

AGENDA
GIG HARBOR CITY COUNCIL STUDY SESSION
Thursday, November 3, 2022 – 2:00 p.m.
Community Rooms

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

CALL TO ORDER/ROLL CALL

DISCUSSION ITEMS

1. 2023-24 Budget Discussion

City Administrator Katrina Knutson

2. Review of 2023 Lodging Tax Grant Recommendations

City Administrator Katrina Knutson

Documents:

[STAFF MEMO Lodging Tax Grant Awards.pdf](#)

**3. 38th Ave Half-Width Roadway Improvements Phase 2 -
Roadway/Sidewalk Alignment Alternatives**

Associate Engineer Stephanie Seibel, P.E.

Documents:

[STAFF MEMO 38th Ave Half-Width Roadway Improvements Phase 2.pdf](#)

4. Proposed Utility Rate Increase – 2023 Only

Public Works Director Jeff Langhelm, PE

Documents:

[STAFF MEMO 2023 Utility Rate Increase.pdf](#)

ADJOURN

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.



MEMORANDUM

DATE: October 28, 2022

TO: City Council

FROM: Katrina Knutson, City Administrator

SUBJECT: Lodging Tax Grant Awards

Each year the City is required to accept and review applications for grant funding from the Lodging Tax fund (Hotel-Motel Tax Fund in the City's Budget). Money in this fund can **only** be used to fund lodging tax applications. For this reason, the City is required to apply to itself for any lodging tax funds it wishes to use internally.

Lodging tax funds can only be used for the following:

- Tourism marketing;
- Marketing and operations of special events and festivals designed to attract tourists;
- Operations *and* capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district, including repayment of general obligation bonds (RCW 67.28.150) or revenue bonds (RCW 67.28.160) for eligible capital projects; or
- Operations of tourism-related facilities owned or operated by nonprofit organizations (but *not* capital expenditures).

The Lodging Tax Advisory Committee met on September 20 and reviewed the 22 applications submitted this year. One application was ineligible due to being submitted by a for-profit organization (Dunagan Brewing). The complete applications can be viewed with the packet for the [September 20 LTAC Meeting](#). The committee's recommended award amounts are listed on Exhibit A.

The City's 2023-24 Budget estimates that there will be approximately \$1.6 million available in the lodging tax fund which leaves an ample ending fund balance after considering the total recommended award of \$717,200.

Council is not obligated to accept the recommendations of LTAC as presented. Council may choose to fund more or less than the recommended amount or Council may choose not to fund an applicant entirely. However, Council cannot choose to fund an organization that is not on this list.

Any changes to the award amounts will return to LTAC for their comments prior to Council taking official action. LTAC cannot approve or deny Council's changes. Council cannot take action (adopting the awards by Resolution) until LTAC has provided its comments within a 45-day window.

In preparing the 2023-24 Budget, staff have identified a few award amounts that it recommends Council consider revising:

- **Downtown Waterfront Alliance:** In 2022 the City contracted with DWA to provide \$35,000 for its operations. This amount was boosted an additional \$15,000 later in the year. Staff recommends continuing this operational funding at the \$50,000 level, with an increase due to rising operations costs and funding the agreement with lodging tax funds.

LTAC recommended \$10,000 for the Girls Night Out program and \$20,000 for the Farmers Market program. Even with the \$20,000 LTAC contribution, the Farmers Market program still operates at a projected loss of \$13,900. Staff recommends that Council increase its allocation to cover the full expense of this program, acknowledging that it is one of the City's major tourism draws. **Staff recommended allocation: \$100,000 (\$56,100 operations, \$33,900 Farmers Market, \$10,000 Girls Night Out).**

Any contributions to DWA from the lodging tax fund are eligible for a tax credit worth 75% against the City's Public Utility Tax. A \$100,000 award from the lodging tax fund would result in a \$75,000 discount to the City's PUT bill.

- **City of Gig Harbor:** Staff is proposing to increase the City's funding by \$500,000 and apply the additional funds to the Sports Complex Phase 1B Project.
- Staff also proposes across the board reductions to all LTAC's recommendations for all organizations except for the City, the Downtown Waterfront Alliance and the Harbor History Museum. In 2022, the City allocated \$96,500 to these other organizations. Staff's proposal is to allocate the same amount this year with a 5% increase to \$101,325. This results in 42% cut to all LTAC recommendations as shown on Exhibit A.

If Council adopts these revised recommendations, it will increase the total LTAC allocations in 2023 from \$717,200 to \$1,244,876 and provide an estimated ending fund balance of \$346,955 at the end of 2023.

Applicant	Event/Activity	Amount Requested	Amount Funded in 2022	2023 Amount Recommended by LTAC	2023 Amount Recommended by Staff
Asia Pacific Cultural Center	Korean Chuseok Festival	\$10,200.00	\$5,000.00	\$10,200.00	\$5,916.00
City of Gig Harbor	Operations	\$552,915.00	\$495,000.00	\$475,000.00	\$975,000.00
Downtown Waterfront Association	Waterfront Farmers Market	\$20,000.00	\$17,000.00	\$20,000.00	\$100,000.00
Downtown Waterfront Association	Girls Night Out	\$10,000.00	N/A	\$10,000.00	
Gig Harbor BoatShop	2023 Operations	\$25,000.00	\$2,000.00	\$15,000.00	\$8,700.00
Gig Harbor Canoe and Kayak Racing Team	2023 Paddlers Cup	\$12,000.00	\$5,000.00	\$12,000.00	\$6,960.00
Gig Harbor Film Festival	2023 Film Festival	\$25,000.00	\$16,000.00	\$20,000.00	\$11,600.00
Gig Harbor Kiwanis	Veterans Day Celebration	\$10,000.00	N/A	\$7,500.00	\$4,350.00
Gig Harbor Quilters	Quilts Ahoy 2023	\$5,000.00	N/A	\$5,000.00	\$2,900.00
Gig Harbor Senior Center	Shamrock'n the Harbor Run and Walk	\$2,500.00	\$500.00	\$1,000.00	\$580.00
Gig Harbor Sportsman's Club	Sea Food Shoot	\$5,000.00	\$4,500.00	\$5,000.00	\$2,900.00
Gig Harbor Yacht Club Junior Sail Program	2023 Sail Camp and Narrows Race Team	\$19,580.00	N/A	\$15,000.00	\$8,700.00
Greater Gig Harbor Foundation	Rattle Dem Bones	\$2,000.00	\$1,000.00	\$2,000.00	\$1,160.00
Greater Gig Harbor Foundation	Summer Sips (formerly Cider Swig)	\$6,000.00	\$5,000.00	\$5,000.00	\$2,900.00
Harbor History Museum	Marketing, Exhibits and Operations	\$163,380.00	\$11,500.00	\$40,000.00	\$40,000.00
Harbor WildWatch	2023 SVIC Operations	\$30,000.00	\$11,000.00	\$20,000.00	\$11,600.00
Key Peninsula Farm Council	Key Peninsula Farm Tour	\$10,000.00	N/A	\$5,000.00	\$2,900.00
Peninsula Art League	2023 Summer Art Festival	\$5,000.00	\$4,000.00	\$5,000.00	\$2,900.00

Peninsula Art League	Open Juried Show	\$6,000.00	\$3,000.00	\$6,000.00	\$3,480.00
Permission to Start Dreaming Foundation	Prayer Breakfast & Race for a Soldier	\$30,000.00	\$15,000.00	\$30,000.00	\$17,400.00
Rotary Club of Gig Harbor Foundation	Galloping Gertie	\$10,000.00	\$8,000.00	\$8,500.00	\$4,930.00
	TOTALS	\$959,575.00	\$620,000.00	\$717,200.00	\$1,244,876.00
	Projected 2022 Ending Fund Balance + Projected 2023 Revenues			\$1,591,831.00	\$1,591,831.00
	Projected 2023 Ending Fund Balance			\$874,631.00	\$376,955.00



PUBLIC WORKS DEPARTMENT

MEMORANDUM

TO: Mayor and City Council

FROM: Stephanie Seibel, P.E., Associate Engineer

DATE: October 28, 2022

SUBJECT: 38th Ave Half-Width Roadway Improvements Phase 2 -
Roadway/Sidewalk Alignment Alternatives

REFERENCE: 38th Ave Half-Width Roadway Improvements Phase 2 Map
38th Ave Half-Width Roadway Improvements Phase 2 Alternative Sections
Open House Comments

The City's design consultant, KPFF, has been working diligently on preparing alternatives for the 38th Ave Half-Width Roadway Improvements Phase 2 project that the public and Council to consider since their contract was approved in June 2022. During this time, KPFF completed a topographic survey, a tree survey and analysis, and prepared two conceptual design alternatives. On October 25, 2022, the City held an open house to present the two alternatives and solicit public feedback.

The two alternatives consist of one that meets the City Standard cross section (Alternate 1) and one that attempts to save more trees by removing the planter and shifting the roadway east (Alternate 2). Alternative 2 would require writing a variance to the City Standard, which we have denied to developers multiple times in the last year.

In addition to general concerns and comments City staff asked the following of participants:

1. Would you prefer bike lanes on both sides of the road or just northbound (east) side?
2. If it meant additional trees could be saved, would you prefer to have the road shifted east in the areas it would save trees?
3. If mid-block crossings were installed between 56th Ave and Hunt where would you prefer them to be?

Areas of support from the feedback received include:

1. Safety of the pedestrians, both biking and walking, from the vehicular traffic
2. Flashing beacon crossings
3. Something to slow traffic down on 38th.

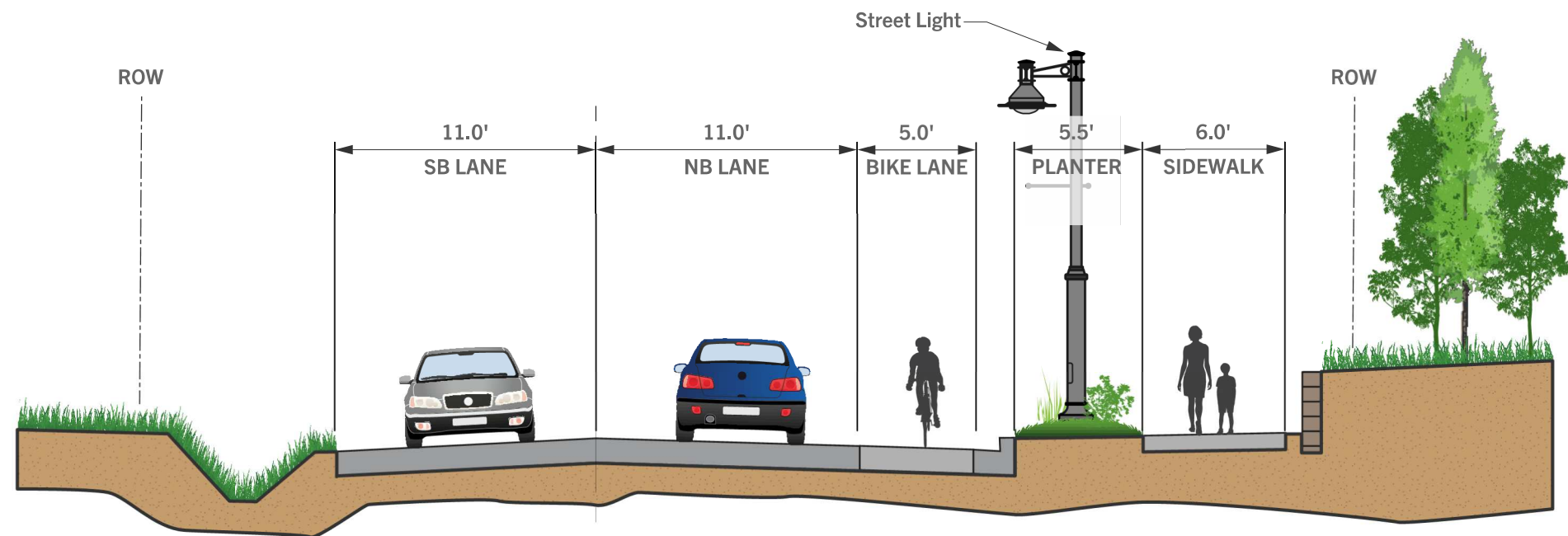
Topics of concern from the feedback received include:

1. Tree removal
2. Brightness and color of lighting
3. Traffic speeds on the road

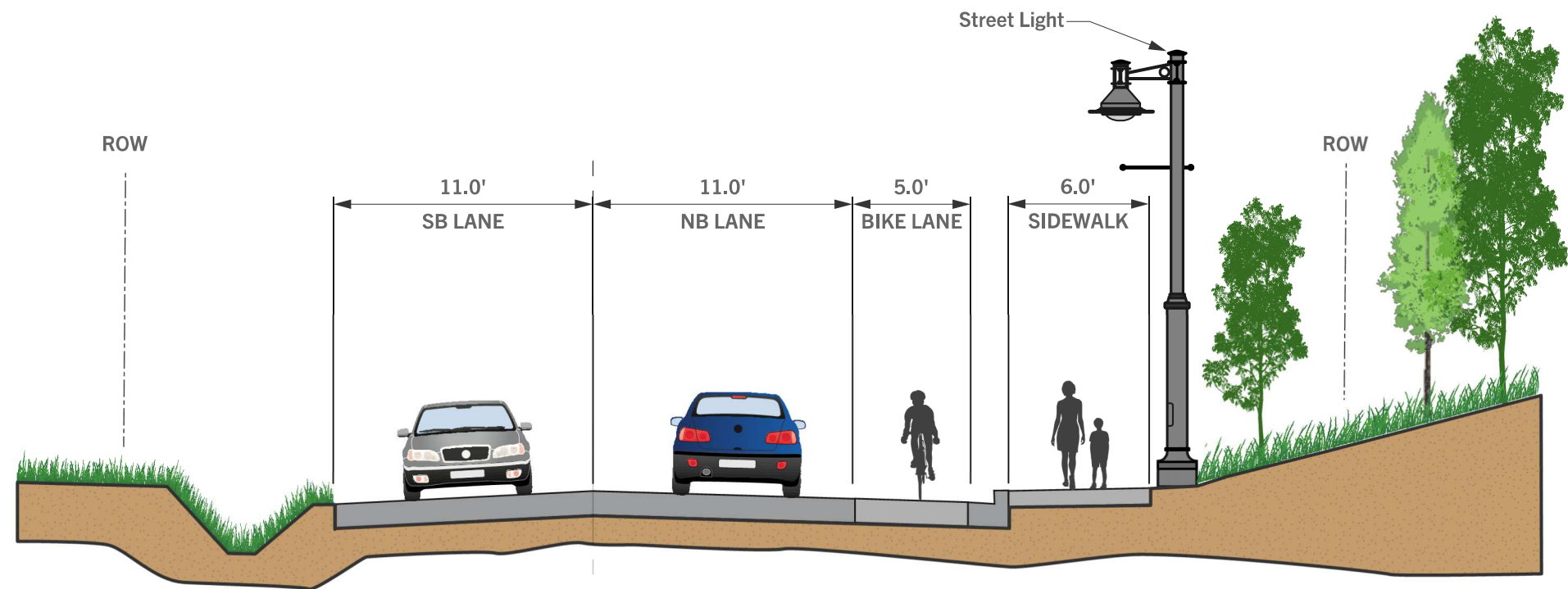
Topics that will be presented at the November 3 Study Session include:

1. Sidewalk location/alignment
2. Lighting
3. Tree removal
4. Mid-block crossing location(s)

During this meeting Staff will present responses to the feedback received and review the advantages and disadvantages for each alternative. At the end of this meeting, we will be asking the Council for a decision on which direction they would like to move forward with on the project.



38th Ave - 56th Street to Hunt Street
Alternative 1
(City Standard Typical Section)



38th Ave - 56th Street to Hunt Street
Alternative 2



PUBLIC WORKS DEPARTMENT

MEMORANDUM

TO: Mayor and City Council

FROM: Jeff Langhelm, PE, Public Works Director

DATE: October 28, 2022

SUBJECT: Proposed Utility Rate Increase – 2023 Only

The City operates three independent utilities as enterprise funds, which include the water utility, wastewater (sewer) utility, and stormwater utility. It is necessary to adjust utility service rates and charges to meet the actual cost of providing these essential services. The costs to provide the utility services are based on existing and future capital expenses, operating expenses, and maintenance expenses.

Staff recommends adjusting rates on an annual basis, as necessary, to keep up with the changing costs to provide these services. However, the last time the City adjusted utility rates was January 1, 2020 because the City intentionally decided to not adjust utility rates in 2021 and 2022 due to the COVID-19 pandemic. The utility rates are adopted by ordinance and located in the municipal code as follows:

Water Rates: [GHMC 13.04.10](#)

Wastewater (Sewer) Rates: [GHMC 13.32.010](#)

Stormwater Rates: [GHMC 14.10.050](#)

The City anticipated completing a utility rate study in 2022 with the support of Ashley Emery at Peninsula Financial Consulting that would accommodate for rate adjustments for the next six years but was unable to complete this study due to staffing limitations. With two years of increases of the consumer price index but no rate adjustments, the City is positioning itself for significantly high rate increases in the near future to support the costs of operating the utilities. Therefore, City Staff and Mr. Emery support some level of rate increase consistent across all three utilities.

At the November 3 study session, Staff and Mr. Emery will review with Council three options that would implement a single rate increase for 2023 only and would range from the minimum recommended increase (5%) to the maximum recommended increase based on the change in the local consumer price index (13%).