

PS&T COMMITTEE AGENDA

August 8, 2013 - North Conference Room

21630 11th Avenue South – Des Moines 98198

5:30P – 6:50P

1. Approve minutes 6/06/13 meeting
2. Marijuana Regulation Update – Its Impact & Challenges
(Discussion Item – 30 min)

Staff will provide a summary of the proposed amendment to DMMC 9.28 which would add the current new state law infraction of “Smoking or Opening Marijuana in Public View.” Staff will also provide a status of the proposed rules by the State, and begin a discussion about issues for both the medical and recreational issues.

3. CIP Project Updates/Draft 2014-2019 Transportation CIP Budget
(Direction Item – 30 min)

Staff will provide an update of current Transportation CIP Projects and propose a short list of potential projects to be potentially funded in the 2014 – 2019 CIP using potential project savings from the Gateway projects and CIP carry forwards. Staff is seeking direction from the committee and plans to bring the 2014 CIP back to the committee in September for concurrence.

4. Pavement Preservation Program
(Discussion Item – 10 min)

Based on the outcome of the Prop. 1, staff will provide a summary of Policy related questions to be address and schedule for next steps for the Program and schedule.

5. Consultant Task Order Assignments Status for 2012 and 2013
(Discussion Item – 5 min)

Staff will provide a summary of the current on-call task assignments, and discuss the upcoming RFQ process for the 2014-1015 on-call program.

6. 216th Car Wash Property Surplus Follow-up
(Directional Item – 5 min)

Staff will provide a summary of work to date, and will recommend holding off on property action until redevelopment of the QFC site occurs. Staff seeking concurrence from the committee.

Des Moines City Council PS&T Committee Minutes – 06/06/2013

Meeting called to order: 5:48 PM on May 9, 2013, in North Conference Room @ 21630 11th Avenue S, Des Moines WA 98198.

Council Members

Matt Pina—Chairman & Mayor Pro Tem
Jeanette Burrage—Vice Chair
Dave Kaplan—Absent

Other City Staff

Tony Piasecki – City Manager
Dan Brewer – Planning, Building & PW Director
Brandon Carver – Engineering Services Manager
Grant Fredricks – Special Projects Consultant
Peggy Volin – Admin Asst II

AGENDA:

1. Approve 5/09/2013 Minutes
2. Transportation Improvement Plan (TIP)
3. Sound Transit Planning Update
4. Des Moines Elementary Traffic Operations (9th Ave/220th Street) & Field House Parking Revisions
5. Car Wash Property 216th

MEETING:

1. Minutes from May 9, 2013, were unanimously approved as submitted.
2. Transportation Improvement Plan: Brandon Carver explained that no changes in status to the top 16 TIP projects were being proposed since the previous month's meeting where he went over the entire 20-year TIP. Staff proposed to elevate three projects near Highline Community College and South 240th Street in order to begin to position the City in advance of potential grant and mitigation opportunities with the new Sound Transit planned station near the college. 208th Street was also increased in priority due to recent interest by the Committee and the residents. The Downtown Circulation Study and the Downtown Parking Management Plan were lowered in priority due in part to recent efforts by staff to improve the MVD crosswalks and to work towards a downtown interim parking lot (Fisher Lot).

The Committee concurred with the proposed changes and gave direction to move forward to the full Council.

3. Sound Transit Planning Update: Grant Fredricks updated the Committee with handouts that included the Interagency's Working Group meeting dates & topics; dates for key upcoming milestones; the Public Outreach and Council Briefings Schedule; the Timeline process for the Federal Way Transit Extension; and an explanation of what the Environmental Review Process entails.

He plans to have a draft Scoping Letter to the Council for the meeting of June 27, 2013 along with a public hearing for that date also.

4. Des Moines Elementary Traffic Operations (9th Ave/220th Street) & Field House Parking Revisions: Brandon provided a map of the parking area for discussion that included Des Moines Elementary and he explained the current traffic flow. Due to the high number of students who are driven to this school relative to the size of the school and lack of on-site load/unload space, there are several traffic operational issues that staff is trying to improve. Two of these proposed improvements included changing the parking in front of the Field House to angled parking and installing yellow tubular delineators along the centerline at the curve of 9th Avenue/220th Street to discourage left turns and u-turns. He explained that our plan was to address the traffic issues in the summer and educate the parents in the fall in coordination with the school.

Chair Pina requested staff also look into the potential of a “No Left” turn sign being installed as well. Staff will look into this and further study the implications of this sign install.

5. Car Wash Property 216th: Brandon Carver explained the car wash property was purchased with transportation funds in 2009. Due to recent improvements in the real estate market, the question proposed to the Committee was whether it is now time to discuss options for it which would be to either lease it or sell it. There had been some interest expressed by an adjoining property owner to if this parcel was to come up for sale.

Staff will bring this forward for discussion for an Executive session.

Adjourned 6:40 PM

Minutes submitted by:

Peggy Volin
Administrative Assistant II

Published 02/2013

Taxes and Revenue - Initiative 502 Implementation

Contents

Introduction

Revenues from the excise tax on marijuana will be distributed primarily to the state's Basic Health Plan, the state general fund, and health-related programs. B&O and local retail sales taxes apply.

Frequently Asked Questions

Will cities get any revenue from the sale of marijuana?

The initiative does not provide for any direct funding to cities. Cities will receive their share of local sales tax revenues and any locally imposed B&O taxes. Cities will not see any revenue from marijuana sales until at least December 2013.

How much tax revenue will I-502 generate?

Estimates range anywhere between \$0 and \$2 billion dollars during the first five years. Without knowing what the market will look like or what the federal reaction will be, it is not presently possible to accurately gauge the total amount of revenue produced.

How is marijuana going to be taxed under I-502?

The initiative applies a 25% excise tax on each level of the system: producer to a processor, processor to a retailer, and retailer to the customer. In addition, B&O taxes on the production and local retail sales taxes apply.

- **Will cities get any revenue from the sale of marijuana?**

- The initiative does not provide for any direct funding to cities. Cities will receive their share of local sales tax revenues and any locally imposed B&O taxes. The Washington State Office of Financial Management (OFM) estimates that locals could receive as much as \$120 million in these taxes over five years. However, there has been some concern that OFM overestimated how much marijuana will actually be consumed from these state-licensed stores. Cities will not see any revenue from marijuana sales until at least December 2013.

- **What about all of the expected new revenue from legal marijuana sales?**

- The initiative created a specific new taxing scheme. The initiative provides for a 25% excise tax at each transaction point (producer to processor, processor to retailer, and retailer to consumer). The taxes will be placed in a dedicated marijuana fund. After quarterly distributions

of \$1.25 million for LCB administration and \$180,000 to other specific programs, the taxes will be distributed as follows:

- 50% to the state's Basic Health Plan
- 19.07% to the state general fund
- 15% to the Department of Social & Health Services for behavioral health & recovery
- 10% to the Department of Health for marijuana education & public health
- 5% to Community Health Centers
- 1% to the UW and WSU for research on the short- and long-term effects of marijuana use
- 0.03% to the Building Bridges Programs

It's Really Happening – the Local Marijuana Store!

Posted on June 27, 2013 by Jim Doherty



The voters passed Initiative 502 last November, but perhaps you expected the federal government to step in and stop this “foolishness.” Well, we’re still waiting for any federal response, so it seems that the federal government is likely going to sit back and see how well Washington and Colorado handle this transition to a regulated and taxed marijuana industry. Is your city or county ready? Have you decided where and what marijuana businesses can and will be accommodated within your borders?

If you haven’t made that decision yet, we recommend for a number of reasons that you move with all deliberate speed in that direction.

Bob Meinig from our legal staff attended a meeting last week hosted by Association of Washington Cities with staff from the Liquor Control Board (LCB) and a number of city attorneys. A lot of good information came out of that meeting, and I’d like to pass it on.

The primary subject of discussion at this meeting concerned the LCB licensing process for marijuana growers, processors, and retailers and the consideration, if any, to be given in that process to local zoning and licensing regulations. The key points that emerged from this discussion were:

- An LCB license for a marijuana grower, processor, or retailer does not guarantee the right of the licensee to operate in the jurisdiction and at the specific location in that jurisdiction for which the license is issued. The licensee must still comply with local zoning and business licensing regulations to be able to operate. The process, as such, is basically the same as for liquor licensing.
- The LCB will determine whether the applicant has the necessary legal interest (ownership or lease) in the property that will be the licensed premises. The LCB *will not* inquire or determine whether the applicant will be in compliance with local regulations or whether the local jurisdiction has in place a moratorium on accepting applications for marijuana businesses. (But see above bullet.)
- The LCB *will* determine if the property subject to the application meets the 1000-foot restrictions in 1-502 with respect to proximity to certain uses (schools, playgrounds, parks, child care centers, libraries, etc.). A license will be denied if the applicant does not meet those locational restrictions.
- As with the liquor permitting process, cities and counties may file written objections in response to a notice of application for license for a marijuana grower, processor, or retailer. These objections should relate to public safety issues such as criminal activity in the area and the suitability of the applicant. Objections based on local regulations will not be considered, but it was suggested that they might be provided anyway to give notice to the applicant (who should, but may not, already have knowledge of applicable local regulations; see bullet below). The LCB says it will pass on to the applicant information supplied by the local jurisdiction as to compliance with local laws.
- The LCB will recommend that applicants talk with the applicable jurisdiction about the applicant’s plans and about local regulations and licensing requirements that would apply to the proposed use. The LCB has already done this broadly in its “Top 10 Suggestions for Preparing to Apply for a Marijuana License.”

