

POULSBO CITY COUNCIL MEETING OF MAY 1, 2019

MINUTES

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

Staff: Finance Director Booher, Associate Planner Coleman, Office Clerk Rodgers, Director of Engineering Kasiniak, Public Works Superintendent Lund, IT Manager Stenstrom.

MAJOR BUSINESS ITEMS

- * * * Payable Disbursements for March 2019
- * * * April 3, 2019 Meeting Minutes Approval
- * * * KEDA Presentation
- * * * Ordinance No. 2019-__, 2019 Comprehensive Plan Amendments
- * * * Ordinance No. 2019-__, Granting Cascade Natural Gas Franchise Agreement
- * * * Resolution No. 2019-__, Sole Source Purchase/Budget Amendment/BA #19-0202
- * * * Sewer Utility Financial Plan
- * * * 11th Avenue Sewer Replacement Project Consultant Contract and Budget Amendment/BA #19-0203

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 additional materials in the teal folders, but the agenda stands as presented.

Motion: Move to approve the agenda as revised.

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

Motion carried.

3. COMMENTS FROM CITIZENS

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

4. MAYOR'S REPORT AND COUNCIL COMMENTS

a. Swearing in Ceremony for Officer Nollan Quinn and promotion of Detective Gary Westerfield

Police Chief Schoonmaker presented the City of Poulsbo's new detective, Officer Westerfield, and new police officer, Nollan Quinn. Mayor Erickson performed the swearing in ceremony for Detective Westerfield and Office Quinn.

Councilmember Stern noted that the City of Poulsbo college town banners are going up around town.

Councilmember Nystul noted McDonalds will be closed for a while as they do their remodel, and the Agate Pass bridge painting project will start soon (two phases, to be completed in Fall 2020).

Councilmember Thomas stated three things: 1) Journey, Washington State AAA magazine, recommends Viking Fest; 2) Washington State Ferries and Kitsap Ferries Advisory Committees are hosting meetings at each of the terminals to provide updates on local ferry service and gather input; and 3) supplies for the American Legion Park project have arrived (the last thing they're ordering are the engraved bricks, and the order deadline is this Friday, May 3).

Councilmember Lord said tonight is "Girls Night Out" downtown.

Mayor Erickson attended the Martha and Mary Gala past Saturday night (raising money for medical equipment) and thanked the Lions Club for hosting the fishing derby last Saturday morning.

Councilmember Musgrove thanked Councilmember Thomas for the brick reminder for the American Legion project. He reported the City had a great turnout for the hazardous waste recycling day, and Kitsap County's website (kitsapgov.com) has all recycling events posted. He thanked the Finance Department for changing the vendor lists in the check registers.

Councilmember Garland stated that she's thankful for the Lions Club and the fishing event, and they ate trout for dinner that night. She loves getting the Parks & Recreation monthly newsletter each month, and the Kids Fair is coming up.

5. CONSENT AGENDA

Motion: Move to approve Consent Agenda items a and b.

The items listed are:

a. Payable Disbursements for March 2019

b. April 3, 2019 Meeting Minutes Approval

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

6. BUSINESS AGENDA

a. Kitsap Economic Development Alliance (KEDA) Presentation

Kathy Cocus from KEDA gave a brief overview, stating that

- They track their time: 55% (PTAC) government contracts, 33% general business expansion;
- 78% of clients in this year's first quarter have 10 or fewer employees;
- Partnering with Sound Publishing to increase online presence;

Skyhawk Press business owner and KEDA client, Alisha Weiss, shared how KEDA helped her business, which is in Poulsbo, go from struggling to successful.

b. Ordinance No. 2019-08, 2019 Comprehensive Plan Amendments

Planning Associate Coleman presented the agenda summary, noting Comprehensive Plan amendments are a Type IV permit, which require public hearings before the Planning Commission and City Council. The Planning Commission held their public hearing on March 26, 2019 and offered a recommendation of approval of the proposed amendments.

On April 10, 2019, the City Council held a public hearing on the proposed Comprehensive Plan amendments, and after considering the information received, voted to approve the Planning Commission recommendation and approved the amendments. The Council directed the PED Director to prepare an adopting ordinance.

Motion: Move to approve Ordinance No. 2019-08, an ordinance of the City of Poulsbo, Washington, adopting the 2019 Comprehensive Plan Amendments; re-designating and rezoning eight properties located north of McDonalds on Viking Avenue NW from Residential Medium to Residential High; re-designating and rezoning four properties located on 5th Avenue between Bay Street and Liberty Road from Residential Low to Park; amending Chapter 12, Capital Facilities Plan, to incorporate the updated Urban Paths of Poulsbo; amending Chapter 12, Capital Facilities Plan, to incorporate changes recommended by staff, citizens, and the Parks and Recreation Commission; amending Table CFP-4 (the Six-Year Capital Improvements Projects) to reflect projects listing in the City Budget 2019-2024

Capital Improvements Plan; amending sections of Appendix B-4, Chapter 7, and Chapter 12 for adjustments to estimated funding sources; providing for severability and establishing an effective date.

