

**Snohomish City Council Minutes
September 20, 2022**

1. **CALL TO ORDER:** Mayor Redmon called the Snohomish City Council Meeting to order at 6:00 p.m., Tuesday, September 20, 2022. The meeting was held in hybrid format with in-person attendance at the Snohomish Carnegie, 105 Cedar Avenue, Snohomish, and remote online access via Zoom.

COUNCILMEMBERS/MAYOR PRESENT

Lea Anne Burke
David Flynn
Karen Guzak
Judith Kuleta
Tom Merrill
Felix Neals
Donna Ray
Linda Redmon, Mayor

STAFF PRESENT

Brooke Eidem, Planner
Emily Guildner, City Attorney
Shari Ireton, Director of Community
Engagement & Strategic Initiatives
Rob Palmer, Police Chief
Rebekah Park, HR Manager
Glen Pickus, Planning Director
Heather Thomas, City Administrator
Brandi Whitson, City Clerk

2. **APPROVE AGENDA** contents and order.

MOTION by Guzak, second by Merrill to approve the agenda. Motion passed unanimously (7-0).

3. **CONSENT ITEMS:**

- a. **AUTHORIZE** Mayor to Execute a Special Event Permit and Contract for the 2022 Snohomish Classic Car and Hot Rod Display
- b. **APPROVE** minutes of the September 6, 2022 regular meeting and September 13, 2022 special meeting.
- c. **AUTHORIZE** payment of claim warrants #77422-77488 in the amount of \$477,205.58, issued since the last regular meeting.

MOTION by Neals, second by Guzak to **PASS** the Consent Items. Motion passed unanimously (7-0).

4. **PRESENTATION:** EvergreenHealth Monroe Update

Lisa LaPlante, Chief Administrative Officer, and Megan Wirsching, Chief Nursing Officer of EvergreenHealth Monroe provided history of the hospital, the service area, governance, system integration, core hospital services, and its behavioral health services/recovery center. They also shared information about the upcoming inpatient behavioral health unit to open late 2023/early 2024.

Council asked questions, which were answered:

- An OB clinic for prenatal was offered, but not a birthing center.
- Treatment availability versus actual need.
- Insurance coverage and acceptance being negotiated with the state.

- Partnering with the City, program referrals, sharing resources.
- Growing the behavioral health side could be limited by lack of places for people to go after treatment.

5. PUBLIC COMMENTS:

Morgan Davis commented on uses for the Carnegie Building and its operating expenses versus revenues.

A speaker commented on traffic problems along Pine, requesting signs or police presence for safety.

Bonny Headley thanked City staff for their work on a broken water line, and commented on replacing trees by the gazebo and on Rainier Street.

John Kartak commented on the Carnegie as a community hall, speeding, the City's Water Department staff, and tall buildings along Avenue D.

Milt Grover commented on the Carnegie elevator and reported dirt being hauled out of the Walsh Hill development.

6. PUBLIC HEARING: AMEND SMC 3.50 Designating Midtown District as Residential Targeted Area - ADOPT Ordinance 2442

- Announce purpose and open public hearing. Mayor Redmon opened the public hearing and introduced Mr. Pickus.
- Staff presentation. Mr. Pickus entered written testimony received since the agenda packet was published, reading the names and receipt date of the 20 received. He noted each had been provided to Council.

Mr. Pickus then provided background of the ordinance being discussed. The proposal was to add the Midtown District as residential targeted area, making it eligible for the exemption. The ordinance would also amend eligibility to any targeted area, and included other minor clarification amendments. He recapped history of the Midtown project and Council's desire to investigate options for affordable housing. The exemption was one such proactive step to offer incentives to developers, but did not guarantee creation of affordable units since it was a voluntary program. He reviewed the County Assessor's presentation on impacts to property taxes, related to the potential number of affordable units given Midtown's size. Other points raised:

- For the most part, developments consisting of only affordable housing ~~was~~ were large housing projects that used federal housing funding incentives. The tax exemption resulted in affordable units integrated into market rate, which was the preferable model.
- Based on the Assessor's numbers presented in August, for every \$1 million in exemption, the amount of tax transferred to the average-value house was 50 cents.
- Given the rental market and other factors, the type of construction expected for Midtown was three- and four-story wood-frame construction, about 30-35 units per acre in density, though smaller sites would see less density, such as in the form of townhouses. Additional density would create new revenue for the City with which to provide services to all residents.

