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STAFF REPORT TO THE CITY COUNCIL

PROPOSED MILL PLANNING AREA ANNEXATION

**PREANNEXATION AGREEMENT
AND
ORDINANCE ESTABLISHING ZONING TO BECOME EFFECTIVE UPON ANNEXATION**

A. SUMMARY OF PROPOSED ACTIONS:

The proposed preannexation actions include adoption of a Preannexation Agreement among the City of Snoqualmie, Snoqualmie Mill Ventures, LLC, Weyerhaeuser Real Estate Development Company, and Ultimate Rally, LCC (dba DirtFish), and adoption of an Ordinance Establishing Zoning to Become Effective Upon Annexation (Preannexation Zoning Ordinance).

B. SEPA COMPLIANCE:

An environment checklist was prepared and a threshold determination was issued on July 27, 2011. This environmental review identified and evaluated potential environmental impacts from the proposed non-project actions. The threshold determination was a Determination of Nonsignificance that concluded that subject to City development regulations and the terms and conditions of the Preannexation Agreement, the proposed actions do not have any probable significant adverse environmental impacts. The SEPA comment period extends through August 17, 2011.

C. BACKGROUND:

Subsequent to a request by King County, on March 28, 2011 the City Council approved a resolution authorizing the Mayor to begin negotiations for an Interlocal Agreement (ILA) between the City and King County for annexation of a portion of the City's Mill Planning Sub-Area within the City's urban growth area as established in the King County Comprehensive Plan. The Interlocal Agreement ("ILA") method of annexation is authorized by RCW 35A.14.460.

Snoqualmie Mill Ventures, LLC and Weyerhaeuser Real Estate Development Company are the owners of the real property contained within the proposed annexation area. Ultimate Rally, LLC is the owner of the existing principal use business (DirtFish Rally School) located on the SMV property. RCW 36.70.B. 170-210 authorizes local governments to enter into Development Agreements with the owners of real property outside their boundaries as part of a proposed annexation. The proposed Preannexation Agreement has been negotiated by and between the City, Snoqualmie Mill Ventures, LLC, Weyerhaeuser Real Estate Development Company, and Ultimate Rally, LLC.

The objective of the Preannexation Agreement is to establish the agreements and commitments between the City, annexation area property owners, and the existing primary business entity relative to: the status of, limitations on, and sensitive area review and mitigation required for the existing uses within the annexation area; the standards and other provisions applicable to future special events to be held within the annexation area; and the comprehensive plan policy review and other planning requirements that must be fulfilled prior to any development within the annexation area. Secondary objectives are to maintain environmental quality, provide for certain public recreation elements, support jobs and economic development, and provide appropriate consideration for impacts on the surrounding rural area.

Pursuant to RCW 35A.330 the City has proposed an Ordinance Establishing Zoning to Become Effective upon Annexation. The proposed preannexation zoning is directed by and implements the land use designations established in the 2009 Snoqualmie Vicinity Comprehensive Plan. The ordinance would establish four zoning districts within the annexation area: Planned Residential zoning would be applied to the portion of the annexation area located outside of the floodplain and designated as Residential in the comprehensive plan. The floodplain portion of the annexation area would be zoned Planned/Commercial Industrial as designated in the comprehensive plan. The floodway portion of the annexation area would contain two open space districts, with the portion located between the Snoqualmie River and SE Mill Pond Road zoned OS-1, and the portion east of SE Mill Pond Road zoned OS-2.

The Preannexation zoning ordinance is being considered by the Planning Commission as required by SMC 17.85.010. The Planning Commission held two public hearings on the proposed ordinance and will make a recommendation to the City Council. The City Council held two hearings on the ordinance as required by State law. Upon annexation, the City's zoning map would be amended to include the annexed area with the districts as defined in the preannexation ordinance.

D. PHYSICAL DESCRIPTION OF PROPOSED ANNEXATION AREA:

The annexation area is generally located directly east of the current City of Snoqualmie corporate limits, between the Snoqualmie River and 396th Drive SE within Sections 29, 30 and 32 of Township 24, Range 8 East, W.M. in east King County, within the Mill Planning Area portion of the City of Snoqualmie Urban Growth Area (UGA). The proposed annexation area contains approximately 595 acres.

The City's wastewater treatment plant site abuts the annexation area to the northwest. The northern boundary of the annexation area abuts rural residential property and additional property owned by Snoqualmie Mill Ventures, LLC. The Weyerhaeuser haul road and the CalPortland gravel operation lie approximately 500 ft. north of the northern annexation boundary.

The annexation area is bordered on the east by 396th DR. SE and on the south and west by the Snoqualmie River. Rural residential properties adjoin the annexation area to the east of 396th Drive SE. The southwestern portion of the annexation area is traversed by SE Mill Pond Road.

E. APPLICABLE CITY PLANS, POLICIES and CODES:

1. The Snoqualmie Vicinity Comprehensive Plan 1994 with 2009 Amendments, Land Use Designation Map Figure 3.X
2. The Snoqualmie Vicinity Comprehensive Plan 1994 with 2009 Amendments, Element 8 Annexation Policies
3. SMC Chapter 17.55 - Use and Other Regulations
4. SMC Chapter 17.85 - Public Process Procedures
5. SMC Chapter 19.04 - SEPA Procedures and Policies
6. SMC Chapter 19.12 - Sensitive Areas

F. ANALYSIS:

Annexation Element Policies

1. A number of public comments received during hearings on the pre-annexation zoning ordinance addressed the annexation policies contained in Element 8 of the Comprehensive Plan. The key issues raised include the following:
 - Comprehensive Plan annexation policies related to further sub-area planning are not being addressed prior to annexation;
 - Comprehensive Plan policy 8.C.3.7 regarding contaminant presence and clean-up status of the former mill site is not being addressed;
 - Comprehensive plan Policies for the Mill Planning Sub-area related to flooding, including removal of prior floodplain fill, priority for achieving a city-wide long-term solution to flooding, and minimizing potential impacts of development on flooding are not being addressed.
2. The comprehensive plan annexation policies were developed in the context of property owner-initiated petitions for annexations to allow subsequent development under City zoning, including Snoqualmie Ridge Phase II and a former residential development proposal for a portion of the Snoqualmie Hills Planning Area. A majority of the policies therefore contemplate review in the context of a subsequent development proposal and cannot be effectively evaluated in the absence of a development proposal. The proposed annexation is simply a transfer of jurisdiction between King County and the City that does not involve a development proposal and it would be too speculative to evaluate consistency with most policies. Therefore, the proposed preannexation zoning ordinance and Preannexation Agreement prohibit any development within the annexation area until further sub-area planning and associated environmental review is completed that considers the applicable annexation policies, allowing for deferral of consideration of consistency with the annexation policies until a specific development or redevelopment proposal that exceeds the existing uses comes before the City. Deferring the application of the annexation element policies until there is a development proposal will also allow for a SEPA analysis based on a specific annexation implementation plan.
3. Since development of comprehensive plan policy 8.C.3.7 the former mill site property owner, Weyerhaeuser Co., conducted a number of voluntary studies pursuant to WAC 173-340 to evaluate the nature and extent of contamination in different areas of the site, based on knowledge of mill operations and past practices, and completed recommended remediation per those studies. Snoqualmie Mill Ventures provided the City with the following documents:
 - Level I Environmental Analysis, Shannon & Wilson, Inc., December, 1993.
 - Level II Environmental Site Assessment, Delta Environmental Consultants, June, 2004.
 - Level III Environmental site Assessment, Delta Environmental Consultants, December, 2005.
 - Supplemental Environmental Site Assessment for Former Lumber Strapping Area and Former Dip Tank Area, Delta Environmental Consultants, July, 2005.
 - Supplemental Environmental Site Assessment for Former Underground/Above Ground Storage Tank Area, Delta Environmental Consultants, July, 2005.
 - Permit Closure Report to King County DDES, Pacific Environmental and Redevelopment Corporation, Undated.
4. The clean-up work required permits and SEPA review from King County, which were issued in 2005. The Permit Closure Report submitted to King County DDES for the grading permit describes the work performed, including excavation areas, construction methods, and best

management practices that were implemented during construction, and the findings/conclusions of the work. The report states that post-remediation confirmation sampling verified that all residual concentrations of petroleum hydrocarbons and metals met the Model Toxic Control Act Cleanup Levels appropriate for future unrestricted land use, with the exception of one location within the Lumber Strapping Area, where additional soil excavation will be required once the location is accessible. The site is not a documented federal Superfund site and is not subject to any federal clean-up requirements. The proposed Preannexation Agreement prohibits any development within the annexation area until a determination is made regarding the need for further clean-up efforts.

5. A number of Mill sub-area planning policies relate to ensuring annexation and development in the area helps to "reduce and minimize flood damages within the City". However, a number of the noted policies, which date from 1994-2003, have been addressed, and others are aimed at annexation associated with a specific development proposal.
6. One policy directs that until a long term solution to preventing flood damages in the City is agreed to by King County and the City, annexation should be supported only when consistent with all flooding related policies. The policies related to a long-term solution to flooding have been fulfilled, to the extent feasible, through completion of the Corps 2005 Flood Damage Reduction Project, the City's on-going Hazard Mitigation Grant Program home elevations, and Puget Sound Energy's modifications of the dam and spillway at Snoqualmie Falls. The Corps 205 Flood Damage Reduction Project removed a bedrock constriction in the river channel immediately upstream of Snoqualmie Falls, resulting in an estimated 1.5 foot reduction in 100-year flood elevations in the City. The Hazard Mitigation Grant Program home elevation project has elevated more than 100 residences, and will continue into the future. The Puget Sound Energy dam modifications and side spillway currently under construction are projected to further reduce flood elevations in Snoqualmie during a 100 year flood. No additional flood reduction projects in Snoqualmie are presently under consideration by the City, King County or the Corps of Engineers.
7. The Mill Planning Area annexation policies include a provision that would require removal of existing floodway and floodplain fill associated with the former lumber mill activities and to require during development review [emphasis added] an assessment of the impact of development on flood storage and conveyance to insure no increase in flood hazards.
8. Regarding the fill, in 2002, the City had a professional geological engineer analyze historic aerial photos to compile a chronology of changes in site topography presumably resulting from fill activities to support a code enforcement action against King County regarding unpermitted filling on the mill site property. The analysis determined approximately 93,000 yd³ of fill had been placed illegally to establish a berm for the log sort yard and approximately 1.2 million yd³ of fill had been placed behind the berm within the sort yard. It was determined that the sortyard fill was placed prior to the County having regulations prohibiting fill in the floodplain and therefore was not illegal at the time. Regarding the berm, the Hearing Examiner ruled against the City, in favor of King County and the county has not pursued any actions to compel removal. The property owner has since voluntarily removed a substantial amount of fill from the berm and the berm has been breached to allow floodwaters to flow around it.
9. The existing businesses are making use of existing structures and roads on the former mill site. No development is currently proposed or anticipated in the near term for any portion of the annexation area that would have an impact on flooding. It would be impossible to assess the cumulative impacts of future development on the floodplain and determine methods of controlling those impacts when no development plans have been submitted. The further planning and environmental review that the proposed Preannexation Agreement would require be completed prior to any development, along with application of the City's flood

hazard regulations to future development proposals, will address the comprehensive plan policies regarding flooding impacts at the development review stage, as contemplated by the policy.

10. Appendix A provides an analysis of consistency with the applicable policies contained in Element 8 of the comprehensive plan – Annexation Policies, including both general annexation policies and those specific to the Mill Planning Area.

