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West Hill Governance Alternatives Assessment

WEST HILL



TUKWILA

RENTON



Presented to the
West Hill Governance Alternatives Task Force
October 2005



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WEST HILL GOVERNANCE ALTERNATIVES ASSESSMENT SUMMARY REPORT

Executive Summary

INTRODUCTION

The unincorporated area of West Hill has four choices for provision of local government services:

1. Remain an unincorporated area in King County;
2. Incorporate as a new city;
3. Annex to Seattle; or
4. Annex to Renton

In theory, West Hill does have a fifth alternative: *Annex to Tukwila*, but when approached, the City of Tukwila indicated that they were unwilling to consider annexation.

In January 2005, the King County Executive's Office contracted with Berk & Associates (a consulting firm) to provide assistance to the West Hill Governance Alternatives Task Force. Berk & Associates' role was to assist the Task Force in assessing the four alternatives that are available to the West Hill area. This report summarizes the approach, activities, and findings of that assessment.

Berk & Associates' charge in assisting the West Hill Task Force was threefold:

1. Assist the Task Force in collecting information about the governance issues West Hill residents and businesses care about most, and their goals and desires for their community's future;
2. Assist both the Task Force and the public in understanding what governance alternatives would mean in terms of taxes, services, and the ways in which West Hill would relate to its provider of governmental services; and
3. Assist the Task Force in making connections between what West Hill residents and businesses *want* and what residents *would be likely to get* if the area were to pursue any of the four governance alternatives.

Ultimately, the goal of the Task Force was to arrive at a recommendation about (1) what governance option will best achieve West Hill's goals and desires and (2) what steps the West Hill community should take next, if any, to try to pursue the Task Force's recommended path.

UNDERSTANDING WHAT THE WEST HILL COMMUNITY VALUES

During the Governance Alternatives Assessment process, Berk & Associates and the Task Force pursued two phases of community outreach.

The first phase, which took place during March of 2005, was a series of neighborhood meetings throughout the West Hill community. The goal of these March meetings was to get an understanding, early in the governance study, about what public services are most important to residents.

Coming out of these meetings, the understanding gained during the discussions was used to guide analysis and data collection, to ensure that the information provided to the Task Force and West Hill residents directly addressed the issues West Hill cared most deeply about.

During the second phase, Berk & Associates and the Task Force hosted a community forum on May 25th, at Dimmit Middle School. The goals of the community forum were (1) to provide residents answers to the questions they had posed in the March neighborhood meetings and (2) to solicit additional community feedback regarding community preferences and priorities. These preferences and priorities have been used to inform the Task Force recommendations concerning governance alternatives.

What Does the Community Care About?

Overall, the West Hill community values the area as both a place and a community. Residents care a great deal about their library and their fire district. They also feel strongly that high quality police services are important, actions that would undermine property values should be avoided, and low taxes are important. Finally, people would like to see West Hill's commercial center improved so that it can offer more services to a larger portion of the community.

While many people expressed strong opinions about dollars and cents issues like taxes and property values, at the core of most comments and discussions was a deep-seated affection for their community. An overarching theme in the neighborhood meetings and the community forum was a sense that residents cared about West Hill as a place to live, and they carried with them a sense of loyalty towards their community and a strong interest in preserving its quality-of-life. One manifestation of residents' loyalty and sense of stewardship was their attitude about the Skyway Library. People of all ages were dedicated to Skyway Library because it is *their* library and because of what it provides: a positive public space for the community.

GOVERNANCE ALTERNATIVES

Incorporation

Is Incorporating as a New City of West Hill Financially Feasible?

The short answer to this question is: ***probably not***. While this alternative would provide the greatest level of local control over future decisions affecting the community, it does not appear to pass the financial feasibility test. As an area with only a modest tax base, and relatively high

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demands for costly services like public safety, a City of West Hill's revenues would probably not be sufficient to provide necessary services at a level that would meet the community's desires or expectations.

To clarify the baseline question about incorporation feasibility, the analytic team asked a hypothetical question:

If West Hill were an existing city in 2005, would it have sufficient revenues, given existing tax rates, to pay for the levels of service it now receives?

The answer to this question is: *No*.

At current tax rates and current levels of service, revenues for a City of West Hill would fall short of the City's day-to-day costs of service by \$1.75 million per year.

The principal costs a City of West Hill would face include Public Safety (with an estimated cost of \$3.5 million) and General Government, which includes staffing of City Hall for functions like the City Administrator, City Clerk, Finance, and administration of Public Works.

The principal sources of day-to-day operating revenue would include property taxes (nearly \$2 million); gambling taxes (more than \$1 million); and \$460,000 in revenues distributed by the state (including local distributions of gas taxes and liquor taxes and profits).

By city standards, West Hill supports relatively few businesses, which with the exception of the two casinos, provide little tax base for a proposed city. Businesses in the area generate little in the way of taxable retail sales, and with only 1,000 estimated private sector employees in the area, options for raising revenues via business taxes or business license fees are limited.

Remain Unincorporated

If the area chooses to remain unincorporated, West Hill residents and businesses would see no change in the providers of governmental service. West Hill would continue to receive the majority of local services from King County. Fire services will continue to be provided by Fire District 20. Library services will continue to be provided by the King County Library System. And water and sewer services will continue to be provided by Skyway Water & Sewer District (for the portion of West Hill that receives sewer service).

As a small part of a very large county, West Hill residents have a limited ability to influence governmental decisions that affect most local services. In a given year, King County decisionmakers take many actions that directly or indirectly impact local services in West Hill, including decisions that affect Police, Parks & Recreation, Roads, Land Use & Planning, Stormwater, Human Services and Community Development. As residents of an area that represents less than 1% of the voting population in the county, West Hill residents face barriers when it comes to affecting decisions that directly impact their community.

On the other hand, if West Hill were to remain unincorporated, residents would maintain a great deal of local control over Fire and Water & Sewer services. Both Fire District 20 and the Skyway Water & Sewer District have district boundaries that closely coincide with West Hill's boundaries.

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This means that West Hill residents and businesses make up virtually 100% of the each district's constituency.

Taxes

As residents of unincorporated King County, the typical West Hill homeowner pays roughly \$193 more in taxes and fees for utility services than she would if West Hill was part of Renton, but \$281 less than if West Hill was part of Seattle (see Table 1).¹ In terms of a trend, taxes in unincorporated West Hill have increased faster in recent years than they have in Renton or Seattle.

From 2000 to 2005, a selected West Hill homeowner with a house valued at \$225,000 (in 2005) saw her total property tax payment increase by 41% (more than \$800). An owner of an equivalent home in Renton saw her overall property tax payments increase by 33% and the equivalent homeowner in Seattle saw her payments increase by an even lower 22%.

Table 1: Taxes and Costs of Service for a Typical West Hill Homeowner

	Stay Unincorporated	Annex to Seattle	Annex to Renton
Property Tax*	\$2,860	\$2,710	\$2,680
Utility Taxes	\$60	\$288	\$236
Cable Franchise Fee	\$24	\$12	\$24
Monorail Tax**	--	\$238	--
TOTAL	\$2,944	\$3,248	\$2,940
Difference vs. Unincorporated		Increase \$304	Decrease (\$4)
Service Costs			
Surface Water Fee	\$91	\$122	\$65
Water & Sewer Charges	\$901	\$923	\$901
Solid Waste Collection Charges	\$324	\$248	\$161
TOTAL	\$1,316	\$1,293	\$1,127
Difference vs. Unincorporated		Decrease (\$23)	Decrease (\$189)
GRAND TOTAL	\$4,260	\$4,541	\$4,067
TOTAL COST DIFFERENCE		Increase \$281	Decrease (\$193)

* House assessed at \$225,000

** Assumes total vehicle value of \$17,000

¹ The higher tax burden as part of Seattle is based on an assumption that, if annexed to Seattle, West Hill residents would be required to pay the Monorail vehicle excise tax. See the note following Table 9 for discussion of this issue.

Level of Service

What should West Hill residents and businesses expect to happen to service levels if the area remains unincorporated?

Unless King County gets authority to increase taxes in unincorporated areas, departments that are providing services that are funded out of King County's general fund will all face significant fiscal pressure to reduce expenditures in urban unincorporated areas like West Hill. (This includes the Sheriff's Office, Parks, Human Services, Land Use & Planning, and Economic Development.) The principal factor causing this fiscal pressure is the effect of the 1% limit on property tax revenue growth enacted by voters when they passed Initiative 747 in 2001. The new 1% limit restricts property tax revenue growth to 1% plus the value of new construction. The previous limit was 6% and was established through state legislative action.

King County's general fund is where most of the revenues are collected by the county to pay for day-to-day operations. From 2002 to 2005, King County expects that general fund revenues will have increased at a rate of 2.7% per year. At the same time, the basic costs of providing services have increased at more than twice that rate. The County estimates that, in order to maintain 2002 staffing levels and levels of service in 2005, King County would have needed an additional \$137 million in general fund revenues in 2005 (25% more than the County actually received).

It is difficult to say which services may be cut or reduced in unincorporated areas as available revenues continue to lag behind growth in the cost of public services. Those decisions must be made each year through the County's budget adoption process. However, until the County is able to fully address its structural deficit, the County will be forced to make cuts across all of its service areas, including services to local urban unincorporated areas like West Hill.

What about other services?

For services that are not funded out of King County's general fund, service levels are likely to fare better. Special service districts like the fire and library district have their own property tax levies. In part because of voter approved levy-lid lifts, revenues from these levies have grown in recent years (part of the reason West Hill residents have seen rapid increases in property taxes).

ANNEXATION

Residents of West Hill cannot simply *choose* to annex to an adjacent city. Rather, the decision to annex must be mutual; both the annexing City and annexation area residents must actively choose to pursue annexation. Presumably, if the recommendation of the West Hill Governance Alternatives Task Force is to pursue annexation, an accompanying recommendation will be for West Hill representatives to begin a dialogue with the potential annexing city.

West Hill as a Neighborhood in Seattle

As part of the City of Seattle, the neighborhood of West Hill would comprise roughly 2% of the City's population of nearly 600,000. West Hill residents would be constituents in the dominant city in Washington State and the Northwest.

West Hill is nine to ten miles southeast of downtown Seattle, which would make it the furthest neighborhood from Downtown. Given Seattle's large population, the addition of West Hill would

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do little to change the City's center of gravity, which in terms of population, lies north of downtown in the South Lake Union neighborhood. On the other hand, as a part of the state's largest city, West Hill would have the advantage being a part of a city with substantial resources—where it would compete with 38 other city neighborhoods for neighborhood resource allocations.

As a geographically dispersed city, a number of Seattle's outlying neighborhoods fall within the orbit of adjacent cities. With its proximity to Renton, West Hill would be one such neighborhood. West Hill would continue to be part of the Renton School District, and many West Hill residents would continue to shop and play in Renton.

West Hill as a Neighborhood in Renton

If West Hill were part of the City of Renton, the neighborhood of West Hill would represent 20% of Renton's entire population. With a population of roughly 70,000 (2005), the new, larger City of Renton would jump from the 14th most populous city in the state to the 12th.

If West Hill became part of the city, Renton's center of gravity (for population) would shift about a half mile to the northwest. Renton's current center of gravity lies in a residential neighborhood to the east of I-405 (roughly at the intersection of NE 4th and Edmonds Avenue NE). With a neighborhood of West Hill, the center would shift to the west of I-405, to the city's commercial center (the PACCAR plant).

In effect, annexation of West Hill would more closely align Renton's city boundaries with the practical boundaries that describe how Renton functions as a place. As a neighborhood in Renton, West Hill would strengthen already-established connections with the city. Most of West Hill is part of the Renton School District, and according to information provided by participants in neighborhood forums, many of West Hill's residents already shop and play in Renton on a regular basis. Under annexation to Renton, Renton would leave the Skyway Water & Sewer district in place, which would maintain West Hill's local control of that service.

Key Issues

Taxes

As noted previously, if West Hill was part of Renton in 2005, a typical homeowner in West Hill would have faced \$190 less in taxes and utility costs. If West Hill was part of Seattle, that homeowner would have faced tax and utility costs that were roughly \$280 higher due largely to the impact of the Monorail tax (see note accompanying Table 9 on page 23 for a discussion of uncertainty regarding application of the Monorail tax to annexed areas).

Fire Service

If West Hill annexes to Seattle or Renton, the Seattle or Renton fire departments will take over provision of fire and emergency medical services (EMS) in West Hill. Facilities, equipment, and full time fire district staff would be absorbed into Seattle or Renton's department.

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Unlike Seattle or Renton, Fire District 20 augments its full time staff with part time volunteer staff. These volunteer staff would probably not be absorbed into the Renton or Seattle departments upon annexation.

Fire District 20 has two fire stations: **Skyway Fire Station** and **Bryn Mawr Station** near Lake Washington. Bryn Mawr Station is old (built in 1942 and never upgraded), is only staffed in the evening by volunteers, and is viewed by both Seattle and Renton as unnecessary for effective provision of fire and EMS services. Both Seattle and Renton would be likely to close Bryn Mawr Station if they were to annex the area, concentrating instead on providing fire and EMS service to the West Hill area from larger and more modern Skyway Station.

It is unlikely that West Hill residents would see a dramatic difference in response times if the area were to annex to either Seattle or Renton. Closure of the Bryn Mawr Station would mean that responses would no longer originate out of that station (in the evening when it is staffed), which would result in slightly longer travel times for calls in portions of Bryn Mawr during evening hours. Ultimately, however, the Bryn Mawr and Skyway stations are less than a mile apart, and no part of Bryn Mawr is more than a mile and a half from the Skyway Station.

Library Services

West Hill currently receives its library services from the King County Library System (KCLS), a district which operates the 5,100 square foot Skyway Library. Skyway's existing library was built in 1970, and as part of KCLS's recently approved capital bond, the district has plans to build a new 8,000 square foot library in Skyway, with construction beginning in 2011.

If West Hill were to annex to Seattle or Renton, the annexing city would take over provision of library services in the area.

Renton currently has two city libraries and indicates that they would take over operation of the Skyway library, increasing the number of City libraries to three.

The City of Seattle has an extensive library system, with the newly constructed Seattle Central Library and 27 neighborhood branches. Seattle Libraries has indicated that they would be likely to close the West Hill library and seek to provide library services to West Hill through the system's other branches (the nearest being the Rainier Beach Branch).

The KCLS Bond and Construction of the New Library

King County Library System voters recently approved a library capital bond levy. For 2006 through 2011, the new KCLS bond levy will be combined with the 1988 bond levy (which will expire in 2011). Even if West Hill annexes to Seattle or Renton and property owners are no longer in the Library District, taxpayers in West Hill must continue paying property taxes for the bond levy through 2022. (The bond levy in 2006 is expected to amount to slightly less than \$20 for a \$225,000 house.)

If West Hill annexes to Seattle or Renton, and thus leaves the Library District, KCLS will not be legally required to build the Skyway Library now slated to begin construction in 2011. Since Renton has stated that they would want to provide library services in West Hill (if the City annexed the area), the City indicates that they would try to negotiate an agreement with KCLS to get the new library built.

Parks, Recreation, and Community Services

Both Renton and Seattle spend a great deal more providing parks, recreation, and community services than does King County. King County reports that it currently spends less than \$5 per resident on parks and recreation services in West Hill, while Renton reports that it spends \$126 per resident and Seattle reports expenditures of \$184. Annexation to either city would result in a substantial increase in parks and recreation services.

Both Renton and Seattle would probably increase substantially the level of maintenance of Skyway and Bryn Mawr parks and extend their existing recreation programs to the West Hill. Staff at the City of Renton have indicated that the City would make use of all of West Hill's elementary schools to host a full slate of youth programs and community services activities (a relationship between the City and Renton Schools that is well established now within city boundaries).

WHAT DID RESIDENTS SAY ABOUT THEIR PREFERENCES?

At the May 25th community forum, after having a brief opportunity to learn about the alternatives, 120 community members completed a comment form.

Participants were asked to rank their current governance preferences from 1, most desirable, to 4, least desirable. Overall, 60% of respondents picked annexation as their first choice (favoring Renton over Seattle by a ratio of nearly 4 to 1) 38% preferred remaining unincorporated, and 1 person chose incorporation.

Table 2: Governance Alternative Preferences of Respondents Who Indicated a Preference

	Unincorporated	Incorporate	Renton	Seattle
Governance Preferences	43	1	53	15
Percent of Total	38%	1%	47%	13%
Average Score	1.37	2.94	1.14	2.31

Source: Community Forum Respondents

Among respondents, 79% picked annexation to Renton as their first or second choice, 68% picked remain unincorporated as their first or second choice, and 28% ranked annexation to Seattle in their top two choices.

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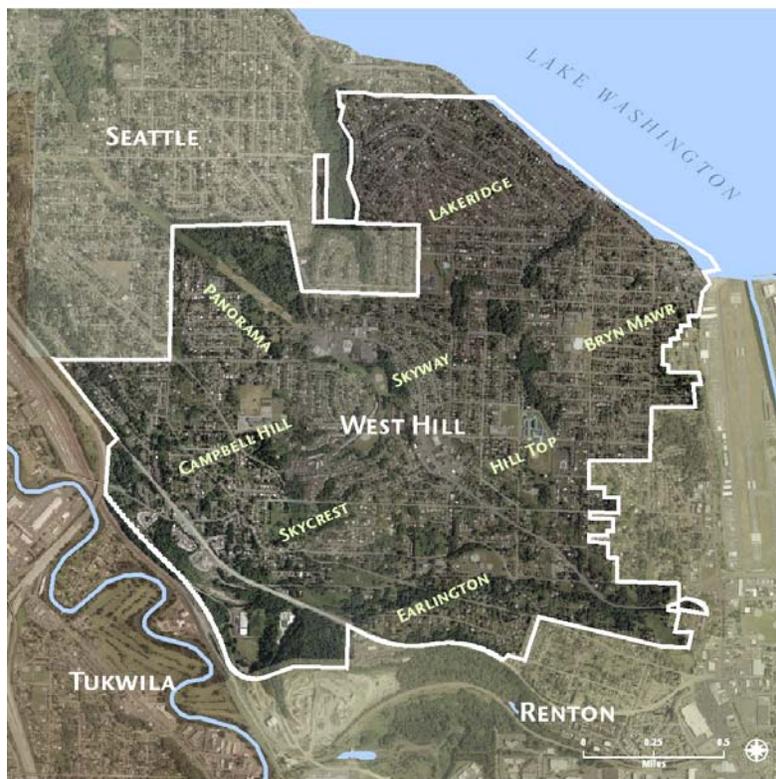
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West Hill Characteristics

West Hill is an urban unincorporated area at the south end of Lake Washington bordered by the cities of Seattle, Tukwila, and Renton. The area is roughly 2.25 miles from east to west, and slightly more than 2 miles from north to south. West Hill encompasses the neighborhoods of Bryn Mawr, Lakeridge, Skyway, Earlington, Campbell Hill, Panorama, Skycrest, and Hilltop.

Figure 1: West Hill Boundary and Neighborhoods



Source: Berk & Associates

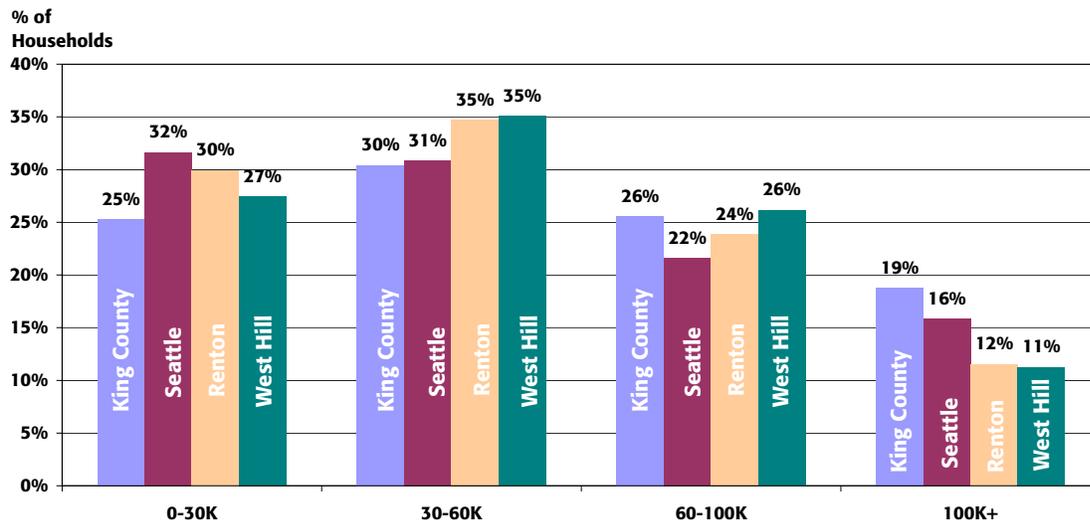
POPULATION AND DEMOGRAPHICS

The West Hill population today is estimated to be about 13,900; an increase of 400 persons since the last Census in 2000. The area population has grown annually by about 0.5%, which is slightly lower than the King County average (0.7%) but faster than neighboring Seattle (0.4%).

Income

Figure 2 shows that West Hill has a higher proportion of households in middle-income categories (making between \$30K and \$100K annually) compared to King County and the neighboring cities of Seattle and Renton. West Hill has about the same concentration of lower-income households (\$30K or less) as the county average but less than Seattle or Renton. In the highest income category (\$100K+), West Hill and Renton have comparable percentages (11-12%) while Seattle and King County have higher proportions of high-income households.

Figure 2 : Percentage of Households by Income Category, 2000

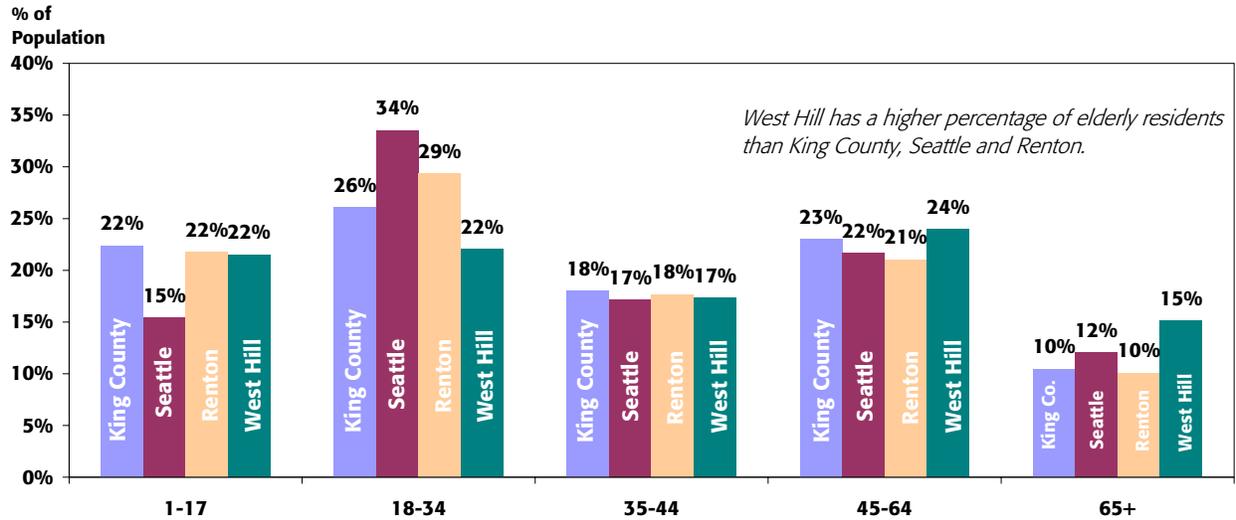


Source: U.S. Census Bureau, 2000

Age

In 2000, West Hill had a larger share of older residents and a smaller share of young adults than did King County, Seattle, or Renton. Roughly 15% of West Hill residents were over the age of 65 and 24% were between the ages of 45 and 64 (see Figure 3).

Figure 3: Percentage of Population by Age Category, 2000

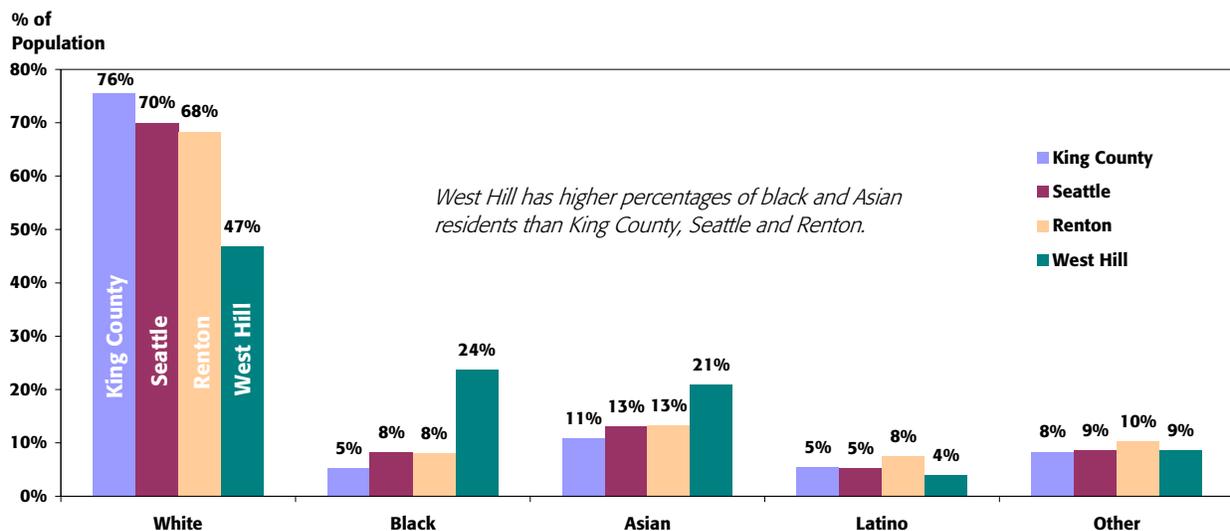


Source: U.S. Census Bureau, 2000

Race

West Hill is a racially diverse area, which is reflected in Figure 4. In 2000, the percentages of residents that were black (24%) and Asian (21%) were much higher than the concentrations seen in King County, Seattle, or Renton. In contrast, only 47% of residents in West Hill were white, much lower than the County and neighboring cities that all had percentages around 70% or higher.

Figure 4: Percentage of Population by Race, 2000



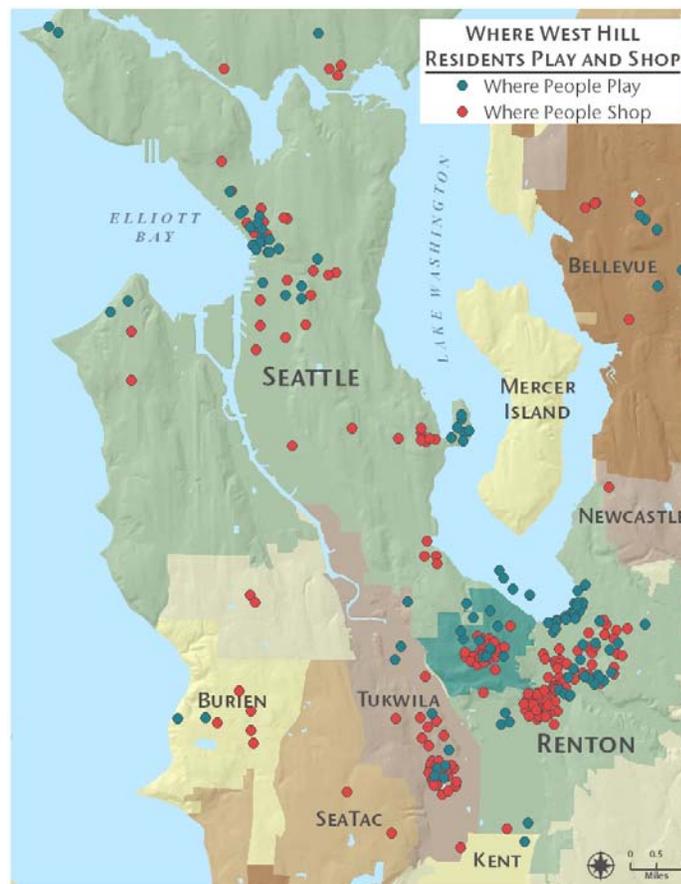
Source: U.S. Census Bureau, 2000

WHERE RESIDENTS WORK, SHOP, AND PLAY

Patterns in the activities of West Hill residents were assessed using data gathered at four neighborhood meetings in March, 2005 (the meetings are described in greater detail in the next section). Meeting attendees were asked to indicate on maps where they worked, shopped, and recreated. These general patterns of activity provide a useful context for considering community cohesion and levels of affinity for neighboring cities.

Figure 5 shows the distribution of where West Hill residents shop and play. Overall, shopping and recreation activities were concentrated in a few areas including Renton, West Hill, Tukwila, and Downtown Seattle. A large majority of residents indicated that they do their shopping in Renton with smaller concentrations indicating that they shop in Tukwila and West Hill (attendees were free to indicate as many shopping different shopping destinations as they wanted). The recreation activity patterns are more spread out with concentrations of activity in and along Lake Washington, in Renton, and in Downtown Seattle.

Figure 5: Where West Hill Residents Play and Shop



Source: West Hill Neighborhood Meetings, March 2005

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Public Outreach

THE COMMUNITY OUTREACH PROCESS

During the Governance Alternatives Assessment process, Berk & Associates and the Task Force pursued two phases of community outreach.

The first phase, which occurred during March of 2005, was a series of neighborhood meetings throughout West Hill. The goal of these March meetings was to get an understanding, early in the governance study, about the list of governance issues and public services that are most important to residents. The understanding gained during these meetings was used to direct later analysis and data collection to ensure that the information provided to the Task Force and West Hill residents addressed the things West Hill cared most deeply about.

In the second phase, Berk & Associates and the Task Force hosted a community forum to inform residents about the implications of governance alternatives and to solicit feedback regarding community preferences and priorities. Indications of community preferences and priorities helped to steer the Task Force when it came to formulating their recommendations concerning governance alternatives.

Publicity

The following efforts were made in February and March to advertise the Neighborhood Meetings and again in April and May to advertise the Community Forum:

- Task Force members placed signs around the community and distributed fliers in their own neighborhoods.
- Berk & Associates staff distributed over 4,000 fliers and posters announcing the meetings throughout the West Hill community, including to businesses in Skyway, Renton and Seattle, community centers, and the Task Force members for distribution.
- Fliers were distributed through the Renton School District to students in the West Hill area and Renton High School.
- Neighborhood churches were contacted and several pastors included the forum announcement in their services.
- Local social service agencies and libraries agreed to have fliers on hand.
- The Greater Skyway Business Association was contacted to help with flier distribution.
- A press release announcing the meeting dates was distributed to all local media outlets through the King County Executive's media relations office.

For the Community Forum in May, avenues listed above were augmented through four additional channels:

- An advertisement was placed in the Renton Reporter.
- All attendees of the neighborhood meetings were called and/or e-mailed with the Forum information.
- Skyway Water & Sewer District placed an insert advertising the Forum in each utility bill.
- Flyers were distributed to all major apartment complexes in West Hill.

PHASE 1—NEIGHBORHOOD MEETINGS

Neighborhood meetings were designed to gather information about West Hill residents' wishes, hopes, and dreams for their community and to gather information about their priorities for public services. Four meetings were held, grouping two neighborhoods together for each meeting: Hilltop/Skyway (March 1); Bryn Mawr/Lakeridge (March 3); Campbell Hill/Panorama (March 8) and Skycrest/Earlington (March 10).

In total, more than 140 community members participated in the neighborhood meetings and 25 surveys and emails were received commenting on the public services of most concern to the community. The Bryn Mawr/Lakeridge meeting had the highest attendance with 68 community members followed by the Campbell Hill/Panorama meeting with 33 attendees. The Hilltop/Skyway and Skycrest/Earlington meetings had 11 and 12 attendees, respectively. Several task force members and the co-chairs attended each meeting and assisted in facilitating groups and providing information.

In addition to gathering input at the meetings, flyers distributed in the community advertising the meeting contained a survey as a means for those not able to attend the meeting to provide input. Over the course of three months 25 surveys were returned.

Key Findings

Berk & Associates used the following key findings in addition to frequently asked questions to direct the governance analysis.

Common concerns and frequently asked questions included:

- Changes in levels of taxation under different governance alternatives
- Levels of Service from:
 - Police
 - Parks
 - Roads/Infrastructure
 - Economic and Community Development
 - Planning, Permitting and Zoning
- Changes in special district service providers and the implications:
 - Library
 - Water & Sewer

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- Fire
- Schools
- Legality of casinos in Seattle, Renton, or a possible new city of West Hill
- Experiences of other recently incorporated cities
- Business taxes and ordinances under different governance alternatives
- Other non-governance issues:
 - Potential for changes in address (City) or zip code with changes in governance
 - Potential for changes in West Hill's area code
 - Potential impact on home or car insurance rates

PHASE 2 - COMMUNITY WIDE OPEN HOUSE FORUM

Overview of Community Forum

On May 25th, 2005, the West Hill Governance Alternatives Task Force hosted a Community Forum. The goals of this forum included:

1. To share with the community results of the governance alternative assessment;
2. To interact with people from the community to continue to gather information about people's priorities, issues, concerns, and desires; and
3. To give attendees the opportunity to provide written feedback through the comment form.

The information presented at the forum was designed to inform the community about the implications of four governance alternatives—remaining unincorporated, annexing to Seattle or Renton, or incorporating as a new city.

Over 190 residents participated in the open house Forum. When they arrived, participants were directed to four informational stations presenting the results of analysis of each governance alternative. Three of the four stations had four posters, each profiling one governance alternative. The fourth station had posters with frequently asked questions from the neighborhood meetings and answers to these questions. Each poster had a corresponding handout. In addition to the forum, Berk & Associates and the Task Force distributed handout packages, including the comment form, at the Skyway Library and at the Skyway Water & Sewer District headquarters. Finally, comment forms were made available for download on the Task Force website, www.westhillcommunity.com.

During the Community Forum, people from the West Hill community read the governance profiles, asked the Task Force and Berk & Associates staff questions, conversed with their neighbors, and filled out comment forms. In all, 112 comment forms were collected at the meeting, 6 more were received by mail, and two were received via e-mail for a total of 120 returned forms. Most participants reported that they heard about the meeting through the utility bill or from flyers posted throughout the community.

Overview and Summary of Findings

Generally, respondents like living in West Hill and are satisfied with most services. One respondent wrote, "I've lived in Skyway for over 20 years and I love this area." Residents'

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priorities about a change in governance, which surfaced from the comment forms, include library, fire and police services, tax burden, and property values.

In many instances, concerns that respondents raised, or the stated reasons for their preference in governance, were based on misperceptions and/or a lack of accurate information. In summarizing responses, we have tried to point out instances where we believe an assertion is incorrect, or where respondents may be basing their stated preference on inaccurate information.

Special District Services. Respondents conveyed overall satisfaction with current levels of service in West Hill. Given possible change, they were concerned about losing King County Library System (KCLS) and Fire District 20 service. Fifteen percent of responses mentioned Skyway Library as a priority and 12% mentioned the Fire District. As a whole, respondents are extremely satisfied with both districts and feel strongly that losing service in either arena would be detrimental to the community.

Library. Some respondents said that it was absolutely necessary to keep the library on the hill because it is very important for children, and for the community as a whole. They were clear that the library is a valued community asset because it provides access to information and serves as a safe community gathering place. Also, a few respondents referred to KCLS a “nationally renowned” library system, which some believed compared favorably with other local library systems. Lastly, recognizing that West Hill residents are currently able to access Seattle and Renton public libraries in addition to KCLS, some respondents were concerned about losing access to all of these systems if annexed to Renton or Seattle. *(Such a loss of access would not occur.)*

Fire. Some respondents described the prospect of losing the fire station at Bryn Mawr as “unacceptable.” They did not want to lose service or their volunteer staff, and many think their home insurance rates would increase with the possible loss of fire station and an aid car. *(Our understanding is that residential insurance rates would not increase. Moreover, both Renton and Seattle have better fire insurance ratings than does Fire District 20.)*

Taxes. Approximately 17%, 20 forum respondents, expressed some concern over property and other tax increases from a change in governance. Of the 20 respondents, five were specifically unwilling to pay the monorail tax, while two respondents were proponents of the monorail and were inclined to pay the tax.

On the other hand, 4% of respondents said they were not especially concerned about tax rates if they were being “used for good community improvements such as park, police, fire, sidewalks, and other activities.”

Some respondents were concerned with the manner in which King County spends their tax dollars and were also skeptical of King County’s revenue shortage. They felt that if King County were more efficient, the budget crisis would be less severe. For example, one resident commented: “King County does not need additional revenue. King County administration needs to rethink the priorities and make more efficient and effective use of the revenues that are available.”

Property Values. Twelve percent of respondents were concerned that a change in governance may negatively affect their property values. Most believed that annexation to Renton would inevitably hurt their investment. *(While this issue is open to debate, it is doubtful that property values*

would be negatively affected by annexation to either Renton or Seattle. If anything, higher levels of local services, stricter enforcement to land use and building codes, and city investment in economic development in West Hill would tend to increase property values.)

Police. Respondents see room for improvement in police services. They agree that police services cannot decrease under a governance change and that the residents of West Hill must remain well-served under any alternative.

Respondents' Governance Preferences

Residents were asked to rank their current governance preferences from 1, most desirable, to 4, least desirable. If instead, respondents marked only one box with a check mark or an "x" it was considered a 1. Overall, 60% of respondents preferred annexation to Renton or Seattle over remaining unincorporated.

- 53 respondents preferred annexation to Renton; of those, 28 chose to remain unincorporated and 12 chose Seattle as a second choice.
- 43 respondents preferred to remain unincorporated; of those 28 chose to annex to Renton and 4 chose Seattle as a second choice.
- 15 respondents preferred annexation to Seattle; of those 7 chose to annex to Renton and 5 preferred to remain unincorporated as a second choice.
- One respondent preferred incorporation as a new city.

Table 3: Governance Alternative Preferences of Respondents Who Indicated a Preference

	Unincorporated	Incorporate	Renton	Seattle
Governance Preferences	43	1	53	15
Percent of Total	38%	1%	47%	13%
Average Score	1.37	2.94	1.14	2.31

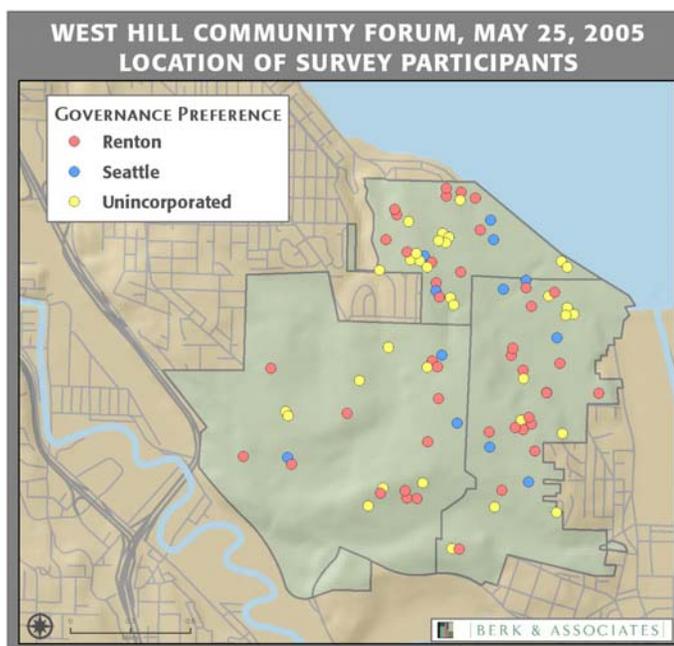
Source: Community Forum Respondents

Among all respondents 79% picked annexation to Renton as their first or second choice, 68% picked remain unincorporated as their first or second choice, and 28% ranked annexation to Seattle in their top two choices.

Respondent's Governance Preferences by Neighborhood

Figure 6 shows the location of comment form respondents (by their address as written on the comment form) and their preference for governance.

Figure 6: Respondents' Governance Alternative Preferences by Location



Source: Community Forum Respondents

Reasoning for Respondents' Governance Preferences by City

Unincorporated. Of 43 respondents who preferred to remain unincorporated, 24 felt simply that life in unincorporated King County is fine as it is. They are content with current services and prefer “known versus the unknown.” For example, one participant responded, “I am happy the way things are. I don't see a worsening of our condition.” Another noted, “don't want to change unless we have to.” Respondents are satisfied with their services, and, as noted earlier, are particularly attached to the KCLS Skyway Library, Fire District 20 stations, and the volunteer firefighter force. Respondents also appreciate the “rural feel of the area.” One participant commented that she “did not want sidewalks.” In general, respondents who preferred to remain unincorporated see no need or reason to change.

Table 4: Reasons Respondents Prefer to Remain Unincorporated

Reason Participants Prefer Remaining Unincorporated	Total Responses	
Content with current governance/services	24	56%
Don't want to be part of Seattle, Renton/Like the rural feel	4	9%
Cost	1	2%
None	15	35%
	43	100%

Source: Community Forum Respondents

Renton. Respondents favored Renton for numerous reasons, the leading reason being that they felt Renton is a natural fit for the community, both culturally and geographically (Table 5). They mentioned that they “work,” “shop,” and “play” in Renton and seven respondents specifically noted that West Hill residents “are already [served by] Renton schools.” Some respondents mentioned they felt that their neighborhood was closer to the core of Renton and was already served by the City; for example, “Earlington is already part of Renton,” and “most of Bryn Mawr is located just a few blocks from Renton, only a mile from the core of downtown Renton.”

Five respondents also selected Renton because of the potential decrease in their annual tax bill. Moreover, respondents were impressed with Renton’s work in economic development; for example, one resident commented that they need Renton’s “leadership on governance [including] economic development, and parks”.

Many respondents who preferred annexation to Renton were satisfied with their current service but felt that the King County budget problems may make a change in governance inevitable. As one respondent noted, “it appears that West Hill can no longer support itself. We would function more efficiently if annexed to Renton.” Another mentioned that “annexing to Renton seems to be the most viable alternative.”

Table 5: Reasons Respondents Prefer Annexation to Renton

Reasons Participants Prefer Annexation to Renton	Total Responses	
Natural Fit/Community Cohesion	15	28%
Liked Renton Services	12	23%
Already part of Renton Schools	7	13%
Responsible Solution	6	11%
Lower Taxes	5	9%
Increased Control/Representation	4	8%
Default/Only Option	3	6%
Economic Development	3	6%
Like a Smaller Community	2	4%
Property Values	1	2%

Source: Community Forum Respondents

Seattle. Eight of 15 of respondents who preferred annexation to Seattle said they believed property values would increase, or at least not decrease under that option. Some respondents who preferred Seattle mentioned that they “purchased a home based on it having a Seattle address” and they wanted to keep it. Three respondents noted that they identified with Seattle and felt they were already a part of the City. As one respondent commented: “Seattle is a metropolitan city - Renton is not”; and another one observed: “...there is a stigma associated with Renton in regards to being a less cultural and less valued city.”

Incorporate as a New City. Forum respondents thought incorporation as a new city was infeasible; however, a few noted that if it was feasible, the amount of local control would be preferable. “Independence” was the main reason for the one participant who preferred incorporating over all other alternatives. Two others ranked incorporation second, calling the alternative “ideal.” Local control appears to be something that is a priority to West Hill residents; however, most respondents are not interested in incorporation.

Remaining Questions from the Community

- The most frequently asked questions were “What are the next steps? When will they come?”
- Some respondents questioned the accuracy of library portion of the profiles, which they believed did not differentiate between the KCLS capital bond and the operating levy and incorrectly referred to a bond as a levy. *(See the Annexation section of the final report for more detailed discussion of the KCLS regular levy versus the bond levy.)*
- Respondents sought clarification regarding electricity providers under different governance alternatives. *(Electric service will continue to be provided by Seattle City Light under all governance scenarios.)*
- Respondents questioned if West Hill would truly remain the Renton School District in the long term. *(School district boundaries are unaffected by changes in city boundaries.)*

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Incorporation

IS IT FINANCIALLY FEASIBLE FOR WEST HILL TO INCORPORATE AS A NEW CITY?

The short answer to this question is: *probably not*.

As an area with only a modest tax base, and relatively high demands for costly services like public safety, a City of West Hill's revenues would probably not be sufficient to provide necessary services.

To clarify the baseline question about incorporation feasibility, this analysis asks a hypothetical question:

If West Hill were an existing city in 2005, would it have sufficient revenues, given existing tax rates, to pay for the levels of service it now receives?

The answer to this question is: *No*.

At current tax rates and current levels of service, the City's revenues would fall short of the City's day-to-day costs of service by \$1.75 million per year (see Table 6).

This assessment assumes that an incorporated City of West Hill would not take on provision of *fire and EMS services, library services, or water and sewer services*. (Those services would continue to be provided by Fire District 20, the King County Library District, Skyway Water & Sewer District, respectively.)

This estimate of service costs also assumes that a City of West Hill would contract with King County departments for provision of *law and justice services* (police, courts, and adult detention), and *roads* maintenance. Such an arrangement is customary in recently-incorporated cities because it means new cities do not have to make large capital investments in vehicles and equipment.

The principal costs a City of West Hill would face include Public Safety (with an estimated cost of \$3.5 million) and General Government, which includes staffing of City Hall for functions like the City Administrator, City Clerk, Finance, and administration of Public Works.

The principal sources of day-to-day operating revenue include property taxes (nearly \$2 million); gambling taxes (more than \$1 million); and \$460,000 in revenues distributed by the state (including local distributions of gas taxes and liquor taxes and profits).

Table 6: Estimates of Core Operating Costs and Revenues for a City of West Hill (2005)

<i>2005 Estimated Population</i>	13,900
<i>Taxable Assessed Value for year 2005 taxes</i>	\$1,224,293,509
<i>Levy rate per \$1,000 of assessed value</i>	\$1.60
Operation (non-constrained)	
Revenues	
Property taxes (Regular Levy)	\$1,940,000
Gambling Taxes	\$1,040,000
State Shared Revenues	\$460,000
Retail Sales tax	\$372,000
Retail Sales Tax - Criminal Justice	\$278,000
Non-Electricity Utility tax	\$280,000
Electric Utility Payment	\$170,000
Cable TV Franchise Fee	\$120,000
Permit Fees	\$130,000
Community Development Block Grant	\$80,000
State Shared Revenues - by Application	\$10,000
Total Projected General Fund Revenues	\$4,880,000
Expenses	
Public Safety (Police)	\$3,500,000
General Government	\$1,470,000
Roads Operation and Maintenance	\$610,000
Planning/Permitting	\$320,000
City Attorney and Prosecution Services	\$180,000
Parks and Recreation	\$70,000
Comprehensive Land Use Plan	\$90,000
Capital Facilities Plan	\$90,000
Human Services (Block Grant expenditures)	\$80,000
Miscellaneous	\$70,000
Operational Contingency	\$75,000
Operating Reserve Fund	\$75,000
Total Projected General Fund Expenses	\$6,630,000
	\$1,750,000

Source: Berk & Associates Analysis

HOW WOULD A CITY OF WEST HILL COMPARE TO OTHER RECENTLY INCORPORATED CITIES?

In the past dozen years, six new cities have incorporated in King County. Compared with these six cities, an incorporated City of West Hill would face substantial financial hurdles.

A city's general fund accounts for most of the revenues a city collects and most of the day-to-day operating expenditures a city incurs. The single largest general fund expenditure most cities face is for law enforcement services (including expenditures for police, jail, and courts). One quick way to judge a city's fiscal strength is to compare its general fund revenues per capita with those of other cities. For a more robust comparison, analysts will often look at the difference between cities' general fund revenues and their law enforcement expenditures.

In the case of West Hill, such a comparison highlights the financial barriers the area would face if it were to pursue incorporation. If West Hill had been an operating city in 2005, it would have collected general fund revenues of roughly \$4.7 million (or \$340 per resident). At the same time, in order to maintain existing levels of law enforcement, the City would have had to spend roughly \$3.5 million (or \$250 per resident) on law enforcement alone.

It is worth noting that some of the cities that rank above West Hill in Table 7 have faced serious financial challenges. Both Kenmore and Covington have reported that it is a challenge to generate revenues that are sufficient to meet the cities' level-of-service goals.

Table 7: General Fund Comparisons with Other Recently Incorporated Cities

	Year Incorporated	2003 Population	General Fund Revenues (per capita)	Law Enforcement Expenditures (per capita)	Remaining General Fund Revenues (per capita)
Sammamish	1999	35,930	\$636	\$100	\$536
Newcastle	1994	8,320	\$523	\$158	\$365
Shoreline	1995	52,730	\$499	\$167	\$332
Kenmore	1998	19,200	\$449	\$138	\$310
Covington	1997	14,850	\$418	\$140	\$278
Maple Valley	1997	15,370	\$396	\$132	\$264
West Hill			\$340	\$250	\$90

* Based on 2003 revenues and expenditures as summarized by the Washington State Auditor's Office. Estimated 2005 revenues and expenditures assume 3% yearly increases between 2003 and 2005.

** 2004 Figures from Covington Budget inflated by 3%.

WHAT ARE THE KEY FACTORS AFFECTING FEASIBILITY?

Most cities in Washington State rely heavily on three principal revenue sources: *retail sales tax*, *property tax*, and *business and utility taxes*. Among these important sources, West Hill is poorly positioned to generate significant revenues from either retail sales or business and utility taxes.

By city standards, West Hill supports relatively few businesses, which with the exception of the two casinos, provide little tax base for a proposed City. Businesses in the area generate little in the way of taxable retail sales, and with only 1,000 estimated private sector employees in the area, options for raising revenues via business taxes or business license fees are limited.²

Except for the two casinos, West Hill's greatest fiscal asset is the value of its real property. However, with estimated taxable assessed value of \$88,000 per capita, West Hill still ranks below most King County cities in that measure (see Table 8).

² West Hill is currently home to 334,000 square feet of active commercial buildings (i.e. commercial buildings that support significant private-sector employment. This estimate excludes churches, schools, apartments, and storage warehouses. Typically, in a place like West Hill, one would expect one employee for every 350 square feet of commercial space, which suggests that the area supports fewer than 1,000 employees in the private sector. This estimate is also supported by PSRC estimates of employment by Transportation Analysis Zone.

Table 8: Taxable Assessed Value Figures for King County Cities (2004)

	Taxable Assessed Value	Population	Assessed Value per Resident
Hunts Point	593,456,567	450	\$ 1,319,000
Medina	1,979,552,449	2,955	\$ 670,000
Yarrow Point	523,297,996	990	\$ 529,000
Clyde Hill	994,149,235	2,790	\$ 356,000
Mercer Island	6,345,660,937	21,830	\$ 291,000
Beaux Arts	70,753,648	300	\$ 236,000
Tukwila	3,373,231,785	17,240	\$ 196,000
Issaquah	3,026,104,987	15,510	\$ 195,000
Redmond	8,787,158,266	46,900	\$ 187,000
Bellevue	21,209,960,837	116,500	\$ 182,000
Woodinville	1,769,120,872	9,915	\$ 178,000
Kirkland	7,422,139,375	45,800	\$ 162,000
Sammamish	5,912,313,518	36,560	\$ 162,000
Snoqualmie	820,409,120	5,110	\$ 161,000
Newcastle	1,288,048,148	8,375	\$ 154,000
Seattle	83,480,019,346	572,600	\$ 146,000
Normandy Park	910,982,746	6,400	\$ 142,000
Bothell	4,195,710,134	30,930	\$ 136,000
SeaTac	3,274,008,104	25,130	\$ 130,000
Lake Forest Park	1,618,292,987	12,770	\$ 127,000
Algona	299,327,957	2,605	\$ 115,000
Renton	6,344,519,649	55,360	\$ 115,000
North Bend	524,048,214	4,660	\$ 112,000
Duvall	584,187,844	5,545	\$ 105,000
Kenmore	1,984,768,702	19,170	\$ 104,000
Black Diamond	403,441,518	4,000	\$ 101,000
Shoreline	5,290,466,808	52,740	\$ 100,000
Kent	8,449,061,721	84,560	\$ 100,000
Auburn	4,495,617,693	46,135	\$ 97,000
Skykomish	19,881,724	210	\$ 95,000
Burien	2,766,091,483	31,130	\$ 89,000
West Hill (2005)	1,224,293,509	13,900	\$ 88,000
Maple Valley	1,407,088,460	16,280	\$ 86,000
Carnation	151,163,978	1,895	\$ 80,000
Covington	1,188,347,421	15,190	\$ 78,000
Federal Way	6,262,874,389	83,590	\$ 75,000
Milton	444,167,578	6,025	\$ 74,000
Des Moines	2,085,218,819	29,020	\$ 72,000
Enumclaw	766,585,951	11,160	\$ 69,000

Source: Berk & Associates analysis of data from State Department of Revenue and Washington State Office of Financial Management

Property Tax Revenues Are Likely to Erode Over Time

In recent years, a series of statewide initiatives have eroded most cities' financial support from taxes and fees. From a city's perspective, the most damaging blows resulted from statewide passage of three initiatives: I-695 (ending collection of the State's motor vehicle excise tax [MVET]); I-747 (limiting the growth of property tax levies on a city's existing property to less than the rate of inflation); and I-776 (ending the collection of vehicle license fees). Combined, these

initiatives have resulted in the immediate reduction of millions of dollars of city revenues, and have set up the long-run erosion of cities' property tax bases.

In inflation-adjusted terms, I-747 limits cause property tax revenues for most cities to fall over time (particularly on a per-resident basis). I-747 limits the growth of property tax revenues to 1% per year (excluding new construction)—a rate of growth that fails to keep up with inflation. Due to compounding effects over time, erosion of property tax revenues becomes more pronounced over a number of years.

Given loss of MVET, the loss of vehicle license fees, and I-747's erosion of property tax revenues, cities in Washington State are becoming increasingly dependent on sales taxes and other taxes and fees levied on commercial activity. As an area that would have only modest property tax revenues to start with, and little commercial activity to underpin a city's fiscal balance, a City of West Hill would face substantial fiscal hurdles.

Another consideration residents should bear in mind is that an incorporated City of West Hill would be heavily dependent on gambling taxes from the area's two casinos. Typically, a city would prefer not to be heavily dependent on taxes stemming from such a concentrated source.

COULD A CITY OF WEST HILL INCREASE TAXES?

Yes, but the options are limited.

A City of West Hill could increase tax rates and generate additional revenues. Beyond the taxes included in the baseline estimate, the City of West Hill would have authority to levy utility taxes of 6% on utilities including telephone, natural gas, water & sewer, storm drainage, solid waste, and cable television service. (Utility taxes beyond 6% are possible with a public vote.) The City would also have the authority to levy business taxes and/or business license fees.

Almost all West Hill residents receive their electrical service from Seattle City Light. The City of Seattle already collects a 6% utility tax on that electrical service, which accrues to the City of Seattle. If West Hill became a city (or if the area annexed to Renton) then it is possible that the City of Seattle would agree to share a portion of those revenues. The preceding revenue estimate assumes that Seattle would agree to a 50/50 split of electrical utility tax revenues generated in West Hill.

In total, if the City were to raise taxes to the maximum allowed without a public vote, one might expect the City to increase tax revenues by as much as \$600,000 to \$800,000.

COULD A CITY OF WEST HILL DECREASE SERVICE LEVELS

The expenditures included in the baseline feasibility assessment were designed to reflect what it would cost a City of West Hill to maintain existing levels of local services. The principal day-to-day costs of the City would stem from:

- Law enforcement services (police, courts, and legal services): \$3.5 million
- General government/City Hall (city manager, city council, city clerk, finance, public works, community development, parks administration): \$1.5 million (see Figure 7)
- Roads maintenance: \$610,000

Among the three, roads maintenance and City Hall expenditures probably offer a few, limited opportunities for cost savings.

Estimated City Hall expenditures include an assumption that 15 full-time employees would staff City Hall. This is a low number compared to many cities comparable in size to West Hill. However, poorer cities across the State do maintain even leaner staffing levels in City Hall.

In regard to road maintenance expenditures, the reality is that reductions in maintenance activities are unlikely to offer long-run savings. The nature of road maintenance is such that reducing maintenance in the short term results in even more costly repairs in the future.

The greatest opportunity for cost savings would stem from reductions in police services. This possibility raises two questions:

- How much appetite would West Hill residents have for reductions in police service?
- How feasible would it be to reduce patrol staffing in the City if that meant reducing safety for residents and officers?

Figure 7: General Government Assumed Staffing and Cost Estimates

Staffing Levels and Salaries	Salary Range		FTE's *	Salary	Total
	High	Low			
City Manager	6,601	8,332	1	100,000	100,000
Director of Admin. & Fin.	5,547	6,876	1	85,000	85,000
Accountant - Senior	3,926	4,828	1	60,000	60,000
Accounting Clerk	2,412	3,001	0	35,000	0
City Engineer	4,949	6,187	1	75,000	75,000
Engineer Tech.	3,190	4,024	1	50,000	50,000
Public Works Director	5,472	6,898	1	85,000	85,000
Community Development Dir.	5,127	6,497	1	80,000	80,000
Computer Support Specialist	3,308	4,226	1	50,000	50,000
City Clerk	3,917	4,987	1	60,000	60,000
Legal Secretary	2,814	3,391	1	40,000	40,000
Administrative Secretary	2,783	3,498	1	45,000	45,000
Receptionist	2,215	2,738	1	35,000	35,000
Senior Planner	4,305	5,451	1	65,000	65,000
Parks Maintenance Supervisor	3,324	4,181	0	50,000	0
Recreation Coordinator	2,742	3,540	0	45,000	0
Miscellaneous FTE's			2	40,000	80,000
<i>Council Members</i>	<i>6</i>			5,400	32,400
<i>Mayor</i>	<i>1</i>			6,000	6,000
Total			15		948,400
Benefits					284,520
Benefits as % of Salaries			30%		
Facility Costs					56,250
Cost per square foot			15		
Square Feet per FTE			250		
Operating Supplies					94,840
Supplies as % of Salaries			10%		
Phone Expenses					15,000
Cost of phone per FTE			1,000		
Computers					19,928
Computer cost per FTE per year			1,329		
Furniture					10,975
Furniture cost per FTE per year			732		
Vehicle Lease					21,464
Number of vehicles			4		
Cost per vehicle per year			5,366		
Vehicle Operation & Maintenance					16,000
Number of vehicles			4		
Vehicle O&M cost per year			4,000		
TOTAL COSTS OF GENERAL ADMINISTRATION					1,467,377

* Full-time equivalent positions

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Annexation

The West Hill Governance Alternatives Task Force worked with King County and the cities of Seattle and Renton to collect information about governance issues to ascertain what governance in West Hill might look like if the area were to annex to either Seattle or Renton. The City of Tukwila declined an invitation to participate, suggesting that the City was not interested in annexation.

The Annexation Process

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

- 1) Residents can request consideration by the Council of the annexing city and a subsequent public vote through a ten-percent petition.*
- 2) The Council of the potential annexing city can pass a resolution requesting a vote among residents of the proposed area of annexation.*
- 3) 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 percent of the total assessed value of the area.*
- 4) 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 petition including signatures of the owners of a majority of the acreage of the area and a majority of the registered voters*

For the first and second approaches, once the process has been initiated, the remaining steps are the same. For both, the next step is to submit the resolution/petition to the county's Boundary Review Board. The review board will then hold a hearing where residents and a representative of the annexing city will have the opportunity to be heard. Following this hearing, the Board will approve, disapprove, or suggest a revision to the boundaries of the proposed annexation. If approved, a vote among area residents determines the ultimate success or failure of the proposed annexation.

In contrast to two approaches outlined above, the third and fourth approaches to annexation do not ultimately require a public referendum. Under these alternatives, after initiators gather the required signatures, the question of annexation is taken up, first by the City Council, and then in a public hearing by the county's Boundary Review Board. If both bodies find in favor of the city annexing the area, annexation will move forward.

As noted previously, Berk & Associates' charge in assisting the West Hill Task Force has been threefold:

1. Assist the Task Force in collecting information from West Hill residents and businesses about the governance issues they care about, and about their goals and desires for the future;
2. Assist the Task Force and the public in understanding what governance alternatives would really mean in terms of taxes, services, and the ways in which West Hill would relate to its provider of governmental services; and
3. Assist the Task Force in making connections between what West Hill residents and businesses *want* and what residents would be likely to *get* if the area were to pursue any of the four governance alternatives

In the end, **the Task Force has made a commitment to make a recommendation** about the governance option that will best achieve West Hill's goals and desires.

In light of this commitment, regarding annexation, the Task Force collected information from Seattle and Renton on:

- Tax burden and costs of services;
- Each city's approach to governance (how would the city approach the provision of particular services in West Hill if they were to annex the area?); and
- Levels of service that each city has achieved for particular local services.

TAXES AND COSTS OF SERVICE

In 2005, a typical homeowner in West Hill will pay an estimated \$4,260 in taxes and utility fees for stormwater, water and sewer, and garbage collection.³ Reflected in this figure are all taxes that are paid on a regular basis based on where a family lives.⁴ This figure excludes costs of electrical and natural gas services, since these services will not change with a change in governance. Regardless of what residents decide about local governance, West Hill will continue to receive its electrical service from Seattle City Light and natural gas service from Puget Sound Energy.

If West Hill was part of Renton in 2005, the typical homeowner would potentially see a slight reduction in taxes and a significant reduction in the costs of utility services. Compared with the taxes and utility fees paid by residents currently, the homeowner would see total savings of \$193 per year.⁵

³ For purposes of estimating costs, the typical homeowner is assumed to have a house valued at \$225,000 (the median for houses in West Hill in 2005) and automobiles valued at \$17,000 (using the Monorail valuation schedule, which tends to overstate the true value of vehicles).

⁴ Residents pay other local taxes on a regular basis, such as retail sales tax and, indirectly, business & occupation taxes on goods and services purchased in the City of Seattle. However, those taxes are unlikely to change with a change in governance.

⁵ If West Hill were to incorporate or annex, by state law, the garbage collection contract would remain in force for a number of years. As a result, West Hill residents will not realize savings in garbage collection rates until the current franchise contract expires and a new contract is negotiated by the city.

If West Hill was part of Seattle, the typical homeowner would pay significantly more in taxes—largely due to Monorail taxes, but would see lower costs of utility services. Combining the two effects, the net result would be an increase in costs of \$281. (See the note below Table 9 for a discussion of uncertainty that exists around application of the Monorail tax.)

Table 9: Taxes and Costs of Service for a Typical West Hill Homeowner

	Stay Unincorporated	Annex to Seattle	Annex to Renton
Property Tax*	\$2,860	\$2,710	\$2,680
Utility Taxes	\$60	\$288	\$236
Cable Franchise Fee	\$24	\$12	\$24
Monorail Tax**	--	\$238	--
TOTAL	\$2,944	\$3,248	\$2,940
Difference vs. Unincorporated		Increase \$304	Decrease (\$4)
Service Costs			
Surface Water Fee	\$91	\$122	\$65
Water & Sewer Charges	\$901	\$923	\$901
Solid Waste Collection Charges	\$324	\$248	\$161
TOTAL	\$1,316	\$1,293	\$1,127
Difference vs. Unincorporated		Decrease (\$23)	Decrease (\$189)
GRAND TOTAL	\$4,260	\$4,541	\$4,067
TOTAL COST DIFFERENCE		Increase \$281	Decrease (\$193)

* House assessed at \$225,000

** Assumes total vehicle value of \$17,000

Note: The City of Seattle reports that it is not clear whether the monorail tax would be extended to annexation areas upon annexation. The City has requested an Attorney General opinion on the issue, with the questions focusing on the state statute that enables the monorail taxing authority (the current statute does explicitly address the question of annexed areas). However, even if the Attorney General was to find that the monorail tax would not be applied to annexed areas under current law, the Seattle Monorail Project (SMP) could request clarifying language from the State Legislature authorizing extension of the tax. Given the funding hurdles that SMP faces, if the Monorail project goes forward, and if West Hill were to annex to Seattle, it would be reasonable to expect SMP to seek to extend its tax to West Hill.

If the Monorail tax did not apply to annexed areas of Seattle, and the State Legislature did not add statutory language to *make* it apply, then the estimated cost for Seattle would go from a net increase of \$281 to an increase of \$43.

Assuming the Monorail tax *does* apply, annexation to Renton would save the homeowner roughly \$475 per year when compared with annexation to Seattle (again, based on 2005 rates).

It is important to note that every household in West Hill is different. If a resident owns cars valued at \$35,000 (as opposed to the \$17,000 assumed for the typical homeowner), then the Monorail tax will more than double, approaching \$500. If the value of a house is greater, then the property tax break associated with annexing to Renton or Seattle will be greater. If a homeowner's property values are lower, then the property tax break will also be smaller.

How Might Tax and Cost Burdens Change Over Time

If one uses recent history as a guide, West Hill residents could expect to see their taxes increase more slowly if they annex to Seattle or Renton than they would if the area remains unincorporated.

From 2000 to 2005, a selected West Hill homeowner with a house valued at \$225,000 (in 2005) saw her total property tax payment increase by 41%. An owner of an equivalent home in Renton saw her overall property tax payments increase by 33% and the equivalent homeowner in Seattle saw her payments increase by an even lower 22%.

Business Taxes

According to state law, counties are prohibited from imposing business taxes or business license fees while cities are not.

The City of Seattle collects an annual business license fee (\$45 or \$90 per year, depending on the revenues of the business) and the City also collects Business & Occupation (B&O) taxes on the gross revenues of most businesses (0.415% on Services businesses and 0.215% on Retail and most other business categories). As an example, for a printing business with 20 employees and \$1 million in annual sales, Seattle's business taxes and fees would amount to roughly \$4,200. The business would also pay utility taxes (which would increase upon annexation to Seattle) and property taxes (which for a business that size might decrease by a few hundred dollars).

The City of Renton does not levy a B&O tax, but it does collect annual business license fees (\$55 per employee per year). For the same printing business with 20 employees, this translates to \$1,100 in business taxes per year—roughly a quarter of what the business would pay to if West Hill was part of Seattle. As was true with Seattle, the business would also pay more in utility taxes but save from reduced property taxes (a reduction of close to \$500 if business property is valued at \$600,000).

Would Higher Business Taxes Harm West Hill's Prospects for Economic Development?

Some argue that increasing tax burdens on private firms harms an area's ability to attract or retain businesses. Others argue that businesses are not particularly sensitive to tax burdens, and that instead, businesses base their location decisions on a wide range of characteristics of an area. Most of the available analysis of the issue supports the second argument—that most decisions about locating a business have more to do with the characteristics of the location and

not the tax burden. This is particularly true for retail, consumer services, and businesses that are typically found in neighborhood offices. For these types of businesses, the things they care about most are (1) being near their customers and (2) being in a location that is attractive and convenient to their customers.

What About West Hill's Casinos?

If West Hill were to annex to Renton, then West Hill's casinos would continue to operate and they would be taxed at current rates.

If West Hill were to annex to Seattle, the outcome would not be certain; however, chances are good that the area's two casinos would have to close.

Seattle city planners confirmed that existing casinos would technically become a non-conforming use in Seattle's zoning code. The State of Washington regulates and licenses gambling, and *a city's role is limited to allowing or banning social card game rooms*. Seattle has a moratorium on social card game rooms, extended multiple times over the past decade. Historically, a gambling enterprise would be allowed to stay and operate as a non-conforming use, and no new businesses of that type would be allowed to site in Seattle, and current uses would not be allowed to expand. Recent court cases concerning the status of card rooms in Kenmore and Edmonds will probably force all cities with moratoria to either ban or allow gambling in their cities. If West Hill annexed to Seattle and Seattle banned gambling, the current West Hill casinos would likely have their annual licenses revoked when the State Gambling Commission reviewed them for renewal.

APPROACH TO SERVICE PROVISION

If West Hill were to annex to Renton or Seattle, local services that are now provided by King County departments would be provided by Renton or Seattle, respectively.

Some services, including schools and transit services, are unaffected by changes in local governance. **No matter what choice West Hill residents make about governance, West Hill will remain part of Renton School District, and West Hill will continue to receive transit services from existing Metro Transit.**

Other special districts that serve West Hill include Fire District 20, the King County Library District, and the Skyway Water & Sewer District. Among these special districts, both library and fire service would change with annexation to either city. Upon annexation, either Renton or Seattle would take on provision of fire and library services. In terms of water and sewer service, annexation to Seattle would mean that Seattle would take on provision of those services, but if the area annexed to Renton, Skyway Water & Sewer would remain intact and would continue to provide services to West Hill (see Table 10).

Table 10: Potential for Changes in Service Provider for Services Districts

Service	Provided Now By...	Annex to Seattle	Annex to Renton
Fire	Fire District 20	Seattle Fire Department	Renton Fire Department
Library	King County Library System	Seattle Public Library	Renton Public Library
School	Renton School District	No Change	No Change
Water & Sewer	Skyway Water & Sewer District	Seattle Public Utilities	No Change

LEVELS OF SERVICE

One component of this governance alternatives assessment entailed collection of a wide range of information about what local service providers in West Hill do, and how they do it. The West Hill Task Force and Berk & Associates worked with King County, the cities of Renton and Seattle, and the special service districts in West Hill to collect as much information as possible about:

- How the different jurisdictions approached service delivery in West Hill;
- What services the jurisdictions provide;
- The costs and the level of investment service providers are making in West Hill or their existing service area; and
- Plans for future capital investments.

Tables providing a detailed summary of information provided by service providers are included in the appendix to this report. The following sections focus on key measures of levels of service, levels of resource commitment, and key issues surrounding how services will be provided.

Three key services that West Hill consumes (or would like to consume) include Police, Parks and Recreation, and Economic Development. In West Hill, on these three services combined, King County spends roughly \$240 per resident per year. This is slightly more than half of the \$440 per resident that Renton spends on the same services, and less than half of the \$510 spent by Seattle.

Of course, just because Seattle and Renton invest more in providing services to current residents does not automatically mean that West Hill's annexation would translate into the same levels of service being provided in West Hill. A comparison of expenditures does, however, give readers a feeling for the City's overall priorities.

Key Level of Service Issues

Relationship to City

A Neighborhood in Seattle

As part of the City of Seattle, the neighborhood of West Hill would comprise roughly 2% of the City's population of nearly 600,000. West Hill residents would be constituents in the dominant city in Washington State and a large portion of the Northwestern United States.

West Hill is between nine and ten miles southeast of downtown Seattle, which would make it the furthest neighborhood from Downtown. Given Seattle's large population, the addition of West Hill would do little to change the City's center of gravity for population, which lies north of downtown in the South Lake Union neighborhood. On the other hand, as a part of the state's largest city, West Hill would have the advantage being a part of a city with substantial resources—where it would compete with 38 other city neighborhoods for neighborhood resource allocations.

As a geographically dispersed city, a number of Seattle's outlying neighborhoods fall within the orbit of adjacent cities. With its proximity to Renton, West Hill would be one such neighborhood. West Hill would continue to be part of the Renton School District, and many West Hill residents would continue to shop and play in Renton.

A Neighborhood in Renton

If West Hill were part of the City of Renton, the neighborhood of West Hill would represent 20% of Renton's entire population. With a city population of roughly 70,000 (2005), the new, larger City of Renton would jump from the 14th most populous city in the state to the 12th.

If West Hill became part of the city, Renton's center of gravity (for population) would shift about a half mile to the northwest. Renton's current center of gravity lies in a residential neighborhood to the east of I-405 (roughly at the intersection of NE 4th and Edmonds Avenue NE). With a neighborhood of West Hill, the center would shift to the west of I-405, to the city's commercial center (the PACCAR plant).

In effect, annexation of West Hill would more closely align Renton's city boundaries with the practical boundaries that describe how Renton functions as a place.

As a neighborhood in Renton, West Hill would strengthen already well-established connections with the City. Most of West Hill is part of the Renton School District, and according to information provided by participants in neighborhood forums, many of West Hill's residents already shop and play in Renton on a regular basis.

Fire Protection

If West Hill annexes to Seattle or Renton, the Seattle or Renton fire departments will take over provision of fire and emergency medical services (EMS) in West Hill. Facilities, equipment, and full time fire district staff would be absorbed into Seattle or Renton's department.

Unlike Seattle or Renton, Fire District 20 augments its full time staff with part time volunteer staff. These volunteer staff would probably not be absorbed into the Renton or Seattle departments.

Fire District 20 has two fire stations: **Skyway Fire Station**, the one station that is manned 24 hours a day, and **Bryn Mawr Station** near Lake Washington. Bryn Mawr Station is old (built in 1942 and never upgraded), is only staffed in the evening by volunteers, and is viewed by both Seattle and Renton as unnecessary for effective provision of fire and EMS services. Both Seattle and Renton would be likely to close Bryn Mawr Station if they were to annex the area, concentrating instead on providing fire and EMS service to the West Hill area from larger and more modern Skyway Station.

Given that both Seattle and Renton would provide fire services to West Hill out of the existing Skyway Station, it is unlikely that West Hill residents would see a dramatic difference in response times if the area were to annex to either city. Closure of the Bryn Mawr Station by Seattle or Renton would mean that responses would no longer originate out of that station (in the evening when it is staffed), which would result in slightly longer travel times for calls in portions of Bryn Mawr during evening hours. It is worth noting, however, that the Bryn Mawr and Skyway stations are less than a mile apart, and no part of Bryn Mawr is more than a mile and a half from the Skyway Station.

With only one station in West Hill, Seattle and Renton would both need to draw from their existing systems to respond to simultaneous events. Seattle does not enter mutual aid agreements with neighboring departments; therefore, in terms of bringing backup to West Hill, Seattle would be limited to looking to stations to the northwest. Renton does have mutual aid agreements in place with neighboring departments, and would be in a somewhat better position to access backup.

Library Services

West Hill currently receives its library services from the King County Library System (KCLS), a district which operates a 5,100 square foot library in Skyway. Skyway's existing library was built in 1970, and as part of KCLS's recently approved capital bond, the district has plans to build a new 8,000 square foot library in Skyway, with construction beginning in 2011.

If West Hill were to annex to Seattle or Renton, the annexing city would take over provision of library services in the area.

Renton currently has two city libraries and indicates that they would take over operation of the Skyway library, increasing the number of City libraries to three. In terms of operating expenditures, Renton spends significantly less per resident providing library services than does KCLS or Seattle (\$22 per resident for Renton versus \$62 per resident for Seattle and KCLS).

The City of Seattle has an extensive library system, with the newly constructed Seattle Central Library and 27 neighborhood branches. Seattle Libraries is in the midst of an aggressive capital program, funded through its Libraries for All capital levy. Seattle Libraries has indicated that they would be likely to close the West Hill library and seek to provide library services to West Hill through the system's other branches (the nearest being the Rainier Beach Branch).

King County Library System voters recently approved a library capital bond levy. For 2006 through 2011, the new KCLS bond levy will be combined with the 1988 bond levy (which will expire in 2011). Even if West Hill annexes to Seattle or Renton and are no longer in the Library

District, taxpayers in West Hill must continue paying property taxes for the bond levy through 2022.

In 2005, the total levy paid by taxpayers in the Library District is \$0.53 per \$1,000 of assessed value. Of that total, \$0.48 comes from the operating levy, while the remaining \$0.05 goes to paying off the 1988 capital bond. If West Hill was part of Seattle or Renton in 2005, taxpayers would no longer pay the \$0.48 per \$1,000 for the District's regular operating levy, but they would still pay the \$0.05 per \$1,000 for the bond levy (\$11.25 for a \$225,000 house). In 2006, when the new bond levy gets added to the mix, the bond levy component will increase to about \$0.08.

If West Hill annexes to Seattle or Renton, and thus leaves the Library District, KCLS will not be required, by law, to build the Skyway Library that is now slated to begin construction in 2011. Since Renton has stated that they would want to provide library services in West Hill (if the City annexed the area), the City indicates that they would try to negotiate an agreement with KCLS to get the new library built.⁶

Parks, Recreation, and Community Services

Both Renton and Seattle spend a great deal more providing parks, recreation, and community services than does King County. King County reports that it currently spends less than \$5 per resident on parks and recreation services in West Hill, while Renton reports that it spends \$126 and Seattle reports expenditures of \$184 per resident. Annexation to either city would result in a substantial increase in those services.

For the foreseeable future, it is unlikely that either Seattle or Renton would build new parks in West Hill, but upon folding Skyway and Bryn Mawr parks into their system, both cities would probably increase the level of maintenance of the parks and extend their existing recreation programs to the West Hill. Staff at the City of Renton say that the City would make use of all of West Hill's elementary schools to host a full slate of youth programs and community services activities.

Police Services

Both Seattle and Renton spend more per resident providing police services for their existing cities than does the King County Sheriff in West Hill. In terms of results, Renton provides the fastest response times for highest priority calls, responding in an average of 2.9 minutes. This compares favorably with response times of 3.8 minutes reported by the KC Sheriff and 7 minute average response reported by Seattle.

In terms of logistics, the Sheriff's Office currently polices West Hill out of a station located in the City of Burien. If Seattle were to police the area out of its South Precinct on Myrtle Street, the station would be slightly more proximate to West Hill. Of the three, Renton's police station in downtown Renton would be closest.

⁶ Renton staff suggest that a negotiated agreement might entail a transfer of capital funds to Renton for construction of the library.

Community and Economic Development

West Hill's retail corridor along Renton Avenue has many vacant storefronts and is not heavily developed. Many residents would prefer to shop in West Hill, but due to a lack of options, most residents shop for convenience items in Renton. Residents would like to improve the image of their retail corridor, to attract additional retail, arts and cultural amenities to the neighborhood. Many community members are already active in their pursuit of economic development that provides more local employment opportunities, informal community gathering places, and options to shop locally for everyday needs. When looking at prospects for annexation, the question is: **What City resources would be available to support existing community efforts?**

Seattle's Approach

Seattle's **Department of Neighborhoods** works through the following mechanisms and programs to engage Seattle residents in civic participation, strengthen neighborhood communities, and empower citizens to affect positive change in their neighborhoods.

- Seattle's **Neighborhood Matching Fund** provides money to Seattle neighborhood groups and organizations for a broad array of neighborhood-initiated improvement, organizing or planning projects. Matching funds are available for small projects as well as projects requiring more than \$15,000.
- The City's **Neighborhood Service Centers** link City government to Seattle's neighborhoods. The Centers facilitate community networks, assist with neighborhood improvements, make referrals to local human services, and serve as staff to District Councils.
- Seattle's **P-Patch Program** provides community garden space in over 1,900 plots for residents of Seattle neighborhoods.
- The **Office of Economic Development's (OED)** mission is to provide business assistance and community and workforce development services to businesses, community organizations and residents. OED funds the following major programs to achieve its goals.
 - **Neighborhood and Community Development Programs.** OED provides Neighborhood Business District support to Business Improvement Areas, neighborhood associations and Chambers of Commerce. In addition, OED supports Community Development Corporations like Southeast Effective Development (SEED) to help revitalize neighborhoods through community development and real estate development projects.
 - **Business Development Programs.** OED works with several entities to ensure business-friendly City policies: Community Capital (which provides technical and financial assistance to small businesses and microenterprises); the Environmental Extension Service (which provides conservation, pollution prevention and environmental clean-up assistance to businesses); and the Seattle/King County

Economic Development Council (which works to recruit and retain businesses in the region).

- **Workforce Development Programs.** The Seattle Jobs Initiative (SJI) partners community-based organizations with community colleges and employers in recruiting, training, placing and retaining low-income residents in living-wage jobs.

Renton's Approach

Renton takes an integrated approach to community and economic development through its Economic Development, Neighborhoods, and Strategic Planning Department (EDNSP). In recent years Renton has been garnered a great deal of regional attention for its successful efforts to revitalize the City's Downtown district.

Renton's Neighborhood Program promotes positive interaction between the City and its residents by administering Neighborhood Grants and sponsoring Neighborhood Picnics. The program is staffed by a team of City employees who serve as volunteer liaisons.

- The **Neighborhood Grant** program provides matching funds for a range of neighborhood improvement projects. \$50,000 is available for grants annually and individual grants range from less than \$100 to several thousand dollars. Typical projects include neighborhood beautification projects (landscaping, signage, public art), safety improvement projects (traffic circles, lighting), and reimbursement for neighborhood newsletters.
- **Neighborhood Picnics.** Once a year, recognized neighborhoods can apply for matching funds from the City for an annual picnic. The picnics bring neighborhoods together, strengthen community bonds, and give residents the chance to meet the Mayor and City Council in a relaxed atmosphere.

Renton's Strategic Planning Division provides long-range land-use planning for the City, including developing, managing and implementing the City's comprehensive plan, growth management compliance, and sub-area plan development. The Strategic Planning Division also formulates zoning and development standards and processes annexation proposals.

The Economic Development Division works in concert with the business community to actively promote and develop economic activity in the City with the goal of strengthening Renton's tax base and providing an even greater variety of job opportunities, housing, and services.

WEST HILL GOVERNANCE ALTERNATIVES ASSESSMENT SUMMARY REPORT

Remain Unincorporated

If West Hill chooses to remain unincorporated, area residents and businesses would see no change in the providers of governmental service. West Hill would continue to receive the majority of local services from King County. Fire services will continue to be provided by Fire District 20. Library services will continue to be provided by the King County Library System. And water and sewer services will continue to be provided by Skyway Water & Sewer District (for the portion of West Hill that receives sewer service).

TAXES AND COSTS OF SERVICE

As noted in the section discussing Annexation, in 2005, a typical homeowner in West Hill will pay an estimated \$4,260 in taxes and utility fees for stormwater, water and sewer, and garbage collection (see Table 9).⁷ Taxes included in this figure reflect all taxes that are paid on a regular basis based on where a family lives.⁸ As a resident of unincorporated King County, this hypothetical homeowner pays \$193 more than she would if she were part of the City of Renton, but a \$281 less than she would as part of the City of Seattle.

Given King County's challenges regarding its General Fund (see following section for more discussion), it is likely that the King and other counties will continue to seek additional taxing authority from the State Legislature in an effort to raise additional revenues in unincorporated areas. If counties are successful in establishing additional taxing authority, it is likely that tax burdens in unincorporated King County will increase further.

As an example, if counties were given authority to levy utility taxes in unincorporated areas (an authority cities already have within incorporated areas) then King County could implement utility taxes that could raise costs for the hypothetical homeowner by \$100 to \$200 per year.

Another area where unincorporated area costs could increase comes from solid waste collection. Rates for garbage collection in unincorporated areas are relatively high compared to rates for comparable service in most cities. Presumably, one of the reasons for higher collection rates in the unincorporated county is the higher cost of collecting garbage in relatively low-density areas. Looking forward, as urban areas of King County continue to transition to incorporated status, this problem could be expected to worsen. In future years, when garbage collectors negotiate rates for collection in the unincorporated area, an increasing portion of their service areas will be very low density areas with high costs of collection.

⁷ For purposes of estimating costs, the typical homeowner is assumed to have a house valued at \$225,000 (the median for houses in West Hill in 2005) and automobiles valued at \$17,000 (using the Monorail valuation schedule, which tends to overstate the true value of vehicles).

⁸ Residents pay other local taxes on a regular basis, such as retail sales tax and, indirectly, business & occupation taxes on goods and services purchased in the City of Seattle. However, those taxes are unlikely to change with a change in governance.

LEVELS OF SERVICE

As a small part of a very large county, West Hill residents can expect to have limited ability to influence governmental decisions that affect most local services. In a given year, King County decisionmakers take many actions that directly or indirectly impact local services in West Hill, including Police, Parks & Recreation, Roads, Land Use & Planning, Stormwater, Human Services and Community Development. As residents of an area that represents less than 1% of the voting population in the county, West Hill residents face barriers when it comes to affecting decisions that directly impact their community.

On the other hand, if West Hill were to remain unincorporated, residents would maintain a great share of local control over fire and water & sewer services. Both Fire District 20 and the Skyway Water & Sewer District have district boundaries that closely coincide with West Hill's boundaries. This means that West Hill residents and businesses make up virtually 100% of the each district's constituency. (Under annexation to Renton, Renton would leave the Skyway Water & Sewer district in place, which would maintain West Hill's local control of that service.)

In addition to the political challenges of being a small community in a big county, West Hill will also be impacted by King County's proposed redistricting plan. Under new district boundaries, West Hill will switch from being at the center of a single district (representing 10% of the district's population base) to portions of West Hill being a small edge of three different districts.

WHAT SHOULD WEST HILL RESIDENTS AND BUSINESSES EXPECT TO HAPPEN TO SERVICE LEVELS IF THE AREA REMAINS UNINCORPORATED?

The short answer is that, unless King County gets authority to increase taxes in unincorporated areas, services that are provided out of King County's general fund will all be under pressure to reduce expenditures in urban unincorporated areas like West Hill for years to come. (This includes Sheriff, Parks, Land Use & Planning, and Economic Development.)

Like all County residents, West Hill residents receive public services from King County that are regional in nature, including most criminal justice, public health, sewage treatment, transit, emergency medical, mental health, and assessor services. Most are mandated by state law or are a service obligation approved by County voters.

Given the combination for demands for County services and limited authority to generate general fund revenue, resources that are available for provision of local services are limited.

King County's general fund is where most of the revenues are collected by the county to pay for day-to-day operations.

From 2002 to 2005, King County expects that general fund revenues will have increased at a rate of 2.7% per year. At the same time, the basic costs of providing services have increased at more than twice that rate. The County estimates that, in order to maintain 2002 staffing levels and levels of service in 2005, King County would have needed an additional \$137 million in general fund revenues in 2005 (25% more than the County actually received).

Without an increase in tax rates, the County's structural deficit will continue to erode its effective resources. This means that, for the foreseeable future, the County will have to make difficult

choices when it comes to the provision of local government services. The County is in a position where it must first fund state-mandated services (criminal justice and public health) and regional services (sewer and courts) before it provides local services (such as parks, human services, and police services).

It is difficult to say which services may be cut or reduced in unincorporated areas as available revenues continue to decline. Those decisions must be made each year through the County's budget adoption process. However, until the County is able to fully address its structural deficit, the County will be forced to make cuts across all of its service areas, including services to local urban unincorporated areas such as West Hill.

What Is King County's Annexation Initiative?

The Growth Management Act, King County Countywide Planning Policies, and the King County Comprehensive Plan encourage all unincorporated areas within King County's Urban Growth Boundary to pursue incorporated status through either annexation or incorporation. State law (RCW 36.70A.110) provides the underlying rationale for these policies: "In general, cities are the local government most appropriate to provide urban governmental services."

In response to the direction of the Growth Management Act (GMA), in the early 1990s, King County and the suburban cities worked together to develop a framework of policies intended to guide jurisdictions as they planned for the future. These policies, referred to as the Countywide Planning Policies, are King County and the suburban cities' interjurisdictional plan for implementing the goals of the Growth Management Act. As directed by the GMA, these Countywide Planning Policies explicitly address the status of unincorporated urban areas. Among other things, the policies call for:

- Elimination of unincorporated urban islands between cities.
- The adoption by each city of a Potential Annexation Area, in consultation with residential groups in the affected area.
- The annexation or incorporation of all unincorporated areas within the urban growth boundary within a 20-year timeframe (1993 – 2013).

In urban unincorporated King County, there are currently 10 large areas (including West Hill, Fairwood, North Highline and Juanita) that have yet to be annexed to a city or incorporate into a new city. There are now about 218,000 residents in these urban areas for whom King County currently provides local services.

In 2003, the Executive's Budget Advisory Task Force suggested that annexation of the remaining urban unincorporated areas not only helps accomplish the region's land use vision but it also "*may be the single most important step the County can take to address its fiscal challenges.*" From this the Executive established the 3-year Annexation Initiative.

The Annexation Initiative is meant to serve as encouragement for potential annexing cities and for unincorporated areas, through funding and other resources, to discuss and plan changes in governance to incorporated status. The Initiative is intended to be a positive step toward assisting communities to determine their own future.