Follow

According to the LCB's timeline, it will begin accepting applications for all marijuana licence types *on September 14*, and it will begin issuing licenses *on December 1* of this year. The LCB will open registration for license applications for only 30 days, though it may extend that the application window. (You can follow the regulatory process by visiting the liquor control board I-502 implementation web page.) The process will be difficult for applicants if, when they apply for licenses, they don't know if where they want to grow, process, or sell marijuana is a place that the city or county will allow marijuana to be grown, processed, or sold.

So what's a city or county to do, given this landscape? Here are some suggestions:

- As I recommended in a previous blog, figure out where in your jurisdiction potential licensees can locate given the I-502's 1000-foot restrictions. For small cities and towns, there may be no locations available for a marijuana business. If that's the case in your city or town, you can just sit back and watch other jurisdictions wrestle with these issues.
- Consider adopting *interim* zoning regulations if adopting "permanent" regulations will likely take a long time and your jurisdiction hasn't yet done much to advance in that regard. A moratorium on accepting applications for marijuana businesses, if still in place when the LCB begins accepting applications, will not help with the process of letting these businesses get established in places where it may be appropriate to locate. A moratorium is intended as a temporary device while the jurisdiction works towards establishing interim or permanent regulations. We recommend adopting a work plan to guide that process.
- Consider how existing collective gardens and distribution points for medical marijuana, if any, and possible future collective gardens and distribution points will interact with recreation marijuana uses. One good suggestion I've seen is to impose on medical marijuana uses the same 1000-foot locational restrictions that I-502 imposes on recreational marijuana uses, and to impose the same zoning restrictions.

A big part of the problem in developing zoning for these marijuana uses is the difficulty in evaluating their potential impacts. Washington is the first place *in the world* - along with Colorado - to confront these issues involved with a regulated marijuana market, so data on potential impacts is speculative. But to some extent, the potential impacts of these uses may be mitigated by the 1000-foot locational restrictions (which are measured from the perimeter of the grounds containing the school, playground, child care center, etc.) and other restrictions such as security requirements that I-502 imposes.

If you haven't already, you may also want to review the initial draft rules released by the LCB. The comment period for those initial draft rules has passed, but when the next version gets released, on July 3rd, you will have an opportunity to attend the public hearing on the rules or to submit written comments.

The initial draft rules provide for a rigorous regulatory system that will track licensed marijuana from initial cultivation to final sale - with specific requirements for surveillance cameras and security measures that should make it difficult for people to subvert the process. The goal is to keep licensed marijuana from being diverted or stolen, to make sure that minors do not have easy access, and to collect all of the required tax.

While the recreational marijuana process unfolds we still have the almost-unregulated medical marijuana system here in Washington. Medical marijuana is mostly untaxed and significantly abused. If our recreational marijuana market is to succeed, it will be necessary to either merge the two systems or bring more regulation and taxation to the medical marijuana system. The state legislature was too busy struggling with the budget to deal with the issue this year, but expect some significant proposals for change in the future.

Follow

So, given that the Liquor Control Board rulemaking process is well under way and the board will in less than three months start accepting applications for marijuana uses, local governments should deal with their zoning and local regulatory issues promptly. From recent newspaper articles, it is becoming clear that well-funded businesses are hoping to establish a role in the new regulated marijuana market, and they have the resources to challenge local governments that adopt obstructionist policies. There will be conflicts and litigation as licensed marijuana businesses try to set up shop in our communities. For better or for worse, the future is almost here.

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About Jim Doherty

Jim has 19 years of experience researching and responding to varied legal questions at MRSC. He updates MRSC's Public Records Act publication and has special expertise in transmission pipeline planning issues.

[View all posts by Jim Doherty →](#)

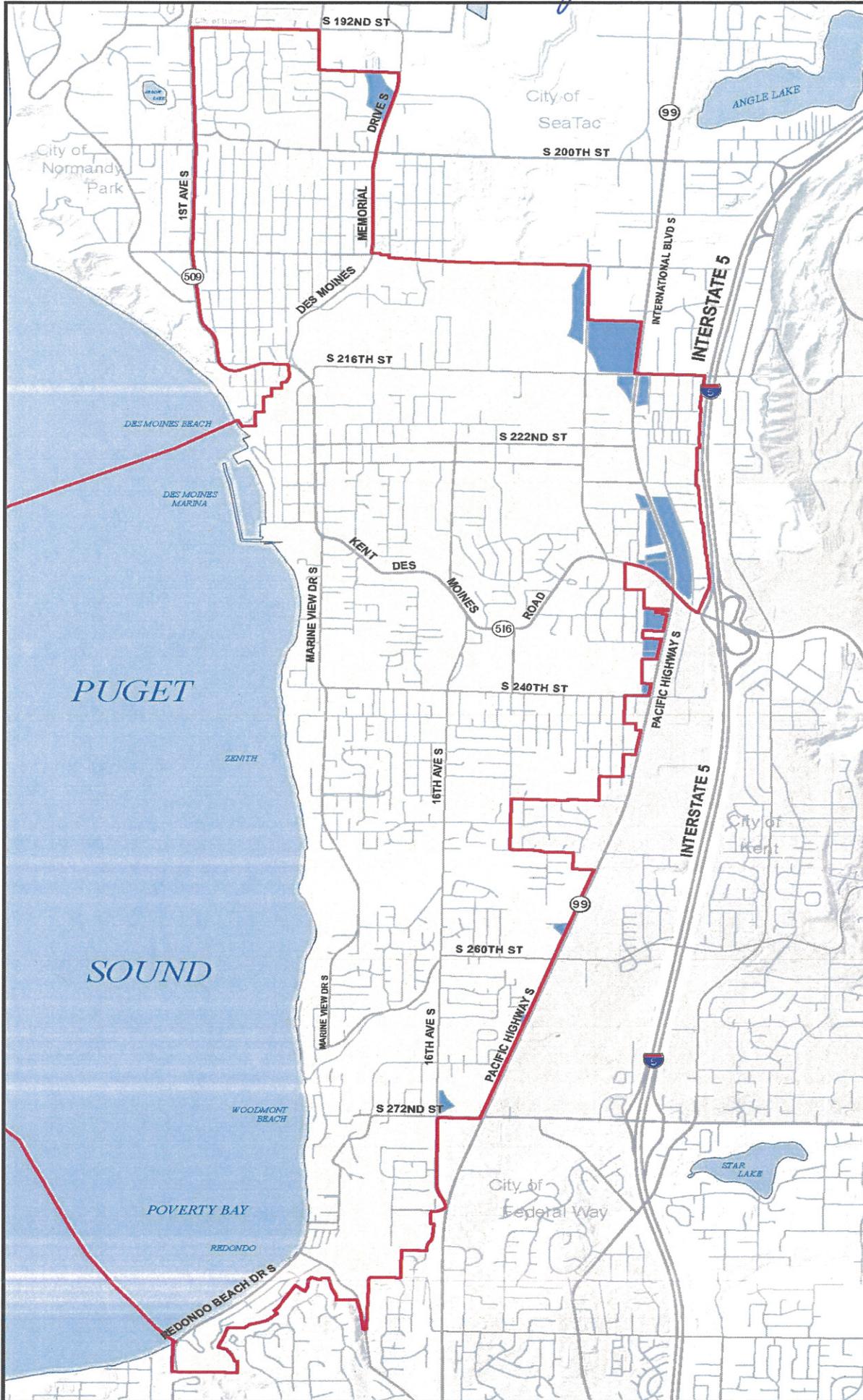
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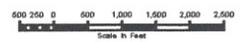
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Item #2 PSLT Mtg 8/18/2013



City of Des Moines
Geographic Information System
Potential Marijuana Retail Areas

- Des Moines City Limits
- Potential Marijuana Retail Areas



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Item 3) CIP Project Updates/Draft 2014 – 2019 Transportation CIP Budget

Current CIP Project Updates (Continued in 2014):

- 216th Segment 2 (18th – 24th) – under construction, on schedule
- Saltwater State Park Bridge Seismic Retrofit – Design started
- 24th Avenue South (208th – 216th) – Construction contract award 8/8
- Barnes Creek Trail /509 ROW – meeting planned with WSDOT on 8/14
- 216th Segment 1a (24th – 29th) – just started ROW phase on one property, looking to continue ROW with 24th Ave bid savings (roll balance of Port \$ into)
- Marine View Drive Crosswalk Improvements (219th, 220th, 226th) – Construction to start on 9/9 will be completed in September
- North Hill School Zone Flashers – grant acceptance 8/8, go out for quotes in August and construct in September/October
- 24th Ave South/Midway Elementary Sidewalk Improvements (224th – 227th) – Design started
- Citywide Arterial Street Improvements – markings for 2013 underway
- 16th Avenue South Segment 5A – awaiting coordination with Ukrainian Church development
- South 240th/MVD intersection improvements (round-a-bout) – would require grant funds from *TIB (application due 8/23)
- South 224th Street sidewalks (SR-99 – 30th Ave) – pending CDBG grant outcome

*Favorable review from recent meeting TIB area Engineer.

Proposed 2014 Transportation CIP Projects

The following new projects are staff's recommendations to be added with potential project savings from the 216th Segment 2 project and 24th Ave South (208th – 216th) project:

- Parking Management Plan for Redondo area (fund 90k?, current priority # 9 on TIP)
- Sidewalk and Curb Ramp Program (fund ~20k? to address safety needs) #12 on TIP
- Guardrail Program (fund ~25k to replace needed sections) #13 on TIP
- 216th Segment 1a (24th – 29th) – continue ROW with 24th Ave bid savings (roll balance of Port \$ into)
- 216th Segment 3 (11th – 18th) – Start design if funds are available

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Item 4) Pavement Preservation Program

Staff would plan to bring forward to the Council in September some Policy Questions to consider if ballot is successful:

- Geographic Equity?
 - Should staff prepare overlay program with balanced approach to spreading funds throughout the City
- Treatment Types other than asphalt overlay?
 - Should staff consider additional more cost effect types where warranted:
 - Chip Seal
 - Slurry Seal
 - Fog Seal
- Arterial versus local road balance
 - More local roads in City, however, more traffic is on arterials
- Timing of Funding?
 - Bond for a larger project
 - Pave similar amounts each year for 20 years

If successful, at a minimum staff would need to hire consultant to update the City's overall pavement condition database....this would take a couple of months.

Could plan to pave 223rd Street in 2014 (design done, just need to update specs, finalized, etc..)

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Item 5) Consultant Task Order Assignments Status for 2012 and 2013

Below is a table/summary showing the Authorized task order amounts and consultants from the current on-call contract.

2012 - 2013 On-Call Engineering Services Task Order Assignments to date

Company	# of projects	Project	Authorized Project Amount	Total Amount
AMEC	1	Redondo Heights Tree Topping	\$4,897	\$4,897
ESA Adolfson	1	Auditorium Landscaping Field Review	\$1,350	\$1,350
Exeltech	1	Saltwater State Park Bridge Rehabilitation Design	\$543,546.99	\$543,546.99
Fehr & Peers	1	Marine View Drive Walking Audit	\$5,500	\$5,500
KPG	3	South 216th Street Storm Drainage Repair Design	\$17,475.70	
" "		City Hall Walkway Canopy Repair	\$3,994.09	
" "		Barnes Creek Trail/SR 509 Right Of Way Support	\$102,547.15	\$124,016.94
Parametrix	4	24th Avenue South Survey	\$13,821.61	
" "		Topographic Mapping	\$9,788.04	
" "		Redondo Heights Culvert Replacement Compaction Testing	\$5,874.04	
" "		Comprehensive Stormwater Plan File History	\$800.00	\$30,283.69
Tetra Tech	2	Lower Massey Creek Channel Modification Design	\$328,686.00	
" "		KDM Rd Overlay Asphalt Testing(10th - 16th Ave S)	\$1,251.41	\$329,937.41
HDR	0	X	X	
James W. Ellison	0	X	X	
KPFF	0	X	X	

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Item 6) Car Wash Property Surplus Follow-up

Staff was given direction to look into benefits of not selling the remnant property, but rather leasing the property. Staff has done some initial research on the 2 options (see below), but would recommend postponing property action until redevelopment of the QFC site.

Lease option: Because subject property is a vacant and the City is not in the business of development, it is assumed a land lease.

- City will have to have the lease managed by a property manager (in house or contracted out).
- Land lease will be long term, 30+years if a developer wants to lease it to build out and sub-lease the spaces. Short term for seasonal usages.
- City will have to insure it.
- Lease value will be determined/negotiated with the lessee and will be based on what the end use will be, i.e. if a developer builds an office building; the lease value will be higher than of the seasonal lease value; Christmas tree lot. The lease value cannot be determined upfront because it is market driven.

Sale option:

- Appraise the property to determine the fair market value (assuming the council will have to approve the value). An appraisal was done ~ 3 years ago...
- List with brokerage services and go through the normal real estate channel or the City may choose to do this in house to avoid commission fees and just higher an escrow services for closing.