

CITY OF PULLMAN

Public Works and Planning Departments

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MEMORANDUM

TO: Pullman Planning Commission

FROM: Pete Dickinson, Planning Director
Jason Radtke, Assistant Planner *JR*

FOR: Meeting of October 27, 2010

SUBJECT: Proposed Mader's North Annexation

DATE: October 21, 2010

Staff Report No. 10-13

BACKGROUND

On October 18, 2010, Steve Mader filed a "Notice of Intent to Annex Real Property" with the city. This proposal involves the annexation of approximately 510 acres of land located adjacent to the northwest boundary of the city, bounded on the east by State Route (SR) 27 and on the west by Brayton Road (See Attachment "A," Location and Zoning Map, and Attachment "B," Notice of Intent to Annex). The parcel under consideration was recently rezoned R1 Single Family Residential for 134 acres, R2 Low Density Multi-Family Residential for 299 acres, I1 Light Industrial for 62 acres, and C3 General Commercial for 15 acres. The Comprehensive Plan land use designations given to the parcels in question at the time of rezoning are Low Density Residential, Industrial, and Commercial, respectively. The land under consideration is predominately used as farmland, but there is a single family house, a veterinary medicine research facility, a farmers' cooperative processing and storage facility, and a grain elevator on the property.

This proposal, with a slight variation, is the same annexation request that was submitted by the applicant in July of 2010. Mr. Mader's original Notice of Intent to Annex was submitted under the assessed valuation method of annexation, and he learned mid-way through the process that he did not control the necessary percentage (60 percent) of the assessed value of the property involved to advance his proposal. So, he has submitted this new Notice of Intent under an alternative procedure (the acreage/registered voters method), which allows the owner of a majority of the acreage

and the majority of the registered voters living in the annexation area to control the process. The amount of land encompassed in this new application is slightly larger than that included in the previous proposal because the applicant has added the adjacent Albion Road right of way and the parcel at the northwest corner of Albion Road and SR 27 to the area proposed to be incorporated, as requested by the Planning Commission and City Council.

This type of annexation request is processed in two steps. The first step is initiated with the submittal of a Notice of Intent to Annex. This notice is reviewed by the Planning Commission and City Council. If the Council accepts the annexation, the applicant begins the second stage by filing a Petition for Annexation. The Council then holds a public hearing to consider this petition and, at the conclusion of this hearing, acts on an ordinance approving or denying the requested annexation.

As noted above, the Commission is the first committee to consider a proposed incorporation. According to Zoning Code Subsection 17.20.070(7), the Commission is mandated to "review and make recommendations on pending annexations to the City."

COMMENTS OF AFFECTED DEPARTMENTS/AGENCIES

Several departments and agencies were recently provided notice of this proposal. These agencies, and their responses, are provided below.

- a. **Pullman Public Works Department:** Supports this annexation.
- b. **Pullman Public Services Department:** Indicated that the annexation creates possibilities for pedestrian path development.
- c. **Pullman Police Department:** Had no objections to the annexation, but stated that including the northeastern property in the annexation would potentially help eliminate some jurisdictional confusion for emergency responders.
- d. **Pullman Fire Department:** Expressed serious concerns about their ability to fight fires on this property or even access it, given the unimproved state of Brayton Road, and would like to see three acres of land dedicated to an expansion fire station to decrease response times.
- e. **Pullman Finance Department:** Commented that a recent analysis shows a negative fiscal impact of approximately \$11 per household; fiscal impact of commercial and industrial development is highly variable, but is usually more favorable than residential development (See Attachment "C," Memo from finance director Bill Mulholland)
- f. **Pullman School District:** Concerned about safe pedestrian access to school sites both along roadways and through neighborhoods.
- g. **Whitman County Planning:** *No response.*

COMPREHENSIVE PLAN PROVISIONS

The Pullman Comprehensive Plan includes a number of standards that apply to annexation proposals. The pertinent provisions are cited below.

- GOAL LU2: Annex land to accommodate growth in an orderly fashion, considering the needs and desires of the property owner, the community, and the adjacent residents, and considering the costs of extending service.
- Policy LU2.1: Consider favorably proposals to annex land in the urban growth area that meet the general criteria for annexation except under unusual circumstances, such as land particularly unsuitable for development or other use within the city, land with environmental or other considerations that would make it more logical for governance in the county, or land whose annexation would provide a glut of undeveloped property in the city.
- Policy LU2.3: Ensure that proposed annexation areas can be furnished with city water, sanitary sewer, and storm drain service without having lines run through unincorporated areas.
- Policy LU2.4: Consider the fiscal impacts of extending services to annexation areas based on the proposed uses and/or prezone designations and require that, in most cases, new development bear the cost of these services. The annexation may be conditioned on capital improvements being made and agreements for bearing other costs being completed.
- Policy LU2.7: Assign prezone designations to all areas outside the city limits that are within the urban growth area; when land outside the urban growth area is proposed to be annexed, assign an appropriate prezone designation(s) for the property under consideration.
- Policy LU2.8: Require property owners within an area to be annexed to assume their proportionate share of the city's indebtedness upon annexation.
- Policy LU2.9: Require petitioners for city annexation to apply for annexation to other service districts (e.g., the Hospital District) at the same time.
- Policy LU2.10: Provide ample notice of annexation proposals to all affected parties.

STAFF ANALYSIS AND RECOMMENDATION

Planning staff is in favor of granting this proposed annexation. The property in question has been added to the city's urban growth area by virtue of the City Council's recent action to establish Comprehensive Plan and prezone designations for this land. In accordance with Comprehensive Plan Policy LU2.1, it is appropriate to incorporate land within the urban growth area when the proposal meets the general criteria for annexation. The large size of the property involved in this proposal facilitates comprehensive planning of streets, utilities, and other public facilities throughout the area, thereby promoting the public welfare.

Access and utility service for the subject property appear to be satisfactory. The parcel is bordered by NW Terre View Drive, designated as a collector street on the city's arterial street plan, and by Brayton and Albion Roads. It is also noteworthy that the North Pullman Bypass (State Route 276) generally extends along the south boundary of the proposed annexation area. The city has received permission from the Washington State Department of Transportation to traverse SR 276 with a roadway and utilities approximately one mile west of SR 27. As development occurs on the subject property, all roads used for access into the area would be improved to acceptable standards. In each case, the city would furnish appropriate ingress and egress for public safety equipment. The city would also provide for adequate pedestrian facilities to promote safe travel for school children and the general public. Utilities exist directly south of the subject property. Storm drain facilities would be constructed as needed to manage runoff.

In staff's view, annexation of the land under consideration would not create a short-term need for new or expanded school facilities. The increase in school enrollment that would result from this proposed annexation and subsequent development could be absorbed for some time by existing school facilities based on input received from the Pullman School District.

With regard to fiscal impact, the latest data generated by the city's finance department indicates that annual city expenditures per household exceed revenue by approximately \$11. Based on the expected density of development at the subject property, the establishment of homes at this site would produce an annual net loss to the city of about \$17,000 annually. The industrial and commercial properties within the proposed annexation area would likely provide a net gain of tax dollars for the city, thereby producing a balanced fiscal condition for this annexation as a whole.

The State Environmental Policy Act exempts annexation requests from its documentation requirements, so no Environmental Checklist is prepared at this stage. Most real estate development at the subject property would trigger such a checklist to ensure that the environmental impacts of this development are addressed. This

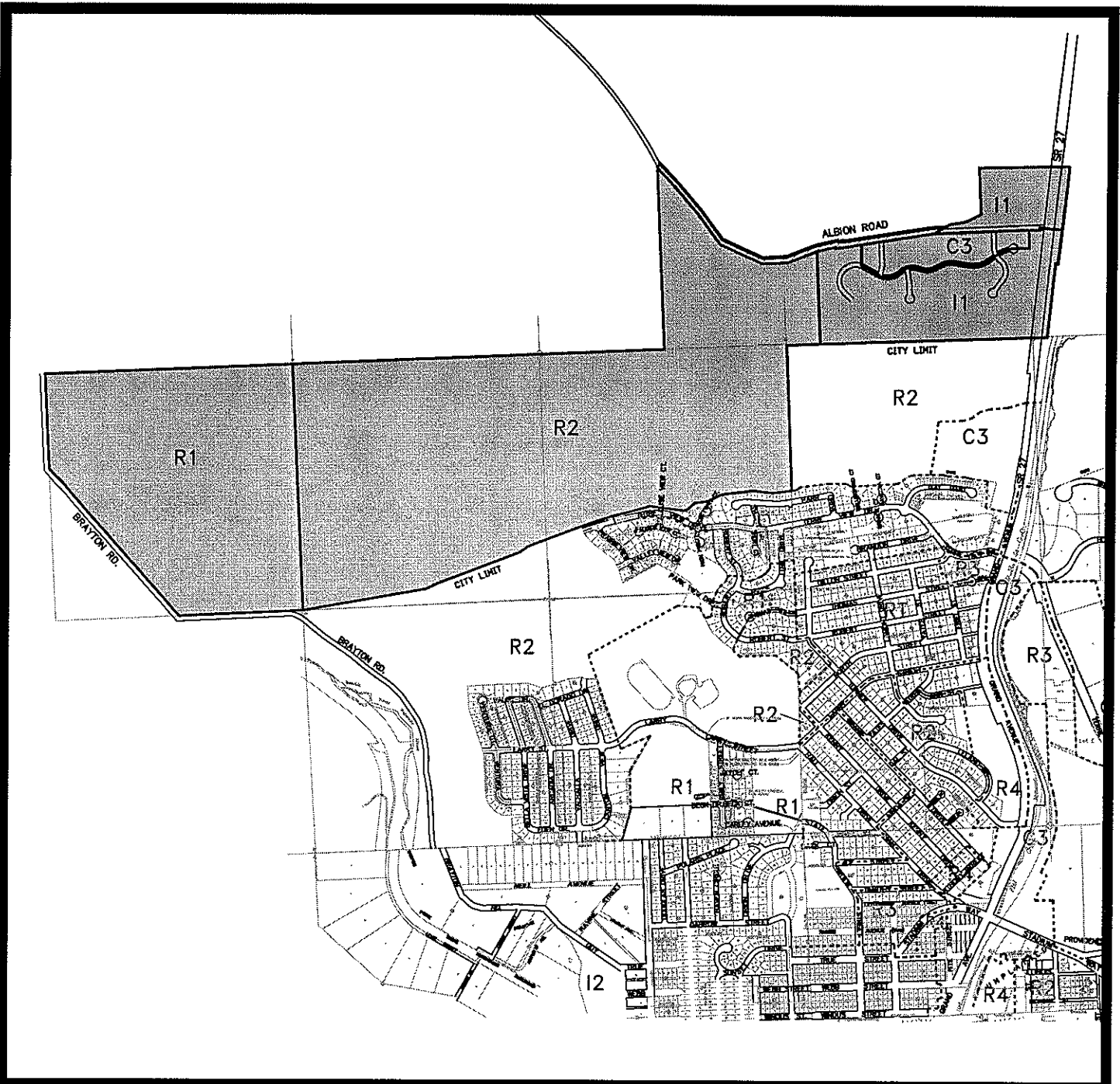
environmental review would be especially important given the natural attributes of some of the surrounding land (e.g., the South Fork of the Palouse River Valley).

Based on the above discussion, planning staff recommends that the requested annexation be approved, subject to the following conditions:

1. The petitioner shall assume his proportionate share of city indebtedness upon annexation as determined by the city finance director.
2. The petitioner shall accept the assignment of R1 Single Family Residential, R2 Low Density Multi-Family Residential, I1 Light Industrial, and C3 General Commercial zoning designations for the subject property to become effective immediately upon annexation.
3. Prior to the City Council public hearing on this annexation proposal, the petitioner shall initiate proceedings for annexation to Whitman County Hospital District No. 1A.

ATTACHMENTS

- "A" Location and Zoning Map
- "B" Notice of Intent to Annex
- "C" Memo from finance director Bill Mulholland



SUBJECT PROPERTY



CITY LIMITS



ZONING DISTRICT BOUNDARY



P:\Engr & CAD\PLANNER\Zoning\Zoning Legal & Dwg Workups\Mader 2000-2010\Mader North.dwg

LOCATION AND ZONING MAP

Mader North
Annexation

FILED

OCT 18 2010

CITY CLERK'S OFFICE
PULLMAN WASHINGTON

Notice Of Intent To Annex Real Property

The undersigned owners of not less than ten percent (10%) in acreage, of the property for which annexation is sought, do hereby notify the City Council of the City of Pullman of their intention to commence annexation proceedings, under which the undersigned shall seek annexation of the following described real property, situated in County of Whitman, State of Washington to wit:

**PLEASE SEE EXHIBIT "A" ATTACHED HERETO AND
BY THIS REFERENCE IS MADE A PART HEREOF.**

WHEREFORE, the undersigned do hereby request the City Council of the City of Pullman to set a date, not later than sixty (60) days after the filing of this notice, for a meeting with the undersigned to determine whether the City will accept the proposed annexation, whether it shall require simultaneous adoption of a proposed zoning regulation, and whether it shall require the assumption of existing City indebtedness by the area to be annexed.

Dated the 15th day of Oct, 2010.



EXHIBIT "A"

LEGAL DESCRIPTION MADER ANNEXATION 2009

A PARCEL OF LAND SITUATE WITHIN SECTION 25, T 15 N, R 44 E AND SECTIONS 29 AND 30, T 15 N, R 45 E, W.M., WHITMAN COUNTY, STATE OF WASHINGTON AND IS FURTHER DESCRIBED AS FOLLOWS:

COMMENCING AT THE S 1/4 CORNER OF SAID SECTION 29 (N 88°02'56" E 2664.01 FEET FROM THE SW CORNER OF SAID SECTION 29);
THENCE N 00°53'20" E 2663.27 FEET, TO A POINT ON THE EASTERLY RIGHT-OF-WAY (R.O.W.) BOUNDARY OF SR 27, AND THE POINT OF BEGINNING;

THENCE THE FOLLOWING 3 (THREE) COURSES ALONG SAID EASTERLY R.O.W. BOUNDARY

- 01) N 06°05'05" E 800.26 FEET,
- 02) S 83°54'55" E 25.00 FEET,
- 03) N 06°05'05" E 370.00 FEET, TO A POINT OPPOSITE SR 27 HWY. CENTERLINE STATION 116+00

THENCE N 83°54'55" W 175.00 FEET, TO A POINT ON THE WESTERLY R.O.W. BOUNDARY OF SAID SR 27;

THENCE N 83°54'55" W 65.00 FEET, ALONG SAID WESTERLY R.O.W. BOUNDARY;

THENCE S 06°05'05" W 28.89 FEET, ALONG SAID WESTERLY R.O.W. BOUNDARY TO A POINT ON THE NORTHERLY R.O.W. BOUNDARY OF THE ALBION ROAD/CO. RD. NO. 5400;

THENCE S 89°37'54" W 117.38 FEET, ALONG SAID NORTHERLY R.O.W. BOUNDARY, TO A POINT ON THE N-S SUBDIVISION LINE OF SAID SECTION 29;

THENCE N 02°31'51" W 691.39 FEET, LEAVING SAID NORTHERLY R.O.W. BOUNDARY AND RUNNING ALONG SAID N-S SUBDIVISION LINE;

THENCE S 87°28'08" W 505.15 FEET, LEAVING SAID N-S SUBDIVISION LINE;

THENCE S 63°08'12" W 150.00 FEET;

THENCE S 81°13'22" W 141.47 FEET;

THENCE S 60°27'58" W 205.54 FEET, MORE OR LESS, RETURNING TO A POINT ON THE NORTHERLY BOUNDARY OF SAID ALBION RD./CO. RD. NO. 5400;

THENCE THE FOLLOWING 23 (TWENTY THREE) COURSES ALONG SAID NORTHERLY R.O.W. BOUNDARY:

- 01) 1020.29 FEET, ALONG A CURVE CONCAVE SOUTHERLY (CENTRAL ANGLE = 06°46'42", RADIUS = 8624.35 FEET) WITH ITS LONG CHORD BEARING S 80°56'15" W 1019.70 FEET,
- 02) N 12°27'46" W 5.00 FEET,

- 03) 50.21 FEET, ALONG A CURVE CONCAVE SOUTHERLY (CENTRAL ANGLE = 00°20'00", RADIUS = 8629.33 FEET) WITH ITS LONG CHORD BEARING S 777°22'54" W 50.21 FEET,
- 04) N 12°47'06" W 15.00 FEET,
- 05) 105.28 FEET, ALONG A CURVE CONCAVE SOUTHERLY (CENTRAL ANGLE = 00°41'52", RADIUS = 8644.33 FEET) WITH ITS LONG CHORD BEARING S 76°51'58" W 105.28 FEET,
- 06) S 76°30'39" W 95.33 FEET,
- 07) S 13°28'59" E 10.00 FEET,
- 08) S 76°31'01" E 50.00 FEET,
- 09) S 13°28'59" E 10.00 FEET,
- 10) S 76°31'01" W 205.29 FEET,
- 11) 188.59 FEET, ALONG A CURVE CONCAVE NORTHERLY (CENTRAL ANGLE = 11°40'56", RADIUS = 924.93 FEET) WITH ITS LONG CHORD BEARING S 82°21'28" W 188.26 FEET,
- 12) N 01°48'04" W 5.00 FEET,
- 13) 337.17 FEET, ALONG A CURVE CONCAVE NORTHERLY (CENTRAL ANGLE = 20°59'59", RADIUS = 919.93 FEET) WITH ITS LONG CHORD BEARING N 81°18'05" W 335.28 FEET,
- 14) S 19°11'55" W 5.00 FEET,
- 15) 260.56 FEET, ALONG A CURVE CONCAVE NORTHERLY (CENTRAL ANGLE = 16°08'27", RADIUS = 924.93 FEET) WITH ITS LONG CHORD BEARING N 62°43'52" W 259.70 FEET,
- 16) N 54°39'38" W 430.98 FEET,
- 17) N 35°20'22" E 20.00 FEET,
- 18) N 54°39'38" W 40.30 FEET,
- 19) 104.92 FEET, ALONG A CURVE CONCAVE NORTHERLY (CENTRAL ANGLE = 05°29'07", RADIUS = 1095.91 FEET) WITH ITS LONG CHORD BEARING N 51°55'04" W 104.88 FEET,
- 20) N 40°49'30" E 10.00 FEET,
- 21) 426.43 FEET, ALONG A CURVE CONCAVE TO THE NE (CENTRAL ANGLE = 22°30'00", RADIUS = 1085.91 FEET) WITH ITS LONG CHORD BEARING N 37°55'30" W 423.70 FEET,
- 22) S 63°19'29" W 15.00 FEET,
- 23) N 26°40'31" W 64.27 FEET, MORE OR LESS TO THE N-S SUBDIVISION LINE OF THE NE 1/4 OF SAID SECTION 30,

THENCE S 02°33'48" E 576.60 FEET, ALONG SAID N-S SUBDIVISION LINE;
 THENCE S 02°33'48" E 1323.98 FEET, ALONG SAID N-S SUBDIVISION LINE, TO
 A POINT ON THE E-W SUBDIVISION LINE OF SAID SECTION 30;
 THENCE S 87°29'34" W 1331.55 FEET, ALONG SAID E-W SUBDIVISION LINE;
 THENCE S 87°29'34" W 2667.10 FEET, ALONG SAID E-W SUBDIVISION LINE,
 TO THE 1/4 CORNER COMMON TO SAID SECTIONS 30 AND 25;
 THENCE S 88°02'49" W 2604.51 FEET, TO A POINT ON THE EASTERLY R.O.W.
 BOUNDARY OF BRAYTON RD./CO. RD. NO. 5510 (SAID POINT LIES N 87°29'34"
 E 30.00 FEET FROM THE CENTER OF SAID SECTION 25);

THENCE THE FOLLOWING 9 (EIGHT) COURSES ALONG SAID EASTERLY R.O.W. BOUNDARY:

