SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET

ITEM NO: C-2

DATE: September 30, 2010

SUBJECT: Capital Facility Goals and Policies

CONTACT PERSON: Deborah Knight, City Administrator

ISSUE:

The issue before the city council is to review council recommended changes to the Capital Facilities goals and policies from the September 2, 2010 and September 16, 2010 special meetings and approve the recommended changes on consent.

STAFF RECOMMENDATION:

Review the planning board and city council recommended changes to the capital facility goals and policies and approve the changes on consent.

SUMMARY:

The city council reviewed the council recommended changes to the capital facilities goals and policies on September 16, 2010.

Although the four council members present at the special meeting on September 16, did not make any changes to the recommended goals and policies, the council directed staff to return with the capital facilities element as a consent agenda item on September 30, 2010 for council approval. The intent is to give the councilmembers not present at the September 16, meeting an opportunity to comment on the final version before approving the recommended changes.

During the meeting on September 16, 2010, Councilmember Joe Niegel asked for clarification of CF 1.1.4 which defines the term, "available at the time of development".

CF-1.1.4. *~~"Available at the time of development" shall mean that such facilities~~ "Available at the time of development" means the facilities are in place or that a financial commitment is in place to complete the improvements or strategies within six years ~~of~~ from the time of development. In the case of park facilities, "available at the time of development" includes development contributing toward the financing of a community park in accord with the financing strategy contained in this plan.*

CF 1.1.4 provides the city's policy for meeting the concurrency requirements in the city's development regulations (SMC 16.108). Under the Growth Management Act, the city

cannot approve development if the development lowers the level of service for a particular facility below the adopted minimum standard unless the facilities will be in place at the time of development.

The city council could choose to move or copy CF-1.1.4 to the definition section of the comprehensive plan. Including the definition in the capital facilities element ensure that readers understand the concept when it is described in the text of the element.

DISCUSSION:

Capital facilities, defined as public facilities considered necessary for development, represent much of the infrastructure necessary for accommodating a community's growth. The Growth Management Act requires that communities prepare and adopt a Capital Facilities Element in their comprehensive plans (Revised Code of Washington 36.70A.070).

The capital facilities goals and policies are required to be consistent with applicable Snohomish County countywide planning policies and the Puget Sound Regional Council (PSRC) multi-county planning policies. The capital facilities element provides an inventory of capital facilities in the Sultan Urban Growth Area, analyzes the City's current and future facility requirements; presents goals and policies related to the continuation, development, and expansion of capital facilities; and provides a strategy for meeting the capital facility needs of the City.

How to Review Proposed Changes to the Goals and Policies

The review and recommended changes begin with the goals and policies adopted in the 2008 Revisions (2008 Revisions) to the 2004 Comprehensive Plan (adopted October 2008).

In order to track changes and provide an efficient review, the capital facility goals and policies are numbered CF = Capital Facilities with headings and subheadings to differentiate goals and policies (e.g. CF 1 is a goal, CF-1.3 is a policy)

Using common editing functions deleted text from the 2008 Revision is shown as ~~strikethrough~~, added text is underlined. Existing text is unchanged.

City staff have provided three attachments to assist in reviewing proposed changes to the goals and policies:

1. Attachment A – Mark-up version city council and planning board proposed changes to the capital facilities element goals and policies
2. Attachment B – Clean version city council and planning board proposed changes to the capital facilities element goals and policies
3. Attachment C - Summary small Group comments on the park policy questions

Growth Management Act

The capital facilities element is a mandatory element under RCW 36.70A.020 (3). Each comprehensive plan shall include …

A capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element

Puget Sound Regional Council Vision 2040

Vision 2040 does not include specific policies for capital facilities planning. There are multi-county planning policies (MPP) for public services. These are addressed in the Utility element. The planning board should ensure the capital facility goals and policies are consistent with the utility element.

Vision 2040 Overarching Goal: The region will support development with adequate public facilities and services in a coordinated, efficient, and cost-effective manner that supports local and regional growth planning objectives.

Having adequate services and facilities ensures that the region can maintain the health, safety, and economic vitality of our communities. Key urban services include sanitary and storm sewer systems, water supply, parks, roads and other community facilities.

New development needs new or expanded public services and infrastructure. At the same time, existing facilities require ongoing maintenance and upgrading. Taking advantage of renewable resources and using efficient and environmentally sensitive technologies can curb some of the need for new infrastructure. A commitment to sustainable infrastructure ensures the least possible strain on the region's resources and the environment, while contributing to healthy and prosperous communities.

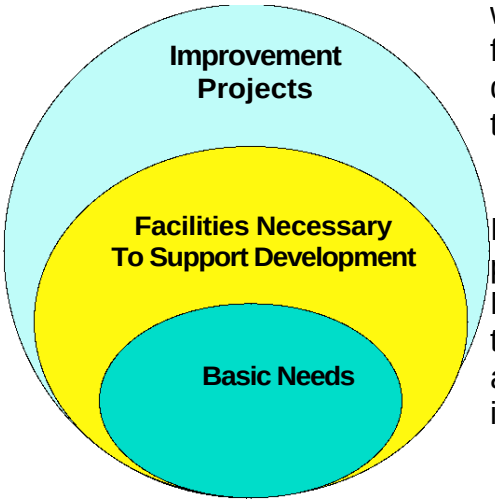
The Growth Management Act distinguishes between urban and rural services. For instance, certain services, such as sanitary sewers, are allowed only in the urban area – with very few exceptions. The Act also requires local jurisdictions to determine which facilities are necessary to serve the desired growth pattern and how they will be financed. These provisions are intended to ensure timely provision of adequate services and facilities.

Countywide Planning Policies

The draft Countywide Planning Policies (CPP) do not include specific policies for capital facilities. The Countywide Planning Policies focus on Public Services and Facilities.

Sultan Vision 2040

The City of Sultan is required, under the Growth Management Act, to develop a Capital Facilities Element in its Comprehensive Plan. The capital facilities element must align with the proposed land use element so all public facilities are in place serve new development and densities. The city must also be able to show how the facilities will be financed.



If there is not enough financing to support the proposed future land use, then the Growth Management Act requires the city to either amend the future land use plan to lower demand, decrease adopted levels of service or raise taxes and/or impact fees.

The Capital Facilities Element includes:

- An inventory of existing facilities (water, sewer, roads, parks)
- Forecast of future needs
- Proposed locations for new service extensions and a six-year financing plan

Capital facilities needs are broken into three categories:

1. Basic needs – resolve safety hazards and maintain existing facilities.
2. Facilities to support development – Projects needed to maintain level of service as new development is built. Includes system projects and site-development projects.
3. Improvement projects – Projects that enhance quality of life and community character.

The capital facility element identifies the city's existing facilities and adopted level of service standards. The next step is to identify the projects necessary to maintain levels of service.

The capital facilities plan identifies the "gap" between what's in place today and what's needed to serve future development.

Financing Plan

Generally, cities do not use property taxes to finance capital improvements. Property taxes are used for on-going operations and maintenance including police services, building inspection, animal control, street and park maintenance and general administration.

The following table lists the primary sources of capital project funding for 2010. These funding sources are restricted by state law to financing specific types of capital projects.

2010 Funding Source	2010 Beginning Balance	Anticipated 2010 Revenues	2010 Total
Real Estate Excise Tax 1	$20,000	$30,000	$50,000
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Water Utility Reserve (connection fees)	$483,000	$37,194	$520,194
Surface Water Utility (utility fees)	$40,000	$40,000	$80,000
Grants	$1,392,500	$855,000	$2,247,500
Street Repair (utility tax)	$0	$30,000	$30,000
Private Contributions	$0	$30,000	$30,000
Building Maint. and Repair (utility tax)	$55,000	$35,000	$90,000
Total revenues	**$2,383,500**	**$1,205,576**	**$3,589,076**
Transfer Debt Service			<361,000>
2009 Ending Balance			$3,227,391

Small Group Meeting

The small group met on April 13, 2010 to review the capital facility goals and policies (Attachment B). In general there was consensus to use funding sources such as real estate excise taxes for meeting basic infrastructure needs.

Impact fees and system charges would be used to support facilities necessary for development. Any excess general infrastructure revenues such as real estate excise taxes could be used to “off-set” Impact fees and systems charges.

The group discussed public investment in the historic business district versus the proposed centers on the east and west ends of Sultan. No consensus was reached. Park investments were considered and generally supportive as a way to encourage economic development and community.

STAFF RECOMMENDATION:

Review the staff recommended changes to the capital facility goals and policies and provide direction to city staff.

ATTACHMENTS:

A– Capital Facilities Element Goals and Policies– City Council 09-02-10 and Planning Board 09-07-10

B – Capital Facilities Element Goals and Policies- clean copy

C – Capital Facility Policy Questions Small Group Discussion - April 12, 2010

Capital Facilities Goals and Policies

CF-1 Goal: Ensure that public facility plans adequately address existing facility service deficiencies and future needs. (CC 09-02-10 add "facility")

CF-1.1. Include all projects intended to enhance the current level of service in the community along with projects that are necessary for new development into an integrated program of capital improvements. City Capital Projects shall include two types of projects:

- Projects that are necessary for development as defined by the Growth Management Act and are required to be provided pursuant to this plan in order for new development to be approved.

- Projects that address basic community needs or provide community amenities to improve the overall quality of life in the community, that are not directly necessary to support new development, or that raise levels of service above minimum levels. These projects are not projects that are necessary for new development but are goals and targets for the community to achieve if revenue can be generated especially in the form of grants, or voter approved bond issues.

CF-1.1.1 Streets, water, sewer, stormwater drainage, schools, and parks ~~shall be~~are considered ~~those~~ facilities "necessary to support" new development. (CC 09-02-10 remove "those")

CF-1.1.2 The "locally established minimum standards" ~~shall be~~are those minimum levels of service defined and set forth in the related planning elements.

CF-1.1.3 In addition to the level of service based on roadway capacity as specified in the Transportation element, the following improvements ~~shall be~~are considered "locally established minimum standards" for streets (as identified the Transportation element):

- projects that are needed to improve ~~substandard~~ streets to City standards,

- projects necessary to provide **urban level** access with adopted City street standards to new development, and

- projects required to provide adequate traffic circulation between neighborhoods and commercial/industrial centers).

(CC 09-02-10 delete "substandard" in bullet point No. 1 add "traffic" in bullet point No. 3)

CF-1.1.4. ~~"Available at the time of development" shall mean that such facilities~~ "Available at the time of development" means the facilities are in place or that a financial commitment is in place to complete the improvements or strategies within six years ~~of~~ from the time of development. In the case of park facilities, "available at the time of

development" includes development contributing toward the financing of a community park in accord with the financing strategy contained in this plan.

~~***CF-1.1.5*** "Projects that address basic community needs" provide community amenities to improve the overall quality of life in the community, are not above minimum levels. These projects are not projects that are necessary for new development but are goals and targets for the community to achieve if revenue can be generated especially in the form of grants, or voter approved bond issues.~~ (PB 08-17-2010 delete CF 1.1.5)

CF-1.2 Cost Sharing

~~Ensure that the~~The burden for financing capital facilities should be borne by the primary beneficiaries of the facility, unless potential sharing of benefits is related to the purpose of the facility. (PB 08-17-10)

CF-1.3 Community Benefit

Use general revenues to fund projects that provide a general benefit to the entire community.

~~*CF-1.4 Phasing*~~

~~Phase delivery of utility services to planning units~~those areas ~~with major population growth potential so that Sultan public services and facilities can be coordinated in advance of each area's development needs.~~

CF-1.5 Service Provider Coordination

Encourage all governmental entities with capital facilities serving the city to continue to develop those facilities consistent with community needs and consistent with this comprehensive plan.

CF1.6 Concurrency

~~Phase delivery of utility services to planning units with major population growth potential so that Sultan public services and facilities can be coordinated in advance of each area's development needs.~~ (Editor's Note – duplicates CF-1.4
Establish and implement strategies to address facility and service needs that are consistent with the land use and transportation elements, existing facility plans, and are financially feasible.

CF-1.6.1 ~~To ensure concurrency~~, ~~plan~~Plan for needed public and private capital facilities based on adopted level-of-service standards and forecasted growth ~~accordance~~consistent with the Land Use Element of the Comprehensive Plan. (PB 08-17-10 delete "to ensure concurrency". Replace "accordance" with "consistency')

CF-1.6.2 Monitor deficiencies in public facilities serving existing development based on adopted level-of-service standards and the means and timing by which those deficiencies will be corrected within available funding. (Cc 09-02-10 replace "identify" with "monitor deficiencies". Add "within available funding"

CF-1.6.3 Encourage public and private community service providers to share or reuse facilities when appropriate to reduce costs, conserve land, and provide convenience and amenity for the public.

CF-1.6.4 Where feasible, ~~E~~encourage joint siting and shared use of facilities for schools, community centers, health facilities, cultural and entertainment facilities, public safety/public works, libraries, swimming pools, and other social and recreational facilities. (PB 08-17-10 add "where feasible")

~~**CF-1.6.5** Base land use decisions on a finding that any proposed development, along with the cumulative impacts of other developments, can be supported by public facilities necessary for development at "locally established minimum standards" consistent with this plan.~~ (PB 08-17-10 delete CF 1.6.5 duplicated 1.6.6)

CF-1.6.6 Allow new development only when and where such development can be adequately served by necessary public services without reducing levels of service elsewhere below locally established minimum standards.

CF-1.6.7 Encourage ~~the phasing of development so that public facilities and services can be provided for both existing and future growth in a manner that does not outpace~~public and private investment in capital improvements so the ~~City's ability to~~city can provide and maintain ~~"locally established minimum standards" of service~~level of service standards for facilities necessary to support development. (PB 09-07-10 replace "locally established minimum standards" with "level of service standards.

CF-1.6.8 Require a feasible plan to ~~provide an adequate~~meet adopted level of service ~~of~~ standards for all facilities needed for development prior to annexation of, or the extension of any City service to properties within the UGA. Such plan shall include measures to ensure that levels of service will not be ~~lowered~~ reduced below locally established minimum standards to existing City residents in order to serve the annexed or unincorporated area. (PB 09-07-10 replace "provide an adequate" with "meet adopted") (CC 09-02-10 replace "lowered" with "reduced")

CF-1.6.9 Evaluate the cumulative impact of any significant development proposal (defined as any development that is not a categorical exemption under the State Environmental Policy Act) where there is a substandard system of services and public facilities necessary for development.

- In such cases, the City will require a feasible plan for providing public facilities necessary ~~for development at~~to maintain "locally established

minimum standards" to serve the development prior to the approval of the development.

CF-1.6.10 ~~The City shall encourage~~Allow property owners and developers to work together to finance necessary improvements ~~such as~~using approved capital improvement financing tools such as Local Improvement Districts, ~~developer extension agreements~~ and latecomers agreements to jointly finance entire systems of improvements.

CF-2 Goal: **Update the annual six-year capital improvement program, adjusting it for project progress ~~made on each project to date~~ and other changes that may affect the implementation schedule of the projects on the previous program. ~~and add~~ Add those projects that appear most feasible~~, needed~~ to the six year program. (CC 09-02-10)**

CF-2.1 Keeping the ~~CIP~~ Capital Improvement Plan Current

~~Establish a policy that results in the timely~~Timely review ~~of all City~~ capital facilities plans on a regular basis to ensure that the plans provide for appropriate levels of infrastructure development. (PB 08-17-10 replace "CIP" with "capital improvement plan") (CC 09-02-10 delete "establish a policy that results in timely…")

CF-2.2 Consistency with Budget

Ensure that the public funding for infrastructure development is accounted for in annual city budgets. (PB 08-17-2010 add "annual")

CF-2.3 Plan Coordination

Maintain a coordinated capital facilities program and fiscal strategy that support the implementation of the comprehensive plan elements including land use, transportation, public services, and other infrastructure services. (Cc 09-02-10 Add "elements including…")

Re-examine the phasing sequence envisioned between land use, infrastructure, and other comprehensive plan elements in the event city revenues and fiscal strategies are not able to fund the plan's growth requirements.

Capital Facilities Goals and Policies

CF-1 Goal: Ensure that public facility plans adequately address existing facility service deficiencies and future needs.

CF-1.1. Include all projects intended to enhance the current level of service in the community along with projects that are necessary for new development into an integrated program of capital improvements. City Capital Projects shall include two types of projects:

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CF-1.1.1 Streets, water, sewer, stormwater drainage, schools, and parks are considered facilities "necessary to support" new development.

CF-1.1.2 The "locally established minimum standards" are those minimum levels of service defined and set forth in the related planning elements.

CF-1.1.3 In addition to the level of service based on roadway capacity as specified in the Transportation element, the following improvements are considered "locally established minimum standards" for streets (as identified the Transportation element):

- projects that are needed to improve streets to City standards,

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CF-1.1.4. "Available at the time of development" means the facilities are in place or that a financial commitment is in place to complete the improvements or strategies within six years from the time of development. In the case of park facilities, "available at the time of development" includes development contributing toward the financing of a community park in accord with the financing strategy contained in this plan.

CF-1.2 Cost Sharing

The burden for financing capital facilities should be borne by the primary beneficiaries of the facility, unless potential sharing of benefits is related to the purpose of the facility.

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Use general revenues to fund projects that provide a general benefit to the entire community.

CF-1.5 Service Provider Coordination

Encourage all governmental entities with capital facilities serving the city to continue to develop those facilities consistent with community needs and consistent with this comprehensive plan.

CF1.6 Concurrency

(Editor's Note – duplicates CF-1.4Establish and implement strategies to address facility and service needs that are consistent with the land use and transportation elements, existing facility plans, and are financially feasible.

CF-1.6.1, Plan for needed public and private capital facilities based on adopted level-of-service standards and forecasted growth consistent with the Land Use Element of the Comprehensive Plan.

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CF-1.6.9 Evaluate the cumulative impact of any significant development proposal (defined as any development that is not a categorical exemption under the State Environmental Policy Act) where there is a substandard system of services and public facilities necessary for development.

- In such cases, the City will require a feasible plan for providing public facilities necessary to maintain "locally established minimum standards" to serve the development prior to the approval of the development.

CF-1.6.10 Allow property owners and developers to work together to finance necessary improvements using approved capital improvement financing tools such as Local Improvement Districts, and latecomers agreements to jointly finance entire systems of improvements.

CF-2 Goal: **Update the annual six-year capital improvement program, adjusting it for project progress and other changes that may affect the implementation schedule of the projects on the previous program. Add those projects that appear most feasible to the six year program.**

CF-2.1 Keeping the Capital Improvement Plan Current

Timely review capital facilities plans on a regular basis to ensure that the plans provide for appropriate levels of infrastructure development.

CF-2.2 Consistency with Budget

Ensure that the public funding for infrastructure development is accounted for in annual city budgets.

CF-2.3 Plan Coordination

Maintain a coordinated capital facilities program and fiscal strategy that support the implementation of the comprehensive plan elements including land use, transportation, public services, and other infrastructure services.

Re-examine the phasing sequence envisioned between land use, infrastructure, and other comprehensive plan elements in the event city revenues and fiscal strategies are not able to fund the plan's growth requirements.

2011 COMPREHENSIVE PLAN SMALL GROUP MEETING
CAPITAL FACILITIES ELEMENT
APRIL 12, 2010

Capital Facilities

Vision 2040 Overarching Goal: The region will support development with adequate public facilities and services in a coordinated, efficient, and cost-effective manner that supports local and regional growth planning objectives.

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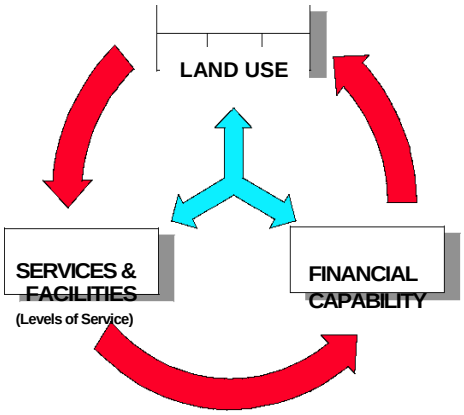

If there is not enough financing to support the proposed future land use, then the Growth Management Act requires the city to either amend the future land use plan to lower demand, decrease adopted levels of service or raise taxes and/or impact fees.

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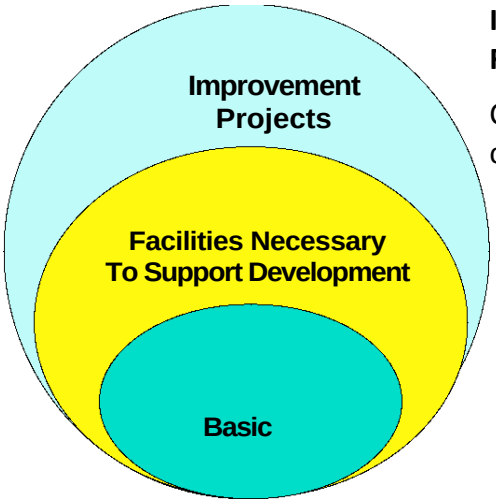

Inventory of Existing Facilities and Forecast of Future Needs

Capital facilities needs are broken into three categories:

4. Basic needs – resolve safety hazards and maintain existing facilities.
5. Facilities to support development – Projects needed to maintain level of service as new development is built. Includes system projects and site-development projects.
6. Improvement projects – Projects that enhance quality of life and community character.

The capital facility element identifies the city's existing facilities and adopted level of service standards. The next step is to identify the projects necessary to maintain levels of service.

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Financing Plan

Generally, city's do not use property taxes to finance capital improvements. Property taxes are used for on-going operations and maintenance including police services, building inspection, animal control, street and park maintenance and general administration.

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Policy Questions

1. Should the city allocate Real Estate Excise Tax (REET) to finance deficiencies in public facilities or lower the cost of impact fees to encourage future development? If REET is used to lower the cost of new development, how should the city finance maintenance projects?
2. Should the city invest limited capital dollars to improve water, sewer, streets, sidewalks, and public spaces to attract development to the existing downtown or should the city begin to focus these investments in new mixed-use commercial and residential centers at Old Owen Road and Rice Road?
3. The parks questionnaire has indicated that Sultan residents aren't using the city's current park facilities due to concerns about personal safety. What capital investments (not maintenance or operations) would make you feel safer in the city's parks?
4. The city council is interested in converting Reese Park into a campground. The first step is to complete a facility assessment to determine if a campground is physically feasible at Reese Park. Since a campground is not required to serve new development, the city will need to use property taxes or REET funding to finance the planning effort. Do you think this should be a priority project for the city?
5. Should the city raise property taxes and utility rates to avoid using grants and debt service to finance capital projects?

Meeting called to order at 6:45.

Attendees:
Frank Linth
Bob Knuckey
Jerry Knox
Janet Peterson
Bob Peterson
Garth York
Deborah Knight
Bob Martin

D.K. Explained City Revenue Sources Table in meeting packet. Revenue and expenditures in various funds that cannot be mixed. Community is using volunteers to close many maintenance gaps, but this may not be a sustainable model for ongoing needs.

G.Y. What about using Dept. of Corrections contract for some park maintenance activities?

Extended group discussion about how development should be paid for and what shares of maintenance and capital costs are to be borne by new development and existing residents.

Question 1: Should REET be used for undergirding of existing infrastructure, or should it be used to lower impact fees to incentivize new development?

B.K. Can a policy decided at one time on this be modified or dropped at some other time.

D.K. Yes. Preference would be to set floor for one side of the issue, and spend anything over that base level on the other side.

G.Y. It should be used to reduce impact fees.

F.L. If it is used for impact fee reduction, how important will that be in the long run? Will it really attract the number of residents that we need for a significant increase in commercial development? Don't believe it would.

J.P. Must support basic needs (infrastructure) them balance moved over to defray cost of impact fees.

B.K. Best interest of the community to meet basice and then reduce fees for developers by any amount that we can, even $20 matters if we can find a way.

B.P. Agree with B.K.

Question 2: Should capital funds be spent to improve infrastructure in existing downtown, or start to invest in centers on east and west ends of Hwy 2?

B.K. Impossible questions. Think that we need to maintain what we have first.

G.Y. Depends on who is here to worry about their property. E & W owners would say there, downtown owners would say downtown.

J.K. Remember that other policy decisions have already made big commitments to the E & W centers concept.

F.L. Do what can be done to turn the existing downtown into a show place, then commercial developers can be assisted to develop in the east and west centers.

B.K. Should spend in downtown first.

G.Y. Should look at things like sidewalks from the mobile home park on Old Owen Road down to the Red Apple grocery store.

Question 3: What capital investments should be made to increase safety and user-friendly environment in city parks?

G.Y. Cameras

F.L. Lighting

J.K. Cameras

J.P. Cameras and remote alarm system

Question 4: Campground development in Reese Park?

D.K. REET and grants are the only source for campground funding.

G.Y. Save the Reese Park baseball field, then look at campground in tree area to the north.

Question 5: Raise property taxes and utility rates to avoid using grants and debt service for capital projects?

G.Y. Raise taxes for things that people are willing to pay for. They will pay for it if they want it.

Closing Comments.

Meeting adjourned 8:10.