



## **City of Tumwater Tumwater Islands Annexation Frequently Asked Questions and Cost Comparisons**

### **What exactly is an “annexation?”**

Annexation is the process in state law for expanding City limits to include properties currently outside the City but within the City’s Urban Growth Area (UGA).

### **Why do cities annex territory?**

There can be a number of reasons for annexing territory into a city. The primary reason is that as areas around a City grow in population, it becomes logical – and sometimes necessary – to extend City services to those areas. The residents and property owners of newly annexed areas benefit from improved police protection, municipal traffic management, street maintenance, and many other standard municipal services that the City of Tumwater provides.

Sometimes it is also necessary to annex territories because populations outside the City limits are already receiving City services or are affecting City infrastructure. Currently, there are several areas in the UGA receiving City sewer and water services, which are not in the City of Tumwater. Through annexation, the tax base of the entire urban area is available to support the infrastructure needs of the community as a whole.

### **What is a “County Island?”**

A County Island is an area within Thurston County jurisdiction completely surrounded by the City of Tumwater. Under current annexation law, no new annexations would be allowed to create a County island. In large part, this is because County islands result in inefficiencies for government and emergency services. The City of Tumwater currently surrounds 12 County islands, some as small as a single parcel.

### **How does the annexation process work?**

The law provides several different types of annexation processes that may be used, and the specific processes are tailored to the particular situation. In 2020, the Washington Legislature enacted a new annexation process into that law specifically to address the issue of County islands. The City is using this process for this annexation. This new legislation, codified as RCW 35A.14.296, allows the City to annex County islands by entering into an interlocal agreement with the County.

**How do I participate in this annexation process?**

Comments may be submitted to City staff at any time during the process and will be made part of the public record. In addition, the City and County will hold a Community Open House to discuss the proposed annexation. After the Community Open House, the City and the County will hold a joint public hearing to discuss the interlocal agreement where residents can also be heard. At the conclusion of the joint public hearing, both the City Council and County Board of Commissioners will vote on whether to approve the annexation interlocal agreement through an adopting ordinance. If both the City and County vote to approve the annexation interlocal agreement, the decision is not appealable.

Once the annexation interlocal agreement is approved by the City and County, the City will hold public hearings to approve ordinances completing the annexation process.

**What about taxes and other costs?**

The average homeowner's overall difference in taxes, fees, and insurance will be less than most people expect. Our estimate shows that the average household in the area will pay about \$38 more per month to live in the City of Tumwater than in the County. This will be the amount until voter-approved levies for the County islands served by the McLane Fire Department expire in 2024. After those levies expire, we estimate that it will cost about \$6 more per month to live in the City. A detailed comparison is provided at the end of this document.

**As a low-income senior, I receive a discount on my property taxes. Will I continue to receive this discount?**

Yes, annexation will not affect your senior citizen rate.

**Am I required to hook up to City water and sewer?**

No. You may continue to use your well and septic system after annexation. Annexation does not trigger any hookup requirements. If your well or septic system fails, being part of the City may allow you to connect to City water or sewer as necessary. This is the same policy that exists today, as a property that is surrounded by public services.

**How would police services be different?**

After annexation, the primary response is provided by the Tumwater Police Department instead of the Thurston County Sheriff's Department. Tumwater has a little over two times more officers per thousand residents than Thurston County. The City of Tumwater provides 1.34 commissioned officers per thousand residents. Thurston County provides 0.60 commissioned officers per thousand residents. (*Source: Crime in Washington: 2019 Annual Report, Washington Association of Sheriffs and Police Chiefs*).

**How would fire services be different?**

For those properties in the McLane Black Lake Fire District, because the City and the McLane Black Lake Fire Department have mutual aid agreements to ensure seamless coverage and response times, your fire protection level of service will not be affected. For those not in the McLane Black Lake Fire District, your fire protection level of service will not be affected, as the City Fire Department will continue to serve those areas without current fire district coverage.

**What about garbage pick-up?**

Your current provider will continue to serve your area for at least the next ten years. An explanation is provided in the Public and Private Utilities.

**What about schools?**

There is no effect on schools. School district boundaries are independent of City boundaries.

**What about my animals and livestock?**

The City of Tumwater allows some livestock and other urban agriculture land uses. Visit the City annexation webpage for a link to the rules regarding livestock and pets.

**Will the City pay the electric bill for the streetlights in my neighborhood?**

The City will take responsibility for the maintenance and electricity costs for County-owned streetlights. Existing streetlight systems owned by Homeowner's Associations located within public rights-of-way and which meet City standards can be dedicated to the City upon the request of the Association. These systems would be maintained by the City, and the City would pay the monthly electric bills.

**If an annexation is denied, does that stop development?**

No. Approval or denial of an annexation does not affect whether a development can be initiated or continued.

**Can I vote on this annexation proposal?**

There is no voting process for this annexation. However, the City Council and Board of County Commissioners will hold public hearings where you can testify and offer your support or opposition to the proposal.

## **Overview of Utility Services and Taxes**

Your utility provider will remain the same after annexation. However, some differences between the City and the County in taxes and fees apply to utilities. Your overall property tax may be lower because you will no longer pay the County Road Tax after the annexation. Utilities may be slightly higher because the City assesses a 6% utility tax on a variety of private utilities.

***Public and Private Utilities*****Water**

- Private well owners will not be required to connect to the City of Tumwater water system because of annexation; however, if your well fails in the future, you may be required to connect to the City's system. This is the same policy in effect today, regardless of annexation status.
- Private water systems will not be required to transfer to the City as part of annexation. The City remains a satellite water system provider should a neighborhood be interested in public services.

**Wastewater (Sewer/Septic)**

- Onsite septic system owners will not be required to connect to the City's wastewater unless the system fails. This is the same policy in effect today, regardless of annexation status.
- Under current regulations for your area, if your septic system fails in the future and your parcel is located within 200 feet of an existing City wastewater line, you will be required to connect to the City's sewer. This requirement does not change with annexation.
- New onsite systems are not allowed in the City, with the exception of residential lots larger than one acre.
- Wastewater Utility fees are charged only to parcels connected to the City wastewater system. Your bill will not change because of annexation.
- The City does not regularly extend new sewer lines into existing neighborhoods. If extensions were to occur in the future, the cost of the extension would most likely be paid by the City's Wastewater Utility. The Utility provides a voluntary cost-share program for neighborhoods that seek to extend wastewater systems to their areas.

### **Stormwater**

- The City of Tumwater has a stormwater utility to manage stormwater facilities such as ponds, conveyances, and ditches. Currently, Thurston County residents are assessed a stormwater utility fee as part of their property tax assessment, bi-annually. Residents annexing to the City will be assessed a monthly stormwater management fee.

### **Garbage/Recycling**

- Under state law, the City is required to allow your current garbage and recycling company – Pacific Disposal – to continue providing your services for ten years if they wish to do so.
- After ten years (or earlier if your provider discontinues service), the City may become the garbage and recycling provider.
- The 6% utility tax will apply to Pacific Disposal services.

### **Gas / Electric**

- Puget Sound Energy will continue to be the service provider.
- The 6% private utility tax will apply.
- Although this tax is assessed on the utility provider and not the customer, according to the Washington Utilities and Transportation Commission, it is standard practice for the utility to pass the 6% tax on to its customers through higher rates.

### **Cable Television**

- Thurston County and the City of Tumwater both have non-exclusive franchise agreements with Comcast.
- The terms are similar. You should not experience a change in cable charges or fees because of annexation.
- City or County cable franchise agreements do not cover satellite, dish services, and broadband internet.
- The 6% private utility tax will apply to cable television.

### **Telephone**

- Your telephone service provider will not change because of annexation.
- As with other private utilities, the City's 6% tax will apply.

## ***Taxes and Licensing***

### **Property Taxes**

One of the first questions residents ask when they learn their area will be annexed into the City is, "Will my property taxes increase?" The general perception is that being in the City will result in higher property taxes, but in fact, taxes usually go down a small amount. This is because, after annexation, you are no longer required to pay the County road tax. For this particular annexation, however, taxes will increase for most of the County islands, at least for a while. This is because there is an "excess levy" in effect for the McLane Fire Department for 9 of the 12 islands, which the voters approved. By law, property owners are required to continue paying on the levy until it expires. The current property tax rate for this area is \$13.53/\$1,000. Following annexation, it would be \$14.00/\$1,000. Without the excess levy, the tax rate would decrease to \$12.80/\$1,000.

The following property tax scenario is tailored to the Trosper Island area. The amount of \$330,000 is based on the average assessed value of 111 homes in the area. To calculate taxes for your property specifically,

find the assessed value on the Thurston County Assessor's website, divide the value by \$1,000, and multiply that result by the total tax rate following annexation.

## Property Tax Comparison

<b>PROPERTY TAX</b> Rates are per \$1,000 of the assessed value of your property	<b>Tax Rate for your area</b>	<b>Taxes for \$330, 000 Home - Based on Average Value for Your Area</b>	<b>Tax Rate after annexation to City of Tumwater</b>	<b>Taxes for \$330,000 home after annexation</b>
County Road Tax	1.11	\$366.30	----	\$0.00
McLane Fire Dept.	1.34	\$442.20	----	\$0.00
<b>McLane Fire Dept. Excess Levy</b>	1.20	\$396.00	1.20	\$396.00
City of Tumwater General Tax	----	\$0.00	2.48	\$818.40
Tumwater Metropolitan Park District	----	\$0.00	0.44	\$145.20
Public Utility District #1	0.01	\$3.30	0.01	\$3.30
Medic One	0.29	\$95.70	0.29	\$95.70
Port of Olympia	0.17	\$56.10	0.17	\$56.10
Timberland Library	0.32	\$105.60	0.32	\$105.60
<b>Tumwater S.D. #33 Excess Levy</b>	5.04	\$1,663.20	5.04	\$1663.20
County General Tax	1.15	\$379.50	1.15	\$379.50
State General Tax	2.90	\$957.00	2.90	\$957.00
<b>TOTAL</b>	<b>13.53</b>	<b>\$4,464.90</b>	<b>14.00</b>	<b>\$4,620.00</b>

**IMPORTANT NOTE:** The increase in property taxes is due to three voter-approved bonds for the McLane Black Lake Fire Department. The total for these bonds is \$1.20 per \$1,000 of assessed property values. The last of these three bonds will expire in 2024. Without these bonds, which are referred to as "excess levies," the total property tax assessment after being annexed into the City of Tumwater would be \$12.80 per \$1,000 of assessed value, which would be a \$.67/\$1,000 reduction in property tax. In our example, taxes would go down from \$4,620 per year to \$4,224, a \$240 savings based on current tax rates in the County. Therefore, upon expiration of these bonds, your taxes will decrease slightly from what you currently pay.

## Cost Difference Scenarios

The best way to predict the impact of annexation is to use these tables to apply to your average bill. These scenarios are provided as an example of the cost differences based on assumed costs for each of the utilities or services affected by annexation.

### Summary of Property Tax and Utilities Cost Differences until Last Fire District Excess Levy Expires in 2024

Cost Item	Before	After	Monthly Difference	Annual Difference
Property tax	\$4,464.90/yr.	\$4,620.00/yr.	+\$12.93	+\$155.10
Telephone	\$100/mo.	\$106/mo.	+\$6.00	+\$72.00
Cable	\$100/mo.	\$106/mo.	+\$6.00	+\$72.00
Electricity or Natural Gas	\$150/mo.	\$159/mo.	+\$9.00	+\$108.00
Garbage/recycling*	\$26.82/mo.	\$28.43/mo.	+\$1.61	+\$19.32
Stormwater**	\$101.80/yr.	\$138.00/yr.	+\$3.02	+\$36.20
<b>TOTAL</b>			<b>+\$38.56</b>	<b>+\$462.72</b>

\*Based on 65-gallon container for residential service.

\*\*Based on rate for a single-family residence on less than one acre.

### Summary of Property Tax and Utilities Cost Differences after Last Fire District Excess Levy Expires in 2024

Cost Item	Before	After	Monthly Difference	Annual Difference
Property tax	\$4,464.90/yr.	\$4,224.00/yr.	-\$20.01	-\$240.90
Telephone	\$100/mo.	\$106/mo.	+\$6.00	+\$72.00
Cable	\$100/mo.	\$106/mo.	+\$6.00	+\$72.00
Electricity or Natural Gas	\$150/mo.	\$159/mo.	+\$9.00	+\$108.00
Garbage/recycling*	\$26.82/mo.	\$28.43	+\$1.61	+\$19.32
Stormwater**	\$101.80/yr.	\$138/yr.	+\$3.02	+\$36.24
<b>TOTAL</b>			<b>+\$5.62</b>	<b>+\$66.66</b>

\*Based on 65-gallon container for residential service.

\*\*Based on rate for a single-family residence on less than one acre.