

POULSBO CITY COUNCIL MEETING OF AUGUST 18, 2021

MINUTES

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

Staff: Finance Director Booher, City Clerk Fernandez, Public Works Superintendent Lund, Human Resources Manager Kingery, Lieutenant Nau, Prosecuting Attorney Foster, Attorney Ragonesi

MAJOR BUSINESS ITEMS

- * * * Minutes of June 9, 2021, Council Meeting
- * * * Minutes of June 16, 2021, Council Meeting
- * * * Minutes of July 7, 2021, Council Meeting
- * * * Minutes of July 14, 2021, Council Meeting
- * * * Minutes of July 21, 2021, Council Meeting
- * * * Minutes of August 4, 2021, Council Meeting
- * * * Payable Disbursements for July 2021
- * * * Excuse Councilmember McVey from 8/4/21 Council Meeting
- * * * Excuse Councilmember Phillips from 7/21/21 Council Meeting
- * * * Amendment to KEDA Agreement with Related Budget Amendment
- * * * BA#21-0306 DVTF Rotary Contribution
- * * * Resolution No. 2021-09, Salary & Wages Update
- * * * 2021 Pavement Preservation Liquid Roads Ultra Project Contract Award
- * * * ARPA Funds Allocation for Utility and Rent Assistance
- * * * ARPA Grants Application for Non-Profits
- * * * Quarterly Financial Summary Report
- * * * Gorst Coalition Memorandum of Understanding
- * * * Executive Session for Existing Litigation

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** McGinty.

Motion carried unanimously.

3. COMMENTS FROM CITIZENS

City Clerk Fernandez read the following written citizen comments:

- Pam Keeley felt Councilmember Phillips should remove the Blue Lives Matter flag from being visible during the Council meetings. She felt the flag was controversial at the very least, and asked the Council to form a Race Equity Task Force.
- LeAnne Musgrove asked the Council to take an anonymous poll of Front Street merchants before deciding whether to extend the parking space dining (Summer Fair).

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Councilmember Livdahl commented about COVID cases rising, and we need to come together as a community and do what we need to do to end this. Mask up indoors, keep gatherings small, or not at all.

Councilmember Lord agreed and urged everyone to keep open minds and not be terrified. Pay attention to the facts, and not get overwhelmed with media spin. She shared we have a great weekend coming up, Liberty Bay Festival.

Councilmember McGinty said the parking lot downtown was packed and things looked like they are picking up.

Councilmember McVey share he is recuperating from shoulder surgery and apologized for the poor video quality based on where he is joining the meeting from.

Councilmember Musgrove gave Councilmember McVey best wishes on his recovery. He toured the roundabout, things are smooth, and progress is happening. He shared the Governor has reinstated the mask mandate starting Monday. He encouraged everyone to check out the Port of Poulsbo activities this weekend.

Councilmember Phillips addressed the flag on his wall. He said everyone is entitled to an opening, but not entitled to take his away. The flag was made by his family member who was a former Navy Seal and now a WA State Trooper. It is hanging in his home office. The flag shows his support of police officers that do the right thing, protect the rights of citizens, and those who go beyond the call of duty. The flag does not support those who break the law they are sworn to uphold.

Councilmember Stern said the State Public Works Board has a request for two meetings to be held in the State of WA in 2022, one will be held in Poulsbo.

a. Department Head Reports

Public Works Superintendent Lund requested from Council to allow him two additional FTE's outside of the budget process. He has a number of crew out on L&I and with the rapid growth in the City, he needs people now. It takes four staff to run garbage, and two of them are not available the rest of the year, causing them to pull staff from other departments to cover the garbage pick-up requirements. Vacations and sick leave cause his department to be down 4-6 people any given day. He also noted when homes are built, Solid Waste is the first department to feel the pressures of that additional workload. He is seeking Council approval to hire two additional FTEs now (they were going to be part of his mid-biennium budget request) and has discusses this with the Finance Director and Mayor.

Mayor Erickson said this was discussed at the Finance Committee, and she told Public Works Superintendent Lund to start moving ahead with this, and they will get a budget amendment to the Council in the future.

Councilmember Musgrove said the Public Works crew is very efficient and work very hard. He knows they are busy keeping their head above water. He thanked them for their work.

Mayor Erickson added if they were to get an outbreak, they would not be able to continue levels of service. Public Works Superintendent Lund said they are also very worn out right now.

Councilmember Lord supports this, it is critical to have Public Works intact, and this department seldom asks for anything. We must have Public Works under control and functioning, and not in crisis mode all the time. She will support the budget amendment when it comes forward.

Mayor Erickson said they will move forward with the recruitment process and it will be incorporated in the mid-year modification requests.

Human Resources Manager Kingery said they have many open positions open right now, and they are all posted on the website.

Mayor Erickson said she is on vacation starting tomorrow, and Deputy Mayor McGinty and Alternate Deputy Mayor Lord will be helping out. She also said she sent an email to all to establish a council retreat, and to have one-on-one meetings with each of them prior to the retreat. There is a ribbon cutting for the Fairfield Hotel on September 8, and a ribbon cutting for Hotel Scandi around September 1.

5. CONSENT AGENDA

Councilmember Lord asked for clarification on the June 9 minutes when it discussed ARPA funds. There was a typo on the year, it should have been 2024 instead of 2034. Finance Director Booher confirmed 2024 was the correct year.

Motion: Move to approve Consent Agenda item a (with the correction) through k.

The items listed are:

- a. Approval of June 9, 2021, Council Minutes
- b. Approval of June 16, 2021, Council Minutes
- c. Approval of July 7, 2021, Council Minutes
- d. Approval of July 14, 2021, Council Minutes
- e. Approval of July 21, 2021, Council Minutes
- f. Approval of August 4, 2021, Council Minutes
- g. Payable Disbursements for July 2021
- h. Excuse Councilmember McVey from 8/4/21 Council Meeting
- i. Excuse Councilmember Phillips from 7/21/21 Council Meeting
- j. Amendment to KEDA Agreement with Related Budget Amendment
- k. BA#21-0306 DVTF Rotary Contribution

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

6. BUSINESS AGENDA

a. Resolution No. 2021-09 Salary & Wages Update

Human Resources Manager Kingery presented the agenda summary, noting the 2021 Salary Schedules includes adding the following part-time positions to the non-represented schedule:

- (1) Parks & Recreation Administrative Support Clerk position added to Range 6, and
- (2) Public Works Custodian added to Range 18.

Councilmember McGinty noted the Finance Committee reviewed this and recommended approval.

Motion: Move to approve Resolution No. 2021-09, adopting the revised 2021 Salaries and Wage schedules effective August 16, 2021.

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

b. 2021 Pavement Preservation Liquid Roads Ultra Project Contract Award

Public Works Superintendent Lund gave a presentation on the 2021 Pavement Preservation Liquid Roads Ultra Project. The project will sealcoat 3.2 Miles of Neighborhood Streets to prevent water from entering the subgrade and causing damage to the existing roadway. Bids were solicited on the City Small Works Roster and the Contractor Sierra Santa Fe was the low bidder in the amount of \$304,482.00

Councilmember Musgrove reported Public Works Committee reviewed this presentation and recommended approval. This is the most economical way to extend their roadways. He asked with only one bid response, would it be worth opening the bidding for a full year's scheduling to increase response and competitive pricing. Public Works Superintendent Lund said they were not far outside the Engineer's Estimate and feels this is a fairly responsive bid. Everyone is busy right now, they are not looking for work right now, and doesn't see this changing for the next year or two.

Councilmember Lord said you have inflation issues and won't know how costs will change in the future. She commended Public Works Superintendent Lund for five years of due diligence of finding creative, cost-effective ways to make meaningful improvements to these streets. This project is 3.2 miles of fair roads that need to be protected, if not, their condition will become poor. This will prevent them from having to reconstruct the streets, which is very expensive. This isn't just a band-aid, it is a solution to give life on a street for 10+ years. This greatly reduces spending.

Motion: Move to approve the 2021 Pavement Preservation Project - Liquid Roads Ultra with Sierra Santa Fe in the amount of \$304,482.00 and authorize the Mayor to execute the agreement and sign change orders up to 10 percent.

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

c. ARPA Funds Allocation for Utility and Rent Assistance

Finance Director Booher presented the agenda summary, noting a proposal to allocate American Rescue Plan Act (ARPA) funds for utility assistance. Finance Director Booher has developed a simple application for residents to apply for grants to pay for utility bills in support of customers experiencing loss of revenue. City Councilmembers felt it was important the dollars were a match to what customers would pay. The application is designed to request an average of six months of utility

bills with three months maximum grant funded. The intention is to have the plan in place for utility customers when the Governor's plan allows for utility shutoffs and penalties to resume. The request is for a maximum of \$15,000 of ARPA funds allocated for assistance.

Councilmember Lord appreciated the simplicity of the application. She asked if we approve the \$15,000 allocation, what will trigger bringing back a significant increase to this. Finance Director Booher said as they start passing these out (they will be hand delivered) she would assume they would receive applications. If they get an abundance of them, it is set up as a first-come, first-served basis. And if they receive the totals, she would come back to Council and ask for more funds. Since it is limited to residential customers only, this amount should cover it.

Councilmember Lord expressed concerned for people who may not be able to access the application online, and may not be able to participate if it is on a first-come, first-served basis. Finance Director Booher said the notices that will be deliver give the City Hall address and hours of operation and phone number. They can come to the counter and fill out the paperwork. She has a feeling most people will be calling to figure out their account history, so they will be helping them at the counter to fill out the applications if needed.

Councilmember Musgrove said the people who answer the doors aren't always the people who pay the bills. He recommends sending out another notice simultaneously via the mail.

Councilmember Musgrove said the document says revenue and income in different spots, and they mean different things, he asked if they could stick with "taxable income" rather than income to simplify it. Finance Director Booher said they could make that change. For utilities they will refer to it as income, and on the small business grants they will refer to it as revenue. He recommended using taxable income. Finance Director Booher said they usually use adjustable gross income. Mayor Erickson agreed, we don't know what the deduction standards are. Councilmember Musgrove is looking for their bottom-line number, trying to give them every advantage possible.

Councilmember Musgrove asked if this applies to any income level, as long as you can show you had a loss from the year before, or are there other guidelines. Finance Director Booher said agencies like Fishline are looking for lower income households. When she brought this forward, she knew those resources already existed, and that is why she advocated to keep it open. Some higher middle-class households have been impacted as well, and they may make more income, but that doesn't mean they are struggling any less to meet some of these utility bills. So, if they could show a loss of income, she didn't want to segregate it. Councilmember Musgrove agreed with this recommendation.

Councilmember Musgrove asked if the intent is to cut a check, instead of applying a credit. Finance Director Booher said they are cutting a check; it is considered income and doesn't want to put a credit on the account. It is more challenging for internal controls when issuing credits. Councilmember McGinty asked how they know the funds are going to be put back on the utilities. Finance Director Booher said as long as their utility bills are paid. She tried to create something that handles the 90% of people who are honest, and not address the 10% of possible people who may not. They will continue to accrue utility charges and will have to pay it one way or another.

Councilmember McVey said this was discussed at Finance Committee tonight, and he supports it.

Motion: Move to approve application and allocation of \$15,000 ARPA funds for utility assistance.

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

Motion carried unanimously.

d. ARPA Grant Application for Non-Profits

Finance Director Booher presented the agenda summary, noting a proposal to allocate American Rescue Plan Act (ARPA) funds for local non-profit and other agencies to list of recipients as proposed by the Mayor and City Council. The Mayor and City Council established a list of intended recipients for grants to non-profit agencies to support expenditures after March 3, 2021 supporting loss of revenues due to COVID-19. Applicants will be sent a letter with the maximum intended grant amount and invitation to apply for the funds.

Councilmember Lord asked Finance Director Booher to recap what she said regarding the Community Support Specialist. Finance Director Booher said most of the other agencies we plan to fund as a revenue replenishment. Fishline and the community support specialist do not have to show an actual revenue loss, we are providing funds to support mental health. Their contracts will be different. The community support specialist will be a new program (CARES unit) and one is mental health functions supported by Fishline. ARPA funding calls out its intention to support mental health services.

Councilmember Lord said when this motion is made, she would like the motion to refer to the list presented to Council on August 18.

Councilmember McGinty said this was covered in Finance Committee and everything has been covered. The committee recommended approval. They clarified if the

organization cannot justify the amount that has been allocated to them, they will only receive what they can justify. Councilmember Lord asked what happens to the excess funds if they are not entirely awarded. Mayor Erickson said they would remain in the pot of what has not been spent. They have until 2024 to spend the money.

Councilmember Musgrove said the listing for the mental health was not included in the agenda, or any of the other items/positions. The motion is for the non-profits only and asked what is being done for the mental health item. Mayor Erickson said they are grants towards non-profits (some will contract mental health services). The mental health pieces are just to show a more complete list of what is being proposed, and tonight's motion is just the grant process for non-profits that have had revenue losses.

At 8:10 p.m., Councilmember McVey left the meeting due to internet connection issues.

Motion: Move to approve application and allocation of ARPA funds to non-profit organization due to the loss of revenue as presented to Council on August 18, 2021.

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

Motion carried unanimously.

e. Quarterly Financial Summary Report

Finance Director Booher reviewed the 2nd Quarter 2021 Financial Status Report outlining revenues, expenditures, financial policy compliance, cash & investment balance and capital project status year-to-date through June 30, 2021.

Councilmember Stern asked in the capital projects status report, projects identified as not commenced or on hold, are there any concerns that the Council needs to keep track of. Finance Director Booher said the Raab Park Tank Treatment has been bumped out a year or two, so there will be hardly any activity in 2021. Parks & Recreation Director Schoonmaker and Public Works Superintendent Lund have been talking about the boardwalk and what is needed for that. A lot in yellow will be moved over the next year, and there aren't really concerns there. They meet monthly to review the projects, grants, and funding.

Councilmember Stern noted under investments our average rate of return is at 1 or rapidly dropping under 1. He asked if the investment advisors would ever lower their fees due to the low rate of return. Finance Director Booher said their rate is not dependent on what we earn. The price we received is substantially lower than other bids, they have not raised their rates over several years, and they also continue to have quarterly meetings. If we asked for a rate adjustment it might go up, and not

down, because it is based on our portfolio. She is happy with the services we get, and no one will be able to match the price.

f. Gorst Coalition Memorandum of Understanding

Mayor Erickson presented the agenda summary, noting the purpose of the Gorst Coalition Memorandum of Understanding is to form an action-oriented coalition to obtain state and federal resources to fund the recommended strategies outlined by the Washington State Department of Transportation (WSDOT) for the Gorst interchange.

Councilmember Stern said they are asking each jurisdiction to make this a priority, and if we prioritize, that is where the money will go. He asked on signatory responsibility on the letter now versus a contractual or other prioritization that could impact them here on the north end. Mayor Erickson has told them Poulsbo should not be paying \$10K-\$20K because it is not our highway, we have 307, Bond Road, and 305 to fix. We have a limited funding capacity for this activity. They are looking for money, and a whole group of people to support getting the road fixed. No one doubts the road needs to get fixed. The more support they get, the better chance they get for funding.

Councilmember Stern noted the project is going to need \$457MM from the state level. Mayor Erickson feels it needs to be phased, and it needs to be funded federally. She wants to support this project and it is important to sign off on this. It is a pathway for freight, emergency management, and the connection between north and south Kitsap.

Councilmember Musgrove supports the MOU, but noted the Navy is not a partner, just an advisor. He doesn't like leaving a monetary contribution open-ended and wanted to approve it with a contribution cap for the next year. Mayor Erickson said she does not want to spend more than \$5K.

Motion: MOVE to approve the Gorst Coalition Memorandum of Understanding and authorize the Mayor to sign the agreement with a maximum \$5,000 expenditure this year.

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

Motion carried unanimously.

7. COUNCIL COMMITTEE REPORTS

Finance-Administration Committee: Councilmember McGinty reported they reviewed the ARPA funds and grant requests, received a presentation on the Clerks, Legislative, and Executive budgets with no significant requests, received a presentation on the Finance

Department who is asking for one new position and software requests, and there is an audit exit conference on September 3 (three signed up already, let Clerk know if you want to go).

Public Safety/Legal Committee: Councilmember Stern reported the committee recommended adoption of fireworks discharge dates changing the PMC to July 3rd and 4th, no changes to New Year's Eve, and change sales date to remove July 5. Councilmember Musgrove asked for funds to be allocated for fireworks education and asked that retailers are allowed to sell remaining inventory on July 5. Councilmember Phillips said the rest of the County ends sales on July 4, we may only have one local vendor in the city limits and selling fireworks to hold onto and discharge when they are old may not be safe. Councilmember McGinty didn't have any issues with July 5 sales. Councilmember Phillips agreed with the education component. Councilmember Musgrove asked we check with vendor before we end sales on July 5. Councilmember Lord agreed with providing an adequate budget for education. Mayor Erickson will have staff draft up amendments to the code and bring forward in September.

They continued to discuss a Racial Equity Advisory Committee. They received information from Pastor Ken Shane of the First Lutheran Church in support of this committee. They are continuing to discuss cost, composition, and who would run the committee.

There has been a change to the Public Defender, it is with the Kitsap County Public Defender. They have an office set up in the prior Executive Conference Room. 25 trials are still in queue due to COVID closures.

Court security may be contracted to a private company as a cheaper alternative than having an in-house individual.

Jury trials were being considered for a September 15 start date, but there are a lot of question marks around that for all courts with the emergency orders from the governor. If it continues to be delayed, with modifications need to be made physically and electronically to start having trials.

Derelict vessels funding from the state ran out, and the City paid for a derelict vessel to be removed from our city's boundary. There is an effort to seek reimbursement from the state.

Rotary Club of Poulsbo donated \$2K to the behavioral navigator program for domestic violence to create a small reserve for emergency housing at local hotels when regular beds are not available.

The Police Department and Prosecuting Attorney presented their mid-biennial budget requests.

Public Works Committee: Councilmember Musgrove reported they were advised PW was down 6 employees today; Sewer Advisory Committee meeting is on track; approved the liquid roads; the bag ban is coming back into place October 1; the northern road maintenance and hazardous household waste facility will be located at Bond & Gunderson Road (public meeting info available on Kitsap County's website); the Department of Corrections is trying to work on trash pick up on the highways (but has to step back on that due to COVID); there is a recycling program set up for campaign signs; and there will be a Kitsap County and Waste Management contract with a big rate increase coming forward.

Community Services Committee: Councilmember Lord reported they discussed the Poulsbo Community Orchestra in September, Viking Bonfire in October, and Poulsbo Beer Run early October special event permits, they discussed the mid-biennium budget restructuring requests, and received an update on the status of the P&R building.

8. BOARD/COMMISSION REPORTS

Councilmember Stern reported he was requested to serve on the Executive Committee for KEDA and he passed that request onto the City.

9. CONTINUED COMMENTS FROM CITIZENS

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

10. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Lord encouraged everyone to enjoy the festivities of this weekend.

Councilmember Musgrove said hang tough, be kind, be considerate, be a good neighbor.

Councilmember Phillips encouraged everyone to enjoy the last parts of summer.

11. EXECUTIVE SESSION

Motion: Move that they adjourn to executive session and will adjourn the meeting from there,

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

Motion carried unanimously.

At 9:18 p.m., Mayor Erickson adjourned the meeting into a 30-minute executive session to discuss existing litigation per RCW 42.30.110(1)(i). No action was taken.

12. ADJOURNMENT

The meeting adjourned at 9:48 p.m.

ATTEST:

Rhiannon Fernandez, CMC, City Clerk

Rebecca Erickson, Mayor