To: Planning Commission
From: Lihuang Wung, Planning Services Division
Subject: Manitou Potential Annexation Area
Meeting Date: November 7, 2018
Memo Date: October 31, 2018

Action Requested:
Concurrence with Proposed Land Use Designations and Zoning Classifications.

Discussion:
At the meeting on November 7, 2018, the Planning Commission will continue to review the subject of Manitou Annexation, focusing on the proposed land use designations and zoning classifications for the Manitou area and the fiscal impacts of the annexation. Attached is a staff analysis report prepared to facilitate the Commission’s review. Information relating to the fiscal impacts is attached to the report as Exhibit “C.”

Summary:
The 37-acre Manitou area is located at the southwest corner of the City of Tacoma near Lakewood Dr. W. and 66th St. W. This is a Potential Annexation Area as designated in both the City’s and Pierce County’s comprehensive plans and one of the unincorporated “islands” in Pierce County, where future annexation to the City is expected by the State Growth Management Act and considered a high priority in regional and county-wide planning policies.

Pierce County and the City are pursuing a collaborative planning effort for the potential annexation of the Manitou area, to be carried out through the Interlocal Annexation Agreement method, pursuant to RCW 35.13.470. The annexation process and the negotiation of the interlocal agreement has been initiated by the City Council on October 30, 2018, per Resolution No. 40150 (see Exhibit “A” to the attached staff report). The resolution corresponds to a similar resolution adopted by the Pierce County Council on September 4, 2018, and requests the Planning Commission to conduct the “pre-annexation planning” in accordance with the Tacoma Municipal Code, Section 13.02.040.K.

Additional information about the project can be viewed at www.cityoftacoma.org/Manitou.

Prior Actions:
- July 18, 2018 – Commission review of scope of work

Staff Contact:
- Lihuang Wung, Senior Planner, lwung@cityoftacoma.org, (253) 591-5682

Attachment:
- Manitou Annexation Staff Analysis Report (November 7, 2018)
- Peter Huffman, Director
Manitou Annexation
Staff Analysis Report

(For Planning Commission’s Review, November 7, 2018)

This staff analysis report is a follow-up on the first one that was reviewed by the Planning Commission on July 18, 2018. A summary of the issues discussed in the first report is provided on page 2.

The “Manitou Annexation” is one of the applications for the 2019 Annual Amendment to the One Tacoma Comprehensive Plan and Land Use Regulatory Code.

The application entails the pre-annexation planning for the Manitou Neighborhood Annexation Area, with the expected outcomes including changes to the Future Land Use Designations and Map as set forth in the One Tacoma Plan, changes to other maps that include delineations of City boundaries, and as appropriate, amendments to certain goals, policies and provisions applicable to the subject area.

### Project Summary

| Applicant: | Planning and Development Services Department |
| Location and Size of Area: | The 37-acre subject area is bounded by 64th St. W., Lakewood Dr. W., 70th St. W., and the County-City borderline to the east of 52nd Ave. W. |
| Current Land Use and Zoning: | Regulated under Pierce County’s “Mixed-Use District” designation, current land uses include a mix of residential dwellings (single-family, multi-family and mobile homes) and commercial development (offices, retail and auto services and repair). |
| Neighborhood Council Area: | The subject area is adjacent to the South Tacoma Neighborhood Council area. |
| Staff Recommendation: | Staff recommends that the Planning Commission concur with the proposed land use designations and zoning classifications for the Manitou area as discussed in Section 3. |
| Project Proposal: | Conduct pre-annexation planning and develop potential amendments to the Comprehensive Plan, including changes to the Future Land Use Designations and Map, changes to other maps that include delineations of City boundaries, and as appropriate, amendments to certain goals, policies and provisions applicable to the subject area. |

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**Planning and Development Services**
City of Tacoma, Washington
Peter Huffman, Director

**Project Manager:**
Lihuang Wung, Senior Planner
lwung@cityoftacoma.org

**Website:**
www.cityoftacoma.org/Manitou
1. Summary of Previous Review

The Planning Commission conducted the first review of Manitou Annexation on July 18, 2018. A staff analysis report prepared for the Commission’s review included the following sections: (1) Area of Applicability, (2) Background and Process, (3) Policy Framework, (4) Objectives, (5) Options Analysis, (6) Public Outreach, and (7) Impacts Assessment.

The Options Analysis section discussed two alternative approaches for the future land use and zoning designations for the Manitou area, i.e., “Mixed-Use” and “Residential+Commercial.” Upon deliberation, the Commission suggested that staff explore further the “Residential+Commercial” option, which would respect and expect to have the least impacts to the existing land uses and development patterns.

More specific discussion on the future land use and zoning designations is included in this second staff analysis report. Another focus of this report is the fiscal and financial impacts of the proposed annexation.

2. Area of Applicability and Annexation Process

The Manitou area is located on the southwest corner of the City of Tacoma, bounded by 64th St. W. to the north, Lakewood Dr. W. to the west, 70th St. W. to the south, and the County-City borderline to the east that is approximately one half of a block east of 52nd Ave. W. As shown on the map below, this 37-acre Manitou neighborhood is a Potential Annexation Area as designated in both the City of Tacoma’s and Pierce County’s comprehensive plans. Its annexation to the City is expected by the State Growth Management Act and considered a high priority in regional and county-wide planning policies.

Pursuant to RCW 35.13.470, the proposed annexation of the Manitou area is to be processed with the Interlocal Annexation Agreement method, through the following general steps:

- Initiation of Annexation Process by County Council (Resolution No. R2018-97, September 4, 2018)
- Initiation of Annexation Process by City Council (Resolution No. 40150, October 30, 2018; see Exhibit “A”)
- Negotiation of Interlocal Annexation Agreement (November 2018 – February 2019)
- Public Hearings and Approval of Interlocal Annexation Agreement (February-March 2019)
- Adoption of Annexation Ordinance by City Council (June-July 2019)
- Approval of Proposed Annexation by Pierce County Boundary Review Board (July-August 2019)
- Annexation Effective (August 2019)
3. Proposed Land Use Designations and Zoning Classifications

In developing land use designations and zoning classifications for the Manitou area, a relatively conservative approach has been taken, which respects and reflects to a large degree the existing land uses and development patterns and is expected to generate the least impacts to the neighborhood. The proposed scheme is as follows, and as depicted in the map insert:

- **C-1** for the northwest corner of the Manitou area where there are offices and a doggie daycare.
- **C-1** for the Meadow Park Office Condominiums at the southwest corner of the Manitou area.
- **C-2** for the area near Lakewood Dr. and 66th St. where there are a gas station, a mini mart, and a vehicle repair shop with used car sales.
- **C-2** for the area near the eastern segment of 66th St. where there are a used tire shop and a used car sales.
- **R-4L** for the existing areas where there are apartments, condos, duplexes and mobile homes.
- **R-2** for the existing single-family residential areas.
- **STGPD overlay district** applies to the entire Manitou area.

The land use designation and description associated with each of the above zoning districts are summarized in the table below:

<table>
<thead>
<tr>
<th>Zoning</th>
<th>Land Use Designation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R-2 Single-Family Dwelling District</strong></td>
<td>Single-Family Residential</td>
<td>The R-2 District is intended primarily for single-family detached housing but may also allow a limited number of compatible uses including lodging uses, holiday sales for Christmas and Halloween, and two-family dwellings in certain circumstances. The district is characterized by low residential traffic volumes and generally abuts more intense residential and commercial districts. The minimum standard lot size in the R-2 District is 5,000 sq. ft. (small lots may be 4,500 sq. ft.), the minimum front setback is 20 feet and the maximum building height is 35 feet.</td>
</tr>
<tr>
<td><strong>R-4L Low-Density Multiple-Family Dwelling District</strong></td>
<td>Multi-Family (Low Density)</td>
<td>The R-4L District is intended primarily for low-density multiple-family housing, mobile home parks, retirement homes and group living facilities. It is similar to the R-4 District, but has more restrictive site development standards intended to minimize adverse impacts of permitted and conditional uses on adjoining land. The minimum front setback requirement is 20 feet for the R-4L District, and the maximum building height is 35 feet.</td>
</tr>
<tr>
<td><strong>C-1 General Neighborhood Commercial District</strong></td>
<td>Neighborhood Commercial</td>
<td>The C-1 District contains low-intensity, smaller-scale land uses such as retail, office, daycares, service uses, and fueling stations. Building sizes are limited for compatibility with surrounding residential areas. Residential uses are appropriate. The maximum building height in this district is 35 feet.</td>
</tr>
<tr>
<td><strong>C-2 General Community Commercial District</strong></td>
<td>General Commercial</td>
<td>The C-2 District is intended to allow a broad range of medium- to high-intensity uses of larger scale. Office, retail, and service uses that serve a large market area are appropriate. Residential uses are also appropriate. Higher intensity uses of the permitted uses in the C-1 District are allowed in the C-2 District. The maximum building height in this district is 45 feet.</td>
</tr>
<tr>
<td><strong>STGPD South Tacoma Groundwater Protection District</strong></td>
<td></td>
<td>The South Tacoma Groundwater Protection District is an overlay zoning and land use control district specifically designed to prevent the degradation of groundwater in the South Tacoma aquifer system by controlling the handling, storage and disposal of hazardous substances by businesses.</td>
</tr>
</tbody>
</table>
In addition to respecting and reflecting the existing land uses, the proposed land use designations and zoning classifications are also compatible with the existing “Single-Family Residential” land use designation and R-2-STGPD zoning district for the South Tacoma neighborhood adjoining the Manitou area. The proposed scheme also accounts for the desire of some residents from the area (as expressed at the community meeting on May 14, 2018) to preserve the residential characteristics of the neighborhood.

The proposed scheme, however, may be viewed by some property owners as having some impacts to the development opportunity, as compared to what could be allowed to occur under the current Pierce County regulations. Pierce County currently regulates land and building in the Manitou neighborhood under the Mixed Use District (MUD) designation, which allows a broad variety of mid-density residential, commercial, and industrial land uses including multi-family housing, nursing homes, mobile home parks, day-care centers, sewage collection facilities, offices, agricultural supply, malls, restaurants and bars, auto sales, and contractor yards. Up to 60-foot-tall buildings could be permitted with these uses. Since the proposed scheme is developed based on a relatively conservative approach, it is not unreasonable to expect that requests for rezone of certain properties could be made by interested property owners and processed by the City accordingly.

It is also noted that, from a historic perspective, the Manitou area was part of the “Lakewood Area” which was one of the Urban Growth Areas as designated in the City’s Comprehensive Plan in 1994. The City of Lakewood incorporated in the mid-1990s, during which time, Meadow Park Golf Course and Calgary Cemetery adjacent to the Manitou area were annexed by the City of Tacoma. At the same time, the City adopted land use intensity designations and zoning classifications for the Manitou Urban Growth Area, which is the same area as of today. The intensity designations and zoning for this area would become effective if annexation were to occur. In 2004, amendments were made to some of the zoning classifications and adopted by the City Council on November 16, 2004, as part of the 2004 Annual Comprehensive Plan Amendment. The zoning classifications as adopted in 2004 are the same as what are being proposed, except that there was no C-1 designation; all commercial areas were designated as C-2, and there was no documentation for the rationale. (See Exhibit “B”)

4. Impacts Assessment

Anticipated revenues to the City upon annexation of the Manitou area are $101,200 per year for the first 3 years and $131,200 starting in the 4th year. Police, fire, sewer and roadways are among the major new services that the City would need to provide. Given the scale of the Manitou area, the City should have the physical and financial capability to provide the required services, with current staffing level. However, no new services can be provided without any additional resources, which would need to be reallocated from within the organization or acquired from outside sources. Therefore, the fiscal impacts of the Manitou annexation, albeit expected to be minimal and manageable, requires continued and further analysis. See Exhibit “C” for more details.

5. Plan and/or Code Exhibits

- Exhibit “A” – City Council Initiation of Manitou Annexation (Resolution No. 40150, October 30, 2018)
- Exhibit “B” – Manitou Area Rezone Adopted as Part of 2004 Amendment (November 16, 2004)
- Exhibit “C” – Manitou Annexation Fiscal Impacts Preliminary Review (October 16, 2018)
- Website: www.cityoftacoma.org/Manitou (for additional information)
RESOLUTION NO. 40150

A RESOLUTION relating to annexation; initiating the planning process and negotiation of an interlocal agreement with Pierce County relating to the proposed annexation of the Manitou Potential Annexation Area.

WHEREAS the Manitou Potential Annexation Area ("Manitou PAA"), as designated on the map in the attached Exhibit "A," is one of the City’s Urban Growth Areas ("UGAs"), as designated in the One Tacoma Comprehensive Plan and Pierce County’s Comprehensive Plan, pursuant to the Washington State Growth Management Act ("Act") and consistent with the Regional VISION 2040 and Pierce County Countywide Planning Policies ("Pierce County CPPs"), and

WHEREAS, with approximately 83 percent of its boundaries contiguous to the City of Tacoma and 17 percent to the City of University Place, the Manitou PAA is identified as one of the unincorporated “islands” of Pierce County, and, as such, its annexation to the City of Tacoma is encouraged by the Act and considered a high priority in VISION 2040 and the Pierce County CPPs, and

WHEREAS, as set forth in Goal PFS-2 of the One Tacoma Plan, the Public Facilities and Services Element, the City will “in partnership with residents, service providers and adjoining jurisdictions, incorporate the City’s Urban Growth Area by 2040,” and

WHEREAS Pierce County has approached the City to suggest collaboratively pursuing planning efforts for the annexation of the Manitou PAA, and

WHEREAS, on May 14, 2018, a community meeting was held jointly by staff of Pierce County and the City to inform and engage residents, business owners, and property owners before the planning process officially commenced, and
WHEREAS RCW 35.13.470 allows the legislative body of a county or city to initiate an annexation process for unincorporated territory by adopting a resolution commencing negotiations for an interlocal agreement, provided that the territory proposed for annexation meets both criteria of being a designated UGA within the annexing city and having at least 60 percent of its boundaries contiguous to the annexing city, and

WHEREAS, on September 4, 2018, the Pierce County Council adopted Resolution No. R2018-97, in accordance with RCW 35.13.470, to initiate the negotiation of such interlocal agreement with the City, and

WHEREAS, at its meetings of August 21 and October 16, 2018, the Government Performance and Finance Committee reviewed the Manitou PAA and recommended that the City Council consider adoption of a resolution, corresponding to the action of the Pierce County Council, to commence the annexation process, which resolution would (1) authorize the City Manager and designated officials to begin negotiation the terms of an interlocal annexation agreement with Pierce County; (2) authorize the City Manager to work with Planning and Development Services staff to continue conducting community outreach and engagement services for the Manitou PAA, in collaboration with Pierce County, and to continue analyzing the potential fiscal impacts of said annexation to the City; and (3) request the Planning Commission to conduct appropriate pre-annexation planning for the Manitou PAA, in accordance with Tacoma Municipal Code 13.02.040.K; Now, Therefore,
BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

Section 1. That the City Manager is hereby directed to work with City staff and other designated officials to begin negotiating the terms of an interlocal annexation agreement with Pierce County for the Manitou Potential Annexation Area (“Manitou PAA”), as designated on the map in the attached Exhibit “A.”

Section 2. That the City Manager is hereby directed to work with Planning and Development Services Department staff to continue conducting community outreach and engagement services for the Manitou PAA, in collaboration with Pierce County, and to continue analyzing the potential fiscal impacts of said annexation to the City.

Section 3. That the Planning Commission is hereby directed to conduct appropriate pre-annexation planning for the Manitou PAA, in accordance with Tacoma Municipal Code 13.02.040.K.

Adopted ______________________


Mayor

Attest:

________________________________
City Clerk

Approved as to form:

________________________________
Deputy City Attorney
Exhibit “A”

Map 1. Manitou Potential Annexation Area Location Map

Urban Growth Areas (UGAs), or Potential Annexation Areas (PAAs):
- Fife Heights
- Browns Point/Dash Point
- Manitou
- Parkland/Spanaway
Comprehensive Plan
And Land Use Regulatory Code
Proposed Amendments for 2004

The City of Tacoma’s comprehensive plan is developed in compliance with the Washington State Growth Management Act. The Land Use Regulatory Code consists of development regulations which control land use activities and includes zoning, platting, and shoreline regulations.

Planning Commission Recommended
October 6, 2004

City Council Adopted
Ordinances #27294, #27295 and #272946
November 16, 2004

Tacoma Economic Development Department
747 Market Street, Room 1036
Tacoma, WA 98402-3793
253/591-5365

Equal Employment Opportunity/Americans With Disabilities Act
Accommodations provided upon request.
Call 253/591-5365 (voice) or 253/591-5153 (TDD)
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### H. Manitou Urban Growth Area

**Applicant:** Tacoma Economic Development Department & South Tacoma Land Use Assessment

**Current Zoning:** R-2 One Family Dwelling, R-4L Low-Density Multiple Family Dwellings, R-4LT Low-Density Multiple Family Transitional, and C-2 Commercial

**Size of Area:** Approximately 29 acres

**Proposed Amendment:** Rezone from R-4LT Low-Density One Family Transitional to C-2 Commercial. Rezone from R-2 Residential to R-4L Low Density Multiple Family Dwelling District. The recommended zoning changes would become effective upon annexation.

This portion of Manitou was designated as part of Tacoma’s Urban Growth area in 1994. In the mid-1990s Meadow Park Golf course and Calgary Cemetery, which are both adjacent to the proposed site, were annexed by the City of Tacoma. At the same time, the City adopted land use intensity designations and zoning classifications for the Manitou Urban Growth Area. The intensity designations and zoning for this area will become effective if annexation were to occur. Since that time, the R4-LT zoning has been rescinded and other land uses in this area have changed. City staff recommends making the appropriate zoning and land use intensity changes so that they are in place in the event that annexation occurs in the future.

The area consists of predominantly single-family homes, with the exception being the block along Lakewood Drive between South 64th and South 70th Street which consists of apartment buildings and commercial establishments. There is a mobile home park located at the southwest corner of 66th Street West.

The proposed change would redesignate the area currently zoned R-4LT to C-2 consistent with the existing office uses. The intensity designation of this area will remain the same. It is also proposed that the mobile home park, located at 5204 66th Street W, be changed from R2 to R4-L to match its current land use and to change from Single Family to Low Intensity to be consistent with the R-4L zoning.

**Planning Commission Recommendation:** Approve as proposed.
Manitou Annexation Fiscal Impacts
Preliminary Review
October 16, 2018

A. Review of Services

The City of Tacoma is working collaboratively with Pierce County on the proposed annexation of the Manitou Potential Annexation Area. As part of the pre-annexation planning efforts, a preliminary review of the potential fiscal impacts to the City of Tacoma has been conducted.

The review examined some essential public services and utilities that would be provided by various departments, including taxes and fees collected by Tax and License Division. All service providers have indicated the confidence of being able to incorporate the Manitou area into their current scope of service while maintaining the level of service comparable to what is being provided. However, the expected revenues and estimated costs for services, in specific dollar amounts, are not all readily available. Fiscal impacts remain to be determined, depending on various factors associated with different services. See Table 1 below, followed by a brief narrative for each item.

<table>
<thead>
<tr>
<th>Public Services/Utilities and Taxes/Fees Reviewed</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>Estimated revenues (1st year of annexation): $97,562</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>Estimated revenues (1st year of annexation): $2,500</td>
</tr>
<tr>
<td>Business and Occupation Tax</td>
<td>Estimated revenues (starting in the 4th year): $30,000</td>
</tr>
<tr>
<td>Utilities Tax</td>
<td>To be determined (depending on actual usage and other factors)</td>
</tr>
<tr>
<td>Water</td>
<td>Capable of serving the area; 20% reduction in water bills for both residential and commercial customers; fiscal impact to be determined</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>Capable of serving the area; fiscal impact to be determined (depending on customer's orders for services)</td>
</tr>
<tr>
<td>Stormwater</td>
<td>Capable of serving the area; fiscal impact to be determined</td>
</tr>
<tr>
<td>Sewer</td>
<td>Capable of serving the area; fiscal impact to be determined (depending on site-specific, in lieu fee assessment for sewer hook-up)</td>
</tr>
<tr>
<td>Police</td>
<td>Capable of serving the area; fiscal impact to be determined</td>
</tr>
<tr>
<td>Fire</td>
<td>Capable of serving the area; fiscal impact to be determined</td>
</tr>
<tr>
<td>Roads and Traffic</td>
<td>Capable of serving the area; fiscal impact to be determined (depending on the needs for improvement and the prioritization and funding of selected projects and programs)</td>
</tr>
</tbody>
</table>

Property Tax

Upon the Manitou area’s annexation to the City, property owners would see their property tax decrease, in amounts dependent on the property’s taxable value. In 2018, they paid .0162% of their property’s assessed value in property tax, as compared to .0158% for those in the adjacent area within the City.

As depicted in Table 2, for a typical single-family home worth $240,400 (median taxable value), the homeowner would have owed $3,789 in property tax as a resident of the City of Tacoma, as compared with paying $3,899 in the unincorporated County, a reduction of $110.

Within the City of Tacoma, property taxes are allocated to 15 different taxing districts, such as “Conservation Futures”, “Port of Tacoma”, “Metropolitan Park – Tacoma”, and “School District #10 Bond.” Of the 15 districts, 3 are associated with the City government, i.e., “City”, “City Bond”, and “City EMS”, which amount to approximately 21%. In other words, of the total property tax of $464,313 expected from the Manitou area, approximately $97,562 would be revenues to the City.
Table 2. Property Tax (2018) in Manitou Potential Annexation Area

<table>
<thead>
<tr>
<th>Land Use Type</th>
<th>2019 Taxable Value (Median)</th>
<th>2018 Tax (Current) (Total Levy Rate: 16.218684)</th>
<th>2018 Tax (If Annexed) (Total Levy Rate: 15.762107)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family dwelling</td>
<td>$240,400</td>
<td>$3,899</td>
<td>$3,789</td>
<td>($110)</td>
</tr>
<tr>
<td>Multi-family (Apts 5 units or more)</td>
<td>$1,245,900</td>
<td>$20,207</td>
<td>$19,638</td>
<td>($569)</td>
</tr>
<tr>
<td>Mobile Home Park Condos</td>
<td>$68,300</td>
<td>$1,108</td>
<td>$1,077</td>
<td>($31)</td>
</tr>
<tr>
<td>Office Condo</td>
<td>$277,500</td>
<td>$4,501</td>
<td>$4,374</td>
<td>($127)</td>
</tr>
<tr>
<td>Commercial</td>
<td>$423,000</td>
<td>$6,861</td>
<td>$6,667</td>
<td>($193)</td>
</tr>
<tr>
<td><strong>Grand Total</strong> (97 parcels collectively)</td>
<td><strong>$29,457,580</strong></td>
<td><strong>$477,779</strong></td>
<td><strong>$464,313</strong></td>
<td><strong>($13,466)</strong></td>
</tr>
</tbody>
</table>

(Source: Tax and License Division, Finance Department, City of Tacoma)

**Business Licenses and Taxes**

Tacoma requires that businesses obtain a Business License from the City, while Pierce County does for only a few types of businesses. Tacoma business license fees are assessed yearly and are based on business income and business type, varying from $25 to $250.

Pierce County does not assess Business and Occupation (B&O) tax, whereas Tacoma does. Rates for businesses within the City of Tacoma are based on gross receipts, and vary from .102% to .4%. However, B&O tax would not be assessed on existing businesses for the first three years after annexation.

Upon the area’s annexation, the City would expect to collect approximately $3,500 in business license fees from the existing 26 businesses, $2,500 of sales tax in the first year, and $30,000 of B&O tax starting in the fourth year.

**Water**

Residential and commercial water rates would decrease by approximately 20% due to Tacoma Public Utilities’ existing surcharge on unincorporated communities. According to the financial impact modeling conducted by Tacoma Water, the monthly water bill for an average single family residence would be reduced from approximately $46 to $39, after factoring in the embedded utility and gross earnings taxes, and for an average general service commercial business, from $342 to $290.

**Solid Waste**

The City of Tacoma’s Waste Management would take over waste management services from LeMay Pierce County Refuse. For a 60-gallon container, residential rates for City of Tacoma customers start at $43.85 per month, compared to $77.84 at present; commercial rates for a one-cubic-yard container start at $170.05 per month, compared to $117.87 at present. Recycling and food/yard waste pickup is also offered.

**Stormwater**

Local jurisdictions manage surface water runoff to reduce flooding and prevent water pollution, billing property owners for this service. Fees for this service would likely increase with annexation into the City of Tacoma. As an example, a typical single-family residence would see rates increase from $127 per year to $279 per year; a larger commercial development would see charges increase from $2,281 per year to $4,740 per year.

**Sewer**

Pierce County’s Sewer Division has indicated that they would have no objections to Tacoma taking over the sewer lines within the annexation area and that all public facilities in the annexation area were constructed by developers and there are no outstanding latecomers or Utility Local Improvement District (ULID) charges for these facilities. Currently there are four segments of sewer mains within and near the
Manitou area, along 52nd Ave. W. (between 64th and 68th), 64th St. W. (between Lakewood Dr. and S. Orchard), 66th St. W. (between 53rd and 52nd), and 68th St. W. (between 52nd and S. Huson).

Upon annexation, properties in the area can potentially hook up to the City’s sewer system, subject to an in lieu fee assessment. The estimated costs for the customers/City to receive/provide sewer services are not readily available until the assessment, which is site/property specific, is performed. In short, the potential range of costs associated with parcels in the annexation that are currently served by septic depends on many things, such as the lot size, the distance to the sewer and the age of the sewer main. If the septic system is functioning and if an in-lieu of assessment fee has not been paid by the parcel, the fee could range from $1,000 to $5,000 or more. If at some point in the future, the septic system fails, then the parcel could be required to make a connection to the sewer. Connections costs, currently, can range between $5,000 to $10,000 or more. If a sewer main does not already exist in front of the house, a sewer main extension would be required. The extension could be constructed as a Local Improvement District project with each parcel owner paying a portion of the cost. These costs can range from $7,000 to $20,000 or more per parcel but can be financed over 5 to 20 years. The City has a “Septic Amnesty” program that may allow a 50% discount on the assessment fee. In addition, the City has a low interest loan program to assist citizens with side sewer connections and rehabilitations.

**Police**

Police services for the Manitou area are currently provided by the University Place Police Department (on contract with Pierce County). The Tacoma Police Department (TPD) has conducted a preliminary review of the current calls for service from the area and concluded that TPD would be able to respond to the limited amount of calls the annexation is expected to generate with their current staffing level.

**Fire**

Fire protection services are currently provided by West Pierce Fire & Rescue (WPFR). The Tacoma Fire Department (TFD) conducted a comprehensive fire service impacts review in September 2018, comparing the current fire service provided by WPFR and the prospective fire service provided by TFD. The review examined multiple capacity and service level indicators associated with each agency, such as the service area, number of employees, staff capabilities and training, types of service, number of fire stations, equipment and apparatus, estimated distances and response times, and budget and funding sources. The review concludes that TFD would be capable of providing fire and EMS services comparable to those currently provided by WPFR. In the event of annexation, TFD does not recommend contracting services to WPFR.

**Roads and Traffic**

The City’s Public Works Department would take over responsibility from Pierce County Planning and Public Works for maintaining and improving public roads in the neighborhood. Preliminarily, Public Works suggests the following notions:

- **General** – Tacoma would study the need for new street name signs, parking restrictions, traffic safety measures, speed limits, pavement (including residential paving program), and other elements.

- **Operations and Maintenance** – Based on the existing infrastructure, which includes approximately 1.8 arterial lane miles and 1.7 residential lane miles, and Capital Facilities Program maintenance estimator, Public Works estimates that operation and maintenance of roadways will be approximately $92,000 per life cycle cost. Operation and maintenance does not include reconstruction or major rehabilitation.

- **Streetlights** – Streetlights will not be installed as a part of the annexation. There are numerous areas within the current City of Tacoma limits that do not have street lighting or where additional infill lighting is warranted. There is currently no funding for adding streetlight infrastructure in the budget. New residential street lights can be installed through the Local Improvement District Program that is supported by adjacent property owners. Existing street lights would be considered for conversion to LED.
• Sidewalks – The City is working on a program to assess and prioritize installation of missing sidewalks. The program is not currently funded.

• Transportation Benefit District (TBD) – The City imposes TBD at $20 per vehicle, which would be a financial impact to residents. Assuming there is at least one registered vehicle per household, the revenues to the City are estimated at $3,900.

B. Additional Notes

Scale of Manitou
While continued analysis of the fiscal impacts is needed, it may be noteworthy that the size of the Manitou area (37 acres) is 0.1% of that of the City of Tacoma (31,765 acres) and the population (425) is 0.2% of the city (213,418 according to U.S. Census, 2017). By annexing the area, the City would add 97 parcels, where there are about 200 households and 26 businesses. There would be one traffic light and 3.5 lane miles of roadways added to the City’s inventory. The land uses are not complicated at all – basically just residential and commercial; no industrial or manufacturing, or mixed-use development. It’s a typical neighborhood that blends right in with the South Tacoma Neighborhood area. The scale of the Manitou area is very manageable. These proportions might be useful in anticipating the scale of the fiscal impacts.

Cost of Community Services
A common planning tool to help determine the fiscal impacts of annexation, or provisions of public services in general, is the Cost of Community Services (COCS) Ratio, which shows for each dollar of revenue raised, what the cost to provide public services is. The ratio is usually broken down by land use types. There are numerous studies across the nation about the COCS, and the results are fairly consistent, as illustrated in Table 3 below.

<table>
<thead>
<tr>
<th>Residential</th>
<th>Commercial/Industrial</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.18</td>
<td>0.38</td>
<td>&quot;Cost of Community Services Studies&quot;, American Farmland Trust, September 2016</td>
</tr>
<tr>
<td>1.00 – 1.40</td>
<td>0.15 – 0.90</td>
<td>&quot;A Meta-Analysis of Cost of Community Service Studies&quot;, Kotchen (UCSB) and Schulte (Univ. of Colorado), July 2009</td>
</tr>
<tr>
<td>1.02 – 2.11</td>
<td>0.05 – 1.04</td>
<td>&quot;The Fiscal Impacts of Land Uses on Local Government&quot;, Dorfman, Univ. of Georgia, April 2006</td>
</tr>
<tr>
<td>1.15 – 1.50</td>
<td>0.35 – 0.65</td>
<td>&quot;Costs of Community Services&quot;, Univ. of Illinois Extension, 2000</td>
</tr>
<tr>
<td>1.03 – 2.11</td>
<td>0.06 – 0.37</td>
<td>&quot;Calculating a Cost of Community Services Ratio for Your Pennsylvania Community&quot;, Penn State Univ., 1998</td>
</tr>
</tbody>
</table>

A general conclusion can be drawn from the information in the table, which indicates that for residential development, the COCS ratio is around 1 to 1.50, i.e., for each dollar of revenue collected, the municipality needs to return about a dollar and 50 cents back in the community in some types of government and municipal services; and for commercial development, the ratio is around 1 to 0.5, which means the municipality only needs to provide 50 cents worth of services.

Based on these ratios, and given that the Manitou area has approximately 75% of land uses residential and 25% commercial, the annexation would likely to be a financial wash or a relatively insignificant financial drain for the City of Tacoma.
C. Preliminary Conclusions

Upon annexation of the Manitou area, the city anticipates to receive $101,200 of revenues per year for the first 3 years and $131,200 per year starting in the 4th year, as shown in the table below.

Table 4. Anticipated Revenues

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$97,600</td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$2,500</td>
<td></td>
</tr>
<tr>
<td>Transportation Benefit District</td>
<td>$3,900</td>
<td>Assuming one vehicle per household</td>
</tr>
<tr>
<td>Water (reduction)</td>
<td>($2,800)</td>
<td>20% reduction in both residential and commercial rates</td>
</tr>
<tr>
<td>Business and Occupation Tax</td>
<td>$30,000</td>
<td>Starting in the 4th year</td>
</tr>
<tr>
<td>TOTAL (Annual)</td>
<td>$101,200</td>
<td>The first 3 years upon annexation</td>
</tr>
<tr>
<td></td>
<td>$131,200</td>
<td>Starting in the 4th year</td>
</tr>
</tbody>
</table>

The relatively insignificant amount of anticipated revenues begs the question of whether the Manitou annexation would be a fiscal drain to the City. A review of anticipated expenditures has been conducted, focusing on major services that are not currently provided by the City and would be upon annexation, i.e., Police, Fire, Sewer and Roadways. The review concludes that, given the scale of the Manitou area, the City has the physical and financial capability to provide the required services, with current staffing level. A review of the results of some studies about the Cost of Community Services Ratios (a commonly used planning tool to assess the fiscal impacts of annexation or provisions of public services) has also suggested that the Manitou annexation would likely to be a financial wash or a relatively insignificant financial drain for the City of Tacoma. However, no new services can be provided without any additional resources, which would need to be reallocated from within the organization or acquired from outside sources. Therefore, the fiscal impacts of the Manitou annexation, albeit expected to be minimal and manageable, requires continued and further analysis.