

City of Gig Harbor

URBAN GROWTH AREA ASSESSMENT AND GUIDELINES

BERK Consulting Inc.

March 2023

Summary

The City of Gig Harbor is surrounded by approximately 2,800 acres of unincorporated Pierce County that are designated as 13 Urban Growth Areas (or UGAs). These UGAs are identified by the city for long-term coordination of urban growth to reduce urban sprawl, plan for urban-level services, and encourage coordination with the county on long-term planning for areas close to the city.

The city may wish to include these areas within its boundaries in the future. Annexing areas into the city may result in greater tax revenues as well as providing more government representation to the residents in the annexed areas. There may be other benefits to annexation as well, including improving the efficiency of service delivery, managing opportunities for new growth through the city's development regulations and zoning requirements, and addressing local environmental issues in a more consistent way. However, the costs of providing additional services and the necessary investments in infrastructure can also have a fiscal impact on city finances. Coordinating future annexation should consider all these impacts when finding long-term solutions.

This report provides the City of Gig Harbor with high-level strategic guidance for considering future annexations of the city's Urban Growth Areas. This guidance is informed by a survey of the existing UGAs and analysis of potential annexation impacts, including impacts on the city's budget.

Major findings from the analysis include the following:

- **There are a wide range of impacts associated with annexing certain UGAs, with most providing a net negative effect on operating budgets.** Exhibit A provides a summary of the yearly change to budgets associated with both the costs of supplying services to these areas and the increases in city revenues from areas upon annexation. Overall, these impacts range from positive fiscal impacts associated with residential neighborhoods with high property values, to negative impacts in areas dominated by institutional uses which do not provide city revenue.
- **Certain areas may also require infrastructure investments that would increase costs.** Many of the UGAs surrounding Gig Harbor would require more investment in infrastructure. Further development in the Purdy UGA, for example, would require investment in stormwater infrastructure, while linking the neighborhoods in the Reid Road UGA to the city sewer system would need significant funding for new facilities. While an engineering costing study for these elements was outside of the scope of this study, further work may need to be coordinated to ensure the city can appropriately support this new infrastructure.
- **Coordinating annexation will require different solutions in different areas.** Given the differences between each UGA, there is no "one-size-fits-all" solution. While the consent of residents and landowners is important, some areas like the Burnham Drive UGA are so small that a more administrative process may be appropriate, while other areas like the Canterwood and Reid Road UGAs are large enough such that community planning and outreach may be necessary. Additionally, certain areas like the Purdy and Bujacich UGAs may be dominated by institutional uses that may be less ideal for the city to incorporate. As such, each area should be considered differently.

Guidelines

The report provides ten evaluation guidelines to assess the costs and benefits of individual annexation proposals in a consistent way. These are:

1. **Is the annexation proposal consistent with the city's Comprehensive Plan and other existing policies?** Under statute, an annexation proposal (including a proposed zoning ordinance) must comply with the Comprehensive Plan, and potentially other policies.
2. **Is the annexation proposal supported by those that could be impacted?** Proposals should have the support of residents, businesses, landowners, neighbors, and Pierce County. If there are concerns, applicants should work to resolve outstanding issues.
3. **Does the proposal provide a net positive fiscal impact to the city?** Consideration of the proposed annexation should include an assessment of the fiscal impacts to the city. Expected net costs should be weighed against other benefits in this list.
4. **Would the proposed annexation result in a significant increase of land, development, and/or population to the city?** There may be a need to phase larger annexations that would significantly expand the population, employment, or area of the city to provide Gig Harbor with the opportunity to plan for capacity expansion.
5. **Is the proposed annexation area defined to reduce the number of annexations by the city?** Conversely, given the overhead required to administer the annexation process, annexation areas should be as large as possible and avoid annexing UGAs piecemeal if possible.
6. **Does the proposal keep or create logical boundaries for the city?** Annexations should be favored if they will result in more regular city boundaries, minimize islands or pockets of development, and give clarity about city and county jurisdiction.
7. **Is the proposed annexation area currently or likely to be developed to urban densities?** Annexations should prioritize areas that are currently built out, or with significant supplies of vacant land that would allow the area to accommodate urban densities.
8. **Could city planning and zoning increase the density or otherwise improve the quality of future development in the proposed annexation area?** In cases where the city may be reviewing locations with development (or even redevelopment/infill) opportunities, the potential for city zoning to improve or benefit new development projects should be recognized, especially if it would lead to more compact and efficient development patterns.
9. **Would city policy and planning result in better environmental protection and management for the proposed annexation areas?** In addition to supporting improved development, annexations may give opportunities to manage certain areas more effectively under city programs, plans, and statutes. This may include management of shoreline, riparian and wetland areas, other critical areas, and tree canopy.
10. **Are there any other public benefits or concerns that would be associated with annexation?** No guidelines can completely define all the questions that may arise. Other significant public benefits such as opportunities for parks and other public facilities may be considered as part of an annexation review. In these cases, the value of these benefits to the public (both within the city and the annexation area) should be weighed against the other criteria as needed.

Proposed Strategic Approach and Recommendations

This section provides strategic approaches to managing the consideration and process of annexing new lands into the city within a 20-year planning horizon. Note that this is to guide long-term approaches to annexation, as no current annexation petitions have been reviewed as a part of this report. The categorization of specific UGAs into the strategic approaches is based on the consideration of each of the evaluation guidelines described above.

1. **City-led potential annexation areas.** In specific cases, there may be a city interest in leading annexation, primarily to maintain logical city boundaries and reducing boundaries that complicate service delivery. This should rely on the abbreviated methods for either direct petitions or interlocal agreements to streamline this process.
2. **Local-led potential annexation areas.** It would be desirable to annex certain smaller UGAs or portions of larger UGAs. In addition, given the size of these areas, annexation would not require extensive planning and coordination. The city should encourage property owners, residents, businesses (if applicable), and local organizations to follow one of the direct petition methods (preferably the alternative direct petition method for residential areas) to begin annexation.
3. **Phased potential annexation areas.** Annexations of the larger UGAs would require more planning and potentially the phasing of annexations over time. These include the Canterwood and Reid Road UGAs as well as most of the Peacock Hill UGA. Relying on an interlocal agreement with Pierce County, which would involve consultation with these areas, proposed zoning regulations, and potential Comprehensive Plan Amendments, may present a more consistent and forward-thinking approach to managing annexation.
4. **Long-term management areas.** There may be no strong rationale for annexing part or all of certain UGAs in the short- or long-term. However, urban sewer servicing would still be required. These areas may be retained as UGAs, but the city would not pursue or encourage annexation.

Aside from these considerations of the UGA, other recommendations include the following:

- **Certain areas should be removed from the UGAs.** There is no clear rationale for including the Madrona Links area as a UGA in the City. Unless the long-term planning for the golf course on the site changes, this area would not present growth opportunities for the community.
- **The guidelines should be considered as part of the Comprehensive Plan 2024 updates** and incorporated where they have the support of the community and city leadership. Doing so would give clarity to potentially impacted residents, businesses, and landowners.
- **The city should work to integrate private water providers** operating in the UGAs where possible. While this has been included as a goal in the Comprehensive Plan, a plan to integrate potable water services should be prioritized if annexation policies are changed.
- **A regular review of the impacts of annexation to the city should be conducted** to confirm the results of this report and inform updates as necessary. This includes infrastructure studies on the development of sewer infrastructure for these areas. Additionally, updates from other studies, such as the upcoming police services study, should be integrated with these recommendations.

Exhibit A. Projected Yearly City Operating Surplus/Deficit after Annexation, by Subarea.

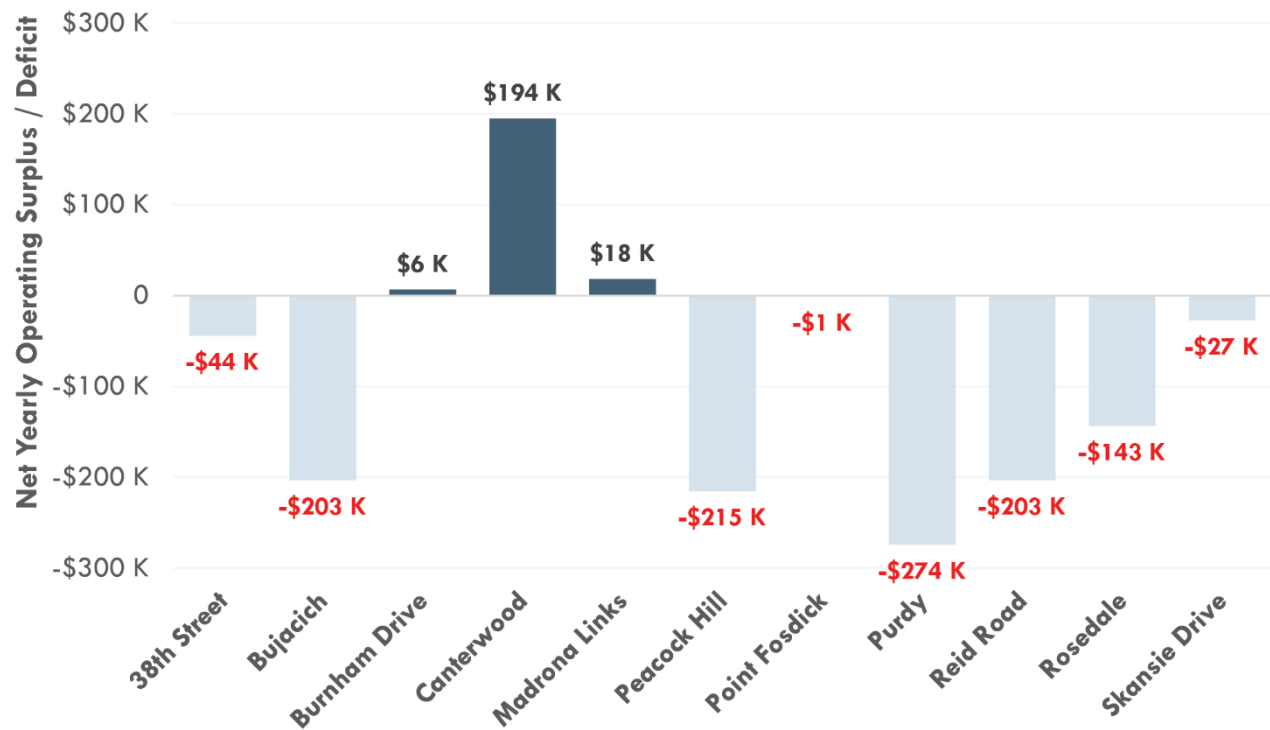
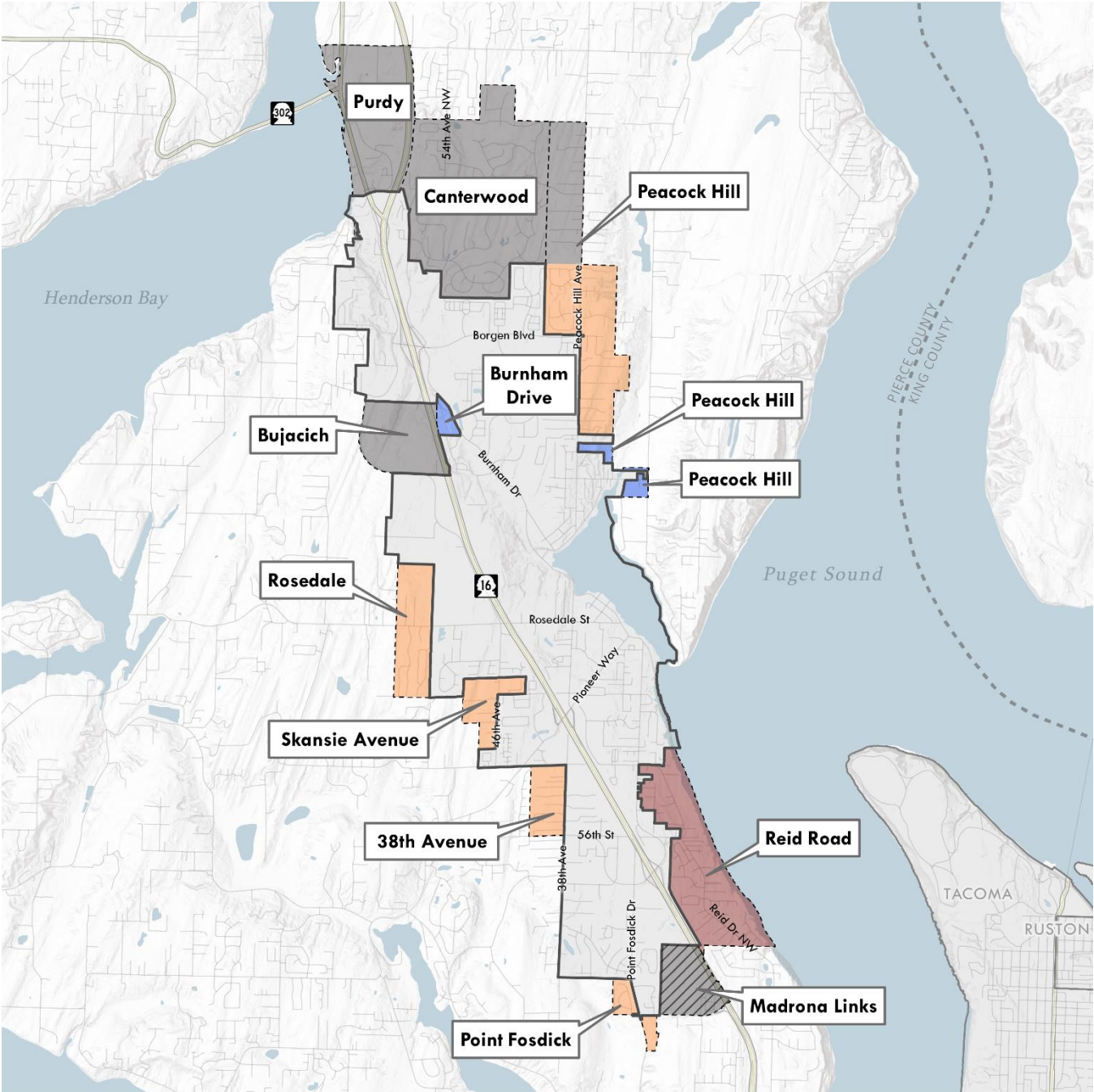


Exhibit B. Projected Changes to City Yearly Operating Revenue and Costs after Annexation, by Subarea.

Subarea	Projected Revenue (2021 dollars)	Projected Costs (2021 dollars)	Surplus/Deficit Per Year (2021 dollars)
38th Avenue	\$116,183	\$160,531	(\$44,348)
Bujacich	\$67,124	\$270,107	(\$202,983)
Burnham Drive	\$6,543	\$104	\$6,439
Canterwood	\$1,140,423	\$946,092	\$194,330
Madrona Links	\$48,762	\$30,603	\$18,159
Peacock Hill	\$510,966	\$726,121	(\$215,155)
Point Fosdick	\$47,452	\$48,700	(\$1,248)
Purdy	\$297,771	\$571,643	(\$273,872)
Reid Road	\$576,710	\$779,658	(\$202,948)
Rosedale	\$131,441	\$274,615	(\$143,174)
Skansie Avenue	\$81,334	\$108,482	(\$27,148)
TOTAL	\$3,024,709	\$3,916,657	(\$891,948)

Sources: City of Gig Harbor, 2021; BERK, 2021

Exhibit C: Recommended Strategic Areas by Priority for Urban Growth Area Management.



Legend

- City UGAs
- Cities
- Counties
- Water
- Highways
- Public Streets

Strategic Areas by Priority

- 1. City-led potential annexation areas (short-term)
- 2. Local-led potential annexation areas (medium-term)
- 3. Phased potential annexation areas (medium- to long-term)
- 4. Long-term management areas (long-term)
- Areas to be removed

BERK
Map Date: March 2023

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Table of Contents

Overview	8
Introduction.....	8
Objectives	10
Outline.....	10
Summary of the Annexation Process	12
Overview	12
Enabling Statutes.....	12
Approaches to Annexation.....	13
<i>Direct Petition.....</i>	<i>13</i>
<i>Election.....</i>	<i>14</i>
<i>Interlocal Agreements.....</i>	<i>14</i>
<i>Additional Approaches</i>	<i>15</i>
Gig Harbor and Annexation	15
<i>Comprehensive Plan.....</i>	<i>15</i>
<i>Municipal Code.....</i>	<i>16</i>
<i>History of Annexation.....</i>	<i>17</i>
Review of Urban Growth Areas.....	21
Overview	21
Highlights of Urban Growth Areas.....	22
38th Avenue.....	22
Bujacich	22
Burnham Drive	22
Canterwood.....	22
Madrona Links	22
Peacock Hill.....	22
Point Fosdick	23
Purdy.....	23
Reid Road	23
Rosedale	23
Skansie Avenue.....	23

Current Zoning and Planning	24
Current Land Use and Development	28
Assessment of Annexation Impacts	33
Overview	33
Fiscal Impacts to Operating Budgets	33
<i>Method</i>	33
<i>Results: Current Annexation</i>	35
<i>Results: Buildout</i>	38
Sewer Fees	41
Capital and Infrastructure Investment	42
Other Considerations	43
Recommendations	44
Major Considerations	44
Guidelines for Annexations	44
Proposed Strategic Approach	47
<i>Classifying UGAs</i>	47
<i>Short-Term Direction</i>	49
<i>Long-Term Strategic Considerations</i>	49
Other Recommendations	50
Appendix: Area Summaries	51
Appendix: Example Annexation Evaluation	88

Overview

Introduction

The City of Gig Harbor is surrounded by approximately 2,800 acres of unincorporated Pierce County in 13 Urban Growth Areas (or UGAs). These UGAs are designated by the city as part of the long-term management of urban growth to reduce urban sprawl, plan for urban-level services, and encourage coordination with the county on long-term planning for areas close to the city.

The city may wish to include these areas within city boundaries in the future. For the residents of these areas, annexation into the city may provide the following:

- **More government representation.** Residents in UGAs may want a greater say in local government about local infrastructure and services.
- **Greater local application of tax revenue.** Landowners, businesses, and residents may want more of the taxes they pay to support local services and infrastructure.
- **City planning and development standards.** There may be areas of UGAs that are appropriate for more intensive uses and city servicing, zoning, and development standards would be more appropriate to support these activities.
- **Higher levels of urban services.** Areas in the city may have levels of service for government facilities such as police protection, parks, and infrastructure that are higher than in the county, and may require new investment in these areas.

For the city, including new areas within its corporate boundaries can also have benefits, such as:

- **Increase in the local tax base and potential net tax revenue.** In some cases, annexed areas can provide a net increase in tax revenues once the costs of supporting new areas are considered. This may improve the city's financial position and the increase in the tax base can also improve its bonding capacity.
- **Reduction in redundancies and other inefficiencies.** As the city and county are both responsible for providing services such as police protection or building inspection, there may be inefficiencies, duplication, and general confusion in jurisdiction and service delivery. Consolidating some areas under the city can help to improve efficiency and certainty and provide higher levels of service at lower cost.
- **Improved long-range planning and growth management.** Providing more direct regulation and management of annexed areas can give the city greater latitude to coordinate long-range planning. This could be important, for example, if an annexed area includes developable lands that could accommodate more growth than would currently be permitted under county land use regulations.
- **Effective management of other systems and services.** There may be other aspects of incorporated areas that the city may wish to manage as well. This can include, for example, controlling development at the "gateways" to the city, providing consistent protection of shorelines and creeks,

and maintaining urban forest cover. This may be related to a range of different city policies, and the priorities as they would apply to annexed areas would be determined by local government.

- **Logical boundaries.** There may be cases where city boundaries are not regular and do not necessarily represent the actual boundaries of the community. Annexation can reduce fragmentation and allow the boundaries to be orderly and more regular in certain locations.

With respect to both residents and the city, there can also be drawbacks and costs to annexation. For residents, greater regulation may not be desirable, and there might be real or perceived increases in certain taxes and fees associated with the city. For the city, limitations often involve balancing the net cost of servicing annexed areas with policy objectives that can be achieved through annexation.

Although there are city-led approaches to annexation, the process under Washington State law often starts through a petition by residents or landowners within a certain area for incorporation. In this type of process, the city has a specific role in deciding whether to accept or deny a petition, and if changes to a petition would be required. Typically, this process is coordinated on an as-needed basis when petitions are submitted to City Council for review.

As opposed to deciding whether individual petitions should go forward with a case-by-case approach, this report presents a strategy and series of guidelines to give direction to the city and Council on how to manage future annexation of the UGAs. Overall, this framework recognizes that the city has three general options about current UGAs:

- **Removing properties from UGAs altogether.** In cases where there is no development that requires sewer servicing from the city and future growth potential in a location is minimal, the city may decide to coordinate with Pierce County to remove certain sites from the UGA. This allows the UGA boundaries to reflect long-term expectations of development.
- **Maintaining the status quo.** The city may not actively pursue annexation in certain areas but will still review petitions for annexation from landowners and residents. Providing clear guidance on what Council would accept for a petition should be a priority in these areas, to ensure that these applications are treated in a consistent and fair way, and that petitioners understand Council's expectations for annexation.
- **Encouraging annexation.** Finally, the city could actively encourage annexation in some locations, or even pursue the process itself by available means under the statute. In some cases, these annexations may be minor adjustments to address small irregularities in incorporated boundaries. For larger areas, however, annexations may require additional study, coordination, and even phasing to complete, which would need a process different than a standard petition method.

The city will still require flexibility to address certain annexations on a case-by-case basis. However, providing an overall framework for thinking about future annexations can help to guide the city in long-term decision-making and give clarity to landowners and residents in areas that may be annexed in the future.

Objectives

This report provides high-level strategic guidance to the City of Gig Harbor for future consideration of potential annexation areas. This guidance is based on a survey of the existing UGAs, and an analysis of the potential impacts associated with integrating areas into the city's corporate boundaries.

Exhibit 1 provides a map of Gig Harbor's UGAs, including the designations provided. These designations are consistent with those provided in the current Gig Harbor Comprehensive Plan.

The guidelines and report recommendations will work to address the following:

- What are the criteria that the city should use to decide whether an annexation petition should move forward?
- What are the planning considerations to integrating new areas into the city?
- What adjustments should the city require to accept an annexation petition?
- How should annexation guidelines be integrated into other planning and policy development?

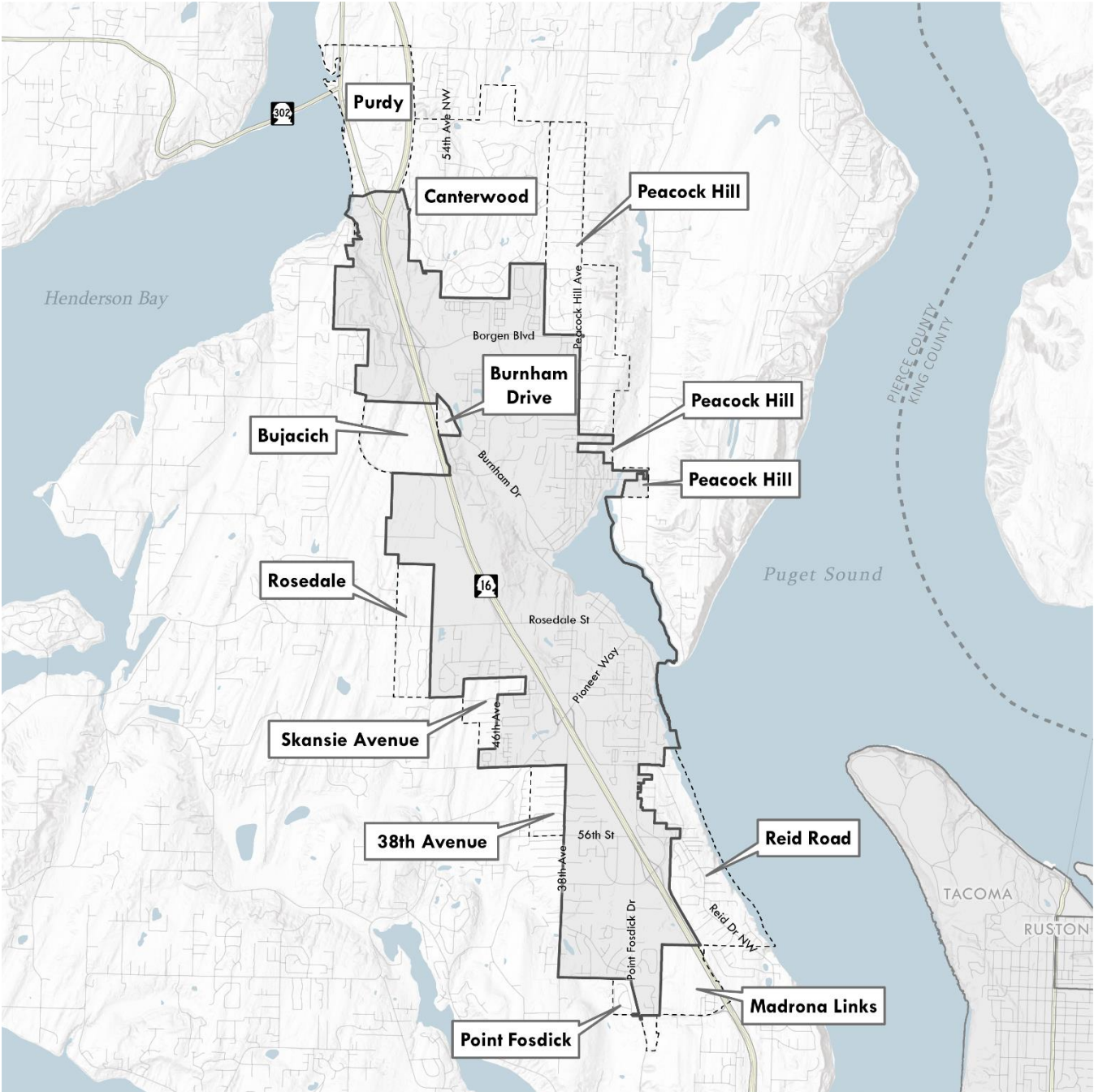
This report does not provide a timeline for city-led annexation of the UGAs, only to highlight potential opportunities for proactive actions that the city can take with future annexation. This report also does not replace studies of individual annexation petitions, and specific assessments of petitions submitted to the City Council should be examined to determine their expected effects on the community.

Outline

This report includes the following elements:

- A **summary of the annexation process** and current policies of the City of Gig Harbor regarding proposed annexations.
- A **review of Gig Harbor and the UGAs**, including information on current population and land use in each of these locations.
- An **assessment of the potential impacts of annexation**, focusing on the effects to city operations.
- **Recommendations** based on the assessment, including guidelines the City Council can use to evaluate annexation petitions and other actions to guide annexation policy in Gig Harbor. An appendix provides an evaluation of the individual UGAs as defined in the Comprehensive Plan.

Exhibit 1. Gig Harbor Urban Growth Areas.



Legend

-  City UGAs
-  Cities
-  Counties
-  Water
-  Highways
-  Public Streets

BERK
Map Date: April 2022

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary of the Annexation Process

Overview

UGAs are places designated by cities and counties where urban growth can occur outside of a city's corporate boundaries.¹ A city's UGAs often fall into two distinct categories:

- areas which are banked as a source of developable land for future expansion, and
- locations close to cities where growth is managed to urban densities by the county but will eventually be developed out to urban densities and incorporated within the city.

Under regional and county planning efforts, UGAs and incorporated cities are typically the focus of growth planning, with growth in rural areas outside of UGAs discouraged to reduce sprawl. Regional and county planning, including the PSRC VISION 2050 Regional Growth Strategy and Pierce County's Countywide Planning Policies explicitly direct new growth into these areas.²

Enabling Statutes

In the State of Washington, the details of annexation of UGAs are provided in statute.³ As a code city, Gig Harbor is largely covered under [Chapter 35A.14 RCW](#) (Annexation by Code Cities). However, the *Growth Management Act* ([Chapter 36.70A RCW](#)) also provides specific requirements for the designation and planning of UGAs ([RCW 36.70A.110](#)). Annexations may only occur in locations that are contiguous to the current city boundary ([RCW 35A.14.010](#)) and within a UGA ([RCW 35A.14.005](#)). As a result, annexation areas are usually managed as part of a city's long-range land use planning through the Comprehensive Plan.

Other aspects of annexation specified through state law include:

- The **management of special districts**, primarily related to whether annexation will add or remove areas from these districts and the transfer of assets, personnel, and debt related to a fire protection district. Annexation of areas into Gig Harbor will not directly affect Gig Harbor Fire & Medic One, the Pierce County Library System, the Port of Tacoma, or the Peninsula School District as the city is included in their service areas. However, annexation would remove properties from the Peninsula Metropolitan Park District and McCormick Forest Park is in one of the city's UGAs.
- The **disposition of franchises**, such as the provision of water services in annexed areas by private companies. Note that under [RCW 35A.14.900](#) existing franchises and permits are canceled, but the city must grant a seven-year franchise except under certain conditions.

¹ See [RCW 36.70A.110\(1\)](#).

² See [Countywide Planning Policies for Pierce County, Washington](#) (pg. 74–94) for specific policies employed by Pierce County regarding management of UGAs and annexation processes.

³ Washington Municipal Research and Services Center (MRSC) provides a more comprehensive handbook that describes all elements of the annexation process. This section draws from this source, as well as other related documentation. MRSC, 2020. [Annexation by Washington Cities and Towns](#). (June 2020 version)

- The **transfer of county roads** to city management, including the allocation of county road district taxes levied against annexed properties.
- **Determining the population of the annexed areas** for the allocation of state funding in coordination with the state Office of Financial Management (OFM).⁴
- **Coordination of new revenue**, including provisions related to property tax receipts, sales and use tax revenue, and state-shared revenues. Note that changes in state-shared tax revenues will be dependent on changes in the official state population estimates as noted above.
- **Assumption of city debt by annexed properties**, which may change the requirements for annexation under certain conditions, depending on the method used.
- **Comprehensive planning and zoning** for the annexed areas, which can be specified before annexation is complete. For code cities, [RCW 35A.14.330](#) allows for zoning regulations to be developed for UGAs which would be put in force upon annexation. (Note that Gig Harbor has implemented these regulations for its UGAs, as described below.) Zoning regulations may also be provided as part of a direct petition for annexation.⁵

Approaches to Annexation

State law provides several approaches by which annexation can occur. However, many of them are either not relevant for Gig Harbor's UGAs or are not typically used given limitations of the approach.

Direct Petition

Most annexations, and the likely format of the annexations to be managed through these guidelines, use a "**direct petition method**." Under the statute, a direct petition requires the written consent of the:

- Owners of at least 60 percent of the property value in the area, based on assessed value.⁶
- Owners of a majority of the acreage and a majority of voters in the area to be annexed (considered the "**alternative direct petition method**").⁷

Under both methods, the general process is:

- **Initial written notice.** For the process to begin, an initial written notice must be provided by representation from the areas to be annexed. This includes a proposal for the area to be annexed by a representation that includes owners of at least 10% of the assessed value (under a direct petition) or at least 10% of the acreage (alternative direct petition) of the area. Notification would also need to be provided to the Boundary Review Board within 180 days of the proposal.⁸

⁴ See [RCW 35A.14.700](#) for more details about this process.

⁵ See [RCW 35A.14.120](#) and [RCW 35A.14.420](#).

⁶ The direct petition method is managed under [RCW 35A.14.120](#) to [150](#).

⁷ The alternative direct petition method is managed under [RCW 35A.14.420](#) to [450](#).

⁸ See Pierce County BRB [Notice of Intention Format](#).

- **Meeting with Council.** An initial meeting between the Council and the initiating parties is set to determine if the Council will approve or modify the proposed annexation, whether a proposed zoning regulation should be included, and if the annexed area should assume city debt.
- **Circulation and filing of petition.** Upon approval by the Council, a petition would be circulated describing the annexation, including a map of the proposed annexation and details of related conditions. This petition must be signed by property owners representing at least 60% of property value, or property owners representing at least 50% of acreage and at least 50% of resident voters.
- **Public hearing.** Upon receipt and certification of the petition, the City Council is required to hold a public hearing. The city would then pass an ordinance that would enact the annexation, which would include other elements of the annexation petition such as proposed zoning regulations.
- **Review by Boundary Review Board.** Note that the Pierce County Boundary Review Board may assume jurisdiction upon request of the county or other impacted government unit, a petition of 5% of registered voters or property owners representing 5% of property value, or potentially a petition by affected registered voters within ¼ mile of the annexation. This must be initiated within 45 days of receiving the notice of intention, and may result in the Board approving, disapproving, or modifying the proposal.
- **Notice of annexation.** After the ordinance is passed, certification must be provided to the OFM within 30 days, and notice provided to other agencies, including county departments and agencies, local franchises and permit-holders, the Department of Revenue, and city departments.

Election

An alternate approach is the **election method**, which relies on a special election of residents within an annexation area.⁹ This can be initiated either by Council resolution or a petition of 10% of the qualified voters that cast a vote in the last general election. Typically, this is less common since it requires the additional costs of administering a special election for the targeted area.

Interlocal Agreements

Under statute, a code city such as Gig Harbor may also annex areas from Pierce County through an **interlocal agreement** negotiated between the two governments.¹⁰ This requires notification of all other impacted government districts and adjacent cities, which must consent and be a party to the agreement for it to proceed. The annexation process requires public hearings conducted by the city and county, either separate or joint, regarding the proposed interlocal agreement, as well as publication of the proposed interlocal agreement. A city ordinance would be needed to complete the annexation once the interlocal agreement is complete.

⁹ The election method is managed under [RCW 35A.14.015](#) to [100](#).

¹⁰ This method is effective as of June 11, 2020; see [SL 2020 c. 142](#).

A comparable approach has also been used for annexing unincorporated islands of territory ([RCW 35A.14.460](#)). In these cases, at least 60% of the boundary of the annexed area needed to be contiguous with a city.

One notable advantage to the use of an interlocal agreement is that it can allow for the phased annexation of certain areas over time. In such a case, new annexation ordinances would be required over time to complete each phase of annexation. This may be useful for larger areas where consultation and review could examine a broader area, with clear statements about the order of annexation over time.

Although this does provide a stronger city-led alternative for annexation, the lack of fixed statutory requirements as with a petition or election may not provide the same clarity as other methods. This should be accompanied by a robust public engagement process, and annexation ordinances may still face review from the Boundary Review Board.

Additional Approaches

The statute provides additional annexation approaches in specific cases:

- **Annexation of an unincorporated island of territory** ([RCW 35A.14.295](#)) can occur for islands or pockets of land surrounded by the city. This process is more abbreviated given the nature of the annexation, but a petition signed by voters representing at least 10% of the votes cast in the last general state election can require a referendum on the issue. This may be applicable in certain areas of Gig Harbor, but the risk of an election from a petition may make this less desirable as an option.
- **Annexation of areas for municipal purposes** ([RCW 35A.14.300](#)) may occur for locations within the county that would be necessary for city uses, such as water or wastewater facilities. These annexations do not have to be contiguous and are not subject to review, but the territory must be city-owned. This is not currently under consideration by the city.
- **Annexation of federally owned lands** ([RCW 35A.14.310](#)) can occur with the agreement of the federal government or an acceptance of a gift, grant, or lease. This land must be within 4 miles of the city. This is also not a type of annexation that the city is looking to pursue.
- **Boundary line adjustments** ([RCW 35.13.300](#)) include cases where a portion of a parcel of land included within a city can be wholly included or excluded from the city. This has limited applications with minor effects and is largely not relevant to this discussion.

Gig Harbor and Annexation

Comprehensive Plan

The City of Gig Harbor's Comprehensive Plan has policies to guide annexations.¹¹ The Plan will be updated by 2024, which may result in updates to what is identified here.

Major elements from the Comprehensive Plan include the following:

¹¹ See the [Gig Harbor Comprehensive Plan webpage](#) for more information, including the most recent version of the Plan.

- **Delineation of UGAs.** According to 2.1.4(a), the city’s UGAs are defined specifically as areas where “efficient urban level services” can be provided over the next 20 years, versus locations which should be rural or are difficult to service. These definitions are expected to be reviewed every five years to account for changes in development.
- **Timing of annexations.** Although priorities for service extensions and timing of acceptable development are noted as important under 2.1.6, it also indicates that annexations are only to be considered when a private party petitions for inclusion in the city.
- **Wastewater infrastructure capacity and management.** Goal 9.5t specifies that the city’s wastewater treatment plant should provide services to the UGAs as well as the city, and 13.1.4 defines its sanitary sewer service areas in the county to be coterminous with the UGAs. Development within 200 feet of the city sewer line in the UGAs is required to have a sewer connection (9.5.1(c)).
- **Management of water systems.** 2.4.2(c) prioritizes planning for small water systems to be merged into the municipal water system.
- **Interlocal coordination of planning.** Under [Pierce County Resolution 95-96](#), the city and county engage in joint planning and oversight for the UGAs to achieve consistency with certain development standards. This also allows the city to review the impacts of development in the UGAs.
- **Land use designations.** The Comprehensive Plan’s Land Use Map provides high-level land use categories for the UGAs in addition to the city proper, which is provided in Exhibit 2. This largely designates the UGAs under “Residential Low” (RL) zoning, which is generally consistent with the form of development in these locations. The Peacock Hill and Burnham Drive UGAs also include the “Residential Medium” (RM) designation. “Public/Institutional” (PI) and “Employment Centers” (EC) designations are found in the Purdy and Bujacich UGAs, and there are areas under “Commercial/Business” (CB) in the Purdy UGA as well. Note that a portion of the Point Fosdick UGA does not have any designation under the Land Use Map.

Municipal Code

Additional elements of city policies and regulations with respect to UGAs can be found in the Gig Harbor Municipal Code, some of which extend the policies of the Comprehensive Plan. Major considerations include the following:

- **Annexation requirements.** [Chapter 17.88 GHMC](#) highlights the process of deciding the zoning designation for annexed properties, which defaults to an R-1 zone or whichever would be compliant with the Land Use Map from the Comprehensive Plan. A comprehensive use plan may be developed by the Planning Commission at the request of the petitioner or Council to provide alternative zoning designations or the Planning Commission may convene a public hearing after annexation to determine an appropriate designation.
- **Servicing outside the city.** [Chapter 13.34 GHMC](#) supplies details about the extension of services outside the boundaries of the city. This regulation highlights that sewer extensions further than the boundaries of the UGAs can only be carried out if necessary to protect the environment and public health and can be supported at rural densities. Utility extension agreements also need to provide

conditions to the provision of service. This includes payments of fees, as well as an agreement not to protest annexation as per [GHMC 13.34.040\(A\)\(8\)](#).

- **Shooting sports facility permitting.** [GHMC 5.12.040](#) requires that shooting sports facilities annexed into the city reapply for an operating license within six months of annexation.

History of Annexation

Previous annexations demonstrate how the city has grown over the past 75 years. A color-coded map is presented in Exhibit 3 highlighting the history of annexations since incorporation and Exhibits 4 and 5 provide total increases in the city's boundary area¹² and population, respectively, by year from annexations since 1980.

For Gig Harbor, there have been only minor expansions of city boundaries on land since 2009, when the city completed the Burnham/Sehmel annexation in the north and the 96th Street annexation in the central part of the city to add a total of 626 acres to Gig Harbor. Despite the size of these areas, OFM estimated that only 345 more residents were added at that time given the low amount of development found in these areas.

¹² Note that the 2014 annexation implemented by [City Ordinance 1293](#) annexes 190 acres in Gig Harbor Bay to the extreme low tide line. In this case, the area of annexation noted does not represent land area.

Exhibit 2. Land Use Designations, City of Gig Harbor Comprehensive Plan.

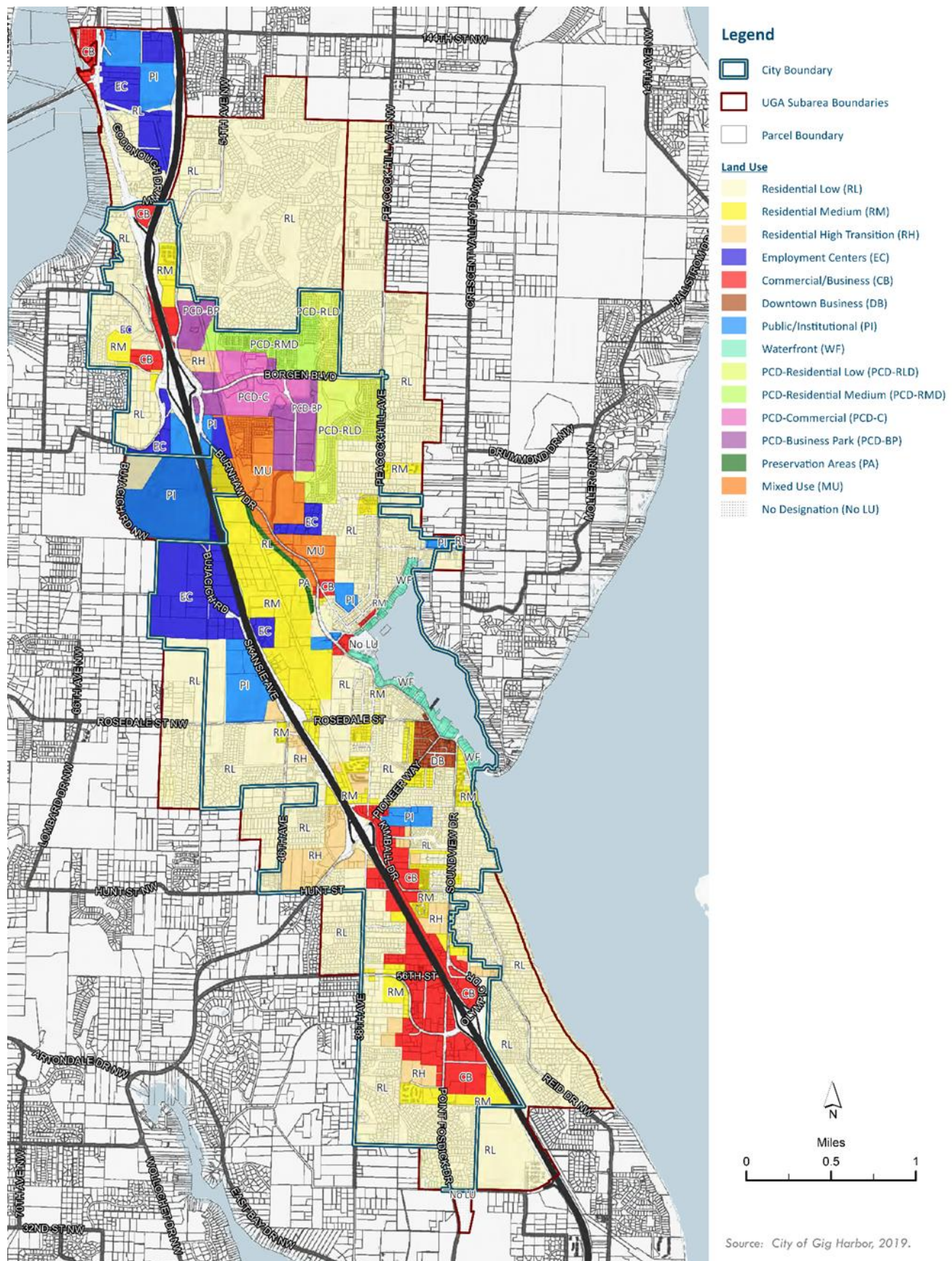
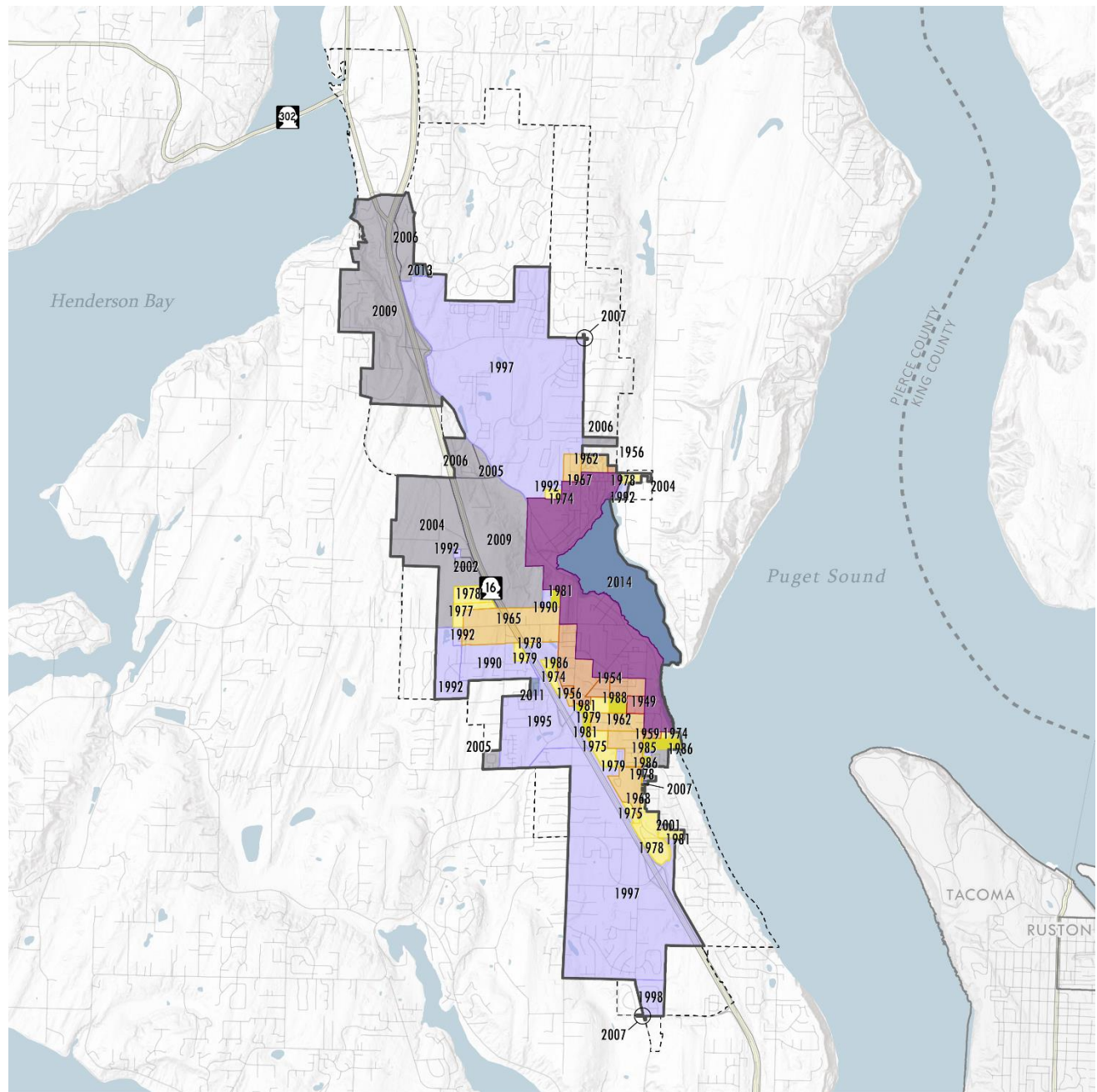


Exhibit 3. Annexation History, City of Gig Harbor.



Legend

- City UGAs
- Cities
- Counties
- Water
- Highways
- Public Streets

Year of Annexation

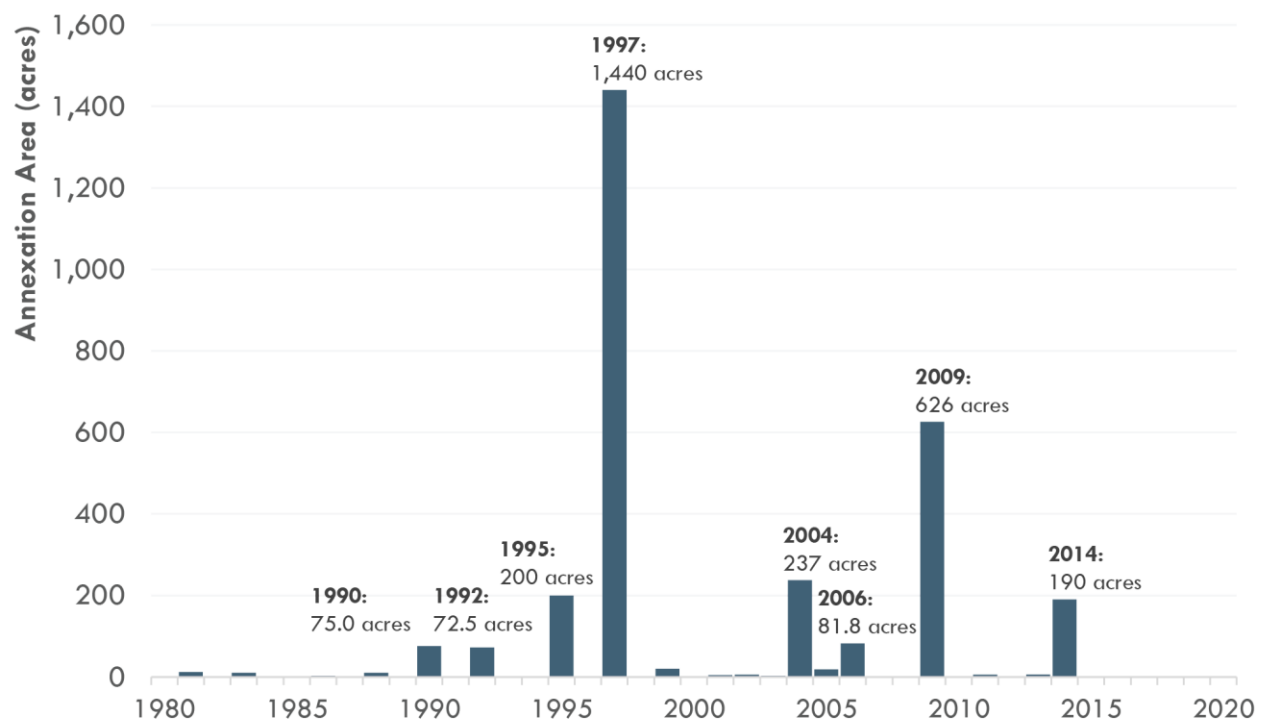
- Original incorporation (1946)
- 1947–1949
- 1950–1959
- 1960–1969
- 1970–1979
- 1980–1989
- 1990–1999
- 2000–2009
- 2010–present



Map Date: September 2021

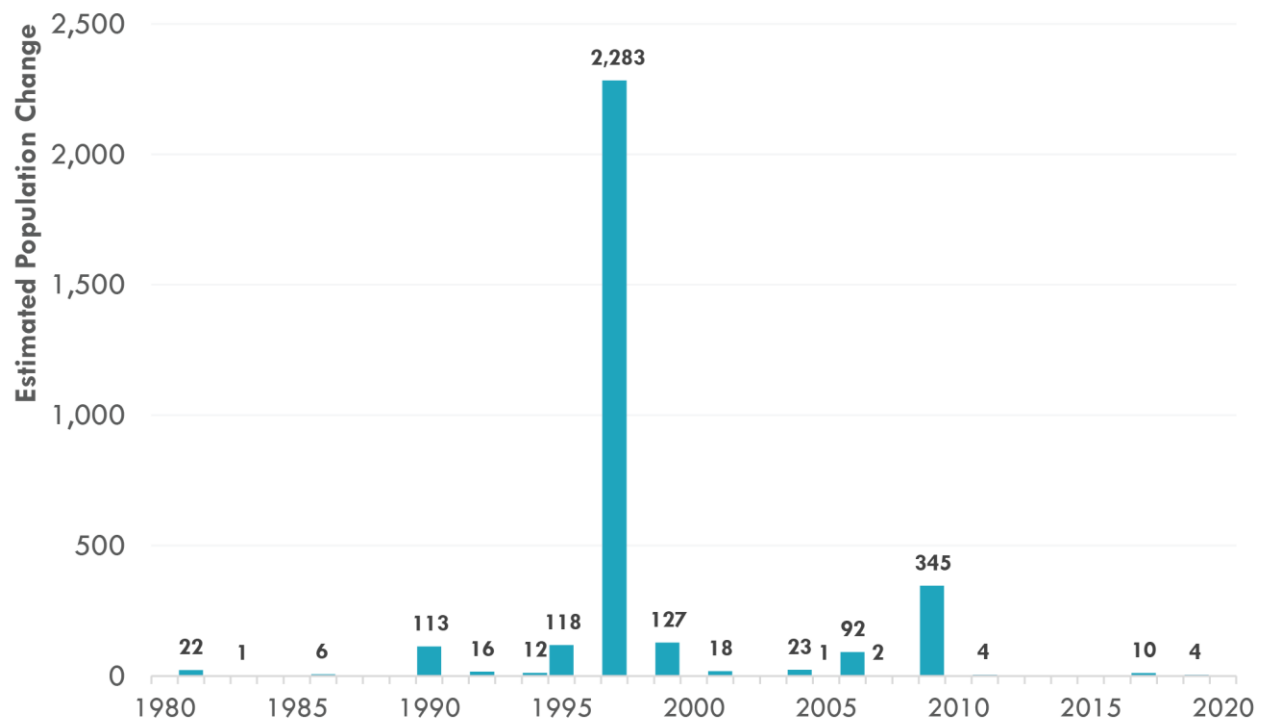
Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Exhibit 4. Total Size of Annexations by Year, Acres, City of Gig Harbor.



Source: WA Office of Financial Management, 2021.

Exhibit 5. Estimated Increase in Population from Annexation by Year, City of Gig Harbor.



Source: WA Office of Financial Management, 2021.

Review of Urban Growth Areas

Overview

Exhibit 6 provides a high-level summary of the size of the current UGAs and the total assessed value of land in 2021 (including comparisons to the City of Gig Harbor). Overall, the areas within the UGA include 2,574 gross acres (not including water bodies), with 2,249 acres of land outside of current rights-of-way. According to the Pierce County Assessor-Treasurer, this amounts to \$1.85 billion in assessed property value.

Altogether, the UGAs represent a considerable portion of the combined growth area, comprising about 41% of the total area and 35% of the combined value.

Exhibit 6. Summary of UGA Subareas.

UGA Subarea	Gross Acres (land)	Net Acres	2021 Assessed Value
38th Avenue	78.1	69.4	\$71,069,200
Bujacich	175.4	150.0	\$44,013,300
Burnham Drive	18.3	17.6	\$244,900
Canterwood	753.2	679.4	\$812,245,700
Madrona Links	119.3	105.2	\$29,971,200
Peacock Hill	483.3	435.4	\$270,756,500
Point Fosdick	39.0	36.0	\$31,191,800
Purdy	337.7	241.8	\$95,668,000
Reid Road	339.3	303.1	\$371,267,300
Rosedale	152.5	136.5	\$78,145,200
Skansie Avenue	78.4	74.5	\$46,246,000
Total	2,574	2,249	\$1,850,819,100
City of Gig Harbor	3,764	3,119	\$3,478,997,723¹

¹ This includes real and personal property, as well as state-assessed utilities.

Sources: Pierce County GIS, 2021; Pierce County Assessor-Treasurer, 2021; City of Gig Harbor, 2021; Office of Financial Management, 2021; BERK, 2021.

Highlights of Urban Growth Areas

Summaries of the individual UGAs are given below, based in part on their descriptions provided in the Comprehensive Plan.¹³ The Appendix provides detailed summaries for each individual UGA.

38th Avenue

The 38th Avenue UGA is located to the southwest of the city and is about 78 total acres. The area is largely developed with single-family homes and a church. There may be stormwater and septic concerns in this area that would need to be addressed for future development.

Bujacich

This area is about 176 acres, with most of the UGA incorporating the Washington Corrections Center for Women (operated by the state) and McCormick Forest Park (managed by PenMet). The primary reason for including this area in the UGA is to allow for servicing of the Corrections Center, although there are some minor commercial uses close to Bujacich Rd and 54th Ave. The area is largely built out, however, with few opportunities to accommodate additional growth.

Burnham Drive

The Burnham Drive UGA is the smallest of the UGAs surrounding Gig Harbor. It includes about 18 acres across five parcels and includes an auto repair garage and some single-family housing. Note that this unincorporated area is largely surrounded by the city and has no access points managed by the county, which challenges service delivery on these sites.

Canterwood

The Canterwood UGA includes about 753 total acres, with most of the area consisting of a master-planned community anchored by the Canterwood Golf & Country Club. This area represents the largest UGA, both in terms of area and number of housing units. The master-planned community is largely built out, although there is a small amount of vacant land located just outside of the planned community.

Madrona Links

The Madrona Links UGA includes a total of about 119 acres, with 95 acres consisting of the Madrona Links public golf course run by PenMet. The southeast corner of the UGA includes 55 townhomes adjacent to the golf course. This area is completely built out, with no developable sites in the UGA.

Peacock Hill

The Peacock Hill UGA is located to the northeast of the city, and includes two smaller disconnected portions to the south close to Vernhardson St. This area is about 483 acres and includes two churches, the Canterwood Homeowners Association facilities, and largely residential development in other locations. This area also includes a considerable amount of vacant and underutilized land that could be used for future development.

¹³ See the Gig Harbor Comprehensive Plan, [Chapter 2](#), pages 2-4 to 2-5.

Point Fosdick

The Point Fosdick UGA contains approximately 41 acres and is located south of the city along Point Fosdick Drive. This area is split between two non-adjacent portions, with the northwest area consisting of a built-out low-density residential area of around 23 acres, and about 13 acres to the southeast consisting of vacant land currently zoned as “Neighborhood Center” by Pierce County. Note that this vacant land is not provided with a land use designation under the Gig Harbor Comprehensive Plan.

Purdy

The Purdy UGA is approximately 338 acres, and it includes Peninsula High School and Purdy Elementary, managed by the Peninsula School District. The city’s primary interest in this area is providing sewer services. There is a utility facility found here (Peninsula Light Co.), as well as a mix of commercial and residential uses. While there are some vacant lands that could be developed, challenges with stormwater drainage and fire flows would make it difficult to use these areas.

Reid Road

The Reid Road UGA is approximately 339 acres, with a neighborhood that consists mostly of single-family housing, with a small amount of multi-family housing. While there are some remaining parcels, the area is largely built out. This area is not currently serviced by sewer and lift stations would be required to extend services out to the neighborhood.

Rosedale

The Rosedale UGA is found on the western boundary of the city. It includes about 153 acres of largely single-family housing development. There are some sites for infill and development within this UGA, although wetlands and critical areas may complicate further development in many locations.

Skansie Avenue

The Skansie Avenue UGA is located on the southwestern edge of the city, and separates the administration of Skansie Ave. It is about 78 acres and includes mostly single-family homes. There may be opportunities for infill development, but the potential for new construction in this area is low due to the current lot layout. Additionally, portions of this area may not currently be serviced by city sewer.

Current Zoning and Planning

To assess the roles that the subareas would play in the city if annexed, the first step is to evaluate current planning within these areas. County zoning designations in the UGAs are summarized in the following exhibits:

- Exhibit 7 provides an overall summary of the amount of zoning applied to all UGAs based on net acres. Exhibit 8 presents a breakdown of these amounts by individual subarea.
- Exhibit 9 provides a current zoning map for both Gig Harbor and the UGAs, highlighting the designations for both the city and the county.
- Exhibit 10 includes the land use map from the Gig Harbor Comprehensive Plan, which includes designations that would apply to the UGAs upon annexation.

These elements demonstrate the following:

- **There is a high proportion of single-family development across all subareas.** Most of the land is devoted to single-family residential areas or a master-planned community (Canterwood), with about 81% or 1,815 acres designated accordingly. The master-planned community in Canterwood includes about 588 acres, or about one-third of this total.
- **Significant public uses are in the UGAs, especially in non-residential areas.** Public institutional uses, parks, and recreation amount to an additional 292 acres, or 13% of the total net area. This is dominated by Peninsula High School and Purdy Elementary School (Purdy subarea), the Madrona Links Golf Course, and the Washington Corrections Center for Women in Bujacich.
- **There is a relatively small proportion of commercial uses which are largely concentrated.** Employment uses are reflected in only about 6% of the total area, which includes mixed-use zoning. Almost all of this, about 125 acres, is located in the Purdy subarea. There is a limited amount of land zoned as “Neighborhood Center” located in the southern portion of Point Fosdick.

Exhibit 7. City of Gig Harbor UGAs, Total Net Acres by Current Zoning Designation, All Areas.

County Zoning	Net Acres
Activity Center	5.4
Community Center	9.5
Community Employment	60.2
Master Planned Community	587.5
Mixed Use Districts	51.1
Moderate Density Single Family	29.0
Neighborhood Center	15.3
Park & Recreation	159.1
Public Institutional	132.6
Single Family	1,198
TOTAL	2,248

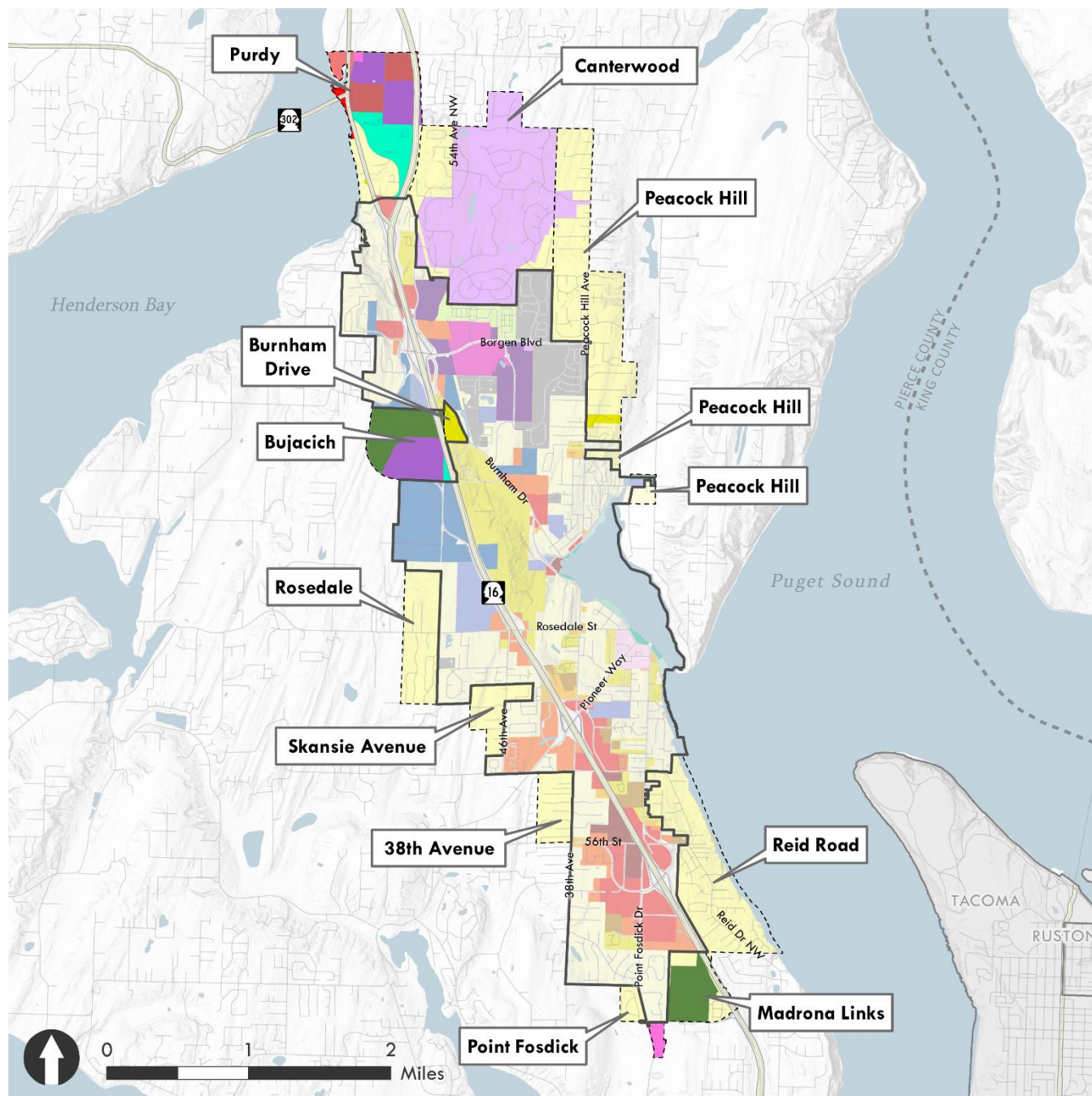
Source: City of Gig Harbor, 2021; Pierce County GIS, 2021; BERK, 2021.

Exhibit 8. City of Gig Harbor UGAs, Total Net Acres by Current Zoning and Area.

UGA Subarea and County Zoning	Net Acres
38th Avenue	
Single Family	69.4
Total	69.4
Bujacich	
Community Employment	3.4
Park & Recreation	79.1
Public Institutional	67.4
Total	150.0
Burnham Drive	
Moderate Density Single Family	17.6
Total	17.6
Canterwood	
Master Planned Community	570.2
Single Family	109.2
Total	679.4
Madrona Links	
Park & Recreation	77.6
Single Family	27.6
Total	105.2
Peacock Hill	
Master Planned Community	17.3
Moderate Density Single Family	11.0
Park & Recreation	2.3
Single Family	404.7
Total	435.4
Point Fosdick	
Neighborhood Center	13.0
Single Family	23.0
Total	36.0
Purdy	
Activity Center	5.4
Community Center	9.5
Community Employment	56.8
Mixed Use Districts	51.1
Moderate Density Single Family	0.4
Neighborhood Center	2.3
Public Institutional	65.2
Single Family	51.2
Total	241.8
Reid Road	
Single Family	303.1
Total	303.1
Rosedale	
Single Family	135.7
Total	135.7
Skansie Avenue	
Single Family	74.5
Total	74.5
GRAND TOTAL	2,248

Sources: City of Gig Harbor, 2021; Pierce County GIS, 2021; BERK, 2021.

Exhibit 9. City of Gig Harbor and UGAs, Current Zoning.



Legend

- City UGAs
- Cities
- Counties
- Water
- Highways
- Public Streets

Pierce County Zoning

- Activity Center
- Single Family
- Moderate Density Single Family
- Community Center
- Mixed Use Districts
- Neighborhood Center
- Community Employment
- Master Planned Community
- Public Institutional
- Park & Recreation

Gig Harbor Zoning

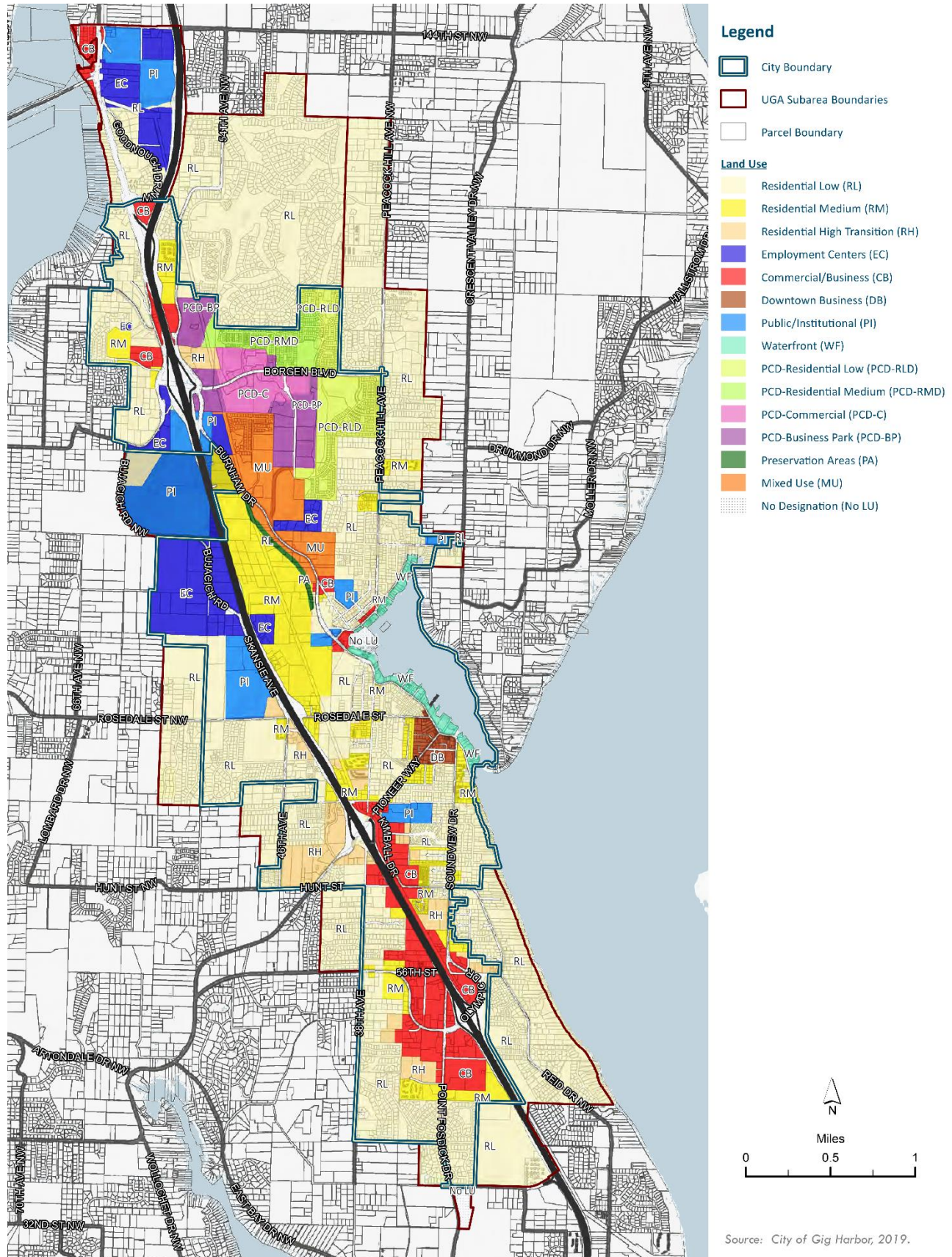
- B-1
- B-2
- C-1
- DB
- ED
- PCD-BP
- PCD-C
- PCD-NB
- PI
- PRD
- R-1
- R-2
- R-3
- RB-1
- RB-2
- RMD
- WC
- WM
- WR



Map Date: September 2021

Sources: Pierce County GIS, 2021; ESRI, 2021; City of Gig Harbor, 2021; BERK, 2021.

Exhibit 10. Land Use Designations, City of Gig Harbor Comprehensive Plan.



Current Land Use and Development

A map of the current land uses located in Gig Harbor and the surrounding UGAs is provided in Exhibit 11. This information highlights the current uses as determined through preliminary data from the 2020 Buildable Lands Report obtained from Pierce County. In addition to a general classification of land uses, this also highlights areas which are currently vacant but may be developable under current zoning in the County.

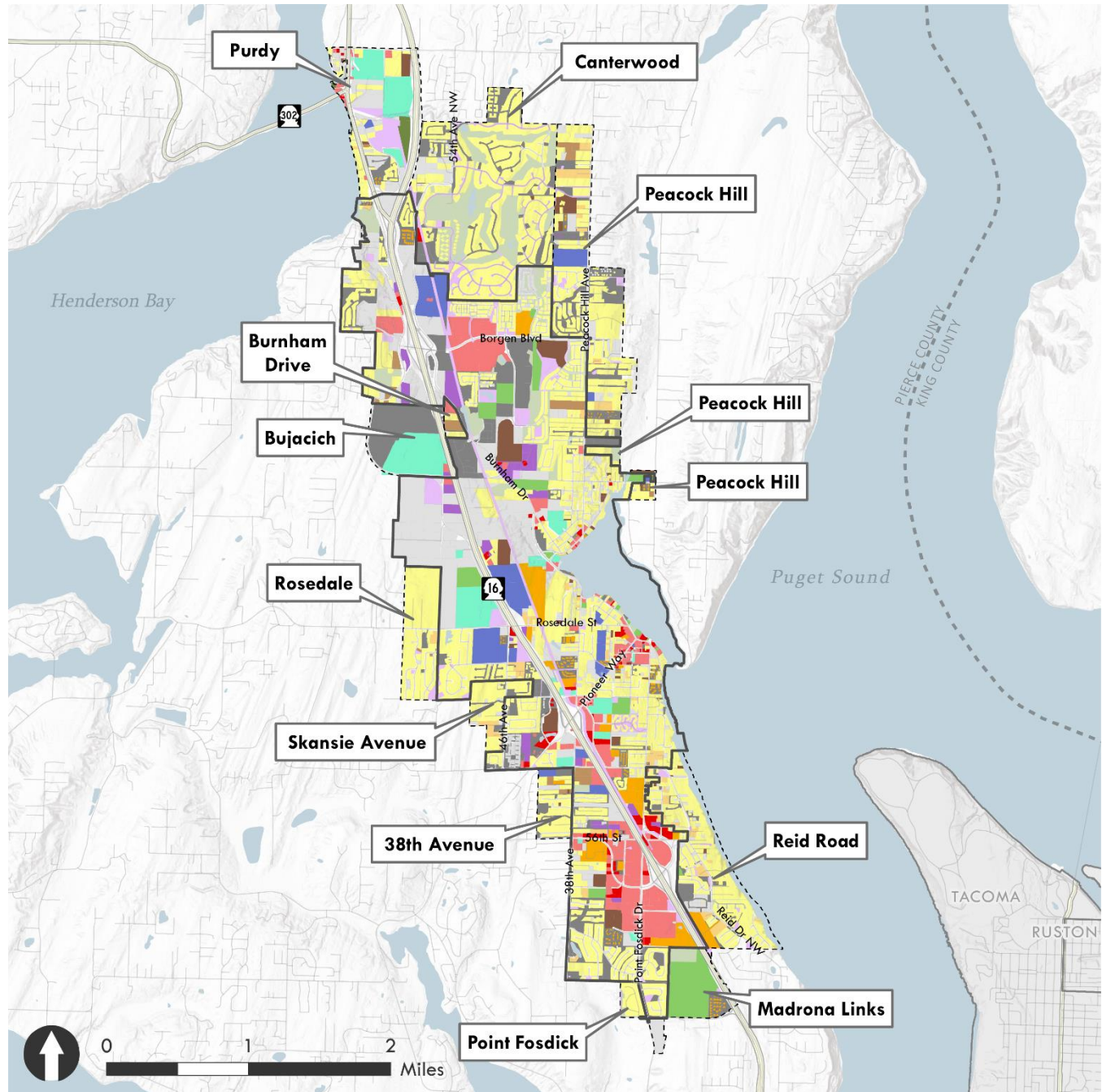
This is supplemented by the following tables:

- Exhibit 12 provides a summary of the total number of housing units and the square footage of non-residential development found in the individual subareas.
- Exhibit 13 provides statistics on the total amount of vacant, developable land located in the individual subareas based on the data from the Buildable Lands Report. This includes parcels noted in the UGAs as being vacant (including single-unit lots in plats), as well as properties which may be underutilized and able to accommodate additional development in the future.
- Exhibit 14 provides estimates of the additional housing and employment capacity within each of the UGAs, drawn from the information used to develop the 2021 Pierce County Buildable Lands Report.

This information highlights the following:

- **There is a significant amount of non-residential development in institutional uses.** As noted previously, the Peninsula High School and Purdy Elementary in the Purdy subarea, and the Washington Corrections Center for Women in Bujacich comprise the largest proportion of non-residential development in the UGAs. While there may be reasons to annex these areas, these sites are exempt from property taxes.
- **Most non-residential development and opportunities for employment expansion in the UGAs is clustered in the Purdy subarea.** While there may be nominal non-residential/employment uses in other areas, including community and institutional uses such as churches, the bulk of development for employment uses is sited in the Purdy subarea. This highlights that these subareas will likely bring minimal employment and sales tax revenue into the city as compared to the current land base.
- **The most significant opportunities for new commercial development are available in Purdy and Point Fosdick.** The information from the Buildable Lands Report suggests that while there are still some opportunities for residential development in most neighborhoods, locations for commercial development are likely to be limited to the Purdy and Point Fosdick subareas, with a nominal amount potentially available for development in the Bujacich subarea.

Exhibit 11. City of Gig Harbor and UGAs, Current Land Use.



Legend

- City UGAs
- Cities
- Counties
- Water
- Highways
- Public Streets

Current Land Use

- Vacant (developable)
- Single Family Residential
- Duplex/Triplex/Fourplex
- Apartment/Condo
- Manufactured/Mobile Home
- Other Residential
- Commercial Retail and Services
- Office
- Communication/Transportation/Utilities

- Industrial/Warehouse
- Government and Education
- Cultural/Institutional/Religious
- Parks and Recreation
- Open Space/Floodway/Tidelands
- Resource
- Other Vacant/Unclassified



Map Date: September 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Exhibit 12. Existing Development in UGA Subareas.

UGA Subarea	Housing Units	Non-Residential Development (in SF)						
		Community/ Institutional	Office	Restaurant	Retail	Other Services	Utilities	Warehousing
38th Avenue	129	21,749	-	-	-	-	-	-
Bujacich	18	325,494	-	-	-	-	-	2,400
Burnham Drive	7	-	-	-	-	3,600	-	-
Canterwood	822	14,039	24,354	-	-	-	-	-
Madrona Links	52	-	-	-	-	-	-	-
Peacock Hill	605	40,472	-	-	-	-	-	32,847
Point Fosdick	47	-	-	-	-	-	-	-
Purdy	156	284,932	22,565	2,318	21,302	6,173	39,184	-
Reid Road	590	-	-	-	-	-	-	-
Rosedale	157	-	-	-	-	-	-	-
Skansie Avenue	104	-	-	-	-	-	-	-
Total	2,687	686,686	46,919	2,318	21,302	9,773	39,184	35,247

Sources: Pierce County GIS, 2021; Pierce County Assessor-Treasurer, 2021; City of Gig Harbor, 2021; BERK, 2021.

Exhibit 13. Vacant Land in UGA Subareas, by County Zoning.

UGA Subarea and Zone	Developable Land (acres)		
	Vacant	Vacant (single unit)	Underutilized
38th Avenue			
Single Family	3.0	0.1	14.5
Bujacich			
Community Employment	0.4	-	0.8
Burnham Drive			
Moderate Density Single Family	-	-	13.0
Canterwood			
Master Planned Community	-	0.9	-
Single Family	14.8	5.4	7.5
Madrona Links			
(none)	-	-	-
Peacock Hill			
Single Family	22.5	6.6	107.2
Point Fosdick			
Neighborhood Center	13.0	-	-
Purdy			
Activity Center	-	-	0.1
Community Center	1.7	2.1	3.5
Community Employment	7.4	-	3.6
Mixed Use Districts	23.8	0.4	26.3
Moderate Density Single Family	-	-	0.4
Neighborhood Center	-	-	1.9
Public Institutional	0.6	-	-
Single Family	6.5	5.7	2.2
Reid Road			
Single Family	2.0	15.3	29.9
Rosedale			
Single Family	0.5	1.0	75.4
Skansie Avenue			
Single Family	2.0	2.9	38.5
TOTAL	98.2	40.4	324.6

Sources: Pierce County GIS, 2021; Pierce County Assessor-Treasurer, 2021; City of Gig Harbor, 2021; BERK, 2021.

Exhibit 14. Estimated Remaining Employment and Housing Capacity, by UGA Subarea.

UGA Subarea	Housing Capacity	Employment Capacity
38th Avenue	60	0
Bujacich	0	9
Burnham Drive	25	0
Canterwood	86	0
Madrona Links	0	0
Peacock Hill	390	0
Point Fosdick	13	123
Purdy	267	706
Reid Road	147	0
Rosedale	290	0
Skansie Avenue	133	0
Total	1,411	838
City of Gig Harbor	2,046	3,943

Sources: Pierce County Buildable Lands Report and Inventory, 2021.

Assessment of Annexation Impacts

Overview

This analysis provides an overview of the impacts of annexation beyond the land uses and housing that would be incorporated into the city. This includes estimates of the fiscal impacts of incorporating these areas into the city, both current and future, as well as other possible effects to be considered in an evaluation of an annexation application.

Fiscal Impacts to Operating Budgets

Method

For this assessment, the fiscal analysis prioritizes costs likely to be incurred by Gig Harbor upon annexation. It is important to note that this is a financial policy study intended to provide a reasonable estimate of potential costs and revenues and not a budget development exercise. This analysis informs the development and evaluation of guidelines for future annexations.

The analysis is limited to the city's General Fund and road funds. Although there are other accounts, these make up nearly all the changes projected from increased population, employment, and land area. Therefore, this excludes expenses and revenues from utility enterprise funds such as stormwater management, which is funded by user fees, and the development services fund, which is funded by license and permit fees and other service charges. As these funds are funded on a cost-recovery basis, it is believed that any other annexation costs will be met from additional revenue as needed.

With respect to **revenue**, the analysis includes the following budget components:

- **Property taxes** based on assessed value in the UGAs.
- **Sales taxes** based on taxable retail sales estimates for the city and an estimate of taxes per square foot for retail and restaurant uses.
- **Utility taxes** based on per capita/per job estimates and current population and employment.
- **Other taxes** assumed to be proportional to population and employment.
- **Licenses and permits** assumed to be proportional to population and employment.
- **Intergovernmental transfers** assumed to be proportional to population and employment.
- **Charges for services**, assumed to be proportional to population and employment.
- **Fines and forfeits** assumed to be proportional to population and employment.

The following components for **expenditures** are included:

- **Maintenance and operation costs for city streets** are assumed to be proportional to the centerline miles of roadway in a UGA.
- **Police protection coverage** based on discussions with the Chief of Police about increases in costs to maintain existing levels of police protection.

- **Other municipal expenditures** such as community development, the Municipal Court, etc. are assumed to be proportional to estimated population and employment.

In cases where both population and employment are expected to influence a budget item, these values are combined. Because workers and residents are likely to have different demands on city services and revenues, a weighting factor to account for their different contributions. With parks, for example, it is assumed that workers will have about 10% of the demand for city parks and green space as residents, which is used when combining workers and residents together to find out the final impacts per person.

Other considerations for estimating net costs and revenues include:

- Estimates of costs and revenues relied on pre-COVID budget figures to reflect “business as usual” projections. Values from the projections are assumed to be in 2021 dollars.
- Property taxes are highly constrained by the 1% restriction on levy increases under [RCW 84.55.010](#). Future projections of property taxes will be strongly dependent on this cap on levy amounts.
- The potential for future special levies authorized by the voters is not included. The expected revenue that could be received would increase if additional assessed value were included in the city.
- Sales taxes for new construction of housing are not presented in this assessment. This would provide a significant one-time source of revenue for the city but would require annexation prior to development.
- The timing of an annexation may impact tax receipts, meaning that the initial period of annexation might have challenges with respect to covering early costs of newly annexed areas depending on when an annexation takes place.

In addition to estimates of annexations if development were to happen today, this assessment also relies on two additional assessments based on city data regarding available buildable lands:

- Estimates of the net costs/revenue from annexation based on a proportional share of the Pierce County employment and housing targets for the UGAs.
- Estimates of the net costs/revenue from annexation if all vacant/underutilized land was built out.

The analysis gives estimates of likely costs and benefits of future annexations along a probable range where additional development may have occurred. These figures are not intended to supply estimates of how development may occur in these areas, or projections about future increases in housing and employment uses.

Results: Current Annexation

The following exhibits give estimates of the impact of annexing the current UGAs on the city's operating budget:

- Exhibit 15 provides a summary of the overall impacts of annexing each individual UGA into the city under current conditions.
- Exhibit 16 provides a breakdown to projected total revenues and costs for each UGA.
- Exhibit 17 presents a breakdown of the expected changes to individual categories of city revenue from annexation, by UGA.
- Exhibit 18 includes a comparable breakdown of expected changes to costs in the city budget from annexation, summed by UGA.

These calculations highlight the following:

- **From an operating budget perspective, some of the larger annexed areas will represent increases in net costs to the city.** The Canterwood and Madrona Links UGAs represent a net increase in city revenue as compared to other UGAs, owing to the much higher assessed value of residential property. Other areas, particularly larger ones like the Peacock Hill UGA, may on the other hand represent various net costs to the city over time.
- **Areas with large institutional uses may be more challenging for annexation from a fiscal perspective.** Regarding fiscal impacts, the Bujacich and Purdy areas have significant challenges. Part of the reason for this is that the assessed value of property is low, and the institutional uses sited in these areas are exempt from paying property taxes. Additionally, if these areas are annexed, police staffing may need to be increased. These factors will severely limit the city's ability to generate net positive revenue from the annexation of these areas.
- **Annexing some larger residential neighborhoods may also pose some costs.** Although there may be more opportunities for the city to potentially reduce the costs of annexing other residential neighborhoods, these annexations will present added net obligations to the city. Planning for future annexations should consider coordination or phasing given these additional financial outlays over time.
- **Several large annexations will require increases in staffing and other costs.** Aside from the net impacts of annexation, the scale of cost increases for certain larger areas highlight that the city will need to plan for increased staffing levels if these areas are brought into the city. Canterwood represents the most significant rise in costs, with an increase of over \$946,000 per year, and notable increases for the Purdy, Reid Road, and Peacock Hill UGAs. While this should not exclude consideration of these areas, it may require more planning and coordination for additional capacity than other areas that could be annexed.
- **The high dependence on property taxes may present challenges.** As most of the residential areas in this assessment are identified as having positive impacts today, there are concerns that the 1% cap on property tax levies will likely reduce revenues related to costs over time. This may be a challenge over the long term with integrating these areas, but special levies and other potential sources of revenue could make up this gap.

Exhibit 15. Projected Yearly City Operating Surplus/Deficit after Annexation, by Subarea.

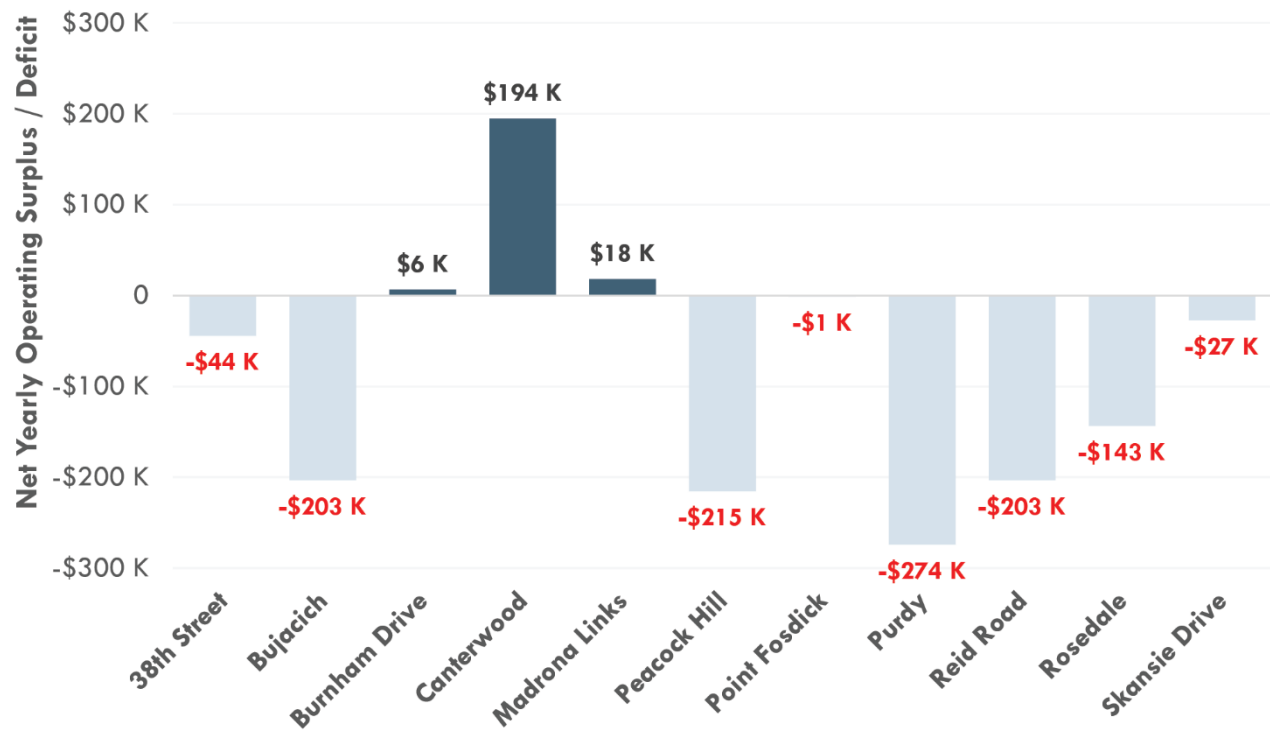


Exhibit 16. Projected Changes to City Yearly Operating Revenue and Costs after Annexation, by Subarea.

Subarea	Projected Revenue (2021 dollars)	Projected Costs (2021 dollars)	Surplus/Deficit Per Year (2021 dollars)
38th Avenue	\$116,183	\$160,531	(\$44,348)
Bujacich	\$67,124	\$270,107	(\$202,983)
Burnham Drive	\$6,543	\$104	\$6,439
Canterwood	\$1,140,423	\$946,092	\$194,330
Madrona Links	\$48,762	\$30,603	\$18,159
Peacock Hill	\$510,966	\$726,121	(\$215,155)
Point Fosdick	\$47,452	\$48,700	(\$1,248)
Purdy	\$297,771	\$571,643	(\$273,872)
Reid Road	\$576,710	\$779,658	(\$202,948)
Rosedale	\$131,441	\$274,615	(\$143,174)
Skansie Avenue	\$81,334	\$108,482	(\$27,148)
TOTAL	\$3,024,709	\$3,916,657	(\$891,948)

Sources: City of Gig Harbor, 2021; BERK, 2021

Exhibit 17. Breakdown of Projected Changes to City Revenue by Type and Subarea, Gig Harbor UGAs, 2021 dollars.

Revenue Type	38th Avenue	Bujacich	Burnham Drive	Canterwood	Madrona Links	Peacock Hill	Point Fosdick	Purdy	Reid Road	Rosedale	Skansie Avenue
Property Tax	\$73,855	\$45,739	\$255	\$844,086	\$31,146	\$281,370	\$32,415	\$99,418	\$385,821	\$81,208	\$48,059
Sales Tax	\$0	\$2,348	\$3,522	\$29,489	\$978	\$32,652	\$0	\$136,691	\$2,117	\$0	\$0
Utility Tax	\$15,532	\$15,298	\$1,313	\$96,105	\$5,836	\$71,275	\$5,275	\$29,259	\$66,220	\$17,621	\$11,673
Other Taxes	\$4,985	\$696	\$271	\$31,768	\$2,010	\$23,382	\$1,816	\$6,029	\$22,802	\$6,068	\$4,019
Intergovernmental	\$10,128	\$1,413	\$550	\$64,536	\$4,083	\$47,499	\$3,690	\$12,248	\$46,322	\$12,326	\$8,165
Charges for Services	\$9,574	\$1,336	\$520	\$61,005	\$3,859	\$44,900	\$3,488	\$11,578	\$43,787	\$11,652	\$7,718
Fines and Forfeits	\$2,108	\$294	\$114	\$13,433	\$850	\$9,887	\$768	\$2,549	\$9,642	\$2,566	\$1,700
TOTAL	\$116,183	\$67,124	\$6,543	\$1,140,423	\$48,762	\$510,966	\$47,452	\$297,771	\$576,710	\$131,441	\$81,334

Sources: City of Gig Harbor, 2021; BERK, 2021

Exhibit 18. Breakdown of Projected Changes to City Expenditures by Type and Subarea, Gig Harbor UGAs, 2021 dollars.

Expenditure Type	38th Avenue	Bujacich	Burnham Drive	Canterwood	Madrona Links	Peacock Hill	Point Fosdick	Purdy	Reid Road	Rosedale	Skansie Avenue
Non-Departmental	\$5,746	\$9,029	\$0	\$43,504	\$1,642	\$25,446	\$1,642	\$15,596	\$25,446	\$7,388	\$4,925
Legislative	\$1,803	\$414	\$104	\$11,451	\$721	\$8,435	\$652	\$2,309	\$8,185	\$2,178	\$1,443
Municipal Court	\$11,998	\$0	\$0	\$47,990	\$0	\$35,993	\$0	\$11,998	\$35,993	\$11,998	\$11,998
Administration/Buildings	\$25,517	\$0	\$0	\$141,131	\$0	\$96,082	\$0	\$25,517	\$96,082	\$25,517	\$25,517
Police	\$0	\$177,405	\$0	\$177,405	\$0	\$0	\$0	\$177,405	\$0	\$0	\$0
Community Development	\$45,060	\$15,020	\$0	\$285,382	\$15,020	\$210,282	\$15,020	\$60,080	\$210,282	\$60,080	\$30,040
Parks and Recreation	\$26,440	\$0	\$0	\$185,078	\$13,220	\$132,199	\$13,220	\$39,660	\$132,199	\$39,660	\$26,440
Streets	\$43,968	\$68,239	\$0	\$54,151	\$0	\$217,686	\$18,167	\$239,078	\$271,473	\$127,795	\$8,120
TOTAL	\$160,531	\$270,107	\$104	\$946,092	\$30,603	\$726,121	\$48,700	\$571,643	\$779,658	\$274,615	\$108,482

Sources: City of Gig Harbor, 2021; BERK, 2021

Results: Buildout

This section considers how future development may affect the fiscal impacts of annexation of the UGAs on operating budgets. While different land use and development projections are plausible, the Pierce County Buildable Lands Report gives more extensive information regarding the total potential development capacity in the UGAs under current policy.

The following assessment provides an evaluation of the additional net fiscal impacts if these areas were built out to their full development capacity according to this available information. This analysis assumes the following:

- The evaluation is based on the results from the final Buildable Lands Inventory developed by Pierce County and relies on the calculations for resulting increases to housing and employment.
- Increases in assessment values per housing unit are generally estimated based on the improvement value per unit for housing within the UGA and the improvement value per square foot for employment uses.
- Calculations of sales taxes assume that 60% of new development in Point Fosdick consists of retail uses and 40% of new development in Bujacich and Purdy consist of retail uses where sales taxes would apply.
- It is assumed that no additional police coverage would be required for these areas at buildout. Increases in staffing would reduce these net effects.

Results are provided below, with Exhibit 19 providing overall estimates of financial impacts to the city, broken down by total estimated revenues and costs (Exhibit 20), detailed revenues (Exhibit 21), and detailed costs (Exhibit 22).

This information highlights the following:

- **Annexation of areas in Bujacich and Purdy are unlikely to result in positive fiscal impacts in the future.** Given the land uses and needs for these areas, these two UGAs will not bring in sufficient revenue to cover estimated costs. For Bujacich, this is primarily due to the need for additional police coverage as well as the low taxable property value in this area. With Purdy, this is because of the potential mix of jobs in this location, lower taxable value of property, and low sales taxes from employment uses in this area.
- **Residential areas will have greater net impacts at buildout, although most of these differences appear to be minor.** For many of the residential UGAs, incorporating additional development would have largely positive effects, primarily based on the estimated increases in property tax revenue from new development. In these cases, annexation decisions would not likely be significantly impacted by the current potential for these areas to accommodate growth, which highlights that the fiscal impacts in these areas are expected to be stable over time.
- **These results can be adjusted by changes from city development regulations.** For this assessment, development capacity is based on estimates from the Buildable Lands Inventory, which relies on current county zoning regulations. If the city were to change zoning to accommodate greater population density or more development these calculations would change.

Exhibit 19. Buildout Estimate of Yearly City Operating Surplus/Deficit after Annexation, by Subarea.

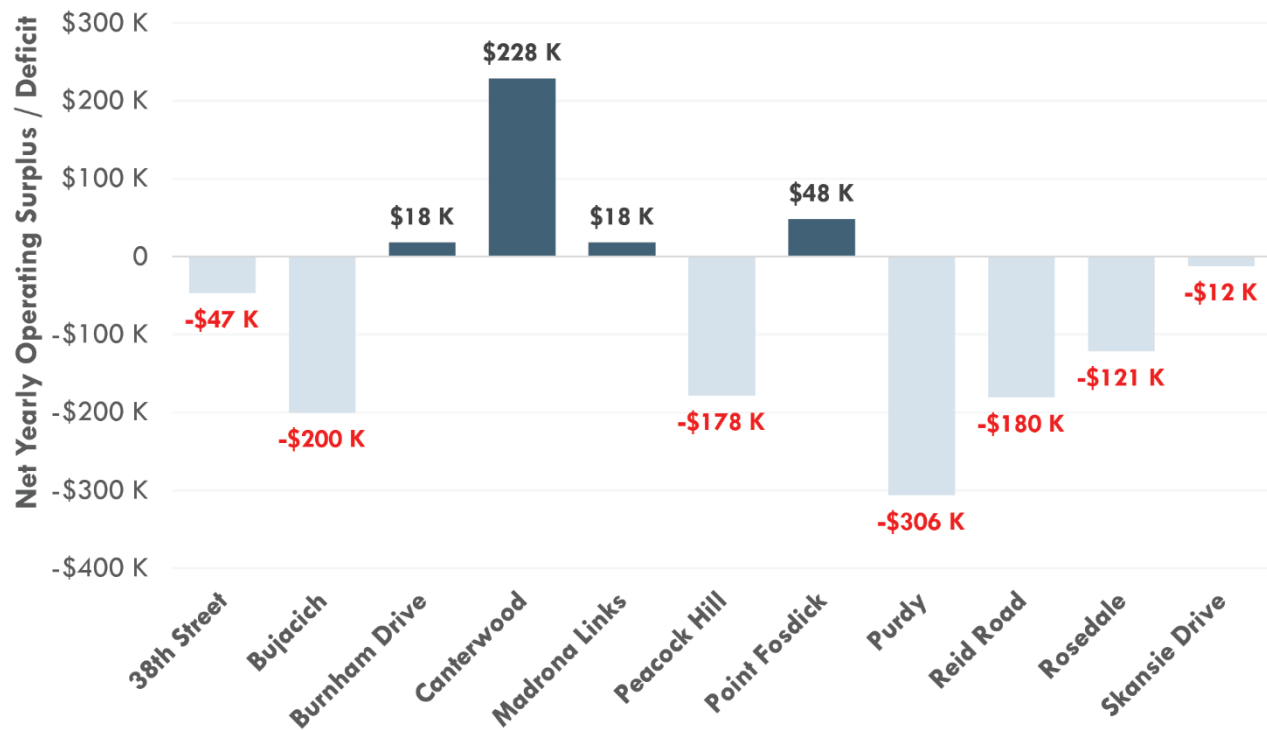


Exhibit 20. Projected Changes to City Yearly Operating Revenue and Costs after Annexation, by Subarea.

Subarea	Projected Revenue (2021 dollars)	Projected Costs (2021 dollars)	Surplus/Deficit Per Year (2021 dollars)
38th Avenue	\$143,901	\$190,803	(\$46,903)
Bujacich	\$69,748	\$270,113	(\$200,365)
Burnham Drive	\$18,092	\$266	\$17,826
Canterwood	\$1,217,240	\$988,831	\$228,409
Madrona Links	\$48,762	\$30,603	\$18,159
Peacock Hill	\$715,449	\$893,656	(\$178,207)
Point Fosdick	\$97,064	\$48,865	\$48,199
Purdy	\$588,368	\$894,568	(\$306,201)
Reid Road	\$676,699	\$857,188	(\$180,489)
Rosedale	\$277,465	\$398,798	(\$121,333)
Skansie Drive	\$142,775	\$155,071	(\$12,296)
TOTAL	\$3,995,561	\$4,728,763	(\$733,201)

Sources: City of Gig Harbor, 2021; BERK, 2021

Exhibit 21. Breakdown of Buildout Estimate for Changes to City Revenue by Type and Subarea, Gig Harbor UGAs.

Revenue Type	38th Avenue	Bujacich	Burnham Drive	Canterwood	Madrona Links	Peacock Hill	Point Fosdick	Purdy	Reid Road	Rosedale	Skansie Avenue
Property Tax	\$92,561	\$45,881	\$8,049	\$907,986	\$31,146	\$427,274	\$46,156	\$207,723	\$463,730	\$183,674	\$89,523
Sales Tax	\$0	\$4,356	\$3,522	\$29,489	\$978	\$32,652	\$27,437	\$241,679	\$2,117	\$0	\$0
Utility Tax	\$18,694	\$15,772	\$2,630	\$100,636	\$5,836	\$91,824	\$12,441	\$80,526	\$73,965	\$32,901	\$18,680
Other Taxes	\$6,074	\$696	\$724	\$33,328	\$2,010	\$30,457	\$2,052	\$10,873	\$25,469	\$11,329	\$6,432
Intergovernmental	\$12,339	\$1,413	\$1,471	\$67,706	\$4,083	\$61,874	\$4,169	\$22,089	\$51,740	\$23,015	\$13,067
Charges for Services	\$11,664	\$1,336	\$1,391	\$64,001	\$3,859	\$58,488	\$3,941	\$20,880	\$48,909	\$21,756	\$12,352
Fines and Forfeits	\$2,568	\$294	\$306	\$14,093	\$850	\$12,879	\$868	\$4,598	\$10,770	\$4,791	\$2,720
TOTAL	\$143,901	\$69,748	\$18,092	\$1,217,240	\$48,762	\$715,449	\$97,064	\$588,368	\$676,699	\$277,465	\$142,775

Sources: City of Gig Harbor, 2021; BERK, 2021

Exhibit 22. Breakdown of Buildout Estimate for Changes to City Expenditures by Type and Subarea, Gig Harbor UGAs.

Expenditure Type	38th Avenue	Bujacich	Burnham Drive	Canterwood	Madrona Links	Peacock Hill	Point Fosdick	Purdy	Reid Road	Rosedale	Skansie Avenue
Non-Departmental	\$7,388	\$9,029	\$0	\$45,146	\$1,642	\$33,654	\$1,642	\$30,371	\$28,729	\$13,133	\$7,388
Legislative	\$2,193	\$420	\$266	\$12,011	\$721	\$10,974	\$817	\$4,508	\$9,142	\$4,067	\$2,309
Municipal Court	\$11,998	\$0	\$0	\$47,990	\$0	\$47,990	\$0	\$23,995	\$35,993	\$11,998	\$11,998
Administration/Buildings	\$25,517	\$0	\$0	\$166,648	\$0	\$141,131	\$0	\$70,566	\$141,131	\$70,566	\$25,517
Police	\$0	\$177,405	\$0	\$177,405	\$0	\$0	\$0	\$354,810	\$0	\$0	\$0
Community Development	\$60,080	\$15,020	\$0	\$300,402	\$15,020	\$270,362	\$15,020	\$105,141	\$225,302	\$105,141	\$60,080
Parks and Recreation	\$39,660	\$0	\$0	\$185,078	\$13,220	\$171,858	\$13,220	\$66,099	\$145,418	\$66,099	\$39,660
Streets	\$43,968	\$68,239	\$0	\$54,151	\$0	\$217,686	\$18,167	\$239,078	\$271,473	\$127,795	\$8,120
TOTAL	\$190,803	\$270,113	\$266	\$988,831	\$30,603	\$893,656	\$48,865	\$894,568	\$857,188	\$398,798	\$155,071

Sources: City of Gig Harbor, 2021; BERK, 2021

Sewer Fees

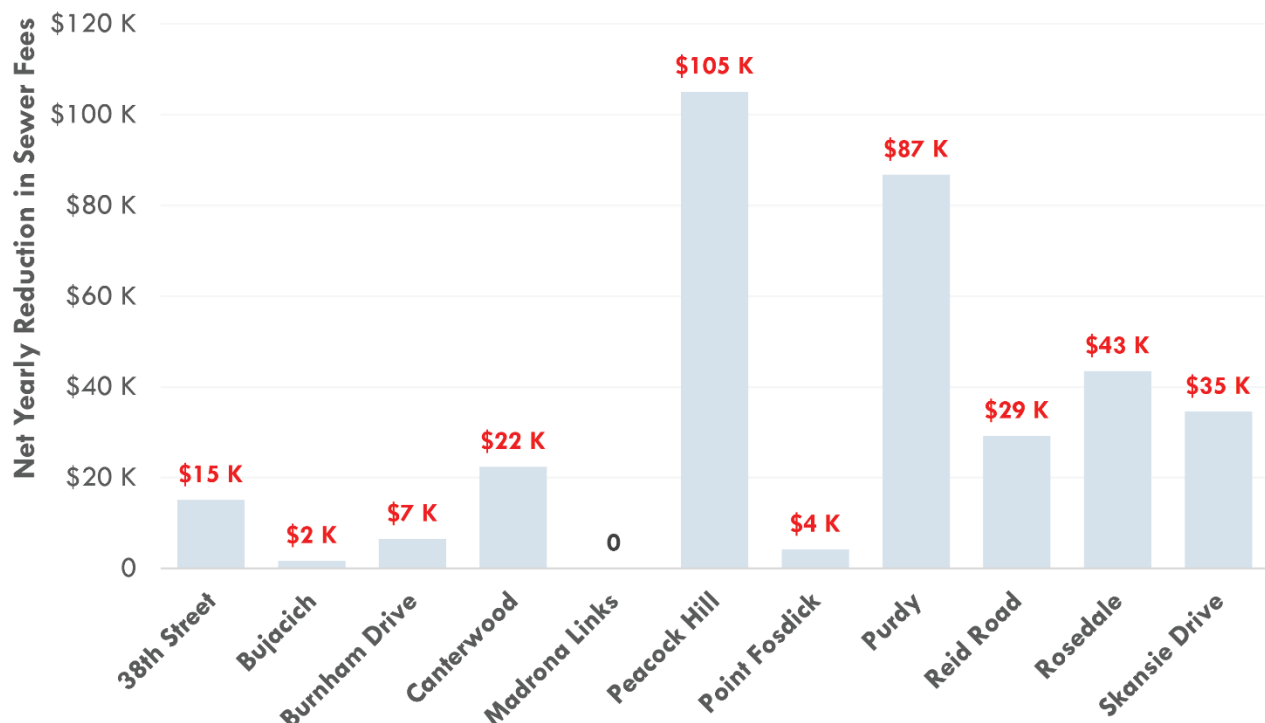
Aside from the impact annexation would have on overall operating costs, the city budgets would be affected by changes in sewer service fees. Customers in the UGA pay higher rates than those in the incorporated area. In concept, this supports system maintenance and operations that would otherwise be funded by general city funds.

Sewer service fees in annexed areas are not subject to the same limitations as property and sales taxes, making their impacts more volatile. Additionally, if the city wants to reduce the impact of annexation on these fees, they may be adjusted to raise additional revenue. A high-level analysis is provided below, but a more detailed assessment would be necessary for individual areas to be annexed.

From a current survey of the UGAs coordinated by the Public Works Department, the current revenue collected from all UGAs amounts to \$630,630 annually. Under current rates, this would be reduced by one-third if these areas were included in the city, resulting in a **net loss of \$210,210 per year** if all UGAs were incorporated. This varies by UGA and may change based on future updates to rates.

For potential future development under current zoning, the effects of incorporating the UGAs into city limits under the current rate structure are provided in Exhibit 23. Including all UGAs into the city would result in an additional reduction of about \$348,620 at buildout from possible future sewer accounts based on current rates. This would be highest for Peacock Hill (a potential loss of \$105,040 per year at full buildout) and Purdy (a loss of \$86,700). Note that areas that are currently built out, like Madrona Links, will not have any additional costs.

Exhibit 23. Reductions in Potential Sewer Fees from Incorporation at Current Rates, by Subarea.



Sources: City of Gig Harbor, 2021; BERK, 2021

Capital and Infrastructure Investment

This section provides a high-level inventory of capital and infrastructure investments necessary for the UGAs. Although operating costs are possible to project based on estimates from current budgets, the capital expenditures needed for these areas, both in the short and long term, are harder to evaluate. The city should pursue follow-up studies prior to annexation to provide more information about the nature of these costs.

Based on available sources, the following capital investments may be required for the individual UGAs:

38th Avenue

- This area may require more investment in sewer and stormwater infrastructure to address drain fields and on-site septic concerns.

Canterwood

- Surface water may need to be managed with education and outreach, given the presence of the golf course.
- Additional capital investment in stormwater management and sewer servicing may be required but the costs of these improvements are not currently known. Further engineering studies will be required to understand these costs.
- The [2016 Parks, Recreation, and Open Space \(PROS\) Plan](#) recommends that land be purchased for a city park in this UGA. Note that there are existing private open space and recreational uses in this area.

Madrona Links

- Surface water may need to be managed with education and outreach, given the presence of the golf course.
- Additional capital investment in stormwater management may be required but is not currently known.

Peacock Hill

- Although there is a force main located along Peacock Hill Drive, many of the properties currently rely on on-site septic for wastewater. This may require more investment, and further servicing studies will be required to understand the full nature of these costs.

Purdy

- Significant drainage issues in this area would require new stormwater infrastructure.
- Existing sewer servicing and fire flow issues would limit additional development in this area and would need to be addressed if future growth were coordinated for this area. This may involve substantial new infrastructure investment.
- Management and cleanup of sites in this area, especially those with potential discharges into Henderson Bay, would be needed for new development to proceed in many locations.
- The Pierce County Transportation Improvement Program does note the need for road improvements on 38th Ave NW from 36th St NW to the city limits.

Reid Road

- Although there is a force main servicing part of this area, extensions to sewer infrastructure will be required, potentially including additional sewer lift and pump stations.

Rosedale

- This area may require more investment in sewer and stormwater infrastructure to address drain fields and on-site septic concerns.

Skansie Avenue

- More investment may be needed to extend sewer services to these areas, especially if more dense infill development over the long term would be desirable.

Other needs include the following:

- **Management of riparian areas and surface water quality.** The UGAs include more of the McCormick Creek, Goodnough Creek, Purdy Creek, and Soundview basins, which will require management of riparian habitat for water quality and storm water management.
- **Fish passage barriers.** As McCormick Creek is fish-bearing, there may be concerns about fish passage barriers along its run. The required timeframe for these replacements is not known.
- **Parks.** Aside from larger facilities such as designated golf courses (public and private) and McCormick Forest Park, there are no local parks found in the UGAs. While an update to the PROS plan is expected, the desired 2030 levels of service under the 2016 PROS would suggest that an additional 81.6 acres would be required for the UGAs at present, with up to 102 acres required at build-out. This would include about 36 acres of new neighborhood parks, as well as 37 acres of natural areas and 21 acres of open space. This would likely require some investment in most UGAs to try to secure land for parks and open space. However, final costs will be dependent on the updated PROS plan and the corresponding levels of service included.

Other Considerations

Aside from these elements of revenue and cost, other considerations with annexation include the following:

- **Shoreline protection.** While the Reid Road UGA is covered under the city's Shoreline Master Program (SMP), the Purdy UGA is not included. Annexation of this area would allow the city to incorporate this area into water and shoreline protection efforts.
- **Tree canopy protections and landscaping.** Incorporating the UGAs into the city will allow future development in these areas to be managed under [Chapter 17.78](#) GHMC for protection of significant trees and existing native vegetation, and requirements for planting and landscaping. This may provide additional protection beyond what is required by the County under [PCC 18J.15.030](#).
- **Police response times.** For residents of UGAs that are dependent on the Pierce County Sheriff for emergency response, response times may be significantly higher. Annexation can provide these areas with better coverage and faster response times from the Gig Harbor Police Department.

Recommendations

Major Considerations

There are three broad considerations for future actions by the city with respect to annexation:

- There should be **consensus about annexation** among UGA residents, landowners, and businesses. Additionally, other governments affected like Pierce County and Special Districts (e.g., PenMet) should also largely approve. While methods like direct petitions and interlocal agreements outline how the public and impacted members of the community can participate in the process, the city should ensure that all involved parties are properly considered. These considerations can help the process reflect the intent of the stakeholders involved and can reduce the chance that an annexation would be challenged through BRB review.
- **Annexations should benefit citizens, businesses, and landowners** in both the city and the UGAs in the long term. While the direct financial expenses incurred by the city and other parties are important, other policy considerations and advantages should be examined as well. While annexing certain areas may result in a net cost to the city, other areas may provide a net benefit to the community when annexed, such as the ability to encourage new construction aligned with Gig Harbor zoning and development regulations. However, the city should not be forced to engage with a process that would have a net negative impact on stakeholders while giving no evident benefit.
- **Annexations should be appropriately designed** to allow an area to be integrated effectively with the city. Locations which have strong existing connections to the city should be preferred for annexation. For areas that would require significant planning or would bring in a dramatic increase in population, annexations may need be phased to allow the city to evaluate the effects over time and coordinate the ability to meet the needs of new areas.

Note that other considerations often applied to Urban Growth Areas, such as identifying future developable lands to meet long-term growth targets or long-term phasing of extensions to infrastructure, are largely not applicable to Gig Harbor given the local context.

Guidelines for Annexations

Based on these high-level considerations, the criteria below should be used to evaluate annexation proposals and comparable actions in Gig Harbor. Note that these guidelines do not provide hard thresholds for the individual parameters outlined, as many of these elements are qualitative and may require tradeoffs between different elements. Instead, these questions provide an overall framework for evaluating individual applications.

The guidelines include the following:

1. **Is the annexation proposal consistent with the city's Comprehensive Plan and other existing policy?** Any annexation proposal to be approved by Council must be compliant with the Comprehensive Plan and cannot be adopted if it does not align with existing policies. While the annexation of areas themselves would be allowed under the Comprehensive Plan, note that this may be relevant for reviewing a proposed zoning ordinance submitted as part of a petition, as it would need to be compliant with the Land Use Map in the Plan.

2. **Is the annexation proposal generally supported by those that could be impacted?** Although many methods require the consent of landowners in the annexed area, proposed annexations should generally be supported by residents and local businesses and should not unduly impact surrounding neighbors. Additionally, proposals should not generally receive strong objections from Pierce County. If there may be significant opposition to an annexation in any way, even if the method may not require public engagement or resident approval, the proposed annexation may require reasonable adjustments, mitigation, or other conditions to address any potential concerns expressed.
3. **Does the proposal provide a net positive fiscal impact to the city?** An assessment of the fiscal impacts of an annexation proposal should include estimates of changes to the following:
- Revenue (including taxes and state-shared revenues)
 - Yearly operating costs
 - Preservation and rehabilitation of existing infrastructure needed
 - Expected new capital facilities and infrastructure needed

Generally, an annexation should result in minimal negative impacts to the city's budget. If there are cases where an annexation may result in a sizable net cost, especially over the short term, this may be balanced with other criteria related to public benefits. Significant required infrastructure investments may also be addressed through joint coordination and planning with Pierce County.

4. **Would the proposal result in a significant increase of land, development, and population?** Aside from major annexations in the mid- to late-1990s, individual annexations in Gig Harbor have generally been no larger than 300–400 acres and accommodated no more than around 100–150 existing housing units. While areas smaller than this could likely be annexed without significant impacts to capacity, larger annexations should be phased over time to ensure that local service capacity can be scaled up appropriately.
5. **Is the annexed area defined to reduce the number of annexations by the city?** While guideline 4 recommends that larger parcels be divided for the purposes of a phased annexation, several smaller annexations may also be challenging due to the increased staff time required for processing. Where possible, annexations should be large enough to minimize these costs by taking up a significant portion of a UGA.
6. **Does this proposal keep or create logical boundaries for the city?** Annexations should be favored if they will result in more regular city boundaries. As the statute requires almost all annexations to share a boundary with the city, this would include:
- eliminating islands or pockets of unincorporated territory.
 - minimizing spurs and notches into unincorporated Pierce County, especially those that would create islands or pockets.
 - keeping tax parcels completely within an annexation area.
 - reducing street segments that would be divided between city and county management
 - minimizing conditions where city lands can only be accessed via county roads.
 - acknowledging perceived neighborhood boundaries and streets, landscape features, and other elements that would form expected local boundaries.

- extending current neighborhoods or linking new neighborhoods that are adjacent to existing areas of the city.
 - reducing confusion with identifying city versus county territory.
7. **Is this area currently or likely to be developed to urban densities?** Annexations should prioritize areas that are currently built out, or with significant supplies of vacant land that would allow for the area to accommodate urban densities. Areas that do not include significant urban development and are unlikely to be developed further are not desirable for annexation.
8. **Could city planning and zoning increase the density or otherwise improve the quality of future development?** In cases where the city may be reviewing locations with development (or even redevelopment/infill) opportunities, the potential for new development projects to benefit from city zoning should be recognized, especially if it would lead to more compact and efficient development patterns.
9. **Would city policy and planning result in better environmental protection and management for annexed areas?** In addition to supporting improved development, annexations may provide an opportunity to manage certain areas more effectively under city programs, plans, and statutes. This may include management of shoreline, riparian and wetland areas, other critical areas, and tree canopy.
10. **Are there any other public benefits or concerns that would be associated with annexation?** There are no standards that can completely define all the questions that may arise during a review. Other major public benefits (e.g., opportunities for parks and other public amenities), as well as additional expenses or obstacles to future development and servicing, may arise as part of an annexation review. The levels and importance of these prospective benefits and costs should be assessed on a case-by-case basis.

Proposed Strategic Approach

Classifying UGAs

Considering the current and future characteristics of the Gig Harbor UGAs outlined in this report, managing these areas over the long term (around a 20-year planning horizon) may be categorized in one of five ways based on the expected approach to be used. A map defining the boundaries of these areas is included in Exhibit 24.

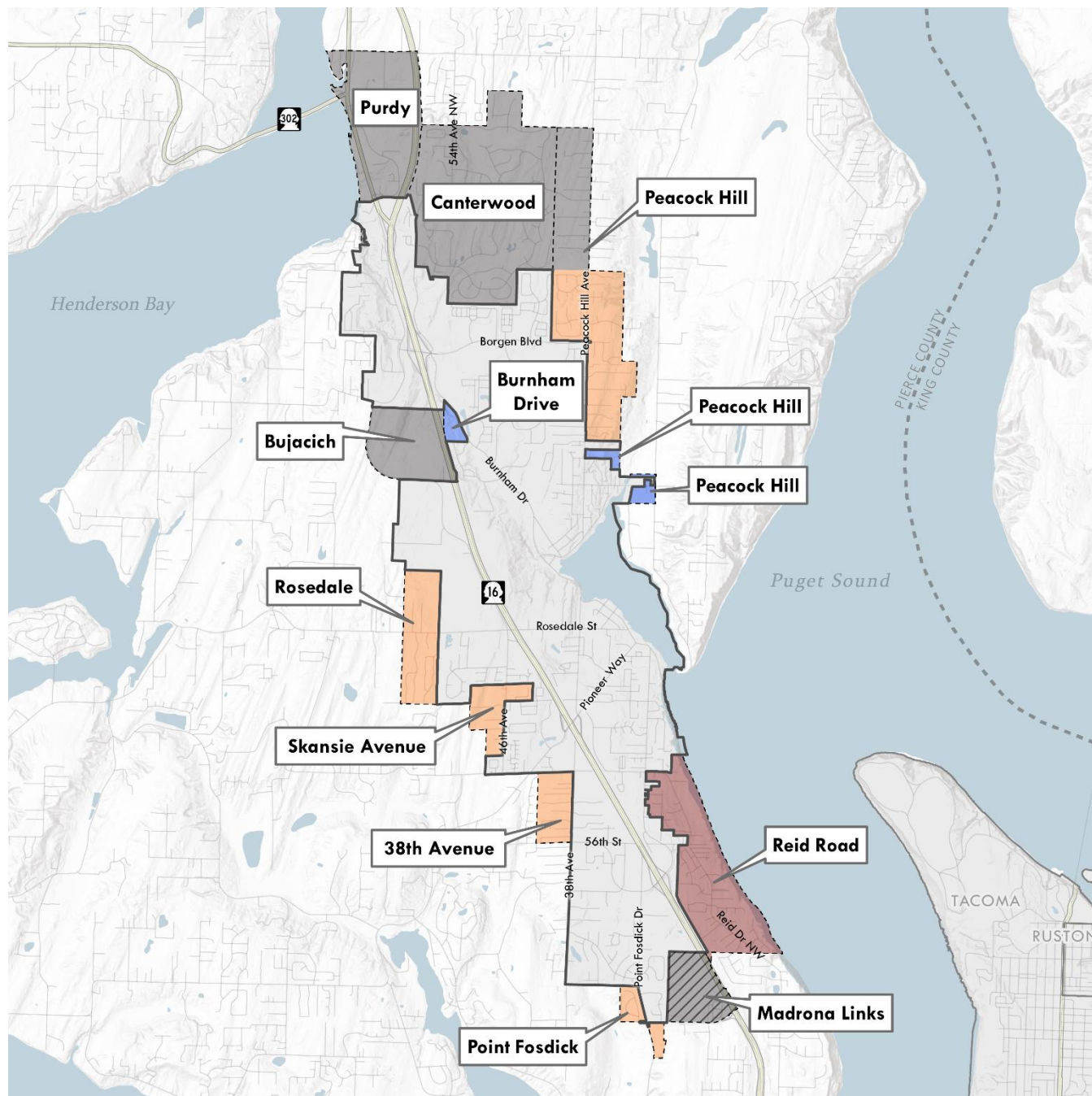
These categories of areas include the following:

1. **City-led potential annexation areas.** In specific cases, there may be a city interest in leading annexation, primarily to keep logical city boundaries that do not complicate service delivery. This should rely on the abbreviated methods for either direct petitions or interlocal agreements to streamline this process.¹⁴
2. **Local-led potential annexation areas.** It would be desirable to annex some smaller UGAs or portions of larger UGAs. In addition, given the size of these areas, annexation would not require extensive planning and coordination. The city should encourage property owners, residents, businesses (if applicable), and local organizations to follow one of the direct petition methods (preferably the alternative direct petition method for residential areas) to begin annexation.
3. **Phased potential annexation areas.** Annexations of larger UGAs would require more planning and potentially the phasing of annexations over time. These include the Canterwood and Reid Road UGAs as well as most of the Peacock Hill UGA. Relying on an interlocal agreement with Pierce County, which would involve consultation with these areas, proposed zoning regulations, and potential Comprehensive Plan Amendments, may present a more consistent and forward-thinking approach to managing annexation.
4. **Long-term management areas.** There may be no strong rationale for annexing part or all of certain UGAs in the short- or long-term. However, urban sewer servicing would still be required. These areas may be retained as UGAs, but the city would not pursue or encourage annexation.

In addition, the Madrona Links UGA, included as a long-term management area, should be removed from the City's UGAs.

¹⁴ Please refer to [RCW 35A.14.295](#) for the streamlined petition method, and [RCW 35A.14.460](#) for the streamlined interlocal agreement approach.

Exhibit 24. Recommended Strategic Areas by Priority for Urban Growth Area Management.



Legend

- City UGAs
- Cities
- Counties
- Water
- Highways
- Public Streets

Strategic Areas by Priority

- 1. City-led potential annexation areas (short-term)
- 2. Local-led potential annexation areas (medium-term)
- 3. Phased potential annexation areas (medium- to long-term)
- 4. Long-term management areas (long-term)
- Areas to be removed



Map Date: March 2023

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Short-Term Direction

Although the consent of residents and owners should be required as part of this process, the city should generally commit to promoting annexation of these areas (excluding the long-term management areas) over a 20-year timeframe. This would include:

- Directed engagement and outreach with residents and landowners as well as potential negotiation for an interlocal agreement with Pierce County for **city-led potential annexation areas**.
- Establishment of ongoing outreach and information distribution to residents and landowners in **local-led potential annexation areas** to encourage local petitions for annexation to be submitted to the Council.
- Coordination with local neighborhood associations and Pierce County on developing interlocal agreements for **phased potential annexations areas** using a staged approach. This should involve the Reid Road and the Canterwood/Peacock Hill UGAs in sequence, based on Council priorities and expectations about required infrastructure planning.
- Ongoing sewer infrastructure management and servicing in the **long-term management areas**, as discussed in current policy approaches.
- Additionally, the City should plan to **remove the Madrona Links UGA designation**. While trends in demand could change the operations of the Madrona Links Golf Course and potentially even open up the site for redevelopment, the Peninsula Metropolitan Parks District currently runs this site and has not given an indication that this site would be sold for new development. Given the challenges associated with servicing the residential development on the other site of the UGA, there would be no reason for the City to take over management of the area.

These considerations should be clearly defined as part of the updated Comprehensive Plan scheduled for 2024, incorporated as part of the city's Land Use Element policies.

Long-Term Strategic Considerations

Over time, new situations may change the conditions in the UGAs and require a realignment of the city's approaches with respect to future annexations. These would have to be evaluated through regular reviews over time.

Potential future adjustments to this strategy may include the following:

- **Long-term investment in stormwater infrastructure in the Purdy UGA.** Existing drainage and stormwater infrastructure in the Purdy region would not be sufficient to support additional growth, and the city would be forced to make considerable investments to address these needs for new development to occur in these areas. However, if new infrastructure were to be developed in these places through other sources of funding, the area's long-term development potential might be reconsidered.
- **Annexation of areas remaining over the long term.** Owners and residents may not petition for annexation, possibly due to a lack of interest. If community-led annexation areas are remaining in the UGAs after a 10- to 15-year period, the city should look to examine whether a city-led solution

in these areas is desirable or if these areas should be maintained as long-term management areas with no future intention for annexation.

Other Recommendations

Aside from recommendations about how areas should be annexed into Gig Harbor, there are other actions that should be considered in long-range management for these areas. These steps would not be required for annexation, but they may improve overall coordination of future policies, plans, and services.

These recommendations include the following:

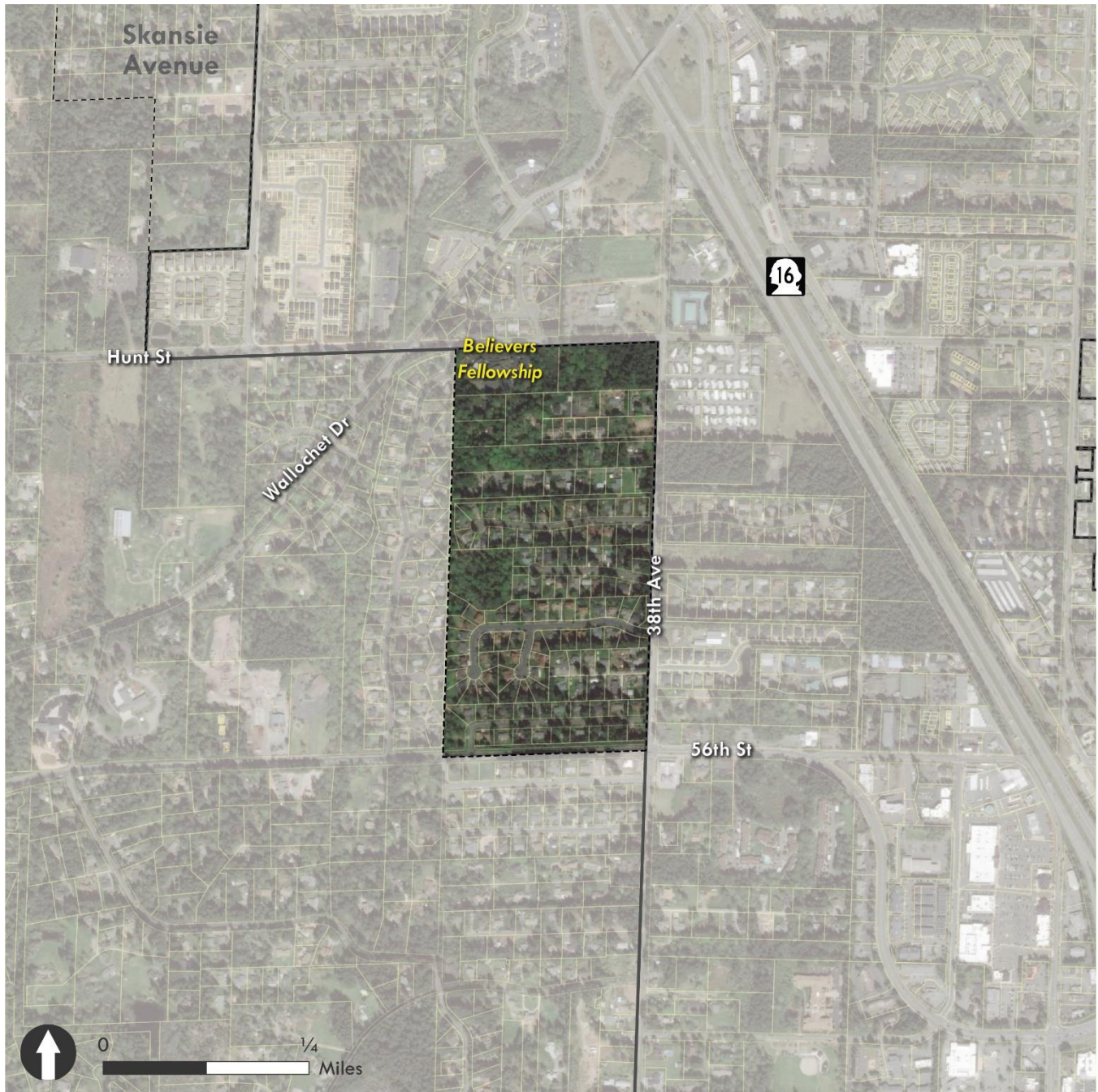
- **Further engineering studies will be necessary to provide an understanding of servicing costs.** Although this study presents a picture of the costs involved with annexation, detailed costing of long-term infrastructure investments is not explored in this work. Detailed engineering design studies would be necessary to identify more specific costs and provide clear estimates of the capital investments needed in these areas if annexations were to move forward.
- **Any phasing should consider boundaries of existing communities.** Under the proposed approach for using interlocal agreements for the Reid Road and the Canterwood/Peacock Hill UGAs, any phasing should respect the boundaries of existing communities wherever possible. For example, phased annexations in Canterwood should annex the entire planned community at once and integrate other areas separately if necessary. This can reduce friction and improve clarity on jurisdiction within these neighborhoods.
- **Include updated UGA policies in the Comprehensive Plan.** Policies regarding the integration of UGAs into the city should be included in the 2024 updates to the Comprehensive Plan. While the guidelines are provided to the Council as a framework to evaluate individual proposals, clarifying the city's intentions for these areas can reduce confusion and concern among potentially impacted residents, businesses, and landowners.
- **Coordinate integration of private water providers into the city system.** Under Goal 2.4.2(c) of the Comprehensive Plan, the city is expected to coordinate with other agencies and water purveyors to consolidate small water systems into the overall municipal system to ensure efficient and high-quality service delivery. Although smaller water systems may continue to be licensed in the short term, this annexation strategy should provide a plan to integrate potable water services.
- **Maintain a process to provide a regular review of impacts of annexations on the city.** City officials should produce a regular update one year after an annexation has occurred to identify actual impacts to the city and any concerns with variances from the anticipated impacts to ensure the city's annexation strategy is delivering the expected outcomes. This evaluation will assist the city in improving its annexation management strategy so that the final processes are appropriate for the community and do not create capacity issues or other challenges.

Appendix: Area Summaries

This Appendix provides a detailed assessment by individual UGA, which includes:

- A summary of the individual UGA, including key statistics on size, assessed value, and existing development, as well as the recommended strategic designation.
- Current Pierce County zoning active for the area.
- Statistics on buildable lands in the individual UGA, including summations of vacant and underutilized land, as well as estimates of the additional housing and employment that could be accommodated in this area.
- Fiscal impacts, both under current development and at buildout.
- A high-level assessment of capital costs that would be required for this area.

38th Avenue



Legend

- City UGAs
- Cities
- Parcels



Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	78.1 acres
Land area (net)	69.4 acres
2021 assessed value	\$71,069,200
Housing units	129

Non-residential

Community/Institutional	21,749 sf
-------------------------	-----------

The 38th Avenue UGA located to the southwest of the city and is about 78 total acres. The area is largely developed with single-family homes and a church. There may be stormwater and septic concerns in this area related to current development.

Recommended Designation

2. Local-led potential annexation area. Annexation of this area would likely be straightforward, potentially providing minimal impacts to the city but not requiring significant planning to complete. A local petition should provide evidence of local support.

Current Zoning

Zone	Net Acres
Single Family	69.4
Total	69.4

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 60 housing units could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Single Family	3.0	0.1	14.5

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$73,855	\$92,561
Sales Tax	\$0	\$0
Utility Tax	\$15,532	\$18,694
Other Taxes	\$4,985	\$6,074
Intergovernmental	\$10,128	\$12,339
Charges for Services	\$9,574	\$11,664
Fines and Forfeits	\$2,108	\$2,568
TOTAL	\$116,183	\$143,901
Operating Costs		
Non-Departmental	\$5,746	\$7,388
Legislative	\$1,803	\$2,193
Municipal Court	\$11,998	\$11,998
Administration/Buildings	\$25,517	\$25,517
Police	\$0	\$0
Community Development	\$45,060	\$60,080
Parks and Recreation	\$26,440	\$39,660
Streets	\$43,968	\$43,968
TOTAL	\$160,531	\$190,803
TOTAL IMPACT	(\$44,348)	(\$46,903)

Expected Capital Costs

- This area may require additional investment in sewer and stormwater infrastructure to address drain fields and on-site septic concerns. Further servicing studies will be required to understand the full nature of these costs.

Bujacich



Legend

- City UGAs
- Cities
- Parcels



Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	175.4 acres
Land area (net)	150.0 acres
2021 assessed value	\$44,013,300
Housing units	18

Non-residential

Community/Institutional	325,494 sf
Warehousing	2,400 sf

This area is about 176 acres, with most of the UGA incorporating the Washington Corrections Center for Women (operated by the state), and McCormick Forest Park (managed by PenMet). The primary reason for including this area in the UGA is to allow for servicing of the Corrections Center, although there are some minor commercial uses close to Bujacich Rd and 54th Ave. The area is largely built out, however, with few opportunities to accommodate additional growth.

Recommended Designation

4. Long-term management area. There are minimal benefits to annexation of this area by the city, and higher costs of annexation are associated with the need for increased coverage from the police department associated with the prison. As a result, the area should largely be maintained in the UGA to continue to provide sewer servicing.

Current Zoning

Zone	Net Acres
Single Family	69.4
Total	69.4

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 9 jobs could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Community Employment	0.4	-	0.8

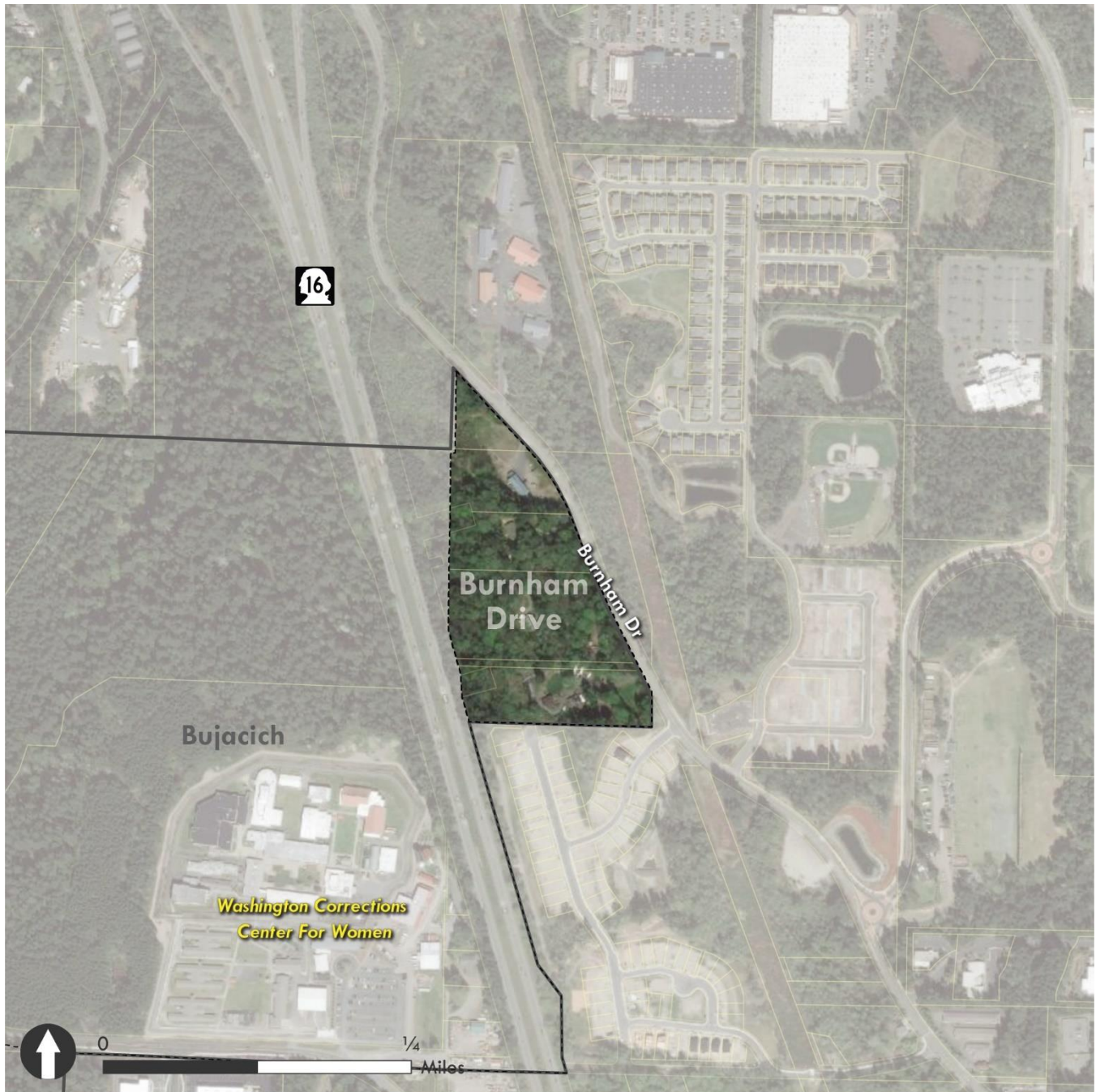
Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$45,739	\$45,881
Sales Tax	\$2,348	\$4,356
Utility Tax	\$15,298	\$15,772
Other Taxes	\$696	\$696
Intergovernmental	\$1,413	\$1,413
Charges for Services	\$1,336	\$1,336
Fines and Forfeits	\$294	\$294
TOTAL	\$67,124	\$69,748
Operating Costs		
Non-Departmental	\$9,029	\$9,029
Legislative	\$414	\$420
Municipal Court	\$0	\$0
Administration/Buildings	\$0	\$0
Police	\$177,405	\$177,405
Community Development	\$15,020	\$15,020
Parks and Recreation	\$0	\$0
Streets	\$68,239	\$68,239
TOTAL	\$270,107	\$270,113
TOTAL IMPACT	(\$202,983)	(\$200,365)

Expected Capital Costs

No additional capital costs are expected.

Burnham Drive



Legend

- City UGAs
- Cities
- Parcels



Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	18.3 acres
Land area (net)	17.6 acres
2021 assessed value	\$244,900
Housing units	7

Non-residential

Other Services	3,600 sf
----------------	----------

The Burnham Drive UGA is the smallest of the UGAs surrounding Gig Harbor. It includes about 18 acres across five parcels and includes an auto repair garage and some single-family housing. Note that this unincorporated area is largely surrounded by the city and has no access points managed by the county.

Recommended Strategic Designation

1. City-led potential annexation area. The small area of this UGA and the configuration of its boundaries suggests that a streamlined process could be faster and more efficient, especially if led by the city. Incorporating this area will also reduce the need for the County to manage an area effectively surrounded by the city.

Current Zoning

Zone	Net Acres
Community Employment	3.4
Park & Recreation	79.1
Public Institutional	67.4
Total	150.0

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 25 housing units could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Moderate Density Single Family	-	-	13.0

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$255	\$8,049
Sales Tax	\$3,522	\$3,522
Utility Tax	\$1,313	\$2,630
Other Taxes	\$271	\$724
Intergovernmental	\$550	\$1,471
Charges for Services	\$520	\$1,391
Fines and Forfeits	\$114	\$306
TOTAL	\$6,543	\$18,092
Operating Costs		
Non-Departmental	\$0	\$0
Legislative	\$104	\$266
Municipal Court	\$0	\$0
Administration/Buildings	\$0	\$0
Police	\$0	\$0
Community Development	\$0	\$0
Parks and Recreation	\$0	\$0
Streets	\$0	\$0
TOTAL	\$104	\$266
TOTAL IMPACT	\$6,439	\$17,826

Expected Capital Costs

No additional capital costs are expected.

Canterwood



Legend

- City UGAs
- Cities
- Parcels

BERK
Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	753.2 acres
Land area (net)	679.4 acres
2021 assessed value	\$812,245,700
Housing units	822

Non-residential

Community/Institutional	14,039 sf
Office	24,354 sf

The Canterwood UGA includes about 753 total acres, with most of the area consisting of a master-planned community anchored by the Canterwood Golf & Country Club. This area represents the largest UGA, both in terms of area and number of housing units. The master-planned community is built out, although is a small amount of vacant land in the areas outside of the community. There is an existing security service for the planned community, but additional police coverage would still be required for responses to calls, coordination with local security, and coverage for other areas in the UGA.

Recommended Strategic Designation

3. Phased potential annexation area. Given the potential need for a phased annexation, as well as additional planning, outreach, and coordination, an interlocal agreement with Pierce County may provide the best framework for managing the annexation of this UGA. This should be coordinated with planning for the annexation of the Peacock Hill UGA, given the connections between the two areas.

Current Zoning

Zone	Net Acres
Master Planned Community	570.2
Single Family	109.2
Total	679.4

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 86 housing units could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Master Planned Community	-	0.9	-
Single Family	14.8	5.4	7.5

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$844,086	\$907,986
Sales Tax	\$29,489	\$29,489
Utility Tax	\$96,105	\$100,636
Other Taxes	\$31,768	\$33,328
Intergovernmental	\$64,536	\$67,706
Charges for Services	\$61,005	\$64,001
Fines and Forfeits	\$13,433	\$14,093
TOTAL	\$1,140,423	\$1,217,240
Operating Costs		
Non-Departmental	\$43,504	\$45,146
Legislative	\$11,451	\$12,011
Municipal Court	\$47,990	\$47,990
Administration/Buildings	\$141,131	\$166,648
Police	\$177,405	\$177,405
Community Development	\$285,382	\$300,402
Parks and Recreation	\$185,078	\$185,078
Streets	\$54,151	\$54,151
TOTAL	\$946,092	\$988,831
TOTAL IMPACT	\$194,330	\$228,409

Expected Capital Costs

- There may be requirements to manage surface water quality issues with education and outreach, given the presence of the golf course.
- Additional capital investment in stormwater management and sewer servicing may be required but is not currently known. Additional studies will be required to understand the full nature of these costs.
- The [2016 Parks, Recreation, and Open Space \(PROS\) Plan](#) recommends that land be purchased for a city park in this UGA.

Madrona Links



Legend

- City UGAs
- Cities
- Parcels

Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	119.3 acres
Land area (net)	105.2 acres
2021 assessed value	\$29,971,200
Housing units	52

Non-residential

(none)

The Madrona Links UGA includes a total of about 119 acres, with 95 acres consisting of the Madrona Links public golf course run by PenMet. The southeast corner of the UGA includes 55 townhomes adjacent to the golf course. This area is completely built out, with no developable sites in the UGA.

Recommended Strategic Designation

4. Long-term management area (remove from UGA). While the area does present a net positive fiscal impact, the residential community in Madrona Links is buffered from the rest of the city, and management of Madrona Links would need to be negotiated with PenMet. As such, there may be no other compelling reasons to encourage annexation. Note that this may change based on future conditions, such as if the Madrona Links golf course would be redeveloped for other uses, but there is no indication that this is included in long-term planning for the site by PenMet.

Current Zoning

Zone	Net Acres
Park & Recreation	77.6
Single Family	27.6
Total	105.2

Buildable Land

Current estimates of available buildable lands suggest that under current zoning no additional development could be accommodated in the UGA.

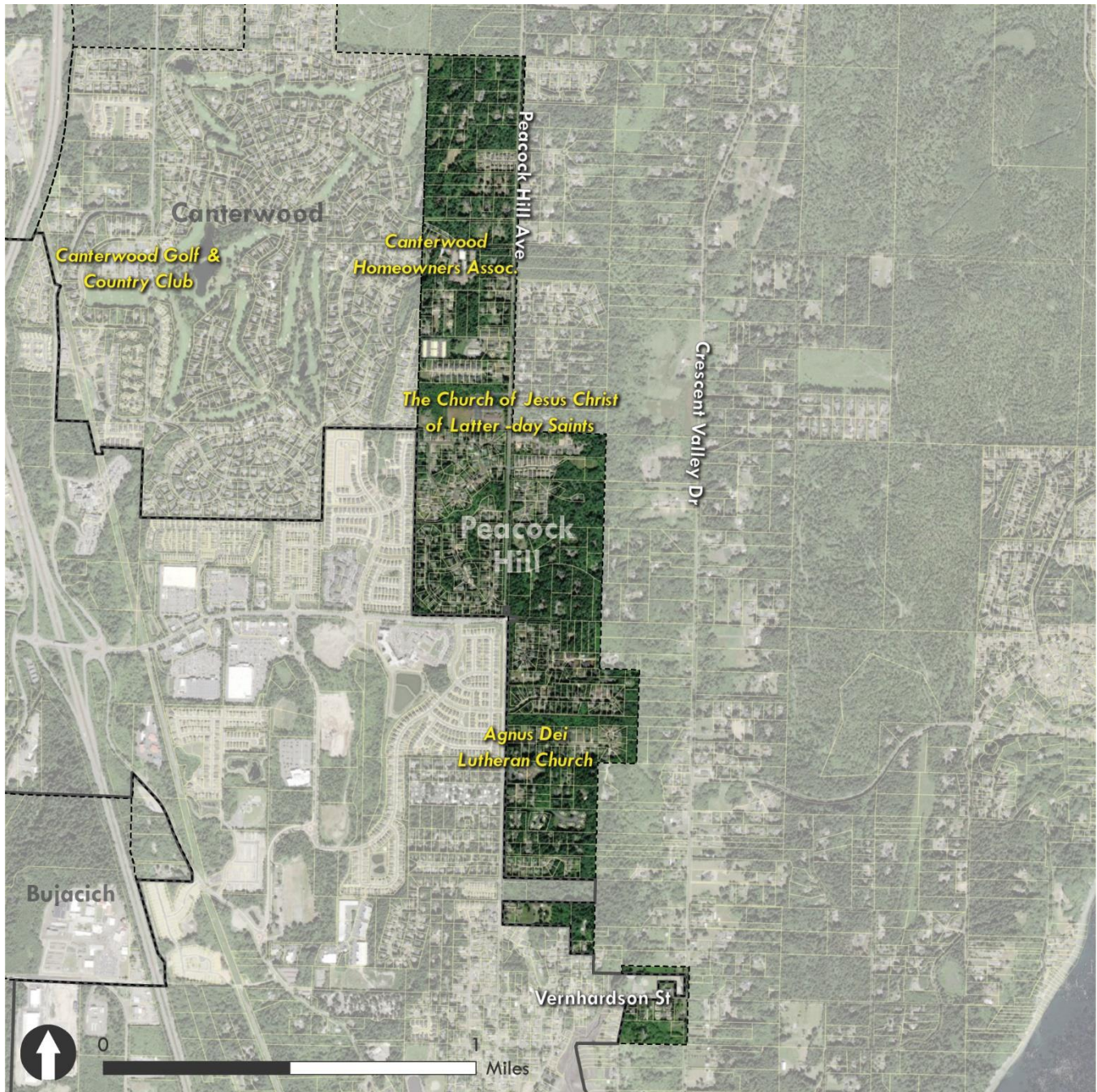
Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$31,146	\$31,146
Sales Tax	\$978	\$978
Utility Tax	\$5,836	\$5,836
Other Taxes	\$2,010	\$2,010
Intergovernmental	\$4,083	\$4,083
Charges for Services	\$3,859	\$3,859
Fines and Forfeits	\$850	\$850
TOTAL	\$48,762	\$48,762
Operating Costs		
Non-Departmental	\$1,642	\$1,642
Legislative	\$721	\$721
Municipal Court	\$0	\$0
Administration/Buildings	\$0	\$0
Police	\$0	\$0
Community Development	\$15,020	\$15,020
Parks and Recreation	\$13,220	\$13,220
Streets	\$0	\$0
TOTAL	\$30,603	\$30,603
TOTAL IMPACT	\$18,159	\$18,159

Expected Capital Costs

- There may be requirements to manage surface water quality issues with education and outreach, given the presence of the golf course.
- Additional capital investment in stormwater management may be required but is not currently known; further studies will be required to understand the full nature of these costs.

Peacock Hill



Legend

- City UGAs
- Cities
- Parcels



Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	483.3 acres
Land area (net)	435.4 acres
2021 assessed value	\$270,756,500
Housing units	605

Non-residential

Community/Institutional	40,472 sf
Warehousing	32,847 sf

The Peacock Hill UGA is located to the northeast of the city, and includes two smaller disconnected portions to the south close the Vernhardson St. This area is about 483 acres and includes two churches, the Canterwood Homeowners Association facilities, and largely residential development in other locations. This area also includes a considerable amount of vacant and underutilized land that could be used for future development.

Recommended Strategic Designation

4. Long-term management area / 2. Local-led potential annexation area / 1. City-led annexation area. Given the potential need for a phased annexation, as well as additional planning, outreach, and coordination, an interlocal agreement with Pierce County may provide the best framework for managing the annexation of this UGA. This should be done in conjunction with the Canterwood UGA as well, given the integration between these two areas.

Note that there are some portions of the Peacock Hill UGA in the south that are small and better to integrate through a city-led action, potentially with a streamlined process. The small number of owners and amount of land would suggest that this may not need a more involved process.

Current Zoning

Zone	Net Acres
Master Planned Community	17.3
Moderate Density Single Family	11.0
Park & Recreation	2.3
Single Family	404.7
Total	435.4

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 390 housing units could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Single Family	22.5	6.6	107.2

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$281,370	\$427,274
Sales Tax	\$32,652	\$32,652
Utility Tax	\$71,275	\$91,824
Other Taxes	\$23,382	\$30,457
Intergovernmental	\$47,499	\$61,874
Charges for Services	\$44,900	\$58,488
Fines and Forfeits	\$9,887	\$12,879
TOTAL	\$510,966	\$715,449
Operating Costs		
Non-Departmental	\$25,446	\$33,654
Legislative	\$8,435	\$10,974
Municipal Court	\$35,993	\$47,990
Administration/Buildings	\$96,082	\$141,131
Police	\$0	\$0
Community Development	\$210,282	\$270,362
Parks and Recreation	\$132,199	\$171,858
Streets	\$217,686	\$217,686
TOTAL	\$726,121	\$893,656
TOTAL IMPACT	(\$215,155)	(\$178,207)

Expected Capital Costs

- Although there is a force main located along Peacock Hill Drive, many of the properties currently rely on on-site septic for wastewater. This may require additional investment, which should be determined through additional engineering studies.

Point Fosdick



Legend

- City UGAs
- Cities
- Parcels

BERK
Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	39.0 acres
Land area (net)	36.0 acres
2021 assessed value	\$31,191,800
Housing units	47

Non-residential

(none)

The Point Fosdick UGA contains approximately 41 acres and is located south of the city along Point Fosdick Drive. This area is split between two non-adjacent portions, with the northwest area consisting of a built-out low-density residential area of around 23 acres, and about 13 acres to the southeast consisting of vacant land currently zoned as “Neighborhood Center” by Pierce County. Note that this vacant land is not provided with a land use designation under the Gig Harbor Comprehensive Plan.

Recommended Strategic Designation

2. Local-led potential annexation area. Annexation of this area would likely be straightforward, likely providing minimal impacts to the city and not requiring significant planning to complete. A local petition should provide evidence of local support.

Current Zoning

Zone	Net Acres
Neighborhood Center	13.0
Single Family	23.0
Total	36.0

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 13 housing units and 123 jobs could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Neighborhood Center	13.0	-	-

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$32,415	\$46,156
Sales Tax	\$0	\$27,437
Utility Tax	\$5,275	\$12,441
Other Taxes	\$1,816	\$2,052
Intergovernmental	\$3,690	\$4,169
Charges for Services	\$3,488	\$3,941
Fines and Forfeits	\$768	\$868
TOTAL	\$47,452	\$97,064
Operating Costs		
Non-Departmental	\$1,642	\$1,642
Legislative	\$652	\$817
Municipal Court	\$0	\$0
Administration/Buildings	\$0	\$0
Police	\$0	\$0
Community Development	\$15,020	\$15,020
Parks and Recreation	\$13,220	\$13,220
Streets	\$18,167	\$18,167
TOTAL	\$48,700	\$48,865
TOTAL IMPACT	(\$1,248)	\$48,199

Expected Capital Costs

No additional capital costs are expected.

Purdy



Legend

- City UGAs
- Cities
- Parcels



Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	337.7 acres
Land area (net)	241.8 acres
2021 assessed value	\$95,668,000
Housing units	156

Non-residential

Community/Institutional	284,932 sf
Office	22,565 sf
Restaurant	2,318 sf
Retail	21,302 sf
Other Services	6,173 sf
Utilities	39,184 sf

The Purdy UGA is approximately 338 acres, and it includes Peninsula High School and Purdy Elementary, managed by the Peninsula School District. The city's primary interest in this area is with sewer servicing of these uses. There is a utility facility located here (Peninsula Light Co.), as well as a mix of commercial and residential uses. While there are some vacant lands that could be developed, stormwater drainage challenges and issues with sufficient fire flows would make it difficult to utilize these areas.

Recommended Designation

4. Long-term management area. There are minimal benefits to annexation of this area by the city, given the presence of institutional uses, high expected capital expenditures, and significant yearly operating costs required to support the area. Overall, the area should be maintained as a UGA to continue to provide sewer servicing to the schools located there, but long-term annexation may require ongoing discussions with Pierce County about how best to address stormwater infrastructure deficiencies and the need for contaminated site cleanup in this area.

Current Zoning

Zone	Net Acres
Activity Center	5.4
Community Center	9.5
Community Employment	56.8
Mixed Use Districts	51.1
Moderate Density Single Family	0.4
Neighborhood Center	2.3
Public Institutional	65.2
Single Family	51.2
Total	241.8

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 267 housing units and 706 jobs could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Activity Center	-	-	0.1
Community Center	1.7	2.1	3.5
Community Employment	7.4	-	3.6
Mixed Use Districts	23.8	0.4	26.3
Moderate Density Single Family	-	-	0.4
Neighborhood Center	-	-	1.9
Public Institutional	0.6	-	-
Single Family	6.5	5.7	2.2

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property tax	\$99,418	\$207,723
Sales tax	\$136,691	\$241,679
Utility Tax	\$29,259	\$80,526
Other Taxes	\$6,029	\$10,873
Intergovernmental	\$12,248	\$22,089
Charges for Services	\$11,578	\$20,880
Fines and forfeits	\$2,549	\$4,598
TOTAL	\$297,771	\$588,368
Operating Costs		
Non-Departmental	\$15,596	\$30,371
Legislative	\$2,309	\$4,508
Municipal Court	\$11,998	\$23,995
Administration/Buildings	\$25,517	\$70,566
Police	\$177,405	\$354,810
Community Development	\$60,080	\$105,141
Parks and Recreation	\$39,660	\$66,099
Streets	\$239,078	\$239,078
TOTAL	\$571,643	\$894,568
TOTAL IMPACT	(\$273,872)	(\$306,201)

Expected Capital Costs

- Significant drainage issues in this area would require new infrastructure; current costs of these improvements are not known.
- Existing sewer servicing and fire flow issues would limit additional development in this area and would need to be addressed if future growth were coordinated for this area.
- Management and cleanup of sites in this area, especially those with potential discharges into Henderson Bay, would be required for new development to proceed in many locations. No estimates of costs are available but are likely considerable.
- The Pierce County Transportation Improvement Program does note the need for road improvements on 38th Ave NW from 36th St NW to the city limits.

Reid Road



Legend

- City UGAs
- Cities
- Parcels



Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	339.3 acres
Land area (net)	303.1 acres
2021 assessed value	\$371,267,300
Housing units	590

Non-residential

(none)

The Reid Road UGA is approximately 339 acres, with a neighborhood that consists almost completely of single-family housing, with a small amount of multi-family housing. While there are some remaining parcels, the area is largely built out. This area is not currently serviced by sewer and lift stations would be required to extend services out to the neighborhood.

Recommended Designation

3. Phased potential annexation area. As there may be a need for a phased annexation of the Reid Road UGA, as well as additional planning, outreach, and coordination with the neighborhood, an interlocal agreement with Pierce County may provide the best framework for managing the annexation of this UGA. This may also include potential negotiations with Pierce County to determine effective ways of financing sewer upgrades in this area.

Current Zoning

Zone	Net Acres
Single Family	303.1
Total	303.1

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 147 housing units could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Single Family	2.0	15.3	29.9

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$385,821	\$463,730
Sales Tax	\$2,117	\$2,117
Utility Tax	\$66,220	\$73,965
Other Taxes	\$22,802	\$25,469
Intergovernmental	\$46,322	\$51,740
Charges for Services	\$43,787	\$48,909
Fines and Forfeits	\$9,642	\$10,770
TOTAL	\$576,710	\$676,699
Operating Costs		
Non-Departmental	\$25,446	\$28,729
Legislative	\$8,185	\$9,142
Municipal Court	\$35,993	\$35,993
Administration/Buildings	\$96,082	\$141,131
Police	\$0	\$0
Community Development	\$210,282	\$225,302
Parks and Recreation	\$132,199	\$145,418
Streets	\$271,473	\$271,473
TOTAL	\$779,658	\$857,188
TOTAL IMPACT	(\$202,948)	(\$180,489)

Expected Capital Costs

- Although there is a force main servicing part of this area, extensions to sewer infrastructure will be required, potentially including additional sewer lift and pump stations.

Rosedale



Legend

-  City UGAs
-  Cities
-  Parcels



Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	152.5 acres
Land area (net)	136.5 acres
2021 assessed value	\$78,145,200
Housing units	157

Non-residential

(none)

The Rosedale UGA is located on the western boundary of the city. It includes about 153 acres, and largely incorporates single-family housing development. There are some additional sites for infill and development within the UGA, although wetlands and critical areas may complicate further development in many locations.

Recommended Strategic Designation

2. Local-led potential annexation area. Annexation of this area would likely be straightforward. Although there would likely be some concern with increased costs to the city, annexation of part or all of this UGA would not likely require significant planning to complete. If these costs would be reasonable for the city to bear, a local petition by landowners and/or residents. should provide evidence of local support to move this process forward.

Current Zoning

Zone	Net Acres
Single Family	135.7
Total	135.7

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 290 housing units could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Single Family	0.5	1.0	75.4

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property tax	\$81,208	\$183,674
Sales tax	\$0	\$0
Utility Tax	\$17,621	\$32,901
Other Taxes	\$6,068	\$11,329
Intergovernmental	\$12,326	\$23,015
Charges for Services	\$11,652	\$21,756
Fines and forfeits	\$2,566	\$4,791
TOTAL	\$131,441	\$277,465
Operating Costs		
Non-Departmental	\$7,388	\$13,133
Legislative	\$2,178	\$4,067
Municipal Court	\$11,998	\$11,998
Administration/Buildings	\$25,517	\$70,566
Police	\$0	\$0
Community Development	\$60,080	\$105,141
Parks and Recreation	\$39,660	\$66,099
Streets	\$127,795	\$127,795
TOTAL	\$274,615	\$398,798
TOTAL IMPACT	(\$143,174)	(\$121,333)

Expected Capital Costs

- This area may require additional investment in sewer and stormwater infrastructure to address drain fields and on-site septic concerns. Further studies will be required to understand the full nature of these costs.

Skansie Avenue



Legend

- City UGAs
- Cities
- Parcels

BERK
Map Date: December 2021

Sources: Pierce County GIS, 2021; ESRI, 2021;
City of Gig Harbor, 2021; BERK, 2021.

Summary

Land area (gross)	78.4 acres
Land area (net)	74.5 acres
2021 assessed value	\$46,246,000
Housing units	104

Non-residential

(none)

The Skansie Avenue UGA is located on the southwestern edge of the city, and separates the administration of Skansie Ave. It is about 78 acres in size and includes mostly single-family homes. There may be opportunities for infill development, but the potential for new construction in this area is low due to the current lot layout. Additionally, portions of this area may not currently be serviced by city sewer.

Recommended Strategic Designation

2. Local-led potential annexation area. Annexation of this area would likely be straightforward, likely providing minimal impacts to the city and not requiring significant planning to complete. A local petition by landowners and/or residents. should provide evidence of local support to move this process forward.

Current Zoning

Zone	Net Acres
Single Family	74.5
Total	74.5

Buildable Land

Current estimates of available buildable lands suggest that under current zoning an additional 133 housing units could be accommodated in the UGA.

UGA Subarea and Zone	Buildable Land (in acres)		
	Vacant	Vacant (single unit)	Underutilized
Single Family	2.0	2.9	38.5

Fiscal Impacts

Item	Current	Buildout
Revenue (General Fund/Streets)		
Property Tax	\$48,059	\$89,523
Sales Tax	\$0	\$0
Utility Tax	\$11,673	\$18,680
Other Taxes	\$4,019	\$6,432
Intergovernmental	\$8,165	\$13,067
Charges for Services	\$7,718	\$12,352
Fines and Forfeits	\$1,700	\$2,720
TOTAL	\$81,334	\$142,775
Operating Costs		
Non-Departmental	\$4,925	\$7,388
Legislative	\$1,443	\$2,309
Municipal Court	\$11,998	\$11,998
Administration/Buildings	\$25,517	\$25,517
Police	\$0	\$0
Community Development	\$30,040	\$60,080
Parks and Recreation	\$26,440	\$39,660
Streets	\$8,120	\$8,120
TOTAL	\$108,482	\$155,071
TOTAL IMPACT	(\$27,148)	(\$12,296)

Expected Capital Costs

- Additional investment may be required to extend sewer services to these areas, especially if more dense infill development over the long term would be desirable. Further servicing studies will be required to understand the full nature of these costs.

Appendix: Example Annexation Evaluation

Overview

This appendix is highlighted to show how the checklist and guidelines provided in this report can be applied to individual annexation applications. To this end, this section will include a high-level summary of relevant elements of this example, as well as a step-by-step guide showing how individual points from the guidelines can be stepped through to help with the decision-making process.

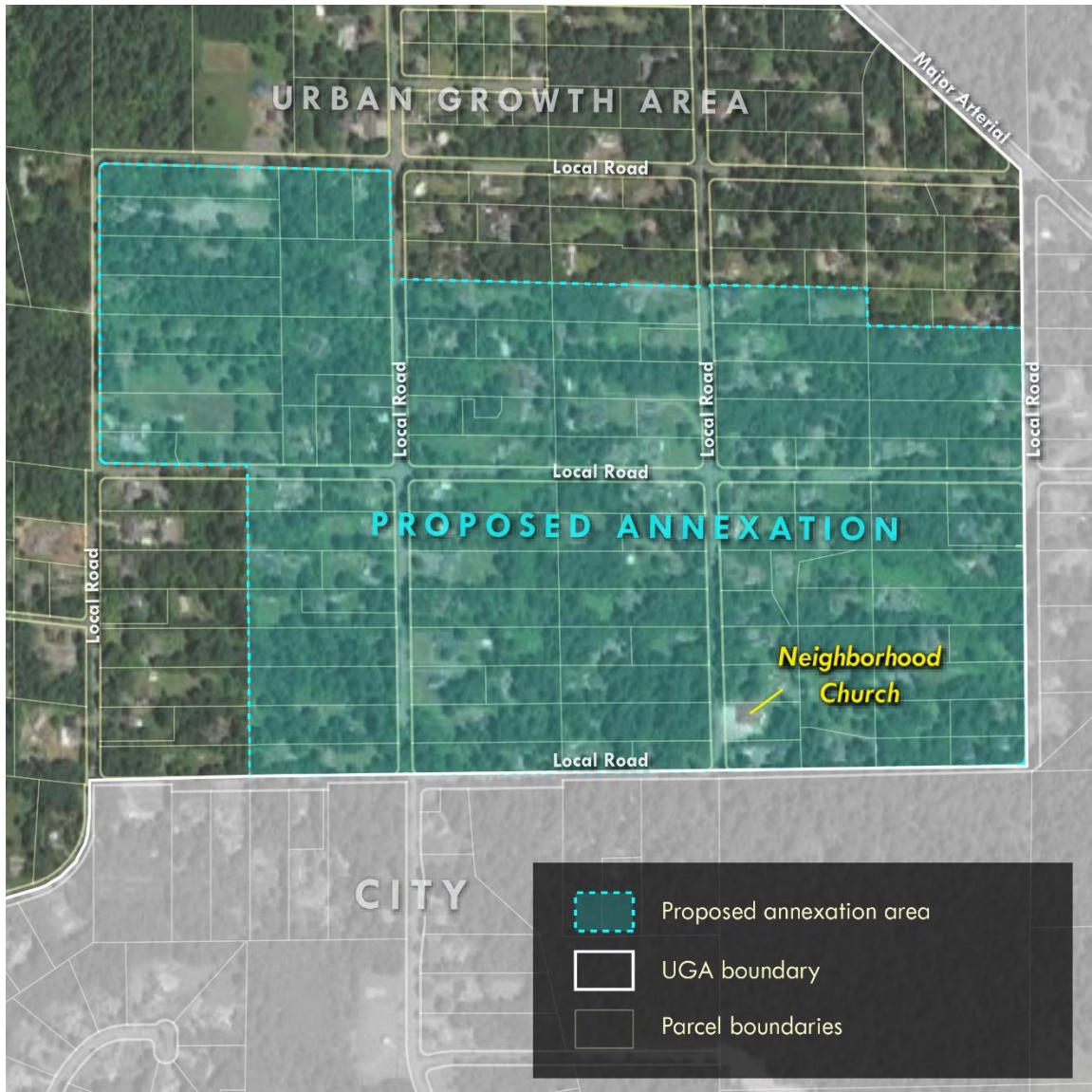
Summary of the Example

The area for this example proposed annexation is shown in Exhibit 25. This represents a petition presented by a selected group of residents representing over 10% of property value, as per the direct petition method under [RCW 35A.14.120](#). Certain areas were not included in the proposed annexation area due to some concerns about the willingness of these property owners to be included as part of the process.

Information that may be relevant to evaluating decisions regarding annexation include the following:

- **Location.** The area for this example proposed annexation (shown in Exhibit 25) is located on the edge of the city, in an area that has already been developed as a single-family neighborhood with sewer servicing. The site is close to local arterials managed by both the city and the county overall, and there is an existing street grid in this area.
- **Extent of the annexation.** The proposed annexation covers almost 80 acres, and currently includes about 105 tax parcels and 91 single-family homes. Under current zoning designations from the county, this site could accommodate an additional 25 homes. There are no commercial uses in this area, although there is a church located on the southern side of the site.
- **Planning.** This area is currently included in the city's Comprehensive Plan as an Urban Growth Area, and the Land Use Map designates it as a single-family neighborhood. No additional planning is expected to be required.
- **Expected impacts to operating revenue.** Under current conditions, most of the expected revenue from this area would be in the form of property taxes. The area accommodates approximately \$90 million in assessed value and would generate about \$94,000 per year under current conditions, or \$120,000 per year at full buildout. Utility taxes would generate an additional \$21,000 per year (or \$27,000 at buildout).
- **Expected impacts to operating expenses.** As annexation wouldn't require additional police staffing, costs would be expected to be limited to increasing general capacity with city staff. This would amount to around \$140,000 per year, or about \$175,000 per year at buildout.
- **Overall operating fiscal impacts.** The impacts to city finances would include net costs of about \$20–25,000 per year, depending on buildout.

Exhibit 25. Map of an Example Annexation Proposal.



- **Infrastructure impacts.** This annexation would involve incorporating all or part of several streets into the city, and potentially upgrading these streets over time to city standards. This area is already serviced with sewer, but drainage issues suggest that this area may require additional infrastructure, including potential upgrades to local culverts and additional drainage ponds.
- **Other considerations.** There are several sites in this area that have older trees that may be a priority to protect for aesthetics and habitat. Additionally, this area traditionally views itself as part of the city.

Guideline Analysis

1. Is the annexation proposal consistent with the city's Comprehensive Plan and other existing policy?

Yes. The annexation is located within a UGA in the Comprehensive Plan, and land uses for the UGA are detailed in the Land Use Map. No other inconsistencies have been noted with existing policies.

2. Is this annexation proposal generally supported by those that could be impacted?

Yes. The process is currently being led by resident landowners who submitted a petition, and the direct petition process will require the approval of owners representing over 60% of the assessed value in the identified area. Council should encourage a greater number of owners to sign the final petition and should provide opportunities at public hearings for impacted landowner that may be affected to express their concerns.

3. Does this proposed annexation represent a net positive fiscal impact to the city?

No. The annexation would pose a general increase in net operating costs to the city and may include additional capital expenditures for stormwater management and street upgrades. However, these costs may be acceptable to the city as part of long-term management of UGAs.

4. Would this proposal result in a significant increase of land, development, and population?

No. Incorporating this area of 80 acres would be significant but would not represent a significant increase in city population, and no increase in commercial space or employment is expected.

5. Is the annexed area defined to reduce the number of annexations by the city?

No. The annexation area does not include entire blocks, suggesting that additional annexations would be required in this area to accommodate adjacent properties. The small size of the annexation may also suggest that there are other areas in the UGA that could be included in the annexation process.

6. Does this proposal maintain or create logical boundaries for the city?

No. The proposed boundaries do not encompass entire blocks, and certain streets may be split between county and city ownership.

7. Is this area currently or likely to be developed to urban densities?

Yes. This area is currently developed as a single-family neighborhood with lower densities generally comparable to existing neighborhoods within the city.

8. Could city planning and zoning increase the density or otherwise improve the quality of future development?

Yes. Long-range planning in this area could be coordinated to provide additional density over time, including provisions for infill and redevelopment. This should be explored as part of long-term strategic planning but may be accommodated in the interim through existing city zoning.

9. **Would city policy and planning result in better environmental protection and management for annexed areas?**

Yes. There are concerns in this area related to stormwater management and tree canopy protection which could be addressed through current city policies and future initiatives. The ability for the city to address these issues should be weighed by Council in making the final decision.

10. **Are there any other public benefits or concerns that would be associated with annexation?**

While no other direct issues are clear from the description of this example, Council should consider the potential concerns of owners that are not included in the proposed annexation area, especially if these concerns may impact the process.

Decisions

In this example, Council would be weighing several key issues for their decision as identified in the analysis:

- **Would annexation be worth the expected nominal costs to the city?** Note that while the magnitude of the costs are relatively low, multiple annexation processes may result in larger cumulative impacts.
- **Is this the most effective configuration for the area to be annexed?** This is true both in terms of the geometry of the site, which could be made more regular to conform to existing blocks, and in terms of size, which could encompass a broader area of the UGA.
- **What are the other concerns by landowners and residents with respect to this annexation?** If certain areas are excluded, could these areas be incorporated into the annexation petition by addressing these issues? Would these issues also result in challenges to the petition even if some residents are excluded?
- **Can the city address long-term needs for infrastructure and environmental protection in this area?** With respect to needs for road and stormwater improvements, is the city positioned to deal with these issues within a reasonable length of time?

For this scenario, it is reasonable that Council may accept the petition, conditional on several elements:

- **More regular boundaries.** Council may decide whether the area could encompass entire blocks and increase the regularity of the proposed boundary, which may depend on engaging excluded landowners to determine potential concerns. This could result in expanding the boundaries of the petition.
- **Minimize the number of petitions.** Staff should evaluate whether this would increase the number of likely annexation petitions for this UGA, and whether larger amounts of the UGA should be included in this petition to minimize the number of applications.
- **Determine necessary infrastructure costs.** A general assessment by staff or a consultant may be necessary to understand the expected infrastructure costs needed to support this area, potential sources of funding, and projected timeframes for improvements. While this may not halt the petition, this may require additional effort by the city to coordinate.