

## POULSBO CITY COUNCIL MEETING OF JUNE 12, 2019

### MINUTES

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

Staff: Finance Director Booher, Associate Planner Coleman, Deputy City Clerk Diehl, Engineering Technician Roberts, IT Senior Technician Williamson.

**ABSENT:** Councilmember McGinty, Stern.

### MAJOR BUSINESS ITEMS

- \* \* \* Budget Amendment #19-0206 – Snow and Ice Control
- \* \* \* 4<sup>th</sup> Quarter 2018 and 1<sup>st</sup> Quarter 2019 Financial Status Report Presentation
- \* \* \* Ordinance No. 2019-11, 1<sup>st</sup> Quarter Budget Amendments
- \* \* \* Urbanized County Funding Program Discussion
- \* \* \* Clearing and Grading Ordinance Update Workshop (Continued)

#### 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** Garland, **Seconded by** Nystul.

Motion carried unanimously.

#### 3. COMMENTS FROM CITIZENS

Rita Hagwell noted her street of Marelaine Lane is shown incorrectly on the Urban Paths to Poulsbo map. Ms. Hagwell was concerned about the regulations for tree cutting on private property being carefully thought about in order to work for the whole city and not a small group.

Marianna Smyth, vice president of HDPa, stated she was here to bridge some communication gaps with the City of Poulsbo and requested a councilmember attend the HDPa meetings on the 2<sup>nd</sup> Tuesday of the month.

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

Councilmember Nystul reported on the SR305 meeting stating project is moving along and they are getting some more precise costs for the project. Project was projected to cost \$26 million but with the addition of the roundabout at the Casino the project is short \$20 million.

Councilmember Thomas noted he and Councilmember Nystul attended a tour of the Central Kitsap Treatment Plant today. Thomas noted: City of Poulsbo is part owner of the facility; new UV Disinfectors were installed; the one Centrifuge the plant had was not functioning properly and was replaced with two new ones; and he was surprised they have the capacity there for tertiary treatment. Councilmember Nystul expressed concern regarding the City's fair share of the purple pipe project which will be benefiting Silverdale. Nystul also noted the wastewater treatment center used a consultant from Bellevue to find savings on the UV Disinfectors Project and received a grant for \$225,000 from Puget Sound Energy. Thomas mentioned he will be attending with the Mayor the WA State Transportation Commission meeting on Tuesday, June 18<sup>th</sup>.

Councilmember Lord thanked her fellow councilmembers for attending the Central Kitsap Treatment Plant Tour and show support for the facility since the City of Poulsbo is part owner in the plant. Lord noted the city has been working hard to reduce the infiltration with the replacement of many sewer pipes.

Mayor Erickson noted this Saturday, June 22<sup>nd</sup> will be very busy downtown: the Petswalk will be taking place at 9am which she encouraged everyone to come; following the Petswalk is Midsommer Fest in the Parkway starting at 2pm; and the Power Squadron will also be holding a ceremony at the Port of Poulsbo in the afternoon. Erickson noted last weekend she attended the Day of Positivity and the opening of the new Coffee Oasis in Kingston.

Councilmember Musgrove stated how Petswalk is increasing in popularity with 450 registered participants and the Fish Park volunteer program which was supposed to happen on June 15<sup>th</sup> has been postponed to June 23<sup>rd</sup> due to Father's Day.

Councilmember Garland congratulated class of 2019 and noted graduation will take place this Friday.

