1. CALL TO ORDER AND ROLL CALL

Mayor Tim Matthes called the meeting to order at 7:00 p.m. Pro-Tem Cindy Lucarelli and Councilmembers Bek Ashby, Jeff Cartwright, Fred Chang, and Jerry Childs were present and constituted a quorum. City Clerk Rinearson, Public Works Director Dorsey, Development Director Bond, Deputy City Clerk Fernandez, and City Attorney Jacoby were also present.

Absent: Councilmembers John Clauson and Rob Putaansuu.

A. Pledge of Allegiance

Mayor Matthes led the audience and Council in the Pledge of Allegiance.

2. CITIZENS COMMENT

Elissa Whittleton requested the detour during the fireworks show be routed through Retsil or Olney instead of Tracy. Tracy is too congested because of it being a fireworks show viewing area.

Terri Squires asked the City Council to be proactive in not allowing marijuana facilities to be within 1,000 feet of home childcare centers.

Wayne Patterson discussed a safety hazard that has been created by his neighbor cutting down trees. He asked the City to mitigate the situation with their hazardous mitigation grant money. He is afraid that his house will fall down the hill.

Tracy Flood introduced herself as a candidate for the Kitsap County District Court Position No. 1.

3. APPROVAL OF AGENDA

Councilmember Cartwright MOVED and Councilmember Chang seconded the motion approving the Agenda.

Councilmember Ashby MOVED and Councilmember Chang seconded the motion to add Business Item 7E Discussion of Cascade Natural Gas to the agenda. Upon vote, the motion passed unanimously.
Councilmember Lucarelli MOVED and Councilmember Ashby seconded the motion to excuse Councilmember Clausen and Councilmember Putaansuu from tonight's meeting. Upon vote, the motion passed unanimously.

Upon vote, the main motion to approve the Agenda as amended passed unanimously.

4. APPROVAL OF CONSENT AGENDA
   A. Approval of Check Nos. 61946 through 62058 totaling $437,963.48, May Payroll totaling $565,830.62 & Treasurer's check book totaling $3,007,342.90
   B. Approval of Setting the June Work Study Session Meeting Date
   C. Adoption of Ordinance No. 008-14, Adopting a City Flag Policy
   D. Approval of Contract No. 059-14, Authorizing the Mayor to Execute an Agreement with Washington State Department of Natural Resources for the Renewal of the 2014 DeKalb Street Waterway Permit #20-A12074
   E. Approval of Public Event Application: Hi-Joy Cackle Fest/Car Show

Councilmember Ashby MOVED and Councilmember Lucarelli seconded the motion approving the Consent Agenda. Upon vote, the motion passed unanimously.

5. PRESENTATION

No presentations were given.

6. PUBLIC HEARING

No public hearings were held.

7. BUSINESS ITEMS

A. Discussion: Centers of Local Importance Regarding Comprehensive Plan Amendment

Development Director Bond presented the staff report, noting KRCC will be taking up the issue of local centers in the coming months. Local centers are addressed in Element C of the Countywide Planning Policies (CWPPs). Local Centers are different that Regional Centers as designated through the PSRC regional planning process. Local centers can be town or city centers, mixed use centers, activity and employment centers, and/or transportation hubs which are locally important, but don’t have the regional significance of regional centers like the Port of Tacoma, Frederickson, SKIA, or cities such as Seattle, Bellevue, or Bremerton. By designating local centers in the CWPPs and in the local comprehensive plan, the City is identifying important areas of existing activity and areas where concentrated growth is desired. Centers are places where the City would like to direct growth and prioritize infrastructure investment to support that growth. It is possible that projects in
designated centers would score higher in certain grant application processes than projects located outside of centers. This is especially true when it comes to transportation funding.

With this issue coming up for a discussion in the coming months at KRCC, it is important that the City Council have a conversation about its identified local centers, its goals for future growth, and investment in the City. The list of designated Local Centers is found in Appendix F of the CWPPs. This list has not been updated since 2004. Since 2004, Port Orchard has changed considerably in terms of growth and annexations. In Appendix F, three centers are identified in Port Orchard, yet in the City’s own comprehensive plan no centers are identified. It would be a good idea for the City to consider identifying local centers in the comprehensive plan in the near future so that they can be added to Appendix F when the CWPPs are next updated.

Councilmember Ashby said this topic was discussed at length at yesterday’s Economic Development Committee meeting. They extended some boundaries so that most of the centers touch each other, thereby leaving no gaps. The primary reason they divided it into smaller sections was that it would be easier to plan and get a developer for a smaller area rather than a larger area. They were hoping to introduce the Council to this so that when they are presented with the proposed amendment, they are already familiar with it. The Planning Commission will hold a public meeting, vet this thoroughly, and present their recommendations to the Council and at a public hearing before the Council makes a decision.

In response to Councilmember Chang, Development Director Bond walked through Appendix F and the three centers designated in the County and correlated them with the Vision Port Orchard designation scenario.

Councilmember Cartwright said it made sense to abut the centers, and he is currently in support of this philosophy.

In response to Mayor Matthes, Development Director Bond said the downtown boundary is actually the overlay district, so the center boundary exactly matches the overlay district.

Councilmember Ashby said the centers would each have their own unique identity and design guidelines.

Councilmember Lucarelli likes having the centers abut one another if that is going to help with the cause for getting more transportation dollars.

**B. Approval of May 20, 2014, Council Work Study Session Meeting Minutes**

Councilmember Chang MOVED and Councilmember Childs seconded the motion to approve the May 20, 2014, Council Work Study minutes. *Upon vote, the motion passed unanimously.*
C. Approval of May 27, 2014 Council Meeting Minutes

Councilmember Cartwright MOVED and Councilmember Lucarelli seconded the motion to approve the May 27, 2014, Council meeting minutes. Upon vote, the motion passed unanimously.

D. Discussion: Recreational Marijuana Land Use Regulations

Development Director Bond said this agenda item was in response to the question of marijuana facilities being in close proximity to home-based day cares. Ms. Squires’ day care is located in close proximity to the Port Orchard industrial area where there are several marijuana license applicants. There is a discrepancy between the City’s understanding of the rule concerning day care buffers and what the State is now saying about whether or not marijuana uses are prohibited based on whether something is in a central day care facility or a home-based facility.

City Attorney Jacoby said when the City Council adopted interim and then permanent regulations regarding recreational marijuana, they talked about whether to track the liquor control board regulations, ban it all together, or to be more restrictive. They consulted with the insurer and the attorney that represented the insurer, and they ended up adopting local regulations that tracked the State regulations. What has become known is the State regulation with respect to day care providers is perhaps too narrow. There are two types of licensed day cares, there are childcare centers, and those are addressed in the State regulations (non-residential type centers), and there are many licensed residential day care providers. The regulations describe them as family home childcare centers/providers. Ms. Squires is an example of someone who is licensed under a different chapter as a family home childcare provider. State regulations do not address her facility type, nor does the City’s regulations. The question for the Council is whether they wish to amend their code.

The draft ordinance changes just one section of the chapter on recreational marijuana, and it expands the definition of day care providers that will be subject to this 1,000-foot buffer.

City Attorney noted the industrial park is the only part of the City where producers can operate. Three or four applications are pending in that park. That does not mean all are going to be approved. It is likely that one will be approved, and be located more than a 1,000 feet from Ms. Squires’ daycare. This 1,000-foot issue will come up somewhere else in the City, so it is worth considering the issue right now.

Councilmember Childs said the intent is to not put these growing operations near where children are located. The draft ordinance has his support.

In response to Councilmember Cartwright, City Attorney Jacoby said he copied the language straight out of the RCW that defines these facilities. He would be happy to look into nursery schools in weather adding the language “and is licensed” is necessary.
In response to Councilmember Cartwright, Development Director Bond said when they did the original map that showed the blacked out buffers, they did a search on the internet looking for people who advertised a service in addition to those that were known centers. They did not do a search for residential home centers because they did not know it was a separate category. There are probably some more that could be added to the map, which may distort things further. The map needs further updating.

Councilmember Cartwright would like to see an updated map before making a decision on the proposed ordinance.

In response to Councilmember Cartwright, City Attorney Jacoby said there was virtually no risk of litigation if the City's regulations match the State's regulations. Having no risk was one of the reasons why the Council decided to adopt the State regulations. The cities that have banned marijuana are headed to court. A lawsuit was filed against the City of Wenatchee. The City of Port Orchard chose the practically zero risk regulations. This proposal would be more restrictive, because it covers a category that is not covered by State law. The Liquor Control Board's position is if someone applies for a State license and it meets our requirements, they will issue a State license. That does not mean that the applicant does not also have to meet local requirements. As local requirements become more restrictive or would prevent them from exercising their rights under a state issued license, is where you get the potential for a lawsuit. He would think cities would lobby the Liquor Control Board to revise regulations and cover this.

In response to Councilmember Ashby, City Attorney Jacoby said an established processor or producer would be able to continue if someone moves in next door and opens up a day care facility.

In response to Councilmember Chang, City Attorney Jacoby said he is not positive if some cities chose more stringent regulations besides outright banning it.

Councilmember Chang is sensitive to the daycare's perceived plight. He noted her residence was not in city limits, and it would pain him to curtail the industrial area's use. He would like to see the map once it is generated to see the differences before making a decision. Right now 90% of the City was already blacked out.

City Attorney Jacoby said that if the Council is inclined to change the code, it would be better to do it sooner than later, so that our regulations are communicated to the applicants. It also puts the City in a better position to do the changes now before licenses are issued.

City Attorney Jacoby recommended having more discussion at the June 24 meeting and then take action subsequent to Council getting the additional information that they requested.

E. Discussion: Gas Utility Tax
In response to Councilmember Ashby, City Attorney Jacoby said the RCW requires that franchise agreements have five votes in order to pass.

In response to Councilmember Ashby, City Attorney Jacoby said that the Council has the authority to adjust the franchise fee. The simpler approach would be to leave it at two percent, knowing at any time that they could amend the agreement.

Councilmember Ashby does not know if she will be ready to vote in favor of the current proposed agreement. She needs more time to do her due diligence, but does not want the current agreement to expire. Her due diligence involves an analysis of the budget, projected revenues, and future needs. She wants to be clear on that before she votes to do any increase.

Councilmember Chang wants an agreement, but he is not sure how he feels about the proposed increase.

In response to Councilmember Lucarelli, City Attorney Jacoby said he could prepare two alternative agreements for consideration.

8. COMMITTEE REPORTS

Councilmember Childs gave a report on the Finance Committee meeting where they discussed economic numbers that were good. For the whole year, sales tax is up four percent and we are ahead of projections on excise tax. They discussed reserves that are moving in a positive direction and unfunded liabilities that might be coming down the pike.

Councilmember Ashby reported on the Economic Development Committee meeting where they discussed the wayfinding system, concept of centers, and the comprehensive plan presentation. The committee decided to host a booth at the Fathoms O' Fun vendor fair and invite all Councilmembers to join them on June 28 and 29. She also observed that the City needs a media kit or a common place for appropriate marketing materials for builders and how requests should be handled. The next Economic Development Committee meeting is July 14 at 10:00 a.m.

Councilmember Lucarelli reported the next Utility Committee meeting is at the Homemade Café at 8:00 a.m. on June 20.

Councilmember Cartwright reported the Public Properties Committee discussed the traffic revision for July 4; results of the boundary survey of Paul Powers Park and next steps; a request for a speed bump on Division; and placement of a DVD kiosk on City property by the foot ferry. The next meeting is scheduled for July 14 at 8:30 a.m.

Councilmember Chang will be working with the City Clerk to set up a schedule for the Lodging Tax Advisory Committee. He requested that funding Visit Kitsap be placed on the June Work Study session.
Councilmember Lucarelli reported the Chimes & Lights Committee would begin meeting in August.

Councilmember Ashby reported Thursday is the KRCC and PSRC Transpol meetings.

**9. MAYOR’S REPORT**

Mayor Matthes reported:
- The monthly City E-Newsletter is available.
- The Mayor’s Report on City Parks is available.
- City Parks Tour is scheduled for June 21.
- Town Hall Meeting scheduled for June 12 at 6:30 p.m.
- God Bless America concert and Points of Light awards this past weekend, and he read the bios of Alfred Coffelt, Jr. and Michael Countryman.

**10. REPORT OF DEPARTMENT DIRECTORS**

Public Works Director Dorsey reported on the Fourth of July detour route and the Community Service van has been scheduled for the Parks Tour.

Development Director Bond reported a new webpage his department has created for DCD notifications, and it will be used in conjunction with the City’s Facebook page. He also noted that there is a current investigation on the property that Mr. Patterson spoke about earlier in the evening.

City Clerk Rinarson reported that her department has been dealing with many claims; she acknowledged Von Nix and Marc Fournier for their actions in response to an incident; the Council will be taking a group photo on June 24 prior to the Council meeting; a legal notice has been published in the Kitsap Sun and POI for the gas tax increase proposal; she needs guidance from the Council for a retreat date; she has met with several phone vendors; she needs direction from Council on whether they would like to have their November 11 Council meeting on November 12; and she received two bids for the City’s official newspaper.

Councilmember Ashby extended her appreciation to Ms. Jenine Floyd and other staff members for their work on Relay for Life.

**11. CITIZENS COMMENTS**

**Mrs. Whittleton** thanked Public Works Director Dorsey for investigating the traffic reroute. She thanked Mayor Matthes for the concert and noted that South Kitsap Helpline received $1,200 in donations. She discussed her thoughts concerning natural gas tax increase. She is still dissatisfied with the fact that the Utility and Finance committees continue to be held in restaurants; she wondered if the Council would be good stewards of increased revenues when $3,000 was budgeted for a 3-minute timer and $1,200 for breakfasts during committee meetings.
Councilmember Cartwright said the public comment timer takes the Mayor out of the hot seat of having to stop someone from talking. It is how other municipalities manage public comment. It is something that was heavily supported by the full council. It would be a worthy piece of technology to make the meetings efficient and orderly. He wondered why it was not already installed.

Mr. Patterson said a timer would make sense if there were a room full of citizens wanting to comment, but there are only three people attending the meeting tonight. More dialogue is needed with the public, not less. If the Council loses sight of what the people want and what they are trying to tell them for the sake of moving the meeting along, then they have the wrong idea. They need to be a good guardian to keep the public faith, and a timer is a barrier the Council is promoting for the sake of efficiency.

Ms. Harmon said the public comment time limits also vary depending on who is speaking. She feels developers get more time than normal citizens.

12. EXECUTIVE SESSION

At 8:45 p.m., Mayor Matthes recessed the meeting for a 10-minute executive session regarding real estate matters in accordance with RCW 42.30.110(i)(b). City Attorney Jacoby and Development Director Bond were invited to attend and the Mayor announced that no action would be taken because of the executive session.

At 8:55 p.m., Mayor reconvened Council back into regular session.

13. ADJOURNMENT

At 8:55 p.m., Mayor Matthes adjourned the meeting.

Brandy Rinearson, CMC, City Clerk

Timothy C. Matthes, Mayor