

POULSBO CITY COUNCIL MEETING OF JULY 6, 2016

MINUTES

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

Staff: Human Resources Manager Kingery, City Clerk Fernandez, Director of Engineering Kasiniak, Senior Engineering Technician Hulst, and IT Manager Stenstrom.

ABSENT: Councilmember McGinty

MAJOR BUSINESS ITEMS

- * * * Minutes of October 14, 2015, Council Meeting
- * * * Minutes of April 27, 2016, Special Council Meeting
- * * * Minutes of June 8, 2016, Council Meeting
- * * * Minutes of November 4, 2015, Council Meeting
- * * * Budget Amendment/BA#16-0301, Sign Repair
- * * * Investment Purchase Authorization
- * * * Resolution No. 2016-__ 2016 Salary and Wages Resolution
- * * * ~~Summerset Division Three Final Plat~~
- * * * Contract Award for Former City Hall Abatement and Demolition Project

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 asked that the agenda be amended to move Consent Agenda Item 5f to the business agenda, and to pull Business Item 6c.

Mr. David Smith wished to speak at this time, and Mayor Erickson asked him to hold his comments until the citizen comment period of the agenda.

Motion: Move to approve the agenda as amended.

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

3. COMMENTS FROM CITIZENS

Mr. Nick Smith objected to having Summerset Final Plat approval being pulled from tonight's agenda and wanted the opportunity to show their project was done.

Ms. Rita Hagwell spoke regarding how she is unhappy about being a victim of discrimination. She spoke regarding her septic concerns. She would like to be compensated by the City for getting an attorney that says she was right about her sewer. If she cannot receive money, she would like a detailed description of why not.

Mr. Terry Asla, North Kitsap Herald Reporter, asked why Summerset was pulled from tonight's agenda.

Mr. Michael Brown, Principal in Sound West Group, doesn't understand why Summerset was pulled in the eleventh hour and spoke regarding the negative impact this has for Sound West Group.

Senior Engineering Technician Bateman gave a presentation on the Summerset site conditions found at Phase 2 and Phase 3 when he visited the site today. The conditions did not allow the Engineering Department to make the determination that the public safety and good was served.

Planning Director Berezowsky spoke regarding the concerns he had during his visit to the Summerset site today. Staff came back to the office after the site visit and called Mr. Smith regarding their concerns and what options would be available for moving forward with the project.

Mayor Erickson noted there were public safety issues regarding the plat, and it was not ready. The City is trying to do this in a way to avoid having the applicant wait for three months. Once the items are done, the City will reschedule the final approval.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Thomas noted Consent Agenda 5f was discussed at length at the Finance-Administration Committee today.

Councilmember Lord asked about solutions toward all of the tagging that is going on in Poulsbo. Mayor Erickson said the City is cleaning it up as soon as possible. Councilmember Lord asked the Mayor to check with the Police Department if there is new gang activity related with the tagging.

Mayor Erickson announced the police chief interviews will be August 15. She will need two Councilmembers to be involved in the interviews. She asked the Council if the Meet

& Greet should be August 14 or 15. She asked that Council think about this and email her their thoughts.

Mayor Erickson announced a visiting dignitary from Mexico would be in town this week, and he requested a meeting with the Mayor and some Councilmembers. Councilmember Stern and Lord agreed to join her in the meeting.

Councilmember Lord gave a synopsis of her thoughts on the considerable discussions council committees have had regarding the waterfront restroom replacement project. She feels a restroom is needed in the center of the park and it needs to be upgraded. She feels the Port's master plan is visionary; however, it will take several years to complete it.

In response to Councilmember Stern, Councilmember Lord said the Community Services Committee and Parks & Recreation staff have spent at least six months working on the configuration and location of the restroom. Councilmember Henry added this work is planned to be done by the fall. He feels the City should not stop or delay this project for a couple of years.

Councilmember Musgrove said there is a meeting with the Port of Poulsbo tomorrow morning at 10:00 AM, and he is going to reserve his comments until after that meeting.

Councilmember Henry said the City is ready to go with this project. He feels it is the City's responsibility to get this project completed.

Councilmember Musgrove said the original idea of rehabbing the bathrooms came from Economic Development Committee a couple of years ago, and it was originally intended to consider a partnership with the Port based upon economic development principles. Since the Port's purpose is economic development, it would be reasonable to include them in a project like this. He feels it is a shame that the Port and the Economic Development Committee have not been included in these discussions. At this point he is not looking for a delay, he wants to move on as fast as possible, and he does not want to undo the work that has been done. But he feels it is appropriate to listen to what the Port is proposing, and that will happen tomorrow morning.

Mayor Erickson suggested that they have the meeting and listen, and report back to the Council next week and make a determination of which direction they want to go. Councilmember Lord added that she is not objecting to working with the Port, but it does not fit in with the City's capital projects that are expensive right at the moment. The Council will have a lot of decisions to make, and it will be a long process. She does not believe one project precludes the other.

Mayor Erickson and Councilmembers Lord, Nystul and Musgrove will attend the meeting with the Port tomorrow at 10:00 AM.

Mayor Erickson spoke regarding what happened with Summerset earlier during the meeting. She said the City needs to make sure that as our developments go forward, that they are safe, well-tended, and they meet our codes and standards. Staff could not give her that assurance this afternoon. When that came forward to her, they immediately called the applicant and told them. She has no desire to hold this project up, but the City has the responsibility for making sure the new neighborhoods that are created in the City of Poulsbo meet our standards and code. She said this project will be brought forward as soon as possible once the concerns have been addressed.

Councilmember Stern noted he should have abstained from the vote on agenda approval because its focal point ended up being removing Business Item 6c. He has a professional relationship with the Smith Family that has to do with real estate. Mayor Erickson noted Mr. Stern was in a tough position and what he did was not inappropriate.

Mayor Erickson also explained one of the reasons the Council does not respond during the citizen comment period is they try not to have an interchange at the podium. The Council and Mayor will listen to comments, make notes, and after that they will potentially respond. Getting into a dialogue can become uncontrolled, which doesn't do the deliberation of the body any favors.

5. CONSENT AGENDA

Motion: Move to approve Consent Agenda items a through e.

The items listed are:

- a. Minutes of October 14, 2015, City Council Meeting (Fernandez)
- b. Minutes of April 27, 2016, Special City Council Meeting (Fernandez)
- c. Minutes of June 8, 2016, City Council Meeting (Fernandez)
- d. Minutes of November 4, 2015, City Council Meeting (Fernandez)
- e. Budget Amendment/BA #16-0301 Sign Repair (Booher)
- f. Investment Purchase Authorization (Booher)

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

Motion carried.

6. BUSINESS AGENDA

a. Investment Purchase Authorization

Councilmember Thomas reviewed the discussion at the Finance-Administration Committee regarding this agenda item. What was discovered was that the recent

change to the purchasing manual put limits on purchase signatures, and there is a perceived conflict with the existing PMC 3.58.010 which states the Finance Director is the investment officer of the City. The Council needs to clarify if there is a need for an exception to the purchasing manual limit for investments, or is this already covered by an existing ordinance. The item of discussion is if investments are considered purchases.

Councilmember Stern added it is important to understand the PMC consists of ordinances that are recognized by the law. Motions and resolutions are statements of policy and intent by the council and do not carry the weight of law. It was the recommendation of the committee to take no action on this request, and the Finance Department continue to invest funds as described in PMC 3.58.010. This has not been done over the last six weeks due to the confusion that has resulted from the purchasing manual adoption. This limited the Mayor's authority to carry out contracts past a certain dollar amount. He would rather discuss that issue, but wants to clarify that investments are not purchases.

Mayor Erickson noted the change in policy that limits her signing authority to \$75,000. That change has caused confusion as to what is considered a purchase. Right after it was passed, she realized the city is doing large financial purchases of securities and bonds in the investment pools. She didn't feel comfortable with that going forward when the new policy limited purchasing amounts to \$75,000 unless it is approved by the Council. That brought up the conversation of how we do our investment management. What is a purchase? What isn't a purchase? She has had department heads come up to her with many questions regarding the new limits. She has erred on the side of conservatism. It has slowed the process. She has also asked that her electronic signature of checks stop, and she is signing the checks manually to make sure she falls within the limits. She doesn't want to make a mistake; this has caused her angst.

Councilmember Stern said what came before the committee tonight was a case in point that the committee felt required no action, because it is clearly stated that the finance director is authorized by PMC to keep our inactive funds earning something. This is part of a larger point where the Mayor feels the City and/or her authority has been unduly limited by the Council to act on a previously approved annual budget and operate within the line items of what was approved in December without being micromanaged. He feels it would be more constructive to discuss the purchasing manual, not the investments.

Mayor Erickson is nervous and afraid of making a mistake and will accidentally go over the limit. She wasn't going to go forward with the investment transactions because of the signature limitation.

Councilmember Nystul brought up two points. 1) In 2008, the Council adopted an investment policy which established the guidelines that are also state law as to what things you can invest in. The policy has been in place and it requires the finance director report quarterly to the Finance-Administration Committee and monthly to the Mayor what the investment holdings are. The City has employed an investment advisor to guide where these things are. 2) He believes investments are not purchases; investments are shifting money in between different instruments/accounts. It is an exchange, not a purchase. It is better by consensus that we agree with the PMC, and that a resolution or motion does not change the PMC. He understands the Mayor's concern.

Councilmember Musgrove asked if the day-to-day processes in the city have changed, and if so, what? He understands the Mayor is afraid of mis-stepping. The solution would be to identify the minefield. Has that been done to any degree? Councilmember Stern said the Mayor's position is that when the council approves the annual budget, whatever dollar amounts have been assigned to the departments and the line items, the City should have the ability within that budget to expend and meet those goals. The Mayor feels frustrated that despite having an approved annual budget, she is limited to anything greater than \$75,000, even though it is approved in the budget, and needs to seek reapproval by the Council. She sees it as redundant and stifling. The investment question was both symbolic and substantive, and she has pointed out other things that have slowed down.

Mayor Erickson said the real point is sooner or later she will make a mistake. She would like to know that if a mistake is made, the Council will have a level of forgiveness.

Councilmember Lord said in light of the inadvertent issues surrounding the purchasing manual, she believes this should be revisited by the Council and make changes to make things work more smoothly. She feels the limits are arbitrary numbers and need to be reviewed. She agreed that investments are not purchases.

Councilmember Henry said mistakes do get made, and they will understand. He agrees with separating the investments.

Mayor Erickson said there is no action on this item. The City will follow the PMC and the investment policy, and if the City wants to revisit the signature authority, they will do it in the Finance-Administration Committee.

b. Resolution No. 2016-17, 2016 Salary & Wages Resolution

Human Resources Manager Kingery reviewed the proposed salary increase to Range 1 of the vacant Police Chief position.

Motion: Move to approve Resolution No. 2016-17, adopting the 2016 Salaries and Wage schedules effective July 6, 2016.

Action: Approve, **Moved by** Thomas, **Seconded by** Stern.
Motion carried.

c. ~~Summerset Division Three Final Plat~~

d. Contract Award from Former City Hall Abatement and Demolition Project

Senior Engineering Technician Bateman presented the agenda summary, noting bids were opened for the Former City Hall Abatement and Demolition project on June 30th at 2:00 PM. The project was bid as four schedules: Schedule A, demolition of the former City Hall; Schedule B, 8th Ave House; Schedule C, Centennial House; and Schedule D, backfill of the city hall property. Schedules B, C, and D were advertised as City Sole Options. There were four responsive bidders. Rhine Demolition is the low bidder for Schedule A with a bid of \$163,204.31. The bids for schedules B, C, and D exceed the budgeted amounts currently allocated for the projects. In addition, the AHERA Survey work on the two houses has been completed and the report indicates additional abatement required that was not included in the bids for schedules B and C. Therefore, it is recommended to award Schedule A to Rhine Demolition to proceed with the demolition of the former City Hall only at this time.

In response to Councilmember Nystul, Senior Engineering Technician Bateman said within the past day or so, subsequent documents have been signed with the purchaser of the property that they have to backfill if the project does not move forward in 90 days.

In response to Councilmember Henry, Senior Engineering Technician Bateman said the project will start in the next week or two.

Mayor Erickson said the purchaser of the building has \$125K in escrow, which is non-refundable, so it is the funding mechanism. The City will rebid the houses, and she wants them done this summer.

