LEAVENWORTH CITY COUNCIL ANNUAL RETREAT MINUTES
May 29, 2026

Mayor Florea called the May 29, 2026 Leavenworth City Council Annual Retreat meeting to order at 9:15 AM.

ROLL CALL

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

Staff Present: Matthew "Selby", Chantell Steiner, Maggie Boles, Andi Zontek-Backstrum, Brantley Bain and Steven Rubinstein.

Council and Staff Introductions

The City Council and Staff gave informal introductions.

Review Goals, Accomplishments; Mission, Vision and Values Statement

City Administrator Selby presented a review of the City's Mission, Vision, and Values statement, which was adopted by the Council in fall of 2022 following the first retreat under his tenure. The City's vision centers on nurturing a vibrant community and uncommon economic opportunities while honoring human and natural resources responsibly, equitably and sustainably. Core values include caring and connection, accountability, integrity, visionary leadership, balance, stewardship, resilience, adaptability and fairness and equity. It was requested that the vision and values be posted on the Council Chamber walls in a format consistent with the existing mission display; Administrator Selby confirmed this was already being discussed with staff and that options would be brought forward.

He provided a historical overview of the Capital Improvement Program (CIP), noting that when he arrived in 2022 the identified CIP stood at approximately $41.65 million, with an additional $212 million in unbudgeted needs identified at that time. Through successive retreats and planning processes, those needs were incorporated and prioritized, and the CIP grew to approximately $112 million before continuing to expand further. Major milestones discussed included the consolidation of the City Hall expansion, library and Osborn Community Center into a single adaptive reuse project at the Osborn Elementary School site, the acquisition of the car wash property adjacent to the public works campus, and ongoing feasibility discussions with the PUD regarding a potential public works campus at their Chumstick Highway property. He noted that Council priorities from the last goal-setting session in August included the Osborn property, a pool replacement plan, and utility upgrades. He asked Councilmembers to keep in mind their top five infrastructure projects for economic development throughout the day's remaining presentations, in connection with a request from the Chelan-Douglas Regional Port Authority for their regional economic development plan.

Water and Sewer Capacity

Public Works Director Andi Zontek-Backstrum presented an overview of the City's water and sewer system capacity and availability.

The City's water system draws from two sources, the surface water treatment plant on Icicle Creek and three groundwater wells and serves two pressure zones supported by two reservoirs. A draft water system plan is currently under development, and all figures presented were noted as preliminary and subject to revision.

Current water usage accounts for approximately 4,023 Equivalent Residential Units (ERUs), with approximately 622 ERUs lost to distribution system leakage, representing roughly 15% of total production. The City's target is to reduce leakage below 10%. Director Zontek-Backstrum noted that meter data reliability improved significantly beginning in mid-2025, following resolution of issues with the smart water meter system and that year-over-year data going forward will be more accurate for tracking conservation progress. Ongoing water main replacement projects are directly addressing the highest-priority leakage locations. Regarding water rights, the City holds seven water rights certificates, some of which are interruptible when Icicle Creek falls below established instream flow thresholds. The City's operational practice is to limit surface water diversion to no more than 1% of total river volume. Mayor Florea provided context that the City lost approximately 800 acre-feet of water rights through a prior settlement with the Department of Ecology, and that an agreement is in place to work toward recovering those rights through the Icicle Work Group, a combination of conservation measures and acquisition of more senior water rights, potentially from irrigation districts. She noted that completing the water system plan, installing generators to increase storage capacity, and continuing water main replacements would all meaningfully increase system capacity. A utility rate study supplement has been commissioned to develop conservation-based tiered rates for hotel and motel customers as a separate customer class, anticipated for implementation in the 2027 rate cycle. Administrator Selby requested that vacation condominium properties such as WorldMark be considered as a distinct customer class given their significantly higher water and wastewater demands relative to standard hotel rooms.

On the sewer side, the City operates six lift stations with a gravity-fed collection system discharging to the wastewater treatment plant. A general sewer plan is currently underway, incorporating camera inspections, hydraulic modeling, and a facility capacity assessment. Preliminary 2025 data shows that flow rate, Biological Oxygen Demand (BOD), and Total Suspended Solids (TSS) approach permitted trigger thresholds, particularly in December, though the City has not experienced three consecutive months of exceeding the threshold, which is the regulatory trigger for formal remediation planning. The general sewer plan process already accounts for this and is initiating the appropriate next steps. Director Zontek-Backstrum noted that Icicle Brewing Company is being brought back into compliance with monthly BOD and TSS reporting requirements, and that an industrial discharge permitting program is being expanded to all applicable users. Councilmembers discussed the potential for public education campaigns on household practices, such as laundry detergent choices and composting rather than using your garbage disposal, that could help reduce BOD and TSS loading on the system.

Capital Improvement Projects Overview and Timeline

City Engineer Brantley Bain presented an overview of the proposed Capital Improvement Projects (CIP) for fiscal years 2027 through 2032. The current CIP encompasses approximately 87 projects with a total estimated cost of approximately $290 million in 2026 dollars, but cautioned that cost estimate reliability decreases significantly for projects in the later years, acknowledging potential variance of plus or minus 50 to 75% given current economic conditions.

