

## **POULSBO CITY COUNCIL MEETING OF May 4, 2016**

### **MINUTES**

**PRESENT:** Mayor Erickson; Councilmembers Henry, Lord, McGinty, Nystul, Stern, Thomas.

**ABSENT:** Councilmember Musgrove

Staff: Finance Director Booher, City Clerk Fernandez, City Engineer Kasiniak, Public Works Superintendant Lund, Parks & Recreation Director McCluskey, Police Chief Townsend, IT Senior Technician Stenstrom.

### **MAJOR BUSINESS ITEMS**

- \* \* \* Minutes of November 18, 2015, Council Meeting
- \* \* \* Minutes of December 2, 2015, Council Meeting
- \* \* \* Minutes of December 9, 2015, Council Meeting
- \* \* \* Minutes of April 13, 2016, Council Meeting
- \* \* \* Budget Amendment/BA#16-0204, Hillside Apartments Slope Evaluation
- \* \* \* Budget Amendment/BA#16-0205, Ballistic Vests
- \* \* \* Budget Amendment/BA#16-0206, Optical Sights Replacement
- \* \* \* Biennial Budget Proposal Presentation
- \* \* \* 1st Quarter Budget Amendment Ordinance
- \* \* \* Transportation Concurrency Workshop
- \* \* \* Neighborhood Streets Maintenance Program Contract
- \* \* \* ~~Accept Sanitary Smoke Testing & Evaluation Project~~
- \* \* \* Finn Hill Design Consultant Selection

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

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

## 2. ► AGENDA APPROVAL

Mayor Erickson noted that Item 6E is being pulled due to an unanticipated staff absence; it will be on the agenda next week.

**Motion:** Move to approve the agenda as amended.

**Action:** Approve, **Moved by** Stern, **Seconded by** McGinty.

Motion carried.

## 3. ► COMMENTS FROM CITIZENS

Mr. Jim Mayo gave an update on the mural he is painting on the bridge at Fish Park. He introduced himself and thanked the City for the work.

## 4. ► MAYORS REPORT AND COUNCIL COMMENTS

Mayor Erickson asked reviewed a memo from Planning Director Berezowsky regarding Whitford Strand Preliminary Plat and Substantial Shoreline Development Permit decision and order on LUPA appeal. The City will remand this back to the hearing examiner to incorporate the pieces back to the petitioner. Staff is not recommending an appeal.

Mayor Erickson invited citizens to attend the Poulsbo Garden Club plant sale on Saturday, 9:00 AM to 2:00 PM. She noted that Girls Night Out is happening tonight.

Councilmember Stern reported that he attended 125th Anniversary of Martha & Mary.

Councilmember Henry said he represented the City for the Change of Command for Keyport last Friday.

## 5. ► CONSENT AGENDA

**Motion:** Move to approve Consent Agenda items a through d, f, and g.

The items listed are:

**a.** Minutes of November 18, 2015, City Council Meeting (Fernandez)

**b.** Minutes of December 2, 2015, City Council Meeting (Fernandez)

- c.** Minutes of December 9, 2015, City Council Meeting (Fernandez)
- d.** Minutes of April 13, 2016, City Council Meeting (Fernandez)
- e.** Budget Amendment/BA#16-0204, Hillside Apartments Slope Evaluation and Geotechnical Review (Booher/Kasiniak)
- f.** Budget Amendment/BA#16-0205, Ballistic Vests (Booher/Delaney)
- g.** Budget Amendment/BA#16-0206, Optical Sights Replacement (Booher/Pate)

**Action:** Approve, **Moved by** McGinty, **Seconded by** Nystul.  
Motion carried.

## **6. BUSINESS AGENDA**

### **a. Biennial Budget Proposal Presentation**

Finance Director Booher gave a presentation on the biennial budget process. Presentation highlights included:

- Legal allowances
- Comparable data
  - As of 2015, 37 cities have implemented
  - Cities with biennial budgets: Bainbridge Island, Gig Harbor, Snoqualmie, Sumner, Tumwater, Port Orchard (hoping to implement in 2017)
  - Cities without biennial budgets: Bremerton, Enumclaw
- Options
  - A – appropriation for two years
  - B – two one-year budgets (*recommended*)
- Benefits of biennial budget: time savings, long range focus, cost savings
- Challenges of a biennial budget
  - Implementation
  - Software
  - Mindset of thinking multiple years
  - Limit the level of conservatism anticipating increased revenue projections
  - Option A could be potential cash flow problem
- Consistent requirements for both years
  - Review current year revenues and expenditures
  - Review and public hearing of revenue sources
  - Set property tax levy and adopting related ordinance

- Public hearing regarding budget and budget modifications
  - Adoption of budget or budget modification
- Budget calendar variations
- Discussion on if the City should continue to submit budget document to GFOA for national certification

Finance Director Booher introduced Mr. Doug Schulze, City of Bainbridge Island City Administrator, who has 16 years experience with the biennial budget process, and who is present to answer any questions regarding the process.

In response to Councilmember McGinty, Finance Director Booher said jurisdictions stopped doing biennial budgets during the economic downturn because revenue projections were not being met and they had to reduce their budgets. This can be compensated by doing the two individual budgets. The City has looked at this process in the past, and the reasons why the City decided against implementation was due to limitations of the software and implementation. The City has more resources and training to raise their comfort level.

Mr. Schulze said his experience with the process has been about 16 years, starting out in the City of Medina, then Normandy Park, and now Bainbridge Island. All three cities used the "rolling" biennial budget (Option B), not the two year budget (Option A). Option B is easier for small cities to work with. Most software programs are not set up to do the biennial budget; however, this is not as much of a challenge if using Option B. The biggest advantage will be the time savings during the off year to focus on other projects. A con would be possibly experiencing more budget adjustments. The mid-biennial process is important to be able to look closer at the adjustments you want to make. In most cities, the majority of the budget is non-discretionary. There may be an adjustment for a few percentage points, but it is the same thing every year. He stressed not rehashing the annual budget every year, but stick to a biennial budget with modifications.

Mr. Schulze said some councils feel they have a loss of control; however, that was more prevalent with Option A. Some councils feel it made it easier to accomplish goals during four year terms by looking at goals in two cycles instead of annually. They started to look at it strategically and as a goal setting tool.

He noted the MRSC documentation talked about how people think it is difficult to project out. He disagreed. He said it challenges you to do that, and that is a good thing to have a more serious long range approach.

In response to Councilmember Lord, Mr. Schulze said the cause of budget adjustments are capital projects and contracts that come in above what your budget was, because the budget was set two years earlier.

In response to Councilmember Lord, Finance Director Booher said she thinks doing a biennial budget will help the bond rating because you are being more strategic. The only thing that could be deemed somewhat negative is not having the certification all of the sudden that we have maintained for 17 years. She intends to submit for GFOA certification. The Council needs to decide if the cost and time it takes to submit for certification is worth it. She does not think that not getting the certification will impact the bond rating; she has seen enough cities who are no longer submitting it.

In response to Councilmember Lord, Finance Director Booher said the implementation time is a concern for all departments. However, the work up front will pay off in the end. Many departments she has talked to are looking forward to this change. Mr. Schulze said the initial start up is going to be a little more time consuming, but most of the budget is nondiscretionary and it will not be a huge difference in the time that you'll need to prepare the budget.

In response to Councilmember McGinty, Mr. Schulze said it is important that staff will continue to touch bases on a regular basis on the finances. Adjustments can already be made as need be. Recalibration can be done as needed. He cautioned when there is surplus that the Council looks at the big picture, instead of on the smaller level items.

Director of Engineering Kasiniak said all of their plans are six year plans that are adjusted every year. It will be helpful to budget for two years instead of trying to squeeze projects into one year increments.

In response to Councilmember Lord, Finance Director Booher said Bremerton reverted to the annual budget due to a change in staff and the elected official. It was hard for them to manage because they over projected their revenues and had to do cuts. Mayor Erickson said it would be helpful in down economies as well; it makes the City look forward.

In response to Councilmember Thomas, Mr. Schulze could not think of an instance where the biennial budget forced a City in how they responded to something that had to be done immediately. There is no difference in the flexibility when using Option B. Option A could cause a problem if the entire budget is spent early on.

In response to Councilmember Nystul, Mr. Schulze said a great number of cities are very small, and may be operating their entire accounting system on QuickBooks. They may not have complexity and depth in the organization to do the types of things you want to do in a biennial budget.

Councilmember Nystul said there is no discussion about not doing the comprehensive annual financial report (CAFR). He feels the GFOA certificate is worthwhile and a good tool to the bond underwriters. If the Council moves forward, he agrees with staffs recommendation to do Option B. He is not enthused about the proposal right now, because of the uncertainty, the time, and the document.

In response to Councilmember Henry, Mr. Schulze said his approach to budgeting is that it is a team effort. It requires the departments, the executive, the council, and the community to come together to form the goals and vision. That pushes you towards the strategic long range thinking, rather than having staff prepare the budget, get executive preliminary budget, and then turned to council and they do what they want. It is evolving as it moves through the process. It doesnt require

any more discipline on staff, Council, or your executive than the annual budget does.

In response to Councilmember Henry, Mr. Schulze said the biennial budget is more useful in downturns, because you have looked out further into the future. Finance Director Booher said the review process (budget to actual) would still be in place and the City still has very strong financial policies. These things help the City stay on target.

In response to Councilmember Stern, Mr. Schulze said budget amendments are a normal process, regardless of what type of budget process is used (rolling biennial vs. annual budget). It is an organizational tolerance issue.

In response to Councilmember Stern, Mr. Schulze said at Bainbridge Island, each councilmember might have their own likes and dislikes, but he has not heard any real concerns from them.

Discussion was held on revenue projections. Finance Director Booher said the biennial budget would not inhibit the council to make adjustments. The budget would be set conservatively and strategically.

In response to Councilmember Stern, Mayor Erickson said her original concern regarding this proposal was that it would be a 24-month budget, which is not the rolling budget (Option B) that is being recommended. She was concerned the City would be locked into something with fewer check-in points, which is not the case. She discovered this is the best of both worlds. We would have the check-in points and projecting forward which allows our financial decisions to be made more accurately.

Discussion was held on the mid-year modification process and budget amendment processes. In response to Councilmember McGinty, Finance Director Booher said there is not much council involvement in developing the numbers. The base is set

up. As we know what our carry-over dollars are, we can review the list and make it part of the modification. We may not be able to be as conservative with revenue projections and will have to build growth factors in. Mayor Erickson said there has been a tradition of planning conservatively, and that can be fixed. The City will begin projecting in a more realistic way.

Councilmember Stern is not going to miss hearing the budget presentations annually.

Councilmember Thomas said there are big decisions that need to be made, for example, the Solid Waste decision. The timing has to be considered. He likes that the biennial budget cycle gives a newly elected official months to prepare for this, and it comes not during election time.

Councilmember Nystul congratulated Finance Director Booher for bringing this forward. An alternative to the annual budget presentation could be to only talk about what is new.

The ordinance would come back the first or second week of June. She encouraged the Council to talk to their colleagues in other cities. She will email the links to MRSC for the Council to review.

Councilmember Lord would like the Finance-Administration Committee to continue reviewing this in light of the question of the big projects that are coming, the timing, and how we can factor all that in and make this work. How we can be sure that we are not rushing this in light of some things that are coming down the pike really fast.

Councilmember Stern asked the decision be made on June 8, as he is unable to attend the June 1st meeting. He announced the Finance-Administration Committee is having a special meeting on May 24 at 12:30 PM, and this can be added to the agenda.

**Motion:** Move for the staff to prepare an ordinance to implement a biennial budget process for the City of Poulsbo.

**Action:** Approve, **Moved by** Thomas, **Seconded by** Henry.

Motion carried.

**b. ► 1st Quarter Budget Amendment Ordinance**

Finance Director Booher presented the agenda summary, noting the budget amendments for the first quarter of 2016 were approved by Council during January, February, and March.

Mayor Erickson asked for any public comment; no comments were received.

**Motion:** Move to adopt Ordinance 2016-07, an ordinance for the City of Poulsbo, Washington, amending the 2016 budget adopted by Ordinance No. 2015-21 to revise the revenues and appropriations from certain funds and approving an ordinance summary for publication.

**Action:** Approve, **Moved by** Henry, **Seconded by** Nystul.

Motion carried.

**c. ► Transportation Concurrency Workshop**

Engineering Technician Roberts presented the transportation concurrency proposal, noting The City Engineering Department has drafted an amendment ordinance to the Poulsbo Municipal Code (PMC), creating a new PMC 14.04 Transportation Concurrency, which codifies the process for ensuring and maintaining transportation concurrency for new development projects. Transportation Concurrency requires that transportation facilities are provided in a timely manner for the demand for them. To maintain concurrency means that adequate facilities are in place to serve new development as it occurs within a specified time period. The draft PMC 14.04 Transportation Concurrency has been reviewed by the Poulsbo Planning Commission.

A public hearing was held on April 26, 2016, and with a vote of 7 for, the Planning Commission has recommended approval of draft Title 14.04 to the City Council. He

reviewed the two-step process for evaluating development proposals.

In response to Mayor Erickson, Engineering Technician Roberts said they looked at 6-7 cities and averaged out their threshold. The average was around 25. At 30 homes, the fire code requires two entrances for a subdivision. This creates consistency.

In response to Councilmember Stern, Director of Engineering Kasiniak said he would have a hard time seeing a transit oriented development with 30 houses. If it is more than 30 houses, they require a traffic impact analysis, and the traffic engineer will bring a proposal forward.

In response to Councilmember McGinty, there are planning regulations that prevent pieces being broken into smaller pieces. As far as two individual parcels, two different permits, the City Engineer has discretion based on special situations to require a traffic impact analysis.

The next step in the process is to hold a public hearing at the June 1, 2016, Council meeting. Engineering Technician Roberts will provide the Council a summary of the changes that the Planning Commission submitted.

**d.  Neighborhood Streets Maintenance Program Contract**

Director of Engineering Kasiniak reviewed the change in the scope of the project: using Parametrix for both portions of the project. He is amending the existing contract, and Sealaska will subcontract to Parametrix.

Mr. John Capponi, Sealaska, reviewed the benefits of a pavement management plan, typical recommended maintenance and repair, and developing a pavement management plan.

In response to Councilmember McGinty, Mr. Capponi said they will deliver a map that will have four colors. The colors will represent prioritization levels. The timeline for repairs will be subjective. They will look at the next two years, and need to reevaluate afterwards.

In response to Councilmember Nystul, Director of Engineering Kasiniak said Kitsap County is doing a separate contract and will have a truck driving around with a camera. Poulsbo is smaller and can be more customized. The contractor can make

determinations sometimes while driving as to why the crack occurred. The City will receive more information with visual inspection.

In response to Councilmember Nystul, this information can be put onto a GIS map. Mayor Erickson would also like the traffic counts model as another layer to target roads that we use the most.

**Motion:** Move to approve Amendment 8 to the On-Call Contract with Parametrix for additional services on the Street Maintenance Plan in the amount of \$17,175 for a total new contract amount of \$28,725 and authorize the Mayor to sign on behalf of the City.

**Action:** Approve, **Moved by** McGinty, **Seconded by** Nystul.  
Motion carried.

**~~e. Accept Sanitary Smoke Testing & Evaluation Project~~ PULLED**

**f.  Finn Hill Design Consultant Selection**

Director of Engineering Kasiniak gave a presentation on the Finn Hill Design Consultant Selection process. Presentation highlights included:

- Finn Hill Road reconstruction
  - Transportation CIP Project
  - Pedestrian and bicycle improvements along north side of Finn Hill
  - Benefits: will increase road way capacity and improve safety
  - Budget for design: \$150,000
  - Construction scheduled 2017
- Consultant selection process
  - Advertised February 2016, pre-submittal meeting March 2016, received four bids.
  - Selection committee reviewed submittals and conducted phone interviews. Three firms were well matched.
  - Reviewed interview questions, scoring criteria, and scoring summary
  - Sealaska Environmental scored the highest.
- Next steps
  - Safe Routes to School grant opportunity – deadline 5/13
  - Important to negotiate a contract quickly for approval on 5/11

**Motion:** Move to authorized staff to move forward with negotiating a contract with Sealaska Environmental Services, LLC for the design of the Finn Hill Reconstruction Project.

**Action:** Approve, **Moved by** Lord, **Seconded by** McGinty.  
Motion carried.

**Motion:** Move to approve Consent Agenda Item E.

**Action:** Approve, **Moved by** McGinty, **Seconded by** Lord.  
Motion carried.

## 7. COUNCIL COMMITTEE REPORTS

Finance-Administration Committee: Councilmember Thomas reported the committee met today and looked at the monthly sales tax report and real estate excise tax. Both are trending higher than projections. The May 18 meeting is cancelled; however, there will be a special meeting on May 24 at 12:30 PM.

Outside Agencies: Councilmember Stern reported on the KRCC meeting that was held yesterday, and noted the City should consider its policy on growth centers. He noted the selection process for Transpol transportation funding will be happening this month, and another council member needs to attend with Councilmember Nystul to advocate for the City's projects. The meeting is next Thursday.

Public Works Committee: Councilmember Lord reported they received a report from the building department that they met 66% of the goal for the year with 33% of the year behind them. They are meeting their level of service and the turnaround for residential plans is two weeks. The new inspector is doing great. They reviewed the smoke testing results and the committee recommended acceptance of the project.

Economic Development Committee Meeting: Councilmember Lord reported they received an overview of the Chamber of Commerce and how things are going. They received an update from WWU and how they are doing. They discussed the May 24 reception at the Marine Science Center. They received a debriefing of the YMCA and Twelve Trees tours.

## 8. DEPARTMENT HEAD COMMENTS

Director of Engineering Kasiniak announced the Hostmark project will be happening soon. The bid opening is May 6, and the project starts June 20. It will be a 45-day project. The City is working hard on the City Hall demolition project. They will be hiring an expert in demolition work as a city employee. He and the Mayor met with School Board last week and presented the Finn Hill contract. They gave them a letter of support for the project.

## **9.CONTINUED COMMENTS FROM CITIZENS**

Mayor Erickson asked for citizen comments; no comments were received.

## **10. ► COUNCILMEMBER COMMENTS/BOARD/COMMISSION REPORTS**

Mayor Erickson reported on the various board meetings she attended on Tuesday.

## **11. ► ADJOURNMENT**

**Motion:** Move to adjourn.

**Action:** Approve, **Moved by** Henry, **Seconded by** McGinty.

**Motion carried unanimously.**

The meeting adjourned at 9:51 PM.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk

