



**PLANNING DEPARTMENT**

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**STAFF REPORT**

**SNOQUALMIE MILL VENTURE MILL PLANNING  
AREA ANNEXATION IMPLEMENTATION PLAN**

**A. SUMMARY OF PROPOSED ACTIONS:**

The purpose of the post Annexation Implementation Plan (AIP) submittal (Exhibit 10) is to satisfy Snoqualmie Mill Ventures' (SMV) requirements associated with the Mill Planning Area Pre-Annexation Agreement (PAA). In addition for any development within the Planned Commercial Industrial zone, a Planned Commercial Industrial Plan with associated environmental review will be required. This submittal is intended to fulfil the Comprehensive Plan policy and AIP review requirements for the SMV parcels.

**B. GENERAL INFORMATION:**

Project:	Annexation Implementation Plan (AIP16-01)
Owner:	Snoqualmie Mill Ventures, LLC
Agent:	Tom Sroufe
Location:	Parcel#: 3024089004, 2924089009, 3024089001, 3024089069, 3024089070, 2924089022, 2924089023 and 2924089006.
Permit Type:	Category III
Zoning:	Planned Commercial Industrial
Comprehensive Plan Designation:	Planned Commercial Industrial
Project Size:	230± acres
Existing Use:	DirtFish Rally School/Industrial
Proposed Use:	Commercial/Industrial
Water Supply:	City of Snoqualmie
Sewage Disposal:	City of Snoqualmie

**C. SEPA, NOTIFICATION AND PUBLIC COMMENT:**

SEPA: The City of Snoqualmie's SEPA Responsible Official is utilizing phased environmental review for the Snoqualmie Mill Site proposal. On August 3, 2011, the Responsible Official issued a SEPA Determination of Nonsignificance ("DNS") for the Snoqualmie Mill Planning Area Pre-Annexation Zoning and Pre-Annexation Agreement ("PAA"). In accordance with SMC 19.04.210 and WAC 197-11-630, on May 10, 2016, the City of Snoqualmie SEPA Responsible Official issued a Notice of Adoption (Exhibit 5) of the 2011 DNS issued for the PAA. The Responsible Official identified and adopted the 2011 DNS document

as being appropriate for this proposal (the Mill Site Annexation Implementation Plan) after independent review. A SEPA addendum (Exhibit 6) was issued on May 10, 2016, in accordance with WAC 197-11-625. The addendum adds the SEPA checklist supplemental sheet for non-project actions. The addendum does not significantly change the analysis of impacts contained in the existing environmental documentation nor does it identify new significant impacts. These documents meet the environmental review needs for the current proposal and will accompany the proposal to the decision maker.

Notice: The City issued a notice of complete application on April 26, 2016, (Exhibit 3) followed by a notice of application on May 11, 2016 (Exhibit 4). On October 5, 2016, the City issued the notice of public hearing (Exhibit 7). Snoqualmie Municipal Code requires City staff to issue the public hearing notice 10 days prior to the public hearing.

Citizen Comment: On May 24, 2016, Jim Simon submitted a comment letter (Exhibit 15) stating his concerns regarding the development of the Mill Site Planning Area. The letter generally states Mr. Simon's concerns with development in the floodplain. Future development must comply with Chapter 15.12 of the Snoqualmie Municipal Code, which addresses development in the floodplain to ensure no net rise in the base flood elevation. The City will require a hydrologic and hydraulic analysis prior to issuance of any building permit. Because the AIP is a high level document that does not indicate building(s) footprints, there is not enough available data to develop an accurate analysis to fully address this comment at this time.

#### D. BACKGROUND:

In 2011, the City of Snoqualmie entered into a Pre-Annexation Agreement ("PAA") (Exhibit 10-Appendix 3) with Snoqualmie Mill Ventures, LLC, Weyerhaeuser Real Estate Development Company, and Ultimate Rally, LLC for purposes of annexing a 573-acre area known as the Snoqualmie Mill Site. At this time Snoqualmie Mill Ventures, LLC and Weyerhaeuser Real Estate Development Company (WREDCo) were 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 or DirtFish) located on the SMV property. The property was annexed into the City in September of 2012.

The PAA established agreements and commitments between the City, annexation area property owners, and the existing primary business entity related 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. Additional PAA 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.

Subsequent to the annexation and PAA, SMV sold the areas initially zoned Planned Residential (32± acres) to King County for purposes of connecting the Snoqualmie Valley Trail (Exhibit 8). As part of this transaction, SMV retained an easement across these parcels for purposes of ingress and egress (Exhibit 13). Requirements associated with funding used by King County to purchase the property limit future uses to open space, parks and trails.

Subsection A.6 of the PAA prohibits any new or additional site development until review of applicable Comprehensive Plan policies, approval of an AIP and, for any development within the Planned Commercial Industrial (PCI) zone, a Planned Commercial Industrial Plan (PCIP), and associated environmental review under the State Environmental Policy Act. SMV currently retains ownership over the parcels zoned PCI. To meet the requirements of the PAA, SMV submitted an AIP that includes analysis of applicable comprehensive plan policies. The AIP describes a phased development of the SMV parcels. The approval of the AIP will not, by itself, authorize any development of the SMV parcels.

If the AIP is approved, SMV is required to submit a Planned Commercial Industrial Plan (PCIP) for review and approval by the City. Approval of the PCIP and associated permits would allow the

development of the SMV parcels. Approval of the PCIP will be considered a Type III permit requiring a recommendation from Planning Commission and approval from City Council. Potential environmental impacts associated with the PCIP will be subject to environmental review under the State Environmental Policy Act; the applicant has committed to prepare an environmental impact statement ("EIS") at that phase of the project.

E. PHYSICAL DESCRIPTION OF SITE AND PROPOSAL

The SMV properties are located in the northwest portion of the annexation area in the City of Snoqualmie within Sections 29, and 30 of Township 24, Range 8 East, W.M. This land is generally bounded by the SE Mill Pond Road and Borst Lake to the south, the City's wastewater treatment plant site to the northwest, City limits to the north and the area previously zoned Planned Residential to the east. The proposed project area contains approximately 230 acres.

The existing SMV site is heavily disturbed from past activities. Large amounts of fill were placed throughout the site, some areas in excess of 20 feet deep (Exhibit 14). Based on the sensitive areas review (Exhibit 12), a large wetland complex is located within the northwest portion of the SMV property. The existing conditions map in Exhibit 10 – Appendix 4 identifies additional smaller wetland areas and streams located on the site. Existing structures are concentrated on the east portion of the site. Vehicular access to the site is available through 396<sup>th</sup> Drive SE and SE Mill Pond Road.

The proposed AIP submitted by SMV is intended to show compliance with requirements of the PAA. These requirements are outlined on pages 6 through 25 of the AIP (Exhibit 10). The AIP does not propose any development within the site and approval of the AIP will not, by itself, authorize any development. If the AIP is approved, the applicant will be required to submit a Planned Commercial Industrial Plan (PCIP) for review by the City. Approval of the PCIP and subsequent associated development permits would allow the applicant to begin development of the site.

F. APPLICABLE CITY PLANS, AGREEMENTS, POLICIES and CODES:

1. The Snoqualmie Comprehensive Plan (Snoqualmie 2032) December 8, 2014, Vision & Policy Plan.
2. SMC Chapter 17.55 - Use and Other Regulations
3. SMC Chapter 17.85 - Public Process Procedures
4. SMC Chapter 19.04 - SEPA Procedures and Policies
5. SMC Chapter 19.12 - Sensitive Areas
6. Pre-Annexation Agreement effective October 24, 2011.

G. ANALYSIS:

**Pre-Annexation Agreement**

This analysis reviews the post Annexation Implementation Plan submitted by the applicant, SMV. The applicant's submittal identifies how the AIP complies with the criteria in the PAA (Section A and B). The review specifically focuses of pages 6 through 25 of the AIP and associated supporting documents.

1. A.1 – City staff concurs the effective date of the Mill Planning Area annexation was September 28, 2012.
2. A.2 – The following zoning was established at time of annexation and is consistent with the requirements of the PAA:

Zone	Ownership	Acres
Planned Commercial Industrial	SMV	230

Planned Commercial Industrial (Formerly Planned Residential)	King County	32
Open Space 1 & 2	WREDCo	253

3. A.3 – In accordance with the PAA, the City is in the process of updating the Shoreline Master Program (SMP). This update will incorporate the Mill Annexation Area in to the SMP. The proposed shoreline designations are consistent with the requirements of the PAA.
4. A.4 – The PAA prohibited any development of land or improvements to existing business until review of the City’s Comprehensive Plan policies. These policies are found in the City of Snoqualmie Comprehensive Plan (Snoqualmie 2032), Vision & Policy Plan 1-26, Section 8, Annexation Implementation Plans. The applicant responded to these on pages 12 through 21 of the AIP. Additional Comprehensive Plan policies for Mill Planning Area are also found in Vision & Policy Plan 1-34, Table 1.3.

The AIP is intended to be a high level review document. Specifics on the proposed site development will occur at time of Planned Commercial Industrial Plan. Based on this, City staff generally agrees with the applicant’s response to the Comprehensive Plan criteria and proposed phasing approach.

- a. Policy 7.8.1 - The applicant shows the minimum infrastructure required to serve the proposed phases of development. The conceptual future roadways, identified in Appendix 2 of the AIP, shows the future infrastructure alignment (road, water and sewer) for the SMV site.
- b. Policy 7.8.2 – As proposed, the applicant has shown the ability to meet the requirements of the City’s utility plans (water, sewer and stormwater); however, additional improvements to the City’s water system and/or acquisition of water rights by the applicant or City would be required before the City could serve the site with water. The City is currently working on installation of a backwash storage tank as a water savings measure. (Exhibit 10 – Appendix 8).

The applicant also addresses impacts to fire, police, parks and roads. These are general assumptions that will require additional review under the Planning Commercial Industrial Plan.

- c. Policy 7.8.3 – The policy allows amendments to the AIP based on environmental review or changes in City needs. No action required at this time.
- d. Policy 7.8.4 – The applicant is required to conform to the approved AIP unless an amendment is allowed under Policy 7.8.3. No action required at this time.
- e. Policy 7.8.5 – The applicant generally shows they can meet the landscape buffer requirements adjacent to King County lands. Additional detail will be required at time of the Planned Commercial Industrial Plan submittal.
- f. Policy 7.8.6 – The applicant submitted and the City approved a critical areas study (Exhibit 11) for SMV and King County portion of the Mill Site Annexation area. These studies include stormwater best management practices manual and evaluations of wetlands, channel migration zone, critical aquifer recharge area, floodplain, floodway, shorelines, streams, and cultural resources (Exhibit 10 – Appendix 5 and 12).

The applicant also submitted an environmental site assessment (Exhibit 10 – Appendix 7) documenting Weyerhaeuser’s environmental assessments and remediation activities at the Snoqualmie Mill site from March 1989 to December 2006. Past remedial activities by

Weyerhaeuser included the removal of contaminant source areas and impacted soil with the materials either being treated on-site using bioremediation techniques or transported off-site for treatment and disposal. Six areas of potential environmental concern still exist on the property and are identified in Exhibit 9.

The geotechnical analysis also shows most of the site is comprised of soft/loose soils that run deep with high organic content, creating a high risk of initial and long-term secondary settlement, potentially damaging roadway and utilities. The applicant is aware of the issues and is in the process of developing a construction plan and method to address potential settlement risk. Development and construction plans will be subject to review and approval by the City.

g. Policy 7.8.7 – The City granted an exception to the AIP policy by allowing the applicant to submit the AIP after the Mill Site was annexed into the City. No additional exceptions are requested at this time.

h. Policy 7.8.8 – Through the PAA, the City allowed SMV to defer AIP preparation until after annexation. SMV must have an approved AIP prior to development of the site.

i. Policy 7.8.9 – This subsection required the Mill Planning Area to address the following site-specific policies in the City's Comprehensive Plan Vision & Policy Plan 1-34, Table 1.3:

- i. Table 1.3.a – City staff concur with the applicant's assessment of flood impacts from placement of fill on the Mill Site and additional studies conducted during the US Army Corps of Engineers 205 Flood Damage Reduction Project. Additionally, the City's existing municipal code prohibits fill in the floodplain without providing compensatory storage. Any proposed fill will be reviewed by the City consultants to ensure no net rise of flood levels.
- ii. Table 1.3.b - The applicant will be required to preserve flood storage and conveyance functions under the existing Snoqualmie Municipal Code requirements. These code requirements will be applied at time of development.
- iii. Table 1.3.c - SMV properties within the Mill Planning Area were heavily disturbed by past activities (Exhibit 10 - Appendix 5). Staff agrees with the applicant's assessment that little to no unique natural features remain on the site. Potential impacts to viewsheds will be reviewed at time of development permit review.
- iv. Table 1.3.d - The applicant submitted an environmental site assessment and monitoring report addressing past contamination and associated remediation of the site (Exhibit 10 - Appendix 7). Currently there are six remaining contaminated sites on the SMV property. The applicant states the areas of potential concern that remain at the property consist of soil contamination with limited contaminant mobility, and isolated areas of potential ground water contamination where contaminants have not migrated a significant distance from the source. With the limited mobility and transport of contaminants, and continued natural attenuation, the delay of cleanup activities will not exacerbate the existing conditions. Based on this response, approval of a phased remediation plan would not exacerbate the existing conditions.
- v. Table 1.3.e – The applicant has the ability to meet the visual and aural buffer requirement from the neighboring properties. Additional review of this requirement will take place during the review of the Planned Commercial Industrial Plan.
- vi. Table 1.3.f – The applicant's response is correct, because site specific development is not proposed under the AIP and a detailed transportation analysis cannot be completed. However, pursuant to a development agreement approved by the City Council on May 9, 2016 (Resolution 1344), to mitigate the direct traffic safety and congestion impacts of SMV's development proposal, SMV will pay a voluntary

payment to the City in the total amount of \$1,220,000. The full amount will be due no later than sixty days following the date on which the Mill Site redevelopment First Phase Planned Commercial Industrial Plan Approval becomes final and unappealable.

- vii. Table 1.3.g – This section required SMV to provide trail right-of-way to connect the Snoqualmie Valley Trail. Subsequent to the annexation, SMV sold the land designated for the future trail right-of-way to King County for purposes of constructing the Snoqualmie Valley Trail connection. This requirement stated in Table 1.3.g has been satisfied with respect to the SMV parcels.
- viii. Table 1.3.h – The applicant’s analysis is correct where Snoqualmie Municipal Code 19.12.200 prohibits or restricts pollution generating uses in critical aquifer recharge areas.
- j. A.5 - The PAA requires that all businesses, existing and proposed, obtain a City business license. As stated by the applicant, existing businesses have obtained a City business license. Snoqualmie Municipal Code requires any new businesses to obtain a City business license. No further action is required at this time.
- k. A.6 - The PAA restricts any future development on the SMV parcels until review of all applicable comprehensive plan policies, approval of an AIP and a Planned Commercial Industrial Plan. This submittal is intended to satisfy the review requirements associated with the comprehensive plan policies and the AIP. The applicant’s next step will be submittal of the Planned Commercial Industrial Plan (PCIP). The PCIP will identify proposed development activities on the site and, if approved, will result in development on the site.
- l. A.7 - At time of annexation the PPA required the City to establish the zoning designation of the new annexed properties. The SMV parcels were and are currently zoned Planned Commercial/Industrial. No further action is required.
- m. A.8 - This subsection required the City to amend the Snoqualmie Municipal Code as it relates to special events and temporary uses. The City amended the applicable code section in 2014. No further action is required.
- n. A.9 - The PAA restricts owners or tenants in the annexed area from seeking to construct a race track of any type. This restriction will continue unless otherwise amended.
- o. A.10 - This subsection automatically extends the application of the PAA to any other property owned by SMV or WREDCo within the Mill Planning Area should such property be annexed. At this time additional properties have not been annexed into the City.
- p. A.11- The requirement for dedication of the City Riverwalk Trail is not applicable to the SMV portion of the Mill Site; this requirement applies to the property owned by WREDCo. Currently, King County is in negotiations to purchase all or portions of the WREDCo property for purposes of connecting the Riverwalk Trail.
- q. A.12 – The annexation area was subject to a proportionate share of the existing City bond indebtedness at time of annexation. No further action is required.
- r. A.13 – SMV will review any impacts to the Meadowbrook Bridge and Mill Pond Road with the submittal of the Planned Commercial Industrial Plan. The evaluation will include a traffic impact analysis for SMV’s proposed uses within the Mill Planning Area.
- s. A.14 – the PAA required SMV to dedicate property for purposes of constructing the Snoqualmie Valley Trail. This section is no longer applicable as the applicable parcel was sold to King County for this purpose.
- t. A.15 – This section identifies the terms of the agreement. No action is required at this time.

u. B.1 - The applicant identifies the existing uses in the Mill Planning Area as legal nonconforming. The PAA establishes Dirtfish Rally School as a conforming use and Northfork Enterprises as a legal nonconforming use.

v. B.2 - This subsection establishes operating limitations on the vehicles associated with the specialized driving school (Dirtfish). Dirtfish is currently in compliance with these requirements.

w. B.3 – The PAA limits the number and impact of special events within the Mill Planning Area. City staff will review any future special events permit application to ensure compliance with the PAA and applicable municipal code provisions.

x. B.4 – The AIP correctly states a sensitive areas study was submitted within the established time limits (30 days). The study area included the parcels currently owned by SMV and King County. The PAA did not require a sensitive areas study for the parcels owned by WREDCo.

Due to the complexity of the site and involvement of the Army Corps of Engineers, additional updates to the initial sensitive areas study were required. City consultants and staff reviewed the updates to ensure compliance with Snoqualmie Municipal Code. At this time City staff does not require any additional information related to the sensitive areas study. Future permit submittals associated with the SMV properties will require review and compliance with the Snoqualmie Municipal Code.

y. B.5 – As stated in the review of the comprehensive plan policies and Appendix 8 of the AIP, the City's existing water capacity is allocated for completion of the Snoqualmie Ridge II buildout, the Salish Lodge expansion and the new Mount Si High School. Currently, the City does not possess sufficient water rights to serve the full buildout of SMV Mill Site Planning Area. However, efforts are underway to recapture water capacity through installation of a backwash storage tank at the City's north wellfield treatment facility. The storage tank will reuse filter backwash water, reduce potable water demand, and thereby create additional water capacity. As also explained in Appendix 8, the City is also able to reduce its provision of potable water to Eagle Lake during peak demand periods, which will also provide additional water capacity. Finally, to the extent that water capacity is insufficient, it is also the applicant's responsibility to demonstrate sufficient water capacity at each phase of the Mill Site Planning Area development.

The City's wastewater treatment plant has existing capacity to accommodate initial buildout of the SMV site. A wastewater capacity analysis will be required at each phase of development.

z. B.6 – The applicant has limited development activity to repair and maintain uses identified in the PAA. The applicant is also complying with the PAA through the submittal of the AIP.

aa. B.7. - As stated, the applicant and tenants have complied with the City's business license regulations.

bb. B.8 – The City will coordinate the SMV and King County for the preservation or potential adaptive re-use of the Snoqualmie Falls Lumber Company Powerhouse. This will occur prior to or at time of the development application for proposed Phase 3a (Exhibit 10 – Appendix 2).

## H. CONCLUSIONS

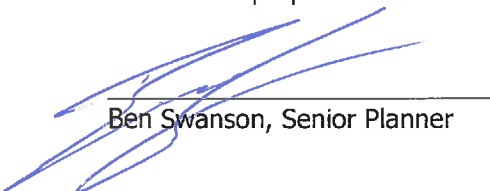
The proposed Annexation Implementation Plan meets the minimum requirements established by the Pre-Annexation Agreement and the City's Comprehensive Plan. Further planning and environmental analysis will take place prior to and during the course of review of the Planned Commercial Industrial Plan.



I. RECOMMENDATION AND PROPOSED CONDITIONS OF APPROVAL

Upon the basis of the foregoing findings, the submitted materials are consistent with the Pre-Annexation Agreement and applicable provisions of the Comprehensive Plan, and should be approved, subject to the conditions set forth below.

1. Prior to development approval, the developer/applicant shall submit a proposed Planned Commercial Industrial Plan in accordance with the Pre-Annexation Agreement.
2. The applicant shall address potential settlement risk in the Planned Commercial Industrial Plan, which could potentially damage roadway and utilities, by presenting a viable solution to be reviewed and approved by the City as part of the Planned Commercial Industrial Plan review.
3. Environmental remediation must be completed prior to the development of each phase.
4. Coordination of the preservation or potential adaptive re-use of the Snoqualmie Falls Lumber Company Powerhouse shall occur prior to or at time of the development application for proposed Phase 3a.

  
 Ben Swanson, Senior Planner

10/13/16  
 Date

**Mill Site Planning Area**

**Exhibit List**

<b>Exhibit No.</b>	<b>Description</b>	<b>Date</b>
1	Staff Report	October 11, 2016
2	General Land Use Application	Received March 30, 2016
3	Notice of Complete Application	April 26, 2016
4	Notice of Application	May 11, 2016
5	Adoption of existing environmental documentation	May 10, 2016
6	SEPA Addendum	May 10, 2016
7	Notice of Public Hearing	October 5, 2016
8	Mill Planning Area Ownership Map	September 27, 2016
9	Areas of Potential Environmental Concern Map	March 16, 2015
10	Annexation Implementation Plan	Received July 11, 2016
11	Stormwater Addendum	Received September 19, 2016
12	Sensitive Areas Study	Received August 2, 2016
13	Mill Planning Area Access Easement	October 23, 2015
14	Mill Planning Area Fill Map	October 24, 2012
15	Citizen Comment	May 24, 2016