW 42.30.110 (1)(i) – Pending Litigation for 30 minutes with possible action to follow. The motion was seconded by Councilmember Lak and passed unanimously. The executive session commenced at 10:10 PM and the regular meeting reconvened at 10:25 PM.

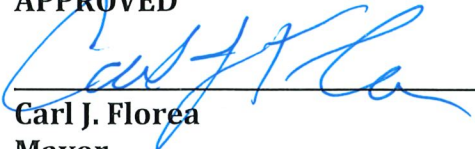
Councilmember Lundgren moved to approve the settlement agreement with the Department of Ecology and authorizes the Mayor to sign. The motion was seconded by Councilmember Strand and passed unanimously.

ADJOURNMENT

Seeing no other business, Councilmember Hessburg moved to adjourn the November 14, 2023 meeting of the Leavenworth City Council. The motion was seconded by Councilmember Aurilio and passed unanimously.


The meeting adjourned at 10:26 PM.

APPROVED



Carl J. Florea
Mayor

ATTEST



Andrea Fischer
City Clerk

I attended the MFTE workshop on 11/2/23. The presentation by Erin Fonville was highly informative and provided some critical information which we had not received before. For example: MFTE would allow the developer not to pay property taxes on all the residential construction-market rate included-not just the affordable units. Also, as of yet, Wenatchee has only instituted an 8-year program which allows the developer to builder only market rate units and the resident tax payers pay for that tax shift. They have yet to initiate an MFTE which includes affordable housing units. That concludes my report.

Zeke Reister, Council Position #2

October 25th Back Packing School Lunches

October 25th I attended the DRB meeting

October 26th I attended the Public Works Tour guided by Tom Wachholder

October 28th I helped with the Food Drive at Safeway for MEND with the Sisters of Faith Group

November 1st Back Packing School Lunches

November 1st I attended the Community Engagement Night at the Festhalle

November 2nd I attended the Osborn Playground Committee Meeting

November 2nd I attended the Upper Valley Historical Society Meeting

November 6th I attended the Mosquito Board Meeting

November 7th I attended the Multi-Family Tax Exception Forum at the City Hall

November 8th Back School Lunches

November 8th I attended the Women's Exchange Meeting

November 8th I attended the Greater October 25th Back Packing School Lunches

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November 8th I attended the Greater Leavenworth Museum Meeting

November 8th I attended the Planning Commission Meeting

November 14th I attended the Leavenworth City Council Study Session
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Councilmember Sharon Waters

The financing for the Public Works Heavy Equipment Purchase Funding has been completed through the State LOCAL Program; the City will have up to \$1.565M available for reimbursement for purchasing the new Sweeper, Vactor and 2 International Dump Trucks. Bonds were sold at a final rate of 3.91% and the City's payback period will be over 10 years. Traditional bank financing for this type of equipment is currently running between 8 and 30%. The City's 2003 Loader that was listed for auction with Public Surplus concluded on November 9th at a total auction price of \$80,200 that the City will receive in December; this was significantly higher than it had been appraised at. Electronic Timesheet implementation continues to progress as planned with more than half of the city's employees now trained on the new system with remaining staff yet to be trained prior to month-end; staff will be going live for the first test run payroll in December.

Chantell Steiner, Finance Director