



Department Source: Community Development - Planning

To: City Council

From: City Manager & Staff

Council Meeting Date: May 6, 2019

Re: Two Work Session Topics: Growth Impact Study and Annexation/Sewer Policy

## Executive Summary

This report recommends and requests a work session with Council on two related topics: The Growth Impact Study that was budgeted for the current fiscal year, and a review of the city's annexation policy.

The FY2019 Budget includes \$75,000 in City Council FY 2017 savings to fund a Growth Impact Study. The task remains to develop a scope of services. City staff are prepared to assist in this task. Because this is a Council initiative, staff recommends that the Council schedule a work session to review in greater detail the scope and purpose, and expected outcomes, of the growth impact study.

In 1997 the City Council approved Policy Resolution 97-115A, *A Policy Resolution establishing a policy for annexation agreements and the extension of City sewer service in areas outside the city limits*. Under the policy, which requires an agreement to annex property as a condition of city sewer service, the City Council has approved a number of annexation agreements of tracts to be annexed at such time as the city becomes contiguous with the city boundary. Actual annexations of tracts subject to these agreements has lagged since initiation of the policy; therefore we believe it would be beneficial to brief the Council on the extent of these pending annexations and seek direction as to how to proceed.

## Discussion

### **Growth Impact Study**

The Council approved \$75,000 in FY 2017 budget savings as part of the FY2019 city budget. Before moving ahead with a procurement process, we would like to present some information and ideas and obtain Council feedback on the scope of the study, the selection and ongoing review process key issues, questions, and data to include; and strategy for public engagement.

Growth impact studies, also referred to as cost-of-growth studies, can take a number of forms and are not as simple as asking how costs of new development are distributed and answering how such costs should be reallocated. Typically they facilitate the debate on who should pay for new growth and are not an out-of-the box solution.

Some possible areas of focus of a Growth Impact Study:



# City of Columbia

701 East Broadway, Columbia, Missouri 65201

- A holistic cost-of-service review in a geographical setting, with all or most city infrastructure systems included, as a supplement to the customary utility- or operations-specific rate studies or cost-of-service studies.
- Fiscal impact analysis, which measures the direct impact of different types of development (residential, commercial, institutional, etc) on the jurisdiction's capacity to cover the costs of new development through existing taxes and fees. Fiscal impact studies can analyze the whole city or a part, and can include direct costs of capital investment alone, or can include projected life-cycle costs. The Fodor Model is often cited as a framework for fiscal impacts.
- Scenario modeling (i.e., sketching or conceptually planning for projected future development and evaluating the associated public costs) to evaluate how different forms of development (infill, greenfield, regional center) affect the distribution of costs.
- Best practice review of the whole toolkit for growth management: Planning and design; tax structure; fee structure; infrastructure financing; exaction practices; and annexation policy.
- The study design could include recommendations for building stakeholder support.

A discussion of Council's expectations for the scope and purpose of the study is proposed for the work session. Whether the study is intended to drive policy changes or, alternatively, is a table-setter for discussion of policy changes will affect how the process is designed.

## **Annexation Policy**

Annexation is a special case in the growth conundrum. Columbia, through its policy in PR 115-97A, requires a commitment to annexation from owners of property as a condition of extending sewer service to that property. Since development generally follows sewer, this allows the city a greater say in the development of property that is served by city sewer.

In recent years the city has annexed territory through a voluntary annexation process in which property owners for the most part determine the timing, location, and size of tracts to be annexed. The catalyst for annexation may be a proposed development, a need to replace a failing or obsolete on-site wastewater disposal system, or simply a resident's desire to live within the city's jurisdiction. Systematic city-initiated annexations is a possible alternative but it is relatively complicated procedure and potentially controversial.

Since the initiation of the policy, the city has extended sewer to a number of tracts whose owners have signed annexation agreements. While several of these tracts have been annexed as the city's evolving boundary has joined them, annexation of properties under agreements has lagged. Meanwhile properties have been developed, ownership has changed, and years have passed since the original agreements were signed, though the agreements generally remain effective indefinitely and are binding on the original owners' successors and assigns.

A review of the policy, its intent and purpose, results, and discussion of future directions is proposed for the work session.



## Fiscal Impact

Short-Term Impact: The cost of the study was anticipated in the FY 2019 budget

Long-Term Impact: A successful study process could yield cost savings for the city over the long-term

## Vision & Strategic Plan Impact

### Vision Impacts:

Primary Impact: Development, Secondary Impact: Governance & Decision Making, Tertiary Impact: Tertiary

### Strategic Plan Impacts:

Primary Impact: Infrastructure, Secondary Impact: Social Equity, Tertiary Impact: Economy

## Legislative History

Date	Action

## Suggested Council Action

Refer the topics to a Council work session. Staff has reserved June 17<sup>th</sup> for this Council Work Session discussion.