



ANNEXATION: FREQUENTLY ASKED QUESTIONS

Does the City have taxes I do not currently pay in unincorporated Thurston County?

Yes. City residents pay a regular city levy on their property taxes, which funds the general operations of the City. Additionally, city residents pay utility taxes on electric, natural gas, water, wastewater, stormwater, and telephone services.

Do I currently pay taxes that I no longer have to pay if I annex to the City?

Yes. Upon annexation, you will no longer have to pay the Thurston County Road levy or the non-resident water service rate.

What is bonded indebtedness?

Bonded indebtedness is debt that has been approved by voters through an election. The City has voter-approved Park Improvement bond debt. The 2016 excess levy for the payment of the bonds is \$0.1338 per \$1,000 of assessed value. The bonds will be retired in 2023 and 2026.

Lacey Fire District 3 (LFD3) serves the annexation area and the City of Lacey. The 2017 General Obligation bond levy for the City of Lacey is \$0.0873/\$1,000 assessed value. For the annexation area in unincorporated Thurston County, the 2017 bond levy is \$0.1192/\$1,000 assessed value. Under current law, if the city annexes territory from the fire district, that property would be subject to the City's regular levy, City's bond debt, the fire district's regular levy, and the fire district's bond debt (RCW 35.13.249, RCW 52.04.171).

However, the City of Lacey and LFD3 agreed to an inter-local agreement when the City was annexed into LFD3. With regard to bonded indebtedness, the District and the City both issued tax general obligation bonds. LFD3 agreed that the excess tax levy for retirement of the District indebtedness will be restricted to portions of the District located outside of the City. Upon annexation to the City, it is understood that the annexation area would pay only the excess levies for retirement of the City indebtedness.

Will my property taxes change upon annexation?

Generally, your property taxes will decrease if you annex into the City of Lacey. There are some new taxes that you will pay as a resident. However, there are also taxes that you are currently paying that you will no longer pay. The City of Lacey estimates the property taxes for the owner of a home with an assessed valuation of \$250,000 will decrease approximately \$69.36 per year upon incorporation.

Table 1

January 31, 2017

Taxing Districts and Rates for Comparison of a \$250,000 Home in Lacey Versus Unincorporated Thurston County

Cost per \$1,000 of assessed value Based upon \$250,000 assessed value

Taxing District	County rate	Levy	City rate	Levy
City of Lacey Excess			.2169	54.23
City of Lacey			1.1745	293.62
Fire District 3 Excess	0.1192	29.80		
Fire District 3	1.50	375.00	1.50	375.00
Medic One	0.3501	87.52	0.3501	87.52
North Thurston Public Schools	5.5856	1,396.41	5.5856	1,396.41
Port Of Olympia	0.1731	43.28	0.1731	43.28
PUD #1	0.0092	2.30	0.0092	2.30
State of Washington	1.9897	497.43	1.9897	497.43
Thurston County	1.2639	315.98	1.2639	315.98
Timberland Regional Library	0.3993	99.82	0.3993	99.82
County Road	1.5497	387.43		
TOTAL LEVY	12.9398	\$3,234.94	12.6623	\$3,165.58

What are Utility Taxes?

Utility taxes are taxes levied on the gross operation revenues earned by public and private utilities from operations within the city limits. The City of Lacey receives utility taxes/charges from television, electric, natural gas, telephone, water, wastewater and stormwater services. The City of Lacey currently levies a 6% utility tax on electric, gas, wastewater, stormwater and telephone services; 12% on water services; and a 5% franchise fee for television services. The City of Lacey estimates the utility tax and franchise fee for an average customer to total approximately \$320.37 per year.

**Table 2
Utility Tax & Franchise Fee Comparison**

Utility taxes and Franchise Fees	County Rate	Annual Amount	City Rate	Annual Amount
Electric (\$60)	None		6.0%	43.20
Natural Gas (\$120)	None		6.0%	86.40
Water (Non Resident \$35.74, Resident \$29.79)	12.0%	\$51.47	12.0%	42.90
Wastewater (All Septic Tank)	None		6.0%	
Storm Water (Flat fee 9.54)	None		6.0%	6.87
Telephone (\$150)	None		6.0%	108.00
Total Utility Tax		\$51.47		\$287.37
Franchise Fee- Cable (\$55)	5.0%	33.00	5.0%	33.00
Total		\$88.47		\$320.37

Bottom line, will my annual taxes increase upon annexation?

While your property taxes generally decrease, the addition of the utility tax and franchise fee will increase if you annex into the City of Lacey. The City of Lacey estimates the utility tax for the average household will increase the total taxes approximately \$162.54 per year. Table 3 summarizes the estimated annual property tax, utility tax and franchise fee for an average \$250,000 home in Lacey.

**Table 3
Combined Property and Utility Tax Comparison**

Tax	County	City
Property	\$3,234.94	\$3,165.58
Utility	\$88.47	\$320.37
Total Tax	\$3,323.41	\$3,485.95

I currently have a septic system. Will the City require me to hook up to the sewer system?

Annexation into the city limits will not result in the City mandating that property owners connect to the city sewer system. The only reason that a property owner would be required to connect to the sewer system would be if their septic system has failed and their house is located within 200 feet of a City sewer main, as measured along the most feasible route of connection. This would occur if the home is located in Thurston County or the City, regardless of annexation. If their septic system has failed and their house is not within 200 feet of a City sewer main, then they may be allowed to repair their septic system. The City suggests that you contact the Thurston County Resource Stewardship at (360) 754-3355 ext. 2676, if you have specific questions regarding the inspection and/or repair of your septic system.

Will the City take over our private streets upon annexation?

No. The City does not assume responsibility to maintain or take over the control private streets upon annexation. The City of Lacey will assume responsibility to maintain and operate all public roads upon annexation. If property owners wish to dedicate any private road to the City of Lacey, those property owners will be required to upgrade the roadway to City standards prior to the City accepting the dedication. This means the roadway will need to meet minimum widths, structural standards, sidewalks, planter strips, signage, striping, stormwater maintenance and street lighting.

Will the zoning of my property change upon annexation?

No. The City of Lacey and Thurston County adopted joint plans for the Lacey Urban Growth Area. The zoning classification of property within the annexation area will remain the same whether annexation occurs or not.

Will existing land uses be allowed to continue?

Yes. All legally established existing uses within the annexation area will be allowed to continue. Any nonconforming use(s) are allowed to continue provided the non-conforming use(s) do not cease for a period of 18 months or a new land use application approval is requested by the property owner.

How will annexation affect law enforcement and fire protection services?

The City of Lacey Police Department will provide police service upon annexation. Law enforcement response times will decrease as a result of annexation based the proximity of City of Lacey’s patrolling officers, police substations and the department offices. Fire and medical services will remain the same upon annexation.

If I am annexed, will I have to switch garbage services?

No. Garbage service within the City of Lacey is provided by Pacific Disposal the same services provider of unincorporated Thurston County.

How will annexation affect my home base-based business?

If you already have a legal home occupation that complies with County requirements, this use will be permitted in the City after annexation. However, you will need to obtain a business license from the City of Lacey. The City of Lacey business initial license fee is \$25 and the annual renewal is \$10.

Will annexation affect school district boundaries?

No. Annexation will not affect school district boundaries.

How will I be able to get involved with community issues?

The City offers many opportunities for public involvement in local government. These opportunities include participation in local ballot initiatives, elected positions and appointments to advisory boards and commissions. The City of Lacey is approachable and accessible. City Council meetings are held the 2nd and 4th Thursday of every month at 7:00 p.m. in the Council Chambers at Lacey City Hall. Additionally, the City Council has worksessions every 1st and 3rd Thursday starting at 7:00 p.m. in the Council Chambers at City Hall.

ANNEXATION METHODS

Resolution Method:

Purpose: Annexation of unincorporated island of territory within a code city.

The Lacey City Council, by resolution, may annex territory containing residential property owners if at least 80% of the area boundary is contiguous to the City of Lacey, provided, the area is within the same county and within the same urban growth area designated under the Growth Management Act (RCW 36.70A). This method is subject to the following procedural steps:

- a. **Resolution to annex:** The City Council must develop a resolution that describes the boundaries of the area to be annexed, states the approximate number of voters residing in the area and sets a date for a public hearing to consider the resolution for annexation.
- b. **Notice of Public Hearing:** Notice of the hearing shall be given by publication of the resolution at least once a week for two weeks prior to the date of the hearing, in one or more newspapers of general circulation within the code city and one or more newspapers of general circulation within the area to be annexed.
- c. **Public Hearing:** The City Council will hold a public hearing and provide opportunity for residents and property owners within the proposed annexation area to comment on the proposed annexation and resolution.
- d. **City Council Action:** After the public hearing, the City Council may adopt an ordinance to annex the area or decide not to annex. If the Council adopts an ordinance to annex, the effective date of annexation may not be less than 45 days after adoption.
- e. **Notice of Council Action:** If Council adopts an ordinance to annex, notice of Council action shall be provided. Notice shall include information such as the proposed effective date of annexation, a description of the property to be annexed, indicated any assumption of indebtedness and/or adoption of any proposed zoning regulations. The notice is to be published at least once each week for two weeks subsequent to passage of the ordinance, in one or more newspapers of general circulation within the city and in one or more newspapers of general circulation within the area to be annexed.
- f. **Annexation:** After the expiration of the forty-fifth day from but excluding the date of passage of the annexation ordinance, if no timely and sufficient referendum petition has been filed, the area annexed shall become a part of the code city upon the date fixed in the ordinance of annexation.
- g. **Referendum:** The ordinance to annex is subject to referendum for 45 days after adoption.
- h. **Referendum Petition:** Residents of the annexation area may submit a petition to request a referendum on the annexation ordinance. The petition must be submitted within 45 days of ordinance adoption. The petition must be signed by registered voters equal to or more than 10% of the votes cast within the annexation area in the last general state wide election.
- i. **Election:** If a petition is submitted and certified, the question of annexation shall be submitted to the voters of such area in a general election if one is to be held within ninety days or at a special election called for that purpose. The annexation shall be deemed approved by the voters unless a majority of the votes cast on the proposition are in opposition.

Election Method:

Annexation by the election method can be initiated by either City Council Resolution or by a petition of voters living in the area to be annexed who represent at least 10% of the votes cast at the last state general election for that area. If a petition is received, it is transmitted to the Thurston County Assessor for a determination of sufficiency. Provided there are sufficient valid signatures, the Council must then pass a resolution with 60 days to notify the petitioners whether or not the City will conduct a special election on the issues. The special election on the proposed annexation will be held on one of the dates specified by state statute and the city is responsible for all election costs.

The proposition placed on the ballot will seek approval of the annexation with the following provisions from the electorate within the territory to be annexed:

1. Whether the property in the proposed area will be required to assume all or any portion of existing City indebtedness.
2. Whether the City will require simultaneous adoption of a proposed zoning regulation.

The required approval levels of an annexation proposition vary depending on whether or not the above provisions are placed as separate or a single proposition. A proposition for or against annexation, or for or against adoption of the proposed zoning regulation is approved by a majority vote. A proposition for or against the assumption of all or any portion of indebtedness is approved by a 60% majority, provided the number of persons voting is not less than 40% of the total number of votes cast in the area at the last preceding general election. If the propositions regarding the approval of the annexation area and the assumption of past indebtedness are combined into one proposition, then the proposition is approved by a 60% majority, provided the number of persons voting is not less than 40% of the total number of votes cast in the area at the last preceding general election. However, the city council may adopt a resolution accepting the annexation, but without the assumption of indebtedness, if the combined proposition is approved by a simple majority