

## POULSBO CITY COUNCIL MEETING OF JUNE 9, 2021

### MINUTES

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

**Staff:** Finance Director Booher, City Clerk Fernandez, Police Chief Harding, Schoonmaker, Berghoff, Coleman

### MAJOR BUSINESS ITEMS

- \* \* \* Excuse Absences for Councilmembers McGinty, McVey, and Stern from June 2, 2021, Council Meeting
- \* \* \* Payable Disbursements for March 2021
- \* \* \* Payable Disbursements for April 2021
- \* \* \* Purchase of Mobile Computer Terminals – Police
- \* \* \* Eckelmann/Divoky Annexation
- \* \* \* 2021 Shoreline Master Program Update – Introduction
- \* \* \* American Rescue Plan Act (ARPA)

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

Mayor Erickson called the virtual 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** Stern, **Seconded by** Musgrove.

Motion carried unanimously.

#### 3. COMMENTS FROM CITIZENS

City Clerk Fernandez read the following comments into the record:

- Dakota McKennon, Board President of the Poulsbo Chamber of Commerce, requested consideration of American Rescue Plan Act funds for the Poulsbo Chamber of Commerce.
- Cindy Garfein, President of the Jewel Box Theatre, requested consideration of American Rescue Plan Act funds for the Jewel Box Theatre.

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

##### a. Legislative Update from Representative Kilmer

Congressman Kilmer gave an update on how his office has responded to the pandemic over the past year and what can be expected in the future in regard to the ARPA funding and an infrastructure bill that Congress is working on.

Councilmember Stern expressed gratitude for the City's appropriation allocation. He asked about broadband infrastructure and rural underserved and unserved communities. Access and affordability are concerns and asked how urban deserts will be recognized. Congressman Kilmer said the President's stated goal is to bridge the digital divide for all Americans. Congress is stepping up to help people pay for the utility (help is now available from the FCC).

Mayor Erickson thanked everyone involved with the ARPA Funding. She said the lack of childcare is an issue. We have a lack of employees because they don't have childcare. There was already an existing childcare shortage prior to the pandemic, and it is now dire in Kitsap County. She knows there is no easy answer but wanted to bring it to his attention.

Councilmember Livdahl congratulated the NKHS 2021 graduating class.

Councilmember Lord congratulated the 2021 graduates and thanked the Mayor for inviting Congressman Kilmer to attend tonight. It was nice to hear his remarks.

Councilmember McGinty congratulated the NKSD 2021 graduates.

Councilmember McVey commended the Poulsbo Rotary for doing a series related to diversity, equity, and inclusion (can be watched online). Yesterday he had a meeting at the Suquamish Museum with representatives from the Suquamish Museum and the Poulsbo Historical Society to talk about areas of collaboration. He thanked the Suquamish Tribe for hosting the meeting. Finally, he thanked the Kitsap Humane Society for the work they do with rescuing animals.

Councilmember Musgrove asked everyone to be patient and kind and friendly, especially with increasing traffic. He congratulated the class of 2021. NKSD will return to full in-class schooling in the fall. The Poulsbo Historical Society is having a flag folding ceremony on June 14 at noon at their campus. He attended the WA State Auditor's Entrance Conference.

Councilmember Phillips congratulated the 2021 graduating class and said Poulsbo Elementary is having an enrichment program to help catch kids up from last year. June 16 is the last day of school.

Councilmember Stern congratulated the Seattle City Council for Seattle becoming the first major city in the US to achieve a 70% vaccination rate.

**b. Department Head Reports**

Parks & Recreation Director Schoonmaker thanked Eagle Scout Ryan Hagerman and Riley Salas for completing their Eagle Scout projects at Fish Park. Crossroads Rotary did some maintenance on the park as well. The Lions Club is doing two viewing platforms in the park. He thanked everyone for their volunteerism and support.

City Clerk Fernandez said the AWC Annual Conference is June 22-25. Let her know if they would like to be registered. She is registering Councilmember Stern and Musgrove to be the City's delegates for the business meeting.

Mayor Erickson said a budget amendment will be coming forward for \$30K to do survey work on Iverson Street and Lincoln and the Triangle Property to identify the property lines. There is a hiatus, and they need to do a boundary line adjustment. This week Gateway Fellowship was notified by the State of Washington that they could lose their non-profit status if the farmers market did not relocate. The deadline was December 2020. She contacted Senator Rolfes's office, who contacted the Department of Revenue, and it will not go into effect until next year. The farmers market is interested in the Public Works building (they can use the property as is). So, there is a sense of urgency to identify the property lines. Mayor Erickson said it is important to keep them in Poulsbo.

Councilmember McVey would like to have the opportunity to discuss leasing the property to make sure it is the best use of the property and figure out its value.

Councilmember Livdahl said she likes the idea. The Public Works spot is challenging with the environmental impacts, and it would be fantastic if they could use it as is. It would be a benefit if it was a year-round market. She said the challenge might be parking capacity. She asked if Gateway would be penalized for letting them use their parking as overflow.

Councilmember Lord fully supports keeping the market in Poulsbo. She said it is wise to consider a lease in the beginning. This was discussed at Public Works Committee and the need for the budget amendment. More funding may be needed because this is old town property and very complicated work with many issues to resolve.

Councilmember Musgrove said a lease-to-own option would be good. But additional parking would need to be identified. If the property were to be leased, we might have to invest in the structures to allow occupancy.

Mayor Erickson said this will be on the consent agenda at next week's meeting for approval.

Mayor Erickson said the City has entered into a contract for public defender services with Kitsap County. They want their own office space, so they are looking at remodeling the executive conference room and adding an outside door to that room from the lobby.

Mayor Erickson has been working on downtown parking options due to the sale of the police station. Construction will move forward as the building permit has been applied for with the Old City Hall construction project.

Mayor Erickson said there was a long post this morning on social media about all the construction that is going on. She reassured everyone that every time a development goes into the City, there has been a long public process in advance of that development. They are developed by City Code adopted by the City Council, and they adhere to the Growth Management Act, which says that cities should develop, and rural lands should stay rural. We have had adequate infrastructure planning in advance of development, and a good portion of that is paid by impact fees by the developers. The development on Noll Road, there is infrastructure improvements to support it (gravity sewer line and the Johnson Road roundabout/parkway). Schools collect impact fees from every house built in the City. We are addressing growth in the most responsible way we can. It is unpleasant to be around it (she has development 180 degrees around her property right now) and she understands the discomfort. This has been in planning since 2006. She has open office hours 9am-noon every Saturday if anyone wants to come and talk to her.

Mayor Erickson said there is Pumpalooza on June 17 at the pump track. Staff is working to get water to the site.

## 5. **CONSENT AGENDA**

**Motion:** Move to approve the consent agenda as presented.

The items listed are:

- a. Excuse Absences for Councilmembers McGinty, McVey, and Stern from June 2, 2021, Council Meeting
- b. Payable Disbursements for March 2021
- c. Payable Disbursements for April 2021
- d. Purchase of Mobile Computer Terminals – Police

**Discussion:** Councilmember Stern asked about 5d and how it could be impacted by the CenCom bond issue. Mayor Erickson said it was in the budget. The next amount will be paid by CenCom.

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

## 6. BUSINESS AGENDA

### a. Eckelmann/Divoky Annexation

Associate Planner Berghoff presented Eckelmann/Divoky proposed annexation. Presentation highlights included:

- Annexation process and timeline
- Direct petition method description
- The proposed annexation in the Southeast UGA
- Annexation survey response and existing utility extension agreement
- Proposed annexation area options 1 and 2 and other considerations in selecting an annexation boundary.

Councilmember Lord supports not including the people who do not want to be part of the annexation. It has been their soft policy to honor that, and they have been extremely impacted by our decision to build Johnson Parkway through their property and have been accommodating with giving the right-of-way we needed. She is inclined to honor their wishes (option 1).

Councilmember Musgrove asked for clarification, that we are basically considering allowing the process to move forward, all of the answers and participation are not known right now, but they want to move forward in the process.

Associate Planner Berghoff said that is correct. When they come back with the public hearing, that will be their opportunity to make a final decision. Councilmember Musgrove supports option 1.

**Motion:** MOVE to authorize the proponents to circulate an annexation petition, requiring the annexation assume its proportionate share of the City's bonded indebtedness, and requiring zoning per the Urban Growth Area Sub-Area Plan as identified as Option 1.

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

Motion carried unanimously.

### b. 2021 Shoreline Master Program Update

Senior Planner Coleman introduced the 2021 Shoreline Master Program Update. Presentation highlights included:

- Purpose of the Shoreline Management Act (SMA)
- What the Shoreline Master Plan (SMP) is, its jurisdiction, and what it includes
- SMP Guidelines: no net loss of ecological functions and preferred uses
- Environmental Designations: Shoreline Residential, High Intensity, Urban Conservancy, Natural, and Aquatic
- SMP Periodic Review and Update
- Role of WA State Department of Ecology
- Review Schedule
- SMP Update Website

Councilmember Stern said regarding the natural environment in the first zone, there seems to be two contradictory mandated goals: public access and not interfering with the growth along the shoreline. When alder trees rapidly grow, they end up preventing access. How do they reconcile this in the natural environment zone. Senior Planner Coleman said the natural environment is meant to be intact, but there are opportunities for restoration. It is clear an alder forest on the shoreline is not the healthiest shoreline. There are opportunities for restoration, Fish Park is a good example of that.

Councilmember McVey asked what, if anything, does this mean for their long-term plans for the property they purchased to developed over by Les Schwab. Senior Planner Coleman said these changes did not affect the West Poulsbo Waterfront Park project.

Councilmember Musgrove asked if there is anything that the Port of Poulsbo need to be aware of regarding this update. Senior Planner Coleman said they had their third-party reviewer, who specializes in marinas and ports, look at the codes and make sure there were not any concerns. The Port also received their notices, and they have not received any comments from the Port.

**c. American Rescue Plan Act (ARPA)**

Finance Director Booher gave a presentation on the American Rescue Plan Act. Presentation highlights included:

- City of Poulsbo’s estimated funds - \$2.43MM received through the Washington State Department of Commerce in two installments (May 10, 2021 and 12 months after the first payment) Funds remain available to cover qualifying expenses through 12/31/2024.
- Allowable Uses of Funds:
  - To respond to the public health emergency caused COVID -19

- Aid households, small business and nonprofits related to negative economic impacts of COVID-19
- Aid impacted industries such as tourism, travel, and hospitality
- Premium Pay (hazard pay) up to \$13/hour and not to exceed \$25,000/individual for eligible essential worker.
- Grants to eligible private employers to provide hazard pay to essential workers
- Provide government services to the extent of the reduction in revenue due to COVID-19 relative to revenues collected in the most recent full fiscal year prior to the emergency (The baseline would be calendar year 2019 budget
- Make necessary investments in water, sewer, or broadband infrastructure
- Non-Allowable Uses of Funds
  - Deposits to pension funds
  - Debt service payments
  - Legal settlements and judgements
  - Deposits to rainy day funds or financial reserves
  - Fund infrastructure projects outside of water, sewer, and broadband
- Government's Responsibilities
  - Local governments must be mindful of the prohibition on gifts of public funds in Washington State
  - Poulsbo is ultimately responsible for the use of funds and must have internal controls in place as well as proper documentation
- Revenue Analysis
- Adjustments made to the 2021 Budget due to revenue declines
- Next Steps

Finance Director Booher gave an update on utility services, including extended utility shut-off moratorium extension to July 31, 2021, and the status of the City of Poulsbo's efforts in providing resources and information to those affected, and are currently developing a payment policy and plan.

**Motion:** Move authorize the Mayor to sign the documents in order to get the \$3.1MM from the Federal government.

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

Motion carried unanimously.

Mayor Erickson shared a spreadsheet with suggested expenditures for ARPA funds. She reviewed staff requests, non-profit business grants and possible charitable grants, and potential infrastructure project ideas.

Councilmember McVey asked in terms of the charitable grants to non-profits, he asked if the organizations would have to demonstrate losses as well as how they would have to use the funds. Finance Director Booher said it could be both, she is still reading through the document with all the requirements, as well as trying to get educated with her peers. These funds are focusing on loss replenishment. There are less restrictions this time, but there still is a lot of information she needs to read through (just received the packet on Monday).

Councilmember McVey said the Finance-Admin Committee has been talking about these funds for a couple of weeks and have seen several iterations of the spreadsheet shared tonight. The Committee felt comfortable with where they are at and the FTE totals in the packet demonstrates this is a restoration of lost jobs (high FTE in 2019 was 102 and the budgeted number for 2022 is 90).

Councilmember Lord asked how the grants would be disbursed, all at once or two payments. Mayor Erickson believes they need the money now, and she would recommend giving the full total in one payment. Staff will continue to review the guidelines and make sure they disburse the funds correctly.

Councilmember Phillips supports restoring the staff positions and the business grants. He is concerned with if we are putting enough funding in for Fishline (for example helping citizens pay back-due rent and utilities). Mayor Erickson said maybe they should provide additional funding.

Councilmember Musgrove said the funding is less than 4% of their City budget. While it is a lot of money, it is a small amount in the scheme of things they have to deal with. They will get as much value as they can out of the money. The CARES dollars were intended for saving jobs, keeping people fed and housed, etc. The ARPA funds are for recovery and to boost communities into a higher economic trajectory. They need to figure out where to put the money to get the most economic trajectory or consider taking care of their projects that they have not been able to do. For example, replacement for lodging tax to get marketing out there. The Planning and Economic Development department could have ideas to boost jobs and the economy. He asked about cash flow and being able to fund employees after the one-time infusion of funds to get the employees re-hired. Finance Director Booher said she said that is why these funds available to spend through 2024. It isn't the intent to have agencies rehire employees and then try to figure out how to pay them

afterwards. We don't have to spend everything as fast as we did with CARES funding. The hope is the economy will come back and continue to fund the employees.

Councilmember Musgrove said he supports restoring the employee positions. We need to restore levels of service to the community. He noted a possible need for elderly social services in Poulsbo, which could use a boost, along with Police and Fire efforts. Generally, he supports the charitable grants, but would like to save some funding to discuss economic and social services.

Mayor Erickson said she hears consensus of hiring the positions. She will make sure they are aware of when positions will be hired. As to the grants, she isn't seeking any decisions tonight, but would like to have more conversation on it.

Councilmember McGinty asked if businesses would have to submit applications and explain what they will do with the funds. Mayor Erickson said they will have to provide documentation to substantiate the grant. We will go through a single audit, so we must show this is a replacement of lost revenue, not a gift of public funds.

## **7. COUNCIL COMMITTEE REPORTS**

Public Works Committee: Councilmember Lord reported the Mayor discussed diversity and inclusivity regarding infrastructure implementation. The first action step is to work with Kitsap Transit to get more locations for free pass distribution (currently only one location). They reviewed the Westside Well change order (discovered damaged equipment during the rehab project). Reviewed the Systemic Safety Project Consultant Design Contract dealing with survey done in 2018 that checked our systems for safety improvements (they identified improvements and prioritized their locations). They received a downtown construction update (three projects that may happen at the same time and its potential impacts). They talked about the on-going dilemma of parking management downtown. She shared with HDPa some of the Mayor's ideas for potential parking locations if we can get agreements with Bank of America and First Lutheran Church, and the back lot of King Olaf – and have the HDPa create an employee parking program.

Community Services Committee: Councilmember Lord reported they have a new special event at the waterfront park (August 7 – concert by Poulsbo Community Church called Hope 360); received an update on the recreation program (75 summer camps); new Story Walk in Fish Park; only three plots left at the P-Patch; concerts series starts July 6 (7-8 concerts this year); reached 68% of revenue budget as of May; received an update on the PROS plan (community survey with 300 responses); discussed the P&R building and the

options regarding the building; and they are reviewing an inclusion and diversity guidelines the Mayor sent them for parks.

Housing, Health, and Human Services Committee: Councilmember Livdahl reported they received COVID numbers/data, and they are pursuing a \$470K grant that would fund the second Fire CARES team in South Kitsap; the Fire CARES team needs a case manager for those who are 65 years and older.

Councilmember Stern reported on June 2 he and Councilmember Musgrove attended the Auditor's Entrance Conference.

## 8. BOARD/COMMISSION REPORTS

Councilmember Musgrove said the Business Recovery Task Force is now meeting once per month.

Mayor Erickson said they came to a compromise with the County with the Countywide Planning Policies. PSRC is busy discussing ARPA funding for transit. She has Transit Caucus, Transpol, and the Project Selection Task Force tomorrow.

## 9. CONTINUED COMMENTS FROM CITIZENS

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

## 10. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Musgrove asked everyone to be kind, caring, and considerate to each other.

Councilmember Phillips asked everyone to eat local and shop local, and if you are struggling with mental health, don't be afraid to reach out for help.

## 11. ADJOURNMENT

**Motion:** Move to adjourn at 9:37 p.m.,

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

Motion carried unanimously.

ATTEST:

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Rebecca Erickson, Mayor

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Rhiannon Fernandez, CMC, City Clerk