

**PLANNING & ZONING COMMISSION
CITY OF PALMER, ALASKA**

**REGULAR MEETING
THURSDAY, AUGUST 19, 2010
7:00 P.M. - COUNCIL CHAMBERS**

A. CALL TO ORDER:

The regular meeting of the Planning and Zoning Commission was called to order by Chairman Kerlake at 7:00 p.m.

B. ROLL CALL, DETERMINATION OF QUORUM:

Present and constituting a quorum were Chairman Kerlake and Commissioners Madar, Kircher, Silva [at 7:03], Bower, and Weir. Commissioner Preslar was excused. Also present were Sandra Garley, Community Development Director, and Pam Whitehead, Recording Secretary.

C. PLEDGE OF ALLEGIANCE: The Pledge was led by Commissioner Madar.

D. APPROVAL OF AGENDA:

The agenda was approved as amended. It was requested to move New Business items to immediately follow Public Hearings. There were no objections.

E. MINUTES OF PREVIOUS MEETING(S):

The minutes of the July 15, 2010 regular meeting were approved as presented.

F. PERSONS TO BE HEARD: None.

G. PUBLIC HEARINGS:

1. Resolution 10-003 Considering a Recommendation to Approve a Request to Rezone the Southern Five Acres of Lot 2, Alaska State Fair 2010, from P-Public Use District to I-Industrial District.

Ms. Garley reported:

- The application from the Alaska State Fair is to rezone a portion of Lot 2 from public use to Industrial District;
- Notice and publication requirements pursuant to code have been met; two written comments in opposition to the rezoning have been received;
- The proposed site has access off Rebarchek Avenue and is well-suited for the location of the proposed project which is an enclosed gas-fired electrical co-generation plant of 50 megawatts or less;
- The parcel size is 5 acres; surrounding land use to the north is Public (contains Alaska State Fairgrounds), to the south is un-zoned (outside city limits; use is

agricultural), to the east is the Industrial District and contiguous to this parcel, and to the west is zoned Public and part of the Alaska State Fair Grounds;

- Staff finds that:
- (1) The proposed change is consistent with goals of the 2006 City Comprehensive Plan, Chapter 6, Land Use, specifically Goals 3 and 4, to support the continuation of institutional and appropriate industrial uses and to encourage new commercial development so residents can find the goods and services they need in Palmer.
- (2) The property to the east is currently zoned I, Industrial, and is the site of the Alaska Demolition's inert landfill, the properties to the north and west are currently zoned P, Public, and is the site of the Alaska State Fair, and the property to the south is outside the city limits, currently un-zoned and used for agricultural land.
- (3) The five-acre portion proposed for rezone will not include residential use, therefore, schools will not be impacted; the site will be served by a private drive from the existing Rebarchek Road; no new road construction is anticipated and additional daily traffic generated by the proposed use will not impact the current road system.
- (4) The future electrical needs of the community will be supported by the proposed development, and in the future emergency electrical power generation may also be provided during a disaster such as an earthquake or lengthy power outages from the local utility company.
- (5) The proposed change will allow development of a fully enclosed, gas-fired co-generation plant. The plant will provide electricity and may provide a heat source for some public buildings and public facilities within the city limits of Palmer.
- Staff recommends approval of the requested rezone, contingent on a finding by the Commission that the applicant's proposal conforms to the Palmer Comprehensive Plan and Zoning Code provisions, and that such recommendation for approval be forwarded to the City Council with the following conditions:
 - (1) Parking requirements shall meet the requirements of PMC 17.64.
 - (2) A conditional Use Permit shall be required pursuant to PMC 17.064.030 A.
 - (3) The maximum building height shall be three stories or 50 feet above grade.
 - (4) Project and site use must comply with all laws, statutes, and ordinances of Local, State, and Federal governments.

COMMISSIONER MADAR moved, seconded by COMMISSIONER BOWER, to approve the request to rezone the Southern Five Acres of Lot 2, Alaska State Fair 2010, from P-Public Use District to I-Industrial District.

The Public Hearing was opened at 7:10 p.m.

Sara Jansen, Deputy City Manager, City of Palmer, spoke in support of the rezone, noting that she worked for the Alaska State Fair for 20 years. By way of an historical perspective, in 1980-81, the Fair completed a Master Plan and one of the goals was to turn the Rebarchek Farm into a working farm including refurbishing the Rebarchek

house and making it into an historical but working attraction. The Fair attracts about 250,000+ people annually and what better place could talk about how important agriculture is. It is her understanding that with the erection of the proposed power plant, the Fair would have the financial ability to finally refurbish the Rebarchek Farm which it has been trying to do for 30 years.

Sally Worledge, Palmer resident and owner of property adjoining to the north, spoke strongly in opposition to the proposed rezone. She noted that she recently watched a documentary on HBO about this type of plant and what it has done to the environment; said she was sickened by it. She recommended everyone watch it before deciding to allow it. She spoke of all the poisonous chemicals that go into the ground with this type of plant; that it has the potential to mess up water and the finest farm land in the world. She spoke of her grandfather (Snodgrass) farming in Alaska in 1907; said he was one of the instigators of bringing the colonists here; that he loved farming and loved the valley; thinks he would be turning over in his grave if he knew what was happening.

Ray Ritari, General Manager, Alaska State Fair, spoke in support. To the previous speaker, he believes she was speaking of coal bed methane extraction. He assured that this is not the case here, which the proposal is for a gas-fired co-generation power plant as was described in the staff report. Mr. Ritari spoke to the background of the ASF, its purpose, and its mission. His comments specifically addressed the zoning issues. The Fair's future plans do not fit a Public classification as regards the subject five acres. He emphasized the Fair has no intent for a large industrial project, hence the focus on five acres of a 15-acre plat. The proposed Industrial zone will allow the Fair to develop in the future, uses that are compatible with existing zoning use of Public and compliance with the City's comprehensive plan and the Fair's mission statement. The location fits with nearby infrastructure development; it borders the working railroad track, the Glenn Highway, a natural gas line along the Glenn, and is near MEA power lines just beyond ASF lands to the east.

Mr. Ritari stated the Fair's plan is to maintain ownership of the property--not to speculate or bring in any development not disclosed in the staff report. He wanted to make clear that the subject land is zoned public, not agricultural. He further emphasized that the Fair's 501(c)(3) status is critical to its mission and it would not risk that status by getting involved in a large scale industrial project with limited or sole beneficiaries with negative environmental impacts.

Bill Allen, City Manager, City of Palmer, spoke in favor. He stated, in his opinion, one of the most important issues facing this commission will be this project. He spoke to the potential long-term benefits and that the co-generation plant/hot water distribution is of significant importance to this community. Although the report is not in yet, his expectation is that the utility consultant hired by the city will report favorably to the city council with regard to this project. Mr. Allen spoke of the EPA noncompliance violations of which the city was advised three years ago and that it has until 2012 to take corrective action to remedy the problems or face substantial fines. The estimated cost to fix was over \$100 million for 1700 repairs which obviously was not affordable for this community. The city has taken major steps to correct the deficiencies (mostly with

grant dollars) and he stated the city will meet compliance, but with the hot water distribution to the waste water treatment plant, the city would be assured of compliance. The cost of providing distribution lines would be incurred, but the cost of delivering the hot water from the co-gen plant to the waste water treatment plant would be without charge to the city which is a major factor in terms of financial feasibility of the project.

Mr. Allen further noted a primary benefit to the immediate future of the city, in strictly his opinion, is the formation of a Palmer utility board that would be comprised of Palmer utility enterprises including the Waste Water Treatment Plant, garbage pickup, and district heat. He predicts that within seven years, such utility board would generate enough net revenue to the city that property taxes could be substantially reduced or totally eliminated. He spoke further to the set up of such board and its function. The projections described are based on the city providing a heat utility as well as expanding the waste water treatment plant to include service to Wasilla and Mat-Su borough.

Mr. Allen believes there are many, but one major advantage of the proposal is economic development. Palmer could market the community as having an abundance of land, very low public debt, inexpensive utilities, and no property tax. Combined with the current quality of life now enjoyed because of good health care, a good education system, good recreation, a great place to live, work, and play, Palmer can be an attractive place for the private sector to look at developing and creating new employment. Agriculture can receive considerable support from the proposed project. Water could heat green houses and other facilities to allow farmers to grow products year-around. The plant itself could be developed so that it looks like an agricultural barn. The Palmer Industrial Park can grow and generate employment by having an inexpensive heat source -- a short run from the proposed location. He totally agrees with the Alaska State Fair Board, MEA, and Palmer Economic Development Board, that we should move forward with this project, a major step forward in the sustainable future for the city of Palmer. He urged approval.

John Harkay, Chair, Alaska State Fair Board, encouraged approval of the requested rezone. He spoke of his family history homesteading in the Willow and Palmer areas since the early '50s, using coal to heat and oil to read by. Today we are dependent basically on a foreign import source, Chugach Electric. We have a golden opportunity with a limited time frame and he urged the commission to take the step forward to locally-produced power, to bring jobs to the valley, save money for Palmer residents, and cut our dependency on foreign electricity.

Bonnie Quill, Board member, Alaska State Fair, 8-1/2 years, spoke in support. She spoke of the importance of the financial security of the Fair. Many county and state fairs get supplemental public funds and those fairs because of the economy and budget cuts are being lost across the country. The ASF does not rely on any public funds at all for its operations. As already mentioned, the Demonstration Farm has always been a long-term goal. Not only attracting visitors all summer long, it would also be an educational facility creating awareness of Palmer's unique history and heritage. Ms. Quill spoke of her time with the MSCVB, over 10 years, destination marketing

organization for the Borough -- Yahoo, Mat-Su. One of the most frequent requests is for organized farm tours. The Fair does not have the funds to develop the Rebarchek property right now; however, the rezone would give the Fair the opportunity to fulfill this long-time goal.

Randy Kaer, one of the developers of the co-generation project, spoke in support. He focused on the Rebarchek farmhouse and restoring it to its original condition. Mr. Kaer offered to answer any questions the commissioners might have.

In response to questions by Commissioner Weir, Mr. Kaer described the power plant as small in nature. Co-generation or distributed generation plants reduce the carbon footprint in the area. He used the example of a town full of little boilers that are inefficient and actually add to the pollution in the air. The proposed co-gen plant meets the latest EPA regulations and displaces any other fuel that could be burned in the area which is other natural gas. For each 5 megawatts, it reduces the carbon footprint by about 5,000 tons per year. Mr. Kaer also spoke to the efficiency rate and described how waste heat is captured and sent into high temperature pressure hot water to heat other buildings and displace the fuel that they would have burned as well.

Richard Best disclosed that he is a Palmer City Council member, but he is not representing the council this evening. His comments focused on the land zoned Industrial to the east which is the site of Alaska Demolition's inert landfill, directing attention to the Ordinance (612-Z-57)[Substitute], which states that the land was to be zoned Industrial "temporarily" and the property returned to a more restrictive classification within a reasonable period of time, for example 10 years, or sooner if the reclamation activities are completed in less time.

He points this out because the Fair's application appears to be tying compatibility with an adjacent Industrial classification that is temporary with limitations.

Mr. Best doesn't have an opinion on the co-gen power plant as of yet because the report has not been submitted to the city council. He asked that the Commission postpone any action on the requested rezone until after the report has come out, the public has had an opportunity to digest it, and the city council has appropriate time to determine whether it will invest in the project. As it was presented to the city council, this project is not going anywhere unless the City is involved. He thinks it is jumping the gun to rezone this property now.

John Tracy, Board member, Alaska State Fair, spoke in favor of the proposed rezone. First, he believes the ASF Board has an obligation to be responsive to and listen to the desires of the farming community because in his opinion they are the cornerstone of what the State Fair is all about. At the same time, the Board in its mission and its mandate is to be responsive to the needs of the entire community and not just one segment. To him it is a matter of desire versus need. He views electricity and heat as a commodity no greater or no less important than potatoes or hay. He asks the question if a small footprint of land, 3 acres, can produce energy for the entire community 365 days a year versus what the same footprint can produce in hay or potatoes in the course of a summer, that's an easy answer as far as the higher use of the land. He pointed out

that a decision to approve the rezone at this point will not guarantee that this plant will be built as there are many moving parts; but the commission by not approving it can only kill it. He encouraged that the commission not kill it and to allow the project to move forward. It has the potential to provide energy to the surrounding community year-around, will provide an opportunity of financial foundation for the Alaska State Fair, and last but not least, has the potential to provide the capital to turn the Rebarchek Farm into the Demonstration Farm that everybody wants but nobody in 30 years has been able to figure out how to pay for.

John Erickson, Treasurer, Alaska State Fair Board, also spoke in support. He is an attorney and adjunct faculty member at Mat-Su College teaching justice and criminology. He pointed out that enrollment at Mat-Su College is up 60 percent and the community is growing. There will be a need for energy and increased infrastructure in Palmer and the core area. This project is a win/win situation for the Fair, for the City, and especially for the community members who live here. He pointed out that the Industrial use is anticipated to project out 30 years on a very small piece of land, building on just three acres.

Carter Cole, Public Works Director, City of Palmer, spoke in support of the rezone and to clarify any misunderstandings. The city's involvement in this project was brought through his department. It is an opportunity for the city, but to think that the project is completely dependent on the city is not correct. Both MEA, the power producers, and the Alaska State Fair could move forward with this project without the City's involvement. He spoke in favor of the City being involved and hopes the City Council will see it as a wise choice once the report comes in.

Don Berberick, representing the Alaska Farm Bureau, Mat-Su Chapter, spoke in opposition to the location of the proposed rezone, but the group is in favor of the project. It is a tough position for the Farm Bureau because they do recognize the benefits of the project, but they oppose building it on the Rebarchek Farm property. They recognize the need for power but wish it could be built on a different site. He heard 3 acres in the comments, but believes it is five acres. He wondered if other sites were looked at; suggested the landfill would be better site.

There being no other persons coming forward to testify, the public hearing was closed at 7:57 p.m.

Commissioner Madar commented in agreement that this project as a win/win, seeing jobs, energy, and opportunity; thinks that a co-generation power plant in alliance with the Waste Water Treatment Plant is a once-in-a-lifetime opportunity; trusts what Mr. Allen presented; thinks that within seven years the dividends to the community will be to the point of decreasing property tax or eliminating them; believes Palmer will be in charge of its own destiny creating jobs with the energy plant; is absolutely 100 percent in favor.

Commissioner Kircher inquired of staff why the demolition site could not be used for the

plant. Ms. Garley said that although they are in the latter stage of operations, they are still accepting demolition waste on the property. Also the site is made of fill material which poses a limitation. If this project moves forward and it is rezoned to Industrial, it can also be limited to Industrial only for use in the future as a co-generation plant and they would still have to come back through the P&Z Commission for a conditional use permit.

Mr. Ritari explained why this particular five-acre parcel was chosen. The instability of the soil is an issue on the demolition site and would be an issue for any substantive development. Additionally, the chosen location is perfectly suited for the steam heat distribution system which is just about equidistant from the Waste Water Treatment Plant and the upper reaches of the public facilities to utilize the high temperature steam heat from this plant. There is also a time line. The developers have tax benefits that will expire and grant funding will expire at the end of this year. Equipment must be purchased this year and they need to home to do that. The chosen site is the best site and the Fair and the developer and the Fair over the last four years have been working together to make it happen. He also emphasized that the coal bed methane well has been totally ruled out.

Mr. Allen and Ms. Garley responded to other questions. The report by Foster & Associates is due by October 1. Ms. Garley explained that the P&Z Commission sits as an advisory board to the City Council and it does not make any final decision on zoning. It simply makes a recommendation that moves forward to the City Council where further public hearings at the council level will be had before any legislation is passed.

Commissioner Kircher spoke in favor of the requested rezone pointing out that the U.S. has always been in the process of restructuring our energy systems. There are many experts that agree that the best way to set up a sustainable, stable, and secure energy system is to initiate a distributive energy system where you're bringing power into the grid from different areas. If one is hit by either a manmade or natural disaster, other components can take up the slack. A local distribution system is a very efficient system and he is very much in favor it. And from a security standpoint it is a good idea as well.

Chairman Kerslake commented likewise in favor. It is a good idea for Palmer, that it is good long-term for agriculture, especially if the council can get the guarantees for the Rebarchek Farm to be refurbished to a working farm.

Discussion on Findings of Fact:

Madar	Preslar	Weir	Kerslake	Bower	Silva	Kircher
1. The proposed change is in accordance with the borough and city comprehensive plans.						
Y	A	Y	Y	Y	Y	Y
2. The proposed change is compatible with the surrounding zoning districts and the established land use pattern.						
Y	A	Y	Y	Y	Y	Y

3. Public facilities such as schools, utilities and streets are adequate to support the proposed change.						
Y	A	Y	Y	Y	Y	Y
4. Changed conditions affecting the subject parcel or the surrounding neighborhood support the proposed change.						
Y	A	Y	Y	Y	Y	Y
5. The proposed change is consistent with the public welfare and does not grant a special privilege to the owner(s).						
Y	A	Y	Y	Y	Y	Y

Additional findings to those recommended by staff:

(1) In addition to Chapter 6 of the City's Comprehensive Plan, Goals 3 and 4, Goal 1 is also appropriate -- section 3-2, improve local economy, 3-4, guide community growth, and 4-1 of Goal 1 is also appropriate as to why the rezone should be approved.

(2) The demolition site to the east most likely will not be used for housing development which makes the assumption that Industrial zoning may be applied for permanent zoning or something similar. The surrounding zoning supports the rezoning request.

ROLL CALL VOTE ON MOTION [recommending approval]: Carried Unanimously.

I. NEW BUSINESS:

1. Resolution 10-006 Approving a Request from Palmer Senior Citizen's Center, Inc. for Joint Use of Required Off-Street Parking pursuant to PMC 17.64.041.

Ms. Garley provided a staff report, stating:

- the senior center, presently under construction, is located on Lot E of ARRC 2006 Subdivision and they wish to construct a 35,214 sf building on Lot E of that subdivision; the size of the property is not sufficient to construct both the two-story building and the required 88 parking spaces;
- The senior center owns both Lots E and F and they wish to utilize a portion of Lot F (undeveloped) to meet the standard for parking. Their master plan provides that Lot F is to be used for commercial purposes related to their operations;
- Staff recommends approval of this request.

COMMISSIONER MADAR moved, seconded by COMMISSIONER WEIR, to adopt Resolution 10-006 approving the request from the Palmer Senior Citizen's Center, Inc. for joint use of required off-street parking pursuant to PMC 17.64.041.

VOTE ON MOTION: Carried Unanimously.

2. Presentation of Capital Improvement Program project nominations by Sara Jansen.

Ms. Jansen explained the CIP process adopted by the City Council and presented a packet of information containing a list of project nominations. For some time the city has felt it important to have a clear, transparent process that had a lot of opportunity for input from the public, the city council, and from the P&Z Commission. The process

started in June and there was a three week window where people were able to make nominations. 29 nominations were submitted, three of which were from the general public. Hopefully in the future this is a number that will increase. At the August 24 City Council meeting, these same projects will be presented with the recommendation that they all be forwarded for staff assessment. That is expected to happen August through October. A priority list will then be presented to the council in October that would be rolled into the Programs for Progress which is then forwarded to the Legislature. The 3-page nomination forms are included for the commission's review. It is recognized that the P&Z Commission has an important role to play in rating the projects, however, this year they simply ran out of time; next year they will be prepared to make a full presentation and have the P&Z rate the projects.

