City of Palmer Community and Economic Analysis for Preparation of an Annexation Petition

People and businesses inside City are more interested in annexation than those in the study areas. Study areas show the least interest in annexation, though there is some support in certain study areas. If the economics work out and concerns about conflicting lifestyles can be addressed, support for annexation will likely increase in the study areas. Specifics learned through this survey and other public outreach will guide the City's process as it chooses to keep looking at annexation.

Preliminary Survey Findings

The Palmer Annexation Study survey was open 11/3/2020 to 11/20/2020. A total of 225 people took the survey. Preliminary findings show that 53% of those who live in the city support annexation and 15% do not support, whereas 20% of those who live in the study areas support annexation and 65% do not support it. This trend is similar (and more pronounced) for business owners in City versus the study areas. These results indicate that Palmer residents want more people to join the City and possibly understand some of the benefits of annexation.

Level of Support for Annexation

Figure 1. General Level of Support for Annexation

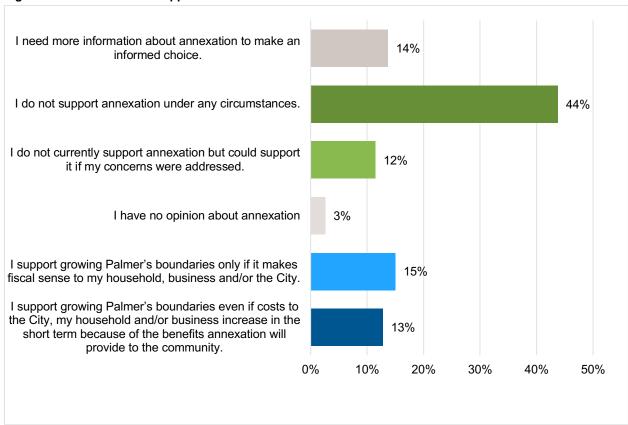


Figure 2. Residents

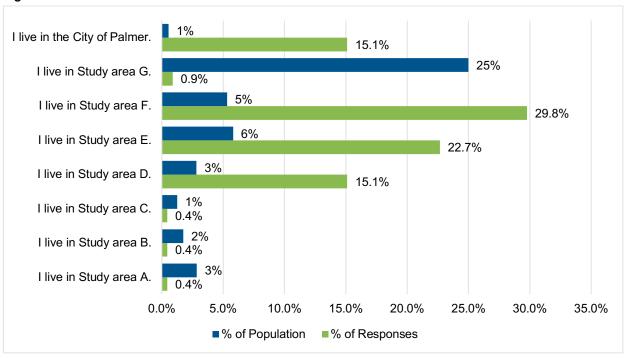
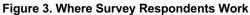


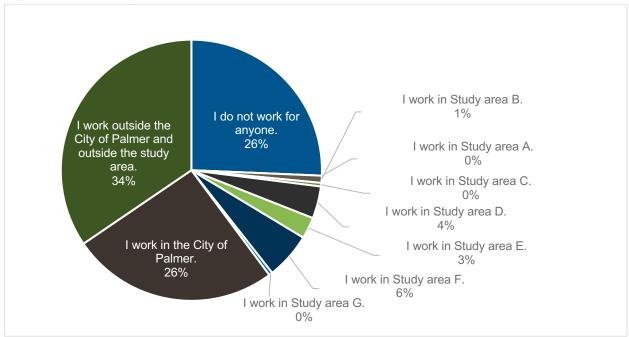
Table 1. Resident Support

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	Live i	n City	Live in Ar	Study ea	Live Out & C		All Res	idents
Do not support	5	15%	102	65%	18	50%	125	55%
No Opinion, Need More Info, or None of the above	11	32%	23	15%	3	8%	37	16%
Support	18	53%	31	20%	15	42%	64	28%
Total	34	100%	156	100%	36	100%	226	100%

Table 2. Resident Support by Study Area

Study Area	Total Resident Respondents	# Support Annexation	% Support Annexation
Study Area A	<2	0	0%
Study Area B	<2	0	0%
Study Area C	<2	0	0%
Study Area D	34	9	26%
Study Area E	51	10	20%
Study Area F	67	9	13%
Study Area G	2	2	100%





In the figure below, the Percent of Businesses (dark blue bars in the graph) are calculated as the number of survey responses for which the respondent owns a business in the geographic area indicated, divided by the total number of businesses in the geographic area (Source: Data Axle USA, 2019 data). The survey was administered in 2020 and the Data Axle business data is from 2019. This explains why some geographic areas have greater than 100% response from businesses in that area. The number of businesses is not strictly comparable, but it does give us a rough sense of the proportion of business owners in each area who filled out the survey.

Figure 4. Business Owners

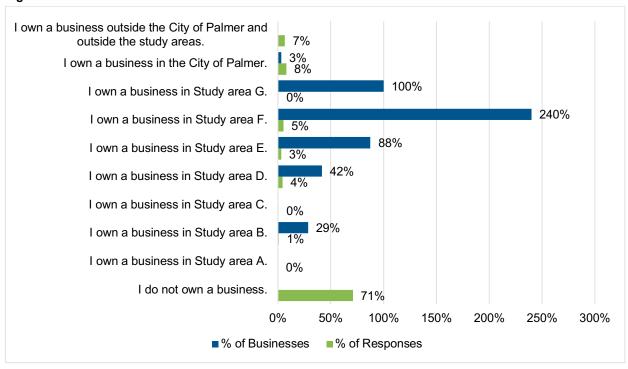
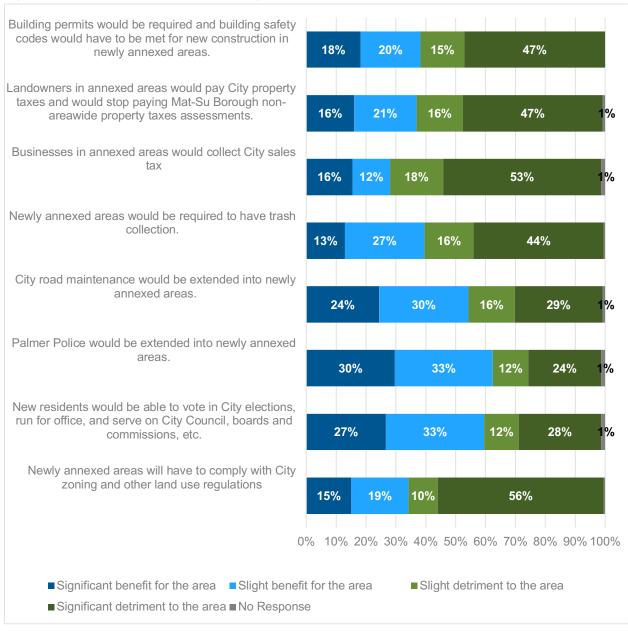


Table 3. Business Owner Support

	Own Bus		Own Bus Study	siness in Area	Own Bu Outside Area a	Study	All Bus	siness
Do not support	4	22%	26	79%	8	57%	38	58%
No Opinion or Need More Info or None of the above	3	17%	3	9%	0	0%	6	9%
Support	11	61%	4	12%	6	43%	21	32%
Total	18	100%	33	100%	14	100%	65	100%

Annexation Benefits and Challenges

Figure 5. Level of Perceived Benefit/Challenge for Specific Topics, All Respondents



Annexation Benefits

When asked an open-ended question about the perceived benefits of annexation, 74% of respondents indicated they saw no benefits to annexation. Positive responses (20% of total responses) reflected the themes below:

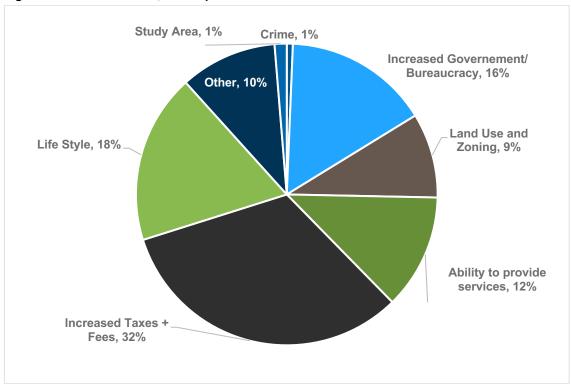
- Increased City revenue
- Access to or improved City services, generally
- Access to specific services, including police, water and sewer, road maintenance and streetlights, possibly a staffed fire station, bike paths
- · More opportunities for input on future planning and growth
- Zoning and land use regulations, with more controls than under current Borough codes
- Representation in City government
- Attracting businesses and families
- Lifestyle preferences
- Other: Less confusion about city boundaries.
- Other: Everyone in the area living by the same rules.

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.

Annexation Challenges

When asked an open-ended question about the perceived challenges associated with annexation, responses fell into the categorized areas of concern in the figure below. The most repeated concerns included not wanting more regulation, not wanting (or feeling unable to afford) an increase in taxes, and concerns about the City's ability to provide services to annexed areas at a comparable quality and cost-effectiveness to the Borough.





Generally, business owners shared more favorable comments about having services, business opportunities and growth, while residents expressed more general opposition to annexation. Specific concerns raised by business owners included concerns about farms, businesses operated on the same property as the home, and ongoing administrative impacts of adapting to the City's tax structure and regulatory framework that would be a burden to businesses.

Current city residents and business owners commented on annexation benefits more than in the study areas, mostly related to expectations of increased city revenue and improved services. These respondents also noted concerns about the City's readiness to extend services and enforcement of City regulations in annexed areas without first demonstrating some improvements within existing boundaries.

Table 4. Study Areas A, B and C (Combined)

	Residents	Businesses
Benefits	 Distributes costs and tax liability over larger number of residents No benefits 	No comments
Concerns	 City needs a maintenance plan. Address current city roads, sidewalks, gutters first, incl. stormwater collection/sewer upgrades, general facilities upgrades 	• Taxes
City should consider:	 City should take care of its own needs before annexation Planning and funding, City should have a plan 	No comments
Annexation study should include:	Explain changes in taxes for all involved	No comments

Table 5. Study Area D

	Residents	Businesses
Benefits	 More business opportunities Staffed fire stations Better zoning control No benefits 	No benefits
Concerns	 How private well and septic would be handled by City Not enough police More regulations, limits on business More costly to homeowner Need relief for businesses and property, current hardships Restrictions on farm animals 	 Required to connect to and pay for services Want to maintain existing HOA and road services Already no citywide trash service for current residents Inconsistent enforcement for current residents Increased development costs due to fees, inspections More regulations General impacts to in-home business Not allowed to have pasture animals
City should consider:	Improve road maintenance	Fix trash service Improve police service

	 Allow existing homes to use onsite systems (well, septic) Remove 2% inspection fee for sheds and decks Grandfather rights Don't prohibit livestock Do not allow pot shops Be transparent, communicate Keep public access to public lands across private boundaries 	 Don't require trash collection Fewer restrictions on farms Exempt farms from sales tax Allow dogs to run free Deal with homeless population
Annexation study should include:	 Financial impacts Code and ordinances that would apply Benefit of zoning, compared with Borough What can or cannot be done in each land use zone Increased access to public lands 	 Impact to staff, whether City would hire new people to cover larger area Increased costs What will annexing farmland offer to the city? How will annexation improve the lives of residents of the area?

Table 6. Study Areas E + G (Combined)

	Residents	Businesses
Benefits	 Sewer and water, at city expense or reasonable cost, would be a benefit Better mail service Adding streetlights to neighborhoods Area is well maintained, few eyesores to clean up No benefits 	 Good police response Planning can help attract businesses and families, water and sewer planning can avoid future ground water issues No benefits
Concerns	 Current city services are poor Don't need additional services Want to keep community well, not City water Trash service Sales tax will make it harder for businesses to compete Pay taxes, but get no benefits Tax increases The larger a city grows, the higher the crime rates Opposed to regulations Owning pets Unable to use ATV Cannot use fireworks Sky Ranch, River Bend, Colony Estates subdivisions not included. Annexation should not "cut off" part of Borough in Area G 	 Want to maintain existing services in my subdivision / area Land restriction lowers property values and owner's options Taxes and impact on my business Concerned taxes will go up Concerned about regulation Inflexible rules may hamper innovation Most of this area is already developed; won't benefit residents
City should consider:	 Make services optional or keep existing private services Do not require hook-up to water and sewer Provide water and sewer Exemptions from building codes, permit requirements, etc. Area should look like a small farm town, address traffic 	 Guarantee enough police; improve police and fire response times Enforce city regulations Make services optional Flexible rules for home-based businesses density, mixed use

	Residents	Businesses
	 Allow off-road vehicles in city limits Loosen laws about fireworks, livestock Enforced quiet hours from the quarry; road tax on quarry trucks and operations; annex the quarry specifically 	
Annexation study should include:	 Detailed analysis of costs and services, current vs proposed Will the City put in water to the new area? Cost of living comparison over 5, 10, 20 years Changes in cost / taxes Will it save us money? What rules would we have to follow compared to now? Give us the good and the bad Clear benefits Benefits of zoning and regulation, not just negatives 	 Explain City's plan for water and sewer services Cost of city trash service; is it more expensive? Law enforcement response Impact on taxes, costs What is the benefit for landowners / developed residential lots? Timeline, what to expect Unbiased pros and cons Specifics about police and fire protection, permit requirements

Table 7. Study Area F

	Residents	Businesses
Benefits	 Expanded tax base Having input on our future as a community Having a voice, we are outside the City and Community Council Building bike paths Adding us to city sewer Community-driven planning, not developers No Benefits 	 Like the idea of living IN Palmer No Benefits
Concerns	 Previous annexation study didn't include extending sewer (would be the only benefit) City can't provide level of service with current area, shouldn't add more Building permits Oppose regulation Increased taxes Concern it will bring a surge of people from Anchorage Want to keep small-town feel 	 High density housing without infrastructure to support it Concern about expanding Palmer police without more resources Increased taxes Concern about losing farmland: annexed, then will be developed in a few years No benefit to farmers Oppose regulation Oppose land regulations
City should consider:	 Improving service in existing boundaries Add sewer for Inner Springer Allow us to keep our city benefits and not taxed as city residents Road maintenance should meet or exceed current Borough service No new zoning ordinances: keep what is there Grandfather existing properties Oppose bed tax / sales tax Spending cap, tax cap; guarantee no tax increases ATV, fire pit, animal restrictions 	 Not requiring trash service Exemption if not near existing water and sewer utilities Exempt areas from regulation Grandfather existing residents Revisit how City regulates agriculture: noise, smell, etc. Prevent unfair taxation and regulations on farming, a Right to Farm Act

	Residents	Businesses
Annexation study should include:	 Provide changes to relative tax rates if annexed vs. current, to be able to understand impacts Will I get streetlights and sidewalks? Sewer system? Who would be responsible for road maintenance? Costs for water, sewer, trash collection Impacts / proposed increases to taxes Outline zoning in detail All information should be available to homeowners Will this benefit outdoor recreation? 	 Any improvements to services Clarify impact on borough taxes if in city limits Compare tax rates Rules and/or guarantees for farmland Pedestrian access to new land areas

Table 8. Currently in City

	Residents	Businesses
Benefits	 Provide more services, help city grow Some people think they are already in the city, can't get services More money for the city Potentially more residents with same conservative worldview Water and sewer service, if expanded Land use regulations are beneficial Allows some community control over new developments Palmer has small town charm No benefits 	 Annexation is the key to growth Revenue to improve services, generally Revenue to improve road maintenance and services More people moving to surrounding area, enjoying benefits but not paying taxes Support consistent enforcement Increasing quality of life
Concerns	 Zoning and code enforcement not happening now, don't see value in zoning Concern about impacts to current services Why do I not have city trash service in city limits? Police already stretched thin, not enough police protection currently Concern about Palmer being subject to larger service area and regulation as a utility for all public services. Higher costs and taxes Want the area to stay small and conservative Don't want to lose the small-town feel 	 Would limit the effectiveness of the current police force Is the City ready to provide services to new areas? Want to see area with mix of raw land and existing houses Palmer turns into another Wasilla People moving from Anchorage If considering Section G, shouldn't cut off a portion of the Borough (make contiguous)
City should consider:	 Allow burn barrels, agricultural use, animal regulations Don't incorporate farmland Grandfather existing uses Change regulations Allow cannabis businesses, grow tourism 	 Flexibility with some codes (e.g., decks, sheds) Farmland should be grandfathered in Discuss allowances with residents in newly annexed areas to keep the peace Stay out of private decisions
Annexation study should include:	 How will we pay for increased services? Will cost of water, sewer, trash services go up? Will our taxes go up? 	 Benefits, compared with current Borough services What services would be enhanced, not just revenue going up A clear 'why' statement

	Residents		Businesses
an ard Sc bu cri de "w	metimes it's difficult to make a case for inexation because residents in those eas don't see a direct benefit to them. In ordering the seas that a direct benefit to them. It is a direct benefit to the season of	•	People's resistance to or acceptance of the idea

Table 9. Outside City and Study Areas

	Residents	Businesses	
Benefits	 Tax the gravel pits Greater public say in government No Benefits 	 More revenue to pay city employees better Larger candidate pool More involved voters Control rate and type of growth Maintain small-town feel Needs to be done, it's overdue No Benefits 	
Concerns	 Trust State Troopers more than Palmer police More rules, regulations Increased taxes Too much building and crowding Would not be able to use ATVs, snowmachines on property No Benefits 	 Police are underpaid Not enough police officers and first responders Increased regulations Increase in government overreach, City Council is progressive and imposing agenda Increased taxes Sales tax does not help business We have rentals in this area, can't increase our rent to cover additional costs of annexation. No benefit to us. If not annexed into Palmer, may become the Eagle River of the Municipality of Wasilla As a business owner but not resident, I won't have much say 	
City should consider:	 Expand the police force Grandfather existing uses, have a 10-year timeframe for transition Annex the gravel pits to regulate and tax them Flexibility with non-structural code issues: fences, burns, outbuildings 	 Public Works can't handle the area they have Make services optional Make taxes optional 	
Annexation study should include:	 Impacts to police service and costs Added costs to property owners Impacts to property owners" What has been decided 	 Cost of public safety services What do we get in return? Tax impacts on farmers Financial impact to landowners Be transparent, tell the truth What do businesses in the affected areas think of this? 	

Addressing Concerns

The survey identified a number of specific issues that can be addressed through changes to Palmer Municipal Code. When asked an open-ended question about what the City could do to address some of the concerns, responses overwhelmingly reflected the desire to grandfather or make regulatory allowances to retain existing lifestyles and businesses. Business owners seek protection under current economic hardships (i.e., due to COVID-19 restrictions) and to be allowed to continue operation. Specific businesses mentioned include farms, the gravel pit, gun range, marijuana cultivation and dispensaries, home-based businesses. (Note: The few responses that mentioned marijuana-related businesses show mixed attitudes toward them.)

Other suggestions included:

- Enforce quiet hours from the quarry
- Revisit requirements concerning agricultural practices (e.g., noise, smells, land use, number and size of animals allowed on the property)
- Allow well and septic
- Allow self-haul and privately contracted trash collection
- Flexibility and/or exemptions to building code and permit requirements for small structures (decks, sheds, fences, outbuildings)
- Allow on-site burning (of waste), fire pits and fireworks
- Allow small game hunting
- Allow off-road vehicles (e.g., ATVs, snow machines)
- Allow dogs off leash
- Allow neighborhood roads to not have sidewalks.

Responses revealed mixed attitudes toward land use regulations. Some responses support zoning or other land use regulations for protection of Palmer's small-town, farming character. Other responses oppose zoning or other land use regulations for fear that it would decrease land value or disallow the existing mix of uses on individual properties.

Concerns about service provision also revealed a desire among current City residents as well as residents outside the City for Palmer to improve the quality of existing services and local regulation/law enforcement before a significant annexation takes place. Some specific 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 road maintenance; upgrade some existing roads and unpaved roads within the City.
- Improve/repair storm water collection systems, curb and gutter.
- Streetlights should go up in some neighborhoods (in study areas).
- Increase general facilities repair and replacement.
- Clarify if, when and how the water and sewer utility would extend piped service.
- Clarify City trash collection service areas and policies.
- Improve fire response times (in study areas).
- Expand the police force and increase vehicle safety enforcement (e.g., headlights, emissions).
- Increase enforcement for junk vehicles, property maintenance, single family residential zoning.

Suggestions for Process

Throughout the survey, some open-ended responses reflected a desire for more frequent and open communication between the City and area residents, generally and specific to the annexation process.

Regarding the annexation process, responses reflected the desire for a clear "why" statement and as much information as possible about the process, timelines and what to expect. 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.

Many respondents requested the information that will be provided through the annexation study. Topics include specific analysis of how annexation would affect taxes, cost of living and other impacts to the day-to-day use of property, compared with Borough taxes and regulations. Some believe 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.

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. For example, the City may engage in shorter-term planning for general operations and capital projects over the next few years. The City may also look to update Palmer's Comprehensive Plan to revisit longer-term plans. Though not reflected in survey results, the City may decide to be more actively involved in economic development planning and related activities in future, regardless of whether its boundaries expand or remain stable.

Respondent Demographics

The survey had a majority of white respondents and a diversity of income levels. Respondents were fairly well distributed by age with a one-third in the younger age cohorts. In comparing survey responses to City of Palmer demographics, respondent demographics are fairly but not exactly consistent with trends citywide. Its fair to suggest that the younger demographic is slightly less represented, compared to city demographics. Similarly, people of color are slightly less represented when compared to Palmer demographics. Finally, lower income households are notably less represented compared to household income distribution in Palmer overall.

Table 10. Respondent Demographics

	All Survey Respondents		City of Palmer 2018 ACS (US Census Bureau)	City of Palmer and Study Areas 2020*
Female	101	52%	48%	50%
Male	94	48%	52%	50%
Total	195	100%	100%	100%
Age 20-44	78	35%	57%	49%
Age 45-64	87	39%	28%	34%
Age 65 and over	32	14%	15%	17%
Prefer not to answer	27	12%		
Total Age 20 and over	224	100%	100%	100%
White or Caucasian	144	64%	76%	74%
American Indian or Alaska Native	8	4%	8%	8%
Black or African American	2	1%	3%	2%
Asian or Asian American	1	0%	2%	2%

	All Survey Respondents		City of Palmer 2018 ACS (US Census Bureau)	City of Palmer and Study Areas 2020*
Two or more races	9	4%	10%	8%
Another race	3	1%	2%	6%
Prefer not to answer	57	25%		
Total	224	100%	100%	100%
Under \$25,000	2	1%	17%	18%
\$25,000-\$49,999	16	7%	24%	18%
\$50,000-\$74,999	28	13%	19%	17%
\$75,000-\$99,999	34	15%	14%	12%
Over \$100,000	78	35%	25%	36%
Prefer not to answer	65	29%		
Total	223	100%	100%	100%

²⁰²⁰ Data from ESRI adjusted by the Alaska Map Co. using Mat-Su Borough housing assessment counts.