

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Legislative	Meg Moorehead 684-8929	

**Legislation Title:**

A RESOLUTION of the City Council of the City of Seattle, Washington, calling for the annexation, by election, of contiguous unincorporated territory to the City of Seattle consisting of portions of the SW Quarter of Section 32, Township 24 North, Range 4, W.M., and the SE Quarter of Section 32, Township 24 North, Range 4, W.M., and the NW Quarter of Section 1, Township 23 North, Range 3, W.M., and the NE Quarter of Section 1, Township 23 North, Range 3, W.M., and the NW Quarter of Section 6, Township 23 North, Range 4, W.M., and the NE Quarter of Section 6, Township 23 North, Range 4, W.M., and the NW Quarter of Section 5, Township 23 North, Range 4, W.M., and the NE Quarter of Section 5, Township 23 North, Range 4, W.M., and the NW Quarter of Section 4, Township 23 North, Range 4, W.M., and the SW Quarter of Section 1, Township 23 North, Range 3, W.M., and the SE Quarter of Section 1, Township 23 North, Range 3, W.M., and the SW Quarter of Section 6, Township 23 North, Range 4, W.M., and the SE Quarter of Section 6, Township 23 North, Range 4, W.M., and the SW Quarter of Section 5, Township 23 North, Range 4, W.M., and the SE Quarter of Section 5, Township 23 North, Range 4, W.M., and the SW Quarter of Section 4, Township 23 North, Range 4, W.M., and the SE Quarter of Section 4, Township 23 North, Range 4, W.M., and the NW Quarter of Section 7, Township 23 North, Range 4, W.M., and the NE Quarter of Section 7, Township 23 North, Range 4, W.M., and the NW Quarter of Section 8, Township 23 North, Range 4, W.M., King County, Washington, referenced as the North Highline Annexation Area.

**Summary of the Legislation:**

The resolution initiates an election for registered voters in the North Highline Annexation Area to accept or reject annexation into the City of Seattle. The North Highline Annexation Area comprises areas previously referred to as White Center and North Boulevard Park.

**Background:**

The North Highline Annexation Area is in Seattle's Potential Annexation Area (PAA) adopted under Ordinance 122313. The state Growth Management Act and the King County Countywide Planning Policies encourage transition of unincorporated urban areas within PAAs from county governance to city governance. This resolution implements that policy intent by initiating an annexation by election of the North Highline Annexation Area to the City of Seattle. However, the City and King County intend to request additional financial assistance from the state to bridge the financial gap between revenues and the spending needed to serve the North Highline Annexation Area. Although this resolution initiates an annexation election, the City will continue to evaluate the advisability of such annexation pending the state's decision regarding increased financial assistance.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

**Appropriations:**

Fund Name and Number	Department	Budget Control Level*	2014 Appropriation	2015 Appropriation
<b>TOTAL</b>				

*\*See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes:

Given the timeframe for Boundary Review Board (BRB) review, the first election opportunity likely would be in 2016. Given the long lead time, City costs for the election have not yet been requested from King County.

If the area is ultimately annexed, based on an April 2012 City Budget Office (CBO) report the Council estimated an annual operating deficit for the North Highline Annexation Area of about \$5 million with the existing state tax incentive and about \$10 million without the incentive. More recent 2014 CBO estimates identify the gap between revenues and spending to support services to be between \$3 million and \$20 million. The estimates assume that other issues, such as environmental liabilities and fire district pension liabilities, are successfully resolved with King County and the fire district.

Substantial utility and other capital improvements may ultimately be needed in the annexed area. City decisions about the size and timing of capital investments can be made in future budgets when the needs of this area would be balanced with the needs of other neighborhoods, which could result in extended schedules for infrastructure upgrades in the annexed area.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

Fund Name and Number	Department	Revenue Source	2015 Revenue	2016 Revenue
<b>TOTAL</b>				

Revenue/Reimbursement Notes:

This legislation does not directly affect revenue. If the City ultimately annexes this area, annual General Subfund revenues from the area are estimated at about \$9 million.

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:**

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2014 Positions	2014 FTE	2015 Positions*	2015 FTE*
<b>TOTAL</b>							

\* 2014 positions and FTE are total 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.

Position Notes:

No positions are created, modified or abrogated by this legislation.

**Do positions sunset in the future?**

NA

**Spending/Cash Flow:**

Fund Name & #	Department	Budget Control Level*	2014 Expenditures	2015 Anticipated Expenditures
<b>TOTAL</b>				

\* See budget book to obtain the appropriate Budget Control Level for your department.

Spending/Cash Flow Notes:

The first election opportunity likely would be in 2016. Given the long lead time, City costs for the election have not yet been requested from King County. If the area is ultimately annexed, the date when spending begins for new services in the area will depend on the annexation date selected by the City.

**Other Implications:**

**a) Does the legislation have indirect financial implications, or long-term implications?**

Substantial utility and other capital improvements may ultimately be needed. City decisions about the size and timing of capital investments can be made in future budgets when the needs of this area can be balanced with the needs of other areas, which could result in extended schedules for infrastructure upgrades.

**b) What is the financial cost of not implementing the legislation?**

If this legislation is not implemented, no City dollars will be spent on an election or services in the proposed annexation area.

**c) Does this legislation affect any departments besides the originating department?**

The Office of Intergovernmental Relations would continue to work with the Legislative Department to resolve financial assistance issues with the state and annexation-related service issues among various jurisdictions surrounding the North Highline Annexation Area. If annexation occurs, all City departments may have service responsibilities in the newly annexed area.

**d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

Seattle and King County could use the interlocal agreement (ILA) method of annexation, which likely would require months of negotiation to resolve service issues. An ILA also does not give voters a say in annexation.

**e) Is a public hearing required for this legislation?**

No

**f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**g) Does this legislation affect a piece of property?**

Annexation would affect many properties. A map is attached to the resolution.

**h) Other Issues:**