

POULSBO CITY COUNCIL MEETING OF OCTOBER 11, 2017

MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, Parks & Recreation Director McCluskey, Public Works Superintendent Lund, IT Senior Technician Williamson.

ABSENT: Councilmember Stern

MAJOR BUSINESS ITEMS

- * * * Budget Amendment/BA# 17-0401, Waterfront Park Pavilion Roof Repairs
- * * * Budget Amendment/BA# 17-0402, Forest Rock Hills Trails
- * * * Budget Amendment/BA# 17-0403, Park Rules Signs
- * * * Budget Amendment/BA# 17-0404, Vehicle Purchase - Debt Proceeds
- * * * Budget Amendment/BA# 17-0405, Vehicle Purchase – Debt Payments
- * * * Kitsap Regional Library Presentation
- * * * Transfer of Funds and Dissolution of the Poulsbo Library Capital Facility Area
- * * * 3rd Quarter 2017 Financial Status
- * * * Ordinance No. 2017-17, 3rd Quarter Budget Amendments
- * * * Public Hearing of 2018 Revenue Sources
- * * * Presentation of 2018 Revenue Sources

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Erickson called the meeting to order in the Council Chambers at 7:01 PM and led the Pledge of Allegiance.

2. AGENDA APPROVAL

Mayor Erickson said there was an addition of an executive session for personnel matters at the beginning of the meeting.

Motion: Move to approve the amended agenda.

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

3. EXECUTIVE SESSION

At 7:02PM, Mayor Erickson recessed the meeting into a 15-minute executive session pursuant to RCW 42.30.110(1)(g) to discuss personnel matters. Human Resources Manager Kingery, Police Chief Schoonmaker, and Prosecuting Attorney/Risk Manager Foster joined the meeting. No action was taken.

4. COMMENTS FROM CITIZENS

Jeff Bauman urged the public to vote yes on the library ballot coming soon.

5. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Lord shared the Police Department's pink badges in support of breast cancer awareness month.

Mayor Erickson shared that Halloween Trick or Treating will be on October 31, 4-6pm; the SR305 Improvement Project Open Houses will be on October 19, 24, and 25; Daffodil Days is November 4 at 9am; and the Kitsap Salmon Tours is November 4, 10am-2pm.

Councilmember Musgrove noted WSU is doing the Kitsap Salmon Tour programs on November 5 too.

6. CONSENT AGENDA

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

The items listed are:

- a.** Budget Amendment/BA# 17-0401, Waterfront Park Pavilion Roof Repairs
- b.** Budget Amendment/BA# 17-0402, Forest Rock Hills Trails
- c.** Budget Amendment/BA# 17-0403, Park Rules Signs
- d.** Budget Amendment/BA# 17-0404, Vehicle Purchase – Debt Proceeds
- e.** Budget Amendment/BA# 17-0405, Vehicle Purchase – Debt Payments

Councilmember Musgrove questioned if Consent Agenda Item 6a, "Waterfront Park Pavilion Roof Repairs" needed to be removed from consent or if he needed to give an update to the Council regarding what was discussed at Public Works Committee tonight. Finance Director Booher said it was discussed at Public Works Committee that the project is turning out to be more costly than anticipated, and Public Works is recommending an additional amendment of \$18,000 at a future date once a funding source has been determined. Right now, she asked that the BA# 17-0401 be approved so they can purchase the shingles for that job.

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

Motion carried.

7. BUSINESS AGENDA

a. Kitsap Regional Library (KRL) Presentation

Ms. Susan Lee, KRL Poulsbo Library Manager, gave a presentation regarding the library levy.

Ms. Jill Jean, KRL Director, spoke regarding the Library Board of Trustees and the City of Poulsbo not having yet come to an agreement about building ownership, but in anticipation of that changing, she said the levy would support the effort to maintain the building in the proper way. They hope to have a new roof done by spring if everything falls into place. They have good plans for Poulsbo if the levy passes, such as recarpeting the meeting room, improving electrical systems in 2018, technology improvements in 2019, restroom refurbishment and furniture replacement in 2020, and a new HVAC system in 2021.

In response to Councilmember Thomas, Ms. Jean said the levy will be voted on by all Kitsap County citizens.

Musgrove asked why the current funding is insufficient, and if the new library being built in Silverdale is affecting the budget for other existing properties. Ms. Jean said they distinguish levy LID lifts are for maintaining the system and bonds would be for building new construction. Private dollars are being raised for the Silverdale campus project. Most of their funding comes from property taxes and they are capped at the 1% increase based on the 2002 Eyman initiative vote. Keeping up with cost of living increases alone is greater than the 1% limit.

Mayor Erickson said that inflation rates run 2.5% and medical insurance costs increase by 7-8% on an annualized basis. It makes it very difficult for organizations such as the library to keep up with their costs. She said she supports this ballot measure as a private citizen. They really need this money.

Councilmember Lord said she couldn't imagine not having a library. She appreciates the mentorship of the Poulsbo branch for the high school students to come and be assistants. She said it is hard to have the library closed one day a week, and she couldn't imagine having it closed two days a week, let alone, closed entirely. There are many reasons we need the library, and it is not just for the books.

b. Transfer of Funds and Dissolution of the Poulsbo Library Capital Facility Area

Finance Director Booher presented the agenda summary, noting an agreement with Kitsap County for the dissolution of the Poulsbo Library Capital Library Facilities Area and the release of funds held by the Kitsap County Library Facility Area to the City of Poulsbo. The agreement has been reviewed by City Attorney Haney. Current funds are approximately \$118,585. Any future funds will be released in the same manner. Funds are intended to be used for the replacement of the roof on the Poulsbo Library Building. Funds will be paid to the Kitsap County Library district who are contracting and coordinating the improvements. A budget amendment will be prepared for a future agenda recognizing related revenues and expenditures of the funds.

Councilmember Thomas thanked Finance Director Booher for the presentation, and said it makes sense and he supports this action.

Councilmember Musgrove asked if there are any concerns with the ownership of library and the funding thereto. Finance Director Booher said the City is still working on some lot line adjustments. The City hopes to complete all of this by the end of the year. They are working to get in December the City Council's concurrence via a public hearing to surplus the library building from the City's assets, and once all of the boundary lines have been adjusted, they are moving forward to give the library building to the library district. She would imagine at that time there would be something in the agreement with what the intended uses for the building would be and the direct benefits for Poulsbo citizens.

Motion: Move to approve an agreement between Kitsap County and the City of Poulsbo for the transfer of Funds held by the Poulsbo Library Capital Facility Area with the understanding that the released funds will be contributed to the Poulsbo library for use in roof repair.

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

Motion carried.

c. 3rd Quarter 2017 Financial Status Report

Finance Director Booher presented the 3rd Quarter Financial Status Report. Presentation highlights included: revenues, expenditures, financial policy compliance, cash & investment balance and capital project status year-to-date through September 30, 2017.

Mayor Erickson said the City of Poulsbo charges impact fees. When we have development coming in, the developer pays an impact fee for roads, parks, and schools, and a general facility charge for sewer, water, and storm. The policy of this Council has been for many years that growth pays for growth. We collect the money and put it right back into our infrastructure. It is one of the things that has made Poulsbo so successful.

Mayor Erickson said our cash flow is very strong right now. She noted the reason the City has \$27MM is because they are gathering funds to put into the infrastructure reserve account for major infrastructure projects. We don't normally borrow when we build sewer improvements. We pay for that out of reserves. Our enterprise funds is where the vast majority of that money sits. She said a lot of cities don't have this. This was done through years of work.

d. Ordinance No. 2017-17, 3rd Quarter Budget Amendments

Finance Director Booher presented the agenda summary, noting budget amendments for the 3rd Quarter of 2017 were approved by Council during July, August and September. She noted Exhibit A included these amendments and summarized the revised budget by fund.

At 8:17 PM, Mayor Erickson asked for any public comment, and received no comments.

Motion: Move to adopt Ordinance No. 2017-17, an ordinance for the City of Poulsbo, Washington, amending the 2017-2018 Budget adopted by Ordinance No. 2016-21 to revise the revenues and appropriations from certain funds and approving an ordinance summary for publication.

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

e. Public Hearing of 2018 Revenue Sources

Finance Director Booher noted according to 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 8:19 PM, Mayor Erickson opened the public hearing, and receiving no testimony, closed the public hearing.

f. Presentation of 2018 Revenue Sources

Finance Director gave a presentation on the 2018 Revenue Sources, which included historical data along with new funding sources. Presentation highlights included:

- Review of 2018 budgeted revenues sources
- City's budgeted funds operating revenues
- General Fund by categories comparing actuals 2016 to budgets 2017 & 2018
- 2018 General Fund revenue by type
- Property Taxes
 - Comparison of cities in Kitsap County
 - 2018 estimates of population
 - assessed value
 - taxes overall
 - real estate excise tax
 - City's Property Tax Rate (statutory limits)
 - City's 2018 Property Tax Levy
 - City's 2018 Property Taxes
 - City of Poulsbo's assessed value 2008-2018
 - City of Poulsbo's new construction values 2008-2018
 - Comparison in Kitsap County total property tax rate
 - Comparison of 2017-2018 city property taxes

8. COUNCIL COMMITTEE REPORTS

Lodging Tax Advisory Committee: Councilmember Nystul reported they met last Thursday. They had requests for \$207K and funding for \$135K. In general, they considered what the recipients had accomplished in 2017. In arriving at the funding split between the Historic Downtown Poulsbo Association and the Poulsbo Marketing Coalition, they went through the individual grant applications and came up with a number. The dollar allocation that the committee recommended to the Community Services Committee is a dollar figure for the organization. They have not made any judgement or recommendation in how that is to be allocated amongst the items they proposed in the grant application. Parks & Recreation Director McCluskey makes sure they stay on track with what is proposed. With the revisions to the lodging tax laws, it has been clarified by an opinion from the Attorney General that the recommendation from the LTAC to the Council that the council can in fact change the dollar amount. However, should the Council decide to change the dollar amount to an organization,

they must refer it back to LTAC and give them 45 days to respond before any budget. With the law changed, the Council does not have the ability to add any organization.

Councilmember McGinty asked if in the past they reserved some money for contingency and if that opportunity was still available. Parks & Recreation Director McCluskey said two years ago the council determined they wanted to keep the reserves at about \$20K and allocate the rest of it.

In response to Councilmember McGinty, Councilmember Nystul said if there are any midyear changes, the applicant would have to come before the Council and the Council must approve requesting the Lodging Tax Advisory Committee to consider the application.

Councilmember Musgrove asked if the applicant does not have to specify what the expenditures are for, how does the City know what the expenditures are being expended properly? Parks & Recreation Director McCluskey said they ask for a budget with the application and the expenditures must follow the budget. It is itemized to some degree.

Public Works Committee: Councilmember Musgrove reported they received an update on Bernt Road for the sewer extension. They will be able to complete their road in about 12 days with the road closure, otherwise any extensions will have to be done as night work.

Councilmember Musgrove reported Public Works is ready to purchase a garbage truck and staff is looking for concurrence to purchase the truck because it is more than \$75,000. Public Works Superintendent Lund said they are buying a demo truck through an interlocal with the City of Tacoma. He can get the truck right now for \$270K instead of the \$380K retail price. He would like concurrence from the Council to start working on a purchase and sale agreement to bring before the Council at a future meeting. The Council concurred with Public Works moving forward with purchasing the demo garbage truck. Mayor Erickson asked Public Works Superintendent Lund to check if the interlocal agreement with Tacoma works for purchasing replacement parts.

Councilmember Musgrove reported the CIPP Project will have \$70,000 of amendments coming forward in the future on a \$1.2MM project.

Councilmember Musgrove reported that staff needs concurrence for a cemetery headstone request. They need to expend \$800 as a best method to solve an issue of improper placement of a headstone in the budget. The Council concurred with this action.

Councilmember Musgrove said the Public Works Building Mural is looking to move forward quickly, because the party that is working on this (Leadership Kitsap) needs to have their agreements in order to meet their deadline by tomorrow. They are looking for concurrence for the Mayor to sign a letter of intent, and a community partner agreement

will follow. No funds are required for the agreement. The Council concurred with this action.

Councilmember Musgrove reported a budget amendment is coming forward for the pavilion. The roofing material has already been approved tonight, but an additional request for \$18,000 will be coming forward for the labor to install the pavilion roof. In order for Public Works Superintendent Lund to start working on bids, he needs concurrence on the upcoming budget amendment. Councilmember Nystul and Mayor Erickson did not agree with the process of having concurrences tonight. Motions, seconds, and votes are needed. Councilmember Nystul felt the garbage truck purchase needed more than head nods. Mayor Erickson told Public Works to move forward with getting the bids, but a better process needs to be used in future meetings.

Community Services Committee: Councilmember Henry reported the committee had several items to cover at their meeting tonight; however, some applicants for Lodging Tax came to discuss LTAC's recommendation and it took up the entire meeting. The Committee decided to turn the decision of the LTAC recommendation over to the Council as a whole at the next Council meeting.

9. DEPARTMENT HEAD COMMENTS

No comments.

10. BOARD/COMMISSION REPORTS

Councilmember Nystul sat in on a school district facilities committee meeting. They will be coming forward in February for a levy. It is obvious that the condition of their roofs, HVAC system, and technology are in bad need of additional funds.

11. CONTINUED COMMENTS FROM CITIZENS

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

12. MAYOR & COUNCILMEMBER COMMENTS

No comments.

13. ADJOURNMENT

Motion: Move to adjourn at 9:05 PM,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk