EXHIBIT 5.b: Farralon/Grette Associates Peer Review (8/29/25)

TECHNICAL MEMORANDUM

Prepared for: Nikole Coleman
Planning Manager
City of Poulsbo
200 NE Moe Street
Poulsbo, WA 98370

August 29, 2025

File No.: 3386-001.000 Task 15

Prepared by: Grette Associates, *a division of Farallon Consulting, L.L.C.*
2709 Jahn Ave. NW, Ste. H5
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Re: Pinnacle at Liberty Bay: Third-Party Review

1 INTRODUCTION

The City of Poulsbo (City) is contracted with Farallon Consulting, L.L.C. dba Grette Associates (Grette) to assist in the review of a critical areas report and habitat management plan (the "Plan"; dated July 14, 2025) that was prepared by Sewall Wetland Consulting, Inc. (SWC) in support of the Pinnacle at Liberty Bay development project located off of Maple Hill Ave. NE (Kitsap County parcels 23222601-4-001-2009, 23222601-3-001-2008, 23222601-3-018-2001, and 23222601-3-005-2006) within the City of Poulsbo.

Based on the information provided, the Plan is intended to summarize the baseline environmental conditions within the project site and has been prepared to address a proposed stream crossing. The Plan also includes a proposed wetland buffer averaging plan.

2 METHODS

2.1 Site Visit

Grette completed a site visit on July 12, 2025, to assess the project site for consistency with the information contained in the Plan. All areas of the project site were physically assessed, including the inspection of soil profiles near the soil pit locations documented in the Plan. Vegetation communities and evidence of wetland hydrology within the project site were also evaluated. Using this information, the boundary lines delineated by SWC were assessed. Staff also evaluated the physical characteristics of the identified streams for consistency with the information contained in the Plan.

2.2 Document Review

Grette conducted a thorough review of the Plan. The review focused on verifying the accuracy of the descriptions within the document and compliance with the current version of Chapter 16.20 of the Poulsbo Municipal Code (PMC).

3 RESULTS

3.1 Site Review

Grette traversed the project site to identify any wetlands or fish and wildlife habitat conservation areas (FWHCAs) on or within 300 feet. In summary, Grette concurs with the extent of wetlands (Wetlands A, B, C, and D) within the project site (Attachment 1); however, staff did identify a linear offsite feature east of Lot 33 and along Maple Hill Ave. NE that appears to have been flagged by SWC. The boundary of this feature was flagged and labeled consistently with the onsite wetland features but the Plan does not provide a discussion describing the status of this feature. Per PMC 16.20.220, all wetlands within 300 feet of a proposed project shall be identified. Two stormwater ponds were also identified in the southeast corner of the project site which are situated south of Lots 1 and 2. Per PMC 16.20.155, artificial wetlands, such as stormwater detention facilities, are not a regulated wetland feature.

In addition to the identified wetlands, Grette identified four streams (Streams A, B, C, and D) within the project site (Attachment 1). Grette largely concurs with the mapped locations of these features. However, based on the site assessment Stream B appears to flow into Wetland B, which is not clearly shown on the delineation map or site plans.

3.2 Critical Areas Review

3.2.1 Wetlands

Per PMC 16.20.210, all wetlands shall be rated according to the Washington State Department of Ecology's (Ecology) *Washington State Wetland Rating System for Western WA – 2014 Update: Version 2* (Hruby and Yahnke 2023). The Plan uses the appropriate rating forms for the onsite wetlands for compliance with PMC 16.20.210 but did not include complete figure sets as required per Ecology's rating system. While Grette's review of the rating forms resulted in some minor deviations from the scores within some of the rating forms, Grette concurs with the overall categorizations for Wetlands A, B, C, and D (Table 1).

Per PMC 16.20.230, Category III wetlands with a moderate habitat score (6-7 points)[1] and proposed high impact land use are subject to a 150-foot buffer, whereas Category III wetlands with a low habitat score (3-5 points) are subject to an 80-foot buffer. Grette agrees with Wetland B's habitat score, however, disagrees with Wetland C's habitat score of 5 points. Grette's assessment of Wetland C included observing snags and logs within 330 feet of the wetland. A point was not given in question H3.1 of Wetland C's rating form to account for these habitat structures. Including this point results in a habitat score of 6 points. As such, the appropriate buffer width for Wetland C is 150 feet (Table 1).

[1] Per Ecology's guidance (https://ecology.wa.gov/water-shorelines/wetlands/tools-resources/rating-systems), a habitat score of 5 points is considered to provide low habitat functions. The buffer tables defined in PMC 16.20.230 have not been updated to reflect this change. As such, the buffer widths based on habitat score use the habitat score bins from Ecology's guidance as Best Available Science.

Table 1. Wetland Summary

Feature	HGM Class	Wetland Category	SWC's Habitat Score	Grette's Habitat Score	Buffer Width[1]
A	Slope	IV	4 points	5 points	50 ft.
B	Slope	III	6 points	6 points	150 ft.
C	Riverine	III	5 points	**6 points**	150 ft.[2]
D	Slope	IV	4 points	5 points	50 ft.

[1] Per PMC 16.20.230.
[2] Buffer based on Grette's habitat score.

All Category IV wetlands with proposed high land use are subject to a 50-foot buffer. As such, the difference in habitat scores for Wetlands A and D do not change the results of the applicable buffer width. The Plan accurately assigns a 50-foot buffer to Wetlands A and D.

3.2.2 Wetland Buffer Averaging

Per PMC 16.20.230(F), wetland buffer averaging may be allowed if it is adequately demonstrated that a proposed averaging plan complies with the requirements defined in said section of code. The Plan breaks down an individual summary for the proposed buffer averaging for Wetland A and Wetland B to demonstrate compliance with PMC 16.20.230(F). Provided below is a review of each summary.

Wetland A

Buffer averaging may be allowed, pending approval, if it will improve the protection of the wetland or if it is the only way to allow for reasonable use of the property (PMC 16.20.230). A reduction of buffer width is proposed north of Wetland A to address the alignment of the access road. In addition, a reduction is proposed southwest of Wetland A to facilitate a residential park. The Plan does not provide sufficient detail to support why these reductions are necessary. Furthermore, based on one of the figures provided in the plan (Attachment 1), it appears that the standard buffer is being applied to all of Wetland A which appears to show averaging is not necessary.

Another requirement defined in PMC 16.20.230(F) is that the increased buffer width be in area that provides higher function compared to the proposed area to be reduced. The Plan describes that the reduced areas are primarily overgrown with blackberry but only states that the increased buffer area is more heavily vegetated. This does not adequately describe compliance with this requirement.

With the exception of the two discrepancies summarized above, the proposed buffer averaging associated with Wetland A will not result in the buffer being reduced more than 25 percent and will not result in a net loss of total buffer area. This is consistent with the limitation requirements defined in PMC 16.20.230(F).

Wetland B

As noted above, averaging may be allowed if it is the only way to allow for reasonable use of the property. According to the Plan, Wetland B's buffer needs to be reduced in three locations and states that it is necessary because of existing slopes and to better fit several lots. No further explanation to describe site constraints or rationale as to why there are no other design alternatives.

Per PMC 16.20.230(F), the increased buffer shall be in area that provides higher function compared to the proposed area to be reduced. The Plan describes that the reduced buffer area is primarily shrubs and that the increased area is primarily mature native vegetation as well as states that the reduced area and the increased area currently provides similar function. Based on this summary, it is unclear that the increased buffer is in a higher quality area compared to where the reduction is proposed.

With the exception of the two discrepancies summarized above, the proposed buffer averaging associated with Wetland B will not result in the buffer being reduced more than 25 percent and will not result in a net loss of total buffer area. This is consistent with the limitation requirements defined in PMC 16.20.230(F).

3.2.3 Wetland Buffer Impacts

According to the site plans provided in the Plan, the project will include what is presumed to be a pedestrian recreation trail within buffer area associated with Wetlands B and C. The Plan does not include any information to demonstrate compliance with the project specific development standards defined in PMC 16.20.235 for trails and trail-related facilities. As proposed, the trail alignment within the wetland buffers is not compliant with PMC16.20.230. Per PMC 16.20.230(F), trails shall be positioned in the outer 25 percent of a wetland buffer. The current alignment shows portions of the trail well within the inner 75 percent of the wetland buffer.

3.2.4 Fish and Wildlife Habitat Conservation Areas

Fish and wildlife habitat conservation areas are those areas that serve a critical role in sustaining needed habitats and species for the functional integrity of the ecosystem. Specific FWHCAs include streams, lakes, and those other habitat areas defined in PMC 16.20.310.

3.2.4.1 Streams

Per PMC 16.20.315, streams shall be classified according to the criteria set forth in WAC 222-16-030. There are a total of four streams (Table 2) that are situated within the project site. Grette concurs with the classifications of Stream A as a Type Ns2. Those streams that are seasonal non-fish habitat streams that do not directly flow to a Type S (shoreline of the state), Type F (fish-habitat), or Type Np (perennial non-fish habitat) are classified as a Type Ns2 feature. Stream A appears to flow to a roadside ditch along Highway 305.

Based on site observations and the Washington Department of Fish and Wildlife's (WDFW) fish passage data[2], Stream D flows directly into Liberty Bay (Type S). More specifically, WDFW maps a culvert beneath Highway 305 and documents Stream D as a tributary to Liberty Bay. In addition, as noted below, the location of where Stream B flows into Stream C is in the vicinity of a stream type break from Type F to Np for Stream C. Per PMC 16.20.315, Type Ns1 streams

[2] https://geodataservices.wdfw.wa.gov/hp/fishpassage/index.html

include those streams that have a direct connection to a Type S, F, or Np. The Plan inaccurately classifies Streams B and D as Type Ns2 features.

The Plan describes the physical characteristics of Stream C (Barrante's Creek) as having a stream width ranging from 2 feet up to 6 feet and substrate consisting of mud, sand, and gravel. The Plan also states that Stream C may have perennial flow. Per PMC 16.20.310[3], the physical characteristics that define presumed fish use are those streams that are at least 2 feet wide and exhibit a gradient of 16 percent or less. Based on Grette's site observations and WDFW's fish passage data, Type F habitat conditions within Stream C extend to the vicinity where it flows near Wetland D and the confluence with Stream B. According to WDFW's data from the fish passage report for the culvert beneath Highway 305 (Site ID # 994328), upstream conditions contain a bankfull width of approximately 7 feet, an upstream gradient of six percent, and moderate spawning gravels for fish species. Additionally, WDFW's data for the culvert near the proposed road crossing (Site ID # 933725) records upstream conditions consisting of a bankfull width of approximately 4 feet, an upstream gradient of six percent, and moderate spawning gravels for fish species. The Plan inaccurately classifies Stream C as a Type Ns2.

Table 2. Stream Type Summary

Feature	Water Type SWC/Grette	Buffer[1]	Building Setbacks[2]
Stream A	**Ns2/Ns2**	50 ft.	25 ft.
Stream B	Ns2/**Ns1**	75 ft.	25 ft.
Stream C	Ns2/**F**	150 ft.	25 ft.
Stream D	Ns2/**Ns1**	75 ft.	25 ft.

[1] Buffers based on Grette's water type determination and PMC 16.20.315.
[2] Per PMC 16.20.315.

A 2024 City of Poulsbo report (the "BAS Report"; Grette Associates 2024) is inappropriately referenced in the Plan to dispute the physical characteristics of Stream C that were observed by SWC. This BAS Report was prepared for City planning purposes and for updating their Comprehensive Plan and was intended to summarize existing conditions of FWHCAs within the City. Per PMC 16.20.115(F), the locations and extent of all mapped critical areas shown on City maps are considered approximate and to be used as guidance and the type, extent, and boundaries of critical areas on a site shall be determined in the field by a qualified specialist according to the requirements of Chapter 16.20 of the PMC. As such, the information summarized in the BAS Report does not supersede the onsite physical stream characteristics and resulting classifications of those streams within the project site.

3.2.5 Stream Crossings

According to the information provided, the project proposes a road crossing along Stream C to provide secondary access to the project site. Chapter 16.20 of the PMC provides specific stream crossing requirements a project must demonstrate for compliance with the minimum development standards defined in PMC 16.20.320. While the Plan mentions that a culvert consistent with WDFW stream crossing guidelines will be installed, the Plan does not provide any information to

[3] Stream typing is defined in WAC 222-16-030 and the physical characteristics to define presumed fish habitat is defined in WAC 222-16-031.

demonstrate compliance with the stream crossing requirements defined in PMC 16.20.320 and for compliance with the habitat management plan requirements defined in PMC 16.20.755.

3.2.6 Stream and Stream Buffer Impacts

The Plan describes that there will be temporary impacts to Stream A and buffer impacts associated with Streams A and D. The Plan states that a detailed mitigation plan will be submitted to the City following approval of the conceptual items outlined in the Plan. Chapter 16.20 of the PMC does not define a process to submit a conceptual habitat management plan for preliminary review. The current information provided in the Plan does not provide sufficient details and analyses to demonstrate compliance with the project specific development standards defined in PMC 16.20.320 for the proposed utility crossings and for conformance with the habitat management plan requirements defined in PMC 16.20.755.

Plans show that the project will include a pedestrian recreational trail within buffer areas associated with Streams B and C. The Plan does not include any information to demonstrate compliance with the project specific development standards defined in PMC 16.20.320 for trails and trail-related facilities. As proposed, the trail alignment within the stream buffers is not compliant with PMC16.20.230. Per PMC 16.20.230(F), trails shall be positioned in the outer 25 percent of a stream buffer. The current alignment shows portions of the trail well within the inner 75 percent of the stream buffer.

4 SUMMARY

Upon thorough review, the Plan is not compliant with Chapter 16.20 of the PMC. Grette identified several deficiencies for compliance with Section 200 (wetlands) and Section 300 (FWHCAs) of Chapter 16.20 of the PMC. Provided below is a summary of Grette's review of the Plan.

- Per PMC 16.20.220, all wetlands within 300 feet of a proposed project shall be identified. Grette identified one offsite feature that appears to have been evaluated and flagged by SWC; however, the Plan does not provide a discussion describing this feature and how or if this feature meets the definition of wetland per PMC 16.20155. While any buffer associated with this potential wetland area would not extend onto the project site, additional information should be provided to explain why this area was flagged and not discussed in the Plan for compliance with PMC 16.20.220.
- Per PMC 16.20.210, all wetlands shall be rated according to Ecology's *Washington State Wetland Rating System for Western WA – 2014 Update: Version 2* (Hruby and Yahnke 2023). The Plan did not include complete figure sets as required per Ecology's rating system. Complete wetland rating figure sets, as defined in Ecology's rating system, should be provided for compliance with PMC 16.20.210.
- Per PMC 16.20.230, a point should be given to question H3 in Wetland C's rating form. Grette's site review included observations of snags and logs within 330 feet of the wetland. Including this additional point changes the overall habitat score from 5 points to 6 points.
- Per PMC 16.20.230, Category III wetlands with a moderate habitat score (6-7 points)[4] with a proposed high impact land use are subject to a 150-foot buffer. Based on the revised habitat

[4] Per Ecology's guidance (https://ecology.wa.gov/water-shorelines/wetlands/tools-resources/rating-systems), a habitat score of 5 points is considered to provide low habitat functions. The buffer tables defined in PMC 16.20.230 have not been updated to reflect this change. As such, this review is based on Ecology's guidance.

score, the appropriate buffer width for Wetland C is 150 feet. The Plan should be revised accordingly.

- Per PMC 16.20.230, buffer averaging may be allowed if it will improve the protection of the wetland or if it is the only way to allow for reasonable use of the property. The Plan does not provide sufficient detail to support why a reduction to Wetland A's buffer is necessary and prevents reasonable use of the project site to support the proposed alignment of the road and residential park. The Plan should be revised to include additional information to demonstrate there is no feasible alternative to reposition the access road and that reducing the park area would not provide feasible recreational use. Please note that based on one of the figures provided in the plan (Attachment 1), it appears that the standard buffer is being applied to all of Wetland A, which appears to show averaging is not necessary.
- PMC 16.20.230 requires that the increased wetland buffer be in areas that provide higher function compared to the proposed area to be reduced. The Plan describes that the reduced buffer area associated with Wetland A is primarily overgrown with blackberry but only states that the increased buffer area is more heavily vegetated. The Plan needs to be revised to further describe conditions for compliance with this requirement.
- Per PMC 16.20.230, averaging may be allowed if it is the only way to allow for reasonable use of the property. According to the Plan, Wetland B's buffer needs to be reduced in three locations and states that it is necessary because of existing slopes and to better fit several lots. No further explanation to describe site constraints or rationale as to why there are no other design alternatives. The Plan needs to be revised accordingly.
- Per PMC 16.20.230, the increased buffer shall be in area that provides higher function compared to the proposed area to be reduced. The Plan describes that the reduced buffer area associated with Wetland B is primarily shrubs and that the increased area is primarily mature native vegetation but also states that the reduced area and the increased area provide similar function. Based on this summary, it is unclear that the increased buffer is in a high quality area compared to where the reduction is proposed. The Plan needs to be revised to further describe conditions for compliance with this requirement.
- Per PMC 16.20.235, pedestrian trails and trail-related facilities may be allowed in wetland buffers, pending approval, when it is sufficiently demonstrated that those features were designed in compliance with the project specific development standards defined in PMC 16.20.235. The Plan does not include any information to demonstrate compliance with PMC 16.20.235. As proposed, the trail alignment within the wetland buffers is not compliant with PMC16.20.230. Per PMC 16.20.230(F), trails shall be positioned in the outer 25 percent of a wetland buffer. The current alignment shows portions of the trail well within the inner 75 percent of the wetland buffer. The Plan should be revised accordingly.
- Per PMC 16.20.310, Stream C meets the physical criteria to be defined as a Type F feature. While the Plan provides a discussion describing the characteristics of a Type F stream, the Plan refers to the BAS Report to dispute the physical characteristics observed onsite. The Plan inaccurately classifies Stream C as a Type Ns2. The Plan needs to be revised to classify Stream C as a Type F stream and provide information to determine the appropriate location for the type break to a Type Ns1 stream.

- Per PMC 16.20.315, Type F streams are subject to a 150-foot stream buffer and a 25-foot building setback. The Plan needs to be revised to reflect a 150-foot buffer for Stream C.
- Per PMC 16.20.315, Type Ns1 streams include those streams that have a direct connection to a Type S, F, or Np. The Plan inaccurately classifies Streams B and D as Type Ns2 features. Stream Bs and D meet the criteria to be defined as Type Ns1 features. Per PMC 16.20.315, Type Ns1 streams are subject to a 75-foot buffer and a 25-foot building setback. The Plan needs to be revised accordingly.
- Per PMC 16.20.320, a project must demonstrate compliance with the minimum development standards defined in PMC 16.20.320 for stream crossings. The Plan does not provide any information to demonstrate compliance with the stream crossing requirements defined in PMC 16.20.320 and for compliance with the habitat management plan requirements defined in PMC 16.20.755. The Plan should be revised accordingly.
- PMC 16.20.320 provides development standards to allow the placement of utilities within a FWHCA or its buffer if the project follows the standards defined in said section of code. The Plan does not provide sufficient details and analyses to demonstrate compliance with the project specific development standards defined in PMC 16.20.320.
- The Plan does not include any information to demonstrate compliance with the project specific development standards defined in PMC16.20.320 for trails and trail-related facilities within stream buffers. The Plan needs to be revised accordingly.
- A habitat management plan shall meet the minimum reporting requirements defined in PMC 16.20.755. While the Plan does provide sufficient detail for some of the general reporting requirements, the Plan does not provide sufficient information to address mitigation and monitoring or an analysis regarding potential water quality impacts associated with the proposed stormwater discharge and how those impacts will be mitigated. The information that is currently provided to address these examples largely consists of stating native vegetation will be planted in temporarily disturbed areas and that any proposed mitigation monitoring will be provided in more detail at a later time. The information provided that describes the stormwater discharge to the streams does not provide sufficient detail for this review to determine if adequate mitigation and best management practices are proposed to ensure no net loss of existing ecological functions of those FWHCAs for compliance with PMC 16.20.305.

Grette recommends that the issues described above be addressed prior to the City's acceptance of the Plan.

The review of the submitted document was conducted using the best available scientific information and methodologies and the best professional judgment of Grette Associates staff wetland biologists. Final acceptance and approval of the Plan is at the discretion of City staff.

If you have any questions regarding this review, please contact me at (253) 573-9300, or by email at chadw@gretteassociates.com.
Regards,

Grette Associates, a division of Farallon Consulting, L.L.C.



Chad Wallin, PWS
Project Biologist

References:

Grette Associates. 2024. City of Poulsbo – Wetland and Fish and Wildlife Habitat Conservation Areas Best Available Science Review and Recommended Protection Measures Report – Revised. Prepared for the City of Poulsbo. Revised Jone 2024.

Hruby, T. & Yahnke, A. 2023. Washington State Wetland Rating System for Western Washington: 2014 Update (Version 2). Publication #23-06-009. Washington Department of Ecology.

ATTACHMENT 1

SITE MAP

PINNACLE AT LIBERTY BAY PRD



TYPICAL DAYLIGHT LOT CROSS SECTION

NOT TO SCALE

TYPICAL TUCK UNDER CROSS SECTION

NOT TO SCALE

TYPICAL FLAT CROSS SECTION

NOT TO SCALE

SCALE: 1" = 60'

60 30 0 60 120

CONTOUR INTERVAL = 2'

LEGEND

- DAYLIGHT LOTS
- TUCK UNDER LOTS
- FLAT LOTS
- 33 (1A) — LOT NUMBER HOUSE PLAN & ELEVATION

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Drawing: V:\esm\ENGR\ESM-JOBS\2060\004\02\2-ex\Arbitrs\MC-SN-01.dwg Plotted: 5/9/2018 9:43 AM