

## MINUTES OF GIG HARBOR CITY COUNCIL MEETING – March 10, 2014

**PRESENT:** Councilmembers Malich, Arbenz, Perrow, Lovrovich, Payne, Kadzik and Mayor Guernsey. Councilmember Ekberg was absent.

**CALL TO ORDER:** 5:30 p.m.

**PLEDGE OF ALLEGIANCE:**

**CONSENT AGENDA:**

1. Approval of City Council Minutes Feb. 24, 2014.
2. Correspondence / Proclamations: a) Pierce County Reads.
3. Liquor License Action: a) Special Occasion Liquor License – Kiwanis Club; b) Assumption – Gateway to India.
4. Receive and File: a) Minutes of City Council Retreat Feb. 22, 2014; b) Minutes of Operations Committee Feb. 20, 2014.
5. Employee Safety and Accident Prevention Plan Updates.
6. Resolution No. 953 – Addition of a Netshed to the Historic Register.
7. Resolution No. 954 - Contributing to Local Government Investment Pool.
8. Approval of Payment of Bills Mar. 10, 2014: Checks #74836 through #74954 in the amount of \$632,994.60.
9. Approval of Payroll for the month of February: Checks #7225 through #7241 and direct deposits in the amount of \$353,011.03.

**MOTION:** Move to adopt the Consent Agenda as presented.  
**Kadzik / Arbenz** – unanimously approved.

**PRESENTATIONS:**

1. Pierce County Reads. Joy Kim, Branch Manager of the Gig Harbor Library explained that Pierce County Reads is Pierce County Library's county wide reading program. She said by encouraging all adults in the community to read one book, they hope to inspire new reading experiences through public events, book discussions and other programs. She introduced this years' book, *Wild*, by Cheryl Strayed and said that it is a memoir about a woman who takes a solo hike on the Pacific Crest Trail. This book will be made into a movie this summer and the author will be coming to Pierce County in April for a public reading at Clover Park. Ms. Kim also shared there are a number of events at the library that have been generously sponsored by Friends of the Library. She passed out information and the book to all Councilmembers and the Mayor.

Mayor Guernsey said she will bring the proclamation for Pierce County Reads to Ms. Kim this week.

Councilmember Payne said that this is always one of his favorite presentations and he has read, and enjoyed, every book that has been given to them.

Councilmember Perrow thanked Ms. Kim for the weekly story times and said that his wife takes their son to as many of the library events as she can.

**OLD BUSINESS:**

**NEW BUSINESS:**

1. First Reading of Ordinance – Biennial Budget. Finance Director Dave Rodenbach said biennial budgeting has been in the State of Washington for 30 years. He said there are approximately 36 cities using biennial budgeting and it wouldn't be too much of a change in our process or activities. He said the big difference is it would give a 2-year planning horizon and staff time savings, including Council's time. He used the play structure at Crescent Creek as example of the funding carried over into this year for an additional \$150,000. He said there is an opportunity to review mid-biennium. At that time the budget could be amended.

Councilmember Kadzik said he would like to know the downside. Mr. Rodenbach said the downside listed by MRSC is loss of control. He said he sees this as perceived loss of control because Council still has control at the mid biennial review period. He said if the Council wants more control they could pass two one-year budgets.

Councilmember Malich asked how many hours staff spends creating an annual budget. Mr. Rodenbach said he does not know; but added that selfishly, he would stay with what we are doing because he can do it easily. He said the Public Works side spends a lot of time crunching numbers, and he doesn't know how many hours Council puts into it. He said that there would be less time spent on a biennial budget. Currently, staff include projects that possibly can't be completed in a year, in case a project comes up, it won't require a budget amendment.

Councilmember Perrow said he wants to know how many cities are on two year cycles and how many have reverted back to one year cycle. Mr. Rodenbach said about 25% have moved back for various reasons.

Councilmember Payne wanted to know if there was a restriction during the mid- biennial review. Mr. Rodenbach said the only restriction is it has to be done between November and December and before December 31<sup>st</sup>.

Mr. Richards said his experience with a biennial budget is the time savings. He said when you're putting together goals and objectives you can do that all at one budget meeting. He said it worked well in Kelso.

Mayor Geurnsey said this came about from staff asking for a biennial budget; after researching it, she said it sounded worthwhile.

Councilmember Malich asked if it was a better advantage to do it this year or wait a year to time it when we have transitions in Council and Mayor. Mr. Rodenbach said we didn't

have a choice because it has to be an odd numbered year and passed before June 30<sup>th</sup> for 2015-2016.

Jeni Woock – Citizens for the Preservation of Gig Harbor. She said there are 36 cities that are using a biennial budget and there are 281 cities and towns in Washington and 245 of them are not using a biennial budget. She said there is no documentation showing it saves time or money. She said more cities don't use biennial budgets because it diminishes the effect of control over spending, they have to be done 30 months in advance and substantial changes in economic conditions could occur in the intervening period. She said a year could be lost before findings can be reflected in budget decisions. She said a significant amount of oversight is performed in preparing for each year's budget. She said when you have that budget you don't know as much of what's going on. Ms. Woock said more time and money is spent in preparing the biennial budget. Additional time and additional money is spent on modifications required during the biennial period. She said states have been referred to as laboratories of democracy and provided clues as to improving performance of how governments run in cities, states and federal. She said in 1940 there were 44 states practicing biennial budgeting and today, 15 states practice biennial budgeting. Ms. Woock said since 1968, 18 states have changed their budget cycle, 15 from biennial to annual and 3 the other way. She said there are 280 cities in the State of Washington, 36 are using the biennial budget, 245 are not. She said cities and states are realizing the value of annual budgets, the oversight, control, and money saving benefits. She said since public monies are involved, annual budget is the way to go.

Councilmember Payne said our own State of Washington has a biennial budget. He asked for Mr. Rodenbach's thoughts on more time being spent on a 2-year cycle. Mr. Rodenbach said if takes 200 hours to prepare an annual, it would not take 400 for a biennial, but maybe 250. He said finance spends months on the budget but he said preparing the packet takes approximately 120 hours, that would be gone with a biennial budget. He said doing it once every other year is much simpler than every year. He pointed out that we will still have yearly audits, and mid-biennium, we have to provide Council with a report summary of significant projects and revenues.

Mayor Guernsey said Mr. Rodenbach is sending out quarterly reports and those will continue.

2. Public Hearing and First Reading of Ordinance – Budget Amendment. Finance Director, Dave Rodenbach, said this amendment is to add a position to the general fund. It's to be funded through the ending fund balance which looks to be higher than what was originally budgeted. He said sales taxes came in 7% higher for 2013 than we had planned and are conservatively estimated at 3% over this year. He said the position is Deputy City Administrator/Economic Development and the main focus is to be Economic Development. He said this position would be revisited during the budget process late summer/early this fall.

Jeni Woock – Citizens for the Preservation of Gig Harbor. She said in December of 2013 the City passed the 2014 budget for three new full time employees. She said on January 4<sup>th</sup> the citizens group sent an email to the mayor about rumored request for an Executive Assistant and on January 5 the Mayor responded there was no such request. Ms. Woock said on February 20 at a City Council strategic planning meeting the Mayor formally requests an Executive Assistant. She said the name has changed but the duties are the same. She said the 2014 budget, attachment A, lists current positions being paid to accomplish those duties and responsibilities in this new position. Ms. Woock said it is doubtful how many more areas as large as Uptown and Gig Harbor North are remaining to be developed. She said the Downtown Waterfront Alliance and Chamber are working to bring businesses and take care of downtown. She said we already have someone who writes grants for the City, Lita Dawn Stanton. She said Gig Harbor has a population of 8,500 people and Lakewood has over 58,000 people. She said Gig Harbor proposes to pay this second position \$120,000 per year for two years but Lakewood, with population of 58,000, proposes to pay their second City Administrator \$56,000 per year. She said through the Association of Washington Cities the City of Gig Harbor can go onto the site and find out how many cities with a population of 8,500 people have this position being paid \$120,000 a year.

Councilmember Arbenz asked if they accept this proposal are they signing on for a two year contract or are we talking about a one year salary roughly in the range of \$120,000.

Mayor Guernsey replied that she will answer that but after the public hearing is closed.

Gene Eustice – 8601 Goodman Dr NW 98332. Mr. Eustice asked when people in this area have questions, and are looking for answers, where do they go and how do they get those questions answered. Mayor Guernsey said that a lot of it depends on what the question is but in general, if he were to call and talk to Executive Assistant, Shawna Wise, she could direct you to the proper person in the City to address your question. Mr. Eustice said it was the issue of why we need this person, why is this person needed when we have elected a Mayor to fulfill those duties. He said he is hearing rumors and he would like to know if the rumors are true of the Mayor not being able to fulfill it because of another position. He said he is looking for someone to answer those questions. He said he is thinking of running for Planning Commission and would like to give an application for that. Mayor Guernsey said he can give his application to Shawna Wise. She said if he would like to talk to her about this position after the meeting she would be happy to. Mr. Eustice asked when the closing was on the Planning Commission and Mayor Guernsey said to talk to Shawna Wise.

Charlotte Gerloff – 7712 73<sup>rd</sup> St Ct NW, Gig Harbor. Ms. Gerloff said she is wondering why this new hire wasn't considered in 2013 and all of a sudden in 2014 it doesn't make any sense that we are looking at this kind of money to be spent. She said she has met with almost all of Council except for Rahna who is new and sadly Jill Guernsey who has never found the time to meet with even though she has asked many times. Ms. Gerloff said everyone has busy lives and there's lawyers, there's dentists, there's families,

there's business, there's insurance brokers. She said all the other City Council members have managed to keep up their end. She said the Mayor needing an assistant, what about the other Mayor's before Jill Guernsey. She said they have not required that and it makes for some questions about why that's happening. She said there has been an endless ad nauseam response to very simple things like being able to hear all of Council and to all of the microphones to work in this facility and it's always been said there is no money. She said she has requested this for 8 months and it's always the same thing, the constant passing forth of microphones that work sometimes and don't work. She said maybe we should amend the budget for something as simple as that. Ms. Gerloff said it hasn't been addressed about getting notification to the public about the meetings. She said it's always the same thing, that there is no money. She said perhaps we should address some of those things before we start buying into more assistants and putting on layers and layers. She said all the other Mayor's have been able to manage and she thinks Mayor Guernsey would be able to do that, too, one would hope.

Councilmember Arbenz said Ms. Woock suggested that by adopting this proposal it sounded like we would be signing a two-year contract with this person and if that's the proposal, as far as he understands it's not, but he wanted to make sure that wasn't the case.

Mr. Rodenbach said the way he understands it that we would try it on for size and everything is up for grabs and when we start studying the budget. He said one thing being worked on right now is a 5-year forecast that will get in front of the Finance and Safety Committee and that dovetails with the longer range look we would be doing for the biennial budgeting. He said with that financial forecast, we're projecting with our major funds a street capital and parks capital and we are projecting where our fund will be 5 years from now. He said it takes into account the trends of the growth of sales tax, the growth of salaries, the growth of benefits to get a longer look. He said he would assume during this process this position, as all positions are with Council, would be fair game.

Councilmember Perrow asked if this would be a non-Guild position that's temporary. Mayor Guernsey said it is a non-Guild position.

Councilmember Payne said he wanted to understand, and to clarify for the public, where it says City Council will review the creation of the position in conjunction with the adoption of the city's 2015 budget. He said he presumes the intent would allow the Council the option of looking at non-Guild positions, at every budget cycle, and without negotiations, the ability to potentially remove the position.

Mayor Guernsey said that was the intent.

Councilmember Payne said the projection of an ending fund balance of \$969,026 is a bit troubling because he likes to see 7 figures as opposed to 6, which has been the typical tradition at the City. He noted that we have always had a wonderful budget and

balance process and control. He said he is confident the number shown is a good number. He asked if the \$120,000 as the cost of this position is an annual number.

Mr. Rodenbach said it is not an annual number. He said he has it projected at a worst case scenario at \$15,000 per month and at the high end of benefits hiring in May. He said there is leeway if they want to hit that fund balance and he would like to give a better fund balance, but it is too early in the year to get a feel for where are at. He said he isn't positive with where they have ended up with 2013 and we haven't had 3 solid months of revenue for 2014 to tell you how we're doing and where we're going. He said this is a worst case ending fund balance.

Councilmember Malich said that during the last Operations Committee meeting he asked if Public Works was fully manned. The answer was no; there were still 2 more to go to reach 2010 level. Councilmember Malich said he feels we need more feet on the street rather than people in an office. He said the lengthy job description describes a City Administrator but he doesn't understand the workload that requires this person. He asked if there was so much work at the administration level that we have to have a 2<sup>nd</sup> Administrator; and is the work level so heavy that it can't be kept up with or is this a wish to have somebody else. He said he hasn't seen anything that justifies the workload to support this.

Mayor Guernsey said that this a dual position and the Economic Development portion right now, in her opinion, is not something the City is doing. She said we need someone for downtown and other areas. She said she would hope this person is someone who can help us to control our destiny as opposed to others coming in and putting in what we don't want or not coming at all. She said she created this position because she thinks it will satisfy a lot of things that need to be done and the added benefit is to back up the City Administrator. She said it's a management position to do the things that she thinks we should do to make Gig Harbor better.

Councilmember Malich said that \$120,000 a year is pretty high; Ms. Woock mentioned the City of Lakewood pays \$50,000 for this position. He asked if there were comparables to this in other small cities.

Mayor Guernsey said she knows nothing about Lakewood and what Ms. Woock is talking about.

Councilmember Payne said eliminate the \$120,000 figure, that the Salary range is stated in the Council Packet. He said he is not advocating for this position, but wants to be careful about the numbers and terms we are using. He said our form of government is a strong Mayor, however, we have always had a City Administrator as opposed to a City Manager. He said we are a Mayor strong, the Mayor is CEO and there has always been a City Administrator that works at the behest of the mayor and does the day to day management and running of our government. He said the expectation has always been the Mayor is in charge but is not compensated at a full time basis and has always relied on a City Administrator to manage the operation. He said he doesn't see this as a

replacement because the Mayor is a Deputy Prosecutor in Pierce County and we knew that when we voted. He said this is a plea to have someone focus on economic development as well as provide assistance internally. He said he has disagreement with the second whereas and being sensitive to our commercial fishing industry, which is growing, should not be seen as dwindled and therefore we are having to find other industries to replace that. He said there is no question we have to find new industries to help support our local economy.

Councilmember Malich said we pay the Downtown Alliance \$35,000 a year to help downtown find its way and become an economic viable spot. He said if we are hiring someone for downtown economic development, why would need to pay the Downtown Waterfront Alliance.

Councilmember Kadzik said that the Alliance is dedicated to a lot of things other than just economic development. He said he thinks it would be a mistake to withdraw those funds but this can be discussed in November when they do their budget.

Councilmember Perrow said the focus on economic development over the years by City Administrator has been spotty at best. He said when there was true focus, we have had success, such as Metagenics, and we have hundreds of jobs from it. He said in downtown, we have had businesses leave and we did not have a plan or strategy to do something down there. This is a proactive step to what we've seen in the past.

Councilmember Kadzik said he would look at this position as a gamble because we don't know how this will turn out. He said you don't know what's going to work and it's something that would be worthwhile trying and if we have to reevaluate it we can.

3. Public Hearing and First Reading of Ordinance – Rust Street Vacation. Public Works Director, Jeff Langhelm, said the ordinance proposes a vacation of a small portion of Rust Street located off of North Harborview and one block south of Vernhardson. He said the City received a request to vacate a 30 foot wide strip of Rust Street and in accordance with the non-user statute, adopted by the City's Municipal Code chapter 12.14, since the time in that code has lapsed, we are required to vacate it. Mr. Langhelm said that by vacating this right-of-way will place additional area on the tax rolls and also formally record the ownership of the property and the vacation. He said all City departments have reviewed the proposal for the vacation and the City has no interest in that right-of-way except for an 8-inch sewer line that is running along a small section at the east end. He said in order to maintain ownership of that easement, and maintenance and operation, we are requiring a utility easement which is included in the Council packet. He said with the noticing requirements, the City Council approved Resolution 951 at the February 10 Council meeting setting the first public reading at this Council meeting.

Councilmember Payne said in light of the lack of issues the City has and that this isn't the City's property as a result of past legislation, he would move that at first reading vacate this portion of Rust Street and convey the property.

MOTION: Move to vacate the portion of Rust Street as described.  
**Payne / Kadzik** – unanimously approved.

**STAFF REPORT:**

City Administrator Denny Richards reported that the next two weeks he will be out of the country and Chief Davis will be in charge. He shared that last week completed his second year of his return to the City of Gig Harbor and he is pleased to be back. He said he has been talking to staff members who have been here for 20 years and they said morale has never been better. Mr. Richards said he tips his hat to department heads that have been working very hard at have smooth-running departments. He said he hasn't heard of any complaints or grievances and he knows the department heads work very hard at communicating with their people and it is fun to watch and see the change in attitudes. He said we couldn't do it without Council who has provided us with additional employees, such as in Planning and Public Works.

Marketing Director Karen Scott reported that Gig Harbor had the opportunity to participate in, and host, the Go West Summit in late February along with other Pierce County delegates. It was Go West's 26<sup>th</sup> year. Ms. Scott explained that the overarching theme is to allow international tour buyers the ability to discover the American West. It was the first time the event was held in Washington and it brought qualified buyers and sellers from around the world to Pierce County.

Ms. Scott shared that on February 24, Gig Harbor hosted 70 buyers. They toured the Harbor History Museum and then visited Heritage Distilling. Ms. Scott said it was amazing to have 70 captive tour buyers right in downtown Gig Harbor. She said on Tuesday and Wednesday she met with each of the tour buyers. On Tuesday evening the Marketing Department provided a shuttle and they had over 30 buyers shuttled to Anthony's or Tides Tavern for dinner. On Thursday, Ms. Scott said they had Adventure Days which is more hands on with all the attendees. This included Mt. Rainier, agriculture, and culinary tours.

Ms. Scott said that according to Go West figures, the Summit in 2012 in Fort Worth Texas held 7,800 meetings which produced over 9.8 million visits throughout the west and \$243 million spent over the following 18 months. She said in the 2014 Go West Summit, Pierce County held 10,000 meetings so we will see what the next 18 months brings. She said it was a huge event for the state of Washington and she was pleased to play a part in it.

Councilman Perrow said that Heritage Distilling shared they were pleased with the number of people coming through day after day that week.

Councilman Payne asked Ms. Scott to share information about what 2013's lodging tax looked like and the positive news we continue to see. Ms. Scott said that she thinks events and working with our partners and continuing to nurture the relationships is partially what contributed to this. She said that we have an economy that is recovering



but we find that travel writers, tour buyers, and those relationships helps in keeping the program alive.

Councilman Payne said we have seen a 20% increase year after year in hotel/motel tax. Dating back to 2008, which was our peak, we exceeded that in 2013 by \$12,000. He gave credit to Ms. Scott, her staff, and her predecessor.

Mayor Guernsey said we may be small but we are mighty and we have a Marketing Department and Lita Dawn Stanton who works on Special Projects and grants. She said even though we are small in number, we have the staff and have them targeted and because of that they bring in things like this. Mayor Guernsey said we will only see our numbers go up because of efforts like Ms. Scott's.

### **PUBLIC COMMENT:**

Laura Hendricks – 3919 51<sup>st</sup> Ave Ct NW. Ms. Hendricks said she represents the coalition to protect Puget Sound based out of Gig Harbor, Pierce County, and across the state. She has been here for 22 years. She said she and her members have supported what has happened here and we need economic growth. She said she has a masters in Economics and she understands that. She said we also need quality of life and there is happy medium. She said they are very concerned because they heard they had a new mayor who supposedly could take care of this job and now they are hearing that the duties of this new job cannot be done and we have to hire a new position. Ms. Hendricks said citizens are very upset about this. She said we have had mayors in the past that have been fantastic. We have had developers, environmentalists and people in between. She said they've all managed to take care of this town and grow it and they have had fights on whether we grew too fast, too slow, but things were done and we respected them and we trusted them. She said in the past two months we have seen where now building heights going up near sidewalks, contrary to what was promised that they would listen to citizens and the citizens weren't listened to and they approved it anyway. Ms. Hendricks said now we have this new position. She said we want to see Gig Harbor grow but we want sustainability. She said she just saw magazine that said Gig Harbor promotes sustainability and that's what we're all about. She said you can only bring in so many people before we turn into a Bellevue where you can't see the water because you have condos all down the streets. She said there is no doubt Gig Harbor North has plenty of money to do what they need to do. Costco, Home Depot, some of the richest corporations in the US. She said there is also Uptown, owned by the Hogan's, who are some of the richest people in the state. She doesn't see why we need to spend Gig Harbor money when you're talking about 8,500 people having to support a \$120,000 job. She said that she asks that this be looked at and look at our quality of life.

### **MAYOR'S REPORT / COUNCIL COMMENTS:**

Mayor Guernsey said they have the numbers from the Boat Show and attendance was up 2% over last year even though it was one day shorter.

Councilmember Malich said he will be traveling and will not be at the next meeting. He said he wants to vote on the issues discussed in New Business and asked if the other Councilmembers would agree to delay the vote on New Business #2 to another Council date.

Councilmember Payne said the Coyote education event that took place with West Sound Wildlife Shelter was well received and there were over 30 individuals. He said it was very informational and useful and there continues to be discussion with Terry Lee from PenMet Parks to look for a home for a satellite center. He said he will be discussing with Mayor Guernsey and the Public Works Director if there are any options here to assist them as well.

**ANNOUNCEMENT OF OTHER MEETINGS:**

1. Boards and Candidate Review Committee: Wed. Mar 12<sup>th</sup> at 4:00 p.m.
2. Finance / Safety Committee: Mon. Mar 17<sup>th</sup> at 4:00 p.m.
3. Planning/Building Committee: Special Meeting Mon. Mar 17<sup>th</sup> at 5:30 p.m.
4. Operations Committee: Thu. Mar 20<sup>th</sup> at 3:00 p.m.
5. Intergovernmental Affairs Committee: Mon. Mar 24<sup>th</sup> at 4:00 p.m.
6. Council Worksession – Hospital Benefit Zone following the 3/24 City Council meeting.
7. Please see additional meeting notices on city website

**ADJOURN:**

**MOTION:** Move to adjourn at 6:21 p.m.  
**Payne / Perrow** – unanimously approved.

CD recorder utilized: Tracks 1006 – 1038

  
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Jill Guernsey, Mayor

  
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Shawna Wise, Executive Assistant