The CIP is organized across five categories. Building and facility improvements total approximately $72 million across roughly ten projects, with the community center/indoor pool at Osborn and the public works campus accounting for the majority of that figure. The community center is currently estimated at approximately $25 million in construction costs plus $5 million in soft costs, with the public works campus carrying a placeholder of approximately $35 million, up from $30 million in the prior CIP cycle. Sanitary sewer projects include the Commercial Street lift station replacement that has been delayed one year due to right-of-way issues, and the Ski Hill combined sewer and stormwater separation, for which a USDA grant award is anticipated. A $20 million placeholder has been included for wastewater treatment plant upgrades pending completion of the general sewer plan. Water system projects total approximately $47 million across roughly 29 projects, focusing on transmission main replacements along Icicle Road and East Leavenworth Road, water treatment plant improvements, and ongoing distribution main replacements. Stormwater planning was acknowledged as an area needing significantly more development, with the existing system described as broadly deteriorated. Park improvements total approximately $4.5 to $5 million and include work at waterfront park parking lot and pump track as well as the Lion's Park pavilion. The transportation improvement plan, previously presented at a study session, was not separately reviewed. The parking garage was identified as a major forthcoming project, with two design concepts under evaluation, one at 240 stalls and one at 315 stalls, with estimated total project costs in the range of $40 to $45 million. Council and staff discussed the visual scale of the 315-stall option, which at approximately 47 to 48 feet would approach the City's 50-foot height limit and stand nearly twice the height of the Festhalle. Mr. Bain indicated that ARC Architects will prepare cost comparisons using equivalent aesthetic finishes across both options and will produce drone-based renderings to illustrate the structure's scale relative to surrounding buildings. The waterfront park road paving project, previously deferred pending a potential adjacent private development, was discussed as a project that should move forward without further delay.

Funding Strategies for Capital Projects – Bonding

Jim Nelson of DA Davidson Capital Planning presented an overview of financing strategies available to the City. He confirmed the City holds a Standard & Poor's double-A bond rating, which he described as an excellent position for a City of Leavenworth's size, and emphasized the importance of maintaining timely financial audits and a ten-year financial forecast to preserve and potentially improve that rating. Mr. Nelson outlined available financing mechanisms including cash reserves, grants, non-voted limited tax general obligation bonds, voted general obligation bonds, water and sewer revenue bonds, parking system revenue bonds, short-term notes, interlocal agreements, and Local Improvement Districts (LID).

Mr. Nelson presented the City's current debt capacity: non-voted general purpose capacity of approximately $13.6 million, voted general purpose capacity of approximately $24.2 million, and a parks, open space, and facilities for economic development capacity of approximately $26.2 million. He illustrated how issuing a $10 million non-voted bond would reduce the non-voted capacity to approximately $3.6 million and correspondingly reduce the voted capacity to approximately $14.2 million.

For revenue bonds, Mr. Nelson presented scenarios ranging from $10 million to $40 million, noting that a 30-year, $40 million parking system revenue bond would carry an average annual payment of approximately $2.75 million, with a required one-year bond reserve of approximately $2.5 million funded upfront. He cautioned that parking system revenue bonds carry a somewhat lower market rating than general obligation bonds and would require a feasibility study supporting the revenue projections.

Council discussion focused on the interdependency of funding sources across major projects. It was noted that the parking garage, Front Street pedestrian plaza, and community center may all compete for the same money, requiring careful sequencing and prioritization. Mr. Nelson referenced the City's innovative use of the "facilities for economic development" debt category, established in part due to Leavenworth's advocacy at the state legislature during the Festhalle project, as a potential mechanism for parking garage financing under a voted bond structure, with the ability to frame such a vote as a debt capacity measure rather than a property tax increase. He also presented information on Metropolitan Park Districts as an alternative to the Parks and Recreations Service Area (PRSA) that the City is currently using, as a financing structure for the pool and community center, noting a maximum levy rate of 75 cents per thousand assessed valuation and a larger taxing base than the City alone. Finance Director Chantell Steiner confirmed that after reviewing the Metropolitan Park District option multiple times alongside the Park and Recreation Service Area and park district structures, the PRSA has consistently been determined to be the most appropriate structure; however, Councilmembers acknowledged this may merit revisiting given changed circumstances. The Public Facilities District (PFD) model, funded by sales tax rather than property tax, was also briefly discussed as a viable financing vehicle for the community center.

Council Discussion/Brainstorming on Funding Strategies

Council engaged in open discussion about the overall approach to funding the City's $290 million CIP. Councilmembers broadly agreed that the next step is to develop a comprehensive matrix identifying each major capital project alongside all potential funding sources, internal and external, and where funding competition exists across projects. It was stated by one councilmember that the City should pursue a federal lobbyist and additional grant writing capacity, with staff noting that they are currently managing approximately 15 active state and federal grants and are at capacity. Councilmembers discussed the importance of developing a compelling narrative around the City's economic contributions and infrastructure investment history to present to legislators, appropriators, port officials, and other potential funding partners.

There was also discussion of private fundraising potential for the community center and aquatic facility, referencing a comparable project in which a community raised $5 million through private donations to reduce a voter-approved bond issuance and noting Microsoft's precedent of contributing toward community quality-of-life projects in Quincy, Washington as a potential model for corporate partnership outreach.

The Council agreed to schedule a dedicated follow-up meeting to continue this discussion in greater depth, with Administrator Selby noting he would circulate a Doodle poll to identify a suitable evening date. He also indicated he would be distributing a brief survey to Councilmembers asking for their individual top five infrastructure projects for economic development, in response to the Chelan-Douglas Regional Port Authority's request for input on regional planning.

Adjournment

Seeing no other business, Mayor Florea adjourned the May 29, 2026 annual retreat meeting of the Leavenworth City Council. The meeting adjourned at 3:00 PM.

APPROVED	**ATTEST**
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Carl J. Florea	**Andrea Fischer**
Mayor	**City Clerk**