

2. HISTORY OF THE SITE AND ITS ACQUISITION

2.1 History of the Site

Not unlike many large land parcels in the City of Maple Valley, the Legacy Site is characterized by one of remarkable ownership stability.

2.1.1 Pre-City Ownership

For five decades, the Dziejdzic family owned the property that became the City's Legacy Site. A home was built in 1943, a single-story three-bedroom rambler, fronting Maple Valley Highway. It was gently angled from being precisely parallel to the highway's alignment. The distance from the front door to the western edge of the highway's right-of-way was approximately 40 feet, but, of course, the home enjoyed tens of acres of undeveloped land behind it. The only outbuilding on the Site was a four-posted lean-two that sheltered firewood and stood perhaps 20 feet from the back door of the house. Over the years the home was updated and remodeled slightly, but at the time of the City's acquisition of the property the title report stated that the house (see photo below) was 1,516 square feet, which is close to the size of the house when first built.



2.1.2 Design Efforts For A 'Walkable Community'

The City of Maple Valley incorporated in 1997. As is the case with any recently incorporated city, one of Maple Valley's earliest major tasks was to create a comprehensive land use plan. The City Council enacted ordinance O-97-15 on July 14, 1997 to establish the Planning Commission, which then worked for a little over two years to develop the City's initial comprehensive plan.

At about this same time, the Washington State Department of Transportation entered into a contractual relationship with urban design and transportation consultant Dan Burden of the

Maple Valley Place

LEGACY PROJECT

CAC Report to City Council

June 27, 2005

Florida-based consulting firm Walkable Communities, Incorporated. The State offered grant funding to jurisdictions that wanted to use the services of Walkable Communities and Maple Valley obtained such a grant in 1997 for a one-day seminar for any interested citizen who wanted to attend. The newly-appointed members of the Planning Commission were strongly encouraged to attend. Held on Saturday, September 20, 1997, the day began in City Hall with an overview of planning concepts and a primer on existing conditions about which to be observant. Seminar participants then literally walked along portions of Maple Valley Highway, which at that time had no sidewalks and only few paved shoulders. A group debriefing and discussion followed. (See “Walkable Communities Visioning Charrette” illustration, page 15.)

From January 16 to 20, 1998, while still in the beginning stages of the development of the comprehensive land use plan, the City invited Dan Burden and Walkable Communities to return for a one-week community-planning event. Among other planning concepts discussed and evaluated, there was general observation and agreement that the new City lacked an identifiable center or “heart.” While there was a ready comprehension that Maple Valley featured two commercial nodes—one to the north called Wilderness Village and one to the south called Four Corners—neither of these were home to the broad array of uses and activities one typically associates with a downtown or city core. Also, neither of them were especially walkable commercial districts since both were accessed from the same 50 mile-per-hour State highway and both were designed primarily to accommodate automobile traffic. The points highlighted as City needs at a Saturday, January 17 group presentation included the following:

- City hall, post office, retail and commons area near Lake Wilderness;
- Preferred downtown center across from Rock Creek (elementary school) because there is 50 acres there, retail space, art center, trail access, close to (then-proposed) new high school site.

While evaluating an overview of the City, it was observed that the near physical center of the City, based on its current limits, was an undeveloped site that fronted Maple Valley Highway to the east and connected to the Lake Wilderness Trail to the west. Just beyond, the site was convenient to Lake Wilderness, surrounding single-family neighborhoods, and—via the trail—other key features of the City.

For the sake of focus and having the community get its hands around some key urban design and planning concepts that could inform the drafting of the comprehensive plan, a proposed Town Center site was selected. Following are quotes from the “City of Maple Valley Visioning Charrette Report,” which was written by Walkable Communities after the conclusion of the community planning process. The full report is available in the City Clerk’s Library.

