

POULSBO CITY COUNCIL MEETING OF AUGUST 14, 2019

MINUTES

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

Staff: City Clerk Fernandez, Director of Engineering Kasiniak, Planning Director Boughton, Deputy Chief Grossman, Associate Planner Coleman, IT Manager Stenstrom.

ABSENT: Councilmember Stern

MAJOR BUSINESS ITEMS

- * * * Minutes of June 12, 2018, Council Meeting
- * * * Public Hearing: C-1 Downtown Commercial Limited Zoning Code Amendment – Flexible Use
- * * * Finn Hill Road Pavement Preservation Project Grant Application

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 clarified the title of Business Item B; it is the Engineering Department asking permission to apply for a grant.

Motion: Move to approve the agenda as corrected.

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

3. COMMENTS FROM CITIZENS

Angie Herrington Walhasou spoke regarding the July 3 incident and shared her personal experiences with hatred.

Craig Jacob Brown spoke regarding the July 3 incident and is wants more substantive communication from the police department on how it is complying with HB-1064.

Aaron Jackson spoke regarding the July 3 incident and called for justice and truth.

Madalyn Squires spoke regarding her testimony at the July meeting and the new requirements of HB-1064.

Dan Marshall spoke regarding past investigations from other jurisdictions and wants accountability.

Monica Aufrecht spoke regarding the July 3 incident and asked what the police department is doing to make sure this never happens again.

Sandra Lee Wasous spoke regarding the July 3 incident, police procedures, and the investigation panel.

Chris Haight spoke regarding the August 10 march and the need to be critical about the outcome of the investigation.

Susannah Cummins spoke regarding the July 3 incident and feels race played a part in it.

Brenda Calderon spoke regarding the July 3 incident and that people are anxious across the country about gun violence and excessive force.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Thomas said the American Legion Post 245 is almost complete with their project and the date for the centennial celebration for the Legion and dedication of a Veterans Honor Plaza is September 28 at 10:00 a.m.

Councilmember Lord thanked everyone who spoke to them. She knows they are speaking from their heart and applauded them for their bravery for speaking their truth.

Mayor Erickson said they want the investigation to be completed and hopes it will be released soon.

Mayor Erickson announced the following events: Poulsbrew on September 21 and the Classic Car Show on September 7. She corrected a statement she made at the Chamber today and said the new McDonalds on Viking will have a child's play area.

Councilmember Nystul said the Lodging Tax Advisory Committee meets tomorrow at 2:00 p.m. The presentations from the 11 applicants is September 4, who are requesting \$306K and revenues available are estimated at \$133K.

Councilmember Musgrove thanked everyone for coming to talk tonight. He appreciates they came and took the time to speak. It will make a difference.

Councilmember Musgrove said the third weekend in August is the Art Festival and shared Public Works' repairs at Oyster Park.

5. **CONSENT AGENDA**

Motion: Move to approve Consent Agenda item a.

The items listed are:

- a. Minutes of June 12, 2019, City Council Meeting

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

6. **BUSINESS AGENDA**

a. **Public Hearing: C-1 Downtown Commercial Limited Zoning Code Amendment – Flexible Use**

Planning Director Boughton gave a presentation on the C-1 Downtown Limited Zoning Amendment. Presentation highlights included:

- Schedule review
- Background
 - City Council adopted amendments to the Commercial Zoning Chapter in 2018.
 - Amendments were to all C zones and addressed use table, height, landscaping, design standards, and the creation of the downtown shopfront overlay.
 - Mayor requested the CC Economic Development Committee reconsider the mixed-use component in downtown based upon new information.
 - The EDC discussed options for residential uses in the C-1 district, as well as in the other commercial districts, at multiple meetings throughout the spring (2/27/19, 3/27/19, 4/12/19, 4/24/19).
 - The EDC decided to focus on residential uses in the C-1 zone and at its 4/24/19 meeting requested that the full City Council hold a workshop to continue the discussion.
 - A full City Council workshop was held on the topic on 6/19/19.
- What's on the Books for C-1
 - Design standards which reinforce Scandinavian heritage.

- Establishment of Shopfront Overlay.
- Height limit of 35', except:
 - 3rd Avenue between Moe St and Hostmark St shall be 25' as measured from the highest sidewalk grade of 3rd Avenue adjacent to property line;
 - In Shopfront Overlay, west side of Front St shall be 25' and the east side of Front St shall be 35' as measured from the highest sidewalk grade of Front St.
- Mixed-Use – 2018
 - Mixed-use was discussed at length during the 2018 Commercial Code Update.
 - Two types of mixed-use considered: 1) mixed-use structure and 2) mixed-use site.
 - The discussion around the mixed-use structure centered on what uses were appropriate on the first floor of a multi-story building in the commercial zoning district (residential was already allowed above the first floor).
 - The discussion around the mixed-use site was whether 'standalone' residential units should be allowed in a specific geographic area within the C-1 District.
- Request for Reconsideration
 - The Mayor requested reconsideration of the mixed-use component of the C-1 Zoning District. She made this request based upon input from the development community regarding the financial feasibility for redevelopment, the existing commercial market rent, and her concern that an opportunity for reinvestment is being missed.
 - Any upgrades to the existing structures in the shopfront overlay portion of the C-1 district will require life safety improvements. The property owner of the majority of downtown parcels on the east side of Front St has withdrawn building permits for improvements.
- Missing an Opportunity
 - Delayed maintenance has resulted in expensive upgrades.
 - Any upgrade to buildings requires life safety improvements – sprinklering.
 - Commercial rents in downtown cannot at this time support the expense of building upgrades.
 - New property owner has expressed his desire, vision and financing for downtown improvements.
 - However, based upon the current financial status, he is not moving forward on building permits that were approved.

- Proposed Amendment
 - The amendment is drafted to allow for flexibility of uses on the first floor of a structure in the C-1 zoning district but would require the first floor to be constructed at commercial building and fire code standards and would require parking at the commercial ratio requirements.
 - Pros:
 - Do not want to miss an important opportunity for refurbishment of aging buildings and installation of sprinklers.
 - Opportunity to improve 3rd Avenue.
 - New residential units can support businesses and night-life economy.
 - Will be parked at higher commercial standard thereby ensuring sufficient on-site parking.
 - Cons:
 - May never convert to commercial, thereby allowing full residential buildings within C-1 zoning district.
 - Market driven seems counter intuitive to traditional zoning and predictability for both developers and citizenry.
- Key Concerns
 - Traffic
 - The Engineering Dept. prepared a technical memorandum summarizing the traffic conditions within the C-1 zoning district as it relates to Level of Service (LOS). This memo is included as Exhibit B.
 - The Technical Memorandum evaluates the capacity of the roadway segments by Average Daily Trips (ADT), and intersection delays in the downtown. A Level of Service (LOS) is assigned to each roadway segment or intersection based upon a graduate scale (which is defined in the technical memorandum) with LOS A the best and LOS F as the worst.
 - All roadway segments in the downtown (Hostmark, Fjord Drive, Front Street, Jensen Way, and 3rd Avenue) all operate within a LOS A or B currently.
 - The City's adopted LOS is E. Therefore, the roadway segments and intersections are currently well above the City's adopted LOS and remain well above as projected in the TIAs. Any future development proposals within the C-1 zoning district are required to prepare a TIA to ensure LOS meets or exceeds E. Further, the next

Comprehensive Transportation Plan update is scheduled for 2022-2023.

▪ Parking

- On-site parking will be required for all new and redeveloped projects in the C-1 zoning district. The commercial parking ratio for the C-1 zoning district is 1 space per 300 square feet. This is a conservative parking requirement.
- Therefore, any new or redeveloped structure in the C-1 zoning district, will be parked according to the City's adopted parking standards and will meet the needs of the structure without reliance on public parking lots or on-street parking.
- The City conducted a downtown parking study in 2008 and refreshed with updated data in 2012. There are several strategies that were recommended but not yet implemented, including: enforcement of the public parking lots time limits; permit parking program for employee/long-term parking; and paid parking and enforcement for public parking lots.

▪ Conclusion

- In order to grant a zoning code text amendment, the following findings must be made:
- The amendment is consistent with the comprehensive plan; and
- The amendment supports and/or enhances the public health, safety or welfare; and
- The amendment is not contrary to the best interest of the citizens and property owners of Poulsbo
- Staff Conclusion: The proposed amendment is consistent with the comprehensive plan; the amendment will require compliance with adopted International Building Code and Fire Code standards that ensure the public health, safety and welfare; and the amendment is not contrary to best interest of citizen and property owners as the City's development standards ensure that adopted transportation Level of Service standards remain intact and parking requirements will ensure all necessary parking is provided on-site and will not have an impact on publicly owned parking areas.

At 7:50 p.m., Mayor Erickson opened the public hearing.

Joan Hett said she hopes they try to answer some of the questions she asked in her letter to them. She spoke against the amendment, feeling the change would turn Poulsbo into another Seattle bedroom community with little character.

Jean Charters spoke against the amendment; she is worried about parking, traffic congestion, and the conversion issue.

Gary Lindsay added one more pro to presented list. This amendment does not affect Front Street, it affects Jensen and Third. No development has been done on those streets in the last 25 years. A pro could be for all vacant lands on Front and Third; this would help redevelopment. Converting these spaces later will be less challenging than developing raw land into commercial spaces. Business owners support the redevelopment. They will meet the design standards, and he doesn't believe traffic will be an issue.

Rick Eckert spoke regarding Front Street/Jensen intersection. He asked them to consider the work done with the Public Safety Pedestrian Committee. He asked them to consider the traffic, pedestrian safety, and accessibility.

Russ Shippet, Kitsap Building Association, said he understands the beauty of Front Street. He also understands density issues in the City of Poulsbo and trying to find affordable housing opportunities. He supports it if it is affordable enough for the citizens to be able to pay for it.

Mayor Erickson closed the public hearing at 8:02 p.m.

Councilmember Thomas said the whole thing is driven by the Growth Management Act (GMA). The GMA requires most of the development to be inside growth management areas, which Poulsbo is one of those areas. The reality is any development that takes place will be in our city. The vacant or underdeveloped land will be developed, wherever it is. The time for each parcel comes at some point. They must look at the difference between that property being built out under the current zoning versus what this will do. Keeping it status quo is not guaranteed. That is the real choice here. When he looks at this, he is considering, not "will this change things" but "what is the difference going to be between the current code (commercial) and this proposal.

Councilmember Nystul shares the concerns about growth and development. He is hopeful that the planning and zoning codes will address this. As it relates to the current project and zoning, he does not think anyone has assurance that the developers who

have applied for this change, we have no guarantees they will be the same one. When he looks at downtown Edmonds that has a lot of residential mixed with commercial, it seems to have a vibrant commercial main street. What will preserve some of our character is the overlay. In some ways it is a question of do we want to go forward now or wait longer. A year ago, he asked if they made a decision that didn't seem to work out, how long would it take to amend it. They said about a year and here we are. If this doesn't work, they can probably change it again.

Mayor Erickson explained her rationale for bringing this back. There is an abundance of commercial properties in the city and not enough places for people to live. The affordability issue is enormous. It can be moderated with increases of supply. She shared how the City of Kent downtown was killed with regulations. Sometimes government, in its well-intended nature, can regulate a town and kill it. It also happened in Bremerton. Downtowns that are successful continue to change. If you try to freeze them in time you will end up killing them. The demands for goods and services will continue to change. If downtown doesn't change, the goods and services will go elsewhere. The protection Poulsbo has is the overlay. Front Street will look like Front Street. Limiting the heights and protecting Front Street was wise, but there needs to be some flexibility. We need to let the market work. Towns that change and continue to grow are healthy.

Councilmember McGinty said change is always scary. Last year they got a brief overview of what this was, but they have had more time to understand the vision and challenges. His perspective is to look at a reasonable approach to the future of downtown, what challenges the developers are facing, and do we want to sit here for the next 20 years with nothing happening. The established height restrictions are key to keeping downtown quaint. They are looking at one level that would be commercial on third avenue, which is improbable to lease out at the cost it would cost to build. He is convinced the parking is going to be fine. The level of service is a concern, but it needs to be addressed independently. This was a chance to talk to developers and learn their challenges and proposals. It has convinced him to take another look at it.

Councilmember Lord appreciates Ms. Hett's comments and concerns. She has the same concerns, but after being on the council for 20 years, she has watched the zoning code and comp plan evolve and change for the better, and she feels they have great protection for the historic downtown Poulsbo. They have kept that the top of their list on how they want to craft any zoning changes for the downtown commercial district. She feels the pressure from the growth management act, which is causing them to look at the balance between residential and commercial stock. It will be helpful to have more residents in downtown Poulsbo. She is comfortable about the parking issue, but doesn't know about traffic. New developments will have to do a traffic impact analysis and they may need to mitigate if the changes are detrimental. Regulations do drive what gets built. She is encouraged by the support of the business owners who believe there will be new residents to visit their stores. This was taken very seriously to revisit

this, but they received information perspectives this winter that they didn't previously have. She wished she had this info a year ago.

Councilmember Garland thanked Planning Director Boughton for the informative presentation. She cares about this town and wants to make the best decision for Poulso. It is obvious retail and commercial needs have changed in the country, she doesn't believe that the need for commercial space will be the same in the future.

Councilmember Musgrove said they need to make a decision and have it stick. He asked how many buildings will possibly be affected by this change. Planning Director Boughton referenced Exhibit F in the packet, and it is about four properties (underutilized and vacant). She did not count properties that are already developed.

Councilmember Musgrove said they are talking about 4-5 properties that are requiring half of one floor to be commercial, that is basically affecting 2.5 half floors of code, half of the first floor. They need to pull the trigger on this and get some confidence back that they make decisions for good reasons and move forward.

Motion: Move to approve the C-1 Downtown Limited Zoning Amendments (Flexible Use) as set forth in Exhibit A to the August 7, 2019 staff report; and direct the Planning and Economic Development Director to prepare an adopting ordinance in support of this decision.

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

Motion carried.

b. Finn Hill Road Pavement Preservation Project Grant Application

Director of Engineering Kasiniak presented the agenda summary, noting the Engineering Department has the opportunity to apply for a grant with TIB (Transportation Improvement Board) to overlay Finn Hill Road. The grant and project will be separated in two. Viking Avenue to SR-3 and Olhava to Rhododendron Lane. The project between Olhava Way NW and Rhododendron Lane NW will use the "Chip Seal" application with microseal to improve the current condition of the roadway and extend its life. The City is asking for a \$299,300 grant with the City match portion of \$75,000. The project between Viking Avenue NW and the SR-3 off ramp will apply to grind and overlay method to rebuild the deteriorating current road condition. The City is asking for a \$535,700 grant with the City match portion of \$134,000. The City match will be funded from Street Reserves and work is anticipated to take place in summer 2021.

Councilmember Musgrove reported Public Works Committee asked for the Council to deliberate on this, they were not that comfortable committing that far out of the budget cycle. These two projects are considered priority projects. The chip seal project

is because the road condition is sufficiently good at this time to be able to chip seal and extend its life. If they delay too much longer, it will turn into an overlay project (costing 5 times more). The consensus was they need to catch the chip seal as a cheap carryover for now, but not so sure on the other project if it should be approved in its current condition.

Councilmember McGinty asked if this is on the 6-year street plan. Director of Engineering Kasiniak said there isn't a prioritized list. They developed a plan and prioritized based on appropriate for overlay or chip seal. They feel these projects are on the main entrance of the City and should be addressed now before they get worse.

Councilmember McGinty asked what made this a priority. Director of Engineering Kasiniak said high visibility and the possibility to save the upper part from an overlay in the future. Mayor Erickson said they have to see if they get the grant, and if they do, then they will have to come up with the match. They can choose to not accept the grant if something changes in our financial condition if they are selected for funding.

Councilmember McGinty asked if the Public Works Committee didn't feel comfortable going for the grants, or the committee wanted to get the feeling from the Council if they wanted to come up with the money if the City receives the grant. Councilmember Lord said they wanted to make sure everyone had a chance to weigh in on the financial angle. Councilmember Musgrove added because this will be pushed out to the next budget two years out, and if they decide to go for the grant, they are committing money for a budget they haven't adopted yet. If they are going to apply, they need to be sincere with following through if they are awarded the grant.

Councilmember Lord asked if these are two separate grants, and Director of Engineering Kasiniak confirmed they are separate applications. Councilmember Lord said this provides more flexibility.

Councilmember Nystul said if they get a chance to get TIB money to do streets, they should do it. The budget transfer from General Fund to Streets is an arbitrary number, so the Council has some latitude. And, no one knows what the budget will be like, so if they want to wait until they are sure they have the money, then they won't get any grant funding.

Councilmember Thomas said this is committing to a budget before they even started putting the budget together. But they are talking grants, and for the City it is funding they would not have, and they can leverage it. He supports the chip seal, but the other project gives him hesitation.

Councilmember Musgrove said this is a good investment of saving money for the residents of Poulsville. This seemed like a good one to pre-commit to, because it will only require more money if repairs are delayed.

Motion: Move to authorize the Engineering Department to apply for the two grants from TIB for the Finn Hill Road Pavement Preservation projects.

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

Motion carried.

7. COUNCIL COMMITTEE REPORTS

Community Services Committee: Councilmember Thomas reported the Parks and Recreation Department submitted some budget modification requests (fee increases for Rec1 software 50% increase in July 2020, and the school district facility fees are increasing 10% in the next school year); reviewed potential trails; updated on Public Facilities District (next meeting is August 26 at Poulsbo City Hall); reviewed the 2020 Lodging Tax projects; received a parks update (Oyster Plant Park piling on floating dock, new merry-go-round installed at Lions Park, and a new log structure in Fish Park).

Public Works Committee: Councilmember Musgrove reported they learned chip sealing will be done next year; received an update on the old KPUD property; the Public Art and Landscaping Commission meeting is on August 27; received an update on Bernt Road closure (closing tomorrow until August 26); reviewed the Harbor View Short Plat and Concomitant Agreement release; received an update on the West Side Well Pilot Study; and the Alison Meadows Pump (had one pump go out, looking to rebuild it, otherwise there may be a \$9,000 budget amendment coming forward).

8. DEPARTMENT HEAD COMMENTS

Planning and Economic Development Director Boughton gave an update on the Kitsap Public Facilities District process. The financial advisor presented four different scenarios ranging between \$10MM-\$20MM. They have a lot of details to work out. She gave an update on Vision 2050, a regional planning policy. It is being developed by PSRC staff, and they released a draft in July. Tomorrow is the Kitsap County open house.

9. BOARD/COMMISSION REPORTS

None.

10. CONTINUED COMMENTS FROM CITIZENS

Rick Eckert said the school board meeting is August 22, which will include a public hearing on their budget.

Joan Hett said she respects everyone's decisions and she hopes what they are trying to do for the City of Poulsbo is the vision she has for Poulsbo. She commended Karla and her

staff on the work they do. She commented on the downtown and Poulsbo Village businesses requiring the tenants to do all the upgrades, and who knows if they were ever done. She knows the Poulsbo Village is leaking now, and that might be why tenants are leaving. She would like to make sure the buildings are safe for the public.

Shannon Turner said Representative Appleton has a district office down the street. Personally, he said the city is in a unique situation. Poulsbo is growing and changing dramatically. He applauded them in understanding their role and listening to everything and taking it in. He shared his personal experiences when he came to Poulsbo and how it is changing through communication and transparency. There is no win or lose in this situation, there is only growing and learning. This is where we start to communicate, grow, and learn, and come together as a community.

11. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Thomas said every time they meet, they have members of the public speak. They always want to listen and hear what they have to say. Their hands are tied until they receive the report. They are not indifferent. Their course of action is not clear right now.

Mayor Erickson said until the independent investigation comes back, they won't know why the July 3 incident happened. It is heartbreaking to listen to the angst, anger and frustration and not have any adequate responses, because they don't know. When the report comes out, they will do the right things.

Councilmember McGinty agreed they need the facts in order to take action.

Councilmember Nystul agreed with Councilmember McGinty, it is hard to solve the problem until they know what it is.

Councilmember Musgrove said they have heard a few times the term due process and justice used. He thought it was fitting. He said it is justice for all that they look for, and the only way that happens is with due process.

12. ADJOURNMENT

Motion: Move to adjourn at 9:11 p.m.,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk