

CITY COUNCIL REPORT



Meeting Date: *May 21, 2024*
 General Plan Element: *Economic Vitality*
 General Plan Goal: *Manage land uses to enhance economic development while protecting neighborhoods.*

ACTION

City Annexation Policy

Request to consider the following:

1. Adopt Resolution No. 13119 authorizing:
 - A. Rescinding Resolution No. 4692; and
 - B. Approval of a new annexation policy that provides greater clarity for the city's consideration of future annexations, consistent with the adopted General Plan.

LOCATION

Citywide

BACKGROUND

The City of Scottsdale was incorporated in 1951. At that time, Scottsdale was a town of less than one square mile with approximately 2000 residents. Today, the city is 185 square miles in size with an estimated 245,000 residents. Attachment 2 shows how the city has geographically grown since its 1951 incorporation. The mechanism to achieve such growth was through annexation - a process by which a city or town may assume jurisdiction over unincorporated territory adjacent to its boundaries. Consequently, annexation represents an important step in the overall growth of a city or town.

Annexation proceedings are usually initiated either by a city or town government or by a group of interested citizens residing immediately outside the corporate limits. In annexation decisions, it is vital to weigh the practical implications and costs of providing services to the proposed area. While the annexation of new territory may mean additional state-shared revenue based on population, the additional revenue to be gained must be compared to the necessary expenditures associated with providing services to the annexed area.

Although Arizona Revised Statutes govern the annexation process, each entity can develop its own criteria for evaluating annexation proposals.

ANALYSIS & ASSESSMENT

The proposed annexation criteria for Scottsdale (Attachment 1 – Exhibit A) replaces the city's previously approved policies (Resolution No. 4692) and aims to establish clear standards for assessing whether annexation aligns with the community's long-term interests and outlines expectations for property owners seeking annexation. The criteria have been established in compliance with State Statutes and is intended to ensure that any annexation proposal is carefully considered and managed appropriately.

If the city were to desire to annex a particular area that has been carefully considered, the next issue is whether the proposed area meets the legal requirements for possible annexation. Arizona Revised Statutes (A.R.S.) § 9-471 provides the procedures and criteria for extending the corporate boundaries of a town or city. Some of the key provisions of state law include the following:

- The territory to be annexed must adjoin the boundary of the annexing town for at least 300 feet. This provision does not apply if the territory considered for annexation is surrounded by the annexing town on at least three sides;
- The size and shape of the parcel to be annexed must be a minimum of 200 feet in width at all points, exclusive of rights-of-way and roadways. The length of the parcel is measured from where the territory adjoins the annexing town to the furthest point of the parcel and cannot be more than twice the maximum width of the annexed territory. These length and width requirements do not apply if the territory considered for annexation is surrounded by the annexing town on at least three sides;
- A city or town may annex only unincorporated territory;
- A city or town cannot annex territory if the annexation will result in the creation of a county island; and
- On or before the date the governing body adopts the ordinance annexing territory, the governing body shall have approved a plan, policy or procedure to provide the annexed territory with appropriate levels of infrastructure and services to serve anticipated new development within ten years after the date the annexation becomes final.

There are both positive and negative positions regarding annexations. From the perspective of a city annexation, some positive positions include increased state shared revenue and tax base, improved services to area residents, and enhanced regulatory control. However, some negative aspects include infrastructure costs (installation, maintenance, and operation), and service integration challenges. Conversely, from the perspective of those being annexed, some positive positions include: access to municipal services, enhanced infrastructure, increased political representation, and a greater potential for economic benefits. However, some potential negative aspects include loss of local control about governance, zoning and services, higher taxes and fees, and the possibility of community resistance from all/some property owners. Consequently, the decision to pursue annexation at a municipal level involves weighing these positive and negative aspects of all affected parties while considering the long-term implications for the city's growth, finances, and overall community well-being.

IMPACT ANALYSIS

Policy Implications

If adopted, the City of Scottsdale Annexation Criteria, will align the community's long-term interests and outline expectations for property owners seeking annexation.

Key Items for Consideration

- Provide City Council with sufficient data to make informed annexation decisions.
- Provides consideration for future community conversations concerning possible annexation requests.
- Conformance to Scottsdale General Plan 2035, as amended

Related Policies, References:

Scottsdale General Plan 2035, as amended

STAFF RECOMMENDATION

RECOMMENDED APPROACH

1. Adopt Resolution No. 13119 authorizing:
 - A. Rescinding Resolution No. 4692; and
 - B. Approval of a new annexation policy that provides greater clarity for the city's consideration of future annexations, consistent with the adopted General Plan.

RESPONSIBLE DEPARTMENT

Community & Economic Development Division
Long Range Planning

APPROVED BY



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April 24, 2024

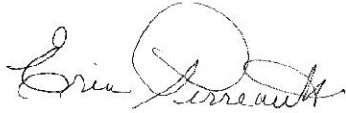
Date



Tim Curtis, AICP, Current Planning Director
Phone: 480-312-4210 Email: tcurtis@scottsdaleaz.gov

4/24/2024

Date



Erin Perreault, AICP, Executive Director
Planning, Economic Development, and Tourism
Phone: 480-312-7093 Email: eperreault@scottsdaleaz.gov

04/24/2024

Date

ATTACHMENTS

1. Resolution No. 13119
Exhibit A: "City of Scottsdale Annexation Criteria"
2. City of Scottsdale Annexation History

RESOLUTION NO. 13119

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, APPROVING THE RESCISSION OF RESOLUTION NO 4692 AND ADOPTING A NEW ANNEXATION POLICY.

WHEREAS, the City Council, recognizes the importance of annexation in managing growth, protecting the natural environment, and maintaining a strong economy; and

WHEREAS, the City Council also understands that annexation can have short- and long-term impacts on the city's budget; and

WHEREAS, sound decisions on annexation can best be made with adequate and appropriate information; and

WHEREAS, a formal policy will provide greater clarity to City Council, city staff, and affected stakeholders for the city's consideration of future annexations, consistent with the adopted General Plan.

NOW, THEREFORE, LET IT BE RESOLVED, by the Council of the City of Scottsdale, as follows:

Section 1. That Resolution 4692, setting forth the City's existing annexation policy, that was adopted on January 21, 1997, is hereby rescinded.

Section 2. That the Annexation Policy attached as Exhibit A is hereby adopted, and that city staff is hereby directed to use the Annexation Criteria for processing and evaluating annexation requests, and presenting them to the City Council for consideration.

PASSED AND ADOPTED by the Council of Scottsdale this 21st day of May, 2024.

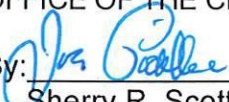
ATTEST:

CITY OF SCOTTSDALE, an Arizona
municipal corporation

By: _____
Ben Lane, City Clerk

By: _____
David D. Ortega, Mayor

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

By:  _____
Sherry R. Scott, City Attorney
By: Joe Padilla, Deputy City Attorney

City of Scottsdale Annexation Policy and Criteria

In annexation decisions, it's vital to weigh the practical implications and costs of providing services to the proposed area. While the annexation of new territory may mean additional state-shared revenue, the additional revenue to be gained must be compared to the necessary expenditures associated with providing services to the annexed area.

Consequently, Scottsdale's annexation criteria aim to establish clear standards for assessing whether annexation aligns with the community's long-term interests and outlines expectations for property owners seeking annexation. The criteria have been established to ensure any potential annexation proposal is carefully considered and managed appropriately. Although Arizona Revised Statutes govern the annexation process, each entity can develop its own criteria for evaluating annexation proposals.

The criteria described below represents Scottsdale's most significant annexation considerations of equal importance.

The city will evaluate the following criteria to determine whether it is beneficial to annex an area either at the time of evaluation, or at some point in the future:

Criterion No. 1 (Community Policy)

Compatibility with the city's adopted General Plan.

Criterion No. 2 (Water)

Whether the annexed property can provide/commit a 100-year sustainable and accessible water supply, in an acceptable form, to the City.

Criterion No. 3 (Regional)

Long-term desirability of the proposed annexation area for purposes of master planning and/or building regional solutions to address flooding, circulation, water, sewer, and public safety challenges.

Criterion No. 4 (Character)

The historical, ecological, and community importance of the annexation area and any potential impacts on community character via the consideration of:

- Scottsdale's southwestern, Sonoran Desert characteristics such as climate, native plants, topography, and history/culture.
- Connection and sensitivity to surrounding landforms, land uses, and transportation corridors.
- Sensitive integration into established neighborhood character.
- Contributions to citywide linkages of open space, Growth and Activity Areas.
- Creation of new or reinvention of the existing character of an area, when necessary.

- Visual and physical access to public settings, significant natural features, and neighboring properties.
- Sensitivity to the natural environment, including the provision of Natural Area Open Space in required areas.

Criterion No. 5 (Zoning)

The ability of the city to initially adopt zoning classifications that permit densities and uses not greater than those permitted by the county immediately before annexation.

Criterion No. 6 (Connection to City Service)

The ability for the annexed area to pay all costs to extend and/or improve infrastructure to city construction standards.

Criterion No. 7 (Cost Of City Service)

Ability of the city to provide basic services (i.e. public safety services, sanitation services, etc.) to the annexed area in a timely manner, with acceptable revenue-to-cost ratio over time.

Criterion No. 8 (Prioritization)

The ability to maximize the long-term benefits of annexation through careful determination of which areas could be annexed and the optimum timing for annexation and development. The city will not support development within the annexed area ahead of the development of vacant lands currently within the city that are near or adjacent to the annexed area.

Criterion No. 9 (Economic Analysis)

The city may require a financial impact analysis of the annexed area. The level of analysis details and content may vary with the intensity or complexity of the proposed annexation. The purpose of the analysis is:

- To analyze the potential financial impacts of annexation on city facilities and services, and
- To estimate revenues from local sales taxes, state-shared revenues, and other fees

The financial impact analysis must develop growth projections, assess market issues, measure existing demand for county services, and project future costs of services.