Maple Valley Place

LEGACY PROJECT

CAC Report to City Council

June 27, 2005

MAPLE VALLEY VISIONING CHARRETTE



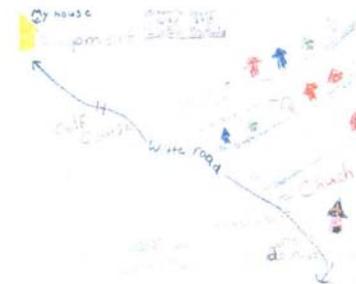
Maple Valley residents seek a rural lifestyle with a focus on the family.



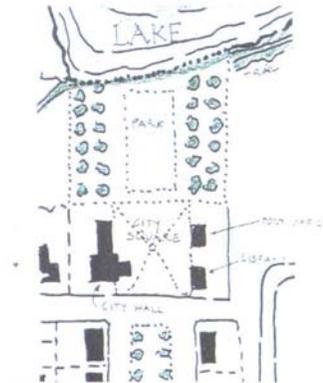
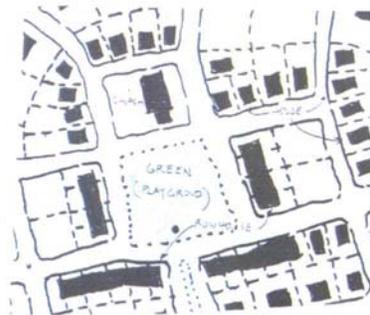
Rural King County is growing rapidly. Maple Valley is likely to share its space with many others seeking rural lives.



To retain quality of life, parks, schools and a town center must be located at the heart of the city, with parks within a quarter or eighth of a mile walk of every home.



The town center will provide all of the activities that are missing today, including civic buildings, office commercial, health centers, small shops, plazas, outdoor cafes, movies, performing arts, and many places for family activities.



WALKABLE COMMUNITIES
JANUARY 20, 1998

Build a Town Center. *A highly interactive town center is the key to providing a base for new jobs and building a strong local economy. It is a place for performing arts, movies and common play activities. It is a safe place where children can come and go, and a place where a working transit system can center. It may be a place where medical services can be provided and where seniors and others on fixed incomes can find quality housing. This is also a place where local shops and other small businesses can provide for daily needs. It is a place where people can be found night and day, which in itself creates security.*

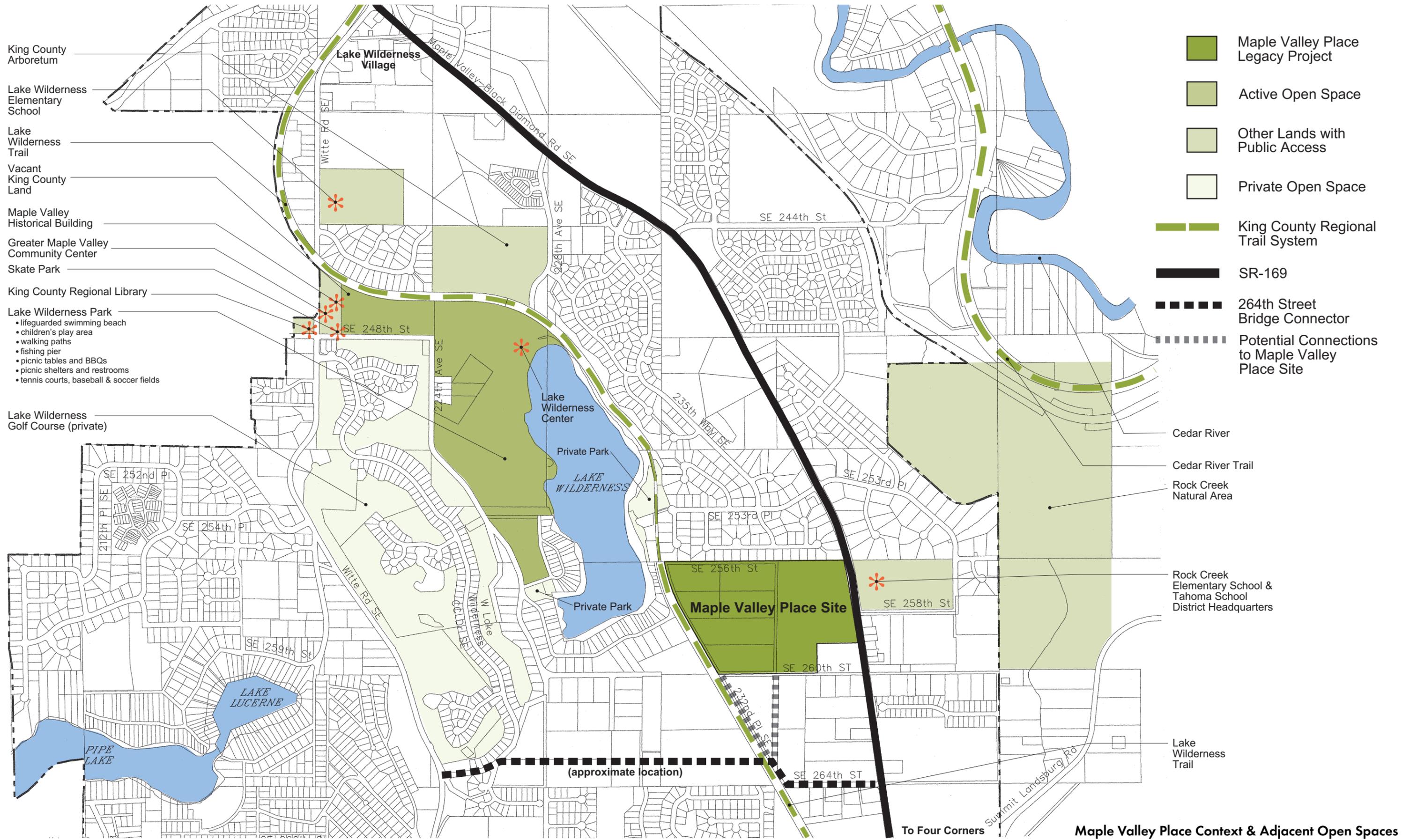
Where should the town center be? *Based on core community values, the most likely location for the town center is adjacent to Lake Wilderness. Two locations were considered. The consultant recommended location, as depicted in the illustration "Maple Valley Place Context and Adjacent Open Space", (page 17) is adjacent to the southern side of northeast quadrant of Lake Wilderness.*

This area will be accessed by a new entry to be created off SR 169 at the current intersection of the Tahoma School District Central Services Building. An elliptical roundabout will create a visual anchor for one end of the new boulevard. At the opposite end of this 80' boulevard, sitting prominently several hundred feet back from the Lake, will be the new city hall, post office, and a cluster of civic buildings.

Alternative locations. *Consideration was given to a location at the opposite end of the lake. Reduced access, lack of connectivity to future neighborhoods and topography all limit the ability to use the other point on Lake Wilderness.*

Essentially, the Site that was proposed for the town center was the undeveloped site owned by Philamena Dziedzic, though as far as anyone remembers Mrs. Dziedzic did not participate in the weeklong community planning process, nor was she necessarily aware of it. It is also important to note that at this time the exercise was theoretical, conceptual, and served mostly as an instructive means for stimulating community dialogue about how to create a walkable and vibrant city within an emerging bedroom suburb.

Development of the comprehensive land use plan continued throughout 1998 and 1999. Owing largely to a difference of opinion, the idea of a single center for Maple Valley lost favor. In fact, the thought of fostering even a third commercial node at the intersection of S.E. Kent-Kangley Road and 216th Avenue S.E. gained momentum at the Planning Commission. The general theory was that by creating three somewhat equidistant commercial nodes in the City each would be as convenient to the other, and no one would have greater prominence over the other. However, residents living near the proposed "Third Node" expressed their strong displeasure with this idea. By the time the City Council adopted the *City of Maple Valley Comprehensive Plan* on November 22, 1999, the ideas for both the Third Node and the Town Center had been reconsidered and removed from the plan.



- King County Arboretum
- Lake Wilderness Elementary School
- Lake Wilderness Trail
- Vacant King County Land
- Maple Valley Historical Building
- Greater Maple Valley Community Center
- Skate Park
- King County Regional Library
- Lake Wilderness Park
 - lifeguarded swimming beach
 - children's play area
 - walking paths
 - fishing pier
 - picnic tables and BBQs
 - picnic shelters and restrooms
 - tennis courts, baseball & soccer fields
- Lake Wilderness Golf Course (private)

- Maple Valley Place Legacy Project
- Active Open Space
- Other Lands with Public Access
- Private Open Space
- King County Regional Trail System
- SR-169
- 264th Street Bridge Connector
- Potential Connections to Maple Valley Place Site

- Cedar River
- Cedar River Trail
- Rock Creek Natural Area
- Rock Creek Elementary School & Tahoma School District Headquarters
- Lake Wilderness Trail

Maple Valley Place Context & Adjacent Open Spaces

2.1.3 “We Ought’a Just Buy It!”

With the *Comprehensive Plan* adopted and the development moratorium, that had been in place since incorporation, lifted effective January 1, 2000¹, Maple Valley began to go about its normal course of business. Several new single-family residential plats were applied for, the City responded to various development-related inquiries, and periodically the City fielded questions about the Dziedzic property, which many said was being marketed though no real estate signs were posted on the property.

Through the *Comprehensive Plan*, the Dziedzic site had been given a Multiple Use (MU) land use designation and a Multiple Use zoning designation. This was a change from the Industrial zoning designation that had been established for the Site by Metropolitan King County prior to the City’s incorporation. An undeveloped site of similar size at the north end of the City, northeast of the intersection of Maple Valley Highway and S.E. 240th, had been given the same MU designations (see Zoning map, page 21).

The *Comprehensive Plan* defines “Multiple Use” as:

Multiple Use. *The purpose of this designation is to provide a wider array of employment and affordable housing opportunities for the City by encouraging areas where limited retail, office and business uses may locate in close proximity to residential uses. Development in these areas should occur on larger tracts of land where well-designed residential and non-residential uses can be planned as integrated facilities serving a number of different uses, including a mix of different housing types. This designation should generally be situated in areas of sufficient size to accommodate mixed use development with safe and adequate pedestrian and vehicular circulation, parks and open space, landscaping, screening and pedestrian access between different land uses. Multiple use activity centers may also serve as a buffer area between more intensive industrial activities and surrounding residential neighborhoods. Mixed use activities may be either vertical (different uses in the same building) or horizontal (different uses in different buildings) in nature. The intent of this designation is to cover larger tracts where a variety of land uses in different buildings could occur in the same development.*

-City of Maple Valley Comprehensive Plan, November 22, 1999, p. LU-15

However, exact zoning regulations for Multiple Use had not yet been defined because a greater focus was to establish the proper designations for all other zones in the City. Following the adoption of the *Plan*, the City Council assigned the Planning Commission to continue its evaluation of Multiple Use and to recommend specific regulations. A moratorium on

¹ The development moratorium was enacted to curtail growth until the new City’s own land use goals, objectives, policies, and regulations could be established.

development applications was retained for MU sites, but lifted for all other development applications. The Planning Commission undertook its assignment in early 2000, and MU zoning designations were adopted.

Concurrent with this activity, another idea was being explored. Following the conclusion of the February 7, 2000, City Council meeting, at which a number of land use items were discussed, Councilors Alana McIalwain, Mark Oglesby, and the City Manager were standing outside informally debriefing the highpoints of the meeting. The Council meeting was held in the school district's boardroom, which is immediately across the street from the Dziedzic property. The two City Councilors mentioned the rumor that the Dziedzic property was being marketed, reflected back on the previous discussion about MU sites and zoning, and one of the Councilor's said, "you know, we oughta just buy it," to which the other Councilor quickly stated "I've been thinking the same thing".

The City Manager followed up on the idea informally and reported back to the City Council. Negotiations began in earnest and continued for several weeks.

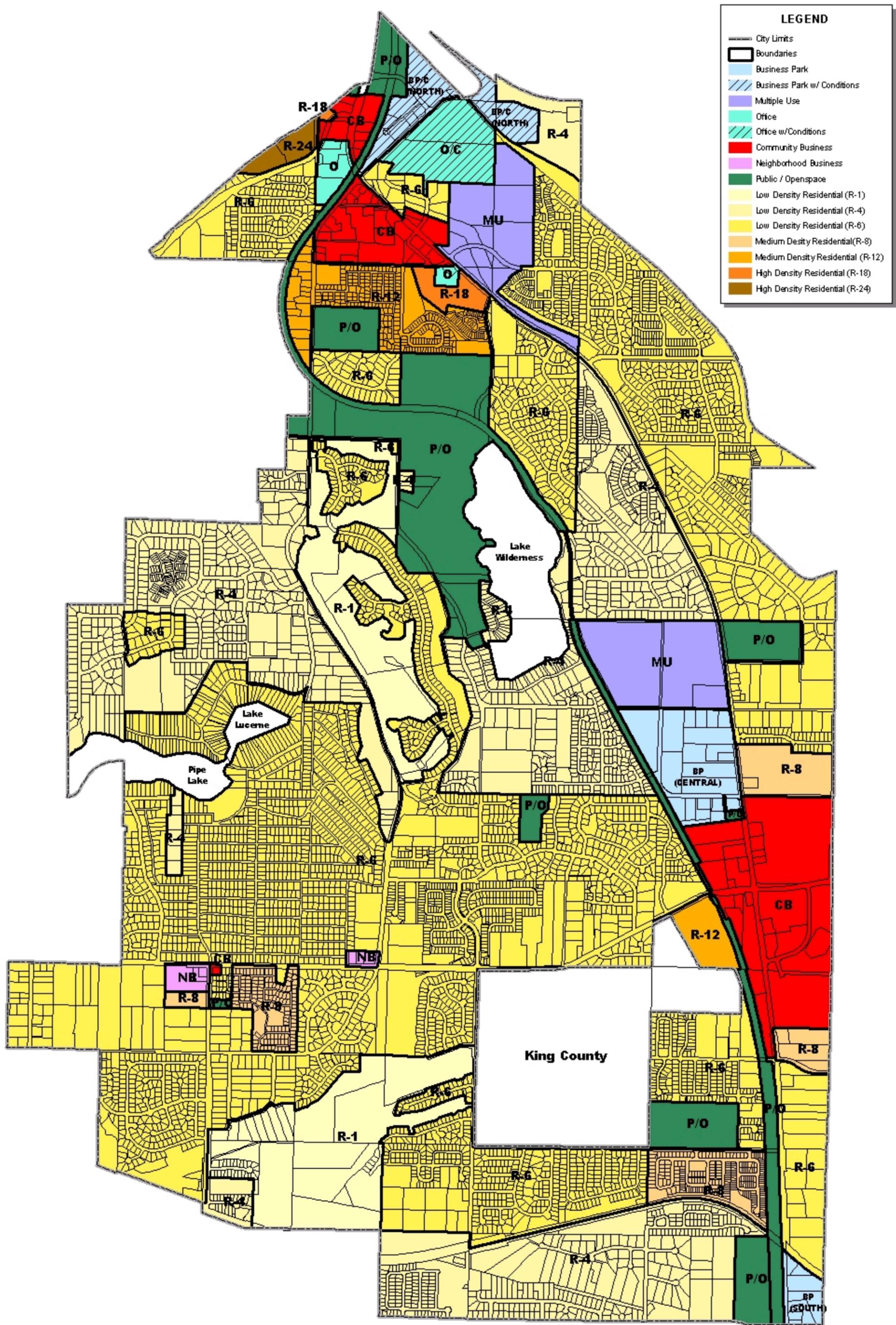
2.2 Acquisition of the Site

The City proceeded as an undisclosed buyer and by Saturday, April 8 reached an agreement in principle with Mrs. Dziedzic through her agent, and a purchase and sale agreement was executed April 11. The City agreed to purchase the Site for approximately \$117,000 per acre (less costs), cash at closing, pending site inspection and contingent upon the buyer securing financing. The City paid earnest money of \$54,500.

While the City's revenues had been strong for its first three years of existence, and while at that time it did have cash reserves totaling more than the \$6.3 million purchase price, many of these reserves were funded through use-restricted sources. For example, some of the reserves were attributable to the City's share of the Washington State motor vehicle fuel tax (gas tax), which necessarily must be used for road purposes. Hence, since the City had known since the land purchase idea had first been explored that it would need to issue debt to accomplish it, preliminary inquiries and anticipatory preparations had been made.²

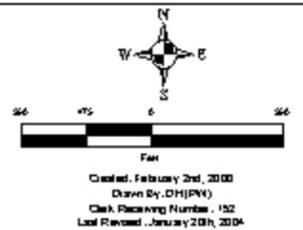
With the assistance of investment bankers Seattle-Northwest Securities and the municipal bond division of Seattle law firm Preston Gates & Ellis, the City went about the process to issue debt to make the property purchase.

² Until then, the City had not issued any significant debt. During the pre-incorporation period in 1997, the City had secured an eighteen-month Tax Anticipation Note ("TAN") from the Bank of America to cover initial expenses until tax and fee revenues for the new city began to flow in. The TAN, similar to a line of credit, had been for \$330,000, of which only \$293,000 was used and all of which was repaid more than a year early by the end of 1997. TANs are not uncommon for new cities—indeed, they have few other alternatives for meeting initial expenses—so Maple Valley's debt history to date had been both limited and typical, though it had repaid its sole prior debt promptly.



City of Maple Valley
Official Land Use/Zoning Map

AS RECOMMENDED BY THE COMMUNITY DEVELOPMENT DEPARTMENT
 AND THE PLANNING COMMISSION AND ADOPTED BY CITY COUNCIL
 ADOPTED: December 9th, 2002, ORDINANCE NO. 0-02-215
 AMENDED: December 18th, 2003, ORDINANCE NO. 0-03-254



City councils have two basic ways to issue bonds. One way is to seek voter approval for the proposed debt. The other way is to issue “councilmanic” debt, which means the council itself can issue debt on behalf of the city with a simple majority vote of the council. There are limitations, restrictions, and alternatives to each of these methods. Because the City was acting promptly and was proceeding as an undisclosed buyer, the City Council opted to issue councilmanic debt.

Among a myriad of others, two fundamental tasks needed to be addressed before the debt could be issued. One was the structure of the debt issue, and the other was to obtain a bond rating for a city that, to date, had none.

Governments are able to issue tax-exempt bonds, which are advantageous to investors (who need not pay taxes on the income they derive from the investment) and to the taxpayers of the government issuing the bond (since tax-exempt bonds get the most favorable interest rates). But in order to issue bonds as tax-exempt, the purpose for which the bonds are issued must be a qualifying public use. In this case, there was unanimity among the City Council for the purchase itself, but there were differences of opinion about the future use(s) of the Site. For some Councilors, it was anticipated that all of the Site would be used for public purposes, while for others, interested in a city center, it was conceivable that some private uses could be built on the Site in the future. Were there to be private uses on the Site during the course of the bond repayment (20 years), the debt could not be tax-exempt for that portion of the Site.

To address the City’s uncertainties and allow for maximum flexibility, the following plan structured the \$6.73 million debt issuance:

- The City would make half of the property purchase (about \$3.36 million) from unrestricted fund balances—cash reserves that were funded through revenues that could be used for any purpose. In its financial planning, the City had previously anticipated using these funds for transportation projects, but since the funds were unrestricted no special restrictions would accrue to half of the property purchase.
- The balance of the property purchase—and half of the debt issuance—would be funded from the tax-free bonds, which meant that half of the property (meaning half of the total area of the Site, however arranged) would need to be for a public purpose(s).
- The remaining half of the debt issuance—about \$3.36 million—would be used for transportation improvements (a qualifying public purpose), thus essentially replenishing the reserves that the City had applied to the unrestricted portion of the property purchase.

Thus, the City was able to issue \$6.73 million in tax-free general obligation councilmanic bonds to affect the property purchase while leaving flexibility for how the Site could be used in the future.

Since issuing the bonds, the half that was to be dedicated to transportation projects has helped fund the following:

- Maple Valley Highway improvements: S.E. Wax Road to S.E. Witte Road;
- Witte Road improvements: S.E. 240th Street to S.E. 244th Street;
- A new bridge crossing the Lake Wilderness Trail at S.E. 263rd Street.

The next major task was to obtain a bond rating for the debt issuance. There were three factors working against the City regarding the debt issuance. First, the City was only three years old; second, the City had a total assessed value of less than \$1 billion, a threshold test for Wall Street; and third, it had never issued any significant debt. However, there were just as many factors working in the City's favor. First, the City had an impeccable financial track record and clean State audits since incorporation; second, the City had experienced and was experiencing strong, positive growth; and third, the City had cash reserves in hand equal to two years operating expenses. Based upon these facts and in-person discussions with municipal bond and bond insurance officers, the City received a very credible Standard & Poor's rating of "A." Since then, on its own initiative, and having checked up on healthy indications it had seen at the time the debt was issued in 2000, Standard & Poor increased the City's bond rating to "A+" in 2003.

On June 26, 2000, the City's bond transactions were complete and were sold at an average coupon rate of 5.602 percent. Now, with the cash in hand, the City closed on the Dziedzic property on August 3, 2000. The fact that the City was the purchaser was disclosed at the closing agent's office.

2.3 Constraints on the Use of the Site

As described above, the debt structure for the Site acquisition is creative but not revolutionary. The debt structure created bond covenants that the City must abide by to retain the tax-exempt status of the bonds. The restrictions on the Site can be simply stated as follows:

Half of the land area must be used for a public purpose(s), and half of the land area can be used for any purpose(s).

The bond covenants do not explicitly define "half." Of the 50-acre Legacy Site, an area equal to about 25-acres must be for a public purpose. Those 25-acres can be the west side of the Site, the north side of the Site, arranged in a checkerboard or random pattern—it does not matter to the bondholders. When developed, a simple calculation that shows that 50 percent of the Site's land area is used for a "public purpose" will suffice.

The definition of "public purpose" provides a great deal of flexibility. Qualifying public uses may be many things, and while some may not seem appropriate, legitimate public purposes could include: a park-and-ride; a school; a solid waste transfer station; civic buildings; park and

Maple Valley Place

LEGACY PROJECT

CAC Report to City Council

June 27, 2005

recreation uses; a public utility maintenance facility; a publicly-owned youth center; a public health clinic or hospital; a farm or golf course owned by a municipal enterprise fund; etc. While some of these uses may be unacceptable to the community, the point in listing them is to clarify and reinforce that “public purpose” is not synonymous with “open space,” though open space is a qualifying public use.

Maple Valley Place

LEGACY PROJECT

CAC Report to City Council

June 27, 2005

This Page Intentionally Left Blank