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

Motion carried.

c. Ordinance No. 2019-09, Granting Cascade Natural Gas Franchise Agreement

Finance Director Booher presented the agenda summary, noting the ordinance for a franchise with Cascade Natural Gas replaces Ordinance No. 90-33. The franchise will be for a period of 10 years from the date of final acceptance. The franchise will automatically renew for 1-year increments unless cancelled at the end of the term. Future cancellation will require a minimum of 180 calendar days written notification prior to the end of the term.

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 the purpose of supplying, distributing, and selling gas to the inhabitants of the City.

Legal fees incurred by the City will be billed to Cascade Natural Gas for preparation and negotiations of the agreement.

Two readings of the ordinance are required. The second reading will occur on May 8, 2019, with a motion for approval.

Councilmember Musgrove asked if there are any substantive changes with the new contract, since there was no red-line copy to review.

Finance Director Booher said this is a new agreement, and there are no substantial changes. It does consider any new law changes. Gas does not collect any franchise fees.

Councilmember Musgrove asked if there are any limitations or restrictions to running a gas line through Poulsbo to get it to the other side of town. Finance Director Booher stated Director of Engineering Kasiniak can better answer that question. They would have to go through the right-of-way process, and Transportation Engineer Bateman went over the contract extensively to make sure the contract follows all codes and procedures.

Councilmember McGinty asked Director of Engineering Kasiniak if Cascade Natural Gas provides drawings for their layouts. Director of Engineering Kasiniak stated the City does not have comprehensive GIS plans for sewer or gas.

Councilmember McGinty asked if it would be something the City or the Fire Department would want. Director of Engineering Kasiniak responded that Cascade Natural Gas would share it with us if we wanted it. There has been no need for it so far, unless there's a project in a certain area of the City.

Mayor Erickson suggested that Cascade Natural Gas share their GIS file, and there shouldn't be a problem getting that, but we don't want to establish liability if we own it. It would be good to have for emergency management purposes.

Public Works Superintendent Lund noted that they used to have a paper copy at Public Works. Mayor Erickson would like the City to have an electronic copy. Director of Engineering Kasiniak clarified that it's very conceptual, so you cannot really use it for any other purpose. It's not detailed enough to show valves.

Councilmember Thomas asked if this allows Cascade Natural Gas to go through easements on private property. Director of Engineering Kasiniak said it does not. Any easement they would have to negotiate separately for each project.

Mayor Erickson called for public comment for the ordinance; no public comment received.

d. Resolution No. 2019-06, Sole Source Purchase/Budget Amendment/BA #19-0202

Public Works Superintendent Lund presented the agenda summary, noting in order to stay in compliance with bid laws the City Council must approve a resolution for Sole Source Purchase. Per MRSC, used items may legitimately be considered a sole-source purchase [see AGM 1998 No. 40, dated 12/01/98].

Resolution No. 2019-06 enables the City to amend the Public Works budget for purchase of a used 2010 backhoe from Heidi Zwicker in the amount of \$65,000. An additional \$10,000 is requested to cover taxes and registration for a total amount of \$75,000.

As the machine will be used by all Public Works departments, the purchase will be split between all utilities and the streets department. Water - \$15,000, Sewer - \$15,000, Storm - \$15,000, Solid Waste - \$75,000, and Streets (GF) -\$75,000.

Public Works staff have inspected the machine and have researched comparables. They found the price for this machine to be less than market value for a comparable machine.

Motion: Move to approve Resolution No. 2019-06, Sole Source and Budget Amendment/BA # 19-0202 for \$75,000 for 2010 Case backhoe.

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

e. Sewer Utility Financial Plan

Director of Engineering Kasiniak presented the agenda summary, noting his proposal to hire BHC for evaluating the sewer utilities in order to update the 2016 General Sewer Plan (City Council recommended a review of the financial plan in 2019). City Staff with BHC consultant assistance will review and update the Capital Facility Plan, Chapter 7. BHC subconsultant FCS Group will update the Sanitary Sewer Utility Financial Plan, Chapter 8, Revenues and Expenditures Projections. They will develop a forecast of operating revenues and expenses, review capital expenses and revenues, test the sufficiency of the current projected revenues in meeting the utility annual cash obligations and maintaining required debt service coverage ratios. The total cost will be \$16,983 and is included in the 2019/2020 Sewer Utility Budget. Public Works Committee recommended approval.

Councilmember McGinty stated that in the past the City wasn't very diligent in was monitoring total capital costs and making sure that connection fees stayed valid. He asked if this contract reviews them and keeps them up to date. Director of Engineering Kasiniak no, the only thing the City is doing right now is ensuring that whatever the City assumed in 2016 is still a valid assumption. They will not be reviewing connection fees, they're assuming connection fees stay the same, and they will be increased by inflation factor as required by the ordinance and see if this would be sufficient to support our comprehensive plan. The City will have another review of the comprehensive plan in three years for a detailed analysis of our sewer system, our needs, and our costs. If the assumptions are incorrect and changes are needed, then they will have to come back and amend this contract.

Mayor Erickson stated that the contract is going to test the original model and see if the City is on track.

Councilmember McGinty asked is that strictly to generate enough revenue to build the Capital Improvement Plan, or is it also going to look at the money invested in our infrastructure and if the current fees should be higher because we invested more. Director of Engineering Kasiniak said that detailed analysis is done every six years. Right now, they are checking that they're still on track to reach their financial goal. Mayor Erickson compared this process to the biennial budget with a mid-way check-in. Director of Engineering Kasiniak clarified that they are looking at both revenues and expenditures.

Councilmember McGinty said they're currently checking if the City has enough revenue to finish the CIP. The first task is looking at the projects, revenue sources, and seeing if there is enough money to complete them. The second task is generating revenues from the right sources.

Director of Engineering Kasiniak answered that they're not going back and checking to see if they're generating revenues from the right sources. That is done during the main comprehensive plan update done every six years.

Director of Engineering Kasiniak confirmed that they're checking assumptions of plan three years into the six-year plan.

Councilmember McGinty asked what the current value of the system is, and that generates the connection fees.

Councilmember Nystul stated that there seems to be two parts: this study is revenue and expense, we are looking at how we are doing and operating. You have to do a separate plan to look at the capital fees based on information to date. This is one thing.

Councilmember McGinty noted that, like our traffic impact fees, we wait too long to look at them and then we have huge increases. He would like them to be looked at more often.

Director of Engineering Kasiniak suggested editing this contract to take the depreciated value of existing facilities and divide by the number of existing customers.

Councilmember Musgrove asked what it would cost to add to this contract to cover the additional scope of work. Director of Engineering Kasiniak estimated it would cost \$5,000. He said it opens a wider discussion of different alternatives.

Mayor Erickson suggested postponing this contract one week. She suggested Councilmember McGinty and Director of Engineering Kasiniak work together to figure out Councilmember McGinty's concerns. And then we'll determine what the next steps are from there.

Councilmember Nystul noted that the Engineering firm has done the work before; and the consultant, FCS, is well-known for financial analysis, and Director of Engineering Kasiniak could ask them look into the process of what Councilmember McGinty is interested in. The contract is under the Mayor's purchasing amount, so if they bring it back the Mayor could sign off on it.

Councilmember McGinty would like Director of Engineering Kasiniak to investigate how much it would cost to add that and bring this back next week.

Action: To be continued to May 8, 2019, Council Meeting.

f. 11th Avenue Sewer Replacement Project Consultant Contract and Budget Amendment/BA #19-0203

Director of Engineering Kasiniak presented the agenda summary, updating the Council on the SR-305 Manhole Rehabilitation project, the Raab Park Sewer Lining project, and the addition of the 11th Avenue Sewer Replacement project to the current scope of work. The 11th Avenue Replacement project budget of \$2M is currently on the CIP and planned for construction in 2021. Adding this scope of work will be a cost-effective measure that will also invite more contractors to bid on this larger scope of work. It has also been discovered that the sewer lines due for replacement on 11th Avenue are deteriorated (pipe is bad at every joint with major root intrusion and cracks) and in need of immediate replacement. The cost to add this additional scope of work to the current consultant contract with RH2 is \$6,016.

Motion: Move to approve the Budget Amendment/BA # 19-0203 in the amount of \$200,000 moving the planned CIP budget for the 11th Avenue Sewer Replacement project from the 2021 expenditure year to the 2019 expenditure year.

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

Motion carried.

Motion: Move to approve the contract amendment with RH2 to add \$6,016 to the current SR305 Manhole Rehab/Raab Park Sewer Lining contract to incorporate the 11th Avenue sewer work and authorize the Mayor to sign the contract amendment on behalf of the City.

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

7. COUNCIL COMMITTEE REPORTS

Finance-Administration Committee: Councilmember Stern reported about updated policies for the employee manual, which cover city vehicles and travel reimbursement.

He reported the committee suggested staff print hard copies for committee meeting minutes once they were approved. Councilmember McGinty suggested sending links via email to the approved meeting minutes. Councilmember Thomas pointed out that if every Councilmember got a copy of the approved minutes and spent less time discussing them at the Council meetings, the public would lose out because they watch the Council meetings on TV. Councilmember Lord stated the reports are on camera for the public's benefit, and anything discussed at the meeting is added to the Council meeting minutes. She wants to stay as transparent as possible. Mayor Erickson suggested that the committee minutes be inserted (as PDFs) into the consent agenda, and it would be distributed in the agenda packet electronically. Councilmember Musgrove said minutes often lag behind the active topics. Personally, he would like hardcopies for everyone. Councilmember Thomas said half the time he prints the packet, and he thinks it would work to add the committee meeting minutes to the consent agenda; committee chairperson should still report on current topics. Mayor Erickson said they'll put the minutes in the consent agenda. It won't be staff's responsibility to print out copies for Councilmembers.

Councilmember Stern reported the real estate excise tax and sales tax is about 10% above the projected amounts. The financial status reports which are presented quarterly by Finance Director Booher is coming out a little late.

Councilmember Stern reported on a phishing scheme that occurred. The City tried to stop it, but was unable to, and it was a loss of \$2,800. IT Manager Stenstrom is now adding a warning to all emails that are coming from external senders.

Economic Development/Tourism Committee: Councilmember Lord reported that they met last week. Discussion points included: 1) Carol Tripp from the Port of Poulsbo attended, and they received a grant for floating breakwater. In August the Port will start overhauling their comprehensive plan, and they want to coordinate that with the City.

Port Commissioner Swann's position is open, and on May 10 they will be getting a new harbor master. The Port is also willing to continue negotiating/discussing (with the City) an Events Coordinator position. 2) On-going discussion on C1 Zoning overlay on both sides of Front Street regarding the mixed-use opportunity and the conversion option. The next EDC meeting is going to be on May 22, 3-5 p.m. as a full council workshop. 3) The Comprehensive Plan full update will need to be done in 2024. 4) They discussed the WWU SBDC contract and a need for their business plan. 5) Upcoming ordinances include the clearing and grading, sexual violent predator facilities zoning, small cell towers, and the Shoreline Master Plan Update is due in 2020. 6) The PERC project will be working through in June. 7) Suquamish Tribal celebration will be June 1 at the long house. 8) Received an update from KEDA.

8. DEPARTMENT HEAD COMMENTS

Public Works Superintendent Lund noted that it's striping season. They did 10th Avenue recently, and they're getting ready for Viking Fest.

Finance Director Booher stated the entrance auditor conference is on Monday, which has been noticed for quorum.

9. BOARD/COMMISSION REPORTS

Councilmember Stern reported he attended the Puget Sound Regional Council (PSRC) Federal Economic District meeting. He said they were able to wed together the governor's office of rural broadband with NoaNet and KPUD with the Indian Tribes of Washington.

Councilmember Nystul noted that the KRCC TransPol met April 18; the PSRC has \$5 million for surface transportation project grants. The City of Poulsbo has applied for one.

Councilmember Thomas stated the North Kitsap School has challenging times right now, which had to do with waiting for the legislature to finish their budget and consider a levy lid lift. They're facing a funding challenge, and there may be possible layoffs.

Mayor Erickson attended the PSRC Operations and Transportation Policy Board meeting on the May 25. The Mayor was formally approved to be the chair of the Transportation Policy Board. Every Monday morning, she attends a finance meeting for Housing Kitsap with Commissioner Gelder and Mayor Putaansuu. They finally "see some light at the end of the tunnel," and the agency is starting to stabilize. She's also involved in WRIA, water resource inventory assessment, where they're doing watershed analysis. There will be six tribes in that meeting, plus Pierce and Kitsap County, and the local jurisdictions. They are making sure there is enough potable water for the future.

Councilmember Musgrove noted that the KRCC affordable housing task force on is on May 16. He said if anyone has any input, let him know.

10. CONTINUED COMMENTS FROM CITIZENS

Rick Eckert, NKSD Director, noted that the legislature passed two bills that may help the school district. The biggest budgetary concern is employee benefits, and there is a potential for layoffs.

11. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Thomas served almost 24 years, and he never met the chief of naval operations while serving. He was recently at Naval Base Kitsap Bangor, and he and the Mayor met him a couple days ago. He noted that there's a natural commonality between submarine bases and the City of Poulsbo.

12. ADJOURNMENT

Motion: Move to adjourn at 8:47 p.m.,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk