Analysis of the Potential Annexation of North Highline into the City of Seattle: A Report to the Seattle City Council

Prepared by the City Budget Office and the
Office of Intergovernmental Relations

January 18, 2011

City of Seattle
City Budget Office

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Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am transmitting the attached report on the potential annexation of North Highline Area Y into the City of Seattle, consistent with Resolution 31198, which was adopted in April 2010. The City of Seattle has been discussing the possibility of annexing the North Highline community since the late 1990s. During the first several months of 2010, Mayor McGinn engaged with City Council in a renewed dialogue of that possibility. The agreed position at the time was that the City needed to have a better understanding of the service level options and the corresponding budget impacts resulting from the annexation before deciding whether to proceed.

The information in the attached report describes an array of potential service level options should the annexation be approved and includes an in-depth analysis of the revenues; one-time and on-going operations and maintenance costs; an assessment of potential capital infrastructure costs: and costs of special purpose districts that currently provide services in the Potential Annexation Area (PAA).

After considering the findings of the attached report, the Mayor believes that Seattle is better positioned to provide services to the residents and businesses in the area than is King County. The City's priorities match the PAA's needs well. At the same time, the City's current and future financial reality, as presented in the attached analysis and as discussed in the development of the 2011 and 2012 budgets, make the decision to annex difficult to contemplate at this time. The data in the report indicates that an affirmative decision to annex will come with a financial cost to the City. The City simply does not have sufficient resources (and resource growth) to meet existing demands for its services and take on the new demands that the annexation would require.

Beth Goldberg, Director
City Budget Office
600 4th Avenue, 6th Floor
PO Box 94747
Seattle, WA 98124

Tel (206) 233-7115
Fax (206) 223-0022
Beth.Goldberg@seattle.gov

The Mayor remains committed to working with the Council as it considers the information in this report. Please do not hesitate to contact me (3-7115) or Doug Carey (4-8067) if you have any questions about the content of this report.

Sincerely,

Beth Goldberg
Director, City Budget Office

Attachment: Analysis of the Potential Annexation of North Highline into the City of Seattle: A Report to the Seattle City Council

Copy: Honorable Members of the Seattle City Council
Ben Noble, City Council Central Staff Director
Christa Valles, City Council Central Staff
Michael McGinn, Mayor
Julie McCoy, Chief of Staff, Mayor's Office
Ethan Raup, Director of Policy and External Affairs, Mayor's Office
Tim Killian, Senior Advisor to the Mayor
Hall Walker, Deputy Budget Director
City Budget Office Budget Leads

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The City of Seattle has been contemplating the potential annexation of North Highline (Area Y) since the late 1990s. The City's Comprehensive Plan (Comp Plan) identifies North Highline, a 3.55 square-mile area which is home to 20,000 people and borders the southwest limits of Seattle, as a Potential Annexation Area (PAA). The area is shown on the map in Attachment 1.

The City's decision to potentially annex North Highline Area Y is guided by the following policy language established in the Comp Plan:

> *1. The area has access or can easily be connected to areas already served by the City, allowing efficient delivery of services to the area;*
>
> *2. The City can readily provide services to the area; and*
>
> *3. The boundary changes or interjurisdictional agreements will result in a fair and equitable distribution of revenues, facilities development and maintenance and operating costs, and transfer of assets.*

A decision to annex North Highline into the City of Seattle would first require an affirmative vote by the Seattle City Council to place the measure before the residents of North Highline. As part of the on-going dialog around this decision, the City Council passed Resolution 31198 in April 2010, requiring the City Budget Office to undertake the following by January 18, 2011:

- An in-depth analysis of the revenues and one-time and on-going operations and maintenance costs
- An assessment of potential capital infrastructure costs

In evaluating these costs, Resolution 31198 instructs the Executive to evaluate the transition of services currently being provided by special purpose districts. This report is being submitted in response to Resolution 31198. Specifically, this report describes the Executive's analysis of the potential revenues associated with the potential annexation of Area Y; a range of service one-time and on-going operating and capital costs based on varying service level assumptions; and places the results of this work in the context of the City's overall financial picture[1]. It also provides a status report on discussions with King County and the special purpose districts currently providing services in the area.

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[1] In all cases, the analysis provided here used 2010 dollars to determine the financial impact. The annexation, if approved, would not take effect until 2013, meaning that the revenue and expenditure assumptions would need to be adjusted to 2013 rates at such time as the financial assumptions are implemented.

Revenue Analysis

The successful annexation of Area Y would result in an infusion of additional revenues to the City of Seattle. These "base" revenues would include:

- General Fund revenues, including sales tax, business and occupation (B&O) tax, property tax, utility taxes, and other miscellaneous General Fund revenues that would be collected from Area Y upon the successful annexation into the City.
- Gas tax revenues that would go to the Transportation Fund in support of transportation services to the area.
- Street use fees that would also go to the Transportation Fund in support of transportation services to the area.
- Revenue from Vehicle License Fees generated by the Transportation Benefit District (TBD) will be collected in the North Highline annexation area, following City Council action that incorporates it into the TBD.
- Federal CDBG and HOME funds that would support homelessness, economic development, and housing programs in the area.
- Real estate excise tax (REET) revenues that could be used to offset the costs of general government capital investments in the area.

Collectively, the City can expect to receive approximately $11.9 million in revenues from these sources, as identified in the "REVENUES" section of the "2010 Phase 2 Calculations" summary tables at the beginning of Attachment 2. Details of the General Subfund assumptions, if Area Y were to annex into the City of Seattle, are documented in Attachment 3. These "base" revenues serve as the low-end of the potential revenues the City could expect to receive from the annexation. The General Fund revenue estimates are based on information originally provided in a 2006 PAA revenue analysis completed by the King County Office of Management and Budget (OMB). This analysis created local revenue impact forecasts for each of King County's potential annexation areas, including North Highline, which at the time included Area Y and Area X. Area X covers the southern portion of North Highline PAA and was annexed by the City of Burien, effective April 2010. The OMB analysis projected each notable local revenue source using 2007 dollars. Using this as a foundation, City staff made a variety of adjustments to put these figures in 2010 dollars, as well as to reflect the adjusted boundaries of the PAA with the loss of Area X. Growth rates for specific revenues in Seattle from 2007 to 2010 were used to adjust the county's figures. The share of Area Y's population as compared to the entire original annexation area (Areas X & Y) was also used to refine the forecast specifically to Area Y. The Transportation Fund revenues were generated by the City Budget Office and the Seattle Department of Transportation and would go to support transportation services in the area. In all cases, the cost of transportation services (discussed later in this report) exceeds these

revenues. The Federal CDBG and HOME revenues are derived by applying the factors known about the population of Area Y to the CDBG formula, which is similar to that used for HOME.[2]

In addition to these "base" revenues, there are potential opportunities for other revenues to the City if Area Y is successfully annexed, including gambling taxes on card rooms, one-time funds from the King County Library system, and a sales tax credit from Washington State. These potential revenue sources are each associated with special circumstances that warrant separate discussion. The amount generated by these sources would be in addition to the $11.9 million in revenues described above and are reflected in the "high-end" revenue estimates on Attachment 2.

Gambling Taxes: There are two forms of gambling currently allowed under City law – punch cards and pull tabs. Revenues generated from these gambling activities are included in the General Fund revenue estimates described above. In addition to these gambling activities, there are two card rooms that currently operate in Area Y. Card rooms are currently prohibited from operating in the City of Seattle under Seattle Municipal Code (SMC) 12A.22.110. These two establishments would not be allowed to continue to operate if Area Y were annexed into the City of Seattle unless the City Council adopted an ordinance allowing these two establishments to continue operating. If this decision were made, the City could expect to receive approximately $450,000 - $500,000 in additional gambling tax revenues from the potential annexation area, depending on the tax rate the city would choose to apply.[3] These revenues assumptions are reflected on Attachment 2.

Sales Tax Credit: The Washington State Legislature recognized in most cases that areas proposed for an annexation do not generate adequate revenues, such as property, sales and utility taxes, to cover the annexing city's cost of providing municipal services to the area. In 2006, the Legislature enacted legislation that allows certain cities to impose 10-year sales and use tax, up to 0.3 percent, to help provide, maintain and operate municipal services within a newly annexed area with a population of 10,000 or more. The tax is a credit against the state's 6.5 percent sales, so it is not an additional tax to a consumer. The legislation applied to all cities in King, Pierce and Snohomish counties, with the exception of the City of Seattle.

In 2009, the Legislature amended the state's sales and use tax credit to allow the City of Seattle access to state funds, but limited the amount available to the City to $5 million per year for a 10-year period. The legislation also stated that the annexation must commence before January 1, 2015, to be eligible to be eligible for the state assistance.

This revenue is not included in the "Low Revenue Option" to reflect the possibility that the State could eliminate the tax credit in balancing its own biennial budget in the face of its $5

[2] It is important to note that the region's CDBG allocations could be reduced in the upcoming Federal budget.
[3] The lower end of this range is based on an 11% tax rate, which is the current rate applied by King County. The upper end of this assumption is calculated using a 20% tax rate, which is the maximum allowed by State law. If card rooms are allowed to continue in the annexed area, a policy decision would need to be made on the tax rate.

billion deficit. The possibility of this revenue source is reflected in the "High Revenue Option" summary table in Attachment 2.

One-Time Payment from the King County Library System (KCLS): In January 2008, the City of Seattle and KCLS reached an agreement regarding the disposition of Library capital assets in the event the City annexes any portion of the North Highline PAA. Terms of the agreement are that KCLS will pay the City an amount related to the assessed value of the property located within the annexed area to continue providing library services in Area Y. The annexation agreement identifies a $2 million payment for the entire North Highline area as it existed in 2007, which included the southern portion that Burien subsequently annexed. It is estimated that the pro-rated amount owed for the northern area, which is now under consideration for annexation by Seattle, will be approximately $1.2 million. KCLS and the City will need to confirm the actual payment figure at the time of annexation with the help of the Assessor's Office per the calculation method detailed in the agreement. The amount is payable in a single payment, or four equal semiannual installments. Because this is a one-time infusion of resources, this revenue is considered separately from the on-going "base" revenues in the summary tables for the low and high revenue options in Attachment 2.

Collectively, these three revenue sources could provide the City with as much as $5.5 million of additional on-going[4] resources and $1.2 million in one-time resources beyond the $11.9 million in "base" revenues to support the provision of City services in Area Y.

Levy Lid-Lifts: In authorizing an increase in an annexing jurisdiction's property tax levy in its first levy after annexation, state law prescribes a maximum increase based on the annexing jurisdiction's regular levy rate multiplied by the assessed value in the annexed area. The regular levy rate includes the general expense levy and the rates of any levy lid-lifts. The use of this additional revenue is not limited in statute and is, therefore, reflected in the summary tables of Attachment 3 in the General Fund numbers. At the same time, the City would be allowed to spend general expense revenue on programs that are included in the lid-lifts. Levy lid-lifts that will be in place in 2013 are Low-Income Housing, Parks & Open Space, Transportation and Pike Place Market. Revenue assumptions in the annexation analysis are that the Families & Education Levy will be renewed.

Potential Incentive Money from King County: When King County first embarked upon the effort to encourage cities to annex urban unincorporated areas in 2004, it created a $10 million annexation incentive fund to provide cities with resources to aid in the transition of annexed areas. As the effort to annex these areas into cities stalled and as the impacts of King County's structural deficits mounted, these incentive funds were allocated for other budget balancing purposes. In the context of this analysis, staff from the City Budget Office approached King County to see if they would have an interest in providing additional incentive funds if the City of Seattle were to annex Area Y, based on savings that the County would likely realize in the event

[4] The sales tax credit expires after ten year. But, for the purposes of this analysis, the sales tax credit is nonetheless considered an 'on-going' source of revenue.

of annexation. King County indicates that this is highly unlikely, given its own budget constraints and the additional pressure put on its budget by the anticipated reductions in state and federal funding. Therefore this analysis assumes no revenues from King County on either the low-end or the high-end.

Summary of Revenue Impacts: The table below provides a summary of the range of potential revenue impacts from the annexation of Area Y.

Summary of Potential Revenue Impacts ($ in millions)

	On-Going		One-Time
	Low-End Assumption	High-End Assumption	
"Base" Revenues	11.9	11.9	
Gambling Tax (Card Rooms)		0.5	
Sales Tax Credit*		5.0	
King County Library System			1.2
TOTAL	**11.9**	**17.4**	**1.2**

* Available under current RCW for 10 years following annexation.

While the annexation of Area Y would result in increased revenues to the City, they would not be enough under any service level assumption to cover the costs of serving the area. The range of expenditure impacts is discussed in the next section.

Service-Level & Expenditure Analysis

The revenues that would come to the City as a result of the annexation would go to support the provision of services in the area. The scope of these costs is dictated by service level assumptions. In most cases, the starting point for cost estimates is derived by assuming that the area receives the same level of service as is currently provided in other part of the City of Seattle. Because each of the seventeen departments and Finance General each have different operations drivers, this analysis provides a range of costs beyond this base assumption to take into account the unique operational issues and decision points for each department. In addition to providing "low-end" and "high-end" expenditure assumptions, this analysis also takes into account potential one-time costs. The detailed explanations for each of the seventeen departments and Finance General are provided in Attachment 2. Below is a brief description of how the range of potential costs is determined for each of the following departments:

- Criminal Justice Contracted Services
- Office of Economic Development
- Office for Education
- Department of Finance and Administrative Services
- Seattle Municipal Court
- Department of Neighborhoods
- Department of Parks and Recreation
- Department of Planning and Development

- Seattle Fire Department
- Office of Housing
- Department of Human Services
- Law Department
- Seattle Public Library
- Seattle Police Department
- Seattle City Light
- Seattle Public Utilities
- Seattle Department of Transportation

It is also important to note that decisions on service levels and costs may be influenced by relationships and roles of special districts that currently provide services in Area Y. The chart below provides a summary of the special districts and the assumptions being made regarding service provisions post-annexation.

Summary of Proposed Local Service Providers After Annexation		
Service	**Current Service Provider**	**After Annexation Service Provider (Recommendation)**
Fire Protection & Emergency Medical Services	North Highline Fire District #11 & King County Medics	Seattle Fire Department
Police Services	King County Sheriff's Office	Seattle Police Department
Water	Seattle Public Utilities Water District 20 Water District 45	Seattle Public Utilities Water District 20 *(City M&O Contract)* Water District 45 (Assumed by City)
Sewer	Valley View Sewer District SW Suburban Sewer District Septic – Public Health Dept.	Valley View Sewer District *(City Franchise)* SW Suburban Sewer District *(City Franchise)* Septic – Public Health Dept. & existing sewer districts
Electric Service	Seattle City Light	Seattle City Light
Natural Gas	Puget Sound Energy	Puget Sound Energy *(City Franchise)*
Surface Water Management Services	King County	Seattle Public Utilities
Solid Waste Services	Waste Management *(UTC -Franchise)*	Seattle Public Utilities *(Initiate 7-year transition/WUTC notification. Negotiate interim, long-term contract and release of damages)*
Roads	King County (Road District)	Seattle Department of Transportation
Federally	King County Housing Authority	King County Housing Authority

Summary of Proposed Local Service Providers After Annexation		
Assisted Housing		*(No change – agreement between City, SHA and KCHA)*
Library	King County Library System	Seattle Public Library
Schools	Highline School District	Highline School District *(No Change)*

For a more complete discussion of the status of discussions with the special districts and the Executive's recommendations about the relationship with the districts if annexation were to proceed, please refer to Attachment 4. Cost assumptions resulting from changes in these relationships are highlighted in the cost estimates described below.

Criminal Justice Contracted Services (CJCS): CJCS covers City costs associated with providing public defense and incarceration costs for the City's misdemeanant population. To determine the costs of providing these services to Area Y, this analysis relies on King County data that suggests that there are 1,100 misdemeanant case filings in Area Y. This caseload determines CJCS costs, as well as the cost assumptions for the Law Department and Seattle Municipal Court, which are discussed later in this report.

Potential CJCS Costs: $1,225,228 – on-going

Office of Economic Development (OED): OED is currently involved with Impact Capital, an intermediate lender to non-profit economic development organizations in underserved areas, in the White Center business district revitalization. The Annie E. Casey Foundation has been involved in the White Center/Seattle area through its "Making Connections" initiative with the goal to promote family economic success. This initiative connects residents to jobs, assets, quality early education, and opportunities for civic engagement and leadership. Priorities relevant to OED involve expanding the jobs pipeline, and leveraging additional funds to create green jobs and promote neighborhood revitalization. OED's "Only in Seattle Initiative" would continue this work, funded by a portion of the expected increase in CDBG funds if annexation occurs. OED estimates the need for additional General Subfund resources up to $50,750 to supplement CDBG. OED would also expand their Business Outreach service to the PAA for an annual cost of $10,000.

Potential OED Costs: $299,971 – on-going; $50,750 – one-time

Office for Education (OFE): OFE is the only department in this analysis for which no costs are identified. This was done to indicate that there are programs funded by the current Families & Education Levy, including early childhood education and support for struggling students in low-performing elementary, middle, and high schools, that could potentially be placed in schools of Highline School District (HSD), which is responsible for the public schools in Area Y. However, the City's levy program has not yet been determined for 2013, the date that the annexation

would be implemented if approved. In addition, a contractual relationship would need to be developed between the City and HSD, and funding partners would have to be identified to share the cost for those students who are served but are not Seattle residents.

Potential OFE Costs: To be determined by future scope of the Families & Education Levy

Finance General: The City of Seattle would see an increase in its street-lighting bill to cover the costs of street lights in Area Y. Seattle City Light (SCL) is the provider of this service in the Area. The costs of providing this service to Area Y was determined by applying the 2010 electric rates to the estimated number of poles (1,750) in the area.

Potential Finance General Costs: $300,000 – on-going

Department of Finance & Administrative Services (FAS): FAS would be responsible for providing Animal Control and Licensing & Standards services to Area Y if it is annexed into the City of Seattle. This assumes that licensing and standards work will be absorbed by the department. The low-end estimate also assumes that FAS would be able to absorb the animal control workload within existing resources, including the 350 calls per year generated from Area Y. On the high-end, this analysis assumes the need for an additional half-time animal control position to meet the workload demands of the 350 calls. Based on King County's current workload estimates, FAS would dedicate a .5 FTE animal control officers to meet this demand.

Potential FAS Cost: $0 on-going on the low-end; $36,368 on-going on the high-end

Seattle Fire Department (SFD): Fire services and emergency medical services are currently provided to Area Y by the North Highline Fire District (NHFD), which operates out of an existing fire station located in the area. Upon annexation, these services would be assumed by the Seattle Fire Department. On the low-end range of costs, this analysis assumes that the existing fire station would continue to operate in the area and that a fourth firefighter would be added to the current three-person crew to match SFD staffing standards. The low-end costs also include a $1.3 million capital investment to configure the existing bunkrooms, bathrooms, locker rooms and officers' quarters to accommodate gender separation – a standard at all other fire stations throughout the City. Finally, the low-end costs assume that the City is responsible for the pension and medical benefits for ten NHFD firefighters that are members of the LEOFF I retirement system. As they would be brought into the City's Fire Pension system, that system's average medical and pension costs were used to arrive at the calculation.

To arrive at the high-end costs, this analysis assumes that the station is remodeled to provide gender separation as described above, but also would be built to meet the standards of other SFD facilities under the Fire Facilities Levy program by providing seismic upgrades, a new roof, electrical service, and a standard generator. The cost of this option is $3.7 million.

This option also adds a medic unit, which would become the eighth in the city. This unit was not added in the low-range option because Area Y will add only 650 calls to the total of 19,556 in Seattle in 2009. In the last ten years, there are only two years with fewer annual responses than what is projected post-annexation. The most recent period that the Fire Department was responding to that few calls was before 2000 when only six medic units were fielded. On the other hand, there is an effect of not adding the eighth medic unit with annexation. Extending coverage into North Highline will require a response from the unit at the West Seattle Junction. When that unit is servicing a call in North Highline, the rest of West Seattle will be served by units at Harborview and Rainier Valley.

It is possible that an eighth unit will be needed in the city in the future, adding the calls from Area Y likely does not trigger that need at this time.

Two options for the Fire Department's capital proposal are explained above. The Department also proposed a third option, not included in Attachment 2, which would relocate and build a new three-bay station for $13 million in order to improve response capability in the annexation area and other areas of southwest Seattle. The reason for not including this option is that there are other higher priorities among the existing station upgrades in the Fire Facilities Levy program.

Potential SFD Costs: Low-end: $2.7 million on-going and $2.2 million one-time
High-end: $4.2 million on-going and $6.2 million one-time

Office of Housing (OH): The Office of Housing provides low-income housing assistance programs throughout the City using Federal grants including CDBG and HOME grants, as well as the vote-approved Low-Income Housing Levy. The low-range costs of serving Area Y upon annexation assume that the City would receive CDBG and HOME dollars from the Federal government based on existing formulas.

In authorizing an increase in an annexing jurisdiction's property tax levy in its first levy after annexation, state law prescribes a maximum increase based on the annexing jurisdiction's regular levy rate multiplied by the assessed value in the annexed area. The regular levy rate includes the general expense levy and the rates of any levy lid-lifts, such as the Low-Income Housing Levy. Because it is at the City's discretion to spend general expense revenue on programs that are included in the lid-lifts, the low option assumes that nothing is spent on housing programs, while the high option assumes that $226,328 will be spent on affordable housing.

Potential OH Costs: $442,430 low-end on-going; $668,758 high-end on-going

Department of Human Services (HSD): Area Y of the North Highline PAA is home to many people in need of services offered by Seattle's Human Services Department. Because of the work of the Annie E. Casey Foundation, much more is known about the broader White Center community, two-thirds of which is comprised of Area Y. It is one of the most diverse neighborhoods in King County, with many foreign-born residents.

Data from the White Center Neighborhood Action Plan (WCNAP) indicates the following:

- Fifty-four languages are spoken in its schools and businesses.
- The White Center Neighborhood Action Plan points out that the concentration of people of color in White Center (45%) is greater than in King County (25%) and Seattle (32%).
- One in six people in White Center are below the federal poverty level, compared to one in 13 in King County.
- One in three does not earn a family-supportive wage.
- Almost 40% of households with children are headed by a single parent, mostly women.
- Twenty-seven percent of White Center adults do not have a high school diploma, which is more than double the percentage of King County as a whole.
- Sixty percent of the children at three of the four White Center schools are eligible for the free/reduced-price lunch program, which is three times higher than the King County average.
- Median family income is $40,000 compared to $53,000 in King County.

The Annie E. Casey Foundation invested time and resources to combat poverty and create opportunity by strengthening the capacity to connect families in this community through its "Making Connections," a ten-year commitment to the White Center neighborhood, but it is no longer funding programs in the community. The Bill and Melinda Gates Foundation has also made a 10-year commitment, starting in 2006, to early learning in the neighborhood.

The human services section of this analysis is one of the most critical in understanding the trade-offs facing the City of Seattle in considering the annexation of Area Y. The motivation is high to extend Seattle's safety net services to the people who live in this high-need area. At the same time, there are already unmet human services and public health needs in the City of Seattle. Addressing the needs of those who currently live in the city is becoming increasingly difficult with reductions being made by federal, state, and county funding partners. The problem is clearly seen in the way that the City of Seattle will spend its public health dollars in the years ahead. The City now spends $11 million in General Subfund dollars to enhance the basic services supported by state and county dollars. As support for the basic programs is likely to be significantly reduced in the days and months ahead, it will not be practical to talk about Seattle using its money to enhance services that are themselves in the process of being withdrawn by other units of government. The City is in the process of identifying all those areas that will be affected by state budget cuts, but some are already known. For example, the City provides child care subsidies to families who earn 200% to 299% of the federal poverty level to bolster the state's program that subsidizes families up to the 200% level. The state recently restricted eligibility to those up to 175% of the federal poverty level, leaving a group of people unsupported and placing pressure on the City of Seattle to determine how to potentially adjust its program.

To address the human services and public health needs of Area Y, the Human Services Department identified key core services, shown in Attachment 2, that they believe will help address the issues identified in the WCNAP. Services described in both the low-range and high-range options exceed the level of service now provided in Area Y. The primary difference

between the two options is that three programs: case management, congregate meals, and senior day programs, did not have as direct a link as the other strategies of the WCNAP. For congregate meals and senior day program in the low range, the amount budgeted is 3% of HSD's total spending in those programs. The case management budget would backfill for a recent cut to the Southwest Boys and Girls Club. In addition, the high range option assumes that a year of community engagement with the annexed area would be performed under contract, while the low end option is more consistent with HSD's strategy of having community engagement be an effort of all employees. Both options include one year only of a contract management staff, who will be needed when the RFIs for $1.7 million in new contracts are issued.

Potential HSD Costs: Low-end: $1.7 million on-going and $88,900 one-time
High-end: $1.9 million on-going and $138,900 one-time

Law Department: The Law Department's estimates use the King County misdemeanant caseload estimate of 1,100 misdemeanor filings in Area Y and apply the Criminal Division's historical decline-to-file rate of 22% to base their need for additional staffing. The result of the calculation is an estimated increase in misdemeanor filings of 6.9%, which is consistent with the police data that there is a higher rate of misdemeanor crimes in Area Y than the rest of Seattle (population is increasing by 3%). New staff is added for both the low- and high-range options. The low options assumes that some of the additional work can be absorbed by existing staff, thus increasing the caseload per attorney by only two cases per month. Workload support for support staff would increase by only eight cases per month. The high option staffs the Department at its current workload for attorneys and staff. The one-time costs cover start-up expenses, such as purchasing computers and furniture, associated with the new positions

Potential Law Costs: Low-end: $138,500 million on-going and $5,000 one-time
High-end: $277,000 million on-going and $10,000 one-time

Seattle Public Library (SPL): If Area Y were to annex, SPL proposes to continue operation of the 2,300 square-foot Greenbridge Library, which is operated by the King County Library System (KCLS). SPL would operate it for 35 hours per week on a scale similar to eight small branches in Seattle, which is three hours more than it is currently open. This difference in weekly operating hours, with SPL's preferred model costing only $5,000 more per year, represents the only difference between the high and low options.

Based on preliminary conversations with KCLS, SPL has determined that it would be more efficient to create its own collection rather than transfer the KCLS collection to SPL. In evaluating the Greenbridge collection, SPL's collection services manager determined that KCLS and SPL use different tracking systems (SPL uses Radio Frequency Identification tags on materials; KCLS uses bar codes). This means that SPL would have to re-catalog all the items, which requires extra staff time required to remove/reprocess materials. KCLS, on the other hand, would simply fold the items into its circulating collections. This will also allow SPL to

select items that are likely to be highly used at this branch and complement the rest of its collection, which circulate system-wide.

Both low and high ranges assume the full cost of the existing lease between KCLS and the YWCA. The library is located in the 10,000 square-foot Greenbridge Learning Center. The funding partnership with KCLS was a necessary component of the capital financing of the Learning Center. The annual lease payment for the library space is $147,075. In addition, there is a charge of $3,000 per month for the library's share of the building's operating costs. KCLS is also responsible for prorated property taxes and maintenance of the branch space. To demonstrate the effect of the lease, SPL compares its annual lease cost for the 4,000 square-foot New Holly facility at $70,000. Discussions with KCLS have enlisted their support in approaching the YWCA for some relief in the terms of the lease. Three-party negotiations have not yet begun.

These costs would be partially offset on a limited basis by the one-time payment of $1.2 million from KCLS as described above in the Revenue section of this report.

SPL staff have visited the Greenbridge Library, which opened in December 2008, and determined that the facility is in good shape for their use.

Potential SPL Costs: Low-end: $488,000 on-going and $347,000 one-time
High-end: $493,000 on-going and $347,000 one-time

Seattle Municipal Court (SMC): The Municipal Court's cost estimates use the King County estimate of 1,100 misdemeanor filings in Area Y and apply the Law Department's historical decline rate to base the need for additional staffing. The result of the calculation is an estimated increase in misdemeanor filings of 6.9%, which is consistent with the police data that there is a higher rate of misdemeanor crimes in Area Y than the rest of Seattle (population is only increasing by 3%).

For perspective, when the work associated with 1,100 new cases is spread across the seven judges, the average caseload would increase by 13 cases per judge per month. This would result in a higher caseload average than what was carried during the last three years, but would be lower than the 2006 and 2007 averages. Therefore, while the low option adds no courtroom judicial capacity and assumes the work will be absorbed, the high end recognizes the trends over the last several years and adds 600 hours of pro temp time. Court operations grow at the rate of case filings in the high option, but the low option limits adds more strategically to where the work is most likely to occur. Both options add .76 FTE magistrate to handle infractions and 1.16 FTE probation counselors, commensurate with the growth in filings.

Potential SMC Costs: $293,185 low-end on-going; $481,252 high-end on-going

Department of Neighborhoods (DON): The low- and high-range cost estimates for DON maintain the P-Patch that has been established at the White Center Heights Community Garden

and provide staffing support to follow-up on King County's survey of properties in the historic commercial district.

Neighborhood Matching Fund resources are added in both options. The low-range add is a 3% increase in current NMF resources, while the high range adds resources equal to the average of total current NMF resources per neighborhood district, which are larger and more populous areas than North Highline. Both funding levels provide resources that are currently unavailable in Area Y.

DON's high range cost estimates assume resources to conduct a neighborhood planning process, while the low range assumes that the White Center Neighborhood Action Plan will guide the community's progress.

Potential DON Costs: Low-end: $131,725 on-going
High-end: $431,644 on-going and $179,790 one-time

Department of Parks and Recreation (DPR): There are five 'local' parks in Area Y, including Lakewood Park, White Center Heights Park, North Shorewood Park, Hamm Creek Natural Area, and White Center Pond Natural Area. The users of those parks would see improved maintenance of the grounds and facilities at both the low and high options. The difference between the two options is that the low range does not provide for initial restoration of 420 trees and the natural areas in all five parks. The high range assumes restoration and provides ongoing maintenance by DPR crews and the Green Seattle Partnership, a collaboration of the City and the Cascade Land Conservancy, to recruit volunteers to maintain the trees and natural areas.

The capital projects identified for the parks that would become the City of Seattle's responsibility total $87,000 in the low option as detailed in Attachment 2, and $894,500 in the high option. The difference in the two options is described above related to work done to restore and maintain trees and natural areas.

Area Y also includes the Steve Cox Memorial Park, the community center that operates inside the park, the Evergreen Pool, and the athletic fields that surround the pool. Costs to operate these facilities are *not* included in the cost estimates because the City of Seattle would not assume responsibility for these facilities. The Steve Cox Memorial Park and its community center are classified as 'regional' park facilities by King County and are accordingly funded through the King County Parks Operating Levy. Meanwhile the Evergreen Pool and athletic fields are owned and operated by the Highline School District.

Potential Parks Costs: Low-end: $431,619 on-going and $280,238 one-time
High-end: $490,894 on-going and $1,087,738 one-time

Department of Planning & Development (DPD): Both high- and low-range options for DPD assume that temporary staff will be needed to revise the area's zoning standards to conform

with those used in Seattle's Land Use Code, and one inspector will be needed to enforce the Housing and Building Maintenance Code and the Land Use Code.

Similar to the assumption for DON, only the high-range option adds resources to conduct a neighborhood planning process. A plan is discretionary, unless the City designates it an urban village, an area appropriate for accommodating a portion of the city's future growth. In the absence of a City-led neighborhood plan, community goals will continue to be articulated through the White Center Neighborhood Action Plan, which was developed with the community by the White Center Community Development Association.

Potential DPD Costs: Low-end: $103,400 on-going and $69,600 one-time
High-end: $103,400 on-going and $369,600 one-time

Seattle Police Department (SPD): Efforts to obtain information from the King County Sheriff's Office about existing police staffing levels in Area Y were unsuccessful, but based on an analysis performed by the King County Office of Management and Budget in 2009, it is estimated that $4.3 million to $4.7 million was being spent in Area Y on law enforcement services. This compares with the low- and high-end ranges of $6.9 million to $8.7 million, explained in Attachment 2, if the City were to annex Area Y.

Both the low and high options assume the creation of a third sector in Southwest Precinct for the annexation area and the number of added patrol officers and CPTs are comparable to those available in other sectors of the City. The need to create a new sector is driven by meeting the performance goals of the Neighborhood Policing Plan. SPD estimates they would need 34 officers to respond to the anticipated call volume and build in the targeted proactive time. The patrol officer staffing would minimally require three sergeants in order to achieve a desirable supervisory span of control. Adding the annexed area and creating the three-sector configuration will make the Southwest Precinct more similar to the geography and staffing currently provided in South and East Precincts.

Five centralized detectives are added in the low-range option to prevent and follow-up on crimes. Sheriff's crime data shows that workload from Area Y may not by itself justify adding the five positions (auto theft, sexual assault, domestic violence, robbery, and gangs), but the increased workload associated with Area Y would potentially have a negative effect on the work of these centralized units to surrounding, existing areas unless new resources are added. An additional youth outreach detective is added at the high-range to supplement two staff that SPD currently dedicates to youth outreach citywide. Youth violence is a concern in North Highline and is addressed by the City of Seattle through its Seattle Youth Violence Prevention Initiative. In developing the service areas of the Initiative's three networks, the Southwest network defined its borders to include North Highline. This was a program decision that Southwest Youth and Family Services, the network coordinating agency, felt was necessary in order to make a difference in youth violence in southwest Seattle.

SPD's dispatch center calls are currently divided into four zones. The additional calls from the annexation area, estimated to be 27,000 annually with 6,800 calls dispatched, will be taken by the south zone, which is already operating at maximum capacity. Two options are created to respond to this problem - at the high range, a new radio zone is created and fully staffed with 13 dispatchers to cover the 24/7 responsibilities of the 9-1-1 center; while for the low range, a smaller unit of seven dispatchers is added and supplemented by $100,000 in overtime. The high-range option replicates the staffing for the existing four radio zones but the new zone would not have as high call volume as the other zones. At the same time, there is a possibility that calls will increase above projections, if people in the area feel that there will be improved responsiveness from SPD compared to the experience the residents of North Highline have had with calls to the Sheriff's Office. But to address the projections described above, a less expensive staffing model is proposed in the low range to provide sufficient coverage with a combination of staff and overtime to cover peak times. Both options will meet King County's call-response standard for E-911.

The annexation of Area Y would also trigger some capital costs for SPD. SPD would need to remodel the Southwest Precinct station to accommodate 40 new staff. The work will include building locker rooms, bathrooms, showers, and remodeling space to expand the officers' write-up area and gear storage. Additional parking is available adjacent to the existing precinct parking and will need fencing, an additional key card gate, and security lighting.

Potential SPD Costs: Low-end: $6,920,170 on-going and $1,483,113 one-time
High-end: $8,691,137 on-going and $1,979,431 one-time

Seattle City Light (SCL): Seattle City Light is currently the provider of electricity in the PAA. They will not incur any additional operating costs or capital costs as a result of the potential annexation. One related cost to the City that is reflected above in this section is the Finance General payment for the streetlighting bill. City Light projects that paying the bill for the estimated 1,750 streetlights in Area Y will cost $300,000. For them, the revenue total is the same; the transaction is a change in the account holder.

Seattle Public Utilities (SPU): Seattle Public Utilities provides water, sewer, drainage and solid waste services. Costs associated with utility services in the PAA will impact the individual utility enterprise funds and specific General Subfund-supported programs provided by the utilities. The utilities can adjust rates to compensate for any negative fiscal impacts. SPU recommendations would provide services either directly and/or under contract consistent with the City's current provision. Residents and businesses would become SPU utility customers, pay SPU rates and receive SPU services the same as the rest of Seattle. The only SPU service that would not be extended to Area Y is sewer services.

Water services in the PAA are provided by Water District (WD) 45 and WD 20. WD 45 is all within the PAA and SPU recommends taking over this water district. However, WD 20 serves part of the PAA and into the City of Burien. SPU recommends negotiating a contract where

Seattle would acquire the assets and customer base. WD 20 would retain the revenues and use those to operate the system.

Sewer services are currently provided by the Valley View and the Southwest Suburban Sewer Districts. SPU recommends negotiating a 10-year franchise agreement with each of these districts to continue providing services to Area Y. SPU does not increase its revenues and customer base but at the same time avoids potentially taking on new infrastructure investments and liabilities. The franchise option does allow the City General Subfund to charge a franchise fee, which is assumed in the General Subfund revenues in Attachment 3.

Drainage in the PAA is currently provided by King County. SPU recommends assuming this service and would further recommend negotiating with King County on liability for past pollution and terms for transfer of debt.

The Solid Waste provider is also one of Seattle's franchise providers. Seattle is required to initiate a seven-year transition notification.

SPU's only General Subfund impact is related to graffiti, illegal dumping, water hydrant maintenance, and customer services and franchise administration for sewer services. This is generally funded through the authority SPU has to tax certain services. The off-setting revenues are part of the General Subfund figure in the revenue tables.

SPU recommendations would provide services either directly and/or under contract consistent with the City's current provision. Residents and businesses would become SPU utility customers, pay SPU rates, and receive SPU services the same as the rest of Seattle. The only exception mentioned above is for sewer services.

A small net deficit in the water, sewer, and drainage funds is estimated with the annexation of the PAA. SPU recommends a small rate increase to cover the loss if needed (which would be applied to all rate payers – current customers and those in the PAA). The loss is attributable to one-time transition costs of $100,000 per year over two years in each utility. These are costs associated with asset inventory and assessments, legal processes and contract negotiation, customer billing and outreach. The deficit in the water fund is further attributed to the loss of current utility tax revenue since about one-third of the PAA is currently served by SPU. With annexation, SPU would no longer collect 14% water surcharge for that area. The Solid Waste fund is estimated to have a $330,000 surplus.

Unquantifiable at this time are future costs associated with asset deficiencies and liabilities that may emerge from post-annexation modeling and assessments as well as future claims and/or regulatory actions.

Overall, current utility bills for North Highline area residents and businesses and City of Seattle residents and businesses are fairly comparable. Some customers will pay slightly more after

annexation and some will pay less. The greatest exception would be for drainage and commercial garbage customers where most customers will pay more.

SPU's capital estimates are based on past expenditures by existing service providers and were averaged on an annual basis. These past expenditures are in turn based upon the existing service provider's assessment of infrastructure condition, as contained within Water Comprehensive Plans, Drainage claims, complaint response, watershed basin plans, and ultimately Capital Improvement Plans (CIP). The annualized CIP for each service in North Highline was assumed as follows:

- Water - $445,000
- Sewer – not applicable, as franchise option requires existing service providers to make improvements
- Drainage - $450,000
- Solid Waste – not applicable, as none is needed

SPU's fiscal impact analysis also assumed increased costs of $100,000 per year for each utility to fund more detailed asset inventories, modeling and assessment of infrastructure beyond the existing work of current service providers.

Potential SPU General Fund Costs: $363,020 on-going
Plus potential for utility rate increases for water and drainage services for SPU customers in Seattle and the PAA

Seattle Department of Transportation (SDOT): Annexation of Area Y would add approximately 118 lane-miles of street pavement and 286 block-face equivalents of sidewalks to SDOT's system. This represents a 3% increase in street-system size, based on Seattle's current 3,946 lane-mile street pavement network.

Transportation is another critical element of the decision whether to annex. The potential costs are high and the condition of roads in Area Y, according to King County's pavement condition reports, is significantly inferior to that in Seattle. King County engineering reports set the Pavement Condition Index (PCI) in Area Y at 37.4 out of 100, while the 2007 Seattle arterial average was 68.3. At the same time, the Seattle Department of Transportation (SDOT) and decision-makers struggle to maintain the deteriorating existing street system in the City.

King County was unable to produce data on the condition of their street trees, but SDOT staff concluded that their trees are in inferior condition based on on-site inspections by SDOT's Urban Forestry staff and the fact that data was not being tracked.

In this context, the expenditure assumptions for SDOT generally assume the following:

Low-range: The low-range estimates provide Area Y with a level of road service that is provided elsewhere in the City, meaning that there will be some limited paving on arterial streets and

little or no paving on non-arterials. This means that the condition of Area Y streets would likely continue to decline from the current PCI, as the road conditions in Area Y are already inferior to those currently maintained at this rate by SDOT. Under this scenario, there will be very limited new construction of sidewalks.

The urban forestry investment will bring the condition of existing street trees into parity with the City's trees.

This scenario also assumes each City transportation plan (Transportation Strategic Plan, Transit, Bicycle, Pedestrian, and Freight) is updated to include Area Y.

High-range: The high-range costs estimates assume an annual paving investment in arterials, non-arterials and sidewalks that would stabilize the condition of Area Y's streets, putting them on a regular maintenance cycle. But these investments would not address the system's deferred maintenance of $77 million, as identified in the King County engineering reports, leaving this as an outstanding financial obligation to the City. This scenario assumes that, barring unanticipated complications with projects, SDOT would install 2-3 additional blockfaces of new sidewalk, 100 new curb ramps, 35 crossing improvements, or some combination of these, and other improvements post-annexation. It is important to note that this option exceeds investments currently made in existing Seattle neighborhoods.

Urban forestry staff would have an additional tree trimmer position to make more and faster progress in making up for the current inadequacies.

A Subarea Transportation Plan is completed for the annexation area under this scenario.

SDOT engineers reviewed pavement condition reports from King County on the roads in Area Y and drove through the potential annexation area to get a good idea for road conditions. In response to the Department's findings, the capital proposals are identified in Attachment 2. The projects fit into existing SDOT CIP projects for which there are annual, ongoing appropriations. The proposals address the following capital items:

- Arterial asphalt and concrete (Low - $839,500 annually; High - $2,230,000 annually with estimated deferred maintenance one-time costs equal to $77 million)
- Arterial major maintenance (Low and High - $30,000 annually)
- Non-arterial asphalt street resurfacing (Low – $19,500 annually; High - $2,780,000 annually)
- Sidewalk safety repair (Low - $80,000 annually; High - $200,000 annually)
- Bike/Pedestrian Master Plan (Low - $347,700 annually and $20,000 one-time; High - $875,250 annually and $20,000 one-time)
- Retaining walls (Low and High - $53,000 annually and $11,000 one-time)
- New traffic signals (High only - $600,000)

Potential SDOT Costs: Low-end: $3,552,739 on-going and $1,363,500 one-time
High-end: $8,707,566 on-going and $82,089,500 one-time

Summary of Expenditure Impacts: The final service level assumptions if Area Y were to annex into the City of Seattle would dictate the final costs. The options described above serve as a menu of options, providing an endless number of scenarios about service levels. A simple tally of the total low-end and total high-end costs provide a good sense of the lower- and upper-limits on the potential costs as summarized in the table below:

Summary of Potential Expenditure Impacts ($ in millions)

	Low-End Assumption		High-End Assumption	
	On-Going	One-Time	On-Going	One-Time
Total Expenditures	19.2	5.9	28.7	92.5

Overall Financial Impact to the City of Seattle

The financial impact of annexing Area Y into the City of Seattle is entirely dependent on decisions related to service levels provided to the area, as well as some more limited variability in the revenue assumptions (i.e. related to gambling tax revenue assumptions). That said, under any circumstance contemplated in this analysis, the cost of providing services to Area Y exceeds the anticipated revenues generated from Area Y. While the service options described above and in the related attachments to this report represent a menu of options, simply tallying the total low-end costs and the total high-end costs and comparing those costs that to the revenue assumptions demonstrates clearly the potential financial consequences to the City, as summarized in the table below:

Summary of Financial Impact ($ in millions)

	Best Case Scenario		Worst Case Scenario	
	High-End Revenues; Low-End Expenditures		Low-End Revenues; High-End Expenditures	
	On-Going	One-Time	On-Going	One-Time
Anticipated Revenues	17.4	1.2	11.9	1.2
Anticipated Expenditures	19.2	5.9	28.7	92.5
Anticipated Gap	**1.8**	**4.7**	**16.8**	**91.3**

Depending on the final revenue and expenditure assumptions, the annexation of Area Y into the City of Seattle could cost (as defined by the gap between anticipated revenues and expenditures, thereby requiring the City to either identify other revenue sources and/or make reductions to existing services and expenditures provided by the City to mitigate the financial impact) the City on an on-going basis between $1.8 million and $16.8million and obligate the

City to between $5.2 million and $91.4 million in one-time costs[5]. Again, there are options on the levels of service provided to the area, meaning that the final financial impact could lie somewhere in between the numbers provided here.

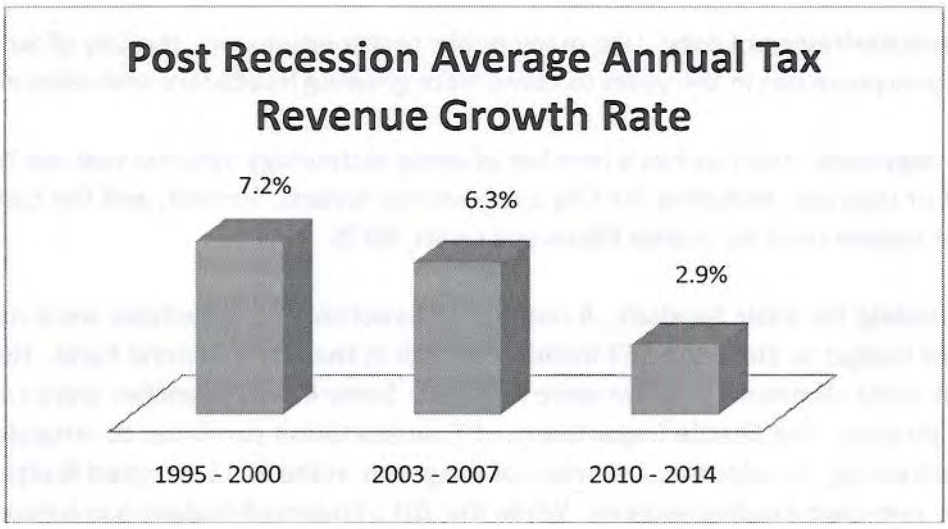
There are many compelling reasons for considering the annexation of Area Y into the City of Seattle, including, but not limited to:

- It is in keeping with the spirit of the Growth Management Act.
- Cities are better positioned to provide local services than are counties.
- The City of Seattle may be in a position of providing enhanced levels of service to Area Y.
- Alignment between the needs of Area Y and the priorities of the City of Seattle, as reflected in the Neighborhood Policing Plan, investments in the human services safety net and the enhancement of public health services.

In addition to these considerations, the financial ramifications of this potential action are an important variable to consider. As the data above indicates, an affirmative decision to annex Area Y will come at a financial cost to the City – requiring either increased revenues beyond the revenues generated by Area Y and/or reductions to existing service levels in the City. Therefore, examining the financial ramifications of annexation in the context of the City's larger budget and fiscal picture is an essential consideration.

The 2011 budget document describes a new economic reality for the City of Seattle as a result of the Great Recession. The conventional wisdom is that the recovery from the Great Recession – both locally and nationally – will be much more subdued than past recoveries. Unemployment rates will linger at relatively high rates as job growth is at a pace not sufficient to absorb the jobs lost during the recession. The real estate market has been slow to recover. All of these variables will limit the growth rate of revenues. As the table below demonstrates, the City experiences average annual tax revenue growth rates in excess of 6% in the two most recent post-recession periods. This contrasts sharply with the projected average annual for the current post-recession period of 2.9%.

[5] Note that one-time costs may or may not need to be paid immediately. For example some of the one-time investments in the fire station located in Area Y to ensure gender separation would need to be undertaken immediately. On the other hand, the $77 million maintenance backlog on the roads in Area Y would not have to be undertaken immediately. Nonetheless, the $77 million would represent a liability to the City that would need to be addressed in the future and would add to the City's existing maintenance backlog.



These projected lower than average growth rates will mean that the City has less flexibility to expand programs or take on new obligations than it has had the luxury of in the past. Meanwhile, the costs pressures on the City are greater than they have been in recent memory. Below is a sample of some of these cost pressures:

Federal & State Funding in Jeopardy: As the State of Washington and the Federal government address their own budget challenges, the City is likely going to see reductions that could have operational and financial implications its services. Some specific examples include concern that the current $5 million sales tax credit that the City would be eligible to receive from the State if it annexes Area Y may be in jeopardy as the State works to close its $5 billion shortfall. In addition, there are concerns that potential reductions in State funding in support of health and human services programs could put in jeopardy programs that the City of Seattle provides enhancement dollars to support. Finally, there are indications that the Federal government may reduce allocations for the Community Development Block Grant (CDBG) program, which support's Seattle's low-income housing economic development, and homelessness programs.

Asset Preservation and Capital Investments: The City has a sizable backlog of capital needs ranging from infrastructure investments, such as the seawall and street paving, to public safety facilities, such as the Police Department's North Precinct and the Fire Department's headquarters, to quality of life and civic amenities such as projects at Magnuson Park (e.g. Building 30) and in the Seattle Center Master Plan. A preliminary assessment of a relatively small subset of capital projects as part of the first phase of the on-going strategic capital plan identified potential costs over the next five years ranging between $319 and $604 million, without any secured or pledged revenues sources to pay for these projects. In addition, the City has consistently fallen short on its asset preservation investment goals. Finally, the City will likely need to make facilities investments related to the Americans with Disabilities Act as part of a potential settlement with the Department of Justice.

Healthcare and Retirement Costs: Like many public sector employers, the City of Seattle is anticipating cost pressures in the years to come from growing healthcare and retirement costs.

Technology Upgrades: The City has a number of aging technology systems that are in need of replacement or upgrade, including the City's accounting system, Summit, and the caseload management system used by Seattle Municipal Court, MCIS.

Long-term Funding for Basic Services: A number of direct service reductions were made in the 2011 Adopted Budget to close the $67 million shortfall in the City's General Fund. Hours of operations at some community center were reduced. Some library branches were converted to 'circulating' libraries. The Seattle Department of Transportation continues to struggle with its maintenance backlog. In addition, a number of programs in the 2011 Adopted Budget are supported by one-time funding sources. While the 2012 Endorsed Budget is in balance, as the City looks ahead to the 2013 budget, we currently estimate, based on existing economic forecasts, a budget shortfall of several million dollars – simply to maintain existing services, let alone new obligations, some of which are described above.

A decision to annex Area Y would also add to these costs pressures.

Executive's Position on the Proposed Annexation of Area Y:

Mayor McGinn is supportive in concept of the annexation of Area Y into the City of Seattle as he believes the City of Seattle is better positioned to provide services to the residents and businesses in the area than is King County. However, the financial reality outlined above leads him to conclude that the City of Seattle's current and projected financial circumstances make this opportunity difficult for the City to contemplate at this time. The City simply does not have sufficient resources (and resource growth) to meet existing demands and take on the new demands that the annexation of Area Y would require. At such time as the City's finances are more robust, the Mayor would be interested in re-evaluating the issue.

Attachment 1: Maps
Attachment 2: 2010 Phase 2 Expenditure Calculations
Attachment 3: General Subfund Revenues
Attachment 4: Special Purpose Districts and Delivery of Services

ATTACHMENT 1

MAPS (Not part of pdf transmittal)

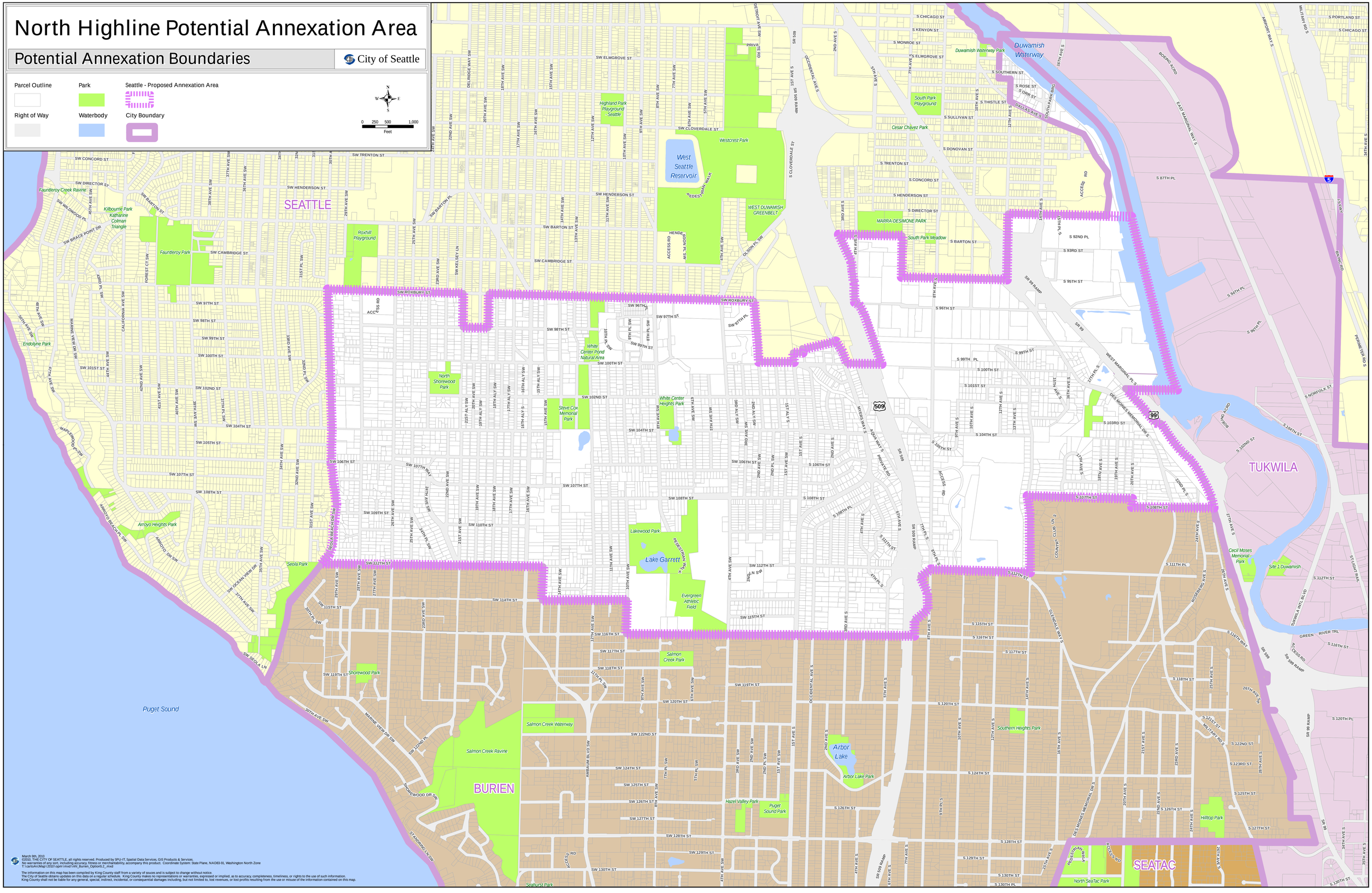
North Highline Potential Annexation Area

Potential Annexation Boundaries

City of Seattle

Parcel Outline
Park
Seattle - Proposed Annexation Area
Right of Way
Waterbody
City Boundary

0 250 500 1,000
Feet



March 9th, 2010
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The information on this map has been compiled by King County staff from a variety of souces and is subject to change without notice.
The City of Seattle obtains updates on this data on a regular schedule. King County makes no representations or warranties, expressed or implied, as to accuracy, completeness, timeliness, or rights to the use of such information.
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ATTACHMENT 2

2010 Phase 2 Expenditure Calculations (2010 Dollars)

North Highline Annexation (Area Y)

Low-Revenue Option

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

EXPENDITURES

Dept	Low		High	
	Ongoing	One time	Ongoing	One time
Criminal Justice Contracted Services	$1,225,228	$0	$1,225,228	$0
Economic Development	$299,971	$50,750	$299,971	$50,750
Education*	$0	$0	$0	$0
Finance General	$300,000	$0	$300,000	$0
Finance & Administrative Services	$0	$0	$36,368	$0
Fire Department	$2,733,435	$2,181,010	$4,150,800	$6,220,890
Housing	$442,430	$0	$668,758	$0
Human Services	$1,731,024	$88,900	$1,943,262	$138,900
Law Department	$138,500	$5,000	$277,000	$10,000
Library	$488,000	$347,000	$493,000	$347,000
Municipal Court	$293,185	$0	$481,252	$0
Neighborhoods	$131,725	$0	$431,644	$179,790
Parks & Recreation	$431,619	$280,238	$490,894	$1,087,738
Planning & Development	$103,400	$69,600	$103,400	$369,600
Police Department	$6,920,170	$1,483,113	$8,691,137	$1,979,431
Public Utilities	$363,020	$0	$363,020	$0
Transportation	$3,552,739	$1,363,500	$8,707,566	$82,089,500
Expenditure Totals	**$19,154,446**	**$5,869,111**	**$28,663,299**	**$92,473,599**

REVENUES

General Subfund	$9,593,917		$9,593,917	
Gas Tax	$732,198		$732,198	
Vehicle Licensing Fees	$204,000		$204,000	
Street Use Fees	$222,000	$40,000	$222,000	$40,000
Gambling Taxes (Card Rooms)**	$0		$0	
King County Library System agreement***		$1,200,000		$1,200,000
CDBG and HOME Funds	$1,009,278		$1,009,278	
REET Revenues	$172,281		$172,281	
State Sales Tax Credit****	$0		$0	
Revenue Totals	**$11,933,674**	**$1,240,000**	**$11,933,674**	**$1,240,000**

GAP ESTIMATE

Ongoing O&M Gap	**($7,220,772)**		**($16,729,625)**	
One-time Gap		**($4,629,111)**		**($91,233,599)**

*OFE is listed without costs to indicate that there are programs that could potentially be placed in Highline School District schools. The City's levy program has not yet been determined for 2013.

**Will require ordinance to allow gambling establishments to operate in city of Seattle.

***Agreement has been negotiated with the King County Library System to make a payment of approximately $1.2 million to assist Seattle in the operation of the Greenbridge Library. Optional payment methods are in one lump sum or twice-yearly payments of approximately $300,000 over two years.

****Existing State law would allow Seattle a $5 million annual tax credit for ten years if the annexation is approved.

2010 Phase 2 Expenditure Calculations (2010 dollars)

North Highline Annexation (Area Y)

High-Revenue Option

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

EXPENDITURES

Dept	Low		High	
	Ongoing	One time	Ongoing	One time
Criminal Justice Contracted Services	$1,225,228	$0	$1,225,228	$0
Economic Development	$299,971	$50,750	$299,971	$50,750
Education*	$0	$0	$0	$0
Finance General	$300,000	$0	$300,000	$0
Finance & Administrative Services	$0	$0	$36,368	$0
Fire Department	$2,733,435	$2,181,010	$4,150,800	$6,220,890
Housing	$442,430	$0	$668,758	$0
Human Services	$1,731,024	$88,900	$1,943,262	$138,900
Law Department	$138,500	$5,000	$277,000	$10,000
Library	$488,000	$347,000	$493,000	$347,000
Municipal Court	$293,185	$0	$481,252	$0
Neighborhoods	$131,725	$0	$431,644	$179,790
Parks & Recreation	$431,619	$280,238	$490,894	$1,087,738
Planning & Development	$103,400	$69,600	$103,400	$369,600
Police Department	$6,920,170	$1,483,113	$8,691,137	$1,979,431
Public Utilities	$363,020	$0	$363,020	$0
Transportation	$3,552,739	$1,363,500	$8,707,566	$82,089,500
Expenditure Totals	**$19,154,446**	**$5,869,111**	**$28,663,299**	**$92,473,599**

REVENUES

General Subfund	$9,593,917		$9,593,917	
Gas Tax	$732,198		$732,198	
Vehicle Licensing Fees	$204,000		$204,000	
Street Use Fees	$222,000	$40,000	$222,000	$40,000
Gambling Taxes on Card Rooms. (Low: current KC tax rate of 11%. High: State allowable tax limit of 20%.)**	$451,360		$491,982	
King County Library System agreement***		$1,200,000		$1,200,000
CDBG and HOME Funds	$1,009,278		$1,009,278	
REET Revenues	$172,281		$172,281	
State Sales Tax Credit (annual for 10 years)****	$5,000,000		$5,000,000	
Revenue Totals	**$17,385,034**	**$1,240,000**	**$17,425,656**	**$1,240,000**

GAP ESTIMATE

Ongoing O&M Gap	**$ (1,769,412)**		**$ (11,237,643)**	
One-time Gap		**$ (4,629,111)**		**$ (91,233,599)**

*OFE is listed without costs to indicate that there are programs that could potentially be placed in Highline School District schools. The City's levy program has not yet been determined for 2013.

**Will require ordinance to allow gambling establishments to operate in city of Seattle.

***Agreement has been negotiated with the King County Library System to make a payment of approximately $1.2 million to assist Seattle in the operation of the Greenbridge Library. Optional payment methods are in one lump sum or twice-yearly payments of approximately $300,000 over two years.

****Existing State law would allow Seattle a $5 million annual tax credit for ten years if the annexation is approved.

CRIMINAL JUSTICE CONTRACTED SERVICES

North Highline Annexation (Area Y)

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Public Defense		$238,664		**Public Defense**		$238,664	
Jail Services		$986,564		**Jail Services**		$986,564	
TOTAL	**0.00**	**$1,225,228**	**$0**	**TOTAL**	**0.00**	**$1,225,228**	**$0**

Assumptions - Low Estimate

Assumptions - High Estimate

Assumptions Applicable to Both Low and High Estimates

o Calculations use the estimated misdemeanor filings of 1,100 for the annexation area, which is 6.3% of the Seattle misdemeanor filings. This percentage of 6.3% is applied to Seattle's inmate average daily population (ADP) and bookings to estimate public defense case load and jail bookings for the annexation area.

North Highline Annexation (Area Y)

ECONOMIC DEV

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Only In Seattle Initiative				**Only In Seattle Initiative**			
			$50,750				$50,750
Business Outreach				**Business Outreach**			
		$10,000				$10,000	
CDBG				**CDBG**			
		$289,971				$289,971	
TOTAL	0.00	$299,971	$50,750	**TOTAL**	0.00	$299,971	$50,750
Assumptions - Low Estimate				**Assumptions - High Estimate**			

Assumptions Applicable to Both Low and High Estimates

o To expand the Business Outreach services to the annexation area would require a General Subfund program expansion of $10,000.

o The annexation area is expected to increase the City's CDBG allocation by $750,000. OED's percentage would be approximately $289,971. The assumption is that the increased resources will be directed to North Highline and will be allocated to three programs: Only in Seattle Initiative, CDBG-R(ecovery) Small Business Loans, and Minority and Immigrant Business Support. The North Highline area could be eligible for funding from these programs. Noted above is the additional General Subfund amount needed for the 'Only in Seattle Initiative'.

North Highline Annexation (Area Y)

EDUCATION

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
TOTAL	0.00	$0	$0	**TOTAL**	0.00	$0	$0

Assumptions - Low Estimate

Assumptions - High Estimate

Assumptions Applicable to Both Low and High Estimates

o OFE is shown with no costs identified to indicate that there are programs funded by the current Families & Education Levy that could potentially be placed in schools of Highline School District (HSD). However, the City's levy program has not yet been determined for 2013. In addition, a contractual relationship would need to be developed between the City and HSD, and funding partners would have to be identified to serve those students who are not Seattle residents.

North Highline Annexation (Area Y)

FINANCE GENERAL

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Streetlighting				Streetlighting			
Finance General reserve to pay street light bill to Seattle City Light		$300,000		Finance General reserve to pay street light bill to Seattle City Light		$300,000	
TOTAL	**0.00**	**$300,000**	**$0**	**TOTAL**	**0.00**	**$300,000**	**$0**
Assumptions - Low Estimate				**Assumptions - High Estimate**			

Assumptions Applicable to Both Low and High Estimates

o Calculation based on Seattle City Light's estimate of 1,750 streetlights in the area.

North Highline Annexation (Area Y)

FINANCE & ADMIN

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Animal Control				Animal Control			
	0.00	$0	$0		0.50	$36,368	$0
Licensing & Standards				Licensing & Standards			
	0.00	$0	$0		0.00	$0	$0
TOTAL	**0.00**	**$0**	**$0**	**TOTAL**	**0.50**	**$36,368**	**$0**

Assumptions - Low Estimate

o Current staff will absorb the animal control activity in the annexation area.

Assumptions - High Estimate

o Assumes that a 0.5 FTE Animal Control Officer II is added to handle the dispatched calls reported by King County.

Assumptions Applicable to Both Low and High Estimates

o Liscensing and standards inspections will be absorbed by existing personnel.

North Highline Annexation (Area Y)

FIRE

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Capital - Fire Station 18				**Capital - Fire Station 18**			
Station @ SW 112th St 7,600 sf		$64,600	$1,311,000	Station @ SW 112th St 7,600 sf		$64,600	$3,661,000
Maintenance Facilities 3,000 sf		$25,500	N/A	Maintenance Facilities 3,000 sf		$25,500	N/A
Small Garage 300 sf		$2,550	N/A	Small Garage 300 sf		$2,550	N/A
Fire Service				**Fire Service**			
1 engine apparatus		$94,340	$0	1 engine apparatus		$94,340	$0
Captain	1.0	$147,274	$37,615	Captain	1.0	$147,274	$37,615
Lieutenants	3.0	$402,871	$75,212	Lieutenants	3.0	$402,871	$75,212
Firefighters	15.0	$1,734,621	$344,373	Firefighters	15.0	$1,734,621	$344,373
Training		$23,376	$168,550			$23,376	$168,550
Medic One				**Medic One**			
				1 medic truck		$56,532	$203,000
Paramedics	0.0			Paramedics	10.0	$1,342,930	$0
Training				Training		$12,303	$1,430,408
Other				**Other**			
Equipment / Supplies		$33,071	$172,000	Equipment / Supplies		$38,671	$228,472
Information Systems		$12,232	$72,260	Information Systems		$12,232	$72,260
Fire Pension				**Fire Pension**			
LEOFF I retirement and healthcare liability		$193,000		LEOFF I retirement and healthcare liability		$193,000	
TOTAL	**19.0**	**$2,733,435**	**$2,181,010**	**TOTAL**	**29.0**	**$4,150,800**	**$6,220,890**

Assumptions - Low Estimate	Assumptions - High Estimate
o In order for SFD to occupy, the station will need major tenant improvements to configure the bunkrooms, bathrooms, locker rooms, and officers' quarters. Assumes full finishes with no new electrical system and no new roof. Size of station is 3,800 square feet.	o The upgrade that is assumed has major tenant improvements to configure the bunkrooms, bathrooms, locker rooms, and officers' quarters. Facility will also need seismic upgrades, roofs, new electrical service, and a standard generator. What is not costed in these tables is SFD's desire to perform a review that would determine the feasibility of a new 3-bay station located at an optimum location for response coverage. Using Fire Levy station modeling, that structure would cost approximately $13 million.
	o A medic unit of two on-duty positions (10 FTE) is added. This would be the eighth medic unit in the city. PAA would add 650 calls per year compared to a citywide total of 19,556 in 2009.
	o The one-time medic unit cost for acquisition of the truck could be paid from the Medic One Gift & Trust Fund but that source is not assumed in this analysis.
o Equipment and supplies are for the new firefighters and engine.	o Equipment and supplies needed for new frefighters, paramedics and two new vehicles.
o Training costs are for transfers from North Highline who will staff the new engine company.	o Training costs are for transfers from North Highline, paramedics and new recruits.

Assumptions Applicable to Both Low and High Estimates

o Responsibility for fire service assumed by SFD and continues to be provided by an engine company working out of the existing station in PAA, but the crew adds one on-duty firefighter to the existing three-person crew. The company's workload is approximately 2,400 calls per year. In 2009, the average number of emergency responses per engine company in Seattle was 1,976.

o One-time costs for the "Fire Service" positions represent the cost of transferring benefits of 19 firefighters from the North Highline Fire District. These are unlikely to be 2013 costs, as they will not have to be paid until the firefighter retires from active duty.

o Information systems costs will connect station and new staff to the City's systems.

o Under State law, Seattle would be required to pay a share of the retirement and healthcare costs of ten LEOFF I members from the North Highline Fire Distirct. The amount assumed per retiree is the same as that budgeted for SFD LEOFF I retirees.

North Highline Annexation (Area Y)

HOUSING

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
CDBG				**CDBG**			
		$183,152				$183,152	
HOME Funds				**HOME Funds**			
		$259,278				$259,278	
Housing Levy Purposes				**Housing Levy Purposes**			
			$0			$226,328	
TOTAL	**0.00**	**$442,430**	**$0**		**0.00**	**$668,758**	**$0**

Assumptions - Low Estimate

o Incremental revenue generated in the annexation area from the Housing Levy property tax lid-lift are general expense revenues persuant to State law. This assumes that those revenues are used for purposes other than OH programs.

Assumptions - High Estimate

o Incremental revenue generated in the annexation area from the Housing Levy property tax lid-lift are spent on OH programs.

Assumptions Applicable to Both Low and High Estimates

o Specific programs will be developed through OH processes which focus on creating and preserving affordable housing. The above HOME revenue could provide rental or homebuyer assistance serving 12 units. Or, the revenue could provide home repair loans serving 30 homes. The assumption is that the increased revenue will be spent in North Highline.

o The annexation area is expected to increase the City's CDBG allocation by $750,000. OH's percentage would be approximately $183,152. The assumption is that the increased resources will be directed to projects in North Highline.

North Highline Annexation (Area Y)

Annexation Summary – Estimated Costs (2010 dollars)

HUMAN SERVICES

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Early Learning & Family Support				**Early Learning & Family Support**			
Childcare subsidy		$424,000		Childcare subsidy		$424,000	
ECEAP supplement		$159,000		ECEAP supplement		$159,000	
Family support		$159,000		Family support		$159,000	
Citizenship		$26,500		Citizenship		$26,500	
Youth Development & Achievement				**Youth Development & Achievement**			
Academic support		$106,000		Academic support		$106,000	
Employment		$159,000		Employment		$159,000	
Case management		$80,000		Case management		$212,000	
Public Health				**Public Health**			
Outreach		$26,500		Outreach		$26,500	
Oral health		$18,000		Oral health		$18,000	
Primary medical and dental care		$265,000		Primary medical and dental care		$265,000	
Aging & Disability Services				**Aging & Disability Services**			
Congregate meals		$11,134		Congregate meals		$37,100	
Senior day program		$14,628		Senior day program		$68,900	
CDBG				**CDBG**			
Homelessness programs		$282,262		Homelessness programs		$282,262	
Administration				**Administration**			
Contract mgmt	1.00		$88,900	Contract mgmt	1.00		$88,900
Comm engagement			$0	Comm engagement			$50,000
TOTAL	**1.00**	**$1,731,024**	**$88,900**	**TOTAL**	**1.00**	**$1,943,262**	**$138,900**

Assumptions - Low Estimate	Assumptions - High Estimate
o Case management amount backfills a cut to Southwest Boys and Girls Club prevention program that was serving the North Highline area.	o 80 - 100 youth would be served by case management.
o The allocation for congregate meals reflects a 3% increase in HSD's program funding.	o Congregate meal program would serve more of the estimated 2,625 people who are 60 years old and over in North Highline.
o The allocation reflects a 3% increase in HSD's senior day center programming.	o Senior day program budget would back-fill for recently cut services by King County.
o Assumes that the community engagement of the North Highline population is not the responsibility of a community-based contract agency, but is instead the job of HSD staff.	o First-year costs associated with community engagement will pay for trusted advocates, communications and support the outreach effort.

Assumptions Applicable to Both Low and High Estimates

o Services selected are core services that Department staff feel will make an impact on the population of the PAA. The White Center Neighborhood Action Plan (WCNAP) also informed the selection of services.

o Services described in both options exceed the level of services now provided to residents of Area Y.

o There are no service adds for the Seattle Youth Violence Prevention Initiative, because in developing the service areas of the three networks, the Southwest network defined its borders to include the PAA. This was a program decision that Southwest Youth & Family Services felt was necessary in order to make a difference in youth violence in southwest Seattle.

o Childcare subsidies would serve 67 families, which is 8% of the estimated need in North Highline, where 808 children (age 0-12) are estimated to be in families at 200%-299% of the federal poverty level.

o One Early Childhood Education and Assistance Program (ECEAP) site would provide school readiness to 50 three- and four-year-olds.

o 355 families would be provided family support and Information & Referral services.

o Citizenship services are needed in North Highline, where 25% of the population is foreign-born and 17% of those are not naturalized citizens. The amount is the minimum needed to develop a separate contract to serve the North Highline population.

o 142 youth would be provided academic support services, the funding for which would make up for cuts from King County the last two years.

o Youth employment would serve 40 youth. This program would respond to a WCNAP strategy and could fund a service that had been supported by the Anne E. Casey Foundation project in White Center.

o Health care outreach will target high-risk, low-income people of color.

o Oral health priority population will be high-risk children of immigrants and refugees.

o Primary care will provide medical support for uninsured, underinsured and low-income people.

o One contract management staff will be needed only for the first year, when RFIs will be issued for the money budgeted due to annexation.

o The Department does not budget for homeless services by neighborhood and, even if it did, the One-Night Count data does not inform the extent of homelessness in the PAA. HSD's CDBG allocation has traditionally been spent on homelessness services, and it is estimated that HSD's share of the projected $750,000 increase in Seattle's CDBG award due to annexation will be approximately $282,262.

o Budgets for community-based programs include HSD's standard 6% overhead costs.

North Highline Annexation (Area Y)

LAW

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Criminal Division				Criminal Division			
	1.50	$138,500	$5,000		3.00	$277,000	$10,000
TOTAL	**1.50**	**$138,500**	**$5,000**	**TOTAL**	**3.00**	**$277,000**	**$10,000**

Assumptions - Low Estimate

o These calculations differ from the high estimate in proposing that a portion of the work can be absorbed by current staff. This estimate recommends 1.0 FTE attorney and 0.5 FTE staff. Attorney caseload would increase from 771 to 796. This is an annual increase of 26, or 2 more cases per month for each attorney. Annual staff caseload would increase from 1,233 to 1,327. This is an annual increase of 94, or 7.9 more cases per month per staff position.

Assumptions - High Estimate

o Current attorney caseload would remain at 770 cases each, which would recommend 2.0 FTE attorney. Current staff workload is 1,233 cases each, which would recommend 1.0 FTE staff position.

Assumptions Applicable to Both Low and High Estimates

o Calculations use the estimated misdemeanor filings of 1,100 for the annexation area and applies the Law Department historical decline-to-file rate of 22%. This results in the potential review of 1,410 cases or 7.6% of all Seattle cases.

North Highline Annexation (Area Y)

LIBRARY

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Start-up costs				**Start-up costs**			
Library collections	0.00		$150,000	Library collections	0.00		$150,000
Info technology	0.00		$173,000	Info technology	0.00		$173,000
Furniture and fixtures	0.00		$24,000	Furniture and fixtures	0.00		$24,000
Operating costs				**Operating costs**			
Staffing	3.71	$203,000		Staffing	3.80	$208,000	
Facility rent and maintenance		$243,000		Facility rent and maintenance		$243,000	
Technology and collections services		$42,000		Technology and collections services		$42,000	
TOTAL	**3.71**	**$488,000**	**$347,000**	**TOTAL**	**3.80**	**$493,000**	**$347,000**

Assumptions - Low Estimate

o Operate Greenbridge Library on its current schedule of 32 hours per week.

Assumptions - High Estimate

o Operate Greenbridge Library at a level consistent with eight small branches in SPL system, thereby increasing operating hours from 32 to 35 hours per week. This option is the position of the Seattle Library Board.

Assumptions Applicable to Both Low and High Estimates

o Facility rent and maintenance costs are consistent with the existing agreement between the YWCA and the King County Library System. The funding partnership was a necessary component of capital financing for the YWCA's Learning Center, which occupies the same building.

o SPL is unlikely to accept the KCLS collections, but may receive furnishings at no charge.

North Highline Annexation (Area Y)

COURT

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures

Activity	FTE	Ongoing Costs	One-Time Costs
Courtroom Operations			
	0.00	$0.00	
Magistrate Operations			
	0.79	$68,779	
Court Operations Support			
	1.41	$ 110,943	
Probation Estimate			
	1.16	$ 113,463	
TOTAL	**3.36**	**$293,185**	**$0**

High Range of Estimated Expenditures

Activity	FTE	Ongoing Costs	One-Time Costs
Courtroom Operations			
	0.86	$ 109,529	
Magistrate Operations			
	0.79	$68,779	
Court Operations Support			
	2.87	$ 189,481	
Probation Estimate			
	1.16	$ 113,463	
TOTAL	**5.68**	**$481,252**	**$0**

Assumptions - Low Estimate

o These calculations differ from the high estimate in proposing that no additional judicial capacity is added.

o Low end in Court Operations Support adds resources where the effects of increased caseload are most likely to be felt and where work is less likely to be absorbed.

Assumptions - High Estimate

o In the high estimate, funding of $50,000 is added for 600 hours of judge pro temp time to accommodate the additional caseload if needed.
o High end adds positions across the board to meet the increased caseload.

Assumptions Applicable to Both Low and High Estimates

o Calculations use the estimated misdemanor filings of 1,100 for the annexation area which is 6.9% of the Seattle misdemeanor filings. The addition of 1,100 filings per year would increase the current judicial caseload by 13 more cases per month for each of the seven judges. Historically, this caseload is still under the previous levels seen in 2006 and 2007.
o Magistrate and probation staffing is added at the 6.9% rate of projected caseload growth.

North Highline Annexation (Area Y)

NEIGHBORHOODS

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
P-Patch				**P-Patch**			
Utility costs for existing White Center Heights Community Garden	0.00	$2,000		Utility costs for existing White Center Heights Community Garden	0.00	$2,000	
Historic Preservation and Landmarks				**Historic Preservation and Landmarks**			
Community Development Specialist, Sr	0.30	$47,865		Community Development Specialist, Sr	0.30	$47,865	
Neighborhood Matching Fund				**Neighborhood Matching Fund**			
NMF large, small & simple, and small sparks projects	0.00	$81,860		Project manager and NMF project dollars	0.50	$381,779	
North Highline Neighborhood Planning				**North Highline Neighborhood Planning**			
	0.00	$0		Develop neighborhood plan	0.25		$65,000
Administration and Outreach				**Administration and Outreach**			
	0.00	$0		Ad Spec II and outreach materials to support planning process	0.50		$114,790
TOTAL	**0.30**	**$131,725**	**$0**	**TOTAL**	**1.55**	**$431,644**	**$179,790**

Assumptions - Low Estimate	Assumptions - High Estimate
o NMF funding increase of 3%, consistent with the population growth of the city due to annexation.	o NMF funding for two large project awards, seven small & simple awards and 10-15 small sparks awards.
o City determines that no neighborhood plan will be developed. The White Center Neighborhood Action Plan will serve as a guide to the neighborhood's goals.	o City decides to develop a neighborhood plan for the annexed area.

Assumptions Applicable to Both Low and High Estimates

o Utility costs at the White Center Heights Community Garden, will be brought under the P-Patch program.

o Services provided at Neighborhood Services Centers will be available at Delridge.

o Team of neighborhood coordinators would work with appropriate neighborhoods to determine the best option for the annexed area in the district council structure.

North Highline Annexation (Area Y) **PARKS**

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Facilities Maintenance				**Facilities Maintenance**			
Personnel	0.49	$52,033		Personnel	0.49	$52,033	
Non-personnel		$40,913		Non-personnel		$40,913	
One-time			$9,905	One-time			$9,905
Grounds Maintenance				**Grounds Maintenance**			
Personnel	3.00	$211,973		Personnel	3.00	$211,973	
Non-personnel		$126,700		Non-personnel		$126,700	
One-time vehicles and equipment			$183,333	One-time vehicles and equipment			$183,333
Natural areas O&M				Natural areas O&M		$24,775	
Trees O&M				Trees O&M		$34,500	
Capital				**Capital**			
White Center Heights Park irrigation system and utility box			$21,000	White Center Heights Park irrigation system and utility box			$21,000
Lakewood Park picnic shelter upgrade			$45,000	Lakewood Park picnic shelter upgrade			$45,000
North Shorewood Park improvements			$21,000	North Shorewood Park improvements			$21,000
				Trees and natural areas initial restoration			$807,500
TOTAL	3.49	$431,619	$280,238	**TOTAL**	3.49	$490,894	$1,087,738

Assumptions - Low Estimate	Assumptions - High Estimate
o Initial restoration of the trees and natural areas is not performed in the first year after annexation. This work is done when resources are available.	o Initial restoration of the five parks' trees and natural areas would be funded.
	o Ongoing trail maintenance and invasive containment are accomplished using a combination of volunteers and DPR crews.

Assumptions Applicable to Both Low and High Estimates

o Steve Cox Memorial Park and the community center inside the park will not be taken over by the City. It will remain with King County in its regional park system, funded by the King County Parks Levy (2008 through 2013).

o Evergreen Pool and the surrounding athletic fields will not be taken over by the City. Ownership transferred in 2010 from King County to the Highline School District.

o Parks to be operated and maintained are Lakewood Park, North Shorewood Park, White Center Heights Park, Hamm Creek Natural Area, and White Center Pond Natural Area.

o Grounds maintenance staffing includes 1.5 FTE maintenance laborer,0.5 FTE gardener, and 1.0 FTE senior lead, who will have responsibility for the five North Highline Parks, Westcrest Park and Myrtle Reservoir.

o Facilities maintenance work will be performed with small amounts of time from nine DPR shops, working a range of 8 to 209 hours each year among all five parks. Includes the cost of maintaining three existing sanicans in Lakewood Park and White Center Heights Park.

o Upgrades needed to the irrigation system and Maxicom utility box at White Center Heights Park.

o Lakewood Park capital projects include new picnic tables and trashcans, a new roof on the caretaker's house, removing mold from walls, cleaning and painting the caretaker's house, and potentially upgrading the pump house controls and motors.

o North Shorewood Park will receive an upgrade to its swing-set and improvements to the basketball half-court.

o Lakewood Park would not have a lifeguarded beach.

o No off-leash areas in the North Highline parks.

o Parks without irrigation would have "brown-out" during summer months with no manual watering.

o Natural areas within parks would be maintained as natural areas.

North Highline Annexation (Area Y)

PLANNING & DEV

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Rezoning				**Rezoning**			
Senior planner	0.38		$69,600	Senior planner	0.38		$69,600
Areawide planning				**Areawide planning**			
				Senior Planner and conultants	1.20		$300,000
Enforcement				**Enforcement**			
Housing/Zoning Inspector	1.00	$103,400		Housing/Zoning Inspector	1.00	$103,400	
TOTAL	**1.38**	**$103,400**	**$69,600**	**TOTAL**	**2.58**	**$103,400**	**$369,600**

Assumptions - Low Estimate

o No neighborhood plan will be developed.

Assumptions - High Estimate

o A neighborhood plan is developed.

Assumptions Applicable to Both Low and High Estimates

o A senior planner is deployed to review and revise zoning designations in Area Y. North Highline is governed by the King County Zoning Code, which uses different designations and uses different development standards than does Seattle's Land Use Code.

o A full-time Housing/Zoning Inspector position is added to respond to Land Use Code and Housing and Building Maintenance Code violations.

North Highline Annexation (Area Y)

POLICE

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Patrol & Specialty Units				**Patrol & Specialty Units**			
Patrol officers	34.00	$4,389,437	$284,969	Patrol officers	34.00	$4,389,437	$284,969
Sergeants	3.00	$414,075	$25,144	Sergeants	3.00	$414,075	$25,144
CPT	1.00	$135,398	$29,374	CPT	1.00	$135,398	$29,374
Other - Traffic	1.00	$126,859	$8,381	Other - Traffic, SWAT, Canine, etc	4.00	$507,436	$134,288
Burglary				**Burglary**			
Burglary/Juv Sgt	1.00	$138,025	$11,175	Burglary/Juv Sgt	1.00	$138,025	$11,175
Burglary/Juv Det	1.00	$124,866	$11,175	Burglary/Juv Det	3.00	$374,597	$33,525
Centralized Detectives				**Centralized Detectives**			
Auto Theft, DV, Gangs, Robbery, Sexual Assault	5.00	$634,295	$167,859	Youth Outreach, Auto Theft, DV, Gangs, Robbery, Sexual Assault	6.00	$1,268,590	$335,718
Other				**Other**			
Dispatcher I	0.00	$0	$0	Dispatcher I	3.00	$220,692	$12,288
Dispatcher II	7.00	$584,672	$28,672	Dispatcher II	10.00	$835,245	$40,960
Overtime		$100,000					
PEOs	0.00			PEOs	1.00	$80,589	$52,353
Patrol vehicles		$272,544	$516,364	Patrol vehicles		$327,053	$619,637
Capital				**Capital**			
Facility/space: lockers and locker space, buildouts, bathroom improvements and expansion, related precinct improvements, new equipment			$400,000	Facility/space: lockers and locker space, buildouts, bathroom improvements and expansion, related precinct improvements, new equipment			$400,000
TOTAL	53.00	$6,920,170	$1,483,113	**TOTAL**	66.00	$8,691,137	$1,979,431

Assumptions - Low Estimate	Assumptions - High Estimate
o Traffic officer, likely assigned to PM Traffic Squad, added to address workload in PAA without diminishing service to the rest of the city.	o Traffic officers, added to PM Traffic and DUI Squads, would increase numbers of those units to equal that of AM Traffic Squad.
o Burglary/juvenile sergeant and detective added to address workload increase in areas of burglary and youth crimes and provide supervisory staffing available in other four precincts.	o Additional detective beyond that proposed in low estimate would provide a full-time detective to add to both burglary/theft and juvenile units.
o Centralized detectives added to address projected workload needs to prevent and follow up on criminal activity.	o Centralized detectives are proposed for youth outreach in addition to those proposed in the low estimate.
o Smaller unit created in dispatch, supplemented by overtime to meet 24/7 responsibilities of the 9-1-1 center.	o New radio zone created and fully staffed with dispatchers to cover the 24/7 responsibilities of the 9-1-1 center.

Assumptions Applicable to Both Low and High Estimates

o PAA is a new sector in SW Precinct, patrol officers and CPT are on existing shift schedule and their numbers are equal to those available in most other sectors of the city.

o The cost of providing the King County Sheriff's existing level of service was not known because City staff received no information from the Sheriff's Office to make this determination. KC OMB 2009 estimate of costs in PAA were in the range of $4.3 million to $4.7 million. The analysis was uable to identify the staffing and services that were being provided.

o One-time officer costs include costs for equipment and testing required before job offer extended. Except for patrol, which has its own separate row near the bottom of the spreadsheet for vehicles, one-time and ongoing costs include vehicle acquisition and the FAS cost of leasing. One patrol vehicle is budgeted for every three new officers.

o Facility/space costs assume build-out at the Southwest Precinct to accommodate new patrol officers and sergeants, CPT officers, ACT officers (in high option only) and burglary/juvenile detective/s.

North Highline Annexation (Area Y)

PUBLIC UTILITIES

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Water				**Water**			
Hydrant Maintenance		$168,735		Hydrant Maintenance		$168,735	
Sewer				**Sewer**			
SPU Customer Svs & Franchise Admin		$25,000		SPU Customer Svs & Franchise Admin		$25,000	
Solid Waste				**Solid Waste**			
Clean City Program for graffiti & illegal dumping		$169,285		Clean City Program for graffiti & illegal dumping		$169,285	
TOTAL	**0.00**	**$363,020**	**$0**	**TOTAL**	**0.00**	**$363,020**	**$0**

Assumptions - Low Estimate

Assumptions - High Estimate

Assumptions Applicable to Both Low and High Estimates

o SPU would provide utility services in the PAA either directly and/or under contract consistent with the City's current system. Residents and businesses would become SPU customers, pay SPU rates, and receive SPU services. The one exception would be sewer services.

o In this analysis, SPU combined annual operating and capital project costs to estimate net fiscal impact of annexation to the utility. While there may be cost increases, they will be offset by increases in rate revenue. A more detailed discussion of the rate implications is provided in the narrative section of the report.

o Annual capital costs were based on expenditures by existing providers and the providers' assessment of infrastructure condition. SPU assumed these capital costs equal to existing service providers.

North Highline Annexation (Area Y) TRANSPORTATION

Annexation Summary – Estimated Costs (2010 dollars)

DRAFT WORKING DOCUMENT
DELIBERATIVE USE

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	**FTE**	**Ongoing Costs**	**One-Time Costs**	**Activity**	**FTE**	**Ongoing Costs**	**One-Time Costs**
Capital				Capital			
Arterial Asphalt and Concrete Program (AACP)	5.50	$839,500		Arterial Asphalt and Concrete Program	9.50	$2,230,000	$77,000,000
Arterial Major Maintenance		$30,000		Arterial Major Maintenance		$30,000	
Non-arterial Asphalt Street Resurfacing		$19,500		Non-arterial Asphalt Street Resurfacing		$2,780,000	
Sidewalk Safety Repair		$80,000		Sidewalk Safety Repair		$200,000	
Bike/Pedestrian Master Plan	2.00	$347,700	$20,000	Bike/Pedestrian Master Plan	2.00	$875,250	$20,000
Retaining Walls	0.50	$53,000	$11,000	Retaining Walls	0.50	$53,000	$11,000
New Traffic Signals	0.00	$0	$0	New Traffic Signals	0.00	$0	$600,000
Operating				Operating			
Routine Street Maintenance		$350,000		Routine Street Maintenance		$350,000	
Bike/Pedestrian O&M Costs		$18,300		Bike/Pedestrian O&M Costs		$46,500	
Maintain inventory of pavement and sidewalks			$40,000	Maintain inventory of pavement and sidewalks			$40,000
Street-use inspections	2.00	$222,000	$40,000	Street-use inspections	2.00	$222,000	$40,000
Stairways		$27,000	$11,500	Stairways		$130,500	$11,500
Traffic Signal Maintenance	1.00	$491,828	$157,000	Traffic Signal Maintenance	1.00	$491,828	$157,000

Low Range of Estimated Expenditures				High Range of Estimated Expenditures			
Activity	FTE	Ongoing O&M	One-Time Costs	Activity	FTE	Ongoing O&M	One-Time Costs
Parking, curb-space mgmnt, temp traffic control, special event traffic planning	0.50	$225,880	$100,000	Parking, curb-space mgmnt, temp traffic control, special event traffic planning	0.50	$225,880	$100,000
Commercial Vehicle Permitting and Enforcement		$12,180		Commercial Vehicle Permitting and Enforcement		$12,180	
Commute Trip Reduction		$45,000		Commute Trip Reduction		$45,000	
Traffic Operations	2.00	$472,196	$111,000	Traffic Operations	2.00	$472,196	$111,000
Traffic Data and Records	0.50	$48,000	$26,000	Traffic Data and Records	0.50	$48,000	$126,000
Urban Forestry	2.00	$260,655	$187,000	Urban Forestry	3.00	$385,232	$263,000
Transportation Plan Updates			$100,000	Transportation Plan Updates			$600,000
Update City Travel Demand Model		$10,000		Update City Travel Demand Model		$10,000	
Outstanding Data Items				**Outstanding Data Items**			
SPU drainage costs for sidewalks				SPU drainage costs for sidewalks			
Interconnecting traffic signals and connecting them to the TMC			$100,000	Interconnecting traffic signals and connecting them to the TMC			$1,000,000
Major systems integration			$200,000	Major systems integration			$1,000,000
Asset management data collection			$250,000	Asset management data collection			$1,000,000
Tracking developer fee payments			$10,000	Tracking developer fee payments	1.00	$100,000	$10,000
TOTAL	**16.00**	**$3,552,739**	**$1,363,500**	**TOTAL**	**22.00**	**$8,707,566**	**$82,089,500**

Assumptions - Low Estimate	Assumptions - High Estimate
o AACP arterial paving commensurate with what occurs elsewhere in Seattle. North Highline street conditions decline, as elsewhere in the city.	o AACP is accounted for as a one-time expenditure. This would begin making initial progress to reduce the $77 million in current paving needs ($39 million arterial, $37 million non-arterial and $1 million for sidewalks) identified in the King County pavement management database.
o The $969,000 annual CIP expenditure for AACP, Arterial Major Maintenance, Non-arterial Resurfacing, and Sidewalk Repair would allow some limited paving on arterial streets in North Highline and little or no paving on non-arterials. This level of service is as is provided elsewhere in the city. The condition of North Highline streets would continue to decline from the current 37.4 Pavement Condition Index (PCI) level (according to King County data), which is already well below the 2007 Seattle arterial average of 68.3.	o The annual paving investment of $5.24 million ($2.26 million arterial, $2.78 million non-arterial and $0.2 million sidewalk) stabilizes the condition of the North Highline streets, putting them on a regular maintenance cycle, but does not address the $77 million in current needs/deferred maintenance. This scenario would bring existing North Highline streets and sidewalks up to a condition level closer to other parts of Seattle and hold them at that level over time. This scenario, however, would not improve streets to modern standards by developing new sidewalks, curbs, drainage systems, etc.
	o Two new traffic signals are warranted but would be constructed as prioritized with other warranted locations in Seattle.
o Bike/Ped Master Plan capital costs assume there would be some limited sidewalk repairs and very limited new sidewalk construction.	o Bike/Ped Master Plan capital costs assume some new additional sidewalk construction.
o Stairway inspection and maintenance based on site drive-bys, as no inventory exists.	o Includes the rehabilitiation of one stairway per year.
o Urban forestry staff will add a 1.0 FTE lead tree trimmer and a 1.0 FTE tree trimmer to provide direct tree maintenance to address public safety and work to bring condition of existing street trees into parity with City. When that's achieved, SDOT will be able to plant, water and establish, maintain landscape and respond to storm emergencies. Costs include a pick-up truck, chipper truck, tools and equipment.	o An additional 1.0 FTE tree trimmer and an aerial lift truck is added to the crew.
o Update each City transportation plan (Tranportation Strategic Plan, Transit, Bicycle, Pedestrian and Freight to include Area Y.	o Transportation plan updates include the completion of a Subarea Transportation Plan for the annexation area.
o Interconnect traffic signals and connecting them to the Traffic Management Center.	
o Integrate major systems.	
o Asset management data collection.	
o Tracking developer fee payments.	

Assumptions Applicable to Both Low and High Estimates

o Annexation will add approximately 118 lane-miles of street pavement and 286 block-face equivalents of sidewalks to SDOT's system. This represents a 3% increase in street system size, based on Seattle's current 3,946 lane-mile street pavement network.

o The majority of the CIP work would be contracted.

o Inspect and maintain an estimated 52 retaining walls annually, based on KC identification of their linear feet. KC information did not document the condition of the retaining walls, so current SDOT average applied.

o Routine street maintenance calculated as a 3% increase in the street system size.

o One-time cost to integrate 118 lane-miles of roadway into SDOT's existing database. Ongoing tri-yearly condition rating surveys are assumed to be nominal, commensurate with 3% incerase of annexation assets.

o Steet-use estimate based on the size of the geographic area.

o Traffic signal maintenance assumes adding 18 signals and 16 flashing beacons that have been regularly maintained in the City inventory. One-time costs include changing signals to LED, adding signal inventory data to SDOT's system, and equipment.

o Support temporary traffic control for construction and special event traffic planning, respond to customer requests for curb-space change, no new parking meters or pay stations assumed.

o Commercial vehicle and permitting calculated on 3% increase in current budget.

o Traffic operations add will maintain signs and markings, neighborhood traffic control, safety improvements, and crash cushions/guardrails.

o Traffic data and records costs will update and maintain collison and traffic data in the area.

o Area Y transportation network will be added to the City Travel Demand Model.

o No costs are assumed for the South Park Bridge or adjacent property.

ATTACHMENT 3

GENERAL SUBFUND REVENUE ESTIMATE
NORTH HIGHLINE AREA Y

Property Tax including EMS	3,750,555
Retail Sales Tax	1,138,554
Retail Sales Tax - Criminal Justice	117,086
Business & Occupation Tax	1,084,160
Utilities Business Tax - Cable Television	453,340
Utilities Business Tax - City Light	-
Utilities Business Tax - City SWU	283,965
Utilities Tonnage Tax - Solid Waste	46,711
Utilities Business Tax - City Water	251,016
Utilities Franchise Fee - Sewer	157,010
Utilities Business Tax - Drainage/Waste Water	285,542
Utilities Business Tax - Natural Gas	158,068
Utilities Business Tax - Solid Waste	114,101
Utilities Business Tax - Steam	-
Utilities Business Tax - Telephone	458,758
Admission Tax	-
Liquor Board Profits	151,159
Liquor Excise Tax	89,593
Business License Fees	198,092
Leasehold Excise Tax	161
Court Fines & Forfeitures	34,874
Gambling Tax - Punchboards & Pulltabs	130,000
Criminal Justice Assistance (High Impact)	48,242
Criminal Justice Assistance (Population)	25,117
Animal Licenses	34,033
E-911 Reimbursements & Cellular Tax Revenue	87,433
Emergency Alarm Fees	62,424
Street Use Permits	13,784
Municipal Court Cost Recoveries	30,320
Professional & Occupational Licenses	25,185
Emergency Alarm Fees	62,424
Fire Permits	108,575
Fire Services Contract - N. Highline Fire District	82,799
Automated Fingerprint Information System (AFIS)	110,837
General Fund Revenue TOTAL	**$ 9,593,917**

Estimates from CBO, based on King County OMB information

ATTACHMENT 4

Special Purpose Districts and Delivery of Services

Seattle City Council Resolution 31198 requires the Executive to conduct an analysis of the special purpose districts that provide a variety of local government services to the residents of the City's Potential Annexation Area (North Highline: Area Y). Generally, the consequence of an annexation on a special purpose district varies by the type of district. Some special districts are not affected by an annexation, others continue exercising jurisdiction only over areas not annexed, and still others may go out of existence altogether when all or parts of their territory are annexed by a city.

In conducting the analysis of the various service providers in the North Highline: Area Y, city staff undertook a two-step process that: (1) identified the various service providers in the area; and (2) conducted its analysis of each service using the following factors:

i. Whether and how Seattle would transition the provision of services from the special purpose districts to the City;

ii. Whether any of the special purpose districts should continue to provide directly to residents of Area Y;

iii. Any associated service or financial impacts related to either decision; and

iv. If a special purpose district continues to provide services to residents in Area Y, how services levels will vary between Area Y and Seattle residents after an annexation

4.1 Identification of Service Providers

The first step in the process was to identify all of the entities that provide services to residents in North Highline: Area Y (See Attachment Table 4-1).

Attachment Table 4-1: List of Local Service Providers: North Highline: Area Y

Special Purpose Districts: (Direct negotiation with district) • North Highline Fire District (King County Fire District #11) • Water District 45 • Water District 20 • Valley View Sewer District • Southwest Suburban Sewer District • King County Library System

Attachment Table 4-1: List of Local Service Providers: North Highline: Area Y

- King County Housing Authority
- Highline School District

King County-Related Service Providers: (Direct negotiations through King County)

- King County Sheriff's Office
- King County Road District

Government-Regulated Private Service Providers: (Direct negotiations with Provider)

- Puget Sound Energy (Natural Gas)
- Waste Management (Solid Waste)

4.2 Review of the Special Purpose Districts

The second step in this process consisted of an analysis of each entity that provided services to residents in North Highline: Area Y using the criteria outlined in Seattle City Council Resolution 31198. For purposes of the report, we will address each individual criterion as it applies to the specific entity.

A. Fire Protection Services

Fire protection services in North Highline: Area Y is provided by the North Highline Fire District (NHFD). North Highline Fire District (originally named King County Fire District #11) was founded in 1942 and currently serves approximately 40,000 residents in a nine-square mile area located south of the Seattle city limits. The District serves the residents of Boulevard Park, unincorporated South Park and White Center as well the northern portion of the City of Burien under a contract with the Burien/Normandy Park Fire Department (See Attachment 1: Maps for service area boundary).

North Highline Fire District is a combination district with 32 paid firefighters providing fire suppression and rescue services from two fire stations, which are staffed 24 hours a day. The department has a current ISO Class 3 rating.

4.2.A Evaluation Criteria:

4.2.A.1. Should the provision of services transfer from the special purpose district to the City?

Yes. Annexation to a city automatically removes territory from a fire protection district and makes the annexing city responsible for fire protection in the annexed area. RCW 52.08.025.

4.2.A.2. Should the special purpose district continue to provide services directly to residents of North Highline: Area Y?

No. While, state law does provide an annexing city the option to contract with the fire protection district to provide fire protection services in the annexed area, the City of Seattle would be able to provide area residents with a higher level of service. In addition, one of the objectives of annexation is to consolidate service and service providers where appropriate. Chapter 36.70A RCW (Washington State Growth Management Act).

4.2.A.3. Are there any associated service or financial impacts related to this decision?

Yes. In the area of service, residents of North Highline: Area Y will receive a higher level of fire protection services as a result of the annexation. A detailed financial analysis of impacts associated with city provision of fire protection services are outlined in the report.

4.2.A.4. If the special purpose district continues to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

It depends on the level of service that the city would contract for with the North Highline Fire Protection District. Under a contract arrangement, the City could contract for a level of service and only receive the amount that it contracts for. If the City contracted with the North Highline Fire District just to maintain its current level of services for the residents in the North Highline: Area Y, its personnel requirements would be lower than the current city labor agreement (4-person crews in city vs. 3-person crews in North Highline Fire Protection District). In addition, North Highline Fire District does not staff an Aid Car on a 24-hour basis (limited at this time).

B. Water Services

Water services in the North Highline: Area Y are provided by three distinct providers. Seattle Public Utilities provides water services to the area generally considered White Center. King County Water District 20 owns and operates its system in the area known as Boulevard Park (south of the City's South Park neighborhood) and King County Water District 20 owns and operates its system in the general area of the Greenbridge Housing Development that is owned by King County Housing Authority (See Attachment 1: Maps for service area boundaries). It should be noted that the City of Seattle provides water to both Water District 20 and Water District 45 under a contract arrangement. These contracts

would not hinder the efforts of the City to change its arrangements with either Water District regarding the provision of services to residents in North Highline: Area Y.

4.2.B Evaluation Criteria:

4.2.B.1. Should the provision of services transfer from the special purpose districts to the City?

- Water District 20. Yes. It is recommended that the City enter into contract with Water District 20, where the City would assume ownership of the infrastructure that is located within the proposed annexation area. The City would then enter an M&O contract where Water District 20 would provide the maintenance and operation of the system for a fee. This would help mitigate the lost revenue to Water District 20 as a result of the customers in the proposed annexation area becoming Seattle Public Utility customers.

- Water District 45. Yes. It s recommended that the City totally assume this small water district (931 accounts). Unlike Water District 20, where more than 70 percent of the water district's service area is located outside North Highline: Area Y, Water District 45 is located 100% within the proposed annexation area. Assumption of Water District 45 is consistent with the objectives of the Washington State Growth Management Act that encourages annexations that consolidate services and service providers where appropriate. Chapter 36.70A RCW.

4.2.B.2. Should the special purpose districts continue to provide services directly to residents of North Highline: Area Y?

- Water District 20. No. Under the proposed recommendation, Water District 20 will act as an agent of the Seattle Public Utilities (customers will receive SPU conservation services/incentives and receive a bill from SPU bills). Water District 20 will provide M&O services on those portions of the water distribution system located in the proposed annexation area under a contract with SPU.

- Water District 45. No. It is recommended that the City assume Water District 45 and take over the provision of water services to its customers.

4.2.B.3. Are there any associated service or financial impacts related to this decision?

In addition to understanding the fiscal impacts of annexation on the City's utility funds and general fund, it is important to understand how area residents and business will be impacted in terms of what they pay. This

analysis looks at what typical residents and small businesses currently pay for utility services and what they'll pay post annexation based upon SPU's recommended service delivery options. A comparison of averaged, typical bills is provided below.

Typical Single Family Residence Bills

	Current	Post Annexation
Water	$26 - $37/mo	$33/mo

Typical Convenience Store Commercial Bills

	Current	Post Annexation
Water	$54 - $102/mo	$89/mo

For the majority of customers, post annexation utility costs will be on average similar to what is currently paid. Some customers will pay more and some will pay less depending upon who their service provider was.

4.2.B.4. If the special purpose districts continue to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

Service levels would be similar. This difference will be on the type and amount of conservation incentives that SPU makes available to its customers.

C. Sewer Services

The North Highline: Area Y is currently served by Valley View Sewer District, Southwest Suburban Sewer District and individual septic tank systems in the area along SR 509 (See Attachment 1: Maps for service area boundaries).

- Valley View Sewer District. Valley View Sewer District, one of the first sewer districts in King County, was established in 1946 for the purpose of providing sanitary sewer service to the Cascade Homes Addition and businesses along Pacific Highway South (International Blvd.) In 1976, the District contracted with King County-Metro for treatment and disposal of wastewater flows from the majority of the District. Subsequently, an agreement was reached with Southwest Suburban Sewer District for treatment and disposal of wastewater flows from the western portion of the District. Valley View Sewer District is multi-jurisdictional, serving parts of the cities of SeaTac, Burien, Tukwila, as well as unincorporated King County.

- Southwest Suburban Sewer District. Southwest Suburban Sewer District was established in 1945 for the purpose of operating and maintaining the sewer infrastructure installed by the Federal Government during World War II. The District now serves an area of approximately 10 square miles serving the City of Burien, the City of Normandy Park, portions of the City of Seattle, City of Des Moines, City of SeaTac, and a portion of Valley View Sewer District. The District has two treatment plants (Salmon Creek and Miller Creek) that began operation in 1957 and 1967, respectively.

4.2.C. Evaluation Criteria:

4.2.C.1. Should the provision of services transfer from the special purpose districts to the City?

No. It is recommended that the City enter into franchise agreements with Valley View and Southwest Suburban Sewer Districts to have them collect and/or process sewage on behalf of the City in North Highline: Area Y. The City is not a direct provider of sewage treatment services. Since 1961, the City has contracted with Metro (now King County Metro) for sewage treatment. This contract has been extended to 2036. In that contract, Seattle pledges that all sewage collected in its sewage collection system will be delivered to Metro for processing.

4.2.C.2. Should the special purpose districts continue to provide services directly to residents of North Highline: Area Y?

Yes. It is recommended that Valley View and Southwest Suburban Sewer Districts continue to provide sewage collection and treatment services to residents in North Highline: Area Y.

4.2.C.3. Are there any associated service or financial impacts related to this decision?

In addition to understanding the fiscal impacts of annexation on the City's utility funds and general fund, it is important to understand how area residents and business will be impacted in terms of what they pay. In the area of sewage services, Seattle Public Utilities has identified what the typical resident and small business currently pays for sewage services and what they'll pay post-annexation based upon SPU's recommended to franchise the existing service providers.

Typical Single Family Residence Bills

	Current	**Post Annexation**
Sewer	$26 - $41/mo	Slight increase

Typical Convenience Store Commercial Bills

	Current	Post Annexation
Sewer	$63 - $109/mo	Slight Increase

For the majority of customers, post-annexation utility costs will be on average similar to what is currently paid. Some customers will pay more and some will pay less depending upon who their service provider was.

4.2.C.4. If the special purpose districts continue to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

Not applicable – Seattle does not provide sewage treatment services. If there are differences in service levels, it would be in the type and amount of conservation incentives. However, incentives of this type can be negotiated as part of the franchise agreement so that residents in North Highline: Area Y would receive the same incentives as residents in the City.

D. Library Services

King County Library System provides library services to residents in the North Highline: Area Y through three branches. The Boulevard Park Library, located east of SR 509, and the White Center Library, located on the southern boundary of the proposed annexation area, are both located in the area recently annexed by the City of Burien (April 1, 2010). However, residents in the North Highline: Area Y still can access all library services since they reside in King County Library System's service area. The Greenbridge Library is a unique small, non-circulating library that is located within the Greenbridge Housing Development that is owned and operated by King County Housing Authority.

4.2.D Evaluation Criteria:

4.2.D.1. Should the provision of services transfer from the special purpose district to the City?

Yes. Upon annexation of territory consisting of all or part of a library district to a city, that territory automatically is withdrawn from the district and library services in the area becomes the responsibility of the annexing city. Washington State Attorney General Opinion 1949 No. 54.

4.2.D.2. Should the special purpose district continue to provide services directly to residents of North Highline: Area Y?

No. King County Library System officials have clearly stated that they are not interested in continuing to provide library services in North Highline: Area Y if it is annexed by the City of Seattle. In addition, King County Library System is conducting a study to determine the possible relocation of the Boulevard Park and White Center libraries from their current location to geographic locations that would better serve their patrons.

4.2.D.3. Are there any associated service or financial impacts related to this decision?

Yes. Seattle Public Library has conducted an analysis to determine the financial impacts of providing library services from the Greenbridge Library that is located in the Greenbridge Housing Development. A detailed financial analysis of impacts associated with city provision of library services are outlined in the report.

4.2.D.4. If the special purpose district continues to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

Not Applicable. King County has clearly stated that the direct provision of library services to residents in North Highline: Area Y after an annexation is not an option. It should be noted that Seattle residents have access to resources of the King County Library System under a joint use agreement. This agreement allows Seattle residents to check-out materials, but prohibits Seattle residents from placing holds on library materials.

E. Federally-Assisted Affordable Housing

King County Housing Authority is a municipal corporation that develops and administers assisted housing throughout King County under partnership with King County and several cities (Seattle has created the Seattle Housing Authority to develop and administer assisted housing within the City of Seattle). In addition to administering tenant rent subsidy programs, King County Housing Authority has developed and administers three major housing developments in North Highline: Area Y. These developments are: Greenbridge Housing Development (a mixed-income community located in the White Center neighborhood, south of SW Roxbury Street), Park Lake Homes II (a low-income housing development that is slated for redevelopment as a mixed-income housing development under the federal HOPE VI program) and Arbor Heights Development (consisting of workforce housing that is targeted to families).

4.2.E Evaluation Criteria:

4.2.E.1. Should the provision of services transfer from the special purpose district to the City?

No. While the state's annexation laws do not specifically address the consequences of an annexation on a public housing authority, there have been initial discussions among Seattle, King County Housing Authority and Seattle Housing Authority on potential transfer of services after an annexation. It was determined that given the large past and future investment in affordable housing made by the King County Housing Authority, that it would be most appropriate to have a three-party agreement that allows King County Housing Authority to operate in North Highline: Area Y after the effective date of an annexation. This agreement would not allow King County Housing Authority to expand their services into other geographic areas of the City (unless an agreement addressing a specific issue is developed).

4.2.E.2. Should the special purpose district continue to provide services directly to residents of North Highline: Area Y?

Yes. See comments in Section 4.2.E.1.

4.2.E.3. Are there any associated service or financial impacts related to this decision?

No.

4.2.E.4. If the special purpose district continues to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

No. There is no appreciable difference in the level of service between the King County Housing Authority and the Seattle Housing Authority.

F. Public School District

The Highline School District provides K-12 educational instruction to students within North Highline: Area Y, in addition to the cities of Burien, SeaTac, Normandy Park and Des Moines. Under state law, there are no automatic changes to school district boundaries as a result of an annexation. In circumstances where there are changes to a school district boundary, it is initiated by the school district in the annexing city and must be approved by the local Educational Service District.

4.2.F Evaluation Criteria

4.2.F.1. Should the provision of services transfer from the special purpose district to the City?

Not applicable. Cities do not assume school district functions.

4.2.F.2. Should the special purpose district continue to provide services directly to residents of North Highline: Area Y?

Yes. See comments in Section V.2.F.1

4.2.F.3. Are there any associated service or financial impacts related to this decision?

Not applicable at this time. However, there may be future costs associated with the provision of services through the City's Families and Education Levy that could be renewed prior to the effective date of annexation (January 2013). This would requre separate negotiations with the Highline School District and associated service providers.

4.2.F.4. If the special purpose district continues to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

Not Applicable.

4.3 Review of King County-Related Service Providers

As part of the evaluation process, city staff also looked at services that are provided through King County. Services in this category include police protection services, road and drainage services.

A. Police Protection Services

Police services in North Highline: Area Y are provided by the King County's Sheriff's Office. The Sheriff's Office provides police protection services to the cities of Burien and SeaTac and unincorporated areas of West Hill and North Highline: Area Y out of Precinct 4 (which is located in the City of Burien). With the exception of a small community service office located in King County Housing Authority's Greenbridge Housing Development there are no major facilities located in North Highline: Area Y.

4.3.A Evaluation Criteria

4.3.A.1. Should the provision of services transfer from the special purpose district to the City?

Yes. Responsibility for police protection services are automatically transferred from the King County Sheriff's Office to the City at the time of an annexation. The City does have options to provide police protection services in the area that include contracting with the King County Sheriff's Office, but this would be contrary to the objective of consolidating services.

4.3.A.2. Should the special purpose district continue to provide services directly to residents of North Highline: Area Y?

No. See comment in section 4.3.A.1.

4.3.A.3. Are there any associated service or financial impacts related to this decision?

Yes. There are fiscal impacts resulting from the City providing police protection services in the North Highline: Area Y. A detailed financial analysis of impacts associated with city provision of police protection services in North Highline: Area Y is outlined in this report.

4.3.A.4. If the special purpose district continues to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

Yes. It has been difficult to obtain information on current staffing levels for North Highline: Area Y from the King County Sheriff's Office. Based on past information it has been estimated that the King County Sheriff's Office assigned between two to four patrol officers on a 24-hour basis in the entire North Highline area prior to the City of Burien's annexation of the southern portion on April 1, 2010. That staff level (for an area with a population of approximately 20,000) would be below staffing levels in other parts of Seattle.

B. Road Services

County road districts are established by county legislative bodies to aid in the administration of the county road construction and maintenance program. County road districts consist solely of territory that is outside of cities. Upon an annexation by a city, county roads become city streets and the city assumes full responsibility for them. In addition, the city also becomes entitled to receive, when collected, the road district taxes that have been levied but not yet collected on property within the annexed territory.

4.3.B Evaluation Criteria

4.3.B.1. Should the provision of services transfer from the special purpose district to the City?

Yes. The City automatically assumes responsibility for county roads after an annexation (they become city roads).

4.3.B.2. Should the special purpose district continue to provide services directly to residents of North Highline: Area Y?

Not applicable. State law does not allow the road district to continue to exist in the annexed area.

4.3.B.3. Are there any associated service or financial impacts related to this decision?

A detailed financial analysis of impacts associated with city provision of road services in North Highline: Area Y is outlined in this report.

4.3.B.4. If the special purpose district continues to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

Not applicable. See comment in section 4.3.B.2.

4.4. Government-Regulated Private Service Providers

Residents in North Highline: Area Y also receive services from non-governmental entities. These private entities are regulated by a governmental body (state, county or city) and provide services to an area through a franchise or contract agreement. The category includes natural gas services and solid waste services. The purpose of this section is to outline the impact of a North Highline: Area Y annexation on the delivery of those services to area residents.

A. Natural Gas Services

Puget Sound Energy, a private entity that is regulated by the Washington State Utility and Transportation Commission (WUTC), provides natural gas services to residents of North Highline: Area Y, as well as to residents of the City of Seattle. A City annexation will not have any impact on Puget Sound Energy's ability to provide natural gas services within the area. The main issue will be to develop a franchise agreement that allows them to expand their service to the new geographic boundaries of Seattle (after the annexation) and to notify them to start collecting the City's utility tax on service in the North Highline: Area Y after the annexation.

4.4.A Evaluation Criteria

4.4.A.1. Should the provision of services transfer from the special purpose district to the City?

Not applicable. The City of Seattle does not provide natural gas service to residents of the City.

4.4.A.2. Should the special purpose district continue to provide directly to residents of North Highline: Area Y?

Yes. See comment in section 4.4.A.1.

4.4.A.3. Are there any associated service or financial impacts related to this decision?

Yes. Residents and businesses in North Highline: Area Y will be subject to a utility tax on the amount of natural gas that they consume. This will be a new tax on their utilities and will generate additional general fund revenues for the City.

4.4.A.4. If the special purpose district continues to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

Not applicable. See comment in section 4.4.A.1.

B. Solid Waste Services

Solid waste services are provided in North Highline: Area Y under a franchise agreement between Waste Management (contractor) and the Washington Utilities and Transportation Commission (WUTC). Typically certain utility and transportation franchises are automatically canceled on the effective date of an annexation. There are special rules for solid waste franchises. A solid waste franchise in an area annexed is not automatically canceled upon annexation. After annexation, the WUTC, which has jurisdiction over solid waste franchises in unincorporated territory, continues to regulate solid waste collection in the area until the city notifies the WUTC of its decision to either contract for collection or provide the service itself. It should be noted that Waste Management (existing provider) must be given a 7-year notification (transition period). During that time period, the City could negotiate additional services (conservation/recycling) so that the residents in North Highline: Area Y would receive services similar to city-wide residential services.

4.4.B Evaluation Criteria

4.4.B.1. Should the provision of services transfer from the special purpose district to the City?

No. The City does not provide solid waste services but contracts/franchises solid waste services to Waste Management (which provides solid waste services in North Highline: Area Y).

4.4.B.2. Should the special purpose district continue to provide services directly to residents of North Highline: Area Y?

Yes. See comment in section 4.4.B.1.

4.4.B.3. Are there any associated service or financial impacts related to this decision?

Yes. Residents will see minimal change in their bills. Commercial customers will see a larger increase in the amount paid after an annexation by the City. In addition, customers will be subject to the City's utility tax which is estimated to generate a net annual increase of $161,391 for the General Fund.

Typical Single Family Residence Bills

	Current	Post Annexation
Solid Waste	$0 - $31/mo	$32/mo

Typical Convenience Store Commercial Bills

	Current	Post Annexation
Solid Waste	$169/mo	$355/mo

4.4.B.4. If the special purpose district continues to provide services to residents in North Highline: Area Y, would service levels vary between North Highline: Area Y and Seattle residents after an annexation?

No. The City will negotiate a new contract with Waste Management to include similar services that city residents and businesses currently receive.

4.5 Summary of Policy Options and Recommendations

The final step in the process is to review relevant state laws and local statutes to determine what policy options were available to the City regarding the provision of services with North Highline: Area Y. As noted in Section 4.2 of this analysis, the North Highline: Area Y is served by 7 separate utility providers (3 water, 2 sewer, 1 drainage, and 1 WUTC regulated solid waste hauler). In addition, the area is served by governmental or private entities that provide fire

protection service, police protection services, K-12 educational services, library services, natural gas services, and road services.

In developing service delivery recommendations, city staff reviewed relevant state laws and local statutes to identify available service delivery options and recommendations. In developing recommendations, we looked at options that included:

- Status Quo;
- Franchise – "Issue a Permit to Operate As Is";
- Contract – "Permission to Operate for SPU Customers"; or
- Assumption - Full, partial, transitional or post 7 year notice (in the case of solid waste).

In addition to legal and political consideration, recommendations were also guided by the City's previous annexations that point to a long-standing history and general policy of the City assuming services and becoming the full and sole service provider to the annexed area.

Attachment Table 4-2 contains a summary of recommendations based on that analysis. Staff has developed a series of recommended service delivery option for the provision of local services to residents in North Highline: Area Y.

Attachment Table 4-2
Summary of Proposed Local Service Providers After Annexation

Service	Current Service Provider	After Annexation Service Provider (Recommendation)
Fire Protection & Emergency Medical Services	North Highline Fire District #11 & King County Medics	Seattle Fire Department
Police Services	King County Sheriff's Office	Seattle Police Department
Water	Seattle Public Utilities Water District 20 Water District 45	Seattle Public Utilities Water District 20 *(City M&O Contract)* Water District 45 (Assumed by City)
Sewer	Valley View Sewer District SW Suburban Sewer District Septic – SKC Public Health Dept.	Valley View Sewer District *(City Franchise)* SW Suburban Sewer District *(City Franchise)* Septic – SKC Public Health Dept. & existing sewer districts

Attachment Table 4-2
Summary of Proposed Local Service Providers After Annexation

Service	Current Service Provider	After Annexation Service Provider (Recommendation)
Electric Service	Seattle City Light	Seattle City Light
Natural Gas	Puget Sound Energy	Puget Sound Energy *(City Franchise)*
Surface Water Management Services	King County	Seattle Public Utilities
Solid Waste Services	Waste Management *(UTC - Franchise)*	Seattle Public Utilities *(Initiate 7-year transition/WUTC notification. Negotiate interim, long-term contract and release of damages)*
Roads	King County (Road District)	Seattle Department of Transportation
Federally Assisted Housing	King County Housing Authority	King County Housing Authority *(No change – agreement among City, SHA and KCHA)*
Library	King County Library System	Seattle Public Library
Schools	Highline School District	Highline School District *(No Change)*

4.5.1 Special Purpose Districts - Service Delivery Options and Recommendations

There are 13 entities that that provide services to residents in North Highline: Area Y (See Attachment Table 4-1). The staff recommendations for the delivery of each individual service depends upon circumstances unique to each service and provider and a balancing of key legal, political and financial considerations identified below.

Legal Considerations	• Annexation should consolidate services and service providers. *KC WD 54 v. KC BRB, 87 Wn.2d 536, 539, 554 P.2d 1060 (1976); GMA RCW 36.70A* (and many more).
Political Considerations	• Minimize opposition and the proclivity of districts to litigate by considering impacts to: - special service district finances and operations; and - customer levels of service and rates.
Financial Considerations	• Minimize financial impacts to the City by seeking to: - keep annexation related costs in balance with any increase in customer base and revenue; and - increase utility tax revenue.

Service Delivery Option – Recommendations

Attachment Table 4-3
Service Delivery Policy Options - Recommendations

Service / Provider	Service Delivery Policy Options	Recommendation
	Special Purpose Districts	
Fire Protection Services North Highline Fire District	• **Contract** – Negotiate contract with North Highline Fire District to provide fire protection services in the annexed area. • **Assumption** – Assume fire protection services responsibility for the annexed area.	**Assumption** – Assume fire protection services responsibility for the annexed area.
Water Service Water District 20 & Water District 45	• **Status Quo** – Allow existing water districts to continue to operate as is. • **Franchise** – Negotiate agreement to allow Water Districts 20 & 45 to operate and provide their services/rates in the annexed area. • **Contract** – Negotiate 10-year	• **Assumption** – Fully assume Water District 45. • **Contract** – Negotiate 10-year contract with Water District 20 for M&O services to SPU customers in the annexed area.

Attachment Table 4-3
Service Delivery Policy Options - Recommendations

Service / Provider	Service Delivery Policy Options	Recommendation
	contract with Water Districts 20 & 45 for M&O services to SPU customers in the annexed area (provide Seattle services at Seattle rates). • **Assumption** – Assume jurisdiction over those portions of Water Districts 20 & 45 that are in the annexed area. • **Swap** – Consider swap of Water District 20 area within the annexed territory with SPU retail service area in Burien city limits.	
Sewer Service Valley View & SW Suburban	• **Status Quo** – Allow Valley View & SW Suburban to continue operating in the annexed territory as is. • **Franchise** – Negotiate agreement allowing Valley View & SW Suburban to operate, provide their services and charge their rates within the annexed territory. • **Contract** – Negotiate contract allowing Valley View & SW Suburban to provide Seattle services to Seattle customers at Seattle rates within the annexed territory. • **Assumption** – Assume jurisdiction over the portions of Valley View & SW Suburban that are within the annexed territory.	• **Franchise** - Issue franchises to Valley View & SW Suburban Sewer Districts authorizing them to operate in the City, provide their service and charge their rates.

Attachment Table 4-3
Service Delivery Policy Options - Recommendations

Service / Provider	Service Delivery Policy Options	Recommendation
Library Services King County Library System	• **Contract** – Negotiate contract with King County Library System to provide services to Seattle residents in annexed territory. • **Assumption** – City assumption of library system facilities and provides library services in the annexed territory.	• **Assumption** – City assumption of library facilities and provides library services in the annexed territory.
Public/Assisted Housing King County Housing Authority	• **Contract** – Negotiate three-party agreement among City, KCHA & Seattle Housing Authority that allows KCHA to operate in North Highline: Area Y (now part of Seattle).	• **Contract** – Negotiate three-party agreement among City, KCHA & Seattle Housing Authority that allows KCHA to operate in North Highline: Area Y (now part of Seattle).
K-12 Educational Services Highline School District	• **Status Quo** – School district provides educational services to Seattle residents in North Highline: Area Y.	• **Status Quo** - School district provides educational services to Seattle residents in North Highline: Area Y.
King County-Related Service Providers		
Police Services King County Sheriff's Office	• **Contract** – Negotiate contract with King County Sheriff's Office to provide service in the annexed territory (not a viable option). • **Assumption** – City assumes provision of police services in annexed territory.	• **Assumption** – City assumes provision of police services in annexed territory.

Attachment Table 4-3
Service Delivery Policy Options - Recommendations

Service / Provider	Service Delivery Policy Options	Recommendation
Drainage / Surface Water Management King County	• **Status Quo** – Allow King County to retain assets and provide county surface water management services in area as is. • **Transition Contract** – Agreement allowing King County to provide some or all of the City's surface water management services in the annexed territory to Seattle customers for an agreed to period of time. • **Assumption** – Assume (annexed area only). Negotiate liability for past pollution and terms for transfer of debt.	• **Assumption** - Assume (annexed area only). Negotiate liability for past pollution and terms for transfer of debt.
Government-Regulated Private Service Providers		
Natural Gas Puget Sound Energy	• **Franchise** – Negotiate expanded franchise agreement to continue natural gas service. Already provide natural gas service in Seattle (allows collection of utility fee on behalf of Seattle).	• **Franchise** – Negotiate expanded franchise agreement to continue natural gas service. Already provide natural gas service in Seattle (allows collection of utility fee on behalf of Seattle).
Solid Waste Services Waste Management – WUTC Franchise	• **Status Quo** – Allow Waste Management to operate as is under WUTC regulation. • **Contract** – City initiates the official transition period and issues a 7 year transition/WUTC notification. Negotiate interim, long-term City contract and release of damages.	• **Contract** – Initiate 7 year transition/WUTC notification. Negotiate interim, long-term City contract and release of damages.