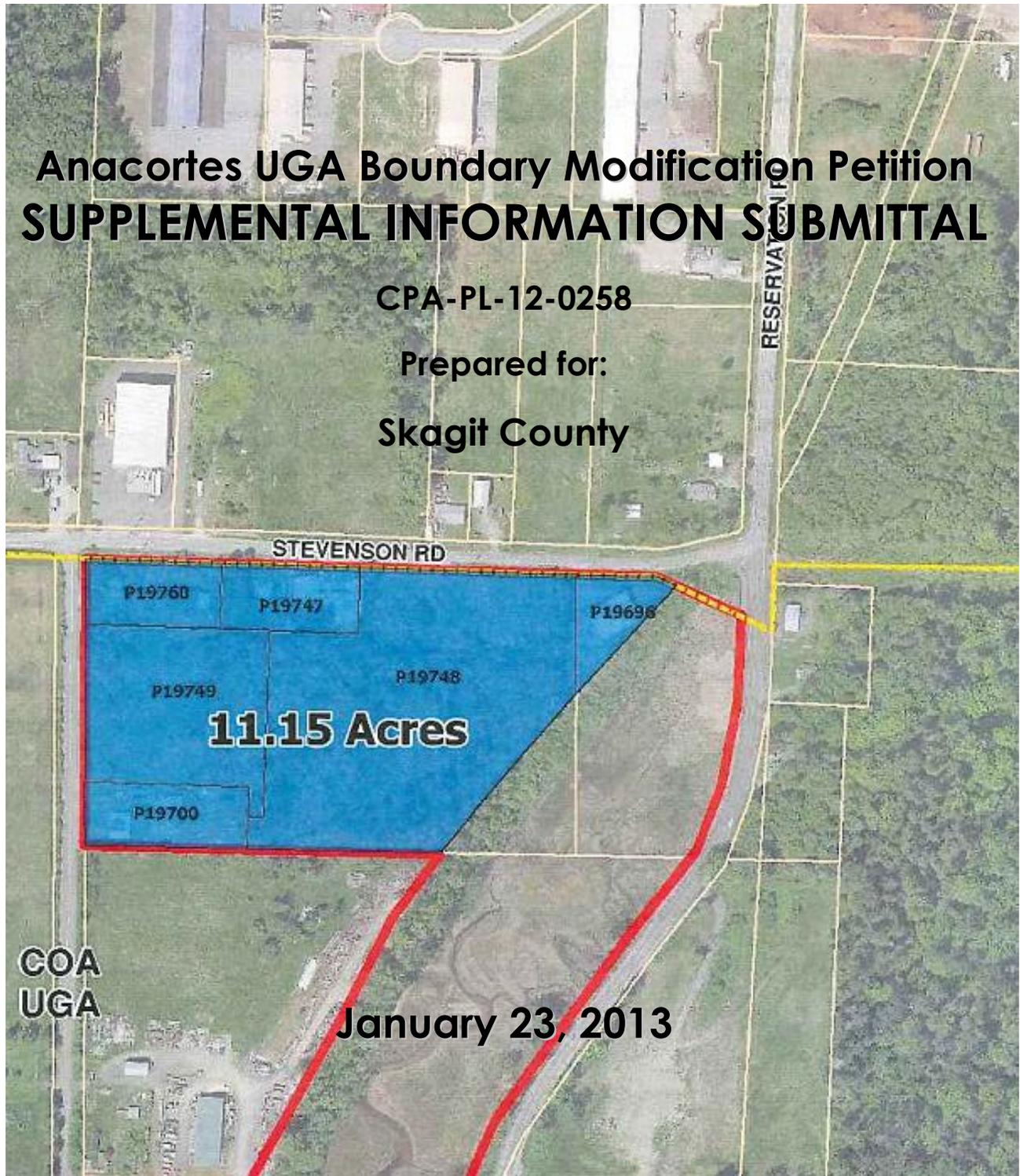


Anacortes UGA Boundary Modification Petition SUPPLEMENTAL INFORMATION SUBMITTAL

CPA-PL-12-0258

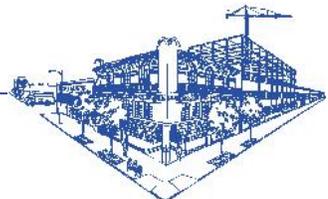
Prepared for:

Skagit County



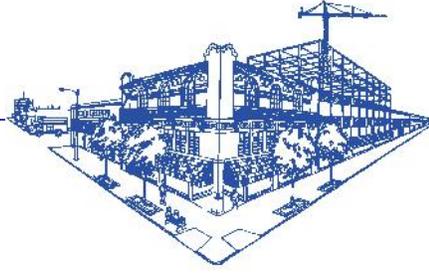
E. D. Hovee & Company, LLC

Economic and Development Services



E. D. Hovee & Company, LLC

Economic and Development Services



January 23, 2013

Mr. Gary Christensen, AICP
Skagit County Planning & Development Services
1800 Continental Place
Mount Vernon, WA 98273

Subject: Supplemental Information for City of Anacortes UGA
Boundary Modification Petition (CPA-PL12-0258)

Dear Mr. Christensen:

On behalf of the City of Anacortes, the economic and development consulting firm E. D. Hovee & Company, LLC (E.D. Hovee) is submitting the enclosed supplemental information for the previously submitted City of Anacortes UGA Boundary Modification Petition (CPA-PL12-0258). This submittal is organized to respond to seven topics provided by the Skagit County letter of October 10, 2012.

Consistent with provisions of the 2003 *Interlocal Agreement between Skagit County and the City of Anacortes Regarding Adoption and Implementation of the City of Anacortes Urban Growth Area*, this UGA boundary modification proposal is also submitted in accordance with applicable provisions of the Skagit County Code (SCC). The proposal is not specific to any individual potential user but would be applicable to any future use of the subject property consistent with the proposed redesignation from Rural Reserve (RRv) to Anacortes Urban Development (A-UD) comprehensive plan and zoning designation under Skagit County jurisdiction and associated City of Anacortes Light Manufacturing (LM1) designation.

This submittal is the result of city/county discussions and agreement on the process and criteria applicable for review of comprehensive plan map and UGA boundary modifications. With any UGA amendment proposal, the City has been requested to make its case, show its work, and provide justification that the proposal be approved. This response has been prepared to address these objectives.

The opportunity to present this supplemental information is greatly appreciated. We would be happy to address questions or provide further information regarding any aspect of this supplemental submittal.

Sincerely,

Eric D. Hovee, Principal

1) IMPACT SUMMARY: A statement of anticipated impacts to be caused by the change, including geographic area affected and issues presented. SCC 14.08.020(4)(a)(ii)

RESPONSE OVERVIEW

Proposed with this response is: a) the addition of 11.15 acres to the Anacortes UGA for the purposes of light manufacturing (LM1) development consistent with existing and planned uses for adjoining developable properties; and b) re-designation of 16.57 acres of property within the Anacortes UGA and city limits from light manufacturing (LM1) to public (P) use in recognition of the properties non-suitability for urban development.

This proposed removal of LM1 lands more than offsets the proposed addition to the LM1 inventory and creates a more logical UGA boundary consistent with designations on all sides of the affected parcels. Other impacts are anticipated to be readily addressed within existing service capacities and planning responsibilities of the City of Anacortes, as detailed by responses to Questions 2-7.

PETITION PROPOSAL

There are two pivotal elements to the City of Anacortes Urban Growth Area (UGA) modification proposal: a) addition of an 11.15 acre parcel to the UGA for light manufacturing use; and b) removal of a 16.57 acres of land currently designated but not suitable for light manufacturing or other urban development. Each proposal is briefly described, in turn.

Added UGA for Industrial Use.

The City of Anacortes is submitting a petition to Skagit County to modify the Anacortes UGA boundary to include 11.15 acres. Site of the proposed boundary modification involves all or portions of six tax parcels located on the south side of Stevenson Road and west of a former rail right of way that is situated west of Reservation Road in the South March Point area.

The subject site proposed for inclusion in the Anacortes UGA is depicted by the map to the right. As

Location of Proposed Anacortes UGA Expansion



Source: City of Anacortes, UGA Amendment Application, July 31, 2012.

shown by the map, the portion of tax parcel P19748 situated west of the former rail right of way would be included within the proposed UGA. Portions of the this one tax parcel east of the former rail right of way are currently not proposed for UGA inclusion as most of the eastern portion of the site is not viewed as developable as indicated by designation on the Skagit County Shoreline Area Designation Map as “Rural,” effectively precluding manufacturing or related industrial development.

The subject 11.15 acre site is currently designated by Skagit County as Rural Reserve (RRv). The UGA amendment proposes that the County designation be changed from RRv to Anacortes UGA Urban Development District (A-UD). This is consistent with designations of adjoining parcels situated both east and west of the subject parcels which are in the Anacortes UGA but not the City limits. It is also consistent with and could reinforce use of the property immediately south of the subject site which is not in the Anacortes UGA but currently designated by Skagit County as Rural Marine Industrial (RMI).

Parcels Proposed for UGA Designation

Parcel Number	Acres	Notes
P19760	1.00	
P19749	2.56	
P-19700	1.00	
P-19747	0.84	
P-19696	0.70	
P-19748	5.05	Westerly portion only
Total	11.15	

Source: City of Anacortes

If the UGA boundary modification is accepted, the City of Anacortes would propose to designate the added UGA area for Light Manufacturing (LM1) use. This is the zoning that currently is applied to adjoining properties that are within the City limits immediately on the north side of Stevenson Road.

As proposed, LM1 zoning is also consistent with existing City designations for the A-UD parcels immediately east and west of the subject parcels which are in the Anacortes UGA but have not been annexed to date. In short, the UGA amendment as proposed would render this subject parcel more compatible with other parcels located on all sides. The exception would be the portion of parcel P-19748 situated between the rail right-of-way and Reservation Road which is unlikely to be developed due its low elevation as more suitable for continued exclusion from development as rural shoreline area allowing only low impact recreational rather than industrial development as a means to avoid significant alterations to the character of the rural shoreline environment.

Removing UGA for Industrial or other Urban Development. In conjunction with this UGA amendment petition, the City of Anacortes is also proposing to convert four parcels totaling 16.57 acres within the UGA and existing city limits acres from LM1 to P (public use). These properties have been determined by the City of Anacortes to be Not Developable, due to effects of shoreline management regulations, related critical lands constraints, and remaining parcel depths inadequate for industrial facilities or other substantial urban development. Industrial development of the subject parcels would also be inconsistent with the State Department of Natural Resources (DNR) designated Fidalgo Bay Aquatic Reserve and associated Management Plan.

As illustrated by the following map, the four parcels proposed for re-designation are situated between Fidalgo Bay and the SR-20 highway. Over 70% of the land area (11.89 acres) affected is in public ownership (by the state of Washington and Skagit County).

Location of Proposed Anacortes Industrial De-Designation



Note: The four properties proposed for redesignation from LM1 to P are shaded in light blue.

Source: City of Anacortes.

IMPACT SUMMARY

The remainder of this introductory statement briefly summarizes responses to each of the seven questions raised by the Skagit County letter of October 10, 2012.

1) A statement of anticipated impacts to be caused by the change, including geographic area affected and issues presented. SCC 14.08.020(4)(a)(ii)

As described above, the areas affected by this proposal, if approved, would involve:

- a) The addition of 11.15 acres to the Anacortes UGA for the purposes of light manufacturing (LM1) development consistent with existing and planned uses for adjoining developable properties; and
- b) Re-designation of 16.57 acres of property within the Anacortes UGA and city limits from light manufacturing (LM1) to public (P) use in recognition of the properties non-suitability for urban development.

This proposed removal of LM1 lands more than offsets the proposed addition to the LM1 inventory and creates a more logical UGA boundary consistent with designations on all sides of the affected parcels. As noted, other potential impacts are addressed by responses to questions 2-7.

2) A statement of how adopted functional plans and Capital Facilities plans support the change. SCC 14.08.200(4)(a)(v)

The *City of Anacortes 2010 Comprehensive Plan* indicates that the City has adequate public facilities capacity to accommodate build-out population capacity for utilities. The City's CFP also addresses

planning for build-out population of 19,300. Growth-related needs for transportation, parks and fire facility improvements as well as schools are identified as being addressed and generally sufficient to accommodate projected growth to population build-out. In particular, the South March Point area, annexed in 1999, was planned with infrastructure capacity for industrial development build-out – with more than adequate reserves of water and sewer capacity to serve any reasonably anticipated intensity of manufacturing or related industrial use.

3) A statement of how the change affects implementing development regulations in SCC Title 14 and the necessary changes to bring the implementing development regulations into compliance with the plan. SCC 14.08.020(4)(a)(vi)

While currently designated for Rural Reserve (RRv) use by Skagit County Code, the subject 11.15 acre area proposed with this boundary modification petition is adjoined on all sides by parcels designated by Skagit County for Anacortes Urban Development (A-UD) or Rural Marine Industrial (RMI) use and/or by the City of Anacortes and designated for light manufacturing (LM1) use. Changing to an A-UD designation would make future use of this essentially “islanded” site more consistent with the existing and planned development character of all surrounding properties.

4) A summary of any public review of the recommended change. SCC 14.08.020(4)(a)(vi)

Under the Mayor’s administrative authority and on behalf of affected property owners, the City of Anacortes submitted an initial petition to Skagit County for expansion of the City’s UGA on July 31, 2012. This action was confirmed by City Council action with opportunity for public comment pursuant to a city staff report dated August 9, 2012.

Subsequent steps for public review up to the point of review and action (if favorable) by the Board of County Commissioners on the application after docketing including SEPA analysis and other steps as identified with the County adopted UGA amendment process will be taken under the auspices of Skagit County. Should Skagit County approve this UGA application, the City of Anacortes will then be in the position of amending its Comprehensive Plan and Zoning Map in accordance with the County action. This process will occur in accordance with the City’s Public Participation Program as documented by Appendix G of the 2010 Anacortes Comprehensive Plan.

5) Any proposed urban growth area boundary changes shall be supported by and dependent on population forecasts and allocated urban population distributions, existing urban densities and infill opportunities, phasing and availability of adequate services, proximity to designated natural resource lands and the presence of critical areas” per SCC 14.08.020(4)(b)(ii)

Because the site can accommodate, at most, only two houses under current RRv zoning, bringing the houses into the Anacortes UGA would reduce county-wide housing capacity by an almost imperceptible amount of 0.004%. As demonstrated by the response to Question 2, there is more than adequate capacity of all public services to serve any reasonably foreseeable industrial use of the subject property under any phasing program that might occur.

Regarding designated natural resource lands and critical areas, if this area is incorporated into the City's UGA, then the Interlocal Agreement between the County and the City of Anacortes regarding adoption and implementation of the City of Anacortes urban growth area will be in effect. Once the area is annexed into the City, the City will assume full responsibility of this area and its rules and regulations, as applicable to the subject site, will take effect.

6) Information demonstrating compliance with SCC 14.08.020(5)(b)(i-vi)

All available information reviewed including CPP1.1 (adopted by Skagit County as of June 2000) indicates that Anacortes has not allocated commercial and industrial (or employment) acreage at the levels previously approved. Due to development as planned in recent years (and despite annexation of the South March Point area for industrial development), the current competitive supply of vacant industrial and commercial land in Anacortes is estimated to be only about 272 acres, less than one-half the 558 acres allocated through 2015 with CPP 1.1.

Remedies to this demonstrated land deficiency will be pursued by the City of Anacortes as the Skagit County and local jurisdiction comprehensive plans are updated over the next several years. For the near-term, the City is submitting this UGA amendment proposal on the basis of not increasing the existing industrial land supply, but of re-designation within the existing supply to obtain an inventory with substantially fewer development constraints. While the net supply of industrial land will actually be reduced with the addition of the subject site more than offset by re-designation away from LM1 of Fidalgo Bay properties, the remaining adjusted land inventory will be substantially more developable for job creating investment.

7) Executed resolution demonstrating municipal legislative request for UGA modification. SCC 14.08.020(2)

With this submittal, the City of Anacortes is submitting verification of the municipal legislative request for UGA modification. This letter attached with the full response to Question 7 is consistent with the City Council motion of September 24, 2012 supporting the petition.

Detailed Response Documentation. The remainder of this submittal contains more detailed analysis and statements in response to each of questions 2-7 raised by the Skagit County letter of October 10, 2012. Additional supplemental mapped information regarding Anacortes zoning is provided with the Appendix to this submittal.

2) CAPITAL FACILITIES PLANS: A statement of how adopted functional plans and Capital Facilities plans support the change. SCC 14.08.200(4)(a)(v)

RESPONSE OVERVIEW

The *City of Anacortes 2010 Comprehensive Plan* indicates that the City has adequate public facilities capacity to accommodate build-out population capacity for utilities. The City's CFP also addresses planning for build-out population of 19,300. Growth-related needs for transportation, parks and fire facility improvements as well as schools are identified as being addressed and generally sufficient to accommodate projected growth to population build-out. In particular, the South March Point area, annexed in 1999, was planned with infrastructure capacity for industrial development build-out – with more than adequate reserves of water and sewer capacity to serve any reasonably anticipated intensity of manufacturing or related industrial use.

ANACORTES COMPREHENSIVE PLAN

This response appropriately begins with the City of Anacortes Comprehensive Plan, as the guiding document for development and service delivery within the Anacortes UGA. The primacy of the Comprehensive Plan is also consistent with applicable provisions of the State of Washington Growth Management Act (GMA).

Skagit County CPPs. Within Skagit County, the framework for county-wide and local jurisdiction policies are the *Countywide Planning Policies (CPPs)* adopted June 15, 2000. The CPPs also provide the following summary statement regarding the roles and relationships between the CPPs and Comprehensive Plan:

The Skagit County Comprehensive Plan adopts by reference the following functional plans: Shoreline, Drainage, Floodplain, Schools, Special Districts, Parks and Recreation, Transportation, Watershed, the Coordinated Water System Plan and any other functional plans adopted by Skagit County. Each referenced plan shall be coordinated with, and consistent with, the Comprehensive Plan.

Anacortes Comprehensive Plan. For Anacortes, comprehensive land use planning is integrated with capital facilities and financial planning for the City. Most recently updated in 2010, the *Anacortes Comprehensive Plan* reinforces this relationship with the statement that: “The City’s land use element, capital facilities element and financing plan are coordinated and consistent.”¹ Build-out capacity of the city is estimated for purposes of the plan at approximately 19,300 residents.

Specifically noted by the Comprehensive Plan is that the City of Anacortes “has concurrency and level of service standards for all major facilities and has no deficiencies.”² Anacortes has also adopted impact fees for transportation, park and fire facility improvements.

Considered below are more detailed provisions of functional plans related to water, sanitary and storm sewer, and transportation as primary capital facility responsibilities of the City of Anacortes.

MUNICIPAL WATER

Per the updated Comprehensive Plan, Anacortes has water rights and actual processed water to accommodate both current adopted build-out and anticipated supplemental added build-out population of the City. While the proposed UGA expansion area is technically within the Skagit PUD wholesale service area, in 2011 the Water System Plan was revised to include the subject proposed UGA site as part of the Skagit PUD relinquishment area.

Water System Planning Background. In 1984, the Skagit County Board of Commissioners adopted the *Anacortes-Fidalgo Island Coordinated Water System Plan* as the first coordinated water system plan in the region. This was followed by a 1993 updated Coordinated Water System plan that included all of Skagit County.

In 1999-2000, the current *Skagit County Coordinated Water System Plan (CWSP)* was completed, providing a coordinated water planning framework for the area's water utilities including the City of Anacortes together with affected tribes, the State Department of Health, and Department of Ecology. As noted by the plan, urban systems have relied primarily on surface water sources and rural systems on groundwater/well resources. Aquifer recharge areas are noted as protected by ordinances adopted with Critical Areas requirements of the Comprehensive Plan.

A key component of the coordinated plan is a joint operating agreement established in 1993 between the City of Anacortes and Public Utility District No. 1 of Skagit County as major regional water utilities. The City of Anacortes system serves the western portion of Skagit County and the northern part of Whidbey Island – with wholesale customers including the City of Oak Harbor, the Town of La Conner, Skagit PUD#1, Snohomish Utility Authority (for the Swinomish Tribal Community) #1 in addition to providing for its own municipal needs and adjoining industrial facilities (as “retail customers”) with the Tesoro and Shell oil refineries on March Point. As stipulated by the regional CWSP, the City of Anacortes completed a *Water System Plan* in September 2000.

Current Water System Plan. The most recent 2012 update of the City's Water System Plan indicates that the City supplies approximately 22 million gallons per day (mgd) to about 56,000 residential, commercial and industrial customers.

The 20-year planning horizon for this updated plan is 2010-2029. Under the plan, average day demand (with conservation) would increase to 26.23 mgd by 2029, with maximum day demand is estimated to be 50% higher at 39.34 mgd. Noted by the Water System Plan is that Anacortes assumes an employment growth rate of 2% per year for Anacortes, double the 1% rate indicated with the Economic Development Element of the Comprehensive Plan for Skagit County.

An annual average population growth rate of 2% is also assumed by the water plan, resulting in capacity to serve a population of 25,177 by 2029. This is more than double the 0.9% rate of annual population growth from 2000 as indicated by the Skagit County Economic Development Element, with projected population of 18,300 by 2025.³ It also exceeds the 19,300 resident build-out capacity figure of the Anacortes Comprehensive Plan, effectively providing a water supply buffer in the event that growth should exceed previously planned expectations.

The City of Anacortes has water rights adequate to more than meet 20-year projected demand – with capacity estimated on both an instantaneous and annual basis as 57.73 mgd. While water supply is currently drawn exclusively from the Skagit River, the City has in-place water rights to both Skagit River and Lake Campbell resources. With existing (2007) demand, the City water system is deemed as performing well, with only a few (primarily residential) areas providing water at pressures below 20 pounds per square inch (psi).

Of potential importance for the City of Anacortes UGA modification petition and the full South March Point industrial area, the most recent water system plan includes a placeholder for a potential future large industrial user. This placeholder identifies potential demand for and average of 3.4 mgd, equating to 50% of the Shell refinery demand.⁴

Relationship to Proposed UGA Expansion. Based on adopted plans and capital investments made over the years, the City of Anacortes is in the distinctive position of having substantially greater water capacity than needs anticipated with population and employment growth through at least 2029. This reserve has also made it possible to allocate capacity for a future larger manufacturing or related industrial users requiring substantial local water supply. This capacity puts the City in a distinctive position of being able to meet industrial water needs on a basis that can also address both local and regional economic development and job growth objectives.

SANITARY SEWER

Of importance to this evaluation is review of sewer system considerations for the March Point service area coupled with more recent comprehensive sewer planning for the entire City of Anacortes.

Current City-Wide Sewer Plan. A *City of Anacortes Comprehensive Sewer Plan* (CSP) was passed by the City Council and approved by the Mayor in November 1992. While intended to address the major needs of the City of Anacortes to 2012, the plan was predicted on an ultimate build-out population of 18,300 which was then expected to be reached by 2010.⁵ The date for build-out has since been extended, with the ultimate build-out figure now increased by 1,000 residents with incorporation of added development on Commercial-Marine designated lands, as further described below.

CSP implementation was intended to support growth as it occurs, with growth controlled through zoning and related planning mechanisms. As of the 1992 adopted plan, the wastewater collection system was deemed to be in good condition, due largely to capital improvements that have been made to secondary wastewater treatment.

A specific issued cited by the CSP related to control of infiltration and inflow (I/I) and acceptance of industrial wastewater discharges to the then existing secondary treatment plan. Recommended was that: “future industrial wastewater capacity should be carefully considered before the addition of new industrial waste flows to the collection system.”⁶ Also recommended was finalization of the urban growth area boundary.

March Point Sewer Planning. In 1999, the City of Anacortes annexed approximately 589 acres of primarily industrial property in the South March Point area on both sides of SR-20.⁷ Existing development with the service area at the time included one motel, two restaurants, three automobile

dealerships, and multiple industrial firms. This was preceded by a *City of Anacortes Comprehensive Sewer Plan Update, Service to March Point* report completed in 1996.

An estimated 260 vacant acres were identified in the South March Point area as proposed for future industrial or commercial development that could be served with the sanitary sewer, with development expected to occur over the next 20 years. Both then and now, South March Point is has become largest remaining source of vacant commercial/industrial (or employment) land to meet future job growth needs in Anacortes.

To support development in the annexation area at the eastern end of the City, a Phase 1 sanitary trunk sewer was completed in 1998 at an estimated cost of \$3.1 million— with provision for three pump stations coupled with 2.2 miles of collector systems and force mains. Phase 1 funding comprised councilmanic bonds with repayment from a combination of city general revenues and impact (hookup fees).

Subsequently, in 2002 a *City of Anacortes March Point Service Area Sewer Pre-Design Report* was completed for the planning and preliminary design of gravity sewers connecting to the March Point trunk line. Proposed wastewater flows were assumed at an average employment density of 8 jobs per acre.

Sewer system expansion was planned throughout the annexation area, including line extensions along Reservation Road and Stevenson Road (adjoining the subject proposed UGA expansion area on the south side of the as-annexed new city limits). Sub-basin improvements for the Reservation Road and Stevenson Road area assumed average developed daily flow of 0.025 mgd and peak flow of 0.10 mgd.

Also noted with system pre-design was the need for private pump systems to serve properties in the vicinity of the Stevenson Road/Reservation Road intersection. Additional future potential extensions to Swinomish Reservation and Similk Bay (not included with the South March Point annexation) were considered in the design of March Point Sewer Service area improvements, though not directly addressed by the 2002 report.

Funding of system extensions was planned to be primarily through the formation of Utility Local Improvement District (ULIDs), whereby benefited property owners would repay the cost of sewer extensions via property assessments. Also noted as a funding option was the possibility of private developer payback agreements, with distribution of costs to benefited properties typically compensated on the same basis as with a ULID.

Comprehensive Plan Update. Per the *2010 Anacortes Comprehensive Plan*, 2005 average daily sewer flow was 2 million gallons per day (MGD), less than one-half the available capacity of 4.5 MGD. This is more than ample capacity to handle not only the current build-out capacity of 19,300 but also a potential added 1,000 residents as have been suggested for conditional housing approvals with the Commercial Marine (CM) and Commercial Marine 1 (CM1) zones.

Relationship to Proposed UGA Expansion. As with municipal water, the City of Anacortes has more than ample capacity to serve anticipated build-out of UGA population. Based on planning extending back to the 1990s, the City also has made significant capital investment in expanded sewer collection capability to serve industrial development in the South March Point area as new or expanded industrial use occurs. As with water, the subject proposed added UGA property and entire

South March Point area are well positioned to meet the needs of industrial users requiring substantial water and sewer capacity. This is consistent with City objectives for South March Point area annexation and urban service delivery dating to the 1990s.

STORM WATER

As with sanitary sewer and municipal water service, useful background information comprises a review of stormwater system needs with South March Point annexation followed by more recent city-wide stormwater management plan considerations.

South March Point Drainage Evaluation. Prior to the 2007 city-wide stormwater plan, a *South March Point Annexation Comprehensive Drainage Study* was prepared in 1999 for the LM1 zoned area which was being annexed into the City of Anacortes. The study included an inventory of then current stormwater drainage systems, analysis of conveyance capacities, and discussion of system limitations and improvement prioritization.

The subject UGA expansion property was situated just outside the 1999-defined study area, but the property immediately north (on the north side of Stevenson Road) was identified as being in the Similk drainage basin. A major focus of the study was to differentiate between drainage basins in the annexation area that would require stormwater detention and basins where the City could allow an exemption to detention. Unlike most properties in the Fidalgo basin, all of the annexation properties in the Similk basin were identified as an area where the City might allow detention exemption.

The study also identified deficient conveyance facilities with respect to 2-, 10- and 25-year storms. The intersection of Reservation Road with Stevenson Road (just east of the proposed UGA expansion area) was identified as having insufficient conveyance capacity in a 10-year storm event.

Current City-Wide Stormwater Planning. City-wide provisions for development and management of storm drainage in Anacortes are covered by a *Stormwater Management Plan*, completed in September 2007. Per the plan, the City maintains an estimated 122 miles of stormwater conveyance systems, 100 detention and/or treatment systems, and 64 outfalls to marine waters.

Build-out development (of 19,300 population) assumes that areas covered by the system are developed to current zoning and land use densities. Not covered by the plan are facilities owned and maintained by WSDOT, the Port of Anacortes, and Skagit County. For its facilities, the City is required to obtain a National Discharge Elimination System (NPDES) permit.

Stormwater runoff in Anacortes flows to five major water bodies. The subject site area proposed for inclusion within the Anacortes UGA lies within the Similk Bay drainage basin, with stormwater runoff to Similk Bay. In terms of land coverage, this is the smallest of the City's drainage sub-basin areas at approximately 160 acres. The entire basin within the City's jurisdiction is currently designated for Light Manufacturing (LM1). The stormwater system within the basin is mainly ditches, with drainage flowing south through unincorporated Skagit County where ditches are noted as the majority of the conveyance system.

According to the stormwater plan, there are two detention facilities located within this basin. There is little piped stormwater flow and no identified outfall.

Future development projects in the City are required to provide flow control (both detention and infiltration) together with treatment in accordance with the Washington State Department of Ecology's *Stormwater Technical Manual Standards* and to assess those portions of the storm drainage system fronting their property. As noted by the plan: "Assuming flow control facilities are installed and maintained, development should not significantly increase the peak flows experienced by the public conveyance systems."⁸

With hydrologic monitoring, the City has identified locations of specific deficiencies within the City's basins. No deficiencies are noted by the 2007 plan for the Similk Bay basin area, nor were capital improvements targeted to this area.

The Anacortes stormwater utility system is funded by monthly stormwater rates. Unimproved parcels are not assessed. Developed non-residential parcels are charged based at a rate per impervious surface unit (with each unit defined as 2,000 square feet of impervious surface area). While the stormwater utility has operated without debt, the management plan notes that the City could issue debt in the future if needed to construction larger capital facilities or as part of an aggressive funding program.

Relationship to Proposed UGA Expansion. Due to its location in the Similk basin area, future industrial development within Similk area can more readily meet drainage requirements than most other areas of the City, even more readily than much of the rest of the South March Point industrial area. Development would need to be accompanied by more detailed site specific planning and likely improvements to the existing conveyance system in the vicinity of the Stevenson Road / Reservation Road intersection. These needs can be addressed in more detail through site planning for a specific industrial user and associated SEPA process.

TRANSPORTATION

Review of transportation planning and system capacity involves assessment at both the broad county-level and more specifically for the City of Anacortes. This discussion also considers linkages to the Swinomish Reservation road network.

County-Wide Transportation Planning. The most recent comprehensive county-wide assessment of transportation system needs appears to be the February 1996 *County-wide Air, Rail, Water and Port Transportation System Study* prepared by BST Associates for the Skagit County Sub-Regional Transportation Planning Organization. The study was conducted to assess current and future needs as a means to ensure the continued economic vitality of the region. Future needs were linked to economic development potentials as outlined by the Skagit County *Overall Economic Development Plan*, particularly with regard to freight transportation – over a time period extending to 2014.

Future growth in truck traffic was projected to be strongest in the urban areas. In Anacortes, truck traffic was forecast to focus in the City's retail and industrial areas as well as in downtown, at the Washington State Ferry terminal and along SR-20 at March Point which is identified by the Transportation System Study as the "major industrial center in Skagit County."⁹

Recommended by the study was greater emphasis on freight transportation needs. With regard to rail, a specific recommendation was to consider potential re-introduction of rail service on branch

lines where service has been discontinued – as for the Fidalgo to Anacortes branchline. Also noted were needs for long range SR-20 corridor planning and roadway widening.

Anacortes Transportation Planning. The City's *Transportation Plan 2000* relied on an 18,900 population build-out figure. Introduction of residential uses to Commercial-Marine (CM and CM1) districts was not anticipated to affect transportation capacity since residential uses would require fewer vehicle trips than would be the case with continued commercial use only.

As envisioned with the 2000 plan, an updated *City of Anacortes 2007 Transportation Plan* was completed in October 2007. The updated plan references the 6-year Transportation Improvement Program (TIP) with more detailed financial planning provided through the annually updated Capital Facilities Plan (CFP), addresses GMA concurrency requirements, and is aimed for consistency with Countywide Planning Policies (CPPs).¹⁰

Specifically noted is that highways of Statewide Significance are exempt by statute from concurrency. For Anacortes, this means that the City is precluded from denying a development application based on SR-20 not meeting the State's level of service standard.¹¹

Linkage to Swinomish Reservation Road Network. Reservation Road, which lies just east of the subject UGA property, provides the most direct access to the Swinomish Tribal Community Reservation from SR-20 to the north. Reservation Road is a Skagit County owned facility both north of the reservation boundary and through the reservation extending south and east to La Conner. The current Swinomish transportation plan indicates a number of improved reservation roadway additions, but none are in the vicinity of the northern portion of Reservation Road and the subject proposed UGA site.¹²

Relationship to Proposed UGA Expansion. With the existing transportation plan, there are no deficiencies that would appear to affect overall transportation system performance with further development in the South March Point. Localized transportation volume to capacity and/or street-specific access and circulation issues may arise as specific industrial development projects are proposed. These are best evaluated through the site planning and associated SEPA processes.

PUBLIC SERVICES

While not generally involving major capital outlays, there is also interest in the capacity of the City of Anacortes to provide on-going public services to further industrial development in the South March Point area including potential UGA expansion.

Public Safety Services. Law enforcement and fire response are two public services of importance to industrial users. Jurisdiction for provision of these public safety services would transfer from Skagit County (for law enforcement) and a rural fire district (for fire service) upon UGA inclusion and subsequent annexation.

The total amount of property involved is relatively small, so that the tax base shifting from unincorporated to incorporated jurisdiction revenues for the UGA property in its current status is relatively nominal. The City also expects to be able to readily serve the subject UGA area. This is because the City already provides police and fire service to properties on the north side of Stevenson Road (immediately across the road from the subject site).

Also noted is that the City of Anacortes already operates a fire station just to the west of the annexation site on Stevenson Road. The station operates 12 hours per day with service then shifting for the other 12 hours to Fire District 13 under an existing mutual aid agreement.

Schools and Parks. Industrial uses typically do not directly affect service delivery needs of local public schools or parks. There may be indirect effects, to the extent that employees of industries in the South March Point area become new residents in the Anacortes area. However, needs for added resident-based services can be expected to materialize primarily in proximity to residential neighborhoods rather than where the industries are located.

Due to the large tax base often represented by industrial use, school district and city budgets typically are benefited more in relation to public service cost than occurs with residential development not accompanied by industrial/commercial tax base.

CAPITAL FACILITIES PLAN

The City of Anacortes annually updates its 5-year Capital Facilities Plan (CFP) – with the most recently updated plan covering the 2013-18 time period. CFP projects are derived from a larger list of capital projects as previously identified in the Anacortes Comprehensive Plan and/or other planning studies as incorporated by reference. Each of these planning documents contains:

- a) An inventory of existing capital facilities owned by public entities,
- b) A forecast of future capital facilities needs; and
- c) The proposed locations and capacities of planned expanded or new capital facilities.

While the CFP presents public improvements viewed as most urgently needed within the next six years, these projects remain subject to public hearings, environmental review, a public vote in some cases, and annual budget decisions. City CFP policy is to allocate the majority of General CFP revenue to transportation and the remainder to other major non-utility program areas as the Mayor may establish.

Historically, local improvement district (LID) assessments served as a major source of transportation project funding; this has been largely supplanted in recent years by transportation impact fees and real estate excise taxes. Utility funding is generally provided by enterprise or related independent funding sources including utility revenues and grant or loan sources.

CFP Project Funding Considerations. The relationship of planned projects to department needs, prior city-wide and facility specific planning, cost effectiveness, life cycle costs and public service impacts represent the range of considerations taken in evaluating and prioritizing capital projects in the City of Anacortes. Other factors that may be considered, as applicable, include:

- Interagency agreements
- Emergent needs
- Funding availability in a particular category
- Unusual or unexpected opportunities

These other factors are often of greater significance with the subject UGA modification proposal. The current CFP is based on a build-out population of 19,300. Consistent with the CFP, the City has “the discretion to determine which public facilities and services are necessary to support development.”

While “reasonable assurances” are not “absolute guarantees” as to full funding of a 6-year plan, the City is on record through the CFP as being “committed to fully funding its future capital facilities requirements.” This includes a commitment to using available debt capacity “when and if necessary to assure that those public facilities and services necessary for development and growth are adequate within reasonable time frames, and in compliance with the provisions of the Washington State Growth Management Act.”

Current CFP Priorities. The 2013-18 adopted CFP includes \$83.3 million of identified capital facilities projects. Of this amount, the largest expenditures are planned for transportation improvements (50%), followed by water (14%), sewer (10%) and storm facilities (4%). Other CFP expenditures (22% of the total) are targeted for uses including parks, public safety, general government, planning, equipment rental and solid waste.

Relationship to Proposed UGA Expansion. Based on review conducted with this supplemental information submittal, there appear to be no issues created relative to the capacities of the City to provide needed public infrastructure or on-going services to the proposed UGA expansion area. Because the subject proposed UGA expansion area is already surrounded on three sides by the Anacortes UGA, it should prove relatively cost effective to address any localized infrastructure needs that arise. The added tax base represented by industrial use can also serve to defray localized infrastructure needs that do arise and also benefit Anacortes area residents with revenues from non-residential sources.

3) IMPLEMENTING REGULATIONS: A statement of how the change affects implementing development regulations in SCC Title 14 and the necessary changes to bring the implementing development regulations into compliance with the plan. SCC 14.08.020(4)(a)(vi)

RESPONSE OVERVIEW

While currently designated for Rural Reserve (RRv) use by Skagit County Code, the subject 11.15 acre area proposed with this boundary modification petition is adjoined on all sides by parcels designated by Skagit County for Anacortes Urban Development (A-UD) or Rural Marine Industrial (RMI) use and/or by the City of Anacortes for light manufacturing (LM1) use. Changing to an A-UD designation would make future use of this essentially “islanded” site more consistent with the existing and planned development character of all surrounding properties.

SKAGIT COUNTY TITLE 14

Title 14 is the Unified Development Code of Skagit County, the purpose of which is “to implement the Revised Code of Washington (RCW) and the Skagit County Comprehensive Plan on matters concerning land and building development and other related issues.” Key provisions of the code pertinent to this proposed UGA boundary modification relate to permit procedures, SEPA environmental review, development agreements, zoning, critical areas ordinance, shorelines, concurrency, public facilities impact fees, and flood damage.

Current Plan Designation. As noted, the subject property is currently designated in the Skagit County Comprehensive Plan and Zoning for Rural Reserve (RRv) use. As stated in the code:

The purpose of Rural Reserve district is to allow low-density development and to preserve the open space character of those areas not designated as resource lands or as urban growth areas. Lands in this zoning district are transitional areas between resource lands and non-resource lands for those uses that require moderate acreage and provide residential and limited employment and service opportunities for rural residents. They establish long-term open spaces and critical area protection using CaRDs (Conservation and Reserve Developments) as the preferred residential development pattern.

CaRDs are intended as single-family residential land development characterized by building lots or envelopes much smaller than would otherwise be typical of the zone. This approach is appropriate to leave open space for agriculture, forestry, continuity of ecological functions characteristic of the property, and preservation of rural character.

Within the RRv zone, minimum lot size is 10 acres, unless created through a CaRD. With the CaRD option, development may be allowed on parcels of 10 acres or greater with 1 lot allowed for each additional 5 acres. Maximum CaRD residential development is two units per 10 acres.

Other than agriculture or natural resource related cultivation and harvesting, the only permitted uses allowed are family day care, home based business (Category 1) and seasonal roadside stands. Administrative special uses include some other small business activities such as bed and breakfast, campground destination, home based business (Category 2), and kennel day use activity. A

somewhat broader range of generally related and more intense special uses may be considered through the Hearing Examiner process.

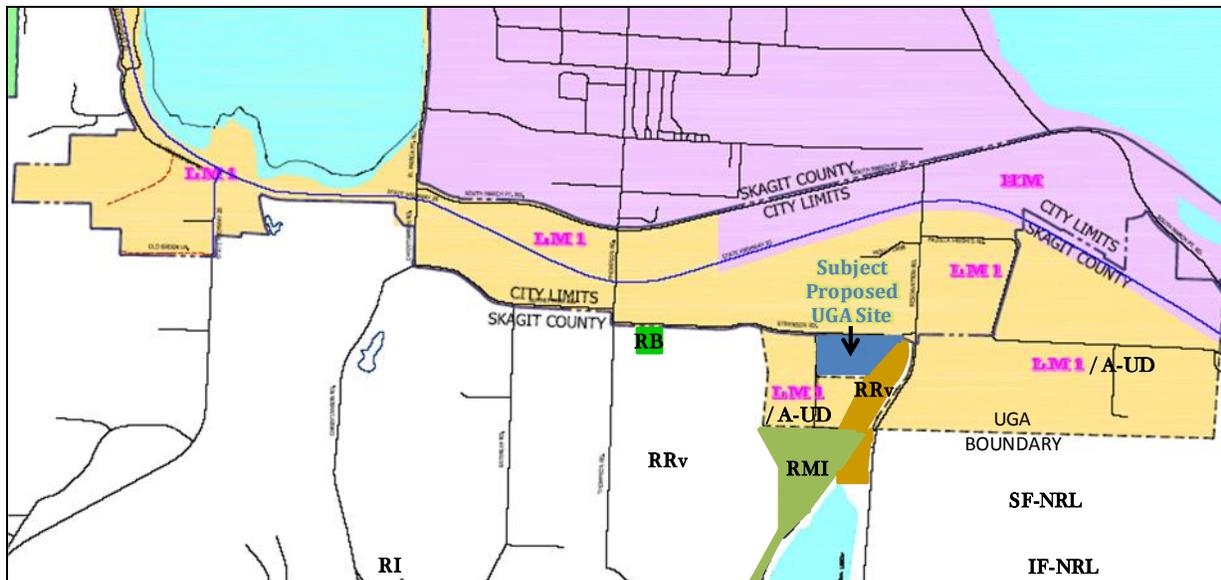
Proposed Plan Designation. The County zone designation proposed with the UGA boundary modification petition is the Anacortes UGA Urban Development District (A-UD), described by the Development Code as follows:

The purpose of the Anacortes UGA Urban Development district is to permit development in the unincorporated UGA of the city of Anacortes, including subdivision of property and the issuance of development permits, consistent with the Growth Management Act requirements for provision of urban services by the city of Anacortes. The city of Anacortes has already made adequate provision for urban services, including sewer, within the Anacortes UGA Urban Development district shown on Attachment 1 to the ordinance codified in this Section. The city comprehensive plan has also identified the appropriate city land use designation and development regulations that should be applied to those areas upon annexation.

If the subject parcel is included within the Anacortes UGA, annexation planned would be for the City’s light industrial (LM1) designation. Prior to annexation, the County is obligated to accept applications on lots of record for any development consistent with the “use, lot size and other development standards for the zone that has been identified by the city for the parcel that is the subject of the application.”¹³

Surrounding Use Designations. As indicated by the following map, proposed designation of the subject property from RRv to A-UD appears appropriate vis-à-vis adjoining uses in the near term and consistent with proposed designation for LM1 zoning upon future annexation to the City of Anacortes.

Land Use Designations for Subject UGA Site & Adjoining Properties



Source: Skagit County and City of Anacortes. County designations are in **black** type; city designations are in **fuschia**.

Land to the north of the subject site (on the north side of Stevenson Road) is already within the incorporated limits of the City of Anacortes and zoned for light manufacturing use (LM1), including properties already developed for LM1 purposes.

Properties immediately to the east and the west of the subject parcels are within the Anacortes UGA but not yet annexed. These properties are designated by Skagit County as A-UD, indicative of planned transition to urban development with annexation to the City of Anacortes and are designated in the Anacortes Comprehensive Plan (but not yet zoned) for LM1 use.

The property south of the subject site is under Skagit County jurisdiction and designated for Rural Marine Industries (RMI). This comprehensive plan and zoning designation is consistent with historic and continued site utilization as a marine facility situated on Turners Bay (at the north edge of Similk Bay). SCC 14.16.170 Rural Marine Industrial provides the following statement of purpose for the RMI designation.

The Rural Marine Industrial zoning district is intended to recognize existing rural marine industrial facilities and to permit expansion of existing rural water and shoreline dependent or related marine industrial activities in Skagit County, and to provide limited expansion opportunities and limited changes of use.

Providing contiguous industrial land via UGA designation of the subject site immediately north of this RMI property could serve to maintain and strengthen this existing marine industrial terminal by offering a source of industrial freight transport with an immediately adjoining urban industrial use. This opportunity would be further strengthened if rail service were to be re-introduced from just north of SR-20 through the subject proposed UGA site to its former historic terminus at the RMI marine terminal facility on Turners Bay.

Further removed from the site, most properties in Skagit County jurisdiction outside the Anacortes UGA to the west of Similk Bay have comprehensive plan and zoning district designations of Rural Reserve (RRv). There are also Rural Intermediate (RI) designated lands located a greater distance from the subject site.

To the east of the subject property and south of the existing A-UD designation are lands identified as parts of the Swinomish Tribal Community Reservation including Trust land, Trust-owned land, and fee land. While the subject proposed UGA site does not directly adjoin Reservation land, areas in closest proximity to the subject site are shown by Skagit County comprehensive plan and zoning designations as Secondary Forest-Natural Resource Lands (SF-NRL) and Industrial Forest-Natural Resource Lands (SF-NRL).

Relationship to Proposed UGA Expansion. In summary, redesignation of the subject RRv property to A-UD and eventual industrial use provides a more logical use pattern that is consistent with immediately surrounding existing and planned industrial uses on all sites of the subject site parcels. Continued RRv zoning is inconsistent and would conflict with surrounding industrial use, especially as remaining undeveloped properties are annexed and developed in the years ahead.

The only property that is proposed to remain with an RRv designation is the portion of the properties extending east of the former rail ROW to Reservation Road. Retention of RRv zoning would serve to preserve previously identified County Shoreline Master Program designation of the

property as “Rural,” protecting this riparian habitat from incompatible industrial development. While this appears to be the most viable approach for preserving this natural riparian area and associated rural shoreline character, the City of Anacortes is open to discussing other options as to how this might be most feasibly accomplished – whether in or outside of the Anacortes UGA.

ANACORTES COMPREHENSIVE PLAN

The recently updated City of Anacortes comprehensive land use plan specifically addresses land uses in unincorporated Skagit County in proximity to the subject proposed UGA site. Land use most directly adjoining the site is designated for rural, rural residential, resource land and open space use.

Situated to the north of the site (and across SR-20) is the March Point UGA, designated for Heavy Manufacturing (HM) uses as the site of two major oil refineries. The Comprehensive Plan indicates that the Shell and Tesoro refineries will not be annexed without their prior written consent.

The Plan notes that, south of March Point and along SR-20, there are over 300 acres of commercial/industrial zoned land, most of which is in the Anacortes city limits with full urban services available. The City has no plans to extend urban services to residential or other properties outside its incorporated limits. To obtain urban services, properties that are in the City’s UGA but still under County jurisdiction (as with A-UD zoning) will need to annex as a condition of obtaining services as is typically required for most industrial uses.

The Anacortes Comprehensive Plan adopts Goals 1-13 of the state’s **Growth Management Act** (RCW 36.70.A. 020) including the following applicable goals:

Goal 1: Urban Growth. Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner.

Goal 3: Transportation. Encourage efficient multi-modal transportation systems that are based on regional priorities and coordinated with county and city plans

Goal 5: Economic development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all cities of this state, especially for unemployed and for disadvantaged persons, and encourage growth in areas experiencing insufficient growth, all within the capacities of the state’s natural resources, public services, and public facilities.

Goal 11: Citizen participation and coordination. Encourage the involvement of citizens in the planning process and ensure coordination between communities and jurisdictions to reconcile conflicts.

Goal 12: Public facilities and services. Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

The City of Anacortes has adopted 10 additional **General City Goal** statements, four of which are most relevant to this UGA application:

Goal 4: Keep a reasonable balance between housing, manufacturing, commercial/retail, open space and other land uses within the community.

Goal 5: Encourage the development of a balanced and adequate employment and revenue base necessary for the provision of services.

Goal 6: Encourage continued and improved interaction with other agencies to better coordinate area wide activities. *Note:* This goal includes explicit references to functional plans and studies incorporated by reference related to water, sewer, transportation, and overall economic development plans.

Goal 7: There shall be periodic and regular review of the City Comprehensive Plan and Zoning Ordinance ... Additionally, the City Council and/or the Planning Commission may from time to time initiate Comprehensive Plan and Zoning Ordinance Amendments.

Finally, the City's Comprehensive Plan addresses **manufacturing goals and policies**. The first goal relates to heavy manufacturing and the second to shoreline areas, neither of which are directly applicable to the proposed UGA amendment. The next two goals are more directly applicable:

Goal 3: Encourage multiple business manufacturing development, providing a more stable economic base through diversity, as opposed to a single large manufacturing industry.

Goal 4: Develop policies for manufacturing uses which will provide the City and the developers with consistent expectations with regard to performance standards and contract obligations.

Interlocal Agreement for Anacortes UGA Management. Appendix H of the updated 2010 Anacortes Comprehensive Plan is titled as an *Interlocal Agreement between Skagit County and the City of Anacortes Regarding Adoption and Implementation of the City of Anacortes Urban Growth Area*, dated February 3, 2003. Section 12 of the agreement provides for modification as well as initial establishment of external UGA boundaries, including the option for the City to act either on its own behalf or at the request of an individual property owner.

Development applications on property added to the Anacortes UGA are to be processed in accordance with the City's Comprehensive Plan and Zoning Map Amendment standards and County review process consistent with Section 1 of the agreement which stipulates that:

Within the unincorporated portions of the Anacortes Urban Growth Area, Skagit County has adopted the City's zoning, subdivision rules, and street and utility design standards and will continue to adopt any city-approved amendments to the City's zoning, subdivision rules, and street and design standards, if requested by the City and deemed appropriate to accomplish the purposes of this agreement. It is also understood that review procedures under each of the standards will be modified to conform to existing County review procedures.

Finally, Section 4 provisions of the agreement are noted as specifying that "generally, annexation should occur prior to securing development approvals for urban levels of development."

4) PUBLIC REVIEW: A summary of any public review of the recommended change. SCC 14.08.020(4) (a)(vi)

RESPONSE OVERVIEW

Under the Mayor's administrative authority and on behalf of affected property owners, the City of Anacortes submitted an initial petition to Skagit County for expansion of the City's UGA on July 31, 2012. This action was confirmed by City Council action with opportunity for public comment pursuant to a city staff report dated August 9, 2012.

Subsequent steps for public review up to the point of review and action (if favorable) by the Board of County Commissioners on the application after docketing including SEPA analysis and other steps as identified with the County adopted UGA amendment process will be taken under the auspices of Skagit County. Should Skagit County approve this UGA application, the City of Anacortes will then be in the position of amending its Comprehensive Plan and Zoning Map in accordance with the County action. This process will occur in accordance with the City's Public Participation Program as documented by Appendix G of the 2010 Anacortes Comprehensive Plan.

ANACORTES REVIEW PROCESS

As noted via memorandum from the City of Anacortes Planning, Community and Economic Development Director to the City Council on August 9, 2012:

City Council's consent for the request does not constitute approval of the expansion; it merely allows the public process to continue through Skagit County procedures. Skagit County procedure allows several opportunities for public input.

The steps taken to date by the City to submit a UGA boundary modification petition represent the beginning phase of a process that then transfers to a Skagit County review and docketing role. Final City determinations as to whether the property will be brought into the UGA and eventually annexed have yet to occur and will be made only after ample opportunity for added public input.

In effect, the City of Anacortes is involved at two key points of the UGA amendment process:

- Early on with authorization of the UGA amendment application – including provision of supplemental information as needed until the application is deemed completed by Skagit County.
- Upon review and action (if favorable) by the Board of County Commissioners (BCC) on the application after docketing, SEPA analysis and other steps as identified with the UGA amendment proposal process (outlined below) – for purposes of modifying the Anacortes Comprehensive Plan consistent with County action.

All intervening steps including associated requirements for public review are under the control and responsibility of Skagit County. Should Skagit County approve this UGA application, the City of Anacortes will then be in the position of amending its Comprehensive Plan and Zoning Map in accordance with the County action.

This City amendment process will occur in accordance with the process for Public Participation Program as documented by Appendix G of the 2010 Anacortes Comprehensive Plan. Consistent with GMA, the intent of the Public Participation Program is to formalize established practice related to the adoption of a comprehensive plan together with plan amendments. Input with respect to plan amendment may though is not necessarily required to be obtained through formation of a Citizen's Advisory Committee (CAC) or Technical Advisory Committee (TAC), both of which are subject to provisions of the State Open Meetings Act (RCW 42.30).

With potential input from a CAC or TAC, the Planning Commission would conduct at least one public hearing followed by recommendations, together with findings, to the Anacortes City Council. The City Council will then hold its own public hearing prior to final amendment of the Comprehensive Plan and associated Development Regulations.

UGA AMENDMENT PROPOSAL REVIEW PROCESS

As noted, between the time of UGA modification petition submittal and BCC action, responsibilities for public review will rest primarily with Skagit County, consistent with the County's approved process for UGA amendment proposals. The Skagit County review process is based on Skagit County Code (SCC) 14.08 for Legislative Actions.

Key steps associated with the UGA amendment proposal process are as outlined by the chart on the following page. It is the intent of the City of Anacortes to support this process and provide continuing opportunities for public review for the portions of the UGA amendment proposal process that are under its purview. The City also supports and will be available to participate, as requested, in portions of the process that are identified as a Skagit County responsibility.

UGA Amendment Proposals – Process

UGA Amendment Proposals - Process	Comments
1. City or town may apply once during period following County’s adoption of 7-year update without meeting “exception” criteria in UGA modification criteria.	
2. Application must be submitted to County by last business day of July. UGA modification criteria foresee that comprehensive UGA amendment applications will come from city or town, not individual property owners.	Applications will be processed and reviewed by the Planning and Development Services Department (PDS) within 45 days of the last business day of July.
3. Proposal brought to GMA Steering Committee for initial consideration and recommendation for docketing.	The GMA Steering Committee (GMASC) is convened after a petition is deemed complete.
4. County Planning and Development Services (PDS) makes docketing recommendation to Board of County Commissioners (BCC), BCC holds docketing hearing, and decides to docket proposal(s) or not depending on criteria in Skagit County Code 14.08.	Within 15 days of the GMASC/PDS recommendations the BCC will hold a public hearing, deliberate on the matter and make a docketing decision. An application not approved by the BCC will not be reviewed further.
5. County and applicant (city or town) negotiate interlocal agreement regarding SEPA co-lead process, costs and responsibilities.	Within 20 days of approval for further consideration, applicants for site-specific amendments submit environmental checklists.
6. County and applicant coordinate SEPA analysis; EIS likely required for larger UGA modification proposals to address potential impacts, alternatives, and mitigation, especially those involving natural resource lands, floodplain, and natural hazard areas. EIS to be prepared by mutually agreed to 3rd party consultant, cost of which is to be paid for by the applicant.	PDS issues an environmental threshold determination within 15 days of receipt of the environmental checklist(s).
7. Following completion of SEPA review, County releases proposal for agency and public review and comment.	Review process to occur consistent with SEPA guidelines.
8. Public hearing(s) held before Skagit County Planning Commission.	
9. Skagit County Planning Commission deliberates on basis of record including public and agency comment; issues recommendation to BCC in form of Recorded Motion.	Planning Commission will make a recommendation on the UGA boundary modification request which will be transmitted to the GMASC
10. Proposal and Skagit County Planning Commission recommendation brought to GMA Steering Committee (GMASC) for formal recommendation pursuant to the Framework Agreement.	GMASC will consider the Planning Commission recommendation and make a new recommendation – both of which will be forwarded to the BCC for review and action.
11. GMA Steering Committee and Planning Commission recommendations brought to BCC for final action. Board may adopt as recommended by Planning Commission, or remand back to Planning Commission and GMA Steering Committee for additional consideration and recommendations under steps 9 and 10 above.	Final approval or denial rests with the BCC and will take the form of a single ordinance that also sets forth the appropriate findings of fact and/or application-specific conditions, if necessary. City then amends the Comprehensive Plan through the City Council legislative action process before the UGA boundary is officially modified.

Source: Skagit County, UGA Amendment Proposals – Process, June 13, 2008.

5) POPULATION & CRITICAL AREAS: Any proposed urban growth area boundary changes shall be supported by and dependent on population forecasts and allocated urban population distributions, existing urban densities and infill opportunities, phasing and availability of adequate services, proximity to designated natural resource lands and the presence of critical areas” per SCC 14.08.020(4)(b)(ii)

RESPONSE OVERVIEW

Because the site can accommodate, at most, only two houses under current RRv zoning, bringing the houses into the Anacortes UGA would reduce county-wide housing capacity by an almost imperceptible amount of 0.004%. As demonstrated by the response to Question 2, there is more than adequate capacity of all public services to serve any reasonably foreseeable industrial use of the subject property under any phasing program that might occur.

Regarding designated natural resource lands and critical areas, if this area is incorporated into the City’s UGA, then the Interlocal Agreement between the County and the City of Anacortes regarding adoption and implementation of the City of Anacortes urban growth area will be in effect. Once the area is annexed into the City, the City will assume full responsibility of this area and its rules and regulations, as applicable to the subject site, will take effect.

EFFECTS ON URBAN POPULATION

Effects on regional and local population forecasts, urban population distributions, existing urban densities and infill opportunities will be minimal – at 0.004% of the 51,895 housing units in Skagit County as of April 1, 2012.¹⁴ As noted in the UGA boundary modification petition of July 31, 2012, the zoning currently applicable to the subject property permits the construction of one house per 10 acres. Utilizing a cluster configuration (via the County CaRD program), the site would allow for construction, at most, of two houses. Consequently, bringing the subject property into the Anacortes UGA would reduce housing capacity by no more than two houses.

PHASING & AVAILABILITY OF ADEQUATE SERVICES

Questions related to phasing and availability of adequate services are addressed with the response to Question 2 in this submittal. As demonstrated by the Question 2 response, there is more than adequate capacity of all public services to serve any reasonably foreseeable industrial use of the subject property under any phasing of site development that might occur.

EXISTING NATURAL RESOURCE & CRITICAL AREA JURISDICTION

Currently, issues related to natural resource and critical area protections for the subject proposed UGA area are under the jurisdiction of Skagit County.

Skagit County Critical Areas Ordinance. The Critical Area Ordinance of Skagit County (SCC 14.24) is designed to protect critical areas defined as including wetlands, flood hazard areas, aquifer recharge areas, geologically hazardous areas, and fish and wildlife conservation areas. If the County-designated Administrative Official determines that critical area indicators are not present

(generally) within 200 feet of proposed development activity, then no further review is required under the Ordinance except as required in a project application and as shown on the applicant's site plan. If a determination is made that activity is the 200 foot (or as otherwise specified) distance of areas with critical area indicators, that a complete critical areas site assessment is required.

Skagit County Shoreline Master Program. SCC 14.26 constitutes the Shoreline Master Program for Skagit County. The Master Program and Shoreline Area Designation Map were adopted by the Board of County Commissioners on June 29, 1976. This follows 1971 initial state legislative approval of shorelines management, with legislation calling for counties and cities to:

1. Inventory shoreline resources and characteristics;
2. Develop a permit system to regulate substantial development; and
3. Develop a Shoreline Management Program tailored to the needs of each locality for regulation, planning and development.

The easternmost portion of the parcels associated with the proposed UGA amendment is shown by Skagit County mapping as having a "Rural" designation in conjunction with the County's Shoreline Management Master Program and associated allowable uses matrix.¹⁵ Commercial (including industrial) development is permitted subject to the policies and regulations of the County Master Program. The intent of the Rural designation, as stated by the Shoreline Management Master Program, is that development "not significantly alter the character of the Rural Shoreline Area."

Commercial developments not requiring shoreline locations are encouraged to locate inland from the shoreline area. Commercial developments that can demonstrate specific dependence on a shoreline location can be allowed if there are minimal impacts to the shoreline environment and if placed away from braided or meandering river channels, and away from estuaries.

The Skagit County *Shoreline Management Master Program* indicates that development consistent with the Rural designation may include campgrounds, group camps, public and private parks and recreation facilities, farm related sales and services, and commercial uses involving restoration of historic structures. Other industrial and commercial uses are not considered consistent with this Rural designation.

It is noted that the environmentally constrained portion of the larger site area proposed for UGA inclusion generally lies east of the former rail right-of-way and would not be included with the portion of the affected properties proposed for UGA designation. The portion of the site that is anticipated for future development would appear to be not as directly affected by the County Master Program upon UGA inclusion and prior to annexation to the City of Anacortes. However, a more formal determination of environmental effects would occur through the SEPA process subsequent to County docketing of the City's boundary modification petition.

Swinomish Tribal Natural Resource & Critical Area Protection. The north boundary of tribal jurisdiction lies to the south and east of the subject proposed UGA amendment area, with the subject property outside of direct tribal jurisdiction. Tribal jurisdiction extends up the east side of Turners Bay south of the current City of Anacortes UGA boundary line (east of Reservation Road).

The *Swinomish Comprehensive Plan*, adopted in 1996, and subsequent Swinomish planning and implementation indicate strong interest in preservation and enhancement of natural resource habitat, particularly for fish habitat. In 2012, the Skagit River System Cooperative (SRSC) removed a portion of Similk Bay Road (just south of the proposed UGA amendment area) and a non-functioning tide gate that had isolated approximately 8 acres of estuary in Turners Bay.¹⁶

Effects of Future Potential Transition to City Jurisdiction. As described, the proposed UGA expansion area is now under County jurisdiction; the County maintains control with respect to its rules and regulations. The City is proposing to incorporate this area into the City's UGA.

If this area is incorporated into the City's UGA, then the Interlocal Agreement between the County and the City of Anacortes regarding adoption and implementation of the City of Anacortes urban growth area will be in effect. This interlocal agreement was signed by both the County and the City and is recorded under Skagit County Auditor file number of 200302060003. Once the area is annexed into the City, the City will assume full responsibility of this area and its rules and regulations, as applicable to the subject site, will take effect.

Skagit County will continue to have jurisdiction with respect to critical areas and shorelines management for the low-lying portion of one tax parcel situated east of the former rail right of way that is not proposed for UGA inclusion. Existing environmental protections will remain in place, as is, for this property which is directly connected with riparian functions of the Turners Bay estuary.

ANACORTES SHORELINE MASTER PROGRAM.

The City of Anacortes has updated its *Shoreline Master Program* as of 2010 to carry out responsibilities of the Washington Statute Shoreline Management Act (SMA) of 1972 (RCW 90.58) related to shoreline use, public access and environmental protection. Policies and regulations of the City's Master Program including shoreline critical area regulations apply to all shorelines of the state within the corporate limits of the city. Where conflict exists between the City's Comprehensive Plan, the Fidalgo Bay Sub-Area Plan, City Development Regulations and the Master Program, "the regulations most protective of the environment shall be implemented."¹⁷

Anacortes Jurisdiction. Pursuant to Section 2.3 regarding Anacortes Shoreline Jurisdiction, provisions of the Master Program apply to SMA waters within the City limits "together with the lands underlying them and all lands extending landward 200 feet in all directions as measured on a horizontal plane from the ordinary high water mark together with any associated wetlands."¹⁸

The area of the City's shoreline jurisdiction extends waterward to the Anacortes city limits but with determination of actual landward extent of shoreline jurisdiction made on a case-by-case basis. Where uncertainty or conflict may occur in the exact location of boundaries, the Master Program map, designation purpose, and designation criteria shall be used to make this determination.

Associated wetland area is generally defined to include wetlands that fully or practically fall within the area that is 200 feet from the ordinary high water mark. Of final note is that where a substantial development is proposed that would be partly within or partly out of shoreline jurisdiction, a shoreline development permit is required for the entire development. However, Master Program regulations apply only to the part of the development occurring within shoreline jurisdiction.

Shoreline Master Program Goals & Policies. Adopted City policies of potential relevance to this proposed UGA amendment include the following:

4.2 Shoreline Use Element:

Policy 4.2.3. Maximize water-dependent and water-related uses in appropriate locations.

Policy 4.2.4 Encourage marine trades and water-oriented uses that are in keeping with the historical character of the area.

4.3 Economic Development Element:

Policy 4.3.1 Provide opportunity for development of water-dependent commercial and industrial uses, preferably at locations that are currently developed or at locations outside of critical habitat areas.

Policy 4.3.2 Plan so that deep water sites are available for uses requiring such sites.

Because the actual shoreline is currently outside the City’s jurisdiction and is not proposed for inclusion within the UGA, these provisions are relevant to the extent that they: a) provide City support for marine terminal activities immediately outside the City on shoreline sites under County jurisdiction; and b) facilitate adjoining industrial development which will make use of existing dock facilities with existing RMI use situated immediately south of the subject site on Turners Bay.

Associated Policies & Regulations for Shoreline Environments. The subject site’s “Urban” shoreline designation (as one of six possible shoreline environments in Anacortes) is indicated for “areas that currently support or are planned for general commercial or industrial development.”¹⁹ Also noted is that the Urban designation is applied landward of the ordinary high water mark.

The Shoreline Use and Modification Matrix indicates that water-dependent and water-related uses are both permitted uses within the Urban environment. Non water-oriented industrial activity is a conditional use.

Development standards for Urban uses (outside of Burrows Bay) are indicated as providing for maximum lot coverage of 50%, maximum building height of 50 feet, with no setback for water-dependent and a 25 foot setback from non-water-dependent uses.

While located outside the current City limits and outside the proposed UGA expansion area, the remaining portion of one parcel extending from the former rail right of way to Reservation Road is shown by the City of Anacortes Official Shoreline Designation Map under the designation of “lakes and ponds.” As currently proposed, this area would not be included within the UGA expansion area but would remain under the jurisdiction of Skagit County.

Specific Use Policies & Development Regulations. Section 8.6 of the City’s Shoreline Master Program addresses regulations for Industrial and Port Facilities. **Policies** of potential relevance to this proposed UGA amendment include the following:

Policy 8.6.1 Reserve shorelines that are particularly suitable for water-dependent and water-related industrial and port development for these uses.

Policy 8.6.4 Encourage cooperative use of docks, cargo handling, storage, parking, and other accessory facilities among private or public entities in shoreline industrial and port areas.

Policy 8.6.5 Ensure that land transportation and utility corridors serving ports and water-related industry follow the guidelines provided under the sections dealing with utilities and transportation. Where feasible, transportation and utility corridors should be located upland to reduce conflicts with industrial operations.

Policy 8.13.10 Road and railway development should be located as far inland from the land/water interface as feasible and should not interfere with other appropriate shoreline uses, or degrade shoreline areas.

As with the overall Master Program policies, these more specific use policies support potential use of adjoining property that remains under County jurisdiction to continue with marine terminal/dock facilities, with major transportation facilities (as with rail and road access) located upland. Depending on the freight needs of industrial users locating in the South March Point area, there is potential to re-introduce rail service along an historic right-of-way at a location that is generally upland from the land/water interface.

Of potentially relevant **development regulations**, the following are of specific note:

DR-8.6.1 Preference shall be given to water-dependent industrial uses over non-water-dependent industrial uses; and second, give preference to water-related industrial uses over non-water-oriented industrial uses.

DR-8.6.7 Industrial and port facilities shall be located, designed, constructed, and operated so as to minimize impacts to shoreline resources and adjacent property owners, as well as adjacent shoreline or water uses.

Because of a location proximate to Similk / Turners Bay with an existing marine industrial use (under County jurisdiction), the proposed UGA amendment area could be developed with an industrial use that would take advantage of this proximity for marine trade with shipments by barge. This potential would be enhanced if rail service were re-introduced to the subject site along the alignment of the former rail right-of-way.

Current City shoreline policy and development regulations would support such water-dependent industry, provided that development occurs upland of the critical land/water interface. Site specific issues associated with rail reuse could be assessed in more detail with the SEPA analysis that occurs after County docketing of the UGA boundary modification petition.

Shoreline Critical Areas Regulations. As is the case with Skagit County, critical area regulations for the City of Anacortes relate to FEMA approved frequently flooded areas, aquifer recharge, geologically hazardous, wetland protection and fish and wildlife conservation areas.

Of particular note is the question of potential City buffer widths by wetland category. Buffer widths can range from 40 feet with Category IV wetlands to 225 for high level of function Category I and II wetlands. If mitigation is required, mitigation ratios are set at 1:1 to address wetland buffer impacts for enhancement only. Other forms of mitigation are not applicable to address buffer impacts.

Recommended buffer widths for Riparian Habitat Areas range from 50 feet for Type 3-5 habitats for small streams of less than 5 foot width or intermittent flow to 200-250 feet for other riparian habitat areas. Compliance with the City of Anacortes Shoreline Master Program (SMP) will be a requirement for any project, if there are impacts within 200 feet. Any project applicant will need to demonstrate which code sections are applicable or non-applicable.

6) EMPLOYMENT & LAND CAPACITY: Information demonstrating compliance with SCC 14.08.020(5)(b)(i-vi)

RESPONSE OVERVIEW

All available information reviewed including CPP1.1 (adopted by Skagit County as of June 2000) indicates that Anacortes has not allocated commercial and industrial (or employment) acreage at the levels previously approved. Due to development as planned in recent years (and despite annexation of the South March Point area for industrial development), the current competitive supply of vacant industrial and commercial land in Anacortes is estimated to be only about 272 acres, less than one-half the 558 acres allocated through 2015 with CPP 1.1.

Remedies to this demonstrated land deficiency will be pursued by the City of Anacortes as the Skagit County and local jurisdiction comprehensive plans are updated over the next several years. For the near-term, the City is submitting this UGA amendment proposal on the basis of not increasing the existing industrial land supply, but of re-designation within the existing supply to obtain an inventory with substantially fewer development constraints. While the net supply of industrial land will actually be reduced with the addition of the subject site more than offset by re-designation away from LM1 of Fidalgo Bay properties, the remaining adjusted land inventory will be substantially more developable for job creating investment.

COUNTY PLANNING CONTEXT

Countywide Planning Policy 1.1 (adopted as of June 2000) allocated 3,336 acres of industrial and commercial land for Skagit County. Of this, 558 acres were allocated for the Anacortes UGA through 2015.

Post CPP 1.1 Employment & Land Need Analyses. Subsequent to CPP1.1 adoption, several added planning studies have been conducted for Skagit County and/or the Skagit Council of Governments:

- E.D. Hovee & Company, LLC (EDH) provided a forecast of employment growth and industrial/commercial acreage via memorandum dated November 21, 2003. This updated forecast indicated demand for 3,406 acres county-wide from 1995-2025 (including market factor) – a figure slightly above the CPP 1.1 allocation of 3,336 acres to 2015 (as of June 2000). The EDH analysis did not include sub-county allocations.
- This EDH material was then incorporated into the Berryman & Henigar, Inc. *Population & Employment Forecasting & Allocation 2025* report dated December 2003. The Berryman analysis resulted in a recommendation of 3,000 acres to 2025 (using any of three allocation alternatives to local jurisdictions). The 2003 Berryman analysis also appeared to rely on a 2002 supply analysis conducted for each jurisdiction (indicating total county-wide supply of 1,807 acres as of 2002 versus the 3,336 CPP 1.1 demand figure).
- Berryman extended the population forecast from 2015 to 2025, with a 2025 population target selected as the midpoint between OFM low and medium forecasts. Population allocations to cities and rural areas were then considered with three scenarios – a proportionate method, capacity method, and corridor method. The corridor method was

selected as the basis for population allocation, reflecting the observation that growth tends to occur predominantly on major transportation routes.

- Berryman also provided three alternative commercial/industrial land allocation alternatives to the year 2025 for UGAs and rural areas county-wide. For Anacortes, the allocations were 625 acres (supply-based allocation), 240 acres (demand-based allocation), or 546 (cluster based). Berryman’s report did not recommend a specific allocation methodology for employment lands.
- Our understanding is that 2025 commercial/industrial land allocations were not adopted, with the earlier CPP 1.1 allocations to 2015 remaining as is. Berryman’s analysis did include an actual 2002 commercial/industrial land supply estimate for Anacortes at 420 acres versus the CPP1.1 policy figure of 558 acres (for a shortage of 138 acres as of 2002/03).
- More recent updates of population growth have been made as part of an April 2009 *Skagit Alternative Futures Population Projections (2010-2060)*, prepared by growth management consultant Mark Personius. Recommended was a 2060 population projection of 217,578 as the “most likely” number for Alternative Futures modeling purposes – also representing a continuation of the 2025 population target of 149,080 being used by SCOG jurisdictions for GMA planning purposes.
- Subsequently, an updated Skagit County Preliminary Employment Forecast was completed by ECONorthwest for Skagit County in September 2010. While forecasting to 2060, the primary focus of this analysis was on the next 20 years for growth management planning. Utilized by ECONorthwest is an employment forecast for Skagit County for 2009 to 2035 that extends the previously adopted 0.7% average annual growth rate (AAGR) to 2035 – a continuation of the already adopted county-wide rate for employment growth through 2025. Based on UGA allocations, employment in the Anacortes UGA would increase from 9,546 jobs in 2009 to 11,147 in 2035 – a gain of approximately 1,900 jobs over 21 years. This is predicated on the assumption that all UGAs would maintain their current share of county-wide employment – with Anacortes at an estimated 15% of the county job total.
- Currently, a multi-jurisdiction planning initiative convened through the Port of Skagit County is underway to: a) refine and update the industrial lands inventory; and b) apply the new 2010 employment forecast numbers to a determination of industrial land demand to 2035 and 2060.

Relationship to Proposed UGA Expansion. In summary, while considerable economic planning analysis has been conducted in recent years, no new commercial/industrial land allocations have yet been adopted by Skagit County to replace the CPP 1.1 allocations made in 2000 (with a forecast horizon to 2015). Consequently, the appropriate planning target for industrial land allocation that appears applicable for Skagit County review is the 558 acres allocated to Anacortes with CPP 1.1.

The best available land supply information from Skagit County planning sources is the figure of 420 acres of total supply as of 2002. This indicates a shortfall of 138 of developable industrial and commercial land as of the 2002/03 time period. This appears to be the most relevant indicator of deficient employment land supply for Anacortes as accepted through analyses conducted directly by or for Skagit County. The subsequent discussion of Anacortes-specific planning context and current

employment land inventory indicates that the shortfall of industrial and commercial land has intensified in recent years since the last county-wide commercial/industrial land analysis of 2003.

CITY PLANNING CONTEXT

Expanding the industrial and employment base has long been a planning and policy priority of the City of Anacortes and Skagit County. The South March Point area was included as part of the City of Anacortes urban growth area (UGA) industrial/commercial land allocation by mutual agreement between Skagit County and the cities and towns of Skagit County in 1996.²⁰

Recognizing a shortage of industrial land, the City of Anacortes completed annexation of approximately 496 acres of upland area South March Point at the eastern edge of the City along SR-20 in 1999. Priority focus was placed on incenting development of 260 vacant acres projected to support over 2,000 industrial jobs over 20 years – contingent on extension of sewer service (which was extended starting in 2002).

Provision of sanitary sewer to facilitate industrial development was also identified at the time as a top economic development priority in the Skagit County Overall Economic Development Plan (OEDP) – as a means to stimulate economic diversification away from over-reliance on retail, agricultural, and service oriented jobs toward higher paying industrial jobs.

Based on a *South March Point Feasibility Study* completed for the City of Anacortes in 1997, the area was viewed as suitable and appropriate for industrial use for the following reasons:

- Consistent with city and county plans
- Meets industrial land need
- Located near highway access
- Offers internal traffic circulation
- Current availability of city water service
- Also offers other municipal services
- Flood free
- Provides diversity in parcel ownership
- Soil suitability (for construction)
- Few critical areas
- Would have sewer service (since provided)
- Meets many property owner interests
- Increases employment
- Future potential to also address adjoining tribal interests

These factors applicable to the annexation evaluated over 15 years ago are also applicable to the proposed immediately adjoining proposed subject UGA amendment area of 11.15 acres.

CURRENT EMPLOYMENT LAND INVENTORY

As of late 2012, the City of Anacortes has updated its inventory of employment lands across the four primary zoning categories involving substantial acreages of land suitable for added commercial and industrial employment use:

- Commercial (C) – extending along the Commercial Avenue spine from about 10th Street south to 35th Street.
- Industrial (I) – as properties located between R Avenue and Fidalgo Bay and between 22nd Street south to 34th Street.
- Light manufacturing (LM1) – extending east along SR-20, an area annexed to the City of Anacortes, effective in 1999.
- Heavy Manufacturing (HM) – encompassing primarily refinery properties on March Point (which are in the City’s UGA but not the incorporated City limits).

These are the areas which accommodate the bulk of the employment base in Anacortes and also account for most of the remaining developable land. Not included in the inventory are the Central Business District (CBD) which is largely built out, Commercial Marine zones (CM, CM1, CM2) which are largely focused on marina uses and allow residential use, and a small Light Manufacturing (LM) zone located in proximity to the Anacortes airport.

In effect, these other industrial / commercial zones are not expected to contribute in any significant way to the city’s current inventory of vacant, developable acreage available for employment use. Rather, the primary focus for future employment capacity rests primarily on the inventory of C, I, LM1, and HM properties in Anacortes.

Zoned & Vacant Acreage Allocations. Current estimates of total and vacant potentially developable land within each of these four employment zones is as summarized by the chart on the following page.

As indicated by the chart, out of 2,483 acres city-wide in one of these four employment designations, about 272 acres (11% of the total inventory) are identified as vacant. This figure is well below the 420 acres identified by Berryman & Henigar as vacant in 2002.

Of the four primary employment land use designations noted above, only 2% of **commercially zoned** vacant land is identified as vacant. The largest vacant parcel is just over ¼ acre (0.26 acres) in size.

The supply of properties designated for **heavy manufacturing** (HM) use is similarly constrained with only 4% of the inventory indicated as vacant. The largest vacant parcel is just over 15 acres in size. This designation is applied primarily to refinery and related properties within the UGA but outside the current city limits within unincorporated Skagit County.

Approximately 20% of land designated for **industrial** (I) use is indicated as being vacant. However, vacant land totals less than 20 acres due the relatively small (less than 100 acre) area covered by the zone (with most properties already developed). The largest vacant parcel is 8 acres in size.

At the upper end of the range for site vacancy is the **LM1 designation**, where an estimated 36% of zoned property is indicated as vacant. However, much of this land was not available for urban-scale industrial development prior to annexation approximately 13-14 years ago. With 169 acres currently identified as vacant, LM1 property represents the designation offering the greatest land availability. However, the largest single vacant parcel is less than 20 acres in size. Any industrial uses requiring greater land area would need to assemble two or more adjoining vacant properties.

Also noted with the LM1 designation are a number of properties situated between the south end of Fidalgo Bay and SR-20 classified as Not Developable. This is due to effects of shoreline management regulations, state aquatic reserve designation, related critical lands constraints, and remaining parcel depths inadequate for industrial facilities.

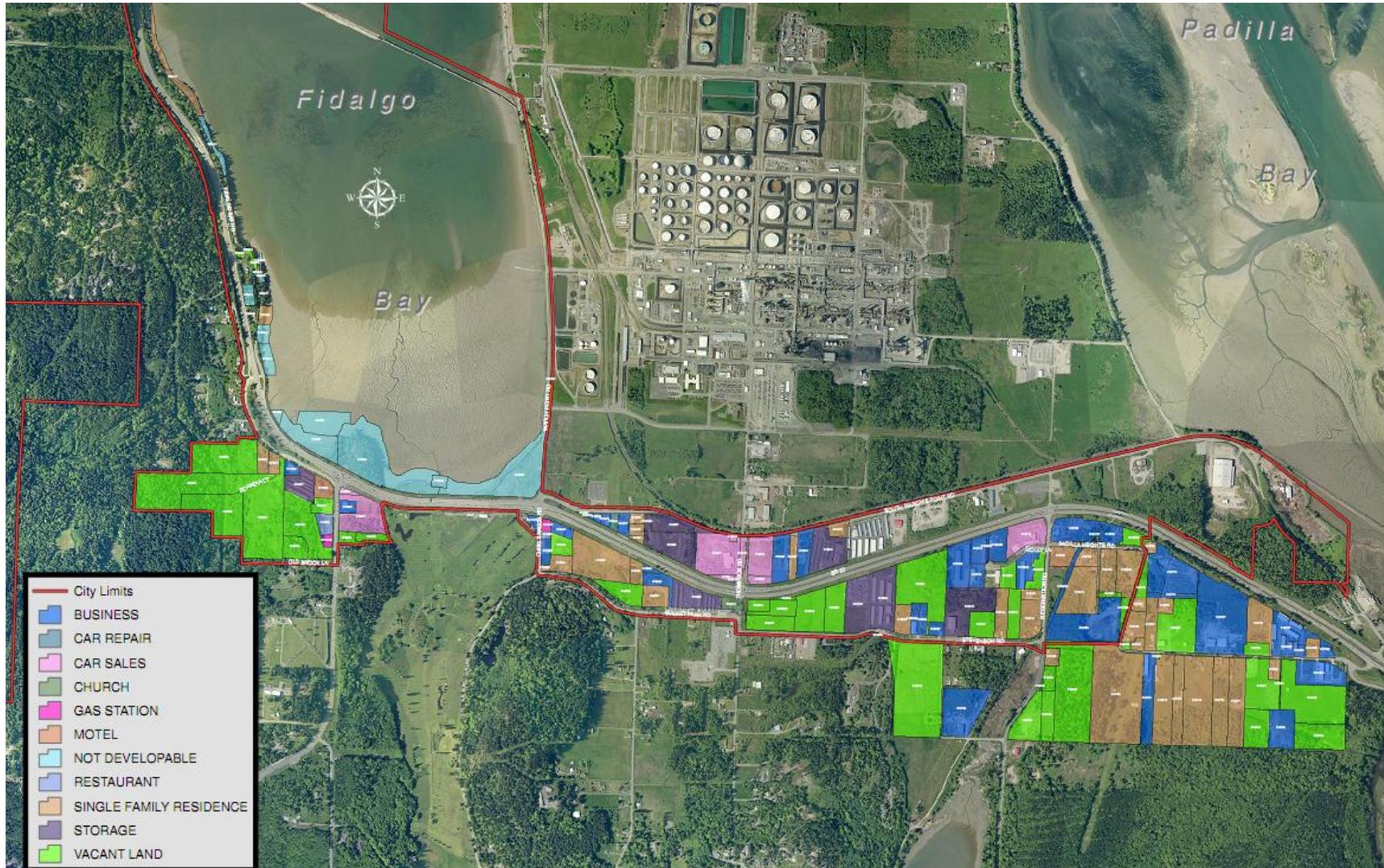
Locations of already developed and vacant LM1 designated sites are shown by the map on the following page. Similar maps for commercial (C), industrial (I) and heavy manufacturing (HM) properties are provided by the appendix to this response report.

Anacortes Employment Land Inventory (2012)

Land Use Designation	Land Area in Acres		
	Total	Vacant Land	% Vacant
Acreage			
Commercial (I)	79.16	1.92	2%
Industrial (I)	95.57	19.24	20%
LM1	476.06	169.29	36%
HM	1,832.55	81.76	4%
All	2,483.34	272.21	11%
# of Parcels			
Commercial (I)	299	13	4%
Industrial (I)	84	9	11%
LM1	161	44	27%
HM	142	27	19%
All	686	93	14%
Avg Parcel Size (Acres)			
Commercial (I)	0.26	0.15	56%
Industrial (I)	1.14	2.14	188%
LM1	2.96	3.85	130%
HM	12.91	3.03	23%
All	3.62	2.93	81%

Source: City of Anacortes GIS, as of December 2012.

Developed and Vacant LM1 Zoned Anacortes Properties



Source: City of Anacortes, December 2012. See Appendix for similar maps covering C, I, and HM properties.

Recent Development Trends. City GIS data also makes it possible to evaluate recent patterns of development on employment land – based on year built data by parcel. Estimates should be viewed as conservative because assessor’s information regarding the year structures are built is not complete, but is believed to be generally better data coverage for development in recent years than historically.

Across the four employment land uses considered, new development is identified as having occurred on 82 acres since 1999 – the year that the South March Point annexation was complete. Of this total, the majority of the acreage – 59 acres or over 70% of the acreage developed – has occurred on the South March Point LM1 designated properties.

Another 10 acres of development from 1999-2012 is identified by GIS/assessor’s data for HM zoned properties together with 8 acres for commercial (C), and 5 acres for industrial (I) properties. In effect the LM1 zoned properties in recent years have accommodated the largest share of employment related development in Anacortes. This pattern can be expected to continue in the years ahead due to transportation access available to these properties and to LM1 properties accounting for 62% of the remaining vacant properties across the four primary employment land use categories considered.

CITY PROPOSED INDUSTRIAL LAND SWAP

With its initial application packet submittal of July 31, 2012, the City of Anacortes proposed consideration of rezoning 14.69 acres of property owned by the Samish Indian Nation from its current LM1 designation to a non-industrial designation as might be mutually agreeable to the Samish Indian Nation and the City of Anacortes.

If approved by all parties including Skagit County, this re-designation would have provided room for inclusion of the proposed subject 11.15 acre UGA addition without increasing the City of Anacortes total supply of industrial land. Based on further discussion between the parties, the City is withdrawing its request of July 31, 2012 for re-designation of the Samish Indian Nation site in favor of an alternative proposal that would provide for permanent removal of other properties deemed not suitable for industrial development – whether now or at any reasonably foreseeable time in the future.

Amended Proposal. With this supplemental information package submittal, the City is proposing to convert four parcels totaling 16.57 acres from LM1 to P (public use) during the City of Anacortes annual Comprehensive Plan amendment cycle. The City will need to docket these parcels in accordance with the 11-step city docket timeline document provided with Response #4.

The proposals will include a Comprehensive Plan map amendment as well as a rezone due to the fact that these maps are one and the same. Currently anticipated is that the Anacortes City Council could adopt these changes in February 2014.

As detailed by the chart to the right, three of the four properties are in public ownership (by the state of Washington and Skagit County). All four properties have been identified by the city as being Not Developable, due to effects of shoreline management regulations, related critical lands constraints, and remaining parcel depths inadequate for industrial facilities or other urban development.

The map below depicts the locations of the four properties proposed to be rezoned from Light Manufacturing Use District 1 (LM1) to Public Use District (P).

Acreages Proposed for Land Use Re-designation (from LM1 to P)

Parcel Number	Owner	Acres
P20007	State of Washington DNR	0.40
P19931	DOM-LE Properties, LLC	4.68
P19930	Skagit County	0.69
P19920	State of Washington DOT	10.80
	Total Land Area	16.57

Source: City of Anacortes.

Anacortes Properties Proposed for Land Use Re-designations (from LM1 to P)



Note: The four properties proposed for redesignation from LM1 to P are shaded in light blue.

Source: City of Anacortes.

Aquatic Reserve Status. A specific added environmental factor further limiting future prospects of industrial development with these properties is designation as part of the Fidalgo Bay Aquatic Reserve.

Uplands adjacent to the reserve south of the trestle are zoned for light manufacturing. As part of the *Fidalgo Bay Aquatic Reserve Management Plan*, DNR has indicated that the agency will work with the local governments, Tribes and private owners to address potential urban development impacts and assure proper protection for the Aquatic Reserve. In effect, removal of the properties from light manufacturing (LM1) designation will serve to facilitate objectives of the management plan.

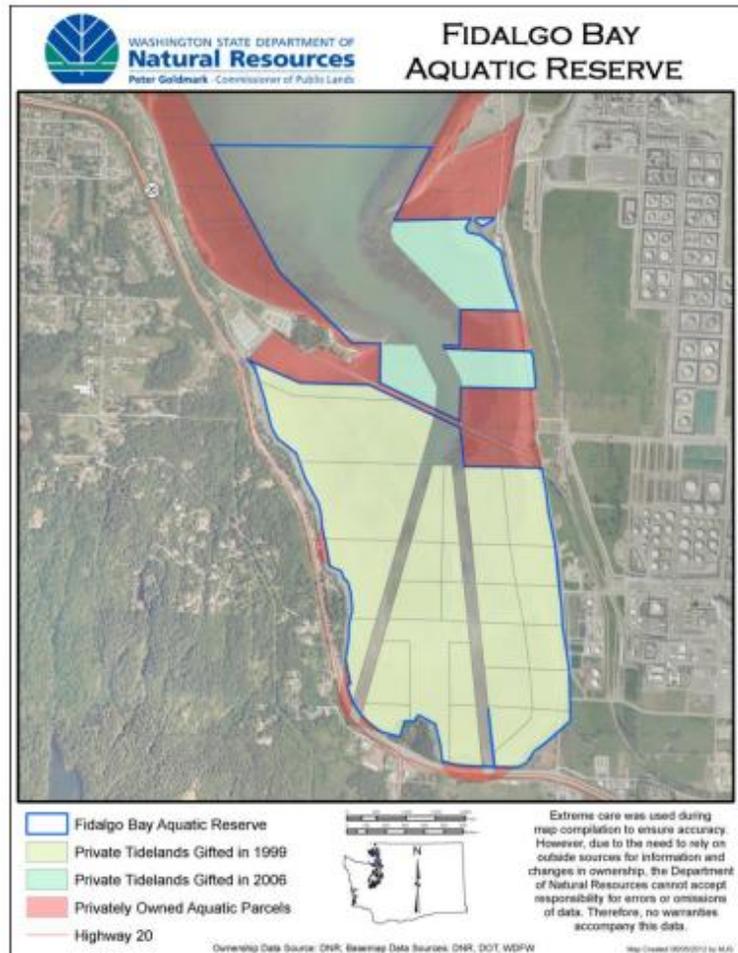
Summary Industrial & Commercial Land Need

Implications. As outlined with this response to Question #6, the City has a continuing and growing deficit of commercial and industrial employment land. Anacortes can find no documentation that the 588 acres of vacant industrial and commercial identified by CPP 1.1 for Anacortes were ever actually allocated and designated. This deficiency alone would provide a basis for increasing the City’s employment land inventory to match what was previously approved by Skagit County.

At the time South March Point was annexed in the late 1990s, there was a clear demonstration of a deficiency of land for employment to serve the needs of the Anacortes area population and work force. That need is again apparent as all measures of vacant employment land that have been reviewed for the Anacortes UGA now fall well short of the CPP 1.1 provision.

This is a long-term need that the City will pursue with planned GMA comprehensive plan updates over the next several years. For the near-term, the City is submitting this proposal on the basis of not increasing the existing vacant supply, but of re-designation within the existing supply to obtain an inventory of industrial and commercial sites that can more feasibility be developed.

Fidalgo Bay Aquatic Reserve



Source: Washington State Department of Natural Resources, *Fact Sheet: Fidalgo Bay Aquatic Reserve.*

If addition of 11.15 acres to the City UGA is approved on the basis of concurrently de-designating 14.69 acres that are effectively undevelopable, the net supply of industrial land will actually be decreased by 3.54 acres. However, the benefits of this proposal are that the supply that is obtained with UGA modification will be more truly developable while the inventory that is de-designated from employment use will remain largely undeveloped consistent with its Fidalgo Bay Aquatic Reserve location and existing regulatory constraints that would serve to effectively preclude any further industrial development.

SUMMARY COMPARISON WITH SCC 14.08.020(5)(B)(I-VI)

This section of the supplemental information response concludes with a point-by-point recap of employment and land capacity for consistency with detailed requirements of SCC 14.08.020(5)(b)(i-vi). Note that the requirements are provided in **boldface** type, with the subsequent response in normal type.

(b) All UGA modifications shall be subject to the following requirements:

(i) UGA boundary adjustments shall be consistent with the requirements of the Skagit County Comprehensive Plan.

Land use planning consistency is addressed in considerable detail with Response #3. Of perhaps greatest significance is the observation that changing from an RRv to A-UD designation would make future use of this essentially “islanded” site more consistent with the existing and planned development character of surrounding properties.

(ii) Sufficient land area must be included in the UGAs to accommodate the adopted 20-year population and employment forecast allocation as adopted by the SCOG and consistent with OFM projections. The extent of a UGA boundary expansion shall be that necessary to provide a minimum 10- and a maximum 20-year supply of vacant and buildable lands within the UGA.

As documented with above with Response #6, the City of Anacortes now appears to have vacant industrial and commercial land to meet less than one-half of the CPP 1.1 adopted 20-year need to 2015. This argues for a substantial update of industrial and commercial land needs for all jurisdictions in Skagit County. In effect, this proposed UGA boundary modification is warranted to: a) fill an ever-increasing void in vacant supply and b) to do so in a way that, in the near term, avoids the need for net increase of industrial land by swapping eminently developable property for parcels that currently are zoned for light manufacturing use but determined by the City of Anacortes to be Not Developable.

(iii) A jurisdiction, as part of its comprehensive plan amendment that proposes an expansion of its UGA to accommodate additional population or employment capacity, shall conduct planning and analysis sufficient to update and confirm the development capacity analysis for buildable land within the existing UGA for residential, commercial, and/or industrial lands, which takes into account all development approved within the overall UGA since the last UGA expansion. Minimum requirements for UGA buildable lands development capacity analyses shall include the following steps:

(A) Define vacant and underutilized (but likely to redevelop) parcels by zone.

(B) Deduct from the gross land capacity by zone—identified in Subsection (5)(b)(iii)(A) of this Section—the following lands not available to accommodate future population or employment:

- (1) Critical areas (and buffers as appropriate).**
- (2) Future roads/rights-of-way needs.**
- (3) Future public or quasi-public facilities needs.**
- (4) Remaining lands likely to be held off-the-market (e.g., market or other factors).**

(C) Apply the minimum (or average achieved) density or intensity of use in each zone to the remaining net developable acres identified in Subsection (5)(b)(iii)(B) of this Section.

(D) Apply appropriate household size and/or employee land intensity standards to the output—identified in Subsection (5)(b)(iii)(C) of this Section—to determine total UGA population or employment capacity.

This criterion is not applicable to the City of Anacortes boundary modification petition because no net increase in added employment capacity is being proposed at present. Rather, the goal is to provide industrial land that can meet previously planned employment capacity by removing an even greater amount of industrial acreage that will not be able to provide any employment capacity due to constraints that render the existing LM1 acreage along Fidalgo Bay as Not Developable.

However, this analysis has included an updated inventory of vacant industrial and commercial lands in the Anacortes UGA and also includes an assessment of development approved since the last major UGA expansion for the South March Point area in the late 1990s.

(iv) Document consistency of the proposed UGA expansion with Countywide Planning Policy 1.1 and the adopted 20-year population and employment allocation, including identification of any allocated but undesignated forecast population or employment.

Response #6 provides this documentation. While 558 acres of vacant industrial and commercial were identified by CPP 1.1 for Anacortes, we can find no documentation that this acreage was ever actually allocated and designated within the City of Anacortes. The Berryman and Henigar analysis conducted for Skagit County and the Skagit Council of Governments found that Anacortes had only 420 acres of supply as of 2002, a figure that is 138 acres below the CPP 1.1 allocation. An updated inventory indicates only 272 acres of vacant industrial and commercial land in the Anacortes UGA as of 2012 – a figure that is less than one-half of the CPP 1.1 allocation.

(v) Preparation of a comparative evaluation of potential areas for UGA expansion, including: (A) planning and zoning regulations currently in place; (B) an evaluation of how a full range of urban-level infrastructure and services would be provided within potential expansion areas, including appropriate capital facility analysis; and (C) an evaluation of reasonable alternatives, other than expanding the UGA, to accommodate the forecast UGA population or employment allocation. This shall include consideration of development regulation amendments to allow for increased densities and intensities of use in the existing UGA. Consideration of reasonable alternatives to UGA expansion shall be within the discretion afforded to local governments by RCW 36.70A.110(2) to make choices about accommodating growth.

This analysis demonstrates that the only area of the Anacortes UGA with both light industrial (LM1) capacity and land for expansion is the South March Point area. Planning and zoning regulations for industrial use are already in place for surrounding properties on all sides of the subject proposed UGA expansion area – in areas of City and County land use jurisdiction. Urban-level infrastructure and services are already available to adjoining properties just to the north of the subject proposed annexation area (on the other side of Stevenson Road) within the incorporated limits of Anacortes.

There are no reasonable alternatives to UGA expansion for light manufacturing and related industrial use in Anacortes except in the South March Point area. The subject parcel assemblage is essentially islanded with a Rural Reserve (RRv) designation incompatible with the industrial designations for properties on all four sides.

Development at densities averaging approximately 8 employees per acre is consistent with the 1997 South March Point Feasibility Study and capital facilities planning for the South March Point area in advance of annexation. Individual site densities may range higher or lower depending on staffing requirements specific to the industrial activity that occurs on site and as supported by available infrastructure capacity.

(vi) Document the proposed UGA expansion for consistency with any applicable inter-local agreement between the affected municipality and the County.

As referenced by Response #3, the February 3, 2003 *Interlocal Agreement between Skagit County and the City of Anacortes Regarding Adoption and Implementation of the City of Anacortes Urban Growth Area* anticipates and governs both the process and substance of transition from County to City jurisdiction with UGA modification and annexation. The review process associated with UGA modification is further described with Response #4. This supplemental information document is intended to provide responses consistent with the terms of the in-place Interlocal Agreement and in keeping with prior Interlocal agreements that facilitate earlier UGA amendments as with the South March Point area annexation in 1999.

7) MUNICIPAL LEGISLATIVE REQUEST: Executed resolution demonstrating municipal legislative request for UGA modification. SCC 14.08.020(2)

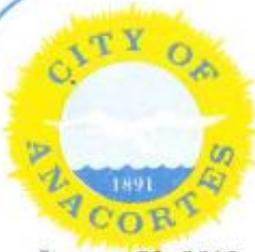
RESPONSE OVERVIEW

With this submittal, the City of Anacortes is submitting verification of the municipal legislative request for UGA modification. This letter attached with the full response to Question 7 is consistent with the City Council minutes of September 24, 2012 and associated motion in support of the petition (also included with this attachment).

MUNICIPAL CONFIRMATION

With this submittal, the City of Anacortes is submitting verification of the municipal legislative request for UGA modification. This letter is consistent with the City Council motion of September 24, 2012 supporting the petition. The City's petition is for a "UGA modification proposal" pursuant to Skagit County Code (SCC) provisions 14.08.020 (1) and SCC 14.08.020 (2).

The request for UGA boundary modification petition, CPA-PL12-0258, is documented by the letter attached on the following pages dated January 23, 2013 from Ryan C. Larsen as Planning, Community & Economic Development Director for the City of Anacortes.



January 23, 2013

ANACORTES PLANNING, COMMUNITY & ECONOMIC DEVELOPMENT DEPT.

(INCLUDING BUILDING DEPARTMENT)
P.O. BOX 547, ANACORTES, WA 98221-0547
RYAN C. LARSEN, DIRECTOR

PH (360) 299-1943
FAX (360) 293-1938

Gary Christensen, AICP
Planning & Development Service
1800 Continental Place
Mount Vernon, WA 98273

re: City of Anacortes UGA Boundary Modification Petition, CPA-PL12-0258

Dear Mr. Christensen:

This letter is in response to item 7 in a letter dated October 10, 2012 from Dale Permula. That particular item identified as a potential prerequisite to the County's consideration of the City's UGA modification petition, an "[e]xecuted resolution demonstrating municipal legislative request for UGA modification, SCC 10.08.020 (2)."

The cited section of the Skagit County Code, together with the preceding section, reads as follows:

SCC 14.08.020 Petition for amendments to the Comprehensive Plan/rezones.

(1) Comprehensive Plan amendments consist of 3 types: policy amendments, map amendments not associated with Urban Growth Area boundary modifications, and map amendments proposing modification of an Urban Growth Area boundary. Comprehensive Plan amendments associated with the modification of an Urban Growth Area boundary shall be referred to as UGA modification proposals.

(2) Comprehensive Plan policy amendments or map amendments, excluding UGA modification proposals, may be initiated by the County or by other entities, organizations, or individuals. Written petitions for Comprehensive Plan amendments are required to be filed with the Department by all parties other than the County. Petitions for UGA modifications shall only be accepted from the affected jurisdiction (city/town for municipal UGA, tribe for tribal UGA, Skagit County for Bayview Ridge UGA).

The City's petition is a "UGA modification proposal" under SCC 14.08.020 (1). SCC 14.08.020 (2) (cited by Mr. Permula as the apparent foundation for a resolution), contains no requirement for any "legislative request" for such a proposal. And, the Code contains no required form for such a request. In short, the City can find no basis whatsoever in the entire text of SCC § 14.08.020 for Mr. Permula's identified item.

As you know, the City Council passed a motion supporting the petition. The minutes of the Council meeting of September 24, 2012 are attached. Even if a "legislative request" were required in support of a UGA petition (which it is not), it is up to each "legislature," *i.e.*, the City Council, to determine the manner by which it expresses its support for any such request. In this case, the City Council has acted by motion and the minutes of the meeting wherein the action was taken demonstrate the Council's legislative position. Finally, there is no distinction in law between a resolution and a motion. *Spokane v. Ridpath*, 74 Wash. 4, 8 (1913) ("in substance there is no difference between a resolution and a motion. Indeed, the terms are practically synonymous."). The City has properly presented the petition to the County for its consideration.

The City trusts that this addresses item 7 on the County's list. Please do not hesitate to contact me if we can provide other information or if there are further questions regarding this item.

Sincerely,
CITY OF ANACORTES



Ryan C. Larsen, Director
Planning, Community & Economic Development

Enc.: City Council Minutes, September 24, 2012

Cc: Dale Permula, Director
Brad Furlong, City Attorney



City Council Minutes – September 24, 2012

At 7:00 p.m. Mayor Dean Maxwell called the advertised special Anacortes City Council meeting of September 24, 2012 to order. Roll call found present: Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Bill Turner, Cynthia Richardson and Brian Geer.

Resolution: Asking Skagit County to Process a Proposed UGA Expansion for the City of Anacortes

Planning Director Ryan Larsen summarized the history of this item as previously discussed at City Council meetings on August 20, 2012 and September 4, 2012 and presented a draft Resolution 1850 for Council's consideration supporting the continued processing of the Urban Growth Area expansion application by Skagit County and asking the County to consider removing Parcel 19696 owned by Robert Separovich from the application. Mr. Larsen reported that at the September 4, 2012 meeting Council requested an outline of the County process for UGA expansion requests and also asked how a delay in adopting the draft resolution would affect the County process for processing the expansion application. He said staff provided answers to those questions in the memo dated September 18, 2012 that was included in the evening's City Council packet. Mr. Larsen reported that at the September 4, 2012 meeting Council requested a revised site plan for the proposed Tethys bottling plant. He said that the plan was received on Friday, September 21 so was provided to councilmembers separately from the other packet materials.

Mr. Larsen addressed Council's question about the seven year period for UGA modification. He said Skagit County Code Chapter 14.08.020(5) says that each UGA boundary may be considered for modification once every seven years. The seven year period shall begin the year immediately following the County's completion of its GMA-mandated seven-year comprehensive plan update. He said the current seven-year window for UGA boundary modifications runs from 2008-2015. He said the UGA boundary would also be addressed during the 2016 comprehensive plan update.

Public Works Director Fred Buckenmeyer then reviewed some timelines addressed in the City's water agreement with Tethys. Mr. Buckenmeyer said site selection must happen by December 1, 2012, including providing the City with a legal description and map of the chosen property. He said permit applications must be submitted no more than two years after site selection. Finally, occupancy and use must occur either 24 months from issuance of permits or 42 months from permit application. Mr. Buckenmeyer also reminded that the expiration of the contract does not relieve the City water utility of the duty to serve the development with water pursuant to the Skagit County Coordinated Water System Supply Plan which obliges Anacortes to serve all customers within its designated service area.

Mr. Geer explained his support of the opportunities that could be provided by the UGA expansion and moved, seconded by Mr. Turner, to approve the UGA for further discussion.

Mrs. Richardson and Mr. Johnson each spoke at length to correct misconceptions that had arisen during the public discussion of the project. Mr. Johnson suggested waiting to approve this application for two more months to put the UGA request in context of the final site chosen by Tethys. Mr. Walters moved, seconded by Mr. Johnson, to postpone consideration of the motion until December 1. City Attorney Brad Furlong said to take precedence over the motion on the table the motion must be a motion to table and must be to a date certain. Mr. Walters moved, seconded by Mr. Johnson, to table until December 1. As a point of order, Mrs. Richardson reminded that that there is no City Council meeting on December 1. Mr. Walters moved, seconded by Mr. Johnson, to table until December 3, 2012. Vote: Ayes – Walters, Adams, Johnson. Nays – Pickett, Turner, Richardson and Geer. Motion failed.

Mr. Turner spoke to the complexity of the proposed project and the good faith efforts made to date by Tethys. Mrs. Pickett gave examples of current businesses operating successfully in Anacortes that might have seemed too large when first considered. Mr. Geer reiterated the need to plan for industrial

expansion to provide jobs for the next twenty years. Mr. Geer called for the question. Motion died for lack of a second.

Mr. Adams spoke in support of manufacturing jobs but said staff had indicated that waiting to consider the resolution until December 1 would not affect the process. He said knowing where Tethys proposed to build would help Council make an educated decision. Mr. Walters enumerated additional information needed to make a decision and contrasted the current UGA application with the UGA expansion process underway in Sedro-Woolley. He urged not voting down the UGA expansion application at the current meeting but reconsidering it after receiving more information. Mr. Geer cautioned against sending an anti-business message. Mrs. Richardson and Mr. Turner spoke in favor of allowing the County process to move forward. Mr. Johnson and Mrs. Pickett indicated there would be future opportunities for councilmembers to consider the common good and hear from the public regarding this project. Mr. Walters argued that City Council would not have opportunities to condition the proposed Tethys project, only to zone the parcel if it were added to the Anacortes UGA.

Vote: Ayes – Pickett, Adams, Turner, Richardson, Geer and Johnson. Nays – Walters. Motion carried.

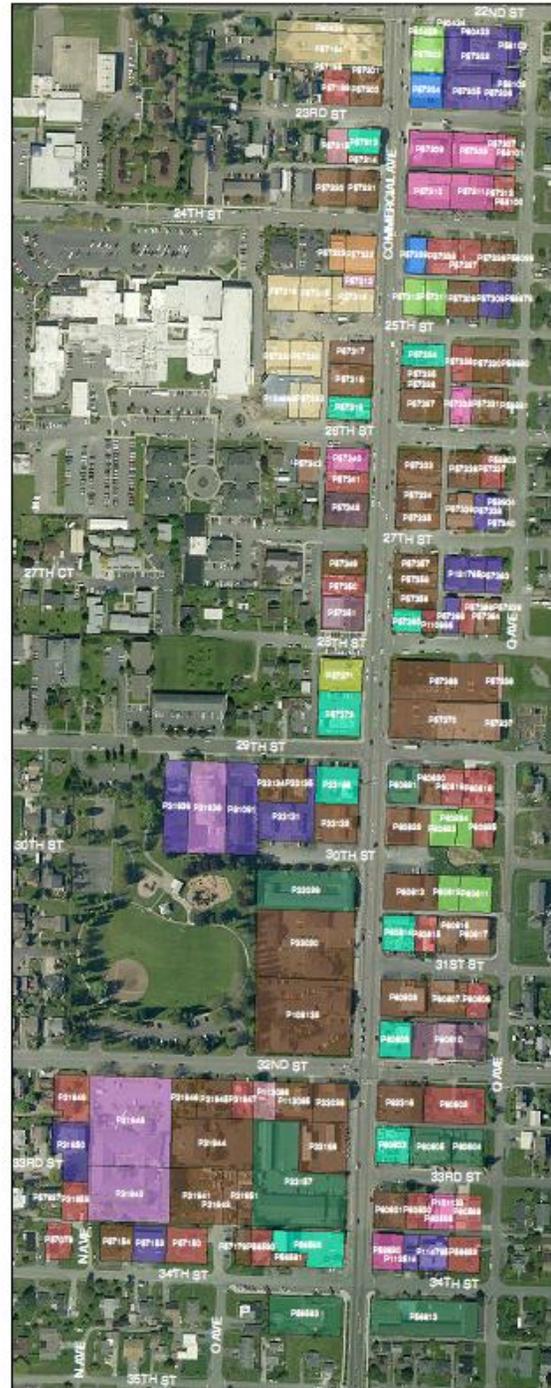
There being no further business, at approximately 8:23 p.m. the advertised special Anacortes City Council meeting of September 24, 2012 was adjourned.

APPENDIX – SUPPLEMENTAL INFORMATION

Commercial Zoning



	AUTO PARTS		GAS STATION		PARKING LOT
	AUTO REPAIR		GROCERIES		POWER
	BANK		HOSPITAL		RESTAURANT
	BUSINESS		LONG TERM CARE		SFR
	CHURCH		MARINA		VACANT LAND
	DOCTOR OFFICE		MFR		
	FIRE DEPARTMENT		MOTEL		







Source: City of Anacortes. LM1 map is provided with the main body of this response submittal.

END NOTES

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- ¹ *Anacortes Comprehensive Plan 2010*, page 3
 - ² *Comprehensive Plan*, page 1.
 - ³ Source cited is the Growth Management Steering Committee, March 2003.
 - ⁴ The City has also entered into a contract with Tethys Enterprises, Inc. for provision of water through the end of 2035. The Tethys facility, which has been proposed for development in the South March Point area, is not yet operational and therefore not yet subject to current City water delivery.
 - ⁵ The completed *Comprehensive Sewer Plan*, dated January 11, 1993, indicates that the 18,300 capacity figure could be accommodated predicated on: a) discontinuation of accepting out-of-city septage and allocating up to 2/3 of the industrial reserve to residential use. Without these adjustments, the residential design capacity would be in the range of 16,200 people.
 - ⁶ *Anacortes Comprehensive Sewer Plan*, January 11, 1993, page I-4.
 - ⁷ An Interlocal Agreement between Skagit County and the City was adopted in June 1996. Subsequently, a South March Point Annexation Agreement was adopted in October 1998, effective March 1999.
 - ⁸ *Anacortes Stormwater Management Plan*, September 2007, page 3-4.
 - ⁹ BST Associates for the Skagit County Sub-Regional Transportation Planning Organization. *County-wide Air, Rail, Water and Port Transportation System Study*, February 2, 1996, page 6-5
 - ¹⁰ A specific finding of the 2007 *Anacortes Transportation Plan* is that “the City of Anacortes Transportation Plan is fully consistent with both the Skagit County Countywide Plan Policies addressing transportation and applicable land use policies of the City of Anacortes Comprehensive Plan.” Per page 1-11.
 - ¹¹ Per the *Anacortes Transportation Plan* (page 8-1): “WSDOT may make comments under SEPA to address any level of service concerns they may have regarding the future operation of SR 20 and may receive voluntary contributions of roadway improvements as mitigation for the likely environmental impacts of a development proposal.”
 - ¹² Source is the Swinomish Indian Tribal Community, *Swinomish Transportation Plan: Review Draft*, October 2011.
 - ¹³ SCC 14.16.220 also provides the following for A-UD designated sites prior to annexation to the City of Anacortes: “Applications for a short plat or subdivision of the parcel shall be required to follow the procedures and requirements for short plats or subdivisions in Chapter 14.18 SCC. Applications for development that do not require a short plat or subdivision may be processed administratively as a Level I decision, pursuant to SCC 14.06.110, unless the proposed use or development requires Hearing Examiner review pursuant to the applicable city regulation, in which case the permit shall be processed as a Level II decision, pursuant to SCC 14.06.120. Chapter 14.24 SCC, Critical Areas Ordinance, and Chapter 14.12 SCC, SEPA, review shall apply in place of any city regulation covering the same topic. (Ord. O20050007 § 6)”
 - ¹⁴ Housing estimates are per the State of Washington Office of Financial Management (OFM), as of April 1, 2012.
 - ¹⁵ It is possible that County environmental designations may change in the future. Preliminary mapping by Skagit County indicates the portion of the site generally east of the former rail ROW as potential “Rural Conservancy.”
 - ¹⁶ The Turner Bay sub-estuary is viewed by SRSC as “essential habitat for out-migrating Chinook fry. In addition to closing part of a County roadway, the project also involved rerouting utilities, removing debris and dredge spoils, removing undersized culverts and restoring native vegetation. Per web site www.nwifc.org, as of December 2012.
 - ¹⁷ Per the City of Anacortes *Shoreline Master Program*, September 2010, page 4.
 - ¹⁸ *Shoreline Master Program*, page 8.
 - ¹⁹ *Shoreline Master Program*, page 62.
 - ²⁰ Per E. D. Hovee & Company, LLC, *South March Feasibility Study*, prepared for the City of Anacortes, June 2007.