- 01) S 03°08'31" E 725.90 FEET, TO A POINT OF CURVATURE (P.C.),
- 02) 217.81 FEET, ALONG A CURVE CONCAVE EASTERLY (CENTRAL ANGLE = 33°43'44", RADIUS = 370.00 FEET) WITH ITS LONG CHORD BEARING S 20°00'24" E 214.68 FEET, TO A POINT OF TANGENCY (P.T.),
- 03) S 36°52'15" E 1267.75 FEET, TO A P.C.,
- 04) 227.27 FEET, ALONG A CURVE CONCAVE TO THE NE (CENTRAL ANGLE = 13°25'28", RADIUS = 970.00 FEET) WITH ITS LONG CHORD BEARING S 43°34'59" E 226.75 FEET, TO A P.T.,
- 05) S 50°17'43" E 612.68 FEET, TO A P.C.,
- 06) 226.83 FEET, ALONG A CURVE CONCAVE NORTHERLY (CENTRAL ANGLE = 40°36'50", RADIUS = 320.00 FEET) WITH ITS LONG CHORD BEARING S 70°36'08" E 222.11 FEET, TO A P.T.,
- 07) N 89°05'28" E 975.90 FEET, TO A P.C.,
- 08) 43.67 FEET, ALONG A CURVE CONCAVE SOUTHERLY (CENTRAL ANGLE = 13°31'30", RADIUS = 185.00.00 FEET) WITH ITS LONG CHORD BEARING S 84°08'47" E 43.57 FEET, TO A POINT ON THE EASTERLY BOUNDARY OF SAID SECTION 25 (N 02°45'09" W 11.84 FEET FROM THE SE CORNER OF SAID SECTION 25) AND BEING A POINT ON THE SOUTHERLY R.O.W. BOUNDARY OF SR 276,
- 09) 97.28 FEET, ALONG A CURVE CONCAVE SOUTHERLY (CENTRAL ANGLE = 30°07'38", RADIUS = 185.00.00 FEET) WITH ITS LONG CHORD BEARING S 62°19'14" E 96.16 FEET, AND ALSO BEING ALONG SAID SOUTHERLY R.O.W. BOUNDARY,

THENCE LEAVING THE EASTERLY R.O.W. BOUNDARY OF SAID COUNTY ROAD AND RUNNING THE FOLLOWING 06 (SIX) COURSES ALONG SAID SOUTHERLY R.O.W. BOUNDARY:

- 01) N 54°31'54" E 241.81 FEET,
- 02) 521.67 FEET, ALONG A CURVE CONCAVE NORTHERLY (CENTRAL ANGLE = 09°32'57, RADIUS = 3130.00 FEET) WITH ITS LONG CHORD BEARING N 87°25'13" E 521.06 FEET,
- 03) S 82°20'29" E 109.04 FEET,
- 04) 263.34 FEET, ALONG A CURVE CONCAVE NORTHERLY (CENTRAL ANGLE = 04°46'29, RADIUS = 3160.00 FEET) WITH ITS LONG CHORD BEARING N 78°20'54" E 263.26 FEET,
- 05) S 74°58'02" E 60.83 FEET,
- 06) N 64°18'42" E 266.95 FEET, PARTIALLY ALONG EXISTING CITY LIMITS,

THENCE CONTINUE THE FOLLOWING 12 (TWELVE) COURSES ALONG SAID SOUTHERLY R.O.W. BOUNDARY AND EXISTING CITY LIMITS:

- 01) N 68°31'30" E 954.51 FEET,
- 02) N 54°29'20" E 103.08 FEET,
- 03) N 68°31'30" E 536.10 FEET,
- 04) 846.48 FEET, ALONG A CURVE CONCAVE SOUTHERLY (CENTRAL ANGLE = 07°59'01", RADIUS = 6075.00 FEET) WITH ITS LONG CHORD BEARING N 72°31'00" E 845.80 FEET,
- 05) S 83°10'33" E 358.57 FEET,
- 06) 48.06 FEET, ALONG A CURVE CONCAVE SOUTHERLY (CENTRAL ANGLE = 00°27'43", RADIUS = 5960.00 FEET) WITH ITS LONG CHORD BEARING N 79°58'26" E 48.06 FEET,
- 07) N 48°49'34" E 113.73 FEET,
- 08) 145.65 FEET, ALONG A CURVE CONCAVE SOUTHERLY (CENTRAL ANGLE = 01°23'10", RADIUS = 6020.00 FEET) WITH ITS LONG CHORD BEARING N 81°49'20" E 145.65 FEET,
- 09) N 67°10'18" E 207.29 FEET,
- 10) N 82°33'30" E 250.00 FEET,
- 11) S 83°24'20" E 206.16 FEET,
- 12) N 82°33'30" E 247.31 FEET, MORE OR LESS TO A POINT ON THE COMMON BOUNDARY BETWEEN SAID SECTIONS 29 AND 30, AND THE SW CORNER OF ANNEXATION 06-06,

THENCE N 02°31'43" W 1582.70 FEET, ALONG SAID COMMON BOUNDARY / ANNEXATION LINE, TO THE 1/4 CORNER COMMON TO SAID SECTIONS 30 AND 29;

THENCE N 87°42'14" E 2822.66 FEET, ALONG THE E-W SUBDIVISION LINE OF SAID SECTION 29 AND ANNEXATION LINE, TO THE POINT OF BEGINNING.

AREA OF SAID DESCRIBED PARCEL OF LAND IS 505.7 ACRES.

EXCEPT FOR A PORTION OF THE NE 1/4 OF THE NE 1/4 OF SAID SECTION 30 DESCRIBED IN A DEED FILED UNDER WHITMAN COUNTY AUDITOR'S FILE NO. 340191.

September 15, 2009 11:24 07038maderannexation munir/mydocuments

(PNWFC property to be annexed with the adjacent Mader's Annexation)

Legal Description FOR ANNEXATION

A PARCEL OF LAND SITUATE IN THE W 1/2 OF THE NE 1/4 OF SECTION 29, T 15 N, R 45 E. W.M., IN WHITMAN COUNTY, STATE OF WASHINGTON, AND IS PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 29 (N 88°00'57" E FROM THE NW CORNER OF SAID SECTION);
THENCE S 2°31'51" E 1,019.90 FEET, ALONG THE CENTERLINE OF SAID SECTION 29, TO THE POINT OF BEGINNING;**

THENCE S 82°31'51" E 423.18 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY (R.O.W.) BOUNDARY OF SR#27;

THENCE S 06°05'05" W 394.08 FEET, ALONG SAID EASTERLY R.O.W. BOUNDARY;

THENCE N 83°54'55" W 240.00 FEET, TO A POINT ON THE WESTERLY R.O.W. BOUNDARY OF SAID SR#27;

THENCE S 06°05'05" W 28.89 FEET, ALONG SAID WESTERLY R.O.W. BOUNDARY, TO A POINT ON THE NORTHERLY R.O.W. BOUNDARY OF ALBION ROAD (COUNTY ROAD NO. 5400);

THENCE S 89°38'54" W 117.38 FEET, ALONG SAID NORTHERLY R.O.W. BOUNDARY, TO ITS INTERSECTION WITH THE CENTERLINE OF SAID SECTION 29;

THENCE N 2°31'51" W 444.23 FEET, ALONG SAID SECTION CENTERLINE, TO THE POINT OF BEGINNING.

AREA OF SAID DESCRIBED PARCEL IS 3.7 ACRES.

(BEING THE SAME PARCEL OF PROPERTY AS DESCRIBED IN A DEED FILED UNDER WHITMAN COUNTY AUDITOR'S FILE NO. 454021 AND ADJACENT R.O.W. OF SAID SR#27 AND ALBION ROAD.)

Memo

To: Pete Dickinson, Planning Director
From: Bill Mulholland, Finance Director
Date: July 20, 2010
Re: 2010 Residential Annexation Cost/Benefit Analysis

For the 2010 Residential Annexation Cost/Benefit Analysis, I have used the City of Olympia's model. This analysis applies to all future proposed annexations. Please include this analysis with future annexations proposals until the analysis can be updated which will occur when 2009 year-end financial statements are completed and audited during late summer of 2010. I did use the preliminary numbers, and if there is a change, I will update, and let you know

The Olympia model is based upon the entity's ability to cover general governmental expenditures which are not paid by direct charges for services or fees with general governmental taxes. This fits very nicely with the Governmental Accounting Standard Board (GASB) Statement No. 34. The new GASB Statement No. 34 Government-wide Statement of Activities reports that very information and calls it Net Cost of Services.

The estimated annexation revenues consist of property taxes, utility taxes, franchise taxes, and state shared revenues. The revenue estimates are conservative. City utility taxes assume \$200/month/household. City utility taxes apply to natural gas, electricity, water, garbage, sewer, phone, and cell phones. This number could be considerably higher. This doesn't take into consideration the fact the minimums don't occur concurrently, because when water and sewer bill is at its highest the heating bill could be at its lowest. A personal high use might be as much as \$425/month, which is on average closer to \$312/month. Consequently, the annexation analysis would show a higher net revenue gain for the City. Recent adjustments to Pullman's assessed valuation by the Whitman County Assessor's Office leads me to believe that assessed valuation approximates market value. I am using \$210,000 for the average house value.

