

POULSBO CITY COUNCIL MEETING OF JULY 14, 2021

MINUTES

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

Staff: City Clerk Fernandez, Housing, Health & Human Services Director Hendrickson, Senior Planner Coleman, Senior Budget Accountant Gaines

MAJOR BUSINESS ITEMS

- * * * Minutes of May 26, 2021, Joint Council & Planning Commission Workshop
- * * * BA#21-0303/AV Equipment
- * * * Planning Commission Appointment
- * * * Ordinance No. 2021-06, 2nd Quarter Budget Amendment
- * * * 2021 Shoreline Master Program Update Workshop – Part 2
- * * * Ordinance No. 2021-07, Additional Sales and Use Tax for Housing and Related

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** McGinty, **Seconded by** Livdahl.

Motion carried unanimously.

3. COMMENTS FROM CITIZENS

City Clerk Fernandez read the following written comments into the record:

- Dianne, Serene, and Donene Munroe wrote regarding the Slippery Pig proposal and their concerns about its effects to City infrastructure and the increase of maximum density to have a huge impact on congestion, quality of life, and overall traffic through the main junction. The proposal needs major community involvement and input. They also feel the proposal should be designed for access from Slippery Pig Lane with proper lights, and the cost should be borne by the property owner/developer. Cedar Lane is a narrow residential, congested street.

- Carrie Ohora wrote against the Slippery Pig Annexation and requested if it were to be annexed that conditions be put on the project. She also shared the definition of rural character from Kitsap County.
- Leanne Musgrove wrote in support of keeping the 3rd of July fireworks event on July 3rd.

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

Councilmember Livdahl said it is good to see things opening back up and everyone enjoying the weather. Seeing downtown packed with people is amazing.

Councilmember Lord encouraged everyone to take advantage of the concerts on Tuesday at the Muriel Iverson Waterfront Park.

Councilmember McGinty attended the Cod Fish Dinner Saturday night for the Poulsbo Historical Society.

Councilmember Musgrove congratulated Councilmember Stern on his new grandkid. He said to check out the P&R newsletter online, as well as the City's newsletter and the Planning & Economic Development newsletter.

Mayor Erickson shared that Dave Fredericks passed away. He was the founder of Coffee Oasis. She shared the story of how former Councilmember Jim Henry shared with her the homeless situation for children in 2010, and how it started the conversation between the City of Poulsbo and Dave Fredericks to create a Coffee Oasis in Poulsbo. He was a very smart, inspirational, and remarkable man. Our region will miss him greatly. Without him, we never would have had a Coffee Oasis here in Poulsbo. Councilmember Musgrove shared there will be a celebration of his life on Saturday at 2pm at the Crossroads Church.

a. Employees of the Quarter – Tommy Barnes and Victor Cienega

Mayor Erickson congratulated Tommy Barnes and Victor Cienega on receiving the Employee of the Quarter award.

b. Department Head Reports – None.

5. **CONSENT AGENDA**

Motion: Move to approve the Consent Agenda as presented.

The items listed are:

- a. May 26, 2021, Joint Council & Planning Commission Workshop Minutes Approval
- b. BA#21-0303/AV Equipment

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

6. BUSINESS AGENDA

a. Planning Commission Appointment

City Clerk Fernandez presented the agenda summary, noting the Mayor has appointed the following commission member and seeks Council concurrence: David Strickon to the Planning Commission (term expiring 12/31/2026).

Motion: Move to confirm the Mayor's recommendation for appointment to the Planning Commission as presented.

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

b. Ordinance No. 2021-06, 2nd Quarter Budget Amendment

Mayor Erickson presented the agenda summary, noting budget amendments for the 2nd Quarter of 2021 were approved by Council during April, May, and June. Exhibit A includes these amendments and summarizes the revised budget by fund.

At 7:22 p.m., Mayor Erickson asked for any public comment. No comments were received.

Motion: Move to adopt Ordinance 2021-06, an ordinance for the City of Poulsbo, Washington, amending the 2021-2022 Biennial Budget adopted by Ordinance No 2020-15 to revise the revenues and appropriations from certain funds and approving an ordinance summary for publication.

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

c. 2021 Shoreline Master Program Update Workshop – Part 2

Senior Planner Coleman gave a presentation on the Shoreline Master Program update. Presentation highlights included:

- SMP periodic review and update requirements and purpose

- The SMP includes Comp Plan Chapter 5 - Goals and Polices, official shoreline maps, PMC 16.08 – Regulations, PMC 16.09 - Administration and Procedures, and other supporting documents include the Inventory and Characterization Report, Cumulative Impacts and No Net Loss Report, and Restoration Plan.
- The role of WA State Department of Ecology is to assist with SMPs and permit review, provide written guidance for SMP updates, and must approve SMPs before it becomes effective.
- Review Schedule
- Review of questions and comments from City Council
 - Definition of alteration
 - Definition of height
 - Normal residential appurtenance
 - Legal review
 - Habitat restoration/view corridors
- Ecology initial determination

Councilmember Stern suggested to review and update with the appropriate Public Works and Parks Department staff, as well as the Tree Board.

Councilmember McVey said he likes the idea of dovetailing the definition of height from the definition from our zoning ordinance to this. It make sense, and encourages consistency in language whenever possible.

Councilmember Lord asked about the definition of height on Page 8 and how “substantial” was going to be defined. Senior Planner Coleman said she should have included the change she made for the definition of height. She sent this to the Department of Ecology for any advice of what substantial meant. The response was vague, and was “you’ll know it when you see it.” Her recommendation was to go with how we measure height in our zoning ordinance. The definition that is shown now will be stricken, and the definition will read the definition of height will be per the zoning ordinance in 18.80.040.

Councilmember Lord said on page 23 she had asked that the Westside Poulsbo Stormwater Park be included in the list of the properties. Senior Planner Coleman said she has that property included.

Senior Planner Coleman said this will be brought back for a public hearing next week. She encouraged the Council to send her any questions before hand.

d. Ordinance No. 2021-07, Additional Sales and Use Tax for Housing and Related Services

Mayor Erickson said this is the 1/10th of 1% ordinance for affordable housing. They had a good discussion about it last week. Affordable housing needs a subsidy. The question is how to generate the subsidy, who controls it, and how do we use it effectively. This tax would generate \$425K for Poulsbo to provide affordable housing. It is a dedicated revenue stream for this use only. The price of housing in the City of Poulsbo is now pushing \$600K as the average price of homes. The rental market is equally bleak. Mayor Erickson said with \$425K annually, they could build affordable housing and work with our partners. They have had conversations with Housing Kitsap. The first project would be the Nordic Cottages on the Triangle Property. They need a funding source to build those houses. Kitsap County is going to move forward with this tax. She had a long conversation with Commissioner Gelder, and it was confirmed today. The tax will happen; the question is do we want to control the dollars locally or do we want the dollars to go to the County. We are doing this independently from the County, so the money stays inside of Poulsbo.

Councilmember Lord said this could be used for related services as well and asked what those uses would be. Housing, Health & Human Services Director Hendrickson said the intent of this legislation was to provide housing for certain identified populations (vulnerable populations) and support services are essential to combine with housing to make sure that people can succeed living independently. This would include in-home case management, vocational services or job training services, etc.

Housing, Health & Human Services Director Hendrickson answered some questions she received from Councilmembers:

- It was asked if the City could receive a statement of intent from the County that they plan on passing the tax, and their intentions for the tax proceeds. Commissioner Gelder did email with some responses to these questions. He said the Board of County Commissioners is considering passing tax to support affordable housing and related services and outlined next steps. He also said partnerships are key and need to focus on economies of scale that are possible when joining forces balanced with the need for responsiveness to local priorities. She said public statements have been made in the June 23 Kitsap Sun article.
- There was a question on what the rate would be if it was passed by the City or passed by County. The rate would be the same at 9.1% regardless if passed by the City or the County.
- It was asked how businesses will know when to charge the new tax. If passed, the State Department of Revenue will contact Poulsbo businesses about the new rate via mail and email. It would become effective January 1, 2022.

Mayor Erickson noted the economies of scale statement from Commissioner Gelder. He is talking about consolidating funding. When the funding is consolidated, then they go through a panel program to figure out where the money goes. We have

been through that with the mental health tax funding, and it is difficult to get that money to come back into the City of Poulsbo. There is a perception that we don't need this kind of help because we are affluent. She has been battling that stigma the whole time she has been Mayor. We need to keep these dollars local so we can support our population's needs rather than subsidizing the south end of the County.

Councilmember McVey supports this ordinance and said affordable housing is desperately needed in Poulsbo.

Motion: Move to approve Ordinance No. 2021-07, an ordinance of the City of Poulsbo, Washington, imposing an additional sales and use tax on one-tenth of one percent for housing and related services as authorized by RCW 82.14.530; adding a new Chapter 3.23 to the Poulsbo Municipal Code; providing for severability and establishing an effective date.

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

Discussion: Councilmember Musgrove thanked Housing, Health & Human Services Director Hendrickson for getting answers to his questions. He said this discussion comes down to if we want to control the funding or let the County have it. If we do this, we have the option on how to use the funding. It opens our options.

Councilmember Lord likes the flexibility to determine our own fate on how to best utilize these funds, instead of being at the mercy at the County, which may not be in the best interest of Poulsbo. She would rather have our citizens benefit from the support of controlling this rather than subsidizing other parts of the County.

Councilmember Livdahl said the Nordic Cottage project is a good example of them wanting to address the problem in a way that fits with our community and its specific needs. Having a funding source that is uniquely suitable to our town is critical.

Councilmember Musgrove asked about previous questions: 1) should there be a sunset clause and 2) in the resolution it states to be used for affordable housing and describes it later, but it is still abbreviated (should they add language explaining it could be used as leverage and gain more flexibility). Mayor Erickson said the ordinance was written by the City Attorney, and she doesn't feel comfortable changing the language without his review. As to the sunset, the City Council can repeal the ordinance at any time to make it go away. Councilmember Musgrove said he wanted this to be clear. There are pros and cons to it but wasn't sure where it stood.

Councilmember McVey called for the question.

Motion carried unanimously.

Housing, Health & Human Services Director Hendrickson said she appreciates the show of confidence from the Council in their ability to provide for its more vulnerable residents. She also recognized the Housing, Health & Human Services Committee for the number of hours they have spent discussing these topics; they have helped the City Council get to this point. She thanked the members of the Affordable Housing Task Force that met in 2019-2020 for spending a lot of hours encouraging the City to think carefully about its obligations and opportunities in relationship to affordable housing. A lot of people, including councilmembers, gave their time to that committee. Because of their action, we are here today. Finally, she thanked the steering committee that is meeting again to discuss what the Nordic Cottage project might look like. She thanked Housing Kitsap for agreeing to support the project. And she thanked local architect Miles Yanik and his office manager Nichole who have given lots of pro bono time, ideas, and input.

7. COUNCIL COMMITTEE REPORTS

Public Works Committee: Councilmember Musgrove reported Noll Road is in budget and on time (tours still available); there will be a hazardous solid waste event on September 18 (more info coming); received an update on pressure reducing valves (old ones that are concerning – budget amendment coming soon); received an update on the Gorst Coalition MOU from the Mayor (generally supported); discussed the roundabout Suquamish Art MOU and other welcoming signs and languages that could be used in different areas.

Community Services Committee: Councilmember Lord reported they reviewed three special event applications (Half-Mile Marathon, Poulsbrew, and the Liberty Bay Fest and Poulsbo Boat Rendezvous); Poulsbo Arts Festival will be August 20-22; as of the end of June, they have achieved 92% of their budgeted revenues; lots of classes are filling and they are adding more all the time; geocache self-directed event that is ongoing through the month of July; hoping to do an e-sports event in August; and they have a new hang out for teens at Raab Park 3-4pm every Thursday afternoon (trying to coordinate with NextDoor teen center at Northpoint Church).

8. BOARD/COMMISSION REPORTS

Councilmember Musgrove said the Business Recovery Task Force is only meeting once a month, there is not a lot to report from the last meeting, which is a good thing. Mayor

Erickson said the Council is going to have to decide about street dining, and whether to make it permanent. Councilmember Musgrove said the follow-on discussion is parking downtown. There are concerns about the old police station parking and city hall parking going away, along with restriping and dining in the streets, many parking spots will be gone. Mayor Erickson is working on a parking plan for downtown employees. Councilmember McVey said this discussion needs to happen soon. Business owners need a determination soon on whether to invest additional dollars in the outdoor spaces.

Councilmember Stern said we are allowed two projects with tax increment financing authority. It could help with many of the issues discussed tonight. He said the Mayor gave a state of the city presentation at the Chamber today and found it extremely helpful.

9. CONTINUED COMMENTS FROM CITIZENS

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

10. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Livdahl reminded everyone to drive carefully.

Councilmember Lord complimented her colleagues on a lot of good work tonight. She is pleased they unanimously supported two ordinances. Next week's concert is Tuesday at 6pm at the Waterfront Park.

Councilmember Musgrove asked everyone to be kind, caring, and considerate. Enjoy your little town.

Councilmember Phillips also encouraged everyone to observe water safety.

11. ADJOURNMENT

Motion: Move to adjourn at 8:28 p.m.,

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

Motion carried unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, CMC, City Clerk