

## POULSBO CITY COUNCIL MEETING OF MAY 5, 2010

### MINUTES

**PRESENT:** Mayor Erickson; Councilmembers: Bauman, Berry-Maraist, Henry, Lord, McGinty, Rudolph, Stern.  
Staff: Berezowsky, Booher, Haney, Kasiniak, Loveless, McQuade, Stephens.

### MAJOR BUSINESS ITEMS

- \* \* \* Minutes of March 31, 2010 Joint City Council Minutes
- \* \* \* Minutes of April 14, 2010 City Council Meeting
- \* \* \* Olhava Development Update
- \* \* \* Contract Approval for ASP Service with SunGard
- \* \* \* Noll Roundabout- Lincoln Well site Right of Way acquisition
- \* \* \* Noll Road Contact with Parametrix- Amendment #5
- \* \* \* 7:15 PM Public Hearing: Gaines Annexation
- \* \* \* Ordinance No. 2010-12, Gaines Annexation

#### 1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Erickson called the meeting to order in the Council Chambers at 7:01 PM and lead the Pledge of Allegiance.

#### 2. MAYOR'S REPORT AND AGENDA REVIEW

- a. City Hall update: Public Works Director Loveless reported the construction progress at the new City Hall, the interior work is continuing, as well as the exterior stucco and brick work.
- b. Mayor Erickson reported she signed the purchase order for the new phone system for city hall in the amount of \$59,559.18, which is within the budgeted amount.

#### 3. COMMENTS FROM CITIZENS

None.

#### 4. COUNCIL DISCUSSION/COUNCIL COMMITTEE REPORTS

- a. Finance/Administration Committee: Councilmember Lord reported the sales tax in April was up 10% over the same period last year and the quarterly variance report.

- b. Councilmember Bauman reported the Parking Committee will hold its first meeting on May 11<sup>th</sup> in the Council Chambers, and is open to the public.
- c. Councilmember Berry-Maraist reported on the opportunity to vote for funding to preserve the Point No Point lighthouse, and the request to rollover of funds from the South Viking Avenue project to the Noll Road project has been recommended by the Kitsap Regional Coordinating Council (KRCC), it will now be brought forward to Puget Sound Regional Council (PSRC) for final approval
- d. Public Works Committee: Councilmember Berry-Maraist reported on discussion and approval for the Noll Road roundabout and the Noll Road contract amendment with Parametrix. There was also discussion on KRCC policy revisions and visioning for the Shoreline Management plan, the Planning Department work plan, and funding solution to have Karla Boughton, kb Consulting, work on the OCI designation, the Anderson Parkway project, and downtown boardwalk.

## 5. CONSENT AGENDA

Councilmember Berry-Maraist requested the minutes of April 14, 2010 be removed for review and correction.

**MOTION:** Berry-Maraist/Henry. Move to approve Consent Agenda items a.  
Motion carried unanimously  
The items listed are:

- a. Minutes of March 31, 2010 Joint City Council Meeting

## 6. BUSINESS AGENDA

### a. Olhava Development Update

Mark Zenger, Olhava, updated Council on the contract for wall landscaping with the work will begin May 19<sup>th</sup>. The entryway sign has been approved and the permit has been submitted. The vacant lot near Starbucks will be flattened to attract more businesses. Other upcoming projects include:

- Marine View Beverage has been through design review and the building plans have been submitted, and hope to begin construction by June 1<sup>st</sup>.
- Medical offices, near Olympic College, design review has been approved and hopes to begin construction by June 1<sup>st</sup>.
- Pan-Asian oriental restaurant is working through design issues and would like to have the foundation poured by October 1<sup>st</sup>.
- Potential future projects included a gas station, Big 5 Sporting Goods and a fast food restaurant.

**b. ASP Service with SunGard**

Finance Director Booher explained the Application Service Provider (ASP) software and what is included, the benefits and the costs.

Dan Conway, SunGard provided an overview of the company, the web application services they provide and what enhancements will coming in the future.

**c. Noll Roundabout- Lincoln Well site Right of Way**

Assistant Public Works Director Kasiniak reported the Engineering Department is requesting an easement be granted to accommodate the roundabout at the intersection of Noll Road, Lincoln Road and Gala Way.

Councilmember Berry-Maraist reported the Public Works Committee discussed and recommends approval.

**MOTION:** McGinty/Rudolph. Move to grant an easement on the City's wellhead property on Lincoln Road for the construction, operation and maintenance of a roundabout.

Motion carried unanimously.

**d. Noll Road Contract with Parametrix- Amendment No. 5**

**MOTION:** McGinty/Berry-Maraist. Motion to approve Amendment No. 5 to the existing contract for professional services for the Noll Road project with Parametrix, Inc. in the amount of \$109,980.30.

Motion carried unanimously.

**e. 7:15 PM Public Hearing: Gaines Annexation**

Mayor Erickson opened the public hearing at 7:40 PM.

Associate Planner Berghoff stated the purpose of the annexation public hearing as well as provided an overview of the annexation proposal, annexation process and the proposed annexation area. The annexation area is 43.78 acres, which includes an area of right-of-way. The zoning determined for the area is low density residential, at the maximum of 5 units per acre the theoretical build-out is 212 dwellings. A Certificate of Sufficiency was issued by Kitsap County in January. Berghoff stated the Notice of Intent was submitted to the Boundary Review Board in February 2010. On April 1, 2010 a petition was submitted to the Board requesting to invoke jurisdiction, to do further review of the proposal. The statutory 45-day review period ended April 2, 2010. The Board did not invoke jurisdiction prior to the expiration of the 45-day review period. There are currently two utility extension agreements in the area that service six properties.

A small private water system, Royal Heights, serves 5 properties within the annexation area. a portion of one property is within the annexation area; only the portion within the Urban Growth Area is proposed for annexation. The Council may chose to annex the entire Gaines area as originally shown, reduce the annexation area, decline the annexation or continue the public hearing to another date.

Mayor Erickson asked for public comments.

- a. Molly Lee, Poulsbo, stated she is also the owner of fourteen acres in the West Poulsbo Urban Growth Area. The City of Poulsbo must assess the need for more annexed land by reviewing its growth habits, accounting for critical areas and infrastructure, etc. The historical, realistic and identified build out is six houses per acre, per the Comprehensive Plan (page 243, table 13-1). Lee continued that the City constructed the Comprehensive Plan around an erroneous number of four houses per acre. The City is not mandated to calculate at a minimum density, instead advised to use the buildable lands report. Lee stated the City will increase the allocated population of 14,808 to a population of up to 18,300 people; an increase of 3,500. With annexation of the west urban growth area the City will have more land then you need to fulfill the allocated population. The new planned residential development is not restrictive to knowledgeable developers with the assistance of the builders' roundtable, facilitated by City employees, that contains a group of highly motivated people. The City will likely move forward in the historical manner and continue to maximize density by using techniques such as supplying trails and changing road standards. Lee noted the City cannot turn down a development in annexed area when planning qualifications have been met; and by admission from a letter submitted to the Boundary Review Board, Royal Heights states their water problem is with a water main not the water. There are several community wells off of Liberty Road that have good quality water. At the Gaines Annexation neighborhood meeting, Royal Heights stated it would be more economical for them to hook up to the City then to replace their own pipes. The City Council can vote yes on the annexation and try to care for them by continuing to build out and increasing rates; or vote no on this annexation and take care of what the Comprehensive Plan has been constructed for.
- b. Bob Bergum, Liberty Road, Poulsbo, stated he was originally against the annexation when he first moved here and found out what the Urban Growth Area was. He is part of the Royal Heights water system, although he has an alternative water source, it was prudent to support the neighbors who are on the system and did not have a second system.

Development can be done working with reason,,, people and a local developer, to develop the area in a reasonable manner to maintain the area and Johnson Creek. Bergum stated because of this, he supports the annexation and hopes that reasonable development will take place.

- c. Julie Bergum, NW Liberty Road, Poulsbo, expressed how passionate she is about our natural resources and the protection on them; suggesting the Council's mission statement be changed to read "to preserve and enhance our natural resources". Bergum stated she was anti-annexation, however because her neighbors who need water; and decided to fight growth, to use this as an opportunity to work together to create something wonderful, while protecting our natural resources.
- d. Brad Watts, Business and land owner, commented on the amount of time put into this annexation and hopes the Council will approve the annexation. Watts attended the Economic Development Committee meeting last week and the change of Viking Way from a thriving business community into what it is now. For Viking Way to improve businesses need a reason to come to Poulsbo, and having a new source of residents in the area is needed for businesses. It is a win-win for more people, however there is not going to be thousands of people coming in right away. For future planning there needs to be areas of growth and City limits; and hope the Council will vote to approve the annexation.
- e. Mark Kuhlman, on behalf of the petitioners for the Gaines annexation, stated prior to the passage of the Growth Management Act in 1990, fringe area around the City often developed to urban densities without the benefit of comprehensive planning policies. These areas often developed with inadequate utilities, water, sewer and substandard roads, police protection, emergency service protection, which would happen through annexation. The west Poulsbo urban growth area exhibits those characteristics and annexation would be the solution to that. When the Growth Management Act was passed it addressed the problems of the fringe areas by creating the urban growth area. In 1998 the City and Kitsap County began determining the Urban Growth Area and embarked on the planning process necessary to support the creation of those urban growth areas; in 2002 the process was completed and the Urban Growth Area became effective. During the Comprehensive planning process the City included capital facilities element to demonstrate the City's ability to deliver these urban services. Kuhlman stated the petitioners understand the capital facilities planning is limited to major topics, such as adequate water supply, capacity for sewage treatment, emergency vehicle response, and an overall plan for traffic and transportation. It is also understood that the actual extension of infrastructure into the

annexation area, the sewer mains, water mains and upgrading of roads, will not be a burden on the City; they are generally expected to be provided by the private sector through development in the area. Kuhlman recited a portion of the City's annexation brochure regarding annexation growth planning and the urban growth area. The petitioners believe now is the time for annexation and is demonstrated by the support of 85% of the assessed value in the annexation area. This area needs access to utilities; with the Royal Heights water system testing history that demonstrates failure to comply with the City's drinking water standards. There are two utility extension agreements already in the annexation area, demonstrating the need for utilities. The petitioners thank the City staff for having performed the required steps through the annexation process, the preparation of the staff, and the recommendation for approval of the annexation.

- f. Bob Hawkinson, Poulsbo resident, commented on all that has taken place in the last two years, with the Annexation Task Force, the new City Hall, the Royal Heights water system failing, the construction on Viking Avenue, the recession and the updated Comprehensive Plan. Hawkinson commented on the unique opportunity because of all the vacant property that a local developer can use as a neighborhood plan to develop. The problems with Royal Heights, the residents can't afford to fix the problem without the help from the developers. The Commercial land owners on Viking Avenue need to show that there is more residential or a commitment to it, to attract the kind of tenants and owners they want. No one is going to build immediately, it will happen when the economy says it's time. There is a huge opportunity in working with the neighborhood and asked the Council to allow the opportunity to plan something great for the area.
  
- g. John Johnson, Clear Creek Road, Poulsbo, stated he and his wife have purchased and renovated the old Hostmark House; and purchased the old Henry's Restaurant, that had been vacant. Johnson also worked with Meredith Heights and Deer Run, decreasing density; and had their full Homeowner Association support for the development. Johnson stated the title insurance he has for the strip of property, which Mrs. Hagwell has sued him for. Most of the people present support the annexation; with a few opposing it, which do not want to discuss the annexation or work anything out, or want what is best for the neighborhood. There is now 83% support, Lynn and Charlene Hawkins signed the request yesterday to have their property included in the annexation. Johnson along with Brad Watts, Bob Hawkinson and the neighbors are coming up with a vision that the neighborhood wants. Looking at the map, this is an infill project; the property to the south is already in the City. Johnson

stated there have been a lot of misrepresentations and bad things that have been done, however he has not countered them. But it is time to give justice to the people in this neighborhood. Two years ago they were not given the opportunity to speak to the Council, and the Council should not have gone along with that. Johnson asked for the Council to support the neighborhood.

- h. Craig Steinlicht, Poulsbo Real Estate Agent and resident, stated the real estate outlook is bleak, however it is not a real estate problem, it is a financing problem. There is private money that wants to do deals, as does the sellers and the buyers. However help is needed on Viking Avenue. Steinlicht stated he is part of the group that met with the Economic Development committee, along with the Hearn's, Poulsbo RV, Courtesy Auto, Advance Rentals and the James'. The group has gotten together with Olympic Property Group and is working on a plan. However part of the plan needs residents in the area, when a business looks to locate here they look at the demographics; how many people live with a 1 mile, 3 mile and 5 mile radius. For the area getting annexed it does not look so good, the job will still be tough. However this will show that the City has decided that they are going to help the west side of town. There are plenty of people on the upside of Highway 305 to help the demographics for the 305 corridor, as well as a vibrant community of businesses there. However Viking Avenue is a ghost town. By approving this annexation will help to convince other business owners to locate there. The national businesses are not looking at areas like this, so it is up to the local people. We are not going to get the business located on the other side of town to have something similar on Viking Avenue. Steinlicht requested for the Council to approve the annexation because it will help with the commercial business on that side of town.
- i. June Hensley, Poulsbo, stated her and her husband own property in the Gaines annexation area; they were originally opposed to the annexation and did not know anything about the Urban Growth Area (UGA) because they came from a city. Because they purchased property close to Viking Avenue, they knew things would change because it was near a commercial district. When they learned more about the UGA it made sense that that area would be built up to some extent. Hensley and her husband are now supportive of the annexation and the last year and half they has been a learning experience. Hensley thanked the City, for the informational meeting; and has had discussion with Mr. Johnson and the other neighbors. Because they are part of Royal Heights water, they have been purchasing bottled water for a year and a half; however they do have running water in the house. Which is fine, that is a very small portion of it. Hensley stated she does not like that being a primary point

of the annexation because if they were outside of the UGA it would be a mute point, and they would not be before the Council anyways. They would take care of their well, however they are in the UGA, and it is not a point of if annexation is going to happen, but when it is going to happen. So if she needs to spend lots of money to have the main fixed, she would rather, if there is an opportunity, to come within the City. In regards to growth, being in dialog with Mr. Johnson and Watts, would much rather have someone that is willing to listen to her, as they have. Mr. Johnson has never said anything other than eventually he would like to develop, so there is no shielding, there has been an honest dialog about that. There have been numerous meetings, where information has been verified. Hensley stated she is not against development, as long as it is done well.

- j. Steven Johnson, property owner in the Urban Growth Area, this annexation will hopefully happen and annexation will continue. The Mayor, City Council, Planning Commission and citizens were involved in the annexation process two years, when nobody knew what annexation was or was involved. With the citizens that have come forward, know a little bit more about annexation, which is a testament to what the City has done. Johnson expressed his appreciation to the City. This annexation will decide what the future will be throughout the Urban Growth Area, and is a fine example of what the City can do for its citizens.
- k. Michael Chamberlain, property owner near the annexation area, expressed his support of the annexation and hopes the Council votes in favor of it.
- l. Jan Wold, Poulsbo, stated there are several items that should be considered by the Council and citizens, before this annexation is approved. At the sensing sessions for the new Comprehensive Plan, nearly all citizens expressing an opinion were concerned that new developments were being approved too quickly; the citizens were correct, according to the figures in the Comprehensive Plan. The new Comprehensive plan is under appeal to the Washington Growth Management Hearings Board regarding several issues, including overly large urban growth areas, too much annexation without enough funds to pay for the development, infrastructure, traffic and road maintenance, public participation and lack of communication with the U. S. Navy. There are also issues with the Boundary Review Board, several County residents surrounding the proposed annexation area signed a petition to be heard by the County about the concerns they had and the damage to their property; no action has been taken on this. Wold asked the Council to wait until the petition is addressed. Wold also questions if it would be

prudent to at least get a handle on the 13 Poulsbo annexations since 2004 before approving the 14<sup>th</sup> annexation. The City has a very high assigned growth rate in its urban growth area (UGA) of 6.41% per year. The Puget Sound Regional Council is now showing that there may be no additional population growth necessary for Kitsap County between now and 2040. Bremerton has been losing population for the last couple of decades, yet has the infrastructure in place to accommodate growth. Wold stated a numbers of property owners in and adjoining the annexation were not informed of public hearing, although normal procedures is to inform people within 300 ft of the area. The on-going paving over of the Johnson Creek drainage includes State Highway 3, the Olhava area, including Olympic College, Wal-Mart, Home Depot and numerous other businesses. The runoff from these hardened off, paved areas is far greater than Johnson Creek can handle. Although the largest settling pond in Kitsap County is located at Olhava, it usually is full due to its improper design; all runoff from the parking lots and buildings surges directly into Johnson Creek and then Liberty Bay. The greatly increased volume of water in Johnson Creek each winter is causing destruction of large areas of the creek channel, including her property. Kitsap County's substandard culverts on Johnson Creek's south and main forks could not handle the volume of water and debris. We nearly lost the creek culverts and Viking Way itself two years ago. Virtually all of the salmon eggs from the 1500 salmon that spawned during the fall of 2007 were lost. A house and garage were flooded and the contents destroyed. Enormous amounts of sediment were transported into the Johnson Creek estuary and Liberty Bay. In some places, four additional feet of muck was piled up. It is said that further development is paid for by developers, however it would seem that is not necessarily the case. Certainly several properties will profit from the property being in the City. The original city cost estimate for 1,700 feet of sewer and water lines for South Viking Way was \$1,000,000. This was to be paid by Poulsbo ratepayers. At these original estimates, each of the approximately 3,000 Poulsbo households and businesses is paying \$330 for 1,700 feet of sewer and water lines on Viking Way. The actual bids on this project were somewhat less. Wold also request Councilmember Berry-Maraist recuse herself because she owns property near the proposed annexation.

- m. Claire Bourgeois, property owner in the annexation area, commented how emotional the process is. The property owners want change for Viking Way, clean drinking water, and want development to happen in a positive, community oriented way. If all goes well, she is supportive of the annexation. Bourgeois stated she has many unanswered questions, when will Viking Way be improved and the exact amount it will cost.

- n. Sherry Hagey, property owner in the annexation area, expressed her appreciation to the Council and staff for the hard work done. Everything the City has requested, the residents have done. Hagey request the Council approve the annexation.
- o. Dan Baskins, Poulsbo resident, stated the City's Comprehensive Plan is the most complete, through, direct and understandable plans. And it does tell people what the future is going to be. The City has very strong critical area ordinances, development standards, and issues of Capital Facilities. Annexation should continue until all the area in the Urban Growth Area is within city limits. Baskins commended the Planning staff for the Comprehensive Plan, and encouraged the City to move forward with annexations.
- p. Arlene Tibbits, Poulsbo resident, expressed her support of the annexation, which has been in progress for almost five years; and complimented the City on the work that has been done.

Mayor Erickson closed the public hearing at 8:29 PM.

Council discussion included improved community involvement in annexation and development, the large amount of support of the annexation, increased population growth beyond the growth target, the desires of the property owners in the annexation area, the advantages to all City residents, the protection of Liberty Bay

Councilmember Rudolph clarified the ratepayers do not pay for utility extensions/expansions, they pay to operate and maintain the utility system; connection fees are used for expansion.

Councilmember Berry-Maraist requested clarification from City Attorney Haney on the allegation of her conflict of interest. Haney stated Councilmember Berry-Maraist does not have a conflict of interest.

**MOTION:** McGinty/Henry. Move to approve the Gaines Annexation as shown in Exhibit A of the staff report.

Motion carried unanimously.

**f. Ordinance No.2010-12, Gaines Annexation**

**MOTION:** McGinty/Henry. Move to adopt Ordinance 2010-12, an ordinance of the City of Poulsbo, Washington, annexing approximately 43.78 acres of land located immediately west of the current city limits in the vicinity of NW Liberty Road and Marelaine Lane and commonly known as the Gaines Annexation;

zoning the annexed land low density residential (RL) in accord with the Poulsbo Urban Growth Sub-area Plan; requiring the land to be asses and taxed at the same rate and on the same bases as other property within the City and to assume its proportionate share of the City's existing indebtedness; providing for severability and establishing an effective date.

Motion carried unanimously.

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At 8:51 PM Mayor Erickson recessed the meeting for a 5-minute break. Mayor Erickson reconvened the meeting at 8:57 PM.

\* \* \* \* \*

**7. DEPARTMENT HEAD/COUNCIL COMMITTEE/BOARD/COMMISSION REPORTS**

- a. Councilmember Rudolph commented on discussion by the Poulsbo Historical Society regarding the inclusion of the Poulsbo Museum in the new City Hall. The board voted not to pursue the grant, which had a deadline of May 12<sup>th</sup>. Rudolph provided a brief overview of the proposal by the Historical Society. Councilmember Lord thanked Rudolph for providing the information to the Finance/Administration Committee.

Councilmember Berry-Maraist requested what the current proposal is compared to the initial proposal; Mayor Erickson stated she will provide the Council with the updated proof of concept.

- b. Councilmember Berry-Maraist reported on the West Sound Water Shed needs a letter from the City regarding what projects to include on the potential project funding list and new program to assist residents to do rain gardens.
- c. Councilmember Stern commented on the good discussion in the Finance/Administration committee meeting regarding the museum funding proposal.

**8. CONTINUED COMMENTS FROM CITIZENS**

- a. Bob Hawkinson commented on the promising future of the annexed area and the strong commitment of the neighbors. Hawkins also commented on the Poulsbo Historical Society museum proposal, stating it will be beneficial to all parties.
- b. Dan Baskins commented on the misinformation on Dog Fish Creek and the storm water runoff; and encouraged the development of the triangle into a park.

- c. John Lee commented on the damage the 2007 storms did to his property and potential damage to Johnson Creek.

**9. COUNCILMEMBER COMMENTS**

- a. Councilmember Rudolph expressed his interest for residential rain gardens, and commented on the need for future discussion regarding the responsibility of horse waste removal on City streets.
- b. Mayor Erickson commented on the way the Gaines Annexation was processed and expressed her pleasure with the communications between the City and residents.
- c. Councilmember Berry-Maraist commented on the inclusion of a Johnson Creek project on the West Sound Water Shed three year work plan.
- d. Councilmember Stern thanked Mayor Erickson for inviting Mark Zenger to provide the Council with an update.

**10. ADJOURNMENT**

**MOTION:** Stern/Henry. Move to adjourn at 9:23 PM.  
Motion carried unanimously.

  
\_\_\_\_\_  
Rebecca Erickson, Mayor

ATTEST:

  
\_\_\_\_\_  
Jill A. Boltz, City Clerk

Exhibit A: Map of Gaines Annexation Area

**EXHIBIT A**  
**Map of Annexation Area**

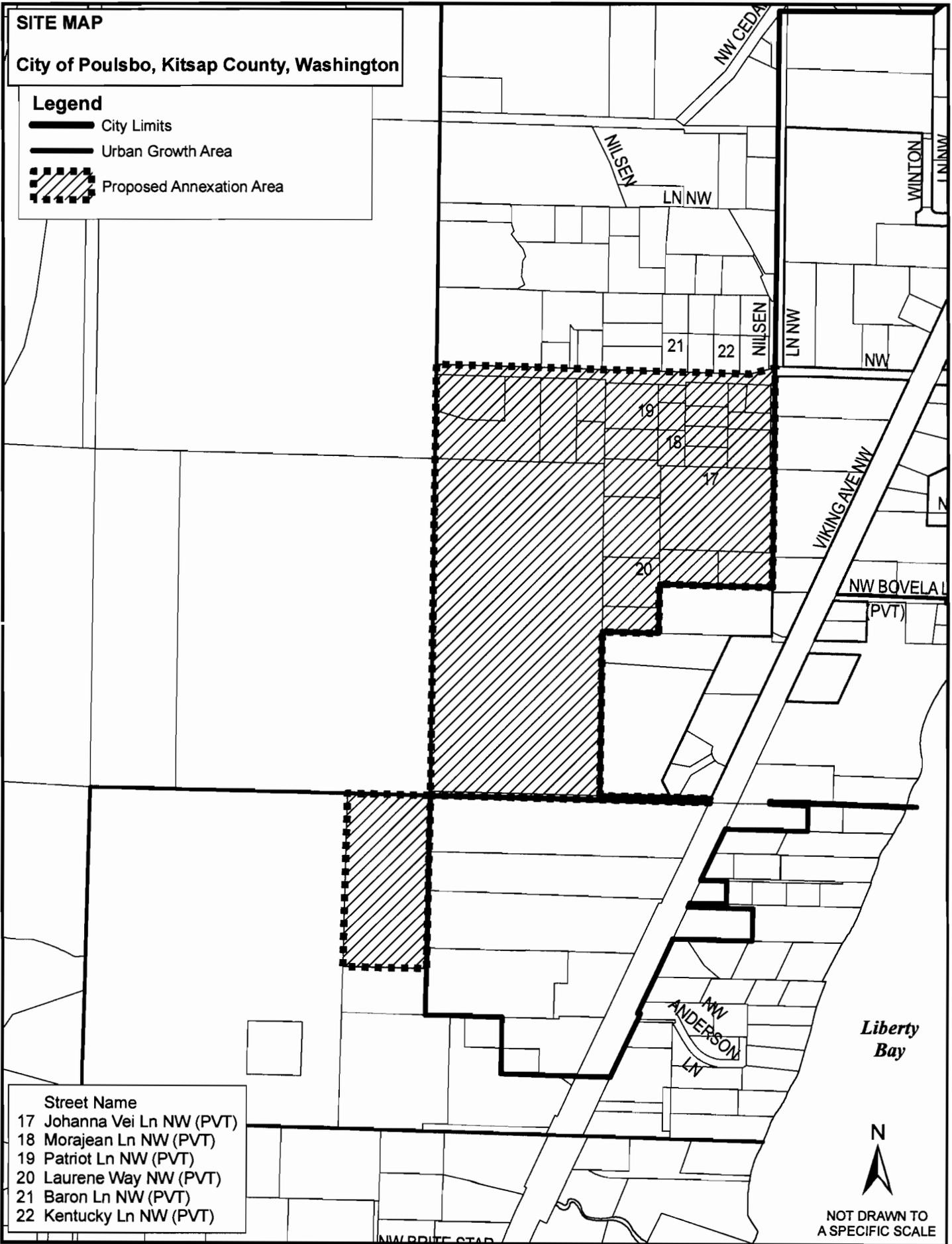


# SITE MAP

City of Poulsbo, Kitsap County, Washington

## Legend

-  City Limits
-  Urban Growth Area
-  Proposed Annexation Area



Street Name
17 Johanna Vei Ln NW (PVT)
18 Morajejan Ln NW (PVT)
19 Patriot Ln NW (PVT)
20 Laurene Way NW (PVT)
21 Baron Ln NW (PVT)
22 Kentucky Ln NW (PVT)

Liberty Bay



NOT DRAWN TO A SPECIFIC SCALE