

POULSBO CITY COUNCIL MEETING OF JULY 12, 2017

MINUTES

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

Staff: Finance Director Booher, Deputy City Clerk Diehl, Director of Engineering Kasiniak, City Engineer Lenius, Public Works Superintendent Lund, Parks & Recreation Director McCluskey, IT Manager Stenstrom, Public Works Assistant Superintendent Svarthumle.

MAJOR BUSINESS ITEMS

- * * * Budget Amendment/BA# 17-0305, Recognize Additional Revenue
- * * * Official Newspaper Contract Award
- * * * Resolution No. 2017-10, Award of Official Newspaper Contract
- * * * Waterfront Restroom Contract
- * * * Ordinance No. 2017-11, City Construction Code Appendix D
- * * * Solid Waste Utility Business Plan Contract

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Erickson called the meeting to order in the Council Chambers at 6:01 PM and led the Pledge of Allegiance.

2. AGENDA APPROVAL

Mayor Erickson noted an addendum to Restroom Contract was received today from the City Attorney and is provided in the teal folders and should be considered as part of tonight's discussion on the Waterfront Restroom Contract.

Motion: Move the approve the agenda as presented.

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

3. COMMENTS FROM CITIZENS

Josiah Mitchell reported on an incident at Lions Park regarding a dog attack of his niece. Mitchell noted there is currently signage in the park which states no dogs on tennis courts, but he suggested more signage be added for dogs to be on leashes while in the picnic area.

Ricky Moon stated he felt the old police station parcel was not being used to its full potential and suggested this property be used as a parking garage. Moon feels it would create approximately 120 parking spaces which would relieve the parking issues in downtown. Moon figured the garage would cost approximately 2.64 million dollars to construct and could be funded by grants, parking fees, or an LID.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Nystul noted the lodging tax grant application process is now open and electronic grant applications are available and are due by Aug 1st. Last year applicants included Viking Fest, Leadership Kitsap, Poulsbo Marketing Coalition, North Kitsap Tourism Coalition and the Liquid Velo.

Councilmember McGinty noted we have a off leash laws currently on the books and this topic should be discussed at next Public Safety/Legal meeting.

Councilmember Stern noted tomorrow at 2:15pm on the Western WA University/Olympic College Campus there will be a tour of the new Cyber Range.

Councilmember Thomas stated the safety of citizens is most important.

Mayor Erickson noted PetsWalk will take place this Saturday starting at 9am. Erickson gave her condolences to the Mitchell's for the dog attack they experienced and noted the City will be placing signs at all parks with more rules and regulations. Erickson stated the current dog park is too small and the City is looking at a 20-acre parcel off Seminole Road that could be used for a new dog park. Erickson addressed Mr. Moon's statements regarding a parking structure on the old police station site. Erickson noted the City had studied it and found there would be problems with site distance and traffic at the Fjord/Hostmark intersection. Erickson also noted the City would then have to charge for parking throughout the city to get people to use the garage and Council has been against that in the past.

Councilmember Musgrove mentioned August 1st at 6:30pm will be National Police Night Out and Waterfront Park is also hosting Summer Nights Out until the end of summer every Tuesday, which feature live bands in the pavilion.

Councilmember Lord stated she can hear the Tuesday night concerts from her house and really enjoys them.

5. CONSENT AGENDA

Motion: Move to approve Consent Agenda item a.

The items listed are:

- a. Budget Amendment/BA# 17-0305, Recognize Additional Revenue

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

Motion passed unanimously.

6. BUSINESS AGENDA

a. Official Newspaper Contract Award

Finance Director Booher noted this is the time of year we hold the bidding process for the City Official Newspaper. Council opted to go with the lowest bid and the North Kitsap Herald was the lowest bidder.

Motion: Move to approve the award of the Bid #17-01 for the Official Newspaper for the City of Poulsbo to the North Kitsap Herald and authorize the Mayor to execute the contract.

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

Motion passed unanimously.

b. Resolution No. 2017-10, Award of Official Newspaper Contract

Finance Director Booher noted this was the resolution needed to designate the North Kitsap Herald as the City's Official Newspaper.

Motion: Move to adopt Resolution No. 2017-10, a resolution of the City Council of the City of Poulsbo, Washington, designating the North Kitsap Herald as the City's Official Newspaper for the term of August 1, 2017 through July 31, 2018.

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

Motion passed unanimously.

c. Waterfront Restroom Contract

Parks & Recreation Director McCluskey noted they will be using the Public Restroom Company proposal along with the addendum drafted by the City Attorney Jim Haney as the contract for this project. The layout plan has been provided and it features a family restroom along with three gender specific stalls on each side and a maintenance room for storage.