Taxes such as sales, admissions, and gambling are not included because they cannot be directly attributed to increases in population or number of households.

The current analysis shows that the City of Pullman will need to provide \$10.62 for services for each household that is annexed. The last update had the city providing \$399.75 per household. It should be noted that this analysis is significantly impacted by the implementation of the fixed asset reporting requirements contained in Governmental Accounting Standards Board (GASB) Statement #34.

I do have some of criticisms of this method of analysis. But unfortunately we do not have the capability to implement different methods because of limitations on the information we have available. For example, other methods of annexation analysis make a distinction between residential and commercial development. Unfortunately, the City of Pullman is not able to separate the expenses of serving residential versus commercial properties. My criticisms include:

- The estimated revenue per household does not include sales tax. There is no way to determine a household's local purchases to estimate sales taxes. The Washington State Department of Revenue reports sales tax as it is received from businesses (taxpayers) but not the consumers, who in reality are paying the tax. In my opinion the total household revenue is understated because of this.
- In the expenditure calculation, a very broad assumption is made that with each additional household, the city's expenses will rise. I think this assumption is flawed. For example, when a new home is occupied within the city limits, the city does not automatically add budget appropriations for services such as police, fire, administration, planning, engineering, library, and parks and recreation. As a matter of fact, we have done our best to keep the budget from growing and in some cases budgets have been reduced. I don't doubt that at some point services will need to be expanded. If Pullman's population doubles, there is no doubt it will need additional staff to provide the same level of service. The problem is that threshold for expanding budgets due to increased population is difficult to determine.
- There is potential for significant fluctuation in general governmental activities expenditures when using the net cost of services from the Statement of Activities. The areas that have the most potential for fluctuation are grants and contributions for both capital and operations. The preparation of the Statement of Activities includes netting grants proceeds against the expenditure function as a direct program revenue, which lowers the net cost of service. Grant awards and applications have the tendency to change from year to year.

**City of Pullman
Residential Annexation Cost/Benefit Analysis
7/20/2010**

I:\TW\Miscellaneous\Requested Info\Residential Annexation Cost-Benefit Analysis.xls

Demographic Assumptions

2010 Population	27,920
Average Household Size (Persons per Household)	2.23

I:\TW\Miscellaneous\Requested Info\Residential Annexation Cost-Benefit Analysis.xls

Estimated Annexation Revenue (Per Household)

Property Tax

Assume Average Value of:	\$ 210,000	
2010 EMS Levy of:	\$ 0.3940	82.74
2010 Metro Park Dist. Levy of:	\$ 0.3940	82.74
2010 Regular Levy of:	\$ 2.8352	595.39

City Utility Tax (4.0% General Fund & 2.0% Street Fund)

Assume \$200/month	\$ 2,400.00 per year	144.00
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Cable TV Franchise Tax (5.0%)

Assume \$40/month	\$ 480.00 per year	24.00
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State Shared Revenues (2009)

Liquor Board Profits	\$ 6.67 per Capita	
Liquor Excise Tax	\$ 4.90 per Capita	
	\$ 11.57	
	2.23 Persons/Household	25.80

Total Revenue per Household **\$ 954.67**

2009 General (Governmental) Activities Expenditures (Less Program Revenues for Services)

	<u>Total Cost Of Services</u>	<u>Net Cost Of Services</u>
Gen Gov't Services	\$ 1,371,845	\$ (305,594)
Public Safety	9,543,194	(7,804,114)
Highways and Streets	2,201,455	(812,305)
Economic Development	-	-
Culture & Recreation	4,849,066	(3,483,007)
Int & Other Debt Service Costs	(319,315)	319,315
	<u>\$ 17,646,245</u>	<u>\$ (12,085,705)</u>

Net Program Costs per Capita 432.87
Net Program Costs per Household **965.30**

Net/(Shortfall) per Household \$ (10.62)
 Revenue as a Percent of Cost per Household 98.90%