

POULSBO CITY COUNCIL MEETING OF JULY 11, 2018

MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, Director of Engineering Kasiniak, Planning Director Boughton, City Engineer Lenius, Associate Planner Coleman, Development Engineer Burgess, IT Senior Technician Williamson.

MAJOR BUSINESS ITEMS

- * * * Approval of June 6, 2018, Council Meeting Minutes
- * * * Approval of June 13, 2018, Council Meeting Minutes
- * * * Resolution No. 2018-10, Salaries and Wages Resolution
- * * * Resolution No. 2018-11, Award Official Newspaper Contract
- * * * Official Newspaper Contract Award
- * * * Budget Amendment/BA# 18-0301, Indirect Allocation Update
- * * * Budget Amendment/BA# 18-0302, Police State Records Grant Agreement
- * * * Poulsbo Library – Future Conveyance Agreement and Release of Funds
- * * * Interlocal Agreement with Kitsap County for Ride-Along Software
- * * * SR305 Update
- * * * Ordinance No. 2018-14, Release of Poulsbo Convalescent Center Rezone
- * * * Public Hearing and Adoption of Ordinance No. 2018-15, Connection Fees for Commercial/Multi-Family Buildings
- * * * Commercial Districts Ordinance Update – Continued Deliberations

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

Mayor Erickson called the meeting to order in the Council Chambers at 7:00 PM and led the Pledge of Allegiance.

2. **AGENDA APPROVAL**

Mayor Erickson noted there was a slight modification to Consent Agenda 5c (changes in teal folders) and Business Item 6c has a different effective date in the proposed ordinance and motion.

Motion: Move to approve the agenda as amended.

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

Motion carried.

3. COMMENTS FROM CITIZENS

Wes Larson spoke regarding his commitment to enhancing the current character throughout the downtown core and he encouraged the Council to think about the flexibility they are requesting in the development process.

Joan Hett said downtown is an integrated unit. Some changes will have a positive and negative impacts. More residents will affect parking, traffic, tourism.

Tom Curran said there was no mandate requiring more mixed use buildings in our downtown area. Traffic congestion in downtown with insufficient parking will worsen with more residential development.

Rosie Bennet asked the Council to learn from Seattle and shared an article from the Seattle Times editorial. They had a surge in apartment construction, and now have a 25% vacancy rate. She wants Poulsbo's downtown growth to slow down and allow more time for studying and evaluation.

Lynn Myrvang said she has received more signatures for the petition she offered to the City at the last meeting. She spoke regarding the buildings the council were given to review. She said 33 of the buildings were built before the year 2000 when the commercial height code was 30' height limit. She said the developer and architects are the only ones who have stated they need residential on the first floors, higher building heights, and large apartments to make it pencil out financially. These changes would not be for the betterment of downtown Poulsbo.

Dana Curtis spoke regarding a study from 15 years ago about the views in Poulsbo. It was about the time the zones were changed. She doesn't believe views can be saved. Her main concern is the stability of her home, it shakes every time construction happens. She just wants her house to stay still.

Cindy Baker asked the Council not take action on the commercial code tonight and enact a moratorium, so the details of this decision can be worked out with all people of Poulsbo.

Mike Myrvang said things need to be slowed down. He doesn't feel there has been a lot of public representation for the C-1 developments. They don't need the population increase.

Jean Charters said parking downtown is already full. Inadequate parking is why C-1 is different from the other commercial zones. Lack of parking is an issue that causes

downtown businesses to struggle. She feels a master plan is needed for the downtown district. She urged the Council to declare a building moratorium in the C-1 to address the issues of scarcity of parking, residential density in a commercial zone, traffic congestion, and pedestrian safety.

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

Councilmember Garland reported today was the first time this season there was a community lunch in the park. These are free lunches for kids (\$5 for adults) hosted by Fishline and Crabtree Kitchen at Centennial Park during the summer. All funds support Fishline programs.

Councilmember Thomas congratulated Councilmember Stern in being elected as the Vice President of the Association of Washington Cities.

Councilmember Musgrove announced starting tomorrow evening Bond Road will be restriped. He also encouraged the public to check out all the great activities that Parks & Recreation has going on during the summer. Sunday is another Fish Park volunteer opportunity.

Councilmember Stern gave a report on the Association of Washington Cities conference, and that Kimberly Hendrickson was awarded the 2018 AWC Advocacy All-Star Awards. The Council and Mayor recognized Ms. Hendrickson for all her efforts with behavioral health navigator program.

5. **CONSENT AGENDA**

Motion: Move to approve Consent Agenda as presented.

The items listed are:

- a. Approval of June 6, 2018, Council Meeting Minutes
- b. Approval of June 13, 2018, Council Meeting Minutes
- c. Resolution No. 2018-10, Salaries and Wages Resolution
- d. Resolution No. 2018-11, Award Official Newspaper Contract
- e. Official Newspaper Contract Award
- f. Budget Amendment/BA# 18-0301, Indirect Allocation Update
- g. Budget Amendment/BA# 18-0302, Police State Records Grant Agreement
- h. Poulsbo Library – Future Conveyance Agreement and Release of Funds
- i. Interlocal Agreement with Kitsap County for Ride-Along Software

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

Motion carried.

6. BUSINESS AGENDA

a. SR-305 Update

Steve Roark, P.E. Assistant Region Administrator, WSDOT, gave an update on SR-305. Presentation highlights included a project overview, what problems they are trying to solve, process to make investment decisions, conceptual solutions, and next steps.

Councilmember Stern said the presentation was very well organized and presented, and it has been a pleasure to work with him.

Councilmember Musgrove said he appreciates the attention to detail and common-sense concepts instead of quick fixes.

Mayor Erickson said they all came together as a community to come up with these solutions. Many different forms of public outreach were used to understand what people want and the problems they see. It has been an amazing process to have that level of partnership amongst all the jurisdictions.

Councilmember Thomas asked if there are any other plans to get awareness out to public. Mr. Roark said more community engagement will come with the environmental review and when they move into construction they will have a robust push for getting the word out.

Councilmember Stern recognized Senator Rolfes for championing this project and Poulsbo's Engineering Department for their diligence and foresight.

Mayor Erickson said Poulsbo has a true engineering department that gives us a great advantage on our projects.

b. Ordinance No. 2018-14, Release of Poulsbo Convalescent Center Rezone Concomitant Agreement

Planning Director Boughton presented the agenda summary, noting the Poulsbo Planning and Economic Development Department received an application requesting release of a concomitant agreement attached to the property across Lincoln Road from Safeway and on the southwest corner at Lincoln Road and 10th Avenue intersection. The concomitant agreement was for a rezone of the property from R1 (single-family)

to PU (public use) in 1983 so that a convalescent center and medical office building could be built. Release of concomitant agreements is a Type V permit and requires a public hearing and decision by City Council. The City Council held a public hearing on June 6, 2018 and approved the release of the concomitant agreement. The City Council now needs to adopt an ordinance approving the concomitant agreement release and adopting findings and conclusions.

Motion: Move to adopt Ordinance No. 2018-14, an ordinance of the City of Poulsbo, Washington, adopting findings and conclusions; approving the Poulsbo Convalescent Center Rezone concomitant agreement release, Planning File P-03-29-18-01; authorizing the Mayor to execute and record an instrument releasing the concomitant agreement; providing for severability and establishing an effective date.

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

Motion carried.

c.  **Public Hearing and Adoption of Ordinance No. 2018-15, Connection Fees for Commercial/Multi-Family Buildings**

Director of Engineering Kasiniak presented the agenda summary, noting revisions to PMC 13.70 and PMC 3.12 are needed to correct a calculation in the general facility charge used when calculating multifamily connection charges. The current code has an error in the calculation that is out of alignment with the Comprehensive Plan and GMA requirements.

At 8:09 PM, Mayor Erickson opened the public hearing.

Rick Eckert asked if this would be affecting the connection at Vinland Elementary. Director of Engineering Kasiniak said it would not affect the school. It will still be based on the size of the water meter.

Mike Brown appreciates the 90-day delay/consideration.

At 8:12 PM, Mayor Erickson closed the public hearing.

Councilmember McGinty asked how 90 days for an effective date was arrived at. Director of Engineering Kasiniak said it is their judgment based on if someone already was moving forward with their financing with a project, that this would allow them to complete the application in 90 days. This gives sufficient amount of time for developers to prepare for the change.

City Engineer Lenius said that for large projects, first-round review processes can sometimes take up to four weeks. Ninety days is roughly the amount of time it takes for application review, revisions, resubmissions.

Councilmember Musgrove said Public Works Committee has reviewed this and recommends approval. This is fixing a misalignment between code and calculation. He said the timeframe of 90 days for an effective date seemed reasonable. It is important these corrections are put in, because it is making up for a deficiency that was miscalculated.

Director of Engineering Kasiniak says this brings this piece of PMC into compliance with our functional plans and comprehensive plans.

Councilmember Lord said this is a fair process to follow. She doesn't want to blindside applicants who have financing in place. She asked if the 90 days effective date was run by City Attorney Haney. Director of Engineering Kasiniak said the City Attorney laid out the options they could use for an effective date, 90 days being one of the options.

Motion: Move to adopt Ordinance No. 2018-15, an ordinance of the City Council of the City of Poulsville, Washington, to revise Chapters 13.70 and 3.12 of the Poulsville Municipal Code in order to correct a calculation in the general facility charge used when calculating multifamily connection charges. This ordinance shall take effect and be in full force on October 10, 2018.

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

d.  **Commercial District Ordinance Update**

Planning Director Boughton gave a brief presentation. Highlights included:

- Review of process
- June 20, 2018, Public Hearing
 - The City Council received oral and written public testimony
 - Council deliberations began by reviewing the City Council modification table dated June 18, 2018
 - The City Council accepted modifications #1-10 with an edit to #9

- City Council deliberation ended at #11. The Council requested comparables and additional information on downtown building heights.
- On Monday, July 2, 2018, the Planning Department provided the City Council with a self-guided Downtown Poulsbo walking tour.
 - The tour included 44 buildings in downtown Poulsbo and included heights and design elements.
- Building height photo-simulations were shown to assist in visualizing how differing heights would look.

Modification No. 11 – Table 18.80.040 (Height for C-1 Zoning District – Downtown)

C-1 Zone - Front Street/Third Avenue

Discussion highlights:

- Councilmember Thomas said the WS Workforce Building is the key in his mind as he is looking at the whole commercial code. To him it comes down to Third Avenue and the effects it will have there. This building is an acceptable height. When he looks down Third Avenue, having a series of buildings this height does not seem to be a problem. The question then becomes what the measurement of this building is. He is in favor of whatever technical height they can use to get that result.
- Councilmember Stern agreed with Councilmember Thomas. He was a resident on Fourth Avenue for many years and lived with that property as part of his view-scape. As a former Fourth Avenue resident, this building was acceptable.
- Councilmember Garland agreed.
- Councilmember McGinty said he is struggling with what that height would be measured at because it is on a slope.
- Councilmember Nystul asked if it possible to state the height at the street level or sidewalk level and disregard averaging.
- Planning Director Boughton said the simplest approach without trying to determine what the right number is, is to say what you want, which is two stories on Third Avenue. They can keep the height at 35' but limiting it to two stories on Third Avenue.
- Councilmember Musgrove said almost every building has some kind of feature (for character, air conditioning, roof vents or heaters). It is critical that if they

are saying 25' or 30' plus, that the plus include any kind of feature that could extend up that isn't necessarily a pitched roof. There needs to be height allowed for features or facades, otherwise they will end up with boxes.

- Councilmember Stern feels 25' would accomplish that, they can just indicate the 25' and note their conversation. They are trying to set a standard.
- Councilmember Musgrove said he wants to keep two stories on Third and still give it character, or it will all be a bunch of block buildings. He wants to keep the cute and character and wants a way to do that while keeping two stories.
- Associate Planner Coleman informed the council that the look of Downtown Poulso happened organically and not because it was regulated
- Councilmember Thomas agreed with Councilmember Musgrove that at times there may be a need to go above 25' if there are utilities or other things to add to the roof. He would like to add an additional 5'.
- Councilmember Musgrove said he would like the allowance without adding the height. He thinks 25' is what everyone is settling on. He thinks it is reasonable. But he wants the character and peaks and keep it at 25', but it sounds like it isn't doable in many cases.
- Councilmember Nystul said if they make an error, it can be fixed. He understands Musgrove's concern. If someone comes in with a design that doesn't fit in 25' it may be something they have to fix down the road.
- Councilmember Lord asked if there was a mechanism to allow a variance for design change to help with the character of the building.
- Planning Director Boughton said it can kept at 25' and the design review process will ensure that it meets our standards. There are other ways for flexibility, you could go to 30' but limit to two stories, or 25' two stories. Staff will come back with something in the ordinance to address that. She thinks they can write a standard that will address their concerns.
- Planning Director Boughton heard council concurrence for 25' between Moe and Hostmark on Third Avenue as measured from Third Avenue to the highest point of the building wall façade.
- Councilmember Nystul asked, based on the existing buildings, if it is probable that there will be no new construction downtown and the existing height will continue to exist as is.
- Planning Director Boughton said the existing Front Street at 100% lot coverage as it exists today will not see any significant expansion of their square footage, because of the parking requirement. There is no room to expand and meet the parking requirement. You will see larger lots in the C-1 that can accommodate parking either on surface or underbuilding or a combination of both.

C-1 Zone: Shop-front Overlay

Discussion highlights:

- Planning Director Boughton said the first zoning ordinance in 1967 established 30' height limit for all zones in the city of Poulsbo. In 1999 it was changed to 35', because they changed the way they measured the highest point. The 45' with understory parking came in 1999-2000.
- Councilmember Musgrove appreciates getting away from the average height and using the absolute height of a building instead for the street faces
- Councilmember Thomas is good with 35' on Front Street
- Councilmember Lord does not want 35'. If there were a remodel, imagine what Anderson Parkway would look like with 100% lot coverage and at 35'.
- Councilmember Garland agreed with Councilmember Lord. A lot of these buildings are at 25' on Front street. She would be concerned with any new building coming in at 35' and looking out of place and blocking views.
- Councilmember Nystul's concern is the west side of Front Street. On the east side, the Boomers building at 35' seems reasonable. Standing down there, there is a lot of light that comes in with the lower roofs on the west side. He asked if it is legal and reasonable to have 25' on one side and 35' on another in the overlay district.
- Planning Director Boughton said they could make that change but would recommend only doing it in the shopfront overlay.
- The Council agreed with the change of 25' on the westside and 35' on the eastside.

Remaining C-1 Zone

Discussion highlights:

- Mayor Erickson said this is where they run into true nonconformity if they don't keep it at 35'.
- Councilmember Lord confirmed the 10' bonus was deleted from the entire C-1 zone.
- The Council concurred on 35' for the remaining C-1 area.

Modification No. 12 - Goes away with changes to #11

Modification No. 13 – Durable canopies: the Council agreed with the recommended changes.

Modification No. 14 – vertical mixed use first floor uses (50% supporting commercial uses)

- Councilmember Lord said because of parking, she is more inclined to make it straight commercial on the first floor, unless the other 50% falls under the commercial parking requirements.
- The Council concurred with adding the commercial parking requirement to the entire first floor.

Modification No. 15 – horizontal mixed use

Discussion highlights:

- Councilmember Stern shared his vision of downtown. He has heard lots of concern about parking becoming overwhelming. He is a past resident of this area. There has been a deliberate push in the downtown to create public transit, which included the #44 Kitsap Transit bus route. When the Front Street work is accomplished, it is his hope that where the crosswalks now exist that they look at raised tabletop crosswalks in an attempt to minimize auto traffic through the downtown. This would be a pedestrian-friendly downtown that values public transit. The Council is committed to a nightlife economy in the downtown. They have incorporated the language that those who choose to live downtown will not have quiet enjoyment of their homes. These things show a plan that is not reacting to one proposal. He supports horizontal mixed use for Third Avenue. The Planning Commission put a great deal of time and effort into this. He proposed modifying one bookend to be commercial only on the street level. He would like mixed use horizontal on Third Avenue, because the Council can say it needs to be commercial, but that does not dictate what the market is going to do. There is an excess of commercial and existing vacancies. There is an opportunity right now to do major improvement, provide more housing, but encourage that conversion to commercial use at the earliest opportunity that the market would allow. He recommends that they do allow horizontal mixed use all recommended by the PC with the exception on this bookend that it be commercial only on the street level.

- Councilmember Lord said they need more housing in the town; however, C-1 is not the place to put it. It is a commercial district and highly unique. They have a lot of residential already vested in Poulsbo to increase the residential population downtown. She is troubled by having too many impacts with the residential in the C-1 core. She likes the idea of mixed use, but having the justification of the fact that we need more residences in the city is not meaning that has to happen in our delicately balanced C-1 core. There are numerous projects on the books that are going to provide quite a bit of residential. What they need to do is protect the core area and protect the C-1 zone. Whether the market bears it or not, they are talking about long term impacts. If they do horizontal mixed use, they are precluding an opportunity they will never get back. She envisions a walking loop all the way around from Front Street, up Moe Street, down Third Avenue, and down Hostmark. There is a concern about vacancies. If they can do this right and get everything analyzed and figured out, and if the parking on the new development takes care of its own parking, they are going to be ahead of the game. They need to encourage commercial in the commercial core.
- Councilmember Stern does not disagree with Councilmember Lord's vision, but if it is not supported in the market then the high probability is Third Avenue will remain as is. Their only other option would be issuing council-matic bonds to fulfill their vision. The idea that they can order the private sector to do things that correspond to our vision when we are not putting any skin in the game, does not make sense.
- Councilmember Lord said they do not have to depend on a developer's project to cover the need that they have to rehab Third Avenue. It will get rehabbed; it is on the six-year street plan.
- Councilmember Stern said this is not an effort to repave Third Avenue, it is an effort to create housing. Small units will be affordable. It fulfills a vision of creating a more vibrant downtown. It will minimize automobiles and encourage and expand on public transit. With the conversion factors, there is a great deal of pressure to have that residential covert to commercial at such time that it is viable.
- Councilmember McGinty said if they want residential, why don't they do a comp plan amendment and make some of that area residential. He feels once the properties are residential, he doesn't believe they will ever convert to commercial. He said it seems like a short cut way to put some residential into a commercial zone. He is not comfortable with that right now.

- Councilmember Nystul said they should not have on the table any consideration of rebuilding Third Avenue with whatever is built there. The decision should be based strictly on whatever it is the consensus to build there. The street will take care of itself in time.
- Councilmember Thomas said vertical mixed use and allowing the other 50% of the first floor for supporting residential use is sufficient residential, and more is not needed.
- Mayor Erickson said she is hearing a consensus of vertical mixed use only, allowing for 50 of the back space of the first floor could be a supporting use of the residential above.
- Planning Director Boughton said Modification Nos. 15 and 20 will remain exactly as shown on the table.

Modification No. 16 – Security lighting required near residential: agreed.

Modification No. 17 – Additional parking requirement for guests in mixed-use structures: agreed.

Modification No. 18 – Recommending glass be reduced from 60% to 40% of shop front overlay: agreed.

Modification No. 19 – New mini-storage units cannot have doors fronted on the street: Agreed.

Modification No. 20 – Same as Modification No. 15.

Motion: Move to approve with modifications the Planning Commission amended Commercial Districts Ordinance Update with modifications as identified by the City Council during its workshops, City Council Public Hearing, as well as modifications identified during City Council deliberations, including the “Identified Modifications to Draft Commercial Districts Ordinance Update” Table, and direct the Planning and Economic Development Director to prepare an adopting ordinance in support of this decision.

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

7. COUNCIL COMMITTEE REPORTS

Community Services Committee: Councilmember Thomas was elected chair of the Community Services Committee. He reported they had a summer program preview, Viking Fest After Action Report, special event applications review (Bill Richard Memorial Regatta and 5K Let's Move Fun Run), and an update on volunteer parks projects.

8.  **DEPARTMENT HEAD COMMENTS**

None.

9.  **BOARD/COMMISSION REPORTS**

None.

10.  **CONTINUED COMMENTS FROM CITIZENS**

Rick Eckert asked they keep the schools in mind when doing the roundabouts, especially school buses. He said there was a suggestion at the Pedestrian Safety Committee to add decorative railing on waterside of Front Street to keep pedestrians from jaywalking.

Joan Hett thanked the Council for listening to all of them. She questioned if there were rules for paddle boards on Liberty Bay. She can't tell whether they're wearing life jackets or not when she saw some teenagers paddle boards recently.

11.  **MAYOR & COUNCILMEMBER COMMENTS**

Mayor Erickson announced there is a Council retreat on July 14, 2018, 9:00 am to 1:00 pm. She thanked the Council and staff for all their hard work on the Commercial Districts Ordinance Update.

12.  **ADJOURNMENT**

Motion: Move to adjourn at 9:53 PM,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk