

Incorporation study for Parkland, Spanaway, Midland, Frederickson, North Clover Creek- Collins, Summit-Waller, and Summit View

May 11, 2023

Prepared by:



Prepared for:





*Community Attributes Inc. tells data-rich stories about communities
that are important to decision makers.*

Community Attributes Inc.

President and CEO:
Chris Mefford

Project Manager:
Michaela Jellicoe

Analysts:
Ethan Schmidt
Carly Bednarski
Erin Ezell
Bryan Lobel
Jeff Raker
Nicole Witenstein

Community Attributes Inc.
500 Union Street, Suite 200
Seattle, Washington 98101
www.communityattributes.com

**Washington State Department of
Commerce**

Valerie Smith, AICP
Deputy Managing Director
Valerie.Smith@commerce.wa.gov

Growth Management Services

1011 Plum St. SE
P.O. Box 42525
Olympia, WA 98504-2525

www.commerce.wa.gov

For people with disabilities, this report
is available on request in other formats.
To submit a request, please call 360-
725-4000 (TTY 360-586-0772)

CONTENTS

Executive summary	ii
Introduction	1
Methodology.....	3
General characteristics of the study area	13
Revenues.....	17
Costs	35
Financial Feasibility.....	45
Appendix A: Key Inputs and Assumptions	50
Appendix B: Baseline and Alternative Scenarios	52
Appendix C: Identification of Comparable City for Parkland, Spanaway, Midland and Frederickson Study Area.....	63
Appendix D: Study Area and Market Characteristics.....	69
Appendix E: Homelessness, Behavioral Health and Public Safety.....	74
Appendix F: Parkland, Spanaway, Midland and Frederickson Study Area Land Use and Current Zoning	84
Appendix G: Parkland, Spanaway, Midland and Frederickson Study Area Demographics, Commute Trends and Existing Districts	103
Appendix H: Pierce County’s Countywide Planning Policies and Other Policies and Programs Related to Annexation and Incorporation.....	115
Appendix I: Community Survey Results.....	120
Appendix J: Incorporation Process.....	126
Appendix K: Forms of Government and Implementation Considerations.....	133
Appendix L: Overview of Incorporation Transition Activities	138
Appendix M: Summary of Revenue Resources Available for Local Governments.....	151

EXECUTIVE SUMMARY

Introduction

State law and countywide planning policies encourage unincorporated areas located within Urban Growth Boundaries to consider incorporation or annexation. State law governs the methods by which areas may be incorporated or annexed, and both pathways require voter approval to initiate. The Legislature tasked the Washington State Department of Commerce with conducting a study on the potential fiscal feasibility of incorporation for the communities of Frederickson, Midland, North Clover Creek-Collins, Parkland, Spanaway, Summit-Waller and Summit View (referred to as the Study Area).

The study is informational in nature and was not initiated by the residents of the Study Area. To initiate an incorporation process, a resident of the community must file a notice of incorporation with the county legislative authority and garner signatures from at least 10% of registered voters in the community. Once completed, the incorporation process still requires several additional steps, including public hearings. Appendix J contains detailed information on incorporation.

This study considers the core question that, **if the Study Area were a fully operating city, would its revenue be adequate to cover its expenses to meet or exceed existing levels of service?** To evaluate this question, the study provides:

- Financial feasibility of incorporation of the Study Area
- Supplementary information about the community, including:
 - Population, housing, and employment trends
 - Housing market data
 - Retail sales data
 - Homelessness, behavioral health and crime data
 - Land use and zoning
- In-depth information pertaining to the incorporation process, and state and Pierce County planning policies.

Authorizing legislation

The 2022 State Supplemental Operating Budget Section 128(133), Chapter 297, Laws of 2022 (SB 5693) directs Commerce to:

(133) \$200,000 of the general fund — state appropriation for fiscal year 2023 is provided solely for the department to contract with a consultant to study incorporating the unincorporated communities of Fredrickson, Midland, North Clover Creek-Collins, Parkland, Spanaway, Summit-Waller, and Summit View into a single city. The study must include, but not be limited to, the impacts of incorporation on the local tax base, crime, homelessness, infrastructure, public services, and behavioral health services, in the listed

communities. The department must submit the study to the office of financial management and the appropriate committees of the legislature by June 1, 2023.

Methodology

The financial feasibility analysis performed for this informational study utilizes a “comparable city” methodology to estimate most general fund and special revenue fund revenues and expenditures. The basis of the comparable city method is to analyze the budget of a city similar across multiple facets, such as size, population and location, to the potential incorporated city to use as a reliable indicator of revenues and costs. This study considered multiple comparable cities that were similar to the large size and general location of the Study Area, with the cities of Lakewood and Kent serving as the basis of comparison.

- **Kent** is comparable in terms of population, housing units, median income, land area, population density, and assessed value.
- **Lakewood** is located in Pierce County, and is similar to the Study Area in terms of jobs, demographics, and jobs to housing unit ratio.

To arrive at budget estimates, municipal budget data from the comparable cities was converted to per capita revenues and costs, and those per capita values were multiplied by the Study Area population to estimate Study Area revenues and costs. It is inherent in the comparable city methodology that the analysis assumes that the hypothetical incorporated city will invest in levels of service similar to the comparable cities for each service, which is factored into the choice of comparable cities.

While the comparable city methodology is appropriate for a majority of a potential city’s budget, there are certain areas where more accurate estimates can be achieved. These include:

- **Property tax**, which utilizes assessed values within the Study Area.
- **Sales tax**, which utilizes the taxable retail sales tax base in the Study Area.
- **Real Estate Excise Tax (REET)**, which utilizes assessor data to estimate annual sales and sales value within the Study Area.
- **Surface water fees**, which uses current fees charged by the county within the Study Area.
- **Capital costs**, which utilizes projected costs from the county applicable to the Study Area.
- **Park impact fees**, which uses current fees charged by the county within the Study Area.
- **Transportation Impact Fees**, which uses current fees charged by the county within the Study Area.

The analysis assumes the initial year of cityhood to be 2025 but does not adjust for inflation so that alternative initial years can be utilized. As a

result, the study analyzes projected population, housing, and employment growth within the Study Area to capture changes in annual revenues or expenditures. To provide context for how this growth impacts a hypothetical incorporated Study Area's budget, and provides alternative scenarios, sensitivity analysis was performed modeling high and low growth estimates alongside the baseline estimates. High growth estimates for population, housing, and employment align with historic growth rates for the Study Area based on data from the Washington State Office of Financial Management and the Puget Sound Regional Council. Meanwhile, low growth estimates use the minimum growth the Study Area is required to accommodate through 2044 as presented in the Pierce County Countywide Planning Policy growth targets for population and housing; and the lowest observe historic growth rates observed through multiple sources for employment growth.

Key findings

The Study Area, which primarily consists of the Parkland, Spanaway, Midland, and Frederickson communities, totals 20,164 acres. The Study Area excludes the community of Allison, as this area lies outside of the Urban Growth Area (UGA).¹ As of 2022, the Study Area's population was 127,690 people. This would make it the seventh largest city in the state were it to be incorporated. The Study Area is primarily comprised of residential use types, while commercial clusters are concentrated alongside State Route 7, part of Canyon Road, and along State Route 512 northeast of Parkland. Larger industrial and commercial uses are primarily concentrated in Fredrickson, which includes the Boeing Frederickson Fab Division.

Exhibit 1 on the next page provides the Study Area boundary.

If the Study Area were to incorporate, it is assumed that existing service providers would continue to provide the following services:

- Fire and EMS
- All utility services
- Public transit
- Schools
- Libraries

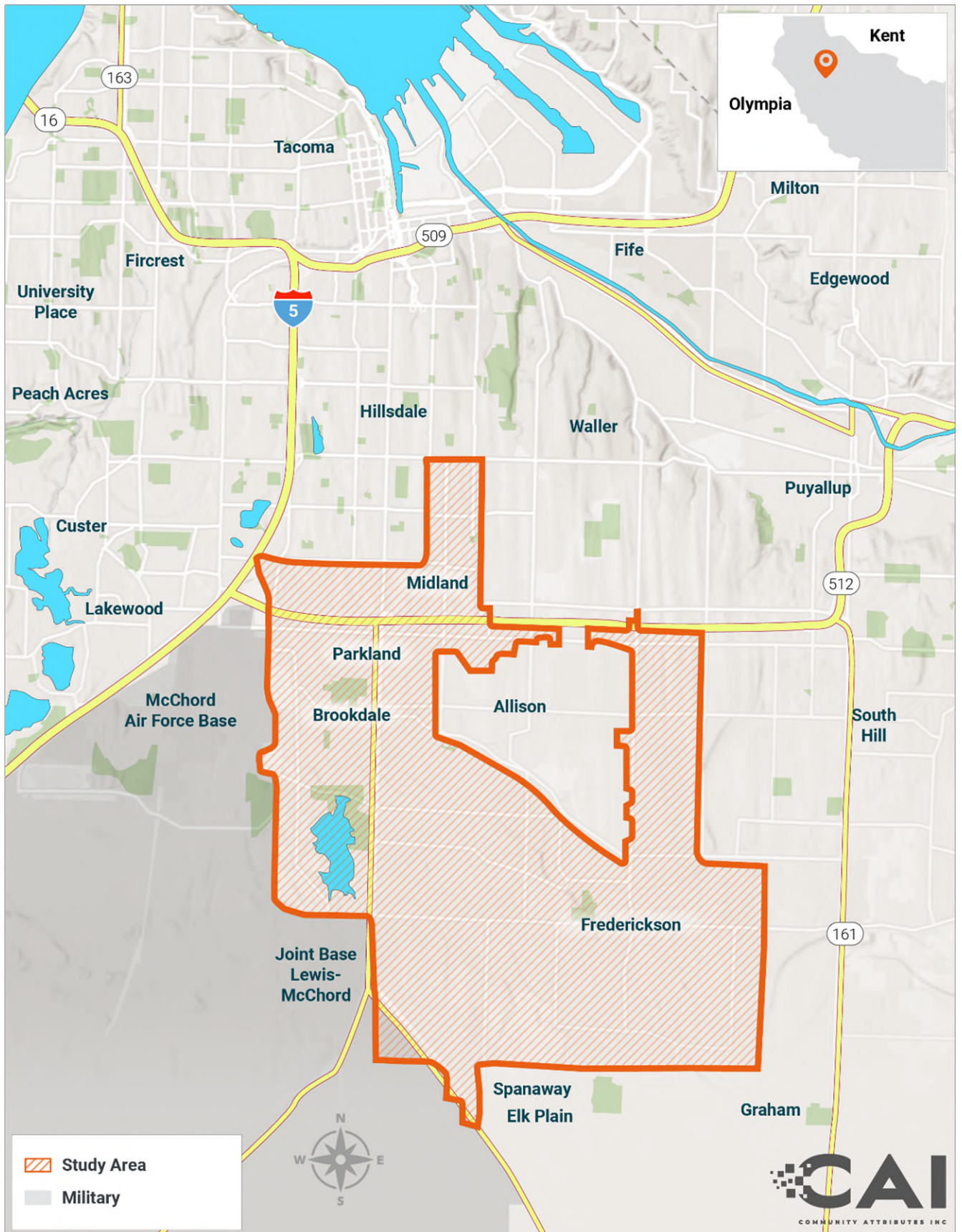
The Study Area city would take on the responsibility of providing the following services:

- Building and planning
- City legislative authority
- Public safety and police
- Streets and sidewalks

¹ **Note:** Unincorporated areas falling outside of Urban Growth Area boundaries are unable to be incorporated.

- Public works (including streets, surface water, and stormwater management)
- Community and economic development
- Parks, recreation, and community services
- Administration and finance
- Municipal court

Exhibit 1. Study Area boundary map



The analysis assumes general fund revenues will be utilized by an incorporated Study Area to fund all city functions outside of capital projects. Primary general fund revenues would be property taxes (37%), sales and use taxes (32%), and utility taxes (13%). Property taxes would depend on the assessed value of property within the Study Area's boundary, which totaled \$20.6 billion in 2022 (2023 tax year).² Meanwhile, sales tax revenues were calculated using the taxable retail sales base within the Study Area, which totaled \$3.2 billion in 2020.³

To fund capital projects, special revenue funds were estimated utilizing a range of comparison city and county sources. The analysis assumes that an incorporated Study Area would have four primary special revenue funds at the outset of cityhood:

- Parks capital fund
- Transportation capital fund
- Real estate excise tax (REET) fund
- Surface water management fund

Except for the REET fund, the remaining special revenue funds were chosen based on the community's desire for greater levels of services, as informed by community outreach and engagement. The largest expenditures from the analysis conducted for this study are public safety and police, public works, and community and economic development. Together, these three expenditure areas totaled about 85% of general fund expenditures. In addition to general fund expenditures, the special revenue funds capture capital expenditures pertaining to parks, transportation, and surface water management.

Exhibit 2 presents the combined general and special fund balances obtained through the feasibility analysis conducted in this study. From 2025 through 2030, it is estimated that an incorporated Study Area's general fund would be in a deficit between \$4 million and \$5 million per year. The balances of the special revenue funds vary, with the transportation capital fund estimated to have a negative balance between \$1 million and \$1.5 million from 2025 through 2030, and the remainder of the special revenue funds are estimated to have a positive balance ranging from a few hundred thousand to as high as \$6.5 million a year. Real estate excise taxes can be used to support capital infrastructure investments for streets or parks, depending on community and city priorities.

While the analysis conducted for this study scrutinized data sources and aimed to select the most appropriate data and methods available, the reader should keep in mind the feasibility results are estimates only. There are many factors that influence a city's budget that cannot be captured in this analysis, including fluctuating economic conditions, grant funding

² Pierce County Assessor, 2023.

³ Washington State Department of Revenue, 2023.

opportunities, real estate conditions, and other community and economic factors.

Exhibit 2. Study Area incorporation feasibility results, 2025 – 2030

Fund	2025	2026	2027	2028	2029	2030
General Fund						
Fund Revenues	\$89,713,400	\$90,644,300	\$91,586,000	\$92,538,600	\$93,502,200	\$94,477,700
Fund Expenditures	\$93,812,400	\$94,925,700	\$96,054,000	\$97,196,600	\$98,354,300	\$99,526,700
Fund Balance	(\$4,099,000)	(\$4,281,400)	(\$4,468,000)	(\$4,658,000)	(\$4,852,100)	(\$5,049,000)
Transportation Capital Fund						
Fund Revenues	\$3,341,500	\$3,378,600	\$3,410,800	\$3,443,200	\$3,475,900	\$3,514,200
Fund Expenditures	\$4,779,500	\$4,779,500	\$4,779,500	\$4,779,500	\$4,779,500	\$4,779,500
Fund Balance	(\$1,438,000)	(\$1,400,900)	(\$1,368,700)	(\$1,336,300)	(\$1,303,600)	(\$1,265,300)
Parks Capital Fund						
Fund Revenues	\$1,136,300	\$1,146,900	\$1,154,000	\$1,161,000	\$1,168,100	\$1,178,700
Fund Expenditures	\$890,000	\$890,000	\$890,000	\$890,000	\$890,000	\$890,000
Fund Balance	\$246,300	\$256,900	\$264,000	\$271,000	\$278,100	\$288,700
Real Estate Excise Tax Fund (REET)						
Fund Revenues	\$6,232,700	\$6,276,100	\$6,319,700	\$6,363,500	\$6,407,700	\$6,452,200
Fund Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance	\$6,232,700	\$6,276,100	\$6,319,700	\$6,363,500	\$6,407,700	\$6,452,200
Surface Water Management Fund						
Fund Revenues	\$6,776,100	\$6,823,200	\$6,870,600	\$6,918,300	\$6,966,300	\$7,014,700
Fund Expenditures	\$640,300	\$640,300	\$640,300	\$640,300	\$640,300	\$640,300
Fund Balance	\$6,135,800	\$6,182,900	\$6,230,300	\$6,278,000	\$6,326,000	\$6,374,400

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

INTRODUCTION

Background and purpose

State law and county planning policies encourage unincorporated areas within Pierce County's Urban Growth Boundary to either incorporate as their own city or annex to their neighboring cities. This study aids consideration of the feasibility of incorporation for the communities of Frederickson, Midland, North Clover Creek-Collins, Parkland, Spanaway, Summit-Waller and Summit View.

This study is intended to provide a fiscal analysis of the potential for incorporation among the selected communities, as well as supplementary information on the community and the incorporation process. This study is not part of an incorporation process and no petition for incorporation has been submitted by a Study Area resident. The analysis and information presented in this report is for informational purposes only.

Incorporation process

The incorporation process is designed to be local in nature (see [RCW 35.02](#) and [RCW 36.93](#)). For a new city to be successful, it must have broad support among area residents — support that will ultimately manifest in the form of a direct vote for incorporation.

The incorporation process begins with the filing of a notice of incorporation proposal with the county legislative authority by a resident(s) of the proposed area. After the notice is filed, proponents gather voters' signatures equal to at least 10% of the registered voters of the proposed area of incorporation. After the initial proposal is filed and proponents have collected sufficient signatures, the Pierce County Boundary Review Board holds public hearings. Once the petition is filed, the Boundary Review Board may also conduct studies and factors in [RCW 36.93.170-180](#). Ultimately, the Boundary Review Board makes a recommendation in favor of or against incorporation. A referendum would then be held among the residents of the proposed area of incorporation to determine the ultimate success or failure of the proposed incorporation.

If the incorporation election is successful, another election will be held to elect the council who will preside over the city. The city incorporation becomes effective between six months and a year after the first election. The winners of the council election have the authority to make interim plans for the new city to ensure a smooth transition on the date the new city is formally incorporated.

No notice of proposal has been filed as of the date of this report's publication.

Goals and objectives of the report

The goal of this report is to provide the governor, the Legislature and the residents and businesses of the communities within the Study Area with reliable and unbiased information with which to understand the financial feasibility of incorporation. The primary question to be addressed is: If the Study Area were a fully operating city, would its revenue be adequate to cover its expenses to meet or exceed existing levels of service?

This report provides information about the financial feasibility of incorporating the Parkland, Spanaway, Midland and Frederickson Study Area.

Organization of this report

The remainder of this report is organized as follows:

- **Methodology.** Describes the scope of the study, detailed methodology, data sources and assumptions.
- **General characteristics of the Study Area.** Presents a summary of the general characteristics of the Parkland, Spanaway, Midland and Frederickson Study Area.
- **Revenues.** Provides analysis of the revenue (income) the Study Area would likely receive were it to incorporate.
- **Costs.** Contains analysis of the expenditures (costs) the Study Area would likely incur were it to incorporate.
- **Financial feasibility.** Presents analysis of the financial feasibility or summary of costs and revenues for the Study Area were it to incorporate.
- **Other factors.** Describes other factors that Washington state law requires the Boundary Review Board to consider.
- **Appendices.** Provides additional and technical details that support the analysis. Findings from a Community Survey are summarized in Appendix I: Community Survey Results. Also included is supporting information on the forms of government, process of incorporation, incorporation transition steps, and information on local revenue sources.

METHODOLOGY

Financial feasibility

This study presents information about the financial feasibility of an incorporated city for the Parkland, Spanaway, Midland and Frederickson Study Area, bringing together the communities of Frederickson, Midland, North Clover Creek-Collins, Parkland, Spanaway, Summit-Waller and Summit View located within the Urban Growth Area (UGA). The purpose of this report is to provide the best estimates of revenues and expenditures for the newly incorporated city in the Study Area, so the reader can determine whether the potential city's revenues would be great enough to cover the costs it would incur to provide existing or better services to its residents.

The results based on data and assumptions described in this report are presented in subsequent sections. In addition, the section on Financial Feasibility reports the alternative scenarios of several key variables that are less likely, but not unrealistic. The two alternative scenarios represent growth rates consistent with minimum growth required under the Pierce County Countywide Planning Policies, as well as continued growth at the highest rates observed, including employment growth consistent with rates before the COVID-19 pandemic. The ongoing impact of the pandemic on employment, population and housing unit growth remains uncertain. This analysis uses a medium growth scenario, consistent with historically observed rates of growth in the Study Area, but assuming rates of growth slightly less than the highest rates in recent years.

Financial analysis is focused on the City's first full year of operation and the subsequent years following this start year. The analysis assumes an initial year of cityhood to be 2025 but does not adjust for inflation so that alternative initial years can be utilized. The only factor in analysis that causes changes in annual revenues or costs is projected growth within the Study Area.

This study also includes a multi-year forecast for the five years following incorporation, which is 2026 through 2030. This analysis indicates whether the assumed growth increases or decreases the relative surplus or deficit of revenues compared to expenditures.

This methodology does not provide an analysis of the year during which incorporation takes effect because most newly incorporated cities are only operational for a partial fiscal year in the first year, and the unique cash flows and exceptional sources of revenue for interim operations do not affect the more important question of ongoing financial feasibility. This study focuses on the ongoing feasibility of a potential incorporated city covering the Study Area.

Factors to consider during the start-up of a new city include:

- Partial year operations
- Transition to cash flow of key revenues such as property and sales taxes
- Initial cost of space and equipment
- Arranging for contracts for continued service
- Adoption of interim codes, ordinances, and plans
- The cost of a comprehensive plan and associated environmental assessments

Some services may be contracted initially, and some equipment may be leased or purchased on credit. These are among the many issues a newly incorporated city must consider. Information on transition activities is documented in **Appendix L: Overview of Incorporation Transition Activities.**

Services

Some of the services that cities provide are essential or core services and others are discretionary. The city council determines which services to provide, including the level of those services. The city council also decides which services city government will not provide.

For the purposes of this study, the following city services are identified as core or discretionary:

Core (non-discretionary) services and facilities

- Building and planning
- City administration
- Fire
- Police
- Solid Waste
- Stormwater
- Streets and sidewalks
- Wastewater
- Water

Discretionary services and facilities

- Parks and recreation
- Human services
- Library
- Bicycle facilities
- Transit support facilities

Discretionary services are not funded in this incorporation analysis, with the exception of parks and recreation. Feedback from community outreach and findings from a community survey indicate an interest in increasing the level of service for parks and recreation within the Study Area. Therefore, the analysis of city revenues and costs assumes the newly incorporated Study Area will include funding for parks and recreation. Funding for human

services and bicycle facilities would be determined by the potential city as revenues allow. Transit support facilities are provided by Pierce Transit. Additional county and regional parks within the Study Area are managed by Pierce County, and libraries are provided by the Pierce County Library System.

Identifying services as core or discretionary is not the last word about city services. Cities will decide which core services will be provided by other government agencies, by contracts, or by city employees. In addition, cities may decide to provide some discretionary services if money is available, or if another agency will continue to provide such services.

Other factors

Washington law ([RCW 36.93.170](#)) lists factors that the Boundary Review Board must consider when considering a proposed incorporation. This analysis focuses on the financial feasibility of the Study Area if it were to incorporate, and not the elements to be reviewed by the Boundary Review Board. However, these factors are listed below. Additional factors for which data was collected as part of the fiscal analysis are documented in **Appendix D: Study Area and Market Characteristics** and **Appendix F: Parkland, Spanaway, Midland and Frederickson Study Area Land Use and Current Zoning**.

According to RCW [36.93.170](#):

“In reaching a decision on a proposal or an alternative, the board shall consider the factors affecting such proposal, which shall include, but not be limited to the following:

(1) Population and territory; population density; land area and land uses; comprehensive plans and zoning, as adopted under chapter 35.63, 35A.63, or 36.70 RCW; comprehensive plans and development regulations adopted under chapter 36.70A RCW; applicable service agreements entered into under chapter 36.115 or 39.34 RCW; applicable interlocal annexation agreements between a county and its cities; per capita assessed valuation; topography, natural boundaries and drainage basins, proximity to other populated areas; the existence and preservation of prime agricultural soils and productive agricultural uses; the likelihood of significant growth in the area and in adjacent incorporated and unincorporated areas during the next ten years; location and most desirable future location of community facilities;

(2) Municipal services; need for municipal services; effect of ordinances, governmental codes, regulations and resolutions on existing uses; present cost and adequacy of governmental services and controls in area; prospects of governmental services from other sources; probable future needs for such services and controls; probable effect of proposal or alternative on cost and adequacy of services and controls in area and adjacent area; the

effect on the finances, debt structure, and contractual obligations and rights of all affected governmental units; and

(3) The effect of the proposal or alternative on adjacent areas, on mutual economic and social interests, and on the local governmental structure of the county.”

Comparable cities

This study is designed to estimate the revenues and costs of a hypothetical incorporated city within the Study Area. This analysis uses the “comparable city” method to develop estimates of most costs and revenues for the Study Area. The premise of this method is that revenues and costs of another city comparable to the Study Area are reliable indicators of the Study Area’s revenues and costs. Ideally, analysis would use a single comparable city, but given the large size and unique nature of the Study Area, two comparable cities were used for this analysis. The city of Kent was chosen as a baseline for the level of services desired by the residents residing within the Study Area given its similarities in population, demographics, and land area, while Lakewood was relied upon to give a better idea of the revenue sources and expenditures for a city located close to the Study Area and located in Pierce County. Municipal budget data from the comparable cities is converted to per capita revenues and costs, and those per capita values are multiplied by the Study Area population to estimate Study Area revenues and costs. It is important to note that using the per capita costs of a comparable city assumes that the hypothetical incorporated city will receive levels of service similar to the comparable cities for each service.

The comparable city method begins with identifying criteria relevant to the Study Area, such as population, jobs to housing ratio, and other key indicators that should be comparable in other cities that could be considered as an indicator of the Study Area’s revenues and costs.⁴ The next step is to assemble data on these key indicators for cities in Pierce County that are roughly comparable to the Study Area. Given the size of the Study Area, cities in King County were also analyzed to provide a comparison similar in population and job levels. These data points help identify the city that is most comparable to the Study Area. The Department of Commerce and Pierce County staff reviewed the recommendation of the cities of Lakewood and Kent. They determined that the city of Kent is most comparable to a hypothetical city in the Study Area, and the city of Lakewood provides an additional comparison for the types of revenues and costs unique to the geographic location of the Study Area. Detailed methods for each source of revenue and expense are documented in subsequent sections.

⁴ See Appendix C: Identification of Comparable City for Parkland, Spanaway, Midland and Frederickson Study Area for the criteria and comparable cities considered for this study.

When using the comparable city method, the current and future population for the Study Area becomes an important consideration. **Appendix B: Baseline and Alternative Scenarios** provides detailed analysis employed to estimate current and forecasted population for the Study Area. In some budget areas, a custom approach is used in lieu of the per capita comparison.

Additional methods

A few of the Study Area's characteristics, costs, and revenues can be estimated more accurately using methods other than the comparable city method. Estimation of the following key baseline data and budget items benefits from data specific to the Study Area.

Population and development

There are not currently estimates of population, housing or anticipated growth rates published specifically for the Study Area. Data on population and housing units by unincorporated UGA are sourced from the Washington State Office of Financial Management's Small Area Estimates Program (OFM SAEP). Estimates for the Study Area combine population and housing units for four unincorporated UGAs. Detailed methods and data sources for both baseline and forecasted population and housing units are documented in **Appendix B: Baseline and Alternative Scenarios**.

Property tax

Projection of future property tax revenues are estimated using the 2022 and 2023 assessed valuations of real property in the Study Area. These are from 2023 Pierce County Assessor data and GIS analysis. The assessed valuation of the Study Area's existing buildings and lands, predictions on the value and tax revenues associated with new construction, and an assumed millage rate allow for specific property tax revenue projections to be customized for the Study Area.

Sales tax

The amount of sales tax received by a city is based in large part on the amount of taxable retail sales activity at businesses in the city. Washington state adopted the streamlined sales tax in 2008, where sales taxes are based on the point of delivery and not the location of the businesses or warehouse. Since there is a significant difference in the amount of business activity in the Study Area compared to the comparable cities, sales taxes are not estimated using the comparable city method. Retail sales taxes for the Study Area are estimated based on custom data of taxable retail sales and sales taxes provided by the Washington State Department of Revenue.

Real Estate Excise Tax (REET)

REET revenues are estimated for the Study Area based on predicted property sales as well as the characteristics and value of existing residential and commercial property located in the area.

Surface water fees

Surface water fee revenues are estimated for the Study Area based on the current Pierce County rate of \$145 per parcel for “base plus Water Quality Services” that is charged to each housing unit in the Study Area.⁵

Capital costs

Each city’s capital costs depend on a variety of uniquely local circumstances. Examples of variations include the age and condition of existing infrastructure, level of service standards, and rates of growth. Capital expenditures for the cities of Kent and Lakewood are not likely to be a good forecast of the Study Area’s needs; therefore, forecasts are based on Pierce County’s assessment of present condition and future needs for infrastructures and capital improvements within the Study Area.

Park impact fees

Park impact fee revenues are estimated using the current impact fee rates charged by Pierce County, as the analysis assumes a newly incorporated city in the Study Area would be able to charge the same rate.

Transportation impact fees

Like park impact fee revenues, transportation impact fee revenues are estimated using the current impact fee rates charged by Pierce County, as the analysis assumes an incorporated Study Area would be able to charge the same rate.

Receipt of grants and other revenue sources for mature cities

Federal, state and local grants and development impact fees are two primary sources of revenue that take time for new cities to acquire. Both comparison cities have been successful in securing grant revenues between 2021 and 2022. Due to the variable nature of grant revenues and the dependent nature of grant revenues on future capital project needs, this analysis assumes no grant revenues will be secured between 2025 and 2030. This is also a conservative approach to estimating potential Study Area revenues. A newly incorporated city would likely secure grant funding once capital projects planning is complete.

⁵ <https://www.piercecountywa.gov/1803/Surface-Water-Management-Utility-Service>

Data sources

The data used in this study is sourced from state, regional and local sources.

Population, housing and employment

- Pierce County
- Puget Sound Regional Council
- Washington State Office of Financial Management
- U.S. Census Bureau

Revenues and costs

- City of Lakewood
- City of Kent
- Pierce County
- Washington State Department of Revenue
- Municipal Research Services Center

Assumptions

The findings in this study depend on a combination of data and assumptions. Understanding the assumptions is important to understanding the findings of the study. Specific assumptions are identified throughout the report. There are several assumptions that apply broadly to the analysis and are key to understanding the findings.

Levels of service similar to comparable city

Fiscal feasibility of incorporation has been assessed based on the assumption that a hypothetical incorporated Study Area would offer levels of service similar to those currently provided by the comparable cities of Kent and Lakewood, given similar levels of taxation in the Study Area.

Responsibility for services and facilities

When an area incorporates as a city, the responsibility for governmental services and facilities fall into three categories:

- Services that remain the responsibility of existing government agencies
- Services that become the responsibility of the new city
- Services that the city can choose to provide itself or contract with an existing government agency to provide.

Additionally, a new city does not necessarily have to provide services that have become its responsibility, if they ensure the services are still provided through a contract with an existing government agencies. For the purpose of this study, such services are assumed to be provided. While the city may choose to contract with another agency rather than hire employees, the city is responsible for the service.

Services to be provided by existing agencies

- Public Health – Tacoma-Pierce County Health Department
- Schools – Bethel School District, Franklin Pierce School District, Puyallup School District, Clover Park School District
- State Roads – State of Washington
- Transit – Pierce Transit and Sound Transit

Services to be provided by potential city

- Land Use Planning and Regulation
- Streets and Roads
- Stormwater
- Law enforcement (Police, Jail, Courts, Animal Control)
- Administration (City Council, Mayor, City clerk, Attorney, Finance, Personnel)
- City Parks and Recreation

Services that residents continue to receive from existing agencies

- Fire protection and emergency medical services – Central Pierce Fire and Rescue and Fire District #021 Graham
- Library – Pierce County Library District
- Solid waste collection – LeMay Pierce County Refuse
- Water – multiple water districts
- Sewer – Pierce County Planning and Public Works Sewer Division

Population and housing

Analysis includes three forecasts of future growth rates using data sources from the Washington State Office of Financial Management, Pierce County, and U.S. Census Bureau. The methodology used for these forecasts are presented in detail in **Appendix B: Baseline and Alternative Scenarios**.

Revenues and costs

This study assumes that taxes, fees and charges will continue at approximately the same levels as at the time of analysis. Property tax and sales tax base are calculated for the existing real property and economic activity within the Study Area. New revenues are based on estimates of growth within the area, including sales tax on new construction and new consumer spending, property tax revenue from new development, and real estate excise tax revenue based on anticipated market turnover. Revenue sources not currently collected within the Study Area are included, and revenue sources new to the Study Area are included only if used within one of the comparable cities (Kent and Lakewood) and are widely used by cities in Pierce County.

Costs of most services provided within the Study Area are assumed to be approximately the same as the cost per capita within the comparable cities. Capital costs however are not based on the comparable cities because of the many factors that lead to different needs for capital improvements, such as age and condition of existing infrastructure, and levels of service. For

potential capital costs, estimates are based on Pierce County's existing capital improvement and capital facilities plans, forecasts of future needs, and recent expenditures within the Study Area.

Projections of revenues and costs for determining fiscal feasibility within this study should be conservative. **This means that, when in doubt, analysis errs on the low side for revenues and the high side for costs.**

This financial analysis is focused on the first full year of operation for an incorporated Study Area city alongside the subsequent five years. Analysis assumes the first year of municipal operation is 2025, but analysis is valid for alternative initial years because the analysis does not adjust for inflation in either the revenues or costs. The only factor within the analysis that causes changes in annual revenue or costs is the amount of growth in the Study Area.

Caveats

The reader is advised of the following attributes of this study:

- There are no rankings of the Study Area compared to other cities in Pierce County because the feasibility of incorporation in the Study Area is absolute. It either works or does not, regardless of its position relative to other cities.
- There is no conclusion or recommendation of whether or not the Study Area works as an incorporated city because our study reports the results of the analysis and readers draw their own conclusion.

Fund accounting

Local government revenue, or income, comes from a variety of sources. Some of the sources can be used for virtually any purpose, while others have restrictions that limit the use of money to specific purposes. In order to keep track of the restricted sources of revenue, cities create funds to account for the restricted money. A fund is like a separate bank account for receiving and spending money with specific restrictions. A typical city will have a fund for stormwater, a fund for streets and other separate funds for various specific revenue sources. All the money that has no restrictions goes into the General Fund. Throughout this analysis, the fund used for the revenues and expenses forecasted are clearly identified. In city finance terminology, funds are not a synonym for revenue; they are separate accounts to track specific limits on some city money.

To simplify the presentation of this analysis, all revenue and expense are presented in five funds: general fund, transportation capital fund, parks capital fund, real estate excise tax fund and surface water management fund. In the real world of fund accounting, there would undoubtedly be more than one surface water fund. Also, cities routinely use internal service funds and inter-departmental cost allocations that are not included in this analysis.

The net effect of internal service funds and inter-departmental cost allocations is zero, but they can have important implications for the feasibility of individual funds. They are omitted from this analysis because they are not necessary to achieve the initial feasibility of any of the five funds analyzed.

GENERAL CHARACTERISTICS OF THE STUDY AREA

The Study Area contains portions of three unincorporated Community Plan areas in Pierce County. The Parkland-Spanaway-Midland and Frederickson Community Plan areas fall within the Pierce County Urban Growth Boundary (UGB), while only the portion of the Mid-County Community Plan area within the UGB is included. The majority of the Mid-County Community Plan area lies outside of the UGB and is therefore excluded from the Study Area. The gross land area of the Study Area is similar to the cities of Kent or Bellevue, at 20,164 acres or 31.25 square miles.

A majority of the Study Area includes residential uses, with higher densities closer to state routes and lower and moderate single family housing density in areas further from the primary arterials. Small to mid-size commercial uses are concentrated along SR-7, portions of Canyon Road, and SR-512 east of Parkland. Larger scale commercial and industrial uses are concentrated in the southeast portion of the Study Area: Boeing Frederickson, as well as various materials, logistics, and warehouse industries. The Study Area includes many institutional uses: Pacific Lutheran University, high schools, middle schools, and elementary schools. Open spaces include a golf course, Naches Trail Preserve, and areas around Clover Creek.

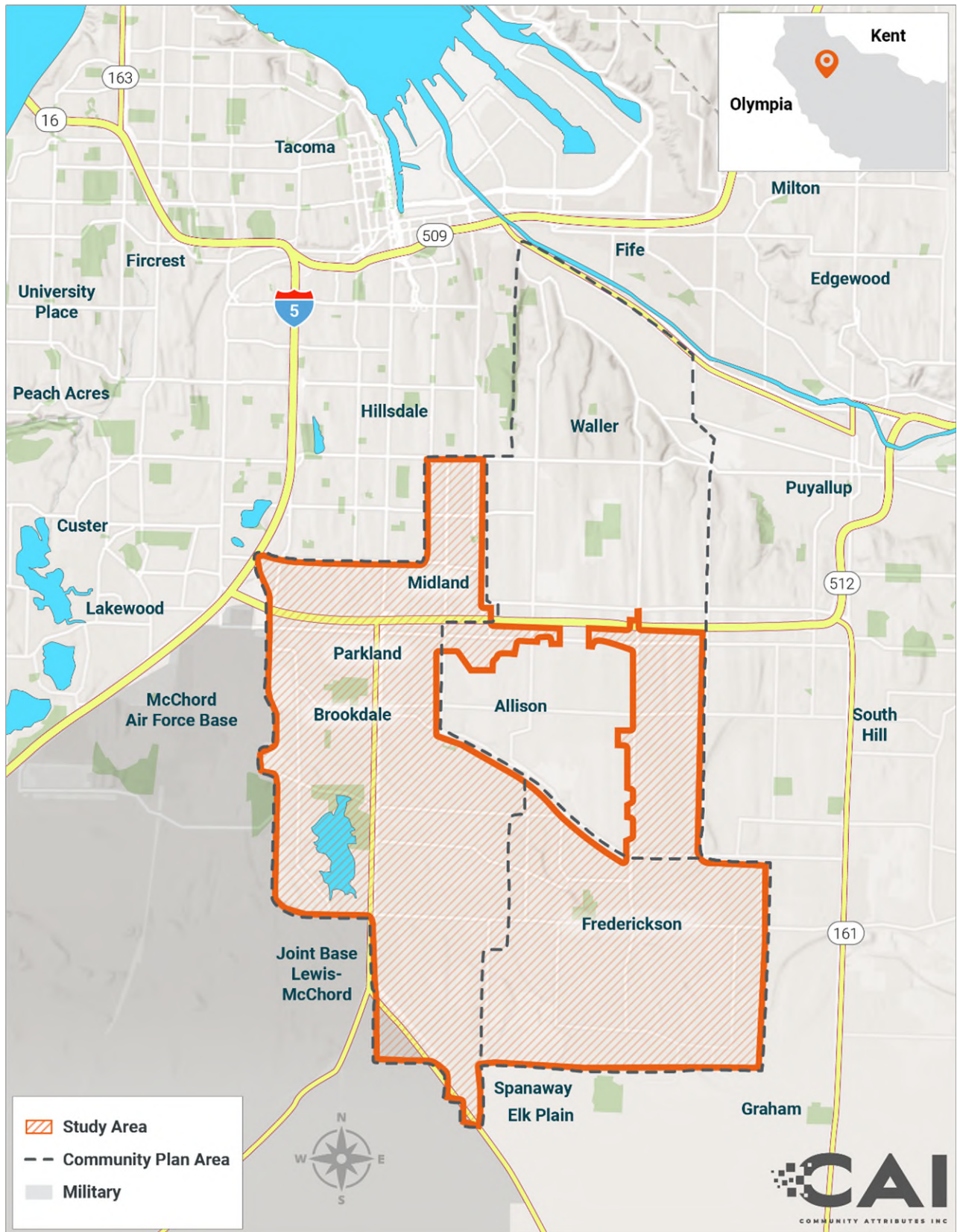
The following neighborhoods are captured in the Study Area: Brookdale, Frederickson, Midland, Parkland, Spanaway, Summit. **Exhibit 3** below provides a map of the Study Area boundary.

Current zoning within the Study Area includes seven primary categories.

- **Employment corridor:** Intensive commercial and industrial use in Frederickson, east Parkland, and along I-5.
- **Town center:** Districts dedicated to smaller and more concentrated commercial use along SR-7.
- **Urban corridor:** Areas with small to mid-size commercial uses linking the town centers.
- **Neighborhood corridor:** Areas adjacent to urban corridors that buffer residential from more intensive commercial and industrial.
- **Mixed use district:** Small districts at the north and south border of the Study Area that intersect with primary arterials.
- **Residential:** A sizable portion of the Study Area is zoned for low-moderate residential use.
- **Parks and recreation:** Small parks areas are found northwest of Spanaway Lake and near northwest Fredrickson.

Exhibit 52 and **Exhibit 53** in subsequent sections provide maps of land use and zoning in the Study Area.

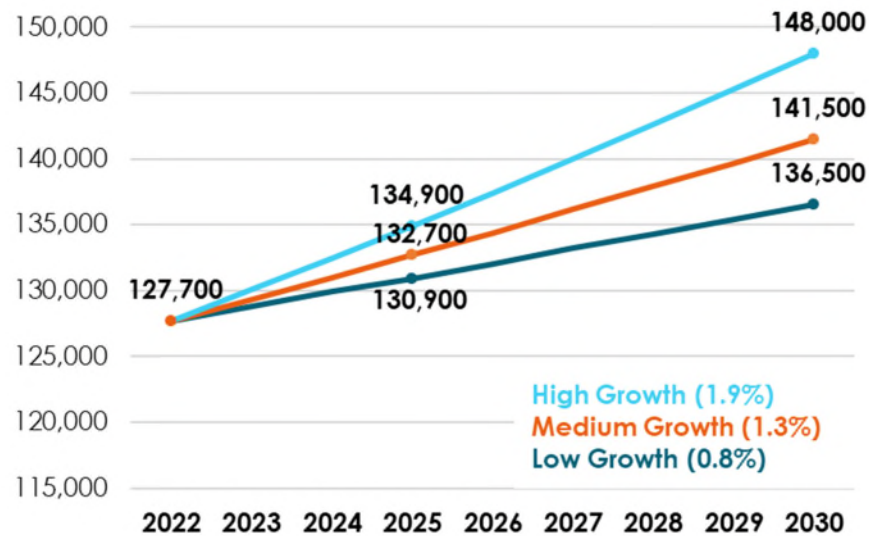
Exhibit 3. Parkland-Spanaway-Midland-Frederickson Study Area



Population

To forecast potential revenues and understand the impact of assumptions on potential city revenues and costs, the analysis includes forecasts of future population growth for the Study Area. **Appendix B: Baseline and Alternative Scenarios** documents in detail the methodology and evaluation of each of three growth scenarios and the data sources used. **Exhibit 4** presents the population growth scenarios based on a baseline 2022 population of 127,690.

Exhibit 4. Study Area Population Growth Forecasts, 2015-2030



Sources: Washington State Office of Financial Management, 2023; Pierce County, 2023; U.S. Census, 2023; Community Attributes Inc., 2023.

This study assumes that the most likely growth scenario is the “medium” growth scenario of 1.3% annual average population growth. This assumes that population will grow slightly slower than observed between 2010 and 2022, taking into account slowing growth observed between 2020 and 2022. The low growth scenario is based on the growth targets adopted in the Pierce County Countywide Planning Policies, representing the minimum growth allowed for planning purposes under the Growth Management Act. The high growth scenario assumes growth will continue at the same rate as observed historically between 2010 and 2022.

Taxable assessed value

The Pierce County Assessor reports that the 2022 (2023 tax year) taxable assessed value of real property in the unincorporated Study Area was nearly \$20.6 billion.⁶ In order to project the taxable assessed value to 2024, the value on which year 2025 property taxes would be levied, analysis assumes zero percent appreciation and nearly \$126.6 million in new assessed value in

⁶ Taxable assessed value only includes land and building improvement values.

2024 from new construction. New assessed value per year is estimated based on forecasted population and employment growth.

Using this approach, **Exhibit 5** demonstrates the 2025 projection for taxable assessed value of \$21.2 billion and 2030 taxable assessed value of \$21.8 billion. This is about \$154,000 in taxable assessed value per resident in 2030.

Exhibit 5. Study Area assessed real property value, 2023, 2025, 2030

	2023	2025	2030
Total Assessed Value (millions)	\$20,598	\$20,850	\$21,496

Sources: Pierce County Assessor, 2023; Washington State Office of Financial Management, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; U.S. Census, 2023; Community Attributes Inc., 2023.

REVENUES

Incorporated cities typically rely on three key sources of revenue: property tax, sales tax, and utility tax. Cities also collect revenues through other sources, typically in smaller amounts. **Exhibit 6** presents the estimated general fund revenues for an incorporated Study Area in 2027.

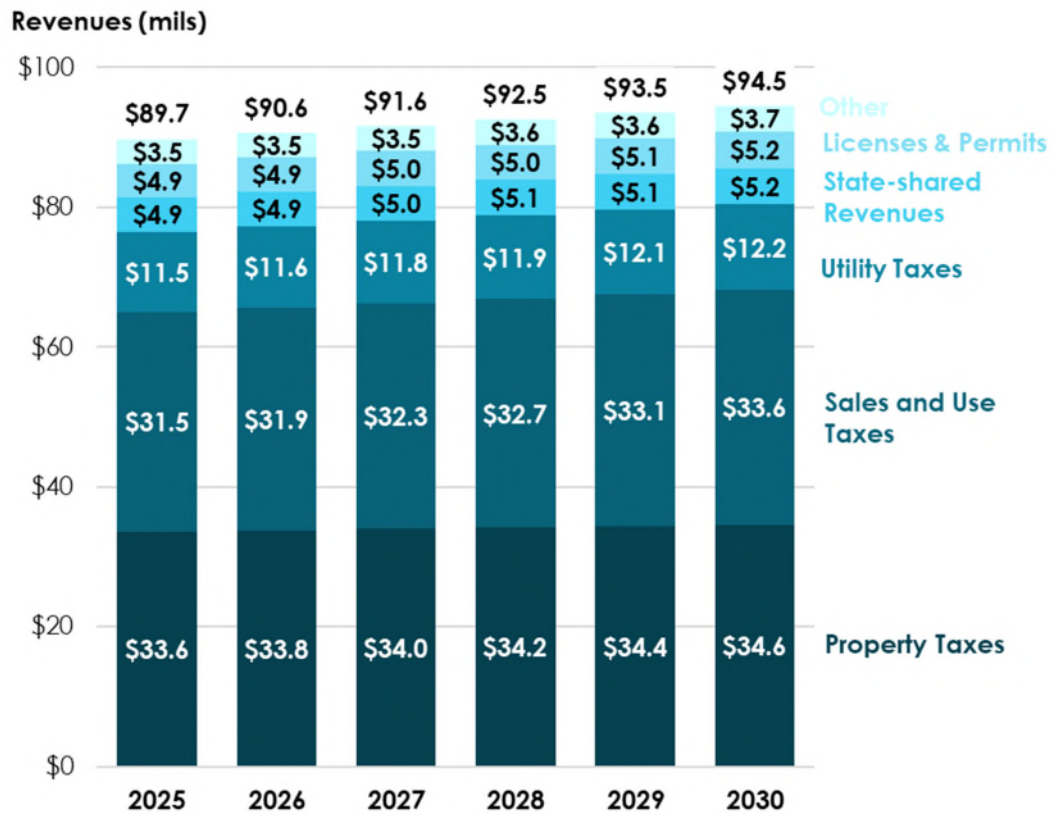
Exhibit 6. Estimated general fund revenues by line item, 2027

Revenue Source	2027 Total	% of Total
Property Tax	\$33,976,200	37.1%
Local Sales & Use Tax	\$29,377,500	32.1%
Brokered Natural Gas Use Tax	\$316,500	0.3%
Criminal Justice Sales Tax	\$2,921,400	3.2%
Utility Tax	\$11,458,600	12.5%
Gambling Tax	\$442,500	0.5%
Franchise Fees	\$1,484,700	1.6%
Licenses & Permits	\$4,982,100	5.4%
State Shared Revenues	\$5,007,900	5.5%
Charges for Services & Fees	\$460,500	0.5%
Fines & Forfeitures	\$1,158,100	1.3%
Total	\$91,586,000	100%

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Exhibit 7 presents total estimated general fund revenues from 2025 through 2030.

Exhibit 7. Estimated general fund revenues, 2025 – 2030



Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; Community Attributes Inc., 2023.

Not all revenues estimated for the incorporated Study Area are accounted for in the general fund and available to cover the expenses associated with operations of the city. Several of the revenue sources included in the analysis are restricted in use. For example, gas tax distributions “shall be used for transportation services only” including, but not limited to “new construction, reconstruction, and expansion of city streets, county roads, and state highways and other transportation improvements.”⁷ Real estate excise taxes must be used for capital improvements, and park impact fees must be used for “publicly owned parks, open space, and recreational facilities”⁸ capital projects. This analysis allocates all restricted revenues to separate funds.

Property tax

Property taxes are the primary source of city revenue for many of Washington’s cities. The general fund levy will generate a majority of a city’s property tax revenues, which represents unrestricted city revenue. However, there are additional property tax options with restricted purposes, which can be voted through by a city’s council or by its residents. Upon incorporation,

⁷ RCW 82.80.070

⁸ RCW 82.02.090

the Study Area's property tax levy rate would be limited to a maximum of 0.16%. This is the result of the Study Area overlapping with the existing fire and library districts serving the area. The maximum rate for cities not annexed to a fire or library district is 0.36%. However, cities annexed to fire and library districts are unable to charge property taxes on the portion meant to go towards fire and library services when these services are provided by public districts. The fire district levy can be as high as 0.15%, while a library district levy can be as high as 0.05%. When these rates are subtracted from the maximum city rate of 0.36%, the 0.16% maximum levy rate is obtained.⁹ The math used to arrive at the 0.16% maximum levy rate looks as follows: $(0.36\% - 0.15\% - 0.05\% = 0.16\%)$. The analysis performed for this study assumes existing providers will continue providing fire and library services.

Currently, the Study Area is subject to eleven individual property tax levies. These levies are for:

- The state
- Local school districts
- Library districts
- Port districts
- Fire districts
- Flood control districts
- County roads
- The county
- Conservation futures fund
- Transit
- Emergency medical services

Upon incorporation, the Study Area would no longer be required to pay the county roads tax, which is only charged to the unincorporated portions of a county.¹⁰ Under the assumptions utilized by the analysis, property tax rates would increase by \$0.62 per \$1,000 of assessed value, as the \$0.98 per \$1,000 county roads tax would be replaced by the city level of \$1.60 per \$1,000.

Exhibit 8 and **Exhibit 9** present the current levy rates charged to the Study Area and the assumed rates were the Study Area to incorporate.¹¹

⁹ <https://mrsc.org/explore-topics/finance/revenues/property-tax#:~:text=Regular%20Levy%20Rate%20Limits,its%20true%20and%20fair%20value>.

¹⁰ "Revenue Guide for Washington Cities and Towns", MSRC, December 2022.

¹¹ Note: Taxing districts have different levies due to the interaction of different fire and school districts.

Exhibit 8. Property tax levy rates, 2023

Levy	Taxing District Levies Prior to Incorporation					
	450	515	591	250	578	195
State	\$2.31	\$2.31	\$2.31	\$2.31	\$2.31	\$2.31
Local School	\$3.13	\$4.07	\$4.43	\$3.87	\$4.43	\$3.27
Library District	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33
Port District	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13
Fire District	\$0.77	\$0.77	\$0.77	\$0.77	\$1.00	\$0.77
Flood Control District	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
County Road	\$0.98	\$0.98	\$0.98	\$0.98	\$0.98	\$0.98
County Tax	\$0.73	\$0.73	\$0.73	\$0.73	\$0.73	\$0.73
Conservation Futures	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Transit	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16
EMS	\$0.50	\$0.50	\$0.50	\$0.50	\$0.40	\$0.50
City	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$9.17	\$10.11	\$10.47	\$9.90	\$10.59	\$9.30

Sources: Pierce County, 2023; Community Attributes Inc., 2023.

Exhibit 9. Forecasted tax levy rates following incorporation

Levy	Forecasted Taxing District Levies Following Incorporation					
	450	515	591	250	578	195
State	\$2.31	\$2.31	\$2.31	\$2.31	\$2.31	\$2.31
Local School	\$3.13	\$4.07	\$4.43	\$3.87	\$4.43	\$3.27
Library District	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33
Port District	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13
Fire District	\$0.77	\$0.77	\$0.77	\$0.77	\$1.00	\$0.77
Flood Control District	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
County Road	N/A	N/A	N/A	N/A	N/A	N/A
County Tax	\$0.73	\$0.73	\$0.73	\$0.73	\$0.73	\$0.73
Conservation Futures	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Transit	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16
EMS	\$0.50	\$0.50	\$0.50	\$0.50	\$0.40	\$0.50
City	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60
Total	\$9.79	\$10.73	\$11.09	\$10.52	\$11.22	\$9.93

The property tax levy rates presented in **Exhibit 8** and **Exhibit 9** differ by tax district to account for the interplay between many taxing agencies. This interplay causes property tax levy rates to differ from property to property within the Study Area, while any properties served by the exact same agencies will have the same levy rate. Upon incorporation, each of the property tax levy rates above would remain the same except for the county road levy of \$0.98 per \$1,000 of assessed value, which would be replaced by the city levy rate of \$1.60 per \$1,000 of assessed value.

Unchanged levies

The following property tax levies will remain unchanged if the Study Area incorporated:

- **State:** The state property tax levy is paid by all properties throughout the state and currently totals \$2.31 per \$1,000 of assessed value. This levy is used to support schools.
- **Local school:** Local school property taxes are paid by all properties within a particular school district boundary. The Study Area is currently served by five school districts.
- **Library district:** Library districts can impose a property tax levy to fund their operation. This levy is charged to all properties within a library district.
- **Port district:** Port districts can levy property taxes like other districts. The port district levy applying to residents of the Study Area currently totals \$0.13 per \$1,000 of assessed value.
- **Fire district:** Fire districts can levy property taxes to fund their operations. The Study Area is currently served by two fire districts: Central Pierce Fire and Rescue and Graham Fire and Rescue, which currently levy rates of \$0.77 and \$1.00 per \$1,000 assessed value, respectively.
- **Flood control district:** Flood control district levies are an example of non-voted regular levies able to be levied by special districts. The current levy rate charged to properties in the Study Area totals \$0.10 per \$1,000 of assessed value.
- **County Tax:** Counties can levy property taxes on all properties within their boundary, which often represent a primary source of county revenue.¹² Pierce County's current property tax levy rate is \$0.73 per \$1,000 of assessed value.
- **Conservation futures:** A conservation futures levy is a county-imposed levy that can be used for purchasing open space and future development rights. Pierce County's current levy rate totals \$0.03 per \$1,000 of assessed value.
- **Transit:** The transit levy is imposed by the Central Puget Sound Regional Transit Authority. The current rate charged to Study Area properties totals \$0.16 per \$1,000 of assessed value.
- **EMS:** An EMS levy can be imposed by any city, town, county, or special district providing EMS services to fund emergency medical care or emergency medical services.¹³ Emergency medical services are currently provided by the two fire districts serving the Study Area, which levy rates of \$0.50 or \$0.40 depending on the district.

¹² "Revenue Guide for Washington Counties", MSRC, December 2022.

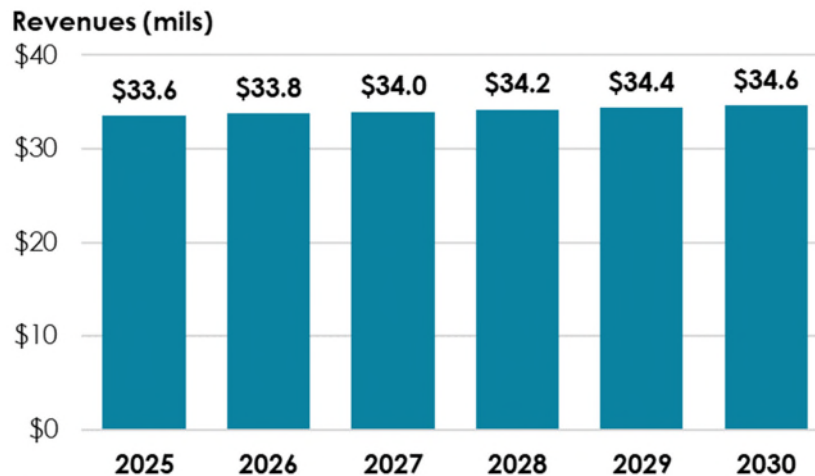
¹³ <https://mrsc.org/explore-topics/finance/revenues/ems-levies>

Changed levies

The following are levies that would change upon incorporation of the Study Area.

- **County road tax:** The county road tax is imposed by the county and only applies to properties falling within its unincorporated boundaries. If the Study Area were to incorporate, the county road tax would no longer be charged to properties within the Study Area boundary.
- **City:** Upon incorporation, the Study Area would be able to impose a city tax rate. As discussed, this levy rate would be capped at \$1.60 per \$1,000 of assessed value.
- **Exhibit 10** presents the estimated property tax revenues, from 2025 through 2030, that the Study Area would collect were it to incorporate. The estimated property tax revenues generated by the incorporated Study Area would represent roughly 37% of total city revenues. The analysis completed for this study assumes no appreciation or depreciation of assessed values, but rather captures the estimated increase in property tax revenues associated with forecasted growth within the Study Area.

Exhibit 10. Property tax revenues, 2025 – 2030



Sources: Pierce County, 2023; Puget Sound Regional Council, 2023; Community Attributes Inc., 2023.

The state of Washington caps a city’s total property tax levy, but the amount of tax collected by a city can increase year over year. Named the “101% limit,” this legislation requires that a city’s total property tax levy cannot increase by more than 1% above the rate of inflation each year. This cap excludes the levy rate on new construction.¹⁴ Since the analysis performed for this study does not inflate revenues or costs, this cap did not come into play in the modeling of property tax revenues.

¹⁴ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

Retail sales and use tax

Counties, cities and towns can impose local sales tax on top of the state-imposed rate of 6.5%. These taxes typically apply to the retail sales of “tangible personal property” by sellers with or without a physical presence in the state. While most services are not subject to sales tax, some services such as those pertaining to hotels and motels, landscape maintenance, and physical fitness activities, to name a few, are subject to sales tax. Currently, the Study Area’s retail sales and use tax rates range from 8% to 10%. The first 6.5% is represented by the state-imposed tax, while the remaining 1.5% to 3.5% is applied to all unincorporated areas in Pierce County depending on their location relative to the county’s public transportation benefit areas and hospital benefit zones.¹⁵

Typically, the majority of a city’s sales tax revenue will be generated by the “basic” (or “first half”) and “optional” (or “second half”) sales tax. These two rates can be imposed by Washington cities without voter approval. The “first half” tax is a non-voted sales and use tax rate of 0.5% that is applied to any taxable event. The “second half” sales tax is an additional and optional non-voted sales tax that can be imposed in increments of 0.1% up to 0.5%. This optional tax is currently imposed by all cities and towns in Washington except Asotin and Clarkston. Cities retain 85% of the 1.0% tax, while the remaining 15% goes to the county. The fiscal analysis assumes the incorporated Study Area would impose the 1.0% total allowed by the state.¹⁶ To estimate the retail sales tax base, the analysis utilizes taxable retail sales data provided by the Washington State Department of Revenue for the Study Area in 2020. Using the 2020 data, a per capita estimate was developed and used alongside population growth projections to estimate total sales and use tax revenues that may be generated by an incorporated Study Area from 2025 through 2030. **Exhibit 11** presents the estimated sales tax revenues that would be generated within the incorporated Study Area.

Criminal justice service tax

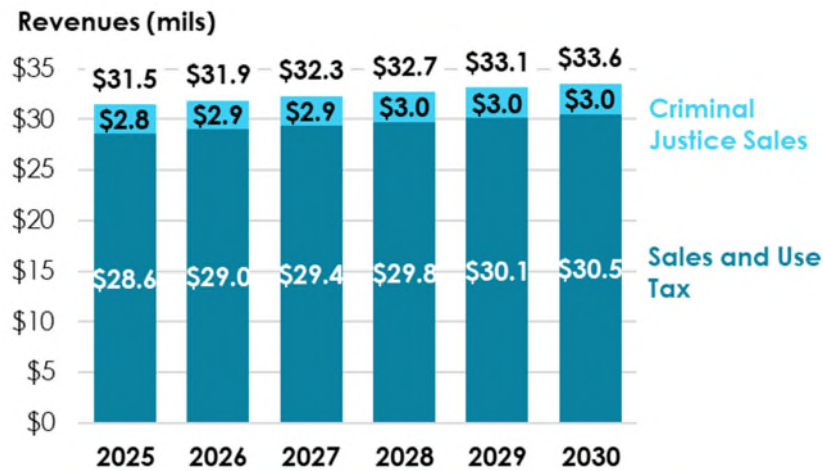
In addition to the basic and optional sales tax imposed by the incorporated Study Area, the city would receive sales tax revenue from the county-imposed criminal justice service tax. The criminal justice service tax is a 0.1% sales tax that only counties can impose, but the revenues are shared with cities.¹⁷ Pierce County imposes a 0.1% criminal justice service tax and distributes revenues based on a per capita (population) basis. The analysis produced for this study utilizes the per capita revenue figure distributed to the City of Lakewood in 2022.

¹⁵ https://dor.wa.gov/sites/default/files/2023-02/LSUflyer_23_Q2.pdf?uid=64348f178171c

¹⁶ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

¹⁷ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

Exhibit 11. Estimated sales and use tax revenues, 2025 – 2030



Sources: Pierce County, 2023; Puget Sound Regional Council, 2023; Washington State Department of Revenue, 2023; Community Attributes Inc., 2023.

Utility tax

Any city or town may impose a utility tax, which falls under business and use tax, on the income of utility companies. There are no maximum rates on water, sewer, solid waste, or stormwater utilities. The rates for electric, gas, steam, and telephone utilities are capped at 6% without voter approval. Utility taxes may be imposed on the income of public or private utilities providing services within the boundaries of the city. The city also has the right to impose a tax on any city-owned utility services. The taxes are applied to the gross revenues generated by utility companies and are not allowed to be passed down to the customers.¹⁸ This analysis assumes the per capita revenues generated by a utility tax are in line with the city of Lakewood, which has a similar proportion of service coverage by public and private utilities providing water, power, sewer, cable and solid waste. **Exhibit 12** presents Lakewood’s current utility rates.

Exhibit 12. City of Lakewood utility tax rates, 2023

Revenue Source	2023 Rates
Electric	5.0%
Natural Gas	5.0%
Cable	6.0%
Cellular	6.0%
Telephone	6.0%
Solid Waste	6.0%
Stormwater	6.0%

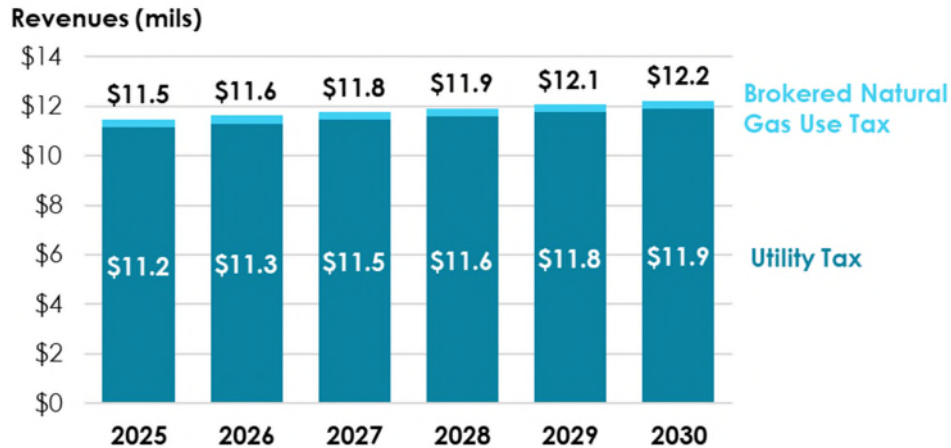
Source: City of Lakewood, 2023.

¹⁸ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

Brokered natural gas use tax

A brokered natural gas use tax can be imposed by any city or town that has a natural gas utility tax, and must represent an equivalent "use tax" upon brokered natural gas sales that are otherwise not subject to the jurisdiction's utility tax. Brokered natural gas sales not subject to utility tax occur when large customers bypass utilities and negotiate directly with independent natural gas brokers.¹⁹ This analysis assumes per capita brokered natural gas use tax revenue at \$2 per capita, aligning with the city of Lakewood's per capita revenues.

Exhibit 13. Estimated utility tax revenues, 2025 – 2030



Source: Pierce County, 2023; Puget Sound Regional Council, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

State-shared revenues

The State of Washington shares revenues with counties, cities and towns across the state. The sources of these revenues range across a variety of tax sources and are distributed on a per capita basis. Municipal Research Services Center (MRSC) provide estimates of per capita revenues to be distributed to each city, town and county to assist local governments to develop budget forecasts.²⁰ The revenue analysis for this study utilizes the 2023 per capita estimate provided by MRSC (**Exhibit 14**).

Exhibit 14. Per capita state-shared revenue estimates, 2023

Revenue Source	Per Capita Revenues
Liquor Profits	\$7.65
Liquor Excise	\$6.86
Criminal Justice (population based)	\$0.36
Criminal Justice (special programs)	\$1.27
Gas Tax	\$18.20

¹⁹ "Revenue Guide for Washington Cities and Towns", MSRC, December 2022.

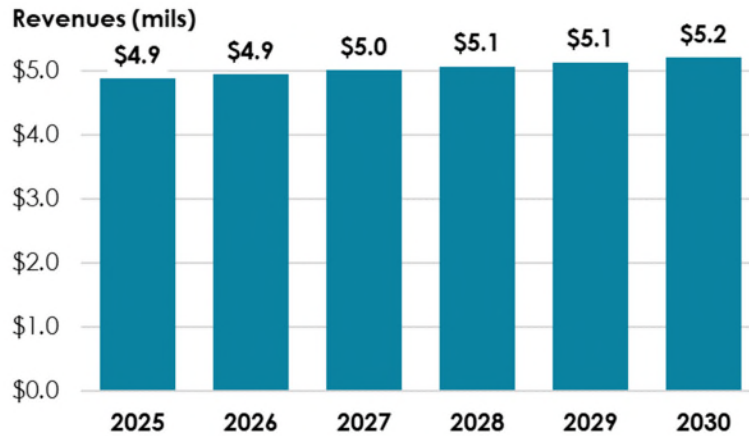
²⁰ <https://mrsc.org/explore-topics/finance/budgets/state-shared-revenue-estimator>

Increased Gas Tax	\$1.14
Multi-Modal Distribution	\$1.30
Total	\$36.78

Source: MSRC, 2023.

Total estimated state-shared revenues are presented in **Exhibit 15**. The analysis assumes the same per capita revenues provided by MRSC through 2030, while growth in state-shared revenues is captured through the forecasted population growth within the Study Area.

Exhibit 15. Estimated state-shared revenues, 2025 – 2030



Source: MSRC, 2023; Puget Sound Regional Council, 2023; Pierce County, 2023; Community Attributes Inc., 2023.

Other general fund revenues

Business and occupation (B&O Tax)

Business and occupations taxes can be imposed by Washington cities and towns upon businesses operating within their jurisdiction. B&O tax revenues are unrestricted and can be imposed without voter approval but may be subject to a referendum.²¹ Currently, 49 of Washington’s 281 cities and towns impose B&O taxes.²² B&O tax revenues are a component of Kent’s general fund revenues, but B&O taxes have not been included in this analysis due to their limited use throughout the state, and because they can require a referendum.

Gambling tax

A gambling tax can be administered on gambling activities within a jurisdiction, but the state limits the tax rate on these activities. Gambling activities are ultimately regulated by the state, leaving cities and towns with limited authority to regulate gambling. However, cities and towns do have the ability to prohibit any or all gambling activities for which licenses are

²¹ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

²² Note: The City of Lakewood does not impose a B&O tax.

required.²³ The analysis utilizes an average of the per capita gambling tax revenues from the surrounding cities of Puyallup and University Place, which equates to \$3.25 per capita. This assumption was chosen since neither of the two comparable cities have casinos, like the Study Area.

²³ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

Exhibit 16. Maximum gambling tax rates

Gambling Activity	Maximum Tax Rate
Amusement Games	Actual costs of enforcement, not to exceed 2% of net receipts
Bingo	5% of net receipts
Punch boards or pull-tabs (charitable or non-profit)	10% of net receipts
Punch boards or pull-tabs (commercial)	5% of gross receipts or 10% of net receipts
Raffles	5% of net receipts
Social card games	20% of gross receipts

Source: MSRC, 2023.

Leasehold excise tax

A city can impose a local leasehold tax that is credited against the state leasehold tax on the privilege of using or occupying publicly owned real or personal property through a leasehold. This tax is applied to publicly owned real or personal property and stands in lieu of property taxes.²⁴ The analysis assumes the Study Area will not generate Leasehold Excise Tax in the early years of cityhood, as it will not own any public facilities at the outset of incorporation.

Franchise fees

Franchise agreements are contracts between a city and public or private utility providers that allow the providers to install, maintain, and repair utility infrastructure within the city's rights-of-way. A city is able to impose a franchise fee on utility providers to recover any administrative costs of administering the franchise. Franchise agreements typically last 10 to 20 years.²⁵ The city of Lakewood currently charges franchise fees on light, natural gas, and telephone utilities that cover the actual administrative expenses incurred by the city directly related to the receiving and approving of permits, licenses, or franchisees. These revenues come to about \$70 per Lakewood resident. Pierce County currently charges franchise fees exclusively to cable companies, which generate about \$11 per person in county revenues.²⁶ The analysis conducted for this study assumes that an incorporated Study Area would take over the cable franchise fees within the Study Area boundary and earn \$11 per capita, while potential revenue may be available upon franchise agreements being made with light, natural gas, and telephone providers.

Charges for services and fees

Charges for services can include a range of revenue sources, including but not limited to concealed pistol license permits, parks and recreation, public

²⁴ "Revenue Guide for Washington Cities and Towns", MSRC, December 2022.

²⁵ "Revenue Guide for Washington Cities and Towns", MSRC, December 2022.

²⁶ <https://www.piercecountywa.gov/362/Budget-Documents>

records copying charges, and in some cases contracted work for nearby communities. The city of Kent does not provide information pertaining to its charges for services revenue, but the city of Lakewood's include parks and recreation fees, court transport fees from the city of University Place and the town of Steilacoom, towing impound fees, extra duty fees, and Western State Hospital dispatch services.²⁷ For this study, the analysis assumes Study Area revenues generated by charges for services would align with Lakewood's per capita revenues for any revenues not related to contracted work, which is limited to parks and recreation fees, towing impact fees, and extra duty fees.

Licenses and permits

Licenses and permits include revenue generated by development permits, business licenses, and other miscellaneous license and permit fees. The analysis assumes license and permit per capita revenues to be the same as Lakewood, whose license and permit revenues are from the following sources:

- Business license fees
- Alarm permits and fees
- Animal license fees
- Building permits
- Plan review fees
- Other zoning and development fees

The city of Kent's revenue per capita estimate was not used in the analysis because the city does not disclose the sources of licenses and permits revenues.

Public safety fines and forfeitures

Fine and forfeiture revenues for incorporated cities are revenues generated through civil and criminal penalties assessed through the city's municipal court. These revenues assume that if the Study Area were incorporated, it would begin operating a municipal court, similar to Lakewood's choice to create a municipal court after its 1996 incorporation.²⁸ The analysis utilizes the per capita revenues generated by the city of Kent from fines and forfeitures due to the similarities between the city of Kent and the Study Area in terms of population level.

Intergovernmental

Intergovernmental revenues are those that come from another government. These revenues primarily come from grants provided by the federal, state or county government, but can include revenues generated from contracts to provide services to surrounding cities or towns.²⁹ The analysis for this study

²⁷ City of Lakewood Proposed Biennial Budget 2023 – 2024.

²⁸ City of Lakewood Proposed Biennial Budget 2023 – 2024.

²⁹ "Revenue Guide for Washington Cities and Towns", MSRC, December 2022.

assumes no intergovernmental revenues within the timeframe of analysis for the Study Area, were it to be incorporated.

Interfund transfers

Interfund transfers represent the exchange of revenues between a city's different revenue funds.³⁰ The analysis performed for this study assumes no interfund transfers through 2030, for simplicity of analysis.

Other revenues

Other revenues typically include interest earnings earned by a city's allowable public fund investments. The analysis for this study assumes no interest revenues through 2030 for the Study Area were it to be incorporated. An incorporated city would likely earn interest after the city is established and has public fund investments.

Exhibit 17 presents the estimated tax revenues generated by the sources discussed in this section.

Exhibit 17. Estimated other general fund tax revenues, 2025 – 2030

Revenue Source	Total Revenues					
	2025	2026	2027	2028	2029	2030
Licenses & Permits	\$4,855,900	\$4,918,600	\$4,982,100	\$5,046,500	\$5,111,700	\$5,177,800
Franchise Fees	\$1,447,000	\$1,465,700	\$1,484,700	\$1,503,800	\$1,523,300	\$1,543,000
Fines & Forfeitures	\$1,128,700	\$1,143,300	\$1,158,100	\$1,173,100	\$1,188,200	\$1,203,600
Charges for Services & Fees	\$448,900	\$454,700	\$460,500	\$466,500	\$472,500	\$478,600
Gambling Tax	\$431,300	\$436,900	\$442,500	\$448,200	\$454,000	\$459,900
Total	\$8,311,800	\$8,419,200	\$8,527,900	\$8,638,100	\$8,749,700	\$8,862,900

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Special revenue funds

Special revenue funds represent funds that hold restricted city revenues; in other words, revenues that must be used to serve a specific purpose. They function as separate bank accounts kept by a city to ensure revenues are allocated in the correct manner. The following revenue sources are used specifically to fund capital improvements to transportation infrastructure, parks, surface water infrastructure, sidewalks, and public right of ways.

Transportation capital fund

Two common sources of revenue for transportation-related capital funds include a motor vehicle fuel tax and traffic impact fees. The motor vehicle

³⁰ https://sao.wa.gov/bars_gaap/accounting/interfund-activities/interfund-activities-overview/

fuel tax (gas tax) is the single largest state-shared revenues source for cities and towns. The revenues from the gas tax are distributed as a percent of actual state fuel tax revenues received and depend on the number of gallons sold within a city or town.³¹ The analysis uses the city of Lakewood’s per capita revenue of \$12.49 to estimate potential motor vehicle fuel tax revenues for the Study Area, were it incorporated.

Traffic impact fees are fees charged to developers to mitigate the impacts of new development and the increasing demand on infrastructure and capital facilities required to serve the needs of growth. They are one-time fees assessed by a city, town or county and do not require voter approval.³² Traffic impact fee revenues utilize the current Pierce County rate used for the Study Area, \$5,229 per new housing unit, and utilize forecasted new housing units to capture growth in these revenues from 2025 to 2030.

Parks capital fund

Similar to traffic impact fees, cities, towns, and counties have the authority to charge park mitigation or impact fees to fund “publicly owned parks, open space, and recreation facilities.”³³ The analysis assumes that Pierce County would transfer local parks to the city, which include the Dawson, Gonyea, and Mayfair playfields. To provide funding to maintain these parks and fund development of future parks, the analysis utilizes the current park impact fee imposed by Pierce County, which totals \$3,529 per new housing unit, to estimate parks capital fund revenues. An incorporated city would have to conduct a study on the needs for parks, as well as transportation, to serve growth and the maximum allowable fee that the new city could charge.

Fire impact fees

Fire impact fees can be collected by cities and towns to fund “fire protection facilities.”³⁴ However, the two districts currently serving the Study Area, Central Pierce Fire and Rescue and Graham Fire and Rescue, do not currently charge impact fees and therefore the Study Area would not adopt any impact fees upon incorporation. Additionally, fire impact fees imposed by a fire district are collected by the city, if adopted, and the revenues are transferred to the fire district and not retained by the city.

School impact fees

School impact fees typically only apply to residential construction or the residential portion of mixed-use development, and must be spent by a school district on school facilities. While school districts are responsible for spending school impact fees, only cities, towns and counties are authorized to

³¹ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

³² “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

³³ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

³⁴ “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022.

administer school impact fees.³⁵ Pierce County currently facilitates a school impact fee in unincorporated areas for school districts that have calculated impact fees. A newly incorporated city would have to adopt the impact fees for each school district for the school districts serving the Study Area to continue to receive this revenue stream, which supports the capital costs of school facilities. A school impact fee was not included in the analysis as the revenue is not retained by the city, and administrative expenditures for such programs should be captured in administrative expenditures of the General Fund.

Real Estate Excise Tax (REET)

Any city or town may impose a tax on all real estate sales. For cities planning under Washington's Growth Management Act (GMA), REET can be comprised of two halves. Referred to as REET 1 and REET 2, cities fully planning under GMA can adopt the two halves of REET, each totaling 0.25% and imposed upon all real estate sales within the jurisdiction's boundaries. REET 1 revenues are restricted and may only be used for certain capital purposes. Meanwhile, REET 2 revenues are restricted and must be used for certain transportation, water, storm, sewer and parks capital projects. Neither REET 1 nor REET 2 require voter approval for cities required to plan under GMA.³⁶ The analysis conducted for this study assumes a city newly incorporated in the Study Area would impose a total REET tax of 0.5%. REET revenues can be volatile as they depend on the volume and sale value of real estate transactions, causing revenues to ebb and flow with the conditions of the real estate market. More information regarding the calculation of REET revenues is provided in **Appendix D: Study Area and Market Characteristics**.

Surface water management fund

Cities, towns, and counties within Washington have the authority to charge fees to fund operations and capital improvements for surface water management (SWM) facilities and programs. These fees are collected by the county on a per parcel basis and are included in a property's property tax bill. They apply to residential parcels, transportation infrastructure and agricultural land uses. Currently, Pierce County charges \$145 per parcel for "base plus Water Quality Services."³⁷ The Study Area is assumed to charge the same SWM fees if it were to be incorporated.

Federal, state, and county grants

Cities and towns are eligible to compete for federal, state and county grants for a variety of capital projects. Grants can be an important revenue source for cities and necessary to complete certain capital projects desired by a

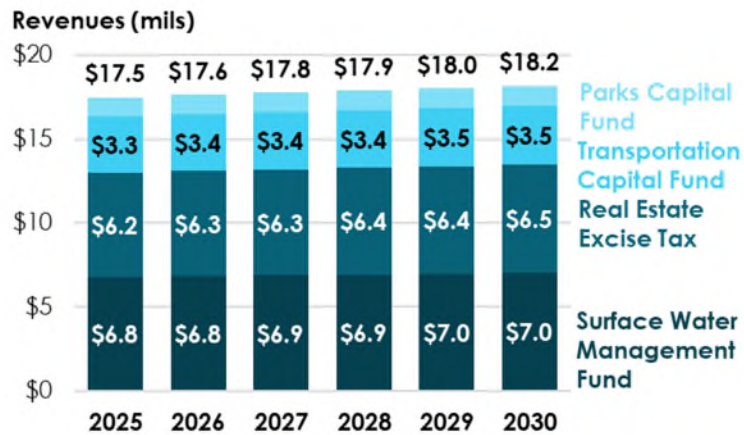
³⁵ "Revenue Guide for Washington Cities and Towns", MSRC, December 2022.

³⁶ "Revenue Guide for Washington Cities and Towns", MSRC, December 2022.

³⁷ <https://www.piercecountywa.gov/1803/Surface-Water-Management-Utility-Service>

jurisdiction. Both the city of Lakewood and the city of Kent have been successful in securing grants in 2021 and 2022. In particular, Lakewood secured grant revenues totaling \$153 per capita to fund parks capital projects.³⁸ Due to the dependent nature of grant funding, the analysis assumes no grant revenues through 2030 for the Study Area. This assumption was chosen with the intention to not overestimate funding for capital projects, despite the likelihood that the Study Area may win grant funding as the Study Area determines priority capital and infrastructure projects after incorporation.

Exhibit 18. Estimated revenues for special revenue funds, 2025 – 2030



Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Capacity to generate revenue

The revenue estimates in this study follow, as much as possible, the revenue sources and rates of the comparable cities, Kent and Lakewood. Ideally, only one comparable city would be utilized, but given the large size and unique nature of the Study Area, two comparable cities were selected for this analysis. The city of Kent was utilized as a baseline for the level of services desired by the residents residing within the Study Area, while Lakewood was relied upon to give a better idea of the revenue sources and expenditures for a city located close to the Study Area and located in Pierce County. As noted above, specific adjustments were made throughout the analysis to create the most realistic picture of the Study Area’s potential revenue sources and the level of those revenues, should it be incorporated.

It should be noted that cities have the capacity to generate additional revenues based on alternative approaches that can be adopted by a city council or with voter approval. For example, a newly incorporated Study Area could:

³⁸ City of Lakewood Adopted Biennial Budget, 2023-2024.

- Adopt a number of additional sales taxes through voter approval, including a cultural access program sales tax, housing and related services sales tax, or public safety sales tax.
- Adopt additional property tax levies through voter approval, including a cultural access program levy or emergency medical services (EMS) levy.
- Adopt a business and occupation tax, which would impose a tax on all businesses located within the jurisdiction.

However, many of the revenue sources listed above will be restricted revenues.

COSTS

Municipalities typically provide several basic services, such as police, streets, surface water and stormwater management. Many cities also provide parks and recreational programs. Other services that may be provided by cities or by separate districts include utilities, schools and fire protection.

This analysis assumes the following services will continue to be provided by the same jurisdictions and districts that currently provide services within the Study Area under incorporation: fire and EMS, utilities, transit and schools. This analysis assumes that Pierce County would continue to own and operate county and regional parks within the Study Area, while transferring local parks to the newly created city. The following services would be managed by a new city for the Study Area:

- Public safety
- Public works, including streets and surface water management
- Community and economic development
- Parks, recreation and community services
- Administration and finance
- Municipal court

A key aspect of the analysis is the use of funds, which act like individual bank accounts for different sources and uses of revenue for various government activities. In this analysis, the General Fund covers all costs except for the capital costs for streets, parks and surface water management. Streets, parks and surface water management are presented as special revenue funds.

General Fund

Estimated expenditures for the general fund use a range of per capita estimates from the city of Kent, city of Lakewood and Pierce County. When available, per capita expenditures from the city of Kent's 2023-2024 adopted biennial budget were used, as it was identified as a city with similar characteristics and offers greater levels of service compared to existing levels of service in the Study Area. This is especially the case for desired services identified through community outreach. The expenditures in the general fund cover all the basic elements required to run a city, including salaries, benefits, supplies, basic services costs, vehicles, facilities and equipment.

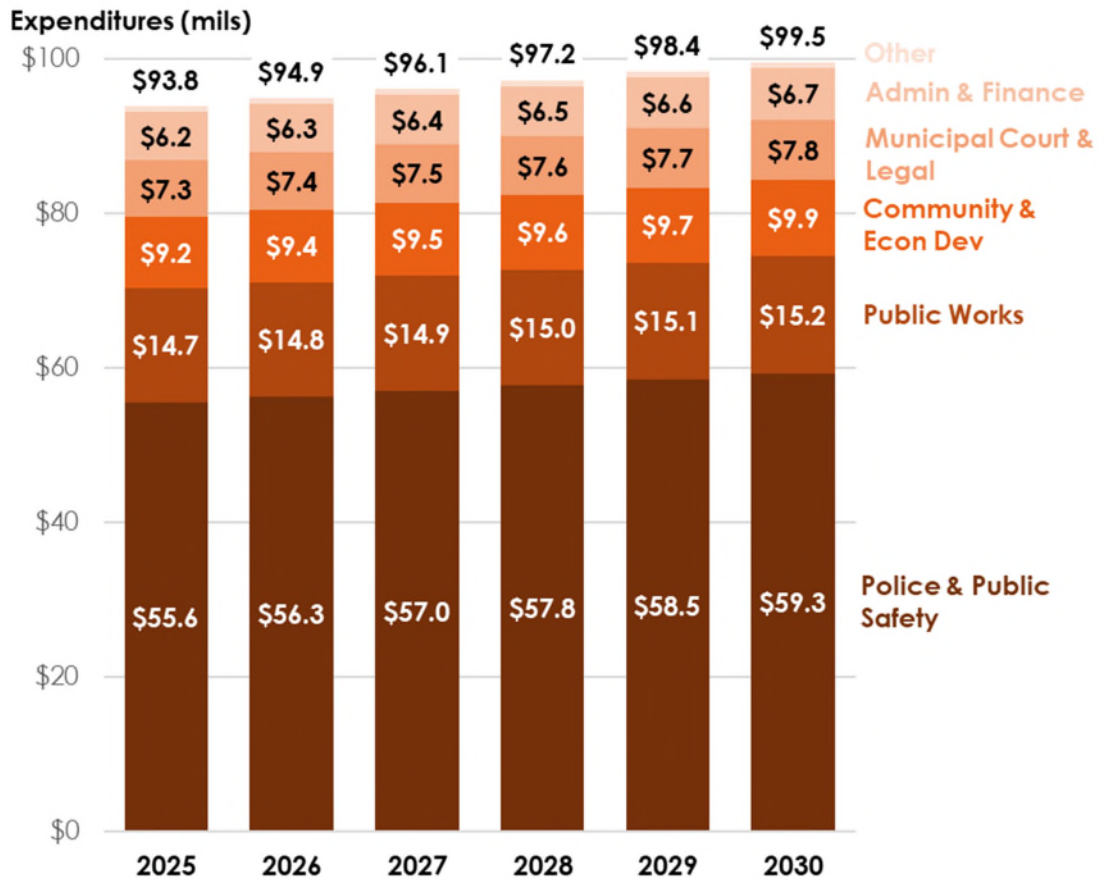
Exhibit 19 and **Exhibit 20** present general fund expenditure estimates.

Exhibit 19. Estimated General Fund Expenditures by Line Item, 2027

Expenditure	2027 Total	% of Total
City Council	\$291,900	0.3%
Administrative Services	\$3,243,300	3.4%
Community & Economic Development	\$9,484,300	9.9%
Parks, Recreation, & Community Services	\$448,600	0.5%
Public Works	\$14,884,500	15.5%
Municipal Court	\$3,820,300	4.0%
Finance	\$3,158,700	3.3%
Legal	\$3,701,600	3.9%
Police & Public Safety	\$57,020,800	59.4%
Total	\$96,054,000	100%

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Exhibit 20. Estimated General Fund Expenditures, 2025 – 2030



Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Note: Other includes city council and parks, recreation, and community services expenditures.

City Council

City council expenditures capture the salaries, benefits, supplies, training and other items associated with the functioning of the city council. The expenditure analysis conducted for this study assumes that an incorporated Study Area would adopt a mayor-council form of government to match Kent's form of government. The mayor-council structure is the most common amongst code cities, with 147 of Washington's 197 code cities currently under a mayor-council structure. The Study Area would also have the option to choose a council-manager structure, opposed to the mayor-council structures. Note, code cities are any unincorporated area with a population of at least 1,500 that have chosen to incorporate.³⁹ Kent's per capita estimate of \$2.14 covers city council salaries and benefits in addition to any training or professional services required.

Administrative Services

Administrative services can cover all facets of a city's government and include a range of personnel or services. These services and personnel can include oversight of programs, communication, financial reporting, budget, audit coordination, accounting, cash management, IT, and fleet and equipment administration. Kent and Lakewood's administrative service costs per capita were similar, with each near \$24 per person. The analysis utilizes Kent's per capita costs of \$23.82 per capita.

Community and Economic Development

Community and economic development costs cover a range of services provided by a city. In the city of Lakewood, community and economic development expenditures include housing, HOME and CDBG affordable housing programs, and South Sound Military & Community Partnership programs.⁴⁰ The city of Kent's per capita estimate of \$68.18 for community and economic development includes spending on land use and development, infrastructure and building codes, policy development, and business recruitment and expansion efforts. The analysis utilizes Kent's per capita spending on community and economic development.

Community and economic development expenditures also capture fire coordination costs, which would be required for the Study Area if it were incorporated. Since the analysis assumes the two fire districts currently serving the Study Area will continue to serve the Study Area upon incorporation, it is assumed that the Study Area would be responsible for fire coordination regarding building inspection and plan review services. This idea is modeled after Pierce County's method for its unincorporated areas, which are served by several fire districts and must have proper coordination across the districts. To estimate fire coordination expenditures, the analysis

³⁹ <https://mrsc.org/explore-topics/governance/classification-of-washington-cities/city-town-classification>

⁴⁰ City of Lakewood Proposed Biennial Budget 2023-2024.

utilizes Pierce County's fire coordination expenditures per capita, which totals roughly \$1.50.

Parks, Recreation and Community Services

Parks, recreation and community services capture all spending incurred by a city preserving and maintaining parks, public buildings and landscaped areas, in addition to programs and services that fall within their specific parks and recreation department. There are currently 797 acres of parks in the Study Area. Twenty-two of the park acres within the Study Area are considered local parks by Pierce County, which the analysis assumes ownership will be transferred to the Study Area if incorporated. The local parks are Dawson, Gonyea and Mayfair playfields. Given the current population of the Study Area and the 797 acres of parks, there is roughly 6.24 park acres per 1,000 people. This is slightly less than the City of Kent, which has 7.8 park acres per 1,000 people, and well below Lakewood, which has roughly 10.6 acres per 1,000 people, including several regional parks and natural areas owned by Pierce County. The majority of parks acres within the Study Area are regional parks, which would remain under the control of Pierce County. Assuming transfer of ownership for the three local parks, making up 22 acres, the city-provided level of service would be 0.02 acres per person.

Residents of the Study Area expressed interest in a higher level of services pertaining to parks and open space. The analysis reviewed the per acre cost for select cities surrounding the Study Area, including for the city of Lakewood, Puyallup, Tacoma, and University Place, in addition to calculating costs per acre incurred by the city of Kent and Pierce County. Puyallup and Kent had the highest cost per acre of park land totaling roughly \$20,000 in expenditures per park acre. The analysis utilizes the city of Kent's per acre estimate of \$20,388.65 to model a higher level of service dedicated to parks and recreation in the Study Area, if it were incorporated.

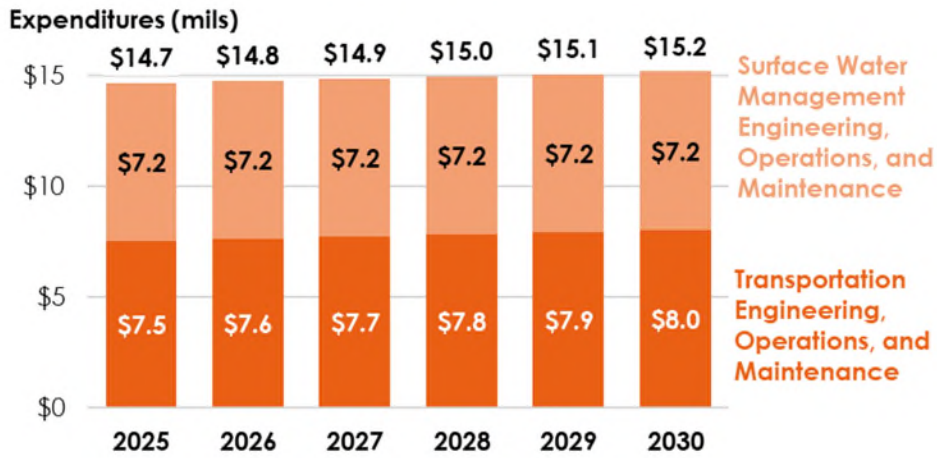
Public Works

The estimated public works expenditures in the general fund capture engineering, maintenance and operations costs associated with running the Study Area's surface water management and transportation programs. Surface water management expenditures estimated for the Study Area upon incorporation align with the city of Lakewood's per acre expenditure of \$355.05, which includes storm water management expenditures, due to the city's proximity to the Study Area and the assumption that Lakewood has similar system requirements for surface water management.

Expenditure estimates for an incorporated Study Area associated with transportation engineering, maintenance and operations are assumed to match Kent's per capita estimate of \$56.74, which was nearly \$20 higher than Lakewood's per capita expenditures. Kent's higher per capita estimates were used because of the jurisdiction's similarity in size, and because

residents of the Study Area have expressed a desire for significantly higher levels of service related to roads, sidewalks and transportation compared to current levels.⁴¹ **Exhibit 21** presents estimated public works expenditures from 2025 through 2030.

Exhibit 21. Estimated Public Works Expenditures, 2025 – 2030



Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Finance

A city's finance department covers a range of core operational services undertaken by a city. Due to the similarity in size of Kent and the Study Area and the desire for increased levels of service, the analysis uses the per capita cost estimates from Kent's adopted biennial 2023-2024 budget. Kent's per capita finance expenditures totaled \$23.20 in 2022.

Police

Residents of the Study Area also noted a desire for greater levels of police service,⁴² expressed as a higher ratio of police officers to residents. The unincorporated Study Area is currently served by the Pierce County Sheriff's department, which averages around one officer for every 1,200 people living in unincorporated Pierce County. However, this figure may differ depending on stationing and the population density of unincorporated areas. Lakewood contracts out special services, such as animal control personnel, to Steilacoom and DuPont, and the city averages roughly 650⁴³ residents per police officer.⁴⁴ The city of Kent averages roughly 900 residents per officer. Due to an expressed desire for higher levels of police service, the analysis

⁴¹ See Appendix I: Community Survey Results.

⁴² See Appendix I: Community Survey Results.

⁴³ The 650 figure excludes the populations of Dupont and Steilacoom as none of Lakewood's commissioned officers are denoted as animal services personnel.

⁴⁴ <https://cityoflakewood.us/wp-content/uploads/2022/03/Lakewood-PD-2021-Annual-Report.pdf>

conducted for this study utilizes Lakewood's police cost per capita estimate of \$418.78.

Municipal Court

It is not uncommon to contract out the responsibilities of a municipal court. Among incorporated cities and towns within Pierce County, Carbonado, DuPont, Eatonville, Edgewood, Ruston, South Prairie, Steilacoom, Sumner and University Place contract their municipal courts. However, due to the current backlog in court systems in the county and the large size of the Study Area, the expenditure analysis for this study assumes a newly incorporated Study Area would create its own municipal court. The expenditure analysis performed for this study utilizes Kent's per capita expenditure incurred of \$28.06. Kent operates its own municipal court system.

Legal

Jurisdictions can employ prosecutors or contract out the work of prosecuting attorneys for their municipal courts. Lakewood and Kent do not contract prosecutors for their municipal courts. To align with the municipal court assumption outlined above, the city of Kent's per capita legal costs of \$27.19 were utilized for this study.

Special Revenue Funds

Under the assumption that general operations and maintenance of transportation and surface water management infrastructure and parks and open spaces would be core services provided by the Study Area if it incorporated, the only expenditures estimated for the special revenue funds pertain to capital projects. The analysis conducted for this study uses a simplified methodology to arrive at potential capital costs incurred by each fund, presented below.

Transportation Capital Fund

The only expenditures assumed to affect the transportation capital fund are capital project expenditures. To simplify capital expenditures, which are often extremely variable, the analysis utilizes Pierce County's 2022-2023 Biennial Budget Capital Improvements Program. The program outlines projects currently underway and those scheduled to start soon to arrive at an average annual cost of transportation projects from 2022 through 2027 for projects that will take place within the Study Area. These projects include resurfacing pavement efforts, which likely will be the most regular expenditure captured within the fund. The annual average cost was then applied to the transportation capital fund through 2030.

Exhibit 22 presents the transportation capital projects planned by Pierce County that will occur within the Study Area.

**Exhibit 22. Planned Transportation Capital Projects, Study Area,
2022 – 2027**

Project Name	Cost (2022-2027)
86th Ave Extension	\$50,000
112 St E Illumination	\$119,000
112 St S	\$3,998,000
121 St S	\$4,000
159 St S/159 St E	\$540,000
160 St E	\$2,100,000
168 St E	\$1,270,000
ADA Improvement Program - 2022	\$444,000
Canyon Rd E - Asphalt Overlay	\$2,881,000
Canyon Rd E - Southerly Ext	\$11,770,000
Safe Routes to School - 104 St E	\$1,356,000
Safe Routes to School - 168 St E	\$1,291,000
Steele St E	\$2,854,000
Total	\$28,677,000

Source: Pierce County, 2021.

Parks Capital Fund

The analysis assumes, like for the transportation capital fund, that the parks capital fund will cover capital expenditures while all maintenance, engineering and operations costs associated with parks are captured in the general fund. The same methodology was used to arrive at parks capital expenditures. The analysis utilizes Pierce County’s 2022-2023 Biennial Budget Capital Improvements Program to arrive at an average annual cost of parks and open space projects from 2023 through 2027 that are planned for the Study Area. The annual average cost was then applied to the parks capital fund through 2030. Exhibit 23 presents the parks capital projects planned by Pierce County that will affect local parks within the Study Area.

Exhibit 23. Planned Parks Capital Projects, Study Area, 2023 – 2027

Project Name	Cost (2023-2027)
Gonyea Playfield Improvements	\$1,350,000
Mayfair Playfield Improvements	\$900,000
Parkland Community Trail	\$2,200,000
Total	\$4,450,000

Source: Pierce County, 2021.

Note: Pierce County only provides capital expenditures for parks from 2023 through 2027, and no data for 2022 capital expenditures.

Real Estate Excise Tax (REET)

The real estate excise tax fund is not estimated to have any costs outside of any administrative expenditures incurred by the program, which are

included in the general fund. REET funds are restricted to uses for capital expenditures; therefore, these funds could be used to support a variety of capital funding needs and may be transferred to the appropriate fund. The analysis for this study has not speculated as to which funds REET revenues may be transferred into and which types of projects they may help fund. However, these funds can be used to cover both parks and transportation capital expenditures documented in the Transportation Capital Fund and Parks Capital Fund.

Surface Water Management Fund

The analysis created expenditure estimates for the surface water management fund the same way it created expenditure estimates for the transportation capital and parks capital funds. Again, the Pierce County’s 2022-2023 Biennial Budget Capital Improvements Program was used to arrive at an average annual cost of surface water management projects from 2022 through 2027 that are planned for the Study Area. The annual average cost was then applied to the surface water management capital fund through 2030.

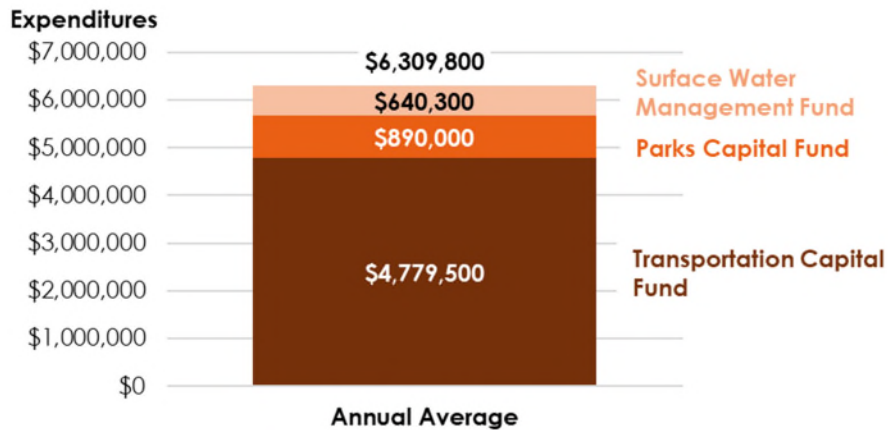
Exhibit 24. Planned Surface Water Management Projects, Study Area, 2022 – 2027

Project Name	Cost (2022-2027)
Clover Creek Water Quality Retrofit #1	\$1,710,000
Centers and corridors facility	\$2,132,000
Total	\$3,842,000

Source: Pierce County, 2021.

Exhibit 25 presents the average annual capital expenditures estimated for each fund.

Exhibit 25. Estimated Average Annual Capital Expenditures



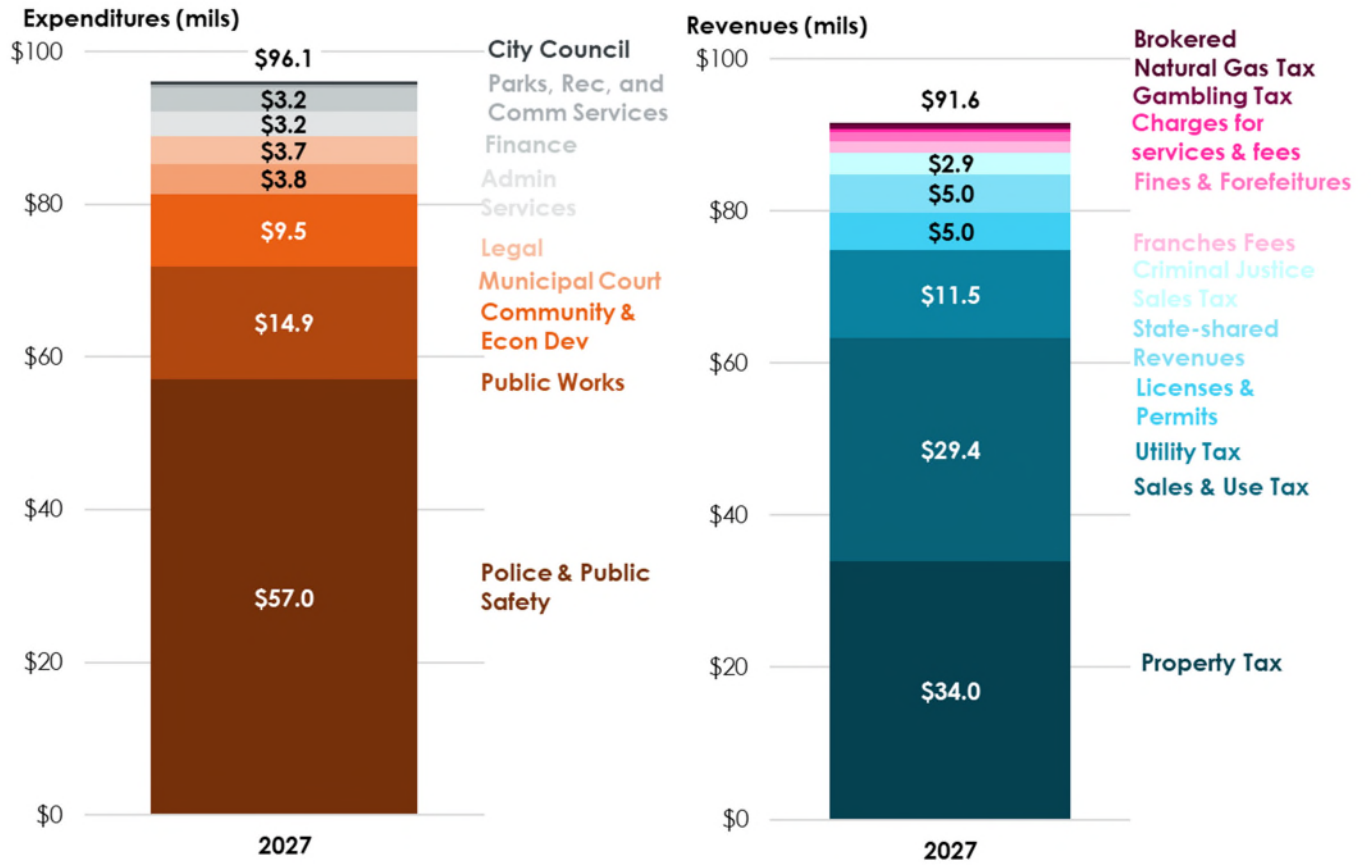
Sources: Pierce County, 2023; Community Attributes Inc., 2023.

FINANCIAL FEASIBILITY

The purpose of this study is to provide the reader with as much information regarding the assumptions, data and methodology used for the financial analysis undertaken so that they can make well-informed decisions regarding the potential feasibility of an incorporated Study Area. Since incorporation is a decision made by the residents of an area, the study aims to let the reader decide whether they feel incorporation would be feasible for the Study Area. The reader should note that the results presented in this section are estimates and not guaranteed figures for revenues or expenditures. For example, if the Study Area were to incorporate and become more established, they would be able to build upon their parks and recreation department by taking on a greater degree of capital projects and increasing funding through county, state or federal grants. Additionally, city budgets can be significantly impacted by the general economic conditions and therefore take on an inherent degree of uncertainty.

Exhibit 26 presents general fund revenues and expenditures for 2027, a year which assumes the by which the incorporated Study Area would be more established.

Exhibit 26. Estimated General Fund by Line Item, 2027



Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Exhibit 27. Estimated General Fund Revenues and Expenditures, 2025 – 2030

General Fund	% of Fund 2025	2025	2026	2027	2028	2029	2030
Revenues							
Property Tax	37%	\$33,563,600	\$33,769,200	\$33,976,200	\$34,184,500	\$34,394,200	\$34,605,800
Local Sales & Use Tax	32%	\$28,632,900	\$29,002,800	\$29,377,500	\$29,757,000	\$30,141,500	\$30,531,000
Brokered Natural Gas Use Tax	0%	\$308,500	\$312,500	\$316,500	\$320,600	\$324,700	\$328,900
Criminal Justice Sales Tax	3%	\$2,847,400	\$2,884,200	\$2,921,400	\$2,959,200	\$2,997,400	\$3,036,100
Utility Tax	12%	\$11,168,200	\$11,312,400	\$11,458,600	\$11,606,600	\$11,756,600	\$11,908,500
Gambling Tax	0%	\$431,300	\$436,900	\$442,500	\$448,200	\$454,000	\$459,900
Franchise Fees	2%	\$1,447,000	\$1,465,700	\$1,484,700	\$1,503,800	\$1,523,300	\$1,543,000
Licenses & Permits	5%	\$4,855,900	\$4,918,600	\$4,982,100	\$5,046,500	\$5,111,700	\$5,177,800
State Shared Revenues	5%	\$4,881,000	\$4,944,000	\$5,007,900	\$5,072,600	\$5,138,100	\$5,204,500
Charges for Services & Fees	1%	\$448,900	\$454,700	\$460,500	\$466,500	\$472,500	\$478,600
Fines & Forfeitures	1%	\$1,128,700	\$1,143,300	\$1,158,100	\$1,173,100	\$1,188,200	\$1,203,600
Total Revenues	100%	\$89,713,400	\$90,644,300	\$91,586,000	\$92,538,600	\$93,502,200	\$94,477,700
Expenditures							
City Council	0%	\$284,500	\$288,200	\$291,900	\$295,700	\$299,500	\$303,400
Administrative Services	3%	\$3,161,100	\$3,201,900	\$3,243,300	\$3,285,200	\$3,327,700	\$3,370,700
Community & Economic Development	10%	\$9,243,900	\$9,363,300	\$9,484,300	\$9,606,800	\$9,731,000	\$9,856,700
Parks, Recreation, & Community Services	0%	\$448,600	\$448,600	\$448,600	\$448,600	\$448,600	\$448,600
Public Works	16%	\$14,688,700	\$14,785,900	\$14,884,500	\$14,984,300	\$15,085,400	\$15,187,800
Municipal Court	4%	\$3,723,500	\$3,771,600	\$3,820,300	\$3,869,700	\$3,919,700	\$3,970,300
Finance	3%	\$3,078,700	\$3,118,400	\$3,158,700	\$3,199,500	\$3,240,900	\$3,282,700
Legal	4%	\$3,607,800	\$3,654,400	\$3,701,600	\$3,749,400	\$3,797,800	\$3,846,900
Police & Public Safety	59%	\$55,575,600	\$56,293,400	\$57,020,800	\$57,757,400	\$58,503,700	\$59,259,600
Total Expenditures	100%	\$93,812,400	\$94,925,700	\$96,054,000	\$97,196,600	\$98,354,300	\$99,526,700
General Fund Balance		(\$4,099,000)	(\$4,281,400)	(\$4,468,000)	(\$4,658,000)	(\$4,852,100)	(\$5,049,000)

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Exhibit 27 itemizes general fund revenues and expenditures from 2025 through 2030. The increases in revenues and expenditures are caused by population, housing and employment growth. Property taxes and sales and use taxes represent the largest sources of revenues, representing nearly 70% of total revenues. Meanwhile, police and public safety expenditures represent the largest share of expenditures (59%). The annual fund balance from 2025 through 2030 is estimated to be between negative \$4 million and \$5 million.

Exhibit 28 presents revenues and expenditures for each of the special revenue funds, which include the following:

- Transportation Capital Fund
- Parks Capital Fund
- Real Estate Excise Tax (REET) Fund
- Surface Water Management Fund

The transportation capital fund is the only fund estimated to have a negative balance, however, the estimates presented below assume no interfund transfers or grant revenues. Available REET revenues exceed the negative balance for the transportation capital fund. REET revenues are restricted and may not be used for operations or maintenance activities.

**Exhibit 28. Estimated Special Revenue Funds Revenues and Expenditures,
2025 – 2030**

Fund	2025	2026	2027	2028	2029	2030
Transportation Capital Fund						
Fund Revenues	\$3,341,500	\$3,378,600	\$3,410,800	\$3,443,200	\$3,475,900	\$3,514,200
Fund Expenditures	\$4,779,500	\$4,779,500	\$4,779,500	\$4,779,500	\$4,779,500	\$4,779,500
Fund Balance	(\$1,438,000)	(\$1,400,900)	(\$1,368,700)	(\$1,336,300)	(\$1,303,600)	(\$1,265,300)
Parks Capital Fund						
Fund Revenues	\$1,136,300	\$1,146,900	\$1,154,000	\$1,161,000	\$1,168,100	\$1,178,700
Fund Expenditures	\$890,000	\$890,000	\$890,000	\$890,000	\$890,000	\$890,000
Fund Balance	\$246,300	\$256,900	\$264,000	\$271,000	\$278,100	\$288,700
Real Estate Excise Tax Fund (REET)						
Fund Revenues	\$6,232,700	\$6,276,100	\$6,319,700	\$6,363,500	\$6,407,700	\$6,452,200
Fund Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance	\$6,232,700	\$6,276,100	\$6,319,700	\$6,363,500	\$6,407,700	\$6,452,200
Surface Water Management Fund						
Fund Revenues	\$6,776,100	\$6,823,200	\$6,870,600	\$6,918,300	\$6,966,300	\$7,014,700
Fund Expenditures	\$640,300	\$640,300	\$640,300	\$640,300	\$640,300	\$640,300
Fund Balance	\$6,135,800	\$6,182,900	\$6,230,300	\$6,278,000	\$6,326,000	\$6,374,400

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Exhibit 29 presents the fund balances obtained from the sensitivity analysis. The sensitivity analysis looks at low and high growth scenarios for employment, housing and population growth within the Study Area alongside the baseline scenario. More information pertaining to the alternate scenarios tested can be found in **Appendix B: Baseline and Alternative Scenarios**.

Exhibit 29. Sensitivity Analysis Summary, 2027 and 2030

Fund	2027			2030		
	Baseline	Low Growth	High Growth	Baseline	Low Growth	High Growth
Fund Balance						
General Fund	(\$4,468,000)	(\$3,811,700)	(\$4,370,100)	(\$5,049,000)	(\$3,964,746)	(\$4,910,434)
Transportation Capital Fund	(\$1,368,700)	(\$1,427,100)	\$1,396,500	(\$1,265,300)	(\$1,348,200)	\$1,438,857
Parks Capital Fund	\$264,000	\$249,900	\$2,155,500	\$288,700	\$274,570	\$2,155,527
Real Estate Excise Tax Fund (REET)	\$6,319,700	\$6,317,300	\$6,535,800	\$6,452,200	\$6,448,316	\$6,808,941
Surface Water Management Fund	\$6,230,300	\$6,227,700	\$6,465,200	\$6,374,400	\$6,370,125	\$6,762,187

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

APPENDIX A: KEY INPUTS AND ASSUMPTIONS

Exhibit 30. Key Inputs and Assumptions (1 of 2)

Input	Value	Unit	Source
Study Area Baseline Data			
Population (2022)	127,693	People	Office of Financial Management (OFM)
Housing Units (2022)	45,791	Units	OFM
Employment (2022)	26,324	Jobs	Puget Sound Regional Council (PSRC)
Total Assessed Value (2023)	\$20,597,842,600		Pierce County Assessor, Community Attributes Inc. (CAI)
Total Assessed Value (2022)	\$16,679,648,700		Pierce County Assessor, CAI
Total Acreage	20,164	Acres	Pierce County Assessor
Total Park Acres	172	Acres	Pierce County Assessor
TRS per capita (2020)	\$25,384		Washington State Department of Revenue (DOR), PSRC
Development & Finance Assumptions			
City Property Tax Millage Rate	1.6		MSRC
Assessed Value per Housing Unit	\$369,573		Pierce County Assessor, CAI
Sale Value per Housing Unit	\$436,896		Pierce County Assessor, CAI
Commercial Assessed Value per Employee	\$25,683		Pierce County Assessor, PSRC, CAI
Commercial AV to Sale Value (2022)	\$1.70		Pierce County Assessor, CAI
Assessed Value Revaluation Rate	0.00%		CAI
Construction Cost as a % AV	80.00%		CAI
Annual Residential Turnover Rate (% homes resold each year)	5.49%		Pierce County Assessor, CAI
Sales Tax Rate	1.00%		DOR
Sales Tax Revenue Retained by City	85.00%		MSRC
Kent Baseline Data			
Population (2022)	137,900	People	OFM
Total Acreage	21,600	Acres	OFM
Parks Acres	1,096	Acres	City of Kent
Lakewood Baseline Data			
Population (2022)	63,800	People	OFM
Total Acreage	10,918	Acres	OFM
Parks Acres	471	Acres	City of Lakewood
Pierce County Baseline Data			
Incorporated Land Area	95,795	Acres	OFM
Total Land Area (Acres)	1,067,496	Acres	OFM

Source: Community Attributes Inc., 2023.

Exhibit 31. Key Inputs and Assumptions (1 of 2)

Input	Value	Unit	Source
REET Inputs			
Residential Re-sale Count (2022)	1,936	Unique Sales	Pierce County Assessor, CAI
Residential Re-sale Value (2022)	\$845,831,584		Pierce County Assessor, CAI
Commercial Re-sale Value (2022)	\$145,244,293		Pierce County Assessor, CAI
Total Commercial Resale Value as Percent of Total Residential Resale Value (20 year-average)	0%		Pierce County Assessor, CAI
REET Tax Rate	0.50%		MSRC
Capital Improvement Project Inputs			
Transportation Capital Fund - Average Annual Expenditures	\$4,779,500		Pierce County, CAI
Parks Capital Fund - Average Annual Expenditures	\$890,000		Pierce County, CAI
Surface Water Management Fund - Average Annual Expenditures	\$640,333		Pierce County, CAI
Other Inputs			
Transferred Park Acres	22	Acres	Pierce County, CAI
SWM Principal (2022) - within study area	\$142.81		Pierce County Assessor
SWM Principal (2023)	\$144.94		Pierce County Assessor
Lakewood Stormwater Management Expenditures Per Acre (2022)	\$88.43		City of Lakewood

Source: Community Attributes Inc., 2023.

APPENDIX B: BASELINE AND ALTERNATIVE SCENARIOS

This appendix presents two alternative scenarios of the financial feasibility of incorporation. The body of this study contains the "baseline" scenario. It reflects outcomes that may be most likely given current and past conditions. The two scenarios in this appendix are defined as the "low growth" scenario and the "high growth" scenario. Each scenario is compared to the baseline scenario referred to in the body of the report.

The purpose of testing alternative scenarios is to examine the underlying impacts of key assumptions used to estimate the Parkland, Spanaway, Midland and Frederickson Study Area's costs and revenues if incorporated. Only selected assumptions are altered for scenario testing. Additionally, the baseline scenario is not assumed to be the median of the three scenarios for each variable modified. The analysis presented in the body of the report aims to capture the most realistic scenario for a future City. The goal of the low growth scenario is to examine the impacts of slowed population growth, meeting planned growth targets, while the high growth scenario aims to capture the impacts of continued high population, housing units and employment growth. **Exhibit 32** demonstrates the key assumptions analyzed for alternative scenarios.

Exhibit 32. Population and Employment Growth Rates by Scenario, 2023-2035

	Low	Med	High
Population	0.8%	1.3%	1.9%
Housing Units	0.7%	0.7%	1.4%
Employment	1.0%	1.2%	1.4%

Sources: Washington State Office of Financial Management, 2023; Pierce County Countywide Planning Policies; 2023; U.S. Census, 2023; Community Attributes Inc., 2023.

Low Growth Scenario

The low growth scenario adjusts population and employment growth assumptions compared to the baseline. For population and housing units, these growth assumptions are aligned with the adopted Pierce County Countywide Planning Policy growth targets. These growth targets represent the minimum growth the Study Area is required to accommodate through 2044. In all cases but employment growth, the adopted growth targets are lower than historic growth rates based on multiple data sources.

Population growth targets are the most significant input driving the feasibility analysis. However, both housing unit growth and employment growth drive and serve as inputs for some sources of revenue. The per capita comparable city approach is used to calculate many costs and estimates of revenue for the Study Area, thus population growth drives a significant portion of estimated municipal costs and revenues. The intention of the low

growth scenario is to understand the potential impacts on municipal costs and revenues from reduced growth compared to the baseline.

High Growth Scenario

The high growth scenario aims to demonstrate the fiscal impacts should growth continue at the rates seen between 2010 and 2022, and pre-COVID employment growth rates between 2010 and 2020. Population growth is projected at 1.9% annually, while housing units and employment are projected at 1.4% annually. These growth rates align with historic growth rates for the Study Area based on data from the Washington State Office of Financial Management and the Puget Sound Regional Council.

Comparison of Alternative Scenarios

Exhibit 33 and

Exhibit 34 present the variability in general fund and special revenue fund estimates under the low and high growth scenarios.

Exhibit 33. Alternative Scenarios General Fund Estimates, 2027

General Fund	2027		
	Baseline	Low Growth	High Growth
Revenues			
Property Tax	\$33,976,200	\$33,952,300	\$34,944,700
Local Sales & Use Tax	\$29,377,500	\$28,729,600	\$30,207,100
Brokered Natural Gas Use Tax	\$316,500	\$309,500	\$325,400
Criminal Justice Sales Tax	\$2,921,400	\$2,857,000	\$3,003,900
Utility Tax	\$11,458,600	\$11,205,900	\$11,782,200
Gambling Tax	\$442,500	\$432,800	\$455,000
Franchise Fees	\$1,484,700	\$1,451,900	\$1,526,600
Licenses & Permits	\$4,982,100	\$4,872,300	\$5,122,800
State Shared Revenues	\$5,007,900	\$4,897,400	\$5,149,300
Charges for Services & Fees	\$460,500	\$450,400	\$473,600
Fines & Forfeitures	\$1,158,100	\$1,132,600	\$1,190,800
Total Revenues	\$91,586,000	\$90,291,700	\$94,181,400
Expenditures			
City Council	\$291,900	\$285,500	\$300,100
Administrative Services	\$3,243,300	\$3,171,800	\$3,334,900
Community & Economic Development	\$9,484,300	\$9,275,100	\$9,752,100
Parks, Recreation, & Community Services	\$448,600	\$448,600	\$448,600
Public Works	\$14,884,500	\$14,714,100	\$15,102,600
Municipal Court	\$3,820,300	\$3,736,100	\$3,928,200
Finance	\$3,158,700	\$3,089,100	\$3,247,900
Legal	\$3,701,600	\$3,619,900	\$3,806,100
Police & Public Safety	\$57,020,800	\$55,763,200	\$58,631,000
Total Expenditures	\$96,054,000	\$94,103,400	\$98,551,500
General Fund Balance	(\$4,468,000)	(\$3,811,700)	(\$4,370,100)

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Exhibit 34. Alternative Scenarios Special Revenue Fund Estimates, 2027

General Fund	2027		
	Baseline	Low Growth	High Growth
Transportation Capital Fund			
Fund Revenues	\$3,410,800	\$3,352,400	\$6,176,000
Fund Expenditures	\$4,779,500	\$4,779,500	\$4,779,500
Fund Balance	(\$1,368,700)	(\$1,427,100)	\$1,396,500
Parks Capital Fund			
Fund Revenues	\$1,154,000	\$1,139,900	\$3,045,500
Fund Expenditures	\$890,000	\$890,000	\$890,000
Fund Balance	\$264,000	\$249,900	\$2,155,500
Real Estate Excise Tax Fund (REET)			
Fund Revenues	\$6,319,700	\$6,317,300	\$6,535,800
Fund Expenditures	\$0	\$0	\$0
Fund Balance	\$6,319,700	\$6,317,300	\$6,535,800
Surface Water Management Fund			
Fund Revenues	\$6,870,600	\$6,868,000	\$7,105,500
Fund Expenditures	\$640,300	\$640,300	\$640,300
Fund Balance	\$6,230,300	\$6,227,700	\$6,465,200

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; City of Kent, 2023; City of Lakewood, 2023; Community Attributes Inc., 2023.

Impacts of the Low Growth Scenario on Incorporation

Generally, the low growth scenarios had a small impact on revenue and expenditure estimates. For the General Fund, lower revenues caused by slower population, housing and employment growth was offset by reduced expenditures, causing the fund balance to be more financially viable, albeit by a small margin. A low growth scenario remained very near the baseline levels.

Impacts of the High Growth Scenario on Incorporation

The high growth scenario saw significantly higher impacts on revenues and expenditures, likely caused by the greater housing unit growth rate compared to the baseline scenario. However, the higher growth rates had an offsetting effect on general fund revenues and expenditures and returned a fund balance near that seen in the baseline scenario. The high growth scenario’s impact on the surface water management fund and REET fund mirrored that of the general fund, while the transportation capital and parks capital fund experienced significantly higher revenues driven by the large increase in impact fee revenues, which are charged to new housing units.

Baseline and Forecast Methodology

The remainder of this section presents an overview of methodologies used to estimate baseline population and demographic data for the Parkland, Spanaway, Midland and Frederickson Study Area and estimate future population and employment growth scenarios.

Baseline Population and Housing Units

Existing data sources do not provide population and housing unit estimates for the Study Area boundary. However, the Study Area covers and matches exactly the boundaries of four unincorporated urban growth areas (UGA) in Pierce County. Population and housing unit figures were derived from the 2022 Washington State Office of Financial Management's Small Area Estimates Program (OFM SAEP), compiling the unincorporated UGA areas of Frederickson, Mid-County, Midland and Parkland. (**Exhibit 35**)

Exhibit 35. Study Area Population and Housing Units, 2022

Unincorporated UGA	Population	Housing Units
Parkland	74,540	27,030
Fredrickson	31,890	10,790
Mid-County	12,350	4,720
Midland	8,920	3,250
Study Area	127,700	45,790

Sources: Washington State Office of Financial Management, 2023; Community Attributes Inc., 2023.

Baseline Demographics

Currently, there are no existing sources of demographic data published specifically for the Parkland, Spanaway, Midland and Frederickson Study Area, therefore existing data sources were leveraged to best represent current and future conditions in the area.

Demographic statistics for the Study Area are estimated using U.S. Census Bureau block groups, county parcels and county assessor data. The Census and Washington State Office of Financial Management (OFM) publish population and housing estimates by block group. The Study Area is covered by 94 block groups. Of these, 67 block groups are completely contained by the Study Area while the remaining 27 fall along the Study Area boundary, covering areas both within and outside of the Study Area.

In addition, Pierce County assessor parcel data provides a method to understand the number of housing units within the Study Area. The Study Area includes 36,670 parcels (**Exhibit 44**). The assessor data provides a convenient means to allocate block group data to areas within and outside the Study Area. Each block group that borders the Study Area is divided into two sections, the area inside the Study Area and the area outside the Study

Area. Using the assessor data, the number of housing units can be calculated for each portion of each of the block groups bordering the Study Area. To accomplish this, parcels within each block group are identified by whether they are located inside or outside the Study Area boundary. Housing unit counts are aggregated for the parcels inside the Study Area and the parcels outside the Study Area for each block group. The resulting housing unit counts for both portions of each block group can be used to assign a percentage of units within the Study Area, creating a ratio for each block group.

To estimate demographic statistics for each block group area inside the Study Area, known statistics for each block group are multiplied by the unit ratio. Statistics for the entire Study Area are then estimated by summing the resulting totals with the known statistics for each block group entirely contained within the Study Area. Data sources for each variable include:

- Median Household Income: U.S. Census Bureau 2020 American Community Survey 5-Year Estimates Table B19013
- Sex and Age: U.S. Census Bureau 2020 American Community Survey 5- Year Estimates Table B15003
- Race: U.S. Census Bureau 2020 Decennial Census Table P1
- Educational Attainment: U.S. Census Bureau American Community Survey 5-Year Estimates Table B01001

Exhibit 36 shows the parcel housing units within the Study Area and for the whole block group, and the resulting share of units within each block group within the Study Area.

Exhibit 36. Share of Units in Study Area by Block Group, 2022

Block Group	Block Group Housing Units	Parcel Housing Units	% of Units in Study Area
530530714162	649	625	96%
530530714112	390	380	97%
530530713053	297	295	99%
530530713052	202	154	76%
530530716012	353	334	95%
530530716031	421	409	97%
530530717053	496	447	90%
530530717051	328	302	92%
530530717032	515	123	24%
530530717041	711	553	78%
530530729011	0	0	0%
530530715034	559	537	96%
530530713051	231	224	97%
530530713061	139	68	49%
530530713062	8	1	13%
530530714031	652	621	95%
530530713063	609	605	99%
530530716014	483	350	72%
530530716011	491	399	81%
530530717031	206	0	0%
530530716013	393	384	98%
530539400042	1	0	0%
530530731333	295	261	88%
530530712062	479	476	99%
530530712063	283	280	99%
530530731311	400	393	98%
530530711002	1	0	0%
All Other Block Groups	34,657	34,652	100%
Total	44,249	42,873	97%

Sources: Pierce County Assessor, 2023; Community Attributes Inc., 2023.

Forecast and Growth Scenario Methods

In 2022, the baseline population in the Study Area is 127,700 compared to nearly 102,400 in 2010, representing growth of 1.9% annually. For the purpose of analyzing the feasibility of incorporation, three growth scenarios examine the implications of growth and their impact on potential feasibility. **Exhibit 32** shows a comparison of the estimated annual growth rates or compound annual growth rates (CAGR) for the three potential growth scenarios. For the purposes of this study, the medium growth scenario represents the baseline, at a CAGR of 1.3% annually for population, 0.7% annually for housing units and 1.2% annually for employment.

Analysis of multiple data sources, both forecasted and historic, results in a series of growth forecasts for population, housing units and employment.

Population Forecasts

Population forecasts leverage data from the Washington State Office of Financial Management, the U.S. Census Bureau and the Pierce County Countywide Planning Policies. Population forecasts are presented in **Exhibit 4**.

The low growth population scenario is based on an analysis of the adopted Pierce County Countywide Planning Policies (CPPs) planned growth between 2020 and 2044. The CPPs project annual growth of 0.9% between 2020 and 2044 for HCT Communities. HCT Communities include the urban areas within the Mid-County, Parkland-Spanaway-Midland and South Hill Community Plan boundaries. This geography covers a portion of the Study Area, but also includes the South Hill Community Plan area. The CPPs project growth of 1.4% annually for all urban unincorporated areas outside of the HCT communities, these areas include the Frederickson Community Plan area.

Using 2020 population data for urban unincorporated areas is used to estimate the proportion of population within the HCT Communities and Other Urban Unincorporated areas by each urban unincorporated area. The 2044 population for each urban unincorporated area was estimated based on the 2010-2022 compound annual growth rate (CAGR) and controlled to the projected 2044 total population for the HCT and Urban Unincorporated areas from the CPPs. The 2020 and 2044 population controlled to the CPPs is summed to the distinct Study Area geography, comprised of the Mid-County, Midland, Parkland, and Frederickson urban areas. Projected population growth for the Study Area is 0.8% annually between 2020 and 2044.

The medium growth scenario is based on historic population growth between 2010 and 2021 sourced from the U.S. Census American Community Survey 5-Year Estimates Table S0101. Analysis combines the census designated places (CDP) of Parkland, Spanaway, Midland, Frederickson and Summit View. This represents only a portion of the Study Area but excludes CDPs that are primarily located outside of the UGA. Estimated annual growth based on historic growth is 1.3% annually.

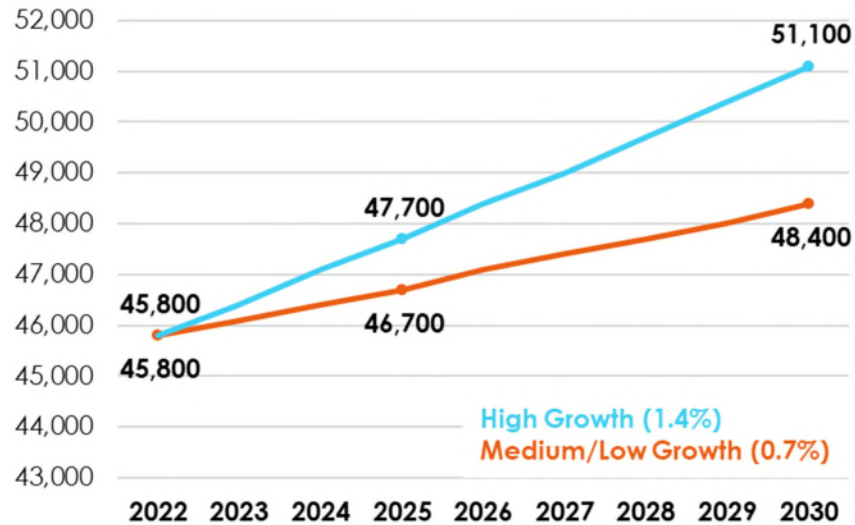
The high growth scenario is based on historic estimates of population for each urban unincorporated area covering the Study Area sourced from the OFM SAEP. Estimated population for the Study Area in 2010 was nearly 102,400 and grew to 127,700 in 2022, representing a compound annual growth rate of 1.9%. Growth rates are higher between 2015 and 2022 (2.2% annually), however, growth rates declined between 2020 and 2022 (0.9% annually).

Housing Forecasts

Housing forecasts also leverage data from the Washington State Office of Financial Management, the U.S. Census Bureau and the Pierce County

Countywide Planning Policies. The low and medium growth scenarios for housing unit growth are the same, confirmed through two methods. Similar to projected population growth, growth is projected based on the CPPs as well as the U.S. Census American Community Survey 5-Year Estimates Table B25001. Both methods project annual housing unit growth of 0.7%. Historic growth between 2010 and 2022 based on OFM SAEP urban unincorporated areas is 1.4% annually, which is used as the high growth estimate. Historic housing unit rate growth varies annually, however, between 2010 and 2022 as well as 2015 and 2022 growth has been stable at 1.4% annually. Between 2020 and 2022, annual growth declined to 1.3% annually.

Exhibit 37. Study Area Housing Unit Growth Forecasts, 2015-2030



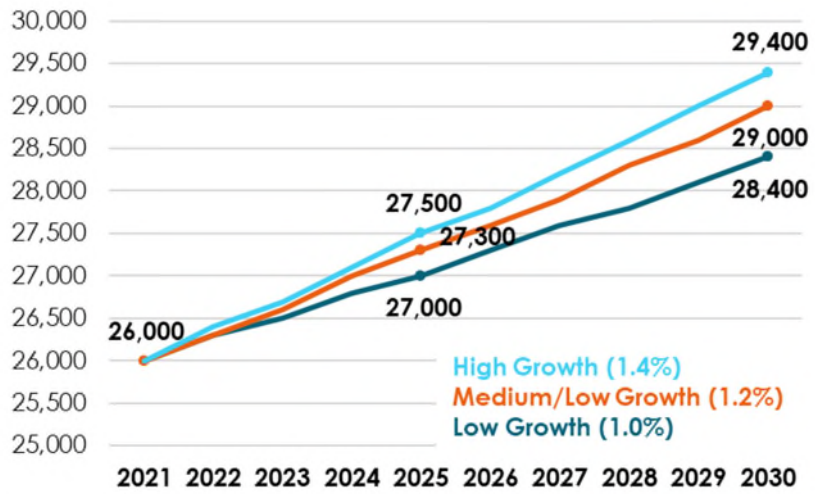
Sources: Washington State Office of Financial Management, 2023; Pierce County, 2023; U.S. Census, 2023; Community Attributes Inc., 2023.

Employment Forecasts

Employment forecasts leverage historic data for the Study Area from the Puget Sound Regional Council, as well as Countywide Planning Policy growth forecasts. The low growth scenario is based on 2010 to 2021 historic annual growth within the Study Area, forecasting growth of 1.0% annually. This forecast accounts for declines in employment between 2020 and 2021 during the COVID-19 pandemic. The high growth forecast also leverages historic employment growth in the Study Area between 2010 and 2020 of 1.4% annually. The Study Area has seen consistent growth in employment except for 2008 to 2012 and between 2020 to 2021.

The medium growth scenario is based on forecasted employment growth from the Pierce County CPPs. Detailed employment data by urban unincorporated data is unavailable to replicate employment growth estimates for the Study Area. However, employment growth is projected at 1.2% annually for both HCT Communities and Other Urban Unincorporated Areas. The medium growth scenario is projected at 1.2% annually for the Study Area.

Exhibit 38. Study Area Employment Growth Forecasts, 2015-2030



Sources: Pierce County, 2023; Puget Sound Regional Council, 2023; Community Attributes Inc., 2023.

APPENDIX C: IDENTIFICATION OF COMPARABLE CITY FOR PARKLAND, SPANAWAY, MIDLAND AND FREDERICKSON STUDY AREA

This study uses a comparable city method to develop estimates for most costs and revenues for the Study Area. The premise of this method is that another city that is comparable to the Study Area can provide revenue and cost data that is a reliable indicator of the Study Area's revenues and costs.

The Cities of Lakewood and Kent were selected as the most comparable cities to the Study Area. This appendix outlines the criteria used to select the Cities of Lakewood and Kent. The comparable cities used in this analysis are, in alphabetical order:

- Auburn
- Bellevue
- Federal Way
- Kent
- Lakewood
- Redmond
- Renton
- Sammamish
- Tacoma

Exhibit 39 provides basic characteristics of the Study Area and selected

Jurisdiction	2022 Population	2022 Housing Units	Persons per HU	Median Income	2021 Employment	Employment to HU
Study Area	127,700	45,800	2.8	\$72,100	26,012	0.6
Tacoma	220,800	93,700	2.4	\$70,000	105,000	1.1
Bellevue	153,900	65,900	2.3	\$140,300	144,872	2.2
Kent	137,900	49,700	2.8	\$79,800	70,101	1.4
Renton	107,500	43,700	2.5	\$84,400	60,723	1.4
Federal Way	101,800	38,000	2.7	\$73,000	29,160	0.8
Auburn	88,800	32,600	2.7	\$79,400	43,046	1.3
Redmond	75,300	33,200	2.3	\$147,000	96,444	2.9
Sammamish	68,200	22,800	3.0	\$195,600	7,767	0.3
Lakewood	63,800	27,100	2.4	\$60,500	26,570	1.0

comparable cities. The 2022 population of the Study Area is 127,700 compared to 137,900 in Kent and 63,800 in Lakewood. The population of the Study Area would be the seventh largest city in the state of Washington. There are limited comparable cities in terms of population. The City of Tacoma had a population of more than 220,000 in 2022. The City of Kent has the closest comparable population to the Study Area, followed by the City of Everett. In 2022, there were nearly 45,800 housing units in the Study Area compared to 49,700 in Kent. Cities such as Bellevue and Renton, while somewhat similar to the Study Area in terms of population and housing

units, differ from the Study Area in other characteristics, such as jobs to housing unit ratio, assessed value per person and demographic characteristics.

The City of Lakewood, while smaller than the Study Area in terms of population, land area and housing units, is located in Pierce County and was cited by Pierce County staff as the best possible comparison city within the County. Tacoma, as the second largest city in Washington, as well as a significantly larger and long-established city is not a comparable city to the Study Area, confirmed by Pierce County staff.

Persons per housing unit is relatively consistent across the cities presented in

Exhibit 39, with Kent providing the closest comparison. Estimated median

Jurisdiction	2022 Population	2022 Housing Units	Persons per HU	Median Income	2021 Employment	Employment to HU
Study Area	127,700	45,800	2.8	\$72,100	26,012	0.6
Tacoma	220,800	93,700	2.4	\$70,000	105,000	1.1
Bellevue	153,900	65,900	2.3	\$140,300	144,872	2.2
Kent	137,900	49,700	2.8	\$79,800	70,101	1.4
Renton	107,500	43,700	2.5	\$84,400	60,723	1.4
Federal Way	101,800	38,000	2.7	\$73,000	29,160	0.8
Auburn	88,800	32,600	2.7	\$79,400	43,046	1.3
Redmond	75,300	33,200	2.3	\$147,000	96,444	2.9
Sammamish	68,200	22,800	3.0	\$195,600	7,767	0.3
Lakewood	63,800	27,100	2.4	\$60,500	26,570	1.0

household income for the Study Area in 2020 was a little more than \$72,000, comparable to Tacoma and Federal Way. With 26,000 jobs within the Study Area, the closest comparison is the City of Lakewood. However, the jobs to housing unit ratio is closer to Federal Way than Kent (1.4) and Lakewood (1.0).

Jurisdiction	2022 Population	2022 Housing Units	Persons per HU	Median Income	2021 Employment	Employment to HU
Study Area	127,700	45,800	2.8	\$72,100	26,012	0.6
Tacoma	220,800	93,700	2.4	\$70,000	105,000	1.1
Bellevue	153,900	65,900	2.3	\$140,300	144,872	2.2
Kent	137,900	49,700	2.8	\$79,800	70,101	1.4
Renton	107,500	43,700	2.5	\$84,400	60,723	1.4
Federal Way	101,800	38,000	2.7	\$73,000	29,160	0.8
Auburn	88,800	32,600	2.7	\$79,400	43,046	1.3
Redmond	75,300	33,200	2.3	\$147,000	96,444	2.9
Sammamish	68,200	22,800	3.0	\$195,600	7,767	0.3
Lakewood	63,800	27,100	2.4	\$60,500	26,570	1.0

Exhibit 39. Comparable City Characteristics, 2021

Sources: Washington State Office of Financial Management, 2023; U.S. Census Bureau, 2023; Puget Sound Regional Council; 2023; Community Attributes Inc., 2023.

Exhibit 40 provides a comparison of development characteristics. The Study Area is similar to Kent in terms of land area, at 20,200 and 21,600 acres respectively. Kent (6.4), Lakewood (5.8) and the Study Area (6.3) also have similar population density. The Study Area has more vacant and re-developable land available to accommodate future growth, consistent with the cities and Pierce County planning for growth in incorporated areas. Total assessed value in 2022 for the Study Area is more than \$20.7 billion, more than the City of Lakewood (\$9.4 billion), and slightly less than the City of Kent (\$25.4 billion).

Exhibit 41 through **Exhibit 43** present demographic characteristics for the comparable cities. The Study Area and Kent maintain very similar demographic characteristics. The Study Area and Lakewood are slightly more diverse in terms of race compared to Kent. The Study Area and Lakewood also have a higher proportion of the population with a high school diploma or less compared to the City of Kent.

Exhibit 40. Comparable City Development Characteristics, 2021

Jurisdiction	Gross Land Area (acres)	Population Density	Vacant and Re-developable Land (acres)	2022 Assessed Value (billions)	2022 AV/Person	2022 AV/Acre
Study Area	20,200	6.3	6,727	20.7	162,200	1,026,900
Tacoma	31,800	6.9	3,890	37.1	168,000	1,166,000
Bellevue	21,400	7.2	N/A	75.0	487,300	3,501,700
Kent	21,600	6.4	2,981	25.4	184,200	1,176,000
Renton	15,000	7.1	1,741	22.4	208,600	1,490,800
Federal Way	14,300	7.1	4,391	14.0	137,100	976,600
Auburn	18,900	4.7	5,194	14.8	166,300	779,500
Redmond	10,600	7.1	1,760	28.4	377,800	2,682,300
Sammamish	13,100	5.2	10,229	23.9	350,500	1,827,400
Lakewood	10,900	5.8	1,160	9.4	147,200	859,900

Sources: Washington State Office of Financial Management, 2023; U.S. Census Bureau, 2023; King County Buildable Lands Report, 2022; Pierce County Buildable Lands Report, 2022; Pierce County Assessor, 2023; Community Attributes Inc., 2023.

Note: Data on Vacant and Re-developable land for the City of Bellevue was not reported in the tables published in the King County Buildable Lands Report.

Exhibit 41. Comparable City Demographic Characteristics, 2021

Jurisdiction	Sex		Age			
	Male	Female	0-17	18-34	35-64	65+
Study Area	50%	50%	26%	26%	37%	11%
Tacoma	50%	50%	21%	26%	39%	14%
Bellevue	52%	48%	21%	25%	40%	14%
Kent	51%	49%	25%	25%	39%	11%
Renton	50%	50%	21%	26%	40%	12%
Federal Way	51%	49%	24%	23%	39%	14%
Auburn	51%	49%	26%	23%	40%	11%
Redmond	51%	49%	23%	28%	39%	10%
Sammamish	48%	52%	30%	14%	49%	8%
Lakewood	49%	51%	21%	28%	35%	16%

Sources: Washington State Office of Financial Management, 2023; U.S. Census Bureau, 2023; Community Attributes Inc., 2023.

Exhibit 42. Comparable City Demographic Characteristics, 2021

Jurisdiction	Race						
	White	Two or More Races	Black	Other	Asian	Native Hawaiian or Pacific Islander	American Indian or Alaskan Native
Study Area	55%	15%	10%	8%	7%	4%	2%
Tacoma	62%	12%	11%	4%	9%	1%	2%
Bellevue	50%	6%	3%	2%	38%	0%	0%
Kent	43%	10%	12%	10%	22%	2%	0%
Renton	48%	11%	8%	6%	24%	1%	1%
Federal Way	45%	12%	17%	9%	14%	2%	1%
Auburn	58%	11%	7%	8%	12%	3%	2%
Redmond	53%	6%	2%	2%	38%	0%	1%
Sammamish	58%	6%	2%	1%	33%	0%	0%
Lakewood	55%	14%	14%	5%	8%	4%	1%

Sources: Washington State Office of Financial Management, 2023; U.S. Census Bureau, 2023; Community Attributes Inc., 2023.

Exhibit 43. Comparable City Demographic Characteristics, 2021

Jurisdiction	Education				
	Less than High School	High School	Associate's Degree	Bachelor's Degree	Greater than Bachelor's Degree
Study Area	8%	63%	12%	11%	5%
Tacoma	10%	49%	10%	20%	12%
Bellevue	4%	20%	6%	36%	34%
Kent	13%	49%	11%	20%	8%
Renton	10%	44%	11%	24%	11%
Federal Way	10%	49%	11%	21%	9%
Auburn	11%	52%	11%	19%	8%
Redmond	3%	19%	6%	38%	35%
Sammamish	2%	16%	5%	41%	35%
Lakewood	11%	53%	12%	16%	7%

Sources: Washington State Office of Financial Management, 2023; U.S. Census Bureau, 2023; Community Attributes Inc., 2023.

APPENDIX D: STUDY AREA AND MARKET CHARACTERISTICS

Demand for housing and commercial activity affects the revenues received from the Study Area, as well as demand for services. Key market considerations and indicators are included in the body of the report. Population trends and forecasts can be found in **Appendix B: Baseline and Alternative Scenarios**. Market considerations, population trends as well as retail sales analysis together provide important market assessments and direct analysis of market impacts on revenues. This appendix provides additional Study Area and market characteristic analysis that helps inform costs and revenues for the Study Area.

Population and Density

Exhibit 44 presents a data profile for the Study Area. The estimated 2022 population is 127,690 with a population density of 6.3 people per acre. The Study Area had an estimated 47,790 housing units in 2022. Employment in the Study Area was 26,010 in 2021 with 0.6 jobs per housing unit. Total land area for the Study Area is more than 20,000 acres.

Exhibit 44. Parkland, Spanaway, Midland and Frederickson Incorporation Study Area Characteristics

2022 Population	127,690
2022 Population Density (persons per acre)	6.3
2022 Housing Units	45,790
2020 Median Household Income	\$72,162
2021 Employment	26,012
Employment to Housing Unit Ratio	0.57
Gross Land Area (acres)	20,164
Number of Parcels	36,670
Vacant Land (acres)	2,031
Underutilized Land (acres)	4,696
Total Vacant and Re-developable (acres)	6,727
2022 Assessed Land Value (billions)	\$8.2
2022 Assessed Improvement Value (billions)	\$12.4
Total 2022 Assessed Value (billions)	\$20.6

Sources: Washington State Office of Financial Management, 2023; U.S. Census, 2023; Pierce County, 2023; Puget Sound Regional Council, 2023; Community Attributes Inc., 2023.

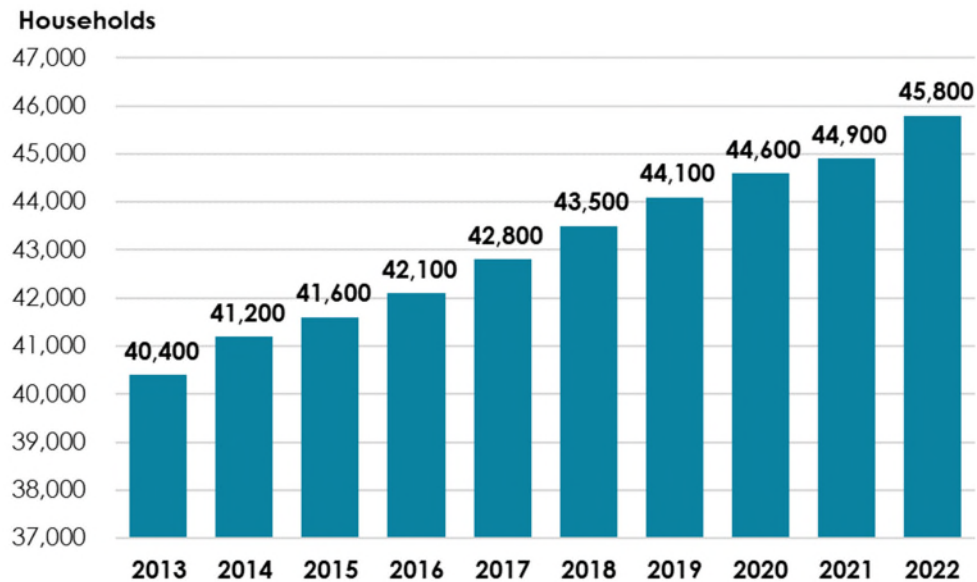
For detailed methodology on population, housing units, employment and demographic data see **Appendix B: Baseline and Alternative Scenarios**. Median Household Income was derived from the 2020 U.S. Census Bureau's American Community Survey 5-Year Estimates. Vacant land and redevelop-

able land figures were obtained from data gathered as part of the Pierce County Buildable Lands Study. Total 2022 assessed value as well as areas that are vacant or have a low improvement to land value ratio (an alternative measure to buildable lands) were calculated using Pierce County 2022 Assessor data sets and GIS.

Housing Units

Housing units in the Study Area have grown at a rate of 1.4% annually between 2010 and 2022, which equates to 590 new housing units annually, on average. The number of new units between 2013 and 2022 has ranged between 440 to more than 860 in 2022. Actual housing unit growth over the period between 2013 and 2022 exceeds projected housing unit growth in the low and medium scenarios. Under the high growth scenario new units average nearly 670 per year between 2025 and 2030. This exceeds historic average annual growth but does not exceed the rate of growth seen in 2017, 2018 and 2022.

Exhibit 45. Study Area Housing Units, 2013-2022



Sources: Washington State Office of Financial Management, 2023; Community Attributes, 2023.

Real Estate Conditions

Exhibit 46 shows sales of real properties in the Study Area for 2022. Sales data for the Study Area are sourced from public data available through the Pierce County Assessor. In 2022, more than 2,370 units were sold in the Study Area, totaling over \$991 million. Sales in 2022 represented 4.8% of total assessed value in the Study Area. Most of the sales were for residential properties, representing 82% of total sales in 2022. Total sales values were nearly 1.2 times higher than assessed values for residential sales and 1.7 times higher than commercial sales.

Exhibit 46. Study Area Real Property Sales, 2022

Residential Sale Amount (2022)	\$845,831,584
Residential Number of Sales (units, 2022)	1,936
Residential Average Sale Price (2-year average)	\$421,437
Commercial Sale Amount (2022)	\$145,244,293
Commercial Number of Sales (units, 2022)	438
Commercial Average Sale Price	\$284,837
Residential Sale Value as a % of AV	1.2
Commercial Sale Value as a % of AV	1.7
Residential Turnover Rate	5.5%
Frequency of Resales (years)	18
Commercial Sales as a Share of Residential Sales (20-Year Average)	11%

Sources: *Pierce County, 2023; Community Attributes, 2023.*

Real estate trends were used to inform modeling of future tax revenues. The 2022 sale value as a percentage of total assessed value (5.5%) is used as a turnover rate to calculate Real Estate Excise Tax (REET) revenues from annual residential property sales. This means that 5.5% of residential units can be expected to be sold each year. Combined with the average sale value per housing results in the estimated value of residential real estate transactions per year. A 20-year average ratio of commercial sale value to residential real estate value is used to estimate commercial real estate sales per year.

Employment

Employment is a driver of demand for services within the Study Area and supports revenue generation. Between 2012 and 2021, employment in the Study Area grew from nearly 22,800 to more than 26,000. Employment declined between 2020 and 2021, due to the impacts of the COVID-19 pandemic. The largest sectors supporting employment in the Study Area are services, construction and resources followed by retail.

Exhibit 47. Employment by Sector, 2012-2021

Sector	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Services	8,470	8,530	8,860	9,050	9,020	9,010	9,380	9,850	9,310	9,090
Const/Res	2,510	2,650	2,790	3,010	3,280	3,540	4,100	3,970	4,290	4,300
Retail	2,530	2,580	2,710	2,660	2,890	3,150	2,950	3,010	3,090	3,370
Manufacturing	3,380	3,480	3,630	3,670	3,700	3,550	3,660	3,790	3,730	3,250
Public Education	2,020	2,060	2,060	2,130	2,100	2,150	2,370	2,420	2,610	2,480
WTU	1,830	1,880	1,750	2,060	2,040	1,860	1,690	1,540	1,850	1,660
Government	1,230	1,190	1,230	1,210	1,210	1,220	1,150	1,280	1,160	1,170
FIRE	810	800	770	760	750	710	790	780	770	700
Total	22,780	23,170	23,790	24,540	24,990	25,180	26,090	26,650	26,810	26,010

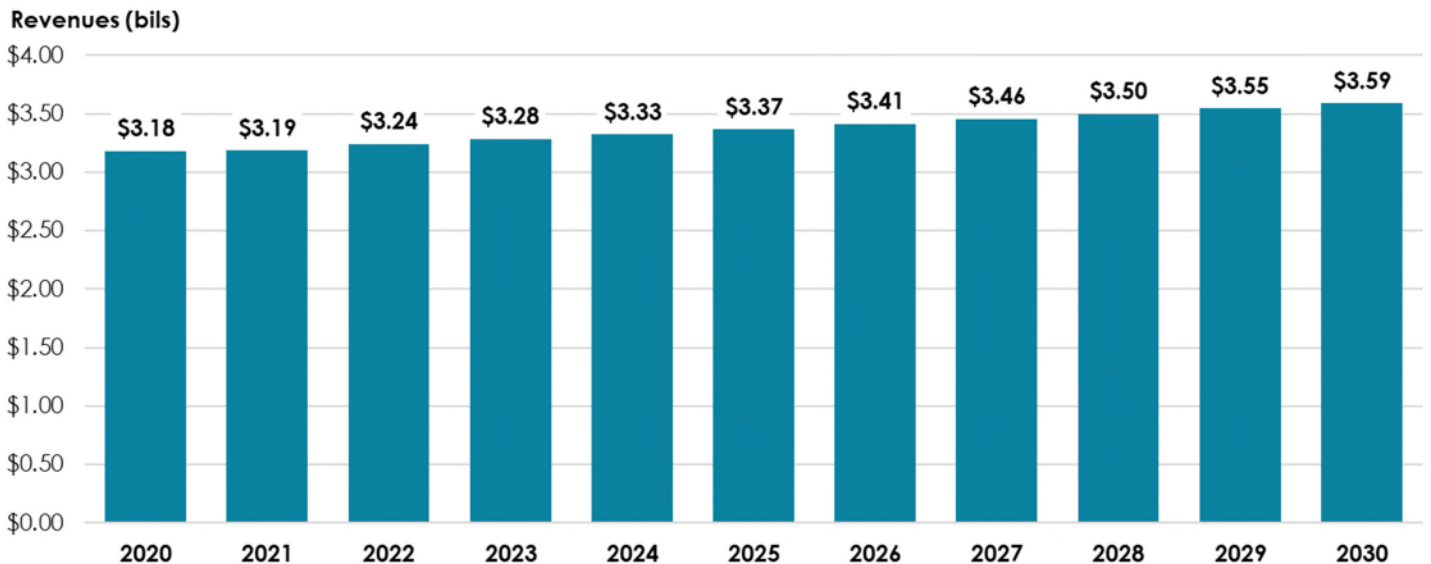
Source: Puget Sound Regional Council, 2023.

Note: Const/Resources is construction and resources. WTU includes Wholesale, Transportation and Utilities. FIRE is Finance, Insurance and Real Estate.

Retail Sales

Taxable retail sales are a key driver for one of a city’s major revenues sources, local sales and use taxes. To arrive at taxable retail sales estimates within the Study Area through 2030, a custom data request was made to the Washington State Department of Revenue (DOR). DOR was able to provide observed taxable retail sales estimates within the Study Area for 2020, from which, a per capita taxable retail sales figure was obtained. This number was inflated to reflect 2022 dollars and then used alongside forecasted population growth to estimate taxable retail sales through 2030. **Exhibit 48** presents estimated taxable retail sales between 2020 and 2030.

Exhibit 48. Taxable Retail Sales Estimates, 2020 - 2030



Source: Washington State Department of Revenue, 2023; Pierce County Countywide Planning Policies, 2023; Community Attributes Inc., 2023.

APPENDIX E: HOMELESSNESS, BEHAVIORAL HEALTH AND PUBLIC SAFETY

Homelessness

Currently, the responsibility to provide services to people experiencing homelessness within the Study Area lies with Pierce County, and this would likely remain the case if the Study Area were to become incorporated. Pierce County Human Services currently collaborates with cities and community partners in planning for and providing services to address homelessness in both incorporated and unincorporated areas. Resources for people experiencing homelessness are provided primarily by the Tacoma Pierce County Coalition to End Homelessness,⁴⁵ a collection of local non-profit agencies, government agencies and community business and individuals. As of July 2022, Pierce County Human Services estimated that 4,300 people in Pierce County were experiencing homelessness. The County has 1,300 shelter beds and 30 safe parking units. It is estimated that 2,970 were living without shelter (70% in a car, encampment, or elsewhere).⁴⁶

In 2019 the estimated number of people experiencing homelessness in Pierce County was slightly higher than the mid-2022 estimate, when 4,700 people were estimated to be experiencing homelessness. At that time, Pierce County's Five-Year Plan to Address Homelessness indicated that half were families, while the remainder of people experiencing homelessness included youth unaccompanied by an adult, veterans and domestic violence survivors. The Plan also indicates that nearly all lost their homes while living in Pierce County, while a small number may have come from other communities.⁴⁷

Currently, there are several programs and resources offered to homeless persons in Pierce County, including safe parking, showers and day centers, and overnight shelters. Additionally, the Tacoma Pierce County Coalition to End Homelessness provides a list of resources available to all demographic cohorts of people experiencing homelessness, including information on local food banks, and resources for pregnant women, veterans, LGBTQ individuals, those under the age of 24, families and victims of domestic violence.⁴⁸ Pierce County offers a range of housing intervention options,

⁴⁵ [Tacoma Pierce County Coalition to End Homelessness \(April 2023\):
https://www.pchomeless.org/](https://www.pchomeless.org/)

⁴⁶ Pierce County Human Services Website (July 2022):
<https://www.piercecountywa.gov/7405/Homelessness-in-Pierce-County#:~:text=Stay%20updated%20on%20progress%20of%20the%20Comprehensive%20Plan%20to%20End%20Homelessness%20here.&text=As%20of%20July%202022%2C%20there,people%20without%20shelter%20each%20night.>

⁴⁷ Five-Year Plan to Address Homelessness, Pierce County (December 2019):
<https://www.piercecountywa.gov/DocumentCenter/View/104709/Pierce-County-5-Year-Strategic-Plan-Final>

⁴⁸ <https://www.pchomeless.org/>

including transitional housing, permanent housing and permanent supportive housing, rapid re-housing, coordinated entry, short-term problem solving, landlord liaison services and Project Homeless Connect (PHC), which is “a one-day event that provides access to a variety of services in easily accessible locations for people experiencing homelessness.”⁴⁹

There are several bureaucratic options available to fund homelessness services, including recently passed legislation aimed at diverting funds towards the progressive eradication of homelessness. Chapter 338, Laws of 2019, allows local taxing jurisdictions to keep a portion of the state’s share of sales tax generated in those regions, to allocate towards affordable housing development and other purposes. Chapter 222, Laws of 2020, which went into effect in March 2020, allows counties and cities to impose a 1/10th of 1% sales tax for affordable housing purposes. Tacoma has already implemented this; Pierce County has not. Similar to Chapter 222, Laws of 2020, is the Behavioral Health Tax, which focuses on allocating revenues from sales tax to behavioral health services, which is often directly linked as a prevalent root cause of many persons experiencing homelessness. Other methods aimed to reduce homelessness with available resources include Pay For Success, or Social Impact Bonds, where a non-traditional investor, typically a non-government entity, provides initial capital to fund an evidence-based social program to improve outcomes for vulnerable populations. The investment costs are then repaid to the investor if the program is deemed a success by an independent evaluator, however the investor assumes a loss if the evaluation does not indicate a successful investment. Another viable option is through Value Based Reimbursements (VBR), where government entities only pay for services that adhere to or exceed a contract’s standard of quality. Additional solutions include private and philanthropic funding, as well as numerous community partnerships where the county can leverage available resources of nonprofits and other philanthropic organizations while limiting financial commitments.⁵⁰

No data currently exists to identify the number of people experiencing homelessness within the Study Area. However, as of 2022 the Study Area represents about 14% of Pierce County’s population. Assuming the homeless population in the Study Area matches the proportion of total population, estimated homelessness in the Study Area would be about 590 homeless persons.

In addition to the number of people experiencing homelessness in the Study Area, the scale of the costs to serve the Study Area will depend on what type of investments or interventions are advanced. Appendix C of the 2021 Comprehensive Plan to End Homelessness evaluated net public costs and savings from the provision of services to address homelessness. The plan indicates that the 12-month indirect cost per household caused by

⁴⁹ <https://www.piercecountywa.gov/4802/Housing-Interventions>

⁵⁰ “Pierce County Comprehensive Plan to End Homelessness”, Pierce County.

homelessness in the county is \$21,638, or \$1,803 cost per household per month. The unserved household count for those experiencing homelessness was 4,104 across Pierce County at the time of this estimate.⁵¹ Pierce County utilized a study created in Santa Clara to estimate the indirect costs presented above, alongside the direct system costs. The different costs captured within the estimate of indirect costs include the following:

- Adjacent System Costs
 - Healthcare
 - Law Enforcement & Criminal Justice
 - Social Services
 - Public Service
- Opportunity Costs
 - Tourism
 - Local Business
 - Education
 - Poverty Trap

It should be noted, the study found that indirect costs can be offset by greater investment in direct services for people experiencing homeless.

Currently, the county is contributing \$40 million a year towards homeless services. Through its comprehensive planning efforts, the county has identified that it will require an additional \$117 million in funding per year going towards operations of services to solve the county's widespread homelessness. However, using the estimates indirect costs methodology created in Santa Clara, it is estimated that successfully addressing the county's homelessness could save the community \$48 million a year in spending on adjacent systems such as police, medical care, and other public systems.⁵²

The Center for Social Innovation presented findings on supporting partnership for anti-racism in Pierce County. In addition to systemic racism and related factors, the report indicates that the primary barriers to exiting homelessness (or risk factors for entering homelessness) include the following:⁵³

- Food Access (SNAP)

⁵¹ Comprehensive Plan to End Homelessness, Pierce County, Appendix C (March, 2022):

<https://www.piercecountywa.gov/DocumentCenter/View/109977/Comprehensive-Plan-to-End-Homelessness-with-Appendices-and-Shelter-Action-Plan>

⁵² Comprehensive Plan to End Homelessness, Pierce County (March, 2022):

<https://www.piercecountywa.gov/DocumentCenter/View/109977/Comprehensive-Plan-to-End-Homelessness-with-Appendices-and-Shelter-Action-Plan>

⁵³ Supporting Partnership for Anti-Racist Communities (SPARC) – Pierce County, Center for Social Innovation (January 2018).

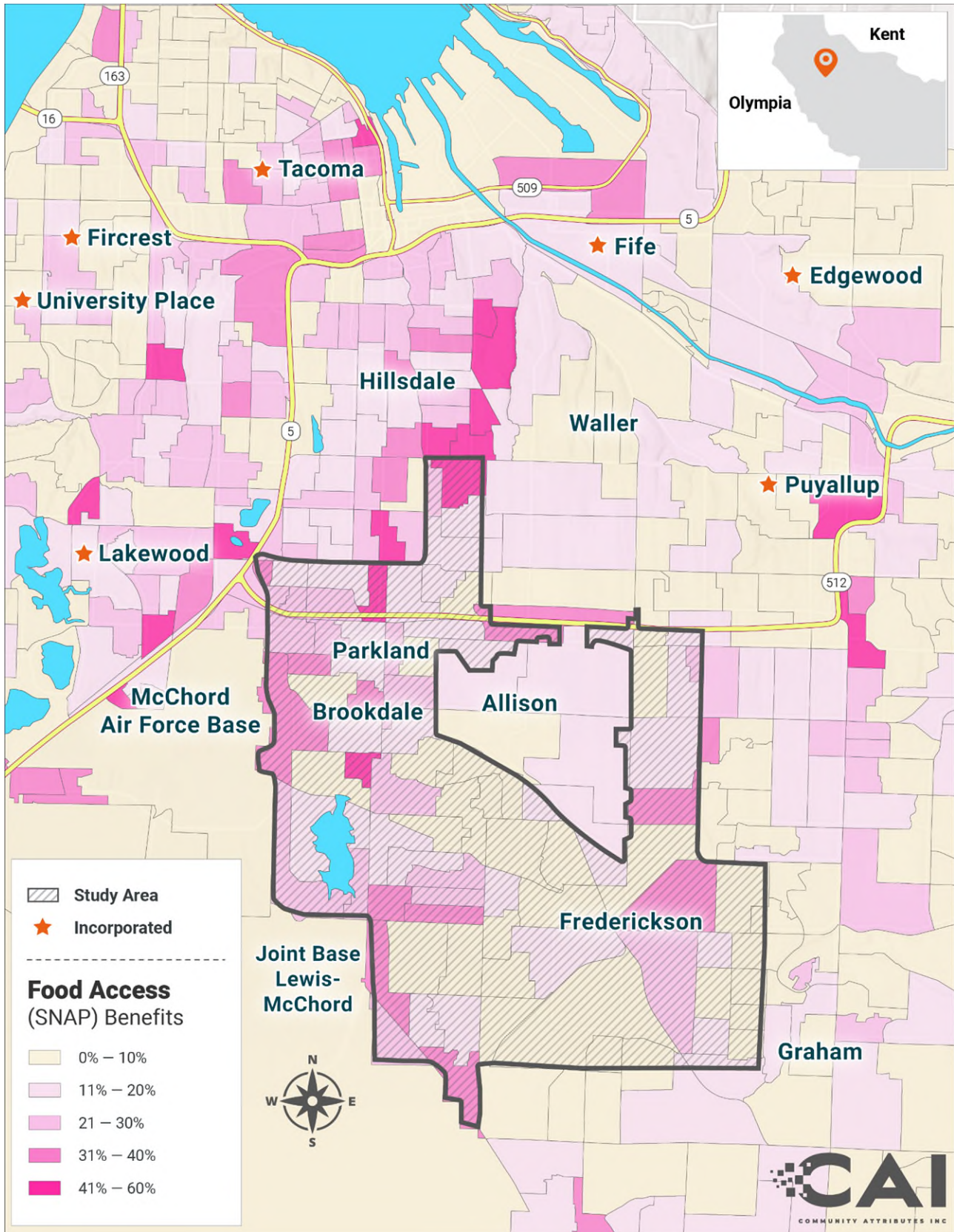
<https://www.piercecountywa.gov/DocumentCenter/View/67289/SPARC-Tacoma---Pierce-County-Report-February-2018?bidId=>

- Unemployment/underemployment
- Housing quality (age)
- Felonies
- Credit scores
- Evictions

Exhibit 49 and **Exhibit 50** show two risk factors for entering homelessness across the Study Area.

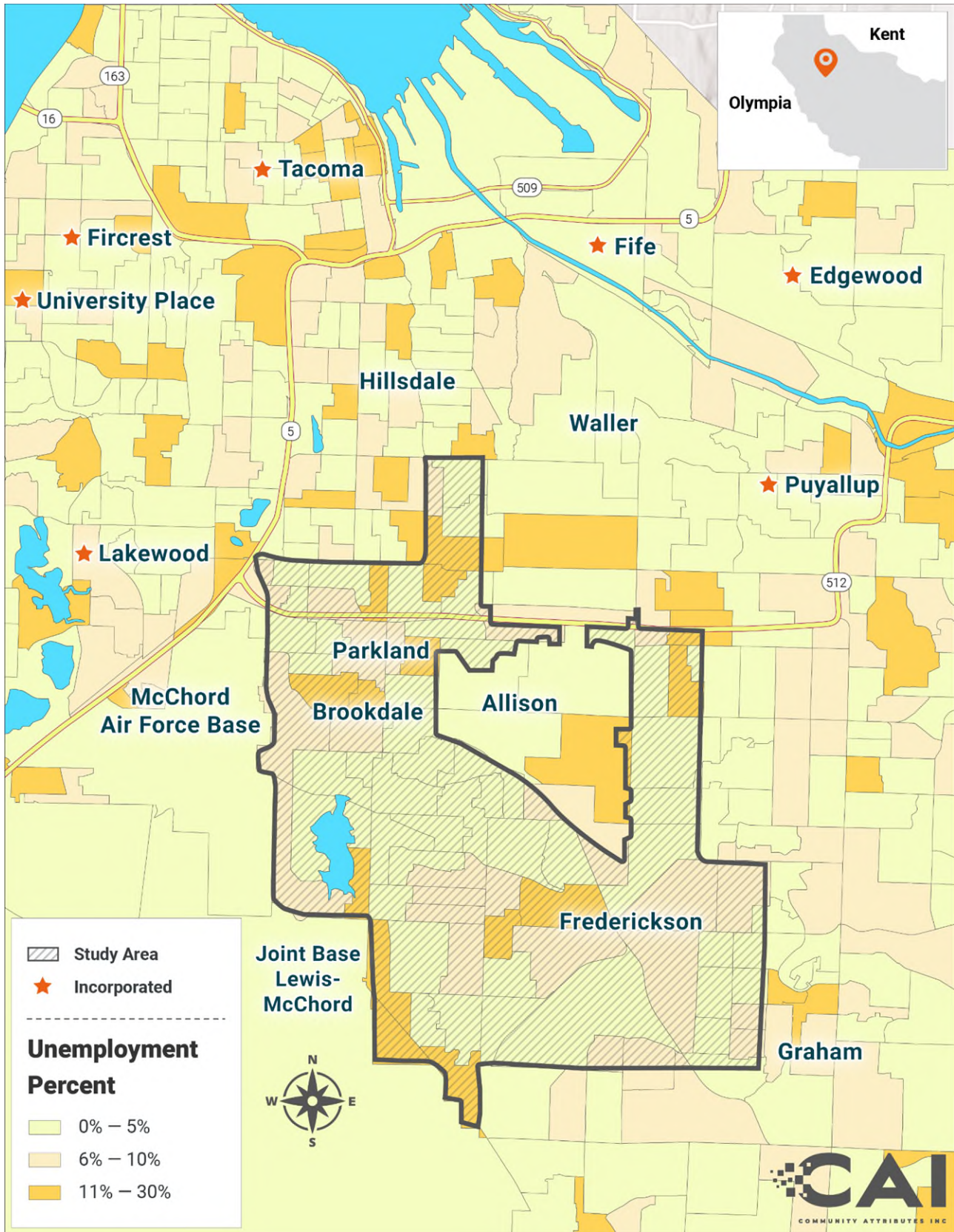
Ultimately, the provision of services to address homelessness is complex and a full accounting of service needs and costs is likely to require a more detailed assessment of the interrelationships and coordination between services provided by the county and any related services provided by a potential incorporated city for the Study Area.

Exhibit 49. Study Area Food Access, 2021



Sources: U.S. Census Bureau ACS 5-Year Estimates, 2021; Community Attributes Inc., 2023.

Exhibit 50. Study Area Unemployment, 2021



Sources: U.S. Census Bureau ACS 5-Year Estimates, 2021; Community Attributes Inc., 2023.

Behavioral Health

The evaluation of potential needs for health and human services requires an understanding of underlying factors that contribute to homelessness, as well as the recent increase in mental health service needs related to the COVID-19 pandemic. Behavioral health services within the Study Area appear to be geographically focused along major arterials with many service providers residing closer to the City of Tacoma in the north part of the Study Area. Among a list of providers across the county there are six located in the Study Area⁵⁴:

- **Prosperity Wellness Center – In-Patient (Mid-County):** Drug and Alcohol Assessment and Treatment; Gambling Addiction Treatment; Stabilization Services; Individual Treatment; Group Therapy; Medication Management; Withdrawal Management.
- **Greater Lakes Mental Health Care (Mid-County):** Initial Assessments; Individual Therapy; Family Therapy; Case Management; Group Therapy; Peer Support; Medication Evaluations and Management; Advocacy Services.
- **Prosperity Wellness Center – Outpatient and Admissions (Parkland-Spanaway-Midland):** Drug and Alcohol Assessment and Treatment; Gambling Addiction Treatment; Stabilization Services; Individual Treatment; Group Therapy; Medication Management; Withdrawal Management; Intensive Outpatient Treatment.
- **Greater Lakes Recovery Center E&T (Parkland-Spanaway-Midland):** Mental Health Evaluation and Treatment.
- **Greater Lakes Mental Health Care (Parkland-Spanaway-Midland):** Initial Assessments; Individual Therapy; Family Therapy; Case Management; Group Therapy; Peer Support; Medication Evaluations and Management; Advocacy Services.
- **MultiCare Spanaway Clinic (Parkland-Spanaway-Midland):** Individual counseling; Referral to services.

There are also Mobile Community Intervention Response Teams (MCIRT) managed by Pierce County and Mobile Outreach Crisis Teams (MOCT) managed by Multicare and partly funded by the county. A Crisis Recovery Center was built in East Pierce County. Funding for these programs was awarded to providers through the advocacy organizations Elevate Health and OnePierce, the funding arm of Elevate Health.⁵⁵

If the Study Area were to become incorporated, it is likely that the county would continue to provide services in the Study Area as they currently serve both incorporated and unincorporated areas. However, an incorporated Study Area would need to identify key gaps that may be present in the south part of

⁵⁴ Pierce County Human Services Behavioral Health Website (2022).

<https://www.piercecountywa.gov/5859/Behavioral-Health>

⁵⁵ Pierce County Human Services Behavioral Health Website (2022).

<https://www.piercecountywa.gov/6737/Behavioral-Health-Partnerships>

the Study Area, as well as any specific unmet needs associated with potential provision of related city services.

Public Safety and Crime

Maintaining effective public safety is essential in any discussion related to incorporation. City police represent 62% of law enforcement in Washington, and cities face significant public safety and law enforcement challenges related to the following needs:⁵⁶

- Growing populations to serve (Washington ranks last in the nation for the number of law enforcement officers per 1,000 residents).
- Increasing behavioral health-related disturbances (heightened need for broader public safety investment in behavioral health response options and community treatment).
- Recruitment and retention issues (62% of cities have indicated challenges hiring police officers and 47% of officers will be eligible for retirement within five years).
- Increase in wage and benefit costs.

Currently public safety services in the Study Area are provided by the Pierce County Sheriff's Department. Across unincorporated Pierce County, the sheriff's department averages around one officer for every 1,200 people living in unincorporated Pierce County. However, the actual level of service for any individual area may differ depending on stationing and population density. For comparison, the City of Lakewood's average level of service is 650 residents per police officer and the City of Kent's average is roughly 900 residents per police officer. The nearby City of Puyallup has roughly one officer for every 760 residents, while the City of Tacoma has roughly one officer for every 690 residents.⁵⁷

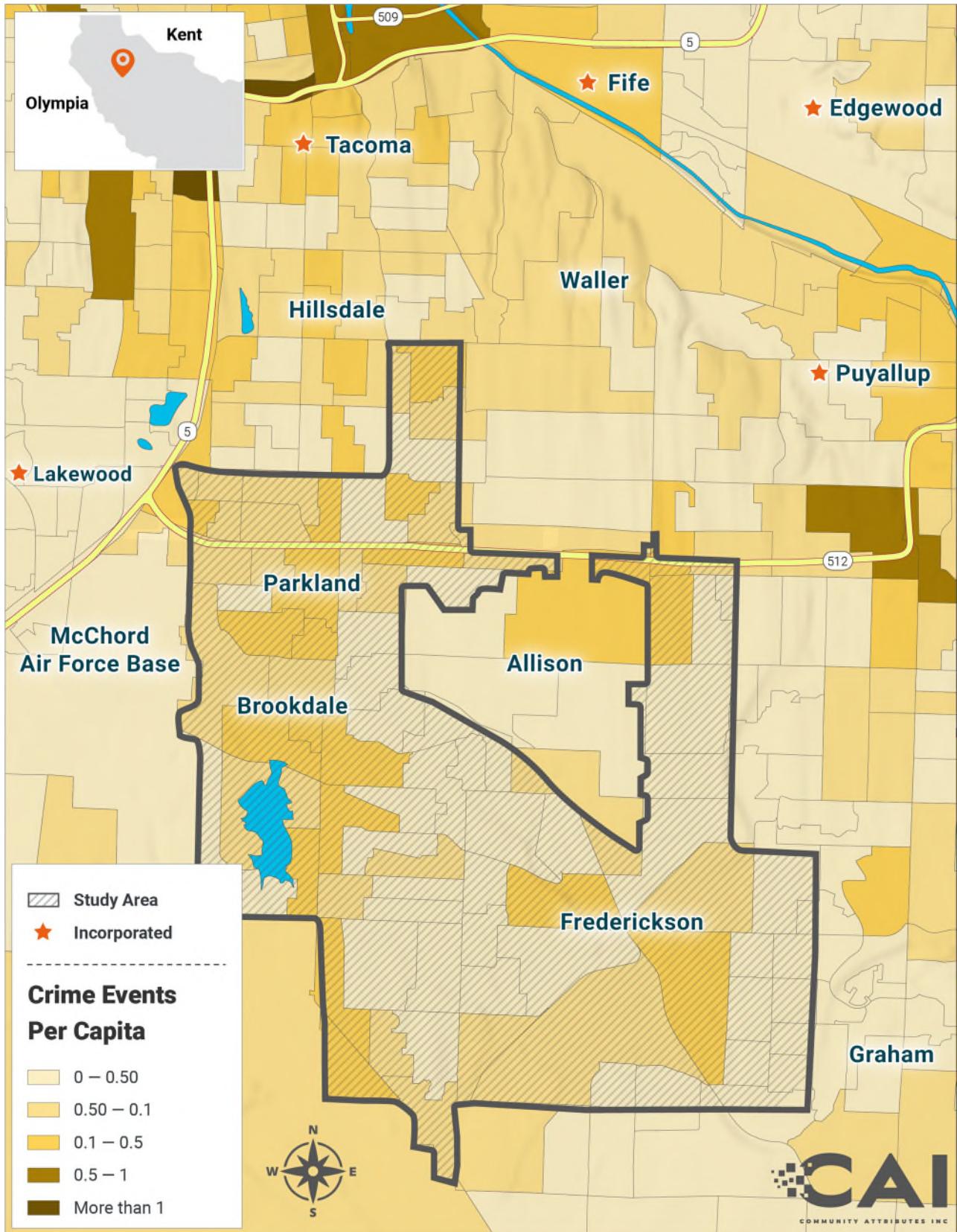
The Study Area has few census block groups with crime events per capita that exceed 0.5 per resident.⁵⁸ Crime events per capita are highest in the Parkland and Midland areas in the northwest portion of the Study Area. There is also a slightly higher instance of crime per capita proximate to the industrial areas of Frederickson and the commercial areas along SR 7 extending south to Spanaway. Finally, crime events per capita are also slightly elevated in the Summit area in the northeast portion of the Study Area. The crime events appear to be significantly lower than the City of Tacoma and comparable to the City of Puyallup.

⁵⁶ Association of Washington Cities, 2022. <https://wacities.org/data-resources/state-of-the-cities/public-safety>

⁵⁷ City of Puyallup and City of Tacoma, 2023.

⁵⁸ Crime events include all types of crime from destruction of property and vandalism to motor vehicle theft to drug/narcotic violations to murder.

Exhibit 51. Crime Events Per Capita by Block Group, October 2021 – October 2022



Sources: Pierce County, 2023; City of Tacoma, 2023; Community Attributes Inc., 2023.

Mapping by Crimegrade.org, which presents crime levels on a scale ranging from A+ (being the lowest level of crime) to F (being the highest level of crime), indicates that crime levels are primarily F in nearby Lakewood and ranging from A to C in Puyallup.⁵⁹ The Study Area appears to have areas with an F crime grade mostly in the Western portion and closer to a C or D in much of the overall geography. There are pockets with a B crime grade in the Study Area, mostly in the Southwest portion of Study Area. Incorporation of the Study Area would require careful consideration of public safety and law enforcement responsibilities at the state and local level. A potential city would represent a large community to serve and would require broad consideration of factors that would impact resource needs during the incorporation process. However, incorporation may also release additional resources for public safety services compared to those resources currently available to unincorporated areas in Pierce County.

⁵⁹ <https://crimegrade.org/safest-places-in-washington/>

APPENDIX F: PARKLAND, SPANAWAY, MIDLAND AND FREDERICKSON STUDY AREA LAND USE AND CURRENT ZONING

Land Area and Land Uses

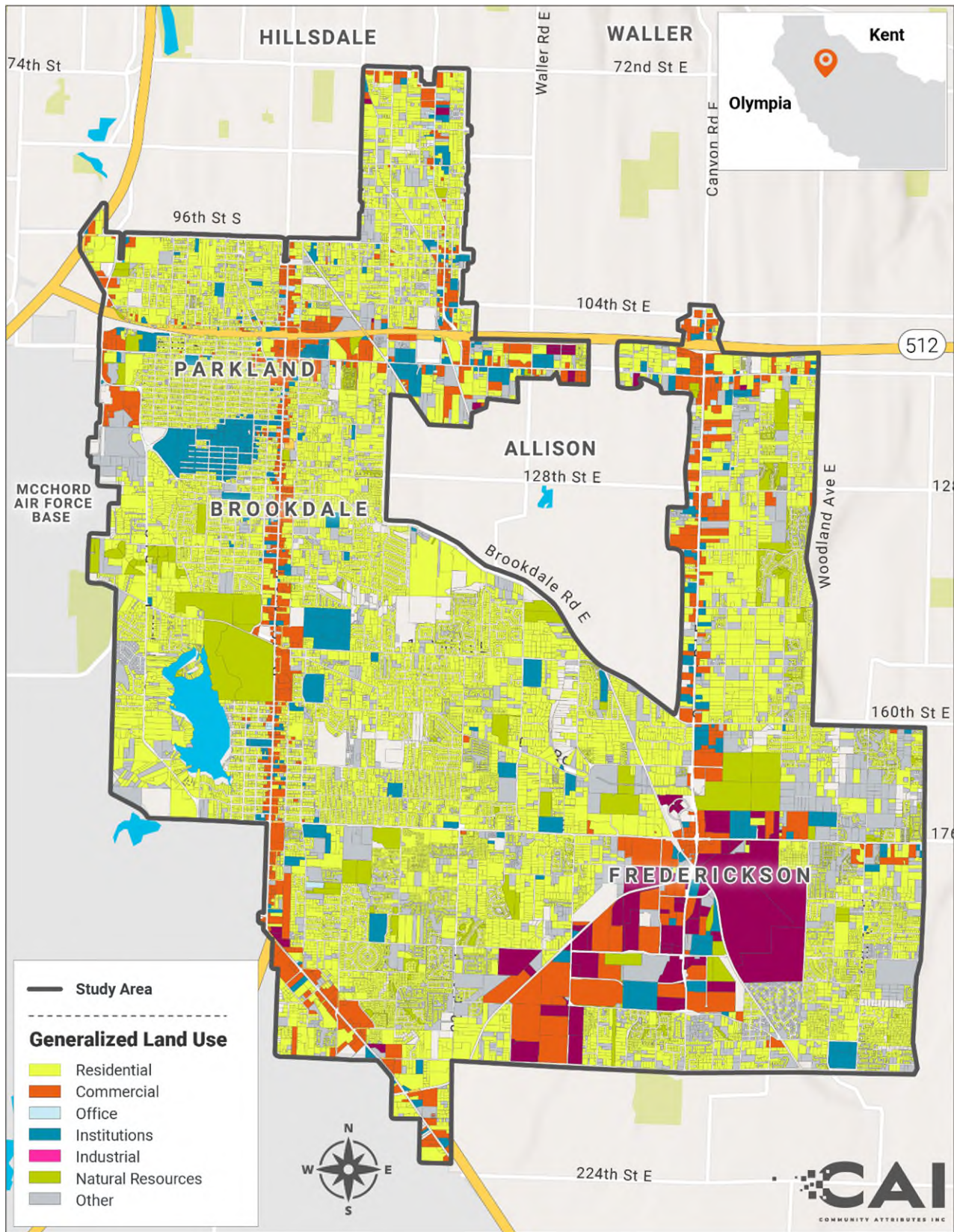
Predominant uses in the Study Area include the following:

- A majority of the Study Area includes residential uses with a large portion dedicated to single-family dwellings.
- Small to mid-size commercial uses are concentrated along state routes and major arterials. These uses include grocery chains, as well as a diversity of large and small retail establishments.
- Larger scale commercial and industrial uses are concentrated in the southeast portion of the Study Area. These include major industrial, and warehousing uses in Frederickson, including Boeing.
- The Study Area includes a range of institutional uses, including Pacific Lutheran University
- Open space includes a golf course, Naches Trail Preserve, and areas around Clover Creek.

Vacant land represents about 10% of Study Area gross land area, or more than 2,000 acres. Total development and redevelopment capacity represents approximately 33% of total gross land area in the Study Area.

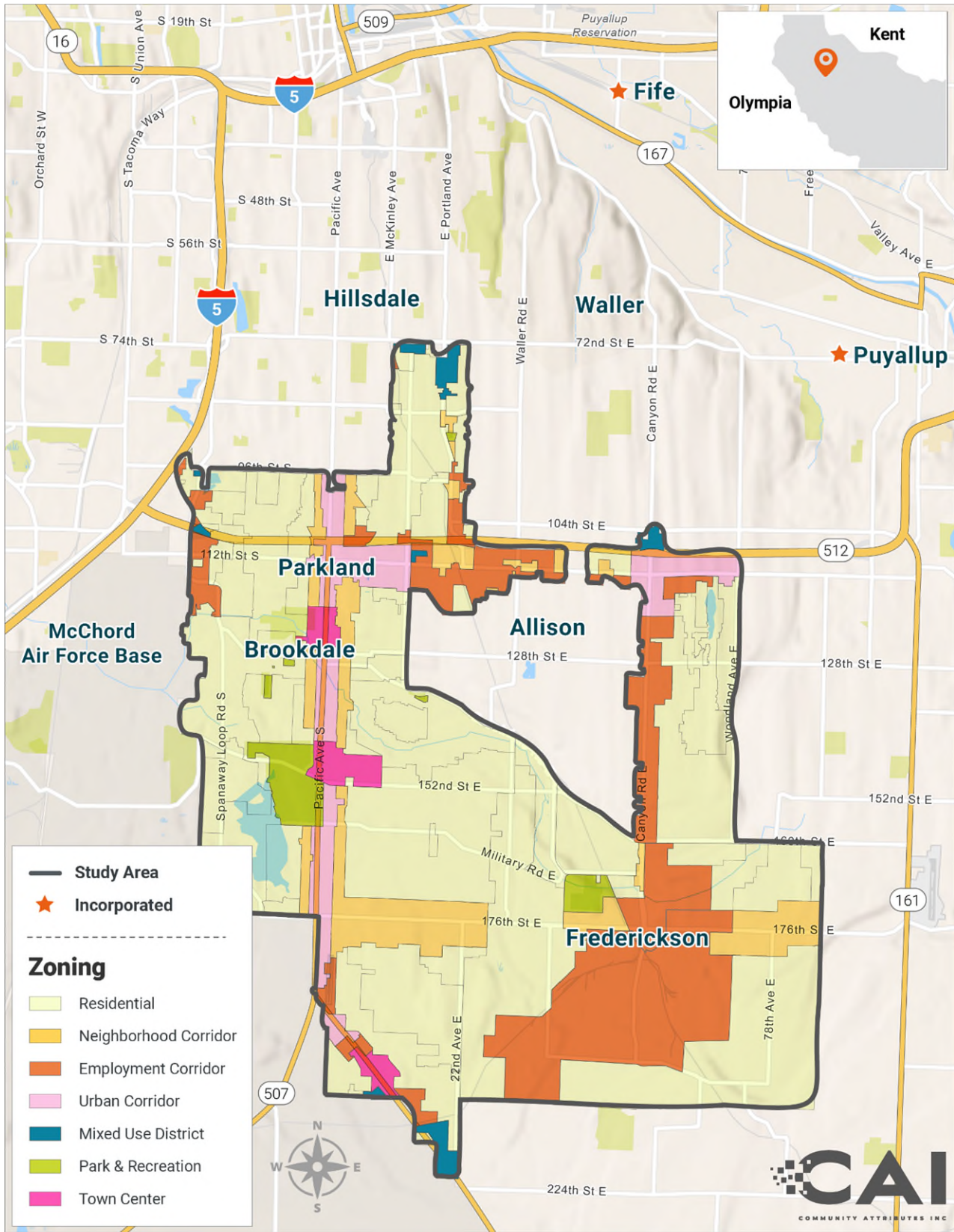
Exhibit 52 shows a map of existing land uses within the Study Area and **Exhibit 53** shows a map of current zoning districts.

Exhibit 52: Study Area Land Use, 2022



Sources: Pierce County Comprehensive Plan, 2022, Community Attributes Inc., 2023.

Exhibit 53: Study Area Zoning, 2022



Sources: Pierce County Comprehensive Plan, 2022, Community Attributes Inc., 2023.

Plans and Zoning

Pierce County Countywide Planning Policies and the Pierce County Comprehensive Plan provide land use planning and policy guidance for unincorporated areas in Pierce County, including the communities in the Study Area. The Study Area, which is comprised of Parkland, Spanaway, Midland and Frederickson, covers portions of three unincorporated Community Plan areas in Pierce County. The Parkland-Spanaway-Midland Community Plan Area and the Frederickson Community Plan Area are both entirely contained within the Study Area. A large portion of the Mid-County Community Plan Area falls outside of the existing Urban Growth Area (UGA) and has been excluded from the Study Area, while the areas of Mid-County that fall within the UGA have been included in the Study Area.

Chapter 18A of Pierce County's zoning code provides zoning regulations for the unincorporated areas in the County. Additionally, different uses and densities are outlined in the zoning code for each Community Plan area. Much of the Study Area is currently zoned as Moderate Density Single-Family (MSF) or Single-Family (SF). Densities for these zones range between four and six dwelling units per acre. Other zoning districts include:⁶⁰

- **Community Employment (CE), Employment Corridor (ECOR) and Employment Center (EC):** This includes commercial and industrial uses, including intensive commercial and industrial uses in Frederickson and areas east of Parkland & I-5
- **Town Center (TCTR):** Districts dedicated to smaller and more concentrated commercial use along SR-7. Allowed residential densities in the Town Center zone range between 15 and 80 dwelling units per acre.
- **Urban Corridor (UCOR):** Areas with small to mid-size commercial uses linking the town centers. Residential densities in Urban Corridor zones range between 12 and 60 dwelling units per acre.
- **Neighborhood Corridor (NCOR):** Areas adjacent to urban corridors that buffer residential from more intensive commercial and industrial. Residential densities in these zones range between six and 25 dwelling units per acre.
- **Mixed Use District (MUD):** Small districts at the north and south border that intersect with primary arterials. Mixed use zones in the Mid-County Community Plan Area as well as the Parkland-Spanaway-Midland Community Plan Area are between 12 and 25 dwelling units per acre. For the remainder of the Study Area, residential densities range between six and 25 dwelling units per acre.

⁶⁰ Pierce County Municipal Code, Chapter 18A.10.

- **Parks and Recreation (PR):** Denotes areas recognized as public and private parks, campgrounds, historical sites, and other properties improved with park or recreational facilities.

If the Study Area were to incorporate, it would adopt a comprehensive plan and development regulations pursuant to the Growth Management Act (36.70A RCW). Local comprehensive plans would address elements such as: land use, housing, capital facilities, utilities, transportation, economic development and parks. The new city would implement planning policies through a local zoning code.

As required by the Growth Management Act (GMA), Pierce Countywide Planning Policies establish UGAs in consultation with cities, with each city identifying land needed to accommodate 20-year growth. While the Growth Management Act does not explicitly equate UGAs with municipal annexation areas, the UGAs around cities may be considered potential annexation areas for cities. Pierce County Countywide Policy UGA-4 states "Potential Annexation Areas shall be designated through the Pierce County Comprehensive Plan in consultation with cities and towns." A portion of the Study Area lies within the City of Tacoma's Potential Annexation Area (PAA).⁶¹

Detailed Zoning

Pierce County establishes permitted uses through the Pierce County code. Use types and categories for each zone are documented in Title 18A Development Regulations – Zoning.⁶² Permitted uses within each zone differ by community plan area throughout unincorporated Pierce County. Some uses are permitted outright, while others may require a conditional use or administrative use permit. Codes assigned to describe permitted and conditionally permitted uses are as follows:

- P = Permitted
- C = Requires Conditional Use Permit
- A = Requires Administrative Use Permit

Allowable land uses throughout Pierce County are divided into eight major categories, including Residential, Civic, Utilities, Essential Public Facilities, Office/Business, Resource, Commercial and Industrial. Each of these categories includes a number of use types and varying levels of allowable use designations, which are indicated by a number associated with the corresponding condition of allowed use, i.e. P-1, which indicates that level 1 of that specific development type is permitted unconditionally in that region. For context, of the five allowable levels of Multi-Family Housing, Level 1 specifically distinguishes “three to four multi-family buildings, with ground

⁶¹ <https://www.piercecountywa.gov/5748/Annexation>

⁶² Pierce County Zoning Code. Title 18A Development Regulations – Zoning. (2022). <https://pierce.county.codes/PCC/18A>

level access to each unit”, while Level 5 specifies multifamily as a component of a mixed-use development, where residential dwelling units reside above first-floor nonresidential space.

Exhibit 55 through **Exhibit 65** document allowed uses by each zone in the Study Area, including limitations to the permitted use as well as the land acres of each zone within the Study Area. Zones that include detailed uses for unincorporated Pierce County are those zones for which separate zoning is not found for one or more of the relevant Community Plan areas. Zones and Community Plan areas for which there are zero acres are excluded from tables as well.

Feedback from community outreach indicated concerns about limited availability of land zoned to allow childcare uses. Day care center uses in Pierce County, which refer to “commercial use of a building or any portion thereof for the care of individuals needing supervision and care on a less than 24-hour basis”, which also includes pre-school facilities, is separated into two development levels: Level 1, which includes day-care centers licensed for fewer than 25 children, and Level 2, which encompasses all day-care centers with more than 25 children. Analysis of the Pierce County Zoning Regulations indicates a total of 21,056 acres of land within the county allow for day care uses. Of those acres, 29% permit day care use without any restrictions or notes on the use. Out of the total acres zoned to allow day care, 42% require a conditional use permit. Most of the acres allowing day care uses are concentrated among moderate density single family zones and single-family zones (which represent 58% of total county acres), of which all are permitted with notes (P1) or require a conditional use permit (C1). Overall, 61% of the countywide acres allowing for day care uses fall within the Parkland-Spanaway-Midland Community Plan Area, however more than two-thirds of the areas allowing for day care uses in the Parkland-Spanaway-Midland Community Plan Area are permitted with a conditional use permit. Current vacant land within zones accommodating day care uses total more than 800 acres, based on analysis of parcel-level data from the Pierce County Buildable Lands analysis (**Exhibit 54**).

