



Land Use & Environment Committee

Annual Annexations Briefing

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Title

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Recommended Action

City Manager Recommendation:

Receive briefing regarding annexation issues and provide initial guidance as to whether City should staff explore annexation of Friendly Grove and Ward Lake Park sites, including potential of including surrounding areas. (Option 1)

Report

Issue:

Whether the City should initiate any new annexation proceedings.

Staff Contact:

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Presenter:

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Background and Analysis:

Olympia's Urban Growth Area (UGA) was created by Thurston County consistent with the Growth Management Act, the County-wide Planning Policies, and the joint City-County Comprehensive Plan. Annexation beyond the UGA boundary is prohibited by the Washington's Growth Management Act. Among the goals set forth in the Urban Growth Management and Annexation chapter of the Comprehensive Plan are to, "Support annexations which create logical boundaries and reasonable service areas within the urban growth area, including annexation of unincorporated islands within the city limits," and to, "Annex only areas where the City has the capacity to provide services." This report provides an update regarding recent annexations and addresses additional annexation possibilities. The attached map displays all possible annexation areas.

Only under special circumstances has it been the City's practice to initiate annexation of new territory. Instead, annexations are generally initiated by interested property owners.

It has been the City's practice to:

- seek annexation of the largest area practical
- avoid piecemeal annexations and avoid creating 'remainder' areas that are difficult to

- annex
- annex property where development is pending and lack of annexation may result in development being substantially inconsistent with City standards
- conduct the annexation process in an open public setting.

There are ten different statutory means by which the City of Olympia may annex an area. The most common of these is the ‘petition method’ usually initiated by the owners of 10% of the assessed value of the proposed area. This method requires that a minimum of 60% of the assessed value sign the annexation petition. (Only 50% of value is required if 80% of annexation area boundary is a city limit line.) Upon receipt of such a petition the City Council votes whether to annex the area as proposed; the annexation is not subject to a referendum or other election.

Since 1995, Olympia has required anyone seeking new water or sewer service outside the City limits to provide the City with the authority, i.e., ‘power of attorney,’ to sign such a petition as ‘owner’ of the served property. Similarly, owners of property already served by such utilities may obtain services at a reduced rate by providing this authority for future annexation. These provisions have resulted in numerous ‘commitments to annex.’ See attached map. Note that although these commitments authorize the City to sign an annexation petition, they do not waive a resident or property owner’s right to object to annexation.

“Island” Annexations

A few years ago the City formally initiated annexation of three unincorporated areas that were surrounded by the city. Annexation of these areas, numbers 4, 9, and 10 on the attached map, was completed in the last few months and they are now part of the City of Olympia.

Perimeter Growth Area

The city limits of Olympia now encompass almost 13,000 acres with an assessed value of over \$400,000 per acre. In the growth area surrounding the city, there are seven contiguous unincorporated areas totaling about 4,000 acres. The largest of these is the area along Yelm Highway, which is over one-tenth the size of the City of Olympia. The utility extension practices described above have resulted in ‘commitments to annex’ for over 60% of the assessed value of this area. As summarized in the table below, some smaller areas also meet this threshold. (Note that all numbers are approximate.)

LOCATION	AREA (acres)	ASSESSED VALUE	VALUE PER ACRE	PERCENT COMMITTED
1. Cooper Point	700	\$253,333,680	\$360,000	57%
2. South Bay Road	1050	\$149,033,720	\$140,000	36%
3. Sleater-Kinney Road	40	\$13,705,100	\$340,000	0
4. ‘I-5’ island	200	\$43,869,850	\$220,000	Annexed
5. Yelm Highway area	1860	\$734,473,880	\$390,000	67%
6. Kaiser Road South	120	\$12,417,930	\$100,000	52%
7. Overhulse Road	40	\$8,264,050	\$210,000	68%
8. Kaiser Road North	10	\$2,843,700	\$280,000	31%

9. 14 th Ave. NW island	20	\$2,227,600	\$110,000	Annexed
10. Division St. island	10	\$4,242,100	\$420,000	Annexed
TOTALS	4050			
acres	\$1,224,411,610			
	\$300,000			

These remaining areas include three park sites owned by the City of Olympia. Two are along Yelm Highway, and the other is Friendly Grove Park in the South Bay Road area. (See attached map excerpts.) Friendly Grove is an improved park serving the northeast part of the community, while the two sites in the southeast have not yet been developed.

As noted, it has been the City's practice to generally respond to property owner requests for annexation, and to prefer large annexations over small piecemeal expansion of the City limits. But large annexations can have significant fiscal implications for residents, property owners, and local governments such as fire districts.

Annexation of smaller areas could serve to bring at least two of the park sites under city jurisdiction without these larger repercussions. To that end, staff proposes that the city begin exploring the possibility of neighborhood-scale annexations in the vicinity of the Friendly Grove and Ward Lake park sites. At minimum, this process would include contacting all potentially affected public service providers, such as the fire districts, and informational notice to residents and property owners in the area - including at least one public meeting in each area. Note that this activity would be preliminary to any formal annexation proceedings - which could only be initiated by City Council, voter, or property-owner action.

Neighborhood/Community Interests:

The possibility of annexation raises many questions and some concern about changes in taxes, public services and governance. Interested parties in the unincorporated urban growth areas have expressed both support for and objections to annexations over the years. Any future annexations are likely to result in similar interest from residents, business and property owners, and neighbors.

Options:

1. Provided guidance on whether to conduct preliminary study of annexation of Friendly Grove and/or Ward Lake park areas, including public information meetings, and report to Land Use and Environment Committee in approximately six months.
2. Direct no annexation activities in next twelve months except for responding to privately-initiated annexations.
3. Direct other annexation activities deemed appropriate by the Committee.

Financial Impact:

All options are within scope of annual budget and work programs.