

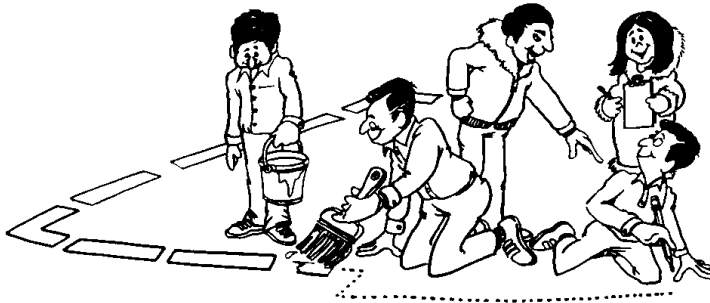
Planning and Preparing Proposals for Annexation to Cities

Prepared by:
Local Boundary Commission Staff
Division of Community & Business Development
Alaska Department of Community and Economic Development
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Proper planning can be critical to the success of any annexation proposal. This is particularly true if the proposal is complex or likely to be controversial.

Encourage Public Participation in Planning for Annexation

Participation in the annexation planning process by city residents and those who live, work, and/or own property in the area proposed for annexation should be encouraged.



If the city is within an organized borough, officials of the borough should also be invited to participate. If the annexing city is in the unorganized borough, the city should confer with agencies and organizations currently providing local

services to the area contemplated for annexation (e.g., regional educational attendance area).

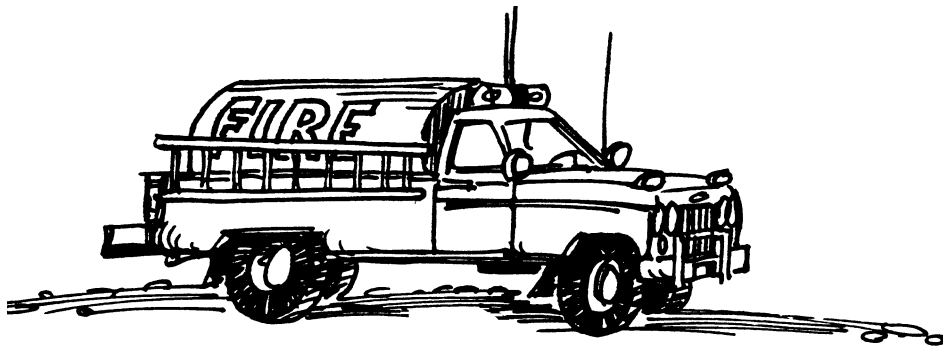
When considering the size of the area to be proposed for annexation, identify all proximate areas that are integrated with the community and that may reasonably warrant inclusion within the city during the next decade. Development of an annexation petition requires a substantial commitment of time and energy. Therefore, municipal governments, residents and property owners are often better-served if municipal boundary changes are few in number and comprehensive in scope rather than small and piecemeal.

The product of the planning effort should form the basis of the annexation petition.

Define Objectives

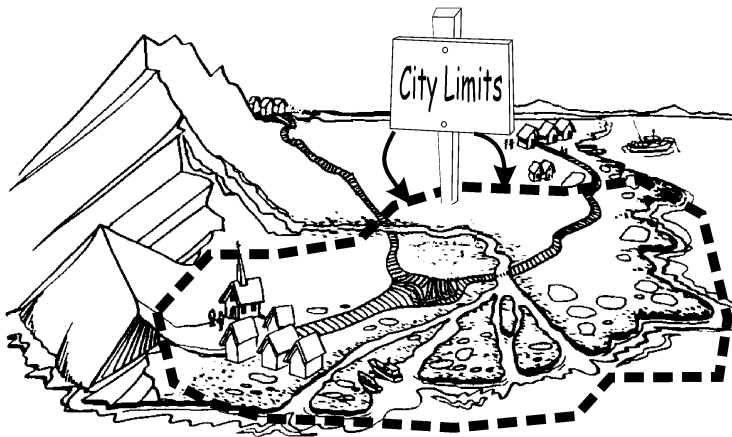
The annexation planning process typically begins by developing a statement of what is intended to be accomplished through annexation. The following are often cited by cities in Alaska as objectives for annexation:

1. *To remedy inequities faced by city taxpayers.* For example, it may be that city services are being provided to non-residents without commensurate taxes, user fees, or other adequate revenues. Often, businesses within a city will be subject to both higher property taxes and higher sales taxes than businesses located in the adjoining area outside the city. Businesses inside the city may consider themselves to be unfairly burdened and to be at a significant competitive disadvantage under such circumstances.
2. *To reduce the city's exposure to liabilities.* Cities may choose to provide services such as fire protection or police protection outside their corporate boundaries even though the city may lack clear extraterritorial authority under AS 29.35.020 to do so. In other cases, there may be clear legal authority to provide extraterritorial services such as emergency medical services, however, residents and property owners inside the city may be deprived of timely receipt of emergency services because city resources were committed outside the city's boundaries.



3. *To provide services needed by an outlying area.* Often residents of areas adjacent to a city request services from the city, such as police protection, fire protection, emergency medical services, road maintenance, and utilities.
4. *To promote orderly growth and development* or to abate threats to public health and safety through platting, land use regulation, and other powers.

5. *To promote greater efficiency in governmental operations.* A city may be able to achieve improved economies of scale by serving a larger area. Additionally, a city may seek annexation of territory to eliminate or avoid the creation of another governmental unit in accordance with Article X, Sections 1 & 5 of Alaska's constitution.
6. *To include areas undergoing growth and development* outside the corporate boundaries of the city in order to provide political boundaries that more fully reflect the actual community as defined by economic, sociological, physical, and cultural characteristics.
7. *To enfranchise individuals.* Residents of outlying areas may be a part of the greater community served by the city, but because they live on the other side of an artificial political boundary, those individuals are not allowed a voice in city government.



Annexation would allow those individuals to be appointed to city boards and commissions, hold elective office in city government, and vote in city elections.

8. *To provide more orderly boundaries eliminating confusion and uncertainty regarding*

whether a particular property is inside the city. This is especially important for the timely delivery of emergency services.

9. *To protect or enhance the city's tax base* in order to provide more reasonable taxes for all who benefit from city government and/or to increase the bonding capacity of the city.
10. *To lower utility rates.* Some cities impose utility surcharges to areas served outside the boundaries of the city.
11. *To lower fire insurance premiums.* Often fire insurance premiums are lower for properties within the boundaries of a city.

Consider Likely Arguments in opposition to Annexation

In planning for annexation, it may be useful to anticipate arguments from those who may oppose any proposal to extend the boundaries of the city. The following arguments are often advanced by critics of city annexations in Alaska.

1. *Annexation is unnecessary or unwise.* Opponents of annexation may assert that they chose to live outside the jurisdiction of a city to pursue a lifestyle free from intrusive local government. Frequently, annexation to a city is equated with a diminution of the personal freedom of residents of the area proposed for annexation.
2. *The city lacks adequate resources to extend its services within expanded boundaries.* The annexing city may be characterized as deficient in terms of its delivery of services to areas already within the city. Critics may assert that annexation will only exacerbate the annexing city's deficiencies. Critics sometimes express the unrealistic



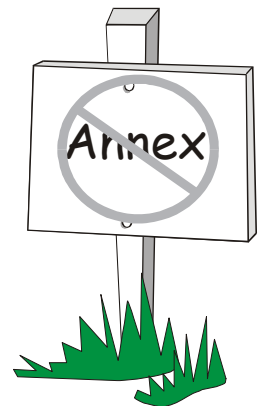
expectation that the annexing city will be obligated to extend utilities, sidewalks, paved streets and other amenities to the territory proposed for annexation.

3. *Annexation is just a “cash cow” for the city.* Opponents to city annexation may characterize the annexing city as being driven by greed and thus being inherently objectionable.

4. *Residents of the area proposed for annexation already provide commensurate support to the city.* They pay sales taxes for goods and services purchased within the city, they serve as volunteer firefighters, and they pay user fees for city services.

5. *Residents may lose certain privileges and entitlements if annexed.* These may include eligibility to participate in the rural housing loan program of the Alaska Housing Finance Corporation.

6. *The area proposed for annexation is not compatible in character with the annexing city.* Residents and property owners in areas proposed for annexation commonly assert that they are ‘rural’ folk with lifestyles and service needs quite different from those of ‘city’ people. Residents wish to retain the rural character of their area and oppose annexation as a step toward greater urbanization. They oppose municipal animal control, regulation of firearms, and other ordinances, regulations, and license requirements of the city.



7. *Residents and businesses outside the city chose to build and live there in order to avoid government regulation and taxes for services they do not wish to have.*
8. *There is distrust of the government and politics of the city.* Frequently, opponents of city annexation assert that they moved to the area proposed for annexation with the intention of 'getting away' from government regulation.
9. *The city is unable to finance the additional services expected by residents of the area proposed for annexation.* Annexation would be a financial drain upon the city for many years. Services may not be extended to new areas without adversely affecting in-city service levels or without utility rate increases.
10. *Existing police or fire services may be overextended by annexation,* reducing the level of protection to the entire community.
11. *It cannot be presumed that it will be more economical for the city to provide services to a larger area.* Extending the service area may cost much more for each unit than the existing per unit cost.
12. *Annexation, particularly annexation by the legislative review method that does not require voter approval for annexation, is anathema to democracy.* Non-resident owners of property in the area may consider it unfair that they are not extended special procedural status in the annexation process.



Consider Alternatives to Annexation

Once the objectives have been defined and potential arguments against annexation considered, city officials should determine whether there are alternatives to annexation that may be more suitable means of accomplishing the objectives.

For example, an alternative to annexation as a way to remedy inequities and reduce liabilities might be to eliminate all extraterritorial services delivered by the city. Of course, such alternatives may have serious shortcomings. Eliminating all extraterritorial services including police, fire protection, and emergency medical services may be morally unacceptable for the community as a whole.

Other alternatives to annexation that are often proposed include: (1) increasing property and other taxes within the present city boundaries, (2) establishing borough (organized or unorganized) service areas to provide services, and (3) imposing or increasing user fees on non-residents.

Determine which Method of Annexation is Best Suited

If city officials choose to pursue annexation, the planning effort should address which particular method of annexation would be best suited to accomplish the objectives (see: “*Background on Annexation of Territory to Cities*” prepared by LBC staff, 9/21/00). The method selected will determine the timing and other characteristics of the proposal.

Consider the Standards that Govern Annexation

Careful consideration should be given to the criteria established in law governing the nature of territory that may be annexed to cities. These are found in AS 29.06.040 and 3 AAC 110.090 – 3 AAC 110.150. A summary of these standards is provided in “*Background on Annexation of Territory to Cities*” prepared by LBC staff on September 21, 2000.

The standards will be particularly useful in defining what territory should be included in the annexation proposal.

Consider how Annexation would be Implemented

State law (3 AAC 110.900) requires that every annexation proposal include a transition plan explaining how annexation will be implemented. The plan must demonstrate:

- A. The intent and capability of the city to extend essential city services [as defined by 3 AAC 110.990(a)(8)] into the territory proposed for annexation in the shortest practical time following annexation (not to exceed two years);
- B. The manner in which the city will assume all relevant and appropriate powers, duties, rights, and functions presently exercised within the territory proposed for annexation;
- C. The manner in which the city will assume and integrate all relevant and appropriate assets and liabilities of entities providing those services to the territory that will be assumed by the city without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities; and
- D. That the plan was prepared in consultation with entities currently responsible for or otherwise providing those services to the territory that will be assumed by the city.

The transition plan should specifically address:

1. What specific powers, services, taxes, license requirements, and zoning or other regulations will be extended to the area proposed for annexation;
2. What schedule will guide the extension of powers, services, and taxes, license requirements, and regulations;
3. Whether differential tax zones or other special circumstances are contemplated in conjunction with anticipated levels of services and taxes in the area proposed for annexation;
4. What costs are reasonably anticipated in connection with the proposed extension of powers, services, taxes, license requirements, and zoning or other regulations;

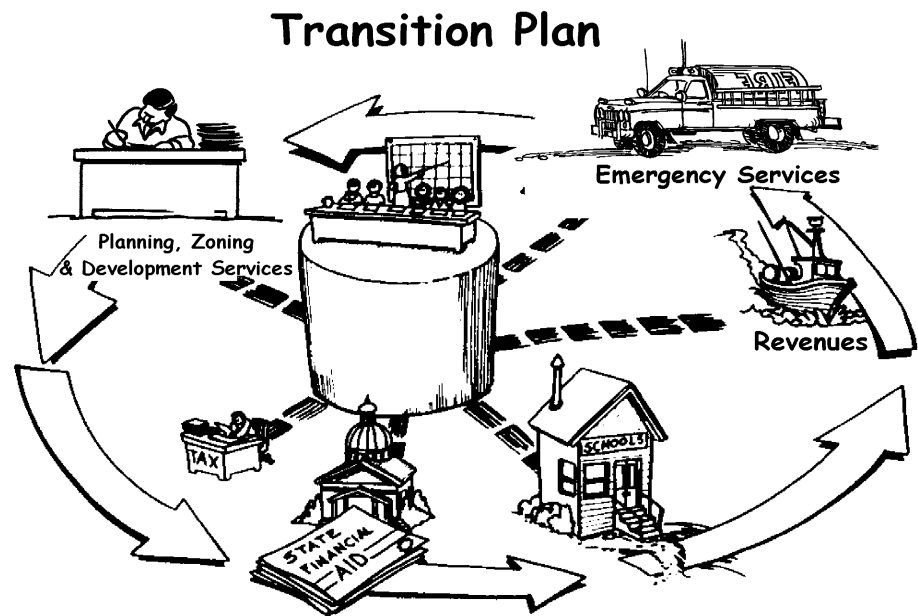
5. What revenues are reasonably anticipated to be gained by the city as a result of annexation;

6. What financial impacts annexation would have on other governments;

7. What assets and liabilities the city will assume from agencies and organizations currently providing services to the area proposed for annexation;

8. Plans for transition of relevant local laws currently in place in the city;

9. The effect that annexation will have on powers or services currently provided or exercised by an organized borough in the area;



10. If the territory proposed for annexation is within one or more service areas of an organized or unorganized borough, how annexation will affect the nature of the service area (e.g. abolition or detachment of territory).

Public Hearing

Although not required by current law, a public hearing before the city council is an effective and appropriate means to maximize the effectiveness of the annexation planning process.



Ideally a draft of the prospective annexation petition will be made available for public review prior to the public hearing. Additionally, a summary of the annexation proposal, including a map of the territory proposed for annexation, synopsis of the application of the annexation standards to the proposal by the prospective petitioner, and an outline of the reasonably anticipated effects of annexation will also be available for public review in advance of the hearing.

Public notice of the hearing should be given in the manner provided for a hearing of the Local Boundary Commission under 3 AAC 110.550. The hearing should be held at a convenient location in or near the territory proposed for annexation. It should provide for a period of comment on the proposal from members of the public.

Appropriate hearing topics include: (1) annexation standards and their application to the annexation proposal; (2) proposed method for annexation; and (3) the reasonably anticipated effects of the proposed annexation. It would be fitting to include a transcript or detailed account of the hearing as an appendix of the petition.

Technical Assistance, Forms, and Sample Materials Available

Local Boundary Commission staff are available to provide technical assistance, petition forms, and sample annexation materials to prospective petitioners, prospective respondents (those favoring or opposing annexation), and to other interested individuals and groups.

For more information about annexation of territory to a city or the Local Boundary Commission contact:

Local Boundary Commission Staff

Department of Community and
Economic Development
550 West 7th Avenue, Suite 1770
Anchorage, Alaska 99501-3510
Telephone: 269-4559 Fax: 269-4539
E-mail: Dan_Bockhorst@dced.state.ak.us

Information about annexation to cities is also available on the Local Boundary Commission's Internet website at:

http://www.dced.state.ak.us/mra/Mrad_lbc.htm

