## POULSBO CITY COUNCIL MEETING OF DECEMBER 14, 2022

### MINUTES

- PRESENT: Mayor Erickson; Councilmembers Livdahl, Lord, McGinty, Musgrove, Stern
- Staff: City Clerk Fernandez, Special Projects Planner Boughton, Planning & Economic Development Director Wright, Housing, Health & Human Services Director Hendrickson, Police Chief Harding, Public Works Superintendent Lund, Engineer I Roberts, City Engineer Ranes, Assistant City Administrator Booher
- **ABSENT:** Councilmembers McVey, Phillips

### WORKSHOP ITEMS

- \* \* \* PERC Update and Presentation ILA Amendment
- \* \* \* Department of Commerce Grant Acceptance for Comprehensive Plan Update and BA#22-0410
- \* \* \* Interlocal Agreement Amendment with Housing Kitsap for the Nordic Cottages Project
- \* \* \* Agreement with Association of Washington Cities to Support Central Kitsap Fire CARES Team
- \* \* \* 2023 Amendment with Kitsap County for Incarceration of City Prisoners
- \* \* \* 2022 Police Department Budget Status Discussion
- \* \* \* Public Works Budget Amendments

### MAJOR BUSINESS ITEMS

- \* \* \* September 14, 2022, City Council Special Meeting Minutes Approval
- \* \* \* September 21, 2022, City Council Special Meeting Minutes Approval
- \* \* \* Water System Plan Consultant Contract
- \* \* \* Agreement with Sound Self Training for Senior CARES Volunteers
- \* \* \* Noll Road Consultant Amendment
- \* \* \* Bad Debt Write Off
- \* \* \* BA#22-0409 Police Capital Expenditures
- \* \* \* Excuse Councilmember Absence

### 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** McGinty, **Seconded by** Lord. Motion carried unanimously.

### 3. COMMENTS FROM CITIZENS

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

## 4. MAYOR'S REPORT AND COUNCIL COMMENTS

Mayor Erickson presented Miss Poulsbo Gillian Morrison the Key to the City for her service during her tenure as Miss Poulsbo. Gillian shared her inspiration for running after hearing a speech from Mayor Erickson and her experiences while representing Miss Poulsbo.

Councilmember McGinty thanked Gillian for representing the City.

Councilmember Lord congratulated her family for supporting what Gillian has had to go through during the year. She admires the Miss Poulsbos.

Councilmember Stern recognized they have 300 events during 365 days, and Gillian did a great job. He said her speech tonight will be remembered by the Council and Mayor. He also noted Bardow Lewis passed away and said he will be missed.

Councilmember Livdahl thanked Gillian for her service, and said she is a councilmember now because of the Mayor's leadership and her encouragement to run for office.

Councilmember Musgrove recognized Gillian's family for supporting her through the year during all of the events she has attended. He also said Santa Claus is coming to your neighborhood with Poulsbo Fire.

### a. Department Head Reports

Public Works Superintendent Lund said it may snow next week, so be prepared.

Utilities Engineer Roberts said he and Public Works Director Lenius attending the Kitsap County Commissioners meeting where they talked about the treatment plant, and Kitsap County will be coming to the January 11 Council meeting to talk about the project.

### 5. WORKSHOP AGENDA

## a. PERC Feasibility Study Update

Special Project Planner Boughton presented a three-phased Poulsbo Event and Recreation Center approach and the conclusions of the feasibility study for the proposed PERC, noting that since 2020, based upon the input received from a wide community survey, City staff have worked with a consultant team and community stakeholder group to define the PERC uses and program.

Since Fall 2021, the City PERC staff focused on the potential acquisition of adjacent nine acres authorized by the City Council. Simultaneously, PERC staff reached out to KPFD executive director and Steering Committee members, who expressed candid concerns on the cost and event center focus. The result of these discussions, as well as the City's unsuccessful attempt to acquire additional property, was to reorganize the PERC project to into phases and refine its approach.

Councilmember Musgrove said a phased approach is great. He asked beyond phase 1, will we be able to acquire the necessary real estate? Do we have reasonable assurance? Mayor Erickson said there is property around that they could potentially buy in the future, or agreements with WWU or OC.

Councilmember Musgrove asked if we get stuck in any phase, is it sustainable. Special Projects Planner Boughton said she is presenting the sustainability of phase 1 tonight, and it will be part of the feasibility report. Phases 2 and 3 will have to go through the same process. Whether phases 2 and 3 move forward are dependent on many factors.

Councilmember Lord asked about the number of fields with CKSD and Strawberry Fields. Special Projects Planner Boughton said there are four in Poulsbo and four in Silverdale. Councilmember Lord confirmed phase 2 would require land acquisition for the building and noted if we do reach an ILA with the two school districts, it needs to be a long term agreement, especially for drawing competitive tournaments to our area.

Councilmember Stern said the largest event in Poulsbo is Viking Fest. In terms of economic impact, it is a pale shadow compared to Viking Cup (past soccer tournament). He asked about our ability to attract a Viking Cup in the future. She said they did it with two fields, having four fields will be more attractive. It was not a city event, but ran by some families, and there was scheduling conflicts.

Special Project Planner Boughton said phase 1 will cost \$11.7MM (fields first with all the elements presented). She reviewed the monthly and annual maintenance needs and costs and projected revenues.

Councilmember Musgrove asked about the turf replacement costs and asked if we would be able to pay for that. Special Project Planner Boughton said capital replacement reserve budgeting would be necessary.

Special Project Planner Boughton said they are ranked second for funding with the KPFD. There is a 33% match requirement, and they are still working on the funding piece (grants, legislative earmark, contributions, staff time, value of the parcel, etc.).

Mayor Erickson said it is time for a Metropolitan Park District (MPD); we need a sustainable funding source for our parks.

Councilmember Stern said where we are going is different from where we are. He asked for our projected capacity for councilmatic debt. Mayor Erickson said we have lots of capacity to borrow, the issue is the cash flow to retire the debt, but that is within our capability.

Special Project Planner Boughton said first they have a feasibility study to determine if the project is feasible, and it is. The Council will then have to decide at the next ILA where we will have more details on how the financing would happen. The PFD has asked the City to post the bonds for the whole project, and they would pay for their portion of it. It could be councilmatic or an MPD formation. These discussions will be the next step.

Councilmember Lord asked about the 33% match and does it mean the MPD needs to happen before this happens. Mayor Erickson said it doesn't, it is about \$4MM. The value of the land is around \$2MM. \$2MM on a 20-year note with a bond rating from a cash flow perspective is not very much. Councilmember Lord said it would take a huge marketing plan to inform voters of the benefits of an MPD. Mayor Erickson said it would be better to have a park district, but they could do it internally.

Councilmember Musgrove said they will eventually have to form a parks district in order to maintain the facility. He asked what the definition was of feasible. Special Project Planner Boughton said these were the questions they had to answer yes to: 1) can you site something on the physical location of the property, 2) can it be built, 3)

are there tools available or financing mechanisms available to finance it, and 4) can this generate economic development.

Mayor Erickson said the ILA will be brought forward to the 12/21/2022 Council meeting on the consent agenda.

## b. Department of Commerce Grant Acceptance for Comprehensive Plan Update and BA#22-0410

Planning & Economic Development Director Wright presented the agenda summary, contract and respective budget amendment, noting the department has received a Growth Management Act (GMA) Periodic Update Grant from the Department of Commerce in the amount of \$62,500 for the 2024 Comprehensive Plan update. The department submitted a scope of work that was approved from Commerce to perform a Transportation/Transit Study for the SR 305 Subarea Plan. All reimbursement requests must be submitted by June 30, 2023.

Mayor Erickson said this will be on the consent agenda next week.

# c. Main Interlocal Agreement Amendment with Housing Kitsap for the Nordic Cottages Project

Housing, Health & Human Services Director Hendrickson presented the agenda summary and revised ILA, noting that City Council approved an interlocal agreement with Housing Kitsap on January 19, 2022 (Resolution 2022-05). This agreement established a partnership between the City and Housing Kitsap to build the Nordic Cottages at 609 NE Lincoln Road.

After this agreement was approved, Housing Kitsap agreed to provide property management services after the Nordic Cottages are constructed. A revised ILA was presented to Council on July 6, 2022, but it was not signed because of an incomplete legal review. No additional funds are being requested at present to change the scope of the agreement.

Mayor Erickson said this will be on next week's agenda for approval, and a red-line copy showing the revisions will be included in the agenda packet.

## d. Agreement with Association of Washington Cities to Support Central Kitsap Fire CARES Team

Housing, Health & Human Services Director Hendrickson presented the agenda summary, noting in December 2022, the City of Poulsbo was awarded \$155,500 from the Association of Washington Cities to partner with Central Kitsap Fire & Rescue to start a new Fire CARES Program. Under the terms of this agreement, the City of Poulsbo will supply a Community Support Specialist and other behavioral health support staff to the CKFR Program along with fiscal management of the grant and project management. If this agreement is approved by Council, this will be the second Fire CARES Program in Kitsap County. The Poulsbo Fire CARES Program and CKFR Fire CARES Program will work collaboratively to share resources and best practices-and expand CARES service coverage in our area. A budget amendment related to these funds will be presented to Council in early 2023.

Councilmember Musgrove said he was curious if there any gains to be made to work cooperatively with CKFR to look for more funding as a combined unit. Housing, Health & Human Services Director Hendrickson said their intent is this is a temporary measure to get the program launched, and then have the fire district take over the program in 2024.

Councilmember Livdahl said this was a grant that was only available to agencies starting a program, that is why we were ineligible to apply for it.

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

## e. 🔰 2023 Amendment with Kitsap County for Incarceration of City Prisoners

Police Chief Harding presented the agenda summary, noting the Kitsap County and City of Poulsbo agreement for Incarceration of City Prisoners is amended with the following document effective January 1, 2023, through December 31, 2023. This fifth amendment covers the following sections: Section 22 (Duration) amended to January 1, 2023, to December 31, 2023. All other terms and conditions of the agreement remain unchanged and in full force and effect.

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

## f. 🔰 2022 Police Department Budget Status Discussion

Police Chief Harding presented the agenda summary, noting the Police Department is projected to be over their department operational budgeted amount for 2022. These expenditures are in overtime, fuel, and professional services. The projected overage is anticipated to be covered by the remaining unexpended budget estimated in non-departmental jail costs.

The police schedule and overtime involved the following: PPD's current patrol schedule spans 24 hours with three shifts: days, swings, nights. The work week consists of two

patrol squads: A-Side and B-Side. Officers work for ten hours, four days a week with one day as an overlap day. In order to maintain a staffing level of two officers on each shift, we need a minimum of twelve officers available: six on A-Side, working Sunday through Wednesday and six on B-Side working Wednesday through Saturday. He reviewed the patrol staffing available for each month of 2022 and the overtime hours that were needed to maintain minimum staffing.

In conclusion, 2076 hours of overtime were needed to keep the department at minimum staffing, which accounts for nearly 50% of the overtime they used. Their strategic plan presented staffing analysis and needs to alleviate this kind of OT. For every month they can field 12 patrol officers, they can reduce OT by 173.3 hours. For every month they have less than 12 patrol officers, the department will incur 173.3 hours OT per every person short. They are currently at a staffing level of 11 officers in patrol and are in background with two entry level applicants for one vacancy.

Councilmember Stern asked if during the course of the year this showed up in the variance reports. Assistant City Administrator Booher said it doesn't, because it is an entire general picture, so it didn't jump outside of the 15% variance. But as they started looking at the numbers closer they noticed the bottom line. Payroll runs two weeks behind.

In response to Councilmember McGinty, Assistant City Administrator Booher said the Police Chief had some officers at the academy, so we are paying them as a full time employee, but they were not on the street. There were also employees on light-duty due to L&I injury, so they are being paid, but they were not on the street.

Councilmember Musgrove said they have uncontrollable expenses and unavoidable expenses; we have to have the officers on the street. It is a grey line between overtime and overstaffed. It is important in the case of required and necessary services, that we may have more expenses to cover what needs to be done. He felt it wasn't a big deal as long as they have more people coming online in the future.

Chief Harding noted there is always inevitably an injury or sickness, or new hires taking time to come on board that causes these circumstances. In 2022, they had six new hires, which is extraordinary, and he hopes that would not be repeated next year. He is trying to be transparent that they need better monitoring of their month to month expenses, including the benefits portion of the overtime as they spend it.

Councilmember Lord said considering this scenario is going to be existence with a new hire in academy until October 2023, and the anticipation of an employee being out six months, she asked if the overtime needs to be increased given these anticipated situations. Mayor Erickson said they will be monitoring that line item, she has other things she wants to explore first. Councilmember Stern said having identified a potential shortfall, but not budgeting for it, does that meet accounting standards. Assistant City Administrator Booher said they have been monitoring the overtime trend, and the Mayor has some new ideas that she wants to work with the Chief on, and there wasn't a baseline adjustment request presented this year, because we don't have the funding. They may come back and decide to increase the FTE or increase the OT funding, but first it needs to be explored a little further before making that decision.

Councilmember Livdahl clarified that the minimum staffing is two officers per shift, and asked what the ideal staffing number would be. Chief Harding said right now, oftentimes the sergeant is filling in for that second position, but in their strategic plan they would like to see twos officers and a supervisor on each shift.

Councilmember Lord requested a report back to the Council after they research the issues further.

Councilmember McGinty understands we went over budget, but now we need to figure out how to fix it. Mayor Erickson said she is hopeful they won't have as much turnover and illness in the future. They have also been hiring new officers instead of laterals, and it takes a long time to get through the academy. She is hoping we can get more new hires trained up and have more stabilization with staffing, but ultimately, they do need two more officers. Police Chief Harding said they had one officer on light-duty for 15 months, and those things are hard to predict.

Assistant City Administrator Booher said we passed a budget that we felt the expenditure projections were going to handle the costs we are talking about now, and that is why the Mayor is not comfortable with putting forward an increased overtime budget, because she is hoping to work with the Chief to look at areas where they can save money, scheduling, not spending OT for some training options. The passed budget is what they anticipate meeting; they feel the budget can accommodate this. The Mayor wanted to bring this forward and let the Council know we are looking at different tools. Chief Harding said he is not asking for more overtime money, that is then asking the same people to keep doing more work. He is looking for more people.

Councilmember Stern said to budget additional line items towards 100% experience doesn't mean we will spend that money. He asked what the harm would be to take more out of reserves and budget it based on this experience, but not necessarily spend it. Assistant City Administrator Booher said when we look at the carryover numbers in May, we will have a better trend line. Overtime this year was much higher than past years. The Chief didn't submit for more OT, because he was hoping for an additional officer. Mayor Erickson would like to wait, and not spend more reserves.

## g. 🚺 Public Works Budget Amendments

Public Works Superintendent Lund presented a summary of year end budget amendments required due to rising material and casual labor costs in Streets, Solid Waste, and Storm Drain. 2022 rising costs were a challenge for Streets. Staff reviewed the challenges of keeping street surfaces safe, casual labor increases, miscellaneous, fuel, traffic control, crack seal, road paint, and signage costs. The Streets budget amendment is \$55K The solid waste budget amendment recognizes an increase in charge for services of \$337K and an increased cost of \$262K for the Bainbridge Disposal Recycling contract modifications, Kitsap County rate increases, and fuel cost increases. Staff also provided an update on allocation of funds used for Storm Drain casuals and review the increase to casual hourly rates for 2022 which included a \$2,000 signing bonus. The Storm Drain budget amendment is \$30,210. Rising fuel, labor, and contract costs have been discussed with Council and PWC during the budgeting process. These amendments capture all costs to align with year-end expenditures.

Mayor Erickson said this will be on the December 21, 2022, consent agenda.

## 6. 🚺 CONSENT AGENDA

Motion: Move to approve Consent Agenda items a - h.

The items listed are:

- a. September 14, 2022, City Council Special Meeting Minutes Approval
- b. September 21, 2022, City Council Special Meeting Minutes Approval
- c. Water System Plan Consultant Contract
- d. Agreement with Sound Self Training for Senior CARES Volunteers
- e. Noll Road Consultant Amendment
- f. Bad Debt Write Off
- g. BA#22-0409 Police Capital Expenditures
- h. Excuse Councilmember Absence

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

## 7. BUSINESS AGENDA

None.

## 8. BOARD/COMMISSION REPORTS

Councilmember Lord said she and Councilmember Livdahl sat on the interview committee for the Parks & Recreation Director yesterday. They interviewed seven excellent candidates. Councilmember Stern reported on the KEDA quarterly meeting he attended with Mayor Erickson, they had a presentation by Captain Massie from Naval Base Kitsap.

## 9. Mill CONTINUED COMMENTS FROM CITIZENS

Rick Eckert said he will continue to be the City's liaison from the school board. He spoke regarding the police overtime discussion, and he understands it was a budget discussion, but highlighted a comment by Councilmember Livdahl, that there is a real concern of burning out the officers and running them down physically.

# 10. 📔 MAYOR & COUNCILMEMBER COMMENTS

Councilmember Lord asked everyone to stay safe and warm and have fun with upcoming festivities.

Councilmember Stern said for next week's meeting to discuss the committee of the whole, he said it might be valuable to have the Finance Committee meet once a month during the budge process.

Councilmember Livdahl said Fishline provides free firewood to the community if you need it to keep warm.

Councilmember Musgrove asked everyone to be nice to each other.

### **11. ADJOURNMENT**

**Motion:** Move to adjourn at 7:05 p.m., **Action:** Approve, **Moved by** Musgrove, **Seconded by** McGinty. Motion carried unanimously.

ATTEST:

Rebecca Erickson, Mayor

Rhiannon Fernandez, CMC, City Clerk