



## EXECUTIVE SUMMARY – Community Development Committee

<b>CDC Meeting Date:</b>	February 17, 2021	
<b>Name of Agenda Item:</b>	Pepin Creek Financial Mitigation	
<b>Section of Agenda:</b>	Discussion	
<b>Next Steps Proposed by Staff:</b>	<input type="checkbox"/> Staff revisions <input type="checkbox"/> Return to CDC <input checked="" type="checkbox"/> Schedule for full Council	<input type="checkbox"/> Planning Commission <input type="checkbox"/> Other Committees <input type="checkbox"/> Other: _____
	<b>Legal Review:</b> <input type="checkbox"/> Completed <input checked="" type="checkbox"/> Recommended <input type="checkbox"/> Not Required	
<b>Attachments:</b>	Draft Resolution of Intent, <b>Revised</b> Pepin Creek Financial Mitigation Study dated <b>2-11-21</b>	
<b>Summary Statement:</b>	<p>At the January CDC meeting (Special Council Meeting) staff presented concepts for the allocation of costs associated with the Pepin Lite infrastructure. Projects include creek re-location but also considerable street improvement projects. Most of the projects serve the development within the Pepin Creek Sub-Area but also provide some benefit, such as a measure of flood protection, to existing neighborhoods which see periodic flooding related to the Pepin Creek basin.</p> <p>The mechanism for cost allocation that showed the most merit is the use of Transportation Impact Fees (TIF) administered in the form of a SEPA mitigation fee. This fee can be based on the percentage of trips which will be generated by the build-out of the Sub-Area which creates the nexus between the infrastructure needed to accommodate the impact created by development. Traffic analysis concluded that 98.7% of new trips in this area will stem from development in the Sub-Area.</p> <p>The January meeting concluded with staff and the consultant team assigned to explore market analysis related to the feasibility of development paying for 98.7% of infrastructure improvements that are located within the Sub-Area (the resulting TIF would reach nearly \$20,000 per single family residence). Additionally, if TIF at that level was infeasible then would a City contribution of roughly \$5 million or \$10 million begin to make it more feasible?</p> <p>Results of the market analysis showed that development within the Sub-Area is feasible even if it shoulders 98.7% of the cost of infrastructure improvements, other fees, utility costs, and raw land costs. This was examined by comparing the total development cost to the value of improved land within comparable development within the County.</p> <p>Given these results, staff has drafted the attached a City Council <u>Resolution of Intent</u> which summarizes the conclusions of the Pepin Creek Financial Mitigation Study and outlines the path toward lifting the moratorium on development within the Sub-Area.</p>	



The Pepin Creek re-location project and Sub-Area planning have been studied in great depth. During that time, a wide variety of solutions have been explored. As such, it is important to note a few key aspects to the current plan and process moving forward so that expectations of City leadership, staff, and the public are consistent. Some of these points are compromises in design, or delays until full build out, which are needed to reach a point of feasibility. Some of them represent a significant shift in development policy within the City of Lynden.

## **Design:**

1. The Pepin channel will not run the entire north-south length of the Sub-Area.
  - Pepin Lite plans assume that some areas which were Pepin Creek corridor will be used for Pepin Parkway or developed into residential uses.
  - The possibility remains that the northern Double-Ditch Road right-of-way could become the Pepin Creek channel and riparian zone if this section of the road were removed.
2. Benson ditch remains in its current location.
  - Adding additional water to the Pepin Creek channel and downstream reach would be difficult to permit and increases water flows to an erosive section of the stream corridor.
3. The City has Acquired Dickenson Park
  - The downstream reach of Pepin Creek has the exciting benefit from the land acquisition of Dickenson Park.
  - A legacy project - habitat enhancement and public amenities will be a valuable asset to existing neighborhoods as well as the Pepin Sub-Area Development

## **Land Development Policy / Plans:**

1. The City is implementing significant projects in the downstream reach as well as two bridges in the Main Street area currently estimated at \$7.5 - \$9.6 million (a portion of which is already funded / completed).
2. Private development will shoulder a larger share of infrastructure improvement than has typically been the case in the City of Lynden.
3. Minimum densities are needed in the Pepin Creek Sub-Area to avoid under collection of SEPA mitigation fees which would result in a shortfall to infrastructure funding.
4. Additional SEPA review will be required.
  - As the threshold that triggers SEPA review is lowered within the Pepin Creek Sub-Area, development review of small scale projects will require more staff time and slightly longer review times.