

POULSBO CITY COUNCIL MEETING OF June 13, 2018

MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, Director of Engineering Kasiniak, City Engineer Lenius, Planning Director Boughton, Public Works Superintendent Lund, Associate Planner Coleman, Transportation Engineer Bateman, City Attorney Haney, IT Senior Technician Williamson.

MAJOR BUSINESS ITEMS

- * * * Executive Session for Real Estate and Potential Litigation
- * * * Police Department Award Presentation
- * * * Approval of May 16, 0218, Council Meeting Minutes
- * * * Approval of June 2, 2018, Council Retreat Minutes
- * * * Public Facilities District Appointment
- * * * Disposal of Governmental Surplus Goods
- * * * Public Hearing on Resolution No. 2018-09, Disposal of Proprietary Surplus Goods
- * * * Ordinance No. 2018-13, Cascade Natural Gas Short-Term Franchise Agreement
- * * * Harrison Force Main/Fjord Drive Utility Project Contract Award
- * * * Workshop: Commercial Districts Ordinance Update

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Erickson called the meeting to order in the Council Chambers at 6:03 PM and led the Pledge of Allegiance.

2. AGENDA APPROVAL

Motion: Move to approve the agenda as presented.

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

Motion carried.

3. EXECUTIVE SESSION

At 6:05 PM, Mayor Erickson recessed the meeting into executive session regarding real estate matters pursuant to RCW 42.30.110(1)(b) and potential litigation pursuant to RCW 42.30.110(1)(i) for 55 minutes. Mayor Erickson recused herself due to a piece of property she owns. Deputy Mayor McGinty continued the meeting.

At 7:00 PM, Deputy Mayor McGinty reconvened the meeting into open session. No action was taken. Mayor Erickson returned and continued the meeting.

4. COMMENTS FROM CITIZENS

Cindy Baker spoke regarding the C-1 Code Amendments and asked that the hearing be delayed and delay review/SEPA for any projects in the C1 area.

Lynn Myrvang said she feels the Commercial Code Update was primarily started due to the purchase of several properties downtown. She said there isn't a nice flow between the existing eclectic buildings downtown to the three proposed projects.

Joan Hett spoke regarding the C-1 Code Amendments and is still concerned about the methods used to calculate density. It is possible they will be adding 150 residential units to C-1 in the next few years. Services for residents are not located downtown. She asked for a maximum density for downtown and base it on the number per acre, not height, parking, and off-set or reduce the sizes of buildings to two stories with a no conversion clause.

Rosie Bennet asked what would happen if tenants would have more cars they need to park than what is required to be provided by the development code. There needs to be a way to alert people about parking constraints prior to them signing a lease. She asked about guest parking for residents downtown as well. She said quiet times are viewed differently by different age groups.

Kathleen Sullivan said where she lives consists of 2- and 3-bedrooms homes, and there are so many cars for each house. She walks by the old police station property, and there are 30+ spots there that are constantly full. This will be removed once the property is developed, making it harder to find parking downtown.

Jean Charters said funding through developers may help resolve some challenges, but it may create new challenges like parking, traffic, and population density. She encouraged the Council to evaluate the viability of the infrastructure currently in place to withstand this kind of development and urged them to revisit the revised data from the parking final report, to lower the height to 25 feet, to manage density, to require a traffic study to assess the impact of multiple developments in the downtown district, and to disallow the conversion option.

Mike Brown said he is working with planning staff to make sure they are on the right path with something that everyone can embrace. The people who have spoken have the

luxury of living in downtown Poulsbo, which is expensive. He submitted that different housing types might be a good alternative.

5. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember McGinty said the Hazardous Waste Disposal Day and Marine Safety Day were successful.

Councilmember Lord shared the Community Open House for Poulsbo Trails is June 25, 2018, 5:30pm-6:45pm at Poulsbo City Hall Council Chambers.

Councilmember Nystul reported Kitsap County has sent out new appraisals for property values. He reminded everyone that taxes can only go up 1%; it is not based on the value increase of the property value.

Councilmember Thomas attended the Poulsbo Historical Society meeting on Tuesday. The group is embarking on a major capital improvement fundraising effort for the Maritime Museum.

Councilmember Musgrove thanked Public Works for conducting the free hazardous materials drop off event. Public Works Superintendent Lund said Kitsap County is looking to do the event annually.

Councilmember Stern announced Kitsap Transit is doing six community meetings, with the Poulsbo meeting on June 23, 9:00 AM at the Poulsbo Library.

a. Police Department Award Presentation

Chief Schoonmaker presented an award to Mary Ludwiski, Wal~Mart's Asset Protection Associate, for the job she has done for community policing in Poulsbo.

Mayor Erickson thanked Ms. Ludwiski for the amazing job she has done for the town.

Mayor Erickson thanked Councilmember McGinty for chairing last week's meeting while she attended her son's graduation.

Mayor Erickson attended the PSRC General Assembly and moderated a panel of new women mayors. The next Council retreat will be July 14 at City Hall at 9am, she asked for discussion topics to be sent to the Clerk. She attended an all day Fishline Board retreat.

Mayor Erickson said yesterday the City sold the bonds for the Sewer. Finance Director Booher said the bond sell went very well. They City is getting proceeds for \$7.5MM that they will use to pay to the County. They were on the market for an hour and a half. The underwriter purchased the last bunch and have already sold half of that bunch this

morning. She does not know of any other city Poulsbo's size with a AA+ rating. The City of Everett and the State of Washington have the same rating. It's a very coveted rating that they worked really hard for and something to be very proud of.

Mayor Erickson said Centennial Park looks amazing with all the blackberries cleared out. She noted the Municipal Court had 82 docketed cases today; the volume is going up because the city is growing (3.24% growth last year). She also reported the County Commissioners were here Monday night for their quarterly north end meeting. They took the County and split it up into six districts. Their GMA transportation impact fees will be allocated to the districts. This is good for the north and sound ends of the county.

6. CONSENT AGENDA

Councilmember Lord asked that for Consent Agenda Item 6a on Page 14 to change the word "flush" to "flesh".

Councilmember Musgrove asked for Consent Agenda Item 6b to add a footnote that the bullet points are a combination of comments from the Mayor and Council since the minutes were in a summary format.

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

The items listed are:

- a. Approval of May 16, 2018, Council Meeting Minutes
- b. Approval of June 2, 2018, Council Retreat Minutes

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

Vote: Motion passed (**summary:** Yes = 6, No = 0, Abstain = 1).

Yes: Garland, Lord, McGinty, Musgrove, Nystul, Thomas.

Abstain: Stern.

7. BUSINESS AGENDA

a. Public Facilities District Appointment

Mayor Erickson recommended re-appointing Mr. Daron Jagodzinske to a four-year term July 1, 2018, to June 30, 2022. The Kitsap County Board of County Commissioners plan on reappointing him at their June 25, 2018, Commissioners meeting.

Councilmember McGinty asked if this is a mayoral appointment. Mayor Erickson thought the City appointed, but she was told by the County that we don't appoint

them, we recommend, and then the County actually appoints the position. This is a city recommendation.

Motion: Move to concur with the Mayor's recommendation to re-appoint Daron Jagodzinske to the Public Facilities District as presented.

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

Motion carried.

b. Disposal of Governmental Surplus Goods

Finance Director Booher presented the agenda summary, noting the Finance Department has compiled a list of items deemed as surplus by City Departments. The list has been circulated to each department for review of need and the items are now awaiting surplus. These items will be surplus via GovDeals.com.

Motion: Move to approve the disposal of the attached surplus listing in accordance with the City of Poulsbo Ordinance No. 94-08.

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

Motion carried.

c. Public Hearing: Resolution No. 2018-09, Disposal of Proprietary Surplus Goods

Finance Director Booher presented the agenda summary, noting the Finance Department has compiled a list of items originally acquired for proprietary purposes, deemed as surplus by the Public Works Department. All items have been fully depreciated. The items will go to auction via GovDeals.com and any monies received will be recorded in the appropriate utilities fund. Per RCW 35.94.040, a public hearing is required for the disposal of items acquired with proprietary funds.

Mayor Erickson opened the public hearing, and receiving no comments, closed the public hearing at 7:47 PM.

In response to Councilmember Musgrove, Finance Director Booher said this is the exact same process as other items, but they are giving rate payers an opportunity to speak on these. Other departments have been given the chance to use them if needed.

Motion: Move to adopt Resolution 2018-09, a resolution of the City Council of the City of Poulsbo, Washington, declaring certain property originally acquired for

proprietary purposes to be surplus to the needs of the City and authorizing the Finance Director to sell such surplus items.

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

Motion carried.

d. Ordinance No. 2018-13, Cascade Natural Gas Short-Term Franchise Agreement

Finance Director Booher presented the agenda summary, noting the short-term franchise agreement extending Ordinance No. 90-33, which expired September 19, 2015, to March 19, 2019, allowing time for the City and Cascade Natural Gas to negotiate a new franchise agreement. The ordinance grants Cascade Natural Gas the privilege to use and occupy the streets, avenues, lanes alleys, highways and other public places of the City for supplying, distributing and selling gas to the inhabitants of the City.

Councilmember Thomas clarified it is an extension and at some point, they will see a new agreement.

Motion: Move to adopt Ordinance No. 2018-13, an ordinance granting to Cascade Natural Gas corporation, a Washington corporation, its successors and assigns, the right and privilege to use and occupy the streets, avenues, lanes, alleys, highways and other public places of the City of Poulsbo, State of Washington, for the purpose of supplying, distributing, and selling gas to the inhabitants of the City, and elsewhere; and the right and privilege of constructing, and thereafter maintaining mains, service pipes and other necessary equipment in said City, for the distribution of gas for fuel, power, heat and other purposes. An ordinance granting a short-term franchise to expire March 19, 2019.

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

Motion carried.

e. Harrison Force Main/Fjord Drive Utility Project Contract Award

Director of Engineering Kasiniak presented the agenda summary, noting the Harrison Force Main/Fjord Drive Utility project opened bids on Wednesday May 30, 2018.

The project consists of:

- A new 8" watermain will be installed under Fjord Drive NE to replace the aging existing watermain.

- A new sewer force main connection along NE Hostmark Street and Fjord Drive NE.
- The project will remove and replace the existing pavement on Fjord Drive NE in the project limits and plane a portion of HMA along NE Hostmark St. and inlay.
- This project will also provide new curb ramps and associated drainage improvements along Fjord Drive NE.

The engineers estimate for the project was \$656,636. The City received two bids on this project: 1) \$740,279 from Seton Construction and 2) \$1,044,645 from Vet Ind. Seton Construction was the lowest responsive bidder for \$740,279.26. Staff recommends a budget amendment to be funded by reserves in the amount of \$335,000 split between the three utilities as follows: Sewer (43%) = \$144,050; Water (31%) = \$103,850; Storm (26%) = \$ 87,100.

Councilmember Musgrove reported Public Works Committee heard this today and recommend approval. It was originally approved in the budget for \$659K (including construction, design, project administration, and contingency).

Councilmember Lord said they had a serious conversation about the jeopardized pipe that is in the beach. She doesn't want to go through another winter and risk it getting damaged during storms.

In response to Councilmember McGinty, Director of Engineering Kasiniak said the already had \$650K established in the budget from two years ago, which they expected to be low. They told Public Works Committee and City Council that they were expecting at least a \$100K budget amendment. The scope changed slightly (added a couple handicap ramps and the profile of the road changed). The project got shelved for the CIPP project.

Councilmember Thomas asked why this is being presented as a future budget amendment. Director of Engineering Kasiniak said the budget will come on a future consent agenda if they approve the concept. Mayor Erickson said she would like to see the actions done simultaneously. She would like this process to be changed. The amendment will come if not next week, then the first meeting in July.

Councilmember Musgrove said they are de facto approving a budget amendment, even though they haven't done it yet.

In response to Councilmember McGinty, Director of Engineering Kasiniak said historically they liked to get concurrence from the City Council that it is acceptable to move forward with the contract award before approving the budget amendment.

Motion: Move to approve a future budget amendment in the amount of \$335,000 funded by reserves and split between the following utilities: \$144,050 from sewer; \$103,850 from water and \$87,100 from storm.

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

Motion: Move to approve the construction contract with Seton Construction for the Harrison Force Main/Fjord Drive Utility project in the amount of \$740,279.26 and authorize the Mayor to sign the contract on behalf of the City.

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

Motion: Move to approve authorization for the Mayor to sign change orders up to 10% over the approved contract amount for \$740,279.26.

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

f. Workshop: Commercial Districts Ordinance Update

Councilmember Stern said the Economic Development Committee reviewed this today.

Planning Director Boughton gave an overview of the last workshop, the review schedule, the materials provided that evening, and GMA compliance.

Section 18.80.010 Shopfront Overlay – Should the Shopfront Overlay configuration be changed? The Planning Commission recommended extending the overlay, staff recommends changing the shopfront overlay boundary back to the initial release configuration, due to the specific design standards which were crafted for the historic, existing small/narrow lot development pattern of Front Street.

Discussion:

Councilmember Lord asked what the downside to keeping the Planning Commission's recommendation? Planning Director Boughton said the initial configuration they crafted the shopfront overlay standards are specifically for the parcels with 100% lot coverage and smaller, narrower lots. The larger lots on the northern and southern ends would have more challenges to meet those

specifications, but it is not impossible (entryways, lighting, bulk risers, details on windows). The standards would be more restrictive with less flexibility.

Councilmember Thomas asked what the Planning Commission's logic was for extending the overlay. Planning Director Boughton said they wanted to see the shopfront element carried onto the larger structures.

Mayor Erickson asked if the Sons of Norway were to be redeveloped, what would the expectation be for them. Planning Director Boughton said the shopfront standards are not easily transferable to a bigger building. They are designed for rehabilitation of the existing shopfront storefronts.

Councilmember McGinty asked if the bigger buildings could be grandfathered. Planning Director Boughton said as soon as a building permit is pulled, they would have to conform to the new regulations. Councilmember McGinty doesn't think this makes sense right now.

Councilmember Musgrove asked what the trigger point would be for conforming to the new regulations. Planning Director Boughton said it would happen when a building permit is pulled. Councilmember Musgrove said they wanted to keep the rhythm going with the look and feel. Planning Director Boughton said there are specialized design standards for the remaining lots in the C-1. Councilmember Musgrove asked how the old bank building would comply. Planning Director Boughton said they are a part of the pattern down there, and they would have to work with them. Their pattern on the street front is established.

Councilmember McGinty prefers staff's recommendation. Councilmembers Thomas and Nystul agreed. Councilmember Stern said he agreed with staff, but they want a thematic approach that still feels like the shopfront overlay. Planning Director Boughton said many new standards were added to ensure that.

The majority of the Council concurred with accepting staff's recommendation.

Section/Table 18.80.030 Page 7 – "Utilities and other public services"

Councilmember Nystul had a concern that utility facilities and utility system were adequately designed or understood. He asked if Planning Director Boughton was comfortable with the definitions. Planning Director Boughton said she was.

Section/Table 18.80.040 Development Standards – Should any of the development standards for C-1 be adjusted?

- Density of mixed use structures is currently determined through development standards, specifically height, setbacks, lot coverage and parking standards.
- Table 18.80.040 establishes height and lot coverage.
- Both height and lot coverage are proposed to be decreased in the C-1 zoning district.
- There are other options to address density; however, recommendation is to continue to utilize dimensional standards.
- Council can consider adjusting development standards to further restrict developability on C-1 parcels.

Discussion:

Councilmember Thomas said using the table makes sense to him, rather an average per acre. The main concern he has is with the additional height allowed if underground parking was provided. He understands the rationale but having that deleted satisfies his concern. He is okay with 35 feet and setbacks.

Councilmember Lord said in terms of the maximum density for the lots, it looks like it is higher than residential high. Planning Director Boughton said the proposed mixed-use structure for the old city hall and Vanaheimer projects are going to be higher than 14 DU/acre found in the residential high zone. That is common in mixed use, because they are vertical and site sizes are usually smaller than residential districts. She understands the concern. They are recommending if they are concerned about density and want to use the dimensional standards as a way to regulate it, which is what staff is recommending, then lot average and height is the way to do that (as well as the parking standards).

Councilmember McGinty asked if they went from 85% to 75%, how much reduction in density would occur. Planning Director Boughton said a site designer would have to answer the question of reduction in density based on lot coverage. She noted 35 feet is three stories and 25 feet is two stories. Density is cut in half if you lower the height limit to 25 feet. The lot coverage percentage would impact parking. It may mean more surface parking lots. Mayor Erickson said density dimensionally is difficult. What really governs it is how to park it. Reducing lot coverage provides more parking options.

Councilmember Nystul asked in the shopfront overlay the comment from the public for the height, did EDC discuss that? Planning Director Boughton showed pictures of various buildings in Poulsbo ranging from 18-38 feet for comparison. They are all

two stories, with the exception of the Masonic Lodge. She noted 35 feet is the height for single family houses.

Councilmember Musgrove asked how many buildings were built to 35 feet since it was raised to 35 feet? Planning Director Boughton said only one.

Councilmember Musgrove said he likes 30 feet or 35 feet with a pitched roof with 85% coverage. And he doesn't want to leave off the parking discussion, because it is critical to the percentage coverage discussion.

Councilmember Stern asked about the Mentor Building. They have the tower shooting up, how is that handled under the building codes. Planning Director Boughton said she does not know its height, but any structure at this point can only go to 35 feet. She hasn't heard that adornments would go higher than 35 feet.

Councilmember Lord likes the height be restricted to 30 feet and a pitched roof could go to 35 feet with a pitch. In response to Councilmember Thomas, Planning Director Boughton said going to 30 feet could rule out some three-story buildings, but it would be dependent on the site design. It would depend on the size of the building. She did say most of the buildings downtown have flat roofs.

Councilmember Stern wanted to clarify what a pitched roof was, they were meaning a gabled roof. Associate Planner Coleman said they could write no shed or butterfly roofs are not allowed; it would be a typical pitched roof.

Planning Director Boughton asked if this would apply to the whole C-1 or just the Shopfront Overlay District. The Council concurred they are discussing the Shopfront Overlay. Councilmember Musgrove asked if there was any reason to not include the rest of the C-1. Councilmember McGinty said the one-size-fits-all conversation is hard. He would like to stick with things all the way through it. Councilmember Thomas disagrees with having this restriction throughout the entire C-1 zone, there are places where it makes sense.

The consensus of the Council was to extend the 30 feet or 35 feet with pitched roofs for the entire C-1 District.

Mayor Erickson asked the Council about lot coverage, and if they wanted to do 85% or wall-to-wall coverage. Associate Planner Coleman said they looked at many

downtowns, and they have the 100% lot coverage. Mayor Erickson said she personally likes 100% coverage, because she does not like strip malls and cars parked around buildings in the downtown area. She would prefer underground parking. Parking drives the density and the sizes.

Councilmember Thomas said he was okay with the 85% because it is flexible enough.

The Council concurred with 85% lot coverage.

Section 18.80.080.J – Do you agree with proposed provisions regarding mixed use structures?

- Currently, vertical mixed use is allowed in all Commercial zones.
- The amendments proposed and PC modifications, add additional design standards, but continue to require commercial use on the street or first level.
- Other options for first floor use have been discussed, including the concept of a 'conversion' –street level is built to commercial standards, but can be used as a residential use.

Staff Recommendation: Staff recommends the draft and Planning Commission modifications to 18.80.080.J for mixed use structures.

Discussion:

Councilmember Lord supports the commercial use on the first floor. She is okay with the supportive uses as long as commercial is along the entire street frontage of the first floor. She would like to see it be at 50% of the first-floor depth.

Councilmember Stern wanted to add on a qualifier about residential in this zone not having the same expectation of quiet enjoyment of private property rights that are had in residential zones. Councilmember Nystul questioned needing to tell people renting downtown to be aware of noises associated with nightlife activities; the renter should figure that out themselves. Planning Director Boughton said she talked to the City Attorney regarding this, they can do something like this, and it will be presented in next week's modification document. Councilmember Stern wants the developer to understand that this information needs to be conveyed to the residential population. Councilmember McGinty said he appreciates these comments, but he doesn't know where this is going to go.

The Council concurred with 100% of the street frontage be residential with a depth of at least 50%, and the other portion can be as supportive use of the residential units above.

Section 18.80.080.K – New section introducing horizontal mixed use in the C-1 zoning district at a specific location.

1. Allow horizontal mixed use in the c-1 zoning district, specifically on through lots between front street and 3rd Avenue, as set forth in proposed section 18.80.080.K?
2. If yes, concur with planning commission recommendation to allow the corner lots at 3rd/Moe and 3rd/Hostmark to have a 'conversion' option as set forth in 18.80.080.K.2.A? *The corner lots of 3rd/Moe Street and 3rd/Hostmark Street ("bookends") have been specially treated by the Planning Commission to allow for residential use on the first floor, through the "conversion" option – allowing for residential use until the private sector market demands commercial use on the first floor.*
3. Or, wish to require commercial on the first floor, thereby deleting this section and continuing to allow mixed use structures as the preferred type of mixed use in the C-1 zone?

Discussion:

Councilmember Stern supports the Planning Commission recommendation, which encourages near-term investment in the for 3rd Avenue. If commercial were viable, they would see that activity, and they haven't. Yet they have proposals that do suggest major investment and improvements. He also said the expectation of quiet enjoyment does not exist in this zone, because commercial could be the highest and best use as intended. It is a small, constrained downtown. They want to encourage activity. One active business helps support and encourages the next active business. But they are not seeing that. They are hearing of proposals of investment in the near future that encompass residential, because it is economically viable. People moving into this district would understand and not have the expectation of a residential zone as far as peace and quiet, and encouraging of commercial activity with the modifier. He agrees the highest and best use may be commercial, but we are not seeing it at this time. He is interested in investment for 3rd Avenue, all of these would be convertible to commercial and built to commercial standards for the retrofit. Let's not let perfect be the enemy of good. He concurs with the ends being convertible and the different flavor of mixed use.

Councilmember Nystul asked if there were any other significant differences between residential and commercial building besides the first-floor height. Mayor Erickson said there are significant differences under the building code. Planning Director Boughton said the proposal is not to require the residential units that would face 3rd Avenue to be built to commercial standards, except for the book ends. The bookends would be built to commercial standards and be all residential, the townhouses would be built to residential. That is under the proposed section.

Councilmember McGinty is looking at it from a non-financial perspective. He hates to bring that much more residential downtown. He doesn't believe it will ever get converted to commercial. Councilmember Stern said we are so constrained that those areas tend to spread out. Today someone described the downtown as an amphitheater. It cannot spread out, it is constrained. Pressures here could build up and cause that tipping point, where in other communities where there is an artificially drawn commercial zone, it just can spread out. Councilmember McGinty feels the bookends would constrain it and commercial would not naturally grow.

Councilmember Musgrove said mixed use is the standard of commercial building. Small stores, mom and pop live upstairs. It has been in our society since day one. This is a different concept. This is not mixed use, because there is no mixing of the use. He is a believer of our situation of Poulsbo. We are landlocked in the downtown. There is no more space. The C-1 is for commercial. It is great to have residential mixed in, and it may help the property owner retrieve investment dollars. They cannot plan by the market. They need to do what is best for their city. What is going to give them the Poulsbo that they want to see. The commercial downtown needs to be vibrant commercial. He is fine with vertical residential. He is not okay with creeping in spot residential moving into the commercial zone through the rest of the area. In this case he errs on the future of downtown Poulsbo over the profitability of the current market today. He prefers Option 3.

Councilmember Nystul said the building at Moe should have commercial across the street facing this building, at least on Moe Street. On Hostmark, he doesn't have a clue what ought to go there and how they are going to build it. On 3rd Avenue, it is nice to look at a source of funding, the more stuff you throw at street improvements for developers, the more expensive it is. He is undecided on Third Avenue.

Councilmember Lord said she does not want to see the commercial terminate at the corner of Jensen and Front Street. She wants it to wrap around to Moe and wrap around all the way up to 3rd Avenue on the first floor. Keep commercial facing City Hall, keep commercial around the corner, and let residences be above. That would

naturally blend in with the attempts to have commercial on the east side of it, which there is room to grow and get better. She is confident that we are going to have an appealing 3rd Avenue and rehabbed, but it should be part of the walking pattern of downtown, come up Jensen and Moe, circle around 3rd Avenue, loop yourself back down. It is a natural loop which isn't developed right now. Councilmember Musgrove was talking about that being a natural walking path. We want them to circle up 3rd Avenue. It won't take much to get it to go up to 3rd Avenue if they foster it. It will not happen with the conversion option or having residential on 3rd Avenue. She would like commercial on the first floor of Front and 3rd Avenue.

Councilmember Stern wants 3rd Avenue to be commercial, but his concern is that with the vacancy they have already on Front Street, is there viability for the investment to fund that commercial development on 3rd Avenue if we restrict it to that. Or might we remain undeveloped for the long-term future. He believes the Planning Commission recommendation it will encourage a short-term investment and turn around what he believes is blighted conditions. By putting more people downtown, they will stimulate more activity with a more captive audience in walking distance.

Councilmember Thomas said a problem with the committee set up is he feels like he is doing catch up on this. Looking at 3rd Avenue, if there were additional structures built facing 3rd Avenue, where is the height measured from? Planning Director Boughton said it is measured from the finished grade of all four building sides. Councilmember Thomas said if it is possible to have a three story structure with parking below, his preference would be mixed use in the sense that the floor that is level with 3rd Avenue would be commercial with residential above.

Planning Director Boughton said she is hearing from Council is to let mixed use structure be the way to regulate that anywhere in the commercial zones. That takes away the conversion option.

Mayor Erickson says she thinks there is 25% too much commercial property in the entire city. There are huge tracts of commercial land untouched. Commercial buildings sitting vacant all over town, but people cannot find any place to live. She has talked with Planning Director Boughton about potentially incorporating residential in other commercial areas, for example on SR-305. There is no affordable housing in this town. We need more housing and affordable housing. They have to figure out where to put more houses in this town for our parents and kids to live.

Section 18.80.100 and 18.80.110 Off-Street Parking – Revise parking standards for residential in C zones? Staff recommendation: Staff recommends adding a new standard for guest parking.

Discussion:

Councilmember Lord supports staff's recommendation.

Councilmember Musgrove said residential is still looser than commercial. If properties were converted from residential to office buildings, a shortfall is created. Planning Director Boughton said that is where they would review it, and they will have to determine where to add parcels or have a shared parking agreement. Developers work with the Planning Department to add parking. Councilmember Musgrove wondered if there was any danger in going with anything other than the commercial standard in the commercial zone. Mayor Erickson said it would be overparked. The reason we have a parking problem was there was no parking required for anybody until 2008. They could build anything they wanted and not provide parking.

The majority of the Council concurred with the staff recommendation.

Miscellaneous Items

Councilmember Stern said they are discussing landmark view corridors (not obscuring the iconic views of the church from the westside of Poulsbo and the view of the long ship mural and chocolate shop, with a view of the church). Mayor Erickson said this is a hard conversation about what views are who should get them blocked and not blocked.

Councilmember Nystul noted on page 13 it talks about canopies. It prohibits vinyl. They thought the canopies up the street were vinyl, but they are a different acceptable material. That material should be added. On lighting, page 32, it talks about motion sensors and timers for security, and if it were adjacent to residential, a business may wish to have their lights on all night.

8. COUNCIL COMMITTEE REPORTS

Community Services Committee: Councilmember Lord reported Bash by the Bay is coming on the last day of school; they received a debriefing on Viking Fest; Urban Paths Open House next Monday night; the Poulsbo Waterfront Dance is scheduled for August

25 (Mayor will commit \$3,500 from her budget, \$3,500 from the Port of Poulsbo, and \$3,000 from HDPa).

9. DEPARTMENT HEAD COMMENTS

None.

10. BOARD/COMMISSION REPORTS

Councilmember Lord said there is special Community Services Meeting next week at 3:45 PM to review the Poulsbo Waterfront Dance.

Councilmember Nystul said the Lodging Tax Advisory Committee composition recommendation will be on next week's agenda.

Mayor Erickson said staff had a meeting with the 305 Working Group and there should be another elected meeting soon. They are getting close to starting the Johnson Road interchange. They are getting nervous because of staffing levels in the City. She will be going to PSRC TransPol tomorrow. The Health District is in the process of passing a resolution to charge \$75 for every Class B Well System in the County (3-20 hook ups for one well) which are not regularly being inspected.

Councilmember Thomas said on June 25 the Parks & Recreation Commission will meet, and it is preceded by the Urban Paths Open House.

11. CONTINUED COMMENTS FROM CITIZENS

Lynn Myrvang said the Planning Commission's intent to extend both of the ends of the Shopfront Overlay District was to try to view the Shopfront Overlay in the future, not just today. In the future, if old buildings are torn down and new buildings are constructed, will it be a large building with many stories or the natural progression of little Front Street. On parking, she remembers Poulsbo Place was planned with one to two cars per unit, but through research they have found there are three to four cars per unit. She doesn't want tall apartment buildings next to the small businesses; it is not the best place for them. She would prefer a 25-foot height limit. She prefers commercial on the first floor. Affordable housing is needed, but she doesn't think it will be affordable in the C-1 district.

Joan Hett said one of the things that has not been discussed is whether they would be creating under-grade parking in the C-1. She is concerned about the geological hazards in the city and what could happen.

Cindy Baker said there are view codes in Poulsbo. Anyone who has a mountain or water view, pays for them with the property taxes. Under SEPA, there is something called the aesthetic section. It asks questions about water and mountain views. It has to be evaluated. The downtown should always have SEPA. In the Comprehensive Plan, views are mentioned more than 20 times, so it is important.

Mike Brown talked about shed roofs. He said there are shed roofs on 75% percent of the buildings. You have to be careful about unintended consequences when talking about these things. Give guidance to people who are design professionals to meet the goal, but he believes 75% have shed roofs today.

Dan wanted to clarify about the design standards in the C-1 regarding the use of color. His understanding is it is the same as the other zones. He thinks there is sense that brighter colors are crass and muted colors are more natural. But, the code refers to Scandinavian fishing village. A lot of those towns have very vibrant colors, because those areas are normally very gray. Color adds a lot to a rich downtown.

Jean Charters thanked the Council for the hard and thoughtful conversation. She thanked Mike Brown for his comments on his quote.

Mike Myrvang said he would love to see the heavy increases of density in another area other than C-1. It is an historic area and special. He would like to see it maintained that way. He thinks the height should be no more than 25 feet.

12. MAYOR & COUNCILMEMBER COMMENTS

Mayor Erickson said she wished they didn't have to have as much density anywhere in the city. She is not convinced it is the right thing to do, but the state law says they must.

13. ADJOURNMENT

Motion: Move to adjourn at 9:57 PM,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk