

## Ken's Take: Southport's Annexation Plans

The city limits of Southport were established many years ago. Since that time there have been a number of voluntarily annexations into the city, but city-initiated annexation has never been used by Southport. Development has resulted in residential and business properties that are so close to the city they are able to take advantage of the many services and amenities provided by Southport without having to pay their fair share of the costs. That is the essential issue with Southport's annexation initiative.

Annexation helps balance the costs of city benefits among those benefiting from them. The city itself makes the properties located in close proximity more valuable. Citizens living near cities benefit from the quality of life the cities provide. They travel there for recreation, sports, shopping, cultural and leisure activities, among many other things. Sharing the cost of critical services to those already receiving them is another factor. The local fire department which serves the proposed annexation area needed a new fire station. The previous building was so old the doors didn't have enough clearance for their fire vehicles. Now the new fire station brings them much closer to the proposed annexation areas, but the burden of paying for the station falls on the citizens of Southport. These are just a few of many issues that make the annexation a reasonable and prudent consideration for Southport.

If the annexation is approved, the City wants to ease the financial impact of annexation for all residents. If the annexation will cause undue financial hardship on our current residents or those in the proposed areas, the board may choose to reject it. The area of greatest financial concern is the sewer infrastructure. If the board chooses to move forward, we have many options to consider and the one chosen will be the most equitable for all residents.

***Bottom line: nothing has been decided yet. May 12 is the public hearing. Be there to express your feelings on the proposed annexation.***

Connection to a safe and well-maintained sewer system makes a property more valuable. Septic systems are for rural areas where sewer service isn't easily available. They were never designed to be a long term solution for sewer service in areas as densely populated as ours. Failing systems can significantly increase environmental and public health risks. Brunswick County issues permits for new septic systems, but the requirements are far more stringent than they were previously.

The important thing that annexed residents need to understand is that sewer service will eventually come to your area, even if you remain in the county. Annexed properties are not required to accept sewer service under our current ordinances. But it will only take one property in your area to be turned down for a new septic permit. That owner will carry the full financial burden to bring sewer to his property, or the county can insist that others in that area share the cost and hook up to the system.

Property and sales taxes are the primary ways cities support their citizens. Near-city citizens benefit from the city, but do not pay property taxes. Even when they purchase goods in the city, the vast majority of local option sales taxes go to the county (Approx 70% of local option sales tax revenues are generated in towns, but on average towns receive only about 29% of that revenue). Many other state- and federally-allocated funds come to municipalities based on population. Those outside the city limits—even though they benefit from these funds—are not considered when the allocations are made. We recognize that citizens living near the city may not want pay more money, but they are simply paying their fair share.

There are legitimate concerns about current annexation laws. I support the need for reform in annexation, such as the changes proposed by cities and towns during the 2009 Legislative session. However, the current NC legislature is considering either a moratorium on all annexations until at least July 2012, or strong regulations that give the annexed property owners more of a voice in the process. We won't know what the new law will look like for a few months, but it is likely that Southport will be compelled to follow whatever regulations are in place after this session.

## **Benefits of Annexation**

### **Summary by the NC League of Municipalities**

Annexation allows cities to take in areas on their outskirts that essentially have become part of the city by virtue of their proximity and population density. It allows cities to grow and, therefore, to thrive.

**ANNEXATION KEEPS TAXES LOW, BOND RATINGS HIGH** - Annexation of urbanizing areas is the most cost-effective way to deal with growth. Expanding existing infrastructure benefits city and county taxpayers by saving millions of dollars by not building duplicative systems. In other states, prohibiting annexation has led to deteriorating city centers, multiple mini-cities with duplicative services and a proliferation of overlapping tax districts that drain state and county financial resources. A study shows that the more restrictive it is to annex, the poorer a city's bond rating.

**ANNEXATION IS EQUITABLE** - People locate their residences and businesses near cities and towns for a reason. Annexation helps spread the cost for the advantages of living in close proximity to a city or town among the people who benefit from them. Our cities and towns provide services and amenities such as public safety, recreation, economic development, shopping and jobs that benefit not only city residents, but also those living outside municipal borders. Note that city residents pay 60 percent of the property taxes used to provide county services in unincorporated areas.

**ANNEXATION PROMOTES ECONOMIC DEVELOPMENT** - Existing annexation laws make it easier for cities and towns to compete for new jobs and provide public services to residents and businesses. Cities and towns are job centers. More than 85 percent of all jobs in NC are in the metropolitan areas. The economic health of the cities drives the economic health of the entire region.

**ANNEXATION PROTECTS THE ENVIRONMENT AND PUBLIC HEALTH** - An annexation veto will lead to more of North Carolina's growing population being on septic tanks, substandard wells and privately-operated and sometimes costly sewage treatment plants that significantly increase environmental and public health risks.

**THE GENERAL ASSEMBLY SET RIGOROUS STANDARDS** – City-initiated annexations under current state statutes are an open and transparent process that must meet tough legal standards before being allowed to proceed.