

POULSBO CITY COUNCIL MEETING OF NOVEMBER 6, 2019

MINUTES

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

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

MAJOR BUSINESS ITEMS

- * * * Authorize Disposal of Governmental Surplus Goods
- * * * Crown Castle GT Company for Cell Tower Lease Agreement
- * * * Payable Disbursements for September 2019
- * * * 2020 Amendments to Agreement with Kitsap County for Incarceration of City Prisoners
- * * * September 4, 2019, Meeting Minutes Approval
- * * * October 9, 2019, Meeting Minutes Approval
- * * * October 16, 2019 Meeting Minutes Approval
- * * * Resolution No. 2019-12, City Hall Closure
- * * * Kitsap County Sewer CIP Presentation
- * * * Sewer Financial Plan
- * * * 3rd Quarter 2019 Financial Status Report Presentation
- * * * Public Hearing and Resolution No. 2019-13, Surplus of Proprietary Items
- * * * Ordinance No. 2019-19, Set the 2020 Property Tax Levy

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 the presentation for the affordable housing report has been removed from the agenda.

Motion: Move to approve the agenda as amended.

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

Motion carried.

3. COMMENTS FROM CITIZENS

Marc King noted that there's a Veteran's ceremony tomorrow evening at 7:00 p.m. at the Bremerton Elks Lodge.

Kris Haight spoke regarding the Kitsap Sun article on the July 3rd event and gave her perspective on the article and how she felt details in the article are irrelevant to the investigation.

Wendy Jones spoke regarding the July 3rd incident; she works for various groups for racial justice. She spoke regarding the newly passed law and the need for de-escalation.

Phillip spoke regarding the Kitsap Daily News article on October 31 that was a summary of the investigation. He feels the article does not give information regarding the shooting.

Dana Steege-Jackson spoke regarding stories heard at the Suquamish forum on how stories are formed to sway public opinion on the side of police. She hopes there are serious consequences regardless of whether criminal charges are filed. She knows some of the founders of PACT, it is county-wide, and it can be used as a tool.

Thomas Wilson said Stonechild Chiefstick was a family member and neighbor. The investigation does not say one good thing, it is all negative. That is what the public is going to see and will be biased.

Jo Walter shared questions that Stonechild's family had regarding the article. There is no information given to them on the person who did the homicide. She asked if Poulsbo will hold an investigation on Officer Keller. She asked when more information will be released.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Stern acknowledged the frustrations of the public regarding the July 3rd investigations. He wanted to congratulate those newly elected officials. There will be AWC-sponsored "Elected Officials Workshops," the closest one in Gig Harbor, on Saturday December 7th from 8:30 a.m. to 2:30 p.m.

Councilmember Thomas appreciates people participating in the Council meetings. Yes, They are having discussion about having a PACT meeting in North Kitsap. He will be at the Bremerton Elks Lodge tomorrow. He noted that the HDP – Poulsbo Arts Walk is happening this Saturday from 5:00 p.m. to 8:00 p.m. Tomorrow, the Poulsbo Lions Club, VFW, and American Legion will be at the Poulsbo Cemetery placing flags on the gravesites of US military veterans. Veteran's Day is Monday, November 11, and there is a tradition that 11:00 a.m. is a moment of silence.

Councilmember Musgrove reiterated that Veteran's Day is next Monday, and he thanked everyone for speaking at the meeting. The latest Parks and Recreation newsletter came out for November.

Mayor Erickson thanked the public for coming to the meeting. She acknowledged that she attended the 3rd of July festival briefly. She does not like large crowds and left early, as she does at Viking Fest. The City has not seen a report, the investigation is now with the Kitsap County Prosecutor's Office, but they will continue moving forward.

Mayor Erickson stated that Daffodil Days on November 2nd was very successful, and she thanked all the volunteers. She announced that there has been a traffic change at Caldart and Mesford. The stop signs at Caldart have been removed, so the traffic flows freely through there. There has been a large, pedestrian flashing light sign added to one crosswalk, while the other crosswalk was removed to increase pedestrian and traffic safety. She noted they are going to cut a tree down behind the Viking Statue. It was vandalized earlier this year, and now the tree is growing into the power lines.

Councilmember Nystul wanted to acknowledge the school board candidates and all the work the board does.

Councilmember Lord thanked the public who spoke during citizen comments.

5. **CONSENT AGENDA**

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

The items listed are:

- a. Authorize Disposal of Governmental Surplus Goods
- b. Crown Castle GT Company for Cell Tower Lease Agreement
- c. Payable Disbursements for September 2019
- d. 2020 Amendment to Agreement with Kitsap County for Incarceration of City Prisoners
- e. September 4, 2019 Meeting Minutes Approval
- f. October 9, 2019 Meeting Minutes Approval
- g. October 16, 2019 Meeting Minutes Approval
- h. Resolution No. 2019-12 City Hall Closures

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

6. **BUSINESS AGENDA**

- a. **Kitsap County Sewer CIP Presentation**

Stella Vakarc from Kitsap County Department of Public Works presented the agenda summary, noting that she was joined by Andy Nelson, the Public Works Director, David Tucker, the Assistant Public Works Director for Utilities, Barbara Zaroff, the Engineer for Capital Projects, and Commissioner Rob Gelder.

She was invited to talk about Kitsap County CIP projects that affect the City. Sewage that comes from the City is treated at the Kitsap County treatment plant. There are costs when they upgrade the infrastructure. There are 14 projects on the CIP, but five of them affect the City of Poulsbo, which include:

- CKTP Nutrient Process Optimization
 - Improve nutrient removal process to meet future regulation changes
 - Estimated project cost is \$100,000
 - Complete in 2020
- CKTP Staff Trailer Replacements
 - Replace offices and meeting room trailers that no longer meet fire and safety code with three new trailers
 - Estimated project cost is \$1,100,000 including civil work
 - Complete in 2020
- Lemolo Shores Pipeline Upgrade
 - Increase capacity of pipeline in Poulsbo city limits to the north end of the siphons
 - Estimated project cost \$3,570,000
 - Approximately a three-year project beginning design in 2022
- Lemolo Third Siphon
 - Construct a third siphon under Liberty Bay to meet Poulsbo's future population
 - Estimated project cost \$8,670,000
 - Approximately a four-year project beginning design in 2022
- Bangor/Keyport Forcemain Replacement
 - Replace forcemain from USN Bangor base to the CKTP
 - Portion of forcemain from State Hwy 308 to CKTP includes Poulsbo and USN Keyport base sewage flows
 - Estimated project cost \$22,000,000
 - Approximately a 5-year project beginning design in 2019

City Engineer Lenius said the overall cost of the project to City is in the \$3-\$5MM range. The City currently has \$12MM in capital projects included in the CIP which are

Kitsap County projects. The City's portion on the trailers project is \$160K-\$180K. She wants to continue discussion on options with Kitsap County for the replacement project.

Mayor Erickson asked if Kitsap County is seeing corrosion like they're seeing in the Bangor/Keyport forcemain in other areas. Ms. Vakarcs answered that they are seeing similar corrosion elsewhere, such as at the Chico forcemain.

Councilmember Nystul asked if the \$100,000 for the nutrient optimization is Poulsbo's share or total cost. Ms. Vakarcs answered that it is total cost. He then asked if the Lemolo Shores is the County's, City's, or a split cost, and Ms. Vakarcs answered that that is 100% the City's cost. Councilmember Nystul asked about HDPE piping and if there anything they have learned, and Ms. Vakarcs answered that if they must replace pipes, they will replace it with HDPE pipe, because it doesn't corrode due to hydrogen sulfide.

Councilmember Musgrove asked what is happening with the rest of the pipes in the County's system, and how they're holding up. Ms. Vakarcs answered that they don't have anything that is as significant as the Bangor/Keyport forcemain. This is a standalone project because it is so large. It would also be hard to get contractors to work in different areas of the county. There are a lot of old concrete pipes that leak, but they can use the CIPP lining for those.

Councilmember Stern appreciates the detail. He asked how they can know their share of the assessment is equitable and that Silverdale isn't getting a better deal.

Mayor Erickson said she started hearing about this a week ago. She will be interested to see how the testing protocol goes on the portion that belongs to the City. The thing that concerns her the most, if we can corrode pipes that quickly, we must figure out what is going on and fix it. 30 years is quick for a big pipe, those questions need to be asked. They have two pipes they call the siphon, and they are not at capacity.

Councilmember Thomas repeated the concern in terms of equity for our portion of this. His biggest concern is the Bangor/Keyport forcemain replacement. Whenever you do failure analysis you start with the problem and work your way up stream. He asked if the corrosion is coming from Poulsbo or another direction. The Council needs to have as much information about that as possible. They need to determine if it is coming from the Navy's industrial operations rather than from the Poulsbo side. He needs confidence in our share. He is concerned about the degree of corrosion and failure of pipes on the forcemain, but at some point, they need to go back and see some justification for how the damage occurred, and what is being done to prevent future damage.

Councilmember McGinty said this can have a significant cost to the Poulsbo rate payers. Poulsbo tries to keep rates constant, and would prefer to incrementally raise rates, instead of hitting rate payers with huge increases.

Councilmember Lord thanked them for the presentation and the detailed discussion held at Public Works Committee. She trusts they will keep the Council up to speed.

Councilmember Musgrove commended the County for coming to the City to inform the City and hear the City's concerns.

b. Sewer Financial Plan

City Engineer Lenius presented the agenda summary, noting that they finished their last Sewer Comprehensive Plan update in 2016. As part of the Sewer Comprehensive Plan, they included a financial plan, which is Chapter 8. In 2016, the Council asked that Engineering look at the financial piece of the Sewer Comprehensive Plan every three years, so they hired a consultant to update Chapter 8.

Compared to the 2016 financial plan, rate revenue collections have generally exceeded projections due to a greater level of system growth. Debt service costs are also projected to be lower than originally projected due to a delay in the construction schedule for the Lemolo Capacity/Condition Improvements project. While the 2016 financial plan anticipated \$8.3 million of bond issuance during the 2020 – 2021 period, the current forecast suggests that the sewer utility will be able to cash-fund the projected capital needs.

The 2016 forecast showed a negative cash flow in 2021 and 2022, yet it projected to end 2022 with a combined reserve balance of \$6.6M (excluding restricted bond reserves). They feel they are on track with what the proposed in 2016.

This plan was based on the CIP; the County Sewer Replacement shared tonight was obviously not included in this forecast.

Councilmember Musgrove asked if the City plans on using some of the large reserves or plans to hold onto that amount. Finance Director Booher said the reserves are being built to fund several large future capital projects.

Councilmember Nystul said it would be good to do this analysis with the water capital program.

c. 3rd Quarter 2019 Financial Status Report Presentation

Finance Director Booher presented the agenda summary, noting the 3rd Quarter 2019 Financial Report, which outlines revenues and expenditures for all funds, financial

policy compliance, cash and investment balance, and capital project status year-to-date through September 30, 2019.

Councilmember Stern asked when the future “slow down” in revenues may happen. Finance Director answered that the revenues are trending where they predicted them, but the problem is that when they balanced the budget, they had large reserves. They felt they wanted to use those reserves in 2019 and 2020 to fund on-going expenses in the hopes that they grow into those revenues or re-evaluate instead of cutting services. The revenues will not grow at the same rate of expenditures each year.

Mayor Erickson pointed out that in the investments, they started with \$4.9 million, and now they have \$4 million. They did this intentionally because for the past two or three years the City made money, so they made the decision to spend their reserves. It will work for this year and a little for the next, but not after that.

d. Public Hearing and Resolution No. 2019-13, Surplus of Proprietary Items

Finance Director Booher presented the agenda summary, noting the Finance Department compiled a list of items originally acquired for proprietary purposes deemed as surplus by the Public Works Department. The items will go to auction via GovDeals.com and any monies received will be recorded in the appropriate utilities fund. Per RCW 35.94.040, a public hearing is required for disposal of items acquired with proprietary funds.

At 9:00 p.m., Mayor Erickson opened the public hearing, and hearing no comments, closed the public hearing at 9:01 p.m.

Motion: Move to adopt Resolution No. 2019-13, a resolution of the City Council of the City of Poulsbo, Washington, declaring certain property originally acquired for proprietary purposes to be surplus to the needs of the City and authorizing the Finance Director to sell such surplus property.

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

Motion carried.

e. Ordinance No. 2019-19, Set the 2020 Property Tax Levy

Finance Director Booher presented the agenda summary, noting they reviewed all the revenue sources at the previous meeting, so this is setting the property tax levy,

and it will be provided to the County Assessor so the City has the ability to collect property taxes in 2020. It has been updated from the Assessor.

Motion: Move to approve Ordinance No. 2019-19, an ordinance of the City of Poulsville, Washington, levying the general taxes for the City of Poulsville for the fiscal year commencing on January 1, 2020, on all property, both real and personal, in said city which is subject to taxation for the purpose of providing sufficient revenue to carry on the several departments of said city of the ensuing year as required by law, and approving an ordinance summary for publication.

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

7. COUNCIL COMMITTEE REPORTS

Public Works Committee: Councilmember Musgrove reported that they had a special meeting tonight, and the November 13 will be cancelled. The Johnson-Parkway project will be advertised beginning December 20. They recommended a change order for the SR-305 manhole rehabilitation project. They reviewed construction standards updates (housekeeping items), to be adopted in February 2020.

Finance-Administration Committee: Councilmember McGinty reported that the Finance Department won two awards. The animal control contract was presented – the salaries have increased 12-14% due to the state minimum wage increase, so next year's contract will go up about 8%. The other proposed change is to switch the yearly pet licenses to lifetime pet licenses. The committee is recommending the lifetime fees. There was also discussion about tele-conferencing into Council meetings. The Council retreat is scheduled on November 16. Councilmember Stern added that the City Administrator from Kalama will be there to discuss what it's like to be a City Administrator for part of the Council Retreat. Councilmember McGinty also noted that the Police Department is asking for a 2019 budget amendment in the amount of \$15,000 to do an evidence inventory.

Economic Development/Tourism Committee: Councilmember Lord reported they were introduced to the new intern in the Planning Department. They spent the rest of the meeting talking about the upcoming budget and what is necessary for the next year. The Committee gave a formal recommendation to increase the consultant line to \$60,000.

Councilmember Lord noted that Engineering hired a new Contract Administrator, Jessica Matrazzo. Discussion was held on the Raab Park water tank replacement, mobile home replacement for the caretaker, received an update on Dogfish Creek/Liberty Bioretention update, and discussed how to make the crosswalk at 8th & Lincoln safer.

8. DEPARTMENT HEAD COMMENTS

Public Works Superintendent Lund stated that he plans to give a presentation to Council about the Raab Park restrooms project. He reminded everyone that the parking garage will be cleaned on November 10, so the garage is closed that day. Public Works has been street sweeping, but they cannot keep up with the leaves. He also reminded all political candidates to pick up their signs.

City Engineer Lenius stated that the night work for the manholes is going well, and they only have about six more to go.

9. BOARD/COMMISSION REPORTS

Councilmember Stern stated that he, the Mayor, and Councilmember Nystul attended the KRCC retreat. The new 2050 PSRC population allocation shows Kitsap County will grow by about 90,000 people. There is a "newly elected" workshop being held later this month with KRCC.

Councilmember Thomas attended the NKSD Strategic Plan Alignment Team meeting with Mayor Erickson today.

Councilmember Nystul attended PSRC Transpol meeting. The primary focus was how to allocate the traffic funds.

10. CONTINUED COMMENTS FROM CITIZENS

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

11. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Stern stated that he will miss the next two Council meetings due to AWC commitments.

Councilmember Thomas spoke about the newly elected Councilmembers coming on board, and that some Councilmembers only have five meetings left.

Councilmember Musgrove and McGinty congratulated the new elected Councilmembers.

Mayor Erickson noted that the North Kitsap Viking football team is League Champions and she encouraged everyone to attend the game on Friday night.

12. ADJOURNMENT

Motion: Move to adjourn at 9:40 p.m.,
Action: Approve, **Moved by** Garland, **Seconded by** Stern.
Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk