



SUMMARY OF THE MINUTES TOWN COUNCIL

Monday, May 5, 2025 – Council Chambers – Study Session

CALL TO ORDER

Mayor Jackson called the special session of the Town Council to order at 12:00 p.m.

ROLL CALL

Councilmembers: Steve Hushebeck (Position No. 1) remote, Richard Geffen (Position No. 2), Anna Maria de Freitas (Position No. 3), Mason Turnage (Position No. 4), and Barbara Starr (Position No. 5) remote.

Mayor Raymont Jackson, Town Administrator Denice Kulseth, Finance Director Bethany Berry (remote), and Town Clerk Jennifer Krembs.

FLAG SALUTE

Mayor Jackson conducted the flag salute.

INTRODUCTION

At 12:05 p.m., Mayor Jackson called for Town Administrator Kulseth to introduce Town Attorney Daniel Kenny and to provide context for the Local Improvement Districts (LIDs) study session. Kulseth explained LIDs could be a good option for neighborhoods built before infrastructure was required such as curb, gutter, sidewalks, and streetlights. Kulseth provided examples of when the application of a LID might be appropriate and reviewed the history of stormwater on Rose Lane.

STUDY SESSION TOPIC

At 12:09 p.m., Kulseth welcomed Kenny who agreed with Kulseth's LID applications and shared a LIDs presentation. Kenny explained LIDs in accordance with RCW 35.43.040 are a means of financing capital improvements that will primarily benefit property owners within a specific area. LIDs are formed by a town with the approval of the property owners but are not self-governing special purpose districts. Capital improvements are then financed and paid over time through special assessments based on the value of the improvement to the benefiting properties. A LID must be approved by both the local government and the benefited property owners. LIDs can be catalysts for economic growth, be used to finance essential city or regional off-site improvements at relatively low interest rates, play a role in securing certain types of developments or relocations, help whole neighborhoods improve their quality of life, provide long-term financing at relatively low interest rates, and fill in the gaps in a town's existing infrastructure.

In the LID pre-formation and formation phases, two methods for creating a LID are possible. The petition method is initiated by property owners with a majority of at least 60% of residents in favor of the LID. The other method is initiated by a town through a Resolution of Intent. Both methods require that the town determine interim funding and a final assessment and conduct a quasi-judicial public hearing unless the LID dissolves with a protest. Protests do not apply with the petition method as the majority property owners are already in favor. With the town-initiated Resolution of Intent method, protests are possible within 30 days; if the town receives protests from property owners who would pay more than 60% of the total cost, the LID will be dissolved. Financing for the LID improvements would be through a bond, interfund loan, or other borrowing arrangement. General payment information was provided. Kenny explained assessment methods and the final property specific assessment. A public hearing with the opportunity for objections must be held. This is conducted as a quasi-judicial public hearing; therefore, Council must not engage in any discussions on this topic in advance of the hearing and the

46 appearance of fairness doctrine will apply. Kenny concluded the presentation by noting the importance of
47 analyzing specific improvement needs, engaging the community during the early stages of LID consideration to
48 maintain impartiality later in the process, determining the approach for implementing a LID, and exploring interim
49 funding options. Councilmember de Freitas would want the LID property owners to be informed of the financial
50 impact of increasing taxes.

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52 Kulseth pointed out the importance of knowing what a community wants. Kulseth used Rose Lane as an example,
53 stating if the improvement is isolated to stormwater, the Streets and Parks Department might be able to make
54 the repair. Council estimated Rose Lane might include 15 property owners. Community Development Director
55 Ryan Ericson asked how the LID area is determined. Kenny explained the direct causal benefit properties would be
56 included, as the greater community does benefit as well. Public Works Director Jesse Douglas-Seitz asked what
57 happens if the assessed value doesn't increase. Kenny stated if the project does not generate benefits to the
58 extent to which the assessment would be warranted on those properties, the Town would need to pay the
59 difference. Councilmember Hushebeck asked if the Town could participate in supporting some financing. Kenny
60 confirmed that scenario is possible but would require analysis to ensure the LID is substantiated. Hushebeck
61 expressed the importance of clarity for the public as to why the Town cannot fund some projects. Kulseth
62 concurred and pointed out stormwater has historically been underfunded. Options for resolution would be to
63 increase stormwater fees so there would be funding for improvements or consider cost sharing grants using
64 stormwater fees to match a neighborhood's funds to finance a project. The stormwater grants are competitive,
65 and Rose Lane likely would not be a contender for funds. The Town has not increased stormwater rates as the
66 stormwater plan is in the process of being finalized. Once the plan is complete, FCS Group will recommend the
67 appropriate rate increases, and Council can determine the way forth with how to use stormwater fees and
68 consider improvement funding options for LIDs. Hushebeck inquired how the Town's stormwater fees compared
69 to other municipalities. Ericson said fees are at the low end of the spectrum and explained stormwater utility fees
70 are based on a property's amount of impervious surface or Equivalent Runoff Units (ERU). Wastewater Treatment
71 Plant Supervisor Joe Pasic inquired about using LIDs for pump station improvements; Kenny will follow up with
72 the provisions. Kulseth encouraged Council to process the information and again stated the Streets and Parks
73 Department might be able to resolve some issues on Rose Lane pertaining to stormwater. De Freitas concurred
74 and reiterated the importance of knowing what residents want on Rose Lane. Mayor Jackson thanked Kenny for
75 the presentation.

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78 **ADJOURNMENT** – Hearing no further business and no objection, Mayor Jackson adjourned the meeting at 12:58
79 p.m. The next special meeting is scheduled for May 8, 2025, at 9:00 a.m. The next regular meeting is scheduled for
80 Thursday, May 15, 2025, at 12:00 p.m.

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83 **These minutes were approved by motion of the Town Council . The original document is retained by the Clerk in**
84 **the Town Council's permanent records. Attest : Jennifer Krems, Town of Friday Harbor Clerk**