Manitou Annexation

City of Tacoma | Planning and Development Services

Government Performance and Finance Committee Meeting
October 16, 2018
ITEM #6
OVERVIEW

• Continued Review from August 21, 2018
• Focus – Fiscal Impacts
• Recommendation – Initiate Annexation Process
ISSUES REVIEWED (on Aug. 21, 2018)

• Area of Applicability
• Legislative Framework
• Process and Timeline
• Issues and Concerns
• Land Use and Zoning
• Financial Impacts
FINANCIAL IMPACTS (Preliminary)

- Property Tax (total levy rate)
- Water (residential surcharge)
- Solid Waste
- Electricity
- Natural Gas
- Wastewater
- Stormwater
- Business License Fee
- Business and Occupation Tax
- Sales Tax

<table>
<thead>
<tr>
<th>Land Use Type</th>
<th>2018 Taxable Value (Median)</th>
<th>2018 Tax (Current)</th>
<th>2018 Tax (If Annexed)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family</td>
<td>240,400</td>
<td>3,899</td>
<td>3,789</td>
<td>(110)</td>
</tr>
<tr>
<td>Multi-family (Apts)</td>
<td>1,245,900</td>
<td>20,207</td>
<td>19,638</td>
<td>(569)</td>
</tr>
<tr>
<td>Mobile Home</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>
</tbody>
</table>
SCALE OF MANITOU

- Size (acres): 37 (0.1% of Tacoma)
- Population: 425 (0.2% of Tacoma)
- Parcels: 97
- Households: 197
- Businesses: 26
- Traffic Lights: 1
- Street Mileage: 3.5 (lane miles)
- Land Uses: Residential and Commercial
FISCAL IMPACT – REVENUES

• Property Taxes: $97,600
• B&O Taxes: $30,000 (starting in the 4th year)
• Sales Taxes: $2,500
• Trans. Benefit Dist.: $3,900 (1 vehicle per household)
• Water (reduction): ($2,800)

$131,200
FISCAL IMPACT – EXPENDITURES

• Major New Services (Police, Fire, Sewer, and Roadways):
  • All capable of maintaining quality service with current staffing level
  • Fiscal impacts TBD

• Sewer:
  • 20% on sewer; 80% on septic
  • No connection fee, but subject to in-lieu assessment (site specific) – TBD

• Roadways:
  • New Construction (Roadways Rehab, Sidewalks, Curbs, Streetlights) – TBD
  • Operations & Maintenance (Roadways) – $92,000 per life cycle
FISCAL IMPACT MODELS

- Cost of Community Services (COCS) – Determining the fiscal impacts of different land use types.

For each dollar of revenue raised, the cost to provide public services:

<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>

- COCS Ratio for Residential 1: 1.50
- COCS Ratio for Commercial 1: 0.50
CONCLUSIONS (Preliminary)

- Given the scale of the Manitou area, fiscal impacts are expected to be minimal and manageable (relatively speaking), but should be further evaluated.

- The City has the physical and financial capability to provide the required services in the Manitou area.

- What people want and expect:
  - Police and fire services of assured quality
  - Streetlights and sidewalks
  - Sewer
  - Manageable cost of doing business
<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep. 4, 2018</td>
<td>Pierce County Council Initiation (Resolution)</td>
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<tr>
<td>Oct. 16, 2018</td>
<td>GPFC Recommendation</td>
</tr>
<tr>
<td>Oct. 30, 2018</td>
<td>City Council Initiation (Resolution)</td>
</tr>
<tr>
<td>Nov 2018 – Mar 2019</td>
<td>Interlocal Agreement (Negotiation, Public Hearings, and Approval)</td>
</tr>
<tr>
<td>Mar – Apr 2019</td>
<td>Boundary Review Board Approval</td>
</tr>
<tr>
<td>May – Jun 2019</td>
<td>Annexation Ordinance</td>
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