Motion: Move to award Schedule A of the construction for the Former City Hall Abatement & Demolition project to Rhine Demolition in the amount of \$163,204.31, to authorize the Mayor to sign the contract, and the authorize the Mayor to sign change orders up to 10 percent of the contract price.

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

7. COUNCIL COMMITTEE REPORTS

Intergovernmental Committee: Councilmember Stern reported that he, Councilmember Henry, Councilmember Thomas and the Mayor attended the meeting and discussed: Noll Road construction and Johnson Parkway roundabout, Liberty Bay Non-Motorized Trail, Lincoln improvements, Wilderness Trail, Public Works yard moving, tearing down the two houses, Liberty Bay water quality & shellfish farms near Scandia, affordable housing, and Suquamish Shores. They would like to have a council-to-council dinner in October.

Finance-Administration Committee: Councilmember Thomas reported discussion was held regarding the written records for Council minutes, and that there are three forms of records (audio, video, and the written). All of those records are retain for six years and sent to the archives for eternal archiving. They discussed if there a need for detailed records for study sessions. The Committee recommended the study session minutes would be summarized and not have so much detail. The Committee also had a discussion on workforce planning.

Councilmember Musgrove thanked the Finance-Administration Committee for reviewing the Council minutes, and said the hope was the requirements would be the audio-visual recordings would accompany the written record permanently. He hopes this lifts some load for the Clerks Department.

8. DEPARTMENT HEAD COMMENTS

No comments were given.

9. CONTINUED COMMENTS FROM CITIZENS

Mr. Mike Brown, Sound West Group, respects that public safety needs to be tantamount with the City in regards to Summerset. The identified issues were corrected before they got here tonight, and some of the materials were done by Housing Kitsap Self Help group, but they moved them. Whether or not it got delayed tonight wasn't paramount. He appreciates the commitment to get it back on the schedule as soon as possible, which is what is important to them. They look forward to getting on with the project.

Ms. Rita Hagwell spoke regarding Marilane Lane and her hopes that the new code enforcement officer could help with her concern. She spoke regarding trails, eminent domain for trails, and she feels trails should be off her land.

10. COUNCILMEMBER COMMENTS/BOARD/COMMISSION REPORTS

Councilmember Nystul reported on the AWC conference in Everett, and reported on the walking tour regarding street trees (and how many cubic feet of dirt you need to have trees survive), business enhancement with food truck parking, and digital government.

Councilmember Thomas said he is starting a project to improve the Poulsbo Community Cemetery. He encouraged citizens to contact him with ideas or concerns to see what they can do about improvements.

Mayor Erickson said it was a tough night, and she had to support staff's recommendation. She also noted she was invited by Home Builders Association to talk about the passenger only ferry. She noted the schedule of economic benefit is \$9.5MM and the annualized subsidy is \$11.5MM. She also talked about the Growth Management Act (GMA), and the more she realizes the cost of infrastructure in urban cities, the more she realizes one of tenets of the GMA is incorrect. The tenet is that it costs dense urban communities substantially more to put infrastructure in than it does for rural communities. One of the big promotional pieces with the GMA is if you build densely, everything should be cheaper to provide because all of the people are living in one spot. That is fallacy. The denser the cities become, the more expensive the infrastructure becomes. She also said it is going to be interesting to see what they do with a \$54BB bond package.

Councilmember Musgrove said it was too bad about this evening, and he hopes the citizens understand the policy regarding back and forth dialogue during citizen comments. He said the City operates on trust, and often things are pulled and the Council doesn't always know why. Some things are sensitive and shouldn't be discussed on television. They don't always immediately know why, but they'll find out later. That tends to be smoother, cleaner, faster and more efficient. He also noted he attended the AWC Conference. He hopes to bring in the speaker who spoke regarding public spaces. He reported the 3rd of July was heavily attended, and it was a great time.

Councilmember Lord agreed with Councilmember Musgrove's comments regarding the events of tonight.

Councilmember Henry said he attended the AWC Conference last week, and reported on Joint Transportation Committee Meeting that happened on Tuesday. Agenda topics included: Rail Conflicts, Relight Washington, Complete Streets funds, Bicycle Program, and Business and Technology Modernization Program.

11. ADJOURNMENT

Motion: Move to adjourn at 8:34 PM,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk