

Renton City Council Presentation

Fiscal Impact of Annexations

October 3, 2005

 BERK & ASSOCIATES

CONTEXT AND PURPOSE

Assessment of Three Areas:

West Hill, East Renton Plateau, and Fairwood PAA

Planning-Level Assessment:

- GOAL - To provide information to help the City make strategic choices

This analysis builds on:

- West Hill Governance Options Process
- Fairwood Incorporation Study
- Cascade Annexation Analysis
- East Renton Plateau Annexation Outreach

Answer a Hypothetical Question:

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

Provide a Baseline Assessment of Capital Infrastructure Needs

This analysis provides an intuitive snapshot of ongoing costs, but it does *not*:

- Account for one-time transition costs:
 - On an on-going basis, things like equipment and facilities costs are included, but the cost of initial purchase of equipment is not included.
 - For example, for annexation of the Cascade area, Public Works estimates that initial equipment purchases would cost roughly \$1 million.
- Account for potential one-time payments to the City from King County's Annexation Initiative Fund;
- Specifically resolve **how** the City would serve any of the areas:
 - If Renton pursues annexation in the face of constrained resources, the City will need to make many decisions about service levels, staffing, and/or generating additional revenue.

I-747 Limits on Property Taxes

- How Renton responds to I-747's 1% limits will determine the attractiveness of annexing *any* residential neighborhood;
 - If the City chooses to rely on sales tax revenue growth from its commercial areas as the main engine of revenue growth, then all residential areas will become less fiscally attractive over time;
 - If the City were to maintain its existing levy rate through levy lid lifts, then residential areas will become more fiscally attractive over time.

Sales Tax Streamlining

- Contemplated changes in Washington State "sourcing" rules will make residential areas and commercial uses like offices and hospitals more attractive;
- Longer-term changes in interstate taxation of internet and catalog sales will strengthen that trend;
- At the residential level, the value of delivered goods purchased is likely to be driven by disposable income. High income areas are likely to drive higher revenues:
 - If a household purchase \$5,000 of delivered goods in a year, those purchases will generate an extra \$42 in City revenues.

Location of Fire Stations is Key

- Fire provision is very lumpy--an area either has a fire station or it doesn't;
- Once a fire station is in place, then the incremental costs of providing fire services to another population in the area is often quite small.

West Hill

Population: 13,900

Assessed Value per Resident:

- Area 1 - \$93,000
- Area 2 - \$135,000
- Area 3 - \$69,000

Housing Type:

- Area 1 - 73% Single Family
- Area 2 - 87% Single Family
- Area 3 - 64% Single Family
- Renton - 49% Single Family



West Hill Community's Governance Process:

- A community-focused process to identify West Hill's most promising path for future governance.

Two Fire Stations:

- Bryn Mawr Station in Area 1: An older station that is staffed only by volunteers in the evening, and would be closed upon annexation; and
- Skyway Station in Area 3: A newer, modern station that would serve as the West Hill Station upon annexation.

Two Parks:

- Bryn Mawr Park in Area 1: A small, passive park; and
- Skyway Park in Area 3: A larger, active park of more than 20 acres.

Skyway Library:

- King County Library System has secured bonding authority from district voters and plans to build a new Skyway Library in 2011.

Community Center:

- Leased from King County by Boys and Girls club through 2018.

Annexing all of West Hill would cost Renton \$2.45M (2005)

Core Operating Costs	Area 1	Area 2	Area 3	Total
Police Services	1,009,000	358,000	1,912,000	3,279,000
Fire Services	538,000	270,000	1,855,000	2,663,000
Planning, Building and Public Works	557,000	349,000	769,000	1,675,000
Community Services	148,000	82,000	930,000	1,160,000
Administrative, Judicial & Legal Services	150,000	62,000	316,000	528,000
Finance and Information Services	92,000	45,000	219,000	356,000
Human Resources & Risk Management	20,000	10,000	47,000	77,000
Economic Development	23,000	5,000	47,000	75,000
Legislative	4,000	2,000	9,000	15,000
<i>Staff-related Facility Costs</i>	<i>120,000</i>	<i>58,000</i>	<i>285,000</i>	<i>463,000</i>
TOTAL COST	2,661,000	1,241,000	6,389,000	10,291,000
Core Operating Revenue				
Property Tax	\$1,280,000	\$970,000	\$1,550,000	\$3,800,000
Gambling Tax	\$0	\$0	\$1,040,000	\$1,040,000
Utility Tax	\$304,000	\$155,000	\$483,000	\$942,000
State Shared Revenues	\$153,000	\$82,000	\$245,000	\$480,000
Sales Tax	\$103,000	\$52,000	\$219,000	\$374,000
Sales Tax-Criminal Justice	\$90,000	\$50,000	\$140,000	\$280,000
Fines & Forfeits	\$64,000	\$23,000	\$122,000	\$209,000
Electric Utility Payment	\$49,000	\$28,000	\$79,000	\$156,000
Recreation Fees	\$29,000	\$21,000	\$33,000	\$83,000
Permit Fees	\$120,000	\$91,000	\$145,000	\$356,000
Cable Franchise Fees	\$40,000	\$20,000	\$60,000	\$120,000
TOTAL REVENUE	\$2,232,000	\$1,492,000	\$4,116,000	\$7,840,000
NET REVENUES	(\$429,000)	\$251,000	(\$2,273,000)	(\$2,451,000)

Annex a Small Portion of West Hill:

- Renton could annex all or part of Area 1, or part of Areas 1 and 2, and provide fire and EMS services from existing City stations;
- However, such an annexation would have implications for the viability of Fire District 20.

Annex All or Most of West Hill:

- The preference of many West Hill residents;
- Logical from a logistical perspective--Skyway Fire Station is well positioned to provide service for most or all of the West Hill area; and
- Once Renton takes the Fire Station, the incremental costs of serving additional portions of West Hill are relatively modest.

Annex All but Area 2:

- Seattle appears to be interested in annexing Lakeridge;
- Due to economies of scale in Fire and Police services, annexing all of West Hill minus Lakeridge, could cost the City much more than annexing the entire area--more than \$3.0 million per year versus \$2.45 for the entire area.

Long-Term Costs of Annexation - One of Many Possible Futures

	2005	2010	2015	2020	2025
West Hill Population	13,900	14,465	15,053	15,665	16,300
Assumed annual population growth rate	0.8%				
Assumed General Inflation	3.0%				

Core Operating Revenues	2005	2010	2015	2020	2025
Property Tax (net increase in City property tax revenues)	\$3,835,000	\$4,486,462	\$5,248,875	\$6,141,929	\$7,188,000
Property tax decrease for payers in existing City	\$0	(\$364,136)	(\$877,945)	(\$1,586,636)	(\$2,547,000)
West Hill					
Assumed annual growth rate for existing property	6.0%				
Assumed annual new construction value as % of total	2.0%				
Renton Existing City					
Assumed annual growth rate for existing property	4.0%				
Value of new construction Renton--as % of total	2.0%				
Levy Rate	\$3.14843	\$2.69492	\$2.30385	\$1.96693	\$1.67691
Levy Rate without West Hill	\$3.14843	\$2.73603	\$2.37765	\$2.06622	\$1.79557
4-Year lid lift cycle beginning in 2009 (resetting levy to 2005 level)	no				
Gambling Tax	\$1,040,000	\$1,205,645	\$1,397,673	\$1,620,286	\$1,878,000
Utility Tax	\$942,000	\$1,192,670	\$1,510,044	\$1,911,873	\$2,420,000
State Shared Revenues	\$470,000	\$540,009	\$620,447	\$712,867	\$819,000
Sales Tax*	\$374,000	\$687,234	\$925,355	\$1,246,563	\$1,680,000
Sales Tax-Criminal Justice	\$280,000	\$337,790	\$407,507	\$491,614	\$593,000
Fines & Forfeits	\$209,000	\$252,136	\$304,175	\$366,955	\$443,000
Electric Utility Payment	\$156,000	\$197,512	\$250,071	\$316,616	\$401,000
Recreation Fees	\$83,000	\$100,131	\$120,797	\$145,728	\$176,000
Permit Fees	\$356,000	\$441,861	\$548,429	\$680,700	\$844,835
Cable Franchise Fees	\$120,000	\$151,932	\$192,362	\$243,551	\$308,000
Total Revenues	\$7.87 M	\$9.59 M	\$11.53 M	\$13.88 M	\$16.75 M

Core Operating Costs

Police Services	\$3,279,000	\$4,119,000	\$5,173,000	\$6,498,000	\$8,162,000
Fire Services	\$2,663,000	\$3,273,000	\$4,022,000	\$4,942,000	\$6,073,000
Planning, Building and Public Works	\$1,675,000	\$2,079,000	\$2,580,000	\$3,203,000	\$3,975,000
Community Services	\$1,160,000	\$1,457,000	\$1,830,000	\$2,299,000	\$2,887,000
Administrative, Judicial & Legal Services	\$528,000	\$663,000	\$833,000	\$1,046,000	\$1,314,000
Finance and Information Services	\$356,000	\$442,000	\$548,000	\$681,000	\$845,000
Human Resources & Risk Management	\$77,000	\$96,000	\$121,000	\$151,000	\$189,000
Economic Development	\$75,000	\$92,000	\$113,000	\$139,000	\$171,000
Legislative	\$15,000	\$18,000	\$23,000	\$28,000	\$34,000
Staff-related Facility Costs	\$463,000	\$552,000	\$658,000	\$784,000	\$935,000
Total Costs	\$10.29 M	\$12.79 M	\$15.90 M	\$19.77 M	\$24.59 M

Cost to City (net revenues)	(\$2.4 M)	(\$3.2 M)	(\$4.4 M)	(\$5.9 M)	(\$7.8 M)
Cost to City--taking into account tax savings to property owners in the existing City	(\$2.4 M)	(\$2.8 M)	(\$3.5 M)	(\$4.3 M)	(\$5.3 M)

Costs in 2005 Dollars

Cost to City (net revenues)	(\$2.4 M)	(\$2.8 M)	(\$3.3 M)	(\$3.8 M)	(\$4.3 M)
Cost to City--taking into account tax savings to property owners in the existing City	(\$2.4 M)	(\$2.4 M)	(\$2.6 M)	(\$2.8 M)	(\$2.9 M)

* Assumes that local sales taxes will be levied on delivered goods in future years

PATTERNS IN PROPERTY VALUE INCREASES

Property Valuation Increases For Housing
In King County, WA (1994 - 2004)



Map Created July 6, 2005

Over past ten years, highest densities of rapidly appreciating housing has centered on downtown Seattle.

West Hill appears to be in line for redevelopment and higher rates of property appreciation.

Long-Term Costs of Annexing West Hill - Another Possible Outcome That Includes Levy Lid Lifts

	2005	2010	2015	2020	2025
West Hill Population	13,900	14,465	15,053	15,665	16,300
Assumed annual population growth rate	0.8%				
Assumed General Inflation	3.0%				
Core Operating Revenues					
Property Tax (net increase in City property tax revenues)	\$3,835,000	\$5,408,172	\$7,625,877	\$10,753,050	\$18,278,000
Property tax decrease for payers in existing City	\$0	(\$84,606)	(\$236,809)	(\$496,458)	\$0,000
West Hill					
Assumed annual growth rate for existing property	6.0%				
Assumed annual new construction value as % of total	2.0%				
Renton Existing City					
Assumed annual growth rate for existing property	4.0%				
Value of new construction Renton--as % of total	2.0%				
Levy Rate	\$3.14843	\$3.05170	\$2.95659	\$2.86301	\$3.14843
Levy Rate without West Hill	\$3.14843	\$3.06126	\$2.97649	\$2.89408	\$3.14843
4-Year lid lift cycle beginning in 2009 (resetting levy to 2005 level)	yes				
Gambling Tax	\$1,040,000	\$1,205,645	\$1,397,673	\$1,620,286	\$1,878,000
Utility Tax	\$942,000	\$1,192,670	\$1,510,044	\$1,911,873	\$2,420,000
State Shared Revenues	\$470,000	\$540,009	\$620,447	\$712,867	\$819,000
Sales Tax*	\$374,000	\$687,234	\$925,355	\$1,246,563	\$1,680,000
Sales Tax-Criminal Justice	\$280,000	\$337,790	\$407,507	\$491,614	\$593,000
Fines & Forfeits	\$209,000	\$252,136	\$304,175	\$366,955	\$443,000
Electric Utility Payment	\$156,000	\$197,512	\$250,071	\$316,616	\$401,000
Recreation Fees	\$83,000	\$100,131	\$120,797	\$145,728	\$176,000
Permit Fees	\$356,000	\$441,861	\$548,429	\$680,700	\$844,835
Cable Franchise Fees	\$120,000	\$151,932	\$192,362	\$243,551	\$308,000
Total Revenues	\$7.87 M	\$10.52 M	\$13.90 M	\$18.49 M	\$27.84 M
Core Operating Costs					
Police Services	\$3,279,000	\$4,119,000	\$5,173,000	\$6,498,000	\$8,162,000
Fire Services	\$2,663,000	\$3,273,000	\$4,022,000	\$4,942,000	\$6,073,000
Planning, Building and Public Works	\$1,675,000	\$2,079,000	\$2,580,000	\$3,203,000	\$3,975,000
Community Services	\$1,160,000	\$1,457,000	\$1,830,000	\$2,299,000	\$2,887,000
Administrative, Judicial & Legal Services	\$528,000	\$663,000	\$833,000	\$1,046,000	\$1,314,000
Finance and Information Services	\$356,000	\$442,000	\$548,000	\$681,000	\$845,000
Human Resources & Risk Management	\$77,000	\$96,000	\$121,000	\$151,000	\$189,000
Economic Development	\$75,000	\$92,000	\$113,000	\$139,000	\$171,000
Legislative	\$15,000	\$18,000	\$23,000	\$28,000	\$34,000
Staff-related Facility Costs	\$463,000	\$552,000	\$658,000	\$784,000	\$935,000
Total Costs	\$10.29 M	\$12.79 M	\$15.90 M	\$19.77 M	\$24.59 M
Cost to City (net revenues)	(\$2.4 M)	(\$2.3 M)	(\$2.0 M)	(\$1.3 M)	\$3.3 M
Cost to City--taking into account tax savings to property owners in the existing City	(\$2.4 M)	(\$2.2 M)	(\$1.8 M)	(\$0.8 M)	\$3.3 M
Costs in 2005 Dollars					
Cost to City (net revenues)	(\$2.4 M)	(\$2.0 M)	(\$1.5 M)	(\$0.8 M)	\$1.8 M
Cost to City--taking into account tax savings to property owners in the existing City	(\$2.4 M)	(\$1.9 M)	(\$1.3 M)	(\$0.5 M)	\$1.8 M

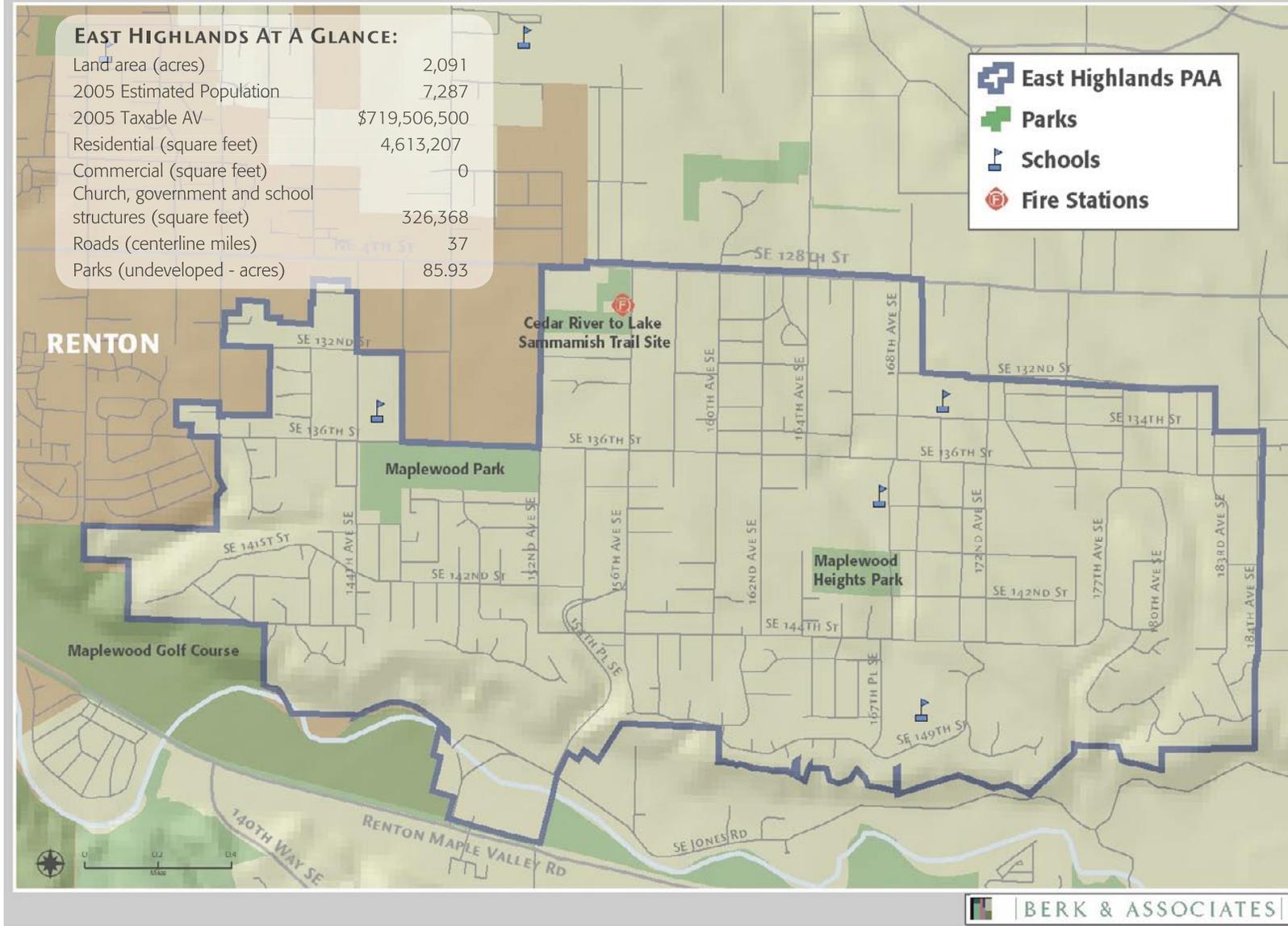
* Assumes that local sales taxes will be levied on delivered goods in future years

RENTON PAA: EAST HIGHLANDS

EAST HIGHLANDS AT A GLANCE:

Land area (acres)	2,091
2005 Estimated Population	7,287
2005 Taxable AV	\$719,506,500
Residential (square feet)	4,613,207
Commercial (square feet)	0
Church, government and school structures (square feet)	326,368
Roads (centerline miles)	37
Parks (undeveloped - acres)	85.93

-  East Highlands PAA
-  Parks
-  Schools
-  Fire Stations



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Residential Area with Room For Development:

- Development of the area will bring with it one-time revenues from construction sales taxes, impact fees, and Real Estate Excise Taxes;
- Currently, area has no developed parks;
- Area residents have a desire for better-managed growth.

Fire District 25 Levy:

- City receives payment from Fire District 25 equal to \$1.25 per \$1,000 of assessed value - generating about \$900,000 in the East Plateau. Annexing the East Plateau would result in the City continuing to provide fire services to the area, but losing the payment.

East Plateau has Positive Net Revenues in the Short-term

Operating Costs	Total
Police Services ¹	\$738,000
Fire Services ²	\$0
Planning, Building and Public Works	\$962,000
Community Services	\$617,000
Administrative, Judicial & Legal Services	\$177,000
Finance and Information Services	\$112,000
Human Resources & Risk Management	\$24,000
Economic Development	\$7,000
Legislative	\$4,000
<i>Staff-related Facility Costs</i>	<i>\$147,000</i>
TOTAL COST	\$2,788,000
Operating Revenues	
Property Tax	\$2,260,000
Gambling Tax	\$0
Utility Tax	\$620,000
State Shared Revenues	\$245,000
Sales Tax	\$157,000
Sales Tax-Criminal Justice	\$146,000
Fines & Forfeits	\$74,000
Recreation Fees	\$54,000
Permit Fees	\$210,000
Cable Franchise Fees	\$62,000
Business License Fees ³	\$2,600
TOTAL REVENUE	\$3,830,600
Loss of revenue from FD 25 ⁴	(\$908,000)
NET REVENUES	\$134,600

Long-Term Costs of Annexation (no levy lid lift)

	2005	2010	2015	2020	2025
East Hill Population	7,287	8,045	8,883	9,807	10,800
<i>Assumed annual population growth rate</i>	2.0%				
Assumed General Inflation	3.0%				

Core Operating Revenues	2005	2010	2015	2020	2025
Property Tax (net increase in City property tax revenues)	\$2,265,000	\$3,061,048	\$3,747,701	\$4,580,520	\$5,590,000
<i>Property tax decrease for payers in existing City</i>	-	\$394,351	\$608,170	\$884,292	\$1,238,000
Fire Services (loss of revenues from FD 25 contract)	(\$908,000)	(\$1,344,000)	(\$1,989,000)	(\$2,942,000)	(\$4,353,000)
Gambling Tax	-	-	-	-	-
Utility Tax	\$620,000	\$832,836	\$1,118,734	\$1,502,776	\$2,013,000
State Shared Revenues	\$245,000	\$298,654	\$364,057	\$443,784	\$540,000
Sales Tax*	\$157,000	\$606,085	\$828,737	\$1,134,790	\$1,552,000
Sales Tax-Criminal Justice	\$146,000	\$186,870	\$239,181	\$306,136	\$391,000
Fines & Forfeits	\$74,000	\$94,715	\$121,229	\$155,165	\$198,000
Recreation Fees	\$54,000	\$69,116	\$88,464	\$113,228	\$145,000
Permit Fees	\$210,000	\$268,530	\$343,373	\$439,076	\$560,718
Cable Franchise Fees	\$62,000	\$83,284	\$111,873	\$150,278	\$201,000
Total Revenues	\$2.93 M	\$4.16 M	\$4.97 M	\$5.88 M	\$6.84 M

Core Operating Costs

Police Services	\$738,000	\$972,000	\$1,280,000	\$1,686,000	\$2,217,000
Fire Services (incremental cost of serving East Hill)	-	-	-	-	-
Planning, Building and Public Works	\$962,000	\$1,230,000	\$1,573,000	\$2,011,000	\$2,569,000
Community Services	\$617,000	\$965,000	\$1,440,000	\$1,860,000	\$2,401,000
Administrative, Judicial & Legal Services	\$177,000	\$233,000	\$307,000	\$404,000	\$532,000
Finance and Information Services	\$113,000	\$144,000	\$185,000	\$236,000	\$302,000
Human Resources & Risk Management	\$24,000	\$31,000	\$41,000	\$53,000	\$69,000
Economic Development	\$7,000	\$9,000	\$11,000	\$14,000	\$17,000
Legislative	\$4,000	\$5,000	\$6,000	\$8,000	\$10,000
Staff-related Facility Costs	\$147,000	\$183,000	\$227,000	\$282,000	\$350,000
Total Costs	\$2.79 M	\$3.77 M	\$5.07 M	\$6.56 M	\$8.47 M

Cost to City (net revenues)	\$0.1 M	\$0.4 M	(\$0.1 M)	(\$0.7 M)	(\$1.6 M)
Cost to City--taking into account tax savings to property owners in the existing City	\$0.1 M	(\$0.0 M)	(\$0.7 M)	(\$1.6 M)	(\$2.9 M)

Costs in 2005 Dollars

Cost to City (net revenues)	\$0.1 M	\$0.3 M	(\$0.1 M)	(\$0.4 M)	(\$0.9 M)
Cost to City--taking into account tax savings to property owners in the existing City	\$0.1 M	(\$0.0 M)	(\$0.5 M)	(\$1.0 M)	(\$1.6 M)

* Assumes that local sales taxes will be levied on delivered goods in future years

Long-Term Costs of Annexation (with levy lid lifts)

	2005	2010	2015	2020	2025
East Hill Population	7,287	8,045	8,883	9,807	10,800
Assumed annual population growth rate	2.0%				
Assumed General Inflation	3.0%				
Core Operating Revenues					
Property Tax (net increase in City property tax revenues)	\$2,265,000	\$3,556,643	\$5,068,532	\$7,222,554	\$11,953,000
<i>Property tax decrease for payers in existing City</i>	-	\$355,026	\$543,160	\$826,085	\$1,099,000
Fire Services (loss of revenues from FD 25 contract)	(\$908,000)	(\$1,344,000)	(\$1,989,000)	(\$2,942,000)	(\$4,353,000)
Gambling Tax	-	-	-	-	-
Utility Tax	\$620,000	\$832,836	\$1,118,734	\$1,502,776	\$2,013,000
State Shared Revenues	\$245,000	\$298,654	\$364,057	\$443,784	\$540,000
Sales Tax*	\$157,000	\$606,085	\$828,737	\$1,134,790	\$1,552,000
Sales Tax-Criminal Justice	\$146,000	\$186,870	\$239,181	\$306,136	\$391,000
Fines & Forfeits	\$74,000	\$94,715	\$121,229	\$155,165	\$198,000
Recreation Fees	\$54,000	\$69,116	\$88,464	\$113,228	\$145,000
Permit Fees	\$210,000	\$268,530	\$343,373	\$439,076	\$560,718
Cable Franchise Fees	\$62,000	\$83,284	\$111,873	\$150,278	\$201,000
Total Revenues	\$2.93 M	\$4.65 M	\$6.30 M	\$8.53 M	\$13.20 M
Core Operating Costs					
Police Services	\$738,000	\$972,000	\$1,280,000	\$1,686,000	\$2,217,000
Fire Services (incremental cost of serving East Hill)	-	-	-	-	-
Planning, Building and Public Works	\$962,000	\$1,230,000	\$1,573,000	\$2,011,000	\$2,569,000
Community Services	\$617,000	\$965,000	\$1,440,000	\$1,860,000	\$2,401,000
Administrative, Judicial & Legal Services	\$177,000	\$233,000	\$307,000	\$404,000	\$532,000
Finance and Information Services	\$113,000	\$144,000	\$185,000	\$236,000	\$302,000
Human Resources & Risk Management	\$24,000	\$31,000	\$41,000	\$53,000	\$69,000
Economic Development	\$7,000	\$9,000	\$11,000	\$14,000	\$17,000
Legislative	\$4,000	\$5,000	\$6,000	\$8,000	\$10,000
Staff-related Facility Costs	\$147,000	\$183,000	\$227,000	\$282,000	\$350,000
Total Costs	\$2.79 M	\$3.77 M	\$5.07 M	\$6.56 M	\$8.47 M
Cost to City (net revenues)	\$0.1 M	\$0.9 M	\$1.2 M	\$2.0 M	\$4.7 M
Cost to City--taking into account tax savings to property owners in the existing City	\$0.1 M	\$0.5 M	\$0.7 M	\$1.1 M	\$3.6 M
Costs in 2005 Dollars					
Cost to City (net revenues)	\$0.1 M	\$0.8 M	\$0.9 M	\$1.3 M	\$2.6 M
Cost to City--taking into account tax savings to property owners in the existing City	\$0.1 M	\$0.5 M	\$0.5 M	\$0.7 M	\$2.0 M

* Assumes that local sales taxes will be levied on delivered goods in future years

Cascade:

- Population 16,100 in 7 square miles

The Entire Fairwood PAA:

- Population 42,200 in 10.6 square miles



Renton already staffs a fire station in Cascade

- Annexation of Cascade would require addition of one aid car.

Cascade area excludes Renton Pool and Fairwood Library

As a result - Net incremental costs of serving Cascade are relatively modest (less than \$500,000)

Issues:

- Fire District 40 is seeking voter approval in November for a bond that will allow them to build a new headquarters station in Cascade;
- If Renton annexes only Cascade, then the status of the fire station construction will be an important driver of transition costs associated with Fire District asset transfer;
- Parks would need to build a new neighborhood community center.

As a whole, Fairwood has low costs of service for fire, police, and parks services (on a per resident basis)

As a result, net costs of annexing entire area are modest:

- Less than \$500,000 if the City does not take on Renton Pool;
- Probably slightly more than \$500,000 if the City does take on operation and maintenance of Renton Pool.

Issues:

- Fairwood Library is a large library with a high value;
- Acquisition of the library from KCLS *could* be costly;
- Renton Pool is relatively old, but is valued by Fairwood community;
- Renovation or replacement of Renton Pool could be costly, *if* the City took it on.

CAPITAL INFRASTRUCTURE NEEDS

Need For Planning:

- King County has historically invested little in park development and more substantially in roads;
- All County investments are expected to be completed by 2007;
- Looking forward, limited capital planning by King County means that little solid information is available about infrastructure needs;
- However, data that *are* available from County CIPs and the County's Transportation Needs Report suggest that identified infrastructure needs in the areas are relatively modest.

REMINDER OF FRAMEWORK

This analysis provides an intuitive snapshot of ongoing costs, but it does *not*:

- Account for one-time transition costs:
 - On an on-going basis, things like equipment and facilities costs are included, but the cost of initial purchase of equipment is **not**.
 - For example, for annexation of the Cascade area, Public Works estimates that initial equipment purchases would cost roughly \$1 million.
- Account for potential one-time payments from King County's Annexation Initiative Fund;
- Specifically resolve *how* the City would serve any of the areas:
 - If Renton pursues annexation in the face of constrained resources, the City will need to make many decisions about service levels, staffing, and revenue solutions.

STATUS CHECK

West Hill:

- The West Hill Governance Task Force recommends pursuing annexation to Renton;
- Renton could amend its PAA to include the area this year.

East Renton Plateau:

- King County and Renton have established a Community Advisory Board and are holding open houses this month;
- A 10% petition to hold an election could emerge by the end of the year;
- The City is discussing terms of an interlocal agreement with King County.

Fairwood:

- The Boundary Review Board expects to hold incorporation public hearings in January;
- A vote may occur in early 2006;
- Renton is pursuing preservation of the SR-169 Corridor through annexation or removal from incorporation per Council direction.