

WASHINGTON STATE BOUNDARY REVIEW BOARD FOR KING COUNTY
SPECIAL MEETING AND PUBLIC HEARING MINUTES
PROPOSED INCORPORATION: CITY OF FAIRWOOD (FILE NO. 2258)
MAY 27, 2009

Fairwood Community United Methodist Church
Renton, Washington

The following Minutes are a summary of the Special Meeting/Public Hearing for a Notice of Intention proposing the incorporation of a new City of Fairwood (File No. 2258). Complete written transcripts are available from the Boundary Review Board.

I. CALL TO ORDER

Claudia Hirsche, Chair, convened the meeting of May 27, 2009 at 7:00 P.M.

II. ROLL CALL

The following members were present at the Special Meeting and Public Hearing:

Évangeline Anderson	Charles Booth
Sylvia Bushnell	Robert Cook
A.J. Culver	Robert George
Lynn Guttman	Claudia Hirsche
John Holman	Roger Loschen
Michael Marchand	

III. PUBLIC HEARING

INTRODUCTION:

Chair Hirsche stated that the purpose of the Special Meeting is to conduct a Public Hearing for a Notice of Intention proposing the incorporation of a new City of Fairwood (File No. 2258).

The Boundary Review Board is charged with the task of providing independent review and decision-making with respect to applications for municipal incorporations. Chair Hirsche described the standards for a quasi-judicial public hearing and the scope of the hearing. She explained the process for taking public testimony. Chair Hirsche opened the public hearing.

The Special Meetings/Public Hearings that the Board is conducting this evening are required by law (RCW 35.02 and RCW 36.93) in order to provide citizens with an independent quasi-judicial venue for participating in the review of the proposed incorporation. Through these Special Meetings/Public Hearings, the Board is empowered to hear from Henderson Young, FMI, other government officials, community members, and other stakeholders.

At the conclusion of the Special Meetings/Public Hearings, the Board will deliberate to come to a preliminary decision/recommendation concerning the proposed incorporation. The Board is slated to issue a final decision concerning the proposed new City of Fairwood in June 17, 2009.

The Boundary Review Board is conducting this Public Hearing in keeping with its statutory mandate (Chapter 35.02 RCW, Chapter 36.93 RCW, et seq.) in order to provide an opportunity for citizens to participate in the review of the proposed incorporation of a new City of Fairwood. The Boundary Review Board has scheduled public hearings to take place from May 26, 2009 - May 28, 2009.

Following the conclusion of the public hearing, the Boundary Review Board will deliberate and make a decision/recommendation with respect to the proposed Fairwood Incorporation. The

Boundary Review Board is required to base its decision on several regulations and guidelines. Specifically, the Board must consider RCW 36.93, Sections 170 (Factors) and 180 (Objectives). This is the state law that creates and guides the board. These Factors and Objectives are printed on your agenda. The Board decision must also be consistent with the State Growth Management Act, with the King County Comprehensive Plan and with other regional plans and policies applicable to the proposed incorporation.

The Board can make a decision to approve the Fairwood Incorporation Area as proposed by the Fairwood Municipal Initiative. The Board can make a decision to approve the proposed Fairwood Incorporation with specific modifications to the boundaries of the proposed Incorporation Area as permitted by Chapter 36.93 RCW. The Board can recommend denial of the proposed new City of Fairwood.

Following the final decision/recommendation of the Boundary Review Board, Chapter 35.02 RCW mandates that an election is necessary to permit the citizens of the proposed Incorporation Area to ultimately decide whether to create a new City of Fairwood or to remain citizens of Unincorporated King County. If the Fairwood Municipal Initiative declines to request an election or if the voters fail to approve the incorporation, then there will be no incorporation of a new City of Fairwood.

PRESENTATION OF INCORPORATION FEASIBILITY STUDY (Henderson Young & Company; Randy Young, Chris Mefford)

At the Special Meeting/Public Hearing of May 27, 2009, Henderson Young representatives addressed inquiries from the Boundary Review Board concerning the Incorporation Feasibility Study for the proposed new City of Fairwood. Following is a summary of the discussion:

- **Police Services:** Based upon the Incorporation Feasibility Study findings, it is reported that funding would be available to provide police services to a new City of Fairwood that would be improved over services currently available from King County. Additional officers, administrative staff, and equipment would be provided to serve the community.
- **Incorporation Feasibility Study Protocols and Process:** The Incorporation Feasibility Study Scope of Work was established by Boundary Review Board Sub-Committee (Fairwood Incorporation Review Sub-Committee – or FIRSC.) FIRSC worked with the Fairwood Municipal Initiative, the proponent and Henderson Young to provide parameters for the Study. As established in the Scope of Work, Henderson Young met periodically with FIRSC, FMI, and hosted public meetings for the Fairwood community to provide information to and receive input from all of the citizens of Fairwood. FIRSC maintained oversight for the Study to ensure that content and format addressed the Scope of Work.

A record of all proceedings is available in the Boundary Review Board file for the proposed Fairwood Incorporation.

