

POULSBO CITY COUNCIL MEETING OF OCTOBER 3, 2018

MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, City Engineer Lenius, Public Works Superintendent Lund, Engineer I Roberts, Office Manager Wood, IT Senior Technician Williamson.

ABSENT: Councilmember Nystul

MAJOR BUSINESS ITEMS

- * * * Payable Disbursements for August 2018
- * * * Minutes of August 29, 2018, Joint City Council and School Board Meeting
- * * * Resolution No. 2018-13, City Hall Closure
- * * * Kitsap County Bag Ban Ordinance
- * * * Mayor's Proposed Preliminary Budget
- * * * Westwood Crossing Final Plat
- * * * Noll Road Project Consulting Contract Amendment
- * * * Kitsap County ILA Amendment for Pump Station 16/67
- * * * Acceptance of Grant from Secretary of State for Digitization Project

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

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

2. AGENDA APPROVAL

Mayor Erickson noted there is a new ILA for Business Item 7E. The changes are scrivener's errors.

Motion: Move to approve the agenda as revised.

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

Motion carried.

3. COMMENTS FROM CITIZENS

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

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

Councilmember Musgrove encouraged the public to view the Parks & Recreation and City newsletters online.

Councilmember Lord asked everyone to visit downtown this month to check out the Halloween window displays in the shops.

Councilmember Thomas said he attended the September 24 Kitsap County Commissioners meeting at Poulsbo City Hall, which was a presentation on their budget. He recommended the public attend the north-end meetings.

Councilmember Stern wished Councilmember Nystul a speedy recovery. He announced the AWC Regional Meeting is tomorrow night in Port Orchard, and he encouraged his colleagues to attend.

a. Employee of Quarter

Mayor Erickson presented Matthew Duerr with a certificate for being the employee of the third quarter. The Mayor was joined by Desmond and Desmond's mom, who shared why Matt is the best guy around.

Mayor Erickson announced that November 3 is Daffodil Days, and it begins at 9:00 a.m. in the City Hall garage and Salmon Viewing Days at Fish Park at 10:00 a.m. Downtown Poulsbo will be celebrating Halloween by shutting down Front Street and giving away candy to all the kids. Poulsbo City Hall employees will be doing a witch hat decorating contest, and we are asking the public to vote for their favorite hat.

5. **CONSENT AGENDA**

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

The items listed are:

- a.** Payable Disbursements for August 2018
- b.** Minutes of August 29, 2018 Joint City Council and School Board Meeting
- c.** Resolution No. 2018-13, City Hall Closure

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

Councilmember Musgrove asked with the new state regulations of accounting and reporting, are escrows a burden for us. Finance Director Booher said escrows do not

create an issue, because they are never considered the City's money. We hold a deposit, as it is never recorded as a revenue or expenditure.

6. BUSINESS AGENDA

a. Kitsap County Bag Ban Ordinance

Christopher Piercy, Program Supervisor for Kitsap County Public Works Solid Waste Division, gave a presentation regarding Kitsap County's goal of a county-wide policy to ban single use plastic bags. The ordinance is a ban on the distribution of the ultra-thin plastic bags (a typical grocery bag) at retail establishments. These bags create many problems with littering, marine life issues, and co-mingling recycling center. The ordinance allows the establishments to distribute alternate bags, such as paper or a thicker resin type bag at five cents per bag (a pass-through fee retained by the retailers). He noted these kinds of ordinances affect the public in their daily lives, and they feel having continuity throughout the County is a critical element of this work. A shopping experience should be universal. They have met with the Port Orchard and Bremerton (Bainbridge Island already has an ordinance). There are 16-17 jurisdictions that have passed similar legislation in Washington State.

Councilmember Lord said Poulsbo Fishline will take everyone's grocery bags, because they use them when their patrons shop for food. She is concerned about how that is factored in when there is a need in a non-profit situation, and if the patrons would have to pay the 5-cent bag fee. Mr. Piercy said this was an issue with Bremerton as well because of the Salvation Army. Paper bags would be a donatable stream, and they plan to provide residents with reusable bags. There would still be a good portion of the public donating their paper bags and thicker plastic bags. He also noted any establishment that is a non-profit is exempt from this ordinance change, and people who are part of food assistance programs will be exempt from the five-cent fee per bag.

Councilmember McGinty asked what the motivation is behind charging for paper bags. Mr. Piercy said the paper bags have an added cost over the ultra-thin bags. Retailers do not charge right now, but having the cost recovery language in the ordinance is something the grocers prefer and support. He has heard estimates of paper bags costing the grocers up to 13 cents a bag.

Councilmember Musgrove said right now citizens have the option to go with whatever their preference is, paper or plastic, at no additional cost. He asked if it will

now be a concern if we say the public has to use this or that, with the addition of a fee. He asked if they expected any kick back from the public. Mr. Piercy said based on the feedback they have received this far, he is certain there will be some who will not like the change. Coming from his line of business, there is a very clear-cut choice that is the optimal, that would be reusables. Paper bags perform better in the environment and homes, and will be recycled, but they are replacing one problem with another. A plastic bag is a problem, but so is a paper bag on other facets (energy/water usage). Recycling is a great option, but it is not perfect.

Councilmember Musgrove said he feels this is a no-win situation no matter which option is chosen, is it better to leave well-enough alone, or is it wise to push a position and add a mandated fee to it. Is that a viable direction to go? Mr. Piercy said yes, because the behavior change that they want is to go to reusable. That is the ultimate goal. This is the gateway to changing behavior.

Councilmember Musgrove announced this issue will be discussed at the October 10, 2018, Public Works Committee. He invited the public to attend, and he hopes Mr. Piercy can attend and answer any questions the committee may have.

Councilmember Musgrove said based on the numbers in the presentation, it shows 87 million bags being used in Kitsap County per year. They want to replace them with paper bags or something more expensive, like reusable. Using those numbers, it is \$4.35MM dollars in the first year, \$50MM in ten years in cost. He wondered if this was the best place to place \$50MM from the public for the environment. Mr. Piercy said he hoped they wouldn't continue to see those types of numbers of disposable bags hitting the market. They would like to see a shift in behavior to a reusable bag culture.

Councilmember Musgrove said paper bags will be the cheapest option at five cents per bag, reusable bags are even more expensive. The number will not drop. Mr. Piercy said the cost of reusables will remain the cheapest option. Most grocery stores sell the bags at \$0.99 to \$1.99 for the store branded bag. Those bags are reusable over 125 times, bringing their costs down severely underneath the five cents charged for the paper bags.

Mayor Erickson asked if the goal of the County to have the ordinance the same amongst all the cities in the county, and if it is, is this language similar to what is already adopted in Bainbridge Island. Mr. Piercy said ideally, yes, they would like the

language to be the same throughout the county. The ordinance is almost identical to the Bainbridge Island ordinance. The only thing that is different is the new language for compostable and color coding.

b. Mayor's Proposed Preliminary Budget

Finance Director Booher presented the 2019-2020 Mayor's Proposed Preliminary Budget. Presentation highlights included:

- City's Budgeted Funds Expenditure
- 2019-2020 Mayor's proposed preliminary budget
 - Estimated Beginning Balances
 - Revenues projected consistent with 2018 levels plus conservative amount of expected growth
 - Sales tax increased projection consistent with actual amount of collection anticipated in 2018
 - City Utility Taxes - All at 6%
 - Most recent property tax figures from County
 - Estimated increases in wages, benefits and step increases
 - Includes new wage amounts for Judge and Mayor
 - Contractual increases
 - Transfers
 - Operating transfers set at 2018 levels recognizing the increase in revenues
 - Transfers for capital projects as presented in CIP
 - Transfer from Real Estate Excise Tax in 2020 for Noll Road
 - Transfer for anticipated debt related to Noll Road in 2020
 - Capital Projects consistent with proposed CIP
 - Capital Equipment Items as recommended by Mayor
 - Debt Payments for existing debt and new debt as detailed:
 - Existing
 - City Hall
 - Vehicle Purchase
 - Park & Rec Building
 - Sewer Debt for County Projects
 - New
 - Noll Road project

- Mayor's proposed preliminary budget does not include:
 - Baseline Adjustment Requests
 - New Program Requests
 - Capital Requests
- Comparison of the years 2017 actual, 2018 projection, 2019 projection and 2020 projection
- Projected General Fund revenue
 - 2019-2020 budget – \$30,560,331
 - Taxes, 77%; licenses and permits, 8%; intergovernmental, 2%; charges for services, 10%; fines & forfeitures, 1%; miscellaneous, 2%
- Projected General Fund Expenditures
 - 2019-2020 - \$23,442,770
 - Salaries, 44%; benefits, 20%; supplies, 3%; intergovernmental, 4%; interfund payment for services, 17%, other services and charges, 12%
- General Fund projected fund balance
 - 2018, \$2,798,925
 - 2019, \$4,015,319
 - 2020, \$3,111,188
- Upcoming budget events
 - Public Hearing 2019-2020 Revenue Sources 10/17
 - Preliminary Budget to be released 10/31
 - Set 2019 Property Tax Levy 11/14
 - Public Hearing Budget 11/14 & 11/21
 - Budget Work Sessions 11/14 & 11/21
 - Review of Baseline Adjustment and New Program Requests 12/5
 - Final Approval of Budget 12/12

Mayor Erickson said they tend to be conservative. She believes they will run positive cash flow in 2019, which will bleed over into 2020. Local government is not supposed to be making money. We have large reserve balances, and we have cut utility taxes, and banked property tax revenue. We are running a lean organization. While they are projected negative \$789,000 in 2020, it will be more like negative \$350,000, but they will still have more reserves than they are supposed to have.

Councilmember Musgrove made the comment that people may think that if we have all this money, why don't we fix the road in front of peoples' homes. He said there is a lot of limitations on general fund. The Council wanted to find the right balance between running a thin line and going too lean and getting into trouble, or getting too fat and sitting on the people's money. This is an ongoing process of running that balance.

Councilmember Musgrove asked what the notation "is not adjusted for year in accounting period" meant for these numbers. Finance Director Booher said this is the 2018 projected ending fund balance. It was not adjusted in 2018, because during the audit the auditor wanted us to recognize two more months of revenue for what they considered their modified accrual basis. In 2018 there are two additional months being posted to prior years, so that balance is not being reflected. So when you see a large difference between the ending balance of 2018 and 2019, 2019 catches up with that accounting change.

Finance Director Booher said in building the budget, although we have grown and we bring in more revenues than we project, we still project pretty conservatively. We are getting much closer to the numbers, which is how we should build a budget. They do that because of the two-year budget. We won't have the huge carryover balances. When we are budgeting closer, they have good practices in place to monitor the budget and adjust anything that is coming out of the norm.

Mayor Erickson said the budget will continue to be hashed out in the Finance-Administration Committee. They still don't know what L&I and medical premiums will be.

Councilmember Thomas said he hopes the unknown and unresolved items will be figured out in later November. Mayor Erickson said they should, but labor negotiations are a huge piece of this. Finance Director Booher said they will get more of those numbers by the end of November, early December. December 5 is the important meeting for deciding.

c. Westwood Crossing Final Plat

Engineer I Roberts presented the agenda summary, noting the infrastructure for the plat of Westwood Crossing, a 37-lot plat located adjacent to Urdahl Road, has been completed to the satisfaction of the Engineering, Planning, and Public Works Departments. Planning has identified two items which are required to be completed prior to recording the plat: 1) street trees to be relocated outside of storm pond fence, and 2) prior to recording, the City shall be satisfied with the final version of the CCRs. Westwood Crossing, as proposed for final plat, conforms to the terms of preliminary plat approval as addressed in the final plat staff report. Given that Westwood Crossing satisfies the terms of preliminary approval and conforms with Title 17 of the Poulsbo Municipal Code, the City Engineer respectfully recommends that the City Council approve Westwood Crossing final plat subject to the items listed above.

Councilmember Stern asked what is going to happen with the stormwater retention at Westwood. Engineer I Roberts said it is a big pond with lots of trees planted and landscaping. The back of the pond has a 6-foot cedar fence, but the front of the road has a black chain link fence as required by the stormwater manual because of the slopes. He also noted this plat was approved by the Hearing Examiner right before they changed their codes. Moving forward we should see some more natural looking ponds.

Craig Steepy, Century Communities, said he is glad the City felt the project went smoothly. Staff has been a pleasure to work with. They have had little issues, but they were able to approach staff and work through them. They are happy with the final product.

Mayor Erickson said she hopes they plan on having an open house event for the neighborhood. Mr. Steepy said they are in the planning stages of the event, and they also want to incorporate a tree planting exercise as well.

Councilmember Musgrove said they could approve final plat on this with the exceptions listed. Do they have responsibility for any of the other exceptions that are not ours, such as the KPUD documentation? Engineer I Roberts said he checked with KPUD last week, and they are satisfied with everything. We are clear and good to go.

Motion: Move to approve the final plat of Westwood Crossing with final recording subject to the identified conditions.

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

At 8:12 p.m., Mayor Erickson recused herself from the meeting and Deputy Mayor McGinty continued the meeting.

d. Noll Road Project Consulting Contract Amendment

City Engineer Lenius presented the agenda summary, noting an amendment to the Parametrix consulting contract for the next phases (design amendment) of the Noll Road Improvement project in the amount of \$814,918.00.

Councilmember Musgrove clarified this is a planned amendment for project with many steps. They are not adding onto this due to something unexpected.

Councilmember McGinty said he learned City Engineer Lenius spent three weeks negotiating and saving the City \$200,000-\$300,000 in costs.

Councilmember Lord reported Public Works Committee reviewed this project and recommended approval.

Motion: Move to approve Parametrix Amendment for the South Segment Design in the amount of \$814,918 and authorize the mayor pro-tem to sign on behalf of the City.

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

Motion carried.

City Engineer Lenius presented proposed changes to the Johnson Parkway Roadway cross-section for the South Roadway Segment. Presentation highlights included:

- Typical cross section – original 2008
- Cross section modifications
 - Improve safety
 - Separate Bikes from traveled lane
 - Narrow lanes for traffic calming
 - Reduce Wetland Impacts
 - Narrows Lanes to reduce mitigation requirements
 - Increases Parkway Design
 - Allows landscaping on both sides
 - Reduces Costs
 - Reduced pavement area and reduced mitigation
 - Increases Potential for TIB grant eligibility
 - TIB would not fund a 12 foot lane
 - TIB supports safety enhancements
- Typical cross section - Revised 2018
- Construction funding summary & pending grant application

Councilmember Stern confirmed that the City is at \$2.85MM of the \$4.1MM needed for financing in order to complete the project. He asked if there are any anticipated changes to these numbers. City Engineer Lenius said there are a couple important factors: 1) the application for the \$1.9MM to TIB would make a big difference, and 2) they are seeing construction costs go up, not down (outside their control). Beyond that, they have been in a practical solutions mode in trying to bring costs of the project down as much as they can.

Councilmember Stern asked what their councilmatic general obligation bond capacity at this time. Finance Director said it is around \$8MM.

Councilmember Thomas said when he saw the newly-designed cross-section, he was concerned about bicycles, but then he learned the shared use path can be used by cyclists. He says the proposal looks good. He said narrowing the road to meet the grant stipulation makes sense.

Councilmember Musgrove said the City had to commit up to \$4.1MM in order to allow things to begin and apply for grants. They are hoping the City can get enough in there that they don't have to bond anything. He asked if the City is still on track on getting as much as they can against that commitment. City Engineer Lenius said that is correct.

Councilmember Musgrove asked if trees were viable as depicted in the image. City Engineer Lenius said what is on Lincoln is what will be done on this path. It is mostly bushes.

Motion: Move to approve Johnson Parkway Roadway Cross-section for the South Roadway Segment as presented by the City Engineer

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

Motion carried.

At 8:30 p.m., Mayor Erickson returned to meeting and resumed chairing the meeting.

e. Kitsap County ILA Amendment for Pump Station 16/67

City Engineer Lenius presented the agenda summary, noting the amendment to the Kitsap County ILA for Pump Station (PS) 16/67, which clarifies final payment for the Pump Station 16/67 project. Presentation highlights included:

- Background
 - City and County signed ILA (KC146-12) in 2012 to provide sewer service
 - ILA calls for cost sharing for wastewater upgrades
 - Established costs are based on % of City sewer flows
 - ILA did not establish method of payment for the elimination of PS 16

- CK Treatment Plant upgrades have been paid
- Amendment
 - Amendment clarifies payment for PS 16/67 Project
 - Capital project eliminated and replaced PS 16 and re-routed flows to PS 67
 - Establishes operations cost at new PS 67
 - Operations cost will be based on percentage of flow measured at 85.8%
- Sewer route diagram
- Cost Sharing
 - Total Project Cost, \$5,394,054.58
 - City Share (93.6%), \$5,048,835.08
 - County Share (6.4%), \$342,219.50
- Final payment – total due \$1,445,835.08

Motion: Move to approve the ILA Amendment with Kitsap County and authorize the Mayor to sign the amendment on behalf of the City.

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

Motion carried.

7. COUNCIL COMMITTEE REPORTS

Finance-Administration Committee: Councilmember Thomas reported the discussed the executive office (speakers are arranged for November 7); reviewed the monthly sales tax report (up 15% YTD); reviewed REET (exceeded 2018 budget in August); reviewed the Parametrix budget amendment; reviewed the preliminary budget; briefly discussed the Public Defender RFP; and the City Clerk received a grant in the amount of \$41,100 for a digital imaging project from the Secretary of State (needs council acceptance of the grant).

Motion: Move to accept the grant of \$41,100 awarded by the Secretary of State for the digitization project of the city archives.

Discussion: Councilmember Musgrove asked if there were any other commitments or requirements. City Clerk Fernandez said there is no match requirement, the only requirement is that the project must be completed by May 2019, which her department is able to do.

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

Motion carried.

Public Works Committee: Councilmember Lord reported they had a presentation on a new asset management software program being researched for Public Works; they discussed the two items on tonight's agenda; pavement maintenance 2017 project assessment; and Jensen Way parking request (unused Kitsap Transit bus stop).

8. DEPARTMENT HEAD COMMENTS

Public Works Superintendent Lund reported the telemetry project has been installed and the vendor is on site this week. There will be better communication between the stations and the master telemetry unit. The Harrison Forcemain project has the pressurized force main officially off the beach.

City Engineer Lenius added Harrison will be paved next week. Their new employee, Josh Ranes, has been doing a great job on this project.

9. BOARD/COMMISSION REPORTS

Councilmember Thomas reported on the September 27, 2018, NKSD board meeting.

Councilmember Stern reported on KRCC meeting, they had a presentation from John Wynans from WSDOT. He said the Hwy 305 working group has been successful for collaboration and cooperation and would like to make it a model state-wide. Mayor Erickson said part of that process was because they were lucky for getting great staff from WSDOT that listened and were responsive. It is going to be ten years for all these projects to get built. This is going to be an on-going conversation for about 20 years. Others will have to step up and continue this cooperation throughout this process.

Councilmember Stern is reaching out to the Suquamish Tribe for a MOU committee meeting. He would like to get agenda topics from other councilmembers.

Councilmember Stern will be completing the Kitsap Transit at large board position term at the end of this year. He noted with the new Kingston Ferry, there will be more bus routes to Poulsbo. Poulsbo is becoming a regional transportation center. Mayor Erickson said they need to have that bus line if the ferry goes in, because SR-307 and Hwy 104 are approaching the gridlock of SR-305.

10. CONTINUED COMMENTS FROM CITIZENS

Mayor Erickson asked for citizen comments; no comments were received

11. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Stern said there is an AWC Regional Meeting tomorrow at 6:00 p.m. at McCormick Woods in Port Orchard.

12. ADJOURNMENT

Motion: Move to adjourn at 9:05 p.m.,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk