

## POULSBO CITY COUNCIL MEETING OF MARCH 7, 2018

### MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, City Engineer Lenius, Planning Director Boughton, Parks & Recreation Director McCluskey, Human Resources Manager Kingery, Police Chief Schoonmaker, Phil Struck, IT Senior Technician Williamson.

### MAJOR BUSINESS ITEMS

- \* \* \* Poulsbo Library – Future Conveyance Agreement & Release of Funds
- \* \* \* Approval of February 7, 2018, Council Meeting Minutes
- \* \* \* Approval of February 14, 2018, Council Meeting Minutes
- \* \* \* Approval of February 21, 2018, Council Meeting Minutes
- \* \* \* Budget Amendment/BA# 18-0103, Lobbyist Services
- \* \* \* Waterfront Park Project
- \* \* \* Floating Dock Project
- \* \* \* Budget Amendment/BA# 18-0104, Dock Disposal
- \* \* \* 2018 Carryover Presentation
- \* \* \* Ordinance 2018-06, Council Committees Ordinance Update
- \* \* \* Ordinance 2018-\_\_, Mayor Pro-Tem Ordinance Update
- \* \* \* Approval of 2018-2019 Council Committees Assignments and Deputy Mayor & Alternate Deputy Mayor Appointments
- \* \* \* Executive Session for the Performance of Public Employee
- \* \* \* Executive Session for Consideration of the Acquisition of Real Estate Matters

#### 1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

#### 2. AGENDA APPROVAL

Mayor Erickson noted the agenda is amended to include an additional item under the Mayor's Report for the library, and an additional executive session was added for personnel matters.

**Motion:** Move to approve the agenda as amended.

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

### 3. COMMENTS FROM CITIZENS

Elda Armstrong requested the City install a plaque on the giant rock downtown in memory of Herb Armstrong. She shared memories of the work he did, and how he managed to save the rock from being blasted and facilitated getting it onto Anderson Parkway.

**Motion:** Move to approve memorializing Herb Armstrong on the "giant rock" on Anderson Parkway.

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

Motion carried.

### 4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Nystul shared a story of the Town of Yarrow Point falling prey to an email scam for \$49K. He wanted to assure Poulsbo citizens that he has confidence in the City's Finance Staff that they would not fall for this type of scam. He reported on a PSRC Vision 2050 scoping session he attended last week. PSRC is seeking comments through March 19, and more information can be found at [www.psrc.org/vision](http://www.psrc.org/vision).

Councilmember Stern said it might be a good idea for Kitsap Regional Coordinating Council to focus on Vision 2050 in their retreat this year.

Councilmember Musgrove shared the Parks & Recreation calendar, which highlights many events and activities the citizens can enjoy. He encouraged citizens to read newsletters put out by the City.

Councilmember Thomas reported he attended the Grand Opening Ribbon Cutting Ceremony for the Sound to Olympics Trail on Bainbridge Island on Saturday.

Councilmember Lord shared highlights from the Evergreen Mountain Bike Alliance report on behalf of the Poulsbo Pump Track. They had more than 1,000 volunteer hours last year, they are developing a volunteer incentive program to increase participation, they want improve drainage, create better signage and landscaping, add picnic tables, and redo some of the sections of the track to create a better user experience.

Mayor Erickson invited the public to attend the Poulsbo Historical Society's Codfish Dinner Fundraising event on March 24 at the Sons of Norway. The Council asked that a quorum notice be sent for this event. She also announced Second Seasons opened up in the Poulsbo Village. The revenues are for the benefit of the North Kitsap Fishline.

#### a. **Poulsbo Library – Future Conveyance Agreement and Release of Funds**

Planning Director Boughton presented the agenda summary, noting over the past year, City staff have been working on the tasks necessary for conveyance of the Poulsbo Library to Kitsap Regional Library, including: a) legal research and Superior Court action necessary to clear a 'hiatus' on the City owned property; b) process to release the remaining Poulsbo Library Capital Facilities Area funds (PLCFA) from Kitsap County in order to assist in repairs to the building; and c) development of a boundary line adjustment survey, legal description and easement documents.

The City anticipated conveying the building and land, as well as the PLCFA funds to Kitsap Regional Library, in early 2018; however, staff needs additional time to complete the tasks of the boundary line adjustment and property transference.

Therefore, the Mayor recommends entering into this agreement now, setting forth that the City and KRL will continue working towards a final transfer agreement, and releasing the PLCFA funds now.

**Motion:** Move to approve an agreement regarding terms of future conveyance of the Poulsbo Library by the City of Poulsbo to Kitsap Regional Library and authorize the Mayor to sign the agreement on behalf of the City of Poulsbo and to approve the City to release the Poulsbo Library Capital Facilities Funds to Kitsap Regional Library as soon as reasonably possible after execution of this agreement, subject to the agreement's terms and conditions.

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

**Discussion:** Mayor Erickson said the reason for this action is to get the library some money, so they can do repairs to the roof and HVAC. We need to get this to them as quickly as possible. We are still a couple months out for the boundary line and a couple more pieces. Councilmember Musgrove asked if there was any likelihood that the foreseen agreement would not work out the way we expect it to. Councilmember Stern said the Finance Committee discussed what the risks were with not doing this as one complete package, and they feel those variables that are still out there are under control and outcomes are understood, and this facilitates the whole outcome.

Motion carried.

Councilmember Thomas said the next motion authorizes staff and the Mayor to continue working on the final property transfer agreement, and then authorizes the Mayor to sign it. If we approve this, the project is on autopilot, and will be seen to its conclusion. If it is not approved, then the final property transfer agreement will come back before the Council for final approval.

**Motion:** Move to authorize the Mayor to continue working on a property transfer agreement which sets forth the terms and conditions of the final conveyance of the Poulsbo Library building and land, and upon mutual acceptance by both the City and Kitsap Regional Library, authorize the Mayor to sign the agreement on behalf of the City of Poulsbo.

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

Councilmember Lord asked if the library requests modifications, that they are brought back to the Council, so they can understand the issues. Mayor Erickson said if they modify it in any material way, the agreement is not valid, and they won't get the money, it would have to come back if it was modified.

## 5. CONSENT AGENDA

Councilmember Lord requested the February 7, 2018, minutes be pulled for a couple of corrections.

**Motion:** Move to approve Consent Agenda items b, c, and d.

The items listed are:

- a. Approval of February 7, 2018, Council Meeting Minutes
- b. Approval of February 14, 2018, Council Meeting Minutes
- c. Approval of February 21, 2018, Council Meeting Minutes
- d. Budget Amendment/BA# 18-0103, Lobbyist Services

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

Councilmember Lord noted on Page 7 of the February 7, 2018, minutes, with the discussion regarding the workshops on the interim moratorium, her intent was to point the workshops were opportunities for public involvement. On Page 10, under the Economic Development Committee report, she would like the words "the committee's guest" added before Russell Steele's name.

**Motion:** Move to approve Item 5a as corrected.

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

## 6. BUSINESS AGENDA

**a. Waterfront Park Project**

Parks & Recreation Director McCluskey presented the agenda summary, noting staff has recently completed a multi-phased upgrade project at Muriel Iverson Williams Waterfront Park. It was a fast and furious four months of work, and staff is pleased with the final project. Public Works staff did a tremendous job on all phases of the project and said that they received many positive comments from people walking in the park.

(1) Pavilion Roof & Post Replacement: the eight structural posts were milled locally and replaced one at a time. They will be painted this spring. The roof was replaced with new cedar shakes.

(2) Pavilion Entry Way Improvements: The front fencing was removed, the ground was raised, and a concrete walkway was poured to allow for improved access & visibility.

(3) Bench Additions: The rest of the concrete pilings were removed, and 14 - 8' brown benches were installed in front of the pavilion. These benches were sponsored by individuals, families and organizations. There is one available for sponsorship.

(4) New Restroom and Site Improvements: The new restroom building was strategically placed, allowing for a more open park and views. New sidewalks and landscaping were also added.

Councilmember Lord said Bill Austin was at the Public Works Committee meeting, and he said the pavilion posts need time to age before painting them. He also said the City should consider whether to keep them a natural color and stain them instead of painting them after they have finished aging.

Councilmember Musgrove praised Public Works Superintendent Lund on the compass rose work. The staining and stamping of the concrete came out really well. It is a great character change for Pousbo.

Councilmember Lord said it is great when a vision comes to fruition. They wrestled for quite some time on how to configure the park, including discussions with the Port. It was a long discussion back and forth between committee meetings and the council. The whole point was to open the park up, so it didn't look bisected. She is happier than she can say because it is exactly what they intended, and the restroom turned out great too.

**b. Floating Dock Project**

Parks & Recreation Director McCluskey presented the agenda summary, noting in 2017, the City Council approved \$12,500 for 40' of replacement docks for the sailing program at the Port of Poulsbo. These new docks cost \$11,360; which left \$1140 for disposal of the old docks. The City attempted to surplus the old docks twice; twice they were purchased and twice the buyer backed out. The Port Manager offered to dismantle these large docks and dispose of the material at a cost of staff time plus disposal costs. It was difficult to put a number on this part of the project, but Parks & Rec staff were hoping to keep it around \$2,000. The final bill was \$4,826.22. There were a variety of reasons why there were cost over runs for disposal, including saturated wood (higher disposal costs); 20+ years of placing replacement boards on top of failing boards; and the fact that staff had to work "over" the water to take it apart. This part of the project had to be done. Because this project was closed out 12/31/2017, the request is for \$4,900 from general fund reserves. Overall, the project went very well, and the new docks are in use.

Councilmember Musgrove noted funding was approved from Fund 301 for disposal, why was the money put back into 301 to have to pull back out of the General Fund this time. Finance Director said it was her suggestion, because Fund 301 is ultimately funded from General Fund dollars. Fund 301 is for capital purchases only. Recording the expenditure in a capital fund is what is necessary. However, the demolition of the dock is not a capital expenditure, so they are paying for the demolition out of general funds and instead of transferring money back and forth between the fund, she asked that they just leave the money in capital reserves, which was ultimately funded out of the general fund, and they used general fund reserves to do the dock.

Councilmember Musgrove asked if a mistake was made by approving disposal of the dock from Fund 301. Finance Director Booher said they only built a budget for the docks, because they thought they could sell the old docks and there wouldn't be demolition costs.

**Motion:** Move to approve the expenditure of \$4,900 for dock dismantling and disposal fees for the sailing docks using general fund reserves.

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

Motion carried.

**c. Budget Amendment/BA# 18-0104, Dock Disposal**

This agenda item was covered under agenda item 6b.

**d. 2018 Carryover Presentation**

Finance Director Booher reviewed the General fund projected beginning balance difference is \$914,188, and after expenditures, the net increase is \$483,816. She highlighted the variables in revenues and expenditures, carryover requests/adjustments, and indirect allocation revenue. The Mayor's priorities (long range vision) include: future payroll liabilities; legislative fireworks ballot issue; city hall interior painting; jail budget increase; transfer to facilities fund for future public works facility; and the remainder to go to revenue stabilization. She reviewed the carryover for special revenue funds, Park Reserves Fund 302, Facility Fund 331, all utility funds, and Sewer Fund 403 – Capital.

Councilmember Stern said the Finance-Administration Committee discussed a go-slow approach for the Public Works Facility project in front of the Johnson Parkway project and understanding our liabilities and commitments in front of grants and bonding capacities. Mayor Erickson said when they combine the half-million dollars with funding from the sale of the police station building, this will cover the general fund portion of the expected cost of the public works facility. The rest of the costs will be borne by the various enterprise funds. Councilmember Stern said there was a policy by the Council years ago when they took on the city hall project to use city hall surplus funds to reduce the debt, but the way the bonds are structured, that isn't the opportunity at this time. Finance Director Booher agreed they have the bonds issued at a lower interest rate, so when the city hall building sold, they have the residual of those funds in the facility fund, and this will add to that balance.

Councilmember Musgrove said he was hoping they would have an opportunity to review all this and approach all the things they wanted to address. He was under the impression they would have an opportunity to review previous requests that had been denied in the budget and review new requests from departments now that they have a surplus coming in. He also noted the items on the recommended list need to be addressed and considered before allocating the funding. Finance Director Booher said they looked at the mid-year modification requests to see what has not been funded. Everything was funded except for the second-floor receptionist. The ballot measure was another one that came from the mid-year review. They normally don't consider new requests, because that is part of the budget process. They have never asked departments for new requests on carryover funds. It is going to reserves, and if they have a new request, they must use the same process of going to committee, going to the mayor, and getting a council super-majority vote to pull the funds out of reserves.

Councilmember Musgrove said he was confused that there were items on the list that they were being asked to fund that were not part of the budget that they are now going to expend on. Finance Director Booher said the only new items being funded that were not part of the mid-year review were the jail costs and the unanticipated insurance premium increase. The other items are segregating reserves. Even though they are transferring money to the facilities reserve fund, they are not building an expenditure for it. Anything going to reserves requires a super majority vote.

Councilmember Musgrove asked about the fireworks ballot issue. Finance Director Booher said that request was part of the mid-year modification, and it went through the budget process. The recommendation at that time was to hold off on funding it, but to look at it during the time of carryover if we had funds to expend that. We do have funds, and it was a recommendation by the Mayor and the Finance-Administration Committee to now fund that request. That did go through the process. But if the Council decides tonight they don't want to fund it, it can be removed from the amendment.

Councilmember Musgrove said he didn't think tonight was going to be an inclusive package. He wasn't familiar with the process to know where to insert for some of the requests that would have altered other numbers, plus the need for additional conversation on some of the recommended allocations. He would like the opportunity to look this over.

Councilmember Stern said the budget is assembled starting in June and July. As we develop this into December, there is a Mayor' column, a City column, a FAC column, and the final recommendation, which comes into focus in November. It is then acted on in December. They also support that with new program and baseline adjustments, which were traditionally prioritized, and things that are really important are approved in December, and the rest are held until the carryover comes out. This year involved the biennial budget process, which went through a more abbreviated process. New requests were never entertained with carryover funds. They would go back to the list of baseline and new program requests that were put off as secondary priorities that they all agreed on. He thinks there might be some confusion with the two-year process. The off year doesn't have the same sharp focus as it did in prior years. Finance Director Booher said they did go over the mid-year modification requests, but it is a much shorter version.

Councilmember Musgrove would like the opportunity to talk to the Mayor and some department heads. For example, the legislative issue, there was a recommendation that we could invest a little more towards the police in order to do additional enforcement on a number of things, including illegal fireworks, rather than going forward with bad legislation on that angle. That would be an adjustment to this list. That is the kind of thing he wanted to discuss on each of the recommendations. He may also like to increase the number for the PW facility. He feels each item needs a few minutes for examination.

The Council agreed to postpone this agenda item until next week's council meeting (March 14, 2018). Next week will be discussion on each item.

At 8:33pm, Councilmember Garland joined the meeting.

**e. Ordinance No. 2018-06, Council Committees Ordinance Update**

City Clerk Fernandez presented the agenda summary, noting at the February 14, 2018, meeting, Councilmember Thomas received concurrence from the City Council for the Finance-Administration Committee to review the council committee selection process. At the February 21, 2018, Finance-Administration Committee meeting, the committee recommended that after council committee selections are made, that the list of assignments be brought back to the following Council meeting for a vote to approve the assignments. This process will allow councilmembers time to review the assignments, and if they have any questions or concerns, they can bring them up before final approval. The proposed ordinance has been approved by the City Attorney.

Councilmember Thomas said this is simply adding some wording to the ordinance so that once we have gone through the process of assignment committees that we take a formal vote to confirm that.

**Motion:** Move to adopt Ordinance No. 2018-06, an ordinance of the City of Poulsbo, Washington, amending Section 2.040.030 of the Poulsbo Municipal Code to add a council committee assignment approval process; providing for severability and establishing an effective date.

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

Motion carried.

**f. Ordinance No. 2018-\_\_, Mayor Pro-Tem Ordinance Update**

Mayor Erickson said sometimes life doesn't go as planned. You have new information that comes your way, or things change before your eyes, and things get messed up. She feels this is what happened at the last deputy mayor and alternate deputy mayor selection. She said she was not clear and could have been clearer. She didn't understand the RCWs, which were pointed out by Councilmember Nystul, and later took it to the city attorney for review. She said the RCW says the council "may" select, not "shall" select, and that gives her the ability to make a recommendation, and that is what the Council is going to discuss. She had made a promise to Councilmember Stern and Thomas that they were going to be the deputy mayor and alternate deputy mayor. Then Councilmember Nystul shared the information regarding the RCW, and that she couldn't appoint those offices. She backed off and brought it to the council for their appointments. Councilmember McGinty and Lord were appointed. Her recommendation still stands for Councilmember Stern and Thomas, on the other hand, she has now been informed by Councilmember McGinty of his role in the work that has been going on with the Noll Road Corridor project. So, she is asking for the Council's direction at this point. She is sorry for the confusion.

Councilmember Thomas said similar to the committee selection process, the selection made by the city council for the deputy mayor and alternate deputy mayor should stand, and he doesn't feel there is a need to reverse those. He said the propose ordinance puts these positions into our code and makes it clear what the process is, instead of relying on the RCW. He feels this should be used for future appointments, not for the appointments that were just done. Whenever they look at changes to ordinances, they have to look to the future and try to provide good governance, a good procedure, and that is what they are trying to do at this point.

Councilmember Musgrove said the RCW does not use the word "may", it uses the word "shall" and it is clear about what we are supposed to do. We have a PMC that permits more flexibility. The RCW limits the authority of the deputy mayor, which are not in our PMC and should be.

Councilmember Nystul said with the Council who have been up here for 15-25 years, he had no idea where things were going to go. One way of doing business would have been for the council to have made a nomination and voted on each one, but they didn't do that. For that event, he thinks they all had some share in the fun and games. As far as the proposed ordinance, he is mixed.

Councilmember McGinty said over the years he has been here; the nominations have been made by the Council. He doesn't see the mayor having a role in the selection according to the RCW and things he read on MRSC.

Mayor Erickson asked for some clarification on past appointments by other mayors. Councilmember Lord gave some history and said when she came on the council, it was Donna Jean Bruce. Mayor Mitch had to resign, and she was senior and deputy mayor, so she became the mayor pro-tem until she was officially elected. Then Dale Rudolph took that position, because he was the next senior, and the council all agreed to that. After Dale Rudolph resigned, he was replaced by Councilmember McGinty. When Katherine Quade became mayor, they were in the middle of the centennial, and there was tons of stuff going on. Councilmember McGinty was working full time and Mayor Quade asked her if she wanted to be Deputy Mayor. Later on, she regretted accepting that, because she did not want to step on anyone's toes. She wanted to make sure that did not happen again. Mayor Erickson said she had taken her lead from what she saw Mayor Quade do, without researching if she was allowed to do that. She had asked Jeff, because that was the tradition that the senior member was selected with concurrence from the Council. Councilmember Lord said it was a logical way to appoint the deputy mayor.

Councilmember McGinty said having procedures established would be helpful, and he wasn't sure how the mayor became a part of the process in the past.

Councilmember Lord suggested using the same process as just adopted for the council committee selections. Councilmember Musgrove said that would be an easy solution, otherwise moving back to the RCW would work too. He does not support an alternate deputy mayor position.

City Clerk Fernandez asked if the Council wished to repeal PMC 2.12, removing the alternate deputy mayor office. Councilmember Lord said there have been times when the alternate has stepped in.

The Council agreed to add new language to the Council Committees Ordinance to include the Deputy Mayor and Alternate Deputy Mayor selection process to mirror the same process as the council committee selection process.

A revised ordinance will be brought forward to a future Council meeting.

**g. Approval of 2018-2019 Council Committees Assignments and Deputy Mayor and Alternate Deputy Mayor Appointments**

Councilmember Thomas said they are looking at the assignments that were made, and verifying they are formally approved by the Council.

Councilmember Stern said an additional position needs to be added for a second full council voting position for KRCC. The KRCC alternate should be Mr. Nystul, and KRCC Council Voting needs to be added, which is himself.

Councilmember Nystul said he and Councilmember Stern have been attending the SR305 meetings. He asked to add their names under that section as attending.

Councilmember Nystul said it is important to know all the boards the Mayor is sitting on, and he wondered if those things that the Mayor is staffing, should those be on the council committee assignment document. The Council agreed on keeping the list the way it has been amended tonight.

**Motion:** Move to approve the 2018-2019 Council Committee Selections as amended.

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

Motion carried.

## 7. COUNCIL COMMITTEE REPORTS

*Finance-Administration Committee:* Councilmember McGinty reported they met tonight and are currently going through the Mayor's salary review; monthly sales tax report; 2017 sales tax zoning report; REET was up 167% for January; and YTD for 5-year sales tax is up 8%.

## 8. DEPARTMENT HEAD COMMENTS

None.

## 9. BOARD/COMMISSION REPORTS

## 10. CONTINUED COMMENTS FROM CITIZENS

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

## 11. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Thomas said he is looking forward to attending the NK School Board meeting tomorrow night.

Councilmember Garland she arrived late tonight because she was at a Martha & Mary event called Community Conversations. She is hopeful this meeting will open doors for future conversations about increasing childcare options in Poulsbo.

## 12. EXECUTIVE SESSIONS

### a. Executive session pursuant to RCW 42.30.110(1)(g) – performance of a public employee

At 9:08pm, Mayor Erickson recessed the meeting into an executive session to discuss the performance of a public employee pursuant to RCW 42.30.110(1)(g).

At 9:25pm, Mayor Erickson reconvened the meeting into open session. No action was taken.

At 9:25pm, Mayor Erickson recused herself from the meeting.

**b. Executive session pursuant to RCW 42.30.110(1)(b) – consideration of the acquisition of real estate by purchase**

At 9:25 PM, Deputy Mayor McGinty recessed the meeting into an executive session for consideration of the acquisition by purchase pursuant to RCW 42.30.110(1)(b). At 9:40 PM, Deputy Mayor McGinty reconvened the meeting into open session. No action was taken.

**13. ADJOURNMENT**

At 9:40pm, Deputy Mayor McGinty adjourned the meeting.

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Rebecca Erickson, Mayor

ATTEST:

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Rhiannon Fernandez, CMC, City Clerk