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Steamboat Springs City Council

Via e-mail to Julie Franklin, City Clerk, Jon Roberts, City Manager, Wendy DuBord, Assistant City Manager, Bob Litzau, City Finance Director, John Eastman, Planning Services Manager, Tom Leeson Planning and Community Development Director, and Philo Shelton Director of Public Works, Laura Anderson, city engineer with hard copy hand delivered

RE: Steamboat 700 annexation

Dear President Antonucci and Members of City Council:

I am writing you to explain my vote against the September 29 letter of support from the Routt County Board of County Commissioners (RCBCC) for the 9-23-09 version of the Steamboat 700 Annexation. My reasons for not signing the support letter are both procedural and substantive, the latter based on remaining questions about some provisions of the annexation. I share the majority view in the letter commending City Council, City Staff, and City Planning Commission for your diligent and comprehensive review. I thank you for your commitment and hard work. I also think that the developer should be commended for going beyond requirements in some areas of concern.

The origin, timing and lack of full, public RCBCC discussion of the provisions of the annexation agreement are a major basis for my decision not to sign the September 29 letter. The request came in an e-mail from Peter Patten to Commissioner Stahoviak last Thursday, September 24. I do not feel that the RCBCC has had adequate time to carefully review the data, the issues, and the content of the current annexation agreement to determine what the impacts will be on the citizens-taxpayers. Furthermore, this request did not come either from City Council or from a majority of citizens in an open, public process.

When I take a position on a policy, especially one that will affect our citizens for at least the next 35 years, I must scrutinize all evidence and listen carefully to public comment in order to get critical questions resolved. To support this or any other annexation, I must agree with all provisions, and I need to ensure that all necessary provisions are included to be confident that the people do not bear the burden of negative impacts, especially fiscal impacts.

As you well know, annexation requires a much higher standard of benefit/cost ratio than a usual land use approval. Conformance with all adopted plans is only the baseline starting point. The people must be held harmless and realize a substantial advantage. The bar is so high because the consequences

of any annexation are permanent for the municipality and its current and future residents. If an annexation agreement does not cover the fiscal, environmental and social costs, these will multiply for our children and grandchildren. It is crucial to have an ironclad agreement now, because we do not get a second chance.

I attended the first open house for the WSSAP in June of 1996 as a new member of the Routt County Planning Commission. In 1999, as the Vice Chair of the RCPC, I voted for the 1999 plan because it ensured controlled growth with new traditional neighborhood design standards, including a village commercial center, transit & pedestrian oriented development with a multimodal transportation system, 33% affordable housing, and fiscal neutrality for residents of currently incorporated City of Steamboat Springs. As Vice Chair of the RCPC, I continued to be involved in the evolution of the WSAAP through 2006. From January 2009 to April of 2009, I served on the US 40 Funding Task Force as a Routt County commissioner with County staff, a City Council member, City staff, and Steamboat 700 consultants. We examined potential revenue and costs, including cost sharing, for US 40 improvements over the next 30 years. I have also been a County representative on the US 40 NEPA Project Working group, attending meetings and reviewing all materials with eh consultants since early 2009

Given that experience, my attendance at the July 14 City Council meeting regarding capital costs and fiscal neutrality for them, and my reading of the September 2 fact packet, the 9-23-09 draft of the Annexation Agreement, plus exhibits, the 9-29 city Council Packet, and the September 25 letter to you from Fox-Higgins Transportation Group, I still have questions about: 1. the provision of 20% affordable housing, which is the minimum requirement in WSSAP and 2. the fiscal impacts on current and future residents, especially capital deficits.

The current version of the CHP requires the developer to donate 12.5 acres in several pods to the City. The City or another entity chosen by the City would use the RETF to construct affordable housing. We would need 32 units per acre to achieve the WSSAP minimum 20%, let alone a "substantial" advantage over that. This means multifamily units, with possibly the majority at 700-800 sf. Yet the experience with First Tracks as well as the excellent YVHA Housing Demand study show that smaller condos or multifamily with more than duplex unit configuration are not in great demand by buyers. They are very important for renters.

My impression is that members of the public who strongly support this annexation do so based on the assumption that single family homes/duplexes will be readily and quickly available for our workforce. Given the phasing and the acreage per pod, it is important to remember that the minimum required 400 units will not be fully realized until full build out, and that the units will be primarily smaller multifamily units. Moreover, there appear to be remaining questions about the RETF as a funding source, including the fact that no RETF will be collected until the second sales after initial development and first sale. There are several provisions in the annexation agreement Exhibit G that address this, but I think that the implications of item K in the CHP need to be further examined. As it now reads, I am not convinced that the Draft 9-23 annexation agreement will result in substantial advantage regarding

provision of affordable housing. It will not do so in the near future; this phasing/timing needs to be specifically shown so that the public is aware of these details.

I still have some questions about the revenue neutrality for capital, especially US 40 and any needed enlargement of our regional wastewater facility based on my reading of Exhibit F. Section 1, 2, and the 9-25 Fox-Higgins letter. My experience on the US 40 Funding Task Force and the US 40 NEPA PWG suggest that the consultants for Steamboat 700 tend to overestimate future revenue sources and underestimate costs of infrastructure. We need to err in the opposite direction for fiscal prudence. Much has been made of the "high" and "low" cost estimates for US 40. As an elected official, I prefer to go with the higher estimates. If a project comes in below cost, then we can put the savings into reserves.

In Exhibit F, Section 1, phasing of the required improvements is based on plats and number of DUs with each final plat. The improvements must be paid for and built prior to the approval of the next phase final plat. This may address the concurrency issue, but it is imperative to be sure that the improvements are actually built before the traffic demand occurs from each phase of steamboat 700.

I am now somewhat more confident that the current residents will not be burdened with paying for needed US40 improvements. The dwelling unit triggers and requirement for full payment prior to final plat are essential. Thank you.

However, there is one hole in the trigger mechanisms, as I read them: what happens toward the end of a phase, immediately prior to the next phase when traffic has increased, but the infrastructure has not yet built nor financed because the next final platting is not yet in the process? **The traffic impacts will be there, but the construction funds will not.** I am sorry that I do not have a ready solution for this problem, but I thought it might be important.

In Exhibit F, section 1 there still appears to be some reliance on future CDOT and FHWA funding for revenues. As chair of the NWTFR and our 5 county STAC representative, I would urge caution when estimating future revenues from these sources for at least the next decade.

I do not find much detail on **costs to residents of currently incorporated Steamboat Springs for needed enlargements of our regional wastewater facility** due to growth from Steamboat 700 (it may be in another document, or you may have already covered it in your negotiations). As you know, both the CDPHE and the EPA have stringent "must build" requirements when certain measured capacities are reached. I could not find the phasing for such improvements in the capital section. Given our recent experience with significant increases in water/sewer base rates in Old Town, I think it is essential to be sure those wastewater improvements are fiscally neutral. I understand that tap fees will be set so that they cover the estimated costs of improvements. However the wastewater master plan is not yet finished, so it is hard to estimate these costs.

Lastly, the September 29 BCC letter infers that if Steamboat 700 is not annexed then there will automatically be sprawl in unincorporated Routt County with all the attendant costs. Similarly a very eloquent letter to the editor in the Sunday Pilot stated that "haphazard growth" would occur in

unincorporated Routt County without annexation approval. I wish to point out that Routt County has a very strong set of Master and Sub area plans that explicitly and clearly discourage such sprawl. Moreover our RC Zoning and subdivision regulations are quite strong in either discouraging or prohibiting sprawl like, uncontrolled growth. If the RCBC applies these standards and regulations carefully and consistently, we will continue to have open agricultural land and intact wildlife habitat with new growth in the growth centers where infrastructure to serve growth is available. Each incorporated municipality in Routt County will and should make their own decisions about how they grow. I am confident that we all, Routt County and all the municipalities, will continue to work together to have smart, managed growth that benefits all while reducing negative impacts. A major impediment to such smart growth is SB 35, which allows subdivision into lots of 35 acres or more without any county review.

As the September 2 City Planning Commission staff packet shows, Steamboat 700 has gone above and beyond basic WSSAP requirements in many areas: traditional neighborhood design, open space and parks, trails, transit, and bike and pedestrian facilities. Danny Mulcahy is to be commended for this approach. With all due respect to him, to City staff and to my fellow RC Commissioners, I believe that there are remaining questions about whether: 1. The annexed area will meet the bare minimum WSSAP requirement of 20% affordable housing and whether the timing, phasing and funds for construction will meet the need, 2. Whether current and future Steamboat Springs residents will shoulder a larger tax and/or fee burden from this annexation and whether fiscal neutrality can be achieved especially with regard to capital. These questions need to be answered. I believe that they can be answered in the final draft of the agreement.

Again, thank you so much for your careful consideration of all aspects of this annexation proposal. I look forward to continued partnership with the City of Steamboat Springs on this and many other issues.

Sincerely yours,



Diane E. Mitsch Bush, Routt County Commissioner, District 3

Chair, NWTPR and NWTPR STAC Representative