

POULSBO CITY COUNCIL MEETING OF JULY 19, 2017

MINUTES

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

Staff: City Clerk Fernandez, Director of Engineering Kasiniak, City Engineer Lenius, Assistant Public Works Superintendent Svarthumle, Parks & Recreation Director McCluskey, IT Senior Technician Williamson.

ABSENT: Councilmember Henry, Stern

MAJOR BUSINESS ITEMS

- * * * Payable Disbursements for June 2017
- * * * Approval of July 5, 2017, Council Meeting Minutes
- * * * Hope in Christ Lease Agreement
- * * * Ordinance No. 2017-12, Utility Forgiveness
- * * * Special Event: Lokalfest
- * * * Special Event: Poulsbo Half Marathon
- * * * Resolution No. 2017-11, Sole Source Request for Park Benches
- * * * Central Interceptor CIPP Project Contract Amendment
- * * * Public Works Property Grading Contract
- * * * West Poulsbo Waterfront Park Contract
- * * * Ordinance No. 2017-13, Stormwater General Facility Fees – PMC 13.70
- * * * Lincoln Well #2 Water Treatment Project Contract

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 that there was an updated lease agreement with Hope in Christ and the West Poulsbo Waterfront Park contract in the teal folders, and that the Building Inspector 2 discussion will happen during Mayor's Comments.

Motion: Move the approve the agenda as amended.

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

Motion carried.

3. COMMENTS FROM CITIZENS

Ms. Judy Morgan expressed four concerns: 1) Fjord Drive is slumping and it needs to be looked at; 2) the cost of a carnival 4-hour pass was \$35, which was too expensive; 3) the Criterion Bike Race needs to be moved next year, it brings no benefit to downtown merchants; and 4) the Bistro has tables and chairs in the right of way blocking pedestrians.

Mr. Ricky Moon referenced an advisory committee report from 2010 that emphasized the need for parking downtown. He said the City owns prime property that could be turned into a parking lot, for example, the former Police Station.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Nystul announced lodging tax grants are due August 1.

Councilmember Musgrove said PetsWalk was a successful event last weekend. Councilmember Lord agreed that PetsWalk was successful. She is glad this event is held in Poulsbo. Mayor Erickson said PetsWalk had 458 registrants (animals) and they raised over \$40K for the Kitsap Humane Society. The next event is called "Kitty Hall", which will be an adoption event at City Hall.

Mayor Erickson announced National Night Out hosted by the Poulsbo Police Department is on August 1 at the Waterfront Park.

Mayor Erickson responded to the citizen comments. First, she noted that slumping is a big deal, and the whole area needs soft armoring. Staff is looking for grants and money. Second, she is unsure why the carnival charges \$35; however, she noted that it is part of the funding mechanism to pay for the fireworks show that the Viking Fest Corporation puts on. Finally, she noted the police station has been sold, it is a contingency sale. The current plans for the property is for 24-25 apartments and commercial space below. Unless the sale does not go forward, the direction the Council has been giving the City is to sell the property. The property was for sale for almost four years.

Mayor Erickson noted in the teal folders is a request to reinstate the Building Inspector II position. City Engineer Lenius presented the agenda summary, noting the department would like to return to two senior inspectors. One inspector is leaving this week, and they want to fill the position as soon as possible. The additional budget needed for the request would be \$5,000 for 2017, and \$11,000 for 2018. Building Department revenues year-to-date have been in the \$300,000 range.

Councilmember Thomas reported that the Finance-Administration Committee recommended approval. Councilmember Musgrove said the Public Works Committee

recommended approval as well, because the benefit would be that the department would get an employee who could come in at full speed at the start of employment.

In response to Councilmember Lord, City Engineer Lenius said that a budget amendment would be done for 2017, and the changes for 2018 will be incorporated into the mid-biennium review.

Motion: Move to authorize the Engineering Department to reinstate the Building Inspector 2 position with a budget amendment to follow, and this will replace the Building Inspector 1 position.

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

5. CONSENT AGENDA

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

The items listed are:

- a. Payable Disbursements for June 2017
- b. Approval of July 5, 2017, Council Minutes

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

6. BUSINESS AGENDA

a. Hope in Christ Lease Agreement for Nelson House

Mayor Erickson presented the agenda summary, and reviewed the redline changes proposed by the City Attorney to the proposed lease. She noted the leasehold tax amount would be around \$2,400 a year, and the City would pay the tax (similar to property taxes). She summarized that Hope in Christ/Coffee Oasis will lease the house and pay no rent or utilities, and in exchange they will do the caretaking functions of the park. This is the same proposal as with the prior caretaker.

Councilmember McGinty was concerned about the City paying all the utilities. If there is no motivation to conserve on utilities, especially gas and electricity, then the tenants may not be conservative. He would like to see some of their skin in the game. Mayor Erickson said half of the electric bill would be fair. Assistant Public Works

Superintendent Svarthumle said he doesn't believe there is natural gas at the property.

In response to Councilmember Thomas, Mayor Erickson said the original agreement with the caretaker was that we paid all the utilities. Councilmember McGinty asked if it gets out of hand, how do we control it.

Mayor Erickson proposed the City pay half the electricity, and we monitor during the next six months what the other utilities are costing. If they seem excessive compared to similar properties, we could put a surcharge. Councilmember McGinty wondered what the baseline would be for utility charges. Assistant Public Works Superintendent said they pay to irrigate the park through the Parks Fund. The home itself would have a standard 700 cubic feet a month as an average, and they could monitor that. Water and sewer together would probably total about \$65 a month, not including garbage based on average usage.

Motion: Move to amend this lease agreement, Item 4.1, to strike the words "and utilities" and several lines down where it says the city will pay all monthly charges for water, sewer, and stormwater, to strike the word "electrical"; and at the very end after internet service insert the words "and one half of the electrical utility charges" and for the Mayor to review every six months to make sure the charges are inline.

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

Councilmember Musgrove asked if there was interest in amending the lease to say the City would pay the electrical bill up to half of the established average for that year. On another note, he expressed concern under "Responsibilities" we have the tenants doing things like climbing ladders and operating power tools. Although they are common household chores that we take on in our private residences, we are requiring them to do things with machinery. He wondered if we needed to look at that, or note that we'll provide training or something in order to ensure we are not requiring something that could come back to bite us. He wanted to bring that up along with any equipment or safety gear that we need to supply and that we will do so.

Councilmember Nystul understands the intent, the question is what is the standard you are going to compare to and how do we define that when we have a variable use that is not typical of other single-family residences. He doesn't have a good mechanism to determine that.

Councilmember Musgrove asked if we had a good mechanism of averages for that size and dwelling that we could establish as a unit of measurement. Assistant Public Works Superintendent Svarthumle said he was familiar with the water utility for normal single-family use. He said there might be an established threshold for the electricity for a house of that size and use. He is not familiar with the standard for electricity.

Councilmember Musgrove asked if the Council was interested in pursuing this idea. Councilmember Thomas was hoping for something simple. He doesn't want to put too much burden on staff to calculate it.

In response to the liability concern, Mayor Erickson said there is substantial insurance requirements in the lease. She noted some language had been deleted under the caretaker's responsibilities. The first paragraph was that there would be training by Public Works crew before any of the duties would commence. She suggested changing the language in Appendix A to read "Nelson Park caretaker responsibilities to be performed after training."

Councilmember Lord asked about Section 6, tenant improvements, and if there is a limitation on the type of cost. She asked if there any restrictions on what they could do. Mayor Erickson said what they are doing is putting in new flooring and carpeting, interior painting, and replacing kitchen cabinets. The City is doing the electrical inspection. The other costs have been picked up by service clubs.

Motion to amend: Move to amend Appendix A to state "these duties will be performed after appropriate training by personnel." **Action:** Approve, **Moved by** McGinty, **Seconded by** Lord.

Amending motion and main motion carried.

b. Ordinance No. 2017-12, Utility Forgiveness

Assistant Public Works Superintendent Svarthumle presented the agenda summary, noting this amendment to our current PMC allows for a one-time forgiveness adjustment for customers that have a large water use that did not enter our sewer system, but doesn't meet the criteria of our current code such as: accidental water running unattended, malfunction of equipment, as well as other issues. This adjustment is one time only per property owner.

Councilmember Musgrove said the Public Works Committee recommended approval.

Councilmember McGinty asked the hypothetical question if his five-year-old turns the tub on and leaves it on for three hours during the winter, and it will go into his average sewer rate. He asked if there is any remediation for that. Assistant Public Works Superintendent Svarthumle said under the current policies, the rate payer can adjust their winter average based on a use. They would not receive a credit, because it went into the sewer, but you can adjust your winter average to better reflect what your average is and knock out that peak.

Councilmember Musgrove clarified that this does not affect their water bill. They still get charged for water, it is just their sewer that is adjusted. This is not a freebie, it is a correction of water that didn't go down to the sewer.

Councilmember Musgrove said he presumed the limitation of only getting forgiveness once was to limit abuse of claims. Assistant Public Works Superintendent Svarthumle agreed and added because they will go through the process and education the first time to hopefully prevent future mistakes.

Motion: Move to approve Ordinance No. 2017-12, an ordinance of the City of Poulsville, Washington, amending PMC 13.80.090 in order to provide for adjustments in water and sewer bills under the certain circumstances; authorizing the Mayor or her designee to develop administrative policies and procedures for making such adjustments; providing for severability and establishing an effective date.

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

Motion carried.

c. Special Event: LokalFest

Parks & Recreation Director McCluskey presented the agenda summary, noting the event sponsor is HDP; the site is at the Muriel Iverson Williams Waterfront Park; the date and time is Saturday, September 9, 3-11pm; the expected number of people is 500; and the event will include a waterfront concert (free to the public), volunteer appreciation awards, student jazz competition for School of Jazz. There is a special request for a noise variance to 11pm.

Motion: Move to approve the special event application for the LokalFest as presented.

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

Motion carried.

d. Special Event: Poulsbo Half Marathon

Parks & Recreation Director McCluskey presented the agenda summary, noting the event sponsor is Orca Running; the site is the American Legion Park; the date and time is Sunday, October 15, 7am-1pm; and the expected number of people is 200. The Poulsbo Marathon and related races has been taken over by a new organization. This is their first year, and they will only be doing the half marathon and 10k running races this year. Due to construction at the waterfront park, they will be staging the races from American Legion Park. All running will be done on sidewalks/right-of-ways and no street closures are requested. They will be providing portable restrooms and volunteers on the course.

Councilmember Lord asked if the state patrol would be involved since it includes SR-305. Parks & Recreation Director McCluskey said the state patrol will be involved, as it is part of the permit with WSDOT, and the organization will pay for that.

In response to Councilmember McGinty, Parks & Recreation Director McCluskey said it starts around 8am, and the halfway point in Ridgewood would be 10am.

Motion: Move to approve the special event application for the Poulsbo Half Marathon and 10k race as presented.

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

Motion carried.

e. Resolution No. 2017-11, Sole Source Request for Park Benches

Parks & Recreation Director McCluskey presented the agenda summary, noting in 2015, the City purchased ten brown benches to go in front of the pavilion in Waterfront Park through HighWire (Urban Accessories) of Tacoma. This is the same company that provided the blue benches that are scattered around town. In 2017, the City budgeted for an additional 14 benches in two rows, and feel that matching the existing bench is important to the aesthetics of the park. The City now has a Bench Sponsor Program, and people can purchase these benches with a memorial plaque. There are no reported maintenance concerns with the previously installed benches. Installation is planned to happen in September.

Motion: Move to approve Resolution No. 2017-11, a resolution of the City Council of the City of Poulsbo, Washington, approving an exemption to the competitive bidding requirements for the purchase of park benches.

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

f. Central Interceptor CIPP Project Contract Amendment

City Engineer Lenius gave a presentation on the project. Presentation highlights included:

- RH2 Engineering
 - Project Management Services
 - Bid Support Services
 - Additional Services as needed to support the next phase of project
 - Video Review and support to split schedules
 - Construction Services - Inspection/Staff Training
 - \$30,048
- Project Status
 - Public Works Committee recommended installation of all 4962 linear feet of the CIPP on June 28, 2017
 - Project will be bid with Base Bid – 2300 LF
 - Project will be bid with Additive – 2640 LF
 - Engineer's Estimate is \$800,000 - \$1,000,000 for total construction
 - Project Advertised – July 14, 2017 and July 21, 2017
 - Bid Opening – August 7, 2017 at 2:00 pm

Councilmember Musgrove said this was recommended by the Public Works Committee. Effectively, this contract is for expert services to back up our staff to accomplish this properly. He said it was his understanding that this would be the only time that we would use this contractor for these services, because staff is going to be trained during this process. Assistant Public Works Superintendent Svarthumle said they will be along for the whole ride as far as inspecting and videoing. City Engineer said this is specialty work, so if we have another project like this, they may call the expert on occasion as they go through construction. The works they are doing is installing the "sock", inflating it, and using steam or ultraviolet to make it stick, and run the video to see if it was a good job. We need to understand what to look for, we need to identify the issues as we go along.

Councilmember Musgrove said we are looking at a 30% increase in flow. It will extend out our necessary reconstruction to service growth as we move forward. He asked if this is going to serve more people as we move forward, is it possible to use

impact fees, because it will be serving some of that growth coming forward, it is not just a repair. City Engineer Lenius said the capital improvements for sewer currently come from our connection charges, which are assessed in new development in the city. This is where the money is coming from already.

Councilmember Nystul asked if they have to pump around from manhole to manhole so that it is dry when they insert the liner. City Engineer Lenius said that is correct.

Mayor Erickson said the investment of the new trucks and cameras has a massive impact on our infrastructure. We can see the corrosion of pipes and intrusion of roots. We have effectively used the cameras to allow us to address problems before they become harder to fix.

Motion: Move to approve the contract amendment in the amount of \$30,048.00 for RH2 Consulting to provide construction support services for the Central Interceptor CIPP project.

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

Motion carried.

g. Public Works Property Grading Contract

Director of Engineering Kasiniak presented the proposal to hire Sealaska to prepare the engineering plans and bid documents for the grading of the Public Works Property on North Viking Avenue. They would like to utilize this facility by the end of the year.

Mayor Erickson said the Public Works Yard is being done in phases to maximize cash flows. Money from the sale of the old city hall is being used for grading and detention.

Motion: Move to approve the contract with Sealaska Environmental in the amount of \$18,785.00 for engineering services for the grading of the Public Works property on North Viking Avenue.

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

Motion carried.

h. West Poulsbo Waterfront Park Contract

Director of Engineering Kasiniak presented the proposal to hire Sealaska for Land Acquisition coordination of the West Poulsbo Waterfront Park property in the amount of \$30,000. At the Public Works Committee on 7/12/17, the committee recommended the contract for approval, and spending \$5,000 of the contract value to keep the project moving forward until the State of Washington Capital budget is officially passed. Presentation highlights included:

- Property location and size
- Summary
 - Economic Benefits - Excellent location to provide a direct discharge and a regional treatment facility for 60 acre developed/undeveloped basin.
 - Environmental Benefits – Protection and enhancement of high quality shoreline salmon habitat.
 - Recreational Benefits – Very accessible 3.1 acres low bank waterfront on Liberty Bay,
- Conceptual Plans
- Facts/History
 - High Priority Project in SMP
 - In 2017, we applied for RCO grant. The project is recommended for founding pending the State Capital Budget Approval (July 20).
 - Project cost \$800,000 - \$400,000 city reserves (storm), \$400,000 grant
 - Property on sale, the property owner is very interested in the city proposal
 - The city staff recommendation: approve the contract with Sealaska for \$30,000 and authorize expenditures up to \$5,000 to move the project forward. The remaining \$25,000 will be spent after the City is notified that the grant was awarded.

Mayor Erickson said this is a motion for the full amount, but only authorizing to spend \$5,000 for the appraisal, and wait until we receive the grant from the State of Washington for the remainder.

Motion: Move to approve the contract with Sealaska Environmental for \$30,000 and authorize spending \$5,000 of the contract now in order to keep the project moving forward. Once the grant for \$400,000 is secured, authorize spending the remaining contract value.

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

Councilmember Thomas said he has receive feedback from citizens regarding this project. He thinks there is some confusion. When we talk about this project, we want to be very clear what we are talking about. He had someone that thought there was going to be sewer treatment plant at Waterfront Park. He clarified this is a stormwater treatment project and the location is in West Poulsbo. He thinks the name waterfront park is causing the confusion.

Councilmember Nystul asked if there is any chance of not receiving \$400,000. Director of Engineering Kasiniak said he wouldn't anticipate receiving less than \$400,000. If we get less, then we will have to come back to the City Council and ask them to adjust the budget.

Councilmember Lord said we are all committed to acquiring this property. She would like to get a good name for the park in the future. Councilmember Musgrove asked to rename the park once it is completed to avoid confusion with the existing Waterfront Park. Mayor Erickson said this is a big deal for the City. It is a new waterfront park with public access, open space, amenities, and walking paths for the community.

Motion carried.

i. Ordinance No. 2017-13, Stormwater General Facility Fees – PMC 13.70

City Engineer Lenius presented the agenda summary, noting as recommended by City Attorney Jim Haney, staff presented an amended definition for stormwater utility system general facility fees' application on PMC 13.70. The ordinance has been amended to provide language to clarify the application of stormwater utility general facility fees.

Councilmember Musgrove said this was discussed at Public Works Committee last week, and this is not something new. This is a clarification that everybody in Poulsbo who has discharge on future construction is going to pay towards the cleaning the stormwater whether it goes through a pipe or not and ends up in the bay. We spend a huge amount of money to clean up the bay no matter how it gets there. City Engineer Lenius agreed, and said the connection charge is based on the new impervious surface that the development adds to our system.

Motion: Move to adopt ordinance 2017-13 amending the definition for stormwater utility system General Facility Fees on PMC 13.70.

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

j. Lincoln Well #2 Water Treatment Project Contract

City Engineer Lenius presented the agenda summary, noting Lincoln Well #2 Water Treatment Project opened bids on 7/11/17. Construction of the Lincoln Road Well 2 Water Treatment Project consists of:

1. Construction of a filter building and a backwash storage reservoir.
2. Furnishing and installing filter system equipment.
3. Backwash recycle pump, plumbing, heating and ventilating equipment, piping valves and appurtenances in filter building.
4. Site piping, valves, drainage structures and drain piping.
5. All required electrical, telemetry, and instrumentation.
6. Gravel surfacing and hydro seed restoration of disturbed areas.
7. Testing, commissioning, and training.

The Engineer's construction estimate for this project was: \$1,120,000.00 There were seven bids received, the lowest responsive bid from Harbor Pacific Contractors of \$1,099,210.50. Staff recommended a budget increase of \$166,000.00 to cover anticipated budget shortfall. Staff presented an amendment of the contract with Gray & Osborne in the amount of \$28,500.00 for construction support services.

Councilmember Lord asked if the material that we use to filter the manganese needs to be replaced and what is the annual cost. City Engineer Lenius said it does need to be replaced potentially. There are many systems that have been in operation for 10-20 years, and have not had to replace their media yet. She does not have a cost, but knows it is not annual.

Councilmember McGinty said for those who do not know, this is the brown water we get around this time of year when people turn on their sprinklers or do hydrant flushes. This will ideally take all the brown out.

Councilmember Musgrove asked if it would be safe to say that this system, over a period of time, will mean a cost savings in the manpower we do for flushing. Assistant Public Works Superintendent Svarthumle said we could potentially go to once a year water main flushing instead of twice a year. He also said a bulk of the

foreman's calls deal with brown water concerns. It is purely an aesthetic issue, but it causes concern and takes a lot of time to explain.

Motion: Move to approve a future budget amendment in the amount of \$166,000 for the Lincoln Well #2 Water Treatment project.

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

Motion carried.

Motion: Move to approve the construction contract with Harbor Pacific Contractors for the Lincoln Well #2 Water Treatment project in the amount of \$1,099,210.50 and authorize the Mayor to sign the contract on behalf of the City.

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

Motion carried.

Motion: Move to approve authorization for the Mayor to sign change orders up to 10% over the approved contract amount for Harbor Pacific Contractors.

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

Motion carried.

The Mayor said 10% could exceed her signing authority. The Council agreed this motion gives her authority to exceed the limit for this contract.

Motion: Move to amend the contract with Gray & Osborne to include construction support services in the amount of \$28,500.00.

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

Motion carried.

7. COUNCIL COMMITTEE REPORTS

Finance-Administration Committee: Councilmember Thomas reported the committee discussed the building inspector position reclassification, I-1443 update, pump track fees update, the BKAT channel label, and the cost of the Kitsap Transit Bus shrink wrap.

8. DEPARTMENT HEAD COMMENTS

Assistant Public Works Superintendent Svarthumle said due to the decision to keep solid waste in-house, they are filling open positions and conducted interviews today. They are also ramping up vegetation control around the city.

City Engineer Lenius said the Liberty Bay Pump Station work is full speed ahead. The bypass pumps have been installed.

9. BOARD/COMMISSION REPORTS

Councilmember Nystul reported he attended the North Kitsap School District board meeting last week, and they are figuring out what is in the budget from the state legislature.

Councilmember Lord attended the quarterly HDPa meeting last night.

10. CONTINUED COMMENTS FROM CITIZENS

Mr. Ricky Moon asked who is responsible for major injury in regard to the coffee oasis lease. He asked if a downtown parking garage reserve fund was established as recommended in the 2010 Parking Advisory Committee final report. He said Mike Brown is buying all the properties and Third Avenue will not be available for parking in the future.

11. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Nystul said they may adjourn to a work session upstairs to do a debrief of AWC meeting at the next Council meeting.

Mayor Erickson said Friday was Relay for Life at the NKHS. Saturday was PetsWalk. She attended a Sons of Norway Viking wedding.

Councilmember Lord thanked the Public Works and Engineering Department for all their remarkable work.

12. ADJOURNMENT

Motion: Move to adjourn at 9:00 PM,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk