

POULSBO CITY COUNCIL MEETING OF NOVEMBER 9, 2016

MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, Director of Engineering Kasiniak, City Engineer Lenius, Public Works Superintendant Lund, Parks & Recreation Director McCluskey, Assistant Superintendent Svarthumle, IT Senior Technician Williamson, Office Manager Wood.

MAJOR BUSINESS ITEMS

- * * * Swearing In Ceremony for Officer Bagues
- * * * Special Council Meeting Minutes for October 26, 2016
- * * * Resolution No. 2016-__, Substantial Need
- * * * Ordinance No. 2016-__, Setting the Property Tax Levy
- * * * Public Hearing for 2017-18 Budget
- * * * Special Budget Works Session #2

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 said there was one change to the agenda, to add the swearing in of an officer under Mayor's Report.

Motion: Move the approve the agenda as amended.

Action: Approve, **Moved by** Nystul, **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 Lord said she is glad the election season is over.

Councilmember Thomas encouraged citizens to take walks around town.

Councilmember Stern reflected that Veterans Day is on Friday and we are fortunate we get to have our freedom of choice because of the individuals who fought and lost their lives to defend our freedoms.

Swearing In Ceremony for Officer Bogues - Shawn Delaney introduced Officer Bogues and his family. Mayor Erickson performed the swearing in ceremony for Officer Bogues.

Mayor Erickson said staff met with the library and had discussions regarding the library taking ownership of the building. They negotiated back and forth, and there will be some funding in the 2017 budget to help repair the roof.

Mayor Erickson invited the public to attend the Friday night football game as NK Vikings take on Arch Bishop Murray from Everett in a playoff game at 7pm.

5. CONSENT AGENDA

Motion: Move to approve the Consent Agenda.

The items listed are:

- a. Special Council Meeting Minutes for October 26, 2016 (Fernandez)

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

6. BUSINESS AGENDA

a. Resolution No. 2016-21, Substantial Need

Finance Director Booher presented the agenda summary, noting a resolution to set a substantial need to increase the property tax levy from the allowed IPD of .953% to the highest allowable levy of 1% is required now that the City has a population above 10,000. The Council determined there is a need to increase the regular property tax limit above the rate of inflation to support transportation, public safety, and general government expenditures to best serve the citizens of Poulsbo

Motion: Move to approve Resolution No. 2016-21, a resolution of the City of Poulsbo to recognize a substantial need to increase the regular property tax limit factor above the rate of inflation for the fiscal year commencing on January 1, 2017.

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

Motion carried.

b. Ordinance No. 2016-18, Setting the Property Tax Levy

Finance Director Booher presented the Ordinance to set the property tax levy.

Motion: Move to approve Ordinance No. 2016-18, an ordinance of the City of Poulsbo Washington levying the general taxes for the City of Poulsbo for the fiscal year commencing on January 1, 2017, on all property, both real and personal, in said city which is subject to taxation for the purpose of providing sufficient revenue to carry on the several departments of said city of the ensuing year as required by law, and approving an ordinance summary for publication.

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

Motion carried.

c. Public Hearing for 2017-18 Budget

Finance Director Booher presented the agenda summary, noting per RCW 84.55.120 the City Council is required to hold a Public Hearing on revenue sources for the upcoming year's General Fund budget. The hearing must include consideration of possible increases in property tax revenues and must be held before the Property Tax Levy request is submitted to the County.

At 6:16 PM, Mayor Erickson continued the public hearing from November 2, 2016. No comments were received.

Motion: Move to continue the hearing to Wednesday, November 16, 2016, in the Poulsbo City Hall Council Chambers.

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

Motion carried.

d. Special Budget Work Session #2: Department Presentations

Executive

Mayor Erickson presented her 2016 accomplishments and new program requests for 2017-18.

In response to Councilmember Stern, Finance Director Booher said that the Mayor could sign the contract for Jan Harrison's services without council approval, because it is under her signing authority.

Central Services & Non-Departmental

Finance Director Booher reviewed Finance's function, staffing, 2016 accomplishments and 2017-18 goals. She presented the 2017-18 budgets for:

- Central Services
- Non-Departmental
- General Fund Transfers
- Special Fund Revenues
 - Capital Improvement Fund (121)
 - Transportation Development Fund (123)
- Debt Service Funds
 - Miscellaneous Governmental Debt (201)
 - Non-voted General Obligation Debt (204)
- Capital Equipment Funds
 - Capital Equipment Fund (301) Governmental New & Capital Replacement
 - Facilities Fund Resources (331)
- 2017-22 City Improvement Plan

In response to Councilmember Lord, Finance Director Booher said the source of the library revenue comes from general fund revenues, there is not a direct revenue stream. The expenditures are for utilities and small projects.

In response to Councilmember Stern's question regarding the impact of the transition in the SEPA formula as we move to the new model on assessments, Director of Engineering Kasiniak said it is a timing impact as it becomes more difficult to determine the future revenues based on how many houses are being built each year instead of during the time of the final plat approval.

In response to Councilmember Stern, Finance Director Booher said we have not gone out for a new bond rating since the last time. She feels if we went out, it would be hard to get an improved rating, as they are reserved for much larger cities.

In response to Councilmember Stern, Mayor Erickson said both property sales are sold on contingency sales. The city hall pad had an oil tank with a little oil found, it has been cleaned up and we are waiting for the final report from Rhine Construction Company. As far as the police station, they are in discussions regarding when the earnest money comes in. Both projects are moving forward with design.

In response to Councilmember Musgrove, Finance Director Booher said some revenues from the property sales will be allocated, because 25% of the City Hall building sale will go to the County. There are a couple of items in the budget that are

dependent on the property sales. When the properties are sold, staff will come back to the Council to have a full disclosure discussion and decide how to spend the funds.

In response to Councilmember Stern, Finance Director Booher shared how her office was reorganized and the benefits of the reorganization after receiving an additional FTE for 2016. She foresees there may eventually be a need for another part time billing person on the long-range horizon.

Parks & Rec

Parks & Recreation Director McCluskey presented the following budgets:

- Lodging Tax (181)
- Non-Departmental - Wellness, Urban Forestry (baseline adjustment request)
- Recreation
 - 2016 accomplishments
 - 2017-18 challenges, goals & critical issues
 - Capital equipment replacement
- Parks
 - Parks development
 - Progress of 2016 park projects
 - 2017 non-capital park projects
 - 2017-18 CIP Park Projects

In response from Councilmember Stern, Parks & Recreation Director McCluskey said the registration process allows them to see that 20% of the participants are not Poulsbo residents. Poulsbo residents get a discount.

In response to Councilmember Stern, Parks & Recreation Director said there is no funding for artwork, but they plan to save the ship artwork.

Engineering

City Engineer Lenius presented the 2017/18 Engineering/Building budget: 2016 accomplishments, organizational chart, 2017 projects, goals, staffing FTE, new program requests (3 position reclassification and realignment of duties), capital replacement requests, and baseline adjustment requests.

In response to Councilmember Stern, City Engineer Lenius said the small to medium size projects can be delivered in-house. They have one of the best stormwater engineers in the county, he can review and design complex projects. PW Superintendent Lund and his crew have done the preservation and overlay projects.

In response to Councilmember Stern, Mayor Erickson said the indirect allocation is done by Finance Director Booher, but most of these people are being paid for by projects.

In response to Councilmember Stern, City Engineer Lenius said a quantification of savings was done on the Hostmark Project. Director of Engineering Kasiniak said between construction design, inspection, and administration they are saving 25%. They started saving in design elements about 2-3 years ago.

In response to Councilmember Nystul, City Engineer Lenius said we have an interlocal agreement that identifies it is the City's responsibility for the fire marshal. She will check on the specifics of the agreement.

Director of Engineering Kasiniak presented the CIP project overview. Presentation highlights included: General Purpose CIP, Streets CIP, Storm CIP, Storm Revenues, Storm Summary, Sewer CIP, Sewer Summary, Water CIP and Water Summary.

In response to Councilmember Stern, Director of Engineering Kasiniak said that Front Street was never in the CIP as a transportation project; it was a watermain project. Councilmember Lord said that some members of the public may have gotten ahead of themselves regarding this project. Mayor Erickson said it is a great idea, but we need funding, and we need buy off from more than just a few downtown property owners. There was no public process for this project, and it was not included in the CIP. Councilmember Stern said there were a couple of informal meetings a few years ago. They had a loose discussion about crosswalks. Mayor Erickson will reach out to Tammy Mattson.

In response to Councilmember Nystul, Director of Engineering Kasiniak said they slowed down the completion of the water meter conversion due to funding constraints.

In response to Councilmember Musgrove in regards to the assumptions we are making that we can meet the projected revenues, Director of Engineering Kasiniak said the financial plan can be found in Chapter 7 of the functional plan, and the assumptions are listed there. The rates are based on our functional plans. He said we can pay what we are proposing today, but that is why we revisit our CIP and our operational budget every year. What is important is we review our comprehensive plan and compare what is going on. We should look at this every year during the budget. They looked at it and feel comfortable today. Next year they will look at it again and make another presentation.

Public Works

Public Works Superintendent Lund outlined the Public Works 2017-18 preliminary budget. Presentation highlights included: Public Works O&M, organizational chart, 2016 accomplishments, goals, administrative services, central services, parks and cemetery, cemetery reserves, streets, water utility, sewer, storm drain, solid waste,

2017-18 capital replacement requests, 2017-18 new program requests, 2017-18 baseline adjustments.

In response to Councilmember Stern, Director of Engineering Kasiniak said they received two proposals for solid waste services. It was hard to compare existing operations to what was in the proposals. They hired a casual labor to look at our operational costs in solid waste and make sure they are sustainable, because it does not make any sense to compare our rates without making sure our operations and rates are sustainable. We will look at what we have and decide if we want to take it one step further and develop a plan on how to improve operations. It would address how much revenue our implemented efficiency will bring in savings and develop a schematic long term solid waste program and then compare with the RFPs. Then there will be a work shop with the Council.

In response to Councilmember Nystul, Public Works Superintendent Lund said it is a priority next year to implement a valve exercising and hydrant program. It will be tough with the staffing we have, because they are down one employee.

Councilmember Nystul said it could be a year or two before another staff person is hired. PW Superintendent Lund said it is a challenge, but they don't want to hire someone, and possibly fire them based on future decisions on utility services. If the City can decide in the next six to twelve months, then they can manage. Councilmember Nystul said we could find someone interested in a short-term position.

7. COUNCIL COMMITTEE REPORTS

Public Works Committee: Councilmember Lord reported they reviewed the engineering fees structure update and the Hostmark pavement restoration project final acceptance

Community Services Committee Meeting: Councilmember Thomas reported they reviewed some special events (June 3, Criterion; November 25, Viking Avenue Tree Lighting & Parade), Skate Park Committee is being formed, bench sponsor program brochure, and a new event which is a monthly glow stick walk.

ED/Tourism Meeting: Councilmember Musgrove reported they had a special session today and continued their work on the comprehensive plan review. The November 23 meeting has been cancelled.

Cemetery Committee: Councilmember Thomas said the committee met last Thursday. The entrance is looking great. The dedication is tentatively scheduled for January 24 at 3:30 PM. There is a Friends of the Cemetery group looking for long-term volunteers. You can contact Councilmember Musgrove or Councilmember Thomas if you would like to become involved with the group.

8. DEPARTMENT HEAD COMMENTS

No comments.

9. CONTINUED COMMENTS FROM CITIZENS

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

10. COUNCILMEMBER COMMENTS/BOARD/COMMISSION REPORTS

Councilmember Thomas said he hopes everyone enjoys Veteran's Day on Friday. He knows the American Legion Post will be down at Central Market.

Mayor Erickson reminded everyone about the football game on Friday night, and December 3 is Julefest.

11. ADJOURNMENT

Motion: Move to adjourn,

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

Motion carried unanimously.

The meeting adjourned at 9:38 PM.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk