

Public Utility District No. 1 of Chelan County, Washington

Policy on Annexation of District Real Properties

Purpose:

Public Utility District No. 1 of Chelan County, Washington, (“District”) is a municipal corporation lawfully existing pursuant to the laws of the State of Washington. Pursuant to its authority under Title 54 RCW, the District owns and maintains more than five hundred (500) real properties throughout Chelan, Douglas, Okanogan and Snohomish Counties associated with the District’s varied operations. As a real property owner, the District is faced from time to time with the question of whether its properties may, or should be annexed into a city or town. The purpose of this policy is to state the District’s general policy and approach to resolution of questions about annexation of District-owned real property as stated by the District’s Board of Commissioners at the time of adoption.

Applicability:

The intent of the Board is that this policy will apply generally and prospectively to all questions of annexation of District-owned real property within the purview of this policy unless the Board determines otherwise as evidenced by subsequent Board motion or resolution. To the extent a question associated with the annexation of District-owned real property is raised that is not reasonably resolved within the purview of this policy, or another policy or action by the Board, such question shall be addressed to the Board for further consideration and action.

Policy:

It is the opinion of the Board, and the policy of the District, that every owner of real property should be entitled to express their intent and desire regarding whether real property in which they have a fee interest is annexed into a city or town, and that municipal and/or public entities that own real property generally exempt from real property taxation should not as a general proposition determine whether privately held parcels of real property should become annexed. Accordingly, the following is hereby adopted as the general policy of the District:

1. **Service Extensions, City Code and Parcel Development.**

From time to time, a proposed use of District real property that is located in an unincorporated portion of the County requires that the District apply for, or agree to, the annexation of the parcel into a city or town. This generally arises in the context of an extension of municipal (city) services, such as water or sewer, to the parcel and is required by city code as a precondition to the proposed use or extension.

In these circumstances, the District will consider annexation as part of the proposed use of the parcel and any alternatives. If the District determines, after consideration, that the proposed

use is in the best interests of the District and the District's customer-owners, the District will apply for, or agree to, the annexation of the parcel.

2. Election Method of Annexation.

In the event annexation is proposed pursuant to the election method described generally at Chapter 35.13 RCW, whether such proceedings are commenced by resolution of the legislative body of a city or town or by a petition for an election signed by qualified voters, the District, as a matter of general policy will not officially support or oppose annexation. The District will, however, continue to uphold its values, meet its obligations, and respond to inquiries and requests for information related to how annexation, if successful, might impact the District, District services and the District's customer-owners.

Notwithstanding the foregoing, every individual, including without limitation, District Commissioners and employees, is entitled and encouraged to express their individual opinion and exercise all of their rights, including without limitation, their rights of speech and to vote.

3. Direct Petition Method.

In the event that annexation is proposed pursuant to the petition method described generally at Chapter 35.13.RCW and the District owns parcels of real property within the proposed area of annexation, the following will apply:

- a. Verification of eligibility. District staff will make an assessment of whether the proposed petition is sufficient and whether the real property is eligible for annexation, including but not limited to, such matters as being contiguous with the proposed city or town, and being located within the urban growth boundary. If staff determines that the petition is insufficient or that the real property is not eligible for annexation, staff will advise the Board, and the District will not support annexation.
- b. Material District Impact. District staff will make a determination of whether the proposed annexation, if approved, would result in a material impact to the District's finances and/or operations. If staff determines that annexation would result in a material impact, staff will advise the Board, and the District will not support annexation.
- c. Allocation of District Real Properties. If 1) the District verifies that the petition is sufficient, 2) that the real property is eligible for annexation, and 3) that annexation does not materially impact the District's finances or operations, the District will support or oppose the annexation as appropriate depending on the following circumstances.
 - i. 60/40 Allocation. If the District owns a sufficient number of parcels, sufficiently valued, within the proposed annexation area that the District is able to proportionately allocate the parcels in a manner the Board determines is sufficiently close to sixty percent (60%) in favor and forty percent (40%) opposed, then the District will so allocate its parcels in

support and opposition of the petition with the intention of minimizing the influence of the District's property values on the outcome of the annexation.

- ii. Removal of Exempt Properties. If the District does not own a sufficient number of parcels, sufficiently valued, within the proposed annexation area that the District is able to proportionately allocate the parcels in a manner the Board determines is sufficiently close to sixty percent (60%) in favor and forty percent (40%) opposed, then the District will determine whether to support or oppose the petition by removing all of the publically-owned, exempt parcels, whether District-owned or otherwise, and their value from the total value of the properties to be annexed, and then reasonably determine based on the petition, and other available information at the time, whether more than sixty percent (60%) of the private, non-exempt property values support annexation. If it appears that more than sixty (60%) percent of the private, non-exempt property values support annexation, then the District will support annexation. If less than sixty percent (60%) of the private, non-exempt property values support annexation, then the District will not support annexation.
4. Implementation, Delegation and Notice:
- a. Service Extensions. The District's General Manager, or his designee, shall have the delegated authority to execute the documents, including annexation documents, necessary to extend services to District parcels located in an unincorporated part of the County when the District determines, after consideration, that the proposed use is in the best interests of the District and the District's customer-owners.
 - b. Direct Petition. In the event annexation is proposed by direct petition District staff shall evaluate items at 3(a)-(c) above, including a proposed proportionate allocation under 3(c)(i), and provide a summary report to the Board for consideration as a noticed agenda item at the next regularly scheduled meeting of the Board. The Board, after consideration and an opportunity for public comment as deemed appropriate by the Board, may take action it deems to be in the District's best interests and the interests of the District's customer-owners, to authorize and direct the General Manager to take appropriate next steps consistent with this Policy.