Annexation Workshop
Montana Community Technical Assistance Program
September 11, 2012
Sidney, Montana
Contents

• General Overview
• Review of Statutes
• Examples
• Extension of Services Plan
The purpose of Montana’s annexation statutes are to provide expanding communities with:

a. a united and effective single form of government;

b. orderly growth through uniform regulations such as building codes, planning, and zoning standards; and

c. an equal sharing of community resources and financial responsibility by people living in an area united by social, political, and economic interests.
Annexation: A Tale of Two Cities

SIMPLE?

- Logical extension of Municipal Boundaries
- Requires extension of utilities and services
- Let’s get together and feel all right - everything is agreed to up-front
- Requires adoption of a Resolution or 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
- Can’t we all just get along - Certain items are deferred
- Process for adoption of a Resolution varies
- We are experiencing a bit of turbulence, if plan as submitted is not completed
What Is Annexation?

- A process whereby a municipality incorporates additional territory into its corporate boundaries
- Dictated by MCA 7-2-42 through 7-2-48
- Generally initiated by a written petition to City
How does Annexation work other Planning Tools?

• General Mitigation of Impacts
• Growth Policy
• Zoning
• Subdivision
How does Annexation work other Planning Tools?

- Impact Fees
- Capital Improvements Plan
- Wastewater Facility Plan
- Water Facility Plan
Types of Annexation

• Addition to Municipalities, MCA 7-2-42
• 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 Petition, MCA 7-2-46 (most utilized)
• Annexation with the Provision of Services, MCA 7-2-47
• Exclusion of Land from Municipalities, MCA 7-2-48
“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”
“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.”
“Whenever any land contiguous to a municipality is owned by the United States or by the state of Montana or by any agency, instrumentality, or political subdivision of either...such land may be incorporated and included in the municipality to which it is contiguous and may be annexed...”
“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.”
“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...”
“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...”
“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

Governing Body adopts Resolution for Extension of Services Plan per MCA 7-2-4732

Preapplication Conference

Petition Received at City

Review Criteria:
- Compliance with Extension of Services Plan
- Initial Zoning Review
- Recommend Approval or Denial

No Proceedings for One Year

>50% Owners Vote in Favor?

Notice an Election of Residents

>50% Owner Signatures?

Pass Resolution

File Resolution with Clerk and Recorder

Petition must have signatures of at least 1/3 of residents in annex per MCA 7-2-4601
1. Must provide long-range plan for extension of services

2. 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

3. Set forth a method to finance improvements

4. Provide specific steps for transfer of these services
Annexation Agreements

- First-class cities (Billings, Bozeman) 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
Ray North Dakota

WILLIAMS COUNTY

CITY OF RAY

US HWY 2
Ray North Dakota

SCENARIO 1:
B, C, D

- 74.5% of annex outlined in red

SCENARIO 2:
A, B, C, D

- 80% of annex outlined in red
- Must have at least one more of these properties to exceed 75%

SCENARIO 3:
A, B, D
(with Munson in annex)

- 71% of annex outlined in red
- Must exclude Munson from annex or include one of these properties to be greater than 75%

SCENARIO 4:
A, B, D
(without Munson in annex)

- 78% of annex outlined in red

Do not need these properties
<table>
<thead>
<tr>
<th></th>
<th>SW DESIGN BUILD, INC. DEVELOPMENT ECONOMIC BENEFITS TO CITY OF RAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INCREASED TAX BASE FOR MOTEL, RESTAURANT, HOUSING</td>
</tr>
<tr>
<td>2</td>
<td>ESTIMATED ANNUAL REAL ESTATE TAX ON 4 BUILDINGS</td>
</tr>
<tr>
<td>3</td>
<td>ESTIMATED ANNUAL SALES TAX REVENUE ON MOTEL AND RESTAURANT</td>
</tr>
<tr>
<td>4</td>
<td>24 UNITS OF AFFORDABLE HOUSING FOR LOCAL EMPLOYEES/SERVICE STAFF OF SCHOOL, CITY, BUSINESSES</td>
</tr>
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### 6 UNITS @ 60% MEDIAN INCOME

<table>
<thead>
<tr>
<th>Max Income Limit</th>
<th>Max Rent Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person</td>
<td>2 Person</td>
</tr>
<tr>
<td>Williams Co</td>
<td>$20,550</td>
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</tbody>
</table>

### 6 UNITS @ 140% MEDIAN INCOME

<table>
<thead>
<tr>
<th>Max Income Limit</th>
<th>Max Rent Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person</td>
<td>2 Person</td>
</tr>
<tr>
<td>Williams Co</td>
<td>$57,540</td>
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</table>

*Note: Maximum Rent Levels must be reduced by amount of utilities paid by tenant (approx. $150 per month)*

|   | LOCAL EMPLOYEES ADDED AS A RESULT OF MOTEL AND RESTAURANT BUSINESSES | 4-5 FTE Employees plus 10-20 part-time employees |
|   | INCREASED REVENUE OF EXISTING LOCAL BUSINESSES IN SERVICING NEWLY DEVELOPED MOTEL AND RESTAURANT | ??? |
|   | PROJECTED ANNUAL WAGES ADDED TO CITY | $200,000.00 Annually |
|   | ADDED UTILITY FEE REVENUE | $43,200.00 Housing $60,000.00 Motel $24,000.00 Restaurant |
|   | ADDED TOURISM REVENUE CURRENTLY PASSING THROUGH CITY & NOT RETAINED | ??? |

### 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.
March 29, 2012

ESTIMATED WASTEWATER USAGE FOR OPPORTUNITY SUBDIVISION (RAY, ND)

Commercial Uses Proposed:
1. (1) – 66 double occupancy hotel @ 70 gpd/unit = 4,620 gpd
2. (1) – 4,500 sf restaurant (Assume 300 sf/employee @ 140 gpd/employee) = 2,100 gpd

Residential Uses Proposed:
1. (2) – 12 unit apartment buildings (Assume 2 people per unit @ 100gpd) = 4,800 gpd

Total Estimated Wastewater Usage = **11,520 gpd**

*Estimated water uses were taken from Water Supply and Pollution Control 6th Edition by Viessman, Jr & Hammer.*
Red Lodge Montana

Subdivision

Planning Area Boundary

LEGEND

- Planning Area Boundary
- Estimated Development Time Frame - Years

CITY OF RED LODGE, MONTANA PLANNING AREA

FIGURE 3

July 2005
Red Lodge Montana

CITY OF RED LODGE

PROPOSED SUBDIVISION

CARBON COUNTY
Red Lodge Montana
PUD-S, Phase 1A and 1B Lot Configuration
Williston North Dakota

Current City Limits

Potential Growth Area
Kalispell Montana

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.
Kalispell Montana
Kalispell Montana

VICINITY MAP

GREEN ACRES COOPERATIVE, INC.

REQUEST FOR ANNEXATION & INITIAL ZONING ON APPROXIMATELY 4.3 ACRES ON SOUTH WOODLAND DRIVE WITH R-4 (RESIDENTIAL) ZONING. THE REQUEST WOULD ENABLE THE CURRENT MOBILE HOME PARK TO CONNECT TO CITY SEWER.
Sidney Montana

RICHLAND COUNTY

PROPOSED SUBDIVISION

CITY OF SIDNEY
Plentywood Montana

CITY OF PLENTYWOOD

SHERIDAN COUNTY

PROPOSED ANNEXATION
Plentywood Montana

Map showing the proposed annex area, with color-coded zones indicating different land uses:
- **City of Plentywood**: Central area.
- **Residential**: Surrounding the city, with various shades of yellow and orange.
- **Commercial-Residential Mix**: Darker yellow areas near the boundary.
- **Light Industrial**: Pale yellow areas near the annex area.
- **Comm.-Industr. Mix**: Dark brown areas near the annex area.
- **No Change in Use**: Light brown areas indicating no change in land use.

Key features:
- **Proposed Annex**: Shaded red area.
- **Extraterritorial Limit**: Yellow line indicating the boundary.
- **Big Muddy Creek**: Blue lines indicating the creek's path.

Geographic markers:
- Mann Rd
- Big Muddy Creek
- Extraterritorial Limit
- No Change in Use
- Light Industrial
- Comm.-Industr. Mix
- Residential
- Commercial-Residential Mix

Legend:
- HC
- Residential
- Commercial-Residential Mix
- Light Industrial
Financial Impacts

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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Potential Revenue</td>
<td>$469,031</td>
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<tr>
<td>Potential Impacts</td>
<td>$399,659</td>
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<tr>
<td>Impact Balance</td>
<td>$69,373</td>
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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 fluctuations
4. City choices regarding capital improvement projects, bond issues and new programs
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
Annexation with Provision of Services 7-2-47

Preapplication Conference

Petition Received at City

Review Criteria:
- Compliance with Extension of Services Plan
- Compliance with Growth Policy
- Initial Zoning Review

Recommend Approval or Denial

>50% Owner Signatures?

Pass Resolution

Notify for Public Hearing

Public Hearing

<50% Owners Protest?

Adopt Ordinance

Governing Body adopts Resolution for Extension of Services Plan per MCA 7-2-4732

Petition must have signatures of at least 1/3 of residents in annex per MCA 7-2-4601

NO

Date of hearing must be between 30-60 days from passage of resolution

NO

Staff must have resolution and Report on Extension of Services available at least 14 days before hearing (per 7-2-4731)

NO

City explains Report on Extension of Services

NO

45-day protest period begins

Governing body has opportunity to review and amend plans for services before adoption

YES

NO

YES

YES

NO

NO

YES

NO

>50% Owners Vote in Favor?

Notice an Election of Residents

NO

Governing body has opportunity to review and amend plans for services before adoption

NO

Adopt Ordinance

NO

Preapplication Conference