

GIG HARBOR CITY COUNCIL MEETING OF NOVEMBER 27, 2006

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

CALL TO ORDER: 7:03 p.m.

PLEDGE OF ALLEGIANCE:

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 Meeting of November 13, 2006 and Special City Council Meeting of November 16, 2006.
2. Sanitary Sewer Facilities Easement and Maintenance Agreement – Olympic Mixed Use.
3. Appointment to the Planning Commission – Jeane Derebey.
4. Purchase Authorization – Street Sweeper.
5. Skansie Tank Repainting – Contract Authorization for Materials Testing Services.
6. Eddon Boat Property – 2007 EPA Brownfields Grant Application Assistance – Contract Amendment.
7. Liquor License Renewals: The Harbor Kitchen; Terracciano's; and Half Time Sports.
8. Approval of Payment of Bills for November 27, 2006:
Checks #52028 through #52138 in the amount of \$361,462.65.

MOTION: Move to approve the Consent Agenda as presented.
Franich / Ekberg – unanimously approved.

Mayor Hunter then suggested a motion to amend the agenda to move the Public Hearing and Second Reading of the 2007 Proposed Budget to the end of New Business.

MOTION: Move to amend the agenda as recommended.
Dick / Ekberg – unanimously approved.

OLD BUSINESS:

1. Ratification – Gig Harbor Peninsula Historical Society Agreement. John Vodopich, Community Development Director, explained that this is for ratification of the agreement entered into with the Historical Society at the Special Meeting of October 30th.

MOTION: Move to ratify the agreement with the Gig Harbor Peninsula Historical Society and authorize the Mayor to sign the agreement as presented.
Kadzik / Conan – unanimously approved.

Mayor Hunter was asked to recognize Jeane Derebey, new appointee to the Planning Commission, who was in the audience. Mayor Hunter welcomed Ms. Derebey and thanked her for volunteering to serve on the Planning Commission.

NEW BUSINESS:

1. First Reading of Ordinance – Increasing Water Rates. David Rodenbach, Finance Director, explained that this increase was proposed in the Council Retreat this spring and was recommended in a rate study conducted by Gray and Osborne, Inc. in 2003. The increase will become effective January 1st if passed. He answered questions and said that this will return for a second reading at the next meeting.

2. First Reading of Ordinance – Increasing Sewer Rates. David Rodenbach, Finance Director, explained that this is a 10% increase in sewer rates that will also take effect January 1st if passed. He explained that sewer charges are calculated upon water usage with a baseline established during six months of the lowest use. This will return at the next meeting for the second reading.

3. First Reading of Ordinance – Increasing Storm Drainage Rates. (This was accidentally skipped and was discussed after the Traffic Fees Update.)

4. Public Hearing and First Reading of Ordinance – Traffic Impact Fees Update. Steve Misiurak presented information on the proposed increase in Transportation Impact Fees. He explained that in conjunction with David Evans and Associates, a city-wide traffic analysis and capacity availability report was completed. As a result, he is recommending raising the traffic impact fee rate to \$3,171 per vehicle trip with an equivalent P.M. trip fee of \$1,080. This would replace the current rate of \$108.22 adopted in 1999, which was based upon the average daily trips, not the peak P.M. trips. He answered Council questions about the exhibits and clarifying definitions. He then introduced Victor Salemann, representing David Evans and Associates, Inc., to address questions in further detail.

Mr. Salemann further described the method in which the fee calculations and different rates came about.

John Vodopich explained that the different rates are based upon the use. If a developer pays the lower rate, and a tenant improvement is made that requires a higher use, the impact fees are triggered at the time of the tenant improvement permit process. The same would apply for a building annexed into the city.

Mayor Hunter opened the public hearing at 7:35 p.m.

Patrick Mullaney – Land Use Attorney, representing Costco. Mr. Mullaney said that Costco has two concerns with the proposed ordinance, which had also been submitted in a letter earlier today. He requested that Council postpone enactment of the ordinance to allow additional time to analyze and comment on the fee calculation formula. He then requested that Council to consider changing the trigger date from

issuance of the Building Permit to when the application is considered complete as is done in many other jurisdictions.

Mr. Mullaney continued to explain that it would be unfair to impose this large an increase in traffic impact fees on the Costco project after they accommodated the city's request for review that resulted in delays and modifications to the design that added approximately 5.5 million dollars to the cost of the project.

Andrew Dempsey – Transportation Solutions Inc. Mr. Dempsey, representing Costco, also asked for additional time to study the ordinance. He said that they understand that the impact fees have not been updated since 1999, and think that it is appropriate to do so, as long as it is applied equally and fairly.

Mr. Dempsey commented on the technical aspects of the draft ordinance. He said that the most difficult thing to quantify is the pass-by and diverted links. He said that they are unclear with how the diverted link trips are being dealt with, as they are not new trips. The close proximity of Costco to Highway 16 will result in many of these. He suggested deducting these out of the trip calculation and dealing only with primary trips as a fair method. He said that the single, city-wide fee is easy to apply, but not fair and equitable if the development is on the edge of the zone. May be more appropriate to look at smaller set of multiple zones. He said that they need additional time to understand the modeling data.

Mr. Dempsey said that it is not clear how existing traffic deficiencies in the formula are dealt with and that they would also need for extra time to understand this. He continued to say that they don't understand that grant funding assumptions, gas tax distribution, and how the city plans to pay for the left over reserve capacity. They want to make sure that the city understands their obligation for projects in the six-year window. If they cannot be funded within this time, consider a smaller group of projects.

Mr. Dempsey suggested that the city should look at language in GHMC 19.12.909 to provide a mechanism for developers to submit information to justify a variance from the impact fee schedule. The ITE land use information is generalized and specific developments may have specific pass-by trip rate generation or diverted link information supported by collected data but doesn't show in the ITE Manual.

Mr. Dempsey mentioned trigger points and the policy implications of having it at time of issuance of building permit. The city controls the timeline for issuance to a large degree, and it seems unfair for the developer to get to the end of the process and find out they have to pay an impact fee much larger than expected. Financing could disappear. He said that this may affect the economic development of the city.

Mr. Dempsey said that some credit provisions are dealt with in the municipal code regarding a project listed on the Six-Year TIP, but it doesn't clearly identify the calculation. He suggested tying the credit to the same cost estimate used to produce the fee table.

Mr. Dempsey finalized by saying that Costco hopes to continue to work with the city and would appreciate consideration on the request for additional time to review the proposal.

John Alexander – Master Builders. Mr. Alexander said that philosophically, Master Builders is opposed to traffic impact fees because it raises the cost of housing. He said many of his concerns have been touched on and raised the following, additional issues.

1. This study based on the one in Olympia, which has been through several court proceedings and challenges.
2. Credits for off-site improvements already constructed. RCW 82.060 states that adjustments to the cost of public facilities made or anticipated must be credited back to the developer.
3. Is there a percentage that outlying developers will pay? There is a city-wide fee that is similar, but it is unclear if the percentage changes or if there is a range.

Mr. Alexander asked if the Borgen/SR-16/Canterwood Project is really an eight million dollar project. If so, builders will be looking at \$12,000 impact fees per unit. He then said that they don't think that Gig Harbor increasing impact fees is a terrible thing; it helps in predictability. But it doesn't appear that this study has done its homework.

Sterling Griffin – 22 Rhododendron Drive, Raft Island. Mr. Griffin said he and his partners are developing property along Bujacich. He said that they applaud the city for this, because with the Costco, the hospital and the other current projects, concurrency issues have blown apart the small developer. He said they would like to see this passed as quickly as possible as it would allow the solution to let them move forward.

John Chadwell – OPG – 4423 Pt. Fosdick Drive. Mr. Chadwell said that the other speakers hit most of his points. He pointed out one housekeeping item. Number two on Exhibit A-1 shows a 3.2 million balance in the traffic fee calculation. In light of the Gateway article regarding the recent grant award, this may need to be adjusted.

He explained that OPG participated in the LID for the original construction of Borgen Boulevard. Since then, as part of the SEPA mitigation for their development, they have widened roads and made roundabout improvements. He agreed that the traffic impact fees should be higher than the current \$108.00. He said that going forward; they understand they will be required to bear a share of the long-term improvements to the Burnham/Borgen/Canterwood Interchange.

1. Does the new methodology allow them credit for the transportation improvements that they have installed?
2. This is a large step increase. He asked Council to consider changing the trigger time, grand-father projects already in process, or perhaps, phase the increase over a 2-3 year period to allow small developers to factor the fees in.

3. First Reading of Ordinance – Increasing Storm Drainage Rates. (from earlier in the agenda.) David Rodenbach, Finance Director, explained that this is an increase of \$1.44 per month in storm drainage rates that will take effect January 1st if passed. Because the city is coming under NPDES requirements, this increase is necessary help to get the storm manual in place.

Councilmember Dick asked if a rate study is needed. Mr. Rodenbach responded that in order to do a rate study, required projects will need to be identified to project revenues and expenses. This 20% increase will enable the city to complete the first step towards NPDES compliance.

5. Resolution for Public Hearing – Milton Avenue Street Vacation Request – Drolshagen. John Vodopich said that the city received a request from Mr. Drolshagen for a vacation for a portion of Milton Avenue that abuts his property. Pursuant to the Gig Harbor Municipal Code, the city must set a public hearing date by resolution, and recommended January 8, 2007 as that date.

John Sloan – 4630 47th Ave NW. Mr. Sloan said that he would reserve comment for the public hearing on the 8th of January.

MOTION: Move to approve Resolution No. 694 setting a date for public hearing on the street vacation request.
Franich / Conan – unanimously approved.

4. Shore Acres Water System Report. John Vodopich presented the information requested at the last Council Meeting in regards to the Shore Acres Water System. He said that the Operations and Public Projects Committee recommended that the city not take over this system at this time, and that is the recommendation staff is forwarding to Council.

Councilmember Young asked for clarification on the potential pitfalls of assuming the system. Mr. Vodopich responded that there has been extensive testing and investigation of the system. One uncertainty is that the system was constructed in the late 1940's and certain portions may be in disrepair. There is also an issue regarding the parcel that the water company either wants the city to purchase or they would sell it to pay for the upgrades.

Councilmember Franich said that the memo from the city crew lists a number of problems with the system. Mr. Vodopich responded that Mr. Wagner has done a good job of outlining the items that the water company would perform to rectify the problems.

Councilmember Young pointed out that this system is in the city's service area and the city would end up with it if something were to happen. In the interim, it would be better to let them repair it and acquire a known system. Councilmembers further discussed several options, including the formation of an LID or letting Shoreacres Water System sell the property, do the repairs and put additional money in escrow for future repairs.

Scott Wagner – 6507 27th Ave. NW. Mr. Wagner gave a history of the two years he has been working on this project. He talked about the option of Washington Water taking it over. He then asked if the city was interested in assuming the water system or not.

Councilmember Young asked if Shoreacres Water System is willing to come up with the \$500,000 to improve the system by selling the park property or by forming an LID. If so, then the city may be interested.

Councilmember Ekberg said that one thing that came out of the committee meeting was the proposal for the city to buy the parcel, but that made no economic sense. That is why the recommendation was to not assume the system. Mr. Wagner responded that purchase of the parcel was just a suggestion.

Councilmember Franich asked Mr. Wagner if it would meet their goal for Washington Water to take the system over. Wagner responded that with a couple of minor clarifications to the current contract so that Washington Water would not have to be concerned that the city would cut them off, then he thinks that it would be a fine solution. Councilmember Franich asked for clarification on how many households being served are city residents. Mr. Wagner said approximately 20. He added that there are efficiencies with the system that would allow Washington Water to absorb the 1-1/2 times rate the city charges.

Councilmember Young stressed that this is not in the Washington Water service area and he doubts that they will be allowed by the state to assume the system. It is not in the interest of the rate payers to turn a system over to a private entity when the city is the water provider.

Councilmember Franich said that he is concerned that \$500,000 isn't sufficient to repair the system. Mr. Wagner responded that it would cost the city one million to do what they could do with half that amount. He said that David Brereton, Director of Operations made the recommendations, and they had these drawn up and got an estimate for the work to be done. He said that this is an accurate number.

Councilmember Kadzik asked about contingency funds and/or an escrow account to allay concerns with other problems that may arise. Mr. Wagner said that they did a thorough job of identifying the problems. He then said that he will find out if the state would block the takeover by Washington Water. This would be the best solution as they will take the system with the improvements that have already been made. He stressed that he can't go to his board to ask them to sell the property to make the improvements without some sort of a commitment from the city.

Councilmember Ekberg said that the benefit to the other ratepayers must be identified. Mr. Wagner offered an increase in revenues and additional bonding capacity as benefits. He then suggested that there two state grant systems to help with takeover of an aged or failing system.

Mayor Hunter asked Mr. Wagner to research the option of takeover by Washington Water and to get back to staff with a response.

Councilmember Young then said he thinks it wrong that they should have to go to a private company that will raise their rates. He said that if Shoreacres is willing to make the improvements, the city should be willing to take it over. Councilmember Kadzik said he agreed that we can find a way to make it happen. If the \$517,000 isn't sufficient, then it's not the city's problem because Shoreacres is going to turn it over with those identified improvements made.

Councilmember Franich voiced concern with the system becoming a financial drain on the other ratepayers.

Mr. Wagner said he will review the option for Washington Water to take over the system. He said that he hears a second option; if they are willing to do the repairs plus ensure some other percentage for future repairs, then the city will assume the system. He asked for clarification on whether the city is interested in the park property. Councilmembers stressed that there is no interest.

This agenda item was moved from New Business.

Public Hearing and Second Reading of Ordinance - 2007 Proposed Budget. David Rodenbach presented the changes to the document from the first reading.

Councilmember Ekberg asked when downtown parking was added to Fund 101 of the budget, as this wasn't in the last draft and hadn't been discussed. Mr. Rodenbach explained that this had been added since the last reading, and that it does not change the ending fund balance. He said that because the city did not get the sidewalk grant for Skansie, the 45th and Briarwood combined projects has been increased and an objective was added to explore downtown parking options.

Mayor Hunter explained that he asked for an opportunity to study angle parking on Judson Street and on Austin Street. Another option to ease the parking problem downtown is to explore leasing vacant property.

Councilmember Franich voiced concern that this showed up the way it did. He said that he has a problem with the safety of angle parking, adding that it is presumptuous to add this into the budget without it being discussed by a committee or Council.

John Vodopich said that this request had been presented to the Operations and Public Projects Committee and staff was asked to come up with traffic counts for different alternatives. He said that the counts have not been done to date. Councilmember Ekberg explained that during the committee meetings, safety issues were raised and the issue was shelved until additional information could be obtained. He said that they

agreed to other changes that included re-striping on Stanich Lane and Uddenberg. He said that this had not been done, and asked if this would be part of the budget objective.

Mayor Hunter apologized, saying that this change to the budget should have been listed on the memo with the other amendments. Mr. Rodenbach stressed that this objective is not a foregone conclusion, but was included for discussion. Mr. Vodopich said that there is no set plan, and any proposed changes to public right-of-way would first be brought before the Public Projects and Operations Committee.

Councilmember Ekberg then suggested adding another full-time police officer half-way through the year to address traffic concerns. The funding could come from the position for a Community Development Assistant that had been removed during the worksession. He suggested a third reading of the ordinance to vote on the finalized document after any amendments had been made.

MOTION: Move to add another full-time police officer position to be hired halfway through the year for traffic enforcement, and to bring the ordinance back for a third reading.
Ekberg / Young -

Councilmember Franich asked for clarification on traffic data, saying that it seems like the department is doing a pretty good job of enforcement. Chief Davis explained that there was an increase in citations in 2005, but a decrease in 2006 because they were down two officers. He said that he constantly receives complaints from the community regarding traffic. He further explained that traffic enforcement isn't just about the number of tickets, but the ability to train an officer in specialized skills to investigate serious collisions and having the flexibility to respond to specific complaints such as the roundabouts. In addition, this officer would be able to work with the design of future roadways and to deal with traffic safety education.

Councilmember Franich asked for further clarification on the number of officers and their scheduling, as well as population increases. Chief Davis responded that there is one more officer on the street than we had three years ago, and even though the city population has only seem a minimal increase, the surrounding area now has over 50,000 people that come into the city. This creates an additional workload for the department. He said that as soon as the bridges open, there will be even more of an increase.

Councilmember Franich then stated that this was not a requested position. Chief Davis clarified that he had requested it for the past two years, but that it was cut from the budget before it came before Council for review.

Councilmember Kadzik asked if the addition of another officer would increase the vehicle take-home program. Chief Davis responded that if a trained officer was hired it probably would, but if an entry-level officer were hired, it would be approximately one

year before they were fully trained, and in that case a vehicle may not be necessary until 2008.

Councilmember Kadzik then asked about officer retention. Chief Davis explained that in two and one-half years, two officers have retired; before that, one officer went back to his own agency shortly after being hired, one left to go into private business, and another officer left before being asked to go.

RESTATED MOTION: Move to add another full-time police officer position to be hired halfway through the year for traffic enforcement and to bring the ordinance back for a third reading.
Ekberg / Young – five voted in favor. Councilmember Franich voted no.

Councilmember Ekberg said that he would like to propose an amended salary range for the Marketing Director. He stressed that this is not a critique of the job being performed by the person holding the position, but the amendment is where the position best fits into the city's job descriptions and salary ranges. This would still allow room for growth in the position.

MOTION: Move to amend the salary range for the Marketing Director to \$4807 to \$6009.
Ekberg / Dick –

Councilmember Young said that the existing, proposed range is mitigated to a degree because the employee is at the top of the current range, and it was anticipated that they would start at the bottom of the new range. Because the job has expanded so much since inception, the only other way to promote this person is by a job reclassification. He recommended leaving the salary range as currently proposed and starting the employee at the bottom of the new range. He said that it isn't the supervisory duties, but the skill level that defines this classification of employees. They require significant experience and a degree, plus continuing education. He said that this is why this position should be at the same range as the other supervisory positions.

RESTATED MOTION: Move to amend the salary range for the Marketing Director to \$4807 to \$6009.
Ekberg / Dick – five voted in favor. Councilmember Young voted no.

Councilmember Franich then asked Mr. Vodopich to clarify his response to the memo regarding the Community Development Assistant position. Mr. Vodopich explained that breadth of the range of duties listed in Councilmember Franich's memo exceeds the skill level of the current job description for a Community Development Assistant.

Councilmember Franich suggested leaving the same proposed language in the budget that was removed in the first worksession. He then asked Mr. Vodopich if he feels a

need for a staff person to the jobs he listed. Mr. Vodopich responded that the description proposed in the Administration budget was different than what was mentioned in the memo. He said that it is correct that Planning did not request an additional position. Mr. Vodopich commented “Am I being asked if an additional person is needed?”

Councilmember Franich responded by asking if these particular things listed are going to need a staff person to do, whether it’s this person or some other person. Mr. Vodopich said that in regards to the items referenced, they have budgeted \$35,000 to retain a consultant to facilitate a review of the Design Manual, they have obtained a grant for doing a portion of the historic structures report on the Wilkinson property, and they have added additional money for the Certified Local Government program. He stressed that the CLG was set up as a voluntary program and only one application has been processed for a city-owned property. He said that if Council wants to expand this program to begin inventory of historic structures in the town and further educate folks regarding the benefits of the CLG, the department would need assistance. He continued to say that the public works staff has been successful in obtaining Transportation Improvement Board grants and sidewalk improvement grants that would continue with the current staffing levels. He commented that in the past, the City Administrator took the lead on other grants the past few years.

Councilmember Franich asked Mr. Vodopich if it would be important to have administrative follow through with grants. Mr. Vodopich responded that yes, if the city moves towards applying for more grants, it would be important to have a project manager to do the grant reporting, solicit consultants, and oversee the implementation of the grants.

MOTION: Move to add this position back into the budget as described in page 51 of the original budget at the workshop, and change the organizational chart for the Community Development Assistant as a lateral to the Community Development Director with a dotted line.
Franich / Conan –

Councilmember Young asked Mr. Vodopich if this position was requested by his department. Mr. Vodopich responded that no, it was not.

Councilmember Young then asked if Mr. Vodopich were to “throw a body”, one FTE in the entire Community Development Department, what would it be? A new planner, an assistant engineer, more clerical support?

Mr. Vodopich responded that recently he and the Mayor have talked about the staffing needs in the Engineering Department due to the recent grant for Olympic / 56th and the clerical staff restraints. He said that if he were asked to chose, he would add a Community Development Clerk for Engineering.

Mayor Hunter commented that there is a \$500,000 grant for Eddon Boat and a grant for the Westside Park that needs to be managed. In addition, the CLG work approved by Council last year still needs to be completed because we are putting together a manual of standard procedures to do this work. Councilmember Young asked how much has been spent on this. Mr. Rodenbach responded that \$13,500 out of the budget has been spent.

Councilmember Ekberg called for the question.

RESTATED MOTION: Move to add this position back into the budget as described in page 51 of the original budget at the workshop, and change the organizational chart for the Community Development Assistant as a lateral to the Community Development Director with a dotted line. Franich / Conan – three voted yes, three no resulting in a tie. Roll call vote:

Ekberg – no; Young – no; Franich – yes; Conan – yes; Dick – no; Kadzik – yes.

Mayor Hunter said that he would vote yes to break the tie. Councilmember Young said that the Mayor cannot vote on an ordinance. Mayor Hunter pointed out that this isn't an ordinance, but a motion to amend the budget that is adopted by ordinance. Councilmember Ekberg said that this is the second reading of an ordinance.

Clerk Towslee explained that the City Attorney had been asked for a ruling on this, and her response was that because this is an amendment and not the actual adoption of the ordinance, the Mayor could vote to break a tie.

The motion carried four to three.

Councilmember Franich moved on to his next item. He said that currently, the Marketing Director's salary is split ninety percent from Hotel-Motel Tax Fund and ten percent from Administration. Although Lauren may be working on things that are not directly related to marketing, he would question anything over ten percent and whether we really need a person that we are paying this amount of money to be doing that job.

MOTION: Amend the language in the proposed budget to reflect the existing 90/10 split.
Franich / Ekberg –

Councilmember Young stressed that you have to justify the reason, and the Marketing Director has provided commentary on the time spent on other duties. Councilmember Franich responded that he saw the list and said he believes that the 90/10 split is fair and that maybe we don't need to be doing some of those other things.

Councilmember Conan said that it looks more like an 80/20 split at this point. This brings to light the issue that a lot of things have been put on this position that it may not

be the best place. He added that maybe we should be prepared to take these things out of this job. Councilmember Young commented on the new support staff.

RESTATED MOTION: Amend the language in the proposed budget to reflect the existing 90/10 split.
Franich / Ekberg – four voted in favor. Councilmembers Young and Dick voted no.

STAFF REPORT:

1. Steve Misiurak, City Engineer - Eddon Boat 2007 EPA Brownfields Draft Grant Application. Mr. Misiurak presented this grant application for clean-up of the vacant parcel next to the Eddon Boat property. A public meeting has been scheduled for Monday night at 6:00 p.m. to solicit public comment. The request is for \$200,000 and will go towards remediation and clean-up of the site.

PUBLIC COMMENT: None.

COUNCIL COMMENTS / MAYOR'S REPORT: None.

ANNOUNCEMENT OF OTHER MEETINGS:

1. Gig Harbor North Task Force Meeting for Dec. 13th at 9:00 a.m. in Comm. Rms A&B.
2. Cushman Trail Design Public Forum – December 5th, 6:00 p.m. in the Council Chambers.
3. Eddon Boat Grant Meeting – December 4, 2006 6:00 p.m. in the Comm. Rms A&B.

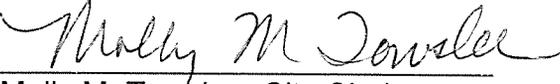
ADJOURN:

MOTION: Move to adjourn at 9:30 p.m.
Franich / Ekberg – unanimously approved.

CD recorder utilized:
Disk # 1 Tracks 1 – 36
Disk # 2 Tracks 1 – 20



Charles L. Hunter, Mayor



Molly M. Towslee, City Clerk