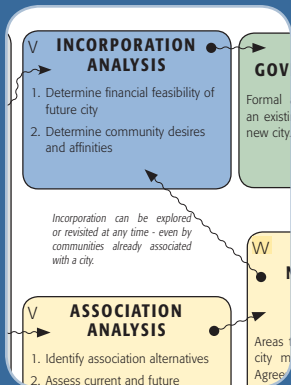
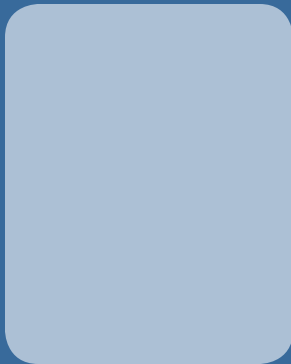


# KRCC URBAN SERVICES DELIVERY PROJECT

## Association Analysis Template Report



**Final Report**  
**June 30, 2007**





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## TABLE OF CONTENTS

<b>1.0</b>	<b>Introduction .....</b>	<b>1</b>
1.1	<i>Project Overview and Background .....</i>	<i>1</i>
<b>2.0</b>	<b>Broad Policy Context.....</b>	<b>4</b>
2.1	<i>Role of Association.....</i>	<i>4</i>
<b>3.0</b>	<b>Process for Association Analysis .....</b>	<b>10</b>
3.1	<i>Preliminary Assessment: Depth of Analysis.....</i>	<i>10</i>
3.2	<i>Approach to Service Provision Analysis .....</i>	<i>12</i>
3.3	<i>Public Outreach and Involvement.....</i>	<i>13</i>
3.4	<i>Basic Urban Services and Impacts of Governance Change.....</i>	<i>13</i>
3.5	<i>Joint Resolution of Association .....</i>	<i>14</i>
<b>4.0</b>	<b>UGA Management Agreement (UGAMA) Guidance.....</b>	<b>14</b>
4.1	<i>Kitsap Countywide Planning Policy .....</i>	<i>15</i>
4.2	<i>Principles of a Successful UGAMA .....</i>	<i>15</i>
4.3	<i>Elements of a Successful UGAMA.....</i>	<i>16</i>
<b>5.0</b>	<b>Specific Service Area Flowcharts .....</b>	<b>19</b>
5.1	<i>Police Service .....</i>	<i>21</i>
5.2	<i>Fire and Rescue Service .....</i>	<i>24</i>
5.3	<i>Parks and Recreation.....</i>	<i>30</i>
5.4	<i>Water and Sewer Services.....</i>	<i>34</i>
5.5	<i>Transportation .....</i>	<i>36</i>
5.6	<i>Storm and Surface Water.....</i>	<i>37</i>
	<b>Appendix A - Association Analysis Pyramid Handout.....</b>	<b>39</b>
	<b>Appendix B - Sample Language for Joint Resolution of Association.....</b>	<b>40</b>

## 1.0 INTRODUCTION

### 1.1 Project Overview and Background

In late 2006, the Kitsap Regional Coordinating Council (KRCC), in partnership with Kitsap County, the City of Bremerton, the City of Poulsbo, and the City of Port Orchard requested consulting services to review and analyze urban service delivery challenges for unassociated Urban Growth Areas (UGAs) within Kitsap County. The purpose of this project was twofold:

1. Develop an adaptable template to analyze urban service delivery challenges for unassociated UGAs and their fiscal implications to respective jurisdictions. The review of basic urban services will lay the groundwork for UGA association and formal UGA Management Agreements (UGAMA) to facilitate cost-effective and efficient urban service delivery and potentially a transition of governance.
2. To use the Central Kitsap UGA (CK UGA) as a pilot study area to test and refine the template. Analysis of the CK UGA could potentially result in a determination of association and provide a foundation for future UGAMA negotiations.

This report documents the first component of this project – the adaptable template to analyze urban service delivery in unassociated UGAs.

#### The Template

The adaptable template will be used as a tool to inform association decisions and UGAMA negotiations elsewhere in Kitsap County, and possibly the State of Washington. The project is supported, in part, by the Washington State Department of Community Trade and Economic Development (CTED). Whenever possible, guidance in this template report is written from a general perspective so that it can be applied in association analysis anywhere in the State. However, specific references to Kitsap County policies and situations have also been included in the report to assist in applying the template to other UGAs in Kitsap County.

The desired outcome for the template is an innovative road map outlining the range of issues and types of analysis that can be used to assess transitions of urban services and governance. The report is broken into the following primary components:

- 1. Broad Policy Context.** This element of the template outlines: (1) State and County policies that guide association, urban service provision, annexation, and incorporation decisions; (2) possible urban service delivery and governance options for associated and unassociated UGAs; and (3) major milestones and decision points leading up to a possible transfer of service provision or governance.
  - 2. Process for Association Analysis.** This element outlines the specific process by which association options are analyzed, reviewed, and eventually lead to a final association decision and UGAMA negotiation.
-

In addition, the Association Analysis Pyramid explains the different levels of analysis that would likely need to be completed prior to an association decision, based on whether the UGA is freestanding, adjacent to only one city, or more than one city.

- 3. Service-Specific Flowcharts.** This section compiles a set of service-specific flowcharts that outline the process for analyzing service provision and highlight specific questions and issues that must be considered for each service type. The flowcharts include service-specific guidance on key issues to explore; data and indicators that should be gathered to assess service delivery and levels of service (LOS); and typical service transfer options.



## 2.0 BROAD POLICY CONTEXT

Planning for potential transfer of urban service delivery or governance changes in Urban Growth Areas (UGAs) occurs within a broad policy framework grounded in the State Growth Management Act (GMA) and Countywide Planning Policies (CPPs). This element of the template outlines the following:

- State and County policies that provide guidance for association, annexation, and incorporation decisions.
- Possible governance options for unassociated UGAs, including incorporation, association with a city, or remaining unassociated.
- The major milestones and decision points leading up to efficient and effective urban service delivery and possible governance change.

### 2.1 Role of Association

When contemplating the association process, it is important to recognize the distinction between *association* and *annexation*. Association is one of several steps in the transition of an urban growth area to eventual annexation to a city. Association does not guarantee that an annexation will take place, but rather links a UGA to a particular city and paves the way for UGA management agreements (UGAMAs) that clarify roles for collaborative delivery of a full range of urban services in the most efficient and cost-effective manner.

According to the Kitsap Countywide Planning Policies, the intent of UGAMAs is to “facilitate and encourage annexation and/or incorporation of urban areas over the 20 year planning period and to ensure compatibility of development within the unincorporated Urban Growth Area.”<sup>1</sup> UGAMAs can deal with a wide range of issues including, but not limited to, plans to transfer responsibility for urban service provision, phasing of infrastructure development, and revenue sharing agreements. Additional UGAMA guidance is provided later in Section 4.0.

The process of association and annexation, whereby a UGA is linked to and then becomes part of an existing city, should not be confused with incorporation, which is an alternative governance option for UGAs that seek to become new independent cities. This template report does not address the details of incorporation analysis directly but many of the service provision issues identified in an association analysis could also inform an incorporation analysis.

Some communities may have concerns that a decision about association could limit the community's future governance options. However, association with a city does not commit an area to a predetermined annexation schedule. There is still room for planning, public discussion, and negotiations as the UGA develops and conditions change. Furthermore, association does not preclude

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<sup>1</sup> Kitsap Countywide Planning Policies, Appendix C, Adopted November 22, 2004

the incorporation option. At any time in the future, a community may pursue incorporation if community members so desire.

## **Reasons for Association**

There are two primary reasons a UGA should associate with a city:

1. From a policy and statutory perspective, generally the State Growth Management Act (GMA) and Countywide Planning Policies encourage UGAs to either be associated with an existing city or designated an area of potential incorporation. Furthermore, the GMA states that "In general, cities are the units of local government most appropriate to provide urban governmental services," RCW 36.70A.110 (4). If a UGA shares a border with an existing city or associated UGA of a city it should become associated, but a designation of association does not preclude potential incorporation of an area at a future date. These growth management policies identify association and UGAMAs as appropriate vehicles to address (1) contiguous and orderly development, (2) efficient and cost-effective urban services provision (fire and rescue, law enforcement, transportation, parks/open space, sewer, stormwater, etc.), capital facilities ownership and maintenance; revenue sharing; and regional planning, and (3) preparations to facilitate a potential change in governance.

Over time, the transfer of urban local service responsibility to cities is both consistent with the guiding principles of GMA and regional growth management plans and will provide opportunities for counties to reevaluate and redistribute service levels for counties' regional and rural service responsibilities.

2. From a financial perspective, generally counties do not have the taxing authority to support high levels of local government services in urban areas. County tax structures were designed to support regional and rural services. From a general fund perspective in particular, counties rely heavily on countywide property taxes and the regional portion of the local sales tax (which is also generated on a countywide basis). Cities, on the other hand, have far greater authority to levy local taxes, which in turn makes them better able to provide general governmental services in urban areas.

Counties *do* impose a local road levy on owners of property in the unincorporated portions of the county. However, this local property tax is restricted to funding roads maintenance, construction, and other transportation related activities. Upon annexation, the county road levy is replaced by the city's regular property tax levy, which is unrestricted and can finance any general fund activities.

In addition, cities have the ability to impose utility taxes and business and occupation (B&O) taxes, further increasing the revenues available for operations and provision of urban levels of service. Moreover, across Washington State, the tax revenue engines that support urban services—downtown commercial areas—are typically located in cities. Most city residents in Washington State live in a city that spends \$650 or more per resident on provision of local governmental services like police and local parks—a level of service provision that counties are not equipped to match.

## Situations when a UGA Should not Associate

Although most UGAs sharing a border with one or more cities are likely to be associated with a city, there are a few situations in which a UGA should remain unassociated. Listed below are a few examples of these circumstances.

**UGA shares no border with existing city and is slated for incorporation.** One situation in which a UGA should not have a designated association with an existing city is when the area in question does not share a border with an existing city and has therefore been identified as a candidate for incorporation. In Kitsap County, the Kingston and Silverdale UGAs share no borders with existing cities and are therefore more likely to achieve city-hood through incorporation.

**UGA with special circumstances.** There may also be rare circumstances where a UGA possesses unique characteristics that make association particularly challenging, such as a UGA that does not exhibit near-term urbanizing pressure, or a UGA that provides unique and regionally focused functions and uses. The South Kitsap Industrial Area (SKIA) is an example of this type of UGA in Kitsap County. SKIA is a unique UGA designated as an industrial and employment center of regional significance that presents particular challenges to a traditional association decision.

## Association Analysis

A thorough association analysis should result in a determination of association and a foundation for future UGAMA negotiations. The elements of analysis should include assessment of urban service delivery, analysis of fiscal implications of possible annexation, recommendations regarding the association decision, and identification of UGAMA issues and next steps.

In instances where a UGA is contiguous to two or more existing cities, the process for determining association may be quite involved, including fiscal and level of service analyses for all cities involved. For an area contiguous with only one city, the association choice is usually more straightforward.

## Potential Incorporation

Some urban growth areas may explore the possibility of incorporation. A strong community cohesiveness and desire to incorporate would need to be present to make incorporation possible. A fragmented community with differing governance views would make an incorporation movement difficult.

While the incorporation alternative would provide the greatest level of local control over future decisions affecting the community, in order to be possible, it would have to pass the financial feasibility test. Most cities in Washington State rely heavily on three principal revenue sources: retail sales tax, property tax, and business and utility taxes. A UGA would have to be strongly positioned in more than one of these categories to generate significant revenues and be able to provide necessary services at a level that would meet the community's desires or expectations.

A thorough incorporation study must be undertaken prior to initiating incorporation proceedings. The basic procedure to incorporate is set out in Chapter 35.02 RCW. The process includes a petition requirement, review by a boundary review board, and a vote by the area residents.





## 3.0 PROCESS FOR ASSOCIATION ANALYSIS

### 3.1 Preliminary Assessment: Depth of Analysis

The amount of analysis required to assess association options depends on the characteristics of the UGA in question. **Exhibit 1**, the Association Analysis Pyramid, is a graphic that explains the different levels of analysis that would likely need to be completed prior to an association decision, based on whether the UGA is freestanding, adjacent to only one city, or more than one city. As an association analysis moves farther down the pyramid, complexity increases and the necessary depth of analysis increases.

For UGAs that are not adjacent to any cities, association is not an option and incorporation should be analyzed instead.

For UGAs that are adjacent to only one city, significant analysis is not necessary to come to an association decision. However, it is useful to begin analyzing fiscal impacts and service provision issues to facilitate UGAMA negotiations.

For UGAs that are adjacent to more than one city, at first a threshold level of analysis can be done to compare the options. The community's preference or affinity can play a role in this decision. In cases where a threshold analysis is not sufficient, in-depth analysis of fiscal impacts and service provision may be required.

The principles of the Association Analysis Pyramid can also apply to other processes such as UGAMA negotiations or annexation analyses.

#### Common Annexation Myths

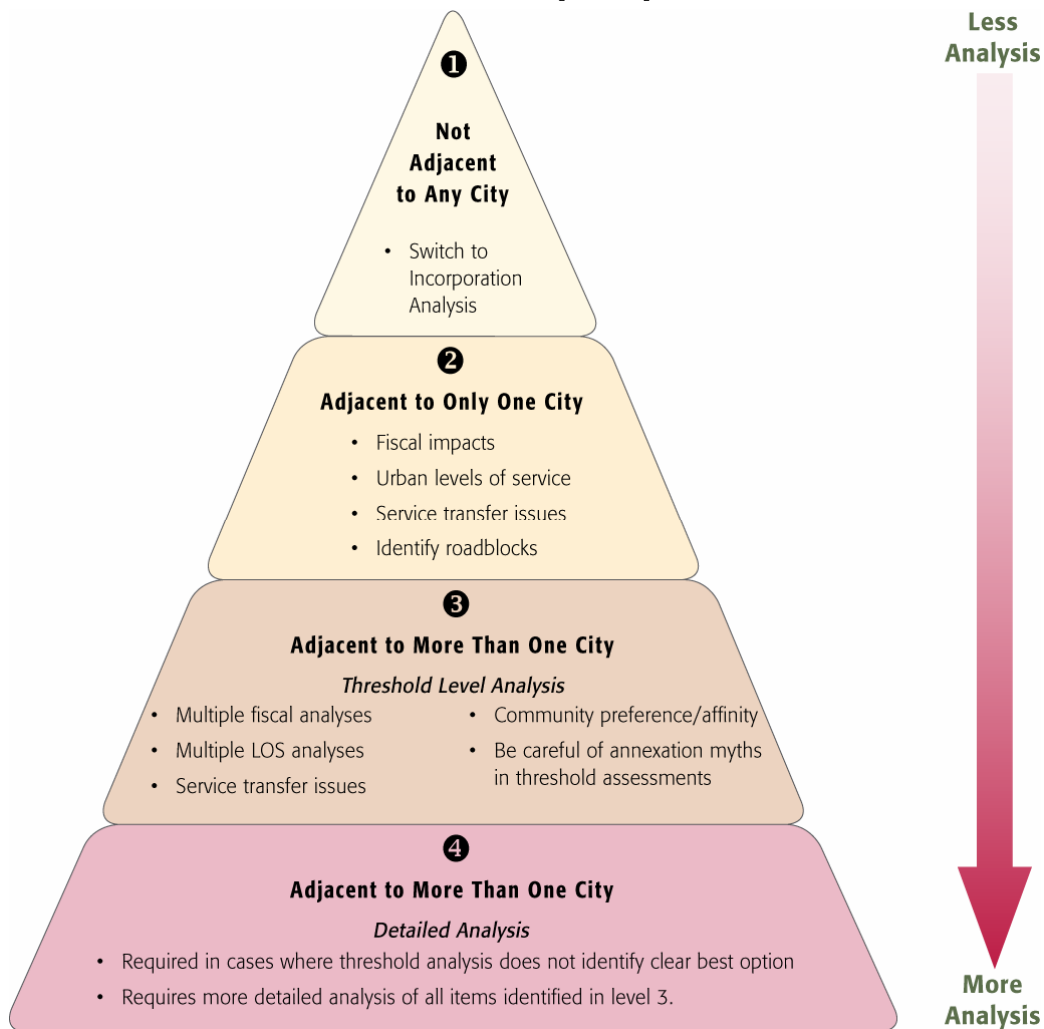
When conducting a threshold level association analysis (level three on the Pyramid) one must be careful of making assumptions based on commonly held views regarding annexation. In cases where an area has unique characteristics that deserve extra attention, more detailed analysis should be conducted. A few examples of common annexation myths are listed below:

- **Residential areas are always net fiscal drains when annexed.** While it is true that residential areas often place the largest demands on government for city services, they are not always net fiscal drains. The quality and type of residential developments can play a significant role in determining their fiscal impact on a city. In addition, the role residential areas play in supporting retail and job centers in an urban area should not be overlooked.
- **Bigger service providers are always better.** Sometimes a smaller service provider can gain significant economies of scale by taking on a new service area and can be a more efficient option than a larger service provider.
- **Annexing a smaller area is always better than annexing a larger area.** The appropriate size of an annexation can sometimes be a larger area that better matches service provider needs.

For example if an annexation would require the creation of a new police patrol area, it may make sense to annex an area that matches the patrol area rather than a smaller portion of the area. Other factors that can impact proper annexation area size include geography, neighborhood boundaries, and the mix of development types being annexed.

- **Annexing new retail is always in the best interest of the city.** Retail developments are generally revenue generators for an annexing city. However, sometimes annexation of these areas does not fit with a city's vision or long-term strategic goals and should be considered carefully.

### Exhibit 1 Association Analysis Pyramid



Note: A stand-alone handout version of this exhibit that classifies Kitsap County UGAs is attached to this report as Appendix A.

### 3.2 Approach to Service Provision Analysis

The provision of basic urban services is a primary function of local government and special districts. Understanding the challenges with service provision in a UGA and identifying the range of possible service provider options is necessary to provide (1) contiguous and orderly development, (2) efficient and cost-effective urban services provision (fire and rescue, law enforcement, transportation, parks/open space, sewer, stormwater, etc.), capital facilities ownership and maintenance; revenue sharing; and regional planning, and (3) provide foundational analysis for future UGAMA negotiations.

To ensure that all urban service delivery issues are identified, basic urban service provision is considered from a number of different perspectives. The following aspects of service provision should be analyzed:

- **Current and Potential Providers.** All of the following issues should be assessed for both current service providers and potential providers. Comparisons between the two sets of providers help determine which service provider configurations result in the greatest efficiencies and highest levels of service in the long term.
- **Customer and Provider Perspectives.** The analysis considers both the customer perspective and provider perspective. Customers (taxpayers) are concerned about levels of service impacts and changes to taxes, fees, and rates. Providers are concerned with logistical and efficiency challenges associated with extending service and with capital facilities needs in a new area.
- **Current and Long-term Perspectives.** A challenge with association analysis is that it is often unclear if or when transfer of urban service delivery or annexation will occur. Future growth in the UGA may have impacts on the ability of certain providers to offer efficient and satisfactory urban levels of service. From an operations perspective, it is typical that the more developed an area is, the more cost-effective the service delivery will be. Whenever possible, association analyses should seek to consider the impacts of future UGA growth on service delivery and levels of service.
- **Efficiency of Service Provision.** Efficiencies in service provision can be measured in several ways, the most fundamental being the cost of providing a unit of urban service. In addition to normalized operations costs, association analyses should seek to characterize any efficiencies that could be gained through improved service area configurations, economies of scale, and increased coordination.
- **Level of Service.** There is a broad range of potential levels of government service. In certain cases there can be a clear distinction and observable difference between an urban level of service and a non-urban level of service. This distinction may be observed empirically in levels of government provided in urban and non-urban areas throughout the State of Washington. In cases where the level of service is particularly different between current and potential providers, efforts should be made to characterize this difference and provide a foundation for future negotiations about service provision.

### 3.3 Public Outreach and Involvement

It is important to share information with the involved communities throughout an association analysis. This information sharing, be it through the web, newsletters or public meetings, would promote understanding of the study and build goodwill with the residents. After an association decision is made, there will be several opportunities for community dialogue before an actual governance change could take place. Deliberations over Comprehensive Plan amendments, UGA boundary adjustments, and UGA Management Agreements all require community outreach and public input before decisions can be finalized.

### 3.4 Basic Urban Services and Impacts of Governance Change

There are a wide range of basic urban services provided by governments and special purpose districts but only some are affected significantly by a governance change. **Exhibit 2** lists major government services and separates them based on whether they involve a transfer of responsibility after a governance change. The table also characterizes what services can be provided by special districts and what services can be contracted out.

