

**Regular City Council Meeting
Tuesday, February 2, 2010, 6:00 p.m.
City Hall – Council Chambers**

CALL TO ORDER Mayor Slowik called the meeting to order at 6:00 p.m.

INVOCATION Grafton Robinson, Southern Baptist Church

ROLL CALL

Jim Slowik, Mayor	Paul Schmidt, City Administrator
Seven Members of the Council,	Margery Hite, City Attorney
Rick Almberg	Bill Hawkins, Prosecuting Attorney
James M. Campbell	Doug Merriman, Finance Director
Scott Dudley	Steve Powers, Development Services Director
Jim Palmer	Ethan Spoo, Senior Planner
Beth Munns	Cathy Rosen, Public Works Director
Danny Paggao, Mayor Pro Tem	Eric Johnston, City Engineer
Bob Severns	Rick Wallace, Chief of Police
	Mark Soptich, Fire Chief
	Mike McIntyre, Senior Services Director
	Renée Recker, Executive Assistant to the Mayor

MINUTES

Councilmember Dudley asked that the 1/19/2010 minutes be corrected (on page 20 of this evening's agenda packet). Mr. Dudley's verbatim request: I asked if the Mayor instructed Perteet to take a harder look at the two-way design to come up with a better two-way design for more parking and the Mayor responded that this would only occur if the decision was rescinded. I asked again and he responded affirmatively. So I just want the record show that Perteet was instructed to come up with a better design for two-way with increased parking.

Verbatim correction to the 1/19/10 minutes:

Mayor Slowik:

We have a one-way decision. If there is no change in the one-way decision, then there is no need for Perteet to look at two-way.

Councilmember Dudley:

My understanding was that the Mayor did instruct Perteet to take a harder look at the two-way plan and come up with a better two-way plan with improved parking. Is that true?

Mayor Slowik: That is true. It would only be brought (forward) if you rescinded the decision.

MOTION: Councilmember Dudley moved to approve the minutes of the 1/19/10 regular meeting as corrected and the 1/21/10 special meeting. The motion was seconded by Councilmember Palmer and carried unanimously.

NON-ACTION COUNCIL ITEMS

Public Comments

Mel Vance, P.O. Box 2882. Mr. Vance spoke about the budget process and how to find efficient methods for budget savings. Mr. Vance recommended an employee program which would reward employees for effective cost savings suggestions either as a percentage of the first year's savings or a set cash value.

With no other comments coming forth, Mayor Slowik closed public comments at 6:05 p.m.

COUNCIL CONSIDERATION AND ACTION ON THE FOLLOWING MATTERS

Consent Agenda

- A. Agreement – Facilitator for City Council Retreat on February 27, 2010.
- B. Excused Absence – Councilmember Dudley's absence from the March 16, 2010 Council Meeting.
- C. Excused Absence – Councilmember Campbell's absence from the April 6, 2010 Council Meeting.
- D. Introduction – Ordinances, Stormwater Management, OHMC 12.30.
- E. Approval of Accounts Payable Vouchers (Pay Bills)

Councilmember Campbell asked that Item D be removed for discussion.

Councilmember Palmer asked that Item A be removed for discussion.

A. Agreement – Facilitator for City Council Retreat on February 27, 2010

Councilmember Palmer asked about the retreat's location at the Oak Harbor Yacht Club this year and if the City was paying for this venue. Mr. Schmidt responded that the City's Public Works Department is unavailable for Council's retreat due to the Engineering remodel and the City is paying \$200 for use of the yacht club.

D. Introduction – Ordinances, Stormwater Management, OHMC 12.30

Councilmember Campbell asked about setting a public hearing for a future meeting date without discussion. This introduction can remain on the consent agenda.

MOTION: Councilmember Campbell moved to approve the entire consent agenda as presented with Item E paying accounts payable check numbers 130188 – 140192 in the amount of \$41,508.02, accounts payable check numbers 140193 – 140332 in the amount of \$808,133.14, and payroll check numbers 93522 – 93583 in the amount of \$953,197.65. The motion was seconded by Councilmember Palmer and carried unanimously.

Public Hearing – Wallen Appeal

City Attorney Hite talked about the quasi-judicial process noting that she had provided advice and representation to the City's Administration in the described hearing (Hearing Examiner, November 6, 2009) so Mr. Hawkins would act as Council's advisor for this evening's hearing.

Councilmember Severns asked to be disqualified from the appeal presentation. Councilmember Palmer stated that he is a landlord but not involved with this case and would remain for the appeal.

City Prosecuting Attorney Bill Hawkins explained the appearance of fairness and quasi-judicial procedure and began with ex parte communications.

As stated in RCW 42.36.060:

During the pendency of any quasi-judicial proceeding, no member of a decision-making body may engage in ex parte communications with opponents or proponents with respect to the proposal which is the subject of the proceeding unless that person:

- Places on the record the substance of any written or oral ex parte communication concerning the decision of the action; and
- Provides that a public announcement of the content of the communication and of the parties' rights to rebut the substance of the communication shall be made at each hearing where action is considered or taken on the subject to which the communication related. This prohibition does not preclude a member of a decision-making body from seeking in a public hearing specific information or data from such parties relative to the decision if both the request and the results are a part of the record. Nor does such prohibition preclude correspondence between a citizen and his or her elected official if any such correspondence is made a part of the record when it pertains to the subject matter of a quasi-judicial proceeding.

Mr. Hawkins then asked each Council Member to state, for the record, what ex parte contacts they have had, whether written or oral, concerning the matter to be decided. Councilmember Dudley had visited the Utilities Department and had asked what is signed when a utility account is opened. Mr. Merriman had been there and talked generically about utilities. Councilmember AlMBERG had been present in standing committee discussion and had asked the Mayor why this issue was coming before Council; otherwise no ex parte contacts. Mayor Pro Tem Paggao, Councilmember Campbell, and Councilmember Munns had also been present when this issue was discussed in standing committee.

Mr. Hawkins noted that there had been some ex parte communications and called for audience response. No audience members came forward; no disqualifications. None of the Council Members felt that they should disqualify themselves.

Mr. Hawkins continued to these appearance of fairness questions which were individually asked of each Council Member:

1. Do you have knowledge of having conducted business with either the proponents or opponents of this project?	Mr. Almberg	Mr. Campbell	Mr. Dudley	Ms. Munns	Mr. Paggao	Mr. Palmer
	No	No	No	No	No	No
2. Do you have either a pecuniary or a non-pecuniary interest in the outcome of this proceeding?	Mr. Almberg	Mr. Campbell	Mr. Dudley	Ms. Munns	Mr. Paggao	Mr. Palmer
	No	No	No	No	No	No
3. Do you know whether or not your employer has a financial interest in the land or area which will be impacted by the decision in this proceeding?	Mr. Almberg	Mr. Campbell	Mr. Dudley	Ms. Munns	Mr. Paggao	Mr. Palmer
	No	No	No, but Mr. Dudley manages an investment office close to this area.	No	No	No
4. Do you live or own property within 300 feet of the area which will be impacted by the decision in this proceeding?	Mr. Almberg	Mr. Campbell	Mr. Dudley	Ms. Munns	Mr. Paggao	Mr. Palmer
	No	No	No	No	No	No
5. Do you have any special knowledge about the substance of the merits of this proceeding which would or could cause you to prejudge the outcome of this proceeding?	Mr. Almberg	Mr. Campbell	Mr. Dudley	Ms. Munns	Mr. Paggao	Mr. Palmer
	No	No	No	No	No	No
6. Do you believe that you cannot sit and hear this matter fairly and impartially, both as to the respective positions of the proponents and the opponents in this proceeding?	Mr. Almberg	Mr. Campbell	Mr. Dudley	Ms. Munns	Mr. Paggao	Mr. Palmer
	No	No	No	No	No	No
7. Is there any member of the audience who because of the "Appearance of Fairness" doctrine wishes to disqualify any member of the Council from hearing this matter? If so, please state the reason or reasons why you believe this Council Member should be disqualified.						
No audience members came forward.						

Finance Director Doug Merriman presented the history of this appeal. On June 19, 2009, Mr. Merriman made a code interpretation decision in favor of the owner of an apartment building, Mr. Darrell Wallen, finding he had been overcharged on the water and sewer utility bill for his apartment building. This decision refunded payments to Mr. Wallen which he had made over a two-year period for a laundry room. Mr. Wallen was

dissatisfied with this decision and appealed to the City Administrator who authorized a refund of over-payments for an additional year based on the three-year statute of limitations in state law. Mr. Wallen appealed that decision as well. A hearing was held before Oak Harbor Hearing Examiner Michael Bobbink on November 6, 2009. After hearing testimony and argument from both the City and Mr. Wallen, Mr. Bobbink rendered a written decision on December 19, 2009 upholding the decision of the City Administrator. Pursuant to Oak Harbor Municipal Code, the decision of the Hearing Examiner is reviewed by the City Council which makes the ultimate decision.

Mr. Wallen's appeal raises three issues:

1. Does the term units "available for occupancy" in Ch. 13.32 OHMC mean "when the property owner determines that the units are available?"
2. What is the statute of limitations for claims of over-billing for City utility charges?
3. Is a utility customer entitled under the City Code to interest of 8% per annum on amounts over-billed?

Mr. Merriman also gave a PowerPoint presentation on the history of this account.

Council Discussion

Discussion followed regarding the "available for occupancy" term and the laundry room, how the laundry room and apartments are metered, statute of limitations and state law (three years) which is what the refund ultimately reflected, when the laundry room was built (it was built when the apartment building was constructed), and that the City must act within the scope of the law.

Mayor Slowik swore in Mr. Merriman and Mr. Wallen asking them to tell the truth in public testimony in this case. Mr. Merriman talked about ready-to-serve and consumption charges for a water bill, if a building official is involved in determining what is occupiable, and OHMC language for two years' worth of refund. Discussion continued about the statute of limitations and gifting of public funds, that the City must comply with the statute of limitations, and even wanting to refund back further than three years is not possible because of the statute of limitations. The gifting issue is not about how the City received the money but rather the impact of stepping outside the rules – the statute of limitations. The legislature decides what the statute of limitations should be and the City's role is to refund within the applicable statute of limitations which, for this appeal, is three years. Discussion followed about written contracts which would then refer to a six-year statute of limitations. The Hearing Examiner, Ms. Hite, and Mr. Hawkins at this meeting concurred that the City was legally responsible for paying up to that three-year limit but not beyond; the City is not free to disregard this statute. There was also some responsibility for the property owner to be mindful of utility charges. The City acted properly and promptly refunded the money when the error was recognized.

Council discussion continued about the appropriateness of only responding to three years of billing, the definition of a written contract and a six year statute of limitations, use of the 8 percent interest rate, whether the City acted in bad faith, and gifting of public funds. It was noted that signing up for utilities does not constitute a written contract – it is typically considered an oral agreement and falls within the three-year

statute of limitations, that statutes of limitations vary, and what is applicable in another state does not apply to Washington.

Mr. Wallen presented a utility bill to Mr. Hawkins and asked him how many units were detailed on the bill. Mr. Hawkins passed the bill to Mr Schmidt and Ms. Hite objected noting that Mr. Wallen was present for his testimony. Mr. Wallen spoke about being diligent concerning his billing. The amount of units being billed was not detailed until 2007 and he discovered the error in 2008. The laundry room has always been on-premises and was not added at a later date. Mr. Wallen also noted that his billing was handled by a management company. Mr. Wallen talked about his metering on the street which includes the laundry room and that he had installed a meter for each unit to monitor his tenants' water use.

Council continued to discuss how an increase would be noticed on a multi-unit utility bill, the City's communication with Mr. Wallen, and whether the overages would still belong to Mr. Wallen.

