

POULSBO CITY COUNCIL MEETING OF AUGUST 16, 2017

MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, Director of Engineering Kasiniak, Planning Director Boughton, Parks & Recreation Director McCluskey, Public Works Superintendent Lund, Police Chief Schoonmaker, IT Manager Stenstrom.

MAJOR BUSINESS ITEMS

- * * * Budget Amendment/BA# 17-0306, Lincoln Well #2 Water Treatment Project
- * * * Payable Disbursements for July 2017
- * * * Special Event: Refugee Support Run
- * * * Increase for Preschool Hours
- * * * Interlocal Agreement with Clallam County for Police Vehicle Outfitting
- * * * Ordinance No. 2017-15, Interim Prohibition on Self-Serve Mini Storage in C-3 Zone
- * * * Ordinance No. 2017-16, Complete Streets
- * * * Anderson Parkway Phase II Project Acceptance
- * * * Solid Waste Workshop

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

Motion: Move the approve the agenda as presented.

Action: Approve, **Moved by** Stern, **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 Stern noted the AWC magazine "City Vision" features Councilmember

Henry, and he acknowledged the role Mr. Henry played in furthering the relationship between the City of Poulsbo and the Suquamish Tribe.

Councilmember Musgrove said he hopes everyone is enjoying the summer and tomorrow at 3:00pm the City will have its State Auditor Exit Conference.

Councilmember Lord said the ACW magazine had a fantastic interview with Councilmember Henry, Councilmember Stern, and Mayor Erickson, and she thanked Parks & Recreation Director McCluskey for putting on Summer Nights on the Bay.

Mayor Erickson updated the Council on the appeal request from citizens for the engineering decision regarding the closure of Bernt Road. Council direction was to bring this matter back tonight; however, after staff regrouped and reviewed the matter with the City Attorney, it was discovered the requestor did not have a permit, and the request for a waiver without first receiving the permit was out of procedure. Director of Engineering Kasiniak contacted the requestor and explained the process.

Mayor Erickson reported she met with District Court and had a good conversation about bringing back District Court to Poulsbo. The judge will come and look at the facilities next week.

Mayor Erickson noted that a Catholic High School is looking for a campus in Kitsap County, the possible locations would be Bremerton or Poulsbo. Applications have been submitted, and she is expecting a site visit and a decision on the location soon.

Mayor Erickson discussed new roads: the City has gone through a chip seal process on four different roads. Public Works Superintendent Lund said on Monday they started the chip seal project on 12th Avenue, Urdahl Road, 9th Avenue, and Kevos Pond. He received 4-5 people who have concerns about the gravel. He received positive feedback too, it is going better than expected. The fog seal will go down tomorrow, and striping will be on August 28. Councilmember Lord said she drove Kevos Pond on Tuesday. She was amazed how fine the gravel was. She thinks it is going to work out. Councilmember Thomas asked with the final sealant, is there any recommendation for when people find this up on their driveway from driving on the wet seal onto their driveway? Public Works Superintendent Lund said he hopes to keep people off there as long as possible. There are things to do to clean and mitigate it, it will wear off. In response to Councilmember McGinty, Public Works Superintendent Lund said they have been handing out flyers to homeowners, and the contractors/flaggers are talking to residents throughout the process.

5. CONSENT AGENDA

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

The items listed are:

- a. Budget Amendment/BA# 17-0306, Lincoln Well #2 Water Treatment
- b. Payable Disbursements for July 2017

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

6. BUSINESS AGENDA

a. Special Event: Refugee Support Run

Parks & Recreation Director McCluskey presented the agenda summary, noting the sponsor is First Lutheran Church; the site is Silverdale Lutheran Church - Vinland Lutheran Church; Poulsbo streets involved include Viking/Front/4th; the date/time are Saturday, August 19 7:30am-2pm; and the expected number of people is 100. The first-time charity bicycle ride will begin outside the city limits, ride through the city, and loop again outside the city. Aid stations will be provided along the route. There are no special requests for this event such as road closures or police services.

Councilmember Lord said the Community Services Committee recommended approval of the event.

Motion: Move to approve the special event application for the Reform Ride for Refugees as presented.

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

b. Increase for Preschool Hours

Parks & Recreation Director McCluskey presented the agenda summary, noting the Learn and Grow Preschool has enough registrations to add class #4 in the Fall of 2017. The past few school years have seen enough students for 2 or 3 classes during the week; enrollment is now high enough to hold a fourth classroom of Pre-K students. Additional program revenues will pay for additional staff hours. This request is for 2017 and 2018, as the school year runs into June.

Motion: Move to approve the additional funds for the Learn & Grow Preschool employees for Fall of 2017 and 2018 as presented (or as modified). A budget amendment will follow.

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

Motion carried.

c. Interlocal Agreement with Clallam County for Police Vehicle Outfitting

Police Chief Schoonmaker presented the agenda summary, the purchase of new patrol vehicles will require the procurement, installation and repair of emergency equipment (lights, siren, radio, etc.). The cost to equip nine police vehicles requires the City to conduct competitive bid process, or enter into an Interlocal Procurement Agreement (IPA) with another public agency who has already completed a competitive bid process for the same services. Clallam County completed a competitive bid process for the procurement, installation, and repair of emergency equipment on their patrol vehicles. Their RFP expressly allows "other governmental agencies to enter into Interlocal Purchase Agreements as per RCW 39.34 so that other agencies can purchase under this agreement". As a result of their process, Clallam County selected Systems for Public Safety as the vendor to outfit their patrol vehicles. Proposed is an IPA between the City of Poulsbo and Clallam County, allowing us to use their competitive bid process, and select Systems for Public Safety to outfit our patrol vehicles. There is no cost to enter into the IPA. This IPA has been reviewed by attorneys for our City, as well as Clallam County.

In response to Councilmember Musgrove, Chief Schoonmaker said they will they would do the initial install, and they would do the repair of the equipment. A separate process isn't required for the repair portion of the contract.

Motion: Move to authorize the Mayor to enter into the Interlocal Procurement Agreement allowing the City of Poulsbo to use the Clallam County competitive bid process for the procurement, installation, and repair of emergency equipment for police department patrol vehicles.

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

Motion carried.

Councilmember Musgrove said he appreciates the Chief for taking opportunities where we can couple on to reduce costs for the citizens and perhaps improve conditions for our officers.

d. Ordinance No. 2017-15, Interim Prohibition on Self-Serve Mini Storage in C-3 Zone

Planning Director Boughton gave a presentation on the proposed ordinance. Presentation highlights included:

- Introduction
 - Concern about increasing self-storage facilities along the SR-305 corridor presented at Finance/Admin and full Council at August 2, 2017 meeting.
 - Direction was made to PED Department to initiate an amendment to zoning ordinance prohibiting self-storage in C-3 zoning district.
 - Mayor placed agenda item on next available Public Works Committee meeting. PWC considered options for amending the zoning ordinance at its August 9, 2017 meeting.
 - PWC recommended interim zoning regulations ordinance for August 16, 2017 Council Meeting.
- Current Conditions
 - Four existing self-storage facilities:
 - Reliable Storage (1080 Forest Rock Lane) C-3 zoning district
 - Pro-Guard Storage (20554 Little Valley Road) Light Industrial
 - North Kitsap Self Storage (541 NE Bernt Rd) C-3
 - Poulsbo Mini Storage (20521 Viking Avenue) C-2
- Land Use Applications
 - Poulsbo Self Storage (Lincoln Road and 10th Avenue)
 - Reliable Storage Expansion
 - Sherlock Self Storage
- Interim Zoning Regulation
 - Interim zoning regulations can be enacted by the City Council without notice or a public hearing, by declaring an emergency. The regulations are effective for six months and a public hearing must be held within 60 days of the enactment.
 - It should be expected that applicants and existing self-storage facility owners will provide testimony at the interim zoning regulation public hearing. This action is appealable to the Growth Management Hearings Board.
- Effects of prohibiting self-storage in C-3 zoning district
 - The two existing self-storage – Reliable Storage and NK Self-Storage – will become non-conforming uses and subject to the constraints of the non-conforming section of the zoning ordinance – including no potential for expansion.

- Appeals or other legal action from property owners/applications could result based upon the time and effort spent on development of projects. The City Attorney advises the legal risk is low since none of the pending projects are vested.
- Ordinance before Council
 - At the recommendation of the Public Works Committee, an ordinance was prepared declare an emergency and enacting an immediate prohibition on self-serve mini storages in the C-3 zoning district.
 - If enacted, the required public hearing is scheduled for September 20, 2017.
 - If enacted, the interim regulations are in place for 6 months, and can be extended, replaced by permanent regulations, or expire at the end.

Councilmember Thomas said he supports self-serve mini-storages. He sees the need for them, but he always felt the siting of them in the commercial district is not a good fit. They are better suited for light industrial or business park. He supports the ordinance. The existing businesses are grandfathered in, which is fair.

Councilmember Musgrove asked for some of the reasonings for bringing this forward, and clarify the reason for declaring an emergency or moratorium. Planning Director Boughton said the reason why this is before the Council tonight is from Council direction at the August 2 meeting. The Planning Department had docketed researching mini-storage use for future amendment. It was determined through the City Council at the Finance/Administration Committee and then the full Council that perhaps earlier action is necessitated based on the permit activity that the department was experiencing. The emergency ordinance is the mechanism allowed by state law for the Council to take immediate action on zoning and development regulations. Other options were presented to the Public Works Committee, but because vesting can happen to any of the three projects through submittal of a building permit, the committee chose the interim development regulation as the preferred option. This does require a public hearing before the City Council. To make this change permanent, the amendment would have to go through the Type IV process.

Mayor Erickson said one of the projects has a concomitant agreement, and would have to come before the Council to move forward. The reason it was brought forward as an emergency ordinance is because the second project near Forest Rock Hills is moving quickly. The third one is so large, they are already doing core drillings

into the side of the hill in order to expedited the permitting processes. Her sense is these could move quickly.

Councilmember McGinty said this has happened to the City before when condominiums were proposed for downtown that had no parking, and the Council said they needed to put the brakes on in order to take a look at the code, then make a decision to continue the way it is, or change it before any more happened. All we are saying is let's put the brakes on, do an analysis, do a public hearing, and then make a decision.

Councilmember Lord said they have to monitor all aspects of the zoning code, and there is a lot of different possibilities that could happen in the various zones. It is one of those things that was off their radar screens, if this is something that they think is appropriate in this particular zone. She supports the ordinance, and is looking forward to the public hearing to get more comments on it.

Councilmember Musgrove wanted the public to know this is not a knee-jerk reaction. They need a time out to make sure everything is done right and the public has a chance to weigh in on this.

Mayor Erickson said we worked years on a comprehensive plan, and she doesn't believe those who put the plan together envisioned storage lockers all up and down Highway 305. She doesn't believe that is the vision of Poulsbo. She would appreciate a serious time out to review this.

Councilmember Stern said during the comprehensive plan, there were a number of public hearings. The number one feedback received was the scale and character of our town, and the special charge that they as the electeds received. The City is already experiencing enormous growth, and they are trying to do it in a tight and narrow boundary so Poulsbo doesn't lose its distinctive character.

Motion: Move to approve an ordinance of the City of Poulsbo, Washington, adopting interim development regulations and findings in support thereof; amending Chapter 18.80 of the Poulsbo Municipal Code in order to change where self-serve mini storage uses are allowed within the City's Commercial Zoning Districts; setting September 20, 2017 as the date for a public hearing on the interim regulation, providing for the interim regulation to be in effect for a period of six

months or until a permanent regulation is adopted; providing for severability; declaring an emergency and establishing an immediate effective date.

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

Motion carried.

e. Ordinance No. 2017-16, Complete Streets

Director of Engineering Kasiniak presented the agenda summary, noting Complete Streets policies ensure that the entire right-of-way is planned, designed, constructed, operated and maintained with consideration for all users. The City has been implementing the concept of complete streets for many years, and has been incorporating related standards policies in our construction standards and comprehensive plan in anticipation of adoption of a complete streets ordinance. In 2011 the Legislature created a complete streets program, and funded it in the 2015 Transportation Revenue Package, administered through the Transportation Improvement Board (TIB). In order to be eligible for complete streets funding under this program, municipalities must have Complete Streets ordinances in place.

Councilmember Nystul noted under 14.06.080, under performance measures, it says they will report annually to the Public Works Committee. He asked if they could give the report to the full council. Director of Engineering Kasiniak said he could.

Councilmember Musgrove asked if he had to recuse himself. He has been pursuing a secondary location for his business for a few years. He said this resolution appears to be a capturing of all rights of way and extreme limitation of what can be conducted on the rights of way. His project is not vested yet, and they will be unable to pursue it with this ordinance being in place. He needed to know if he should recuse himself from the decision. Director of Engineering Kasiniak said the ordinance does not change any requirements that they have right now. They stay the same. Planning Director Boughton said the proposed ordinance applies to City right of way, and his project is Washington State Department of Transportation right of way, a different jurisdiction. Mayor Erickson said staff cannot give legal advice, but her understanding is the ordinance affects city rights of way, and his project is on state right of way.

In response to Councilmember Thomas, Director of Engineering Kasiniak said the State is wanting all jurisdictions to adopt this ordinance; however, they may vary slightly from jurisdiction to jurisdiction. Some are more elaborate. This ordinance meets the required standards to be eligible to apply for state funding.

Motion: Move to approve Ordinance No. 2017-16, an ordinance of the City of Poulsbo, Washington, adding a new chapter 14.06 to the Poulsbo Municipal Code in order to adopt "Complete Streets" legislation in Poulsbo's Municipal Code to ensure transportation projects include safe and appropriate facilities for pedestrians, bicyclists, transit users and persons of all abilities, providing for severability and establishing an effective date.

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

Motion carried.

f. Anderson Parkway Phase II Project Acceptance

Director of Engineering Kasiniak presented the agenda summary, noting the City successfully completed this project in partnership with the Port of Poulsbo. The final contract amount was \$525,688.86. The final paid contract total was \$517,424.84. The City of Poulsbo's share was \$328,578.92 and the Port of Poulsbo share was \$188,845.92. Mobilization costs were split 60/40 between the City and the Port (\$21,512.14/\$14,358.86). There were eleven change orders on the project totaling \$64,774.86. Notably, \$13,728.84 for unsuitable foundation (City cost), and \$11,824.39 for extra grouting (Port cost). Change orders equal 13% of the contract total. Council approved greater than 10% on 5/3/17. Final payment was made to the contractor on 5/10/17. A retainage bond is held on the project and will be released once the project has been accepted and released by all agencies.

Motion: Move to approve the Anderson Parkway Phase II project as complete and authorize release of the retainage bond and the contract bond in accordance with state law and contract requirements.

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

Motion carried.

The Solid Waste Workshop was held in the third-floor conference room after the remainder of the meeting agenda was complete (agenda items 7 through 11). At 8:33PM, the meeting was moved to the conference room.

g. Solid Waste Workshop

Director of Engineering Kasiniak and Peter Battuello presented the agenda summary, noting the workshop will provide for a discussion of the Solid Waste Utility Plan. Presentation highlights included the following key findings of the financial plan:

- The current gap between Utility revenues and expenditures is approximately \$200,000, plus capital investments.
- In the 2017 and 2018 budgets, the utility reserves will be reduced by \$400,000 per year and \$800,000 total.
- Currently the residential customers subsidize commercial customers (cans versus dumpsters).
- Industry proposals received in September 2016 recognized the gap and one provider proposed a 24% increase to commercial rates.
- The City controls less than 30% of Utility costs (pass through costs are dumping fees, cost of gas, excise tax). Changes to Levels of Service do not decrease costs in the near term (still need the same number of trucks and FTEs).
- Improvements to operational efficiency require capital investments in collection and transfer operations.
- Additional revenues are needed to sustain the Utility.
- Over the last 22 years, utility rates have not been adjusted to match inflation.

Percentage Increase		2017-2022	
0%	Revenue	\$12,406,432	(-\$820,000)
	Cost	\$13,227,736	
10%	Revenue	\$13,365,583	\$0
	Cost	\$13,222,736	
20%	Revenue	\$13,858,919	+\$630,000
	Cost	\$13,227,736	

Mayor Erickson summarized that these are operational numbers. The City is going \$820,000 in the hole over five years. The City breaks even if it makes a 10% adjustment targeted at commercial (dumpster) activity and a small tweak to residential. If the City increases commercial to 20%, with a small tweak to residential, it will have \$630,000 to buy more trucks in 2022 (capital acquisition).

Mr. Battuello said they have developed a plan that gets the City through two things in the next five years: 1) catching up on the revenue side from the 22 years, and 2) the city is growing, and the current route structure will not be able to accommodate the growth, which means another truck will be needed. It will end up being 2.5 commercial and 1.5 residential, ending up with a four-truck program in 2024-2025. They are trying to grow the system by 25% and catch up from not growing over the last 22 years. When the City gets over the hump, there will be flatter growth in operational cost because the utility is getting efficient, and there will be a fleet management program with equipment, and reserves will continue to control in the long range financial model.

Mayor Erickson asked if the City will be comparable to Waste Management once the changes are made. Mr. Battuello said the City has a signed proposal from Waste Management saying that market rate is the City's rate plus 24 percent increase. Rates are comparable of the received bids.

Public Works Superintendent Lund reviewed the top ten commercial accounts and the amounts their accounts would increase with a 20% increase.

Councilmember Musgrove asked how the City could do okay with the past rates and stay in budget, but now there are shortfalls. Mayor Erickson said the City was cannibalizing our capital. They haven't been making enough money to replace their trucks, and trucks are breaking. Operations is the source or revenue to replace the capital. Director of Engineering Kasiniak added depreciation is an operational cost. If you buy a new truck, it becomes operational cost. If you don't buy a new truck, you don't have operation cost. Second, they will staff the routes properly. They were not correctly tracking the time from staff coming from other funds when they were working in solid waste.

Mr. Battuello said the model we have absorbs depreciation of the new capital. That is an added cost. They have looked at forecasted administrative cost. Finance Director Booher said solid waste requires a high level of customer service. They cleaned up the formulas and are now correctly charging solid waste indirect allocation. They cleaned up actual expenses that were not reported correctly. We would have casual labor hired for streets, but then would use them for solid waste and streets was paying for it. Dumping costs were accelerated.

Councilmember Musgrove wanted to know if staff identified where we need to apply the increases based on their costs. He doesn't want to arbitrarily say raise commercial up 20 percent to satisfy a number, rather than that is what it actually costs.

Mayor Erickson said this process has been going on for a year and a half. She would like to know is there anything else the Council wants to know before they start structuring a 20 percent rate increase for commercial accounts, because that is where are they headed.

Councilmember McGinty wants to know what the tweak for residential will be.

Mr. Battuello said in residential they tried to shift the account distribution. The 10-gallon can is something they recommend going away over time (because this takes the automation out of the system). The second thing was giving the best prices for the 64-gallon can. It will be cheaper than two 32-gallon cans or three 20-gallon cans.

Can Size (gallons)	# of Accounts	Current Rate	Proposed 2018 Rates
10	182	\$9.35	0*
20	305	\$12.47	\$17.75
32	2268	\$18.70	\$21.00
64	694	\$37.42	\$38.50

*This option will no longer be available for new service, eventually over time this size will be phased out.

Mayor Erickson said the Council would like to see a grid of options that allows them to generate \$13.5MM over five years to absorb the cost of operation with the commercial mix.

Mr. Battuello said residential rates need to be reviewed, because 90% of accounts are residential. If only commercial rates are increased, there is no safety buffer created. An action needs to be done to residential to diversify our risk. Also, it has been 22 years since the City has asked residents to make a contribution. If the City doesn't take advantage of the opportunity it has now, it will be harder future years. Finally, the residential accounts are the ones that will increase faster than the commercial accounts.

Councilmember Stern would like to see a schedule of any rate increases for the same period for the other utilities. He wants to know what a future bill will look like with sewer and storm.

Councilmember Musgrove questioned how if residential is already being unfairly overcharged today, then if we raise the rates on commercial, residential is still being unfairly overcharged. How do you tweak them up just to have a buffer if they are already being overcharged? He needs the business plan. What does it cost, where is it going, what is happening?

Mr. Battuello said they can tweak it based on Council's directions. There are options laid out and described in the plan the Council has been provided.

In response to Mayor Erickson, Director of Engineering Kasiniak said the City will have a public input and involvement, but before we can go talk to them, we need to know what the suggested rates are going to be.

Mayor Erickson wants this process finished this year. She asked for the grid to be put together, for staff to provide the schedule of all other utilities in the same time period, and asked the Council to read the full plan, and then revisit this again in September with the idea that we'll provide public outreach.

Councilmember Thomas said this is a complex plan. They need to first focus on what they all agree on. It seems that the acceptance of a 20% hike for the dumpsters is

acceptable to everyone. If they can all live with that, the other decisions come afterwards. He feels the council is hung up as a group because they are waiting for a final product to give a thumbs up or thumbs down to. A flow of decisions would be helpful to have for this.

Councilmember Musgrove asked if everyone agreed with the 20 percent system increase, how does it apply when you even everything up and make it fair based on the actual cost. Then you can look at Councilmember Stern's angle and they can go to public input on how to distribute it.

Councilmember McGinty said if they take Councilmember Thomas' approach, they can start the public outreach for the commercial side, because it doesn't affect the residential piece.

Councilmember Stern said when the rates are determined, it is important to get the message out that the City looked at alternatives, including Waste Management, which was shocking. Comparing and contrasting is important in order to get the public to accept this.

Mayor Erickson said this will be revisited in mid-September at a full Council meeting.

7. COUNCIL COMMITTEE REPORTS

Public Safety/Legal Committee Meeting: Councilmember Stern reported they had a conversation about private fireworks in the City of Poulsbo and possibly seeking an advisory non-binding vote on whether the public wants to ban private fireworks. A bigger conversation will be held in January. They discussed District Court possibly coming back to Poulsbo, and the idea of a bicycle license. They reviewed three budgets (police, prosecutor, and court). The Fire Department's boat should be arriving in the next month. Mayor Erickson added the Police Department removed the concrete boat from Liberty Bay.

Lodging Tax Advisory Committee: Councilmember Nystul reported that they met to review the applications and see what additional questions they might need to ask. They have six applicants asking for \$207K and the City has \$130K to allocate. September 27 is the date to meet with the applicants. Throughout this process, a 28-year-old contract with HDPa has been found.

Finance-Administration Committee: Councilmember Stern reported they discussed the LTAC grant process, and adding in cycle performance reporting. They recommend adding to the grant process a reporting requirement at the 9-month mark. They reviewed budgets for IT, HR, and an additional request from Clerk. The Executive budget includes a request for a lobbyist. The committee also reviewed the management salary survey.

Councilmember Musgrove asked if the surveillance cameras record video, if there is audio, and is any of it subject to public records request. IT Manager Stenstrom said they can keep the video for two weeks. They are not recording audio. And he has consulted with Risk Manager Foster regarding the Public Records Act requirements. The protocols are different from police body cams.

8. DEPARTMENT HEAD COMMENTS

No comments.

9. BOARD/COMMISSION REPORTS

No reports.

10. CONTINUED COMMENTS FROM CITIZENS

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

11. MAYOR & COUNCILMEMBER COMMENTS

Mayor Erickson said Chief Seattle Days is this weekend.

12. ADJOURNMENT

Motion: Move to adjourn at 9:39PM,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk