Planning Commission Meeting Minutes
December 15, 2014

COMMISSIONERS:
Absent: Annette Stewart.

STAFF PRESENT:
City Development Director Nick Bond, Associate Planner Elle Davis, Intern Planner Scott Bonjukian.

1. CALL TO ORDER:
Vice Chair Coppola called the meeting to order at 7:00 PM.

2. AUDIENCE COMMENTS:
NONE.

3. PUBLIC HEARINGS:
A) PUBLIC HEARING TO OBTAIN PUBLIC COMMENT AND DEVELOP REGULATIONS TO AMEND MAXIMUM DENSITY REQUIREMENTS FOR THE MIXED USE ZONING DISTRICT

Planner Davis read from the staff report, saying the proposed change is to 30 residential units per acre in the City's mixed use zones, and 48 units per acre where a mixed use zone overlaps with the Downtown Overlay District. Director Bond said that the current limit, 12 units per acre, does not make sense when downtown buildings can be up to five stories tall.

Gary Anderson said he favored the ordinance. Mr. Anderson noted that any consideration of increasing density should be accompanied by the construction of a downtown parking garage, perhaps on Seattle Street, and removal of waterfront parking.

Richard Brown said that in the relation to this, the maximum density in multi-family zones should also be increased throughout the rest of the city, such as along Bethel and Sedgwick.

In response to concerns from the Commission, Director Bond said that the ordinance makes no changes to bulk regulations, such as height, setbacks, and lot coverage, and only changes the amount of residential units that can be within structures. He also said the parking requirements are not changing.

Commissioner Baglio suggested tabling the hearing and continuing it at the next meeting in order to hear more feedback from the Homebuilder's Association and the Realtor's Association, and to assure that it won't significantly impact developers. Director Bond said that was fine, but said the Commission will be faced with eight other proposed ordinances in the coming months.

Robert motioned to continue the public hearing the next meeting. Commissioner Michael seconded. Commissioner Drury opposed. Motion passed.

Commissioner Michael said the parking issue needs to be considered more. He also asked if properties within 300 feet of affected properties had been notified. Director Bond said they had not, as the ordinance is not a proposed land use action but a citywide legislative action. He also pointed out that public notice was published in the Newspaper.

B) PUBLIC HEARING ON PROPOSED SUBDIVISION ORDINANCE

Director Bond explained that the current subdivision code is incomplete and does not contain any language on boundary line adjustments, binding site plans, or improvements as a condition of approval for a short plat. He said the existing code presents legal risks and little leverage for the City. The proposed ordinance is a model code written by the Interim City Attorney, and still has some cross references that
need to be filled in. Therefore, staff are looking for a general recommendation on approving the ordinance, with the Interim City Attorney to fill in the gaps later.

Teresa Osinski, executive vice president of the Homebuilder’s Association of Kitsap County, said it’s unfortunate that the draft code wasn’t directly brought to representatives of the development industry such as herself and that the newspaper notice was inadequate. She said that because of this, she couldn’t comment on any specifics and that she was unable to find the draft ordinance on the City’s website. She hopes the public hearing is also continued like the previous one, and would be willing to come to a work session to go over the ordinance in detail.

Richard Brown said the ordinance should contain any requests or conditions that the City might have as condition of approval for subdivisions or short plans; the current short plat code does not.

Director Bond said he did talk about at least the transportation impact fee at the October developer’s council meeting, and will do more to get stakeholders involved. He also said the issue is urgent, as staff are struggling to deal with a large development proposal under the current code; the process for that proposal is currently on hold after staff determined the application is complete, and after proper documents are submitted there will be 90 days before a hearing examiner decision.

Commissioner Baglio motioned to continue the public hearing at a later date. Commissioner Michael seconded. Motion passed unanimously.

Commissioner Baglio confirmed with Director Bond that this proposal will entirely replace the existing subdivision code.

C) PUBLIC HEARING ON IMPACT FEE ORDINANCE (INCLUDING CONSIDERATION OF TRAFFIC IMPACT FEES)

Director Bond explained that this proposed ordinance has two items combined into one, and that it has been extensively discussed and presented at council meetings. He said that this ordinance is not a development regulation and so is not subject to Planning Commission review, so its inclusion on the agenda is a courtesy after it was requested at the last Commission meeting. He said the first part is that the current impact fee language has problems, and again the Interim City Attorney has presented a model code. Director Bond then said the second part of the ordinance is an update to the transportation impact fee, based on an analysis by a consultant on how to pay for a number of city street projects.

Vice Chair Coppola said the proposed rates would be higher than for any other cities its size. Director Bond said impact fees are not based on competition, but on paying for an actual list of projects the city intends to construct. He said Port Orchard’s may be relatively high because it has fallen behind on infrastructure improvements over the last 30 to 40 years. He said the key issue is what the projects are going to cost, and what percentage of the costs that new growth is going to pay for versus what current citizens will pay. The analysis assumes that growth will pay for 42 percent of the cost of the projects. If the Commission thinks the fees are too high, Director Bond said they will need to recommend either removing projects from the list, scaling down projects, or shifting more of the burden to current citizens.

Director Bond also said the City is required to have a concurrency ordinance, which will be coming up for review. Under the current ordinance, which is inconsistent with state law, developers need to pay for the full cost of needed street improvements. Director Bond noted that there are other ways to pay for transportation projects, such as transportation benefit districts. He said this conversation has been put off for a long time.

Commissioner Baglio said the fees are so high that developers will avoid Port Orchard, and cited his own calculations for the fees on a coffee shop and a gas station. He said that the fee should start lower, and only be raised after later review if needed. Director Bond noted that the ordinance contains a number of smaller projects that may not be needed, and the big projects are Tremont and Bethel that most people want to happen. He said citizens could form a local improvement district to pay for those specific projects as an alternative.

Commissioner Michael looked at the $50 million Bethel project as an example of a project that could be scaled down, and estimated that $30 million would get the City the important features done. He said the project costs should be reevaluated to better base the impact fees on. Director Bond said the estimated costs come from the 2011 Transportation Plan, which will be updated within the next year and a half, but that the cost of the projects goes up every year they are not built. Commissioner Michael said the County should reserve its impact fee revenue from the Urban Growth Area (UGA) and transfer it to Port Orchard upon annexation. Director Bond said passage of the impact fee ordinance would give the City authority to request mitigation through SEPA review of any project in the UGA.
Vice Chair Coppola asked if sales tax revenue was ever set aside from annexed Bethel properties to pay for the Bethel widening. Director Bond said he didn't know, but that if it was only a council motion there's a chance it wasn't enacted in the annual budget that changes year to year. Commissioner Baglio asked if the City would use existing engineering documents that were developed by the County for Bethel. Director Bond said yes, but that scaling back the project would require new drawings. He said the cost of construction has also gone up since the original estimate was done, and the problem will only grow bigger as the City waits.

Commissioner Baglio said he would prefer to see language in the ordinance that allows the impact fee payment to be deferred. Director Bond said the City Council is probably open to that. He said another option is to bond projects using the first few years of impact fee revenue. Commissioner Baglio said the City needs people to actually build for impact fees to be collected.

Commissioner Whittleton asked about the high cost of the projects, and Director Bond responded that much of the cost is from right-of-way acquisition. Commissioner Whittleton also asked why the Bay Street Pedestrian Pathway is on the project list. Director Bond said that particular facility could be funded as a transportation or a parks project, but noted that Bay Street cannot be widened and there is little capacity for increased traffic flow besides shifting some trips to the path as pedestrians and cyclists.

Doug Skrobot, from McCormick Land Company, was the first member of the public to comment. He suggested that a working group of citizens be formed to ask questions about the projects, and discuss whether alternate funding methods are more appropriate. He noted that projects built in McCormick Woods already have an impact fee of $1,975, which was originally to go towards the city's two main north-south streets and an east-west connection, but said McCormick traffic mostly ends in Port Orchard at the state highway. He said the impact fee analysis proposes an additional $3,900 per house to help pay for all of the other projects, which is not equitable since new growth would not specifically pay to support the original projects that the McCormick fee supports. Director Bond said the McCormick impact fees were SEPA-based, and Mr. Skrobot said that is not true and that they are part of a development agreement that was originally with the County. Director Bond said it is a unique situation.

Commissioner Tierney asked if the new impact fee would be on top of the existing fee for McCormick Woods development, and Director Bond said yes. Mr. Skrobot clarified that the $1,975 fee is voluntarily higher than the County was charging during the original subdivision approval.

Richard Brown was the second person to comment. He said developers will leapfrog to the County because of the increased costs of construction in the City that would result from the proposed impact fees. He also said that one reason that Gary Anderson and other citizens worked to annex the Bethel corridor was that the City promised to do the widening project soon afterwards, but it still hasn't happened and so is a betrayal of trust. He also suggested that the community work together to figure out what it can afford.

Mr. Brown also stated that it was disrespectful of City staff to hold the public hearing on these documents without the Commission having a chance to review them. Commissioner Tierney noted she received her packet about a week and a half ago. Several other Commissioners noted the same. Vice Chair Coppola said there should have been a meeting last month to go over all of these items.

Gary Anderson was the third person to comment. He said that the impact fee proposal should be more carefully considered. He said South Kitsap simply needs more population to attract more retail, and attracting more population relies partly on the cost of construction. He said the Bethel corridor is the most important project on the list, and the segment between Lund and Sedgwick is the most important corridor in South Kitsap. He said that the Washington State Department of Transportation paid $10 per square foot for acquiring right-of-way on the Sedgwick widening, and the City could probably pay $5 per square foot today, an assumption that may lower project costs.

Teresa Osinski was the fourth person to comment. She said that the subdivision ordinance and the impact fee ordinance may appear unrelated, but they are connected and need to be looked at as a whole. She said nobody has to build in Port Orchard, which would leave the transportation projects unpaid for. She said the proposed impact fee rates could price people out of the market and lead them to build elsewhere. She said the Commission should take the time to carefully consider how the ordinance will affect the future of Port Orchard, and that the Homebuilder's Association is available to help.

Director Bond said forming a community group to look at the transportation impact fee rates and projects is a good idea, but the enabling ordinance is less debatable and should be passed soon. He said the discussion can be continued in January and that the ordinance could be split into two parts.

Commissioner Baglio motioned to continue the public hearing at a later date. Commissioner Whittleton seconded. Commissioner Michael offered an amendment, asking staff to form a citizen committee to look at the traffic impact fee of the proposed ordinance. Commissioner Baglio seconded the
amendment. Commissioner Whittleton noted that current citizens are on the hook for the other 58 percent of the projects’ funding, so it will be important to get a cross section of the community. Director Bond said there’s currently few options for transportation funding other than property tax and sales tax. Commissioner Baglio made a motion to continue the public hearing at a later date and Commissioner Whittleton seconded the motion. Commissioner Michael amended the motion to ask that the Mayor create a committee. Amendment and original motion both passed unanimously.

4. BUSINESS ITEMS:
A) DISCUSSION OF KITSAP COUNTY BUILDABLE LANDS REPORT

Director Bond said this item is being brought to the Commission’s attention because the report will have a large effect on the 2016 Comprehensive Plan update. He said the main takeaway is that Port Orchard has more than enough land to accommodate its allocated increase of 8,200 residents over the next 20 years. He said that because the City has adequate capacity it is not obligated to do major upzoning. He said he can’t comment on the methodology or the rest of the cities, but said the comment deadline is January 31st and said the Commissioners could comment as a body or individually if they want to take a position on it.

Vice Chair Coppola said she was skeptical if the report’s figures were realistic. Commissioner Whittleton asked if there were any consulting firms in Kitsap County that know the area well. Director Bond said there are, but anyone doing this analysis has to use the same Vision 2040 framework, assumptions, and inputs from the Puget Sound Regional Council (PSRC). He said Kitsap County has only five jurisdictions, so the municipalities and county government don’t have much weight at the PSRC.

Commissioner Michael asked what happens when the City exceeds its allocated population. Director Bond said the City is only supposed to provide the capacity and it’s up to the free market on how many people actually move here. Commissioner Michael said the impact fee analysis assumes a different population growth than the buildable lands report even though both reference the year 2035, and asked that they be consistent. Director Bond clarified that allocation is different than capacity.

B) RESCHEDULE JANUARY AND FEBRUARY PLANNING COMMISSION MEETINGS TO JANUARY 26TH AND FEBRUARY 23RD

Director Bond offered to also schedule an additional meeting because there is so much work to be done. Commissioner Drury confirmed the rescheduling change is because of the Monday holidays.

5. ANNOUNCEMENTS FROM STAFF

NONE.

6. APPROVAL OF MINUTES

Commissioner Whittleton motioned to approve the meeting minutes from October 20, 2014. Commissioner Michael seconded. Motion passed unanimously.

7. ADJOURN:
Vice Chair Coppola adjourned the meeting at 8:41 PM.

Annette Stewart, Chairman

Nick Bond, City Development Director