



City Council

Approval of Boulevard Road/I-5 Area Annexation Ordinance

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Title

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Recommended Action

Committee Recommendation:

The Land Use & Environment Committee received a briefing on staff efforts to move forward with the Boulevard / I-5 area annexation on September 26, 2013.

City Manager Recommendation:

Move to approve on second reading the ordinance annexing to the City of Olympia approximately 205 acres lying contiguous to the City of Olympia and within the Olympia Urban Growth Area, referred to as the "Boulevard/I-5 Annexation."

Report

Issue:

Whether to annex the Thurston County island, located within the Olympia Urban Growth Area (UGA) and referred to as the "Boulevard/I-5" area, to the City of Olympia.

Staff Contact:

Gary Cooper, Project Planner, Department of Community Planning & Development 360.570.3957

Presenter(s):

Gary Cooper, Project Planner, Community Planning & Development

Background and Analysis:

The background and analysis has not changed from the March 18, 2014 Council meeting when the Council held a public hearing and passed the ordinance on first reading.

Annexation of County Island UGAs

In 2010 the City Council directed staff to pursue annexation of the three "County Islands" within the City limits. County islands are areas that are within Thurston County, but which are completely surrounded by the City of Olympia. Since 2010 the City has completed annexations of two of the islands (the Cooper Point and Division Street Annexations). The Boulevard/I-5 Island represents the last remaining island.

Comprehensive Plan and Olympia/Thurston County Joint Plan

Annexation of islands is encouraged under the Olympia/Thurston County Joint Plan's Goals and Policies, including the following:

GOAL UGM2: Support annexations which create logical boundaries and reasonable service areas with the urban growth area, including annexation of unincorporated islands with the city limits.

Interlocal Agreement Method

The proposed annexation is being completed under the section of the annexation statute titled, "Annexation of territory served by fire districts - Interlocal agreement process" [RCW 35A.14.480]. This method of annexation allows cities to annex an area by ordinance after completing an interlocal agreement with the affected Fire District and Thurston County.

On March 4, 2014 the City Council approved the interlocal agreement between the City, Fire District #3, and Thurston County. The agreement had previously been approved by Thurston County at its February 18, 2014 Commissioners' Meeting, and by the Fire District on February 20, 2014 at its Commissioners' Meeting.

Profile of Annexation Area

The area proposed for annexation is roughly 205 acres. There are 252 property parcels, with approximately 160 single family residences and a population estimated at 330. There is also a small pocket of commercial development at the end of Dayton Street.

Utilities and Services

The majority of residents in this area are already receiving City sewer and water services. This is due primarily to the completion of large subdivisions in the last 10 years that have obtained the City's utilities in exchange for signing agreements to annex in the future. A detailed summary of the costs of utilities and services is attached to this report.

Emergency police and fire services are currently provided by the City of Olympia through mutual aid agreements with Thurston County and Fire District #3. The City does not receive reimbursement for the services it provides. In 2013 the City's Fire Department projected 48 calls to this area.

Outstanding Bonds

The proposed ordinance would require residents within the area to assume a proportionate share of the City's outstanding bond obligation upon annexation. For a home valued at \$200,000 this would amount to an obligation of \$4.03 per month, or \$48.40 per year.

The Council has the authority to waive this obligation, but it has been the Council's policy for previous annexations to require newly annexed residents to assume the City's indebtedness.

Financial Costs and Benefits to Residents and Businesses

The costs and benefits to residents can only be estimated based on "average" or "typical" uses of services. However, staff have attempted to thoroughly analyze all areas where there could be a difference between costs of living in the County versus being in the City [see attachments]. While

property taxes would definitely decrease following annexation, utilities will increase because of various City taxes. The estimate for a “typical” household in the area is that it may cost about \$23 more per month to be in the City. This estimate includes the cost of paying the City’s outstanding bond obligation that residents will inherit upon annexation.

Businesses in the area will be subject to a Business & Occupation tax that is not required in the County. This tax applies to any business conducted within City limits and varies from 0.1-0.2% of gross annual revenues, depending on the type of business. Therefore - as an example - a business that generates \$1million worth of gross revenue would see a B&O tax of \$1000-\$2000 annually, depending on the type of business.

Neighborhood/Community Interests (if known):

A number of residents and businesses are interested in the annexation. Thus far, comments received have been both for and against the annexation.

Citizens who have expressed support have cited the desire for City services, including policing of the Woodland Trail.

Citizens who have voiced opposition cite the increased costs of living in the City, an expected decline in property values, and the impacts that surrounding future development could have on their residences or businesses.

Staff held public informational meetings on the annexation on December 18, 2013, and March 10, 2014. Informational materials were mailed to affected residents and surrounding neighborhood associations and all the materials related to the annexation are being maintained on an annexations page on the City’s website.

Options:

1. Approve the proposed Ordinance on second reading.
2. Approve the proposed Ordinance with modifications (e.g. outstanding debt obligation) and effect the annexation.
3. Reject the proposed Ordinance and deny the annexation.

Financial Impact:

Based upon existing levy rates (including the excess levy) the proposed annexation area would generate approximately \$118,000 in property tax revenues per year. The City will assume the costs for maintenance of roads and streetlights and provision of municipal services such as police and fire protection.