

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: Consent C 1 C
DATE: January 14, 2010
SUBJECT: Council Meeting Minutes

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

SUMMARY:

Attached are the minutes of the December 2, 2009 Special Council Meeting minutes as on file in the office of the City Clerk.

RECOMMENDED ACTION:

Approve as submitted

CITY OF SULTAN COUNCIL MEETING – December 2, 2009

The special meeting of the Sultan City Council was called to order in the Sultan Community Center by Mayor Eslick.

Councilmembers present: Wiediger, Slawson, Flower, Beeler, Blair and Davenport-Smith

DISCUSSION

Transportation and Impact Fees:

The issue before the city council is to consider amendments to the city's impact fee regulations and provide direction to staff.

The city council discussed four impact fee policy questions on May 14, 2009 and at a special meeting on June 9, 2009. Since the city council was unable to complete its discussion of impact fees at the June 9 meeting, Garth York requested council continue its discussion of park and transportation impact fees at the November 12, 2009 council meeting.

Due to the long meeting agenda, the city council did not discuss all the policy questions on November 12, 2009. Instead, the council directed staff to analyze the impacts of allowing active final plats, eligible for credits under Sultan Municipal Code 16.112.080 (Ordinance 630, adopted 1995), to use those credits to offset traffic impact fees.

1. When can impact fees be paid? Consider during 2011 Comprehensive Plan Update. Changes to impact fees should be considered during the comprehensive plan update in 2010. The council should consider this issue during the technical analysis of park and transportation impact fees in the fourth quarter of 2010.
2. Should on-site recreation facilities be credited against park impact fees?
 - Keep current requirements. Do not increase park impact fees by including on-site recreation facilities in parks level-of-service. The inclusion of mini parks would increase the impact fee.
3. How should traffic impact fee credits be managed?
 - Keep current requirements. The city council should not reinstitute a policy to carry-forward transportation impact fees for new development. This policy will not provide the needed revenues or improvements necessary to maintain the adopted transportation level of service. Future impact fees will increase to cover the cost of necessary improvements.
 - Consider "grandfathering". Consider a policy decision to allow active final plats, eligible for credits under Sultan Municipal Code 16.112.080 (Ordinance 630, adopted 1995), to use those credits to offset traffic impact fees. An "active" final plat is defined as a plat where the city has not yet accepted the infrastructure improvements. If credits are given to one development, the impact fees will be increased for other developments to cover the cost of improvements or the city will need to cover the cost.
 - Council can consider this issue separate from the 2011 comprehensive plan update
4. Should impact fees be based on proximity to Sultan's "core"? Consider during 2011 Comprehensive Plan Update. The council should consider a tier system of impact fees during the 2011 comprehensive plan update. Technical analysis of park and transportation impact fees is scheduled for the fourth quarter of 2010.

CITY OF SULTAN COUNCIL MEETING – December 2, 2009

Discussion was held regarding:

1. The analysis completed by a consultant earlier this year and the need to do an update with the comprehensive plan.
2. A review of the table detailing the impact of changing when collection is made and the impact of allowing developers to vest at the time of plat. Would have to change the regulations as there could not be any "grandfathering".
3. The number of plats and lots that are eligible for credits and potential impact of increased fees to other plats.
4. The difference between frontage improvements and system improvements.

PUBLIC COMMENT

Garth York: The city is dealing with two issues, the one past last year and the one he developed his plat under that had an appeal process. The preliminary plat was done in 2006 and construction was done in 2008. In the past he has sold the plat to builders. The code does not work for him. The credit for improvements to the Sultan Basin Road was agreed on by the city and him. The improvements are in and he paid for them. He feels system and frontage improvements are the same and he was told there would be offsets for the improvements. Under the new ordinance, there is no credit and he feels he should receive credit for the improvements done in 2006 that are being used. He installed the culverts and obtained all the necessary permits. He discussed the credits with prior staff. The increase in impact fees impacts the ability to market the property. The staff reports with his plat show what he agreed to pay for impact fees and he did not agree to pay whatever the fees are now. Would like present day value for improvements. Installed culvert to handle the runoff from the road.

Council discussion:

No vesting for impact fees; connection fees can be raised with a time line to allow payment prior to increases; credit for system improvements. Market impacts have had an impact on other cities and they have increased fees to cover costs. Larger cities have infrastructure in place; smaller cities must plan based on GMA population and have lower levels of service to lower impact fees. Developers in other cities are facing the same issues. Are there other projects that are impact or are we doing this for just one development. How will the citizens or other developers view this? Need to see written agreement on proposed credits for improvements. How long should the city be expected to allow fees based on prior year's ordinance; expectation that impact fees should be vested at the time of the plat approval. Developer wants to value improvements based on the Time the development is sold but wants the value of the impact fees set at 2006 prices. Under current code, developers get credit for system improvements; why would there be an assumption that the impact fees would never change?

Bob Martin: The issue that needs clarification is the difference between system improvements and frontage improvements. System improvements are for the entire road; developer could be required to put in part of the system improvement as a part of his frontage improvements. Credits are only given for the difference in what would be required for the one development versus what is needed for the overall system improvement. The value of the system improvements needs to be determined in order to calculate the credits. This is a policy question for all developments not just one.

CITY OF SULTAN COUNCIL MEETING – December 2, 2009

Steve Harris: The City is missing the boat; this should be about stimulus and how Sultan can get builders to what to come to town. The legal and planning issues can be addressed and fixed by the council. As a developer he expects to pay for the impacts from his project. The developer passes the cost on to the buyer when the property sells. Could allow payments of the fees over a number of years and that would provide the city with cash flow. The fees are too high and that keeps builders away from Sultan. The city should not increase fees after project approval – set a five year window where the fees don't change. Everyone needs to work together.

Ginger York: Disagrees there is no such thing as free lunch. The developer only gets a credit if the work has been completed and those improvements should be taken off the project list. People use the sidewalks that were put in to their plat and they tie into other projects. Market conditions are not part of the issue – they made an improvement and they should receive credit for those. The County and other cities are working on ways to stimulate building and if the building can be done and the house sold, the city will get the impact fees. They are taxpayers and contribute to the community. Postponing mitigation fees until the time of sale may move building along. They tried to pay the park impact fees and were not allowed to prior to building.

Discussion:

City needs to be consistent with practices of other cities; could consider a different structure for collection of impact fees; the city has worked to balance the budget and part of that was to increase fees to cover costs; lower fees now will have an impact on taxpayers in the future; capital projects such as the sewer plant are being paid for by current users; voter funded options were considered.

Council Staff direction:

1. Impact fee payments - Change collection process now or as part of the comprehensive plan? Consensus was to change the code as part of the comprehensive plan update.
2. Should on site recreation facilities be credited against park fees: Consensus was to leave the same. Briefly discussed the need for tot lots and how they impact the level of service for parks.
3. How should traffic impact fees be managed: Developers need to receive credit for system improvements not frontage improvements; impact to other developers for credits allowed; ability of the city to change the rules; possible sunset windows attached to plat approval; method to determine the value of the credit. The York development credit was discussed and council would like to see written documentation and any agreements made regarding credits for improvements. The council agreed they should receive a credit for the system improvements installed.
Two issues need to be addressed – new regulations and the York issue. Should change be made for one developer and how does the city address future developers that say they don't understand the code. The city attorney will draft a memo to address the issues raised by the council.
4. Impact fees based on proximity to Sultan's core: This was discussed before and it was decided to include in the comp plan update due to the extensive work required. New flood regulations will impact those decisions.

COUNCILMEMBERS:

Davenport-Smith: Was glad to have the discussion and appreciates the public input. Hopes this will help resolve some of the issues.

CITY OF SULTAN COUNCIL MEETING – December 2, 2009

Blair: Heard some good ideas on helping to build affordable communities. She tries to be fair to everyone in her decisions.

Beeler: The question is should we allow credits to carry forward and how much should the credit be. Is concerned about increases to impact fees.

S. Morrill: Curious as to why they waited so long to address the issue. If the city amends the code they should set deadlines in the ordinances and anticipate future issues.

Mayor Eslick: Is pleased with meeting and the feedback from the developers. Thanked everyone for coming to the meeting.

Adjournment: On a motion by Councilmember Blair, seconded by Councilmember Flower, the meeting adjourned at 9:50PM. All ayes.

Carolyn Eslick, Mayor

Laura J. Koenig, City Clerk