



City of Bremerton
Tracyton Urban Growth Area
Annexation Report &
Cost / Benefit Analysis

September, 2006

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Prepared for City Council Review in advance of the October 4th, 2006 Public Hearing on Petition For Annexation of Territory. Petition for Annexation of Territory coincides with the area depicted in the Part I target annexation area within this report.

Section A - Background

A.1	Overview	A.1
A.2	Growth Planning Status	A.1
A.3	Report Structure	A.2
A.4	General Annexation Discussion	A.2
A.5	Support For Annexation	A.2
A.6	Costs & Benefits - Resident Perspective	A.2
A.7	Annexation Method -75% Petition	A.4
A.8	Outside Utility Agreements (OUAs)	A.4
A.9	Target Annexation Areas	A.4
A.10	Unincorporated 'Leftover' Section	A.4
A.11	Community Character	A.7
A.12	Infrastructure Overview	A.10

Section I - Part I Annexation Area

I.1	Part I Area	I.1
I.2	Ten Basic Urban Services	I.1
I.3	Existing & Buildout Conditions	I.2
I.4	Costs & Revenue Overview	I.2
I.5	Executive Summary - Part I Costs / Revenues.	I.4
I.6	Revenue Impacts	I.6
I.7	Sanitary Sewer	I.8
I.8	Potable Water	I.10
I.9	Transportation	I.12
I.10	Stormwater	I.14
I.11	Public Safety	I.16
I.12	Fire & EMS	I.18
I.13	Other Urban Services	I.20

Section II - Part II Annexation Area

II.1	Part II Area	II.1
II.2	Ten Basic Urban Services	II.1
II.3	Existing & Buildout Conditions	II.2
II.4	Costs & Revenue Overview	II.2
II.5	Executive Summary - Part I Costs / Revenues.	II.4
II.6	Revenue Impacts	II.6
II.7	Sanitary Sewer	II.8
II.8	Potable Water	II.10
II.9	Transportation	II.12
II.10	Stormwater	II.14
II.11	Public Safety	II.16
II.12	Fire & EMS	II.18
II.13	Other Urban Services	II.20

Appendix

- 1 Kitsap Regional Coordinating Council (KRCC) Checklist
- 2 Annexation Frequently Asked Questions
- 3 Community Meeting Summaries
- 4 Cost / Benefit to Residents Summaries

A.1 Overview

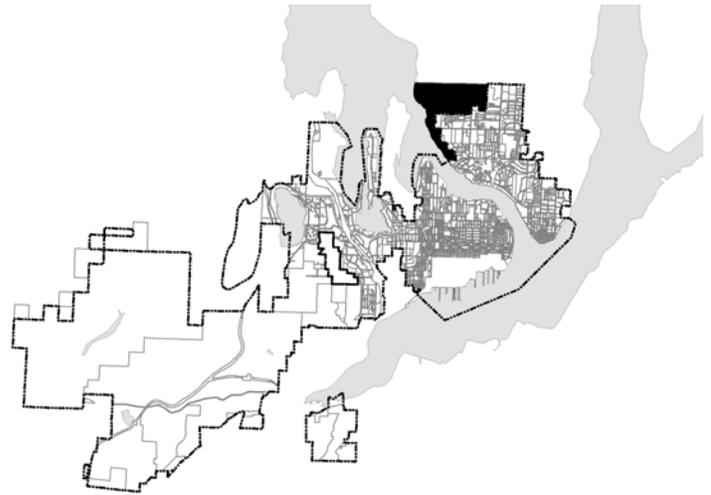
This is a study of Bremerton's Tracyton Urban Growth Area (UGA), as shown in the figure at right. The general boundaries of the study area are the city limits in northeast Bremerton to the Port of Washington Narrows, as far north as Riddell Rd. Section A of this report addresses the area as a whole. Sections I and II provide detailed cost benefit analyses on two targeted annexations within this larger area.

As an overview, this area has a significant amount of waterfront and water-view property along Tracyton Beach Dr. Much of the area is has steep slopes leading from Tracyton Beach Dr. upland. There is a variety of housing and densities in this UGA ranging from rural large-lots near the Port Washington Narrows, to townhomes, apartment complexes, and suburban-style subdivisions in the vicinity of Pine Rd. The Bremerton Elks Club and the Holy Trinity Parish are two large civic institutions located within the study area.

The 39 acre undeveloped tract known as the Tracyton Watershed parcel is in the center of the study area. Just beyond the northern boundary of the area is a neighborhood that identifies strongly as 'Tracyton'.

A.2 Growth Planning Status

The study area is entirely within the current City of Bremerton associated Urban Growth Area (UGA) and is contiguous to the City. This means it may be annexed at any time by Bremerton without challenge or dispute from other jurisdictions. The area does not have the characteristics of an 'island'. By including the area within the UGA at the time of the 2004 Comprehensive Plan, the City made a commitment to annex this area during the 20 year time horizon of the Plan.



Vicinity. Tracyton Urban Growth Area in black.



Scenic Tracyton Beach Dr.

A.3 Report Structure

This report begins with a discussion of the Tracyton UGA generally, then focuses on the two target annexation areas. A cost / benefit analysis of annexing each of the Part I and Part II areas is provided to help decisionmakers understand the fiscal consequences of annexing territory.

For the cost / benefit analysis, figures for a 'baseline' year of 2006, and a 'buildout' year of 2026 are provided. Figures estimated for these two years show 1.) the immediate cost and revenue consequences of annexing territory at present, and 2.) the cost and revenue consequences that will be realized after an anticipated full buildout 20 years from now.

A.4 General Annexation Discussion

Strategic Annexation for Future Growth Northward

An important consideration for annexation within the the study area is to position Bremerton for future annexations northward in the Wheaton Way corridor. The study area is within Bremerton's associated UGA boundary, but areas north of Riddell Rd. are in an 'unassociated' UGA not expressly assigned to the City of Bremerton. If Bremerton seeks to annex north of Ridell Rd. in the future "squaring off" the city boundary to the edge of the existing UGA boundary will be important. This makes a better case for formally associating areas north of Ridell Rd. with Bremerton, and guards against Boundary Review Board challenges for illogical annexation patterns northward along Wheaton Way.

Leverage the Tracyton Watershed Parcel

The presence of the 39 acre undeveloped tract commonly referred to as the Tracyton watershed parcel is an important consideration. Annexing the watershed parcel into the city is a condition of closing in the pending sale agreement between the City and a prospective buyer of the 39 acre tract. The parcel comprises a notable portion of the total area of this territory. Rather than bringing the watershed parcel in alone, it is to the City's advantage to leverage the weight of the parcel to help bring in other adjacent areas to achieve annexation goals.

A.5 Property Owner Support For Annexation

During the Spring and Summer of 2006, Bremerton DCD conducted a series of meetings within the unincorporated Tracyton UGA to determine levels of property owner support for annexation. Notice was mailed to all property owners in the study area, as well as noticed in newspapers and on the City's website. To summarize the feedback from these meetings broadly, there was not a strong level of support for annexation among residents. Residents voiced a range of comments, some of which were realistic and others that were based in perceptions. A minority of residents in the area were in support of annexation or were neutral. A summary of meeting comments and concerns can be found in Appendix to this report.

A.6 Costs and Benefits - Resident Perspective

As a part of the community meetings Bremerton DCD quantified estimated fiscal impacts to residents. There are no great cost differences to residents with annexation in this area when costs are totalled. Tax rates between the City and County are about one-half of 1% different. Most residents already using City water and sewer utilities will cease to pay out-of-city surcharges, so they will see some savings. Other differences include: the City shows storm water utility charges as a separate line item on the utility bill whereas the County includes it in taxes; and the City requires garbage collection service while the County does not. School district boundaries are also a major concern for residents. However, since school district boundaries are determined by a regional board, there are no resulting changes to the district boundaries that accompany annexation.

A.7 Annexation Method - 75% Petition

There are seven methods of annexation per State law, but only one method, the 75% petition method, is suitable for the potential annexation areas. A petition containing signatures by owners of property comprising not less than 75% of the assessed value in the area must be completed. The 75% petition method is initiated by a preliminary petition or 'notice of intent to commence annexation proceedings', signed by owners of not less than 10% property value. Because Kitsap County has a Boundary Review Board (BRB), the completed 75% petition must be reviewed and approved by the BRB before the annexation can be complete. The BRB reviews annexations for technical sufficiency, as well as to ensure that the annexation adheres to growth principles and has logical boundaries.

A.8 Outside Utility Agreements (OUA)

An important factor for the proposed annexation are Outside Utility Agreements (OUAs). OUA documents previously executed between the City and property owners state that in exchange for the extension of a public utility to a property (eg. water or sewer service) the owner of that property agrees to support a future annexation. The OUA is a legal document that runs with the land, and is on file with the City of Bremerton and the Kitsap County recording office. Bremerton's OUAs include a limited power of attorney clause. Previous legal precedent confirms that OUAs may be substituted as a signature on annexation petition by the owner of the property. There are a high concentration of OUAs in certain sections of this proposed annexation area. (A global map of Bremerton's OUAs is included in the Figure on the following page.)

A.9 Target Annexation Areas

Since the level of independent resident support for annexation is moderate, DCD proposes moving forward with two target annexations in this UGA beginning in 2006. The target areas are drawn to include areas that have a high level of existing urban infrastructure, are urban in nature, or are pending development at an urban level. In large part, these

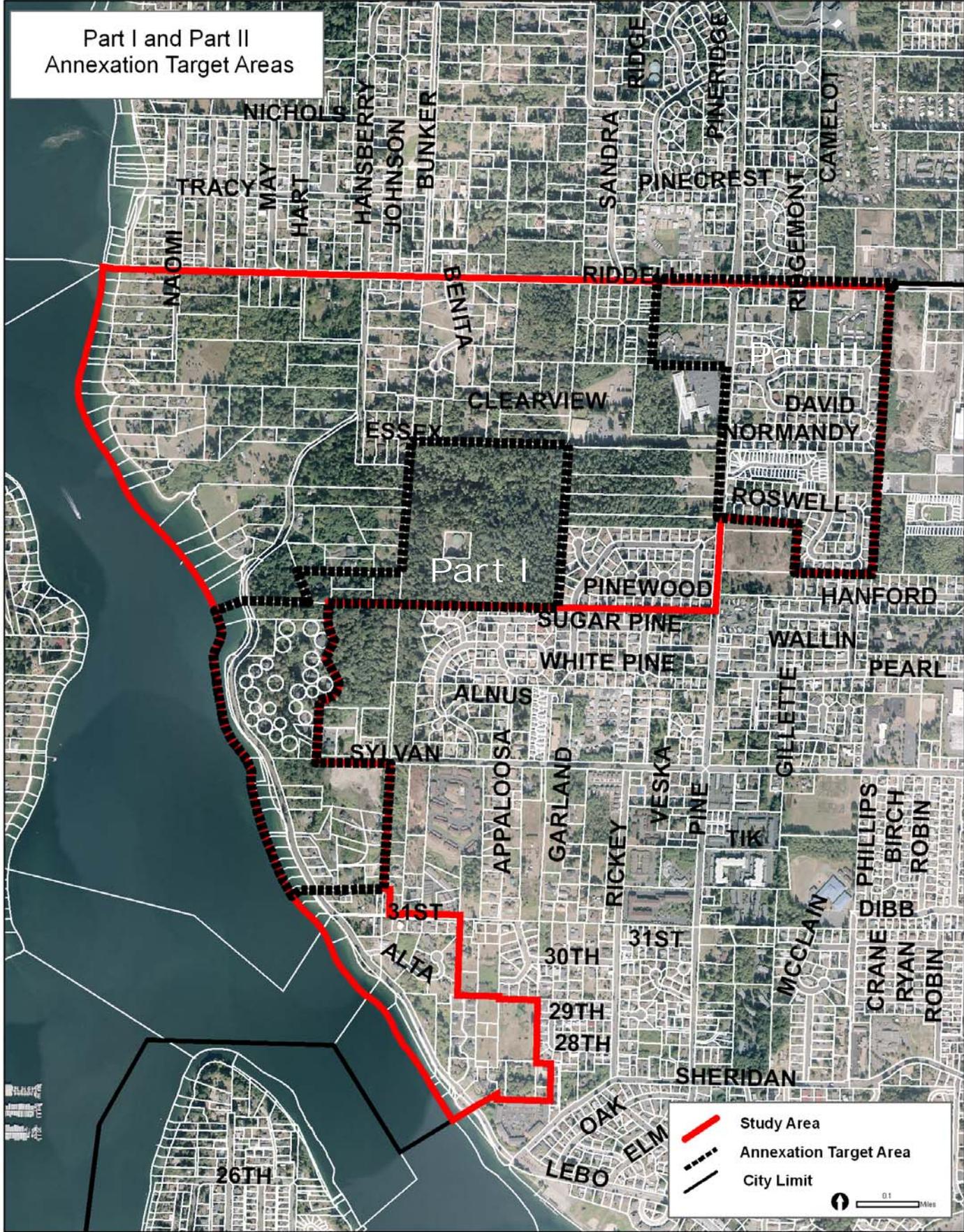
coincide with a concentration of existing OUAs. The proposed Part I area is in the vicinity of the Reymont Community (entirely subject to OUAs) and includes the former watershed parcel. The proposed Part II area includes the urban and suburban subdivisions stretching along the east side of Pine Rd. These areas are the most urbanized and logical to bring into the City at this time. The proposed Part I and Part II annexations are shown in Figure at right.

To facilitate annexation, DCD has drawn these boundaries to make the most effective use of concentrations of OUAs. Both proposed annexations are close to 75% petition support solely on the basis of existing OUA agreements. This ensures effective use of city resources in pursuing annexation, and alleviates uncertainty.

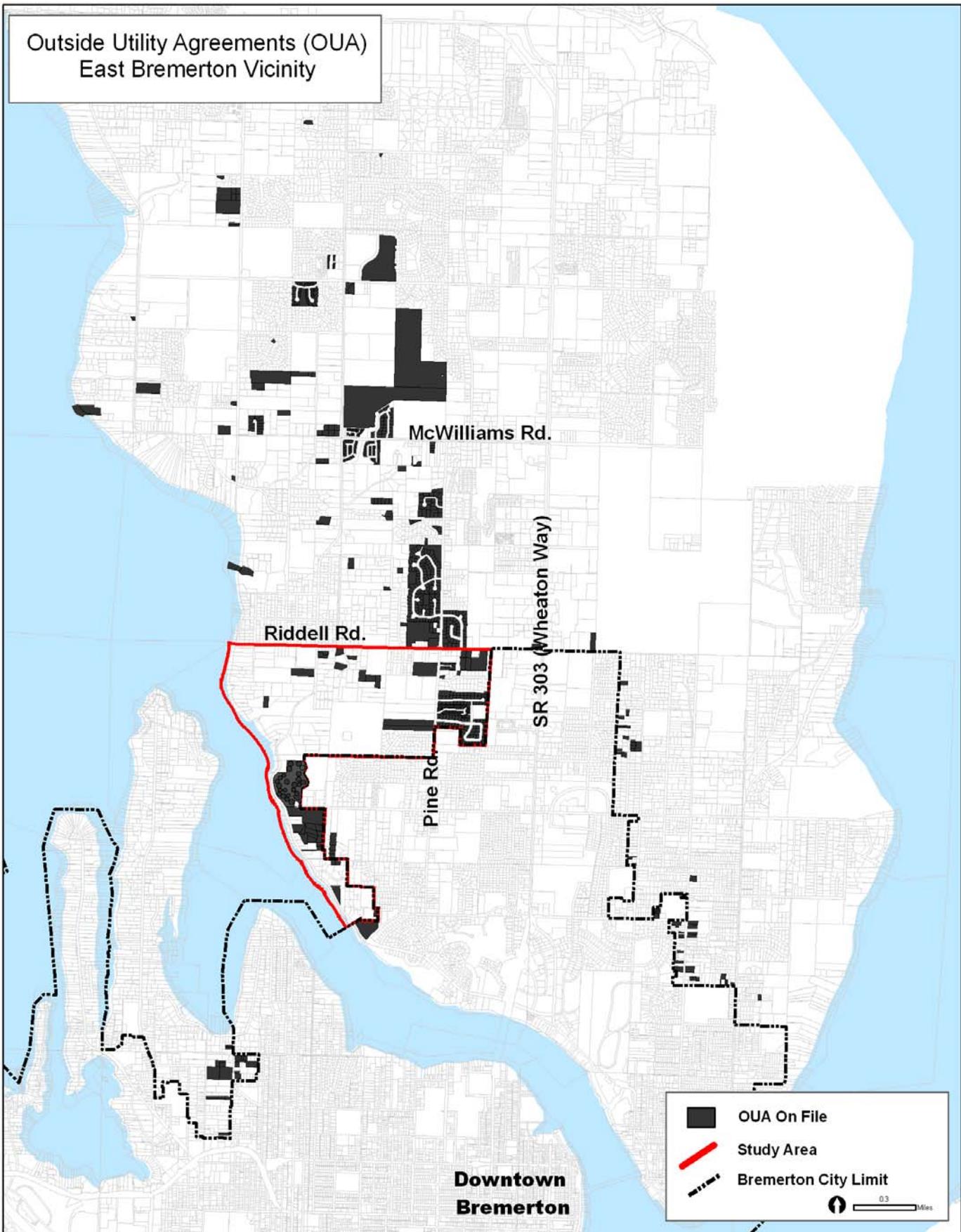
A.10 Unincorporated 'Leftover' Section

An unfortunate consequence of the configuration of resident support and location of OUA agreements is a small portion of County territory that is leftover along the south portion of Tracyton Beach Dr. The City would greatly prefer to bring this territory in at the time of the Part I annexation. The County DCD has also indicated that it would prefer to have this section brought into Bremerton at the time of the Part I annexation. However, because of annexation rules, extending the annexation to include this portion would decrease support below a level where annexation would be successful.

As a practical matter, leaving this remainder chunk in the County does not have great consequences for service delivery since most infrastructure (eg. Sewer and Water) is already provided by the City. However, at the time of the Part I annexation the City and County will make a request to the BRB to review this boundary consequence. It is within the power of the BRB to require modification of a boundary without requiring a new petition to be circulated.



Outside Utility Agreements (OUA)
East Bremerton Vicinity



A.11 Community Character

The following documents the overall character and existing conditions in the proposed annexation area.

Land Use

The area is predominantly low density residential. Several small pockets of multifamily residential and condominium style development account for roughly 18 acres of existing multifamily developments in this area. (All existing multi-family is included in Part II, not Part I.) The City of Bremerton Land Use map designates the entirety of the area as Low Density Residential, whereas the county shows several pockets of Medium Density Residential in the Draft future land use plan for the Pine Rd. corridor.

Housing & Population

The City and County DCD have witnessed increased development pressure in the vicinity of the study area. Most undeveloped terrain is rugged with some critical areas, but the strength of the housing market is making these remaining parcels viable for development at the time of this report. In total the estimated existing population of the study area as a whole is roughly 1,200 persons or about 3% of the total City of Bremerton population. The cost / benefit analysis for Part I and Part II include detailed population projections for each of the two target areas.

Assessed Valuation

The total assessed valuation of land and structures in the area in 2005 exceeded \$110M. The high per unit assessed valuation of structures is notable. On a per-unit basis the average assessed value of structures is more than \$150,000, reflecting the high quality of many constructed homes in the area.

Demographics

The median household income in the Tracyton potential annexation area was nearly 140% of the City of Bremerton's median household income at the time of the 2000 Census, reflecting an area that is more affluent than the City as a whole. Ethnic diversity in the areas is on par with that of Bremerton as a whole.

Public / Open Space

A future network of open and green spaces is an important consideration for this area as a whole. Residents in this vicinity are accustomed to a natural, semi-rural character. Substantial tracts of undeveloped areas with wetlands and slopes extend to the south and west of the Elks and Holy Trinity Church properties. There is also a cluster of county-owned parcels adjacent to Riddell Rd., north of the watershed parcel. As individual plats come in for development it may be important to review how a network of green spaces can be preserved in this area through clustering. Some costs to the parks department may be associated with such arrangements, but these can not be anticipated at this time. A preferred future for the county-owned parcels should be identified at some point as future annexations occur, and can contribute to a coherent future network of greenspace in the Tracyton vicinity.

Circulation / Urban Form

The study area relates to the larger urban context and future growth pattern of Bremerton 's 2004 Comprehensive Plan. Bremerton has identified this as a single family neighborhood that should have a high rate of homeownership, and should not include new multi-family development or new commercial development. Residents of the area will have access to business and entertainment services at the nearby Wheaton - Riddell District Center (undergoing sub area planning in 2006), and neighborhood scale services at the future Sylvan / Pine neighborhood center. Pine Rd., Riddell Rd. and Tracyton Beach Dr. are circulation arterials. All other streets in the area are quiet, local serving ways. Tracyton Beach Dr. is a pleasant scenic drive that should be maintained and improved as a waterfront amenity.

The figure on the following page summarizes the overall organization and character of the area.

EXISTING CONDITIONS



EXISTING CONDITIONS



1

'Luxury' single family on western slopes.



5

New townhomes on Ridell Rd.



2

Views overlooking Dyes Inlet.



6

52 Unit apartment complex on Pine Rd.



3

Tracyton Beach Drive.



7

Catholic Church on Pine Rd.



4

Services in 'Old' Tracyton.



8

Typical subdivision (70's / 80's)

A.12 Infrastructure Overview

A broad overview of existing infrastructure in the area is provided below. Detailed discussion of how all 10 urban services will be provided is included for the Part I and Part II annexation areas with the Cost / Benefit analysis.

Potable Water

The potential annexation is serviced by City of Bremerton water infrastructure. Water mains ring the potential annexation area. Little or no additional public investment would be required to service this area with water. Sizes of existing area water mains are as follows:

- 12" Main in Tracyton Beach Dr.
- 12" Main from Reservoir #16
- 10" Main in Pine Rd.
- 8" Main in Riddell Rd.

Sanitary Sewer

Sanitary Sewer service is incomplete in the Tracyton Potential Annexation area. Existing City of Bremerton sewer infrastructure is found in Pine Rd., a portion of Pinewood Dr., and within the southwest 'tail' of the potential annexation area. Sanitary Sewer service does not extend along Riddell Rd. to Tracyton proper, and does not extend along Tracyton Beach Dr. beyond its turn away from the Narrows. A long term plan for how the greater Tracyton area could be serviced with sewer will be required to bring the northwest portion of this study area up to Bremerton standards, and allow for buildout at urban densities in the long term. Also, the interface between City Sewer, and County Sewer at the north boundary of the area along Riddell Rd. should be sorted out. Some recent developments near Pine Rd. have actually connected to County sewer (which outlets to Brownsville) instead of Bremerton. If Bremerton is to execute future annexations in Central Kitsap the interface between sewer systems in the area will be a key factor.

Classes of existing Sanitary Sewer mains in the vicinity are as follows.

- Collector in Pine Rd.
- Pressure Main in Tracyton Beach Dr. south of Pinewood Dr.
- Pressure Main in a portion of Pinewood Dr.

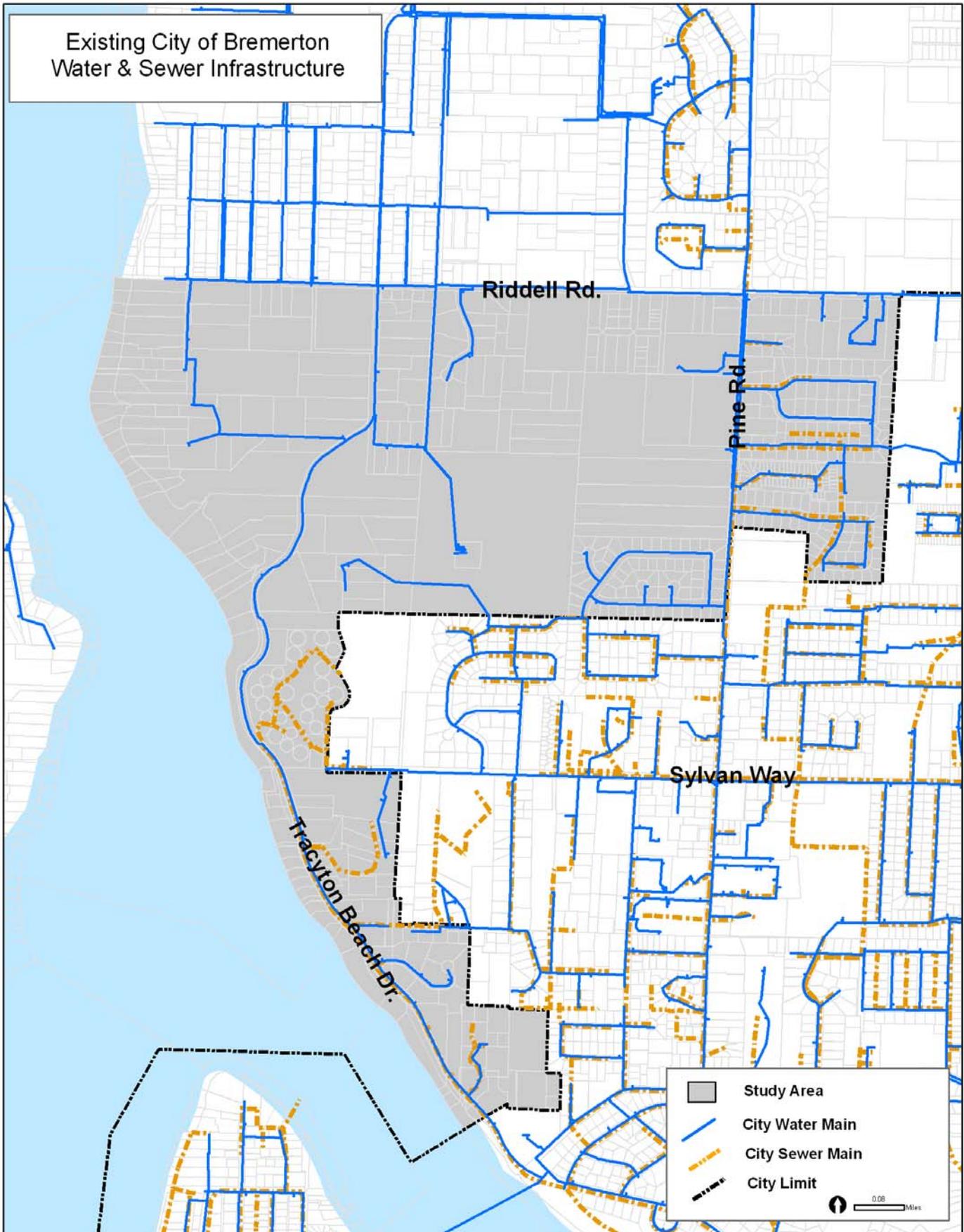
As development occurs on the former Tracyton watershed parcel and other parcels, private developers will be responsible for contributing to any necessary sanitary sewer improvements. It is anticipated that targeted upgrades to the Tracyton Beach Dr. sewer infrastructure will be required to accommodate new development.

Stormwater Infrastructure

Most streets in the vicinity have not been developed with integrated curb and gutter systems, including portions of Pine Rd. Future public investment would be required to bring the stormwater system up to the City of Bremerton service standard in future years.

Streets and Transportation

The existing network of streets in the study area is operating well within City of Bremerton service capacity levels. Pine Rd. is the key arterial street running through the study area, and it was operating at Level of Service B at the time of the 2004 Comprehensive Plan. As development occurs on the former Tracyton watershed parcel and other parcels, private developers will be responsible for contributing to any necessary transportation improvements.



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