REGULAR CITY COUNCIL STUDY SESSION
JULY 7, 2014

ITEMS DISCUSSED

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   H. RESOLUTION NO. 2014-15, AMENDING THE FEE SCHEDULE RELATED TO RIGHT-OF-WAY USE FEES, AB 14-098 – PUBLIC WORKS
   I. DRIPPING WATER CREEK CULVERT REPLACEMENT PROJECT, BUDGET AMENDMENT, AB 14-039 – PUBLIC WORKS
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   C. AFFORDABLE HOUSING NEWS (SUMMER, 2014) – COUNCILMEMBER TOLLEFSON
8. REVIEW UPCOMING COUNCIL MEETING AGENDAS
9. FOR THE GOOD OF THE ORDER
10. ADJOURNMENT

1. CALL TO ORDER/ROLL CALL 7:00 PM
Deputy Mayor Roth called the meeting to order at 7:00 PM with Councilmembers Blossom, Bonkowski, Townsend, Tollefson and Mayor Blair present. Councilmember Ward participated via telephone for a portion of the meeting. City Clerk Lassoff monitored the recording of the meeting and prepared the minutes.

2. ACCEPTANCE OR MODIFICATION OF AGENDA/CONFLICT OF INTEREST DISCLOSURE 7:00 PM

> ***MOTION:*** *I move to accept the agenda as presented.*
> ***BONKOWSKI/BLAIR*** *– Motion carried 7-0.*

There were no conflicts of interest disclosed.

3. PRESENTATION
A. CITYWIDE STUDY OF JOB CLASSIFICATION AND COMPENSATION, AB 14-026 – EXECUTIVE 7:01 PM
In 2013, council directed the city manager to undertake a review of the city's job classifications and compensation, which would include an analysis of the city's current policies compared against appropriate comparable public sector organizations. The consultant was tasked with determining whether changes to existing position descriptions were needed, as well as making recommendations for total salaries and benefits and for compensation rules and policies.

Greg McNutt, Milliman, Inc. gave a brief presentation on the findings, proposed recommendations and fielded questions. There was no action taken.

4. CITY MANAGER'S REPORT 7:34 PM
There was no report given.

5. STAFF INTENSIVE

A. RESOLUTION NO. 2014-16, REGARDING UNPAID HOLIDAYS FOR REASONS OF FAITH OR CONSCIENCE, AB 14-100 – EXECUTIVE 7:34 PM

The Washington State Legislature passed Substitute Senate Bill 5173, which provides two unpaid holidays per calendar year for public employees for reasons of faith or conscience, or an organized activity conducted under the auspices of a religious denomination, church or religious organization. The law requires that the employer implement rules to administer this new benefit. The employee manual will be revised to provide for these two unpaid holidays consistent with this state law.

> ***MOTION:*** *I move that the City Council forward Resolution No. 2014-16 to the July 14, 2014 consent Agenda.*
> ***TOWNSEND/BONKOWSKI*** *– Motion carried 6-0. Councilmember Ward did not vote via telephone due to technical issues.*

B. INTERLOCAL AGREEMENT WITH BAINBRIDGE ISLAND SCHOOL DISTRICT, ELECTRONIC FINGERPRINT MACHINE, AB 14-109 – POLICE 7:36 PM

The Bainbridge Island School District (BISD) has agreed to contribute up to $5,000 toward the purchase of an electronic fingerprint machine, which will improve efficiency and reduce costs for fingerprinting related to criminal and applicant background checks. The total cost of the fingerprint system is $10,482.50, which results in a cost to the city of $5,482.50. City Manager Schulze explained staff proposed the following changes be made to the Interlocal Agreement and asked council to forward it to the July 14, 2014 consent agenda substantially in the form as it's been presented: 1) Fiscal – 1st bullet: the remainder of the costs associated with purchase of the system after BISD's contribution (including the cost of hardware components and software) in the approximate amount of $5,500; add new section just before Disposition of Real Property that reads: Ownership and Operation of the System which essentially would share ownership between the city and the BISD however the police department would be responsible for operating the system and providing fingerprint based background information to the BISD upon request and the BISD would not have direct access to or the ability to operate the system); remove the word Real from Disposal of Real Property and add language at the end of that section that the agreed procedures must meet any surplussing or other requirements of both parties and the addition of an Administration section after Disposal of Property which states that the agreement would be jointly administered by the city manager and BISD superintendent.

> ***MOTION:*** *Then I move that the City Council forward the Interlocal Agreement in form with the outlined and highlighted changes as noted tonight – this being the Bainbridge Island School District for purchase of an electronic fingerprint machine to the July 14, 2014 City Council consent agenda.*
> ***BLAIR/ TOLLEFSON*** *– Motion carried 6-0. Councilmember Ward did not vote via telephone due to technical issues.*

C. RESOLUTION NO. 2014-17, FINANCIAL AND BUDGET POLICIES, AB 14-106 – FINANCE 7:41 PM

The city last updated its consolidated budget policies in 2009 as formalized in the adoption of Resolution No. 2009-34. As part of the 2015-16 biennial budget process, staff sought to obtain council's confirmation of the policies, or direction about changes that are pertinent at this time. Staff reviewed the proposed resolution by section.

Councilmember Tollefson referred to Section 2.2(b), which changes the annual calendar from an "approval" to "review" however Section 3.2(a) does not incorporate that language. Finance Director Schroer said she would make the change.

The following sections were updated:

<u>Section 4 (Reserves)</u> – updated to include the reserves and amounts set by Resolution No. 2010-35 (Emergency Reserve $1M, Contingency Reserve $800,000 at year-end and General Fund Stability Reserve $3M) as well as minimum fund balance language in accordance with recent GASB guidance. Councilmember Bonkowski asked if changing those amounts would improve the city's bond rating. Finance Director Schroer indicated that Moody's does not have a specific target however they are looking for the city to set and adhere to policies over time. Mayor Blair wondered if it mattered if an amount was expressed in terms of a percentage rather than an amount. Finance Director Schroer replied either one could work but an amount is certainly easier for the public to

understand. Mayor Blair said, from a policy level, an amount might not have as much relational information as a percentage. Finance Director Schroer said she would look into it.

Councilmember Tollefson believed it was important historically to review the size of the budget that existed at the time the amount was established so that as the budget changes in order of magnitude reserves are revisited and adjusted. There was consensus with going with an amount.

Section 4 (Reserves) – two Restricted Reserves (Emergency and Contingency) and five Designated Reserves (Police Investigations, Police Marine, Public Art, PEG Capital and Capital Improvement Opportunity).

Section 5 (Revenues and Expenditures) – updated for new funds, added language about order in which to expend funds, no changes made to the utility policies in this section; Section 5.3(b) was updated as follows: the city will maintain water, sewer and storm water utility rates adequate to ensure that each of the three utility funds is fully self-supporting; suggested amendments to Building and Development Services (BD&S) Section 5.4(e): provide for periodic review of fee revenue. Interim City Attorney Haney explained how setting a goal of 75% cost recoupment for BD&S was perfectly reasonable since cities are allowed to recoup 100% of their cost for permit processing.

Section 6 (Expenses Pertaining to Personnel) – removed language relating to staffing cap.

Section 8 (Strategic Priorities) – updated to reflect current priority based budgeting efforts. Mayor Blair said council approved priority based budgeting by name and that it was going to be the way to go about the budget process. She thought rather than just describing it, she would like it to be part of policy and to make sure to check in every other year to see if we still want to use the process. Councilmember Tollefson wondered whether strategic priorities should be in Section 2.2(a) since it is relates to the budget process. Mayor Blair suggested it remain in Section 8 and left it up to staff whether it should be listed elsewhere. Deputy Mayor Roth was concerned that priority based budgeting was a trademarked process of a consulting firm as opposed to the general notion of priority based budgeting. Mayor Blair did not want the process to have anything to do with the firm but rather the process. City Manager Schulze shared possible budgeting by priorities language as suggested by the city attorney. Councilmember Bonkowski asked why road maintenance was called out in Section 5.4(c). Finance Director Schroer believed at the time the policy was drafted it was a particular point of conversation and interest so council chose to include it. Councilmember Tollefson agreed that specific line item did not belong. Finance Director Schroer indicated she would remove it.

Deputy Mayor Roth noted for the record by Councilmember Ward was no longer participating in the meeting.

8:05 PM Robert Dashiell, 6370 NE Tolo, said the council has never made a policy decision on whether the Open Water Marina would be operated as an Enterprise Fund and be cost recoverable or whether the tax payers would continue to subsidize it. He also commented on the question of whether or not the General Fund would reimburse SSWM Fund and thought the answer he was finally hearing was no.

Councilmember Bonkowski thought it would be appropriate to have the city look into the Open Water Marina issue from a legal standpoint. City Manager Schulze commented on the small amount of revenue coming in yearly noting that setting up a separate fund was probably not efficient. He recalled council intended the marina to be an element of affordable housing which is subsidized by the General Fund. Deputy City Manager Smith could not recall an explicit conversation whether it should be an Enterprise Fund or not but rather as a community investment with an affordable housing component mix. Councilmember Bonkowski wondered whether it was being operating appropriately and legally. Interim City Attorney Haney was not aware of anything that would require the city to create it as an Enterprise Fund.

8:14 PM **MOTION:** *I move the Council forward Resolution No. 2014-17, amended as discussed with the finance director, to the July 14, 2014 consent agenda for approval.*
TOLLEFSON/BONKOWSKI *– Motion carried 6-0.*

D. 2015-2016 BIENNIAL BUDGET CALENDAR, AB 14-107 – FINANCE 8:14 PM

Finance Director Schroer introduced the budget development process and proposed calendar. Mayor Blair was curious about what kind of community engagement is anticipated. Finance Director Schroer envisioned hosting an open house. Mayor Blair suggested reaching out to service clubs. Councilmember Tollefson suggested the community engagement specialist star in a 5-minute video on youtube on priority based budgeting.

E. EAGLE HARBOR SEWER BEACH MAINS RECRUITMENT PROJECT, CONSTRUCTION AWARD, AB 10-102 – PUBLIC WORKS 8:18 PM

The Eagle Harbor Sewer Beach Mains Replacement project consists of replacing three aging ductile iron pipes with high-density polyethylene (HDPE) pipe in similar alignments. The construction is estimated to begin in July and be completed in October this year. All work below high tide on the beach must be completed within the "fish window" of July 15 through August 31. The city is in the process of obtaining permit approval from Federal and State agencies to allow construction to proceed during this year's "fish window." If the environmental permits are not approved prior to the "fish window" timeline, the work will have to be delayed until next year. Bids were solicited through the local newspapers and the bid opening was held on June 24. The apparent low bidder is Frank Coluccio Construction in the amount of $2,221,765.95. The engineers' estimate is $1,900,000 to $2,200,000. The project manager has reviewed the bid results and the contractor's qualifications and recommends that the council award this project to Frank Coluccio Construction.

> ***MOTION:*** *I am very pleased to move that the City Council approve the construction award to Frank Coluccio Construction in the amount of $2,221,765.95 for the Eagle Harbor Sewer Beach Mains Replacement project.*
> ***BONKOWSKI/TOWNSEND*** *– Motion carried 6-0.*

F. EAGLE HARBOR SEWER BEACH MAINS REPLACEMENT PROJECT, MITIGATION MONITORING, PROFESSIONAL SERVICES AGREEMENT, AB 10-102 – PUBLIC WORKS 8:22 PM

The city has negotiated a professional services agreement with Environmental Science Associates to meet the construction permit requirements to provide monitoring, sampling and reporting for the Eagle Harbor Sewer Beach Mains Replacement project. The various monitoring efforts include forage fish monitoring, cultural resources, landscape installation, and beach nourishment.

> ***MOTION:*** *I would move that the City Council consider forward the professional services agreement with the Environmental Science Associates in the amount of $63,249.00 for the Eagle Harbor Sewer Beach Mains Replacement Project mitigation monitoring services and put it on July 14, 2014 City Council consent agenda.*
> ***BLAIR/ BONKOWSKI***
>
> ***FRIENDLY AMENDMENT:*** *City Council ~~consider~~ forward...*
> ***TOLLEFSON/BONKOWSKI*** *– Motion carried 6-0.*

Councilmember Bonkowski asked whether the city was finished with this project contractually. Public Works Director Loveless believed everything has been bid except for change orders and unforeseen conditions.

G. ORDINANCE NO. 2014-24, RELATED TO RIGHT-OF-WAY USE, AB 14-098 – PUBLIC WORKS 8:26 PM

The city has different permits for the various types of work occurring in the city's public rights-of-way (ROW). The proposed ordinance would combine all of the various types of ROW permits into one "use" permit using category types from A through D. Type A would be for short-term use and includes items such as temporary street and/or sidewalk closures, house moving, and special events that occur in the rights-of-way. Type B includes disturbance of the rights-of-way and includes general construction types of activities such as boring, utility installation and road approaches. Both Type A and B permits are for 30-day duration. Type C is for longer-term uses such as accessory business activities, i.e., displays, structures, landscaping, etc. Type C permits have no permanent rights and can be revoked within a 30-day written notice. Type D permits are for franchised utility routine maintenance.

Councilmember Blossom found the language confusing with regard to working in the right-of-way. Councilmember Bonkowski said it would be nice to be able to have a reference showing which ordinances were being replaced so that you have some basis behind the changes. Public Works Director Loveless indicated he would bring back something that shows current policy, what is new and what is being replaced. The ordinance will be scheduled on a future agenda.

H. RESOLUTION NO. 2014-5, AMENDING THE FEE SCHEDULE RELATED TO RIGHT-OF-WAY USE FEES, AB 14-098 – PUBLIC WORKS 8:34 PM

The item was postponed to a future agenda and will be scheduled along with Ordinance No. 2014-24 related to right-of-way use.

I. DRIPPING WATER CREEK CULVERT REPLACEMENT PROJECT, BUDGET AMENDMENT, AB 14-039 – PUBLIC WORKS 8:34 PM

The Dripping Water Creek Culvert Replacement project was approved at the March 10, 2014 City Council meeting in the amount of $192,790.00. Additional costs have been identified to complete the project due to additional construction support services and a five percent contingency.

> ***MOTION:*** *Then I move the City Council forward the Dripping Water Creek Culvert Replacement project budget amendment, transferring $10,000 from the 2014 Annual Stormwater Preservation program to the Dripping Water Creek Culvert Replacement project and put it on the July 14, 2014 City Council consent agenda.*
> ***BLAIR/BONKOWSKI*** *– Motion carried 6-0.*

J. 2014 ROAD STRIPING PROJECT, CONTRACT AWARD, AB 14-108 – PUBLIC WORKS 8:37 PM

This project consist of pavement marking on approximately eighty miles of roadway which includes collectors and urban/rural residential roads resulting in approximately 923,041 linear feet of paint stripe. Work also includes traffic controls and environmental protection. Alternative 1 work is considered discretionary, includes striping on residential streets and pavement markers in non-critical areas, and was developed as a potential cost savings measure. Bids were solicited through the local newspaper and the bid opening was held on June 30. The apparent low bidder is Stripe Rite in the base bid amount of $104,235.22 and alternative bid of $14,725.88. The engineer's estimate is $105,000 to $128,000. Staff has reviewed the bid results and contractor's qualifications and recommends that the council award this contract to Stripe Rite in the base bid amount of $104,235.22.

> ***MOTION:*** *I move that the City Council forward the contract with Stripe Rite, Inc. for the 2014 Annual Road Striping project in the base bid amount of $104,235.22 to the July 14, 2014 City Council consent agenda.*
> ***TOLLEFSON/BLAIR*** *– Motion carried 6-0.*

K. SOUND TO OLYMPICS TRAIL PHASE 2, PROFESSIONAL SERVICES AGREEMENT, AB 14-096 – PUBLIC WORKS 8:40 PM

The Sound to Olympics (STO) Trail preliminary design provides for construction of a shared separated pathway along the SR305 Corridor. Work includes clearing and grubbing, excavation and fill, retaining walls, shoulder/curb/sidewalk (intersection interface reconstruction), landscaping, surfacing, paint striping, signage and other related work. The project will complete the design of the "first mile" of the Sound to Olympics Trail and study potential branch trail connections. The new pathway will connect to the Ravine Creek Non-Motorized Bridge and an existing 800-foot section of the STO Trail. The city advertised for a Request for Qualifications and five firms responded. The top three rated firms were interviewed and MacLeod Reckord was selected as the most qualified consultant to design the project. The city has negotiated a contract with MacLeod Reckord for $164,368.00 to perform preliminary design.

Following a brief discussion, it was recommended that the item be moved to next week's consent agenda and that the phrase "Phase 2" be removed.

> ***MOTION:*** *I move the City Council forward the Professional Services Agreement with MacLeod Reckord in the amount of $164,368.00 for the Sound to Olympics Trail Preliminary Design to the consent agenda.*
> ***BONKOWSKI/BLAIR*** *– Motion carried 6-0.*

City Manager Schulze introduced Management Interim Jared Eyer who will be working with the city for a few months on various projects.

6. COUNCIL DISCUSSION

A. PROCESS FOR CONDUCTING SHORELINE MASTER PROGRAM PUBLIC HEARING – MAYOR BLAIR 8:47 PM

Council reviewed the guidelines for conducting a public hearing. Following brief comments, the following changes were made: bullet 2) each comment will be received respectfully; bullet 8) people who have signed-in to speak may cede their time by announcing that intent with notice at the beginning of the receiving speaker's comment. The effect of doing this will increase another's comment time; and bullet 10) the chair has the discretion to adopt these guidelines as appropriate.

7. COMMITTEE REPORTS 9:06 PM

A. ASSOCIATION OF WASHINGTON CITIES, 2014 ANNUAL CONFERENCE REPORT – MAYOR BLAIR

B. REGIONAL COMMITTEE//COMMISSION REPORTS (JUNE, 2014) – MAYOR BLAIR

C. AFFORDABLE HOUSING NEWS (SUMMER, 2014) – COUNCILMEMBER TOLLEFSON

Councilmember Tollefson briefly reported on affordable housing news.

8. REVIEW UPCOMING COUNCIL MEETING AGENDAS 9:07 PM

City Manger Schulze reviewed the July 14, 2014 agenda and noted the possible addition of an executive session related to property acquisition. He reviewed the long-range calendar.

9. FOR THE GOOD OF THE ORDER 9:15 PM

Councilmember Blossom gave a brief ad hoc committee report on the status of the tree ordinance. Councilmember Bonkowski reported on the success of the last weekend's Rotary Auction which raised $467,000 in gross sales. Mayor Blair reported on a council discussion regarding the Suzuki property. She said it has been suggested that an agenda bill have a particular direction as a way of having a specific action proposed and then the council can fully discuss it. Councilmember Tollefson suggested gathering whatever material is necessary and having it available well in advance of the meeting. Councilmember Bonkowski commented on the potential of surplusing the property and that there will be individuals that will have a different opinion on it.

10. ADJOURNMENT 9:22 PM

The meeting adjourned at 9:22 PM.

Anne S. Blair

Anne S. Blair, Mayor

Rosalind D. Lassoff

Rosalind D. Lassoff, City Clerk