CITY OF ELLENSBURG, WASHINGTON
Minutes of Council Meeting, Special Session
Date of Meeting April 9, 2001
Time of Meeting 7:00 p.m.
Place of Meeting Council Chambers, 100 North Pearl Street


Others present were City Manager Barkley; City Attorney Pidduck; Finance Director Carpenter; Community Development Director Witkowski; Deputy Clerk Keno; approximately ten members of the audience including members of the Ellensburg Planning Commission; and Daily Record City Reporter Halliday.

The meeting was called to order by Mayor Perrie at 7:00 p.m.

WILLIAMS PROPERTY PROJECT

On April 6, 1999 the City executed a purchase and sale agreement for the property known as the Williams Property. Bond anticipation notes were issued to fund the purchase of this property. The notes in the amount of $2,025,000 are coming due July 1, 2001. The City is still evaluating the use of the property for potential public and private uses.

Council reviewed two sample debt service schedules supplied by the City’s investment banker, Seattle Northwest Securities. The first schedule assumes issuing permanent financing for the property with twenty-year bonds. This schedule includes an extraordinary call premium (ECP) that allows for proceeds from the sale of a portion of the property to be used to buy down the amount of the debt. The City issued $2,025,000 in bonds to purchase the property; refinancing this amount over a twenty-year period would result in a new bond issue amount of approximately $2,090,000 including the cost of issuance. Interest rates would run approximately 3.25 to 5.25% and have remained relatively consistent since February, 2001. The second schedule reflects rolling the existing two-year note into another two-year note due in July of 2003. The interest rate would be about 4.6%. With the current low interest rates, staff feels the City should consider issuing permanent financing on the property.

Another option would be to make the entire issue taxable so the City could use the proceeds from selling a portion of the property to pay off the notes and for any municipal purpose that Council desires. Time is of the essence due to the bond issuance process and the need to pay off the existing note by July 1, 2001.

Interest rate ranges were discussed as well as those portions of the property earmarked for various purposes. In answer to Council inquiry, the percentage difference in interest rates with the ECP would be approximately ½ % higher. Including the taxable option on the property for resale would result in
approximately a 1% higher interest rate.

Council consensus was to direct staff to pursue a model that retains City ownership of the land designated for flood control and the park. Staff will come up with a plan for Council consideration that allows for as much flexibility as possible in the use of revenue from the sale while avoiding the tax implications at the same time. One model may include making half of the debt financing callable if Council elected to use part of the sale proceeds to retire debt. Council would also have the option at that point to invest those funds in projects associated with that plan.

STATE ENVIRONMENTAL POLICY ACT (SEPA) CODE AMENDMENTS

The decision to use a SEPA Committee has been called into question by the recent Association of Washington Cities’s (AWC) review of the City’s land use codes because the SEPA Committee meetings appear to conflict with the recent regulatory reform requirement that only a single public hearing be held during a project’s review process. The AWC attorney’s suggested remedy is for the City to get rid of the SEPA Committee and to designate a single individual as the SEPA responsible official. That individual would review the project under SEPA and comply with all SEPA procedure requirements without any meeting being held. Council requests additional discussion on the issue of who should be the City’s designated SEPA responsible official.

SEPA recognizes there may be a difference between the lead agency’s responsible official who makes the procedural determination under SEPA, and the agency decision maker who makes the substantive determination on the action or project. However, SEPA does not preclude the responsible official from also being the same individual as the decision maker. Staff has proposed that the Community Development Director or his/her designee be the SEPA responsible official. The Planning Commission has recommended that some other staff person, such as the Senior Planner, be designated as the SEPA responsible official. The Commission believes it would appear to be a more fair and unbiased system if the SEPA responsible official is someone who has no direct role in the permit review process.

Community Development Director Witkowski reviewed the SEPA process, including a background of the SEPA regulations and the options for appointing a SEPA responsible official under State law. The Planning Commission suggestion to designate the Senior Planner as the SEPA responsible official might appear to remedy the initial question of fairness, because a separate individual would be reviewing the project under SEPA totally separate from the permitting process. However, since the Senior Planner works under the direction and supervision of the Community Development Director, it is questionable whether the intended result would be any different. The proposed solution also has no guarantee or safeguard against the Senior Planner attempting to use SEPA authority to obtain development concessions beyond the City’s adopted development standards. In short, the SEPA appeal process is the proper remedy for any such potential, though unlikely, attempts by staff to abuse SEPA authority.
One councilmember expressed interest in obtaining an Attorney General’s opinion on the issue.

Several Planning Commission members and developers spoke at length about their reasoning for appointing the Senior Planner or some other staff person as the SEPA responsible official instead of the Community Development Director.

Council may discuss this issue again during consideration of the SEPA code amendments at its April 16, 2001 meeting.

**ADJOURN** Adjourn at 8:50 p.m. Bassett

Affirmed

Mayor

ATTEST: