

From: Council
To: Blystone, Kate; Boxx, Becky; Council Members; Rebecca Craven
Date: 10/6/2009 8:00 AM
Subject: Fwd: Please get the incorporation facts before you size the UGA

>>> <zajal@aol.com> 10/5/2009 6:12 PM >>>

To The Whatcom County Council:

I attended the Whatcom County Planning Commission's work session pertaining to the Blaine and Birch Bay Urban Growth Areas (UGA) and I wanted to share these observations with you before your upcoming "sizing" deliberations:

* According to the County Planning and Development Service (PDS), while Blaine's current population is 4,667 and the 20-year population projection represents 8,916, Blaine's existing "city limits" could comfortably accommodate 10,803 people without the need for any UGA's during the next seven-year Growth Management Act (GMA) planning cycle. Furthermore, prior to 2005, Blaine's rate of "new construction" averaged approximately 21 residential units annually, yet between 2005 and 2008 Blaine approved "plats" for over 2,000 units. Those still unoccupied new lots plus the "existing" houses for sale clearly represent several thousands of unsold residences "in inventory" which under the GMA "land capacity analysis" should obviously represent "available capacity" independent of any UGA's. However, adding just the "West Blaine" UGA would increase that land capacity by 4,388 more people in addition to the 10,803. Is it not true that adding thousands of lots of "Designated Forestland" zoned property which cost approximately \$1,000- \$1,400 per acre to the WBUGA (and thus into competition with the urban real estate market in general) would act to seriously devalue those lots currently on the tax rolls within the "city limits" of Blaine, such as in Semiahmoo, and the adjacent Birch Point areas? Is this previous over-supply dynamic relative to market (and/or population) demand not what has recently caused the present 40% devaluation within both the Blaine and Birch Bay real estate markets in the first place? Are declining property values also not having a tremendously negative affect on Whatcom County's 2010 projected budget? Is it not true that the County Council can add or expand a UGA in the event that "demand" once again catches up with "supply?"

* Blaine's City Council Member, John Liebert, was recently quoted in The Northern Light saying that Blaine was at risk of "becoming a ghost-town" while the City Manager, Gary Tomsic, said growth had "virtually stopped." In light of this fact, I ask the County Council how Blaine could possibly afford to extend pump station and sewer line services at a cost between \$7 and \$10 million dollars to the contemplated West Blaine UGA, for example, out on the tip of the Birch Point peninsula while the available capacity identified above exists within the city limits where sewer services are already active? Blaine's average monthly sewer bill is already currently over \$90 while the average for all other communities in Washington State is only \$26.85 per household, because Blaine has not done a good job of matching its costs to the actual population of users. Is it not true that sewer connection fees and line extensions can cost an individual resident between \$20,000 and \$30,000 dollars? Accordingly, I ask the County Council to please restrain Blaine's appetite for spending its taxpayer's funds and its utility rate-payer's funds by reducing the Blaine UGA's under your review.

* In Birch Bay's case, who ever heard of a "city" with a supposed population of 5,300 that according to PDS presently only has 436 local jobs? I believe that the Census Bureau will identify in April of 2010 a population for Birch Bay that is closer to 1,700 year-round residents. In this regard, on July 18, 2009, I sent a Freedom of Information Act (FOIA) request to the Whatcom County Tax Assessor asking: "Would you please tell me how Birch Bay's 'average taxable assessed value' could be 43% higher than Blaine's, given that 51% of Birch Bay's residences, according to the 2009 Census are for 'seasonal, recreational or occasional use' and as such are comprised of recreational travel trailers and small beach cottages and the like, while Blaine's Resort Semiahmoo, by contrast, represents one of the state's largest and more upscale real estate developments? Can you tell us (the people of Birch Bay that may one day vote on incorporation) specifically if your 'assessed value' for Birch Bay included 'trailers' as 'residences?" To date, the Tax Assessor has yet to answer this simple question. The reason that the County Council should demand an answer to this question is because if the Berk Report used 5,300 as the current population, but failed to include the trailers as residences as I suspect, then the average taxable assessed value contained in the economic feasibility study of Birch Bay's incorporation, The Berk Report, is substantially overstated.

* What this error or manipulation of the statistics by Berk and Associates means for the County Council's UGA Review is that not only is there virtually no commercial tax revenue base available to Birch Bay as the Report indicated, but the average revenue from projected property taxes, in the event of incorporation, is in actuality far less than was previously announced in the Report. The economic reason this should become very important to the County Council is because if Birch Bay is never going to be economically feasible or viable as a "city," as the data clearly suggests, then the County should definitely not approve a UGA of 3,239 acres as proposed by the Executive because to do so will automatically result in a multi-million dollar budget deficit as the cost of providing "urban levels of service" to that UGA will inevitably outpace the tax revenues, from all sources, available to the County. In other words, all forms of taxes will have to be inevitably increased in the future to account for this deficiency, and the many other fatal flaws in The Berk Report.

Please consider these financial observations in your deliberations and then significantly reduce all of the UGA's wherever possible to protect the County's future fiscal (tax and spend) situation. Please ask the Tax Assessor to explain to the Council the County policy that trailers without "permanent" power, water and sewer "hookups" do not count as "residences" for tax purposes and furthermore how this policy has resulted in a massive miscalculation by Berk that upon discovery proves conclusively that creating a \$3 million dollar new additional government for Birch Bay would be economically unsustainable, and consequently for this reason the Birch Bay UGA currently under GMA Review by your Council should either be eliminated entirely or minimized in geographic scope. I encourage County Council Members to personally drive around to verify for yourselves that well over 1/3 of Birch Bay's residences may not have been properly accounted for in terms of this critical aspect of incorporation which should have formed the conceptual basis of your pending UGA policy decision.

The sad fact is that if these UGA's are approved, in spite of the documented economic unfeasibility of Birch Bay's incorporation, the County's existing taxpayer's future tax burden will have to increase proportionally, and

the existing homeowner's property will also become further devalued as more real estate speculation inevitably occurs within those UGA's. Thank you for your efforts to get the cart back behind the horse.

Sincerely,

Lincoln Rutter

Cc: County Executive and Tax Assessor

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