Annexation by ILA

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Presentation Agenda

- ILA Methods
- Example 1: City of Lacey
- Example 2: City of Chehalis
- Example 3: City of Vader
- Q&A

Why Annexation?







Why Annexation?

- GMA intended UGAs be annexed but stopped short of requiring annexation
- 30 years of development without annexation
- Cities typically annex commercial & industrial – sale tax
- Cities don’t typically annex residential – counties left with planning and maintenance

Why Annexation?





Suburban Sprawl





Why Annexation?

- BETTER practice – cities should annex BEFORE development
- What can counties do?
  - Reduce UGAs to **ONLY** 20-year growth capacity
  - Approve preliminary not final plats
  - Change undeveloped UGA to Urban Reserve
  - Require annexation of developed UGA before UGA expansion

Interlocal Agreement Methods

In March 2020, the state legislature passed SB 5522, amending Chapter 35A.14 RCW to create a new method of annexation for code cities. The new method became available starting June 11, 2020.



ILA – 2 Methods

RCW 35A.14.296

RCW 35A.14.472

RCW 35A.14.296

- Code Cities only
- Requires 30-day notice to adjacent city with common primary access, fire districts/regional fire authorizes, water-sewer districts and transportation benefit districts – party to the annexation
- 4 weekly notices with agreement available for review
- Public Hearing (separate or joint)
- Ordinance used to effect annexation – appeal period
- Maintain residential zoning designations for 5 years and no gross residential density reduced below allowed density prior to annexation

RCW 35A.14.472

- Code Cities only
- Findings that there is a balance of commercial, industrial and residential areas; development, ownership and infrastructure
- May use sales tax revenue and address revenue sharing
- “Broad dissemination of proposals and alternatives” and response to public comment
- 1 notice, 4 weeks before public hearing, with agreement available for review
- Public Hearing (separate or joint)
- Ordinance used to effect annexation – appeal period

.296 vs .472

- Other entities party to ILA, can stop ILA
- Weekly notices for 4 weeks
- Maintain residential zoning and densities after annexation

- Include alternatives
- Balance zoning, development and infrastructure
- Broad dissemination of proposal and response to comments
- 1 notice, 4 weeks before hearing

Questions about procedures?

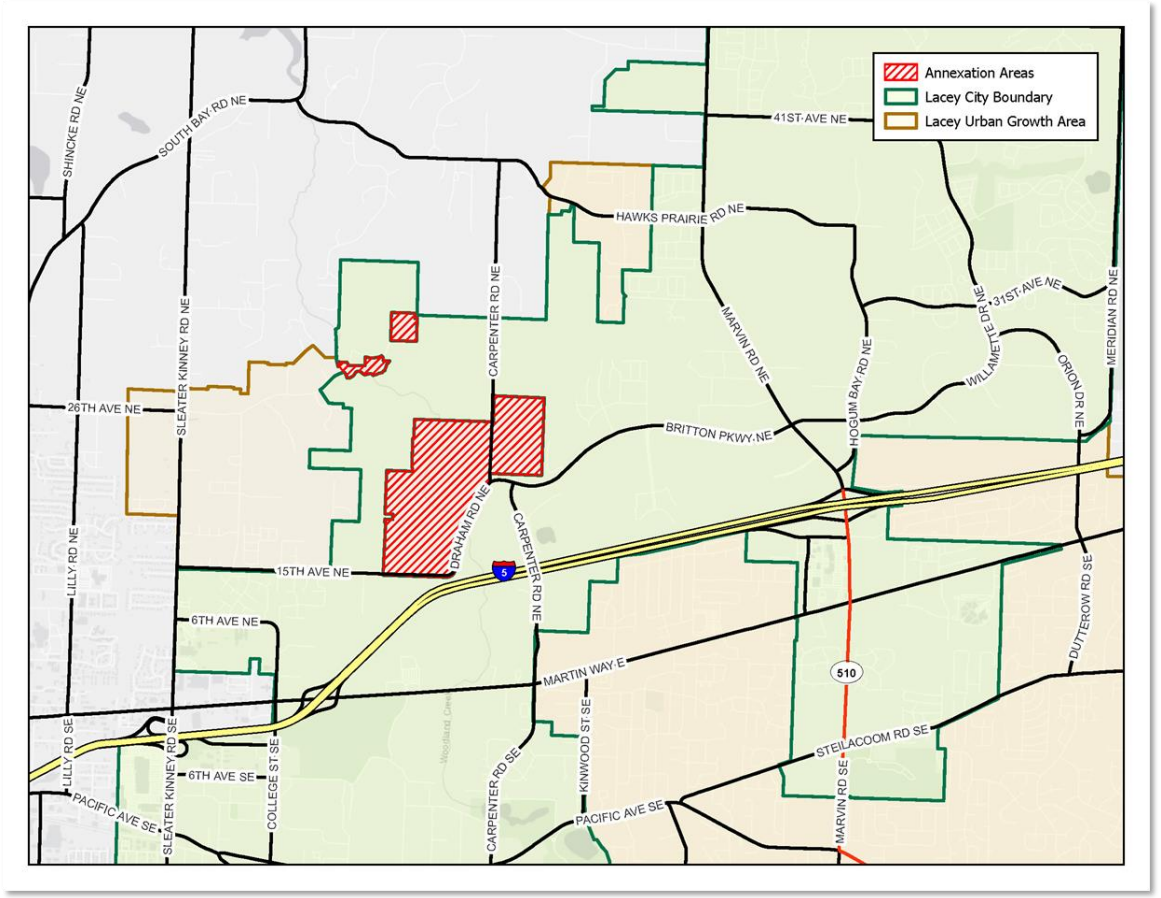
- Next – Examples
  - City of Lacey
  - City of Chehalis
  - City of Vader

City of Lacey

- South Puget Sound city of ~61,000 residents
- City Council has been aggressively pursuing annexations
  - Adopted annexation policy
  - Since 2016: Completed 14 annexations totaling 1,876 acres and 3,142 residents
  - Variety of methods used:
    - Property-owner initiated
    - Municipal purposes
    - Interlocal Agreement (ILA) Method
- One completed annexation (Draham Road and Cuoio Park Island Annexation) using ILA method
- One ILA-method annexation in negotiation (10,000-20,000 residents)

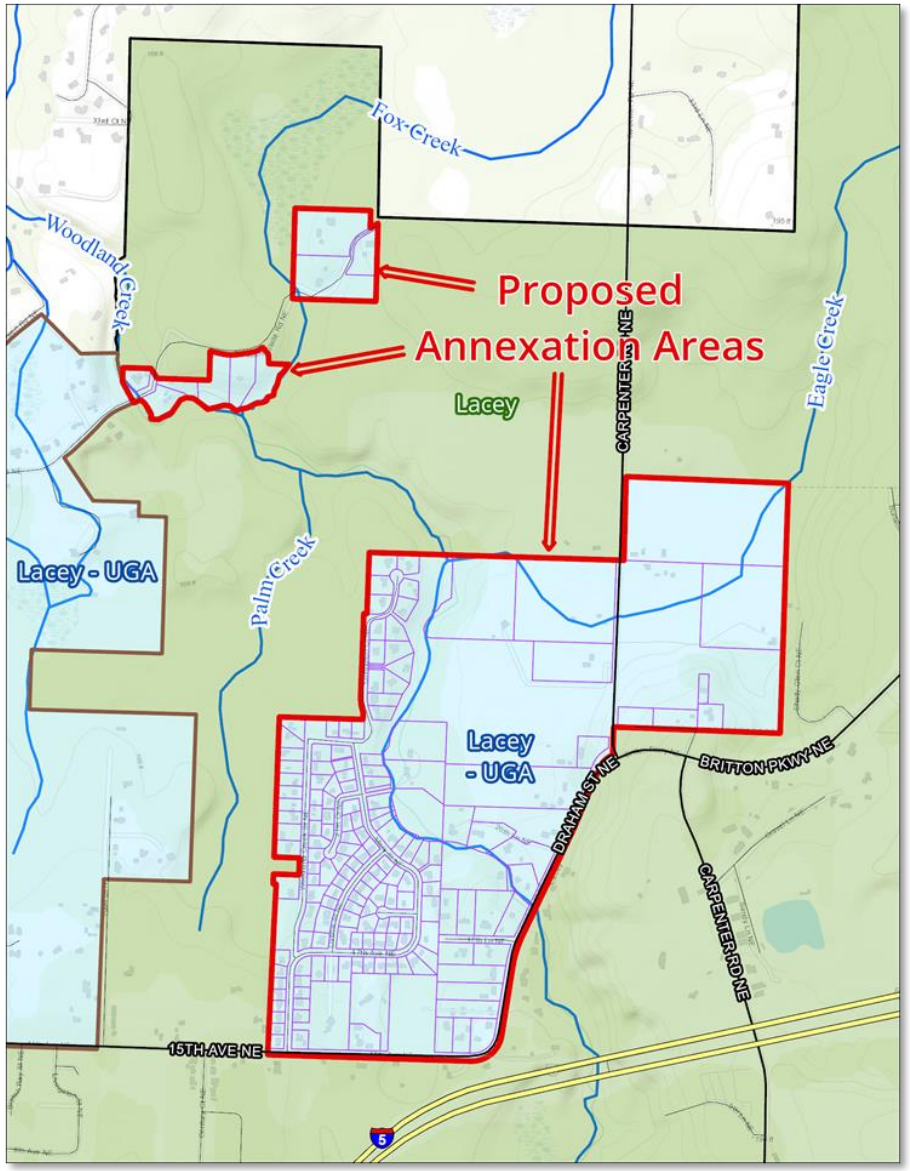
City of Lacey

- Draham Road and Cuoio Park Islands Annexation
  - 272 acres, 458 residents
- Timeline
  - County and City staff jointly developed ILA
  - Board of County Commissioners and City Council agreed on draft agreement
  - Required notices to affected taxing districts
  - Joint Public Hearing
  - Adoption of ILA
  - City adoption of annexation by ordinance
  - Boundary Review Board Review
  - Census



City of Lacey

- Lessons learned
  - Timelines and Coordination
    - 1 year from start of negotiations to effective date of annexation
    - Joint public hearings and meetings
  - Interlocal Agreement
    - Capital Projects
    - Stormwater Fees and Maintenance
    - Records and documents
    - Open permits
    - Development bonds
  - Census
    - Door to door census required
    - ~$25 resident

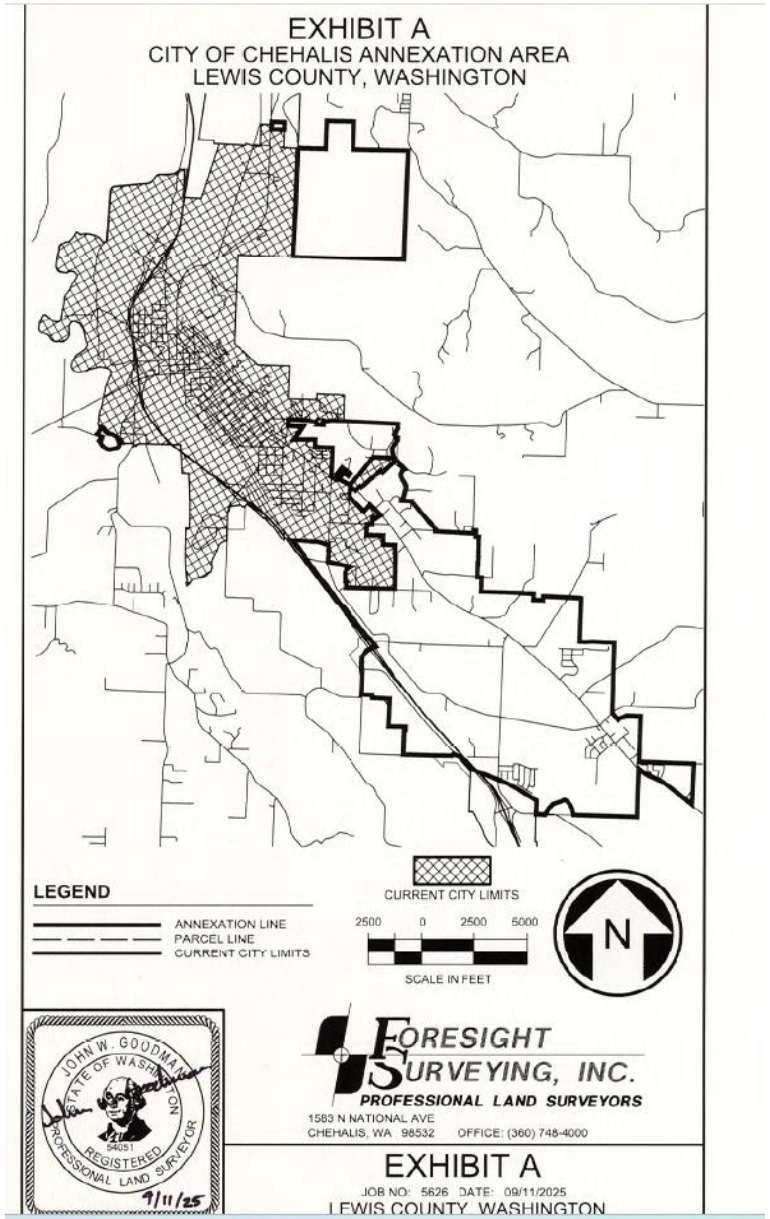


City of Chehalis

- City limits
  - Pre annexation = 3,857 acres
  - Post annexation = 7,440 acres
    - ~1,325 acres are Port of Chehalis
- Population
  - Pre annexation (est) = 7,365 residents
  - Post annexation (est) = 10,273 residents

