

## LEVEL OF SERVICE (CONTINUED)

| ROADS   |   |
|---|---|
| <b>Now:</b> King County<br><b>With Renton:</b><br>Renton Public Works | <ul style="list-style-type: none"> <li>Road maintenance cost per capita is lower in Renton (\$14) than in King County (\$70.50).</li> <li>On average, 10 to 20 years elapse between arterial resurfacing in Renton and 17 to 20 years on local streets. These figures are roughly consistent with figures King County has reported in the past (7- to 15-year cycles for arterials and 15- to 20-year cycles for local streets).</li> </ul> |

## WHAT WOULD IT COST RENTON TO ANNEX THE ENTIRE FAIRWOOD PAA?

| Operating Costs                           | Total               |
|---|---------------------|
| Police Services                           | \$6,579,000         |
| Planning, Building and Public Works       | \$4,707,000         |
| Fire Services                             | \$3,796,000         |
| Administrative, Judicial & Legal Services | \$1,302,000         |
| Community Services                        | \$2,839,000         |
| Finance and Information Services          | \$871,000           |
| Human Resources & Risk Management         | \$186,000           |
| Economic Development                      | \$664,000           |
| Legislative                               | \$35,000            |
| Staff-related Facility Costs              | \$728,000           |
| <b>TOTAL COST</b>                         | <b>\$21,707,000</b> |
| Operating Revenues                        |                     |
| Property Tax                              | \$10,567,000        |
| Utility Tax                               | \$3,708,000         |
| Sales Tax                                 | \$1,857,000         |
| State Shared Revenues                     | \$1,431,000         |
| Gambling Tax                              | \$437,000           |
| Permit Fees                               | \$990,000           |
| Sales Tax-Criminal Justice                | \$845,000           |
| Fines & Forfeits                          | \$519,000           |
| Cable Franchise Fees                      | \$359,000           |
| Recreation Fees                           | \$132,000           |
| Business License Fees                     | \$38,600            |
| <b>TOTAL REVENUE</b>                      | <b>\$20,883,600</b> |
| <b>NET REVENUES</b>                       | <b>(\$823,400)</b>  |

If the entire Fairwood PAA was part of Renton today, and the City wanted to provide current levels of service, how much money would Renton need to cover the costs?

Annexing the Fairwood area would cost Renton \$823,000 per year in the short-term. The estimates focus only on ongoing operating costs, not one-time transition costs (for example, cost of initial purchase of equipment), or how Renton might serve the area with different service levels or staffing.

These costs are a little higher than Renton's costs to annex just the Cascade area, because as a whole, Fairwood has low per-resident costs of service for fire, police, and parks services. Long-term, Renton will need to develop a financial strategy to deal with the shortfall.

Planned staff additions would include police, fire, and library personnel. Estimates assume that FD 40 facilities, equipment, and full-time district staff would become part of Renton's department. The location of fire stations matters, since once a fire station is in place, then the incremental costs of providing fire services to another population in the area is lower.

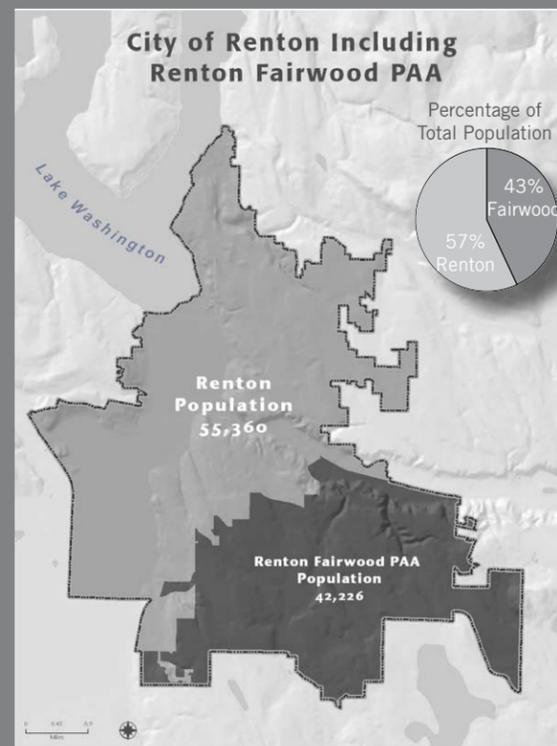
Usually, residential areas cost more than the revenues they generate. Development may bring one-time revenues from construction sales taxes, impact fees, and real estate excise taxes. Long-term, how Renton responds to Initiative 747's 1% limits, or relies on sales tax growth from commercial areas, will determine the attractiveness of annexing any residential area, and will determine the City's long-term strategy to address the gap.

### Annexation Process

There are several ways for unincorporated areas to annex to a city.

- Residents can request consideration by the Council of the annexing city and a subsequent public vote through a 10% petition among residents of the proposed area.
- The Council of the potential annexing city can pass a resolution requesting a vote among residents of the proposed area of annexation.
- Residents can request annexation without a public referendum by gathering signatures of landowners in the proposed area of incorporation, as long as the combined value of the property owned by the signatories equals at least 60% of the total assessed value of the area.
- Residents can request consideration by the Council of the annexing city without a public referendum by filing "an intention to commence annexation proceeding" signed by owners of 10% of the acreage of the area. If the city council accepts the initial annexation proposal, the initiating parties must circulate a petition including signatures of the owners of a majority of the acreage of the area and a majority of the registered voters.

## What if the entire Fairwood PAA were to...



# ANNEX TO RENTON

## FAIRWOOD PAA

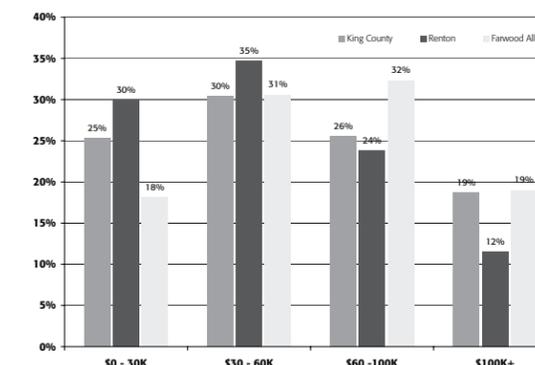
### Where is Renton's Fairwood Potential Annexation area (PAA)?

The Fairwood area is bounded on the north and west by the City of Renton, on the south by the City of Kent and its PAA, and on the east by the County's urban growth boundary.

**Population.** Population growth is an important driver of city costs and revenues. The population of the Fairwood PAA in 2005 was 42,226. If the Fairwood PAA was part of the City of Renton, the area would nearly double, increasing Renton's total population by 43%. A voter in a larger city of Renton would vote for Councilmembers elected at-large (not from districts). Future councilmembers could come from the newly annexed area.

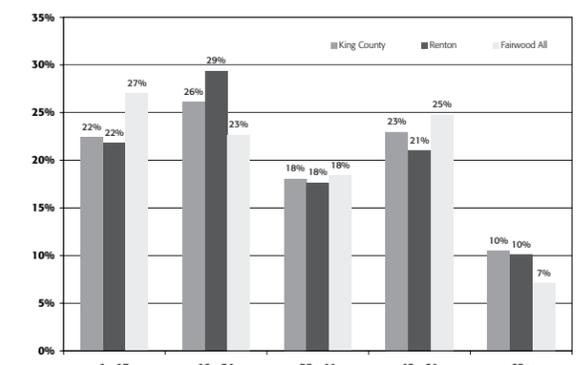
**Area Demographics.** The demographic characteristics of the area reveal similarities and contrasts with the current population of the City of Renton. The Fairwood PAA has a greater share of residents in the upper income bracket (more than \$100K) than the City of Renton, and a lower share in the lowest income bracket (less than \$30K). The percentage of children under 17 and 35-64 year-olds is higher in the Fairwood PAA than in King County or Renton.

Household Income in King County, Renton and Fairwood PAA, 2000



Source: 2000 U.S. Census

Age in King County, Renton and Fairwood PAA, 2000



Source: 2000 U.S. Census

## WHAT ARE THE FAIRWOOD PAA'S GOVERNANCE OPTIONS?

The area has three options: stay unincorporated, annex to Renton, or incorporate as a new city. In 1993, King County, together with cities, decided as part of Growth Management planning to designate the Fairwood PAA as "urban" in its Comprehensive Plan. This means 1) growth will occur there and 2) urban services should be provided in the area. Under county-wide policies that direct how services will be provided, Renton agreed to be the future service provider, and made Fairwood part of its "Potential Annexation Area."

Remaining unincorporated is an option that has implications. Unless King County gets authority to increase taxes in unincorporated areas, departments providing services funded by King County's general fund will face significant fiscal pressure to reduce expenditures in urban unincorporated areas like Fairwood because of the property tax limitations imposed by Initiative 747.

## TAX BURDEN

If the Fairwood PAA were annexed to Renton, the typical homeowner would see a very slight decrease in taxes and utility services of \$11 per year.

In terms of utility services, Renton households face substantially lower costs in surface water fees (which are billed on residents' property taxes).



For purposes of illustration only, from 2000 to 2005, a selected homeowner with a house valued at \$250,000 (in 2005) saw their total property tax payment increase by 20%. An owner of an equivalent home in Renton saw overall property tax payments increase by 15%.

|                                       | Stay<br>Unincorporated | Annex to<br>Renton |
|---------------------------------------|------------------------|--------------------|
| <b>PROPERTY TAXES</b>                 |                        |                    |
| Consolidated Levy                     | \$4.33                 | \$4.33             |
| Property Tax (City)                   | 0.00                   | 3.23               |
| Road Levy (County)                    | 1.83                   | 0.00               |
| School Levy                           | 4.80                   | 4.80               |
| Fire Levy                             | 0.99                   | 0.00               |
| Hospital Levy                         | 0.09                   | 0.09               |
| Library                               | 0.53                   | 0.05               |
| EMS                                   | 0.23                   | 0.23               |
| Flood Levy                            | 0.00                   | 0.00               |
| Total Regular Levy                    | \$12.80                | \$12.72            |
| <b>Total Property Tax</b>             | <b>\$3,674</b>         | <b>\$3,651</b>     |
| <b>OTHER TAXES AND FEES</b>           |                        |                    |
| Utility Taxes                         | \$0                    | \$190              |
| Fire District 40 Benefit Charge       | \$142                  | \$0                |
| Surface Water Fee                     | 102                    | 65                 |
| Cable Franchise Fee (5%)              | 24                     | 24                 |
| <b>Total Other Taxes &amp; Fees</b>   | <b>\$268</b>           | <b>\$279</b>       |
| <b>SERVICE COSTS</b>                  |                        |                    |
| Soos Creek Water & Sewer charges      | \$0                    | \$0                |
| Cedar River Water & Sewer charges     | 1,027                  | 1,027              |
| Solid Waste Collection Charges        | 256                    | 256                |
| <b>Total Service Costs</b>            | <b>\$1,283</b>         | <b>\$1,283</b>     |
| <b>TOTAL TAXES/FEES/SERVICE COSTS</b> | <b>\$5,225</b>         | <b>\$5,213</b>     |
| Difference from Unincorporated        |                        | -\$11              |

This table is based on actual 2005 taxes and fees, and is for illustration purposes only. Individual tax experiences will vary by household based on consumption. There are 16 levy codes in Fairwood. This tax burden was based on levy code 5160 and a house valued at \$287K.

## LEVEL OF SERVICE

|   |   |
|---|---|
| <b>POLICE</b>   |   |
| <b>Now:</b> KC Sheriff<br><b>With Renton:</b><br>Renton Police Dept.  | <ul style="list-style-type: none"> <li>Renton's response time is about two minutes faster for highest priority calls (roughly 2.5 minutes compared with about 4.8 minutes for King County).</li> <li>Renton Police Department and statistics-based forecasts of demand indicate that annexation of the Fairwood PAA would add three patrol districts to the City and require a broader redistricting of precincts in the eastern portion of the City. Altogether, the Department estimates that serving the Fairwood PAA will require a combined 43% increase in staffing, adding 56 full-time staff positions.</li> </ul>  |
| <b>FIRE</b>   |   |
| <b>Now:</b> Fire District 40, with small portions served by FD 25 (Renton) and FD 37 (Kent)<br><b>With Renton:</b> Renton Fire Department | <ul style="list-style-type: none"> <li>Today, Fire District 40 staffs Stations 41 and 42 in Fairwood PAA. Station 42 (Headquarters) is located on 176th/Petrovitsky Road and Benson Highway (SR 515), and responds to most area calls with one fire engine. Station 41 is in the eastern part of the District on Petrovitsky Road. Renton Fire Department also responds to calls from Station 13 (from 108th Avenue) with one fire engine.</li> <li>Annexation of Fairwood PAA would bring 99% of FD 40's property tax base into the City, and would probably result in the dissolution of Fire District 40. This would mean the facilities, equipment, and full-time fire district staff would become part of Renton's department. Renton indicates that Station 13 would likely be closed, and the City would respond from either the District's Station 42, or a new station that the District plans to build on 108th.</li> <li>In addition to moving the existing Station 13 engine and crew to Station 42, Renton would locate an aid car and crew there, increasing staff to five full-time positions, and staff an engine and aid car at Station 41 (adding five full-time positions).</li> </ul> |
| <b>PARKS</b>  |   |
| <b>Now:</b> King County<br><b>With Renton:</b><br>Renton Parks & Recreation   | <ul style="list-style-type: none"> <li>Four local parks totaling 65 acres would be transferred: Boulevard Lane Park (30 acres), Cascade Park (11 acres), Renton Park (19 acres), and Lake Youngs Park (5 acres). Petrovitsky Park is considered a regional park and would continue to be operated by King County.</li> <li>King County owns Renton Pool, part of the Lindbergh High School campus on 128th Avenue SE. Renton will not assume ownership of the Renton Pool, nor contribute to its operation. This means the pool would either continue in operation by King County or by a non-profit organization such as the Northwest Center. In other cities, this has required a contribution from King County.</li> <li>Renton provides more active and passive park space, trail miles, and athletic fields per capita than King County. Renton residents pay lower fees than non-residents for Renton Parks &amp; Recreation programs, including a pool, golf course, boat launch, athletics, and more.</li> </ul>   |
| <b>UTILITIES</b>  |   |
| <b>Current Water and Sewer Districts</b>  | <ul style="list-style-type: none"> <li>Annexation to Renton would not affect the status of water and sewer services provided by two utility districts: Soos Creek Water and Sewer District, and Cedar River Water and Sewer District.</li> </ul>  |
| <b>SCHOOLS</b>  |   |
| <b>Current School Districts</b>   | <ul style="list-style-type: none"> <li>School district boundaries are not affected by municipal annexations, so current Kent and Renton School District boundaries would stay the same if Renton annexed the Fairwood PAA.</li> </ul>   |
| <b>LIBRARY</b>  |   |
| <b>Now:</b> King County Library System (KCLS)<br><b>With Renton:</b><br>Several Options exist   | <ul style="list-style-type: none"> <li>Renton is beginning a masterplanning process to determine the future of its library system. Options include enhanced funding and services for current and annexed branches, annexation to KCLS, and provision of services to current KCLS facilities through contract. Annexation analysis (see page 4) assumes that the City of Renton would take on responsibility for library services in Fairwood PAA.</li> <li>Today, Renton spends less per resident for library operations than does KCLS (\$22 per resident for Renton versus \$62 per resident for KCLS).</li> <li>KCLS voters approved a 2004 bond levy to support system capital and operating costs. Even if the Renton Fairwood PAA is no longer part of KCLS, taxpayers must continue to pay property taxes for part of the levy that supports construction improvements through 2022. (See tax burden table.)</li> </ul>  |

## LEVEL OF SERVICE

The biggest changes that might occur with annexation include police, parks and recreation, and economic development. In the unincorporated areas, King County spends roughly \$240 per resident per year for these three services combined. This is a little more than half of the \$440 per capita that Renton currently spends to provide the same services to its residents.

Renton probably already provides some park and recreation services to nearby unincorporated area residents. It is also true that, as an employment center and as a center for local retail activity, demand for Renton's police services is driven by people who live in the City, and by people who come to the city to work, shop and play. Most of Renton's economic development activity is focused on the downtown core, which generates tax revenues that benefit the whole City.

Renton takes an integrated approach to community and economic development through its Economic Development, Neighborhoods, and Strategic Planning Department (EDNSP). Recently, Renton has garnered regional attention for successful efforts to revitalize the City's downtown areas. The City also administers and sponsors neighborhood grants and picnics for residents. By looking at indicators like expenditures per resident, it is possible for Fairwood PAA residents to get a feeling for the City's overall priorities, and how the City does what it does.

### Expenditures per capita for selected local services

