

Joint Special City Council Meeting
June 20, 2024, at 6:00pm
City of Palmer, Alaska
Palmer City Council Chambers
231 W Evergreen Avenue, Palmer, Alaska 99645
www.palmerak.org



Palmer City Council

Mayor Steven J. Carrington
Deputy Mayor Carolina Anzilotti
Council Member John Alcantra
Council Member Richard W. Best
Council Member Jim Cooper
Council Member Pamela Melin
Council Member Joshua Tudor

City Manager John Moosey
City Clerk Shelly M. Acteson, CMC
City Attorney Sarah Heath, Esq.

Planning and Zoning Commission

Penny Mosher, Chair
Casey Peterson, Vice-Chair
Linda Combs
Lisbeth Jackson
Barbara Hunt
John Murphy

- A. CALL TO ORDER
 - B. ROLL CALL
 - C. PLEDGE OF ALLEGIANCE
 - D. APPROVAL OF AGENDA
 - E. AUDIENCE PARTICIPATION
 - F. NEW BUSINESS
 - 1. Committee of the Whole (note: action may be taken following the committee of the whole)
 - a. Matter Related to the Planning and Zoning Commission
 - i. Recap of 2023 - Penny Mosher
 - b. 2024 Commission Projects and Goals
 - i. Annexation Update - Lizabeth Jackson
 - ii. Comprehensive Plan Update - Casey Peterson
 - iii. Downtown Palmer - Linda Combs
 - iv. Transportation - John Murphy
 - v. Summary - Barbara Hunt
 - c. City Council Direction to the Commission
- G. ADJOURNMENT



Joint Special Palmer City Council Meeting

F.

Meeting Date: 06/20/2024

Department: City Clerk's Office

Subject

NEW BUSINESS

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 - c. City Council Direction to the Commission

Summary Statement/Background

Administration's Recommendation:

Attachments

P&Z Attachments

City of Palmer

Planning & Zoning Commission

Joint Meeting with the Palmer City Council

06/20/2024

P&Z Items Included in Packet:

1. Planning & Zoning Commission Resolution 22-005 – Recommending the City Council Update the 2006 City of Palmer Comprehensive Plan
2. 2006 Comprehensive Plan Executive Summary
3. 2021 Annexation Executive Summary & Overview from Agnew::Beck
4. Downtown Palmer – Planning for Community Spaces Slides

P&Z Commission Resolution 22-005

PALMER PLANNING AND ZONING COMMISSION

RESOLUTION NO. 22-005

A RESOLUTION OF THE PALMER PLANNING AND ZONING COMMISSION RECOMMENDING CITY COUNCIL UPDATE THE 2006 CITY OF PALMER COMPREHENSIVE PLAN

WHEREAS, the Planning and Zoning Commission is duly charged to periodically develop, alter or revise a comprehensive plan for the physical development of the city, subject to approval and amendment by the City Council; and

WHEREAS, the City of Palmer's Comprehensive Plan was last updated in 2006; and

WHEREAS, the purpose of the Comprehensive Plan is to promote the type of environment that the community desires to work, live, and play; and,

WHEREAS, the Comprehensive Plan is a product of a series of community meetings that will produce a statement of policies, goals, and standards and assist the City with long-range planning for Public Services, Facilities & Infrastructure, Transportation, Land Use, Economic Vitality, and Parks, Recreation and Culture; and,

WHEREAS, the Comprehensive Plan is a catalyst for applying and receiving funding for municipal projects;

NOW, THEREFORE, BE IT RESOLVED that the Palmer Planning and Zoning Commission does hereby recommend the City Council budget funds to facilitate an update to the 2006 City of Palmer Comprehensive Plan, ensuring continued success regarding the community's vision that meets the City's role in fundamental obligations.

Passed by the Planning and Zoning Commission of the City of Palmer, Alaska, this 15th day of September 2022.



Brad Hanson, Community Development Director

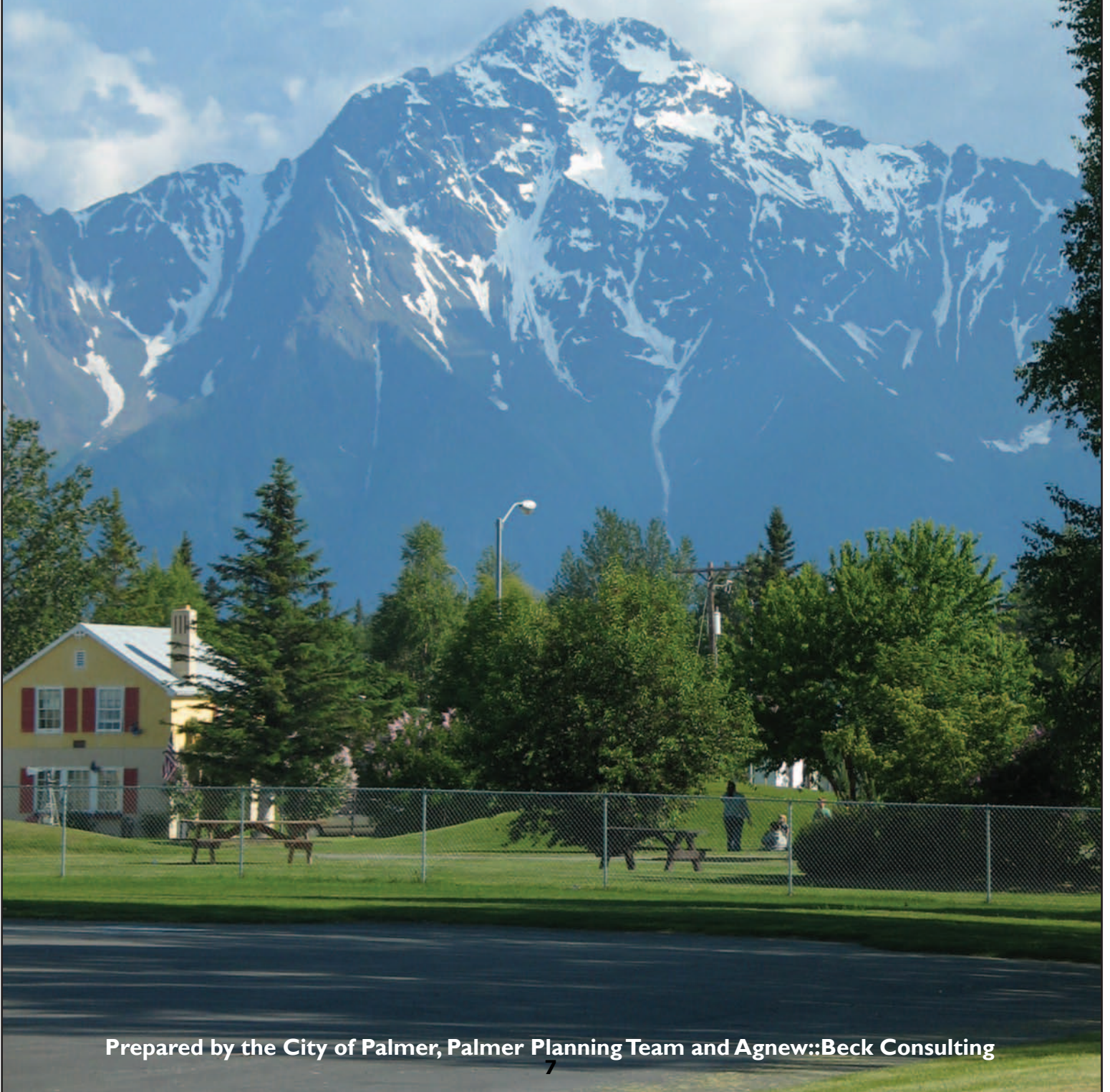


Casey Peterson, Chairman

2006 Comprehensive Plan Executive Summary

City of Palmer Comprehensive Plan

APPROVED SEPTEMBER 2006



Prepared by the City of Palmer, Palmer Planning Team and Agnew::Beck Consulting

ACKNOWLEDGEMENTS

City of Palmer Mayor

John Combs

Palmer Planning and Zoning Commission

Guy AlLee

Sharon Allen

Richard Best

Darrin Hamming

Michael Kircher, Chair

Mike Madar

Herder Winkelman

Community Planning Team

Kristy Bernier, Palmer Chamber of Commerce

David Cheezem, Downtown Merchant

John Combs, Mayor

Darrin Hamming, Planning and Zoning
Commissioner and Builder

Brad Hanson, City Council Member

Dot Helm, Resident and Trails Advocate

Geri Keeling, Historical Society

Michael Kircher, Planning and Zoning Commissioner

Joe Lawton, Alaska State Fair

Gabriel Layman, Palmer Senior Center

Joel Lynch, Spenard Builders Supply

Bonnie Quill, Matanuska-Susitna Convention &
Visitors Bureau

Kevin Sorenson, Developer

Palmer City Council

Steve Carrington

Ken Erbey

Brad Hanson

Tony Pippel

Katherine Vanover

Jim Wood

Larry Hill

City of Palmer Staff

Tom Healy, City Manager

Russ Boatright, Police Chief

Janette Bower, City Clerk

Dan Contini, Fire Dept.

Sara Jansen, Community Development

Pat Kilmain, Librarian

Rick Koch, Public Works Director

Dawn Webster, Community Development

Consultants

Agnew::Beck Consulting, LLC

HDR, Inc.

Land Design North

Northern Economics

A community planning project was conducted by a team of twenty graduate students from the University of Washington, College of Architecture and Urban Planning, Department of Urban Design and Planning, Alaska Studies Program over a six month period in late 2004 and early 2005. That planning effort contributed base information to the update of this plan.

EXECUTIVE SUMMARY

INTRODUCTION (Chapter 1)

This plan was prepared with extensive public involvement. This included a series of meetings with an advisory planning team, interviews with residents and businesses, and two well attended community meetings – an open house in May and a workshop to review the draft plan in October 2005. The plan builds from the 1999 City of Palmer Comprehensive Plan, as well as the work completed in winter 2004-05 by a team from the University of Washington Urban Planning College.

BACKGROUND INFORMATION (Chapter 2)

Palmer is in the midst of profound transformation. While features from Palmer's history – its agricultural character, small town feel, and sense of community - continue to define Palmer's identity, the town now faces a different future. Palmer is embedded in the phenomenally rapidly growing southern Mat-Su Borough. In the 1960's the Mat-Su Borough had a population of just over 5,000 people. By 2000 the population had grown ten-fold to 59,322. During the 1990's Borough population grew 49 percent versus 13 percent statewide. If the State economy remains strong, the Borough is projected to grow to over 108,000 people by 2015. In the span of 20-30 years, this region has evolved from rural, to bedroom community, to what is becoming an increasingly self-sufficient service and employment center.

This growth presents Palmer with great opportunities and challenges:

- Pressures for expansion - a tide of subdivisions, offices and shopping centers transforming the area's traditionally rural landscapes
- A level of population growth that allows the area to support a new scale of commercial and public services, from 'big box' retail to a new regional hospital
- Traffic growth that is rapidly outpacing the capacity of the road system
- A downtown that has changed little over the years, in contrast to the dramatic growth of nearby commercial districts, but appears to be on the cusp of significant construction and redevelopment
- An escalation of community expectations - growing pressures for new public services and facilities to be provided by the City of Palmer, from within and outside City boundaries
- A subtle shift in perspective, from pride in the past to a growing focus on the future

These changes present challenges to the historic character of Palmer and opportunities to emerge as a new kind of community – one that keeps the best of its historic character *and* embraces the need to grow and change. The purpose of this plan is to establish a framework to reach this ambitious goal.

COMMUNITY VISION (Chapter 3)

The overall vision for the community is to “Keep Palmer a vital community, a place that seeks opportunities for growth, and retains what is best about Palmer's history and traditions.” Specific priorities include:

- Keep focused on City fundamental responsibilities: roads, police and fire, water and sewer.

- Facilitate the expansion of the local economy and local business, so residents of Palmer and surrounding areas can find more of the goods, services and jobs they need in Palmer.
- Strengthen downtown Palmer – “the heart of community public life.”
- Promote and enhance what is unique about Palmer to benefit residents and attract visitors.
- Encourage high quality, attractive development, with ready access to parks and green space.
- Improve connections within and out of town, by road, trail and transit.
- Accept and encourage growth, but guide development to benefit the community and maintain what is special about Palmer.

PUBLIC SERVICES, FACILITIES & INFRASTRUCTURE (Chapter 4)

Cities like Palmer provide a wide range of services. The services addressed under this chapter, including police, fire, water and sewer, along with the local road system, are the core of the City’s responsibilities. The City of Palmer provides a high level of public services and facilities, including an airport; community water, sewer and stormwater service; and fire, police and emergency services. The City needs to continue to efficiently maintain and expand these services as population and community boundaries grow. Particular challenges for the future include:

- *Overall* – Continue to strengthen the City’s infrastructure, to meet the needs of a growing community.
- *Coordination* - Work cooperatively with the Matanuska Susitna Borough to coordinate expansion of infrastructure, roads, and new development within the City of Palmer Sewer Service District.
- *Sewer* – The City’s sewer system has the capacity to meet expected growth over the next 5-10 years. Further out, the community will have to invest \$20-30 million to expand the plant’s capacity and reduce time required for treatment.
- *Water* – The City has sufficient well capacity to meet future needs, but in the next 5-10 years will need to construct several major water mains to serve predicted growth. Two specific needs are a main in the Inner Springer Loop area (approximately \$5 million), and service to the area north of the new regional hospital (approximately \$10 million).
- *Stormwater* – More development and impervious surfaces will require more effort to manage stormwater flows. The plan supports increasing open space in future developments to promote on-site infiltration, reduce public storm water management costs, and as a side benefit, provide open space for recreation.
- *Fire and Police* – Work to maintain quality service to new developments within current City boundaries and in outlying areas. For fire, one priority is to improve fire protection downtown, where the concentration of structures creates higher risks. In the longer term, the community will have to confront the challenge of providing quality fire service outside the existing town boundaries. In these areas, providing fire service will cost more than within the existing town, due to lower densities and the need to build new water mains.

TRANSPORTATION (Chapter 5)

Plan policies, summarized below, will improve the range and quality of Palmer transportation options, to better serve current needs and respond to projected growth.

Shape the Character and Use of the Glenn Highway - The Glenn Highway carries steadily increasing traffic, but little of this traffic continues past the community. Consequently, the challenge is to *disperse* traffic within the community, rather than move traffic *through* Palmer. Plan actions to improve the Glenn Highway are listed below.

- Create an arterial-level street on the north-south section line that is currently partially occupied by Hemmer Rd., Blunck St., and North Werner Rd. This route will connect the Glenn Highway with development along the Palmer-Wasilla Highway and Bogard Road and avoid the congested intersection of the Glenn and Palmer-Wasilla Highways.
- Change the character of the Glenn Highway in Palmer. Establish a limited access, boulevard-style road with a landscaped median and right-of-way, and with improved pedestrian and vehicular links between the east and west sides of the highway.
- Provide access to development with perpendicular access roads rather than direct driveway access or frontage roads.

Improve the Palmer Road System to Meet Anticipated Growth

- The plan proposes two new east-west collector level streets:
 - Extend Bogard Road east to connect with the Glenn Highway and continue into the greater downtown area.
 - Connect Dogwood Avenue to the east over the Alaska Railroad and connecting to the west across the Glenn Highway to an extended Felton Street.
- Work with the State of Alaska and the Matanuska Susitna Borough to reserve land for other key transportation-related improvements, including reserving routes for collector streets on approximately a 1/2 mile grid, and reserving or acquiring land for expansion of key intersections.

Maintain and Improve Community Sidewalks and Trails – A good trail system is an increasingly valued element of successful communities, supporting quality of life, economic and circulation goals. The plan identifies needed new and improved trails and sidewalks. Two priorities are upgrades and better maintenance of downtown sidewalks and a trail along the railroad right-of-way from the State Fairgrounds through the City and north to Sutton.

Work on a Regional Basis to Expand and Improve Transit Service – Increasing housing densities and climbing gas prices will increase the feasibility and desirability of transit improvements. The plan recommends continued support of these services.

LAND USE (Chapter 6)

The Land Use Chapter includes ten goals to guide growth to make Palmer an increasingly attractive and successful place to live, work, invest and visit. The first goal of this chapter sets out the desired, overall pattern of community land use; the remainder of the chapter goes into more detail on the specific goals for individual land uses. Highlights of the chapter include:

- Maintain the quality of existing neighborhoods, and provide space for diversity of new residential uses, including housing for the upper end of the housing market, higher density housing in around downtown, and housing for seniors.
- Ensure Palmer remains the institutional center of the Borough. Work proactively to help institutions find space for needed expansion, for example, offices of the Matanuska Susitna Borough and the State Court, so Palmer remains the Borough's institutional hub.
- Encourage expansion of commercial uses, primarily in downtown and along the Palmer Wasilla Highway and along the Glenn Highway.
- Work with the planned Business Improvement District, to help maintain and enhance downtown as a compact, walkable, dynamic, mixed use center.
- Encourage expansion of industrial uses while guiding this type of use to reasonably mitigate impacts on surrounding uses.
- Coordinate planning for transportation and land use, so residents and businesses have convenient access to places of work, commercial services, schools and other public facilities, by vehicle, sidewalk and trail.
- Maintain and improve a high quality system of trails, parks, and open space and other recreation amenities.
- Maintain a clear sense of town entry, with open space and/or less developed areas separating Palmer from surrounding communities.
- Support Palmer's agricultural heritage and history and work so it continues to be visible.
- Guide development so there is the right balance of residential and commercial uses, to ensure the City maintains its fiscal health.

The Comprehensive Plan calls for an active, phased approach to annexation, focused on provision of high quality services, and advance land use and infrastructure planning, including cooperative planning with the Borough. Ultimately, the City of Palmer is expected to expand to the existing sewer service area boundary, which extends 6-7 miles west and south of the existing City limits.

ECONOMIC VITALITY (Chapter 7)

Palmer benefits from a diverse economy. This includes institutional and office uses, local-serving retail and service businesses, and modest contributions from tourism and agriculture. While the private sector drives the community's economy, the City can play a role in keeping the economy strong and diverse. Strategies to reach this goal capitalize on the community's history and small town character, and encourage high standards for development.

Strengthen Palmer's competitiveness as the region's institutional center - Work with institutions to understand and meet their needs, including, where possible, help secure land needed for growth. Develop and implement specific strategies with key institutions.

Encourage expansion of high-tech and research-related economic sectors and other well-paid professional jobs – Encourage growth in these sectors, by maintaining and improving Palmer's high quality of life, and ensuring space is available for forms of economic development that provide good jobs that fit well with community character. In particular, encourage research-related economic activity linked to University of Alaska facilities located in the Palmer area.

Strengthen Palmer's role as a place to shop for Palmer residents and visitors - Zone sufficient land for commercial growth, and support continued public investments in infrastructure in commercial areas.

Strengthen Palmer as a tourism destination - Palmer has solid potential to attract travelers and more could be done to take advantage of this potential. Over time, the community could become both a destination in its own right and a "gateway community" providing a base for Hatcher Pass skiing, and trips into the spectacular backcountry that surrounds Palmer. Downtown and trail improvements are the keys to this transformation.

Do more to market Palmer's Attractions - Palmer's distinct character is a real economic asset, derived from the community's unique natural setting, buildings, views, history, people, and stories. The City should actively support efforts by the Greater Palmer Chamber of Commerce, the Matanuska-Susitna Convention and Visitors Bureau and others to better bring out and promote this character. The community should distill and promote the "Palmer brand" in signage, downtown attractions, the community website, and all marketing material. Palmer can increase the benefits of its historic character by further marketing and improving the City's designated National Historic District and the Glenn Highway National Scenic Byway. One additional, longer term possibility would be to establish Palmer as the centerpiece of a National Heritage Area, which would provide recognition and more funding for promotion.

PARKS, RECREATION & CULTURE (Chapter 8)

The plan identifies the need to maintain and improve public parks and open spaces throughout the community. As the amount and intensity of development increases, this strategy will help keep Palmer a desirable place to live and work. Specific goals include:

Establish, improve, and maintain city-wide parks and recreation facilities and programs - Palmer already has an excellent system of park and recreation facilities. Two identified unmet needs are a skateboard park and additional fields for sports like soccer. Palmer will also need to increase park maintenance as the park system expands and promote programs to increase volunteer maintenance of parks. The City also supports creation of a youth council and eventually a youth center.

Obtain funding for and complete the urban revitalization project in downtown - Establish, improve, and maintain a range of downtown open spaces, sidewalks and parks.

Enhance area-wide recreational trail systems - Improve sidewalk and trail connections between residential areas, downtown, schools, institutional areas, recreational areas.

Continue to improve local arts and cultural opportunities - In the same way that the southern Borough increasingly supports new scales of commercial uses, the area can begin to support a new level of quality of cultural facilities. Palmer should work to be the region's cultural center, including working towards development of a multipurpose arts center.

2021 Annexation Study Executive Summary & Overview



Community and Economic Analysis

For the Preparation of an Annexation Petition

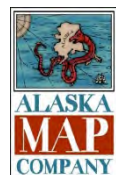
Prepared for The City of Palmer, Alaska

April 2021

Agnew::Beck Consulting

Halcyon Consulting, Inc.

Alaska Map Company



Overview and Executive Summary

Purpose

The purpose of this Community and Economic (i.e., Fiscal) Analysis is to provide a solid analytical foundation that will inform the preparation of a future annexation strategy and petition for the City of Palmer, should the City decide to pursue annexation. Annexation is an important tool for the City to use as way to promote orderly growth, development and expansion of essential services for the health, safety and welfare of the greater Palmer community. Communities often annex land for three main reasons.

1. **Fiscal:** A local government may consider annexation when can provide services more efficiently to annexed areas. New revenues must be balanced with additional costs.
2. **Future:** A local government may consider annexation to support economic development efforts, to provide space within its boundaries for new housing and/or for new businesses and expansions.
3. **Governance:** A local government may consider annexation to maximize local control. It may expand where services can be provided and where local tools like land use districts can be applied. Annexation may also be considered to give residents who currently live outside city limits a direct say in local issues that impact them.

The annexation process involves identifying land areas to be annexed, drawing up a formal petition to annex those areas, and submitting the petition to the Local Boundary Commission (LBC). The LBC uses a set of objective criteria to evaluate whether the annexation meets regulatory guidelines and weighs the annexation petition against public and local government testimony (written and verbal) during a review process that can take several months to over a year.

Before an annexation petition is brought to the LBC, the local government submitting the annexation petition must show that it has the capacity and resources to extend services and governance to the annexed areas. The fiscal analysis of this study could serve in this capacity to support future petitions in that it provides estimates for the staffing, equipment, capital improvements and costs to extend services and governance to a number of study areas around existing boundaries. If the City were to prepare an annexation petition for a land area with different boundaries than any of the study areas in this report, or if the annexation petition happens some years in future, the fiscal analysis would be updated to reflect the dollar values and geographic boundaries of the annexation petition at that time.

That said, the City of Palmer is going beyond analyzing fiscal dynamics to understand the lifestyles and values of the residents and business operations located outside existing City limits. Ideally, an annexation will be generally supported in the areas to be annexed as well as within the City. The community analysis part of this study provides the City with information about current community sentiment about annexation, with recommendations and clarifications to help inform any future discussions with neighbors about annexation. If the City brings a future annexation petition forward, this study provides some information about where and how that understanding and support can most likely to be built.

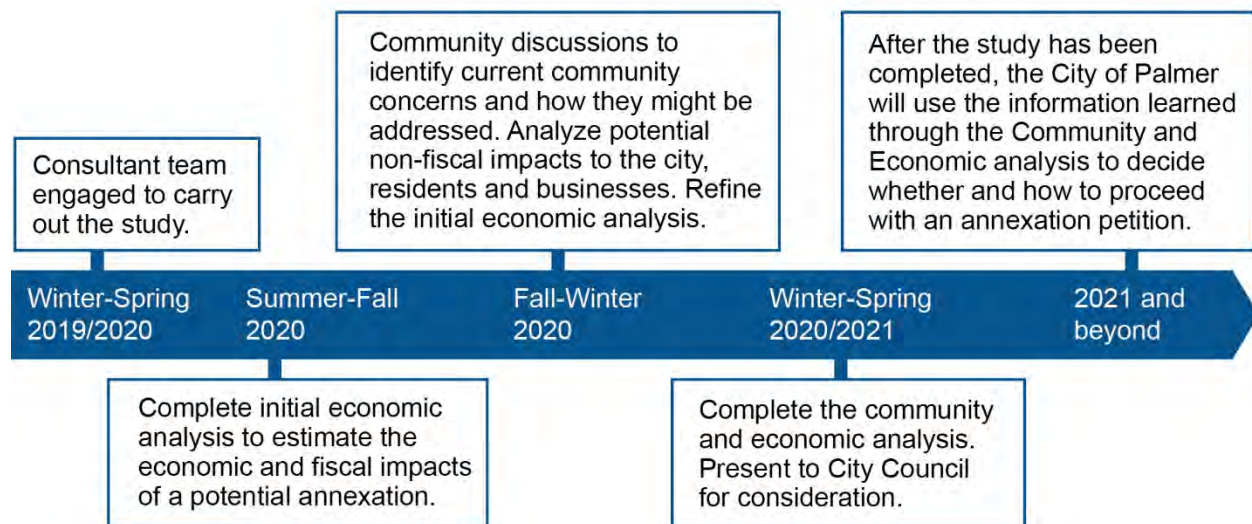
Process

The analysis estimates the likely fiscal (i.e., economic) and potential community effects of annexation on a set of study areas that include lands outside of the City of Palmer. The analysis is guided by the City of Palmer's broad goals for annexation, as articulated in the City of Palmer Annexation Strategy (Agnew::Beck et al, 2010):

- To promote orderly, high quality development and the cost-effective extension of services where and when warranted.
- To sustain a desirable quality of life in and around Palmer.
- To ensure a sustainable tax base along with long-term economic viability, fiscal health and natural environment in Palmer.

The project's process defines geographic boundaries of potential annexation areas (also called study areas), which allow the study to provide estimated changes in city service provision, revenues and expenses for the fiscal analysis. The delineation of a study area does not mean the area is recommended for annexation by the consulting team or by the City. Instead, these areas provide the analytical framework for the analysis. Areas may be accepted, rejected, or adjusted before they are part of any proposal or petition in the future.

Project Timeline



The study also analyzes community attitudes about annexation and its potential impacts. Where community members have identified specific concerns about annexation, either generally or specific to certain land uses, the study identifies potential ways the City can proactively address these concerns before putting forth an annexation petition.

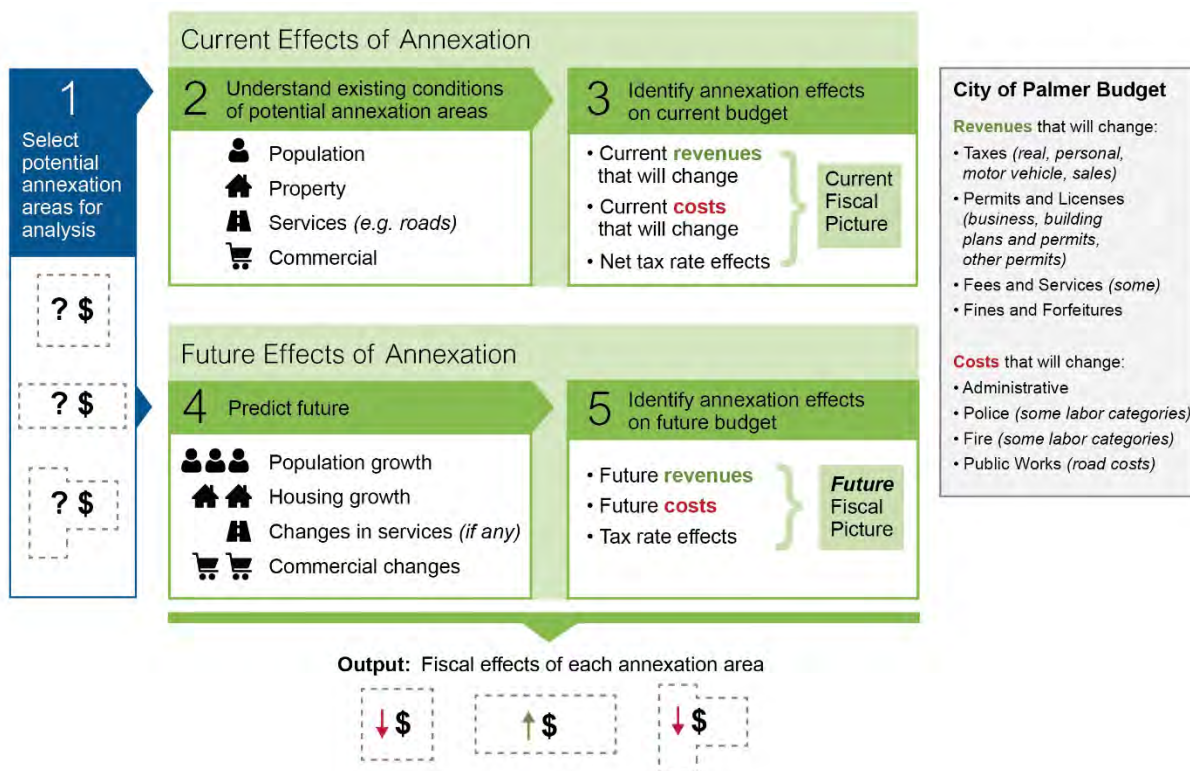
This approach of working with the greater community to understand and proactively address concerns as well as obtain the information needed to make wise decisions about where and when to annex territory in future furthers the City's commitment to a transparent and public process and serving its constituency to the best of its ability.

Fiscal Effects of Annexation

The project team worked with the City to identify a set of study areas for the analysis. These geographic boundaries simply provide guidance for the fiscal modeling. Each of the study areas has more or less similar land use. For the purposes of doing the study, it makes sense to look at a variety of different areas with different characteristics. That way, we can fully understand the range of community issues and fiscal effects that an annexation would have.

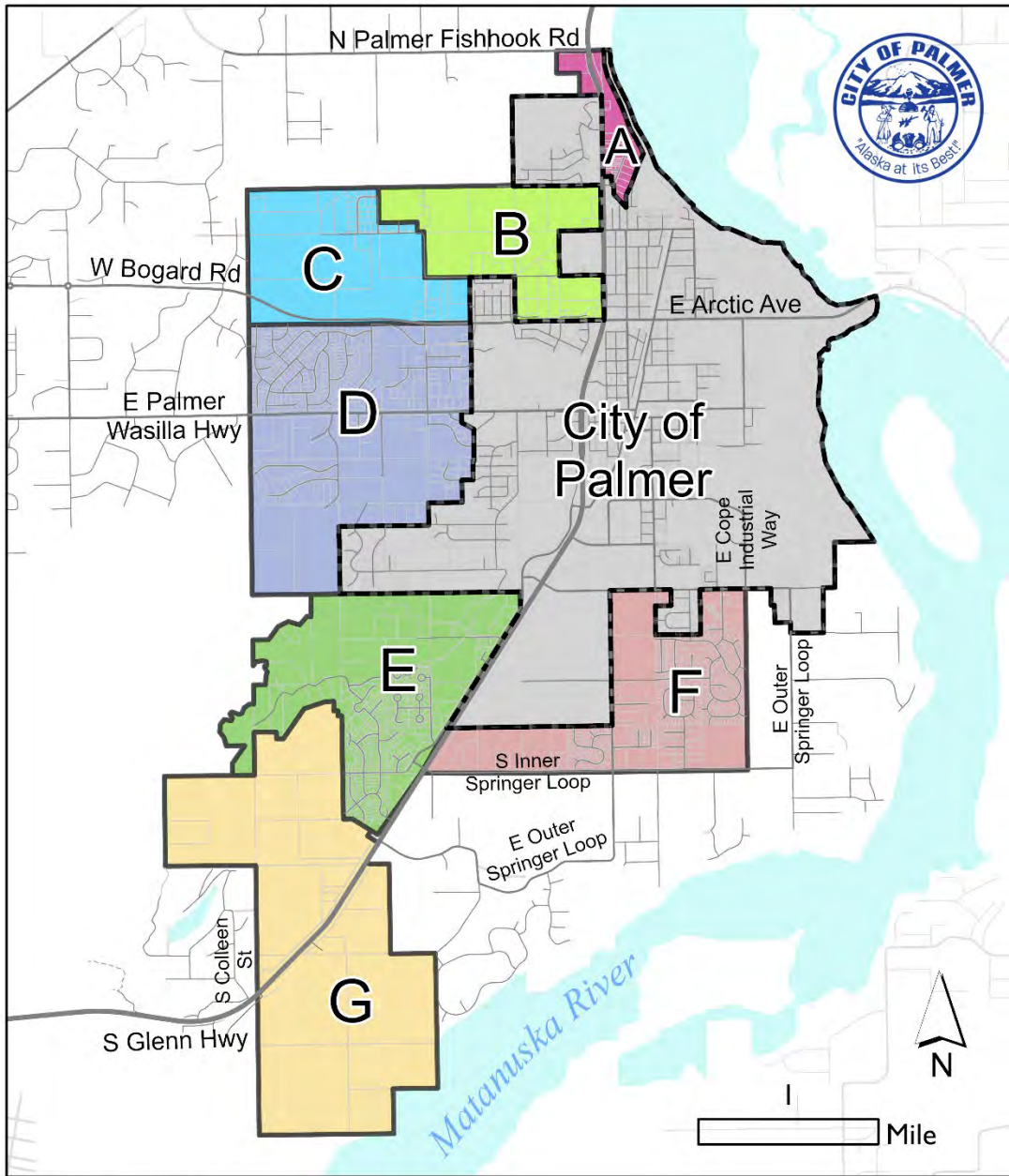
The project team then worked with City staff to estimate the amount of staff, equipment, capital improvements (e.g., buildings) and consequent funding needed to extend services to each of the study areas and the all of the study areas as a whole, both in terms of general operating costs and capital investments. This information was used to build a fiscal model that shows current city revenues and costs as well as the revenues and costs that it would experience if each of the study areas (and all the study areas as a whole) were annexed into the City in 2020. The team applied some assumptions about how the general Palmer area might develop in terms of population and land use over the next 10 years to the model and produced a set of 2030 projections. These help us understand the longer-term fiscal effects of the hypothetical annexations.

Fiscal Analysis Methodology



By expanding its boundaries, a municipality increases its citizenry and often its tax base. The costs of providing municipal governance and services would be spread among more people, which could lower the taxes a given individual would pay. However, the benefits of an expanded tax base must be balanced against the costs of providing governance and services to the annexed areas. If the costs outweigh the revenue potential of the annexed areas, taxes may need to be increased and the rationale for a successful annexation would rest more heavily on other community goals, such as protecting the health and safety of community members through the extension of municipal governance, regulation and/or services.

Study Areas Map



**City of Palmer
2020 Annexation Study**

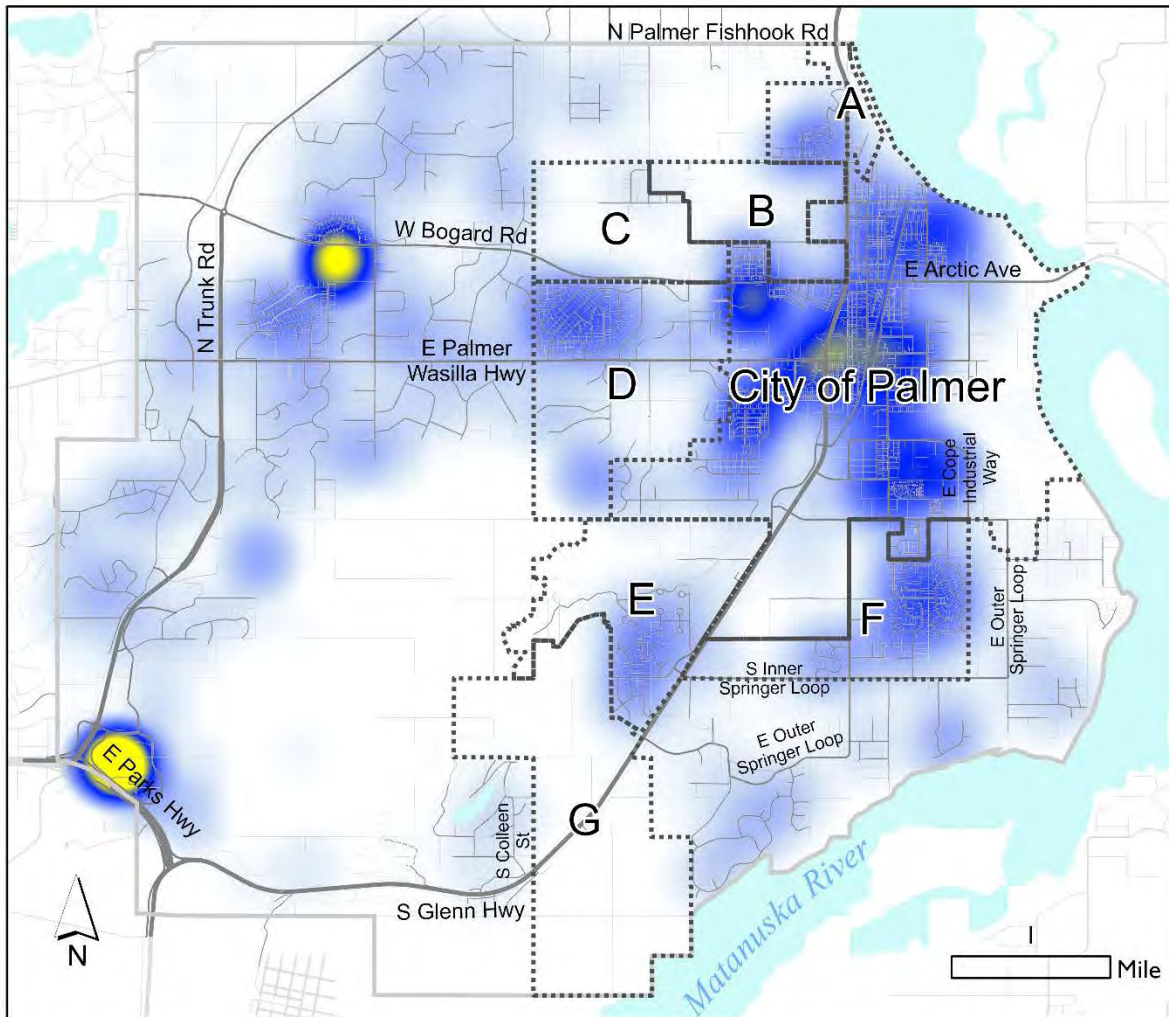
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 Matanuska Susitna Borough GIS

Study Areas

- | | | | |
|--|--|--|--|
| A | C | E | G |
| B | D | F | Palmer City Limits |

The fiscal analysis found that Palmer’s existing boundaries are already optimized for property and sales tax revenue. Any annexation of the land adjacent to existing city boundaries would not be a “land grab” in order to increase tax revenue. The net fiscal effects range from a small net positive (meaning that an annexation could spread the costs of city services enough to allow a slight reduction in taxes), to essentially neutral (meaning that the City could absorb a limited land area in less populated areas and extend city services and governance without having to adjust taxes at all) to a net negative (meaning that the City would have to raise taxes to pay for the increase in services).

Heat Map of Property Values, Taxable and Non-Taxable

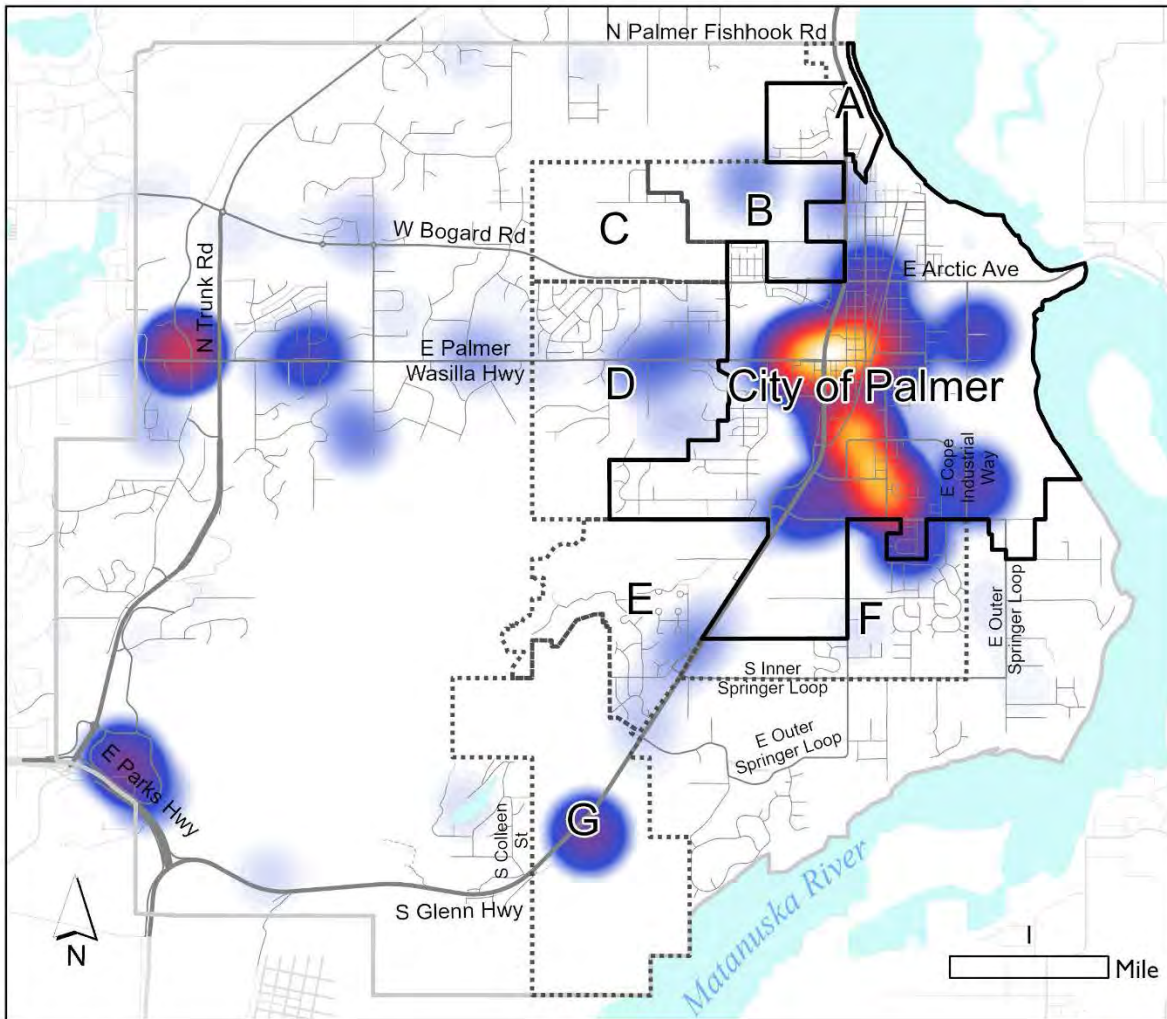


City of Palmer
2020 Annexation Study
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 Source Data: Matanuska Susitna Borough GIS

2020 Total Assessed Value
 Sparse
 Dense



Heat Map of Commercial Activity



City of Palmer 2020 Annexation Study

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Source Data: Matanuska Susitna Borough GIS,
Data Axle USA

Sales Volume 2020



To quantify the tax changes that would be needed to balance the City budget upon annexation, the study looked at adjustments to sales tax only (assuming property tax stays the same) and adjustments to property tax only (with sales tax staying the same). The sales tax effect ranged from a potential *decrease* in sales taxes of \$0.37 on every \$1,000 of spending (with no change in property tax) if Study Area B were annexed in 2020 to a potential *increase* in sales taxes of \$2.02 on every \$1,000 of spending (again, with no change in property tax) if all study areas were annexed in 2020. The property tax effect ranged from a potential *decrease* in property taxes of \$70-80 on a \$250,000 home (with no change in sales tax) if Study Area B were annexed in 2020 to a potential *increase* in property taxes of \$430 on a \$250,000 home (again, with no change in sales tax) if Study Area F were annexed in 2020.

These results show that annexing Study Area B could slightly reduce the amount of tax paid by each taxpayer within the City. This is because Study Area B has some commercial activity but few residential properties that require more City services. On the other extreme, Study Area F has the densest

residential neighborhoods in the greater Palmer area and little commercial activity, although it the homes do have property value that could contribute through property taxes. If the City were to annex all study areas, the commercial activity in some would balance somewhat the costs of providing services to residential neighborhoods, resulting in a lower tax increase than annexing Study Area F alone, but still a net increase in taxes to balance the City budget.

Net Fiscal Effects by Annexation Scenario

Annexation Scenario	Operating Costs			Capital Costs		Net Annual Operating and Capital Repayment Fiscal Effect (\$)
	Est. Annual Revenues (\$)	Est. Annual Costs (\$)	Net Operating Fiscal Effect (\$)	Est. Initial Capital Costs (\$)	Annual Debt Repayment (\$)	
Area A Only	26,000	36,000	-10,000	0	0	-10,000
Area B Only	187,000	48,000	139,000	0	0	139,000
Area C Only	46,000	68,000	-22,000	0	0	-22,000
Area D Only	997,000	1,457,000	-460,000	3,085,000	-265,000	-725,000
Area E Only	626,000	1,175,000	-549,000	3,085,000	-265,000	-814,000
Area F Only	656,000	1,380,000	-724,000	3,085,000	-265,000	-989,000
Areas E+G	1,176,000	1,189,000	-13,000	3,930,000	-337,000	-350,000
All Study Areas	3,087,000	3,535,000	-448,000	5,465,000	-469,000	-917,000

Budget-Balancing Tax Rate Changes

Annexation Scenario	All Property Tax Approach			All Sales Tax Approach	
	Mil Rate Change Required to Balance Budget (3 mils + ...)	Annual Cost to Owner of \$250,000 in Property (City of Palmer, \$)	Annual Cost to Owner of \$250,000 in Property (Annexed Area, \$)	Sales Tax Rate Change Required to Balance Budget (3%+ ...)	Effect per \$1,000 of Commercial Activity at Non-Exempt Businesses (\$)
Area A Only	0.02	5	3	0.004	0.03
Area B Only	-0.29	-70	-80	-0.055	-0.37
Area C Only	0.05	10	10	0.009	0.06
Area D Only	1.21	300	300	0.285	1.90
Area E Only	1.54	390	380	0.316	2.10
Area F Only	1.73	430	430	0.391	2.60
Areas E+G	0.66	160	160	0.127	0.85
All Study Areas	1.18	290	290	0.302	2.02

Looking to the future, the study finds that annexation of most areas studied in this analysis would still result in net negative annual fiscal effects in the year 2030. Looking at individual study areas, the model projects that in Study Areas A, B, C and E, fiscal gaps would start to close as the population increases and the City realizes economies of scale. However, the analysis projects that the net fiscal effects of annexation will worsen in Study Areas D, F and G, where tax resources are not expected to catch up with the costs of service provision.

2030 Projections: Change in Net Fiscal Effects by Annexation Scenario

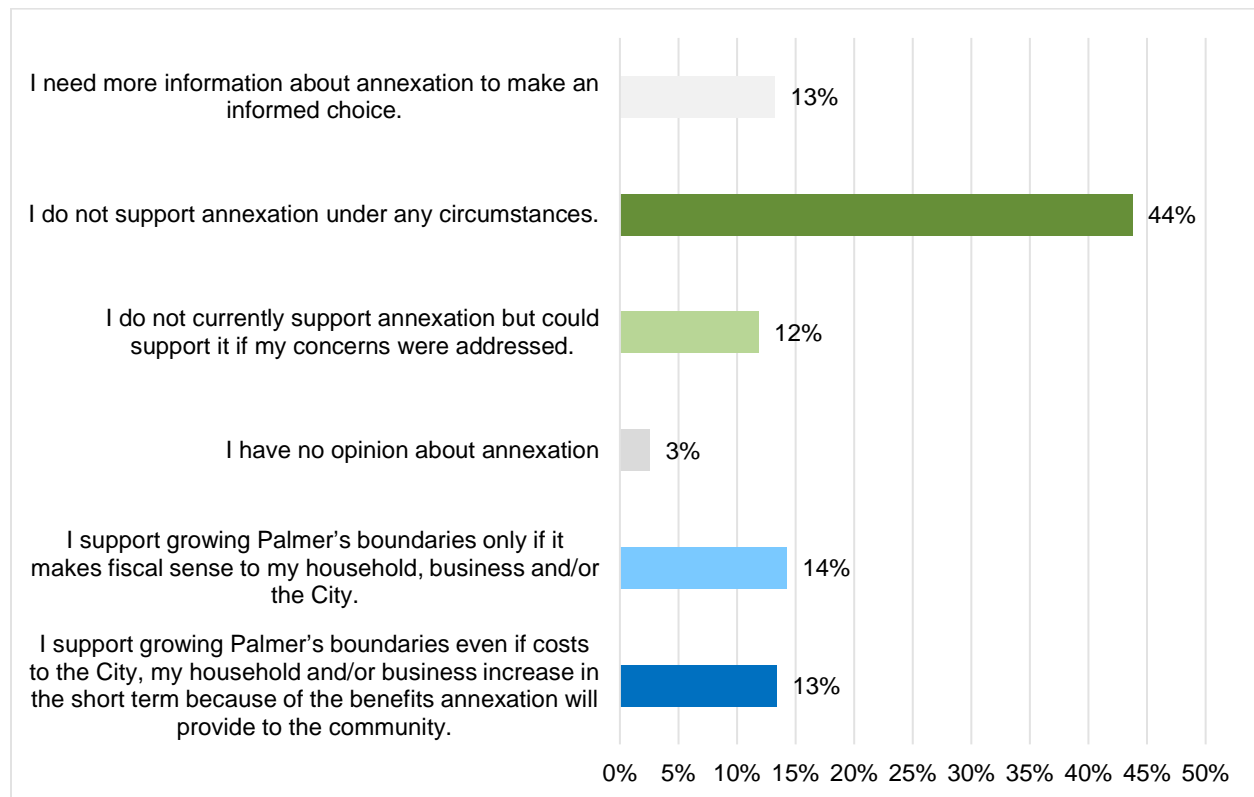
Annexation Scenario	2030 Environment Changes				2030 Fiscal Changes			Change in Net Fiscal Effect 2020-2030
	New Pop-ulation	New Housing Units	New Property Tax (\$)	New Sales Tax (\$)	Revenue Change (\$)	Operating Cost Change (\$)	Capital Cost Change	
Area A Only	10	4	1,000	5,000	8,000	5,000	0	3,000
Area B Only	39	15	9,000	48,000	62,000	18,000	0	44,000
Area C Only	39	15	11,000	4,000	19,000	17,000	0	2,000
Area D Only	103	40	33,000	129,000	176,000	224,000	14,500	-62,500
Area E Only	221	86	53,000	95,000	169,000	127,000	0	42,000
Area F Only	214	83	53,000	52,000	133,000	389,000	14,500	-270,500
Areas E+G	224	87	51,000	250,000	-93,000	128,000	0	-221,000
All Study Areas	630	244	159,000	488,000	306,000	387,000	14,500	-95,500

In purely fiscal terms, these findings led the project team to recommend an annexation strategy that either takes a modest approach of annexing smaller area(s) over time that have little to no effect on City budget and operations, or to annex a large enough area that the annexation would include areas of higher taxable potential (usually commercial areas) to help balance the costs of areas with lower taxable potential and higher service needs (primarily residential neighborhoods).

Community Considerations

This study represents the very beginning of conversations by the City of Palmer with neighbors in the area about the possibilities of annexation. Community outreach was done during the COVID-19 pandemic. To ensure safety, outreach was conducted through an online survey, web meetings, interviews/focus group conversations, online presentations (e.g., to the Palmer Chamber of Commerce), email and phone conversations with concerned citizens and neighbors inside and outside existing City boundaries. Results show that there is a wide range of opinion about whether the city should annex land from people inside and outside city boundaries. The majority of those who shared their thoughts do not support annexation at this time; some do support annexation, and some need more information.

General Level of Support for Annexation



Resident Support for Annexation

	Live in City		Live in Study Area		Live Outside SA & City		All Residents	
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage
Response indicated a lack of support	17	17%	244	67%	76	54%	337	56%
No Opinion, Need More Info, or None of the above	21	21%	62	17%	19	14%	102	17%
Response indicated possible support	61	62%	56	15%	45	32%	162	27%
Total	99	100%	362	100%	140	100%	601	100%

Resident Support for Annexation by Study Area

Study Area	Total Resident Respondents	# Support Annexation	% Support Annexation
Study Area A	7	3	43%
Study Area B	6	0	0%
Study Area C	14	1	7%
Study Area D	80	15	19%
Study Area E	98	15	15%
Study Area F	153	19	12%
Study Area G	7	3	43%

Business Owner Support for Annexation

	Own Business in City		Own Business in Study Area		Own Business Outside Study Area and City		All Business	
Response indicated a lack of support	20	39%	53	74%	31	62%	104	60%
No Opinion, Need More Info, or None of the above	9	18%	11	15%	3	6%	23	13%
Response indicated possible support	22	43%	8	11%	16	32%	46	27%
Total	51	100%	72	100%	50	100%	173	100%

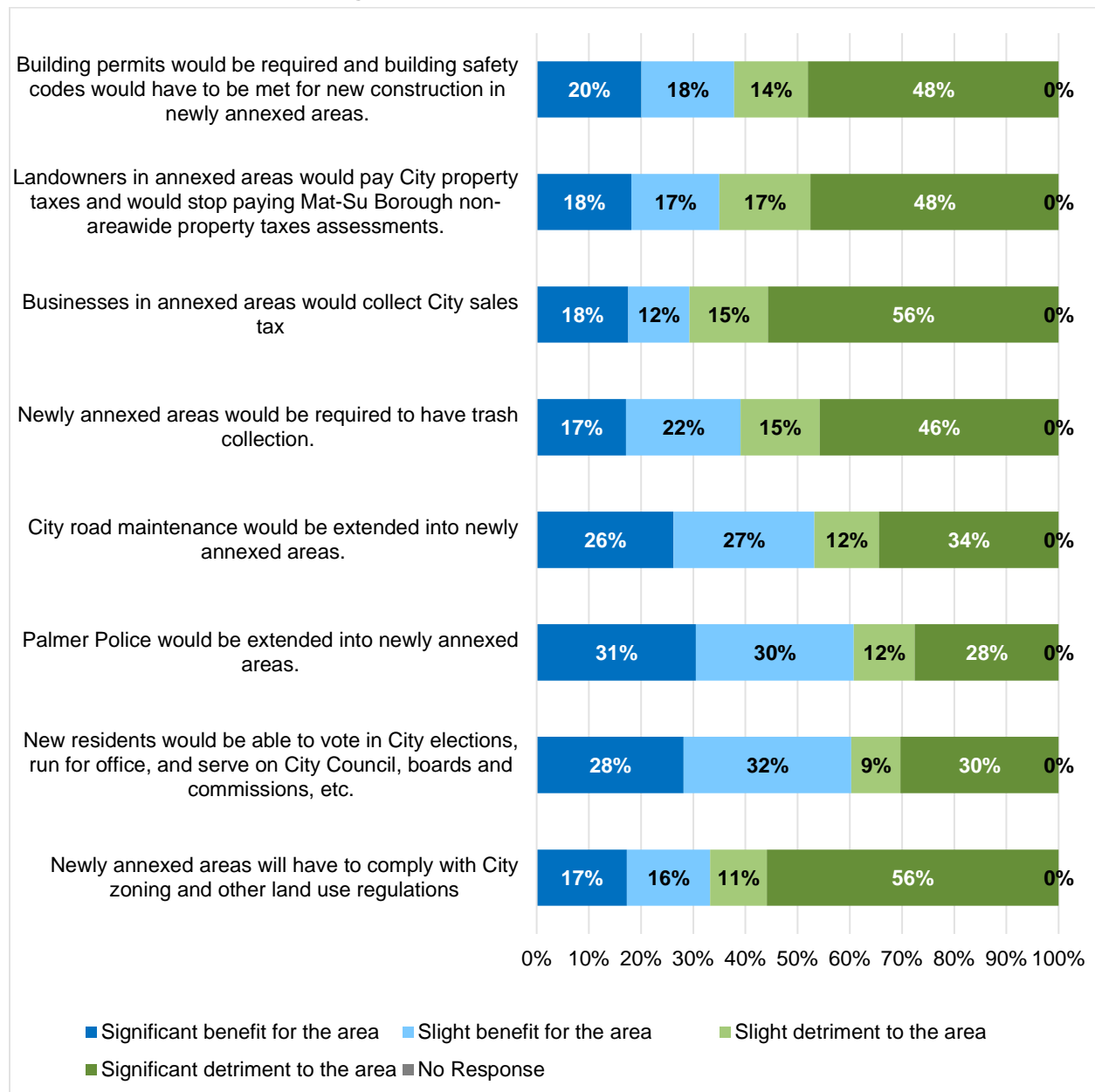
When asked an open-ended question about the perceived benefits of annexation, 51 percent of all respondents indicated they saw no benefits to annexation. Positive responses (18 percent of total responses) reflected the themes below:

- Access to or improved City services, generally
- Access to specific services: police, water and sewer, road maintenance and streetlights, staffed fire station, bike paths
- Attracting businesses and families
- Everyone in the area living by the same rules
- Less confusion about city boundaries
- Lifestyle preferences
- More opportunities for input on future planning and growth
- Possibility of increased City revenue and/or broader tax base
- Possibility of new jobs at City and area businesses
- Representation in City government
- Zoning and land use regulations, with more controls than under current Borough codes

Neutral responses addressed themes like the need for more information or mixed views about benefits when weighed against challenges or applied to the area the respondent was most familiar with.

Community Fiscal Concerns: In open-ended responses, five percent of all survey respondents noted positive impacts to the City’s revenues and/or tax base as a benefit of annexation, and nearly 30 percent of all respondents indicated that city taxes and fees would be a concern. 65 percent of survey respondents viewed City property tax as a detriment, primarily concerned about possible increases in property taxes. 71 percent of survey respondents viewed City sales tax as a detriment, including residents who limit their spending overall and particularly do not want to pay sales tax on locally grown food. Business respondents voiced concern that having to collect city sales tax and the online sales tax would hurt their business because their competition does not have to charge sales taxes to customers.

Level of Perceived Benefit/Challenge for Specific Topics, All Respondents



Planning and Growth Management: Public outreach revealed very mixed viewpoints about the planning and growth management aspects of annexation. Some view annexation and the City’s ability to do land use planning as the key to growth for Palmer, attracting businesses and families, opening more economic opportunities and allowing the community to develop with assurances of zoning control to avoid incompatible uses and maintain the small-town feel of the area. Others expressed concerns that annexation would encourage growth and, with it, crime, high density housing without the infrastructure to support it, traffic, and unwanted levels of commercial development. Several commented on the importance of maintaining Palmer’s small town feel and protecting farmland. Some respondents expressed general opposition to zoning and other land use regulations (67 percent of survey respondents viewed City zoning and land use regulations as a detriment), while others voiced the desire for greater enforcement of existing city regulations inside the City. Responses indicate that people generally want to

be able to keep doing what they have been doing with their land; many expressed support for grandfathering existing land uses in any annexed territory. 62 percent of survey respondents viewed City building codes, permits and inspections as a detriment, some expressing concerns about the costs associated with code compliance and permitting. Suggestions reflected a desire for the City to be more flexible or not require these for structures like sheds, decks, storage buildings, fences, etc.

Overall, the Palmer-area community has mixed views about City services. Some city services seen as a benefit; others prefer their existing services or expressed concern about the City's ability to extend services to a large area. In total, if all the study areas were annexed, it would effectively increase the City's population by 58 percent, making Palmer the fourth largest city and the twelfth largest organized municipality by population in Alaska.

Police: Palmer police was identified as a benefit of a potential annexation by 61 percent of survey respondents. Some area residents want access to police services to receive a more rapid response from law enforcement officers, while others prefer the Alaska State Troopers. A few respondents also voiced concerns about the expense of expanding the City's police force and about the City's ability to find qualified people to hire for the new positions and to pay them a competitive salary.

Road Maintenance: Palmer road maintenance was identified as a benefit of a potential annexation by 53 percent of survey respondents. Some area residents view potential annexation benefits to include road maintenance and improvements, particularly streetlights in some neighborhoods. Other respondents do not want City road maintenance, nor do they want to pay for it. Some of these responses specifically mentioned concerns about the City's ability to provide adequate snow removal and to find people willing to accept any new maintenance positions unless it raises salaries and wages for the positions.

Garbage Collection: The City's existing policy to require garbage collection service was considered a detriment by 61 percent of survey respondents. In the study areas, respondents generally want to be able to choose how their garbage is dealt with, whether hauling their own trash, contracting with the City or a provider of their choice, rather than being told by regulation how to manage their waste.

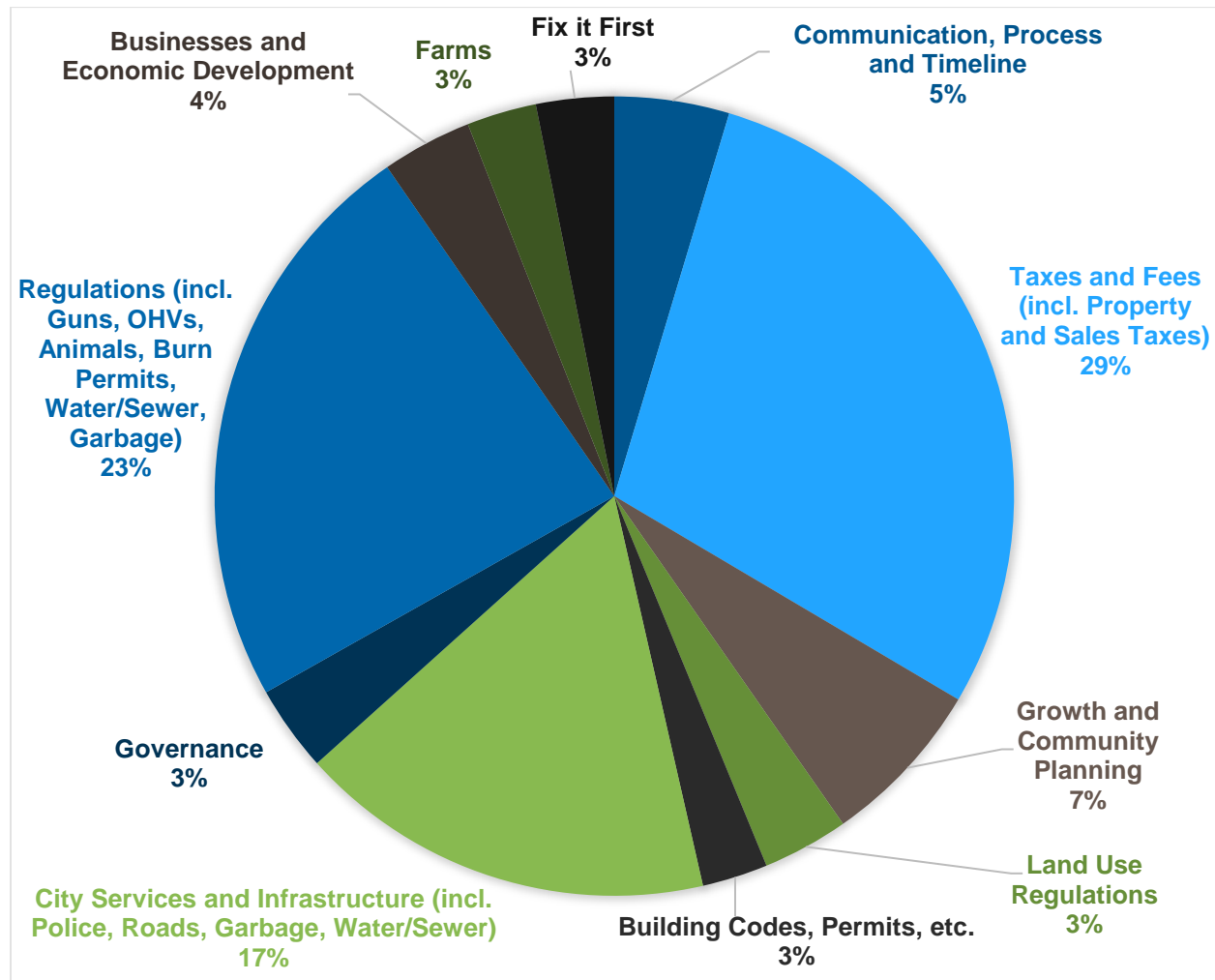
Other Services: Some open-ended responses indicated that if annexation resulted in faster fire and emergency response or staffed fire stations in their area, that would be considered a benefit. Responses showed mixed attitudes toward City water and sewer, which ranged from piped water and sewer being the only thing they would want out of an annexation to objections to the idea that they might have to hook up to City water and sewer when they already have functioning well and septic systems.

Governance: Some area residents see benefits to annexation from having more of a voice in local government, a wider pool of eligible candidates to run for public office, and potentially a more involved voter base. 60 percent of survey respondents view the ability to vote, run for City offices, and/or serve on Palmer City Council, boards and commissions as a benefit of a potential annexation. The fiscal study shows that many people in the study areas are already paying for Palmer City government through sales tax, but do not have representation.

Regulations: Lifestyle differences between areas inside City and outside the City limits were reflected in community comments about the City's regulations. Only two percent of all survey responses mentioned regulations as benefits in open-ended questions, whereas 29 percent mentioned regulations as concerns. As benefits, responses mentioned land use and/or building regulations as a way to manage growth and protect Palmer's small-town character. A few responses mentioned a sense of everyone following the same rules as a benefit, especially for code compliance or simplifying law enforcement. The main concerns about city regulations stated a general desire to minimize any governmental rules, the desire to use firearms and off-road vehicles; burn trash, have fire pits and set off fireworks on their property; and

keep a variety of animals on their land. Many responses suggested grandfathering or making regulatory allowances to retain existing lifestyles and businesses.

Areas of Concern, All Respondents



Communication and the need for more (or more accurate) information were strong themes in the public outreach activities. Around 15 percent of survey responses and other public outreach activities reflected a desire for more information in order to have an opinion about annexation. A number of survey responses also suggested the City improve existing service provision before making an annexation petition. Some of these concerns could be due to misunderstanding about where City boundaries are, how the City operates and the limits of what it can do. These concerns may also provide useful direction for the City about where to focus information-sharing and departmental improvements. Comments mentioned:

- Improve City road maintenance: pave rutted gravel roads; upgrade aging paved roads; improve snow removal and general maintenance on Colony Way, Arctic Boulevard and other streets that branch off them.
- Improve/repair storm water collection systems, curb and gutter.
- Keep sidewalks clear.
- Increase repair and replacement for aging City facilities, generally.
- Improve the Palmer Sr. League field.

- Clarify if, when and how the water and sewer utility would extend piped service. City "water pressure can be limited at times."
- Clarify City trash collection service areas and policies.
- Improve fire response times (in study areas).
- Expand the police force and improve morale in the Police Department.
- Reduce crime and increase vehicle safety enforcement ("Automobiles and Trucks are permitted to be operated with one headlight, Violations emissions").
- Increase enforcement for junk vehicles, property maintenance, single family residential zoning.
- Pay City employees better, specifically police, emergency/first responders, and public works.
- Address homelessness in the City.
- Improve the City's reputation for fiscal management to address concerns that annexation is intended only to increase revenue for the City.

Recommendations

Continue Ongoing Communication

Regardless of whether the City brings forward an annexation petition in future, this study recommends continued conversations with existing City residents and neighbors about making Palmer's city government the best it can be. Survey responses reflected a desire for more frequent and open communication between the City and area residents, generally and specific to the annexation process.

City of Palmer boundaries have been stable for nearly the past 20 years and already capture the majority of taxable property values and commercial activity in the general area. Any future annexation would not be a "land grab" to increase revenue to the City. Instead, the fiscal analysis reveals that future annexation around Palmer would have to be in service of a greater community vision that would motivate City and area residents and busines to support a potential (though most likely modest) increase in taxes over 2020 tax rates. A number of survey responses asked for a clear "why" statement to better understand the City's motivations for annexing more land and a better understanding of the benefits of annexation to all concerned.

The City could build on the stability it currently experiences by making improvements in service provision to the extent possible, as well as any needed or chosen adjustments or clarifications to city regulations. Regulatory/policy changes that came up during the community analysis as worthy of consideration include:

- **Building permits, fees and inspections (especially for sheds, fences, decks)** are currently required per PMC Title 15 Buildings and Construction. The City could make some degree of the building permitting and inspection process optional or voluntary. For example, AMC 23.05.030 makes the building permit, review, and inspection processes optional in areas outside the Anchorage Building Safety Service Area (ABSSA).
- **Garbage collection** is currently required per PMC Chapter 8.20 Garbage Collection and Disposal. The City could allow property owners to choose private collection service or self-haul outside the City's service area. Anchorage does this per AMC 27.70.030.
- **Discharge of firearms** is currently prohibited within City limits except at permitted practice facilities per PMC Chapter 9.74 Discharge of Firearms. The City could designate areas in code where hunting is allowed, like the City of Kenai per KMC 13.15.010 Discharge of firearms. Anchorage and Juneau also prohibit the discharge of firearms except in designated areas.
- **Off Highway Vehicles (OHVs)** are not currently permitted on streets except to cross them per PMC Chapter 10.08 Regulation of Off-highway Vehicles. The City could allow licensed operation

of OHVs, like the City of Kenai per KMC Chapter 13.40 Off-road Operations of Motor Vehicles. Designated pathways for OHV use could also be created alongside primary streets.

- **Burning trash, fire pits, fireworks.** Palmer Fire & Rescue may issue recreational burn permits for fire pits and burn permits for certain types of debris on private property. Fireworks are allowed without a permit on New Year's Eve per PMC Chapter 8.42 Fireworks. The City could adjust allowances on burn permits and/or fireworks. For example, Anchorage allows recreational or ceremonial fires if they are managed according to specific safety guidelines and obtain a burn permit if necessary. However, burning debris/waste materials is prohibited within the municipality.
- **Animal restrictions.** The City allows a variety of pet and livestock animals per PMC Title 6 Animals, depending on zoning per PMC Title 17 Zoning. All species of livestock mentioned in comments are already allowed on land zoned for agriculture or on lots of 1+ acres if they do not go within 25 feet from an exterior lot line. The City could allow more dogs per parcel or dogs off-leash. Dog kennels are an allowable use by right on land zoned BP Business Park.

City staff could continue to engage in surveys and listening sessions to obtain regular feedback from the people about where improvements can or have been made. Building on the common things people value about life in and around Palmer, the City would benefit from documenting the ways in which it has (and continues to) improved quality of life, achieved efficiencies in providing services and optimized its tax base. Increase awareness of the City's role in community successes.

More communication about the City's planning activities may also be helpful. Some respondents were not aware of the City's long-term plans for expanding services, land use planning or desired areas for future growth. Before engaging in a proposal for annexation, the City may want to increase area knowledge of and involvement in both shorter-term planning for general operations and capital projects over the next few years, as well as longer-term plans, such as Palmer's Comprehensive Plan, which has not been updated since 2006. Though not reflected in survey results, the City may decide to be more actively involved in economic development planning and related activities in future.

Choose an Annexation Approach

If the City prepares a petition for annexation in future, the findings of this study suggest the City take either a "Go Big" approach and work toward a large-scale annexation, or "Go Small" and work toward bringing in smaller areas that would have minimal fiscal effects to the City. This decision should be informed by the City's comfort level in expanding its operations as well as conversations with area residents. A few survey responses and meeting comments questioned why the study areas did not include certain areas, such as the areas south of inner Springer Inn Spring Hill and Outer Springer (Rocky Point, Sky Ranch, River Bend, and Colony Estate subdivisions) and Marsh Road in Study Area B. One respondent suggested the City consider taking an incremental approach, annexing one or two areas first, then adding more at a later date.

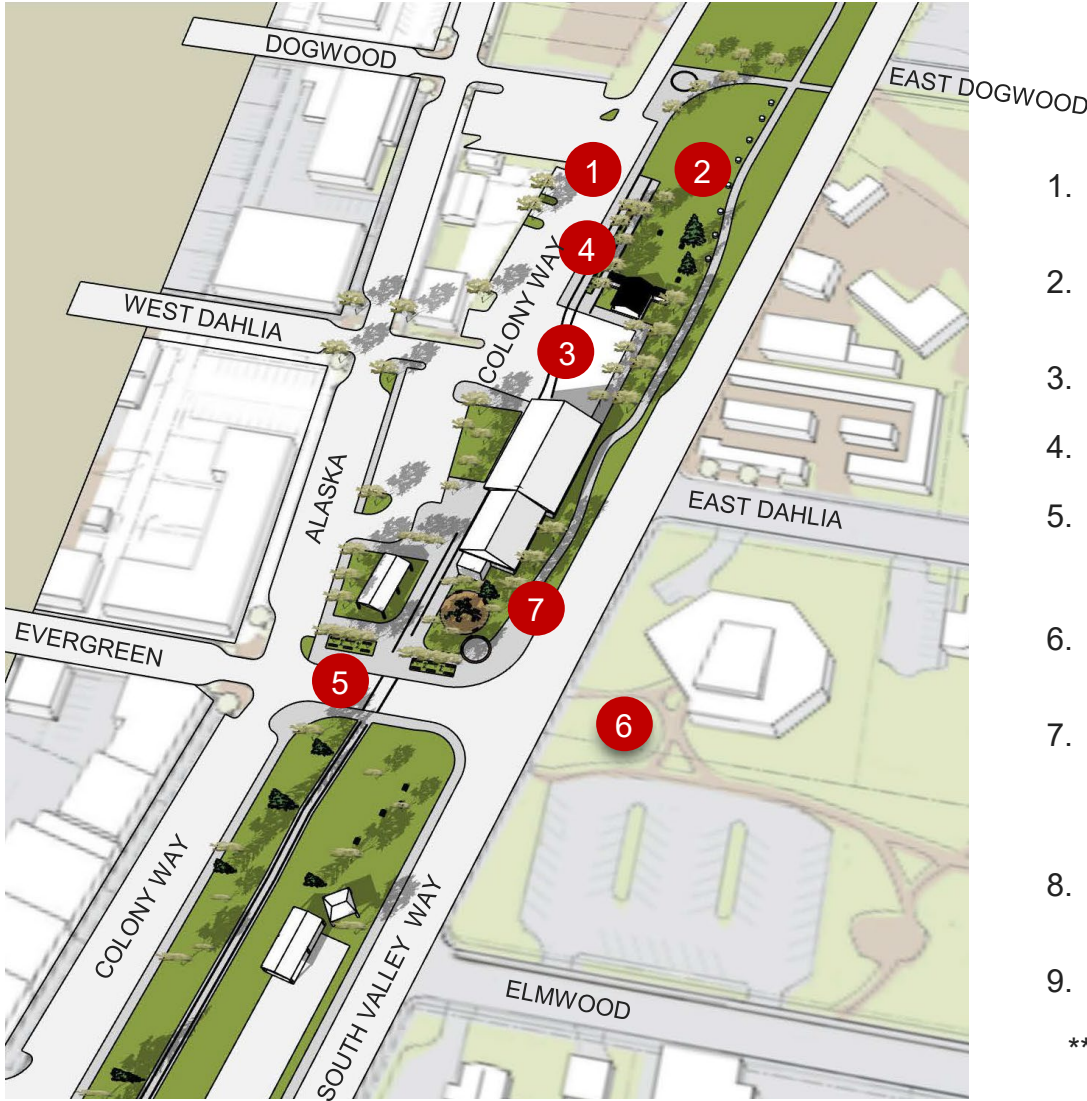
Continue the Conversation

This community analysis suggests that the City should start talking to neighbors early and often about annexation. The overall message was that, whether it benefits them or not, area residents and businesses want to be part of the decision to annex, rather than feel like the City is imposing boundary expansion on them. Some comments reflected a belief that the City is already planning to move forward with annexation regardless of residents' input and intends to take action soon after the study is completed without further opportunity for discussion. Continuous education about the multi-step annexation process and opportunities for public involvement in the decision may help alleviate some of these concerns. Community suggestions included keeping neighbors informed and providing opportunities for them to voice concerns as the process moves forward through mailers, door-to-door fliers, more surveys, informational question-and-answer sessions, and door-to-door discussions or meetings with homeowners

and business associations. A number of survey responses asked for as much information as possible about the process, timelines and what to expect in any annexation process. This report can provide general guidance, but the transition plan developed for any future annexation petition will be critical for informing new citizens about the specific changes they can expect upon becoming part of the city, how and when those changes will take place.

When it comes time for the City to decide on making an annexation petition, some respondents suggested the City consider basing its decision on a majority vote among residents/property owners in the areas considered for annexation. It is unlikely that any annexation petition that has not been created by the request of landowners will have 100 percent support. However, some areas may have enough support to demonstrate a likelihood of success through a vote of the people in an area of consideration.

Downtown Palmer Planning for Community Spaces Slides



Proposed Projects

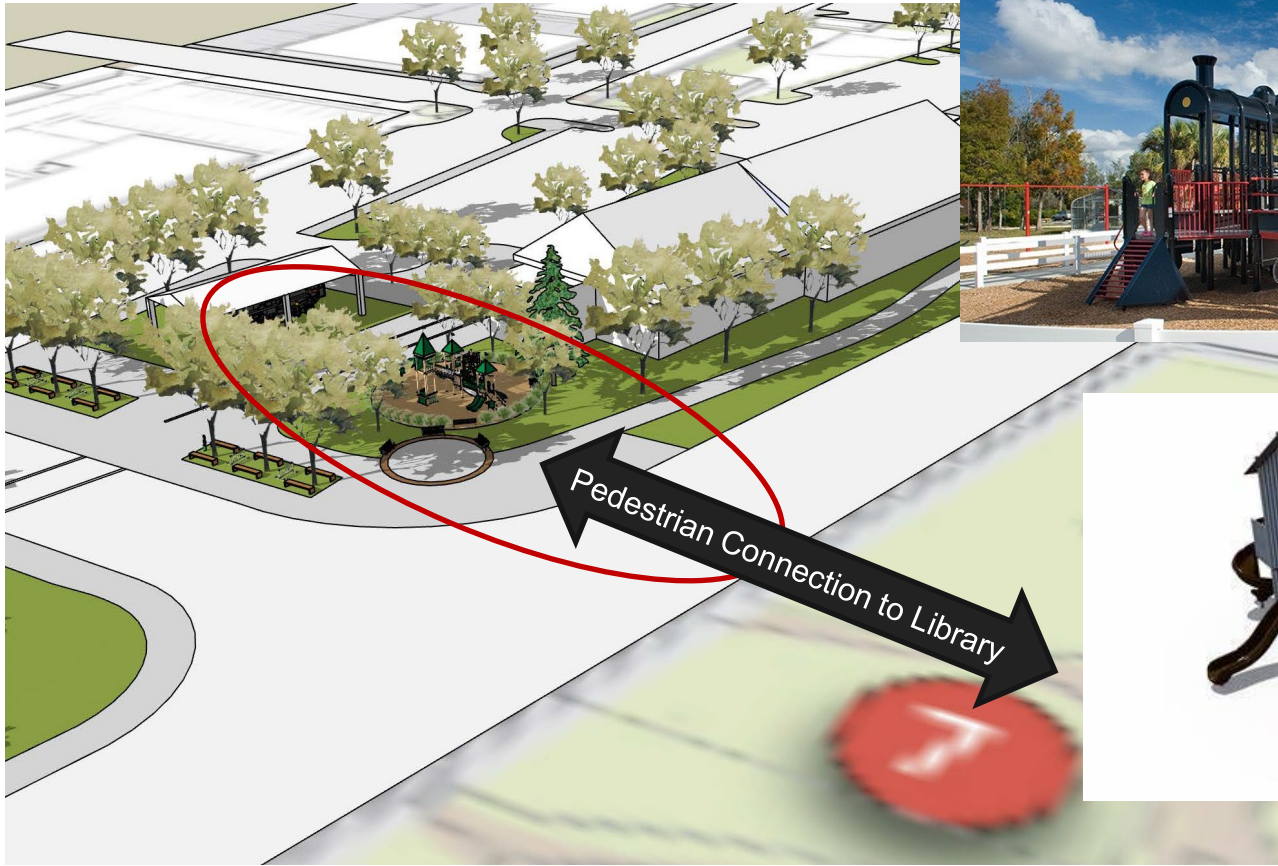
1. Expanded Parking and street improvements on Colony Way
 2. Create Community Event Space on the property between Depot and Dogwood
 3. Remove Railroad siding and expand parking
 4. Add handcart display
 5. Remove track crossings to facilitate pedestrian and improve motorized connectivity
 6. Library Courtyard improvements for amphitheater and plaza
 7. Add play areas, historic features, public art and site furnishings to public spaces (benches, trash receptacles, bike racks, dog care stations)
 8. Remove or improve existing tracks to reduce tripping hazards
 9. Include stations for Electric Vehicle charging
- ** Branding and signage throughout the concept area



Create a Community Event Space and Maintain Historical Features



Park/Playground Improvements and Connection to Library Courtyard (railroad nod)



(Looking North)

