1. CALL TO ORDER AND ROLL CALL

Mayor Tim Matthes called the meeting to order at 7:00 p.m. Councilmembers Bek Ashby, Jeff Cartwright, Fred Chang, John Clauson, and Rob Putaansuu were present and constituted a quorum. City Clerk Rinearson, Public Works Director Dorsey, City Treasurer Martin, Development Director Bond, Police Chief Marti, Deputy City Clerk Fernandez, and City Attorney Jacoby were also present.

Absent: Councilmembers Childs and Lucarelli

A. Pledge of Allegiance

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

2. CITIZENS COMMENT

Ms. Donna Bailey asked how to nominate somebody for a Point of Light Award. She would like a citizen's committee to study for a year the impacts of the Fourth of July on the community. She asked if there is a liaison that works between municipal court and the superior court so that people do not have the same trial dates.

Mr. Gil Michael expressed his unhappiness that when he asked at the June 26 Council Meeting regarding Well 4B that if anyone on the Council had any business or personal relations with C&M Golf LLC that they would disclose what those were. Nobody on the Council said anything. He found out that Councilmember Putaansuu was Treasurer for Mr. Cucciardi in his campaign for Port Commissioner. Councilmember Putaansuu lent the campaign $2,500 and forgave the loan after the election. He does not understand why Councilmember Putaansuu failed to disclose that relationship. He also noted the original staff report had listed under Fiscal Impact: “None”, yet the City Treasurer calculated the value of this gift of water at $160,000 per year. The public has been provided with very little information. One must conclude that the public must do a public records request. How can the public know what to request if nothing is provided. He is very disappointed in this measure and the unanimous vote of the Council because there are a lot of unanswered questions and relationships. Why was it so important to pass right now without the public having unfettered access to the documents?

Mr. Vance Vaught mentioned when he got involved with politics locally it was because of ethics and it was because he wanted to see government that is more transparent. He thinks the City does need an ethics manual. You can sometimes do things because it is legal, it doesn’t necessarily mean it is ethical. The citizens who are not just “regulars” but they are civic-minded citizens who come and take their time to come to these meetings, so they can find out what is going on and lend input. They want to see things like what Mr. Michaels just mentioned so they can evaluate this stuff for themselves. If there were an ethics manual, this information would have been provided forthwith. While it may be legal, it is not ethical to keep the public out in
the dark this way. The Council has a duty to bring as much of this stuff out in the open so that citizens can review it, sign off on it, and maybe even come up with some better solutions. They would like to do something positive and not negative all the time. When the public came up with ideas and suggestions, like public business needs to be done in the City Hall, it should at least be answered and given input as to why the Council does not do it. Why does the Council feel it is necessary to hold public business in a place where the public cannot get good audio for that? The City has a perfect building for meetings. City business should be done in the City Hall.

Mr. Nick Whittleton thanked Police Chief Marti and Public Works Director Dorsey for making their neighborhood better this year for the Fourth of July. He did not notice any illegal fireworks.

3. APPROVAL OF AGENDA

Councilmember Putaansuu MOVED and Councilmember Clauson seconded the motion to remove Business Item 7A from the Agenda.

Councilmember Chang would like Business Item 7A as a discussion item to the agenda.

City Attorney Jacoby recommended once the Agenda is approved to make a motion and if it is seconded to add that as a discussion item. The motion to have it as a discussion item requires a second.

Upon vote, the motion passed with four affirmative votes and one dissenting vote. Councilmember Chang cast the dissenting vote.

Councilmember Cartwright MOVED and Councilmember Ashby seconded the motion to excuse Councilmember Childs from the meeting.

Councilmember Chang would also like to make a motion to excuse Councilmember Lucarelli, but he thought he would do that under the Consent Agenda.

Councilmember Clauson said that right now they are talking about approving the Agenda, so the current motion is not germane to the current topic.

City Attorney Jacoby said either it is added to Consent, or it is done after approving the Agenda.

Councilmember Cartwright revised his motion and Councilmember Ashby seconded his motion to put under 4G the excusal of Councilmember Childs and Councilmember Lucarelli. Upon vote, the motion passed unanimously.

Councilmember Clauson MOVED and Councilmember Putaansuu seconded the motion approving the Agenda, as amended. Upon vote, the motion passed unanimously.
4. APPROVAL OF CONSENT AGENDA

A. Approval of Check No. 62130 through 62242 totaling $584,649.67; June Payroll Warrant Nos. 145865 through 145910 totaling $572,830.12; and Treasurer’s Checkbook in the amount of $6,423,331.93
B. Approval of Setting the July Work Study Session Meeting Date
C. Approval of June 24, 2014, Council Meeting Minutes
D. Adoption of a Resolution Declaring Certain Real Property as Surplus
E. Approval of a Contract with C-More Pipe Services for the 2014 Sewer TV, Cleaning, and Lining Maintenance
F. Approval of Public Event Application: Port Orchard Jingle Bell Run/Walk
G. Excuse Councilmember Childs and Councilmember Lucarelli from Tonight’s Meeting

Councilmember Clauson MOVED and Councilmember Putaansuu seconded the motion approving the Consent Agenda, as amended. Upon vote, the motion passed unanimously.

5. PRESENTATION

No presentations were given.

6. PUBLIC HEARING

A. Public Hearing and Adoption of an Ordinance Adopting Interim Regulations Amending POMC Section 16.39.030 to Restrict Recreational Marijuana Businesses from Operating within 1,000 Feet of Family Daycare Providers, Nursery Schools, and Preschools

City Attorney Jacoby presented the staff report, noting it has come to staff’s attention that while state law and Port Orchard Municipal Code restrict recreational marijuana businesses from operating within 1,000 feet of a “child care center,” the definition of child care center is very narrow and does not apply to residence-based day care facilities (referred to as “family day care providers” in state regulations) nor does it address nursery schools or preschools. Staff believes the same rationale for restricting recreational marijuana businesses from operating within 1,000 feet of a childcare center also applies to a family day care provider, nursery school, or preschool and therefore the same rules should apply.

The proposed ordinance would adopt interim regulations amending POMC 16.39.030 by adding language to clarify that marijuana businesses may not operate within 1,000 feet of child care centers, family day care providers, nursery schools or preschools. After the Department of Commerce has completed its expedited review of the regulations, staff anticipates bringing the interim regulations back to Council for final adoption.

Mayor Matthes opened the Public Hearing at 7:20 p.m.

Mr. Paul Vaughn asked that the Council consider separating retail versus growing and processing businesses for the amendment. The City has already separated them in their zoning
plans. The only area growers and processors can exist in is the industrial park. The concerns that citizens have might be about foot traffic for retail businesses. The children will not be exposed to the industrial park. The growth and processing businesses have employees, not customers, who go through background checks. The facilities will have security systems on their facility as mandated for law.

In response to Councilmember Chang, Mr. Vaughn described the path he took from the industrial park to get to the home day care and it was over two miles.

In response to Councilmember Cartwright, Mr. Vaughn he said he does not have a currently application in at the industrial park.

In response to Councilmember Clauson, Development Director Bond said the parameters for producing and processing recreational marijuana were that it has to be in the industrial zone, and it has to have a license from the State Liquor Control Board, and the City has adopted all of the State’s requirements regarding production and processing and incorporated them into the City’s Ordinance. There were no additional burdens that were placed on production or processing. City Attorney Jacoby said the State requires that it be grown indoors only and there needs to be a security system.

Mr. Vaughn said the grow operations are allowed to be greenhouses and outdoors. His plans would be to do an indoor operation. The State does allow outside grows.

City Attorney Jacoby said the provision the City adopted addresses cultivating, growing, processing, displaying, manufacturing, selling, and storage shall be conducted out of the public view.

Ms. Collette Thomas on behalf of Crockpot, a retail marijuana business, had put an application in on 1703 SE Sedgwick in adherence to all of Port Orchard’s zoning codes. They are due to have a final inspection on Monday. She is asking that their business, which is nearing the final measures of opening, be grandfathered in. They signed a very long lease and spent a lot of money for tenant improvements.

In response to Councilmember Chang, Development Director Bond said that South Park is right next to that intersection, but since it is an undeveloped park, the 1,000-foot buffer would not apply at this time. Once that park is developed, any future businesses that came in would not be able to be in that area, the existing ones would be able to continue to operate.

Councilmember Cartwright clarified that Crockpot’s current business application would not be impacted by the Ordinance. City Attorney Jacoby said he does not believe it is subjected to the 1,000-foot rule.

City Clerk Rinearson read a statement from Terri Squires into the record. She requested that all businesses working with children be given the same protections from marijuana businesses.

There being no further testimony, Mayor Matthes closed the Public Hearing at 7:37 p.m.
In response to Councilmember Ashby, City Attorney Jacoby said the amendment would affect new businesses that come in after a daycare is established.

In response to Councilmember Ashby, Development Director Bond said in order to determine where home daycare centers are located, staff would have to put in a public records request to the Department of Early Learning for an updated list of home-based childcare providers. There is a bit of work if City staff has to determine where or not there is a new facility in proximity.

In response to Councilmember Chang, Development Director Bond explained how the buffer line would run from property line to property line. Councilmember Chang is concerned with how the proposed changes would affect the industrial park and the empty K-Mart shopping center.

Councilmember Putaansuu is concerned about staff time to monitor this. He also thought the City did a good job in determining very specific locations where these businesses could locate. He has some reservations on the proposed changes.

In response to Councilmember Cartwright, Development Director Bond said there was lot that somebody had applied for a license from the Washington State Liquor Control Board that might be affected depending on where the applicant is in the process.

Councilmember Cartwright said he is concerned about changing the rules of the game halfway through some other business entity's planning and research. He said the industrial area is ideal for this operation. He does not want to change the process halfway through the process.

Councilmember Clauson said the difference between retail and growing is significant. It was a very valid point with the City code that the growing has to be done inside and you will not have the traffic coming and going from that type of facility as you would from a retail facility. They should be treated differently. He agreed with Councilmember Ashby's point that as the City develops, with creation of new home daycares, there will essentially be nowhere for retail sales if they have not already been approved. This can evolve to something more than what is recognized today. He shares Mr. Chang's concern with the nearly vacant shopping center on Mile Hill.

Councilmember Ashby said the City Council was very cognizant of State law when they adopted the Ordinance, and this is a deviation from the State rules.

Councilmember Ashby MOVED and Councilmember Clauson seconded the motion to approve Ordinance No. 012-14 adopting interim regulations to restrict recreational marijuana businesses from operating within 1000 feet of family day care providers, nursery schools, and preschools – in addition to child care centers. Upon vote, the motion failed unanimously.

B. Public Hearing and Adoption of a Resolution Granting a View Protection Overlay District Exemption to Paul Berg for Properties Located on Smalley Lane
Development Director Bond presented the staff report, noting the City has received a request for multiple View Protection Overlay District (VPOD) exemptions from Paul Berg for 823, 829, 835, and 841 Smalley Lane. Exemptions are authorized under POMC 16.20.712, upon findings and conclusions by the City Council that demonstrates the proposal meets the criteria for granting. The Resolution, which has been prepared in conjunction with this staff report, includes suggested findings based on site visits and a review of the application and supporting materials. A public hearing notice for the proposal was published, mailed to all residents within 300 feet of the subject properties, and posted at the site indicating that a public hearing would be conducted on July 8, 2014.

Mayor Matthes opened the Public Hearing at 7:54 p.m.

Nick Bond read into the record an email from Mr. Berg in support of the approval of the resolution.

There being no further testimony, Mayor Matthes closed the Public Hearing at 7:55 p.m.

In response to Councilmember Chang, Development Director Bond said Mr. Berg would be able to build two-story homes (33 feet high). He found out after closing on the property that he was limited to one-story homes.

Councilmember Ashby MOVED and Councilmember Putaansuu seconded the motion to approve a Resolution granting a View Protection Overlay District Exemption to Paul Berg for properties located on Smalley Lane. Upon vote, the motion passed unanimously.

7. BUSINESS ITEMS

A. Request for Reconsideration of Approval of Contract No. 053-14: An Agreement Regarding Use of Well 4B Water Rights and Rescission of Assignment

B. Approval of a Contract with Universal Fields Services for the 321 Maple Street Acquisition Associated with the Well No. 10 Project

Public Works Director Dorsey presented the staff report, noting as a function of the City of Port Orchard’s 2014 EPA/DWSRF federally funded Well No. 10 project, the acquisition of the 321 Maple Street property will benefit the overall Project through 1) a public health benefit, 2) safety improvements and 3) a value engineering perspective.

Once the property is acquired, Maple Street will be able to be both realigned and reconstructed to allow for an improved public street located away from Blackjack Creek and to provide a stable platform in which to construct the new water mains associated with the Well No. 10 improvements. Since the Project is EPA funded, acquisition services must comply with the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act. Therefore, the City’s Public Works Department requested a professional services proposal from Universal
Field Services, Inc., being the City's federal acquisition services provider and received a Scope of Work consistent with federal requirements for a fee of $20,342.92. The Public Works Department has confirmed 1) that professional services acquisition process was followed and 2) that the proposal is able to be funded within the EPA/DWSRF Loan Budget and 3) the owners of 321 Maple Street are currently willing Sellers.

Councilmember Putaansuu gave explanation on how this is a more cost effective approach for Well 10.

In response to Councilmember Chang, Councilmember Putaansuu said the City would not know the final numbers until they go out to bid. Public Works Director said that the City has the $6 million loan. He met with BHC consultants to do the final design. They will develop the scope and the budget for final design, permitting, public outreach, construction, and this acquisition. Everything at this point shows that there is enough funding to the project and acquire this land, but it is not guaranteed.

**Councilmember Putaansuu MOVED and Councilmember Clauson seconded the motion to authorize the Mayor to execute a Contract with Universal Field Services, Inc. in an amount not to exceed $20,342.92 for the 321 Maple Street Acquisition Services. Upon vote, the motion passed unanimously.**

C. Approval of June 17, 2014, Council Work Study Session Meeting Minutes

Councilmember Chang MOVED and Councilmember Clauson seconded the motion to approve the June 17, 2014, Work Study Session Meeting Minutes. **Upon vote, the motion passed with three affirmative votes and two abstentions. Councilmember Ashby and Putaansuu abstained from voting.**

**8. COMMITTEE REPORTS**

Councilmember Clauson reported the next Finance Committee meeting is July 24th, at the Pancake House at 7:30 a.m.

Councilmember Ashby reported the next ED/Tourism Committee meeting is July 28th, at City Hall. She reported the Council had a booth at the Fathoms O’ Fun event last weekend.

Councilmember Putaansuu reported the next Utility Committee meeting is July 18th, at the Homemade Café at 8:00 a.m. The Sewer Advisory Committee meeting is August 27th, at 6:30 p.m.

Councilmember Cartwright reported the next Public Property Committee is July 28th, at 8:30 a.m. at City Hall.

Councilmember Ashby said PSRC Transpol and KRCC Transpol are scheduled for next week.
Councilmember Putaansuu said the KRCC ART met today. They are close to the end of their work; two more meetings are scheduled.

9. MAYOR’S REPORT

Mayor Matthes reported at the Kitsap Public Health Board meeting they discussed e-cigarettes.

Mayor Matthes welcomed the Chris Craft Rendezvous that is happening this weekend and celebrating their 25th anniversary. He encouraged the public to visit the boats.

10. REPORT OF DEPARTMENT DIRECTORS

Public Works Director Dorsey reported Well 10 anticipated contract approval is July 22nd or August 12th; the 2014 asphalt repairs is out to bid; and McCormick Village Park is ahead of schedule.

In response to Councilmember Ashby, Public Works Director Dorsey said Bay Street Pedestrian Pathway Section 4 has two issues. One issue is the Bay Ford Clean Up; the second, WDFW is looking for mitigation to build the bridge. They are moving ahead with the 14-foot bridge width, and he believes the project will be done in 2015.

Development Director Bond reported the Wayfinding Project is moving along and reviewed the first concepts for that; the City is moving forward with the two RCO grants; and there is a 10-minute executive session on real estate matter this evening.

City Clerk Rinearson reported there will be a 15-minute executive session to discuss potential litigation at the end of the meeting; she is working with the LTAC Chair and the Mayor to replace Visit Kitsap who declined participating on LTAC; and she is seeking Council direction for a retreat date.

11. CITIZENS COMMENTS

Ms. Gerry Harmon said if you are going to have a Council Committee meeting at a restaurant, the public has to be at the same table with the committee.

Mr. Nick Whittleton expressed his concerns over the use of recreational marijuana.

12. EXECUTIVE SESSION

At 8:25 p.m., Mayor Matthes recessed the meeting for a 15-minute executive session regarding potential litigation in accordance with RCW 42.30.110(1)(i). City Attorney Jacoby and City Clerk Rinearson were invited to attend and the Mayor announced that no action would be taken because of the executive session.

At 8:40 p.m., Mayor reconvened Council back into regular session.
At 8:40 p.m., Mayor Matthes recessed the meeting for a 10-minute executive session regarding real estate matters in accordance with RCW 42.30.110(1)(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 8:50 p.m., Mayor reconvened Council back into regular session

13. ADJOURNMENT

At 8:50 p.m., Mayor Matthes adjourned the meeting.

Brandy Rinearson, CMC, City Clerk

Timothy C. Matthes, Mayor