

**FIFE CITY COUNCIL
SPECIAL MEETING
STUDY SESSION MINUTES**

**Fife City Hall
Council Chambers**

**Date: March 21, 2006
Time: 7:00 p.m.**

**CALL TO ORDER
AND ROLL CALL**

Mayor Pro Tem Edwards called the special meeting/study session of the Fife City Council to order at 7:01 p.m. with the following Councilmembers present: Godwin, Johnson (7:45 p.m.), Edwards, Kelley, Cerqui, de Booy, and Roscoe.

Staff present: Worthington, Jacoby, Campbell, Blackburn, Reuter, Kennedy, Richards, Reinbold, Jurica, Ringus, and Recording Secretary Valerie Gow.

**PLEDGE OF
ALLEGIANCE**

Councilmember de Booy led the pledge of allegiance.

STUDY SESSION

**Wapato Creek
Restoration**

Interim Director Kennedy briefed the Council on proposed restoration efforts for Wapato Creek. Wapato Creek begins in Milton and enters Fife at Freeman Road just north of Valley, wanders northwesterly under Interstate 5, and flows into the Blair Waterway at the Port of Tacoma. Restoration work has been completed near Wapato Pointe, the Nissan dealership, the Milgard wetland enhancement behind Gensco, the south side of the berm behind ProLogis, and at the Radiance site. There have been discussions concerning the merits of adopting a policy to promote the restoration of Wapato Creek. Resolution No. 1025-06 has been drafted for the Council's review and consideration.

Councilmember de Booy expressed an interest in providing trails along the creek connecting to existing trails. Interim Director Kennedy replied the Corps of U.S. Army Engineers is reluctant to allow anyone in creek buffer areas. If the Council is interested in developing trails along the creek, staff will need to pursue further discussions with the Corps. City Manager Worthington said the City has secured some easements within the wetland buffers for public access during daylight hours. There are a series of trail proposals identified in the Parks and Recreation element of the comprehensive plan.

Councilmember Godwin said much of the creek passes through private property. A trail along the length of the creek is likely not realistic.

Council and staff discussed future trails at Gensco and the Radiance development.

Councilmember Cerqui stated he hopes agricultural uses along the creek will not be impacted by a resolution adopted by the Council.

Mayor Kelley asked if the City could solicit support for restoration efforts from the Puyallup Tribe, Port of Tacoma, and state and federal natural resource agencies. City Manager Worthington replied a goal is partnering with other entities. Mayor Kelley expressed an interest in returning fish to the creek and supports the Council adopting a resolution.

In response to an inquiry from Councilmember Roscoe, Interim Director Kennedy reported on the progress of maintenance issues concerning Wapato Pointe. Discussion centered on the option of the City invoking the bond to complete the maintenance improvements. City Manager Worthington said there are two aspects; trail maintenance and the restoration area west of the 58th Street Bridge. The City has taken enforcement actions with the contractor on both. Councilmember Roscoe said the issue should be resolved.

Councilmember Godwin conveyed that restoration of the creek is needed and he supports moving forward with the resolution.

Consensus

There was general Council consensus to direct staff to advance the draft resolution.

**70th and Valley
Corridor Project
Update**

Interim Assistant Director Jurica described the 70th and Valley Corridor projects and proposed improvements for expanded roadway sections, bicycle paths, planting strips, and sidewalks. The Public Works Department reviewed the Council's earlier request to extend the design improvements eastward to include the intersection of Valley Avenue and Wilton Lane. The department concluded there is merit associated with extending the project to the east line of the City's Brookville Gardens property.

Randy Anderson, Project Engineer, David Evans and Associates, Inc., reported the Council asked what efforts are required to extend the project to Brookville Gardens. He distributed a handout, *Valley Avenue East, 54th Avenue East to Dale Lane, with the possible extension to Brookville Gardens*. The request would extend the project approximately 1,200 feet to the east. The cost of the extension has been prorated based on the cost of the project to the City minus some items such as administrative costs and utility coordination issues. Mr. Anderson reviewed benefits associated with extending the project:

- Engineering administrative costs are reduced by doing the work concurrently.
- Environmental work would be more efficient because work would be combined into one review and approval package.
- Utilities planning would be simplified.
- Construction costs are likely the most significant cost savings realized if the project is extended to its ultimate terminus point.
- Construction impacts to adjacent property owners and the public would be reduced.
- City administrative costs are likely to be lower.

Councilmember Godwin inquired whether Valley will be widened to three lanes. Mr. Anderson confirmed it will be as well as including landscape strips, sidewalks, and bike paths.

Councilmember Cerqui expressed support for extending the project. He indicated

it is unfortunate Valley could not have shifted slightly north rather than having to move a portion of the creek and planter strips. Mr. Anderson replied that he will take a closer look at the issue.

Councilmember Roscoe asked whether the project is designed in phases. Mr. Anderson replied the project is phased.

City Manager Worthington addressed Council questions and explained that the City owns a portion of the Brookville Gardens property. The expanded scope extends the design to Brookville Gardens.

Discussion ensued concerning the City and private partners eventually completing improvements along the Brookville Gardens frontage, and costs to complete the design and construction work. Councilmember Roscoe suggested the design work should include the Brookville Gardens frontage.

City Manager Worthington said based on the Council's input, staff will prepare a change order to the project scope for approval by the Council. The intent is to begin sidewalk construction in 2007 with the initial budget of \$500,000.

Mr. Anderson clarified the current scope of work takes the plan to 100% for the sidewalk on the south side of the road and 60% for the roadway plans. Curb and gutter is tied to the roadway construction.

Councilmember de Booy asked staff to elaborate on the timeline associated with the project and expressed a concern about inconvenience and mobilization issues. Mr. Anderson said the sidewalk portion will be one project bid. A second contract includes the road, storm drain, curb, gutter, and sidewalk on the north side of the road. City Manager Worthington said completing the sidewalk will take a summer construction season.

Debra Seeman, Project Manager for the 70th and Valley project, David Evans and Associates, Inc., described the design details of the improvement project. Project elements include widening the roadways, installing stormwater treatment and detention facilities, relocating the creek, and building a soft trail for pedestrians alongside Wapato Creek next to the storm pond. A 30% preliminary project design and the environmental documents have been prepared. The environmental information was submitted to Washington State Department of Transportation (WSDOT) for federal funding review. National Environmental Policy Act (NEPA) permit approval is anticipated by June 2006, which will trigger right-of-way acquisition appraisals.

Councilmember Johnson arrived at the meeting.

A public meeting will be scheduled following NEPA approval. Right-of-way acquisition is expected to cost \$2.5 million. The 30% preliminary design includes

cost estimates of approximately \$14.7 million for Phases 1 (Valley Avenue) and 2 (70th) of the project. Phase 3 includes the railroad crossing. Construction will begin on Phase 1 in June 2007. The total cost for Phase 1 is \$19.5 million and all funding has been secured. Utility undergrounding costs are not eligible for federal funding. Phase 2 construction is planned for 2008 with Phase 3 in 2009 and 2010.

City Manager Worthington added the project is on schedule. There may be a need to initiate condemnation procedures to move forward with right-of-way acquisition if there are unwilling sellers.

Councilmember Godwin asked how many feet of Wapato Creek will be relocated. Ms. Seeman replied approximately 300 feet. Discussion followed about construction specifics associated with relocating the creek.

Mayor Kelley said the storm pond should be moved to the Yotsuuye property rather than using two of the five acres of property at 20th and 70th for the storm facility. City Manager Worthington said staff could reexamine the option.

Councilmember Cerqui asked if the storm pond would have to be moved if an off ramp was constructed at 167. Ms. Seeman said the WSDOT Environmental Impact Statement (EIS) shows a ramp at the northeast corner rather than the southwest corner. Councilmember Cerqui asked whether the high voltage lines on 70th will be moved and whether the project includes water and sewer utilities on 70th and Valley. Ms. Seeman replied Tacoma Power will maintain some overhead lines but distribution lines will be undergrounded. Sewer and water will be constructed as a Local Improvement District (LID) and funded separately.

Councilmember Cerqui asked whether the Tribe has responded to the project. Ms. Seeman said the City needs to acquire right-of-way from the Tribe and individual Tribal owners. The Tribe is in favor of the improvement project while some members are opposed.

Discussion ensued about the advantages of a left-turn lane and how much of the design budget is attributable to Phase 3 design of the overpass. Councilmember Johnson said an underpass on 54th is a better location than an overpass at 70th.

History Museum Update

City Manger Worthington reported the City purchased the Dacca House several years ago and entered into an agreement with the Fife Historical Society to turn the house into a museum. The Society was unable to open the museum last year. The opening of the Dacca House Fife Museum is scheduled for April 1, 2006. In preparation of the opening, the Council allocated \$50,000 for improvements to the structure. The project is 95% complete and \$25,000 under budget. Additional block grant funding of \$17,000 was secured and utilized to construct a handicap ramp to the front door and a wheelchair lift for the rear stairwell.

City Manager Worthington reported staff asked the architect to provide an estimate

for a full restoration of the building. Zenczak & Partners Architects, AIA, prepared a cost estimate at no charge to the City. The total estimate is approximately \$70,000, which would include renovating the basement for public use. The Fife Historical Society would like to add two additional doors to protect valuable collections at a cost of \$1,000 and also replace some of the windows with vinyl frame energy efficient windows for a cost of \$9,000.

City Manager Worthington reported the project is under budget and funds are available if the Council wishes to authorize further structure enhancements.

Steve Kono, President, Fife Historical Society, introduced Vice-President Lucy Cerqui, Treasurer Marion Wetsch, and Facilities Coordinator Louise Hospenthal.

Ms. Hospenthal reported the Society has received a firm bid of \$9,557 for the patio and back door leading into the breezeway and 16 new windows. The dining room window and kitchen windows do not need replacement at this time. The Society would like to install grates over the basement window wells for security and liability reasons for an additional \$3,000. All of the lighting projects are nearly complete. The telephone is functional. A refrigerator was installed at no charge and all debris has been hauled away. There is an issue with heat in the basement and insulation, however. The fireplaces are not usable and will be closed off. There is an issue with the wheelchair ramp even though it meets code requirements.

Discussion ensued regarding a sign identifying the museum, window design elements, and why Milgard is unable to install the windows.

Councilmember Cerqui complimented members of the Historical Society for their work and update.

City Manager Worthington reviewed the next scope of the project and costs related to basement improvements.

Councilmember Cerqui expressed support in moving forward with the breezeway and basement improvements.

Mayor Pro Tem Edwards said the Council could direct staff to replace two doors and the windows and install the grates. The next phases of work will require a longer discussion.

The Council and staff discussed the need for another heat pump in the basement and problems associated with waterproofing the structure. Councilmember Roscoe expressed concerns that the contractor used for waterproofing the basement should be held accountable if the waterproofing measures are not performing as promised.

window grates at the Dacca House Museum.

2007 Budget Process

City Manager Worthington reported the 2007 budget process timeline and goals were developed following the Council's special meeting in February. He reviewed the critical pathway for the budget process with budget adoption targeted for November 28, 2006.

City Manager Worthington reviewed draft Council goals for 2007 focusing on partnerships, parks, transportation, pedestrian, and physical and social well-being (words shown in *italics* represent changes by the Council):

