

## POULSBO CITY COUNCIL VIRTUAL MEETING OF AUGUST 12, 2020

### MINUTES

**PRESENT:** Mayor Erickson; Councilmembers Livdahl, Lord (joined meeting at 7:08 pm), McVey, Musgrove, Phillips, Stern.

Staff: Finance Director Booher, City Clerk Fernandez, Director of Engineering Lenius, Planning Director Boughton, Senior Planner Coleman, Public Works Superintendent Lund, Parks & Recreation Director McCluskey, Parks & Recreation Administrative Assistant Hightower, Human Resources Manager Kingery, IT Senior Technician Williamson.

**ABSENT:** Councilmember McGinty

### MAJOR BUSINESS ITEMS

- \* \* \* Update – Summer Fair and Small Business CARES Grants
- \* \* \* Budget Amendment/BA #20-0302, Personnel Professional Services
- \* \* \* Budget Amendment/BA #20-0303, Police Department Garage Door
- \* \* \* Resolution No. 2020-18, 2020 Revised Salary and Wages
- \* \* \* Voluntary Separation Program
- \* \* \* Ordinance No. 2020-10, Land Use Housekeeping Amendments
- \* \* \* Ordinance No. 2020-11, 2020 Comprehensive Plan Amendments
- \* \* \* 2<sup>nd</sup> Quarter 2020 Financial Status Report
- \* \* \* 2020 Pavement Maintenance Contract Award

### 1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Erickson called the meeting to order at 7:00 p.m. and led the Pledge of Allegiance.

### 2. AGENDA APPROVAL

Mayor Erickson asked to move all the financial pieces of the agenda together, starting with the Land Use ordinance.

**Motion:** Move to approve the agenda as amended.

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

Motion carried.

### 3. COMMENTS FROM CITIZENS

City Clerk Fernandez read the following emailed citizen comment into the record, which is summarized below:

Kelly and Robert Michaels thanked the City for alleviating the significant traffic and pedestrian issues on Fjord Drive. They shared the positive changes they have noticed over the past two weeks.

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

Councilmember McVey thanked the people who wrote in about Fjord Drive. They have gotten quite a few positive comments this week. He commended Public Works and Engineering staff who have been working down there.

Councilmember Musgrove noted that they are experiencing great weather and it is good to see distanced socialization.

Councilmember Phillips cannot wait to see Fjord Drive. With all the negativity in the world, it is great to be thankful for what you have.

Councilmember Lord noted that the Parks & Recreation Commission is going to have a tour that is open to the public on August 24 at 5:30 p.m. starting at the PERC site in Olhava, 6:00 p.m. at Betty Iverson Kiwanis Park, and then at 6:30 p.m. at Morrow Community Park. She thanked Western Washington University for holding onto the Sea Discovery Center. It is closed to the public, and over the next 12 months they are going to revise the use of it to make it a sustainable center. They are going to maintain the aquarium and the educational animal care while it is closed.

Mayor Erickson had a great discussion with the Western Washington University President last week. They are "all in" for Poulsbo, they just cannot keep the Sea Discovery Center open because of the school closures.

Councilmember Musgrove mentioned this at the Business Recovery meeting that the Port of Poulsbo leases one of its boathouses to the Sea Discovery Center for some of their programs. The Port has agreed to take the boathouse back temporarily to take financial burden off the center.

##### **a. Department Head Reports**

Parks & Recreation Director McCluskey informed Council that the Poulsbo Fish Park Phase IV project is slated to start the week of August 24.

Human Resources Director Kingery informed Council they will be having a virtual "Meet the Chief" reception in one week.

Public Works Superintendent Lund thanked everyone for the comments for the crew. They have gotten a lot of positive comments from residents.

**b.** Update – Summer Fair and Small Business CARES Grants

Mayor Erickson updated the Council that the Paella Bar/Burrata Bistro, Western Red Brewery, Slippery Pig, Sons of Norway, That's A Some Italian, Green Light Diner, and State 42 Wines have been approved to spill out into public spaces. She expects to have several more applications come in.

Public Works Superintendent Lund showed a diagram of potential temporary speed bumps that they could use downtown to slow down traffic.

Councilmember Stern supported the speed bumps, traffic needs to be slowed down near the outdoor eating areas. Councilmember McVey agreed. Councilmembers Musgrove said it is a reminder or alert from drivers to pay attention while driving in the area and the Public Works Committee supports this idea. Councilmember Lord supports this and recommends some real thinking on where to place them. The Council agreed the Public Works and Engineering Department will find the most appropriate place to install the temporary speed bumps.

Public Works Superintendent Lund also suggested putting a pedestrian barrier at the turn where Hostmark becomes Front Street to stop jaywalking.

Councilmember Lord supported the pedestrian barrier for 100 feet. Councilmember McVey agreed with her.

**Motion:** Move to approve \$10,000 to install speed bumps on Front Street and Jensen Street, as well as \$3,000 in funds for the railing at the end of Hostmark and Front. The funds should come from reserves

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

Motion carried.

Public Works Superintendent Lund and the Mayor both ordered tables, and Lund's tables have been backordered until October. Public Works is going to put tables in Waterfront Park, and the Mayor ordered tables to be used on Front Street. Outdoor furniture is hard to find right now.

Mayor Erickson discussed the Small Business CARES grant. The grant application will be added to the September 2 Council Packet, but she will send it to the Council early to review. She wants to use all the CARES money and give as much

as they can to businesses. By the beginning of September, they should have an idea of the remaining balance that they can give to small businesses. She wants the City to use every dime of the CARES money by the October 31 deadline.

Councilmember McVey noted that they have discussed having the Economic Development Committee review applications as well the Finance Admin Committee, along with possibly creating a new committee to review and approve the grant applications. He asked if the Council needs to decide how they will approve the grants, Mayor Erickson answered that the Council needs to figure that out.

Councilmember Musgrove believes that after they decide how the applications will be approved it should be handled administratively.

Councilmember Livdahl does not want responsibility of deciding who gets the grants.

Mayor Erickson thinks a citizen committee of five people would work. She suggests they choose those citizens by September 2.

## 5. **CONSENT AGENDA**

Councilmember Lord reported the Public Works Committee recommended approval of the garage door repair.

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

The items listed are:

- a. Budget Amendment/BA #20-0302, Personnel Professional Services
- b. Budget Amendment/BA #20-0303, Police Department Garage Door

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

## 6. **BUSINESS AGENDA**

### a. **Ordinance No. 2020-10, Land Use Housekeeping Amendments**

Senior Planner Coleman presented the agenda summary, noting the proposed amendments to the Poulsbo Municipal Code (PMC) are part of the Planning and Economic Development Department's on-going effort to make land use regulations more usable for residents, developers, and City staff by correcting errors, eliminating

text ambiguities, codifying internal policies, and reflecting changes in state law. The proposed amendments do not involve significant changes to the code. On August 5, 2020, the City Council held a duly noticed public hearing, and after considering the testimony received at the public hearing, voted to approve the zoning amendments.

**Motion:** Move to approve Ordinance No. 2020-10, an ordinance of the City of Poulsbo, Washington, amending sections 15.35.070, 15.35.110, 15.35.120, 16.20.320, 17.30.040, 18.40.030, 18.70.030, 18.70.050, 18.70.070, 18.80.100, 18.120.020, 18.130.090, 18.140.030, 18.140.040, 18.140.050, 18.140.070, 18.140.080, 19.20.020, 19.30.010, 19.40.030, 19.40.040, 19.40.060, 19.50.020, 19.50.030, 19.50.040, 19.70.010, 19.80.050, and 19.90.030 of the City of Poulsbo Municipal Code in order to make land use regulations more usable for residents, developers, and city staff by correcting errors, eliminating text ambiguities, codifying internal policies, and reflecting changes in state law; and providing for severability and establishing an effective date.

**Discussion:** Councilmember Musgrove asked if there was a clarity if housekeeping fell within the non-substantive changes to the existing code. Senior Planner Coleman answered that she believed everyone felt that these were not significant code changes.

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

Motion carried.

**b. Ordinance No. 2020-11, 2020 Comprehensive Plan Amendments**

Senior Planner Coleman presented the agenda summary, noting Comprehensive Plan Amendments are a Type IV permit, which requires public hearings before the Planning Commission and City Council. The Planning Commission held their Public Hearing on March 10, 2020, and offered a recommendation of approval of the proposed amendments. On August 5, 2020, the City Council held a public hearing on the proposed amendments, and after considering the information received, voted to approve the amendments. The Council directed the Planning and Economic Development Director to prepare an adoption ordinance.

**Motion:** Move to approve Ordinance No. 2020-11, an ordinance of the City of Poulsbo, Washington, adopting the 2020 Comprehensive Plan Amendments; re-designating and rezoning 2.4 acres of the property at 21210 State Hwy 305 NE from Commercial/C-3 to Residential Medium; re-designating and rezoning 1.18 acres at 19146 Noll Rd NE from Residential Low to Park; amending Chapter 12, the Capital Facilities Plan, to incorporate minor changes recommended by the Parks staff, Parks & Recreation Commission, and citizens; amending Table CFP-4 to reflect projects

listed in the City budget 2020-2025 Capital Improvements Plan; providing for severability and establishing an effective date.

**Action:** Approve, **Moved by** McVey, **Seconded by** Phillips.

Motion carried.

**c. 2<sup>nd</sup> Quarter 2020 Financial Status Report**

Finance Director Booher presented the agenda summary, reviewing and discussing the 2<sup>nd</sup> Quarter 2020 Financial Status Report outlining revenues, expenditures, financial policy compliance, cash & investment balance, and capital project status year-to-date through June 30, 2020.

Finance Director Booher noted that through April sales tax generated is down 28%, excise tax is recorded in the month it is generated, but dollars are received two months after. Leasehold and admissions tax collected is much lower than expected. Admissions tax will remain almost non-existent until we can open some of those functions. Currently, the City's expenditures greatly exceed revenues.

The City balanced the 2020 budget planning to use some reserves, but through June 2020 the City is already down \$1 million in the general fund, which is quite alarming. Looking at revenues, comparing cash to cash from 2019 to 2020, they are down \$600,000. They are not collecting as much tax, development revenues, and charges for services. For example, the City is not processing passport fees, not collecting Planning check fees or building permit fees, nor are they operating Park and Recreation programs. By not being able to run the programs, they need to reduce expenditures.

Some changes they have already made is that the Building Inspector position has been left open, the Engineering Director just retired, and at this time there is a vacancy in Engineering. The Public Works Office Clerk left, so a Parks maintenance person moved into that position, and they have left the maintenance position vacant. The Code Enforcement Officer left, so they are leaving that position vacant. Finance's vacant Accounting Clerk position was originally going to be full time, but they are changing that position to .5 FTE. More changes are needed.

Mayor Erickson wants to target about \$1.7 million. This is setting the stage for stabilizing the budget for 2021. It is a series of cuts they will make, which includes voluntary separation, and Human Resources Director Kingery will present it later in

the agenda. They are not refilling the CSO position, and they will not be paying the SRO position because school is not in session. Kilo, the K-9 police dog, is going to retire, and they will not continue the canine program. In the Parks & Recreation department, the receptionists and preschool teachers were laid off because the building is shut down and they cannot run a preschool. Now is the time to retire, and the Mayor has asked people for specific dates. They are reducing their janitorial staff. She is also asking staff to ask for her permission before spending over \$800.

Regarding revenues, Mayor Erickson proposed increasing the utility tax. The utility tax needs be raised from 6% to 12% for two years, then it will go down by 2% every two years until it is back to 6%. She asked the City Attorney to write the tax reductions into the ordinance. The City is also thinking about getting rid of some services, such as lobbying services, as well as some other affiliations.

Councilmember Lord appreciates the Mayor's candor. She and her Community Services Committee had serious concerns about liquidating the Parks & Recreation building. They asked the Mayor to give them some net costs, and what it would take to relocate the Park & Rec to another location. The PERC facility is a long way off.

Mayor Erickson reiterated that she is not getting rid of the Parks & Recreation department. It is an important part of the City; we need to figure out how to make it work.

Councilmember Stern asked Finance Director Booher what timeframe they are working with if they go forward with items that have been proposed. Finance Director Booher answered that part of it is the revenue generation, which would be the utility tax, and that will begin October 1. The goal is to downsize some of the staffing that is not supported by revenue, and the intent is to have that put into place by the end of the year.

Councilmember McVey appreciates the information from Councilmember Lord about Community Services Committee (the roof was repaired not too long ago; the building is generating some revenue with the tenants; if we hang onto all the equipment we own; we would have rent a storage unit if the building were disposed, and the PERC is a long campaign and process – would like to hang in there for 8-10 months if possible), as well as the knowledge that the Parks & Recreation program is not a building. He noted the City has one of the lowest tax rates, but revenues need to be increased to sustain the level of service.

Mayor Erickson said she and the Finance Director would come back with some hard numbers. Councilmember Musgrove said everything needs to be nimble in response, and asked that sunset provisions be used for COVID-19 responses; it is a valuable tool.

**d. Resolution No. 2020-18, 2020 Revised Salary and Wages**

Human Resources Director Kingery presented the agenda summary, noting the 2020 Salary Schedules include the following changes:

Non-Represented Hourly Employees Salary Schedule:

- (1) A new part time Accounting Clerk position is placed on the schedule.

**Motion:** Move to approve Resolution No. 2020-18, adopting the 2020 Revised Salaries and Wage schedules effective August 16, 2020.

**Action:** Approve, **Moved by** Livdahl, **Seconded by** Phillips.

Motion carried.

**e. Voluntary Separation Program**

Human Resources Director Kingery presented the agenda summary, noting that to respond to the 2020 and 2021 budget shortfall, the City is offering a program that will provide an incentive for employees to voluntarily separate from employment. This is one piece of the Mayor's plan to reduce expenditures while still providing essential services to the citizens. The Mayor recommended an increase to \$10,000 to cover potential medical expenses, which will be updated in the document.

Councilmember Musgrove asked for a clarification between voluntary separation versus furlough. Human Resources Director Kingery explained if someone comes back from the separation, they will need to pay a portion of the money back. If they are furloughed then come back, there will just be a recognition. Mayor Erickson explained that when people leave, tasks are distributed, and the old position goes away. City government is always evolving, so some positions never come back.

Finance Director Booher noted that when someone takes the voluntary separation, the position is eliminated. When revenues recover and if a department wants to fill a new position, they must submit a new program request during budget season to be approved by Council.

**Motion:** Move to approve and authorize the Mayor to implement the Voluntary Separation Program.

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

Motion carried.

**f. 2020 Pavement Maintenance Contract Award**

Public Works Superintendent Lund presented the agenda summary, noting on August 3, 2020 the City opened bids for the 2020 Pavement Maintenance Project, which will provide improvements to existing asphalt paved streets within the city limits of Poulsbo using single and double course bituminous surface treatment.

The engineer's estimate on the base bid for the project was \$117,612.50. The lowest responsive bidder for base bid was Sierra Santa Fe Corp in the amount of \$71,6999.95.

After reviewing the budget for this project, Public Works will be able to complete the Base Bid streets (Laurie Vei Loop and Noll Meadows) and Additive A (Finn Hill Terasse) for a total construction contract amount of \$117,901.95.

Councilmember Stern confirmed with Public Works Superintendent Lund the roads they are doing have no utility work that needs to be done in the future. So, there is no hope for addressing 3<sup>rd</sup> Avenue. Public Works Superintendent Lund said 3<sup>rd</sup> Avenue needs underground utility work.

Councilmember Lord said they had a good discussion on this project at Public Works Committee this afternoon and recommended approval of this project. The committee hopes the Council remains committed to the \$150,000 set-aside each year and will be carried over if it is not spent. They do not want the fund to be used for another reason.

Councilmember Musgrove confirmed with Public Works Superintendent Lund that they could not do the whole package, because there is other work that needs to be done.

Councilmember Musgrove said the intention had been to save up for a couple of years to do a lot of projects at a lower rate. That has not happened. And the Council needs to decide if they are still firm in holding this money specifically for this reason

and not be used for other purposes. They need to know which policies need to be maintained and enforced during these hard financial times. They need to reaffirm the remaining funding be maintained until future notice. If the Council wants to change its mind, it can decide to do so in the future.

**Motion:** Move to award the construction contract to Sierra Santa Fe Corp for the 2020 Pavement Maintenance project in the amount of \$117,901.95 and authorize the Mayor to sign the contract on behalf of the City and to sign change orders up to 10% over the contract amount.

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

Motion carried.

## 7. COUNCIL COMMITTEE REPORTS

Community Services Committee: Councilmember Livdahl reported that the special event permits they have been discussing have been withdrawing their applications due to Kitsap not progressing into Phase 3 and 4. The car show withdrew their application, and the beer run, the Poulsbo half marathon, and the Front Street trick or treat will be evaluated. It is not looking good. There are currently no indoor programs at Parks & Recreation, but there are a few outdoor programs. Parks & Recreation is not dismantling. It is not a building. They are doing everything they can to adapt and keep things going. They went over the budget, and they started having the difficult conversation about what to do with the building. The Mayor gave them an update on the Summer Fair, and they got an update from the Lodging Tax Advisory Committee.

Public Works Committee: Councilmember Lord reported they had an agenda item about the new tank at Raab Park which would be installed next to the existing tank, and the bathrooms will be relocated. The Committee had a lot of questions, so they will get a more detailed at their next meeting before they make a recommendation to the Council. They had a Building and Engineering department update; they are trying to under promise and over deliver on their services and to keep the projects prioritized.

Lodging Tax Advisory Committee: Councilmember Stern reported they will be meeting on Thursday, August 20 at 4:00 pm.

## 8. BOARD/COMMISSION REPORTS

Councilmember Lord attended the HDP (Historic Downtown Poulsbo Association) meeting, and they discussed the vandalisms and repairs of the red telephone box. The group wondered who is responsible for the maintenance of the telephone box and whether security cameras could be added.

Councilmember Musgrove attended the Business Recovery Task Force meeting on August 10. They discussed the business grants and face mask availability. They covered what businesses are participating in the Summer Fair.

**9. CONTINUED COMMENTS FROM CITIZENS**

David Hudson congratulated the city for one-waying Fjord. He is glad to see the speed bumps installed on 6<sup>th</sup> Avenue. He noted that it is almost the eighth month since a man died when he lost control of his car on Fjord and his car went into the bay. He stated that the City needs to do something to mitigate the speed of drivers coming into the City from Fjord Drive.

**10. MAYOR & COUNCILMEMBER COMMENTS**

Councilmember Lord said she is proud of staff diligently trying to save money, identifying ways to reduce costs, and keep the morale up.

Councilmember Musgrove noted that no one is going to look forward to the sacrifices we are going to have to make to catch up with the effects of COVID, but that's what needs to be done. He appreciates the call-in comments from citizens. He wants Fjord to have a larger plan completed.

Councilmember Stern reiterated that he wants to move the July 3<sup>rd</sup> event to July 4<sup>th</sup> in future years. It would be wise to take action sooner than later.

**11. ADJOURNMENT**

**Motion:** Move to adjourn at 9:34 p.m.,

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

Motion carried unanimously.

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Rebecca Erickson, Mayor

ATTEST:

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Rhiannon Fernandez, CMC, City Clerk