



TOWN OF ORO VALLEY

# ANNEXATION STRATEGY



## Introduction

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Annexation is the process by which municipalities incorporate new territory into their municipal boundaries, and is one of the most lasting actions a city or town can take. In addition to benefits to local businesses, annexation brings additional services and public funds to invest in the community. Additional revenues include sales tax, bed tax, and a portion of state-shared revenues, such as state income tax, highway user revenue, vehicle license tax and state sales tax. These additional revenues should ensure services such as police, parks and recreation and transportation are continued at current, or improved levels of service.

The purpose of the Oro Valley Annexation Strategy is to identify, prioritize and prepare for future annexations that are economically beneficial to the Town while also considering the impacts to residents and the social, aesthetic and environmental quality of the Town. The Annexation Strategy is a reference document and a blueprint to facilitating future decisions regarding annexation. It is intended to be used by Town staff and the Town Council, in collaboration with the voter-ratified Your Voice Our Future General Plan, to gain a thorough understanding of the implications of annexations and provide a framework for proceeding with annexations that are beneficial.

All future annexations will be carried out in accordance with state law. There are specific requirements, largely stipulated in state law, the Town must follow when considering an annexation. Key provisions include:

- The annexed area must be contiguous to (directly bordering on) a current Town limit for at least 300 feet.
- The annexed area must be at least 200 feet in width in all places.
- The annexed area's length (extending out from the Town limit) may be no more than twice the distance of its width (adjacent to the Town limit). For example, if the area is contiguous for 300 feet, the annexation can extend outward for up to 600 feet from the current Town limit.

More than 50% of property owners in a proposed annexation area, representing more than 50% of the assessed valuation of that area, must sign a petition in favor of annexation in order for it to be successful.

## **2003 Annexation Policy**

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On February 5, 2003, the Town Council adopted a policy that updated the established guidelines for future annexations to ensure they are logical, practical, financially feasible, and in the best interest of the Town (Resolution R03-06). This Annexation Strategy and the guidelines below are intended to consolidate and replace all previous policies and resolutions on this matter into a single, comprehensive document and is recommended to be reviewed every five years.

1. Pursue the filling out and squaring off of the town limits. Strive toward a configuration for the town limits which eliminates county islands and peninsulas and yields and identifiable, manageable boundary for the town.
2. Areas to be considered shall be prioritized as to quantifiable benefit to the Town.
3. Require the submittal of a fiscal impact analysis for both undeveloped (rural) and developed properties, the level of detail and contents of which may vary with the intensity or complexity of the proposed or existing use of the land. Such analysis is required, regardless of who initiates the annexation process.
4. Future annexations of the Town shall be generally consistent with the policies and the planning area of the Town's adopted General Plan.
5. Consider a proactive stance on annexations initiated in areas deemed most beneficial to the Town as indicated by Town-prepared studies and/or professional regional studies.
6. Lands annexed by the Town shall have existing, ordinance zoning translated to Oro Valley districts in conformance with state law and to densities and uses no greater than those permitted by the zoning ordinance of the governing jurisdiction immediately before annexation.
7. The Oro Valley Planning and Zoning Commission shall review any proposed annexation outside the General Plan Planning Area. The Commission shall forward a recommendation to the Town Council within 30 days of the initial hearing on the proposed annexation.
8. Pre-annexation/development agreements shall be considered by the Planning and Zoning Commission and Town Council where appropriate during the annexation process.

## **General Plan Goals of Annexation Strategy**

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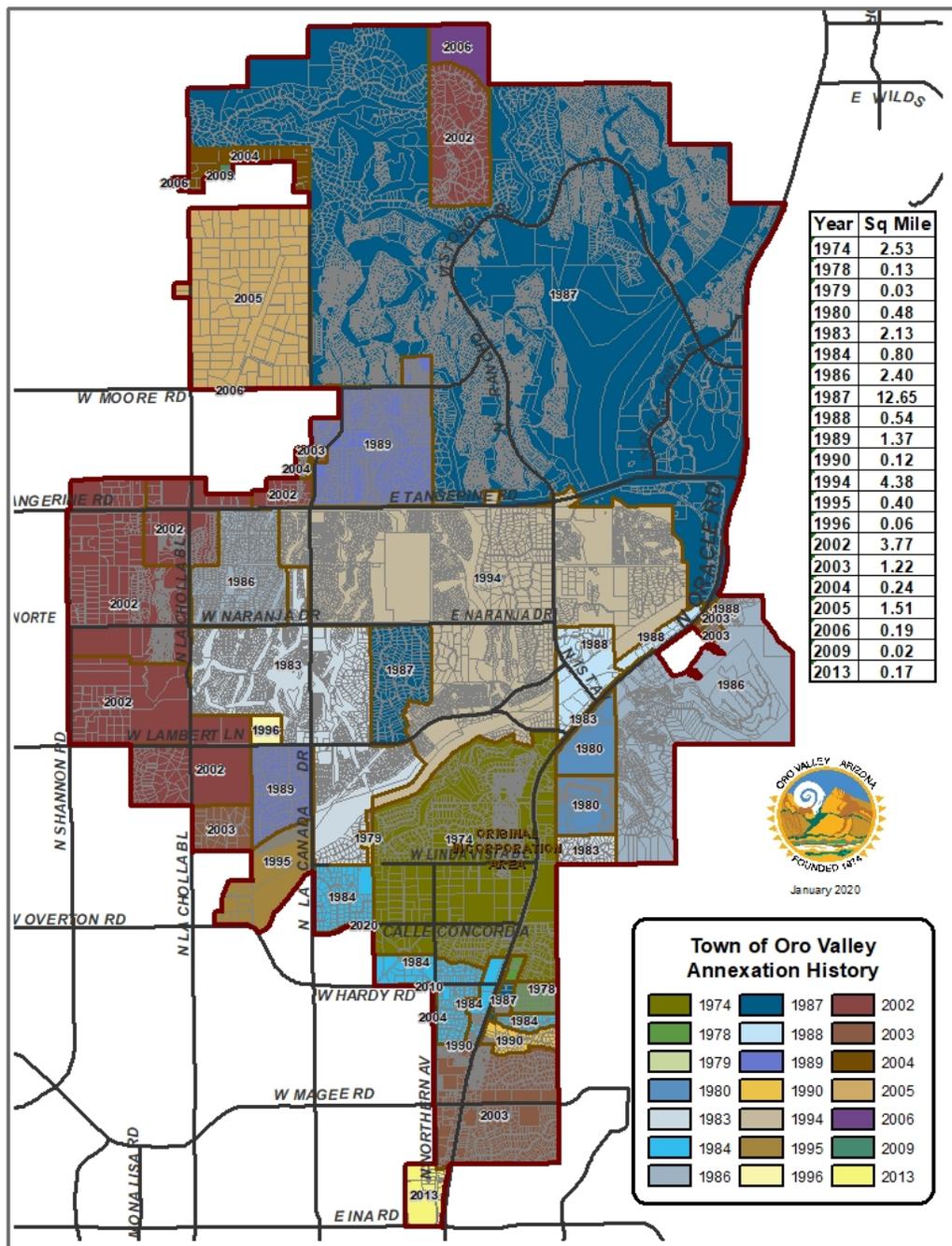
The Annexation Strategy is intended to work in concert with the goals and policies of the Your Voice, Our Future General Plan. As such, the following goals for future annexations are specifically identified to connect the two policy documents together:

- Develop a diversified and robust economic base to support long-term economic stability. (Economy Focus)
- Maintain financial and economic stability and sustainability. (Community Goals)
- Provide the community with a wide range of services, amenities, shopping and dining opportunities and housing types that meet the needs of current and future residents. (Community Goals)
- Provide diverse transportation choices that are safe, user-friendly, efficient and accessible, that maintain the lifestyle of residents, and that support employees, visitors and the local economy. (Development Goals)
- Support the development of diverse housing types within the community. (Community Policy)

## Oro Valley's Annexation History

The Town was originally incorporated in 1974 with a small 2.4 square mile area, and through a series of annexations since then, has resulted in the community that exists today. All but three of the 20 subsequent annexations since incorporation have been less than three square miles, twelve of which were less than one square mile. The largest annexation incorporated nearly 13 square miles, an area that includes most of the Rancho Vistoso planned area development.

Below is a map of Oro Valley's Annexation History:



## Annexation Criteria

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Determining priority areas for annexation is necessary in order to identify for the community which areas are most beneficial for Oro Valley. In order to evaluate those areas and determine priorities, the following criteria were developed by which opportunities would be assessed:

- The Town's ability to provide the full range of Town services and facilities, and the ability for the area to financially support those services.
- The potential of the area to accommodate job growth.
- The opportunity to incorporate existing commercial enterprises that would generate revenues for the Town.
- The opportunity to control urban growth using Town development standards in areas where future development is likely.
- The importance of the area in terms of key multimodal transportation or open space corridor.
- Creation of logical Town boundaries and service areas.
- The perceived level of support for annexation by affected property owners/residents.
- The area's importance in terms of it being a gateway to the Town.
- Consistency with the Town's Your Voice Our Future General Plan goals and policies.

Using the above criteria, the priority areas that Oro Valley will focus on include both developed and undeveloped (vacant) land and are outlined in the subsequent section. Annexation of developed residential areas allows the Town to capture some of the state-shared revenue that those residents pay to the state that are returned only to incorporated cities and towns based on population. In some cases, these areas serve as connectors to potential future annexations. Additionally, annexing commercial areas allows the Town to collect sales tax and, in some areas, bed tax.

Annexing land that is primarily undeveloped enables the Town to properly plan for future development, including the phasing of infrastructure. Other benefits of annexing undeveloped land are to gain control over the land to minimize "leapfrog development," which can result in an inefficient and more costly manner to extend public facilities.

## Priority Areas for Future Annexation

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Using the criteria outlined in the previous section, four priority areas have been identified for future annexation. The areas are labeled as Current, Near-Term, Mid-Term and Long-Term. These priority designations do not preclude the opportunity to take properties lower on the priority scale out of order if there is strong interest on the part of the property owners or the elected body.

- Priority Area 1 (Current) – This area consists of the Westward Look Resort, Casas Adobes Plaza, the remaining two commercial corners (NE and SE) at Ina/Oracle Road and the 885 acres of vacant Arizona State Land Department (ASLD) property on the western boundary of Oro Valley.
- Priority Area 2 (Near-Term) – This area consists of the nearby neighborhoods adjacent to Westward Look, as well as Honeywell, which is the only unincorporated county island within the town.
- Priority Area 3 (Mid-Term) – This significant area along the Town’s SW area boundary consists largely of existing residential properties, extending all the way to the Foothills Mall, Pima Community College, the Omni Tucson National Resort, and surrounding commercial and residential areas.
- Priority Area 4 (Long-Term) – This area consists of all or a portion of over 10,000 acres of vacant ASLD land (also known as Arroyo Grande) on the Town’s northern boundary west of Oracle Road, extending just beyond the Pinal County line; and several residential areas along Lambert, Shannon/Thornydale and Tangerine/Moore to round out the town’s boundaries.

While the areas south of Ina, specifically the commercial area near the intersection of Oracle Road and Orange Grove Road are attractive for future annexation, state law constraints governing the process would result in a very large area requiring annexation, with much lower densities and poor infrastructure, making it less financially feasible. Therefore, that area was not included in the four priority areas.

