



**Cottonwood Investors, LLC,
Development Agreement
Staff Report**

File: PDA-21-0001 SEPA File: SEP-21-0026

I. GENERAL INFORMATION:

Application Date: April 1, 2021
Public Hearing Date: **September 23, 2024**
Applicant/Property Owner(s): Cottonwood Investors, LLC,
P.O. Box 1757, Walla Walla, WA 99362

Description: Proposal is a Development Agreement in conjunction with an annexation proposal. The development proposal is to subdivide approximately 104 acres into 257 single family residential lots with associated streets, drainage facilities and opens space.

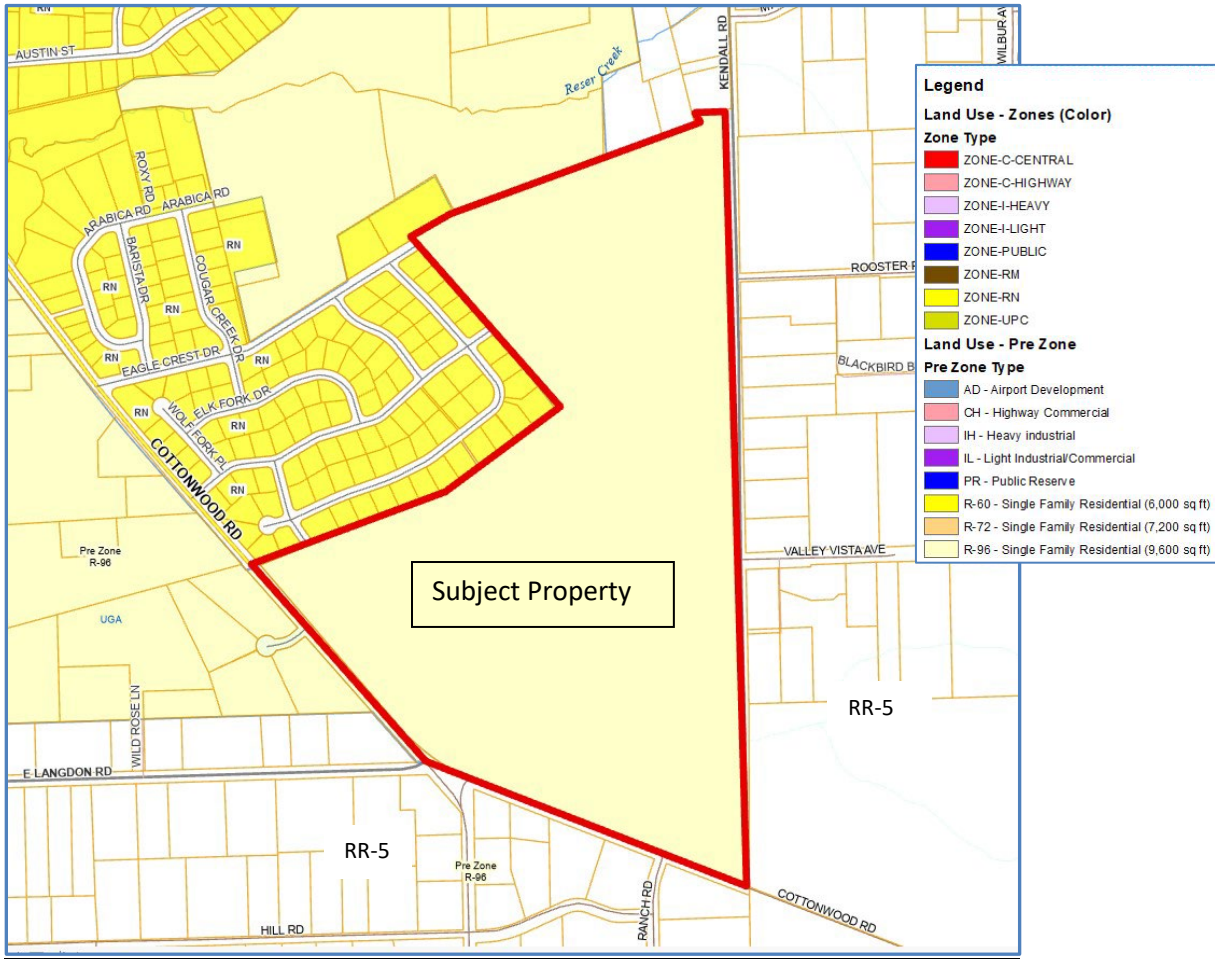
Note: The Development Agreement is not the legal mechanism for subdividing the subject property. If the Development Agreement is approved, the property would still need to be annexed by the Walla Walla City Council, and upon annexation, the Developer would be required to file a preliminary and final plat application to subdivide the property consistent with the Development Agreement.

Proposed Location: The site is located generally north and east of Cottonwood Road and west of Kendall Road.
Parcel Number: 360604120029

Subject Property and Adjacent Property Zoning and Land Use:

	Comprehensive Plan	Zoning	Current Land Use
Project Site	Residential	R-96 Residential (County) Neighborhood Residential, upon annexation into the city limits.	Agriculture
North	Residential	Neighborhood Residential (City) R-96 Residential (County)	Residences and Rural Residential
South	Rural Residential 5	Rural Residential 5 (County)	Rural Residential

		General Agriculture 20 (County)	Agriculture
East	Rural Residential 5	Rural Residential 5 (County)	Rural Residential and Agriculture
West	Rural Residential 5	R-96 Residential (County) Rural Residential 5 (County)	Rural Residential



Subject Property and Adjacent Property - Aerial View (4/6/22 Imagery):



II. ENVIRONMENTAL REVIEW

The Applicant prepared a State Environmental Policy Act (SEPA) Environmental Checklist and supporting documents for review under the provisions of Walla Walla Municipal Code (WWMC) Chapter 21.08.

The SEPA responsible official for the City of Walla Walla under Washington's State Environment Policy Act issued a Mitigated Determination of Non-Significance (MDNS) for the proposal on August 29, 2024. This Mitigated Determination of Non-Significance was issued after using the optional DNS process in WAC 197-11-355. The Notice of Application with Optional Threshold Determination was issued on September 29, 2021.

As lead agency, the City of Walla Walla distributed the MDNS per WAC 197-11-355(5) jointly with the Notice of Public Hearing with the statement that the public hearing shall be open to consideration of the environmental impacts of the proposal. Per RCW 36.70B.110(6)(b) this Mitigated Determination of Non-Significance was issued at least fifteen days prior to the public hearing on the proposal.

The environmental impacts are mitigated through the terms and conditions of the Development Agreement. The Mitigated Determination of Non-Significance is conditioned on the applicant “comply[ing] with the terms and conditions of the proposed Development Agreement as agreed on by and between the City of Walla Walla and Cottonwood Investors, LLC.”

III. FINDINGS OF FACT

1. On January 2, 2021, Cottonwood Investors, LLC filed with the City of Walla Walla Development Services Department a petition to annex into the City of Walla Walla that is currently within the City of Walla Walla Urban Growth Area. The subject property consists of approximately a 104 acre parcel located north and east of Cottonwood Road and west of Kendall Road.
2. The subject property was included in the City of Walla Walla Urban Growth Area in 1996.
3. On April 1, 2021, Cottonwood Investors, LLC filed an application for a Development Agreement in conjunction with the proposed annexation
4. On April 28, 2021, the Walla Walla City Council adopted Resolution 2021-65 conditionally accepting the annexation petition, but required a development agreement be approved by the City Council before annexation.
5. The proposed development is for no more than 257 residential lots for future construction of detached single-family residences.
6. The Developer proposes to fully develop this site with open space, multi-use paths, utility extensions, stormwater facilities, and other public improvements that will be included as part of the Development. Such public improvements, once constructed, tested and approved by the City, will be dedicated to the City by the Developer.
7. The application is subject to a Level IV review pursuant to Walla Walla Municipal Code 20.27 and a public hearing is held by the City Council.
8. The application was filed on April 1, 2021 and determined to be a complete application on September 17, 2021.
9. A Notice of Application was issued on September 29, 2021, with a public comment period, which concluded on October 29, 2021. The Notice of Application was mailed to property owners within 400 feet of the subject property, posted on the City’s website, published in the Union Bulletin, posted on-site, as required by Walla Walla Municipal Code 20.14.065 and provided to parties that requested special notice per Walla Walla Municipal Code 20.14.015.

10. Public comments were accepted in writing by the Development Services Department until October 29, 2021, as part of the formal public notice comment period.
11. Since the application comment period city staff has prepared with Cottonwood Investor's, LLC a draft development agreement with terms agreeable to the Cottonwood Investors, LLC.
12. On August 28, 2024, the Walla Walla City Council adopted Resolution 2024-080 setting the public hearing on the Development Agreement for September 23, 2024, 6:30 p.m. at the Walla Walla High School Commons at 800 Abbott Road, Walla Walla, WA.
13. A Notice of Public Hearing was issued on August 29, 2024. The Notice of Public Hearing was mailed to property owners within 400 feet of the subject property, posted on the City's website, published in the Union Bulletin, posted on-site as required by Walla Walla Municipal Code 20.14.085 and provided to parties that provided comment or requested special notice per Walla Walla Municipal Code 20.14.015. The Notice of Public Hearing provided the public hearing date, location, and manner for participating in the public hearing.
14. The Notice of Public Hearing also stated that interested parties wishing to submit written testimony or documents, with new information to be included in this staff report, provided to the Walla Walla City Council in advance of the special meeting, must submit such materials to the Development Services Department by Monday, September 16, 2024, by 5 p.m.
15. The City of Walla Walla Development Services finds and had determined that this proposal is unlikely to have a significant adverse impact on the environment. Pursuant to WAC 197-11-350(3), the proposal has been clarified, changed, and conditioned to include necessary mitigation measures to avoid, minimize or compensate for probable significant impacts. An environmental impact statement (EIS) is not required under RCW 43.21C.030.
16. The SEPA Mitigated Determination of Non-Significance was issued on August 29, 2024, at least fifteen days prior to the public hearing on the proposal per RCW 36.70B.110(6)(b). This Mitigated Determination of Non-Significance reaffirmed the public hearing date, location, and manner for participating in the public hearing and affirmed that the public hearing shall be open to consideration of the environmental impacts of the proposal.
17. In making this determination staff reviewed the submitted SEPA Checklist, Walla Walla Comprehensive Plan Final Environmental Impact Statement (FEIS), Traffic Reports, Stormwater reports, Geotechnical Reports, and other reports listed in in

Appendix I of the proposed development agreement, which are hereby adopted and incorporated by referenced in this finding of fact.

18. The City of Walla Walla adopted an updated Comprehensive Plan, Walla Walla 2040, on June 13, 2018 (Ordinance 2018-15) that included significant policy changes to address affordable housing, support a variety of housing types within residential zones, and encourage development where infrastructure is available. The City finds that the proposal is consistent with the Comprehensive Plan.
19. The City of Walla Walla finds that proposal meets the strategic objectives of the City of Walla Walla Strategic Plan in effect during the application review: Livability – Strategic Objective 1, Address Housing Crisis in the Community. (See Resolution 2022-54 (9/12/2022))
20. The City of Walla Walla also finds that the proposal meets the strategic objective of the current City of Walla Walla Strategic Plan: Livability Strategic Objective 1 - Address the housing needs within the community (see needs assessment Regional Housing Action Plan)

Livability Strategic Objective 1 - Initiatives:
 - Develop an annexation strategy for the city’s urban growth area
 - Continued implementation of the Regional Housing Action Plan recommendations, and
 - Ensure infrastructure capacity to meet future growth. (See Resolution 2024-77 7/24/2024))
21. The City of Walla Walla finds that the proposed Development Agreement is consistent with and supported by the Countywide Planning Policies.
22. The City of Walla Walla finds that the proposed Development Agreement furthers the objectives and goals of the Regional Housing Action Plan adopted by Ordinance 2021-23.
23. Application materials, supplemental submissions, public comments and correspondence is voluminous. These documents have been compiled and are available for viewing by the City Council and the public by going to the following web link. [Cottonwood Investors, LLC - Development Agreement and Project Materials](#) (CTRL click web link).

This web link also includes the Final Draft of the proposed Development Agreement that was negotiated between staff and representatives of Cottonwood Investors, LLC. Cottonwood Investors, LLC is agreeable to the terms of the Development Agreement as drafted. A Cottonwood Investors, LLC representative signed copy of the Development Agreement is made available through that web link concurrent with the publication of this staff report indicating agreement to its terms.

These documents and the proposed Development Agreement have also been available for public viewing through the City of Walla Walla Development Services, Public Notice webpage, since the City Council passed Resolution 2024-080 setting September 23, 2024, as the date of the public hearing on this matter.

These documents are organized in separate files for ease of review, and adopted as part of this staff report and hereby incorporated by reference:

PDF Document: *20240814 DEVELOPMENT AGREEMENT FINAL DRAFT.pdf*

PDF Document: *DEVELOPMENT AGREEMENT- COTTONWOOD INVESTORS, LLC SIGNED.pdf*

These pdf documents include the final draft and signed copy of the Development Agreement negotiated between staff and representatives of Cottonwood Investors, LLC. City staff that assisted in negotiation of the agreement include the City Manager, City Attorney, Development Services Director, Public Works Director, Parks and Recreation Director, and City Engineer.

File titled: *“A – Cottonwood Investors, LLC – Original Application Materials”*

This file contains the Applicant’s original Development Agreement application and includes reports, studies, and other information necessary for staff to deem the application complete for processing.

File titled: *B – City of Walla Walla Application Processing Documents*

This file contains procedural documents generated through the process of the permit, including Notice of Application, Notice of Public Hearing, Certificates of Proof of Posting/Mailing/Publishing, and the SEPA Environmental Determination.

File titled: *C – Comment Letters – Public*

This folder also contains a subfolder titled: *Comment Letters received post Notice of Public Hearing* and contains written comment letters received by the City after the Notice of Public Hearing was provided.

This file contains a subfolder titled: *Comment Letters received post Notice of Application* and contains all the comment letters received by the City from interested parties during the Notice of Application comment period. This file also contains a staff prepared summary of public comments in table format.

File titled: *D – Comment Letters – SPRC and Agency*

This file contains comment letters from departments or other agencies with potential jurisdiction over the project action that were received during the Notice of Application comment period.

File titled: *E – City of Walla Walla letters to Cottonwood Investors, LLC*

This file contains letter correspondence from the City of Walla Walla to Cottonwood Investors, LLC requesting clarification and/or additional information to support its application.

File titled: *F – 20220624 Response Materials from Cottonwood Investors, LLC*

File titled: *G – 20230208 Additional Transportation Information and Responses from Cottonwood Investors, LLC*

File titled: *H – 20230905 Additional Response Materials from Cottonwood Investors, LLC*

These three files contain letters from Cottonwood Investors, LLC to the City of Walla Walla responding to letters from the City of Walla Walla, including the providing of additional studies, reports, or clarification to support its application.

File titled: *I – City of Walla Walla Commissioned Drainage Study Review*

This file contains a review memorandum commissioned by the City of Walla Walla reviewing the Applicant's Drainage Study.

File titled: *J – City of Walla Walla Commissioned Traffic Impact Analysis Review*

This file contains a review memorandum commissioned by the City of Walla Walla reviewing the Applicant's Traffic Impact Analysis.

24. The following are the procedural/and process documents referenced above:

- | | |
|--|--------------------------|
| a. Notice of Application | Dated September 29, 2021 |
| b. Certificate of Proof of Posting/Mailing/Publishing of Notice of Application | Dated October 4, 2021 |
| c. Notice of Public Hearing | Dated August 29, 2024 |
| d. Certificate of Proof of Posting/Mailing/Publishing of the Notice of Public Hearing. | Dated September 17, 2024 |
| e. SEPA Mitigated Determination of Non-Significance | Dated August 29, 2024 |
| f. Certificate of Proof of Mailing of the SEPA MDNS | Dated August 29, 2024 |
| g. Notification List | |

IV. CRITERIA FOR REVIEW

Walla Walla Municipal Code Chapter 20.34

20.34.010 Authority

A. The city may, in accordance with the provisions of RCW 36.70B.170 through 36.70B.210, enter into a development agreement with a person(s) having ownership or control of real property within its jurisdiction, or outside its boundaries as part of a proposed annexation or a utility service agreement. A development agreement is a voluntary contract detailing the obligations of both parties and specifying the standards and conditions that will govern development of real property.

1. The execution of a development agreement is a proper exercise of the city's police power and contract authority.

2. A development agreement may obligate a party to fund or provide services, infrastructure, or other facilities.

3. A development agreement shall reserve authority to impose new or different regulations to the extent required by a serious threat to public health and safety.

B. Development agreements are not "project permit" applications as defined in RCW 36.70B.020. Therefore, there is no deadline for processing a development agreement. If an applicant requests that the city execute a development agreement as part of its approval of a project permit application, the applicant must first sign a written waiver of the deadline for issuance of the final decision of the project permit application.

20.34.020 General Provisions.

A. A development agreement must set forth the development standards and other provisions that shall apply to, govern and vest the development, use, and mitigation of the development of the real property for the duration specified in the agreement; provided, that:

1. The development agreement shall be consistent with all applicable development regulations.

2. The provisions of this section do not affect the validity of a contract rezone, concomitant agreement, annexation agreement, or other agreement in existence or adopted under separate authority.

3. For the purposes of this section, "development standards" includes, but is not limited to:

a. Project elements such as permitted uses, residential densities, and nonresidential densities and intensities or building sizes;

b. The amount and payment of impact and mitigation fees imposed or agreed to in accordance with any applicable provisions of state law, any reimbursement provisions or other financial contributions by the property owner, inspection fees, or dedications;

c. Mitigation measures, development conditions, and other requirements under Chapter 43.21C RCW;

- d. Design standards such as maximum heights, setbacks, drainage and water quality requirements, landscaping, and other development features;
- e. Affordable housing, if applicable;
- f. Parks and open space preservation;
- g. Phasing;
- h. Review procedures and standards for implementing decision;
- i. A build-out or vesting period for applicable standards; and
- j. Any other appropriate development requirement or procedure.

20.34.030 Term.

In determining the appropriate term for a development agreement, the city council should consider the type, size and location of the proposal and phasing if proposed. If authorized in the development agreement, an extension may be exercised upon mutual approval of both the developer and the city. All extension requests shall be reviewed by the city council after a public hearing on the request unless another process is expressly provided for in the development agreement.

20.34.040 Approval procedure, recording.

A. A development agreement shall only be approved by the city council after a public hearing. The director shall make a recommendation to the city council, who will determine the hearing body based on the nature of the proposed action necessitating a development agreement. A hearing body, if other than the city council, shall conduct a hearing and forward its recommendation to the city council for consideration and decision.

B. Upon approval, a development agreement shall be recorded with the Walla Walla County Auditor.

1. During the term of a development agreement, it is binding on the parties and their successors.

2. Unless amended or terminated, a development agreement is enforceable during its term by a party to the agreement.

3. Any permit or approval issued by the city after the execution of a development agreement must be consistent with the terms of the development agreement.

4. A development agreement and the development standards incorporated in the agreement govern during the term of the agreement, or for all or that part of the build-out period specified in the agreement, and may not be subject to an amendment to a zoning ordinance or development standard or regulation or a new zoning ordinance or development standard or regulation adopted after the effective date of the agreement.

20.34.050 Judicial appeal.

If a development agreement relates to a project permit application, the provisions of Chapter 36.70C RCW shall apply to the appeal of the decision on the development agreement.

(See also RCW 36.70B.170 through 36.70B.210 which provides the statutory basis for allowing cities to enter into voluntary development agreements.)

V. CONCLUSIONS OF LAW

1. CONSISTENCY WITH THE WALLA WALLA COUNTYWIDE PLANNING POLICIES / WALLA WALLA COMPREHENSIVE PLAN / CITY STRATEGIC PLAN / REGIONAL HOUSING ACTION PLAN

City staff has reviewed the proposal in conjunction with the Walla Walla Countywide Planning Policies, City of Walla Walla Comprehensive Plan, City Strategic Plan and the Regional Housing Action Plan. Staff submits that the proposed Development Agreement and the proposed development meets the statutory aims of comprehensive planning and orderly development within the City and provides a benefit to the City, through the construction and dedication of public facilities, as further explained below.

The subject property is currently located within the City of Walla Walla Urban Growth Area (UGA) and has been in the UGA since 1996. Because the property is within the UGA it is anticipated that it will be annexed to the City of Walla Walla consistent with the Growth Management Act, Countywide Planning Policies, the Comprehensive Plan, and past actions by the Walla Walla City Council.

In 2001, the City Council passed Ordinance 2001-10 (codified as Walla Walla Municipal Code, Chapter 13.07) which established a special charge applicable to the Cottonwood trunk system service area for the reimbursement of the costs of water and sewer extensions into the Cottonwood region, of which the subject parcel is a part. In 2001 the City extended water and sewer utility trunk lines south down Cottonwood Road across Russell Creek. These facilities were installed by the City to accommodate growth in this area. The City of Walla Walla has and continues to collect these trunk system charges at time of building permit for properties developed in this area.

In November of 2020, at a total project cost of \$310,000, the City of Walla Walla made a capital investment in the sanitary sewer pump station on Cottonwood Road. Improvements included new pumps, electrical controls, backup power generator and site fences. The upgraded pump station is anticipated to accommodate 300+ residential future growth units in the Cottonwood trunk sewer system area, including the proposed development. The proposed Development Agreement outlines the extension of these urban utility services.

The City of Walla Walla needs additional housing to meet the projected housing needs identified in the Regional Housing Action Plan which was adopted by City Ordinance 2021-23 on August 11, 2021. This proposed Development Agreement contemplates a built-out period that corresponds generally with the 20-year housing projection needs identified in that plan, thus, keeping the City on sure footing to meet the needs of the community as well as Growth Management Act objectives.

The proposed Development Agreement also advances the Walla Walla City Council's Strategic Plan Livability Key Focus area, and through Strategic Objective 1, to: "Address the housing needs within the community (see needs assessment Regional Housing Action Plan)". This Strategic Plan includes initiatives that support this Strategic Objective. Initiatives include: Develop an annexation strategy for the city's urban growth area, Continued implementation of the Regional Housing Action Plan recommendations, and Ensure infrastructure capacity to meet future growth. This Strategic Plan was adopted by City Resolution 2024-77 on July 24, 2024.

The City understands that this proposal seeks to develop lands up to the UGA boundary. The transition from the City of Walla Walla urban area to rural county is appropriate with the proposed development of residential housing and included open space. The Walla Walla Comprehensive Plan, Community Character chapter speaks to this UGA/County boundary as the Urban/Rural edge as "what gives the city the visual image of a unique oasis in the Palouse, [...]. The Comprehensive Plan encourages that this Urban/Rural edge should also "[p]rovide parks and open space in new development at city's perimeter." (See Comprehensive Plan, Page CC-10,11). Residential homes provide a buffer to the rural county environment and is consistent with the existing residential uses in the neighboring county properties and Rural Residential Walla Walla County zoning designation.

Relevant goals and policies of the Walla Walla Countywide Planning Policies, City of Walla Walla Comprehensive Plan, City Strategic Plan and the Regional Housing Action Plan that support the Development Agreement are listed below.

Walla Walla Countywide Planning Policies

Countywide Planning Policy 4.8: Each city shall designate a potential annexation area. Within this area the city shall adopt criteria for annexation and schedule for provisions or urban services and facilities within the potential annexation area.

Countywide Planning Policy 4.9: A city may annex territory only within its designated potential annexation area. All cities shall phase annexation to coincide with the ability to provide a full range of urban services to areas to be annexed.

Countywide Planning Policy 4.10: Undeveloped urban areas should be annexed to adjacent cities as they develop (prior to development) in order to receive a full range of services. [...].

Walla Walla Comprehensive Plan

Community Character Policy 1.1 Use the land use code and design guidelines to ensure that new development reinforces and is guided by the character of existing land use patterns and the architectural attributes of the applicable character areas.

Land Use Policy 1.1 Accommodate new residential and commercial development in areas with available infrastructure and services.

Land Use Policy 1.2: Annex and provide services to all lands within the Urban Growth Area.

Land Use Policy 1.3 Encourage infill development that provides additional housing within the city.

Land Use Policy 1.4 Review new development proposals to ensure they support the objectives of the Comprehensive Plan such as land use, transportation, community character, historic preservation, and sustainability.

Land Use Policy 3.7 Support a variety of housing types such as tiny homes, duplexes, multi-family development, cottage housing, and single family residential, and manufactured homes and manufactured housing communities.

Land Use Policy 4.1 Balance commercial, industrial, and residential development with the conservation of natural resources and open space by directing growth to areas already served by infrastructure.

Land Use Policy 4.4 Ensure that new subdivisions and housing development retains natural qualities including topography, natural features, and native vegetation to minimize impacts to the surrounding ecosystem. Retaining or restoring riparian woody vegetation should be a priority.

Land Use Policy 5.2 Ensure that new subdivisions and housing are designed to accommodate pedestrian and bicycle access within the development and to nearby community facilities and amenities such as schools, parks, shopping areas, transit corridors, and employment centers.

Housing Element

“Walla Walla must ensure it has enough housing for all its residents. As the City grows it also plays a role in providing everyone who lives here access to a decent house that they can afford. There are many ways to do this but increasing the different types of housing is an important factor in meeting community needs. Policies enacted to create more housing must include measures that mitigate against the displacement of marginalized populations through redevelopment. This element examines the kind of housing Walla Walla has now, its needs for housing, and identifies how it can make sure there are enough homes for everyone in the future.”

Housing Goal 1: A broad range of housing choices is available to meet the needs of people of diverse socioeconomic status, housing type and age.

Housing Policy 2.1 Integrate housing for lower and moderate-income households and those with special needs into a variety of geographical locations throughout the city.

Environment and Natural Resources Policy 1.3 Ensure that buffers are adequately defined, regulated, and controlled to limit the disturbance of vegetation and disruption of ecological function.

Transportation Policy 5.2 Create a well-connected network of streets, paths, and transit service to provide active transportation options.

Capital Facilities and Utilities Policy 2.2: Provide utility services to areas of the city and UGA based on the following criteria:

- New subdivisions must connect to utilities
- Proposed new residences within 300 feet of a sewer main must connect to the sewer.
- A proposed residence must connect to the public water system if the lot does not currently have an approved well. Any new well proposed must follow the Walla Walla Municipal Code.
- Property within the UGA shall annex prior to receiving city utilities.

Capital Facilities and Utilities Policy 2.7 Ensure that facilities and infrastructure are designed and located with consideration of their impacts on community character.

Regional Housing Action Plan

The Regional Housing Action Plan (RHAP), adopted by the Walla Walla City Council via Ordinance 2021-23, described the need for additional housing, with the following:

“The Walla Walla Region should plan to add approximately 4,685 net new housing units over the next 20 years.” [...] and] “Based on the residential capacity analysis and this housing needs assessment, the following conclusions are made: [...] Walla Walla UGA: the projected 20-year housing need of 3,570 dwelling units is below the potential UGA capacity of 3,740 dwelling units... It is recommended that the [City of Walla Walla ...] ensure that new housing density can be optimized within current UGA's...” (See page v, *Regional Housing Action Plan*)

The Regional Housing Action Plan also finds that an anticipated development of 3,710 dwelling units will be needed within the projected 20 years, of which 1,686 dwellings will come from vacant land. (See page 17, *Exhibit 13* and page 20, *Exhibit 16 - Regional Housing Action Plan*)

Walla Walla Strategic Plan

Key Focus Area: Livability

Livability Strategic Objective 1 - Address the housing needs within the community (see needs assessment Regional Housing Action Plan)

Livability Strategic Objective 1 - Initiatives:

- Develop an annexation strategy for the city's urban growth area
- Continued implementation of the Regional Housing Action Plan recommendations, and
- Ensure infrastructure capacity to meet future growth.

2. CONSISTENCY WITH WALLA WALLA MUNICIPAL CODE CHAPTER 20.34 and RCW 36.70B.170 through 36.70B.210.

The proposed Development Agreement is a voluntary agreement between the Developer and the City of Walla Walla. Legally authorized by RCW 36.70B.170 and WWMC Chapter 20.34, a Development Agreement, sets forth the terms and conditions of the development and set forth the development standards and other provisions that shall apply to, govern, and vest the development, use and mitigation of the development for the duration of the agreement.

City staff has determined that the proposed Development Agreement is consistent with the development regulations of the City of Walla Walla, ensuring that upon annexation, the property would be developed according to these development standards, as set forth in the terms of the agreement. A summary of the Development Agreement terms is detailed below.

City staff reminds readers of this Staff Report that approval of the Development Agreement is not the legal mechanism to subdivide the subject property. Should the City Council approve the Development Agreement and subsequently annex the property into the City of Walla Walla, the Developer is still required to file an application for a preliminary plat for the entire subject property. It is through the preliminary plat and final plat process the property becomes subdivided into sellable lots. This preliminary and final plat process requirement is to ensure that impacts from the development of the entire property are again considered, mitigated for, and consistent with the Development Agreement.

The Walla Walla Municipal Code prescribed preliminary plat approval process requires a new application for subdivision under a Level IV Review. The current Level IV review process allows for public involvement through public notice of application and a quasi-judicial public hearing before the hearing examiner who makes a recommendation to the Walla Walla City Council for final decision.

As the Development Agreement site plan is conceptual, the Development Agreement provides that during this preliminary plat process, the Developer may seek approval from the City's Site Plan Review Committee (SPRC) to make minor adjustments to lot boundaries, infrastructure boundaries, and right of way locations as shown on the conceptual site plan, so long as the adjustments are in conformity with the terms of the Development Agreement. Minor adjustment may be allowed with an understanding that a reduction of lots may be necessary or desirable to accommodate required on- and off-site stormwater facilities, on-site infrastructure, and to accommodate the potential market conditions and demand, so long as the development meets the Municipal Code required, minimum net density requirements of four dwelling units per acre. Minor adjustments do not allow the development to exceed the maximum allowable lots of 257. SPRC consists of the directors of Development Services, Public Works, Parks and Recreation, Police chief, Fire chief, and chief building inspector, or their designated representatives. The City Manager also serves as the ex officio member. (See WWMC 20.46.020 Re: SPRC)

The proposed Development Agreement provides that the property would be developed in phases, and the developer shall obtain all necessary permits before commencement of each phase, including but not limited to civil plan approval and final plat approval of each phase. The Phasing Plan is shown as Exhibit D and corresponds with the Grading Plan shown as Exhibit G in the Development Agreement.

3. DEVELOPMENT STANDARDS

The subject property is currently located within the unincorporated City of Walla Walla urban growth area. Upon annexation, the property would receive a Neighborhood Residential zoning designation.

While the Neighborhood Residential zone allows for a variety of housing types, including but not limited to: single-family residential, duplexes, triplexes, fourplexes, townhomes, cottage housing, tiny homes, stacked flats, and accessory dwelling units, the proposed Development Agreement sets forth the condition that the development may *only* contain single-family residences.

The Developer's proposal to construct 257 single-family residential lots for 257 single family residential homes and paired with the proposed dedication of open space, is compliant with the Walla Walla Municipal Code minimum net housing unit density requirement of four units per acre. See WWMC 20.50.020(B). No non-residential uses are proposed by the developer.

The Developer also agrees to meet existing Walla Walla Municipal Code requirements of front and rear yard setbacks, maximum building lot coverage of 50% of the lot, with a maximum building height of 35 ft. The Developer seeks no deviations from these development standards. All roadways would be public and built to City Standards including curb/gutter sidewalks, street trees and street lights.

In all other respects the property, upon preliminary and final plat application, shall be developed in accordance with the Development Agreement, the Walla Walla Municipal Code, and specifically Titles 12 Streets and Sidewalks; 13 Water and Sewers; 15 Building and Construction; 19 Subdivision; 20 Zoning; and 21 Environment. Developer would also be responsible for addressing the following general terms and conditions of the Walla Walla Municipal Code relating to:

- a. Street improvements. (WWMC 19.32.020),
- b. Potable Water/Sanitary Sewer Utility Systems shall be substantially similar to the preliminary water and sewer utility plan identified as Exhibit F of the proposed Development Agreement and provide adequate fire flow according to International Fire Code standards. (WWMC 19.32.030, WWMC 19.32.40 and WWMC 19.32.050),
- d. Stormwater (WWMC 13.15 and 13.16),
- e. Public Facilities Warranty/Guaranty (WWMC 19.32.070),
- f. Record Drawings (WWMC 19.34.020),
- g. Permits and Fees (WWMC 2.94.040, 13.03.645, & 13.04.035), and
- h. Material Testing.

Section 5.13 of the proposed Development Agreement provides greater detail of these Preliminary Plat application conditions.

4. CONCEPTUAL OPEN SPACE PLAN

The Development Agreement provides for a significant amount of open space as part of the proposed development. A conceptual open space plan is attached to the Development Agreement as Exhibit E. This conceptual open space plan shows the location of open space/park area, consisting of nearly 23 acres, with a non-motorized multi-use trail system.

As further detailed below, the Development Agreement provides a significant public benefit, largely satisfying the City's Parks and Recreation needs in this area. The Development Agreement requires that the open space, park, trail, and amenities located within the park area shall be dedicated, at no cost, to the city when completed and approved by the City. In addition, the park area shall include the following features, at a minimum, as approved by the City:

- a. Minimum 12-foot-wide asphalt paved trail structure,
- b. Amenities including sitting benches, waste receptacles, pet waste stations,
- c. Trail lighting, and
- d. Trees, landscaping, and irrigation.

The proposed Development Agreement provides that the park area shall be landscaped with natural low-maintenance, drought-tolerant trees, grasses and plantings, including

native plants, that are hardy in nature. Landscaping shall be irrigated to ensure the health of the vegetation.

The proposed open / park space provided for in the Development Agreement fills a gap in park space at the south part of the city. The next closest city open space being Mountain View Cemetery, being located approximately one mile north from the proposed development, and the next closest park being Howard Tietan park, located approximately two miles north from this proposed development. The multi-use trail system would provide nearly one mile of lighted multi-use trail surface for public use within this open space area. The open space also provides an approximate 75 ft wide open space buffer between existing residences and the proposed new single-family homes, thus protecting views and providing a visual break between the proposed development and adjacent existing subdivisions.

The Walla Walla City Council recently adopted the 2024 Parks and Recreation Plan by Resolution 2024-42 on April 23, 2024. This plan identifies a need for parks and open space in the south side of the City, as this Cottonwood area lies outside of reasonable walking distance of up to half a mile for a neighborhood park. The plan establishes Goal 1 – Provide High Levels of Service, with Objective 1.4: “Acquire land sufficient for a neighborhood park in the south portion of the city or Urban Growth Area in order to develop a park to meet the needs of residents in this developing area of the city.” (See Parks and Recreation Plan 2024, page 44). This plan also identifies in its Capital Improvement Program the establishment of a Future New Park in the south area of the City with an estimated cost of \$2,000,000 to acquire and develop in the years 2029 and beyond. (See Parks and Recreation Plan 2024, page 42). The development and dedication of the parks / open space that the Development Agreement provides addresses these needs identified in this planning document providing a benefit to the City with no initial capital investment cost.

Certain parts of the proposed parks / open space may serve a dual function as stormwater management facilities during weather events. Parts of the trail system that pass through stormwater management facilities shall be located above the engineered highwater mark for the 10-year storm to avoid inundation with water. The agreement provides that it is anticipated that the city will maintain the areas that are dedicated to the city in a manner consistent with other city park facilities. Developer or a future established Homeowners’ Association will be responsible for maintenance of steep slopes. Determination of ownership and maintenance of the open space will be identified during the preliminary plat process.

5. STORMWATER MANAGEMENT

The management of on-site stormwater (stormwater originating from within the development) and off-site stormwater (upstream drainage, e. g. natural drainage areas that pass through/by the subject property) is of utmost importance to the City and neighboring residents. This subject parcel lies in part within a natural drainage area of

upgradient lands. The historic flooding in the area and ongoing stormwater management is exacerbated by deficiencies in the existing conveyance systems. Development of the subject property is possible with engineering controls to manage stormwater and the impacts of storm events as well as improve existing conditions.

To address these issues, the proposed Development Agreement sets forth the requirement that the Developer, as part of the preliminary plat application for the entire development, shall submit a comprehensive stormwater plan. The comprehensive stormwater plan must include, and provide provisions for, access, sediment control, maintenance, management, and a schedule for completion of facilities tied to each development construction phase.

It is the intent that these requirements will manage on-site and off-site stormwater to avoid flooding down gradient properties, thereby mitigating against the potential of the type of flooding that was seen during the construction of the Table Rock subdivision in 2005.

The Development Agreement dictates that the comprehensive stormwater plan meet additional requirements as detailed in Section 5.09 Stormwater Management, of the Development Agreement. The proposed Development Agreement and associated Exhibit H – Storm Drainage Narrative, should be reviewed for a full understanding of these requirements. A few noteworthy elements are listed below:

- a. On-site stormwater systems shall retain the 25-year storm event and manage the 100-year storm event to mitigate against flooding of downstream properties.
- b. Subject to review and acceptance by the City, off-site stormwater management facilities shall be dedicated to the City. Access and maintenance easements shall be granted to the City to allow for maintenance in accordance with WWMC 13.16.050(B).
- d. The Developer shall provide a surety (letter of credit, cash deposit, bond, or other acceptable collateral) to the City in the amount of 180% of the estimated cost for the design and construction of all off-site stormwater facilities prior to final plat approval of the first phase of development. The purpose of the surety is to ensure the off-site facilities will be designed and constructed within the initial 20-year term of the agreement. The estimated costs shall include design, construction, inspection, and a 25% contingency. The surety amounts will be released upon completion of the stormwater facilities by the Developer and upon transfer of such facilities by dedication to the City.
- e. In conjunction with the frontage improvements on the north side of Cottonwood Road, the developer shall be required to manage off-site stormwater currently conveyed in the existing northside ditch along with the stormwater from the

roadway frontage. Provisions shall be made for removal of sediment from offsite stormwater prior to comingling with roadway runoff.

f. The Cottonwood Road/Kendall Road intersection drainage shall be evaluated, and any necessary improvements made to mitigate against flooding/overflows during the 25-year storm, and damage to downstream properties during the 100-year storm event.

6. TRANSPORTATION IMPROVEMENTS

The Developer analyzed the transportation impacts that are anticipated to be generated from the proposed development. The scoping of the traffic studies was coordinated with the City's engineering department and considered the anticipated impacts created by the development to intersections, roadways and other transportation facilities reasonably proximate to the proposed development. The traffic impact review was not limited to vehicle trips, but also contemplated pedestrian and bicycle connectivity, to and from the development. The City, together with the review of its own traffic engineering consultant, reviewed the traffic analysis. Traffic Impacts were reviewed through a proportionate share analysis, such that the developer would be responsible for their proportionate share cost of the impact to a particular intersection, roadway or other facility as a result of full build out of the development.

This proportional share analysis also takes into consideration the current Level of Service (LOS) designations for impacted intersections. While many of these intersections experience extended wait times during drop off and drop of times of nearby schools, of all the intersections identified in the Traffic Impact Analysis, only the Howard Street and 2nd Avenue/Abbott Road intersection would have a degrading impact on the LOS designation at full build out of the development. The analysis identified the proportionate share percentage being the responsibility of the Developer to mitigate the LOS degradation of that intersection. Similarly, for all other impacted intersections and facilities, the vehicle or pedestrian/bicycle trips generated from the potential development provided for a proportionate share percentage.

This proportionate share percentage was applied to the total estimate value of the capital improvement needed at that intersection to determine the associated costs of the development's proportionate share of the transportation improvements. These proportionate costs, detailed below, were the basis for discussions with the developer, resulting in the negotiated terms of the proposed Development Agreement relating to transportation impacts.

The terms of the proposed Development Agreement provide that the Developer is responsible for making specific transportation improvements as well as contributions of capital to the City to be used for transportation mitigation measures for the development.

The Developer has agreed to complete the transportation improvements or make capital contributions as indicated below to mitigate traffic impacts generated by the development.

- a. Frontage improvements on Cottonwood Road shall include street lighting, a bicycle lane, 6.5-foot-wide planter strip, and a 10-foot-wide multi-use path on Cottonwood Road for the full frontage of the subject property.
- b. Frontage improvements along Kendall Road shall include street lighting in addition to the frontage improvements required by Walla Walla County.
- c. The development shall install wayfinding signage and striping between the Cottonwood Subdivision and Eagle Crest Drive to promote a clear, continuous, convenient, and safe active (non-motorized) transportation route to and from the multiuse path along the Boulders Subdivision at the northeast corner of Cottonwood Road and Eagle Crest Drive to the Development.
- d. Wayfinding signs shall be installed to direct non-motorized users between the frontage improvements on Cottonwood Road and the multiuse path along the Boulders Subdivision. A 12-foot-wide multiuse path shall connect the bicycle lane and multiuse path on Cottonwood Road to Wenaha Drive to support connectivity through the Table Rock Subdivision.
- e. Replace the existing standard stop signs with flashing LED stop signs and add thermoplastic stop bars at the intersection of Cottonwood Road/Powerline Road/Langdon Road.

Additionally, the Developer shall make capital contributions to the city based on the values of the following projects:

- f. Mitigation measures and associated costs are the development's proportionate share of the below identified transportation improvements.
 1. Add a northbound left turn lane at the intersection of Howard Street and 2nd Avenue/Abbott Road at the estimated cost of \$424,950.
 2. A non-motorized bridge across Russell Creek and complete sidewalk connections to the north of the creek to the existing sidewalk on Cottonwood Road. Proportionate share: \$161,381.
 3. Eastbound and westbound left turn lanes at the Howard Street/Cottonwood Road/Prospect Road/Reser Road intersection. Proportionate share: \$307,338.

4. Traffic signal improvement at the intersection of 2nd Avenue/Tietan Street. Proportionate share: \$94,068.

5. Intersection improvement at the Fern Avenue/Abbott Road intersection. Proportionate share: \$193,052.

The total proportionate share capital contribution from the Developer for transportation improvements are therefore \$1,180,789 (2023 estimated cost dollars).

In summary, the Developer is responsible for certain actual transportation improvements as the property develops, it is also responsible for a cash contribution in the amount of \$1,180,789.00 (2023 estimated cost dollars). As costs of construction go up over time, a 4% annual increase for inflation will be added to the 2023 estimated costs until such a time the capital contribution is made to the City.

Furthermore, the proposed Development Agreement provides the City has the flexibility in using the capital contribution from the Developer (e.g. one or multiple projects, and different times, or different projects than those described above). The Development Agreement also provides that the Developer's capital contribution for transportation mitigation may be paid by the Developer at any time upon execution of the agreement but shall be required no later than prior to final plat recording of the Developer's first construction phase, or five years from the execution date of the agreement, whichever comes first.

Having the large capital contribution at one time, provides a greater certainty, ability, flexibility, and financial leverage for the staff to plan for, with approval of the City Council, the use of these mitigation dollars in ways that provides the greatest benefit to the area that is impacted by the development.

7. TERM OF THE DEVELOPMENT AGREEMENT

The proposed Development Agreement shall terminate twenty (20) years from the date of execution. However, if any of the phases of the development have not been constructed by such date, the Developer may request one additional successive five-year term.

8. MISCELLANEOUS REQUIREMENTS

- The Development Agreement shall be reviewed by the City (Site Plan Review Committee) at least every two years. At such time, the Developer or successor in interest is required to demonstrate good faith compliance with the agreement.
- The proposed Development Agreement provides that upon building permit application, Developer shall be responsible or Capital Facility Charges,

Cottonwood Trunk system special charges and other fees and charges in effect at the time of building permit submittal.

- Any disputes between the City and Developer that cannot be resolved together may seek arbitration with arbitrator who is an attorney familiar and versed in land use matters.
- The Walla Walla City Council will not consider annexation of the Property until this Development Agreement is fully executed and all relevant appeal periods for this Development Agreement approval have lapsed.

9. OTHER CONSIDERATIONS

In addition to the main issues of transportation impacts and stormwater management, the Applicant submitted studies, reports, and supplemental information to the City regarding the proposal. These materials were reviewed and analyzed, and staff concludes that the below stated considerations do not require addressing through the terms of the Development Agreement. These studies, reports, and supplemental information would again be reviewed as part of a future preliminary plat application and administered and addressed by existing relevant Walla Walla Municipal Code provisions:

- **Critical Aquifer Recharge Area:** Assessments concluded that with the implementation of Best Management Practices, the proposed project is not anticipated to result in contaminants entering a potable groundwater source nor significantly affecting the recharging of the aquifer. The project is not expected to cause degradation to potable groundwater, nor have an impact to water systems or well rights near the subject property.
- **Cultural Resources:** Historical Data review and archeological investigation indicate that the project area has low potential to contain archeological materials and concluded that cultural resources monitoring is not recommended for this project. The Developer would still be required to adhere to inadvertent discovery notice requirements as provided in the Walla Walla Municipal Code Section 20.134.130.
- **Drainage and Erosion of Existing and Proposed Slopes:** Through the preliminary plat process, and subsequent buildout, the Developer shall comply with Walla Walla Municipal Code Chapter 21.04 regarding critical areas and comply with the Best Management Practices and recommendations in the submitted geotechnical reports.

VI. PUBLIC COMMENTS

During the original application comment period, the City of Walla Walla received numerous written public comments. These comments are contained in the below weblink [Cottonwood Investors, LLC - Development Agreement and Project Materials](#) (CTRL click weblink) in files are titled: "C – Comment Letters – Public" and "D – Comment Letters – SPRC and Agency".

Public comments received after the Notice of Public Hearing was provided are contained in the file titled: "C – Comment Letters – Public" as a subfolder under that file titled: "Comment letters received post Notice of Public Hearing".

Written comment received prior to September 16, 2024 at 5:00 pm are also contained in the that subfolder. Comments received by staff after this date will be added to the subfolder as they are received. Any public comment not included in the online folder will be provided to the City Council, or accepted at the time of the hearing for inclusion in the record.

VII. STAFF RECOMMENDATION

Staff recommends the City Council hold a public hearing on September 23, 2024, receive testimony and evidence submitted and deliberate at the October 9, 2024 regular City Council meeting. Staff recommends approval of the Development Agreement as negotiated between the Developer and staff.

Prepared by: Preston Frederickson, Development Services Director