- Based on experiences of other cities, the most units expected in one year was 40 to 50, with the average cost to build at \$247,000/unit. If all units were built and all used the exemption (extremely unlikely), the total exemption would be \$12.35 million. The average home would see an increase of about \$6.00.
- In Midtown, approximately 19 acres were vacant or under-developed. Property owners making money would be unlikely to redevelop. If the entire 19 acres were developed at the highest density of 35 units per acre, with average development cost per unit of \$247,000, the total exemption would be roughly \$164 million. That would add about \$82 per year in taxes to the average priced home. Realistically, the development would be spread out over time, and not all at once.
- Ordinance 2442 amended SMC Chapter 3.50 to define "low income," and expanded percentages of affordable housing units required to qualify for an exemption.
- The exemption was an incentive to persuade developers to build in Snohomish rather than surrounding areas, and gave the City the ability to include affordable units if a developer opted for the exemption.

Mr. Pickus concluded by stating adopting the tax exemption was the logical next step for Midtown. The code could always be changed too, including repeal of the ordinance. If a developer took advantage of the exemption, it could be seen as an investment in the community, turning the area into a vibrant pedestrian mixed-use area. Development would improve the City's fiscal sustainability, and could result in construction of new housing options, including more affordable options. The long-term return would add that after the exemption expired, there would still be a significant increase in total assessed property valuation, and more residences to spread the tax over, easing the burden on individual homeowners.

c. Council's questions of staff.

Councilmember Ray inquired about price control or tracking rental amounts. Mr. Pickus responded the property owners would provide information annually to the City, who would then report to the Department of Commerce. He did not expect the work to create a need for additional staff. If it did, options could be revisited, such as charging a fee for review to cover staff costs.

Councilmember Burke asked about available tools to ensure units remain affordable at the expiration of the 8- or 12-year term. Mr. Pickus responded there were no tools. The purpose of the exemption was to provide affordable units, and to incentivize development of multifamily housing, increasing housing stock in general. Other tools did exist for affordability, but they did not create housing.

Councilmember Kuleta clarified there was no guarantee of affordable unit development, and ensuring compliance if there was. Mr. Pickus confirmed, and that staff would review any projects for accuracy and compliance annually.

Councilmember Neals inquired on examples of other cities successfully enticing multifamily development both with or without the exemption. Mr. Pickus did not have specific examples, and shared the Department of Commerce's report indicating 7,000 units built with 1,000 considered affordable across a variety of cities.

Councilmember Flynn questioned the County's stance for providing affordable housing. Mr. Pickus was not aware of their viewpoint. He explained the County approached the City regarding master planning of the vacant lot, and the City took the opportunity to proactively guide development.

Council President Merrill stated Mr. Pickus was providing Council with the information they asked for. He asked what the City might expect to be developed in the area. Mr. Pickus replied his opinion was developers would build what they could get the highest return from, which could result in high-end townhomes.

Councilmember Kuleta questioned affordable housing as it related to the "missing middle," from past conversations. Mr. Pickus explained they were separate ideas, as the missing middle did not necessarily mean affordable. If the exemption was available then developers might consider different styles of housing in order to qualify. Very- and extremely-low income housing would not be options for Midtown due to the additional resources needed.

Mayor Redmon shared a list of questions she received from members of the community, and asked Mr. Pickus to address them:

Q: Could five-story buildings with no family orientation, similar to The Farm in Mill Creek, be built?

A: Low-income housing like The Farm needed state and federal funding, and could be built in Midtown, but not because of the multifamily exemption. The Midtown Task Force also helped develop design standards to help retain and reflect Snohomish's character.

Q: Is the application process complicated or labor intensive for developers or staff?