Brief further discussion followed.

H. UNFINISHED BUSINESS:

1. Resolution 10-004 Recommending Approval of an Amendment to PMC 17.36.03, Conditional Uses in the I-Industrial District to add Natural Resource Extraction.

Ms. Garley gave a staff report:

- Updated the commission on the most recent revisions to the Draft Palmer Conditional Use Standards for Natural Resource Extraction in the I-Industrial District, having to do with screening, landscaping, visual appearance and minimum setback requirements.

Questions of staff and brief further discussion followed.

COMMISSION MADAR moved, seconded by COMMISSION BOWER to adopt Resolution 10-004, recommending approval of an Amendment to PMC 17.36.03, Conditional Uses in the I-Industrial District to add Natural Resource Extraction.

Commissioner Madar commented that staff has done a very good job. He only wants to make sure it aligns with State of Alaska regulations.

VOTE ON MOTION: Carried Unanimously.

2. Resolution 10-005 Recommending Approval of an Amendment to PMC 17.68.05 C, Nonconforming structures, to allow Reconstruction of Legal Nonconforming Residential Dwellings in Residential Districts; and to exempt certain Structures listed on the National Register from the limitations of PMC 17.68.08, Repairs and Maintenance.

Ms. Garley gave a staff report:

- It was explained that the amendment adds a subsection C (page 3) that says notwithstanding the limits placed on repairing or replacing a building or structure that has been destroyed by more than 60 percent, that it does not apply to a

building or structure that is on the National Register of Historic Places as long as it matches the design and construction materials, etc. that were destroyed.

- Additionally, it says if a residential dwelling or residential dwelling units are damaged, that they also would be able to be issued a permit for reconstruction and it has the same limiters that are in the code today.

Lengthy discussion and debate took place whether a legal nonconforming building should be allowed to rebuild to the same nonconforming standard should it burn down or otherwise be destroyed.

Ms. Garley explained that this resolution is the result of a request from the city council to look at revising the legal nonconforming status as it affects residential units in the city. The commission will be meeting with the council on September 21 for the purpose of discussing these resolutions. Also the city attorney will be at the joint meeting to answer any questions.

COMMISSIONER KIRCHER moved, seconded by COMMISSIONER SILVA to recommend adoption of the Resolution 10-005 and move it forward to the city council as presented.

ROLL CALL VOTE ON MOTION: MOTION PASSES [5 in favor, 1 opposed, Madar]

J. PLAT REVIEWS: None.

K. PUBLIC COMMENTS: None.

L. BOARD OF ECONOMIC DEVELOPMENT REPORT - Mike Madar:

Commissioner Madar reported:

- It was an excellent meeting;
- Applauded the outstanding presentation by Randy Kaer and Randy Hobbs of Alpine Energy on the proposed co-generation power plant;
- Bill Allen spoke re the Mat-Maid property and talked about the Palmer Ice Arena and source of funding, and also about a land swap;
- Noted that sharing the responsibility of P&Z attendance at the BED meetings is a good idea.

M. STAFF REPORT: Ms. Garley reported:

- Commissioner Silva has accepted to attend the September BED meeting, which is normally the first Monday of every month;
- Commissioners Silva, Kircher, and Kerlake terms expire in October; reminded to please let her know if you are willing be re-appointed;
- Was pleased to introduce new staff member Ron Anderson.

N. COMMISSIONER COMMENTS:

COMMISSIONER MADAR welcomed new Commissioner Weir and commented that she did an outstanding job for her first meeting.

COMMISSIONER WEIR thanked the commission for the welcome and stated she would learn the rules.

COMMISSIONER BOWER reminded he will be leaving for two months of training in a couple of weeks and will be absent from the September and October meetings.

COMMISSIONER KERSLAKE welcomed Commissioner Weir and thanked everyone for the discussion and input tonight.

O. ADJOURNMENT:

There being no further business, the meeting was adjourned at 9:27 p.m.

William B. Kerslake, Sr., Chairman

Ron Anderson, Recording Secretary