

Annexation Discussion Minutes 2009

Joint Meeting - City Council – Planning Commission – February 26, 2009

Thomas mentioned that Council appropriated funds to hire Berk & Associates to provide a study showing the Fiscal Impacts of Annexation to Enumclaw. The annexation policies are not part of the study review tonight. Following this presentation staff recommends sending this topic to Planning Commission to review, revisit the annexation policies in Comprehensive Plan, and then forward a recommendation to the CED Committee process who will forward a recommendation onto to City Council.

The purpose of this study is to evaluate the long term fiscal outlook for the City with and without annexation. The analysis estimates changes in cost of services based on relationships between direct services as the population increases. As the City grows the incremental cost of delivering services does not go up as much as the City is growing. The annexation areas have been broken up into 5 areas.

Shook stated that the analysis was set up as a base case, what it looks like now compared to what it might look like in the future. A key question when given a range of different annexation scenarios, how does each one incremental change the fiscal position of the city.

There are 5 different annexation areas and 6 different scenarios. Each scenario takes an independent look at each area and then as if the City were to annexation all the areas at one time. The assumption was that annexation will happen by 2010.

Coats asked if there was an idea of what the costs are on the run up costs. What they entail.

Sheckler stated that the transitions are managed differently by each City. Some cities will annex the areas and then look at their staffing, transition costs are a function of how rapidly or slowly it happens. Other cities will contract with the County to continue to provide services in the annexation areas until staffing transitions take place. There are minimal procedural items that have to happen such as going to Boundary Review Board and file for annexation which costs time and money. There are also transitional costs in updating plans such as Capital Facilities Plan and Comprehensive Plan.

Coats stated he understands the costs of staffing, but the cost that is associated with annexing a certain area. Are there additional costs that are not staff costs.

Sheckler stated the big costs associated with annexing are collecting the signatures and talking to the public.

Dahlquist asked about level of service and what is the City's obligation when annexation happens. Do the services have to be available in place or can that follow once the legal process of annexation has been completed.

Sheckler stated from a legal prospective there is not a lot that is binding. Police and Fire protection are the main issues and that can be contracted through the County during the transition.

Dahlquist commented that his concern was not so much the staffing, but the utilities, storm, sewer and water.

Sheckler stated there are no requirements.

Shook talked about the fiscal outlook without annexation and that Enumclaw is in a good position to absorb future increases and demand for services.

Sheckler stated Enumclaw has a bunch of items big fixed costs. Decision to fully staff a fire station. Library that is established. Jail and dispatch that is in place. Sharing fixed costs will make the average cost be smaller.

Underbrink commented on the assumption with no annexation, and to development within the City Limits. Is the assumption that any land in the City limits considered developable.

Shook stated yes, there are three categories of lots that are developable. Vacant lands, land that is underutilized, and redevelopable lands.

Shook talked about annexing all the areas at once. Annexing all the areas more staff will be needed, but the fixed costs will go down on an average.

Coats asked when considering development there was a commercial component to some of the areas, how was that calculated.

Shook stated it was based on amount of land set aside for commercial use and take assumptions to derive commercial square footage. Market benchmarks. Assumption on taxable revenue would be coming from the square footage. Annexing all the areas at one time will add twice as many people versus no annexation over the 20 year period, and that is what was used for their baseline assumption. He talked about service demands to the City as annexation takes place.

Elfers asked in the Big West area were they anticipating commercial along 244th.

Shook stated it was more on the southwest corner of Highway 164 and 244th.

Beckwith asked if any other parts of the Big West areas were looked at for rezones, possibly light industrial.

Shook stated that was not looked at specifically, but that is something that can be changed.

Ennis asked when looking at revenues to 2025 was the potential change in sales tax taken into account and how it is collected?

Shook stated yes.

Hogan asked how annexing all the areas provides the biggest benefit to the City when the "North" and "Triangle" areas do not improve the fiscal position of the City.

Sheckler stated annexing the areas listed as “North” or “Triangle” by themselves may not be a fiscal winner by 2025, it is more a function of thresholds that get crossed in the model rather than reality.

Coats asked when all the areas are annexed would the transactional costs be more or less?

Sheckler reviewed the graphs and stated that Enumclaw is in a good position compared to other cities.

Coats stated that he referred to the Fire Department as a full on ready to go situation, how does that work when the expenses are shared with District 28.

Sheckler commented that it is complicated because there are a lot of different issues. Enumclaw is in a position of being accessible with the Fire Station located within the center of the City and should be able to accommodate a population of 20,000. It is already a fixed cost and will allow the City to absorb growth without much additional expenditures. Strategic issues that are thought about with annexing such as opportunities for economies to scale and that there may be some fiscal benefits associated with annexation. How to approach the question of annexation by reviewing what are the transition costs and what the trade offs are with annexation.

Coats asked how often the Boundary Review Board meets.

Sheckler stated that he believed they are meeting on a monthly basis.

Thomas stated that the Board does meet monthly. The Board Review Board process from a timing standpoint does not hang up annexation. The City can submit at anytime and it is reviewed.

Thomas mentioned that one reason the different areas were created was that they are logical service boundaries, so when annexation starts it is looked from many perspectives from police and fire service or a utilities service area.

Elfers asked if the Big West would be one of the first areas we want to annex.

Thomas stated no. That would be up for discussion and is part of the review process.

Elfers asked staff if they had any thoughts of what areas they envision being annexed of the bigger plots.

Thomas stated that City Council and Planning Commission need to look at all the areas further before making any decisions. He stated what staff can offer is that people have shown an interest in the areas labeled “North” and east of 244th on the west side.

Mahelona stated the graphs talk about core expenditures, and asked if staff could explain what type of services would be moving to these annexed areas. Enumclaw is unique because gas and water may already be there as well as fire service. What would they get and does that include capital for major items like sewer lines or streets.

Thomas stated it does include capital for major items. Good thing about Enumclaw is that we are a compact area, so when areas are annexed they expect more services. Police and parks that are provided as soon as they are annexed. The question about capital is a conversation that still needs to happen. There is a defined level of service for parks, and there are assumptions about sidewalks and streets. There is a level of standard that is set for the city so we need to figure out how to get that to the future annexation areas.

Mahelona assumed that what is attractive to people is to have sewer so they can develop property, yet that is not really a factor based on this process. He asked if this would be done with LID's or does the City have to bare some of the costs.

Thomas stated there are 2 approaches. The folks want to get on sewer, want to develop to city regulations oppose to county regulations. With regards to the extension of water and sewer capacity the burden can be placed on development so there is an incremental expansion to the City's system. The other direction would be to if growth is good, accelerate the growth by extending the sewer line into the "Big West" with lift station and hope to recoup that when development occurs. Depending upon how fast the City wants to annex.

Mahelona asked if that was factored into this.

Sheckler stated a sewer is an enterprise fund where the fund is self sustaining. City will try to tailor their hookup fees to recapture the costs. There should be no negative fiscal impact to the City.

Beckwith understanding that utilities funds are self sufficient, however, some of the funds leave the fund and go towards overheads for the City. Knowing the utility departments would grow and more overhead would be going to the City's administrative costs has that been captured in this.

Sheckler stated no. He guesses as the sewer and other enterprise funds got bigger the transfers to the general fund should more than pay for the additional overhead so there should be a positive fiscal impact which had not been captured with the study. He touched on the issue of impact on growth and the distribution of growth. Majority of city's when looking at annexation are looking at areas that are grown out, Enumclaw gets to control the development pace and nature of development which give Enumclaw a level of control that most cities do not have. Some strategic issues to think about are: 1) how fast does the city want to grow; 2) do they want to see a central focus of growth; 3) does the city want to hold off on growth and fill in the empty lots which are approximately 700 lots in the city limits – then possible hold off on annexation and hold off on extending utilities. 4) if city thinks growth is a good thing then expanding the pool of developable properties which would result in a faster level of growth; 5) sewer service issues particularly in Big West annexation area. Extending sewer service to that area would require a lift station. So the lowest cost strategy is to extend the trunk line to the end and put in the lift station and anyone developing would have the opportunity to hook up and the hookup fees will pay down the lump sum cost. The other option would be to extend the line as people request it which would require a pump station at the point the line ends understanding each time the line is built out a new lift station would have to be built until it gets to the end of the line. If you do build the line out to the end, then you would want to focus development in that area to help pay for the investment. So what strategy makes sense.

Hogan commented that the sewer plant was sized for future growth. Was the annexation areas considered.

Thomas yes.

Mahelona asked how it works when the land use does not line up with what the City has.

Thomas stated it works through the Comprehensive Plan in the land use chapter where a land use designation is assigned to the annexation area.

Mahelona asked if the zoning changes automatically as part of the annexation. Is there another process.

Thomas stated the zoning is set within the Ordinance upon annexation.

Coats stated that he recalled when the Comprehensive Plan was completed the anticipated growth including the annexation area was 18,000 and we should have more than enough capacity as it sits today. What is the impact if all the area was annexed in, because of the economic situation, and things do not change for awhile. Is there a negative impact.

Sheckler stated there is more upside than there is a downside. In the baseline analysis in 2008 there is about a 1.5 million dollar difference between costs and revenues and on the day of annexation that gap narrows so that is showing more an upside.

Reynolds since we are a rural community, how do address the issue of the farms that may exists in the annexable areas. Once they are annex, do they have to go by the City codes and regulations. How is that going to be handled if they are family farms and not ready to give that up.

Thomas stated that will be part of the future discussions. How does the City want to deal with nonconforming uses whether it is farm animals or any other issue.

Coats asked if the City would force someone that has farm animals to change their use of their property. He asked if the people would still be free to do what they want until such time that it transition out of, or sells into, or becomes something else then it is dealt with.

Thomas used farm example. It is annexed as residential, so how does the City want to deal with the nonconforming use. Some jurisdictions say it is nonconforming and you can perpetuate that use until property is sold or as long as that use is in existence and ownership would not factor in. Enumclaw will have to define how they want that to happen.

Coats asked if we would ever annex any one in and put a note on their door that they were no longer a farm and would have remove animals.

Thomas stated he has never seen that happen.

Mayor asked if the Big West area was taken in and there is a commercial zone there and we need light industrial or job based areas. What would the process be to establish that.

Thomas stated that would have to be initiated with the Planning Commission by going back to the Comprehensive Plan and make some changes, then could change the zoning. Create more land base for given type of zoning.

Mayor commented on increasing size of the City will increase the size of needs for the schools, have we give that consideration.

Thomas stated that schools have been taken into consideration. Staff meets with school staff a couple of times a year and talk about platting and development that will affect them. The Comprehensive Plan has been completed since 1995 and the School District should have been using that for their projections.

Dahlquist asked if at that date if annexation process in underway, would we or would the County change the growth boundary.

Thomas stated that he did not see that happening. There are a lot of constraints in the rural King County, naturally and through policy. It is not believed to help the City by adding more land.

Beckwith commented that the study was approved in 2007, and now it is 2009 and there are still a lot of questions that need to be answered. He asked what staff's best guess as to how long this process is going to take before the City will start accepting applications for annexation.

Thomas stated that this is the number task for Planning Commission this year. He anticipates by late summer there will be a recommendation from Planning Commission to the CED to start looking at.

Beckwith asked if staff anticipates stopping the moratorium on annexation before the end of this year.

Thomas stated he would let the Council discuss that. He is hoping that the City would be far enough into the conversation so the Council could entertain that.

Hogan asked what the recommendation that staff expects to come out of Planning Commission.

Thomas stated that study will help revisit the policies in the Comprehensive Plan regarding annexation and see if they still meet the City's vision or do they need to be changed. Do new policies need to be added. Contemplate discussion about preference of areas, type of annexation, method of annexation, more discussion on the capital side. And that would be presented to Council for deliberation and review and possible passage.

Hogan stated to paraphrase, the Planning Commission could make a recommendation of annexing certain areas, at which point Council would conclude and vote and let the citizens come to the City possible in the Fall or early next year.

Thomas stated that they should look at all areas, not just one area. And perhaps a rank order.

Coats stated that it sounds like there are two ways to annex. The citizens signature way where the City sends someone out for signatures and there is the ballot way where the City sends out the ballot or is that the same thing. And what is the sense staff has for the people living in these areas and their willingness to go along with annexation. He commented that people that are interested have talked to staff, but what about people that are not interested. The generally do not talk until it starts to become reality.

Thomas stated the City Council can decide to pass a resolution and set up an annexation election for that area. Typically the City will define the area, and provide them with the petition form, and rely on the residents in those areas to gather the signature. It is not normally the City that goes out to get the signatures.

Coats asked if they just need signatures and not ballot involved.

Thomas stated there is a petition method and they have to get enough signatures and then it goes through the Boundary Review Board process to verify the signatures. Once that is completed, then it is effective by City Council ordinance. He stated that elections are typically done for larger areas, and they can get very expensive.

Hogan asked about the interest from the Citizens.

Thomas commented that he has only heard from people interested. There were a few north of the city and a few east of 244th.

Mayor stated that the next step of annexation will be to go to the Planning Commission to start the discussion process.