Montana Municipal Interlocal Authority

2015

EXECUTIVE FORUM

Community Technical Assistance Program

MONTANA
DEPARTMENT OF COMMERCE

Outline

- Annexation Statutes
  - Purpose, definition & types of annexation
  - Provision of services reports & plans
  - Financial impact analysis
  - Influence & interaction with other planning tools
  - Coordination

- Planning Boards & Coordination
  - Purpose
  - Statutory authorization and requirements
  - Best practices

Purpose

The purpose of Montana's annexation statutes are to provide expanding communities with:

- A united and effective single form of government;
- Orderly growth through uniform regulations such as building codes, planning, and zoning standards; and
- An equal sharing of community resources and financial responsibility by people living in an area united by social, political, and economic interests.

Annexation Can Be Simple....

- Logical extendion of municipal boundaries;
- Requires extension of utilities and services;
- Everything is agreed up-front;
- Requires adoption of a Resolution of Ordinance;
- All is well that ends well, if plan as submitted is completed...

... Or Complex

- Requires judgment which may defy logic;
- Extension of utilities and services is not always uniform;
- Certain items can be deferred;
- Process for adoption of a Resolution varies;
- Complications ensue if plan as submitted is not completed!

Annexation And Other Planning Tools

- Growth Policy
- Zoning
- Subdivision
- General Mitigation of Impacts
- Impact Fees
- Capital Improvements Plan
- Wastewater Facility Plan
- Water Facility Plan

What is Annexation?

» A process whereby a municipality incoporates additional territory into its corporate boundaries;

» Dictated by MCA 7-2-42 through 7-2-48

» Generally (but not always!) initiated by a written petition to city

Annexation Statutes

» Addition to Municipalities, MCA 7–2–42 (general guidance)

» Annexation of Contiguous Land, MCA 7–2–43

» Annexation of Contiguous Government Land, MCA 7–2–44

» Annexation of Wholly Surrounded Land, MCA 7–2–45

» Annexation by Petititon, MCA 7–2–46 (most utilized)

» Annexation with the Provision of Services, MCA 7–2–47

» Exclusion of Land from Municipalites, MCA 7–2–48

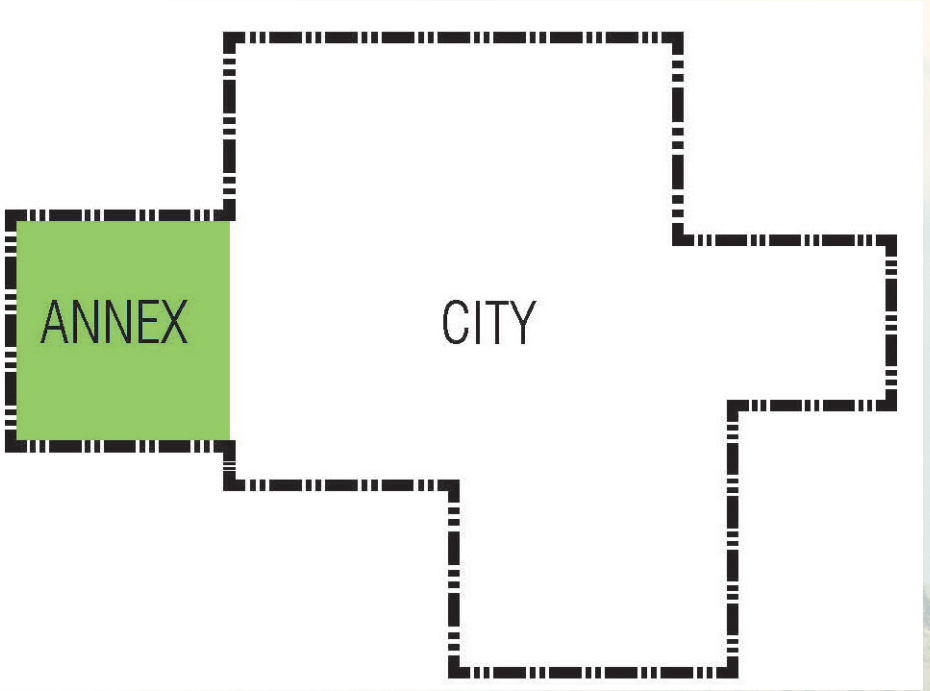
Addition to Municipalities 7–2–42

“Whenever territory adjoining any incorporated city or town is surveyed and laid off into streets or blocks as an addition thereto, said territory may become a part of such city or town:

1. upon filing the map or plat thereof in the office of the county clerk; and
2. upon the approval of the mayor and a majority of the council endorsed thereon”

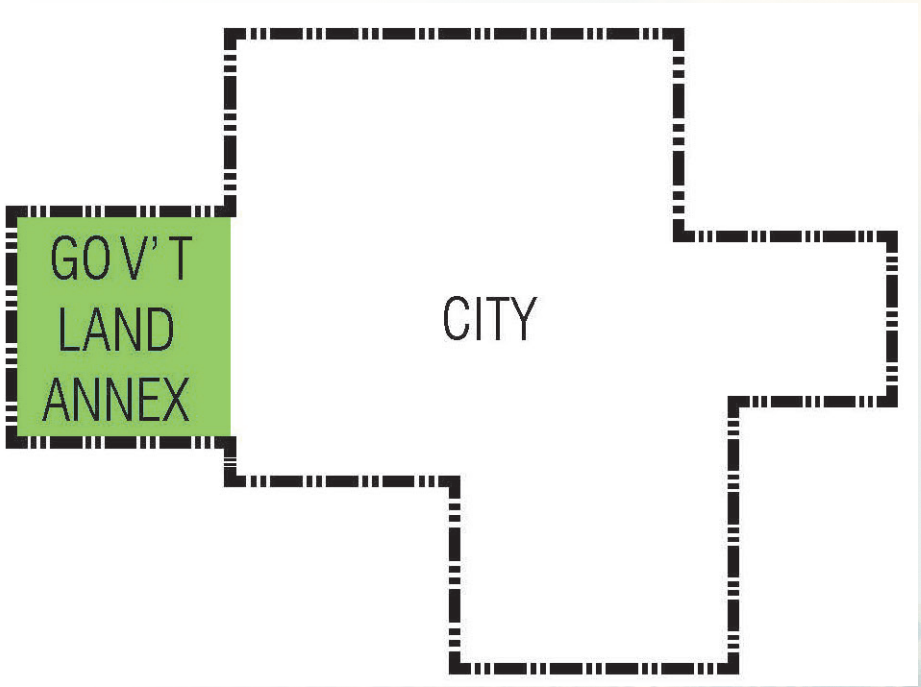
Annexation of Contiguous Land 7–2–43

"Any tracts or parcels of land...is contiguous to any incorporated city or town, may be embraced within the corporate limits of the city or town, and the boundaries of the city or town may be extended to include the platted or unplatted land."



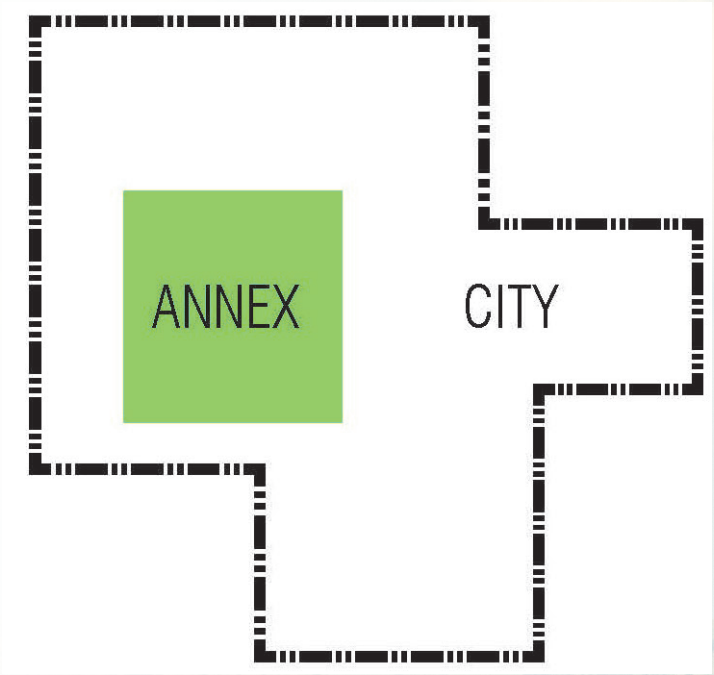
Annexation of Contiguous Government Land

"Whenever any land contiguous to a municipality is owned by the United States, the State of Montana, or by any agency – instrumentality or polititcal subdivision of either...such land may be incorporated and included in the municipality to which it is contiguous and may be annexed..."



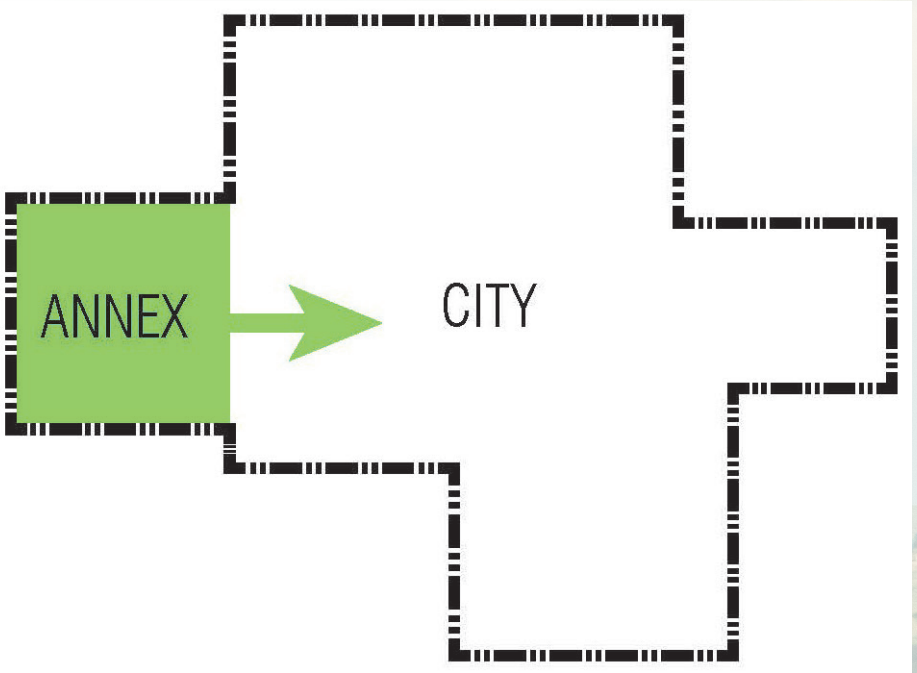
Annexation of Wholly Surrounded Land 7–2–45

"A city may include as part of the city any platted or unplatted tract or parcel of land that is wholly surrounded by the city upon passing a resolution of intent."



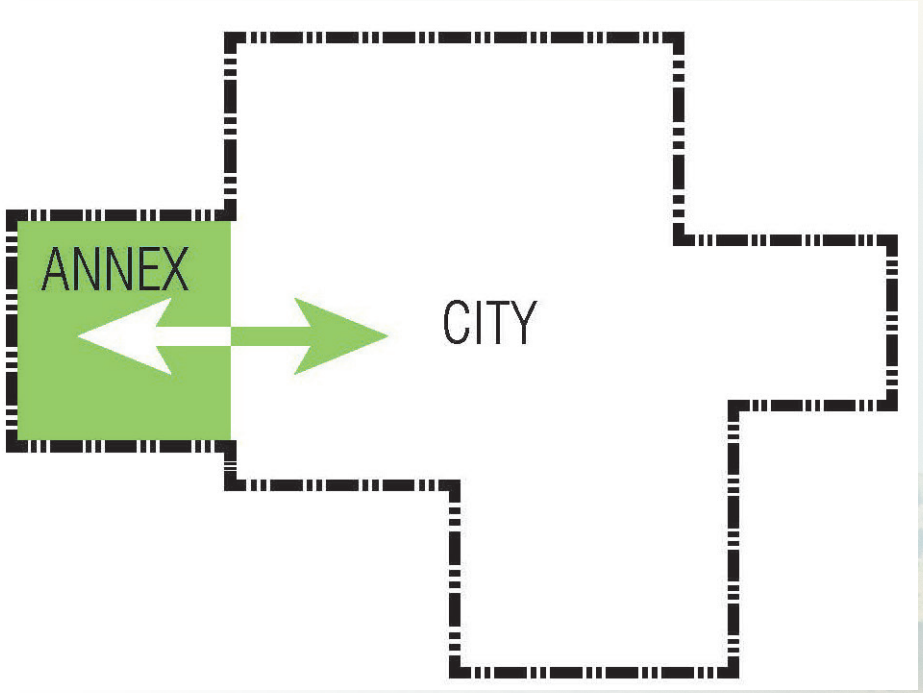
Annexation by Petition 7–2–46

"The boundaries of any incorporated city or town may be altered...upon receiving a written petition for annexation containing a description of the area to be annexed and signed by not less than $33^{1/3}$% of the registered electors of the area proposed to be annexed..."



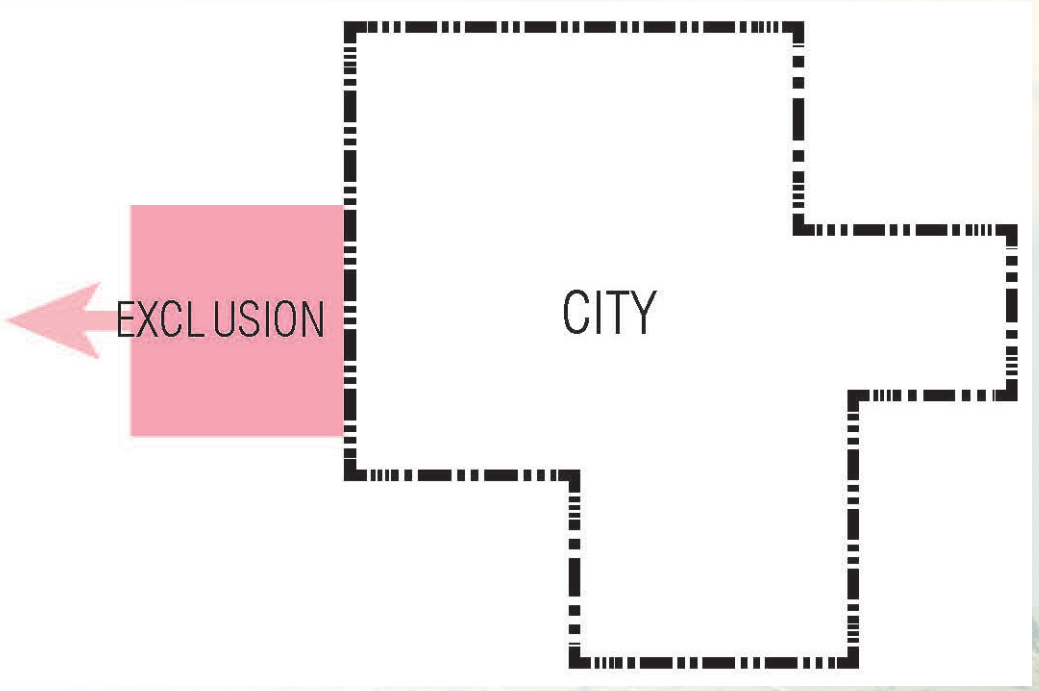
Annexation with Provision of Services

"The governing body of any municipality may extend the corporate limits of the municipality under the procedure set forth in this part upon the initiation of the procedure by the governing body itself...[or]...Whenever the owners of real property situated outside the corporate boundaries of any municipality, but contiguous to the municipality, desire to have real estate annexed to the municipality, they shall file...a petition..."

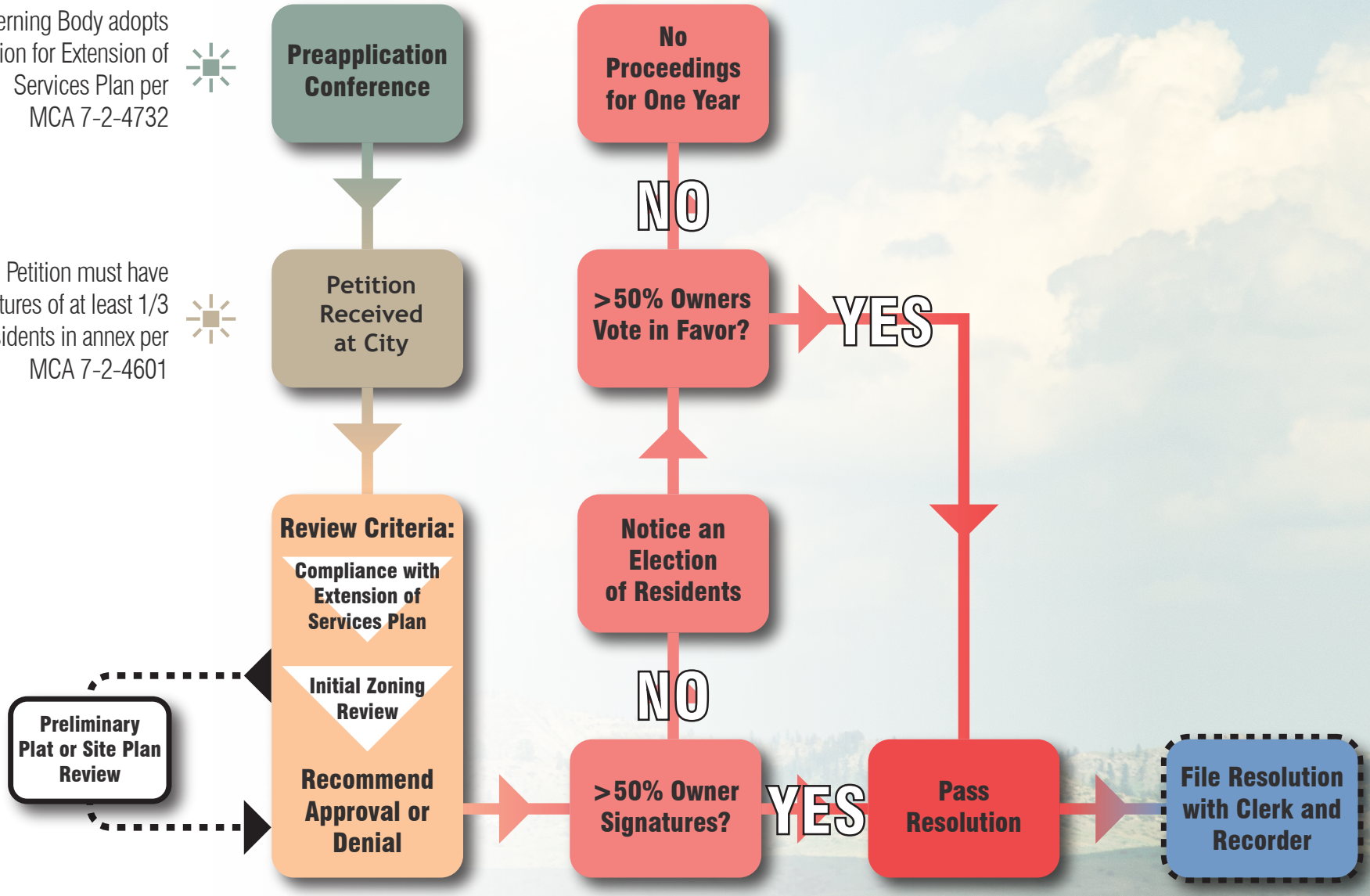


Exclusion of Land 7–2–48

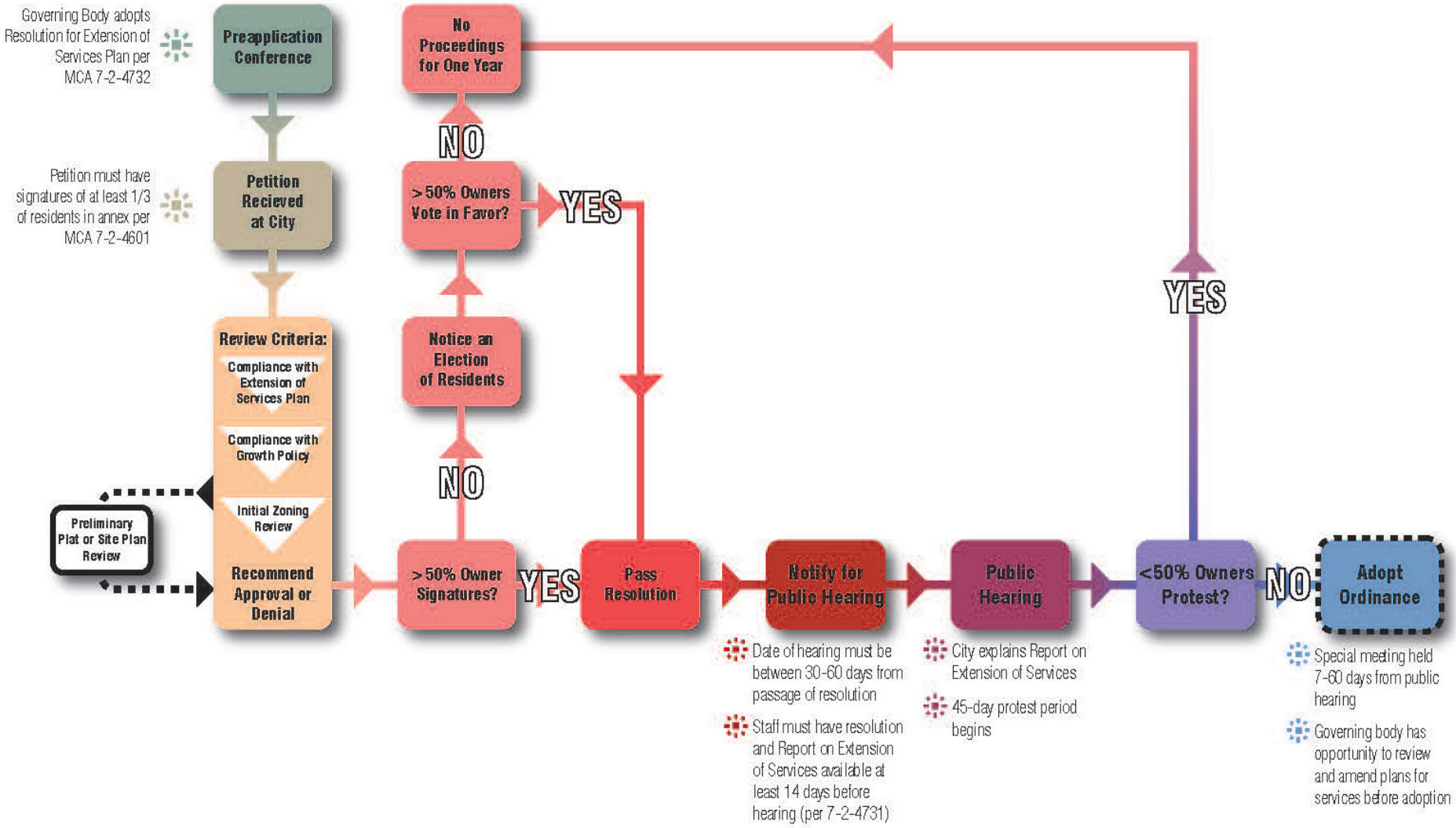
"The boundaries of any incorporated city or town of this state may be altered and a portion of the territory thereof excluded therefrom, and the councils of such cities and towns are hereby granted power to enact resolutions for that purpose..."



Annexation by Petition, 7-2-46



Annexation with Provision of Services 7-2-47



Extension of Services Plan 7–2–4732

- Must provide long-range plan for extension of services
- Plan must:
  - Provide for extending police, fire, garbage, streets, and street maintenance services
  - Provide for future extension of services so that when they become necessary, owners are able to secure them
- Set a proposed timeline
- Set forth a method to finance improvements
- Provide specific steps for transfer of these services
- Report on extension of services & county consultation required pursuant to 7-2-4731 MCA

In all cases of annexation under current Montana law, services must be provided according to a municipality's extension of services plan, with few exceptions... [7-2-4205]

Annexation Agreements

- First–class cities can utilize annexation agreements with developers / annexation applicants;
- Can be a detailed technical document or a simple narrative of how services for new demand will be met (outside the scope of an extension of services plan).

Financial Impact Analysis

SW DESIGN BUILD, INC. DEVELOPMENT ECONOMIC BENEFITS TO CITY OF RAY				
1	INCREASED TAX BASE FOR MOTEL, RESTAURANT, HOUSING			$8,200,000.00
2	ESTIMATED ANNUAL REAL ESTATE TAX ON 4 BUILDINGS			$120,000.00
3	ESTIMATED ANNUAL SALES TAX REVENUE ON MOTEL AND RESTAURANT			$30,000.00 @ $2,500 per month (Motel: $2000/mo and Restaurant: $500/mo)
4	24 UNITS OF AFFORDABLE HOUSING FOR LOCAL EMPLOYEES/SERVICE STAFF OF SCHOOL, CITY, BUSINESSES			See below income & rent level requirements
6 UNITS @ 50% MEDIAN INCOME				
	Max Income Limit		Max Rent Level	
	1 Person	2 Persons	2-Bed Unit	3-Bed Unit
Williams Co	$20,550	$23,450	$660*	$761*
6 UNITS @ 140% MEDIAN INCOME				
	Max Income Limit		Max Rent Level	
	1 Person	2 Persons	2-Bed Unit	3-Bed Unit
Williams Co	$57,540	$65,660	$1848*	$2133*
*Note: Maximum Rent Levels must be reduced by amount of utilities paid by tenant (approx. $150 per month)				
5	LOCAL EMPLOYEES ADDED AS A RESULT OF MOTEL AND RESTAURANT BUSINESSES			4-6 FTE Employees plus 10-20 part-time employees
6	INCREASED REVENUE OF EXISTING LOCAL BUSINESSES IN SERVICING NEWLY DEVELOPED MOTEL AND RESTAURANT			????
7	PROJECTED ANNUAL WAGES ADDED TO CITY			$200,000.00 Annually
8	ADDED UTILITY FEE REVENUE			$43,200.00 Housing $60,000.00 Motel $24,000.00 Restaurant
9	ADDED TOURISM REVENUE CURRENTLY PASSING THROUGH CITY & NOT RETAINED			???
10	NOTES: • Proposed development does not assess any existing local residents for infrastructure costs. City is requiring development bear cost. • Proposed development has no preference, and is not requesting, annexation of properties east of proposed development. • Cenex/Horizon property has agreed to annexation. • Development suggests city establish "No Truck Traffic" on 4th Avenue. • Development will work with City to identify fire protection equipment, and will consider 2-story motel if resolution cannot be identified. • Development understands and accepts Impact Fees, and wishes to identify them for planning purposes.			

Financial Impact Analysis

Missoula, MT

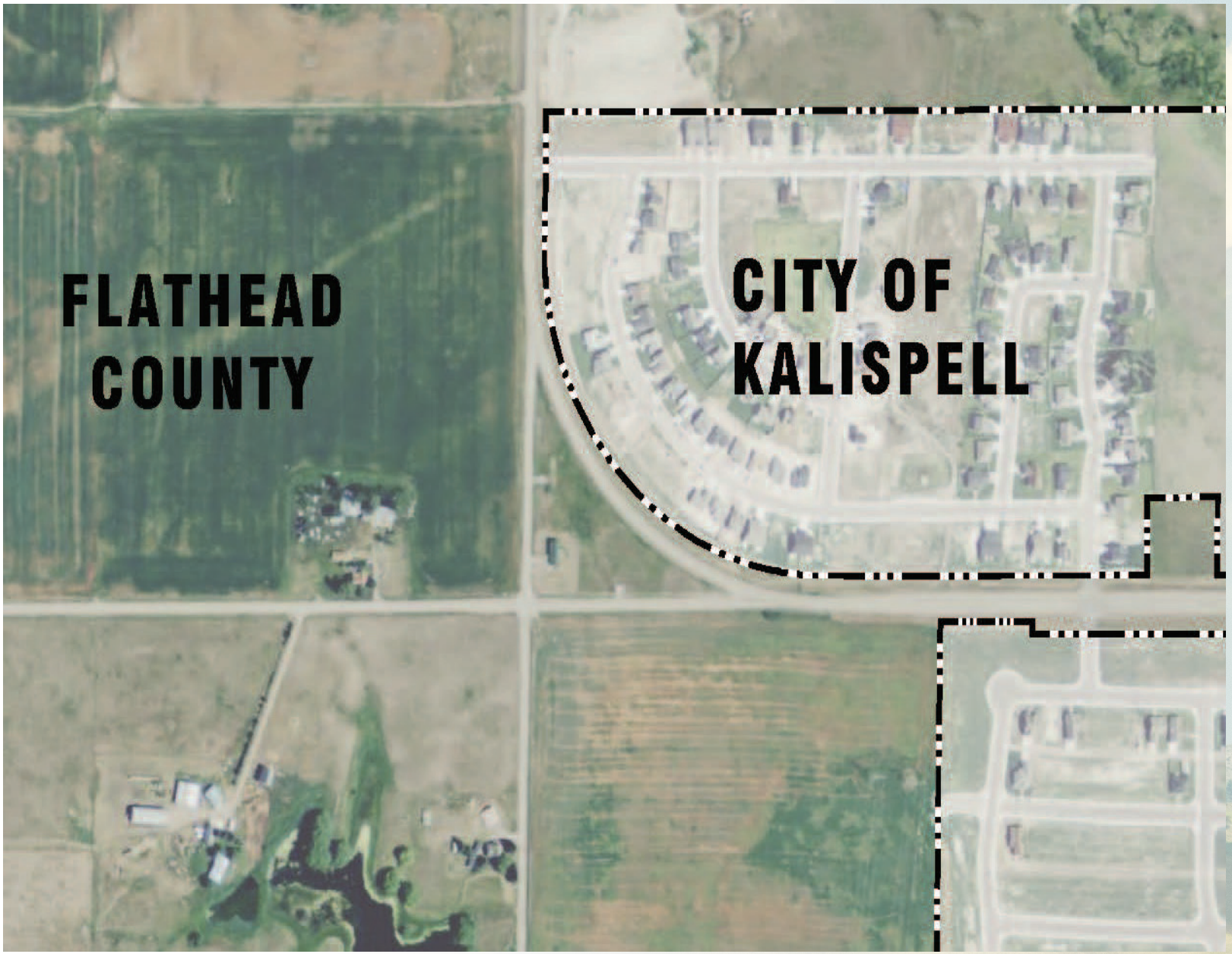
TOTAL IMPACT ESTIMATE: The total estimate for these impacts is $399,659. Deducting this amount from the potential revenue of $469,031 indicates that the general fund operating budget cost impacts are fully supported at the current level of service.

Potential Revenue	$469,031
Potential Impacts	$399,659
Impact Balance	$69,373

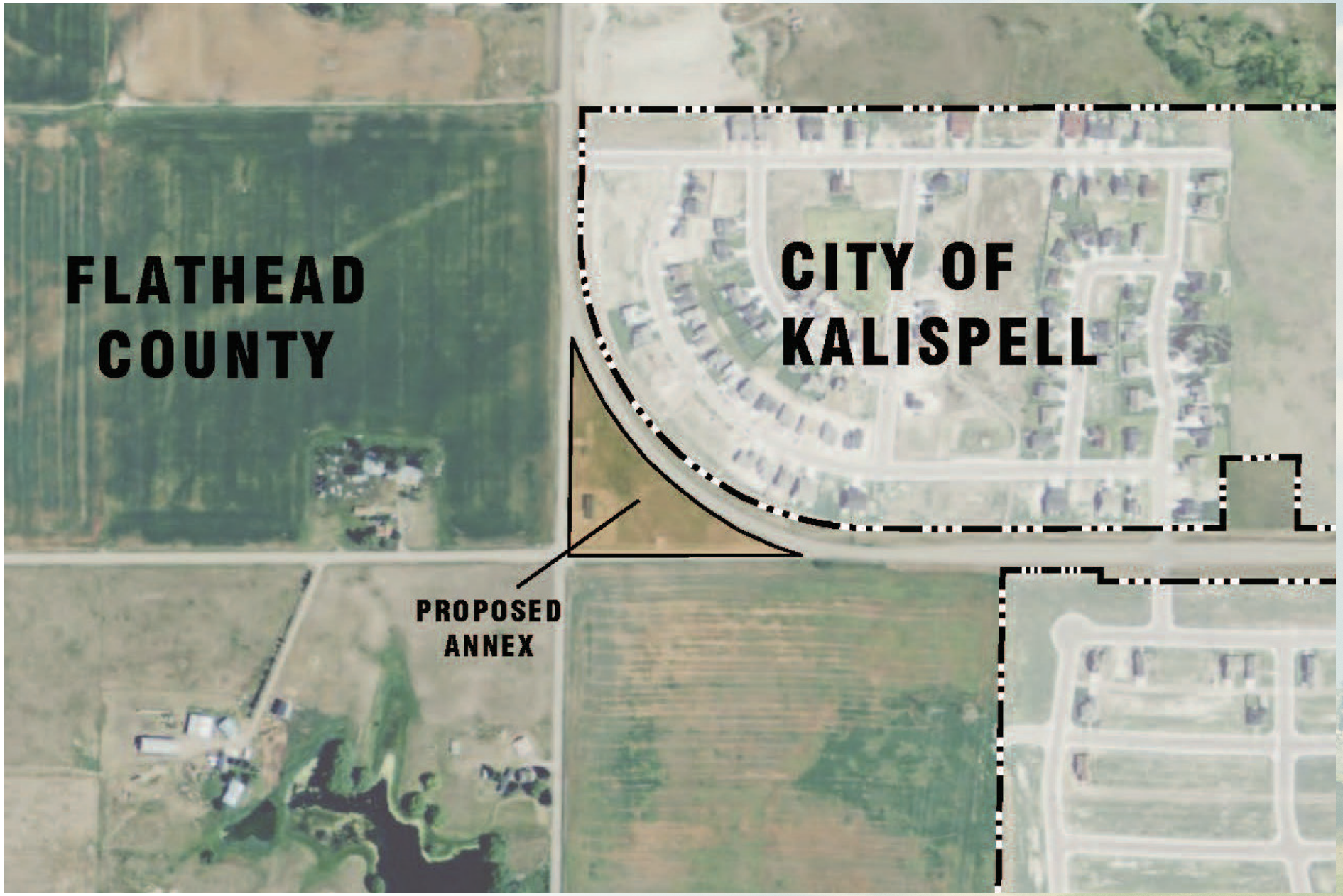
As always, these are estimates based upon the best numbers available at the time of annexation and are subject to change. Changes would be city-wide and not limited to these areas alone. Factors that may bring change include, but are not limited to:

1. Changes in State method of assessing property taxes
2. Changes in City's mill levy
3. Changes in anticipated rate of growth in new subdivisions due to market flucuations
4. City choices regarding capital improvement projects, bond issues and new programs

Financial Impact Analysis



Financial Impact Analysis



Financial Impact Analysis

Financial Summary

Total Acres: 3.5
Total Units: 1.0

Total Anticipated Revenue (Taxes, Assessments):	+$1,253
Total Anticipated Costs (Fire, Police, Water, Sewer, Etc):	-$1,775
Net Revenue per Year if Annexed:	**-$522**
One-time Impact Fee:	+$2,637
	=$2,115
Net Revenue per Year if Not Annexed:	**-$1,440**

Annexation - Recommended Steps

- Step 1: Develop an Annexation Extension of Services Plan
- Step 2: Applicant Submits Petition
- Step 3: Review Submitted Petitions using the Annexation of Services Plan as the review tool
- Step 4: Resolution of Annexation

Board Interaction & Coordination

Purposes for Coordination

- Avoidance of conflict between policy & regulations
- Ensure open communication
- Align actions, avoid overlap
- Efficient use of public resources

Statutory Authorization & Requirements

- What is required by statute vs. what is recommended

Board Interaction & Coordination

Planning Boards

- Cross-jurisdictional considerations
  - Extraterritorial issues
  - Immediate & long term considerations
    - Transportation, utilities, solid waste, provision/extension of services
  - Joint boards can function to communicate between jurisdictions

Board Basics

Planning Boards - Purpose & Authority

[Title 76, Chapter 1, Part 1 MCA, et al]

- Serves in advisory capacity to established boards & officials
- Purpose of planning board (generally) - 76-1-106 MCA
  - "Promote the orderly development of its governmental units and its environs"
- Five types of planning boards:
  - Municipal
  - County
  - City/County
  - Joint
  - Consolidated

Planning Board Type	Authorization	Purpose	Example
Municipal Planning Board	The governing body of an incorporated city or town may create a municipal planning board. Section 76-1-102, MCA	The municipal planning board makes recommendations on land use issues affecting the incorporated area. (Note: The jurisdiction for a municipal planning board is typically the incorporated area. See jurisdiction section below for more details.) Recommendations are made to the town or city council. Sections 76-1-102 and 76-1-106, MCA	Wolf Point City Planning Board
County Planning Board	The governing body of a county may create a county planning board. Section 76-1-102, MCA	The county planning board makes recommendations on land use issues affecting the unincorporated areas of the county. (Note: The jurisdiction for a county planning board is typically the unincorporated areas. See jurisdiction section below for more details.) Recommendations are made to the county commission. Sections 76-1-102 and 76-1-106, MCA	The Custer County Planning Board provides recommendations on subdivision proposals and other land use planning issues for the unincorporated areas of Custer County; the County Board also reviews subdivision proposals in the ETJ surrounding Miles City.
City/County Planning Board	The governing bodies of a municipality and county may create a city/county planning board. Section 76-1-102, MCA	The city/county planning board makes recommendations on land use issues affecting the incorporated and unincorporated areas that are defined as the board's jurisdictional area. (Note: The jurisdiction is typically the incorporated area plus either all or a part of the unincorporated areas of the county. See jurisdiction section below for more details.) Recommendations are made to the town or city council and county commission depending on the location of the development proposal or policies. Sections 76-1-102 and 76-1-109, MCA	The Dawson County/City of Glendive Planning Board and Zoning Commission provides recommendations to the Dawson County Commission and Glendive City Council. The jurisdiction includes all of Dawson County, including the two incorporated areas (City of Glendive and Town of Richey). The City/County Planning Board reviews subdivision proposals and zone change requests, and participates in long range planning projects.
Joint Planning Board	Any existing municipal, county, or city-county planning board may form a joint planning board with any other existing city, county, or city-county planning board. This is done through an interlocal agreement between the counties and municipalities. Section 76-1-112, MCA	The purpose of a *joint planning board* is to provide a mechanism for existing boards to work together on land use issues that cross jurisdictions. The existing boards are not dissolved so they can still work separately on land use issues that may only affect one of the jurisdictions. Section 76-1-112, MCA	Yellowstone County and the City of Laurel have a joint planning board that has authority over the City and the ETJ area up to 4.5 miles surrounding the City (interlocal agreement example provided)
Consolidated Planning Board	Any existing municipal, county, or city-county planning board may form a consolidated planning board with any other existing city, county, or city-county planning board. This is done through an interlocal agreement between the counties and municipalities. Section 76-1-112, MCA	The purpose of a *consolidated planning board* is to combine the existing boards to cover all land use issues across the jurisdictions. In the case of a consolidated planning board, the existing boards are dissolved (Section 76-1-112, MCA). There are two differences between a city/county planning board (discussed above) and a consolidated planning board. The first difference is in how the boards are created. With a city/county planning board, there are no existing boards so the city/county planning board is created from scratch. A consolidated planning board is created by combining existing boards. The second difference is that a consolidated planning board may combine entities other than a city and county. For example, a consolidated planning board could combine an existing municipal planning board with a second municipal planning board. As municipalities grow and extend boundaries towards neighboring municipalities, a consolidated planning board could be considered. For example, the City of Helena and City of East Helena could choose to consolidate their planning boards.	Yellowstone, Billings and Broadview Planning Board may act as a consolidated board.

Board Basics

Planning Board Membership & Qualifications

County Planning Board

- Membership [76-1-211 MCA]
- Qualifications [:76-1-212 MCA]
- Terms & Vacancy [76-1-203 and 204 MCA]
- Best Practice Recommendations

City-County Planning Board

- Membership [76-1-201 MCA]
- Qualifications [76-1-202 MCA]
- Terms & Vacancy [76-1 203 and 204 MCA]
- Best Practice Recommendations

City Planning Board

- Membership [76-1-221 MCA]
- Qualifications [:76-1-222, 223 and 224 MCA]
- Terms & Vacancy [76-1-203 and 204 MCA]
- Best Practice Recommendations

Board Basics

Planning Board Membership & Qualifications

Joint or Consolidated Planning Board [76-1-112 MCA]

- Any existing planning board may form a joint or consolidated planning board with any other existing planning board or combination of boards;
- Joint or consolidated board governed by interlocal agreement which
- Formation of consolidated board = dissolution of existing boards
- Formation of a joint board = existing boards remain and reserve rights, duties, powers, and obligations that are contained in the interlocal agreement.
- Membership of any city-county board formed pursuant to this section must have representation consistent with the membership requirements of a city-county board

Board Basics

Interlocal Agreements

» Contents

- Name of the combined board;
- Specify whether joint or consolidated board is formed;
- Specify the representation, means and manner of appointment;
- Identify membership duties;
- Identify staff duties - interlocal agreement should specify duties, obligations and staffing for each governing body who is a party [76-1-112(3)(c) MCA];
- Identify manner of sharing costs;
- Clearly establish jurisdictional roles and authority

Board Basics

Zoning Commission

» Municipal Zoning Commission [76-2-307 MCA]

- Broad powers associated with commission
- City/town council required to appoint
- Exception when adopting interim zoning [76-2-306 MCA]
- Recommends boundaries of districts, applicable regulations
- Public hearing responsibility
- City-county planning board may act as zoning commission (at council discretion)

Board of Adjustment

» Municipal Zoning [76-2-321 MCA]

- Optional - council may appoint or retain powers of board themselves
- Adoption of rules pertaining to the board authorized
- Minimum 5 members, maximum 7 members
- Term specified by city/town council (or 3 years)
- Make determination on variance requests and appeals

Board Basics

Jurisdictional Considerations

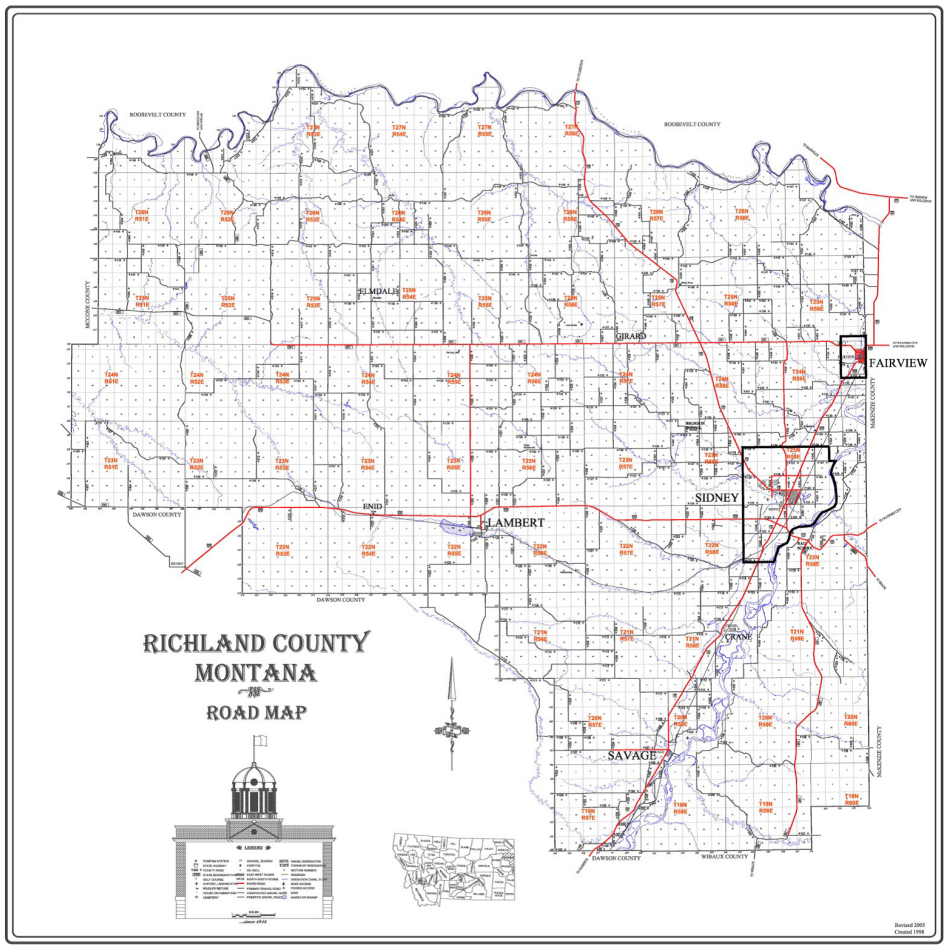
- General provisions under Title 76, Chapter 1, Part 5
  - Resolution & filing requirements
- City-county planning board jurisdictional area
  - Extension to jurisdictional area by petition (76-1-504 MCA)
- Extension of municipal zoning & subdivision regulations beyond city boundaries (76-2-301 & 311 MCA)
  - 1st class cities (7-1-4111 MCA) - up to 3 miles
  - 2nd class cities - up to 2 miles
  - 3rd class cities - up to 1 mile
- Authority provided in extension of regulations & interpretations

Board Interaction & Coordination

Example: Richland County, Sidney & Fairview

» Membership

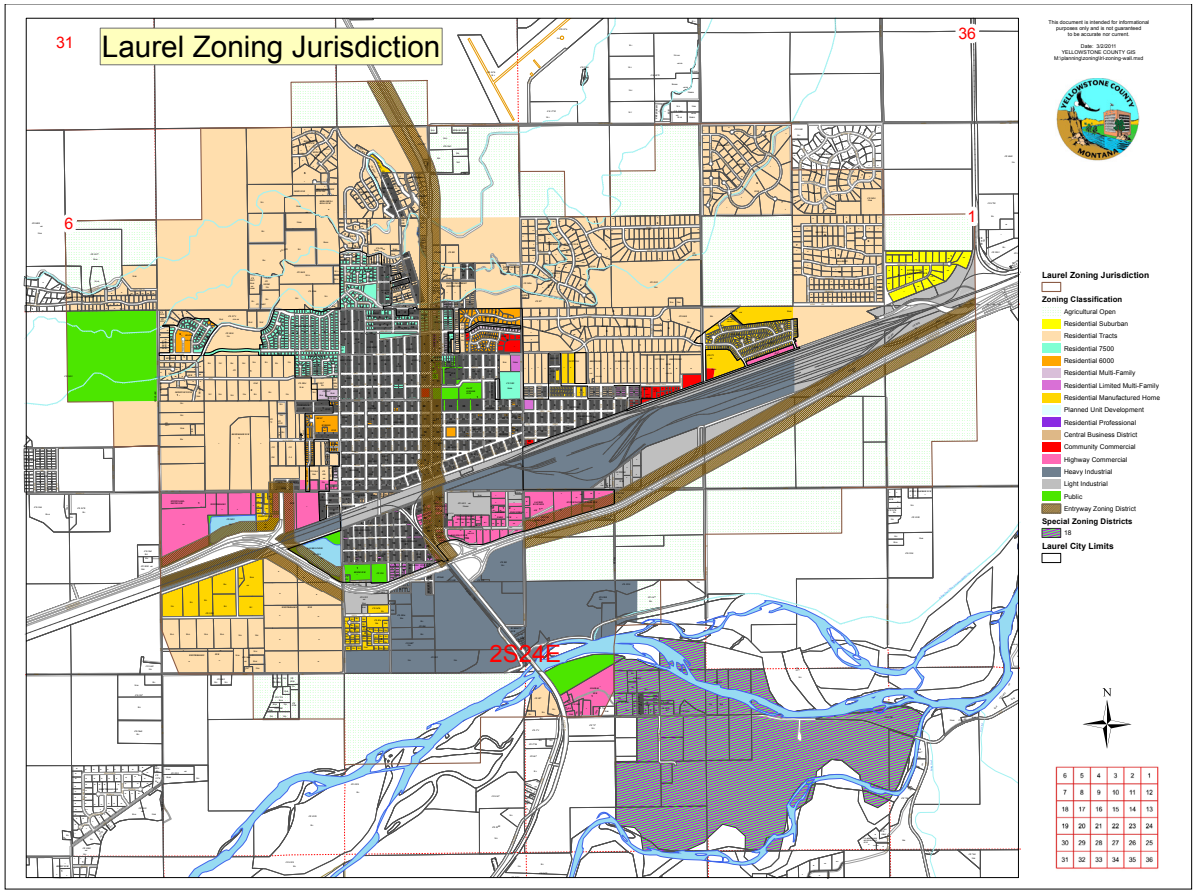
- Thirteen (13) members total
  - 4 appointed by County Commissioners
  - 4 appointed by the City of Sidney
  - 4 appointed by the Town of Fairview
  - 1 member from the Board of Supervisors of the Conservation District
- Sidney: 9-member standing committee consisting of the Sidney PB members, the county members and the conservation district member.
- Fairview: has a 9-member standing committee consisting of the Fairview PB members, the county members and the conservation district member.
- Members of the standing committees vote on applications within their jurisdictional areas (shown on maps).
- All 13 members vote on applications in the county. within the Town boundaries, County Commissioners approve outside of either



Board Interaction & Coordination

Beyond Statutory Requirements - Best Practices

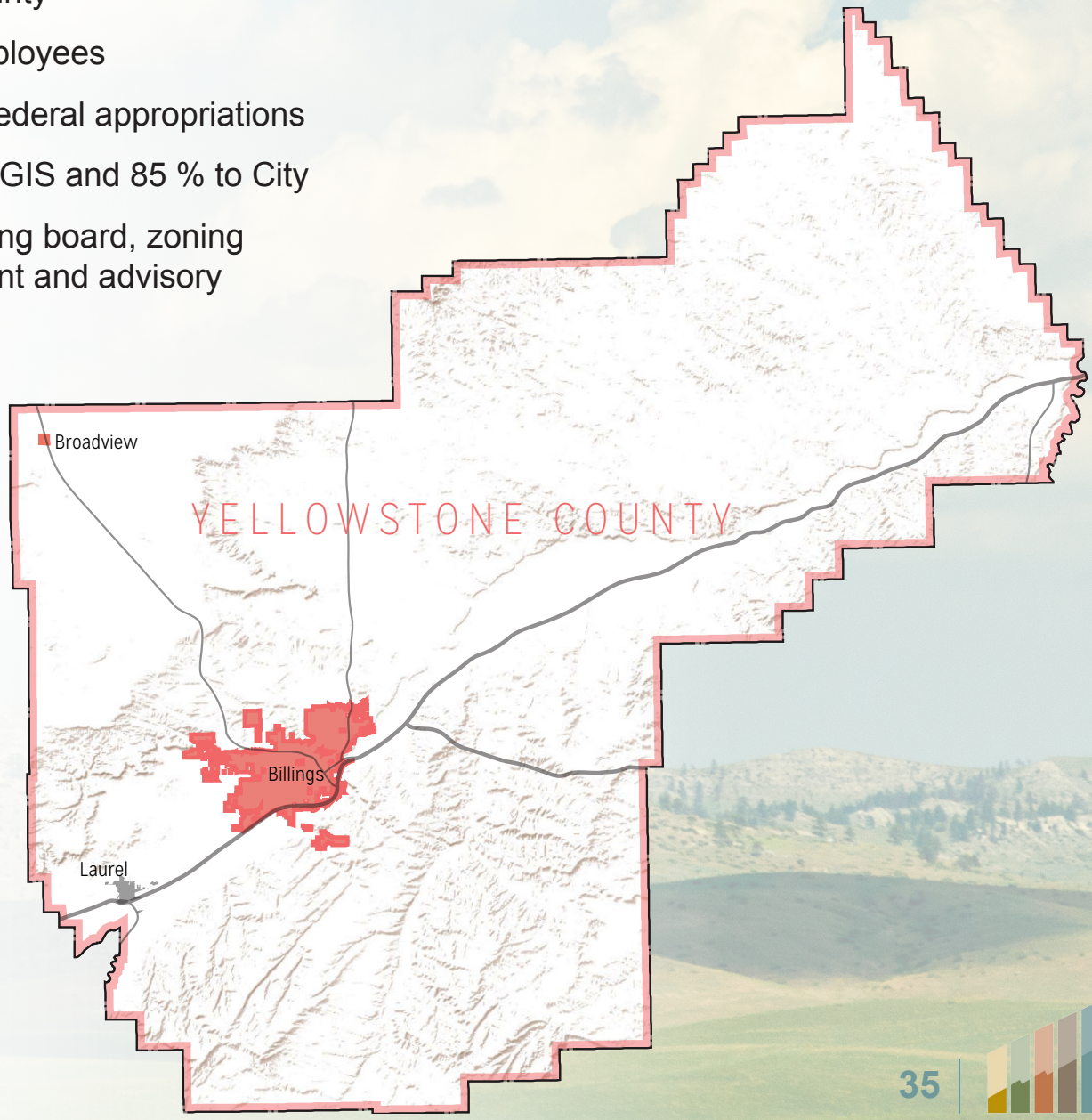
- » Laurel & Yellowstone County Joint Planning Board
  - Set up interlocal agreement; one staff planner (city employee)
  - Jurisdictional area - Laurel and surrounding 4.5 miles [76-1-505 MCA]
  - Board functions as zoning commission
  - Hearings held & recommendations made by planning board/zoning commission
  - Decisions made by city council or county commission (depending on location)
  - Separate boards of adjustment
- » Why this works
  - Communication & political will
  - Interlocal agreement
  - Regular communication by planner with both city council and county commission
  - In place since 1976
  - Cost-effective solution



Board Interaction & Coordination

Beyond Statutory Requirements - Best Practices

- Billings, Broadview & Yellowstone County
  - One planning department - city employees
  - Funds generated through taxes & federal appropriations
  - 15 % of taxes distributed to county GIS and 85 % to City
  - Planners serve consolidated planning board, zoning commissions, board(s) of adjustment and advisory boards/committees
  - Set up interlocal agreement
- Why this works
  - Comunication & political will
  - Interlocal agreement
  - Annual work plan
  - Monthly reports to governing bodies & boards
  - History of collaboration since 1940
- Other Examples:
  - Town of Manhattan/Gallatin Co.
  - Missoula County, City of Missoula and Salish & Kootenai Tribes



Board Interaction & Coordination

Policy Development & Suggested Coordination

- Growth policy development & overlap
  - Requirement that coordination between jurisdictions is addressed [76-1-601(3)(g) MCA]
- Adoption of complimentary regulations
- Extraterritorial land use plan development
- Annexation policy and future land use maps
- Recommended coordination with city council/county commissioners
- Joint/consolidated board considerations

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