

POULSBO CITY COUNCIL VIRTUAL MEETING OF SEPTEMBER 9, 2020

MINUTES

PRESENT: Mayor Erickson; Councilmembers Livdahl, Lord, McGinty, McVey, Musgrove, Phillips, Stern.

Staff: Finance Director Booher, City Clerk Fernandez.

MAJOR BUSINESS ITEMS

- * * * Set Public Hearing for 2021-2022 Revenue Sources
- * * * Authorized Disposal of Surplus Goods
- * * * Public Hearing and Resolution No. 2020-19, Disposal of Proprietary Surplus Goods
- * * * Ordinance No. 2020-12, Water/Sewer/Storm Utility Tax Rate Increase

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

Motion: Move to approve the agenda as presented.

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

Motion carried.

3. COMMENTS FROM CITIZENS

City Clerk Fernandez read the following emailed citizen comments into the record, which are summarized below:

- Thomas Wilson wrote about his frustrations of the July 3, 2019 event and Council comments during Council meetings.
- Alexa Macaulay wrote regarding comments from the September 2, 2020 Council meeting and said that experiences have not been easy on either side of the July 3, 2019 event. She hopes concrete steps happen towards the Stonechild Chiefstick permanent memorial.
- Jon Garland wrote regarding his support of the Officer Keller, the Poulsbo Police Department, and the Poulsbo City Council.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Livdahl stated it is not the tone of the comments, but the actual words that are being said to describe herself and the Council that are offensive and slanderous and hold danger for all of them. It is not acceptable. She, personally, will no longer tolerate it and not engage in the conversation. The rants don't help with making the needed changes and moving forward.

Councilmember Lord echoed Councilmember Livdahl's sentiments. This issue has been extremely difficult for everyone involved, she is not insensitive to that. She expressed her dismay and sorrow and concern about the community being divided in a non-helpful way. They need to show kindness to one another. She would like to speak to the Suquamish Tribal Council about them wanting to rethink their relationship with the City. Dialogue and understanding are needed on both sides. Vitriol doesn't help with finding solutions.

Councilmember McGinty reiterated that just because they do not act on all the suggestions they are given, that does not mean they are not listening. He also commended Councilmember Livdahl on all the efforts she has done trying to build relationships in the community. He wants to move forward in a positive manner.

Councilmember McVey stated that the level of discourse in the citizen comments in the recent weeks has taken a downward turn. Calling people racists does not help the dialogue, and he will join Councilmember Livdahl in refusing to read comments that call him or his colleagues a "white supremacist, racist, or a member of the Ku Klux Klan." It is not true, and he will focus his time on finding solutions and common ground.

Councilmember Musgrove said we need to be doing this, we need to be making progress, we need to be pulling everyone together. We need to be healing, and in order to do that, we all have to come together. He's going to spend his time trying to make progress, trying to pull this community together, learning about our neighbors and the people who live here. He appreciates those that are trying to do the same thing.

Councilmember Phillips said he didn't run for office to be called racist. He said they need to move in a positive direction. We need more positivity, especially because of COVID-19. Negativity is not helping; it is not making anyone better. Let's find solutions to help bridge the gap.

Councilmember Stern watched the entire September 2 Council meeting when he got back from vacation. He recommended a book called "House Made of Dawn" that details from a perspective of mid-20th century the many aspects of the clash and connections of Indian country and the dominant white culture. He said the Suquamish Council are their friends. They are appreciative of our efforts and critical of perceived shortcomings, but they are our friends.

Mayor Erickson said she is reading a book called "The Enigma of Reason" which is the psychology of how people reason and how they come to their truth. On another note, she said she may have hung up on someone if they were rude to her. She agreed with Councilmember Stern that the Suquamish Tribe are our friend. She knows they want to rescript their relationship. She received an email from Chairman Forsman that they wanted the City to maintain the environmental policies. The City will continue those policies because it is the right thing to do (she noted there will be oyster seeding in Liberty Bay, which will help restore the ecology of the bay). She hopes they can repair this rift. She is getting worn down by the anger, which doesn't do anybody good. They need to peel the anger away and figure out what is in the core and figure out what action steps they can take to make things better. She is working on a series of proposals and Councilmember Livdahl has been working on putting people together to have these hard conversations.

- a. Department Head Reports – No reports given.

5. CONSENT AGENDA

None.

6. BUSINESS AGENDA

a. Set Public Hearing for 2021-2022 Revenue Sources

Finance Director Booher presented the agenda summary, noting according to RCW 84.55.120, the City of Poulsbo is required to hold a public hearing on revenue sources for the upcoming year's General Fund budget. The hearing must include consideration of possible increases in property tax revenues and must be held before the property tax levy request is submitted to the county.

The public hearing will take place on October 21, 2020.

Motion: Move to set the public hearing for October 21, 2020, at 7:15 p.m. to review revenue sources for 2021-2022.

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

Motion carried.

b. Authorized Disposal of Surplus Goods

Finance Director Booher presented the agenda summary, noting the Finance department has compiled a list of items deemed as surplus by City departments. General use items have been circulated to staff for review of need and transferred if

desired by another department. The list presented contains the remaining items now awaiting surplus. Items will be sold via public auction, donated if unable to sell, thrown away if of no use or valued, or destroyed where deemed necessary.

Motion: Move to approve the disposal of the attached surplus listing in accordance with the City of Poulsbo Ordinance No. 94-08.

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

Motion carried.

c. Public Hearing and Resolution No. 2020-19, Disposal of Proprietary Surplus Goods

Finance Director Booher presented the agenda summary, noting the Finance Department has 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 the disposal of items acquired with proprietary funds.

At 7:38 p.m., Mayor Erickson opened the public hearing, and receiving no citizen comments, closed the hearing at 7:39 p.m.

Motion: Move to adopt Resolution No. 2020-19, a resolution of the City of Poulsbo 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 items.

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

Motion carried.

d. Ordinance No. 2020-12, Water/Sewer/Storm Utility Tax Rate Increase

Finance Director Booher presented the agenda summary, which will increase the water/sewer/storm utility tax rates from 6% to 12% effective October 1, 2020.

The ordinance includes a schedule to decrease the tax rate back to the original 6%. The water/sewer/storm utility tax rate would decrease from the 12% as follows: 12% to 10% on January 1, 2023; 10% to 8% on January 1, 2025; 8% to 6% on January 1, 2027. These increases are needed to reduce the budget shortfall in revenues due to COVID-19 and will help minimize reductions in services.

The Finance Administration Committee recommended the increase at their August 19, 2020, meeting.

Councilmember Lord thanked the Mayor, Finance Committee, and Finance Director for proposing this action and codifying the rate changes. She is comfortable having the schedule outlined in the ordinance.

Councilmember Musgrove shared questions he received from the public: 1) If increasing the tax is good for the City and doesn't raise the rates, why doesn't the City leave it at the higher tax rate, and 2) if this is big pie, and after I pay my bill you take a bigger chunk, how is that not reducing the rest of the pie forcing higher rates later on. Finance Director Booher answered that if they leave the increases at the higher amount for a longer period of time, it will eventually raise the rates. That is why the Mayor wanted to include those set decreases eventually decreasing it back to 6 percent. The goal is to not raise the rate. Mayor Erickson said they are projecting forward 30-50 years for capital acquisition in our utilities and there is slippage in these numbers. We can take advantage of this for a short period of time, but if we left them up for a long period of time, we would have to raise the rates.

In response to Councilmember McGinty, Finance Director Booher said the City does a CIP every year, which includes proprietary funds. We do long range planning and look at cash flows. There is the long range 20-year plan, and right now sewer is going through a major upgrade and they will take these rates into account. We look at the rates every 3-4 years. Mayor Erickson added they revisit rates every couple of years to make sure we are acquiring enough reserves for capital projects. Because we model out for so many years, there is slippage in the numbers, because our models are based on estimation. She feels this economic downturn will go on a lot longer than anticipated and we will have a couple of tough years ahead of us.

Motion: Move to approve Ordinance No. 2020-12, an ordinance of the City of Poulsbo, Washington, increasing the water/sewer/storm utility tax rates from 6% to 12% effective October 1, 2020, with scheduled decreases back to the original 6% tax rate as follows: 12% to 10% effective January 1, 2023; 10% to 8% effective January 1, 2025; 8% to 6% effective January 1, 2027; and approving an ordinance summary for publication.

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

Discussion: Councilmember McVey said the Finance-Administration Committee reviewed this a couple of times. It is not a perfect situation, but our Finance staff and Mayor are very conservative when they make estimates. The City has a \$1.7MM deficit in the budget. There are several things that they will be acting on to reduce the deficit over the next couple of months due to COVID.

Councilmember Musgrove asked if this would allow any projects that would otherwise not be funded. Mayor Erickson said this is to support operations of City Hall and maintaining the levels of services we provide to the public. This is not project based.

Motion carried.

7. COUNCIL COMMITTEE REPORTS

Public Works Committee: Councilmember Lord reported they received reports on the RFQ for the membrane feasibility study (responses are due October 5, 2020); BRIC grant program (Building Resilient Infrastructure Communities) via FEMA – three projects submitted include the siphon replacement at Lemolo, coastal mitigation coordinating with Kitsap County and the Suquamish Tribe, and water tank seismic retrofit project. Most of the meeting was spent on the constructions standards update (last updated in 2008); email from Planning Commissioner Taylor concerning a lack of space for bicyclists on Fjord drive one-way and reducing the speed to 15 mph (they will do traffic counts on Fjord and 6th); chip seal program is starting on September 14 if the weather is good; and updates on other projects around town.

Councilmember McVey asked about the speed bumps that were approved for Front Street. Councilmember Lord said they are on track to being delivered Monday or Tuesday and they are constructing the railing around the sidewalk.

Community Services Committee: Councilmember Phillips reported that there are no special events going on due to COVID-19. Parks & Recreation has been doing a great job trying to put programs out, and then have them not pan out. Their budget is going to be down about 65% by the end of the year. The amount of funds available for the LTAC awards is \$80K (40% reduction from what was expected). There was discussion about making Kris a full-time employee.

Lodging Tax Advisory Committee: Councilmember Stern reported they received project presentations and deliberated. They received \$175K in grant applications, and only have \$80K available to award. They are looking at a 40% reduction from past years. They reviewed the reserve policy, and they are going to maintain reserves where they are. They will re-review revenues on December 1, 2020. They don't expect revenue from the

new hotel at College Marketplace until the 2022 cycle. The allocations will be presented as part of the preliminary budget presentation.

8. BOARD/COMMISSION REPORTS

Councilmember Lord has been attending the HDPAs meetings; they are striving but struggling. They are thankful for the support they have been receiving from the City.

Councilmember Musgrove attended the Business Recovery Task Force. They are trying to be positive but holding their breath as they come out of season and go into fall and winter. They are waiting to see what happens. They are trying to give as much support to the businesses as they need it.

Councilmember Stern stated the SR 305 working group met yesterday. We are fortunate to be the first out of the starting gate with our project. The economic downturn in Olympia will create a lot of pending projects, luckily our project was committed.

Mayor Erickson also attended the SR 305 working group meeting. WSDOT has a lawsuit against them from the tribes because they need to replace culverts to help with salmon spawning. At the Business Recovery Meeting, it was asked how long the Summer Fair would go on, and she said the application is open ended. Right now, they are having conversations if they want to stay out there during fall, winter, and spring. Councilmember Stern asked if the City would be assisting with awnings or covers. Mayor Erickson told them to order heaters if they want to be out there in the winter. The City has not purchased any heaters or covers, but it is a possibility, since there is left over funding from the Summer Fair program. Councilmember Musgrove said they are looking to the business community and waiting for them to take an accounting of themselves. They wanted to know how long this would last, so they could decide on long term investments and provide the Council their request of their needs.

9. CONTINUED COMMENTS FROM CITIZENS

David Hudson thanked the Council for going through very difficult times these last 14 months. He thanked them for handling themselves with dignity and decency that he finds admirable, and he thanked them for what they have done. He said most everyone in the city he has spoken with respects and admires them for handling themselves in a dignified way. This is a wonderful place filled with wonderful people. He asked that they don't become disheartened and there is a whole city that supports them.

10. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Livdahl thanked Mr. Hudson for the comment, these comments are what keeps her going. After the last meeting, a few people reached out, and she encourages people to reach out to her directly to engage in a productive conversation.

Councilmember Lord said it was nice to hear a kind comment, and thanked Mr. Hudson. It warmed her heart. She thanked her colleagues on the Council and the Mayor for the incredible job they are all doing. She appreciates the citizens of Poulsbo. Everyone wants healing to happen.

Councilmember McGinty said the positive comment energizes people to come to solutions.

Councilmember McVey reminded everyone that we are surrounded by huge wildfires in California, Oregon, and parts of Washington. While Poulsbo may have its issues, at least they are not burning.

Councilmember Musgrove appreciated the positive comment. We do have a great little town with great people in it. Summer is coming to an end and Fall is coming; he encouraged everyone to get outside and enjoy it while being safe.

Councilmember Phillips encouraged everyone to find something to be thankful for. He is thankful he has 16 days left in a hotel room.

Councilmember Stern said on Saturday, September 12 there will be a classic car parade throughout the downtown at 4:00 p.m.

11. ADJOURNMENT

Motion: Move to adjourn at 8:37 p.m.,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk