

GIG HARBOR CITY COUNCIL MEETING OF JANUARY 28, 2008

PRESENT: Councilmembers Young, Franich, Malich, Conan, Kadzik and Mayor Hunter. Councilmembers Ekberg and Payne were absent.

CALL TO ORDER: 6:02 p.m.

PLEDGE OF ALLEGIANCE:

SWEARING IN CEREMONY:

Chief Mike Davis introduced the department's newest Officer, Joseph Hicks and gave a brief overview of Officer Hick's background. Mayor Hunter performed the Swearing In Ceremony.

CONSENT AGENDA:

1. Approval of the Minutes of City Council Meeting of January 14, 2008.
2. Council Committee Reports: Intergovernmental Affairs Committee Meeting – January 14, 2008.
3. Correspondence / Proclamations: a) "Pierce County Reads"; b) National Mentoring Month
4. Resolution – Sole Source Marine Services.
5. Resolution – Surplus Equipment.
6. Resolution – Formation of a Skansie Brothers Park Ad Hoc Committee.
7. Aeration Basin Modifications – Bid Award.
8. Hotel/Motel 2008 Contracts.
9. Lodging Tax Advisory Committee – 2008 Members.
10. Phase II Environmental Assessment of Donkey Creek Triangle Property – Robinson, Noble & Saltbush.
11. Austin Estuary Landscape Design Contract.
12. On-Shore Sewer Outfall Project Consultant Services Contract.
13. Liquor License Renewals: El Pueblito; Albertson's; Hy lu Hee Hee; Olympic Drive Mart.
14. Approval of Payment of Bills for Jan. 28, 2008:
Checks #56530 through #56705 in the amount of \$880,612.54.

MOTION: Move to adopt the Consent Agenda as Presented.
Franich / Malich – unanimously approved.

PRESENTATION OF PROCLAMATIONS:

Mayor Hunter invited Lynn Zeiher, representing Peninsula Library, to come forward and say a few words about the "Pierce County Reads" program. Ms. Zeiher presented Mayor Hunter with a framed proclamation of "Pierce County Reads" month and buttons for Councilmembers and staff. Mayor Hunter then presented Ms. Zeiher with the city's signed proclamation and thanked her for her participation in this worthwhile effort.

Mayor Hunter then introduced Doug Baxter, Pierce County Programmer for Big Brothers and Big Sisters of Puget Sound and chair of the Pierce County Mentoring Partnership, who presented information on the importance of mentoring. Mayor Hunter presented Mr. Baxter with the city's proclamation for National Mentoring Month.

Rob Karlinsey, City Administrator, introduced Jeff Taraday, new partner of Carol Morris, the City Attorney. He explained that Mr. Taraday would be here in Carol's absence and also would be working on special projects.

Mr. Taraday gave a brief overview of his background before joining forces with Carol.

OLD BUSINESS: None scheduled.

NEW BUSINESS:

1. Appointment of Second Mayor Pro Tem. Mayor Hunter explained that both he and Mayor Pro Tem Paul Conan would be absent at the next meeting. This results in the need to appoint a second Mayor Pro Tem.

MOTION: Move to nominate Derek Young as second Mayor Pro Tem.
Kadzik / Conan – unanimously approved.

2. Resolution – Revising the City's Water Service Area. Jeff Langhelm, Senior Project Engineer presented the background on this request to revise the city's water service area to include property on Hunt Street. This request is due to a boundary line adjustment that consolidated three parcels; one of which was already in the city's service area. He addressed questions regarding capacity and existing infrastructure.

MOTION: Move to adopt Resolution No. 740.
Kadzik / Conan – unanimously approved.

3. Public Bid Opening and Award – Surplus City Property. David Brereton explained that this is a public bid opening for approximately 5700 s.f. of surplus property off Soundview Drive. The property was advertised with a minimum bid requirement of \$50,000. He said that two bids were received, but one bidder withdrew the document prior to this meeting, leaving one remaining bid to open.

Mayor Hunter opened the one, sealed bid and read the content. The bidder is Bergen Richards LLC, with a bid of \$61,001.00.

MOTION: Move to accept the bid from Bergen Richards LLC in the amount of \$61,001.00.
Kadzik / Young – unanimously approved.

4. Planning Commission's recommendation on draft amendments related to underground structures. Jennifer Kester, Senior Planner, first presented background

information on this recommendation related to underground structures. She said that the Planning Commission is recommending draft definitions for “attic” and “underground floor area” and a draft amendment to the definition of “gross floor area” in certain zones. They also recommend that gross floor area, building size, underground structures and parking in the waterfront zones be included in the View Basin Sub Area Plan to gain public input. Ms. Kester explained that if Council supports the draft amendments and proposed direction, the Planning Commission will hold public hearings during the second quarter of 2008 and have recommendations back to Council in July.

