Washington State Department of Commerce

Incorporation Study for Dash Point and Browns Point

Pursuant to Chapter 376, Laws of 2024 (SB 5950)

June 2025

Report to the Legislature

Director Joe Nguyễn

GROWTH MANAGEMENT SERVICES

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Executive summary

Authorizing legislation

Chapter 376, Laws of 2024 (SB 5950) directs Commerce to:

> [C]ontract with a consultant to study incorporating the unincorporated communities of Dash Point and Browns Point into a single city. The study must include, but not be limited to, the impact of incorporation on the local tax base, crime, homelessness, infrastructure, public services, and behavioral health services, in the listed communities. The department must submit the results of the study to the office of financial management and the appropriate committees of the legislature by June 1, 2025.

Overview

In 2024, the Legislature tasked the Department of Commerce with conducting a study on the fiscal feasibility of incorporation for the communities of Dash Point and Browns Point (referred to as the study area). This analysis does not advocate for or against incorporation but rather provides a foundation for understanding its financial implications.

The study is informational in nature and was not initiated by residents. It provides:

- Financial feasibility of incorporation
- Supplementary information, including:
  - Population, housing, and employment trends
  - Housing market data
  - Retail sales data
  - Homelessness, behavioral health and crime data
  - Land use and zoning
- Appendices

Based on this approach, the study's core research question is:

If the study area were a fully operating city, would its revenue be adequate to cover its expenses to meet or exceed existing levels of service?

Key findings

The study area includes the communities of Dash Point and Browns Point (Figure 1). This is a predominantly residential area with a population of 2,182 in 2024.

If the study area were to incorporate, we estimate that the new city's General Fund would generate about $1.5 million in revenue annually, primarily from property and utility taxes. Total expenditures are estimated at approximately $2.2 million dollars annually. Police and public safety represent about $1.2 million in expenditures per year.

This means that estimated expenditures would outpace estimated revenues by $513,000 to $521,000 from 2026 to 2035. However, incorporated cities have the authority to set their own priorities, adjust those priorities as needed, and develop a budget that balances desired services with available revenues.

The analysis assumes the initial year of cityhood to be 2026 but does not adjust for inflation, so alternative initial years can be used. As a result, the study analyzes projected population, housing, and employment growth within the study area to capture changes in annual revenues or expenditures. This work includes modeling high- and low-growth estimates alongside baseline estimates, using historical population and housing data.

Figure 1. Dash Point and Browns Point study area



Table 1 presents the total revenues and expenditures associated with the city street fund, Real Estate Excise Tax (REET) fund, and the surface water management costs. Costs and revenues related to the city street fund are estimated to be similar, assuming no capital costs or grant funding. The REET fund is estimated to generate roughly $115,000 per year, and the surface water management fund is estimated to be roughly balanced, with service charges covering service costs and creating reserve funding.

Table 1. Estimated revenues and expenditures by fund, study area incorporated as a city

General fund

Fund	2026	2030	2035
Fund revenues	$1,520,000	$1,544,000	$1,579,000
Fund expenditures	$2,033,000	$2,063,000	$2,100,000
Fund balance	**-$513,000**	**-$519,000**	**-$521,000**

City street fund

Fund	2026	2030	2035
Fund revenues	$68,000	$69,000	$70,000
Fund expenditures	$76,000	$76,000	$76,000
Fund balance	**-$7,000**	**-$7,000**	**-$6,000**

Real Estate Excise Tax Fund (REET)

Fund	2026	2030	2035
Fund revenues	$114,000	$116,000	$119,000

Fund	2026	2030	2035
Fund expenditures	$0	$0	$0
Fund balance	**$114,000**	**$116,000**	**$119,000**

Surface water management fund

Fund	2026	2030	2035
Fund revenues	$143,000	$145,000	$149,000
Fund expenditures	$64,000	$64,000	$64,000
Fund balance	**$79,000**	**$81,000**	**$85,000**

Note: Totals may not sum due to rounding.
Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; Community Attributes Inc, 2025.

Methodology

This study uses a comparable city methodology to estimate most general fund and special revenue fund expenditures. The comparable city method is based on the budget of a city or cities that are similar in size and other factors to the potential incorporated city, to provide a reliable indicator of costs and revenues.

To arrive at budget estimates, municipal budget data from comparable cities is converted to per capita revenues and costs, and those per capita values are multiplied by the study area population to estimate revenues and costs. This method assumes that, after incorporation, the study area would invest in levels of service similar to the comparable cities.

While the methodology is appropriate for a majority of a potential city's budget, there are certain areas where more accurate estimates can be achieved. These include the following:

- **Property tax**, based on assessed values
- **Sales tax**, based on taxable retail sales tax base
- **Real Estate Excise Tax (REET)**, based on assessor data of historic property sales to estimate annual sales and sales value
- **Surface water management fees**, which include user fees and system development charges for new users, are based on fees and conditions from the selected comparable city
- **Capital costs**, based on projected applicable costs from the county
- **Transportation impact fees**, based on current fees charged by the county within the study area.

Introduction

Background

This study is intended to provide a fiscal analysis of the potential for incorporation among the selected communities, as well as supplementary information on the community and the incorporation process. This study is not part of an incorporation process and no petition for incorporation has been submitted by a resident. The analysis presented in this report is for informational purposes only.

Incorporation process

The incorporation process is designed to be local in nature (see RCW 35.02 and RCW 36.93). For a new city to be successful, it must have broad support among residents — support that will ultimately manifest in the form of a ballot measure.

The incorporation process begins with the filing of a notice of incorporation proposal with the county legislative authority by a resident(s) of the proposed area. After the notice is filed, proponents gather voters' signatures equal to at least 10% of the registered voters of the proposed area of incorporation. When the initial proposal is filed and proponents have collected sufficient signatures, the Pierce County Boundary Review Board holds public hearings. Once the petition is filed, the Boundary Review Board may also conduct studies and explore factors as outlined in RCW 36.93.170-180. The Boundary Review Board makes a recommendation in favor of or against incorporation. A referendum would then be held among residents of the proposed area of incorporation.

If the incorporation election is successful, another election will be held to elect the council who will preside over the city. The city incorporation becomes effective between six months and a year after the first election. The winners of the council election have the authority to make interim plans for the new city to ensure a smooth transition into incorporation.

General characteristics of the study area

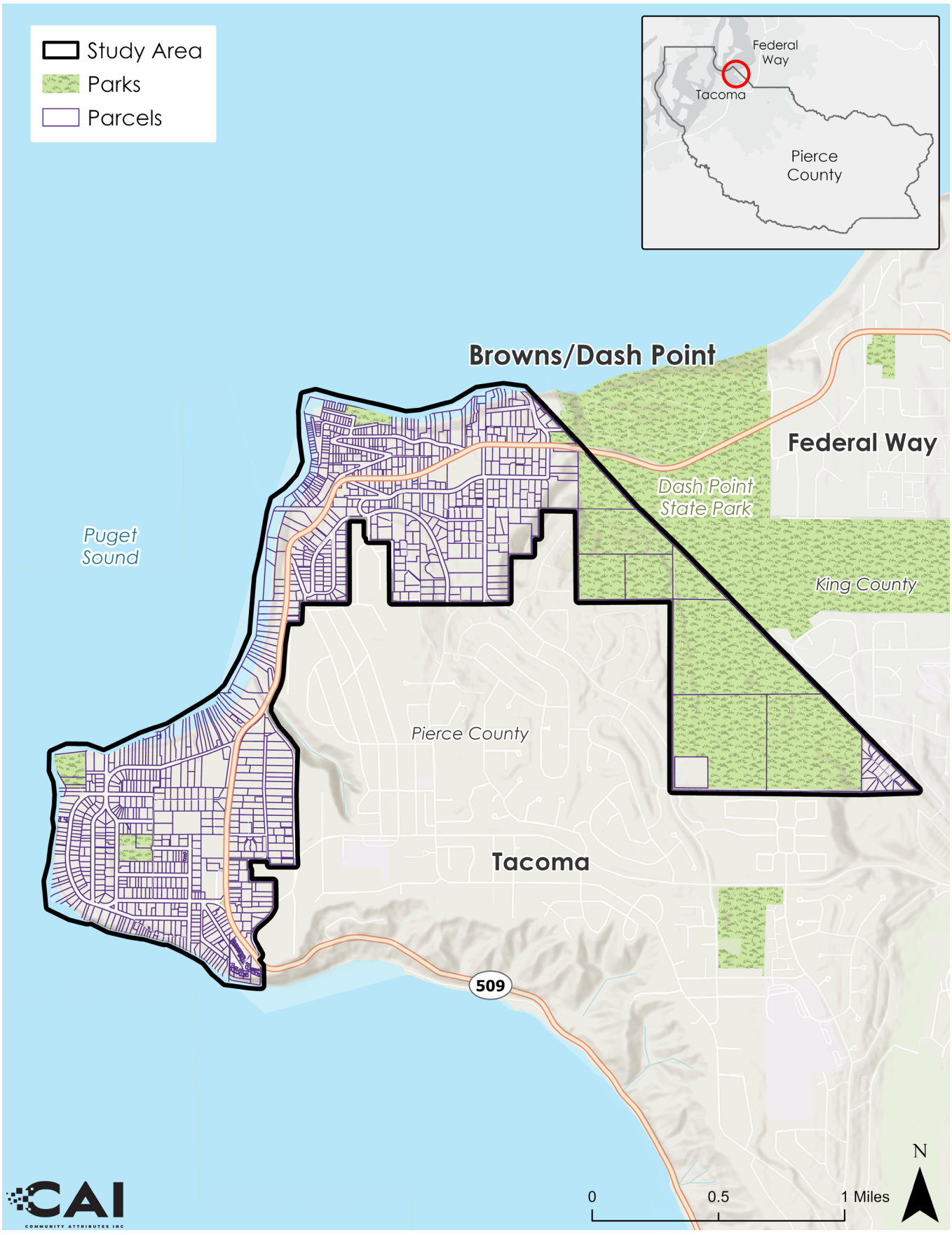
This section provides an overview of the study area, including population, zoning, and assessed values. Further information on the study area can be found in **Appendix C** and **Appendix D**.

Land use and zoning

The study area is a small, predominantly residential area totaling roughly 135 acres not dedicated to park land. Key local parks include the Browns Point Lighthouse Park, Browns Point Playfield, and Dash Point Park and Pier, while the state park represents a large portion of the study area's park acreage.

There are two small commercially zoned areas along SR 509, one in Browns Point and one in Dash Point, otherwise, the two communities are mostly zoned for residential uses. In 2025, residential uses made up more than $922 million of the total $950 million in total assessed taxable value. Vacant land and commercial properties represented all but $2 million of the remaining assessed value.

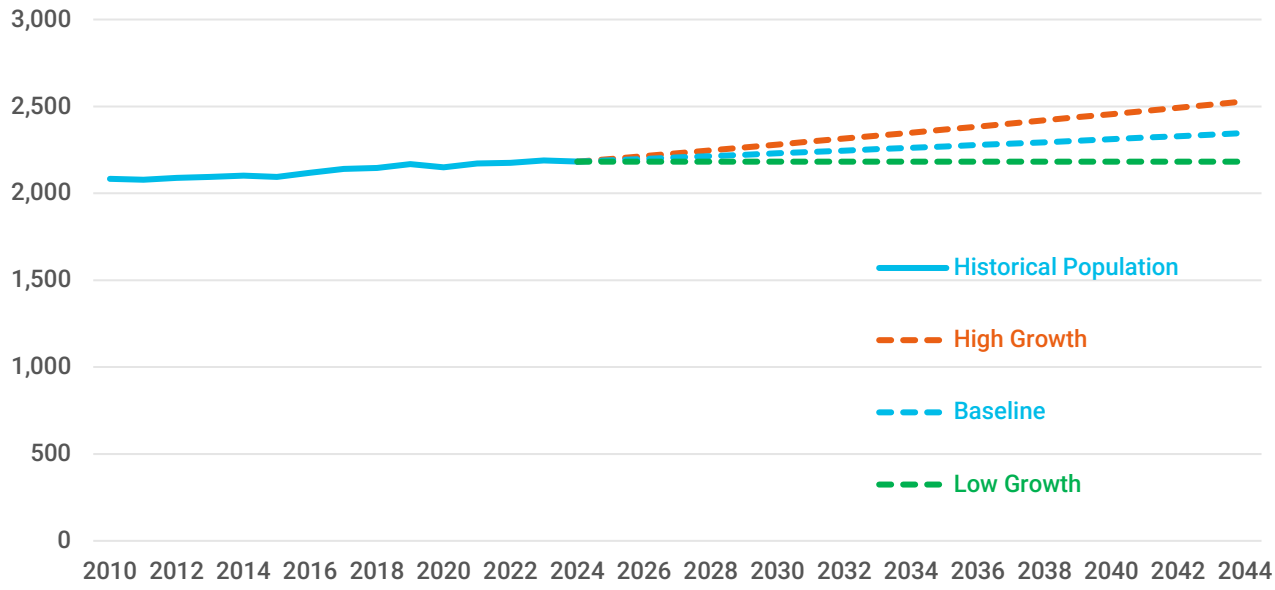
Figure 2. Dash Point and Browns Point study area



Population

To forecast potential revenues and understand the impact of assumptions on potential city revenues and costs, the analysis includes forecasts of future population growth for the study area. **Appendix B** documents in detail the methodology and evaluation of each of three growth scenarios and the data sources used. **Figure 3** presents the population growth scenarios based on a baseline population of 2,190.

Figure 3. Study area population growth forecasts, 2010-2044



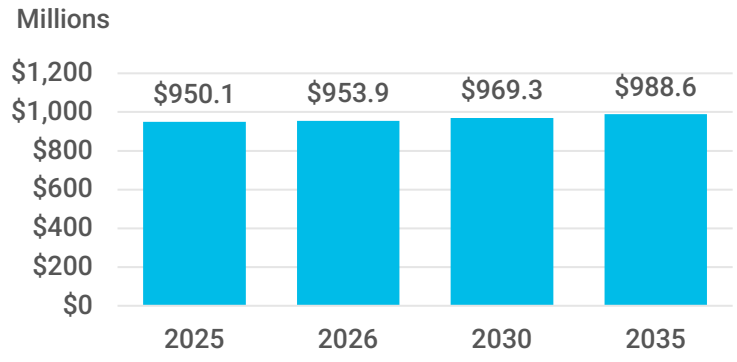
Sources: Washington State Office of Financial Management, 2025; Pierce County, 2025; U.S. Census Bureau, 2025; Community Attributes Inc., 2025.

This study assumes the most likely growth scenario is the medium, or baseline, growth scenario.

Taxable assessed value

Figure 4 presents the observed assessed property value in 2025 and estimated assessed property values for 2026, 2030, and 2035 for the study area. In 2025, taxable assessed property values totaled $950 million.

Figure 4. Study area assessed real property value, 2025, 2026, 2030, 2035



Sources: Pierce County Assessor, 2025; Washington State Office of Financial Management, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; U.S. Census Bureau, 2025; Community Attributes Inc., 2025

Revenues

Incorporated cities typically rely on three key sources of revenue: property tax, sales tax, and utility tax. Cities also collect revenues through other sources, typically in smaller amounts. There are many ways a city can generate additional revenues and expand their revenue capacity. Additional revenue sources are discussed in **Appendix J**. **Table 2** presents the estimated general fund revenues for an incorporated study area in 2030.

Table 2. Estimated general fund revenues by line item, study area incorporated as a city, 2030

Revenue source	2030	Percent of total
Property tax	$937,000	60.7%
Utility tax	$271,000	17.5%
Local retail sales and use tax	$96,000	6.2%
Local criminal justice sales tax	$50,000	3.2%
Permits	$47,000	3.0%
Charges for services	$46,000	3.0%
State generated revenues	$38,000	2.5%
Franchise fees	$29,000	1.9%
Business licenses	$17,000	1.1%
Fines and forfeitures	$13,000	0.8%
Total Revenues	**$1,544,000**	**100%**

Note: Totals may not sum due to rounding.
Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Table 3 presents estimated general fund revenues from 2026 through 2035 by major line item.

Table 3. Estimated general fund revenues, thousands, study area incorporated as a city, 2026 - 2035

Revenue Source	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Property tax	$923	$926	$930	$934	$937	$941	$945	$949	$952	$956
Utility tax	$267	$268	$269	$270	$271	$272	$273	$274	$274	$275
Sales and use taxes	$144	$145	$145	$146	$146	$147	$147	$148	$148	$149
Licenses and permits	$92	$92	$92	$93	$93	$93	$94	$94	$94	$95
State-shared revenues	$37	$38	$38	$38	$38	$38	$38	$38	$38	$39
Other	$58	$58	$58	$58	$59	$59	$59	$59	$59	$60

Revenue Source	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total revenues	$1,520	$1,526	$1,532	$1,538	$1,544	$1,550	$1,556	$1,562	$1,568	$1,573

Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Not all revenues estimated for the study area are accounted for in the general fund and available to cover the expenses associated with the operations of the city. Several of the revenue sources included in the analysis are restricted in use. For example, motor vehicle gas tax distributions "shall be used for transportation services only" including, but not limited to "new construction, reconstruction, and expansion of city streets, county roads, and state highways and other transportation improvements."[1] Real Estate Excise Taxes must be used for capital improvements.

Property tax

Property taxes are the primary source of city revenue for many of Washington's cities and provide cities with an unrestricted revenue resource. In this analysis, the general fund levy will generate the city's estimated property tax revenues. There are additional property tax options with restricted purposes, which can be voted through by a city council or by residents.

Upon incorporation of the study area, the new city's tax levy rate would be limited to a maximum of 0.16% or $1.60 per $1,000 of assessed value. The study area is located within existing fire and library districts that would continue to provide services after incorporation. The maximum allowable levy rate for cities that are not annexed to a fire or library district is 0.36%. Cities annexed to fire and library districts cannot levy property taxes on the portion of the total allowable property tax levy reserved for fire and library services when these services are provided by public districts. The fire district levy for Pierce County Fire District #13 can be as high as 0.15%. A library district levy for Pierce County Library System can be as high as 0.05%. Subtracting the allowable fire and library district rates from the maximum city rate of 0.36% results in a maximum city levy of 0.16% (0.36% – 0.15% – 0.05% = 0.16%). The analysis performed for the study area assumes the existing fire and library district providers will continue to provide services after incorporation.

Currently, the study area is subject to 11 individual property tax levies:

- Washington state
- Local school district
- Library district
- Port district
- Fire district
- Flood control district
- County roads
- Pierce County
- Conservation futures fund
- Central Puget Sound Regional Transit Authority (Sound Transit)
- Emergency medical services

[1] RCW 82.80.070

Most of the levies are countywide and would remain unchanged by incorporation. **Table 4** presents the current property tax levy rates for tax code areas in the study area.

Table 4. Property tax levy rates by tax code area, 2025

Levy	Tax code area 255	Tax code area 005
State	$2.39	$2.39
Local school	$3.95	$3.95
Library district	$0.33	$0.00
Port district	$0.13	$0.13
Fire district	$1.06	$0.00
Flood control district	$0.09	$0.09
County road	$0.96	$1.69
County tax	$0.72	$0.72
Conservation Futures	$0.03	$0.03
Park	$1.20	$1.20
Transit	$0.16	$0.16
EMS	$0.43	$0.50
City	N/A	N/A
Total	**$11.46**	**$10.86**

Sources: Pierce County, 2025; Community Attributes Inc., 2025.

Table 5 presents the change in property tax levy rates for the study area after incorporation. The only rates expected to change are the county roads and city tax. The county imposes the county road tax only to properties within the unincorporated areas of its boundaries[2]. If the study area were to incorporate, the county road tax would be replaced by a city levy.

Table 5. Forecasted tax levy rates after incorporation

Levy	TCA 255	TCA 005
State	$2.39	$2.39
Local school	$3.95	$3.95
Library district	$0.33	$0.00
Port district	$0.13	$0.13
Fire district	$1.06	$0.00

[2] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.

Levy	TCA 255	TCA 005
Flood control district	$0.09	$0.09
County road	N/A	N/A
County tax	$0.72	$0.72
Conservation Futures	$0.03	$0.03
Park	$1.20	$1.20
Transit	$0.16	$0.16
EMS	$0.43	$0.50
City	$0.96	$0.96
Total	**$12.10**	**$10.78**

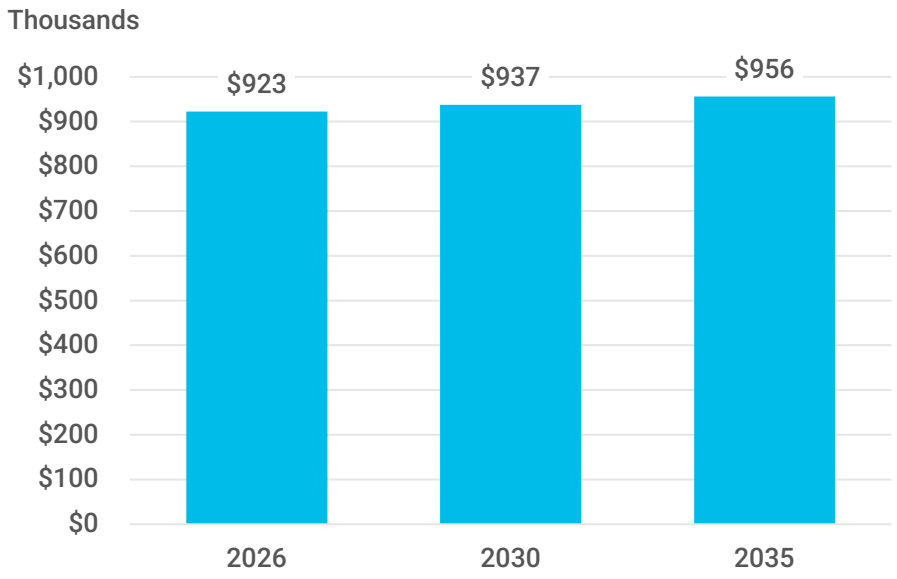
Sources: Pierce County, 2025; Puget Sound Regional Council, 2025; Community Attributes Inc., 2025.

Levy rates that would not be impacted if the study area were to incorporate are:

- state
- local school
- port district
- fire district
- flood control district
- county tax
- Conservation Futures
- transit
- emergency medical services

As a result, if the study area were to incorporate and adopt a city tax levy rate equal to the current county roads tax levy rate, the total property tax levy rate for the study area would remain unchanged. If the study area chooses to impose a higher city tax levy rate, the maximum increase study area residents would see in the levy rate as a result would be $0.64 per $1,000 assessed of value, or a roughly 6% ($0.64/$11.46) increase in their total property tax rate. If the study area were to adopt the maximum property tax rate allowed for cities, annual property tax revenues are estimated to total $1.5 million.

Figure 5. Property tax revenues, thousands, study area incorporated as a city, 2026, 2030, and 2035



Sources: Pierce County, 2025; Puget Sound Regional Council, 2025; Community Attributes Inc., 2025.

Washington caps a city's total property tax levy, but the amount of tax collected by a city can increase year over year. Since the analysis performed for this study does not inflate revenues or costs, this cap did not impact the modeling of property tax revenues.

Retail sales and use tax

Counties, cities, and towns can impose local sales tax on top of the state-imposed rate of 6.5%. These taxes typically apply to the retail sales of "tangible personal property" by sellers with or without a physical presence in the state. While most services are not subject to sales tax, some services such as those pertaining to hotels and motels, landscape maintenance, and physical fitness activities, to name a few, are subject to sales tax.

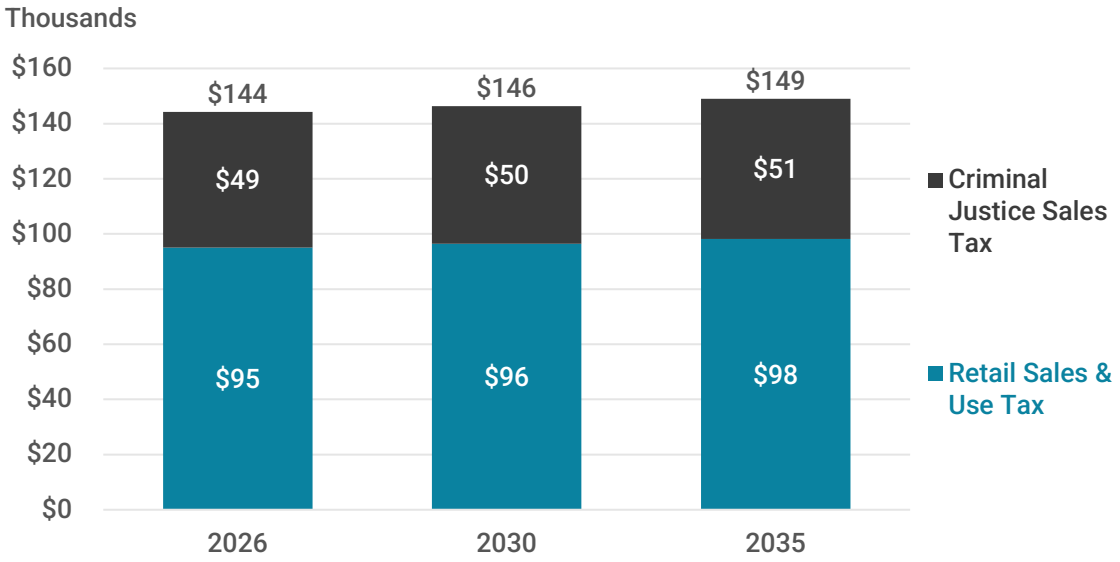
Most of a city's sales tax revenue is typically generated by the basic and optional sales tax, also known as the first half and second half sales tax, both of which can be imposed by cities or counties without voter approval. The basic or first half is a 0.5% rate applied to any taxable event. The optional, or second half, is an additional rate, up to 0.5%, imposed in increments of 0.1%. Cities retain 85% of the 1.0% tax; the remaining 15% goes to the county.

Incorporation analysis assumes that the new city would impose the full 1.0% total basic and optional sales tax in the study area. The estimated retail sales tax base uses 2023 taxable retail sales data sourced from the Washington State Department of Revenue for the study area. The 2023 retail sales tax generated within the study area is used to derive an estimate of taxable retail sales per capita. This taxable retail sales per capita combined with population growth projections and the assumed sales tax rate is used to derive estimated sales tax revenues between 2026 and 2035 for the study area under an incorporation scenario. **Figure 6** presents the estimated sales tax revenues that would be generated within the incorporated study area.

Criminal justice service tax

Pierce County adopted a 0.1% additional sales tax, as allowed by Washington state law, for the purpose of funding criminal justice services. Only counties may impose this tax, but the revenues are shared with cities.[3] Revenues from this tax are distributed to Pierce County cities based on a per capita (population) basis. The incorporation analysis uses the per capita revenue figure from the Town of Eatonville in 2024 to estimate the revenues that would be distributed to the incorporated study area.

Figure 6. Estimated sales and use tax revenues, study area incorporated as a city, 2026, 2030, and 2035



Sources: Washington State Department of Revenue, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; Community Attributes Inc., 2025.

Utility tax

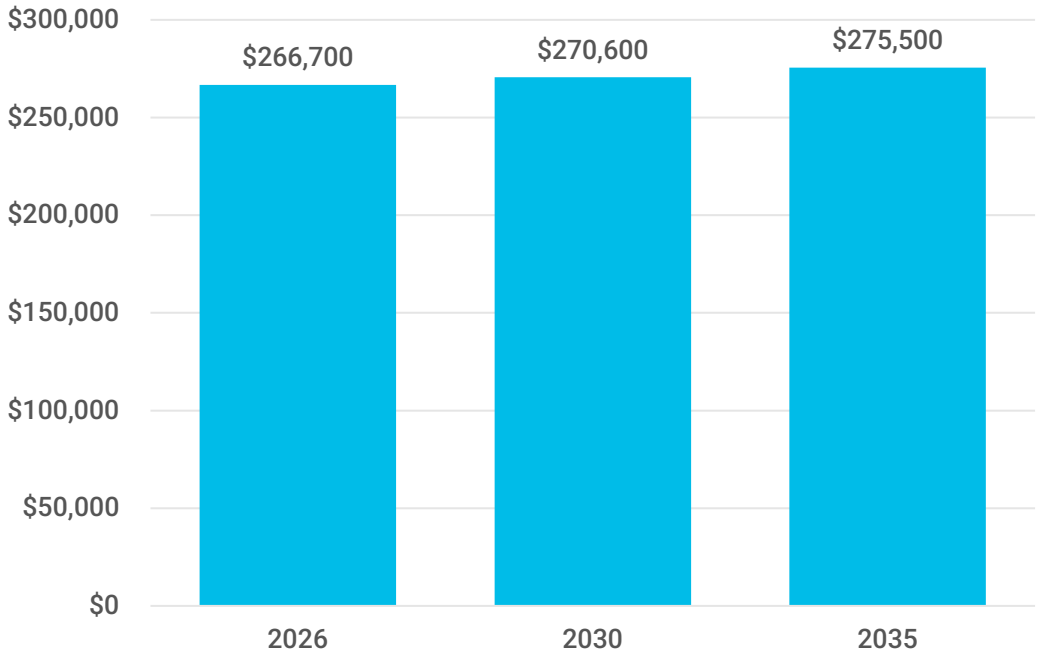
Utility taxes are a form of business and use tax and are imposed on the income of utility companies serving a city or town. Any city or town may impose a utility tax and there are no maximum rates on water, sewer, solid waste, or stormwater utilities. Rates for electric, gas, steam, cellular, and telephone utilities are limited to a maximum of 6% without voter approval. Cable TV utility taxes have special provisions. Utility taxes may be imposed on the income of public or private utilities serving customers within the city or town boundaries. They may also be imposed on any city-owned utility services. Utility taxes are applied to the gross revenues generated by utility companies, and they may not be passed on to the customer.[4] The analysis assumes an incorporated study area would receive similar per capita utility tax income to the Town of Eatonville in 2024, which totaled $121.35. The City of Ruston collected a much lower per capita rate of $20.19 in the latest available budget year of 2023. To validate this assumption, per capita utility taxes were pulled for the cities of Fircrest ($102.52) and Roy ($129.45), similar to Eatonville's per capita revenue.

[3] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.
[4] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.

Brokered natural gas use tax

Cities with a utility tax on natural gas may also impose a brokered natural gas tax. This tax functions as an equivalent use tax on brokered natural gas sales that are otherwise exempt from the utility tax. These sales occur when large customers bypass utility providers and negotiate directly with independent natural gas brokers.[5] The Town of Eatonville and the City of Ruston did not collect revenues from a brokered natural gas use tax in 2024 and 2023 respectively, so the analysis assumes an incorporated study area would collect no revenues from this tax as well.

Figure 7. Estimated utility tax revenues, study area incorporated as a city, 2026, 2030, and 2035



Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

State-shared revenues

State-shared revenues represent revenues that are shared by the state with counties, cities, and towns. These revenues span tax sources and typically are distributed on a per capita basis. The incorporation analysis uses data available through the MRSC on estimates of per capita revenues to be distributed to each city, town, and county for the purposes of helping local governments develop budget forecasts.[6] The anticipated study area tax revenues related to the motor vehicle gas tax have been excluded from the general fund and included in the city street fund for this study.

[5] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.
[6] https://mrsc.org/explore-topics/finance/revenues/shared-revenue-estimator

Table 6. Per capita state-shared revenue estimates, 2025

Revenue source	Per capita
Gas tax (MVFT)	$17.07
Liquor profits	$7.37
Liquor excise	$6.56
Criminal justice (special programs)	$1.40
Multi-modal distribution	$1.27
Increased MVFT	$1.11
Criminal justice (population based)	$0.40
Total	**$35.18**

Sources: MRSC, 2025.

Cannabis excise tax

In addition to the state-shared revenues presented in **Table 6**, the Washington State Liquor and Cannabis Board collects and distributes a 37% excise tax on retail cannabis sales. These excise tax revenues are shared with cities, towns, and counties that do not prohibit cannabis producers, processors, or retailers. A portion of distributions are based on population and the remainder of distributions are based on actual cannabis retail sales. All non-residential zones in the study area fall within areas where cannabis producers, processors, or retailers are prohibited from operating under state law. As a result, cannabis excise tax revenues are excluded from this analysis.

Other general fund revenues

Business and occupation (B&O) tax

Business and occupation (B&O) taxes are another unrestricted revenue option available to Washington cities and towns. B&O taxes have not been included in the incorporation analysis due to their limited use and because of the limited business activity and commercial land use availability within the study area.

Gambling tax

Gambling taxes can be applied to gambling activities within a jurisdiction. Washington limits the tax rate on these regulated activities. Cities and towns have limited authority to regulate gambling, but they can prohibit any or all gambling activities for which licenses are required.[7]

[7] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.

Table 7. Maximum allowable gambling tax rates, 2025

Gambling activity	Maximum tax rate
Amusement games	Actual costs of enforcement, not to exceed 2% of net receipts
Bingo	5% of net receipts
Punch boards or pull-tabs (charitable or non-profit)	10% of net receipts
Punch boards or pull-tabs (commercial)	5% of gross receipts or 10% of net receipts
Raffles	5% of net receipts
Social card games	20% of gross receipts

Sources: Washington State Gambling Commission, 2025.

Due to the limited commercial activity and gambling opportunities in the study area, the analysis assumes no gambling tax revenues would be collected by an incorporated study area. For comparison, the Town of Eatonville collected approximately $6 per capita in gambling excise tax in 2024, while the City of Ruston collected no gambling excise tax revenues in 2023. If the study area were able to generate a similar per capita gambling excise tax revenue as Eatonville, it could produce roughly $12,000 annually.

Leasehold excise tax

The leasehold excise tax is applied to publicly owned real or personal property in lieu of property taxes. Cities may impose a local leasehold tax, credited against the state leasehold tax for the use or occupation of publicly owned real or personal property.[8] The incorporation analysis assumes the study area will not generate leasehold excise tax revenue in the early years of cityhood, as the city will not own public facilities at the outset of incorporation.

Franchise fees

Cities may impose a franchise fee on utility providers within their jurisdictions to recover the costs of administering a franchise. Franchise agreements are contracts between a public or private utility provider and a city that allows the providers to install, maintain, and repair utility infrastructure within the city's right-of-way. Franchise agreements typically last 10 to 20 years.[9] Eatonville and Ruston collect similar levels of per capita franchise fee revenues. Eatonville's per capita revenues were used for this analysis.

Charges for services and fees

Charges for services include but are not limited to concealed pistol license permits, parks and recreation use fees, public records copying charges and, in some cases, contracted work for nearby communities. Per capita revenues of $20.55 from the Town of Eatonville were used to estimate charges for services in this analysis.

[8] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.
[9] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.

Licenses and permits

Licenses and permits capture a variety of revenue sources, including those generated through development permits, business licenses, and other miscellaneous license and permit fees. Per capita revenues from Eatonville were used in this analysis.

Public safety fines and forfeitures

Cities receive fine and forfeiture revenues generated through civil and criminal penalties assessed through the city's municipal court. The per capita revenues collected by the Town of Eatonville were used for this analysis. The City of Ruston collected a much higher per capita rate but included revenue sources less applicable to the study area, such as parking infractions.

Intergovernmental revenues

Intergovernmental revenues primarily come from grants provided by the federal, state, or county government, but can also include revenues generated from contracts to provide services to surrounding cities or towns.[10] The incorporation analysis excludes intergovernmental revenues for the study area.

Interfund transfers

Interfund transfers represent the exchange of revenues between a city's revenue funds, not new or different revenue sources.[11] The analysis performed for this study assumes no interfund transfers through 2035.

Other revenues

Other revenues typically include interest earnings from a city's allowable public fund investments. These revenues are typically small in comparison to the primary revenue sources documented above. The incorporation analysis excludes interest earnings for the study area. Though the study area would likely generate revenue through interest earnings after establishing public fund investments as an incorporated city, this analysis does not predict the level of investment.

Table 8 presents the estimated revenues generated by the other general fund sources discussed in this section.

Table 8. Estimated other general fund revenues, study area incorporated as a city, 2026, 2030, and 2035

Revenue source	2026	2030	2035
Permits	$46,000	$47,000	$48,000
Charges for services	$45,000	$46,000	$47,000
Franchise fees	$29,000	$29,000	$30,000
Business licenses	$17,000	$17,000	$17,000
Fines and forfeitures	$13,000	$13,000	$13,000

[10] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.
[11] https://sao.wa.gov/bars-annual-filing/bars-gaap-manual/accounting/interfund-activities/interfund-activities-overview

Revenue source	2026	2030	2035
Total	$150,000	$152,000	$154,000

Note: Totals may not sum due to rounding.
Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Special revenue funds

Special revenue funds are typically used by cities to differentiate types of revenues and expenses, as well as to create funds that hold restricted city revenues or revenues that must be used to serve a specific purpose. These types of funds function as separate bank accounts kept by a city to ensure revenues are allocated correctly. The incorporation analysis estimates the following special revenue fund sources:

City street fund

Transportation impact fees and motor vehicle fuel tax revenues are both common sources of revenue for transportation-related capital funds. Motor vehicle fuel tax or gas tax is the largest source of state-shared revenues for cities and towns. Revenues are distributed to cities and towns on a per capita basis and distributions depend on the actual statewide fuel tax revenues received.[12] According to the 2025 State Shared Revenue Estimator provided by the Municipal Research and Services Center (MRSC), the per capita distribution of motor vehicle fuel tax (commonly referred to as the gas tax) for Washington cities is estimated at $18.18 for the 2025 budget year. This figure is used in the analysis.

Impact fees are charged to developers to mitigate the impact of new development on specific types of infrastructure. Traffic impact fees are charged by cities to mitigate the impacts of growth on transportation infrastructure. Impact fees are one-time fees charged by a city, town, or county and do not require voter approval.[13] Traffic impact fee revenues use the current Pierce County rate used for the study area, $5,702 per new housing unit.

The Washington Transportation Improvement Board also offers Small City Programs to help generate revenues for small cities and towns to go toward transportation infrastructure improvements. The grant programs provide fundings to cities and towns with a population less than 5,000 through the Small City Arterial Program (SCAP), the Active Transportation Program (ATP), and the Small City Preservation Program (SCPP).[14] While these grant programs would be available to the study area after incorporation, they have not been included in the analysis as a city is not guaranteed those grants.

Parks capital fund

Parks are another type of capital infrastructure. Cities, towns, or counties have the authority to charge to fund "publicly owned parks, open space and recreation facilities."[15] Dash Point and Browns Points local parks are currently operated by Parks Tacoma. The incorporation analysis assumes that Parks Tacoma would retain ownership of and responsibility for local parks. Parks Tacoma is funded by a property tax levied by the Tacoma Metropolitan Park District. The incorporation of the study area would not impact Dash Point State Park.

