

City of Sioux Falls

2017 ANNEXATION TASK FORCE REPORT



City of Sioux Falls
SOUTH DAKOTA

Contents

Executive Summary	1
Annexation Task Force	3
Background.....	3
Members	3
Meeting Dates and Location	3
Topics List.....	3
Public Communication Efforts	4
Information Presented.....	4
Public Comments.....	6
Final Recommendations	6
Approved Recommendations.....	6
Appendix of Visuals (maps, charts, etc.)	10

Executive Summary

The goal of the Annexation Task Force was to offer direction to City Administration and City Council on how to improve the annexation process. The intent was to begin addressing the unannexed pockets of land continually being created, and to establish guidelines to assist City staff in determining when they should move forward with a City-initiated annexation.

The Annexation Task Force held its first public meeting in mid-April. The approach of the meetings was first to educate the members on the various factors that impact annexations including the annexation laws, assessment laws, and Engineering Design Standards. This was followed by a review of issues such as the assessments to property owners after infrastructure improvements are made, CIP projects adjacent to unannexed property, property tax levies, and the amount of development around unannexed land.

After seven meetings and an open house, the group came to consensus on several issues and made the following recommendations:

1. Communications:

- Develop a process that ensures regular notification of property owners who are currently engaged in a preannexation agreement to remind them that an agreement is on file with the City. Instruct the property owner on how to obtain a copy of the agreement.
- Notify unannexed property owners when property adjacent to theirs intends to annex into the City.
- Initiate proactive meetings regarding future road projects and large developments.
- Require staff to testify at City-initiated annexation hearings that the property owner has responded to the City's notifications.

2. City-initiated annexation criteria:

- When the following criteria is met, the City can begin discussions with the property owner regarding annexation:
 - a. The unannexed property is 100 percent surrounded by city limits and land that is fully developed, **and** (one or more of the following):
 - b. The unannexed property is currently adjacent to an improved City street and connected to City water or sewer services; **or**

- c. The unannexed property will be impacted by a capital improvement project such as a street improvement or utility extensions, **or**
 - d. The unannexed property has a public health or safety issue that can be corrected with City utility connections or street improvements, **or**
 - e. There is no reasonable means for the City to physically access a property that is adjacent to an unannexed property other than through the unannexed property or ROW.
3. Allow minimum standards for infrastructure improvements:
- Rural infrastructure standards may be maintained after a rural neighborhood or individual property is annexed. This will reduce the assessed cost to the property owner(s).
4. Consider the financial impact of annexation on property owners prior to proceeding with annexation:
- The City may take into account additional property tax revenue and cost savings resulting from annexation when determining the assessment of the annexed property.
 - The City may take into consideration the assessed value of a property when determining the total assessed amount to prevent an assessment that is disproportionate to the value of the property.
5. Agreement on definitions:
- The following definitions were agreed upon by the Annexation Task Force and will apply to the narrative included in this report:

Fully Developed. An area used intensively for residential, urban recreational, or conservation parklands, commercial, industrial, institutional, or governmental purposes or an area undergoing development for any of these purposes.

Development. The construction, reconstruction, conversion, structural alternation, relocation, or enlargement of any structure; any mining, excavation, landfill, or land disturbance; or any use or extension of the use of land.

Impacted. Used in reference to CIP projects, this term is meant to refer to improvements that will directly influence the available services to a property in the future.

Adjacent. Lying near, close, or contiguous.

Annexation Task Force

Background

The Annexation Task Force was established out of concerns resulting from a hearing at a City Council meeting that addressed a Resolution of Intent to Annex, on December 6, 2016. The property owner appeared after being contacted by a City Councilor and stated he had no notification about the meeting or the proposed annexation. These concerns prompted a request by the City Council for a task force to be commissioned to look deeper into processes and procedures guiding City-initiated annexations.

Members

Three City Council members that currently serve on the Land Use Committee, Councilors Kiley, Selberg, and Neitzert agreed to participate. Four citizen members were also selected, each of which have been or will be impacted by an annexation. They included Matt Metzger, Tena Haraldson, Greg Starnes, and Geoff “Jeff” Davis. Their selection also stemmed from the type of impact each of them has encountered with annexation; i.e., petitioned annexation, preannexation agreement, or City-initiated annexation.

Meeting Dates and Location

Initially, the task force meetings were scheduled to take place every two weeks with a total of five meetings. The first task force meeting was held on April 11, 2017, at the Downtown Library, from 2 to 3:30 p.m., with so many attendees, the room overflowed into the lobby. Due to the interest by the public, the meetings going forward were moved to the City Council Chambers at Carnegie Town Hall and to a later time to better accommodate a majority of the public’s work schedule. Moving the meetings also accommodated a larger group of people and provided the ability to record the meetings for posting on the Annexation Task Force webpage. After April 11, six additional meetings took place and an open house.

Topics List

A list of ten topics were developed. The goal of some of the topics were to educate the task force members so any decisions they were to eventually make were based off of sound factual information. The remaining topics were aimed at developing recommendations on how to proceed with various City-initiated annexation issues in the future. The topics are listed below.

Topic No. 1. Annexation law (SDCL 9-4) and the requirements and limitations imposed by those laws.

Topic No. 2. The history of City-initiated annexations including the design standards the property owners were held to.

Topic No 3. A review of all unannexed property within the city that is currently completely surrounded by annexed land and the amount of development that exists on the surrounding land.

Topic No. 4. A review of all recently completed CIP projects or CIP projects programmed in the near future that are adjacent to unannexed property or directly impact unannexed property.

Topic No. 5. Assessment law, the rights of the City, and the rights of the property owners.

Topic No. 6. The financial impact of annexation on a property owner including property tax changes, financial benefits, and the cost of infrastructure improvements.

Topic No. 7. The impact on the property owners and the community if Engineering Design Standards are lowered in order in an effort to get unannexed property annexed. Review current ADA requirements.

Topic No. 8. The impact on development if limitations are imposed on property owners wanting to annex land but a pocket of unannexed property is created by that annexation. Examples to be provided.

Topic No. 9. How often should the established annexation criteria be reevaluated and by whom?

Topic No. 10. Notification and communication process.

Various presentation materials are included in the Appendix section of this document.

Public Communication Efforts

All Annexation Task Force meetings were open to the public. Sign-in sheets were made available at each meeting. Anyone providing an email address was emailed an agenda prior to each meeting and those with only a physical address were mailed an agenda. A specific task force webpage was also created that housed all information about the meeting including agendas, meeting summaries, handouts, and maps. Additionally, the interested public was able to sign up on the webpage to receive the agendas.

Also offered on the webpage was a section where comments could be submitted that were directly routed to City staff. In addition to online submittals, comments from citizens were taken during a public input period at the end of each meeting. An open house provided an opportunity for the public to speak directly to the task force members and to complete comment cards as well.

Information Presented

April 11, 2017

- Purpose of annexations.
- History of City of Sioux Falls annexations.
- State annexation statutes.

- Overview of current unannexed areas.
- 2017-2021 Capital Improvement Program (CIP) within the City of Sioux Falls.

April 26, 2017

- Property tax levy changes after annexation.
- Tax levy reduction programs.
- Non-area specific costs of infrastructure improvements.
- Costs of infrastructure improvement.
- Annual maintenance fees.

May 18, 2017

- Americans with Disabilities Act (ADA).
- Purpose of annexations.
- Arguments opposing annexation.
- Implications of unannexed property within the city boundaries.
- Financial impacts of tax levy and annual maintenance fees.
- Tax assistance for the elderly or disabled citizens.
- Distribution of tax dollar.
- Engineering Design Standards (EDS).

June 14, 2017

- Impact of unannexed property on development.
- Impact of CIP projects on unannexed property.
- How an unannexed property is created.
- Annexation court case examples.
- Need for annexation policy and decision-making criteria.

July 10, 2017

- Annexation qualifiers and triggers.
- Preannexation qualifiers.
- Annexation study qualifiers.

August 09, 2017

- Annexation criteria.
- Minimum design standards for new development.
- Proposed minimum design standards for existing rural neighborhoods or individual property.
- Communication policy and process.

September 13, 2017

- Open house.

October 18, 2017

- Review of policy recommendations.
- Review of proposed changes to policy recommendations.
- Approval of recommendations.

Public Comments

At the end of the majority of the meetings, the public in attendance were provided an opportunity to share suggestions and concerns. The issues from each meeting were similar in nature and revolved around the fact that they did not want to be annexed. This was conveyed with statistics, PPT presentations, sharing of annexation practices in other communities, a neighborhood resolution, and tours offered to the task force members. The key point was that they like their neighborhoods the way they are and want to maintain their character and the level of services they currently receive.

Final Recommendations

Throughout the task force process, the members provided their input on the topics presented and engaged in additional discussion on some key issues such as the impact of property assessments, balancing fairness between rural and city properties, maintaining the character of neighborhoods, the effects of development on property owners, and much more. They were looking for ways to provide flexibility based on circumstances, increase the predictability of the process for the property owners, and balance the needs of annexed and unannexed areas. This dialogue helped build the consensus needed to approve several recommendations for use by the City Council and ultimately by the City Administration.

Approved Recommendations

1. Communications:
 - Develop a process that ensures regular notification of property owners who are currently engaged in a preannexation agreement to remind them that an agreement is on file with the City. Instruct the property owner on how to obtain a copy of the agreement.
 - Notify unannexed property owners when property adjacent to theirs intends to annex into the City.
 - Initiate proactive meetings regarding future road projects and large developments.
 - Require staff to testify at City-initiated annexation hearings that the property owner has responded to the City's notifications.

Proposed action: Administrative policy

2. City-initiated annexation criteria:

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 - ii. The unannexed property will be impacted by a capital improvement project such as a street improvement or utility extensions, **or**
 - iii. The unannexed property has a public health or safety issue that can be corrected with City utility connections or street improvements, **or**
 - iv. There is no reasonable means for the City to physically access a property that is adjacent to an unannexed property other than through the unannexed property or ROW.

Proposed action: Administrative policy

3. Allow minimum standards for infrastructure improvements.

- Rural infrastructure standards may be maintained after a rural neighborhood or individual property is annexed. This will reduce the assessed cost to the property owner(s). The rural standards are:

Water Service Requirements:

- Minimum 8-inch waterline to provide adequate fire protection within five years of the date of annexation.
- Fire hydrants.
- After service is available and notice is received from the City, connection to the City water service must be made within two years or through an agreement (§50.024).

Sanitary Sewer System Requirements:

- A private wastewater disposal system is an option, but it must comply with applicable laws.
- After service is available and notice is received from the City, connection to the City sanitary sewer service must be made within five years or through an agreement (§53.015(d)).

Road Requirements:

- Local/residential roads may be gravel or asphalt, but should be a minimum of 24 feet wide.

- A collector road should be 24 feet wide minimum, two lanes, paved with asphalt.

Drainage Requirements:

- Depending on environmental conditions (topography, water table, etc.), there are one of two options for the drainage system:
 - Ditches and culverts.
 - Storm water collection system.

Sidewalk Requirements:

- Installation is at the discretion of the neighborhood/property owners unless required by ADA.

Streetlight Requirements:

- Local/residential streets—wood pole or an aluminum pole with a breakaway base.
- Collector street—aluminum pole with a breakaway base.
- If sidewalks are installed, they will need to meet the City’s Engineering Design Standards and ADA.

Sump Pump Collection System Requirements:

- None, except if evaluation of sump pump activity by City staff determines a Sump Pump Collection System (SPCS) is beneficial or mitigates a sump pump discharge nuisance; a SPCS retrofit may be constructed at no cost to the property owner.

Proposed action: Resolution or ordinance.

4. Consider the financial impact of annexation on property owners prior to proceeding with annexation.
 - The City may take into account additional property tax revenue and cost savings resulting from annexation when determining the assessment of the annexed property.
 - The City may take into consideration the assessed value of a property when determining the total assessed amount to prevent an assessment that is disproportionate to the value of the property.

Proposed action: Administrative policy.

5. Agreement on definitions of terms.

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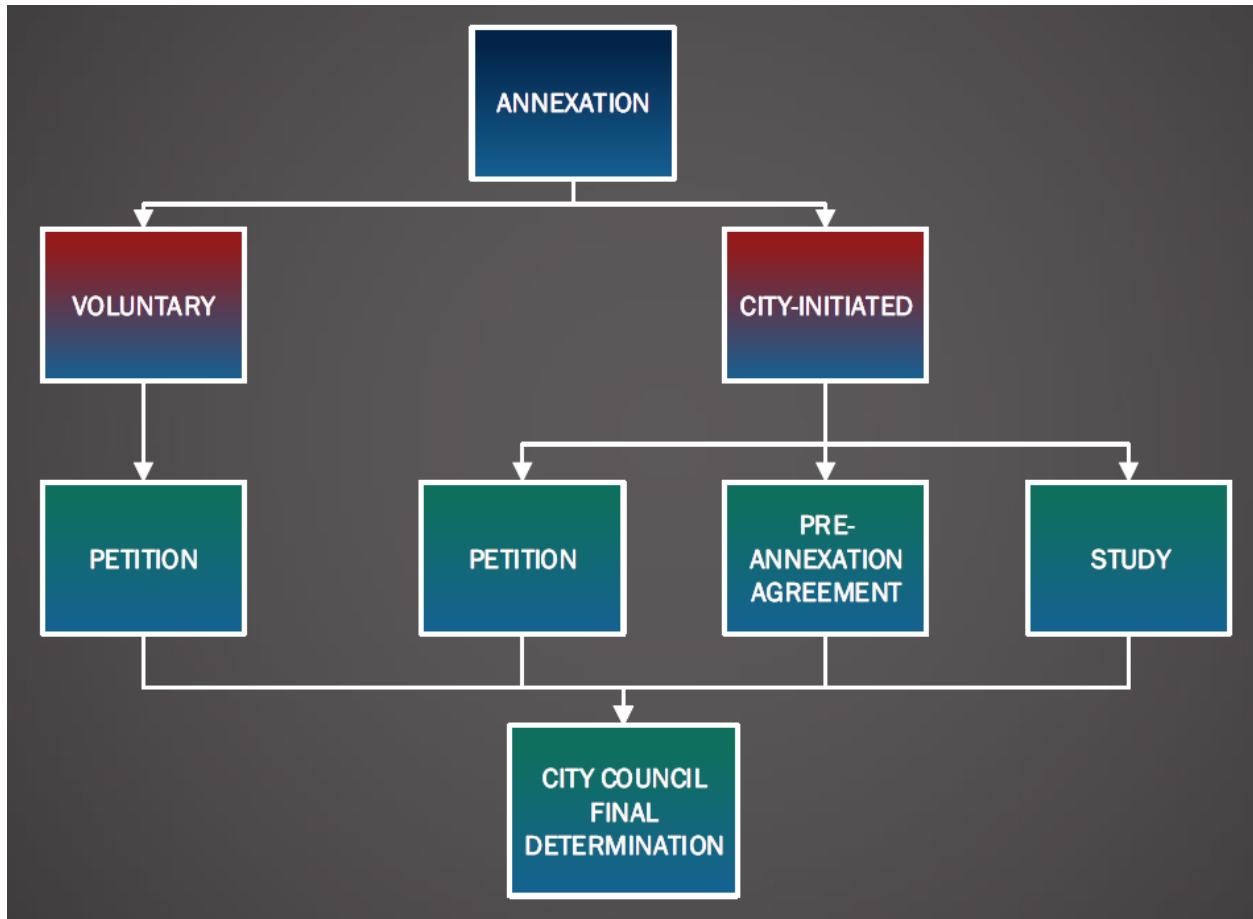
Development. The construction, reconstruction, conversion, structural alternation, relocation, or enlargement of any structure; any mining, excavation, landfill, or land disturbance; or any use or extension of the use of land.

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Adjacent. Lying near, close, or contiguous.

Proposed action: Administrative policy

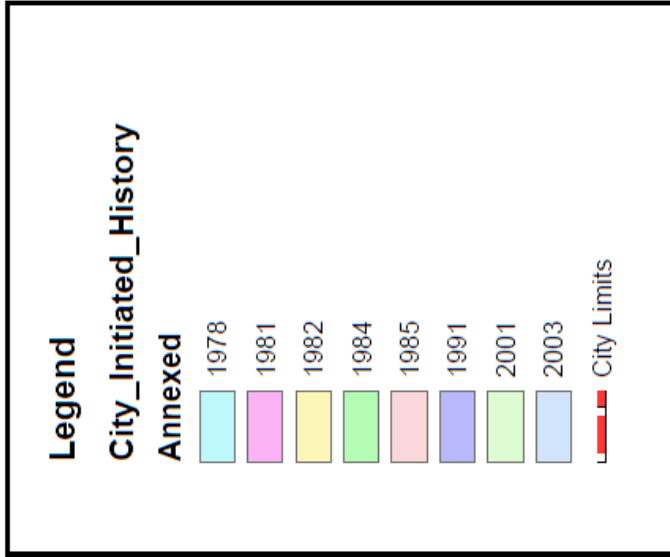
Appendix of Visuals (maps, charts, etc.)



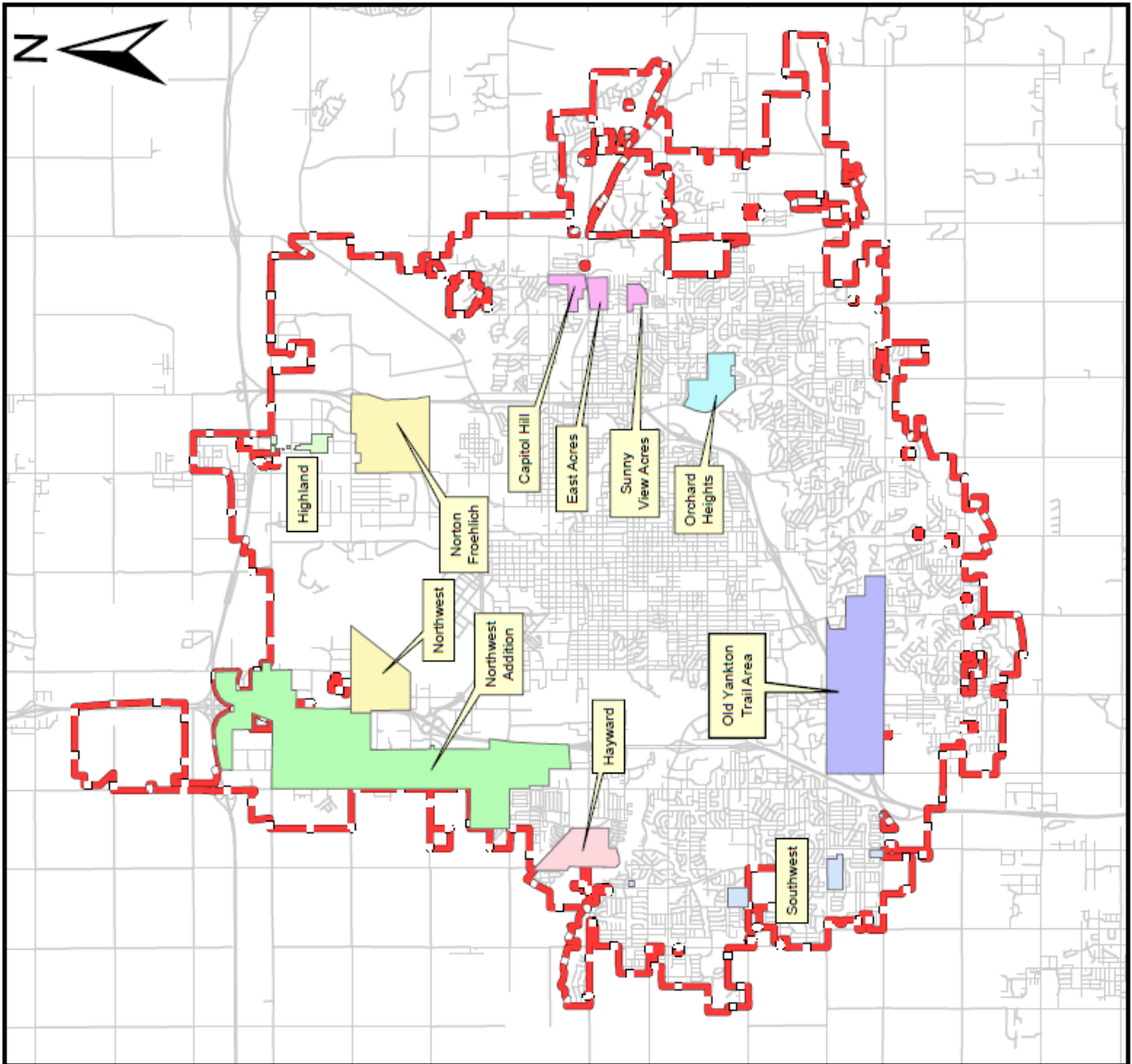
City Initiated Annexation History

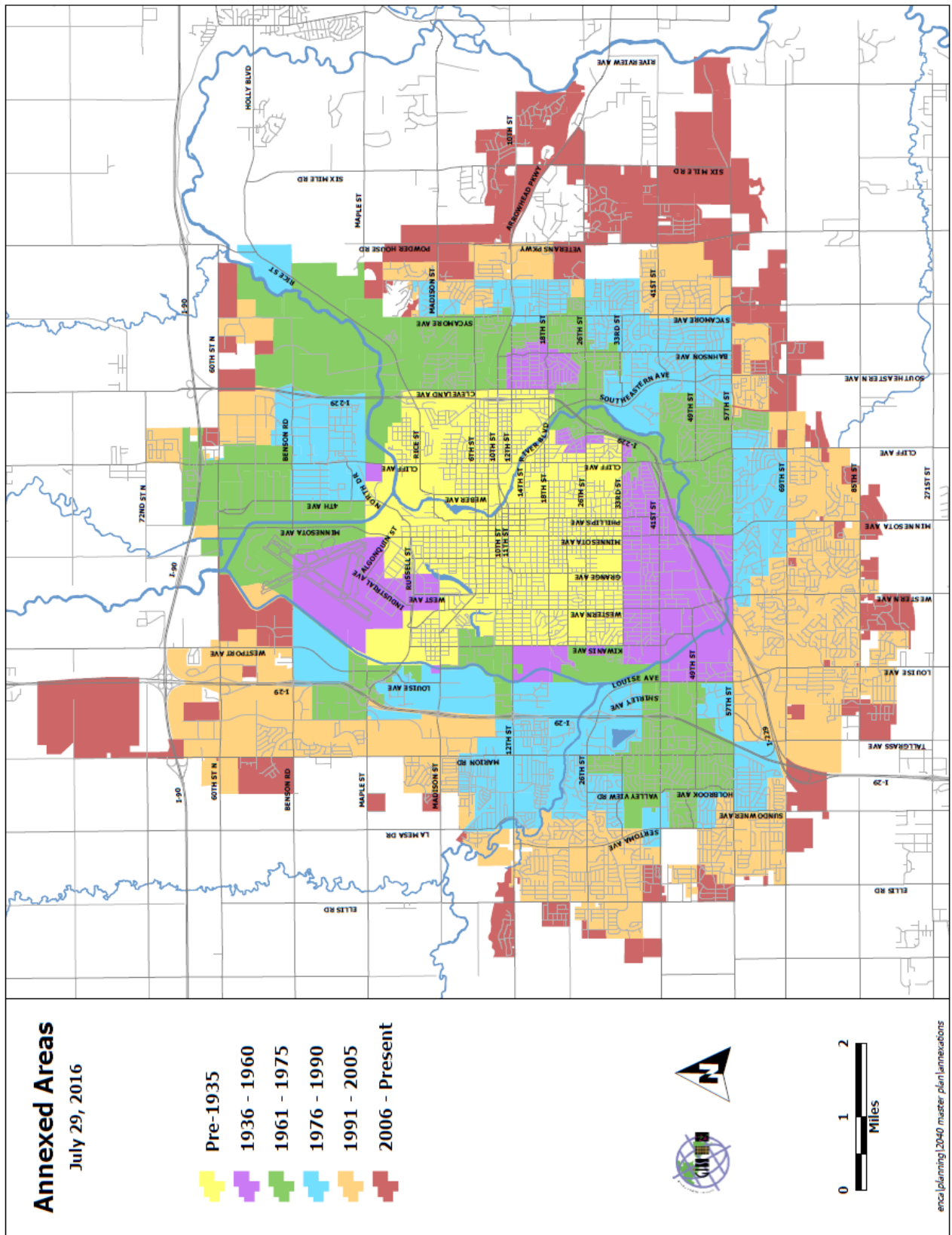


City of Sioux Falls



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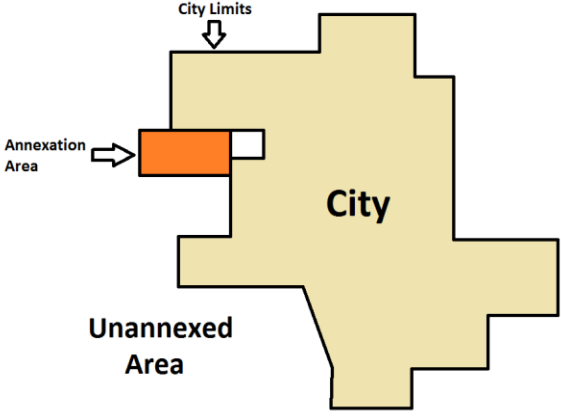
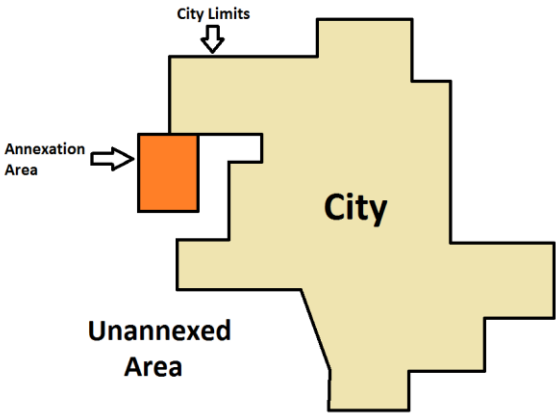
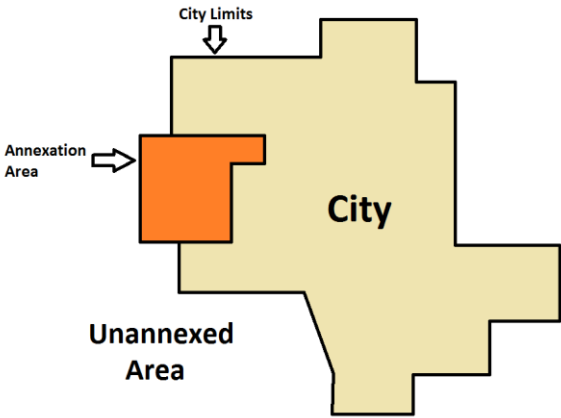
Typical Rural Neighborhood Road Section



Typical Urban Road Section



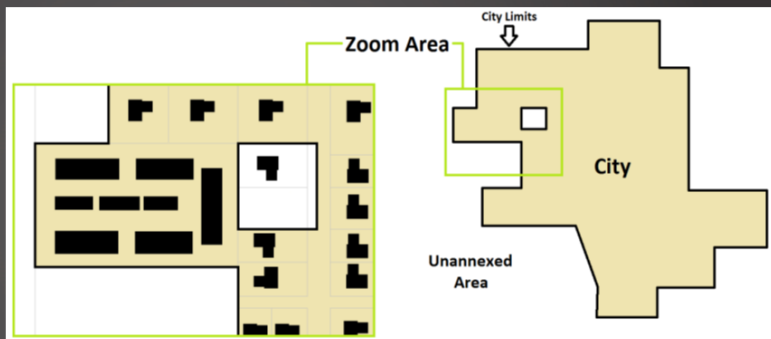
Voluntary Annexation Examples



Pocket of Unannexed Land Created

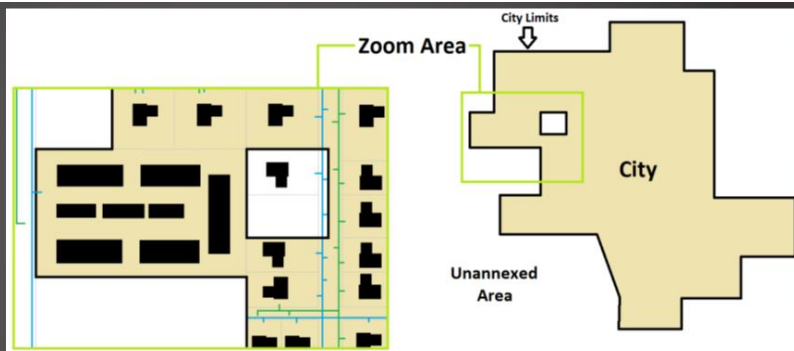
Criteria 1

Land surrounding unannexed property is developed. If yes, how much development triggers the discussion.



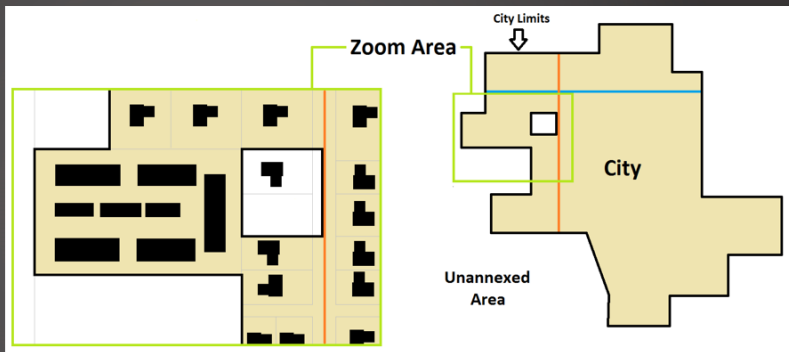
Criteria 2

City utilities are connected to, adjacent to, or available to the unannexed property.



Criteria 3

CIP projects will be constructed adjacent to an unannexed property within three years.



Criteria 4

An unannexed property is situated along an existing improved street.