## **5. CONSENT AGENDA**

**Motion:** Move to approve Consent Agenda item a.

The items listed are:

- a. Budget Amendment #19-0206 – Snow and Ice Control

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

## 6. BUSINESS AGENDA

- a. **4<sup>th</sup> Quarter 2018 and 1<sup>st</sup> Quarter 2019 Financial Status Report Presentation**

Finance Director Booher discussed the 4<sup>th</sup> Quarter of 2018 and 1<sup>st</sup> Quarter of 2019 Financial Status reports noting the reports were a little late this year and are now on the city's website. Finance Director Booher reported on the following reports:

### **4<sup>th</sup> Quarter 2018 – Year End Report**

Sales tax projection was 20% over budget, with all other taxes being approximately 11% over budget. Grants were also over budget mainly due to carryover of the Mental Health Grant. Investment earnings are trending higher than anticipated. Miscellaneous fund is approximately 20% higher, since we do not budget for sales of surplus property. Expenditures in 2018 slightly exceed the revenues. For the most part all departments were right on track with the exception of the Clerk's Department who was under budget due to the archiving grant to digitize records and Public Works Admin who was over budget due to all the improvement projects which took place in the city. Central Services was under budget due to uncompleted city hall painting which will be rolled over to next year. Also rolling over is General Government due to the Kitsap Mental Health Grant, and Legal due to a minimal use during union negotiation and relying more on our insurance carrier legal team.

Fund Revenues: Capital Improvements Fund is higher due to Real Estate Excise Tax coming in higher than anticipated. Park Development Fund is less than projected since it is based on permitted developments. Drug Enforcement Fund is substantially higher as where it is based on unanticipated revenues collected from seized property and these revenues are not budgeted for. Lodging Tax Fund is higher due to more taxes being received. Park Reserve Fund and the Street Reserve Fund are under due to being related directly to projects and grants in which revenues are received as the work progresses. Facilities Fund is under due to the pending sale of the Police Building. Sewer Fund and Solid Waste Fund are higher due to the 2018 rate increase which brought in more revenues.

Fund Expenditures: Almost all categories are under due to being project based and will be carried over since grant revenues fund these projects.

Part of the Financial Management Policy is look at our cash with the goal being to keep a minimum of two months of operating cash in the bank. Every fund has hit the policy except for Debt Service Funds which are strictly pass thru accounts used bring in debt amounts and pay debt amounts with no reserve being kept in them.

Investments: The Investment Portfolio showed a balance of approximately 28 Million Dollars.

Capital Project Status Reports: Public Works New Facility (GG Share)-Phase 2 has money allocated to it for purchase of additional property. The 8<sup>th</sup> Avenue & Centennial Park House Demo projects are completed, and money was saved due to all work being done in house. The Parks Projects which have been completed include: West Poulsbo Waterfront Park Land Acquisition; Nelson Park Playground; Muriel Iverson Williams Park Restrooms; and the Nelson Park Trail Easements. The remaining Parks Projects that will be carried over include: Centennial Park; Fish Park Phase 4; Morrow Manor Park; and the Skate Park. The completed Sewer Projects included: Kitsap County Johnson Road Metering Station; Central Interceptor CIPP; Kitsap County Facilities Charge for KC Plant; Kitsap County Pump Station #16 and 67 Replacement; Kitsap County Sewer Plant Upgrade; Liberty Bay Pump Station Improvements; Poulsbo Village Pump Station Upgrade; and the Harrison (Fjord) Force Main Replacement. Booher noted the Kitsap County Johnson Road Metering Station is showing zero expenditures due to the agreement with Kitsap County on this project in which they will bill us our share one year after the completion of the project in order to receive and total up all invoices received. The remaining Sewer Projects that will be carried over include: SR305 Manholes; Telemetry Upgrade; Water Meter Replacement; Applewood Pump Station; Kitsap County Lemolo Siphon – Phase 2; Noll Road Sewer Improvements; and the Public Works New Facility (Sewer Share)-Phase 2. The completed Storm Drain Projects included: West Poulsbo Waterfront Park – Land Acquisition and Fjord Harrison Storm Drain. The remaining Sewer Projects that will be carried over include: Dogfish Creek; Liberty Bay Bioretention; Bjorgen/Noll Road Culvert Replacement; Noll Road Direct Discharge; Fjord Dr Stormwater Quality Treatment; Liberty Road (SR305) Outfall; Public Works New Facility (SD Share)-Phase 2; and the 7<sup>th</sup> Ave Reg Detention Facility. Booher stated all the utility funds will show \$100,000 allocation for the Public Work New Facility due to the costs being split between those funds. The Transportation Projects that will be carried over in 2019/2020 include: City-Wide Pavement Restoration Program (Forest Rock); Finn Hill Reconstruction; Liberty Bay Waterfront Trail; Noll Road Improvements–Phase 3; Noll

Road Improvements ROW-Phase 3; City-Wide Safety Improvements; and the Local Neighborhood Road Maintenance Project. The completed Water Projects included: Fjord (Harrison) Street Main Replacement and the Pugh Well/Lincoln #2 Treatment for Manganese. The remaining Water Projects that will be carried over include: Raab Park Water Tank & Booster; Telemetry Upgrade; Water Replacement; Caldart Main; Noll Road Water Improvements – Design; Public Works New Facility (Water Share)-Phase 2; and the Wilderness Tank Retrofit.

### **1<sup>st</sup> Quarter 2019**

Booher noted the 1<sup>st</sup> Quarter reports is basically the same as the 4<sup>th</sup> quarter reports. The current items which are out of variance are Property Taxes due to it being filed twice a year and Sales Tax which is at a two month lag due to new reporting standards. Investment earnings are high due to a year end posting. The Public Works-Admin fund is over due to the allocation formula and the first three months not being posted. The Risk Insurance is over budget, due to the premiums being paid with a onetime payment due at the end of January. Booher stated they are right where they expected to be at the beginning of the year. The City Street Fund is going to be off for the whole year due to it being the place where the State Highway 305 Roundabout is being tracked.

Councilmember Musgrove questioned if we were consistently off on predictions of sales tax because we do not budget on market trends? Is there a way to capture all the asset value on capital expenditures that we do not own?

Booher explained we budget conservatively but on the predictability of what we are collecting. This Financial Status Report is where it would show the amounts being spent on the capital projects.

### **b. Ordinance No. 2019-11, 1<sup>st</sup> Quarter Budget Amendments**

Finance Director Booher reported there was no presentation for this ordinance but did request any public comment on the ordinance. No public comment was received.

**Motion:** Move to adopt Ordinance No. 2019-11; an ordinance for the City of Poulsbo, Washington, amending the 2019-2020 Biennial Budget adopted by Ordinance No. 2018-27 to revise the revenues and appropriations from certain funds and approving an ordinance summary for publication.

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

Motion carried unanimously.

**c. Urbanized County Funding Program Discussion**

Mayor Erickson called the council's attention to the two documents in their teal folders, in which she will be discussing. Erickson stated on June 3, 2019 the City of Poulsbo received a letter from the Kitsap County Block Grant Program Manager, that they received a notice from HUD stating it was time to requalify for entitlement status as an Urban County for 2020-2022. This allows Kitsap County to continue to receive federal HOME Investment Partnership and Community Development Block Grant Funds of approximately \$1.7 Million annually. Erickson noted she responded on June 5, 2019, requesting an extension to the deadline of June 7<sup>th</sup> to respond.

There are several different grant programs which provide a lot of the social services funding which comes into Kitsap County. The Community Development Block Grants (CDBG) provides federal grant money that comes from Housing and Urban Development (HUD). The City of Poulsbo has been receiving these grants for at least the last 35 years. Every 5 years Kitsap County does a plan to manage housing in Kitsap County. The CDBG & HOME money has strict criteria that allows it to only be spent in certain ways. For an Urbanized County to receive funds, it must have a population of 200,000 people. In order for Kitsap County to qualify they needed the cities (Poulsbo, Bainbridge and Port Orchard) to join them and make up the Urbanized County. The City of Bremerton is not a partner due to their size in which they receive their own allocation. The WA State Department of Commerce manages the Affordable Housing Grant Program (AHGP), Homeless Housing Grant Program (HHGP), & the Consolidated Homeless Grant (CHG). All programs are funded by document recording fees. Kitsap County then uses these fees combined with the federal grant money to create the Consolidated Grant Process. Approximately \$710,000 is generated annually to the county, with \$72,000 coming from Poulsbo. Last year the State Legislature passed House Bill 1406 (HB 1406) which allows city created sales tax to be retained by the city. It appears the County received \$3,387,391 in 2018, but it is not clearly stated in any of the reporting. The money was distributed in small amounts to various organizations. She feels it would be a more effective use of the money to give larger amounts of money to a few groups instead small amounts of money to every group and that Poulsbo is not getting its fair share of the money. There are a few things that can be done: 1) withdraw from the Urbanized County, 2) ask for a "set aside" to keep it locally and use it more effectively, or 3) continue with the current practice.

Councilmember Lord questioned what the set aside mechanism would be in the interlocal agreement? Are there strings attached for the City to use of the money?

If we obtain a set aside, would the city have to fund all grant requests, or would Kitsap County also provide funds? Mayor Erickson stated there would be constraints on how the money would be administered and if we ask for our own set aside, Kitsap County would most likely not be willing to provide additional funds.

Councilmember Musgrove noted he does not want to upset the urbanized county and likes the idea of staying in and using the set aside. Mayor Erickson believes the City could administer grants for use of the money with notification to the County, State, and Federal Governments on how we plan on using the money. HB 1406 does allow for small cities to use the money to help subsidized rent.

Councilmember Thomas stated he does not feel we are getting our share and the funds we do get is not really helping. Thomas also likes the idea of the set aside to have more control on disbursing the grants.

Councilmember Nystul feels our urgent need is for housing and wonders why the money is going to all types of other things.

**Motion:** Move that the council recommends staying in the Urbanized County and ask for set aside for our proportional share and amend the interlocal agreement.

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

Motion carried unanimously.

#### **d. Clearing and Grading Ordinance Update Workshop (Continued)**

Associate Planner Coleman stated this item along with the Tree Cutting Ordinance were discussed at last week's meeting and they were back to answer any further questions. Coleman noted a Public Hearing was scheduled for July 10, 2019.

Councilmember Lord recommended a few changes in the following sections:

15.35.060 A – would like to add the word (allowed) to this section, so it would read as follows "Add full side tree clearing only allowed when a land use development permit has been obtained; except for any tree retention or vegetation protection required by the land use development permit."

15.35.060 B – would like to see this section worded similar to section A.

15.35.070 J – would like to see examples contained in this sentence such as HOA Requirements, Final Plat Requirements, etc. Councilmember Musgrove asked for a link

reference to the section that was just mentioned that would reference the next step in the process.

15.35.090 B – would like to see the word significant defined (anything over 7,000 feet).

15.35.170 B – would like to see DBH spelled out instead of the abbreviation.

Councilmember Musgrove questioned the sum diameter versus area method of DBH regarding the measurement of multi-tree trunks. It would be helpful to know the intended purposes, because the definition could be limiting or beneficial. Associate Planner Coleman will ask the City Arborist to provide additional information.

Councilmember Nystul asked if some language would be inserted for the impossibility of replanting street trees in the boulevard in section 15.35.060 G.

Councilmember Thomas suggested in section 15.30.070 J, the sentence be broken into shorter sentences as follows: An exemption from a tree cutting permit does not necessarily exempt a property owner from complying with other requirements. These may include policies, criteria and standards contained in this chapter, HOA rules, and other applicable local, state or federal regulations or permit requirements.

Councilmember Lord noted she would like to see the words Final Plat Requirements in this section as well.

Councilmember Lord questioned if section 15.35.090 C and section 15.35.070 D are talking about the same thing? Coleman explained those sections are talking about two different practices. Section 15.35.070 D is dealing with forest practices that are timber harvesting of 20 acres or larger and 15.35.090 C is dealing with forest practices on land in the UGA that will be converted in the future.

Associate Planner Coleman noted she will create some flow charts, to help make the process more understandable, which she will provide to the council before the Public Hearing which will be held on July 10<sup>th</sup>.

## **7. COUNCIL COMMITTEE REPORTS**

Public Works Committee: Councilmember Musgrove reported: the 2<sup>nd</sup> meeting of the month is cancelled due to council being at the AWC Conference; Finn Hill Project update was given and bids will be accepted soon with the project slated to be finished before school starts; recommending approval of the Parametrix contract for the Noll Road

Project which included a bump of \$177,000 on the contract; Cartegraph software now being used by Public Works and Engineering; and Water meter change outs are 78% done and should be finishing up soon.

Community Services Committee: Councilmember Garland reported the committee discussed: the Public Works Site Project and are putting out an RFP for an Environmental Site Assessment Study which will cost approximately \$50,000 and take six months to complete; Morrow Community RCO Grant in where a \$13,000 grant was received with the cost to the city of \$10,000 to complete the grant requirements, so grant was not accepted; Special Events coming up include: Bash By the Bay on June 21<sup>st</sup>, Kitsap Rowing Scrimmage on July 21<sup>st</sup>, Poulsbo Arts Festival on August 16-18<sup>th</sup>, Poulsbo Boat Rendezvous on September 13-15<sup>th</sup>, and Poulsbo Half Marathon on October 12<sup>th</sup>.

Lodging Tax Committee: Nystul reported the committee will be starting up again and during the month of June the council will need to decide if they would like to make changes to the members of the committee.

## **8. DEPARTMENT HEAD COMMENTS**

Engineering Technician Roberts reported Forest Rock Lane was still closed to traffic, but the contractor is working quickly covering 300 feet a day and plan to have all the road base dugout by next Friday.

Finance Director Booher noted the State Auditor's Exit Conference will be on July 1<sup>st</sup>.

## **9. BOARD/COMMISSION REPORTS**

None.

## **10. CONTINUED COMMENTS FROM CITIZENS**

Rita Hagwell questioned: who is the authority on what land owners do with their trees; when the final enforcement date will start; will there be an inspection of all land owners land at this present time, in order to know what they will be doing with their trees later; she feels this would never stand up in court and it is a way to control people; and will land owners receive an infraction or be sent to tree jail?

Rick Eckert of the North Kitsap School Board reported: the current student body for the North Kitsap High school consisted of 1,049 students; 1 to 2% percent of the student

body is homeless; an additional 23% are low income; 1 to 2% are migrant; hopes the city takes these statistics into consideration when dealing with the Urbanized County Funding Grant in regards to creating affordable housing; North Kitsap Graduation is Friday at 7pm and Kingston High School is Saturday at 1pm; the Strategic Plan update is in the final stages and the school board plans to vote on the plan on June 27<sup>th</sup>; thanked Councilmember Nystul for attending the community forum on the Capital Levy.

## **11. MAYOR & COUNCILMEMBER COMMENTS**

Councilmember Thomas noted the parking spots on the overhang at American Legion Park are now closed and will be removed with parking now on the street.

Mayor Erickson stated the Puget Sound Regional Council is requesting future population numbers two years earlier than normal.

Councilmember Musgrove requested with the July 3<sup>rd</sup> Fireworks Event coming up, he would like to use approximately \$2,500 of the firework education budget to create half page flyers which mentions our public display and the hours fireworks can legally be discharged along with contact phone numbers for reporting violators.

**Motion:** Move to use approximately \$2,500 dollars of the Fireworks Education Budget for two one-quarter page commercial advertisements in each the North Kitsap Herald and Kitsap Sun in the June 23<sup>rd</sup> edition and a minimum of 2000 half-page flyers for equal distribution to the Poulsbo Police, City Hall for availability to citizens or organizations and businesses, Parks and Recreation Department, Public Works and the Poulsbo Fire Department as handouts containing the attached information.

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

## **12. ADJOURNMENT**

**Motion:** Move to adjourn at 9:24 p.m.,

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

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Rebecca Erickson, Mayor

ATTEST:

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Rhiannon Fernandez, CMC, City Clerk

*Respectfully prepared and submitted by Kati Diehl*