



King County

KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

March 16, 2009

Motion 12942

Proposed No. 2009-0107.1

Sponsors Constantine

1 A MOTION approving the memorandum of understanding
2 and attachments developed and agreed upon by King
3 County, the cities of Burien and Seattle and King County
4 Fire Districts 2 and 11 regarding the potential annexation of
5 portions of the North Highline Potential Annexation Area
6 to the cities of Seattle and Burien.

7
8 WHEREAS, on September 27, 2004, the metropolitan King County council
9 passed Motion 12018 setting forth the vision and goals for an initiative to help sustain
10 vital government services to the citizens of King County by promoting the annexation
11 or incorporation of remaining urban unincorporated areas of King County, and

12 WHEREAS, the mission and vision statement for the annexation initiative as
13 adopted under Motion 12018 is to ensure annexation or incorporation of all remaining
14 unincorporated areas of the county within the 2012 timeline established in the
15 countywide planning policies; and moreover, to secure the annexation or incorporation of
16 significant urban areas on an accelerated basis wherever possible, and

17 WHEREAS, Motion 12018 also established three goals for the annexation
18 initiative, including:

19 1. Preserve the quality of local services to urban communities by transferring
20 governance responsibility for these areas to cities, which have more revenue options
21 available for funding urban local services than does the county;

22 2. Preserve the quality of county regional and rural local services by providing
23 financial relief to these budgets dependent on general county tax revenues; and

24 3. Ensure the smooth transition of services from the county to the cities for
25 citizens as well as county employees and departments, and

26 WHEREAS, accomplishing the vision and goals for the annexation initiative
27 continue to be pursued by King County, by working to accelerate the pace of annexation
28 and incorporation and planning for the transition services affected by annexation or
29 incorporation, and

30 WHEREAS, King County has continued to partner with the cities of Seattle and
31 Burien and community organizations to conduct annexation open houses, and initiate
32 mediated talks to advance the annexation of the North Highline Potential Annexation
33 Area, and

34 WHEREAS, the cities of Seattle and Burien have designated the North Highline
35 unincorporated area as their Potential Annexation Area ("PAA") in their respective
36 comprehensive plans and Growth Management Planning Council amended the Interim
37 Potential Annexation Area Map within the Countywide Planning Policies to denote the
38 overlapping designation by Burien and Seattle, and

39 WHEREAS, in accordance to LU-31 and LU-32 of the Countywide Planning
40 Policies, on December 4, 2008, the jurisdictions of King County, Seattle, Burien and Fire
41 Districts 2 and 11 came to agreement on a memorandum of understanding ("MOU")
42 regarding specific boundaries for annexation proposals by Burien and Seattle along with
43 general terms and principals regarding the provision of fire and life safety services in the
44 North Highline area and surrounding communities, and

45 WHEREAS, the MOU establishes the framework for how the cities of Burien
46 and Seattle, King County and Fire Districts 2 and 11 will work together to ensure a
47 timely transition of the unincorporated North Highline area to city status, and

48 WHEREAS, the aim of the MOU is to remove the obstacles that stop both Burien
49 and Seattle from advancing annexation proposals to the voters of North Highline, and

50 WHEREAS, the county council affirms that annexation of the North Highline
51 community, by the election method, is the preferred option, and

52 WHEREAS, the MOU details a schedule of coordinated, phased annexation
53 proposals by the cities of Burien and Seattle for consideration by the voters of North
54 Highline to determine the future governance solution for their community, and

55 WHEREAS, it is anticipated this MOU will lead to the annexation of North
56 Highline by 2012, which is the most costly of King County's ten urban unincorporated
57 PAAs, and

58 WHEREAS, to facilitate an agreement on a process and timeline for coordinated
59 phased annexation proposals by the cities of Burien and Seattle, the signatories to the
60 MOU agreed to the following mutual objectives:

61 1. Fire and life safety services protected: In the event of annexation, Burien,
62 Seattle, King County and the fire districts all agree to work collaboratively to maintain
63 the level of fire and life safety services to North Highline communities and
64 neighborhoods of North Burien, Arbor Heights and urban unincorporated areas of South
65 Park, which begins with the adoption of the Fire and Safety Transition Framework
66 document, which is Attachment D to this motion;

67 2. Adjusted Boundaries: A minor boundary adjustment was agreed upon that
68 alleviates many of the stated concerns with Burien's previously proposed annexation
69 boundary. This small adjustment maintains Fire District 11's headquarters outside of the
70 area to be proposed for annexation by the city of Burien, allowing both the northern
71 portion and southern portion of the entire PAA to maintain a fire station within its
72 boundary;

73 3. Phasing of elections: Agreement was reached on a coordinated phasing of
74 annexation election proposals for consideration by North Highline residents. The
75 signatories to the MOU recognizes that there is broad diversity of opinions and
76 preferences in the North Highline communities regarding annexation to Seattle and
77 Burien, and acknowledge both cities represent reasonable governance alternatives. The
78 MOU supports Burien's proposal for an annexation election for the southern portion of
79 North Highline and Seattle's proposal for an annexation election for the northern portion
80 of North Highline; and

81 4. Sales tax credit to fund annexation legislation in Olympia: Agreement that
82 King County, Seattle, Burien and Fire Districts 2 and 11 will support legislation in
83 Olympia during the 2009 state legislative session that will provide access to the same

84 level of state funding if either city is able to move forward with annexation of White
85 Center and the northern portion of Boulevard Park. Both cities acknowledge that the cost
86 of serving the northern area proposed for annexation, which is Area Y of the attached
87 North Highline Annexation Area Map, Attachment B to this motion, is greater than the
88 cost of serving the southern area proposed for annexation to Burien, which is Area X of
89 the attached North Highline Annexation Area Map, Attachment B to this motion. The
90 MOU states that all parties will work collaboratively to amend the state sales tax credit to
91 fund annexation law so that both Burien and Seattle would have access to up to \$5
92 million to serve the residents of North Highline if either annexes Area Y of the attached
93 North Highline Annexation Area Map, Attachment B to this motion, and

94 WHEREAS, the cities of Burien and Seattle reiterate the need for King County to
95 continue to act as a catalyst and leader for annexation activities in the urban
96 unincorporated areas, and

97 WHEREAS, approval of the objectives and action set forth in the MOU will
98 promote an environment supportive of annexation and expresses a continued commitment
99 from King County to the annexation of North Highline, and

100 WHEREAS, internal county transition planning in response to the loss of urban
101 unincorporated areas remains critical to achieving the cost savings associated with
102 reduction in service area, and

103 NOW, THEREFORE, BE IT MOVED by the Council of King County:

104 The memorandum of understanding and associated exhibits included as
105 Attachments A through D to this motion is hereby adopted as the policy of King County

Motion 12942

106 to support annexation of the North Highline PAA specifically and to promote the regional
107 service vision set forth in the state's Growth Management Act.

108

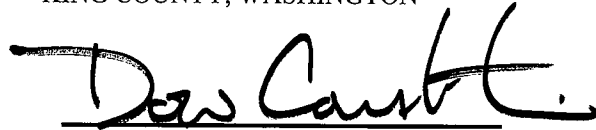
Motion 12942 was introduced on 2/9/2009 and passed by the Metropolitan King County Council on 3/16/2009, by the following vote:

Yes: 8 - Mr. Constantine, Ms. Hague, Ms. Lambert, Mr. von Reichbauer, Mr. Gossett, Mr. Phillips, Ms. Patterson and Mr. Dunn

No: 0


Excused: 1 - Mr. Ferguson

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Dow Constantine, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Memorandum of Understanding - North Highline Annexation, B. Annexation Areas - November 2008 Map, C. Annexation Tax Credit, D. Transition Framework

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JLR
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Memorandum of Understanding—North Highline Annexation

It is hereby agreed between the parties as follows:

1. All parties support the transition of the unincorporated North Highline (shown on the attached map) to city status in a timely and coordinated manner that, at a minimum preserves, if not increases existing local service levels.
2. All parties recognize and respect that the cities of Burien and Seattle each represent reasonable governance alternatives to be considered by North Highline residents.
3. All parties agree that the annexation of the North Highline communities to more than one city is the preferred option at this time given the diversity of community preferences and the significant cost of service associated with annexing the entire North Highline area communities.
4. All parties agree that the continued provision of fire protection services is essential to the residents and businesses in the North Highline communities and that all parties will work together to develop service agreements that ensure that an annexation will not result in a reduction of fire protection services to those areas of North Highline that are not immediately annexed by Burien or Seattle.
5. All parties agree to the terms of the attached Transition Framework to support preservation, and strive for improvement of current level of fire and safety services to North Highline and surrounding neighborhoods including Arbor Heights, North Burien, and unincorporated areas in South Park.
6. All parties agree that Burien and Seattle both will need fiscal support beyond the local municipal revenues generated in the unincorporated area if they are to provide municipal services to these communities in the immediate, mid, and long term basis. Accordingly, all parties support the provision of such additional revenues by the state to both cities in a manner that provides equal access by both cities to financial support for annexation. All parties agree to work together to pursue such revenues from the state for both cities.

Such support shall include but is not limited to:

- a. Publicly supporting the proposed legislation (attached),
 - b. Sign in and testifying in support of the proposed legislation at State Legislative hearings and meetings, and
 - c. Burien shall seek Suburban Cities Association support of the proposed legislation, and
 - d. Burien and Seattle shall seek support from the Association of Washington Cities, King County shall seek support from the Washington State Association of Counties, and Fire Districts 11 & 2 shall seek support from the Washington State Council of Fire Fighters.
7. All parties agree to support before the Washington State Boundary Review Board for King County a phased, coordinated annexation of large areas of North Highline where Burien can pursue annexation of area X, as shown on the attached map, and Seattle can pursue annexation of area Y, as shown on the attached map. All parties further agree this MOU shall be submitted as an exhibit in any proceedings related to the annexation of the North Highline area.
 8. Burien agrees to pursue annexation only in area X and Seattle agrees to pursue annexation only in area Y until December 31, 2011.

Case Number _____

Dated: December 4, 2008

King County

Kurt Triplett
By: Kurt Triplett
Its: Chief of Staff
King County Executive

City of Burien

Mike Martin
By: Mike Martin
Its: City Manager

City of Seattle

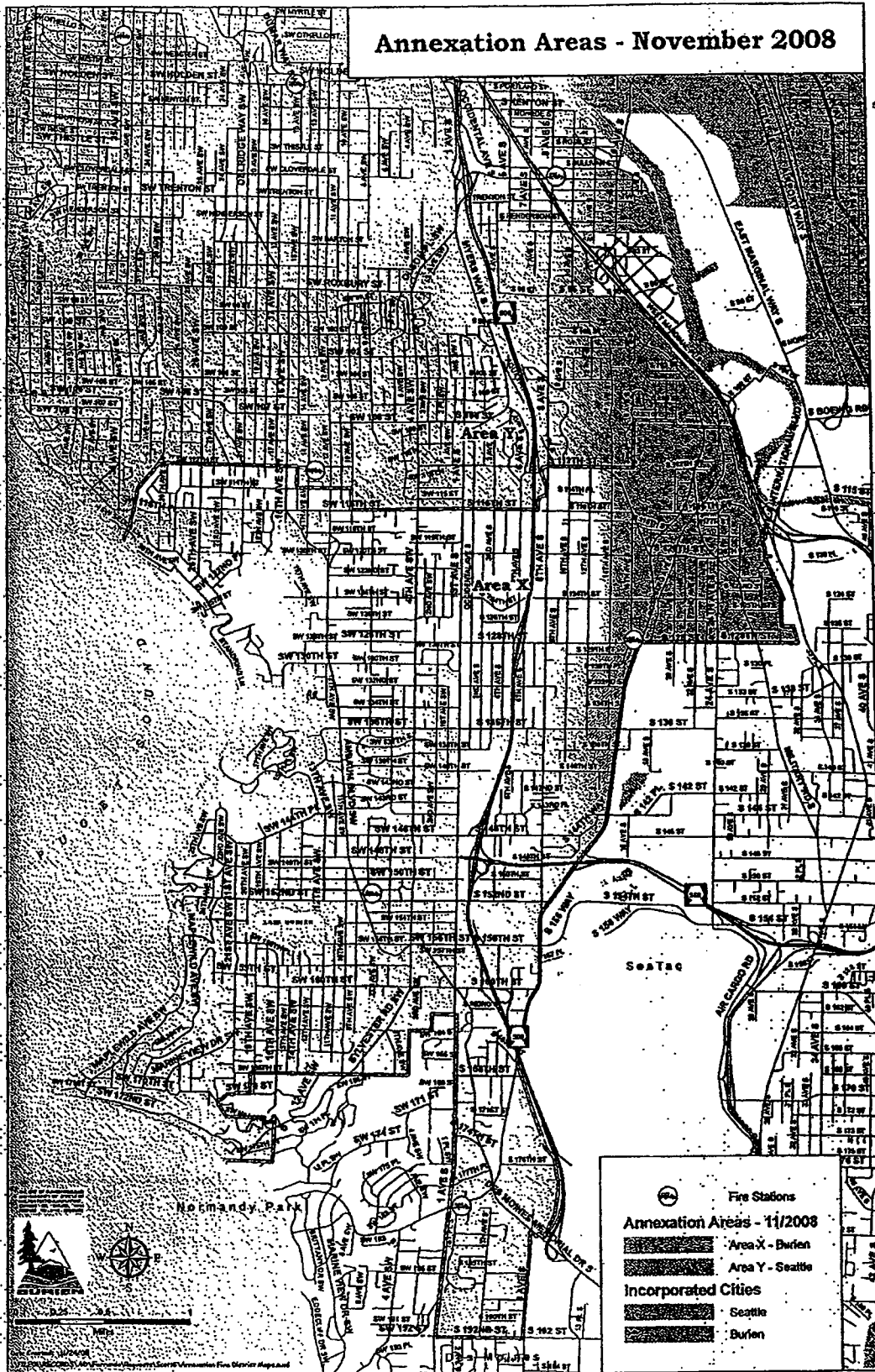
Kenny Pittman for Tim Cois
By: Kenny Pittman
Its: SR Policy Advisor

King County
Fire District #2

Michael Marks
By: MICHAEL MARKS
Its: FIRE CHIEF

King County
Fire District #11

Wayne Alshokis
By: WAYNE ALSHOKIS
Its: COMMISSIONER



AAZ
 M/W
 KP
 M/W
 JLL
 WA

12942

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ANNEXATION TAX CREDIT

November 25, 2008

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AN ACT Relating to the local sales and use tax that is credited against the state sales and use tax for cities to offset municipal service costs to newly annexed areas; amending RCW 82.14.415; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 82.14.415 and 2006 c 361 s 1 are each amended to read as follows:

(1) The legislative authority of any city ((with a population less than four hundred thousand and which)) that is located in a county with a population greater than six hundred thousand that annexes an area consistent with its comprehensive plan required by chapter 36.70A RCW((s)) may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the city. The tax may only be imposed by a city if:

(a) The city has commenced annexation of an area under chapter 35.13 or 35A.14 RCW having a population of at least ten thousand people prior to January 1, ((2010)) 2015; and

(b) The city legislative authority determines by resolution or ordinance that the projected cost to provide municipal services to the annexation area exceeds the projected general revenue that the city would otherwise receive from the annexation area on an annual basis.

(2) The tax authorized under this section is a credit against the state tax under chapter 82.08 or 82.12 RCW. The department of revenue shall perform the collection of such taxes on behalf of the city at no cost to the city ((and shall remit)). The tax shall be remitted to the city as provided in RCW 82.14.060.

(3)(a) Except as provided in (b) of this subsection, the maximum rate of tax any city may impose under this section shall be ((0.2 percent for the total number of annexed

1. 04

1 ~~areas the city may annex. The rate of the tax imposed under this section is~~);

2 (i) 0.1 percent for each annexed area population that is greater than ten thousand and
3 less than twenty thousand~~((The rate of the tax imposed under this section shall be))~~;

4 (ii) 0.2 percent for an annexed area ~~((which the))~~ population that is greater than twenty
5 thousand.

6 (b) 0.85 percent for an annexed area population that is greater than eighteen thousand
7 and the annexed area is annexed by a city that has officially designated the area a
8 potential annexation area and the annexed area is, or was prior to November 1, 2008,
9 officially designated as a potential annexation area by a city with a population greater
10 than four hundred thousand, in a county with a population over one million.

11 (4)(a) The maximum cumulative rate of tax a city may impose under subsection
12 (3)(a)(i) and (ii) of this section is 0.2 percent for the total number of annexed areas the
13 city may annex.

14 (b) The maximum cumulative rate of tax a city may impose under subsection
15 (3)(b) of this section is 0.85 percent and for the single annexed area the city may annex
16 and the amount of tax distributed to a city under subsection (3)(b) of this section shall not
17 exceed five million dollars per fiscal year.

18 (5) The tax imposed by this section shall only be imposed at the beginning of a fiscal
19 year and shall continue for no more than ten years from the date the tax is first imposed.
20 Tax rate increases due to additional annexed areas shall be effective on July 1st of the
21 fiscal year following the fiscal year in which the annexation occurred, provided that
22 notice is given to the department as set forth in subsection ~~((8))~~ (9) of this section.

23 ~~((5))~~ (6) All revenue collected under this section shall be used solely to provide,
24 maintain, and operate municipal services for the annexation area.

25 ~~((6))~~ (7) The revenues from the tax authorized in this section may not exceed that
26 which the city deems necessary to generate revenue equal to the difference between the
27 city's cost to provide, maintain, and operate municipal services for the annexation area
28 and the general revenues that the cities would otherwise expect to receive from the
29 annexation during a year. If the revenues from the tax authorized in this section and the
30 revenues from the annexation area exceed the costs to the city to provide, maintain, and

1 operate municipal services for the annexation area during a given year, the city shall
2 notify the department and the tax distributions authorized in this section shall be
3 suspended for the remainder of the year.

4 ~~((7))~~ (8) No tax may be imposed under this section before July 1, 2007. Before
5 imposing a tax under this section, the legislative authority of a city shall adopt an
6 ordinance that includes the following:

7 (a) A certification that the amount needed to provide municipal services to the
8 annexed area reflects the city's true and actual costs;

9 (b) The rate of tax under this section that shall be imposed within the city; and

10 (c) ~~((b))~~ The threshold amount for the first fiscal year following the annexation and
11 passage of the ordinance.

12 ~~((8))~~ (9) The tax shall cease to be distributed to the city for the remainder of the
13 fiscal year once the threshold amount has been reached. No later than March 1st of each
14 year, the city shall provide the department with a certification of the city's true and actual
15 costs to provide municipal services to the annexed area, a new threshold amount for the
16 next fiscal year, and notice of any applicable tax rate changes. Distributions of tax under
17 this section shall begin again on July 1st of the next fiscal year and continue until the new
18 threshold amount has been reached or June 30th, whichever is sooner. Any revenue
19 generated by the tax in excess of the threshold amount shall belong to the state of
20 Washington. Any amount resulting from the threshold amount less the total fiscal year
21 distributions, as of June 30th, shall not be carried forward to the next fiscal year.

22 ~~((9))~~ (10) The tax shall cease to be distributed to a city imposing the tax under
23 subsection (3)(b) of this section for the remainder of the fiscal year, if the total
24 distributions to the city imposing the tax exceed five million dollars for the fiscal year.

25 (11) The following definitions apply throughout this section unless the context clearly
26 requires otherwise:

27 (a) "Annexation area" means an area that has been annexed to a city under chapter
28 35.13 or 35A.14 RCW. "Annexation area" includes all territory described in the city
29 resolution.

30 (b) "Department" means the department of revenue.

1 (c) "Municipal services" means those services customarily provided to the public by
2 city government.

3 (d) "Fiscal year" means the year beginning July 1st and ending the following June
4 30th.

5 (e) "Threshold amount" means the maximum amount of tax distributions as
6 determined by the city in accordance with subsection ~~((6))~~ (7) of this section that the
7 department shall distribute to the city generated from the tax imposed under this section
8 in a fiscal year.

9 (f) "Potential Annexation Area" means one or more geographic areas that a city
10 has officially designated for potential future annexation, as part of its comprehensive plan
11 adoption process under the state Growth Management Act, Chapter 36.70A RCW.

12 (12) Subsection (3)(b) of this section takes effect July 1, 2011.

13
14 --- END ---
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Transition Framework

This is a Transition Framework in bullet form that details the beginnings of the transition plan for fire and safety services in the North Highline PAA for potential annexation(s.)

1. All parties agree to support preservation and strive for improvement of the current level of fire and safety services to North Highline and surrounding neighborhoods including Arbor Heights, North Burien, and unincorporated areas in South Park.
2. All current Fire District employees who are displaced by annexation shall be transferred to Fire District 2 or the City of Seattle as appropriate.
3. Fire District 2 agrees to extend their existing contract with Fire District 11 through to January 1, 2012, regardless of annexation.
4. Fire District 2 and Fire District 11 also agree to expand their current service contract to a larger geographic area that includes: Area X (as shown in attached map), should the city of Burien successfully annex.
5. Fire District 2 and Fire District 11 both understand that Fire District 2 may need to reduce the rate of compensation in the new expanded contract to better reflect service costs.
6. Fire District 2 and Fire District 11 shall put into place the details that would guide a Lateral Hiring process.
7. In the event Seattle and Burien annex areas X and Y on the attached map, then King County shall secure for Fire District 2 an appropriate parcel of land sufficient to locate a new Fire Station that provides appropriate response time as agreed to by the County and Fire District 2. In the event Seattle annexes areas X and Y as shown on the map, then Burien shall secure for Fire District 2 an appropriate parcel of land sufficient to locate a new Fire Station that provides appropriate response time as agreed to by Burien and Fire District 2.
8. City of Seattle and Fire District 11 shall work collaboratively to optimize response times through reciprocal service arrangements in areas of need, for example in Arbor Heights and unincorporated areas in South Park.

9. Representatives of the jurisdictions that are a party to this agreement commit to not interfere with each others annexation elections attempts.
10. This agreement is effective until January 1, 2012.

Dated: December 4, 2008

City of Burien

By: _____

Its: _____

City of Seattle

By: _____

Its: _____

King County

By: _____

Its: _____

North Highline
Fire District #11

By: _____

Its: _____

King County
Fire District #2

By: _____

Its: _____

Memorandum of Understanding – North Highline Annexation. 12/4/2008