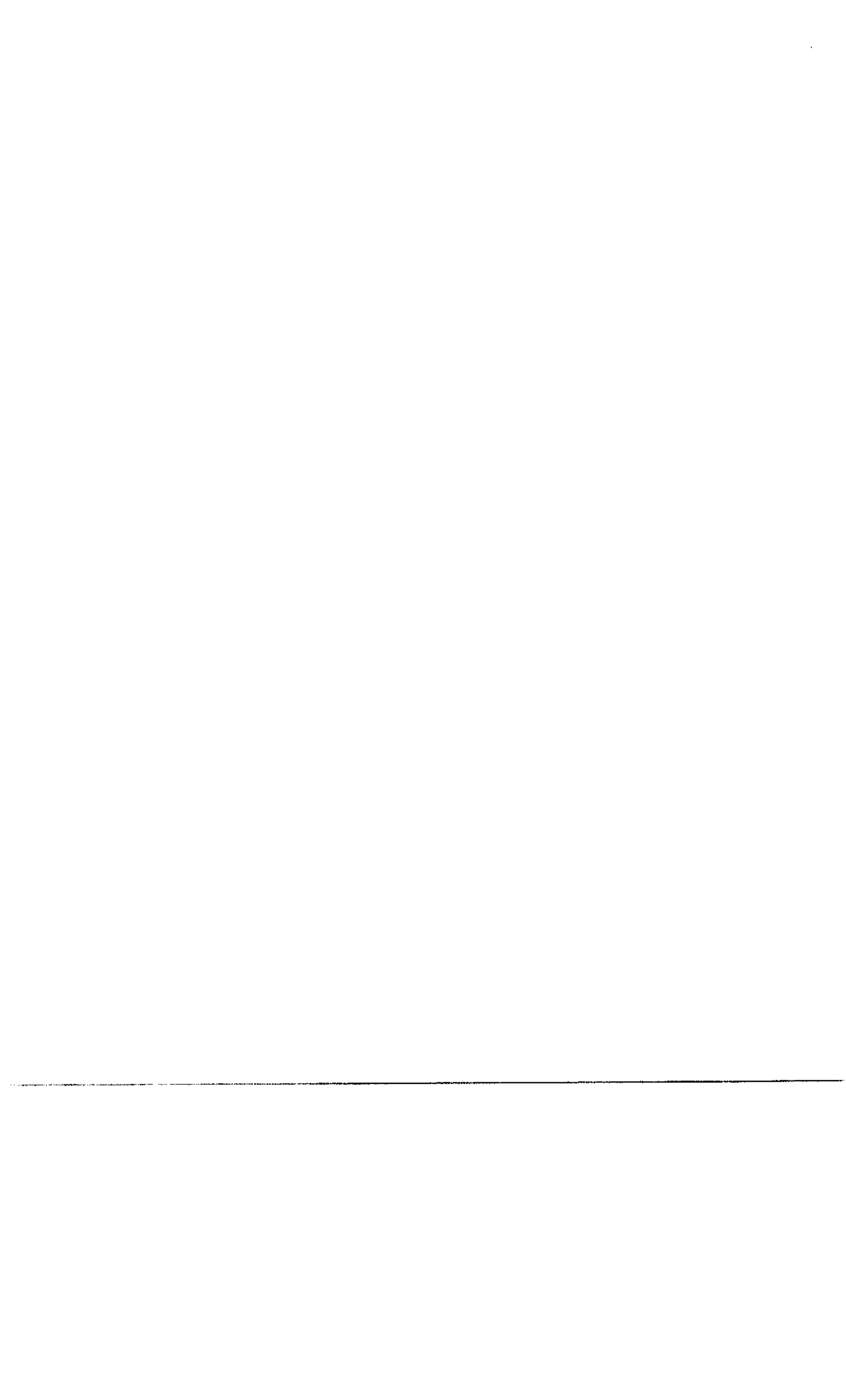


GIG HARBOR CITY COUNCIL MEETING

OCTOBER 26, 1992

7:00 P.M., CITY HALL COUNCIL CHAMBERS



AGENDA FOR GIG HARBOR CITY COUNCIL MEETING
OCTOBER 26, 1992

PUBLIC COMMENT/DISCUSSION:

CALL TO ORDER:

PUBLIC HEARINGS: None scheduled.

APPROVAL OF MINUTES:

CORRESPONDENCE: None scheduled.

OLD BUSINESS:

NEW BUSINESS:

1. Contract for researching excise taxes.
2. Public Health Services agreement.

DEPARTMENT MANAGERS' REPORTS:

COUNCIL COMMITTEE REPORTS: None scheduled.

