

CITY OF BELLINGHAM

2018 ANNEXATION STRATEGY

I. Introduction

There are a number of areas adjacent to the city limits that are designated urban growth areas (UGAs). UGAs are areas that have been designated by the County (working with the City) as appropriate for annexation and urban development. The Bellingham UGAs are somewhat unique in that much of the land left is already characterized by urban levels of development.

The 2018 Annexation Strategy is a reference document and a roadmap to facilitating decisions regarding annexation and UGA boundaries. It is to be used by City staff, utility and other service providers and the City Council to gain a thorough understanding of the implications of annexations. The plan establishes priorities for annexation commensurate with the City's ability to provide the full range of urban facilities and services.

The process outlined for each of the areas is intended to bring City and UGA residents/property owners to a decision point regarding annexation. The anticipated outcome is that each UGA area will either annex during the planning period (2018-2036) or potentially be removed from the UGA by Whatcom County.

II. Background

In 2009, the City Council approved the first Annexation Phasing Plan (APP). The APP was a reference document to be used by staff and policy makers to...*"gain a thorough understanding of the financial and other implications of annexations in order to set priorities for phasing annexations commensurate with the delivery of the full range of urban facilities and services."*

The APP included an analysis of each of the geographic areas in the City's UGA. It identified the capital facility needs in each of the areas. A financial impact analysis was done for several annexation scenarios. Finally, the areas were separated into three annexation time frame categories based on the analysis - immediate, near term and mid to long-term.

In 2009, Bellingham's UGA included about 7,000 acres. Much of the UGA was developed to urban densities due to the City's past practice of extending utilities when requested by property owners. (The City discontinued this practice in 2003.) The 2009 APP noted that there were approximately 5,000 housing units in the UGA, with a population of about 14,000 (out of a total city and UGA population of 90,740).

The 2009 plan also noted that there were commercial and industrial zoned areas in the UGA, with about 150 existing businesses, employing approximately 2,800 people.

Since 2009, the city has approved eight annexations, taking in 1,370 acres. This increased the size of the city by 8.2% and increased the total population by approximately 1,400. These annexations added over 1,200 acres of residentially zoned land with over 609 existing housing units. The eight approved annexations are listed in the following table:

Annexation Name and Year	Total Acres Annexed	Acres Zoned Residential	Acres Zoned Commercial	Acres Zoned Industrial	Acres Zoned Public	Population Added
San Juan/Yew St. 2009	11.6	11.6	-	-	-	23
E. Bakerview/James St. 2009	629.7	629.7	-	-	3.9	1,014
Cordata Park 2009	20.2	-	-	-	20.2	-
Van Wyck/James St. 2009	238.9	238.9	-	-	-	12
Queen Mountain 2009	39	39	-	-	-	-
Geneva/Idaho 2011	6.1	6.1	-	-	-	21
Pacific Hwy/Aldrich Rd. 2013	262.5	191.8	-	70.7	-	89
E. Bakerview/Mt. Baker Hwy. 2016	161.6	133.9	3.0	24.7	-	247
TOTALS	1,370	1,251	3.0	95.4	24.1	1,406

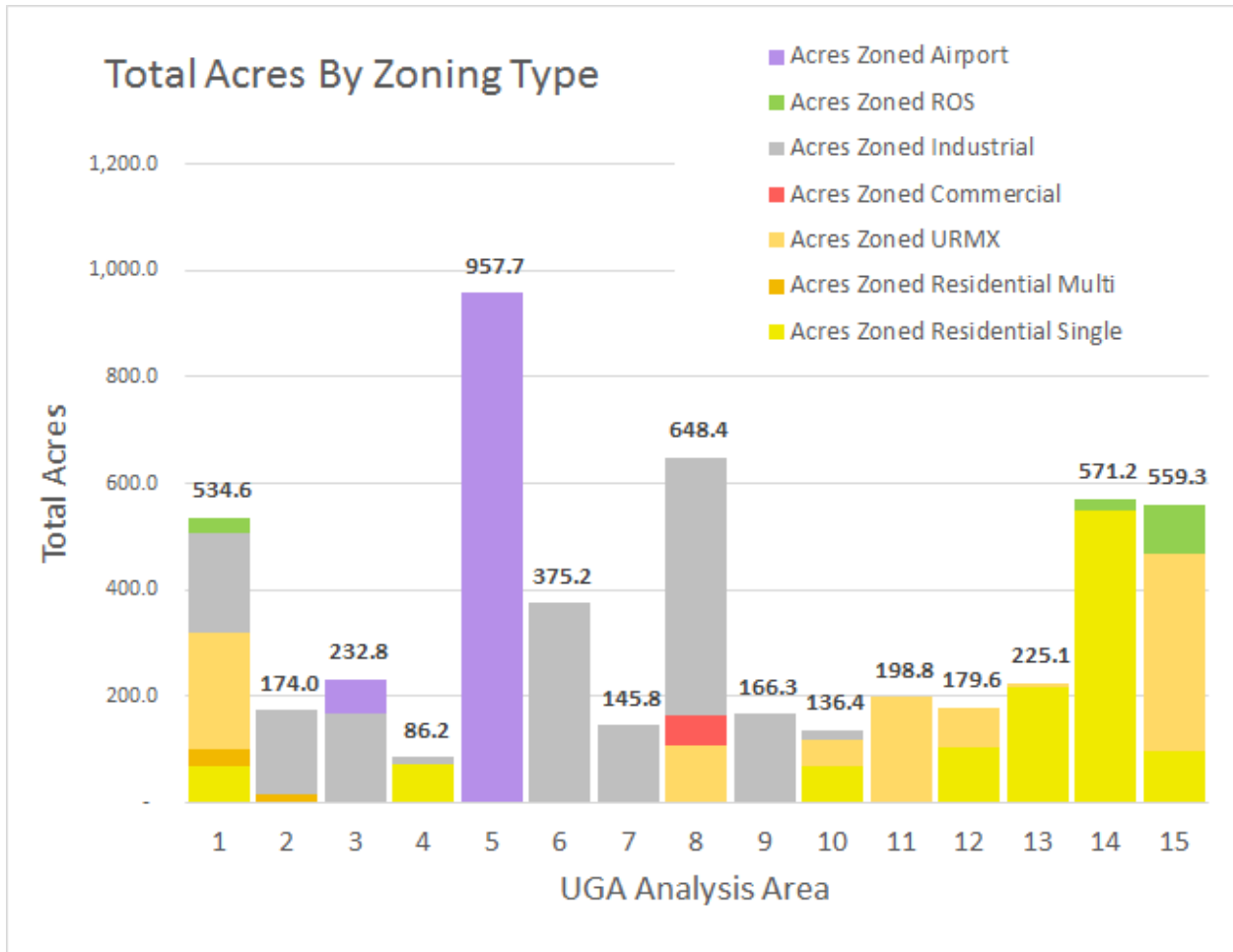
The City Council also denied two annexation proposals in the Yew Street Road area. These decisions were based on the cost to provide urban facilities and services - specifically fire protection services and the cost to improve Yew Street Road to an urban standard. The Council also denied an annexation request in the Dewey Valley area largely due to opposition from some of the affected property owners. An annexation petition for a smaller area of Dewey Valley was approved in 2016.

Three annexation petitions remain active in 2018: 1) Bennett/Bakerview/Airport Drive (Area 2 on the UGA Analysis Areas map; 2) Meridian/Kline/Kelly (Area 9) and; 3) Britton Rd./Mt. Baker Highway (a portion of areas 10 and 11). It is anticipated that a decision will be made with regard to annexation for each of these areas once this Annexation Strategy is reviewed and approved by the City Council.

III. Summary of the UGAs

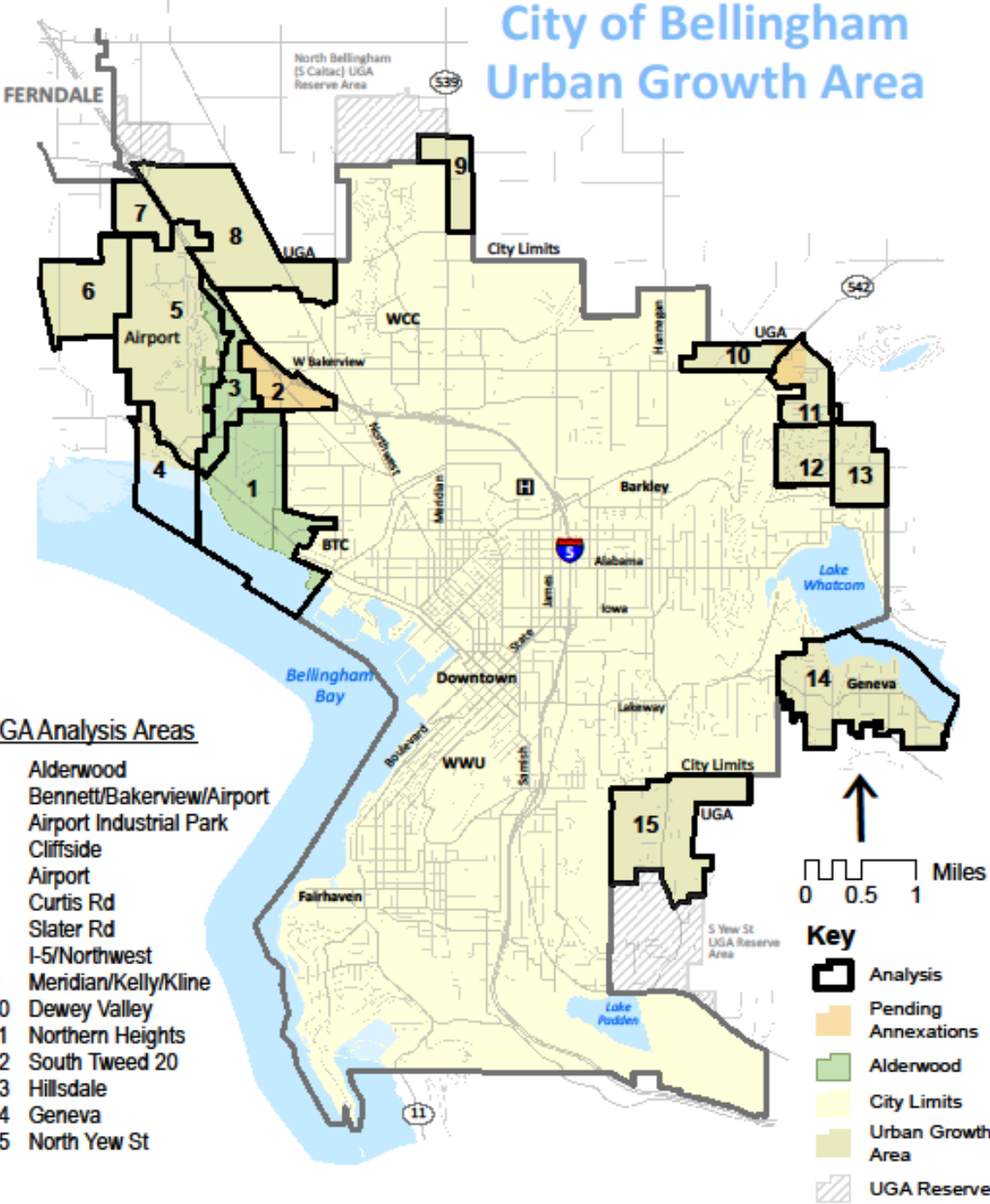
There are about 5,600 acres remaining in Bellingham's urban growth area. Staff divided the UGAs into 15 analysis areas as shown on the map on page 4. The total population is estimated to be 8,875 (2016 estimate). The zoning in the analysis areas is shown in the following graph.

Figure 1



As can be seen in Figure 1, commercial and Industrial zoned property is concentrated in the western UGAs (Areas 1-9), and residentially zoned property is mostly concentrated in the eastern UGAs (Areas 10-15).

City of Bellingham Urban Growth Area



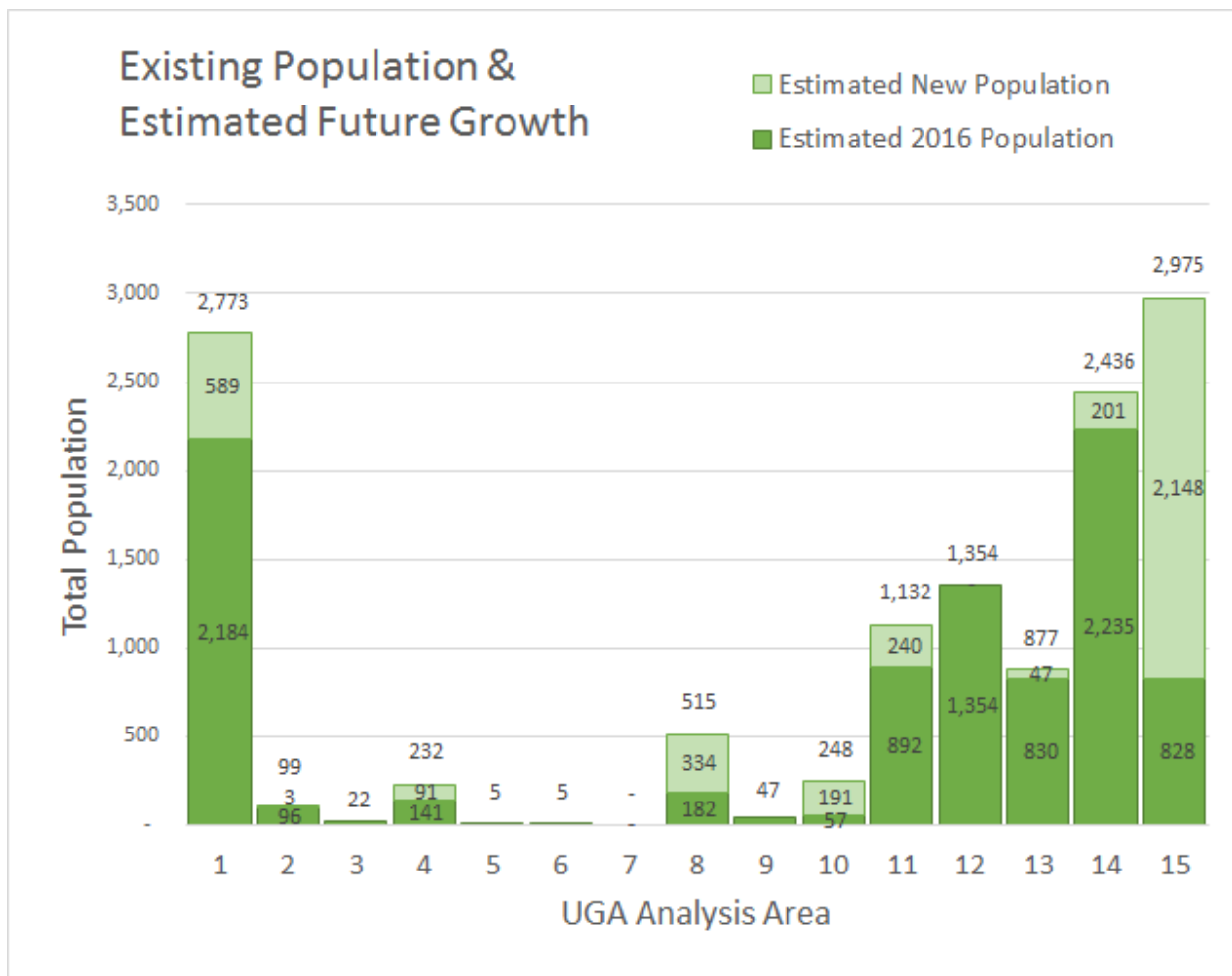
UGA Analysis Areas

- 1 Alderwood
- 2 Bennett/Bakerview/Airport
- 3 Airport Industrial Park
- 4 Cliffside
- 5 Airport
- 6 Curtis Rd
- 7 Slater Rd
- 8 I-5/Northwest
- 9 Meridian/Kelly/Kline
- 10 Dewey Valley
- 11 Northern Heights
- 12 South Tweed 20
- 13 Hillside
- 14 Geneva
- 15 North Yew St

There are approximately 4,000 existing housing units in the UGAs, with an estimated population of 10,200 (out of a total city + UGA population of about 97,000). Since 2009, the City has annexed much of the developable residential zoned land. The remaining UGAs are already mostly developed due to the City's past practice of extending utilities prior to annexation. As a result, there is limited residential development capacity left in the UGAs. These areas also present challenges to the City in terms of providing the necessary urban facilities and services. Lack of interest in annexation on the part of property owners presents another hurdle to be overcome if the areas are eventually going to come into the city.

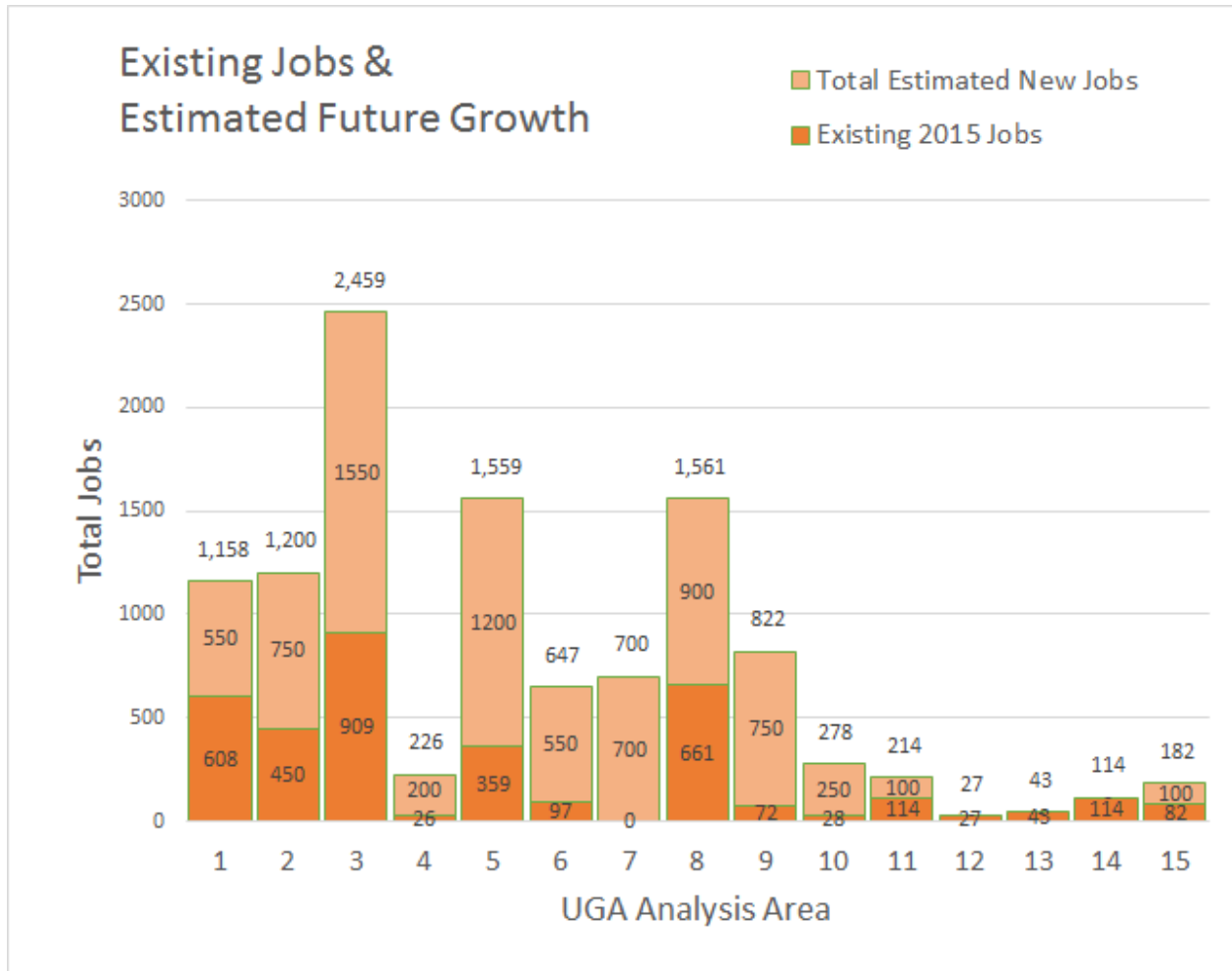
Staff has estimated that there is capacity for about 1,700 new housing units in the remaining UGAs that could accommodate about 3,800 new residents (out of the estimated 31,000 total growth by 2036). The North Yew Street area (Area 15) and the Alderwood area (Area 1) have the most remaining development capacity as shown on the following table.

Figure 3



The outlook is better with respect to employment lands (vacant or underutilized commercial and industrial zoned land). As shown on the following table, there appears to be capacity in the remaining UGAs for approximately 7,600 new jobs, including 4,600 industrial jobs.

Figure 4



IV. UGA “Reserve” Areas

There are currently two areas that are designated as “UGA reserve”. UGA reserve areas are not included within a UGA, but are identified as potential areas that can replace land that, for a variety of reasons, is unlikely or cannot to be annexed. One or both reserve areas could also be added to the UGA if population growth exceeds the adopted forecast.

The South Yew Street Reserve was designated by the County in 2009. The S. Caitac area was designated in 2016. The City studied these areas extensively during the comprehensive plan update process. Both areas are appropriate for eventual annexation once it is determined that additional capacity is needed. Both areas present challenges for the City to provide the full

range of urban services. The Caitac area can accommodate a significant number of new housing units and at less cost than the Yew Street area in terms of providing the necessary urban infrastructure and services. These areas are further described in section VI.

V. Criteria

The following criteria were developed by the City's Annexation Team to assist in formulating recommendations. This criteria can also be used to determine if an area should remain in UGA status (even if the area would be a financial challenge to annex or if there has been no interest in annexation shown by property owners).

1. The presence of areas developed to urban densities.
2. The potential of the area to accommodate significant population and job growth.
3. The City's ability to provide the full range of urban services and facilities.
4. The importance of the area in terms of key multimodal transportation or open space corridor.
5. The presence of significant critical areas/environmental constraints such that urban levels of development are unlikely.
6. The presence of designated transfer of development rights or purchase of development rights receiving zones.
7. Creation of logical city boundaries and service areas.
8. The level of support for annexation by effected property owners/residents.
9. The area's importance in terms of it being a gateway to the city.
10. Consistency with the City Comprehensive Plan goals and polices, the Urban Fringe Plan, the County Comprehensive Plan and the City/County interlocal agreement for annexations.

VI. UGA Analysis Areas

The following section contains an area-by-area review of the UGAs and reserve areas, keyed to the UGA Analysis Areas Map on page 4.

Area 1 – Alderwood

- 535 acres:
 - 318 acres zoned residential
 - 188 acres zoned industrial
 - 2 acres zoned commercial
 - 27 acres zoned open space
- 1,135 existing housing units:
 - 371 single family
 - 716 multifamily
 - 48 manufactured homes
- Estimated capacity for 253 new housing units
- 2,184 approximate 2017 population. Capacity for 589 additional population
- Over 600 jobs. Capacity for 400 more
- Most of the area already served by City water and sewer. Water District #2 serves a portion of the area (29% of total WD#2 assessed value)
- Emergency services:
 - Fire District 8 (30% of total Dist. 8 assessed value)
 - FD 8 station 31 in this area
 - Five new FTE needed (four firefighters, one fire inspector)¹
 - Area served by the Whatcom County Sheriff's Office. High call volume area. BPD estimates 10 new FTEs needed to provide appropriate urban level of service (six patrol officers, three detectives and one traffic officer)²
- Most of the area does not have urban standard infrastructure
- Bellingham School District:
 - Alderwood Elementary School (Title 1 school, 80-100% free and reduced lunch)
 - 2018 Bond election includes funds to totally replace existing school
- Parks – no neighborhood park facility

¹ Note: the five firefighter positions would be needed with any annexation of the area currently served by FD #8. These five positions would meet an urban level-of-service standard for annexation of all the western UGAs (areas 1-9).

² Note: the ten police FTE would meet an urban level-of-service standard for annexation of all the western UGAs (areas 1-9).

Area 2 – Bennett/Bakerview *(note this area is the subject of an active annexation petition, scheduled for final decision by the City Council in 2018)*

- 174 acres:
 - 158 acres zoned gateway industrial
 - 16 acres zoned multifamily
- 54 residential multifamily units
- 96 approximate 2017 population
- 118 additional residential development capacity, housing 200 additional residents
- 450 jobs, capacity for an estimated 750 additional jobs
- Emergency services:
 - Area served by Fire District 8 (6% of total FD-8 assessed value) and Whatcom County Sheriff's Office

Area 3 – Airport Industrial Park

- 233 acres:
 - 166 acres zoned industrial
 - 67 acres zoned airport operations
- 900 existing jobs, capacity for over 1,500 more
- Emergency services:
 - Area served by Fire District #8 (9% of total FD-8 total assessed value) and Whatcom County Sheriff's Office
- A number of parcels in this area subject to an interlocal agreement to annex with the Port of Bellingham
- Much of the area already served by City water and sewer
- A small portion of the area served by Water District #2 (2% of total assessed value)

Area 4 – Cliffside

- 86 acres:
 - 73 acres zoned residential
 - 13 acres zoned industrial
- 59 single family dwelling units
- Estimated capacity for 38 more dwelling units
- 141 estimated 2017 population. Capacity to accommodate 91 additional residents
- 26 current jobs. Capacity for 200 more
- Area served by Water District #2 (12% of WD #2 total assessed value)
- Emergency services:
 - Area served by Fire District #8 (3.5% of total FD-8 total assessed value). Annexation would trigger need for five FTE
 - Area served by Whatcom County Sheriff's Office

Area 5 – Bellingham International Airport *(note this area is subject to a 2011 interlocal agreement wherein the City will not seek annexation of the area inside the security fence)*

- 958 acres zoned Airport Operations
- Estimated 360 jobs, capacity for 1,200 more
- Airport classified as an “essential public facility” under the GMA
- 2011 Interlocal agreement with Port of Bellingham not to seek annexation of airport proper (area inside the securing fence)
- Area served by Fire District #8 (10% of total assessed value)

Area 6 – Curtis Road

- 375 acres zoned Industrial
- 97 existing jobs, capacity for 550 more
- Area served by Fire District #8 (1.1% of FD #8 total assessed value). Annexation would trigger need for five FTE
- Significant environmental constraints (wetlands, ponds) will severely limit development
- Area separated from city by airport. Difficult to annex with a logical boundary
- If removed from UGA, replacement industrial acreage should be identified

Area 7 – Slater Road

- 146 acres zoned Industrial
- No current jobs. Capacity difficult to estimate due to trust land status (see below)
- Majority of the area now designated trust land owned by the Lummi Nation
- Area served by Fire District #8 (.2% of FD #8 total assessed value). Annexation would trigger need for five FTE
- No existing infrastructure capable of supporting urban development. Roads, water, sewer, and stormwater facilities would need to be installed/upgraded as development occurs

Area 8 – I-5/Northwest

- 648 acres:
 - 107 acres zoned Residential. 77 dwelling units, capacity for 148 more
 - 56 acres zoned Commercial
 - 485 acres zoned Industrial
- 660 jobs, capacity for 900 more, including 675 industrial jobs
- Area served by Fire District 8 (5.13% of total FD #8 assessed value). Annexation would trigger need for five FTE
- Environmental constraints may limit future development capacity
- No petitions for annexation submitted

Area 9 – Meridian/Kline/Kelly

- 166 acres, zoned Industrial
- Area subject of a long-standing petition but infrastructure improvements (sewer pump station) required to serve new development. No commitment from property owners to fund the improvements. The City could take the lead and either fund the improvements through an LID or attempt to secure other funding (CERB loan or other)
- 20 existing dwelling units, 47 estimated population
- Area west of Meridian served by Fire District 8 (.13% of total FD #8 assessed value) Annexation would trigger need for five FTE
- Area east of Meridian served by Fire District 4 (.68% of total FD 4 assessed value)

Area 10 – Dewey Valley

- 136 acres:
 - 116 acres zoned residential
 - 20 acres adjacent to city limits zoned industrial – 250 existing jobs
- A portion of the area (10 acres) included in the Britton Rd./Mt. Baker Hwy. annexation petition recently initiated by City Council
- Large lot, rural character, 25 existing dwelling units
- Wetlands present in much of the area
- Active opposition to annexation from many property owners in the area
- Area served by Fire District #4 (.5% of FD #4 total assessed value)

Area 11 – North Britton

- 200 acres, all residential
- 377 dwelling units housing 892 people. Capacity for about 108 new units
- Much of the area served by City water and sewer
- A portion of the area (65 acres) included in the Britton Rd./Mt. Baker Hwy. annexation petition recently initiated by City Council
- Area served by Fire District 4 (.5% of FD #4 total assessed value). Fire station 12 and training center located in the area
- No other interest in annexation from property owners or residents

Area 12 – Tweed 20

- 180 acres, all residential
- 573 dwelling units housing 1,354 people
- Area completely built out. No additional capacity under current zoning
- Area served by City water and sewer except a small portion served by WD #7
- Area served by Fire District #4 (11.3% of FD #4 total assessed value)
- No interest in annexation from property owners or residents

Area 13 – Hillsdale

- 225 acres, all residential, located in the Lake Whatcom Watershed
- 350 dwelling units housing 830 people
- Estimated capacity for about 20 additional units under current low density zoning. Most of the area located in the Lake Whatcom Watershed
- Water provided by Water District 7 through a contract with the City (40% of WD #7 total assessed value). Annexing this area may require taking over WD #7 if financially unable to continue
- City sewer serving much of the area
- Septic systems in use in a portion of the area
- Area served by Fire District 4 (8.5% of FD #4 total assessed value)
- No interest in annexation from property owners or residents

Area 14 – Geneva

- 571 acres, all residential, located in the Lake Whatcom Watershed
- 944 dwelling units housing 2,235 people
- Estimated capacity for about 80 additional dwelling units
- Utilities provided by Lake Whatcom Water and Sewer
- Area served by S. Whatcom Fire Authority (20.5% of SWFA total assessed value. Geneva station 21 located in the area
- No interest in annexation from property owners or residents

Area 15 – North Yew Street

- 560 acres, all zoned residential
- 376 existing housing units. 259 SF, 27 MF, 90 mobile homes
- Estimated capacity for 938 additional housing units. This is the most residential development capacity of any of the remaining UGAs.
- 828 current population. Capacity for 2,150 additional population.
- 90 acres of City-owned property (open space and trail corridor)
- Estimated 82 current jobs
- Portions of the area already served by City sewer and water
- Area east of Yew Street will be difficult to serve with sewer and water due to topography
- Insufficient fire flow south of Bass Street
- Fire response time. Area currently served by South Whatcom Fire Authority (5% of total SWFA assessed value). New station may be needed in conjunction with eventual annexation of South Yew Street reserve area. Establishment of a regional fire authority that includes South Whatcom could address these issues.

- Infrastructure issues. Yew Street not built to urban standard south of Wade King ES. This will be an expensive project. A new water reservoir to provide sufficient fire flow pressure will also be needed.
- Gaining support for annexation from property owners will be a challenge. There is some ongoing interest in annexation from property owners at the north end of the area, adjacent to the city limits.

The following two areas are NOT currently in the City's UGA. They were designated "urban reserve" by Whatcom County. This means that adding the areas to the City's UGA may be appropriate once the need for more land area to accommodate forecasted growth is established. If annual population growth exceeds the comprehensive plan forecast, or if areas are removed from Bellingham's UGA, (such as the recommendation to remove the Dewey Valley area), it may be necessary to add either or both of the reserve areas soon.

South Yew Street Reserve Area

- Was part of the City's UGA until removed by Whatcom County in 2009, largely due to concerns regarding the impacts of additional urban development on water quality in Lake Padden
- 520 acres, currently zoned "Rural" in the county
- 485 existing dwelling units, developed with City utilities while the area was in the UGA
- Estimated capacity for about 400-450 additional dwelling units
- Wade King elementary school located in the area
- Area currently served by South Whatcom Fire Authority
- Significant new capital facilities and services would be needed if area was added to UGA and annexed.
 - Yew Street upgrade
 - Sewer and water improvements
 - Fire station and staff

Caitac Reserve Area

- Approximately 360 acres, currently zoned Rural in the county
- Estimated capacity for 800-900 dwelling units
- Area includes some businesses along Meridian Street and a portion of the North Bellingham golf course
- Area currently served by Fire District 8
- New capital projects identified for the area include an east/west arterial street and sewer and water facility improvements

VII. Financial Impact Analysis

A financial impact analysis (FIA) was prepared for this annexation strategy (see attached). The FIA analyzes the potential financial impacts of annexation on City facilities and services. It also includes an estimate of revenues from property taxes and other sources. Needed capital improvement projects are identified as are increases in staffing levels for emergency services. The FIA uses the same model and methodology that is used to review actual annexations.

In general, the outlook on City revenues and expenditures is not good. This is the result of a number of factors. Property taxes, sales taxes, business and occupation taxes from commercial and industrial development generally exceeds the cost to provide the full range of urban services. However, the opposite is true for residential development, especially for low density residential development like that which has occurred in much of the east-side UGAs. The City has historically annexed much of the revenue-producing properties. As has been noted before, the City for many years allowed the extension of utilities without requiring annexation. This resulted in entire neighborhoods growing up around the edges of the city. These neighborhoods have not shown interest in annexation. The bill to provide urban level services (especially emergency services) would come due were the City to annex the residential areas.

Because of the presence of commercial and industrial development (existing and future), the west side UGAs are the most positive in terms of revenues off-setting the costs to provide urban facilities and services. The opposite is true for the eastern residential UGAs.

VIII. Overall Annexation Strategy

Historically, the City has only annexed in response to petitions filed by UGA property owners. This strategy has been successful in that eight annexations have been completed since the 2009 phasing plan was approved. All of the successful annexation petitions have come from property owners seeking City utilities in order to develop to urban densities. The current policy prohibiting utility extensions prior to annexation has had the desired results and should be continued as stated in the comprehensive plan. Owners petition to annex primarily because it is the only way to get access to public utilities. However, areas that developed with City utilities under the previous policy (Geneva, Alderwood, Tweed Twenty and Northern Heights) have not sought, nor expressed any real interest in annexation.

Most of the remaining unincorporated land within the UGA has been eligible for annexation for over 20 years. It is likely that without "calling the question", the status quo will continue well into the future. This creates uncertainty for the City, County, fire and water districts, property owners and residents. UGAs can become a "no man's land", where counties resist spending for infrastructure improvements and cities struggle to plan for and fund urban levels of facilities and services. Therefore, it is time for the City to get more aggressive in terms of securing annexation, especially for the west side UGAs that have the capacity to provide jobs or additional housing (Areas 1-9). A survey, advisory vote or an actual annexation election could be used to gauge property owner/resident interest in annexation. For some areas, annexation

by interlocal agreement might be appropriate, as is recommended for the Alderwood area and adjacent industrial areas (Areas 1 and 3).

It is also an appropriate time to make decisions regarding the future of the east side residential areas (Areas 10-15). Areas like Geneva have been in UGA status for over 20 years with no stated interest in annexation from property owners or residents. A survey, advisory vote or an actual annexation election could be used to gauge interest in annexation. A survey or advisory vote could also be used to assess support for a concurrent local improvement district or levy to address existing infrastructure or other deficiencies. If these efforts fail to garner sufficient support, serious consideration should be given to removing some of these areas from the UGA and adding one or both of the reserve areas. Since the east-side residential areas have very little or no additional development capacity (except N. Yew Street, Area 15), they could be replaced by the reserve areas that have significant capacity to accommodate future population growth.

The City should focus its annexation efforts on the west side UGAs (Areas 1-9) as indicated by the following strategy recommendations.

Annexation Strategy, Areas 1, 2, 3

These three west side UGA analysis areas are the highest priority in terms of annexation. (Note that Area 2, the Bennett/Bakerview area is the subject of a long-standing petition. City Council will hold a final public hearing on this petition in 2018).

Staff recommends work begin immediately to complete the “interlocal agreement method” of annexation for the other two areas (1 and 3). This method would seem to provide the most certainty for all parties involved. The “adjacency method” could also be used if the interlocal agreement method is unsuccessful. The adjacency method, shown on the attached Phased Approach to Annexing the Alderwood Neighborhood map, allows the City to annex property that shares a 60% border with the city limits. The City has not used either of these processes in the past, and it will require significant coordination and agreement between the City, County and Fire District 8.

This recommendation to focus efforts first on Areas 1-3 is based on the following factors:

1. The areas have been included in the City’s UGA for 20 years.
2. The Port of Bellingham has agreed to support annexation of their properties located outside the BIA security fence.
3. There are over 500 acres of industrially zoned land currently supporting 1,900 jobs, with capacity for 2,300 future jobs. This represents about 13% of the total estimated capacity (land supply) needed to accommodate the 20-year job growth forecast.
4. Much of these areas are already served by City of Bellingham utilities.
5. Annexation would result in a logical city and service area boundary.

6. The areas have a mix of single and multi-family housing. There are an estimated 1,200 housing units and 2,300 people currently residing in these areas. The estimated future development capacity is for an additional 370 units, housing about 800 more people.
7. Alderwood Elementary School is located in Area 1. The school has the highest percentage of children receiving free and reduced lunch in the Bellingham School District.
8. Reports from the Whatcom County Sheriff's Office show that the Alderwood area has one of the highest call volumes of any area in the county. Currently, there is one deputy to routinely patrol the entire area west of I-5 from the Bellingham city limits to Blaine. With the recommended added personnel, public safety could be dramatically improved.
9. These areas are served by Fire District 8.
10. While additional police and fire personnel will be needed, the cost of future infrastructure improvements is relatively low given the size and diversity of the area.
11. In 2018, voters approved a new bond measure that will fund, among other things, a new Alderwood E.S.
12. There is no neighborhood park facility in the area. The County does not build neighborhood parks. There is an opportunity to co-locate a new neighborhood park on the Alderwood Elementary School site.
13. The long-term expenses to provide the full range of urban services and facilities is nearly balanced by the additional revenues from the commercial and industrial development (present and future).

Annexation Strategy, Areas 4, 5, 6 and 7

These four areas, while important, are a lower priority for annexation than areas 1, 2 and 3. Each is addressed individually.

Area 4 includes the "Cliffside" residential development and a small portion of industrially zoned land on the north side of Marine Drive. It is somewhat isolated from Areas 1-3, making the creation of a logical boundary challenging. It also has little capacity for additional development. The area could be annexed if/when the airport property (Area 5) is annexed. Or it could be removed from the UGA if a survey, advisory vote or annexation election fails to garner the necessary support.

Area 5 includes the Bellingham International Airport (BIA). As previously stated, the 2011 interlocal specifies that the City will not seek annexation of the Airport Operations portion of the property. This area should remain in the City's UGA so that if/when the parties agree, annexation is possible.

Area 6 is the Curtis Road industrial area. It is a somewhat remote area, with significant environmental issues. It cannot be annexed and create a logical city boundary without also annexing the BIA property in Area 5. While these issues make annexation of Area 6 unlikely in

the short term, the property should not be removed from the UGA until alternative property suitable for industrial development is identified.

Area 7 is also an industrial zoned area south of Slater Road next to the Ferndale city limits. Most of the area is owned by the Lummi Nation. It is uncertain at this time what types of development will occupy the area. The owners have requested water and sanitary sewer services from the city.

Annexation Strategy, Area 8

This is another mostly industrially zoned area with significant development capacity. However, there has been little interest in annexation. Adding land to the city's industrial supply is a priority, so a more aggressive approach is needed. Annexation by interlocal agreement would be an appropriate choice.

Annexation Strategy, Area 9

This underutilized industrial area along Meridian Street is the subject of a long-standing annexation petition. Infrastructure issues have stalled the annexation process. To date, property owners in the area have been unable or unwilling to commit to funding the improvements needed to support urban levels of development. Annexation of this area, which could serve as a gateway to the city is appropriate. As such, the City should consider funding the improvements through a local improvement district, CERB loan or other funding mechanism.

Annexation Strategy, Area 10

The Dewey Valley UGA includes a small area of industrial land on the western side adjacent to the city limits. This property should be annexed. The remainder of the UGA is zoned for low to medium density residential development. The area is currently developed at a low density and has environmental constraints that would likely limit further development. There has been no interest from property owners in annexation (except for a small area at the eastern edge of the UGA that has been included in the Mt. Baker/Britton Rd. annexation petition). In fact, property owners in this area actively opposed annexation when a petition was submitted in 2009. When all of these factors are considered, the area should be considered for removal from the UGA, except for the industrial zoned property and the area that is part of the current Britton Road/Mt. Baker Highway annexation petition.

Annexation Strategy, Areas 11 and 12

These residential areas include the Tweed Twenty and Northern Heights subdivisions. There are 900 homes and over 2,200 residents in these areas. They are served by City water and sewer and developed to urban densities due to the past practice of extending utilities prior to annexation. There is very little remaining development capacity. Squalicum High School and Northern Heights Elementary School are located adjacent to these areas. These neighborhoods

are indistinguishable from adjacent neighborhoods in the city. A more aggressive approach to annexation is needed. A survey, advisory vote or annexation election is appropriate. Either way, these areas should remain in Bellingham's UGA.

Note: the northern portion of Area 11 is the subject of the Britton Rd./Mt. Baker Hwy. annexation petition currently under review.

Annexation Strategy, Area 13

Area 13 includes the Brownsville and Hillsdale subdivisions. Portions of the area have utilities provided by the City and Water District #7. There is little remaining development capacity, and the area is within the Lake Whatcom Watershed. As such, it is not appropriate for additional urban levels of development. No property owner petitions for annexation have been submitted. A survey, advisory vote or annexation election is appropriate for this area also. If property owner support for annexation is lacking, the area should be considered for removal from the UGA.

Annexation Strategy, Area 14

The Geneva area is another residential UGA. It has about 900 dwelling units and a population of over 2,200. As with the other eastern residential UGAs, there has been no interest in annexation from property owners and residents. The area has little remaining development capacity. A survey, advisory vote or annexation election is also appropriate for this area. If property owner support for annexation is lacking, the area should be considered for removal from the UGA.

Annexation Strategy, N. Yew Street Area 15

This UGA is a high priority area for annexation because of the remaining residential development capacity and City investment in park/open space property. The City should plan for the necessary infrastructure improvements and develop funding options that could include current and future property owners.

Area west of Yew Street - Determine interest in annexation among property owners by survey or advisory vote or annexation election. If insufficient interest, consider other methods of annexation, including by interlocal agreement with Whatcom County and S. Whatcom Fire Authority.

Area east of Yew Street - Determine property owner interest in annexation. If insufficient interest, this area (exact eastern boundary to be determined) should be considered for removal from the UGA.

Annexation Strategy Timeline

UGA Area	2018				2019				2020			
	1 Qtr.	2 Qtr.	3 Qtr.	4 Qtr.	1 Qtr.	2 Qtr.	3 Qtr.	4 Qtr.	1 Qtr.	2 Qtr.	3 Qtr.	4 Qtr.
Bennett/ Bakerview (Area 2)	→											
Mt. Baker Hwy/ Britton Rd. (Area 11)		→										
Alderwood/ Airport Industrial Park (Areas 1 & 3)		→										
Meridian/Kline/ Kelly (Area 9)			→									
N. Yew Street (Area 15)						→						
I-5/Northwest (Area 8)									→			
N. Britton/ Tweed 20/ Hillsdale (Areas 11-13)										→		
Geneva (Area 14)										→		
Dewey Valley (Area 10)											→	
Cliffside (Area 4)											→	

A Phased Approach to Annexing the Alderwood Neighborhood.

