CALL TO ORDER

Mayor Eidinger called the Special Meeting to order at 6:01 PM. Mayor Eidinger led attendees in the Pledge of Allegiance.

ROLL CALL
Present: Mayor Daryl Eidinger, Councilmember Paul Crowley, Councilmember Luke Meyers, Councilmember Stephanie Shook, Councilmember Tyron Christopherson.
Excused/Recused: Deputy Mayor Steve Cope, Councilmember Donna O'Raavez.

Staff Present: City Manager Mark Bauer, Assistant City Manager Eric Phillips, Interim Finance Director Becky Hasart, Acting City Clerk Jane Montgomery, Police Chief Ed Knutson, City Attorney Zach Lell.

Mayor Eidinger greeted audience and staff. He stated that he was the Presiding Officer of the Board, and that the Board was being assisted by special legal counsel, Jeff Capell. He announced that the time had arrived for the final assessment roll hearing for Local Improvement District Number 1.

QUASI-JUDICIAL HEARING
RE-ASSESSMENT HEARING SEWER LID NO. 1

1. Open Hearing
Mayor Eidinger called the hearing to order at 6:02 PM and made his introductory remarks. He stated that all protests and objections to the assessments should have been filed with the City Clerk prior to the start of the meeting. He stated that the owners or representatives of protesting parties would be given the opportunity to be heard. He stated that this was a quasi-judicial proceeding and that on one side was the LID, and on the other side the protesting parties, and the City Council is sitting as the Board of Equalization. Mayor Eidinger asked if any property owner or representative of a property owner objected to the participation of any Councilmembers in the proceedings.

Mrs. Enid Duncan stated that she wanted to protest.
113 Meridian Avenue East, Edgewood, WA
Mrs. Duncan protested Councilmember Crowley being a member of the Board. She stated that Councilmember Crowley was an attorney and that he had failed to respect the civil rights of the people present and all those in the LID.

Mayor Eidinger stated that the Board would take her comments into consideration.
At 6:04 PM Mayor Eidinger asked all the witnesses who were expected to testify to stand and be sworn in. The Court Reporter swore the witnesses in.

Mayor Eidinger stated the purpose of the hearing was to allow property owners an opportunity to present evidence and information to the Board and to explain any objections they have to their own proposed assessments before any action is taken by the Board. The Mayor stated that the LID Counsel would present the LID position and that any protesting parties would be given an opportunity to cross examine any of the key witnesses.

1. **LID Staff Presentation.**

Mr. Steve DiJulio, Counsel representing the LID’s position, made his introductory remarks. He addressed the Board, staff and audience members. He also introduced Zach Lell, City Attorney on behalf of the LID. Mr. DiJulio reviewed the historical chronology of the LID. He discussed the Court of Appeals report of March 13, 2014. He discussed the LID oversizing costs and that the recalculation of those costs. He discussed the role of the City Council as the Board of Equalization and their responsibility to hear the evidence from the LID parcel owners. He stated that the properties had known of this reassessment for almost five months prior to the hearing.

Mr. DiJulio identified the parcels in the LID and stated the initial assessments and the revised assessment amounts for those property owners. The parcels involved are:

- LID Parcel No. 2- Edward and Enid Duncan.
- LID Parcel No. 27- 1999 stokes Family LLC.
- LID Parcel No. 31- Suelo Marina LLC.
- LID Parcel Nos. 71 & 79- Darlene Masters & Patricia Schmidt
- LID Parcel No. 68- Ray & Eldean Rempel TTEE and Tina Rempel.
- LID Parcel No. 115- George & Arlyn Skarich.
- LID Parcel No. 128- AKA the Brickhouse LLC.
- LID Parcel Nos. 131,133,140- Docken Properties LP.

Mr. DiJulio called his first witness, Tony Fisher from BHC Consultants. Mr. Fisher introduced himself and stated that he worked for BHC Consultants. Mr. Fisher discussed that following the Court of Appeals’ decision, the City had commissioned him to determine the extent to which the original LID costs included the type of system “oversizing” found by the Court. Mr. Fisher said that he reviewed the costs that were associated with the LID to determine what the oversizing components were and those findings are in his report dated June 17, 2014. He went through the PowerPoint presentation from BHC and explained what he had found out. He reviewed the following costs:

- Project development costs
- Design/easement/permitting costs
- Construction
- LID formation and assessment process costs
- Financing costs
Mr. Fischer then turned the testimony over to Mr. Jim Santroch who works for Tetra Tech. Tetra Tech were the lead engineers for the LID project. He briefly stated his biography. Mr. Santroch was responsible for the design of the pump stations so that is why he was tasked to explain to the Board the cost difference of oversizing costs. Mr. Santroch addressed the Board and explained the oversizing costs.

Then Mr. Fisher resumed speaking about the oversizing costs.

Mr. DiJulio then called Bob Macaulay. Mr. Macaulay had performed appraisals of the LID properties. Mr. Macaulay introduced himself and said and gave the Board a brief biography of his qualifications and experience. Mr. Macaulay stated the new assessment amounts for each of the parcels and then gave a brief explanation of each one.

There was further discussion between Mr. Macaulay and Mr. DiJulio in regard to the properties. They discussed properties with pending sales and those recently sold.

Mr. DiJulio, The LID Counsel for the City, closed the City’s testimony at 6:51 PM.

2. Protests.
Mayor Eidinger stated that it was time for the protest portion of the Hearing. He stated that they would go in parcel number order.

The first testimony was given by Carolyn Lake who represents six of the LID property owners. They are:
1. Enid & Edward Duncan
2. Suelo Marina, LLC
3. Schmidt/Masters
4. George & Arlyn Skarich
5. The Brickhouse LLC
6. Eric Docken and Docken Properties LP.

Ms. Lake presented her testimony to the Board giving her general remarks in regard to her client’s protests to the City and the role of the Board. She stated that she would be focusing her testimony on what she cited as three major flaws on the part of the City; highest and best use, the test of reasonableness and inconsistencies. Ms. Lake handed out her hearing brief which included the property owner’s declaration and report, and the original declarations of the property owners. She also handed out a chart which showed the City’s valuation and her alternative assessments. After Ms. Lake’s testimony she introduced Mrs. Enid Duncan.

Enid Duncan- Parcel No. 2
Ms. Duncan presented the Board with information and testimony. Mr. DiJulio cross-examined Ms. Duncan.

Ms. Lake followed up in regard to Mrs. Duncan’s testimony, and comments made by Mr. DiJulio.

Mayor Eidinger moved on to the Stokes family parcel.
Margaret Archer Counsel representing parcel owners Stokes, and Rempel, addressed the Board. She laid out the framework for her approach to the Board:

- Distribution of materials
- Question for Mr. Macaulay, Appraiser
- Testimony from David Hunnicutt, MAI, JD Principal
- Testimony from William Palmer, Land Use Planning Consultant

Ms. Archer had a series of questions for Mr. Macaulay. Ms. Archer addressed the Board and expressed her appreciation for their participation in this process. Ms. Archer presented her testimony in regard to the Stokes assessment. At the conclusion of her testimony she called on Mr. Hunnicutt who gave his testimony to the Board followed by a cross examination from Mr. DiJulio. After that testimony Mr. William Palmer gave his testimony to the Board. Mr. Palmer was cross examined by Mr. DiJulio with a follow up by Ms. Archer.

Mayor Eidinger called a ten minute recess at 8:15 PM.
Mayor Eidinger reminded the participants that they were not to interact with Board.
Mayor Eidinger called the hearing back to order at 8:25 PM.

Ms. Lake gave testimony to the Board on behalf of her client Suelo Marino.
Mr. Dexter Meecham testified to the Board in regard to his assessment.

Mayor Eidinger moved on to take testimony in regard to The Rempel parcel.

Margaret Archer stated that she wanted to address the compressed payment period of 16 months rather than twenty proposed in the draft Ordinance. She was told by the Mayor that she would have an opportunity to address that issue at a later point. Mayor Eidinger indicated that it could be addressed when they got to that point.

Ms. Archer gave her testimony in regard to the Rempel parcel. Then there was testimony provided to the Board by Ms. Rempel, and Mr. Hunnicutt. After Mr. Hunnicutt’s testimony there were questions posed to him by Mr. DiJulio.

Mayor Eidinger moved on to the Masters/Schmidt parcel.

Ms. Lake addressed the Board and provided them testimony and information. Mr. DiJulio asked to cross examine Ms. Masters but was told by Ms. Lake that Ms. Masters was not going to testify. There was discussion back and forth about her declaration and Mr. DiJulios right to cross examine. Mayor Eidinger stated that Mr. DiJulio needed to have his questioned answered. Ms. Lake then answered the questions posed by Mr. DiJulio.

Mayor Eidinger moved on to the Skarich parcel.