Mr. Hawkins noted that that the utility bill presented by Mr. Wallen would be made a part of the record as Exhibit A. The utility bill does not constitute a written contract. Mr. Hawkins noted that Councilmember Dudley is not alone in trying to better resolve this issue and use of a six-year statute of limitations, but the City does not have a basis for a written contract with this issue. The Hearing Examiner and City's legal counsel found the three years to be correct. City Council could remand back to the Hearing Examiner. Ms. Hite added that, whatever Council chooses to do, Council would have to make a decision concerning the Code, but a different interpretation would become law for future cases as well. Interpretation does not run to this case alone. OHMC 3.95.160 addresses 8 percent for underbilling, not overbilling. The Hearing Examiner's decision was made in the interest of fairness, the City paid Mr. Wallen, and the interest provision did not arise. Mr. Wallen did not offer an interpretation during the appeal before the Hearing Examiner, and did not file an exception to the Hearing Examiner's decision. Council discussion continued to how the State Auditors would respond if Council responded differently (Council would need to follow proper procedures) and any consequences for the City if Council did not adopt the Hearing Examiner's decision. Discussion followed that the appellant did not challenge the unpaid \$1,178 because of the legal expenses to do so. Mr. Merriman noted that, when you part with laws or code, the Finance Director becomes liable and it would result in an audit finding which could affect the City's bonding rate. The City exceeded its own code (two years), and went to the state statute for the three year determination. Discussion continued that the City made the mistake and Mr. Wallen is entitled to the \$1,178. Mr. Hawkins noted that such an argument – the notion that this money is not now the City's money – would negate the statute of limitations and is not the law. Mr. Hawkins was also concerned about potential audit findings. Final Council remarks (Councilmember Munns) noted that the City's heart is in the right place, but Council Members are not attorneys and two attorneys and a judge could not legally find a way to refund this money.

MOTION: Councilmember Munns moved to adopt the Hearing Examiner's decision in its entirety. The motion was seconded by Councilmember Almborg.

Council Discussion before Voting on the Motion

Councilmember Dudley stated that there is a reason why this has come before Council and it is up to Council to make a wise decision. Council could choose to refund the \$1,178, could justify this in an audit situation due to the City's erroneous overbilling to Mr. Wallen, and should apologize to Mr. Wallen.

Councilmember Palmer, speaking as a landlord, could see how this could be missed by Mr. Wallen, but did not see how Council could overrule this decision.

Councilmember Campbell felt that this appeal strongly shows that the City's ordinance needs to be changed to cover the City's operations.

Mayor Pro Tem Paggao agreed with Councilmember Dudley that \$1,178 refund would be fair and not a gifting of money, but the City's hands are tied due to the statute of limitations and definition of a written contract.

Councilmember Almborg thought it is politically expedient to hand it over, but it is not a reality, and the City has to move on.

Councilmember Campbell called for the question.

VOTE ON THE MOTION:

Councilmembers Almborg, Campbell, Munns, Paggao, Palmer voted in favor of the motion. Councilmember Severns had not participated in this discussion. Councilmember Dudley opposed the motion. The motion carried.

Break

Mayor Slowik called for a five minute break and the meeting reconvened at 7:45 p.m.

Public Hearing – Sub-Division Code Amendments

Development Services Director Steve Powers introduced this agenda bill presenting amendments to Oak Harbor Municipal Code's Chapter 19.31 (Planned Residential Development) and Title 21 (Subdivisions) and thanked the City's other departments and the Planning Commission for their countless hours on this project. Mr. Powers also noted the small revision on page 306 of the agenda packet addressing OHMC 21.60.260 (4) regarding stormwater pond landscaping. Senior Planner Ethan Spoo, who has managed this project for the City, led the presentation and presented a PowerPoint program in addition to the agenda bill. At the heart of the draft code are eleven basic "concepts." If adopted, these new code concepts will affect how the City's planned residential developments and subdivisions look and function, with an emphasis on walkable neighborhoods and sustainable design. The code amendments pertain primarily to residential subdivisions and planned residential developments (PRDs), but not exclusively.

These concepts are summarized below:

1. **New narrow streets.** The proposed code will implement a new standard narrow street section. The new narrow street section is expected to reduce stormwater runoff, as well as maintenance costs to the City and construction costs to applicants.
2. **Grid street pattern.** The draft code requires that streets in new subdivisions assume a grid or modified grid pattern making neighborhoods more connected and pedestrian-friendly.
3. **Pedestrian/bike connections.** The draft code requires pedestrian connections in the middle of long blocks (more than 800 feet long) and to all adjacent land uses. The pedestrian connections will make neighborhoods more “walkable” and “bikable,” especially for children, seniors and those without access to a car.
4. **Street trees.** The draft code requires that street trees be placed along both sides of all residential streets aesthetically enhancing the streetscape, creating a more comfortable pedestrian atmosphere and offering the environmental benefits of improved air and stormwater quality.
5. **Limit on dead-ends.** The draft code limits (not prohibits) dead-ends. Fewer dead-ends mean more connections for all travel modes, which is especially important for pedestrians and bikes.
6. **Limit on block length.** As part of creating walkable neighborhoods, the new code will set an 800-foot block length limit.
7. **Private streets.** The new code will allow lots in short subdivisions (nine lots or less) to take access from private streets and shared drives. This provision will promote more efficient lot arrangements especially in infill situations where public streets are currently required.
8. **Corridor buffers.** New standards for landscape buffers along minor arterials will require planting plans in an effort to promote a more consistent appearance and reduce wind throw.
9. **Stormwater pond design.** New code requirements will discourage fencing around ponds, limit the use of plain, smooth, unfinished concrete as a pond material, and require ten feet of landscaping around ponds. These changes are expected to result in better looking ponds while preserving pond functionality and safety.
10. **Better active open spaces.** The draft PRD requirements mandate that these spaces have a minimum street frontage, regulate the size of these spaces, and require that the space have certain amenities (activity center, trash cans, benches, lighting) all in an effort to make these spaces an amenity to neighborhoods rather than “leftover space.”
11. **Alternating front setbacks in PRDs.** The new PRD code will require that buildings have alternating front setbacks or, as an alternative, garages which do not project beyond the front entrances. These changes will focus attention on quality urban streetscapes and help mitigate monotonous residential design.

The code concepts, when implemented, are expected to further the project goals of sustainability and livability. In addition, the code concepts use the Comprehensive Plan goals and policies as a foundation. The project goal of readability is different than the other two goals in that it addresses the clarity of the code itself, rather than the physical results of development. The readability goal has been addressed by reorganizing the code in a more logical way, eliminating wordiness and redundancies and re-labeling sections of the code. Additionally, staff has created a "Subdivision Design Manual" which illustrates the concepts and ideas discussed in the code. The Subdivision Design Manual is a companion document to the code, but is not part of the code. Its purpose is to illustrate concepts and thereby enhance readability of the code.

Mayor Slowik opened the Public Hearing at 8:10 p.m.

Mel Vance, P.O. Box 2882. Mr. Vance lives in a neighborhood with a curvilinear pattern and supports the benefits of a grid-patterned neighborhood. He talked about street trees and raised planting beds and felt they should be at street level or below to allow runoff into the beds. He also spoke about the planting list and that only two trees on that list are native with Garry oak, fir, and madrona not being included. He talked about bike lanes in neighborhoods and felt they are more useful on thoroughfares. His largest concern was with safety issues for stormwater ponds, their lack of fencing, and landscaping which would obscure the ponds. Mr. Vance also asked about compacted soil in a shallow pond design and if that would create pond flooding. He talked about minimizing clear cutting in developments allowing trees to act as windbreaks, that street trees improve air and water quality, and disagreed with the proposed use of alternating setbacks. Mr. Vance also felt the use of alleys increases pavement and that it is not necessary to remove garages from the street. He spoke about narrow streets, potential lack of parking, and accessibility for emergency vehicles. Mr. Vance spoke positively about the subdivision design manual but thought that some of the stated goals did not match the written text.

Mayor Slowik closed public comments at 8:20 p.m.

Council Discussion

Discussion followed about how to designate parking on one side of a narrow street, traffic studies and cul-de-sacs, stop signs at intersections, crime studies and grid-patterned streets, and the grant obligation (which was met in 2009) with no comments from the Department of Commerce. Discussion continued about stormwater ponds and their safety, the design formula for shallower ponds (internal slope of 3 to 1; depth may decrease and width may increase), and that they detain the water and also treat it at a control structure which releases water at a given rate. It is important to remember that these pieces all work together – stormwater detention and slowing water down to a certain size of storm event. Mr. Powers noted that we have historically followed the Department of Ecology's standards for detention ponds. There had been much successful input overall from stakeholders; notably through the blog. Councilmember Almberg presented a document to Council for consideration of a different ratio regarding density bonuses for affordable housing. The third sheet of this document addresses typical median-priced townhomes in Oak Harbor. That document is attached to these

minutes as Exhibit B. Mr. AlMBERG asked for feedback from staff on this document, and Mr. Powers and Mr. Spoo will review it. Discussion continued about trees, that Garry Oaks are listed as critical areas in the OHMC, and that the tree section allows for review of other tree species. Council asked about pedestrian and bike surfaces (pervious concrete or asphalt), landscape strips and sidewalks, landscape strip maintenance, and the use of attractive “no parking” signs. Discussion continued about narrow streets (City did parking surveys on three different evenings during peak hours – one car was parked for every three units), and short driveways’ accommodation of larger and multiple vehicles (City standard for length is 18 feet). The new code applies to any new subdivision which can be single residences, townhomes, duplexes; the short plat references private streets. The applicant can forward a different design which is subject to a more rigorous review process. This idea is part of contemporary design and planning, but also reflects applicants remarks over the last several years to vary from current standards. The LID code update will propose some additional street sections.