A: No, it is a straightforward process and processing would not deter a developer from applying. Staff and Department of Commerce--who oversees the program state-wide--would review to ensure proper use of units.

Q: What is government's impact on housing stock through zoning?

A: Government already directly influences housing stock through zoning, which sets what can be done on property, for instance single family, multifamily, etc.

Q: Explain why the Historic District consists of several types of housing with a range of affordability.

A: The Historic District was developed before any zoning regulations were established, and would not happen today. Zoning can be changed, but is a large topic to expand on.

Q: Given that the exemption required targeted areas, would changing zoning prevent future areas designated for exemption?

A: MFTE applies to residential targeted areas. Currently in the City that is limited to the Pilchuck District. Part of tonight's action was assigning Midtown as a targeted area. In addition, the exemption applies to multifamily development, so would not be applicable in areas where multifamily development was not allowed; therefore, single family zones, for example, could not become targeted areas.

Q: How would the City address pedestrian/bicycle safety along Avenue D?

A: The Midtown Task Force recommended a traffic study be conducted, and to also consider improvements of the corridor for safer pedestrian and bicycle travel as part of development. The City is currently conducting a Complete Streets review, which will help provide a City-wide view of streets to ensure they serve more than just cars.

Q: Were there considerations for preserving green space?

A: Midtown development standards require public pedestrian space and landscaping. Park impact fees would also apply to help develop new parks.

Q: What are the parking standards and traffic calming measures along Avenue D?

A: A study will specifically look to redevelop the Avenue D corridor to provide onstreet parking on the City's rights-of-way. Parking requirements are pretty much the same as everywhere else.

Q: Do Midtown or other standards address electric vehicle (EV) charging needs?

A: One of the Task Force's recommendation was to incentivize green building practices and establish EV stations. In addition, the state building code requires new multifamily developments with over 20 spaces to provide infrastructure to accommodate EV charging stations for at least 5% of the spaces. The City can opt to require more.

Q: When were Midtown guidelines developed and by whom?

A: The Midtown planning district process relied on the creation of a task force consisting of 13 community members, each with different areas of expertise. They were selected by the previous Mayor and confirmed by Council. The task force did the bulk of the work through meetings and public input, with help and direction from consultants, to draft recommendations. The recommendations were presented to the Planning Commission, who converted them into code for Council to take the final action.

Q: Some people claimed the County Council has interest on this matter to increase taxes across the County. Is that accurate?

A: Staff has no knowledge of this. The County does not have an MFTE program, and if it did adopt one, it would not be applicable within the City.

Q: Development could be like Kos on Weaver--a building with several stories of small living units some consider to be not attractive to residents--for which a Planning Commissioner was involved. What concerns were presented for that project?

A: Comments received for the Kos project related to commercial noise and increased traffic concerns. Currently, Kos has no vacancy and a waiting list of nearly 70 people. The City's code was already established for that project and was heard by the Hearing Examiner, not the Planning Commission.

Q: How would development of the NE Sewer Trunkline affect the area and Midtown development and increased City services?

A: Growth will impact City services regardless of where development occurs. Development of the NE area would not affect Midtown, and it was too early to determine zoning.

- d. Public testimony. Mayor Redmon opened public testimony.

Written testimony received before the meeting, and had been shared with City Council, from the following: **Craig Skotland, Kyle Ivarra, Paul Kaftanski, Chantel Stecher,**

Betsie Elliott, Sandra Cross, Darrel Martin, Sue Dahlquist, Jim Lewis, Whitney Maybush, Paul Kleinert, Andrea Smith, Cathy Dugor, David Clay, Daryck Jackson, Tim Knuth, Marilene Richardson, Lisa Giordano, Jan Lengenfelder, and Terry Lippincott.

Testimony from remote and in-person attendees provided by **Morgan Davis, Jim Lewis, Chris Collier, Merritt Weese, Hank Stecker, Randy Blair, Greg Chandler, Derek Holtz, Melody Clemans, Peter Bernauer, Rich Gabrio, Paul Kaftanski, Tom Engel, Lanni Johnson, Craig Erickson, Jennifer Kaloger, Kyle Ivarra, and John Kartak.**

- e. Close public testimony. Mayor Redmon closed public testimony.
- f. Council deliberation.

Councilmember Guzak thanked all for their comments. She asked Mr. Pickus to reiterate the minimal amount taxes would be raised should an exemption be taken by a developer. Mr. Pickus restated that based on information provided by the County Assessor, for every \$1 million of exemption, the property tax of the average value house would increase by 50 cents. The overall levy amount would not change, but would be spread out. Going through scenarios of development, estimations were for \$6 for the average house, up to \$80 if all were developed with the exemption, which was not realistic.

Councilmember Ray expressed appreciation for those that attended and provided comment. She was personally not inclined towards the exemption, and agreed with several comments that there was no rush to decide. Council was considering these issues to address requirements to absorb growth and limit rural sprawl. She felt there were other options for housing affordability, and there was no guarantee developers would build residential units in Midtown; the exemption was an incentive for them to do so. To truly address low income housing was by use of subsidies, which was not what Midtown would be used for. Council could consider partnering with other programs and agencies instead, and could consider other options in other zones to increase housing stock.

Councilmember Neals remarked that the information provided by Mr. Pickus was accurate and provided what the Council had requested. He expressed concerned about zoning identifying multifamily by way of building in areas, which was a separate concept from incentives. The code could encourage development, and other options could be reviewed, such as square footage--smaller units tended to be more affordable. He referenced the growth target for the City was 6,115 units by 2035, with approximately 4,600 units existing a few years ago.

Councilmember Kuleta thanked those providing input. She quoted former Councilmember Steve Dana's statement that if we did not do anything, something will be done to us. She attended the Midtown task force meetings, declaring the committee did a great job with the information they had. She acknowledged concerns with rushing to a decision, but a decision would have to be made eventually if they wanted to move forward. Perhaps obtaining information from other cities on lessons learned, what worked, and what did not work would help Snohomish see if the exemptions would work for a smaller city. She felt more time was needed to ensure the right decision was made, and also hearing that from others.

Councilmember Flynn appreciated those that attended for the discussions. He thanked the County Assessor and Mr. Pickus for the work at Council's request. He was a strong advocate for sustainable affordable housing and the need for it at all levels. The exemption was an incentive, which Midtown did not need; Snohomish already was the incentive. Multifamily would likely be built regardless of zoning or incentives based on conversations with architects and developers. Focus on long-term options and opportunities. He requested Council direct staff to present all known options related to affordable housing, with scenarios for the City to procure property to assist with longer term affordability in the low-income range.

Councilmember Burke acknowledged the amount of work provided by the Planning Department at Council's request. She thanked the attendees and those that provided testimony. Her thoughts fell on both sides of the decision, but leaned towards waiting. There were other unknowns, and she supported more time and a bigger tool box.

Councilmember Guzak commented that Snohomish's growth was limited, and the current and past Councils have committed to keeping Snohomish a quality place. Council has listened and invited comments, hearing from those with fears based on misinformation. Council needed to take all citizens into account. She supported the exemption. Housing experts have said there would be little effect on taxes, as the tax base and even sales taxes would increase. All future citizens should be considered, not just the wealthy. It would take 20 years or more for the area to develop, and if the MFTE did not work it could be changed.

At 8:48 p.m., **MOTION** by Neals, second by Flynn, to extend the meeting until 9:30 p.m. Motion passed unanimously (7-0).

Council President Merrill expressed he did not have a decision made before the meeting. There was a tremendous amount of misinformation being shared. He calculated the tax increase on his own home of \$1.27 from the development on Lincoln. He recognized no one wanted higher property taxes, and property values have all increased significantly. Smaller housing supply cause prices to go up, increasing surrounding property tax values. Rents have also increased to the point a new teacher, bus driver or paraeducator in the Snohomish School District could not afford. He felt the County parcel did not need incentives to attract development, and would likely all be done at market value. He did not feel the City should provide incentives for an area that did not need it, rather, review the subareas during planning to see what could be developed in those areas.

- g. Close public hearing. Mayor Redmon closed the public hearing.
- h. Council motion and action - ADOPT Ordinance 2442.

MOTION by Guzak to ADOPT Ordinance 2442 amending Chapter 3.50 SMC to designate the Midtown District as a residential targeted area, to require affordable housing units be included to qualify for an exemption, and to improve the clarity of the code language. Motion died for lack for a second.

MOTION by Flynn, second by Ray, to vote "No" on Ordinance 2442, and ask staff to bring back further affordable housing options not tied to exemptions. Councilmembers

Ray, Merrill, Flynn, and Burke voted in favor of the motion; Councilmembers Kuleta, Neals, and Guzak voted against. Motion passed (4-3).

At 8:59 p.m., Mayor Redmon called for a **RECESS** until 9:05 p.m.

7. **ACTION ITEMS:** AUTHORIZE Mayor to Execute ILA with Snohomish County for Fire Investigation Services

Ms. Thomas and Ms. Guildner provided background on the need of the interlocal agreement (ILA), explaining changes brought on by the City's annexation into the Fire District and ambiguity of previous versions of the ILA. The County Fire Marshall performs investigations rather than the Fire District, and an active ILA was needed to clarify roles and responsibilities in who could call for an investigation and who would pay. This ILA clarified those roles.

Councilmember Kuleta requested clarification on who could request an investigation. Chief Palmer advised the Police Department could under the City's ILA with the SCSO, and Ms. Guildner explained that the Fire District could as well, since they no longer had personnel qualified to conduct investigations. If the investigation was needed inside the City limits, the City would be billed for the services.

Public Comment: None

Public Comment Closed.

MOTION by Guzak second by Merrill to AUTHORIZE the Mayor to execute the Interlocal Agreement between the City of Snohomish, Fire Protection District No. 4, and Snohomish County concerning provision of fire investigation services. Motion passed unanimously (7-0).

8. **OTHER BUSINESS/INFORMATION ITEMS:** Mayor Redmon stated that Ordinance 2442 contained other factors related to MFTE program in general and as would be applied to the Pilchuck District, and asked if Council would like staff to bring back a reworded Ordinance to address those aspects. Council concurred.

9. **COUNCILMEMBER COMMENTS/LIAISON REPORTS:**

Councilmember Guzak shared that Green Snohomish would be giving away books and puzzles at the Farmers Market, and the Historic Tree Tour was scheduled for October 15.

Councilmember Flynn shared his observation of City staff taking care in and showing enthusiasm for their job, as reflected in public comment made earlier.

Councilmember Neals reflected on the talk about slowing down to make decisions. There were more layers to what was being deliberated and some important aspects were missed.

Councilmember Kuleta concurred with Councilmember Neals.

Councilmember Ray reported the Public Safety Commission and City staff were helping neighborhoods with Neighborhood Watch signs, and the challenges being faced. More information will be shared with Council.

- 10. **COUNCIL PRESIDENT’S ITEMS/REPORTS:** Council President Merrill shared a Neighborhood Watch meeting set for October 14, and attended the gazebo ribbon-cutting.
- 11. **CITY ADMINISTRATOR’S COMMENTS:** Ms. Thomas thanked those involved with and attended the ribbon-cutting at the gazebo--Nordic Home Solutions, Snohomish High School's jazz band, City staff, and volunteers. She reported the \$3.75 million requested for the north sewer trunkline was approved in the House budget and was off to the Senate for deliberation. She announced that Cole Cavanah returned to City employment last week.
- 12. **MAYOR’S COMMENTS:** Mayor Redmon reported that the traffic circle at Pine and Grove was removed after receiving several complaints, and staff and Police were working to address speeding issues in that area.
- 13. **ADJOURN.** There being no objection, the meeting adjourned at 9:24 p.m.

APPROVED this 4th day of October, 2022.

CITY OF SNOHOMISH

ATTEST:

Linda Redmon, Mayor

Brandi Whitson, City Clerk