

POULSBO CITY COUNCIL MEETING OF APRIL 3, 2019

MINUTES

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

Staff: City Clerk Fernandez, Director of Engineering Kasiniak, Planning Director Boughton, Parks & Recreation Director McCluskey, Human Resources Manager Kingery, Police Chief Schoonmaker, Associate Planner Coleman, IT Senior Technician Williamson.

ABSENT: Councilmember Garland

MAJOR BUSINESS ITEMS

- * * * Poulsbo Event & Recreation Center Presentation
- * * * Poulsbo Police Collective Bargaining Agreement
- * * * Resolution No. 2019-05, Amended Salaries & Wages
- * * * Public Hearing & Adoption of Ordinance No. 2019-06, Farmers Market Limited Zoning Amendments
- * * * 2019 Comprehensive Plan Amendments Workshop
- * * * Westside Well Treatment Pilot Study

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

Motion: Move to approve the agenda as presented.

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

Motion carried.

3. COMMENTS FROM CITIZENS

Sapna Sopori spoke regarding the high-density amendment for zoning. She noted her neighborhood had submitted a comment representing over 35 individuals, but it was only noted in the record as one comment. She said the neighborhood understands that growth is happening but questioned how we want the community to grow. She wants thought to be given to noise issues, traffic issues, stormwater runoff into Fish Park, and loss of urban forest and wildlife interface. She said high density already exists across the street, and high density is not synonymous with affordable housing. A conversion from medium density

zoning will create an imbalance of housing zoning types and reduce the amount of medium density designation, and undeveloped high-density zones already exist.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Thomas invited the public to an open house regarding SR-305 proposed improvements on April 11 here at Poulsbo City Hall.

Mayor Erickson noted the SR-305 meetings will also be in Suquamish on April 9 and Bainbridge Island on April 10. She invited the public to attend the opening of Poulsbo Farmers Market on Saturday morning at Gateway Fellowship at 9:00 a.m. There is also a volunteer clean-up of Liberty Bay at 10:00 a.m.

Councilmember Musgrove shared the monthly Parks & Recreation newsletter which is on the City's website. He noted Spring break is happening now and encouraged everyone to be safe while driving.

Councilmember Stern shared that Mayor Erickson received the Economic Development Champion award at the Kitsap Economic Development Alliance this year.

5. CONSENT AGENDA

None.

6. BUSINESS AGENDA

a. Poulsbo Event & Recreation Center Presentation

Parks & Recreation Director McCluskey and Planning Director Boughton gave an abbreviated presentation of the Poulsbo Event & Recreation Center (PERC) proposal that was given to the Kitsap Public Facilities District (KPFDD) on March 11, 2019. The KPFDD board is considering six applications in their upcoming funding cycle including the PERC.

Mayor Erickson noted funding this project would require voted bonds. The City cannot fund this project without a tax commitment from the citizens. Planning Director Boughton said they would consider creating a district.

Councilmember Musgrove asked when they would have the discussion of if "we can, here's how, should we?" Planning Director Boughton said those discussions would be in Phase 1.

Councilmember Musgrove asked if the PERC would be behind the proposed cottages. Planning Director Boughton said they would be, but there would still be quite a bit of work that would need to be done. It would not serve as in lieu open space for those cottages.

Councilmember Musgrove asked if they are talking about the curved road strip as being the last area to build out. Planning Director agreed, but said the cottages are a very preliminary concept right now, it is not a done deal.

Councilmember Thomas said this is the perfect site for this project within Poulsbo. Poulsbo also has a bus that connects that part of town with the rest of the City. Overall it is a great concept.

Mayor Erickson said people have asked her about the YMCA, and she said they could be a piece of the project. She feels the PERC is Poulsbo's form of the YMCA.

Councilmember Lord said the current event center at the high school has a pool and a professional stage and seating, and wondered if the pool went away, would this be an opportunity for the school district to expand the auditorium, or does the district plan to keep the pool if a second one was built. Parks & Recreation Director McCluskey said they have not discussed that much detail with the school district.

School District Director Eckert said their auditorium is becoming too small for certain events. He does not know if they would expand the auditorium, or keep the pool open for swim lessons. Both spaces are aging and need work. They will have to look at their capital plan and make these decisions in the future.

b. Poulsbo Police Officers Collective Bargaining Agreement

Human Resources Manager Kingery presented the agenda summary, noting the union contract between the City of Poulsbo and the Poulsbo Police Officers Association expired on December 31, 2018. After numerous meetings with the bargaining unit, as well as three mediation sessions, an agreement was reached and the final contract resulting from these meetings has been ratified by the union. The next step is approval by the City Council. The monetary impacts are: longevity percentages increase; detective and canine handler premiums increase; the school resource officer receives premium pay, wages increase 3.75% for Officers and 4.58 - 4.75% for sergeants in 2019, 3.5% for 2020 and by a CPI formula for 2021. The agreement also includes a signing bonus for the five newest officers. There are language changes in the following sections: the union security clause, the scheduling section, eligibility language for the health care plan, sick leave section, paid family and medical leave, probationary period, the uniform section and the take home car section.

Councilmember Stern reported the Finance-Administration Committee reviewed the contract and recommended approval.

Councilmember Musgrove said it is tough to sit at the table, and congratulations to everyone for pulling through the process. He asked if there were any other changes in the wage resolution other than those affected by the police contract. Human Resources Manager Kingery said there were no other changes.

Mayor Erickson said every good contract is a compromise between two groups of people. She feels they came to a good compromise. She thanked the Poulsbo Police Officers Association for working as hard as the City to get this job done.

Councilmember Nystul asked what the Teamster's increase was. Human Resources Manager Kingery said the Teamsters received a 3.5% increase.

Councilmember Nystul said he is pleased to see the take home vehicle policy in the contract now.

Motion: Move to authorize Mayor Erickson to sign the Collective Bargaining Agreement between the City of Poulsbo and the Poulsbo Police Officers Association effective January 1, 2019, to December 31, 2021.

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

c. Resolution No. 2019-05, Amended Salaries and Wages

Motion: Move to approve Resolution No. 2019-05, adopting the 2019 amended Salaries and Wage schedules effective January 1, 2019.

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

d. Public Hearing and Adoption of Ordinance No. 2019-06, Farmers Market Limited Zoning Amendment

Associate Planner Coleman presented the agenda summary, noting the farmers market is currently permitted in the Poulsbo Municipal Code (PMC) with a Temporary Use Permit (TUP). However, a TUP is only valid for up to 2 years. The proposed amendments to the Zoning Ordinance (Title 18) would permit the use by right within residential zoning districts if they meet certain criteria set forth in the ordinance. The draft Farmers Market Limited Zoning Amendments was publicly released January 25, 2019. This release and all associated documents were posted on the City's website, distributed to Washington State Department of Commerce and local, regional and state agencies, and emailed to the City's Development Regulations Update interested parties e-notice list. On January 25, 2019, the Notice of Application (NOA) with Optional DNS was

published in the North Kitsap Herald, emailed to the NOA, SEPA and Development Regulations e-notice list, and posted at the Poulsbo Library, Poulsbo Post Office, City Hall and the City's website. On February 11, 2019 the SEPA Threshold Determination was issued. No public comments have been received. The Planning Commission held a public hearing on March 26, 2019 and voted 7-0 to recommend approval.

Mayor Erickson asked if five acres were really needed. Associate Planner Coleman said they originally had it at two acres but received a comment from Councilmember Musgrove that the site should be larger. Mayor Erickson was wondering where they would be able to find sites that are five acres within city limits. Associate Planner Coleman said there are not that many sites at two acres in the RL/RM/RH zone; they are churches, parks, and schools. Ultimately, it may not matter, but it can be amended to two. Planning Director Boughton said they felt the five acres would direct them to the places that would serve them best.

Councilmember Lord asked what the current acreage is for Gateway Church. Associate Planner Coleman said it is 9.3 acres. Councilmember Lord said they are only using one side of it and asked how that was factored in. Planning Director Boughton said they need 1.5 parking spaces per booth (45 parking spaces for current market).

Councilmember Musgrove said he is concerned the definition is so loose, it covers almost anything you can do. He is looking for either a better definition or qualifying statement. He feels the current definition would include fundraisers and bazaars, multi-family yard sales, flea markets, fish vending on the docks, annual plant sale, etc.

Associate Planner Coleman noted they added that it must be a non-profit, but they could limit the time frame to exclude those other activities. Planning Director Boughton said they could add a qualifier of a time frame, like "no less than six months out of the year." That would limit it to the farmers market.

Councilmember Musgrove asked if market vendors are required to have a business license, Planning Director Boughton said they are required to have a license.

Councilmember Musgrove asked if there are any limitations to the merchandise that can be vended. Planning Director Boughton said they do not regulate that; it is decided by the Poulsbo Farmers Market Association.

At 8:01 a.m., Mayor Erickson opened the public hearing, and receiving no comments closed the public hearing at 8:01 p.m.

Motion: Move to approve with modifications an ordinance of the City of Poulsbo, Washington, amending Sections 18.70.030 and 18.70.070 of the City of Poulsbo Municipal Code in order to permit the farmers market to continue in its current location; and providing for severability and establishing an effective date.

Discussion: Clarification that modification a minimum operating period of six months and changing the size to two acres from five acres.

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

e. 2019 Comprehensive Plan Amendments Workshop

Associate Planner Coleman presented the agenda summary, noting the City Council set the docket for the 2019 Comprehensive Plan Amendments in January, which include:

- P-11-13-18-03 is a request to re-designate and rezone 2.56 acres of recently acquired parks property from Residential Low to Park.
- P-11-15-18-05 is a request to re-designate and rezone eight properties located north of McDonalds on Viking Ave NW from Residential Medium to Residential High.
 - Gross density calculations reviewed with a total difference of 36 units
 - Density calculations reviewed with reduction factors – 78 total units versus 130 (gross total).
- P-11-13-18-01 is a text amendment to Chapter 12, the Capital Facilities Plan, to incorporate Appendix B-6 to reflect the updated 2018 Urban Paths of Poulsbo.
- P-11-13-18-02 is a text amendment to Chapter 12, the Capital Facilities Plan, to incorporate changes recommended by the Parks staff, Parks and Recreation Commission, and citizens.
- P-11-13-18-04 is a text amendment to Chapter 12, the Capital Facilities Plan, to update Table CFP-4 to reflect the proposed projects listed in the 2019-2024 Capital Improvement Projects.
- P-11-26-18-01 is a text amendment to Appendix B-4; Chapter 7; Chapter 12, Capital Facilities Plan for adjustments to funding sources estimated in the Comprehensive Plan, which will result in an increase to Traffic Impact Fees.

Comprehensive Plan amendments are processed using the Type IV public review process, which requires a public hearing before both the Planning Commission and City Council. The Planning Commission recommended approval of the amendments at their March 26, 2019 public hearing. The City Council Public Hearing is scheduled for April 10, 2019.

Director of Engineering Kasiniak gave a presentation on the adjustment to traffic impact fees. Presentation highlights included:

- Capital Facility Plan/Transportation – Required by law/GMA
 - Public

- To ensure that adequate facilities are build to serve new growth, to maintain minimum Level of Service E (Comprehensive Plan)
 - Developers
 - To reduce need for offsite improvements, reduces cost, reduces time, reduces risk.
 - To make some developments financially valuable. Johnson Ridge/Noll Road.
 - To provide frontage improvements along major corridors. Viking Avenue/Fishline Lincoln/Safeway.
- City Comprehensive Plan/Transportation Facility Plan/Financial Plan
 - Total approximate funding available: \$54,800,000
- Recommended changes to Table CFP-9
 - Total Transportation System needs unchanged \$54.8M (List of Projects and Project Costs)
 - State/Federal Grants Contributions decrease to \$20M from \$29M or \$1M/Year for 20 years
 - General Obligation/Bonds/ Other Sources Contributions decrease to \$2M from \$4.1M.
 - Fund 311 (Property Tax) Contributions decrease to \$1M from \$5.5M
 - Traffic Impact Fees Contribution increase to \$31.8M from \$16.2M, 58% from 30%
- Grants
 - Grants Environment is much more competitive – Good Economy/New Developments put more stress on jurisdictions infrastructures (Transportation); as result of those pressures more jurisdictions are seeking new source funding.
 - Traffic Impact Fees – Recently Bainbridge Islands, Port Orchard passed Traffic Impact Fees Ordinances (Matching Funds, Bremerton).
 - More jurisdictions apply for grants, increase competition/New Rules for STP.
 - Recommendations – lower anticipated revenues from grants from \$29M to \$20M
- Bonds/Other Sources
 - Maintain City commitment to \$4.1M Transportation Bond but assume that \$2.1M bond will be repaid using future Traffic Impact Fees and \$2.0M
 - Capital Project Funds
 - 311 Street Reserve Fund
 - 2.15% Property Tax Revenue/Year - \$50,000 (\$48,000 in 2018)
 - \$50,000 x 20 years = \$1,000,000
 - Proposed Traffic Impact Fees
 - Total Traffic Impact Fees=Total Cost (\$54.8M) – Other Sources (Grants, Bonds, 311 or 23M)

- Total Traffic Impact Fees (\$31M)/New Trips (55,020)
=\$564/Trip
- Recommendations
 - State/Federal Grants decrease from \$29 M to \$20 M or \$1.0 M/Year for 20 years
 - General Obligation/Bonds/ Other Sources decrease from \$4.1 M to \$2.0 M.
 - Fund 311 (Property Tax) decrease from \$5.5M to \$1.0 M
 - Increase TIF from \$355/ADT to \$564/ADT (58% from 30%)
- Other jurisdictions traffic impact fees for single family homes
- Planning Commission reviewed proposed changes and recommended approval.

Councilmember Stern said Poulsbo was a very early adopter of impact fees with the idea of wanting to maintain the community's character and charm and scale. By putting these fees on proposed development, it might have weeded some development out. Other communities welcome development by reducing fees or providing subsidies. Poulsbo has maintained the opposite approach, to making sure that the growth that happens here is a quality that adds to the community and existing residents don't pay for that growth by absorbing the impact on their taxes of others coming in. It is a delicate balancing act.

Councilmember Lord said Poulsbo is always saying "growth pays for growth." Actually, growth pays for quality growth. Developers are coming in and paying fees that have been established so that we can keep Poulsbo the way we want it to be and keep the quality up.

Councilmember Musgrove said this request is shifting where we get our funds, we are not creating more funding. The cost to people who come and buy homes will have to pay more. The developer initially takes the brunt of the increase, but whoever buys or rents from them are the ones that actually pay it. On the flip side, it is freeing up other funding. They are shifting where the money comes from. It is increasing the burden on a certain category of people buying new development, but in exchange it is freeing up Fund 311.

Director of Engineering Kasiniak said developers need an easy way to meet concurrency requirements and don't have to build off-site improvements. They don't need to borrow money and create risk to the project. It is important to have a realistic financial plan that we can deliver to the developer so they don't have to do huge improvements, which would increase the cost of the project. Developers benefit from well-developed facility plans.

Councilmember Musgrove said at one level it is an additional tax increase, but when you step forward, you see how it plays out. Existing residents with existing properties would have less of their property taxes paying for supporting the new developments.

It is an increase in cost, but it is a benefit to those who live here now and puts more of a proper burden on those who are coming in the future without placing some of that burden on the existing residents.

Councilmember Stern asked for clarification on the diminishment of property tax. Director of Engineering Kasiniak clarified some property taxes have a restricted use (pavement and restoration). We won't be receiving less taxes we are using the taxes differently.

Mayor Erickson said we need to make sure we have our neighborhood street program in place, and that we are maintaining our existing infrastructure. This also makes sure growth pays for growth, and she does not believe the existing citizens of Poulsbo should pay for new developers' roads. This says a little over half of our future capital for our roads will be borne by our development community.

Planning Director Boughton said this is an example of GMA planning. It requires us to ensure funding for our transportation facilities. We are making an adjustment in our plan to ensure we have a fully funded transportation plan. The alternative is to reduce our standards or reduce our project list.

Councilmember Stern asked if we are banking on traffic impact fees versus bonding, how can we be certain of that revenue stream when it is subject to market conditions. Director of Engineering Kasiniak said we still can bond, but the repayment will be with traffic impact fees, which will come later. We could be affected by a slowdown in the economy. If the development does not happen, then the pressure is reduced on our infrastructure. Planning Director Boughton said that is why these plans are updated every eight years.

Mayor Erickson addressed the audience at the meeting who are concerned about the up-zone. She said she understands their fears of development coming so close to their home. She also understands the staff make sure that when development does occur, that it is reflective and responsive to the neighbors that are next to it.

Councilmember Thomas added they have to keep in mind that if the up-zone was not approved, the existing zoning, if built out, would be substantial as it is. He said that is something to keep in mind as they weigh these decisions.

f. Westside Well Treatment Pilot Study

Director of Engineering Kasiniak gave a presentation on the Westside Well Treatment Pilot Study scope and budget. The pilot study will determine the feasibility of different treatment techniques, design parameters, and any water quality specifics that may affect the performance.

Councilmember Musgrove reported this was discussed at Public Works Committee and they concluded that this is exploratory. The cost savings to the City for the study isn't

high; however, the potential cost savings to the public could be high. He also noted the levels of concentration of manganese in the water pose no health issues.

Motion: Move to approve the contract with Gray & Osborne for a pilot study on the Westside Well Project in the amount of \$20,665 and authorize the Mayor to sign the contract on behalf of the City.

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

7. COUNCIL COMMITTEE REPORTS

Economic Development/Tourism Committee: Councilmember Lord announced there will be a special committee meeting on Friday, April 12 at 10:00 a.m. They will continue the discussion of the commercial and residential portions in the downtown shop overlay and the entire C-1 zone.

