

Section 5

Annexation and Regional Partnerships

The first part of this section details analysis performed for annexation alternatives identified by the city of Palmer; it looks at three options, their strengths and weaknesses, and quantifies costs and benefits. The second part of the section is a primer for Interlocal Agreements, a strategy wherein the City and Borough work together to address the multiple growth issues of the region.

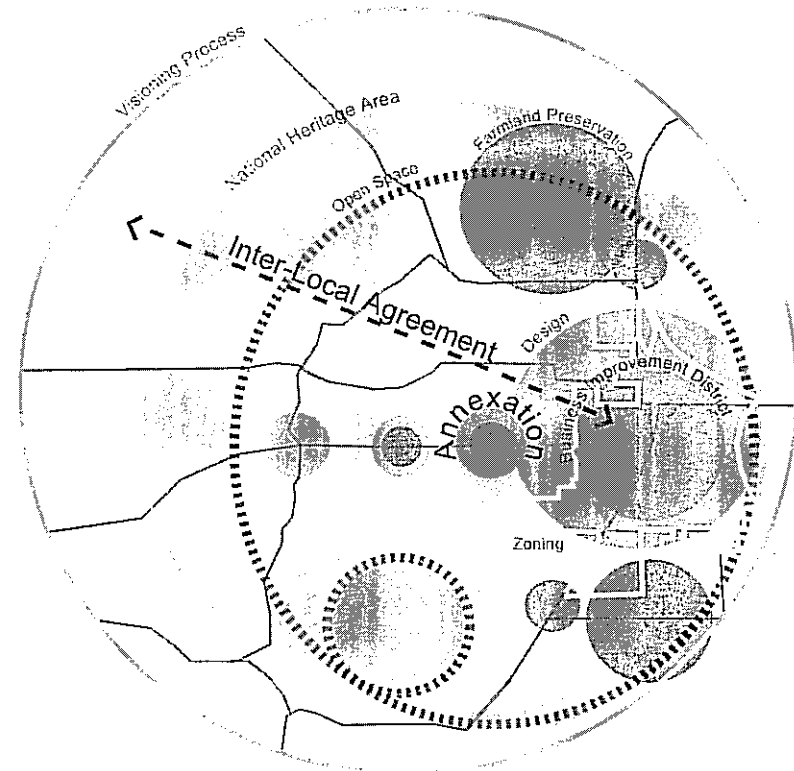
Most municipal governments exist to provide services by performing various functions that markets cannot: providing road, sewer, and water infrastructure, police and fire protection, social justice opportunities. A government's ability to provide services depends on the area's economic base, the area's institutions, and the political and social forces that affect that government. The economic base of an area is dependent upon many factors; one of these factors is the ability of a municipality to expand its boundaries to include outlying areas, in order to capture new high income residents and businesses to ensure its economic base is adequately protected. This section places annexation options for the City of Palmer in the context of economic and political costs and benefits.

Related Working Goals

Shape the character and channel the direction of growth into city limits in order to maintain and enhance Palmer's working rural landscape and small-town identity.

Enhance Palmer's social and economic vitality by promoting downtown commercial growth and community development.

Identify and prioritize farmland facing development pressure and establish mechanisms to preserve identified farmland.



Recommendation

Evaluate economic and social feasibility of Palmer/Wasilla Highway annexation option.

General Annexation Overview

Specifics regarding Alaska annexation statutes are not discussed here, except to note that the state of Alaska does not restrict growth via growth management legislation, nor does it mandate cities to follow growth management legislation when they want to expand their boundaries. The annexing city has only a list of procedural steps that must be followed so as to protect the private property ownership rights of the individual and the greater public good for the people of the state of Alaska. The state does, however, require that a list of standards are followed when considering the size of the area to be annexed per the Alaska Administrative Code (AAC) - (3 AAC 110.090-3, AAC 110.130) to make sure that the city is reasonable in its need for the annexed territory and expectations to provide essential services for projected population and infrastructure growth. The Alaska Administrative Code also prohibits annexation by a city of entire geographic regions of unpopulated areas unless it can prove the need for doing so (3AAC 110.130)¹.

Annexation is usually an important consideration for municipal governments because the ability of a municipality to annex influences its ability to protect its economic base. That is, it is assumed that the easier it is for a municipality to annex, then the more successful a municipality will be in protecting its income sources². The scholarly literature is clear that all things being equal, governments are assumed to prefer more annexation activity to less, because annexa-

tion allows municipalities to capture part of the fleeing economic base³.

Economics is not the sole reason for decision-making – politics plays a role as well. In fact, most governments have both economic and political objectives, with their decisions having economic and political consequences. Many public decisions are justified for economic reasons, even if the determining factors were in fact political. Initiating an annexation therefore usually depends upon the ability to pay for the annexation. However studies have found that, in the lower 48, a significant majority of officials of annexing cities claimed tax revenues from newly annexed areas would not cover the cost of new structures and services⁴. Thus politics plays an important role in the analysis that follows.

Regardless of which analysis is ultimately chosen, the City will likely need to hire additional Planning staff in order to process future building permits, address continuing growth issues, and adequately plan for an uncertain future. Lastly, important caveats to the options that follow are discussed in the conclusion.

Recommended Annexation Consideration: Palmer-Wasilla Highway

A major factor in decision-making for a municipal determination to annex in Palmer is politics. As rapid growth continues apace in the Borough, the resultant impacts are becoming increasingly apparent. Although it is obvious that certain retail activity has likely been drained off by unconstrained commercial growth in Wasilla, less obvious is the slow suburbanization⁵ of the region by this very same growth. During the information-gathering process, a significant frac-

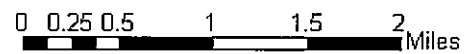


Palmer Annexation Alternatives Studied



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Legend			
	City Boundary		Glen Hill Phase II
	Roads		Glen Hill Phase I
	Phase I		Glen Hill Phase III
	Palmer Wards Phase III		Springer Loop



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tion of the community expressed concern over the form and extent of the suburbanization activity to the west. This alternative explores and analyzes an expansion of the City boundary westward out the Palmer-Wasilla Highway towards Wasilla (map, facing page), based upon an interpretation of the community's expressed intent and desires.

Option

Annex land along the Palmer-Wasilla Highway in three phases of approximately equal area, from the present Palmer city boundary outward west to the intersection of Trunk Rd, approximately 3.3mi. (map, facing page).

Goals

Buffer encroaching development from the west, control growth and design along the highway, and strengthen connections to Palmer's downtown. This alternative addresses the concerns of many Palmer residents – expressed during the information gathering process - regarding the appearance and pattern of growth in this area.

Discussion

This option serves the purpose of controlling the design of development on the Palmer-Wasilla highway for the western approach to Palmer city limits. Controlling the design can create an edge or buffer for the City, which can separate the City from low-density, unattractive development to the west. Controlling the land uses in this area can also be fiscally efficient for service delivery: ensuring residential and commercial development proceeds at appropriate densities saves the City money when delivering critical infrastructure, and ensures police and fire Levels of Service do not degrade with the addition of new territory.

Analysis

Annexing this land will likely require sewer and water infrastructure⁶; hence, annexation was considered in phases. Two lift stations are assumed to be needed to extend the infrastructure to the end of Equestrian Acres, approximately 8000 ft., the end of the first annexation phase. It is assumed that the City will not bear the entire cost of infrastructure delivery.

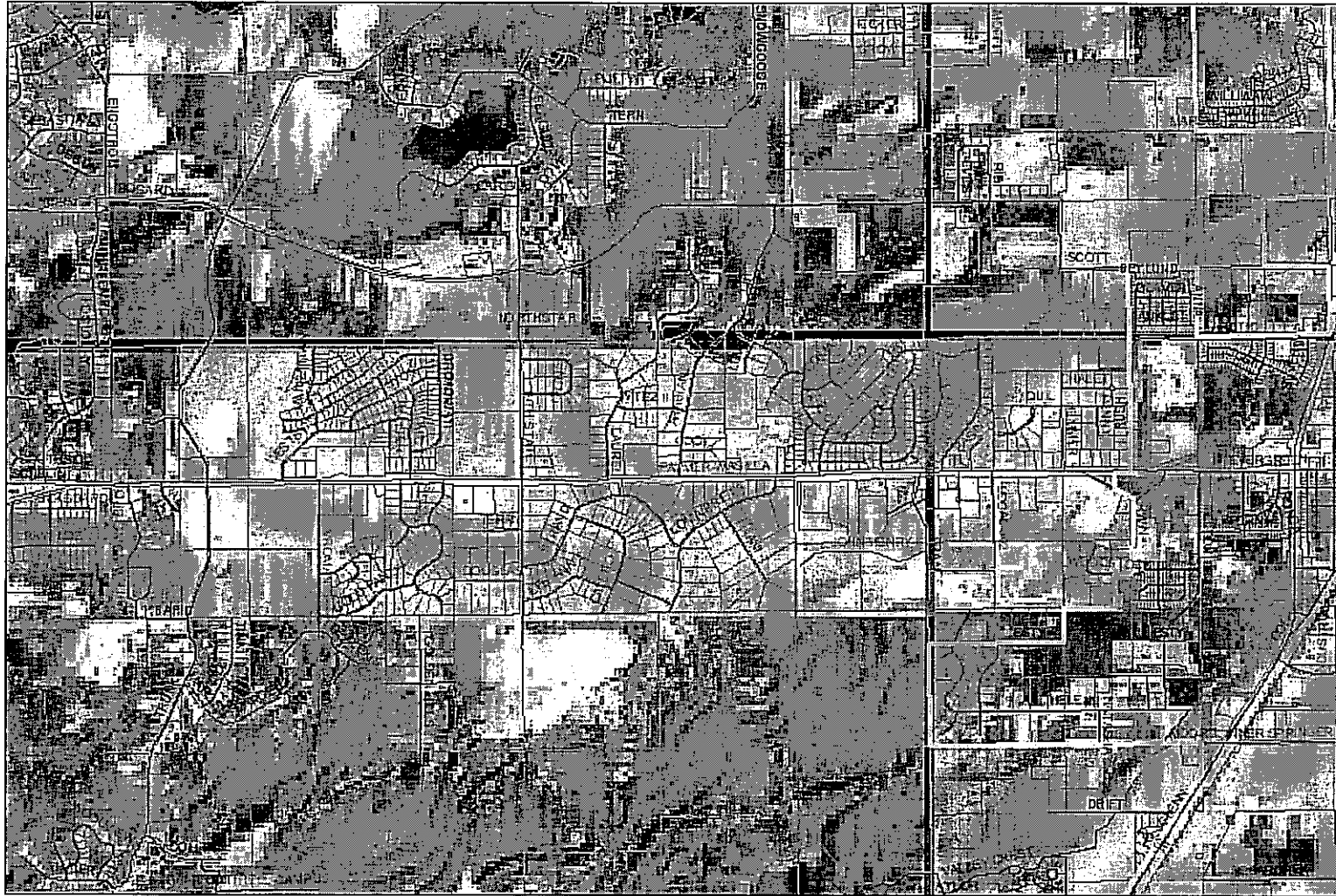
It is assumed that the City will develop this annexation option at current zoning, currently maximum 4 Dwelling Units per acre (DU/ac); commercial zoning will develop per new zoning recommendations (Appendix J, tables 1-3). Sufficient open space exists in the first annexation phase to accommodate approximately 15 years' worth of growth at current rates, at 4 DU/ac and 2.65 persons/DU. Provisions for multifamily housing are not included in these calculations (see Appendix E for designs for multifamily housing that are appropriate for this area), although sufficient land for development of multifamily housing exists in the area.

Sales tax revenue is assumed to increase by 10% if the annexation option develops at 2 DU/ac, and 15% if the annexation option develops at 4 DU/ac, as limited commercial capacity within the Palmer City limits constrains growth. Property tax revenue collections from this annexation option alone, at 4 DU/ac, can account for natural increases in City expenditures through 2014 presuming straight-line increases of 2.5%/year⁷.

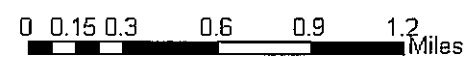
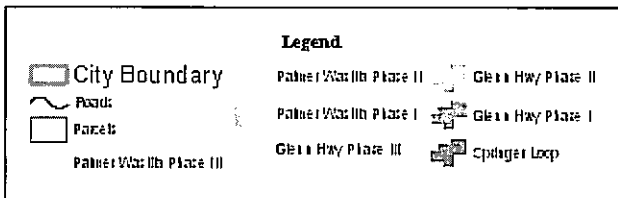
Politically, this annexation option appears to be the most palatable, as multiple goals and values can be addressed by controlling the land in the direction of Wasilla. Few working farms exist in the area, open space is limited, and adequate commercial development



Palmer-Wasilla Highway: Recommended Annexation Alternative



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already exists in the area to be annexed to offset some annexation and normal municipal operating costs.

The Palmer Parkway - Design Concepts

Considering the recommended Palmer-Wasilla annexation, the Palmer Parkway design concept aims to create livable communities along the Palmer-Wasilla Highway and strengthen connections to Palmer's Downtown. The Palmer Parkway option also responds to the concern that development along the highway is beginning to reflect a pattern in which goods and services (including businesses, schools, residences, and recreation) are spread over a wide area without convenient and efficient connections to these activities.

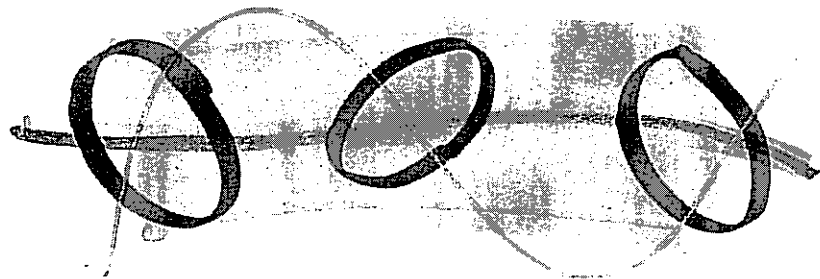
Separating activities has several consequences for community character. Traditional small town development focuses activity in the downtown and neighborhood cores. As activities become widely dispersed and separated from these core areas, the social networks that once made these spaces community hubs also

become dispersed and separated. Towns that choose this pattern of separation lose the social networks that enliven the community and provide the "rural, small town feel" that Palmer residents love and seek to preserve.

The Palmer Parkway design option promotes a sense of community and strengthens the rural character of Palmer. Goods and services are focused in core areas and are connected by a coherent system of roads and trails to adjacent neighborhoods and core commercial areas. Public parks and trails are dispersed throughout and provide gathering places for multiple generations, and opportunities to walk, run, play, and explore. This pattern of development also balances the accessibility of goods and services with the desire for quiet and open spaces, views of mountains and green spaces, and opportunities for recreation.

The Palmer Parkway design concept would put to use new commercial zoning designations that the city creates in Phase I of the recommended zoning amendment process. Commercial Limited Highway and Commercial Limited Rural should be designed to reflect the character of development that Palmer residents want to see along the Palmer Wasilla Highway.

Design guidelines, development prototypes, and planning tools that highlight opportunities and strategies for achieving this design option are on the pages that follow.

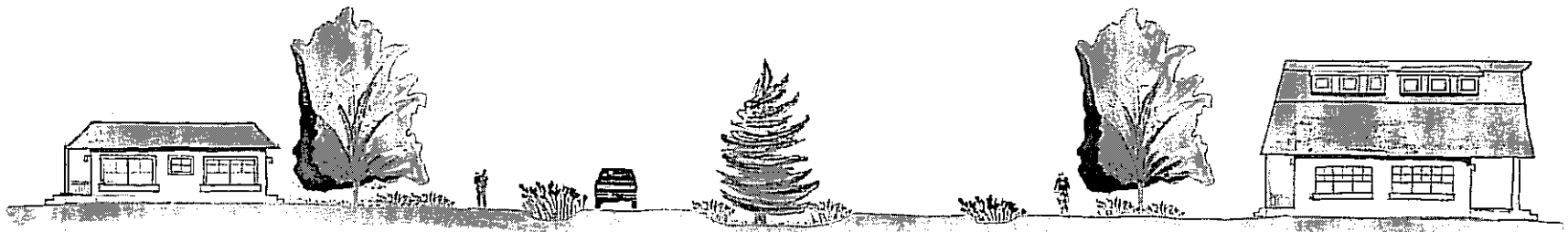
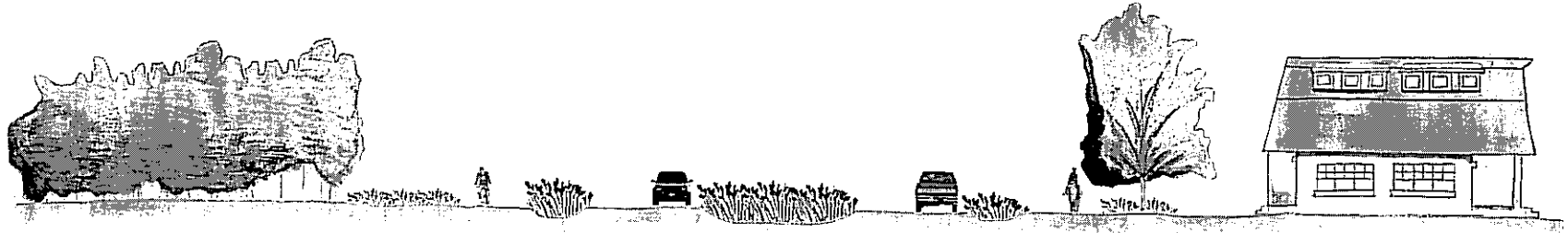


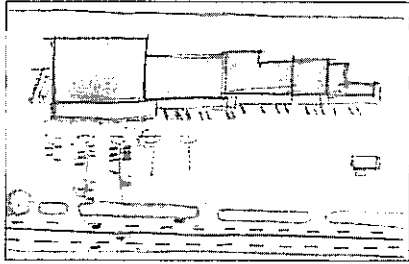
The Palmer Parkway design envisions three nodes of commercial activity along the Palmer-Wasilla highway, buffered by open space and residential development.



Change over time

The illustrations below show how development in the Palmer Parkway might look in 5, 10, and 20 years as plantings mature and new developments (buffered by trees) are added alongside the highway. Plantings in the median turn the highway into a parkway.





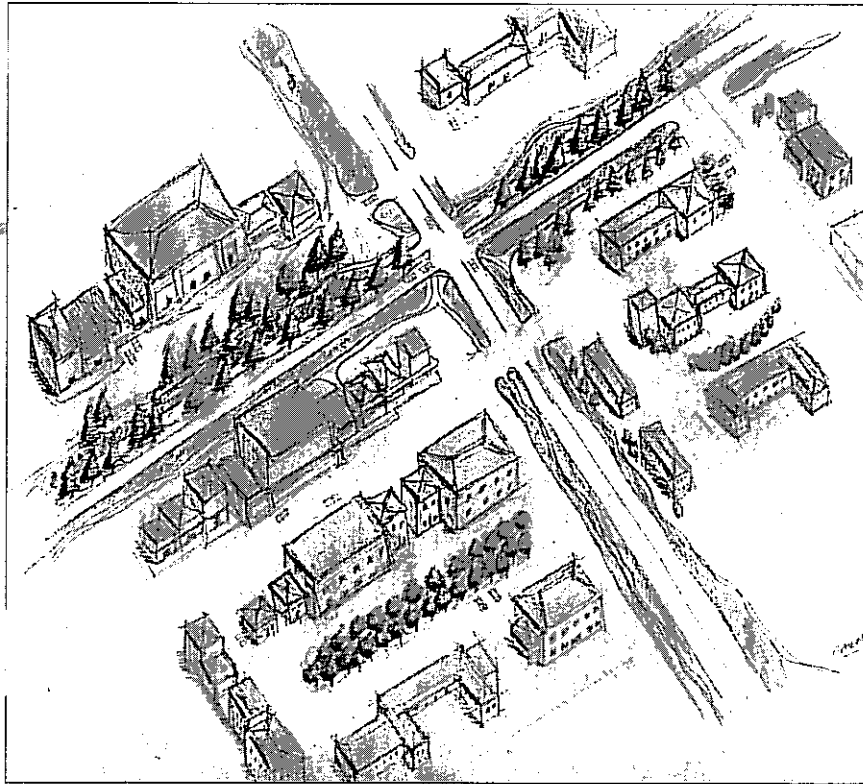
Traditional strip developments transform the rural landscape into a field of cars.



Sprawl can be mitigated with buffers of trees and other vegetation.

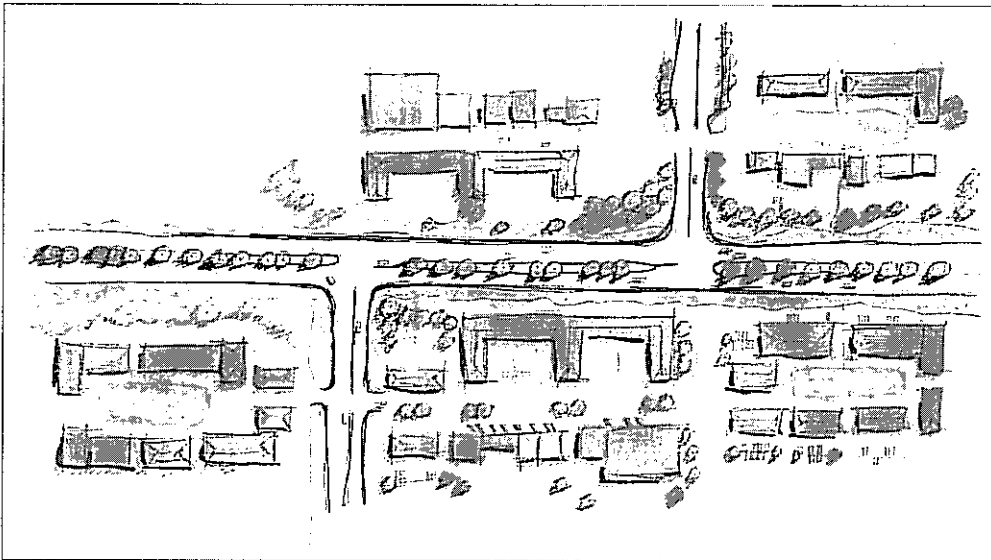


TO WASILLA

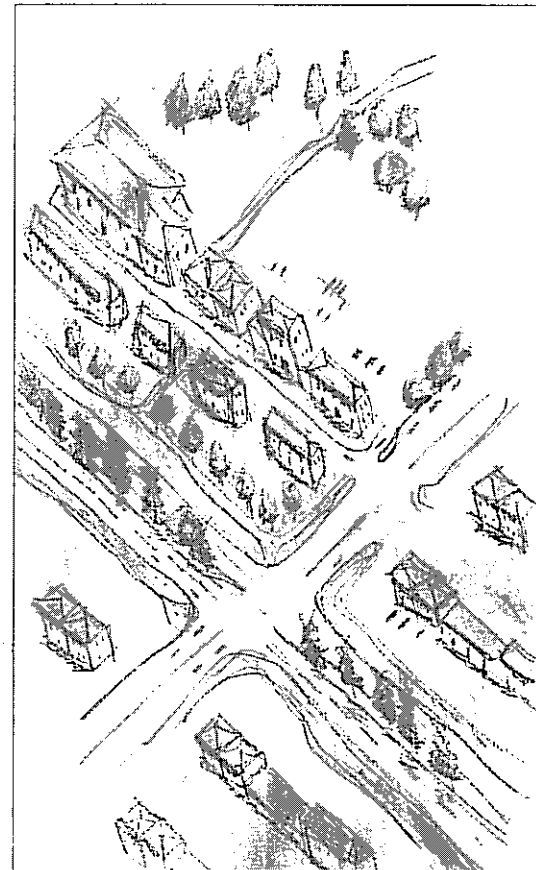


Possible development at Four Corners.





T-junctions alleviate traffic congestion along the Palmer Parkway.



Gateway to Palmer.

TO PALMER

Conclusion

It must be noted that Palmer's expenditures have been increasing faster than its revenues (Appendix J, table 8), even with the important addition of Fred Meyer tax revenue. Annexation activity will require new administrative expenses as well as maintaining levels of public service delivery throughout the remainder of the jurisdiction. Unless major new sources of sales tax revenue are found, municipal expenditures cannot increase at recent historic levels. Revenues from real property are less than one-fifth of the budget and property value increases should not be expected to continue, nor should tax revenue from purchasing of products be expected to be a panacea (or an important long-term revenue source) for growth.

Annexation will increase municipal expenditures – any decision to annex additional land will need to be balanced by the ability to pay (or forego) expenses associated with annexation and the willingness of newly annexed residents to accept the tax price of municipal services. An important consideration for annexation (demand for additional services), then, should be median family income. Evidence suggests that, other things held constant, higher income people demand higher levels of services from local governments. This consideration of balancing service delivery with expected income should be a main determinant when shaping and planning any newly-annexed area.

Alternate Annexation Considerations

Complete analyses and design concepts for the following alternatives can be found in Appendix J.

Glenn Highway

Option

Annex land along the Glenn Highway south of Palmer city limits in three phases to ultimately incorporate the area surrounding the hospital, approximately 6 miles.

Goals

Control pattern and design of growth, utilize existing water and sewer infrastructure, and receive property tax revenue from commercial areas surrounding hospital.

Springer Loop System

Option

Annex land in the Springer Loop system in one phase of approximately 600 acres.

Goals

To control growth in the area with the purpose of preserving farmland.



Recommendation

Formalize a relationship between the City and the Borough to lessen interagency conflicts and to promote and develop regional planning and decision-making.

Interlocal Agreements

Both the City of Palmer and the Mat-Su Borough are experiencing rapid growth and all the issues that accompany such growth. As both the City and the Borough cope with how to address development pressure, a productive interim step could be to share planning tasks via an Interlocal Agreement. Having the City and Borough cooperate in planning tasks could result in efficiency gains and a regional approach to solving growth issues.

A common method of forging cooperation among neighboring jurisdictions is entering into Interlocal Agreements (ILAs) with one another. ILAs may take a variety of forms. In the lower 48, the most common form is a formal contract for services between two jurisdictions under which one government agrees to provide a service to another government for an agreed price. For example, a city may contract with another city for emergency services, fire protection services, law enforcement services, court services, building inspections and code enforcement.

ILAs may also take the form of a joint service agreement, where two or more jurisdictions join forces to plan, finance and deliver a service within the boundaries of all participating jurisdictions, such as permit enforcement services. Finally, governments may also enter into various types of service exchange arrangements under which

participating jurisdictions agree to lend services to one another, generally without any payment being required.

Specifically for Palmer and the Mat-Su Borough, the City and Borough can agree to work together to establish a special purpose district to secure and preserve open land in the region, or the City and Borough can work together to approve subdivision permits within a certain distance of the City, ensuring some ability to shape the design and character of those subdivisions. Palmer can also enter into an ILA with any other public service agency such as municipal corporations, special purpose districts, local service districts, any agency of the state government, any agency of the United States, any Indian Tribe recognized as such by the federal government, and any political subdivision of another state. That is: Palmer can also contract with another city, a special purpose district, an agency of state government (and so on) to ensure needed or wanted services are performed.

Three types of ILAs:

- **Service Contract:** Under this arrangement, one unit of local government contracts with another to provide one or more services for a stated amount. The terms of the contract are negotiated and formalized in a written agreement. One city or other entity is the supplier of the service and the other pays for the service. This is the most common method of intergovernmental contracting.
- **Joint Agreement:** This method is distinguished from the service contract in that responsibility for the performance of a particular function or the operation and construction of a facility would be shared through the creation of an administrative vehicle to handle service responsibilities;

e.g., a board consisting of representatives of each participating governmental unit. The joint agreement may be spelled out through a contract, generally authorized by ordinance, following procedures established in the Act, which spells out the details at local discretion. This approach leaves a good deal of flexibility so that local officials can tailor the program to reflect their own needs and sensitivities

- **Understood Contract:** A common use is between two smaller neighboring towns, or an isolated town and its borough/nearby Fire Protection District. This usually takes the form of a mutual aid agreement, but usually there is an informal understanding and no definite written contract exists.

Example of an Application in Palmer

Creating a Special Purpose District for the purpose of preserving open land in the area around Palmer is a good example of positive cooperation between the City and the Borough. An Open Land District could be created that protects farm and open land from development. The boundaries could be the same as the existing Fire Protection District. Within this Open Land District (OLD), undeveloped land is identified for protection, either by purchase or easement. This land is purchased outright or held in trust against prospects of development. The open land can continue to be farmed or reserved for recreation, private (non-developed) holdings or habitat.

Preserving open land in an OLD has the benefit of maintaining this land for cultural heritage purposes, recreation land (in lieu of City/Borough owned land in parks), tourism value, or habitat maintenance. Funding can be via a variety of mechanisms, such

as an impact fee on new development within the District, bond issuance, or taxation.

References and Information

Additional Annexation References:

Spaling H, Wood JR 1998. Greed, need or creed? Farmland ethics in the rural-urban fringe. *Land Use Policy* 15:2 pp. 105-118. doi:10.1016/S0264-8377(98)80009-4. Explores ethical dimensions of farmland policy in Edmonton, Alberta, Canada after large annexation.

Carruthers JI, Ulfarsson GF 2002. Fragmentation and sprawl: Evidence from interregional analysis. *Growth and Change* 33:3 pp. 312-340. ISSN: 0017-4815. Finds interregional cooperation can be effective for positive outcomes in planning efforts.

Gainsborough JF 2001. Bridging the city-suburb divide: States and the politics of regional cooperation. *Journal of Urban Affairs* 23:5 pp.497-512. doi:10.1111/0735-2166.00103. Explores politics of regional cooperation in Houston and Los Angeles and politics of annexation.

Interlocal Agreements:

Austin DA 1998. A Positive Model of Special District Formation. *Regional Science and Urban Economics* 28: pp. 103-122. doi:10.1016/S0166-0462(97)00023-9. Economics paper modeling efficiencies of Special Districts.



References (con't)

City of Vancouver-Clark County (WA) Cooperative Agreement for the Provision of Services in the Vancouver Urban Growth Area: <http://www.mrsc.org/contracts/v35-c52ugasvcs.aspx>

Douglas County (OR) Urban Growth Management Agreement: <http://www.mrsc.org/contracts/douglasORuga.aspx>

City of Springfield (OR) Intergovernmental Agreement Regarding Coordinated Planning and Urban Services: <http://www.mrsc.org/contracts/springfieldORurbsvcs.aspx>

Thurston County (WA) Memorandum of Understanding regarding Urban Growth Area Zoning and Development Standards: <http://www.mrsc.org/govdocs/t46urbgrowthmou.aspx>

Related Appendices: I, J, K

Notes

1. A good general-purpose reference for the public is: *Planning and Preparing Proposals for Annexation to Cities*, Prepared by: Local Boundary Commission Staff, Division of Community & Business Development Alaska Department of Community and Economic Development. On-line reference at: http://www.dced.state.ak.us/dca/lbc/pubs/LBC_annex_plan.pdf
2. Sample references that explain this concept in different contexts: Bollens, J. 1949. Annexation of fringe areas. *Public Management* (April): pp. 98-102; Cotrell, CL, Stevens, RM 1979. The 1975 voting rights act, annexation policy and growth in the Sunbelt. *The Urban Law Review* 3: pp. 1-37; Smith, J, Bromley D, Manton, K 1979. Changes in the coincidence of the boundaries and populations of central cities. *Social Forces* 57: pp. 931-951; Liner, GH McGregor RR 1996. Institutions and the market for annexable land. *Growth and Change* 27:1 pp. 55-75.
3. Liner GH and McGregor RR 1996. Institutions and the market for annexable land. *Growth and Change* 27:1 pp. 55-75.
4. Austin DA 1999. Politics vs Economics: Evidence from Municipal Annexation. *Journal of Urban Economics* 45: pp. 501-532.
5. Generally, suburbanization is isolated, low-density automobile-oriented development that lacks pedestrian connectivity, nearby employment, and ignores the public realm in favor of private activity. Low-density development inefficiently utilizes land, and thus displaces farmland and other resource lands and strains municipal budgets to provide infrastructure to sparsely populated, far-flung areas.
6. Full costs are detailed in **Appendix J, Tables 9 & 10.**
7. 2000-2004 increase = 6.9%/year **Appendix J, Table 8.**