[12] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.
[13] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.
[14] https://www.tib.wa.gov/grants/grants.cfm
[15] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.

A newly incorporated city could opt to coordinate with Parks Tacoma to transfer ownership and take responsibility for the local parks, such as the Browns Point Playfield or Dash Point Park and Pier, within the metropolitan parks district. If the study area were to obtain ownership over local parks, the primary revenue sources used to fund parks services include parks and recreation service charges and park impact fees. Park impact fees are an important source of funding dedicated to covering capital improvement projects that help meet the demands of a growing population. Impact fees may not be used for maintenance and operations costs. They may only be used for the capital costs of facilities needed to serve growth. Cities, towns, and counties often rely on grants to provide an additional funding source for the capital costs of parks and recreation.

Fire impact fees

Fire impact fees imposed within a city served by a fire district are collected by the city and transferred to the fire district and are not retained by the city. This analysis does not assume the adoption of fire impact fees.

School impact fees

As with fire impact fees, school impact fees are not included in the incorporation analysis because the revenues are not retained by the city and the administrative expenditures for these programs are captured in the general fund administrative expenditures.

Real Estate Excise Tax fund

REET is an important source of funding for the capital costs of cities and towns that plan under the Growth Management Act (GMA). REET may contain two halves, REET 1 and REET 2. Cities fully planning under GMA can adopt both halves, each totaling 0.25% imposed on all real estate sales within the jurisdiction's boundaries. REET revenues are restricted for specific purposes. REET 1, or the first 0.25% can be used for certain capital purposes. REET 2, or the second 0.25%, must be used for certain transportation, water, storm, sewer, and parks capital projects. Passing a measure to impose either REET 1 or 2 does not require voter approval for cities required to plan under GMA.[16]

The analysis assumes an incorporated study area would adopt the total allowable REET rate of 0.5% on all real estate sales. Using an estimated resale value per unit, the analysis estimates REET revenues within the incorporated study area from 2026 through 2035. REET revenues are an important source of revenue for a city or town but can be a volatile source of funding depending on the conditions of the real estate market.

This study uses sales data sourced from the Pierce County Assessor for the study area to inform the assumptions necessary to estimate resale value. In 2024, 33 residential units were sold in the study area, totaling about $26 million in sales value. There was one commercial sale in 2024 that totaled $1.4 million.

Historic real estate transactions trends for the study area were used in the modeling of future tax revenues for the study. The 2024 residential turnover rate of 2.7% is used to estimate the number of residential sales per year, meaning 2.7% of units within the study area can be expected to sell annually. This rate, combined with the average sale value of residential units in 2024 of $783,530, provides an estimate of the value of residential real estate transactions per year. A 20-year average ratio of commercial sale value to residential real estate value

[16] "Revenue Guide for Washington Cities and Towns," MSRC, November 2024.

was used to estimate the value of commercial real estate sales per year, which is expected to remain low, aligning with historical trends for the study area.

Surface water management fund

Cities, towns, and counties in Washington may charge fees to fund the operations and capital improvements for surface water management or stormwater facilities and programs. Currently, these fees are collected by Pierce County on a per parcel basis and are included in the property tax bill for each parcel. These fees apply to residential parcels, transportation infrastructure, and agricultural land uses. The current rate charged by Pierce County for "base plus Water Quality Services" is $145 per residential parcel.

For this study, the analysis assumes roughly that one residential parcel equals one residential housing unit and estimates surface water management revenues accordingly. On a per housing unit basis, Eatonville and Ruston collected similar levels of per capita revenues related to surface water management service charges. Due to a greater similarity in geography between Ruston and the study area, Ruston's per capita revenues were selected.

Federal, state, and county grants

Due to the uncertain nature of grant funding, it has been excluded from this analysis.

Capacity to generate revenue

Revenue estimates in this study follow, to the extent possible, revenue sources and rates for the comparable cities (City of Ruston and Town of Eatonville) for the incorporation analysis. Specific adjustments are made throughout the analysis to create the most realistic estimate of the study area's potential to generate revenue, should it be incorporated.

Cities have the capacity to generate additional revenue based on alternative approaches that can be adopted by a city council or with voter approval. For example, the newly incorporated study area may do the following:

- Adopt several additional sales taxes through voter approval, including a cultural access program sales tax, housing and related services sales tax, or public safety sales tax.
- Adopt additional property tax levies through voter approval, including cultural access program levy.
- Adopt a B&O tax, which would impose a tax on all businesses within the jurisdiction.

Many revenue sources listed in this section are restricted resources and therefore limited in use to specific topics.

Expenditures

Cities are typically responsible for providing several basic services — such as police, streets, and surface water management. Many cities also provide parks and recreation programs and facilities. Other services may be provided either by cities or separate districts, including utilities, schools, and fire protection.

The incorporation analysis assumes the following services will continue to be provided by the same districts and providers that currently serve the study area: fire and EMS, utilities, transit, parks and recreation, and schools.

The following services would be managed by a new city for the study area:

- Public safety
- Public works, including streets and surface water management
- Community and economic development
- Administration and finance
- Municipal court

Use of funds is a key aspect of incorporation analysis. Funds act like individual bank accounts for different sources and uses of revenue. The general fund of this analysis covers all expenditures except for the capital expenditures for streets and surface water management. Streets and surface water management are presented in the discussion of special revenue funds.

General fund

Expenditure estimates for an incorporated study area are primarily based on per capita expenditures from Eatonville's 2024 budget. Exceptions were made for legislative (city council), executive (mayor), and police and public safety. For legislative and executive functions, Ruston's per capita expenditures were used due to the unique structure of Eatonville's executive office. Eatonville's executive expenditures were significantly higher, largely driven by the inclusion of a city administrator whose salary and benefits comprised the bulk of that budget. To provide further context, legislative and executive expenditure data from the smaller city of Roy and the larger city of Fircrest were also reviewed. Both cities showed expenditures similar to Ruston's, reinforcing the decision to use Ruston's per capita figures for the analysis.

To estimate the costs of police and public safety, direct contract rates charged by Pierce County in interlocal agreements were used to create police and public safety expenditures. Further detail regarding this assumption is included below.

Expenditures in a general fund cover all basic elements required to operate a city, including salaries, benefits, supplies, basic service costs, vehicles, facilities, and equipment (**Table 9**).

Table 9. Estimated general fund expenditures for the study area incorporated as a city, 2026-2035

Service area (figures in thousands)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Police and public safety	$1,160	$1,165	$1,169	$1,174	$1,178	$1,182	$1,186	$1,190	$1,195	$1,203
Finance and administrative services	$379	$380	$382	$383	$384	$386	$387	$388	$390	$391

Service area (figures in thousands)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Planning and community development	$210	$210	$211	$212	$213	$213	$214	$215	$216	$217
Municipal court and jail	$126	$127	$127	$128	$128	$128	$129	$129	$130	$130
Legislative	$86	$87	$87	$87	$88	$88	$88	$89	$89	$89
Executive	$33	$33	$34	$34	$34	$34	$34	$34	$34	$34
Legal	$38	$38	$38	$38	$38	$39	$39	$39	$39	$39
Total	**$2,033**	**$2,040**	**$2,048**	**$2,055**	**$2,062**	**$2,070**	**$2,078**	**$2,085**	**$2,092**	**$2,107**

Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Police and public safety

To estimate total expenditures, we made assumptions regarding the size of the police force the study area would choose to contract. The baseline assumes the study area would contract a police chief, three deputies, and administrative aide from Pierce County. This would represent 1.83 commissioned officers per 1,000 residents. This number is close to the level of service seen in Eatonville: 1.72 commissioned officers per 1,000 residents. The current level of service experienced as a part of unincorporated Pierce County is 0.64 commissioned officers per 1,000 residents.[17] We used direct contract rates to estimate total police and public safety expenditures.

The Town of Eatonville operates its own police department at a per capita cost of $378. If the study area were to incorporate, there may be opportunities to achieve cost efficiencies while still providing the higher level of service that community members have indicated is a priority. If the study area could match Eatonville's per capita cost while maintaining a comparable level of service, annual police and public safety expenditures could be reduced to approximately $840,000. This is significantly lower than the estimated $1.2 million cost associated with contracting services from Pierce County. However, that figure does not include the upfront costs required to establish a police department.

Finance and administrative services

Finance and administrative service expenditures primarily cover salaries and benefits for finance department staff, including roles such as the city clerk and administrative assistants, as well as professional services supporting finance operations. These expenditures may also include costs related to insurance, program oversight, communications, and audit coordination. In 2024, the Town of Eatonville reported finance and administrative service expenditures totaling $172.34 per capita.

Planning and community development

Planning and community development captures a variety of costs of services provided by a city. The analysis assumes the study area would incur similar planning and community development costs to Eatonville upon incorporation. Eatonville's planning and community development budget captures expenditures for staff and

[17] https://www.waspc.org/crime-statistics-reports

operations pertaining to building inspections, permitting and plan review. The Town of Eatonville currently has planning and community development expenditures totaling $95.37 per capita.

Municipal court and jail

A city may choose to operate its own municipal court and jail or contract these services from existing providers. This analysis assumes an incorporated study area would contract these services through Pierce County. Contracting is a common approach among Washington cities, including Eatonville, which contracts with Pierce County, and Ruston, which contracts with the City of Fircrest. For this study, municipal court and jail expenditures are estimated using Eatonville's 2024 per capita cost of $57.40.

Legislative and executive

Legislative and executive expenditures reflect the costs associated with operating the city council and mayor's office. These include salaries, benefits, supplies, training, and other operational expenses. This study assumes the incorporated study area would adopt a mayor–council form of government — the most common structure among cities in Washington, with 227 out of 281 cities using this model.[18] In 2023, the City of Ruston's budget reported per capita expenditures of $39.33 for the city council (legislative) and $15.17 for the mayor's office (executive).

Legal

Cities can employ prosecutors or contract the work of prosecuting attorneys for their municipal courts. Additionally, cities and towns require legal services for their work and employ city attorneys. The current cost of the legal department for the Town of Eatonville is $17.21 per capita.

Special revenue funds

The only expenditures estimated for special revenue funds for the incorporation analysis pertain to capital projects, driven by the assumption the general fund will cover all operation and maintenance costs. Estimates of potential capital expenditures incurred for each fund presented below use a simplified methodology. Current planned projects for the study area are a starting point for potential capital expenditures but are likely an underestimate. A newly incorporated city would have to implement additional capital projects and build infrastructure to provide urban services.

City street fund

For small cities, the street fund typically includes both road maintenance and capital expenditures. In this analysis, road maintenance costs are estimated using Eatonville's 2024 per-road-mile expenditure of $5,249.14. A review of Pierce County's Adopted 2025–2030 Transportation Improvement Program (TIP) indicates that no transportation capital projects are planned for the study area through 2030. Accordingly, no transportation capital expenditures are included in this analysis.

Real Estate Excise Tax fund

No expenditures are estimated within the REET fund for this analysis. Administrative costs associated with the program are included in the general fund. Because REET funds are restricted to capital expenditures, they may be allocated to support future capital needs and transferred to appropriate funds as necessary. However, this

[18] https://mrsc.org/explore-topics/government-organization/cities/city-forms-of-government#:~:text=The%20mayor%2Dcouncil%20form%20consists,as%20the%20municipality's%20legislative%20body.

analysis does not speculate on specific capital projects or priorities within the study area. REET revenues could potentially support future transportation improvements, as reflected in the corresponding capital funds.

Surface water management fund

Surface water management fund expenditures include both operational costs and capital expenditures. For this analysis, operational costs are estimated using Ruston's per-acre expenditure levels. A review of Pierce County's Surface Water Improvement Program (SWIP) indicates no capital projects are planned for the study area through 2027. As a result, no surface water capital expenditures are included in this analysis.

Parks capital fund

Although a parks capital fund is not included in this analysis, such funds in small cities are typically used to support ongoing park maintenance and capital improvements, similar to the city street fund. In the case of the study area, local parks are assumed to remain under the ownership and management of Parks Tacoma, which would continue to be responsible for capital improvements. Currently, one capital project is underway: the Dash Point Park and Pier is undergoing improvements funded by Parks Tacoma, with the next public meeting scheduled for spring or summer 2025, prior to the start of construction.[19]

Sewer services and a capital fund

Sewer services in the Study Area are currently provided by Pierce County, which owns the existing piping and pump stations in the Study Area and operates under a service agreement with the City of Tacoma to use the Central Tacoma Treatment Plant. The most cost-effective option for a future incorporated Study Area would be to contract sewer services from Pierce County. According to the Pierce County Planning and Public Works Sewer Division, the County does not charge an administrative fee for such service agreements and would remain responsible for funding any capital projects planned within the Study Area. If the County were to require the Study Area to contribute to capital costs, it would likely do so through a buyback program, a method previously used with other cities. This analysis assumes sewer services would be contracted from Pierce County and a sewer capital fund is not included.

Levels of service comparison

Levels of service vary by jurisdiction. Naturally services with more tangible benefits — such as parks and recreation, police, sewer, and transportation and roads — are more easily tracked. Less tangible services — such as community and economic development, planning, and administrative services — are less straightforward to measure and monitor. **Table 10** presents the existing levels of service and targeted levels of service for parks and recreation, police, sewer, and transportation services for the study area, unincorporated Pierce County, City of Ruston, and Town of Eatonville, given publicly available data.

Table 101. Levels of service comparison for select jurisdictions

Levels of service comparison	Study area incorporated as a city	Unincorporated Pierce County	Town of Eatonville	City of Ruston
Parks and recreation	Current: 24.4 acres/1,000 Current (excl. state park): 3.3/1,000	Current: 5.6 park acres/1,000 residents Target: 6.7 acres /1,000 residents	Neighborhood park: 2 acres /1,000 residents	Current: .0078 acres per capita

[19] https://engagepiercecounty.mysocialpinpoint.com/dashpointpier

Levels of service comparison	Study area incorporated as a city	Unincorporated Pierce County	Town of Eatonville	City of Ruston
			Community park/open space: 8 acres/1,000 residents	
Law enforcement	No data specifically for study area, likely similar to average response time for law enforcement in unincorporated Pierce County	Service targets are broken out as follows: Emergency calls: 6.1 minute response time Priority 2 Calls: 9 minutes Priority 3 Calls: 6 Minutes Officers per 1,000 residents: 0.63	2 officers/1,000 residents	Current: 6.57 officers/1,000 residents
Sewer	Levels should align with unincorporated Pierce County, as unincorporated Pierce County currently provides sewer services to the study area.	220 gallons per day (GPD) per residential equivalent plus 15% reserve capacity.	274 gallons per household per day	Current: Adopts City of Tacoma Standard 200 gallons per capita per day
Transportation	There are no data specific to the study area's roadway levels of service.	Urban Level of Service F (1.1 Volume to capacity ratio) Rural Level of Service LOS E (<1.1 Volume to capacity ratio)	LOS D	Uses design-based level of service standards for roads. Design standard ratings include 10 elements rated from 0-10 including lane width, walkability, sidewalk width, non-peak hour free flow speed. Street segments must score above 75 points (LOS B - Very Walkable)

Sources: Washington Association of Sheriffs and Police Chiefs, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Pierce County, 2025.

Table 11 presents the local property tax and sales tax rates for unincorporated Pierce County, the City of Ruston, and Town of Eatonville. Though property tax and sales tax are two primary sources of revenues for cities, numerous other mechanisms are available for a city to generate revenues. **Table 11** aims to provide context for the variability in levels of service relative to local property tax and sales tax rates.

Table 11. Local tax rate comparisons, 2025

City	Tax code area	Property tax (per $1,000 AV)	Local sales tax rate
Unincorporated Pierce County	N/A	$0.96	1.6% - 3.6%
Town of Eatonville	060	$1.71	1.6%
City of Ruston	105	$1.65	3.6%

Sources: Washington State Department of Revenue, 2025; Pierce County, 2025; Community Attributes Inc., 2025.

Balancing the general fund

The analysis conducted for this study uses assumptions informed by existing conditions and community feedback to estimate total general fund revenues and expenditures if the study area were to incorporate.

However, if incorporation were to occur, the new city would have the authority to set priorities and develop a budget that balances desired services with available revenues. In addition to prioritizing certain services over others, the city could also choose to increase its property tax levy — up to the maximum of $1.60 per $1,000 of assessed value — or opt to provide services directly if doing so proves more cost-effective than contracting them out, to achieve a balanced budget while achieving community goals.

Financial feasibility

This study is intended to equip readers with detailed information on the assumptions, data sources, and methodologies used in the financial analysis of incorporation for the study area, enabling informed decision-making regarding feasibility. The results presented are estimates. Should the study area incorporate and mature as a city, it may expand services, take on additional capital projects, and secure funding through county, state, or federal grants. City budgets are also influenced by broader economic conditions, introducing additional uncertainty.

Earlier, Table 2 presented general fund estimates for 2030 by line item in an incorporated study area. Property taxes and utility taxes represent the largest revenues sources within the general fund, representing roughly 80% of general fund revenues. Meanwhile, police and public safety is the largest expenditure in the general fund, representing 60% of spending.

The estimated general fund balance in 2030, under assumptions used for the baseline analysis, is roughly negative $510,000 to negative $520,000.

Table 12. Estimated general fund revenues and expenditures, study area incorporated as a city, 2026, 2030, and 2035

General fund	2026	2030	2035
Fund revenues	$1,520,000	$1,544,000	$1,573,000
Fund expenditures	$2,033,000	$2,063,000	$2,100,000
Fund balance	-$513,000	-$519,000	-$527,000

Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Table 13. Estimated special revenue funds revenues and expenditures, study area incorporated as a city, 2026, 2030, and 2035

City street fund

Fund	2026	2030	2035
Fund revenues	$68,000	$69,000	$70,000
Fund expenditures	$76,000	$76,000	$76,000
Fund balance	-$7,000	-$7,000	-$6,000

Real estate excise tax (REET) fund

Fund	2026	2030	2035
Fund revenues	$114,000	$116,000	$119,000
Fund expenditures	$0	$0	$0
Fund balance	$114,000	$116,000	$119,000

Surface water management fund

Fund	2026	2030	2035
Fund revenues	$143,000	$145,000	$149,000
Fund expenditures	$64,000	$64,000	$64,000
Fund balance	$79,000	$81,000	$85,000

Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Table 14 presents fund balances under alternative scenarios for growth assumptions that drive revenues and expenditures. The scenarios include a low and high growth scenario.

Table 14. Sensitivity analysis summary, study area incorporated as a city, 2030

General fund revenues	Baseline	Low growth	High growth
Taxes	$1,354,000	$1,323,000	$1,386,000
Licenses and permits	$93,000	$91,000	$95,000
State generated revenues	$38,000	$37,000	$39,000
Charges for services	$191,000	$186,000	$196,000
Fines and forfeitures	$13,000	$13,000	$13,000
Total operating revenues	**$1,544,000**	**$1,509,000**	**$1,580,000**

General fund expenditures	Baseline	Low growth	High growth
Legislative	$88,000	$86,000	$90,000
Executive	$34,000	$33,000	$35,000
Finance and administrative services	$384,000	$376,000	$393,000
Planning and community development	$213,000	$208,000	$218,000
Municipal court and jail	$128,000	$125,000	$131,000
Legal	$38,000	$38,000	$39,000
Police and public safety	$1,178,000	$1,153,000	$1,205,000
Total operating expenditures	$2,063,000	$2,018,000	$2,110,000
Fund balance	**-$519,000**	**-$509,000**	**-$530,000**

Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Appendix A: Key inputs and assumptions

Table 15. Key inputs and assumptions

Study area baseline data

Input	Value	Unit	Source
Population (2024)	2,182	people	Office of Financial Management (OFM)
Housing units (2024)	1,051	units	OFM
Employment (2023)	200	jobs	Puget Sound Regional Council (PSRC)
Total taxable assessed value (2025)	950,071,013	dollars	Pierce County Assessor, Community Attributes Inc. (CAI)
Total taxable assessed value (2024)	880,855,710	dollars	Pierce County Assessor, CAI
Total acreage	607	acres	Pierce County Assessor
Total park acres	472	acres	Pierce County Assessor
Taxable retail sales (2023)	$11,100,000	dollars	Washington State Department of Revenue (DOR)
Taxable retail sales per capita (2022)	$5,087	dollars	DOR, PSRC
Road miles	14.4	miles	Pierce County

Development and finance assumptions

Input	Value	Unit	Source
City property tax millage rate	0.96	dollars	Pierce County
Assessed value per housing unit (2025)	755,879	dollars	Pierce County Assessor, CAI
Sale value per housing unit (2024)	783,530	dollars	Pierce County Assessor, CAI
Commercial assessed value (2025)	7,489,900	dollars	Pierce County Assessor, CAI
Commercial assessed value per employee	37,450	Dollars	Pierce County Assessor, PSRC, CAI
Commercial sale value to AV (2024)	0.19	percent	Pierce County Assessor, CAI
Assessed value revaluation rate	0	percent	CAI
Construction cost as a percentage AV	80	percent	CAI
Annual residential turnover rate (% homes resold each year)	2.7	percent	Pierce County Assessor, CAI
Sales tax rate	1	percent	DOR
Sales tax revenue retained by city	85	percent	MSRC

Eatonville baseline data

Input	Value	Unit	Source
Population (2024)	2,905	people	OFM
Housing units (2024)	1,155	units	OFM
Total acreage	1,169	acres	OFM
Parks acres	285	acres	Town of Eatonville
Road miles	24.5	miles	Pierce County

Ruston baseline data

Input	Value	Unit	Source
Population (2024)	1,065	people	OFM
Housing units (2024)	521	units	OFM
Total acreage	164	acres	OFM
Parks acres	0	acres	City of Ruston
Road miles	5.8	miles	Pierce County

Pierce County baseline data

Input	Value	Unit	Source
Incorporated land area (acres)	95,795	acres	OFM
Unincorporated land area (acres)	971,701	acres	OFM
Total land area (acres)	1,067,496	acres	OFM
Unincorporated population (2024)	447,645	people	OFM

REET inputs

Input	Value	Unit	Source
Residential re-sale count (2024)	33	unique sales	Pierce County Assessor, CAI
Residential re-sale value (2024)	25,856,500	dollars	Pierce County Assessor, CAI
Commercial re-sale value (2024)	$1,400,000	dollars	Pierce County Assessor, CAI
Total commercial resale value as percentage of total residential resale value (20 year-average)	1.3%	percent	Pierce County Assessor, CAI
REET tax rate	0.5%	percent	MSRC

Appendix B: Baseline and alternative scenarios

This appendix presents two alternative scenarios of the financial feasibility of incorporation. The body of this study contains the "baseline" scenario. It reflects outcomes that may be most likely given current and past conditions. The two scenarios in this appendix are defined as the "low growth" scenario and the "high growth" scenario.

The purpose of testing alternative scenarios is to examine the underlying impacts of key assumptions used to estimate the Browns Point and Dash Point study area's costs and revenues if incorporated. Only selected assumptions are altered for scenario testing, namely growth rates in population, housing units, and employment. Population growth targets are the most significant input driving the feasibility analysis. However, both housing unit growth and employment growth drive and serve as inputs for some sources of revenue. The per capita comparable city approach is used to calculate many costs and estimates of revenue.

This report aims to capture the most realistic scenario for a future city, which is referred to as the baseline scenario. The baseline is not assumed to be the median of the three scenarios.

Table 16. Population, housing units and employment growth rates by scenario

Topic	Low	Medium	High
Population	0.00%	0.37%	0.74%
Housing units	0.00%	0.47%	0.94%
Employment	0.00%	0.73%	1.46%

Sources: Washington State Office of Financial Management, 2024; Puget Sound Regional Council, 2024; Pierce County Countywide Planning Policies; 2023; U.S. Census, 2024; Community Attributes Inc., 2025.

Low growth scenario

The low growth scenario adjusts population and employment growth assumptions compared to the baseline, to understand the potential impacts on municipal costs and revenues under conditions of lower growth. The study area has experienced occasional periods of low levels of growth, including annual averages of as low as 0.1% in population and 0.3% in housing units between 2010 and 2015, and negative employment growth for multiple years between 2015 and 2020. A zero-growth scenario was thus selected to represent a slightly more acute but still plausible version of historical experience within the study area.

No specific growth targets have been set for the study area under the Pierce County Countywide Planning Policy, which determines the minimum growth the county is required to accommodate through 2044. However, Pierce County has adopted growth targets for urban unincorporated areas, which include the study area. These equate to average annual growth rates of 1.4% for population and housing units and 1.2% for employment. The study area's historical levels of low growth, let alone a zero-growth scenario, are below the adopted Pierce County Countywide Planning Policy target levels for all three elements (population, housing units, and employment).

High growth scenario

Given the low historical levels of growth in the study area, the high growth scenario was set at rates double that of the baseline growth estimate. Population growth is projected at 0.74% annually, while annual housing unit and employment growth are projected at 0.94% and 1.46%, respectively. These growth rates align with

historic growth rates for the study area based on data from the Office of Financial Management and the Puget Sound Regional Council. This level of population growth is roughly equivalent to the rate the study area experienced during its peak growth period between 2015 and 2019. It represents a level of growth in housing supply that is roughly double to that seen during the area's period of fastest housing growth between 2020 and 2024. Employment levels have fluctuated multiple times during the 14 years from 2010 to 2023, including by 20% annually between 2019 and 2021, making estimates of average growth highly sensitive to the base years chosen. The high growth rate selected is slightly above the average annual rate of growth experienced between 2020 and 2023, and it includes both periods of the COVID-era decline and recovery.

Comparison of alternative scenarios

Tables 17 and 18 present the general fund and special revenue fund estimates, respectively, under the baseline, low, and high growth scenarios.

Table 17. General fund estimates under alternative scenarios, study area incorporated as a city, 2030

General fund	Baseline	Low growth	High growth
Taxes	$1,354,000	$1,368,000	$1,386,000
Licenses and permits	$93,000	$91,000	$95,000
State generated revenues	$38,000	$37,000	$39,000
Charges for services	$191,000	$186,000	$196,000
Fines and forfeitures	$13,000	$13,000	$13,000
Total operating revenues	**$1,544,000**	**$1,553,000**	**$1,580,000**

Expenditures

General fund	Baseline	Low growth	High growth
Legislative	$88,000	$86,000	$90,000
Executive	$34,000	$33,000	$35,000
Finance and administrative services	$384,000	$376,000	$393,000
Planning and community development	$213,000	$208,000	$218,000
Municipal court and jail	$128,000	$125,000	$131,000
Legal	$38,000	$38,000	$39,000
Police and public safety	$1,405,000	$1,375,000	$1,438,000
Total operating expenditures	$2,290,000	$2,241,000	$2,343,000
Fund balance	**-$746,000**	**-$688,000**	**-$763,000**

Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Table 18. Special revenue fund estimates under alternative scenarios, study area incorporated as a city, 2030

City street fund

Special revenue fund	Baseline	Low growth	High growth
Fund revenues	$69,000	$40,000	$98,000
Fund expenditures	$76,000	$76,000	$76,000
Fund balance	-$7,000	-$36,000	$23,000

Real estate excise tax (REET) fund

Special revenue fund	Baseline	Low growth	High growth
Fund revenues	$116,000	$113,000	$119,000
Fund expenditures	$0	$0	$0
Fund balance	$116,000	$113,000	$119,000

Surface water management fund

Special revenue fund	Baseline	Low growth	High growth
Fund revenues	$145,000	$141,000	$149,000
Fund expenditures	$64,000	$64,000	$64,000
Fund balance	$81,000	$77,000	$85,000

Sources: Washington State Office of Financial Management, 2025; U.S. Census Bureau, 2025; Pierce County, 2025; Puget Sound Regional Council, 2025; City of Ruston, 2025; Town of Eatonville, 2025; Community Attributes Inc., 2025.

Impacts of the low growth scenario on incorporation

Generally, the low baseline rates of historical growth and the low levels of variation modeled under the two alternative scenarios produced relatively small impacts on revenue and expenditure estimates, with both low growth and high growth scenarios deviating from the baseline by approximately 2.0%.

Under the low growth scenario, stable revenues owing to the lack of population, housing, and employment growth were offset by reduced expenditures. A low growth scenario saw total general fund revenues decline by 2.3% versus baseline levels, while total expenditures decreased by 2.2%. Owing to the overall negative fund balance under the baseline scenario, however, the overall decrease in the overall fund balance was nearly 2.0%.

The effect was more pronounced in the special revenue funds, as the lack of growth in population and housing correlated to produced revenues too low to fund the necessary levels of expenditure, which remained constant as they are driven by physical characteristics of the area. All three special revenue funds saw negative fund balances under the low growth scenario.

Impacts of the high growth scenario on incorporation

The high growth scenario resulted in small impacts as well, with population and housing unit growth driving slightly higher revenues. While general fund expenditures also increased under this scenario, they did so to a slightly lesser extent. Overall, total revenues rose by 2.3%, and expenditures by 2.3%, leading to a net improvement of 2.2% in the general fund balance relative to the baseline scenario.

The high growth scenario had a similar positive impact on the special use funds, sufficient to produce a positive balance in the city street fund, driven by the increase in impact fee revenues which are charged to new housing units. The surface water management fund balance also remained positive.

Baseline and forecast methodology

The remainder of this appendix presents the data sources and methodologies used to estimate baseline population and demographic data for the study area and estimate population, housing unit, and employment growth within the study area.

Baseline population, housing units, and employment

The study area aligns with the Browns Point Urban Growth Area, adjacent to the cities of Tacoma and Federal Way. Population and housing unit figures are available from the 2024 Washington State Office of Financial Management's Small Area Estimates Program (OFM SAEP). Total population for the study area grew from 2,084 in 2010 to 2,182 in 2024, representing an average annual growth rate of 0.3%. Housing units grew from 1,003 in 2010 to 1,051 in 2024, producing a similar average annual growth of 0.3%.

The Puget Sound Regional Council (PSRC) provides employment figures through its Land Use Vision Implemented Targets (LUV-IT) growth forecast. Employment, based on data from PSRC, grew from 182 in 2010 to 200 in 2023, or an average annual growth rate of 0.7%.

Table 192. Study area baseline population, housing units, and employment, 2023

Study Area	Population	Housing units	Employment
Browns Point UGA	2,182	1,051	200

Sources: Washington State Office of Financial Management, 2024; Puget Sound Regional Council 2023; Community Attributes Inc., 2025.

Forecast and growth scenario methods

Three potential growth scenarios were modeled to examine the implications of different levels of growth and their impact on the feasibility of incorporation. For the purposes of this study, a baseline growth scenario was modeled using a compound annual growth rate (CAGR) of 0.4% annually for population, 0.5% annually for housing units and 0.7% annually for employment. For each scenario the appropriate growth rate was applied annually for each year beginning from 2024 for the population and housing unit estimates, and from 2023 for the employment estimates.

Population forecasts

Population forecasts are based on information from the Office of Financial Management (OFM), the U.S. Census Bureau and the Pierce County Countywide Planning Policies.

Future population levels are estimated by applying different annual growth rates set for each scenario to the 2024 population of the study area as estimated by the OFM Small Area Estimate Program (SEAP).

- The **baseline scenario** is estimated based on a compound annual growth rate of 0.4%, which represents a continuation of the study area's most recent historic population growth rate, when its population grew from 2,150 in 2020 to 2,182 in 2024, per the SAEP.
- The **low growth scenario** applies a zero-growth rate to examine the impact of population stasis, while the high growth scenario aims to capture the impacts of population growth at rates higher than those in recent years but still within the range of those experienced in the area.

- The **high growth scenario** reflects an average annual growth rate of 0.7%. This is benchmarked as a doubling of the baseline growth rate, and is roughly comparable with the highest growth rate experienced in the project area, which amounted to 0.9% annually between 2015 and 2019, when the population in the study area grew from 2,095 to 2,168.

The baseline and high growth rate scenarios can also be benchmarked against the planned growth between 2020 and 2044 outlined in the adopted Pierce County Countywide Planning Policies (CPPs) in 2022. The CPPs establish an overall share of the county's growth that is to be absorbed in different areas of the county, including cities and towns as well as unincorporated areas. The study area lies within an urban unincorporated area.

The CCPs specify that the urban unincorporated areas absorb a total of 32,066 new residents between 2020 and 2044, representing a compound annual growth rate of 1.4% over the 79,517 people living in those areas in 2020. However, the 1.4% overall county target is not prescriptive for every geography within the county's unincorporated areas. It can be set by negotiation between a given unincorporated area and the county government. Given this, although the selected growth rates applied in the baseline and high growth scenarios for the study area are lower than the target for urban unincorporated areas, they are considered reasonable, and appropriate given the small size and largely built-out nature of the study area.

Housing forecasts

Housing unit forecasts are informed by data from the Office of Financial Management Small Area Estimates Program and the Pierce County CPPs. The methods used to develop baseline, low, and high growth forecasts follow the methods used to develop the population forecasts.

Baseline growth for housing units assumes growth will continue at observed growth rates over the ten-year period between 2015 and 2024, which equate to a CAGR of 0.5%. Projected through to 2044, this indicates a total of 1,151 housing units in the study area. The low growth scenario applies a zero-growth assumption to examine the implications of reduced impact fee revenues that accompany residential construction, resulting in the same number of housing units (1,051) that exist in 2024. Similar to the population growth forecast, the high scenario assumes growth will occur at double the baseline rate, or 0.9% annually. This is slightly above the highest historical level experienced in the study area, which was slightly less than 0.9% between 2020 and 2024. It thus represents a slight increase over historical high growth periods, and points to a total of 1,267 housing units in the study area in 2044.

As with population growth projections, the level of housing unit growth estimated is lower than the overall target for the county's urban unincorporated areas.

Employment forecasts

Forecasts for employment growth leverage historic employment data for the study area from the Puget Sound Regional Council (PSRC), as well as the PSRC Land Use Vision Implemented Targets (LUV-IT) forecast and the adopted Pierce County CPP growth target.

Employment in the study area has varied considerably since 2010, seeing double-digit growth in five of the 13 years between 2010 and 2023, and double-digit or near-double-digit declines in four years in that same period. This is not necessarily unusual for areas with such small employment bases, where the opening or closing of one or two businesses can have an outsized impact. Moreover, even where jobs remain, they may not be reported in the PSRC data, which allows figures to be withheld from publishing if too few reporting companies exist in a given area.

With that caveat, the baseline employment growth scenario leverages historic employment data, assuming that growth in the study area continues along the overall historical trend from 2010 to 2023 reported by the PSRC LUV-IT forecast for the study area, when employment within the study area rose from 182 to 200 jobs. This represents an overall average annual growth rate of 0.7%, which, carried through to 2044 indicates a total of 273 jobs.

As with population and housing, for consistency the low growth scenario applies a zero-growth assumption, resulting in the same number of jobs that exist in 2024: 233 jobs. The high growth scenario reflects a growth rate double that of the baseline scenario, or nearly 1.5%. This is a level generally in line with the simple average of year-to-year variations that occurred between 2010 and 2023, reflecting the potential for both growth and a decrease in any given year but also an overall positive-growth trend over time. This growth rate suggests a total of 310 jobs in 2044.

As with population and housing growth targets, all three scenarios represent lower levels of growth than is identified as the overall target for the county's urban unincorporated areas.

Appendix C: Identification of comparable city for Dash Point and Browns Point

This study uses a comparable city method to develop estimates for most costs and revenues for the study area. The premise of this method is that the comparable cities will provide revenue and cost data that is a reliable indicator of the study area's revenue and costs.

The cities of Eatonville and Ruston were selected as the most comparable cities to the study area. This appendix outlines the criteria used in the selection of the comparable cities. All the comparable cities most closely considered in this analysis include:

- Buckley
- Carbonado
- Eatonville
- Fircrest
- Roy
- Ruston
- South Prairie
- Steilacoom
- Wilkeson

Table 20 outlines basic characteristics of the study area and selected comparable cities. The 2024 population of the study area was 2,180 compared to 2,905 in Eatonville and 1,065 in Ruston. If the study area were to incorporate it would be the 6th smallest city in Pierce County.

The study area has nearly twice the number of housing units as Ruston, however the ratios of residents to housing units are similar. While Eatonville has a similar count of total housing units to the study area, it has a slightly higher ratio of people per housing unit.

Estimated median income in the study area is $116,200, which is comparable to many of the cities that were examined. When a set of additional variables were considered, however, Ruston and Eatonville were determined to be the most relevant comparables for the purpose of this analysis.

Table 20. Comparable city characteristics, selected Pierce County cities, 2023 and 2024

Jurisdiction	2024 Population	2024 Housing Units	2024 Persons per HU	2023 Median Income	2023 Employment	2023 Employment to HU
Study Area	**2,180**	**1,050**	**2.1**	**$116,200**	**200**	**0.2**
Fircrest	7,230	2,960	2.4	$107,800	1,360	0.5
Steilacoom	6,850	2,980	2.3	$97,600	680	0.2
Buckley	5,740	2,260	2.5	$121,700	2,160	1.0
Eatonville	2,910	1,160	2.5	$93,600	900	0.8

Jurisdiction	2024 Population	2024 Housing Units	2024 Persons per HU	2023 Median Income	2023 Employment	2023 Employment to HU
Ruston	1,070	520	2.0	$114,000	600	1.1
Roy	820	320	2.6	$88,500	160	0.5
Carbonado	760	250	3.0	$105,500	70	0.3
South Prairie	630	260	2.4	$112,900	80	0.3
Wilkeson	500	180	2.7	$106,000	70	0.4

Sources: Washington State Office of Financial Management, 2024; U.S. Census Bureau, 2024; Puget Sound Regional Council; 2024; Community Attributes Inc., 2025.

Table 21 provides a comparison of developmental characteristics. The study area encompasses 605 acres of total gross land area and represents the median of the selected comparable cities, it is smaller than Eatonville (1,170 acres) and larger than Ruston (165 acres). The study area has an estimated 38.8 acres of vacant and re-developable land and is most similar to Ruston at 35 acres, Eatonville is estimated to have 620 acres of vacant land, which represents over half of the gross land acres. The total assessed value of the study area is more than $909 million, more than double the reported value for Eatonville at $438 million and Ruston at $426 million.

Table 21. Comparable city land area, developable land, and assessed value characteristics, selected Pierce County cities, 2024

Jurisdiction	Gross Land Area (Acres)	Population Density	Vacant and redevelopable land (acres)	2024 assessed value (millions)	AV/person	AV/acre
Study area	**605**	**3.6**	**38.8**	**909.3**	**416,730**	**1,497,085**
Buckley	2470	2.3	945	1,113.8	194,040	450,855
Steilacoom	1285	5.3	235	1,523.8	222,620	1,183,885
Eatonville	1170	2.5	620	438.0	150,785	374,840
Fircrest	1015	7.1	65	1,466.7	202,860	1,447,275
Roy	310	2.6	130	108.6	133,300	351,335
Wilkeson	300	1.7	60	76.4	152,865	256,165
Carbonado	265	2.8	150	112.2	148,665	421,230
South Prairie	245	2.5	150	79.1	126,630	322,880
Ruston	165	6.5	35	426.8	400,725	2,609,190

Sources: Washington State Office of Financial Management, 2024; U.S. Census Bureau, 2024; Pierce County Buildable Lands Report, 2022; Pierce County Assessor, 2024; Community Attributes Inc., 2025.

Tables 22-24 outline the demographic characteristics for the study area and comparable cities. The study area and Ruston have similar demographic characteristics, Eatonville has a higher female population and a much younger population overall. The study area maintains a higher proportion of residents aged 35 and older

compared to both. The populations of Eatonville and Ruston are slightly more diverse than the study area, Ruston has a greater population of residents who have completed education beyond an associate's degree, Eatonville has a higher concentration of high school educated residents, reflecting the younger demographic makeup of the area.

Table 22. Comparable city age and sex, selected Pierce County cities, 2023

Jurisdiction	Male	Female	0-17	18-34	35-64	65+
Study area	**51%**	**49%**	**13%**	**15%**	**45%**	**28%**
Buckley	49%	51%	21%	15%	41%	23%
Carbonado	54%	46%	34%	23%	34%	8%
Eatonville	45%	55%	33%	29%	29%	9%
Fircrest	47%	53%	19%	16%	47%	18%
Roy	53%	47%	23%	28%	33%	15%
Ruston	47%	53%	14%	20%	43%	23%
South Prairie	55%	45%	31%	20%	38%	11%
Steilacoom	48%	52%	20%	20%	41%	19%
Wilkeson	55%	45%	24%	34%	27%	15%

Sources: U.S. Census Bureau, 2024; Community Attributes Inc., 2025.

Table 23. Comparable city race, selected Pierce County cities, 2023

Jurisdiction	White	Two or More Races	Black	Other	Asian	Native Hawaiian or Pacific Islander	American Indian or Alaskan Native
Study area	**83%**	**8%**	**1%**	**1%**	**6%**	**2%**	**0%**
Buckley	95%	3%	1%	0%	1%	0%	1%
Carbonado	92%	8%	0%	0%	0%	0%	0%
Eatonville	78%	17%	1%	2%	1%	0%	1%
Fircrest	71%	14%	4%	2%	9%	0%	1%
Roy	81%	15%	2%	0%	1%	0%	0%
Ruston	75%	12%	1%	2%	8%	0%	2%
South Prairie	84%	8%	0%	4%	3%	1%	0%
Steilacoom	75%	12%	4%	2%	5%	0%	1%
Wilkeson	91%	8%	0%	0%	0%	0%	1%

Sources: U.S. Census Bureau, 2024; Community Attributes Inc., 2025.

Table 24. Comparable city educational attainment, selected Pierce County cities, 2023

Jurisdiction	Less than high school	High school	Associate's degree	Bachelor's degree	Greater than bachelor's degree
Study area	**5%**	**44%**	**12%**	**23%**	**17%**
Buckley	7%	63%	10%	17%	3%
Carbonado	14%	53%	15%	17%	2%
Eatonville	7%	61%	14%	14%	4%
Fircrest	3%	42%	5%	26%	23%
Roy	6%	57%	19%	12%	6%
Ruston	2%	32%	8%	33%	25%
South Prairie	10%	68%	7%	12%	3%
Steilacoom	5%	35%	12%	26%	22%
Wilkeson	4%	69%	11%	15%	0%

Sources: U.S. Census Bureau, 2024; Community Attributes Inc., 2025.

Appendix D: Study area and market characteristics

Demand for housing and commercial activity affects the revenues received from the study area, as well as demand for services. Key market considerations and indicators are included in the body of the report.

Population and density

Table 25 outlines a data profile for the study area. The estimated 2024 population is 2,180 with a population density of 3.6 people per acre. The study area had an estimated 1,050 housing units in 2024. Employment was 200 with 0.19 jobs per housing unit. Total land area for the study area is 605 acres.

Table 25. Dash Point and Browns Point incorporation study area characteristics, 2024

Characteristic	Value
Population	2,180
Population density	3.6
Housing units	1,050
Median household income	116,200
Employment (2023)	200
Employment to housing unit ratio (2023)	0.19
Gross land area (acres)	605
Number of parcels	1235
Vacant land (acres)	22.8
Underutilized land (acres)	16
Total vacant and re-developable (acres)	38.8
Assessed land value (millions)	$467.29
Assessed improvement value (millions)	$441.98
Total assessed value (millions)	$909.3

Sources: Washington State Office of Financial Management, 2024; U.S. Census, 2024; Pierce County, 2024; Puget Sound Regional Council, 2024; Community Attributes Inc., 2025.

Housing units

Housing units in the study area have grown at a rate of 0.3% annually between 2014 and 2024 which equates to 34 total units added over the same period or 3.4 units per year on average.

Real estate conditions

Table 26 shows sales of real properties in the study area for 2024. Sales data for the study area are sourced from public data available through the Pierce County Assessor. In 2024, 34 units were sold in the study area, totaling over $27 million. Sales in 2024 represented less than one percent of total assessed value in the study area. Most of the sales were for residential properties, with only one recorded sale of commercial property. Total sales values were nearly 1.2 times higher than the assessed values for residential sales and 1.5 times higher than commercial sales.

Table 26. Study area real property sales, 2024

	Value
Residential sale amount (2024)	$25,856,500
Residential number of sales (2024)	33
Residential average sale price (2-year average)	$783,530
Commercial sale amount	$1,400,000
Commercial number of sales	1
Residential sale value as a percentage of AV	1.15
Commercial sale value as a percentage of AV	1.50
Residential turnover rate	2.7%
Frequency of resales (years)	37
Commercial sales as a share of residential sales (20-year average)	1.3%

Sources: Pierce County, 2023; Community Attributes, 2023.

Real estate trends were used to inform modeling of future tax revenues. The 2024 sale value as a percentage of total assessed value (2.7%) is used as a turnover rate to calculate Real Estate Excise Tax (REET) revenues from annual residential property sales. This means that 2.7% of residential units can be expected to be sold each year. Combined with the average sale value per housing results in the estimated value of residential real estate transactions per year. A 20-year average ratio of commercial sale value to residential real estate value is used to estimate commercial real estate sales per year

Employment

Employment is a driver of demand for services within the study area and supports revenue generation. Employment has been consistent in the study area since 2015, excluding the decreased employment figures experienced between 2020 and 2022. The largest employment sectors represented in the study area are services and construction and resources, followed by wholesale, transportation, and utilities.

Table 27. Employment by major sector, study area, 2015-2023

Sector	2015	2016	2017	2018	2019	2020	2021	2022	2023
Services	142	151	126	129	122	110	94	131	143
Construction and resources	13	29	18	13	15	18	14	18	18
Wholesale, transportation, and utilities	28	32	34	67	72	23	17	17	17
Finance, insurance and real estate	7	10	*	*	*	9	7	7	8
Government	2	3	4	3	5	2	3	4	5
Manufacturing	0	*	*	*	*	*	*	*	*
Retail	12	*	0	0	0	*	*	*	*
Public Education	0	0	0	0	0	0	0	0	0

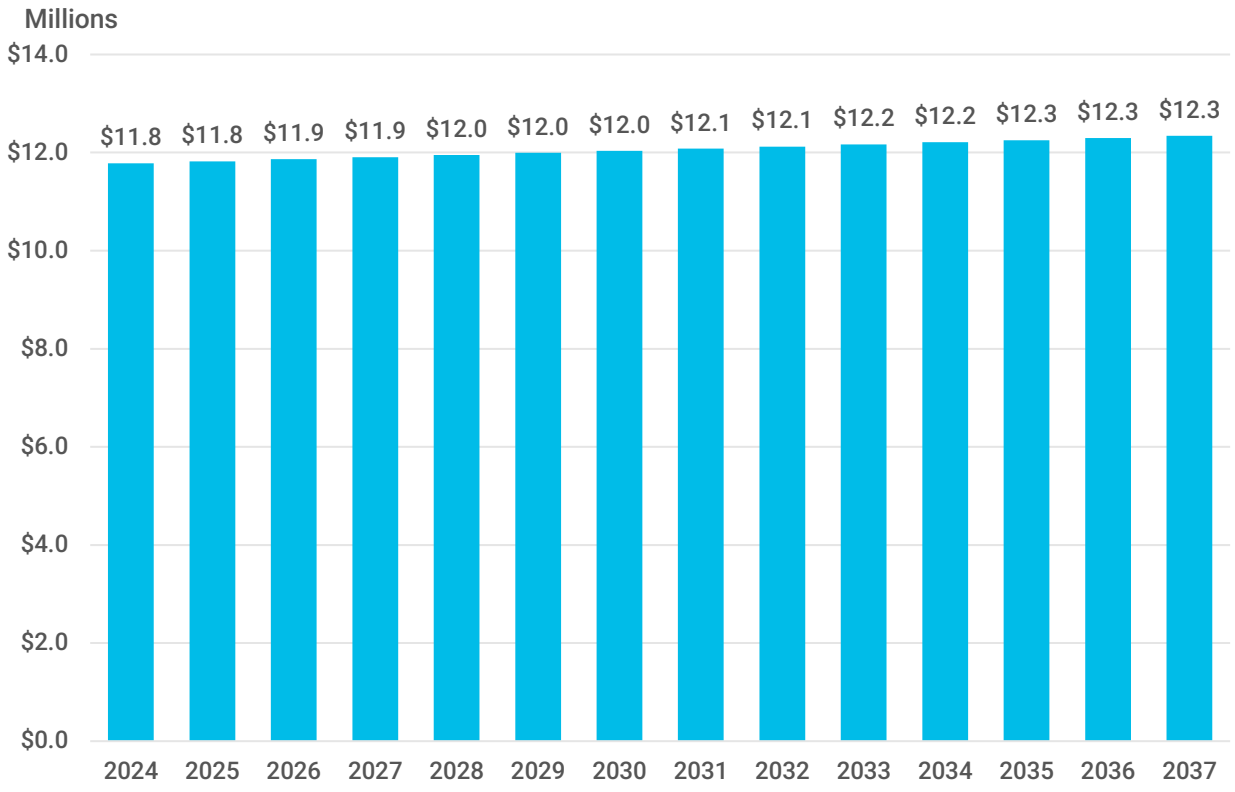
Sector	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total	205	236	198	226	225	169	144	185	200

*Reflects employment data is not disclosed.
Source: Puget Sound Regional Council, 2024.

Retail sales

Taxable retail sales are a key driver for one of a city's major revenues sources, local sales and use taxes. To arrive at taxable retail sales estimates within the study area through 2037, a custom data request was made to the Washington State Department of Revenue (DOR). DOR was able to provide observed taxable retail sales estimates within the study area for 2022, from which, a per capita taxable retail sales figure was obtained. This number was inflated to reflect 2024 dollars and then used alongside forecasted population growth to estimate taxable retail sales through 2037. **Figure 8** presents estimated taxable retail sales between 2024 and 2037.

Figure 8. Estimated taxable retail sales, study area, 2024-2037



Source: Washington State Department of Revenue, 2023; Pierce County Countywide Planning Policies, 2023; Community Attributes Inc., 2023.

Appendix E: Homelessness, behavioral health, and public safety

Homelessness

The Pierce County Human Services Department manages homelessness services in all unincorporated and incorporated areas in Pierce County. They partner with several cities and community partners to provide resources to individuals or families experiencing homelessness. These resources come from a variety of programs and include safe parking locations, access to showers and day centers, and overnight shelter options. [20]

Across agencies, there are several definitions of homelessness that are often set by federal funders. These differing definitions make it difficult to measure and compare whether certain strategies are effective at reducing the number of people experiencing homelessness.[21] One method to understand trends in homelessness is Pierce County's Homeless Point-in-Time survey. As required by the U.S. Department of Housing and Urban Development (HUD), Pierce County leaders, service providers, and volunteers perform an annual count of people on the street and in shelters.

While this survey is not an exhaustive count of everyone experiencing homelessness, it can reveal characteristics that can be compared year after year. The 2024 Point-in-Time survey captured 2,661 people experiencing homelessness, an increase of 23% since 2023.[22] However, this increase was not associated with growth in service use. In 2024 just 54% of people experiencing homelessness were sheltered compared to the 65% in 2023.

The primary cause survey respondents noted was lack of affordable housing, which is a shift from previous years' response being family crisis.[23] The Pierce County Comprehensive Plan to End Homelessness aligns several key goals with statewide objectives.[24] Pierce County Human Services has allocated $17 million for homeless housing services and $2.5 million has been allocated to build emergency housing directly.[25, 26]

While the limited housing supply contributes significantly to the rise in homelessness, a range of other risk factors are also known to influence a person's likelihood of entering or exiting homelessness. The Center for Social Innovation presented findings on supporting partnership for anti-racism in Pierce County. In addition to systemic racism and related factors, the report indicates the primary barriers to exiting homelessness (or risk factors for entering homelessness) include: [27]

- Food Access (SNAP)
- Unemployment/underemployment
- Housing quality (age)
- Felonies

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[20] Homeless Programs
[21] Pierce County 5 Year Strategic Plan Final
[22] News Flash 2024 Point-in-Time Count Results
[23] 2024 Point-in-Time Count Results
[24] Washington state five-year Homeless Housing Strategic Plan released.
[25] Pierce County Human Services awarding nearly $18M for homeless, housing services
[26] Pierce County budget includes $2.5M in federal funds for a 'micro-home village'
[27] SPARC Initial Findings from Quantitative and Qualitative Research

- Credit scores
- Evictions

Ultimately, addressing homelessness is complex, and a comprehensive understanding of service needs and costs will require a more detailed assessment of how county services interrelate and coordinate with services potentially provided by an incorporated city within the study area.

Behavioral health

Assessing the needs for health and human services requires an understanding of the root causes of homelessness, along with the growing demand for mental health support after the COVID-19 pandemic. While there are no behavioral health providers within the boundary of the study area, understanding the access to these services nearby is critical. Federal Way is home to the closest resources to the study area, which include LightHeart Associates, HealthPoint Federal Way, and Thrive Counseling Center. The services offered vary by provider, but include therapy, psychiatry, and medication management for children, adolescents and adults.

The Pierce County Behavioral Improvement Plan (BHIP) received an update in December 2024 and details funding priorities for services over the next six years. Most of the funds come from Ordinance 2020-138s, which created an additional sales and use tax to fund chemical dependency or mental health services.[28] For the 2024-2025 biennial budget, Pierce County has designated $44.7 million from the county's behavioral health and therapeutic courts tax for mental health and substance use disorder treatment services not covered by Medicaid or private insurance. This includes funding for community behavioral health clinics, youth behavioral health programs, crisis response, and therapeutic courts.[29] An additional $10 million in funding comes from the Opioid Settlement Fund, Behavioral Health Partnership Funds, and Funding for Tacoma-Pierce County Health Department Family Resource Centers. The general goal behind these funds is to build a responsive, equitable, and accessible behavioral health system that adapts to community needs.

If the study area were to be incorporated, the county would likely continue delivering services there, as it does in both incorporated and unincorporated areas. An incorporated study area might need to consider if there are any service gaps to the behavioral health services provided at the county level and address challenges residents might face traveling to nearby Tacoma or Federal Way for care.

Public safety and crime

Maintaining effective public safety is essential when evaluating incorporation. While the study area currently benefits from a relatively low crime rate compared to some more populous urban neighbors, incorporation would shift the responsibility of public safety services from Pierce County to a potential city government.[30] Mapping the study area on Crimegrade.org illustrates where crime levels are on a scale of A+ (being the lowest level of crime) to F (being the highest level of crime). The southern coast along Marine View Drive has an F rating, while Browns Point up to Dash Point along the coast improves to a C grade. Looking inland, east of East Side Drive, the grade improves to an A- for most of the geography.

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[28] https://app.leg.wa.gov/rcw/default.aspx?cite=82.14.460
[29] https://www.piercecountywa.gov/8366/Behavioral-Health-Systems-Substance-Use-
[30] https://crimegrade.org/safest-places-in-pierce-county-wa/

An incorporated city would need to consider the appropriate staffing level for a law enforcement department. Currently public safety services in the study area are provided by the Pierce County Sheriff's Department. The sheriff's office currently consists of 300 commissioned officers that serve all unincorporated areas within the county.[31] Given the population of unincorporated Pierce County, the officer-to-resident ratio is approximately 1 to 1,200. To achieve ratios similar to the Town of Eatonville (approximately 1 officer per 600 residents) the study area would require three officers.[32]

[31] https://www.piercecountywa.gov/133/Office-Overview---Staffing-Jurisdiction
[32] https://policescorecard.org/wa/police-department/eatonville

Appendix F: Land use, zoning, demographics, commute trends, and existing districts

This section provides detailed maps on land uses, zoning, population, and demographics within the study area and surrounding areas.

The predominant land uses in the study area are listed below.

- Residential use represents much of the study area, and the large area of vacant land uses to the northeast is part of Dash Point State Park.
- Local parks within the study area include Browns Point Lighthouse Park, Browns Point Playfield, and Dash Point Park and Pier.
- Commercial uses are concentrated along East Side Drive, including Browns Point Town Center.
- Nearly the entire UGA is designated for low-density residential. Prior to the adoption of the updated comprehensive plan low-density residential zoning was 4 units per net acre. The updated comprehensive plan adopted slight increases to the density of the residential zone within the area, called suburban residential. The suburban residential zone allows for densities of 4 to 6 housing units per net acre.
- The neighborhood center zoning designation given to Browns Point Town Center in the southeast portion of the UGA was not changed by the comprehensive plan update.

Appendix G: Pierce County's Countywide Planning Policies and other policies and programs related to incorporation

Vision 2050: A plan for the Central Puget Sound Region

In October 2022, the Puget Sound Regional Council officially adopted VISION 2050, a comprehensive plan guiding the region's growth. The plan outlines a long-term vision for the central Puget Sound's environmental sustainability, economic development, and transportation systems. VISION 2050 also presents a regional growth strategy that details how and where the region can accommodate a projected population of 5.8 million people and 3.4 million jobs by 2050.[33] These objectives manifest in Multicounty Planning Policies (MPPs) which address regionwide issues through a collaborative planning framework. Key goals and MPPs of VISION 2050 relating to incorporation include:

- **MPP-DP-28: Joint planning for urban unincorporated areas:** Support joint planning between cities, counties, and service providers to work cooperatively in planning for urban unincorporated areas to ensure an orderly transition to city governance, including efforts such as: (a) establishing urban development standards, (b) addressing service and infrastructure financing, and (c) transferring permitting authority.[34]

[33] https://www.psrc.org/planning-2050/vision/vision-2050-planning-resources
[34] VISION 2050 A Plan for the Central Puget Sound Region, October 2020.

- **MPP-DP-29: Phased annexation and incorporation:** Support annexation and incorporation in urban unincorporated areas by planning for phased growth of communities to be economically viable, supported by the urban infrastructure, and served by public transit.[35]
- **MPP-DP-35: Coordination on new community proposals:** In the event that a proposal is made for creating a new fully contained community, the county shall make the proposal available to other counties and to the Regional Council for advance review and comment on regional impacts.[36]

An exhaustive list of MPPs is available online.

Pierce County Countywide Planning Policies

The Countywide Planning Policies, adopted May 17, 2022, and ratified November 14, 2022, serve as a unifying framework for Pierce County to meet the requirements outlined in the Growth Management Act. They also outline processes and tools to promote collaboration among the jurisdictions. With respect to incorporation, the countywide planning policies have limited advisement and prefer annexation over incorporation. The plan highlights that annexations and incorporations can significantly influence county government revenue, potentially impacting the county's capacity to provide certain regional services. In cases where incorporation does occur, the county will work with existing municipalities to ensure the transition is made efficiently.[37]

Pierce County Comprehensive Plan

The Pierce County Comprehensive Plan is a 20-year policy document that addresses growth in the unincorporated areas of Pierce County. It is the foundation for several community plans and capital facilities planning, which must be consistent with the comprehensive plan's policy framework. Counties are required to conduct a thorough review of their comprehensive plans and development regulations every 10 years and have the option to amend their comprehensive plans annually. The most recent comprehensive plan was finalized in 2024 and became effective February 1, 2025. Prior to adopting the current comprehensive plan, the most recent amendment to the prior Pierce County Comprehensive Plan had been in July 2023.

Comprehensive plans identify areas within their urban growth area (UGA) suitable for potential incorporation (potential incorporation areas, PIA) or annexation (potential annexation areas, PAA). The study area is situated within Pierce County's Urban Growth Area and is identified in the current Pierce County Comprehensive Plan as a potential annexation area for the City of Tacoma. The Comprehensive Plan identifies two specific potential incorporation areas within the county, in South Hill and Tehaleh, but makes no comment regarding incorporation of or within the study area.

The Pierce County Comprehensive Plan includes the following land use (LU) goals related to incorporation.[38]

- **Goal Land Use (LU) 2** - Ensure that unincorporated urban areas within the urban growth area are either affiliated with neighboring cities and towns as potential annexation areas (PAAs) or identified as potential incorporation areas (PIAs).
    - **LU-2.3** - Affiliate unincorporated urban areas with neighboring cities or towns rather than being identified as a PIA.

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[35] VISION 2050 A Plan for the Central Puget Sound Region, October 2020.
[36] VISION 2050 A Plan for the Central Puget Sound Region, October 2020.
[37] Pierce County Countywide Planning Policies
[38] Pierce County Comprehensive Plan, February 2025. https://www.piercecountywa.gov/DocumentCenter/View/140621/Pierce-County-Comprehensive-Plan-Effective-Feb-1-2025

- **LU-2.4** - Establish a PIA designation where incorporation of an area is appropriate based upon logical geographic boundaries; size; population; a potential tax base to support a City; a variety of uses needed for a City, including residential, businesses, civic and recreational; urban services and facilities provided other than by adjacent cities; a community identity; and other appropriate factors.

- **Goal LU-3** - Explore incorporation and annexation of identified areas.
  - **LU-3.1** - Establish stakeholder groups of residents, service providers, businesses, and other interested parties to identify opportunities and challenges associated with the incorporation of identified areas.
  - **LU-3.2** - Explore the economic viability of incorporation through the completion of incorporation feasibility studies.

- **Goal LU-23** - Implement the Suburban Residential land use designation within unincorporated urban areas to encourage the development of single-family residential neighborhoods.

Dash Point and Browns Point Community Plan

Community goals outlined in the Browns Point and Dash Point Community Plan emphasize the preservation and enhancement of existing residential and commercial uses. Maintaining views of the Puget Sound and focusing redevelopment efforts within the Browns Point Town Center were identified. Additionally, the community plan places high recreational, cultural, and economic value on their natural shoreline environment. As such, land-use development is advised to consider long-term goals to preserve native vegetation and species. Many of these goals are also informed by the Washington State Shoreline Management Act (SMA) and the Hylebos Browns-Dash Point Basin Plan. With respect to infrastructure and facilities needs for the future, Browns Point and Dash Point have unique circumstances because they are built out and isolated from other unincorporated areas. Where existing levels of service standards are not met with public facilities and services, actions will be taken to eliminate or prevent the issues from becoming worse.

Appendix H: GMA planning requirements and incorporation

Planning and community development departments facilitate the development and implementation of long-range plans and policies. If the study area were to incorporate, the new city is required to adopt a comprehensive plan and development regulations pursuant to the GMA (RCW 36.70A). The study area has shoreline and special flood hazard areas; therefore, the new city would need to adopt a Shoreline Master Program and local floodplain management regulations. A suite of supporting long-range plans may be desirable as well to expand on specific topics in the comprehensive plan.

Comprehensive plan

The new comprehensive plan would address elements such as land use, housing, capital facilities, climate change and resilience, utilities, transportation, economic development, and parks. The new city would then adopt zoning and development regulations to implement planning policies set forth in the comprehensive plan and guide the issuance of permits and enforcement of city codes.

Capital improvement plan

The capital facilities element[39] of a comprehensive plan guides the development and improvement of publicly owned land, buildings, infrastructure, and systems. Capital facility planning efforts in cities typically document project needs for public buildings; transportation systems including streets, intersections, sidewalks; water, stormwater, and wastewater systems, parks and recreation facilities, and police and fire protection.

Transportation improvement plan

In addition to the transportation element required as part of a comprehensive plan, all cities, towns, and counties are required to develop and adopt a six-year transportation improvement program (TIP), also known as a transportation improvement plan (RCW 35.77.010).

The TIP is a short-range planning document that describes the available budget for transportation improvement projects planned for the next six years. The TIP must be consistent with the comprehensive plan and updated yearly through a public hearing process.

Shoreline Master Program

The western and northern boundaries of the study area border Puget Sound, which is a designated shoreline of the state.

The Shoreline Management Act requires local governments with shorelines of the state within their boundaries to develop and administer a shoreline master program (RCW 90.58). Local shoreline master programs establish goals and policies that are implemented through use regulations. A city's shoreline master program must be incorporated into its comprehensive plan. After that, the new city would need to adopt regulations to implement the program to ensure that no substantial development is permitted on the state's shoreline unless a permit is obtained from the city that demonstrates consistency with the shoreline master program.

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[39] RCW 36.70A.070(3)

Additional long-range plans

Some of the additional plans a new city could consider developing to expand on or add to the required comprehensive plan elements include:

- Climate action and sustainability plans
- Emergency management, hazard mitigation, and disaster debris management plans
- Urban forestry management plan
- Transportation system plan
- Parks master plan
- Stormwater management, watershed, and basin plans
- Subarea and neighborhood plans

Coordination of plans and policies with other jurisdictions

Solid waste management plan

Each county, in cooperation with the jurisdictions within the county, is required to prepare a comprehensive solid waste management plan (RCW 70A.205.040). Pierce County most recently adopted the Tacoma-Pierce County Solid and Hazardous Waste Management Plan: 2021-2040 (Tacoma-Pierce County 2021). This plan also serves the cities and towns that have interlocal agreements to participate in the county's disposal system. This plan would apply to the newly incorporated city after it signed an interlocal agreement.

Basin plans

One basin plan adopted by Pierce County, the Hylebos-Browns Point-Dash Point Basin Plan, overlaps with the study area. The goals of the basin plans are to reduce flood hazards, improve water quality, and improve wildlife habitat. The basin plans are focused on unincorporated Pierce County but include areas in incorporated cities, because the basins span both incorporated and unincorporated land, and stormwater runoff travels through the basins. If the study area were to incorporate, management of the basins within the study area would be the responsibility of the new city and best managed in collaboration with Pierce County and any other jurisdictions within the basin's boundaries.

Appendix I: Community survey results and community informational meeting

Community survey results

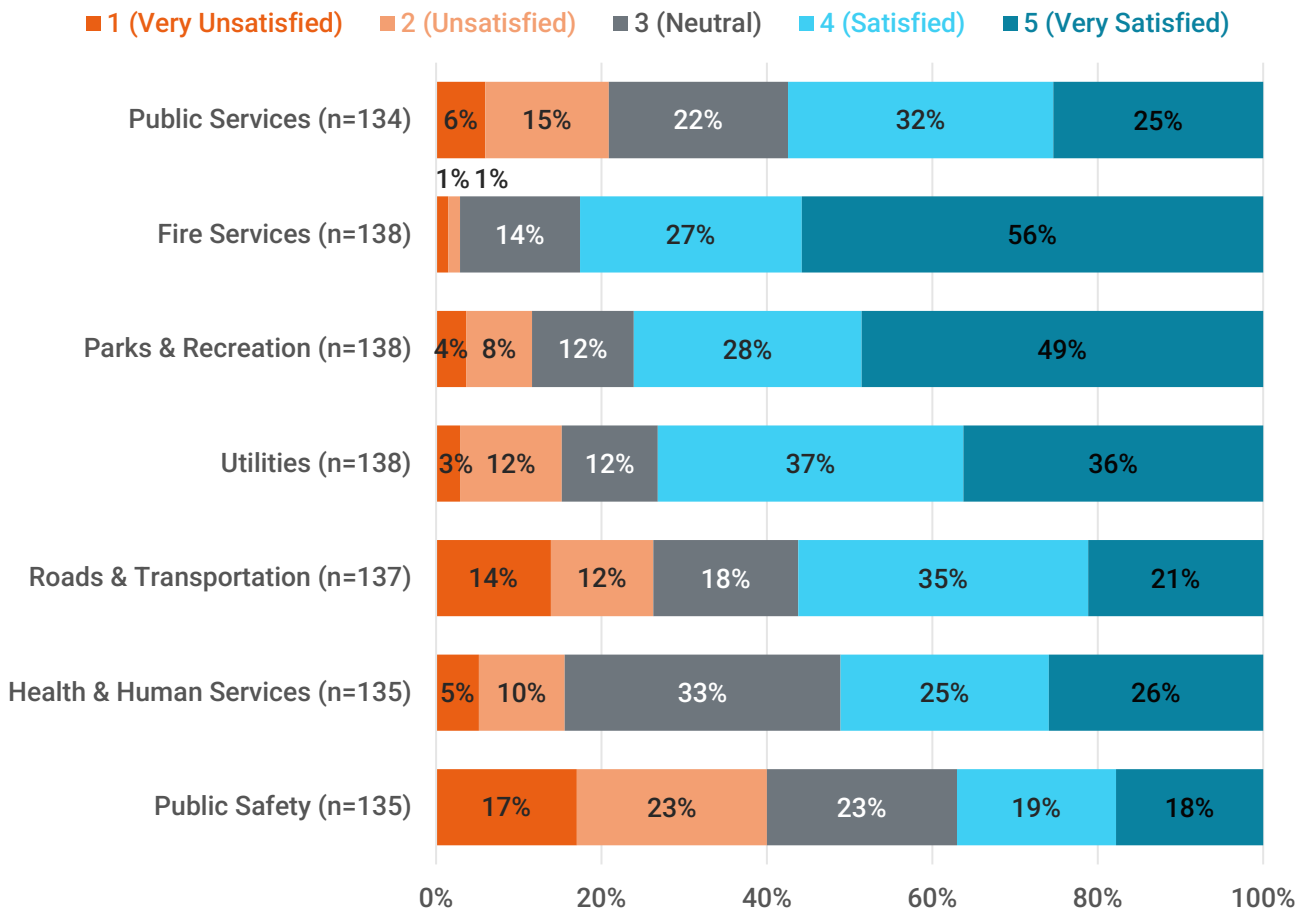
Community Attributes conducted an online survey on behalf of the Department of Commerce to request residents' input to inform this study. The survey was conducted in January, February and March 2025 and received 151 responses. Among respondents, 138 live in the study area.

Table 28. Survey respondent profile

Respondent location	Percent
Live in the study area	82%
Live and work in the study area	11%
Work in the study	4%
Neither	3%
Total Respondents	**151**

Survey respondents were asked to rate their level of satisfaction with current public services within the Dash Point and Browns Point study area from 1(very unsatisfied) to 5 (very satisfied). Respondents living within the study area were least satisfied with the current level of public safety services in the study area, followed by roads and transportation services. Respondents living in the study area were satisfied or very satisfied with fire services, parks and recreation, and utility services in the study area. Overall, 57% of respondents living in the study area were either satisfied or very satisfied with the overall level of public services in the study area. (**Figure 9**)

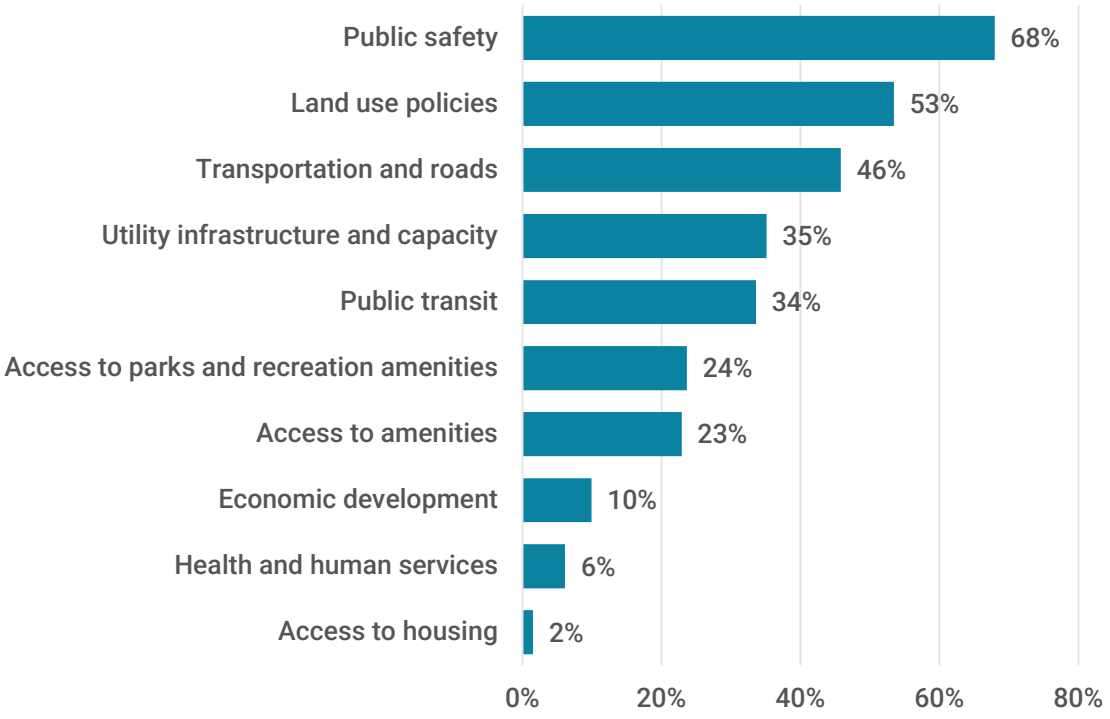
Figure 9. Level of satisfaction within the Dash Point and Browns Point study area, respondent living in the study area



Sources: Community Survey, 2025; Community Attributes Inc., 2025.

Survey respondents were also asked to select their top three concerns or priorities for public services for future investment within the study area. Among respondents living within the study area, public safety and land use policies were issues selected by more than 50% of respondents.

Figure 10. Ranked concerns or priorities for public services for future investment within the study area, respondents living in the study area



Respondents were also provided with an opportunity to add additional thoughts to inform the study through an open-ended question. The following themes emerged from the responses received (76 of which 69 live in the study area).

- **Opposed to incorporation.** More than a quarter of open-ended responses by respondents living within the study area mentioned opposition to incorporation or skepticism about the feasibility of incorporation.
- **Satisfaction with community.** Respondents (17%) living within the study area also mentioned their satisfaction with the community as it is. Respondents mentioned that the community is "quiet, safe" and a "close knit neighborhood that functions well". One respondent wrote "we live in a great community!"
- **Sidewalks and roads.** Respondents (14%) living within the study area mentioned lack of sidewalks and/or road maintenance as issues.
- **Police and public safety.** Among respondents living within the study area 13% mentioned police and public safety as a concern. Respondents noted both the slow response times as well as limited presence of police within the community. Respondents also mentioned speeding as a common concern (9%) as well as the safety and condition of SR 509 specifically (9%).
- Other themes mentioned include concerns about development standards, zoning, and housing types within the community; utilities including preferences for underground power and concerns with water, sewer, and solid waste; concerns about the existing tax burden and the potential for increased tax burden; and the need to repair the Dash Point Pier.

The tables below provide information about the survey respondents indicating they live within the study area on age, gender, race, household income, and educational attainment.

Table 29. Survey respondents' age, respondents living within study area

Age	Responses	Share
Less than 25 years old	2	1%
25 to 35 years old	5	4%
36 to 59 years old	45	33%
Over 60 years old	83	61%
Total	**135**	**100%**

Sources: Community Survey, 2025; Community Attributes Inc, 2025.

Table 30. Survey respondents' gender, respondents living within study area

Gender	Responses	Share
Female	68	50%
Male	60	44%
Prefer not to answer	8	6%
Total	**136**	**100%**

Sources: Community Survey, 2025; Community Attributes Inc, 2025.

Table 31. Survey respondents' race, respondents living within study area

Race	Responses	Share
White	114	88%
Two or more races	3	2%
Native Hawaiian or Pacific Islander	2	2%
Black	1	1%
Other	9	7%
Total	**129**	**100%**

Sources: Community Survey, 2025; Community Attributes Inc, 2025.

Table 32. Survey respondents' household income, respondents living within study area

Income range	Responses	Share
$25,000 to 34,999	1	1%
$35,000 to 49,999	6	5%

Income range	Responses	Share
$50,000 to 74,999	8	6%
$75,000 to 99,999	20	16%
$100,000 to 149,999	28	22%
$150,000 to 199,999	17	14%
More than $200,000	45	36%
Total	**125**	**100%**

Sources: Community Survey, 2025; Community Attributes Inc, 2025.

Table 33. Survey respondents' educational attainment, respondents living within the study area

Education	Responses	Share
High school degree	13	10%
Associate's degree	16	12%
Bachelor's degree	54	40%
More than a bachelor's degree	53	39%
Total	**136**	**100%**

Sources: Community Survey, 2025; Community Attributes Inc, 2025.

Community informational meeting

On February 13, the Washington State Department of Commerce and Community Attributes Inc., held a public meeting to share notice and basic information regarding the informational incorporation study with the Dash Point and Browns Point communities. This included receiving feedback from attendees regarding their current satisfaction with the provision of various public services. Each attendee was given three sticky notes and asked to provide feedback for seven focus areas: public safety, health and human services, fire services, utilities, roads and transportation, parks and recreation, and other. In total, 94 sticky notes were received.

- Public safety: 29 stickies, 31%
- Health and human services: 0 stickies, 0%
- Fire services: 5 stickies, 5%
- Utilities: 17 stickies, 18%
- Roads and transportation: 15 stickies, 16%
- Parks and recreation: 13 stickies, 14%
- Other: 17 stickies, 18%.

Recurring themes by focus area included:

- Public Safety

- Police – lack of law enforcement presence
- Police response time (described as slow)
- Speeding on 509

- Fire Services: Support for fire services
- Utilities
  - Poor cell service
  - Sewer services / septic
  - Underground wiring
- Roads and transportation
  - Better roads / better road maintenance
  - Speed / speed controls needed
  - No public transit
- Parks and recreation
  - Dock and pier maintenance and replacement
  - Park maintenance / litter
- Other
  - Why do we need more density?
  - Preserve/maintain single family homes
  - Rentals/Airbnb
  - Who is behind this study?
  - What is tax impact? What will it cost? What will we get?

The questions and answers asked during the meeting:

- Do you need to be a resident of Browns Point or Dash Point to participate in the survey?
  - A: The survey asks about residency status, either live, work, or neither. Results can be screened/sorted by residency status.
- Are you working with the Tribes? What role do they have in the study?
  - A: The Puyallup Tribe has been contacted and is aware of the study and been offered the opportunity for input via a focus group. So far, they have not expressed interest in a focus group.
- What is the difference between a city and a township and why are both being used to describe Browns Point and Dash Point?
  - A: Should Browns Point and Dash Point incorporate into a single jurisdiction, that entity would be classified as a city under Washington state law.
- Do you have examples of other small cities you're looking at for comparison?
  - A: Eatonville, Fircrest, Roy, and potentially other small Pierce County cities are being looked at.
- What about the part of the area which is currently incorporated as part of Tacoma?
  - A: The study is only looking at the areas which are currently unincorporated.

- What are the variety of ways cities can generate revenue?
  - A: There are different layers of taxes – property and sales being the largest– all of which contribute toward the provision of different services. This will be laid out in the report.
- Will the study provide details as to how a city can generate enough revenue to balance out expenses (revenue streams)?
  - A: Yes, the study will answer the question, If the study area were a fully operating city, would its revenue be adequate to cover its expenses to meet or exceed existing levels of service?

Appendix J: Summary of revenue resources available for local governments

This appendix provides an overview of revenues sources available to local governments in Washington. Details on the capacity, structure, and restrictions for each source are available through the Municipal Research and Services Center of Washington (MRSC), including the Revenue Guide for Washington Cities and Towns.[40]

Washington state taxation

There are two basic categories of taxes in the state – property taxes and excise taxes. Property taxes are the oldest form and largest single revenue source for many local governments. Excise taxes have the broadest categories, with sales tax being the most significant.

Restrictions have been imposed on property taxes over time. State taxing power has changed during this time through the imposition of a variety of excise taxes allowing local jurisdictions to diversify their revenue streams. Early occupation taxes were levied and expanded to impose retail sales tax and new business and occupation taxes by 1935. The state granted authority to cities and counties to impose a sales and use tax of 0.5% for general local government purposes in 1970, resulting in the combined 1% still in place today.

How taxes are generated and calculated

Property taxes and sales and use taxes

Washington state has a budget-based property tax structure. Within this framework, as part of their annual budget process, local governments and other taxing districts establish the total dollar amount of property tax revenue they aim to generate for the year and then decide the levy rate that applies to property owners based on the total assessed valuation (AV) of all properties. Properties are taxed by their tax code area, which includes combinations of overlapping taxing districts. Taxing districts are government units with property tax authority. There are limits to the aggregate levy rate within a tax code area. Jurisdictions can also use pro-rationing, which establishes levy hierarchies, or buy-down agreements, paying another taxing district to reduce its levy, if they exceed or will exceed the levy limits.

The state imposes a 6.5% sales tax. Cities, counties, and other taxing districts can impose local sales taxes on top of the state rate. For many cities and towns, sales taxes represent the first or second largest revenue source within their general fund. Given the growth in online shopping, in 2008 the state adopted a destination-based sales tax system known as the “streamlined sales tax” in which the location where sales tax is calculated is considered the destination.

Property taxes and sales taxes are imposed differently, which impacts revenue streams. Property taxes are based upon changing property values and must be re-calculated and re-imposed every year, while excise taxes remain in effect on all taxable events upon adoption. Sales taxes can be especially advantageous for cities with significant shopping, commercial centers, and tourist attractions; however, they are also sensitive to economic conditions and have a disproportionate burden on households with lower incomes.

[40] https://mrsc.org/getmedia/d3f7f211-fc63-4b7a-b362-cb17993d5fe5/Revenue-Guide-For-Washington-Cities-and-Towns.pdf?ext=.pdf

Excise taxes
Any city or town may impose a variety of taxes and fees upon local businesses and utility companies, including business and occupation (B&O) taxes, utility taxes, and business license fees. B&O taxes and utility taxes are major revenue sources for cities. B&O taxes are less common than utility taxes.

Additional excise taxes include:

- **Lodging tax** – Any county, most cities, and certain public facilities have the authority to levy lodging taxes. There are two tax options, a basic and additional lodging tax and these may be imposed in addition to tourism promotion area fees.
- **Real Estate Excise Taxes (REET)** – The state levies a real estate excise tax (REET) upon all sales of real estate. The tax rate used to be a flat 1.28%, but effective January 1, 2020, the state implemented a graduated tax scale based on the selling price of the property, with the sale price thresholds adjusted on a four-year schedule. A portion of the proceeds are deposited into the public works assistance account for loans and grants to local governments for public works projects; the city-county assistance account for distribution to qualifying cities and counties; and the education legacy trust account for the support of the common schools, expanding higher education and other educational improvement efforts. Counties can impose local real estate taxes on top of the state rate. REET revenues can be somewhat volatile since they depend on both the volume and value of real estate sales.
- Counties and cities can impose a range of other excise taxes such as event admissions tax and commercial parking taxes.

Intergovernmental revenues
State and federal governments also provide intergovernmental sources of funding for local government programs. State shared revenues are generally revenues distributed to cities, towns, and counties by a formula set in state statute or appropriated by the Legislature through the state budget process. These revenue streams depend on the federal and state legislative process, the economy and political factors.

Special taxing districts
Counties and cities have the option to form special taxing districts to generate additional revenue or shift funding sources. For most of these districts, the county legislative body serves as the governing body, though some may be governed by elected commissioners or by interlocal agreement. Cities have the option to form certain special taxing districts, generally corresponding with the city's boundaries. In addition, cities can annex into existing library districts and fire protection districts or join with other fire protection jurisdictions to form regional fire authorities, all of which have revenue impacts especially in property tax levy rates. Some of the special taxing districts may be organized as a separate governmental entity or may be structured as an extension of the city's existing operations.

Other revenue sources

Counties can establish other revenue resources, including departmental fees, charges and reimbursements, particularly as charges for services by county departments. Some fees may be retained by the county, while others are transmitted to the state or distributed among all counties. Impact fees can be imposed by both counties and cities, authorized for jurisdictions that are fully planning under the Growth Management Act, onto developers to mitigate the impacts of facilities due to increased demand from new development or growth.

Local governments can also secure resources by borrowing money for operations and capital investments. The mechanisms are either short or long-term and can be repaid through tax revenues, user fees or special assessments.

Municipal debt

Cities and towns also have access to funds through municipal debt. Additional information on the types of municipal debt, bond capacity, and limitations can be found through MRSC's resources.[41]

Cities may leverage:

- **General obligation bonds**, some of which may be issued by a vote of the legislative body and some of which require voter approval.
- **Revenue bonds** may be issued to finance projects for self-supporting enterprises, most commonly water and wastewater projects, and stormwater systems.
- **Improvement district bonds**, which are commonly used for projects such as street improvements, sidewalks, and water and sewer systems the primarily or wholly benefit only a subset of residents.
- **Refunding and advance refunding bonds** which are issued to replace and refinance outstanding general obligation or revenue bonds.
- **Private activity bonds** or the Bond Cap Allocation Program are tax-exempt bonds often issued by pubic development corporations formed to finance non-governmental activities.

There are limits to the borrowing power of local governments that are based on both constitutional and statutory restrictions and based on a percentage of the assessed valuation of the taxable properties within each jurisdiction. Additionally, federal law establishes rules about the tax status of government securities and the process for issuing and disclosing debt obligations. The debt limit is expressed as a percentage of the taxing district's total assessed value of taxable properties. Debt limits also restrict how much of this capacity can be used for various purposes.

[41] https://mrsc.org/explore-topics/finance/debt/types-of-municipal-debt

Appendix K: Methodology

Financial feasibility

The results of the analysis, based on the data and assumptions outlined in this report, are presented in the following sections. Detailed information on data sources, assumptions, and methodologies for each scenario is provided in **Appendix A** and **Appendix B**. The analysis projects revenues and expenditures using anticipated growth in population, housing units, and employment. The medium growth scenario reflects historical trends, which have shown minimal variation in growth rates since 2010. Given that Dash Point and Browns Point are small communities with limited vacant or re-developable land, growth in population, housing, and employment are expected to remain low and near historical growth rates.

Financial analysis assesses the study area's first fully operational year after incorporation and the next nine years. The analysis assumes 2026 to be the first full year of cityhood but does not adjust for inflation, so the financial analysis can be replicated using alternative initial years. Projected growth is the sole variable that drives changes to annual revenues or costs within the study area. Projections are presented through 2035.

The methodology excludes analysis of the year in which incorporation takes effect, based on the assumption that the study area would become operational partway through its inaugural year. Instead, the financial analysis begins with the first full fiscal year of operations. Additionally, the cash flows and one-time revenue sources associated with interim operations during the inaugural year are not expected to impact the larger question of long-term financial feasibility.

Among the many issues a newly incorporated city must consider is that some services may be contracted initially, and some equipment may be leased or purchased on credit. Some of the most critical factors to consider include:

- Partial-year operations
- Transition to cash flow of key revenues, such as property and sales tax
- Initial cost of space and equipment
- Arranging for contracts for continued service
- Adoption of interim codes and ordinances
- The cost of developing a comprehensive plan and associated environmental assessments.

Services

Some of the services that cities provide are essential or core services and others are discretionary. The city council determines which services to provide, and at what level.

For the purposes of this study, the following city services are identified as core or discretionary:

Core (non-discretionary) services and facilities

- Building and planning
- City administration
- Fire
- Police
- Sewer
- Solid waste
- Streets and sidewalks

- Wastewater
- Water

Discretionary services and facilities
- Parks and recreation
- Human services
- Library
- Bicycle facilities
- Transit support facilities

Discretionary services are not funded in this incorporation analysis. While parks and recreation services within the study area are currently managed by Parks Tacoma, a metropolitan parks district serving Tacoma and some surrounding areas, the report includes a discussion of parks and recreation services to provide information on the revenues and costs. Funding for human services and bicycle facilities would be determined by the potential city as revenues allow. Transit support facilities are provided by Pierce Transit. Libraries are provided by the Pierce County Library System. The area is also served by Dash Point State Park.

Cities also will decide which core services will be provided by other government agencies, by contracts, or by city employees.

Other factors

State law lists factors the Boundary Review Board must consider when contemplating a proposed incorporation. This analysis focuses on the financial feasibility of the study area if it were to incorporate, and not the elements to be reviewed by the Boundary Review Board. However, these factors are listed below. According to RCW 36.93.170:

> "In reaching a decision on a proposal or an alternative, the board shall consider the factors affecting such proposal, which shall include, but not be limited to the following:
>
> (1) Population and territory; population density; land area and land uses; comprehensive plans and zoning, as adopted under chapter 35.63, 35A.63, or 36.70 RCW; comprehensive plans and development regulations adopted under chapter 36.70A RCW; applicable service agreements entered into under chapter 36.115 or 39.34 RCW; applicable interlocal annexation agreements between a county and its cities; per capita assessed valuation; topography, natural boundaries and drainage basins, proximity to other populated areas; the existence and preservation of prime agricultural soils and productive agricultural uses; the likelihood of significant growth in the area and in adjacent incorporated and unincorporated areas during the next ten years; location and most desirable future location of community facilities;
>
> (2) Municipal services; need for municipal services; effect of ordinances, governmental codes, regulations and resolutions on existing uses; present cost and adequacy of governmental services and controls in area; prospects of governmental services from other sources; probable future needs for such services and controls; probable effect of proposal or alternative on cost and adequacy of services and controls in area and adjacent area; the effect on the finances, debt structure, and contractual obligations and rights of all affected governmental units; and
>
> (3) The effect of the proposal or alternative on adjacent areas, on mutual economic and social interests, and on the local governmental structure of the county."

Comparable cities

This analysis uses the comparable city method to develop estimates for most costs and revenues for the study area. The method is based on the principle that revenues and costs of another city comparable to the study area are reliable indicators.

The indicators and comparable cities considered for this study are further explained in **Appendix C**.

The next step involves aggregating and analyzing data on key indicators for cities in Pierce County that are roughly comparable to the study area in terms of size and composition. To identify appropriate comparison cities, data on population, housing units, employment, land area, assessed property values, and household income were collected for all Pierce County cities. These metrics were then compared to those of the study area, with particular emphasis on population, housing units, land area, and median income. Based on this analysis, Eatonville and Ruston were selected as the primary comparison cities.

To estimate study area revenues and costs, the analysis converts municipal budget data from the City of Ruston and Town of Eatonville to per capita revenues and costs, and those per capita values are multiplied by the study area's population. It is important to note that using per capita costs of a comparable city assumes that the hypothetical incorporated city will receive levels of service similar to the comparable city for each service.

When using the comparable city method, the current and future population for the study area becomes an important consideration. **Appendix B** provides the detailed analysis employed to estimate current and forecasted population for the study area. In some budget areas, a custom approach is used in lieu of the per capita comparison. The analysis uses data specific to the study area whenever possible or uses an alternative per capita comparison that better reflects the study area to better estimate potential revenues and expenditures. These alternative approaches include using the study area's assessed values to estimate property taxes, and taxable retail sales to estimate sales and use tax revenues.

Additional methods

Some of the study area's characteristics, expenditures, and revenues can be estimated more accurately using methods other than the comparable city method. Estimation of key baseline data and budget items benefits from data specific to the study area.

Population and development

Data on population and housing units for the study area are sourced from the Washington State Office of Financial Management's Small Area Estimates Program. Detailed methods and data sources for both baseline and forecasted population, housing units, and employment are documented in **Appendix B**.

Property tax

Property tax revenue projections for the study area are based on the assessed valuation of existing buildings and land, estimates of the value and tax revenue from new construction, and an assumed millage rate. These projections are customized for the study area using 2025 Pierce County Assessor data and GIS parcel information.

Sales tax

The amount of sales tax revenue received by a city is largely determined by the volume of sales made by businesses within its boundaries. In 2008, the state adopted a destination-based sales tax system under the Streamlined Sales and Use Tax Agreement, which allocates local sales tax revenue based on the point of delivery rather than the location of the business or warehouse. Given the significant difference in business activity between the study area and Ruston and Eatonville, sales tax revenue is not estimated using the comparable city method. Instead, retail sales tax projections for the study area are based on direct data on taxable retail sales and sales tax collections provided by the Washington State Department of Revenue.

Real Estate Excise Tax

Real Estate Excise Tax (REET) revenue estimates are based on projected property sales within the study area, as well as the assessed value of existing residential and commercial properties.

Transportation impact fees

Transportation impact fee revenues are estimated using the current impact fee rates charged by Pierce County, as the analysis assumes an incorporated study area would be able to charge the same rate.

Capital costs

Capital costs vary significantly between cities due to a range of local factors, including the age and condition of existing infrastructure, service level standards, and growth rates. Because Eatonville and Ruston's capital expenditures are tailored to address their own infrastructure needs and deficiencies, their budgets are not reliable indicators of the study area's capital cost requirements. As a result, this analysis relies on Pierce County's assessment of current conditions and future infrastructure needs within the study area.

Data Sources

The data used in this study are sourced from state, regional, and local sources:

Population, housing, and employment

- Pierce County
- Puget Sound Regional Council
- Washington State Office of Financial Management
- U.S. Census Bureau

Revenues and expenditures

- City of Ruston
- Town of Eatonville
- Pierce County
- Washington State Department of Revenue
- Municipal Research and Services Center of Washington (MRSC)[42]

[42] MRSC is a nonprofit that helps local governments across Washington by providing legal and policy guidance.

Assumptions

The findings in this study depend on a combination of data and assumptions. Understanding the specific assumptions, which are identified throughout the report, is important to reading the findings of the study.

Levels of service similar to comparable city

The financial responsibility of incorporation has been assessed based on the assumption that a hypothetical incorporated study area would offer levels of service similar to those currently provided by the comparable cities of Ruston and Eatonville, given similar levels of taxation in the Study Area.

Responsibility for services and facilities

When an area incorporates as a city, the responsibility for governmental services and facilities falls into three categories:

- Services that remain the responsibility of existing government agencies
- Services that become the responsibility of the new city
- Services that the city can choose to provide itself or contract with an existing government agency to provide

Additionally, a new city does not necessarily have to provide services that become its responsibility, if the city ensures these services are still provided through a contract with an existing government agency. For this study, such services are assumed to be provided by the newly formed city. While the new city may choose to contract with another agency rather than hire employees, the city is ultimately responsible for ensuring service delivery. For example, the city could choose to contract with a local jurisdiction to provide municipal court services within the newly incorporated community, or it could choose to establish a city-run municipal court. Other services that are often contracted by cities include law enforcement and animal control. Whether the city elects to contract for services or provide them directly, these services are considered to be the responsibility of the city and provided by the city.

Service areas that existing agencies will continue to provide:

- Public health—Tacoma-Pierce County Health Department
- Schools—Tacoma Public Schools
- State roads—State of Washington
- Transit—Pierce Transit

Service areas to be provided by new city upon incorporation:

- Land use planning and regulation
- Streets and roads
- Stormwater
- Administration (city council, mayor, city clerk, attorney, finance, personnel)

Services the new city can choose to provide directly or contract with existing agencies to provide:

- Law enforcement (police, jail, courts, animal control)—Pierce County
- Fire protection and emergency medical services—Pierce Fire Protection District #13
- City parks and recreation—Parks Tacoma
- Library—Pierce County Library District
- Solid waste collection—Murrey's Disposal
- Water—City of Tacoma
- Sewer—Pierce County Planning and Public Works Sewer Division

Population and housing

Analysis includes three forecasts of growth rates using data from the Washington State Office of Financial Management, Pierce County, Puget Sound Regional Council, and U.S. Census Bureau. The methodologies used for these forecasts are described in **Appendix B**.

Revenues and expenditures

This study assumes that taxes, fees, and charges will remain at approximately the same levels as those in place at the time of analysis. The property tax and sales tax bases are calculated based on existing real property values and current economic activity within the study area. Additional revenues are projected based on anticipated growth and include sales tax from new construction and consumer spending, property tax from new development, and Real Estate Excise Tax revenue from expected market turnover. Revenue sources not present in the study area are included only if they are both used by the comparison cities and commonly adopted by cities throughout Pierce County.

Projections of revenues and costs for determining financial feasibility within this study should be conservative to avoid overestimating the financial feasibility of the study area to successfully operate as a city. **This means that when uncertain, the financial analysis errs on the low side for revenues and the high side for costs.**

Fund accounting

Local government revenue comes from various sources, some of which can be used for a range of purposes, while others are restricted to specific uses. To track the purpose and restrictions of each revenue source, government agencies create distinct funds. Unrestricted funds are placed in the general fund, while funds designated for specific uses, such as stormwater or street maintenance, are placed in dedicated accounts. The term "fund" refers to an account used for tracking revenue and expenditures, not a source of revenue itself. Throughout this analysis, the fund associated with each revenue and expense forecast is clearly identified.

Government agencies typically manage numerous individual funds, with varying names. Additionally, cities often use internal service funds and interdepartmental cost allocations, which are excluded from this analysis. Though the net effect of these allocations is zero, they can influence the financial feasibility of individual funds. This is not a detailed discussion of internal service funds and interdepartmental cost allocations. For simplicity, the financial analysis in this study focuses on:

- General fund
- City street fund
- Real Estate Excise Tax fund
- Surface water management fund

Appendix L: Incorporation process

The state of Washington, through provisions of RCW 35 and 35A, outlines steps for the creation of new cities through a petition process initiated by residents in the area proposed to be incorporated.

Any contiguous area with at least 1,500 residents may propose incorporation. Any area within a county that plans under the Growth Management Act may incorporate only if it lies within a designated urban growth area (UGA) (RCW 36.93.150(2)). Effective June 30, 2028, if the proposed area of incorporation is within five (air) miles of the boundaries of a city with a population equal to or exceeding 15,000 residents, the proposed area must have a minimum of 3,000 inhabitants.

Incorporation process

Incorporations must occur within designated UGAs. In 1994, the Legislature adopted Laws of 1994, Chapter 216 (SHB 2176), which changed the process for the handling of petitions. The bill also established and outlined a priority procedure for competing annexations and incorporations, whereby annexations initiated within 90 days of the start of the incorporation process would have priority over the incorporation effort. Interested persons or groups determine the boundaries to be proposed for a new city, form of government proposed, etc. The process set out in the statutes:

- Proponents, who must be registered voter(s) residing in the proposed city, file notice of the proposed incorporation with the county legislative authority. The notice must include the information required to be included in the incorporation petition under RCW 35.03.030 and requires a filing fee (RCW 35.02.015).
- The county legislative authority notifies the boundary review board (BRB) of the incorporation notice.
- Within 30 days of the notice being filed, the BRB holds a preliminary public meeting regarding the incorporation notice, which gives the general public an opportunity to voice their feedback, whether in favor of or opposition to the proposed incorporation (RCW 35.02.015).
- The County auditor assigns an identification number within one working day after the public meeting (RCW 35.02.017). Proponents must finalize the legal description to be used on the petition at that time.
- Proponents of incorporation seek signatures on the petition. The petition of incorporation must be signed by at least 10% of the number of voters residing within the proposed city or town and filed with the auditors of the county no later than 180 days after the date of the public meeting on the proposed incorporation (RCW 35.02.020 as amended by SHB 2176).
- Once the auditor certifies the sufficiency of the petition, the petitioner files a formal notice of intention of the proposed incorporation with the BRB (RCW 35.02.037).
- Once the jurisdiction of the BRB has been invoked per RCW 36.93.160(1), the BRB schedules a public hearing.[43] The board is required to give at least 30 days advance notice of the hearing, and to post and publish notices regarding the hearing in the area affected.
- If the Board invokes jurisdiction, it holds hearings, conducts studies and makes a recommendation about the proposal. The BRB may amend boundaries pursuant to statutory requirements and criteria as part of its approval (RCW 36.93.010 et seq., as amended by SHB 2176). The BRB must file its written decision within 40 days of the conclusion of the hearing (RCW 36.93.160(4)).
- The county legislative authority sets the election date at the next special election held at least 60 days after Board action (RCW 35.02.078 as amended by SHB 2176).

[43] Washington State Boundary Review Board for Pierce County: Practice and Procedure, Article IV, Section A.2, February 2012. https://www.piercecountywa.gov/DocumentCenter/View/5848/BRB-Practice-And-Procedure

Information required in petition to incorporate

RCW 35.02.030 requires that a petition to incorporate:

- Indicate whether the proposed city shall be a non-charter code city operating under RCW 35A, or a second-class city operating under RCW 35.
- Indicate the form or plan of government the city or town is to have (mayor-council or council-manager).
- Set forth and particularly describe the proposed boundaries of the proposed city.
- State the name of the proposed city.
- State the number of inhabitants therein, as nearly as may be.
- "Pray" that the city be incorporated.

Role of the boundary review board

The BRB was created by RCW 36.93.030. The statute establishes local independent review agencies to facilitate and regulate municipal and special district boundary changes, either by annexation or incorporation, for counties with a population of 210,000 or more. The BRB may review any proposal pertaining to the creation, incorporation, or change in the boundary, other than a consolidation of any city, town or special purpose district (RCW 36.93.090).

The BRB is tasked with reviewing certain annexations to cities and special purpose districts, incorporations of new cities, and the creation of new special purpose districts.

The BRB is to act in a manner consistent with the GMA, particularly regarding the urban/rural line. The BRB cannot allow the annexation or incorporation of rural areas.

While the BRB is required to review any proposed incorporation or other action as outlined above in the county in which it is located, it does not formally do so unless certain events occur within 45 days of the filing of a notice of intention by the jurisdiction proposing the action (RCW 36.93.100).

For its final decision, the board is required to attempt the following objectives, as provided in the statute:

> "Preservation of natural neighborhoods and communities; Use of physical boundaries, including but not limited to bodies of water, highways, and land contours; Creation and preservation of logical service areas; Prevention of abnormally irregular boundaries; Discouragement of multiple incorporations of small cities and encouragement of incorporation of cities in excess of ten thousand population in heavily populated urban areas; Dissolution of inactive special districts; Adjustment of impractical boundaries; Incorporation as cities or towns or annexations to cities or towns of incorporated areas which are urban in character; and Protection of agricultural and rural lands which are designated for long term productive agricultural and resource use by a comprehensive plan adopted by the county" (RCW 36.93.180).

The BRB may do any of the following in response to an incorporation proposal:

- Approve the proposal as submitted.
- Modify and approve the proposal by adding or deleting territory.
- Disapprove a proposal of an area of less than 7,500 population.
- Recommend against incorporation of an area with a population of 7,500 or more.

Pierce County boundary review board

In addition to carrying out statutory procedural requirements, each boundary review board adopts its own rules of practice and procedure. In accordance with state law, the BRB for Pierce County has established procedures to make arrangements to hold a public meeting within 30 days after the Pierce County Council receives a notification of proposed circulation of incorporation proceedings. [44] This includes coordinating with the advocate(s) on the schedule and publishing notice of the meeting. The primary purpose of the public meeting is to engage the proponent(s) who filed the notice of the incorporation and members of the proposed incorporation community by exchanging information and feedback. The meeting is required to be in the evening at a location proximal to the proposed new city incorporation and is not required to include a quorum of the BRB.

The Pierce County BRB has outlined a format required for a notice of intention for incorporation proposals.[45] The required documentation includes:

- A brief description of and reason for seeking the proposed action, to include a statement of the method used to initiate the proposed action (i.e., petition or election method), and the complete RCW designation.
- The original petition calling for the incorporation/formation with a letter of certification from the Pierce County Elections Department.
- A copy of the declaration and current State Environmental Policy Act checklist with adequate explanations to answers.
- The legal description of the boundaries of the area involved in the proposed action.
- Maps: Pierce County Assessor's quarter section map and required vicinity maps.

Further, a study of the proposed incorporation is required sufficient to support the BRB's review of factors affecting the proposal. This study also can inform voters and may be useful to new city officials. The board must consider the following factors as outlined in RCW 36.93.170:

- **Overview:** population of proposal area (what percentage is the population of proposal to unincorporated Pierce County); territory (number of acres); population density; assessed valuation.
- **Land use:** existing land uses and uses permitted under current plans and policies.
- **Planning data:** revenues and expenditures (provided through budgets and transition plans); information on service providers (water, sewer, fire service, community).
- **General:** analysis and description of the effect of the proposal on adjacent areas and on the local government structure of the county or any service district; description of the topography and natural boundaries of the proposal; information on how much growth has been projected for this area during the next 10-year period.[46]

Finally, the intention documentation must describe how the proposal meets the objectives of RCW 36.93.180.[47] The same chapter provides guidelines for BRBs to use in pursuing the state objectives.

Differences between incorporation and annexation

Effectively, incorporation is the act of creating a new city and annexation is the process by which a specific area becomes part of an existing city. Pursuant to state laws, cities and residents ultimately have final say on

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[44] Washington State Boundary Review Board for Pierce County: Practice and Procedure, Article IV, Section A.2, February 2012.
[45] Notice of Intention Format (Incorporations/Formations) As Amended May 11, 1999.
[46] Pierce County Notice of Intention Format, May 1999.
[47] Pierce County Notice of Intention Format, May 1999.

an incorporation or annexation. Both processes can be initiated by residents of the area subject to incorporation or annexation. [48]

In the case of new city incorporations, the BRB oversees preparation of an impartial consultant study to assess the financial feasibility of the proposed new city. After the study, the BRB holds a public hearing, establishes final boundaries, and makes a recommendation to the voters, who make the final decision in an election on the incorporation.

For annexations, the BRB notifies all potentially interested jurisdictions of the action but holds a hearing only if the action is contested. The request for a hearing and BRB review must come from an affected jurisdiction or from residents or property owners by petition. After the hearing in contested cases, the BRB may approve, deny, or modify the boundaries of the proposed annexation, merger, or other boundary action.

[48] Annexations

Appendix M: Implementation considerations for incorporation

This section summarizes important considerations for incorporation of a new city. It documents the forms of government newly incorporated communities in Washington can establish, including organizational roles and responsibilities. Additionally, it reviews the potential impact of the form of government on the incorporation process and provides overviews of the interim transition period as the new government is established.

Classification types and forms of government

The incorporation proposal for a proposed new incorporation area must indicate the type of city that will be created both in terms of the plan for the city classification designation and the form of government. Specifically, the Petition for Incorporation to the county governing body must indicate whether the proposed city or town will be a non-charter code city[49] operating under Title 35A RCW or a second-class city operating under Title 35 RCW and the proposed form or plan of government.

The classification types depend in part on the size of the municipality at the time of incorporation or reorganization and include:

- First-class cities have a population greater than 10,000 at the time of organization and have adopted a charter.
- Second-class cities have a population greater than 1,500 at the time of organization and are not code cities operating under RCW 35A.
- Towns have a population less than 1,500 at the time of organization and are not code cities operating under RCW 35A. As RCW 35.02.010 requires a minimum population of 1,500 to incorporate, new towns can no longer be incorporated.
- Code cities operate under RCW 35A. In addition to new cities incorporating as a code city, existing cities or towns may reorganize as a code city (RCW 35A.02). According to MRSC, most cities in Washington are code cities.[50]

The classification of the city affects the authority of the municipality in general, as code cities enjoy more autonomy in matters of local concern while second-class cities have more limited powers, including only those expressly granted to it by statute.[51] The city classification also impacts the framework of the statutory rules regarding the form of government, including the powers of the mayor, the size of the city council, and required appointed positions.[52] Code cities and first-class cities are authorized to perform any function not specifically denied by state law, whereas second-class cities and towns have only those powers expressly granted to them by the Legislature.[53]

Municipal forms of government

There are two forms of government provided to code cities under the Optional Municipal Code — the mayor-council form (RCW 35A.12 for code cities and RCW 35.23 for second-class cities) and the council-manager

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[49] Any non-charter code city with population 10,00 or greater may adopt a charter and become a charter code city (RCW 35A.70.010). Code city as defined by RCW 35A.01.035 includes both non-charter code city and charter code city.
[50] Washington City and Town Profiles
[51] Municipal Research and Services Center (MRSC), MRSC Code City Handbook, 2009,
[52] MRSC Code City Handbook, 2009, pages 9, 13.
[53] MRSC Code City Handbook, 2009, p. 4.

form (RCW 35A.13 for code cities and 35.18 for second-class cities). The primary difference between these plans is the allocation of powers between the legislative and executive officials.

The mayor-council form is the oldest and most widely used form of government in the state and is used by many community types (such as large, small, urban, and rural). The mayor and city council members are both elected city positions, who must comply with requirements for residency and voter registration. The mayor serves as the chief executive and administrative officer and ceremonial head of state while the city council adopts and enforces ordinances, provides services, and levies taxes. Appointments are required for the positions of city clerk and chief law enforcement officer. A hybrid version of this municipal form exists in which a chief administrator or city manager is hired, creating separate roles for political representation and professional administration of city operations.

Many medium-to-large sized cities in the state use the council-manager form of government, including many new cities that have formed since 1970. In this form, the city council members are the only elected positions, and they are responsible for policymaking as well as appointing a professional city manager, who serves as the chief executive and administrative officer. The city council is not allowed to interfere with the city manager's administration but may vote for their termination. The form was designed to enhance the professionalism and efficiency of the city's administration. The city manager is required to be selected based on administrative and executive qualities, as the structure is based on a business model, such as a corporate board of directors appointing a chief executive officer. [54]

Municipal forms adopted in Washington and Pierce County

There are currently five second-class cities in Washington, all operating under the mayor-council form and all located in the eastern part of the state. Most new cities created by incorporation since 1970 (16 out of 17) have been formed under the council-manager system. After incorporation, three of those 16 have switched to mayor-council form of government. According to MRSC, since 1970 about two-thirds of cities that have successfully switched forms of government have switched to the council-manager form.[55]

According to MRSC, of the 23 municipalities in Pierce County (including three that straddle both Pierce and King counties), 17 (74%) follow the mayor-council form of government, with the remaining six the council-manager form. The cities of Edgewood, Lakewood, and University Place were all incorporated in the 1990s and all three incorporated under the council-manager form. The City of Edgewood switched to the mayor-council form of government in 2014 after incorporating in 1996.

For comparison to the study area, Ruston and Eatonville are both municipalities in Pierce County that follow the mayor-council form of government. Eatonville was incorporated as a town in 1909. Ruston was incorporated as a city in 1906 but converted to a non-charter code city under RCW 35A in 2012, although it continues to use the moniker "Town of Ruston."

Considerations for the incorporation process

The number of cities created through incorporation in Washington increased significantly during the 1990s, fueled in part by increased growth and development, particularly in the Puget Sound area, as well as by the passage of the GMA. The GMA equipped localities with more tools to provide adequate services for further

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[54] "City and Town Forms of Government." Municipal Research and Services Center of Washington. Last update January 7, 2025.
[55] "City and Town Forms of Government." Municipal Research and Services Center of Washington. Last update January 7, 2025.

development. Incorporation also gives communities greater autonomy to determine their character and the level of services.

In addition to shaping how cities determine those objectives and how they aim to achieve them, the planned form of government can also impact how the incorporation petition communicates to the BRB on how incorporation will meet statutory objectives. The Pierce County Boundary Review Board, as part of its review of an incorporation proposal, requires documentation be provided in the Notice of Intention to incorporate which addresses the following considerations as outlined in RCW 36.93.170:

- A description of the population and territory of the area, including population density, land area and uses, assessed valuation, proximity to other populated areas, and likelihood of significant growth in the area, amongst others.
- Comprehensive plans, zoning, and development regulations adopted, as well as interlocal, service, or annexation agreements.
- Municipal services to be provided, how they will be provided and by whom, the cost of doing so and potential sources of funding to cover that, and the effect of these on other governmental units.
- The impact of the proposal on adjacent areas, economic and social interests, and the local governmental structure of the county.

Incorporation transition period and formation of new government

During the interim or transition period, the new city must be organized, staffed, and funded. To do this, basic municipal functions are provided through a city council governing body per RCW 35.02.130, including the provision of local services. Under a council-manager format, the municipal framework is established by the selection of a presiding officer. In the mayor-council format, the mayor is the formal presiding officer.

In the council-manager plan, a city manager is hired and given the authority to hire the administration staff. Under the mayor-council format, a chief administrator can also be hired and division of responsibilities between the mayor and chief administrator clarified.

A salary schedule for the interim period will be established either through ordinance or application of the statutory compensation schedule in RCW 35A.12.070 and 35A.13.040, which sets a salary formula by size of community and type of position. In the council-manager form, the council directs the interim manager to prepare the preliminary first-year budget. In the mayor-council form, the mayor prepares and sets the preliminary first-year budget.

Overview of incorporation transition

Timeline of incorporation and transition

The major steps after the successful election on an incorporation proposal are:

- Before the election of the officials, the formation of an informal or transition group can begin the planning process. This working group can help facilitate the city's development, including organizing pre-officer election activities and workshops for candidates to discuss issues that will face the interim council. Resource partners, such as the Association of Washington Cities, MRSC, and neighboring cities can also provide information and assistance.
- Elections of officials:
    - The primary election will be held at the next special election after the election for incorporation.

- After the primary election at the next special election date, an election is held to fill elective positions per statutory requirements (RCW 35.02.086, 29A.52.355, 35.02.110, 29A.04.330, RCW 35.02.125).

- The interim period is the time between when the newly elected officials are elected and the official date of incorporation. During this time, the interim city council has statutory authorizations and can work to plan and implement the community's transition to a city (RCW 35.02.130).
- The official date of incorporation is set and specified in a resolution adopted by the City Council and may be anywhere between 180 and 360 days after the date of the incorporation election (RCW 35.02.130).

Interim period

During the interim period, the elected officials are authorized to:

- Adopt ordinances, contracts, State Environmental Policy Act policies, property tax levies, development moratoria, and budgets, which will become effective from the date of incorporation
- Borrow funds or issue short-term notes, either based on tax or revenue anticipation notes or by borrowing from federal, state, and other governments as if the city were officially incorporated
- Acquire city facilities and equipment as needed
- Hire staff, including an interim city manager or administrator who may serve up until the date of incorporation
- Submit ballot propositions to authorize taxes to take effect from the date of incorporation
- Authorize an annexation of the city or town by a fire protection district or library district (RCW 35.02.130)

The interim council could give the highest and most immediate priority to ensuring the effective continuation of local public services, while deferring critical long-term decisions until competent, professional, legal and administrative advice is obtained.

There are several laws to which the interim city council is subject (RCW 35.02.130) during the interim period, including but not limited to those related to immunity for discretionary decisions (RCW 4.24.470); open government (RCW Title 29B), open public meetings (RCW 42.30), and public records (RCW 40.14); ethics and conflicts of interest (RCW 42.20 and 42.23) and liability insurance (RCW 36.16.138), as well as others related to public contracts, bidding, and interlocal cooperation.

Organizing city government

To begin organizing the governmental framework, the newly elected interim city council identifies a presiding officer and rules of procedure. Staff critical to facilitating the city's transition are hired. In the council-manager form of government, this can include hiring the city manager, who (if provided hiring authority) can begin to fill out the city's administrative infrastructure. Other positions can be hired during this period, such as the city clerk, treasurer/financial officer, and city attorney. Related personnel policies are also addressed, such as the salary schedule, which can be set by ordinance or follow RCW 35A.12.070; 35A.13.040 (MRSC 2013).

Financial management

The city then starts to establish financial management policies and practices, including an accounting system and funds to pay for expenses. The interim city council can borrow funds through tax or revenue anticipation notes and borrowing from other governmental entities to help finance various city costs (MRSC 2013).

Budget process

The interim council adopts a provisional budget for the interim period and a second provisional budget if the interim period extends into the next calendar year. The council must also adopt a first-year budget (RCW 35.02.132).

Municipal services

The interim city council must determine the services, level of service, and service delivery methods for a variety of services to be provided initially, with some considerations for future services. For example, the newly incorporated community can continue contracts with the county for the provision of police protection or establish a city police department. During the interim period, counties or other service districts providing services to the area remain responsible for continuing to do so up until the date of incorporation, and for law enforcement and road maintenance services, for up to 60 days beyond that to give the new city sufficient time to begin receiving sales tax or road tax levies.

Formal incorporation date

The official date of incorporation is a critical decision that impacts a city's first year of operations. The decision requires allowing adequate time for completing the interim period duties, in addition to considerations involving maximizing the revenue flow to the new city as soon as possible and taking advantage of county-provided services for as long as possible.