



Agenda
REGULAR CITY COUNCIL WORKSHOP
Richland City Hall ~ 505 Swift Boulevard
Tuesday, January 28, 2014

City Council Regular Workshop 6:00 p.m.

(Discussion Only - City Hall Council Chamber)

Agenda Items

1. Tri-City Regional Public Facilities District Election Summary Report by Matt Watkins, Chair (15 minutes)
 - Cindy Johnson, City Manager
2. Badger Mountain South Development Update (45 minutes)
 - Bill King, Deputy City Manager
3. Executive Session to Discuss Potential Litigation per RCW 42.30.110 (1) (ii) (15 minutes)
 - Heather Kintzley, City Attorney
4. Executive Session to Discuss Legal Risks of Current Practice or Proposed Action per RCW 42.30.110(1) (iii) (15 minutes)
 - Heather Kintzley, City Attorney

Adjournment

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Council Workshop Coversheet

Council Date: 01/28/2014

Agenda Item : W2

Key Element: Key 3 - Economic Vitality

Subject: BADGER MOUNTAIN SOUTH DEVELOPMENT UPDATE

Department: Community and Development Services

Document Type: Discussion

Summary:

Before the decision to annex south of Badger Mountain, the City wrestled with the difficulty of trying to extend City services beyond a significant geographic barrier. Just as in 1970 when the City decided to annex south of the Yakima River, it was understood that the initial costs would be high and it could take many years for the offsetting revenues from new development to materialize. To help minimize these risks, the City entered into a 2010 development agreement with NorAm, the developer of the Badger Mountain South master planned community. The agreement requires Nor Am to front the initial cost of utility extensions and also tied the phased development of parks and other public facilities to the availability of new revenues.

Attached is a brief update of the project status and recent milestones provided by Nor Am (attachment 3). The first phase of utility work is now complete and the first homes are being built. Later this year, the first retail project, Country Mercantile, will be under construction. This means more revenue, but also an increase demand for City services. Prior to annexation, staff modeled the expected costs of new services and offsetting revenues (attachment 4). Now that we are receiving real data, staff will revise the model based on actual costs, revenues and growth rates.

The fact that this area is geographically and jurisdictionally separated from the rest of the City creates special problems for public safety. Multiple jurisdictions are crossed in response to any callout. Limited access also means that catastrophic events could cut this area off from services. The Police Department is seeing an increase in calls for service to this area which pulls resources out of more populated areas of the City. The Fire Department has worked with the developers to help mitigate some of these issues. For example, fire sprinklers are required in all structures including single family residences. Staff is also encouraging the wide deployment of automated external defibrillators (AED) and alert apps to compensate for longer than normal response times. Eventually, as the population of this area grows, a new fire station and additional police patrols are anticipated.

Staff will discuss the progress, challenges and opportunities associated with this newly emerging area of the City. Attached to this report are notes from Public Works (5) and Energy Services (6) summarizing some of the issues to be discussed. Police, Fire and Parks will also provide status reports and Lorne Combs from Nor Am will be present to answer questions.

Attachments:

- 1) Vicinity Map
- 2) Badger Mountain South Neighborhood Plan
- 3) Status Update
- 4) Badger Mountain South Cost-Benefit Modeling
- 5) Public Works Report
- 6) Energy Services Report

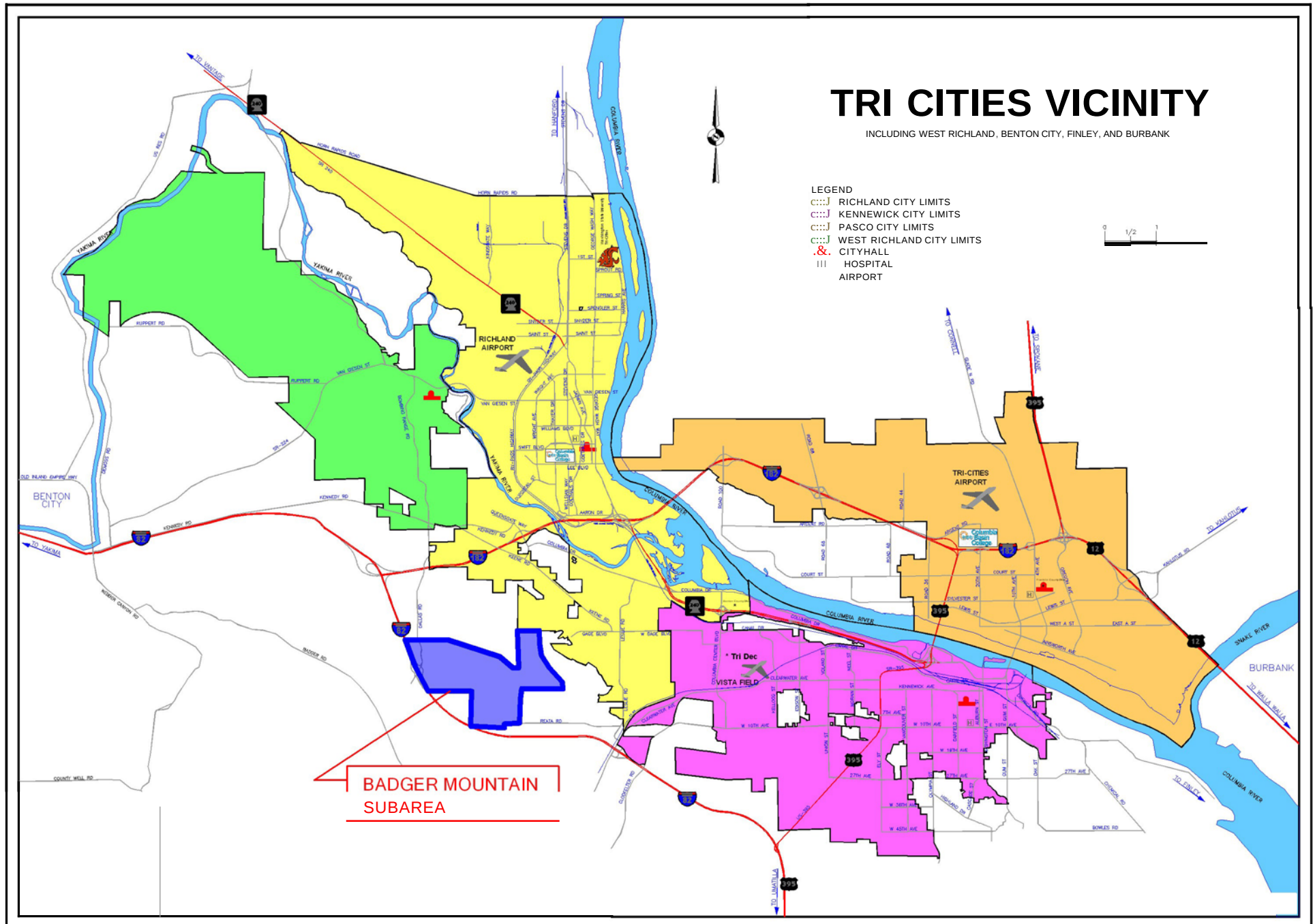
Post Council Status Pending

City Manager Approved:

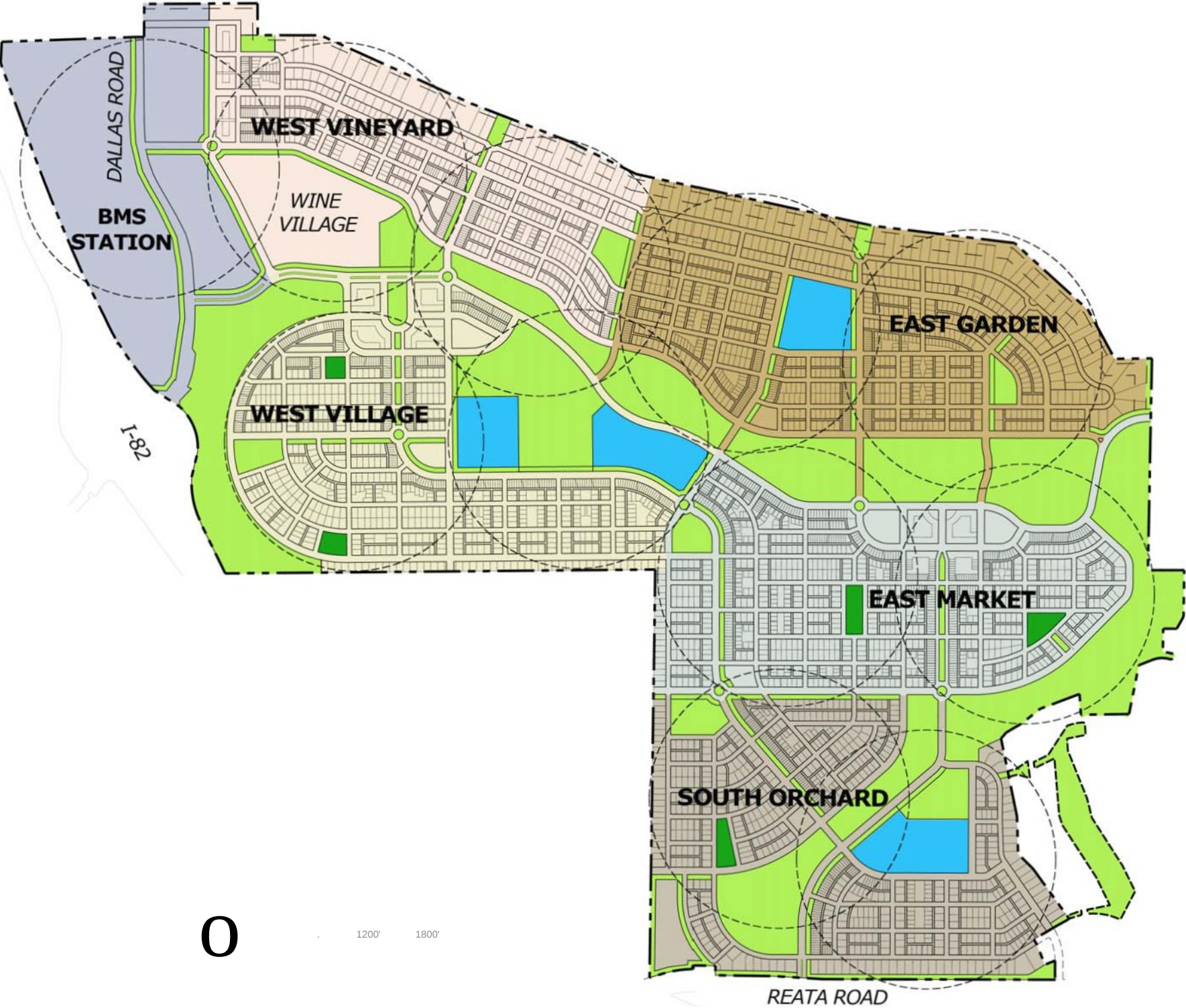
Hopkins, Marcia
Jan 24, 14:13:37 GMT-0800 2014

Attachment 1

Vicinity Map



Attachment 2
Badger Mountain South
Neighborhood Plan





Badger Mountain South Project Status Update

January 28, 2014

Overview:

Badger Mountain South is a 1,500 acre, mixed-use development in South Richland at Dallas Road and the I-82 Interchange. It will include 5,000 housing units, of both single-family and multi-family housing, within five residential neighborhoods and have an estimated population at full build out of approximately 15,000 persons. Badger Mountain South is also designed to include areas for 1+M sq/ft. commercial development, principally along Dallas Road, with two mixed-use villages within the community. Winery-oriented and other compatible commercial and mixed use development will occur within a unique 40-acre area called Veneto Villaggio.

Badger Mountain South's design is based on the principles of "walkability and sustainability" – all neighborhoods are connected by sidewalks and an extensive system of trails; passive solar, and water and energy conservation goals are included in the unique development regulations adopted for Badger Mountain South, called the "Land Use and Development Regulations", the "LUDR". Future school sites for three elementary schools and one middle school are identified; one elementary school site is owned by the Kennewick School District and the three other sites lie within the Richland School District boundary. Over 400 acres will be dedicated for parks, trails and open space when the project is completed in 2025.