MOTION: Councilmember Campbell moved to continue the public hearing on amendments to Chapter 19.31 (Planned Residential Developments) and Title 21 (Subdivisions) of the Oak Harbor Municipal Code to February 16, 2010. The motion was seconded by Councilmember Munns and carried unanimously.

Mayor Slowik asked Mr. Powers to tell Council, for the next Council meeting, how many hours are in this project.

Resolution – Standing Committee Assignments

Mr. Schmidt talked about the success of standing committees noting there have been 88 public meetings, 176 hours of meeting time, 1,032 hours of staff and Council time, and committees have reviewed 440 to 480 issues. The agenda bill requested adoption of Resolution 10-03 to establish standing committee membership from January 2010 through December 2011. Mayor Slowik called for public comments but there were none.

MOTION: Councilmember Campbell moved to adopt Resolution 10-03 which establishes standing committee membership from January 2010 through December 2011. The motion was seconded by Councilmember Palmer and carried unanimously.

City Administrator’s Comments

City Administrator Paul Schmidt reviewed the upcoming meetings’ schedule, noting the 2/18/2010 special meeting with the Marina Committee, and the 2/27/2010 Council retreat.

Council Members' Comments

Council Members gave available standing committee reports. Councilmember Campbell talked about judging the excellent presentations given by Mr. Crouch's Government Class, noting the class' suggestion that blogs be set up for each City department. Mr. Campbell, referencing the crosswalk presentation which had been given to Council last year by a concerned citizen, talked about the need for a crosswalk at Heller and Sixth Avenue. Students walk up the east side on a sidewalk and eventually cross over to the sidewalk on the other side. There is not a crosswalk between Whidbey and Swantown. Mr. Campbell also asked about a sign on Pioneer Way that indicated additional parking and the sign is now gone. Merchants would like to have it replaced. Councilmember Palmer talked about shopping locally. Councilmember Munns reviewed the County's two percent meeting and adjustment to the director's contract and also talked about the successful AWC conference – 300 elected officials participated. Councilmember Almberg dispelled the rumor that he owns property on Pioneer Way, and went on to say that he has no financial interest or connection to Pioneer Way, and his vote was based on geometrics and restrictions. Mr. Almberg also talked about the AWC conference and successful meetings with our representatives and senator with the primary issue being the budget. AWC had talking points for presentation to legislators. Councilmember Dudley talked about the success of standing committee meetings and would enjoy seeing them held in Council Chambers so they could be taped and aired. Mr. Dudley also talked about the High School Resource Officer position and would like to see it funded and back in place. Mayor Slowik noted that this position will be part of budget discussions this year.

Mayor's Comments

Mayor Slowik talked about the art by Joan Brosnahan which is displayed in Council Chambers. Mayor Slowik, along with Mayor Samuelson and Mayor Conard, will be giving presentations on city sustainability at this weekend's Soundwaters Conference in Coupeville.

ADJOURN

With no other business coming before Council, Councilmember Campbell moved to adjourn; the motion was seconded by Councilmember Palmer and carried unanimously. The meeting adjourned at 9:30 p.m.

Connie T. Wheeler
City Clerk

CITY OF OAK HARBOR

865 S.E. BARRINGTON DR.
OAK HARBOR, WA 98277-4092
CITY HALL (360) 679-5551

ACCOUNT NUMBER : 15-126000-01
CUSTOMER NAME : 7TH AVE APTS/WALLEN DARRELL
SERVICE LOCATION : 260 NE 7TH AVE

BILLING DATE : 11/20/03

DUE DATE : 12/18/03

FROM	SERVICE TO	NO. OF DAYS	DESCRIPTION	METER READING		CONSUMPTION	AMOUNT
				PREVIOUS	CURRENT		
9/20/03			Previous Balance				2646.32
10/15/03			Receipt				2646.32CR
9/20/03	11/20/03	61	Water Base				433.92
			Water Cons	608	753	145	168.64
			Sewer				934.24
			Garbage				1013.56
			Storm Drain				81.48
			Current Charges				2631.84
			Balance Due				2631.84

10-5 1536.70

9721.80

17

542.90

2544
2657.28

	THIS PERIOD	SAME PERIOD LAST YEAR
Wat Con	145	349

Exhibit A

\$15 LATE FEE and .67% PENALTY charged after 5:00pm on the due date.

Reminder - Cans must be curbside by 7am with lids completely closed.

Please look at insert. 2004 Animal Licenses available now at City Hall

If the City is really encouraging an affordable housing program without government support now is the opportunity by revising the proposed PRD Density unit ratio from 2 units affordable: 1 unit market rate to 1 unit affordable: 5 units market rate.

- Proposed OHMC 19.31.090 Density for PRD provides a density bonus for including affordable housing in a PRD development. For every 2 units of affordable housing applicants are allowed 1 unit additional of market rate housing BUT the total of market rate units and affordable units may not exceed 30% of the allowable density in the zone. This sounds good but the City probably won't get any participants from the private development community.
- Affordable housing is defined in the 2009 Comp Plan as "housing that does not exceed 30% of a family's gross income, for households at or below 80% of Island County's median income level.
 - Island County's median income level = \$45,513±
 - 80% of median income = \$36,410±
 - 30% of the 80% median income = \$950-\$1,100±/monthly payments.
- A USDA Guaranteed Rural Housing Loan Program could qualify a loan applicant for \$180,000± (all subject to credit approval and existing debt.) That would provide a monthly payment of approximately \$950-\$1,100±.
- Typical medium market rate PRD townhome would sell in a range of \$220,000-\$275,000 (depending on land & development cost.) Per EDC Winter Report 2009 North Whidbey Residential home average home price

\$264,604. Development, land, finance, and sales costs will be the same for market rate and affordable rate units. The hard Cost for the structure will have approximately the same cost per s.f. Therefore, the affordable unit price can only be adjusted by reducing the square footage of the unit and/or include less expensive finishes.

- In this model there is a \$40,000+-\$95,000+ spread between affordable housing sales price and market rate price points. This difference has to be made up some place in the costing formula. Because there is little or no profit at the affordable unit cost. There is no incentive to the applicant to produce units at \$180,000.
- To justify the risk for including affordable housing in a PRD development the per/unit land/development cost would have to be reduced and this can only be done by increasing the total project density (number of units per acre.) In this reduced land/development cost format the market rate units would effectively subsidizes the affordable units through higher densities.
- I am proposing that the Staff consider a bonus ratio of +5 units market for 1 unit affordable, not to exceed 30% of the allowable density in the zone. By doing this we help reduce the government's burden for affordable housing.

THIS IS AN INCENTIVE FOR AN APPLICANT TO TAKE THIS RISK WITH PRIVATE FUNDING. This proposal also achieves some of the Comprehensive Plan goals for the community to encourage "Infill Development" and a mix of housing types.

This is good for the consumer, community and economy. *and this doesn't cost the City anything for doing this!*
Rick Alberg

Typical Median Priced Townhome

Oak Harbor, Washington

\$220,000-\$275,000

Land (improved with fees paid)	\$60,000/unit	
Construction Cost:		
1,150 s.f. @ \$75/s.f.	\$86,250/unit	
Architect/Engineer (Design)	\$ 7,000/unit	
<u>Subtotal</u>		<u>\$153,250</u>
Developer/Contractor Fee/ OH 15%	\$ 22,988	
Financing (\$180,000 x 7% x 12 months)	\$ 12,600	
<u>Subtotal</u>		<u>\$188,838</u>
Sales & Closing Costs (9% x \$188,838)	\$ 16,995	
<u>Subtotal</u>		<u>\$205,833</u>
Market Condition Contingency 10%	\$ 20,583	
<u>Total Projected Cost</u>		<u>\$226,416</u>

Construction Financing:

70% loan to value $.70 \times 226,416 = \$158,491$

80% loan to value $.80 \times 226,416 = \$181,132$