- Partner with the Puyallup Tribe in the restoration of Wapato Creek.
- Partner with the Fife community, its business leaders and the Puyallup Tribe to bring public art pieces to Fountain Memorial Park.
- Join with the Puyallup Tribe to partner with the Fife Historical Society to develop collection and quality exhibits.
- Install a series of signage and 5K markers along the City trail system to encourage use and physical well being.
- Construction of third and final phase of Wedge Park.
- Growing the Fife park system through planning and construction.
- Develop a trail maintenance program to partner with parties responsible for maintaining public trails to achieve a common standard.
- City will have long-range transportation projects to address regional traffic impacts. It's recognized that these projects may take multiple years to design, engineer, and build.
- City Council will identify local projects that will provide transportation enhancements for its citizens, which can be constructed within a two-year time span.
- City will prioritize projects, which add connections within its street system (maximize connectivity).
- City will develop projects to enable pedestrians to safely pass over I-5 (i.e., Frank Albert, Port of Tacoma Road, 54th Avenue pedestrian bridge).
- Pedestrian construction projects.
- City will provide support for Fife's Performing Arts Center to enhance Fife's ability to be a tourist destination to increase tourism and provide cultural opportunities for our citizens.
- Implement quality senior programs that may bring in senior citizens from surrounding communities to Fife.
- The City recognizes the need for Spanish speaking personnel to better serve the *Latino* residents of our community.

City Manager Worthington said a 2006 Council goal, "prepare to celebrate the 50th anniversary of the incorporation of Fife," should be included in the 2007 goals. He referred the Council to information about the City of University Place and its work on the city's 2007-2008 budget goals as an example of another jurisdiction's

budget and goals effort. .

Consensus: **The Council concurred with the goals as amended and directed staff to move forward with 2007 program development.**

Wedge Park Phase II Design Update Director Reuter reported at the Council's February 21, 2006 meeting, staff and Councilmembers discussed design alternatives for Phase II of Wedge Park. The design alternatives included permanent versus portable restrooms and a trail extension for possible future connection to the bridge over Wapato Creek.

Eric Schmidt, President, Cascade Design Collaborative (CDC), said the projected cost for a portable restroom with a screen, shed, and irrigation meter is \$20,000 and the estimated cost for a drop in restroom is \$65,000. A 120-foot ADA accessible crushed trail connection from the parking lot to Wapato Creek would cost approximately \$4,000. A third alternative consisting of adding three parking stalls is estimated to cost \$9,000. The basic park package is \$158,000. It is possible to meet the \$230,000 budget with the addition of the improvements. He recommended the Council move forward with all three add-ons when developing the bid document. If the bid climate changes, the bid document can be modified accordingly.

Discussion followed about the use of pervious pavers in the parking areas and whether there is a need to provide a restroom facility.

Consensus **The Council agreed with Councilmember Johnson's suggestion to explore the use of pervious pavers in parking areas.**

Councilmember Godwin commented Wedge Park is drawing visitors not only from the local area but from the broader community as well.

Director Reuter pointed out that Wedge Park is classified as a neighborhood park and was not designed to be a regional facility. However, it is highly visible from the transportation system. An attractive element of the park for local users is the existing portable restroom.

Gambling Tax Update City Manager Worthington reported the Council requested an evaluation of potentially changing the gambling tax levied in Fife. Currently, the City charges Freddie's Casino 4% gambling tax. Neighboring jurisdictions with card rooms assess 10-12% gambling tax. Staff recently met with representatives of Freddie's Club to discuss its business climate. Staff is reviewing the financial information provided by Freddie's.

City Manager Worthington presented a *Card Room Gambling Tax Trends* chart showing gross revenues from card rooms for years 2002 through 2005. Using 2005 gross sales of \$3.5 million, rates ranging from 4% to 12% were applied. Each 1% increase in the tax results in an additional \$35,000 to City revenues. Fife's rate of

4% is less than half of what surrounding communities are charging. City Manager Worthington said it is timely to consider increasing Fife's gambling tax rate. He recommended increasing the rate to something under 10%.

Mayor Pro Tem Edwards said there are two issues before the Council concerning the gambling tax issue. The first is whether the Council will adjust Freddie's tax rate, and if so, agree on a specific rate so that staff can move forward.

Jack Newton, General Manager, Freddie's Club, asked that the Council retain the 4% gambling tax rate until the end of the year for the business to survive and break even. The business owner spent millions of dollars to market the club, which did not prove profitable. The organization is simply surviving. None of the employees have received a raise in the last five years. Freddie's is one of the few businesses in Fife that brings people in during the evenings. It is unfortunate that the business cannot make enough money to pay higher taxes. Tacoma and other communities attract four to five times the number of people. Freddie's is a business and must make some profit in order to remain viable. The organization currently employs over 100 people and the payroll exceeds \$2.5 million annually. Business is currently down 30% because of the road conditions and passage of the no smoking initiative. Bremerton and Ellensburg assess a 2% gambling tax rate. Poker has been successful and Freddie's is considering expanding the facility to provide a first class poker operation similar to Muckleshoot's poker room.

Mayor Kelley agreed road construction and the smoking initiative have affected Freddie's business. He said he is willing to retain the 4% rate until the end of the year but is interested in increasing the rate at least 1% in 2007. The City purchased the Levee property based on projected gambling tax revenues.

Director Campbell said Freddie's provided staff with profit and loss statements for the last several years as well as its Chapter 11 debt schedule report. Staff needs cash balance sheets and disclosures related to assets and depreciation to comprehensively evaluate Freddie's financial status. The Chapter 11 statement discloses the payments are complete as of December 31, 2007. Freddie's is making \$25,500 quarterly payments on unsecured claims. The profit and loss statements show a profit in 2005 and a loss in 2004.

Councilmember Cerqui said that as a small business owner he is sympathetic to Freddie's case and agrees with the Mayor that the Council should reevaluate the gambling tax issue after the City receives more financial information.

Councilmember de Booy said she's surprised Freddie's didn't have a better marketing plan that anticipated leaner times. She agreed with wanting the business to succeed but noted the City also operates a business.

Director Campbell referred to a January 12, 2006 memorandum on the history of Fife's card room gambling tax rates from 2001 to present. She noted the Council

has responded to Freddie's needs.

Mr. Newton said the 4% tax rate is appropriate based on the demographics of the gaming dollars in the area.

Councilmember Roscoe said she also does not want the business to fail but would like the Council to consider increasing the rates to 5% in 2007, 6% in 2008, and 7% in 2010.

Councilmember Godwin pointed out that other establishments are paying 17-20% and are surviving. The City provided Freddie's with relief in the past, and it has not been established that 4% is the appropriate gambling tax rate for Fife.

Councilmember Johnson said he also supports waiting a year to reevaluate the gambling tax rate. He referred to documentation that shows projected 2002 gross receipts of \$5.6 million compared to \$3.5 million in 2005. When Freddie's debt service has ended, he said he supports increasing the rate by 2% at the end of 2007.

Councilmember Roscoe suggested establishing the rates now so that Freddie's can plan for the rate increase. City Attorney Jacoby added that the Council could enact an ordinance with an effective date of January 1, 2007.

Chip Mudarri, Freddie's Club, said the debt service will be paid off at the end of 2007. He said he has no problem with a 1% increase in the gambling tax rate effective January 1, 2008.

City Manager Worthington requested Mr. Mudarri provide the Finance Director with a copy of Freddie's financial plan. Discussion ensued related to Freddie's market plan, demographics, projected growth for the area, and investments the owner has made to the business.

Mayor Pro Tem Edwards said he agrees with Councilmember Johnson's approach that the Council should consider setting the gambling tax rate based on Freddie's growth and future legislative changes rather than establishing a tax rate for a specific date. He suggested retaining the 4% rate at this time.

Motion

Councilmember Roscoe moved, seconded by Councilmember Cerqui, to extend the meeting 15 minutes to 10:15 p.m. Motion carried.

City Manager Worthington requested further direction from the Council. Mayor Pro Tem Edwards polled the Council on an appropriate gambling tax rate beginning in 2008 when Freddie's debt service has ended. After 2008, the rate could change based on legislative and/or market condition changes.

Councilmember Roscoe said she'd like an ordinance crafted in such a way that tax rate increases are triggered based on legislative and/or market condition changes,

that the Council revisit the ordinance annually, and that the tax rate increase to 6% in 2008. Mayor Pro Tem Edwards and Councilmember de Booy also spoke in favor of a 6% rate in 2008. Councilmembers Cerqui, Johnson, Godwin, and Mayor Kelley indicated they would support a 5% gambling tax in 2008 immediately following repayment of Freddie's debt service.

City Manager Worthington said staff will present a draft ordinance for the Council's review at its May study session.

FUTURE AGENDA TOPICS

Cash Carry Over – 2006 Budget Amendments

City Manager Worthington reported each year, the operating budget is based upon an estimate during the preparation of the budget. After the beginning of the new year when final budget figures have been identified and carryover cash has been calculated, the budget must be adjusted to reflect actual beginning fund balances.

Finance Director Campbell reviewed Exhibit A – *Budget Adjustments and Appropriations, Ordinance #1587-06* and reviewed key budget amendment carry-over items:

- Puyallup Tribe interlocal revenue: \$850,000 to be paid annually per the agreement was not received in 2005. This has been reduced from the carry-over funds and reallocated in 2006 plus \$200,000 in lieu of property and hotel/motel tax for 2006.
- New after school and reserve conference program revenues.

Motion

Councilmember Roscoe moved, seconded by Councilmember Cerqui to extend the meeting 15 minutes to 10:30 p.m. Motion carried.

- Capital projects that did not happen in 2005 such as the new assistant Finance Director office (\$20,000) and new office modular structures and workspace for the Public Works Department. The \$77,000 carry-over for the Public Works Department is split between the current expense, water and sewer funds.
- Allocate an additional \$350,000 for the pool remodel.
- Museum site improvements carry-over of \$43,175.
- Carry-over \$5,300 for the Caboose project.
- A \$500,000 capital project has been added to the storm utility fund for 62nd Avenue-20th Street conveyance. Discussion ensued concerning conveyance versus water treatment issues.
- \$3,000 has been earmarked for a new educational storm brochure in 2006.
- Right-of-way acquisition costs have increased by \$25,000.
- Parity Bond Fund: An additional \$140,000 was called and paid on 2006 principal payment due to increase in principal payments by ULID participants.

Finance Director Campbell noted the detention fund did well last year generating

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\$73,000 more in revenue than anticipated. The Real Estate Excise Tax (REET) was \$196,000 higher than projected. REET revenues for 2006 were projected at \$340,000 and \$264,000 has been collected to date. An additional \$140,000 has been allocated to the Fleet Fund. She referred to a memo dated March 15, 2006 from Public Works Director Blount requesting to move \$324,740 from the current expense fund to the street fund to complete the reconstruction of Pacific Highway East from Alexander Avenue to Port of Tacoma Road.

Citizen Comment

Mike Seeger, Fife Flowers, referred to City Manager Worthington's article about blackberries in the *Fife Free Press*.

Mr. Seeger distributed photographs and a handout with comments and suggestions for the 2006 Fife Harvest Festival. Mr. Seeger provided a status report on planning activities for the 2006 festival.

Motion

Councilmember Roscoe moved, seconded by Council de Booy, to extend the Council meeting 10 minutes to approximately 10:40 p.m. Motion carried.

Mr. Seeger outlined some additional ideas and suggestions for the festival and fundraising activities. He asked the Council to e-mail additional ideas to him or to Andrea Richards.

Councilmembers and staff thanked Mr. Seeger for his work and enthusiasm.

City Manager Worthington reminded the Council of a scheduled executive session on Saturday, March 25, 2006 beginning at 7:00 a.m.

ADJOURNMENT

Councilmember de Booy moved, seconded by Councilmember Johnson, to adjourn the meeting at 10:36 p.m. Motion carried.

Mike Kelley, Mayor

Marlyn Campbell, Clerk-Treasurer

Prepared by Cheri Lindgren, Recording Secretary
Puget Sound Meeting Services