

ORDINANCE NO. 2350

AN ORDINANCE annexing the Lacamas Heights area to the City of Camas, Washington, pursuant to the election method authorized by Chapter 35A.14 Revised Code of Washington.

THE COUNCIL OF THE CITY OF CAMAS DO ORDAIN AS FOLLOWS:

Section I

The Council of the City of Camas finds that the following steps have been taken with respect to annexation of the hereinafter described unincorporated area to the City of Camas:

A. On October 14, 2002, the City Council adopted Resolution No. 945 calling for an election to be held to submit to the voters of the Lacamas Heights area a proposal for the annexation of said area to the City of Camas.

B. On October 16, 2002, a certified copy of Resolution No. 945 was filed with the County Legislative Authority.

C. On December 5, 2002, a Notice of Intention and a copy of the resolution were filed with the Boundary Review Board.

D. On January 7, 2003, the jurisdiction of the Boundary Review Board was invoked.

E. On March 11, 2003 and May 6, 2003, the Boundary Review Board held hearings on the proposed annexation.

F. On June 16, 2003, the Boundary Review Board issued its decision approving the proposed annexation.

G. On July 28, 2003, the City Council adopted Resolution No. 968 requesting the Clark County Auditor's Office to schedule an election on November 4, 2003 on the proposed annexation.

H. On August 5, 2003, the Boundary Review Board's decision was filed with the Board of County Commissioners.

I. On August 12, 2003, the Board of County Commissioners adopted Resolution No. 2003-08-08, calling for an election to be held on the annexation question on November 4, 2003.

J. On November 4, 2003, the annexation proposal was submitted to the voters within the proposed area for annexation, and more than sixty percent (60%) of the voters voted in favor of the proposed annexation. The elections result have been certified by the Elections Department of the Clark County Auditor's Office.

Section II

Pursuant to the election method provided for in Chapter 35A.14, Revised Code of Washington, the real property described in Exhibit "A" attached hereto and by this reference incorporated herein, being a portion of Clark County not heretofore incorporated as a city or town, and lying contiguous to the City of Camas, is hereby annexed to the City of Camas and made a part thereof.

Section III

All property within the area hereby annexed shall be assessed at the same rate and on the same basis as the property of the City of Camas is assessed and taxed to pay for all or any portion of the then outstanding indebtedness of the City of Camas, which has been approved by the voters, contracted for, or incurred prior to or existing at the date of annexation.

Section IV

The City Clerk is hereby directed to file with the Board of Clark County Commissioners of Clark County, Washington, a certified copy of this Ordinance. The City Clerk is further directed to file with the Office of Financial Management a certificate as required by RCW 35A.14.700 within thirty (30) days of the effective date of this annexation. The City Clerk is further directed to take all other steps and inform all other agencies of said annexation as they may be necessary and proper.

Section V

This ordinance shall take force and be in effect five (5) days from and after its publication according to law. The annexation of the aforescribed real property shall be effective as of January 1, 2004.

PASSED by the Council and APPROVED by the Mayor this 8<sup>th</sup> day of December, 2003.

SIGNED: [Signature]  
Mayor

ATTEST: [Signature]  
Clerk

APPROVED as to form:  
[Signature]  
City Attorney

**EXHIBIT "A"**

## LaCamas Heights Annexation Description

Located in

SW  $\frac{1}{4}$  and the SE  $\frac{1}{4}$  of Section 35, Township 2 North, Range 3 East, W.M.  
 NW  $\frac{1}{4}$  and the NE  $\frac{1}{4}$  of Section 2, Township 1 North, Range 3 East, W.M.

Beginning at the southern most point of Lot 8 of the A. L. Coffey Donation Land Claim, (serial number 124244), being located on the west right-of-way line of State Route 500 and the northerly ordinary high water line of LaCamas Lake, said point also being point "F" as described in Ordinance No. 1484, the Shipler Annexation to the City of Camas; Thence northwesterly following the sinuosities of said ordinary high water line and along said southerly line of Lot 8 to a point at the southerly prolongation of the east line of Lot 1, Section 35, Township 2 North, Range 3 East, W.M., (serial number 178099); Thence northerly along said prolongation of said east line to the southeast corner of Lot 38, Section 35, Township 2 North, Range 3 East, W.M., (serial number 178132); Thence northwesterly along the southerly line of said Lot 38 to the southeast corner of Lot 2, Section 35, Township 2 North, Range 3, East, W.M., (serial number 178100); Thence northwest along the southerly line of said Lot 2 to the southwest corner thereof; Thence northerly along the west line of said Lot 2 to the southerly right-of-way line of SE Leadbetter Road; Thence southeasterly along said right-of-way line and the northerly line of said Lots 2 and 38 to the northeast corner of said Lot 38; Thence northerly along the east line of Lot 24, Section 35, Township 2 North, Range 3, East, W.M., (serial number 178118) to the northwest corner of Lot 19, Section 35, Township 2 North, Range 3 East, W.M., (serial number 178113); Thence easterly along the northerly line of said Lot 19 to the southwest corner of Lot 20, Section 35, Township 2 North, Range 3 East, W.M., (serial number 178114), being located on the easterly right-of-way line of State Route 500; Thence northeasterly along said easterly right-of-way line to the northern most point of Lot 128, Section 35, Township 2 North, Range 3 East, W.M., (serial number 178220), said northern most point also being on the westerly right-of-way line of SE Gardner Road; Thence southerly along said westerly right-of-way line to the southeast corner of Lot 20, Section 35, Township 2 North, Range 3 East, W.M., (serial number 178114); Thence easterly along the northerly line of LaCamas Heights Lots 1 thru 47, (serial number 116031), to the northwest corner of Lot 17, Section 35, Township 2 North, Range 3 East, W.M., (serial number 178111); Thence southerly along the westerly line of said Lot 17 to the southwest corner thereof being located on the north right-of-way line of SE 15<sup>th</sup> Street; Thence east along said right-of-way line to a point on the northerly prolongation of the west line of Lot 4 and 5, Section 35, Township 2 North, Range 3 East, W.M., (serial number 178102); Thence southerly crossing SE 15<sup>th</sup> Street and along the west line of said Lot 4 and 5 to the southwest corner thereof; Thence easterly to the northeast corner of Lot 27 and the easterly right of way line of SE 266<sup>th</sup> Avenue as

recorded in Book 310 at Page 775, records of Clark County, Washington; Thence southerly along said easterly right of way line 215.42 feet more or less to the beginning of a curve concave to the east having a radius of 312.50 feet; Thence southerly 64.20 feet along said curve through a central angle of  $11^{\circ}46'12''$ ; Thence southerly crossing SE 20<sup>th</sup> Street to a point located on the easterly right of way line of SE 266<sup>th</sup> Avenue and the northeasterly corner of Lot 11 as recorded in Book 310 at Page 972, records of Clark County, Washington; Thence southerly along said easterly right of way line and the west line of said Lot 11 and the prolongation thereof to the north line of Lot 5, Section 2, Township 1 North, Range 3 East, W.M., (serial number 123831); Thence east along said north line of said Lot 5 to the northeast corner thereof and the west line of Lot 6, Section 2, Township 1 North, Range 3 East, W.M., (serial number 123832); Thence southerly along the west line of said Lot 6 to the southwest corner thereof, said point also being located on the north line of Lot 2, Section 2, Township 1 North, Range 3 East, W.M., (serial number 123828); Thence westerly along the north line of said Lot 2 to the northwest corner thereof, said point also being located on the east line of Lot 48 of the A. L. Coffey Donation Land Claim, (serial number 124282); Thence southerly along the east line of said Lot 48 to the ordinary high water line of Round Lake; Thence northerly and westerly following the sinuosities of said ordinary high water line along the southern boundary of Lot 48 and Lot 6 of the A. L. Coffey Donation Land Claim to the Point of Beginning of this description.

2350

EVERETT

SE GARDNER RD

SE 262nd AV

LACAMAS HEIGHTS ELEM

SE 15th ST

SE 16TH CR

SE 264TH AV

SE 18TH CR

SE 17TH ST

SE 261st AV

SE 20th ST

SE 266TH AV

SE 20TH CR

SE LEONARD RD

FRANKS MOORAGE



LHA811.IXD.PLOT DATE: 12/16/03

FA



City Limits

Lacamas Heights Annexation

CITY OF CAMAS  
LACAMAS HEIGHTS ANNEXATION

- 3. Receive a salary at least equal to that of other new employees in the same classification; and,
- 4. Have all the rights, privileges, and benefits (e.g., sick leave and vacation) within the civil service system that he or she would have been entitled to had he or she been a member of the police department from the beginning of his or her employment with the county.

#### IV. Financial Impacts

Every annexation will have some financial impact on the annexing city. It may be positive (anticipated new revenues are greater than the additional service costs) or negative. It may be small (in which case it will not weigh heavily in the decisionmaking process) or it may be large. As part of an annexation study, every city needs to do at least a "back of the envelope" calculation to determine whether an additional, more detailed analysis should be done.

##### A. Revenue

The revenue increases that will come to the city treasury because of an annexation depend substantially on the character of the area to be annexed. Factors such as the population of the area, its assessed valuation, and current and future land use patterns will affect most of the city's current revenue sources. In making its estimates, the city finance department needs to be aware of two important issues. First, the date chosen for the annexation will have an impact on when new revenues are received and, in some cases, how much is received. This date is particularly important for property tax revenues and sales and use tax equalization payments. Second, the increasing number of annexations and incorporations in recent years has begun to negatively affect the funds that will be available from state-shared revenues and sales tax equalization.

##### 1. Timing of Property Tax Receipts

The property tax has the longest lag between annexation and the receipt of the first tax revenues. The boundaries of a city for property tax purposes are the "officially established boundaries" that exist on March 1 of the year in which the property taxes are levied.<sup>15</sup> RCW 84.09.030. *Thus, a city may levy taxes during the current year for receipt during the next year for any annexation that is officially completed by March 1. If the annexation is completed after March 1, the city will have to wait until the following year to levy the tax to apply in the annexed area.* For example, if an annexation is completed by March 1 of Year 1, the city can levy taxes in November of Year 1 and receive its first substantial property tax revenue after April 30 of Year 2. If the annexation is not completed until March 2 (or later) of Year 1, the city will have to wait until November of Year 2 to levy its property tax and will not receive its first revenues until the spring of Year 3. Upon annexation, the city does receive the revenue from the levied but uncollected county road district taxes (RCW 35.13.270, 35A.14.801), but this may be less money than the city would get if it were levying its own tax. Also, the road district tax revenues must be placed in the city street fund

<sup>15</sup>The statutes do not define when a boundary change brought about by an annexation is "officially established." However, the annexation statutes provide, for all annexation methods, that the effective date of an annexation is that which is stated in the annexation ordinance as the effective date. Thus, it is likely that the date stated in the annexation ordinance would be considered as the date on which the new city boundaries are officially established.

rather than the general fund, and the city might find that a drawback. For property tax purposes, it definitely pays to plan ahead when considering an annexation.

## 2. Timing of State-Shared Revenues

The state-shared revenues (gasoline tax, the motor vehicle excise tax, liquor board profits, and the liquor excise tax) are distributed to cities on the basis of population. For a city to have its population adjusted for an annexation for purposes of state-shared revenue distributions, the Office of Financial Management (OFM) must certify the annexation, after which it will notify the appropriate state agencies of the population change. For purposes of state shared revenues, the revised city boundaries and the new population are not recognized until the date that OFM approves the annexation certificate submitted to it by the city.

To initiate this certification process, a city must send an annexation certificate and certain required supplemental documents<sup>16</sup> within 30 days of the annexation to OFM's Forecasting Division. See RCW 35.13.260; 35A.14.700. (See Chapter Six, Section I.O., or Chapter Seven, Section I.M. for the needed address and telephone number.) OFM then processes the documents for certification and, following certification, informs the state agencies that make revenue distributions to cities what population figures to use in the next quarter's distributions. The relevant quarterly periods begin on January 1, April 1, July 1, and October 1.

However, in order for a city or town to receive state-shared revenues in the coming quarter that reflect its new population, OFM and the relevant state agencies need to know about the annexation population addition well *before* the beginning of these quarterly periods. OFM must notify the other agencies more than 30 days prior to the beginning of a quarterly period for the population of the annexed area to be included for purposes of revenue distributions. RCW 35.13.260; 35A.14.700. The state agencies must thus be notified, as the case may be, by November 30, February 28, May 31, or August 31. For OFM to make timely notification to the other agencies, it must receive the annexation certificate and required supplemental documents even sooner. OFM has indicated that, for an annexation of less than 100 people, one week before this notification date is probably soon enough. For annexations of 100 to 500 people, OFM wants two weeks notice. For annexations of 500 to 10,000 people, OFM must be notified at least a month before the notification date. For those with a population of over 10,000, OFM must receive the necessary paperwork at least six months before.

An example may be helpful. Assume that an annexation involves 2,000 people and the city submits the necessary annexation documents to OFM on January 28. That gives OFM a month to work with the city before the February 28 date by which OFM needs to notify the other state agencies. The city should receive its additional state-shared revenues beginning in the second quarter of the year, which begins April 1. If OFM does not receive the annexation documents until February 5, say, chances are that, since the annexation is greater than 500 people, OFM will not be able to include it by the

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<sup>16</sup>OFM requires submission of the following documents for the certification process: (1) the signed annexation certificate, in triplicate (certificate form obtained from OFM); (2) three copies of the annexation ordinance containing the legal description of the area annexed; (3) three maps of the annexed area, in conformance with OFM map requirements; and (4) the original (hand-written) Special Population Census Sheets used to enumerate the population and housing of the annexed area. OFM will send specific instructions upon request.

February 28 "deadline," and the city will have to wait until the third quarter to begin receiving its additional distributions for the annexed area.

3. Timing of Sales and Use Tax Receipts

A city or town should inform the Department of Revenue, Local Sales Tax Section, at the following address, about an annexation, so that the department can make certain that the city receives its proper amount in the local distribution of the sales and use tax:

*Simon Hardan - ?*  
Local Tax Supervisor  
Department of Revenue  
General Administration Building  
PO Box 47476  
Olympia, WA 98504-7476

Telephone: (360) 902-~~7010~~ *7103*

The information that a city should provide includes:

- The effective date of the annexation;
- A legal description of the area;
- A map of the annexed area; and
- A copy of the annexation ordinance.

The city is responsible for informing the businesses in the annexed area about their new tax code and new tax rate. The city should give the department as much information as possible on the names of businesses in the annexed area, their addresses, and their unified business identifier (UBI). This information will assist the department in checking its records to make certain that the businesses are reporting properly and that the city is getting the proper amount of taxes from the annexed area.

In most cases, if a city chooses an annexation date that is after the first of the month, the department will not credit its account with sales tax revenues until the beginning of the following month.<sup>17</sup> Because reports of sales tax revenues collected in one month are not due to the department until the 25th day of the following month and the revenues are not distributed until the last day of the next month after that, there is a considerable lag in the receipt of these revenues.

For example, if a city annexes territory on the 15th day of April, the department begins (with the exception noted in footnote 17) crediting sales tax to the city's account on May 1. The May taxes are due to the department on June 25 and distributions of these monies would be made to the city on July 31. This lag in the receipt of sales tax revenues is simply a function of the time it takes to collect and distribute the money. The city's choice of an annexation date has little effect on it.

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<sup>17</sup>Most firms report their taxable retail sales as a single amount for the entire month. The Department of Revenue has no way of knowing what sales were made for the part of the month before the annexation and the part after. However, if a firm does report its retail sales as separate amounts before and after the annexation date, the department will credit the annexing city with sales tax revenue for a partial month. If there are any large retailers in the area to be annexed, city officials may wish to contact them and request that they report the before and after annexation sales separately.

#### 4. Timing of Sales and Use Tax Equalization Payments

Each January, the Department of Revenue calculates the amount of sales and use tax equalization that each city is qualified to receive during the coming year. To qualify for sales and use tax equalization in any year, the sales and use tax received in a city in the prior year **from the first half cent of the tax**, on a per capita basis, must have been less than 70 percent of the state-wide average in incorporated areas in the prior year. For example, for 1995 equalization payments, the state-wide per capita average (\$78.47) was based on the amount of sales and use tax received by the incorporated areas from the first half cent in 1994 (\$218,811,709) divided by the April 1, 1994 incorporated population<sup>18</sup> (2,788,488). Each city's per capita average was determined by its 1994 sales tax and use tax receipts from the first half cent divided by its April 1, 1994 population. If a city's per capita average was less than \$54.93 (\$78.47 x .7), it qualified for equalization in an amount equal to the difference between \$54.93 and its average multiplied by its population. If a city levied the second half cent of the sales and use tax in 1994, it will receive a second payment in 1995 that is equal to the first.

Why is it important that the population figure used is from April 1 of the prior year? If a city qualifies for equalization payments, it probably wants to get the additional equalization revenues from the annexed area as soon as possible. As with state-shared revenues, OFM needs some lead time (the same as for state-shared revenues) in order to make certain it has all the necessary information about the annexation. For an annexation to be included in the April 1, 1994 population figure, a city had to notify OFM at least one week, two weeks, four weeks, or six weeks before April 1, 1994, depending on the size of the annexation. Any city that did so would receive equalization revenues, based on its new population, beginning in January 1995. But any jurisdiction that did not meet OFM's time requirements will have to wait until 1996 to get equalization payments for its annexed population. **This is another reason to time the annexation so that it is completed before March 1. By doing so, the city gets an additional year's worth of equalization receipts based on the sales and use tax and the population from the annexed area.**

#### 5. The Future of State-Shared Revenue and Sales and Use Tax Equalization Payments

The recent increase in the state's population living in incorporated areas resulting from annexations and, in particular, incorporations, has had a negative impact on every city's stated-shared revenue receipts. At least for a while, that trend will likely continue. For per capita distributions of state-shared revenues to grow from one year to the next, the numerator (the state-shared revenue source) must grow faster than the denominator (incorporated population). The Department of Licensing predicts about an annual five percent increase in the motor vehicle excise tax for the next few years. The Department of Transportation foresees about a two percent annual increase in total gas taxes. The liquor-based revenues have barely been growing at all. Therefore, every annexation and incorporation puts downward pressure on per capita receipts. By themselves, the incorporations of Shoreline and University Place, which will take place in 1996, will

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<sup>18</sup>RCW 43.62.030 requires OFM to annually determine, as of April 1, the populations of all cities and towns in the state. OFM must then, on or before July 1 of each year, file with the secretary of state its population determinations, which will be used as the basis for the allocation of state funds to cities and towns. When territory is annexed to a city, OFM forwards a revised determination to the appropriate state agencies. The revised figures due to an annexation do not, however, affect the equalization payments until the next year.

add almost three percent to the incorporated population. Historically, the incorporated population, after adjusting for annexations and incorporations, has been growing at about two percent a year. Together, these add up to a five percent population increase (and maybe more, if other incorporations and annexations take place) in 1996. That means that per capita motor vehicle excise taxes will at best remain constant (five percent growth in both the numerator and denominator), and other per capita state-shared revenues will fall. Eventually, of course, the pace of annexations and incorporations must taper off. But until that time, the growth rate of per capita distributions will be lower than in the past, and maybe even negative.

Cities that receive sales and use tax equalization will be particularly affected by annexations and incorporations. From the time that equalization payments began in 1983 until the present time, the municipal sales and use tax equalization account has always had enough money to fully fund the cities that qualify under all the sections of RCW 82.14.210. In fact, every year, there has been a surplus of funds distributed to every city and town on the basis of its population. Beginning in 1996, however, MRSC predicts that the funding source (4.75 percent of the motor vehicle excise tax collections) will be insufficient to continue the full level of funding.

The problem arises because the recently incorporated cities (and, to some extent, new annexations) encompass territories that have a relatively small retail sales tax base. They all qualify for sales and use tax equalization. When added to the amounts that existing cities qualify for, the “demand” for equalization payments will be greater than the supply. There will be enough money to fully fund the payment that cities receive to equalize their first half cent sales and use tax (RCW 82.14.210(3)). However, the equalization that cities receive on their second half cent will be reduced to match the available funds. As this publication goes to press, MRSC estimates that the reduction will be 42 percent. If one averages the full payment on the first half cent and the reduced payment on the second half cent, cities who levy both half cents will see their equalization payments fall by approximately 21 percent in 1996.

Whether equalization payments continue to fall will depend on whether the “demand” for equalization grows as fast, less fast, or at a rate equal to that of the funding source, the motor vehicle excise tax. In large part, this will be determined by the number of incorporations and annexations that take place and the character of the retail sales tax base in those areas.

## **B. Costs of Annexation**

Analyzing annexation costs to a municipality is, at best, difficult. There are no magic formulas that can be easily manipulated to arrive at an accurate prediction for all annexations of what the costs will be—either in the short term or the long term. Each annexation has unique characteristics. Short term costs tend to vary with the immediate need for services, such as the anticipated costs of police, fire, planning, utility, and street maintenance. Long term costs may include the capital improvement obligations a city may assume after an annexation. The current status of land development has substantial bearing on the cost element, together with size, character of the population, and unique municipal concerns, if any, of the area to be annexed.

To anticipate total annexation costs, city department heads are typically asked to develop estimates of what the increased cost, if any, will be to the department when it properly integrates services to the annexed area into the existing program. This should be done both on a short term and a long term basis, taking the Plan of Service (Chapter Two, Section V) into account.

Action	Date Completed
18. Notice to: <ul style="list-style-type: none"> <li>● Washington State Department of Revenue <i>Jim Hardan</i></li> <li>● U.S. Bureau of Census (optional)</li> <li>● County treasurer and assessor (30 days before effective date of annexation)</li> <li>● City or town departments               <ul style="list-style-type: none"> <li>Public works</li> <li>Fire</li> <li>Police</li> <li>Park and recreation</li> <li>Other</li> </ul> </li> </ul>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

*county elections board*

**From:** <Bill.Barron@clark.wa.gov>  
**To:** <lhalverson@ci.cammas.wa.us>  
**Date:** 12/9/03 10:24AM  
**Subject:** Annexation

Lloyd:

Here is the information regarding the annexation:

1. Timing the Property Tax Receipts.

The boundaries of the city for property tax purposes are "officially-established boundaries that exist on March 1st of the year in which the property taxes are levied/assessed." RCW 84.09.030. Thus, the city may levy taxes during the current year for receipt during the next year for any annexation that is officially completed by March 1st. If the annexation is completed after March 1st, the city will have to wait until the following year to levy the tax to apply in the annexed area.

Example: If the annexation is completed by March 1 of year 1, the city can levy taxes in November of year 1 and receive its first property tax revenue after April 30th of year 2.

2. Road Fund.

Upon annexation, the city does receive the revenue from levied but uncollected road fund taxes. RCW 35.13.270, RCW 35A.14.801. To receive the levies by uncollected county road taxes beginning on the effective date of annexation, the city must notify the county treasurer and assessor of the annexation at least 30 days before the effective date. Notice must be by certified mail and must include a list of the annexed parcel numbers.

3. State-shared Revenues.

State-shared revenues (gasoline tax, liquor board profits, liquor excise tax) are distributed to the cities based on population. For a city to have its population adjusted for an annexation for purposes of state-shared revenue distributions, the Office of Financial Management (OFM) must certify the annexation, after which it will notify the appropriate state agencies of the population change.

To initiate the certification process, the city must send an annexation certificate and certain required supplemental documents within 30 days of the annexation to OFM's forecasting division. See, RCW 35.13.260, 35A.14.700.

4. Sales and Use Tax Receipts.

Effective January 1, 2000, sales tax changes may only be effective January 1, April 1, July 1, or October 1. Tax changes include changes resulting from annexation. The law requires local governments must notify the Department of Revenue at least 75 days before the change takes place. Previously, a tax rate could change effective the 1st day of any month and there was no mandatory 75-day notice.

5. Regarding REET, please contact John Payne, Deputy Treasurer at 397-2252

x.4466.

6. You are correct regarding impact fees. You would start collecting some when you begin issuing building permits on the annexed area.

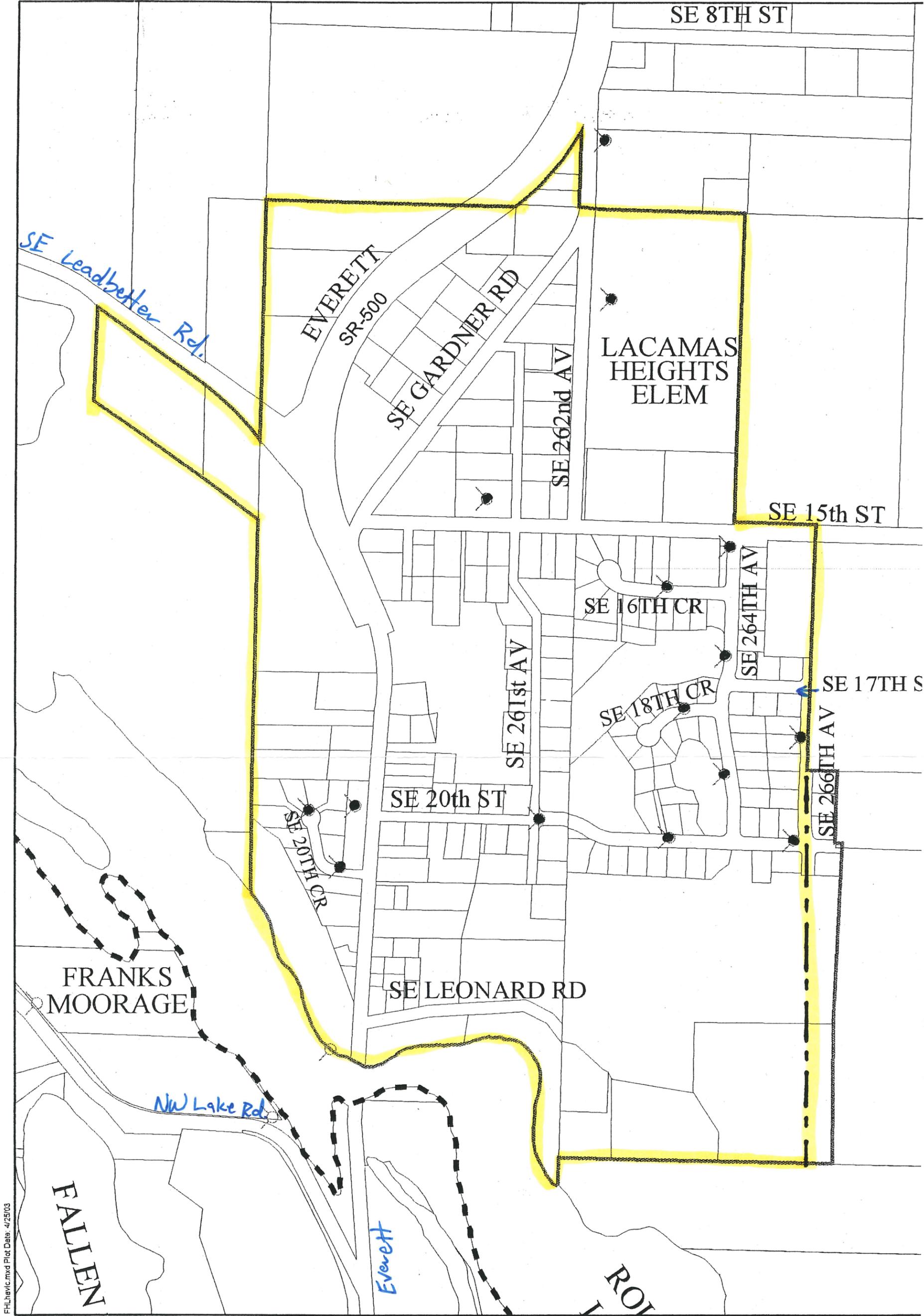
ORDINANCE NO. 2350

On December 8, 2003, the Council enacted Ordinance No. 2350, which annexed the Lacamas Heights area to the City of Camas, Washington, pursuant to the election method authorized by Chapter 35A.14, Revised Code of Washington. The full text of the ordinance will be mailed to any person upon request.

DATED this \_\_\_\_ day of December, 2003.

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Joan Durgin, City Clerk



F:\L\h\h\c.mxd Plot Date: 4/25/03

-  N
-  City Limits
-  Proposed Annexation

**LACAMAS HEIGHTS  
FIRE HYDRANTS**