Finance-Administration Committee: Councilmember Stern reported they discussed the executive office reorganization (there will be an update at the April 17 Council meeting); the next election cycle (five council seats up for election this year) and organizing a candidate workshop on April 20 at City Hall; organizing a potential council retreat on November 16, 2019 after the elections for both the seated council and the newly elected officials to discuss current and upcoming issues; reviewed monthly sales tax (up 20% of projected revenue); discussed Public Works relocation, Noll Road/Johnson Parkway projections, and Front Street water infrastructure projects; City Hall is getting a new phone system software installed; the Clerk's Office is requesting a budget amendment for Laserfiche hosted services; discussion on the street dance and if the City should continue funding it (the committee recommended not to fund); the Mayor recommended being a partner with the WWU Small Business Development Center for \$7,500 a year for four years. Mayor Erickson will bring forward the last two items for Council consideration in a couple weeks.

Public Works Committee: Councilmember Musgrove reported they discussed the need for a back hoe back up purchase and a back up mechanic; Front Street changes for water pipes; 6-year TIP; and received a telemetry update.

8. DEPARTMENT HEAD COMMENTS

Planning Director Boughton said there are several land use bills this year in the state legislature that could potentially affect our local zoning regulations and increase densities.

Police Chief Schoonmaker shared years of service for employees in his department: Laurel MacIntyre-Howard, 1 year; Valerie Nau, 10 years; Nick Hoke, 26 years; Howard Leeming, 28 years; Mary Carol Howerton, 41 years. Officer Jason Kennedy graduated from the

Criminal Justice Training Center and is currently on FTO. He shared Officer Keller's thanks to the City team who helped during the collective bargaining agreement.

9. BOARD/COMMISSION REPORTS

Councilmember Thomas reported he attended the March 21 NKSD board meeting, and he was able to attend the budget study session. They are dealing with a revenue shortfall. He also noted Senate Bill 5141, which is about school resource officers and it will affect the City.

Mayor Erickson reported on "Super Tuesday" regional meetings she attended. Kitsap Transit's foot ferry to Port Orchard ran into the Washington State Ferry. There were no injuries nor water in the hull. The boat was not overloaded. Now they are down a boat. Also, Transit has been changing their routes, and have eliminated services to outside areas, including an area called Nollwood. Nollwood is run by Housing Kitsap and is low income, off the beaten path. A lot of the residents don't have cars and have now lost their bus service. She was tasked to figure out how to fix this problem. At the Health District they reported on failing septic systems. She also received an email from the Watershed Restoration Fund, and they are harvesting 30 Olympic oysters from our park to study them for water quality clean up throughout the Puget Sound.

Councilmember Musgrove reported he attended the March 21 meeting of the KRCC Affordable Housing Committee. Mayor Erickson added they reviewed a matrix of solutions that other jurisdictions have used. Each jurisdiction is doing about half of them, but each jurisdiction is doing different ones. Their homework is to figure out why if they are doing these solutions, they haven't created more affordable housing. The second piece of homework is why, if they have a large funding source in "home dollars", there are no private contractors applying to build affordable homes with that funding.

Councilmember Stern reported at the Kitsap Regional Coordinating Council they shared the high demand of residential and not as much demand for commercial, and how Poulsbo is looking at their C-1 zone right now. He reported on May 1 the Economic Development District is meeting in Seattle. Suquamish Chair Leonard Forsman has been elected Chair of the Affiliated Indian Tribes of the Northwest. He will discuss the emerging trends and opportunities in Indian Country throughout the five-state region. He announced the AWC Annual Conference will be June 25-28 and encouraged the Council to attend.

10. CONTINUED COMMENTS FROM CITIZENS

Rick Eckert, NKSD Director, said the support from the District for the PERC is not because the District intends to reduce anything. It is because they recognize the need to expand opportunities. Regarding the comprehensive plan amendment to increase density in a certain area, he said that area is between two past capacity elementary schools. They will

have a community forum on April 10 on their budget. On April 11 their meeting is a school connection meeting at NK High School.

Connie Ryan said she has not been receiving some of her communications, and if they have something to do with her sons, Jack and Carl, she would like to be made aware. She asked for people to come to her directly if they are trying to reach her.

11. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Thomas noted OESD 114 is hosting a regional school safety and security network breakfast meeting on May 13 at 7:30 a.m.

12. ADJOURNMENT

Motion: Move to adjourn at 9:31 p.m.,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk