

## POULSBO CITY COUNCIL MEETING OF May 18, 2016

### MINUTES

**PRESENT:** Mayor Erickson; Councilmembers Lord, McGinty, Musgrove, Nystul.

Staff: City Clerk Fernandez, City Engineer Kasiniak, Public Works Superintendant Lund, Parks & Recreation Director McCluskey, IT Manager Stenstrom.

**ABSENT:** Councilmember Henry, Stern, Thomas

### MAJOR BUSINESS ITEMS

- \* \* \* Minutes of January 6, 2016, Council Meeting
- \* \* \* ~~Minutes of April 27, 2016, Council Meeting~~
- \* \* \* Minutes of May 4, 2016, Council Meeting
- \* \* \* After Hours Park Use Application
- \* \* \* Special Event Application: YMCA Family Fun Days
- \* \* \* Lodging Tax Advisory Committee Appointments
- \* \* \* Hostmark Mains Project Award
- \* \* \* Contract Amendment for the Comprehensive Sewer Plan
- \* \* \* Accept 6<sup>th</sup> Ave & 9<sup>th</sup> Ave Pump Station Project
- \* \* \* Lease Agreement with Western Washington University for Marine Science Center

#### 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 announced that Consent Agenda Item 5b was pulled.

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

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

#### 3. COMMENTS FROM CITIZENS

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

#### 4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Nystul reported that he and Councilmember Henry attended the KRCC TransPol meeting last week. He said City Engineer Lenius did such an outstanding job presenting the projects. The City of Poulsbo has \$3.42MM allocated to us for 2017-2019, with a good amount of that going to Noll Road. This is subject to the vote of the KRCC board to approve.

Councilmember McGinty thanked the Engineering Department for creating a well-prepared package.

Mayor Erickson said Parks & Recreation Director McCluskey had to read a statement into the record on behalf of the Noll Road Project and the Federal Highway funds the City will be getting.

Parks & Recreation Director McCluskey read the following into the record:

*"The Poulsbo Engineering Department is requesting a de minimus (4f) exemption from Federal Highway Administration for the project known as Noll Road improvements. The project will make roadway improvements along the frontage of the planned park known as Morrow Manor. These frontage improvements may require the dedication of a small amount of right-of-way from the park. This project will be a benefit to the park as it will complete frontage improvements that the park would otherwise be responsible for and will improve access and parking for the park. As the city official responsible for this park, I support the project."*

Mayor Erickson announced it is Viking Fest this weekend. Opening ceremonies begin this Friday at 4:00 PM.

Councilmember Musgrove invited everyone to come down and see what it is like to be a Viking.

Councilmember Lord noted Gateway Church is providing a shuttle from the high school.

## **5. CONSENT AGENDA**

**Motion:** Move to approve Consent Agenda items a as corrected and c.

The items listed are:

- a.** Minutes of the January 6, 2016, City Council Meeting (Fernandez)
- ~~**b.** Minutes of April 27, 2016, City Council Meeting (Fernandez)~~
- c.** Minutes of May 4, 2016, City Council Meeting (Fernandez)

City Clerk Fernandez noted an amendment to Item 5a, removing Councilmembers McGinty and Musgrove and adding Councilmember Nystul from the present attendance section.

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

## 6. BUSINESS AGENDA

### a. After Hours Park Use Application

Parks & Recreation Director McCluskey presented the agenda summary, noting the Sons of Norway have requested use on August 12, 2016 and August 13, 2016 for a private vent. They have an outdoor burning permit. They expect about 40 people.

Councilmember Lord noted this was recommended through the Community Services Committee.

In response to Councilmember Musgrove, Parks & Recreation Director McCluskey said there are not any other impacts with the application with it being after dark. They have their fire permit already.

**Motion:** Move to approve the park use application for Lynn Gleason for after-hours use of the Muriel Iverson Williams Waterfront Park fire pit as presented.

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

### b. Special Event Application: YMCA Family Fun Day

Parks & Recreation Director McCluskey presented the agenda summary, noting the Haselwood YMCA will be hosting a free Family Fun Day on May 22 at Raab Park Picnic Shelter. They expect 100 people.

Councilmember Lord noted this was cleared through the Community Services Committee.

In response to Councilmember Lord on if the event was only for YMCA members, Parks & Recreation Director McCluskey clarified that the event was open to the public.

**Motion:** Move to approve the special event application for the YMCA Family Fun Day on May 22 as presented.

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

Motion carried.

**c. Lodging Tax Advisory Committee Appointments**

Parks & Recreation Director McCluskey presented the agenda summary, noting per Resolution 2013-07, the City Council shall appoint the five public members of the committee, and review the membership of the LTAC each June to make changes as appropriate. There is one change to the 2016-2017 committee membership, as Micah Kim of GuestHouse Suites has chosen not to continue. Two members from businesses required to collect the tax: 1) Terri Douglas, Poulsbo Inn; and 2) Mary Fitz, Viking House. Two members from organizations involved in activities authorized to be funded by these taxes: 1) Steve Swann, Port of Poulsbo; and 2) Greg Enright, Cultural Arts Foundation of the NW. One elected official who serves as the chair: Councilmember Gary Nystul.

Councilmember Lord stated this was cleared through Community Services Committee.

In response to Councilmember Musgrove inquiry on when and how the councilmember appointment changes for this committee, Councilmember Lord noted this was cleared through the committee assignments.

**Motion:** Move to approve the five members of the Lodging Tax Advisory Committee for 2016-2017 as presented: Terri Douglas, Mary Fitz, Steve Swann, Greg Enright, and Gary Nystul.

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

**d. Hostmark Mains Project Award**

Public Works Superintendent Lund presented the project award, noting bids were opened for the Hostmark Mains project on Friday, May 6, 2016. There were three responsive bids. Staff recommends the lowest responsive bid of \$1,339,669.62 from Pape & Sons Construction, Inc. for contract award. The total project cost, including contingency, construction management, and design, is \$1,560,620.06. The project is split between enterprise funds for water, sewer, and storm (40%, 40%, and 20%, respectively.) The project was originally only planned in the CIP as a water project, but it was found during the design process that the sewer and storm utilities needed repair as well. It makes the most practical sense to do those repairs now while the

water repairs are completed. As previously discussed with Council on 3/16/16, a budget amendment is needed to provide the budget capacity for the sewer and storm portions of the project. Staff recommends to proceed with the award and budget amendment, and know that staff will not sign the next contract until the budget amendments are fully executed. If Council approves of the changes to provide budget capacity, then a budget amendment will follow to finalize these changes.

In response Councilmember Lord's question if there would any problem with the Suquamish Tribe regarding Dog Fish Creek delay, Public Works Superintendent said he didn't think so, but Director of Engineering Kasiniak would need to answer that question. He understands there are a lot of different portions on the books for the Dog Fish Creek corridor, and we are still needing to go after grants. Mayor Erickson added the City will be doing the demo of the two houses in the next couple months, bundled into the demo of the old City Hall pad. So, we are doing action.

In response to Councilmember Lord's question on if he sees any potential hazard of waiting on rehabbing the village pump station, Public Works Superintendent Lund said the City is moving forward with design right now. All they did was move the construction out to 2017, which is when we would go out for a construction contract anyhow.

Councilmember Musgrove noted the Public Works Committee received a briefing on this, and it is a shuffling going on, in this case, trying to gain an advantage. He is impressed that when this happens, we get as much or more bang for our buck. This is an opportunity, instead of a necessity.

Councilmember Lord appreciates the fact that we are not repairing a street, and then having to tear it up again when another need is identified later. She commended staff for being able to tackle the underground issues at the same time.

**Motion:** Move to approve the construction contract for the Hostmark Mains Project to Pape & Sons Construction, Inc. in the amount of \$1,339,669.62 and authorize the Mayor to sign change orders up to ten percent of the contract price.

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

**Motion:** Move to direct staff to proceed with the budget amendment process to finalize the budget amendment as presented.

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

**e. Contract Amendment for the Comprehensive Sewer Plan**

Public Works Superintendent Lund presented the contract amendment, noting additional work is required to complete the Sanitary Sewer Plan Update. Tasks include: additional financial analysis, coordination with Ecology, and final edits to the plan to address Council and Ecology comments. An additional \$8585 is needed for the work to be completed by September 30, 2016. A budget amendment will be needed to support the additional effort in the amount of \$9000 and will be presented at the June 1 meeting.

Councilmember McGinty noted this was reviewed at the Public Works Committee and they concurred with the recommendation.

Mayor Erickson added that some pretty hard questions were being asked regarding the financial model, and we need to make sure we are adequately addressing how we were going to fund these projects in the future while trying to keep the rates low. They are crunching some numbers.

Councilmember Musgrove said he needs to get a briefing on this, because he had issues with the numbers being thrown around. In response to Councilmember Musgrove, Public Works Superintendent Lund said this additional funding is a semi-approval of what was briefed a couple of weeks ago when they discussed the additional scope of work that they would need to do for the Department of Ecology, and it dovetails into the financial questions that came from the Council meeting presentation.

Councilmember Lord added they are not approving the Sewer Comprehensive Plan; it is more discovery and trying to understand what we are up against.

Mayor Erickson said the City has had conversations about how much we should bond out versus how much we should keep in our reserves. We have \$8.2MM in reserves. Effectively, we are paying for a lot of our capital infrastructure for cash. Is that the way to go, or should we borrow at lower rates and give some relief to our rate payers. The Council needs a different mix of choices.

Councilmember McGinty said it is a complex model. Part of having it bonded will have the future rate payers helping pay for the construction.

Councilmember Musgrove said it is not just the financial questions of how to pay for it, but the entire basis of the sewer system upgrades, that there seems to be an acceptance that we should spend millions on this. He is not sure he is still satisfied with the basis of that initial decision. He needs another briefing on this. He supports the contract amendment if it will help answer these questions.

**Motion:** Move to approve Amendment No. 3 with BHC Consultants for additional services for the Comprehensive Sewer Plan Update in the amount of \$8,585 and authorize the Mayor to sign on behalf of the City.

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

**Motion:** Move to direct staff to proceed with the budget amendment process to finalize the budget amendment as presented.

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

**f. Accept 6<sup>th</sup> Ave. & 9<sup>th</sup> Ave. Pump Station Project**

Public Works Director Kasiniak presented the 6<sup>th</sup> Avenue and 9<sup>th</sup> Avenue Pump Station Project for Council acceptance and contract closure.

The final contract amount for the 6th Ave and 9th Ave Pump Station project was \$2,000,389.60. The final paid contract total was \$1,854,343.57. There were 21 change orders on the project totaling \$155,913 (8% of the contract total). The change orders included side sewer repairs for Matson that were not part of the original project. Final payment was made to the contractor on 04/27/2016. Retainage has been held on the project in the amount of \$89,409.04 and needs to be released once the project has been accepted. Staff recommends approval of accepting the project as complete.

**Motion:** Move to accept the 6<sup>th</sup> Avenue and 9<sup>th</sup> Avenue Pump Station Project as complete and authorize release of the retainage and the contract bond in accordance with state law and contract requirements.

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

**g. Lease Agreement with Western Washington University (WWU) for Marine Science Center (MSC)**

Mayor Erickson presented the lease and explained there is a sense of urgency to have it signed when the WWU President Shepard comes to town on May 24, because he is retiring soon.

In response to Councilmember Musgrove, Mayor Erickson said the difference between the two leases between Sealaska and the Marine Science Center Foundation is one is the original lease, and the second is the extension.

Mayor Erickson said the Council passed a Memorandum of Understanding to grant the Marine Science Center to Western Washington University last summer. The City has since done some repairs to the HVAC and other repairs. Then it was discovered that the building is on a piece of land that needs a boundary line adjustment, and it is still undergoing that process. Part of the property is also leased to the Port of Poulsbo. There are challenges to transfer the property to WWU. Due to the urgency of WWU President Shepard retiring, WWU will take over the lease for the MSC Foundation. The nature of the lease is truncated to only last one year with some little tweaks in the language. The idea is during this lease period, the property will be transferred over. This is an intermediary step.

In response to Councilmember Lord, Mayor Erickson said WWU is okay with this proposed process, and it was drafted by the City's Attorney and the Attorney General's Office who represents WWU.

Councilmember Lord asked if this causes them any jeopardy to back out of the whole deal. She noted the City has been working in good faith with them for over a year, she doesn't want them backing out. Mayor Erickson noted that the City learned that we need to surplus the building before we can transfer the ownership. That caused a little concern with the University. But it will be brought forward in June. She feels the City needs to do a boundary line adjustment, a title search, identify the parcel and property, get it cleaned up from the port. That caused them some concern.

Councilmember Lord said in good faith she has been supportive of this idea for the whole time. As long as the City has the caveat that if WWU would ever renege on using it for the public as a marine science center/aquarium, that we would get the title back on it. As long as that gives us the opportunity to recover that building and operation, and market it in a different way, then she totally supports this. It is a benefit to lock in the commitment from WWU to be part of our community. As long



as we have all of our title and boundary line adjustment taken care of and everything transfers over to them with that one proviso that if they change the use, then we'll get the property back.

Councilmember Musgrove clarified this is an interim lease between the City, WWU, and Sealaska (as a sublease) for a period of time. Eventually the formal arrangements will pass for WWU to make their own leases at will. This will increase the comfort levels for everyone involved.

In response to Councilmember Musgrove, Mayor Erickson said to the best of her knowledge, all parties named herein are good with this document. The only piece missing from the lease is an aerial photograph of the allocated parking spots.

In response to Councilmember Lord, Mayor Erickson confirmed they are entitled to 16 parking spaces.

In response to Councilmember Lord, Mayor Erickson described the surplus process, which requires a public hearing for public comment. It does not open the land up to be bid upon.

Councilmember Nystul summarized that the City maintains its present position, merely substituting WWU for the MSC Foundation, and establishing an end date to that agreement. Mayor Erickson said the MSC Foundation is assigning its lease to another party.

In response to Councilmember Musgrove's presumption that the motion would allow the Mayor to continue negotiations if needed without further Council approval, Mayor Erickson said she would not be comfortable doing further negotiation without Council approval. Any changes would need to come back to the Council for approval.

**Motion:** Move to approve an agreement between the City of Poulsbo, the Poulsbo Marine Science Center Foundation, and Western Washington University regarding the operations within the City-owned Marine Science Center building, in order to terminate the current lease agreement between the City and the Foundation, enter into a new agreement with Western Washington University to begin to operate marine science and other educational programs, and to assign the current sublease with Sealaska to Western Washington University, in order to continue to occupy a

portion of the Marine Science Center building as provided under the terms of the Sealaska sublease.

**Action:** Approve, **Moved by** Musgrove, **Seconded by** Lord.

Motion carried.

## **7. COUNCIL COMMITTEE REPORTS**

No reports given.

## **8. DEPARTMENT HEAD COMMENTS**

Public Works Superintendent noted a budget amendment is coming up for a water leak in the roof of the Parks & Recreation building. They are assessing the situation right now. There is a lot of water damage.

## **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 her meeting with Farmers Market Board. They are trying to expand their board. If you are interested, contact the Mayor or go on their webpage. She reported on a luncheon at Our Gems, a mentorship program for young women which teaches power and strength. She got to sit next to Supreme Court Justice Mary Yu and found it very fascinating.

Councilmember Musgrove wished everyone a Happy Viking Fest.

Councilmember Lord asked if the WWU event was still happening on May 24. Mayor Erickson said she believes so. She said she was happy that we have reached this point with WWU, and feels this is a wise way to handle the process by doing this interim step. As long as everyone is comfortable, she is confident it will be successful. She hopes everyone enjoys Viking fest. It is great experience

## **11. ADJOURNMENT**

**Motion:** Move to adjourn.

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

Motion carried.

The meeting adjourned at 8:00 PM.

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Rebecca Erickson, Mayor

ATTEST:

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Rhiannon Fernandez, CMC, City Clerk