

POULSBO CITY COUNCIL MEETING OF OCTOBER 5, 2016

MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, Director of Engineering Kasiniak, Public Works Superintendant Lund, IT Manager Stenstrom, Prosecuting Attorney/Risk Manager Foster.

MAJOR BUSINESS ITEMS

- * * * Minutes of September 14, 2016, Council Meeting
- * * * Minutes of September 7, 2016, Council Meeting
- * * * Minutes of January 20, 2016, Council Meeting
- * * * Payable Disbursements for August 2016
- * * * Budget Amendment BA#16-0401 Cemetery Improvements
- * * * Brown Bear Night Work Request
- * * * Old City Hall Demolition Change Order & Residential Property Demos Update
- * * * Dogfish Creek Restoration Grant Application
- * * * Budget Process 2016 Revenue and Expenditure Review
- * * * Set Public Hearing for 2017-18 Final Budget

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 the budget amendment in the teal folders and asked to add it to the Consent Agenda as Item E. She announced there would be two executive sessions at the end of the meeting which the Council would adjourn out of.

Motion: Moved to approve the agenda as amended.

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

3. COMMENTS FROM CITIZENS

Mr. Regis spoke regarding his concern about the Port's proposed annexation and he feels due process was not followed.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Stern spoke regarding the memorial service for Denise Bauman, and said her husband, Jeff, would like to join the Cemetery Ad-Hoc Committee. He announced Kitsap Transit's Executive Director would be at the Chamber meeting next week and encouraged the councilmembers to attend.

Councilmember Nystul reported he attended the Washington Finance Officers Association in Spokane, and noted they had two nationally known speakers, Stephen Gauthier and David Bean, and Accounting Manager Brown is president-elect of WFOA and will serve as president next year.

Councilmember Musgrove said he has been enjoying working with city staff on a number of issues.

Mayor Erickson announced November 5 is Daffodil Day. She encouraged everyone to meet in the garage at 9:00 AM and help plant the bulbs. She shared a letter to KRCC that would appoint Councilmember Stern as the second city representative on the board, and to appoint Councilmember Nystul as their alternate; the Council agreed with the appointments. She announced that she has been appointed the chair of the Finance Committee for PSRC for the Vision 2040 update.

Councilmember Thomas announced the Poulsbo Historical Society program on Monday October 10 at 7:00 PM. He reported on the cemetery improvements; Myron Lee and Harlan Knutson have stepped up to form a non-profit group to raise funds for the cemetery. The Poulsbo Noon Lions Club (Kent Lord and Bill Austin) are helping build the new entrance with donated labor and materials.

Councilmember Lord said she admired Thomas for taking the lead on the cemetery improvement project. She congratulated NKHS, because it is homecoming week and they just had a wonderful parade downtown.

5. CONSENT AGENDA

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

The items listed are:

- a. September 14, 2016, Council Meeting Minutes (Fernandez)
- b. September 7, 2016, Council Meeting Minutes (Fernandez)
- c. January 19, 2016, Council Meeting Minutes (Fernandez)
- d. Payable Disbursements for August 2016 (Booher)
- e. Budget Amendment BA#16-0401, Cemetery Improvements.

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

6. BUSINESS AGENDA

a. Brown Bear Night Work Request

Director of Engineering Kasiniak presented the agenda summary, noting the contractor for the Brown Bear project at the intersection of SR-305 and Hostmark Street is requesting to do night work for a connection to the storm main located in the intersection. The night work is being proposed to minimize the traffic disturbance during peak traffic flows. The Public Works Committee recommends approval.

Motion: Move to approve Brown Bear to conduct night work in accordance with PMC 15.32.

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

b. Old City Hall Demolition Change Order & Residential Property Demos Update

Director of Engineering Kasiniak presented the agenda summary, noting a change order is needed on the Former City Hall Demolition project to remove approximately 60 cubic yards of contaminated soil from the site. The cost for this additional work may exceed the 10% threshold (\$19,399) for change order and needs council approval.

Motion: Move to approve the change order with Rhine Demolition for the Former City Hall Abatement and Demolition Project in the amount of \$19399.05 and authorize the Mayor to sign the change order on behalf of the City.

