POULSBO CITY COUNCIL MEETING OF DECEMBER 7, 2022

MINUTES

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

Staff: City Clerk Fernandez, Assistant City Administrator Booher, Public Works Director

Lenius, Housing, Health & Human Services Director Hendrickson, City Engineer

Ranes, Engineer I Roberts, City Lobbyist McConaughy

ABSENT: Councilmembers McVey, Phillips

WORKSHOP ITEMS

* * * Legislative Agenda Review

* * * Agreement with Sound Self – Training for Senior CARES Volunteers

* * * Noll Road Project Consultant Amendment

* * * Water System Plan Consultant Contract G&O

* * * BA#22-0409 Police Capital Expenditures

* * * Bad Debt Write Off

* * * Final Review of the 2023-2024 Biennial Budget

MAJOR BUSINESS ITEMS

- * * * Payable Disbursements for October 2022
- * * * Public Hearing: Adoption of Ordinance 2022-16, Utility Rate Adjustments
- * * * Resolution No. 2022-19, City Hall Closures
- * * * Approval of 2023-2024 Biennial Budget

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

Mayor Erickson said Tom Nordlie and an AmeriCorps team will be presenting tonight.

Motion: Move to approve the agenda as presented. **Action:** Approve, **Moved by** McGinty, **Seconded by** Lord.

Motion carried unanimously.

3. COMMENTS FROM CITIZENS

None.

4. MAYOR'S REPORT AND COUNCIL COMMENTS

Tom Nordlie, Poulsbo Fish Park, introduced the AmeriCorps Red Six Team. The team gave a presentation on work they performed under a partnership with Poulsbo Fish Park and Kitsap Conservation District.

Councilmember McGinty thanked the volunteers for the work they did on our park.

Councilmember Lord thanked Tom for bringing the group to the meeting. One of the volunteers gave information for applying online and what is covered by the AmeriCorps organization.

Councilmember Livdahl said Yulefest was an amazing event.

Councilmember Musgrove thanked the volunteers for their work. They had Yulefest and the Tree Lighting put on with community effort. Last night he attended the Poulsbo Mental Health for Seniors seminar held here at City Hall. He also attended the AWC Leadership Essentials on DEI session.

Councilmember Stern said \$900mm will be coming into WA for unserved and underserved populations. He shared a map of where there is service and where there isn't service, and the map looks incorrect. He shared a QR code for citizens to input any address in the US, and it will populate what your level of service is. If it is not accurate, you can lodge a challenge. We need everyone to double check, and we only have until January 13, and this will impact how much money will come into WA.

Mayor Erickson attended the state high school football championship over the weekend, it was a close, good football game. She noted the tree lighting parade was well-attended, and she thanked Viking Fest Corp, Crossroads Rotary, KCMT, Poulsbo Fire, and Miss Poulsbo for their volunteer efforts. She attended a reception for Commissioner Ed Wolfe who is retiring at the end of December; he was a great County Commissioner, and she will miss working with him. She said today is Pearl Harbor Day, and that should not be forgotten.

a. Department Head Reports

Assistant City Administrator Booher said they have been working with their software company to be able to have utility bills emailed out soon.

5. WORKSHOP AGENDA

a. Legislative Agenda Review

City Lobbyist McConaughy presented the proposed 2023 legislative agenda that was developed with the Mayor and City staff, and also included the Association of Washington Cities 2023 Legislative Priorities, Co-Responder Outreach Alliance Legislative Agenda, and Western on the Peninsulas Expansion 2023 budget request.

The Council asked McConaughy to let them know what they can do to help with legislative issues that impact the City of Poulsbo. He said there will come a time later on during the session where he will ask for the Council to engage or pass a resolution. The City Action Days are also a great time to talk with legislators.

The Council agreed to move the legislative priorities to the December 14, 2022, consent agenda.

b. Agreement with Sound-Self – Training for Senior CARES Volunteers

Housing, Health & Human Services Director Hendrickson presented the agenda summary, noting in the Fall of 2022, Housing, Health and Human Services worked with City staff at Parks & Recreation, the Poulsbo Fire CARES team, the Poulsbo Police Department, Fishline, and a group of volunteers to design a program that will match City volunteers with older adults struggling with loneliness and isolation. This program is called Senior CARES and, when operational, will provide weekly phone calls to 30-50 Poulsbo area residents. Referrals to the program will be made by Poulsbo Fire CARES and/or a Geriatric Specialist connected to the program. Housing, Health and Human Services is requesting Council approval for an agreement with Sound Self, PLLC to provide training for Senior CARES volunteers. Training will take the form of a 2-hour module and will include communication skills, the importance of boundaries and expectation setting during calls, how to identify signs of behavioral health issues and distress, and resources for older adults available in our area. The total cost of this contract with not exceed \$2,000 and grant funds received for Poulsbo Fire CARES will be used for this expense.

Councilmember Stern asked Assistant City Administrator Booher since this is a recommendation of OMW, could legal reserves be tapped for this. Assistant City Administrator Booher said they could be, but Hendrickson has funds from Fire CARES, but it is up to the Council. Hendrickson said this is a grant from the Olympic Community of Health, with funds to spend however we want. If it isn't spent on

training, she can use it for other supplies. Mayor Erickson said to take it out of legal reserves.

Councilmember McGinty asked if the training is online. She said it is live online, which they will record, but she hopes in the future it can be either online or in person.

Councilmember Lord asked how they plan on getting the word out to get volunteers. Hendrickson would appreciate the Council's help in getting the word out.

The Council agreed to move to the December 14, 2022, consent agenda for the contract, and the budget amendment on December 22, 2022, consent agenda, and for the amendment to come from legal reserves.

c. Noll Road Project Consultant Amendment

City Engineer Ranes presented Supplement No. 16 to the Noll Road Improvements contract with Parametrix for additional budget for construction support on the Johnson Parkway project, additional budget for added design and survey on the Middle Segment, additional budget for added design elements on the North Segment - water, sewer and additional stormwater, additional budget for ROW design complexities and additional budget for added lighting design at intersections. This contract supplement is within the current design budget.

Councilmember Musgrove asked to clarify for the public that they were expecting problems of some type but didn't know how it was going to configure. They were not caught cold by issues, and this is the right time to make the change. City Engineer Ranes agreed, they go into every project expecting changes to occur.

The Council agreed to move to the December 14, 2022, consent agenda.

d. Water System Plan Consultant Contract G&O

Utilities Engineer Roberts presented the agenda summary, noting the City is currently in the process of updating the utility functional plans. The Water System plan is due for updating to be completing prior to the City Comprehensive Plan in 2024. Gray & Osborne (G&O) will be assisting the City with hydraulic modeling efforts and technical portions of the plan as one of the Cities on-call consultants. They have

prepared a scope and budget. G&O has estimated a budget of \$34,800 which is within the overall budget of \$45,000. The scope highlights the tasks and work elements. Department of Health (DOH) mandates water system plans be updated every 6-years. The previous update was in 2014 and the City has committed to updating the water plan in 2023.

Councilmember Musgrove said this is basically updating and housekeeping and something we cannot avoid. Roberts agreed, it is going to be a requirement, we have to plan for 20,000, and make sure we have the water to grow to that.

Councilmember Musgrove asked if they anticipate more expenditures that might consume the remaining budget. Roberts said there might be additional expenditures that come up in the future.

Councilmember McGinty said they are talking about adding another 6,000 to the system, do we know where that growth is going to be. Roberts said it was a big part of the sewer plan, looking at vacant lands and looking at commercial and residential. They allocated parcels to the sewer planning effort and translated them from sewer basis to pressure zones to get an idea of where additional population will be located. It is roughly correct. They think they have enough information and are in a good spot.

The Council agreed to move to the December 14, 2022, consent agenda.

e. BA#22-0409 Police Capital Expenditures

Assistant City Administrator Booher presented the agenda summary, noting funding was provided by the legislature to cover expenses incurred in response to recent changes in law enforcement. A portion of this funding allocated in the General Fund is being used to improve and outfit an existing vacant space within the city-owned Parks & Recreation building (\$11,700) along with purchasing required interview camera equipment in the Police Department (\$12,500). The expenditures are recorded in their respective Capital Funds Fund 301 (Capital Equipment Fund) and Fund 331 (Facilities Fund) and this BA is to move the budget accordingly from Fund 001 (General Fund) over to those respective funds.

Councilmember Musgrove asked about expenditures being required and being in the budget in the agenda summary. Assistant City Administrator Booher said the funds

are in the general fund, but they are moving them to the capital project fund, where they don't exist.

The Council agreed to move to the December 14, 2022, consent agenda.

f. Bad Debt Write Off

Assistant City Administrator Booher presented the agenda summary, requesting to write off two receivable accounts deemed non collectable to bad debt per PMC 3.72.040. Total accounts are each over \$1,000, two years past due, and have already been turned over to Chapman Financial Services Collection Agency. If funds are collected in the future, they can be coded to the appropriate fund's miscellaneous line at that time.

Councilmember McGinty asked where the debt was coming from. Assistant City Administrator Booher said it was a combination of services, and it did not have water attached to it.

The Council agreed to move to the December 14, 2022, consent agenda.

At 6:20 p.m., Mayor Erickson recessed the meeting for a break.

At 6:50 p.m., Mayor Erickson reconvened the meeting.

q. Final Review of the 2023-2024 Biennial Budget

Assistant City Administrator Booher reviewed the final 2023-2024 Biennial Budget. Presentation highlights included: updated wages & benefit rates, contractual updates continue to flow in, baseline adjustment requests and new program requests were reviewed last week, and spreadsheets were given to the Council for review. The capital improvement plan has been updated with large changes from the County for the sewer program. They added new funds for the Transportation Benefit District and Neighborhood Streets. The utility tax rate will remain at 12%, with an ordinance being brought forward at a future meeting, to stop the reduction to 10%. The Mayor's budget included ARPA funds to sustain staffing costs (using most of up by 2024).

She reviewed the base adjustment requests and new program requests that have been built into the budget, what is outstanding.

She reviewed current revenue streams and future revenue streams that the Council will be looking at in the future (1/10th of 1% for TBD – councilmatic; City B&O – doing homework on this option – Stern noted it would be a revenue source for the City Administrator; Metropolitan Park District to maintain parks and the PERC – voted on by citizens; marijuana retails sales would be \$15,000 from the state, and \$85,000 from retail sales). Councilmember Stern said a parking solution may need a general obligation bond (voted obligation). Mayor Erickson does not believe the citizens of Poulsbo want reduced services and they like the way the City is currently operated, and they may be willing to pay for maintaining the levels of service we currently provide. These are a menu of options that will take different actions.

She said there is time to review this in the mid-year, and it is made to be amended as we know more. There are ways to monitor and move forward. The carryover is done in April or May of next year.

Councilmember Musgrove said as we use our reserves, how is the funding introduced into the budget. Booher showed the 2023 and 2024 general fund reserves (\$1.3mm and \$1.8mm – some of it offset by carryover). They are proactively maintaining services with reserves and allow them to grow into their expenditures.

The entire budget is \$94.6MM over the two years. The growth is attributed to some of the capital projects we have going on. \$13MM is general fund, and then there are four enterprise funds. Mayor Erickson said this is a high level overview of our growth.

Councilmember Lord asked regarding two department heads coming to us in the next couple of weeks, and how that will impact these numbers. Assistant City Administrator Booher said these numbers are booked into the figures moving forward.

Councilmember Stern shared the state of the city is very strong, so we asked why we are not investing with hiring more employees. He noted the ARPA funding is gone. We are being relatively conservative in some of our estimates if there is a recession in the future. The other thing is we have some projects coming in, but we cannot anticipate projects until there is a shovel in the ground. He looks forward to the midyear process to look at some of these requests. He feels an engineer is priority in the future, as well as adding police officers and if additional FTEs would reduce overtime spending. He also noted ultimately, we need to budget properly for parks in the

future, and said we also need to think about upgrading the accounting software. Those are things he would like to look at these things during the mid-year review.

Councilmember Livdahl appreciated all the challenges going on and this new format for meetings. She appreciated receiving all of the department head presentations, and the public gets to see more of the process.

Councilmember Lord said in years past they get the comprehensive department head presentations at council meetings, so it has been hard to get their arms around a big budget. But this workshop is effective.

Councilmember Musgrove said they usually have getting into the weeds on items such as KEDA and SBDC. When do they talk about that. Assistant City Administrator Booher said those are the items that were brought forward in the Mayor's budget in the past, and they reduced those. This year they didn't look at most of those reductions, because they are small in the huge scheme of things. They heard from Council KEDA is an on-going expenditure, so it is not talked about. Councilmember Musgrove said he would like to see the list of the on-going funding to agencies that is optional and asked about the SBDC. Assistant City Administrator Booher said SBDC was a new program request because last year Council said they didn't want to make it an on-going program and wanted to review it on an annual basis. Staff didn't hear from the Council that they wanted it considered, and that is why she sent out the spreadsheets in the past and asked for any feedback.

Assistant City Administrator Booher re-reviewed the columnar approach with the new program requests and baseline adjustment requests summary.

Councilmember McGinty said they need to put in perspective what is being looked at tonight. He feels the Mayor's recommendation makes sense. He asked how much wiggle room exists to make changes. Mayor Erickson said they is very little room for changes right now, and they will have more options when there are new revenue streams.

Councilmember Stern said the SBDC is not in the budget. They have had turnover and no reporting back from them. There hasn't been accountability since Jamie left. Mayor Erickson said she met with the new staff and said she would like to look at it in six months, and maybe they will have greater flexibility. Councilmember Musgrove asked if they can be flagged for later review.

Councilmember Musgrove suggested reviewing the increase in travel and training for the Council and use it for the reclassification of the police admin staff. Councilmember Livdahl said she is hesitant to not increase the budget, especially since she has used all of her allocation for travel/training for two training events. She would like to have more councilmembers attend the GARE conference with her this year. Councilmember Lord is hesitant to reduce the travel/training budget without knowing what the budget would cover. City Clerk Fernandez clarified when she began preparing the Council's budget, one event was taking up a councilmember's allocated budget for travel/training, when typically, they attend two events. So, she asked the Finance Committee what they recommended doing, and they recommended doubling both travel and training. The Mayor has recommended increasing these by 50%, so as it stands, Councilmembers will find it tight to attend two events next year.

Councilmember Musgrove wanted the police admin specialist reclassification to be considered separately. He felt it was an important ROI on people. Mayor Erickson said this position is benchmarked and didn't recommend increasing it outside of the benchmarking.

Councilmember Stern reiterated the mid-term budget review would be the best time to review this. Assistant City Administrator Booher said those discussions would begin in July/August and the carryover is April/May.

The Council asked for a tickler list sooner rather than later, so it doesn't fall off of their radar (the wait list). Assistant City Administrator Booher said these would be reviewed with the carry over.

The Council agreed to move to this item to the December 14, 2022, business agenda.

6. CONSENT AGENDA

Motion: Move to approve Consent Agenda item a.

The items listed are:

a. Payable Disbursements for October 2022

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

Motion carried unanimously.

7. BUSINESS AGENDA

a. Public Hearing: Adoption of Ordinance 2022-16, Utility Rate Adjustments

Public Works Director Lenius and Utilities Engineer Roberts presented the agenda summary, noting at the workshop on October 12, 2022, Council and staff discussed rate adjustments for Water, Sewer, Stormwater, and Solid Waste. As the code is currently written, the utility rates automatically adjust by CPI-U on January 1st. In 2022 the CPI-U was 10.1% and Council desired to mitigate impacts to customers due to volatile annual adjustments by implementing a minimum and maximum annual adjustment to bracket the volatility. A 2% minimum and 6% maximum were proposed for water, sewer, and stormwater. Solid Waste is facing a budget deficit and the fixed costs for transporting and disposing of solid waste adjust by actual CPI-U, so no minimum or maximum was proposed. Staff prepared an ordinance with code revisions making effective the changes described above. The City Attorney has reviewed and approved the ordinance.

At 8:07 p.m., Mayor Erickson opened the public hearing. Receiving no comments, Mayor Erickson closed the public hearing at 8:07 p.m.

Motion: Move to approve Ordinance No. 2022-16, an ordinance of the City of Poulsbo, Washington, amending Sections 3.12.090, 3.12.100, 13.70.180, 13.70.520, 13.70.620 and 13.70.730 of the Poulsbo Municipal Code in order to adjust utility rates and connection fees by CPI-U, and limit CPI-U to a minimum increase of 2% and a maximum increase of 6% per year for municipal water, sewer, and stormwater and amend sections for clarity and consistency; providing for severability; and establishing an effective date.

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

Motion carried unanimously.

b. Resolution No. 2022-19, City Hall Closures

City Clerk Fernandez presented the agenda summary, noting staff expects there will be minimal public use of city services on Friday, December 23, 2022, and on Friday, December 30, 2022. In keeping with the tradition of closing early for Christmas Eve and New Year's Eve, the Mayor recommends city offices be closed to the public at noon on December 23 and December 30. If Council adopts the resolution, staff will

have the option of using accrued leave (vacation, personal leave, floating holiday, or comp time), taking approved leave without pay, or working those afternoons.

Motion: Move to approve Resolution No. 2022-19, closing City Hall at noon on December 23 and December 30, 2022.

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

Motion carried unanimously.

c. Approval of 2023-2024 Biennial Budget

Assistant City Administrator Booher said this was covered in full during the workshop, and there is no additional presentation.

Motion: Move to approve the City of Poulsbo's 2023-2024 Biennial Budget.

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

Discussion: Mayor Erickson thanked everyone for their patience in reviewing all of this complicated stuff. She said when they get the balance forward numbers, they will revisit where they are. She thanked them for their understanding that she is nervous about the economy. She is uncomfortable right now because she doesn't know what is going on in the economy. Councilmember Musgrove said he completely understands, and they have been through lean times before, so he appreciates being on the cautious side and crosses his fingers that they are able to make changes in the future but will appreciate it at that point if they cannot do that. They have done this before and it has worked for them before, and the general plan is worth sticking to. Councilmember Lord agreed. She hopes for flexibility next spring and is happy with this budget. She thanked staff for their hard work in putting this budget together.

Motion carried unanimously.

8. BOARD/COMMISSION REPORTS

Councilmember Lord said she attended the legislative reception last week and it was a good opportunity to get an overview of what is going on during the next session.

Councilmember Stern said KRCC met, and the coming year will be focused on allocating the county-wide housing targets, adjusting the employment and growth targets, and supporting jurisdictions in the comp plan update. He is attending KEDA's last board meeting tomorrow, one item being proposed is to hire an outside consultant to help them with their strategic planning and fundraising.

Councilmember Musgrove thanked the Suquamish Tribe for their Good Neighbor event.

Mayor Erickson reported on the following boards: Kitsap Transit (Councilmember Stern has been appointed to the board), KRCC, Kitsap Health District (discussion on lack of medical services in Kitsap County), and PSRC (earned share funding for transit).

9. CONTINUED COMMENTS FROM CITIZENS

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

10. MAYOR & COUNCILMEMBER COMMENTS

Councilmember Lord said Tuba Christmas, lighted ship parade, and Santa tours are this weekend.

Councilmember Stern said if we continue with the new Council meeting format into the new year, he would like to move up to the dais during the business meeting.

Councilmember Livdahl asked everyone to shop local.

Councilmember Musgrove thanked everyone that does their cool little stuff, and never gets recognized for it.

11. ADJOURNMENT

Motion: Move to adjourn at 8:27 p.m.,

Action: Approve, Moved by Musgrove, Seconded by McGinty.

Motion carried unanimously.

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Rebecca Erickson, Mayor

ATTEST:

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Rhiannon Fernandez, CMC, City Clerk