



ANDERSON ISLAND CITIZENS' ADVISORY BOARD

September 19, 2006

Present: Phyllis Zander, Anthony Tognazzini, Debbie Lowe, Peter Seto, Randy Anderson, Erik Hodge, Chuck Hinds, David McGoldrick
Absent: Jim Singer

Meeting called to order at 4:37 by Debbie Lowe, Chair

Debbie Lowe [DL] explained the reason for the meeting and the guidelines for this meeting.

ADOPTION OF AGENDA

NEW BUSINESS

Traffic Impact Fees (TIFs) as proposed by the County:

[DL] read background and development of TIFs, information received from Hugh Taylor, Senior Budget Analyst, Pierce County

Debbie's report:

Background – Traffic Impact Fees are based on the premise that increasing development will result in add'l demand & need for public road facilities, so the County has established traffic impact fees (TIFs) to be used for development of roads identified in the Capital Facilities Plan and divided the County into 12 Transportation Service Areas (TSA's) AI is TSA #9. The County conducted an exhaustive rate study to calculate the fees for each of these 12 areas, with separate fees for residential, commercial, and industrial land use types based on traffic generation and impact on roads. The residential fees range from a low of \$32.41 for TSA 9 (AI) to \$3300 for the South Hill area. Under this structure, someone applying for a building permit for construction of a new residence on AI would pay a traffic impact fee of \$32.41. Since the ferry system comprises an extension of the County roadway system, we asked if these fees could be applied toward the ferry system, in order to shift the burden of the operating costs to the newcomers to the island, in view of increasing development we are experiencing. State law mandates that impact fees can only be applied to the capital improvements for the ferry system, and cannot be applied to operating costs. The capital improvements designated for funding through these impact fees have been identified as:

Construction of second slip and landing ramp at Steilacoom \$4.29 million

Extension of queuing lanes in Steilacoom and on AI at \$.65 million

The fees were recalculated according to the needs for these projects, and the actual numbers came out to \$18,000 to \$20,000 per new residence. The County has opted to not use these actual numbers, but will use the highest fee already set in the County, which is \$3300 – if we want the impact fees to apply to the ferry system. The fees for other use categories would also increase:

For a 10,000 sq ft church building the original impact fee would be \$200, with the fee applying to road improvements. The fee would increase to \$20,000 if the fee applies to the ferry system. 5,000 sq ft retail structure the original fee would be \$400, but would increase to \$36,000 if the fee applies to ferry system.

There is an exemption process for churches and commercial uses which allows an applicant to request an adjustment in their fee by submitting an independent fee calculation. According to the County this may help to demonstrate that these particular uses have minimal impact on roads but does not guarantee that a fee will not be assessed. A countywide exemption for churches was introduced to the Economic Infrastructure Development Committee today, and will be continued at the EIDC meeting on Oct 3. We don't have details of the proposal at this time.

If the fees are not applied to the ferry system, the County has told us that funding for these capital improvements would come from the County Road Fund and from receipts from the ferry system. The new ferry is already funded, initially through a low interest loan from Public Works revolving trust fund, followed by a grant obtained to pay back the loan.

Also mandated by state law is a requirement that impact fees be used in a 6 year period, including a provision for a County matching component if the funds are insufficient. With the dollar amounts I already mentioned needed for the projects identified it's unlikely that even with matching components there would be sufficient funds - in which case at the 6 year deadline the accumulated funds would be applied toward project design or engineering.

As far as future impact fees are concerned, the first update is expected in 2 to 3 years, with a countywide modification anticipated. We have no way of estimating what percentage of increase could occur at that time, but any increases must be brought forth by county ordinance in compliance with the required public review and hearing process.

According to Hugh Taylor the draft amendment was pulled from today's agenda since we are still in the process of formulating our recommendation. Dick Muri is doing everything he can to help us and will present to Council whatever we (islanders) decide we want.

David McGoldrick [DMc] met with Hugh Taylor yesterday and provided additional details: said there is a "perfect storm" of factors: admin cost increases, increasing operations such as fuel costs, increased capital improvements (including pontoon going in October 21st-22nd), reduction in County subsidies. All these will result in ferry ticket increases. Only other alternative is to find other source to cover these costs. One such is the Traffic Impact Fee (TIF). Asks if we (Anderson Islanders) want to add to the TIF to cover ferry costs? Mr. Muri said he'd take to the County Council whatever we recommend. [DMc] then read statute governing impact fees, RCW 82.02. Impact fee is clearly charged of development impacting roadways including the ferry. Question is: what is a "development"? (please see <http://apps.leg.wa.gov/RCW/default.aspx?cite=82.02.090>). [DMc] said a new garage or a home remodel does not fall into this, but adding to a commercial development/structure does require the TIF. [DMc] then read the definition of public facility from RCW 82.02.090 and it does apply to the ferry system. As for the new ramp in Steilacoom: is that related to AI use? Probably since it services us. If Island General Store increased, it would not count because people don't come to AI just to go to the store so there would be no impact on the ferry. New AI park bathroom might likely fall under the TIF. Funds in the TIF account are FIFO and any not used are refunded after 6 years since collection.

[DMc] gave five options:

- 1) go ahead with county's suggestion of \$3300-3400 per/residence TIF to pay for about \$5.9M of improvements (expanded ferry lanes (2010-11), and a new (additional) loading ramp at the dock in Steilacoom (2008-09)). There would

- have to be 1700 new residences on AI over the next 20 years to cover that. Ordinance is in effect for 20 years, but that is subject to change.
- 2) Don't fund the new Steilacoom ramp (\$5.2Million of the \$5.9M total), and just add the new ferry lanes (2010-11). That would require only 160 new homes over 20 years at \$3400.
 - 3) Apply the TIF to payment of the new pontoon going in at the AI dock this coming October @\$1.3Million = 20 homes/year for 20 years. We will pay for this through ticket prices or through TIF. (Note: it's actually going to cost \$2.1M as they have gone over budget.)
 - 4) Defer the matter until we have more information. We would be losing \$272000 in impact fees at 20 homes per year (but there are 40 applications this year).
 - 5) Reject TIF proposal

Phyllis Zander [PZ] asked about the road system, comparison with Pierce Transit, and they are not part of Pierce County; Pierce Transit is separate entity and it gets 85% subsidized. Pierce County is going from 40% to only 20% subsidy for ferry.

[DL] said it has been suggested that we wait until community plan is updated, which will be in about two years, before looking at increasing the TIF.

Erik Hodge [EH] asked if there could be a cap set on the TIF.

[DL] said that the Senior Budget Analyst said no, that we could not add that to the proposal.

Peter Seto [PS] moved that we recommend adoption of the draft amendment, for purposes of discussion.

Anthony Tognazzini [AT] seconded the motion

[DMc] said that Dick Muri [DMu] and Hugh Taylor said those five options are all valid options at this point, so we could pick and choose which capital improvements the TIF goes to.

[PS] Expressed concerns for the future, recommend we modify in a further letter and we say new Steilacoom II be named as a capacity component then that could receive the TIF. Newcomers would pay for their impact on AI. If we don't do a TIF increase, ferry fares will double.

[RA] Will they create 10th district for AI or for all of Dist 9?

[PS] District 9 is McNeil, AI, Ketrone. Says State Dept of Corrections is paying almost half of the new slip/ramp.

[Les Pogue (???not sure of spelling)] said he understands new pontoon need, but asked why new ramp is needed in Steilacoom, and would new TIF funds go to something impacting the island? Says he understands how there could be a need for TIF for a new church.

[PS] New slip is argued as needed by County to not have to move used/unused ferry to the otherwise only load ramp.

[Ed Scott] asked for clarification of new slip/ramp proposal. Says Vancouver, WA rates go up based on cost index and wonders why ours don't also.

[DL] says that's in the wording of the TIF Draft Amendment (4A.40.020 "At the end of any 12-month period in which the portion of the capital facilities plan listing system improvements that are the basis for traffic impact fees is not updated, the traffic impact fee schedule shall be adjusted by the same amount as the percentage change in the Seattle-Tacoma area Consumer Price Index, for the most recent 12-month period prior to the date of the adjustment".

[Ed Scott] In California the safety projects always followed accidents, and capacity improvements followed clear need for new lanes. Said he doesn't see how new slip/ramp is needed based on these.

[PS] TIF has to be used for capital improvements from Traffic Improvement Project list.
[DL] also mentions that the TIF Draft Amendment says:

“One hundred percent of the traffic impact fee funds collected in TSA “9,” less the fund distribution as identified in Table 3-1 of the Traffic Impact Fee Rate Study, shall be deposited in the account for TSA “9” and utilized for the ferry projects identified in this section”.

[Ed Scott] asked: doesn't it benefit McNeil?

[DMc] State has agreed to pay half the cost of the ramp and probably not going to be paying TIFs over there on McNeil.

[Ed Scott] said higher ferry ticket rates will mean lower ridership and that will mean even higher ticket rates will be needed.

[DMc] Cost of ramp will be eventually be taken from ticket sales, regardless.

[Ed Scott] worried about ours being the highest rate in the county.

[CH] Only reason was that they went for highest they could charge.

[Charlene Holt] says 40 houses being built/permitted this year, and if we wait there might be more building going on.

[PS] said that the ferry budget includes contributions by many parties to cover the costs of the ferry: \$1.76M in fares, Dept of Corrections pays \$159K per year for use of the Steilacoom dock, Fuel Tax puts in \$110K, Federal Transportation ???\$565K, motor vehicle tabs pays some, O&M pays \$162K, grants are for ~\$170000, and others. Yes, we're paying a lot but having the ferry is very expensive.

[Monique Grondin] asked if we can say we don't want the new slip/ramp on Steilacoom.

[PS] said we can work on it.

[DMc] said that Hugh Taylor told him the ferry lane adjustments are in capital improvement forecast and that the ramp is not in it yet. If we adopt a motion to pay for it, we're locking ourselves into that project since we voted to give them a way to fund it.

[Phil Vickers] asked if we opt to defer this, would those monies they would have loaned us for the pontoon down the road be subject to higher interest later.

[DMc] said the current interest rate is 1%.

[PS] said that grants from state are at 0.5% to 1%, so it's not an issue. Said it is actually more beneficial for us to borrow now.

[Ed Stephenson] said that the County has a lot of other capital expenditures in their 14-year plan. He reads list of these. They have done all of the ones on this list so far.

[PS] said the current plan doesn't include the new Steilacoom slip/ramp, and whether or not we adopt the TIF proposal is unrelated to whether or not they'll build the ramp. Currently we pay \$2200 school impact fee for average-sized new home + other fees.

[Phil Vickers] asked if the new TIF would be retroactive.

[PS] said it would not

[ES] said that parking in Steilacoom would have to be funded this way as well.

[Jeanne Kirkland] asked why AI doesn't charge for business impact on the Steilacoom side and they don't provide parking.

[EH] asked limit of postponement of TIF: could we revisit it in 6 months?

[DL] said it would be a minimum of two years before a new TIF would be considered.

[PZ] said that if upping the TIF to \$3300 keeps people from building then we don't get the funds or increased ridership and ticket prices will still go up.

[Les Pogue (???sp?)] asked if projects go ahead regardless of whether more people move out or not?

[CH] said they'll do it no matter what

[DMc] said we have a fairly new ferry as well as a brand new one and two loading ramps...etc. and a small population being served by it. We pay higher rates than state

ferries which were just raised. It will get a lot worse and we need to stop the 2nd slip/ramp in Steilacoom.

[Joyce Besancon] said she agrees with [DMc]: second slip/ramp is ridiculous for a small island. Said Realtors don't have to disclose certain impact fees, asked if they will have to disclose the new TIF?

[PZ] said Realtors won't have to, but would instruct agents to do so.

[AT] said it's not against the law to not, but should. New people haven't paid a dime to get ferry where it is now. We'll have to pay one way or the other for the ferry operation.

[DL] said she agrees with the residential TIF, but doesn't like the proposed rate for TIF for churches and County won't guarantee the churches will get exemptions. Said she understands on the mainland how a big church can impact traffic, but not on AI.

[Joyce Besancon] Said nobody on the mainland will pay \$18 just to go to church on AI.

[RA] said that two months ago the politicians had it worked out, financially, without this new TIF and we're just handing them money.

[PS] said we asked [DMu] last year if we could apply TIF to ferry and he went ahead and drafted the current proposal.

[RA] said that 60% of where the additional TIF revenues is proposed to go is for a stupid project and it's not guaranteed to reduce the ferry operating costs.

[CH] said that money for capital improvements has to come from somewhere so they'll raise ticket prices.

[PZ] said they might also defer doing the improvements. Said it's cheaper to hire a crew to move the ferries once a week than to add a new slip/ramp.

[PS] described process for getting church exemption

[DMc] we have a policy decision here on how to pay for ferry system, and we should consider this not based on one church's construction or not. Wants to support motion that does not include funding the new Steilacoom ramp.

[EH] asks how much we need the new queuing lanes?

[RA] answered that it will be needed by its 2010-11 time frame. He added that the new pontoon being installed in October is already funded.

[DMc] said that payback of loan on it is built into the fare structure

[PS] said that [DMu] & John Ladenburg understand we want to shift some \$ to getting a parking lot in Steilacoom and if we don't pass this TIF we won't be able to get the parking lot. [PS] said he wants us to tell Pierce County to apply the TIF to a new parking lot, not for the new slip/ramp. County is driving more walk-ons and fewer drive-ons. He also added that the pontoon is going to cost \$2.1M (which is way over budget).

[Betty Fowler] said a decent bus schedule would reduce the car problem.

[PS/DL] both said we are working on that with the County and will focus on that issue at a future AICAB meeting.

[Yolanda Nelson] said she and others have spent 20 years asking them to hold the bus for us and they haven't done it yet.

[AT] asked if PS would amend motion to have the dock removed from the TIF proposal.

[DMc] said that will kill it for 2+ years if we don't say what we want it to pay for. Said we can't add a parking lot to the proposal and there is no land available anyway.

[Monique Grondin] proposed that we scratch out the dock part and otherwise leave it as is.

[PS] said funds have to be allocated to capital improvement projects only.

[DMc] made a motion to amend PS's motion: that we approve the County proposal except that proposed loading ramp in Steilacoom (2nd loading slip) be removed from the proposal, and also that AICAB advise the County that we recommend that the increase in TIF be eliminated.

[PS] then summarized DMc's amendment: that we adopt amendment as proposed except that the Steilacoom dock improvement (additional slip and ramp) be removed from the capital projects list.

[DMc] And, we should condition it upon removal of dock and slip from the proposal.

[DL] seconded the amended motion.

[RA] asks about the pontoon already being built: it's not included at all.

[Ed Stephenson] said if they don't go along with our removing the ramp from their proposed TIF amendment, then money will come from county road fund and ferry receipts.

[EH] If they don't agree with our removal of the new slip/ramp from their proposed TIF amendment, then we say we don't support it at all.

[DL] took a hand count of the audience: 12 for the new TIF with removal of funding of the new slip/ramp, 1 opposed

[EH] we're not taking a sample of islanders and we should be clear of that in our recommendation to the County.

[Les Pogue (???)] asked what is our alternative?

General answer was paying through higher ferry fares.

[Vote recorded on amendment]: 7 aye, 1 no

[Vote recorded on motion]: 7 aye, 1 no

Proposed Ferry Fuel Surcharge

[DMc] summarized his letter to the county requesting additional information. (The letter is available on AICAB's Web site here:

http://www.aicab.org/documents/2006/correspondence/20060915_DaveMcGoldricksLetterToPC.pdf)

Said he has received responses from Brian Ziegler, Director of Public Works, and Paul Bocchi, Legislative Budget Analyst, and they say they will get all his questions answered by Oct 1.

[PS] said they will double the fare revenue in seven years and if we don't double the people out here we'll all have to pay the difference. This is a surcharge that will, in theory, disappear in 2007. An audience member asked whether they have considered biodiesel or other fuel alternatives for the ferry. [PS] said Pierce County claims they're looking into alternative fuels.

[Monique Grondin] asked what if diesel prices drop.

[CH] said they won't remove the surcharge

[Pat Lowe] Should be a 2.4% increase according to the percentages in the budget, not 10% increase

[DMc] said they say they'll get back to us Oct 1st.

[Pauline Adler] asked if this is on Oct 13th AICAB agenda.

[DL] said yes, and was discussed Sept 8th.

[Laura Worley] said we should revolt: numbers (pointed out above) don't work and this is clearly not just a surcharge for fuel costs.

[Jay Leggit] asked if there are ever surcharges on buses in Pierce County.

[CH] said private companies are doing surcharges but they can react faster than county government can/would.

[PS] moved that we recommend that county adopt fuel surcharge in amount to cover rise in costs of fuel. 20% of 12% = 2.4%.

[RA] Seconded the motion. Said he thought they came up with the rate based on the dollar amount needed.

[DMc] said they last paid over \$3/gallon; \$2.65 is what they have projected for next year. Said they can't base it on actual costs since they don't have them all yet. Wait on more information and then make a new motion.

[PS] Not comfortable playing role of unwilling partner with Pierce County regarding the ferry. We should accept the idea we have to pay for higher fuel costs but not for other things.

[CH] Called for question

[DMc] seconded the call for question

[vote recorded] 2 aye, 6 no

[PS] moved that we table the motion to the October 13 AICAB meeting

[EH] seconded the motion

[vote recorded] 8 aye, 0 no

Adjournment

[DMc] moved to adjourn

[PS] seconded the motion

[vote recorded] none opposed

Meeting adjourned at 6:42 p.m.