MAYOR'S REPORT:

1. Exit Conference.
2. Letter from Mayor Vialle Re: Airport / Planning.

ANNOUNCEMENT OF OTHER MEETINGS:

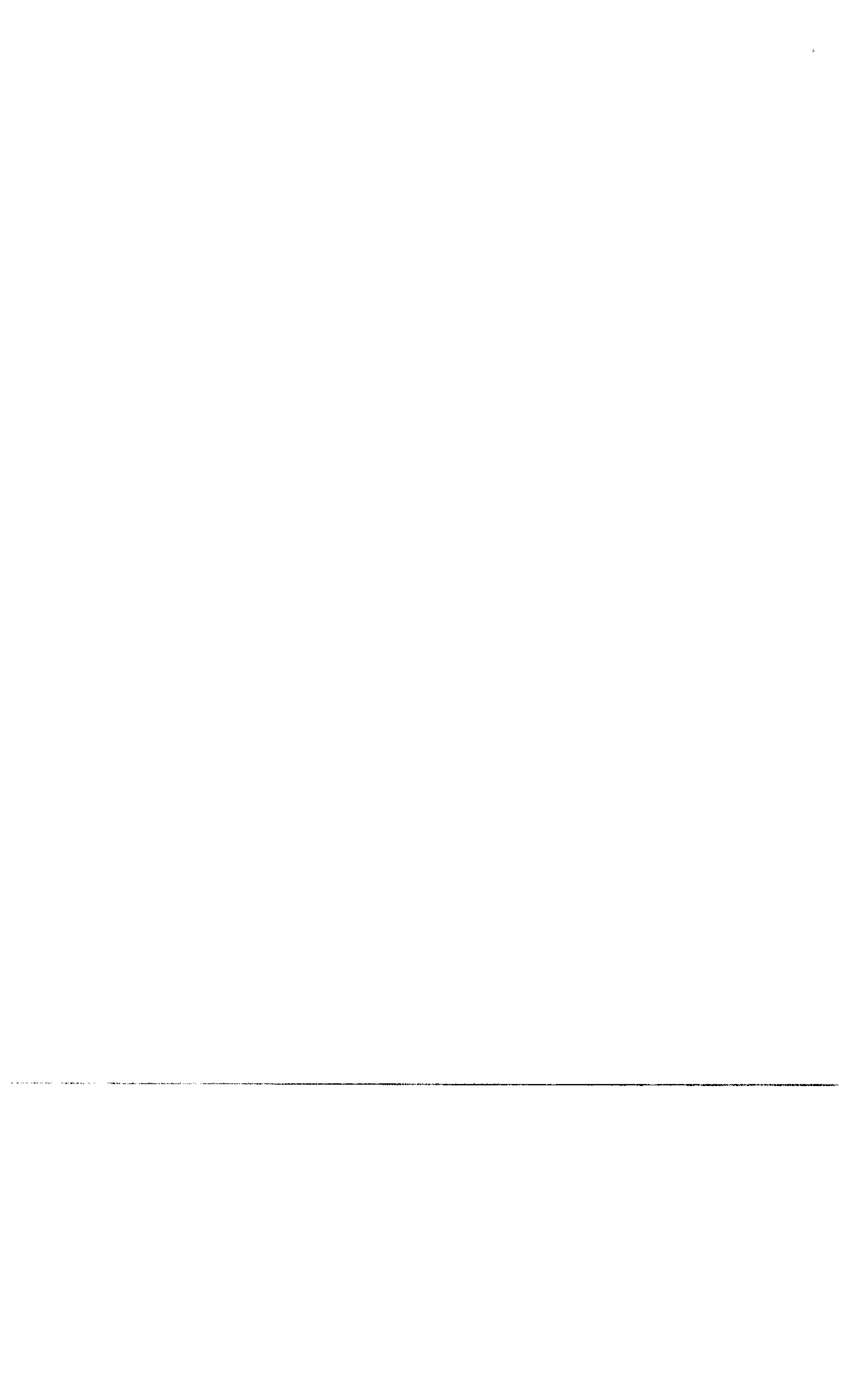
APPROVAL OF BILLS:

Warrants #9604 through #9640 in the amount of \$20,864.93, less #9606, used as a feeder.

EXECUTIVE SESSION:

1. Personnel.

ADJOURN:



REGULAR GIG HARBOR CITY COUNCIL MEETING OF OCTOBER 12, 1992

PRESENT: Councilmembers Frisbie, Stevens-Taylor, Platt, English, Markovich, and Mayor Wilbert.

PUBLIC COMMENT/DISCUSSION:

1. John Paglia expressed anger over the length of time it has taken the city to reach a conclusion regarding the application of Pete Darrah.

CALL TO ORDER: 7:12 p.m.

APPROVAL OF MINUTES:

MOTION: To approve the minutes of the meeting of September 28, 1992.
Platt/Frisbie - unanimously approved.

OLD BUSINESS:

1. Rainier Cable Commission.
City Administrator Mark Hoppen presented an Interlocal Agreement forming the Rainier Cable Commission and recommended its approval.

Councilmembers Markovich and Frisbie saw no value in participation in such a commission.

No action was taken.

2. East-West Road.
Mr. Hoppen provided information regarding recent action taken by the Pierce County Transportation Committee relative to the East-West Road.

Tom Morfee, Director of Peninsula Neighborhood Association, stressed that the PNA was opposed to the development of the second half of the connecting road (known as P-9B). His group was supportive of the first half of the road from SR-16 to Peacock Hill.

Jack Bujacich expressed concerns over the development of portion P-9B, but indicated that many of those concerns could be mitigated and that the development of a roadway from SR-16 to Crescent Valley was very important to preserve the city streets.

NEW BUSINESS:

1. SUB90-02: Greyhawk subdivision final plat approval.
Planning Director Ray Gilmore presented the final plat for approval and explained the various options available regarding the installation of a fire lane/gate. He recommended the installation of the fire gate and the signage on the fire lane be installed prior to the final

signatures on the plat, or an assignment of funds must be provided.

MOTION: To approve the final plat as recommended by staff and approve Resolution #364.
Frisbie/English - unanimously approved.

2. Canterwood utility extension agreement.

Mr. Hoppen presented the agreement and provided an explanation of its contents. The agreement is essentially the same as the prior agreement; however, that agreement had lapsed in December, 1991.

John Morrison, representing Lorigon Corporation, was available to answer council's questions. He asked for clarification of some sections of the agreement and Mr. Hoppen agreed to the proposed new wording, specifically relative to section 15 regarding Waiver of Right to Protest LID. Wording will be included to specify improvements necessary to 56th Street.

Councilmember Frisbie requested from Mr. Morrison a tally of lots sold prior to agreements with the city in order to anticipate the number of property owners who might object to annexation.

MOTION: To approve the utility extension agreement as clarified.
Frisbie/Stevens-Taylor - approved by a vote of 4 - 1 with Platt voting against.

3. Support for transit service area expansion.

Mr. Hoppen presented information provided by Mr. Elmer Tripple regarding Pierce Transit's proposed service area expansion. He asked that a letter be written to the Gateway explaining the proposal and supporting the improvements in service.

Councilmembers indicated a willingness to have such a letter prepared for their signatures.

4. Liquor license renewal - Bayview Grocery.
No action was taken.

DEPARTMENT MANAGER'S REPORTS:

1. Planning.

Mr. Gilmore asked council if there was interest in having a joint meeting with the Planning Commission to discuss the Talmo annexation pre-annexation zoning. A meeting date of

November 4, 1992 at 7:00 p.m. was set.

Mr. Gilmore also provided council with copies of the Gig Harbor North Draft Environmental Impact Statement.

The visioning process for the development of the comprehensive plan will begin in the next few weeks. Mr. Tom Beckwith will be providing consulting services during this process.

2. Police.

Chief Denny Richards provided council with information on the police department's activities. He also displayed some tools used in car prowls which had been recovered.

Chief Richards expressed concern over a recent court decision regarding a defendant's right to expectation of privacy in a home. In this particular case, the judge threw out the case because there was an expectation of privacy on the part of the person in the home. Chief Richards indicated that he had instructed his officers to continue to do their jobs, to continue to make arrests in felony matters.

3. Public Works.

Public Works Director Ben Yazici discussed the progress of the Soundview Drive project and anticipated its completion by the end of October.

He also reviewed the status of the formation of ULID #3 and the treatment plant expansion project.

MAYOR'S REPORT:

1. Mayor Wilbert proposed a committee to assist in the establishment of a set of comparison cities to be used for salary surveys. Two representatives from the Police Guild and two representatives from the Employees Guild will meet with Mr. Hoppen and Councilmembers Platt and English to work on this committee.

APPROVAL OF PAYROLL:

MOTION: To approve payment of warrants #7533 through #7652 (less warrants #7570-#7572 and #7625) in the amount of \$150,848.04.
Platt/English - unanimously approved.

APPROVAL OF BILLS:

MOTION: To approve payment of warrants #9501 through #9603 (less warrants #9507-#9510, #9529-#9535, #9573, and #9578) in the amount of \$393,322.55.
Platt/English - unanimously approved.

EXECUTIVE SESSION:

MOTION: To go into executive session at 9:20 p.m. for the purpose of discussing personnel issues.
Anticipated length of the session to be 10 minutes.
Markovich/English - unanimously approved.

MOTION: To return to regular session:
English/Stevens-Taylor - unanimously approved.

ADJOURN:

MOTION: To adjourn at 9:30 p.m.
Platt/English - unanimously approved.

Cassette recorder utilized.
Tape 291 Side B 053 - end
Tape 292 Both sides
Tape 293 Side A 000 - 136.

Mayor

City Administrator



City of Gig Harbor. The "Maritime City."

