

## 2 Overview of Annexation-Related Policies

The following considerations are relevant to annexation plans developed by the City of Palmer:

- Palmer currently has very little land within its existing city limits for future growth and development. Annexation of additional areas will be needed to accommodate the community's orderly growth and expansion.
- The LBC generally views enclaves as impediments to efficient provision of municipal services. Removal of enclaves is specifically listed as a factor for use of the legislative review annexation process. Conversely, the LBC generally does not view annexation of noncontiguous areas favorably.
- The City needs to show that areas proposed for annexation require services that can be provided more efficiently by the City of Palmer than by an existing or new MSB service area. As a practical matter, Palmer should keep the MSB apprised of its annexation proposals and, if possible, obtain MSB concurrence and support. Any municipal annexation proposal will have some impact on the MSB.
- The need for Palmer to plan and control reasonably anticipated growth or development that could otherwise affect the city adversely is a strong argument for annexation. Areas for which such arguments are strongest are developing areas along the Palmer-Wasilla and Glenn highways and, to a lesser extent, along Outer Springer Road.
- Planned changes in transportation patterns and facilities could be a strong argument for annexation. Future extension of Bogard Road to the Glenn Highway would affect development in and around Palmer significantly. Similarly, airport management could require land use controls in the areas near the airport and extending from airport runways.
- It is not realistic to apply standards established for city streets in largely undeveloped areas. Different standards for street maintenance, storm water drainage, and snow removal may have to be established.
- Annexing too large an area can have adverse financial impacts on a city if the costs of extending municipal services far outweigh the new tax revenues that will be generated. On the other hand, potential tax revenues should not be the only reason why an area is targeted for annexation.
- From a fiscal viewpoint, in targeting properties for annexation, the city should choose parcels that do not include a large proportion of tax-exempt (or deferred) properties and can reasonably be expected to provide sales tax revenues to the city. Large-lot areas with substandard roads may prove costly to serve after annexation. Areas along highways are more likely to generate sale tax revenues, enabling the city to provide adequate levels of service.
- If the city intends to take in properties that have existing gravel mining operations, it will need to fashion an ordinance regulating the activity. If the city opts to annex the gravel mining operations, it should consider implementing a severance tax on natural resource extraction. A severance tax could be a more effective means of gaining revenue than relying on sales tax.

### **Local Boundary Commission Annexation Standards**

The criteria listed below are applied by the LBC in reviewing petitions for annexation and are provided here as reference for the general assessment of compliance that follows. This annexation study focuses primarily on 3ACC 110.110 Resources to determine the economic feasibility of annexing the five phases.

The standards for annexation to cities are paraphrased from Article 3 of the AAC. For annexations requiring legislative review, additional factors are listed.

- **Needs of the Territory Proposed to be Annexed (3 AAC 110.090).** A city must be able to show that the area it proposes to annex has a reasonable need for city government. Factors that the LBC may consider include the following:
  - ⇒ Existing or anticipated social or economic problems
  - ⇒ Existing or anticipated health, safety, and general welfare problems
  - ⇒ Existing or anticipated economic development
  - ⇒ Adequacy of existing services
  - ⇒ Extraterritorial powers of adjacent municipalities

In addition, territory may not be annexed to a city if services to that territory can be provided more efficiently by another existing city or by an organized borough.
- **Character of the Territory Proposed to be Annexed (3 AAC 110.100).** The area proposed for annexation and the annexing city must be compatible in character. Factors that the LBC may consider include the following:
  - ⇒ Land use and subdivision platting
  - ⇒ Salability of land for residential, commercial, or industrial purposes
  - ⇒ Population density
  - ⇒ Cause of recent population changes
  - ⇒ Suitability of the territory for reasonably anticipated community purposes
- **Resources of the Territory Proposed to be Annexed and the Annexing City (3 AAC 110.110).** The economy within the proposed city boundaries must include the human and financial resources needed to provide essential city services on an efficient, cost-effective level. Factors that the LBC may consider include the following:
  - ⇒ Anticipated city functions in the territory being annexed
  - ⇒ Anticipated new city expenses
  - ⇒ Actual income and anticipated ability to collect local revenue and income from the territory
  - ⇒ The anticipated city operating budget through the third full fiscal year after annexation
  - ⇒ The economic base of the territory after annexation
  - ⇒ Property valuations in the territory
  - ⇒ Land use in the territory
  - ⇒ Existing and anticipated industrial, commercial, and resource development
  - ⇒ Personal income of residents in the territory and the city
  - ⇒ The need for and availability of employable, skilled and unskilled workers

- **Population of the Territory Proposed to be Annexed and the Annexing City (3 AAC 110.120).** The population within the territory proposed for annexation must be large and stable enough to support extension of city government. Factors that the LBC may consider include the following:
  - ⇒ Total population counted by the U.S. Census
  - ⇒ Length of residency
  - ⇒ Historical population patterns
  - ⇒ Seasonal population changes
  - ⇒ Age of the population
- **Proposed City Boundaries (3 AAC 110.130).** Proposed city boundaries must include all land and water needed to enable full development of essential city services on an efficient, cost-effective level.<sup>7</sup> Factors that the LBC may consider include the following:
  - ⇒ Land use and ownership patterns
  - ⇒ Population density
  - ⇒ Existing and anticipated transportation patterns and facilities
  - ⇒ Natural geographical features and environmental factors
  - ⇒ Extraterritorial powers of cities
- **Legislative Review (3 AAC 110.140)** Territory that meets standards in 3 AAC 110.090 through 3 AAC 110.130 may be annexed by legislative review process if the LBC determines that annexation will serve the balanced best interests of the state, the territory to be annexed, and all affected political subdivisions. Factors that the LBC may consider include the following conditions:
  - ⇒ The territory is an enclave surrounded by the annexing city.
  - ⇒ The health, safety, or general welfare of city residents is or will be endangered by conditions existing or potentially developing in the territory and annexation will enable the city to regulate or control the detrimental effects of those conditions.
  - ⇒ Extension of city services or facilities into the territory is necessary to enable the city to provide adequate services to city residents, and it is impossible or impractical for the city to extend the facilities or services unless the territory is within the boundaries of the city.
  - ⇒ Residents or property owners within the territory receive, or may be reasonably expected to receive, directly or indirectly, the benefit of city government without commensurate tax contributions, and no practical or equitable alternative method is available to offset the cost of providing these benefits.
  - ⇒ Annexation will enable the city to plan and control reasonably anticipated growth or development in the territory that could otherwise adversely affect the city.
  - ⇒ The territory is inhabited so sparsely, or so extensively by non-landowners, that a local election would not adequately represent the interests of the majority of the landowners.

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<sup>7</sup> It is generally presumed that territory that is not contiguous to an annexing city does not meet minimal standards for annexation. Proposed city boundaries must include only that area comprising an existing community plus predictable growth, development, and public safety needs during the 10 years following the effective annexation date. The proposed city boundaries must not include entire geographical regions or large unpopulated areas except when such boundaries are justified by the application of standards listed in 3 AAC 110.090 through 3 AAC 110.130. If an annexation petition describes boundaries overlapping those of an existing organized borough, unified municipality, or city, the petition must address and comply with standards and procedures for either annexation of the enlarged city to the existing organized borough, or detachment of the overlapping region from the existing organized borough, unified municipality, or city.

