

## POULSBO VIRTUAL CITY COUNCIL MEETING OF OCTOBER 7, 2020

### MINUTES

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

Staff: Finance Director Booher, Public Works Superintendent Lund, Human Resources Manager Kingery, Housing, Health, and Human Services Director Hendrickson, City Clerk Fernandez.

**ABSENT:** Councilmember Livdahl

### MAJOR BUSINESS ITEMS

- \* \* \* Minutes of September 2, 2020, Council Meeting
- \* \* \* Minutes of September 9, 2020, Council Meeting
- \* \* \* Minutes of September 16, 2020, Council Meeting
- \* \* \* Payable Disbursements for August 2020
- \* \* \* Confirmation of Poulsbo Chief of Police
- \* \* \* Update on City-Supported Housing Programs and HK Properties in Poulsbo
- \* \* \* Budget Amendment and Agreement with Chinook Properties for Olhava Watermain Relocation
- \* \* \* Mayor's Proposed Preliminary Budget Presentation

#### 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 comment into the record:

- Chris Stevens wrote regarding the Poulsbo Police Department needing oversight or accountability to the community based on past events, and asked the City to improve relations with the Native American community, reduce police violence, and increase citizen oversight of law enforcement.

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

Councilmember McVey announced an upcoming workshop on October 20. It will be a community panel discussion on diversity, equity, and inclusion.

Councilmember Lord encouraged the public to support the downtown businesses. The businesses have created a safe place to shop and eat and are following all of the COVID protocols. She said they will have a Halloween event in the sense of decorating their windows for the holiday and have a competition for the best decorations. She will be one of the judges.

Councilmember McGinty said he came downtown on Sunday and it looked busy. It was encouraging.

Councilmember Musgrove said he has been taking an implicit bias class with Councilmember McVey. It is interesting and thought provoking. They are gaining a lot of information to bring forward on these issues. He also noted a new "Poulsbo Handshake" which is meeting with masks on, sanitizing hands, shaking hands, and sanitizing again. He shared the Governor has modified some of the rules for restaurants and other businesses as well (tiny increases and changes) and to visit the Governor's website for more details.

Councilmember Phillips announced the drive-up flu clinic on October 16 at City Hall. He encouraged everyone to register to vote; everyone's vote counts. And he shared October is Domestic Violence Awareness month. If you need help, there is a domestic hotline 800-799-SAFE or 911 if there is an emergency.

Councilmember Stern said relating to Domestic Violence Awareness month, this Friday there will be a virtual ribbon cutting at 9:00 am for the completion of Morrow Manor, a domestic violence shelter for women with children (four duplexes).

Mayor Erickson reported the Puget Sound Restoration Fund had a barge at Liberty Bay today spreading 1,500 yards of oyster shells over 15 acres (Betsy Peabody). We will have an oyster nursery which will help clean the bay.

She encouraged everyone to go look at the new Finn Hill sidewalk project that is coming along. It will go from the elementary down to the intersection. People can walk to the school in a safe way.

She also noted the Chamber wants to sponsor a Halloween drive-by event. She should know more by the next meeting.

##### a. CARES Funding Update

Erickson reviewed how much money the City has been awarded and the time frame we must use the funds. \$335,400 was awarded in March and an additional \$167,700 was awarded on August 1. All of it must be spent by November 30, 2020. She reviewed the \$318,600 that has been spent as of September 30, and the additional requests from other entities (Martha & Mary, \$50,000 for daycare scholarships; Fishline; Kitsap Homes of Compassion, \$6,000 for tablets/telemedicine). The remaining balance to use is \$184,500.

Marianna Smyth, Historic Downtown Poulsbo Association (HDPa), presented the request from HDPa for CARES funding totaling approximately \$215,000 in requests (marketing campaign, \$15,000; safety supplies, \$198,000; parking enforcement on Front Street and change to 1-hour parking along Front Street; and sanitation stations, \$2,000).

Council discussion was held regarding the remaining funding requests. Mayor Erickson asked if the Council agreed with adding an additional \$100,000 to apply towards the small business grants process that is currently underway. She received concurrence for this request. She will continue to work on the additional requests to bring back to the Council. She wants to support HDPa's requests and will go back to the County and see if she can get additional funding from them.

b. Department Head Reports

Public Works Superintendent Lund said the railings are installed on Front Street. They may want to take it uphill a little further. The speed bumps are in Seattle, and should arrive next week.

## 5. CONSENT AGENDA

Councilmember Lord asked to amend the September 2, 2020, Council minutes, page 3, under Council Comments, to add the word "us" to the sentence that reads "They have presumed to be racist."

**Motion:** Move to approve the Consent Agenda with the correction to the September 2 minutes.

The items listed are:

- a. Approval of September 2, 2020, Council Meeting Minutes
- b. Approval of September 9, 2020, Council Meeting Minutes
- c. Approval of September 16, 2020, Council Meeting Minutes
- d. Payable Disbursements for August 2020

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

Motion carried.

## **6. BUSINESS AGENDA**

### **a. Update on City-Supported Housing Programs and Housing Kitsap Properties in Poulsbo**

Housing, Health, and Human Services Director Hendrickson said the Housing, Health, and Human Services Committee requested a presentation be made to the full council on affordable housing properties, programs, and initiatives that are supported by the City of Poulsbo, Housing Kitsap, or a county entity. She also invited GHC Housing, who owns the Hostmark Apartments.

Stuart Grogan, Housing Kitsap, said they have 900 units across the county, a self-help program, and 400 housing choice vouchers. 103 units of that inventory is in Poulsbo. They have a project called Fjord Manor (38-unit project) serving people who are 30%-50% of the median income (focusing on 30%), and generally 62 years and older. They also have Fjord Vista, 16-unit project, primarily for families and individuals. Another project is by 3<sup>rd</sup> Street, a 33-unit project which is a family property. Carl Rudolph public housing site is located by the high school (10 units), which individuals pay 30% of their income for rent. They also have 25 vouchers in Poulsbo.

Pat Steele, Coffee Oasis, reported on the Nelson House, which was started in 2017. It is designed for young adult women, ages 18-25, 0-30% income. It is designed to work as a supported independent living house (there are five beds). They can stay up to two years, case management and weekly house meetings are required. In 2018 they had 8 unduplicated youth enroll into Nelson house; 2019, 18 youth; 2020 to date, 13 youth. He thanked the City for their support.

Charmaine Doherty, Homes of Compassion, has been around for three years. It is their goal to end homelessness in Kitsap County by opening these homes. They expressed their gratitude for the yearly grant to cover the costs for the utilities of the Poulsbo home. They have been able to reduce the monthly costs to the residents. She shared success stories from the Staffordshire Home.

George Splawski, GHC Housing, said Hostmark Apartments has 130-senior residents and is a HUD-funded affordable housing project. It is a long-term investment in the WA state area. They are in the final 30 days of the extensive renovations to the entire property. They also created six ADA compliant units. Their goal is to improve the lives of the resident and extend the life of the properties.

Mayor Erickson thanked each of the guest speakers for all of the work they are doing in the community.

Councilmember McVey suggested it would be helpful to list this inventory and put it on the new webpage for the HHH department.

Councilmember Lord thanked everyone for giving an overview; there are many positive things going on with their efforts. She knows several people who lived at the Hostmark Apartments who were concerned about the renovation project. They did a great job coordinating the effort. Keeping our seniors feeling safe and cared for, especially during COVID, must have been very challenging. She said the housing inventory is currently be worked on with the Planning Department staff. The statistics are coming forward to us soon.

Councilmember Musgrove thanked everyone for their reports. They appreciate the time they take to come and speak with them. It is great to hear about what is going on and it is helpful to the public to know what is going on.

**b. Confirmation of Poulsbo Chief of Police**

Human Resources Director Kingery thanked everyone who participated in the interview process for Police Chief. They have successfully completed the background process. The position was offered to Ron Harding who is coming from the City of Redmond. Mayor Erickson is seeking the Council's confirmation of her appointment.

**Motion:** Move to confirm Mayor Erickson's appointment of Ronald Harding as Police Chief of Poulsbo.

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

Motion carried.

**c. Budget Amendment and Agreement with Chinook Properties for Olhava Watermain Relocation**

Public Works Superintendent Lund presented the agenda summary, noting that Public Works is requesting \$75,000 dollars from Water Reserves for the purpose of relocating 400 lf of 12" DI watermain adjacent to the Olhava Water Tank. It was recently discovered that when this waterline was installed in 2002 it was not installed within the utility easement and is located on private property. The property is owned by Chinook Properties and is under construction for the Norland Trails Apartment Complex. The current location of the pipe is in the way of a retaining wall that needs to be constructed as part of their approved construction project. Chinook Properties has agreed to relocate the water main at a cost of \$44,123.00 and the City will procure the materials.

Councilmember Musgrove said this was discussed at Public Works Committee and approval was recommended.

Councilmember McVey asked who was responsible for originally putting the watermain in the wrong location. Public Works Superintendent Lund said it was a developer at the time 20 years ago.

**Motion:** Move to approve the budget amendment in the amount of \$75,000 to relocate the 12" water main from private property to the existing utility easement road for the Olhava Water Tank.

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

**Motion:** Move to approve the contract with Chinook Contractor to relocate the Olhava water main in the amount of \$44,123.00 upon approval from the City Attorney.

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

**d. Mayor's Proposed Preliminary Budget Presentation**

Finance Director Booher presented the Mayor's Proposed Preliminary Budget. Presentation highlights included:

- 2021-2022 funds (general, special revenue, debt service, capital projects, enterprise funds (Total 2021: \$32,314,306; 2022: \$32,497,965; Combined: \$64,812,271)
- Estimated beginning balances – reduced.
- Revenues projected with anticipated decreases
  - Sales tax (decrease of 9% from what was collected in 2019)
  - Admission tax (67% decrease)
  - Development revenues
  - School District Revenue (less events and no need for SRO officer when school is closed)
  - Program Revenues: Park & Recreation, Passports, Business Licenses
  - Investment earnings (less cash to invest and low interest rates for reinvestment)
- City Utility Taxes – water, sewer, and storm were increased to 12% with scheduled decreases occurring in future budget years. -Solid waste remained at 6%.
- Most recent Property tax figures from County.

- Wages and benefits
  - Contractual increases
  - Estimated benefit increase – will continue to update
  - Voluntary separation positions removed (4)
  - Anticipated retirement cash outs
- Contractual increases
- Removed contractual amounts for Lobbyist (\$51,000), KEDA (\$10,000), NLC (\$1151), SBDC (\$10,000).
- Transfer adjustments
  - Reduce transfer to Neighborhood Streets (\$150,000)
  - Reduce transfer to Parks Reserves (\$50,000)
  - Increasing transfer from REET for City Hall Debt resulting in a reduced transfer from General Fund (\$150,000)
  - Reduction in transfer to Capital Equipment funds (\$50,000)
  - Estimated transfer for Noll Road debt included in budget (\$180,000)
- Capital Equipment Items as recommended by Mayor
  - New laptops for all police officers to be compliant with new software County is implementing (110,000)
- Capital projects consistent with proposed CIP
  - Correction and adjustments are being made as a couple fund balances are reflecting negative balances
- Projected General Fund Revenue 2021-2022 projections
  - 83% taxes, 6% licenses & permits, 2% intragovernmental revenue, 1% fines & forfeitures, 2% miscellaneous.
- Projected General Fund Expenditure 2021-2022 projections
  - 45% salaries, 19% benefits, 15% interfund payment (transfers), 18% other services and charges, 3% supplies.

The Mayor's Proposed Preliminary Budget does not include baseline adjustment requests or new program requests. These will be discussed later in the budget process.

Mayor Erickson said the Recreation Program is one of the crown jewels of the community, but because of COVID there was no place to hold classes because facilities were closed down. We had no revenues to pay for the eight employees. It was really tough. We don't know when that revenue stream is going to come back, because we rely on others to provide the facilities.

Finance Director Booher said we willingly built the 2020 budget anticipating to use \$1.6MM from reserves. Coming forward in 2021, that is not sustainable. With our budget decreases and conservative revenue estimates, the proposed budget is only supporting the \$68K variance. This is much different than in the years' past. In 2022, that grows to \$213K variance. Most of the increase in 2022 is due to not having labor agreements going into that year, so they are conservative wage estimates. Each fund balance meets the Financial Management Policies.

Councilmember Musgrove thanked Finance Director Booher for all the effort and asked if Cencom was going to provide grants for the police departments to purchase new equipment (laptops) to be compatible with the upgrades. Finance Director Booher said there is no grant funding available and this will be a City cost.

Councilmember Lord thanked Finance Director for all the work. She is impressed with the care to be conservative and stay within the guidelines of their policies. She knows it is tough to put these together and she appreciates all the work.

Councilmember McVey reported the Finance-Administration Committee heard this presentation tonight. They discussed the Neighborhood Streets transfer, even though there is a healthy fund there. This will be discussed further.

Mayor Erickson encouraged the Council if they have any questions to contact herself or Finance Director Booher. She is thankful for working with a City Council that works collaboratively and she appreciates the support they give her and the City staff. She said they were also fortunate to have a large reserve fund when the pandemic hit. It has been difficult the last six months, and the hard part is not knowing how long this will continue. She hopes to be able to bring good news in another six months, but they must craft a conservative budget in case the cash flow doesn't come back.

## **7. COUNCIL COMMITTEE REPORTS**

*Economic Development Committee:* Councilmember Lord reported they reviewed the cost of hearing appeals, and statistics with the Vanaheimr Appeal (it cost \$17,000 in staff time, attorney fees, and materials). They discussed if the City Council should stay in the appeals process. When something reaches an appeal stage, the record is closed. No new facts can be introduced. The appeal process cannot influence policy making. It is like a court hearing. The Council needs to consider how to proceed with this. The Committee recommended docketing the amendment on whether they want to continue to be a hearing examiner in the appeal process.

Finance-Administration Committee: Councilmember McVey reported the Committee received the CARES funding update and the Mayor's Preliminary Budget presentation. Councilmember Stern added they received an update on REET, and sales tax came in higher than expected.

Public Works Committee: Councilmember Lord reported they discussed the Johnson Parkway Joint Utility Agreement (committee recommends approval), roundabout artwork submittals are due by October 12; discussion on Building Code Update as it pertains to the Fire Code (our code needs to be consistent with International Code, our code is more stringent). Need to address fire protection elements, code enforcement, and make sure the board of appeals process is consistent. They also discussed impacts to Public Works and Engineering due to COVID.

Housing, Health, and Human Services Committee: Councilmember Musgrove reported they received an update on the status of the Gateway meals; covered the Fishline showers for the public (article in Kitsap Sun); update on the virtual meeting with Kitsap County Association of Realtors; October 16 Drive-Up flu event; Gateway application for \$5,000 to fund a feasibility study for the triangle parcel, received part of HDPAs presentation for their funding requests, and affordable housing initiative presentation, and Kirsten Jewell from Kitsap County gave a comprehensive report on their investments in public and homeless projects and offered a lot of resources (ex. tiny house info and lessons learned).

## **8. BOARD/COMMISSION REPORTS**

Councilmember Stern reported on the PSRC Economic Development District Board meeting, and an effort called Greater Seattle Partners which there may be possibilities of Kitsap joining. This will be presented at the next KRCC meeting.

Mayor Erickson said the Health District is overworked with hard pressures on them. They are doing remarkably well given the circumstances we are in. She applauded Keith Grellner and Gib Morrow on the work they are doing right now.

## **9. CONTINUED COMMENTS FROM CITIZENS**

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

## **10. MAYOR & COUNCILMEMBER COMMENTS**

Councilmember Lord shared how much she appreciates all her colleagues, the Mayor, and staff.

Councilmember McGinty agreed.

Councilmember McVey said the community panel discussion for diversity, equity, will have a panel discussion, and 6 out of 8 panelists are confirmed (invitations are out to the Suquamish Tribe and the North Kitsap School District). He thanked the Mayor, Councilmember Livdahl and Housing, Health, and Human Services Director Hendrickson for helping to plan the event. Mayor Erickson thanked him for his work on planning this event.

Councilmember Musgrove echoed Councilmember Lord's comments and he wished everyone a good weekend.

Councilmember Phillips agreed with Councilmember Lord, reminded the public about the flu clinic on October 16, and encouraged everyone to register to vote.

Councilmember Stern reminded everyone again about the ribbon cutting for Morrow Manor on Friday morning.

## 11. ADJOURNMENT

**Motion:** Move to adjourn at 9:45 p.m.,

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

Motion carried unanimously.

---

Rebecca Erickson, Mayor

ATTEST:

---

Rhiannon Fernandez, CMC, City Clerk