

Gig Harbor City Council Meeting

**March 24, 2014
5:30 p.m.**



**AGENDA FOR
GIG HARBOR CITY COUNCIL MEETING
Monday, March 24, 2014 – 5:30 p.m.**

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

CONSENT AGENDA:

1. Approval of City Council Minutes Mar. 10, 2014.
2. Liquor License Action: a) Renewals: Morso, GH Yacht Club, The Green Turtle, Happy at the Bay Teriyaki, Harbor Greens, GH Farmers Market, and Maritime Inn, GH Farmers Market at Uptown; b) Special Occasion Liquor License: History Museum
3. Receive and File: a) Minutes of Joint Council / Planning Commission Worksession Mar. 3, 2014; b) Parks Commission Minutes Nov. 6, 2013; c) Boards and Committees Candidate Review Minutes March 12, 2014.
4. Re-Appointments / Appointments to Gig Harbor Arts Commission.
5. Amendment to Jail Contract – Kitsap County.
6. Resolution No. 955 – Surplus Property - WWTP.
7. Lift Station No. 8 Fence Installation – Small Public Works Contract Award.
8. Resolution No. 956 – Set Public Hearing Date for DRN Annexation of the Bay.
9. Natural Yard Care Agreement with Tacoma-Pierce County Health Department.
10. Approval of Payment of Bills Mar. 24, 2014: Checks #74955 through #75091 in the amount of \$694,530.59.

PRESENTATIONS:

Nancy Henderson, Pierce Transit Board of Commissioners Representative for Auburn, Gig Harbor, Fircrest, Pacific, Ruston, and Steilacoom.

OLD BUSINESS:

1. Second Reading of Ordinance No. 1287 - Biennial Budget.

NEW BUSINESS:

1. First Reading of Ordinance – Reducing Number of Members on the Gig Harbor Arts Commission.
2. First Public Hearing – Harbor Hill Development Agreement – Amendment No. 2.

STAFF REPORT:

1. Jeff Langhelm, Public Works Director

PUBLIC COMMENT:

MAYOR'S REPORT / COUNCIL COMMENTS:

ANNOUNCEMENT OF OTHER MEETINGS:

1. Lodging Tax Advisory Commission: Thu. Apr 3rd at 7:30 a.m.
2. Intergovernmental Affairs Committee: Mon. Apr 14th at 4:00 p.m.
3. Operations Committee: Thur. Apr 17th at 3:00 p.m.
4. Please see additional meeting notices on city website.

EXECUTIVE SESSION: To discuss property acquisition per RCW 42.30.110 (1)(b).

ADJOURN TO WORKSTUDY SESSION: Hospital Benefit Zone (HBZ) Presentation.

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

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

CALL TO ORDER: 5:30 p.m.

PLEDGE OF ALLEGIANCE:

CONSENT AGENDA:

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

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

PRESENTATIONS:

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

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

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

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

OLD BUSINESS:

NEW BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mayor Guernsey said that was the intent.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STAFF REPORT:

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

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

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

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

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

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

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

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

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

PUBLIC COMMENT:

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

MAYOR'S REPORT / COUNCIL COMMENTS:

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

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

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

ANNOUNCEMENT OF OTHER MEETINGS:

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

ADJOURN:

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

CD recorder utilized: Tracks 1006 – 1038

Jill Guernsey, Mayor

Shawna Wise, Executive Assistant

C091080-2

WASHINGTON STATE LIQUOR CONTROL BOARD

DATE: 03/06/2014

LICENSED ESTABLISHMENTS IN INCORPORATED AREAS CITY OF GIG HARBOR
(BY ZIP CODE) FOR EXPIRATION DATE OF 20140630

LICENSEE	BUSINESS NAME AND ADDRESS	LICENSE NUMBER	PRIVILEGES
1. RICHARD LYLE JOHNSON	GIG HARBOR BEACH BAY BED AND BREAKFAST 7223 120TH STREET CT NW GIG HARBOR WA 98332 0000	407028	BED & BREAKFAST
2. S SQUARED, LLC	MORSO 9014 PEACOCK HILL AVE GIG HARBOR WA 98332 1029	405678	TAVERN - BEER/WINE OFF PREMISES
3. THE GIG HARBOR YACHT CLUB	GIG HARBOR YACHT CLUB 8209 STINSON AVE GIG HARBOR WA 98335 0000	077100	PRIVATE CLUB - SPIRITS/BEER/WINE
4. THE GREEN TURTLE LLC	THE GREEN TURTLE 2905 HARBORVIEW DR GIG HARBOR WA 98335 0000	078190	SPIRITS/BR/WN REST SERVICE BAR
5. JKM INC.	HAPPY AT THE BAY TERIYAKI 4910 POINT FOSDICK DR NW STE B GIG HARBOR WA 98335 1713	083301	BEER/WINE REST - BEER/WINE
6. HARBOR GREENS, LLC	HARBOR GREENS 5225 OLYMPIC DR NW GIG HARBOR WA 98335 1763	400986	GROCERY STORE - BEER/WINE SPIRITS RETAILER
7. GIG HARBOR FARMERS MARKET	GIG HARBOR FARMERS MARKET 3207 HARBORVIEW DR GIG HARBOR WA 98335 2125	402207	FARMERS MARKET FOR BEER/WINE
8. MARITIME INN CORPORATION	MARITIME INN 3212 HARBORVIEW DR GIG HARBOR WA 98335 2125	403597	MOTEL

C091080-2

WASHINGTON STATE LIQUOR CONTROL BOARD

DATE: 03/06/2014

LICENSED ESTABLISHMENTS IN INCORPORATED AREAS CITY OF GIG HARBOR
(BY ZIP CODE) FOR EXPIRATION DATE OF 20140630

LICENSEE	BUSINESS NAME AND ADDRESS	LICENSE NUMBER	PRIVILEGES
9 . GIG HARBOR FARMERS MARKET AT U	GIG HARBOR FARMERS MARKET AT UPTOWN SHOP CNTR 4701 PT FOSDICK DR GIG HARBOR WA 98335 2319	407877	FARMERS MARKET FOR BEER/WINE

WASHINGTON STATE LIQUOR CONTROL BOARD - License Services
3000 Pacific Ave SE - P O Box 43075
Olympia WA 98504-3075

TO: MAYOR OF GIG HARBOR

March 11, 2014

SPECIAL OCCASION #: 092365

PENINSULA HISTORICAL SOCIETY
4121 HARBORVIEW DR
GIG HARBOR, WA 98335

DATE: APRIL 12, 2014

TIME: 5:30 PM TO 8:30 PM

PLACE: HARBOR HISTORY MUSEUM - 4121 HARBORVIEW DR, GIG HARBOR

CONTACT: TAMI MCDANIEL, 253-858-6722

SPECIAL OCCASION LICENSES

- * Licenses to sell beer on a specified date for consumption at a specific place.
- * License to sell wine on a specific date for consumption at a specific place.
- * Beer/Wine/Spirits in unopened bottle or package in limited quantity for **off** premise consumption.
- * Spirituous liquor by the individual glass for consumption at a specific place.

If return of this notice is not received in this office within 20 days from the above date, we will assume you have no objections to the issuance of the license. If additional time is required please advise.

- | | | |
|--|------------------------------|-----------------------------|
| 1. Do you approve of applicant? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| 2. Do you approve of location? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| 3. If you disapprove and the Board contemplates issuing a license, do you want a hearing before final action is taken? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |

<u>OPTIONAL CHECK LIST</u>	<u>EXPLANATION</u>	YES <input type="checkbox"/>	NO <input type="checkbox"/>
LAW ENFORCEMENT	_____	YES <input type="checkbox"/>	NO <input type="checkbox"/>
HEALTH & SANITATION	_____	YES <input type="checkbox"/>	NO <input type="checkbox"/>
FIRE, BUILDING, ZONING	_____	YES <input type="checkbox"/>	NO <input type="checkbox"/>
OTHER:	_____	YES <input type="checkbox"/>	NO <input type="checkbox"/>

If you have indicated disapproval of the applicant, location or both, please submit a statement of all facts upon which such objections are based.

DATE SIGNATURE OF MAYOR, CITY MANAGER, COUNTY COMMIONERS OR DESIGNEE



CITY COUNCIL / PLANNING COMMISSION Joint Worksession MINUTES

DATE: March 3, 2014

TIME: 5:30 p.m.

LOCATION: Community Rooms A & B

SCRIBE: Molly Towslee, City Clerk

MEMBERS PRESENT: Mayor Guernsey and Councilmembers Lovrovich, Kadzik, Ekberg, Arbenz, and Malich. Councilmembers Payne and Perrow were absent.
Planning Commissioners: Harris Atkins, Jim Pasin, Rick Gagliano, Reid Ekberg, Bill Coughlin, Pamela Peterson, and Craig Baldwin.

STAFF PRESENT: Dennis Richards, Jennifer Kester, and Lindsey Sehmel.

INTRODUCTION

Mayor Guernsey opened the meeting and then turned it over to Senior Planner Lindsey Sehmel who introduced the Planning Commission Chair, Harris Atkins. Chair Atkins first thanked Council for this opportunity to provide an overview of what the commission has been working on. Chair Atkins presented an overview of what steps were taken to gather public input in order to develop the Harbor Vision and explained the challenge of balancing the Vision Statement Goals and Policies to both expand the downtown vitality as well as retain the unique character of the harbor. He said that at the end of the presentation, the Planning Commission would like a dialogue regarding the Commission's desire to continue on with the process to implement the regulations identified in the Harbor Vision process.

Draft Harbor Element of the Comprehensive Plan. Senior Planner Lindsey Sehmel presented a brief overview of the information gained through the public process that led to the adopted Harbor Vision in 2012. She said that since then, the Planning Commission has held twelve study sessions to develop draft Goals and Policies to implement the Harbor Vision.

Ms. Sehmel then summarized the draft goals and addressed Council's questions and comments.

- 3.1 Provide opportunity to walk, bike, use public transportation for residents, visitors and boaters to move around the Harbor.
 - Include water in transportation? Need for a dinghy dock? Address this in 3.15.
- 3.2 Pedestrian-friendly environment.
 - Clarify what is meant by "historic qualities of transportation in 3.2.2."
 - Maintain existing right of ways.
 - Address LOS 4 at certain intersections.
 - Interest in widening sidewalks? Didn't reach that level of specificity.

- 3.3 Protect the views of the bay.
 - Opportunity to incentivize larger view corridors on new construction
 - Undergrounding utilities
 - Update landscaping standards in view corridors
- 3.4 Protect the native and built environment.
 - Definition of open waters? Maneuverability and access. It's also a view issue: don't just have a line of marinas.
 - Native vegetation: north of Eddon Boatyard may not be native but is attractive. Language came from the SMP. Within working waterfront district, and has a 25' native vegetation conservation buffer. Can be addressed in next agenda item.
- 3.5 Waterfront Park System.
 - Use of word "community property" awkward. Work on phrasing such as "city-owned" to better describe non-active properties.
- 3.6 Retain / protect character of historic business and residential neighborhoods.
 - Pulled from design chapter of the comprehensive plan.
- 3.7 Preservation of existing historic structures.
 - Scale, form, and relationship to existing surroundings.
 - Allow existing structures to be maintained or adaptive reuse.
 - New policies to address floor area ratios, incentives for historic preservation, and zoning standards for historic neighborhoods.
 - Intended to provide a preference. Consider changing from "cannot" to "are not going" to be preserved...
 - 3.7.8 to encourage ways to streamline permitting for historic structures.
- 3.8 Incentives for mixed use structures.
 - Large portions pulled from community design chapter.
 - 3.8.4 – addressed in SMP or are you asking for more? Came from existing Comp Plan. Ensures reduced parking doesn't impact upland neighborhoods. Look to reduce asphalt.
- 3.9 Cultural heritage.
 - From Parks Element of the Comp Plan and a new landmark system to identify where historic services were provided and cultural resources.
 - 3.9.4 Support education of cultural heritage
 - 3.9.7 Landmark signage? Additional to what we already have. Change language to properly reflect intent.
 - Encourage landowners to place informational plaques.
- 3.10 Support diversity and variety through a balance of uses.
 - Currently many boutique services; need to meet daily need for services.
 - 3.10.2 encourages more jobs? To create a balance; make sure there are employment opportunities as well as housing.
 - Does 3.10.3 mean vertical zoning? If so, then make it more specific than just "commercial." What will encourage the pedestrian experience.

- Need guidance on what “mixed-use” means and what you want to see as a result. Perhaps break out into 2-3 points: 1) appropriate commercial, professional, or retail at the street level; 2) residential or offices on the second level.
- Any emphasis on residential or offices on 2nd level? Perhaps time to focus on increasing the vitality which requires people there 24-7. Could be expanded to encourage more living downtown.
- Residential is currently a conditional use permit in the DB zone which needs to be addressed. Need further clarification from council before moving forward.
 - Encourage a variety of residential types.

3.11 Encourage variety of housing types consistent to the neighborhoods

- Creating a diverse population.
- Cottage housing – is DB zone a suitable location?
- Amend verbiage to replace “consistent to” with “compatible with” and remove last line “through change in age, family size and various life changes.”

3.12 Focus on creating and maintaining a strong economy.

- From the new economic development chapter of the comp plan.
- 3.12.1 is a work plan to address the timing process, fees, etc.
- Add property owners to 3.12.2.
- Additional parking through a public parking garage in 3.12.3.
 - Change “garage” to “structure”; “in order to preserve” to “without sacrificing” and add “waterfront” in front of historical structures.
 - Unsure of support for public parking garage. 100-200 additional might be needed if renovation goes forward. Should it be pockets or parking or one structure? A structure can be made attractive and to fit in.

3.13 Retain and attract business. Maintain vitality.

- Change “desired” to “supported by” Gig Harbor residents, as well as visitors.
- Some emphasis on people who live here.

3.14 Incentivizing reinvestment.

- Help property owners to “clean up” properties and encourage reuse of existing structures.
- Incentives could include:
 - Reduced permit / utility connection fees;
 - Waivers from land use standards;
 - Multi-family tax exemption; and
 - Reduced parking standards.
- Leeway for ADA requirements? Is in the Building Code, but ultimately it’s a Federal issue. Balancing act.
- Council was asked to clarify what “local” means in reference to goal to “increase local economic opportunities.”
 - i.e. Sally’s Coffee Shop vs Starbucks chain.
 - What kinds of businesses are acceptable in downtown?
 - Work on verbiage; don’t focus on one word.
 - Certain things will be controlled through regulations of how the structure looks; size, signage, etc.

- Two issues: structures themselves and the idea of chain stores.
- Do you want tear-down and rebuild or revitalization of existing.

3.15 Support services for maritime uses.

- Majority are now: temporary docking facilities, fuel dock, public showers, waste connections, and navigation corridors in center of bay.
- Add “boating and water” to title.
- Add “to and from waterfront properties” to 3.15.5.
- Goals would allow for a water taxi.

3.16 Promote and preserve commercial fleet.

- Most all are policies pulled from Shoreline Master Program.
- Identify fishing as an historic culture of the community.
- Split and move *cultural resource* up to 3.9.1 and leave this as the economic resource.

Councilmember Malich asked if when developing these goals, if the Planning Commission reflected on the desire for a walkable, view-oriented community? The economic goals seem to contradict this.

Chair Atkins responded that the Vision Committee struggled with the concern that there could be conflict between the two goals. The ultimate challenge will be when you attempt to define an initiative or regulation that implements these goals; trying to balance what we want to maintain about the harbor and yet trying to achieve the goal to revitalize the area.

Bill Coughlin said that the objective was to balance it as much as possible, putting walkability first. Jim Pasin commented on what the community indicated that they want downtown. Lindsey shared the top choices: walkable views, historic vibrant, character, mixed-use, water-oriented, water-access, boating destination, thriving, and gathering places.

Rick Gagliano stressed that it is a very complex issue and balance is the key.

Councilmember Malich voiced concern with gated parking lots, residences, and marinas that will close off the view and affect the walkability. He said we need to encourage businesses that open it up to public access. Mayor Guernsey stressed that the issue isn't the gates, but the restrictions that didn't used to exist. That's not society today so it doesn't make sense to focus on that, but focus on the things to help the downtown thrive. These goals do a great job of heading in the right direction. She commended the Planning Commission on all the time and effort spent on this.

Everyone agreed, and Harris Atkins said that it's now Lindsey's job to capture that summary target of what we want to happen.

Mayor Guernsey then asked for clarification of direct seafood sales in 3.16.2. Mr. Atkins said that language is right out of the SMP; they envision the fishing fleet could come in and sell product right off the boat. Ms. Kester added that it could also support a fish market.

Senior Planner Sehmel explained the next steps:

- Planning Commission to finalize their recommendation to Council.

- Council Review – public hearings and any amendments.
- Possible council direction to implement goals and policies that don't require code amendments. Could involve creation of a committee similar to the Marina Stakeholders.
- Council could then direct the Planning Commission to begin work on code amendments after the 2015 Periodic Review of the Comp Plan.

Ms. Kester explained why the code amendments would have to wait until after the 2015 Periodic Review due to the lack of staffing to support such an effort.

Mr. Gagliano stressed that there was a lot of momentum behind this project and now that the economic stability is returning, these goals, and the recently adopted ordinances need some work to implement. He voiced disappointment that there isn't some mechanism for the Planning Commission to continue the work, especially on the recent code amendments.

Mr. Atkins echoed these comments. He said that the town is not doing well, so to have the visioning part done, and not to be able to move forward to implement an action plan.

When asked for a recommendation, Mr. Gagliano said perhaps there could be a reallocation of staff time to support certain target areas; perhaps to form a sub-committee of the Planning Commission while the 2015 review is going on.

Ms. Kester said she either needs a consultant or more long-range staff to support this; but what the Planning Staff would say is needed is another current planner to alleviate the stress load. This draft Harbor Element and the recently adopted ordinances took much longer than anticipated.

Mr. Gagliano spoke favorably of the sub-committee to address things that come up quickly and butt up against the long-term schedule. Mr. Pasin voiced his concern that in the past, sub-committees have formed and the piece was done, but never implemented.

Mr. Atkins said that the bylaws allow the formation of sub-committees; the issue is staffing. Councilmembers discussed further and suggested that Ms. Kester get together with the Mayor, City Administrator, and Finance Director to discuss.

The group took a five minute break before proceeding with the second agenda item.

Trees, Landscaping and Screening & Design Manual 17.99 Text Amendments. Ms. Sehmel introduced the item that came from the "Green First" Initiative and asked Rick Gagliano to give a brief update. She said that the Planning Commission is holding a public hearing on this on Thursday.

Mr. Gagliano explained that the Design Review Board was asked to work on this project in the aftermath of the development at Uptown and Gig Harbor North. The concern for how many trees were removed at one time, and inadequate buffers. The DRB spent a year studying other communities to come up with the document "Green First." He stressed that this is more about procedures and wanting the designers to think about landscape locations at the beginning of a project. Because it's a large document, he proposed that we first addressed just buffers with three main points: 1) New way to create modulated buffers; 2) redefined what is considered a "significant tree; and 3) added a more comprehensive native species list. There is also

language about colorful, deciduous trees, and enforcement language. After public comment, a more detailed presentation will be prepared for Council review.

Ms. Kester commented that in the end, there may be fewer trees, but they will be larger and more flexibility in where they are retained. Another important piece is that alders or cottonwoods will not be included in the significant list.

Recognizing that things grow quickly, Mr. Gagliano explained, we have given more flexibility in order to end up with larger pocket of trees that in 20 years will remind you of the native vegetation; the development will appear to be “woven” into the landscape. This may not work as well on larger acreage, but that can be addressed at a later date.

Ms. Kester said that the draft has been sent to professional that we work with on projects in hopes of obtaining their input. Mr. Gagliano praised this approach to help identify problems and loopholes in any new policy.

There were no further questions or comments, and the worksession adjourned at 7:50 p.m.

**CITY OF GIG HARBOR
COMMITTEE OUTLINE MINUTES**

Parks Commission

Date: November 6, 2013 Time: 5:30 p.m. Location: Community Rooms A/B Scribe: Terri Reed

Commission Members and Staff Present: Commissioners Rahna Lovrovich (Chair), Nick Tarabochia, Stephanie Payne, Kyle Rohrbaugh and John Skansi; Staff Members: Public Works Director Jeff Langhelm, Public Works Superintendent Marco Malich, Senior Planner Lindsey Sehmel and Community Development Assistant Terri Reed.

Others Present: _____

Topic / Agenda Item	Main Points Discussed	Recommendation/Action Follow-up (if needed)
APPROVAL OF MINUTES:	Approval of October 2, 2013 Meeting Minutes	MOTION: Move to approve October 2, 2013 minutes as presented. Tarabochia / Payne – unanimously approved
OLD BUSINESS:		
Ancich Waterfront Park – Visioning – Public Hearing	<p>The Parks Commission conducted an Open House on the vision for the Ancich Waterfront Park property from 4:00-5:30pm, prior to the regular Parks Commission meeting.</p> <p>Senior Planner Lindsey Sehmel gave an overview of the public visioning process that has been completed. She explained the intent of the process was to develop a shared vision for the use of the property. Ms. Sehmel then opened the floor for public comments.</p> <p>Dan Gallacher, 341 N. Shore Blvd., Fox Island, commercial fishing vessel owner requesting commercial moorage.</p> <p>Guy Hoppen, 8402 Goodman Dr. NW, GH, supporting commercial fishing moorage facility and submitted memo about the community benefit of commercial fishing use of Ancich Park and asked that this</p>	<p>MOTION: Move to request staff move forward with drafting formal recommendation which aligns with the material presented and authorize Parks Commission Chair to sign.</p> <p>Payne / Tarabochia – unanimously approved</p>

Topic / Agenda Item	Main Points Discussed	Recommendation/Action Follow-up (if needed)
	<p>information be included in the public record. (attached)</p> <p>Alan Anderson, 3225 Shawnee Dr., GH, thanked the Parks Commission and staff for their efforts for human-powered craft storage possibilities for the Kayak Team.</p> <p>Jim Richards, 12310 50th Ave. Ct. NW, GH, commercial fisherman, moored in Seattle, supported link to commercial fishing being retained.</p> <p>Shane Hostetler, 1512 White Man Road, Lakebay, supports joint use, working waterfront, human-powered and commercial access.</p> <p>James Wilborn, 4927 Canterwood Dr. NW, GH, expressed appreciation, supports the human-powered aspect, connection of youth to water and general use for public storage of personal human-powered craft.</p> <p>Mick Martin, 14714 Goodrich Dr. NW, Burley Lagoon, commercial fisherman, moored in other community.</p> <p>Lauren Littleton, 10116 Bayview Rd., Vaughn, Kayak Club parent and supporter, explained the benefit of being resource for stewards of the water.</p> <p>Mark Whorley, 6320 Rosedale, St., GH, commercial fisherman moored in Port Townsend, supports value in crew supporting town economy.</p> <p>Karrie Griffin, 7318 Ray Nash Dr., GH, Kayak Club supporter, supports fishing village and shared use for program for youth.</p> <p>Shawn Holt, 2502 81st St., commercial fisherman, supports living near your boat and money benefitting the local community.</p> <p>Andy Babich, 8306 25th Ave. Ct. NW, GH, supports</p>	

Topic / Agenda Item	Main Points Discussed	Recommendation/Action Follow-up (if needed)
	<p>fishermen in the community having their boats here.</p> <p>Rob Holt, 13120 97th Ave. NW, GH, commercial fisherman, moored in Port Townsend.</p> <p>Bob Haltner, 5638 Old Stump Dr., GH, commercial fisherman, just moved to GH but moored in Seattle.</p> <p>Commission member Tarabochia commented on the historical perspective.</p> <p>Commission member Payne commented on the economic impact to the City.</p> <p>Commission Chair Lovrovich commented on the importance of preserving the history of commercial fishing.</p> <p>Commission member Rohrbaugh asked about the future design process. Ms. Sehmel answered that the direction given was to first establish the use of the property and then site design and seeking grant funding will follow.</p> <p>Public Works Director Langhelm explained that the preliminary site design will be the initial step to get the park open to the public and start the permitting process.</p>	
<p>Facility Use Agreement</p>	<p>Public Works Director Langhelm distributed a draft of the terms and conditions that were put together for the Kayak Club having storage racks at Skansie/Jerisich Parks based on City Council direction given on 9/30/13. This was agreement was presented to the Operations Committee on 10/17/13, but they denied the request for year-round use of Jerisich Dock. Commission member Tarabochia asked that language about the location being portable and flexible be added to the agreement.</p>	<p>Public Works Director Langhelm will email final agreement to Parks Commission members before it is presented to City Council on November 25th.</p>

Topic / Agenda Item	Main Points Discussed	Recommendation/Action Follow-up (if needed)
	Alan Anderson explained there would be three racks with approx. 25 kayak/canoes on each with a maximum height of 5'9" and not impact more than 1000 square feet and requested chase boat moorage at least during the off-season. The Kayak Club has to be out of their current location by November 15 th .	
NEW BUSINESS:		
PARK UPDATES	Public Works Director Langhelm mentioned that the idea of moving the wood sculpture to a more secure location has been brought up. Commission Chair expressed appreciation for the gate at Crescent Creek park being closed at night. Commission member Payne would like to see the sculpture remain in its current location.	Commission Chair Lovrovich stated that she will schedule a meeting with the Fire Department and PenMet to discuss trail markings on Cushman Trail.
PUBLIC COMMENT:		
ADJOURN:		MOTION: Move to adjourn at 6:51 p.m. Tarabochia / Skansi - unanimously approved



BOARDS AND COMMISSIONS CANDIDATE REVIEW COMMITTEE

DATE: March 12, 2014
TIME: 4:10 p.m.
LOCATION: Executive Conference Room
SCRIBE: Shawna Wise, Executive Assistant
PRESENT: Councilmembers Kadzik, Malich, and Lovrovich
Charlee Glock-Jackson, Arts Commission Vice Chair, Lita Dawn Stanton, Arts Commission Staff Representative and Molly Towslee, City Clerk.

New Business:

1. Review Candidates for Arts Commission.

Deborah Grady introduced herself, saying that she is the owner of Full Moon Art Gallery located next to Skansie Park and has 40 artists, mostly local.

When asked what kind of art she likes in the City and what kind of art she thinks the City should have, she explained she likes that there is a focus on outdoor art but understands there have been difficulties in the past with vandalism. She said she would like to see more outdoor art. She is also very interested, and supportive of, the new Performing Arts Center as well as the Film Festival. She added that her studio was part of a film that won an award this year.

Ms. Grady said she moved to Gig Harbor in 2011 from San Diego, California and bought the gallery in 2012 after realizing she wasn't ready to retire. She said she loves art and artists, so buying the gallery was a natural for her; she calls it her retirement job.

She explained that during every full moon, she hosts a live performance in the 1900 sq ft Full Moon Art Gallery. It is a free event with local musicians. She said she has worked very hard to build an email list of about 1,200 names, and she distributes a newsletter once a month.

Ms. Grady said she is heavily involved in the community and her goal has always been to become an active member in her community, an industry, or a commission. She said she has been involved in the Chamber of Commerce, United Way, and was President of the Big Sister League in San Diego for 6 years. She said she was also President of the San Diego Insurance Agent Association. Ms. Grady said she is currently a member of the Chamber of Commerce and Gig Harbor Downtown Waterfront Alliance.

When asked if she had a vision of the future of art in Gig Harbor, Ms. Grady explained that she is open to ideas and would love to see the Maritime theme continue, and to keep that feel and the heritage alive.

Lita Dawn Stanton explained the meeting times for the Arts Commission and Ms. Grady said that would not be an issue.

Charlee Glock-Jackson asked Ms. Grady if she thinks the Arts are, or can be, an economic draw. Ms. Grady responded “absolutely,” and said there is a lot of involvement with outdoor placement of art, and she feels there is room to grow with even more interactive art pieces. She said she would like to create and grow more events. Ms. Grady explained that she proposed the idea of moving the Artwalk from Saturdays to Thursdays, and the Downtown Waterfront Alliance agreed to this change; they will be opening up the Artwalk to all downtown businesses. She said they hope to have 8 places throughout the harbor that will have music and performing artists as part of the Artwalk. She said her vision is to keep the community involved and bring people back downtown.

Councilmembers thanked her for coming to the interview. When she left, they discussed her qualifications and said she would be a welcome addition to the Arts Commission.

