City of Port Orchard  
Council Finance Committee

A meeting of the Council Finance Committee was held in the Council Conference Room 3rd floor City Hall. The meeting was called to order at 7:30 am. The meeting was recorded and the recording device provided to the City Clerk.

PRESENT: Chairman John Clauson, members Rob Putaansuu and Jerry Childs, Mayor Tim Matthes, Community Development Director Nick Bond, Engineer Mark Dorsey, HR Coordinator Deborah Howard, and Treasurer Allan Martin.

Department of Community Development:
Concurrent and impact fees were discussed earlier at Work Study and Director Bond wanted to advance the discussion. He raised concerns regard deficits of the City Code Ordinance that need to be worked on next year whether or not the City imposes impact fees. He suggested an executive session to discuss deficits of the Code. A new ordinance is being provided that encompasses current law. Currently the city has park impact fees and school impact fees and is considering transportation impact fees. Mr. Bond reached out to local home builders, councilman Childs noting the home builders are very interested in what we are doing.

Mr. Martin clarified the two points being made 1) updates to the city code ordinance 2) transportation impact fees. Mr. Dorsey noted that the main question on transportation impact fees seems to be who pays for increased capacity. Current taxpayers or developers. The current impact fee study suggests that 42% increased traffic is due to development. The impact fee would raise the 42% of identified projects. Mr. Putaansuu asked how these fees compare to neighboring communities. For the Puget Sound region comparable, slightly higher for the local area.

Mr. Dorsey pointed out that the effort was to identify revenue and raise funding for transportation improvements. Mr. Childs spoke in support of impact fees to upgrade infrastructure, however it needs to be presented that it makes sense, not arbitrary, and based on good information. Support varies among developers. Mr. Putaansuu requested a list of local transportation impact fees. Mr. Clauson asked how commercial development was effected. Mr. Bond explained the “trip generator” is dependent on the square footage of the commercial building being developed. If the policy is to be favorable to developer by lowering the impact fee then that portion of the cost is shifted to taxpayers.

The last thing to look at is revenue generation; about $2.2 million per year can only be used for the projects on the transportation project list. Money must be spent within 10 years for capacity. Each year the fees must be reviewed as part of the budget period.

Human Resources:
Deborah Howard, HR Coordinator presented that a long term employee was retiring at the end of the year. There is a need to review the job description and salary range considering today’s needs. Mr. Dorsey explained that the successful candidate should be an experienced individual when it comes to water systems. A need for expertise in a holistic perspective when it comes to the water system with five years of experience. HR requested permission to advertise with
changes to the job description and salary range supported by the Committee. Mr. Clauson was concerned that employees would become specialized in their job responsibilities. A discussion ensued on longevity and labor agreements. The committee considered the process to move forward with the hiring.

**Sales Tax Revenue Report:**
The Committee considered some “red ink” in the most current collection period in October. The collection for the period was $329,564 down over projection by $10,554. The committee considered the change in discretionary spending due to falling gasoline prices. Real Estate Excise Tax is slightly up for the year.

At the request of member Childs, the Treasurer presented the second half 2014 budget amendment that will be presented to the council on November 25.

Mr. Putaansuu raised the issue of moving to a biennial budget. Biennial budgets are authorized in Chapter 35.34 RCW and the process available to cities since 1985 when the legislature passed the Municipal Biennial Budget Act.

The calendar for the biennial budget is almost identical to that of the annual budget calendar with the obvious difference of substituting “biennial” for “year”, and the requirement for a mid-biennial review and modification. City biennial budget periods are from January 1 of odd-numbered years to December 31 of the next succeeding even numbered year, which means that the 2017 budget would be the first opportunity for the City to move to a biennial budget cycle.

In order to begin budgeting on a biennial basis the City Council would need to pass an ordinance six months prior to the beginning of the fiscal year stating their intent. If the City were to move to a biennial budget it would need to adopt the required ordinance by June 30, 2016 and act upon a biennial budget in the fall of 2016.

The January 1 odd numbered year alleviates a first-term mayor and a majority of new council members from writing a budget their first year of office. The number of open council positions for Port Orchard is impacted slightly by Position 7 being on a two-year election cycle. But that would have little, if any, impact in writing a biennial budget.

The meeting was adjourned at 8:46 a.m.

**Next Meeting:** November 12, 2014 Council Chambers Conference Room City Hall