

November 5, 2013

Skagit Planning Commission
c/o Planning & Development Services
1800 Continental Place
Mount Vernon, WA 98273

RE: Bayview Ridge Subarea Plan Update
Our Clients: John Bouslog, Bouslog Investments L.L.C., and JBK Investments L.L.C. ("Bouslog")

Dear Commissioners:

On behalf of our clients named above, we request that the Planning Commission unanimously recommend approval of the proposed update and changes to the Bayview Ridge Subarea Plan as proposed by County staff. This update primarily addresses two matters:

- 1) Increasing the Bayview Ridge–Light Industrial Area ("BR-LI") by 110 acres; and
- 2) Decreasing the Bayview Ridge–Community Center ("BR-CC") designation to 7 acres.

The proposed updates allow the added 110 acres of light industrial land adjacent to existing industrial lands by replacing an equivalent amount of Bayview Ridge–Residential ("BR-R"), Bayview Ridge–Community Center ("BR-CC"), and Bayview Ridge Urban Reserve (BR-URv), new policies supporting the new size and location of the BR-CC zone, and other miscellaneous updates and corrections.

Our clients have reviewed the October 3, 2013 staff report and supports its findings and recommendations.

A couple of questions were raised during public comments at the Planning Commission work session. Those questions that related to the proposed changes to the Bayview Ridge Subarea Plan are addressed here.

DEVELOPER CONTRIBUTION TO THE DEVELOPMENT OF INFRASTRUCTURE

As with most developments, the developer will develop the infrastructure necessary to serve its development. There are many circumstances where a County has already planned for an improvement due to existing deficiencies, or to accommodate general growth occurring regardless of the potential PUD development. For example, in regards to roads, this would be infrastructure included in the County's six year capital facility plan or transportation improvement plan. In such a circumstance, the County and the developer would typically reach an

agreement whereby the developer contributes its fair share of the costs of the improvement. This is done to allow the coordination of the construction of facilities. The developer can contribute in a variety of ways, such as the payment of a per unit fee charged at the time of building permit issuance, or the developer may contribute land where the facility is to be located receiving a credit towards the payment of the developer's fair share of the cost of the improvement. Another example, is that a developer will extend water and sewer facilities necessary to serve its development at its cost. These cost sharing and/or allocation is typically memorialized in an agreement executed as part of the approval of a development, or in a developer extension agreement or utility extension agreement executed by the utility purveyor and the developer prior to the extension of services.

Our clients have long committed to paying their fair share of the improvements necessary to serve their development. For instance, our clients already have provided land to the fire district for the existing fire station on Bayview Ridge at no cost and have agreed to pay a per unit fire mitigation fee.

FISCAL IMPACT STUDY

The County had a 2013 Fiscal Impact Study prepared in relation to Bayview Ridge, with an addendum released this past week ("2013 Study"). That study must be reviewed in conjunction with a 2012 study prepared for Skagit County by the same consultant ECONorthwest, entitled "Evaluation of Fiscal Implications of Growth Management Options in Skagit County, WA" (2012 Report).¹

The sum of the 2012 Report and the 2013 Study is that the net of the County's costs of delivery of services to higher density areas, such as Bayview Ridge, are remarkably and significantly more efficient and cost effective with greater revenue return than other less dense areas of the County.

This 2013 Fiscal Impact Study followed the 2012 Growth Management Fiscal Impact Study prepared for Skagit County by the same ECONorthwest, and provides greater clarity to some of the assumptions underlying the 2013 report. For instance, the 2012 Report revealed that costs of road maintenance and the delivery of services in higher density areas, such as Bayview Ridge are reduced. Nevertheless, the 2013 Study used an average of all County roads, without adjustment for density to determine an average per mile cost. Based upon the findings of the 2012 Report, the average per unit cost of road maintenance in Bayview Ridge will be substantially lower than the average per County mile cost of road maintenance. Moreover, the County will receive a significantly higher portion of tax revenue from the higher density properties than the rural density properties. Of the 5-10 miles of new roads to maintain within

¹ <http://www.skagitcounty.net/EnvisionSkagit/Documents/Final%20Fiscal%20Analysis%20Report.pdf>. (Incorporated by reference).

further Bayview Ridge PUD development, the tax revenue generated by these properties would greatly off-set those costs. That is the key finding of the 2012 Report and the 2013 study.²

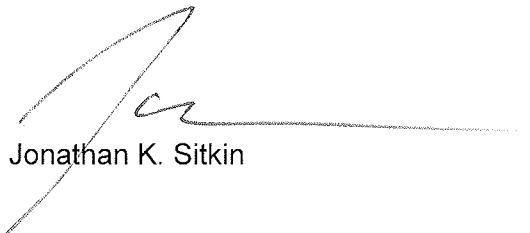
The key facts from the 2013 Study, as updated, are that future tax revenues would more than off-set the initial County investment in planning and infrastructure, and the operation and maintenance of County infrastructure, even without any developer contribution to the construction of those improvements. This is also supported by the 2012 Report. Moreover, the County Public Works Department reported for the 2013 Study that the majority of the transportation improvements that are required during the next thirty (30) years would be required regardless of the Bayview Ridge PUD development, and, only the north-south connector was anticipated to be solely driven by additional development at Bayview Ridge. Only the timing of the development of the additional infrastructure was affected by the Bayview Ridge PUD development.

Indeed, the 2013 Study found that development of Bayview Ridge, per the Subarea Plan with the proposed amendment, would be cost neutral to positive for the County, and factoring developer contribution would increase the net benefit to the County by at least \$1 million resulting in a net positive in all Bayview Ridge Urban development scenarios. Many of the road infrastructure segments anticipated for improvement provided by Public Works included water and/or sewer facilities that would be primarily a developer cost that should not have been included.

We ask that you recommend the approval of the proposed changes to the Bayview Ridge Subarea Plan as proposed. Thank you for your attention to this matter.

Sincerely,

CHMELIK SITKIN & DAVIS P.S.



Jonathan K. Sitkin

JKS/rsv
Encl.
cc: Client

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² Attached hereto is a spreadsheet showing a parcel by parcel breakdown of the current tax revenue and indicating future tax revenue when those parcels are removed from the open space tax designation upon development. This spreadsheet addresses current real property taxes only.

Parcels to be developed

<u>Parcel</u>	<u>Acres</u>	<u>Zoning</u>	<u>Location</u>	<u>O/S TAX</u>	<u>A/V</u>	<u>RE Tax</u>	<u>Serviced</u>
P122632	22.55	BR-URv to BR-LI	N. Peterson	Yes	\$3,400	\$56.82	No
P35378	112.68	BR-R/BR-LI/BR-CC	N. Peterson	Yes	\$15,300	\$306.57	No
P35386	6.78	BR-R	N. Peterson	No	\$148,800	\$1,944.04	No
P21031	20	BR-LI	S. Peterson	Yes	\$2,200	\$27.90	No
P20983	54.3	BR-CC to BR-LI	S. Peterson	Yes	\$8,300	\$112.39	No
P20979	31.9	BR-R/BR-CC	S. Peterson	Yes	\$4,800	\$65.00	No
P21003	7.54	BR-LI	S. Peterson	No	\$216,700	\$2,934.40	No

Serviced industrial lots ready to build on that will contribute tax dollars located in Bay Ridge Business Park

P118511	1.39	BR-LI	S. Peterson	No	\$214,900	\$2,910.02	Yes
P122073	2.02	BR-LI	S. Peterson	Yes	\$300.00	\$3.80	Yes
P122077	9.81	BR-LI	S. Peterson	Yes	\$1,500	\$19.02	Yes
P122078	18.04	BR-LI	S. Peterson	Yes	\$2,800	\$35.49	Yes
P122074	1.84	BR-LI	S. Peterson	No	\$284,500	\$3,609.15	Yes
P122068	1.36	BR-LI	S. Peterson	No	\$241,200	\$3,059.83	Yes
P125000	5.63	BR-LI	N. Peterson	Yes	\$800	\$13.53	Yes
P127385	6	BR-LI	N. Peterson	Yes	\$900	\$15.05	Yes
P127386	6	BR-LI	N. Peterson	Yes	\$900	\$15.05	Yes
P127387	5.96	BR-LI	N. Peterson	Yes	\$900	\$15.03	Yes
Total	58.05	A					

Developed industrial parcels in the Bay Ridge Business Park generating tax dollars and jobs

							<u>Use</u>
P118509/118507	1.93A,	BR-LI	S.Peterson	No	\$1,910,400	\$25,218.05	Feed Storage
P118517	1.36A,	BR-LI	S.Peterson	No	\$508,800	\$6,995.97	Moving/Storage
P109661	5.0A,	BR-LI	S.Peterson	No	\$1,251,200	\$16,751.04	Waste Mmg
P122072/122070	3.73A,	BR-LI	S.Peterson	No	\$1,989,000	\$27,480.78	Mini-storage
P118502	1A/	BR-LI	S.Peterson	No	\$485,900	\$6,530.64	Machine shop
P118503/118504+505	3.69A/	BR-LI	S.Peterson	No	\$1,722,300	\$19,730.73	Boat builder
P121434/121435	7.41A/	BR-LI	N. Peterson	No	\$4,321,700	\$57,795.98	FedEx Ground
P125001/111724	25.0A*/	BR-LI	N. Peterson	No	<u>\$10,520,500</u>	<u>\$139,505.22</u>	AFLCO, seed
	*10A not dev.				\$22,709,400	\$300,008.41	processing
39.12A currently developed							

Parcels in red not owned by Bouslog