King County Zoning P-suffix Conditions

11. The existing King County zoning for the property is Industrial for the former mill site within the floodplain, and Urban Reserve for the floodway portion, including the mill pond, with both districts subject to set of property-specific P-suffix conditions, attached in 1997. A number of public comments addressed concern that the P-suffix conditions attached to the King County zoning will not be addressed and will be lost.
12. The P-Suffix conditions are King County zoning conditions, and are intended to control King County processing of development or re-development applications to King County. King County is not proposing to have the P-Suffix conditions adopted by the City of Snoqualmie, and is not proposing any joint planning process after annexation.
13. A primary purpose of the P-suffix conditions is to establish a process that allows for City review and comment on a development application, but does not give the City planning, regulatory, or decision-making authority over use and development on the property, which is a significant portion of the City's designated urban growth area. It is in the City's interest to have long range planning, zoning, and regulatory control, along with development review and decision-making authority over future use and development of its urban growth area, as intended by the Growth Management Act.
14. The P-suffix conditions support continued industrial use of the property and, like the comprehensive plan annexation policies, assume a context of development/redevelopment.
15. The annexation implementation planning and associated SEPA review required by both the preannexation zoning ordinance and Preannexation Agreement, and the Preannexation Agreement requirement to provide a sensitive area study pursuant to SMC 19.12 for the existing uses, will address the P-suffix issues. Further, the required future Planned Commercial-Industrial and Planned Residential master planning and project review processes, together with application of City code and permit requirements, including additional SEPA review, will provide additional controls that address the P-suffix issues at a site and project-specific level.
16. The P-suffix conditions do not require removal of the berm or sortyard fill.
17. Appendix B provides a more detailed analysis of how and when the planning and development considerations covered by the County zoning P-suffix conditions will be addressed pursuant to the requirements of the proposed Preannexation Agreement and proposed preannexation zoning.

Sensitive Areas

18. A number of comments received during hearings on the pre-annexation zoning ordinance expressed concern about impacts on water quality and sensitive areas from existing and future uses and development within the annexation area. The City's Sensitive Areas regulations, Chapter 19.12 SMC, address wetlands, streams, channel migration zones, aquifer recharge areas, fish and wildlife habitat conservation areas, and geologically hazardous areas.

19. The proposed Preannexation Agreement requires Snoqualmie Mill Ventures to provide the City with a sensitive areas study pursuant to SMC 19.12.050 for City review and approval within 30 days of the effective date of the annexation. The purpose of the study is to ensure that all aspects of the operation of the driving school and any special events that may be held on the property will comply with the requirements of chapter 19.12 of the Snoqualmie Municipal Code. Per the Preannexation Agreement, mitigation conditions imposed on operation of the driving school by the City as a result of the sensitive areas study shall be deemed to be conditions of the business license of the specialized driving school and any temporary and/or special event permit.
20. The City is in the process of updating its stormwater and clearing and grading regulations, including adoption of the King County Pollution Prevention Manual, which will apply to the property after annexation. These regulations will require best management practices for all activities on all land within the City's corporate limits to prevent pollution from entering surface and ground waters.
21. The Preannexation Agreement restricts future development within the annexation area until further planning to address applicable comprehensive plan policies is completed and until additional environmental review under SEPA is completed to address potential impacts.
22. Any future development proposal that contains or is adjacent to a sensitive area will be required to submit a site and project-specific sensitive area study and will be subject to the applicable requirements of SMC 19.12 to protect sensitive areas. Future development projects will also be subject to project-level environmental review under the City's SEPA regulations.
23. Future development proposals will also be subject to all applicable requirements of the City's other environmental regulations, including Flood Hazard, Chapter 15.12 SMC, Surface and Stormwater Management, Chapter 15.18 SMC, Clearing and Grading, Chapter 15.20 SMC, and Shoreline Management, Chapter 19.08 SMC.

Land Use Designations, Proposed Zoning and Use Allowances

24. SMC 17.85.010(C) sets forth the criteria for zoning code text and map amendments and specifies at sub-section (1): "The amendment shall be in conformity with the adopted land use policy of the city as established in the Snoqualmie Vicinity Comprehensive Plan, and in the public interest."
25. The Comprehensive Plan land use designations were established in consideration of land use objectives and policies regarding provision of sufficient capacity to meet assigned employment targets and promote economic development to enhance local employment opportunities and provide a diverse and sustainable economic base for the City (sections C.5 and 3.F).
26. The Comprehensive Plan provides land use designations for the Mill Planning Area in Figure 3.6 Snoqualmie Falls and Mill Planning Areas Land Use Designations. The Comprehensive Plan designates the floodplain portion of the proposed annexation area as Planned Commercial/Industrial (PC/I), designates the floodway portion as Open Space, and designates the upland portion along 396th Drive SE as Residential.
27. The proposed Ordinance Establishing Zoning to Become Effective upon Annexation would establish zoning districts for the annexation area that are consistent with and implement the land use designations of the City's comprehensive plan, as required by city code. Upon annexation, the City's zoning map would be amended to apply the zoning districts specified in the preannexation zoning ordinance:
28. The portion of the Annexation Area designated as Planned Commercial/Industrial shall be zoned Planned Commercial/ Industrial, pursuant to section 17.20.050 SMC;

29. The portion of the Annexation Area designated as Residential on the Snoqualmie Vicinity Comprehensive Plan Land Use Map shall be zoned Planned Residential, pursuant to SMC 17.15.050;
30. The portion of the Annexation Area located south and west of S.E. Mill Pond Road and designated as Open Space on the Snoqualmie Vicinity Comprehensive Plan Land Use Map shall be zoned Open Space 1 (OS-1), pursuant to SMC 17.25.020(1); and
31. The portion of the Annexation Area located north and east of S.E. Mill Pond Road and designated as Open Space on the Snoqualmie Vicinity Comprehensive Plan Land Use Map shall be zoned Open Space 2 (OS-2) , pursuant to chapter 17.25.020(2) SMC.
32. Of the area currently zoned Industrial in King County, the proposed preannexation zoning ordinance would zone the floodplain portion to Planned Commercial/Industrial, and the upland portion to Planned Residential, consistent with the comprehensive plan.
33. Both the PC/I and PR zoning districts are more restrictive in terms of allowable uses than the County Industrial zoning district they would replace.
34. The King County Industrial district allows a number of heavy industrial uses as permitted, conditional or special uses, subject to certain conditions (KCC 21.08.100). Uses such as aircraft building, tire retreading, transfer stations, and asphalt/concrete mixing plants are permitted outright. Manufacturing uses such as textile mill products, paper products, chemical products, petroleum refining and related products, and rubber, plastics and metal products are allowed as conditional uses. A number of commercial uses and indoor and outdoor recreational uses are allowed including shooting ranges. Racetracks and stadiums/ arenas are allowed as special uses, subject to special use permit review procedures.
35. The PC/I district allows commercial, light industrial and warehouse uses and prohibits heavy industrial uses. Light industrial uses are those that are carried out entirely indoors, do not involve outdoor storage of materials or products, and don't use, store, produce, transport or discharge polluting or hazardous wastes or byproducts. Racetracks are not listed in the Table of Uses set forth in SMC 17.55.020, but construction of a racetrack within any of the proposed zoning districts within the annexation area is expressly prohibited by the terms of the proposed Preannexation Agreement. Likewise, the proposed Preannexation Agreement also prohibits motorized vehicle racing except as allowed as a temporary use, subject to the limitations in the agreement.
36. The existing rally car driving school use is similarly classified and regulated in both the King County Code and the Snoqualmie Municipal Code. It is considered a specialized driving school under General Services Land Uses category in the King County code and is an allowed use in the Industrial district. Under the City zoning code, the rally car driving school would be considered a retail or commercial service, which is a permitted use in the PC/I district.
37. The King County Urban Reserve district permits a wide range of commercial, recreational, agricultural and industrial uses, for example including sporting goods stores, liquor stores, livestock sales, brewery, kennels, wood products manufacturing, destination resorts, sports clubs, campgrounds, RV parks, churches, and schools.
38. Both of the City Open Space zoning districts proposed for the floodway portion of the annexation area are more restrictive than King County's Urban Reserve district, as intended to support the existing natural character and constraints of the area. The OS-1 district allows open space, low intensity recreation and limited agricultural uses, while the OS-2 district is intended for formal and active park uses as well as other recreational uses such as golf courses and riding stables, and includes the developed parks within the city. The OS-1 district is appropriate for the portion of the annexation area located between SE Mill Pond

