



City of Kalama Planning Commission Meeting

DATE: July 9, 2015

TIME: 6:00 p.m.

OPENING: Call to Order

MINUTES: April 9, 2015
June 11, 2015

PUBLIC HEARING:

1. None

PRESENTATION:

1. None

UNFINISHED BUSINESS:

1. Urban Growth Boundary Adjustment – Review
Northwest Innovation – Presentation
2. Visual Preference Survey - Update

NEW BUSINESS:

1. None

STAFF REPORTS:

1. None

ADJOURNMENT

Upcoming meetings
August 13, 2015

CITY OF KALAMA

SIGN - IN SHEET

MEETING Planning Commission

DATE July 11, 2015

NAME ADDRESS EMAIL Do you wish to speak? On What SUBJECT

NAME	ADDRESS	EMAIL	Do you wish to speak?	On What SUBJECT
BEN PURVIS	KCTV			
Ile Fodley	380 West Marine Dr.	west@nw-1.com	Yes	Urban Growth Boundary
Rick Mesmore	380 West Marine Dr.	rick@seamless.com	no	
Al Wright	380 West Marine Dr.	AlW@nw-1.com	no	
Nick Little				
Steve Placido			Yes	UGB
Dennis Weber			yes	UGB

Please sign in for the record. Signing in does not mean you must speak but to address the Commission you must sign in for the record. When recognized please state your name and address. Your comment could be subject to a time limit at the discretion of the Chairperson. Please speak clearly enough for the tape to pick up your voice or step closer to the Commission Desk. Thank you.

**CITY OF KALAMA
PLANNING COMMISSION
JULY 9, 2015**

OPENING

Chairman Patrick Harbison opened the meeting at 6:00 p.m. Commissioners present were Jim Hendrickson, Dan Ohall, Phillip Fortuna, Don Mathison, Kevin Wade, and Kimberly Sullivan. Staff present were City Planner Matt Buchanan, City Administrator Adam Smee and Clerk Treasurer Coni McMaster acting as Secretary.

MINUTES

Commissioner Phillip Fortuna noted he had some minor changes to the June 11, 2015 minutes. Commissioner Fortuna made a motion the Commission approve the minutes of April 9, 2015 as presented and June 11, 2015 with the changes. Commissioner Don Mathison seconded, and the motion carried unanimously.

PUBLIC HEARINGS - None

UNFINISHED BUSINESS

1. Urban Growth Boundary Adjustment–Review - Northwest Innovation Presentation

Planner Matt Buchanan explained that the Commission's option B as the new Urban Growth Boundary area for the Comprehensive Plan was presented to the City Council. At a public meeting they reviewed it and took testimony from interested parties that had several concerns. The Council redirected the issue back to Commission so they could hear the testimony directly from the Port of Kalama, Cowlitz County and Northwest Innovations Works and relook at the options. Planner Buchanan explained that since the City is not under the Growth Management Act, the policy is not a binding document, but having in place to use as a planning tool is a good idea. The concerns heard by the Council from the Port, County and NW Innovations had to do with the project permitting process and with investor concerns associated with the proposed Methanol plant. The Council values the work of the Commission so felt they should send it back to let the Commissioners hear these concerns.

Mr. Vee Godley of NW Innovations addressed the Commission presenting what the project is and why they are concerned with the proposed new urban growth boundary. They have proposed a Methanol manufacturing plant that will have two lines which will take natural gas and convert it to methanol. They distill it and create a clean product. He explained their on-site storage and the number of ships that will each carry 40,000 to 70,000 tons from the facility. This is a 1.8 billion dollar investment. The deal for the site was signed in April of 2014 at which time the permitting process began. The permit process is a massive undertaking for a total of seventeen local, state, and federal permits. They are completing an EIS to address the issues. They have also been interviewing contractors for the project. Currently they have a 30% design and will get to 65% in the

next step. There will be 1000 construction workers per line for at least 30 months. They have been following a specific track to meet their projected deadlines. The City changing the urban growth boundary and including the site raises concerns about affects to the permitting process. Any changes to jurisdiction could cause them to have to redo the permits creating delays. There are also financing concerns as the investors will have concerns if jurisdictions change. Mr. Godley stated that he has enjoyed building the relationship with the City and surrounding area and has even moved to Kalama. The proposed action creates issues of getting the project up and on line as scheduled.

Commissioner Dan Ohall asked how the action would delay the process, interfere with the schedule, and if they could provide examples of how it would affect the project. Mr. Godley and Consultant Al Wright explained further that the permitting has begun with the state and County and they are in the middle of drafting the EIS for the State based on the current jurisdictional boundaries. Any change could require that city regulations and standards be included in that process or it could open the door to have claims about the procedure and if all the possibilities are addressed. A procedural claim could be filed by opponents of the project whether with merit or not just to delay the project. They are already addressing the issues as part of scope in EIS and SEPA process with the County. NW Innovations don't object to the boundary but the timing of it. Large investment delays can harm the project by creating uncertainty for the investors. All the permits including shoreline and SEPA have been filed with the current regulatory agencies and if City had additional requirements it could cause a setback. It was noted that moving this boundary doesn't change the permitting jurisdictions. Mr. Godley noted if the City did decide to annex, it could be a huge setback to the project. They are asking the City not to jeopardize the project by taking action. Commissioner Fortuna asked if they object to the property being in the boundary. The reply was no, only the timing as it can jeopardize the current process. Commissioner Fortuna asked if there is a real probably of a filed claim that could delay the project or is it just a possible threat. City Administrator Adam Smee and Commission Chair Patrick Harbison both stated that with this kind of proposal there are opponent groups that could appeal any procedural or other possible deficiency to stall the plant and the likelihood is high. Mr. Smee noted that is an unintended consequence of the proposed action that had not occurred to him in the earlier discussions. Mr. Wright noted that most large industrial projects fail not because permits are denied, that during the permitting process there are delays and investors lose faith and pull funding and this is backed by real statistics. The revision to the UGB was recommended as part of the Comp Plan update and the 3 year review of the UGB which coincided this time. The changes are being proposed to allow for better future planning. If the proposed changes could affect the growth of industrial business in the area or job growth, the City does not want to stifle that growth.

Mark Wilson, Executive Director of Port of Kalama informed the Commission that 15 or so years ago a combined group reviewed the original proposal for a urban service boundary and it was discussed long and hard. The issues were the tax base already established in the county and the impacts of that and the needs of the City for the future. The Port was already in the planning process for the developing of the east port area by gathering property, but was at that time not a high tax base. At the end of the discussion the current boundary was drawn so it allowed the County to keep their base and the City got the new area, so the Port has been working under this plan for 15 years and intends to

continue to work that way. Mr. Wilson noted that while it hasn't been used as an annexation tool there are lots of code that go along with these boundaries related to the attachment to City services. Applicants could be required to sign an annexation petition in order obtain city services, so it does require annexation. In his opinion there is not an advantage to moving the line and it only creates risk. Commissioner Fortuna asked if option A be a concern for the Port. Mr. Wilson replied he would need to discuss that with the Board. He would consider to drop to A but thinks they should honor the .commitment made years ago noting that there is substantial industrial area to the south with grain elevator already in the City's current boundary.

Mr. Nick Little of Cowlitz County Building and Planning noted that many good points have been raised and for the County the critical issue is annexation. An urban growth area implies annexation and with the exception of Woodland, the County is not required to plan or adopt an urban growth boundary. The policy identifies where services are but there are no interlocal agreements on how to address the areas included between the County and City. The County was never approached by City in how to address the development in these areas through an agreement. Kalama is a great small city of 2400 with 5 miles of city limits of which much is under developed or undeveloped and they recently annexed 300 acres of industrial land. Administrator Smee noted that we are now at 2500 and the annexation is for light industrial property. Mr. Little noted that the timing is suspicious and the action is not required. The City does have industrial opportunities available. The process is important to the County and there are concerns with no interlocal agreement in place to address issues for development. It was pointed out that there has been some communication with the County over the years but they have not officially recognized the City's boundary nor have any official agreements been made. Ms. Elaine Placido, Cowlitz County Director of Building and Planning who is acting as the SEPA co-lead on the NW Innovations SEPA application agrees there are concerns with the procedural issues the change would cause. It was noted that the City is not considering annexation and that should be taken out of the conversation. The City is looking to the future and how to plan for it. Ms. Placido noted that if annexation happened during the process, it would create delays and confusion on the permit process. A much simpler project in Longview became nothing short of a nightmare when the site was annexed in the middle of the application process. She believes the City needs to participate with the County in the planning process and discuss the growth needs for the future.

Cowlitz County Commissioner Dennis Webber addressed the Commission echoing many of the already noted concerns. It has been interesting hearing the history as he had participated in the annexations of the past as a member of the Boundary Review Board and later contracted with Kalama as their hearings examiner. Most of his history is with Longview as a former City Councilmember. Longview has adopted an ordinance where that industrial area there is a hands off area between the City and the County. Annexation of these areas does have an impact on the County as they do have limitations on the collection of revenues which is mostly property and sales taxes. The sales taxes are also mostly collected in the cities so the County is limited to 15%. Cities can issue and collect utility taxes which adds to the cost for investors. The County wants to see the area grow and prosper. He suggested the City could model an agreement from Longview's to exclude certain areas from annexation, asked the Commission to please give it some consideration. Commissioner Fortuna asked if the North Port area is the only area that

raises concerns, as that where the objections have focused. What about the other such as the DNR property and City's Water Plant which are actually already part of the City limits or the area that was requested to be annexed previously south of town which isn't in the UGB? Mr. Little responded with why there is a rush? Is there a problem with the existing boundary? He would suggest a regional planning effort to get a cohesive effort for developing an interlocal agreement that will address how best to grow the boundary. The City and County could do this together and the County may have resources that can be made available to the City. The Comp Plan was the impetus for adjusting the boundaries so is it being suggested that process be put on hold. Mr. Little responded that he doesn't know the city's timeline, but the work on the shoreline code meshed together well. The Commission was open to doing some planning together with the County. They requested to hear staff.

City Administrator Adam Smee stated the while he is not a planner the process he has become familiar with the advantages of good planning and it will relate to the financial concerns of the City. Currently the City is updating not only the Comp Plan, but also it's Water System Plan and conducting a water/sewer rate study. During the conversation tonight no one has talked about services and providing them. The City's budget is mostly about providing services and this includes water to areas outside of the boundary. The City covers 20 square miles, so knowing where to plan for is important as a part of the updates. The planning for the water and sewer expansions and where the needs will be in the future so that reserves can be spent appropriately is needed. Having a good comp plan allows for better staff recommendations on budgeting resources effectively for compliance and growth. He added that industries outside the city limits pay a higher water rate than inside. Looking at the utility tax, this is covered by the reduction to the water rates and is limited to the first \$1000 per month. Upon annexation of property, the City doesn't absorb all of taxes collected in the area; only the County Road portion and the streets become the City's responsibility. When requesting services outside the city limits, the application includes an agreement that the property owner won't resist a future annexation. The City believes it has extended its water out as far as it needs to be and if someone wants both water and sewer services they should be a part of the City. The City also struggles when the County does road work which requires the City to move water lines creating unanticipated costs for City. Having this boundary as a planning tool and including the areas where services are already provided, which it does, and where it may be feasible to provide in the future would be helpful. The UGB is not required and whether the City has it or not, property can still be annexed to the City if requested. In planning how to improve or expand further infrastructure and spend city resources, the areas outside of the boundaries would be not be priority areas. The City is already providing some services in the areas within the proposed boundaries. The lack of heavy industrial was one of the factors in extending the boundary to that area. Part of the future planning is deciding whether the City will extend services. There newly annexed area to the north was discussed and if there would be sewer to it. Yes, the Port has just finished the new line and it will become City infrastructure in the future as a part of the developer's agreement that is in place for the East Port area. There was some discussion that if changing the title back to a "urban service boundary" or something else would alleviate the concerns raised. It was changed back in 2012 so that it was clear what the intent is which is that this is the area the City could grow into. The City wants to be clear on what it is and whatever you call it doesn't change that intent. It is not the intent of the Commission to cause any problems

to the projects or potential problems with procedural issues. Administrator Smee noted that personally, because the City lacks a heavy industrial base, and where there is vacant property it can't be converted for industrial use, plus the irregular boundaries due to topography he would like to see Option B adopted to be used for future planning purposes. Planner Buchanan stated that he is new to Washington and the growth management issues, but it is just a good planning tool to have. The proposed boundaries make sense with services already there and this was the approach taken. They weren't aware of the potential for any procedural impacts since the boundary isn't recognized as it is. If the city doesn't include the Northern boundary it appears that would keep everyone happy.

Chairman Patrick Harbison stated that Kalama does a lot of planning for future including utilities and zoning to address for the future what can happen around them. He also feels that no matter what you call it, it is the same thing. He regrets that didn't hear these concerns in the first round and understands the procedural issues, permitting system concerns and complicated process. He added that the City should expand a little taking in account what is all the process and look at option A which would leave out the area of procedural concerns. The boundary would then extend to the South side of the Kalama River.

Mr. Wilson stated there would still be concerns with going against the historical policy and the city should leave it as it is. NW Innovations noted their only concern was the possible impact to the permit process, so this would relieve that. County representatives didn't think the City should include other industrial properties. There was no dialogue up front regarding the planning process and having an interlocal agreement. The 3-year review doesn't mean we have to make a change, so the boundaries can stay where they are. Several of the Commission members noted they might be comfortable if it stays where it is but would like to see progress made to put something in place to make it better for the future. Administrator Adam explained the City is happy to provide service outside and has a water availability letter for potable water with NW Innovations. He continued that Longview's agreement with the County does provide some things for Longview. During this process there has been no communication with the county and the City was not invited to be involved in the process with the County comp plan update. So there may be some value in staying with status quo if it meets our needs. Then work with the County for a future expanding of the UBG. He noted that those that have water outside the City are not represented as they can't vote for the City Council. When asked which of the four options, no change or one of options A, B & C was preferable to staff, the answer was Option A due to the lack of heavy industrial. Staff recognizes the County has some valid concerns and it would be better and more valuable if the County were to recognize the boundary and policy. Commission Sullivan suggested than in an effort to build a better relationship could they stay with the current boundary and then look at option A in six months. Meanwhile, work with the County to define the area and interlocal agreement. She thought it would be good to have goals to work toward. There was some discussion about whether to review in 6 months or the full 3 year period. Six months did not seem long enough for staff to get anything accomplished based on workload, but they thought a year might be doable but three years would be good. It was also suggested they look at a year and report back at that time. How would this affect the Comp Plan update if they use the existing boundary? The enlarged boundary allowed the Planner to narrow the scope and is a better boundary for planning. It won't lessen the work as only the acreage

numbers may change but not the meat of the plan. After several attempts at a motion and amendments, Commissioner Fortuna made a motion the Commission change their recommendation to the City Council that the Urban Growth Boundary remain as adopted in 2012 and the issue will be revisited in one year during which staff will work with the County to develop a community process with County for development in these areas. Commissioner Don Mathison seconded. The motion carried with 6 in favor and one opposed.

A five minute recess was taken.

2. Visual Preference Survey – Update

Planner Buchanan informed the Commission he would do a Media release tomorrow and Coni would get it up on the webpage so the public could take the survey. Volunteers are wanted for Sunday at the 125th Anniversary picnic to be there to talk to why it is important and it will be available to take. The newspaper did an article which included a link and already 34 have been taken. He did add questions at the end to determine if resident are interested in Kalama. It will be out for 45 days and at the end of the month it will be noted on the utility bills as well.

NEW BUSINESS - None

STAFF REPORTS

Administrator Smee noted that he has received comments on Draft 2 of the Shoreline update back from the State Department of Ecology. They are not pleased with the draft. The grant has expired and that consultant has ended the relationship with the City.

ADJOURNMENT

Chairman Harbison adjourned the meeting at approximately 7: 50 p.m.

These minutes are not verbatim. They are a general overview of what took place. An audio recording may be made available for listening upon request at City Hall during normal business hours.


Coni McMaster, Acting Secretary