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, City Treasurer Martin, Deputy City Clerk Fernandez, and Interim City Attorney Morris were also present.

Absent: Councilmembers Clauson and Putaansuu

A. Pledge of Allegiance

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

2. CITIZENS COMMENT

Mrs. Elissa Whittleton played audio recordings from June and July Utility Committee meetings, which refer to home-based businesses being assessed commercial storm sewer rates. She would like the verbiage adjusted with POMC 13.06.020 in order to protect home-based businesses.

Mr. Gary Anderson spoke against reducing the Urban Growth Area (UGA) boundaries for the comp plan. Home Depot, Target, Sonic, and the YMCA have decided against developing here because there was not enough population or dollars to justify building a store. South Kitsap needs to encourage population growth into our community.

Mr. Pat Waters spoke against reducing the Urban Growth Area (UGA) boundaries. It would not help the building community and the residential community. Areas should be maintained for the City, and the City should be responsible by accepting and promoting growth.

3. APPROVAL OF AGENDA

Councilmember Cartwright MOVED and Councilmember Ashby seconded the motion adding Consent Agenda 4E excusing Councilmembers Clauson and Putaansuu from tonight's meeting. Upon vote, the motion passed unanimously.

Councilmember Ashby MOVED and Councilmember Cartwright seconded the motion to add Business Item 7H – Approval of an Expense for Marketing Material for the West Sound Transportation Alliance. Upon vote, the motion passed unanimously.
Councilmember Childs MOVED and Councilmember Cartwright seconded the motion removing Business Items 7A and 7B until such time that Councilmembers Putaansuu and Clauson return to share in the discussion. Upon vote, the motion passed unanimously.

Councilmember Ashby MOVED and Councilmember Childs seconded the motion approving the Agenda, as amended. Upon vote, the motion passed unanimously.

4. APPROVAL OF CONSENT AGENDA
   A. Approval of Check Nos. 62697 through 62831 totaling $420,934.60, September Payroll totaling $573,394.49, and the Treasurer’s Check Book in the amount of $1,876,867.40
   B. Approval of Setting the October Work Study Session Meeting Date
   C. Approval of the September 16, 2014, Work Study Session Minutes
   D. Approval of Public Event Application: Festival of Chimes and Lights
   E. Excusal of Councilmembers Clauson and Putaansuu from Tonight’s Meeting

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

5. PRESENTATION

A. KRCC Kitsap Multi-Modal Plan (Heffron Transportation, Inc.)

Ms. Jennifer Barnes, Heffron Transportation, Inc., gave a briefing on the Kitsap Countywide Multimodal Transportation Plan, Phase 1 work. Presentation highlights included phase 1 overview; plan & policy report; key phase 1 findings; phase 2 scope; and next steps.

B. Transportation Impact Fee Rate Analysis

Victor Saleman, PSI, gave a briefing on the Transportation Impact Fee Rate Analysis. Presentation highlights included impact fee basics; Port Orchard fee analysis; Port Orchard fee calculation; additional issues; impact fee implementation; impact fee comparison; and credits and adjustments.

C. Finance Department Distinguished Budget Award 2014

Mayor Matthes recognized the Treasurer’s Office for receiving the Distinguished Budget Award in 2014.

6. PUBLIC HEARING

A. Revenue Sources Hearing – Current Expense Budget 2015
City Treasurer Martin presented the staff report, noting the City legislative body is required to hold a Revenue Sources Hearing on current expense budget revenue sources for the coming year’s budget, including consideration of possible increases in property tax revenues (Chapter 251, Laws of 1995, codified as RCW 84.55.120). The hearing is required before the legislative body votes on a property tax levy for the upcoming year. The deadline for setting the levy for property tax collection for 2015 is on or before November 30, 2014. This Hearing is a part of the public process that leads to an Ordinance being forwarded to the Kitsap County Assessor along with a Levy Certification in order to set the property tax levy for collection in the 2015 tax year. “Current expense budget” means that budget which is primarily funded by taxes and charges and reflects the provision of ongoing services. It does not mean the capital, enterprise, or special assessment budgets.

Mayor Matthes opened the Public Hearing at 8:14 p.m.

City Treasurer Martin presented the 2015 Revenue Sources PowerPoint, which highlighted the following: an overview of the City’s Current Expense and Street Budgets; 2015 tax revenues; 2015 revenue all sources; budgeted revenue comparison; property tax collection history; property tax comparison – 2013 to 2014; retail sale & use tax revenue; sales tax collection; sales tax received by month; sales tax collection 2012-2014; and seasonal revenue flow – all revenues.

In response to Councilmember Ashby, City Treasurer Martin said the preliminary budget worksheet provides a comparison of 2013 and 2014. The lowest the levy could be is $1.60 per thousand. The extra amount over the $1.60 (right now $0.11) is used for ongoing expenses. The City’s financial policies addresses that the City should move to writing a definition of “one-time revenue” and putting that into a capital project or a one-time expense. That has been talked about at a recent Finance Committee meeting.

In response to Mayor Matthes, City Treasurer Martin said jurisdictions that use their base levy rate for operations are better off during times of economic downturn.

In response to Councilmember Chang, City Treasurer Martin said he had not heard anything in regards to the sales tax going up in Kitsap County.

There being no further testimony, Mayor Matthes closed the Public Hearing at 8:35 p.m.

7. BUSINESS ITEMS

A. Adoption of an Ordinance Amending Port Orchard Municipal Code Chapter 1.18 Public Records Requests
B. Adoption of a Resolution Adopting Policies and Procedures for Processing Public Records Request

C. Approval of a Contract with Port Orchard Bay Street Association (POBSA) for Fertilizing Hanging Baskets Downtown

Councilmember Ashby announced her potential conflict, as she is a member of POBSA and past interim treasurer for the association; however, she does not stand to gain financially from this contract. There were no voiced objections to her voting on this matter.

City Attorney Morris presented the staff report, noting the City has statutory authority to spend money for tourism promotion in the City. RCW 35.21.700, RCW 35.101.010(4). Beautification of the City attracts and welcomes tourists.

The Port Orchard Bay Street Association (POBSA) provided twenty-eight decorative hanging planter baskets along the downtown marquee on Bay Street. POBSA also hired a contractor to fertilize the hanging baskets over an 18-week period, which cost them in excess of $2,000.00. POBSA also agreed that if the cost exceeded this $2,000.00, that they would pay any overage.

On May 13, 2014, the City agreed to reimburse POBSA not more than $2,000.00 towards this cost, as long as the POBSA complied with the City’s requirements for completing such work, such as the payment of prevailing wage to the contractor. Staff was directed to present the Council with an agreement consistent with these terms for approval.

In response to Councilmember Cartwright, Councilmember Chang said LTAC was not an option, because this matter came up after the budgeting period.

In response to Councilmember Cartwright, Interim City Attorney Morris said it was okay to allocate this expense because it was part of tourism promotion, and many cities do this.

In response to Councilmember Lucarelli, City Treasurer Martin said the invoice is from Don Ryan, but the contract is with POBSA.

In response to Councilmember Lucarelli, Councilmember Ashby said POBSA solicited bids from three to four different vendors. The bid that was accepted was the lowest one, which came from one of Don Ryan’s companies.

In response to Councilmember Lucarelli, Interim City Attorney Morris said this contract is with POBSA, we are giving them the money, and then they pay the vendor. Public Works Director said this work was already done and invoiced in the summer. This is most likely reimbursing POBSA part of the expense for the work.
Councilmember Cartwright MOVED and Councilmember Chang seconded the motion to authorize the Mayor to sign the proposed Agreement between the City of Port Orchard and the Port Orchard Bay Street Association, for tourism promotion, and making reimbursement of $2,000.00 towards the Association’s costs for the provision of 28 hanging planter baskets along the downtown marquee on Bay Street, and the hiring of a contractor to fertilize these baskets for a period of 18 weeks. Upon vote, the motion passed unanimously.

D. Approval of Change Order No. 15 to Contract No. 002-05, Authorizing the Mayor Pro-Tem to sign Change Order No. 15 with Berger/Abam Engineers Regarding Tremont Street Widening Project “Immediately Ready to Go” Status for Possible Project Funding

Public Works Director Dorsey presented the staff report, noting WSDOT Highway & Local Programs (H/LP’s) has determined that the Tremont Street Widening Project is currently deemed “Immediately Ready to Go” with regards to potential Construction (CN) funding opportunities. The purpose for this most recent change order is to provide the updated wetlands flagging survey needed, utilizing remaining residual FHWA design (PE) funding, to 1) complete the remaining locally required SEPA/JARPA permitting, 2) update the ECS/NEPA approvals and 3) provide project advancement that will keep the Tremont Street Widening Project off the “FHWA Inactivity” list.

Councilmember Childs MOVED and Councilmember Ashby seconded the motion to authorize the Mayor Pro-Tem to execute Change Order No. 15 with Berger/Abam in an amount not to exceed $3,800.00 for updated wetlands topographic surveying as needed for the required ECS/NEPA update and completion of the locally required SEPA/JARPA permitting for the Tremont Street Widening Project. Upon vote, the motion passed unanimously.

E. Approval of September 23, 2014 Council Meeting Minutes

Councilmember Ashby MOVED and Councilmember Childs seconded the motion to accept the September 23, 2014, Council meeting minutes as written. Upon vote, the motion passed unanimously.

F. Approval of Temporary Right-of-Way Use: Kitsap County Elections and Treasurers Office

City Clerk Rinearson presented the staff report, noting Walter Washington, Kitsap County Auditor, submitted a letter requesting temporary use of two parking spaces on Division Street, in front of the County Administration building. The hope is to alleviate traffic congestion on Division Street during this busy time. The parking spaces are requested for the following dates and locations:
• Two spaces by the main entrance of the Administration building next to the handicap parking spaces during the last two weeks in April; the last two weeks in October; and on Election Day.
• Two spaces next to the ballot drop slot in front of the County Admin building at the corner of Division and Cline, two weeks before each election.

This item has not gone before Public Properties Committee for a recommendation, as their meeting date is after the time they are requesting use. Staff is asking the Council to review the materials provided and either approve, deny, or modify the request.

In response to Councilmember Cartwright, Ms. Delores Gilmore, Kitsap County Elections Manager, said the Elections Division is going to share the two spaces with the County Treasurer’s Office that are closest to the County Administration Building main door, and the Treasurer only needs those spaces until the end of October, which is their payment deadline. The Elections Division only needs the spaces on Election Day. The Elections Division will handle the signage for the parking spaces.

Councilmember Lucarelli MOVED and Councilmember Childs seconded the motion to approve the use of City right-of-way (parking stalls) by the Kitsap County Auditor located by the main entrance of the County Admin building next to the handicap parking spaces during the last two weeks in April; the last two weeks in October; Election Day; as well as the two spaces next to the ballot drop slot in front of the County Admin building at the corner of Division and Cline two weeks before each election. Upon vote, the motion passed unanimously.

G. Approval of Amendment No. 1 to Contract No. 068-14, with Tri-Tec Communication, Inc. for City Hall Telephones

City Clerk Rinearson presented the staff report, noting staff is in the final stages of replacing the current phone system. The City is slated to have a new phone system installed the week of October 20, 2014, by Tri-Tec Communications, Inc. On Thursday, October 24, 2014, we will start using the new phones, and Tri-Tec staff will be on site to assist staff with any questions or programming adjustments.

During the preparation of programming the new phones, Tri-Tec has brought to the Clerk’s attention they failed to include two licenses in their contract. The two licenses are critical to the installation of the phones. Those licenses allow the server and the phone system to talk to each other. The cost to implement these licenses is $520.80, plus applicable tax.

In response to Councilmember Cartwright, City Treasurer Martin said IT is involved with this as well, and there has been additional work that the City has had to undertake to have the equipment compatible with the building and our systems.
Councilmember Cartwright MOVED and Councilmember Ashby seconded the motion to approve Amendment No. 1 to Contract No. 068-14 with Tri-Tec Communications, Inc., for two additional licenses in an amount not to exceed $520.80, plus applicable sales tax. **Upon vote, the motion passed unanimously.**

H. Approval of an Expense for Marketing Material for the West Sound Transportation Alliance 156

Councilmember Ashby said the City of Port Orchard is involved with the West Sound Transportation Alliance and this is through KRCC. The Alliance is putting together a marketing plan to the State legislative representatives. They are asking for a significant transportation investment. As part of that process, there will be marketing materials, including a video that will be produced. Each jurisdiction suggested they would be willing to contribute $300 towards the development and completion of this marketing material. City Clerk Rinearson said there were funds available in the Council’s budget, but it would need Council approval to pay the expense.

**Councilmember Ashby MOVED and Councilmember Cartwright seconded the motion to contribute $300 to the marketing effort of the West Sound Transportation Alliance. Upon vote, the motion passes unanimously.**

8. COMMITTEE REPORTS

Councilmember Childs reported at the last Finance Committee meeting they learned that revenues are trending ahead and things are looking good.

Councilmember Ashby reported the next Economic Development/Tourism Committee meeting was postponed until October 27, 2014, at 10:00 a.m.

Councilmember Lucarelli reported the next Utilities Committee meeting is scheduled for November 14, 2014, and the next Sewer Advisory Committee meeting is schedule for October 22, 2014, at the WSUD offices.

Councilmember Cartwright reported the next Public Property Committee meeting is scheduled for October 27, 2014, at 8:30 a.m. in the Council Chambers.

Councilmember Lucarelli reported the next Chimes and Lights Committee is scheduled for tomorrow at 3:30 p.m. in City Hall. Inserts are being prepared for the billing and logistics will be discussed tomorrow.
Councilmember Ashby reported on the PSRC meeting last Thursday where they discussed potentials for future funding. At the West Sound Transportation Alliance, they are working on putting together a project list and economic statement.

Councilmember Chang reported the PSRC Growth Management Policy Board discussed military industrial centers getting different categorization. The eastside cities did not like this idea at all and felt it skewed the mission statement. The vote will be next month.

Councilmember Childs announced the KEDA Decision Makers event is October 23, 2014, at Silverdale Beach Hotel.

9. MAYOR’S REPORT

Mayor Matthes reported the October E-newsletter is on the website and the next Town Hall meeting is November 13, 2014.

10. REPORT OF DEPARTMENT DIRECTORS

City Treasurer Martin reported the Entrance Conference with State Auditor was last Friday, and the budget timeline for this year is as follows:

- October 21 Work Study – begin budget discussion with the Council
- October 31 Finance Committee meeting – Department Head interviews
- November 12 Council meeting – 2015 property tax levy resolution
- November 18 Work Study – continued budget discussions with the Council prior to the first public hearing and reading of the budget ordinance
- November 25 Council meeting – first public hearing and reading of the budget ordinances
- December 9 Council meeting - Adoption of the 2015 budget

11. CITIZENS COMMENTS

Mrs. Elissa Whittleton said that she attended last week’s Utility Committee meeting, and she heard that the City’s present UGA is large when it is compared to other jurisdictions. And the comp plan requires us to prepare for that. She also listened to the Gap Analysis in regards to water and sewer, and she was taken aback to find out our sewer costs in 2020 would be approximately $260 a month. After hearing talks about shrinking the UGA, she is concerned about how this is going to factor out.

12. EXECUTIVE SESSION

No executive session was held.
13. ADJOURNMENT

At 9:09 p.m., Mayor Matthes adjourned the meeting.

Brandy Rinearson, CMC, City Clerk

Timothy C. Matthes, Mayor