3105 JUDSON STREET • P.O. BOX 145
GIG HARBOR, WASHINGTON 98335
(206) 851-8136

TO: Mayor Wilbert and City Council
FROM: Tom Enlow
DATE: October 9, 1992
SUBJECT: Contract for researching excise taxes

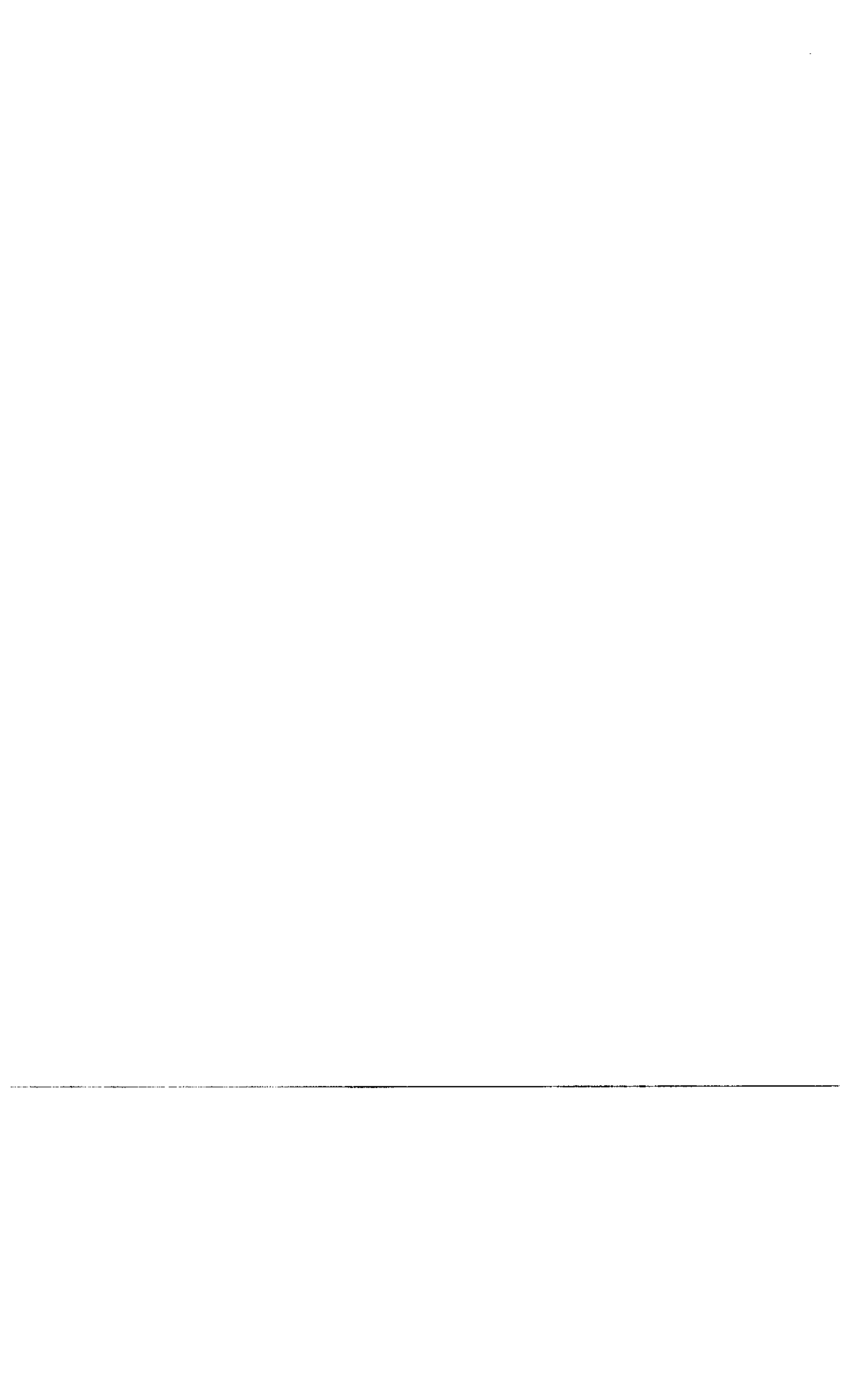
Benson and McLaughlin, CPAs, have performed significant research into the laws regarding excise tax of utilities and have determined that many utilities are overpaying. I have discussed Gig Harbor's situation with them and it appears that we may be able to receive refunds of overpaid tax.

There are two basic areas where overpayments occur, overlooking legitimate deductions, such as debt service and capital improvements, and paying "sewer collection" tax rates on all sewer revenues. The tax on the portion of the revenues attributable to collection is more than twice the rate of the tax on the portion attributable to sewer treatment. I estimate that we have a potential refund of \$21,000 for 1988 to present due to paying collection taxes on treatment revenues. I'm not prepared to make any estimate on overpayments due to overlooked deductions.

We could probably research the laws regarding the taxes and our own revenues, expenditures and tax returns and recover any overpayments without the use of outside consultants. However, the state only allows us to seek refunds for the prior 4 years. We probably wouldn't be able to complete our research in time to recover our 1988 overpayments.

I recommend that you approve the attached contract, not to exceed \$750, for Benson & McLaughlin to perform an initial review of our records and make an estimate of the potential refund.

If the estimated refund is attractive, you will be asked to consider a contract for further work.



WILLIAM W. STEPHENS
BRIAN J. HEMPHILL
CHRISTOPHER A. SHERIDAN
MICHAEL F. SWANSON
ROBERT L. JOHNSON
MARRY J. VALLAT
ROBERT W. WALES
HENRY V. BENSON, JR.
RICHARD F. CLARKE
HARRISON J. LEWIS
GLENN K. LIGHT
OF McLAUGHLIN

Benson & McLaughlin Certified Public Accountants, P.S.

1400 Blanchard Plaza, 2201 6th Avenue, Seattle, WA 98121
Tel: 206 441-3500 Fax: 441-1551

September 23, 1992

Mr. Tom Enlow
Finance Director
City of Gig Harbor
P.O. Box 145
Gig Harbor, Washington 98335

Dear Mr. Enlow:

I enjoyed meeting you at the WFOA Conference last week and am responding to your request for further information regarding the amended excise tax return project. As we discussed, this effort should provide the City of Gig Harbor with two major benefits: the refund of past overpaid excise taxes, if any; and, the protection of future deductions in such areas as capital improvements, debt service, and segregation of utility revenue. This letter provides a firm overview, our proposed scope of work, and a list of documents needed for evaluation. Also attached is additional literature describing our firm and services (some of which you may have picked up at the Conference).

FIRM OVERVIEW

Our firm is one of Washington's oldest and largest local public accounting and consulting firms, providing a wide variety of services since our founding in 1949. We specialize in services for public sector entities, including municipalities and water, sewer, and special districts. Our activities have included: fiscal and operational audits, rate studies, budgeting and forecasting, analysis of flow of funds and funds available for investment, joint use agreements, accounts receivable systems, computer hardware and software research and selection, district mergers, refunding of outstanding bonds, appeal of excise tax audits, preparation of special reports, organizational studies, and analytical review of financial statements.

Internationally MOORE STEPHENS, with offices in Canada and throughout the world.

Relevant Experience

The following is a listing of some of our related clients. The range of tasks that have been performed for them is quite broad, including many of those listed above. This extensive experience provides us with an even broader perspective and understanding of the complexities faced by municipalities and water and sewer utilities. We have undertaken excise tax projects for those clients listed in bold print.

- **City of Edmonds**
- **City of Mountlake Terrace**
- **Midway Sewer District**
- **Mukilteo Water District**
- **Shoreline Wastewater Management District**
- **Rainier Vista Sewer District**
- **Hansville Water District**
- **Silver Lake Water District**
- **King County Water District #127**
- **King County Water District #20**
- Eastgate Sewer District
- Cedar River Sewer District
- Bryn Mawr-Lakeridge Water and Sewer District
- The Highlands Sewer District

We are also proud to be an active associate member of the Association of Washington Cities, the Washington State Association of Water/Wastewater Districts, the Washington State Association of Sewer Districts and, as you know, the Washington Finance Officers Association.

Ability to Perform Within Cost Estimates

Our firm's broad background and extensive industry experience will allow us to project with confidence the cost of undertaking each phase of this project. Benson & McLaughlin prides itself on providing cost effective services and makes every effort to stay within agreed upon budget amounts. If in performance of the project any modifications to the scope of work are requested or appear to be necessary, we would immediately contact you to coordinate adjustments or revisions. Upon your request, we would be happy to provide references for cities and districts for whom we have performed similar services.

Commitment to Quality

Our firm is devoted to quality, and we have taken extra steps to assure that we meet the highest professional standards of quality. Every three years, our quality

controls are examined by specially trained CPAs from other firms. Results of these reviews, called peer review reports, are available to the public, and a copy will be provided upon request.

We are pleased to note that we have received four consecutive unqualified peer review reports, which means that our firm was found to be adhering to the most rigorous criteria of our profession. These criteria were established by the Division for CPA firms of the American Institute of Certified Public Accountants and include such areas as: Independence, Supervision, Assignment of Personnel to Engagements, Hiring, Professional Development, and Internal Inspection of the Firm's Work.

SCOPE OF WORK

The project will be divided into three phases. The first two are oriented primarily toward research and verification. The third phase is concerned with establishing the methods and safeguards to protect certain excise tax deductions in the future.

Phase One

In phase one, our professional staff (with the assistance of your staff, if desired) reviews data from a number of sources including, but not limited to:

- 1988-1991 City or County Treasurer Reports (and all schedules) and/or internal ledgers that indicate transfers between funds;
- 1988-1991 original excise tax returns (including deduction worksheets);
- 1988-1990 year-end financial statements (and December 31, 1991, if available);
- 1988-1991 approved budgets;
- Resolutions and/or ordinances regarding the comprehensive plan, capital improvements, debt service (bond repayments), and rate/revenue distribution (may be older than 1988);
- Any customer billing detail showing allocation of rate increases to either capital improvement or debt repayment;
- Any data relating to contributed capital, loans or grants by third parties for treatment plants or other major capital projects.
- Certain other sewer and treatment system data such as miles of pipe, pump station configuration, and depreciation schedules.

Our initial effort would include a preliminary review of this data in order to develop an understanding of what deductions (if any) have been taken, how and why transfers between funds have occurred, and to determine where any changes may need to be made in your accounting procedures.

From what we learn in the above step, we are usually able to make a preliminary estimate of what should have been deducted and the estimated cost of our proceeding with phase two data collection and preparation of amended excise tax returns for 1988-1991. Based upon our conversation today, it appears that a significant refund may be available.

In the unlikely event that a decision is made not to proceed with the project, our fees for this first phase will not exceed \$750, including travel time. If the project proceeds (as we expect it will), our charges for phase one will be rolled into the entire project cost. The overall project cost will consist of hourly and expense charges added to a base \$2,000 charge. Our rates range from \$50 to \$164 per hour, with the majority of the work performed on the lower end of the scale. Our billings for similar projects for other cities and utility districts have ranged from \$3,500 to \$9,000.

Phase Two

Phase two involves actual data collection from the sources identified in phase one and documentation of what deductions (if any) have been taken as well as deductions that should have been taken, how transfers between funds have occurred, and identification of resolutions and procedures supporting capital improvements, rate/revenue distributions and bond debt service. This phase will likely also include a calculation of the amount of sewer revenue that should be allocated to various tax classifications.

This phase will end with calculation what should have been deducted and preparation of amended excise returns for 1988-1991. Please keep in mind, however, that the amounts cannot be confirmed until the process is completed and, of course, are dependent upon the Department of Revenue's response.

Phase Three

Phase three involves structuring resolutions and procedures to protect future excise tax deductions for items such as debt service and capital improvement transfers. We will focus on the allocation, segregation, and tracking of various funds, and work with your staff, your legal counsel, the County, and whomever else might be involved.

CONCLUSION

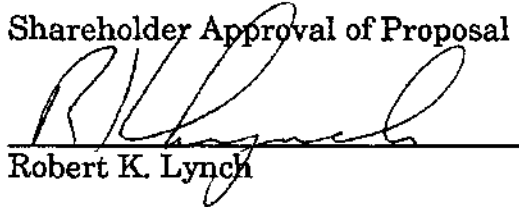
We look forward to working with you and want to thank you again for this opportunity to serve the City. So we can best schedule our resources to meet your needs (and not lose the opportunity to amend the City's 1988 returns), please contact me as soon as we have a go-ahead. Or, if you prefer, simply sign a copy of this letter and return it to us at your convenience. If any other questions arise please contact me at (206) 441-3500.

Yours truly,



Keith Oratz

Shareholder Approval of Proposal



Robert K. Lynch

CLIENT RESPONSE:

I understand and acknowledge the services described above and accept the terms of this engagement, including the aforementioned limitations.

This letter correctly sets forth the understanding of the City of Gig Harbor.

Officer signature: _____

Title: _____

Date: _____

attachments

KSO\c11

\wp\misc\pro\gighbr



Certified Public Accountants, P.S.

COPY

1400 Blanchard Plaza, 2201 6th Avenue, Seattle, WA 98121
Tel: 206 441-3500 Fax: 441-1551

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P.O. Box 145
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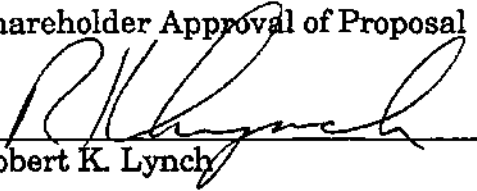
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Keith Oratz

Shareholder Approval of Proposal



Robert K. Lynch

CLIENT RESPONSE:

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This letter correctly sets forth the understanding of the City of Gig Harbor.

Officer signature: _____

Title: _____

Date: _____

attachments

KSO\cll

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**TACOMA-PIERCE COUNTY
HEALTH DEPARTMENT**

Board of Health

JOE STORTINI, Chair - Pierce County Executive
KAREN VIALLE, Vice-Chair - Tacoma Mayor

October 12, 1992

RECEIVED
OCT 13 1992
CITY OF GIG HARBOR

The Honorable Gretchen Wilbert
Mayor, City of Gig Harbor
P. O. Box 145
Gig Harbor, WA 98335

Dear Mayor Wilbert:

Enclosed in triplicate is the Amendment to Agreement for Public Health Services between your city and the Tacoma-Pierce County Health Department for the provision of basic health services to the citizens of your jurisdiction. As provided for in the current agreement, this amendment extends the current agreement to December 31, 1993 and adjusts the amount payable for the 1993 year.

On October 7th, the Tacoma-Pierce County Board of Health approved the content of this amendment, and it is now ready for you to take through your legislative process for approval to sign. We ask that you return all three amendments signed no later than December 11, 1992.

The Tacoma-Pierce County Board of Health will sign all amendments in January 1993; the amendments will then go to the City of Tacoma and Pierce County councils for ratification; and we will then return a fully executed amendment to you.

If you have any questions about the amendment, please call me at 591-6487.

Sincerely,


Vicki K. Kirkpatrick
Chief Administrative Officer

kk

Enclosures

AMENDMENT TO AGREEMENT FOR PUBLIC HEALTH SERVICES

WHEREAS, there exists an agreement dated September 4, 1991 by and between Tacoma-Pierce County Health Department, hereinafter called "Health Department" and the City of Gig Harbor, hereinafter called the "City," and

WHEREAS, the City desires that the Health Department continue in 1993 to administer and render public health services for the benefit of the City, and

WHEREAS, the City agrees to pay the amount for provision of these public health services as calculated for 1993 using the funding formula set forth in the *Agreement Providing for Creation and Operation of a Combined County-City Health Department*, and

WHEREAS, provisions in said Agreement for Public Health Services allow for the extension of said Agreement,

NOW, THEREFORE, it is agreed to amend said Agreement for Public Health Services as follows:

1. Provision 2. City Contribution---the amount shall be amended to be \$23,813 (Twenty Three Thousand Eight Hundred Thirteen Dollars). Said sum shall be paid to the Health Department in at least quarterly installments during the calendar year 1993. Said sum is to be paid in full before December 31, 1993.

2. Provision 4. Term---the term of this Agreement as amended shall commence January 1, 1993 and shall terminate December 31, 1993.

All previously existing terms and conditions of this Agreement shall remain the same and shall be in continuous full force and effect. In the case of conflict between this Amendment and the above identified Agreement, the terms of this Amendment shall prevail.

TACOMA-PIERCE COUNTY HEALTH DEPARTMENT

By: _____ Date: _____
Chair, Board of Health

By: _____ Date: _____
Health Officer

CITY OF GIG HARBOR, a municipal corporation

By: _____ Date: _____
Mayor

Attest: _____
City Clerk

Annual Payment due for 1993: \$23,813

Approved as to form:

Preston Thorgrimson Shidler Gates & Ellis

By: Robert J. Backstein
Robert J. Backstein
Attorney for Tacoma-Pierce County Health Department

City of Gig Harbor

By: _____
City Attorney

This amendment to agreement is hereby accepted and approved this _____ day
of _____, 19__.

CITY OF TACOMA

By: _____
Mayor

Date: _____

PIERCE COUNTY

By: _____
County Executive

Date: _____



City of Gig Harbor. The "Maritime City."
3105 JUDSON STREET • P.O. BOX 145
GIG HARBOR, WASHINGTON 98335
(206) 851-8136

TO: CITY COUNCILMEMBERS
FROM: MAYOR GRETCHEN WILBERT *GW*
DATE: OCTOBER 23, 1992
SUBJECT: EXIT CONFERENCE REPORT SUMMARY

The Exit Conference for the 1991 Audit was held Monday, October 19, 1992 at 8:00 a.m. at City Hall.

In attendance were the Finance Officer, Mr. Enlow, Administrator Hoppen, Councilmember Platt, three representatives from the State Auditor's Office, and myself.

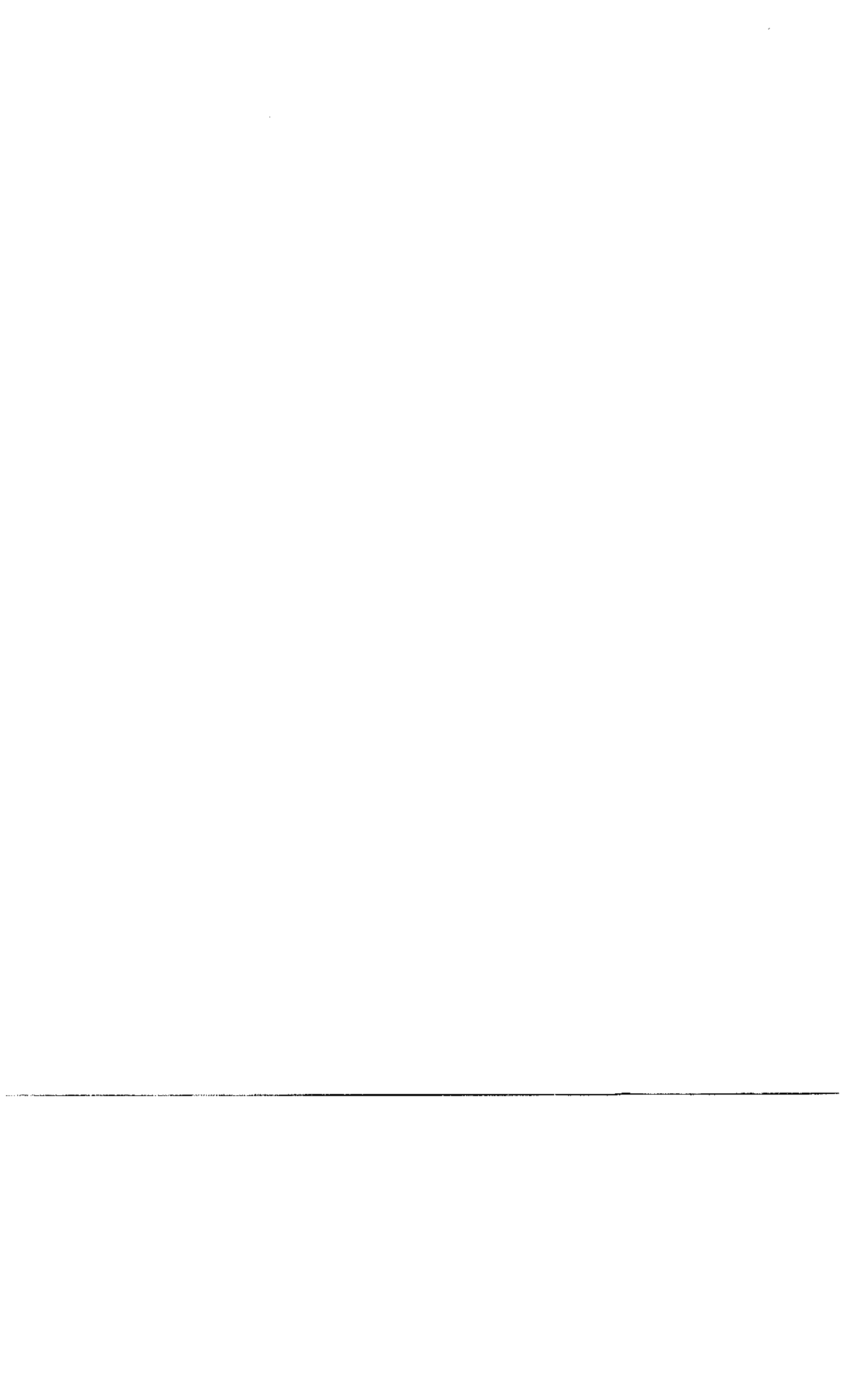
I'm very pleased to report to you the following brief summary:

The chief needs of our accounting system are to establish historical fixed asset costs and to resolve minor inconsistencies in our ULID accounts. Resolution of these two findings should eliminate future such audit findings and qualifications.

It's good to note that reports are being prepared accurately and all but one management point itemized for us by the auditors have been corrected. That one point will be addressed in our budget goals of 1993 when we present to you a plan to develop a purchase order system for the city.

A large credit of our success must go to Tom Enlow, who worked diligently with the auditors to make the necessary corrections in a timely fashion and the auditors were able to conclude their work within the time budgeted.

The auditor indicates the final 1991 Audit Report should arrive in our office in early December. We are eager to share with you a more complete report at that time.





RECEIVED
OCT 23 1992
CITY OF GIG HARBOR

City of Tacoma

Mayor Karen L. R. Vialle

October 21, 1992

Honorable Gretchen Wilbert
City of Gig Harbor
PO Box 145
Gig Harbor, WA 98335

Dear Mayor Wilbert:

I received your letter of October 8 and would like to respond to a few of the points you raised.

There seems to be some confusion regarding Tacoma's position regarding airport development. This confusion is troublesome because we have tried to clearly indicate what our plans were, beginning with the briefings out staff held with you and other peninsula area leaders this summer.

The existing land use plan for the peninsula has allowed, and is continuing to allow, adjacent development that is incompatible with the long-term interests of Tacoma Narrows Airport. In your testimony before the City Council and Planning Commission, you expressed your own concern about the impacts of incompatible development on the peninsula.

It is for this reason that Tacoma has sought to develop a joint planning agreement to allow us to have some measure of input into land use actions which impact the airport and out adjacent property. We offered to develop this agreement with Gig Harbor to also give your city a voice in development which occurs near the airport. I regret you have chosen not to participate in creation of this agreement. Tacoma will proceed to negotiate a joint planning agreement with Pierce County.

You addressed the existing interlocal agreement between Tacoma and Pierce County. We have been accused of not abiding by this agreement. We have also been criticized for submitting environmental scoping documents to Pierce County. Yet, these documents are the required first step of complying with the interlocal agreement.

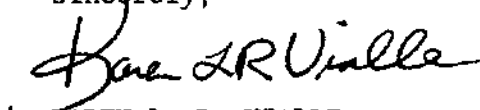
Once Tacoma achieves a joint planning agreement with Pierce County which creates long-term protection of the airport, it is still our intention to work with our peninsula neighbors on a development plan for the City-owned, non-airport lands. Development of the airport itself will

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proceed as outlined in the Devco Plan, as specified in the existing interlocal agreement.

Tacoma wants to be a good neighbor with peninsula residents. We also must protect the asset we have in Tacoma Narrows Airport. We have taken a great deal of unwarranted criticism over this issue, but remain committed to the course we have outlined. I hope we can continue to work with you to achieve these goals.

Sincerely,



KAREN L. R. VIALLE
Mayor