

POULSBO CITY COUNCIL MEETING OF DECEMBER 10, 2008

MINUTES

PRESENT: Mayor Quade; Councilmembers: Berry-Maraist, Crowder, Erickson, Lord, McGinty, Rudolph, Stern.
Staff: Boltz, Booher, Loveless, McCluskey, Stephens, Swiney.

MAJOR BUSINESS ITEMS

- * * * Payroll – November 1-30, 2008
- * * * Minutes of October 22, 2008
- * * * Budget Amendment, BA-28-0407 Limited Tax General Obligation and Refunding Bond 2003
- * * * Budget Amendment, BA-28-0408 Hotel/Motel Tax Revenues for 2008
- * * * Budget Amendment, BA-28-0409 Amendment No. 1 for the Draft Comprehensive Stormwater Plan
- * * * Budget Amendment, BA 28-0410 Year End Adjustments to Public Works Budgets
- * * * Final Review and Approval of 2009 Budget
- * * * Final Acceptance: Centennial Park Grading Project
- * * * Workshop: 2009 Utility Rates

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Quade called the meeting to order in the Council Chambers at 7:00 PM and lead the Pledge of Allegiance.

2. MAYOR'S REPORT AND CHANGE TO AGENDA

- a. Mayor Quade announced a 30 minute Executive Session would be held following the approval of the consent agenda, for the purpose of discussing potential litigation.
- b. City Hall Update: Gary Tusberg, Kitsap County Consolidated Housing Authority, reported the site preparation contract is complete, however ongoing monitoring and maintenance will continue. The construction drawings should be complete in January 2009 and ready to go out for bid by February 28, 2009.

Councilmember Rudolph advised the project management contract with Kitsap County Consolidated Housing Authority will be expiring December 15, 2008. The City will be preparing a Request for Qualifications to hire an Owners Representative, an individual to manage the project. Rudolph also

advised a consultant will be hired to perform a constructability review of the project. Councilmember Berry-Maraist recommended Councilmembers be a part of the interview panel for the Owners Representative.

- c. Mayor Quade apologized to the Sons of Norway for not acknowledging their support in the Poulsbo Centennial Gala and all Centennial events.

3. MAYOR AND COUNCIL DISCUSSION

- a. Councilmember Rudolph reported the Poulsbo Historical Society raised approximately \$8,000 from the auction at the Poulsbo Centennial Gala.
- b. Councilmember Erickson apologized for not attending the Kitsap Transit meeting today in Bainbridge Island, as promised.
- c. Councilmember Stern reported the Kitsap Regional Coordinating Council board voted to endorse the Kitsap Telework pilot project, for the Puget Sound Regional Council 2040 award.
- d. Mayor Quade reported Kitsap County approved their 2009 Capital Budget, which included funding for District Court in City Hall.

4. COUNCIL COMMITTEE REPORTS (FOR ITEMS ON CURRENT AGENDA)

- a. Community Services Committee: Councilmember Berry-Maraist reported on the recommendation to fund the Suquamish Tribe request for \$3000, to be used for an August 2009 event.

5. CITIZEN COMMENTS

- a. June Cotner expressed her opposition to the Traffic Demand Management (TDM) phase one and questioned the validity of the Historic Downtown Poulsbo Association survey of downtown merchants regarding the TDM study. Cotner inquired about the steps needed for the Council to overturn their vote on the TDM implementation.
- b. Peggy Fiorini commented on the diminished sales and foot traffic in downtown.
- c. Janet Valiga advised the Council meeting was not replayed on Bremerton Kitsap Access Television (BKAT) this past weekend, and commented on the lack of disabled access to the Municipal Court.

- d. Bill Austin commented on the article by June Cotner regarding the TDM study and reminded the Council about speaking into the microphone, suggesting improved microphones be used in the new City Hall.

6. CONSENT AGENDA

Councilmember Berry-Maraist requested Consent Agenda item 6-C, Budget Amendment, BA-28-0407 Limited Tax General Obligation and Refunding Bond 2003, be removed for further explanation.

MOTION: McGinty/Lord. Move to approve Consent Agenda items a, b, d, e through f.

Motion carried unanimously

The items listed are:

- a. Payroll – November 1-30, 2008
- b. Minutes of October 22, 2008 City Hall Project Open House
- ~~c. Budget Amendment, BA-28-0407 Limited Tax General Obligation and Refunding Bond 2003~~
- d. Budget Amendment, BA-28-0408 Hotel/Motel Tax Revenues for 2008
- e. Budget Amendment, BA-28-0409 Amendment No. 1 for the Draft Comprehensive Stormwater Plan
- f. Budget Amendment, BA 28-0410 Year End Adjustments to Public Works Budgets

MOTION: Berry-Maraist/Stern. Move to approve Budget Amendment 28-0407 Limited Tax General Obligation and Refunding Bond 2003.

Motion carried unanimously.

Mayor Quade recessed the meeting at 7:44 PM for a 30 minute Executive Session for the purpose of discussing potential litigation (RCW 42.30.110(i)). Mayor Quade extended the Executive Session for an additional 15 minutes, at 8:13 PM. The meeting was reconvened at 8:27 PM.

7. EXECUTIVE SESSION

Mayor Quade recessed the meeting at 7:44 PM for a 30 minute Executive Session for the purpose of discussing potential litigation (RCW 42.30.110(i)). Mayor Quade extended the Executive Session for an additional 15 minutes, at 8:13 PM. The meeting was reconvened at 8:27 PM.

8. MAJOR BUSINESS ITEMS

a. Final Review and Approval of 2009 Budget

Finance Director Booher presented the final review of the 2009 budget presentation, highlighting the changes made from the proposed preliminary budget to the final budget documents. Booher outlined the changes within the General Fund, Special Revenue Funds, Debt Service Funds, Capital Improvement Funds, and Proprietary Funds. The 2009 Final Budget totals are:

- Total funds- \$33.8 million, a decrease of \$8.7 million (18%) over 2008
- General Fund total- \$9.1 million, a decrease of \$1.6 million (13%) over 2008, due to a reduction in transfers of carryover dollars to reserves amount resulting from budget cuts; and a increase to the operating budget (less transfers) of \$31,173

Booher advised the final budget ordinance will be presented at the December 17th Council meeting.

b. Final Acceptance: Centennial Park Grading Project

MOTION: Crowder/McGinty. Move to accept the Centennial Park grading project contract #CN2008-002 as complete and move to authorize the release of retainage in accordance with the contract requirements.

Motion carried unanimously.

c. Workshop: 2009 Utility Rates

Public Works Director Barry Loveless presented the rate analysis highlights of the completed Functional Plans for Water System, Stormwater Management and Comprehensive Sanitary Sewer plans; noting the recommendations to institute an annual Consumer Price Index (CPI) adjustment for the General Facilities fee (connection fees) for the Water System plan and to the service rate for Stormwater Management.

In response to Councilmember Stern's question, Loveless noted the rates would not decrease if the CPI ever went down due to inflation. Councilmember McGinty recommended the Council review the rates associated to the CPI every two to three years.

Loveless provided an overview of:

Comprehensive Sanitary Sewer plan

- Primary system deficiencies are:

- High I&I- current Capital Improvement Plan (CIP) project and ongoing analysis
- Downstream conveyance system capacity
- Significant improvements required at County treatment plant
- Financial Plan
 - Significant rate increase needed starting 2009
 - City can fund required Capital Improvement Projects while maintaining generally affordable rates

Sewer General Facilities Charge (GFC)

- Two primary purposes:
 - Promote equity between new and existing customers
 - Provide source of funding for capital projects
- Designed for growth to pay for system expansion
- Current charge (\$2,479) has not been indexed for inflation since 2002
- Financial Plan recommends increase to \$3,601 and index to annual CPI
- County pass-through GFC expected to increase to approximately \$5,000
 - Proposed to County that pass-through be reduced to only treatment plant related costs

Sewer Rate Revenue Requirement

- Coverage sufficiency tests:
 - Debt service coverage from bond covenants
 - Cash flow
- Cash flow test most significant factor in future years
 - Capital Facilities Charges to the County
 - Increase from approximately \$200,000 per year to \$580,000 per year to pay for treatment plan upgrades
 - Incremental Operations and Maintenance expenses:
 - Estimated \$75,000 per year for Bond Road pump station and force main, and similar amount for future pump stations
 - Additional depreciation expense from new facilities

Loveless reported feedback from the stakeholders group included utility rates should have kept up with inflation; the goal should be level rates; develop scenarios that show options for the rate increase; and the Home Builders Association concern about the General Facilities Charge (GFC) pricing buyers out of the market.

Loveless advised the new average rate for a single family home would be \$50.38, which is an \$8 increase (13%), for 2009. Compared to other jurisdictions, the current and proposed rates are in line with other cities and county rates. Councilmember Berry-Maraist requested staff provide the Council with a comparison of local jurisdictions connections fees.

Councilmember Lord expressed concern with the County pass-through GFC increase to \$5000, and suggested the increase be negotiated to a lower amount.

Mayor Quade asked for public comment, no comments were received.

9. DEPARTMENT/COMMITTEE REPORTS

- a. Councilmember Berry-Maraist reported on:
 - Community Services Committee: The committee is in support of the Poulsbo Historical Society ground lease extension for an additional 3 years, which will allow for City use of the lot during City Hall construction.
 - Washington State Ferries will be holding a meeting at Bainbridge Island on January 6, 2009, for public comment on the funding proposal.
 - The first trail planning meeting with the National Park Service, was well attended. The next meeting is scheduled for January 8, 2009 at 6:00 PM.
- b. Public Works Committee: Councilmember McGinty reported on the Fire District contract, which will be based on fee for services; the Bannon property boundary line adjustment and discussion on the Parking Study, which will be presented to the Council in January 2009.
- c. Tree Board: Councilmember Lord reported the Tree Board received a donation of 418 trees from the Department of Transportation nursery. With help from a scouting group and parent, the Tree Board planted the trees in Wilderness Park. The board also made a commitment to plant 100 trees in honor of the Centennial, by the end of December
- d. Councilmember Stern reported on:
 - Kitsap Regional Coordinating Council (KRCC): The reformulation of the population allocation of Kitsap cities will begin in 2009, the Puget Sound Regional Council presented their Vision 2040 Transportation plan and KRCC membership fees were reduced by 2.2%.

- Economic Development Committee: Mayor Quade will be providing City staff to assist the administrative needs of committee and had discussions with the Planning Department regarding a consistent approach to Economic Development that will be in line with the Comprehensive Plan.

Councilmember Erickson added the committee will hold a joint meeting with the Port of Poulsbo and Historic Downtown Poulsbo Association, in January 2009, to discuss the vision and economic development of downtown. Erickson will announce the date of the meeting once it is scheduled.

Motion: Rudolph/Lord. Move to continue the meeting to complete the agenda.

Motion carried unanimously.

10. CONTINUED COMMENTS FROM CITIZENS

- a. June Cotner inquired if the Council would be voting to revoke the implementation of phase one of the Traffic Demand Management (TDM) study, and commented on her opposition to the TDM recommendations and City Hall project.
- b. Molly Lee commented on the inconsistencies of the Council responding to citizen comments.

11. COUNCILMEMBER COMMENTS

- a. Councilmember Berry-Maraist:
 - The deadline for submitting projects for the Federal Government economic stimulus package.
 - Puget Sound Regional Council transportation projects committee meeting where it was determined Kitsap County will be receiving a portion of the roads funding, based on population.
 - A Kitsap Sun article regarding the percentage of the employee benefit package of the City of Port Orchard being more than the City of Poulsbo, which she believes is an error. Councilmember Berry-Maraist requested more information from staff on the actual figures.
 - Requested a review of the Council goals for inclusion in the 2009 budget.
- b. Councilmember Rudolph:

- Complimented Planning Director Loveless on a great job presenting complex issues such as the utility rates.
 - The Pousbo Historical Society is trying to move some of their speakers/meetings to evening meetings.
 - Clarified the Traffic Demand Management (TDM) study is meant to not only detour pass through traffic through downtown, but also address pedestrian safety, traffic calming and circulation and speed reduction.
 - Commented on the discourteous comments made by citizens.
- c. Councilmember McGinty: Recommended a financial review of the utility rates be added to the utility rate ordinance. Council concurred to review the rates every 3 years, with a staff recommendation on where to include the review in the ordinance.
- d. Councilmember Erickson: The Traffic Demand Management study was thoroughly discussed in the stakeholders group, and reiterated the economic impact would be reviewed after the implementation. Erickson also commented on the hostility towards the Council and Mayor by citizen's comments.
- e. Councilmember Lord: Suggested downtown merchants be invited to the Economic Development committee special meeting, to discuss the purpose of the TDM study.

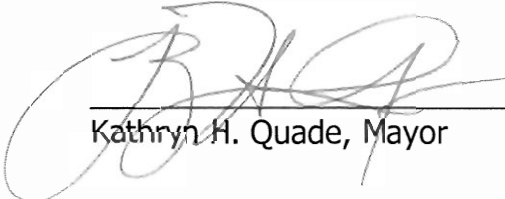
12. ADJOURNMENT

MOTION: Stern/Lord. Move to adjourn at 10:16 PM.
Motion carried unanimously.

ATTEST:



Jill A. Boltz, City Clerk



Kathryn H. Quade, Mayor