AGENDA
GIG HARBOR CITY COUNCIL STUDY SESSION
Thursday, July 25, 2024 - 3:00 PM
Community Rooms

This meeting may also be accessed through Zoom at https://zoom.us/j/93216056382 or by calling (253) 215-8782 and entering Meeting ID 932 1605 6382.

CALL TO ORDER/ROLL CALL

DISCUSSION ITEMS

1. **Introduction of Arts Commission and Design Review Board Appointees**
   Stephanie Killilea (Arts Commission)
   Darrin Filand (Design Review Board)
   Jon Ashlock (Design Review Board)

2. **Aquifer Level Review at City Wells and PFAS Testing**
   Public Works Director Jeff Langhelm

3. **Updated Financial Policies**
   City Clerk Josh Stecker

4. **Welcome to Gig Harbor Partnership/Donation from Rotary**
   City Administrator Katrina Knutson

5. **Naming of Chuck Hunter Memorial Bridge (North Harborview Drive over Donkey Creek)**
   City Adminsitrator Katrina Knutson

ADJOURN

PUBLIC COMMENT & DECORUM

Public comment will be not be accepted at this study session.

AMERICANS WITH DISABILITIES (ADA) ACCOMMODATIONS

ADA accommodations can be provided upon request. Those requiring special accommodations should contact the city clerk at cityclerk@gigharborwa.gov or (253) 853-7613 at least 24 hours prior to the meeting.

City of Gig Harbor
City Council Agenda Bill

Meeting Date: July 25, 2024

SUBJECT: Aquifer Level Review at City Wells and PFAS Testing

SUBMITTED BY: Public Works Director Jeff Langhelm
DEPARTMENT: Public Works **PHONE:** (253) 851-6170

SUGGESTED MOTION: None.

BACKGROUND INFORMATION: The city's water system is a vital component to having a safe, healthy, and vibrant community. Therefore, it is a top priority of the city to properly maintain and plan for improvements to the city's water system.

Two ways staff meet this priority are through ongoing observation of the water system and testing of the water system. At the July 25 study session, staff will present our ongoing observations of aquifer level data and upcoming water quality testing and treatment as required by the Washington State Department of Health.

The aquifer level data will show almost a decade of monthly aquifer levels. The upcoming water quality testing and treatment will review recent testing changes involving PFAS ("forever") chemicals and potential upcoming changes to water quality requirements surrounding manganese. As noted in the department updates from the week of July 15, the city's PFAS levels were so low that they were "non-detectable".

Staff look forward to reviewing this data and the next steps with council at the July 25 meeting.

FISCAL CONSIDERATION: None.

ATTACHMENTS: None

STRATEGIC PLAN PRIORITY: Strategic Plan Priority 2- Ensure sustainable future for public services and facilities

City of Gig Harbor
City Council Agenda Bill

Meeting Date: July 25, 2024

SUBJECT: Updated Financial Policies

SUBMITTED BY: City Clerk Josh Stecker
DEPARTMENT: Administration **PHONE:** (253) 853-7613

SUGGESTED MOTION: None.

BACKGROUND INFORMATION: The city last updated its financial policies in October 2017. Since that time, the city has transitioned from a biennial budget to an annual budget and back again and the old financial policies are not consistent with current budgeting practices. Because of this, a new policy has been prepared for council's consideration.

There are a few substantive revisions to the policies:

- The Strategic Reserve Fund has been reduced in scope to provide the maximum allowed reserve for "rainy day" funding. A “rainy day” fund is limited by RCW 35A.33.145 to $0.375 per $1,000 of assessed valuation (approximately $1.8 million in 2023). This fund previously included a "strategic" portion that could be used for large expenses like land purchases. The Strategic Reserve Fund balance will be reduced from $2.63 million to $1.8 million. As a result of this change, approximately $850,000 will be transferred from the Strategic Reserve Fund to the General Fund beginning balance for 2025 to assist in funding the Civic Center HVAC.
- The Equipment Reserve Fund remains unchanged. This fund has not been used since its creation five years ago. During the 2025-26 budget process, staff will be addressing how best to employ these funds to address the city's General Fund equipment needs.
- The budget calendar has been revised to make the deadlines consistent with state law. It also clarifies the process of preparing the budget by defining the distinct steps of budget preparation: 1) proposed preliminary budget, 2) preliminary budget, and 3) final budget.

At council's direction, the revised financial polices will be adopted by resolution at a regular council meeting.

FISCAL CONSIDERATION: If adopted by resolution, the updated financial policies would reduce the amount of the Strategic Reserve Fund to approximately $1.8 million.

ATTACHMENTS:

1. DRAFT Budget and Financial Policies - 2024

2. Resolution 1095 - 2017 Financial Policies

STRATEGIC PLAN PRIORITY: Strategic Plan Priority 2- Ensure sustainable future for public services and facilities.

PURPOSE

In order to address best management practices for budgeting purposes.

POLICY

Fund Balances

- The City will maintain General Fund and Street Operating Fund undesignated balances equal to 60 days of average daily operating expenditures.
- Because budgeted capital projects are established with a contingency amount, non-enterprise capital project funds (street capital and park capital, for example) are not required to maintain an undesignated fund balance. However, pro-rata contributions from developers for future public projects must be identified and accounted for either as reserved fund balance or a current year expense in the affected capital fund.
- Fund balances in enterprise funds shall be maintained at levels established through rate studies or at levels equal to a target of 60 days of operations and maintenance expenses that are necessary to meet operating, capital, and contingency requirements.
- Balances in other funds will comply with State law and/or debt service requirements.

Reserve Fund Contributions

The city has two distinct reserve funds (aside from reserve funds required for bond issues): the Strategic Reserve Fund and the Equipment Replacement Reserve Fund. The purposes and policies of these two reserve funds are described as follows:

Strategic Reserve Fund. The Strategic Reserve Fund is established to insulate the city from revenue fluctuations, economic downturns (i.e., "rainy days"), and other contingencies such as emergencies and disasters, uninsured losses, and tax refunds.

A "rainy day" fund is limited by RCW 35A.33.145 to $0.375 per $1,000 of assessed valuation (approximately $1.8 million in 2023). The target balance for the Strategic Reserve Fund should be the maximum amount allowed.

Equipment Replacement Reserve Fund. This fund is intended to establish a reserve that will fund at least a portion of vehicles and equipment as they are replaced, thereby reducing the expenditure spikes that can otherwise occur. Only the General Fund will contribute to this fund. Enterprise funds will pay for their share of equipment and vehicles on a pay-as-you-go basis, as established and planned for in the utility rate studies. As part of the city's multi-year financial forecasting, the city administrator will recommend a target amount for this fund over multiple years, based on projected equipment and vehicle needs and life spans. Each year the city council, at its discretion, will add to and/or spend from this fund, based on the needs of the city. No spending from this fund will be authorized without city council approval. In extenuating and difficult financial times, the city council may delay vehicle and equipment purchases and transfer money from this fund back into the General Fund.

Multi-Year Forecast

Each year the city will update expenditure and revenue forecasts for the next six years. The purpose of this forecast is to determine the long-term sustainability of operational and capital programs given limited revenue streams and resources. A multi-year forecast also facilitates budget decisions and strategic planning that go beyond biennial budget horizon.

The six-year forecast shall be presented to the city council as part of the budget preparation and review process each year. The forecast shall include General, Street Operating and Capital, Park Development, Water, Sewer and Storm Funds.

Revenue Estimates

Generally, revenue estimates shall not assume growth rates in excess of inflation and scheduled rate increases. Actual revenues that are overestimates will be recognized through budgetary adjustments only after it takes place. This minimizes the likelihood of either a reduction in force or service level in the event revenues would be less than anticipated.

Budget Calendar

Cities that have adopted a biennial (two-year) budget have the same statutory deadlines as cities which budget annually, with the addition of a budget review and adjustment eight to 12 months into the first year. By law, the biennium must begin on January 1 of an odd-numbered year. The odd year procedures are listed below and are followed by procedures for the mid-year of the biennial budget.

- **Date to be determined administratively:** The city administrator submits notice to department directors to file budget narratives (functions, goals, objectives, performance measures, and staffing requests). Department directors solicit suggestions from and conduct discussions with their staff. Completed narratives and forms are returned to the finance department.

- **Second Monday in September:** The finance director submits notice to department directors to submit detailed estimates of the probable revenue from sources other than ad valorem taxation and of all expenditures required by the department for the ensuing fiscal biennium. The notice shall be accompanied by the proper forms provided by the finance director, prepared in accordance with the requirements and classification established by the state auditor (RCW 35A.34.050). Responses from department directors are due within 14 days.

- **First business day in October:** The city administrator provides the mayor with the proposed preliminary budget. The proposed preliminary budget shall set forth the complete financial program of the city for the ensuing fiscal biennium, showing the expenditure program requested by each department and the sources of revenue by which each such program is proposed to be financed.

  The revenue section shall set forth in comparative and tabular form for each fund the actual receipts for the last completed fiscal biennium, the estimated receipts for the current fiscal biennium, and the estimated receipts for the ensuing fiscal biennium, which shall include the amount to be raised from ad valorem taxes and unencumbered fund balances estimated to be available at the close of the current fiscal biennium.

  The expenditure section shall set forth in comparative and tabular form for each fund and every department operating within each fund the actual expenditures for the last completed fiscal biennium, the appropriations for the current fiscal biennium, and the estimated expenditures for the ensuing fiscal biennium (RCW 35A.34.070).

- **October:** Council holds budget study sessions based on the proposed preliminary budget. At these study sessions, council may make suggestions for inclusion in the mayor's preliminary budget.

- **November 2:** The mayor submits the preliminary budget (including the mayor's message) to the city council (RCW 35A.34.080). This budget is based on priorities established by council and estimates provided by city departments during the preceding months, prioritized and balanced with revenue estimates made by the finance director. The city clerk publishes notices of the filing of the preliminary budget and the ensuing public hearings (RCW 35A.34.100)

- **First Regular Meeting in November:** The city council conducts public hearings on revenue sources and the preliminary budget (first reading of the ordinance adopting the final budget). Council adopts a resolution certifying the Regular Ad Valorem Tax Levy upon Real Property (RCW 35A.34.090)

- **Second Regular meeting in November**: Council holds a public hearing on the final budget (second reading and adoption of the ordinance adopting the final budget). This public hearing may be continued until no later than December 7, if necessary (RCW 35A.34.110). The ordinance adopting the final budget must be approved by December 31 (RCW 35A.34.120).

Mid-biennial Budget Review
The mid-biennium review must:

- Consist of any proposed modifications to the adopted biennial budget

- Be advertised and published in a manner similar to other ordinances of the city (if it results in an ordinance)
- Include procedures for notice to the members of the council and public
- Be in the form of an ordinance (if any changes are proposed)(RCW 35A.34.130)

RESOLUTION NO. 1095

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, ESTABLISHING FINANCE POLICIES FOR BUDGETED FUND BALANCES, RESERVE FUND CONTRIBUTIONS, MULTI-YEAR FORECASTS, REVENUE ESTIMATES AND BUDGET CALENDAR.

WHEREAS, the City Council of Gig Harbor recognizes the importance of sound financial planning and clear polices and guidelines for financial management; and

WHEREAS, the City Council of Gig Harbor recognizes that it is essential for the City to maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates; and

WHEREAS, the City Council of Gig Harbor recognizes the value of reserve funds in order to mitigate unforeseen circumstances and/or opportunities; and

WHEREAS, the City Council of Gig Harbor recognizes multi-year forecasting and sound estimation of future revenues in order to identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, or community services; and

WHEREAS, the City Council of Gig Harbor desires to establish a budget process that ensures both the City Council and the citizens ample time for input into the process; now, therefore,

THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

The City Council hereby adopts the Budget and Financial Policy attached hereto as Exhibit "A" and incorporated herein by this reference as the Budget and Financial

Policy for the City of Gig Harbor.

PASSED by the City Council this 9th day of October, 2017.

APPROVED:

MAYOR, JILL GUERNSEY

ATTEST/AUTHENTICATED:

CITY CLERK, MOLLY M. TOWSLEE

APPROVED AS TO FORM;
OFFICE OF THE CITY ATTORNEY:

BY:
ANGELA G. SUMMERFIELD

FILED WITH THE CITY CLERK: 09/27/17
PASSED BY THE CITY COUNCIL: 10/09/17
RESOLUTION NO. 1095

GIG HARBOR "THE MARITIME CITY"	CITY OF GIG HARBOR – POLICIES AND PROCEDURES	
	TITLE: Budget and Financial Policies	
POLICY MANUAL SECTION & NO. F-17-01	**EFFECTIVE DATE: 10-09-17** **REVISED DATE:**	**APPROVED:**

PURPOSE

In order to address best management practices for budgeting purposes.

POLICY

Fund Balances

- The City will maintain General Fund and Street Operating Fund undesignated balances equal to 60 days of average daily operating expenditures.
- Because budgeted capital projects are established with a contingency amount, non-enterprise capital project funds (street capital and park capital, for example) are not required to maintain an undesignated fund balance. However, pro-rata contributions from developers for future public projects must be identified and accounted for either as reserved fund balance or a current year expense in the affected capital fund.
- Fund balances in enterprise funds shall be maintained at levels established through rate studies or at levels equal to a target of 60 days of operations and maintenance expenses that are necessary to meet operating, capital, and contingency requirements.
- Balances in other funds will comply with State law and/or debt service requirements.

Reserve Fund Contributions

Reserve Funds

The City has three distinct reserve funds (aside from reserve funds required for bond issues): Civic Center Debt Reserve Fund, Strategic Reserve Fund, and Equipment Replacement Reserve Fund. The Civic Center Debt Reserve Fund has been in place and accumulating since 2002, and the other two were newly established in 2011. The purposes and policies of these three reserve funds are described as follows:

Civic Center Debt Reserve Fund. The purpose of this fund is to build up a balance large enough to retire all or a significant portion of the Civic Center debt several years prior to maturity in 2026. The Civic Center bonds will be callable in 2020, at which time the City

Council may wish to retire all or a portion of the bonds, depending on the accumulated balance in the reserve fund, cost of money at the time, and/or other priorities.

Strategic Reserve Fund. The Strategic Reserve fund was established to 1) take advantage of strategic opportunities as they arise (key land purchases or matching funds for capital grants, for example); and 2) insulate the City from revenue fluctuations, economic downturns (i.e., "rainy days"), and other contingencies such as:

- Emergencies and disasters
- Uninsured losses
- Tax refunds

The "rainy day" portion of the Strategic Reserve fund is limited by RCW 35A.33.145 to $0.375 per $1,000 of assessed valuation.

The target balance for the "strategic" portion of this fund is $3,000,000.

The City may use General Fund operating revenues and undesignated fund balances to build up this fund. Each budget cycle, the City Council will establish a target amount for this fund based on a percentage of operating expenditures or some other method at the City Council's discretion.

If drawn down, the Strategic Reserve Fund rainy day balance should be replenished back to the targeted amount within three years. Spending from this fund shall not be done without City Council authorization.

Equipment Replacement Reserve Fund. This fund is intended to establish a reserve that will fund at least a portion of vehicles and equipment as they are replaced, thereby reducing the expenditure spikes that can otherwise occur. Only the General Fund will contribute to this Fund. Enterprise Funds will pay for their share of equipment and vehicles on a pay-as-you-go basis, as established and planned for in the utility rate studies. As part of the City's multi-year financial forecasting, the City Administrator will recommend a target amount for this Fund over multiple years, based on projected equipment and vehicle needs and life spans. Each year the City Council, at its discretion, will add to and/or spend from this fund, based on the needs of the City. No spending from this fund will be authorized without City Council approval. In extenuating and difficult financial times, the City Council may delay vehicle and equipment purchases and transfer money from this fund back into the General Fund.

Multi-Year Forecast

Each year the City will update expenditure and revenue forecasts for the next six years. The purpose of this forecast is to determine the long-term sustainability of operational and capital programs given limited revenue streams and resources. A multi-year forecast also facilitates budget decisions and strategic planning that go beyond biennial budget horizon.

The six year forecast shall be presented to the Council Finance & Safety Committee prior to September each year. The forecast shall include General, Street Operating and Capital, Park Development, Water, Sewer and Storm funds.

Revenue Estimates

Generally revenue estimates shall not assume growth rates in excess of inflation and scheduled rate increases. Actual revenues that are over estimates will be recognized through budgetary adjustments only after it takes place. This minimizes the likelihood of either a reduction in force or service level in the event revenues would be less than anticipated.

Budget Calendar

Cities and towns that have adopted a biennial (two-year) budget have the same statutory deadlines (see chapters 35.34 RCW and 35A.34 RCW), with the addition of a budget review and adjustment eight to 12 months into the first year. By law, the biennium must begin on January 1 of an odd-numbered year. The odd year procedures are listed below and are followed by procedures for the mid-year of the biennial budget.

- First week in May - The City Administrator submits notice to department directors to file budget narratives (functions, goals, objectives, performance measures, and staffing requests). Department directors solicit suggestions from and conduct discussions with their staff. Completed narratives and forms are returned to Finance Department.
- First week in June - The City Administrator submits notice to department directors to file budget requests and forms for funding levels and requests.
- First week in August - Department directors return appropriation requests, revenue estimates, and forms, and meet with City Administrator to discuss budget requests and review department objectives/programs.
- First week in September - City Administrator provides the Mayor with the proposed preliminary budget. The Mayor and City Council may hold a retreat to establish priorities for the upcoming budget.
- September 30 - The Mayor submits the proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by city departments during the preceding months, prioritized and balanced with revenue estimates made by the finance director.
- October (third Monday and Tuesday) - The Council holds budget study sessions.
- November (regular Council meetings) - The Council conducts public hearings on the proposed budget.

- Prior to December 31 - The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget.

The mid-biennium review must:

- Consist of any proposed modifications to the adopted biennial budget
- Be advertised and published in a manner similar to other ordinances of the city (if it results in an ordinance)
- Include procedures for notice to the members of the council and public
- Be in the form of an ordinance (if any changes are proposed)

Guild Negotiations

In recognition of the fact that employee compensation is a significant and ever increasing portion of the City's annual expenditures, the City Administrator shall meet with the City Council, or a designated representative thereof, prior to initiating negotiations with the employee guilds. The City Council, or Council Representative, shall be included in all subsequent negotiations.

City of Gig Harbor
City Council Agenda Bill

Meeting Date: July 25, 2024

SUBJECT: Welcome to Gig Harbor Partnership/Donation from Rotary

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SUBMITTED BY: City Administrator Katrina Knutson
DEPARTMENT: Administration **PHONE:** (253) 851-6127

SUGGESTED MOTION: None.

BACKGROUND INFORMATION: The city has been approached by the Rotary Club of Gig Harbor about a potential donation to create a Welcome to Gig Harbor entrance at the intersection of Pioneer Way and Stinson Avenue. The area would provide a welcoming entrance to the city and include features like a brand new City of Gig Harbor sign, a walking path, native plantings, benches, service club recognition signage, and a flagpole. A preliminary proposed design for the area is attached to this agenda bill.

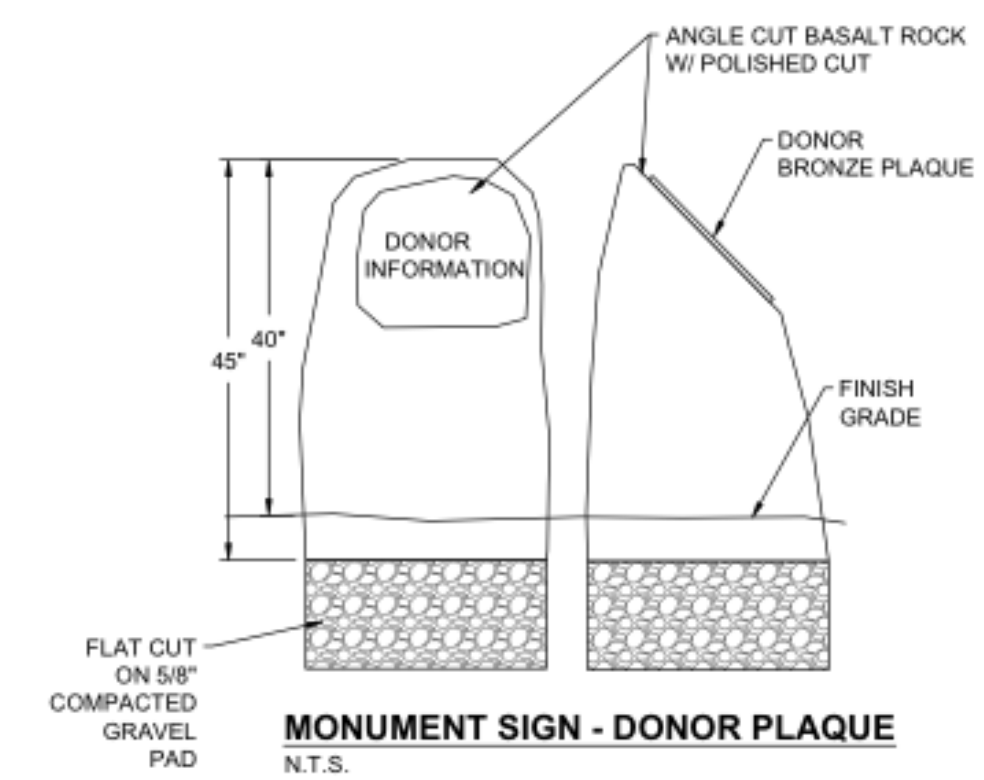
Public works and administration staff have been in discussion with Rotary on this proposal for the past 3 months and support moving forward with a donation agreement.

FISCAL CONSIDERATION: The entire park would be funded by a donation from the Rotary Club of Gig Harbor. If council approves moving forward toward accepting this donation, staff would prepare a formal donation agreement for council to approve at a future regular meeting.

ATTACHMENTS:
1. Proposed Design Concept

STRATEGIC PLAN PRIORITY: Strategic Plan Priority 6 - Provide a safe, healthy, and inclusive community

PLANT LEGEND			
SHRUBS & GROUND COVERS			
SYMBOL	QTY	DESCRIPTION	SIZE
	30	Berberis thunbergii 'atrupurpurea' Purple Japanese Barberry	1 Gal. Min.
Misc. Landscape			
	9	1Man Basalt ledge Stone	
	2	Engraved Plaque on angle cut basalt base column	
	417	Pea Gravel at Dry Streambed - rearrange existing dry stream bed to shown layout and add pea gravel down center, 4" depth, 417 sf	
	1557	5/8" Minus Gravel Pathway, 4" Depth	



MONUMENT SIGN - DONOR PLAQUE

N.T.S.

WELCOME TO GIG HARBOR - CONCEPT SIGNAGE

811
Know what's **below.**
Call before you dig.

SIGNAGE & FLAGPOLE PLAN

N

GRAPHIC SCALE
(IN FEET)
1 inch = 10 ft.

Nature By Design
Landscape Architecture
1320 Alameda Avenue, Suite B, Fircrest, WA 98466
www.naturebydesigninc.com
253.460.6067

WELCOME TO GIG HARBOR PARK
INTERSECTION OF PIONEER WAY AND STINSON AVE
GIG HARBOR, WA
GIG HARBOR ROTARY

REVISIONS:

DRAWING ISSUED FOR:
COMMITTEE REVIEW
DATE: JUNE 24, 2024

STATE OF WASHINGTON
LICENSED LANDSCAPE ARCHITECT

PROJECT NO:	2472
FILE NAME:	2472LSC
DRAWN BY:	EMK
CHECKED BY:	KLO
X-REFS:	CIVIL
PLOT SCALE:	1:1
DRAWING SCALES:	1:10

DRAWING CONTENTS

WELCOME TO GIG HARBOR SIGNAGE & FLAGEPOLE PLAN

DRAWING NO.:

L1

1 OF 1

ORIG. SHEET SIZE 22X34