Ms. Lake provided information and testimony to the Board. Board member Crowley cross examined Ms. Lake in regard to cases cited in her brief. Ms. Lake responded to his questions.
Mayor Eidinger moved on to the Brickhouse, LLC parcel.

Ms. Lake gave her testimony and information to the Board. Mayor Eidinger cross examined Ms. Lake. Ms. Lake responded to the Mayor’s questions.

Mayor Eidinger moved on to the Docken Parcels.

Mr. Eric Docken gave testimony and information to the Board in regard to his parcels. Mr. DiJulio followed with questions for Mr. Docken about benefit to his parcels from the sewer. Mr. Docken answered Mr. DiJulio’s questions.

Mayor Eidinger stated that all testimony had now been heard. He asked Ms. Lake to summarize her testimony on behalf of her six clients.

Ms. Lake summarized her testimony and information on the Docken property and the other parcels. Ms. Lake addressed the issues brought up by Board Member Crowley.


Mayor Eidinger asked if there were any closing remarks.

Mr. DiJulio stated that he needed some time for some brief rebuttal testimony and then he would close.

Mayor Eidinger stated that Mr. DiJulio was going to ask questions of Assistant City Manager Eric Phillips. Mr. Phillips was sworn in. Mr. DiJulio asked Mr. Phillips what his responsibilities were. Mr. Phillips stated that he was in charge of Municipal Services which included planning, building, and community development. Mr. DiJulio asked him if he had been present for the entire proceedings. Mr. Phillips stated that he had been. Mr. Phillips was asked a series of questions by Mr. DiJulio. Mr. Phillips was then cross examined by Ms. Archer.

Mr. DiJulio questioned Mr. Macaulay. Mr. Macaulay responded to his questions.
Ms. Archer questioned Mr. Macaulay. Mr. Macaulay responded to her questions.
Mr. DiJulio then indicated that there were no more questions from the LID.
Mayor Eidinger asked Ms. Lake to make her closing remarks.
Ms. Lake made her closing statement to the Board.
Ms. Archer made her closing statement to the Board.

Mayor Eidinger asked if any of the property owners who had filed a written protest had any further information to present to the Board.

Mr. Docken told the Board that he questioned some statements made by the appraiser in regard to a restaurant being put on his parcel.

Mr. DiJulio made his closing statement to the Board and asked that the Board confirm the assessments. Ms. Archer told the Board she needed to correct an error in regard to the Rempel parcel and she asked that the information be accurate.
Mayor Eidinger closed the Hearing at 10:08 PM.

4. **Motion options:**
   1. To continue hearing session; and/or
   2. To hold executive session to confer with legal counsel; and/or
   3. To approve first reading of ordinance confirming final assessments [or as revised by Council], and direct Special Counsel to prepare findings and conclusions for entry with ordinance at next Council meeting on September 23, 2014.

Mayor Eidinger made a motion to move to an Executive Session for fifteen minutes.

**Motion:** That the Board be excused to Executive Session for a period of 15 minutes, for deliberation on Re-Assessment Hearing Sewer LID No. 1 Protests, per RCW 42.30.140 (2). **Action:** Approve, **Moved by** Mayor Daryl Eidinger, **Seconded by** Councilmember Shook.

**Motion passed unanimously.**

The Board may or may not take action when they return.
The Board went in to Executive Session at 10:10 PM for a period of 15 minutes.
The Executive session was extended at 10:25PM for 10 more minutes.
The Executive session was extended at 10:35 PM for three more minutes.
Mayor Eidinger called the meeting back to order at 10:38 PM.

Mayor Eidinger stated that due to the volume of material, both written and verbal, that the Board did not have adequate time to process all the information and make a decision. Mayor Eidinger stated that the Board would schedule a special meeting to continue the Executive Session and their deliberations on Wednesday September 24, 2014 at 7:00 PM.

Mr. Capell stated that the Board should open that meeting, go directly into Executive Session, and estimate ahead of time how long they plan on being in Executive Session. Mayor Eidinger indicated that the Executive Session would last one hour.

Ms. Archer asked if they anticipated doing a first reading of the Ordinance at that meeting.
Mayor Eidinger indicated that the Ordinance would likely be read at the first regular Council meeting after that meeting. City Manager Bauer stated that the Board may possibly provide direction to staff for preparation of that final ordinance.

**ADJOURN**

Mayor Eidinger adjourned the meeting at 10:40 PM.

[Signature]

Jane Montgomery, Acting City Clerk

[Signature]

Daryl Eidinger, Mayor