

LEAVENWORTH CITY COUNCIL STUDY SESSION MINUTES September 23, 2025

Mayor Carl Florea called the September 23, 2025 Study Session to order at 5:33 PM.

Council Present: Mayor Carl Florea, Sharon Waters, Clint Strand, Anne Hessburg, Zeke Reister, Shane Thayer, Travis McMaster and Mike Bedard.

Staff Present: Matthew "Selby," Beverly Ward, Maggie Boles, Andi Zontek-Backstrum and Andrea Fischer.

1. Utility Rates and System Development Charges

Public Works Director Andi Zontek-Backstrum presented information regarding water, sewer and stormwater system development charges. She provided a spreadsheet showing the current system development charges for water, sewer, and stormwater utilities, and explained that the City charges one system development charge for each utility, which is then multiplied based on ERUs (Equivalent Residential Units) to calculate rates for different meter sizes. She noted that the utility rate study conducted by consultant Kevin Lorentzen at HDR had calculated the legal maximum allowable charges for each utility. She clarified that the maximum allowable represents the true cost and impact to the system.

For water system development charges, the City is currently at 50% of the maximum allowable amount. Director Zontek-Backstrum initially proposed a 15% increase year over year through 2028, which would reach 95% of the maximum, followed by a 5% increase in 2029 to reach 100% of the maximum.

For sewer system development charges, which are currently at approximately 50% of the maximum allowable, she proposed the same structure: 15% annual increases through 2028 followed by a 5% increase in 2029.

For stormwater charges, which are currently at about 70% of the maximum allowable, she proposed 15% increases in both 2025-2026 and 2026-2027, which would bring the rate to 100% of the maximum level.

Director Zontek-Backstrum recommended adding an inflation factor based on the City's specific CPI for each utility in addition to the proposed increases, and the maximum allowable amounts shown do not have inflation factors built in.

The Council asked questions and discussed the information that was presented.

After discussion, the Council reached a consensus on a "20-20-10" approach: 20% increase in the first year, 20% increase in the second year, and 10% increase in the third year. This would bring the system development charges to the maximum allowable amount over three years instead of four. Director Zontek-Backstrum confirmed she would draft a resolution based on this direction for Council consideration in October or November.

Director Zontek-Backstrum transitioned to discussing monthly utility rates. She explained that the previous utility rate study had proposed significant rate increases, particularly for water rates, which were recommended to increase by 15% per year. She emphasized that rate increases are necessary to fund critical infrastructure projects and to maintain a sufficient fund balance to be proactive with replacements. She noted that without these increases, the City would continue to be in a reactive mode, addressing emergency repairs rather than planning for systematic infrastructure replacement. She highlighted that the current budget already depends on Real Estate Excise Tax (REET) transfers to fund water projects because there are insufficient funds in the water utility fund. She stressed that REET is not a dependable funding source and doesn't generate enough income for needed projects.

The Council asked about specific projects requiring immediate attention. Director Zontek-Backstrum listed five critical water main projects:

- Cedar Street – an un-looped section of main between Burke Ave. and Fir St.
- West Center Street – which has a deficient main causing insufficient water pressure
- Stafford Street – which has two 1.5-inch mains in parallel with insufficient water pressure
- Poplar Street – which has multiple repair bands like past issues on Pine Street
- A section of main at the end of Division Street that runs to the Wenatchee River Institute with numerous repair bands

The Council expressed concern about the impact on residents, noting that water bills would nearly double over four years. They expressed frustration about past Councils deferring necessary rate increases, putting the current Council in a difficult position. Councilmembers discussed the need for strong communication with the public about these increases. Suggestions included:

- Providing clear information about the specific infrastructure projects being funded
- Including photos of deteriorating infrastructure
- Explaining the costs of emergency repairs versus planned replacements
- Clarifying how enterprise funds work and why other City funds can't be used for these projects
- Highlighting assistance programs available for qualifying low-income residents

The Council agreed that while the rate increases are significant and will be difficult for residents, they are necessary to ensure the long-term sustainability of the City's infrastructure. Director Zontek-Backstrum and City Administrator Selby will work with Communications staff to develop a comprehensive communication plan before implementing the new rates.

Council Updates / Suggestions for Future Agenda Items

Councilmember Bedard brought up that he had been approached by community members regarding the covered area at Osborn School. He explained that the area is currently closed off due to vandalism but could potentially be utilized by sports groups, particularly during winter when indoor recreation space is limited in the community.

He asked if the Council had interest in discussing this at a future study session, potentially inviting the soccer club to present their proposal. Councilmembers expressed support for discussing the matter and exploring options to re-open the space for public use.

Study Session adjourned at 6:33 PM.

Study Session Minutes
September 23, 2025

APPROVED
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Carl Florea

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Carl Florea
Mayor

ATTEST
Signed by:

Andrea Fischer

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Andrea Fischer
City Clerk