

SPECIAL GIG HARBOR CITY COUNCIL MEETING OF OCTOBER 30, 2006

PRESENT: Councilmembers Ekberg, Franich, Conan, Dick, Payne, Kadzik and Mayor Hunter. Councilmember Young was absent.

CALL TO ORDER: 6:03 p.m.

PLEDGE OF ALLEGIANCE:

NEW BUSINESS:

1. Gig Harbor Peninsula Historical Society Agreement. John Vodopich, Community Development Director, explained that over the past several months, members of the Gig Harbor Peninsula Historical Society, the Engineering and Operations Council Committee, the City Attorney and City Staff have been meeting to develop a proposed agreement between the city and the Historical Society regarding a new museum property. He said that the agreement before Council would donate \$400,000 to the Historical Society over the course of five years with five annual installments of \$80,000 each year. After the first installment, the city would enter into a purchase and sale agreement and receive the deed for approximately 7,000 square feet of property located in the Donkey Creek Parcel. After the second installment, the city would receive a conservation easement over the top of the Donkey Creek Property in order to daylight the parcel. The three remaining installment payments would go towards the ongoing maintenance and operation, and construction of the museum. He apologized for the late version passed out right before the meeting, adding that he had received the changes from the PHS at 4:30 this afternoon. The changes relate primarily to the dates and timing of the cycling of the Historical Society's effort to solicit funding.

Carol Morris, City Attorney, explained that the agreement has blanks and is missing the exhibits. All that is needed tonight is a motion that the Council will approve the agreement with it comes back in final form.

Councilmember Kadzik asked for clarification on page 4, Section 3-5 and page 6, Section 5-1 and whether the dates of the right of first refusal should be the same.

John Vodopich responded that Section 3-5 does need to be changed. The Historical Society has a goal to collect the funds on or before December 31st, 2008.

Councilmember Dick asked if the source of the funds to make the payments had been identified. Mr. Vodopich responded that he could not recall what had been discussed.

Councilmember Dick asked if anyone else had given any thought to this. He said that he likes the project, but there is a need to set aside more revenue for unfunded road projects in order to meet grant requirements and to do projects that do not require grants. He said that nothing had been set aside over the past two to three years for this purpose. Council discussed taking \$150,000 of the 2006 Ending Fund Balance for this purpose, but there will not be any Ending Fund Balance this year. He said that it is a

question of priorities. If we can't get around doing the business of the city, can we afford this kind of money for projects that benefit our citizens? It is also a timing issue. If we cannot identify where the money is coming from, do we want to stop other capital expenses? He said he is trying to identify the sources of funds to pay for this new, large expense.

John Vodopich responded that it would come from General Fund Budget, but he was unsure of the specific line item in the budget.

Councilmember Payne said that David Rodenbach, Finance Director, attended the meetings and was more than comfortable with the amount identified to be paid on an annual basis. In addition, there was discussion that some of the funding would come from the Hotel / Motel Tax Revenues. Councilmember Payne said that he is comfortable knowing that the Finance Director was supportive of the amount and the terms. It was determined that this is less than 3/10 of a percent of the annual budget to support this project that he believes the city cannot afford not to support.

Councilmember Franich followed up by explaining that we have a commitment from the Marketing Director, Laureen Lund, for \$20,000 per year.

Councilmember Ekberg explained that the first payment has been pushed out to 2008 because of the exact concerns that Councilmember Dick expressed. He said that David Rodenbach was in the meetings and by moving the payments out until 2008, along with the contributions from the Lodging Tax Fund, the money is there.

Chuck Hunter said that it is a matter of priorities. Council is going to have to make hard decisions when it comes to funding this project. The money is going to have to come from something else.

Councilmember Dick said that his concern is that Council has spent money on several park facilities, and with those projects came additional capital needs. So the city's balance has been spent down. To incur an additional expense without setting aside money for road projects raises a concern. He said that he thought the focus was to move away from parks and move towards roads, and that we are getting to the point where we need to show restraint. If we can find the funds to support this project, while keeping the business climate that generates our revenue system alive, it would be good. He then said that the sacrifice of planning ahead to set aside funds concerns him.

Councilmember Franich responded that he whole-heartedly agrees with Councilmember Dick's assessment. He said that he agrees that Council needs to start working on putting money away for roads and sewer, and that he would have preferred to see this proposal come through after the 2007 Budget cycle. Personally, he said that he doesn't know if it is the city's role to be this active in private activities, even though it is a great project and will be a great benefit to the community. He said that he feels that there has been a lot of community support for the project, and he will support it, but would like to

support it at a lesser number. The \$20,000 from Hotel/Motel Tax Fund will help us to more easily afford this in the future.

Walt Smith – 19216 99th St. KPN. Mr. Smith said that the Society is in full agreement with the revision submitted to Council this afternoon. He acknowledged Mayor Hunter for his leadership, as well as John Vodopich, Councilmembers Franich, Payne, and Ekberg, who spent a lot of time working through many issues. He said that the events of the past and present will shape the community, and a favorable vote tonight will allow the Historical Society to preserve and transcend Gig Harbor's time and place for the future. He said that they sincerely appreciate these efforts and urged support.

Beth Perrow – 9119 North Harborview Drive. Ms. Perrow, Board Member with the Historical Society and Co-chair of the Capital Campaign, said that she realizes that any organization has financial challenges and decisions to make. She agreed with Councilmember Franich that the community is behind this project, and they are doing a huge amount of the work. She said that they are asking for money from the city, but not a lot of on-going work. They will be taking care of all the details. The project will be a big asset to the community and will enhance the business community: the restaurants, the hotels, the downtown stores, and it will bring a lot of people who will spend more time in the harbor. Ms. Perrow said that it will be a good investment for the city and that she hopes that Council votes in favor of the agreement.

Carol Morris, City Attorney, discussed needed amendments to page 6, second paragraph. She said that 6.4 should be amended to read 4.8. In addition, in negotiations, they agreed upon the words "indemnify" and "hold the city harmless." The words "indemnify and" are missing, and she believes that the Historical Society would be okay with the inclusion of this language.

Mayor Hunter asked about going through the latest changes. Since the amendments were only date related, no one thought it necessary. He continued to say that the latest revisions seem to address the concerns in the letter from the Historical Society.

Councilmember Ekberg disclosed that for some years he was a member of the Historical Society Board of Directors, but is not currently, nor was this project ever discussed while he served on the Board. He said that currently, he is a member of the Historical Society, as are other members of Council. He then said that the museum is a client of his firm, however, he said that he doesn't feel that any of these issues will impact his ability to fairly evaluate this proposal.

Councilmember Franich suggested amendments to the agreement. In Section 3.4.2, he recommended changing the sentence to read "conservation easement" rather than "Donkey Creek property." The second recommendation is in Section 4.7 to change add "and Public Works" after "Planning Department."

John Vodopich responded that this language needs to be changed from "Planning Department" to "Community Development Department" which would be all encompassing.

Councilmember Payne pointed out another change that had been missed in Section 4.7 to change "ingress and egress" to "ingress and /or egress." This language was agreed upon by both parties at the last meeting.

Councilmember Ekberg commented that Section 4.8 does have language that the Society is holding the city harmless. He asked Carol Morris if this is sufficient. Ms. Morris responded that indemnification goes beyond just holding them harmless. She said that the section should also include indemnification language.


MOTION: Move to approve the Gig Harbor Peninsula Historical Society Agreement for the Mayor's signature upon its return for final review to include the changes that have been discussed this evening.
Payne / Ekberg – unanimously approved.

Carol Morris said that this will be brought back before Council in final form at the next Council meeting. She said that she hopes to have the Historical Society's signature on the agreement at that time.

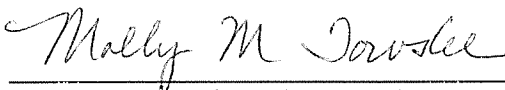
ADJOURN:

MOTION: Move to adjourn at 6:25 p.m.
Ekberg / Conan – unanimously approved.

CD recorder utilized:
Disk #1 Tracks 1 – 18



Charles L. Hunter, Mayor



Molly M. Towslee, City Clerk