Laura Bethke said she belonged to the Ebb Tide Gallery Co-op. Recent events keeps her from doing art festivals and she said that leaves her with a lot of free time. She said she would like to stay involved the arts. Ms. Bethke said she lives outside City limits but works with the Harbor History Museum and has some of her artwork at Birdsnest Gallery here in town.

At 4:25 p.m. Councilmember Kadzik joined the meeting and the discussion continued.

When asked what she considers to be art, she said she is into sculpture and painting more than poetry and music. Ms. Bethke explained that she works on the Harbor History SPLASH event and in charge of the student art section for the auction.

When asked what she thinks of the future of art in Gig Harbor she said it’s always been really active and she knows how many artists are out there. She belongs to the Peninsula Art League, but isn’t as active as she was. She reads their newsletters and she said she has had booths with her artwork at some of their shows.

Ms. Bethke was asked to elaborate on her involvement with the SPLASH auction. She explained that she is in charge of the student art from all three high schools. The art is displayed in the schoolhouse and this year there are 15 entries. All pieces are on exhibit and the students receive 40% of the sale price.

Lita Dawn Stanton explained the meeting times for the Arts Commission and Ms. Bethke said that would not be an issue and she has a lot of free time.

Councilmembers thanked her for coming to the interview. When she left, they discussed all the candidates and their qualifications. Also discussed was the Council and Arts Commission recommendation to reduce the size of the Arts Commission from 9 members to 7. The City Clerk agreed to draft an ordinance for the next City Council meeting.

Leonard Hill turned in his application by the deadline but was unable to attend the meeting. Lita Dawn Stanton said she has had several conversations with him on the phone and he is very qualified and interested in serving. He is a videographer.

Councilmember Malich questioned Ms. Bethke's eligibility not living in the UGA. Councilmember Kadzik said that unless it is code, her eligibility is okay. City Clerk Towslee confirmed that this requirement is not in the code.

A recommendation for Laura Bethke, Deborah Grady, and Leonard Hill and reappointment for Janine Miller, Mardie Rees, and Martha Reisdorf will go forward to the full Council.

Councilmember Kadzik made a motion to appoint Ken Malich as Chair of Boards and Commissions Candidate Review Committee. Councilmember Lovrovich agreed.

There were no further comments; the meeting adjourned at 4:45 p.m.



**Business of the City Council
City of Gig Harbor, WA**

Subject: Re-Appointments / Appointments to the Gig Harbor Arts Commission

Proposed Council Action: A motion to re-appoint Janine Miller, and Martha Reisdorf to serve a second three year term.

A motion to appoint Laura Bethke and Leonard Hill to serve three year terms; and to appoint Deborah Grady to serve the remainder of A two term ending March, 2016.

Dept. Origin: Administration

Prepared by: Boards/Commission Review Committee *MS*

For Agenda of: March 24, 2014

Exhibits: Initial & Date

Concurred by Mayor: *DA 3.24.14*
Approved by City Administrator: *R 3/14/14*
Approved as to form by City Atty: *NA*
Approved by Finance Director: *"*
Approved by Department Head: *"*

Expenditure Required	\$0	Amount Budgeted	\$0	Appropriation Required	\$0
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INFORMATION / BACKGROUND

On March 11th, the Gig Harbor Arts Commission met and made a recommendation to reduce the number of members from nine to seven. This recommendation will come before Council as an ordinance at the March 24, 2014 Council meeting.

Due to the reduction of the commission and three resignations, six positions need to be filled. Tracy von Trotha, Janine Miller, and Martha Reisdorf submitted requests to be re-appointed. Ms. Von Trotha has previously served two terms, and is limited to serve again by the Bylaws.

We received letters of interest and applications from Laura Bethke, Deborah Grady, and Leonard Hill. These three were asked to interview on March 12th. Mr. Hill was out of the county and unable to attend. Charlee Glock-Jackson, Vice-chair, and Lita Dawn Stanton also attended the interview meeting.

BOARD OR COMMITTEE RECOMMENDATION

The Boards and Commissions Candidate Review Committee interviewed Ms. Bethke and Ms. Grady. After discussion a recommendation was made for re-appointments and appointments, and the ad for the last vacancy will be run again to see if there is additional interest in serving on the Arts Commission.

RECOMMENDATION / MOTION

Move to: Re-appoint Janine Miller, and Martha Reisdorf to serve a second three year term.

Move to: Appoint Laura Bethke and Leonard Hill to serve three year terms ending March, 2017; and to appoint Deborah Grady to serve the remainder of a term ending March, 2016.



**Business of the City Council
City of Gig Harbor, WA**

Subject: Amendment to the current Agreement with Kitsap County to allow the incarceration of prisoners from the city of Gig Harbor in their county jail.

Proposed Council Action: Approve and authorize the Mayor to execute the attached agreement with Kitsap County

Dept. Origin: Police Department

Prepared by: Chief Mike Davis *(Signature)*

For Agenda of: March 24, 2014

Exhibits:

Initial & Date

Concurred by Mayor: *Gill 3-14-14*
Approved by City Administrator: *R 3/14/14*
Approved as to form by City Atty: *Via Email*
Approved by Finance Director: *P 3/13/14*
Approved by Department Head: *(Signature) 3/13/14*

Expenditure (estimated)	Amount	Appropriation Required
\$25,000	Budgeted \$100,000	0

INFORMATION/BACKGROUND

This agreement amendment is an extension of the current agreement in place allowing the city of Gig Harbor to utilize the Kitsap County Jail to hold our prisoners when necessary. This amendment extends the current agreement to December 31st 2016, establishes the daily housing fee (\$85.50) and provides a mechanism to adjust these fees during subsequent years of the contract.

FISCAL CONSIDERATIONS

We have estimated the 2014 costs will be \$25,000. We currently have a jail budget of \$100,000.

RECOMMENDATION

I recommend that the Council authorize the Mayor or designee to approve the attached amendment to the current agreement for incarceration of prisoners between the city of Gig Harbor and Kitsap County.

KC-140-13-A

AMENDMENT TO
KITSAP COUNTY/CITY OF GIG HARBOR
AGREEMENT FOR INCARCERATION OF PRISONERS

WHEREAS, on October 14, 2013, the City of Gig Harbor, a municipal corporation of the State of Washington, "the Contract Agency" and Kitsap County, a municipal corporation, "the County" entered into an Agreement (KC-140-13) to provide incarceration of the Contract Agency's prisoners; and

WHEREAS, the City and the County desire to enter into an Amendment of KC-140-13 to further clarify the intention of the parties;

NOW THEREFORE, in consideration of the mutual covenants contained herein, it is hereby agreed as follows:

6. COMPENSATION FROM CONTRACT AGENCY of the Agreement is hereby amended in subsection (a) Base Rate for Housing only, to read as follows:

(a) Base Rate for Housing. In return for the County's housing of a Contract Agency Prisoner, the Contract Agency shall pay the County eighty-five dollars and fifty cents (\$85.50) for every 24-hour period, or portion thereof, that said prisoner is in the custody of the County, and as outlined under Section 6, subsection (d) "Split Billing" of the original contract. Such time period shall be measured from the time said prisoner is transferred to the custody of the County to the time when the Contract Agency resumes custody, or the prisoner is released.

On January 1st for the years of 2015 through 2016, the base rate for housing shall be increased by one hundred percent (100%) of that percentage increase set forth in the All Urban Consumers Index (CPI-U) (1982-1984=100) for the Seattle-Tacoma-Bremerton area as is specified by the Bureau of Labor Statistics, United States Department of Labor for the prior 12-month period ending in December; provided, however, the increase shall not be more than six percent (6%).

(e) Base Rate for Booking and Releasing. In return for the County providing a service to book and release a prisoner of the Contract Agency in order to have the arrest documented on the criminal history of the prisoner, the Contract Agency shall pay the County fifty dollars (\$50). This is a flat rate and is not subject to fractionalized cost. As long as the prisoner is not in the facility over twelve (12) hours, this rate will be used.

Subsections (b), (c), (d), and (f) shall remain in full force and effect.

11. RELEASE, HOLDS AND COURT APPEARANCES of the Agreement is hereby amended to read as follows:

Additions to the Contract Agency video court calendar must be received by 0600 the day of the requested appearance. Additions made later than 0600 will be scheduled the following judicial day. Video court will not be used for non-criminal traffic violations or any other civil matter.

22. DURATION of the Agreement is hereby amended to read as follows:

The term of this Agreement shall be effective from January 1, 2014 through December 31, 2016 unless another date is substituted pursuant to Section 26 of the original agreement, or the agreement is terminated earlier pursuant to Section 23 of the original agreement. Nothing in this Agreement shall be construed to make it necessary for the Contracting Agency to continuously house prisoners with the County.

All other terms of the Agreement not specifically amended herein shall remain in full force and effect.

DATED this ____ day of _____, 2014

DATED this ____ day of _____, 2014

CITY OF GIG HARBOR

KITSAP COUNTY SHERIFF'S OFFICE

Jill Guernsey, Mayor

Ned Newlin, Chief of Corrections

ATTEST:

BOARD OF COUNTY COMMISSIONERS
KITSAP COUNTY, WASHINGTON

Molly Towslee, City Clerk

DATED this ____ day of _____, 2014

APPROVED AS TO FORM:

Charlotte Garrido, Chair

Angela G. Summerfield, City Attorney

Robert Gelder, Commissioner

Linda Streissguth, Commissioner

ATTEST:

Dana Daniels, Clerk of the Board

KC-140-13-A

AMENDMENT TO
KITSAP COUNTY/CITY OF GIG HARBOR
AGREEMENT FOR INCARCERATION OF PRISONERS

WHEREAS, on October 14, 2013, the City of Gig Harbor, a municipal corporation of the State of Washington, "the Contract Agency" and Kitsap County, a municipal corporation, "the County" entered into an Agreement (KC-140-13) to provide incarceration of the Contract Agency's prisoners; and

WHEREAS, the City and the County desire to enter into an Amendment of KC-140-13 to further clarify the intention of the parties;

NOW THEREFORE, in consideration of the mutual covenants contained herein, it is hereby agreed as follows:

6. COMPENSATION FROM CONTRACT AGENCY of the Agreement is hereby amended in subsection (a) Base Rate for Housing only, to read as follows:

(a) Base Rate for Housing. In return for the County's housing of a Contract Agency Prisoner, the Contract Agency shall pay the County eighty-five dollars and fifty cents (\$85.50) for every 24-hour period, or portion thereof, that said prisoner is in the custody of the County, and as outlined under Section 6, subsection (d) "Split Billing" of the original contract. Such time period shall be measured from the time said prisoner is transferred to the custody of the County to the time when the Contract Agency resumes custody, or the prisoner is released.

On January 1st for the years of 2015 through 2016, the base rate for housing shall be increased by one hundred percent (100%) of that percentage increase set forth in the All Urban Consumers Index (CPI-U) (1982-1984=100) for the Seattle-Tacoma-Bremerton area as is specified by the Bureau of Labor Statistics, United States Department of Labor for the prior 12-month period ending in December; provided, however, the increase shall not be more than six percent (6%).

(e) Base Rate for Booking and Releasing. In return for the County providing a service to book and release a prisoner of the Contract Agency in order to have the arrest documented on the criminal history of the prisoner, the Contract Agency shall pay the County fifty dollars (\$50). This is a flat rate and is not subject to fractionalized cost. As long as the prisoner is not in the facility over twelve (12) hours, this rate will be used.

Subsections (b), (c), (d), and (f) shall remain in full force and effect.

11. RELEASE, HOLDS AND COURT APPEARANCES of the Agreement is hereby amended to read as follows:

Additions to the Contract Agency video court calendar must be received by 0600 the day of the requested appearance. Additions made later than 0600 will be scheduled the following judicial day. Video court will not be used for non-criminal traffic violations or any other civil matter.

22. DURATION of the Agreement is hereby amended to read as follows:

The term of this Agreement shall be effective from January 1, 2014 through December 31, 2016 unless another date is substituted pursuant to Section 26 of the original agreement, or the agreement is terminated earlier pursuant to Section 23 of the original agreement. Nothing in this Agreement shall be construed to make it necessary for the Contracting Agency to continuously house prisoners with the County.

All other terms of the Agreement not specifically amended herein shall remain in full force and effect.

DATED this ____ day of _____, 2014

DATED this ____ day of _____, 2014

CITY OF GIG HARBOR

KITSAP COUNTY SHERIFF'S OFFICE

Jill Guernsey, Mayor

Ned Newlin, Chief of Corrections

ATTEST:

BOARD OF COUNTY COMMISSIONERS
KITSAP COUNTY, WASHINGTON

Molly Towslee, City Clerk

DATED this ____ day of _____, 2014

APPROVED AS TO FORM:

Charlotte Garrido, Chair

Angela G. Summerfield, City Attorney

Robert Gelder, Commissioner

Linda Streissguth, Commissioner

ATTEST:

Dana Daniels, Clerk of the Board



**Business of the City Council
City of Gig Harbor, WA**

Subject: Resolution – Surplus Equipment

Proposed Council Action:

Adopt Resolution No. 955 declaring the specified equipment surplus and eligible for sale.

Dept. Origin: Public Works-Operations

Prepared by: Darrell Winans, Supervisor *DW*
Wastewater Treatment Plant

For Agenda of: March 24, 2014

Exhibits: Resolution No. 955

Initial & Date

Concurred by Mayor: *[Signature] 3.13.14*
Approved by City Administrator: *R 3/12/14*
Approved as to form by City Atty: *N/A*
Approved by Finance Director: *[Signature] 3/12/14*
Approved by Department Head: *[Signature] 3/12/14*

Expenditure Required	\$0	Amount Budgeted	\$0	Appropriation Required	\$0
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INFORMATION / BACKGROUND

Staff requests authorization to surplus the following equipment:

- Kohler Generator w/Cummins 100 KW 6 Cylinder Motor & Automatic Transfer Switch
- Iowa Hydrants (13)
- Steel Water Tank – 14' x 43"
- IMT Truck Crane
- Stahl Utility Box – 11'

This equipment is worn out and has been replaced and/or is obsolete.

FISCAL CONSIDERATION

Proceeds from the auctioning of these items will go to the General Fund.

BOARD OR COMMITTEE RECOMMENDATION

N/A

RECOMMENDATION / MOTION

Move to: Adopt Resolution No. 955 declaring the specified equipment surplus and eligible for sale.

RESOLUTION NO. 955

**A RESOLUTION OF THE CITY OF GIG HARBOR
DECLARING CITY EQUIPMENT SURPLUS AND ELIGIBLE
FOR DISPOSITION.**

WHEREAS, the Gig Harbor City Council has determined that city-owned equipment is surplus to the City's equipment needs and has been or is in need of being replaced with new equipment; and

NOW, THEREFORE, the City Council of the City of Gig Harbor hereby resolves as follows.

To declare as surplus:

EQUIPMENT	Quantity	SERIAL / ASSET NUMBER	MODEL INFO.
Kohler Generator	1	44275811/Engine	100 KW Cummins 6 cyl. Engine & Automatic Transfer Switch
Iowa Hydrants	13	N/A	N/A
Steel Water Tank	1	N/A	14' x 43" - removed from well house
IMT Truck Crane	1	N/A	N/A
Stahl Utility Box	1	N/A	Approx. 1980s, 11'

PASSED ON THIS 24th day of March, 2014.

APPROVED:

MAYOR JILL GUERNSEY

ATTEST/AUTHENTICATED:

MOLLY M. TOWSLEE, CITY CLERK

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL: 3/24/14
RESOLUTION NO. 955



**Business of the City Council
City of Gig Harbor, WA**

Subject: Lift Station #8 Fence – Small Public Works Contract Award

Dept. Origin: Public Works/Wastewater Treatment Plant

Proposed Council Action:
Approve and authorize the Mayor to execute a Small Public Works Contract with Viking Fence Co., Inc. in the amount of \$2,506.35 for Installation of Fencing to Expand the Fenced Area of City-owned Wastewater Lift Station #8.

Prepared by: Darrell Winans, Supervisor *DW*
Wastewater Treatment Plant

For Agenda of: March 24, 2014

Exhibits: Public Works Contract

	Initial & Date
Concurred by Mayor:	<i>BW 3-13-14</i>
Approved by City Administrator:	<i>R 3/12/14</i>
Approved as to form by City Atty:	<i>ok via email</i>
Approved by Finance Director:	<i>CP 3/12/14</i>
Approved by Department Head:	<i>AD 3/10/14</i>

Expenditure Required	\$2,506.35	Amount Budgeted	\$217,823.37	Appropriation Required	\$0
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INFORMATION/BACKGROUND

Installation of fencing due to expansion of Lift Station #8 infrastructure.

In accordance with the City's Small Works Roster Process (Resolution No. 884), staff solicited quotes from three Fencing Contractors on the Small Works Roster and obtained the following quote from one contractor to complete the scope of work:

Viking Fence Co., Inc.	\$2,506.35
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FISCAL CONSIDERATION

The 2014 City Wastewater Treatment Plant Collections Repairs and Maintenance budget provides sufficient funds to complete this work.

BOARD OR COMMITTEE RECOMMENDATION

N/A

RECOMMENDATION/MOTION

Approve and authorize the Mayor to execute a Small Public Works Contract with Viking Fence Co., Inc. in the amount of \$2,506.35 for Installation of Fencing to Expand the Fenced Area of City-owned Wastewater Lift Station #8.

**CITY OF GIG HARBOR
SMALL PUBLIC WORKS CONTRACT**

THIS CONTRACT is made and entered into this _____ day of _____, 20____, by and between the City of Gig Harbor, Washington (the "City"), and Viking Fence Co. Inc., a Washington Corporation (the "Contractor").

FOR AND IN CONSIDERATION of the mutual benefits and conditions hereinafter contained, the parties hereto agree as follows:

1. Scope of Work.

The Contractor agrees to furnish all material, labor, tools, equipment, apparatus, etc. necessary to perform and complete in a workmanlike manner the work set forth in the Scope of Work attached hereto as Exhibit A and incorporated herein by reference.

2. Time of Performance and Completion.

The work to be performed under this Contract shall commence as soon as the Contractor has received a Notice to Proceed from the City. All work shall be completed no later than April 30, 2014.

3. Payments.

The Contractor agrees to perform all work called for at the rate of Two Thousand Five Hundred Six Dollars and Thirty-Five Cents (\$2,506.35), including applicable Washington State Sales Tax. Said sum shall constitute full compensation for all labor, materials, tools, appliances, etc. required to perform the required services. Total compensation shall not exceed Two Thousand Five Hundred Six Dollars and Thirty-Five Cents (\$2,506.35).

4. Retainage.

[This section intentionally left blank.]

5. Performance and Payment Bond - 50% Letter.

[This section intentionally left blank.]

6. Warranty/Maintenance Bond.

The Contractor hereby warrants that it is fully licensed, bonded and insured to do business in the State of Washington as a general contractor. The Contractor will warranty the labor and installation of materials for a two-year warranty period in order to

guarantee that the work specified in Exhibit A and completed by Contractor will remain free from defects in workmanship and materials for a period of two years after completion of construction.

7. Indemnity.

A. The Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits, including attorney's fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

B. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, its officers, officials, employees or volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties.

C. The provisions of this section shall survive the expiration or termination of this Agreement.

8. Insurance.

A. The Contractor shall secure and maintain in force throughout the duration of this Contract, business auto coverage for any auto no less than a \$1,000,000 each accident limit.

B. The Contractor shall secure and maintain in force throughout the duration of this Contract, comprehensive general liability insurance with a minimum coverage of not less than a limit of \$1,000,000 per occurrence, \$2,000,000 annual aggregate for bodily injury, including death, and property damage. The insurance will be written on an occurrence basis, by an 'A' rated company licensed to conduct business in the State of Washington. The general liability policy shall name the City as an additional insured and shall include a provision prohibiting cancellation, changes and reductions of coverage under said policy except upon thirty (30) days prior written notice to the City. Certificates of coverage as required by this Section shall be delivered to the City with the signed Contract. Under this Agreement, the Contractor's insurance shall be considered primary in the event of a loss, damage or suit. The City's own comprehensive general liability policy will be considered excess coverage with respect to defense and indemnity of the City only and no other party. Additionally, the commercial general liability policy must provide cross-

liability coverage as could be achieved under a standard ISO separation of insured's clause.

C. The Contractor shall request from his insurer a modification of the ACORD certificate to include language that prior written notification will be given to the City of Gig Harbor at least 30 days in advance of any cancellation, suspension or material change in the Contractor's coverage.

D. In addition, the Contractor shall secure and maintain workers' compensation insurance pursuant to the laws of the State of Washington.

9. Prevailing Wage.

A. The prevailing rate of wage to be paid to all workmen, laborers, or mechanics employed in the performance of any part of this Contract shall be in accordance with the provisions of Chapter 39.12 RCW, as amended, and the rules and regulations of the Department of Labor and Industries. The rules and regulations of the Department of Labor and Industries and the schedule of prevailing wage rates for the locality or localities where this Contract will be performed as determined by the Industrial Statistician of the Department of Labor and Industries, are attached hereto and by reference made a part of this Contract as though fully set forth herein.

B. On or before the date of commencement of the work, the Contractor shall file a statement under oath with the City and with the Director of Labor and Industries certifying the rate of hourly wage paid and to be paid each classification of laborers, workmen, or mechanics employed upon the work by the Contractor or any Subcontractor, which shall not be less than the prevailing rate of wage. Such statement and any subsequent statement shall be filed in accordance with the practices and procedures required by the Department of Labor and Industries.

10. Termination.

A. Termination for Contractor's Default. If the Contractor refuses or fails to make adequate progress of the work, or to prosecute the work or any separable part thereof with such diligence that will insure its completion within the time specified in this Contract, or defaults under any provision or breaches any provision of this Contract, the City may serve notice upon the Contractor and its surety of the City's intention to terminate by default the right of the Contractor to perform the Contract, and unless within ten (10) days after the serving of such notice, the Contractor shall satisfactorily arrange to cure its failure to perform and notify the City of the corrections to be made, the right of the Contractor to proceed with the work shall terminate. In the event of any such termination, the City shall serve notice thereof upon the Surety and the Contractor, provided, however, that if the Surety does not commence performance thereof within twenty (20) days from the date of the mailing to such Surety of the notice of termination, the City may take over the work and prosecute the same to completion by Contract or otherwise for the account and at the

expense of the Contractor. In the case of termination for default, the Contractor shall not be entitled to receive any further payment until the work is finished.

B. Termination by City for Convenience. The performance of work under this Contract may be terminated by the City in accordance with this paragraph in whole or in part, whenever the City shall determine that such termination is in the best interest of the City. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance or work under the Contract is terminated, and the date upon which such termination becomes effective. The Contractor shall stop work on the project upon the date set forth in the Notice of Termination and shall take such actions as may be necessary, or as the City may direct, for the protection and preservation of the work. After receipt of a Notice of Termination, the Contractor shall submit to the City its termination claim, in the form and with the certification prescribed by the City. Such claim shall be submitted promptly but in no event later than 3 months from the effective date of the termination. Upon approval by the City, the termination claim shall be paid.

C. Termination by Contractor. If the work should be stopped under an order of any court, or other public authority, for a period of thirty (30) days, through no act or fault of the Contractor or of anyone employed by him, then the Contractor may, upon seven (7) days written notice to the City, terminate this Contract and recover from the City payment for all work executed and any proven loss sustained. Should the City fail to pay to the Contractor, within the payment period provided for in this Contract, any sum due and owing, then the Contractor may, upon seven (7) days written notice to the City, stop the work or terminate this Contract.

11. Compliance with Laws. The Contractor shall at all times comply with all applicable state and local laws, rules, ordinances and regulations.

12. Nondiscrimination. Except to the extent permitted by a bona fide occupational qualification, the Contractor agrees that the Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, honorably discharged veteran or military status, sexual orientation, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability.

13. Independent Contractor. No agent, employee or representative of the Contractor shall be deemed to be an agent, employee or representative of the City for any purpose. Contractor shall be solely responsible for all acts of its agents, employees, representatives and subcontractors during the performance of this contract.

14. Relationship of Parties. The parties intend that an independent contractor-client relationship will be created by this Agreement. As the Contractor is customarily engaged in an independently established trade which encompasses the specific service provided to the City hereunder, no agent, employee, representative or subcontractor of

the Contractor shall be or shall be deemed to be the employee, agent, representative or subcontractor of the City. In the performance of the work, the Contractor is an independent contractor with the ability to control and direct the performance and details of the work, the City being interested only in the results obtained under this Agreement. None of the benefits provided by the City to its employees, including, but not limited to, compensation, insurance, and unemployment insurance are available from the City to the employees, agents, representatives, or subcontractors of the Contractor. The Contractor will be solely and entirely responsible for its acts and for the acts of its agents, employees, representatives and subcontractors during the performance of this Agreement. The City may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that the Contractor performs

15. Legal Action. In the event that either party shall bring suit to enforce any provision of this Contract or to seek redress for any breach, the prevailing party in such suit shall be entitled to recover its costs, including reasonable attorneys' fees.

16. Entire Agreement. This Contract, together with all attachments, represents the entire and integrated agreement between the parties hereto and supersedes all prior negotiations, representations and agreements, whether written or oral. This Contract may be amended only by written change order, properly signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Contract as of the day and year first written above.

CITY OF GIG HARBOR

CONTRACTOR

MAYOR JILL GUERNSEY

Date: _____

By: John Roseberry

Title: SECRETARY TREASURER

Date: 7 March 14

ATTEST/AUTHENTICATED:

MOLLY TOWSLEE, CITY CLERK

APPROVED AS TO FORM:
Office of the City Attorney

EXHIBIT A

WASTEWATER TREATMENT PLANT
LIFT STATION #8 FENCING
SCOPE OF WORK
February 26, 2014

PROJECT REQUIREMENTS:

BASE BID – PROPERTY PERIMETER FENCING

Installation of fencing to expand the fenced area of City-owned Wastewater Lift Station #8, located at 4427 Harbor Country Drive, Gig Harbor, WA 98335.

- Removal of existing 32' of 6' chain link fencing, and delivered to Wastewater Treatment Plant, 4216 Harborview Drive, Gig Harbor, WA. Disposal of fencing will be the responsibility of the City.
- Installation of 67' of 6' commercial 9 gauge black vinyl chain link fence with black vinyl slats, connecting to existing chain link fence at two points.
- All materials must be of domestic origin. No imported materials shall be allowed.

Base Price	\$2,310.00
Applicable WA State Sales Tax (8.5%)	<u>\$ 196.35</u>
Total Base Price	\$2,506.35



**Business of the City Council
City of Gig Harbor, WA**

Subject: Proposed "DNR – Gig Harbor Bay" Annexation (PL-ANX-13-0001)

Proposed Council Action:

Set Date of May 12th for final Public Hearing on Annexation and authorize staff to submit required paperwork to the Pierce County Boundary Review Board on March 25th.

Dept. Origin: Planning Department

Prepared by: Lindsey Sehmel
Senior Planner

For Agenda of: **March 24, 2014**

A. Exhibits: Resolution and Exhibits
Initial & Date

Concurred by Mayor:

5/11 3-18-14

Approved by City Administrator:

Approved as to form by City Atty:

via email 3/17

Approved by Finance Director:

N/A

Approved by Department Head:

JK 3/18/14

Expenditure Required	\$0	Amount Budgeted	\$0	Appropriation Required	\$0
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INFORMATION / BACKGROUND

The City has received a Notice of Intention to Commence Annexation Proceedings for the Gig Harbor Bay. The proposed annexation consists of approximately 190 "acres" of water body within the City's Urban Growth Area (UGA).

Pursuant to the process for annexations by code cities in Pierce County, a copy of the request for annexation and proposed legal description and map were sent to the Clerk of the Boundary Review Board (BRB) for review of petition sufficiency, and was certified by the County Assessor-Treasurer on March 4, 2014.

The City Council is required to meet with the proponents, and did so on December 8, 2013. Notice of the public meeting was posted on the City website and in dedicated posting locations. Additionally, this request was distributed to the Pierce County Fire District #5 and the Gig Harbor City Administrator, Chief of Police, Director of Operations, City Engineer, Wastewater Supervisor, City Engineering Technician, and the City's directors of Fire and Safety Services, Planning, and Finance.

At the December 9, 2013 meeting, the Council determined the following:

1. The City Council will accept the proposal of this area for annexation;
2. The City Council will not require the simultaneous adoption of a proposed zoning code;
and
3. The City Council will not require the assumption of all or any portion of indebtedness by the area to be annexed.

Authorized by the City Council, the process moved forward with the circulation of a formal petition which indicates the boundaries and conditions required for annexation. Before filing with the City, the petition was signed by property owners of at least sixty percent (60%) of the assessed value of the proposed area and was certified by Pierce County. At this time staff requests City Council schedule a public hearing. After the public hearing, followed by the appeal period through the BRB, the City Council can adopt an ordinance to enact this annexation.

While the area proposed for annexation does not have a valuation assessed to it, it is owned and managed by the Department of Natural Resources for the State of Washington. Legal review has determined that annexation is the appropriate process to bring the area into the City Limits for enhanced protection of the health, safety, and welfare of the community.

The City of Gig Harbor has worked with Pierce County over the years to prepare for this annexation. In 2011, Pierce County approved a Comprehensive Plan Amendment as listed below and found in Exhibit N to Ordinance No. 2011-60s2:

U-1, City of Gig Harbor, UGA expansion, Gig Harbor Bay

The County Council finds that proposed Urban Growth Area Amendment U-1, to expand the City of Gig Harbor Urban Growth Area (UGA) by 238 acres to include the entirety of Gig Harbor Bay, is appropriate because:

- In the near future the City anticipates annexing a portion Gig Harbor Bay in order to gain law enforcement authority over all vessel traffic in the Bay. The City of Gig Harbor has indicated that it has no intention of proposing an annexation of the bay that would result in docks and other in-water structures on the unincorporated side of East Gig Harbor being included in the annexation of the bay.
- The Growth Management Act allows only areas located within a UGA to be annexed into a city;
- Given the present UGA boundary, if the unincorporated upland area of East Gig Harbor is annexed to the City the east side of the bay would then be required to remain under the jurisdiction of Pierce County. That rural designated portion of the bay would be wholly surrounded by urban designated land; and
- It will prevent situations in which, if the UGA boundary is left in its current configuration and the City annexed the uplands of East Gig Harbor, waterfront property owners on the east side of the bay would be burdened by being required to permit their upland home through the City and their dock through the County.

STAFF ANALYSIS

The Boundary Review Board is guided by RCW 36.93.180 in reviewing proposed annexations and is directed towards State objectives. These objectives, listed below, are also worthy of

consideration by the Council in determining the appropriateness of this annexation, especially in light of the possible appeal of an approved annexation.

Objectives of boundary review board. (RCW 36.93.180)

The decisions of the boundary review board shall attempt to achieve the following objectives:

- (1) Preservation of natural neighborhoods and communities;
- (2) Use of physical boundaries, including but not limited to bodies of water, highways, and land contours;
- (3) Creation and preservation of logical service areas;
- (4) Prevention of abnormally irregular boundaries;
- (5) Discouragement of multiple incorporations of small cities and encouragement of incorporation of cities in excess of ten thousand population in heavily populated urban areas;
- (6) Dissolution of inactive special purpose districts;
- (7) Adjustment of impractical boundaries;
- (8) Incorporation as cities or towns or annexation to cities or towns of unincorporated areas which are urban in character; and
- (9) Protection of agricultural and rural lands which are designated for long-term productive agricultural and resource use by a comprehensive plan adopted by the county legislative authority.

Additional Considerations

Staff requests that City Council authorize staff to submit to the Boundary Review Board the materials required for review. It is desired to begin the required 45 day review process immediately in order to have final annexation near the end of May 2014.

BOARD OR COMMITTEE RECOMMENDATION

None

RECOMMENDATION / MOTION

Move to:

Recommendation/Motion: Move to set the date of May 12th, 2014 for the Public Hearing and reading of Annexation Ordinance, and authorize staff to submit required materials to the Boundary Review Board on March 25, 2014.

RESOLUTION NO. 956

A RESOLUTION OF THE CITY OF GIG HARBOR, RELATING TO ANNEXATION, 1) PROVIDING THE CITY COUNCIL'S ACCEPTANCE OF THE ANNEXATION PETITION FOR APPROXIMATELY 190 ACRES OF THE GIG HARBOR BAY, WITHIN THE CITY'S URBAN GROWTH AREA, LOCATED IN PIERCE COUNTY, 2) DECLARING THE CITY COUNCIL'S INTENT TO NOT ADOPT PROPOSED ZONING REGULATIONS FOR THE ANNEXATION AREA, 3) SETTING A PUBLIC HEARING ON THE ANNEXATION, AND, 4) REFERRING THE PETITION FOR ANNEXATION TO THE PIERCE COUNTY BOUNDARY REVIEW BOARD.

WHEREAS, a Notice of Intent signed by the owners of not less than ten percent (10%) of the proposed DNR annexation area totaling approximately 190 acres was submitted to the City on November 18, 2013; and

WHEREAS the City Council met with the initiators of the petition on December 9, 2013 and voted to authorize the circulation of the annexation petition; and

WHEREAS, on January 10, 2014, a petition for annexation of the property described and graphically depicted on Exhibit A and Exhibit B signed by 100% of the affected property owners was received by the City; and

WHEREAS, on March 4, 2014, the Pierce County office of the Assessor-Treasurer certified the signatures on the petition for annexation of the property described and graphically depicted on Exhibit A and Exhibit B; and

WHEREAS, the property described and graphically depicted on and Exhibit A and Exhibit B is within the Urban Growth Area as established by Pierce County and included in the Comprehensive Plans of both the County and the City of Gig Harbor; and

WHEREAS, the City of Gig Harbor Comprehensive Plan, last amended in November, 2012, does not establish a land use map designation for this area due to the nature of the annexation; and

WHEREAS, on May 12th, 2014, the City Council, will hold a public hearing on the annexation petition; and now, therefore,

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

Section 1. The Gig Harbor City Council hereby declares its intent to authorize and approve the annexation of approximately 190 acres of water body known as the Gig Harbor Bay, adjacent to the existing City limits, located in Pierce County, as described and graphically depicted on Exhibit A and Exhibit B, attached hereto, as part of the City of Gig Harbor, contingent upon compliance with the following conditions:

- A. Pursuant to the terms of the annexation petition, the approximately 190 acres of property depicted on Exhibits A and Exhibit B, shall not be assessed and taxed at the same rate and on the same basis as property within the City, including assessments for taxes and payment of any bonds issued or debts contracted prior to or existing as of the date of annexation; and
- B. All property within the area described and graphically depicted on Exhibit A and Exhibit B shall not be zoned in accordance with the Gig Harbor Municipal Code, Title 17.

Section 2. The Gig Harbor City Council hereby declares the property described and graphically depicted on Exhibit A and Exhibit B, which is the subject of the annexation petition, to be contiguous with the boundaries of the City of Gig Harbor.

Section 3. The City Council hereby authorizes the Mayor to submit all necessary documentation to the Pierce County Boundary Review Board in order to gain approval for the annexation provided in this Resolution. The City Council shall not take any further action on the annexation proposal until such time as the Pierce County Boundary Review Board has completed its review of the Notice of Intent to Annex, or the 45 days required for review has passed.

RESOLVED by the City Council this ___ day of _____, 2014.

APPROVED:

MAYOR, JILL GUERNSEY

ATTEST/AUTHENTICATED:

CITY CLERK, MOLLY M. TOWSLEE

APPROVED AS TO FORM;
OFFICE OF THE CITY ATTORNEY:

BY: _____

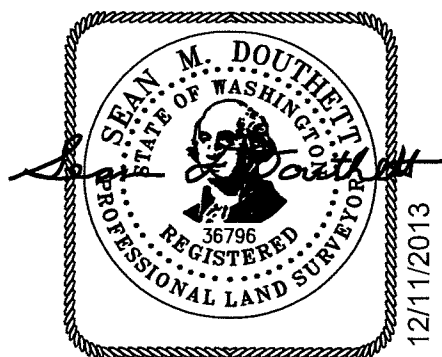
FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
RESOLUTION NO:

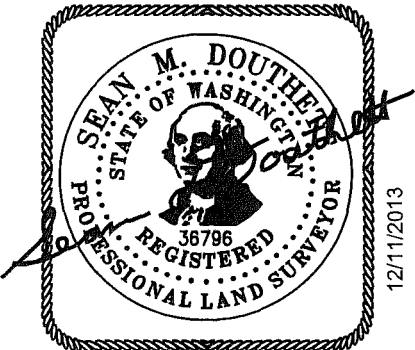
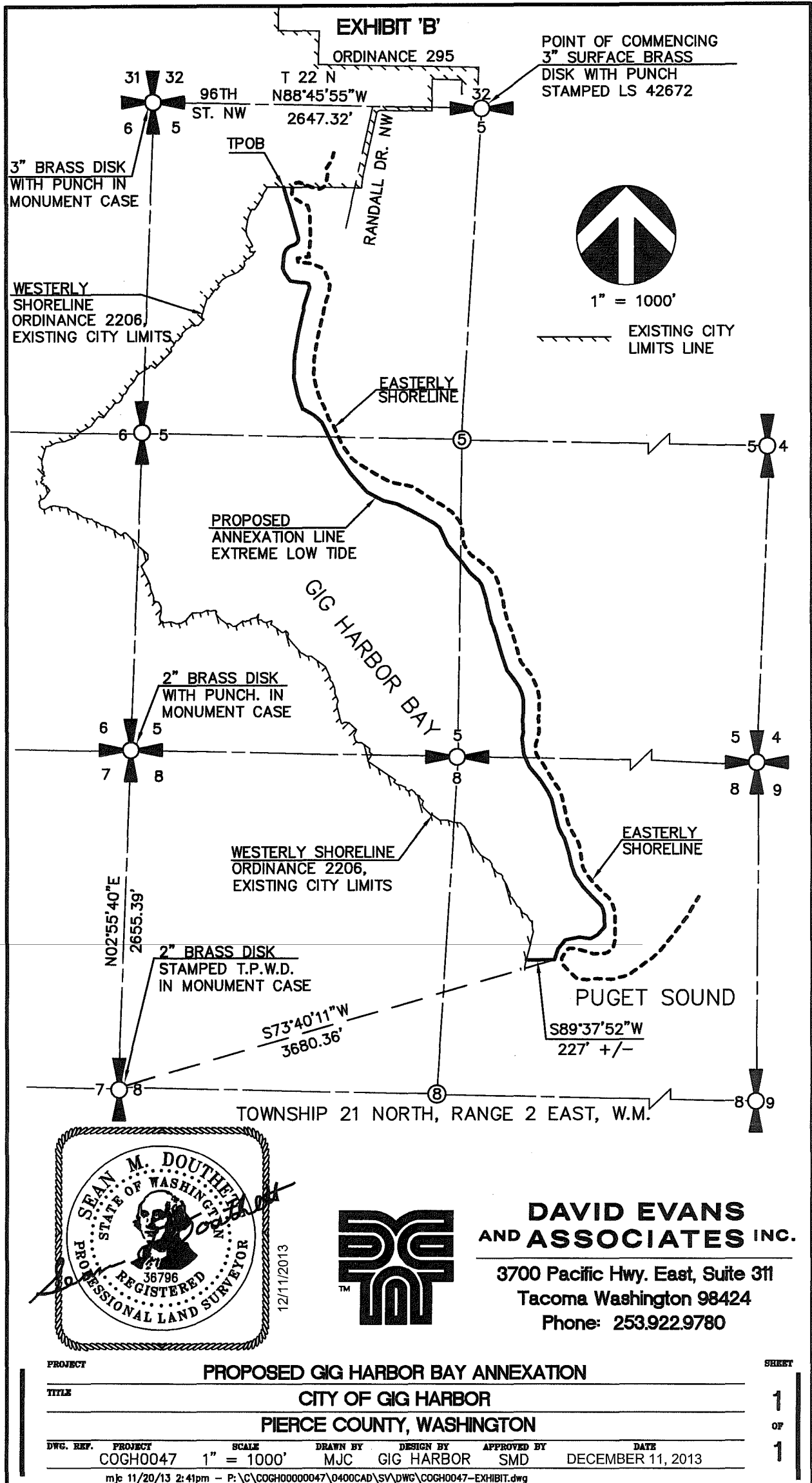
EXHIBIT 'A'
LEGAL DESCRIPTION

THOSE PORTIONS OF THE NORTHWEST, THE SOUTHWEST AND THE SOUTHEAST QUARTERS OF SECTION 5, THE NORTHEAST AND THE SOUTHEAST QUARTERS OF SECTION 6, THE NORTHEAST AND THE NORTHWEST QUARTERS OF SECTION 8, ALL IN TOWNSHIP 21 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN, PIERCE COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT A 3 INCH SURFACE BRASS DISK WITH PUNCH MARK STAMPED LS 42672 FOUND IN PLACE AT THE NORTHEAST CORNER OF SAID NORTHWEST QUARTER OF SECTION 5, FROM WHENCE A 3 INCH BRASS DISK WITH PUNCH MARK IN A MONUMENT CASE, FOUND IN PLACE AT THE NORTHWEST CORNER OF SAID NORTHWEST QUARTER BEARS NORTH 88°45'55" WEST 2,647.32 FEET DISTANT; THENCE WESTERLY ALONG THE NORTH LINE OF SAID SECTION 5, BEING THE CENTERLINE OF 96TH STREET NORTHWEST, TO ITS INTERSECTION WITH THE EAST GIG HARBOR CITY LIMITS AS ESTABLISHED BY GIG HARBOR ORDINANCE 295, DATED SEPTEMBER 25, 1978; THENCE FOLLOWING THE CITY LIMITS LINE AS ESTABLISHED BY CITY OF GIG HARBOR ORDINANCE NUMBER 622, DATED FEBRUARY 24, 1992 THE FOLLOWING COURSES AND DISTANCES: THENCE SOUTH 30 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF 96TH STREET NORTHWEST, BEING AN ANGLE POINT IN THE GIG HARBOR CITY LIMITS; THENCE WESTERLY ON THE SOUTHERLY RIGHT-OF-WAY LINE OF 96TH STREET NORTHWEST TO ITS INTERSECTION WITH THE EASTERLY RIGHT-OF-WAY LINE OF RANDALL DRIVE NORTHWEST; THENCE SOUTHERLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF RANDALL DRIVE NORTHWEST TO ITS INTERSECTION WITH THE SOUTH LINE OF GOVERNMENT LOT 7A IN THE GIG HARBOR ABANDONED MILITARY RESERVE, ALSO BEING THE SOUTH LINE OF SAID ORDINANCE NUMBER 622; THENCE WESTERLY ALONG SAID SOUTH LINE AND ITS WESTERLY EXTENSION TO ITS INTERSECTION WITH THE LINE OF EXTREME LOW TIDE ALONG THE EASTERLY SIDE OF GIG HARBOR BAY AND THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID LINE ESTABLISHED BY ORDINANCE NUMBER 622 AND FOLLOWING IN A GENERALLY SOUTHERLY DIRECTION ALONG SAID LINE OF EXTREME LOW TIDE TO A POINT IN THE NORTHEAST QUARTER OF SAID SECTION 8 FROM WHENCE A 2 INCH BRASS DISK STAMPED T.P.W.D. IN A MONUMENT CASE, FOUND IN PLACE AT THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 8 BEARS SOUTH 73°40'11" WEST 3,680.36 FEET DISTANT; THENCE SOUTH 89°37'52" WEST 227 FEET, MORE OR LESS, TO THE INTERSECTION WITH THE WESTERLY SHORE LINE OF GIG HARBOR BAY AS ESTABLISHED BY PIERCE COUNTY COMMISSIONERS' RESOLUTION NUMBER 2206, DATED JULY 9, 1946, INCORPORATING THE CITY OF GIG HARBOR; THENCE IN A GENERALLY NORTHERLY DIRECTION ALONG SAID WESTERLY SHORE LINE TO ITS INTERSECTION WITH THE WESTERLY EXTENSION OF SAID SOUTH LINE OF GOVERNMENT LOT 7A, AND SAID SOUTHERLY LINE OF GIG HARBOR ORDINANCE NUMBER 622; THENCE EASTERLY ALONG SAID SOUTH LINE TO THE TRUE POINT OF BEGINNING.

CONTAINING 190 ACRES, MORE OR LESS.





**DAVID EVANS
AND ASSOCIATES INC.**
3700 Pacific Hwy. East, Suite 311
Tacoma Washington 98424
Phone: 253.922.9780

PROJECT	PROPOSED GIG HARBOR BAY ANNEXATION				SHEET	
TITLE	CITY OF GIG HARBOR				1	
	PIERCE COUNTY, WASHINGTON				OF	
DWG. REF.	PROJECT	SCALE	DRAWN BY	DESIGN BY	APPROVED BY	DATE
COGH0047		1" = 1000'	MJC	GIG HARBOR	SMD	DECEMBER 11, 2013




Business of the City Council City of Gig Harbor, WA

Subject: 2014 Natural Yard Care Workshops – Interagency Agreement with Tacoma-Pierce County Health Department.

Proposed Council Action: Approve and authorize the Mayor to execute an Interagency Agreement with TPCHD for an amount not to exceed \$5,200.00.

Dept. Origin: Public Works/Engineering

Prepared by: Wayne Matthews 
Engineering Technician

For Agenda of: March 24, 2014

Exhibits: Tacoma-Pierce County Health Department Interagency Agreement

Concurred by Mayor:

Approved by City Administrator:

Approved as to form by City Atty:

Approved by Finance Director:

Approved by Public Works Director:

Approved by City Engineer:

Initial & Date

Full 3/20/14

Wes Combs 3/13/14

DR 3/20/14

J. Fox 3/20/14

DR 3/20/14

Expenditure Required	\$5,200.00 (Grant Reimbursable)	Amount Budgeted	See Fiscal Consideration below	Appropriation Required	\$0
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INFORMATION/BACKGROUND

One of the outreach requirements under the City's current NPDES permit is for the City to provide an active public education and outreach component. The City has offered Natural Yard Care Workshops to the public over the past three years. The workshops have been well attended, reaching up to over 60 at each workshop. The attached Interagency Agreement with Tacoma-Pierce County Health Department (TPCHD) will continue these workshops.

The Gig Harbor workshops promote environmental stewardship and sustainable maintenance practices for yards and landscapes, resulting in minimizing potential impacts upon surface water resources. The workshops promote the five steps to natural yard care directly to Gig Harbor homeowners. The Natural Yard Care Workshops have specialist guest speakers with power point presentations and hands-on activities.

FISCAL CONSIDERATIONS

The Natural Yard Care Workshops project cost of \$5,200 are 100% reimbursable by the Gig Harbor Stormwater Capacity grant from Ecology.

2014 Budget for NPDES Phase 2 Municipal Stormwater Permit	\$ 50,000
Anticipated 2014 Expenses:	
2014 Natural Yard Care Workshops (reimbursable)	\$ (5,200)
Remaining 2014 Budget =	\$ 50,000

Note: Expenses in *italics* are estimated.

BOARD OR COMMITTEE RECOMMENDATION

The Interagency Agreement Tacoma-Pierce County Health Department – Natural Yard Care - 2011 was reviewed at the Operations and Public Projects Committee Meeting in February of 2011. Committee members present were supportive of continuing these workshops with the understanding that this expense would be fully reimbursed by the Ecology Stormwater Capacity grant.

RECOMMENDATION/MOTION

Move to: Authorize the execution of the Interagency Agreement Tacoma-Pierce County Health Department – 2014 Natural Yard Care for the amount of \$5,200

Interagency Agreement Tacoma-Pierce County Health Department - City of Gig Harbor Natural Yard Care – 2014

The City of Gig Harbor seeks to reduce pollutants in, and the impact of stormwater upon, local surface water bodies through public education as directed by its National Pollution Discharge Elimination System (NPDES) permit.

The Tacoma-Pierce County Health Department (Health Department) shares an interest in reducing pollutant discharges to the environment, minimizing potential impacts upon surface water resources, and seeks to safeguard and enhance the health of communities in Pierce County.

The City of Gig Harbor and the Health Department have determined that it is mutually beneficial that the Health Department provide to the City certain services in 2014, as described in this agreement.

The goal of this project is to increase adoption of natural yard care practices in Gig Harbor through education and outreach efforts. This approach will complement other existing and planned efforts and will result in the adoption by city residents of practices that are intended to reduce surfacewater quality impacts. Project results will be documented via a project-end report.

The Health Department will partner with the City of Gig Harbor to produce homeowner-targeted workshops promoting environmental stewardship and sustainable maintenance practices for yards and landscapes. The Health Department will promote the “Five Steps to Natural Yard Care” approach: *Build healthy soil, Plant right for your site, Practice smart watering, Think twice before using pesticides, and Practice natural lawn care*, as described below:

- Build healthy soil** - Covers the basic components of soil and benefits of adding organic matter. Talk will include instruction about backyard composting emphasizing troubleshooting and the benefits of recycling nutrients on-site.
- Plant right for your site** - Practical landscape design for matching plants with the proper environmental conditions to encourage healthy plants and reduce reliance on pesticide use.
- Practice smart watering** - Covers water conservation by encouraging irrigation efficiency through a variety of techniques, grouping plants with like water needs together, and encouraging deep, infrequent watering for plant health.
- Think twice before using pesticides** - Emphasizes proper plant placement and plant health as the first step in avoiding pest incidence; cover cultural, mechanical, and biological control techniques before using less-toxic pesticides as a last resort; the importance of and how to read a pesticide label and emphasizing proper usage and disposal of pesticide products.
- Natural lawn care** - Covers differences among grass species common to the area, ‘grass-cycling’ for organic waste diversion and nutrient cycling, proper irrigation

and fertilization practices, and emphasizing techniques to reduce weed incidence and pesticide usage.

The workshop program brings these messages directly to City of Gig Harbor homeowners via a series of three lectures and hands-on demonstrations. Follow-up surveys will be conducted to assess changes in participant behaviors and practices occurring as a result of the program.

GOALS

Increase participants' adoption of natural yard care practices, including:

- reduced inappropriate use of pesticides and fertilizers to reduce potential impacts to surface/storm water
- reduced generation of organic waste/increased backyard composting
- increased use of slow-release fertilizers
- reduced water use

ACTIVITIES

The Health Department proposes a program of one Natural Yard Care Workshop series to be scheduled in coordination with the City of Gig Harbor and conducted in May 2014, comprised of the following specific elements:

- Three community evening meetings covering the five steps listed above, as well as information pertinent to preserving stormwater and surface water quality in Gig Harbor. Responsible party: **Health Department**
- Email and telephone follow-up to remind pre-registered residents of the upcoming meetings. Responsible party: **Health Department**
- Distribution of printed materials to each attendee covering the topics in the five steps to Natural Yard Care and conduct pre-workshop/baseline yard care practices survey. Responsible party: **Health Department**

OUTPUTS

- At least 60 Gig Harbor residents are trained via the Natural Yard Care workshop series.
- Project-end report summarizing participation, the survey instrument and resulting data, an assessment of the knowledge gained from the workshops, and conclusions regarding the effectiveness of this approach.

OUTCOMES

Workshop participants will show increased knowledge of natural yard care practices and resulting progress toward the task goals, as listed above. Outcomes will be assessed via a survey of workshop participants before and following each workshop.

PROPOSED SCHEDULE AND DELIVERABLES

- February - April 2014- Workshop advertising including City of Gig Harbor newsletter; direct mail invitations to utility customers; inclusion in City of Gig Harbor website and other city-sponsored advertising means.
- April 29th, May 6th, and May 13th -- Conduct NYC workshops series at City of Gig Harbor City Civic Center. Conduct post-workshop evaluation survey.

- Conduct pre and post workshop surveys to measure knowledge gained by attending the classes.
- December, 2014 - Summary report detailing advertising methods, attendance records, topics discussed at workshops, qualitative workshop feedback from attendees, workshop survey analyses. Provide City of Gig Harbor with copies of primary workshop materials and workshop surveys, and associated outreach/education materials.

PROJECT COST & BILLING

In consideration for the services described herein the City of Gig Harbor shall pay the Health Department a total of **\$5,200**. The Health Department shall bill not more frequently than monthly unless otherwise agreed to by the City and the Health Department. Payment shall be made within 30 days of receipt of an invoice from the Health Department. Invoices from the Health Department shall be accompanied by progress reports describing activities and results for that billing period.

The City of Gig Harbor will be invoiced prior to June 30th, 2014.

PROJECT CONTACTS

City of Gig Harbor
Wayne Matthews
3510 Grandview St.
Gig Harbor, WA 98335
Phone: 253-853-2646
Fax: 253-853-7597
matthewsw@cityofgigharbor.net

Tacoma-Pierce County Health Department
Walt Burdsall/John Sherman
3629 South D St., MS: 1049
Tacoma, WA 98418
Phone: 253-798-4708/253-798-6523
Fax: 253-798-6498
wburdsall@tpchd.org/jsherman@tpchd.org

Date of Signature

Date of Signature

Authorized Signature

Authorized **Department** Signature

Printed Name

Printed Name

City of Gig Harbor
3510 Grandview Drive
Gig Harbor, WA 98335

Tacoma-Pierce County Health
Department
3629 South D Street
Tacoma, WA 98418-6813

Contractor Address

Department Address

\$5,200

Dollar Amount for this **Agreement**



**Business of the City Council
City of Gig Harbor, WA**

Subject: Biennial Budget

Proposed Council Action:

Adopt ordinance establishing a biennial budget for the City of Gig Harbor

Dept. Origin: Finance
Prepared by: David Rodenbach
For Agenda of: March 24, 2014
Exhibits: Ordinance

Initial & Date

Concurred by Mayor: *BR 3/13/14*
Approved by City Administrator: *R 3/12/14*
Approved as to form by City Atty: *PER EMAIL*
Approved by Finance Director: *DR 3/12/14*

Expenditure Required	Amount Budgeted	Appropriation Required
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INFORMATION / BACKGROUND

Budgeting for a two-year biennium has been permitted for Washington cities since 1985. Currently 36 cities are using biennial budgeting. Biennial budgeting would be advantageous to the city mostly because it would save the time and effort invested in the budget process every other year. Time savings would be realized by finance and department staff preparing the budget materials, and for the council, which reviews the materials and eventually adopts a budget. Another advantage for the use of a biennial budget is the longer perspective it gives the city in its budgetary planning.

The required steps for passing a biennial budget are much the same as those for an annual budget; therefore, there would be minimal changes to the City's budget process.

FISCAL CONSIDERATION

The concept of a two-year appropriation is straightforward. Rather than a twelve-month window during which the appropriated funds can be legally spent, a biennium provides for a twenty-four month window. The two-year budget provides an opportunity to widen the planning horizon and allow more long-term thinking to be part of the financial plan that the budget represents. The ordinance to use a biennial budget must be adopted at least six months prior to the start of the biennium, and; the biennium must start on an odd-numbered year.

The mid-biennium review and modification must occur no sooner than eight months after the start (September 1) or later than the end of the first year of the biennium (December 31). The purpose of the review is to make adjustments to the budget, essentially a tune up, and is not intended to become another complete budget process in itself.

RECOMMENDATION / MOTION

Move to: Adopt the Biennial Budget Ordinance.

ORDINANCE NO. 1287

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, ADOPTING A BIENNIAL BUDGET PROCESS AND FIXING A TIME WHEN THE SAME SHALL BECOME EFFECTIVE.

WHEREAS, pursuant to Chapter 35A.34 RCW, the City of Gig Harbor, Washington is authorized to adopt a biennial fiscal budget; and

WHEREAS, the City Council has determined that it would be efficient to adopt a biennial fiscal budget process for the City; and

WHEREAS, the beginning of a biennial budget process for cities, pursuant to Chapter 35A.34, must begin on an odd-numbered year; now, therefore,

THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, ORDAINS AS FOLLOWS:

Section 1. The City of Gig Harbor hereby adopts a fiscal biennial budget process as authorized pursuant to Chapter 35A.34 RCW, as now or hereafter amended.

Section 2. Severability. If any section, sentence, clause or phrase of this Ordinance should be held to be unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

Section 3. Effective Date. This Ordinance shall take effect and be in full force five (5) days after passage and publication of an approved summary consisting of the title.

PASSED by the Council and approved by the Mayor of the City of Gig Harbor, this 24th day of March, 2014.

CITY OF GIG HARBOR

Mayor Jill Guernsey

ATTEST/AUTHENTICATED:

Molly M. Towslee, City Clerk

APPROVED AS TO FORM:
Office of the City Attorney

Angela G. Summerfield

FILED WITH THE CITY CLERK: 03/05/14
PASSED BY THE CITY COUNCIL: 03/24/14
PUBLISHED: 04/02/14
EFFECTIVE DATE: 04/07/14
ORDINANCE NO: 1287



GIG HARBOR ARTS COMMISSION

2014 WORK PLAN PROPOSAL to the OPS COMMITTEE

Thursday – March 20, 2014 / Staff – Lita Dawn Stanton

MEMBERSHIP SIZE / MEETING SCHEDULE

1. Reduce the membership from a 9-member Commission to a 7-member Commission
2. Increase meetings from quarterly (4x yr) to an every-other-month schedule (6x yr)

2014 PROJECTS

1. Public Art at the Maritime Pier

BACKGROUND – Permits are in place for public art within a landscaped area near the entrance of the Maritime Pier. Since the “Big Catch” sculpture by Doug Granum is no longer planned at that location, the Commission recommends that the Public Art Fund be used to purchase a maritime-themed sculpture before permits expire (2014-2015).

2. Media Meet & Greet Workshop #3 – “How to Build a Website”

BACKGROUND – In 2013 the Commission sponsored two well-attended public workshops for area businesses, artists, and organizations. The first workshop included a panel of 8 from local media. The second focused on social media and facebook development. The third will provide attendees instruction on building websites.

3. OutDoor Gallery Program

BACKGROUND – Thru donations, the Commission installed 2 basalt pedestals in 2012 on Harborview Drive (in front of the Russell Foundation). Thru an RFP process, two pieces were installed. Unfortunately, vandalism resulted in their removal. The Commission recommends that the Public Art Fund be used to acquire permanent art for these locations. They would also like to add a basalt pedestal in front of the newly acquired Ancich Park when the site is developed.

4. Public Art and Funding Partnerships

BACKGROUND – Limited funds for public art is a challenge. The Commission recommends seeking partnerships with local foundations, organizations, the Tribes, and other funding groups in partnership to fund the placement of public art around the city.

5. Outdoor Art / Self-Guided Tour

BACKGROUND – An inventory of outdoor and indoor art owned by the city has been completed. The Commission recommends creating a walking-guide of outdoor city-owned art including pieces located in the Civic Center. The Commission will continue to work with the Gig Harbor Waterfront Alliance to include info on city-owned public art locations within their map/guide publication.

6. NetShed Art Show (underway)

BACKGROUND – The Commission is partnering with the community's largest artist's organization (PAL) to sponsor a year-long plein-air project focused on the netsheds. The show is scheduled at the Civic Center from May 1 thru June as a way to educate the public on our maritime history and provide added exposure for our local artists.

REQUEST FOR INFORMATION

1. PARKS and PUBLIC SPACES

BACKGROUND – Once a placement of public art is approved, the Arts Commission process for review is:

- If the art is located within a *park*, the Parks Commission is asked for input on art placement location (no interference with site function).
- If the art is located within a *registered or historically significant city-owned property*, the Design Review Board is asked for input on subject-matter compatibility (no loss of the site's historic integrity).
- All placements go before the Operations Committee for durability, site compatibility, construction methodology, and safety
- The Arts Commission juries-in the work solicited via RFP. Their recommendation is forwarded to City Council for final approval.

The Commission requests a list of *public spaces* vs. *park locations* that fall under each review body.



**Business of the City Council
City of Gig Harbor, WA**

**Subject: Ordinance Amending GHMC
Chapter 2.49 - Gig Harbor Arts Commission**

Proposed Council Action: Consider this Ordinance to reduce the Gig Harbor Arts Commission from nine members to seven, and to change the meeting requirement from monthly to quarterly.

Dept. Origin: Administration
Prepared by: Molly Towslee, City Clerk
For Agenda of: **March 24, 2014**

Exhibits: Draft Ordinance

Concurred by Mayor: MT 3/14/14
Approved by City Administrator: R 3/14/14
Approved as to form by City Atty: email 3/14/14
Approved by Finance Director: N/A
Approved by Department Head: _____

Expenditure	Amount	Appropriation	
Required \$0	Budgeted \$0	Required	\$0

INFORMATION / BACKGROUND

During the budget worksessions, Council discussed the funding and workload for the Arts Commission, and made a suggestion to reduce the size from nine to seven. The Gig Harbor Arts Commission met on March 11, 2014 and concurred with this decision. A vote was approved to reduce the size.

Currently, the Arts Commission has been meeting quarterly due to the suspension of the grant program and staff support.

These amendments have been incorporated in a draft ordinance for Council consideration.

FISCAL CONSIDERATION: None.

BOARD OR COMMITTEE RECOMMENDATION: See above.

RECOMMENDATION / MOTION

Move to: At the second reading, adopt this Ordinance amending Chapter 2.49 to reduce the Gig Harbor Arts Commission from nine members to seven, and to change the meeting requirement from monthly to quarterly.

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY OF GIG HARBOR, WASHINGTON, REDUCING THE NUMBER OF MEMBERS OF THE GIG HARBOR ARTS COMMISSION FROM NINE TO SEVEN AND CHANGING THE REQUIREMENT TO MEET MONTHLY TO QUARTERLY; AMENDING CHAPTER 2.49 OF THE GIG HARBOR MUNICIPAL CODE; PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City Council made a recommendation to reduce the number of members from nine to seven; and

WHEREAS, in response to this recommendation, the Gig Harbor Arts Commission voted to reduce the number from nine to seven at their regular meeting of March 11, 2014; and

WHEREAS, the Arts Commission wishes to amend the requirement to meet monthly to meet quarterly at a date, time and place to be established by the commission; Now, therefore,

THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, DO
ORDAIN AS FOLLOWS:

Section 1. Section 2.49.010 of the City of Gig Harbor Municipal Code is hereby amended to read as follows:

2.49.010 Commission established – Membership.

A. The Gig Harbor arts commission, consisting of ~~nine~~ seven members appointed by the mayor and confirmed by the vote of a majority of the members of the city council, is established. The term of office shall be three years. Commission members shall be selected for staggered terms. Three commissioners or their successors will serve a one, two or the full three-year term based on the position. All subsequent appointments shall be for three years, or for the duration of an unexpired term in the case of an appointment to a vacancy. All commission members' terms shall expire on March 31st and all successive terms shall commence

on April 1st. No member shall serve more than two consecutive full terms of office, unless the vacancy cannot be filled by new applicant(s).

* * *

Section 2. Section 2.49.040 of the City of Gig Harbor Municipal Code is hereby amended to read as follows:

2.49.040 Meetings and staff services.

A. The arts commission shall meet regularly at least ~~once per month~~ quarterly at a date, time and place to be established by the commission. Commission meetings shall be open to the public and written meeting minutes shall be maintained and made available to the public upon approval of the minutes by the commission.

* * *

Section 3. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 4. Effective Date. This ordinance shall take effect and be in full force and effect five (5) days after its passage, approval and publication as required by law.

PASSED by the Council and approved by the Mayor of the City of Gig Harbor, this _____ day of April, 2014.

CITY OF GIG HARBOR

Mayor Jill Guernsey

ATTEST/AUTHENTICATED:

Molly M. Towslee, City Clerk

APPROVED AS TO FORM:
Office of the City Attorney

Angela G. Summerfield

FILED WITH THE CITY CLERK: 03/07/14

PASSED BY THE CITY COUNCIL:

PUBLISHED:

EFFECTIVE DATE: ORDINANCE NO:



**Business of the City Council
City of Gig Harbor, WA**

Subject: First Public Hearing – Amendment No. 2 to the Development Agreement with Harbor Hill LLC.

Proposed Council Action:

Hold public hearing, consider public comments, and review development agreement.
Hold second public hearing on April 14, 2014

Dept. Origin: Planning Department

Prepared by: Jennifer Kester
Planning Director

For Agenda of: March 24, 2014

Exhibits: Draft Development Agreement Amendment #2, Approved Agreement with Amendment #1

Initial & Date

Concurred by Mayor:

JH 3/18/14

Approved by City Administrator:

Approved as to form by City Atty:

email 3/18/14

Approved by Finance Director:

N/A

Approved by Department Head:

JK 3/18/14

Expenditure Required	\$0	Amount Budgeted	\$0	Appropriation Required	\$0
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INFORMATION / BACKGROUND

In 2010, the Council approved a development agreement between the City and Harbor Hill LLC which allowed deviations in the development standards for property owned by Harbor Hill LLC in the Gig Harbor North area and allowed 20 years of vesting for the preliminary plat within the area. An amendment to the agreement was approved in 2012.

In December 2013, Harbor Hill LLC applied for the second amendment to the development agreement. The second amendment to the development agreement is being proposed in order to:

1. Allow the expansion of the M-2 parcel in support of Emerald Communities' Heron's Key project. Actual expansion of the parcel would occur through the minor modification process allowed in Section 9 of Amendment #1.
2. Update the infrastructure construction sequencing.
3. Allow model homes to begin construction prior to completion of infrastructure improvements provided that necessary improvements are completed before occupancy is allowed.

The process for review of this amendment is outlined in GHMC 19.08, which allows projects in the planned community development land use designation to deviate from the allowed uses, minimum and maximum densities, maximum gross floor area, or maximum structure height

allowed in the underlying zoning district if a majority of the City Council plus one approved a development agreement. Before approving such amended development agreement the City Council must: 1) vote to initiate consideration of the development agreement; 2) require that the Planning and Building Committee meet and make a recommendation to the Council as a whole; 3) conduct two properly noticed public hearings on the development agreement.

Due to the request to allow the expansion of the M-2 parcel to provide additional area for retirement uses as part of the Heron's Key project, the proposed amendment can be approved only if a majority plus one member of City Council votes for the amendment.

STAFF ANALYSIS

Staff and the City Attorney have reviewed the amendment. Staff is supportive of the amendments. To date, we have received no public comments on the proposed amendments. We are currently working to finalize the language in the agreement. The final language will be available for the second public hearing on April 14, 2014. At this first public hearing, the Council should consider public comments and the substance of the proposed amendments and provide any direction back to the staff to include in the second public hearing.

BOARD OR COMMITTEE RECOMMENDATION

The Council voted to initiate the amendment on February 10, 2014 and sent it to the Planning and Building Committee of the Council. The Planning and Building Committee met on March 17, 2014 and voted to recommend approval.

RECOMMENDATION / MOTION

Hold public hearing, consider public comments, and review development agreement. Hold second public hearing on April 14, 2014

After Recording, Return To:

Marco de Sa e Silva
Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, Washington 98101

**AMENDMENT NO. 2 TO DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF GIG HARBOR AND HARBOR HILL LLC
FOR THE HARBOR HILL DEVELOPMENT**

Grantors: CITY OF GIG HARBOR, a Washington municipal corporation
HARBOR HILL LLC, a Washington limited liability company

Grantees: HARBOR HILL LLC, a Washington limited liability company
CITY OF GIG HARBOR, a Washington municipal corporation

Abbreviated Legal Description:

Complete legal description is at Exhibit A attached hereto.

Assessor's Property Tax Parcel Account Numbers:

Reference Numbers of Related Documents: 201011160780 (development agreement); 201012020196 (joinder agreement); 201212040216 (Amendment No. 1); _____ (assignment and assumption agreement)

AMENDMENT NO. 2 TO DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF GIG HARBOR AND HARBOR HILL LLC
FOR THE HARBOR HILL DEVELOPMENT

This Amendment No. 2 to Development Agreement is made and entered into this _____ day of _____, 2013, by and among the CITY OF GIG HARBOR, a Washington municipal corporation (the "City"), and HARBOR HILL LLC, a Washington limited liability company ("Harbor Hill" or "Developer").

RECITALS

A. RCW 36.70B.170 authorizes the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction. Pursuant to Resolution No. 845 adopted by the City Council, the City and Harbor Hill entered into a development agreement dated November 9, 2010 (the "Original Development Agreement"), which was recorded in the real property records of Pierce County, Washington, under Auditor's File No. 201011160780, concerning the development of the property legally described on Exhibit A to the Original Development Agreement (the "Property") and generally located north and south of Borgen Boulevard between Harbor Hill Drive and Peacock Hill Avenue N.W. in the City of Gig Harbor, Pierce County, Washington. The legal description of the Property is restated on Exhibit A attached hereto.

B. By a subsequent Joinder Agreement dated November 22, 2010, and recorded in the real property records of Pierce County, Washington, under Auditor's File No. 201012020196, OPG Properties LLC, a Washington limited liability company ("OPG"), as the owner of a portion of the Property, joined in and agreed to be bound by the Original Development Agreement. Both Harbor Hill and the City consented to the Joinder Agreement.

C. By Amendment No. 1 recorded under Pierce County Auditor's File No. 201212040216, the parties amended certain provisions of the Original Development Agreement. The Original Development Agreement as amended by Amendment No. 1, is referred to here as the "Development Agreement".

D. By Quit Claim Deed recorded under Pierce County Auditor's File No. 201308130540, OPG conveyed to Harbor Hill all of OPG's right, title, and interest in its portion of the Property.

E. By Assignment and Assumption Agreement recorded under Pierce County Auditor's File No. _____, OPG assigned to Harbor Hill and Harbor Hill assumed from OPG all of OPG's right, title, and interest in the Development Agreement.

F. The City and Developer wish to amend the Development Agreement as described herein.

G. This Amendment is made under the authority of the City's police power, contracting authority, and other authority, including without limitation the authority granted to the City under RCW 36.70B.170 et seq. to make development agreements and GHMC Chapter 19.08 as amended. This Amendment establishes development standards for the Property and other provisions that apply to and govern and vest the development, use, and mitigation of the development of the Property. Actual construction of improvements on the Property requires approval of subsequent City permits, which will be issued in accordance with the standards and procedures described in the Development Agreement as amended by this Amendment.

Now, therefore, the parties hereto agree as follows:

AGREEMENT

1. Revised Phasing Plan. The Phasing Plan attached as Exhibit I to this Amendment No. 2 is hereby substituted for Exhibit I to the Development Agreement.

2. Model Homes. Section 18 of the Development Agreement is amended and restated to provide as follows:

Section 18. Model Homes.

A. The parties acknowledge that the most efficient and economic development of the Residential Area depends upon numerous factors, such as market orientation and demand, interest rates, competition, and similar factors, and that generally it will be most economically beneficial to the ultimate purchasers of the Residential Area to allow the Developer or Homebuilder to construct model homes within the Residential Area prior to approval and recording of a final plat. Therefore, the parties agree that the Developer and any Homebuilder shall be entitled to construct model homes within the Residential Area in accordance with the following terms and conditions.

B. The Developer and any Homebuilder may submit building permit applications for up to eight (8) model homes within eight (8) lots per phase, as such phases are described on the Phasing Plan and as such lots are depicted on an approved preliminary plat, prior to recording of the final plat. The City shall review and approve or deny the applications regardless whether the final plat is recorded.

Prior to issuance of building permits for the model homes, the following requirements must be satisfied:

i. Retention/detention facilities that serve the model home lots shall be constructed in accordance with the engineered drawings approved by the City of Gig Harbor.

ii. Construction of road improvements necessary to provide construction access to the model homes sites from existing public roadways shall be completed. The road improvements shall consist of subgrade in the final roadway alignment, from the existing public roadways to the furthest proposed model home. These improvements shall be in accordance with the engineered drawings approved by the City.

iii. Water and sewer facilities shall be installed to each lot proposed for model homes.

iv. All impact fees and utility general facility charges for model homes shall be paid prior to the issuance of building permits for the model homes.

vi. Fire protection features, including access, hydrants, and fire flow, must be provided in accordance with GHMC Chapter 15.16 and the approved civil plans prior to any combustible construction on any lot within the development. Such fire protection features may be installed in a phased manner provided that they are in place and approved as prescribed by code for each individual parcel within the plat prior to issuance of a building permit for said parcel.

vii. Traffic mitigation fees for all model homes shall be paid as required by law or as agreed by the City and the Developer as to the Residential Area.

C. In addition to the foregoing requirements, each residential building permit application for a model home shall include the following submittals:

i. Building plot plans showing the locations of the proposed model homes with distances indicated from the proposed final plat lot lines.

ii. Overall site plan showing the temporary improvements specific to the model homes such as the location of signage, flags,

banners, fencing, landscaping, and impervious surfaces such as parking areas and sidewalks.

D. Prior to issuance of a Temporary Certificate of Occupancy for model homes, the following requirements must be satisfied:

i. Retention/detention facilities that serve the model home lots shall be constructed in accordance with the engineered drawings approved by the City of Gig Harbor.

ii. Construction of road improvements necessary to provide safe public access to the model homes from existing public roadways shall be completed. The City Engineer shall have sole discretion to determine the definition of safe public access. The road improvements shall consist of subgrade, curb and gutter and first lift of asphalt in the final roadway alignment, from the existing public roadways to the furthest proposed model home. These improvements shall be in accordance with the engineered drawings approved by the City.

iii. Water and sewer facilities shall be installed to each lot proposed for model homes.

iv. All proposed streets serving the model homes shall be adequately marked with street signs.

v. All impact fees and utility general facility charges for model homes shall be paid prior to the issuance of building permits for the model homes.

vi. Fire protection features, including access, hydrants, and fire flow, must be provided in accordance with GHMC Chapter 15.16 and the approved civil plans prior to any combustible construction on any lot within the development. Such fire protection features may be installed in a phased manner provided that they are in place and approved as prescribed by code for each individual parcel within the plat prior to issuance of a building permit for said parcel.

vii. Traffic mitigation fees for all model homes shall be paid as required by law or as agreed by the City and the Developer as to the Residential Area.

E. A final and complete Certificate of Occupancy shall not be granted for any of the model homes until the final plat has been

recorded. However, the applicant may request final inspection and temporary occupancy for model homes prior to final plat recording, provided:

i. The Developer and Homebuilder have complied with applicable state law with regard to any agreements to transfer, sell, or lease property within the preliminary plat prior to final plat recording.

ii. All Building and Fire Safety requirements and Public Works Standards have been met to the satisfaction of the City's Building and Fire Safety Director and City Engineer.

iii. Driveway approaches for each model home requesting occupancy have been installed.

iv. Repairs to the roadway improvements have been completed as necessary due to damage as a result of model home construction.

v. Completion of miscellaneous utility work as necessary to minimize potential for damage to vehicles or tripping hazards.

vi. Completion of miscellaneous work to provide access for maintenance or operation of underground utilities.

vii. The requirements set forth in Section 18.D above must be satisfied prior to issuance of a Temporary Certificate of Occupancy for any model home.

F. Prior to final plat approval, either the Developer or Homebuilder shall submit two (2) copies of a plot plan delineating the as-built location of the model home on the lot. The corners of the lot shall be set by a registered professional land surveyor prior to commencement of construction.

G. The model homes and all associated improvements, including any parking lot, shall be removed within six (6) months after the last to occur of the following events:

i. Preliminary plat approval has expired and no extension has been granted, and

ii. The portion of the Residential Area within which the model home is located has been denied final plat approval and either

all appeal periods have been exhausted without the commencement of an appeal or all appeals have been dismissed or otherwise resolved.

3. Other Provisions. All other provisions of the Development Agreement shall remain in full force and effect. The Development Agreement, as amended by this Amendment, is hereby confirmed and ratified.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the dates set forth below:

HARBOR HILL LLC, a Washington limited liability company

CITY OF GIG HARBOR, a Washington municipal corporation

By: _____
Jon Rose
Its President

By: _____
Charles L. Hunter
Its Mayor

Date: _____

Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBITS:

- A - Legal Description of the Property
- I - Revised Phasing Plan

STATE OF WASHINGTON)
 : ss.
COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that JON ROSE is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Harbor Hill LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Printed: _____
NOTARY PUBLIC in and for Washington
Residing at: _____
My appointment expires: _____

STATE OF WASHINGTON)
 : ss.
COUNTY OF PIERCE)

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

DATED: _____

Printed: _____
NOTARY PUBLIC in and for Washington
Residing at: _____
My appointment expires: _____

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT A

Legal Description of the Property

RESIDENTIAL AREA

TAX PARCEL NUMBER 4002930010

PARCEL E OF THE HARBOR HILL PHASE 1A PLAT (CITY FILE NO. PL-FPLAT-12-0001, PL-FPRD-12-0001) RECORDED UNDER PIERCE COUNTY AFN 201204255001, SAID PARCEL BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 4002930020

PARCEL M1 OF THE HARBOR HILL PHASE 1A PLAT (CITY FILE NO. PL-FPLAT-12-0001, PL-FPRD-12-0001) RECORDED UNDER PIERCE COUNTY AFN 201204255001, SAID PARCEL BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 4002930030

PARCEL X OF THE HARBOR HILL PHASE 1A PLAT (CITY FILE NO. PL-FPLAT-12-0001, PL-FPRD-12-0001) RECORDED UNDER PIERCE COUNTY AFN 201204255001, SAID PARCEL BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 0222311000

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER AND THE NORTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN.
EXCEPT ROADS.
SITUATE IN THE CITY OF GIG HARBOR, COUNTY OF PIERCE, STATE OF WASHINGTON.

TAX PARCEL NUMBER 0222311009

PARCEL "B" OF THE BOUNDARY LINE ADJUSTMENT RECORDED UNDER PIERCE COUNTY AFN 200407275004, SAID PARCEL "B" BEING PORTIONS OF THE WEST HALF OF THE NORTHEAST QUARTER AND OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M.
SITUATE IN THE CITY OF GIG HARBOR, COUNTY OF PIERCE, STATE OF WASHINGTON.

COMMERCIAL AREA

TAX PARCEL NUMBER 4002470011

THAT PORTION OF LOT 1, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF RECORDED UNDER AUDITOR'S FILE NUMBER 200605235007, SAID LOT 1 BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 LYING 287.61 NORTHERLY OF THE SOUTHEAST CORNER OF SAID LOT 1, AS MEASURED ALONG THE EAST LINE OF SAID LOT 1, THENCE NORTH 77°06'13" WEST 644.52 FEET TO AN ANGLE POINT IN THE WEST LINE OF SAID LOT 1;

THENCE ALONG THE BOUNDARY OF SAID LOT 1 THE FOLLOWING COURSES:

THENCE NORTH 88°22'24" WEST 110.70 FEET;

THENCE NORTH 05°55'53" EAST 181.58 FEET;

THENCE SOUTH 88°22'24" EAST 33.73 FEET;

THENCE NORTH 14°26'00" EAST 232.65 FEET;

THENCE SOUTH 48°15'42" EAST 247.61 FEET;

THENCE NORTH 77°19'55" EAST 95.23 FEET;

THENCE NORTH 37°16'34" EAST 168.29 FEET;

THENCE SOUTH 88°22'24" EAST 177.38 FEET TO A POINT ON A 766.00 FOOT CURVE TO THE RIGHT, THE RADIUS OF WHICH BEARS SOUTH 64°21'11" WEST

THENCE SOUTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 358.65 FEET, THROUGH A CENTRAL ANGLE OF 26°49'36";

THENCE SOUTH 01°10'47" WEST 189.56 TO THE POINT OF BEGINNING.

TAX PARCEL NUMBER 4002470012

THAT PORTION OF LOT 1, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF RECORDED UNDER AUDITOR'S FILE NUMBER 200605235007, SAID LOT 1 BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M. PIERCE COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 LYING 287.61 NORTHERLY OF THE SOUTHEAST CORNER OF SAID LOT 1, AS MEASURED ALONG THE EAST LINE OF SAID LOT 1;

THENCE ALONG THE BOUNDARY OF SAID LOT 1 THE FOLLOWING COURSES:

THENCE SOUTH 01°10'47" WEST 287.61 FEET;

THENCE NORTH 88°22'24" WEST 631.54 FEET;

THENCE NORTH 01°15'21" EAST 412.28 FEET TO AN ANGLE POINT IN SAID BOUNDARY;

THENCE DEPARTING SAID BOUNDARY SOUTH 77°06'13" EAST 644.52 FEET TO THE POINT OF BEGINNING.

TAX PARCEL NUMBER 4002470030

LOT 3, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF RECORDED UNDER AUDITOR'S FILE NUMBER 200605235007, SAID LOT 3 BEING PORTIONS OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M. PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 4002470042

THE NORTHERLY 5.3367 ACRES OF THE REVISED LOT 4 OF THE PLAT OF THE BUSINESS PARK AT HARBOR HILL PER BOUNDARY LINE ADJUSTMENT RECORDED IN PIERCE COUNTY, WASHINGTON, AUDITOR'S FILE NUMBER 200710195003 FURTHER DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL ADJACENT TO HARBOR HILL DRIVE, THENCE N 01°10'47" E ALONG THE EASTERLY MARGIN OF HARBOR HILL DRIVE 514.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING N 01°10'47" E ALONG THE EASTERLY MARGIN OF HARBOR HILL DRIVE 428.04 FEET TO THE NORTHERLY BOUNDARY OF THE PARCEL; THENCE S 88°15'35" E ALONG THE NORTHERN BOUNDARY 585.60 FEET TO THE EASTERN BOUNDARY OF THE PARCEL; THENCE S 05°02'54" W, 12.02 FEET; THENCE S 27°57'14" W, 112.58 FEET; THENCE S 01°33'50" E, 199.54 FEET; THENCE S 00°23'25" W, 110.52 FEET TO THE SOUTHERN BOUNDARY OF THE PARCEL; THENCE N 88°49'13" W, 545.12 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION.

ACCORDING TO REQUEST OF SEGREGATION AS PER CITY OF GIG HARBOR, DATED 02/06/2008.

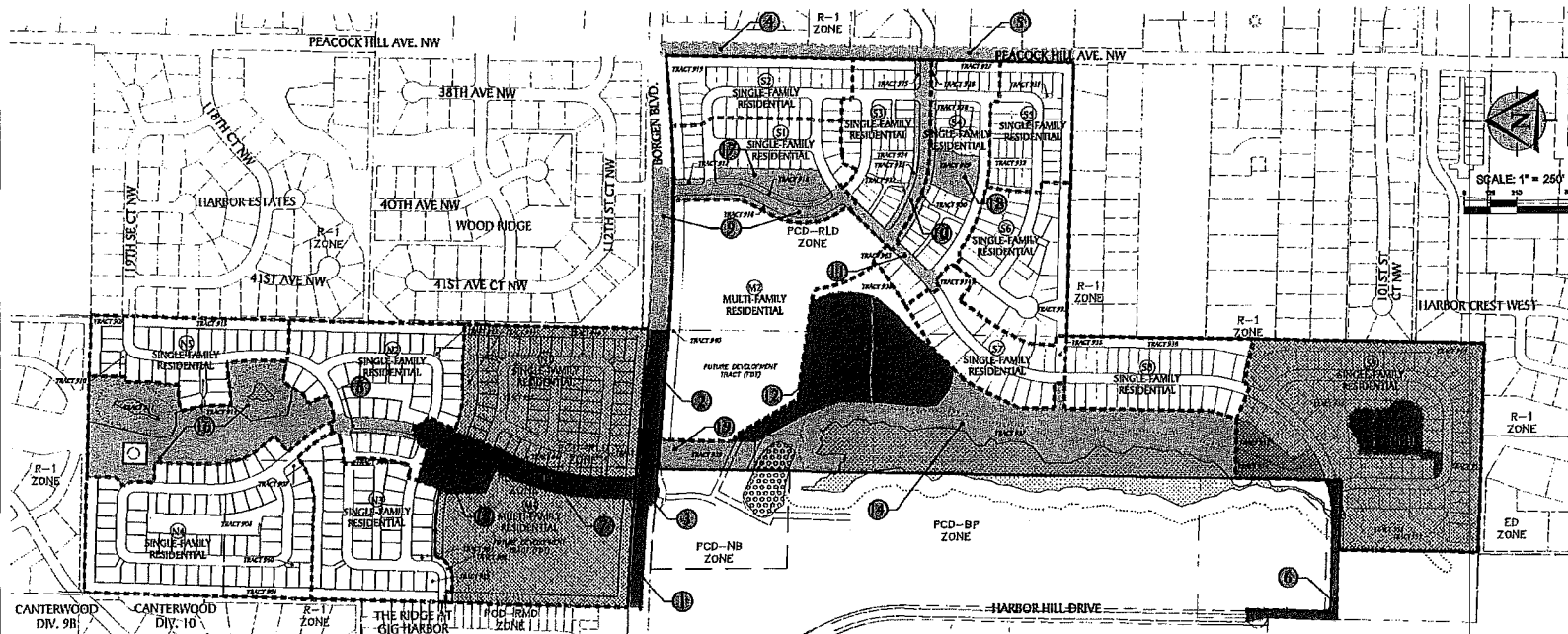
TAX PARCEL NUMBER 4002470051

PARCEL "B" OF THE BOUNDARY LINE ADJUSTMENT RECORDED UNDER PIERCE COUNTY AUDITOR'S FILE NUMBER 200710195003, SAID PARCEL "B" BEING PORTIONS OF THE NORTHEAST QUARTER AND OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M. PIERCE COUNTY, WASHINGTON.

EXHIBIT I
REVISED PHASING PLAN

W 1/2, SE 1/4 OF SEC. 30 AND E 1/2 OF SEC. 31, TWP. 22N, RGE. 2E, W.M.

HARBOR HILL



CONSTRUCTION PHASING CLARIFICATION

PERMIT NUMBER EN-11-0033 CONSISTS OF FOUR CONSTRUCTION PHASES: 1A, 1B, 1C, 1D.

CONSTRUCTION PHASE 1A INCLUDES INFRASTRUCTURE ITEMS 1, 3, 15 AND 16, THE MAJORITY OF ITEM 2 AND A PORTION OF ITEM 7.

CONSTRUCTION PHASE 1B INCLUDES INFRASTRUCTURE ITEM 12 AND THE REMAINDER OF ITEMS 2 AND 7.

CONSTRUCTION PHASE 1C INCLUDES DEVELOPMENT PHASE N1.

CONSTRUCTION PHASE 1D INCLUDES DEVELOPMENT PHASE S9 AND INFRASTRUCTURE ITEM 8.

PERMIT NUMBER EN-12-0069 INCLUDES DEVELOPMENT PHASE S9 AND INFRASTRUCTURE ITEMS 9 AND 13.

PERMIT NUMBER EN-12-0014 INCLUDES DEVELOPMENT PHASE M1.

INFRASTRUCTURE SEQUENCE

INFRASTRUCTURE	DEVELOPMENT PHASE																			
	FDT			SFR NORTH						SFR SOUTH										
	M1	M2	N1	N2	N3	N4	N5	S1	S2	S3	S4	S5	S6	S7	S8	S9				
Dwelling Units	172	58	63	37	36	65	28	28	29	32	37	30	38	21	33	79				
TRUCK	4. Peacock Hill Ave Frontage—North							X	---	---										
	5. Peacock Hill Ave Frontage—South							---	---	X	X									
	8. North Parkway north section						X	X												
	9. South Parkway north section (Progress Blvd)	X							X	X	---	---	---	X	X					
	10. South Parkway south section										X	X	X	---	---					
STREET IMPROVEMENT	11. South Parcel Collector shub									X	X	X	X	X						
	14. South Walland Loop Trail (Tract 937, Tracts 933, 934)							---									X	X	X	
	16. North Walland Park (Tracts 911-913)	---	---	---	---	---	---	X	X											
	17. South Connector Park (Tract 920)										X	X	X	---	---					
	18. South Central Park (Tract 929)										X	X	X	---	---					
OPEN SPACE	19. Gateway Park (Tract 939)	X																		

COMPLETED ITEM
 COMPLETED ITEM
 COMPLETED ITEM
 COMPLETED ITEM
 COMPLETED ITEM
 COMPLETED ITEM
 COMPLETED ITEM

INFRASTRUCTURE SEQUENCE NOTES

1. "2" means that infrastructure must be completed prior to or concurrent with development phase.
2. "2" means Concurrent. 1/2009. The noted infrastructure improvement may be triggered by a number of the indicated parcels coming online ahead of the primary Parcel requiring the improvement. This will be determined in consultation with the City during the pre-application conference for the given parcel application.
3. Development of some phases may depend on completion of other phases for road and utility connections.
4. Numbering of phases does not necessarily indicate sequence of development. (see 13 and 14) could develop before N2).
5. Parkway road improvement includes shifting open space tracts.
6. During final engineering design, alternate design solutions may be brought forward. These may be approved if, and only if, staff find that the alternate design solution is functionally equivalent to the preliminary design shown in the Preliminary Plan/PRO plans. For example, temporary storm drainage detention could be proposed if it is provided to start flow to the permanent pond when the physics required it to be converted to permanent detention.
7. Infrastructure Item No. 9 in table includes the associated Bergen Blvd improvements.
8. Infrastructure Items 14 and 18 may be completed in phases.

NOTE

- 1. FINIL FLAT HAS BEEN RECORDED
- 2. WETLAND MITIGATION AREA. SEE THE MITIGATION REPORT PROVIDED BY AN ENGINEER ASSOCIATES, DATED FEBRUARY 21, 2012.
- 3. INFRASTRUCTURE ITEM COMPLETED
- 4. INFRASTRUCTURE ITEM NOT COMPLETED

13312 11th Ave NW
 98048-7000 WA
 425.481.2448
 425.481.2483 fax
 info@triadassoc.com
 www.triadassoc.com

INFRASTRUCTURE SEQUENCE PLAN
 OLYMPIC PROPERTY GROUP, LLC
HARBOR HILL
 PLANNED RESIDENTIAL DEVELOPMENT
 WASHINGTON
 GIG HARBOR

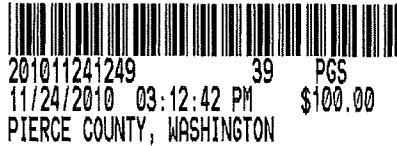
DATE	NO.	DESCRIPTION
08-08-2012	1	ISSUED FOR PERMITTING
08-08-2012	2	REVISION: PERMITTING
08-08-2012	3	REVISION: PERMITTING
08-08-2012	4	REVISION: PERMITTING
08-08-2012	5	REVISION: PERMITTING
08-08-2012	6	REVISION: PERMITTING
08-08-2012	7	REVISION: PERMITTING
08-08-2012	8	REVISION: PERMITTING
08-08-2012	9	REVISION: PERMITTING
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08-08-2012	65	REVISION: PERMITTING
08-08-2012	66	REVISION: PERMITTING
08-08-2012	67	REVISION: PERMITTING
08-08-2012	68	REVISION: PERMITTING
08-08-2012	69	REVISION: PERMITTING
08-08-2012	70	REVISION: PERMITTING

DRAFT

STAY IN YOUR LANE
 TRUCKS SLOWED AND BAYED

PER NO. 08-058

SHEET NO. 70 of 70



Return Address:
City Clerk
City of Gig Harbor
3510 Grandview Street
Gig Harbor, WA 98335

Please print legibly or type information.

Document Title(s) (Or transaction contained therein): 1. Harbor Hill Development Agreement 2. 3.
Grantor(s) (Last name first, then first name and initials): 1. CITY OF GIG HARBOR 2. 3.
Grantee(s) (Last name first, then first name and initials): 1. HARBOR HILL LLC 2. 3.
Legal Description (Abbreviated: i.e., lot, block, plat; or section, township, range): LOT 2 OF THE CITY OF GIG HARBOR SHORT PLAT PL-SP-07-005... Additional Legal Description on Page <u>25, 26, 27</u> of Document
Reference Number(s) (Of documents assigned or released): Files No. 201011160780; 200902135006; 200605235007; 9704040094; 200308140667 and 200308140668
Additional Reference numbers on Pages <u>3,4,6</u> of Document Assessor's Property Tax Parcel/Account Number 0222308002; 0222311000; 0222311009; 4002470011; 4002470012; 4002470030; 4002470042; 4002470051
The Auditor/Recorder will rely on the information provided on this cover sheet. The staff will not read the Document to verify the accuracy or completeness of the indexing information provided

201011160780 38 PGS
11/16/2010 02:11:31 PM \$99.00
PIERCE COUNTY, WASHINGTON

Return Address:

City Clerk
City of Gig Harbor
3510 Grandview Street
Gig Harbor, WA 98335

Please print legibly or type information.

Document Title(s) (Or transaction contained therein):

1. **Harbor Hill Development Agreement**
- 2.
- 3.

Grantor(s) (Last name first, then first name and initials):

1. **CITY OF GIG HARBOR**
- 2.
- 3.

Grantee(s) (Last name first, then first name and initials):

1. **HARBOR HILL LLC**
- 2.
- 3.

Legal Description (Abbreviated: i.e., lot, block, plat; or section, township, range):

LOT 2 OF THE CITY OF GIG HARBOR SHORT PLAT PL-SP-07-005...

Additional Legal Description on Page 25, 26, 27 of Document

Reference Number(s) (Of documents assigned or released):

**Files No. 200902135006; 200605235007; 9704040094; 200308140667 and
200308140668**

Additional Reference numbers on Pages 3,4,6 of Document.

Assessor's Property Tax Parcel/Account Number

**0222308002; 0222311000; 12222311009; 4002470011; 4002470012; 4002470030;
4002470042; 4002470051**

The Auditor/Recorder will rely on the information provided on this cover sheet. The staff will not read the Document to verify the accuracy or completeness of the indexing information provided

**DEVELOPMENT AGREEMENT
BY AND BETWEEN THE CITY OF GIG HARBOR
AND HARBOR HILL LLC,
FOR THE
HARBOR HILL DEVELOPMENT**

THIS DEVELOPMENT AGREEMENT is made and entered into this 9th day of November, 2010, by and between the CITY OF GIG HARBOR, a Washington municipal corporation, hereinafter the "City," and HARBOR HILL LLC, a Washington limited liability company, hereinafter "Harbor Hill" or "Developer."

RECITALS

A. Introduction

RCW 36.70B.170 authorizes the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction.

A development agreement must set forth the development standards and other provisions that shall apply to, govern and vest the development, use and mitigation of the development of the real property for the duration specified in the agreement.

This Development Agreement relates to the development known as the Harbor Hill property, legally described on Exhibit A attached hereto (the "Property"), and generally located north and south of Borgen Boulevard between Harbor Hill Drive and Peacock Hill Avenue N.W. in the City of Gig Harbor, Pierce County, Washington.

B. Harbor Hill Property Description

Harbor Hill is the successor to OPG Properties LLC (f/k/a Olympic Property Group LLC), a Washington limited liability company, and Pope Resources, a Delaware limited partnership, as the developer and owner of the Property. The Property is located within the incorporated limits of the City.¹ The Property is graphically depicted on the drawing attached hereto as Exhibit B (the "Property Map").

The Property comprises two areas, as shown on the Property Map: (1) the Residential Area, and (2) the Commercial Area.

¹ The Property description does not include those land areas previously conveyed by Harbor Hill to third parties, including Costco Wholesale Corporation, Northwest Capital Investors LLC, YMCA of Tacoma/Pierce County (Lot 2 of Harbor Hill Business Park), International Church of the Foursquare Gospel (Lot 4A of Harbor Hill Business Park), and the City, nor does it include Lot 6 (a/k/a the "Village Center") of Harbor Hill Business Park.

C. Comprehensive Plan Designation and Zoning

The Property is designated on the City's official comprehensive plan map as shown on the drawing attached hereto as Exhibit C and is zoned on the City's official zoning map as shown on the drawing attached hereto as Exhibit D. Neither Exhibit C nor Exhibit D is intended to modify the City's maps, and in the event of any inconsistency between Exhibit C and the City's comprehensive plan map or between Exhibit D and the City's official zoning map, the City's maps shall control.

D. Water, Sewer, and Transportation Facility Capacity

Harbor Hill has reserved with the City, for the benefit of the Property and Lots 2, 4A, and 6 of Harbor Hill Business Park, sewer and water service capacity for 824 ERU's within the Residential Area, sewer and water capacity for 422 ERU's within the Commercial Area and Lots 2, 4A, and 6 of Harbor Hill Business Park, and transportation capacity for 2,013 peak hour vehicle trips within the Property and Lots 2, 4A, and 6 of Harbor Hill Business Park, as evidenced by capacity reservation certificates issued by the City to the Developer (the "Capacity Reservation Certificates"). In addition, the City has prepared a water service, sewer service, and transportation facility capacity evaluation in connection with the development of the Property.

E. Existing Development Within the Property

The Property is undeveloped except for certain utility and transportation infrastructure improvements constructed or installed by Harbor Hill or its affiliates.

F. Pre-Annexation Agreement

The Property was subject to that certain "Preannexation Agreement for Gig Harbor North" dated September 26, 1996 (the "Pre-annexation Agreement"), among Pope Resources, a Delaware limited partnership (an affiliate of and predecessor to Harbor Hill), Tucci & Sons, Inc., a Washington corporation, and the City, which was recorded in the real property records of Pierce County, Washington, under Auditor's File No. 9704040094, Book 325, page 1622. To the actual current knowledge of the parties hereto, all obligations of Pope Resources, OPG Properties LLC, and Harbor Hill arising under the Pre-Annexation Agreement have been fully satisfied.

G. PRD Submittal

On December 2, 2008, Harbor Hill filed with the City a complete application for approval of a planned residential development and preliminary plat within the Residential Area (File Nos. PL-PPLAT-08-0001 and PL-PRD-08-0001) (collectively, the "PRD Application").

H. Prior Development Agreements

The Property is not currently subject to any development agreement. The following real property presently or formerly owned by Harbor Hill or its affiliate OPG Properties LLC (d/b/a Olympic Property Group and f/k/a Olympic Property Group LLC) has been subject to the following two (2) development agreements:

1. "Development Agreement" dated July 23, 2003, between Olympic Property Group LLC (now known as OPG Properties LLC), a Washington limited liability company, and the City, relating to the Village Center, which was recorded in the real property records of Pierce County, Washington, under Auditor's File Nos. 200308140667 and 200308140668. This development agreement has expired.

2. "Development Agreement by and between the City of Gig Harbor and Harbor Hill LLC, for the Costco Shopping Center Residual Parcels" dated November 13, 2006, between Harbor Hill and the City, relating to the real property commonly known as Residual Parcels A, B, and C the Costco Shopping Center. Harbor Hill's interest under this development agreement has been assigned to a third party.

To the actual current knowledge of the parties hereto, OPG Properties LLC and Harbor Hill are not in default of any obligations under the development agreements described above.

I. Existing Environmental Documents

Harbor Hill, OPG Property Group LLC, Pope Resources, the City, and others have investigated the environmental condition of the Property and the environmental impacts that may be caused by the development of the Property and have prepared certain environmental reports and studies, which are listed on Exhibit E attached hereto (the "Environmental Documents"). The Environmental Documents include draft and final environmental impact statements relating to the adoption of the City's comprehensive plan and zoning code and to the making of the Pre-annexation Agreement.

J. City Environmental Review

The City has reviewed the probable adverse environmental impacts of the making of this Agreement, as required by the State Environmental Policy Act, RCW Chapter 43.21C ("SEPA"), by reviewing the Environmental Documents and by making a threshold Determination of Nonsignificance dated October 13, 2010, which has not been appealed or modified, and a copy of which is attached hereto as Exhibit E (the "Threshold Determination"). The parties acknowledge that additional environmental review under SEPA will be required by the City prior to making any other land use or subdivision decisions relating to the Project.

K. City Authority

This Agreement is made under the authority of the City's police power, contracting authority, and other authority, including the authority granted to the City under RCW 36.70B.170 et seq. to make development agreements, and GHMC Chapter 19.08 as amended. This Agreement establishes development standards for the Property and other provisions that apply to and govern and vest the development, use and mitigation of the development of the Property for the term specified in this Agreement. Actual construction of the Project requires issuance of subsequent City permits, which will be issued in accordance with the standards and procedures described in this Agreement.

Now, therefore, the parties hereto agree as follows:

General Provisions

Section 1. The Project. The Project is the development and use of the Property as described in this Agreement. Upon completion of construction, the Project will comprise the facilities and uses described on Exhibit G attached hereto and incorporated herein by this reference.

Section 2. The Property. The Property consists of approximately 235 acres and is legally described in Exhibit A attached hereto and incorporated herein by this reference.

Section 3. Definitions. As used in this Development Agreement, the following terms, phrases and words shall have the meanings and be interpreted as set forth in this Section.

A. "Adopting Resolution" means the resolution which approves this Development Agreement, as required by RCW 36.70B.200.

B. "Certificate of Occupancy" means either a temporary or final certificate of occupancy issued after inspections by the City, authorizing a person in possession of property to dwell or otherwise use a specified building or dwelling unit.

C. "City Engineer" means the City's Engineer and his or her designee.

D. "Civil Permit" means any ministerial, nondiscretionary City permit approved by the City Engineer and authorizing clearing and grading, landscaping improvements, the construction of roads, bridges, storm water facilities, or utility facilities, or other construction work, such as those issued under the authority of GHMC Chapters 12.06 and 12.08, except any building permit. "Civil Permit" does not include any landscaping improvements required by GHMC Titles 16, 17, or 18 and approved by the Director.

E. "Commercial Area" means the portion of the Property designated "Commercial Area" on the Property Map, also known as Lots 1A, 1B, 3, 4B, and 5 of Harbor Hill Business Park, which comprises areas for commercial development and appurtenant streets, parks, storm water management areas, and other appurtenant areas. The Commercial Area does not include Lots 2 (YMCA), 4A (International Church of the Foursquare Gospel), and 6 (a/k/a Village Center) of Harbor Hill Business Park.

F. "Design Guidelines" means the Gig Harbor Design Manual, as adopted by the City.

G. "Development Standards" include, but are not limited to, all of the standards listed in RCW 36.70B.170(3), as established or modified by this Agreement. The Development Standards applicable to the Project are described in Section 8 below.

H. "Director" means the City's Planning Director and his or her designee.

I. "Effective Date" means the effective date of the Adopting Resolution.

J. "ERU" means equivalent residential unit as defined in the most current version of the City of Gig Harbor Wastewater and Water Utility Comprehensive Plan.

K. "Existing Land Use Regulations" means the ordinances adopted by the City Council of Gig Harbor in effect on the Effective Date, including the adopting ordinances that govern the permitted uses of land, the density and intensity of use, and the design, improvement, construction standards and specifications applicable to the development of the Property, including, but not limited to the Comprehensive Plan, the City's Official Zoning Map and development standards, Design Guidelines, Public Works Standards, SEPA Regulations, Concurrency Ordinance for water, wastewater and transportation facilities, park regulations, and all other ordinances, codes, rules and regulations of the City establishing subdivision and land use standards, as modified or varied by the City to the extent authorized under the Existing Land Use Regulations for planned residential developments, planned unit developments, and otherwise, provided, however, that Existing Land Use Regulations does not include building codes, clearing and grading codes, storm water management codes and storm water management and site development manuals, regulations governing taxes and impact fees, and regulations defining the term "ERU."

L. "Finished Residential Lot" means a developable legal lot, tract, or parcel within the Residential Area, which has been cleared and rough graded and is preliminarily compacted and ready for construction by Homebuilder, with all utility lines stubbed to the property line, functional, connected to a main utility line, and

ready for use, and all transportation improvements constructed or bonded in accordance with the approved civil engineered drawings and this Agreement.

M. "Harbor Hill Business Park" means the Plat of Harbor Hill Business Park, City of Gig Harbor Final Subdivision No. SUB 06-1208, recorded in the real property records of Pierce County, Washington, under Auditor's File No. 200605235007, as amended, subject to subsequent tax parcel segregations, including without limitation the tax parcel segregations of Lot 1 (creating Lots 1A and 1B) and Lot 4 (creating Lots 4A and 4B).

N. "Homebuilder" means any person who holds a contractual right to purchase Finished Residential Lots within the Property and to construct and install model homes within such lots either before or after completing such purchase. Notwithstanding the foregoing, a Homebuilder shall not be a party to this Agreement, shall not be a successor or assign of the Developer, and shall have no rights regarding the amendment or termination of this Agreement, unless the Developer shall assign such rights to such Homebuilder in an instrument recorded in the real property records of Pierce County, Washington.

O. "Landowner" is any person who has acquired any portion of the Property from the Developer who, unless otherwise released as provided in this Agreement, shall be subject to the applicable provisions of this Agreement. Notwithstanding the foregoing, a Landowner shall not be a party to or beneficiary of this Agreement, shall not be a successor or assign of the Developer, and shall have no rights regarding the enforcement, interpretation, amendment, or termination of this Agreement, unless the Developer shall assign such rights to such Landowner in an instrument recorded in the real property records of Pierce County, Washington.

P. "Residential Area" means the portion of the Property designated "Residential Area" on the Property Map, which comprises areas for single-family and multi-family development and appurtenant streets, parks, storm water management areas, and other appurtenant areas.

Q. "Village Center" means Lot 6 of Harbor Hill Business Park, upon which the Developer intends to establish a retail commercial village center.

Section 4. Exhibits. Exhibits to this Agreement are attached hereto and incorporated herein, including the following:

- Exhibit A – Legal Description of the Property
- Exhibit B – Property Map
- Exhibit C – Comprehensive Plan Map
- Exhibit D – Zoning Map
- Exhibit E – List of Environmental Documents
- Exhibit F – SEPA Threshold Determination

- Exhibit G – Project Description
- Exhibit H – List of Modified City Development Standards
- Exhibit I – Phasing Plan

Section 5. Project Is a Private Undertaking. It is agreed among the parties that the Project is a private development and that the City has no interest therein except as authorized in the exercise of its governmental functions.

Section 6. Term of Agreement; Vesting Periods.

A. This Agreement shall commence upon the Effective Date of the Adopting Resolution approving this Agreement and shall continue in force for a period of 20 years unless terminated as provided herein. Following the termination of this Agreement, this Agreement shall have no force and effect, subject however, to post-termination obligations of the Developer or Landowner.

B. The Development Standards designated in this Agreement shall remain unchanged and apply in full force and effect for the term of this Agreement (the "Development Period").

C. During the Development Period, Harbor Hill shall have the right to obtain approvals and permits, including without limitation final plat and final planned residential development approvals of development phases within the Residential Area, and develop the Property in accordance with the Development Standards.

D. Within the Residential Area, the following time periods otherwise applicable to City approvals and permits shall be extended for the term of the Development Period: (1) the duration of preliminary and final binding site plan approval, preliminary and final plat approval, PRD approval, and other land use approvals and permits, (2) deadlines for filing final binding site plans, final plats, and other applications and designs, and (3) deadlines for commencing and completing the development of an approved final binding site plan, final plat, or other project. This subsection shall not apply to any Civil Permit or building permit. Notwithstanding the foregoing, the City reserves the right during the Development Period to modify the Development Standards to the extent required by a serious threat to public health and safety.

E. Within the Commercial Area, any City land use approval or permit relating to Lots 1A and 1B, including without limitation any design approval, site plan approval, or binding site plan approval, shall not expire or terminate until the date that is ten (10) years after the issuance of such approval or permit. This subsection shall not apply to any Civil Permit or building permit. Notwithstanding the foregoing, the City reserves the right during the Development Period to modify the Development Standards to the extent required by a serious threat to public health and safety.

F. Within both the Commercial Area and Residential Area, any Civil Permit shall not expire or terminate until the date that is two (2) years after the issuance of such approval or permit. This subsection shall not apply to any building permit. Notwithstanding the foregoing, the City reserves the right during the Development Period to modify the Development Standards to the extent required by a serious threat to public health and safety.

Section 7. Vested Rights of Developer. During the term of this Agreement, unless sooner terminated in accordance with the terms hereof, in developing the Property consistent with the Project described herein, Developer is assured, and the City agrees, that the development rights, obligations, terms and conditions specified in this Agreement, are fully vested in the Developer and may not be changed or modified by the City, except as may be expressly permitted by, and in accordance with, the terms and conditions of this Agreement, including the exhibits hereto, or as expressly consented thereto by the Developer.

Section 8. Permitted Uses and Development Standards. The permitted uses, the density and intensity of use, the maximum height and size of proposed buildings, provisions for reservation and dedication of land or payment of fees in lieu of dedication for public purposes, the construction, installation and extension of public improvements, development guidelines, and other Development Standards for development of the Property shall be (a) the Project description set forth on Exhibit G attached hereto and incorporated herein by this reference, (b) the Existing Land Use Regulations, (c) the building codes and clearing and grading codes under which the review of the Project is vested under RCW 19.27.095, RCW 58.17.033, and other applicable laws, (d) the storm water management code and storm water management and site development manual in effect on December 2, 2008, (e) the permits and approvals identified herein, (f) the Development Standards expressly set forth in this Agreement, and (g) the Development Standards expressly set forth in all other exhibits incorporated herein. The parties have used reasonable efforts to identify on Exhibit H attached hereto the City development standards that are modified by this Agreement, but Exhibit H is not intended to govern to the extent that it either omits any modified development standard or conflicts with any other provision of this Agreement.

Section 9. Minor Modifications. Minor modifications from the approved permits or the exhibits attached hereto, including without limitation modifications proposed between preliminary plat and final plat decisions, may be approved in accordance with the provisions of the City's code, including without limitation GHMC 16.05.006, 17.89.120, and Chapter 19.01, and shall not require an amendment to this Agreement.

Section 10. Further Discretionary Actions. Developer acknowledges that the Existing Land Use Regulations contemplate the exercise of further discretionary powers by the City. These powers include, but are not limited to, review of additional

permit applications under SEPA. Nothing in this Agreement shall be construed to limit the authority or the obligation of the City to hold legally required public hearings, or to limit the discretion of the City and any of its officers or officials in complying with or applying Existing Land Use Regulations.

Section 11. Financing of Public Facilities.

A. The City may pursue the use of a local improvement district and other similar project-related public financing mechanism for financing the construction, improvement, or acquisition of public infrastructure, facilities, lands, and improvements to serve the Property, whether located within or outside the Property. Developer acknowledges and agrees that it shall pay its pro-rata share of the costs of public improvements to be financed thereby.

B. For reimbursement of expenses incurred by Developer associated with the Project, the Developer may apply for a latecomer reimbursement agreement in accordance with the state law and local ordinances. Nothing in this Agreement prevents all or any portion of the Property from being included in a benefit assessment area under a latecomer reimbursement agreement if requirements under applicable state law and local ordinances are met.

Section 12. Existing Land Use Fees, Impact Fees, and General Facility Charges.

A. Land use fees adopted by the City by ordinance as of the Effective Date may be increased by the City from time to time, and applicable to permits and approvals for the Property, as long as such fees apply to similar applications and projects in the City.

B. Except as provided in subsection C below, all impact fees and general facility charges shall be paid as set forth in the approved permit or approval, or as addressed in Chapter 19.12 of the Gig Harbor Municipal Code. The parties agree that payment of any impact fee or general facility charge relating to the development of the Property shall be required at the later of (i) the time the City issues a building permit for the construction of the building to which the impact fee or facility charge relates, or (ii) the time required by the City in its regulations.

C. In consideration of the Developer's dedication to the City of Lot 3 of Harbor Hill Business Park, park impact fees otherwise payable to the City under Chapter 19.12 of the Gig Harbor Municipal Code shall be waived by the City as to each of the 824 dwelling units within the Residential Area. If the Developer builds fewer than 824 dwelling units within the Residential Area, the City shall have no obligation to reimburse or otherwise compensate the Developer to the extent that the Developer's dedication of Lot 3 to the City may have exceeded the Developer's legal obligation to mitigate park impacts. In the event Lot 3 of Harbor Hill Business Park is

not accepted by the City as set forth in Section 13.H.ii below, then this Section 12.C shall be null and void.

Section 13. Phasing of Development.

A. Generally; Phasing Plan. The Project may be completed in phases, as set forth on Harbor Hill's phasing plan, which is attached hereto as Exhibit I (the "Phasing Plan") and is hereby approved by the City. The Phasing Plan is subject to compliance with the requirements of SEPA regarding phased environmental review. Harbor Hill shall develop only complete phases, not portions of any phase. Harbor Hill is authorized to propose revisions to the Phasing Plan from time to time. Revisions that would increase the number of phases by more than 25 percent, modify any Development Standard, or terminate the Phasing Plan require City Council approval in the form of an amendment to this Agreement. The Director is authorized to approve all other revisions to the Phasing Plan, without an amendment to this Agreement, if the revised Phasing Plan is consistent with other provisions of this Agreement and the Development Standards, and if it makes adequate provision for reallocating among the phases the Project conditions, mitigation measures, and other requirements of the City to the satisfaction of the Director. The Developer may construct or install greater infrastructure improvements than are described in the Phasing Plan in its discretion, as where greater infrastructure improvements may give the Developer an economy of scale.

B. Allocation of Conditions and Mitigation Measures Among Phases. With respect to any Project conditions, mitigation measures, and other requirements that are not incorporated within the Phasing Plan, the City and Harbor Hill shall discuss and use reasonable efforts to negotiate the conditions, mitigation measures, and other requirements applicable to each phase, if the Phasing Plan is changed as to any phase for which the City has granted preliminary but not final plat approval, subject, however, to the authority of the City to exercise its legal authority to allocate such conditions, mitigation measures, and other requirements among the phases. The parties acknowledge that, because the Development will be phased, certain amenities associated with the Project must be available to all phases of the Project, in order to address health, safety and welfare of the residents and other occupants of the Project.

C. Transportation Improvements. Transportation improvements required as a condition of City approval of any Project permit shall be completed prior to the date on which the City approves the final plat of the phase for which the transportation improvements are required, but if no plat is required, then the improvements shall be completed prior to issuance of a Certificate of Occupancy for any building authorized under the Project permit.

D. Potable Water and Fire Flow Facilities.

i. Off-site potable water and fire flow facilities required as a condition of approval of any Project permit shall be completed prior to the date on which the City approves the final plat of the phase for which the facilities are required, but if no plat is required, then the facilities shall be completed prior to issuance of a Certificate of Occupancy for any building authorized under the Project permit, provided, however, that off-site fire flow facilities shall be completed before the City issues a building permit for any combustible structure.

ii. On-site potable water and fire flow facilities required as a condition of approval of any Project permit shall be completed before the City issues a Certificate of Occupancy for any building for which the facilities are required, provided, however, that on-site fire flow facilities shall be completed before the City issues a building permit for any combustible structure.

E. Sewer Facilities.

i. Off-site sewer facilities required as a condition of approval of any Project permit shall be completed prior to the date on which the City approves the final plat of the phase for which the facilities are required, but if no plat is required, then the facilities shall be completed prior to issuance of a Certificate of Occupancy for any building authorized under the Project permit.

ii. On-site sewer facilities required as a condition of approval of any Project permit shall be completed before the City issues a Certificate of Occupancy for any building for which the facilities are required.

F. Storm Water Improvements. Storm water improvements required as a condition of City approval of any Project permit shall be completed prior to the date on which the City approves the final plat of the phase for which the storm water improvements are required, but if no plat is required, then the improvements shall be completed prior to issuance of a Certificate of Occupancy for any building authorized under the Project permit.

G. Utilities. Utility facilities, other than sewer, storm sewer and water facilities, required as a condition of approval of any Project permit, shall be completed before the City issues a Certificate of Occupancy for any building for which the facilities are required.

H. Parks and Open Space.

i. Parks and open space facilities required as a condition of approval of any Project permit shall be completed or bonded prior to the date on which the City approves the final plat of the phase for which the facilities are required, but if no plat is required, then the facilities shall be completed prior to issuance of a Certificate of Occupancy for any building authorized under the Project permit.

ii. The parties intend that Lot 3 of Harbor Hill Business Park will be developed by the City as a public park and owned by the City in perpetuity. Within ninety (90) days after the later of the Effective Date and the date on which the City has issued a final appealable decision approving the PRD Application and either all appeal periods relating to such decision have expired without the commencement of any appeals or all commenced appeals have been dismissed with prejudice, the Developer shall deliver to the City a Phase I environmental site assessment relating to Lot 3 (the "Phase I"), dated not more than sixty (60) days before the date of delivery, prepared by a qualified consultant at Developer's sole expense. Unless the Phase I discloses a recognized environmental condition ("REC") affecting Lot 3, the City shall approve the Phase I and the environmental condition of Lot 3 within thirty (30) days after the City's receipt of the Phase I. Within ninety (90) days after the City delivers to the Developer written notice that the City approves the environmental condition of Lot 3, as disclosed in the Phase I, the Developer shall (a) dedicate Lot 3 to the City by a quit claim deed that reserves the future use of Lot 3 to public park, roadway, and appurtenant uses only, and (b) pay the City the sum of US\$50,000, which the City shall use only for the preparation of designs and plans for public park facilities within Lot 3. If the City delivers to the Developer written notice that the City does not approve the environmental condition of Lot 3, as disclosed in the Phase I, then the parties shall have one hundred eighty (180) days to reach an agreement to resolve the environmental issues, such as an agreement to undergo Phase 2 analysis and implement a remediation plan. In the event the parties cannot reach agreement to resolve the environmental issues to the City's satisfaction within one hundred eighty (180) days, the waiver of park impact fees under Section 12.C shall be null and void, the Developer shall pay applicable park impact fees in accordance with City regulations, and the Developer shall have no obligation either to dedicate Lot 3 to the City or to pay the City the sum of US\$50,000 as described above. The Developer shall have no other obligations to the City relating to Lot 3 except those obligations described in this subparagraph.

iii. The City hereby agrees that, in consideration of the Developer's dedication to the City of Lot 3 of Harbor Hill Business Park, the City's requirement under GHMC 17.54.030.C that Lots 1A, 1B, 4B, and 5 of Harbor Hill Business Park establish or preserve 20 percent or more of their respective lot areas as open space, with either retained natural vegetation or new landscaping, shall be modified as follows as to each such lot: a minimum of 15 percent (instead of 20 percent) of the

site, excluding setbacks, shall remain in open space, with either retained natural vegetation or new landscaping.

J. Bonds. Notwithstanding the foregoing, in lieu of the completion of the actual construction of any required improvements prior to the approval of a final plat, final planned residential development, or final binding site plan, the Director or City Council may accept a bond, approved as to form by the City Attorney, in an amount and with surety and conditions satisfactory to it, or other secure method, providing for and securing to the City the actual construction and installation of such improvements within a period specified by the City and expressed in the bond.

Section 14. Dedication of Public Lands.

A. All conveyances of public lands from the Developer to the City shall be by statutory warranty deed subject to all matters of record and matters that a visual inspection and ALTA/ACSM survey would disclose, provided, however, that no conveyance shall be subject to any deed of trust, mortgage, or other monetary lien.

B. The Developer will dedicate to the City the tract described as Item No. 14 (South Wetland/Loop Trail) on the Phasing Plan, as public open space, upon the occupancy of four hundred (400) dwelling units within the Residential Area. The Developer will dedicate to the City the tract described as Item No. 19 (Gateway Park) on the Phasing Plan, as a public park, upon the issuance of a Certificate of Occupancy for any building constructed within Phase M2 as described on the Phasing Plan. The completion of the foregoing conveyances shall fully satisfy the Developer's obligations to establish public parks and open space and to mitigate Project impacts to parks and open space in connection with the development of the Project, provided, however, that such dedications shall not fully satisfy the requirements of GHMC 17.89.110 relating to the establishment of private open space that is owned and maintained by a property owner's association. At the time of the Developer's dedication of the tract described as Item No. 19 (Gateway Park) on the Phasing Plan, the tract will be improved at the Developer's expense with certain facilities and improvements, as described in the PRD Application, including without limitation the following facilities and improvements: landscape improvements including a seating/pedestrian gathering area and a crushed rock walking path through the grass meadow, providing pedestrian connectivity between the Borgen Boulevard sidewalk and the wetland area trails in Tract C.

C. i. The Developer agrees to construct a road, to the standard described in the City's site plan approval relating to Lots 1A and 1B of Harbor Hill Business Park (File No. PL-SPR-08-0009), within the City-approved right-of-way within Lots 1A and 1B of Harbor Hill Business Park, before the City issues a Certificate of Occupancy for any building within either Lot 1A or 1B of Harbor Hill Business Park, regardless whether the Developer already has dedicated the City-approved right-of-way to the City under the following subparagraph.

14

ii. The Developer agrees to dedicate to the City the City-approved right-of-way within Lots 1A and 1B of Harbor Hill Business Park (with or without the construction of a road within the right-of-way), and the City agrees to accept such dedication from the Developer, within sixty (60) days after first to occur of the following events: (a) completion of construction and dedication to the City of the roadway located within the McCormick Creek project between Burnham Drive and the City-approved right-of-way within Lots 1A and 1B of Harbor Hill Business Park, or (b) the Developer's completion of construction, and the City's approval of its final construction inspection, of a roadway within the City-approved right-of-way within Lots 1A and 1B of Harbor Hill Business Park.

D. The Developer may, at its option from time to time, request the elimination of bike lanes within one or more new public streets within the Residential Area, in exchange for wider public sidewalks along such streets. The City may grant or deny such requests in its discretion.

Section 15. Capacity Reservations.

A. There are 2,013 peak hour vehicle trips reserved by the Developer for the Project and Lots 2 (YMCA), 4A (International Church of the Foursquare Gospel), and 6 (a/k/a Village Center) of Harbor Hill Business Park under the existing Capacity Reservation Certificates. Upon the Effective Date, (1) 641 peak hour vehicle trips shall be reallocated from Harbor Hill Business Park to the Residential Area, and (2) 60 peak hour vehicle trips shall be reserved for Lot 3 (future public park) of Harbor Hill Business Park. The parties acknowledge that 256 peak hour vehicle trips of the 1,312 peak hour vehicle trip balance have been allocated to Lots 1A and 1B of Harbor Hill Business Park in prior land use decisions of the City, and 137 peak hour vehicle trips of the 1,312 peak hour vehicle trip balance have been allocated to Lot 2 (YMCA) of Harbor Hill Business Park in prior land use decisions of the City. The balance, 919 peak hour vehicle trips, shall be reserved for Lots 4A, 4B, 5, and 6 of Harbor Hill Business Park until they are assigned or reallocated either in an amendment to this Agreement, or in a separate agreement between the City and the Developer, or as may otherwise be authorized by law. In addition to other methods of assigning and allocating vehicle trips authorized by this Agreement, the Developer may, as part of a development permit application, designate the amount of remaining capacity to be allocated to portions of the Property, such as lots, blocks, parcels, or tracts included in the application, and remaining capacity may be reassigned or allocated within the boundaries of the original reservation certificate by application to the Director.

B. The Developer covenants to the City that it will either pay City sewer general facility charges and purchase City sewer facility connection rights or partially relinquish its reserved rights under its sewer Capacity Reservation Certificates as to such portions of the Residential Area as the Developer may choose in its discretion,

as to a total of 275 sewer ERU's (in any combination of paid fees or relinquished rights), within ninety days after the seventh (7th) anniversary of the Effective Date. Within the Residential Area, the Developer shall pay City sewer general facility charges and purchase City sewer facility connection rights (and not relinquish its reserved rights) as to all ERU's for which the Developer has either obtained a building permit or final plat, final planned residential development, or final binding site plan approval.

C. The Developer covenants to the City that it will either pay City sewer general facility charges and purchase City sewer facility connection rights or partially relinquish its reserved rights under its sewer Capacity Reservation Certificates as to such portions of the Residential Area as the Developer may choose in its discretion, as to a total of 552 sewer ERU's (including the sewer ERU's purchased or relinquished under Section 15.B above) (in any combination of paid fees or relinquished rights), within ninety days after the fourteenth (14th) anniversary of the Effective Date. Within the Residential Area, the Developer shall pay City sewer general facility charges and purchase City sewer facility connection rights (and not relinquish its reserved rights) as to all ERU's for which the Developer has either obtained a building permit or final plat, final planned residential development, or final binding site plan approval.

D. If the Developer partially relinquishes its reserved capacity under its sewer Capacity Reservation Certificates as described above, and if the Developer holds any preliminary plat, preliminary planned residential development, or preliminary binding site plan approval (a "Preliminary Approval") for development within the Residential Area in excess of its remaining reserved capacity, then either the Developer shall file with the City an application to amend its Preliminary Approvals to reduce the number of proposed ERU's to the number of reserved sewer ERU's or less within one hundred twenty (120) days after the date of such relinquishment or the Developer shall not submit to the City and the City shall not approve any application for final approval of any plat, PRD, or binding site plan within the Residential Area until such time as the Developer files an application to amend its Preliminary Approvals to reduce the number of proposed ERU's to the number of reserved sewer ERU's or less. In no event shall any Preliminary Approval confer upon the Developer a vested right to obtain final plat approval as to any ERU for which the Developer does not hold a valid sewer Capacity Reservation Certificate at the time of final plat approval.

Section 16. Setbacks. Setbacks otherwise required under GHMC 17.54.030.B shall not be required from either the north or west boundaries of Lot 3 of Harbor Hill Business Park.

Section 17. Residential Density. Each phase of the residential development of the Project may contain areas within which residential density is clustered, potentially exceeding residential density limits as to such areas, but such variations

shall be permitted as long as they are offset by corresponding reductions in existing or future residential density in other portions of the Residential Area, so that the aggregate residential density within the Residential Area shall at all times comply with the Existing Land Use Regulations.

Section 18. Model Homes.

A. The parties acknowledge that the most efficient and economic development of the Residential Area depends upon numerous factors, such as market orientation and demand, interest rates, competition, and similar factors, and that generally it will be most economically beneficial to the ultimate purchasers of the Residential Area to allow the Developer or Homebuilder to construct model homes within the Residential Area prior to approval and recording of a final plat. Therefore, the parties agree that the Developer and any Homebuilder shall be entitled to construct model homes within the Residential Area in accordance with the following terms and conditions;

B. The Developer and any Homebuilder may submit building permit applications for up to eight (8) model homes within eight (8) lots per phase, as such phases are described on the Phasing Plan and as such lots are depicted on an approved preliminary plat, prior to recording of the final plat. The City shall review and approve or deny the applications regardless whether the final plat is recorded. Prior to issuance of building permits for the model homes, the following requirements must be satisfied:

i. Retention/detention facilities that serve the model home lots shall be constructed in accordance with the engineered drawings approved by the City of Gig Harbor.

ii. Construction of road improvements necessary to provide safe public access to the model homes from existing public roadways shall be completed. The City Engineer shall have sole discretion to determine the definition of safe public access. The road improvements shall consist of subgrade, curb and gutter, sidewalk and first lift of asphalt in the final roadway alignment, from the existing public roadways to the furthest proposed model home. These improvements shall be in accordance with the engineered drawings approved by the City.

iii. Water and sewer facilities shall be installed to each lot proposed for model homes.

iv. All proposed streets serving the model homes shall be adequately marked with street signs.

v. All impact fees and utility general facility charges for model homes shall be paid prior to the issuance of building permits for the model homes.

vi. Fire protection features, including access, hydrants, and fire flow, must be provided in accordance with GHMC Chapter 15.16 and the approved civil plans prior to any combustible construction on any lot within the development. Such fire protection features may be installed in a phased manner provided that they are in place and approved as prescribed by code for each individual parcel within the plat prior to issuance of a building permit for said parcel.

vii. Traffic mitigation fees for all model homes shall be paid as required by law or as agreed by the City and the Developer as to the Residential Area.

C. In addition to the foregoing requirements, each residential building permit application for a model home shall include the following submittals:

i. Building plot plans showing the locations of the proposed model homes with distances indicated from the proposed final plat lot lines.

ii. Overall site plan showing the temporary improvements specific to the model homes such as the location of signage, flags, banners, fencing, landscaping, and impervious surfaces such as parking areas and sidewalks.

D. A final and complete Certificate of Occupancy shall not be granted for any of the model homes until the final plat has been recorded. However, the applicant may request final inspection and temporary occupancy for model homes prior to final plat recording, provided:

i. The Developer and Homebuilder have complied with applicable state law with regard to any agreements to transfer, sell, or lease property within the preliminary plat prior to final plat recording.

ii. All Building and Fire Safety requirements and Public Works Standards have been met to the satisfaction of the City's Building and Fire Safety Director and City Engineer.

iii. Driveway approaches for each model home requesting occupancy have been installed.

iv. Repairs to the roadway improvements have been completed as necessary due to damage as a result of model home construction.

v. Completion of miscellaneous utility work as necessary to minimize potential for damage to vehicles or tripping hazards.

vi. Completion of miscellaneous work to provide access for maintenance or operation of underground utilities.

E. Prior to final plat approval, either the Developer or Homebuilder shall submit two (2) copies of a plot plan delineating the as-built location of the model home on the lot. The corners of the lot shall be set by a registered professional land surveyor prior to commencement of construction.

F. The model homes and all associated improvements, including any parking lot, shall be removed within six (6) months after the last to occur of the following events:

i. Preliminary plat approval has expired and no extension has been granted, and

ii. The portion of the Residential Area within which the model home is located has been denied final plat approval and either all appeal periods have been exhausted without the commencement of an appeal or all appeals have been dismissed or otherwise resolved.

Section 19. Default.

A. Subject to extensions of time by mutual consent in writing, failure or delay by either party or Landowner not released from this Agreement to perform any term or provision of this Agreement shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach shall give the other party or Landowner not less than thirty (30) days notice in writing, specifying the nature of the alleged default and the manner in which said default may be cured. During this thirty (30) day period, the party or Landowner charged shall not be considered in default for purposes of termination or institution of legal proceedings.

B. After notice and expiration of the thirty (30) day period, if such default has not been cured or if a cure is not being diligently pursued, the other party may, at its option, institute legal proceedings and pursue any remedy available under the law. In addition, the City may file an action to enforce the Gig Harbor Municipal Code, and to obtain penalties and costs as provided in the Gig Harbor Municipal Code, for violations of this Development Agreement and the Code.

Section 20. Annual Review. The City shall, at least every twelve (12) months during the term of this Agreement, review the extent of good faith substantial compliance by Developer and Landowner with this Agreement.

Section 21. Termination. This Agreement shall terminate upon the expiration of the term identified in Section 6 or when the Property has been fully developed, whichever first occurs, and all of the Developer's obligations in connection therewith are satisfied as determined by the City. Upon termination of this Agreement, the City shall record a notice of such termination in a form

satisfactory to the City Attorney. Upon the City's issuance of a final and complete Certificate of Occupancy for any building within any portion of the Property, the description of the Property subject to this Agreement shall be deemed amended to exclude such portion, and any successor owner of such portion shall be released from all liabilities, obligations, and other covenants arising under this Agreement, and shall have no rights under this Agreement; provided, however, that the foregoing shall not release the Developer from any liability or obligation arising under this Agreement.

Section 22. Effect of Termination on Developer Obligations. Termination of this Agreement as to the Developer of the Property or any portion thereof shall not affect any of the Developer's obligations to comply with the City Comprehensive Plan and the terms and conditions or any applicable zoning code(s) or subdivision map or other land use entitlements approved with respect to the Property, any other conditions of any other development specified in the Agreement to continue after the termination of this Agreement, or obligations to pay assessments, liens, fees or taxes.

Section 23. Effect of Termination on Developer Rights. Upon any termination of this Agreement as to the Developer of the Property or any portion thereof, the entitlements, conditions of development, limitations on fees and all other terms and conditions of this Agreement shall no longer be vested hereby with respect to the property affected by such termination (provided that vesting of such entitlements, conditions or fees may then be established for such property pursuant to then existing planning and zoning laws).

Section 24. Assignment and Assumption; No Third Party Beneficiaries.

A. Harbor Hill shall have the right to assign all or any portion of its rights, liabilities, and obligations under this Agreement, subject to the conditions of Section 24.B.

B. Harbor Hill shall be released of all liabilities and obligations under this Agreement as to any portion of the Property upon its assignment of all such liabilities and obligations to any successor developer and owner of such portion of the Property if the following conditions are met: (1) Harbor Hill provides 30 days advance written notice of the assignment to the City; (2) the assignee assumes in writing all liabilities and obligations of Harbor Hill under this Agreement as to such portion of the Property, and (3) one of the following exists: (a) Harbor Hill retains a fifty percent (50%) or more equitable interest in the assignee and is the managing entity or actively involved in development of the Project; (b) the assignee is a wholly-owned subsidiary of Harbor Hill, OPG Properties LLC, or Pope Resources; (c) the assignee has a financial net worth that equals or exceeds at least twice the amount of outstanding financial obligations, at the time of the assignment, allocable to the portion of the Property to which the assignment relates as determined by the

Director; (d) substantially all of the on-site and off-site mitigation has been completed or adequate security therefor, as determined by the Director, has been provided; or (e) the City otherwise consents, in its sole discretion. If the conditions for release are met under this subsection, then from and after the date of such assignment, Harbor Hill shall have no further liability or obligation under this Agreement as to the portion of the Property to which the assignment relates (except to the extent Harbor Hill has an equitable interest in assignee) and the assignee shall exercise the rights and perform the obligations of Harbor Hill under this Agreement as to such portion.

C. This Agreement is made and entered into for the sole benefit and protection of Harbor Hill, the City, and their respective successors and assigns, and no other person shall have any right of action based upon any provision of this Agreement, except as expressly provided otherwise in this Agreement. There are no third party beneficiaries of this Agreement.

Section 25. Covenants Running with the Land. The conditions and covenants set forth in this Agreement and incorporated herein by the Exhibits shall run with the land and the benefits and burdens shall bind and inure to the benefit of the parties, their respective successors and assigns.

Section 26. Amendment to Agreement; Effect of Agreement on Future Actions. This Agreement may be amended by mutual consent of all of the parties, provided that any such amendment shall follow the process established by law for the adoption of a development agreement (see, RCW 36.70B.200). However, nothing in this Agreement shall prevent the City Council from making any amendment to its Comprehensive Plan, Zoning Code, Official Zoning Map or development regulations affecting the Property during the term of this Agreement, as the City Council may deem necessary to the extent required by a serious threat to public health and safety. Nothing in this Development Agreement shall prevent the City Council from making any amendments of any type to the Comprehensive Plan, Zoning Code, Official Zoning Map or development regulations relating to the Property after termination of this Agreement.

Section 27. Notices. Notices, demands, correspondence to the City and Developer shall be sufficiently given if dispatched by pre-paid first-class mail to the following addresses:

If to the Developer:
Harbor Hill LLC
Attn: President
19245 Tenth Avenue N.E.
Poulsbo, WA 98370

If to the City:
City of Gig Harbor
Attn: City Administrator
3510 Grandview Street
Gig Harbor, WA 98335

Notices to subsequent Landowners shall be required to be given by the City only for those Landowners who have given the City written notice of their address for such

notice. The parties hereto may, from time to time, advise the other of new addresses for such notices, demands or correspondence.

Section 28. Reimbursement for Agreement Expenses of the City. Developer agrees to reimburse the City for actual expenses incurred over and above fees paid by Developer as an applicant incurred by City directly relating to this Agreement, including recording fees, publishing fees and reasonable staff, legal and consultant costs not otherwise included within application fees. Such payment of all fees shall be made, at the latest, within thirty (30) days from the City's presentation of a written statement of charges to the Developer. In the event Developer fails to pay the fees within the 30-day period, the City may declare the Developer in default and terminate this Agreement after 30 days written notice if the default is not timely cured.

Section 29. Applicable Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of Washington. If litigation is initiated to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party. Venue for any action shall lie in Pierce County Superior Court or the U.S. District Court for Western Washington.

Section 30. Third Party Legal Challenge. In the event any legal action or special proceeding is commenced by any person or entity other than a party or a Landowner to challenge this Agreement or any provision herein, the City may elect to tender the defense of such lawsuit or individual claims in the lawsuit to Developer and/or Landowner(s). In such event, Developer and/or such Landowners shall hold the City harmless from and defend the City from all costs and expenses incurred in the defense of such lawsuit or individual claims in the lawsuit, including but not limited to, attorneys' fees and expenses of litigation, and damages awarded to the prevailing party or parties in such litigation. The Developer and/or Landowner shall not settle any lawsuit without the consent of the City. The City shall act in good faith and shall not unreasonably withhold consent to settle.

Section 31. Specific Performance. The parties specifically agree that damages are not an adequate remedy for breach of this Agreement, and that the parties are entitled to compel specific performance of all material terms of this Development Agreement by any party in default hereof.

Section 32. Severability. If any phrase, provision or section of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any statute of the State of Washington which became effective after the Effective Date, such invalidity shall not affect the validity of the remainder of this Agreement.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have caused this Development Agreement to be executed as of the dates set forth below:

HARBOR HILL LLC

CITY OF GIG HARBOR

By: *Jon Rose*
Its: President
Date: 11/4/10

By: *[Signature]*
Its: Mayor
Date: 11/9/10

ATTEST:

Molly M Sowder
City Clerk

APPROVED AS TO FORM:

Angela Belben
City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF Kitsap)

I certify that I know or have satisfactory evidence that JON ROSE is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Harbor Hill LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 11/4/2010



Sarah J Steffen
Printed: SARAH J STEFFEN
NOTARY PUBLIC in and for Washington
Residing at: Poulsbo, Kitsap County
My appointment expires: 12/15/2010

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

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

DATED: Nov. 9 2010

Molly M Towse

Printed: Molly Towse
NOTARY PUBLIC in and for Washington
Residing at: Gig Harbor
My appointment expires: 12/2/11

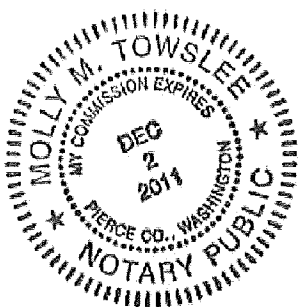


EXHIBIT A

Legal Description of the Property

RESIDENTIAL AREA

TAX PARCEL NUMBER 0222308002

LOT 2 OF THE CITY OF GIG HARBOR SHORT PLAT PL-SP-07-005, RECORDED UNDER PIERCE COUNTY AFN 200902135006, SAID LOT 2 BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY WASHINGTON.

TAX PARCEL NUMBER 0222311000

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER AND THE NORTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN. EXCEPT ROADS. SITUATE IN THE CITY OF GIG HARBOR, COUNTY OF PIERCE, STATE OF WASHINGTON.

TAX PARCEL NUMBER 0222311009

PARCEL "B" OF THE BOUNDARY LINE ADJUSTMENT RECORDED UNDER PIERCE COUNTY AFN 200407275004, SAID PARCEL "B" BEING PORTIONS OF THE WEST HALF OF THE NORTHEAST QUARTER AND OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M. SITUATE IN THE CITY OF GIG HARBOR, COUNTY OF PIERCE, STATE OF WASHINGTON.

COMMERCIAL AREA

TAX PARCEL NUMBER 4002470011

THAT PORTION OF LOT 1, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF RECORDED UNDER AUDITOR'S FILE NUMBER 200605235007, SAID LOT 1 BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 LYING 287.61 NORTHERLY OF THE SOUTHEAST CORNER OF SAID LOT 1, AS MEASURED ALONG THE EAST LINE OF SAID LOT 1, THENCE NORTH 77°06'13" WEST 644.52 FEET TO AN ANGLE POINT IN THE WEST LINE OF SAID LOT 1;
THENCE ALONG THE BOUNDARY OF SAID LOT 1 THE FOLLOWING COURSES:
THENCE NORTH 88°22'24" WEST 110.70 FEET;
THENCE NORTH 05°55'53" EAST 181.58 FEET;
THENCE SOUTH 88°22'24" EAST 33.73 FEET;
THENCE NORTH 14°26'00" EAST 232.65 FEET;
THENCE SOUTH 48°15'42" EAST 247.61 FEET;

THENCE NORTH 77°19'55" EAST 95.23 FEET;
THENCE NORTH 37°16'34" EAST 168.29 FEET;
THENCE SOUTH 88°22'24" EAST 177.38 FEET TO A POINT ON A 766.00 FOOT CURVE TO THE
RIGHT, THE RADIUS OF WHICH BEARS SOUTH 64°21'11" WEST
THENCE SOUTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 358.65 FEET, THROUGH A
CENTRAL ANGLE OF 26°49'36";
THENCE SOUTH 01°10'47" WEST 189.56 TO THE POINT OF BEGINNING.

TAX PARCEL NUMBER 4002470012

THAT PORTION OF LOT 1, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF
RECORDED UNDER AUDITOR'S FILE NUMBER 200605235007, SAID LOT 1 BEING A PORTION
OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M.
PIERCE COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 LYING 287.61 NORTHERLY OF THE
SOUTHEAST CORNER OF SAID LOT 1, AS MEASURED ALONG THE EAST LINE OF SAID LOT 1;
THENCE ALONG THE BOUNDARY OF SAID LOT 1 THE FOLLOWING COURSES:
THENCE SOUTH 01°10'47" WEST 287.61 FEET;
THENCE NORTH 88°22'24" WEST 631.54 FEET;
THENCE NORTH 01°15'21" EAST 412.28 FEET TO AN ANGLE POINT IN SAID BOUNDARY;
THENCE DEPARTING SAID BOUNDARY SOUTH 77°06'13" EAST 644.52 FEET TO THE POINT OF
BEGINNING.

TAX PARCEL NUMBER 4002470030

LOT 3, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF RECORDED UNDER
AUDITOR'S FILE NUMBER 200605235007, SAID LOT 3 BEING PORTIONS OF THE NORTHWEST
QUARTER AND THE SOUTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2
EAST, W.M. PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 4002470042

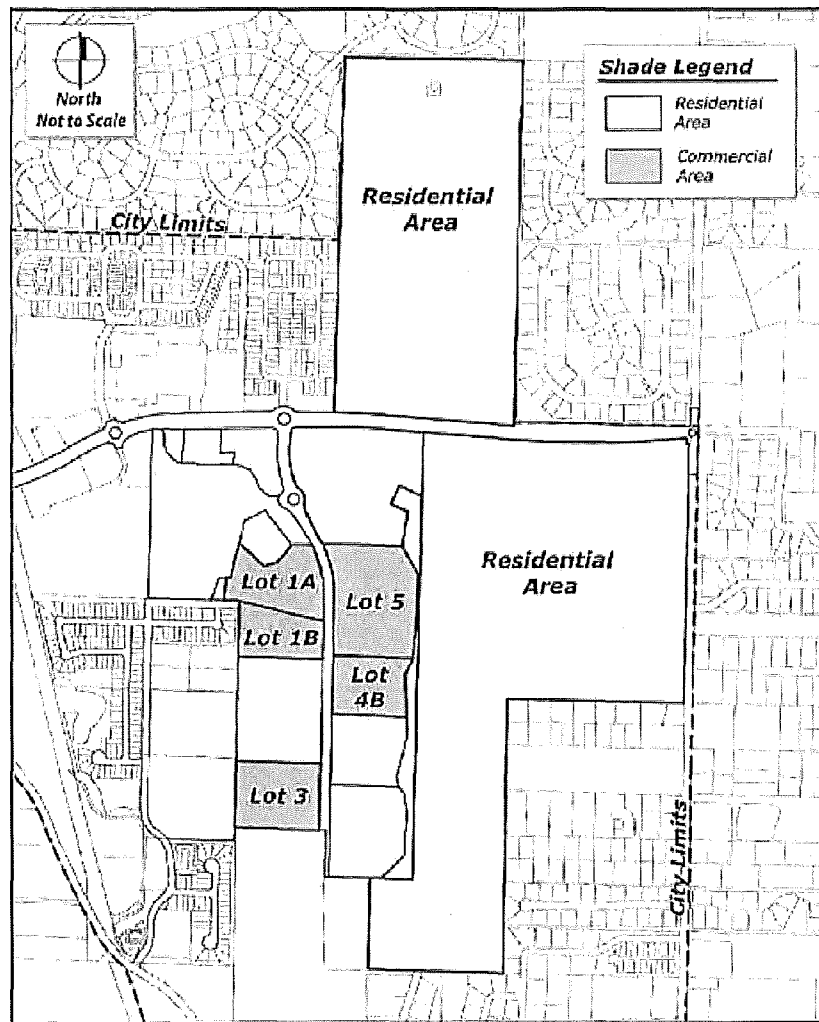
THE NORTHERLY 5.3367 ACRES OF THE REVISED LOT 4 OF THE PLAT OF THE BUSINESS
PARK AT HARBOR HILL PER BOUNDARY LINE ADJUSTMENT RECORDED IN PIERCE COUNTY,
WASHINGTON, AUDITOR'S FILE NUMBER 200710195003 FURTHER DESCRIBED AS FOLLOWS:
COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL ADJACENT TO HARBOR HILL
DRIVE, THENCE N 01°10'47" E ALONG THE EASTERLY MARGIN OF HARBOR HILL DRIVE 514.00
FEET TO THE TRUE POINT OF BEGINNING;
THENCE CONTINUING N 01°10'47" E ALONG THE EASTERLY MARGIN OF HARBOR HILL DRIVE
428.04 FEET TO THE NORTHERLY BOUNDARY OF THE PARCEL;
THENCE S 88°15'35" E ALONG THE NORTHERN BOUNDARY 585.60 FEET TO THE EASTERN
BOUNDARY OF THE PARCEL;
THENCE S 06°02'54" W, 12.02 FEET;
THENCE S 27°57'14" W, 112.58 FEET;
THENCE S 01°33'50" E, 199.54 FEET;
THENCE S 00°23'25" W, 110.52 FEET TO THE SOUTHERN BOUNDARY OF THE PARCEL;
THENCE N 88°49'13" W, 545.12 FEET TO THE TRUE POINT OF BEGINNING OF THIS
DESCRIPTION.

ACCORDING TO REQUEST OF SEGREGATION AS PER CITY OF GIG HARBOR, DATED
02/06/2008.

TAX PARCEL NUMBER 4002470051

PARCEL "B" OF THE BOUNDARY LINE ADJUSTMENT RECORDED UNDER PIERCE COUNTY
AUDITOR'S FILE NUMBER 200710195003, SAID PARCEL "B" BEING PORTIONS OF THE
NORTHEAST QUARTER AND OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22
NORTH, RANGE 2 EAST, W.M. PIERCE COUNTY, WASHINGTON.

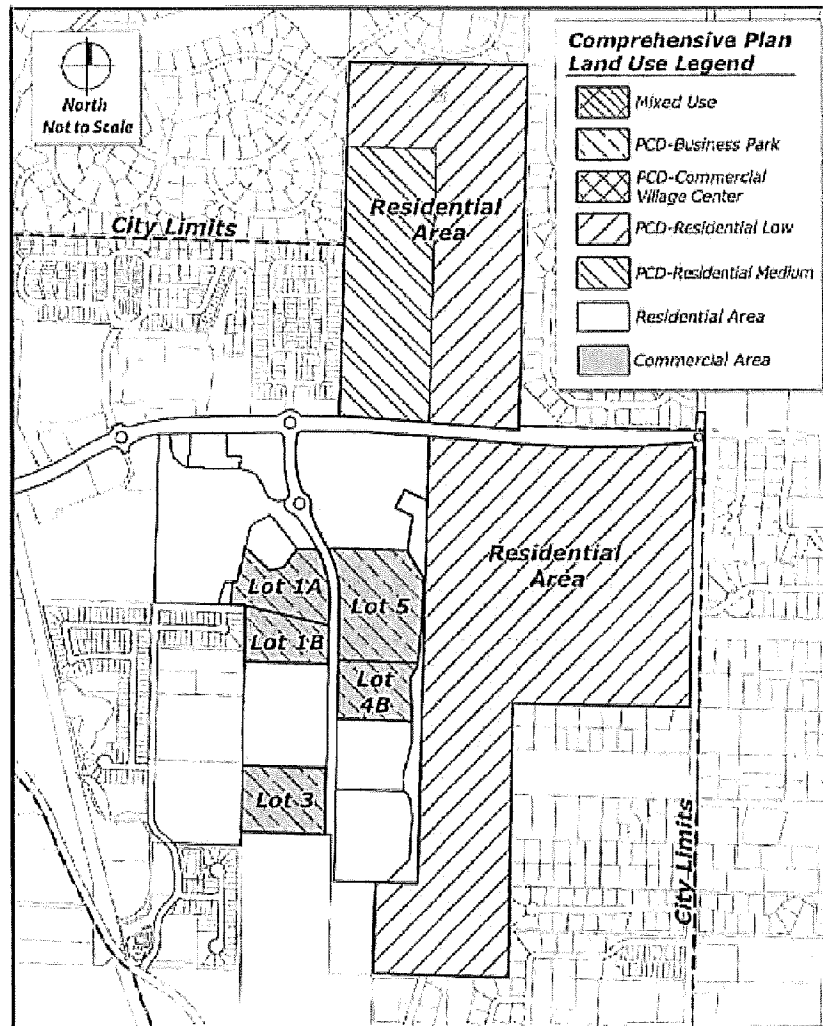
EXHIBIT B
Property Map



28

EXHIBIT C

Comprehensive Plan Map Designations of Property



28

EXHIBIT D

Zoning Map Designations of Property

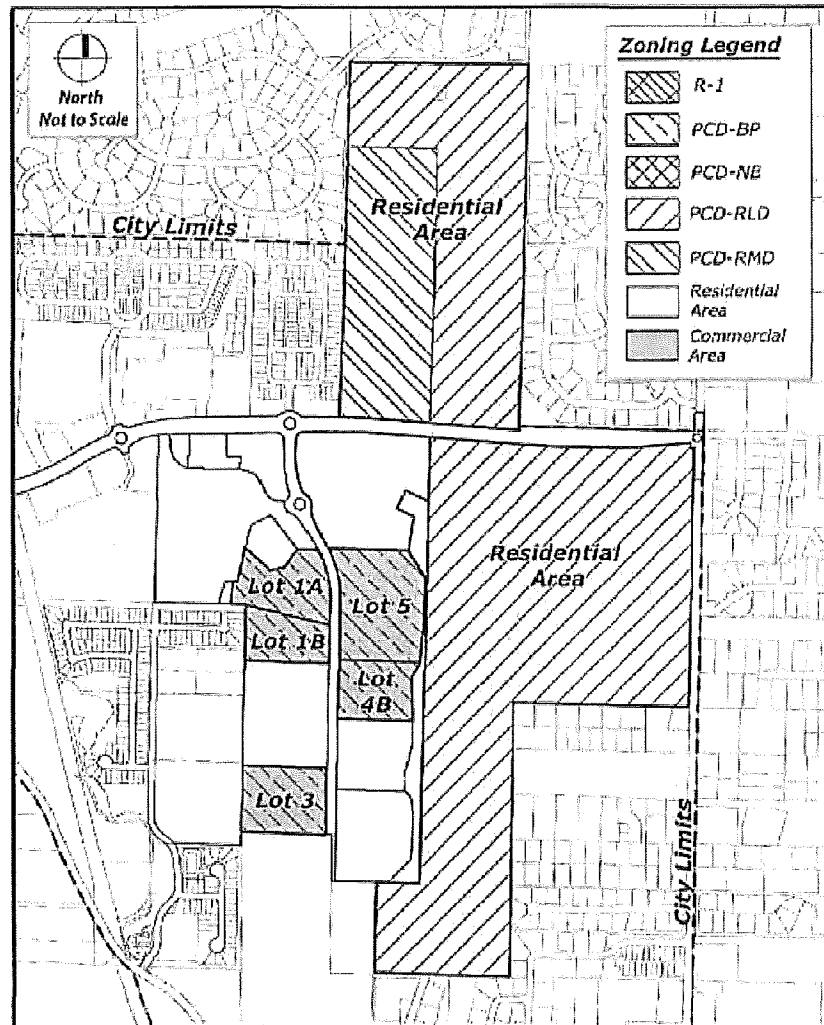


EXHIBIT E

List of Environmental Documents

1. Harbor Hill Preliminary Drainage Report, December 2, 2008, REVISED May 27, 2009 – Triad Associates.
2. Preliminary Plat/PRD Site Plans, December 2, 2008, REVISED Aug 16, 2010 – Triad Associates
 - a. Grading Plans
 - b. Storm Drainage
 - c. Road and Utilities
 - d. Landscape and Irrigation
 - e. Tree Retention
 - f. Circulation
3. Harbor Hill Planned Residential Development Plat Project Description, December 2, 2008, REVISED Aug 16, 2010 – Triad Associates
4. Wetland Analysis Report, - May 21, 2007 – Wiltermood Associates, Inc.
5. Harbor Hill Wetland Mitigation Plan, - November 21, 2008 – Wiltermood Associates Inc.
6. Harbor Hill Development - Traffic Impact Analysis, November 2008, with SUPPLEMENT dated May 27, 2009 – The Transpo Group.
7. Report Geotechnical Engineering Services Harbor Hill Residential Property, October 27, 2008 – GeoEngineers.
8. SEPA Environmental Checklist dated December 2, 2008, and revised May 27, 2009, and August 16, 2010, relating to the Harbor Hill PRD Application.
9. SEPA Environmental Checklist dated October 10, 2010, relating to Harbor Hill Development Agreement.
10. Gig Harbor North Annexation Plan Draft Environmental Impact Statement dated October 7, 1992
11. Gig Harbor North Annexation Plan Final Environmental Impact Statement dated February 24, 1993

EXHIBIT F

SEPA Threshold Determination



COMMUNITY DEVELOPMENT DEPARTMENT

Determination of Nonsignificance (DNS) W.A.C. 197-11-970

Environmental Review Application No.: SEPA 10-0021

Parcel Number: Pierce County Parcel Numbers: 0222304009,
0222311009, 0222311000, 4002470011, 4002470012,
4002470030, 4002470042, 4002470051, 4002470060

Action: Development Agreement

Proposal: The proposal is a nonproject, legislative action to execute a development agreement between the City of Gig Harbor and Harbor Hill LLC.

The development agreement is associated with a preliminary plat and preliminary planned residential development application (PL-PPLAT-08-0001 and PL-PRD-08-0001) for an 824 dwelling units plat/PRD on 200 acres. The development agreement is also associated with lots 1A, 1B, 3, 4B, 5 and 6 of the Harbor Hill Business Park which received final plat approval in 2006. In general, the development agreement would: grant 20-year vesting of the Harbor Hill residential plat; grant 10-year vesting of the Harbor Hill Business Park Lot 1A/1B site plan; waive park impact fees and reduce nonresidential open space requirements in consideration for the dedication of a 7 acre public park; transfer reserved peak PM traffic trips from the Harbor Hill Business Park to the Harbor Hill Residential Plat in consideration of the construction and dedication of a public road through Lot 1A/1B; allow for model homes prior to final plat approval; require the payment of sewer connection fees in a timely manner or lose reserved sewer capacity; allow the residential project to not meet the minimum residential density and open space requirements on a phase by phase basis, as long as the development in aggregate does meet the required density and open space requirements.

Location: 251 acres both north and south of Borgen Boulevard, east of Costco and The Ridge at Gig Harbor, including some of the Harbor Hill Business Park and all of the proposed Harbor Hill

residential plat.

Proponent: Harbor Hill LLC
John Chadwell, Senior Project Manager
19245 Tenth Avenue NE
Poulsbo, WA 98370

Lead Agency: City of Gig Harbor

The lead agency for this proposal has determined that it does not have a probable significant adverse impact on the environment. An environmental impact statement (EIS) is not required under RCW 43.21C.030(2)(c). This decision was made after review of a completed environmental checklist and other information on file with the lead agency. This information is available to the public upon request.

This DNS is issued under WAC 197-11-340(2); Comments must be submitted by October 27, 2010.

Phased SEPA Review: The Harbor Hill Residential Plat is undergoing phased SEPA review as allowed by WAC 197-11-060(5). This non-project SEPA threshold determination relates to the proposed development agreement and the development regulations modified within the development agreement. Project SEPA review for the residential plat will occur later in 2010 as part of the preliminary plat review process.

Appeal:

Any interested person may appeal the adequacy of this SEPA Threshold Determination to the Gig Harbor City Council pursuant to the procedures set forth under Chapter 18.04 of the Gig Harbor Municipal Code if a written request for appeal is received within 7 days after the end of the comment period, or November 3, 2010, whichever is later. The written appeal must be submitted with a filing fee of two hundred seventy five dollars (\$275.00).

Contact: Jennifer Kester, Senior Planner; Phone: (253) 851-6170

Responsible Official: Tom Dolan
Position Title: Planning Director Phone: (253) 851-6170

Address: City of Gig Harbor
3510 Grandview Street
Gig Harbor, WA 98335


Signature  Date: October 13, 2010

EXHIBIT G

Project Description

1. Residential Area

The Residential Area shall comprise the uses and facilities described in that certain "Harbor Hill Planned Residential Development Project Description" October 4, 2010, prepared by Triad Associates, a copy of which is maintained in the files of the Planning Director of the City of Gig Harbor under File Nos. PL-PPLAT-08-0001, PL-PRD-08-0001, PL-REZ-08-0001, PL-DRB 08-0105, PL-SEPA-08-0034.

2. Commercial Area

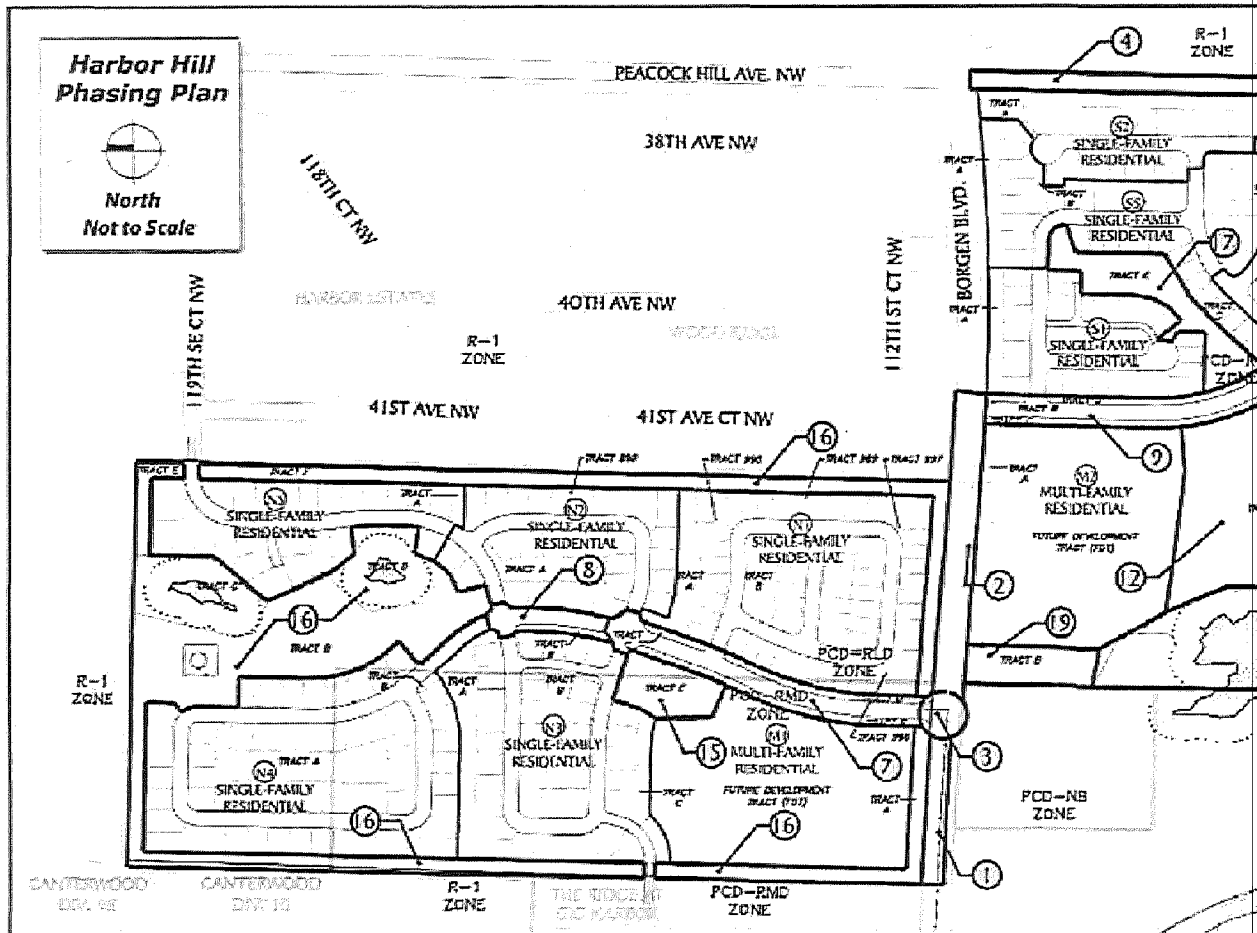
The Commercial Area shall comprise office uses, retail uses, other commercial uses, institutions, parks and open space, transportation facilities, utility facilities, and storm water facilities.

EXHIBIT H

List of Modified City Development Standards

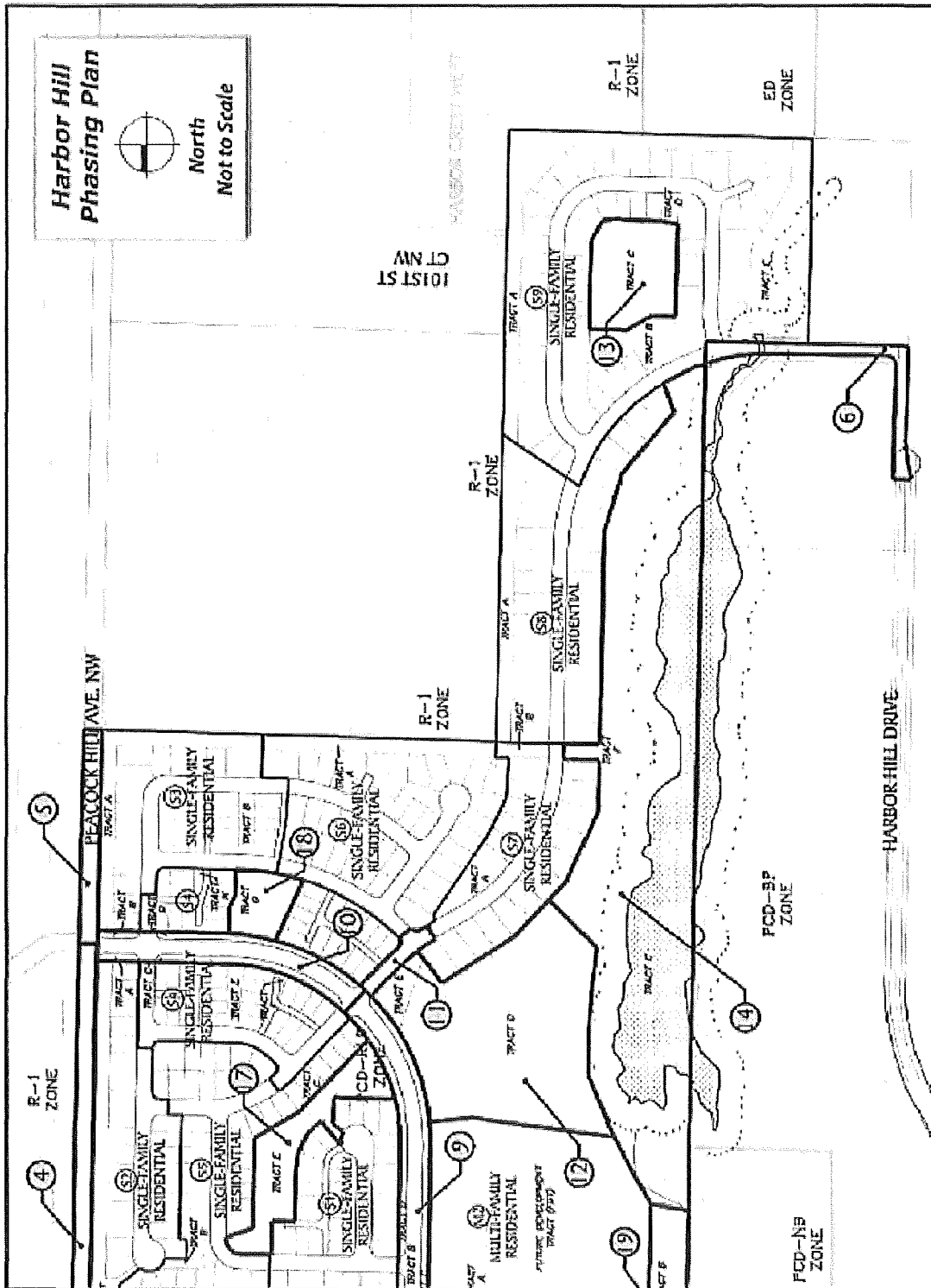
Item No.	Description	GHMC Section	Agreement Section
1	Increased vesting periods for Project approvals	Various	6.D
2	Reduction of Harbor Hill Business Park open space requirements from 20 percent to 15 percent of lot area based on dedication of Lot 3 for public park	17.54.030.C	13.H.iii
3	Director approval of certain revisions to Phasing Plan	19.01.003	13.A
4	No setbacks under GHMC 17.54.030.B required along certain boundaries of Lot 3 (future public park) of Harbor Hill Business Park	17.54.030.B	16
5	Allowing clustering of residential density	Title 17	17
6	Allocations of capacity reservations	Chapter 19.10	15

EXHIBIT I
Phasing Plan



310

DWT 15265037v16 0046183-005201



INFRASTRUCTURE		DEVELOPMENT PHASE																
		FDT		SFR NORTH					SFR SOUTH									
		M1	M2	N1	N2	N3	N4	N5	S1	S2	S3	S4	S5	S6	S7	S8	S9	
Dwelling Units		170	100	63	28	38	57	25	38	26	32	50	45	40	17	29	66	
ROADS	1. Borgen Blvd Frontage – West	X	--	--	--	--	--	--										
	2. Borgen Blvd Frontage - East		--	X					--	--	--	--	--	--	--			
	3. Roundabout on Borgen	X		X	--	--	--	--										
	4. Peacock Hill Ave Frontage – North									X	--	--						
	5. Peacock Hill Ave Frontage - South									--	X	--						
	6. Harbor Hill Dr Off-Site															X	X	
	7. North Parkway south section	X		X	X	X	X	X										
	8. North Parkway north section				--	--	X	X										
	9. South Parkway north section		X						X	--	--	--	X	X	X			
	10. South Parkway south section								--	X	X	X	--	--	--			
11. South Parcel Collector stub											X		X	X				
STORM PONDS	12. Detention North (M1- Tract D)	X	X	X	X	X	X	X	X	X	X	X	X	X				
	13. Detention South (S9- Tract C)														X	X	X	
OPEN SPACE/ PARKS	14. South Wetland /Loop Trail (M2- Tracts C, F)		X						X	X	X	X	X	X	X	X	X	
	15. North Central park (N1- Tract E)	X		X	X	X	X	X										
	16. North Wetland Park & Perimeter Open Space (M1- Tracts A, B, C, D, E, F)	X		X	X	X	X	X										
	17. South Connector Park (S1- Tract E)								X				X					
	18. South Central Park (S4- Tract G)										X	X		X				
	19. Gateway Park (M2- Tract B)		X															
Notes:		<ol style="list-style-type: none"> "X" means that infrastructure must be completed prior to or concurrent with development phase. "--" means Cumulative Trigger. The noted infrastructure improvement may be triggered by a number of the indicated Parcels coming online ahead of the primary Parcel requiring the improvement. This will be determined in consultation with the City during the pre-application conference for the given parcel application. Development of some phases may depend on completion of other phases for road and utility connections. Numbering of phases does not necessarily indicate sequence of development (ex: N3 and N4 could develop before N2). Parkway road improvement includes abutting open space tracts. During final engineering design, alternate design solutions may be brought forward. These may be approved if, and only if, staff find that the alternate design solution is functionally equivalent to the preliminary design shown in the Preliminary Plat/PEP plans. For example, temporary storm drainage detention could be increased if it provided equivalent flow detention mitigation to what was proposed in the Preliminary Plat/PEP as long as there was a means to divert flows to the permanent pond when the phasing required it to be converted to permanent detention. 																

201212040216 MMCKENZ 12 PGS
12/04/2012 11:02:02 AM \$83.00
AUDITOR, Pierce County, WASHINGTON

Return Address:
City Clerk
City of Gig Harbor
3510 Grandview Street
Gig Harbor, WA 98335

Please print legibly or type information.

Document Title(s) (Or transaction contained therein): 1. Amendment No. 1 to Harbor Hill Development Agreement 2. 3.
Grantor(s) (Last name first, then first name and initials): 1. CITY OF GIG HARBOR 2. 3.
Grantee(s) (Last name first, then first name and initials): 1. HARBOR HILL LLC 2. 3.
Legal Description (Abbreviated: i.e., lot, block, plat; or section, township, range): LOT 2 OF THE CITY OF GIG HARBOR SHORT PLAT PL-SP-07-005... Additional Legal Description on Page <u>8,9, 10</u> of Document
Reference Number(s) (Of documents assigned or released): Files No. 201011160780 Additional Reference numbers on Pages <u> </u> of Document.
Assessor's Property Tax Parcel/Account Number 4002930010, 4002930020, 4002930030, 0222311000, 022311009, 4002470011, 4002470012, 4002470030, 4002470042, 4002470051
<u>The Auditor/Recorder will rely on the information provided on this cover sheet. The staff will not read the Document to verify the accuracy or completeness of the indexing information provided herein.</u>

map **AUDITOR'S NOTE -**
LEGIBILITY FOR RECORDING AND COPYING UN-
SATISFACTORY IN A PORTION OF THIS INSTRU-
MENT WHEN RECEIVED
RAM

AMENDMENT NO. 1 TO DEVELOPMENT AGREEMENT
AMONG THE CITY OF GIG HARBOR, HARBOR HILL LLC,
AND OPG PROPERTIES LLC FOR THE
HARBOR HILL DEVELOPMENT

This Amendment No. 1 to Development Agreement is made and entered into this 26 day of November, 2012, by and between the CITY OF GIG HARBOR, a Washington municipal corporation (the "City"), HARBOR HILL LLC, a Washington limited liability company ("Harbor Hill"), and OPG PROPERTIES LLC, a Washington limited liability company ("OPG") (Harbor Hill and OPG are sometimes jointly referred to as "Developer").

RECITALS

A. RCW 36.70B.170 authorizes the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction. Pursuant to Resolution No. 845 adopted by the City Council, the City and Harbor Hill entered into a development agreement dated November 9, 2010 (the "Development Agreement"), which was recorded in the real property records of Pierce County, Washington, under Auditor's File No. 201011160780, concerning the development of the property legally described on Exhibit A to this Amendment (the "Property") and generally located north and south of Borgen Boulevard between Harbor Hill Drive and Peacock Hill Avenue N.W. in the City of Gig Harbor, Pierce County, Washington.

B. By a subsequent Joinder Agreement dated November 22, 2010, and recorded in the real property records of Pierce County, Washington, under Auditor's File No. 201012020196, OPG as the owner of a portion of the Property joined in and agreed to be bound by the Development Agreement. Both Harbor Hill and the City consented to the Joinder Agreement.

C. The City and Developer wish to amend the Development Agreement to permit certain additional uses, to modify the site plan, and to provide for future amendments to the Harbor Hill development plan.

D. This Amendment is made under the authority of the City's police power, contracting authority, and other authority, including the authority granted to the City under RCW 36.70B.170 et seq. to make development agreements, and GHMC Chapter 19.08 as amended. This Amendment establishes development standards for the Property and other provisions that apply to and govern and vest the development, use, and mitigation of the development of the Property. Actual construction of improvements on the Property requires approval of subsequent City permits, which will be issued in accordance with the standards and procedures described in the Development Agreement as amended by this Amendment.

Now, therefore, the parties hereto agree as follows:

AGREEMENT

1. Revised Phasing Plan. The Phasing Plan attached as Exhibit I to this amendment is hereby substituted for Exhibit I to the Development Agreement.

2. Additional Permitted Uses. The following additional uses are permitted within Parcel M-2 of the Property as depicted on the Phasing Plan attached as Exhibit I to this amendment: an "assisted living facility" as defined in GHMC 17.04.438, an "independent living facility" as defined in GHMC 17.04.439, and a "skilled nursing facility" as defined in GHMC 17.04.630.

3. Minor Modifications. The following is hereby substituted for Section 9 of the Development Agreement:

Section 9. Minor Modifications.

(a) Minor modifications to the approved permits or the exhibits attached hereto, including without limitation modifications proposed between preliminary plat and final plat decisions, may be approved in accordance with the provisions of the City's code, including without limitation GHMC 16.05.006, 17.89.120, and Chapter 19.01, or as provided below in this Section 9, and shall not require an amendment to this Agreement.

(b) Any modification to an approved preliminary plat that changes the number of lots, boundaries, configuration, design, or layout of lots, parcels, tracts, or roadways within the preliminary plat, or changes the conditions of approval of the preliminary plat may be approved by the Director administratively as a Type II decision if the Director finds that the preliminary plat will continue to satisfy the criteria for approval of a preliminary plat under GHMC 16.05.003 after the modification.

(c) Any modification to an approved preliminary PRD that changes the number of lots, boundaries, configuration, design, or layout of lots, parcels, tracts, or roadways within the PRD, or changes the conditions of approval of the preliminary PRD may be approved by the Director administratively as a Type II decision if the Director finds that the PRD will continue to satisfy the criteria for approval of a preliminary PRD under GHMC 17.89.070 after the modification.

4. New Section 13.K. The following new Section 13.K is added to the Development Agreement:

K. Timing of Site Plan and Design Review Approvals for Parcel M-2. Site plan and design review approvals for the parcel identified as M-2 on the Preliminary Plat of Harbor Hill, as it may be amended, may occur prior to final plat approval, but no building permit shall be issued by the City until final plat approval. A site plan or design review approval shall expire if the Preliminary Plat of Harbor Hill expires or is otherwise abandoned or modified in such a way that creates an inconsistency with the approved site plan or design review approval unless such site plan or design review approval is amended concurrently for consistency. Developer acknowledges and accepts the risk of seeking and obtaining site plan and design review approval prior to final plat approval and hereby releases and covenants not to sue the City for any damages that may be suffered as a result of seeking such advance approval. Developer further acknowledges that the grant of site plan or design review approval prior to final plat approval in no way guarantees final plat approval.

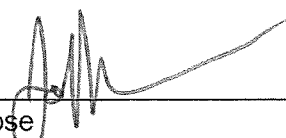
5. Revised List of Modified City Development Standards. The List of Modified City Development Standards attached to this Amendment as Exhibit H is hereby substituted for Exhibit H to the Development Agreement.

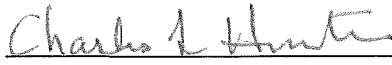
6. Other Provisions. All other provisions of the Development Agreement shall remain in effect. The Development Agreement, as amended by this Amendment, is hereby confirmed and ratified.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the dates set forth below:

HARBOR HILL LLC, a Washington limited liability company

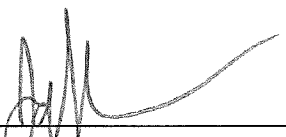
CITY OF GIG HARBOR, a Washington municipal corporation


By: 
Jon Rose
Its President
Date: 11/19/12

By: 
Charles L. Hunter
Its Mayor
Date: NOV. 27, 2012

OPG PROPERTIES LLC, a Washington limited liability company

ATTEST:

By: 
Jon Rose
Its President
Date: 11/19/12


City Clerk

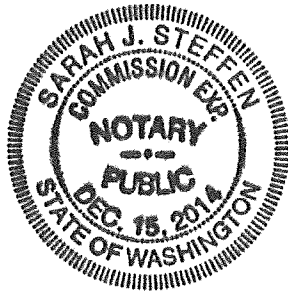
APPROVED AS TO FORM:


City Attorney

STATE OF WASHINGTON)
 : ss.
COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that JON ROSE is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Harbor Hill LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 11/19/12

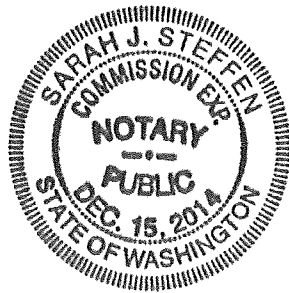


Sarah Steffen
Printed: SARAH J. STEFFEN
NOTARY PUBLIC in and for Washington
Residing at: Poulsbo
My appointment expires: 12/15/2014

STATE OF WASHINGTON)
 : ss.
COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that JON ROSE is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of OPG Properties LLC be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 11/19/12



Sarah Steffen
Printed: SARAH J. STEFFEN
NOTARY PUBLIC in and for Washington
Residing at: Poulsbo
My appointment expires: 12/15/2014

STATE OF WASHINGTON)
) : ss.
COUNTY OF PIERCE)

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

DATED: Nov 27, 2012



Molly M Towsee
Printed: Molly M Towsee
NOTARY PUBLIC in and for Washington
Residing at: Gig Harbor
My appointment expires: 12/2/15

7

EXHIBIT A

Legal Description of the Property

RESIDENTIAL AREA

TAX PARCEL NUMBER 4002930010

PARCEL E OF THE HARBOR HILL PHASE 1A PLAT (CITY FILE NO. PL-FPLAT-12-0001, PL-FPRD-12-0001) RECORDED UNDER PIERCE COUNTY AFN 201204255001, SAID PARCEL BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 4002930020

PARCEL M1 OF THE HARBOR HILL PHASE 1A PLAT (CITY FILE NO. PL-FPLAT-12-0001, PL-FPRD-12-0001) RECORDED UNDER PIERCE COUNTY AFN 201204255001, SAID PARCEL BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 4002930030

PARCEL X OF THE HARBOR HILL PHASE 1A PLAT (CITY FILE NO. PL-FPLAT-12-0001, PL-FPRD-12-0001) RECORDED UNDER PIERCE COUNTY AFN 201204255001, SAID PARCEL BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 0222311000

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER AND THE NORTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN.
EXCEPT ROADS.
SITUATE IN THE CITY OF GIG HARBOR, COUNTY OF PIERCE, STATE OF WASHINGTON.

TAX PARCEL NUMBER 0222311009

PARCEL "B" OF THE BOUNDARY LINE ADJUSTMENT RECORDED UNDER PIERCE COUNTY AFN 200407275004, SAID PARCEL "B" BEING PORTIONS OF THE WEST HALF OF THE NORTHEAST QUARTER AND OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M.
SITUATE IN THE CITY OF GIG HARBOR, COUNTY OF PIERCE, STATE OF WASHINGTON.

COMMERCIAL AREA

TAX PARCEL NUMBER 4002470011

THAT PORTION OF LOT 1, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF RECORDED UNDER AUDITOR'S FILE NUMBER 200605235007, SAID LOT 1 BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 LYING 287.61 NORTHERLY OF THE SOUTHEAST CORNER OF SAID LOT 1, AS MEASURED ALONG THE EAST LINE OF SAID LOT 1, THENCE NORTH 77°06'13" WEST 644.52 FEET TO AN ANGLE POINT IN THE WEST LINE OF SAID LOT 1;

THENCE ALONG THE BOUNDARY OF SAID LOT 1 THE FOLLOWING COURSES:

THENCE NORTH 88°22'24" WEST 110.70 FEET;

THENCE NORTH 05°55'53" EAST 181.58 FEET;

THENCE SOUTH 88°22'24" EAST 33.73 FEET;

THENCE NORTH 14°26'00" EAST 232.65 FEET;

THENCE SOUTH 48°15'42" EAST 247.61 FEET;

THENCE NORTH 77°19'55" EAST 95.23 FEET;

THENCE NORTH 37°16'34" EAST 168.29 FEET;

THENCE SOUTH 88°22'24" EAST 177.38 FEET TO A POINT ON A 766.00 FOOT CURVE TO THE RIGHT, THE RADIUS OF WHICH BEARS SOUTH 64°21'11" WEST

THENCE SOUTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 358.65 FEET, THROUGH A CENTRAL ANGLE OF 26°49'36";

THENCE SOUTH 01°10'47" WEST 189.56 TO THE POINT OF BEGINNING.

TAX PARCEL NUMBER 4002470012

THAT PORTION OF LOT 1, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF RECORDED UNDER AUDITOR'S FILE NUMBER 200605235007, SAID LOT 1 BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 LYING 287.61 NORTHERLY OF THE SOUTHEAST CORNER OF SAID LOT 1, AS MEASURED ALONG THE EAST LINE OF SAID LOT 1; THENCE ALONG THE BOUNDARY OF SAID LOT 1 THE FOLLOWING COURSES:

THENCE SOUTH 01°10'47" WEST 287.61 FEET;

THENCE NORTH 88°22'24" WEST 631.54 FEET;

THENCE NORTH 01°15'21" EAST 412.28 FEET TO AN ANGLE POINT IN SAID BOUNDARY;

THENCE DEPARTING SAID BOUNDARY SOUTH 77°06'13" EAST 644.52 FEET TO THE POINT OF BEGINNING.

TAX PARCEL NUMBER 4002470030

LOT 3, BUSINESS PARK AT HARBOR HILL, PER THE PLAT THEREOF RECORDED UNDER AUDITOR'S FILE NUMBER 200605235007, SAID LOT 3 BEING PORTIONS OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M., PIERCE COUNTY, WASHINGTON.

TAX PARCEL NUMBER 4002470042

THE NORTHERLY 5.3367 ACRES OF THE REVISED LOT 4 OF THE PLAT OF THE BUSINESS PARK AT HARBOR HILL PER BOUNDARY LINE ADJUSTMENT RECORDED IN PIERCE COUNTY, WASHINGTON, AUDITOR'S FILE NUMBER 200710195003 FURTHER DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL ADJACENT TO HARBOR HILL DRIVE, THENCE N 01°10'47" E ALONG THE EASTERLY MARGIN OF HARBOR HILL DRIVE 514.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING N 01°10'47" E ALONG THE EASTERLY MARGIN OF HARBOR HILL DRIVE 428.04 FEET TO THE NORTHERLY BOUNDARY OF THE PARCEL; THENCE S 88°15'35" E ALONG THE NORTHERN BOUNDARY 585.60 FEET TO THE EASTERN BOUNDARY OF THE PARCEL; THENCE S 05°02'54" W, 12.02 FEET; THENCE S 27°57'14" W, 112.58 FEET; THENCE S 01°33'50" E, 199.54 FEET; THENCE S 00°23'25" W, 110.52 FEET TO THE SOUTHERN BOUNDARY OF THE PARCEL; THENCE N 88°49'13" W, 545.12 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION.

ACCORDING TO REQUEST OF SEGREGATION AS PER CITY OF GIG HARBOR, DATED 02/06/2008.

TAX PARCEL NUMBER 4002470051

PARCEL "B" OF THE BOUNDARY LINE ADJUSTMENT RECORDED UNDER PIERCE COUNTY AUDITOR'S FILE NUMBER 200710195003, SAID PARCEL "B" BEING PORTIONS OF THE NORTHEAST QUARTER AND OF THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 22 NORTH, RANGE 2 EAST, W.M. PIERCE COUNTY, WASHINGTON.

EXHIBIT H

List of Modified City Development Standards

Item No.	Description	GHMC Section	Agreement Section
1	Increased vesting periods for Project approvals	Various	6.D
2	Simplification of process for review and approval of certain preliminary plat and preliminary PRD revisions	16.05 17.89	9.A, 9.B, 9C
3	Allows modified timing of Site Plan and Design Review Approvals for the M-2 Parcel.	Various	13.K
4	Reduction of Harbor Hill Business Park open space requirements from 20 percent to 15 percent of lot area based on dedication of Lot 3 for public park	17.54.030.C	13.H.iii
5	Director approval of certain revisions to Phasing Plan	19.01.003	13.A
6	Allows independent living facility, assisted living facility, and skilled nursing facility in RLD zone within modified parcel M-2.	17.14.020	
7	No setbacks under GHMC 17.54.030.B required along certain boundaries of Lot 3 (future public park) of Harbor Hill Business Park	17.54.030.B	
8	Allowing clustering of residential density	Title 17	17
9	Allocations of capacity reservations	Chapter 19.10	15

City of Gig Harbor Hospital Benefit Zone (HBZ)

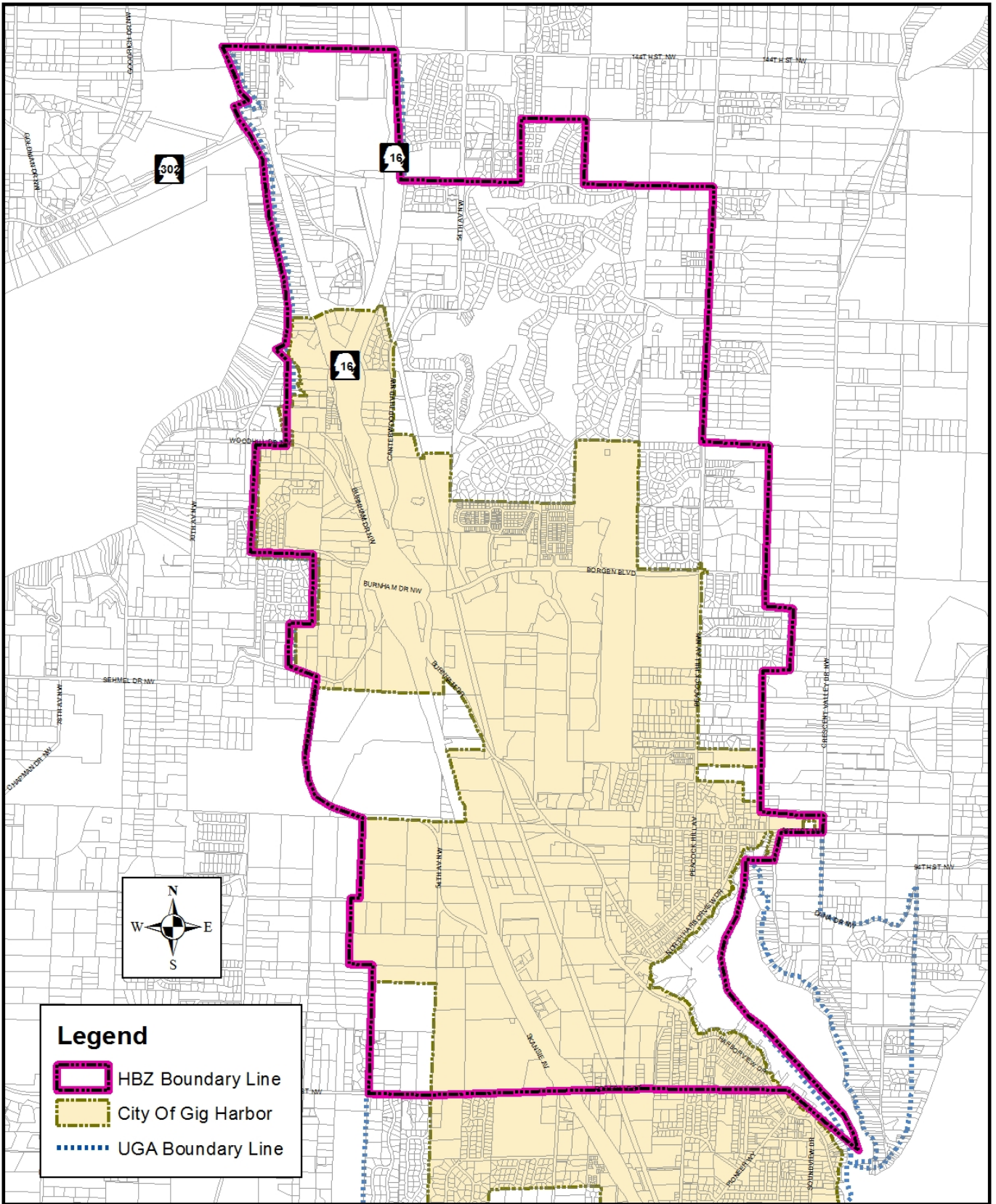
Prepared by
Dave Rodenbach
3/6/2014

Legislative History of the HBZ

- Adopted by the Legislature in 2006
- Helps local governments finance public improvement projects that are intended to encourage private development within the hospital benefit zone and to support the development of a hospital.
- Amended by Substitute Senate Bill 5525 in April 2011. The following changes made were:
 - Amending the definition of public improvements to include construction, maintenance, and improvement of state highways connected to the benefit zone, including interchanges;
 - Local government may modify the public improvements to be financed with the use of HBZ financing provided that the total cost of the public improvements is not increased;
 - Local match may be carried forward if unused;
 - Federal funds are allowed as local match.

History of the Gig Harbor HBZ

- Gig Harbor established the HBZ - Ord. 1052 (2006)
- Ord. 1057 (2006) increases the size of the HBZ to include unincorporated Pierce County
- Ord. 1207 (2011) established the additional local sales and use tax
- Ord. 1242 (2012) modified the list of approved projects



Legend

- HBZ Boundary Line
- City Of Gig Harbor
- UGA Boundary Line

EXHIBIT B

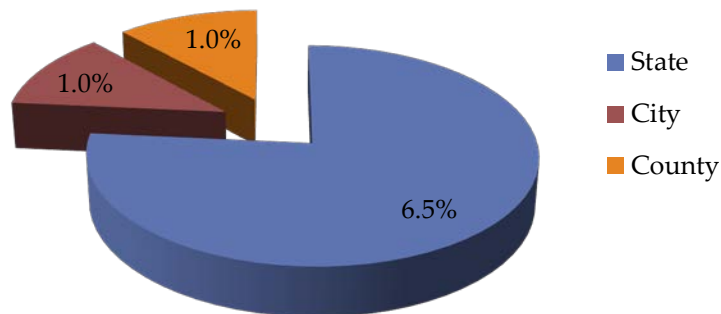
How Does the HBZ Work?

- The state distributes a portion of sales and use tax revenues collected within the HBZ
- 2007 is the base year against which future sales and use tax revenues are measured
- To receive the state contribution, the City must:
 - Impose a local sales and use tax that is credited against the state sales and use tax (Ord. 1207)
 - Have a local match of funds from the preceding calendar year applied to an approved project within the HBZ (can be “banked”)
- State Contribution is limited to \$2 million (statewide) per state fiscal year
- State contribution ends after 30 years

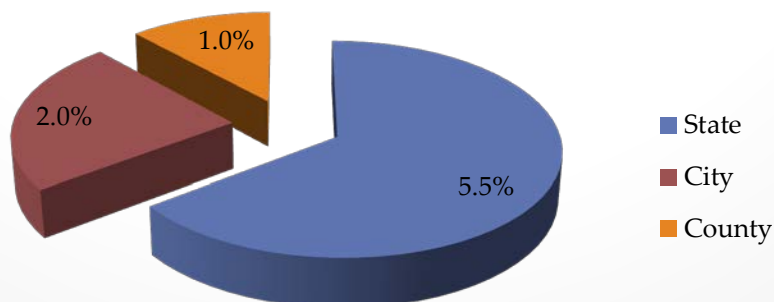
How Does HBZ Affect Tax Rates?

- Short answer – **It doesn't**

Non-HBZ Sales Tax Distribution



HBZ Sales Tax Distribution



HBZ Projects

- “Public Improvements” means infrastructure improvements within the HBZ that include:
 - Street and road construction and maintenance
 - Water and sewer system construction and improvements
 - Sidewalks and streetlights
 - Parking, terminal, and dock facilities
 - Park and ride facilities of a transit authority
 - Park facilities and recreational areas
 - Storm water and drainage management systems
 - construction, maintenance, and improvement of state highways that are connected to the benefit zone, including interchanges connected to the benefit zone (not required to be in the zone)

HBZ Projects – Original List (Ord. 1057)

HBZ Funded Projects

Description	Project Estimate
Ordinance 1057 Project List (all in 2006 dollars):	
Street Projects:	
Reconstruct/Expand Burnham Drive Interchange	\$ 40,000,000
Reconstruct Borgen/Canterwood/Burnham Roundabout	7,500,000
East-West SR-16 Crossing at 96th	13,000,000
North-South Arterial Connector: Bujacich to Rosedale	15,000,000
Harbor Hill Drive	6,000,000
New Collector Arterial: Canterwood to Borgen	15,000,000
Storm Projects:	
Burnham Drive (DC1012)	39,000
Peacock Hill Ave. (AW1027)	24,000
Donkey Creek Fish Enhancement Study	62,000
McCormick Creek Fish Enhancement Study	62,000
Water Projects:	
Storage Tank Maintenance	150,000
Replace Source Meters	23,000
Leak Detection & BFP Inventory	66,000
Upgrade Perrow Well	179,000
GH North Well (No. 7)	1,100,000
Storage Tank (500,000 gallon)	2,925,000
Sewer Projects:	
Outfall Misc - (see note 1)	77,000
WWTP Aeration Modifications - (see note 1)	215,000
WWTP Dewatering - (see note 1)	1,108,000
WWTP Headworks - (see note 1)	416,000
WWTP Headworks Complete - (see note 1)	427,000
Outfall Construction Phase 1 - (see note1)	542,000
Outfall Construction Phase 2 - (see note1)	558,000
Outfall Construction Phase 3 - (see note1)	4,461,000
WWTP Clarifier - (see note 1)	679,000
WWTP UV Disinfection - (see note 1)	398,000
Gig Harbor North (East Side)	3,224,000
Peacock Hill Ave. from 99th to Harbor Estates	3,162,000
Peacock Hill Ave. from Harbor Estates to North UGA Boundary	4,545,000
54 Ave. south of Bujacich Road	2,238,000
East Side of Sr-16, North of Rosedale St.	1,599,000
Woodhill Drive	864,000
Burnham Drive from Harborview Dr. to 96th St.	862,000
N Harborview Dr. from Peacock Hill Ave. to LS#2	450,000
Lift Station No. 4 - Phase 1	2,119,000
Lift Station No. 4 - Phase 2	558,000
Lift Station No. 8	1,074,000
Park Projects:	
Burnham Drive	421,000
City Park at Crescent	1,920,000
Gig Harbor North	3,033,000
Trail - City Park/Sunset	90,000
WWTP	\$ 462,000

HBZ Projects – Amended List (Ord. 1242)

HBZ Funded Projects - This list supplements (rather than replaces) original list.

Street Projects:

Burnham Interchange Expansion	TBD
Harbor Hill Drive Extension	15,000,000
BB-16 Large Roundabout Gap Metering	190,000
SR302/Purdy Drive Intersection & Corridor Study	1,000,000
ArterialOverlays & Pavement Maintenance within the HBZ	5,000,000
Rosedale Sidewalk	450,000
Sehmel Avenue - Right Turn Lane	210,000
Burnham Drive Bridge - (Sr16) Reconfigure to 4 lanes	18,130,000
Burnham Drive Widening	3,500,000
Skansie/Rosedale Intersection Improvements (Turn Lane)	275,000
Vernhardsen St. Improvements (storm, roadway, bicycle & peds)	2,650,000
Harborview Drive Ped. & Park Improvements (Stinson to N. Harborview)	1,500,000
Harborview Drive Ped. & Park Improvements (Rosedale to Stinson)	950,000
Stinson/Rosedale Intersection Imprv (Turn lanes to WB Rosedale)	280,000
Austin St. & Harborview Drive Intersection Improvements	1,780,000
Downtown Parking Lot (within HBZ)	200,000
PW Shop Facility Bulk Fuel Storage	27,000
PW Shop Facility Expansion	400,000

Park Projects:

GH North - 7 Acre Development	1,950,000
Cushman Trail Phase 3 (96th to Borgen)	200,000
Cushman Trail Phase 4-a (Borgen to St. Anthony's Hospital)	400,000
Cushman Trail Phase 4-b (Borgen to Purdy)	2,000,000
Wheeler Street End - Pocket Park	80,000
Crescent Creek Park & Rowher Property - Park Development	750,000
Twawelkax Trail Construction & Trailhead	250,000
Masonic Building - Property Acquisition	350,000

Storm Projects:

Donkey Creek Corridor Conservation Acquisitions	1,500,000
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Water Projects:

Harbor Hill Drive Water Main Extension	950,000
--	---------

Sewer Projects:

Bujacich Lift Station - (17 a) and Force Main	2,150,000
---	-----------

Projects Funded

This table shows actual HBZ revenues and projects funded through 2013

Hospital Benefit Zone Summary of Revenues & Expenditures

	2011	Actual 2012	2013	Budget 2014	TBD 2015	2016
Beginning Balance	\$ -	\$ 1,128,704	\$ 2,555,455	\$ 3,278,064	\$ 3,700,064	\$ 5,700,064
Resources						
HBZ State Sales Tax Credit	1,128,418	2,634,326	2,068,685	2,000,000	2,000,000	2,000,000
Interest Earnings	286	3,087	3,924	4,000	-	-
Total Revenues	1,128,704	2,637,413	2,072,609	2,004,000	2,000,000	2,000,000
Total Available	\$ 1,128,704	\$ 3,766,117	\$ 4,628,064	\$ 5,282,064	\$ 5,700,064	\$ 7,700,064
Uses to date						
Harbor Hill Drive Extension to Burnham Drive		\$ -	\$ 76,000	\$ 750,000		
BB16 Interchange West Roundabout Gap Metering		-	24,000			
Sehmel Right Turn Lane at the SR16 Burnham Interchange		-				
Donkey Creek Project: Austin St. & N. Harborview Dr.		-	1,000,000			
Rosedale Sidewalk			250,000			
Eddon Parcels				332,000		
Bujacich Lift Station and Force Main - <u>Design Only</u>		-	-	500,000		
Chipseals & Overlays		1,210,662				
Total Expenditures	-	1,210,662	1,350,000	1,582,000	-	-
Ending Balance	\$ 1,128,704	\$ 2,555,455	\$ 3,278,064	\$ 3,700,064	\$ 5,700,064	\$ 7,700,064

- Note: Revenues in 2012 and 2013 exceed \$2 million because the city is on a calendar fiscal year and the state's fiscal year is July – June.

Where do we go from here?

- Assuming \$2 million state distributions continue.
- Do we wish to add more projects?
 - Boys & Girls Club (\$750,000 Federal grant which qualifies as a local match)?
 - Eddon Boat parcels (we need to use HBZ funds for purchase)?
 - Ancich Waterfront Park (if we add to list, we can have credit for local funds used within the zone)?
 - Eddon Boat?
 - Jerisich Dock extension?
 - Maritime Pier extension?
 - Fuel dock?
 - Other projects?