#### **Exhibit 2 Urban Services List: Responsibility Transfer and Service Provision Options Post-Governance Change**

<b>Service Type</b>	<b>Options Available to Allow Special Districts or to Contract for Services</b>
<b>Services for which responsibility transfers to the City</b>	
General Government	Contracting for certain services possible (e.g. City attorney)
Planning and Permitting	Contracting possible
Police	Contracting possible
Parks and Recreation	Special district may exist - not all facilities must transfer; Parks District an option; Contracting possible.
Surface Water - Stormwater	Contracting possible
Roads	Contracting possible
Fire - EMS	Special district may exist - cities may annex into Fire Districts. Contracting possible.
Solid Waste	Typically franchised. Franchise agreements enjoy certain protections upon governance change.
<b>Services for which responsibility transfer is optional</b>	
Drinking Water	Special district may exist and continue operations
Wastewater - Sewer	Special district may exist and continue operations
<b>Services in Kitsap for which responsibility is unlikely to transfer</b>	
Schools	Special district unaffected by governance change.
Library	Special district may exist.

Source: Berk & Associates, 2007

After an annexation or incorporation, legal responsibility for the first set of services in the table (from General Government to Solid Waste) transfers to the new city. This transfer of legal responsibility does not prevent the city from contracting out for nearly all of these essential government services. The

second category of services, including drinking water and wastewater, are often provided by special purpose districts, which typically continue to operate after an annexation or incorporation except in cases where the entire district becomes contained within a municipal boundary. The third category of services, including schools and libraries, are typically provided by special districts that are unlikely to be affected by a governance change.

### **Impact of Governance Change on Revenue Sources**

In addition to the transfer of responsibility for essential services, a governance change also transfers authority to collect revenues to pay for these services. As described earlier in Section 2.1, cities have a greater authority to levy local taxes, which in turn makes them better able to provide the sometimes higher level of services expected in urban areas. This linkage between taxing authority and governance change is important to understand when considering the potential transfer of services before a governance change. These pre-annexation transfers of service may be considered in UGAMA negotiations but will be constrained to the extent of the County's more limited taxing authority. For example, planning and permitting is a service that often is largely subsidized by user fees and could potentially be transferred to a city before governance change if there was a compelling reason to do so. For other services, however, the city and county may have significantly different level of service standards and the cost of providing urban levels of service may be much higher. In this situation, it may be difficult for the county to transfer service to a city because the county may not be able to afford a contract with the city with its restricted taxing authority. Typically, the services that are difficult to transfer before a governance change are police and parks and recreation.

### **3.5 Joint Resolution of Association**

At the conclusion of an association analysis, the preferred association option for a UGA should be formalized through a joint resolution passed by elected officials from both the county and the city. The joint resolution should include a commitment by both the city and the county to dedicate resources to prepare for and engage in UGAMA negotiations within a reasonable timeframe. A sample of possible joint resolution language is attached to this report as Appendix B.

## **4.0 UGA MANAGEMENT AGREEMENT (UGAMA) GUIDANCE**

In order to provide cost-effective and efficient urban service delivery in a UGA, especially a large UGA, there must be coordination and agreement between adjacent cities, the county, and special purpose districts. A UGA Management Agreement (UGAMA) is one mechanism cities and counties can use to address (1) contiguous and orderly development in a UGA, (2) efficient and cost-effective urban services provision, capital facilities ownership and maintenance, revenue sharing, and regional planning, and (3) other preparations to facilitate a potential change in governance.

If a UGAMA is structured and executed successfully, over time it should reduce disagreements and barriers to efficient service provision and governance change and limit the need for lengthy or difficult inter-local agreements at the time of annexation.

## 4.1 Kitsap Countywide Planning Policy

According to the Kitsap Countywide Planning Policies (CPPs), the intent of UGAMAs is to “facilitate and encourage annexation and/or incorporation of urban areas over the 20 year planning period and to ensure compatibility of development within the unincorporated Urban Growth Area.”<sup>2</sup> UGAMAs can deal with a wide range of issues including, but not limited to, plans to transfer responsibility for urban service provision, phasing of infrastructure development, and revenue sharing agreements. The specific elements of a UGAMA, outlined in the Kitsap CPP Appendix C, are summarized below.

1. Description of roles and responsibilities regarding zoning, standards, and planning, with a goal of having identical city and county plans, zoning, and development regulations for the UGA. The city’s zoning code and development standards, levels of service, and land use planning should apply to the entire UGA unless agreed otherwise.
2. Identification of responsibilities and mechanisms for comprehensive plan amendments, zoning changes, and development applications within the UGA, with weight given to city preferences.
3. Identification of urban services, responsible service providers, and terms under which the services shall be provided.
4. Reference to the adopted Revenue Sharing Inter-local Agreement.
5. Description of pre-annexation planning for the UGA, which shall include agreements regarding service extensions into the UGA, agreements of no protest, and any plans for tiering or phasing of infrastructure development in the UGA.
6. Description of plans to consult and actively involve residents of the affected UGA in preparation for the annexation process.
7. Agreement to reflect results of joint planning in city and county comprehensive plans.

## 4.2 Principles of a Successful UGAMA

The Kitsap Countywide Planning Policy Appendix C describes *what* elements need to be in a UGAMA but not exactly *how* to develop these elements. This section outlines a few fundamental principles that should guide UGAMA negotiations and help ensure a successful outcome.

- **Clear roles and responsibilities.** Any agreements regarding joint planning, transfer of service provision, or other pre-annexation plans should identify clear roles and responsibilities for implementing these plans. The UGAMA should try to eliminate any confusion about which party is responsible for what in a transitioning UGA.

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<sup>2</sup> Kitsap Countywide Planning Policies, Appendix C, Adopted November 22, 2004

- **Address specifics whenever possible.** The city and county should both try to agree on specific terms as opposed to general statements of cooperation. In cases where a specific issue cannot be resolved in a UGAMA negotiation, an interim solution should be put in place and there should be an agreement on principles to follow as both parties pursue further analysis and resolution in the future.
- **UGAMAs should address entire UGAs.** UGAMAs should deal with service provision and pre-annexation planning for an entire UGA rather than splitting the UGA up and negotiating separate UGAMAs for each subarea. This principle ensures that no unincorporated urban islands or small areas are left out of the planning process. This principle does not prevent a UGAMA from including area-specific agreements for distinct subareas or neighborhoods that naturally divide a UGA. In fact, actual annexation of large UGAs often occurs in phases where sections of a UGA are annexed rather than the entire area.

### 4.3 Elements of a Successful UGAMA

This section builds upon the Kitsap Countywide Planning Policy and provides more details on what elements are necessary for a successful UGAMA and how best to reach agreement on these elements.

- **Reconciliation of incompatible zoning and development standards.** County zoning codes, development standards and land use planning for a UGA are often incompatible with the corresponding standards in a potential annexing city. These differences can be a significant source of uncertainty and stress for UGA residents and a primary cause of public opposition to a proposed annexation. It is important that a UGAMA resolves any contentious issues regarding zoning, development standards, and planning policies.

Significant zoning and development standard issues are difficult to resolve in a UGAMA negotiation. If these differences cannot be reconciled easily, interim zoning codes and standards should be agreed to in the UGAMA. In addition, a schedule to engage in a community-based planning effort to address development code issues should be agreed to. The desired outcome of such an effort would be revised zoning and development standards that are consistent with existing city standards and embraced by UGA residents.

- **Mechanism for periodic updates of UGAMA.** Depending on how prepared a city and UGA are for annexation, a UGAMA may need to be in place for several years before governance change is feasible. For this reason, a UGAMA should include provisions for periodic updates to allow both parties to revisit terms of the agreement and make corrections if conditions have changed.
- **Mechanism to allow for renegotiation.** Unforeseen circumstances, such as unexpected capital needs or unexpected population growth could bring up the need to revisit the UGAMA before the periodic update. The UGAMA should include a list of contingencies that would allow either of the parties to request a renegotiation of the agreement.

- **Commitment to joint public outreach activities.** Citizen approval is necessary for an eventual annexation to take place. The UGAMA should include a commitment from both county and city to engage in public outreach, share findings and recommendations, and solicit public feedback when appropriate. This public outreach can take many forms depending on the needs of the community but, in general, it should help prepare residents for possible transition of certain urban services and potential annexation and identify outstanding citizen concerns.
- **Agreement on how to address capital investments.** Capital projects can present a stumbling block for many proposed annexation projects in two ways: (1) if the UGA has significant capital needs such as road, sidewalk, gutter improvements to meet city LOS standards or (2) if the county plans to make or has recently made a capital improvement in the UGA and is seeking compensation from the city for the investment. Transportation and parks are two service areas that often have high-cost capital projects (road improvements and parks acquisition) that need to be discussed in UGAMA negotiations.

If an in-depth capital needs assessment is necessary to identify capital projects in the UGA, the UGAMA should assign responsibility for this task and provide a timeframe for it to be completed by. Ultimately the city and county need to work collaboratively to come to a common agreement on capital needs for the UGA and who will be responsible for meeting those needs as the area moves towards a potential annexation.

- **Agreement on phasing of service transfer.** As part of the service delivery study done for the association analysis, there should be a general understanding of what services need to transfer so that the most efficient long-term service provision solution is achieved. These service transfers can vary in timing (pre-annexation, at annexation, or a certain time after annexation) or geographically (entire UGA or subareas of the UGA). The UGAMA negotiations should address these variables of timing and geography for service transfers and determine what actions are necessary to prepare for these transfers.

A key determinant of whether a service can transfer to a city before annexation is the extent to which revenues and fees collected by the county for particular services can be adequately tied to the costs of providing these services. Some services, like planning and permitting, could be transferred to a city pre-annexation because much of the cost for these operations could be recovered through user fees. Other services, like police, could only be transferred to a city after an annexation because counties typically don't have the same level of taxing authority that cities have and cannot afford to compensate a city for increased patrol service in a UGA.

As for geographic phasing, the efficiency of providing some services, like police and fire, is dependent on the configuration of patrol areas or station locations. The phasing of these services should take into account efficiencies to be gained through proper service area geography.

- **Assessment of mitigation under revenue sharing agreement.** The existing revenue sharing agreement between Kitsap County and its cities will determine mitigation for lost revenues caused by an annexation. If necessary, in unique annexation situations where the revenue sharing agreement does not adequately account for revenue impacts to either party, mitigation amounts

should be assessed separately and adjusted accordingly in the UGAMA. Fiscal impact studies completed as part of the association analysis should be used to inform these types of revenue sharing adjustments.

Some jurisdictions in other parts of the State may not have existing revenue sharing agreements to rely on. In these areas, the revenue impacts of an annexation must be considered from both city and county perspectives and any necessary mitigation should be agreed to in the UGAMA or at the point of annexation.

## 5.0 SPECIFIC SERVICE AREA FLOWCHARTS

This section compiles a set of service-specific flowcharts that outline the process for analyzing service provision and highlight specific questions and issues that must be considered for each service type. The flowcharts include service-specific guidance on the following elements of service analysis:

- **Key issues to explore.** A summary of the most important aspects of each service type and what issues are most likely to impact governance change decisions. For example, some services, like police, are driven by operations and others, like transportation, are driven by land use, capital improvements and infrastructure.
- **Data gathering and research.** Lists of data and important indicators that must be gathered through interviews and research to assess service delivery and finances.
- **Comparative LOS indicators.** A list of important indicators that can be used to compare current and potential service providers' performance and levels of service.
- **Service transfer options and issues.** Identification of typical service transfer options in the event of a governance change and important issues that must be considered when transferring service.

These service-specific flow charts and explanatory text are meant to assist city, county, and special district staff in conducting an association analysis.



## 5.1 Police Service

The police services flowchart describes the general process of assessing police service provision within the framework of potential association decision.

In considering the association decision, the basic question that needs to be explored is "*who is the most efficient long-term provider of urban levels of service across the entire spectrum of local services?*" For police services, this question should be evaluated in terms of levels of service (reflecting the customer view point) and in terms of potential financial efficiencies.

In general, there are two forms of municipal entities that provide police services to populated areas: County Sheriff's Offices and city police departments. Each municipality is required to provide for the protection of people and property within its boundaries. The city may provide police services or contract with county or with another city. Contracts may have a short duration (e.g. to facilitate a transition in governance) or they may represent a long-term approach to service provision.

### Patrol Areas

It is important to research and interview current and potential public safety providers to establish the current and proposed configuration and the level of service in the Study Area. Because cities (1) have more far-reaching taxing authority and (2) frequently have a strong commercial tax base, a typical city tends to have more general fund resources available and therefore provides higher levels of police services than does a typical county. In many instances, an annexing city will want to reconfigure and increase the number of patrol districts in a contemplated annexation area relative to the county's patrol structure. An annexing city may be able to configure smaller patrol areas and/or dedicate more commissioned officers per patrol area, thereby increasing the level of service over what residents currently receive from sharing sheriff deputies with a much larger territory.

It is important to evaluate the operational efficiencies that may be achieved by potential providers. One of the providers may have more of the organizational capacity to absorb the Study Area (in terms of available officers and funding). On the other hand, it is not uncommon for a smaller city to realize *significant* efficiency gains from an annexation related to newly-introduced economies of scale.

### Financial Considerations

Police services represent large portions of county and city budgets. In both cases, these services are funded from the general fund, supported by the local taxing sources. When it comes to providing local services to unincorporated areas, counties typically (1) do not have the same level of taxing authority that cities have and (2) do not have robust commercial tax bases to bolster general fund revenues.

Historically, in Washington State, county tax structures were designed to primarily support regional services (e.g. Assessor, Auditor, Prosecutor, District and Superior Courts, Coroner). Cities, on the other hand, have been provided broader taxing authority to support local service provision. From a general fund perspective, the only *local* tax that a county receives is the local-service portion of the 1% retail

sales tax (an 85% share of the 1% local sales tax).<sup>3</sup> Cities, on the other hand, have the authority to generate (1) sales tax, (2) property taxes, (3) utility taxes, and (4) business and occupation taxes.

The median city in Washington State generates more than \$500 per city resident in general fund revenues to support local service provision (with the vast majority of revenues coming from the four sources listed above).<sup>4</sup> From these revenues, the median city spends nearly \$200 per resident on provision of police services. By contrast, most counties generate less than \$100 per resident from counties' one local general fund tax (the local-services portion of retail sales tax).

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<sup>3</sup> Counties do levy a property tax on all taxable properties within the county. However, because this is a county-wide tax (which the County receives even when the county is not the local service provider), this tax is generally considered to be a *regional* rather than a *local* tax. Counties also have the authority to collect a local *road tax* on property in unincorporated areas, but this tax does not generally accrue a county's general fund, and is therefore not available to defray the costs of services like police protection.

<sup>4</sup> Source: Washington State Auditor's Office.



## 5.2 Fire and Rescue Service

The fire services flowchart describes the general process of assessing fire service provision within the framework of potential association decision.

### Framework of Understanding Fire Protection Services

In Washington State, there are two forms of government that can provide fire protection services: city fire departments and fire protection districts. Fire protection districts are independent municipal corporations responsible for providing fire suppression and emergency medical services to specified areas, where they have the power to levy a property tax and issue bonds. Counties do not generally provide fire protection services.

In considering the association decision, the basic question that needs to be explored is "*who is the most efficient long-term provider of urban levels of service?*" In general, this question can be looked at in terms of levels of service (reflecting the customer view point) and in terms of potential financial efficiencies.

### Level of Service

When it comes to provision of fire and emergency medical services, it is important to understand that there may be little difference between the levels of service (LOS) offered by current and potential service providers. Each urbanized area has demands for fire services and receives responses from fire stations located within the area. This logistics-driven provision of services emphasizes station locations, and because logical configurations of stations are unlikely to see marked changes with a change in governance, it is not uncommon for different service providers to contemplate similar station configurations.

In instances where station configurations would not change greatly, the next issue to consider is the contemplated staffing model. Some fire districts rely on a mix of full-time and volunteer firefighters, while others rely primarily on full-time firefighters. City-run fire departments, on the other hand, tend to rely more heavily on full-time firefighters. In instances where the current provider is a fire district whose operations are adequately funded by a local property tax levy, it is often the case that measures like response times will not see a marked change in the event of a change in service provider.

This situation may be a little different in the case where the fire district consists of areas with low assessed value (AV), thus making it challenging to provide adequate urban level of service. In this case, the city may have a larger tax base and may be able to improve the LOS by locating more apparatus in the Study Area's stations or staffing the stations with full-time trained positions.

### Financial Efficiencies

The difference between the providers may be greater in terms of financial efficiencies. It is important to research and interview all current and potential service providers to understand their service

configurations. Following are some of the driving factors behind the provider's ability to provide efficient urban levels of service:

- **Location of stations.** Satisfactory fire service provision depends on suitable location of fire stations, since this is where the equipment and staff are dispatched from in case of emergency. Adequate spacing between the stations is critical in terms of service efficiency – if two or more stations are too close to each other, their service radiuses can overlap, resulting in a duplication of coverage. If one of the potential providers already has fire facilities close to the Study Area, it may be possible to achieve operational efficiencies by moving or closing facilities that are too close. Level of service may see little change, but the cost of service may decrease. Size and age of fire facilities also play a role in determining the most efficient combination of stations.
- **Type of apparatus.** Each fire provider determines appropriate equipment levels for each station, depending on number and type of calls, character of the area, and geography, among other factors. Fire engines and aid cars provide baseline support for emergency response. Ladder trucks may be the most appropriate equipment in the urban areas with tall buildings, where conventional ladders might not reach. Apparatus equipped with bigger pumps may also offer responders more options when responding to urban incidents. On the other hand, water tenders, which can carry large volumes of water, are mainly designed to respond to incidents in rural areas where there may not be sufficient availability of fire hydrants. Typically water tenders support engines and/or trucks in fires.
- **Number of FTEs positioned at each station.** The number and type of apparatus frequently determine the number and skill level of firefighters stationed at a particular station. For example, to staff an engine and an aid car, frequently three and two FTEs would be on active duty, respectively. Many fire providers, mostly in rural areas, use services of volunteers, in addition to career firefighters. Duties of volunteers are often less specialized than those of city firefighters, since it may be less predictable who will be available for a given emergency.

In some situations, certain providers may be better positioned to provide adequate urban level of service at the lowest cost. It is important to study and understand the uniqueness of each situation to assess which fire service provider would achieve most efficiency.

### **Options for Service Provision**

Washington State Law allows for a variety of governmental agreements between cities, towns, and fire districts, creating opportunities for collaboration in the fire service provision. The entities may contract with one another and/or enter into mutual aid agreements. There are four basic alternatives for what could happen to fire service within the Study Area after annexation:

- The city/ fire department provides fire services to the Study Area.
- The city contracts with the current fire service provider. All involved entities would need to negotiate the amount and method of payment needed to meet operational and financial specifications.

- The city provides services to one part of the Study Area and contracts with current provider for another.
- The city annexes into the fire district through an election as authorized in RCW 52.04.161, and as governed by RCW 52.04.071, and the fire service continues to be provided by the fire district.

## **Potential Issues**

If one or more fire districts are involved, concerns may arise about a particular district's viability after annexation. The situation may create operational, financial, and logistical challenges for the fire district, depending on (1) how much of its assessed value is contained in the Study Area, (2) geographical position of the Study Area within the district, and (3) population density within the Study Area relative to the rest of the district. These situations may decrease district's funding, leave geographical pockets that may be difficult to serve (which would impact response times), precipitously decrease demand for service, or any combination of the above. Consequently, a district's ability to continue effectively providing fire coverage to the remaining residents living within the district may become impaired. In this case, the fire protection services to the areas that are left outside of the city may be provided by the city or another fire district (via contract or district merger).

## **Asset Transfer**

Beyond the operating concerns, the fire service providers involved could also face complex asset transfer situations. State law guides the asset transfer among service providers in the event of a change in governance, and in practice, asset transfer agreements are subject to negotiation and rely on communication between the two or more jurisdictions involved. For more information, please reference the Municipal Research and Services Center of Washington's (MRSC) Annexation Handbook, or RCW 35.02.190. The graphic in the template and the text below explain how asset transfer works.

**If 60% or more** of the assessed real property valuation of a fire district is annexed to a city, the city will own all of the district's assets. However, the city is to pay the district a sum equal to the percentage of the value of the real and personal property in the district that remains outside the annexed area. The payment is to be made within one year of the annexation, in cash, property, or contracts for fire protection services (RCW 35.02.190 and RCW 35A.14.380).

Residents in the fire protection district but outside the annexed area may hold an election to require the annexing city to assume responsibility for providing fire protection and for operating and maintaining district property, facilities, and equipment. In such a situation, the district must pay a reasonable fee to the city (or district) for the services it provides. If the fire district has ongoing general obligation indebtedness, the area being annexed will continue to pay its share of these costs until the bonds are fully repaid.

**If less than 60%** of the assessed real property valuation of a fire district is annexed to a city, the district maintains ownership of its assets. However, the district is to pay the city (in cash, properties, or contracts for fire protection services) a percentage of the value of its assets equal to the percentage of the value of the real property in the district that has been annexed into the city. This payment is to be

made within one year, or within the time the district continues to collect taxes in the annexed area (RCW 35.02.200 and 35A.14.400). If the fire district has ongoing general obligation indebtedness, the area being annexed will continue to pay its share of these costs until the bonds are fully repaid.