Road and the Snoqualmie River, which contains undeveloped natural riparian forest and wetland areas and will be subject to critical area buffer and shoreline setback requirements.

Noise Impacts

39. The City has adopted King County's noise regulations at SMC 8.16.050(H). Therefore, the permissible noise levels for existing and future uses will be the same whether or not the property is annexed.
40. The City has commissioned a noise analysis on the DirtFish Rally School outdoor driving activities, to be conducted by a professional acoustical engineer. The study will evaluate the noise level on and off the DirtFish property resulting from rally car driving and determine whether the level of noise generated conforms to the City and County noise regulations. The results of the study will be available for Council consideration prior to making a decision on the proposed actions.
41. The 2-day ESPN Rally Cross race event that occurred in April, 2011 generated significant noise that was impactful to residents of both the City and the surrounding rural area. To limit the potential for such noise impacting events, the Preannexation Agreement limits the number and duration of such vehicle racing events to no more than two, two-day events per year, subject to a temporary use permit and special event permit. The Preannexation Agreement also specifies that other special events shall be evaluated on a case by case basis for external noise and other impacts, and mitigating measures may be required.

Public Roads

42. SE Mill Pond Road is in poor condition. Staff pursued a cost-share agreement for needed repairs as part of the Interlocal Agreement for annexation with the County. King County has indicated they will not agree to a cost-share. The City can consider a number of options if the annexation is approved, which could include closing a portion of the road, possibly to convert it to a trail. Although there would be costs associated with trail maintenance, these activities would be a normal part of the City's parks and trails program.
43. There has been agreement at the staff level that King County would retain maintenance and repair responsibility for 396th Drive SE until such time as 50% of the daily trips generated are from within the City.

G. CONCLUSIONS

1. The proposed zoning is in conformity with the adopted land use policy of the city as established in the Snoqualmie Vicinity Comprehensive Plan, and is in the public interest.
2. The proposed zoning districts are more restrictive as to the nature and intensity of permitted uses than the existing King County zoning districts established for the annexation area and are consistent with the City's long range plans for economic development.
3. Permissible noise levels for existing and future uses will be the same whether or not the property is annexed, and the proposed Preannexation Agreement establishes reasonable limitations on the number and duration of noise-generating temporary special events in consideration of the potential impacts on surrounding properties.
4. The provisions of the proposed preannexation zoning ordinance and Preannexation Agreement, along with the Sensitive Area and other development and environmental regulations in place, including Flood Hazard, Chapter 15.12 SMC, Surface and Stormwater Management, Chapter 15.18 SMC, Clearing and Grading, Chapter 15.20 SMC, and Shoreline Management, Chapter 19.08 SMC, will adequately address potential impacts to water quality

- and sensitive areas from existing and future use and development within the annexation area.
5. The further planning and environmental review that the proposed Preannexation Agreement would require be completed prior to any development, the master planning requirements of the Planned Commercial/Industrial and Planned Residential regulations, and application of the City's zoning and environmental regulations to future development proposals will adequately address the comprehensive plan annexation policies at a more appropriate stage in the context of more defined planning and development proposals.
 6. It is in the City's interest to have long range planning, zoning, and regulatory control, along with development review and decision-making authority over future use and development of its urban growth area.


Nancy Tucker, Planner Director

8-5-11
Date