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

c. Dogfish Creek Restoration Grant Application

Director of Engineering Kasiniak presented the agenda summary, noting the Engineering Department has identified a grant funding opportunity to move the Dogfish Creek Restoration project forward. As a reminder, the Dogfish Creek Restoration project is the #1 priority on the Stormwater CIP and is also one of the

City Council goals. The deadline for the grant application is in October and the effort to develop a compelling grant application package exceeds staffing resources. Therefore, a small task order with Sealaska will be presented for grant application assistance services. There is sufficient capacity in the project budget to support the contract. The grant request will be for \$200,000, with a City match of 25%.

Councilmember Lord reported the Public Works Committee recommended approval of this request.

Motion: Move to approve the contract with Sealaska Environmental Services for the south fork Dogfish Creek retrofit grant application and presented in the amount in the amount of \$3,500, and authorize the Mayor to sign the contract on behalf of the city.

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

d. Budget Process 2016 Revenue and Expenditure Review

Finance Director Booher presented the 2016 revenues and expenditures are part of the budget process. Presentation highlights included:

- City's budgeted funds
 - General Fund 001
 - Special Revenue Funds (100 Series)
 - Debt Service Funds (200 Series)
 - Capital Project Funds (300 Series)
 - Enterprise Funds (400 Series)
- City's budgeted funds – operating revenue (exclusive of beginning balance)
 - Total: 77%
- Review of 2016 operating revenue
 - 2016 General Fund Operating Revenue *Budget* as of 9-30-16: \$10,562,476
 - 2016 General Fund *Actual* Operating Revenues as of 9-30-16 - 78%: \$8,207,655
- General Fund operating revenues budget vs. actual as of 9-30-16
 - Total Budget: \$10,562,476; Total Actual: \$8,207,695; 74%
- 2016 general fund revenue by type
- 2016 general fund revenue by type of tax
- Sales tax rate in Poulsbo: 8.7%
- 2016 sales tax by SIC code – retail trade highest, then food services.
- Review of 2016 expenditures

- 2016 General Fund *Budget* as of 9-30-16: \$11,891,963
- 2016 General Fund *Actual* as of 9-30-16 (68%): \$8,054,239
- 2016 general fund expenditures by type of service provided
- 2016 general fund expenditures by article purchased or service obtained

In response to Councilmember McGinty, Finance Director Booher confirmed we are ahead on revenues and below on operational costs.

Councilmember Musgrove asked how can we ensure that the unspent funds roll into the next year. Finance Director Booher said any dollars that we are having over at the end of the year is determined to be carry over or the beginning balance for the 2017-18 budget.

e. Mayor’s Proposed Preliminary Budget

Finance Director Booher presented the 2017-18 Mayor’s proposed preliminary budget, noting RCW 35.33.135 requires that the City’s legislative body be provided with current information on estimate of revenues from all sources as adopted in the budget for the current year, together with the Mayor’s Proposed Preliminary Budget.

Presentation highlights included:

- City’s budgeted funds expenditures

	2017	2018	2017-18
<i>Expenditures</i>	Budget	Budget	Budget Combined
<i>General Fund</i>	11,829,408	12,433,358	24,262,766
<i>Special Revenue Funds</i>	2,811,052	2,321,340	5,132,392
<i>Debt Service Funds</i>	1,081,813	1,379,846	2,461,659
<i>Capital Project Funds</i>	3,444,025	7,292,484	10,736,509
<i>Enterprise Funds</i>	20,228,037	18,422,426	38,650,463
<i>Totals</i>	39,394,335	41,849,454	81,243,789

- What is in the budget:
 - Estimated beginning balances
 - Revenues projected consistent with 2016 levels plus conservative amount of expected growth
 - City utility taxes calculated – all at 6% (2016 water and sewer 9%)
 - Most recent property tax figures from County
 - Estimated increases in wages, benefits and step increases
 - Contractual increases

- Capital items recommended for funding
- Transfers at 2016 levels with adjustments made for updated laws regarding REET and simplifying the transfer process
- Capital Projects consistent with proposed CIP
- Debt Payments for existing debt and new debts.
- Not in budget
 - Baseline Adjustment Requests
 - New Program Requests
 - Capital requests due to limited funding
- Comparison of general fund and other funds years.
- Projected general fund revenue for 2017-18, \$22,650,985 (2017, \$11,249,692; 2018, \$11,401,293)
- Projected general fund expenditures 2017-18, \$24,262,765 (2017, \$11,829,407; 2018, \$12,433,358).
- General fund projected fund balance: 2016, \$1,880,223; 2017, \$1,705,396; 2018, \$1,023,332.

In response to Councilmember Stern, Finance Director Booher clarified the CIP use to be a committee, and we lost focus of what it was. The CIP is in the budget, but it also feeds into the Capital Facilities Plan in the Comprehensive Plan. The last couple years the CIP Committee wanted the council as a whole to hear the project, because it is a long range vision of financial planning for capital projects. The Finance Committee asked that the CIP be presented with the budgets, especially with the biennial budgets, because when you can tie the CIP projects with the budgets, it gives a better whole picture.

In response to Councilmember Thomas asking what are the ideal dates to speak about the budget, Finance Director Booher said November 2 and November 9 would be ideal dates for the public to come and speak regarding the budget. The revenues sources public hearing is October 19.

Councilmember Stern asked that the Finance Director work with the City clerk to post a notice of when the public can come and comment on the budget.

f. Set Public Hearing for 2017-18 Final Budget

Motion: Move to set a Public Hearing for November 2, 2016 at 7:15pm to allow the public time to address the Council regarding the 2017-2018 Budget.

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

7. COUNCIL COMMITTEE REPORTS

Outside Committees: Councilmember Stern reported Kitsap Transit is looking at revamping our routing; the grants for the double decker busses were not received -- they could do 1/10th of a percent sales tax increase, but the ferry would be 3/10th of a percent; the North Base ribbon cutting will be in late November or early December.

Councilmember Stern reported at KRCC Peter King and Dave Williams from AWC presented the cities' agenda for the long session in January, and they also received a presentation from WSAC on the Counties' agenda.

Finance-Administration Committee: Councilmember Nystul reported Real Estate Excise Tax is doing well; sales tax is 6% ahead, 81% of the year; and they reviewed an amendment to the CIP committee in the PMC.

Economic Development Committee: Councilmember Musgrove reported they met September 28 and discussed how interest rates are affecting economic development; College Market Place opportunities; Puget Sound Business Journal advertising partnership; and Visit Kitsap gave a state of tourism report. The Committee had a special meeting today to review the Comprehensive Plan Update. They have scheduled another special meeting for October 19, 2-4 PM to continue reviewing the Comprehensive Plan Update.

Public Works Committee: Councilmember Lord reported in addition to three items covered tonight, they received a presentation from Councilmember Thomas on the cemetery improvement efforts; the nonprofit concept is very encouraging. They received an update of the engineering/building work plan for rest of the year; the Council will receive an update on October 19 for street maintenance program; they were updated on the Solid Waste RFP, Small Anderson Parkway project, and work at the American Legion and Lions Park work; and the old police station has been a target for the homeless.

Mayor Erickson added the City is putting motion sensor lights down in Lions Park, we'll have to see how the neighbors react to it. She will try to walk around and talk to people to let them know. The kids are hanging out there at night and damaging the park equipment. The Police Department has increased foot patrols in the evening and police patrols on Fjord. This is also why the trees are being limbed in American Park and it has been closed off to vehicles.

Councilmember Stern noted the police department will be asking for two more police officers in their budget request.

Cemetery Ad-Hoc Committee: Councilmember Thomas said he has talked to the post commander and the folks with the Poulsbo Historical Society for the list of veterans buried in the cemetery. Councilmember Thomas would like to get flags for them. Mayor Erickson said the City will get the flags.

8. DEPARTMENT HEAD COMMENTS

Public Works Director Lund reported there is a public meeting for the 305 project on October 30 from 6-8 PM at City Hall; the new slide for Lions Field will be installed tomorrow; they are doing lighting improvements and tree trimming at the American Legion Park; the paving company will get the work done at the cemetery before November 11; and the Parks & Recreation roof project is underway.

9. CONTINUED COMMENTS FROM CITIZENS

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

10. COUNCILMEMBER COMMENTS/BOARD/COMMISSION REPORTS

Councilmember Henry noticed there is a lot of interest in the Edward Rose project. He wondered if there would be a presentation on the project. Mayor Erickson said a presentation can be done as the project moves along further. They are in the pre-application phase right now.

11. EXECUTIVE SESSION

At 8:52 PM, Mayor Erickson recessed the meeting into a 30-minute Executive Session for the purpose of discussing existing litigation pursuant to RCW 42.30.110(1)(i) and real estate matters pursuant to RCW 42.30.110(1)(c). No action was taken from the session.

12. ADJOURNMENT

The meeting adjourned at 9:25 PM

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk