

POULSBO CITY COUNCIL WORKSHOP SPECIAL MEETING OF NOVEMBER 16, 2022

MINUTES

PRESENT: Mayor Erickson; Councilmembers Livdahl, Lord, McGinty, McVey, Musgrove, Phillips (joined at 5:26 p.m.), and Stern

Staff: Administrative Services Manager/City Clerk Fernandez; Assistant City Administrator Booher; Senior Budget Accountant Ellington; Senior Contract Administrator Zieman, Public Works Director Lenius, City Engineer Ranes,

WORKSHOP ITEMS

- * * * Baseline Adjustment and New Program Requests Presentation
- * * * Right of Way Discussion
- * * * Continued Council Goals Discussion

MAJOR BUSINESS ITEMS

- * * * Excuse Councilmember Absence
- * * * Public Hearing #2 for the 2023-24 Biennial Budget
- * * * Johnson Parkway Project Budget Amendment

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Erickson called the virtual meeting to order at 5:00 p.m. and led the Pledge of Allegiance.

2. AGENDA APPROVAL

Motion: Move to approve the agenda as presented.

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

3. COMMENTS FROM CITIZENS

No comments.

4. MAYORS REPORT & COUNCIL COMMENTS

Councilmember Stern said the Turner family is experiencing a medical emergency and said there is a gofundme page for them online. He commended the City's use of messaging on utility bills. He shared AWC is seeking scholarship applicants.

Councilmember Lord said next Friday is the Waterfront Park Tree Lighting Ceremony starting at 5:00 p.m.

Councilmember Musgrove said downtown decorations and lights are being put up on Sunday morning, and volunteers are welcomed.

Mayor Erickson said Kitsap Transit needs a member from the City Council to serve on the board (a rotating position between the cities). Councilmember Stern volunteered, and the Council concurred with him serving on the board.

Mayor Erickson thanked the volunteers who showed up for Daffodil Days, announced there was a ribbon cutting for the new Denny's Restaurant; and noted she couldn't get ahold of the Krampus people and isn't sure if they will be part of the event.

a. Department Head Report

Assistant City Administrator Booher announced they have started the first round of surplus items on GovDeals.com.

Public Works Director Lenius said they will be bringing the proposed utility adjustments on December 7, along with a public hearing.

At 5:26 p.m., Councilmember Phillips joined the meeting.

5. WORKSHOP AGENDA

a. Baseline Adjustment and New Program Requests Presentation

Assistant City Administrator Booher/Senior Budget Accountant Ellington presented details of the Baseline Adjustment and New Program Requests with funds recommendations for City Council's review and discussion.

Mayor Erickson noted many departments have big requests, but we will have to look at new revenue streams in order to fund the requests. Tonight is the initial blush of balancing the resources we have. She knows we need more staff, but we need to figure out how to pay for it.

Councilmember McVey expressed concerns of funding the reclassification of the Police Clerks to Administrative Specialists. He feels they need continuity in those positions, and they need to be on par with similar positions in the City. Mayor Erickson said they are asking to be paid similarly to the judicial specialist, which is overpaid by benchmarking, and explained how it occurred.

Councilmember McGinty asked if they strategy that was taken was to recommend approval of what could be afforded and wait to see what the carry over is later next year. Assistant City Administrator Booher said their target was to stay in the financial management policy. And they are using reserves (\$2MM over two years) to fund some of the recommendations.

Councilmember Musgrove asked why the revenues are not meeting the expenses or need for increase in expenses. Assistant City Administrator Booher said some of our legal mandates don't allow growth to support growth. Property taxes increase 1% above your highest allowable levy (\$30K) and new construction. We are in a better position due to higher sales tax revenue (due to online shopping). Growth does not support growth. The growth is happening quicker than anticipated. For example, the Engineering Department is trying to accomplish so much with the same level service provide 2-3 years ago, however their workload has increased. The workload and expectation have grown faster than the tax base. The one percent increase does not match CPI increases, which affects our contract costs.

Councilmember Stern noted there are some large development projects in the future and asked if we anticipated any projected revenues. Assistant City Administrator Booher said development fees are one-time revenues, and they are projecting conservatively based on what is happening globally with the economy. It is easy to add expenses, it is hard to take them away. She hopes they are conservative enough in projections to have carry over, but she does not like to bank on revenues that we do not know will come in. Councilmember Stern asked if a project is realized, is there an opportunity to channel that as a budget amendment to provide the staff requests. Mayor Erickson said that could happen, that is why the requests are on "wait." She said we do not know where our economy will be in 18 months. Housing prices have stalled, and they could fall radically, similar to 2008-2009. She doesn't want to lay off staff again. She wants to be conservative, and if extra revenues are realized, then they can add on later.

Councilmember McVey would like to have further discussion on how they could add one additional officer next year. This should be more of a priority. Councilmember Lord agreed.

At 6:26 p.m., Mayor Erickson recessed the meeting for a break.

At 6:52 p.m., Mayor Erickson reconvened the meeting.

Councilmember McVey said he felt the conversation about new revenue sources needs to happen first before making some changes to the proposed budget.

Mayor Erickson said they will bring a detailed plan on December 7 for revenue sources.

Councilmember Stern noted the City Administrator hire that needs to be budgeted in the future. He thinks B&O tax and looking at not reducing utility excise tax are two perfect places to go to plan on the administrator position. He would like to see the number go up to one officer, and the administrative position. And if we realize a big project coming to fruition in 2023, get the additional engineering position. Lastly, our IT department is in need of at least a half FTE to support ongoing needs and support redundancy.

Councilmember Lord supports an additional officer.

Councilmember McGinty feels they are all good proposals, but it is hard to make a decision until they see how much they will have to work with.

Assistant City Administrator Booher gave a high level overview of additional revenue options. She would like recommendations going forward, and bring back better figures in December 7 meeting. Councilmember Phillips suggested sending the spreadsheet to the Council to add their recommendations and send them back to review what they would like to add. Staff will use what is recommended as the starting point.

b. Right of Way Discussion

Senior Contract Administrator Zieman/Public Works Director Lenius provided a presentation and informed that the Engineering team has initiated the next phase of Right of Way acquisitions for the Noll Road Improvements project (project status), which is for the North Segment. They provided an overview of the process they go through for right-of-way acquisition. Next steps are to proceed with North Segment Final Design and ROW acquisition process, and they will provide regular updates to the Council.

c. Council Goals Discussion

Mayor Erickson and City Clerk/Administrative Services Manager Fernandez provided a revised draft of Council Goals for 2023/24 budget process.

Goal 1 – the Council concurred with the changes as presented.

The Council concurred with removing the Dog Fish Creek goal and moving the goal of engaging youth under goal #3 as an objective.

New Goal #2 – the council concurred with the updated dates from the Council retreat for the transition plan.

The PERC was removed as a Council goal.

Goal #3 was agreed to with minor revisions (removing existing item iii and replacing with the goal for engaging youth).

Goal 4 was slightly revised, and the Council agreed with the updated language.

Goal 5 language was received prior to the meeting, and handouts were read and reviewed by the Council. Councilmember Musgrove explained what the goal was about. The objective/workplan was to create and implement a responsive action plan to reduce the need for support services and affordable housing by Poulsbo residents to the greatest degree possible, by increasing economic health across the City. He reviewed the long range, medium range, and short range objectives.

Councilmember Livdahl is unclear on what the Council is going to do, and who is writing the plan. She doesn't see the specific steps and was concerned with deflating affordable housing. Looking through a DEI lens, affordable housing doesn't need to be in there. Unless significantly increasing the minimum wage is part of the plan, then she doesn't know why it is mentioned, it confuses the issue. Affordable housing needs to be built; it needs to be on the front burner. She doesn't want populations who desperately need the affordable housing to feel less than because they haven't reached the economic status of not needing it.

Councilmember Stern said affordable housing is economic development. It is a key element. If we can do affordable housing as a single goal, they would do more for economic development in the community than any other single thing they can have control over. It should be enlarged, not diminished.

Councilmember Livdahl said if it was a sub-category it would help, but it is already encompassed in other elements. She thinks it needs to come out as a term to measure our economic health.

Councilmember McVey agreed with Councilmember Livdahl that the reason to do economic development isn't to halt or limit affordable housing. He cannot support this if they two are tied together. And he is not sure they need the goal if they are not tied together, because the first Council goal is long term economic development. It seems to be captured there.

Councilmember Musgrove said he felt he would need to do more rewording. The whole concept of immediate economic development planning is to lift everyone,

having the greatest effect on those less fortunate right off the bat. If we are trying to improve things for people in need at any level, that is one of the primary objectives of this goal. That was his effort, but if it confuses as to its purposes, it can be pulled out, assuming that affordable housing is stated in another goal or in another way.

Councilmember McVey said a few word changes will solve the issue. He suggested since they have agreement on items through 1-4, and if Councilmember Musgrove wants to keep working on a revised #5 or reworking item #1, they can entertain that at a later meeting.

Councilmember Musgrove asked for feedback to the rest of the language in the presented goal.

Mayor Erickson said there seems to be concurrence from the Council that there isn't agreement with adding item 5 and to move forward with items 1-4.

The Council concurred with moving forward with goals 1-4 to be finalized and added to the budget.

6. MAYOR'S REPORTS AND COUNCIL COMMENTS

a. Department Head Reports

CONSENT AGENDA

The listed items is:

a. Excuse Councilmember Absence

Action: Approve consent agenda item a, **Moved by** Livdahl, **Seconded by** McGinty.
Motion carried unanimously.

7. BUSINESS AGENDA

a. Public Hearing #2 for the 2023-24 Biennial Budget

The 2023-2024 Public Hearing regarding the 2023-2024 Biennial Budget was continued from November 9, 2022, giving the public an opportunity to address the Council regarding the 2023-2024 Biennial Budget.

At 8:08 p.m., Mayor Erickson asked for citizen comments. No comments were received. At 8:09 p.m., Mayor Erickson closed the public hearing.

b. Johnson Parkway Project Budget Amendment

Public Works Director Lenius and City Engineer Raney presented a follow on from the November 2, 2022, Council Workshop: Budget Amendment 22-0408, to increase the budget capacity for the Johnson Parkway construction project in order to complete the project. \$750,000 will be funded from REET for the Roadway construction project and \$250,000 will be funded from Storm Reserves for the Stormwater project.

Motion: Move to approve Budget Amendment 22-0408 in the amount of \$1,000,000 with \$750,000 funded from REET for the Johnson Parkway Roadway project and \$250,000 from storm reserves for the Johnson Parkway Stormwater project.

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

Discussion: Councilmember Stern asked if we don't receive any backfill from our other partners, will this amendment see us through to completion, and if not, what is the ballpark number. Public Works Director Lenius said the money being asked for tonight allows them to pay the contractor timely. Councilmember McGinty said staff is working many options to fill the gap.

Motion carried unanimously.

8. BOARD & COMMISSION REPORTS

Councilmember Phillips said volleyball is headed to State. NK football plays Anacortes, and it will be the big game of the week for King 5.

Councilmember Livdahl reported the Chamber met yesterday: five new businesses that joined the Chamber are also new businesses in town; Dr. M's dental office is planning a free clinic in April at the Fairgrounds; the annual gala is January 28, tickets on sale now; November 28 is the tree lighting procession; they are working on ads for the directory and creating the walking map; December luncheon will be a holiday luncheon with the Kingston Chamber; January's luncheon speaker is the Mayor.

9. CONTINUED COMMENTS FROM CITIZENS

None.

10. MAYOR & COUNCILMEMBER COMMENTS

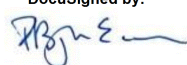
Councilmember Stern said KOMO TV had a five minute piece on our town.

Councilmember Musgrove said to be nice to each other.

11. ADJOURNMENT

Motion: Move to adjourn at 8:22 p.m.,

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

DocuSigned by:

12C4BDCB4DDD40B...

Rebecca Erickson, Mayor

ATTEST:

DocuSigned by:

D21DA14DCC754A8...

Rhiannon Fernandez, CMC, City Clerk