



CITY COUNCIL SPECIAL MEETING **JOINT COMMUNITY DEVELOPMENT AND PUBLIC WORKS COMMITTEES**

MINUTES

4:00 PM January 20, 2021

Microsoft Teams and 2nd Floor Conference Room, City Hall

1. CALL TO ORDER

In the absence of Mayor Korthuis, Mayor Pro-tem, Gary Bode opened the meeting at 4pm.

2. ROLL CALL

City Council Members: Kyle Strengholt, Gary Bode, Brent Lenssen, Ron DeValois Mayor Scott Korthuis (joined late due to scheduling conflict), Jerry Kuiken

Staff: Steve Banham, Mike Martin, Heidi Gudde

3. APPROVAL OF MINUTES

- a. Public Works Committee Meeting 12-16-20 Minutes approved as presented.
- b. Community Development Committee Meeting 10-21-20 Minutes approved as presented.

4. DISCUSSION ITEMS

- a. Pepin Creek – Main Street Bridge – Item was pulled from the agenda for later discussion.
- b. Pepin Creek – Financial Mitigation Conclusions and Next Steps

Mike Martin gave an introduction to this item.

Heidi Gudde presented summarized findings of the Berk Financial Mitigation Study which was finished just prior to the meeting and therefore not distributed to Council until after the meeting. The presentation included:

Design Goals

- Re-capped the goals associated with the design of Pepin Lite. These are (1) to reduce infrastructure costs associated with the Pepin project, (2) release the moratorium, (3) focus on transportation improvement first with ancillary benefits of flood protection and habitat improvement.

- Given the Pepin Lite design was determined to have merit when presented to Council in July of 2020, staff then moved to establish a mechanism to fund the infrastructure improvements.
- Revisited the 13 projects associated with the Pepin Lite plan.

Cost Reductions

- Gudde highlighted that the Pepin Lite design reduces the costs associated with creek relocation from approximately \$37 million to \$14 million.
- Regional roadway improvements, these are considered Double Ditch Road and Benson Road, were consolidated into one regional roadway called Pepin Parkway and doing so reduced costs from \$16 million to \$10 million while traffic studies demonstrated that the level of service, even at full build out, will be maintained at adequate levels.
- The 13 different projects associated with Pepin Creek were divided into two categories. One category is 9 projects that occur specifically within the Sub-Area. These are estimated at about \$30,474,000. The remaining 4 projects are those that the City has preliminarily indicated it would fund. These 4 'City projects' total \$4,134,000 - \$6,247,000 depending on the type of bridge used at Pine Street.

Consistency with the Sub-Area Plan

- Gudde noted that it is important to compare our current project plans to the approved Pepin Sub-Area plan.
- Regarding density the Pepin Lite design is on track. As less area is used for creek channel, the number of estimated housing units increased slightly. Berk Consulting has provided 'midrange' unit numbers which take into account the net developable area. Feedback from sub-area planning noted that the area should accommodate 1700 – 2000 dwelling units. The realistic midrange of the Pepin Lite plan assumes about 1,568 units (while the theoretical maximum of the area is 2,883 units).
- Revisions to the sub-area plan will be needed to illustrate the changes associated with Pepin Lite but the overall land use, open space, and transportation planning remain consistent with the plan.

Discussion of the Results of the Financial Mitigation Study

- Gudde reviewed the two options that were studied by Berk Consulting.
- One option is a Local Improvement District (LID) and the other is a SEPA Mitigation Fee. The basis for these two fees is different. The LID assesses properties based on the increase in value that a public project (the Pepin Lite design) would have on private property. The methodology of the SEPA mitigation fee is based on mitigating for the impacts associated with new development as it is proposed.

- The LID was reviewed using only properties that had remaining development potential. That means that properties that are already developed, even if they would see benefits from the Pepin improvements, would not be financially assessed. The LID also took into account a downturn in the market due to the COVID-19 pandemic.
- The results of the LID study concluded that it was only a marginally feasible methodology.
- SEPA mitigation fees were reviewed from a variety of angles. This included looking at the impacts of new development on stormwater as well as flood water. The study concluded that new development would not necessarily exacerbate the existing conditions related to stormwater and flooding if developed per existing code standards.
- The study did conclude that transportation impacts were measurable, had commonly been assessed through SEPA mitigation fees, and use of transportation impact fees (TIF) was consistent with the goals of the Pepin Lite project.
- The study used transportation modeling to conclude that, at full build-out, 98.7% of all the trips occurring within the Pepin Creek Sub-Area will be generated by local development and only a small percentage (1.3%) would be associated with regional traffic.
- The study went on to divide the cost of the 9 projects within the Sub-Area into a TIF. This, by way of example, would be \$17,251 for a single-family home. Fees would be different for attached / multi-family homes based on the average number of trips generated for each housing type. The TIF associated with this SEPA mitigation fee would be added to the City's existing TIF of \$2,111 per single family home.
- The group reviewed charts on where this potential TIF amount compared to other jurisdictions.
- Staff suggested that the City consider funding additional regional roadway improvements in the area. The resulting TIF would be just over \$11,000 per single family home.
- Bode noted that the value of the raw land in the sub-area should reflect the costs associated with getting it to construction. That soils here are not easy to develop like the soils of east Lynden which tend to be gravel / sand based and roads are even more expensive to improve or construct.
- Lenssen expressed a desire to see development pay for all infrastructure within the sub-area.
- Staff noted that because a SEPA mitigation fee is based on the impacts associated with development could create an incentive for low density development. And, if very low density development is permitted (lower than typical development within the zoning categories

chosen for the area), the City will under-collect what is expected to be needed for the Pepin infrastructure. While not popular in Lynden, the need for a minimum density requirement is evident. The Berk study found that build out of the sub-area would be about 5.1 units per acre – which is not drastically different from other areas within the City.

- Council members discussed this issue as well as other roadways within the City that needed improvements, and also the constraints associated with the Pepin Sub-Area raw land.
- Conclusions of discussion of this item included:
 - o Council expressed support for the strategy of using SEPA mitigation fees.
 - o Minimum density concepts will need to be explored.
 - o Staff and Berk to look at market analysis related to 3 scenarios. (1) that development would pay the maximum share (98.7%), (2) that the City would contribute an additional \$5 million to infrastructure costs associated with the 9 sub-area projects. (3) that the City would contribute an additional \$10 million. Market analysis would review comparable development to determine if the sub-area remains feasible for private development.
 - o Staff to distribute the full study to Council for review and meet again in February.

5. INFORMATIONAL ITEMS

a. Initiative to Add a Hearing Examiner – Status Update

Proposed scope of work related to the hearing examiner's role was included in the packet along with draft rules and the drafted RFQ (Request for Qualifications) that is intended to be used to advertise for the individual who would fill the role of the hearing examiner for the City of Lynden.

Discussion focused on the code revisions. Heidi Gudde updated the group on the Planning Commission's hearing from December 10. The Planning Commission recommended approval of the ordinance but at the urging of staff and legal counsel also included stand-alone shoreline decisions as applications which would go to the hearing examiner. The shoreline code being a very technical set of regulations the hearing examiner would be a good fit for these actions. Shoreline permits that are connected to another land use action such as a long plat or PRD would continue to go to the Planning Commission.

Ron DeValois asked staff about the appeal process associated with a hearing examiner's decisions. Expressed support for the hearing examiner but also indicated a desire to have those decisions appealable

to the City Council. Gary Bode agreed that appeals of the hearing examiner should return to the City Council.

Mayor Scott Korthuis adjourned the Special meeting of the City Council

COMMUNITY DEVELOPMENT COMMITTEE MEETING / SPECIAL COUNCIL
MEETING / SPECIAL PLANNING COMMISSION MEETING MINUTES

Special Council Meeting

4:00 PM January 20, 2021

1st Floor Conference Room, City Hall and virtually on Microsoft Teams

Heidi Gudde, Planning Director

Scott Korthuis, Mayor