AGENDA
GIG HARBOR CITY COUNCIL SPECIAL MEETING
Thursday, August 18, 2022 – 2:00 p.m.
Virtual Meeting

This meeting may 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 to make public comment.

CALL TO ORDER/ROLL CALL

NEW BUSINESS

1. **Memorandum of Understanding with Gig Harbor BoatShop for Management of Eddon Boatyard House**

   Suggested Motion: Approve and authorize the Mayor to sign a memorandum of understanding with the Gig Harbor BoatShop.

   a) Report: Public Works Director Jeff Langhelm

   b) Clarifying questions from Council

   c) Public comment

   d) Council deliberation and action

   Documents:

   AGENDA BILL MOU with Gig Harbor BoatShop.pdf

DISCUSSION ITEMS

1. **2023 Legislative Agenda Process - Gordon Thomas Honeywell Vice President Josh Weiss**

   Documents:

   On the Horizon - 2023 Session Update from GTH.pdf
   Resolution 1231 Amended Legislative Agenda.pdf
   2023 Legislative Agenda Development Presentation.pdf

2. **Short-term Rental Regulations - Principal Planner Carl de Simas**

   Documents:

   STAFF MEMO Short-term Rental Regulations.pdf
   Short-term Rentals Presentation.pdf

ADJOURN

PUBLIC COMMENT & DECORUM

The City Council desires to allow a maximum opportunity for public comment. However, the business of the City must proceed in an orderly, timely manner. The purpose of a Council meeting is to conduct the City's business; it is not a public forum.

Speakers will be allotted 3 minutes per individual, unless revised by the Mayor.

Public comment may be made remotely via Zoom or by phone during designated portions of the meeting. To speak during the meeting, press the Raise Hand button near the bottom of your Zoom window or press *9 on your phone. Please refrain from raising your hand until the Mayor has announced that she has opened the public comment portion of the meeting. Your name or the last three digits of your phone number will be called out when it is your turn to speak. When using your phone to call in, you may need to press *6 to unmute yourself. All speakers will have up to three minutes to speak.

Instead of making oral comment, written comments may be submitted to the City Clerk at cityclerk@gigharborwa.gov at least 4 hours in advance of the meeting start time. Written comments must include the words "FOR PUBLIC COMMENT" in the subject line of the email and must be able to be read within the 3-minute time limit. Persons submitting written comments must include their name and address with their comments. All written comments submitted in this manner will be included in the online packet for the meeting and will be forwarded to the Mayor and councilmembers for their review. Written comments will be read aloud during the meeting upon the request of the commenter.

All remarks shall be addressed to the Council as a body and not to any specific councilmember. All speakers shall be courteous in their language and deportment and shall not engage in or discuss or comment on personalities or indulge in derogatory remarks or insinuations with regard to any councilmember, the Mayor, or any member of the staff or the public.

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 Meeting Agenda Bill

Meeting Date: August 18, 2022

SUBJECT: Memorandum of Understanding with Gig Harbor BoatShop for Management of Eddon Boatyard House

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SUBMITTED BY: Jeff Langhelm, PE, Public Works Director
DEPARTMENT: Public Works **PHONE:** 253-853-7630

SUGGESTED MOTION: Approve and authorize the Mayor to sign a memorandum of understanding with the Gig Harbor BoatShop.

BACKGROUND INFORMATION: In 2004 the City of Gig Harbor purchased the Eddon Boatyard property located at 3805 Harborview Drive, which included both the existing boat shop and the house. These structures are now located within the City's Eddon Boat Park.

On August 26, 2016, the City and the Gig Harbor BoatShop entered into the third lease amendment to the August 21, 2007, lease agreement between the City of Gig Harbor and the Gig Harbor BoatShop for the Eddon Boatyard property. This third lease amendment added to the existing lease the Eddon Boatyard House for public use and BoatShop programming. The lease amendment also requires that the general public have access to the Boatyard House for community use at least 180 days of the year with the remaining days of the year used by the BoatShop for public programming.

The City completed the restoration of the historic Eddon Boatyard House in August 2022. The lease requires that the City of Gig Harbor Council approve the fee structure for use and that it "be minimal and justifiable by the actual costs incurred by the BoatShop for administering the reservation process". The MOU is intended to establish the responsibilities of the Parties in relation to the management of Eddon Boatyard House, including methods for rental procedures and fees for the lower floor as detailed in the existing lease.

FISCAL CONSIDERATION: The management of the Eddon Boatyard House is paid for by the Gig Harbor BoatShop based on fees generated from the rental of the facility and not by the City of Gig Harbor.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: None

ATTACHMENTS:

1. Memorandum of Understanding with Gig Harbor BoatShop for Management of Eddon Boatyard House
2. Third Amendment to the Lease Agreement with GigHarbor BoatShop

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

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY OF GIG HARBOR AND GIG HARBOR BOATSHOP
FOR
MANAGEMENT OF EDDON BOATYARD HOUSE

This Memorandum of Understanding ("MOU") is made by and between the Gig Harbor BoatShop, a Washington non-profit corporation ("BoatShop"), and the City of Gig Harbor, a Washington municipal corporation (the "City"), collectively referred to as the "Parties."

RECITALS

WHEREAS, the City is the owner of Eddon Boatyard House, located within Eddon Boat Park, at 3805 Harborview Drive, Gig Harbor, Washington; and

WHEREAS, the City completed the restoration of the historic Eddon Boatyard House and obtained Certificate of Occupancy in August 2022; and

WHEREAS, as of August 2016, the BoatShop leases the Eddon Boatyard House from the City in accordance with the third amendment to the August 21, 2007 lease agreement between the City of Gig Harbor and the Gig Harbor BoatShop (the "Lease"); and

WHEREAS, the Lease requires that the general public have access to the Boatyard House for community use at least 180 days of the year; and

WHEREAS, the remaining days of the year are to be used by the BoatShop for public programming; and

WHEREAS, the Lease requires that the City of Gig Harbor Council approve the fee structure for use and that it "be minimal and justifiable by the actual costs incurred by the BoatShop for administering the reservation process"; and

WHEREAS, the MOU is intended to establish the responsibilities of the Parties in relation to the management of Eddon Boatyard House, including methods for rental procedures and fees for the lower floor.

NOW, THEREFORE, the Parties set forth their understandings as follows**:**

1. PURPOSE OF MOU

1.1 The purpose of this MOU is to establish the responsibilities of the Parties in relation to the management of Eddon Boatyard House, including methods for rental procedures and fees for the lower floor as detailed in the existing Lease.

2. BOATSHOP RESPONSIBILITIES

2.1 Maintain, monitor, and ensure the security of the Eddon Boatyard House interior spaces, both the public (lower floor, programming use) and private (upper floor, office use), per the Lease.

2.2 Prepare standard practices for the designated responsible person to prepare, open, clean, and secure the rentable space for reserved programming. These standards will be posted, along with emergency procedures and contacts, to include a City contact to report complaints or concerns.

2.3 Manage customer relations and reservations for the programming of the available space per the Lease.

2.4 Provide staffed oversight of the facility during reserved times, requiring an identified and available BoatShop representative remain in close proximity to the Eddon Boat Park property throughout reserved hours.

2.5 Promote compliance with official land use controls that cap the capacity of the 1031 square-foot, lower floor (reservable space), at 30 people.

2.6 Prepare a quarterly report of rental reservations and fee collection. Quarterly reports will include feedback from the BoatShop, Boatyard house users, and City staff. In cooperation with the City, report on the demand, actual costs, and the performance of the space as a Community Recreation Hall. This quarterly expectation can be amended after the first annual review, assuming successful outcomes.

2.7 The upper floor of the Boatyard House shall be kept clean and tidy at all times and shall be used in accordance with the Lease.

2.8 The lower floor of the Boatyard House shall be kept in a clean and tidy between rental periods.

3. CITY RESPONSIBILITIES

3.1 As owner of the Eddon Boat Park (the site property including existing real physical improvements), retain ownership and lessor responsibilities, to include oversight of all physical conditions, agreements, and responsibilities.

3.2 The City will fund the purchase of the furnishings required for rental space associated with the intended Recreational Hall Use, in an amount not to exceed $10,000 based upon budget approval by the City Council.

Furnishings will be provided in consultation with BoatShop. At the time of opening the Boatyard House a new refrigerator and microwave will be provided by the City.

4. PERIOD OF MOU

4.1 This MOU shall remain in effect through December 31, 2023 and will be renewed automatically on September 1 of each year, unless noticed per Section 6 below.

5. RENTAL PROCEDURES AND FEE

5.1 Hourly reservations will be made available by the BoatShop throughout the year between the hours of 8:00 am and 8:00 pm and in accordance with the Lease.

5.2 An hourly fee for exclusive use of the lower floor will be charged by the BoatShop to accommodate the general public for community use.

5.3 The City will make reservations through the BoatShop for community uses led by the City Staff. Reserved use of the Eddon Boatyard House led and managed by City Staff will be provided at no-cost and the BoatShop representative noted in Section 2.4 above will not be provided.

5.4 City-sponsored uses not led and managed by City Staff will require reservations and payment of the hourly fee to the BoatShop and will require a BoatShop representative in accordance with Section 2.4.

5.5 Reservations shall only be available in advance on the first workday of the current annual quarter and shall only allow reservations to be made not more than three (3) quarters in advance of the current quarter.

5.6 The reservation system shall be available for City inspection upon request by the City to the BoatShop with notice of at least three (3) working days.

5.7 The rental fee structure is included as an attachment to this MOU. The hourly rental fee is to be reviewed annually by the BoatShop to ensure it covers the BoatShop's management and reasonable costs. The rate will also be reviewed by the BoatShop to ensure it is a reasonable cost, based on other local examples. Any adjustments to the hourly rental fee shall follow submitted to the City Administrator for review and approval prior to implementation of the adjusted fee.

5.8 Perpetual use of the lower floor of the facility by any singular use or organization, particularly during evenings and weekend hours, will be discouraged, towards the goal of open public access.

6. TERMINATION OR MODIFICATION OF MOU

Either Party may terminate or modify this MOU, in whole or in part, for any reason provided, however, that insofar as practicable, the party terminating or modifying the MOU will give not less than ninety (90) calendar days prior notice to the other party. Such termination or modification does not alter any of the rights and obligations of the parties as outlined in the Lease and associated amendments and shall be by written notice delivered by certified mail, return receipt requested.

7. ALL TERMS AND CONDITIONS

This MOU, and the Lease as well as the Lease Amendments, contain all the terms and conditions agreed upon by the Parties. No other understandings, oral or otherwise, regarding the subject matter of this MOU shall be deemed to exist or to bind any of the Parties hereto.

8. CONTACT PERSONS

The Parties shall designate a contact person for purposes of sending inquiries and notices regarding the execution and fulfillment of this MOU.

	City of Gig Harbor
Contact Name	Katrina Knutson, AICP
Organization	City of Gig Harbor
Title	City Administrator
Address	3510 Grandview Street Gig Harbor, WA 98355
Telephone	(253) 853-8136
E-Mail	kknutson@gigharborwa.gov

	Gig Harbor BoatShop
Contact Name	Nicole Jones-Vogel
Title	Gig Harbor BoatShop Community Development Director
Address	3805 Harborview Drive Gig Harbor, WA 98332
Telephone	253-857-9344
E-Mail	nicole@gigharborboatshop.org

Each Party warrants and represents that its execution of this MOU has been authorized by its governing body.

9. Effective Date.

This MOU shall take effect when it is signed by all the Parties hereto.

IN WITNESS WHEREOF the Parties hereto have executed this MOU on the _____ day of _____, 2022.

CITY OF GIG HARBOR	**GIG HARBOR BOATSHOP**
By:_____	By:_____
Mayor Tracie Markley	Its:_____
Date:_____	Date:_____

Eddon Boatyard House
Rental Rate Proposal

Overview

The Gig Harbor BoatShop, with the execution of Lease Amendment No. 3 between the City of Gig Harbor and the Gig Harbor BoatShop executed August 26, 2016 outlined the relationship during the renovation of the house and subsequent management of the house by the Gig Harbor BoatShop. The agreement requires that the City of Gig Harbor Council approve the fee structure and that it is to, "be minimal and justifiable by the actual costs incurred by GHB for administering the reservation process."

Approach to Rentals

The fee is proposed to be a flat rate to provide consistency and ease of booking. If an event seeks to reserve an entire day, they receive two hours free. Fees are proposed at fifty dollars ($50) an hour, with a two-hour minimum. Maximum revenue per day would be five hundred dollars for the days available to general community use.

Expenses

The management of the Boatyard House will require additional staffing for managing rentals and other administrative tasks, insurance, cleaning, trash, house supplies, furnishings, limited maintenance as required by the lease agreement, etc. Staffing estimate was calculated based on four hours per day, five days per week.

Management Items	Anticipated Expense
Staffing	$21,000
Insurance	$1,000
Reservation Software	$500*
Trash/Cleaning/Supplies	$1,500
On-going Maintenance	$6,000
Furnishings	$10,000 (startup only)
Total	$40,000

**estimate if utilizing 10to8, Calendly, or similar web-based software*

Rental Rates

Rentals will be available in two-hour increments from 8 am – 8 pm consistent with the Conditional Use Permit, approved September 17, 2020 (PL-CUP-20-0003). If all the times were booked for the entire 180 days available to general community rentals, rental fee revenue would be $90,000 – this is very unlikely; therefore rates were calculated on an assumption that approximately 4 hours were booked three days/week – a rental fee revenue of $39,000.

THIRD AMENDMENT
TO
LEASE AGREEMENT BETWEEN
THE CITY OF GIG HARBOR AND
GIG HARBOR BOATSHOP

THIS THIRD AMENDMENT to the Lease Agreement between the City of Gig Harbor and the Gig Harbor BoatShop entered into on August 21, 2007 is made and entered into as of the date signed below by and between the CITY OF GIG HARBOR, a Washington municipal corporation (the "City"), and the GIG HARBOR BOATSHOP, a Washington nonprofit corporation ("GHB"), collectively referred to as the "parties."

RECITALS

WHEREAS, the City currently leases to GHB the property located at 3805 Harborview Drive, Gig Harbor, Washington, which includes the building commonly known as the Eddon Boatyard Building. This lease is memorialized in the Lease Agreement dated August 21, 2007 (the "Lease Agreement).

WHEREAS, the City and GHB amended the Lease Agreement on December 14, 2010 to include the pier, ramp and float as the leased area of the Lease Agreement, with certain conditions for use of the pier, ramp and float; and

WHEREAS, the term of the Lease Agreement was amended by the Second Amendment to Lease dated February 25, 2014 to extend the termination date to June 30, 2030. The Lease Agreement together with the First and Second Amendments shall be called the "GHB Lease"; and

WHEREAS, GHB proposes that the GHB Lease be amended to include the Eddon Boatyard House for public use and Gig Harbor BoatShop programing, all managed by GHB; and

WHEREAS, the City desires to have the public benefit by the public's use of portions of the Eddon Boatyard House, pier, ramp and float, but the City retains the right to manage the adjacent Eddon Boatyard Park property to support public use; and

WHEREAS, the benefits derived by the public from GHB's public programming and other public uses as described in Subsection D of Section 5 of this Third Amendment to Lease Agreement provide the consideration for adding the premises of the Boatyard House to the GHB Lease;

WHEREAS, GHB submitted a grant to the Washington State Heritage Capital Projects Fund for the restoration of the Eddon Boatyard House for the amount of $73,547 for restoration of the Boatyard House utilizing the design developed by Brett Marlo Designs;

and the design was included with the grant application made to the Heritage Capital Projects Fund. The City intends to conduct the restoration consistent with the Brett Marlo design.

NOW, THEREFORE, in consideration of the mutual promises below, the parties hereby amend the GHB Lease as follows:

AMENDMENTS

Section 1. Purpose and Identification of the Premises. Section 1 of the GHB Lease is amended to read as follows:

The purpose of the GHB Lease is to lease the portion of the Eddon Boatyard property outlined on the maps marked Exhibit A, Exhibit B and Exhibit C, which are attached hereto and incorporated by reference. The legal description of the Eddon Boatyard property is:

> *Section 05 Township 21 Range 02 Quarter 33 : COM AT MC AT NW COR LOT 7 TH S 41 DEG 03 MIN E 75.21 FT ALG ML TH S 26 DEG 03 MIN E 200 FT TO TRUE POB TH CONT S 26 DEG 03 MIN E 125.5 FT TH S 19 DEG 49 MIN W 79 FT TH S 50 DEG 55 MIN W 162.65 FT TO HWY TH NLY ALG ELY LI HWY TO PT S 54 DEG 48 MIN W FROM POB TH N 54 DEG 48 MIN E 145 FT TO POB TOG/W TDLDS ABUTT. Parcel No. 0221053074.*

The leased portion includes what is commonly known as the Eddon Boatyard Building; the pier, ramp and the float located on the property; and the Boatyard House (including the adjacent deck, together called the "Boatyard House"). In addition to the Eddon Boat Building and the pier, ramp, and float, this Lease shall include the non-exclusive right to use the parking areas and driveway shown on Exhibit A, along with reasonable egress and entry from the Eddon Boat Building and the pier, ramp, and float. The areas shown in the outline on Exhibit A, Exhibit B and Exhibit C are defined to be the "Premises." The leased area does not include the tidelands adjacent to the Premises, other than as tidelands apply to the use of the ramp, pier and float as described herein.

Section 2. Conditions Precedent to Possession. A new Subsection C shall be added to Section 2 as follows:

C. Restoration of the Boatyard House. A grant in the amount of $73,547 from the Heritage Capital Projects Fund to be used for the restoration and modification of the Boatyard House has been approved for funding. GHB will coordinate and cooperate with the City for the use of the grant funds to partially reimburse the City for the costs of the restoration of the Boatyard House. The conditions of the grant require GHB to manage and periodically report the use of the grant funds. The parties hereto agree that GHB shall continue to provide advice and guidance during the planning and restoration phases as it did during the design phase and will continue to seek additional grants. The restoration and modification shall be completed consistent with the Brett Marlo design. GHB acknowledges that the City, with consultation with GHB, shall manage the restoration and modification and

that during the restoration period, the City's contractors, employees and other authorized personnel shall occupy the Premises. GHB agrees that such restoration activities will not interfere with the purpose of the GHB Lease, as amended by this Third Amendment to Lease. GHB acknowledges and agrees that it will not be entitled to possession of the Boatyard House until certified for occupancy by the permitting authorities.

Section 5. Use. A new Subsection D shall be added to Section 5 as follows:

D. Use of Boatyard House. GHB shall undertake the management of the entire Boatyard House as it is defined in Section 1.

i. The upper floor is to be reserved for BoatShop offices. In addition to other functions, GHB will use the offices to support its Northwest Fleet Program, a historic vessel documentation program. The Program is designed to seek out and document important historic vessels in the region.

ii. The lower floor of the Boatyard House and the adjacent deck shall be made available and managed by GHB for use by the general public for public or private family, community, and organization activities and events. The use shall be consistent with reasonable use standards in compliance with local ordinances and regulations, including City occupancy limitations. The use shall also be consistent with low-site impact use. GHB shall implement and maintain a reservation system for the use of the space, including use by the City. GHB may charge a reasonable fee to the public for this use which may include a cleaning deposit. The City Council shall approve the fee structure and it shall be minimal and justifiable by the actual costs incurred by GHB for administering the reservation process. The City shall be allowed to view the reservation system online, including viewing the reservations, but will not have the power to edit or change entries. A minimum of 180 days per year shall be allocated to such structured use by the general public and those days shall include a reasonable variety of days including evenings and weekends. The remaining days may be used by GHB at its discretion for public programming and for BoatShop public activities and events.

Section 4. Inspection. GHB represents that it has inspected the Boatyard House portion of the Premises and agrees to accept them "as is" upon the completion of the renovations. All other terms of Section 4 shall apply to the Boatyard House.

Section 8. Restrictions on Use. The types of activities described in Section 8 shall be expanded to include the uses described in this Third Amendment to Lease.

Section 17. Insurance. All insurance requirements listed in the GHB Lease remain the same and shall apply to the use by GHB of the Boatyard House. The City shall acquire and maintain at its expense for the Premises typical property coverage with special form perils.

Section 18. Care of Premises. The provisions of Section 18 of the GHB Lease shall apply to the use by GHB of the Boatyard House.

Section 35. Notices. The contact information for GHB shall be amended to state as follows:

Gig Harbor Boatshop
P.O. Box 1187
Gig Harbor, WA 98335
Attn: Guy Hoppen, GHB President

The term of this lease shall be from the date of signing of this amendment of the lease until June 30, 2030 unless terminated by the city for GHB's failure to comply with the conditions provided herein. GHB shall include a house usage status section in its annual report to the City that will include the actual usage of the house over that year with designations of the times and dates of the usage of the house and by which entities. It will further report on general requests for usage which were not allowed by GHB and the reasons why they were not allowed.

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

IN WITNESS WHEREOF, the parties have executed this Amendment effective this 26th day of August, 2016.

CITY OF GIG HARBOR

By: _____
Mayor Jill Guernsey

GIG HARBOR BOATSHOP

By: _____
Erik Carlson, Vice President

APPROVED AS TO FORM:

_____
City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Erik Carlson is the person who appeared before me, and said person acknowledged that he she signed this instrument, on oath stated that he she was authorized to execute the instrument and acknowledged it as the Vice President (officer) of the Board of Directors of Gig Harbor Boatshop to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

SUBSCRIBED AND SWORN to before me this 26th day of August, 2016.

MOLLY M. TOWSLEE NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES 12-02-2019

Molly M Towslee

Printed name: Molly M. Towslee
NOTARY PUBLIC in and for the State of Washington, residing at Gig Harbor.
My commission expires: 12/2/19

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

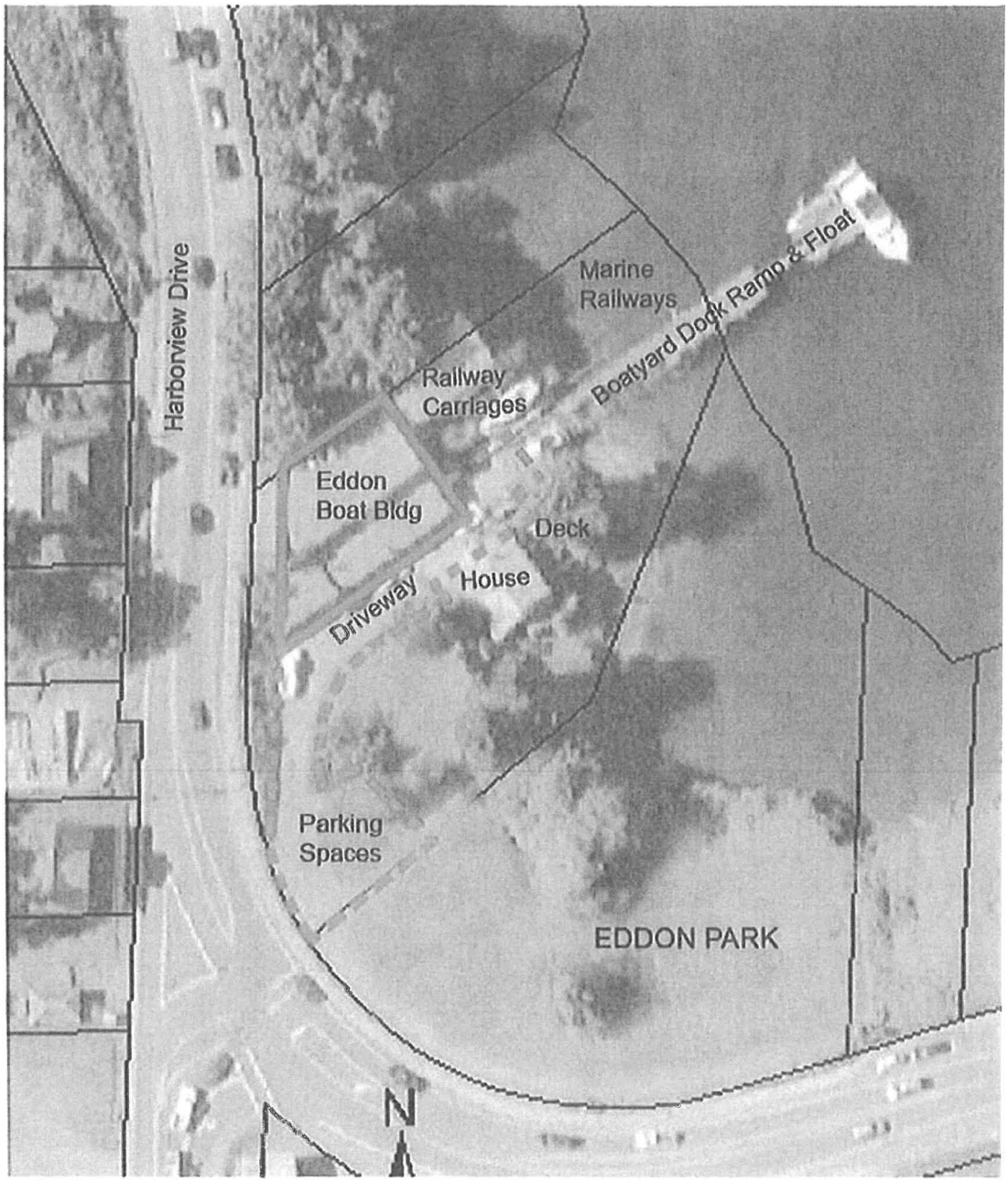
I certify that I know or have satisfactory evidence that Jill Guernsey is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Mayor of the City of Gig Harbor to be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

SUBSCRIBED AND SWORN to before me this 26th day of August, 2016.

MOLLY M. TOWSLEE NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES 12-02-2019

Molly Towslee

Printed name: Molly M. Towslee
NOTARY PUBLIC in and for the State of Washington, residing at Gig Harbor.
My commission expires: 12/2/19



Map of Eddon Boat Building and Driveway located at 3805 Harborview Drive, Gig H

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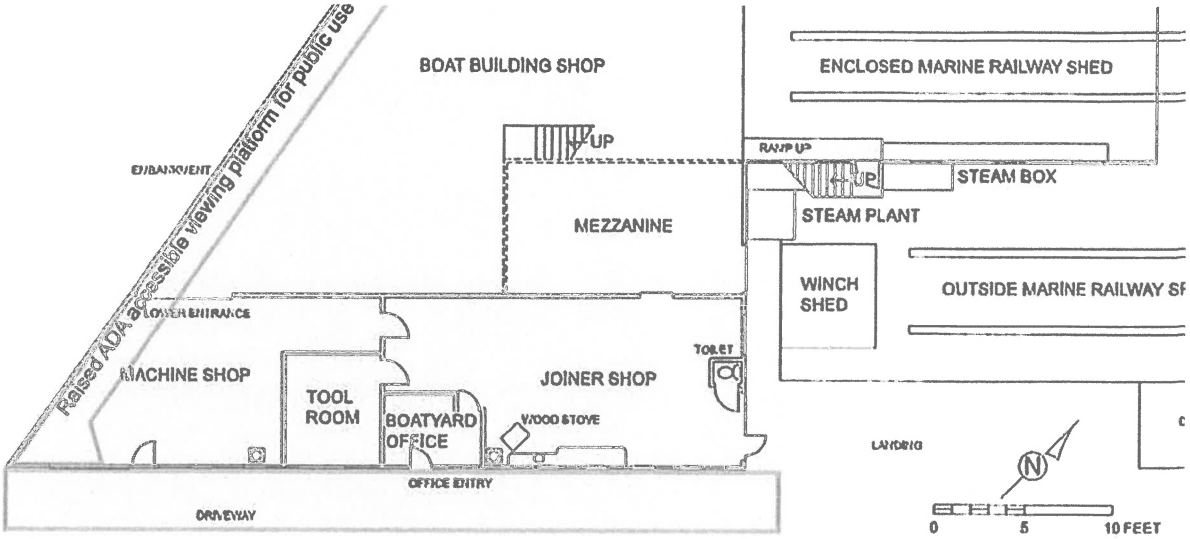


DIAGRAM A: BOAT BUILDING - LOWER FLOOR

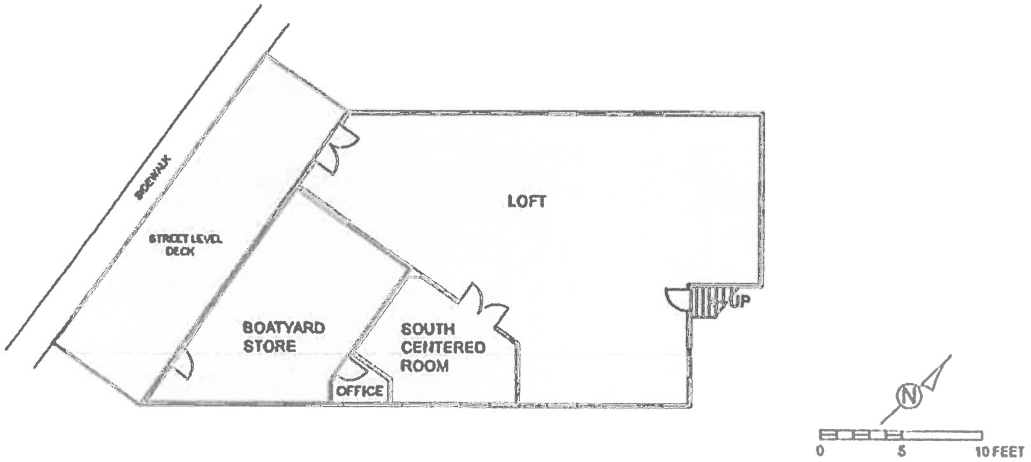
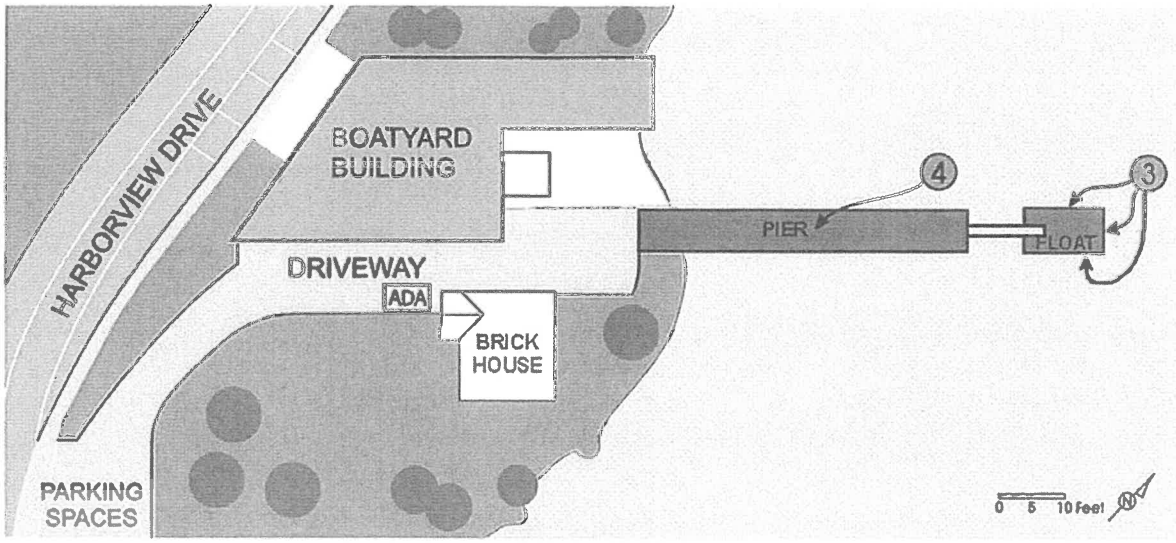


DIAGRAM B: BOAT BUILDING - UPPER FLOOR

Leased space.
Access to GHB staff & certified GHB program participants as follows:
Lower floor: Boat building shop, joiner shop, machine shop: Boat building, repair & restoration activities, classes
Mezzanine: Storage
Boatyard Office: Programming staff activities/management
Tool room: Tool storage
Upper floor: Loft & South Centered Room: Lofting, boat building, repair & restoration activit
Office: Boatyard Store office activities
Boatyard Store: Retail sales activities

Limited public access

[redacted]



EDDON SITE PLAN

Gig Harbor BoatShop will have new access to the Pier (#1) and the Float (#2) with dedicated use as provided under Section 24. Signs.

GORDON THOMAS HONEYWELL
GOVERNMENTAL AFFAIRS

On the Horizon: 2023 Legislative Session

The 2023 legislative session will mark the beginning of a new legislative biennium. The state operates on a two-year cycle; the 2023 session will be the first year of that two-year cycle and is scheduled to begin on January 9, 2023 and last for 105 consecutive calendar days.

Expecting Many New Legislators

Following the 2022 session, nearly two dozen legislators announced they will not seek re-election and will conclude their position in the Legislature when their term expires on December 31st of this year. Additionally, all members in the House of Representatives and half of the members in the Senate are up for election. Candidates will be seeking election based on the new district boundaries. Given these changes, regardless of political winds, there will be a significant turnover in the Legislature for the 2023 legislative session.

It is possible we could also see a significant shift in politics. The current political breakdown for each state legislative chamber is as follows:

> **House**: 57 Democrats and 41 Republicans
>
> **Senate**: 28 Democrats, 20 Republicans, 1 Democrat who aligns with Republicans

Based on the August primary results, it appears likely that Democrats will continue to control both chambers. The general election will be held on Tuesday, November 8.

Caucus and Committee Reorganization

Following the November election each chamber and legislative caucus will re-elect leadership and assign members to committees. The majority party in each chamber will establish a committee structure (names/types of committees, and how many members per committee).

Budget Year: Funding Opportunities

The beginning of the biennium also marks the development of new budgets. The 2023 Legislature will develop the 2023-25 operating, capital, and transportation budgets, which operate on a July 1, 2023-June 30, 2025 fiscal year. In recent years, budget revenues have consistently increased. If that trend continues, there could be significant budget opportunities to secure funds within the development of the 2023-25 budgets. With that said, asking for state funding is competitive and, oftentimes, uncertain. Here is a quick breakdown of funding opportunities in each budget:

> **Operating:** The operating budget funds programs, not capital construction. Any program funded through the budget must be administered through a state

agency (most commonly, this is the Department of Commerce). Communities have successfully requested programmatic funding when it is one-time, innovative/new, or addressing a pressing community issue. Funding amounts range from $50,000 to $3 million, with smaller amounts being easier to secure.

Capital: The capital budget funds construction projects, excluding transportation. 2023 is a "budget year" and the ideal time of the two-year cycle to request capital funds. The average appropriation is approximately $800,000, and ideal projects include community investments that have broad support, or key infrastructure for providing basic services.

Transportation: As a reminder, the Legislature passed a transportation revenue package called Move Ahead Washington. Move Ahead WA is a 16-year, $17 billion transportation package. If Democrats retain control, they will likely focus on implementation of this package. If Republicans gain control, they will propose significant changes to the Move Ahead Washington package, including proposing changes to the project list.

The Legislature tasked the Washington State Department of Transportation with submitting the funded projects in three tiers to the transportation committees of the Legislature and the Office of Financial Management by December 1, 2022, prioritizing projects based on community impacts to overburdened communities as defined in RCW 70A.02.010. It is expected that the Legislature will address the timelines for projects included in Move Ahead WA during the 2023 session.

Emerging Policy Issues

listed in no particular order…

Public Works Assistance Account (PWAA): There will be a renewed effort to restore funds to the PWAA, and potentially a proposal to constitutionally protect it from future sweeps. The PWAA is funded through loan repayments, water and sewer utility tax revenues, solid waste collection tax revenues, and state-imposed REET revenues. In 2017, the Legislature transferred more than $150 million/year for six years to K-12 education; however, this annual diversion is scheduled to end in 2023. In 2022, legislators dedicated $54 million/year that would have been restored to the PWAA to the Move Ahead Transportation package, thereby reducing the amount of funding that will be restored to the account in 2023.

Road Usage Charge (RUC): The Legislature has consistently explored a RUC as a potential replacement to the state's primary mechanism for funding transportation: the fuel tax. With more electric and fuel-efficient cars, fuel consumption is declining, making the fuel tax a diminishing revenue source. The Washington State Transportation Commission (WSTC) conducted a pilot program in 2018, issued a report with associated recommendations in 2020, and is currently utilizing a $5.5 million federal grant to conduct additional research and testing of a RUC with a report due in 2023.

During the 2022 session, the Legislature considered House Bill 2026, which would have required owners of electric vehicles to pay a 2.5 cents per mile fee beginning July 1, 2025, with participation mandatory for new electric vehicles and voluntary for older electric vehicles. If Democrats hold the majority in the Legislature, it is likely that a RUC will be discussed. Republicans have strongly opposed a RUC.

Tax Policy: The Washington State Tax Structure Workgroup has been meeting since 2017 to identify options to make the Washington State tax code more fair, adequate, stable, and transparent. The work group is tasked with recommending legislation for the 2023 legislative session. Some of the items that may be recommended to the 2023 Legislature include: (1) replacing the state business and occupation tax with a margins tax; (2) a working family's tax credit; (3) a primary residence property tax exemption; (4) a wealth tax; and (5) adjusting the property tax limit factor. Notably, in 2017, the Legislature temporarily lifted the 1% property tax cap on the state property tax levy. That policy is scheduled to sunset in 2023, which may allow for a broad discussion on the 1% property tax cap at the state and local level.

Growth Management Act*:* It is likely that the 2023 Legislature will consider changes to the Growth Management Act. Two bills that did not pass last session are likely to be revisited - adding climate change to the GMA (House Bill 1099) and adding salmon recovery efforts to the GMA (House Bill 1117). Additionally, since 2017 the Legislature has tasked the William D. Ruckelshaus, the University of Washington, and now the Department of Commerce to evaluate potential changes to the GMA. The Commerce-led task force will be meeting on a regular basis throughout the interim and will provide formal recommendations to the Legislature prior to the 2023 session. Click here to view the task force webpage for meeting information and more

Ranked Choice Voting: Several Democrats have indicated their intent to reintroduce House Bill 1156 in 2023, which allows (but does not require) ranked choice voting (RCV) in elections for offices in counties, cities, towns, school districts, fire districts, and port districts. Ranked choice voting allows voters to rank candidates by preference, meaning they can submit ballots that list not only their first-choice candidate for a position, but also their second, third and so on.

Middle Housing Types: The Legislature recently considered proposals that would have created statewide mandates around local land use decisions such as up zoning across single family residential neighborhoods (House Bill 1782/Senate Bill 5670) and regulating the number of Accessory Dwelling Units (ADUs) on every residential lot (House Bill 1660). Ultimately, none of these proposals passed into law, but it is expected that similar concepts will be introduced in 2023. AWC is planning to hold meetings on this topic over the interim.

Possession of Controlled Substances: The Washington State Supreme Court issued a decision in *Blake* invalidating the statute making a possession of a controlled substance a felony, thereby decriminalizing possession. The Legislature responded by enacting a statute making possession of a controlled substance a misdemeanor;

however, before being convicted a misdemeanor, an individual must be first diverted to services at least twice. This policy is scheduled to sunset in 2023. The Legislature established a Task Force to present a report to the Legislature in December 2022. The 2023 Legislature is anticipated to have this robust policy discussion.

Vehicular Pursuits & Other Police Reform Efforts: The Legislature considered but did not pass Senate Bill 5919, which would have altered when police officers can engage in a vehicular pursuit. Regardless of the political composition of the 2023 Legislature, this policy will likely be revisited. If Republicans take the majority, it is possible that additional police reform proposals enacted in 2021 will be revisited. If Democrats retain the majority, they may consider further reforms, such as House Bill 1507, pertaining to independent prosecutions of officer deadly use of force.

RESOLUTION 1231

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, AMENDING RESOLUTION 1218 APPROVING AND ADOPTING THE CITY'S 2022 STATE LEGISLATIVE AGENDA.

WHEREAS, the Intergovernmental Affairs Committee has worked diligently to establish a legislative agenda of matters of great importance to the City and its citizens; and

WHEREAS, in working with our State and Federal legislators, the Mayor, City Council and City staff will put special emphasis on the matters listed in the legislative agenda; and

WHEREAS, the City Council formally adopted the 2022 State Legislative Agenda and Statement of Support to inform residents and legislators on November 8, 2021;

WHEREAS, the City Council desires to amend the Statement of Support to memorialize its support of legislation designed to fight climate change;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Gig Harbor:

Section 1: Statement of Support Amended. The City of Gig Harbor City Council hereby amends the 2022 State Legislative Agenda and Statement of Support as set forth in Exhibit A.

ADOPTED by the City Council of the City of Gig Harbor at a regular meeting thereof, held this 14th day of February, 2022.

Tracie Markley
Mayor

Attest:

Joshua Stecker, CMC
City Clerk

EXHIBIT A

GIG HARBOR

"THE MARITIME CITY"

2022 State Legislative Agenda

State Route 16 Congestion Relief – Transportation Budget Request

Gig Harbor residents experience daily traffic congestion along the SR 16 corridor. The Washington State Department of Transportation completed a congestion relief study in 2017 that identified improvements along the SR16 corridor. The City requests that the state invest in the following projects in the following order to address short-term and long-term traffic demands on the corridor:

- Signalize/meter EB Burnham Dr. approach to Borgen Blvd. in advance of the Burnham/Borgen WB SR16 offramp. COST: $500,000.
- Add NB Pioneer Way RT turn lane at the Wollochet WB/SR16 Bremerton bound onramp. COST: $400,000.
- Add EB Wollochet offramp right turn slip lane. COST: $550,000.

The City requests **$1.16 million** to cover 80% of design and construction costs for the three short-term projects.

Gig Harbor Sports Complex – Capital Budget Request

The City continues to partner with the community to develop the Gig Harbor Sports Complex. Gig Harbor has experienced unprecedented growth over the last 10 years and is currently the third fastest growing city in Pierce County. The Gig Harbor Sports Complex will serve nearly 50,000 people in the surrounding 5-mile radius and was designed through a robust public process.

The Sports Complex is a multi-phase project, with the construction of two multipurpose synthetic lit turf fields fully funded and planned for completion in coordination with the YCMA. The City is requesting **$2 million** for the next phase of the project, completion of a new activity area. This phase includes pickleball courts, bocce ball courts, a playground area, event lawn, sheltered performance stage, two covered picnic areas, and associated parking. In total, this project represents a significant partnership between the YMCA and other local organizations, the state, and the City.

Law Enforcement Legislation Adjustments

Gig Harbor supports additional training and resources, including expanded mental health intake facilities, to keep our communities safe. The City, however, believes there is a need to modify proposals enacted in 2021 to resolve unintended consequences, provide clarity in various police actions and equipment, restore police powers regarding

the use of force to prevent someone from fleeing a lawful detention, and ensure the ability to conform to the duty to intervene. The necessity of these changes and fixes have been expressed by many, including the authors of the legislation.

Fund Local Culverts
The City of Gig Harbor joins AWC in requesting that the legislature provide adequate funding to address public and private culverts. The City supports state investments on a watershed basis to maximize the amount of fish habitat gained and improve water quality.

Local Control
Local decisions are best made by elected officials who know their community well. In recent years, the legislature has passed zoning mandates. The City of Gig Harbor opposes legislation pre-empting local control, including density mandates.

The City of Gig Harbor Supports/Opposes

FINANCE/GENERAL GOVERNMENT	
State-Shared Revenues	The City ***supports*** the continued appropriation of state-shared funds to local governments, including funds such as liquor excise taxes and profits, streamlined sales tax mitigation funding, the city-county assistance account, and the municipal criminal justice account. Additionally, the City supports legislation to restore growth to the liquor profit/fee revenues. Combined, these funds provide a significant amount of revenue to the City's general fund.
GMA and PSRC Inconsistencies	The City continues to find inconsistent goals between the Growth Management Act and the Puget Sound Regional Council in growth planning. The City ***supports*** consistency and clarity between the GMA (DOC, OFM) and PSRC planning goals, including who has the final authority on growth and planning decisions. This will be particularly helpful when the city conducts its next comprehensive plan.
Support OPMA Flexibility for Virtual Meetings	The City ***supports*** a statutory change allowing cities to hold public meetings virtually during times of emergency.
INFRASTRUCTURE & ECONOMIC DEVELOPMENT	
Infrastructure Program Funding	Gig Harbor ***supports*** full funding of programs that support development and maintenance of local infrastructure such as the Transportation Improvement Board (TIB) and the Freight Mobility Strategic Investment Board (FMSIB). The City ***supports*** the state's investment in the Public Works Assistance Account as a long-term program that provides infrastructure funding for local jurisdictions.
Wastewater Nutrient Cap	The Department of Ecology is developing a general permit for Puget Sound wastewater facilities that will place a limit on nutrients. The City supports the goal of reducing effluents to the Puget Sound, including nutrients. However, regulatory limits imposed by the DOE must take into consideration practical considerations such as timelines for implementation and cost. The City will express this view in the regulatory process, with other stakeholders, and with legislators.
Expansion of the Narrows Airport	Both the Puget Sound Regional Council and the State Commercial Aviation Coordination Committee have identified

	the Narrows Airport as a strong candidate for expansion into an airport of regional capacity. These studies are only preliminary steps in any expansion plan. The City ***opposes*** the broad-scale expansion of the airport, and will advocate against expansion in local, state, regional and federal processes.
Transportation Benefit District Sales Tax Extension	The City enacted the 0.2% sales tax to fund a transportation benefit district in 2019. Under current statute, this tax may only be levied up to 20 years and must be re-authorized after the first 10-year period. The City of Gig Harbor ***supports*** AWC's efforts to allow an extension of this tax beyond the 20-year limit.
Support Main Street Legislation	The City ***supports*** policy and budget decisions that increase funding for Main Street Tax Incentive Program. The Main Street Program was created in 2005 to support downtown revitalization programs. The Downtown Gig Harbor Waterfront Alliance participates in the program.
LOCAL CONTROL	
5G/Telecommunications	Gig Harbor ***supports*** legislation that recognizes local solutions and flexibility with the deployment of small cell technology.
CLIMATE CHANGE	
Support Climate Change Legislation	The City of Gig Harbor ***supports*** legislation that is aimed at fighting climate change. Examples could include conversion of government fleets from fossil fuel-powered to other more environmentally friendly options (electric, hydrogen, etc.) and other efforts to reduce society's carbon footprints. The City supports state assistance in helping cities to implement strategies to reduce climate change.

CITY OF GIG HARBOR

2023 LEGISLATIVE AGENDA DEVELOPMENT

Josh Weiss and Annika Vaughn
GORDON THOMAS HONEYWELL GOVERNMENTAL AFFAIRS

MEETING AGENDA

- What to Expect in 2023
- GTHGA Approach to Lobbying
- Overview of Agenda Setting Process and Policy Document
- Discussion

WHAT TO EXPECT IN THE 2023 LEGISLATIVE SESSION

- First year of the two-year legislative biennium – scheduled to last 105 days
- Legislature will adopt biennial budgets:
  - Opportunities in the operating and capital budgets
  - Limited opportunities in transportation budget
- Programming Move Ahead WA investments
- Influx of new legislators from retirements and redistricting
  - Democratic majorities
- Returning topics:
  - Climate change/GMA, middle housing, police reform, *Blake*, Tax Structure Workgroup
- Format?
  - Mostly in person with hybrid participation options

(RE) INTRODUCE GTH GOVERNMENTAL AFFAIRS

- Largest government relations firm in the state, founded in 1985
- Headquartered in Tacoma with offices in Olympia and Washington, DC
- Deep experience representing public entities
- Information-driven & non-partisan
- Extensive relationships with legislators, leadership, staff, executive branch
- Long & successful relationship with Gig Harbor – represented since 2007
  - $3.5 million for wastewater treatment plant
  - $390,000 for maritime pier
  - $1.2 million for Cushman Trail
  - $1 million for Ancich property improvements
  - Avoided $1.9 million state B&O tax impact

APPROACH TO LEGISLATIVE AGENDA DEVELOPMENT

- Funding requests:
  - Legislature likes to be "last dollar in"
  - Most successful budget requests are a priority for the delegation
  - Require detailed information like pictures, maps and project budget
- Policy requests:
  - Does the City have a unique story to tell?
  - Are we adding to or differentiating from the efforts of AWC?
- Vet ideas well in advance of legislative session. Look for partners and identify opponents

LEGISLATIVE AGENDA & POLICY DOCUMENT

Legislative Agenda

- Externally facing document
- Issues the City is willing to lead the effort on
- Budget requests
- Policy issues unique to the City
- Items you want our delegation to fight for

Policy Document

- Internally facing document
- Issues the City isn't taking the lead on, but that you may want to support or oppose if someone else brings them up
- Gives GTHGA guidance on which bills to flag for your attention

2022 LEGISLATIVE AGENDA

- SR-16 Congestion Relief Projects
  - $1.16 million transportation request
- Gig Harbor Sports Complex
  - $2 million capital request
  - Phase IB – Pickleball/bocce ball courts, playground area, event lawn, etc.
- Law Enforcement Legislation Adjustments
- Fund Local Culverts
- Retain Local Control (Land Use)

2022 POLICY DOCUMENT

- State Shared Revenues
- GMA and PSRC Inconsistencies
- OPMA Virtual Meeting Flexibility
- Infrastructure Program Funding (TIB, FMSIB, PWAA)
- Wastewater Nutrient Cap
- Tacoma Narrows Airport Expansion
- TBD Sales Tax Expansion
- Support Main Street Legislation
- 5G/Telecommunications

NEXT STEPS & KEY DATES

- Next Steps:
  - Generate ideas for 2023 Legislative Agenda and Policy Document – August / September
  - Finalize 2023 Legislative Agenda and Policy Document – October / November
  - Meetings with 26th legislative delegation – November / December
- Key Dates:
  - November 30 – December 2: Legislative committee assembly
  - December: Governor's proposed budgets
  - January 9: Legislative session begins

QUESTIONS?

Thank you!

Josh Weiss
Vice President
jweiss@gth-gov.com

Annika Vaughn
Government Affairs Consultant
avaughn@gth-gov.com

COMMUNITY DEVELOPMENT DEPARTMENT
STAFF REPORT

TO: City Council
FROM: Planning Staff
DATE: August 12, 2022

RE: Short-term Rental Regulations

I. BACKGROUND INFORMATION

The City of Gig Harbor Municipal Code (GHMC) currently does not specifically define nor regulate short-term rentals. The Planning Division, in order to provide for some regulation around the use, has utilized the definition and permitting process for Lodging, Level 1 uses when addressing a request for short-term rental approval. In addition, the city requires a business license prior to operating the Lodging Level 1.

Lodging, Level 1 is currently defined as: “a single-family residence which provides overnight lodging for guests, and may provide meals for overnight guests, not to exceed five guest rooms.” GHMC 17.04.444

The definition more closely aligns with a bed and breakfast use and thus, is not as directly applicable to short-term rentals. Further, GHMC offers no performance standards or approval criteria for Lodging, Level 1 unless the use is proposed in a zoning district requiring a conditional use permit. The City’s land-use table prescribes where Lodging, Level 1 is conditionally allowed, permitted, and not permitted:

- Conditional use in the following zones: R-1, R-2, B-2, C-1, WR, WM, WC
- Permitted use in the following zones: R-3, RB-1, RB-2, DB, B-1, MUD
- Not permitted in the following zones: PI, RLD, RMD, PCD-C, ED, PCD-BP, PCD-NB

Having noted a rise in the number of short-term rentals advertised within the City, the Planning and Building Committee discussed the issue at a regularly

scheduled meeting on September 7, 2021. The Committee then directed staff to draft an ordinance, enacting an emergency moratorium on the acceptance of Lodging, Level 1 permit applications until the city had more time to study the matter.

On September 27, 2021, the City Council considered a draft ordinance, placing a moratorium on acceptance of new applications for Lodging, Level 1 applications, pursuant to RCW 35A.63.220 and 36.70A.390. Council is allowed to adopt an ordinance at first reading with a vote of the majority plus one. The ordinance, Ordinance 1467, was adopted upon first reading. A hearing, required within 60-days of the adoption of the interim regulations, was held before City Council on October 11, 2021. Several comments were submitted by the public and added to the record for consideration by Council and later, the Planning Commission.

Following the public hearing, Staff was directed to begin researching the issue, update and maintain a City web page on the subject, and bring the issue forward to the City's Planning Commission for consideration and a recommendation for permanent regulations. The City web page is found here: https://www.cityofgigharbor.net/749/Short-Term-Rental-Moratorium.

The Planning Commission took the issue up at its regularly scheduled meeting on January 20, 2022. Including that meeting, the Commission studied short-term rentals at a total of 9 meetings and conducted two public hearings on June 2, 2022 and August 4, 2022. Additionally, the Commission chose to open an early public input period to garner public comment between February 4, 2022 and February 19, 2022.

The Lodging Level, 1 moratorium under Ordinance 1467 would have expired on April 6, 2022. To allow Planning Commission more time the City Council chose to adopt an extension; and, on March 28, 2022, Ordinance 1484 was adopted, extending the moratorium another six months.

The Planning Commission reviewed several iterations of draft regulations culled together by staff from other jurisdiction's efforts, vast amounts of public input, and the Commission's own research. Unfortunately, the Commission was unable to come to a consensus on a set of regulations they felt comfortable recommending to the City Council. As the extended moratorium is set to expire, staff, with the Mayor's support, felt is was time to bring forward the extensive body of work and efforts to City Council for direction and potentially adoption of permanent code provisions for short-term rentals. The proposed regulations have been developed after careful consideration and the Planning Commissioners feedback as well as the many public comments received. They were also developed with counsel from the City Attorney to ensure legal consistency.

II. REQUEST

At the City Council Study Session on August 18, 2022, staff is seeks to present the regulations to City Council and answer any questions. The draft regulations are attached to this report. These regulations are an amalgam of standards and criteria researched and discussed during the Planning Commission's process.

The record, including the draft provisions, public comment, staff memos, Planning Commission input, and other pertinent information, is included as exhibits to this report. Due to the amount of information contained in the record, the exhibit list has been largely organized by meeting packets. The staff memos for each meeting act as a cover and should provide a good indication of where the process was at that time.

These regulations will be presented in ordinance format at your meeting on September 12, 2022 for a public hearing and first reading.

III. APPLICABLE CODES AND POLICIES

The authority and procedures for passing an ordinance are set forth in Chapter 1.08 GHMC. Additional procedures for amending the city's Zoning Code, Title 17, are set forth in Chapter 17.100 GHMC. Procedures for the administration of development regulations, including permit procedures and noticing, are set forth in Title 19 GHMC.

IV. ENVIRONMENTAL REVIEW

If the City Council moves these draft regulations forward to a public hearing, a non-project action SEPA determination will be issued.

V. STAFF ANALYSIS

The draft short-term rental regulations presented here (Exhibit A), as noted previously, represent the results of nearly a year's worth of work by both staff and the Planning Commission. As you can see, during this period we received over 100 comments pertaining directly to this subject and the Planning Commission made every effort to consider the merits of each one of them. Staff too addressed several of the commentors and met with a few to ensure their input was heard and understood.

From the outset, the Planning Commission sought to develop a fair and balanced regulation structure with an easy to understand and easy to administer permit process. One goal was to find a way to allow short-term rentals but with factors limiting the overall number of them now and into the future. There was much discussion about that fact that these regulations are not necessarily fixing an issue the city currently has but fixing an issue the city may have someday. A second goal was to ensure the protection of the city's single-family neighborhoods from

becoming inundated with transient lodging uses only. And, a third goal was to ensure that dwelling units remain available and attainable as long-term rentals and homes, and not purchased for investment by corporations or other business entities.

Analysis regarding the number of short-term rentals existing in the city currently vary between 30 and 70 from what we can tell. This assessment is based on public input, internet-based research, and analysis provided by third-party companies who offer monitoring of short-term rentals as a service for a fee. From the latter, staff received free consultations and basic data that was passed along to the Planning Commission for their consideration. It should also be noted that the numbers may or may not include live-aboards, which could skew the data. Staff also provided what we know from our permit and business license records. We know that have 5 Lodging, Level 1 operations that have an approved conditional use permit. We also know that we have approximately 4 short-term rentals operating with only a business license[1]. We also know that the majority of short-term rentals currently operating within the city are concentrated within the Millville and Finholm neighborhoods.

As we progressed through the process of developing these standards, it became evident that a distinction would need to be drawn between the Lodging, Level 1 and short-term rentals. Both are considered transient lodging, but Lodging, Level 1 is actually a use, changing the underlying use of the unit, while short-term rental is an accessory to the already established residential use of the unit. In other words, the dwelling unit or vessel is still a residential dwelling unit or live-aboard. As Lodging, Level 1 was actually adopted to define bed and breakfasts when the city developed the definition back in 2006, it seems appropriate to add a component to the definition requiring that food and/or services be included in the use.

It also became increasingly evident that we would need to draw a distinction between different types of short-term rentals. Therefore, we defined three types of short-term rental: STR 1, STR 2, and STR 3. One of the main factors in defining the different short-term rental types is whether or not they meet the definition of a primary residence. A primary residence, per the draft definition, being the place where a person resides for a majority of the year[2]. We found this concept in other codes and found that it could be a way of limiting the number of short-term rentals in the city and also ensuring that the traditional neighborhood feel and fabric is also maintained; particularly, in single-family residential neighborhoods. During our research and work on this issue, we realized that short-term rentals, in dwelling units that are also the resident's primary residence, are very similar to home occupations[3]. GHMC 17.84 already regulates home occupations, so we

[1] This is an approximation as we are currently uncertain of the status of these operations.
[2] 183 days
[3] "Home occupation" means any activity conducted for financial gain or profit in a dwelling unit, and which activity is not generally or customarily characteristic of activities for which dwelling units are intended or designed.

determined that STR 1 would be permitted through that already established process, while also meeting the performance standards of the short-term rental chapter. STR 2 is defined to capture those short-term rentals operating in dwelling units that are not a primary residence and accessory apartments. STR 3 is defined to capture live-aboards, which are established as a use in the city's Shoreline Master Program.

To support different types of short-term rentals, slightly different permit processes are also proposed. STR 1 would be permitted as a home occupation requiring only a business license consistent with the city's current practice. STR 2 and 3 would require a new permit type: Short-term Rental Permit. The permit would be processed as Type II procedure requiring noticing, public comment, and an administrative decision. An approved permit would be issued to one person, not be transferable, and would expire if property ownership changes, or the short-term rental operator no longer possesses a valid business license. To eliminate the ability for outside corporations or entities to purchase dwelling units as investments, the operator must hold a primary residence within the city unless the short-term rental is located within a mixed use or commercial development. Lodging, Level 1 would remain a Conditional Use Permit which is a Type III procedure requiring a public hearing and decision by the City's Hearing Examiner[4]. All short-term rentals would require a city business license. Consistent with Title 5 GHMC, Business License and Regulations, that business license would be renewed annually. The proposed regulations require that a short-term rental operator must meet additional criteria, specific to short-term rentals, to successfully renew their business license. If they are unable to meet those criteria, their license would not be renewed and, if an STR 2 or 3, their short-term rental permit would expire.

VI. CONCLUSIONS

We feel the propsed draft regulations before you today meet the goals expressed in the opening section of this report. We find that they present a fair, balanced, and equitable approach to permitting short-term rentals in the city while preventing their unmitigated proliferation, potentially affecting the character of our neighborhoods and the availablity of housing. This is done, in part, by allowing Gig Harbor residents and business owners the opportunity to integrate short-term rentals. The regulations will also maintain neighborhood look and feel in residential areas as required by the City of Gig Harbor Comprehensive Plan.

Project Planner: Carl de Simas, Principal Planner

[4] The adoption of these regulations would have no effect on those Lodging, Level 1 uses established with an approved conditional use permit.

The following documents pertinent to your review are attached and/or linked:

A. Draft Regulations (attached)
B. January 27, 2022 Planning Commission materials
C. February 17, 2022 Planning Commission materials
D. March 2, 2022 Planning Commission materials
E. March 31, 2022 Planning Commission materials
F. April 21, 2022 Planning Commission materials
G. April 28, 2022 Planning Commission materials
H. May 19, 2022 Planning Commission materials
I. June 2, 2022 Planning Commission materials
J. July 7, 2022 Planning Commission materials
K. July 21, 2022 Planning Commission materials
L. August 4, 2022 Planning Commission materials
M. Miscellaneous materials

cc: Planning File

City of Gig Harbor

City Council

Draft Short-term Renal Regulations

August 12, 2022

Chapter 17.04

Definitions

17.04.444 Lodging, level 1.

“Lodging, level 1” means a single-family residence which provides overnight lodging for guests, and ~~may~~ provides meals or services for overnight guests, not to exceed five guest rooms.

17.04.XXX Primary residence.

"Primary residence" means a person's principal residence or usual place of return for housing as documented by one or more of the following: motor vehicle registration; driver's license; voter registration; tax documents; a utility bill; or other such evidence as determined by the director. A person may have only one (1) primary residence and must reside there for a minimum of one hundred eighty-three (183) days during the calendar year.

17.04.XXX Short-term rental 1.

“Short-term rental 1” means a home occupation, in a dwelling unit that is the primary residence of the short-term rental operator, offered as a rental to guests for fewer than thirty consecutive nights.

17.04.XXX Short-term rental 2.

“Short-term rental 2” means a dwelling unit or accessory apartment, which may not be the primary residence of the short-term rental operator and is offered as a rental to guests for fewer than thirty consecutive nights.

17.04.XXX Short-term rental 3.

“Short-term rental 3” means a live-aboard vessel typically a yacht or other recreational watercraft which is used as a primary residence by one or more persons who may or may not be related by blood or marriage which is offered as a rental to guests for fewer than thirty consecutive nights.

17.04.XXX Short-term rental operator.

“Short-term rental operator” or “operator” means any person who is the owner or primary resident of a legally established dwelling unit, accessory apartment, or live-aboard who offers or provides such for the purpose of a short-term rental. An operator must have a primary residence within the City of Gig Harbor unless the short-term rental is located within a mixed-use or commercial development.

DRAFT

17.04.XXX Short-term rental platform.

“Short-term rental platform” or “platform” means a person or business entity that provides a means through which a short-term rental operator may offer a dwelling unit, accessory apartment, or live-aboard for the purposes of a short-term rental and from which the person or entity financially benefits.

17.04.XXX Vessel.

"Vessel" includes ships, boats, barges, or any other floating watercraft which are designed and used for navigation and do not interfere with the normal public use of the water.

Chapter 17.XX

Short-Term Rentals

Sections:

17.XX.010 Intent.

17.XX.020 Applicability.

17.XX.030 Application procedures – Short-term rental 2 and 3.

17.XX.040 Issuance and duration of approval.

17.XX.050 Performance criteria.

17.XX.060 Annual business license renewal criteria.

17.XX.070 Inspections and enforcement.

17.XX.010 Intent.

This chapter is intended to provide review procedures and criteria for the accessory use of a legally established dwelling unit, accessory apartment or live-aboard as a short-term rental. These regulations are intended to:

A. Permit residents to offer their residences as short-term rentals subject to reasonable city regulations.
B. Protect neighborhoods from the potentially adverse impacts of short-term rentals.
C. Minimize potential impacts on long-term housing availability and attainability.

17.XX.020 Applicability.

The provisions of this chapter shall apply to all residents seeking to operate a short-term rental 1, 2, or 3 within a legally established dwelling unit, accessory apartment, or live-aboard[1]. Except that short-term rental 1 shall be considered a home occupation and, in addition to the criteria of this chapter, must meet the criteria of Chapter 17.84 GHMC.

[1] See City of Gig Harbor Shoreline Master Program for provisions regarding legally established live-aboards.

DRAFT

17.XX.030 Application procedures – Short-term Rental 2 and 3.

To operate a short-term rental 2 or 3 within the city, the property owner must first obtain an approved short-term rental permit and City of Gig Harbor business license.

A. Type of permit. An application for a short-term rental permit shall be processed as a Type II procedure as set forth in Title 19 GHMC.
B. Application fee. The application fee shall be listed in the City's adopted fee schedule.
C. Complete application. In addition to the pertinent requirements of GHMC 19.02.002, the following items must be provided for a complete application:
    1. Narrative describing the proposed short-term rental operation including, but not limited to:
        a. Description of the unit or vessel proposed for the short-term rental (i.e. single-family dwelling unit, duplex dwelling unit, accessory apartment, etc.).
        b. Number of available off-street parking spaces.
        c. A signed Good Neighbor Policy in a form provided by the city[2].

17.XX.040 Issuance and duration of approval.

A. A short-term rental permit issued to one person shall not be transferable to any other person; nor shall a short-term rental permit be valid at any address other than the one appearing on the permit.
B. A short-term rental permit is considered valid until one or all the following criteria exist:
    1. Property ownership changes; or
    2. The short-term rental operator no longer possesses a valid City of Gig Harbor business license; or
    3. The short-term rental operator no longer has a primary residence within the city.

17.XX.050 Performance criteria.

A. The approved short-term rental permit number and City of Gig Harbor business license shall be posted on every listing advertising or offering the short-term rental, including listings on short-term rental platforms.
B. Emergency and short-term rental operator contact information shall be clearly posted in a visible location.
C. Short-term rental operators, or their designee, shall always be available and able to respond within one hour to complaints, guest concerns, inquiries and investigations conducted by city officials.
D. The Good Neighbor Policy shall be posted in a visible location. It shall be the responsibility of the operator to ensure the policy is enforced.
E. Off-street parking must always be provided for all guests and available during the guest's stay.
F. On or off premise signs advertising the short-term rental shall not be permitted.
G. The use of a short-term rental shall be consistent with typical residential uses. Weddings, banquets, parties, charitable fund raising, or other gatherings for direct or indirect compensation are not permitted.

[2] Good Neighbor Policy is only required for the following zoning districts: R-1, RMD, R-2, RLD, R-2, PRD

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1. Small, informal non-commercial gatherings of family and friends of guests are permitted, provided the gathering is not a disturbance to the surrounding neighborhood.

H. The short-term rental shall be conducted in such a manner as to give no outward appearance nor manifest any characteristics of a business, in the ordinary meaning of the term, that would infringe upon the right of the neighboring residents to enjoy a peaceful occupancy of their homes.

I. Maximum occupancy shall be regulated consistent with GHMC Title 15.

J. The short-term rental shall maintain all applicable performance standards for the zoning district and as required by local, state and federal law.

K. The short-term rental shall meet all local, state, and federal requirements regarding licenses and taxes.

17.XX.060 Annual business license renewal.

A. Any person engaging in a short-term rental shall register as a business under GHMC Title 5. In addition, the following provisions shall be reviewed annually:
   1. All performance criteria of Section 17.XX.060 shall have been met and maintained in good standing.
   2. City staff shall assess and consider the details of any code compliance cases brought against the property where the short-term rental is being operated.
   3. The short-term rental operator shall resolve all outstanding civil penalties, fees, fines, liens, infractions, or any other legal encumbrance.
   4. The short-term rental operator shall submit to the City a signed and notarized affidavit in a form approved by the director and the city attorney. The affidavit shall request information including, but not limited to, the following:
      a. Proof of primary residence.
      b. Number of days and nights the dwelling unit, accessory apartment, or live-aboard was operated as a short-term rental.
      c. Additional information deemed pertinent and necessary by the director and the city attorney.

17.XX.070 Inspections and enforcement.

A. Prior to permit issuance, and prior to annual business license renewal, the short-term rental unit may be inspected by city officials to ensure consistency with all applicable local, state, and federal codes.

B. Enforcement of this chapter shall be conducted consistent with the land-use code enforcement provisions of GHMC Title 19 and business license provisions of GHMC Title 5.

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Chapter 19.01

Types of Permit Applications

19.01.003 Project permit application framework.

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	Major amendment to PRD		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	Amendment to height			

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	variances	restriction area map			
Administrative design review[1]	Administrative interpretations	Mobile/manufactured home park or subdivision			
Land clearing	Shoreline permit exemptions[2]	Performance-based height exception			
Home occupation permit	Short-term rental permit	Changes from one nonconforming use to another			
Alternative landscape plan		Site-specific rezone			
Nonconforming review		Critical area variances			
Minor preliminary plat revisions		Critical area reasonable use exceptions			
Boundary line adjustment					

[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.

19.02.008 Duration of permit approval and expiration of permits.

A. *Duration of Permit Approval.* A land use permit shall expire three years from the date a permit is approved, except as specified in subsection C of this section.

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B. When a project includes more than one land use permit, the expiration date of the land use permit with the longest permit approval duration shall govern all land use permits included in a project, except final plats, short plats, map amendments and Type V decisions.

C. The duration of approval, expiration and extension of the following land use permits shall not be governed by this section, except that subsection B of this section shall apply:

1. Shoreline permits shall be governed by the City of Gig Harbor Shoreline Master Program and WAC 173-27-090;

2. Subdivisions, short plats, binding site plans and boundary line adjustments shall be governed by GHMC Title 16 and Chapter 58.17 RCW;

3. Land use permits governed by a development agreement shall be pursuant to the development agreement;

4. Special use permits, land clearing permits, planned residential developments, planned unit development, short-term rental permits, and temporary trailer permits shall be governed by the provisions in the specific zoning code chapter regulating those permits;

5. Zoning district map amendments and height restriction area map amendments.

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Short-term Rentals

CITY OF GIG HARBOR

AUGUST 18, 2022

CITY COUNCIL STUDY SESSION

GIG HARBOR
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Background

Ordinance 1467 & 1484

- City Council Planning and Building Committee – September 7, 2021
- City Council – September 13, 2021
- City Council – September 27, 2021
- Planning Commission – January 27, 2022 - Present
- City Council – March 28, 2022

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Planning Commission

- Public Input!
- 9 Meetings
- 2 Public Hearings
- Several iterations of regulations studied and amended

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Current Lodging Types

Lodging

- Level 1: a single-family residence which provides overnight lodging for guests, and may provide meals for overnight guests, not to exceed five guest rooms.
- Level 2: an establishment providing sleeping accommodations with a majority of all guest rooms having direct access to the outside without the necessity of passing through the main lobby of the building, with or without food services, and may include conference facilities.
- Level 3: an establishment providing sleeping accommodations with a majority of all guest rooms having direct access through the main lobby of the building, with or without food services, and may include conference facilities.

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Land Use

Lodging, Level 1

- Permitted In Following Zones:
  - R-3, RB-1, RB-2, DB, B-1, MUD
- Conditionally permitted in the following zones:
  - R-1, R-2, B-2, C-1, WR, WM, WC

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Lodging, Level 1 Amended

- Lodging, Level 1 means a single-family residence which provides overnight lodging for guests, and ~~may~~ provides meals or services for overnight guests, not to exceed five guest rooms.

Short-term Rentals: STR 1, STR 2

STR 1

- Dwelling unit
- Home Occupation
- Primary Residence
- Business license

STR 2

- Dwelling unit
- Accessory apartment
- Short-term rental permit
- Business license

Short-term Rentals: STR 3

STR 3

- Live-aboard vessel
- Primary residence
- Short-term rental permit
- Business license

Intent of Regulations

- Consistency with Comprehensive Plan Goals
- Balanced and fair regulations
- Consistency with state requirements
- Protect single-family neighborhood character

Proposed Permitting Structure

Proposed

- Home Occupation: Business License
- STR Permit: Type II Procedure
- Applicant must hold a primary residence within the City of Gig Harbor.
- Duration of approval: indefinite if certain criteria met
- Annual business license renewal

Current

- Lodging, Level 1: Conditional Use Permit in some zones – Type III Procedure
- Duration of approval: indefinite unless use is discontinued for a period of 2 years
- Annual business license renewal

Public Comments

Themes

- Majority support for reasonable short term rental regulations
- Some opposed to regulating short term rentals
- Some supportive of keeping short term rental regulations status quo
- Some opposed to short term rentals

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Today

- Consider the draft regulations
- Pose clarifying questions and concerns to Staff
- Determine next steps

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Discussion

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