**If less than 5%** of the area of the fire protection district is included in the area annexed, no payment is due the annexing city from the district, except in certain circumstances (RCW 35.02.205, RCW 35A.14.400). If the fire district has ongoing general obligation indebtedness, the area being annexed will continue to pay its share of these costs until the bonds are fully repaid.

**If 100%** of a fire protection district is included in the annexing city, all of the assets and liabilities of the district are to be transferred to the city upon annexation. The fire district in this case will be automatically dissolved.

It is important to highlight that asset transfer payment can be made in cash, property, or contracts for fire protection services, subject to negotiation.





### **5.3 Parks and Recreation**

The parks and recreation services flowchart describes the general process of assessing parks service provision within the framework of a potential association decision.

In considering the association decision, the basic question that needs to be explored is *"who is the most efficient long-term provider of urban levels of service across the entire spectrum of local services?"* For parks and recreation, this question should be evaluated in terms of levels of service (reflecting the customer view point).

In general, there are three forms of municipal entities that provide parks and recreation services to populated areas: counties, cities, and park districts. The city may provide parks services, recreation services or both to its residents, or these services may be provided by the county or park district.

#### **Level of Service**

Cities generally have the majority of their parks inventory in active parks (e.g. playgrounds, ball fields) and a higher concentration of local parks, while counties tend to provide more passive park spaces (e.g. regional parks, trails, open space). Generally, these parks configurations reflect counties' commitments to regional park systems and cities' commitments to providing local park services to its residents.

As the core provider of regional services, it is logical that counties will continue to be the provider of regional parks services. For local and neighborhood parks, however, cities (and/or parks districts) are often in a better position to provide urban levels of parks and recreation services. As noted in discussions of police services, most cities generate general fund revenues in excess of \$500 per resident, and with these greater operating revenues available, cities generally have greater means to provide local parks and recreation services.

In instances where parks services are provided by a parks district, the question of the most efficient provider of local parks services (between a city and a parks district) typically revolves around the relative fiscal strength of the parks district and the city in question.

#### **Transfer of Parks**

Careful evaluation of the Study Area's parks and recreation facilities inventory is necessary during the association process to determine which parks and facilities could transfer to the city and which ones would likely stay with the current provider. Generally, counties reserve the right to maintain parks and facilities of regional significance. However, this would be up for negotiation in the UGAMA process and is usually based on unique circumstances of each case. There are many ways parks service can be provided, as detailed in the following section.

Another issue to consider in the UGAMA negotiations is encouraging the county to develop and enforce a mechanism to set aside land for neighborhood pocket parks as part of the real estate development review process. It is much easier to create parks when the land is available than as an

afterthought to the development. The city could potentially assist with maintenance of these new pocket parks as part of a UGAMA or until the annexation is complete.

### **Options for Service Provision**

There is much flexibility in the way that parks and recreation services can be provided, whether they are provided by the city, county, park district, or interlocal agreements for a combination of providers. There are no automatic consequences when a city annexes an area that includes all or part of a park district.

- **City-operated, -financed and -maintained.** The city could take over provision of services to all parks in the Study Area and institute its own recreation programs.
- **Current provider-operated, -financed and -maintained.** Current provider (the county or park district) would remain the parks and recreation services provider.
- **Combination of city- and current provider-operated, -financed and -maintained.** Local neighborhood parks would be served by the city, and regional parks by the county.
- **Park district-operated, district-financed, district- or contractor-maintained.** Area residents can take an active interest in local parks by forming a park district (if not already a Current Provider). There are three types of special districts relating to parks and recreation, each with a different set of regulations pertaining to formation, function, governing bodies, and revenue authority limits (property tax levies, bond, and LID authority):
  - Park and Recreation Districts (Ch. 36.69 RCW). Maximum levy \$0.60 per \$1,000 assessed valuation (AV).
  - Park and Recreation Service Areas (RCW 36.68.400-620). Maximum levy \$0.60 per \$1,000 AV.
  - Metropolitan Park Districts (Ch. 35.61 RCW). Maximum levy \$0.75 per \$1,000 assessed AV.
- **Consolidation of city and county parks departments, jointly financed and city- or county-managed.** For instance, City of Vancouver and Clark County formed a Vancouver-Clark County Parks and Recreation Department which is managed by the City.





## 5.4 Water and Sewer Services

The water & sewer services flowchart describes the general process of assessing the provision of these services within the framework of a potential association decision.

In considering the association decision, the basic question that needs to be explored is *"who is the most efficient long-term provider of urban levels of service across the entire spectrum of local services?"* For water and sewer, this question should be evaluated in terms of comparing providers' size and scale of operations, capacity, and rates, among other factors. As fee-driven services, changes in water or sewer services are not tightly bound to changes in governance. Changes in service provision can happen in the absence of a governance change. Equally, a change in governance does not necessarily bring a change in water or sewer service providers. Given the loose connection between local governance and efficient provision of water and sewer services, efficient provision of these services may not be a controlling factor when determining the most appropriate association.

In general, there are three forms of municipal entities that provide water and sewer services to populated areas: counties, cities, and water and sewer districts.

### Key Issues

#### Scale of Operations

If water and/or sewer districts are involved, their geographical size and scale of operations would likely determine the best option for long-term service provision to the Study Area. If the district ends up completely contained within the corporate limits of the city and the city already provides water and sewer services, it may be most efficient for the city to assume jurisdiction over the district (RCW 35.13A.020 details the process). However, if the district is bigger than the Study Area, has good fiscal health and enough treatment and water capacity, it may be best if it continues to operate and provide service to the area.

#### Capacity

Sewer treatment and water capacity is an important aspect of long-term water and sewer service provision. If there is a projected deficiency of the long-term sewer treatment capacity, the provider may build additional infrastructure. Many sewer providers adopt a policy that "growth should pay for growth", but depending on the specific conditions, capacity expansion may have implications for existing customers.

Water capacity is somewhat more complicated since acquisition of new water rights is becoming a major challenge for drinking water providers. If water capacity is reached, the water provider would likely have to consider either purchasing water or instituting a development moratorium in its service area.

In the case of sewer, another portion of service assessment would involve evaluating the direction of wastewater flow, as in many cases reversing the flow in order to send wastewater to the city's

wastewater treatment plant (WWTP) could be expensive and difficult to accomplish. In that case the city may need to contract with the WWTP owner for wastewater treatment services, potentially increasing sewer rates for customers.

### **Utility Rates**

Many aspects of a water or sewer service assessment translate directly into a comparison of utility rates across the providers. It is important to evaluate the components of each provider's rate structures. It is also important to understand (1) what portions of existing rate structures are dedicated to financing capital projects and (2) what additional capital projects are on the horizon. In this case, the customer perspective (possible increase in rates without a change in level of service) could play a role in determining the most efficient long-term service provider.

Beyond the question of efficient service providers, it is important to note that cities have statutory authority to impose utility taxes on public utility providers operating within their corporate boundaries. Unlike taxes for electric, gas, and telephone services that are limited to six percent, there are no restrictions on the tax rates for water, sewer, and stormwater utilities. Most cities in Washington impose anywhere between 4 and 9 percent on gross revenues earned from provider's operations. The utility providers are likely to pass this fee onto its customers, thus increasing their monthly utility bills.

### **Requirements for New Developments**

An important issue to discuss in UGAMA negotiations is presence or absence of county requirements for providing water and sewer in new real estate developments. If the Study Area is slated to become a part of the city in the future, it is important for the county to require developers to provide urban levels of water and sanitary sewer service. Water hook-ups and sewer extensions can typically be paid for by developer assessments or local improvement districts (LIDs).

### **Options for Service Provision**

A great deal of flexibility exists in the way that water and sewer services can be provided, whether they are provided by the city, county, special purpose district, or through a combination of providers. There are no automatic consequences when a city annexes an area where the water and/or sewer services are provided by a water or sewer district. Upon annexation, the city may either take over the county's or district's operations or allow the current provider to continue its services.

As mentioned above, if, upon annexation, the district would be completely contained within the corporate limits of the city, and if the city already provides services to all or a portion of its residents, the best course of action may be for the city to assume jurisdiction over the district. However, if the district's boundaries extend beyond the new city limits, it is important to consider implications to customers outside of the Study Area. In this case, if the city assumes jurisdiction over a portion of the district, the rest of the district can (1) continue to operate, (2) merge with another district, or (3) by majority vote of all voters, the district may elect to require the city to assume responsibility for operation of facilities throughout the entire district (for a fee). The city could also assume jurisdiction over the entire district.

Ultimately, careful evaluation of the best long-term provider and negotiations between the parties will determine the best solution. One or more cities and one or more districts may make whatever contractual arrangements they want regarding ownership and providing of services. Chapter 35.13A RCW provides legislative direction regarding assumption of jurisdiction for water or sewer districts.

## **5.5 Transportation**

Generally, in considering the association decision, the basic question that needs to be explored is *"who is the most efficient long-term provider of urban levels of service across the entire spectrum of local services?"* As responsibility for maintenance of the public road network would automatically transfer to the city upon annexation, in this case the question is mostly about evaluating the current service and determining potential issues that can be discussed in UGAMA.

### **Key Issues**

#### **Current Conditions and Needs Assessment**

The first step in this process is to assess the current pavement conditions within the Study Area and identify transportation-related needs. Counties typically produce Transportation Needs Report (TNR), which identifies a long list of potential major capital investments for the roadways in the unincorporated areas. In a typical year, however, the list of projects on the county's TNR will far exceed the county's ability to fund projects over its immediate planning cycle.

After the TNR is updated for a given year, the county will then select which of those projects will be funded and built over the six-year planning horizon of the Transportation Improvement Plan (TIP). It is important to review both of these documents to determine which projects are slated for the Study Area and at what estimated cost.

#### **Connectivity**

It is also important to assess the public roads infrastructure in terms of connectivity to the potential annexing cities (if more than one). As the city would potentially become the provider of major public safety services, such as police and fire, it would be necessary to efficiently connect to the Study Area in case of an emergency. It is possible that additional arterial connections would need to be built to provide needed connectivity between the existing city and the Study Area. The cost of any additional road construction should be estimated and evaluated.

#### **Level of Service**

Differences may exist between design standards that have been established by the county and potential annexing cities. Differences may also exist in regard to levels of service for operation and maintenance of the road system. The different levels of service need to be evaluated within the association assessment.

#### **Funding**

Another issue to consider while evaluating association decision is a city's ability to fund capital transportation improvements. Some cities may have more dedicated funds for transportation (via specific ordinances or traffic impact fees) than others. All else being equal, one city's ability to fund capital may set it apart from others involved in the association decision.

### **City Streets as State Highways**

According to RCW 47.24.020, when cities and towns reach a population in excess of 25,000, they take over from the Washington State Department of Transportation (WSDOT) certain duties for all city streets which are designated as state highways. The cities become responsible for installation, maintenance, operation and control of traffic signals and signs. The State continues to maintain the roadway surface, curbs, and directional signs/route markers. Guidelines on the interpretation of RCW 47.24.020 are listed in WSDOT publication "City Streets as Part of State Highways", April 30, 1997.

The cities that are evaluating association and, eventually, annexation of the Study Area, should be aware of this legislation if the Study Area contains state highways and is going to increase the city population above 25,000 residents.

### **Options for Service Provision**

Typically, the cities are responsible for roadway construction and improvements within their incorporated limits. Cities have a choice of contracting with another provider, if necessary, but frequently even small cities provide their own transportation maintenance.

## **5.6 Storm and Surface Water**

Generally, in considering the association decision, the basic question that needs to be explored is *"who is the most efficient long-term provider of urban levels of service across the entire spectrum of local services?"* As responsibility for surface water management would automatically transfer to the city upon annexation, in this case the issue is primarily one of evaluating the current service, assessing how that service might change with annexation, and determining potential issues that can be discussed in a UGAMA.

### **Background**

Surface water management is generally responsible for the maintenance and operation of storm drainage systems. All municipalities in urbanized areas are required to comply with National Pollutant Discharge Elimination System (NPDES) regulations, which require enforcement of development standards, elimination of illicit discharges into surface water, operations and maintenance to improve water quality, and public education.

Many cities and counties have set up surface water utilities to generate dedicated funding for surface water management. Users within the utility area pay a surface water fee, and the revenues generated directly support maintenance of existing storm drain systems, development of drainage plans, flood control measures, as well as construction of capital improvements.

Other cities and counties bundle surface water management with public works or road maintenance divisions, and may finance it from the general fund.

## **Key Issues**

### **Current Conditions and Needs Assessment**

The first step in this process is to assess the current surface water conditions within the Study Area and identify any capital needs. Counties typically assess potential major capital investments for surface water in the unincorporated areas. The list of projects could sometimes exceed the county's ability to fund projects over its immediate planning cycle. It is important to evaluate potential projects within the Study Area and their estimated cost.

### **Utility Rates**

If surface water utilities are involved, it is important to evaluate the components of each provider's rate structures. It is also important to understand (1) what portions of existing rate structures are dedicated to financing capital projects and (2) what additional capital projects are on the horizon. In this case, the customer perspective (possible increase in rates without a change in level of service) could play a role in determining the most efficient long-term service provider.

Beyond the question of efficient service providers, it is important to note that cities have statutory authority to impose utility taxes on public utility providers operating within their corporate boundaries. Unlike taxes for electric, gas, and telephone services that are limited to six percent (absent a public vote), there are no restrictions on the tax rates for water, sewer, and surface water utilities. Most cities in Washington impose a tax ranging between 4 and 9 percent on gross revenues earned from provider's operations. The utility providers typically pass this tax on to utility customers, thus increasing their monthly utility bills.

### **Requirements for New Developments**

An important issue to discuss in UGAMA negotiations is the presence or absence of county requirements for surface water management. If the Study Area is slated to become a part of the city in the future, it is useful for the county and potential annexing city to coordinate surface water regulations and development standards.

### **Options for Service Provision**

Typically, the cities are responsible for surface water management within their incorporated limits. Cities have a choice of contracting with another provider, if necessary.



**APPENDIX B**

**SAMPLE LANGUAGE FOR  
JOINT RESOLUTION OF ASSOCIATION**