Exhibit 54. Vacant Acres by Zone, 2022

Zone	Acres of Vacant Land	% of Total
Moderate Density Single Family	401	48.8%
Single Family	295	35.8%
Mixed Use District	41	5.0%
Community Employment	49	6.0%
Moderate-High Density Residential	28	3.4%
Neighborhood Center	6	0.7%
High Density Single Family	3	0.3%
Total	823	100.0%

Source: Pierce County Assessor, 2023; Community Attributes Inc., 2023.

The following tables present allowed uses by zone in the Study Area. P-S-M is used to indicate uses within the Parkland-Spanaway-Midland Community Plan area, Frederickson refers to the Frederickson Community Plan area, Mid-County refers to the Mid-County Community Plan area and Uninc PC refers to unincorporated Pierce County.

Exhibit 55. Single-Family Zone Use Table, 2023

Use Type	P-S-M	Frederickson	Mid-County
Residential			
Group Home	C	C	C
Residential Care Facilities	A1;C2	A1;C2	-
Senior Housing	A	A	-
Shared Housing	P1	P1	P1
Single-Family Detached Housing	P	P	P
Civic			
Community and Cultural Services	P2,7;C1	P7	P7
Day-Care Centers	C1	-	P1
Education	P1;A2;C3	P1;A2;C3	A1
Public Park Facilities	P1,4;C2,3	P1,4;C2,3	P1,2,4;C3
Public Safety Services	C1	C1	C1
Religious Assembly	P1;C2,3	P1;C2,3	P1;C2,3
Utilities			
Electrical, Pipelines, Sewage & Surface Water	P	P	P
Electrical Generation Facilities	A2	A2	A2
Natural Gas Facilities	P1;C3	P1;C3	P1;C3
Sewage Treatment Facilities	C	-	-
Telecomm., Wireless, Utility & Public Maintenance Fac.	P1;C2	P1;C2	P1
Waste Disposal Facilities	C2	-	-
Waste Transfer Facilities	P1;C2	-	-
Water Supply Facilities	P1;A2;C3	P1;A2;C3	P1;A2;C3

Resources			
Agritourism, Crop Production, Fish Processing, Forestry, Surface Mines	C, P1	P1	P, P1
Commercial			
Amusement & Recreation	C6	C6	C6
Acres of Single-Family District	3,141	279	1,139
Share of Study Area Acres	13%	1%	5%

Source: Pierce County, 2023.

Exhibit 56. Moderate Density Single-Family Zone Use Table, 2023

Use Type	P-S-M	Frederickson	Pierce County - Uninc.
Residential			
Group Home	C	C	C
Mobile Home Park	C	C	C
Multi-Family Housing	C1,3	C1,3	C1,3
Residential Care Facilities	A1;C2	A1;C2	A1;C2
Senior Housing	A	A	A
Shared Housing	P1;C3	P1;C3	P1;C3
Single-Family Detached Housing, Duplex	P	P	P
Civic			
Community and Cultural Services	P2,7;C1	P7	P1,2,7
Day-Care Centers	C1	P1	C
Education	P1;A2;C3	P1;A2;C3	A
Public Park Facilities	P1,4;C2,3	P1,4;C2,3	P1,4;A2;C3
Public Safety Services	C1	C1	C1
Religious Assembly	P1;C2,3	P1;C2,3	P1;C2,3
Utilities			
Electrical Facilities, Pipelines, Sewage, Surface Water Mgmt.	P	P	P
Electrical Generation Facilities	A2	A2	A2
Natural Gas Facilities	P1;C3	P1;C3	P1;C3
Sewage Treatment Facilities	C	-	C
Telecommunication Towers or Wireless Facilities	P1;C2	P1;C2	P1;C2
Utility or Public Maintenance Facilities	P1;C2	P1;C2	P1;C2
Waste Disposal Facilities	C2	-	C2
Waste Transfer Facilities	P1;C2	C1	P1;C2
Water Supply Facilities	P1;A2;C3	P1;A2;C3	P1;A2;C3
Resources			
Agritourism, Crop Production, Fish Processing, Forestry, Surface Mines	C, P1	P1	C, P1
Commercial			
Amusement & Recreation	C6	C6	C6
Acres of Moderate Density Single Family District	3,744	3,961	0
Share of Study Area Acres	16%	16%	0%

Source: Pierce County, 2023.

Exhibit 57. Moderate-High Density Residential Zone Use Table, 2023

Use Type	P-S-M	Mid-County
Residential		
Group Home, Mobile Home Park	C	C
Mobile Home	-	C
Multi-Family Hsg., Senior Hsg., Shared Hsg., Single-Family, Duplex	P	P
Residential Care Facilities	P1,2	P1,2
Civic		
Administrative Government Services	P	-
Community and Cultural Services	P2,7,8;C1,3	P2,7,8;C1,3
Day-Care Centers	P	P
Education	P1;A2	P1;A2
Health Services	P1	-
Public Park Facilities	P1,2,4	P1,2,4
Public Safety Services	C1	C1
Religious Assembly	P1;C2,3	P1;C2
Utilities		
Electrical Facilities, Pipelines, Sewage, Surface Water Mgmt.	P	P
Electrical Generation Facilities	C3	C3
Natural Gas Facilities	P1;C3	P1;C3
Sewage Treatment Facilities	C	C
Telecommunication Towers or Wireless Facilities	P1;C2	P1;C2
Utility or Public Maintenance Facilities	P1;C2	P1;C2
Waste Disposal Facilities	-	P1;C2
Waste Transfer Facilities	P1;C2	-
Water Supply Facilities	P1;A2;C3	P1;A2;C3
Office/Business		
Administrative and Professional Offices	P	P
Resources		
Agritourism, Crop Production, Fish Processing, Forestry, Surface Mines	P, P1	P, P1
Commercial		
Amusement & Recreation	C6	-
Acres of Moderate-High-Density Residential District	245	43
Share of Study Area Acres	1%	0%

Source: Pierce County, 2023.

Exhibit 58. Mixed-Use District Zone Use Table, 2023

Use Type	P-S-M	Mid-County	Uninc PC
Residential			
Group Home	C	C	C
Multi-Family Housing, Senior Housing	P	P	P

Residential Care Facilities	P1,2;C3,4	P1,2;C3,4	P1,2;C3,4
Shared Housing	P	P	A1;P2,3
Single-Family Detached Housing, Duplex	P	P	A
Civic			
Admin. Govt. Services, Day-Care Centers, Public Park Facilities	P	P	P
Community and Cultural Services	P1-4,7,8	P1-4,7,8	P1-4,7,8;C5
Education	P1,4,5;A2;C3	P1,4,5;A2;C3	P4-5;A1,2;C3
Health Services	P1;C2	P1;C2	P1;C2
Postal Services	P1;C2	P1;C2	P
Public Safety Services	P1;C2,3	P1;C2,3	P1,2;C3
Religious Assembly	P1,2	P	P
Transportation	P1;C2,3	P1;C2,3	P1;C2,3
Utilities			
Electrical Facilities, Pipelines, Sewage, Surface Water Mgmt.	P	P	P
Electrical Generation Facilities	A3	A3	-
Natural Gas Facilities	P1,2;C3	P1,2;C3	P1,2;C3
Sewage Treatment Facilities	C	C	C
Telecommunication Towers or Wireless Facilities	P1;PL2;C3	P1;PL2;C3	P1;PL2;C3
Utility or Public Maintenance Facilities, Waste Transfer Facilities	P1;C2	P1;C2	P1;C2
Water Supply Facilities	P1;A2;C3	P1;A2;C3	P1;A2;C3
Office/Business			
Administrative and Professional Offices	P	P	P
Resources			
Agritourism, Agricultural Svcs., Agricultural Supply Sales	P	P	P
Crop Production	-	P1	-
Forestry	-	-	P1
Commercial			
Amusement and Recreation	P1-4;C5	P1-4;C5	P
Billboards	A	A	P
Building Materials and Garden Supplies	P1-5;C6	P1-5;C6	P
Business Services, Eating & Drinking Establs., Storage & Moving	P	P	P
Commercial Centers	P1;C2	P1;C2	C
Lodging	P1,2	P1,2	C1;P2
Mobile, Manuf., and Mod. Home Sales; Motor Vehicles & Related Equip.; Rental & Repair Services.	P	P	P
Sales of Merchandise and Services	P	P	P4;C5
Wholesale Trade	P	-	P
Industrial			
Contractor Yards	P1	P1;C2	P
Food and Related Products	C2	C2	C2

Industrial Services and Repair	C	C	-
Intermediate Manufacturing and Intermediate/Final Assembly	C1-3	C1-4	C
Recycling Collection and Processing Facilities	-	P1,2	-
Salvage Yards/Vehicle Storage	C3,4	-	P1;C2-4
Warehousing, Distribution, and Freight Movement	C1,2	C1,2	C1-3
Acres of Mixed-Use District	223	51	0
Share of Study Area Acres	1%	0%	0%

Source: Pierce County, 2023.

Exhibit 59. Residential Resource Zone Use Table, 2023

Use Type	P-S-M	Frederickson	Mid-County
Residential			
Group Home	C	C	C
Residential Care Facilities	-	A1	-
Senior Housing	-	A	-
Shared Housing	P1	P1	P1
Single-Family Detached Housing	P	P	P
Two-Family Housing (Duplex)	-	P	-
Civic			
Community and Cultural Services	P2,7;C1	P7	P7
Day-Care Centers	C1	P1	P1
Education	P1;A2	-	A1
Public Park Facilities	P1,4;C2,3	P1,4;C2,3	P1,2,4;C3
Public Safety Services	C1	C1	C1
Religious Assembly	P1;C2,3	P1;C2,3	P1;C2,3
Utilities			
Electrical Facilities, Pipelines, Sewage, Surface Water Mgmt.	P	P	P
Electrical Generation Facilities	A2	A2	A2
Natural Gas Facilities	P1;C3	P1;C3	P1;C3
Sewage Treatment Facilities	C	-	-
Telecommunication Towers or Wireless Facilities	P1	P1;C2	P1
Utility or Public Maintenance Facilities	P1;C2	P1;C2	P1
Waste Disposal Facilities	C2	-	-
Waste Transfer Facilities	P1;C2	-	-
Water Supply Facilities	P1;A2;C3	P1;A2;C3	P1;A2;C3
Resources			
Agritourism, Crop Production, Fish Processing, Forestry, Surface Mines	C, P1	P1	P, P1
Commercial			
Amusement & Recreation	C6	C6	C6
Acres of Residential Resource District	1,988	476	481

*Source: Pierce County, 2023.***Exhibit 60. Neighborhood Center Zone Use Table, 2023**

Use Type	P-S-M	Mid-County	Pierce County - Uninc.
Residential			
Group Home	C	C	C
Multi-Family Housing	P	P1,3,5	P
Residential Care Facilities	A1,2	P1,2	P1,2
Senior Housing	P	P	P
Shared Housing	P	P	A1;P2,3
Single-Family Detached Housing	-	P	A
Two-Family Housing (Duplex)	-	P	A
Civic			
Administrative Government Services	P	P1,4	P
Community and Cultural Services	P1-4,7,8;C1	P1,2,7	P1,2,7
Day-Care Centers	P	P	P
Education	P1;A2	P	A1,2;C3
Health Services, Postal Services, Public Safety Services	P1	P1	P1
Public Park Facilities	P1,4	P1,4	P1,4
Religious Assembly	P1,2	P	P
Transportation	P1	P1	P1;C2,3
Utilities			
Electrical Facilities, Pipelines, Sewage Collection Facilities	P	P	P
Electrical Generation Facilities	C3	C3	C3
Natural Gas Facilities	P1,2;C3	P1,2;C3	P1,2;C3
Sewage Treatment Facilities	C	C	C
Stormwater Facilities*	-	-	P
Telecommunication Towers or Wireless Facilities	P1;C2	P1;C2,3	P1;PL2
Utility or Public Maintenance Facilities, Waste Transfer Facilities	P1;C2	P1;C2	P1;C2
Water Supply Facilities	P1;A2;C3	P1;A2;C3	P1;A2;C3
Office/Business			
Administrative and Professional Offices	P	P	P
Resources			
Agritourism	P1	P, P1	P, P1
Commercial			

Amusement and Recreation	P1;C2	P1;C2,3	P1-3
Billboards	-	-	-
Building Materials and Garden Supplies	P1	P1,2;C3	P1,2
Business Services	P1	P1	P
Eating and Drinking Establishments	P1,3	P1,3;C2	P
Lodging	P3	-	-
Motor Vehicles and Related Equipment Sales, Rental, Repair, and Service	P2	P1,2	P1-3
Rental and Repair Services	P1	P1	P1
Sales of Merchandise and Services	P1,2	P2;C3	P3
Industrial			
Contractor Yards	C	-	-
Recycling Collection and Processing Facilities	-	-	P1,2
Acres of Neighborhood Center District	42	20	0
Share of Study Area Acres	0%	0%	0%

Source: Pierce County, 2023.

Note: Allowed only as a component of a mixed-use development and shall not be permitted as a stand-alone use.

Exhibit 61. Community Employment Zone Use Table, 2023

Use Type	P-S-M
Civic	
Administrative Government Services	P
Community and Cultural Services	P7
Day-Care Centers	P
Education	P4,5
Health Services	P1
Postal Services	P1;C2
Public Park Facilities	P1,4
Public Safety Services	P1,2
Transportation	P1,2;C3
Utilities	
Electrical Facilities	P
Natural Gas Facilities	P1-3;C4
Pipelines	P
Sewage Collection Facilities	P
Sewage Treatment Facilities	C
Surface Water Management Activities	P

Telecommunication Towers or Wireless Facilities	P1;PL2,3;C4
Utility or Public Maintenance Facilities	P
Waste Transfer Facilities	P1;C2
Water Supply Facilities	P1;A2;C3
Office/Business	
Administrative and Professional Offices	P
Resources	
Agritourism	P
Agricultural Services	P
Agricultural Supply Sales	P1-4
Animal Production, Boarding, and Slaughtering	P1
Crop Production	C2
Fish Processing, Hatcheries, and Aquaculture	C
Forestry	C2
Commercial	
Billboards	A
Building Materials and Garden Supplies	P4,5;C6
Business Services	P
Eating and Drinking Establishments	P
Lodging	C4
Mobile, Manufactured, and Modular Home Sales	P
Motor Vehicles and Related Equipment Sales, Rental, Repair, and Service	P1,4
Rental and Repair Services	P
Sales of Merchandise and Services	P1
Wholesale Trade	P
Industrial	
Contractor Yards	P
Food and Related Products	P1-3;C4
Industrial Services and Repair	P
Intermediate Manufacturing and Intermediate/Final Assembly	P1-4;C5

Recycling Collection and Processing Facilities	P1,2
Salvage Yards/Vehicle Storage	P1;C2-4
Warehousing, Distribution, and Freight Movement	P1,2;C3,4
Acres of High-Density SF District	400
Share of Study Area Acres	1.7%

Source: Pierce County, 2023.

Exhibit 62. High-Density Single Family Zone Use Table, 2023

Use Type	P-S-M
Residential	
Multi-Family Housing	P1,3
Residential Care Facilities	P1,2
Senior Housing	P
Shared Housing	P1
Single-Family Detached Housing	P
Two-Family Housing (Duplex)	P
Civic	
Community and Cultural Services	P7
Day-Care Centers	P1
Education	P1
Public Park Facilities	P1,4
Religious Assembly	P1
Utilities	
Electrical Facilities	P
Natural Gas Facilities	P1;C3
Pipelines	P
Sewage Collection Facilities	P
Sewage Treatment Facilities	C
Surface Water Management Activities	P
Telecommunication Towers or Wireless Facilities	P1;C2
Utility or Public Maintenance Facilities	P1;C2
Waste Disposal Facilities	C2
Waste Transfer Facilities	P1;C2
Water Supply Facilities	P1;A2;C3
Acres of High-Density SF District	16
Share of Study Area Acres	0.1%

Source: Pierce County, 2023.

**Exhibit 63. Employment/Neighborhood/Towne Center/Urban Zones Use
Table, 2023**

Use Type	Employment Corridor	Neighborhood Corridor	Towne Center	Urban Corridor
Residential				
Group Home	-	C	-	C
Multi-Family Housing, Residential Care Facilities, Senior Housing	-	P	P	P
Shared Housing	-	P	-	P2,3
Single-Family Detached Housing, Duplex	-	P	-	-
Civic				
Administrative Government Services, Day-Care Centers	P	P	P	P
Community and Cultural Services	P7	P2,7,8;C1,3	P1-5,7,8	P1-5,7,8
Education	P4,5	P1,2	P1-3;A4,5	P
Health Services	P1,2	P1	P1,2	P1,2
Postal Services	P2	P1	P1	P
Public Park Facilities	P4	P1,2,4	P1,2,4	P
Public Safety Services	P1;C2,3	P1	P1	P1,2
Religious Assembly		P1,2;C3	P1,2	P
Transportation	P1,2;C3	P1	P1,2	P1-3
Utilities				
Electrical Facilities, Pipelines, Sewage, Surface Water Mgmt.	P	P	P	P
Electrical Generation Facilities, Organic Waste Processing	C	-	-	-
Natural Gas Facilities	P	P1,2;C3	P1,2,5;C3	P1;C3
Sewage Treatment Facilities	C	C	C	C
Telecommunication Towers or Wireless Facilities	P1;PL2,3;C4	P1;C2	P1;C2	P1;PL2;C3
Utility or Public Maintenance Facilities	P	P1;C2	P1;C2	P1;C2
Waste Transfer Facilities	P1,2,4	P1;C2	P1;C2	P1,2
Water Supply Facilities	P1;A2;C3	P1;A2;C3	P1;A2;C3	P1;A2;C3
Office/Business				
Administrative and Professional Offices	P	P	P	P
Resources				
Agritourism	P1	-	-	-
Agricultural Services, Crop Production	P	-	-	-
Agricultural Supply Sales	P	-	-	P
Animal Production, Boarding, and Slaughtering	P1	-	-	P1
Fish Processing, Hatcheries, and Aquaculture	C	-	-	-
Forestry	P2	-	-	-
Commercial				

Amusement and Recreation	C3	P1;C6	P1-4	P1-5
Building Materials and Garden Supplies	P5-6	P1,2	P1-4	P
Business Services	P	P1	P1	P
Commercial Centers	-	-	P	P
Eating and Drinking Establishments	P	P1,3	P	P
Lodging	-	-	P2	P2,5
Mobile, Manufactured, and Modular Home Sales	P	-	-	P
Motor Vehicles and Related Equipment Sales, Rental, Repair, and Service	P1,2,4-5	C2	P1	P1-4
Rental and Repair Services, Wholesale Trade	P	-	P1	P
Sales of Merchandise and Services	P1	P1-3	P	P
Storage and Moving	C	-	-	P
Industrial				
Contractor Yards, Industrial Services & Repair	P	-	-	-
Food and Related Products	P	-	P1	P1
Intermediate Manufacturing and Intermediate/Final Assembly	P	-	-	C1-3
Off-site Hazardous Waste Treatment and Storage Facilities	C	-	-	-
Recycling Collection and Processing Facilities, Salvage Yards/Vehicle Storage	C	-	-	-
Warehousing, Distribution and Freight Movement	P1-3	-	-	-
Acres of Centers & Corridors Matrix	1,519	1,873	408	1,285
Share of Study Area Acres	6%	8%	2%	5%

Source: Pierce County, 2023.

Exhibit 64. Employment Center Zone Use Table, 2023

Use Type	Frederickson	Pierce County - Uninc.
Residential		
Single-Family Detached Housing	-1	-
Civic		
Administrative Government Services	P	-
Community and Cultural Services	P7	P7
Day-Care Centers	-	P
Health Services	P1	P1;C2
Postal Services	P2	P

Public Park Facilities	P	P1,4
Public Safety Services	P1;C2,3	P1,2;C3
Transportation	P1;C2,3	P1;C2,3
Utilities		
Electrical Facilities, Natural Gas Facilities, Pipelines, Sewage Collection	P	P
Electrical Generation Facilities, Sewage Treatment Facilities	C	C
Organic Waste Processing Facilities	C	P1,2;C3
Stormwater Facilities*	-	P
Telecommunication Towers or Wireless Facilities	P1;PL2,3;C4	P1;PL2,3;
Utility or Public Maintenance Facilities, Water Supply Facilities	P	P
Waste Disposal Facilities	P1-4	P1-4;C5
Waste Transfer Facilities	P1;C2	P1;C2-4
Office/Business		
Administrative and Professional Offices	P	P
Resources		
Agritourism	P1	P
Agricultural Services, Crop Production, Forestry	P	P
Animal Production, Boarding, and Slaughtering	C3	C3
Fish Processing, Hatcheries, and Aquaculture, Surface Mines	C	C
Commercial		
Business Services, Wholesale Trade, Mobile, Manuf. & Modular Home Sales	P	P
Eating and Drinking Establishments, Rental & Repair Services, Billboards	-	P
Motor Vehicles and Related Equipment Sales, Rental, Repair, and Service	-	P1,5
Sales of Merchandise and Services	-	P1
Industrial		
Basic Manufacturing, Contractor Yards, Food & Related Products	P	P
Industrial Services and Repair, Recycling Collection & Processing	P	P
Intermediate Manufacturing and Intermediate/Final Assembly	P	P
Off-site Hazardous Waste Treatment and Storage Facilities	C	C
Salvage Yards/Vehicle Storage	C	P
Warehousing, Distribution, and Freight Movement	P1-3;C4	P1-3;C4
Acres of Employment Center District	2,206	0
Share of Study Area Acres	9%	0%

Source: Pierce County, 2023.

Note: Allowed only as a component of a mixed-use development and shall not be permitted as a stand-alone use.

Exhibit 65. Parks & Recreation Zone Use Table, 2023

Use Type	P-S-M	Mid-County	Frederickson	Pierce County - Uninc.
Civic				
Community and Cultural Services	P7	P7	P7	P7
Public Park Facilities	P1,2,4,8;C3	P1,2,4;C3	P1,2,4;C3	P1,2,4;C3
Public Safety Services	P1	P1	P1	P1
Utilities				
Electrical Facilities, Pipelines, Sewage Collection	P	-	-	P
Electrical Generation Facilities	C3	C3	C3	C3
Stormwater Facilities*	-	-	-	P
Telecommunication Towers or Wireless Facilities	P1;C2	P1;C2	P1;C2	P1;C2
Water Supply Facilities	P1;A2;C3	P1;A2;C3	P1;A2;C3	P1;A2;C3
Acres of Park & Recreation District	366	0	132	0
Share of Study Area Acres	2%	0%	1%	0%

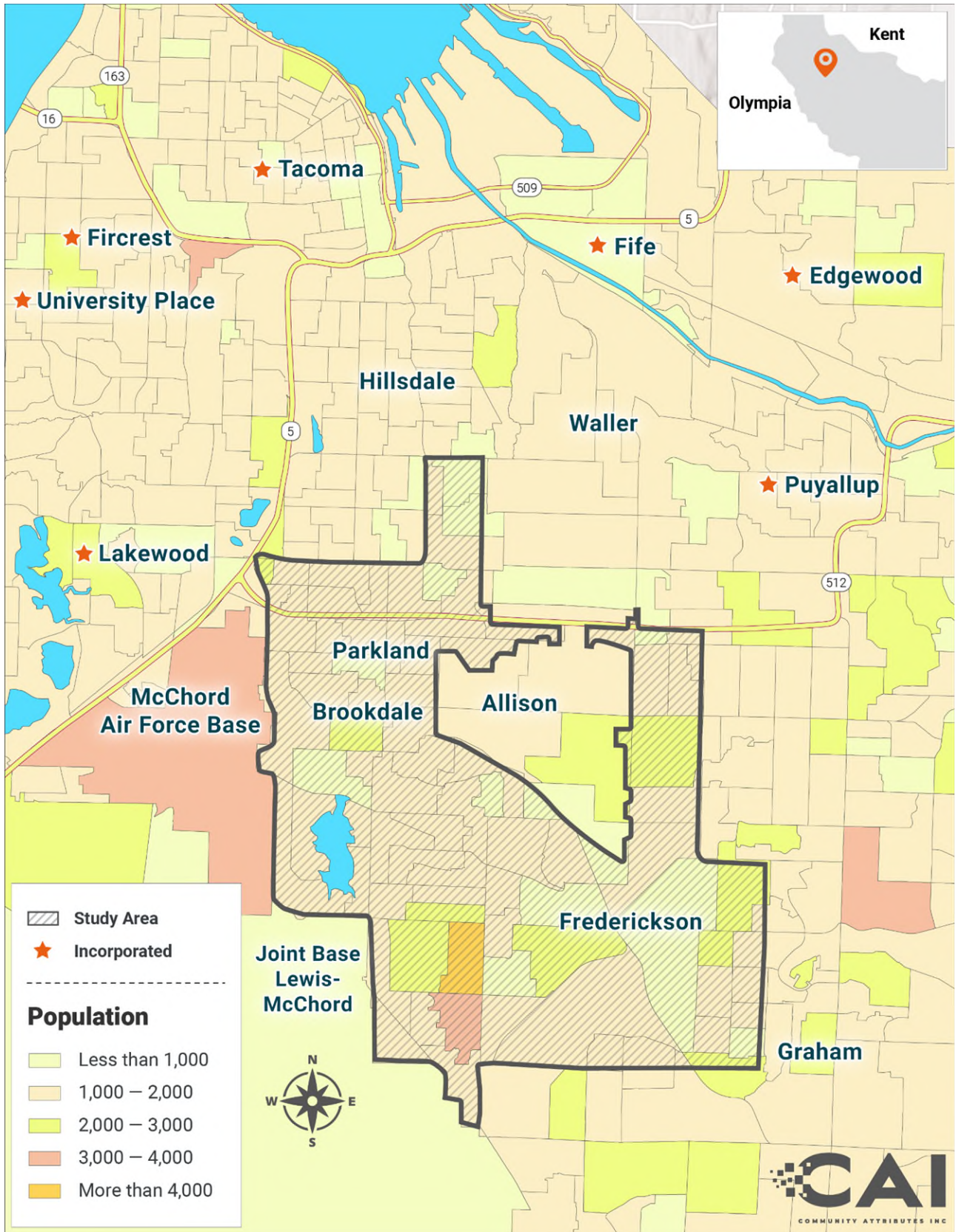
Source: Pierce County, 2023.

Note: Allowed only as a component of a mixed-use development and shall not be permitted as a stand-alone use.

APPENDIX G: PARKLAND, SPANAWAY, MIDLAND AND FREDERICKSON STUDY AREA DEMOGRAPHICS, COMMUTE TRENDS AND EXISTING DISTRICTS

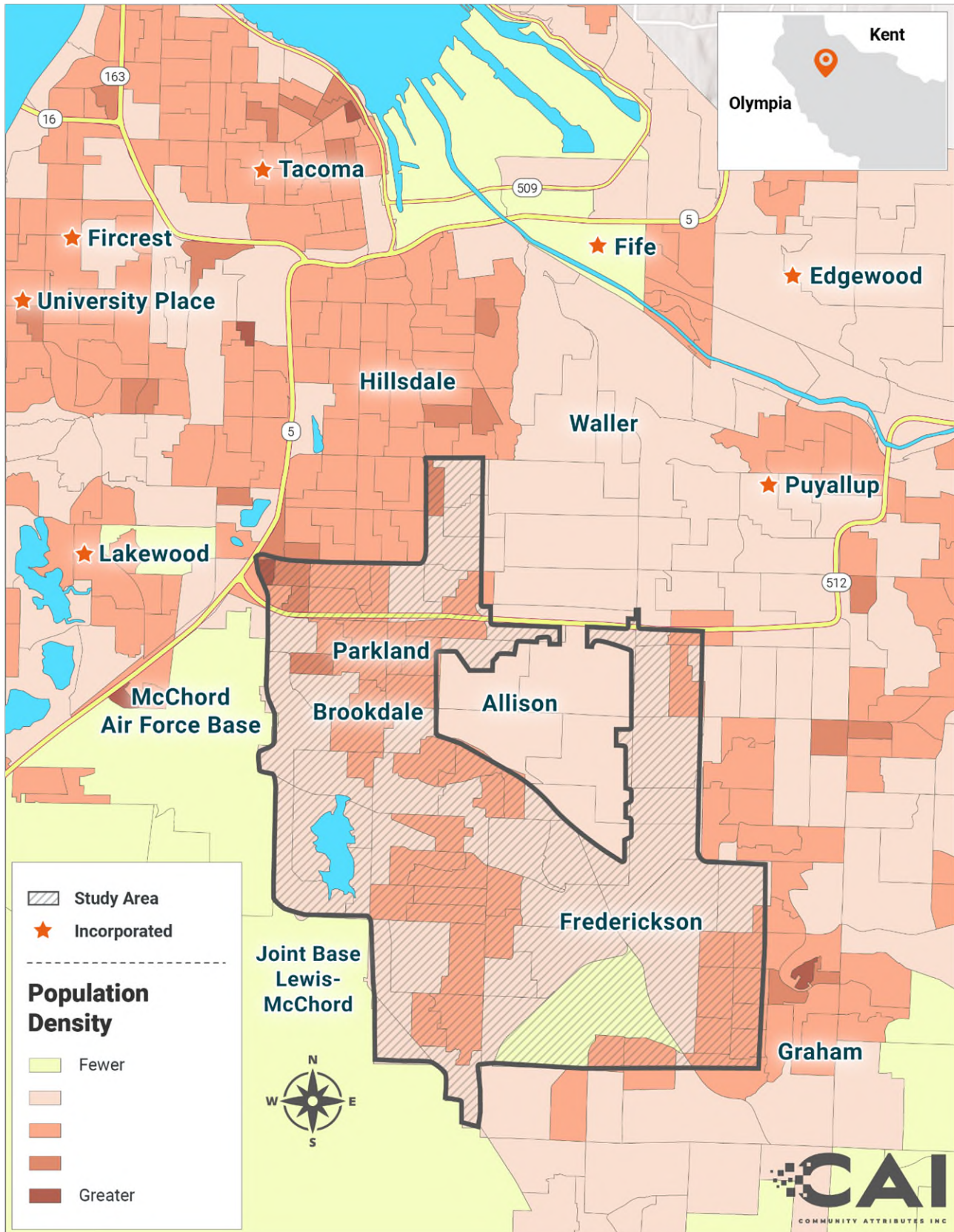
Exhibit 66 through **Exhibit 70** show demographic data by census tract. These maps are intended to show attributes of the Study Area community as well as differences of key demographic data within the Study Area. **Exhibit 71** and **Exhibit 72** show where concentrations of Study Area residents work and where Study Area workers live. This provides an understanding of the share of Study Area residents that live close to where they work and as well as key work destinations for residents.

Exhibit 66. Study Area Population, 2021



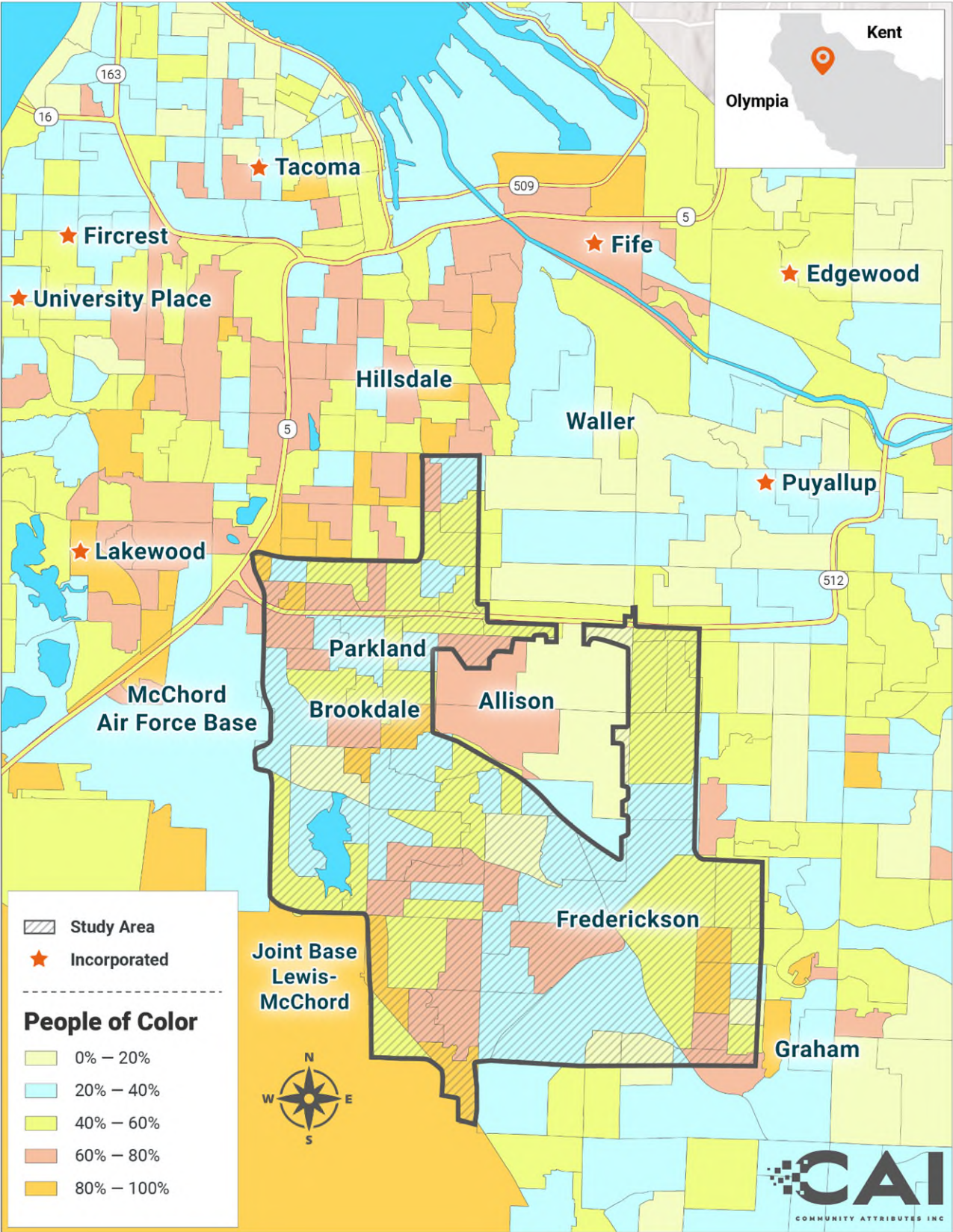
Sources: U.S. Census Bureau ACS 5-Year Estimates, 2021; Community Attributes Inc., 2023.

Exhibit 67. Study Area Population Density, 2021



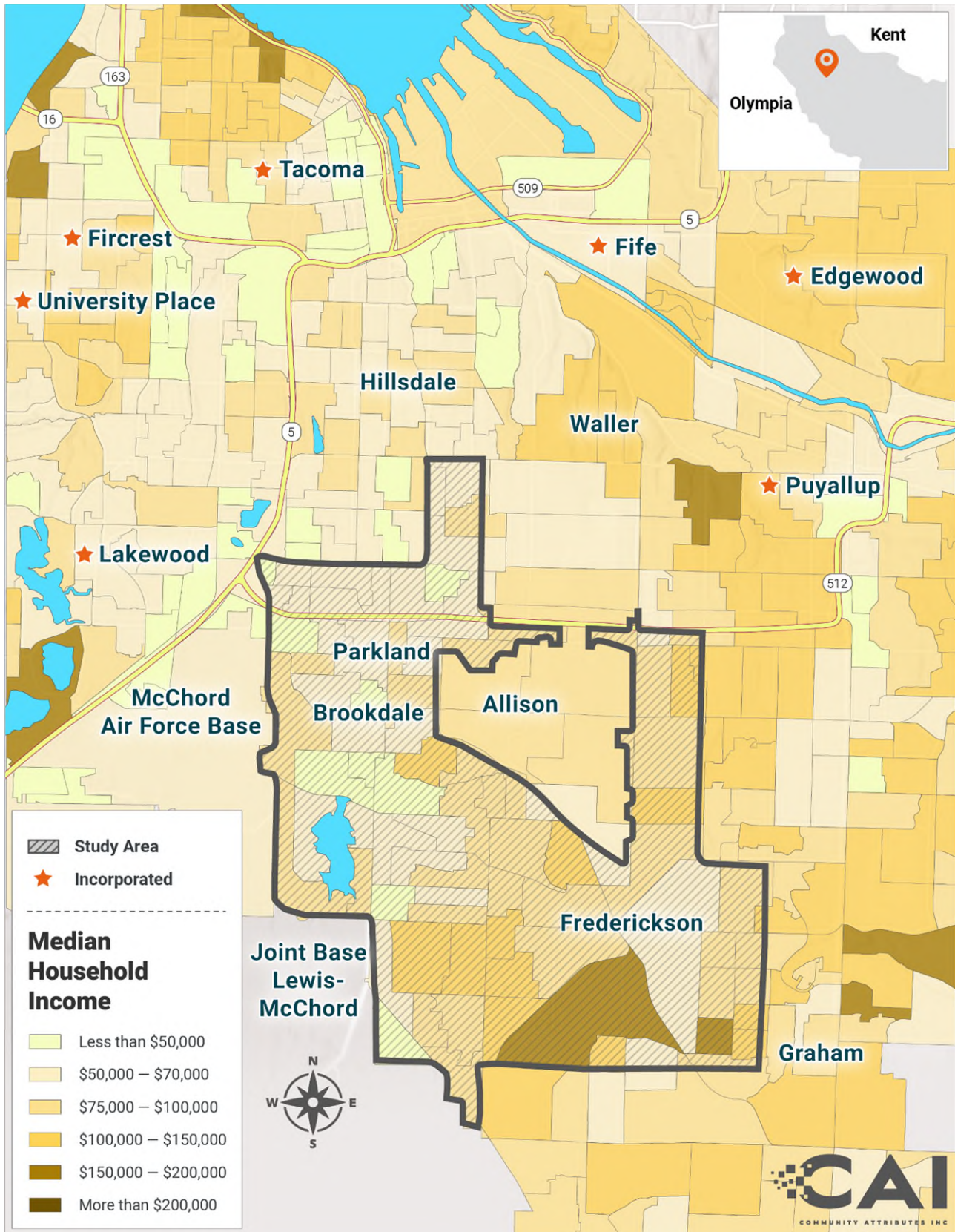
Sources: U.S. Census Bureau ACS 5-Year Estimates, 2021; Community Attributes Inc., 2023.

Exhibit 68. Study Area People of Color, 2021



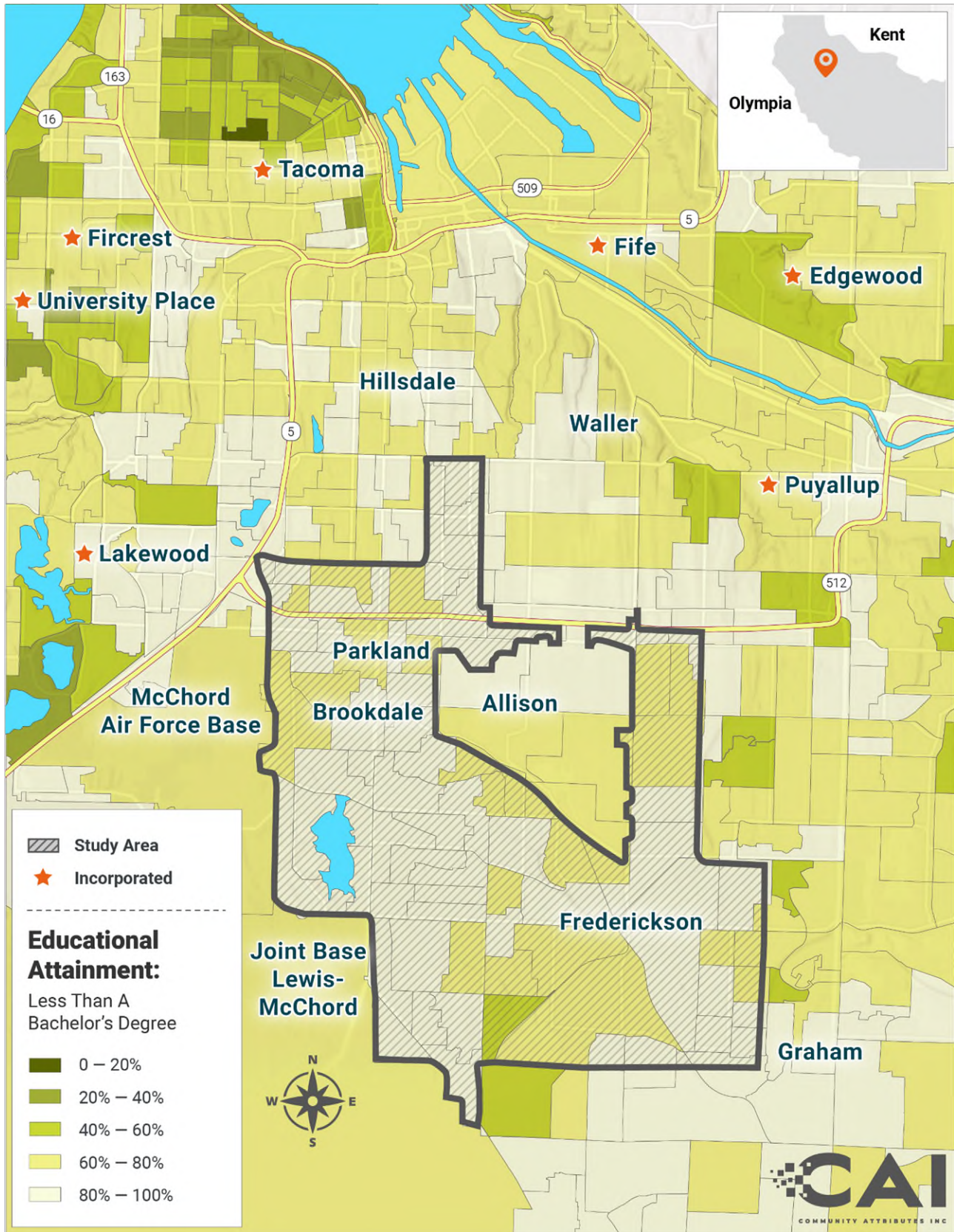
Sources: U.S. Census Bureau ACS 5-Year Estimates, 2021; Community Attributes Inc., 2023.

Exhibit 69. Study Area Median Household Income, 2021



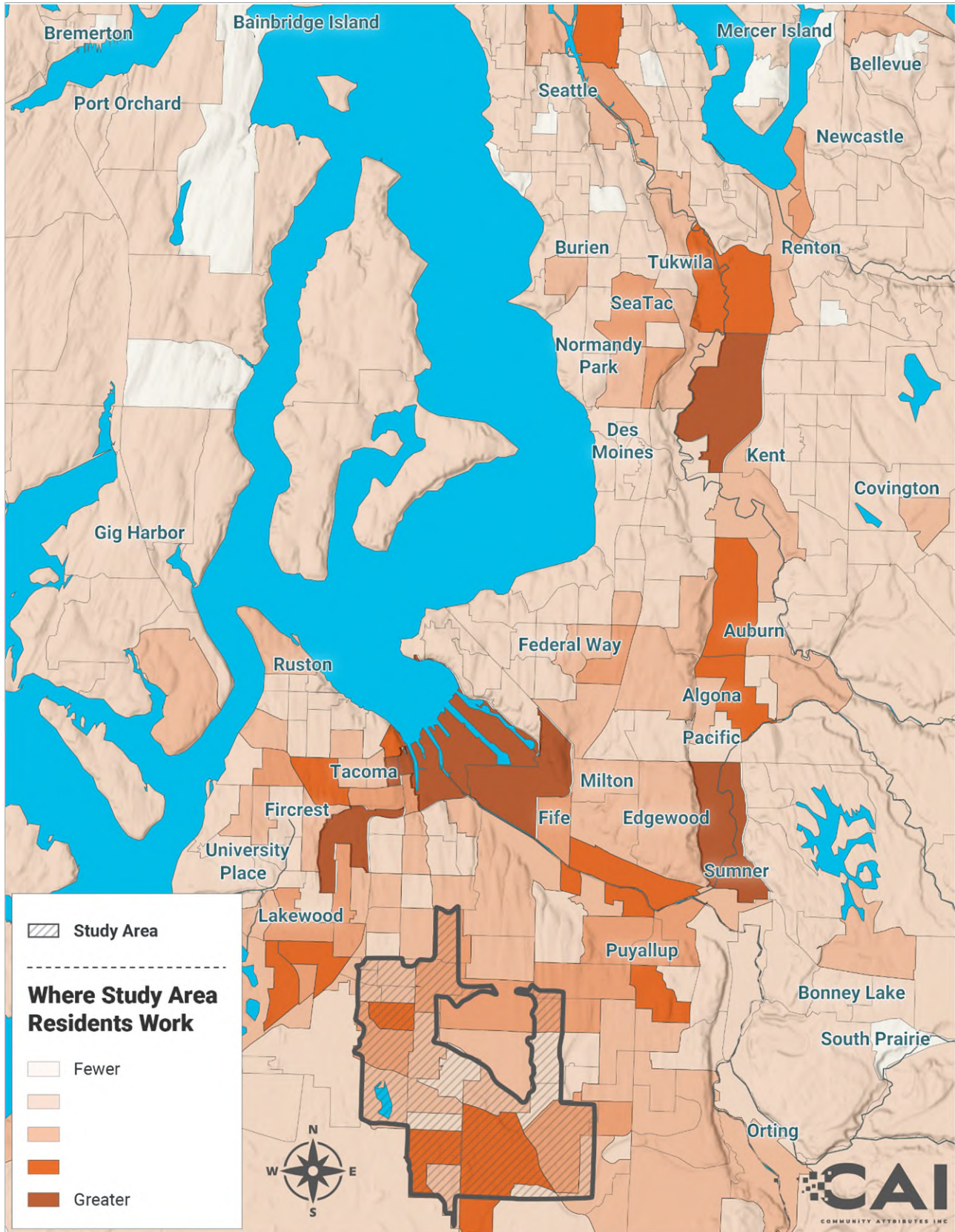
Sources: U.S. Census Bureau ACS 5-Year Estimates, 2021; Community Attributes Inc., 2023.

Exhibit 70. Study Area Educational Attainment, 2021



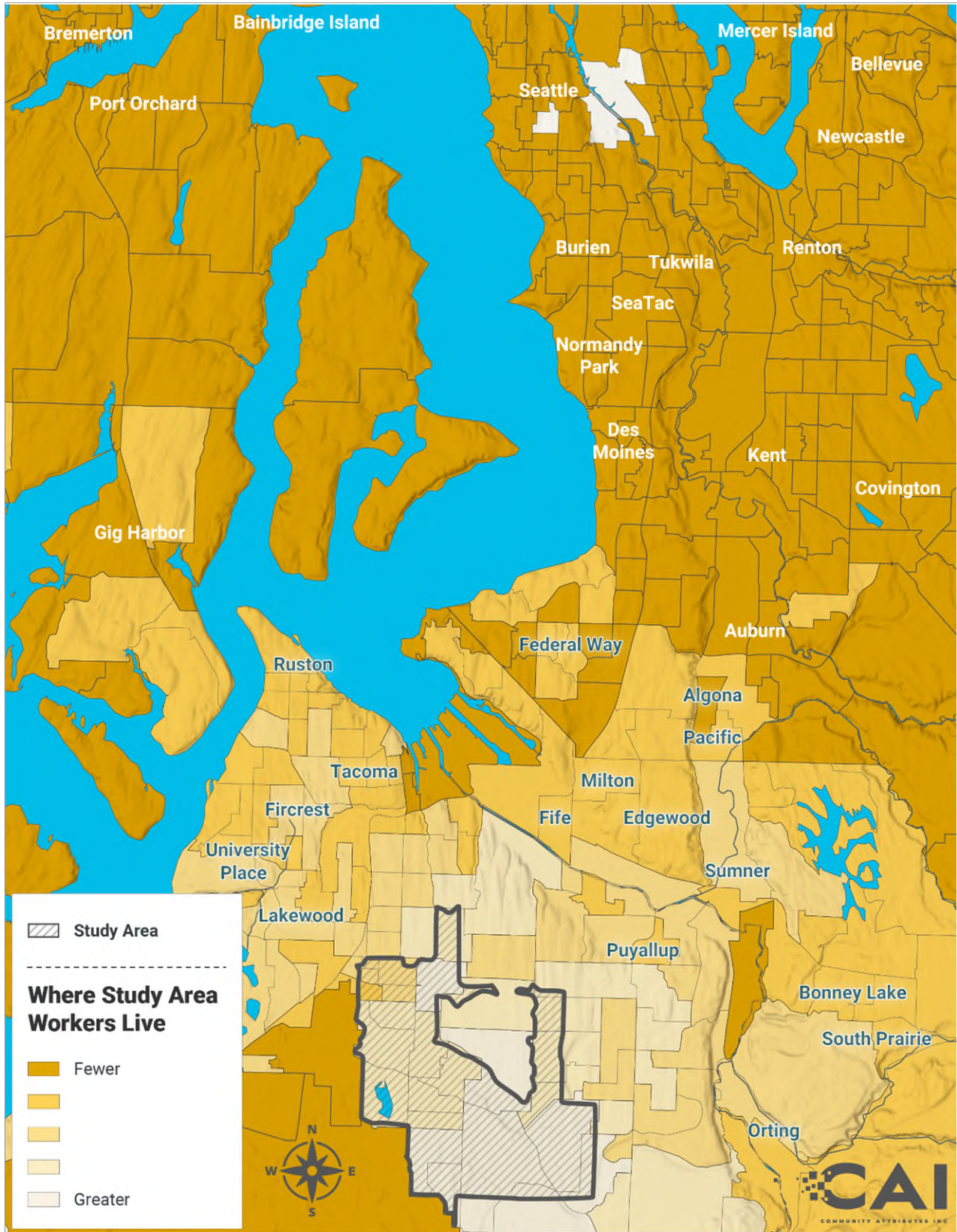
Sources: U.S. Census Bureau ACS 5-Year Estimates, 2021; Community Attributes Inc., 2023.

Exhibit 71. Study Area Resident Work Destinations, 2020



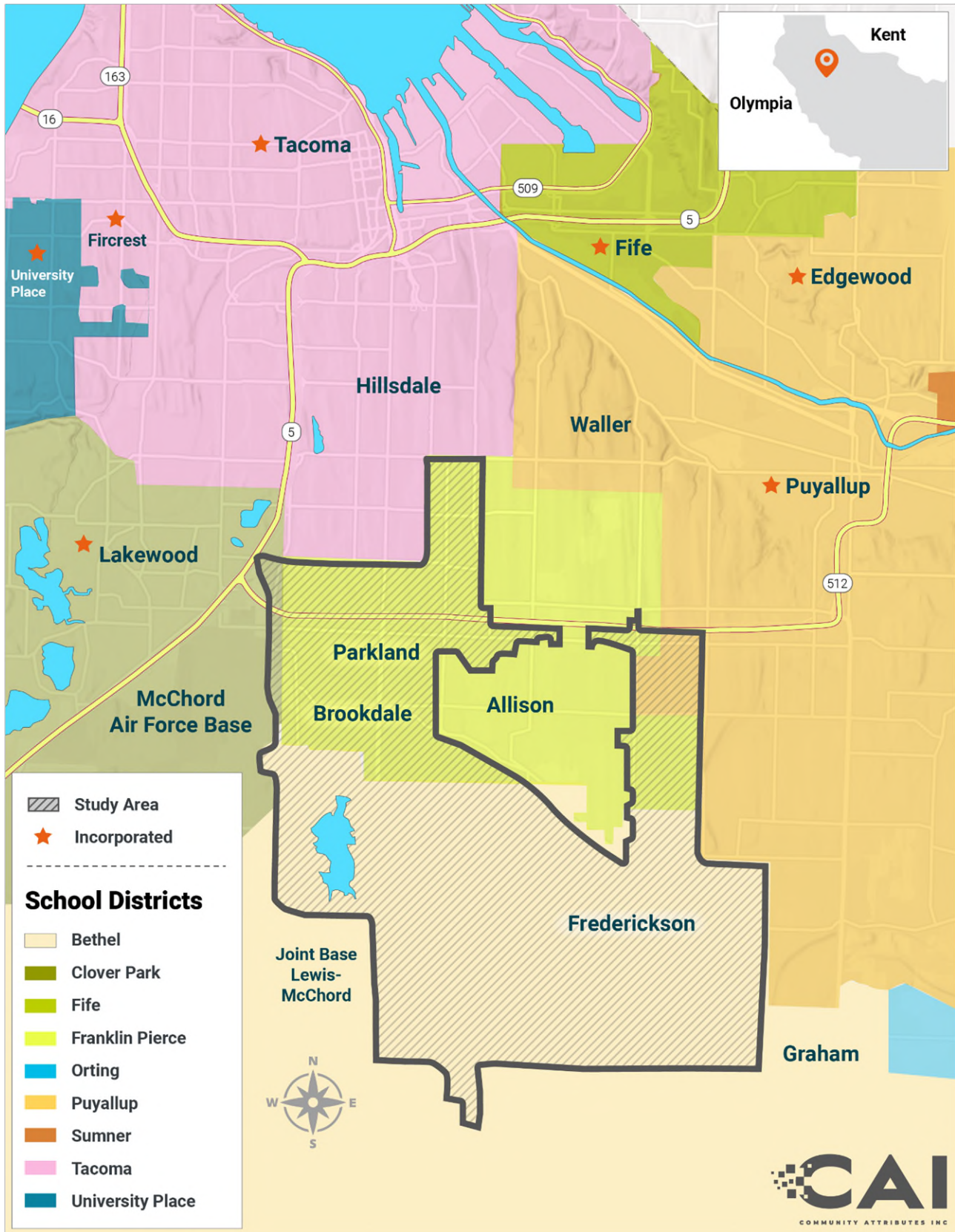
Sources: U.S. Census Bureau, 2023; Community Attributes Inc., 2023.

Exhibit 72. Study Area Workers Home Destinations, 2020



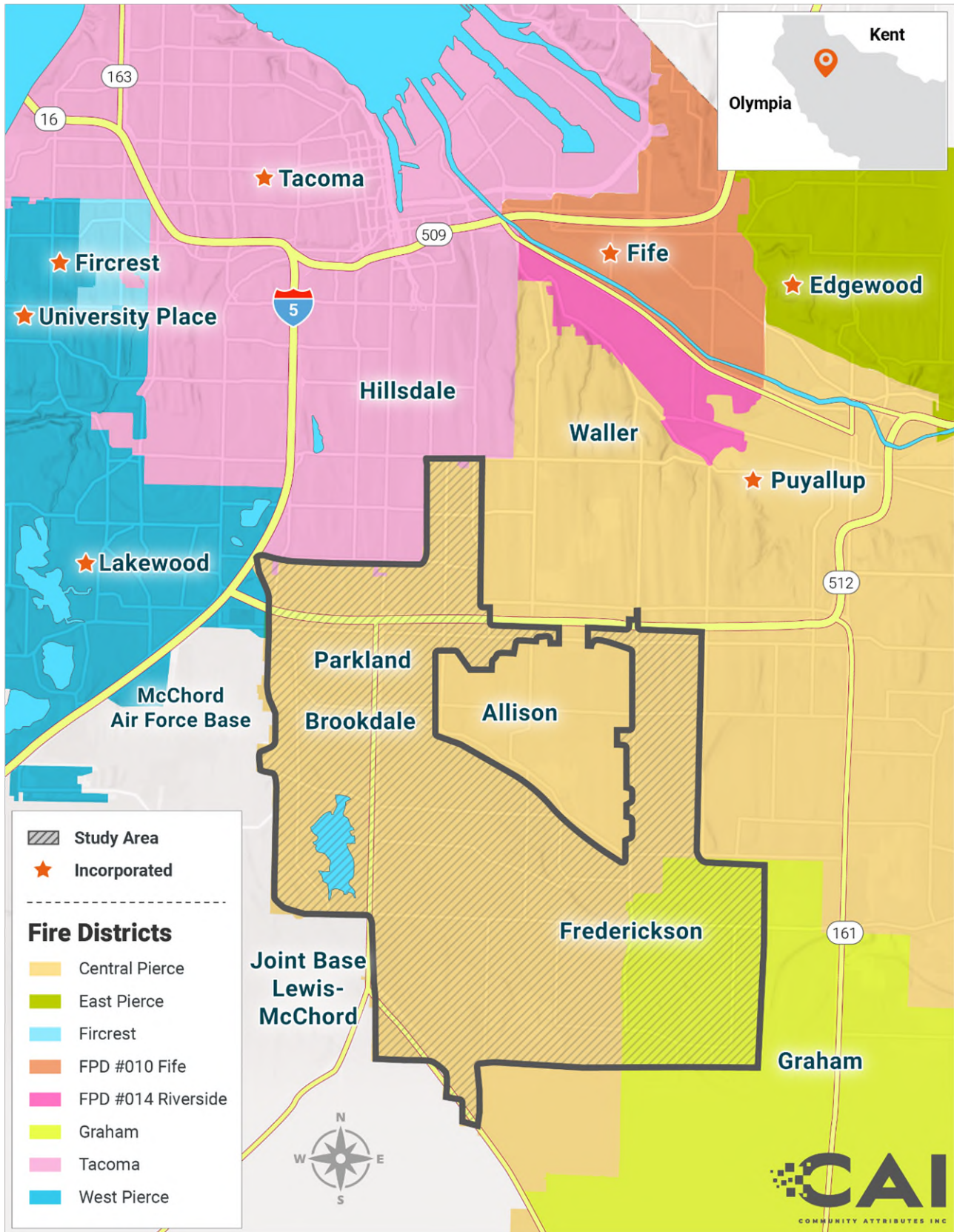
Sources: U.S. Census Bureau, 2023; Community Attributes Inc., 2023.

Exhibit 73. Study Area School Districts, 2023



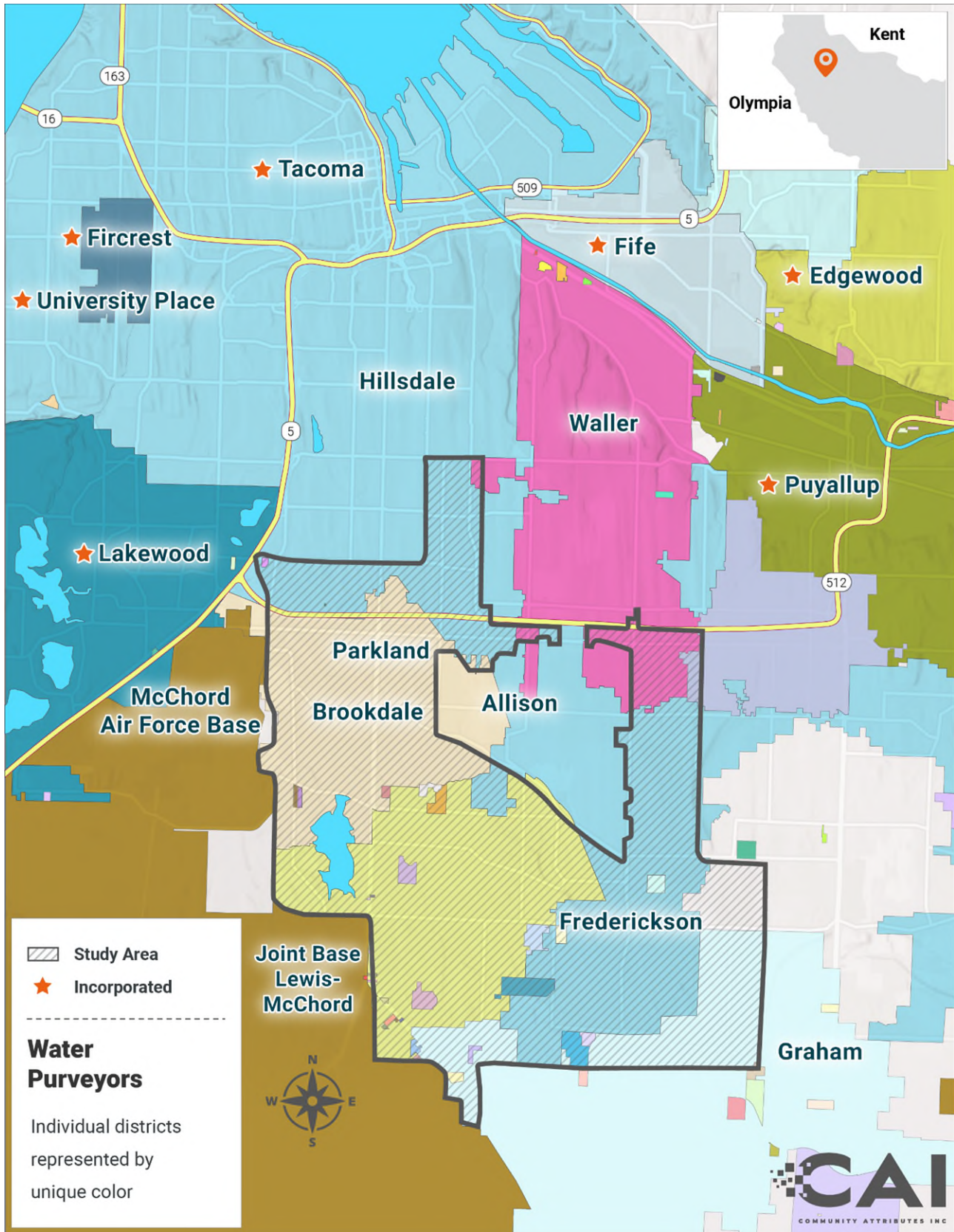
Sources: Pierce County, 2023; Community Attributes Inc., 2023.

Exhibit 74. Study Area Fire Districts, 2023



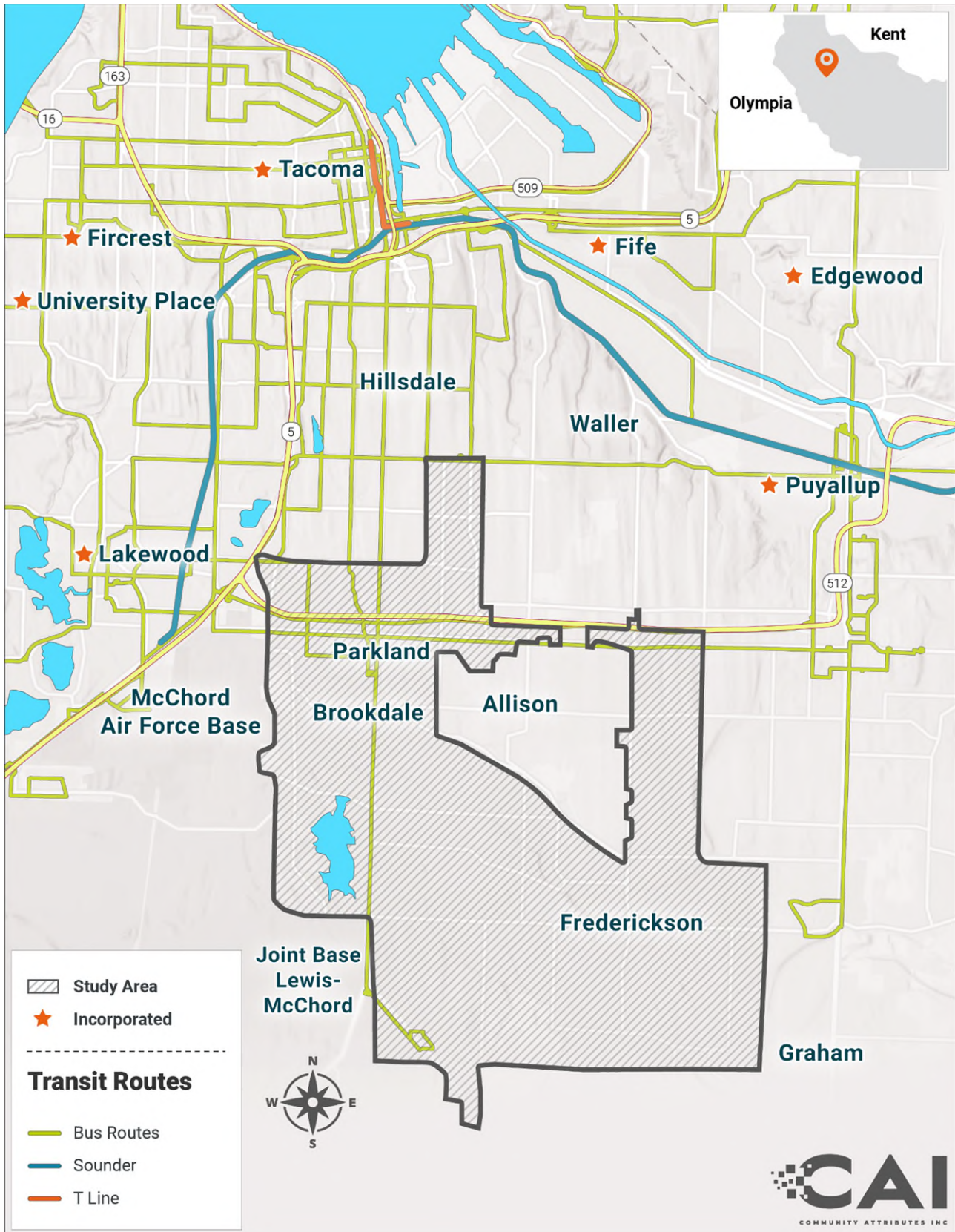
Sources: Pierce County, 2023; Community Attributes Inc., 2023.

Exhibit 75. Study Area Water Districts, 2023



Sources: Pierce County, 2023; Community Attributes Inc., 2023.

Exhibit 76. Study Area Transit Routes, 2023



Sources: Pierce County, 2023; Community Attributes Inc., 2023.

APPENDIX H: PIERCE COUNTY'S COUNTYWIDE PLANNING POLICIES AND OTHER POLICIES AND PROGRAMS RELATED TO ANNEXATION AND INCORPORATION

Washington State Growth Management Act

The state's Growth Management Act requires: (1) that the County designate an "urban growth area" (UGA) or areas within which urban growth shall be encouraged and outside of which growth shall occur only if it is not "urban" in character; (2) that each municipality in the County be included within an UGA; (3) that an UGA include territory outside of existing municipal boundaries only if such territory is characterized by urban growth or is adjacent to territory that is already characterized by urban growth.⁶³

Growth Management Act amendments RCW 36.70A.210(3) (a), (b), and (f) expressly require that countywide planning policies address the implementation of UGA designations, the promotion of contiguous and orderly development, the provision of urban services to such development, and the coordination of joint county and municipal planning within UGAs.⁶⁴

Puget Sound Regional Council Vision 2050

Members of the Puget Sound Regional Council adopted VISION 2050 in October 2022. VISION 2050 is a plan for the region's growth, capturing a vision for the regions environmental, economic and transportation future.⁶⁵ VISION 2050 also includes a Regional Growth Strategy for how and where the central Puget Sound region can grow to a forecast of 5.8 million people and 3.4 million jobs by the year 2050.⁶⁶ Relevant goals and implementation strategies for VISION 2050 include the following.

Annexation and Incorporation

MPP-DP-28: Support joint planning between cities, counties, and service providers to work cooperatively in planning for urban unincorporated areas to ensure an orderly transition to city governance, including efforts such as:

⁶³ RCW 36.70A.110

⁶⁴ Pierce County Countywide Planning Policies, 2022.

⁶⁵ VISION 2050's multi-county planning policies (MPPs) serve many purposes. MPPs provide a framework for updating countywide planning policies. Cities and counties use MPPs as a guide when updating local comprehensive plans. At PSRC, VISION 2050 and the MPPs inform updates to the Regional Transportation Plan and Regional Economic Strategy. The MPPs provide policy direction for the implementing the Regional Growth Strategy. VISION 2050 actions outline responsibilities and tasks for PSRC, local governments, and others to implement the plan.

⁶⁶ VISION 2050 Planning Resources, PSRC, March 2021.

(a) establishing urban development standards, (b) addressing service and infrastructure financing, and (c) transferring permitting authority.⁶⁷

MPP-DP-29: Support annexation and incorporation in urban unincorporated areas by planning for phased growth of communities to be economically viable, supported by the urban infrastructure, and served by public transit.⁶⁸

Rural Areas and Natural Resource Lands

MPP-DP-35: In the event that a proposal is made for creating a new, fully contained community, the county shall make the proposal available to other counties and to the Regional Council for advance review and comment on regional impacts.⁶⁹

Pierce County Countywide Planning Policies

The Countywide Planning Policies adopted on May 17, 2022, and ratified on November 14, 2022, are intended to be the consistent “theme” of growth management planning among Pierce County jurisdictions. The policies also establish processes and mechanisms designed to foster open communication and feedback among the jurisdictions.⁷⁰

Annexation

The County recognizes that unincorporated lands within UGAs are often Potential Annexation Areas (PAA) for cities. Although annexation is preferred, there are also areas where incorporation could occur. The County will work with existing municipalities and emerging communities to ensure efficient transitions.⁷¹

Annexations and incorporations have direct and significant impacts on the revenue of county government, and therefore, may affect the ability of the County to fulfill its role as a provider of certain regional services. The municipalities will work closely with the County to develop appropriate revenue sharing and contractual service arrangements that facilitate the goals of GMA.⁷²

⁶⁷ VISION 2050 A Plan for the Central Puget Sound Region, October 2020.

⁶⁸ VISION 2050 A Plan for the Central Puget Sound Region, October 2020.

⁶⁹ VISION 2050 A Plan for the Central Puget Sound Region, October 2020.

⁷⁰ Pierce County Countywide Planning Policies, Page 99, November 2022.

⁷¹ Pierce County Countywide Planning Policies, Page 106, November 2022.

⁷² Pierce County Countywide Planning Policies, Page 107, November 2022.

Pierce County Comprehensive Plan

Annexation and Urban Growth Area Expansion (2-20)

Goal Land Use-2: All unincorporated urban areas within the urban growth area shall either be affiliated with neighboring cities and towns as PAAs or identified as Potential Incorporation Areas (PIAs).

Goal Land Use 2.3: The general preference is for unincorporated urban areas to be affiliated with neighboring cities or towns rather than being identified as a PIA. However, a PIA designation can be established where incorporation of an area is appropriate based upon logical geographic boundaries; size; population; a potential tax base to support a City; a variety of uses needed for a City, including residential, businesses, civic and recreational; urban services and facilities provided other than by adjacent cities; a community identity; and other appropriate factors.

Goal Land Use-3: Pierce County should establish a program that explores the possibility of incorporation of identified areas.

Goal Land Use-3.1 Pierce County should establish stakeholder groups of local residents, service providers, businesses, and other interested parties to identify opportunities and challenges associated with the incorporation of identified areas.

Goal Land Use 3.2: Pierce County should explore the economic viability of incorporation through completion of incorporation feasibility studies. An incorporation study should include at a minimum the area proposed to be included (LU 3.2.1); current estimates and future projections of population (LU 3.2.2); existing land uses and housing (LU 3.2.3); per capita assessed valuation (LU 3.2.4); current services provided to the community by the County, special purpose districts, school districts, other countywide authorities, and the state (LU 3.2.5); analysis of tax and revenue options for the operations of a new city (LU 3.2.6); revenue estimates (LU 3.2.7); expenditures – proposed city budget including operating expenditures, capital facilities, and equipment expenditures (LU 3.2.8); land use policy (LU 3.2.9); provision of services by new city and impacts upon current service providers (LU 3.2.10); and analysis of alternatives (LU 3.2.11).

Goal Land Use-4: Facilitate the transformation of unincorporated urban areas into cities and towns through annexation.

Goal Land Use-4.3: Encourage the annexation or incorporation of unincorporated urban areas through improving the local economic market.⁷³

⁷³ Pierce County Comprehensive Plan, Land Use Element.

Existing and Future Potential Incorporation Area (PIA)

The County has designated one PIA and plans to designate others. The County has identified a PIA for the Employment Based Planned Community (EBPC) of Tehaleh and expects to designate additional PIAs upon further review. The Tehaleh PIA designation was based upon a variety of factors including its size and projected population, which are comparable to those of other cities in Pierce County; its EBPC designation and master plan, distinguishing it from other urban areas; its separate geographical identity, removed from nearby cities through distance, land use, and topography; its mixture of urban densities and other uses needed for a complete city, including employment, civic, commercial, parks and other uses; uses that establish a viable potential tax base; a sense of unique identity and community that has already developed; and the provision of urban services that are planned to serve the whole development, largely financed by the residents and not provided by nearby cities. These factors, as well as the expressed views of current residents, make incorporation a strong potential. PIAs are identified as part of the County's Comprehensive Plan.

This PIA designation includes additional parcels that are owned by others within the general boundaries of Tehaleh. These additional parcels are part of the logical boundary of the future incorporation area. Although they are not part of the Tehaleh Master Plan, they are in the UGA, are in the Cascadia Sewer Service Area, are served by the same street network, and are physically located so that they should be part of the same municipality. Additional PIAs may be identified and designated through community plans.⁷⁴

Frederickson Community Plan

A PIA designation indicates that an area would like to work toward incorporation in the future. According to State law, in order for an area to incorporate it must show that it is economically viable. Being within a PIA does not obligate a jurisdiction to incorporate within a defined timeline.⁷⁵

Goal one of the Fredrickson Community Plan Land Use Element designates the Frederickson Community Plan area as a Potential Incorporation Area (PIA) and acknowledges that a future incorporation boundary proposed by residents could include land outside the community plan area.⁷⁶

Mid-County Community Plan

There is a focus on prioritizing community desirability and character by preserving heritage resources and natural resources. The community has

⁷⁴ Pierce County Comprehensive Plan, Land Use Element.

⁷⁵ Pierce County Comprehensive Plan, Appendix D: Fredrickson Community Plan.

⁷⁶ Pierce County Comprehensive Plan, Appendix D: Fredrickson Community Plan.

enacted an overall goal to support regional growth while balancing urban commercial areas with residential areas. Through this, the goal is to create opportunities locally for growth to meet needs of local residents, including to provide jobs and infrastructure (transportation) resources while minimizing impacts to the community's natural resources and identity.⁷⁷

The Mid-County Community Plan emphasizes the need to develop more housing options, as new housing production has lagged in recent years, despite increasing demand. Furthermore, 90% of residents commuted outside the region for work, spotlighting the dire jobs to housing imbalance. Increased traffic congestion in recent years, spurred by recent residential and commercial development, and polluted regional creeks and groundwater reserves highlight the need for significant climate investments, to prioritize health and sustainability. Other significant focal points include increasing capacities in schools, developing new parks and recreational spaces and leveraging vacant and underutilized land, prioritizing the mitigation of detrimental impacts of expansion and further development on both the community and environment.⁷⁸

Parkland-Spanaway-Midland Community Plan

Overall community goals include emphasizing health, safety, a strong sense of community; high quality of life; preservation of existing residential structures; and development of new neighborhoods with a variety of housing types. The plan identifies that new development and expansion should be focused around existing higher intensity uses and along major transportation corridors to mitigate the impacts from higher density development to lower density and natural resources. Additionally, the community places a high value on its rural atmosphere and natural and wildlife ecosystems, which support fish, wildlife and people.⁷⁹

Looking forward, the plan highlights a need to continue focus mitigating traffic volume and congestion, collectively working to lower housing costs, increasing development and utilization of vacant and underutilized land, creating an employment corridor to boost local employment opportunities, increasing the capacity of local schools, developing more parks and recreational spaces, improving water quality and emphasizing the preservation of various natural habitats for critical at-risk species.⁸⁰

⁷⁷ Pierce County Comprehensive Plan, Appendix H: Mid-County Community Plan.

⁷⁸ Pierce County Comprehensive Plan, Appendix H: Mid-County Community Plan.

⁷⁹ Pierce County Comprehensive Plan, Appendix I: Parkland-Spanaway-Midland Communities Plan.

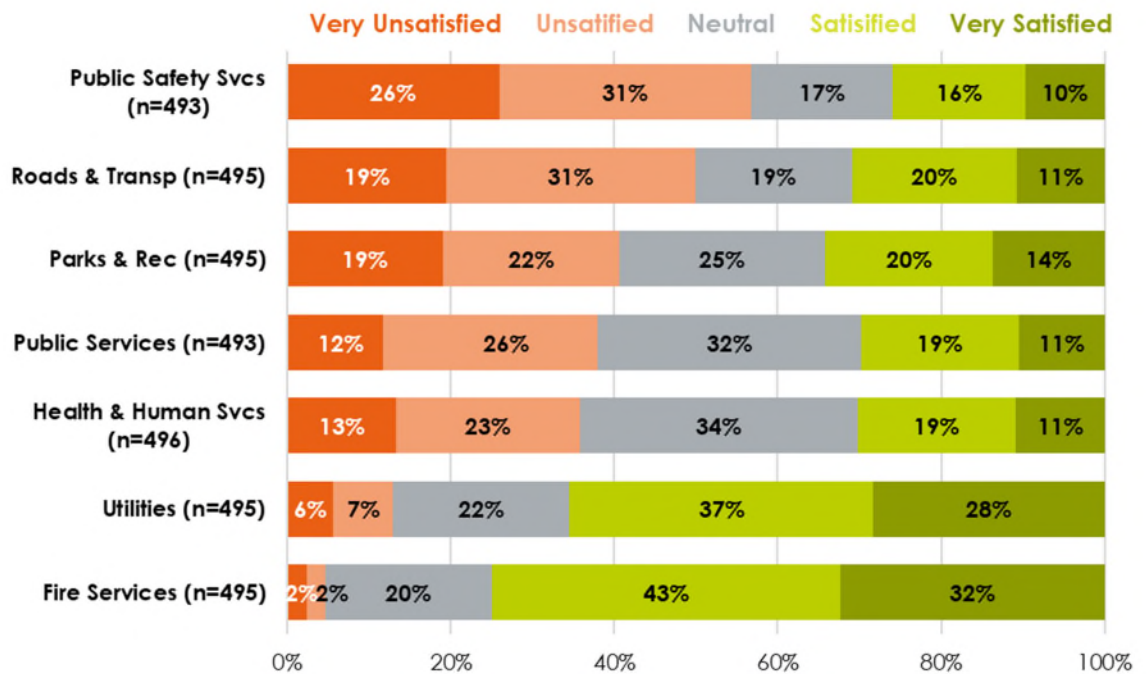
⁸⁰ Pierce County Comprehensive Plan, Appendix I: Parkland-Spanaway-Midland Communities Plan.

APPENDIX I: COMMUNITY SURVEY RESULTS

Community Attributes conducted an online survey on behalf of the Washington State Department of Commerce to request residents' input to inform this study. The survey was conducted in March, April, and May of 2023 and received 500 responses.

Survey respondents were asked to rate their level of satisfaction with current public services within the Parkland Study Area from 1 (Very Unsatisfied) to 5 (Very Satisfied). Respondents were least satisfied with the current level of public safety services, roads and transportation services and parks and recreation services provided where they live. Survey respondents were mostly satisfied or very satisfied with the current level of utilities (sewer, water and waste management) and fire services. Roughly 38% of respondents reported they were very unsatisfied or unsatisfied with the overall level of public services provided where they live, compared to 30% of respondents who reported they were satisfied or very satisfied. (**Exhibit 77**)

Exhibit 77. Level of satisfaction with public services within the Parkland Study Area

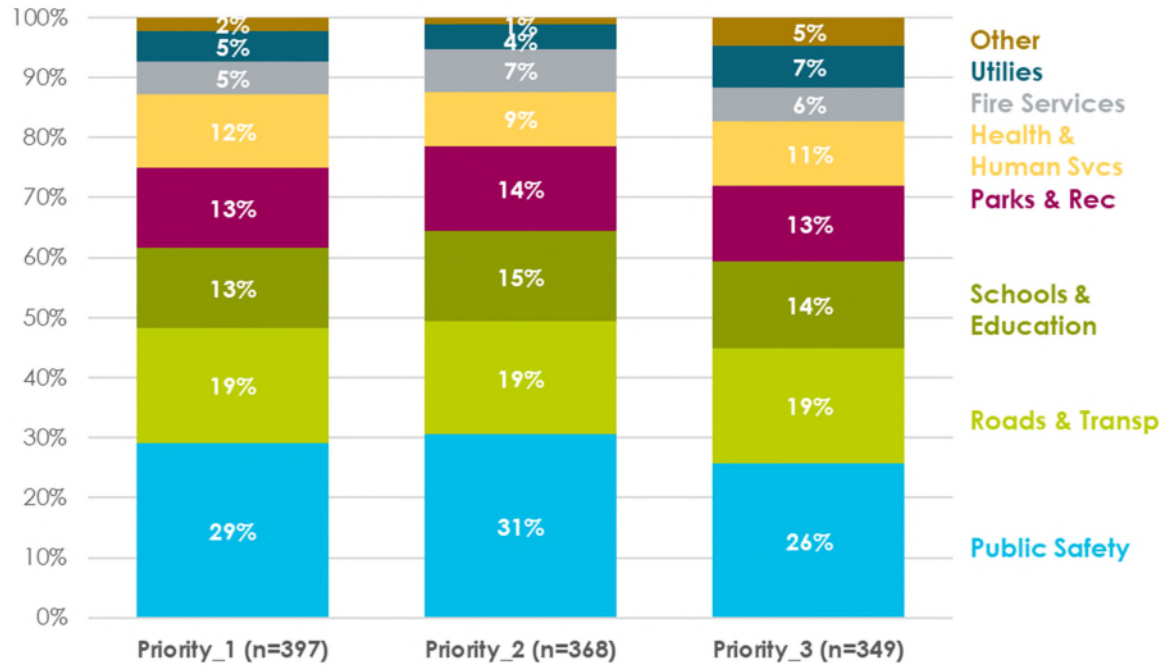


Sources: Community Survey, 2023; Community Attributes Inc., 2023.

Survey respondents were then asked to select their top three priorities for public services for future investment within the Study Area. Overall, public safety, roads and transportation and schools and education were amongst the most common priorities selected by respondents. **Exhibit 78** shows the percentage of respondents that selected these public services as either

priority one, two or three. The ‘Other’ category included mentions of crime and drug use, homelessness and police services.

Exhibit 78. Top 3 priorities for public services for future investment within the Study Area



Sources: Community Survey, 2023; Community Attributes Inc., 2023.

Exhibit 79 shows the responses to the survey question about which current city in Pierce County most closely aligns with the study. A total of 338 responses were received for this question. Almost a quarter of respondents indicated Spanaway most closely aligns with the Study Area, while another quarter mentioned Parkland. Roughly 15% of respondents said they don’t know or don’t understand the question.

Exhibit 79. Current cities in Pierce County that most closely align with the Study Area

City	# Responses	% of Total Responses
Parkland	80	24%
Spanaway	77	23%
Tacoma	53	16%
Don't Know/Don't Understand Question	49	14%
Puyallup	22	7%
Frederickson	14	4%
Midland	9	3%
Lakewood	8	2%
Graham	3	1%
University Place	3	1%
Summit	3	1%
Brookdale	1	0%
Brookdale/Parkland	1	0%
Buckley	1	0%
Dupont	1	0%
Fircrest	1	0%
Gig Harbor	1	0%
Lakewood/Lacy	1	0%
Orting	1	0%
Parkland/Spanaway	1	0%
Parkland/Spanaway/Frederickson/Puyallup	1	0%
Parkland/Tacoma	1	0%
Pierce County	1	0%
Spanaway/Frederickson	1	0%
Spanaway/Graham	1	0%
Spanaway/Parkland	1	0%
Tacoma/Spanaway/Frederickson	1	0%
Waller	1	0%
Total	338	100%

Sources: Community Survey, 2023; Community Attributes Inc., 2023.

Lastly, respondents were asked if they have anything else to add to inform this study. This was an open-ended survey question and the following themes emerged from the responses received (n=197).

- Opposed to incorporation.
 - Almost a third of respondents who provided an answer to this question mentioned they were opposed to incorporation.
 - Roughly 45% of these did not provide a reason for their opposition.

- Roughly 34% of respondents who oppose incorporation expressed concerns about increases in taxes (especially property tax) and government control because of incorporation: *“An added layer of government will do nothing to enhance the community and only add to the frustrations of increasing taxes and government control over private property and life in general.”*
- A few respondents mentioned they do not wish to live in a city and “live in this part of unincorporated Pierce County for a reason”.
- Crime and drug use.
 - Roughly 13% of respondents who provided an answer to this question expressed concerns about the level of crime and drug use in the Study Area. In many instances, respondents associated homelessness with an increase in crime and drug use. *“This area needs more public safety, services for addiction, and code enforcement. Trash is a serious issue and along with ecological disasters that bloom with addicted people living un-housed. There needs to be some accountability as it seems taxpayers, homeowners and families needs are marginalized when un-housed addicts are allowed to camp.”* Property theft and personal safety were also mentioned in relation to concerns about a rise in crime and drug use. In some cases, respondents mentioned a desire for more police as well as for more services for people with mental health and substance abuse issues.
- Homelessness.
 - Homelessness was a prevalent theme, mentioned by nearly 15% of respondents to this question. For many respondents, the challenge of fighting homelessness was accompanied by a need to address crime, drug use and distribution and litter. Homelessness is mentioned in relation to issues such as panhandling, vagrancy, loitering, theft and trespassing. *“The crime and homelessness population is growing with each passing day to the point where we don’t feel safe going for a walk in our own neighborhood. something needs to change.”*
- Other themes that were mentioned include a need for more police, improvements to education, public safety and pedestrian safety. Some respondents expressed the need for more information related to the incorporation study.

Respondents Demographics

The tables below provide information about the survey respondents on place of residence, age, gender, race, household income and education attainment.

- Roughly 79% of respondents live in the Parkland-Spanaway-Midland area.
- Almost half of respondents were between 36 and 59 years old, and another 33% were over 60 years old.
- Of the 489 respondents that provided an answer to the gender question, 67% identified as female.
- Most respondents to the survey (63%) were White.
- Survey respondents were distributed across a wide range of household incomes. Roughly one-fifth of respondents reported between \$100,000 and \$149,000 in household income.
- The majority (72%) of survey respondents had a bachelor's degree or less.

Exhibit 80. Survey Respondents Place of Residence

	# Responses	% of Total
Parkland-Spanaway-Midland	395	79%
Frederickson	60	12%
Other	27	5%
Mid-County	18	4%
Total	500	100%

Sources: Community Survey, 2023; Community Attributes Inc., 2023.

Exhibit 81. Survey Respondents Age

	# Responses	% of Total
Less than 25 years old	9	2%
25 to 35	64	13%
36 to 59	235	48%
Over 60 years old	163	33%
Prefer not to answer	20	4%
Total	491	100%

Sources: Community Survey, 2023; Community Attributes Inc., 2023.

Exhibit 82. Survey Respondents Gender

	# Responses	% of Total
Female	329	67%
Male	101	21%
Non-Binary	4	1%
Other	3	1%
Prefer not to answer	52	11%
Total	489	100%

Sources: Community Survey, 2023; Community Attributes Inc., 2023.

Exhibit 83. Survey Respondents Race

	# Responses	% of Total
White	308	63%
Two or More Races	49	10%
Asian	11	2%
Native Hawaiian/Pacific Islander	7	1%
American Indian/Alaskan Native	6	1%
Black or African American	7	1%
Other	12	2%
Prefer not to answer	90	18%
Total	490	100%

Sources: Community Survey, 2023; Community Attributes Inc., 2023.

Exhibit 84. Survey Respondents Household Income

	# Responses	% of Total
Less than \$20,000	7	1%
\$20,000 to \$34,999	33	7%
\$35,000 to \$49,999	31	6%
\$50,000 to \$74,999	88	18%
\$75,000 to \$99,999	80	16%
\$100,000 to \$149,999	90	18%
\$150,000 to \$199,999	46	9%
\$200,000 or More	25	5%
Prefer not to answer	90	18%
Total	490	100%

Sources: Community Survey, 2023; Community Attributes Inc., 2023.

Exhibit 85. Survey Respondents Education Attainment

	# Responses	% of Total
Less than High School	3	1%
High School	117	24%
Associate's Degree	127	26%
Bachelor's Degree	106	22%
More than Bachelor's Degree	74	15%
Prefer not to answer	66	13%
Total	493	100%

Sources: Community Survey, 2023; Community Attributes Inc., 2023.

APPENDIX J: INCORPORATION PROCESS

The State of Washington, through provisions of Chapter 35 and 35A RCW provide steps for the creation of new cities through a petition process initiated by residents of the area proposed to be incorporated. RCW 35.02.030 requires that the petition:

- Indicate whether the proposed city or town shall be a non-charter code city operating under Title 35A RCW, or a city or town operating under Title 35 RCW;
- Indicate the form or plan of government the city or town is to have (mayor-council or council-manager);
- Set forth and particularly describe the proposed boundaries of the proposed city or town;
- State the name of the proposed city or town;
- State the number of inhabitants therein, as nearly as may be;
- “Pray” the city or town be incorporated.

Any contiguous area with at least 1,500 residents may propose incorporation (RCW 35.02.010 as amended by SHB 2176). Any area within a county that plans under the Growth Management Act may incorporate only if it lies within a designated urban growth area.⁸¹

Incorporation Process

The process set out in the incorporation statutes for initiating incorporation follows. In 1994 the legislature adopted SHB 2176 that changed the process for handling of petitions. The bill also provided a priority process for competing annexations and incorporations, whereby annexations initiated within 90 days of the start of the incorporation process would have priority over the incorporation effort.

- Interested persons or groups determine the boundaries to be proposed for a new city, form of government proposed, etc. as prescribed in RCW 35.02.030.
- Proponents, which must be registered voter(s) residing in the proposed city, file notice of the proposed incorporation with the county legislative authority. The notice includes the information required to be included in the incorporation petition and requires a filing fee.⁸²
- The county legislative authority notifies the boundary review board (Board) of the incorporation notice.

⁸¹ RCW 36.93.150(2)

⁸² RCW 35.02.015

- Within 30 days of the notice being filed, the Board holds a preliminary public meeting of the incorporation.⁸³
- The County auditor assigns an identification number within one working day after the public meeting.⁸⁴ Proponents must finalize the legal description to be used on the petition at that time.
- Proponents of incorporation seek signatures on the petition. The petition of incorporation must be signed by at least ten percent of the number of voters residing within the proposed city or town and filed with the auditors of the county no later than 180 days after the date of the public meeting on the proposed incorporation.⁸⁵
- Once the auditor certifies the sufficiency of the petition, petitioner files formal notice of intention of the proposed incorporation with the Board.⁸⁶
- If the Board invokes jurisdiction, it holds hearings, conducts studies and makes a recommendation about the proposal. The Board may amend boundaries pursuant to statutory requirements and criteria as part of its approval.⁸⁷ The board must, within 40 days of the conclusion of the hearing, file its written decision.⁸⁸
- The county legislative authority sets the election date at the next special election held at least 60 days after Board action.⁸⁹

Role of the Boundary Review Board

The Washington State Boundary Review Board (BRB) for Pierce County Boundary was created by state statute RCW 36.93.030. The Statute establishes independent review agencies at the local level to oversee and regulate municipal and special district boundary changes, whether by annexation or incorporation, for counties with a population of 210,000 or more. The board may review any proposal pertaining to the creation, incorporation, or change in the boundary, other than a consolidation of any city town or special purpose district.⁹⁰ The Pierce County BRB is comprised of five voting members:

- 2 persons appointed by the governor
- 1 person appointed by the county appointing authority
- 1 person appointed by the mayors of the cities and towns located within the county

⁸³ RCW 35.02.015

⁸⁴ RCW 35.02.017

⁸⁵ RCW 35.02.020 as amended by SHB 2176

⁸⁶ RCW 35.02.037

⁸⁷ RCW 36.93.010 et seq., as amended by SHB 2176

⁸⁸ RCW 36.93.160(4)

⁸⁹ RCW 35.02.078 as amended by SHB 2176

⁹⁰ RCW 36.93.090

- 1 person appointed by the board from nominees of special districts in the county

The BRB’s task is to review certain annexations to cities and special purpose districts, incorporations of new cities, and the creation of new special purpose districts. The cases over in which the BRB has jurisdiction are set out in RCW 36.93.090, as follows:⁹¹.

“(1) The: (a) Creation, incorporation, or change in the boundary, other than a consolidation, of any city, town, or special purpose district; (b) consolidation of special purpose districts, but not including consolidation of cities and towns; or (c) dissolution or disincorporation of any city, town or special purpose district, except that a board may not review the dissolution or disincorporation of a special purpose district which was dissolved or disincorporated pursuant to the provisions of Chapter 36.96 RCW: PROVIDED, that the change in the boundary of a city or town arising from the annexation of contiguous city or town owned property held for a public purpose shall be exempted from the requirements of this section; or (2) The assumption by any city or town of all or part of the assets, facilities, or indebtedness or a special purpose district which lies partially within such city or town; or (3) The establishment of or change in the boundaries of a mutual water and sewer system or separate sewer system by a water district pursuant to Chapter 57.08.065 RCW or Chapter 57.40 RCW, as now or hereafter amended, or (4) The establishment of or change in the boundaries of a mutual sewer and water system or separate water system by a sewer district pursuant to Chapter 56.20.015 RCW or Chapter 56.36 RCW, as now or hereafter amended; or (5) The extension of permanent water or sewer service outside of its existing corporate boundaries by a city, town, or special purpose district.”

The contents for the notice of intention to the board must include:

- the nature of the action sought,
- a brief statement of the reasons for the proposed incorporation,
- the legal description of the boundaries proposed to be created,
- and a county assessor’s map that designates the proposed boundaries.⁹²

While the board must review any incorporation proposed or other action as outlined above in the county in which it is located, it does not formally do so unless one of the following occurs within forty-five days of the filing of a “notice of intention” by the jurisdiction proposing the action:

⁹¹ Certain exemptions from BRB jurisdictions are also set out in Chapter RCW 36.93.105

⁹² RCW 36.93.130

- Five board members request review (with significant exceptions),
- Any government unit affected requests review,
- A petition requesting review is filed and signed by 5% of the registered voters in the area or the owners of 5% of the assessed valuation in the area,
- A majority of the board members concur with a request from 5% of the registered voters residing within one-quarter mile of the proposed action.⁹³

For its final decision, the board is required to “attempt to achieve” the following objectives, as provided in the statute:

“Preservation of natural neighborhoods and communities; Use of physical boundaries, including but not limited to bodies of water, highways, and land contours; Creation and preservation of logical service areas; Prevention of abnormally irregular boundaries; Discouragement of multiple incorporations of small cities and encouragement of incorporation of cities in excess of ten thousand population in heavily populated urban areas; Dissolution of inactive special districts; Adjustment of impractical boundaries; Incorporation as cities or towns or annexations to cities or towns of incorporated areas which are urban in character; and Protection of agricultural and rural lands which are designated for long term productive agricultural and resource use by a comprehensive plan adopted by the county.”⁹⁴

A Boundary Review Board may do any of the following in response to an incorporation proposal: approve; modify and approve by adding or deleting territory; disapprove a proposal of an area of less than 7,500 population; or recommend against incorporation of an area with a population of 7,500 or more.⁹⁵

In addition to statutory procedural requirements, each board adopts their own rules of practice and procedure. In accordance with RCW 35.02.015, the Washington State Boundary Review Board for Pierce County has established procedures to make arrangements to hold a public meeting within 30 days after the Pierce County Council receives a notification of proposed circulation of incorporation proceedings.⁹⁶ The arrangements include coordinating with the proponent(s) on the schedule and publishing notice of the meeting. The primary purpose of the public meeting is the exchange of information between the proponent(s) who filed the notice of the incorporation and members of the proposed incorporation community. The meeting is required

⁹³ RCW 36.93.130

⁹⁴ RCW 36.93.180

⁹⁵ RCW 36.93.150

⁹⁶ Washington State Boundary Review Board for Pierce County: Practice and Procedure, Article IV, Section A.2, February 2012.

to be in the evening at a location in the vicinity of the proposed new city incorporation and include a quorum of the board.

Once the jurisdiction of the board has been invoked per RCW 36.943.160(1), a hearing is set by the board to be held in accordance with the board's rules on site visits, testimony, rebuttals, etc.⁹⁷

The Washington State Boundary Review Board for Pierce County has outlined a format required for a Notice of Intention for incorporation proposals. The required documentation includes the following background information and maps:

- A brief description of and reason for seeking the proposed action, to include a statement of the method used to initiate the proposed action (i.e. petition or election method), and the complete RCW designation.
- The original petition calling for the incorporation/formation with a letter of certification from the Pierce County Elections Department.
- A copy of the Declaration and current SEPA checklist with adequate explanations to answers.
- The legal description of the boundaries of the area involved in the proposed action.
- Maps: Pierce County Assessor's quarter section map and a variety of required vicinity maps.⁹⁸
- The board must consider the following factors as outlined in RCW 36.93.170:
- Overview – population of proposal (what percentage is that to unincorporated Pierce County); Territory, population density, assessed valuation,
- Land use – existing, uses permitted,
- Planning Data: Revenues/Expenditures, Services (water, sewer, fire service, community)
- General – analysis and description of the effect of the proposal on adjacent areas and on the local government structure of the county or any service district; description of the topography and natural boundaries of the proposal; information on how much growth has been projected for this area during the next 10-year period?⁹⁹

Further, the intention documentation must describe how the proposal meets the objects of RCW 36.93.180.¹⁰⁰

⁹⁷ Washington State Boundary Review Board for Pierce County: Practice and Procedure, Article IV, Section A.3, February 2012.

⁹⁸ Pierce County Notice of Intention Format, May 1999.

⁹⁹ Pierce County Notice of Intention Format, May 1999.

¹⁰⁰ Pierce County Notice of Intention Format, May 1999.

Finally, a study of the proposed incorporation supports a boundary review board's review of factors affecting the proposal. It also can serve to inform the voters regarding the proposed incorporation and may be useful to the new city officials. The study should address the factors that the boundary review board must consider.¹⁰¹

The Boundary Review Board statute also provides guidelines for the BRB's to use in pursuing the state objectives as follows:

- Chapter 36.93.170 RCW Factors to be considered by board - Incorporation proceedings exempt from state environmental policy act. In reaching a decision on a proposal or an alternative, the board shall consider the factors affecting such proposal, which shall include, but not be limited to the following:
 - Population and territory; population density; land area and land uses; comprehensive plans and zoning, as adopted under Chapter 35.63, 35A.63, or 36.70 RCW; comprehensive plans and development regulations adopted under chapter 36.70A RCW; applicable service agreements entered into under chapter 36.115 or 39.34 RCW; applicable interlocal annexation agreements between a county and its cities; per capita assessed valuation; topography, natural boundaries and drainage basins, proximity to other populated area; the existence and preservation of prime agricultural soils and productive agricultural uses; the likelihood of significant growth in the area and in adjacent incorporated and unincorporated areas during the next ten years; location and most desirable future location of community facilities;
 - Municipal services; need for municipal services; effect of ordinances, governmental codes, regulations and resolutions on existing uses; present cost and adequacy of governmental services and controls in area; prospects of governmental services from other sources; probable future needs for such services and controls; probable effect of proposal or alternative on cost and adequacy of services and controls in area and adjacent area; the effect on the finances, debt structure, and contractual obligations and rights of all affected governmental units; and
 - The effect of the proposal or alternative on adjacent areas, on mutual economic and social interests, and on the local governmental structure of the county.

¹⁰¹ RCW 36.93.170

- The provisions of Chapter 43.21C RCW, State Environmental Policy, shall not apply to incorporation proceedings covered by Chapter 35.02 RCW.

The BRB is also to act consistent with the Growth Management Act, particularly with regard to the Urban/Rural line.¹⁰² In other words, the BRB cannot allow the annexation or incorporation of rural areas.

The BRB, then, has potential jurisdiction over the incorporation and annexation alternatives, and may also play a role in the Status Quo alternatives with regard to changes to any of the special purpose districts.

¹⁰² RCW 36.93.157

APPENDIX K: FORMS OF GOVERNMENT AND IMPLEMENTATION CONSIDERATIONS

This appendix documents the forms of government newly incorporated communities in Washington can establish, including organizational roles and responsibilities. Additionally, it reviews the potential impact of the form of government on the incorporation process.

Classification Types and Forms of Government

The incorporation proposal for a proposed new incorporation area must indicate the type of city that will be created both in terms of the plan for the city classification designation and the form of government. The Petition for Incorporation to the county legislative authority must state whether the proposed city or town will be a non-charter code city operating under Title 35A RCW or a city operating under Title 35 RCW as a second-class city and the proposed form or plan of government (35.02.030).¹⁰³

The classification of the city based on successful incorporation has impacts on the authority of the municipality in general, as code-cities enjoy broad statutory home rule authority in matters of local concern while second class cities have more limited powers, including only those expressly granted it by statute.¹⁰⁴ The city classification also has impacts on the statutory rules regarding the form of government, including the powers of the mayor, the size of the City Council, and required appointive positions.¹⁰⁵

Municipal Forms of Government

There are two forms of government provided to code cities under the Optional Municipal Code – the mayor council plan (Ch. 35A.12 RCW and 35.23 RCW for 2nd class cities) and the council-manager plan (Ch. 35A.13 RCW for code cities and 35.18 RCW for non-code cities). The critical difference in the plans is the distribution of authority between the legislative and executive officials.

The mayor-council plan is the oldest and most prevalent municipal form in the state used by a variety of community types (e.g., large, small, urban and rural). The required elective city positions are the mayor and city council members, who all must comply with requirements for residency and voter registration in the community. The mayor serves as the Chief Executive and

¹⁰³ The Optional Municipal code provides for the establishment of code cities to serve as an alternative to the statutory system of municipal government in Washington by creating broad statutory home rule authority in matters of local concern, under the establishment of code city classification (Ch. 119, Laws of 1967, Ex. Sess.).

¹⁰⁴ Municipal Research and Services Center (MRSC) Code City Handbook, 2009, p. 4

¹⁰⁵ MRSC Code City Handbook, pages 9, 13

Administrative Officer and Ceremonial head of state while the City Council adopts and enforces ordinances, provides services, and levies taxes. Appointments in this form are required for the City Clerk and Chief Law Enforcement Officer roles. There is also a hybrid version of the form in which a Chief Administrator is hired to separate roles for political representation and professional administration of city operations. The form also provides for an elected, accountable city executive.¹⁰⁶

The Council-Manager form of government is utilized by several medium to large cities in the state, and while not as common as the mayor-council form, most new communities formed since 1970 have adopted this form, including the City of Spokane Valley which incorporated in 2003, as well as Sammamish, Kenmore and Maple Valley. In this form, the City Council members are the only elected positions, and they are responsible for policy making as well as appointing a professional City Manager. The City Manager serves as the Chief Executive and Administrative Officer. The City Council may not interfere with the City Manager's administration but may vote for their termination. The form was designed to increase the city's professional and efficient administration. The City Manager is required to be selected based on administrative and executive qualities (RCW 35A.13.050 for code cities, RCW 35.18.040 other cities). The municipality's structure is based on a business model, such as a corporate Board of Directors appointing a CEO. Further, with no residency requirement by state statute, there is a larger recruitment pool for the position.¹⁰⁷

Municipal Forms Adopted in Washington State and Pierce County

There are 197 code cities in Washington, with 147 operating under mayor-council and 50 under council-manager. There are five second class cities in Washington, all operating under the mayor-council form. Most new cities (16 out of 17) created by incorporation since 1970 have been formed under the council-manager system. Subsequently 3 of the 16 incorporated under the Council-Manager form have switched to mayor-council form of government. According to MRSC since 1970 about two-thirds of cities that have successfully switched forms of government have switched to the Council-Manager form.¹⁰⁸

Among the largest cities in Washington, the class and form of government are:

- Seattle: First, Mayor-Council

¹⁰⁶ MRSC City and Town Forms of Government website, last updated 2/2023

¹⁰⁷ MRSC City and Town Forms of Government website, last updated 2/2023

¹⁰⁸ MRSC City and Town Forms of Government website, last updated 2/2023

- Spokane: First, Mayor-Council
- Tacoma: First, Mayor-Council
- Vancouver: First, Council-Manager
- Bellevue: Code, Council-Manager
- Kent: Code, Mayor-Council

Among remaining comparison cities, the class and form of government are:

- Renton: Code, Mayor-Council
- Federal Way: Code, Mayor-Council
- Auburn: Code, Mayor-Council
- Redmond: Code, Mayor-Council
- Sammamish: Code, Council-Manager
- Lakewood: Code, Mayor-Council

According to MRSC, of the 20 municipalities in Pierce County, 14 or 70% are Mayor-Council form of government and the remaining 6 are Council-Manager. Edgewood, Lakewood and University Place were all incorporated in the 1990s and all three incorporated under the Council-Manager form of government. The City of Edgewood switched to the mayor-Council form of government in 2014 after incorporating in 1996.

Considerations for the Incorporation Process

This section highlights considerations to align the incorporation process with the form of government selected for the potential new city. In the 1990s there was a significant increase in the number of cities created through incorporation. This trend was driven in part by increased growth and development in the state, especially in the Puget Sound Area, as well as by the passage of the Growth Management Act (GMA). GMA provided localities with more tools to manage growth and provide adequate services for development. Additionally, incorporation can provide communities with added control over their character and future.¹⁰⁹

The form of government can impact the emerging city's ability to fulfill the purposes for incorporation. A common goal for incorporation, as noted, is ensuring that services are provided at acceptable levels and that there is local control and accountability over the government and community character. The Council-Manager plan of government focuses on an efficient, professional approach to city administration with the City Manager managing municipal operations and implementing Council policy directives. The Mayor-Council form provides for direct accountability of the Chief Executive and a unified voice for the new municipality's vision and

¹⁰⁹ MRSC Municipal Incorporation Guide, 2016, p. 1

coordination with adjacent communities and may also employ a Chief Administrative Officer to professionally manage municipal operations.¹¹⁰

The planned form of government can also impact how the incorporation petition communicates to the Boundary Review Board how incorporation will meet statutory objectives. The Washington State Boundary Review Board for Pierce County's Notice of Intention documentation requires the following information that it must consider in its decision-making of the incorporation proposal, as outlined in RCW 36.93.170:

- Population/density and proportion of proposal area to unincorporated Pierce County
- Land uses, including existing and permitted
- City, county, and fire district revenues and expenditures to be incurred, gained, lost or reduced
- Water, sewer, fire service, and community service levels of service, providers, and capacity
- General impact on adjacent areas and local government structure of the County or service district
- Growth projected.

With the requested documentation's focus on service provision and impact on coordinating government structures, the submitted information can highlight how the objectives will be implemented effectively through the planned form of government.

Incorporation Transition Period and Formation of New Government

During the interim or transition period, the new city must be organized, staffed, and funded. To do this, basic functions are provided through a city council governing body per RCW 35.02.130, including the provision of local services. The municipal framework is established with the selection of a Presiding Officer in the Council-Manager form while the mayor is formally the Presiding Officer under the Mayor-Council form. The City Manager is hired within the Council-Manager plan, particularly given the position's role as the city administration's hiring authority to start setting up the administration staff. In the Mayor-Council plan, a Chief Administrator can be hired, and duties clarified. A salary schedule for the interim period can be set up by ordinance or through application of the statutory compensation schedule in RCW 35A.12.070 and 35A.13.040, which sets a salary formula by size of community and type of position. A preliminary first-year budget is prepared by the Mayor in the Mayor-Council form. In the Council-Manager

¹¹⁰ MRSC Municipal Incorporation Guide, 2016, p. 10

form, the Council directs the Interim Manager to prepare the preliminary first-year budget.

In the MRSC New City Guide: How to Start a City in Washington 2013, there is a suggested schedule of activities during the interim period, which is included in **Appendix L: Overview of Incorporation Transition Activities**. There are a significant set of activities in the implementation of a newly incorporated city which are outlined in the schedule. The Mayor and Council fulfill many of the same duties for the development of the governmental structure, especially for the initial activities to establish the administration's organization and procedures. As the implementation activities become more specialized; for example, in preparation for borrowing financial resources, the emerging communities' City Manager or Administrator, Finance Director, City Attorney, etc. become more involved than the executive and policy makers.

APPENDIX L: OVERVIEW OF INCORPORATION TRANSITION ACTIVITIES

This appendix provides information on the period between the election on the question of incorporation and the official date of incorporation. This is a critical time for the development of the emerging municipality's governmental, financial and services framework. There are both immediate and long-term activities and considerations, some of which are interrelated.

In addition to the referenced statutory requirements, the MRSC's *New City Guide: How to Start a City in Washington 2013* provides a significant source of information for this appendix. The MRSC report includes a suggested schedule of activities for emerging municipalities during their interim period before official incorporation date, which outlines the major tasks and responsibilities for cities created through incorporation (**Exhibit 86**).

Timeline of Incorporation and Transition Activities

The major steps following the successful election on an incorporation proposal are:

- Before the election of the officials, the MRSC *New City Guide* recommends formation of an informal or transition group to begin the planning process. This working group can help facilitate the city's development, including organizing pre-officer election activities and workshops for candidates to discuss issues that will face the interim council. Resource partners, such as the Association of Washington Cities (AWC), MRSC, and neighboring cities can also provide information and assistance.
- Elections of elected officials:¹¹¹
 - The primary election will be held at the next special election following the election for incorporation
 - Following the primary election at the next special election date, an election is held to fill elective positions per statutory requirements.¹¹²
- The interim period is the time between when the newly elected officials are elected and the official date of incorporation. During this

¹¹¹ Per the requirements on scheduling special elections, the election on the question of incorporation may take place on one of four dates: 2nd Tuesday in February, 4th Tuesday in April, 1st Tuesday in August (primary election), 1st Tuesday after the 1st Monday in November (general election). (RCW 29A.04.330). This date impacts the official date of incorporation, which has a statutory deadline following the election, and also has implications on the availability of resources and services during the city's first year of incorporation

¹¹² RCW 35.02.086, 29A.52.355, 35.02.110, 29A.04.330, RCW 35.02.125

time, the interim city council has statutory authorizations and can work to plan and implement the community's transition to a city.¹¹³

- The official date of incorporation is set and specified in a resolution adopted by the City Council. The official date of incorporation may be anywhere between 180 and 360 days after the date of the incorporation election.¹¹⁴

Interim Period

Responsibilities and Powers

During the interim period, the elected officials are authorized to:

- Adopt ordinances, contracts, SEPA policies, property tax levy, development moratoria and budgets
- Borrow based on issue tax or revenue anticipation notes, and from the federal, state and other governments
- Acquire city facilities
- Hire staff
- Submit ballot propositions to authorize taxes
- Authorize an annexation of the city or town by a fire protection district or library district¹¹⁵

According to the MRSC New City Guide, recommended actions for the interim council include:

- The highest and most immediate priority given to ensuring the effective continuation of local public services
- Deferring critical long-term decisions until competent, professional legal and administrative advice is obtained

There are several laws to which the interim city council is subject, including immunity for discretionary decisions, open public meetings and liability insurance.¹¹⁶

Organizing City Government

To begin organizing the governmental framework, the newly elected interim city council identifies a presiding officer and rules of procedure. Staff critical to facilitating the city's transition are hired. In the council-manager form of government, this can include hiring the city manager, who if provided hiring authority, can begin to fill out the city's administrative infrastructure. Other positions can be hired in this period, such as the city clerk,

¹¹³ RCW 35.02.130

¹¹⁴ RCW 35.02.130

¹¹⁵ RCW 35.02.130

¹¹⁶ RCW 35.02.130

treasurer/financial officer and city attorney. Related personnel policies are addressed, such as the salary schedule, which can be set by ordinance or follow RCW 35A.12.070; 35A.13.040.¹¹⁷

Financial Management

The city begins to establish financial management policies and practices, including setting up an accounting system and funds to pay for expenses. To help cover city costs, the interim city council can borrow funds through tax or revenue anticipation notes and borrowing from other governmental entities.¹¹⁸ Cities are authorized to levy various taxes, including retail sales and use tax (RCW 82.14.030), property tax (RCW 35A.33.135; RCW 84.52.020) and real estate excise tax (RCW 82.45.035; ch. 82.46 RCW). For more tax revenue programs, see **Appendix M: Summary of Revenue Resources Available for Local Governments**.

Budget Process

The interim council adopts an interim budget for the interim period and a second interim budget if the interim period extends into the next calendar year. The Council must also adopt a first-year budget.¹¹⁹

Municipal Services

The interim city council must determine the services, level of services, and service delivery methods for a variety of services to be provided initially, with some considerations for future service provision. For example, the newly incorporated community can continue contracts with the county for the provision of police protection or establish a city police department. For an overview of services and provider information before and after incorporation, see the MRSC New City Guide, pages 35-38.¹²⁰

Formal Incorporation Date

The official date of incorporation is a critical decision that impacts a city's first year of operations. The decision requires ensuring adequate time for completing the interim period duties, in addition to considerations involving maximizing the revenue flow to the new city as soon as possible and taking advantage of county-provided services for as long as possible. For information

¹¹⁷ MSRC, New City Guide, 2013.

¹¹⁸ MSRC, New City Guide, 2013.

¹¹⁹ RCW 35.02.132

¹²⁰ <https://mrsc.org/getmedia/d4b59fb8-1a3c-47f1-a7f1-02ce2cd1b0ee/New-City-Guide.pdf?ext=.pdf>

on the timing of revenue sources available to new cities, see the MRSC New City Guide, page 60.¹²¹

Schedule of Activities

Exhibit 86, adapted from the MRSC New City Guide, provides a suggested schedule of municipal incorporation activities during the interim period. There are a significant set of activities in the implementation of a newly incorporated city.

Exhibit 86. MRSC Suggested Schedule of Interim Period Activities

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
Organization and Procedures			
Hold informational workshops to address major transition activities and provide information on establishing city government	AWC, MRSC, Council (Mayor) or Council (Mayor Candidates), County, Transition Group, Others	Between nomination and election of council or soon after election of council	
Hold a community event for swearing-in of city council members/mayor	Council (Mayor), Public	Soon after election of council	29A.04.133(3) 35A.29.090
Hold an initial council meeting (informal) with notice to discuss: - Day, time, and place of regular interim council meetings, and future meeting schedule - Interim publication and locations for posting of notices, etc. - Rules of procedure for council meetings' - Process/timeline for selecting an interim city manager/administrator - Select a temporary presiding officer for the transition period (council-manager city)	Council (Mayor)	As soon as possible	Ch. 42.30 Ch. 42.32 35A.21.230 35.02.120
Use of loan executives while searching for interim staff or consultants	Council (Mayor)	As soon as possible	
Adopt interim meeting place, schedule, rules of procedure by motion	Council	As soon as possible	35.02.130
(M) Provide for taking minutes and preserving records	Council	As soon as possible	Ch. 35A.39 Ch. 42.32 Ch. 40.14

¹²¹ <https://mrsc.org/getmedia/d4b59fb8-1a3c-47f1-a7f1-02ce2cd1b0ee/New-City-Guide.pdf?ext=.pdf>

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
Adopt public disclosure procedures	Council (Mayor), Interim City Manager or Administrator, Interim Staff	As soon as possible	Ch. 42.56
Study effect of alternative incorporation dates on revenue collections, interim cash flow, and available funding	Loaned staff (finance person), MRSC, AWC, State Auditor's Office, Dept. of Revenue	Before selecting official incorporation date	
Finance: Borrowing of Money			
Preparatory Work: - Explore issuance of tax/revenue anticipation notes and warrants and their costs - Explore option of borrowing from municipal sales tax equalization account - Explore possible options of borrowing from other units of government - Use cash flow projections to determine amount to be borrowed - Explore future borrowing capability	Council (Mayor), Interim City Manager or Administrator, Loaned staff, Finance Director, Bond Council	As soon as possible	35.02.130 35.02.135 35.02.270 35A.11.030 35A.40.090 35A.21.150 39.50.020 39.36.020 Wash. Const. Art. VII Sec. 6
Organization and Procedures			
(M) Give notice of special meetings and post and/or otherwise publicize agendas	Interim staff (Clerk)	24 hours before meeting	42.30.080 35A.12.160 35.23.352(7)
(M) Select official newspaper (some cities must use bid process)	Council (Mayor), Loaned or interim staff	As soon as possible	35.02.13035A.21.23 0
Work with loaned executives on critical transition activities	Council (Mayor)	Continuous	Ch. 39.34
Place of Business			
(M) (1) Interim council meeting place or city hall (2) Mailing address or post office box number for the new city (3) Installation of telephones and publication of telephone numbers (4) Computer equipment, network, e-mail, internet	Council (Mayor), Interim City Manager or Administrator, Loaned staff	As soon as possible	
Personnel			

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
Contract for outside legal, financial, and other support services, and/or appoint interim in-house staff: - Personnel director - City attorney or contract for legal services - Finance director or contract for financial management services - City clerk - Planning director - Auditing officer	Council (Mayor), Interim City Manager or Administrator, Loaned staff,	As soon as possible	Ch. 39.34 35.02.130 Ch. 35A.13 35A.21.130
Personnel policies and procedures: - Preliminary benefit plan - Preliminary personnel policies - Travel reimbursement policy - Moving expense policy	Council (Mayor), Interim City Manager or Administrator, Loaned or interim staff	As soon as possible	Ch. 42.20 Ch. 42.23 Ch. 42.24 Ch. 35A.42 Ch. 41.08 Ch. 41.12 Ch. 35A.41 Ch. 35A.42 Ch. 35A.49
Finance: Borrowing of Money			
Authorize borrowing funds by tax or revenue anticipation notes/warrants and/or by loan from municipal sales tax equalization account, as an interim measure	Council (Mayor), Finance Director, Bond Counsel, City Attorney	As needed, probably as soon as possible	35.02.130
Authorize borrowing from other governmental units (state, county, and/or another city)	Council (Mayor), Finance Director, City Attorney	As needed	35.02.130 35.02.270
(M) Establish sales tax account by applying for tax ID number	Finance Director, Loaned or interim staff	As soon as possible	35A.11.030 Ch.82.14 35A.82.010 Ch.84.52 Ch.35A.84 Ch.35A.33
Determine process for establishing accounts of state-shared revenues (M) Determine timing and procedures for property tax levy and collection	Finance Director, Loaned or interim staff Finance Director, Loaned or interim staff, Interim City Manager or Administrator	Before incorporation date	

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
Summarize possible options for tax and revenue collections	Finance Director, Loaned or interim staff, Interim City Manager or Administrator		Ch. 35A.82
Prepare proposed tax and fee ordinances for enacting: - Property tax levy - Local Share Sales and Use Tax - Real Estate Excise Tax - Gambling Tax - Building Permit Fees - Business Licenses - Admissions Tax - Land Use and Development Fees - Hotel-Motel Tax - Business and Occupation Tax - Utility Tax	City Attorney, Council (Mayor), Interim Finance Director	As soon as possible; 75 days prior to effective date (sales tax)	Ch. 35A.33 and 35A.84 Ch. 82.14 82.29A.030-040 82.02.020 19.27.100 82.46.010 9.46.110 67.28.180 35.21.706 35.21.710
(M) Adopt tax and fee ordinances to take effect on date of incorporation or later date if required by tax	Council	At least 6 weeks before incorporation date (sales tax ordinance)	35.02.130
(M) Notify appropriate state agencies re: state-shared taxes imposed. Contact DCD for assistance	Interim City Manager or Administrator, Loaned or interim staff	As soon as possible	35.02.260

Finance: Insurance Provision

Determine risk exposures, and property, casualty, and liability insurance requirements. Discuss with county risk manager or other appropriate county official regarding any known risks.	Interim Finance Director, Interim City Manager or Administrator, City Attorney	As soon as possible	35A.11.020 35A.31.220 35.21.205 36.16.138
Options: - Contract with a broker to determine and recommend insurance needs - Study possibility of joining existing pools: AWC-Risk Management Service Agency or Washington cities Insurance Authority - Self-insure - Purchase insurance and self-insure depending on types of risks			

Finance: Expenditures, Disbursements, Accounting, and Financial Reporting

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
(M) Establish accounts by applying for IRS Tax ID number, Labor and Industries ID number, Unemployment Tax ID number, and Retirement System number	State Auditor's Office, Finance Director	As soon as possible	35A.11.020 35A.31.220 35.21.205 36.16.138
(M) Create necessary interim funds including a current expense fund, street fund, and others as required; prepare appropriate ordinances to establish permanent funds to take effect on official incorporation date	Council (Mayor), Finance Director	As needed	35.02.130 Ch. 35A.37 Ch. 43.09 and 43.09.210
Determine interim policies to be observed on petty cash, travel advance, payroll, and voucher approval, etc.	Council (Mayor), Finance Director	As needed	Ch. 42.24
(M) Establish an accounting and financial reporting system for the city in conformity with State Auditor's Office requirements. This may initially involve contracting with other local or state governmental units for interim services.	Finance Director, Loaned or interim staff	As needed	Ch. 43.09Ch. 39.34
Consult with State Auditor's Office on interim budget development, budget timelines, reporting requirements, ordinances and resolutions needed, and audit requirements.	Council (Mayor), Finance Director, Interim City Manager or Administrator	As soon as possible	35.02.132 35A.21.170 35A.33.110 43.09.190-.285
Finance: Interim Budget			
(M) Develop budgets for interim period(s)	Council (Mayor), Finance Director, Interim City Manager or Administrator, Loaned or interim staff, State Auditor's Office	As soon as possible	35A.21.170 Ch. 35A.33 Ch. 35A.34
Finance: First-Year Budget			
(M) Prepare and make public preliminary budget, including budget message	Council (Mayor), Finance Director, Interim City Manager or Administrator, Loaned or interim staff	At least 60 days before official incorporation date	35.02.132

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
(M) Hold budget hearing	Council	At least 20 days before official incorporation date	35.02.132
(M) Adopt first-year budget	Council	Before official incorporation date	35.02.132
Contracted Services			
New city may need to contract with county and special purpose districts for continuation of existing services while getting organized.	Council (Mayor), Interim City Manager or Administrator, Finance Director, Directors, Loaned or interim staff	As soon as possible	35.02.130 35.02.210 35.02.220 35.02.225 Ch. 35A.56
(M) Determine post-incorporation service responsibilities and research alternative service delivery methods and costs: - Law enforcement - Fire and emergency services - Water/sewer - Court and jail services - Street maintenance, repair, and construction - Permit processing and building inspection services - Library services - Animal control - Surface water management - Parks and recreation	Council (Mayor), Interim Staff, Interim City Manager or Administrator, Finance Director	As soon as possible	35A.13.080(2) Ch. 3.50 70.48.090 Ch. 35.88 35A.67.010 Ch. 27.12 Ch. 35.92
Determine issues and citizens' concerns to be considered by the city during negotiations with other local government agencies.			
Negotiate contracts	Interim City Manager or Administrator, Council, City Attorney	Before incorporation date	35.02.130
Land Use/Planning/Community Development			
(M) Adopt SEPA policies and procedures	Council, Loaned or interim staff, City Attorney	As soon as possible	35.02.130 Ch. 43.21C Wash. Admin Code (WAC) Ch. 197-11
(M) Temporary or permanent city controls should be adopted prior to incorporation date, to take effect immediately (moratoria) or upon incorporation. They include	Council, Interim City Manager or Administrator, City Attorney, Loaned staff	As soon as possible	Art. XI, Sec. 11 Wash. State Const. 35.02.130 35.02.137 Ch. 35A.63

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
adoption of comp. plan, zoning ordinance, zoning map, subdivision, PUD and other land use regulations: creation of city planning agency - Adopt County controls by reference or - Create own or copy from other cities with or without modifications			Ch. 35A.11 Ch. 58.17 35A.12.140 Ch. 36.70A
Hire an interim community development/planning director and/or contract with adjacent jurisdiction or private entity for temporary consulting services	Council (Mayor), Interim City Manager or Administrator	Before incorporation date	
(M) Adopt own Shoreline Master Program or copy another county or city's shoreline master programs, to take effect on official Date of incorporation	Council, Interim City Manager or Administrator, City Attorney, Loaned staff	Before incorporation date	Ch. 90.58 WAC Ch. 173-26 and 173-27
Law Enforcement			
(M) Consider post-incorporation options: - Contract with other law enforcement agencies under direction of city department head - Establish own police department - Accept criminal/traffic code including Model Traffic Ordinance - Contract for jail services with county or neighboring jurisdictions - Dispatch services	Interim City Manager or Administrator, Council (Mayor), Loaned consultants from other jurisdictions	As soon as possible	
Court Services			
(M) Consider post-incorporation options: - Direct filing with district court, or - Creation of own municipal court	Council (Mayor), City Attorney	As soon as possible	Ch. 3.50 39.34.180
Fire Services			
(M) Consider post-incorporation options: - Pass resolution precluding automatic annexation to district(s) If no automatic annexation: - Contract with a district to operate a municipal department using the newly acquired property that has come into the possession of the city as a result of incorporation - Contract with another district - Establish own fire department	Council (Mayor), Interim City Manager or Administrator	As soon as possible	35.02.130 35A.14.380 35.02.190 35A.14.400 35.02.200 35A.14.500 35.02.205 35.02.210 35.02.202 52.04.161

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
Organization and Procedures			
(M) Adopt ordinances/resolutions on council meetings, including public notice procedures, and rules for council meetings, to take effect on official date of incorporation, but also to be followed (pursuant to motion) during the interim period	Council	As soon as possible	35.02.13035A.12.12 035A.13.17035A.13 .190- .20035A.12.150- .16035A.21.130
(M) Establish office hours for city offices.	Council	After city offices established	35A.21.070 42.56.090
(M) Appoint agent to receive claims for damages	Council	By incorporation date	4.96.020
Personnel			
Begin recruiting permanent city manager (council-manager city)	Council (Mayor), Interim City Manager or Administrator, Personnel Director	As soon as possible	35A.13.010/050
(M) Adopt a salary schedule for city officials (other than council) and employees by ordinance to take effect on official incorporation date, and to be followed in the interim.	Council	As soon as possible	35A.13.040 35A.33.105 35.21.085 (1) 35.21.086
Consider employee benefit and retirement benefit plans. (Join Washington Public Employees' Retirement System or adopt other legally available plan?) Consider creation of a Municipal Employees' Benefits Trust or alternative benefit plan.	Council (Mayor), Interim City Manager or Administrator, Personnel Director	As soon as possible	Ch. 41.40 Ch. 35A.41 35.21.390
Investigate requirements for LEOFF system coverage for police and fire departments, if establish own.	Interim City Manager or Administrator, Loaned or interim staff		Ch. 41.26
Finance: Banking Services			
Open a temporary bank account for the city. Identify authorized city signatories.	Council (Mayor), Interim City Manager or Administrator, Finance Director	As soon as possible	35.02.130

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
Request proposals for banking services, select a bank and contract for interim services and develop proposed contract for banking services	Finance Director, Loaned or Interim staff	As soon as possible	35.02.130
(M) Adopt resolution authorizing contract for banking services to take effect on official date of incorporation.	Council	As soon as possible	
Finance: Borrowing of Money			
- Prepare a resolution - Prepare official statement - Authorize issuance of tax or revenue anticipation notes or warrants	Council (Mayor), Interim City Manager or Administrator, Finance Director, Bond Counsel, Finance Adviser, City Attorney	As soon as possible	35.02.130
Authorize interfund borrowing for temporary cash needs	Council	As needed	43.09.210
Franchises			
(M) Grant new franchises for seven-year period or remaining term of original franchise, whichever is shorter. Potential franchises include:- Telephone company- Cable TV- Power- Garbage	Interim City Manager, Council (Mayor), Finance Director, City Attorney	Before official incorporation date	35.02.160
Organization and Procedures			
Hold a one-or two-day retreat (public meeting) within the city to: - Clarify roles/responsibilities of city manager and city council or mayor and council - Discuss the city's, mission, goals, and objectives - Discuss contracting for continuation of services - Discuss budget process and timelines - Discuss finances including borrowing of money	Council (Mayor), Interim Manager, Selected advisers	As soon as possible	Ch. 42.30 and Ch. 42.32 Ch. 35A.13 35A.13.080 35A.13.100-.140 35A.11.020 35A.11.030
(M) Set official incorporation date by resolution	Council	Ideally, at least 2 months before date chosen	35.02.130
(M) Notify OFM of population information	Mayor, Interim Manager or Administrator	At least 30 days before incorporation date	43.62.030

Activities (M=Mandatory Activities)	By Whom	When	RCW Reference
Provide for creation of offices, departments, boards, and commissions, and define their purposes, composition, duties, and procedures, to be effective on official date of incorporation	Council (Mayor)	Before incorporation date	35A.21.030 35A.11.020 Ch. 35A.63 Ch. 35A.13 35A.13.090
Adopt the city's mission statement - Interim (to guide financial/action plan development) - Final	Council (Mayor)	Before incorporation date	

Source: MRSC New City Guide, 2013.

APPENDIX M: SUMMARY OF REVENUE RESOURCES AVAILABLE FOR LOCAL GOVERNMENTS

This appendix captures the types of revenue resources available to local governments in Washington, along with the capacity, structure and restrictions for each source. A significant portion of this information was compiled directly from Municipal Research and Services Center of Washington (MRSC) publications, including:

- Revenue Guide for Washington Counties, December 2022
- Revenue Guide for Washington Cities and Towns, December 2022

Data and information from MRSC is reproduced or summarized for easy reference for readers. Local data based on specific information from Pierce County and the Study Area is also included.

Overview of Revenue Sources

This section highlights the type of resources available to local governments in Washington state, along with their structure. The following section provides more details on revenue resources by type.

- The types of revenue resources available to counties in Washington include property taxes; sales and use taxes; lodging taxes (hotel/motel tax); real estate excise taxes (REET); other excise taxes; state-shared and federal revenues; departmental fees, charges, and reimbursements; other revenue sources; and special taxing districts.¹²²
- The types of revenue resources available to cities and towns in Washington State include property taxes, sales and use tax, business and utility taxes and fees, lodging taxes (hotel/motel tax), real estate excise taxes (REET), other excise taxes, state-shared revenues, other revenue sources, and special taxing districts.
- There are also several types of bonds that serve as long-term debt funding mechanisms for local governments.¹²³

Washington State Taxation

There are two basic categories of taxes in the state – property taxes and excise taxes. Property taxes are the oldest form and largest single revenue source for many local governments. Excise taxes have the broadest categories, with sales tax being the most significant.

Restrictions have been imposed on property taxes over time. State taxing power has changed during this time through the imposition of a variety of

¹²² Revenue Guide for Washington Counties, MSRC, December 2022.

¹²³ Revenue Guide for Washington Cities and Towns, MSRC, December 2022.

excise taxes allowing local jurisdictions to diversify their revenue streams. Early occupation taxes were levied and expanded to impose retail sales tax and new business and occupation taxes by 1935. The state granted authority to cities and counties to impose a sales and use tax of .5% for general local government purposes in 1970, resulting in the combined 1% still in place today.¹²⁴

How Taxes are Generated and Calculated

Property Taxes and Sales and Use Taxes

Washington state has a budget-based property tax structure. Within this framework, as part of their annual budget process, local governments and other taxing districts establish the total dollar amount of property tax revenue they aim to generate for the year and then decide the levy rate that applies to property owners based on the total assessed valuation (AV) of all properties.¹²⁵ Properties are taxed by their tax code area, which includes combinations of overlapping taxing districts. Taxing districts are government units with property tax authority. There are limits to the aggregate levy rate within a tax code area.¹²⁶ Jurisdictions can also use pro-rationing, which establishes levy hierarchies, or buy-down agreements, paying another taxing district to reduce its levy, if they exceed or will exceed the levy limits.

The State of Washington imposes a 6.5% sales tax within the state and cities, while counties and other taxing districts can impose local sales taxes on top of the state rate. For many cities and towns, sales taxes represent the first or second largest revenue source within their general fund. Given the rise in online shopping, in 2008 the state of Washington adopted a destination-based sales tax system known as the “streamlined sales tax” in which the location where sales tax is calculated is considered to be the destination.¹²⁷

Property taxes and sales taxes are imposed differently which impacts revenue streams. Property taxes are based upon changing property values

¹²⁴ Revenue Guide for Washington Counties, MSRC, December 2022.

¹²⁵ Property taxes are assessed and collected at the county level. For setting property taxes at the sub-county level, cities and other taxing districts first establish the total dollar amount of property tax revenue they aim to generate, and the county assessor calculates the levy rate based on the total AV of all properties.

¹²⁶ Article 7, section 2 of the Washington State Constitution limits the total regular property tax rate on any individual property to 1% of the property’s true and fair value, which is referred to as the \$10 limit as the levy rate is expressed as a dollar amount per \$1,000 assessed value and since 1% of a property’s value is equivalent to \$10.00 per \$1,000 assessed value. Secondly, by statute, the aggregate regular levy rate for most local governments combined may not exceed \$5.90 statutory limit per \$1,000 AV within any individual Tax Code Area.

¹²⁷ Revenue Guide for Washington Counties, MSRC, December 2022.

and must be re-calculated and re-imposed every year, while excise taxes remain in effect on all taxable events into the future upon adoption. Sales taxes can be especially advantageous for cities with significant shopping, commercial centers, and tourist attractions; however, they are also sensitive to economic conditions and have a disproportionate burden on households with lower incomes.¹²⁸

Excise Taxes

Any city or town may impose a variety of taxes and fees upon local businesses and utility companies, including business and occupation (B&O) taxes, utility taxes and business license fees. B&O taxes and utility taxes are major revenue sources for a number of cities. B&O taxes are significantly less common than utility taxes. These are two of the four main revenue sources provided to cities by the state legislature (the other two being property and sales taxes).¹²⁹

Additional excise taxes include:

- **Lodging Tax** – Any county, most cities, and certain public facilities have the authority to levy lodging taxes. There are two tax options, a basic and additional lodging tax and these may be imposed in addition to tourism promotion area fees.¹³⁰
- **Real Estate Excise Taxes (REET)** – The State of Washington levies a real estate excise tax (REET) upon all sales of real estate. The tax rate used to be a flat 1.28%, but effective January 1, 2020, the state implemented a graduated tax scale based on the selling price of the property, with the sale price thresholds adjusted on a four-year schedule. A portion of the proceeds are deposited into the public works assistance account for loans and grants to local governments for public works projects; the city-county assistance account for distribution to qualifying cities and counties; and the education legacy trust account for the support of the common schools, expanding higher education and other educational improvement efforts. Counties can impose local real estate taxes on top of the state rate.¹³¹ REET revenues can be somewhat volatile since they depend on both the volume of real estate sales and the sale value of the properties sold.¹³²

¹²⁸ Revenue Guide for Washington Counties, MSRC, December 2022.

¹²⁹ Revenue Guide for Washington Cities and Towns, MSRC, December 2022.

¹³⁰ Revenue Guide for Washington Counties, MSRC, December 2022.

¹³¹ However, the rate that the county can levy and the way it can use the revenues depends on the county's population and whether or not it is planning under the GMA.

¹³² Revenue Guide for Washington Counties, MSRC, December 2022.

- Counties and cities can impose a range of other excise taxes from event admissions tax to commercial parking taxes.

Intergovernmental Revenues

The state and federal governments also provide intergovernmental sources of funding for local government programs. State shared revenues are generally revenues distributed to cities, towns and counties by a formula set in state statute or appropriated by the legislature through the state budget process. These revenue streams depend on the federal and state legislative process, the economy and political factors.¹³³

Special Taxing Districts

Counties and cities have the option to form special taxing districts to generate additional revenue or shift funding sources. For most of these districts, the county legislative body serves as the governing body, though some may be governed by elected commissioners or by interlocal agreement.¹³⁴ Cities have the option to form certain special taxing districts, generally corresponding with the city's boundaries. In addition, cities can annex into existing library districts and fire protection districts or join with other fire protection jurisdictions to form regional fire authorities, all of which have revenue impacts especially in property tax levy rates. Some of the special taxing districts may be organized as separate municipal entities to a separate governmental entity or may be structured as an extension of the city's existing operations.¹³⁵

Other Revenue Sources

Counties can establish other revenue resources, including departmental fees, charges and reimbursements, particularly as charges for services by county departments. Some fees may be retained by the county, while others are transmitted to the state or distributed among all counties. Impact fees are a fee that can be imposed by both counties and cities, authorized for jurisdictions that are fully planning under the Growth Management Act, onto developers to mitigate the impacts of facilities due to increased demand from new development or growth.¹³⁶

Local governments can also secure resources by borrowing money through a variety of mechanisms for operations and capital investments. The mechanisms are either short or long-term and can be repaid through tax

¹³³ Revenue Guide for Washington Counties, MSRC, December 2022.

¹³⁴ Revenue Guide for Washington Counties, MSRC, December 2022.

¹³⁵ Revenue Guide for Washington Cities and Towns, MSRC, December 2022.

¹³⁶ Revenue Guide for Washington Counties, MSRC, December 2022.

revenues, user fees or special assessments.¹³⁷ Per the MRSC article updated in 2022 on “Types of Municipal Debt,” there are several bond types that serve as long-term debt funding mechanisms for local governments for financing purposes.

City Revenue Sources and Types

This section provides detailed information on the types and structures of revenue resources available to local governments in the State of Washington. The following information was directly sourced from two MSRC publications, the Revenue Guide for Washington Counties and the Revenue Guide for Washington Cities and Towns and included in this appendix for the sake of the reader.¹³⁸

Property Tax

Regular Levy

- Primary source of property tax revenues for cities – revenues are unrestricted and may generally be used for any lawful governmental purpose.
- Maximum levy rate varies between \$1.60 and \$3.825 depending on whether city is annexed to a fire district/library district, participates in a regional fire authority, or has a fire pension fund.

Affordable Housing Levy

- Property tax – additional levy up to \$0.50 per \$1,000 assessed valuation
- Revenues restricted to finance affordable housing for “low-income” and “very low-income” households.
- Requires simple majority voter approval.
- Subject to \$10 constitutional limit but not \$5.90 limit.
- Before imposing the levy, the city must declare the existence of an emergency with respect to the availability of affordable housing for low-income or very low-income households within its jurisdiction and adopt an affordable housing finance plan for the expenditure of the levy funds to be raised.

¹³⁷ Long-term debt is a commonly used means of financing large capital assets and short-term debt can be used to cover a temporary cash flow deficit or provide for an interim method of financing until long-term borrowing has been secured. There are three types of debt that can be issued by local government: General obligation(GO), which is secured by the full faith and credit of the local government issuing the debt and relies on taxation for repayment; Revenue debt, is guaranteed by the specific revenues generated by the issuer; and Special assessment debt – repaid from assessments against those who directly benefit from the project the funds have been used to finance.

¹³⁸ See “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022. And “Revenue Guide for Washington Counties”, MSRC, December 2022.

Cultural Access Program Levy

- Property tax – additional levy with maximum rate based on retail sales
- Revenues are restricted and may only be used for specified cultural purposes
- Subject to \$5.90 limitation and \$10 constitutional limit
- Requires voter approval

Emergency Medical Services (EMS) Levy

- Property tax – additional levy up to \$0.50 per \$1,000 assessed valuation
- Revenues are restricted to the provision of emergency medical care or services
- May be imposed for six years, ten years, or permanently
- Requires voter approval
- Subject to \$10 constitutional limit but not \$5.90 limit

Excess Levies (Operations & Maintenance)

- Property tax – additional levy with no specific levy rate cap
- Revenues may be used for any lawful governmental purpose, but must be spent in accordance with the purpose(s) specified in the ballot measure
- Requires voter approval

General Obligation Bond Excess Levies (Capital Purposes)

- Property tax – excess levy to repay unlimited tax general obligation (G.O.) bonds
- Revenues are restricted to capital purposes
- Requires voter approval

Refunds and Refund Levies

- Taxing districts may increase one or more of their levies to pay for any property tax administrative refunds or refunds due to judgments.
- Refund levies are not subject to the 1% annual levy lid, but may not exceed the district's normal statutory maximum levy rates
- Does not require voter approval

Retail Sales and Use Tax

“Basic” Sales Tax First Half-Cent

- Sales tax of 0.5% - revenues are unrestricted and may be used for any lawful governmental purpose
- Currently imposed by all counties
- Combined city/county rate may not exceed 0.5%. Revenue shared with county.

Affordable Housing Sales Tax Credit (HB 1406)

- Credit against 6.5% state sales tax. Credit is either 0.0073% or 0.0146% depending on whether city had a “qualifying local tax” in place by July 28, 2020.
- Had to be adopted no later than July 27, 2020; expires after 20 years
- Revenues are restricted and must be used for affordable and supportive housing. Cities under 100,000 population may also use revenues for low-income rental assistance. Cities and counties may pool resources.

Criminal Justice Sales Tax

- Sales tax of 0.1% - revenues are restricted and must be used for criminal justice
- May only be imposed by county, but revenue shared with cities
- Does not require voter approval

Cultural Access Program Sales Tax

- Sales tax up to 0.1% - revenues are restricted and must be used to benefit or expand access to nonprofit cultural organizations
- Maximum duration of seven years; may be renewed for additional seven-year periods
- May be imposed by any city or town
- Requires voter approval

Housing & Related Services Sales Tax

- Sales tax up to 0.1% - revenues are restricted and must be used for affordable housing, behavioral health, and related services.
- May be imposed by any city or town as long as county has not imposed it first.
- May be approved by voters or legislative body

Mental Health & Chemical Dependency Sales Tax

- Sales tax of 0.1% - revenues are restricted to and must be used for mental health and drug treatment purposes
- Primarily a county revenue source; also adopted by Tacoma but may no longer be adopted by any other cities

Public Safety Sales Tax

- Sales tax up to 0.1% - revenues are partially restricted; one-third must be used for criminal justice or fire protection
- May be imposed by any city or town, but only if county has not previously imposed a 0.3% public safety sales tax
- Revenue shared with county
- Motor vehicle sales and first 36 months of motor vehicle leases are exempt
- Requires voter approval

Transit Sales Tax

- Sales taxes up to 0.9% for transit and 1.0% for high-capacity transit – revenues are restricted and must be used for transit
- Requires voter approval

Transportation Benefit District Sales Tax

- Sales tax up to 0.3% - revenues are restricted and must be used for transportation
- May be imposed by any city or town that has established a transportation benefit district
- Maximum duration of 10 years unless used for repayment of debt; may be renewed
- Up to 0.1% may generally be approved by legislative body; beyond that requires voter approval
- There are no revenue-sharing provisions. The TBD (or city, if the city has “assumed” the TBD) retains 100% of the revenues, minus a 1% admin fee.

Business and Utility Taxes and Fees

Business & Occupation (B&O) Taxes

- Cities may impose a B&O tax for revenue purposes upon those conducting business within their jurisdiction, in addition to any state business and occupation tax
- Revenues are unrestricted and may be used for any lawful governmental purpose
- Rates must be the same within a single business class (manufacturing, retail, etc.) but may vary between classes
- Imposition of tax generally does not require a voter approval, but may be subject to referendum
- Cities thinking of levying a local B&O tax should consider whether they have the staff time and expertise necessary to administer this tax. These taxes help fund general governmental services that benefit local businesses, but they are unpopular with businesses.

Utility Taxes

- Any city may impose a tax on the income of utility companies
- Revenues are unrestricted and may be used for any lawful governmental purpose
- Maximum tax rate may not exceed 6% for electric, gas, steam and telephone services unless approved by voters
- No limitation on the tax rate for water, sewer, solid waste or stormwater utilities
- Internet and satellite TV may not be taxed; cable TV has special provisions

Brokered Natural Gas Tax

- Any city that has a natural gas utility tax may impose an equivalent “use tax” upon brokered natural gas sales that are otherwise not subject to the utility tax
- Use tax rate must be equal to the natural gas utility tax rate
- Revenues are unrestricted

General Business License Fee

- Cities may require individuals or businesses conducting business within their jurisdiction to obtain a local business license
- Revenues are used to recoup administrative costs

Regulatory Business License Fee

- Cities may require certain classes of business that need additional regulation and oversight to obtain an additional regulatory business license, in addition to the general business license.

Revenue-Generating Business License Fees

- Some cities impose business license fees on a sliding scale to generate revenue.
- Revenues are unrestricted and may be used for any lawful governmental purpose.
- Fees may be based on number of employees, type of business, square footage and other criteria

Lodging (Hotel/Motel) Tax

- Most cities or towns may impose a lodging tax up to 5% of which:
 - 2% is a credit against the state sales tax, which is taken as a credit against the 6.5% state sales tax
 - 2% is in addition to the sales tax rate, which is not a credit to the state tax rate and results in a tax increase for the lodging patron
- A few jurisdictions have been grandfathered in with varying rates.
- Revenues are restricted and must generally be used for tourism activities or tourism-related facilities
- May also be used to repay debt for affordable workforce housing within one-half mile of a transit station
- Cities of 5,000 or more must establish a lodging tax advisory committee (LTAC) to review funding applications and recommend awards
- Does not require voter approval

Real Estate Excise Tax (REET)

Real Estate Excise Tax (REET) 1 – The “First Quarter Percent”

- Any city or town may impose a 0.25% excise tax upon all real estate sales

- Revenues are restricted and may only be used for certain capital purposes and housing relocation assistance, depending on the city’s population and whether it fully plans under GMA.¹³⁹
- May also be used for limited capital facility maintenance, with additional reporting requirements
- Does not require voter approval

REET 2 – The “Second Quarter Percent”

- Any city or town that is fully planning under GMA may impose an additional 0.25% excise tax upon all real estate sales, in addition to the tax imposed under REET 1.
- Revenues are restricted and may only be used for certain transportation, water, stormwater, sewer and park capital purposes.¹⁴⁰
- May also be used, with additional reporting requirements, for limited capital facility maintenance, REET 1 capital projects, affordable housing and homelessness (through January 1, 2026 only)
- Does not require voter approval for cities required to plan under GMA, but does require voter approval for cities voluntarily planning under GMA

REET In Lieu of “Second Half” Sales Tax

- Any city or town that has not imposed the “second half” sales tax may impose an additional 0.5% excise tax upon all real estate sales
- Revenues are unrestricted and may be used for any lawful government purpose

¹³⁹ Cities with a population of more than 5,000 that are fully planning under GMA must spend the REET 1 revenues on “capital projects” that are listed in the capital facilities plan (CFP) element of their comprehensive plan. Funds may also be spent on housing relocation assistance and for the maintenance of capital facilities. Cities that are not required to fully plan under GMA, or that are fully planning under GMA and have a population of 5,000 or less must use REET 1 funds for any capital purpose identified in a capital improvement plan and local capital improvements, including local improvements that can be funded through a local improvement district. Capital projects not listed in the local improvement statute are also permitted uses as long as they are included in the city’s capital improvement plan. Any city or town, regardless of its population or whether it fully plans under GMA, may use up to \$100,000 or 25% of its available REET 1 funds but not to exceed \$1 million per year for the maintenance of capital projects.

¹⁴⁰ REET 2 revenues are restricted and may only be used for financing “capital projects” specified in the capital facilities plan element of the city’s comprehensive land use plan. The definition of “capital project” for REET 2 is more restrictive than it is in the REET 1 statute. REET 2 funds are more specifically directed to infrastructure and parks capital projects. Any city may use up to \$100,000 or 25% of its available REET 2 funds but not to exceed \$1 million per year for the maintenance of REET 2 capital projects and for the planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, improvement or maintenance of REET 1 capital projects.

- Almost all cities have imposed the “second half” sales tax, which will likely generate more revenue
- Does not require voter approval but is subject to possible referendum

Other Excise Taxes

Admission Tax

- Any city may impose an admission tax up to 5% of the admission charge for various events and facilities
- Revenues may generally be used for any lawful government purpose
- Does not require voter approval

Border Area Fuel Tax

- Any city within ten miles of a Canadian border crossing, or any transportation benefit district encompassing a Canadian border crossing, may impose a gas tax up to two cents per gallon, adjusted for inflation
- Revenues are restricted and must be used for street maintenance and construction
- Requires voter approval

Commercial Parking Tax

- Any city may impose a tax on commercial parking businesses
- Revenues are restricted and must be used for transportation purposes
- Does not require voter approval but is subject to possible referendum

Gambling Tax

- Any city or town may tax gambling activities within its jurisdiction
- Maximum tax rates depend upon type of gambling activity
- Revenues are restricted and must be used for public safety purposes
- Does not require voter approval

Leasehold Excise Tax

- Any city or town may levy an excise tax up to 4% on most leases of tax-exempt properties.
- Tax is credited against state and county leasehold excise taxes
- Revenues are unrestricted
- Does not require voter approval

Local Household Tax

- Excise tax of up to \$1.00 per month per household; may not be imposed concurrently with transit sales tax
- Revenues must be used for public transportation improvements
- Does not require voter approval but may be subject to referendum

Local Option Gas Tax

- Counties may impose a local option gas tax of 10% of the state gas tax rate

- Revenues are shared with cities and must be used for transportation purposes
- Requires voter approval

Timber Excise Tax

- Credit against state timber excise tax
- May only be imposed by counties, which share the revenue with other taxing districts (including some cities) based on timber sales, timber assessed value and levy rates

State Shared and Federal Revenue

Cannabis Excise Tax

- A portion of the state’s cannabis excise tax is distributed to cities and counties depending on their cannabis policies.
- Two separate components:
 - Per capita share distributed to all cities and counties that do not prohibit cannabis businesses
 - Retail share distributed to cities and counties where cannabis retailers are located, in proportion to statewide cannabis revenues
- No clear guidance on use of revenues, but stated intent of I-502 is that cannabis legalization will [allow] law enforcement resources to be focused on violent and property crimes [and generate] new state and local tax revenue for education, health care, research and substance abuse prevention.

Capron Refunds

- Island counties and cities receive funds of state gas taxes and motor vehicle license fees to compensate for their lack of state highways and state highway investment
- Only distributed to San Juan and Island counties and their cities.

Liquor Distributions

- Distributed to all counties on a per capita basis
- All counties receive two separate distributions, liquor profits and liquor excise

Public Utility District (PUD) Privilege Tax

- The state imposes a 2% excise tax, plus 0.02% per kilowatt-hour of self-generated energy, on all public utility districts (PUDs) in lieu of property taxes
- Revenues are shared with counties, cities and towns
- Revenues are unrestricted and may be used for any lawful government purpose

City-County Assistance (ESSB 6050) Distribution

- Portion of the state real estate tax (REET) is shared with certain cities that have relatively low per capita assessed values.
- Originally intended to mitigate the loss of motor vehicle excise tax (MVET) revenues following I-695 in 1999.
- Distribution formula is complicated and depends upon population, assessed value, sales tax receipts and historical budget distributions.
- Revenues are unrestricted and may be used for any lawful governmental purpose.
- Because the city-county assistance program depends upon actual real estate sales, this revenue source can be somewhat volatile during economic downturns.

Criminal Justice Distribution

- Five separate programs: high crime, population, special programs, contracted services, violent crime

Fire Insurance Premium Tax

- Distributed to all cities with a pre-LEOFF firefighters' pension fund, based on their proportionate number of paid firefighters.

Motor Vehicle Fuel Tax (MVFT)

- Distributed to all cities and towns on a per capita basis.
- Total distributions depend on amount of gas taxes collected statewide
- Revenues are restricted and must be used for streets, roads and highways
- Cities must use at least 0.42% for pedestrian, equestrian or bicycle trails, unless such amount would be \$500 or less per year

Multimodal Funds and Increased MVFT

- Distributed to all cities and towns on a per capita basis
- Direct appropriations from the state transportation fund; do not depend on actual fuel sales
- Revenues are restricted: multimodal funds may be used for any transportation purpose. Increased MVFT funds must be used for street or highway purposes (including eligible pedestrian, equestrian or bicycle trails).

Other Revenue Sources

Franchise Fees

- Franchise agreements allow utility providers to install and maintain equipment within county rights-of-way.
- Franchise fees are generally limited to the recovery of administrative costs. Cities may also impose franchise fees to recover administrative costs on sewer and water.

Impact Fees – Growth Management Act (GMA)

- Fee charged to developers to mitigate the impacts on infrastructure and capital facilities because of increased demand resulting from new development. Does not require voter approval.
- Revenues are restricted and may only be used for streets, parks, schools and fire protection. May only be imposed by counties planning under the GMA. Must generally be expended within 10 years of receipt.

Impact Fees – Local Transportation Act (LTA)

- Fee charged to developers to mitigate the impacts on infrastructure and capital facilities because of increased demand resulting from new development. Does not require voter approval.
- Revenues are restricted and may only be used for transportation. May be imposed by any city, but typically impact fees are assessed under the GMA rather than LTA.

Investments (Interest Earnings)

- Cities and towns may invest excess funds not immediately needed for operations
- Interest earned on the investments may be used by the fund that was invested, for purposes allowed within that fund.
- Earnings may or may not be restricted, depending on the revenue source

Parking Meters

- Any city may impose parking meter fees.
- Revenues may be used for administrative costs, parking studies and acquisition and maintenance of off-street parking facilities.

Surplus Transfers from Utilities and Lids

- In limited situations, cities may transfer surplus funds from municipal utilities or a local improvement district (LID) guaranty fund into the general fund.
- Surplus transfers require financial analysis of both current and future needs

Tourism Promotion Area Fees

- Any city or town may form a tourism promotion area and impose charges up to \$2 per room per night. Effective June 11, 2020 to July 1, 2027 the city/town may impose an additional fee up to \$3 per room per night. Does not require voter approval, but requires support from local lodging businesses and may be repealed if a majority of lodging businesses submit a written petition.
- Only applies to lodging businesses with 40 or more rooms. Revenues must be used for tourism promotion to increase the number of tourists to the area.

Traffic and Parking Fines

- State Supreme Court establishes fines for traffic infractions, but revenues are shared with city where infraction occurred
- Cities can establish their own parking fines.
- Revenues may generally be used for any lawful governmental purpose

Transportation Benefit District Vehicle License Fees

- Any city that has established a transportation benefit district (TBD) may impose a non-voted vehicle license fee up to \$50 or a voted vehicle license fee up to \$100
- Revenues must be used for specified transportation projects.

Utility Rates and Charges

- Any city that has established a utility must set an appropriate rate to recover cost.
- Revenues must be used for specified utility purpose

Other City Fees and Charges

- Animal licensing; concealed pistol license permits; fireworks retail and display permits; Parks, recreation and cultural facilities and programs; processing of development and building permit applications; public records copying charges; street use permits

Special taxing districts

Metropolitan park district

- Any city or town may form a metropolitan park district to manage, control, improve, maintain or acquire park and recreation facilities.
- The formation of an MPD requires voter approval. MPDs are funded primarily by a regular property tax levy up to \$0.75 per \$1,000 assessed value.

Public facilities district

- Most cities may establish a public facilities district (PFD) for the purpose of constructing, operating and maintaining “regional centers,” defined as a convention conference or special events center, or any combination of facilities and related parking facilities, whose construction or rehabilitation costs are at least \$10 million including debt service.
- PFDs are funded primarily by sales tax, user fees and charges, admission and parking taxes, general obligation bonds and revenue bonds.

Regional fire authority

- Any city may form a regional fire protection service authority with at least one other “fire protection jurisdiction” within “reasonable proximity.” Regional fire authorities are funded primarily by property tax levies up to \$1.50 per \$1,000 assessed value, which will impact the city’s general fund levy rate.

Transportation benefit district

- A city may establish a TBD to generate revenue for specific transportation projects. The two primary revenue sources for TBDs are a voted sales tax of up to 0.2% with a limit of 10 years and a vehicle license fee up to \$50 (non-voted) or \$100 (voted).

Special taxing districts within the Study Area

- Bethel School district No. 403
- Franklin Pierce School District No. 402
- Puyallup School District No. 3
- Pierce Conservation District
- Pierce County Drainage District No. 14
- Pierce County Fire Protection District No. 6 Central Pierce Fire and Rescue
- Pierce County Fire Protection District No. 21 Graham Fire and Rescue
- Pierce County Flood Control Zone District (2012)
- Pierce County Housing Authority
- Pierce County Public Transportation Benefit Authority
- Pierce County Road and Bridge Service District No. 1 (Road and Bridge Service District)
- Pierce County Rural Library District
- Port of Tacoma

County revenue sources and types

This section provides information on the types and structures of revenue resources available to local governments in the state. Reference material for the information is directly sourced from the Municipal Research and Services Center (MRSC) publications Revenue Guide for Washington Counties and Revenue Guide for Washington Cities and Towns and has been reproduced in this appendix for the sake of the reader.¹⁴¹

Property tax

Current expense fund levy

- Primary source of property tax revenues for most counties – revenues are unrestricted and may generally be used for any lawful governmental purpose.
- Maximum levy rate is \$1.80, but may increase up to \$2.475 if using a road levy shift.

¹⁴¹ See “Revenue Guide for Washington Cities and Towns”, MSRC, December 2022. And “Revenue Guide for Washington Counties”, MSRC, December 2022.

- Tax is imposed countywide, including both incorporated and unincorporated areas.¹⁴²
- While revenue use is unrestricted, there are several other regular levies authorized or required by statute that are considered part of the current expense levy but are restricted to specific purposes. They are County Hospital Maintenance Levy, County Lands Assessment Fund Levy, Mental Health and Development Disabilities (MHDD) Levy, River Improvement Fund Levy, Veterans' Assistance (VA) Fund Levy, Left Lid Lifts.

County road levy

- Primary source of property tax revenues for county road fund
- Revenues are restricted and must be used for roads.
- The maximum levy rate is \$2.25, but county legislative authority may divert some revenue or shift taxing authority to current expense fund through road levy diversions/shifts.
- Tax is only imposed in unincorporated areas and is not imposed within cities or towns.
- Does not require voter approval.

Road levy shifts

- Allows county to shift a certain dollar amount from the road levy to the current expense (general fund) levy, thus increasing the current expense levy rate and reducing the road levy rate.
- Since the road levy is collected only from those taxpayers in the unincorporated areas of the county while the county current expense levy is paid by all county residents, this results in a net property tax increase within the incorporated areas and a net property tax decrease within the unincorporated areas.
- The shifted levy funds received by the current expense fund may be used for any lawful governmental purpose within the incorporated or unincorporated county.
- Resulting current expense levy rate cannot exceed \$2.475 per \$1,000 AV, and total combined road + current expense levy rate cannot exceed \$4.05 per \$1,000 AV.
- Road levy shift cannot cause another taxing district's levy to be reduced. Levy shift must be reduced, eliminated, or bought down before pro-rationing can take place.
- A road levy shift does not affect a county's eligibility for rural arterial program (RAP) funding.
- Does not require voter approval.

¹⁴² Since the County Road Levy is only imposed in the unincorporated areas, those areas are subject to both the current expense and road levies, while properties located within a city or town are subject to the county current expense levy but not the road levy.

Road levy diversions

- Allows county to “divert” road levy revenues to the current expense fund primarily to fund traffic law enforcement in unincorporated areas.
- Revenue may technically be used for any service within unincorporated areas. However, if used for anything besides traffic law enforcement, county may lose Rural Arterial Program (RAP) funding for the following year, with some exceptions.
- Does not require voter approval.

Affordable housing levy

- A county, city or town may impose additional regular property tax levies of up to fifty cents per thousand dollars of assessed value of property in each year for up to ten consecutive years
- Before imposing the levy, the governing body of the county, city or town declares the existence of an emergency with respect to the availability of housing that is affordable to very low-income households or low-income households in the taxing district and adopt an affordable housing financing plan to serve as the plan for expenditure of funds raised by a levy.
- Revenues restricted to finance affordable housing for very low-income households, and affordable homeownership, owner-occupied home repair and foreclosure prevention programs for low-income households.
- Subject to \$10 constitutional limit but not \$5.90 limit
- Requires voter approval

Conservation futures levy

- Property tax – additional levy up to \$0.0625 per \$1,000 assessed valuation
- RCW 84.34.230 allows for any county to impose a countywide property tax conservation futures levy.
- Revenues restricted to the acquisition of open space and future development rights
- Subject to \$10 constitutional limit but not \$5.90 limit.
- Does not require voter approval.

Criminal justice levy

- Property tax – additional levy up to \$0.50 per \$1,000 assessed valuation for up to six years.
- RCW 84.52.135 authorizes any county with a population of 90,000 or less to impose the levy
- Revenues restricted to criminal justice purposes.
- Subject to \$10 constitutional limit but not \$5.90 limit
- Requires voter approval

Cultural access program levy

- RCW 84.52.821 authorized any county except King County to impose a property tax additional levy with maximum rate based on retail sales.
- Cities have the same authority under the same statute. However, the enabling legislation provided counties with the first right of refusal and did not allow a city to place this measure on the ballot unless either (a) the county adopted a resolution forfeiting its right, or (b) the county did not place such a proposition before the voters by June 30, 2017. Since the 2017 deadline has passed, any city or town may now place a cultural access program levy on the ballot.
- Per MRSC’s interpretation, a city and a county may not impose this levy concurrently.
- Revenues are restricted and may only be used for specified cultural purposes.
- Subject to \$5.90 limitation and \$10 constitutional limit
- Requires voter approval

Emergency medical services (EMS) levy

- RCW 84.52.069 authorizes counties to impose a property tax – additional levy up to \$0.50 per \$1,000 assessed valuation. Many of the EMS levies within Washington are imposed by smaller jurisdictions such as cities, towns, fire protection districts and public hospital districts. However, there are a number of counties that have countywide (or nearly countywide) EMS levies.
- Any county must submit a countywide EMS levy to voters. However, if the county contains any cities with a population in excess of 50,000, the county must first get city legislative body approval from at least 75% of those cities located within the county.
- If a county has imposed an EMS levy at the maximum rate, no other taxing jurisdiction within the county may impose an EMS levy. If a county has imposed an EMS levy below the maximum rate, any eligible taxing jurisdiction within the county may still impose its own separate EMS levy, as long as the combined rate does not exceed \$0.50.
- Revenues are restricted to the provision of emergency medical care services.
- May be imposed for six years, ten years or permanently
- Subject to \$10 constitutional limit but not \$5.90 limit
- Requires voter approval

Ferry district levy

- Any county that has formed a passenger-only ferry district encompassing part or all of the county may impose the property tax – additional levy up to \$0.75 per \$1,000 assessed valuation (or \$0.075 for King County only).
- Revenues are restricted to passenger-only ferry service.
- Subject to \$10 constitutional limit but not subject to \$5.90 limit.

- Does not require voter approval.

Flood control zone district levy

- The supervisors of any flood control zone district established by the county may impose an additional property tax levy up to \$0.50 per \$1,000 assessed valuation for flood control zone districts.
- Revenues are restricted to flood control or stormwater projects.
- Subject to both \$5.90 and \$10 constitutional limit
- Does not require voter approval

Transit levy

- Property tax for transit-related expenditures
- Only applies to King County
- Does not require voter approval

Excess levies (operations & maintenance)

- RCW 84.52.052 authorizes any taxing district, except school districts and fire protection districts, to impose additional taxes by in which a larger levy is necessary in order to prevent the impairment of the obligation of contracts.
- Property tax – additional levy with no specific levy rate cap
- Revenues may be used for any lawful governmental purpose, but must be spent in accordance with the purpose(s) specified in the ballot measure.
- Requires voter approval

General obligation (G.O.) bond excess levies (capital purposes)

- RCW 84.52.056 authorizes “any municipal corporation” to issue general obligation bonds for capital purposes through an excess levy to repay unlimited tax general obligation (G.O.) bonds
- Revenues are restricted to capital purposes.
- Requires voter approval.

Refunds and refund levies

- Taxing districts may increase one or more of their levies to pay for any property tax administrative refunds or refunds due to judgments. In RCW 84.69.020 "Taxing district" is defined as any county, city, town, port district, school district, road district, metropolitan park district, water-sewer district or other municipal corporation.
- Refund levies are not subject to the 1% annual levy lid, but may not exceed the district’s normal statutory maximum levy rates
- Does not require voter approval

Retail sales and use tax

“Basic” sales tax – first half-cent

- Sales tax of 0.5% – revenues are unrestricted and may be used for any lawful governmental purpose.

- Currently imposed by all counties
- Revenue shared with cities

“Optional” sales tax – second half-cent

- Sales tax up to 0.5% - revenues are unrestricted and may be used for any lawful governmental purpose. Additional non-voted sales tax may be imposed in increments of 0.1% up to 0.5%.
- Currently imposed at the maximum rate by all counties except Asotin County and Klickitat County
- Revenue shared with cities.

Affordable housing sales tax credit (HB 1406)

- Credit against 6.5% state sales tax. Credit is 0.0146% in unincorporated areas; credit within incorporated areas depends on whether city is participating or has a “qualifying local tax.”
- Had to be adopted no later than July 27, 2020; expires after 20 years
- Revenues are restricted and must be used for affordable and supportive housing. Counties under 400,000 population may also use revenues for low-income rental assistance. Cities and counties may pool resources.

Criminal justice sales tax

- Sales tax of 0.1% - revenues are restricted and must be used for criminal justice.
- May be imposed by any county.
- Revenue shared with cities
- Does not require voter approval.

Cultural access program sales tax

- Sales tax up to 0.1% - revenues are restricted and must be used to benefit or expand access to nonprofit cultural organizations
- Maximum duration of seven years; may be renewed for additional seven-year periods.
- May be imposed by any county
- Requires voter approval

Emergency communications (E-911) sales tax

- Sales tax of up to 0.2% - revenues are restricted and must be used for emergency communications systems and facilities
- May be imposed by any county
- Requires voter approval

Housing & related services sales tax

- Sales tax up to 0.1% - revenues are restricted and must be used for affordable housing, behavioral health and related services
- May be imposed by any county.
- May be approved by voters or legislative body

Juvenile detention facility & jails sales tax

- Sales tax of 0.1% - revenues are restricted and must be used for juvenile detention facilities and jails.
- May be imposed by any county with a population under one million
- Requires voter approval

Mental health & chemical dependency sales tax

- Sales tax of 0.1% - revenues are restricted to and must be used for mental health and drug treatment purposes.
- May be imposed by any county
- Does not require voter approval

Public safety sales tax

- Sales tax up to 0.3% - revenues are partially restricted; one-third must be used for criminal justice or fire protection
- May be imposed by any county
- Revenue shared with cities
- Motor vehicle sales and first 36 months of motor vehicle leases are exempt
- Requires voter approval

Rental care sales tax – public sports

- Sales and use tax of 1% upon car rentals countywide
- Revenues must be used for public stadium facilities and youth/amateur sports activities and facilities

Rural counties public facilities sales tax

- Any “rural county” may impose a credit of up to 0.09% against the state sales tax
- Revenues must be used to finance public facilities serving economic development purposes
- Tax generally may not be imposed for more than 25 years.
- Does not require voter approval

Transit sales tax

- Sales taxes up to 0.9% for transit and 1.0% for high-capacity transit – revenues are restricted and must be used for transit
- May be imposed by counties that operate transit service
- Requires voter approval

Transportation benefit district sales tax

- Sales tax up to 0.3% - revenues are restricted and must be used for transportation
- May be imposed by any county that has established a transportation benefit district
- Maximum duration of ten years unless used for repayment of debt; may be renewed
- Generally requires voter approval

Zoo & aquarium sales tax

- Sales tax up to 0.1% - revenues are restricted and must be used for zoos, aquariums and wildlife facilities
- Only available to Pierce County
- Requires voter approval

Lodging (hotel/motel) tax

- Any county may impose a lodging tax up to 5% of which:
- (Basic) 2% is a credit against the state sales tax
- (Additional) 2% is in addition to the sales tax rate.
- A few jurisdictions have been grandfathered in with varying rates.
- Revenues are restricted and must generally be used for tourism activities or tourism-related facilities
- May also be used to repay debt for affordable workforce housing within one-half mile of a transit station
- Counties of 5,000 or more must establish a lodging tax advisory committee to review funding applications and recommend awards
- Does not require voter approval

Real Estate Excise Tax (REET)

REET 1 – The “first quarter percent”

- Any county may impose a 0.25% excise tax upon all real estate sales within unincorporated areas only.
- Revenues are restricted and may only be used for certain capital purposes and housing relocation assistance, depending on the county’s population and whether it fully plans under GMA.
- May also be used for limited capital facility maintenance, with additional reporting requirements.
- Does not require voter approval.

REET 2 – The “second quarter percent”

- Any county that is fully planning under GMA may impose an additional 0.25% excise tax upon all real estate sales, in addition to the tax imposed under REET 1.
- Revenues are restricted and may only be used for certain transportation, water, stormwater, sewer and park capital purposes.
- May also be used, with additional reporting requirements for:
- Limited capital facility maintenance
- REET 1 capital projects
- Affordable housing and homelessness (through January 1, 2026 only)
- Does not require voter approval for counties required to plan under GMA, but does require voter approval for counties voluntarily planning under GMA

REET in lieu of “second half” sales tax

- Any county that has not imposed the “second half” sales tax may impose an additional excise tax up to 0.5% upon all real estate sales.
- Revenues are unrestricted and may be used for any lawful government purpose
- Almost all counties have imposed the “second half” sales tax, which will likely generate more revenue.
- Does not require voter approval but is subject to possible referendum

Conservation areas REET

- Any county may impose an additional excise tax of up to 1.0% on all real estate sales countywide, including within incorporated cities.
- Revenues are restricted and must be used for acquisition and maintenance of conservation areas.
- Requires voter approval

Affordable housing REET

- San Juan County may impose an additional excise tax of 0.5% on all real estate sales countywide, including within incorporated cities.
- Revenues are restricted and must be used for the development of affordable housing
- Requires voter approval

Other excise taxes

911 telephone tax

- Excise tax up to \$0.70 per month per landline phone number, wireless phone number, and VOIP service line. For prepaid wireless services, maximum rate is \$0.70 per retail transaction
- Revenues must be used for county’s emergency services communication system
- Does not require voter approval

Admission Tax

- Any county may impose an admission tax up to 5% of the admission charge for various events and facilities
- Revenues may generally be used for any lawful governmental purpose
- Does not require voter approval

Commercial parking tax

- Any county may impose a tax on commercial parking businesses within unincorporated areas.
- Revenues are restricted and must be used for transportation purposes
- Does not require voter approval but is subject to possible referendum

Gambling tax

- Any county may tax gambling activities within unincorporated areas
- Maximum tax rates depend upon type of gambling activity
- Revenues are restricted and must be used for public safety purposes

- Does not require voter approval

Leasehold excise tax

- Any county can levy an excise tax up to 6% on most leases of tax-exempt properties
- Tax is credited against state leasehold excise taxes; city leasehold excise taxes are credited against county tax
- Revenues are unrestricted and may be used for any lawful governmental purpose

Does not require voter approval

Local household tax

- Excise tax of up to \$1.00 per month per household; may not be imposed concurrently with transit sales tax
- Revenues must be used for public transportation improvements
- May require voter approval and may be subject to referendum

Local option gas tax

- Counties may impose a local option gas tax of 10% of the state gas tax rate
- Revenues are shared with cities and must be used for transportation purposes
- Requires voter approval

Timber excise tax

- Credit against state timber excise tax; counties receive 4% excise tax on all harvest of timber on public or private land.
- County retains some of the revenue and shares the rest with other local taxing districts.
- Does not require voter approval

State shared and federal revenues

Cannabis excise tax

- A portion of the state’s cannabis excise tax is distributed to cities and counties depending on their cannabis policies.
- Two separate components:
- Per capita share distributed to all cities and counties that do not prohibit cannabis businesses
- Retail share distributed to cities and counties where cannabis retailers are located, in proportion to statewide cannabis revenues
- No clear guidance on use of revenues, but stated intent of I-502 is that cannabis legalization will [allow] law enforcement resources to be focused on violent and property crimes [and generate] new state and local tax revenue for education, health care, research, and substance abuse prevention.

Capron refunds

- Island counties and cities receive funds of state gas taxes and motor vehicle license fees to compensate for their lack of state highways and state highway investment
- Only distributed to San Juan and Island counties and their cities.

Liquor distributions

- Distributed to all counties on a per capita basis
- All counties receive two separate distributions, liquor profits and liquor excise

Public utility district (PUD) privilege tax

- The state imposes a 2% excise tax, plus 0.02% per kilowatt-hour of self-generated energy, on all public utility districts (PUDs) in lieu of property taxes
- Revenues are shared with counties, cities and towns
- Revenues are unrestricted and may be used for any lawful government purpose
- **City-county assistance (ESSB 6050) distributions**
- Portion of the state real estate tax (REET) is shared with all counties
- Originally intended to mitigate the loss of motor vehicle excise tax (MVET) revenues following I-695 in 1999
- Distribution formula is complicated and depends upon population, assessed value, sales tax receipts and historical budget distributions
- Revenues are unrestricted and may be used for any lawful governmental purpose
- **Criminal justice distribution**
- Distributions to all counties from the state general fund
- Distribution is based on a formula that includes the county's population, crime rate and number of criminal cases filed in superior court
- Revenues are restricted to specified criminal justice purposes.
- **Federal payments in lieu of taxes (PILT)**
- Payment from federal government for certain tax-exempt federal lands within county jurisdiction, in lieu of property taxes
- Subject to federal appropriation and therefore subject to reduction
- Revenues are unrestricted and may be used for any lawful governmental purpose

Federal timber sales/secure rural schools

- Federal payments to counties for timber sales in national forests within the county
- Secure Rural Schools payments compensate for declining timber revenues
- Subject to federal appropriation and therefore subject to reduction

- Revenues must be used for county roads, schools and other purposes authorized by federal law

Impaired driving safety (DUI) account

- Portion of fees for revoked or suspended driver’s licenses are distributed to counties, subject to appropriation
- Revenues must be used for DUI prevention and related costs

Motor vehicle fuel tax (MVFT)

- Distributed to all counties based on a formula including population, annual road costs, and “need”
- Total distributions depend on amount of gas taxes collected statewide
- Revenues are restricted and must be used for streets, roads and highways
- Counties must use at least 0.42% for pedestrian, equestrian or bicycle trails, unless such amount would be \$3,000 or less per year

Multimodal funds and increased MVFT

- Distributed to all counties based on a formula including population, annual road costs, and “money need”
- Direct appropriations from the state transportation fund; do not depend on actual fuel sales
- Revenues are restricted
- Multimodal funds may be used for any transportation process
- Increased MVFT funds must be used for street or highway purposes (including eligible pedestrian, equestrian or bicycle trails).

State forest timber revenues

- State Forest Timber Revenues
- State distribution to counties from timber sales occurring on certain state forest lands
- Revenues must generally be distributed to county funds in the same manner as general taxes

Departmental fees, charges and reimbursements

- Auditor’s Office Fees
 - Recording Fees and Surcharges – Affordable Housing Surcharge, Homeless Housing Surcharge, Centennial Document Preservation Surcharge
 - Election Candidate Filing Fees
 - Election Services Reimbursement
 - Marriage License Fees
 - Motor Vehicle License Fees
 - Vessel Registration Fees
- Coroner/Medical Examiner Fees and Reimbursement

- District Court Fines, Fees and Reimbursements, Dispute Resolution Surcharge, District Court Judges' Salaries, Interlocal Agreements, Other District Court Fees
- Prosecuting Attorney Reimbursement
- Sherriff and Jail Fees, Immigration Detention Agreements, Interlocal Agreements
- Superior Court/County Clerk Fees and Reimbursements, Civil and criminal infractions, juvenile fees, Superior Court Judges' Salaries
- Treasurer's Fees, Electronic Transaction Fees, Investment Fees, Real Estate Excise Tax Fees, Other Treasurer's Fees

Other revenue sources

Franchise fees

- Franchise agreements allow utility providers to install and maintain equipment within county rights-of-way.
- Franchise fees are generally limited to the recovery of administrative costs.

Impact fees – Growth Management Act (GMA)

- Fee charged to developers to mitigate the impacts on infrastructure and capital facilities because of increased demand resulting from new development. Does not require voter approval.
- Revenues are restricted and may only be used for streets, parks, schools and fire protection. May only be imposed by counties planning under the GMA. Must generally be expended within ten years of receipt.

Impact fees – Local Transportation Act (LTA)

- Fee charged to developers to mitigate the impacts on infrastructure and capital facilities because of increased demand resulting from new development. Does not require voter approval.
- Revenues are restricted and may only be used for transportation. May be imposed by any county, but typically impact fees are assessed under the GMA rather than LTA.

Investments (interest earnings)

- Counties may invest excess funds not immediately needed for operations
- Interest earned on the investments may be used by the fund that was invested, for purposes allowed within that fund.
- Earnings may or may not be restricted, depending on the revenue source

Tourism promotion area fees

- Any county may form a tourism promotion area and impose charges up to two dollars per room per night. Effective June 11, 2020 to July 1, 2027 the city/town may impose an additional fee up to three dollars

per room per night. Does not require voter approval, but requires support from local lodging businesses and may be repealed if a majority of lodging businesses submit a written petition.

- Only applies to lodging businesses with 40 or more rooms. Revenues must be used for tourism promotion to increase the number of tourists to the area. Only applies to unincorporated areas unless county signs an interlocal agreement with one or more cities.

Transportation benefit district vehicle license fees

- Any county that has established a transportation benefit district (TBD) may impose a non-voted vehicle license fee up to \$50 or a voted vehicle license fee up to \$100
- Revenues must be used for specified transportation projects.

Other county fees and charges

- Animal licensing, Fireworks retail and display permits, Inspection of restaurants, Licenses for certain businesses or events authorized by state law or county charter, Parks and recreation facilities, processing of development and building permit applications, public records copying charges

Special taxing districts

County airport district

Revenue options: Property tax levy up to \$0.75 per \$1,000 AV; revenue bonds; fees, charges and concessions.

County ferry district

Revenue options: Property tax levy generally up to \$0.75 per \$1,000 AV; general obligation bonds; one-year excess O&M levy; fares and vehicle replacement surcharges.

County public transportation authority

Revenue options: Transit sales tax up to 0.9%; local household tax; B&O tax; fees and charges.

County rail district

Revenue options: General obligation bonds & revenue bonds; one-year excess O&M levy; charges, fees and special assessments.

EMS district

Revenue options: EMS levy up to \$0.50 per \$1,000 AV; one-year excess O&M levy if population density <1,000 per square miles.

Flood control zone district

Revenue options: Property tax levy up to \$0.50 per \$1,000 AV; special assessments; one-year excess O&M levy; local improvement districts/Utility LIDs; general obligation bonds and revenue bonds.

Lake & beach management district

Revenue options: Special assessments; rates and charges; revenue bonds.

Library capital facility area

Revenue options: General obligation bonds – if the first two bond measures fail, capital facility area must be dissolved.

Metropolitan park district

Revenue options: Property tax levy up to \$0.75 per \$1,000 AV.

Park & recreation service area

Revenue options: 6-year property tax levy up to \$0.60 per \$1000 AV; one-year excess O&M levy; general obligation bonds; users fees, charges, and concessions.

Public facility district (PFD)

Revenue options: Lodging tax; admission & parking taxes; general obligation bonds & revenue bonds; user charges and fees; one-year excess O&M levy.

Public hospital capital facility area

Revenue options: General obligation bonds – if the first two bond measures fail, the capital facility area must be dissolved.

Road & bridge service district

Revenue options: One-year excess O&M levy; general obligation bonds; local improvement district/Utility LID.

Shellfish protection district (clean water district)

Revenue options: County tax revenues; rates, charges and inspection fees.

Solid waste collection district

Revenue option: User fees.

Solid waste disposal district

Revenue option: excise tax “sufficient to fund activities;” one-year excess O&M levies; general obligation bonds & revenue bonds; user fees and charges.

Television reception improvement district

Revenue options: Excise tax based on number of TV sets.

Transportation benefit district

Revenue options: Sales tax up to 0.2% and ten years; vehicle license fee; border area fuel tax for TBDs including a Canadian border cross; tolls; local improvement districts; commercial & industrial development; general obligation bonds; one-year excess O&M levies.

Unincorporated transportation benefit area

Revenue options include a transit sales tax up to 0.9%; local household tax; B&O tax; fees and charges.

Summary information on municipal debt

The following provides a summary of the types of municipal debt, bond capacity and limitations, as well as constitutional limitations to municipal debt. The following information is reproduced directly from MSRCs publication on municipal debt for readers easy reference.¹⁴³

Types of bonds

General obligation bonds

GO bonds issued by local governments are secured by a pledge of the taxing district's property tax authority. General obligation bonds have been the traditional form of financing for capital projects such as land acquisition, park development and transportation projects that are owned and operated by government. There are two basic kinds of general obligation bonds:

- Limited tax general obligation (LTGO) bonds (also called "councilmanic" bonds or non-voted debt), may be issued by a vote of the legislative body. General fund revenues must be pledged to pay the debt service on LTGO. LTGO debt does not provide any additional revenue to fund debt service payments but must be paid from existing revenue sources.
- Unlimited tax general obligation (UTGO) bonds (also called voted debt) must be approved by 60% of the voters, with a voter turnout equal to at least 40% of those who voted in the most recent general election. When the voters are being asked to approve the issuance of these bonds, they are simultaneously asked to approve an excess levy which raises their property taxes to cover the debt service payments. UTGO bonds can be used only for capital purposes.

Revenue bonds

Revenue bonds may be issued to finance projects for any enterprise that is self-supporting. Revenue bonds are generally used to finance water and wastewater projects, airports and stormwater systems. Payment for debt service on revenue bonds comes from user fees generated by the capital

¹⁴³ <https://mrsc.org/explore-topics/finance/debt/types-of-municipal-debt>

facility that is being built. The local entity is then responsible for establishing and collecting sufficient revenue (through rates) to retire the debt.

Revenue bonds are not backed by the full faith and credit of the city, and therefore investors consider them somewhat less secure than general obligation bonds. As a result, the interest rate that bond buyers demand may be higher than those on general obligation bonds.

Revenue bonds are not subject to either statutory or constitutional debt limits.

Improvement district bonds

When a capital project is going to primarily or wholly benefit only a subset of the citizenry, a local improvement district (LID) or road improvement district (RID) can be formed for part or all of the project. LIDs are commonly used for projects such as street improvements, streetlights, sidewalks, water and sewer systems, and underground power lines.

Property owners may petition local governments to form an LID or RID, or the city or county may adopt a resolution of intent to form an LID or RID. An LID initiated by legislative resolution may be blocked if the property owners who would be paying at least 60% of the cost protest.

An assessment roll is established with each property's assessment being equal to the estimated special benefit to that property. Property owners have an opportunity to pay all their assessments up front, but normally LID bonds need to be issued to cover at least part of the project cost. Courts have ruled that LID bonds are not general obligations and are not backed by the full faith and credit of the city.

Another form of special assessment debt is the utility local improvement district (ULID). It may be formed in a manner similar to LIDs for the purposes of providing water systems, sewer and storm water systems, and parking garages. The primary difference between the two kinds of districts is that revenue bonds must be issued for ULIDs, assessments must be deposited in a fund to pay off the revenue bonds, and the bonds are backed both by assessments and by utility revenue.

Refunding and advance refunding bonds

Refunding bonds are bonds that are issued to replace and refinance outstanding general obligations or revenue bonds. The use of a refunding mechanism is often driven by the desire to lower interest rates and reduce payment amounts on older, more expensive debt.

Advance refunding refers to the practice of issuing refunding bonds more than 90 days before the date on which the refunded bonds may be called and redeemed. Mechanically, the proceeds of the new bonds (the “refunding bonds”) are deposited with an escrow agent, who uses those proceeds to pay the old bonds (the “refunded bonds”) at the earliest possible date (the maturity or earliest “call” date).

Private activity bonds

Private activity bonds (also known as the Bond Cap Allocation Program) are tax-exempt revenue bonds often issued by public development corporations formed to finance non-governmental activities. The purpose of these bonds is to finance activities or projects that satisfy a substantial public purpose. They are often used to facilitate economic and industrial development, increase employment, and finance housing.

In Washington State, bonds may only be issued by authorized governmental entities, so a private business developing a project typically works with either a state or local bond issuer. The bond issuer then applies to the Department of Commerce for authorization to issue the bond. Commerce is responsible for taking applications, evaluating projects, authorizing bond issuances under the cap, and ensuring the state does not exceed its cap authority permitted under federal law.

For Short-term Debt – Bond anticipation notes are borrowing alternatives available to local governments in the state that are repaid out of money derived from the source or sources in anticipation of which they are issued or from any money otherwise legally available for this purpose.

Bond capacity and limitations

There are limits to the borrowing power of local governments that are based on both constitutional and statutory restrictions and based on a percentage of the assessed valuation of the taxable properties within each jurisdiction. Additionally, federal law establishes rules about the tax status of government securities and the process for issuing and disclosing debt obligations. The debt limit is expressed as a percentage of the taxing district's total assessed value of taxable properties. Debt limits also restrict how much of this capacity can be used for various purposes.

According to the Washington State Department of Commerce Bond Users Clearinghouse, the limitations on Municipal Debt are as follows:

Constitutional limitations – Article VIII, Section 6

- Non-voted (councilmanic) debt: not > 1.5% of assessed value of taxable properties in the jurisdiction (AV)
- Total debt: not > 5% of AV

- Exceptions:
 - Cities and towns: additional 5% with voter approval for water, lights and sewers when those facilities are controlled by the municipality (total of 10%).
 - School districts: additional 5% with voter approval for capital outlays (total of 10%).

Statutory limitations

Statutory debt limits are usually set at a lower level than constitutional-based limits based on the legislature’s perception of what is a safe and reasonable amount of debt load to carry. When setting debt limits, the legislature also takes into consideration the cumulative debt impacts of overlapping taxing districts on local communities. Study Area relevant bond capacity limits include:

- Metropolitan municipal corporation for GO bonds (RCW 35.58.450) for those not voted on: Not resulting in total non-voted indebtedness >3/4%; for those voted on: Not resulting in total indebtedness > 5%
- Metro park district for GO bonds for park, boulevard, aviation landings, playgrounds, parkways (RCW 35.61.100 and 35.61.110) for those not voted on: Not resulting in total non-voted indebtedness > 1/4%; for those voted on: Not resulting in total indebtedness > 2.5%.

Pierce County special taxing districts

The following summary of special taxing districts is sourced from the Study of Pierce County Budget, 2016 by the League of Women Voters of Tacoma-Pierce County. Also included is a list of special purpose districts intersecting with the Study Area, sourced from the MRSC List of Special Taxing Districts by County, 2013.

Special taxing districts

Drainage districts: There are eight drainage districts in Pierce County. Drainage districts provide services for surface water runoff, including drainage ditches and are managed by boards of commissioners composed of three members each. The boards have exclusive charge of the construction and maintenance of all drainage systems for the district. The districts are funded by property tax levies.

Conservation district: The Pierce Conservation District works with the community to improve water quality, promote sustainable agriculture, create thriving habitat and build a just and healthy food system for all, through education, community engagement, and financial and technical assistance. The Conservation is non-regulatory. It is governed by an elected Board.

Fire districts: There are 23 fire districts in Pierce County. In addition, the City of Tacoma and some of the smaller cities have their own city-operated fire departments. These districts are funded by property tax levies, many of which are voter-approved and some of which include “levy lid lifts”, allowing an increase in the levy for that district to increase more than the regular limit of one percent per year.

Flood control zone district: Pierce County has estimated that a major flood could cause as much as \$725 million in damages and losses, dealing a crushing blow to our county’s economy. Thus, in 2011, the Pierce County Council created a Flood Control Zone District (FCZD), to address some of the flood management needs. It is a special-purpose district covering the entire area of Pierce County. It is funded through a property tax levy. Although it is a special taxing district, it is governed by the Pierce County Council, with input and recommendations from an Advisory Committee. The Pierce County’s Department of Public Works carries out the district’s approved projects and programs.

Library district: The Pierce County Library District is an independent municipal corporation established under RCW 27.12, serving all unincorporated area within Pierce County as well as annexed cities and towns. Seventeen of the County’s 21 cities and towns have annexed to the Library District, which operates 20 branches throughout Pierce County. All operations and capital improvements are funded by a dedicated property tax levy with a maximum mill rate of 50 cents per \$1000 of assessed property value. The District is governed by a Board appointed by the County Council.

Metropolitan park districts: There are three Metropolitan Park Districts in Pierce County. They are Peninsula, Key Peninsula and Tacoma. Metropolitan park districts, authorized by Ch. 35.61 RCW, may be created for the management, control, improvement, maintenance and acquisition of parks, parkways, boulevards and recreational facilities. They are funded through property tax levies.

Park and recreation district: Anderson Island has formed the only Park and Recreation District in Pierce County. Park and Recreation Districts are authorized by Ch. 36.69 RCW to provide leisure time activities and facilities and recreational facilities of a nonprofit nature as a public service to the residents of the geographical areas included within their boundaries. They are financed by property tax levies.

Port district: The Port of Tacoma, which includes 24 cities in the county, is an independent municipal corporation that operates under Title 53 RCW. Five commissioners are elected to four-year terms by the citizens of Pierce County to serve as the Port’s board of directors. The commission hires the CEO, sets policy and strategic direction and approves all major expenditures.

Public facilities district: Public facilities districts (PFD) are municipal corporations with independent taxing authority and are taxing districts under the state constitution. There are a variety of means to support the operation of the PFDs, including charging fees for the use of facility, levying a limited admission tax, imposition of a local sales and use tax to finance, design, construct, remodel, maintain or operate public facilities. The PFD in Pierce County is the Greater Tacoma Regional Convention Center PFD that includes Tacoma, Fife, Lakewood and University Place.

Public housing authorities: There are two public housing authorities in Pierce County. One is the Housing Authority of the City of Tacoma; the other is the Pierce County Housing Authority. The Housing Authority of the City of Tacoma provides housing assistance to over 11,000 individuals, the majority being minors, seniors or persons with disabilities. It has no tax authority and depends on program income, mostly from the federal government and grants. The Pierce County Housing Authority is a public body, corporate and politic, created by Pierce County in 1978, pursuant to State statute, to provide affordable housing for low-income families in Pierce County. The governing body is a board of commissioners, which is comprised of five members appointed in rotating terms by the Pierce County Executive. The Authority does not have the power to levy taxes and must rely upon the County's ability to issue bonds and its ability to collect rent from residents and receive financial assistance from the Federal, State and local governments for its operation.

Regional transit authority: Central Puget Sound Regional Transit Authority, also known as Sound Transit, operates high capacity transit, commuter rail and light rail throughout a three-county district that includes King, Snohomish and Pierce Counties. It is governed by a board whose composition is directed by statute. It includes the Washington State Secretary of Transportation and the King, Pierce and Snohomish County Executives. The three County Executives appoint other elected officials from their counties to the remaining seats on the board, which are apportioned based on population, with each county receiving a seat for each 145,000 people that live within the county. Sound Transit is funded with a Regional Transit Authority (RTA) tax imposed within the Sound Transit district that includes a retail sales tax and a motor vehicle excise tax (license tabs).

Road and bridge service district: RCW 36.83.010 allows the legislative authority of a county to establish one or more service districts within the county for the purpose of providing and funding capital and maintenance costs for any bridge or road improvement or for providing and funding capital costs for any state highway improvement a county or a road district has the authority to provide. The District is governed by a board of three commissioners appointed by the county legislative authority or county

executive. The electors of a service district are all registered voters residing within the district. Pierce County has established one, the Road and Bridge Service District No. 1. It is funded with the County road property tax.

School districts: There are 15 public school districts in Pierce County. These are each governed by an elected school board. They are funded by a complex system that includes federal and state funding and local voter-approved school district levies.

Transportation benefit area: There is one Transportation Benefit Area in Pierce County, which is Pierce Transit. Pierce Transit covers the unincorporated area of Pierce County and 19 cities. Founded in 1979, Pierce Transit covers 292 square miles of Pierce County with roughly 70% of the county population. Pierce Transit is governed by a nine-member Board comprised of elected officials representing Pierce County, Tacoma, Lakewood, Puyallup, University Place and the smaller cities and towns in Pierce County. A tenth, non-voting union representative is also allowed, although this right is currently not being exercised and the position is vacant. Pierce Transit is funded primarily through a sales tax imposed in Pierce County, grants, fares and advertising revenue.

Transportation benefit districts: Chapter 36.RCW authorizes cities and counties to form transportation benefit districts, which are quasi-municipal corporations and independent taxing districts that can raise revenue for specific transportation projects, usually through vehicle license fees or sales taxes. Transportation benefit districts have been established in Orting, Tacoma and University Place.

Water and sewer districts: There are 15 districts in Pierce County that are either water districts, sewer districts or a combination of both. Water and sewer districts can impose an excess levy, but not a regular levy. The excess levy requires a vote approval of 60 percent of 40 percent of those voting in the last general election. Water and sewer districts may also receive grant funding for certain projects.