Councilmember Kadzik and Young were very complimentary of the work on this difficult problem.

Councilmember Franich asked for further clarification on the definition of attic space. Ms. Kester described how they arrived at a definition that would be more consistent with building code definitions.

Councilmember Franich voiced concern that it would be difficult to monitor what is going on in those spaces.

MOTION: Move to direct the Planning Commission to hold a public hearing on the draft amendments during the second quarter of 2008.
Conan / Kadzik – unanimously approved.

5. Public Hearing and First Reading of Ordinance – Increasing Water General Facility Charges. David Rodenbach, Finance Director, clarified that the date of adoption and the hook up fees would be corrected before the second reading. He then introduced Ashley Emery, Peninsula Financial Consulting, to present information on the calculations to increase General Facilities Charges for water, sewer and stormwater.

Mr. Emery explained that General Facilities Charges would only be paid by new customers connecting to water, sewer or stormwater systems. He said that the proposed increase in fees will help to keep existing customer rates lower and will help to pay for new facilities to serve growth. He stressed that the GFCs that are being proposed are consistent with applicable State laws, case law, and standard industry practice.

Mr. Emery described how the fees were calculated based in part on the original cost of existing facilities and planned capital improvement costs. He said that based on the analysis, an increase in GFCs will have a significant impact on customer rates for the next five years. He further explained that the proposed fees are the maximum range allowable. If Council chooses to adopt a lower range it will be necessary to increase existing customer rates. In addition, the city would be subsidizing growth.

Mr. Emery pointed out that \$16,000 for both water and sewer connection is competitive compared to the alternative of drilling a well and installing septic in this environmentally sensitive area. He added that new customers are buying into existing infrastructure at

its original cost, and the future facilities component is an important way to elevate the representative cost of serving a customer. He made a final point that the proposed range is consistent with the policy for growth to pay for growth.

Mr. Emery addressed questions on the stormwater component of the GFCs by explaining that there are several components of a system that have to be maintained. He pointed out that these fees are not typically for on-site mitigation, but for the public streets. Mr. Emery then addressed the move away from “sewer zones.” He said that there are no active ULIDs which lessen the concern that someone would have to pay two fees. The elimination of zones would cut down on administrative costs.

Councilmember Malich asked for clarification on the fees and Mr. Emery explained that the GFCs are the cost to join the system and have nothing to do with the actual hook-up fees. He further explained that the calculations can't be easily compared to other jurisdictions because our existing and planned facilities are unique.

Councilmember Franich asked where the Stormwater GFCs would be spent. Mr. Emery responded that the intent is to install new or replace existing capital facilities and are not intended for daily maintenance.

Mr. Emery then addressed questions on the spreadsheet that shows the allocation of equipment to different capital improvements. He said that a policy decision was made to only include vehicles of a certain age in the calculations. He said that other assets were allocated at one of three percentages: zero, one hundred percent or thirty-five percent admitting that there is some subjectivity in the allocation. He explained that any future components will be analyzed to determine whether it is regulatory or repair of existing facilities, or if it is driven by growth. That will determine if it is charged to new customers only or divided among all users. He briefly discussed the sewer outfall and treatment plant expansion and how this has been calculated.

Mr. Emery was asked to address the different rates for ERUs in water, sewer and stormwater. He explained that one, there are different service areas. Two, maximum flow was used for the sewer calculation to address inflow not generated by the customers.

Mayor Hunter opened the public hearing on increasing the Water General Facility Charges at 7:09 p.m. No one came forward to speak, and so he closed this hearing and opened the hearing on increasing the Sewer General Facility Charges.

John Alexander – Master Builders Association of Pierce County. Mr. Alexander said there is an outcry that last year the city increased impact fees, and now this would increase the cost to a new homeowner at least \$10,000. He said that the increase is significant enough to determine whether a project goes or not, adding that the current market trend isn't conducive to people buying a new home in Gig Harbor. He said that the city has to get the treatment plant up and running which costs money, but they are concerned that the city isn't pursuing other funding sources. Other than the ten million

dollar loan for Phase I, all other costs will be paid through GFCs. He said that Master Builders would be available as a resource to discuss other funding sources.

Councilmember Young responded that the city is willing to listen to any options to reduce costs, but there aren't many funding sources available. Costs are increasing beyond revenue sources, and there are limited ways to raise funds. Grants programs are non-existent on the state level.

Mayor Hunter commented that the economics have to work for the city as well as the developer. There has been so much development in such a short period that the infrastructure hasn't kept up. If there are grants, adjustments will be made.

Councilmember Kadzik said that he understands the concern of relying solely on GFCs. He asked Mr. Alexander if he has concerns with the way the fees have been calculated.

Mr. Alexander voiced concern that the maximum amount in the range is being recommended for approval.

Ashley Emery said that the maximum supportable GFCs is fair and reasonable based on the methodology calculated in the State of Washington. It's true that the city could adopt a lower GFC, but every dollar reduction will be translated to a monthly rate increase for existing customers. The GFC revenue will not pay for the current capital project needs, but is calculated to cover the fair share over a ten to fifteen year period. He added that an \$8000 GFC fee is middle of the road for communities going through a major treatment plant expansion. The water GFC is a little higher, but not unusual. Stormwater GFCs are fairly new and therefore hard to compare.

Councilmember Malich asked about other alternatives for funding. Mr. Emery said that utilities are enterprise funds that are supposed to be self-supporting, adding that you can transfer money in from the General Fund. He explained that the water, sewer and storm utilities have different customers and so the fairest way possible is that each is self-supporting. The other source of funding would be grant funds, and Gig Harbor is not at the top of the list.

John Alexander said that he would argue that the city should study this further in order to choose a more customized solution. He said that there are other funding sources that can be political and so he would discuss them later. He then asked Mr. Emery for the RCWs that were referenced.

Mayor Hunter said that we are working on grants and said that he would look at any optional funding sources. He closed the public hearing on the increase to Sewer General Facility Charges at 7:23 p.m. and opened the hearing on increasing the Stormwater General Facility Charges.

Mike Paul – 3720 Horsehead Bay. Mr. Paul said he is a lifelong resident of Gig Harbor. He said that as a building/developer, he is in favor of fees to pay for infrastructure, but

the point made that we are not comparable to Port Orchard, Bremerton or Tacoma is not correct. He said our children and grandchildren are going to leave Gig Harbor because they won't be able to afford to live here. We have to find other revenue streams to try and reduce these costs. He then said that when he does a development he is required to contain all stormwater runoff within the site and so he doesn't understand the \$1300 fee. He said he wants his kids to stay here, he doesn't have the answers, but hopes that together we can find solutions.

Councilmember Young asked him the going rate to install a septic. Mr. Paul responded that it's hard to quantify, but his least expensive septic is around \$4500 and his most expensive is around \$11,000.

No one else came forward to speak and Mayor Hunter closed the public hearing at 7:25 p.m.

Ashley Emery addressed the comment on stormwater. He explained that the charge is for the downtown core.

Councilmember Franich stressed that the capital list for stormwater is for future projects. He said that he is against the stormwater GFCs as this has been done through the budgeting process and future projects are being built through a different funding mechanism. This is a new fund that will free up money in the General Fund.

Mr. Rodenbach explained that the city has a stormwater utility and a new stormwater capital fund which has zero funding for 2008. He said that even with the recent 5% increase in rates, operations are barely funded. He further explained that the imposition of NPDES Phase II requirements is driving the need for the 6.3 million dollars in improvements. This money has to come from either rates or from GFCs.

Mr. Emery explained stormwater billing is based on utility billings and impervious surface units. It is only core city customers. David Rodenbach said that it should be every developed parcel in the city.

Mayor Hunter said that these three ordinances will return for a second reading on February 25th.

6. Public Hearing and First Reading of Ordinance – Increasing Sewer General Facility Charges. This was discussed during the previous agenda item.

7. Public Hearing and First Reading of Ordinance – Increasing Stormwater General Facility Charges. This was discussed during the previous agenda item.

8. First Reading of Ordinance - Non-conforming Multi-family Dwellings. Tom Dolan, Planning Director gave a brief introduction to this interim ordinance that would allow

non-conforming residential structures in R-2 districts to rebuild if they are destroyed by natural causes. The concern expressed by the property owners is the difficulty in obtaining homeowners insurance and mortgages because non-conforming and if totally destroyed, they wouldn't be able to rebuild with the same footprint and height. He said that this is an interim ordinance to address the concern until the Planning Commission can consider this and bring back a final recommendation in July.

Councilmember Kadzik commented that the ordinance is unclear, specifically Sections 17.68.035 C and 17.68.040 B which appear to require that the structure be rebuilt to current code rather than allowing it to be rebuilt to its former non-conformity. Mr. Dolan said that he would talk with the City Attorney to find language to further clarify the intent.

George Pollitt – 2808 Harborview Drive (B). Mr. Pollitt said that he purchased a condominium in 2006 and the disclosure statement indicated that the structure could be destroyed and rebuilt. A neighbor pointed out that this may not be true, and so he researched this with the Planning Department. He discovered that through code changes the building was legally non-conforming and couldn't be rebuilt if damaged over 50%. If this occurs, the property owner will still be liable to pay the mortgage but cannot use the condominium structure insurance proceeds to rebuild. He commented that he doesn't believe that this change has any fiscal impact to the city, but it does show good will. Mr. Proffitt said that this ordinance would allow someone to apply for a mortgage or a reverse mortgage. He then thanked staff and Council for bringing this ordinance forward for consideration.

Councilmember Conan said he is glad to see this move forward and hopes it passes without any problems.

9. First Reading of Ordinance – Junk Vehicles. Rob Karlinsey explained that when the city recently received a citizen's complaint, staff referred to the city's current code on junk vehicles we discovered that it hadn't been updated to reflect changes in the RCWs. This proposed ordinance will adopt a new ordinance more in harmony with state statutes. He presented a brief summary of the ordinance and pointed out a couple of minor errors that need to be corrected.

Councilmember Malich asked about a provision for when someone working on an old car.

Councilmember Kadzik responded that the Planning / Building Committee spent quite a bit of time on this ordinance. He said that this issue came up more than once and is addressed under the exemptions section. It would require that the vehicle be in a garage or in a fenced yard. It was pointed out that the fenced provision only applies to a licensed vehicle dismantler or dealer.

Councilmember Franich said that he believes in the intent to discourage the accumulation of true junk vehicles, but he has a 2005 Cadillac that fits the definition of junk vehicle according to this ordinance, which is ridiculous. He said that these

definitions are too broad, there needs to be exemptions for someone working on a vehicle as well as a provision for a parts car to rebuild another. He said a person should have the right to at least two vehicles that meet the criteria of expired tabs, flat tires, and broken glass if it can be demonstrated that these vehicles have value for parts for a restoration project. Car restoration is a hobby that should be allowed.

Councilmember Young said that these vehicles impact the neighbors and you should be able to contain your hobby so that you don't impact others. He suggested that perhaps there should be a time limit on how long a vehicle that meets these criteria can stay.

After further discussion, Councilmember Malich recommended that this return to committee for further consideration. It was decided that this be noticed as a City Council Workstudy Session so that other members of Council can attend and provide input. The date was set for Monday, March 3rd in place of the regular Planning / Building Committee meeting.

Mr. Karlinsey was asked to provide Councilmember Franich with documentation from other jurisdictions that was used to develop the draft ordinance.

STAFF REPORT:

David Rodenbach, Finance Director – Quarterly Report. Mr. Rodenbach commented that the Hotel / Motel Tax Fund had a banner year, and the other funds came in as expected. He offered to answer questions.

Rob Karlinsey announced that there would be no Council Retreat in February. He said he would prepare a schedule of important items to be addressed during the year for Council to review and that he would like to schedule a half-day Council retreat for Friday, July 11th. He asked Councilmembers to check their calendars and get back to him if this date would work.

PUBLIC COMMENT: None.

MAYOR'S REPORT / COUNCIL COMMENTS:

Councilmember Young praised Jennifer Kester for her presentation in Olympia on the city's outdoor lighting standards. Representative Lantz based a bill on these somewhat revolutionary standards and asked that someone come and answer questions. Representative Lantz really appreciated the effort by Ms. Kester and the job she did presenting the information.

ANNOUNCEMENT OF OTHER MEETINGS:

1. GH North Traffic Options Committee February meeting cancelled.
2. Intergovernmental Affairs Committee February 11th is CANCELLED.
3. Special City Council Joint Worksession with Lodging Tax Advisory Board – Monday, February 4th CANCELLED.

4. Tuesday, February 19th from 4:00 p.m. – 6:00 p.m. Open House for David Brereton recognizing his 30 years of service to the City of Gig Harbor.

EXECUTIVE SESSION: For the purpose of discussing pending and potential litigation RCW 42.30.110 (1)(i) and property acquisition per RCW 42.30.110(1)(b).


MOTION: Move to adjourn to Executive Session at 8:11 p.m. to discuss potential litigation and property acquisition for approximately 40 minutes.
Kadzik / Conan – unanimously approved.

MOTION: Move to return to regular session at 8:53 p.m.
Franich / Kadzik – unanimously approved.


ADJOURN:

MOTION: Move to adjourn at 8:53 p.m.
Franich / Conan – unanimously approved.

CD recorder utilized:
Disk #1 Tracks 1 - 22
Disk #2 Tracks 1 - 16



Derek Young, Mayor Pro Tem



Molly Towslee, City Clerk