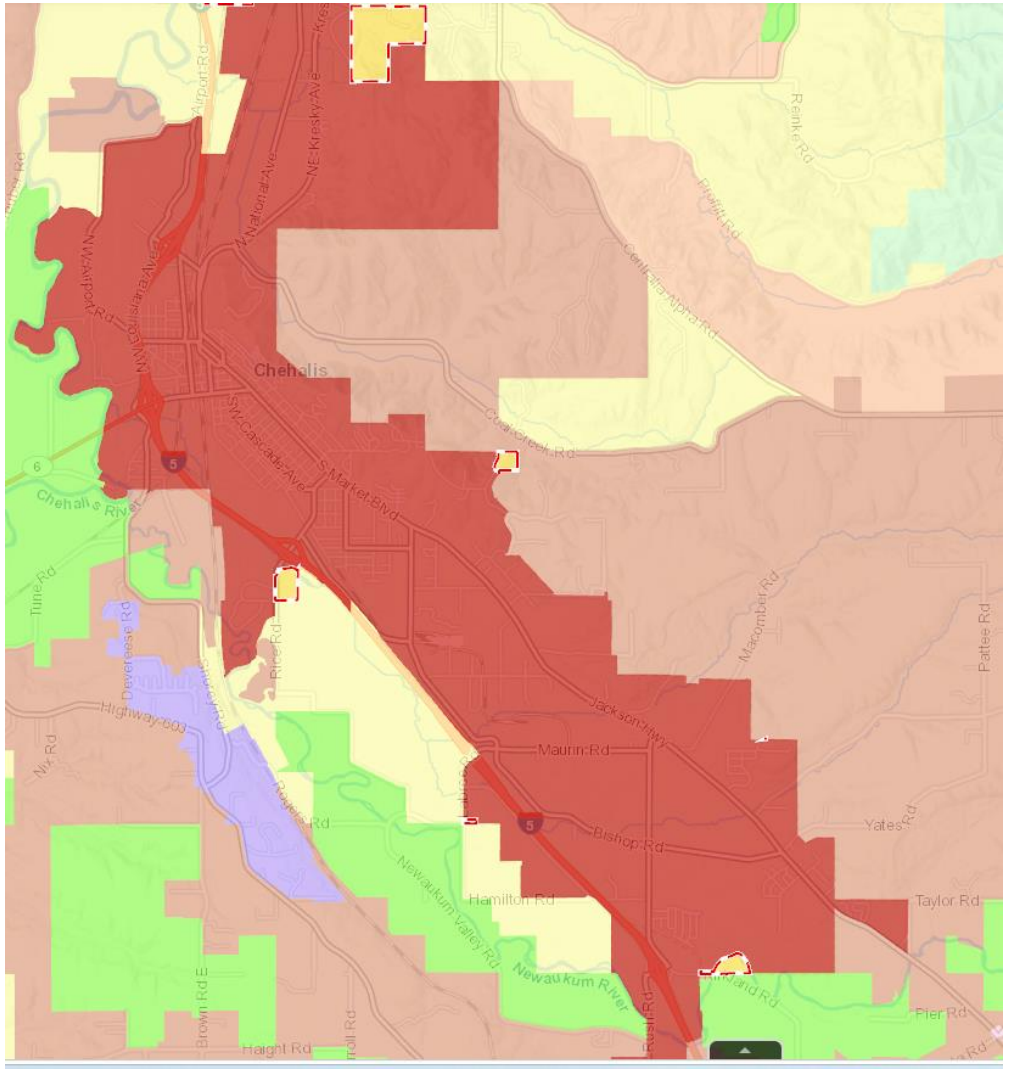
City of Chehalis

- Used 35A.14.472
  - No notice to special districts
- Addressed Public Works Projects
  - Berwick Creek Fish Passage – 3 locations
- Joint hearing on October 20, 2025
- Public testimony
  - False information
- Passed unanimously
- Almost no unincorporated UGA left



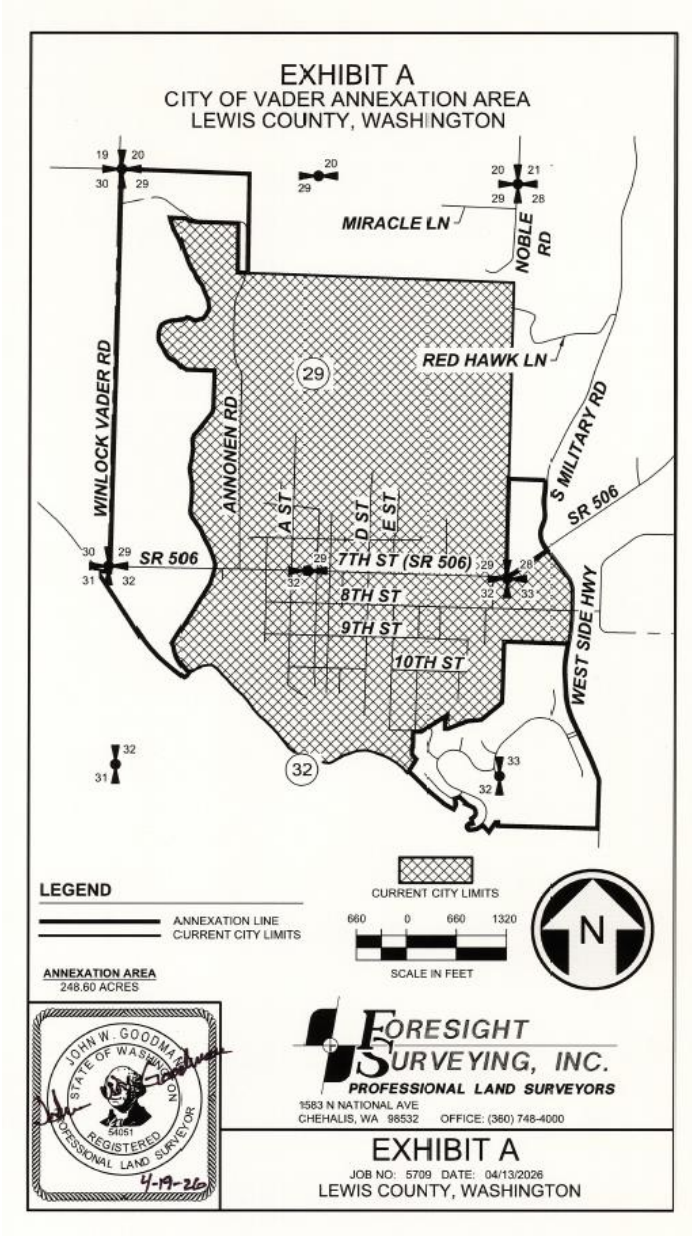
City of Chehalis

- Lesson learned
  - Meet with districts anyway
  - Include Public Works early
    - Identify reimbursements
  - Be clear on rights-of-way
    - Can include on-going maintenance agreements
  - Communicate with other offices
    - Assessor
    - Treasurer
    - Sherriff
  - Be clear on effective date



City of Vader

- Use 35A.14.296
  - 30-day notices to special districts
- Separate City Council and BOCC hearings
- Public Testimony
  - Rural uses in city limits
- Approved on July 7, 2026
- Almost no unincorporated UGA left



More Information

MRSC Annexation by Washington Cities and Towns
https://mrsc.org/getmedia/f7797a3e-d87b-4875-b70a-229a082d7ef3/Annexation-By-Washington-Cities-And-Towns.pdf?ext=.pdf