

Gig Harbor City Council Meeting



**May 14, 2001
7:00 p.m.**

AGENDA FOR GIG HARBOR CITY COUNCIL MEETING

May 14, 2001 - 7:00 p.m.

CALL TO ORDER:

PUBLIC HEARINGS:

1. Update to Comprehensive Parks, Recreation and Open Space Plan.
2. Update to Comprehensive Stormwater Plan.

CONSENT AGENDA:

These consent agenda items are considered routine and may be adopted with one motion as per Gig Harbor Ordinance No. 799.

1. Approval of the Minutes of City Council Meetings of April 23, 2001.
2. Correspondence / Proclamations:
 - a) Temporary Opening of Erickson Street
 - b) Environmental Education Staff Memo
 - c) Pierce Transit - Board of Commissioners
3. Kimball Drive Improvement Project - Ratification of Contract Award.
4. Architectural Services Contract - J.A. Brennan Architects.
5. Amendment to the Owner/Architect Agreement - Gig Harbor Civic Center.
6. Liquor License Application - Happy at the Bay.
7. Liquor License Assumption - El Peblito Family Mexican Restaurant.
8. Approval of Payment of Bills for May 14, 2001.
Checks #32694 through #32884 in the amount of \$482,568.95.
Checks \$32718 and 32721 were voided.
9. Approval of Payroll Checks for the month of April.
Checks #704 through #752 in the amount of \$179,775.74.

OLD BUSINESS:

1. Second Reading - Ordinance Amending Title 17.91 Mixed Use District.

NEW BUSINESS:

1. Amendment to the Consultant Services Contract - Engineering Study at Wastewater Treatment Plant.
2. New Street Name Request.
3. Design Manual Update - Consultant Services Contract.
4. First Reading of Ordinance - Providing for the Issuance and Sale of Limited Tax General Obligation Bonds.

STAFF REPORTS:

PUBLIC COMMENT:

COUNCIL COMMENTS / MAYOR'S REPORT:

ANNOUNCEMENT OF OTHER MEETINGS:

City Council Meeting - Tuesday, May 29th at 7:00 p.m. due to Memorial Day.

EXECUTIVE SESSION: For the purpose of discussing pending and potential litigation per RCW 42.31.110(I).

ADJOURN:



City of Gig Harbor. The "Maritime City"

3105 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-8136

TO: MAYOR WILBERT AND CITY COUNCIL MEMBERS
FROM: DAVID R. SKINNER, P.E., PUBLIC WORKS DIRECTOR
**SUBJECT: PUBLIC HEARING FOR THE UPDATE OF THE 2001 PARK,
RECREATION, AND OPEN SPACE PLAN**
DATE: MAY 7, 2001

INTRODUCTION/BACKGROUND

In 1996, the City of Gig Harbor adopted the existing Park, Recreation, and Open Space Plan. As required under the Growth Management Act, the City has completed an update of the adopted Plan for Council's consideration.

Public comment on the updated Plan has been obtained from the Citizens Park Advisory Committee and through a comprehensive telephone survey. Results of the public comments are contained in the draft Plan

On April 23, 2001, a public hearing was held to solicit public opinion of the proposed update to the Park, Recreation, and Open Space Plan.

All of the comments on the plan centered on the existing and proposed uses of the Harborview Street End (Old Ferry Landing). Examples of the comments are as follows:

- Concerns about hard surface structures located at the Harborview Street End and the impact to businesses along the waterfront.
- Concerns about public beach access down to the shoreline from the Harborview Street End to the Narrows Bridge.
- Environmental distress that may be caused from increased use of the Harborview Street End.
- Concerns about the existing quality of life that would be impacted from the development of the Harborview Street End.
- Encouragement expressed at the cooperative effort shown in the Plan.
- A request that the City consider family lifestyles with any proposed improvements for the Harborview Street End.
- A request that the City install new street surfacing, sidewalks, curb and gutter, and streetlights along Harborview to the Street End. (Currently defined as a 2001 street objective).

In the proposed Plan, many references are made of the possible improvements to the existing Harborview Street End facility with a great deal of flexibility in the final use and design. Page 43 describes the recently completed public urban design visioning workshops that proposed to develop the site to provide a structured overlook with benches, and other day use facilities. I recommend the reference to a fishing access and possible stair climb to the shoreline be removed from the plan based on comments received at the first public hearing. The street end area is

further identified on page 143 as a resource park that provides public access to significant environmental features such as scenic views. The plan categorizes the Old Ferry Landing as a proposed overlook structure with picnic facilities at the end of the roadway and historic old ferry terminal access road with a view of Commencement Bay.

The Old Ferry Landing is classified on page 156 as a historical attribute and should be preserved in future harbor planning. On page 173, 175, and 180 the Plan indicates a trail along the shoreline from the Harborview Drive Street End to the Narrows Bridge. The Plan states that this trail will cross over numerous private tidelands (if property owners are agreeable) located between the public holdings -- generally on gravel shoreline below steep bluffs isolated and buffered from the residential developments.

Consistent with public comment, any shoreline trail that may be considered in the future must take into consideration private property and access issues based on changing tidal conditions of the Tacoma Narrows.



City of Gig Harbor. The "Maritime City"

3105 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-8136

TO: MAYOR WILBERT AND CITY COUNCIL MEMBERS
FROM: DAVID R. SKINNER, P.E., PUBLIC WORKS DIRECTOR *DRS*
SUBJECT: PUBLIC HEARING FOR THE 2001 COMPREHENSIVE STORM WATER PLAN
DATE: APRIL 24, 2001

INTRODUCTION/BACKGROUND

The utilities element of the City's adopted Comprehensive Plan provides a goal to plan for and provide adequate storm drainage facilities to manage and control storm water runoff. The Comprehensive Plan further describes a policy to develop and implement a Comprehensive Storm Water Plan for the City. With the assistance of Gray & Osborne, Inc., Consulting Engineers, the City has completed a new Comprehensive Storm Water Plan.

On April 23, 2001 a public hearing was held to solicit public opinion of the proposed update to the Comprehensive Storm Water Plan.

Respondents listed the following items as comments to the plan, (Plan response in parenthesis):

- Donkey Creek should be identified as a potential salmon-bearing stream. (Page 3-6 and page 4-5 specifically identifies Critical Fish and Wildlife Habitat Areas and more specifically identifies Fish resources for Donkey Creek)
- City should consider creating a policy decision on the treatment of Donkey Creek. (Page 4-3 to 4-6 has detailed analysis of the Donkey Creek drainage basin)
- Recharge area for water system should be adequately addressed. (Page 3-7 addresses the issue of Aquifer Recharge in detail)
- Concern of the low permeability of the area soils for groundwater recharge. (Page 3-3 discusses the characteristics of the soils within Gig Harbor and Page 3-7 addresses the issue of Aquifer Recharge)

DRAFT

GIG HARBOR CITY COUNCIL MEETING OF APRIL 23, 2001

PRESENT: Councilmembers Ekberg, Young, Pasin, Owel, Dick, Picinich, Ruffo and Mayor Wilbert.

CALL TO ORDER: 7:03 p.m.

SPECIAL PRESENTATION: None.

PUBLIC HEARING:

Prior to opening the public hearings, Mayor Wilbert introduced Jaci Parrish acting as substitute for the vacationing City Clerk, Molly Towslee.

1. Update to Comprehensive Parks Plan. David Skinner, Public Works Director, introduced the update to the Park, Recreation and Open Space Plan element of the Comprehensive Plan. The plan was developed by Tom Beckwith and staff, with input from the Planning Commission, the Citizen Park Advisory Committee and a comprehensive telephone survey. Mr. Skinner explained that this is the first of several meetings open for public comment before the Comprehensive Parks Plan is returned to City Council for adoption.

Mayor Wilbert opened the public hearing on the Comprehensive Park Plan at 7:06 p.m. The public was informed that hard copies of the plan are currently available for purchase or review at the Public Works Department and copies will also become available on the web and for purchase on CD by the end of the week.

Nick Tarabocia – 2788 Harborview Drive. Mr. Tarabocia said he considered the plan to be well thought out and presented; however, it did raise several issues concerning both the proposed covered picnic area at the ferry landing and the Shoreline Trail Project. He stated that construction of the picnic area would impede his ability to conduct his commercial fishing business by limiting available space needed to maneuver his vehicles and equipment. He quoted both the City's 1994 Master Shoreline Program as well as the City's Visionary report of 1992 to support his argument that the fishing community and character of the City should be a "primary consideration in evaluating the effects of a shoreline proposal." In addition, a covered picnic area at the ferry landing would likely create parking issues. Mr. Tarabochia stated that many in the beach community had opposed this construction on previous occasions and would rather see improvements to basic services such as sewer, water, fire and police which would directly benefit the taxpayers.

Mr. Tarabochia also voiced concern regarding the Shoreline Trail Project and issues of liability which could arise from ingress and egress through his property. Visitors to the trail stranded during rising tides and seeking assistance from nearby property owners needs to be a consideration. Mr. Tarabochia summarized by stating that Council should reconsider these portions of the plan.

Paul Cyr – 4102 55th St. Ct.

Mr. Cyr thanked Mayor Wilbert and Council for their cooperative efforts in working with Parks and Recreation in conjunction with Pierce County. He said that Council has supported many efforts in this area intended to benefit not only Gig Harbor residents, but also County residents. He gave examples of both successful, and unsuccessful, efforts including Jim Tallman's proposal of a ball field and the powerline trail project which will be constructed in 1-2 years. Mr. Cyr also commented on the Recreational Survey and how YMCA ranked as the most desired project.

Melinda Stuart – 2813 Harborview Drive.

Ms. Stuart stated that she was primarily concerned with increased traffic and illegal activities that a covered picnic area might bring about. She asked Council to consider the impact to area families, children and seniors. Ms. Stuart explained that she wants this area to remain a place that the public can enjoy, but that it should not become a destination point. Rather, she expressed her desire to see simple, basic improvements made to the streets, sidewalks, etc.

Kathy Bunger – member of Gig Harbor beach community.

Ms. Bunger stated that she was appearing before Council once again to speak against the Trail Project. She said she is concerned with the time and money involved in reviewing this same issue over again. Ms. Bunger's primary concern, however, regarded issues of liability resulting from stranded trail visitors entering her property.

The Mayor closed the public hearing at 7:35 p.m.

2. Update to Comprehensive Storm Water Plan. Dave Skinner introduced the new Storm Water element of the Comprehensive Plan. He explained that it includes updated features consistent with the Department of Ecology and is used to enforce development regulations related to storm water quantity and quality treatment. Mr. Skinner stated that the plan deals with upgrades to facilities as well as treatment and conveyance of storm water. He also mentioned that it fulfilled storm water recommendations from the last Comprehensive Plan. Mr. Skinner explained that the plan addresses drainage and retention ponds, conveyances, culverts, drainage pipe sizes to prevent flooding (which relates to capital facility programs and projects), and treatment to maintain water quality before discharging into the bay. The plan also addresses culverts for both private property and city property.

Mr. Skinner answered questions from the Council and confirmed that the plan also reflects the recommendations of the Watershed Action Plan. He explained that there is mutual review for consistency with Pierce County's Comprehensive Plan, and the Dept of Ecology ensures consistency as well because it regulates the treatment of storm water and requires that all agencies treat it the same. Mr. Skinner also answered questions regarding the recycling of storm water and said it is not a viable option because the level of toxicity is too complicated and costly to treat for re-use. Storm water is only treated to the required level for release. Some recycling occurs, however, by users such as the school district who collect, treat and re-use water for bus washing.

David Folsom – 3160 Ann Marie Ct.

Mr. Folsom spoke positively about the Storm Water Comprehensive Plan, but said it failed to adequately address two critical issues: protecting Donkey Creek and the Coho salmon spawning grounds, and conserving our water supply. He spoke in favor of a conservative approach on both issues. Mr. Folsom suggested that we protect Donkey Creek and the salmon spawning grounds until the creek is officially declared “protected” either by a future government agency (he believes Council should make a clear policy decision on this issue) or until a court decision is made. He noted that it would be much more costly to rectify down the road if development is allowed and the creek is later declared protected, than it would be to take a conservative approach at this time. With regard to conserving our water supply, Mr. Folsom advocates a slow build up of new water rights each year and careful monitoring of the water supply until we are able to identify the “recharge” areas and determine how much excess water supply really exists.

Dave Skinner responded to questions from the Council. He answered that in addition to reviewing past studies, a team of consultants from the University of Washington have been hired to conduct a current study on recharge areas. Their study is scheduled to begin in June, 2000 and is expected to be completed within 18-24 months. Mr. Skinner also mentioned that the issues of recharge and of Donkey Creek are covered in the Park, Recreation and Open Space portion of the Comprehensive Plan.

Mr. Skinner answered further questions from Council and noted that a contract exists with the Brennan Group to look at replacement options for the culvert at Donkey Creek. He further stated that the storm water plan was submitted to the Department of Ecology. The Public Works Department is preparing an updated draft, based on the Department of Ecology’s comments, which is expected to be completed in a few weeks.

Barbara Ann Smolko, Pierce County Water Programs

Ms. Smolko offered her services to track down information on water supply and related issues. She has worked previously with Pierce County in the same capacity while they were doing their community plan. Other water studies are also available including a Gig Harbor groundwater study, a study conducted by the Health Department, etc.

Mayor Wilbert closed the public hearing at 7:55 p.m.

CONSENT AGENDA:

These consent agenda items are considered routine and may be adopted with one motion as per Gig Harbor Ordinance No. 799.

1. Approval of the Minutes of City Council Meetings of April 9, 2001.
2. Correspondence / Proclamations:
 - a) Proclamation - Suicide Awareness Day.
 - b) Proclamation – Buffalo Days.
 - c) Proclamation – Earth Week.
 - d) Letter from Ron Sims, Paul Schell, Dennis McLerran & Blair Henry.
3. 56th and Olympic Drive Improvements Survey Services - Consultant Services Contract.
4. Approval of Payment of Bills for April 23, 2001.
Checks #32582 through #32693 in the amount of \$242,633.46.

Mayor Wilbert introduced Holly D'Annunzio and Chris Clifton, members of the Gig Harbor Key Peninsula Arbor Day Foundation. Ms. D'Annunzio gave a brief overview of the celebration and activities scheduled for Arbor Day, Saturday, April 28th, and presented the Mayor and each of the Councilmembers with copies of the winning Arbor Day poem and poster. Mayor Wilbert presented the Arbor Day members with a Proclamation for Earth Week and Mr. Clifton provided an Arbor Day flag to Mr. Skinner to be displayed on Arbor Day.

MOTION: Move to approve the Consent Agenda as presented.
Ruffo/Owel – unanimously approved.

OLD BUSINESS:

1. Second Reading of Ordinance – Donation to Skatepark. Dave Rodenbach, Finance Director, presented this ordinance to accept a \$500 donation from the Gig Harbor Skate Park Committee.

MOTION: Move to adopt Ordinance No. 883.
Dick/Picinich – unanimously approved.

2. 62nd St. Ct. NW Annexation – Revisions to Legal Description and Map. John Vodopich, Planning Director, presented a revised legal description and map requested by the Pierce County Review Board. The legal description and map are required in order to proceed with their certification of the 62nd St. Ct. NW annexation petition accepted by Council on February 12, 2001.

MOTION: Move to modify the legal description Council authorized to be placed on a petition with those conditions previously set forth.
Dick/Picinich – unanimously approved.

3. Discussion – Westside Business District. John Vodopich explained that this item was placed on the agenda by Councilmember Young as a follow up to Councilmember Pasin's April 9th request for a re-zone of the Westside Business District. Councilmember Young explained that he was seeking clarification on the motion that was passed at the April 9th City Council meeting, specifically, whether the motion was meant to encompass building size limitations only or an area wide rezone from B2 to C1. Councilmember Young stated that there are sufficient arguments to reconsider building size limitations, but the change in use which is allowable between the B2 and C1 zones is considerable. Therefore, Councilmember Young said he was not willing to consider a blanket rezone from B2 to C1 on the Westside. He also asked whether Council wanted the Planning Commission to review all zones which have building size limitations or just the B2 zone.

Several Councilmembers briefly discussed their own recollections of the intent of the motion and Councilmember Dick voiced concern over implications to the Westside infrastructure should the area be modified from a modest zone to an intensive one. Councilmember Pasin reiterated his original intent which was to allow the area to develop as a commercial zone, to prevent it from becoming a dead business zone by enabling the properties to revitalize themselves over time, and to remain competitive.

In order to clarify the previous motion of April 9th, and to hear public comment on this matter, the following motions were made:

MOTION: Move to suspend rules concerning normal order of proceedings in order to allow for public testimony on the following motion.
Dick/Young – unanimously approved.

MOTION: Move to rescind the previous motion directing Planning Commission to conduct a public study and to formulate a recommendation on the proposed area-wide rezone of the Westside Business District.
Dick/Owel –

Matt Halvorson – 4704 87th St. Ct. NW.

Mr. Halvorson spoke in opposition to rezoning the Westside Business District from B2 to C1. He concurred with Councilmember Dick regarding possible infrastructure implications. Mr. Halvorson was concerned that a rezone would open up the Westside to development that is inappropriate for the area and stated that the traffic there is already too heavy.

Dave Orem – 4709 Pt. Fosdick.

Mr. Orem is co-owner of the Gig Harbor Motor Inn and spoke at the April 9th City Council meeting regarding this issue. He stated that it was not his understanding from the April 9th meeting that the intent of the motion was to consider changing all B2 zoning to C1, but rather, that the Westside B2 zone is currently in an inferior position to revitalize itself and remain healthy, and the public was asking Council to study this and make some modifications to allow the Westside to remain vital. Mr. Orem said he was pleased with the unanimous vote at the April 9th meeting directing the Planning Commission to study this issue and he encouraged the Council to continue in the same spirit in which it began.

Walt Smith – 11302 Burnham Drive.

Mr. Smith said he appreciated recognition by the City Council that there are circumstances pertaining to the B2 retail building size limitations that cause concern and conflict, and thanked them for their willingness to recommend a comprehensive review of the Westside B2 building limitations. He stated he was hopeful that a study will go forward, and that it should be a governmental issue to determine how far reaching the study will be.

Ray Bond – 4700 Pt. Fosdick

Mr. Bond was pleased as a Westside landowner that this issue was going to be reviewed, with the main focus on eliminating the confusion which arose from the PUD/PRD issue. He agreed with Councilmember Dick's concern over infrastructure issues, but explained that these issues are normally dealt with as part of the development process. Many of these issues, he said, are mitigated by the development before it can go forward and the costs are not handed back to the taxpayers. Mr. Bond believes the impact of commercial development on the Westside would be less than on Gig Harbor North because it is a smaller area and an area not utilizing city water. He encouraged Council to study the area and review current zoning discrepancies.

Councilmember Ruffo called for the question.

MOTION: Move to rescind the previous motion directing Planning Commission to conduct a public study and to formulate a recommendation on the proposed area-wide rezone of the Westside Business District.
Dick/Owel – unanimously approved.

MOTION: Move to have Planning Commission look at building size limitations in all zones in which they appear, including, but not limited to, C1 and B2.
Young/Owel –

Councilmembers discussed whether this was an expansion of Councilmember Pasin's original intent. Though there was general agreement that the motion does, in fact, expand upon the original intent, it was also pointed out that a periodic study of all building size restrictions would result in a more complete picture, exposing possible inconsistencies and allowing for necessary updates.

Dave Folsom – 3160 Ann Marie Ct.

Mr. Folsom explained that he has been reviewing Westside zoning codes and feels that not all standards are compatible. He stated that he would like to see consistent, fair, and simplified zones.

Councilmembers went on to discuss whether permitted uses should be examined as well and voted on the following amended motion.

AMENDED MOTION: Move to amend the previous motion to include review of permitted uses within the B2 and C1 zones.
Ruffo/Pasin – Four Councilmembers voted against.
Councilmembers Pasin, Picinich and Ruffo voted in favor of the motion. The motion was defeated 4 - 3.

ORIGINAL MOTION: Move to have Planning Commission look at building size limitations in all zones in which they appear, including, but not limited to, C1 and B2.
Young/Owel – Five Councilmembers voted in favor.
Councilmembers Pasin and Picinich voted against the motion. The motion passed 5 – 2.

NEW BUSINESS:

1. Key Peninsula Gig Harbor Islands Watershed Characterization and Action Plan. John Vodopich introduced the plan and explained that Pierce County is seeking concurrence from the City of Gig Harbor as a "lead implementer" on certain action items included in the plan, provided that grant funds become available. Mr. Vodopich introduced Roy Huberd, Senior Planner for the Pierce County Water Programs Division. Mr. Huberd thanked Council for the time to present this plan which has been three years in development. He explained that the purpose behind the plan is to protect water quality and beneficial uses of water by reducing water pollution from

non-point sources in the watershed. In the plan, the committee focused on the "usual suspects" such as agricultural uses or activities, boats and marinas, forest practices, on-site sewage disposal activities, stormwater and erosion, old landfills, and pesticides and herbicides. Pierce County Council has passed a resolution supporting this draft of the plan and the Watershed Planning group is seeking the City's concurrence on the plan or at least agreement to implement action items within the plan should funds become available. Mr. Huberd directed Council's attention specifically to a policy statement in the document relating to Donkey Creek (SW-14) and to a statement encouraging water recycling.

Mr. Huberd answered questions from the Council regarding costs of the proposed action items. He suggested that the plan was only meant to be a general guideline; it could be adopted by resolution so as to not be binding by law or a separate letter could be drafted limiting financial commitment to a specified amount.

MOTION: Move to direct Planning Department staff to draft a letter for Mayor Wilbert's signature approving implementation of the Watershed Plan's action items when grants and other funding sources are available.
Young/Ruffo –

Further discussion ensued regarding "sources of funds" and how to determine exactly what the City of Gig Harbor's financial responsibilities would be for action items which list the City as an "implementer".

Barbara Ann Smolko explained that the document was intended to give implementers enough information to make a decision on whether to participate. Ms. Smolko added that it would be up to each implementer how much financial commitment they wish to make on individual objectives. She added that the document also provides an estimate of "start up costs", referred to in the plan as "first year costs", to use as a tool when soliciting funding. Obtaining funds is usually easier, she explained, when the project has a specific beginning and ending, versus an ongoing project with no specific deadline provided. In response to concerns with the time and labor involved in completing grant applications, Ms. Smolko raised the possibility of adding the City's name to Pierce County grant applications or forming a coalition between all implementers to complete applications.

AMENDED MOTION: Move to concur with the Key Peninsula Gig Harbor Islands Watershed Characterization and Action Plan with the understanding that the City has the option of actual implementation of all action items, and that one factor the City may consider in determining not to pursue any action item is the availability of grant funds, and further authorize the Mayor's signature on a contingent letter of concurrence.
Ruffo/Ekberg – unanimously approved.

2. First Reading of Ordinance – Amending Title 17.91 Mixed Use District. John Vodopich presented the Planning Commission's proposed text amendment to the Mixed Use Overlay District with regard to permitted uses, specifically, to include restaurants and associated cocktail lounges, coffee houses, delicatessens, and bakeries. This item will return to the next meeting for a second reading.

3. Bid Bond Forfeit and Release of Construction Contract – Kimball Dr. David Skinner explained that Monarch Construction, Inc. recently informed him of their financial inability to perform the awarded contract for Kimball Drive and asked to be released from the contract. This would allow the City to award the contract to the second lowest bidder and would forfeit the collection of the bid bond of Monarch Excavating. Mr. Skinner answered questions from the Council and an extensive discussion followed on the City's available options and whether it would be advisable to enter into discussions with the bonding company. Mr. Skinner asked Council to consider the overall impacts to project, scheduled to begin May 1st, should the bonding company decide to force the contractor to perform. After further discussion, Carol Morris suggested continuing with the remaining agenda items, followed by an executive session to discuss potential litigation related to this contract and how to proceed with discussions with the bonding company. Following the executive session, she recommended returning to regular session to give direction to the staff.

4. Award of Construction Contract – Kimball Drive Improvement Project. (This agenda item was not discussed as it relates directly to previous Item #3 to be discussed in executive session.)

5. Pierce County Gig Harbor Peninsula Community Plan – Citizen Recommended Change. John Vodopich presented a request from Mr. Paul Cyr of Barghausen Consulting Engineers on behalf of Mr. Fredrick Paulson regarding the Gig Harbor Peninsula Community Plan. Specifically, the request involved a designation change to the City's Comprehensive Plan from Residential Low (R-1) to Commercial/Business (B-2) (and from Moderate Single Family (MSF) to Community Center (CC) on the County's Community Plan) on approximately 11 acres located east of Purdy Drive and west of Goodnough Drive. Mr. Vodopich requested that Council move to support this portion of Mr. Cyr's request. According to Mr. Vodopich, in his previous discussions with Pierce County staff, it was learned that proposals to amend designations within the City's Urban Growth Area are more likely to receive favorable consideration by the County if supported by the City.

Mr. Cyr added that the property in question is better served by a non-residential designation because not only is it bordered by many non-residential uses, but is also a high traffic, high noise area. Furthermore, he stated that the topography of the property includes a deep ravine and swale that run the length of the property and lends itself to significant buffering for the residential development nearby. Mr. Cyr presented photos to the Councilmembers to familiarize them with the property.

Councilmembers discussed several of the issues brought forward including the variety of designations that exist in this area, the proximity of nearby residents, and whether the area residents' input had been sought.

Councilmember Pasin asked Carol Morris whether it was necessary to exclude himself from discussion, as he had prior dealings with Mr. Paulson. Ms. Morris stated this was a legislative decision only at this point, and so, it was not subject to the Appearance of Fairness doctrine.

Jerry Dryer – 8620 137th Street.

Mr. Dryer stated that he recently spoke to the developer of the 8-10 closest homes to the Paulson property, and said that the developer was disappointed in the amount of time it took to sell the homes, as well as with the sale price he was able to obtain for them. According to Mr. Dryer, the developer said this was largely due to the noise factor, heavy traffic and zoning across the street. He said the developer also believes that the area is inappropriate for residential zoning, but rather, that it is becoming a commercial area.

MOTION: Move to support staff's recommendation that Mr. Paulson's property of eleven acres be designated as Community Center (CC) on Pierce County's Community Plan and as Commercial/Business (B-2)on the City's Comprehensive Plan.
Picinich/Ruffo – Four Councilmembers voted in favor. Councilmembers Owel and Dick voted against the motion. Councilmember Pasin abstained. The motion passed 4 – 2.

STAFF REPORTS:

Dave Rodenbach, Finance Director, presented the 1st Quarter Financial Reports and offered to answer Council's questions. There were no questions asked of Mr. Rodenbach.

John Vodopich presented the preliminary 2000 census figures from the Washington State Office of Financial Management (OFM). The total population for the City of Gig Harbor was listed as 6,465 as compared to their previous estimate of 6,575. Mr. Vodopich also mentioned the GIS users meeting on April 25th in Fife, a beneficial Pierce County service, and he encouraged all to attend the session.

PUBLIC COMMENTS: None.

COUNCIL COMMENTS / MAYOR'S REPORT: None.

ANNOUNCEMENT OF OTHER MEETINGS: None.

EXECUTIVE SESSION: For the purpose of discussing potential litigation per RCW 42.30.110(i).

MOTION: Move to adjourn to Executive Session at 10:20 p.m. for the purpose of discussing potential litigation per RCW 42.30.110(i) for approximately 10 minutes.
Picinich/Ruffo - unanimously approved.

MOTION: Move to return to regular session at 10:37 p.m.
Dick/Young - unanimously approved.

MOTION: Move to authorize the City Attorney to call the bonding company to discuss a potential claim against the bond and/or litigation and to inform the Council of the response of the bonding company and to take additional action as needed to protect the City's interests, such action to return to the Council for ratification if necessary.
Picinich/Ruffo - unanimously approved.

ADJOURN:

MOTION: Move to adjourn at 10:39 p.m.
Young/Ekberg - unanimously approved.

Cassette recorder utilized.
Tape 614 Side A 313 - end.
Tape 615 Both Sides.
Tape 616 Both Sides.
Tape 617 Side A 000 - end.
Tape 617 Side B 000 - 139.

Mayor

City Clerk



City of Gig Harbor. The "Maritime City"

3105 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-8136

TO: MAYOR WILBERT AND CITY COUNCIL MEMBERS
FROM: DAVID R. SKINNER, P.E., PUBLIC WORKS DIRECTOR
SUBJECT: TEMPORARY OPENING OF ERICKSON STREET
DATE: APRIL 20, 2001

DKS

INTRODUCTION/BACKGROUND

On April 18, 2001, the Public Works Department received a letter from Pierce County Fire District Five (FD #5) requesting that the City open the gate on Erickson Street when the construction at Pioneer and Kimball reduced emergency access to Gig Harbor City central. On Thursday April 19, 2001, Public Works staff opened the gate and secured it in an open position. Public Works staff also placed a notice on a barricade at the gate location specifying the reason for the temporary opening. After many investigations by FD #5, the Public Works Department was notified that residents were apparently closing the gate in an effort to restrict traffic down Erickson Street. Again, FD #5 requested that the Public Works Department open the gate to ensure emergency access to the downtown area. On Friday, April 20, 2001, the Public Works staff removed the gate and stored it at the city maintenance yard in response to the request from FD #5.

Fire District #5 originally requested that the gate be opened during the hours that the crews are actively working on Kimball Drive and Pioneer Way. After reviewing the condition of the intersection of Pioneer Way and Kimball Drive as a result of the ongoing construction, I determined the response time by an emergency vehicle might be compromised responding to an emergency situation where this route would be utilized, regardless if the crews were actively working. I called the City Attorney to discuss the situation, and she informed me that if I believed the situation would negatively affect public health and safety, I should take active steps to keep the gate open. This was seen to be not only the best solution to ensure protection of the public, but also to eliminate any possible exposure the City might have to liability. I therefore directed the gate to remain open until the intersection of Kimball and Pioneer is restored to normal operating condition.

I received a call from the Spinnaker Ridge homeowner's president asking about the temporary opening of the gate. He requested that a sign ("emergency access only") be installed near the old gate location. On Friday April 20, 2001, at 5:00 p.m., Public Works staff installed the sign on barricades near the old gate location.

The improvements under construction at the intersection of Kimball Drive and Pioneer Way are part of the Pierce County Park and Ride Lot Project and scheduled to be completed by May 1, 2001. The City's Kimball Drive Improvement Project will require the same temporary opening of the gate on Erickson Street due to the construction, which negatively impacts the emergency response on Kimball Drive. The exact date of this work will be determined at a later date when the contractor submits a more accurate construction schedule.

Pierce County



Fire District Five

RECEIVED

APR 23 2001

CITY OF GIG HARBOR
PUBLIC WORKS DEPT.

15 April 2001

City of Gig Harbor
Public Works Department
Attention: Mr. Dave Skinner, P.E., Public Works Director
3105 Judson Street
Gig Harbor, WA 98335

Subject: Gate blocking Erickson Street at McDonald

Dear Mr. Skinner;

On March 1, 1985 the Fire District wrote to the City of Gig Harbor expressing the need for Erickson Street to be one continuous roadway with "no barriers, fences, curbs or other encumbrances." Without the gate being removed from Erickson Street, emergency vehicles are now required to travel from Station 5-1 on Kimball Drive south to Hunt Street or north to Pioneer Way and then Grandview Street in order to reach the Soundview Drive corridor.

Even without completing a statistical analysis, it should be apparent that emergency vehicle access to certain areas of the City would be improved by the removal of the gate across Erickson Street.

It is the recommendation of Pierce County Fire District No. 5 that the gate be removed from Erickson Street to improve emergency vehicle access and movement within the City.

Sincerely,

Robert G. Black
Assistant Chief of Operations

Cc: Mr. Mark Hoppen, City Administrator

Pierce County



Fire District Five

Fire Prevention Division

April 18, 2001

6711 Kimball Drive, Gig Harbor, Washington 98335
Tel: 253-851-5111 Fax: 253-858-5035

Dave Skinner
City of Gig Harbor
Public Works Department
3105 Judson Street
Gig Harbor, WA 98335

Dear Mr. Skinner;

Today we received the paving schedule for Pioneer and Kimball Drive. It appears that Emergency Access from our station on Kiraball Drive to Pioneer and Pioneer to Grandview will be greatly reduced during the reconstruction project.

At the onset of this project we discussed opening the gate on Erickson when construction reduced our access to Gig Harbor City central. We are now requesting that the gate be opened during the hours that crews are actively working on Kimball and Pioneer.

Thank you for your assistance in providing adequate response access for our emergency crews during this necessary roadway project.

Sincerely,

Penny L. Hulse,
Prevention Division Chief



City of Gig Harbor. The "Maritime City"

3105 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-8136

TO: ENVIRONMENTAL EDUCATION STAFF
Robin Smith, Harbor Ridge Middle School
Sylvia Wallen, Artondale Elementary

FROM: MAYOR GRETCHEN WILBERT

SUBJECT: ENVIRONMENTAL EDUCATION RESOURCE CENTER AT
BORGEN'S CORNER

DATE: MAY 7, 2001

Thank you for inviting me to your Environmental Education Staff Meeting. Sylvia, the fish tank in your classroom is inspiring.

I wish to report that on Thursday, April 26th, I met with Peninsula School District Superintendent Jim Coolican and Bob Connelly, PSD Curriculum Administrator, to converse about a number of items. The item of interest to you and me, of course, is the opportunity to have your professional experience play an important part in the landscape architectural plan for the new city park at Borgen's Corner.

Your educational interests in forested green spaces and salmon habitat recovery are shared with the city and with a number of other groups. The idea to gather all these interests under one roof in the form of an Environmental Education Resource Center should be explored. A design for such a facility could be incorporated into the park plan for the area at Donkey Creek. I recognize that you would need an enclosed area to house your educational videos, VCR, computer and other educational library components required for the ever-changing sciences and regulations affecting forestry and salmon habitat.

During the meeting with Superintendent Coolican and Administrator Connelly, we discussed the possibility of an education resource center, the cost to the school district, and who might manage such a facility. I told them that I did not foresee any additional cost to the school district outside of providing the environmental education curriculum that the district already provides. Holly DeNuncio, president of the Gig Harbor Arbor Day Foundation, has volunteered to seek grant funding for such a facility and to provide management for an environmental resource center to be available to all environmental education teachers and the community.

Enclosed is a result tabulation of the recent Recreational and Cultural Interest questionnaire sent out by the Cultural Arts Commission and Peninsula Light Company in their February power bill. You may note that 99 persons indicated an interest in environmental education, and 65 persons checked the Austin Erickson Borgen property as a location. This indicates community interest, and funding may come from

local service organizations who enjoy participation recognition by providing rooms, equipment, tables, chairs, etc., for a worthwhile goal. I also left a copy of this tabulation with Superintendent Coolican.

Yes, it would be appropriate to submit your letter of interest in establishing an Environmental Education Resource Center at Donkey Creek to the City Council. They will make the final decision on the design for the park. An Environmental Resource Center would be just one small part of an overall park plan.

The next City Council meeting is Monday, May 14th at 7:00 p.m. at City Hall. If you are unable to attend, I can submit your letter in our correspondence packet, or you can plan on attending the following meeting of **Tuesday**, May 29th at 7:00 p.m. Please let me know your plans by leaving me a message at 851-8136.

The Gig Harbor Arbor Day Foundation will be making a presentation to Council on May 14th regarding their volunteer participation in a resource center. At that meeting, we will display the original oil painting of Donkey Creek given to the city in memory of the late Kathy Ericson, third grade teacher at Discovery Elementary, who spent so much time at the creek with her students.

Thank you again for volunteering to spend your after-school and evening hours with other volunteers in the community helping to create our beautiful livable community.

Cc: Jim Coolican, Superintendent, Peninsula School District
Bob Connelly, Curriculum Director, PSD
City Councilmembers
Mark Hoppen, City Administrator
John Vodopich, Planning Director
David Skinner, Public Works Director
Holly D'Annunzio, President, Arbor Day Foundation
Larry Outhout, Peninsula Salmon Inc.
Maria Barnowl, EarthWILD - Native American Studies
Dick Allen, GH Commercial Fishermen's Donkey Creek Salmon Project
Mark Mauren, DNR and KGI Watershed Committee Chair
Roy Huberd, Pierce County/Peninsula Watershed Study
Chris Erlich, Executive Director, GH Peninsula Historical Society



May 2, 2001

Gretchen Wilbert, Mayor
Gig Harbor City Council
3105 Judson Street
Gig Harbor, WA 98335

Dear Mayor Wilbert:

This is to inform you that Dave Enslow of the City of Sumner was elected to the Board of Pierce Transit, representing the thirteen small cities and towns within the Pierce Transit boundary.

The tabulation of ballots was as follows:

Dave Enslow	5
David Viafore	3
Abstention	1

Your timely cooperation in this election process has been greatly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Byers".

Sandy Byers
Clerk of the Board

cc: Board of Commissioners
Don S. Monroe, Chief Executive Officer
Gig Harbor City Clerk



Pierce County

Office of the County Executive

930 Tacoma Avenue South, Room 737
Tacoma, Washington 98402-2100
(253) 798-7477 • FAX (253) 798-6628

JOHN W. LADENBURG

Executive

jladenb@co.pierce.wa.us

LYLE QUASIM

Chief of Staff

lquasim@co.pierce.wa.us

April 12, 2001

The Honorable Gretchen Wilbert
City of Gig Harbor
Gig Harbor City Hall
3105 Judson St.
Gig Harbor, WA 98335

RECEIVED

APR 16 2001

CITY OF GIG HARBOR

Dear Mayor Wilbert:

During the last year, staff from the firm of Mobrand Biometrics, local, state and federal agencies, local tribes of Indians, and community leaders involved with salmon recovery have been working to create a template to evaluate salmonid needs in the Puyallup River, Clover-Chamber, and portions of the Kitsap watersheds. The process is known as the Ecosystem Diagnosis and Treatment methodology (EDT). The funding for this process was made possible by federal monies secured by the Tri-County organization.

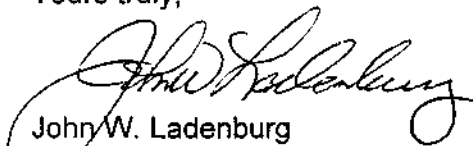
By assembling "experts" who either know specific information about a water body or who can make informed assumptions, the information is assembled. That information is then put into a computer model that evaluates salmon capacity (how many salmonids can an area support) and salmon productivity (the number of returning offspring a pair can produce). The information is collected by watersheds and then is further analyzed using "stream reaches." The result is an identification of problems that are inhibiting the salmonid use of the area and options for solving the identified problems.

The initial results of this process are now available. The results aren't a substitute for the work the federal, state, and tribes are doing under their separate Endangered Species Act and Treaty obligations. But it can provide a useful tool for local jurisdictions and interest groups to use to help achieve habitat results. These efforts can continue while the other agencies have a chance to develop their holistic approach to addressing habitat, hydro, harvest, and hatchery goals.

You and your staff are invited to a presentation of the materials. The information will be presented based on various geographic areas. Each session will include a brief description of the process and then will highlight findings for the various water bodies in that area.

So that we can ensure we have enough materials, would you please RSVP to Chris Schutz at 253-798-7620 or cschutz@co.pierce.wa.us.

Yours truly,


John W. Ladenburg
Executive





What are the salmon-habitat issues in our area?
What can be done to help solve the problems?

Come hear Mobrand Biometrics present the information they have been collecting and analyzing about three Pierce County watersheds during the last year using the Ecosystem Diagnosis and Treatment methodology (EDT).

Because of the volume of information, the presentations will be given based on watershed areas.

Please RSVP to Chris at 253-798-7620 or
cschutz@co.pierce.wa.us

Watershed Area	Date	Meeting Time	Meeting Location
Estuary of Puyallup River	Monday April 30, 2001	1:30 – 3:30pm	World of Trade Center 3600 Port of Tacoma Rd Main floor conference room
Puyallup River Watershed (Carbon, White, etc.)	Wednesday April 25, 2001	4:30 – 6:30pm	Puyallup River Watershed Council Sumner City Hall 1104 Maple St Sumner, WA
Gig Harbor, Upper Key Peninsula	Monday May 14, 2001	4 – 6:00pm	KGI Watershed Meeting Peninsula Light Office 13315 Goodnough Dr. NW Purdy, WA
Clover/Chambers watershed	Tuesday April 24, 2001	3 – 5:00pm	Clover/Chambers Watershed Mtg. Pierce County Water Programs People's Plaza 9315 Gravelly Lake Drive SW Lakewood, WA



City of Gig Harbor. The "Maritime City"

3105 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-8136

TO: MAYOR WILBERT AND CITY COUNCIL MEMBERS
FROM: DAVID R. SKINNER, P.E., PUBLIC WORKS DIRECTOR *DRS*
SUBJECT: KIMBALL DRIVE IMPROVEMENT PROJECT, CSP - 9811
- RATIFICATION OF HIRING 2ND LOWEST BIDDER
- RELEASE AND COVENANT NOT TO SUE
DATE: MAY 9, 2001

INTRODUCTION/BACKGROUND

On March 26, 2001, Council awarded the Kimball Drive Improvement Project to the apparent low bidder, Monarch Excavating, Inc. (Monarch). On April 16, 2001, Monarch informed the City that they were financially unable to perform the construction project and would be filing for bankruptcy, and had sold the equipment necessary for construction. Due to Monarch's financial situation, the company president Gerald Hodgkiss requested the City release them from the construction contract. No work has been performed on this contract to date. Monarch stated that he would perform under the contract, but he would be performing with rented equipment and wasn't sure how many crew members he would have. I contacted the City Attorney about releasing Monarch from their contract and hiring the second lowest bidder. Ms. Morris recommended that I recommend this to the City Council based on:

- 1) The fact that the project was a street project and if delayed would inconvenience the public as well as impact the local businesses along the project corridor;
- 2) There was no way to ensure in advance that the contractor would perform within the time specified in the contract or ensure adequate quality, and the City was on notice from Monarch that he would not be able to perform in the same manner as he described in his bid (because of the lack of crew and equipment);
- 3) The City had just awarded the contract to Monarch and so the bids for the other contractors were only about 2 weeks old;
- 4) The second lowest bidder, Looker and Associates, Inc., was willing to perform the contract. We contacted other agencies who had work performed by Looker and we were given positive and favorable recommendations;
- 5) If Monarch did not perform as agreed upon, the City would be required to engage in enforcement procedures that would include requiring performance (that might be impossible for the contractor, given the circumstances) and then contacting the bonding company, all of which would involve staff and city attorney time and fees.

On April 23, 2001, City Council asked that we explore the situation with the bonding company. The City Attorney called the bonding company and found out that they would do nothing unless there was an actual breach. The City Attorney then authorized me to hire the second lowest bidder, Looker and Associates, Inc. (Looker) on a condition that Monarch sign a Release and Covenant Not to Sue, so that Monarch would not come back later to the City with any claims.

ISSUES/FISCAL IMPACT

If awarded, the second low bid received from Looker in the amount of \$490,516.30 will increase the contract amount by \$40,223.20, which still remains under the 2001 budgeted amount for this project.

RECOMMENDATION

The City Attorney authorized me to hire the second lowest bidder, and I did so on April 24, 2001. Staff and Legal Council recommend the City Council move that the actions of the City Attorney and the Public Works Director in allowing Monarch to terminate his contract with the City for the Kimball Drive Improvement Project, as described in the contract dated April 24, 2001 and subject to execution of the Release and Covenant Not to Sue between Monarch and the City is hereby ratified, and the contract is terminated.

We also recommend that City Council move that the actions of the City Attorney and the Public Works Director in hiring the second lowest bidder, Looker and Associates, Inc. for the Kimball Drive Improvement Project, as shown on the bid dated March 8, 2001, is hereby ratified.

In addition, we recommend that City Council move that the Mayor be authorized to sign the Release and Covenant Not to Sue between Monarch and the City.

Lastly, we recommend that City Council move that the Mayor be authorized to sign the contract for the Kimball Drive Improvement Project in the amount of Four hundred ninety thousand five hundred sixteen dollars and thirty cents (\$490,516.30) between Looker and Associates, Inc. and the City.

RELEASE AND COVENANT NOT TO SUE

THIS RELEASE AND COVENANT NOT TO SUE (hereinafter referred to as the Release,) is made and entered into by and between the CITY OF GIG HARBOR, a Washington municipal corporation (hereinafter the "City"), and MONARCH EXCAVATING, INC., a Washington Corporation, (hereinafter Monarch), licensed to do business in the State of Washington, located at PO Box 845, Puyallup, Washington 98371.

RECITALS

WHEREAS, on February 21, 2000, the City issued a Notice to Bidders for the Kimball Drive Roadway Improvement project (hereinafter the Project); and

WHEREAS, Monarch responded to the City's Notice to Bidders by submitting a bid for the Project in the amount of \$450,293.10 and

WHEREAS, on March 26, 2001, the City Council determined that Monarch was the lowest responsible bidder for the Project, and awarded the contract (No. CSP-9811) for the Project to Monarch; and

WHEREAS, on April 17, 2001, Monarch president Gerald Hodgkiss called and wrote to the City Public Works Director Dave Skinner, requesting that Monarch be released from the contract due to financial constraints (a copy of this letter is attached hereto as Exhibit A); and

WHEREAS, on April 24, 2001, the City Council voted to terminate the contract (No. CSP-9811) with Monarch, conditioned upon Monarch's execution of this Release;

NOW, THEREFORE, the parties agree as follows;

TERMS

A. **RELEASE, DISCHARGE AND COVENANT NOT TO SUE.**

The City and Monarch agree to release and forever discharge the City, its insurers, agents,

officers, elected or appointed officials and employees, from any and all claims, demands, debts, liabilities, damages, (including attorneys' fees and costs), additional compensation, interest, causes of action of whatever kind or nature, known or unknown, existing or arising in the future, related to any claim that Monarch might have regarding the City's award and subsequent termination of the contract between the parties for the Project. This agreement not to sue and release the City for the actions described in this section shall extend to any actions of the City Council in awarding any other contract for the Project, now or in the future, to any other individual or entity.

B. Waiver.

No term or provision herein shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the party claimed to have consented or waived.

C. Entire Agreement.

This Release, and all documents attached hereto or referenced herein, constitute the entire agreement between the parties and supersedes all proposals, oral and written between the parties on the subject.

D. Acknowledgement.

The representatives of Monarch and the City who have executed this Release hereby warrant that he/she are authorized representatives of Monarch and the City, and that they have the authority to execute this Release on behalf of Monarch and the City, that they have read this Release and know the contents thereof, and further acknowledge that its terms are contractual and not mere recitals.

E. Assigns to be Bound.

This Release shall be binding on Monarch and the City, and their successors in interest or assigns.

F. No Admission of Liability.

The parties understand and agree that the execution of this Release does not constitute and shall not be construed as an admission of liability, fault or responsibility of any party. The parties' actions in execution or acceptance of this Release shall not be used against that party in any future matter.

G. Release Not Enforceable by Third Parties.

This Release is neither expressly or impliedly intended for the benefit of any third party and is neither expressly nor impliedly enforceable by any third party.

H. Representations.

The parties acknowledge that no other person or entity, nor any agent or attorney of any person or entity, has made any promise, representation or warranty whatsoever, express or implied, not contained in this Release, concerning the subject matter hereof, to induce the parties to execute this Release. The parties further acknowledge that they have not executed this Release in reliance on any such promise, representation, or warranty not contained herein.

I. Voluntary Execution.

In executing this Release, the parties acknowledge that they have consulted with their duly licensed attorneys, and that they have executed this Release after independent investigation, voluntarily and without fraud, duress or undue influence, and they exclusively consent that this Agreement be given full force and effect according to each of its express terms and conditions.

J. Attorney's Fees.

In any action between the parties to enforce any of the terms of this Release or the terms of any other agreement relating to or pertaining to this Release, the prevailing party shall be entitled to recover its expenses, including reasonable attorneys' fees and costs.

K. Governing Law and Venue.

This Release shall be governed by and construed in accordance with the Laws of the State of Washington. Venue for any action arising out of this Release shall be in Pierce County Superior Court.

L. Counterpart Originals.

This Release may be executed in any number of counterpart originals, each of which shall be deemed to constitute an original agreement, and all of which shall constitute one agreement. The execution of one counterpart by a party shall have the same force and effect as if that party had signed all the other counterparts.

THE UNDERSIGNED HAVE READ THE FOREGOING RELEASE, KNOW THE CONTENTS THEREOF, HAVE CONSULTED WITH AN ATTORNEY REGARDING ITS MEANING, ACKNOWLEDGE THAT ITS TERMS ARE CONTRACTUAL AND NOT MERE RECITALS, ACKNOWLEDGE THAT EACH HAS SIGNED OF HIS OR HER OWN FREE ACT, AND ACKNOWLEDGE THAT THEY FULLY UNDERSTAND THIS RELEASE.

EXECUTED this ____ day of May, 2001.

CITY OF GIG HARBOR

MONARCH EXCAVATING, INC.

By _____
Its Mayor

By Ronald W. Hadghies
Its President



City of Gig Harbor. The "Maritime City"

DEPARTMENT OF PLANNING & BUILDING SERVICES
3125 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-4278

TO: MAYOR WILBERT AND CITY COUNCIL
FROM: JOHN P. VODOPICH, AICP, PLANNING DIRECTOR
SUBJECT: CONSULTANT SERVICES CONTRACT - J.A.BRENNAN ASSOCIATES
DATE: MAY 9, 2001

INFORMATION/BACKGROUND

J.A. Brennan Associates, PLLC has been selected as landscape architects to produce the master plan and design for the new city park to be created at Borgen's Corner.

POLICY CONSIDERATIONS

This proposal will provide for design of a passive park with an emphasis on historic and environmental interpretation as previously directed by the City Council.

FISCAL CONSIDERATIONS

Sufficient funds are budgeted in the approved 2001 Budget for the provision of these services.

RECOMMENDATION

Planning Department staff recommends approval of this contract for J.A. Brennan, PLLC, Landscape Architects.

**CONSULTANT SERVICES CONTRACT
BETWEEN THE CITY OF GIG HARBOR AND
J.A. BRENNAN ASSOCIATES, PLLC
LANDSCAPE ARCHITECTS & PLANNERS**

THIS AGREEMENT is made by and between the City of Gig Harbor, a Washington municipal corporation (hereinafter the "City"), and J.A. Brennan Associates PLLC, a corporation organized under the laws of the State of Washington, located and doing business at 100 South King Street, Suite 200, Seattle, Washington 98104 (hereinafter the "Consultant").

RECITALS

WHEREAS, the City is presently engaged in the design of a new city park at 8714 N. Harborview Drive, and desires that the Consultant perform services necessary to provide the following consultation services.

WHEREAS, the Consultant agrees to perform the services more specifically described in the Scope of Work, dated May 8, 2001, including any addenda thereto as of the effective date of this agreement, all of which are attached hereto as **Exhibit A – Scope of Services**, and are incorporated by this reference as if fully set forth herein.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties as follows:

I. Description of Work

The Consultant shall perform all work as described in **Exhibit A**.

II. Payment

A. The City shall pay the Consultant an amount based on time and materials, not to exceed Ninety-four thousand four hundred and twenty-six dollars and sixty cents (\$94,426.60) for the services described in Section I herein. This is the maximum amount to be paid under this Agreement for the work described in **Exhibit A**, and shall not be exceeded without the prior written authorization of the City in the form of a negotiated and executed supplemental agreement. PROVIDED, HOWEVER, the City reserves the right to direct the Consultant's compensated services under the time frame set forth in Section IV herein before reaching the maximum amount. The Consultant's staff and billing rates shall be as described in **Exhibit B – Schedule of Rates and Estimated Hours**. The Consultant shall not bill for Consultant's staff not identified or listed in **Exhibit B** or bill at rates in excess of the hourly rates shown in **Exhibit B**; unless the parties agree to a modification of this Contract, pursuant to Section XVIII herein.

B. The Consultant shall submit monthly invoices to the City after such services have been performed, and a final bill upon completion of all the services described in this Agreement. The City shall pay the full amount of an invoice within forty-five (45) days of receipt. If the City

objects to all or any portion of any invoice, it shall so notify the Consultant of the same within fifteen (15) days from the date of receipt and shall pay that portion of the invoice not in dispute, and the parties shall immediately make every effort to settle the disputed portion.

III. Relationship of Parties

The parties intend that an independent contractor-client relationship will be created by this Agreement. As the Consultant is customarily engaged in an independently established trade which encompasses the specific service provided to the City hereunder, no agent, employee, representative or sub-consultant of the Consultant shall be or shall be deemed to be the employee, agent, representative or sub-consultant of the City. In the performance of the work, the Consultant is an independent contractor with the ability to control and direct the performance and details of the work, the City being interested only in the results obtained under this Agreement. None of the benefits provided by the City to its employees, including, but not limited to, compensation, insurance, and unemployment insurance are available from the City to the employees, agents, representatives, or sub-consultants of the Consultant. The Consultant will be solely and entirely responsible for its acts and for the acts of its agents, employees, representatives and sub-consultants during the performance of this Agreement. The City may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that the Consultant performs hereunder.

IV. Duration of Work

The City and the Consultant agree that work will begin on the tasks described in **Exhibit A** immediately upon execution of this Agreement. . The parties agree that the work described in **Exhibit A** shall be completed by December 31, 2001; provided however, that additional time shall be granted by the City for excusable days or extra work.

V. Termination

A. Termination of Agreement. The City may terminate this Agreement, for public convenience, the Consultant's default, the Consultant's insolvency or bankruptcy, or the Consultant's assignment for the benefit of creditors, at any time prior to completion of the work described in **Exhibit A**. If delivered to one consultant in person, termination shall be effective immediately upon the Consultant's receipt of the City's written notice or such date stated in the City's notice, whichever is later.

B. Rights Upon Termination. In the event of termination, the City shall pay for all services satisfactorily performed by the Consultant to the effective date of termination, as described on a final invoice submitted to the City. Said amount shall not exceed the amount in Section II above. After termination, the City may take possession of all records and data within the Consultant's possession pertaining to this Agreement, which records and data may be used by the City without restriction. Upon termination, the City may take over the work and prosecute the same to completion, by contract or otherwise. Except in the situation where the Consultant has been terminated for public convenience, the Consultant shall be liable to the City for any additional costs incurred by the City in the completion of the Scope of Work referenced as **Exhibit A** and as

modified or amended prior to termination. "Additional Costs" shall mean all reasonable costs incurred by the City beyond the maximum contract price specified in Section II(A), above.

VI. Discrimination

In the hiring of employees for the performance of work under this Agreement or any sub-contract hereunder, the Consultant, its subcontractors, or any person acting on behalf of such Consultant or sub-consultant shall not, by reason of race, religion, color, sex, national origin, or the presence of any sensory, mental, or physical disability, discriminate against any person who is qualified and available to perform the work to which the employment relates.

VII. Indemnification

The Consultant shall defend, indemnify and hold the City, its officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits, including all legal costs and attorneys' fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City. The City's inspection or acceptance of any of the Consultant's work when completed shall not be grounds to avoid any of these covenants of indemnification.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, agents and volunteers, the Consultant's liability hereunder shall be only to the extent of the Consultant's negligence.

IT IS FURTHER SPECIFICALLY AND EXPRESSLY UNDERSTOOD THAT THE INDEMNIFICATION PROVIDED HEREIN CONSTITUTES THE CONSULTANT'S WAIVER OF IMMUNITY UNDER INDUSTRIAL INSURANCE, TITLE 51 RCW, SOLELY FOR THE PURPOSES OF THIS INDEMNIFICATION. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE MUTUALLY NEGOTIATED THIS WAIVER. THE CONSULTANT'S WAIVER OF IMMUNITY UNDER THE PROVISIONS OF THIS SECTION DOES NOT INCLUDE, OR EXTEND TO, ANY CLAIMS BY THE CONSULTANT'S EMPLOYEES DIRECTLY AGAINST THE CONSULTANT.

The provisions of this section shall survive the expiration or termination of this Agreement.

VIII. Insurance

A. The Consultant shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the Consultant's own work including the work of the Consultant's agents, representatives, employees, sub-consultants or sub-contractors.

B. Before beginning work on the project described in this Agreement, the Consultant shall provide evidence, in the form of a Certificate of Insurance, of the following insurance coverage and limits (at a minimum):

1. Business auto coverage for any auto no less than a \$1,000,000 each accident limit, and
2. Commercial General Liability insurance no less than \$1,000,000 per occurrence with a \$2,000,000 aggregate. Coverage shall include, but is not limited to, contractual liability, products and completed operations, property damage, and employers liability, and
3. Professional Liability insurance with no less than \$1,000,000 claims made basis.

C. The Consultant is responsible for the payment of any deductible or self-insured retention that is required by any of the Consultant's insurance. If the City is required to contribute to the deductible under any of the Consultant's insurance policies, the Contractor shall reimburse the City the full amount of the deductible.

D. The City of Gig Harbor shall be named as an additional insured on the Consultant's commercial general liability policy. This additional insured endorsement shall be included with evidence of insurance in the form of a Certificate of Insurance for coverage necessary in Section B. The City reserves the right to receive a certified and complete copy of all of the Consultant's insurance policies.

E. It is the intent of this contract for the Consultant's insurance to be considered primary in the event of a loss, damage or suit. The City's own comprehensive general liability policy will be considered excess coverage in respect to the City. Additionally, the Consultant's commercial general liability policy must provide cross-liability coverage as could be achieved under a standard ISO separation of insured's clause.

F. The Consultant shall request from his insurer a modification of the ACORD certificate to include language that prior written notification will be given to the City of Gig Harbor at least 30-days in advance of any cancellation, suspension or material change in the Consultant's coverage.

IX. Exchange of Information

The City warrants the accuracy of any information supplied by it to the Consultant for the purpose of completion of the work under this Agreement. The parties agree that the Consultant will notify the City of any inaccuracies in the information provided by the City as may be discovered in the process of performing the work, and that the City is entitled to rely upon any information supplied by the Consultant which results as a product of this Agreement.

X. Ownership and Use of Records and Documents

Original documents, drawings, designs and reports developed under this Agreement shall belong to and become the property of the City. All written information submitted by the City to the Consultant in connection with the services performed by the Consultant under this Agreement will be safeguarded by the Consultant to at least the same extent as the Consultant safeguards like information relating to its own business. If such information is publicly available or is already in consultant's possession or known to it, or is rightfully obtained by the Consultant from third parties, the Consultant shall bear no responsibility for its disclosure, inadvertent or otherwise.

XI. City's Right of Inspection

Even though the Consultant is an independent contractor with the authority to control and direct the performance and details of the work authorized under this Agreement, the work must meet the approval of the City and shall be subject to the City's general right of inspection to secure the satisfactory completion thereof. The Consultant agrees to comply with all federal, state, and municipal laws, rules, and regulations that are now effective or become applicable within the terms of this Agreement to the Consultant's business, equipment, and personnel engaged in operations covered by this Agreement or accruing out of the performance of such operations.

XII. Consultant to Maintain Records to Support Independent Contractor Status

On the effective date of this Agreement (or shortly thereafter), the Consultant shall comply with all federal and state laws applicable to independent contractors including, but not limited to the maintenance of a separate set of books and records that reflect all items of income and expenses of the Consultant's business, pursuant to the Revised Code of Washington (RCW) Section 51.08.195, as required to show that the services performed by the Consultant under this Agreement shall not give rise to an employer-employee relationship between the parties which is subject to RCW Title 51, Industrial Insurance.

XIII. Work Performed at the Consultant's Risk

The Consultant shall take all precautions necessary and shall be responsible for the safety of its employees, agents, and sub-consultants in the performance of the work hereunder and shall utilize all protection necessary for that purpose. All work shall be done at the Consultant's own risk, and the Consultant shall be responsible for any loss of or damage to materials, tools, or other articles used or held by the Consultant for use in connection with the work.

XIV. Non-Waiver of Breach

The failure of the City to insist upon strict performance of any of the covenants and agreements contained herein, or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of said covenants, agreements, or options, and the same shall be and remain in full force and effect.

XV. Resolution of Disputes and Governing Law

Should any dispute, misunderstanding, or conflict arise as to the terms and conditions contained in this Agreement, the matter shall first be referred to the City Public Works Director and the City shall determine the term or provision's true intent or meaning. The City Public Works Director shall also decide all questions which may arise between the parties relative to the actual services provided or to the sufficiency of the performance hereunder.

If any dispute arises between the City and the Consultant under any of the provisions of this Agreement which cannot be resolved by the City Public Works Director's determination in a reasonable time, or if the Consultant does not agree with the City's decision on the disputed matter, jurisdiction of any resulting litigation shall be filed in Pierce County Superior Court, Pierce County, Washington. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The non-prevailing party in any action brought to enforce this Agreement shall pay the other parties' expenses and reasonable attorney's fees.

XVI. Written Notice

All communications regarding this Agreement shall be sent to the parties at the addresses listed on the signature page of the agreement, unless notified to the contrary. Unless otherwise specified, any written notice hereunder shall become effective upon the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated below:

CONSULTANT
Jim Brennan
J.A. Brennan, PLLC
100 S. King Street, Suite 200
Seattle, WA 98104
(206) 583-0620

John P. Vodopich, AICP
Director, Planning and Building Services
City of Gig Harbor
3125 Judson Street
Gig Harbor, Washington 98335
(253) 851-4278

XVII. Assignment

Any assignment of this Agreement by the Consultant without the written consent of the City shall be void. If the City shall give its consent to any assignment, this paragraph shall continue in full force and effect and no further assignment shall be made without the City's consent.

XVIII. Modification

No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the City and the Consultant.

XIX. Entire Agreement

The written provisions and terms of this Agreement, together with any Exhibits attached hereto, shall supersede all prior verbal statements of any officer or other representative of the City, and such statements shall not be effective or be construed as entering into or forming a part of or altering in any manner whatsoever, this Agreement or the Agreement documents. The entire agreement between the parties with respect to the subject matter hereunder is contained in this Agreement and any Exhibits attached hereto, which may or may not have been executed prior to the execution of this Agreement. All of the above documents are hereby made a part of this Agreement and form the Agreement document as fully as if the same were set forth herein. Should any language in any of the Exhibits to this Agreement conflict with any language contained in this Agreement, then this Agreement shall prevail.

IN WITNESS WHEREOF, the parties have executed this Agreement on this _____ day of _____, 2001.

CONSULTANT
By: 
Its/Principal

CITY OF GIG HARBOR
By: _____
Mayor

Notices to be sent to:
CONSULTANT
Jim Brennan
J.A. Brennan, PLLC
100 S. King Street, Suite 200
Seattle, WA 98104
(206) 583-0620

John P. Vodopich, AICP
Director, Planning and Building Services
City of Gig Harbor
3125 Judson Street
Gig Harbor, Washington 98335
(253) 851-4278

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the _____ of _____ Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at:

My Commission expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Gretchen A. Wilbert is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Mayor of Gig Harbor to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at:

My Commission expires: _____

APPENDIX A

Gig Harbor City Park

Prepared for:

City of Gig Harbor

Pat Iolavera, Project Manager

J.A. Brennan Associates, PLLC

Landscape Architects & Planners

April 19, 2001

Phase I

Scope of Work

Thank you for the opportunity to provide estimated services for the **Gig Harbor City Park Project**. We have prepared a scope of work and estimated fee as requested. It is our understanding that there are three phases to the project, Phase 1: Programming, Issue Exploration and Master Plan Design; Phase 2: Design Development, Contract Documents, Bidding Assistance, and Construction Observation for Phase 1 construction; and Phase 3: Contract documents for Phase two construction. Our services will ultimately include conceptual and final design, along with providing assistance with public involvement and presentation at public meetings. We will provide design services for paths, parking, utilities, outlooks, restrooms, picnic shelter, interpretive exhibits, planting plans, irrigation plans, stream enhancements, hatchery modifications, and control of invasive non-native plant species.

SCOPE OF WORK

A. ADMINISTRATION / COORDINATION

Objective:

Coordinate all administrative work pertaining to the Master Plan including correspondence, and billing. Brennan Associates will also attend weekly and monthly meetings with the City project manager to provide updates on the project schedule, consultant progress, to discuss critical issues, and to provide decision makers with input as required. Coordination with other agencies will also be required. Jim Brennan will be responsible for all coordination of efforts of the consultant team.

Approach:

Efficient project management is provided by starting with a clear direction for all team members in the beginning of the project. Direction and momentum is maintained through communication, documentation, and quality control in the Brennan Associates project management approach. Consistent teamwork and coordination between the City and Brennan Associates will be necessary to remain on schedule. Taking action toward implementation will be of highest priority in project

management.

Tasks:

1. Early action planning
2. Preparation of progress reports
3. Monthly billings
4. Coordination with City & Agencies
5. Organized project filing & data distribution

Deliverables:

Monthly progress reports to be submitted with monthly invoices, meeting notes, project files, and mailings.

B. PUBLIC INVOLVEMENT

Objective:

Provide assistance in public and agency involvement and the decision making process.

Approach:

Public Meetings:

Following is our proposed approach for public meetings. We will focus on discussion on the issues, opportunities, and limitations of the project site, and then discuss practical solutions for what will become a great public space. It is not our goal to make sure everyone is in total agreement with one another. It is our goal to make sure everyone gets a chance to be heard and feels like they are a part of the public process.

Meeting No. 1 – Informational, Alternatives Discussion

We will bring a base map explaining the existing features and impacts of the project area being discussed. Through the workshop process, we will gather information from each participant and discuss recreation and cultural programming, and key planning issues in an open and forward moving environment.

Meeting No. 2 – Alternative Concepts

We will bring two to three alternatives of this park concept. The merits and faults of these plans will be discussed. Additional participation will be encouraged.

Meeting No. 3 – Draft Master Plan

A draft preferred design will be presented in an open house forum. One option of the park concept based upon the input from the first workshop will be presented. The process will be emphasized, showing the final design concept as it relates to site constraints and community input. Additional participation will be encouraged.

IAC Grant Funding Requirements:

An illustrative drawing of each conceptual Master plan will be provided at the end of the public participation period. This illustrative Master plan will be useful to the City for IAC grant

applications and presentations, as well as other grant agencies. The public process that we take each project through will also satisfy all public process requirements for IAC Grant funding for the plan.

Tasks:

1. Informational meeting with community
2. Recording of meetings
3. Preparation of meeting agendas
4. Development of meeting schedules

Deliverables:

1. Attend up to 3 public meetings
2. Attend and facilitate 2 Citizen's Advisory meetings held the day of public meetings
3. Slide show and boards for meetings

C. SITE INVESTIGATION / DATA COLLECTION

Objective:

The consultant will coordinate with the City and other stakeholders such as the fisheries group and the Historical Museum to assemble data and complete site investigation required to characterize the natural, cultural, and built environment and to provide data used in establishing development suitability and preserve areas. Our team will also provide a basis for the design by determining the amount, timing and types of recreational/cultural uses reasonable for the site. We will build on existing data from previous efforts on adjacent related projects, and other trail work.

We will meet with the hatchery managers and individuals / groups who have interest on the long-term objectives for fish in Donkey Creek. Any activity at our site needs to relate to the whole of the creek. Relative to those interests, we will prepare an analysis that conceptually compares any options (it is not likely that there will be more than three ideas that have any merit and more of that may be related to the fish hatchery and culvert replacement – culvert v. bridge). Provide text, photos, profiles, sections, and sketches for the analysis memo.

Approach:

Work includes identification and mapping of key natural and cultural elements. Sensitive areas such as shorelines, slopes, cultural sites, traffic issues, wetland areas, known flood areas, utilities, and wildlife habitat will be mapped. In addition, existing uses, land ownership, landforms, visual resources, historic resources, related projects, geology, soils, and water resources will be identified and mapped. Opportunities and constraints will be outlined. The design for the Historical Museum will be reviewed. Potential recreational, conservation, and community program elements will be carefully scrutinized during this early phase of the project as preliminary design criteria are being examined.

Tasks:

1. Review existing data and reports
2. Up to 2 site visits and one initial joint work session.

3. Site analysis mapping
 - Vegetation and shoreline zones, sensitive areas, drainage, wildlife, access, traffic, patterns of use (seasonal), adjacent land use & ownership, regional connections, visual resources, educational opportunities, and safety issues.
4. Consultant meeting with City staff:
 - To fully discuss all aspects of the background, history and issues for the planning of the site.
 - To identify any data needs, past studies and materials and expansion/improvement ideas.
5. Site survey will be prepared that has the following data:
 - 2' contours (plus spot elevations), trees (6" and larger) and shrub line (more than 100 trees), stream centerline and edge of banks at bottom of channel, top of bank (where there is one), pavement, existing building, utilities, street, including both edges and CI, culvert inverts, hatchery and pond, and boundary.
 - The site survey will be provided electronically and will provide the base mapping for site planning.
6. Review all background information, data and reports, especially those for transportation/travel patterns and levels.
7. Interview an appropriate sample of local and regional public and City facilities managers.
8. Cad Base development.

Deliverables:

1. Provide an analysis memo with photo inventory, and preliminary user analysis data.
2. Compile information in tech memo format for early review.
3. Site survey for use as a base drawing for planning and design.

D. GOALS & OBJECTIVES & RECREATION PROGRAMMING

Objective:

This task will involve the development and documentation of project goals, and a list of potential cultural and recreational activities. A design program will be developed for multiple use recreation activities based on analysis recommendations and findings, client and user group input, and design criteria. Criteria will be developed to guide the stewardship of resources and to assist in balancing preservation with use and access.

Approach:

Our team will meet with the City, and Community to discuss potential goals, and to create a draft and final program report. Cultural and recreational activities are analyzed for their compatibility to the site, other uses, Museum program and anticipated impacts. Client, agency and public goals and objectives will be instrumental in the formation of the recreation program.

Tasks:

1. Planning & design parameters
2. Documentation of project goals
3. Preliminary written program
4. Final program report

Deliverables:

Technical memorandum outlining goals & preliminary program elements

E. ALTERNATIVE CONCEPT DESIGNS

Objective:

Development of conceptual alternatives for development and preservation, of the site.

We will provide conceptual sketches, supported by profiles as appropriate, of alternatives for two channel configurations and two culvert replacement options. The culvert and channel options may be related (due to physical limitations), so the total number of options considered may range from two to four. Sketches of sections and details will support the conceptual layouts. If available, photos of devices similar to those proposed for this site will be provided.

Approach:

Consideration will be given for recreation density options, cultural program potentials, access and circulation as well as potential environmental tradeoffs. Documented City Staff and Public input, will facilitate in the timely development of alternatives ranging from low intensity to medium intensity park and community use.

Tasks:

1. Two to three alternative scenarios for development that are variations of the theme set forward in the preliminary program.
2. Evaluation of alternatives:
The positive and negative aspects of the constraints, challenges and opportunities of each Alternative will be analyzed.

Products:

- Two to three concept/schematic plans for alternative scenarios
- Up to 6 sections
- Elevation and plan for picnic pavilion and restroom
- Evaluation of alternatives
- Support for the selection of the preferred alternative
- Level of service traffic analysis .
- Culvert replacement options
- Alternative written concepts for fish hatchery
- Sketches of alternative layouts, sections, and details for use in presentations.
- Assist developing displays for public meetings
- Sketches for two culvert replacement options (may be combined with alternative layouts above)
- Written evaluation with conceptual cost estimates for stream and culvert options.

F. MASTER PLAN DESIGN

Objective:

After receiving input from alternative plans the Brennan Associates Team will work with the City in preparing the final master Plan. The first step is the preparation of draft Master Plan for review by The City, the Advisory Team, and the Community. Following the review of comments we will work with the City in the preparation of the final Concept Plan.

Approach:

The Master Plan will address priorities and the preferred level of recreational development established at the concept alternative level. Final development will consider access points, parking, levels of passive and active recreation zones, rest room, picnic shelter, park development themes, preservation and habitat enhancement opportunities, in stream habitat development, site planting concept, trail system design, interpretive concepts, and mitigation requirements.

Tasks:

1. Conceptual plan showing major access & circulation, the location of all major program elements, and protection areas
2. Up to 6 site sections and 2 sketches
3. Development program
4. Draft Master Plan report memo
5. Final Master Plan report / memo
6. Phasing Plan and schedule
7. Cost estimate

Products:

- One colored Master Plan graphic showing all main elements for the site. Sections and sketch, and draft master plan memo (to be included in final report). Provide 20 copies with up to three-color pages.
- Conceptual plan showing location of key elements of stream restoration, culvert replacement, and hatchery
- Sketches of sections and sketches of key details

We anticipate a 20 to 25-page report with graphics.

G. INTERPRETIVE SIGNAGE CONCEPT DESIGN DEVELOPMENT

Prepare written concepts for educational signage including a map at kiosk. Provide thumbnail sketches to convey signage concepts. Provide historical research and interview with representative for the Historical Museum.

(Comment Period)

H. TRAFFIC ANALYSIS

Existing traffic volumes for Austin and Harborview Drive will be obtained from available sources. Field traffic counts are not anticipated. Final development will consider preferred street improvements.

Products:

- Conceptual layout of street modifications (two alternatives)
- Conceptual level construction cost estimate (two alternatives)

I. DEMOLITION CONTRACT DOCUMENTS & CONSTRUCTION OBSERVATION

Objective:

The goal of this task is to prepare contract documents for the demolition of the approximately 5000 square foot commercial building and associated paved surfaces, located at 8714 North Harborview Drive at the Gig Harbor City Park on Donkey Creek. Contract documents will also specify the restoration of the site including hydroseeding for erosion control, and minor site grading as required to leave the site in a safe and clean condition. It is assumed that contract documents for implementation of park design will be accomplished in future phases and is not included in this scope of work.

Tasks:

1. Demolition Plan
2. BMP Plan
3. Seeding Plan
4. General Notes
5. Bid Support, distribution by city
6. Telephone coordination
7. Bid walk thru, assume selection is from bid list
8. Construction observation
9. Pre-construction meeting and three site visits
10. Punch list meeting
11. General administration and submittal review
12. Cost estimates

Assumes not full specifications, but general notes format.

Assumptions

1. Cad base with sheet set up will be provided by J.A. Brennan on Auto Cad 14 ready for Design.
2. Master plan design work will be completed by July 2001.
3. The fee for this scope is based on the specified review steps. Additional fee will be required for additional review steps.
4. Permit and SEPA application preparation and submittal preparation work will be in future

- phase. Permit strategy will be documented in report.
5. Design estimate is based on Phase 1 Work only.
 6. Demolition of hazardous materials is not anticipated.

APPENDIX B

J.A. Brennan Associates, PLLC
Landscape Architects & Planners

**Gig Harbor City
Park
City of Gig Harbor**

Date: April 19, 2001

PHASE I

TASK A. ADMINISTRATION / COORDINATION

LABOR	RATE	HOURS	TOTAL LABOR	SUBTOTAL
PRINCIPAL	110.00	16	1760	
SENIOR ASSOCIATE	85.00	8	680	
PROJECT LANDSCAPE ARCHITECT	65.00		0	
CLERICAL	50.00	12	600	
TOTAL HOURS		36		
TOTAL BRENNAN LABOR COSTS			3040	
TOTAL DIRECT COSTS			45	
TOTAL BRENNAN FEE			3085	
TOTAL FEE THIS TASK				\$3,085.00

TASK B. PUBLIC INVOLVEMENT

<u>LABOR</u>	<u>RATE</u>	<u>HOURS</u>	<u>TOTAL LABOR</u>	<u>SUBTOTAL</u>
PRINCIPAL	110.00	16	1760	
SENIOR ASSOCIATE	85.00	12	1020	
PROJECT LANDSCAPE ARCHITECT DESIGNER	65.00		0	
	50.00	12	600	
TOTAL HOURS		40		
TOTAL BRENNAN LABOR COSTS			3380	
URS CORPORATION			1,548	
MAKERS ARCHITECTURE			1,800	
TAYLOR ASSOCIATES				
LINDA FELTNER				
SUBCONSULTANT MARK-UP			334.8	
TOTAL DIRECT COSTS			300	
TOTAL BRENNAN FEE			4015	
TOTAL FEE THIS TASK				\$7,362.80

TASK C. SITE INVESTIGATION / DATA COLLECTION

LABOR	RATE	HOURS	TOTAL LABOR	SUBTOTAL
PRINCIPAL	110.00	12	1320	
SENIOR ASSOCIATE	85.00	12	1020	
PROJECT LANDSCAPE ARCHITECT	65.00	16	1040	
DESIGNER	50.00	16	800	
TOTAL HOURS		56		
TOTAL BRENNAN LABOR COSTS			4180	
URS CORPORATION			15168	
MAKERS ARCHITECTURE			800	
TAYLOR ASSOCIATES			1500	
LINDA FELTNER				
SUBCONSULTANT MARK-UP			1746.8	
TOTAL DIRECT COSTS			320	
TOTAL BRENNAN FEE			6246.8	
TOTAL FEE THIS TASK				\$23,714.80

TASK D. GOALS & OBJECTIVES & RECREATION PROGRAMMING

LABOR	RATE	HOURS	TOTAL LABOR	SUBTOTAL
PRINCIPAL	110.00	8	880	
SENIOR ASSOCIATE	85.00	14	1190	
PROJECT LANDSCAPE ARCHITECT DESIGNER	65.00	2	130	
	50.00	2	100	
TOTAL HOURS		26		
TOTAL BRENNAN LABOR COSTS			2300	
URS CORPORATION			776	
MAKERS ARCHITECTURE			400	
TAYLOR ASSOCIATES			600	
LINDA FELTNER				
SUBCONSULTANT MARK-UP			177.6	
TOTAL DIRECT COSTS			65	
TOTAL BRENNAN FEE			2542.6	
TOTAL FEE THIS TASK				\$4,318.60

TASK E. ALTERNATIVE CONCEPT DESIGNS

LABOR	RATE	HOURS	TOTAL LABOR	SUBTOTAL
PRINCIPAL	110.00	18	1980	
SENIOR ASSOCIATE	85.00	18	1530	
PROJECT LANDSCAPE ARCHITECT DESIGNER	65.00	22	1430	
	50.00	24	1200	
TOTAL HOURS		82		
TOTAL BRENNAN LABOR COSTS			6140	
URS CORPORATION			4,808	
MAKERS ARCHITECTURE			1,690	
TAYLOR ASSOCIATES			600	
LINDA FELTNER				
SUBCONSULTANT MARK UP			709.8	
TOTAL DIRECT COSTS			200	
TOTAL BRENNAN FEE			7049.8	
TOTAL FEE THIS TASK				\$14,147.80

TASK F. MASTER PLAN DESIGN

LABOR	RATE	HOURS	TOTAL LABOR	SUBTOTAL
PRINCIPAL	110.00	22	2420	
SENIOR ASSOCIATE	85.00	20	1700	
PROJECT LANDSCAPE ARCHITECT	65.00	32	2080	
DESIGNER	50.00	40	2000	
TOTAL HOURS		114		
TOTAL BRENNAN LABOR COSTS			8200	
URS CORPORATION			4048	
MAKERS ARCHITECTURE			800	
TAYLOR ASSOCIATES			300	
LINDA FELTNER				
SUBCONSULTANT MARK-UP			514.8	
TOTAL DIRECT COSTS			500	
TOTAL BRENNAN FEE			9214.8	
TOTAL FEE THIS TASK				\$14,362.80

TASK G. INTERPRETIVE SIGNAGE CONCEPT DESIGN DEVELOPMENT

LABOR	RATE	HOURS	TOTAL LABOR	SUBTOTAL
PRINCIPAL	110.00	6	660	
SENIOR ASSOCIATE	85.00	6	510	
PROJECT LANDSCAPE ARCHITECT	65.00		0	
DESIGNER	50.00		0	
TOTAL HOURS		12		
TOTAL BRENNAN LABOR COSTS			1170	
URS CORPORATION				
MAKERS ARCHITECTURE				
TAYLOR ASSOCIATES				
LINDA FELTNER			7954	
SUBCONSULTANT MARK-UP			795.4	
TOTAL DIRECT COSTS			75	
TOTAL BRENNAN FEE			2040.4	
TOTAL FEE THIS TASK				\$9,994.40

TASK H. TRAFFIC ANALYSIS

LABOR	RATE	HOURS	TOTAL LABOR	SUBTOTAL
PRINCIPAL	110.00	4	440	
SENIOR ASSOCIATE	85.00	2	170	
PROJECT LANDSCAPE ARCHITECT DESIGNER	65.00 50.00		0 0	
TOTAL HOURS		6		
TOTAL BRENNAN LABOR COSTS			610	
URS CORPORATION MAKERS ARCHITECTURE TAYLOR ASSOCIATES LINDA FELTNER			7514	
SUBCONSULTANT MARK-UP			751.4	
TOTAL DIRECT COSTS			15	
TOTAL BRENNAN FEE			1376.4	
TOTAL FEE THIS TASK				\$8,890.40

TASK I. DEMOLITION CONTRACT DOCUMENTS & CONSTRUCTION OBSERVATION

LABOR	RATE	HOURS	TOTAL LABOR	SUBTOTAL
PRINCIPAL	110.00	20	2200	
SENIOR ASSOCIATE	85.00	24	2040	
PROJECT LANDSCAPE ARCHITECT DESIGNER	65.00	22	1430	
	50.00	40	2000	
TOTAL HOURS		106		
TOTAL BRENNAN LABOR COSTS			7670	
URS CORPORATION			800	
MAKERS ARCHITECTURE				
TAYLOR ASSOCIATES				
LINDA FELTNER				
SUBCONSULTANT MARK-UP			80	
TOTAL DIRECT COSTS				
TOTAL BRENNAN FEE			7750	
TOTAL FEE THIS TASK				\$8,550.00

TOTAL PHASE I DESIGN SERVICES

\$94,426.60

TOTAL FEE BRENNAN & ASSOCIATES

\$43,320.60

URS CORPORATION

\$34,662

MAKERS ARCHITECTURE

\$5,490

TAYLOR ASSOCIATES

\$3,000

LINDA FELTNER

\$7,954

TOTAL FEE SUBCONSTULTANTS

\$51,106.00



City of Gig Harbor. The "Maritime City"

3105 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-8136

TO: MAYOR WILBERT AND CITY COUNCIL MEMBERS
FROM: DAVID R. SKINNER, P.E., PUBLIC WORKS DIRECTOR
SUBJECT: CITY OF GIG HARBOR CIVIC CENTER – ARCHITECTURAL DESIGN AND ENGINEERING SERVICES AGREEMENT AMENDMENT
DATE: MAY 7, 2001

INTRODUCTION/BACKGROUND

A budget objective for 2001 includes the design and construction of the City of Gig Harbor Civic Center. On August 15, 2000, Council approved an Owner/Architect Agreement with Burr Lawrence Rising + Bates Architects, P.S. (BLR+B) to perform the final construction design of the Civic Center.

The executed agreement specified compensation for the architectural and engineering services to be based on the Maximum Allowable Construction Cost (MACC) of the Civic Center. Based on the initial project MACC estimate of \$5,280,000.00 the consultant fee was \$422,403.00. After the final design has been completed the revised project MACC estimate is \$5,600,000.00, which calculates a new A/E fee of \$447,992.00. This represents an increase in the A/E fee of \$25,589.00.

The project increases are based on the following revisions to the original estimate:

• Public Works/Planning Dept. additions included in base bid....	\$205,000.00
• Cedar Shingles per Design Review Board requirements.....	\$ 22,000.00
• Automatic Irrigation System for landscaping	\$ 21,500.00
• Fire Sprinkling and Smoke Evacuation System	\$ 14,000.00
• Compressed Air System in Police Department	\$ 2,000.00
• (14) Street Lights along Grandview Street	\$ 28,000.00
• Electrical work to accommodate Fiber Optic Cabling	\$ 20,500.00
• Additional Security Card Readers	\$ 5,000.00
TOTAL PROJECT INCREASE	\$318,000.00

FISCAL CONSIDERATIONS

The original A/E contract agreement amount was for \$422,403.00. The Amendment is in the amount of \$25,589.00, for a total amount of \$447,992.00. Sufficient funds are available for this increase in A/E work.

RECOMMENDATION

I recommend that the Council move and approve execution of the Consultant Services Contract Amendment with Burr Lawrence Rising + Bates Architects, P.S. for the amended contract amount for a total not-to-exceed Four hundred forty-seven thousand dollars nine hundred ninety-two dollars and no cents (\$447,992.00).

**AMENDMENT TO OWNER/ARCHITECT AGREEMENT
BETWEEN THE CITY OF GIG HARBOR AND
BURR LAWRENCE RISING + BATES ARCHITECTS, P.S.**

THIS AMENDMENT is made to the AGREEMENT, dated August 15, 2000, by and between the City of Gig Harbor, a Washington municipal corporation (hereinafter the "City"), and Burr Lawrence Rising + Bates Architects, P.S., a corporation organized under the laws of the State of Washington, located and doing business at 1145 Broadway Plaza, Suite 1200, Tacoma, Washington 98402-3519 (hereinafter the "Consultant").

RECITALS

WHEREAS, the City is presently engaged in the design of the City of Gig Harbor Civic Center and desires that the Consultant perform services necessary to provide the following consultation services.

WHEREAS, the Consultant agreed to perform the services, and the parties executed an Agreement on August 15, 2000 (hereinafter the "Agreement"); and

WHEREAS, the existing Agreement requires the parties to execute an amendment to the Agreement in order to modify the scope of work to be performed by the Consultant, or to exceed the amount of compensation paid by the City;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties in this Amendment as follows:

Section 1. Amendment to A/E Fee Summary Attachment 'C'. Attachment 'C' of the Agreement is amended to require the City to pay compensation to the Consultant for the work described in the agreement in the amount of: Four hundred forty seven thousand nine hundred ninety two dollars and no cents (\$447,992.00). This Amendment shall not modify any other of the remaining terms and conditions in Section II, which shall be in effect and fully enforceable.

Section 2. Effectiveness of all Remaining Terms of Agreement. All of the remaining terms and conditions of the Agreement between the parties shall be in effect and be fully enforceable by the parties. The Agreement shall be incorporated herein as if fully set forth, and become a part of the documents constituting the contract between the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on this _____ day of _____, ~~2000~~ 2001

THE CITY OF GIG HARBOR

By: Thomas L. Bates
Its Principal

By: _____
Mayor

Notices to be sent to:

CONSULTANT
Burr Lawrence Rising + Bates Architects, P.S.
Attn: Tom Bates
1145 Broadway Plaza, Suite 1200
Tacoma, Washington 98402-3519
(253) 627-5599

David R. Skinner, P.E.
Director of Public Works
City of Gig Harbor
3105 Judson Street
Gig Harbor, Washington 98335
(253) 851-8145

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the _____ of _____ Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at:

My Commission expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Gretchen A. Wilbert is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Mayor of Gig Harbor to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at:

My Commission expires: _____

April 26, 2001

**GIG HARBOR CIVIC CENTER
REVISED A/E BASIC SERVICES FEE**

I. BASIC SERVICES FEE:

◆ Adjusted Maximum Allowable Construction Cost (MACC) (excluding W.S.S.T.)	\$ 5,600,000.00
◆ Building Square Footage.....	35,030 sf
◆ Construction Cost per Square Foot.....	\$ 159.86/sf
◇ REVISED BASIC SERVICES FEE CALCULATION:	
35,030 sf x \$159.86/sf x 8%	\$ 447,992.00
◇ ORIGINAL BASIC SERVICES FEE.....	\$ 422,403.00

*BASIC SERVICES FEE INCREASE	\$ 25,589.00
---	---------------------

**Note: All special consultant fees, and additional services as delineated in Owner/Architect Contract (Items II & III in A/E Fee Summary) to remain unchanged.*

April 26, 2001

GIG HARBOR CIVIC CENTER

CONSTRUCTION ESTIMATE SUMMARY

<input type="checkbox"/> FINAL CONSTRUCTION COST ESTIMATE (April 25, 2001).....	\$ 5,598,000.00
<input type="checkbox"/> DESIGN DEVELOPMENT COST ESTIMATE (December 22, 2000)	\$ <u>5,280,000.00</u>
<i>Cost Estimate Increase</i>	\$ <i>318,000.00</i>

PROJECT SCOPE INCREASE SUMMARY

▪ ADD PUBLIC WORKS/PLANNING ADDITIONS TO BASE BID	\$ 205,000.00
▪ USE CEDAR SHINGLE SIDING IN LIEU OF BOARD AND BATTEN PER DESIGN REVIEW BOARD	\$ 22,000.00
▪ ADDITIONAL AUTOMATIC IRRIGATION SYSTEM PER OWNER REQUEST	\$ 21,500.00
▪ ADDITION OF FIRE SPRINKLING AND SMOKE EVACUATION SYSTEM PER CITY BUILDING OFFICIAL.....	\$ 14,000.00
▪ ADDITION OF COMPRESSED AIR SYSTEM IN POLICE DEPT. PER OWNER REQUEST.....	\$ 2,000.00
▪ ADDITION OF (14) EXTERIOR POLE LIGHTS ALONG GRANDVIEW AVENUE AS DIRECTED BY OWNER.....	\$ 28,000.00
▪ ADDITIONAL ELECTRICAL WORK (RACEWAYS, BOXES, FITTING) TO ACCOMMODATE FIBER OPTIC CABLING – RACEWAY SYSTEM IS IN BASE BID	\$ 20,500.00
▪ ADDITIONAL SECURITY CARD READERS AS REQUESTED BY OWNER	\$ <u>5,000.00</u>

<i>TOTAL</i>	\$ 318,000.00
---------------------------	----------------------



RETURN TO: WASHINGTON STATE LIQUOR CONTROL BOARD
License Division - 3000 Pacific, P.O. Box 43075
Olympia, WA 98504-3075
(360) 664-1600

RECEIVED

DATE: 5/01/01

MAY 7 2001

TO: CITY OF GIG HARBOR
RE: NEW APPLICATION

UBI: 602-114-106-001-0001

CITY OF GIG HARBOR

License: 083301 - 1J County: 27
Tradename: HAPPY AT THE BAY
Address: 4912 POINT FOSDICK DR NW
GIG HARBOR WA 98335-1713

APPLICANTS:

GLYNN, JENNIFER 1955-11-02 432-45-9515
GLYNN, WILLIAM J 1944-09-02 027-36-8301

Phone No.: 425) 415-6142 JENNIFER GLYNN

Privileges Applied For:
BEER/WINE REST - BEER/WINE

As required by RCW 66.24.010(8), you are notified that application has been made to the Washington State Liquor Control Board for a license to conduct business. If return of this notice is not received in this office within **20 DAYS** from the date above, it will be assumed that you have no objection to the issuance of the license. **If additional time is required you must submit a written request for an extension of up to 20 days.** An extension of more than 20 days will be approved only under extraordinary circumstances.

- | | YES | NO |
|--|--------------------------|--------------------------|
| 1. Do you approve of applicant ? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Do you approve of location ? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. If you disapprove and the Board contemplates issuing a license, do you want a hearing before final action is taken? | <input type="checkbox"/> | <input type="checkbox"/> |

If you have indicated disapproval of the applicant, location or both, please submit a statement of all facts upon which such objections are based.

DATE

SIGNATURE OF MAYOR, CITY MANAGER, COUNTY COMMISSIONERS OR DESIGNEE



RETURN TO: WASHINGTON STATE LIQUOR CONTROL BOARD
 License Division - 3000 Pacific, P.O. Box 43075
 Olympia, WA 98504-3075
 (360) 664-1600

RECEIVED

MAY 10 2001

DATE: 5/08/01

TO: CITY OF GIG HARBOR

CITY OF GIG HARBOR

RE: ASSUMPTION

From LOPEZ & LOPEZ, A PARTNERSHIP
 LOPEZ, OCTAVIO ZAMBANO
 LOPEZ, RAMON
 LOPEZ, DELFINA
 Dba EL PUEBLITO

APPLICANTS:

LA FAMILIA LOPEZ, INC.

LOPEZ, RAMON

1947-08-31 551-94-5791

LOPEZ, OCTAVIO

1927-10-25 644-65-8371

License: 358890 - 1J County: 27
 UBI: 602-115-337-001-0001
 Tradename: EL PEBLITO FAMILY MEXICAN RESTAURANT
 Address: 3226 HARBORVIEW DR STE 7
 GIG HARBOR WA 98335-2182

Phone No.: 253) 858-9077 RAMON LOPEZ

Privileges Applied For:
 SPIRITS/BR/WN REST LOUNGE +

As required by RCW 66.24.010(8), you are notified that application has been made to the Washington State Liquor Control Board for a license to conduct business. If return of this notice is not received in this office within **20 DAYS** from the date above, it will be assumed that you have no objection to the issuance of the license. **If additional time is required you must submit a written request for an extension of up to 20 days.** An extension of more than 20 days will be approved only under extraordinary circumstances.

- | | | |
|--|--------------------------|--------------------------|
| 1. Do you approve of applicant ? | YES | NO |
| 2. Do you approve of location ? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. If you disapprove and the Board contemplates issuing a license, do you want a hearing before final action is taken? | <input type="checkbox"/> | <input type="checkbox"/> |

If you have indicated disapproval of the applicant, location or both, please submit a statement of all facts upon which such objections are based.

DATE

SIGNATURE OF MAYOR, CITY MANAGER, COUNTY COMMISSIONERS OR DESIGNEE



City of Gig Harbor. The "Maritime City"

DEPARTMENT OF PLANNING & BUILDING SERVICES
3125 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-4278

TO: MAYOR WILBERT AND CITY COUNCIL
FROM: JOHN P. VODOPICH, DIRECTOR, PLANNING AND BUILDING SERVICES
SUBJECT: SECOND READING OF AN ORDINANCE REVISING GHMC CHAPTER 17.91 – MIXED USE OVERLAY DISTRICT
DATE: MAY 9, 2001

INFORMATION/BACKGROUND

This is the second reading of an ordinance amending chapter 17.91 – Mixed Use Overlay. Mr. Phil Cantor made an application for a zoning text amendment in 1999, requesting that additional uses (restaurants and associated cocktail lounges, coffee houses, delicatessens, and bakeries) be included as permitted in chapter 17.91 – Mixed Use Overlay District. The Planning Commission reviewed the application last fall. The Planning Commission recommended adoption finding that the proposed uses were consistent with the intent of the Mixed Use Overlay District.

POLICY CONSIDERATIONS

These changes are consistent with the intent of the Mixed Use Overlay District, which is "to allow development of an integrated multi-use district which permits a variety of residential types and compatible businesses in close proximity to each other".

FISCAL CONSIDERATIONS

There is no cost to the City involved in these changes.

RECOMMENDATION

This is the second reading of the ordinance. Planning staff recommends adoption of the ordinance.

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, RELATING TO LAND USE AND ZONING, ADDING PERMITTED USES IN THE MIXED USE OVERLAY DISTRICT TO INCLUDE RESTAURANTS AND ASSOCIATED COCKTAIL LOUNGES, COFFEE HOUSES, DELICATESSENS, AND BAKERIES; AND THEREBY AMENDING SECTION 17.91.020 OF THE GIG HARBOR MUNICIPAL CODE.

WHEREAS, during work sessions on July 6, 2000 and October 19, 2000 the Planning Commission considered amendment to section §17.91.020 of the Gig Harbor Municipal Code to include restaurants and associated cocktail lounges, and coffee houses, delicatessens and bakeries as permitted uses; and

WHEREAS, the City's SEPA Responsible Official issued a threshold determination of non significance (DNS) under WAC 197-11 on January 24, 2000; and

WHEREAS, the Planning Commission on October 5, 2000 held a public hearing, and on November 2, 2000 held a second public hearing on the addition of these uses to the Mixed Use Overlay District, and recommended that the City Council approve this Ordinance; and

WHEREAS, the City Planning Director forwarded a copy of this Ordinance to the Washington State Department of Trade and Community Development on October 17, 2000 pursuant to RCW 36.70A.106; and

WHEREAS, the City Council considered this Ordinance during its regular City Council meeting of April 23, 2001; Now, Therefore,

L

THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, ORDAINS AS
FOLLOWS:

Section 1. Section 17.91.020 of the Gig Harbor Municipal Code, is hereby amended as follows:

17.91.020 Permitted uses.

The following are permitted uses in the mixed use zone:

- A. Residential dwellings, attached/detached.
- B. Retirement communities/complexes.
- C. Professional business offices and services.
- D. Retail sales and service.
- E. Commercial recreation.
- F. Hotels and motels, including restaurants and conference facilities.
- G. Light manufacturing and assembly.
- H. Automobile and boat repair where the repairs are conducted within enclosed buildings or in a location that is not visible from public right-of-way and adjacent properties.
- I. Public facilities.
- J. Churches and related uses on parcels 10 acres or less in area.
- K. Adult family homes and family day care.
- L. Warehousing and storage. (Ord. 747 § 7, 1997).
- M. Restaurants and associated cocktail lounges.
- N. Coffee houses, delicatessens, and bakeries.

Section 2. Severability If any section, sentence, clause or phrase of this Ordinance is held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, clause or phrase of this Ordinance.

Section 3. Effective Date. This ordinance shall take effect and be in full force five (5) days after passage and publication of an approved summary consisting of the title.

PASSED by the Council and approved by the Mayor of the City of Gig Harbor
this __th day of _____, 2001.

CITY OF GIG HARBOR

By: _____
GRETCHEN WILBERT, MAYOR

ATTEST/AUTHENTICATED:

By: _____
MOLLY TOWSLEE, CITY CLERK

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By: _____
CAROL A. MORRIS

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE: .
ORDINANCE NO.

SUMMARY OF ORDINANCE NO. ____

of the City of Gig Harbor, Washington

On _____, 2001, the City Council of the City of Gig Harbor, Washington, approved Ordinance No. _____, the main points of which are summarized by its title as follows:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, RELATING TO LAND USE AND ZONING, ADDING PERMITTED USES IN THE MIXED USE OVERLAY DISTRICT TO INCLUDE RESTAURANTS AND ASSOCIATED COCKTAIL LOUNGES, COFFEE HOUSES, DELICATESSENS, AND BAKERIES; AND THEREBY AMENDING SECTION 17.91.020 OF THE GIG HARBOR MUNICIPAL CODE.

The full text of this Ordinance will be mailed upon request.

APPROVED by the City Council at their meeting of _____, 2001.

MOLLY TOWSLEE, CITY CLERK



City of Gig Harbor. The "Maritime City"

3105 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-8136

TO: MAYOR WILBERT AND CITY COUNCIL MEMBERS
FROM: DAVID R. SKINNER, P.E., PUBLIC WORKS DIRECTOR
SUBJECT: WASTEWATER TREATMENT PLANT ENGINEERING STUDY
- CONSULTANT SERVICES CONTRACT AMENDMENT
DATE: MAY 7, 2001

INTRODUCTION/BACKGROUND

On February 25, 1999, Council approved a Consultant Services Contract with Earth Tech, Inc., to prepare an Engineering Study at the City's Wastewater Treatment Plant as part of the City's requirement under the Department of Ecology's NPDES Permit.

The study is nearly completed, however with the increase of flow generated from the comprehensive sewer plan update model, new flow projections must be created to calculate for the treatment requirements of the Plant. The increased flows require revised treatment process and hydraulic calculations, and a revised Plant layout. In addition to the revised information, the consultant has been instructed to provide the City with an evaluation of sludge drying verses composting for waste disposal and also address existing Plant deficiencies such as high detention time, uneven air distribution, and uneven flow split between basins.

FISCAL CONSIDERATIONS

The original contract amount was for \$53,948.00. The Amendment is in the amount of \$14,095.00, for a total not-to-exceed amount of \$68,043.00. Sufficient funds are available for this work.

RECOMMENDATION

I recommend that the Council move and approve execution of the Consultant Services Contract Amendment with Earth Tech, Inc., for the amended contract amount for a total not-to-exceed sixty-eight thousand forty three dollars and no cents (\$68,043.00).

**AMENDMENT TO CONSULTANT SERVICES CONTRACT
BETWEEN THE CITY OF GIG HARBOR AND
EARTH TECH, INC.**

THIS AMENDMENT is made to the AGREEMENT, dated February 25, 1999, by and between the City of Gig Harbor, a Washington municipal corporation (hereinafter the "City"), and Earth Tech, Inc., a corporation organized under the laws of the State of California, located and doing business at 10800 NE 8th Street, 7th Floor, Bellevue, Washington 98004 (hereinafter the "Consultant").

RECITALS

WHEREAS, the City is presently engaged in the preparation of an Engineering Study at the City's wastewater treatment plant, and desires that the Consultant perform services necessary to provide the following consultation services.

WHEREAS, the Consultant agreed to perform the services, and the parties executed an Agreement on February 25, 1999 (hereinafter the "Agreement"); and

WHEREAS, the existing Agreement requires the parties to execute an amendment to the Agreement in order to modify the scope of work to be performed by the Consultant, or to exceed the amount of compensation paid by the City;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties in this Amendment as follows:

Section 1. Amendment to Scope of Work. Section I of the Agreement is amended to require the Consultant to perform all work described in **Exhibit A – Scope of Services**, attached to this Amendment, which Exhibit is incorporated herein as if fully set forth.

Section 2. Amendment to Compensation. Section II(A) of the Agreement is amended to require the City to pay compensation to the Consultant for the work described in **Exhibit A** to the Amendment in the amount of: Fourteen thousand ninety-five dollars and no cents (\$14,095.00). This Amendment shall not modify any other of the remaining terms and conditions in Section II, which shall be in effect and fully enforceable.

Section 3. Effectiveness of all Remaining Terms of Agreement. All of the remaining terms and conditions of the Agreement between the parties shall be in effect and be fully enforceable by the parties. The Agreement shall be incorporated herein as if fully set forth, and become a part of the documents constituting the contract between the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on this _____ day of _____, 2001.

THE CITY OF GIG HARBOR

By: 
Its Principal

By: _____
Mayor

Notices to be sent to:

CONSULTANT
EARTH TECH, INC.
Attn: Kris Guttormsen.
10800 NE 8TH Street, 7th Floor
Bellevue, Washington 98004
(425) 455-9494

David R. Skinner, P.E.
Director of Public Works
City of Gig Harbor
3105 Judson Street
Gig Harbor, Washington 98335
(253) 851-8145

APPROVED AS TO FORM:

City Attorney

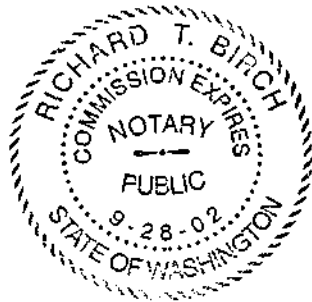
ATTEST:

City Clerk

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Richard L. Semas is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Regional Director of Earth Tech Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 4-27-01



[Signature]

Richard T. Birch
(print or type name)

NOTARY PUBLIC in and for the
State of Washington, residing at:

Maple Island

My Commission expires: 9-28-02

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Gretchen A. Wilbert is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Mayor of Gig Harbor to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at:

My Commission expires: _____

**EXHIBIT A
SCOPE OF SERVICES
SHORT-TERM IMPROVEMENTS REPORT
CITY OF GIG HARBOR WASTEWATER TREATMENT PLANT**

As requested by the City, short-term improvements at the plant will be developed and presented in a report. The report will address the following issues:

Lack of Grit Removal

Aeration Basins

- Current High Detention Time
- Uneven Air Distribution
- Uneven Flow Split

Secondary Clarifiers

- Uneven Flow Split
- Different Collector Rotational Speed

Sludge Handling

Evaluate alternatives for producing Class B sludge for disposal at a private composting operation and other alternative sludge handling methods.

Report Preparation

A brief report will be produced to present recommendations and order of magnitude construction costs. Any sketches produced will be in pencil. No design drawings will be produced. Submit five copies of the report to the City.

✓

EXHIBIT A
SCOPE OF SERVICES
MODIFICATIONS TO ENGINEERING REPORT
CITY OF GIG HARBOR WASTEWATER TREATMENT PLANT

Modifications are necessary to the engineering study for the treatment plant because of revised population projections, which resulted in higher flows and loadings. Necessary work will include the following:

Treatment Plant Evaluation

- Revise Treatment Process Calculations
- Revise Hydraulic Calculations
- Revise Plant Layout
- In addition, the City has requested that an evaluation of sludge drying vs. composting be included in the report.

Cost Estimates

- Prepare Revised Construction Cost Estimates
- Prepare Revised Operation & Maintenance Cost Estimates

Report Preparation

- Revise/expand write-ups
- Revise Figures

**EXHIBIT B
SCHEDULE OF RATES AND
ESTIMATED HOURS**

**LABOR BUDGET ESTIMATE
GIG HARBOR WWTP
SHORT-TERM IMPROVEMENTS REPORT**

	PM Howard	PE Guttormsen	CAD Team	WP Sparaga	Total Hours	Total Cost
Coordination	\$126.15	\$126.15	\$73.88	\$52.55	4	\$505
Grit Removal					4	\$505
Aeration Basins						
High Detention Time					4	\$505
Air Distribution					4	\$505
Flow Split					4	\$505
Secondary Clarifiers						
Flow Split					2	\$252
Collector Speed					1	\$126
Sludge Handling					8	\$1,009
Report Preparation					4	\$505
Total	0	35	0	0	35	\$4,415

EXPENSES

Milage	90 miles @	\$0.345	\$31	
Photo Copies	500 copies @	\$0.12	\$60	
Total Expenses				\$91
Total Budget				\$4,506

**EXHIBIT B
SCHEDULE OF RATES AND
ESTIMATED HOURS**

**LABOR BUDGET ESTIMATE
GIG HARBOR WWTP ENGINEERING REPORT
MODIFICATIONS DUE TO REVISED POPULATION PROJECTIONS**

	PM Howard \$126.15	PE Guttormsen \$126.15	CAD Team \$73.88	WP Sparaga \$52.55	Total Hours	Total Cost
Project Management						
Coordination	0	4			4	\$505
Treatment Plant Evaluation						
Revised Process Calcs		10			10	\$1,262
Revised Hydraulic Calcs		8			8	\$1,009
Sludge Drying vs Composting		10			10	\$1,262
Revised Plant Layout		8			8	\$1,009
Cost Estimates						
Construction Costs		12			12	\$1,514
O&M Costs		4			4	\$505
Report Preparation						
Revised Writeups		16		4	20	\$2,229
Revised Figures			4		4	\$296
Total	0	72	4	4	80	\$9,589



City of Gig Harbor. The "Maritime City"

DEPARTMENT OF PLANNING & BUILDING SERVICES
3125 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-4278

TO: MAYOR WILBERT AND CITY COUNCIL
FROM: JOHN P. VODOPICH, AICP *J.P. Vodopich*
DIRECTOR, PLANNING AND BUILDING SERVICES
SUBJECT: NEW STREET NAMES
DATE: MAY 14, 2001

INFORMATION/BACKGROUND

The City has received requests for the naming of three private lanes. Notification of the proposed new street names has been circulated among adjacent property owners and to city, county and public agencies for comments. Please find attached: copies of the letters of request and location maps. Comments have been received from the Police Chief and are attached.

As some concern was voiced earlier by property owners that currently share the Harbormaster Lane address, the applicant has revised his request so as to allow the current residents to maintain their long time addresses.

Mr. Lussier requests the following:

1. The current Harbormaster Lane, be renamed "Reliance Lane"
2. The small street, which fronts the Harbormaster Apartments, and the duplexes, be named "Harbormaster Lane."
3. The private street on the ridge, be named "Reliance Ridge Lane"
4. And the new street to be developed off Stinson for 6 new duplexes, be called "Scott Lane".

POLICY

As the streets are all in the downtown area, and should therefore carry historic significance, Mr. Lussier has chosen names from the Historic Names list provided by the Gig Harbor Peninsula Historical Society.

The City recognizes, from the numerous correspondence the need, to use more "significant historic names" but feels those names should be reserved for more prominent streets and not private lanes.

FISCAL IMPACTS

None

RECOMMENDATION

After consideration of those comments made by the Police Chief, Planning and Building Staff makes the following recommendations:

1. With the exception of the naming of Reliance Lane, Planning and Building Services Staff recommends approval of the street names as requested by Mr. Lussier.
2. Planning and Building staff recommends that the naming of Reliance Lane be changed to Reliance Street to lessen any confusion with Reliance Ridge Lane for Emergency Personnel

Ranessa & Associates, Inc
3828 North 7th Street
Tacoma WA 98406
(253) 222-5309
(Fax) 503-0118
RANESAI012DZ

4/18/01

City of Gig Harbor

RE/ Address assignment

After reviewing the updated and revised list of names from the Gig Harbor Peninsula Historical Society we are requesting the following names for the streets that are impacted with our new development in Gig Harbor.

"Reliance" was one of the boats built in the Harbor by the Skansies. Therefore we would like to request the following:

- 1) Change "Harbormaster Lane" to "Reliance Lane". This will eliminate the impact of changing the address for the tenants that have used Harbormaster Lane as their address for years.
- 2) Assign "Harbormaster Lane" to the street that divides the apartments and the two duplexes below.
- 3) Assign "Reliance Ridge Lane" to the new development at the top of the hill.

These changes will provide some consistency and eliminate adverse impacts to the 14 residents who are currently using Harbormaster Lane as their address.

Also, we would like to use the name "Scott Lane" for the additional units that we will be building which will run from Stinson Ave North of the current Harbormaster Lane.

Respectfully yours,



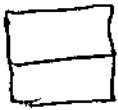
Randy R J Lussier

- see attached sheet

(currently Harbormaster Lane)

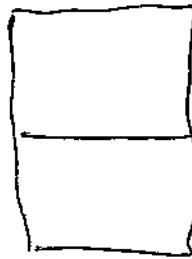
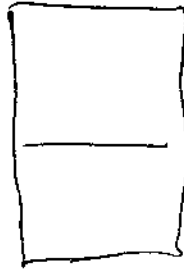
Reliance Lane

Reliance Ridge Lane



Apartment

Harbormaster Lane



Scott Lane

Rosedale

Stinson Ave.

After considering Mitch's concerns in his letter dated April 24th we would like to recommend the removal of "Lane" from the road now designated Reliance Lane. Hopefully this will eliminate possible confusion with regards to emergency response.

April 24, 2001

In reviewing the attached document, several comments come to mind that I'd like to share.

First of all, as a general statement, I oppose naming streets when numbering them is an option. Numbered streets, following a set sequential grid pattern make it easy to find addresses for both private citizens and emergency personnel. With named streets, one must commit to memory each named street, its relative location, and routing. I am aware however, that Council has directed that all new streets receive names so we have no out on this. From a public safety and convenience standpoint, this was a mistake.

Next, if we must name these streets, please don't take two similar names and use them for different streets. The difference between Reliance Lane and Reliance Ridge Lane is minimal. Factor in an emergency response where callers and/or responders may be under time constraints and the problem is amplified.

Finally, if you must assign two similarly named roadways, don't do so in close proximity to one another and don't make both of them "Lanes". Again, confusion in an emergency response is my primary concern.


Mitch

Gig Harbor Peninsula Historical Society List of Historical Names for New Streets

Community Leaders

Criteria: Names on this list are surnames of historical persons who played a significant role in the first 100 years of the city of Gig Harbor's development (1867-1960s). They are considered by the historical society to be leaders in history of the community's business, civic, educational, or spiritual life. Names should only be added with the prior approval of the GPHS.

- **Farragut, Goldsmith**

John Farragut, Peter Goldsmith, and Sam Jerisich were the first three white men to settle in Gig Harbor.

- **Howe**

Charles Homer Howe: Howe was the Peninsula School District's second superintendent, playing an instrumental role in the building and consolidation of the district's schools.

- **Monzingo (Soundview)**

Dr. Monzingo established the first hospital in Gig Harbor.

- **Makovich (west side of bay)**

Lee Makovich, Sr.: He arrived in Gig Harbor in 1900 from Croatia and became a business and philanthropic leader in the community. He was general manager of the Fisherman's Packing Corp. based in Anacortes, a founding member of the Peninsula Light Co., and served on the Gig Harbor School Board.

- **Shaw**

C.E. Shaw: A sign painter by profession, he is best known for his promotional ventures including his racing roosters and "Roosterville" in the 1930s and 40s, which earned him national attention, and the round rock contest in the 1950s.
Frank Shaw: A gifted photographer, Frank documented life in Gig Harbor during mid-century.

- **Squally (Cromwell)**

Dave Squally and his wife Anne: The couple is perhaps the best known of the Native American families living in the Gig Harbor area at the time of settlement. Dave was known by the white community as "Chief Squally." Many early pioneers recorded the Indian community's outpouring of grief at his death.

- **Sweeney (head of bay)**

Theresa Sweeney: Sweeney moved to Gig Harbor in 1915 after several years of running a successful dairy business just outside town. She served as postmistress and Gig Harbor's first woman Justice of the Peace. She operated numerous businesses (a general mercantile, real estate office, and department store). She bought and sold numerous properties and built a business block at the north end of the bay that housed several business and the post office.

- **Young (east side of bay)**

Alfonso Young: Alfonso was Gig Harbor's first postmaster, operating out of his home on the east side of the bay, which also served as a boarding house. He built the community's first steamboat landing "Young's Landing" or "Union Dock" at his home (where the boat ramp is now).

Fenimore Young: Fenimore was Alfonso's son and served as the community's first minister. He lead services aboard the steamer Isabel in the middle of the harbor.

Pioneer Families

Criteria: All these families are known to have settled in Gig Harbor (around the bay or inside the present city limits) during Gig Harbor's first 50 years (1867-1917). Other names can be added if the family is known to have settled around the bay or in Gig Harbor during the specified time period.

- Atkinson (west side of bay)
- Carlson (east side of bay)
- Cruver (west side of bay)
- Hammerland
- Hopkins (top of Stinson)
- Magoon (head of bay)
- McDaniel (head of bay)
- McKee (head of bay)
- Patrick (head of bay)
- Peyran
- Rhen
- Scott (head of bay)
- Simerson (Kimball Drive)
- Simpson (Eastside)
- Skarponi
- Sund (east side of bay)
- Tollefson (head of bay)
- Vinkenes (head of bay)
- Watson (top of Stinson)
- Weeks (west side of bay)
- Wroten (east side of bay/Crescent Valley)

Historic Wooden Boats

Criteria: Names of wooden boats and boat builders in and around Gig Harbor from exploration through the 1960s. Other wooden boat names could be used if it is demonstrated that the boat was built or used in Gig Harbor during the same time period.

- **Exploration Vessels: Porpoise, Vincennes**
Two of the boats in Wilkes' expedition, which gave Gig Harbor its name.
- **Boat Builders: Crawford, Anderson, Glein, Hoppen**
Robert Crawford: Between 1918 and 1931, Crawford's small operation built nine large vessels in Gig Harbor. Eight of these were purse seiners. He also built trollers and pleasure craft.
Conrad Anderson: Between 1920 and 1931 Crawford built about 15 boats, mostly seiners, at his shipyard in Gig Harbor.

Art Glein: After WWII, Glein continued the wooden-boat-building tradition continued at the site of Anderson and Son's through the 1940s, building mostly pleasure craft.

Ed Hoppen: From the 1950s through the 1970s, Hoppen built boats on the same site, including the Thunderbird, a sailboat he designed.

- **Schooners: Vine**

The Vine was built at the shipyard next to the Gig Harbor Sawmill in 1890 for a Tacoma businessman.

- **Fishing Boats: Eagle, Oceania, Advocator, Reliance**

Eagle: Owned by the Skansies, about 1905 it became the first fishing boat in Gig Harbor to be outfitted with a gas engine.

Oceania: First fishing boat built from the keel up at the Skansie Shipyard, 1912

Advocator, Reliance: Sister ships built by Robert Crawford at his Gig Harbor shipyard and considered his greatest innovations for their "beamy" designs.

- **Steamboats: Albert Lea, Ariel, Atalanta, Crest/Bay Island, Burton, Delta, Emerald, Emrose, Florence K., Gypsy Queen, Magnolia, Sentinel, Victor**

The Albert Lea was built at a shipyard next to the Gig Harbor sawmill in the 1880s or early 1990s and named after the hometown of the mill owners. The rest of the boats were owned and operated by the Hunt brother's steamboat company (operated around the peninsula and between the peninsula and Tacoma). The Crest was renamed the Bay Island by the Wollochet Bay and Hales Pass Farmers Cooperative, which purchased the boat from the Hunt brothers.

- **Ferries: Skansonia**

One of the car ferries operated by the Washington Navigation Company (owned by Gig Harbor's Mitchell Skansie), which transported cars and passengers between Gig Harbor, Pt. Fosdick, Pt. Defiance, and Vashon Island.



City of Gig Harbor. The "Maritime City"

DEPARTMENT OF PLANNING & BUILDING SERVICES
3125 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-4278

FROM: CITY OF GIG HARBOR BUILDING OFFICIAL/FIRE MARSHAL

REQUEST FOR COMMENTS

RE: PROPOSED ADDRESS/STREET NAME ADDITIONS OR CHANGES

Owner/Project Name..... Michael Keogh ^{New} Harbormaster Duple.

Present Address/Street Name..... ?

New Address/Street Name..... see attached map.
7801, 7803, 7805, 7807, 7809, 7811
Reliance Ridge Lane

Copy of memo sent to:

Date: 4/20/2001

- Planning/Building.....City Hall
- Gig Harbor Police.....City Hall
- Public Works.....City Hall
- Water & Sewer.....City Hall
- Pierce CO. Assessor.....2401 S. 35th St. Tacoma 98409
- Fire Prevention.....6711 Kimball Drive, Gig Harbor
- Post Office.....Gig Harbor
- Peninsula Light.....PO Box 78
- 911 Emergency Staff.....8102 Skansie Ave, Gig Harbor
- Cable TV Puget Sound.....2316 S. State St. Tacoma 98405
- 911 CO. Office.....Rm B-33 Co/City Bldg., 930 Tacoma Ave.
- Puget Sound Energy.....PO Box 11066, Tacoma 98411

This is a **REQUEST FOR COMMENTS ONLY**- If you have any questions, please contact Patty McGallian, Building Assistant, City of Gig Harbor- 253-851-4278. 3125 Judson Street, Gig Harbor WA 98335.



City of Gig Harbor. The "Maritime City"

DEPARTMENT OF PLANNING & BUILDING SERVICES
3125 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-4278

TO: MAYOR WILBERT AND CITY COUNCIL
FROM: JOHN P. VODOPICH, AICP, PLANNING DIRECTOR
SUBJECT: PROFESSIONAL SERVICES CONTRACT - DESIGN REVIEW MANUAL
LITA DAWN STANTON
DATE: MAY 8, 2001

INFORMATION/BACKGROUND

The City of Gig Harbor Design Manual is being reviewed by the Design Review Board in accordance with section 17.98.020 of the GHMC, and Ordinance 787 (1998), which states that "The design manual shall be reviewed by the Planning Commission two years after the date of the adoption of Ordinance 787 to evaluate its effectiveness." One of the chief ways in which the Design Manual is being improved is through a visual reorganization that will facilitate ease of use, and eliminate replication of certain requirements. Ms. Lita Dawn Stanton has worked with the manual for four years as a DRB member, understands its shortcomings, has expertise in graphic arts, and has developed a prototype for reorganization. The Planning Staff is proposing the enclosed contract be offered to Ms. Stanton, authorizing her to re-organize the manual and assist with new graphics and illustrations, proofing etc. The proposed contract has been reviewed and approved by the City Attorney.

POLICY CONSIDERATIONS

This proposal will allow for efficient review and improvement of the manual by the full Design Review Board and staff, prior to public comment being received. It is expected that most inefficiencies and shortcomings will be captured in this first phase of work.

FISCAL CONSIDERATIONS

Sufficient funds are budgeted in the approved 2001 Budget for the provision of these services. These costs will not exceed \$2,000.00.

RECOMMENDATION

Planning Department staff recommends approval of the contract for Ms. Stanton, to provide editorial and graphic design services at the rate of twenty-five (\$25.00) dollars per hour, plus associated expenses as detailed in the attached contract.

**CONSULTANT SERVICES CONTRACT
BETWEEN THE CITY OF GIG HARBOR AND
Lita Dawn Originals, Inc.**

THIS AGREEMENT is made by and between the City of Gig Harbor, a Washington municipal corporation (hereinafter the "City"), and Lita Dawn Originals, Inc., a corporation organized under the laws of the State of Washington, located and doing business at 3100 Harborview Drive, Gig Harbor, Washington, 98335 (hereinafter the "Consultant").

RECITALS

WHEREAS, the City is presently engaged in rewriting the Design Review Manual and desires that the Consultant perform services necessary to provide the following consultation services.

WHEREAS, the Consultant agrees to perform the services more specifically described in the Scope of Work, dated April 11, 2001, including any addenda thereto as of the effective date of this agreement, all of which are attached hereto as **Exhibit A – Scope of Services**, and are incorporated by this reference as if fully set forth herein.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties as follows:

I. Description of Work

The Consultant shall perform all work as described in **Exhibit A**.

II. Payment

A. The City shall pay the Consultant an amount based on time and materials, not to exceed Two thousand dollars and no cents (\$2,000.00) for the services described in Section I herein. This is the maximum amount to be paid under this Agreement for the work described in **Exhibit A**, and shall not be exceeded without the prior written authorization of the City in the form of a negotiated and executed supplemental agreement. PROVIDED, HOWEVER, the City reserves the right to direct the Consultant's compensated services under the time frame set forth in Section IV herein before reaching the maximum amount. The Consultant's staff and billing rates shall be as described in **Exhibit A**. The Consultant shall not bill for Consultant's staff not identified or listed in **Exhibit A** or bill at rates in excess of the hourly rates shown in **Exhibit A**; unless the parties agree to a modification of this Contract, pursuant to Section XVIII herein.

B. The Consultant shall submit monthly invoices to the City after such services have been performed, and a final bill upon completion of all the services described in this Agreement. The City shall pay the full amount of an invoice within forty-five (45) days of receipt. If the City objects to all or any portion of any invoice, it shall so notify the Consultant of the same within fifteen

(15) days from the date of receipt and shall pay that portion of the invoice not in dispute, and the parties shall immediately make every effort to settle the disputed portion.

III. Relationship of Parties

The parties intend that an independent contractor-client relationship will be created by this Agreement. As the Consultant is customarily engaged in an independently established trade which encompasses the specific service provided to the City hereunder, no agent, employee, representative or sub-consultant of the Consultant shall be or shall be deemed to be the employee, agent, representative or sub-consultant of the City. In the performance of the work, the Consultant is an independent contractor with the ability to control and direct the performance and details of the work, the City being interested only in the results obtained under this Agreement. None of the benefits provided by the City to its employees, including, but not limited to, compensation, insurance, and unemployment insurance are available from the City to the employees, agents, representatives, or sub-consultants of the Consultant. The Consultant will be solely and entirely responsible for its acts and for the acts of its agents, employees, representatives and sub-consultants during the performance of this Agreement. The City may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that the Consultant performs hereunder.

IV. Duration of Work

The City and the Consultant agree that work will begin on the tasks described in **Exhibit A** immediately upon execution of this Agreement. . The parties agree that the work described in **Exhibit A** shall be completed by August 31, 2001; provided however, that additional time shall be granted by the City for excusable days or extra work.

V. Termination

A. Termination of Agreement. The City may terminate this Agreement, for public convenience, the Consultant's default, the Consultant's insolvency or bankruptcy, or the Consultant's assignment for the benefit of creditors, at any time prior to completion of the work described in **Exhibit A**. If delivered to one consultant in person, termination shall be effective immediately upon the Consultant's receipt of the City's written notice or such date stated in the City's notice, whichever is later.

B. Rights Upon Termination. In the event of termination, the City shall pay for all services satisfactorily performed by the Consultant to the effective date of termination, as described on a final invoice submitted to the City. Said amount shall not exceed the amount in Section II above. After termination, the City may take possession of all records and data within the Consultant's possession pertaining to this Agreement, which records and data may be used by the City without restriction. Upon termination, the City may take over the work and prosecute the same to completion, by contract or otherwise. Except in the situation where the Consultant has been terminated for public convenience, the Consultant shall be liable to the City for any additional costs incurred by the City in the completion of the Scope of Work referenced as **Exhibit A** and as

modified or amended prior to termination. "Additional Costs" shall mean all reasonable costs incurred by the City beyond the maximum contract price specified in Section II(A), above.

VI. Discrimination

In the hiring of employees for the performance of work under this Agreement or any sub-contract hereunder, the Consultant, its subcontractors, or any person acting on behalf of such Consultant or sub-consultant shall not, by reason of race, religion, color, sex, national origin, or the presence of any sensory, mental, or physical disability, discriminate against any person who is qualified and available to perform the work to which the employment relates.

VII. Indemnification

The Consultant shall defend, indemnify and hold the City, its officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits, including all legal costs and attorneys' fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City. The City's inspection or acceptance of any of the Consultant's work when completed shall not be grounds to avoid any of these covenants of indemnification.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, agents and volunteers, the Consultant's liability hereunder shall be only to the extent of the Consultant's negligence.

IT IS FURTHER SPECIFICALLY AND EXPRESSLY UNDERSTOOD THAT THE INDEMNIFICATION PROVIDED HEREIN CONSTITUTES THE CONSULTANT'S WAIVER OF IMMUNITY UNDER INDUSTRIAL INSURANCE, TITLE 51 RCW, SOLELY FOR THE PURPOSES OF THIS INDEMNIFICATION. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE MUTUALLY NEGOTIATED THIS WAIVER. THE CONSULTANT'S WAIVER OF IMMUNITY UNDER THE PROVISIONS OF THIS SECTION DOES NOT INCLUDE, OR EXTEND TO, ANY CLAIMS BY THE CONSULTANT'S EMPLOYEES DIRECTLY AGAINST THE CONSULTANT.

The provisions of this section shall survive the expiration or termination of this Agreement.

VIII. Insurance

A. The Consultant shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the Consultant's own work including the work of the Consultant's agents, representatives, employees, sub-consultants or sub-contractors.

B. Before beginning work on the project described in this Agreement, the Consultant shall provide evidence, in the form of a Certificate of Insurance, of the following insurance coverage and limits (at a minimum):

1. Business auto coverage for any auto no less than a \$1,000,000 each accident limit, and
2. Commercial General Liability insurance no less than \$1,000,000 per occurrence with a \$2,000,000 aggregate. Coverage shall include, but is not limited to, contractual liability, products and completed operations, property damage, and employers liability, and
3. Professional Liability insurance with no less than \$1,000,000 claims made basis.

C. The Consultant is responsible for the payment of any deductible or self-insured retention that is required by any of the Consultant's insurance. If the City is required to contribute to the deductible under any of the Consultant's insurance policies, the Contractor shall reimburse the City the full amount of the deductible.

D. The City of Gig Harbor shall be named as an additional insured on the Consultant's commercial general liability policy. This additional insured endorsement shall be included with evidence of insurance in the form of a Certificate of Insurance for coverage necessary in Section B. The City reserves the right to receive a certified and complete copy of all of the Consultant's insurance policies.

E. It is the intent of this contract for the Consultant's insurance to be considered primary in the event of a loss, damage or suit. The City's own comprehensive general liability policy will be considered excess coverage in respect to the City. Additionally, the Consultant's commercial general liability policy must provide cross-liability coverage as could be achieved under a standard ISO separation of insured's clause.

F. The Consultant shall request from his insurer a modification of the ACORD certificate to include language that prior written notification will be given to the City of Gig Harbor at least 30-days in advance of any cancellation, suspension or material change in the Consultant's coverage.

IX. Exchange of Information

The City warrants the accuracy of any information supplied by it to the Consultant for the purpose of completion of the work under this Agreement. The parties agree that the Consultant will notify the City of any inaccuracies in the information provided by the City as may be discovered in the process of performing the work, and that the City is entitled to rely upon any information supplied by the Consultant which results as a product of this Agreement.

X. Ownership and Use of Records and Documents

Original documents, drawings, designs and reports developed under this Agreement shall belong to and become the property of the City. All written information submitted by the City to the Consultant in connection with the services performed by the Consultant under this Agreement will be safeguarded by the Consultant to at least the same extent as the Consultant safeguards like information relating to its own business. If such information is publicly available or is already in consultant's possession or known to it, or is rightfully obtained by the Consultant from third parties, the Consultant shall bear no responsibility for its disclosure, inadvertent or otherwise.

XI. City's Right of Inspection

Even though the Consultant is an independent contractor with the authority to control and direct the performance and details of the work authorized under this Agreement, the work must meet the approval of the City and shall be subject to the City's general right of inspection to secure the satisfactory completion thereof. The Consultant agrees to comply with all federal, state, and municipal laws, rules, and regulations that are now effective or become applicable within the terms of this Agreement to the Consultant's business, equipment, and personnel engaged in operations covered by this Agreement or accruing out of the performance of such operations.

XII. Consultant to Maintain Records to Support Independent Contractor Status

On the effective date of this Agreement (or shortly thereafter), the Consultant shall comply with all federal and state laws applicable to independent contractors including, but not limited to the maintenance of a separate set of books and records that reflect all items of income and expenses of the Consultant's business, pursuant to the Revised Code of Washington (RCW) Section 51.08.195, as required to show that the services performed by the Consultant under this Agreement shall not give rise to an employer-employee relationship between the parties which is subject to RCW Title 51, Industrial Insurance.

XIII. Work Performed at the Consultant's Risk

The Consultant shall take all precautions necessary and shall be responsible for the safety of its employees, agents, and sub-consultants in the performance of the work hereunder and shall utilize all protection necessary for that purpose. All work shall be done at the Consultant's own risk, and the Consultant shall be responsible for any loss of or damage to materials, tools, or other articles used or held by the Consultant for use in connection with the work.

XIV. Non-Waiver of Breach

The failure of the City to insist upon strict performance of any of the covenants and agreements contained herein, or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of said covenants, agreements, or options, and the same shall be and remain in full force and effect.

XV. Resolution of Disputes and Governing Law

Should any dispute, misunderstanding, or conflict arise as to the terms and conditions contained in this Agreement, the matter shall first be referred to the City Planning and Building Services Director and the City shall determine the term or provision's true intent or meaning. The City Planning and Building Services Director shall also decide all questions which may arise between the parties relative to the actual services provided or to the sufficiency of the performance hereunder.

If any dispute arises between the City and the Consultant under any of the provisions of this Agreement which cannot be resolved by the City Planning and Building Services Director's determination in a reasonable time, or if the Consultant does not agree with the City's decision on the disputed matter, jurisdiction of any resulting litigation shall be filed in Pierce County Superior Court, Pierce County, Washington. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The non-prevailing party in any action brought to enforce this Agreement shall pay the other parties' expenses and reasonable attorney's fees.

XVI. Written Notice

All communications regarding this Agreement shall be sent to the parties at the addresses listed on the signature page of the agreement, unless notified to the contrary. Unless otherwise specified, any written notice hereunder shall become effective upon the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated below:

CONSULTANT

Lita Dawn Stanton
Lita Dawn Originals, Inc.
3100 B Harborview Dr.
Gig Harbor, WA 98335
(253) 858-8686

John P. Vodopich, AICP
City of Gig Harbor
3125 Judson Street
Gig Harbor, Washington 98335
(253) 851-4278

XVII. Assignment

Any assignment of this Agreement by the Consultant without the written consent of the City shall be void. If the City shall give its consent to any assignment, this paragraph shall continue in full force and effect and no further assignment shall be made without the City's consent.

XVIII. Modification

No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the City and the Consultant.

XIX. Entire Agreement

The written provisions and terms of this Agreement, together with any Exhibit attached hereto, shall supersede all prior verbal statements of any officer or other representative of the City, and such statements shall not be effective or be construed as entering into or forming a part of or altering in any manner whatsoever, this Agreement or the Agreement documents. The entire agreement between the parties with respect to the subject matter hereunder is contained in this Agreement and any Exhibit attached hereto, which may or may not have been executed prior to the execution of this Agreement. All of the above documents are hereby made a part of this Agreement and form the Agreement document as fully as if the same were set forth herein. Should any language in any of the Exhibit to this Agreement conflict with any language contained in this Agreement, then this Agreement shall prevail.

IN WITNESS WHEREOF, the parties have executed this Agreement on this 8 day of May, 2001.

CONSULTANT
By: 
Its Principal

CITY OF GIG HARBOR
By: _____
Mayor

Notices to be sent to:
CONSULTANT
Lita Dawn Stanton
Lita Dawn Originals, Inc.
3100 B Harborview Dr.
Gig Harbor, WA 98335
(253) 858-8686

John P. Vodopich, AICP
City of Gig Harbor
3125 Judson Street
Gig Harbor, Washington 98335
(253) 851-4278

APPROVED AS TO FORM:

City Attorney

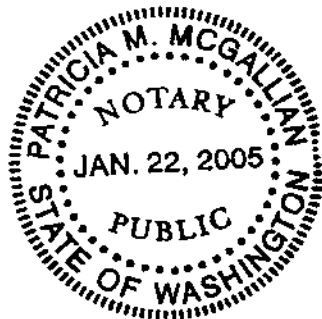
ATTEST:

City Clerk

STATE OF WASHINGTON)
COUNTY OF Pierce) ss.

I certify that I know or have satisfactory evidence that Lita Dawn Stanton is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Consultant of Lita Dawn Originals Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 5-8-2001



Patricia M. McCallian

Patricia M. McCallian

(print or type name)

NOTARY PUBLIC in and for the
State of Washington, residing at:

Kitsap

My Commission expires: 1/22/05

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Gretchen A. Wilbert is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Mayor of Gig Harbor to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at:

My Commission expires: _____

Backdoor
GALLERY

Lita Dawn
Designs

3100 B Harborview
Gig Harbor
Washington 98325
(253) 858-8686
fax (253) 265-1503
litadawn@harbornet

April 11, 2001

EXHIBIT A

TO: City of Gig Harbor
JOB: Reformat Design Review Manual

PROJECT DESCRIPTION:

Phase 1:

Design, production and coordination for the reformat
of existing 117 page Design Review Manual
(see sample layout attached).

Planning staff to provide electronic file.

40 hours

Phase 2:

Identify text adjustments, changes and graphics as
directed by the planning staff.

This includes scanning and insertion of diagrams and
graphics as directed.

Mechanical production, revisions.

directed by staff

Phase 3:

Final revisions and proofing.

Provide staff with 2 zip disks (\$18/ea)

(pagemaker 6.0 format)

for in-house printing.

10 hours

Fees will be charged at \$25 per hour



City of Gig Harbor. The "Maritime City"

3105 JUDSON STREET
GIG HARBOR, WASHINGTON 98335
(253) 851-8136

TO: MAYOR WILBERT AND CITY COUNCIL
FROM: DAVID RODENBACH, FINANCE DIRECTOR
DATE: MAY 8, 2001
SUBJECT: FIRST READING OF ORDINANCE - PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION (LTGO) BONDS.

BACKGROUND

This is the first reading of an ordinance providing for the issuance and sale of limited tax general obligation bonds in the approximate amount of \$7,800,000. Draft copies of the bond ordinance, preliminary official statement and bond purchase agreement are attached.

The bonds will be priced May 24 and the final purchase offer and second reading will be May 29.

FISCAL CONSIDERATIONS

The proceeds of this note will provide funds for the construction of the civic center. The sizing of this bond issue is based on a project budget of \$7,670,000 and bond issue expenses of \$130,000.

The Civic Center bonds will be "wrapped" around the City's current outstanding 1997 LTGO bonds (this means principal payments on the Civic Center bonds won't begin until 2007). Assuming an average 5% interest rate, the estimated additional annual debt service cost (interest only) to the City for 2001 through 2006 is \$367,500. In 2007 both principal and interest payments will commence. Average annual debt service over the remaining life of the bonds (2001 - 2026) is about \$700,000 per year.

The City's remaining LTGO debt capacity, based upon 2000 assessed valuation is approximately \$2,500,000.

RECOMMENDATION

This is a first reading with no action required at this time. Staff recommends adoption of the ordinance at the second reading.

TABLE OF CONTENTS*

	<u>Page</u>
Section 1. Definitions.....	1
Section 2. Authorization of Bonds and Bond Details.....	4
Section 3. Registration, Exchange and Payments.....	5
Section 4. Redemption Prior to Maturity and Purchase of Bonds.....	10
Section 5. Form of Bonds.....	14
Section 6. Execution of Bonds.....	16
Section 7. Tax Covenants.....	17
Section 8. Bond Fund and Provision for Tax Levy Payments.....	21
Section 9. Defeasance.....	21
Section 10. Sale of Bonds.....	22
Section 11. Bond Insurance.....	22
Section 12. Undertaking to Provide Ongoing Disclosure.....	23
Section 13. Lost, Stolen or Destroyed Bonds.....	25
Section 14. Severability.....	25

* This Table of Contents is provided for convenience only and is not a part of this ordinance.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF GIG HARBOR, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY IN THE PRINCIPAL AMOUNT OF \$[7,800,000] TO PROVIDE FUNDS TO COMPLETE THE CITY'S CIVIC CENTER; PROVIDING THE DATE, FORM, TERMS AND MATURITIES OF SAID BONDS; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE; AND APPROVING THE SALE OF SUCH BONDS.

WHEREAS, the best interests of the inhabitants of the City of Gig Harbor (the "City") require that the City complete its Civic Center project;

WHEREAS, in order to provide the funds required for such purpose, the City now desires to authorize the issuance of limited tax general obligation bonds in the principal amount of \$[7,800,000] (the "Bonds") and to authorize the sale of the Bonds;

WHEREAS, the City has received the offer from Banc of America Securities LLC, Seattle, Washington to underwrite the Bonds at terms acceptable to this City Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, DO ORDAIN as follows:

Section 1. Definitions. As used in this ordinance, the following words shall have the following meanings:

Bond Fund means the City's "Limited Tax General Obligation Bond Redemption Fund," as described in Section 8 of this ordinance.

Bond Insurance Policy means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.]

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained pursuant to Section 149(a) of the Code.

Bond Registrar means, initially, the fiscal agency of the State of Washington in either Seattle, Washington or New York, New York, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bonds means the \$[7,800,000] principal amount of the City of Gig Harbor, Washington Limited Tax General Obligation Bonds, 2001 issued pursuant to this ordinance for the purpose of paying costs authorized by Section 2 hereof.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

City means the City of Gig Harbor, Washington, a municipal corporation of the State of Washington.

Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

Commission means the Securities and Exchange Commission.

Computation Date means the date selected by the City to make the arbitrage rebate computations.

Computation Period means the period between Computation Dates.

Council means the City Council as the general legislative authority of the City, as the same shall be duly and regularly constituted from time to time.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 3 hereof.

Finance Director means the Finance Director of the City, or any successor to the functions of the Finance Director.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW.

Letter of Representations means the blanket issuer letter of representations from the City to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

Net Proceeds, when used with reference with the Bonds, means the principal amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount.

NRMSIR means a nationally recognized municipal securities information repository.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive

payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Project means the completion of the City's Civic Center, which will house and support the City's governmental departments as well as serve as a community center.

Rebatable Arbitrage means the amount required to be paid pursuant to Section 148(f) of the Code

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

Rule means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SID means a state information depository for the State of Washington.

Underwriter means Banc of America Securities LLC, Seattle, Washington.

Section 2. Authorization of Bonds and Bond Details. For the purpose of providing funds for the Project, the City shall issue its limited tax general obligation bonds in the aggregate principal amount of \$[7,800,000]. The bonds shall be general obligations of the City, shall be

designated "City of Gig Harbor, Washington Limited Tax General Obligation Bonds, 2001" (the "Bonds"); shall be dated as of June 1, 2001; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall bear interest from their date at the following per annum rates, payable on December 1, 2001, and semiannually thereafter on the first days of each succeeding June and December and shall mature on June 1 of the following years in the following principal amounts:

Maturity Years (June 1)	Principal Amounts	Interest Rates
2007	\$	%
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		

Section 3. Registration, Exchange and Payments.

(a) *Bond Registrar/Bond Register.* The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time

through the appointment of state fiscal agencies. The City shall cause a bond register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the City upon prior notice to the Bond Registrar, DTC, each NRMSIR and SID, if any, and a successor Bond Registrar appointed by the City. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes [(except as provided in Section 11 of this ordinance)], and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 3(h) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City shall execute and deliver to DTC a Blanket Issuer

Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(i) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any substitute depository appointed by the Finance Director pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Council to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Council may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Council, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Council.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Finance Director determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Council shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the Council

to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The City covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

Section 4. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds maturing in the years 2007 through 2010, inclusive, are not subject to redemption prior to maturity. The Bonds maturing on or after June 1, 2012 are subject to redemption at the option of the City in whole or in part on any date on or after June 1, 2011 (and if in part, with maturities to be selected by the City) at a price of par plus accrued interest, if any, to the date of redemption.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the City.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made as provided in this subsection (c). If the City redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(i) Official Notice. For so long as the Bonds are held in uncertificated form, notice of redemption shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption shall be conditioned by the Bond Registrar on the receipt of sufficient funds

for redemption) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar. Mailed notices will also be sent within the same period to Moody's Investors Service, Standard & Poor's Ratings Group and to the Underwriter or their business successors, if any.

All official notices of redemption shall be dated and shall state:

(A) the redemption date,
(B) the redemption price,
(C) if fewer than all outstanding Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

(ii) Effect of Notice; Bonds Due. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the

redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity and series in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(iii) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to the MSRB, the Insurer, to each NRMSIR, the SID, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(iv) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF GIG HARBOR, WASHINGTON

LIMITED TAX GENERAL OBLIGATION BOND, 2001

INTEREST RATE: % MATURITY DATE: CUSIP NO.:
REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT:

The City of Gig Harbor, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from June 1, 2001, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on December 1, 2001, and semiannually thereafter on the first days of each succeeding June and December. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agencies of the State of Washington in either Seattle, Washington or New York, New York (collectively, the "Bond Registrar").

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. _____ duly passed by the City Council on May 29, 2001 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$[7,800,000] and is issued pursuant to the Bond Ordinance for providing funds to pay the cost of completing the City's Civic Center project and costs of issuance.

The bonds of this issue maturing on and prior to June 1, 2011 are not subject to redemption prior to their stated maturities. The bonds of this issue maturing on and after June 1, 2012 are subject to redemption at the option of the City on and after June 1, 2011 in whole or in part on any date (and if in part, with maturities to be selected by the City), at a price of par plus accrued interest to the date of redemption.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to cities without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The City hereby designates the bonds of this issue as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Gig Harbor, Washington has caused this bond to be executed by the manual or facsimile signatures of the Mayor and City Clerk and the seal of the City imprinted or impressed hereon as of this first day of June, 2001.

CITY OF GIG HARBOR, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

/s/ manual or facsimile
City Clerk
[SEAL]

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Limited Tax General Obligation Bonds, 2001 of the City of Gig Harbor, Washington, dated June 1, 2001.

WASHINGTON STATE FISCAL
AGENCY, as Bond Registrar

By _____

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the Council.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be

as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of such Bond, are the proper officers of the City, although at the original date of such Bond any such person shall not have been such officer of the City.

Section 7. Tax Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bonds or any other funds of the City which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Bonds to the initial purchasers thereof, would have caused the Bonds to be treated as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bonds.

(b) *Arbitrage Rebate.*

(1) *General Rule.* The City will pay to the United States of America in accordance with the provisions of this section (i) rebate installment payments which, when added

to the future value as of the Computation Date of all previous rebate payments made with respect to the Bonds, equal at least 90% of the Rebatable Arbitrage with respect to the Bonds, and (ii) a final rebate installment payment in an amount which, when added to the future value of all previous rebate payments made with respect to the Bonds, equals 100% of the Rebatable Arbitrage.

(2) *Computation of Rebatable Arbitrage.* As of any Computation Date, the Rebatable Arbitrage for the Bonds is the excess of the future value, as of such date, of all Receipts over the future value, as of such date, of all Payments.

(3) *Payment Procedure.*

(i) The first rebate installment payment will be made for a Computation Date that is no later than five years after the issue date of the Bonds. Subsequent rebate installment payments will be made for a Computation Date that is not later than five years after the previous Computation Date for which rebate installment payment was made. Each rebate installment payment will be paid no later than 60 days after the Computation Date to which the payment relates.

(ii) A final rebate payment will be paid within 60 days of the date the Bonds are Discharged or such other period as is permitted by Internal Revenue Service regulations.

(iii) Each payment of Rebatable Arbitrage will be made to the Internal Revenue Service Center, Ogden, Utah 84201 and will be accompanied by IRS Form 8038-T.

(c) *Private Person Use Limitation for Bonds.* The City covenants that for as long as the Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bonds to be allocated to any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bonds are allocable to any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the project described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the project funded by the proceeds of the Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds allocable to the state or

local governmental use portion of the project to which the Private Person Use of such portion of the project funded by the proceeds of the Bonds relate. The City further covenants that it will comply with any limitations on the use of the project funded by the proceeds of the Bonds by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds.

(d) *Designation under Section 265(b).* The City hereby designates the Bonds as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code. The City does not anticipate that it will issue more than \$10,000,000 in qualified tax-exempt obligations during 2001.

(e) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bonds.

Section 8. Bond Fund and Provision for Tax Levy Payments. There has previously been established a fund of the City known as the "1997 Limited Tax General Obligation Bond Fund," which fund shall hitherto be known as the "Limited Tax General Obligation Bond Fund" (the "Bond Fund") and use to pay debt service on all outstanding limited tax general obligation bonds of the City, including the Bonds. The City hereby irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of

taxes within and as part of the tax levy permitted to cities without a vote of the electorate upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay such principal and interest as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 9. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

The City shall give written notice of defeasance to the owners of all Bonds so provided for within 30 days of the defeasance and to the SID, if any, and to each NRMSIR or to the MSRB in accordance with Section 14.

Section 10. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Underwriter, under the terms and conditions thereof as provided in its purchase offer and in this

ordinance. Said purchase offer is hereby in all respects accepted and approved, and the Finance Director is authorized to execute the purchase offer on behalf of the City.

The Mayor and the Finance Director of the City are hereby authorized to review and approve on behalf of the City the preliminary and final Official Statements relative to the Bonds with such additions and changes as may be deemed necessary or advisable to them. The preliminary Official Statement for the Bonds, dated _____, 2001, is hereby deemed final for the purposes of Securities and Exchange Commission Rule 15c2-12.

The Finance Director and other City officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bonds to the Underwriter and for the proper application and use of the proceeds of sale of the Bonds.

Section 11. Bond Insurance.

(a) In accordance with the offer of the Underwriter to purchase the Bonds, the Council hereby approves the commitment of the Insurer to provide a bond insurance policy guaranteeing the payment when due of principal of and interest on the Bonds (the "Bond Insurance Policy"). The Council further authorizes and directs all proper officers, agents, attorneys and employees of the City to cooperate with the Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City as shall be necessary or advisable in providing for the Bond Insurance Policy.]

Section 12. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the City's written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

The City is an obligated person with respect to less than \$10,000,000 of municipal securities, including the Bonds.

(b) *Financial Statements/Operating Data.* The City agrees to provide or cause to be provided to each person upon request or to the SID, if any, a copy of its latest publicly available annual financial statements prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute). Such annual statements shall be available upon request to the office of the City Finance Director, the current address for whom is 3105 Judson Street, Gig Harbor, WA 98335; telephone number: (253) 851-8136.

(c) *Material Events.* The City agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:

- Principal and interest payment delinquencies;
- Non-payment related defaults;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- Modifications to the rights of Bond owners;

- Bond calls (optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-238560);
- Defeasances;
- Release, substitution or sale of property, securing repayment of the Bonds; and
- Rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no credit enhancements, debt service reserves or property secure payment of the Bonds.

(d) *Termination/Modification.* The City's obligations to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies each NRMSIR and the SID, if any, of such opinion and the cancellation of this section. The City may amend this section with an approving opinion of nationally recognized bond counsel in accordance with the Rule.

(e) *Bond Owner's Remedies Under This Section.* The right of any bondowner or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City's obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, "beneficial owner" means any person who has

the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 13. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond or Bonds of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City in connection therewith and upon his/her filing with the City evidence satisfactory to the City that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City with indemnity satisfactory to the City.

Section 14. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

ADOPTED by the City Council of the City of Gig Harbor, Washington, at a regular meeting thereof held this 29th day of May, 2001.

CITY OF GIG HARBOR, WASHINGTON

Mayor

ATTEST:

City Clerk

CERTIFICATE

I, the undersigned, City Clerk of the City Council, of the City of Gig Harbor, Washington (the "City") and keeper of the records of the City Council (the "City Council"), DO HEREBY CERTIFY:

1. That the attached Ordinance is a true and correct copy of Ordinance No. _____ of the City Council (the "Ordinance"), duly adopted at a regular meeting thereof held on the 29th day of May, 2001.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the adoption of the Ordinance; that all other requirements and proceedings incident to the proper adoption of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of May, 2001.

City Clerk

CITY OF GIG HARBOR, WASHINGTON
LIMITED TAX GENERAL OBLIGATION BONDS, 2001

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF GIG HARBOR, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY IN THE PRINCIPAL AMOUNT OF \$[7,800,000] TO PROVIDE FUNDS TO COMPLETE THE CITY'S CIVIC CENTER; PROVIDING THE DATE, FORM, TERMS AND MATURITIES OF SAID BONDS; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE; AND APPROVING THE SALE OF SUCH BONDS.

APPROVED ON MAY 29, 2001

PREPARED BY:

PRESTON GATES & ELLIS LLP
Seattle, Washington

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2001

**BOOK-ENTRY ONLY
NEW ISSUE
NEGOTIATED**

**MOODY'S RATING: Applied For
(See the caption "BOND RATING" herein.)**

In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income subject to federal income taxation pursuant to the Internal Revenue Code of 1986, as amended, subject to certain conditions and assumptions described herein under "TAX EXEMPTION". The Bonds are not private activity bonds. Interest on the Bonds is included in the computation of certain federal taxes on corporations.

CITY OF GIG HARBOR, WASHINGTON

\$7,800,000*

LIMITED TAX GENERAL OBLIGATION BONDS, 2001

DATED: June 1, 2001

DUE: June 1, as shown below

The City of Gig Harbor, Washington (the "City"), Limited Tax General Obligation Bonds, 2001 (the "Bonds") will be issued in fully registered form and when issued, will be registered in the name of Cede & Co., as bond owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. The Bonds will be initially issued in book-entry form only in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The Bonds will bear interest payable on December 1, 2001, and semiannually thereafter on June 1 and December 1 of each year, to the maturity or prior redemption of the Bonds. The principal of and interest on the Bonds are payable by the fiscal agency of the State of Washington, currently, The Bank of New York, New York, New York and, (the "Fiscal Agent" or "Bond Registrar"). For so long as the Bonds remain in a "book-entry only" transfer system, the Bond Registrar will make such payments only to DTC, which will in turn remit such principal and interest to the DTC participants for subsequent disbursement to Beneficial Owners of the Bonds. See Appendix B, "DTC AND BOOK-ENTRY SYSTEM hereto."

MATURITY SCHEDULE*

Due June 1	Amount	Rate	Yield or Price	Due June 1	Amount	Rate	Yield or Price
2007	\$ 220,000			2017	\$ 360,000		
2008	235,000			2018	380,000		
2009	245,000			2019	400,000		
2010	255,000			2020	420,000		
2011	270,000			2021	440,000		
2012	285,000			2022	460,000		
2013	300,000			2023	485,000		
2014	315,000			2024	510,000		
2015	330,000			2025	535,000		
2016	345,000			2026	560,000		

(Plus accrued interest from June 1, 2001)

The Bonds maturing on or after June 1, 2012 are subject to early redemption, at the option of the City, at any time on or after June 1, 2011 as a whole or in part within one or more maturities selected by the City at a price of par, plus accrued interest to the date fixed for redemption. See "DESCRIPTION OF THE BONDS-Early Redemption" herein.

The City irrevocably covenants and agrees that it will include in its annual budget and levy taxes annually, in an amount permitted to cities without a vote, upon all the taxable property in the City, in amounts sufficient, together with all other money legally available therefor, to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the City are irrevocably a pledge for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The Bonds do not constitute a debt or indebtedness of the State of Washington or any political subdivision thereof other than the City.

The City has designated the Bonds as "qualified tax-exempt obligations" under the Internal Revenue Code of 1986, as amended. See "CERTAIN OTHER FEDERAL TAX CONSEQUENCES" herein.

The Bonds are offered by the Underwriter when, as and if issued, with the approving legal opinion of Preston Gates & Ellis, LLP, Bond Counsel, Seattle, Washington. It is expected that the Bonds in book-entry form will be ready for delivery through the facilities of DTC in New York, New York, by Fast Automated Securities Transfer, on or around June 12, 2001.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Banc of America Securities LLC

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Representations

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The delivery of this Official Statement does not imply that the information contained herein is correct as of any time subsequent to the date of the Official Statement as shown on the cover page. Neither the City nor the Underwriter has authorized any dealer, broker, salesperson or other persons to give any information or make any representations other than those made in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such a sale.

Disclosure Statement

The City will deliver to the Underwriter at the time of delivery of the Bonds a signed statement substantially to the effect that this Preliminary Official Statement, as of its date and as of the date of the Bonds, neither contains any untrue statement of a material fact nor omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect and, to its knowledge, that there has not been any material adverse change in the normal operations or financial condition of the City nor, to the best of the City's knowledge, in the general economy of the City since the date of the Preliminary Official Statement.

This Preliminary Official Statement, as of its date, is in a form "deemed final" by the City for purposes of SEC Rule 1 Sc2-12(b)(1) but is subject to revision, amendment, and completion in a final Official Statement which will be available within seven days of the sale date.

Secondary Market

It has been the practice of the Underwriter to maintain a secondary market in municipal bonds which it sells. The Underwriter intends to engage in secondary market trading of the Bonds, subject to applicable securities laws. The Underwriter, however, is neither obligated to engage in secondary trading nor to repurchase any of the Bonds at the request of the registered owners thereof and no assurance can be given that a secondary market for the Bonds will be available.

In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

CITY OF GIG HARBOR, WASHINGTON
3105 Judson Street
Gig Harbor, WA 98335
(253) 851-8136

MAYOR

Gretchen A. Wilbert

Current Term Expires
December, 2001

CITY COUNCIL

Member	Position	Term Expires
John Picinich	Member	December, 2001
Steven Ekberg	Member	December, 2001
Derek Young	Member	December, 2001
Jim Pasin	Member	December, 2001
Bob Dick	Member	December, 2003
Marilyn Owel	Member	December, 2003
Frank Ruffo	Member	December, 2001

APPOINTED OFFICIALS

Mark Hoppen
David Rodenbach
David Skinner
Carol Morris

City Administrator
Finance Director
Public Works Director
City Attorney

BOND COUNSEL

Preston Gates & Ellis, LLP
Seattle, Washington

UNDERWRITER

Banc of America Securities LLC
Seattle, Washington

TABLE OF CONTENTS

	Page
Introduction.....	1
Description of the Bonds.....	1
Debt Payment Record	3
Future Financing.....	3
Assessed Valuation Determination.....	3
Tax Collection Procedure.....	3
Authorization of Indebtedness	3
Taxing Powers and Limitations	5
Initiative and Referendum.....	5
Authorized Investments	6
Net Direct Debt and Estimated Net Overlapping General Obligation Debt	7
Bonded Debt Ratios of the City	7
Major Taxpayers Within the City	7
Statutory Debt Limit Calculation for the City.....	9
Ad Valorem Tax Collection Record of the City	10
Ad Valorem Levy Amounts and Rates of the City	10
Representative Levy Rates – 2001.....	10
Comparative Statement of General Fund Revenues and Expenditures.....	11
2001 General Fund Budget of the City	12
Schedule of General Obligation Bond Debt Service.....	13
The City	14
General and Economic Information.....	16
Tax Exemption.....	20
Certain Other Federal Tax Consequences.....	20
Preservation of Tax Exemption.....	21
Absence of Material Litigation.....	21
Continuing Disclosure	21
Bond Rating	23
Approval of Bond Counsel	23
Conflicts of Interest.....	23
Underwriting.....	23
Concluding Statement.....	23
Form of Legal Opinion	Appendix A
DTC and Book-Entry System	Appendix B

PRELIMINARY OFFICIAL STATEMENT

CITY OF GIG HARBOR, WASHINGTON

\$7,800,000*

LIMITED TAX GENERAL OBLIGATION BONDS, 2001

INTRODUCTION

The City of Gig Harbor, Washington (the "City"), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the "State"), furnishes this Official Statement in connection with the offering of \$7,800,000* principal amount of Limited Tax General Obligation Bonds, 2001 (the "Bonds"). This Official Statement provides information concerning the City and the Bonds.

DESCRIPTION OF THE BONDS

Principal Amounts, Dates, Interest Rates, and Maturities

The Bonds are issuable in the principal amount of \$7,800,000* and will be dated and bear interest from June 1, 2001. The Bonds will mature on the dates and in the principal amounts as set forth on the cover page of this Official Statement. The Bonds will bear interest payable semiannually on each June 1 and December 1, commencing December 1, 2001, at the rates set forth on the cover page of this Official Statement.

Interest on the Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Form, Denomination and Registration

The Bonds will be issued in fully registered form as to both principal and interest in the denomination of \$5,000 each or any integral multiple thereof within a single maturity. The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC").

DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners or bond owners will mean Cede & Co. and will not mean the "Beneficial Owners" of the Bonds. In this Official Statement, the term "Beneficial Owner" will mean the person for which a DTC participant acquires an interest in the Bonds. See Appendix B, "DTC AND BOOK-ENTRY SYSTEM" hereto.

Authorization

The Bonds are issued in accordance with the provisions of the Constitution and applicable statutes of the State, pursuant to Ordinance No. __ (the "Ordinance") of the City Council, passed on May 29, 2001.

Purpose

Proceeds of the Bonds will be used to complete the Construction Document phase of the Civic Center by providing construction plans, specifications and estimates for the bid and award of the construction contract as defined in the Gig Harbor Civic Center Architectural Program dated August 2000. The project will provide for the construction of a 33,516 square-foot Civic Center located at the Henderson Bay High School site as well as site improvements surrounding the new Civic Center. This facility will house and support the City's governmental departments as well as serve as a community center for the citizens of the City. Construction of the facility is scheduled to commence in the summer of 2001 with the completion estimated to be August 2002.

* Preliminary, subject to change.

Security

The City irrevocably covenants and agrees that it will include in its annual budget and levy taxes annually, in an amount permitted to cities without a vote, upon all the taxable property in the City, in amounts sufficient, together with all other money legally available therefor, to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the City are irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The Bonds do not constitute a debt or indebtedness of the State or any political subdivision thereof other than the City.

Early Redemption

The Bonds maturing in years 2007 through 2011 are not subject to redemption prior to maturity. The Bonds maturing on or after June 1, 2012 are subject to redemption prior to their stated maturity dates at any time on or after June 1, 2011 in whole or in part (maturities to be selected by the City and randomly within a maturity in such a manner as the Bond Registrar shall determine) at a price of par, plus accrued interest to the date fixed for redemption.

Portions of the principal amount of any Bond, in increments of \$5,000 or any integral multiple thereof, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond at either of the principal offices of the Bond Registrar, there shall be issued to the registered owner, without charge therefor, a new Bond or Bonds, at the option of the registered owner, of like maturity and interest rate in any of the denominations authorized by the Ordinance.

Open Market Purchase

The City reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Failure to Redeem the Bonds

If any Bond is not redeemed when properly presented at its maturity or call date, the City, through its Fiscal Agent, shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the bond redemption fund and the Bond has been called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds.

Defeasance of the Bonds

In the event that money and/or direct obligations as such obligations are defined in chapter 39.53 RCW, as now or hereafter amended, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the City to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the bond redemption fund of the City for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of the Ordinance except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding.

Procedure in the Event of Revisions of Book-Entry Transfer System

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar, provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

DEBT PAYMENT RECORD

The City has always promptly met principal and interest payments on outstanding bonds when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

FUTURE FINANCING

The City is considering the issuance of approximately \$1.25 million of Water and Sewer Revenue Bond Anticipation Notes within the next 3 months.

ASSESSED VALUATION DETERMINATION

The County Assessor (the "Assessor") determines the value of all real and personal property throughout the County (including the City) which is subject to ad valorem taxation. The Assessor's duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State Department of Revenue. For tax purposes the assessed value of property is currently set at 100% of its actual value.

By State statute all property is subject to revaluation at least every four years. Pierce County revalues property every year based on market sales and conducts an on-site appraisal of property every six years. The property is listed by the Assessor on a tax roll at its current assessed value and the tax roll is filed in the Assessor's office.

The Assessor's determinations are subject to revision by the County Board of Equalization and, for certain property, subject to further revision by the State Board of Equalization. After all administrative procedures are completed, the taxing unit receives the Assessor's final certificate of assessed value of property within the taxing unit.

TAX-COLLECTION PROCEDURE

Property taxes are levied in specific amounts, and the rate for all taxes levied for all taxing districts in the County (including the City) are determined, calculated and fixed by the Assessor based upon the assessed valuation of the property within the various taxing districts. The Assessor extends the taxes to be levied within each taxing district upon a tax roll which contains the total amount of taxes to be so levied and collected and assigns a tax account number to each tax lot. The tax roll is delivered to the County Treasurer by January 15 of each year, and an abstract of the tax roll, showing the total amount of taxes collectible in each of the taxing districts for the year, is delivered to the County Executive (an elected official) at the same time. All taxes are due and payable on the 30th of April of each year, but if the amount due from a taxpayer exceeds thirty dollars, one-half may be paid then and the balance no later than October 31 of that year.

The method of giving notice of payment of taxes due, accounting for the money collected, the division of the taxes among the various taxing districts, giving notice of delinquency, and collection procedure are all covered by detailed statutes. The lien for ad valorem property taxes which have been levied prior to the filing of federal tax liens is prior to such federal tax liens.

In other respects, and subject to the possible "Homestead Exemption," the lien for delinquent property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law the taxing unit may commence foreclosure of a tax lien on real property after three (3) years have passed since the first delinquency. Washington State's courts have not decided whether the Homestead Law (Chapter 6.12 RCW) may give the occupying home owner a right in the forced sale of the family residence for delinquent general property taxes to retain the first \$40,000 of proceeds of the sale. (See *Algona vs. Sharp*, 30 Wn. App. 837, 638 P.2d 627 (1982), holding the homestead right superior to liens for local improvement district assessments.)

AUTHORIZATION OF INDEBTEDNESS

The power of the City to contract debt of any kind is controlled and limited by State law. All debt must be set forth in accordance with detailed budget procedures and paid for out of identifiable receipts and revenues. The

budget must be balanced for each fiscal year. It is unlawful for an officer or employee of the City to incur liabilities in excess of budgetary appropriations.

General Obligation Indebtedness

Under the Constitution and statutes of the State, the City may incur two types of general obligation indebtedness (including bonds). The two types are primarily differentiated by the limits on the real and personal property taxes which may be collected for the payment thereof.

Limited tax general obligation indebtedness such as the Bonds is payable from taxes upon all the taxable property in the City which may be imposed by the City within the limitations prescribed by State statute without a vote of the people (sometimes referred to as "non-voted debt" or "non-voted bonds" or "councilmanic bonds").

Unlimited tax general obligation indebtedness is payable from taxes without limitation as to rate or amount, imposed upon all taxable property in the City. Unlimited tax indebtedness may be incurred only after approval by 60% of the City voters at an election in which the total vote cast exceeds 40% of the votes cast at the last preceding general election of the City or State. Such unlimited tax indebtedness is sometimes referred to as "voted debt," "voted bonds" or "unlimited tax bonds."

Bonds issued to refund outstanding general obligation indebtedness of either type may be issued without voter approval.

Limits on Amount of General Obligation Indebtedness

State statutes limit the total principal amount of all City general obligation indebtedness incurred for "general" purposes, both limited tax and unlimited tax, to 2.5% of the actual value of taxable property within the City. Within this 2.5% limitation, non-voted indebtedness is further limited to 1.5% of the value of such taxable property.

The City is additionally authorized to incur general obligation indebtedness for the following "special" purposes, with voter approval, in the total principal amount of up to the following percentages of the actual value of taxable property within the City: water, artificial light and sewers, 2.5%; open space and park facilities, 2.5%; and capital facilities associated with economic development, 2.5%. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 7.5% of the City's assessed valuation.

The State statutory limits on City general obligation indebtedness described in this section are more restrictive than those contained in the State Constitution. Both the Constitutional and statutory debt limits may be exceeded if necessary to meet obligations made mandatory by State law or, if necessary, to maintain the corporate existence of the City.

In computing total general obligation indebtedness, the following "assets" may be deducted against the principal amount of indebtedness outstanding: (a) money and investments on deposit in general obligation bond retirement funds; (b) taxes (both current and delinquent) levied for the payment of general obligation indebtedness; and (c) delinquent (but not current) taxes due the general fund.

In addition to limits on the total principal amount of general obligation indebtedness described in this section, the Constitution and statutes of the State impose other limitations on the City's levy of taxes upon real and personal property (See "TAXING POWERS AND LIMITATIONS" herein.)

Authorization of Short-Term Debt

As a result of 1982 legislation, any Washington municipal corporation may borrow money and issue short-term obligations, the proceeds of which may be used for any lawful purpose. Short-term obligations may be issued in anticipation of the receipt of revenues, taxes, or grants or the sale of (1) general obligation bonds if the bonds may be issued without the consent of the voters or if previously ratified by the voters; (2) revenue bonds if the bonds have been authorized by ordinance or resolution; or (3) local improvement district bonds if the bonds have been authorized by ordinance or resolution. These short-term obligations shall be repaid out of money derived from the source or sources in anticipation of which they were issued or from any money legally available for this purpose.

Additionally, the City may incur short-term indebtedness in the following ways: first, in an emergency, the Council members may put a plan into effect and authorize indebtedness outside the current budget. All expenditures for emergency purpose shall be paid by warrants from any available money in the fund properly chargeable with such expenditures. If there is insufficient money on hand in the fund, the warrants become registered interest-bearing warrants. In adopting the budget for any fiscal year, the Council members shall appropriate funds to retire any outstanding registered warrants issued since the adoption of the last preceding

budget. Second, the City may, without a vote of the electors, purchase property on a conditional sales contract if the total contract amount, together with the other non-voted general obligation indebtedness of the City, does not exceed 1.5% of the value of taxable property in the City; any item so purchased must be budgeted for payment in accordance with the terms of the contract.

TAXING POWERS AND LIMITATIONS

Pursuant to RCW 84.52.043, cities may levy, without a vote of the residents residing therein, a maximum of \$3.375 per thousand for general city purposes (the "regular levy"). Cities with full-time firemen may levy an additional \$.225 per thousand to fund the city's Fireman's Pension Fund (RCW 41.16.060), thus creating a maximum annual levy rate of \$3.60 per thousand dollars of assessed valuation. The City is currently levying \$1.5738 per thousand dollars of taxable assessed valuation for its regular levy for collection year 2001.

According to RCW 27.12.390, any city or town annexed to a rural library district, island library district, or intercounty rural library district, such as the City, shall be entitled to levy up to \$3.60 per thousand dollars of assessed valuation less any regular levy made by such library district in the incorporated area, notwithstanding any other provision of law.

106% Limitation

The 106% limitation (chapter 84.55 RCW) is a limitation on the amount of levies by individual taxing cities. All municipal regular property tax levies are subject to the 106% limitation. The law provides, in substance, that unless a higher rate is approved by a majority of the voters at an election, the regular property tax levy of a taxing City must be set so that the amount of the property taxes which will become payable in a given year will not exceed 106% of the amount of taxes levied by the taxing City in the highest of the three most recent years, plus a full value adjustment for new construction.

On November 4, 1997, at a State-wide general election, voters approved Senate Bill 5835, (the "Property Tax Act") which limits a municipality's regular tax levy to an amount of 100% of the highest property tax levy of the three most recent years multiplied by a limit factor. The limit factor is defined in the Property Tax Act as (i) the lesser of 106% or 100% plus inflation, or (ii) 106% or less, if approved by a majority plus one vote of the governing body of the municipality upon a finding of substantial need. The limitation does not affect the Bonds because debt service is not payable from regular levies, but from a special levy already approved by voters.

INITIATIVE AND REFERENDUM

Under the State Constitution, the voters of the State have the ability to initiate legislation and modify existing legislation through the powers of initiative and referendum, respectively. The initiative power in Washington may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least 8% (initiative) and 4% (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

Initiative 695

Washington State Initiative Measure No. 695 ("I-695"), requiring voter approval for any increase in taxes, impact fees, permit fees, or any governmental "monetary charge," was approved by voters on November 2, 1999. Many aspects of I-695 were challenged in court, including whether utility rates were included in the term "monetary charge." On October 26, 2000, the Washington Supreme Court declared I-695 unconstitutional in its entirety.

Initiative 722

On November 7, 2000, the State's voters approved Initiative No. 722 ("I-722"). I-722 provides that any "tax" increase adopted by the State or any local government from July 2, 1999 (the date on which I-695 first qualified for the ballot) through December 31, 1999 (the last day before the effective date of I-695) is null and void and must be refunded to the taxpayers. "Tax" is defined in I-722 to include, but is not limited to, water, sewer and utility charges, sales and use taxes, property taxes, business and occupation taxes, impact, license and permit fees,

and any monetary charge by government. I-722 purports to exempt persons from paying the portion of property taxes attributable to any increase in value of property (other than for new construction or manufacture) over its 1999 valuation level, plus the lesser of 2% per year or the annual inflation rate (whichever is less). I-722 could be viewed as thereby limiting the rate of increase of property values for assessment purposes. The measure also reduces the limit on the total dollar amount of regular property taxes that may be levied annually by a city, without a vote of its electors, from 106% to 102% of the highest levy in the three previous years. Further, it eliminates a statutory provision that allowed cities and other taxing districts to forego nonvoted tax increases in any year, yet when levying taxes in future years to calculate the allowable tax level on a base that included the years in which no tax increase was actually imposed.

Several Washington municipalities, taxpayers and social service providers have filed lawsuits challenging various aspects of I-722, including its overall constitutionality, whether a refund of a "tax" that was properly imposed constitutes an unconstitutional gift of public funds and whether a refund unlawfully affects certain municipalities' ability to comply with their contractual obligations.

If I-722 were upheld, the City might be required to refund certain taxes already collected.

In November 1999, the City Council passed an ordinance levying taxes for 2000. See "AD VALOREM LEVY AMOUNTS AND RATES OF THE CITY." The City did not approve any additional taxes or fees between July 2, 1999 and December 31, 1999. Although the City believes that it cannot lawfully refund to taxpayers or customers a portion of taxes and rates already collected, it cannot predict the outcome of the litigation challenging I-722.

Future Initiative Legislation

Other tax and fee initiative measures may be filed, but it cannot be predicted whether any such initiatives might gain sufficient signatures to qualify for submission to the Legislature and/or the voters, or, if submitted, ultimately be approved.

AUTHORIZED INVESTMENTS

Chapter 39.59 RCW limits the investment of public funds to the following authorized investments: bonds of the State and any local government in the State, which bonds are rated at the time of investment in one of the three highest credit ratings by a nationally recognized rating agency; general obligation bonds of other states and subdivisions thereof so long as those bonds are rated in one of the three highest categories; registered warrants of a local government within the same county as the entity making the investment; and any investment authorized by law for the treasurer of the State or any local government exclusive of certificates of deposit of banks or bank branches not located in the State. Under chapter 43.84 RCW, the State Treasurer may invest in non-negotiable certificates of deposit in designated qualified public depositories; in obligations of the U.S. government, its agencies and wholly owned corporations; in bankers' acceptances; in commercial paper; in repurchase agreements; in the obligations of the federal home loan bank, federal national mortgage association and other government corporations subject to statutory provisions. Utility revenue bonds and warrants of any city and bonds or warrants of a local improvement district are also eligible investments (RCW 35.39.030).

Local Government Investment Pool

The State Treasurer's Office administers the Washington State Local Government Investment Pool (the "LGIP"), a \$3.5 billion dollar fund that invests money on behalf of 376 cities, counties and special taxing Cites (as of October 3, 2000). In its management of LGIP, the State Treasury adheres, at all times, to the principles appropriate for the prudent investment of public funds. These are, in priority order, (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) to attain the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

The LGIP, authorized by chapter 43.250 RCW, is a voluntary pool that provides its participants the opportunity to benefit from the economies of scale inherent in pooling. It is also intended to offer participants increased safety of principal and the ability to achieve a higher investment yield than would otherwise be available to them. The LGIP is a conservatively managed, highly liquid money market fund. The pool is restricted to investments with maturities of one year or less, and the average investment life typically is less than 90 days. Permissible investments include U.S. government and agency securities, bankers' acceptances, high quality commercial paper, repurchase and reverse repurchase agreements, and certificates of deposit issued by qualified Washington State depositories.

Authorized Investments for Bond Proceeds

In addition to the eligible investments discussed above, bond proceeds only may also be invested in mutual funds with portfolios consisting of U.S. government and guaranteed agency securities with average maturities of less than four years; municipal securities rated in one of the four highest categories; and money market funds consisting of the same, so long as municipal securities held in the fund(s) are in one of the two highest rating categories. Bond proceeds may also be invested in shares of money market funds with portfolios of securities otherwise authorized by law for investment by local governments (RCW 39.59.030).

See "THE CITY - Investment Practices" herein for a discussion of the City's investment portfolio.

**NET DIRECT DEBT AND ESTIMATED NET
OVERLAPPING GENERAL OBLIGATION DEBT¹**
(As of December 31, 2000)

Direct Debt:

Voted General Obligation Bonds Outstanding	\$	140,000
Councilmanic Bonds Outstanding.....		1,460,000
The Bonds.....		7,350,000 ²
Other Non-Voted Debt		0
Less: Bond Fund Balance		(196,000)
Net Direct Debt:	\$	8,754,000

Estimated Net Overlapping Debt:

	Net G.O. Debt Outstanding	Percent of Overlap	Amount of Overlap
Pierce County.....	\$ 65,355,000	1.79 %	\$ 1,171,753
Port of Tacoma.....	50,928,000	1.79	912,945
School District No. 401.....	42,410,000	15.76	6,682,419
Rural Library District.....	710,000	1.13	8,032
Estimated Net Overlapping Debt:			\$ 8,775,149
Net Direct plus Estimated Net Overlapping Debt:			\$ 17,529,149

BONDED DEBT RATIOS OF THE CITY

2000 Assessed Valuation for Collection Year 2001	\$	743,414,971
City Population (2000 U.S. Census)		6,465
Assessed Valuation Per Capita.....	\$	114,991
Net Direct Debt to Assessed Valuation.....		1.18%
Net Direct and Estimated Overlapping Debt to Assessed Valuation.....		2.36%
Net Direct Debt Per Capita	\$	1,354
Net Direct and Estimated Overlapping Debt Per Capita.....	\$	2,711

MAJOR TAXPAYERS WITHIN THE CITY³

Taxpayer	Type of Business	Assessed Value
Telephone Utilities of Washington Inc.	Telecommunications	\$ 26,153,486
Hogan, Robert E.	Fred Meyer Marketplace	16,582,000
Hogan, Charles R.	Harbor Plaza retail complex	12,678,900

1 Source: Pierce County Treasurer's and Assessor's offices. Calculations include the Bonds.
 2 Preliminary, subject to change.
 3 Source: Pierce County Treasurer's and Assessor's offices.

Olympic Property Group LLC	Peninsula Regional Medical Center	10,578,700
Point Fosdick Square LLC	Commercial Property	8,964,100
Erickson Forest Grove LLC	Apartments	6,599,400
Merrill Gardens LLC	Harbor Court Retirement Home	5,768,000
Stroh, Frederick	Medical complex	5,662,600
Reality Management LLC	Westside Business Center	5,372,108
Manor Care of Meadow Park Inc.	Healthcare	5,059,400

DRAFT

STATUTORY DEBT LIMIT CALCULATION FOR THE CITY¹
 (As of December 31, 2000)

2000 Assessed Valuation for Collection Year 2001.....		\$ 743,414,971
General Purposes		
Non-Voted Debt Capacity (1.5% of Assessed Valuation)		\$ 11,151,225
Less: Councilmanic Bonds Outstanding (Includes the Bonds).....		(8,760,000)
Less: Other Non-voted Debt.....		0
Plus: Bond Fund Balance		<u>196,000</u>
Remaining Non-voted G.O. Capacity		\$ 2,587,225
Voted Debt Capacity (2.5% of Assessed Valuation)		\$ 18,585,374
Less: Voted Bonds Outstanding		(140,000)
Less: Councilmanic Bonds Outstanding (Includes the Bonds).....		(8,760,000)
Less: Other Non-voted Debt.....		0
Plus: Bond Fund Balance		<u>196,000</u>
Total Remaining Capacity For General Purposes		\$ 9,881,374
Utility Purposes		
Voted Debt Capacity (2.5 % of Assessed Valuation)		\$ 18,585,374
Less: Voted Bonds Outstanding		<u>0</u>
Remaining Capacity for Utility Purpose		\$ 18,585,374
Parks and Open Space and Economic Development Purposes		
Voted Debt Capacity (2.5 % of Assessed Valuation)		\$ 18,585,374
Less: Voted Bonds Outstanding		<u>0</u>
Remaining Capacity for Parks and Open Space and Economic Development		\$ 18,585,374

DRAFT

¹ Reflects the issuance of the Bonds.

AD VALOREM TAX COLLECTION RECORD OF THE CITY¹

Collection Year	Adjusted Assessed Valuation ²	Tax Levy ³	Collected Year of Levy		Collected as of December 31, 2000	
			Amount	Percent	Amount	Percent
2001	\$ 743,414,971	\$ 1,169,986	N/A ⁴	N/A ⁴	N/A ⁴	N/A ⁴
2000	691,816,489	1,108,120	\$ 1,059,460	95.61%	\$ 1,060,395	95.69%
1999	620,616,211	1,081,429	1,046,824	96.80	1,070,383	98.98
1998	430,635,489	789,587	755,488	95.68	786,521	99.61
1997	367,919,096	730,297	707,980	96.94	736,083	99.97
1996	310,112,016	688,300	675,825	98.19	688,213	99.99

NOTE: Taxes are due and payable on April 30, of each year succeeding the levy. At least one half of the tax amount due must be paid on or before April 30, or else the total amount becomes delinquent on May 1. The second half of the tax due is payable on or before October 31, becoming delinquent November 1.

AD VALOREM LEVY AMOUNTS AND RATES OF THE CITY¹

Collection Year	Levy Amounts	Levy Rates per \$1,000
2001	\$ 1,169,986	\$ 1.5738
2000	1,108,120	1.6149
1999	1,081,429	1.7440
1998	789,587	1.8378
1997	730,297	1.9938
1996	688,300	2.0186

REPRESENTATIVE LEVY RATES - 2001

Taxing District	Minimum (Code 75)	Maximum (Code 78)
Pierce County	\$ 1.7484	\$ 1.7484
State Schools	2.9987	2.9987
City of Gig Harbor	1.5738	1.5738
School District No. 401	3.7218	3.7218
Port of Tacoma	.1788	.1788
EMS	.2433	.2433
Rural Library District	.5000	.5102
Fire District No. 5	<u>1.4591</u>	<u>1.4591</u>
Total	\$ 12.4239	\$ 12.4341

¹ Source: Pierce County Assessor's office and Office of Budget and Finance.

² Assessed valuation is stated as the full taxable assessed value of all taxable real and personal property in the City.

³ Includes both regular and excess levies.

⁴ Not available, in process of collection.

COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES¹
(Fiscal Year Ending December 31)

	2000	1999	1998	1997	1996
Revenues					
Taxes	\$ 3,885,463	\$ 3,547,593	\$ 3,344,725	\$ 2,732,347	\$ 2,061,484
Licenses & Permits	405,832	206,049	212,946	145,436	145,464
Intergovernmental	190,888	249,173	291,652	103,260	109,208
Charges for Services	180,448	79,010	101,276	41,528	17,346
Fines & Forfeits	95,721	124,202	94,955	68,967	112,832
Miscellaneous	56,165	38,496	38,538	29,932	35,223
Interest	<u>134,003</u>	<u>88,778</u>	<u>68,492</u>	<u>47,463</u>	<u>43,028</u>
Total Revenues	\$ <u>4,948,520</u>	\$ <u>4,333,301</u>	\$ <u>4,152,584</u>	\$ <u>3,168,933</u>	\$ <u>2,524,585</u>
Expenditures					
General Government	\$ 1,081,032	\$ 939,641	\$ 856,901	\$ 892,456	\$ 652,279
Security of Persons & Property	1,222,784	1,179,050	1,116,375	983,166	819,371
Physical Environment	2,696	2,639	1,597	2,917	1,370
Economic Environment	467,347	419,097	386,213	319,912	268,760
Mental & Physical Health	1,181	1,170	1,371	514	672
Culture & Recreation	179,802	192,493	153,604	118,664	165,281
Debt Service	0	0	0	919	102
Capital Outlay	<u>490,528</u>	<u>259,154</u>	<u>556,329</u>	<u>163,941</u>	<u>79,793</u>
Total Expenditures	\$ <u>3,445,370</u>	\$ <u>2,993,244</u>	\$ <u>3,072,390</u>	\$ <u>2,482,489</u>	\$ <u>1,987,628</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>1,503,150</u>	\$ <u>1,340,057</u>	\$ <u>1,080,194</u>	\$ <u>686,444</u>	\$ <u>536,957</u>
Other Financing Sources (Uses)					
Fixed Asset Disposal	\$ 6,282	\$ 610	\$ 8,226	\$ 1,300	\$ 0
Operating Transfers In	7,500	0	20,000	0	0
Operating Transfers Out	<u>(1,555,000)</u>	<u>(679,320)</u>	<u>(545,000)</u>	<u>(700,000)</u>	<u>(950,000)</u>
Other Uses	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ <u>(1,541,218)</u>	\$ <u>(678,910)</u>	\$ <u>(516,774)</u>	\$ <u>(698,700)</u>	\$ <u>(950,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (38,068)	\$ 661,147	\$ 563,420	\$ (12,256)	\$ (413,043)
Fund Balance – January 1	\$ <u>2,001,507</u>	\$ <u>1,340,360</u>	\$ <u>776,941</u>	\$ <u>789,197</u>	\$ <u>1,202,240</u>
Fund Balance – December 31	\$ <u>1,963,439</u>	\$ <u>2,001,507</u>	\$ <u>1,340,361</u>	\$ <u>776,941</u>	\$ <u>789,197</u>

¹ All years except 2000 have been audited by the Washington State Auditor.

2001 GENERAL FUND BUDGET OF THE CITY¹
(Fiscal Year Ending December 31)

Revenues

Taxes	\$ 3,892,000
Licenses & Permits	229,850
Intergovernmental Revenues.....	139,700
Charges for Services.....	92,100
Fines & Forfeits	125,500
Miscellaneous	118,400
Other.....	<u>38,000</u>
Total Revenues.....	\$ 4,635,550

Expenditures

Non-Departmental	\$ 879,700
Legislative	30,100
Municipal Court.....	290,350
Administrative/Finance.....	738,400
Police	1,551,400
Planning/Building.....	696,900
Parks & Recreation.....	734,100
Building	<u>80,800</u>
Total Expenditures	\$ 5,001,750

Fund Balance - January 1	\$ <u>1,615,069</u>
Fund Balance - December 31	\$ <u>1,248,869</u>

DRAFT

¹ Source: The City.

SCHEDULE OF GENERAL OBLIGATION BOND DEBT SERVICE
(As of December 31)

Maturity Year	Unlimited Tax General Obligation Bonds		Limited Tax General Obligation Bonds				Total G.O. Debt Service
	Principal	Interest	Outstanding		The Bonds ¹		
	Principal	Interest	Principal	Interest	Principal	Interest	
2001	\$ 85,000	\$ 11,115	\$ 220,000	\$ 64,497	\$ 0	\$ 183,750	\$ 564,362
2002	55,000	4,400	230,000	55,258	0	367,500	712,158
2003	0	0	235,000	45,367	0	367,500	647,867
2004	0	0	250,000	35,145	0	367,500	652,645
2005	0	0	260,000	24,020	0	367,500	651,520
2006	0	0	265,000	12,190	0	367,500	644,690
2007	0	0	0	0	220,000	367,500	587,500
2008	0	0	0	0	235,000	356,500	591,500
2009	0	0	0	0	245,000	344,750	589,750
2010	0	0	0	0	255,000	332,500	587,500
2011	0	0	0	0	270,000	319,750	589,750
2012	0	0	0	0	285,000	306,250	591,250
2013	0	0	0	0	300,000	292,000	592,000
2014	0	0	0	0	315,000	277,000	592,000
2015	0	0	0	0	330,000	261,250	591,250
2016	0	0	0	0	345,000	244,750	589,750
2017	0	0	0	0	360,000	227,500	587,500
2018	0	0	0	0	380,000	209,500	589,500
2019	0	0	0	0	400,000	190,500	590,500
2020	0	0	0	0	420,000	170,500	590,500
2021	0	0	0	0	440,000	149,500	589,500
2022	0	0	0	0	460,000	127,500	587,500
2023	0	0	0	0	485,000	104,500	589,500
2024	0	0	0	0	510,000	80,250	590,250
2025	0	0	0	0	535,000	54,750	589,750
2026	0	0	0	0	560,000	28,000	588,000
Totals	\$ 140,000	\$ 15,515	\$ 1,460,000	\$ 256,477	\$ 2,350,000	\$ 6,466,000	\$ 15,667,992

DRAFT

¹ Preliminary, subject to change – assumes 5% average interest rate.

THE CITY

General

The City was incorporated in 1946 and is a general purpose government which provides police protection, street improvement, parks and general administrative services. In addition, the City owns and operates a water and sewer system and a storm drainage system. The accounting policies of the City conform to the Budgeting, Accounting and Reporting System (BARS) for Category 1 local governments prescribed by the State Auditor.

Annexations

The Gig Harbor North Annexation was effective February 10, 1997. The annexation brings 795 acres, 504 people and an assessed valuation for approximately \$24 million into the City. Seventy percent of the area is currently undeveloped and is owned primarily by three businesses. The area is zoned for a variety of residential and commercial under special "planned community" zoning rules.

The Westside Annexation was approved by voters on February 4, 1997. The annexation was effective March 24, 1997. The annexation includes 629 acres, 1,299 people and assessed valuation of approximately \$144 million. The Westside is largely developed and includes substantial commercial property including three shipping centers and two car dealerships.

Labor Relations

The City has approximately 61 full-time equivalent employees, with a four full-time employee increase planned in 2001. The City has contracts with three labor unions representing 40 employees which expire as follows:

Name	No. of Employees	Contract Expires
Gig Harbor Employees Guild	41	12/31/02
Supervisory Bargaining Unit	2	12/31/02
Gig Harbor Police Officer Guild	11	12/31/03

There has never been a strike in the history of the City. Labor relations with the labor unions are considered good.

Pension System

Substantially all city full-time and qualifying part-time employees participate in either the Public Employees' Retirement System (PERS) or the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). PERS and LEOFF are statewide local government retirement systems administered by the Department of Retirement Systems. The City is current in its required contributions to these plans and has no unfunded liability at this time.

The City also participates in a defined contribution pension retirement system called the 401 Qualified Pension Plan administered by ICMA Retirement Corp. As of December 31, 1999 there were a total of 63 individuals covered by this system, 54 of whom were currently still employed by the City.

Basis of Accounting

The modified accrual basis of accounting is used by the City for its Governmental and Agency Funds. Under this method of accounting, expenditures, other than unmatured interest on general long-term debt and accumulated unpaid vacation, sick leave pay and compensation time which normally would not be liquidated with expendable available financial resources, are recognized in the accounting period in which the fund liability is incurred and material revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available. Property taxes are considered measurable and available if collected within 60 days of year-end.

The accrual basis of accounting is used for Proprietary fund types and the Pension Trust Fund. Under this method of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Allowances are provided for uncollectable accounts receivable. The City applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

Proprietary fund types, pension trust funds and non-expendable trust funds, utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Risk Management

The City is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more government entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring and/or joint hiring or contracting for risk management services of the same extent that they may individual purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 3, 1999, 60 municipalities participate in the pool.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the City above the stated retention. AWC RMSA, itself, pays out of its own funds all claims up to \$300,000 for liability and \$25,000 for property and thereafter purchases excess liability insurance through NLC Mutual Insurance Company and excess property coverage through AIG/Lexington and Commonwealth Insurance. In addition, AWC RMSA has adequate stop-loss coverage if all claims in 1999 exceed \$250,000 for property. Since the AWC RMSA is a cooperate program, the members of the AWC RMSA are jointly liable.

DRAFT

GENERAL AND ECONOMIC INFORMATION

The City is located in northwestern Pierce County (the "County"), just west of the City of Tacoma, near the southern tip of Puget Sound. The City has a 2000 U.S. Census population of 6,465. Historical population of the County and the City is shown in the following table.

POPULATION¹

Year	Pierce County	City of Gig Harbor
2000 ²	700,820	6,465
1999	700,000	6,405
1998	686,800	6,350
1997	674,300	4,130
1996	665,200	4,110
1995	660,200	3,890
1994	648,900	3,730
1993	640,700	3,660
1992	624,000	3,600
1991	603,800	3,310
1990 ²	586,203	3,236

The City lies approximately 11 miles from Gig Harbor to Downtown Tacoma, 27 miles to SeaTac International Airport, and 43 miles to the City of Seattle. The Narrows Bridge (State Route 16) connects the City to mainland Washington State, allowing an average of 43,000 daily commuters access in and out of the area. The City occupies a total of approximately 2,809 acres (4.14 square miles), much of which constitutes residential property for professional and retired persons.

Local industry includes an active fishing fleet based in the City, including seine, gill netters, and trollers who fish predominantly from the waters surrounding the San Juan Islands and Alaska. Shell Oil has a distribution depot on the City's waterfront. There are also eight marinas providing moorage and services to power boats, sailboats and small fishing boats.

Situated in a sheltered harbor, the City has a picturesque, scenic harbor on Puget Sound. As such, tourism and recreation as an industry is inherent to the area's economy. Gig Harbor is known in the Puget Sound region for its quaint atmosphere and unique specialty shops. The City is a popular spot for pleasure boats, with year-round availability of anchorage and docking facilities.

Peninsula Light Company, which employs 91 people at its headquarters in the City, serves approximately 25,000 customers, covering approximately 112 square miles in Pierce County northwest of the Tacoma Narrows Bridge.

Two new commercial office complexes are under construction within the City. The 15,180 square-foot Rosedale-Skansie Building and the 17,000 square-foot Robinson-Savage Building will both open in 2001. Both are two-story structures designed for multi-tenant office space.

The Frank Russell Company, an internationally known pension consulting and investment management firm with offices throughout the world, is constructing a center for its Philanthropic Foundation within the City. The company recently constructed its corporate headquarters building in downtown Tacoma and employs 1,133 people in the Pierce County.

The Tacoma Narrows Airport, which is located on 644 acres within the District, is owned by the City of Tacoma. The airport is a full service facility accommodating over 100,000 air operations annually. The airport has about 14 tenants who employ 120 people. Future development plans near the airport include a \$100 million, 740-acre master plan project that would include a 100- to 500-room hotel and conference center, office space, an 18-hole championship golf course, 65 single-family homes ranging in price from \$200,000 to \$500,000, eight and one-half miles of bike and pedestrian trails, and a 1,000 square-foot extension of the existing 5,000 square-foot airport runway. The project would be developed on land adjacent to airport property.

Century Tel (formerly Telephone Utilities of Washington), one of the City's largest employers, has its Washington headquarters within the City and employs approximately 220 people. The company provides long distance phone service to about 2.8 million customers in 21 states, 180,000 of which are in Washington.

¹ Source: Washington State Office of Financial Management.

² Source: U.S. Census.

Gig Harbor experienced significant growth during the year 2000. Construction of the East West Road off of Highway 16 triggered permitting of several large retail developments in the Gig Harbor North area, including a Target store and an Albertson's supermarket as anchors of a commercial complex, which will include an additional five retail businesses (totaling 222,880 square feet). In the permit approval process at this time are an adjacent Home Depot with three accompanying retail businesses (totaling approximately 171,755 square feet).

In the old downtown waterfront district, a first class, \$11 million dollar/60,000 square foot office building is under construction on the waterfront, establishing Gig Harbor as the new home of the Frank Russell Family Foundation and Sunshine LLC. This development has triggered interest in development of adjacent properties that are expected to be permitted during the following year. Developers of the Soundview Office Plaza is nearing completion of the permitting process and will construct a 60,000 square foot building at the southern entrance to the City. These two new developments are providing a public park and trailhead, contributing public amenities and the quality of life, as well as economic development.

On the west side of SR16, construction has begun on a major new addition to the Peninsula Medical Center (96,000 square feet of office and retail), as well as two new warehouses (32,000 square foot) that will serve it. Other office and commercial projects under construction include the new Aravis Office Center (36,000 square feet) nearing permit approval, and the adjacent restaurant, Jekyll and Hyde's as well as other smaller office park buildings and warehouses.

Following are economic indicators for the City and Pierce County:

CITY OF GIG HARBOR NEW CONSTRUCTION¹

Year	No. of Bldgs.	Residential		Commercial	
		No. of Housing Units	Value	No. of Units	Value
2000	17	24	\$ 5,644,985	29	\$ 31,976,813
1999	16	19	3,230,571	9	4,100,782
1998	29	31	4,796,953	7	4,447,275
1997	16	17	2,685,775	8	3,785,661

CITY OF GIG HARBOR - TAXABLE RETAIL SALES

Year	Sales
2000	\$ 289,847,698
1999	258,241,428
1998	238,723,216
1997	209,230,242
1996	145,761,348

¹ Source: City of Gig Harbor Building Department.

PIERCE COUNTY BUILDING PERMIT ACTIVITY¹

Year	Total Number	Value
1999	11,259	\$ 1,089,637,800
1998	11,066	766,255,496
1997	10,167	691,657,810
1996	9,555	589,157,067
1995	8,141	521,650,520
1994	8,358	626,812,382

PIERCE COUNTY MAJOR EMPLOYERS 2001²

Firm/Organization	Product or Service	Number of Employees
US Army Fort Lewis (Military/Civilian)	Military	19,726/4,920
Local Public School Districts (K-12)	Education	12,633
Washington State Employee's	State Government	5,847
US Air Force McChord (Military/Civilian)	Military	3,463/1,955
Multicare Health System	Health Services	5,000
Pierce County Government	Government/Public	3,015
Washington State Higher Education	Education	2,599
Madigan Army Medical Center (Military/Civilian)	Military	1,179/1,413
Franciscan Health System	Health Services	2,553
Fred Meyers Stores	Retail Store	1,919
Tacoma, City of	Government/Public	1,906
Good Samaritan Hospital	Health Services	1,800
Puyallup Tribe (Excluding smoke shops) ³	Indian Tribe	1,795
US Postal Service (Tacoma)	Government/Public	1,614
Intel Corporation	Computer Electronics	1,600
Boeing Company, The (Fredrickson Site)	Aerospace	1,450
Tacoma Public Utilities	Public Utility	1,128
State Farm Insurance Companies	Insurance	1,021
Emerald Queen Casino	Casino Gaming	1,000

PIERCE COUNTY AND WASHINGTON STATE MEDIAN HOUSEHOLD INCOME⁴

Year	Pierce County	Washington
2000	\$ 45,151	\$ 50,152
1999	43,624	48,289
1998	43,592	46,080
1997	42,000	43,460
1996	39,148	40,808
1995	37,625	38,707

¹ Source: Pierce County Building Department (City of Tacoma and unincorporated areas only).

² Sources: Economic Development Board for Tacoma Pierce County, October 2000.

³ Includes 1999 figures used for FTEs count as most current available.

⁴ Source: Washington State Office of Financial Management; year 2000 figures are forecast.

**TACOMA METROPOLITAN AREA (PIERCE COUNTY)
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT AND AVERAGE CIVILIAN
NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT^{1, 2}**

	Annual Average				
	1999 ³	1998 ⁴	1997	1996	1995
Resident Civilian Labor Force					
Employment	320,100	316,800	313,300	297,900	293,500
Unemployment	<u>15,200</u>	<u>15,100</u>	<u>14,800</u>	<u>19,800</u>	<u>19,400</u>
Total	<u>335,300</u>	<u>331,900</u>	<u>328,100</u>	<u>317,700</u>	<u>312,900</u>
Percent of Labor Force	4.5%	4.6%	4.5%	6.2%	6.2%
Nonagricultural Wage and Salary Workers					
Manufacturing					
Textiles and apparel	1,500	1,500	1,400	1,400	1,300
Paper and allied products	1,500	1,500	1,500	1,400	1,400
Printing, publishing and allied	2,400	2,400	2,500	2,400	2,300
Lumber and wood products	4,000	4,000	4,100	4,000	3,900
Stone, clay, glass and concrete products	1,400	1,400	1,400	1,400	1,400
Metals, primary and fabricated	2,500	2,100	2,000	1,900	1,900
Machinery, computers and electrical	2,700	3,500	3,400	2,500	1,700
Transportation equipment	2,500	2,600	2,600	2,200	2,100
Other manufacturing ⁵	<u>6,100</u>	<u>6,600</u>	<u>6,700</u>	<u>6,800</u>	<u>6,500</u>
Total Manufacturing	<u>24,500</u>	<u>25,600</u>	<u>25,600</u>	<u>24,000</u>	<u>22,500</u>
Mining	200	200	200	200	200
Construction	14,900	13,500	<u>12,600</u>	<u>12,300</u>	11,800
Transportation, comm. and public utilities	9,500	<u>9,400</u>	<u>9,600</u>	<u>10,000</u>	9,900
Trade					
Wholesale trade	12,100	12,000	<u>12,300</u>	11,800	11,300
Retail trade	<u>46,700</u>	<u>46,400</u>	<u>44,700</u>	<u>43,000</u>	<u>44,200</u>
Total Trade	<u>58,800</u>	<u>58,400</u>	<u>57,000</u>	<u>54,800</u>	<u>55,500</u>
Finance, insurance and real estate	12,800	12,600	11,900	11,400	10,900
Services	69,500	67,700	64,600	62,300	59,900
Government					
Federal	<u>10,300</u>	10,700	10,700	10,700	11,000
State	10,900	10,400	10,100	9,800	9,700
Local	<u>27,900</u>	<u>27,100</u>	<u>25,500</u>	<u>26,100</u>	<u>25,900</u>
Total Government	<u>49,100</u>	<u>48,200</u>	<u>46,300</u>	<u>46,600</u>	<u>46,600</u>
Total Nonagricultural Wage and Salary Workers	<u>239,300</u>	<u>235,400</u>	<u>228,700</u>	<u>221,600</u>	<u>217,400</u>

1. Source: Washington State Employment Security Department.

2. Columns may not add to totals due to rounding.

3. Preliminary.

4. Revised.

5. Includes food and kindred products; rubber and miscellaneous plastics products; chemicals, petroleum and allied products; and miscellaneous manufacturing.

TAX EXEMPTION

Exclusion from Gross Income

In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

Continuing Requirements

The City is required to comply with certain requirements of the Code after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances and the requirement to comply with arbitrage rebate requirements to the extent applicable to the Bonds. The City has covenanted in the Ordinance to comply with those requirements, but if the City fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. Bond Counsel has not undertaken and does not undertake to monitor the City's compliance with such requirements.

Corporate Alternative Minimum Tax

While interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax-exempt interest, including interest on the Bonds, received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75% of the excess of the corporation's adjusted current earnings (including any tax-exempt interest) over the corporation's alternative minimum taxable income determined without regard to such increase. A corporation's alternative minimum taxable income, so computed, that is in excess of an exemption of \$40,000, which exemption will be reduced (but not below zero) by 25% of the amount by which the corporation's alternative minimum taxable income exceeds \$150,000, is then subject to a 20% minimum tax.

For taxable years beginning after December 31, 1997, the corporate alternative minimum tax is repealed for a small business corporation that had average gross receipts of less than \$5 million for the 3-year period beginning after December 31, 1994, and such a small business corporation will continue to be exempt from the corporate alternative minimum tax so long as its average gross receipts do not exceed \$7.5 million.

Tax on Certain Passive Investment Income of S Corporations

Under Section 1375 of the Code, certain excess net passive investment income, including interest on the Bonds, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25% of the gross receipts of such S corporation is passive investment income.

Foreign Branch Profits Tax

Interest on the Bonds may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the Bonds are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

CERTAIN OTHER FEDERAL TAX CONSEQUENCES

Bonds are "Qualified Tax-Exempt Obligations" for Financial Institutions

Section 265 of the Code provides that 100% of any interest expense incurred by banks and other financial institutions for interest allocable to tax-exempt obligations acquired after August 7, 1986, will be disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued

by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as "qualified tax-exempt obligations," only 20% of any interest expense deduction allocable to those obligations will be disallowed.

The City is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing less than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) during the current calendar year and has designated the Bonds as "qualified tax-exempt obligations" for purposes of the 80% financial institution interest expense deduction. Therefore, only 20% of the interest expense deduction of a financial institution allocable to the Bonds will be disallowed for federal income tax purposes.

Reduction of Loss Reserve Deductions for Property & Casualty Insurance Companies

Under Section 832 of the Code, interest on the Bonds received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15 percent of tax-exempt interest received during the taxable year.

Effect on Certain Social Security and Retirement Benefits

Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipt or accruals of interest on the Bonds into account in determining gross income.

Other Possible Federal Tax Consequences

Receipt of interest on the Bonds may have other federal tax consequences as to which prospective purchasers of the Bonds may wish to consult their own tax advisors.

PRESERVATION OF TAX EXEMPTION

The City covenants, by the Bond Ordinance, that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), is applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bonds, including the calculation and payment of any penalties that the City has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being included in gross income for federal income tax purposes. The City certifies that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

ABSENCE OF MATERIAL LITIGATION

There is no litigation of any kind now pending or, to the knowledge of the City, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued or affecting the ability of the City to pay the principal of or the interest on the Bonds.

CONTINUING DISCLOSURE

Basic Undertaking to Provide Annual Financial Information and Notice of Material Events

To meet the requirements of United States Securities and Exchange Commission ("SEC") Rule 15c2-12 (b) (5) (the "Rule"), as applicable to a participating underwriter for the Bonds, the City will undertake (the "Undertaking") for the benefit of holders of the Bonds to provide or cause to be provided, either directly or

through a designated agent, to each nationally recognized municipal securities information repository designated by the SEC in accordance with the Rule ("NRMSIR") and to a State information depository, if any, established in the State (the "SID") annual financial information and operating data of the type included in this Official Statement as generally described below ("annual financial information") and to each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB") and to the SID, timely notice of the occurrence of any of the following events with respect to the Bonds, if material: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (vii) modifications to rights of holders of the Bonds; (viii) Bond calls (other than scheduled mandatory redemption of Term Bonds); (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds; and (xi) rating changes. The City will also provide to each NRMSIR or to the MSRB, and to the SID, timely notice of a failure by the City to provide required annual financial information on or before the date specified below.

Type of Annual Financial Information Undertaken to be Provided

The annual financial information that the City undertakes to provide will consist of (1) the City's annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principle applicable to governmental units, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided (2) a statement of authorized, issued and outstanding general obligation debt of the City; (3) the assessed value of property within the City subject to ad valorem taxation and (4) ad valorem tax levy rates and amounts, and amount collected; and will be provided to each NRMSIR and the SID not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as permitted or required by State law, commencing with the City's fiscal year ending December 31, 2001.

The annual financial information may be provided in a single or multiple documents, and may be incorporated by reference to other documents that have been filed with each NRMSIR and the SID, or, if the document incorporated by reference is a "final official statement" with respect to other obligations of the City, that has been filed with the MSRB.

Amendment of Undertaking

The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency, NRMSIR, the SID or the MSRB, under the circumstances and in the manner permitted by the Rule.

The City will give notice to each NRMSIR or the MSRB and the SID, of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the notice also will include a narrative explanation of the effect of that change in the type of information to be provided.

Termination of Undertaking

The City's obligations under the Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under the Undertaking shall terminate if those provisions of the Rule which require the City to comply with the Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to each NRMSIR or the MSRB and the SID.

Remedy for Failure to Comply with Undertaking

If the City or any other obligated person fails to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected as soon as practicable after the City learns of that failure. No failure by the City or other obligated person to comply with the Undertaking will constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond will be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

The City is in compliance with its previous undertakings to provide continuing disclosure under the Rule.

BOND RATING

The City has applied for a rating on the Bonds from Moody's Investors Service, Inc.. A municipal bond rating reflects a rating agency's current assessment of a number of factors relating to the issuer of any debt, including the likelihood of repayment of such debt, the perceived quality of management and administration of the entity, the nature and relative health of the local economy in which the issuer exists and the overall financial condition and operational controls which exist for the issuer. The existence of a bond rating does not imply a recommendation by a rating agency to purchase, sell or hold any such security, inasmuch as it does not take into account a number of subjective variables, including the market price of any such security or suitability of such security for any particular investor.

A credit rating is based on current information furnished by the issuer or obtained by a rating agency from sources which it considers to be reliable. Moody's Investors Service, Inc. does not perform an audit in connection with any credit rating it may assign and may, on occasion, rely on unaudited financial information. A bond rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, such information, or for other circumstances.

APPROVAL OF BOND COUNSEL

Legal matters incident to the authorization, issuance and sale of Bonds by the City are subject to the approving legal opinion of Foster Pepper & Shefelman PLLC, Bond Counsel. A copy of the opinion of Bond Counsel in substantially the form included as Appendix A to this Official Statement will be delivered with the Bonds.

CONFLICTS OF INTEREST

Some or all of the fees of the Underwriter and Bond Counsel are contingent upon the issuance and sale of the Bonds. Furthermore, Bond Counsel from time to time serves as counsel to the Underwriter with respect to issuers other than the City and transactions other than the issuance of the Bonds. None of the councilmembers or other officers of the City have interests in the issuance of the Bonds that are prohibited by applicable law.

The Underwriter has agreed, subject to certain conditions, to purchase all of the Bonds, at a price of ___% of the par value of the Bonds. The Bonds will be reoffered at a price of ___% plus accrued interest, resulting in an underwriting spread of \$ ___ per \$1,000 of principal. After the initial public offering, the public offering prices may be varied from time to time.

CONCLUDING STATEMENT

All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the City or the Underwriter. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The information contained herein should not be construed as representing all conditions affecting the City or the Bonds. Additional information may be obtained directly from the City or the Underwriter.

The foregoing statements relating to the Ordinance and other documents are in all respects subject to and qualified in their entirety by provisions of such documents.

This Official Statement, starting with the cover page and all subsequent pages, including any appendices, comprise the entire Official Statement, which has been approved by the City. The City has represented to the Underwriter that the portions of this Official Statement directly pertaining to the City neither contain any misrepresentation of material fact nor omit any material fact necessary to understand the financial, economic or legal nature of the City or any information presented herein.

APPENDIX A
FORM OF LEGAL OPINION

DRAFT

This page left blank intentionally.

DRAFT

June ___, 2001

City of Gig Harbor
Gig Harbor, Washington

Banc of America Securities LLC
Seattle, Washington

Re: City of Gig Harbor, Washington
Limited Tax General Obligation Bonds, 2001 - \$_____

Ladies and Gentlemen:

We have acted as bond counsel to the City of Gig Harbor, Washington (the "City"), and have examined a certified transcript of the proceedings taken in the matter of the issuance by the City of its Unlimited Tax General Obligation Bonds, 2001 (the "Bonds"), dated June 1, 2001, in the aggregate principal amount of \$_____, issued for the purpose of providing the funds necessary to finance completion of the City's Civic Center. The Bonds are issued pursuant to Ordinance No. ___ adopted by the City Council of the City on _____, 2001 (the "Bond Ordinance"). Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Bond Ordinance.

The Bonds are subject to optional redemption as provided in the Bond Ordinance.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the City to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Bond Ordinance and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

From such examination, as of this date and under existing law, we express the following opinions.

1. The Bonds have been legally issued and constitute valid general obligations of the City, except to the extent that the enforcement of the rights and remedies of the holders and owners of the Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. Both principal of and interest on the Bonds are payable out of annual levies of ad valorem taxes to be made upon all of the taxable property within the City within and as part of the tax levy permitted to cities without a vote of the electorate and in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

3. Interest on the Bonds is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The Bonds are not private activity bonds. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations, but is taken into account in the computation of adjusted current earnings for purposes of the corporate alternative minimum tax under Section 55 of the Code. The opinions stated in this paragraph are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

The City has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion regarding any other federal, state or local tax consequences arising with respect to ownership of the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PRESTON GATES & ELLIS LLP

By
Cynthia M. Weed

APPENDIX B

DTC AND BOOK-ENTRY SYSTEM

DRAFT

This page left blank intentionally.

DRAFT

DTC AND BOOK ENTRY SYSTEM

Portions of the information relating to the Book Entry System under this heading have been furnished by DTC, but have not been independently verified by the Underwriter or the City. Neither the Underwriter nor the City makes any representation whatsoever as to the accuracy, adequacy or completeness of such information.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

In September 1999, the Securities and Exchange Commission approved the integration of DTC and National Securities Clearing Corporation as separate subsidiaries of the Depository Trust and Clearing Corporation ("DTCC"). Through the integration, former owners of DTC (consisting of a number of its Direct Participants, the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc.) became part owners of DTCC.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("beneficial owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the beneficial owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the beneficial owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BOND OWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payment date. Payments by Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the

responsibility of such Participant and not of DTC, the Bond Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Bond Registrar. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as securities depository with respect to the Bonds at any time by giving reasonable notice to City or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The beneficial owner of each Bond, upon registration of certificates held in the beneficial owner's name, will become the Registered Owner of that Bond.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The City and the Bond Registrar will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements that may be in effect from time to time.

NEITHER THE CITY NOR THE BOND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, NOR THAT DTC WILL ACT IN A MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Each beneficial owner, acting through DTC, will have all the rights and privileges of the ownership of its Bond or Bonds and will not be required to act in concert with other beneficial owners of the Bonds held by DTC. DTC will forward to the beneficial owners any notices received in respect of their Bonds and will act in accordance with their instructions with respect thereto.

DRAFT

This page left blank intentionally.

DRAFT

Dave Trageser
Vice President
NW Public Finance

May 28, 2001

Honorable Mayor and City of Gig Harbor Council Members
City of Gig Harbor
3105 Judson Street
Gig Harbor, Washington 98335

RE: City of Gig Harbor, Washington
Limited Tax General Obligation Bonds, 2001
\$ _____

Honorable Mayor and City Council Members:

Banc of America Securities LLC (the "Underwriter") offers to purchase from the City of Gig Harbor, Washington (the "Issuer") all of the above-described Bonds (the "Bonds") on the terms and based upon the covenants, representations and warranties set forth below and in Appendix A, which is incorporated into this agreement (the "Purchase Agreement") by reference, and contains a brief description of the Bonds, including principal amounts, maturity, interest rates, purchase price, and the proposed date and place of delivery and payment (the "Closing"). Other provisions of this Purchase Agreement are as follows:

1. Prior to the Closing, Issuer will approve a Preliminary Official Statement (hereinafter defined) and will pass an ordinance authorizing the Bonds (the "Ordinance"), with such changes as are requested by the Issuer, Underwriter and Bond Counsel. The Underwriter is authorized by Issuer to use these documents and the information contained in them in connection with the public offering of the Bonds and the final Official Statement in connection with the sale and delivery of the Bonds.
2. Issuer, to the best of its knowledge, represents and covenants to the Underwriter that:
 - (a) It has, and will have at the Closing, the power and authority to enter into and perform the Purchase Agreement, to pass the Ordinance and to deliver and sell the Bonds to the Underwriter;
 - (b) This Purchase Agreement and the Bonds do not and will not conflict with, or constitute or create a breach or default under, any existing law, regulation, order or agreement to which Issuer is subject;
 - (c) Other than the Ordinance, no governmental approval or authorization is required in connection with the sale of the Bonds to the Underwriter;
 - (d) As of the date thereof, the Preliminary Official Statement (except for information regarding The Depository Trust Company ("DTC") and its book-entry only system and the Insurer) did not contain any untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

- (e) The Issuer hereby ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Bonds, dated May __, 2001 (together with the Appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the public offering and sale of the Bonds by the Underwriter prior to the availability of the Official Statement and deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for the omission of maturity amounts, interest rates, redemption dates and prices, ratings, underwriters' discount and related terms;
 - (f) The Issuer agrees to cooperate with the Underwriter to permit the Underwriter to deliver or cause to be delivered, within seven business days after this Purchase Agreement and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final Official Statement in sufficient quantity to comply with paragraph (b)(4) of the Securities and Exchange Commission Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB");
 - (g) The Issuer will have made an undertaking to provide continuing disclosure to meet the conditions of paragraph (d)(2) of the United States Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule") as required under paragraph (b)(5) of the Rule as provided in the Ordinance.
3. The Underwriter agrees to deliver three copies of the final Official Statement to each of the nationally recognized municipal securities information repositories on the business day on which the final Official Statement is available, and in any event no later than seven business days after the date hereof and to the MSRB within 10 business days of the date hereof.
4. The Underwriter shall have the right to cancel this Purchase Agreement by notifying the Issuer of its election to do so if, after the execution of this Purchase Agreement and prior to the Closing:
- (a) A decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling or a regulation (final, temporary, or proposed) by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be issued and in the case of any such regulation, published in the Federal Register, or legislation shall have been introduced in, enacted by or favorably reported to either the House of Representatives or the Senate of the United States with respect to federal taxation upon interest received on bonds of the type and character of any of the Bonds which, in the reasonable judgment of the Underwriter, materially adversely affects the marketability of the Bonds or their sale by the Underwriter, at the contemplated public offering prices; or
 - (b) The United States shall have become engaged in hostilities which have resulted in declaration of war or national emergency, or other national or international calamity or

- other event shall have occurred or accelerated to such an extent as, in the reasonable opinion of the Underwriter, to have a materially adverse affect on the marketability of the Bonds; or
- (c) There shall have occurred a general suspension of trading on the New York Stock Exchange; or
 - (d) A general banking moratorium shall have been declared by United States, New York State or Washington State authorities; or legislation shall hereafter be enacted, or actively considered for enactment, with an effective date prior to the date of the delivery of the Bonds, or a decision by a court of the United States shall hereafter be rendered, or a ruling or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction on the subject matter shall hereafter be made, the effect of which is that:
 - (i) The Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and then in effect, or
 - (ii) The Ordinance is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or
 - (e) A stop order, ruling or regulation by the Securities and Exchange Commission shall hereafter be issued or made, the effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the final Official Statement, is in violation of any provision of the Securities Act of 1933, as amended and as then in effect, and which, in its reasonable judgment, adversely affects the marketability of the Bonds or the market price thereof.
5. The Underwriter's obligations hereunder are also subject to the following conditions:
- (a) At or prior to the Closing, the Issuer will deliver, make available to the Underwriter, or have adopted:
 - (i) The Bonds, fully registered in book-entry form only in the name of Cede & Co., as bond owner and nominee for The Depository Trust Company;
 - (ii) A certificate, dated the date of the Closing, from an authorized officer of Issuer, in form and substance acceptable to the Issuer and the Underwriter, stating that on the date of the final Official Statement and on the date of the certificate (i) the representations and warranties of the Issuer contained in this Purchase Agreement were and are true and correct in all material respects, and the Issuer has complied with all agreements and covenants and satisfied all conditions contemplated by this Purchase Agreement, and the Ordinance on its part to be performed or satisfied at or prior to the date of the Closing; (ii) insofar as the Issuer and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain any untrue statement of a material fact or omit any statement or information which is required to be stated therein or necessary to make the

statements therein, in the light of the circumstances under which they were made, not misleading; (iii) insofar as the descriptions, statements and data, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which the Issuer believes to be reliable and the Issuer has no reason to believe that they are untrue in any material respect or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, provided, however, that no representation whatsoever is made with respect to the accuracy or sufficiency of the information provided by DTC; and (iv) execution of the certificate shall constitute execution of the final Official Statement by the Issuer;

- (iii) The approving opinion of Bond Counsel dated the day of Closing in the form attached to the Official Statement;
 - (iv) The Underwriter's obligations are subject to the assignment of a ____ insured rating of "Aaa" and "____" underlying rating by Moody's Investors Service.
 - (v) The following documents executed by authorized officers of the Issuer:
 - (1) A certificate, dated the day of the Closing to the effect that no litigation or other proceedings are pending or threatened in any way affecting the issuance, sale or delivery of, or security for, any of the Bonds,
 - (2) A certificate setting forth the facts, estimates and circumstances in existence on the date of Closing which establish that it is not expected that the proceeds of the Bonds will be used in a manner that could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code and any applicable regulations thereunder, and
 - (3) A certified copy of the Ordinance.
6. Issuer will pay the cost of preparing, printing and executing the Bonds, if any, the fees and disbursements of Bond Counsel, bond registration, insurance premium, rating assignment and any trip fees, and other expenses of Issuer.

The Underwriter will pay fees and disbursements of Underwriter's travel expenses, and other expenses of the Underwriter. The Underwriter shall be reimbursed by Issuer for the printing and distribution costs of the Preliminary and Final Official Statements, in an amount not to exceed \$1,800.

The Underwriter also may advance for Issuer's account when approved or authorized by the Issuer the cost of the items for which Issuer is responsible by making payments to third-party vendors. In such cases, Issuer shall pay such costs or expenses directly, upon submission of appropriate invoices by Underwriter, or promptly reimburse the Underwriter in the event the Underwriter has advanced such costs or expenses for Issuer's account. It is understood that

Honorable Mayor and City Council Members
City of Gig Harbor
May 28, 2001
Page 5

Issuer shall be primarily responsible for payment of all such items and that the Underwriter may agree to advance the cost of such items from time to time solely as an accommodation to Issuer and on the condition that it shall be reimbursed in full by Issuer.

7. This Purchase Agreement is intended to benefit only the parties hereto, and Issuer's representations and warranties shall survive any investigation made by or for the Underwriter, delivery and payment for the Bonds, and the termination of this Purchase Agreement. Should the Issuer fail to satisfy any of the foregoing conditions or covenants, or if the Underwriter's obligations are terminated for any reasons permitted under this Purchase Agreement, then neither the Underwriter nor the Issuer shall have any further obligations under this Purchase Agreement, except that any expenses incurred shall be borne in accordance with Section 6.
8. This offer expires on the date, and at the time, set forth on Appendix A.

Respectfully submitted,
Banc of America Securities LLC

By: Dave Trageser
Vice President

Accepted May 28, 2001
CITY OF GIG HARBOR, WASHINGTON

By: _____

**APPENDIX A
DESCRIPTION OF BONDS**

- (a) **Purchase Price:** \$ _____ (\$ _____ per \$100) plus accrued interest from the dated date to date of Closing.
- (b) **Par:** \$ _____.
- (c) **Dated Date:** June 1, 2001.
- (c) **Denominations:** \$5,000 each.
- (d) **Form:** Book-entry only.
- (e) **Interest Payment Dates:** June 1 and December 1, commencing December 1, 2001.
- (f) **Maturity Schedule:** Bonds shall mature on June 1 of each year and shall bear interest as follows:

Due June 1	Amount	Rate	Yield or Price	Due June 1	Amount	Rate	Yield or Price
2007	\$			2017	\$		
2008				2018			
2009				2019			
2010				2020			
2011				2021			
2012				2022			
2013				2023			
2014				2024			
2015				2025			
2016				2026			

- (g) **Optional Redemption:** The Bonds maturing in years 2007 through 2011 are not subject to redemption prior to maturity. The Bonds maturing on or after June 1, 2012 are subject to redemption prior to their stated maturity dates at any time on or after June 1, 2011 in whole or in part (maturities to be selected by the City) at a price of par, plus accrued interest to the date fixed for redemption.
- (h) **Closing Date:** June 12, 2001.
- (i) **Offer Expires:** 11:59 p.m. May 28, 2001.
- (j) **Bond Counsel:** Preston Gates & Ellis LLP

For Information Purposes Only:

Average Coupon	%
True Interest Cost (T.I.C.)	%
Underwriting Discount	\$

**TENTATIVE FINANCING SCHEDULE
(Revised May 14, 2001)**

CITY OF GIG HARBOR, WASHINGTON

LIMITED TAX GENERAL OBLIGATION BONDS, 2001

April							May							June						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7			1	2	3	4	5						1	2
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23
29	30						27	28	29	30	31			24	25	26	27	28	29	30

DATE	EVENT	RESPONSIBLE PARTY
May 21	Moody's underlying rating due	BAS
May 29	Receive insurance bids	BAS
May 30	Finalize, print and distribute POS Finalize draft Bond Ordinance and Legal Opinion	BAS BC
May 31	Construction bids due, par amount finalized	C, BAS
Jun 06	Pre-pricing call @ 1:30pm	C, BAS
Jun 07	Pricing and marketing of bonds	C, BAS
Jun 11	Present purchase offer Pass Bond Ordinance	BAS C
Jun 26	Close bond issue and deliver proceeds	All

C = City of Gig Harbor
 BC = Bond Counsel: Preston Gates & Ellis
 BAS = Banc of America Securities LLC

ForeverGreen 2001 Work Plan

Communication and Outreach

- Distribution of Summary and Final Reports
- Media Releases
- Feature Newspaper Story and Op-Ed piece
- Editorial Mention
- Web Site Postings
- COW Updates
- Presentations to Key Organizations

Decision Summits

- Initial Policy Maker Commitment Summit
 - Focus on Elected Decision Makers
 - Solicit Agreement with Coalition Process
- First Coalition Forum on Strategic Planning/Capital Facility Development
 - Invite COW Members with Focus on Parks and Recreation Implementers
 - Define Opportunities to Collaborate, Coordinate and Combine
 - Issue Summary Report Including Recommendations and Conclusions
- Second Coalition Forum on Funding/Operational Efficiencies
 - Invite COW members with Focus on Parks and Recreation Implementers
 - Define Opportunities to Collaborate, Coordinate and Combine
 - Issue Summary Report Including Recommendations and Conclusions
- Third Coalition Forum on Open Space/Trails/Land Banking
 - Invite COW members with Focus on Parks and Recreation Implementers
 - Define Opportunities to Collaborate, Coordinate and Combine
 - Issue Summary Report Including Recommendations and Conclusions
- Final Policy Maker Progress Summit
 - Focus on Elected Decision Makers
 - Review Progress and Successes of Coalition Process
 - Issue Final Consolidated Summary Report

Plan of Strategic Intent

- Develop Definition of Collaborative System
- Develop Definition of Plan of Strategic Intent
- Convene Meeting of Involved Purveyors
 - Limit Participation to Identified Strategic Plan Jurisdictions
 - Focus on Intermeshing Jurisdictional Strategic Plans
 - Identify Immediate Collaboration and Coordination Activities
- Issue Report on Plan Coordination and Intended Activities

Council Structure and Support

- Develop Roles and Expectations for COW
- Determine Council Membership Criteria and Representation
- Ongoing Council Meetings
- ACT Preparatory Meetings
- Council Administration
 - Develop and Maintain Council Work Plan and Budget
 - Council Communications
 - Website Development
- Fundraising



CTC CONSULTING, INC.

OVERVIEW

CTC Consulting, Inc. is a full service investment-consulting firm that provides advice and analysis on investment policy, asset allocation, manager selection and performance monitoring. CTC Consulting is a wholly owned subsidiary of U.S. Trust Corporation with headquarters in New York. Charles Schwab & Co., headquartered in San Francisco, acquired U.S. Trust Corporation in 2000.

CTC's consultants are Ralph C. Rittenour, Jr., Holly F. D'Annunzio, John Kent, Garbis P. Mechigian, and Karen M. Harding. Clients include wealthy family groups, corporate pension and profit sharing trusts, endowments, and foundations.

CTC Consulting client portfolios range in size from \$20 million to well over \$1 billion. Fees are based on the services provided and the nature and complexity of the client's portfolio. Some clients are on a regular retainer fee; others are provided services on a project basis.

HOLLY F. D'ANNUNZIO, CFA **Managing Director, Senior Consultant**

Ms. D'Annunzio is a Managing Director and Senior Consultant of CTC Consulting, Inc. Ms. D'Annunzio established and operates the Tacoma, Washington office of CTC and serves as a consultant to a select group of private investors nationwide. She has 18 years experience advising clients regarding investments.

Prior to joining CTC in 1999 Ms. D'Annunzio was Director, Private Clients for Frank Russell Company in Tacoma, Washington, her employer since 1991. As Director, she was responsible for managing the private client consulting division of Frank Russell Company, which advised on \$35 billion in assets, and served as Sr. Consultant to a select group of private clients with over \$3 billion in assets. Ms. D'Annunzio is experienced in all facets of consulting, from portfolio construction, to manager research and contract negotiations. She has analyzed a wide spectrum of investments and investment firms, including alternative investments. Previous experience included Sr. Research Analyst for Frank Russell, Sr. Financial Analyst for Kibble & Prentice, Inc., a regional financial services firm, and as independent Investment Advisor managing private client stock and bond portfolios in Seattle, Washington. She began her career as a Financial Consultant for Shearson Lehman Brothers in 1982.

Ms. D'Annunzio earned a BA in Business Administration from the University of Washington in 1981. She earned her Chartered Financial Analyst charter in 1988 from the Association for Investment Management and Research. She is a member of the Seattle Society of Financial Analysts and AIMR. She is Treasurer and Chairman of the Arthur L. Foss Foundation and President of the Gig Harbor/Key Peninsula Arbor Day Foundation. For recreation, Holly is an advanced scuba diver and beginner sailor. She speaks at industry seminars regarding manager research, asset allocation and other subjects of interest to private clients.

ForeverGreen Work Plan Flow Chart

