

AGENDA
GIG HARBOR CITY COUNCIL MEETING
Monday, September 14, 2026 - 5:30 PM
Council Chambers

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. Please see the public comment & decorum section at the end of this agenda for information on options for making public comments.

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

LAND ACKNOWLEDGMENT

Before we begin this council meeting we would like to recognize that we are gathered on not only the ancestral and traditional lands of the sx̣wəbabč band of the Puyallup Tribe of Indians, but also on the site of one of the largest and longest standing historic villages of their people, the original inhabitants of the Gig Harbor area.

CHANGES TO THE AGENDA

PRESENTATIONS

1. Employee of the Quarter Recognition
2. Constitution Week Proclamation
3. State of the Library Update

PUBLIC COMMENT ON CONSENT AGENDA ITEMS

CONSENT AGENDA

1. City Council Minutes: June 18, 2026; June 22, 2026; July 13, 2026; July 16, 2026; July 27, 2026; July 30, 2026; August 10, 2026
2. Approval of Vouchers: AP check numbers 203064 thru 203152 and ACH payments in the amount of \$1,141,953.68
3. Approval of Payroll
4. Professional Services Contract Amendment #1 - Wastewater Treatment Plant Digester Upgrade

5. **Joint Use Agreement with Gig Harbor Fire & Medic One for Spill Response Trailer**
6. **AWC Alternate Response Team Grant Contract**
7. **Adoption of Interlocal Agreement with Washington Cities Insurance Authority**

MAYOR'S REPORT

CITY ADMINISTRATOR'S REPORT

1. **Department Updates**

BUSINESS ITEMS

1. **First Reading of Ordinance 1566 Adopting a Multi-Family Tax Exemption (MFTE) Program**
Suggested Motion: Consider the ordinance at second reading.
 - a. Staff Report: Housing, Health, and Human Services Program Manager, Shealynn Smiley, MSW
 - b. Clarifying Questions
 - c. Public Comment
 - d. Council Deliberation and Action

PUBLIC COMMENT ON NON-AGENDA ITEMS

COUNCIL REPORTS/ COMMENTS

ANNOUNCEMENT OF UPCOMING MEETINGS

1. **Upcoming City Meetings**

ADJOURN

PUBLIC COMMENT & DECORUM

PUBLIC COMMENT & DECORUM

The city council wants to hear from the public as much as possible. However, the business of the city must proceed in an orderly, timely manner. The primary purpose of council meetings is to conduct the city's business so we have created a variety of ways the community can make their voices heard. Monday city council meetings are just one opportunity. These guidelines are designed to make sure every person who wants to be heard has both the opportunity to be heard and feels welcome to do so.

We receive comments three ways:

1. During council meetings
2. During council study sessions.
3. Email mayorandcouncil@gigharborwa.gov at any time about any issue. This email goes to the elected officials and leadership at the city.

Public Comment at City Council Meetings

We welcome comment at Council meetings during three specific times: 1) prior to approval of the consent agenda (about the consent agenda); 2) prior to deliberation on each business item and 3) at the end of each business session (about any item that concerns you).

When the mayor calls for public comment, please come to the front of the room (or raise your hand on Zoom). When it's your turn, we'll ask you to tell us your name and connection to the issue you want to discuss. You'll then have a maximum of three minutes to speak.

Unfortunately, this isn't a time for dialogue, but a staff person or councilmember may be available to talk with you at a break or after the meeting.

Additional guidelines

- Anyone making "out of order" comments may be subject to removal from the meeting.
- Please address your remarks to the city council as a body and not to any specific individual.
- Please be courteous and not engage in derogatory remarks or insinuations.
- No demonstrations, including clapping, are allowed.

Email

You are welcome to email the mayor and councilmembers about any issue facing the city by writing to the address above. Do remember that council sets the policy direction while city departments execute those decisions. A series of online reporting tools might help you resolve an issue more quickly, so check them out too: <https://www.gigharborwa.gov/146/Submit>

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: September 14, 2026

SUBJECT: Professional Services Contract Amendment #1 - Wastewater Treatment Plant Digester Upgrade

SUBMITTED BY: Marcos McGraw

DEPARTMENT: Public Works

PHONE: ###-####

SUGGESTED MOTION: Authorize the Mayor to execute Amendment #1 to the Professional Services Contract with Carollo Engineers, Inc. for design effort related to the city's proposed NPDES permit in an amount not to exceed \$83,469.00.

BACKGROUND INFORMATION: On December 6, 2023, City council approved a professional services contract with Carollo Engineers, Inc. (Carollo) to provide engineering services related to analysis and design of improvements to optimize the aerobic digester at the Wastewater Treatment Plant. This work is related to the city's NPDES wastewater discharge permit that is implemented by the Washington State Department of Ecology and specifically optimization of nutrient removal at the wastewater treatment plant. The proposed amendment #1 to the professional services contract directs Carollo to:

- Proceed with paying their sub-contractor for unplanned electrical services related to the digester upgrade design.
- Support to provide additional wastewater treatment plant nutrient design information, review and comment on new nutrient requirements added to the wastewater NPDES permit draft.

Previous NPDES permits have not contained total inorganic nitrogen (TIN) discharge limits. The draft permit, which is now out for public comment, has a total limit of 23,591 lbs/year for TIN. In 2025, the treatment plant discharged 23,732 lbs of TIN and is on track in 2026 to meet or exceed the limit of 23,591 lbs of TIN. This is a relatively low discharge of TIN as the city's treatment plant is designed for TIN removal.

The support by Carollo will assist wastewater staff to determine the current TIN removal capability of the Gig Harbor treatment plant and to verify that the treatment plant is already very efficient at TIN removal. Staff anticipates Carollo can justify the need to increase the draft permit limit of TIN to the level the treatment plant was designed. Should the TIN limit be implemented as established in the draft permit, the capital cost for the near future is not yet known. This is also a topic which staff will be discussing with Carollo.

FISCAL CONSIDERATION: The project is included in the 2025-26 Budget, under the Wastewater Capital Fund as objective 4 "Wastewater Treatment Plant Digester Upgrades/Centrifuge Ammonia Control". Amendment #1 eliminates Tasks 400 and 500 from the contract and allocates the associated funds to this amendment. A budget

summary is shown in the table below:

2025-26 Budget	
Project Funding:	
Wastewater Capital (Objective #4 – digester upgrades)	\$ 3,400,00.00
Total 2025-26 Budget:	\$3,400,000.00
Project Expenses:	
Professional Services Contract – Carollo / design contract [previously awarded]	(\$468,150.00)
Professional Services Contract – Carollo / Amendment #1	(\$83,469.00)
Total Project Expenses:	(\$551,619.00)

Expenditure Required: \$ 83,469.00	Amount Budgeted: \$ 3,400,000.00	Appropriation Required: \$
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ATTACHMENTS:

1. CAROLLO AMEND 1_DRAFT-MC
2. Carollo_Amendment1_scope & fee

STRATEGIC PLAN PRIORITY: Ensure sustainable future for public services and facilities.

**FIRST AMENDMENT
TO
PROFESSIONAL SERVICES CONTRACT
BETWEEN THE CITY OF GIG HARBOR AND
CAROLLO ENGINEERS, INC.**

THIS FIRST AMENDMENT is made to that certain Professional Services Contract dated December 6th (the "Agreement"), by and between the City of Gig Harbor, a Washington municipal corporation (hereafter the "City"), and Carollo Engineers, INC. a California corporation organized under the laws of the State of Washington (hereafter the "Consultant").

RECITALS

WHEREAS, the City is presently engaged in completing the Wastewater Treatment Plant Aerobic Digesters Upgrade, CIP-2314 and desires to extend consultation services in connection with the project; and

WHEREAS, section 17 of the Agreement requires the parties to execute an amendment to the Agreement in order to modify the scope of work to be performed by the Consultant and to amend the amount of compensation paid by the City;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties in this Amendment as follows:

1. Scope of Work. Section 1 of the Agreement is further amended to add the work as shown in **Exhibit A**, attached to this Amendment and incorporated herein.

2. Payment. Section 2(A) of the Agreement is amended to increase compensation to the Consultant for the work to be performed as described in **Exhibit A** in an amount not to exceed **Eighty-Three Thousand, Four Hundred Sixty-Nine Dollars and No Cents (\$83,469.00)**, as shown in **Exhibit B**, attached to this Amendment and incorporated herein for a total contract amount of **\$551,619.00.**

3. Duration of Work. Section 3 of the Agreement is amended to extend the duration of this Agreement to **December 31, 2027**.

[Remainder of page intentionally left blank]

EXCEPT AS EXPRESSLY MODIFIED BY THIS AMENDMENT, ALL TERMS AND CONDITIONS OF THE AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have executed this Agreement on _____.

CONSULTANT

CITY OF GIG HARBOR

By: _____
Its Principal

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

AMENDMENT NO. 1 TO TASK ORDER NO. 1

CITY OF GIG HARBOR

OWNER

AND

CAROLLO ENGINEERS, INC.

ENGINEER

EXHIBIT A

Wastewater Treatment Plant Aerobic Digesters Upgrade

(Project)

PURPOSE

The purpose of this Amendment No. 1 of Task Order No. 1 is to:

1. Provide review of the proposed National Pollutant Discharge Elimination System (NPDES) Permit draft for the City of Gig Harbor (City).
2. Additional design services by Advanced Industrial Automation (AIA) for the preparation of the electrical and instrumentation Contract Documents.
3. Extension of project management for the extended contract period.

ENGINEER'S SERVICES

Task 100 - Project Coordination

- Additional effort added for extension of Permit Review Support efforts.
- Assumes three months of additional effort in coordination with internal team, Owner, and preparation of monthly invoices.

Task 200 - Basis of Design

No changes to this task as part of Amendment No. 1.

Task 300 - Design Development

- Additional effort was not anticipated for the preparation of the electrical and instrumentation design documents including the following:
 - » Extensive investigation and correction of the existing one line diagrams.
 - » Inclusion of a block diagram drawing and process control description to account for Neuros Master Control Panel, including associated internal meetings and coordination.
 - » Additional effort to include the actual locations of existing electrical panels in the blower room to allow for replacement and addition of new HVAC equipment and control panels.
- Increase funds from \$329,100 to \$359,580 to provide AIA \$30,480. No additional effort assumed for Carollo Engineers (Carollo).

Task 400 - Bid Period Support

This task is removed from the scope of work. Funds for this task are reallocated to design development scope.

Task 500 - Management Reserve

This task is removed from the scope of work. Funds for this task are reallocated to design development scope.

Task 600 - Permit Review Support

Subtask 601 - Review Agency Draft

- Data Analysis:
 - » Review City process data to evaluate implication and accuracy of the effluent total inorganic nitrogen (TIN) load cap proposed by the Washington State Department of Ecology (Ecology).
 - » Document summary of findings in an email to the City.
- Owner and Agency Meetings:
 - » Meet with the City to review topics for an Agency Review draft comment letter to Ecology.
- Draft Permit Comments:
 - » Prepare draft permit comment letter.

Subtask 602 - Public Comment Period Support

- Data Analysis:
 - » Assumes 20 hours to review any additional data provided by the City.
- Process Modeling:
 - » Assume up to 140 hours to develop/refine process models to evaluate implication of TIN load cap under future conditions and to establish the design basis for nitrogen removal for the plant as required in the current Draft NPDES permit.
 - Adjust model calibration if necessary to match current measured effluent TIN concentrations
 - Assumes that up to four models will be developed: (1) Current conditions; (2) 2035 with digester improvements and (3) 2035 without digester improvements and (4) 2035 without digester improvements with all anoxic zones in service.
 - Establish the effluent TIN concentration achievable with the current aeration basin configuration taking into account variability in influent data.
 - » Document findings of process modeling in an email to the City. Not while the intent of this effort is to help the City establish the effluent TIN concentrations achievable with the current plant, this effort does not include the time required to update the engineering report with the new design basis.
- Quality Assurance (QA)/Quality Control (QC):
 - » QA/QC BioWin process model runs.

- Owner and Agency Meetings:
 - » Assumes five meetings with up to two staff to review findings and to develop the Agency Review draft comment letter as follow:
 - Meeting to discuss planned model runs.
 - Meeting to discuss potential Agency Review draft comments.
 - Meeting to discuss modeling results.
 - Meeting to discuss draft Agency Review comments.
 - Meeting with Ecology (if needed).
 - » Meetings will be virtual and include Senior Process Analyst.
 - » Meeting minutes will be prepared by Carollo.
- Permit Comments
 - » Prepare draft and final permit comments.

Subtask 603 - Miscellaneous Services

- Assumes 24 additional hours from Senior Process Analyst to support the City when requested by City.

TIME OF PERFORMANCE

The scope of the work will be performed by December 31, 2026.

BUDGET

The Project budget is increased from \$468,150 to \$551,619 and represents an increase of \$83,469 as part of this Amendment.

EXHIBIT B

Task	Project Manager	Design Manager I	Senior Professional	Professional	Staff Professional	Document Processing II	Total Hours	Labor Fee	ODC	AIA	Markup	Project Fee
	\$350	\$275	\$325	\$245	\$206	\$176						
100 - Project Coordination	8	16				4	28	\$7,904	\$0	\$0	\$0	\$7,904
200 - Basis of Design								\$0	\$0	\$0	\$0	\$0
300 - Design Development								\$0	\$0	\$30,480	\$0	\$30,480
400 - Bid Period Support								-\$12,965	\$0	\$0	\$0	-\$12,965
500 - Management Reserve								-\$15,000	\$0	\$0	\$0	-\$15,000
600 - Permit Review Support	20		84	150	8	2	264	\$73,050	\$0	\$0	\$0	\$73,050
601 - Review Agency Draft	4		12				16	\$5,300	\$0	\$0	\$0	\$5,300
601.1 - Data Analysis, Meetings, Permit Comments	4		12				16	\$5,300	\$0	\$0	\$0	\$5,300
602 - Public Comment Period	16		64	142		2	224	\$61,542	\$0	\$0	\$0	\$61,542
602.1 - Data Analysis			20				20	\$6,500	\$0	\$0	\$0	\$6,500
602.2 - City Meetings (4)	2		8	6			16	\$4,770	\$0	\$0	\$0	\$4,770
602.3 - Agency Meeting (1)	2		2				4	\$1,350	\$0	\$0	\$0	\$1,350
602.4 - QA QC	10		10				20	\$6,750	\$0	\$0	\$0	\$6,750
602.5 - Process Modeling			20	120			140	\$35,900	\$0	\$0	\$0	\$35,900
602.6 - Permit Comments	2		4	16		2	24	\$6,272	\$0	\$0	\$0	\$6,272
603 - Unanticipated Services			8	8	8		24	\$6,208	\$0	\$0	\$0	\$6,208
TOTAL - Amendment	28	16	84	150	8	6	292	\$52,989	\$0	\$30,480	\$0	\$83,469
TOTAL - Previous Contract												\$468,150
TOTAL - All Contracts and Amendments												\$551,619



**City of Gig Harbor
City Council Agenda Bill**

Meeting Date: September 14, 2026

SUBJECT: Joint Use Agreement with Gig Harbor Fire & Medic One for Spill Response Trailer

SUBMITTED BY: City Clerk Tiffany Aliment, CMC

DEPARTMENT: Administration

PHONE: 851-6137

SUGGESTED MOTION: Move to authorize the mayor to execute a Joint Use Agreement with Gig Harbor Fire and Medic One for the shared use of the city's oil spill response trailer.

BACKGROUND INFORMATION: During the 2006 supplemental legislative session, Ecology was provided funds to supply oil spill response equipment to local jurisdictions, tribes, and ports in the state of Washington. The intent of the grant was to enhance the availability of oil spill response equipment around the state and to provide local governments the opportunity to protect their communities and priority resources. The city was granted a spill response trailer from the Department of Ecology in 2006.

Because Gig Harbor Fire and Medic One serves as a primary emergency response agency in the Gig Harbor community and has personnel trained and equipped to respond to emergency incidents, and because it is in the best interest of the community, city staff and fire district staff desire to share this asset.

FISCAL CONSIDERATION: N/A

ATTACHMENTS:

1. City-Fire Department Trailer Joint Use Agreement 2026
2. City-DOE Agreement

STRATEGIC PLAN PRIORITY: Provide a safe, healthy, and inclusive community
Promote environmental sustainability and preserve Gig Harbor's natural beauty

CITY OF GIG HARBOR & GIG HARBOR FIRE & MEDIC ONE
OIL SPILL RESPONSE TRAILER USE AGREEMENT

THIS JOINT USE AGREEMENT ("Agreement"), is entered into effective this _____ day of _____, 2026 ("Effective Date"), by and between the City of Gig Harbor ("City"), a Washington municipal corporation, and Gig Harbor Fire & Medic One ("Department"). The City and the Department are individually a "Party" and collectively the "Parties."

RECITALS

WHEREAS, the City owns a Department of Ecology ("DOE") Oil Spill Response Trailer ("Trailer") pursuant to a grant agreement between the City and DOE; and

WHEREAS, the Department desires to use the Trailer from time to time for specific purposes in providing its services to the City and community; and

WHEREAS, the Parties desire to establish terms and conditions governing the joint use and maintenance of the Trailer;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. **Term.** This Agreement shall commence on the Effective Date and shall remain in effect for a period of one (1) year (the "Initial Term"), unless terminated earlier in accordance with the provisions of this Agreement. Upon expiration of the Initial Term, this Agreement will automatically renew for one (1) year terms ("Renewal Term") unless either Party provides written notice of its intent not to renew to the other Party at least sixty (60) days prior to the expiration of the then-current term.
2. **Termination.** Either Party may terminate this Agreement with or without cause by providing written notice of termination to the other Party at least sixty (60) days prior to the termination date.
3. **Use of Trailer.** The City hereby grants the Department non-exclusive use of the City-owned Trailer twenty-four (24) hours a day, seven (7) days per week, except as otherwise stated herein. The Department may use the Trailer for oil spill response and cleanup. The Department shall coordinate use with the City in advance unless the use of the trailer is in the course of an incident response. If

advanced notice isn't possible because of an incident response, notification to the city shall happen within 24 hours of such use. The City's use shall be prioritized over the Department's use, but all such use shall be coordinated between the Parties. The Department's use shall comply with any conditions imposed on the City through the City's grant agreement with DOE.

4. **Ownership.** The Trailer is and shall remain the sole property of the City. The Department shall not encumber or transfer possession of the Trailer to any third party without the City's prior written consent.
5. **Maintenance and Inspections.** The Department shall be responsible for all routine inspections of the Trailer whenever the Trailer is in the Department's custody. When the Trailer is used by the Department, the Department agrees to return the Trailer in the same condition as prior to its use. Durable equipment will be cleaned and decontaminated and expendable equipment will be replaced at no expense to the City. The City will remain responsible for the regular maintenance of the Trailer.
6. **Responsibility for Damage.** The Department is responsible for any damage to the Trailer occurring while the Trailer is in its custody, except ordinary wear and tear. If damage to the Trailer occurs while the Trailer is in the Department's custody, at the City's election the Department shall either repair the Trailer to its pre-damage condition or reimburse the City for the reasonable cost of repair.
7. **Accident and Damage Reporting.** The Department shall report any accident, incident, or damage involving the Trailer to the City's designated contact within twenty-four (24) hours, or as soon as reasonably practicable. Reports shall include: (a) date, time, and location; (b) description of the incident or damage; (c) contact information for any individuals involved or witnessing the incident; and (d) any law enforcement report number, if applicable. The Department shall cooperate with the City and any applicable insurer in investigating any resulting claim. The City's designated contact is Tiffany Aliment, City Clerk, 253-851-6137, taliment@gigharborwa.gov.
8. **Insurance.**
 - a. The Department shall maintain self-insurance or participation in a Washington risk pool that provides combined single limit commercial auto liability insurance with limits not less than \$1,000,000.00 per occurrence. Such coverage shall apply to liability arising out of the ownership, maintenance, or use of owned, hired, and non-owned automobiles,

including the towing and use of the Trailer. Upon request, the Department shall provide the City with proof of such coverage or risk pool participation.

- b. At any time the Trailer is being towed, the vehicle insurance or coverage of the Party operating the towing vehicle is primary with respect to any claims arising from that use.

9. Indemnification. To the fullest extent permitted by law and consistent with RCW 4.24.115, each Party shall indemnify, defend, and hold harmless the other Party from all third party claims and losses to the extent arising out of (a) a Party's negligence or willful misconduct in performing any of its obligations under this Agreement, or (b) a material breach by a Party of any of its representations, covenants, or agreements under this Agreement. This provision shall survive termination of this Agreement.

10. Entire Agreement; Amendment. This Agreement, including any exhibits attached hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, representations, and understandings. This Agreement may be amended only by mutual written agreement of both Parties.

11. Governing Law. This Agreement shall be governed by the laws of the State of Washington and any lawsuit shall be brought in Pierce County Superior Court.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives effective as of this _____ day of _____, 2026 ("Effective Date").

CITY OF GIG HARBOR

GIG HARBOR FIRE AND MEDIC ONE

Mary Barber, Mayor

Nick Langlow, Deputy Chief of Operations

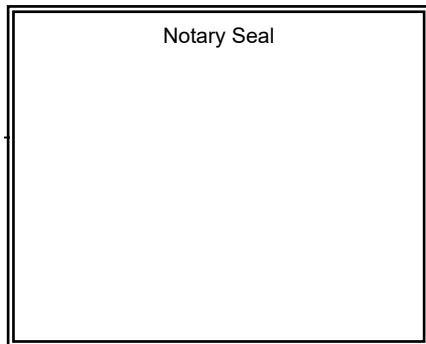
Date: _____

Date: _____

STATE OF WASHINGTON)
COUNTY OF PIERCE) ss.

I certify that I know or have satisfactory evidence that Mary Barber is the person who appeared before me, and that she acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Mayor of the City of Gig Harbor to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202_.



Notary Signature: _____

Printed Name: _____

Notary Public for the State of Washington

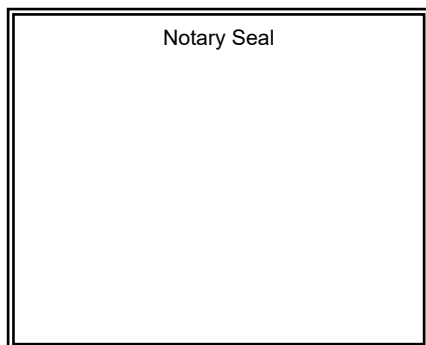
Residing In: _____

My Commission Expires: _____

[illegible]

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and that s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of the Gig Harbor Fire Department to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202_.



Notary Signature: _____

Printed Name: _____

Notary Public for the State of Washington

Residing In: _____

My Commission Expires: _____

OCT 17 2006

SPILLS PROGRAM

RECEIVED
CITY OF GIG HARBOR
12 22 06
COMMUNITY
DEVELOPMENT

GRANT NO. G0700104

Between

THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY

And

THE CITY OF GIG HARBOR

Project: Oil Spill Response Equipment

This is a binding agreement entered into by and between, the State of Washington Department of Ecology, (PO Box 47600, Olympia, Washington, 98504-7600) hereinafter referred to as "ECOLOGY", and the City of Gig Harbor, hereinafter referred to as the "RECIPIENT". The RECIPIENT agrees to carry out the activities described herein.

RECIPIENT Name: City of Gig Harbor

Address: 3510 Grandview Street, Gig Harbor, WA 98335

RECIPIENT Project Coordinator: Dick Bower

Telephone Number: (253) 851-6170

Fax Number: (253) 858-6408

E-mail: bowerd@cityofgigharbor.net

RECIPIENT Billing Contact: David Rodenbach

Telephone Number: (253) 851-8136 x. 222

Billing Address: 3510 Grandview Street, Gig Harbor, WA 98335

RECIPIENT Federal Tax Identification No.: 91-6001345

For the purpose of this agreement:

ECOLOGY Project Lead: David Byers

Telephone Number: (360) 407-6974

E-Mail: dbye461@ecy.wa.gov

ECOLOGY Billing Contact: Sarah Boyle

Telephone Number: (360) 407-6086

E-mail: sboy461@ecy.wa.gov

Billing Address: Department of Ecology

P.O. Box 47600

Olympia, WA 98504-7600

FUNDING SUMMARY

The source of funds provided by ECOLOGY is the Local Toxics Control Account.

MAXIMUM ELIGIBLE PROJECT COST: \$22,000

STATE MAXIMUM COST SHARE RATE: 100%

MAXIMUM STATE SHARE \$22,000

EFFECTIVE DATE AND EXPIRATION DATE

The EFFECTIVE DATE of this grant is the date signed by both parties. Any work performed prior to the effective date of this agreement will be at the sole expense and risk of the RECIPIENT. The project described herein must be completed on or before June 30, 2007.

THE EXPIRATION DATE of this agreement is June 30, 2007.

SCOPE OF WORK

During the 2006 supplemental legislative session, ECOLOGY was provided funds to supply oil spill response equipment to local jurisdictions, tribes, and ports in the state of Washington. The intent of this grant is to enhance the availability of oil response equipment around the state and to provide local governments an opportunity to protect their communities and priority resources. The purpose of this grant is to provide funding to access a contractor to supply an Ecology-specified equipment packaged with oil containment boom and support equipment and to provide training to local jurisdictions on its use.

The Department of Ecology will provide grant funding specifically to purchase oil spill supplies and equipment from Global Diving and Salvage who was the successful bidder of a Ecology-administered competitively bid contract. The RECIPIENT will own the equipment and may use it without obligation or limitation. The RECIPIENT is responsible for licensing, care, maintenance, repair and replacement of the equipment provided under this agreement. The Recipient must notify Ecology of the location of the equipment, and provide a means for Ecology to access the equipment in the event of a spill where the equipment is not being used by the RECIPIENT.

Functional or operational equipment provided under this agreement may not be re-sold. If the RECIPIENT decides to no longer participate in oil spill response with the equipment provided under this agreement, the equipment will be returned to the Department of Ecology.

If response equipment is used for an oil spill and the Department of Ecology is notified promptly and participates in the spill response and cleanup effort, Ecology agrees to make reasonable efforts to replace any expendable equipment at the expense of the responsible party (spiller).

The RECIPIENT agrees to make reasonable efforts to notify Ecology when the equipment is used in conjunction with an oil spill response. The RECIPIENT also agrees to notify Ecology if the equipment is relocated to a different storage location within the jurisdiction.

If the RECIPIENT is not using the equipment and the equipment is necessary for oil spill response activities in a nearby jurisdiction, the RECIPIENT agrees to allow Ecology, its agents and/or contractors under the direction of Ecology to access the equipment. When the equipment is used by Ecology, its agents or contractors, Ecology agrees to return the equipment in the same condition as prior to its use. Durable equipment will be clean and decontaminated and expendable equipment will be replaced at no expense to the RECIPIENT.

The RECIPIENT shall furnish the necessary personnel, equipment, material and/or service(s) and otherwise do all things necessary for or incidental to the deploying of this equipment provided in this agreement.

Project Tasks:

Task 1 - Place Order for response equipment with Global Diving and Salvage

- 1.1 Place order per Ecology specifications
- 1.2 Take receipt of equipment; notify Ecology of location
- 1.3 Send invoice to Ecology

Deliverable(s) Oil Spill Response Equipment

Due Date(s) By May 31, 2007

Estimated Cost: \$22,000

Task 2 - Schedule training with Global Diving and Ecology

- 2.1 Finalize training schedule
- 2.2 Ensure key response staff receive training
- 2.3 Submit report to Ecology with names of trained staff and type of training received

Deliverable(s) Training report

Due Date(s) June 30, 2007

Estimated Cost: Included in Task 1 above

WORK PRODUCTS

Copies of any documents or reports produced by the RECIPIENT and any work products developed under this grant shall be sent to the following ECOLOGY address:

Attn.: Dave Byers
Washington State Department of Ecology
PO Box 47600
Olympia, WA 98504-7600

Two (2) copies of all work products as specified in the scope of work, unless otherwise specified. Electronic copies should be submitted if available.

BUDGET CONDITIONS and PAYMENT TERMS

Budget Conditions

Regardless of the number of tasks or objects, Ecology's Fiscal Office will track the budget at the PROJECT LEVEL.

For the administration of this agreement the RECIPIENT shall follow the "Administrative Requirements for Ecology Grants and Loans", current edition.

For this grant, the eligible grant amount will be paid on a cost-reimbursement basis. Requests for reimbursement shall be submitted at least quarterly but not more often than once per month by the RECIPIENT on state invoice voucher forms. Payment requests are to include at a minimum Form A19-1A "Invoice Voucher" and a purchase order or vendor invoice sufficient to show the order date and total amount due for the spill response equipment, supplies and training.

Payment Terms

ECOLOGY will issue payments of grant funds within 30 days of receipt of properly completed A19-1A state invoice vouchers. Upon completion of the project, unused grant dollars will be returned to the Department of Ecology for use on other eligible projects.

SPECIAL TERMS and CONDITIONS

A. ACCESS TO RECORDS AND RIGHT TO AUDIT

a. The RECIPIENT agrees that the Auditor for the State of Washington shall, until the expiration of three (3) years after expenditure of funds under this grant, have access to and the right to examine any directly pertinent books, documents, papers, and records of the RECIPIENT involving transactions related to this grant. The RECIPIENT agrees to include the substance of this paragraph into all grants and subcontracts payable from contract funds in whole or in part.

b. The RECIPIENT agrees that payment(s) made under this grant shall be subject to reduction for amounts charged thereto which are found after audit examination not to constitute allowable costs under this grant. The RECIPIENT shall refund by check payable to ECOLOGY the amount of such reduction of payments under completed or terminated grants.

B. MAINTENANCE OF RECORDS

All required records shall be maintained until a state audit is completed and all questions arising from it are resolved, or three (3) years after completion of a project, whichever is sooner.

C. VENDOR SELECTION

ECOLOGY has selected Global Diving and Salvage through a formal competitive bid process, to be the supplier for this grant. ECOLOGY expressly authorizes the RECIPIENT to adopt its formal bid process in order to purchase the specified equipment pursuant to this grant.

D. FINANCIAL GUIDELINES

The RECIPIENT shall comply with ECOLOGY'S current edition of the "Administrative Requirements for Ecology Grants and Loans." The RECIPIENT shall be responsible for maintaining appropriate financial records throughout the life of the project and in accordance with these guidelines.

E. PAYMENT REQUESTS

Payment will be made to the RECIPIENT for the grant amount upon execution of the grant agreement and receipt of a signed Invoice Voucher (A19-1A).

Complete backup documents (to include but not limited to all invoiced costs, time sheets [signed and dated by both employee and supervisor], etc.) MUST be maintained by the RECIPIENT. These expenses will be kept in grant files according to budget task for a period of three years after project completion and made available at any time for inspection by ECOLOGY.

F. FAILURE TO COMMENCE WORK

In the event the RECIPIENT fails to commence work on the project funded herein within four months after the effective date of the grant agreement, or by any date mutually agreed upon in writing for commencement of work, ECOLOGY reserves the right to terminate this agreement.

G. GRANT CLOSEOUT

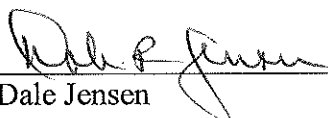
All products for this project shall be submitted to ECOLOGY on or before June 30, 2007.

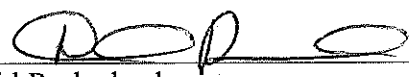
H. ALL WRITINGS CONTAINED HEREIN

This agreement, the appended "General Terms and Conditions", and ECOLOGY's current edition of "Administrative Requirements for Ecology Grants and Loans", contains the entire understanding between the parties, and there are no other understandings or representations except those set forth or incorporated by reference herein. No subsequent modification(s) or amendments to this agreement shall be of any force or effect unless in writing, signed by authorized representatives of the RECIPIENT and ECOLOGY and made a part of this agreement; EXCEPT a letter amendment will suffice to change ECOLOGY's Project Officer or the RECIPIENT's Project Coordinator, or to extend the period of performance as set forth in the agreement.

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

City of Gig Harbor

 10-25-06
Dale Jensen Date
Program Manager
Spill Preparedness, Planning and
Response Program

 10/16/06
David Rodenbach Date
Finance Director

Approved as to form only
Assistant Attorney General

Federal ID Number: 91-6001435



**City of Gig Harbor
City Council Agenda Bill**

Meeting Date: September 14, 2026

SUBJECT: AWC Alternate Response Team Grant Contract

SUBMITTED BY: Housing, Health, and Human Services Program Manager Shealynn Smiley, MSW

DEPARTMENT: Administration

PHONE: (253) 530 - 7070

SUGGESTED MOTION: Move to approve the Mayor to sign the AWC Alternate Response Team Grant Contract.

BACKGROUND INFORMATION: The City has been awarded an Alternate Response Team Grant (\$65,000) through the Association of Washington Cities (AWC) to partially fund a behavioral health co-response position and support the continued development of a robust alternative response program within the City's Housing, Health, and Human Services (H3) Program.

The program is designed to work in partnership with the Gig Harbor Police Department to provide a coordinated, trauma-informed response to individuals experiencing behavioral health, housing, and other complex social service needs. By connecting individuals with appropriate resources and engaging them in longer-term services and supports, the program seeks to reduce reliance on 911 and emergency response systems, improve outcomes for individuals and families, and reduce repeat contacts and recidivism.

Approval of the grant contract will allow the City to accept the awarded funding and continue building a sustainable co-response model that complements traditional public safety services while connecting community members to appropriate long-term care and resources.

FISCAL CONSIDERATION: This section details the financial issues involved in the issue before Council, if applicable. It can include only the information contained in the table below or it can include additional financial information.

Expenditure Required: \$	Amount Budgeted: \$	Appropriation Required: \$
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ATTACHMENTS:

1. Gig Harbor ARTG Contract 2026

STRATEGIC PLAN PRIORITY: Provide a safe, healthy, and inclusive community

**Association of Washington Cities
Grant (“Grant”) with**

The City of Gig Harbor
through

The Alternative Response Team Grant.
A program funded through the Washington State Operating Budget

For

Jurisdiction name	City of Gig Harbor
Program description	Supporting the implementation of a multidisciplinary co-response program for the City of Gig Harbor

Start date: July 1, 2026

End date: June 30, 2027

Association of Washington Cities (AWC)**Alternative Response Team Grant (ARTG)**

Senate Bill 5167, Section 214.35(c)(i) went into effect on July 1, 2025. The purpose of this grant is to assist cities with the documented costs to create co-responder programs within different alternative diversion models including law enforcement assisted diversion programs, community assistance referral and education programs, and as part of mobile crisis teams. AWC has determined that entering into a Contract with the City of Gig Harbor will meet the goals of these funds.

1. Grantee City of Gig Harbor 3510 Grandview Street Gig Harbor, WA 98335		2. Grantee doing business as (optional)	
3. Grantee representative Shealynn Smiley Housing, Health, and Human Services Program Manager (253) 530-7070 ssmiley@gigharborwa.gov		4. AWC representative Kirsten Peterson Project Coordinator (360) 742-6629 kirstenp@awcnet.org 1076 Franklin Street SE Olympia, WA 98501	
5. Grant amount \$65,000	6. Start date July 1, 2026	7. End date June 30, 2027	8. Tax ID # 91-6001435
9. Grant purpose Establish an alternative response team program as described in Attachment A.			
AWC and the Grantee, as defined above, acknowledge and accept the terms of this Grant and attachments and have executed this Grant on the date below to start as of the date and year referenced above. The rights and obligations of both parties to this Grant are governed by this Grant and the following other documents incorporated by reference: Grantee General Terms and Conditions including Attachment "A" – Scope of Work; Attachment "B" – Budget & Budget Narrative; Attachment "C" – Grantee Data Collection; Attachment (D) – Grantee Agent(s).			
For grantee _____ Mary Barber, Mayor Date: _____		For Association of Washington Cities _____ Deanna Dawson, CEO Date: _____	

Last revision 07/06/2026

1. GRANT MANAGEMENT

The Representative for each of the parties shall be responsible for and shall be the Grant contact person for all communications and billings regarding the performance of this Grant.

The Representative for AWC and their contact information are identified on the Face Sheet of this Grant.

The Representative for the Grantee and their contact information are identified on the Face Sheet of this Grant.

2. TERM

The initial term of the Contract shall be July 1, 2026, and continue through June 30, 2027, unless terminated sooner as provided herein. The term of the contract may be extended by an amendment signed by both parties.

3. PAYMENT

AWC shall pay to Grantee an amount not to exceed \$65,000 for the performance of all things necessary for or incidental to the performance of work as set forth in the ARTG Application and described in Attachment A. Grantee's compensation for services rendered shall be based on the completion of duties as outlined in the ARTG application, in Attachment A, in accordance with the following sections.

4. BILLING PROCEDURES AND PAYMENT

AWC will reimburse Grantee upon acceptance of services provided and receipt of properly completed invoices, which shall be submitted to the Representative for AWC not more often than monthly. Grantee will use the invoice form provided by AWC to request reimbursement.

The invoices shall describe and document, to AWC's satisfaction, a description of the work performed, the progress of the project, and fees. The invoice shall include the **Grant Number ART26-07**. A receipt must accompany any single expenses in the amount of \$50.00 or more in order to receive reimbursement.

If errors are found in the submitted invoice or supporting documents, AWC will notify the Grantee to make corrections in a timely manner, resubmit the invoice and/or supporting documentation as requested, and notify AWC.

Payment shall be considered timely if made by AWC within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by the Grantee.

AWC may, in its sole discretion, terminate the Grant or withhold payments claimed by the Grantee for services rendered if the Grantee fails to satisfactorily comply with any term or condition of this Grant.

No payments in advance or in anticipation of services or supplies to be provided under this Grant shall be made by AWC.

Duplication of billed costs

The Grantee shall not bill AWC for services performed under this Grant, and AWC shall not pay the Grantee, if the Grantee is entitled to payment or has been or will be paid by any other source, including grants, for that service. This does not include fees charged for summer recreation programs.

Disallowed costs

The Grantee is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Grantees.

Final reimbursement and reporting deadline

When the project is completed, the Grantee must submit a final report and supporting documents needed to close out the project no later than July 31, 2027.

AWC shall withhold 10 percent (10%) from each payment until the final reporting from the Grantee has been submitted, verified and accepted by AWC.

Upon expiration of the Contract, any claims for payment for costs due and payable under this Contract that are incurred prior to the expiration date must be submitted by the Grantee to AWC within thirty (30) calendar days after the Contract expiration date. AWC is under no obligation to pay any claims that are submitted 31 or more calendar days after the Contract expiration date ("Belated Claims"). AWC will pay Belated Claims at its sole discretion, and any such potential payment is contingent upon the availability of funds.

5. GRANTEE DATA COLLECTION/REPORTING REQUIREMENTS

Grantee will submit reports, in a form and format to be provided by AWC (See Attachment C). Data must be provided to AWC along with final billing invoices.

6. AGENT(S)

Agent(s) in this Contract refers to any third-party entity and its employees that the Grantee has subcontracted with to provide services funded through this Contract. The Grantee is responsible for ensuring that any agent complies with the provision herein.

Any of the Grantee's agent(s) that will provide services under this Contract must be listed in Attachment D – Grantee Agent(s) and must provide proof of insurance per Section 7 of this Contract.

7. INSURANCE

- a. **Workers' compensation coverage.** The Grantee shall at all times comply with all applicable workers' compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the fullest extent applicable. This requirement includes the purchase of industrial insurance coverage for the Grantee's employees, as may now hereafter be required of an "employer" as defined in Title 51 RCW. Such workers' compensation and occupational disease requirements shall include coverage for all employees of the Grantee, and for all employees of any subcontract retained by the Grantee, suffering bodily injury (including death) by accident or disease, which arises out of or in connection with the performance of this Grant. Satisfaction of these requirements shall include, but shall not be limited to:
- i. Full participation in any required governmental occupational injury and/or disease insurance program, to the extent participation in such a program is mandatory in any jurisdiction;
 - ii. Purchase workers' compensation and occupational disease insurance benefits to employees in full compliance with all applicable laws, statutes, and regulations, but only to the extent such coverage is not provided under mandatory governmental program in "i" above, and/or;
 - iii. Maintenance of a legally permitted and governmentally approved program of self-insurance for workers' compensation and occupational disease.

Except to the extent prohibited by law, the program of the Grantee's compliance with workers' compensation and occupational disease laws, statutes, and regulations in i), ii), and iii) above shall provide for a full waiver of rights of subrogation against AWC, its directors, officers, and employees.

If the Grantee, or any agent retained by the Grantee, fails to effect and maintain a program of compliance with applicable workers' compensation and occupational disease laws, statutes, and regulations and AWC incurs fines or is required by law to provide benefits to such employees, or to obtain coverage for such employees, the Grantee will indemnify AWC for such fines, payment of benefits to Grantee or Grantee employees or their heirs or legal representatives, and/or the cost of effecting coverage on behalf of such employees. Any amount owed to AWC by the Grantee pursuant to the indemnity may be deducted from any payments owed by AWC to the Grantee for the performance of this Grant.

- b. **Automobile insurance.** In the event that services delivered pursuant to this Grant involve the use of vehicles, owned or operated by the Grantee, automobile liability insurance shall be required. The minimum limit for automobile liability is:

\$1,000,000 per accident, using a Combined Single Limit for bodily injury and property damage.

- c. **Business automobile insurance.** In the event that services performed under this Grant involve the use of vehicles or the transportation of clients, automobile liability insurance shall be required. If Grantee-owned personal vehicles are used, a Business Automobile policy covering a minimum Symbol 2 “owned autos only” must be secured. If the Grantee’s employees’ vehicles are used, the Grantee must also include under the Business Automobile policy Symbol 9, coverage for “non-owned autos.” The minimum limits for automobile liability is:
- \$1,000,000 per accident, using a Combined Single Limit for bodily injury and property damage.
- d. **Public liability insurance (General liability).** The Grantee shall at all times during the term of this Grant, at its sole cost and expense, carry and maintain general public liability insurance, including contractual liability, against claims for bodily injury, personal injury, death, or property damage occurring or arising out of services provided under this Grant. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the Grantee or its officers, agents, representatives, assigns or servants. The limits of liability insurance, which may be increased from time to time as deemed necessary by AWC, with the approval of the Grantee (which shall not be unreasonably withheld), shall not be less than as follows:
- | | |
|---------------------------------------|-------------|
| Each occurrence | \$1,000,000 |
| Products-completed operations limit | \$2,000,000 |
| Personal and advertising injury limit | \$1,000,000 |
| Fire damage limit (any one fire) | \$ 50,000 |
- e. **Local governments that participate in a self-insurance program.** Alternatively, Grantee may maintain a program of self-insurance or participate in a property/liability pool with adequate limits to comply with the Grant insurance requirements set forth above or as is customary to the contractor or Grantee’s business, operations/industry, and the performance of its respective obligations under this Grant.
- f. **Additional insured.** The Association of Washington Cities shall be specifically named as an additional insured on all policies, including Public Liability and Business Automobile, except for liability insurance on privately-owned vehicles, and all policies shall be primary to any other valid and collectible insurance.
- AWC may waive the requirement to be specially named as an additional insured on policies, including Public Liability and Business Automobile, provided that the Grantee provides: (1) a description of its self-insurance program, and (2) a certificate and/or letter of coverage that outlines coverage limits and deductibles. All self-insured risk management programs or self-insured/liability pools must comply with RCW 48.62, the requirements of the Office of Risk Management and Local Government Self Insurance Program, the Washington State Auditor’s reporting requirements and all related federal and state regulations. Grantees participating in a joint risk pool shall maintain sufficient documentation to support the aggregate claim liability information reported on the balance sheet. AWC, its agents, and employees need not be named as additional insured under a self-insured property/liability pool, if the pool is prohibited from naming third parties as additional insured.
- g. **Proof of insurance.** Certificates and or evidence satisfactory to the AWC confirming the existence, terms and conditions of all insurance required above shall be delivered to AWC within five (5) days of the Grantee’s receipt of Authorization to Proceed.
- h. **General insurance requirements.** Grantee shall, at all times during the term of the Grant and at its sole cost and expense, buy and maintain insurance of the types and amounts listed above. Failure to buy and maintain the required insurance may result in the termination of the Grant at AWC’s option. By requiring insurance herein, AWC does not represent that coverage and limits will be adequate to protect Grantee and such coverage and limits shall not limit Grantee’s liability under the indemnities and reimbursements granted to AWC in this Grant.

Alternative Response Team Grant Grantee Funding Agreement

Grantee shall include all agents of the Grantee as insureds under all required insurance policies, or shall furnish proof of insurance and endorsements for each agent. Agent(s) must comply fully with all insurance requirements stated herein. Failure of agent(s) to comply with insurance requirements does not limit Grantee's liability or responsibility.

8. **ORDER OF PRECEDENCE**

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations
- Grant and Grantee General Terms and Conditions
- Attachment A – ARTG Application & Scope of Work
- Attachment B – Budget & Budget Narrative
- Attachment C – Grantee Reporting Requirements
- Attachment D – Grantee Agent(s)

GRANTEE GENERAL TERMS AND CONDITIONS

1. **Access to data.** In compliance with Chapter 39.26 RCW, the Grantee shall provide access to data generated under this Grant to AWC, and to the extent necessary to comply with RCW 39.26, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the Grantee's reports, including computer models and methodology for those models.
2. **Alterations and amendments.** This Grant may be amended only by mutual agreement of the parties in writing. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.
3. **Americans with Disabilities Act (ADA) of 1990, Public Law 101-336, also referred to as the "ADA" 28 CFR Part 35.** In relation to this Grant, the Grantee must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.
4. **Assignment.** Neither this Grant, nor any claim arising under this Grant, shall be transferred or assigned by the Grantee without prior written consent of AWC.
5. **Assurances.** AWC and the Grantee agree that all activity pursuant to this Grant will be in accordance with all applicable current federal, state and local laws, rules and regulations.
6. **Attorney's fees.** In the event of litigation or other action brought to enforce contract terms, each party agrees to bear its own attorney's fees and costs.
7. **Budget revisions.** Any monetary amount budgeted by the terms of this Grant for various activities and line item objects of expenditure, as outlined in Attachment B – Budget & Budget Narrative, may be revised without prior written approval of AWC, so long as the revision is no more than ten percent (10%) of the original line item amount and the increase in an amount is offset by a decrease in one or more other amounts equal to or greater than the increase. All other budget revisions exceeding ten percent (10%) shall only be made with the prior written approval of AWC. Grantee will use the funding change request form provided by AWC to request these budget revisions.
8. **Certification regarding wage violations.** The Grantee certifies that within three (3) years prior to the date of execution of this Grant, Grantee has not been determined by a final and binding citation and notice of assessment issued by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in RCW 49.48.082, any provision of RCW chapters 49.46, 49.48, or 49.52.

The Grantee further certifies that it will remain in compliance with these requirements during the term of this Grant. Grantee will immediately notify AWC of any finding of a willful violation entered by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction entered during the term of this Grant.
9. **Change in status.** In the event of substantive change in the legal status, organizational structure, or fiscal reporting responsibility of the Grantee, Grantee agrees to notify AWC of the change. Grantee shall provide notice as soon as practicable, but no later than thirty (30) days after such a change takes effect.
10. **Rights in data/ownership.** Grantee agree that all data and work products (collectively "Work Product") produced pursuant to the Scope of Work of this Contract will be considered a work for hire under the U.S. Copyright Act, 17 U.S.C. §101 et seq, and will be owned by Washington State Health Care Authority ("HCA"). Grantee is hereby commissioned to create the Work Product. Work Product includes, but is not limited to, discoveries, formulae, ideas, improvements, inventions, methods, models, processes,

Alternative Response Team Grant Grantee Funding Agreement

techniques, findings, conclusions, recommendations, reports, designs, plans, diagrams, drawings, Software, databases, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions, to the extent provided by law. Ownership includes the right to copyright, patent, register and the ability to transfer these rights and all information used to formulate such Work Product.

If for any reason the Work Product would not be considered a work for hire under applicable law, Grantee assigns and transfers to HCA, the entire right, title and interest in and to all rights in the Work Product and any registrations and copyright applications relating thereto and any renewals and extensions thereof. Grantee will execute all documents and perform such other proper acts as HCA may deem necessary to secure for HCA the rights pursuant to this section.

Grantee will not use or in any manner disseminate any Work Product to any third party, or represent in any way Grantee ownership of any Work Product, without the prior written permission of HCA. Grantee will take all reasonable steps necessary to ensure that its agents, employees, or Subcontractors will not copy or disclose, transmit or perform any Work Product or any portion thereof, in any form, to any third party.

Material that is delivered under this Agreement, but that does not originate therefrom ("Preexisting Material"), must be transferred to HCA with a nonexclusive, royalty-free, irrevocable license to publish, translate, reproduce, deliver, perform, display, and dispose of such Preexisting Material, and to authorize others to do so. Grantee agrees to obtain, at its own expense, express written consent of the copyright holder for the inclusion of Preexisting Material. HCA will have the right to modify or remove any restrictive markings placed upon the Preexisting Material by Grantee.

Grantee must identify all Preexisting Material when it is delivered under this Agreement and must advise HCA of any and all known or potential infringements of publicity, privacy or of intellectual property affecting any Preexisting Material at the time of delivery of such Preexisting Material. Grantee must provide HCA with prompt written notice of each notice or claim of copyright infringement or infringement of other intellectual property right worldwide received by Grantee with respect to any Preexisting Material delivered under this Agreement.

- 11. Covenant against contingent fees.** The Grantee warrants that no person or selling agent has been employed or retained to solicit or secure this Grant upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established agent maintained by the Grantee for the purpose of securing business. AWC shall have the right, in the event of breach of this clause by the Grantee, to annul this Grant without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fees.
- 12. Disputes.** In the event that a dispute arises under this Grant, the parties will negotiate in good faith and use their best efforts to amicably resolve any dispute before resorting to litigation.
- 13. Duplicate payment.** AWC shall not pay the Grantee, if the Grantee has charged or will charge the State of Washington or any other party under any other contract or agreement, for the same services or expenses.
- 14. Entire agreement.** This Grant contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Grant shall be deemed to exist or to bind any of the parties hereto.
- 15. Ethical conduct.** Neither the Grantee nor any employee or agent of the Grantee shall participate in the performance of any duty or service in whole or part under this Grant in violation of, or in a manner that violates any provision of the Ethics in Public Service law at Chapter 42.52 RCW, RCW 42.17A.550, RCW 42.17A.555, and 41.06.250 prohibiting the use of public resources for political purposes.

- 16. Governing law and venue.** This Grant shall be construed and interpreted in accordance with the laws of the State of Washington and the venue of any action brought hereunder shall be in Superior Court for Thurston County.
- 17. Indemnification.** To the fullest extent permitted by law, Grantee shall indemnify, defend and hold harmless AWC and all officials, agents, and employees of AWC, from and against all claims for injuries or death arising out of or resulting from the performance of this Grant except for injuries and damages caused by the sole negligence of AWC. "Claim" as used in this Grant, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom. Additionally, "claims" shall include but not be limited to, assertions that the use or transfer of any software, book, document, report, film, tape or sound reproduction or material of any kind, delivered hereunder, constitutes an infringement of any copyright, patent, trademark, trade name, or otherwise results in an unfair trade practice or in unlawful restraint of competition. Grantee's obligation to indemnify, defend and hold harmless includes any claim by Grantee's agents, employees, representatives, or any subcontractor or its employees.
- Grantee expressly agrees to indemnify, defend, and hold harmless AWC for any and all claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines out of or incident to Grantee's or its agent's performance or failure to perform the Grant. Grantee's obligation to indemnify, defend, or hold harmless AWC shall not be eliminated or reduced by any actual or alleged concurrent negligence by AWC, or their agents, employees, or officials.
- Grantee waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless AWC, and their agents, employees, or officials.
- 18. Independent capacity of the grantee.** The parties intend that an independent Grantee relationship will be created by this Grant. The Grantee and his/her employees or agents performing under this Grant are not employees or agents of AWC. The Grantee will not hold itself out as nor claim to be an officer or employee of AWC, nor will the Grantee make any claim or right, privilege, or benefit which would accrue to such employee under law. Conduct and control of the work will be solely with the Grantee.
- 19. Licensing and accreditation standards.** The Grantee shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements/standards, necessary to the performance of this Grant.
- 20. Limitation of authority.** Only AWC or AWC's delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Grant. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this Grant is not effective or binding unless made in writing and signed by AWC.
- 21. Non-discrimination.** The Grantee shall comply with all the federal and state non-discrimination laws, regulations and policies, which are otherwise applicable to AWC. Accordingly, no person shall, on the ground of sex, race, creed, religion, color, national origin, marital status, families with children, age, veteran or military status, sexual orientation, gender expression, gender identity, disability, or the use of a trained dog guide or service animal, be unlawfully excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any activity performed by the Grantee and its agents under this Grant. The Grantee shall notify AWC immediately of any allegations, claims, disputes, or challenges made against it under non-discrimination laws, regulations, or policies, or under the Americans with Disabilities Act. In the event of the Grantee's noncompliance or refusal to comply with this nondiscrimination provision, this Grant may be rescinded, cancelled or terminated in whole or part, and the Grantee may be declared ineligible for further contracts with AWC.

- 22. Overpayments.** Grantee shall refund to AWC the full amount of any overpayment under this Grant within thirty (30) calendar days of written notice. If Grantee fails to make a prompt refund, AWC may charge Grantee one percent (1%) per month on the amount due until paid in full.
- 23. Public disclosure.** Grantee acknowledges that AWC is subject to the Washington State Public Records Act, Chapter 42.56 RCW, and AWC acknowledges that the Grantee is subject to the Washington State Public Records Act, Chapter 42.56 RCW, and that this Grant shall be a public record as defined in RCW 42.56. Any specific information that is claimed by either party to be confidential or proprietary must be clearly identified as such by that party. To the extent consistent with chapter 42.56 RCW, each party shall attempt reasonably to maintain the confidentiality of all such information marked confidential or proprietary. If a request is made to view such information, the party receiving the public records request will notify the other party of the request and the date that such records will be released to the requester unless the other party obtains a court order enjoining that disclosure. If such party fails to obtain the court order enjoining disclosure, the party receiving the records request will release the requested information on the date specified.
- 24. Publicity.** The Grantee agrees to submit to AWC all advertising and publicity matters relating to this Grant which in the AWC's judgment, AWC's name can be implied or is specifically mentioned. The Grantee agrees not to publish or use such advertising and publicity matters without the prior written consent of AWC.
- 25. Registration with Department of Revenue.** The Grantee shall complete registration with the Department of Revenue and be responsible for payment of all taxes due on payments made under this Grant.
- 26. Records maintenance.** The Grantee shall maintain all books, records, documents, data and other evidence relating to this Grant and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Grant. Grantee shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the Grant, shall be subject at all reasonable times to inspection, review or audit by the AWC, personnel duly authorized by AWC, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.
- If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.
- 27. Right of inspection.** The Grantee shall provide right of access to its facilities utilized under this Grant to AWC or any of its officers responsible for executing the terms of this Grant at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Grant on behalf of AWC. All inspections and evaluations shall be performed in such a manner that will not unduly interfere with the Grantee's business or work hereunder.
- 28. Severability.** The provisions of this Contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Contract.
- 29. Subcontracting.** Neither the Grantee nor any agent of the Grantee shall enter into subcontracts for any of the work contemplated under this Grant without obtaining prior written approval of AWC. Grantee is responsible to ensure that all terms, conditions, assurances and certifications set forth in this Grant are included in any and all Subcontracts. In no event shall the existence of the subcontract operate to release or reduce liability of the Grantee to the AWC for any breach in the performance of the Grantee's duties. This clause does not include contracts of employment between the Grantee and personnel assigned to work under this Grant.

If, at any time during the progress of the work, AWC determines in its sole judgment that any agent of the Grantee is incompetent, AWC shall notify the Grantee, and the Grantee shall take immediate steps to terminate the agent's involvement in the work. The rejection or approval by AWC of any agent or the termination of an agent shall not relieve the Grantee of any of its responsibilities under the Grant, nor be the basis for additional charges to AWC.

- 30. Taxes.** All payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the Grantee or its staff shall be the sole responsibility of the Grantee.
- 31. Technology security requirements.** Grantee must ensure that all data and devices used to carry out Program follow all applicable state and federal data privacy and protection requirements. Grantee must ensure that data is properly secured and protected using best practices for security and protection from outside intrusion from parties not associated with the Program.
- 32. Termination for convenience.** Except as otherwise provided in this Grant, AWC may, by ten (10) days written notice, beginning on the second day after the mailing of such notice, terminate this Grant in whole or in part. The notice shall specify the date of termination and shall be conclusively deemed to have been delivered to and received by the Grantee as of midnight the second day of mailing in the absence of proof of actual delivery to and receipt by the Grantee. If this Grant is so terminated, AWC shall be liable only for payment required under the terms of the Grant for services rendered or goods delivered prior to the effective date of termination.
- 33. Termination for default.** In the event AWC determines the Grantee has failed to comply with the conditions of this Grant in a timely manner, AWC has the right to suspend or terminate this Grant. AWC shall notify the Grantee in writing of the need to take corrective action. If corrective action is not taken within thirty (30) days, the Grant may be terminated. AWC reserves the right to suspend all or part of the Grant, withhold further payments, or prohibit the Grantee from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Grantee or a decision by AWC to terminate the Contract. In the event of termination, the Grantee shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original Grant and the replacement or cover Grant and all administrative costs directly related to the replacement Grant, e.g., cost of the competitive bidding, mailing, advertising and staff time. The termination shall be deemed to be a "Termination for Convenience" if it is determined that the Grantee: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence. The rights and remedies of the AWC provided in this Grant are not exclusive and are in addition to any other rights and remedies provided by law.
- 34. Termination due to funding limitations or contract renegotiation, suspension.** In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Grant and prior to normal completion of this Grant, with the notice specified below and without liability for damages:
- a. At AWC's discretion, AWC may give written notice of intent to renegotiate the Grant under the revised funding conditions.
 - b. At AWC's discretion, AWC may give written notice to Grantee to suspend performance when AWC determines there is reasonable likelihood that the funding insufficiency may be resolved in a timeframe that would allow Grantee's performance to be resumed.
 - (1) During the period of suspension of performance, each party will inform the other of any conditions that may reasonably affect the potential for resumption of performance.
 - (2) When AWC determines that the funding insufficiency is resolved, it will give the Grantee written notice to resume performance, and Grantee shall resume performance.
 - (3) Upon the receipt of notice under b. (2), if Grantee is unable to resume performance of this Grant or if the Grantee's proposed resumption date is not acceptable to AWC and an acceptable date cannot be negotiated, AWC may terminate the Grant by giving written notice to the Grantee. The parties agree that the Grant will be terminated retroactive to the date of the notice of suspension. AWC

shall be liable only for payment in accordance with the terms of this Grant for services rendered prior to the retroactive date of termination.

- c. AWC may immediately terminate this Grant by providing written notice to the Grantee. The termination shall be effective on the date specified in the termination notice. AWC shall be liable only for payment in accordance with the terms of this Grant for services rendered prior to the effective date of termination. No penalty shall accrue to AWC in the event the termination option in this section is exercised.
- d. For purposes of this section, "written notice" may include email.

35. Termination procedure. Upon termination of this Grant the AWC, in addition to other rights provided in this Grant, may require the Grantee to deliver to AWC any property specifically produced or acquired for the performance of such part of this Contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

AWC shall pay to the Grantee the agreed upon price, if separately stated, for completed work and services accepted by AWC and the amount agreed upon by the Grantee and AWC for (a) completed work and services for which no separate price is stated, (b) partially completed work and services, (c) other property or services which are accepted by AWC, and (d) the protection and preservation of the property, unless the termination is for default, in which case AWC shall determine the extent of the liability. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause for this Grant. The AWC may withhold from any amounts due to the Grantee such sum as AWC determines to be necessary to protect AWC against potential loss or liability.

The rights and remedies of AWC provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law under this Grant.

After receipt of a notice of termination, and except as otherwise directed by the AWC, the Grantee shall:

- a. Stop work under this Grant on the date and to the extent specified, in the notice;
- b. Place no further orders or subcontracts for materials, services or facilities except as may be necessary for completion of such portion of the work under the Grant that is not terminated;
- c. Assign to AWC, in the manner, at the times, and to the extent directed by the AWC, all rights, title, and interest of the Grantee under the orders and subcontracts in which case AWC has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- d. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of AWC to the extent the AWC may require, which approval or ratification shall be final for all the purposes of this clause;
- e. Transfer title to AWC and deliver, in the manner, at the times and to the extent as directed by AWC, any property which, if the Grant had been completed, would have been required to be furnished to AWC;
- f. Complete performance of such part of the work not terminated by AWC; and
- g. Take such action as may be necessary, or as AWC may direct, for the protection and preservation of the property related to this Grant which, in is in the possession of the Grantee and in which AWC has or may acquire an interest.

36. Waiver. A failure by either part to exercise its rights under this Grant shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this agreement. Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Grant unless stated to be such in writing and signed by personnel authorized to bind each of the parties.

ARTG Application & Scope of Work

PURPOSE

The purpose of this grant is to assist cities with the documented costs to create co-responder programs within different alternative diversion models including law enforcement assisted diversion programs, community assistance referral and education programs, and as part of mobile crisis teams.

CONTRACTOR RESPONSIBILITIES

GRANTEE is required to implement the Alternative Response Team Grant (ARTG) Program as described in their application for funding, with no unapproved substantive derivations. Requests for changes to this scope of work, or services laid out in the applicant's application can be made to Kirsten Peterson, Project Coordinator at kirstenp@awcnet.org.

This program shall include the following elements as central features of their program:

- Grant recipients must establish a co-responder team using an alternative diversion model including law enforcement assisted diversion program, community assistance referral and education program, or a mobile crisis team.

In the event that there is a change in the contract or program management staff paid for by this grant, it is expected that GRANTEE will notify AWC of the change to include the name and contact information for the new staff member.

If GRANTEE fails to perform to the standards set forth above, AWC remains able to remedy noncompliance as outlined in the grant document, including provisions for suspension, termination and/or recapture of funds already paid to the grantee.

SCOPE OF WORK

The City of Gig Harbor, in partnership with the Gig Harbor Police Department and Gig Harbor Fire & Medic One, will implement a multidisciplinary co-response program designed to improve outcomes for individuals experiencing behavioral health crises, substance use challenges, homelessness, and other complex social service needs. The program will pair first responders with trained behavioral health professionals and/or social service personnel to improve crisis response and service coordination, to improve housing stability, behavioral health stabilization, community connection, and overall wellbeing for individuals served through individualized support, and ongoing engagement.

The goals of the program include:

- Reduction in repeat behavioral health-related calls for service among program participants.
- Increased diversion from emergency departments, incarceration, and other high-cost emergency systems when clinically appropriate.
- Increased successful referrals and connections to behavioral health, housing, medical, and supportive services.
- Follow-up outreach within 72 hours for individuals identified as high-risk or high-utilizers of emergency response systems.
- Improved coordination and communication among public safety agencies and community-based providers.
- Collection and analysis of program utilization, referral, and stabilization data to guide future program expansion and funding decisions.

Budget & Budget Narrative**PROGRAM BUDGET**

Category	Award amount
Staff	\$65,000
Supplies & equipment	
Professional services	
Other	
Total award amount	\$65,000

PROGRAM BUDGET NARRATIVE

Staffing: Alternative Response Team grant funding will be utilized to offset the salary and benefits of a full-time co-responder position with City of Gig Harbor.

Grantee Reporting Requirements

FINAL REPORT

A final program report is due to AWC by July 31, 2027. Programs should make reasonable efforts to collect and report on the following information:

- Describe program participants including:
 - Number of individuals served
 - Gender (Male, Female, Nonbinary, etc.) of individuals served
 - Age of individuals served
 - Veteran status of individuals served
 - Substance abuse or mental health issues of individuals served
 - Reason for contact
 - Outcome of contact (No outcome, referral to services, involuntary transport, etc.)
 - Long-term outcome of individual receiving services (No outcome, permanent housing, shelter, etc.)
- Describe the type of program funded and the geographic area served.
- Explain how the program targeted vulnerable individuals.
- Explain how the program created greater access for vulnerable individuals to available programs and services.
- Discuss program successes and challenges.

QUARTERLY MEETINGS

AWC will coordinate with grant recipients to schedule check-ins about every three months of the performance period. The check-ins will either be in-person, phone, or video conference. The check-ins will provide an opportunity to grantees to share updates, ask questions, and resolve challenges. Check-ins can be scheduled more frequently as needed.

Grantee Agent(s)

List any Agent(s) that will provide program services in a program funded through the ARTG Program.

Name of Agent	Address



**City of Gig Harbor
City Council Agenda Bill**

Meeting Date: September 14, 2026

SUBJECT: Adoption of Interlocal Agreement with Washington Cities Insurance Authority

SUBMITTED BY: Scott Larson, Finance Director

DEPARTMENT: Administration

PHONE: ###-####

SUGGESTED MOTION: Move to adopt the interlocal agreement with Washington Cities Insurance Authority.

BACKGROUND INFORMATION: Council previously reviewed the City's insurance options and discussed a potential transition from the Association of Washington Cities Risk Management Service Agency (AWC RMSA) to Washington Cities Insurance Authority (WCIA). At that time, the discussion focused primarily on potential cost savings, broader coverage, and WCIA's risk-management and training resources.

Since that discussion, the City Administrator and Finance Director have held follow-up discussions with both RMSA and WCIA and have further reviewed each pool's financial position, reserve levels, rate history, and approach to risk management.

That additional review has provided a more complete picture of both organizations. In particular, WCIA has also experienced a series of substantial annual rate increases in recent years. This was not highlighted in the City's earlier briefing and is important context when considering the long-term financial benefits of changing pools. Despite that history, staff continues to recommend moving to WCIA.

WCIA's current 2027 pricing indication for the City is \$723,581 and includes liability, property, automobile physical damage, equipment breakdown, cyber coverage, pre-defense review, training and education, and risk-management consultation.

The City paid approximately \$909,777 for RMSA coverage in 2026. Assuming both pools experience approximately 5 percent annual cost growth, WCIA would remain materially less expensive over the upcoming biennium. The WCIA cost will be incorporated into the City's proposed 2027-2028 budget.

In addition to cost, staff continues to see value in WCIA's compliance-support, training, pre-defense review, and risk-management structure.

WCIA membership requires an initial three-year commitment. After that period, the City may withdraw (after giving the required notice) if the services are not meeting the city's needs.

FISCAL CONSIDERATION: This section details the financial issues involved in the issue before Council, if applicable. It can include only the information contained in the

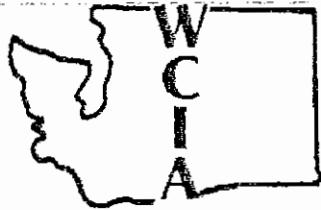
table below or it can include additional financial information.

Expenditure Required: \$ 723,581	Amount Budgeted: \$ 723,581	Appropriation Required: \$ N/A
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ATTACHMENTS:

1. WCIA Interlocal Agreement_1991
2. PRE-INTERLOCAL-Gig Harbor - Need City Signature
3. APPENDIX 171-26 Gig Harbor - Need City Signature

STRATEGIC PLAN PRIORITY: This item supports the city's efforts for a sustainable public services by evaluating risk pool coverage options and pricing.



INTERLOCAL AGREEMENT

CREATING THE WASHINGTON CITIES INSURANCE AUTHORITY

**INTERLOCAL AGREEMENT:
CREATING THE WASHINGTON CITIES
INSURANCE AUTHORITY**

THIS AGREEMENT is made and entered into in the State of Washington by and among the municipal corporations organized and existing under the Constitution or laws of the State of Washington, hereinafter collectively referred to as "**Member Cities**" or "**Cities**", and individually as "**Member City**" or "**City**" which are parties signatory to this Agreement and listed in Appendix A, which is attached hereto and made a part hereof. Said Cities are sometimes referred to herein as "**parties**".

RECITALS

WHEREAS, Ch. 48.62 RCW provides that two or more local governmental entities may, by interlocal agreement, jointly purchase insurance, jointly self insure, and/or jointly hire risk management services for any authorized purpose by any one or more of certain specified methods, and;

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of pooling their self-insured losses and jointly purchasing excess insurance and administrative services in connection with a Joint Protection Program for said parties, and;

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so;

NOW, THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

Definitions

The following definitions shall apply to the provisions of the Agreement:

(a) "**Authority**" shall mean the Washington Cities Insurance Authority created by this Agreement.

(b) "**Board of Directors**" or "**Board**" shall mean the governing body of the Authority.

(c) "**Claims**" shall mean demands made against the Authority arising out of occurrences which are within the Authority's Joint Protection Program as developed by the Board of Directors.

(d) "**Excess Insurance**" shall mean that insurance purchased on behalf of the Authority to protect the funds of the Authority against catastrophes or an unusual frequency of losses during a single year.

(e) **"Executive Committee"** shall mean the Executive Committee of the Board of Directors of the Authority.

(f) **"Fiscal Year"** shall mean that period of twelve months which is established as the fiscal year of the Authority.

(g) **"Coverage"** shall mean and include self-insurance through a funded program and/or any commercial insurance contract.

(h) **"Executive Director"** shall mean that employee of the Authority who is appointed by the Board of Directors, and responsible for the management and administration of the Joint Protection Program of the Authority.

ARTICLE 2

Purpose

This Agreement is entered into by Cities in order to provide more comprehensive and economical liability coverage, to provide for the economical and self insurance pooling of risk exposures for all forms of insurance available or required by law for municipal corporations and for which State law authorizes the formation of pooling organizations to provide such insurance, to reduce the amount and frequency of Cities losses, and to decrease the cost incurred by Cities in the handling and litigation of claims. This purpose shall be accomplished through the exercise of the powers of Cities jointly in the creation of a separate entity, the Washington Cities Insurance Authority, to administer a Joint Protection Program wherein cities will jointly pool and self insure their losses and claims, and may jointly purchase excess insurance and administrative and other services including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion at a subsequent date of such additional municipal corporations organized and existing under the Constitution or laws of the State of Washington as may desire to become parties to this Agreement and members of the Authority, subject to approval by the Board of Directors.

It is also the purpose of this Agreement to provide, to the extent permitted by law, that the Authority may, in the discretion of its Directors, contract with non-member Cities or other municipal corporations in the State of Washington to provide, at a reasonable charge, such non-member Cities or municipal corporations administrative and other services including claims adjusting, data processing, risk management consulting, loss prevention and training.

ARTICLE 3

Parties to Agreement

Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories of this Agreement and, in addition, with such other parties as may later be added to and signatories of this Agreement pursuant to Article 19. Each party to this Agreement also certifies that the deletion of any party from this Agreement, pursuant to Articles 20 and 21, shall not affect this Agreement nor such party's intent to contract as described above with the other parties to the Agreement then remaining.

ARTICLE 4

Term of Agreement

This Agreement shall become effective on January 1, 1981, and shall continue for not less than three years until and unless terminated as hereinafter provided.

ARTICLE 5

Creation of Authority

Pursuant to Ch. 48.62 RCW, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of any party to this Agreement.

ARTICLE 6

Powers of Authority

(a) The Authority shall have the powers common to Cities and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

- (1) To make and enter into contracts;
- (2) To incur debts, liabilities or obligations;
- (3) To acquire, hold or dispose of property, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- (4) To sue and be sued in its own name; and
- (5) To exercise all powers necessary and proper to carry out the terms and provisions of this Agreement, or otherwise authorized by law.

(b) Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law.

ARTICLE 7

Board of Directors

(a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative from each Member City who is an employee or official of that City, as appointed by the City Council, Commission, or appointing official of that City. Each City Council, Commission, or appointing official in addition to appointing a member of the Board, shall appoint at least one alternate who also shall be an officer or employee of that City. The alternate appointed by a City shall have the authority to attend, participate in and vote at any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting.

(b) Each member or alternate of the Board shall be appointed for a one year term and until a successor is appointed. Each member or alternate shall serve at the pleasure of the City by which he or she has been appointed as long as he or she is an officer or employee of the City.

(c) Each member of the Board shall have one vote.

ARTICLE 8

Powers of the Board of Directors

The Board of Directors of the Authority shall have the following powers and functions:

(a) The Board may elect from its members, pursuant to Article 10 of this Agreement, an Executive Committee to which it may give authority to make and implement any decisions, including those involving the administration of the Authority, except those decisions that would require an amendment of this Agreement, under Article 26 herein.

(b) The Board may review all acts of the Executive Committee, and shall have the power to modify and/or override any decision or action of the Executive Committee upon a majority vote of the entire Board of Directors.

(c) The Board shall review, modify if necessary, and approve the annual operating budget of the Authority.

(d) The Board shall receive and review periodic accounting of all funds under Article 14 and 15 of this Agreement.

(e) The Board shall have the power to conduct on behalf of the Authority, all business of the Authority which the Authority may conduct under the provisions hereof and pursuant to law.

(f) The Board shall determine and select a Joint Protection Program for the Authority.

(g) The Board shall determine and select all necessary instruments of coverage to carry out the Joint Protection Program of the Authority.

(h) The Board shall have the authority to contract for or develop various services for the Authority, including, but not limited to claims adjusting, loss control and risk management consulting services.

(i) The Board shall appoint an Executive Director of the Authority and shall receive and act upon reports of the Executive Director.

(j) The Executive Director shall have the power to hire such persons as the Board authorizes for the administration of the Authority, including the "borrowing" of management-level employees from one or more of the Member Cities to assist in the development phase of the Joint Protection Program of the Authority, subject to the approval of the Member City. Any Member City whose employee is so "borrowed" according to this provision shall be reimbursed by the Authority for that employee's time spent or services rendered on behalf of the Authority.

(k) The Executive Director shall have the general supervisory control over the day-to-day decisions and administrative activities of the Authority.

(l) The Board shall have such other powers and functions as are provided for in this Agreement, including, but not limited to, the power to authorize the contracts with non-member Cities or municipal corporations and the "Authority", to provide services to such non-members as set forth in Article 2, upon such terms and conditions as the Director shall decide appropriate.

ARTICLE 9

Meetings of the Board of Directors

(a) **Meetings.** The Board shall provide for its regular, adjourned regular and special meetings; provided, however, that it shall hold at least one regular meeting annually.

(b) **Minutes.** The Board of the Authority shall cause minutes of regular, adjourned regular and special meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to each City.

(c) **Quorum.** A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. A vote of the majority of those members present at a meeting shall be sufficient to constitute action by the Board.

ARTICLE 10

Executive Committee

The Board of Directors may appoint at any time of the year during a Board meeting an Executive Committee of the Board of Directors which shall consist of an odd number of not less than five nor more than nine members, as determined by the Board of Directors. Two of the members of the Executive Committee shall be the President of the Board of Directors, and the Vice President of the Board of Directors; the remainder of the members, after their original election, shall be elected by the Board of Directors at the same time the officers of the Board are elected in January of each calendar year. The President of the Authority, or the Vice President in his or her absence, shall serve as the Chairperson of the Executive Committee. The Board of Directors may delegate any of the powers of the Board as outlined in Article 8 to the Executive Committee and may establish and delegate any other powers and duties the Board deems appropriate.

ARTICLE 11

Officers of the Authority

(a) **President and Vice President.** The Board shall elect a President and Vice President of the Authority at its first meeting, each to hold office for one year term and until successor is elected. Thereafter in January of each succeeding calendar year, the Board shall elect or re-elect the President and Vice President for the ensuing year. In the event the President or Vice President so elected ceases to be a member of the Board, the resulting vacancy in the office of President or Vice President shall be filled at the next regular or special meeting of the Board held after such vacancy occurs. In the absence or inability of the President to act, the Vice President shall act as President. The President, or in his or her absence, the Vice President, shall preside at and conduct all meetings of the Board and shall be a member and the Chairperson of the Executive Committee.

(b) **Executive Director.** The Executive Director shall have the general administrative responsibility for the activities of the Joint Protection Program and shall appoint all necessary employees thereof.

(c) **Treasurer.** The Treasurer shall be appointed by the Board and shall be a person other than the Executive Director. The duties of the Treasurer are set forth in Article 14 and 15 of this Agreement.

(d) **Attorney.** The Board of Directors shall select an attorney for the Authority. The attorney may be, but is not required to be, a City Attorney, from a Member City. In the event the attorney is precluded from acting because of a conflict of interest or legal impediment, or for other good reason, the Board may employ independent counsel as the attorney for the Authority. The attorney shall serve at the pleasure of the Board of Directors.

ARTICLE 12

Coverage

(a) The coverage provided for Member Cities by the Authority shall be defined by the Board and may allow or require protection for comprehensive liability, personal injury, errors and omissions, contractual liability, and such other areas of coverage as the State shall require or the Board shall determine.

(b) The Authority shall maintain a coverage limit for Member Cities determined by the Board of Directors to be adequate. The Board may arrange purchase of a group insurance policy for Member Cities interested in obtaining additional coverage above this limit, at an additional cost to those participating Cities.

(c) The Board may arrange for the purchase of any other insurance deemed necessary to protect the funds of the Authority against catastrophes.

ARTICLE 13

Development of the Joint Protection Program

(a) As soon as practicable after the effective date of this Agreement, but prior to the effective date of the Joint Protection Program, the Board of Directors shall adopt the Authority's Joint Protection Program, including the coverage provided for in Article 12, the amount of initial assessment, the precise cost allocation plan and formula, the pro forma financial statement of the Authority, and the amount and type of excess insurance which may be procured.

(b) The Joint Protection Program provided by the Authority shall extend to all city department operations except transit, aviation and hospitals, unless otherwise excluded by the Board of Directors.

(c) The initial assessment for each City shall be determined by the Board, in its discretion, based upon a fair formula which may consider, but not be limited to, total City worker hours, total City payroll, administrative experience of the City, the previous loss experience of the City, the liability risks of the City and the costs to the Authority of adding the City as a member.

(d) The cost allocation plan and formula adopted by the Board shall provide for an adjustment in the Member Cities' assessments at the end of the first year of operation, and annually thereafter, in order to produce an assessment for the following year for each City shall consider, but not be limited to, the following:

(1) That amount of losses borne individually by the City, as determined by the Board; and

(2) The City's share of pooled losses and other expenses, as determined by the Board; and

(3) The City's contribution to a catastrophe fund and reserves for incurred-but-not-reported losses, and amount of such fund and reserves to be determined by the Board.

(e) The Board may at any time make additional assessment adjustments to correct any fund deficit as the Board deems necessary to maintain the financial integrity of the Authority..

(f) The Board shall adopt criteria for determining each City's annual share of pooled losses, expenses and contribution to a catastrophe fund which may include the City's payroll as compared to the total payroll of all Member Cities, the City's individual loss experience, and such other criteria as the Board may determine to be relevant.

(g) The annual readjustment of the amount of assessment shall be made and notices for readjusted assessment amounts and the next year's assessments shall be distributed at least ninety (90) days prior to the close of each fiscal year. This assessment amount, together with any readjusted amount due under paragraph (c) above, shall be due and payable on or before fifteen (15) days after the beginning of the fiscal year.

(h) Inasmuch as some Member Cities may experience an unusual frequency of losses during a single fiscal year, which could increase their final assessment substantially for that year and cause budgetary problems, the Board may provide for payment of a portion of

such assessment to be made over a period of time, not to exceed three years, plus reasonable interest.

ARTICLE 14

Accounts and Records

(a) **Annual Budget.** The Authority shall annually adopt an operating budget, pursuant to Article 8(c) of this Agreement.

(b) **Funds and Accounts.** The Authority shall establish and maintain such funds and accounts as may be required by state law and proper accounting practices. Books and records of the Authority shall be in the hands of the Treasurer and shall be open to any inspection at all reasonable times by representatives of Member Cities.

(c) **Executive Director's Report.** The Executive Director, within one hundred and twenty (120) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member City.

(d) **Annual Audit.** The Board may provide for a certified, annual audit of the accounts and records of the Authority such audit shall conform to generally accepted auditing standards. When such an audit of the accounts and records is made by a Certified Public Accountant, a report thereof shall be filed as a public record with each of the Member Cities. Such report shall be filed within six (6) months of the end of the year under examination.

(e) **Costs.** Any costs of the audit, including contracts with, or employment of, Certified Public Accountants, in making an audit pursuant to this Article, shall be borne by the Authority and shall be considered included within the term "administrative costs".

ARTICLE 15

Responsibility for Monies

(a) The Treasurer of the Authority shall have the custody of and disburse the Authority's funds subject to Board approval. He or she shall have the authority to delegate the signatory function to such persons as are authorized by the Board.

(b) A bond in the amount set by the Board, as outlined by State RCW shall be required of all officers and personnel authorized to disburse funds of the Authority, such bond to be paid for by the Authority.

(c) The Treasurer's duties shall include:

(1) Receive and receipt for all money of the Authority and place it in the treasury to the credit of the Authority;

(2) Be responsible upon his or her official bond for the safekeeping and disbursement of all of the Authority's money so held by him or her;

(3) Pay, when due, out of money of the Authority so held by him or her, all sums payable on outstanding debts of the Authority;

(4) Pay any other sums due from the Authority money only upon request for payment signed by the President of the Board or the Executive Director. The Board may designate an alternate signature for each; and

(5) Verify the report in writing on the first day of July, October, January and April of each year to the Authority and to Member Cities the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

ARTICLE 16

Responsibilities of the Authority

The Authority shall perform the following functions in discharging its responsibilities under this Agreement:

(a) Provide coverage by whatever means and methods the Board deems appropriate, including but not limited to a self-insurance fund and commercial insurance, as well as excess coverage and umbrella insurance, by negotiation or bid, and purchase, as necessary.

(b) Assist Cities in obtaining insurance coverages for risks not included within the basic coverage of the Authority.

(c) Assist each City's assigned risk manager with the implementation of that function within the City.

(d) Provide loss prevention and safety and consulting services to Cities as required.

(e) Provide claims adjusting and subrogation services for claims covered by the Authority's Joint Protection Program.

(f) Provide loss analysis by the use of statistical analysis, data processing, and record and file-keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles.

(g) Provide for Cities, as needed, a review of their contracts to determine sufficiency of indemnity and insurance provisions.

(h) Conduct risk management audits to review the participation of each City in the program. The audit shall be performed by the Executive Director, or, at the discretion of the Board, an independent auditor may be retained by contract to conduct the audits.

(i) The Authority shall have such other responsibilities as deemed necessary by the Board of Directors in order to carry out the purposes of this Agreement.

ARTICLE 17

Responsibilities of Member Cities

Member Cities shall have the following responsibilities:

(a) The City Council, Commission, or appointing official of each City shall appoint a representative and at least one alternate representative to the Board of Directors, pursuant to Article 7 of this Agreement.

(b) Each City shall appoint an employee of the City to be responsible for the risk management function within that City, and to serve as a liaison between the City and the Authority as to risk management.

(c) Each City shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning the development and implementation of a loss control policy to prevent unsafe practices.

(d) Each City shall maintain its own set of records, as a loss log, in all categories of loss to insure accuracy of the Authority's loss reporting system.

(e) Each City shall pay its assessment and any readjusted assessment promptly to the Authority when due. After withdrawal or termination, each City shall pay promptly to the Authority its share of any additional assessment and accrued interest at a rate determined by the Board when and if required of it by the Board under Article 22 or 23 of this Agreement.

(f) Each City shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Joint Protection Program under this Agreement.

(g) Each City shall in any and all ways cooperate with and assist the Authority, and any insurer of the Authority, in all matters relating to this Agreement and covered losses, and will comply with all by-laws, rules and regulations adopted by the Board of Directors.

ARTICLE 18

Interim Period and Effective Date of Program

(a) **Interim Period.** Once this Agreement has been initially signed, the estimated deposit charge for each City shall be developed and presented to each City by written notice. Each City shall have thirty (30) days from the receipt of such notice to withdraw from the Agreement.

After the end of this thirty (30) day period, and prior to December 1, 1980, each City's actual deposit charge shall be determined. Each City which signed the Agreement shall be bound thereby unless the actual deposit charge for the first year exceeds the estimated deposit charge in the written notice. If the actual deposit charge exceeds the estimated deposit charge, a Member City may nevertheless, elect to proceed with its participation in the Joint Protection Program by informing the Authority, in writing, of its decision to that effect.

(b) **Effective Date.** After each City's actual deposit charge for the first year has been determined, written notice to that effect shall immediately be given to all Cities. The Joint Protection Program shall become effective thirty (30) days from the date of such notice.

(c) **Joint Protection Program.** After this Agreement becomes effective, the Authority shall develop the details of the Joint Protection Program more fully described in Article 12 and 13 of this Agreement.

ARTICLE 19

New Members

After the effective date of the Joint Protection Program is established by the Authority, according to the provisions of Article 18, additional Cities shall not be permitted to become signatories to this Agreement, or to enter the Joint Protection Program, during the first year of operation. Following the first year of operation, the Authority shall allow entry in the program of new members approved by the Board at such time during the year as the Board deems appropriate. Cities entering under this Article will be required to pay their share of organizational expenses as determined by the Board, including those necessary to analyze their loss data and determine their assessment.

ARTICLE 20

Withdrawal and Cancellation

(a) City Withdrawal From Authority Membership

(1) A Member City may withdraw as a party to this Agreement pursuant to requirements of Article 18.

(2) A Member City which signs the Agreement and enters the Joint Protection Program pursuant to Article 18 may not withdraw as a party to this Agreement and as a member of the Authority for a three-year period commencing on the effective date of the Joint Protection Program, as determined by Article 18.

(3) After the initial three-year non-cancelable commitment to the program, a Member City may withdraw from membership only at the end of any fiscal year of the Authority, provided it has given the Authority twelve months prior written notice of its intent to withdraw from this Agreement. Such notice shall be hand carried or mailed to the offices of the Authority by certified mail.

(4) Withdrawal of membership will result in automatic cancellation of such Member City's participation in the Joint Protection Program, any excess insurance and any other programs offered by the Authority effective the date of withdrawal. Further, the Authority reserves the right to non-renew said withdrawing Member City's coverage in any Authority program during such City's notice period.

(b) Authority Termination of City Membership

(1) The Authority shall have the right to terminate any City's membership in the Authority at any time. Such Termination of Membership shall be upon a majority vote of the Board of Directors present at a full Board meeting where such motion for termination of membership is presented. A City's termination of membership shall become effective no later than sixty (60) days after the date such motion is passed, but in no event shall membership extend beyond the last day of coverage in the current Authority program in which said City is a participant.

(2) For purposes of this section, Membership in the Authority consists of a Member City's right to have a representative on the Board of Directors and to vote on Board matters, and the right to participate or receive coverage in any Joint Protection Program, self-insured retention or excess insurance program, and to utilize any Authority services or programs.

(3) The Authority shall notify a City in writing of its intent to vote on a motion for Termination of Membership of the City at least 30 days before the meeting at which the motion is to be voted upon. The notification shall include reasons for the proposed Termination of Membership. The affected City has the right to be represented at the meeting where the motion for Termination of Membership is to be voted upon and will be provided an opportunity to address the Board members present if they so choose.

ARTICLE 21

Cancellation of Coverage

(a) The Authority shall have the right to cancel any Member City's participation in any coverage program offered by or through the Authority. The terms of such cancellation of coverage will be specified in each of the coverage documents for the Authority's various programs, except that excess coverage in any program shall automatically cancel effective the date of cancellation of its self-insured coverage. Further coverage in all Authority programs shall cease effective the date of Member City's voluntary withdrawal of membership from the Authority.

(b) The Authority may cancel any Member City's participation in any coverage program offered by or through the Authority without termination of the Member City's membership in the Authority. However, any City whose Membership in the Authority has been terminated pursuant to Article 20(B) shall automatically be canceled from participation in all coverage programs offered by or through the Authority as of the effective date of termination of membership.

ARTICLE 22

Effect of Withdrawal

(a) The withdrawal of any City from this Agreement shall not terminate the same and no City by withdrawing shall be entitled to payment or return of any assessment, consideration of property paid, or donated by the City to the Authority, or to any distribution of assets.

(b) The withdrawal of any City after the effective date of the Joint Protection Program shall not terminate its responsibility to contribute its share of funds to any fund or program created by the Authority until all claims, or other unpaid liabilities, covering the period the City was signatory hereto have been finally resolved and a determination of the final amount of payments due by the City or credits to the City for the period of its membership has been made by the Board of Directors. In connection with this determination, the Board may exercise similar powers to those provided for in Article 23(c) of this Agreement.

ARTICLE 23

Termination and Distribution

(a) This Agreement may be terminated any time during the first three noncancelable years by the written consent of all Member Cities, and thereafter by the written consent of three-fourths of the Member Cities; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Authority.

(b) Upon termination of this Agreement, all assets of the Authority shall be distributed only among the parties that have been Members of the Joint Protection Program, including any of those parties which previously withdrew pursuant to Article 20 or 21 of this Agreement, in accordance with and proportionate to their cash (including assessment) payments and property (at market value when received) contributions made during the term of this Agreement. The Board shall determine such distribution within six months after the last pending claim or loss covered by this Agreement has been finally disposed of.

(c) The Board is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Member Cities, including those which were Member Cities at the time the claim arose or at the time the loss was incurred, to pay their share of any additional amount of assessment deemed necessary by the Board for final disposition of all claims and losses covered by this Agreement. A City's share of such additional assessment shall be determined on the same basis as that provided for annual assessments in Article 13(d) and (e) of this Agreement, and shall be treated as if it were the next year's annual assessment for that City, subject to the limits described in Article 13(h) of this Agreement.

ARTICLE 24

Provisions for By-Laws and Manual

As soon as practicable after the first meeting of the Board of Directors, and within the first twelve months of the Authority's existence, the Board shall cause to be developed Authority By-Laws and a policy and procedure manual to govern the day-to-day operations of the Authority. Each Member City shall receive a copy of any By-Laws, policy statement or manual developed under this Article.

ARTICLE 25

Notices

Notices to Member Cities hereunder shall be sufficient if mailed to the office of the City Clerk of the respective Member City.

ARTICLE 26

Amendment

This Agreement may be amended at any time by the written approval of two-thirds of all City Councils or Commissions of Cities signatory to it, or by an amendment adopted in the manner provided for in the By-Laws.

ARTICLE 27

Prohibition Against Assignment

No City may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any City shall have any right, claim or title to any part, share, interest, fund, assessment or asset of the Authority.

ARTICLE 28

Agreement Complete

The foregoing constitutes the full and complete Agreement to the parties. There are no oral understandings or agreements not set forth in writing herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by Authorized officials thereof on the date indicated in the appropriate Appendix.

INTERLOCAL AGREEMENT: CREATING PRE-MEMBERSHIP CONDITIONS
BETWEEN WASHINGTON CITIES INSURANCE AUTHORITY AND
CITY OF GIG HARBOR

THIS AGREEMENT, made pursuant CHAPTER 39.34 RCW, is made and entered into in the State of Washington by and among Washington Cities Insurance Authority, a quasi-municipal corporation organized and existing of the Constitution and laws of the State of Washington, Chapter 48.62 RCW, hereinafter referred to as WCIA, and the **CITY OF GIG HARBOR**, a municipal corporation existing under the Constitution and laws of the State of Washington, hereinafter referred to as "Entity" who are the parties signatory to this Agreement. Washington Cities Insurance Authority and the **CITY OF GIG HARBOR** are sometimes referred to herein as "parties".

RECITALS

WHEREAS, the **CITY OF GIG HARBOR** desires and is committed to taking all steps necessary to become a Full Member of WCIA, as membership is defined by WAC 200-100-020(17)(a) as now exists or hereinafter is amended and as defined by the foundational Interlocal Agreement creating Washington Cities Insurance Authority, and;

WHEREAS, the **CITY OF GIG HARBOR** has applied for membership in WCIA and is committed to becoming a Full Member, if approved for membership by WCIA, on the date of **January 1, 2027** at 12:01 a.m. and;

WHEREAS, WCIA is desirous and committed to taking and completing all necessary steps to evaluate the **CITY OF GIG HARBOR** for Full Membership in WCIA and to prepare the **CITY OF GIG HARBOR** for Full Membership in WCIA starting on the date of **January 1, 2027** at 12:01 a.m., and;

WHEREAS, it appears economically feasible and mutually beneficial for the parties to this Agreement to take all steps reasonably necessary to evaluate the **CITY OF GIG HARBOR** for Full Membership in WCIA and to prepare said entity for Full Membership on the date of **January 1, 2027** at 12:01 a.m.;

NOW, THEREFORE, for and in consideration of all the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

I. Covenants.

- a. The **CITY OF GIG HARBOR** hereby formally applies to Washington Cities Insurance Authority to become a Full Member of WCIA to participate in its joint self insurance and risk sharing programs and receive its full membership benefits including orientation, risk management training, and consulting services and all other support services offered to Full Members of WCIA starting on the date of **January 1, 2027** at 12:01 a.m., if so approved by the governing body of WCIA.

- b. The Entity hereby agrees to give all necessary written notice to any insuring or self insuring pooling organization to which the Entity is currently a member or subscriber that it intends to end its current liability insuring or self insuring Entity membership so as to allow the Entity to become a Full Member of WCIA on the effective date cited above, if so approved by WCIA.
- c. The Entity agrees to provide full and open access to its records and claim history so as to allow WCIA to properly evaluate the entity's risk profile for prospective membership in WCIA.
- d. The Entity agrees to accept and complete all recommended pre-membership orientation, risk management training, and consulting services as specified by WCIA and to reimburse WCIA the reasonable cost of any such services provided within sixty (60) days of being billed for the same if the Entity's full membership in WCIA is rejected or if the Entity declines to sign the "appendix" to the foundation Interlocal Agreement creating WCIA when offered Full Membership.
- e. The Entity agrees that if its Full Membership in WCIA is approved by its governing body it will, through its authorized officer, sign via appendix the foundational Interlocal Agreement creating WCIA and thereby become a full participating Member of WCIA as of the effective date of **January 1, 2027** at 12:01 a.m. Thereafter, the Entity agrees to be fully bound by all of the terms and conditions and benefits of full WCIA membership including, but not limited to those specified in the Interlocal Agreement creating WCIA, the WCIA Bylaws and Joint Protection Program documents.
- f. WCIA agrees to perform a full, fair and prompt evaluation of the **CITY OF GIG HARBOR'S** qualifications for membership with WCIA and to deliver a final decision accepting or rejecting the Entity for membership no later than sixty (60) days prior than the proposed effective date of membership stated above. At the same time, if WCIA accepts the Entity for membership, it will state in its acceptance the proposed initial assessment the Entity will be required to pay for the Entity's initial membership.
- g. WCIA agrees to provide all necessary orientation, risk management training and consulting services to the **CITY OF GIG HARBOR** and its officers, employees and elected officials as necessary to prepare the **CITY OF GIG HARBOR** for Full Membership in WCIA.
- h. This pre-membership agreement shall become effective on the date that it has been signed by both parties authorized representatives as indicated below.

II. Amendments.

This Agreement may be amended at any time only by the written approval of all the parties signatory to it.

III. Agreement Complete.

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by signature of the authorized officials thereof on the date indicated below their signatures.

For and on behalf of the City of Gig Harbor

Dated this ____ day of _____, 20 ____.



For and on behalf of Washington Cities
Insurance Authority
Ann Bennett, Executive Director of WCIA

Dated this 9th day of January, 20 26

**APPENDIX 171-26 TO INTERLOCAL AGREEMENT
CREATING THE WASHINGTON CITIES
INSURANCE AUTHORITY**

WHEREAS, in 1980 the Cities of Mercer Island, Mountlake Terrace, Olympia, Kirkland, Marysville, Lacey, Kent, Everett and Des Moines did enter into and sign an Interlocal Agreement, as authorized by CH 48.62 RCW, for the creation of and operation of a liability self-insurance pool for the mutual protection and benefit of said entities known as the Puget Sound Cities Interlocal Insurance Authority; and,

WHEREAS, on March 13, 1986, the Board of Directors of the Authority did pass a motion to change the name to Washington Cities Insurance Authority. Said change is also ratified by new members; and,

WHEREAS, the above referenced Interlocal Agreement provides in Article 19 for the addition of new members to said Authority after one year of operation as determined by vote of the Board of Directors of said Authority; and,

WHEREAS, Article IV, Section 8 of the Bylaws of the Washington Cities Insurance Authority provides the procedure for the admission of new members to said Authority; and,

WHEREAS, on **January 9, 2026**, the Executive Committee of the Washington Cities Insurance Authority did pass a motion authorizing and inviting **City of Gig Harbor** to become a new member of said Authority; and,

WHEREAS, **City of Gig Harbor** by decision of its respective legislative and executive authorities, has decided to become a new member to the Washington Cities Insurance Authority commencing on **January 1, 2027**;

NOW THEREFORE, for and in consideration of all of the mutual benefits, covenants, and agreements contained herein, **City of Gig Harbor** by signature of its respective authorized representative to this **APPENDIX 171-26** to the original Interlocal Agreement, do hereby agree to be bound to all the terms, conditions, and covenants of the original Interlocal Agreement creating the Washington Cities Insurance Authority and all

previous appendixes, which are incorporated by reference herein and to become members of said Authority commencing at **12:01 a.m. on January 1, 2027.**

The new member whose representative signs this **APPENDIX 171-26** agree that they shall be bound to the original Interlocal Agreement and all previous appendixes, and to which the **APPENDIX 171-26** is attached; and further agree that they shall be bound by all provisions and terms of the Bylaws for the Washington Cities Insurance Authority as they now exist or may be amended in the future. The new member whose representative signs this agreement shall have the benefits of the Joint Protection Programs and obligations thereto as provided by the Washington Cities Insurance Authority commencing at **12:01 a.m., January 1, 2027.**

IN WITNESS WHEREOF, the party hereto has executed this **APPENDIX 171-26** to the Interlocal Agreement creating the Washington Cities Insurance Authority by authorized official thereof, on the date indicated below.

DATE: _____ BY: _____

TITLE: _____

ATTEST: _____

DATE: _____

A twice-monthly summary from your City of Gig Harbor Leadership Team

These department updates are an effort to increase our internal and external communication initiatives, to provide the mayor and city councilmembers with the information they need to serve the public and make informed decisions, and just as importantly, to share citywide information and updates with all staff and residents. Please feel free to send any questions, suggestions, or concerns about this document to communications@gigharborwa.gov.

Administration

City Administrator Katrina Knutson

Gig Harbor Civic Academy coming soon: The city is excited to introduce the Gig Harbor Civic Academy, a new program that will deepen understanding of how the city operates and more. The Gig Harbor Civic Academy is a structured, 8-week, municipal education program designed to deepen understanding of how decisions are made, how services are delivered, and how to effectively engage in the community. The program is designed for up to 20 community participants who are city residents and/or business owners and will kick off with the new year in January 2027. Registration opens the beginning of November. So, mark your calendars and stay tuned for more details coming soon!

Youth council: Youth council interviews have been completed, and the 2026–27 youth council has officially kicked off with 19 members. During the orientation, members discussed ideas for activities and learning opportunities throughout the year, including potential ride-along experiences, group projects, and leadership opportunities within the youth council. Staff are looking forward to another engaging year of youth-led involvement and community service.

FREE Legal Aid Popups: Legal aid popup clinics continue to be hosted at the Civic Center, free of charge, on the third Monday of each month, providing community members with convenient access to free legal information and resources. The ongoing clinics help connect residents with legal assistance and support on a variety of civil legal matters. The next popup will be hosted on Monday September 21, from 10am to 12pm.

MFTE at study session: Housing, Health, and Human Services Program Manager Smiley along with Community Development Director Baker presented to city council during the July 30 and August 13, study sessions about the Multifamily Tax Exemption (MFTE) program. During those discussions, council established the program framework and requirements, including that the program be available in areas of the city where multifamily housing is allowed by zoning, apply to qualifying projects with a minimum of 20 new multifamily units, and require at least 20 percent of the units in each participating project to be affordable to households earning 70 percent or less of area median income (AMI). Following the study sessions, council directed staff to bring the proposed ordinance forward for consideration at the next regular city council meeting for first reading.

Community Development

Community Development Director Eric Baker

On September 3, the planning commission reached agreement on a recommendation to the city council regarding Phase 2A Code Development. The proposed code updates are intended to encourage opportunities for a broader range of housing options within the community such as ADUs, duplexes, triplexes, townhomes, etc.

The planning commission's recommendation will now move forward to the city council for consideration. Council's review will provide an additional opportunity for public discussion and consideration of how the proposed code changes can support the community's long-term housing and land use goals. For more information please see [Phase 2 Code Development website](#).

Building: Over this past reporting period the building & fire division received applications for 49 new permits, including those for the remodel of all five of the Norwegian Wood Apartment buildings, remodel of the animal hospital on Burnham, and the relocation of the Gig Harbor Wine Company to 3202 Harborview. 50 permits were issued including those for the Gig Harbor Homeport, a new Jersey Mike's on Borgen, and three more homes at Summit Pointe. Completed projects include Smart Ortho on 56th, Frankies Retail at Uptown, an Adult Family Home on Regatta, and the replacement of an MRI at the hospital.

Code enforcement: The past six-month crash course in code compliance went by quickly in the busy City of Gig Harbor! Continuing efforts with, but not limited to, temporary sign education, wildlife concerns, yard/garage sale regulations, unpermitted buildings in setbacks, nuisance lighting, unpermitted property development, neighborhood/neighbor disputes including HOA requirements vs. Gig Harbor Municipal Code, property cleanup/illegal dumping, designated vegetative/buffer zone maintenance requirements, outdoor seating on public sidewalks, F.O.G. program violations, public/plant nuisance concerns, refuse receptacle placement concerns... and the beat goes on.....

Court

Court Administrator Stacy Colberg

No updates this time but stay tuned!

Finance

Finance Director Scott Larson

No updates this time but stay tuned!

Human Resources

Human Resources Director Shannon Costanti

Advance your career: Looking to grow in your career? Check out the [current job opportunities](#) here at the city!

Position	Type	Status
Risk Safety Program Manager	FT	Closed – Selection Pending
Building Inspector/Plans Reviewer	FT	Closed – Selection Pending
Utility Billing Technician	FT	Closed – Selection Pending
Executive Assistant	FT	Closed – Selection Pending
HR Coordinator	FT	Closed – Selection Pending
Experienced Police Officer	FT	Open Until Filled
Wastewater Operator	FT	Open Until September 16, 2026
Collections System Technician	FT	Open Until September 16, 2026

Information Technology Systems

ITS Manager Logan Rosenstiel

Cybersecurity incident update: While the investigation into our cybersecurity incident on August 25 is ongoing, there continues to be no evidence of a data breach or continued malicious activity within the city's network. Also, ITS is re-prioritizing multiple projects to accelerate our previously planned security enhancements. We appreciate your continued patience as we work to improve the city's security posture.

Fiberoptic upgrades complete! Following a couple of setbacks, ITS completed the transition to our new Comcast fiberoptic internet and wide-area network services on September 8.

Windows 11 upgrades: ITS is continuing to upgrade all city PCs to Windows 11 and we're currently working in the police department. We anticipate upgrades will be coming to wastewater and operations staff in the next two to three weeks. Stay tuned!

FirstNet is coming! ITS completed the orders for new FirstNet phones for city users last week. We'll be having our cut-over event on September 24 in Council Chambers. We will be sending additional information on how you can prepare for this transition this week!

Police

Police Chief Tray Federici

Beyond the game (the power of selflessness): By invitation, Lieutenant Daniel and Chief Federici met with members of the Gig Harbor High School varsity football team for a conversation centered on selflessness, and how putting the needs of the team ahead of individual recognition is at the heart of leadership and being a good teammate.

High school athletics provides a unique opportunity to learn these lessons at an important age. The habits these young men are developing now, how they respond to adversity, support one another, accept responsibility, and contribute when no one is watching, will follow them well beyond the football field.

The discussion focused on the idea that leadership is not about a title, position, or who receives the credit. Strong teams are built by people willing to do their job for the person next to them, make sacrifices for a shared goal, and understand that sometimes the most important contribution is the one that receives no recognition at all.

We appreciated the opportunity to spend time with the team and talk about selflessness, leadership, and what it truly means to be a good teammate, lessons that matter in football, but even more in life.



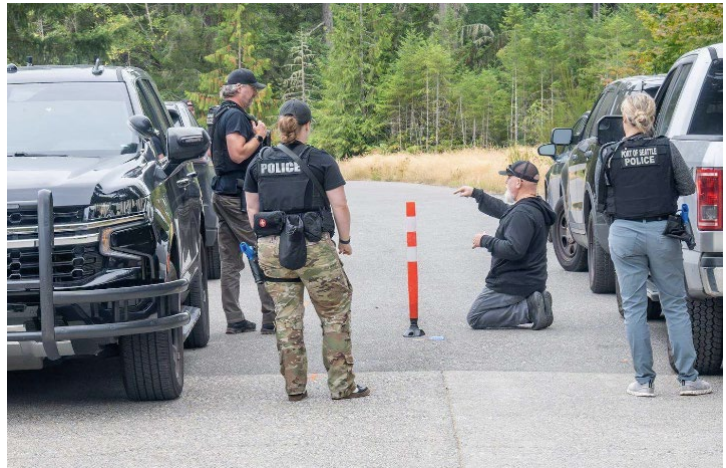
Multi-agency Vehicle Containment and Fugitive Apprehension training: The Gig Harbor Police Department recently hosted a three-day Vehicle Containment and Fugitive Apprehension course attended by 22 officers from multiple agencies across Washington State, including detectives and field investigators from GHPD.

The course focused on communication, coordination, open-air apprehension, and vehicle containment tactics, progressing from individual skills to realistic team-based scenarios. This type of training is critical when officers from different units and agencies must work together during fast-moving, high-risk incidents. Developing common tactics and strong communication beforehand helps create safer, more coordinated responses in the field.



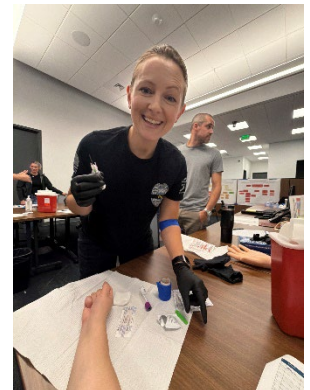
The course was also the inaugural law enforcement training held at Gig Harbor Fire & Medic One's new training facility, which provided an excellent environment for realistic, hands-on scenarios.

A special thank you to our partners at Gig Harbor Fire & Medic One for allowing us to use their facility and helping make this important regional training possible.



Expanding DUI investigative capabilities: Officer April Goff and Officer Mark Burns recently attended phlebotomy certification training, adding an important capability to the Gig Harbor Police Department's DUI enforcement efforts.

Once certified, the officers will be trained to conduct blood draws when legally authorized, including pursuant to a search warrant during DUI investigations. Having this capability within the department can help reduce delays associated with obtaining blood evidence, which is particularly important in impaired-driving investigations where timely evidence collection matters.

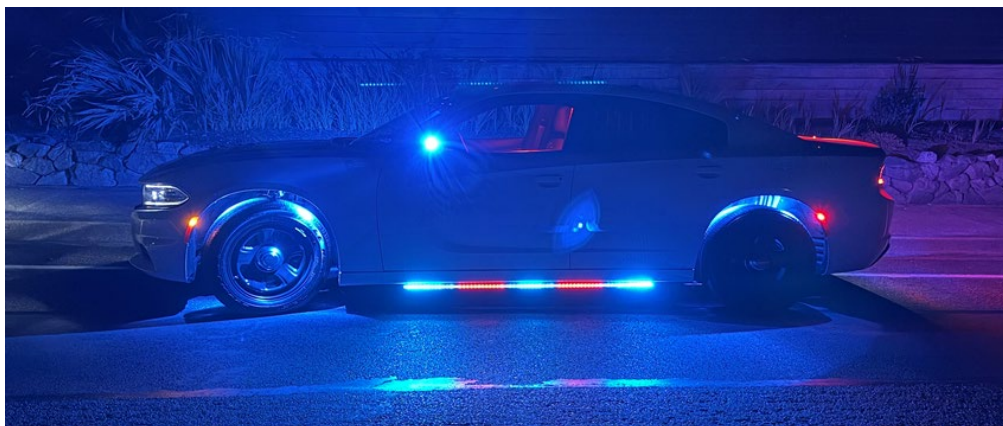


Traffic at a glance: Over the past several departmental updates, we have continued to highlight the department's emphasis on proactive traffic enforcement and roadway safety. Our officers continue to dedicate significant time and resources to addressing traffic-related concerns throughout our community.

From January 1 through September 8, 2025, Gig Harbor officers conducted 1,519 traffic stops. During the same period in 2026, officers conducted 2,924 traffic stops, an increase of 1,405 stops, or approximately 93%.

Traffic complaints, speeding, and unsafe driving continue to be some of the concerns we hear from our community. We have made a deliberate effort to increase our presence on the roadways and address those concerns through proactive enforcement. We will continue that work throughout the remainder of the year, with the goal of making Gig Harbor's roadways safer for everyone.

Traffic complaints can be submitted through the City of Gig Harbor's Traffic Complaint Portal and are sent directly to Traffic Investigator Carson Abell for review and follow-up: [Police Reporter](#).



Public Works

[Public Works Director Jeff Langhelm](#)

Commercial Fishing Homeport: Mitigation projects for the homeport begin this week, starting at Maritime Pier. In the meantime, the city is accepting [interest forms](#) from commercial fishing operators who might be interested in mooring their vessels at the homeport. Filling one out does not cost anything or obligate an operator to apply for moorage but does allow the city to gauge interest and to keep operators informed when the applications do open.

Narrows Challenge/SUP Nationals: The public works and police departments are continuing to work with the Gig Harbor Canoe & Kayak Racing Team (GHCKRT) for their large special event coming up September 18-20. In addition to the yearly Narrows Challenge, Gig Harbor will be hosting the national championship for stand up paddleboarding (SUP), which will be bringing athletes from all over the country to compete. Expect downtown, especially around Skansie Park, to be especially busy that weekend.

Adam Tallman Park: The city's on-call arborist visited Adam Tallman Park last week to help identify any unhealthy trees and make recommendations on their maintenance or possible removal. Since the entirety of the park is in a wetland or wetland buffer, a wetland consultant will identify any mitigation that should be performed to implement the arborist's recommendations for long-term health of the wetland.

Soundview Stormwater Park Feasibility Study: City staff had a booth at the last Skansie Park Farmer's Market on August 27 to answer questions and explain the ongoing stormwater park feasibility study for 7601 Soundview Drive. The existing house must not be used as a residence after 2028 and must be demolished or converted to public use. The property, adjacent to Soundview

Forest, is being studied for the possibility of creating a stormwater treatment facility to clean up stormwater runoff from Soundview Drive. The stormwater infrastructure could be hidden, or it could become park features, depending on the type of treatment used. The remainder of the property would have park features. The city is running a [survey](#) to get the public's opinion on what should be done with the space. The survey will be open until October 2.

Public works draft 2027-28 budget: Public works staff have been working collaboratively with the finance department to develop the draft 2027-28 budget. This collaboration has provided new and improved budget development methods and a more transparent understanding of revenues and expenses to fund the operations and capital construction for public works. Staff continue to review some operating and capital funds to verify the projects and respective maintenance are sustainable and staff have the capacity both now and into the future.

Preparations for 2028 water system plan update: Every 10 years the city is required to update its comprehensive planning document for the water system, known as a "water system plan." The next update to the city's water system plan is due in early 2028. These plans take over a year to develop and receive approval from the Washington State Department of Health (DOH), Department of Ecology, and Pierce County. Staff and the consultant participated in a water system plan pre-meeting on August 18 with DOH. At this meeting, staff received details about the new requirements for this round of water system plan and heard that the city is already in a good place as it relates to utility rates and asset management.

Street and storm operations: (1) Crews have been installing traffic markings throughout town. They will be working nights this week to concentrate on intersections during low volumes and good weather. (2) Crews have been continuing to trim vegetation to address sight distance concerns. (3) Staff have been adding newly installed assets into Cartegraph. This includes assets like streetlights and RRFB crosswalk systems. (4) Crews have been doing shoulder grading, ditch cleaning, and erosion repairs along 38th Ave. (5) Operations staff are coordinating the selection of the city's annual holiday tree with staff from JBLM.

Wastewater operations: (1) Staff have submitted various reports to the Department of Ecology as required by the city's NPDES discharge permit. These include the monthly WWTP discharge monitoring report and the priority pollutant sampling results. (2) The city's contractor is beginning construction work to upgrade the level control system at wastewater lift station 16 (Canterwood Blvd.) (3) Crews are performing routine fall maintenance of emergency backup power equipment and pumps at the wastewater lift stations. (4) Crews are performing sewage grinder repairs at lift station 3A (Harborview Drive across from the tx^waalqø Estuary.)

Water operations: (1) Staff are working on the conduit and electrical cabinet installation for the video camera upgrades for our remote well sites, North Tank, and East Tank. Once staff's portion of the work is completed, the city's vendor will install the cameras and program the systems. (2) The city has hired our new Water Quality Specialist - Ryan Fuller. Ryan comes to us from the City of Roy and we are excited to have him on staff. He will be responsible for managing the Backflow and Cross Connection program, water sampling, and addressing water quality throughout the water system. (3) Crews continue to perform meter maintenance when time allows, and other routine maintenance to the water system.

Grounds and facilities operations: (1) Crews will be working on pouring a concrete pad and clearing the area for another donated bench. This bench will be placed on the Bogue Building sidewalk, where the Chamber of Commerce currently operates. (2) Crews are working on end of summer season activities, such as a much-needed aeration of Skansie Brothers Park. This will be accompanied with an overseeding and some fall organic fertilizer. (3) Doris Heritage Park was our first public restroom to receive new large format dispensers for toilet paper, hand towels, and hand soap. These should help alleviate running out of supplies on busy weekends at the park. This work has also included replacing products at the Civic Center. All public buildings will eventually receive these new products to reduce the number of products to manage. Plus, the paper products are higher quality and from renewable sources. (4) Staff are working on fine tuning and performing on-site research to security enhancements to add access control and cameras to the WWTP. This involves multiple departments' time and problem solving to reduce overall costs on the project.

Capital improvement project status updates: For the most recent updates on the city's design and construction projects, see our online [CIP StoryMap](#).



**City of Gig Harbor
City Council Agenda Bill**

Meeting Date: September 14, 2026

SUBJECT: First Reading of Ordinance 1566 Adopting a Multi-Family Tax Exemption (MFTE) Program

SUBMITTED BY: Housing, Health, and Human Services Program Manager, Shealynn Smiley, MSW

and Community Development Director, Eric Baker

DEPARTMENT: Administration

PHONE: (253) 530 - 7070

SUGGESTED MOTION: Consider the ordinance at second reading.

BACKGROUND INFORMATION: Staff presented to council at the July 30 and August 13, 2026 study sessions about the potential for a Multifamily Tax Exemption (MFTE) program as a tool to address the need for affordable housing in our community.

During those discussions, Council established the program framework and requirements, including that the program be available in areas of the City where multifamily housing is allowed by zoning, apply to qualifying projects with a minimum of 20 new multifamily units, and require at least 20 percent of the units in each participating project to be affordable to households earning 70 percent or less of area median income (AMI). During the most recent study session, Council directed staff to bring forward an ordinance for consideration at the next regular City Council meeting for first reading.

Proposed ordinance 1566 establishes the MFTE program as a tool to address the community's need for affordable housing.

FISCAL CONSIDERATION: This section details the financial issues involved in the issue before Council, if applicable. It can include only the information contained in the table below or it can include additional financial information.

Expenditure Required: \$	Amount Budgeted: \$	Appropriation Required: \$
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ATTACHMENTS:

1. Gig Harbor Municipal Code_MFTE Ordinance 1566 FINAL

STRATEGIC PLAN PRIORITY: Provide a safe, healthy, and inclusive community

ORDINANCE NO. 1566

AN ORDINANCE OF THE CITY OF GIG HARBOR, WASHINGTON, ADOPTING A NEW CHAPTER [X.XX] OF THE GIG HARBOR MUNICIPAL CODE ENTITLED “MULTIFAMILY PROPERTY TAX EXEMPTION,” ESTABLISHING A PROGRAM FOR LIMITED EXEMPTIONS FROM AD VALOREM PROPERTY TAXATION FOR QUALIFYING MULTIFAMILY HOUSING DEVELOPMENTS PURSUANT TO CHAPTER 84.14 RCW; PROVIDING FOR SEVERABILITY, CORRECTION OF SCRIVENER’S ERRORS, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Gig Harbor has identified a need to increase housing supply, particularly affordable housing options, to accommodate current and projected population growth; and

WHEREAS, recent state legislation requires local jurisdictions to meet specific housing need estimates by income level, specifically for low- and moderate-income households; and

WHEREAS, the Washington State Department of Commerce has provided guidance encouraging multi-family development as housing that meets the needs of these income bands; and

WHEREAS, state legislation has directed local jurisdictions to revise development regulations and provide incentives for multi-family and other more affordable housing types; and

WHEREAS, Chapter 84.14 RCW authorizes cities to provide limited ad valorem property tax exemptions for eligible multifamily housing located in designated residential targeted areas, for the purpose of incentivizing new development and rehabilitation; and

WHEREAS, the City Council finds that establishing such a program is in the interest of the public health, safety, and welfare by increasing housing opportunities for low- and moderate-income households, and enhancing economic vitality in designated areas of the city; and

WHEREAS, the City Council has reviewed the policy recommendations of city staff, considered public input, and conducted study sessions to develop appropriate standards, processes, and safeguards for administering the exemption program; and

WHEREAS, the City Council has determined that the adoption of Chapter [X.XX] GHMC is consistent with the Comprehensive Plan, the Gig Harbor Housing Action Plan, and applicable state planning goals under the Growth Management Act (Chapter 36.70A RCW).

NOW, THEREFORE, the City Council of the City of Gig Harbor do ordain as follows:

Section 1. A New Chapter [X.XX] Entitled “Multifamily Property Tax Exemption” is

Adopted. A new Chapter [X.XX] of the Gig Harbor Municipal Code is hereby adopted as set forth in Exhibit A attached hereto and incorporated herein by this reference in its entirety. The new chapter establishes a multifamily property tax exemption program consistent with the

provisions of Chapter 84.14 RCW, including eligibility requirements, application procedures, duration and terms of exemption, compliance standards, and provisions for revocation.

Section 2. Chapter 19.01.003.B “Project permit application framework” is amended. Chapter 19.01.003.B is amended to include application processes for multifamily tax exemption conditional and final certificates as set forth in Exhibit B.

Section 3. Findings of Fact. The recitals set forth above and all reports, studies, public comments, and staff presentations are hereby adopted as findings of fact in support of this ordinance.

Section 4. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or circumstance is held to be invalid, the remainder of this ordinance or the application of the provision to other persons or circumstances shall not be affected.

Section 5. Correction of Errors. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance, including the correction of scrivener’s or clerical errors, references, numbering, and formatting, as needed to implement the intent of the City Council.

Section 6. Transmittal. Pursuant to RCW 84.14.100(2), the City Clerk shall transmit a certified copy of this ordinance to the Pierce County Assessor within ten (10) calendar days of final passage.

Section 7. Effective Date. This ordinance shall take effect and be in full force thirty (30) days after publication of an approved summary consisting of the title.

ADOPTED by the City Council of the City of Gig Harbor at a regular meeting thereof held this [Insert Date] day of [Insert Month], 2025.

Mary K. Barber
Mayor

Approved as to form:

Attest:

Daniel Kenny
City Attorney

Tiffany Aliment, CMC
City Clerk

EXHIBIT A

New Chapter [X.XX] – Multifamily Property Tax Exemption

Gig Harbor Municipal Code Chapter X.XX MULTIFAMILY PROPERTY TAX EXEMPTION

Sections:

- X.XX.010 Purpose.
- X.XX.020 Definitions.
- X.XX.030 Applicability.
- X.XX.040 Terms of the tax exemption.
- X.XX.050 Project eligibility.
- X.XX.060 Application procedure.
- X.XX.070 Application for conditional certificate.
- X.XX.080 Extension of conditional certificate.
- X.XX.090 Application for final certificate.
- X.XX.100 Issuance of final certificate.
- X.XX.110 Annual compliance review.
- X.XX.120 Cancellation of tax exemption.
- X.XX.130 Conflict of provisions.

X.XX.010 Purpose. The purpose of this chapter is to provide limited exemptions from ad valorem property taxation for multifamily housing in designated residential targeted areas, as authorized under chapter 84.14 RCW. This incentive aims to:

- A. Encourage increased residential opportunities, including affordable housing units, within designated areas; and
- B. Provide affordable housing opportunities for low-income households.

X.XX.020 Definitions. Unless the context indicates otherwise, the following definitions apply in this chapter:

- A. "Affordable housing" means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent of the household's monthly income
- B. "Building codes" refers to the city and state building and fire codes under Gig Harbor Municipal Code Title 15.
- C. "City" means the city of Gig Harbor.
- D. "Department" refers to the city's Department of Community Development.
- E. "Director" means the director of the Department of Community Development or their designee.
- F. "Low-income household" means a household earning 80% or less of the area median income (AMI) as defined by HUD.

G. "Moderate-income household" means a household earning more than 80 percent but at or below 115 percent of the area median income (AMI) as defined by HUD.

H. "Multifamily housing or Multi-unit" means a building with 10 or more dwelling units used for permanent residential occupancy.

X.XX.030 Applicability. Multifamily housing projects located within a residential targeted area designated by the City of Gig Harbor, resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings, may be entitled to a limited exemption from ad valorem property taxation as set forth in this chapter.

X.XX.040 Terms of the Tax Exemption.

A. Duration of Exemption. The value of new housing construction, conversion, and rehabilitation improvements qualifying under this chapter is exempt from ad valorem property taxation, as follows:

1. For properties for which applications for certificates of tax exemption eligibility are submitted under this chapter, the value is exempt:
 - a. For **12 successive years** beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter and meets the conditions in this subsection (A)(1)(a). For the property to qualify for the 12-year exemption under this subsection, the applicant must commit to renting or selling at least 20 percent of the multifamily housing units as affordable housing units, at or below 70% AMI and the property must satisfy that commitment, and any additional affordability and income eligibility conditions adopted by the local government under this chapter. In the case of projects intended exclusively for owner occupancy, the applicant must record a covenant or deed restriction ensuring that the affordability requirements and other conditions of the exemption are met, and the minimum requirement of this subsection (A)(1)(a) may be satisfied solely through housing affordable to moderate-income households.

C. Limits on Exemption. The exemption does not apply:

1. To the value of land or to the value of non-housing-related improvements not qualifying under this chapter.
2. In the case of rehabilitation of existing buildings, to the value of improvements constructed prior to submission of the completed application required under this chapter.
3. To increases in assessed valuation made by the Pierce County Assessor on nonqualifying portions of building or other improvements and value of land, nor to increases made by lawful order of a county board of equalization, the Department of Revenue, or Pierce County, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

D. Conclusion of Exemption. At the conclusion of the exemption period, the new or rehabilitated housing cost shall be considered as new construction for the purposes of chapter 84.55 RCW.

- E. Sunset. No new certificate of tax exemption eligibility may be approved under this chapter on or after January 1, 2032.

X.XX.050 Project Eligibility. A proposed multifamily housing project must meet the following requirements for consideration for a property tax exemption:

- A. Location. The project must be located within a residential targeted area designated by the City of Gig Harbor.
- B. Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. If the property proposed to be rehabilitated is not vacant, an applicant shall provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate.
- C. Noncompliance with Building Codes. Existing dwelling units proposed for rehabilitation must fail to comply with one or more standards of the applicable state or city building codes.
- D. Size of Project. The new, converted, or rehabilitated multiple-unit housing must provide for a minimum of 50 percent of the space for permanent residential occupancy. The project, whether new, converted, or rehabilitated multiple-unit housing, must include at least 20 units of multifamily housing within a residential structure or as part of an urban development, except for projects involving occupied or vacant existing multifamily housing as provided in this subsection. In the case of existing multifamily housing that is occupied, or which has not been vacant for 12 months or more, the multifamily housing project must also provide for a minimum of four additional multifamily units for a total project of at least 10 units including the four additional units. Existing multifamily housing that has been vacant for 12 months or more does not have to provide additional units.
- E. Proposed Completion Date. New construction of multifamily housing and rehabilitation improvements must be completed within three years from the date of approval of the application.
- F. Compliance with Guidelines and Standards. The project must be designed to comply with the city's comprehensive plan, building, housing, and zoning codes, and any other applicable regulations. The project must also comply with any other standards and guidelines adopted by the city council for the residential targeted area.

X.XX.060 Application Procedure. A property owner who wishes to propose a project for a tax exemption shall complete the following procedures:

- A. The application provided by the city shall be filed with the department along with the required fees as allowed by RCW 84.14.080.
- B. A complete application shall include:
 - 1. A completed City of Gig Harbor application form setting forth the grounds for the exemption.
 - 2. Preliminary floor and site plans of the proposed project.
 - 3. A statement acknowledging the potential tax liability when the project ceases to be eligible under this chapter.

4. An affidavit stating the occupancy record of the property for a period of 12 months prior to filing the application.
5. Verification by oath or affirmation of the information submitted.
6. For rehabilitation projects, the applicant shall provide a report prepared by a registered architect identifying property noncompliance with the building codes. This report shall identify specific code violations and must include supporting data that satisfactorily explains and proves the presence of a violation. Supporting data must include a narrative and such graphic materials as needed to support this application. Graphic materials may include, but are not limited to, building plans, building details, and photographs.

X.XX.070 Application for conditional certificate. The director may certify as eligible an application which is determined to comply with the requirements of this chapter. A decision to approve or deny an application shall be made within 90 calendar days of receipt of a complete application.

A. Application. The director may approve the application if he/she finds that:

1. A minimum of 20 new units are being constructed, or in the case of occupied rehabilitation or conversion within 12 months of occupancy, a minimum of four additional multifamily units for a total project of at least 10 units including the four additional multifamily units are being developed.
2. The proposed project is or will be, at the time of completion, in conformance with all applicable local plans and regulations.
3. The owner has complied with all standards and guidelines adopted by the city under this chapter.
4. The site is located within a residential targeted area designated by the City of Gig Harbor.
5. If applicable, the proposed multiunit housing project meets the affordable housing requirements as described in GHMC X.XX.040.

B. Approval of Application. If an application is approved, the applicant shall enter into a contract with the city, regarding the terms and conditions of implementation of the project, and the director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three years from the date of approval unless an extension is granted as provided in this chapter.

C. Denial of Application. If an application is denied, the director shall state in writing the reasons for denial and shall send notice to the applicant at the applicant's last known address within 10 calendar days of the denial.

D. Appeal. Per RCW 84.14.070, an applicant may appeal a denial to the city council within 30 calendar days of receipt of the denial by filing a complete appeal application and fee with the director. The appeal before the city council will be based on the record made before the director. The director's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the director's decision. The city council's decision on appeal will be final.

X.XX.080 Extension of conditional certificate.

A. Extension. The conditional certificate and time for completion of the project may be extended by the director for a period not to exceed a total of 24 consecutive months. To obtain an extension, the applicant must submit a written request with a fee stating the grounds for the extension. An extension may be granted if the director determines that:

1. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner;
2. The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and
3. All the conditions of the original contract between the applicant and the city will be satisfied upon completion of the project.

B. Denial of Extension. If an extension is denied, the director shall state in writing the reason for denial and shall send notice to the applicant's last known address within 15 calendar days of the denial.

C. Appeal. An applicant may appeal the denial of an extension to the hearing examiner pursuant to chapter GHMC 19.06 within 14 calendar days of receipt of the denial by filing a complete appeal application and fee with the director. The appeal before the hearing examiner shall be processed as a Type II director decision pursuant to chapter GHMC 19.01. No appeal to the city council is provided from the hearing examiner's decision. The applicant may appeal the hearing examiner's decision to the Pierce County Superior Court, if the appeal is filed within 30 calendar days of receiving notice of that decision.

X.XX.090 Application for final certificate. Upon completion of the improvements agreed upon in the contract between the applicant and the city and upon issuance of a certificate of occupancy, the applicant may request a final certificate of tax exemption by filing with the director the following:

- A. A statement of expenditures made with respect to each multifamily housing unit and the total expenditures made with respect to the entire property;
- B. A description of the completed work and a statement of qualification for the exemption;
- C. A statement that the work was completed within the required three-year period or any authorized extension; and
- D. If applicable, that the project meets the affordable housing requirements as described in RCW 84.14.020.

X.XX.100 Issuance of final certificate. Within 30 calendar days of receipt of all materials required for a final certificate, the director shall determine whether the specific improvements satisfy the requirements of the contract, application, and this chapter.

A. Granting of Final Certificate. If the director determines that the project has been completed in accordance with this chapter and the contract between the applicant and the city, and has been completed within the authorized time period, the city shall, within 10 calendar days of the expiration of the 30-day review period above, file a final certificate of tax exemption with the Pierce County Assessor.

B. Denial of Final Certificate. The director shall notify the applicant in writing that a final certificate will not be filed if the director determines that:

1. The improvements were not completed within the authorized time period;
2. The improvements were not completed in accordance with the contract between the applicant and the city; or
3. The owner's property is otherwise not qualified under this chapter.

C. Appeal. Pursuant to RCW 84.14.090(6), an applicant may appeal a denial to the hearing examiner pursuant to chapter GHMC 19.06 within 14 calendar days of issuance of the denial of a final certificate by filing a complete appeal application and fee with the director. The appeal before the hearing examiner shall be processed as a Type II director decision pursuant to chapter GHMC 19.01. No appeal to the city council is provided from the hearing examiner's decision. The applicant may appeal the hearing examiner's decision to the Pierce County Superior Court if the appeal is filed within 30 calendar days of receiving notice of that decision.

X.XX.110 Annual compliance review.

A. Within 30 calendar days after the first anniversary of the date of filing the final certificate of tax exemption and each year for the tax exemption period, the property owner shall be required to file a notarized declaration with the director indicating the following:

1. A statement of occupancy and vacancy of the multifamily units during the previous 12 months;
2. A certification by the owner that the property has not changed use and, if applicable, that the property has been in compliance with the affordable housing requirements as described in RCW 84.14.020 since the date of the certificate approved by the city;
3. A description of changes or improvements constructed after issuance of the certificate of tax exemption; and
4. Any information needed by the city to file its report pursuant to subsection (B) of this section and any additional information requested by the city in regards to the units receiving a tax exemption.

B. The city shall report annually by December 31st of each year, beginning in 2027, to the Department of Commerce The report must include the following information:

1. The number of tax exemption certificates granted;
2. The total number and type of units produced or to be produced;
3. The number and type of units produced or to be produced meeting affordable housing requirements;
4. The actual development cost of each unit produced;
5. The total monthly rent or total sale amount of each unit produced;
6. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption and a summary of these figures for the city; and
7. The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.

C. City staff may also conduct on-site verification of the declaration. Failure to submit the annual declaration shall result in a review of the exemption per RCW 84.14.110.

X.XX.120 Cancellation of tax exemption. If the director determines the owner is not complying with the terms of the contract or this chapter, the tax exemption shall be canceled. This cancellation may occur in conjunction with the annual review or at any other time when noncompliance has been determined. If the owner intends to convert the multifamily housing to another use, the owner shall notify the director and the Pierce County Assessor in writing within 60 calendar days of the change in use.

A. Effect of Cancellation. If a tax exemption is canceled due to a change in use or other noncompliance, the following taxes and penalties will apply:

1. Additional real property tax, plus interest, shall be imposed based upon the value of the nonqualifying improvements. This additional tax is calculated based upon the difference between the property tax paid and the property tax that would have been paid if it had included the value of the nonqualifying improvements dated back to the date that the improvements were converted to a nonqualifying use.
2. A penalty shall be imposed amounting to 20 percent of the value of the additional property tax plus interest.
3. The interest is calculated at the same statutory rate charged on delinquent property taxes from the dates on which the additional property tax could have been paid without penalty if the improvements had been assessed at full value without regard to this tax exemption program.
4. The additional taxes, interest and penalties will become a lien on the land and attach at the time the property or portion of the property is removed from multifamily use or the amenities no longer meet applicable requirements. The lien has priority over and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable. The lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes. An additional tax unpaid on its due date is delinquent. From the date of delinquency until paid, interest must be charged at the same rate applied by law to delinquent ad valorem property taxes.

B. Notice of Cancellation. Pursuant to RCW 84.14.110(2), upon determining that a tax exemption is to be canceled, the director shall notify the owner by mail, return receipt requested.

C. Appeal. The property owner may appeal the determination of cancellation of the tax exemption to the hearing examiner pursuant to chapter GHMC 19.06 within 14 calendar days of cancellation by filing a complete appeal application and fee with the director. The appeal before the hearing examiner shall be processed as a Type II director decision pursuant to chapter GHMC 19.01. No appeal to the city council is provided from the hearing examiner's decision. The applicant may appeal the hearing examiner's decision to the Pierce County Superior Court, if the appeal is filed within 30 calendar days of receiving notice of that decision.

X.XX.130 Conflict of provisions. If any provision of this chapter is in legal conflict with the provisions of chapter 84.14 RCW, the provisions of chapter 84.14 RCW shall apply as if set forth in this chapter.

EXHIBIT B

Amended Chapter 19.01.003 “Project permit application framework”

19.01.003 Project permit application framework.

A. Action Type.

	PROCEDURE FOR PROJECT PERMIT APPLICATIONS (TYPE I – IV)					LEGISLATIVE
	TYPE I	TYPE II	TYPE III	TYPE III-A	TYPE IV	TYPE V
Recommendation made by:	N/A	N/A	N/A	N/A	N/A; Planning commission for site specific zones	Planning commission
Final decision made by:	Director	Director	Hearing examiner	Hearing examiner	City council	City council
Notice of application:	No	Yes	Yes	Yes	Yes	No
Open record public hearing or open record appeal of a final decision:	No	Only if appealed, open record hearing before hearing examiner	Yes, before hearing examiner to render final decision	Yes, before hearing examiner to render final decision	No	Yes, before planning commission which makes recommendation to council
Closed record appeal/final decision:	No	No	No	No	Yes, before council to render final decision	Yes, or council could hold its own hearing
Judicial appeal:	Yes	Yes	Yes	Yes	Yes	Yes

B. Decisions.

TYPE I	TYPE II	TYPE III	TYPE III-A	TYPE IV	TYPE V
Final short plat	Preliminary short plat	Plat vacations and alterations	Preliminary plats/major preliminary plat revisions	Final plats	Comprehensive plan amendments
Minor site plan review	Major site plan review	Conditional use permit	Preliminary PRD/PUD	Final PRD/PUD	Development regulation amendments
Minor amendments to PUD/PRD	Alternative design review ¹	General variances, sign permit variances, height restriction area variance	Major amendment to PRD	Site-specific rezone ³	Zoning text amendments; area-wide zoning map amendments
Special use permits	Binding site plan	Shoreline substantial development, shoreline variance, shoreline conditional use			Annexations
Temporary trailers	Revisions to shoreline management permits ²	Major amendments to PUD			
Sign permits	Administrative variances				
Administrative design review ¹	Administrative interpretations	Mobile/manufactured home park or subdivision			
Land clearing	Shoreline permit exemptions ²	Performance-based height exception			

TYPE I	TYPE II	TYPE III	TYPE III-A	TYPE IV	TYPE V
Home occupation permit	Short-term rental permit	Changes from one nonconforming use to another			
Alternative landscape plan					
Nonconforming review		Critical area variances			
Minor preliminary plat revisions		Critical area reasonable use exceptions			
Boundary line adjustment					
Multifamily tax exemption conditional certificate					
Multifamily tax exemption final certificate					

1 In addition to the procedures in this title, applications for design review shall follow the procedures set forth in Chapter [17.98](#) GHMC.

2 The notice of application requirements of GHMC [19.02.004](#) and notice of decision requirements of GHMC [19.02.007](#) shall not apply to shoreline permit exemptions. The decision shall be subject to the procedural requirements of Shoreline Master Program subsection 8.2.3 and the appeal procedures of GHMC [19.06.004](#).

3 A site-specific rezone may have only one public hearing to be conducted by the city's planning commission.

UPCOMING GIG HARBOR CITY MEETINGS

ALL AGENDA ITEMS TENTATIVE – SUBJECT TO CHANGE

Please see the meeting agenda for specific details on how to attend: <https://www.gigharborwa.gov/811/Agendas-Minutes>

Day	Date	Time	Group	Agenda Items
TH	Sept 10	3:00pm	Civil Service Commission	see agenda
M	Sept 14	5:30pm	City Council Meeting	see agenda
TU	Sept 15	11:00am	Arts Commission Meeting	CANCELLED
TH	Sept 17	3:00pm	City Council Study Session	• 2027 Legislative Agenda • Density and Dimensions Land Use Table Amendments • Downtown Parking Regulation Discussion (CM Stone request) • Sewer Utility Extension Agreement – Laguna's on the Bay (FULL)
M	Sept 21	1:00pm	LTAC Special Meeting	• Review and Reconsideration of 2027 LTAC Funding Recommendation
M	Sept 28	5:30pm	City Council Meeting	Presentations: • Proclamation for Breast Cancer Awareness Month • Proclamation for Domestic Violence Awareness Month (October) • Pierce Transit Ballot Measure (Anna Cartwright) Consent • Adoption of Lease with Peninsula Emergency Preparedness Coalition (PEP-C) Business: • Public Hearing on Revenue Sources • R-XXXX Utility Extension Agreement – Laguna's on the Bay
TH	Oct 1	3:00pm	City Council Study Session	• Rotary Living Tree Program Services Agreement • Density and Dimensions Land Use Table Amendments • Stormwater and Sewer Maintenance Agreement Amendments with Harbor Hill Resident Owner's Association • Resolution XXXX Approving the 2027 LTAC Expenditures (and DMO Contract?) (FULL)
TU	Oct 6	1:00pm	City Council Study Session	• Budget Discussions ONLY
TH	Oct 8	1:00pm	City Council Study Session	• Budget Discussions ONLY
M	Oct 12	5:30pm	City Council Meeting	Presentations: • WWTP Award Business:

UPCOMING GIG HARBOR CITY MEETINGS

ALL AGENDA ITEMS TENTATIVE – SUBJECT TO CHANGE

Please see the meeting agenda for specific details on how to attend: <https://www.gigharborwa.gov/811/Agendas-Minutes>

				First Reading of Ordinance XXXX Adopting the Density and Dimensions Land Use Table
TH	Oct 15	3:00pm	City Council Study Session	- State of Police Department and Annual Crime Report - Gracie Place Sewer Utility Extension Agreement
M	Oct 26	5:30pm	City Council Meeting	Pledge of Allegiance: Cub Scout Pack 202 Business: - Public Hearing and Adoption Property Taxes - Resolution ##### - Gracie Place Sewer Utility Extension Agreement
TH	Oct 29	3:00pm	City Council Study Session	
M	Nov 9	5:30pm	City Council Meeting	Business: Public Hearing on 2027-28 Budget
TH	Nov 12	3:00pm	City Council Study Session	
M	Nov 23	5:30pm	City Council Meeting	Business: Public Hearing, Second Reading, and Adoption of Budget
TH	Nov 26	3:00pm	City Council Study Session	THANKSGIVING
M	Dec 14	5:30pm	City Council Meeting	
TH	Dec 17	3:00pm	City Council Study Session	