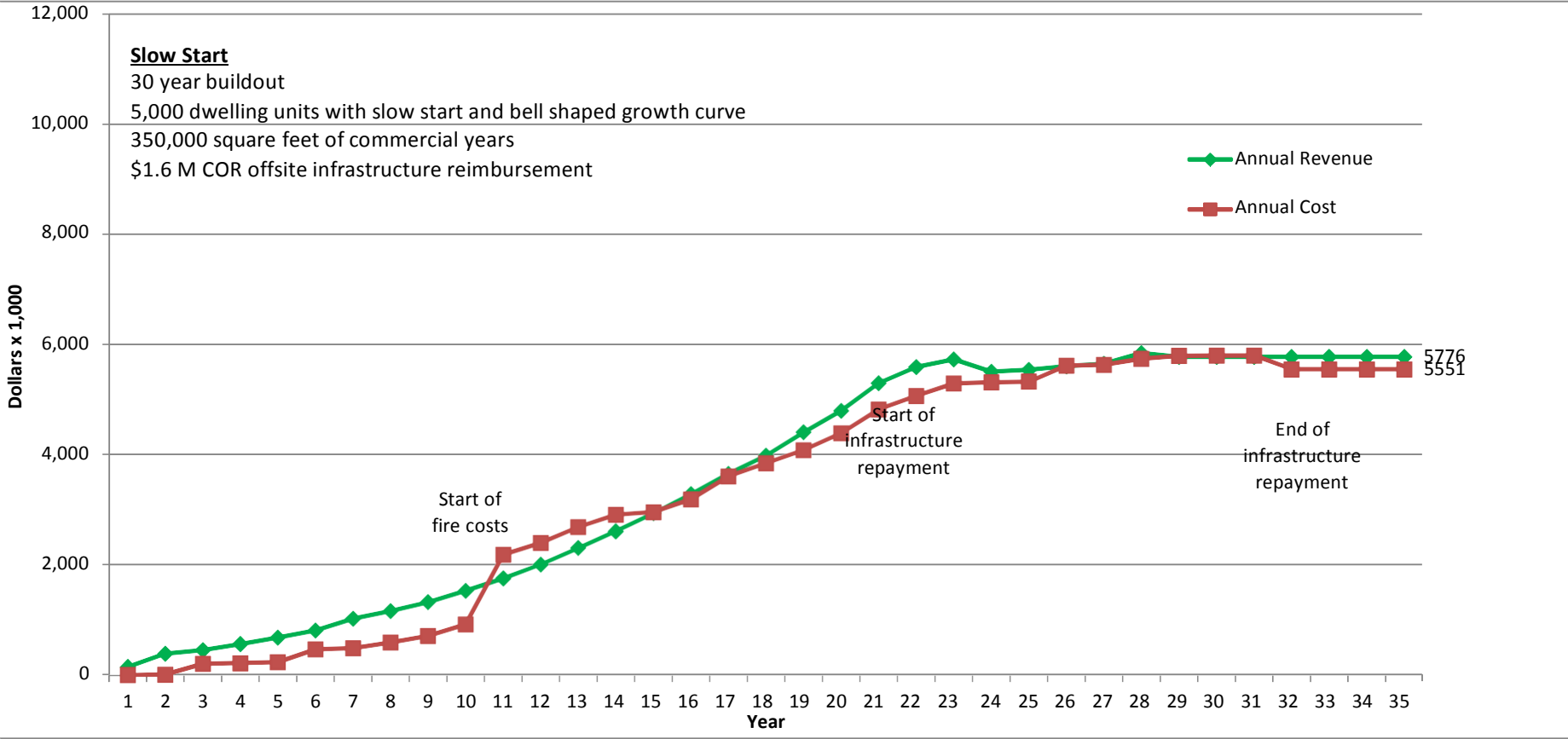
Recent Milestones:

- Over \$10M private investment in infrastructure has occurred: a 1M gallon water storage tank; miles of new water lines and sanitary sewer lines; a sanitary sewer lift station and water station were constructed; numerous streets and related landscaping, and an intertie to the Badger Mountain Irrigation District for potable was built.
- Engineering and planning studies are underway for sanitary sewer service to portions of Badger Mountain South not already served by the City's sanitary sewer system.
- The ownership group is now actively exploring the use of deep well, geothermal options for heating and cooling for commercial and residential development.
- A Health Care Campus Master Planning effort is now ongoing with the Kadlec Regional Medical Center for a 45-acre site located north of AVA Way and east of Dallas Road. The intent is reinforce the community's overall "healthy living" concept with health care facilities, senior housing and related development in a campus-like environment that is linked into the

West Vineyard residential neighborhood to the east and Veneto Villaggio to the south. Kadlec Regional Medical Center now owns a five-acre parcel within the campus area and its senior management is taking an active role in the campus planning effort.

- A master plan was developed for Veneto Villaggio and organizes it into four “districts”. The districts will be connected through a rich pedestrian environment that links the Wine Village, vineyards, wineries and tasting rooms, hospitality, mixed uses, limited residential and other compatible commercial. A master grading permit application was filed and approved and site work is ongoing. A Binding Site Plan application for Veneto Villaggio is scheduled to be submitted to the City by mid-February, 2014.
- Construction plans are now under City review for Veneto Villaggio’s first commercial project, Country Mercantile (expanding from its original store located in Pasco). The building is about 17,000 sq. ft. and will feature a similar retail offering as at the current location, as well as a bakery and areas for outdoor dining and seating. The adjacent Country Mercantile parking lot plans were recently approved and grading for the parking will begin shortly.
- The West Vineyard, phase 1, neighborhood plat was approved last year and housing is now being constructed there. The plat includes housing, parks and trails while a future phase will include a multi-family project as well as additional single-family housing.
- The first phase of the Badger Mountain South trail system was constructed along AVA Way at the time the West Vineyard, phase 1, plat was approved. The Badger Mountain South trail system is designed to be built as development occurs. It will ultimately link across the project from Dallas Road to Reata Road, and provide an alternate route for pedestrians and bicyclists within the development.
- A preliminary plat application for the South Orchard, phase 1, neighborhood area was filed with the City at the end of December 2013. The South Orchard neighborhood fronts onto Reata Road to the south and includes 281 lots, a site for the future Kennewick School District elementary school, limited commercial sites, parks and trails, as well as a future 6-acre City of Richland neighborhood park.
- A preliminary study has just started for extending infrastructure east from Dallas Road, south of Veneto Villaggio, toward the future West Market neighborhood.

Attachment 4
Badger Mountain South
Cost/Benefit Modeling



Badger Mountain South Development – Public Works Activities and Interests

Water System:

The Badger Mountain Subarea Plan proposed potable water service through a partnership between the City and Badger Mountain Irrigation District (BMID). Non-potable irrigation water is to be delivered by the BMID.

The planned partnership for potable water service has been established through agreements between the City and BMID. The City will be the retail service provider for the entire subarea, with BMID required to provide some treated water capacity to the City in the future.

The first phase of infrastructure extension needed to provide service has been completed, funded almost entirely by the Badger South development group. The City contributed funds to acquire property for a pump station site and a water storage reservoir site and a minor share of a pipeline extension to the BMID system. The development group funded construction of the pump station, storage reservoir, and the pipelines. The City Council recently approved a latecomer agreement whereby the developer and City will recover a portion of their expenses from selected properties that may connect to these systems in the future.

To ensure that water quality standards were met for City-supplied water the City and BMID partnered to increase the demand on City water supplies by delivering City water to the entire BMID drinking water system and to provide for the ability to pass City water through the BMID system from the west to the City system off of Rachel Road. These modifications were completed in the fall of 2013 and will be fully operational for 2014.

The water supply pump station and storage reservoir are adequate to support at least fifty percent (50%) of the planned development within the subarea. As the development approaches that 50% threshold additional water pumping capacity and storage will be required. These facilities will be funded through a combination of developer funds and new customer connection fees collected by the City. No funds from user rates are planned for these future improvements.

New customers in the Badger South subarea will pay the same user rates for water service as other customers in the City. These rates provide for full cost-recovery for system operations.

Wastewater System:

The Badger Mountain Subarea Plan called for wastewater to be routed to the existing City sewer collection system for delivery to the treatment plant, which contains adequate capacity to support full buildout of the subarea. The subarea is divided into two drainage basins for the purposes of collecting and routing wastewater, with both basins' sewage to be routed to a pump station in the westerly basin. This plan, when fully implemented, will require increasing the capacity of the existing City collection system.

The developer has funded and completed pipelines and a pump station to support partial development of the westerly basin. The City did not contribute funds to this construction. Funding and construction of additional capacity will be the responsibility of the developer. The City may contribute to oversizing of the future capacity expansion as preparation for other property's use of the expanded facilities.

As an outgrowth of the Reata area annexation this past year the Badger subarea developer and the City are exploring formation of a Local Improvement District (LID) to provide sewer service to the easterly basin within the subarea. The engineering planning for LID is approximately 80% complete. In the coming months land appraisals will be completed and an LID petition circulated. If the LID receives property owner support it will be presented to Council later in the first half of 2014.

New customers in the Badger South subarea will pay the same user rates for sewer service as other customers in the City. These rates provide for full cost recover for system operations.

Solid Waste Services:

In accordance with state law the City has executed agreements with Basin Disposal and Waste Management regarding solid waste collection services to the Badger South subarea. Pursuant to those agreements Basin Disposal will provide all residential and commercial solid waste collection services for a period that ends in 2020, with the exception that by written agreement the City may provide the blue can recycling service to the area if Basin Disposal declines to do so. A provision of the agreement with Basin Disposal requires customers in the Badger subarea to pay a monthly surcharge to the City for the opportunity to use the City's landfill transfer station at the Richland resident rates.

With these agreements in place the service load on the Solid Waste Utility for this subarea will be very small until at least 2020. In 2020 the City will have the option to assume service through its own operation or extend the contract with Basin Disposal.

Stormwater System:

Stormwater conveyance and treatment systems will be constructed to City requirements in the Badger subarea. Because of the topography these systems will not impact existing stormwater systems.

New customers in the Badger South subarea will pay the City's stormwater utility rate. This rate provides full cost recovery for the City's stormwater management programs, including street sweeping.

Transportation System:

The Badger Mountain Subarea Plan details the on-site and off-site traffic improvements needed to support the development. The master development agreement between the City and developer requires the developer to perform periodic impact analyses and fund needed off-site system improvements as called for in the analysis.

With development just getting underway, the timeline for off-site system improvements is likely years away.

Badger Mountain South Development - Electric Utility Activities and Interests

Electrical Service Needs:

Badger Mountain South (BMS) was presented to the City in late 2009 with a future vision serving roughly 6,000 residential structures and 2.3 million square feet of commercial property. At full development build-out, this represents approximately 36 MegaWatts (MW) of new electric utility load. For perspective, the City currently delivers approximately 100 MW of load annually throughout its entire electric utility service area.

To provide initial service to the BMS area, about 2.5 miles of new electrical infrastructure needed to be extended along Dallas Rd starting on the north side of the I-182 overpass. The line extension was comprised of new underground system of conduits and vaults, new poles and overhead lines, and a re-cabling of existing overhead line purchased from Benton PUD. Once to the new development site, the City installed and terminated power cabling and installed transformers to service the first phase development plans. The BMS developer has paid the City a total of \$701,985 to complete the line extensions and service connections to-date.

Major Electrical Infrastructure Needs:

City crews extended existing power lines at developer's cost in order to provide electrical service for the first few development phases. However, over time this capacity to serve will be reached and a new electrical substation will be necessary near Dallas Rd and I-82. Along with the new Dallas Rd. substation, approximately 6000ft of transmission power lines will be constructed to connect this new substation into the existing transmission line grid operated by the Bonneville Power Administration (BPA).

The Dallas Rd electrical substation and associated transmission lines are included in the City's capital improvement plan (CIP), currently scheduled for completion in 2017. Budgeted expenditures of \$1.2 million are included in 2014 to secure right-of-way and begin construction of the transmission lines. The total cost of this four year project is estimated at \$9.2 million. The need for the substation goes well beyond the needs of the BMS development; however, the BMS developer will be required to pay for a portion of costs of the new substation. The amounts and timing of payment of these costs by the BMS developer are subject to negotiation and a staff recommendation is expected to be brought back for Council consideration as a proposed revision to the Badger Mountain South Developers Agreement in the summer/fall of 2014.

The new Rachel Road electrical substation project also in the City's CIP will eventually assist in serving the electrical power needs in the eastern portion of the BMS development area.

Sustainable Energy Projects in the BMS Area:

The City Energy Services and Public Works departments partnered with the developer for BMS West Vineyards in a pilot project of light emitting diode (LED) street lights. City Council approved the joint agreement April 2, 2013 with the City providing \$125k to pay for the difference between the new LEDs and the City's standard high pressure sodium street lights.

The installation included 83 American Electric Lighting Autobahn Series street lights including 70W, 67W, and 52W fixtures on 30' high poles. The layout was designed by DKS Associates of Portland, OR to test the recommended lighting levels. The installation included a control system that allows adjustment of lighting levels and alerts for malfunctioning fixtures.

The LED fixtures are expected to result in operational cost savings by increased fixture life and lower energy usage per fixture. The lights are now operational and the City is evaluating the effectiveness of the LEDs. The results of this pilot project will provide valuable information that will be used for future recommendations for Council's consideration regarding street light standards and a possible street light retrofit project.

Although not directly tied to City operations, the BMS developer is doing first phase project development research to determine whether a geo-thermal electrical generation project can be used to conserve energy throughout the BMS area. The City may be able to benefit from this sometime in the future when it must come under compliance with the Washington State Energy Independence Act and began meeting regulatory targets for renewable energy generation sources as well as energy conservation targets. The BMS developer has consistently pursued and supported sustainable energy projects that are cost effective.