Motion: Move to approve the purchase of the proposed restroom building in the amount of \$235,192, and authorize the Mayor to sign the contract including the addendum and change-orders up to 10% on behalf of the City.

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

Motion passed unanimously.

d. Ordinance No. 2017-11, City Construction Code Appendix D

Director of Engineering Kasiniak noted appendix D was originally adopted in 1994 with the fire code. Most cities do not adopt the whole appendix D and our building inspector has found some of the requirements do not match our construction standards. The City Attorney has advised us to adopt the following ordinance to un-adopt Appendix D and only adopt the following sections:

D106.1 relating to multifamily projects with 100 dwelling units or more need either two separate access roads or an automatic sprinkler system.

D106.2 relating to multifamily projects with more than 200 dwelling units need two separate access roads and an automatic sprinkler system.

D107.1 relating to single family projects and duplexes with more than 30 dwelling units must have two separate access roads.

Councilmember Lord noted this was reviewed by the Public Works Committee and they recommended approval.

Motion: Move to adopt Ordinance 2017-11, an Ordinance of the City of Poulsbo, Washington, amending subsection 15.04.020(a)(4) of the Poulsbo Municipal Code in order to provide that only Sections 106.1, 106.2, and 107.1 of Appendix D to the 2015 International Fire Code are adopted by the City and to provide that the remainder of that appendix is not adopted; providing for severability and establishing an effective date.

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

Motion passed unanimously.

e. Solid Waste Utility Business Plan Contract

Director of Engineering Kasiniak and Engineering Department Consultant Battuello noted they would be presenting the 2016-2017 Solid Waste Business Plan. In 2017

the City Council decided to keep Solid Waste Services in house. During that time, the City Council asked for a business plan to be created.

The business plan included discussion on:

- Re-investing in the Utility
- Aligning monthly collection fees with utility costs over time
- Sustaining the Utility through 2036

Documents referred to throughout this plan include:

- RCW 70.95-Comprehensive Plans
- City of Poulsbo Policy UT-1
- City of Poulsbo Policy UT-1.13

Solid Waste Utility Assessments Findings included:

- City operated utility is competitive with industry proposals for collection and transport of solid waste
- Creating a sustainable utility, under any operating model requires balancing revenue and growth in levels of service.
- Last rate schedule took place in the mid 1990's. A CPI escalator was added in 2009

The Solid Waste Utility Business Plan highlighted the following:

History of solid waste

- 1938 City of Poulsbo Garbage Service is started (Ord #101)
- 1948 Indian Hills Landfill Opens
- 1965, 80, 1990, 2009 Rate adjustments were made the Solid Waste Utility
- 1990-95 Solid Waste Industry Shifts creating a new financial dynamic

Vision 2036

- Long term cost savings to the rate payer
- Flexibility in the collection and transport system
- Fleet management
- Co-located Public Works Facility

Level of Service

- Provide weekly solid waste to Poulsbo Residents and businesses
- Regularly replace equipment to ensure optimal collection route efficiency
- Increase the capacity of the collection system to accommodate the growth in customers

- Sustain recycling services through effective contracting with private Industry
- Limit the growth of administration costs through effective utility accounting through state of the art collection tracking applications
- Fund the Utility so that solid Waste facilities and operation are sustainable and support city growth and development goals

Comparable Service Levels

- All cities in Western Washington which were providing their own garbage service and not contracting out (there were approximately eleven)
- Comparable cities to Poulsbo were chosen by population and number of accounts
- Poulsbo has a significantly greater opportunity for levels of service
- Definition of terms: EOW – every other week, OAM – once a month
- 65lb can limit was originally created when the cans were manually picked up. New trucks will be equipped with scales. There might be a charge in the future for overweight can

Comparable Rate Schedules

- Looked at 28 jurisdictions
- Poulsbo rates were broken down by average, median, high

Utility Operations include Operational Efficiency Goals which create value for the rate payer include:

- Collections
- Recycling
- Long Haul
- Administration
- Capital Program

To create the Cost Assessment the following items were looked at:

- WA Utility Transportation Commission Guidelines
- Revenue Forecasts
- Capital Investment Plan
- Operating Expenses Forecasts
- Population Growth
- Reserve Fund Analysis

The Solid Waste Assessment Model was updated with more detailed pricing from the Capital growth, they made an adjustment to the CPI escalation, they revisited

population growth, they did a rate assessment and found the status quo at the current rate structure would be insufficient to sustain the utility. The revenue forecast from 2017 to 2036 will generate \$54.8 million in revenue.

Capital Plan will discuss investing in new collection vehicles, purchasing a local haul vehicle, investing in property and the debt on new Public Works Facility, and a fleet management program. The capital plan costs include:

- From 2017 to 2036 will cost \$5.43 million
- From 2017 to 2022 to update current vehicles will cost \$2.47 million

Operating costs without capital investment include collections, haul, disposal, recycling, administration, compliance and risk management were estimated at:

- From 2017 to 2036 equal \$56.08 million
- From 2017 to 2022 equal \$12.90 million

Growth was established by the 2% per year CPI adjustment and population per City Water Comprehensive Plan. Growth projections were estimated at:

- Population Growth for 2017 to 2036 equal >4,600
- Account Growth for 2017 to 2036 equals 1,600 new accounts

Reserve Fund Assessment shows:

- \$1.542 million in reserves
- capital plan consumes reserves by mid 2019
- supplemental financing is required to sustain fund through re-capitalization and system expansion

Cost Assessment Findings found:

- current rates insufficient to re-capitalize utility assets
- current assets are insufficient to accommodate future growth
- a one-time rate and level of the service adjustments in 2018 could sustain the utility through 2036

Rate proposal is needed for:

- Provide the necessary improvements to equipment and facilities needed to deliver solid waste services consistent with industry standards
- Generate sufficient revenues to proactively manage utility risks and long-term liabilities

- Provide competitive rates for customers that are comparable to similar jurisdictions
- Increase efficiencies in Utility operations
- Improve the City's effectiveness in delivering collection and disposal systems

Rate proposal for residential customers included:

- incentive for accounts to move to a 64-gallon can
- standardize containers
- eliminate 10-gallon can
- surcharge for multiple can accounts
- find alternative to residential dumpster program

Rate proposal for commercial customer included:

- streamline account options
- 10% to 20% rate increase to dumpster accounts

Financial Planning included:

- Reserve Fund Management
- 2017-2022 Capital Acquisition
- 2024-25 Increase route capacity
- 2026 Operating cost growth reduces to 0-3% per year
- Regular review of account distribution and revenue forecasts

A tactical plan will be provided for each service. The plan is to implement the new program in 2018. Another workshop will be scheduled next month to go over the plan.

7. COUNCIL COMMITTEE REPORTS

Public Works Committee: Councilmember Musgrove reported: he was elected chair of the board; discussed Lincoln Well #2 Project Construction Contract and it will be at council on 7/19; moved to approve a \$166,000 contract for the Lincoln Well Project; asking for \$5,000 of a \$30,000 contract to do the preliminaries on the West Poulsbo Waterfront Park Project; the Public Works Property Grading Plan Contract was moved and approved for \$19,000; discussed PMC 13.70 Ordinance for Stormwater General Facility Fees; discussed the Utility Forgiveness Ordinance for a one-time water loss; discussed the CIPP SR305 pipe project which will be coming forward for \$30,000; and they have a possible candidate for the Building Inspection position.

Community Services Committee Meeting: Councilmember Henry reported a Special Event Application was received for the Poulsbo Marathon which has a new organizer (ORCA Running) and will start at Legion Park instead of Waterfront Park; Waterfront Park Improvements will be reported at next meeting; discussed the Caldart Avenue Trail project; noted the 4th Avenue, Nelson Trail, and Fish Park projects were about complete; and the committee is still hoping to receive from the State of Washington \$475,000 for Fish Park.

8. DEPARTMENT HEAD COMMENTS

Public Works Superintendent Lund noted they have 48 applicants for the three open Public Works positions. Lund also noted the Chip Seal project is scheduled to start on the second week of August and will take place on Urdahl Road, 12th Avenue, Kevos Pond Road, and 9th Avenue.

9. CONTINUED COMMENTS FROM CITIZENS

Jerry Block reported on his street approximately three residences have a 10-gallon garbage can and would like the to keep the 10-gallon can as an option.

10. COUNCILMEMBER COMMENTS/BOARD/COMMISSION REPORTS

Councilmember Henry noted he attended the Suquamish Tribal Council Meeting and they are starting a tiny shelter program.

Mayor Erickson reported the Kitsap Mental Health program helped 792 people this last year throughout the county.

11. ADJOURNMENT

Motion: Move to adjourn at 8:40PM,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk

Respectfully prepared and submitted by Kati Diehl