- **Funding: Revenue, Expenditures, Funding Balance and Availability:** In response to inquiries, Mr. Young reported the following information based upon the Incorporation Feasibility Study:

General Fund Revenues:

- Property tax: Fairwood's 2007 assessed property value was established by a standard \$1.60 levy rate.
- Sales tax: information was obtained from Department of Revenue data for local businesses, b) construction sales tax from growth assumptions and typical housing values, c) streamlined sales tax estimates based on household purchasing data (Claritas), and d) criminal justice sales tax from state formula.
- Utility tax is equal to Maple Valley's revenue per capita (based on their 2.25% tax rate.

- Gambling tax, franchise fees, public safety fines & forfeits, public works licenses equal Maple Valley per capita revenue
- Intergovernmental revenue equal state per capita distribution of liquor revenue
- Community development revenue equal Maple Valley revenue per new population (applied only to Fairwood growth for each scenario.)

General Fund Expenditures:

- City Manager, City Attorney, City Clerk, Finance, Public Safety is based upon per capita costs for Maple Valley
- City Council is based upon Maple Valley cost (based upon direct replication)
- Community Development is based upon Maple Valley cost per new development
- Public Works is based upon Maple Valley Public Works Administration (per capita) together with King County road condition index and cost per mile.
- Parks & Human Services is established at no cost because regional parks are provided by King County and local public parks are a discretionary service.

Street Fund Revenues:

- Gas Tax equals state distribution per capita
- REET equals Fairwood actual turnover rate (9%/year based on King County REET revenues from incorporation area) plus the growth factor (i.e., number of dwelling units provided per year for each scenario)
- Impact Fee equal King County's weighted average rate multiplied by growth (i.e., number of dwelling units per year.)

Street Expenditures:

- Two major capital improvement projects are anticipated (amortized over 6 year life of CIP) plus 5% (20 year cycle) of 57 miles of inadequate roads multiplied by resurfacing cost per mile

Surface Water Revenues:

- Revenues are based upon King County's \$111 rate per year per dwelling unit (and per ERU for commercial)

Surface Water Expenditures:

- Expenditures are based upon Newcastle's costs per acre for surface water management.

Fund Balance:

- Revenue minus expenditures (NOT carried over from year to year)

Fund Availability:

- All revenues and expenditures are legally available to Fairwood

Capital Projects:

- Two street projects are planned (i.e., Petrovitsky Road and 102nd Place SE; Petrovitsky Road from 124th Avenue SE to 143rd avenue SE) with funding from: street fund (gas taxes, impact fees, REET)
- **Residential Properties - Values, Assessments, Taxation Options:** In order to determine sufficiency of funds to support Fairwood given the fluctuations of the economy, Henderson

Young undertook the following tasks in the Incorporation Feasibility Study:

- Formulation of multiple scenarios, including optimistic growth levels, pessimistic growth levels and zero growth levels.
 - Surpluses were established in all funds for all scenarios.
 - If growth slows due to the economy, and revenues slow due to reduced growth, there are nearly offsetting reductions in costs avoided because of slow growth.
 - Taxable assessed values lag the market, so Fairwood's 2010 property tax base will reflect the market growth for 2008 (known to have increased by 12%) and 2009 (believed to have increased further by 10% based on a random sample not meant to be statistically valid.)
 - The problems of the economy are applicable to annexation, incorporation, and remaining unincorporated.
- **Housing/Buildable Lands:** Based upon the Incorporation Feasibility Study findings, it is reported that
- The official King County growth targets define our low-growth scenario (0.3% per year). In other words, that scenario was created to represent growth targets.
 - All of the housing in the County's growth targets could be accommodated on land that is currently vacant within the incorporation area.
 - The remaining two growth scenarios are not growth targets and reflect more likely market conditions in Henderson Young's estimation – these likely conditions were the rationale for the focus on the high growth scenario).
 - As noted in the record, the development market likely sees opportunities for in-fill housing development in Fairwood, including in and around the City's commercial center. Also of note is the fact that the high growth scenario is lower than historic growth rates. For example, the high growth scenario estimates 177 new dwelling units. Historic growth rates have demonstrated a range of activity, with some years lower than the high growth scenario and some years with a lower growth rate.)
 - Financial feasibility does not depend on growth. The pessimistic scenario and the zero-growth scenario were both financially feasible because when growth and revenue grow more slowly (or stop), there is a concomitant reduction in costs.
 - Henderson Young reported a range of lands available for building: 410 acres per King County's Buildable Lands Report, and 1,316 acres based on acreage where the value of the land exceeded the value of the improvements (actual acreage of developable land is likely somewhere between).
 - The development, redevelopment and infill of specific sites is dependent on numerous factors, including current land use and zoning designations, owner plans for their property, investors willingness to pay for property that could be redeveloped.
 - The question of where to locate new development applies equally to annexation, incorporation, or remaining unincorporated because all three options must address the same apportionment of growth through the regional allocation process.
- **Surface Water Management:** The Incorporation Study identifies Surface Water Management Fund Revenues and Expenditures from 2010 to 2015, attributed to Surface Water Fee (based upon actual payments to King County) and Surface Water Costs based on the City of Newcastle (as recommended by King County) as follows:
- Year 2010: Revenues: \$1.15 million; Expenditures: \$306,000; Fund Balance: \$834,000
 - Year 2011: Revenues: \$1.16 million; Expenditures: \$306,000; Fund Balance: \$854,000

