



City of Stevenson

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To: City Council
From: Leana Kinley, City Administrator
RE: Goodman Annexation
Meeting Date: August 29, 2022

Executive Summary:

The city received an application for annexation on June 30th and a 10% Notice of Intent to Annex petition on August 19th from John and Julie Goodman for their lot along Frank Johns Rd. Their end goal is to get city water for their proposed 4-lot short plat, which are lots 1-4 in the application.

The council must review and make decision on the petition (specified below) within 60 days. If council decides to move forward with the annexation, as proposed or geographically modified, then a petition signed by the owners representing 60% of the assessed valuation will be drafted and circulated. If a 60% petition is received, then there is a public hearing on the annexation and a review by the Boundary Review Board before anything can be finalized. This is the beginning of the process.

Overview of Items:

Background

The City of Stevenson does not have a policy to guide decisions regarding annexations (as recommended in the MRSC Annexation Handbook found online at <https://mrsc.org/getmedia/f7797a3e-d87b-4875-b70a-229a082d7ef3/Annexation-By-Washington-Cities-And-Towns.pdf.aspx?ext=.pdf>). We are not a fully planning city under the Growth Management Act (GMA) and are not required to have such a policy. In 1978, the Planning Commission recommended council create a policy and no further action appears to have been taken (see attached letter, discussions took place and no agreement was made). One recommendation for the policy was "...that all areas annexed must conform to town ordinances within a reasonable time length to be established at time of annexation." This would mean the roads and utilities would comply with city standards or be brought up to city standards within a period of time. This coincides with the Comprehensive Plan land use designation of Urban Reserve where development is discouraged until the extension of municipal services can be provided.

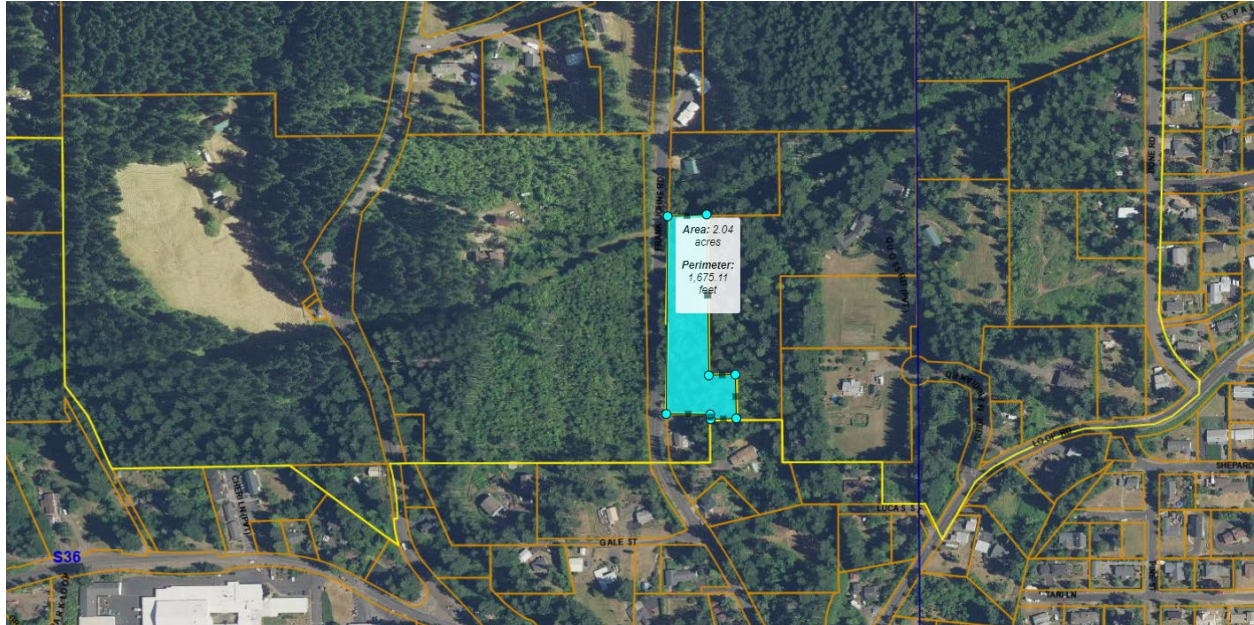
The most recent annexation attempt was in 2016 for properties along Bone Road (see Salvesen-Pauly Annexation Notarized Affidavits). Council approved the initial Intent and required all improvements be made to the area being annexed through a 10-year Agreement for Deferral of Improvement. This agreement required the improvements to be made prior to any short plat or subdivision and the parties would also waive their right to protest any local improvement districts created to pay for the improvements. The annexation never moved forward. Copies of the plan for service and deferral agreement are enclosed. I cannot find where there were any such agreements or requirements for approved annexations (map of recent annexations enclosed).

The decision council needs to make is: does the city want to annex in properties that are substandard yet match the surrounding area to better control development on the outskirts of the city, or is the goal

to bring everything up to standards and newly annexed areas need to be brought up to standards as a condition of approval?

Initial proposal

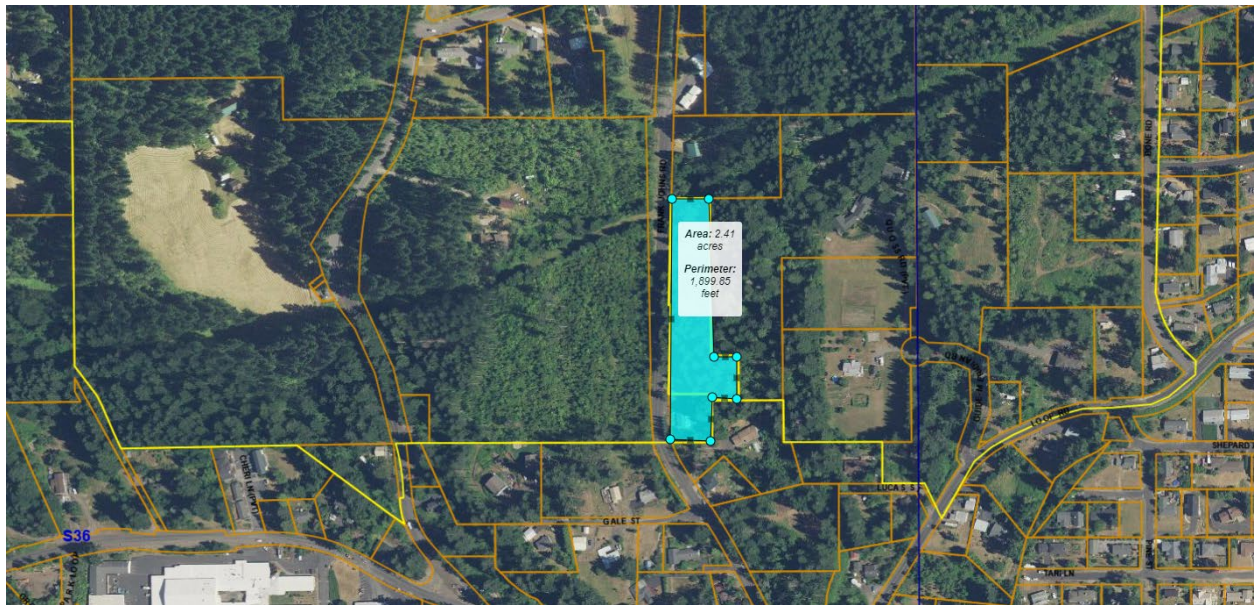
The proposed annexation is the single lot highlighted below. The city limits are outlined in yellow.



Geographic Modifications

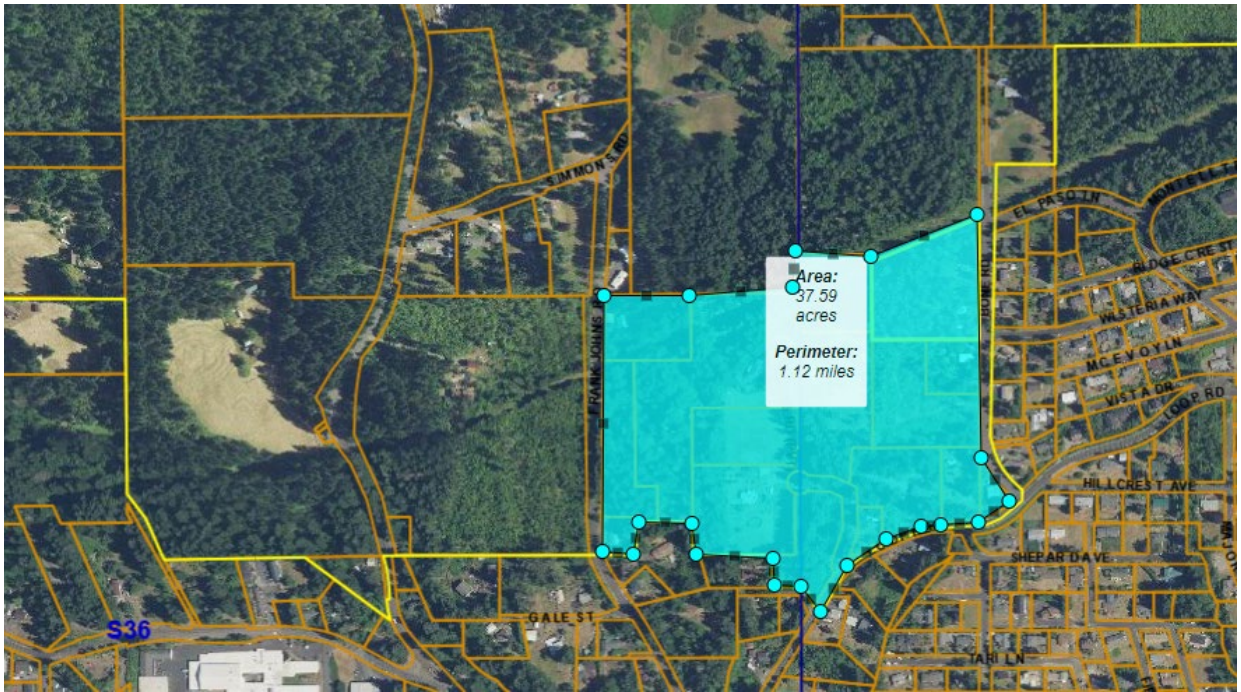
- **Option #1**

Add the single lot to the south for street frontage continuity.



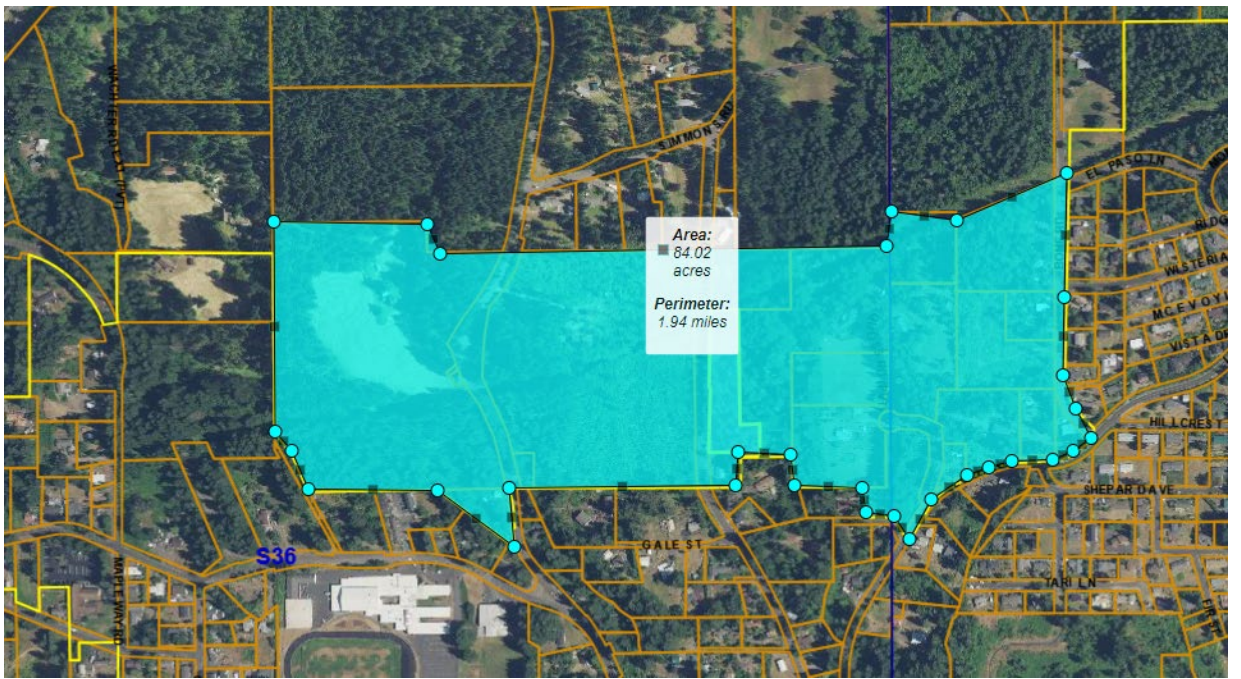
- **Option #2**

Squares up the annexation from Frank Johns to Bone Road, to contain both sides of Bone Rd.



- **Option #3**

Squares up the annexation to the east and west, annexing in both sides of Kanaka, Frank Johns, and Bone Roads.



Financial Analysis

- **General Revenues/Taxes**

The revenue impact of each proposal is explained below:

	Assessed Value	Property Tax	Other District Impacts		Unimproved Lots	Likelihood of passing*
			FD2	County Road		
Initial Proposal	\$100,000	\$177	\$67	\$122	1 (2.17 acres)	100%
Option #1	\$463,000	\$818	\$311	\$563	1 (2.17 acres)	0%
Option #2	\$5,363,100	\$9,470	\$3,597 (4%)	\$6,523 (.3%)	5 (9.86 acres)	75%
Option #3	\$5,958,800	\$10,521	\$3,997 (5%)	\$7,247 (.4%)	5 (9.86 acres)	50%

*with no requirements put on the annexing parties.

Since we know the Goodman’s are planning to subdivide, additional revenue estimates from the four subdivided lots and development include:

- Future Real Estate Excise Tax: \$1,000 (assume \$100k for 4 lots)
- Future Sales Tax with Property Development: \$180k (assume \$600k cost to build for 4 lots)
- Property tax Increase after development: approx. \$5k (2022 levy rate)

There are additional unimproved lots within options 2 and 3, as well as opportunities for properties to subdivide. Additional revenue would be realized upon subdivision or development of those properties.

Sales and utility taxes for developed lots would also be collected and remitted to the city, however the impact of these sources is unknown.

- **Streets**

From the Public Works review (memo attached), the roads in all options do not meet city standards. In addition, Frank Johns Road has a pavement condition index (PCI) of 70-80 (on a scale of 100), which means maintenance is needed to extend the life of the road. The PCI for Kanaka Creek is 95 and Bone Roads is 97. The estimated cost to repair the section of Frank Johns Rd. is \$11,000 for the existing pavement width.

The cost for improvements can vary depending on the type or level of improvements required. Russell Avenue improvements completed in 2020 cost \$2,087.53 per linear foot (road resurfacing and two wide sidewalks).

	Maintenance	Russell Ave. Level Improvements
Initial Proposal	\$11,000 (immediate)	\$1,653,000
Option #1	\$11,000 (immediate)	\$1,653,000
Option #2	\$50,000 (over time)	\$6,834,000
Option #3	\$68,000 (over time)	\$9,147,000

- **Water**

Public Works identifies two fire hydrants being needed along Frank Johns Road and two along Bone Road. The annexation would also add demand on the High Reservoir Zone, which would need deficiencies addressed before additional development could take place. There are no cost estimates at this time.

- **Sewer**

There is no sewer in any of the annexation areas. To meet the vision outlined in the Comprehensive Plan, sewer would need to be extended prior to development. A rough estimated cost for extension based on the recent Main D project is \$400 per linear foot. The cost to extend sewer to the entire service area for option 3 would be \$800,000. If installed via a local improvement district, the cost averages \$35,000 per property.

Zoning

A detailed memo on the zoning decisions for the area is enclosed. The County zoning does not match any current city zoning and there are varying levels of non-conformities depending on the area annexed. The R3 zone would require sewer connections and the increased density allowed in the county zoning, however it only roughly limits the number of units by the size of the lot whereas the county zoning has a cap of 4 units. The Comprehensive Plan Future Land Use Map and current Zoning Map are enclosed to provide additional input.

In Conclusion

There is a lot to decide with this seemingly simple one-lot annexation request. Staff will review this information with council and the applicant at the meeting. After staff direction is provided, the analysis will be refined and presented to council at a future meeting for a possible decision.

Action Needed:

Staff needs the following action from Council:

- Guidance on additional information needed to decide.
- Direction on area of annexation.
- Direction on zoning of the area-R1, R2, a new R2+, or R3?
- Direction on annexation agreements or infrastructure requirements.