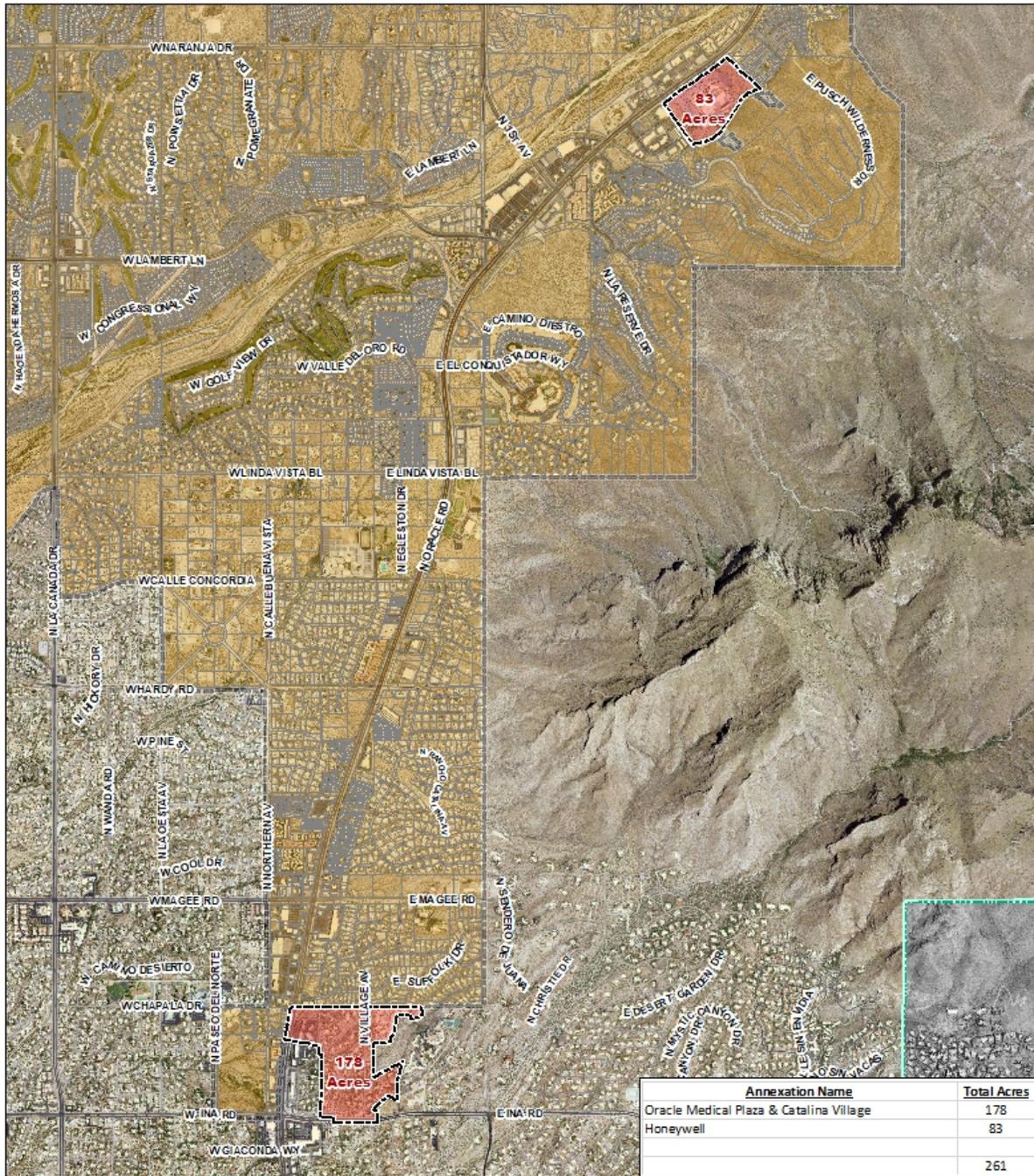
The priority areas for annexation are delineated on the following maps (pages 9 – 13).

## **Fiscal Impact Analysis**

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The Town Council Annexation Policy of 2003 specifies that a fiscal impact analysis be conducted for all annexations. The purpose of the evaluation is to analyze the potential financial impacts of annexation on Town facilities and services; estimate revenues from local sales taxes, state-shared revenues, and other fees; and assess short and long-term capital improvement projects needed to serve the area, or the upgrading of an area already built. This requires developing growth projections, assessing market issues, measuring existing demand for county services, and projecting future costs of service, among other evaluations. Each fiscal impact analysis will be uniquely developed for the potential annexation area based upon the current or proposed use on the property.





**Legend**

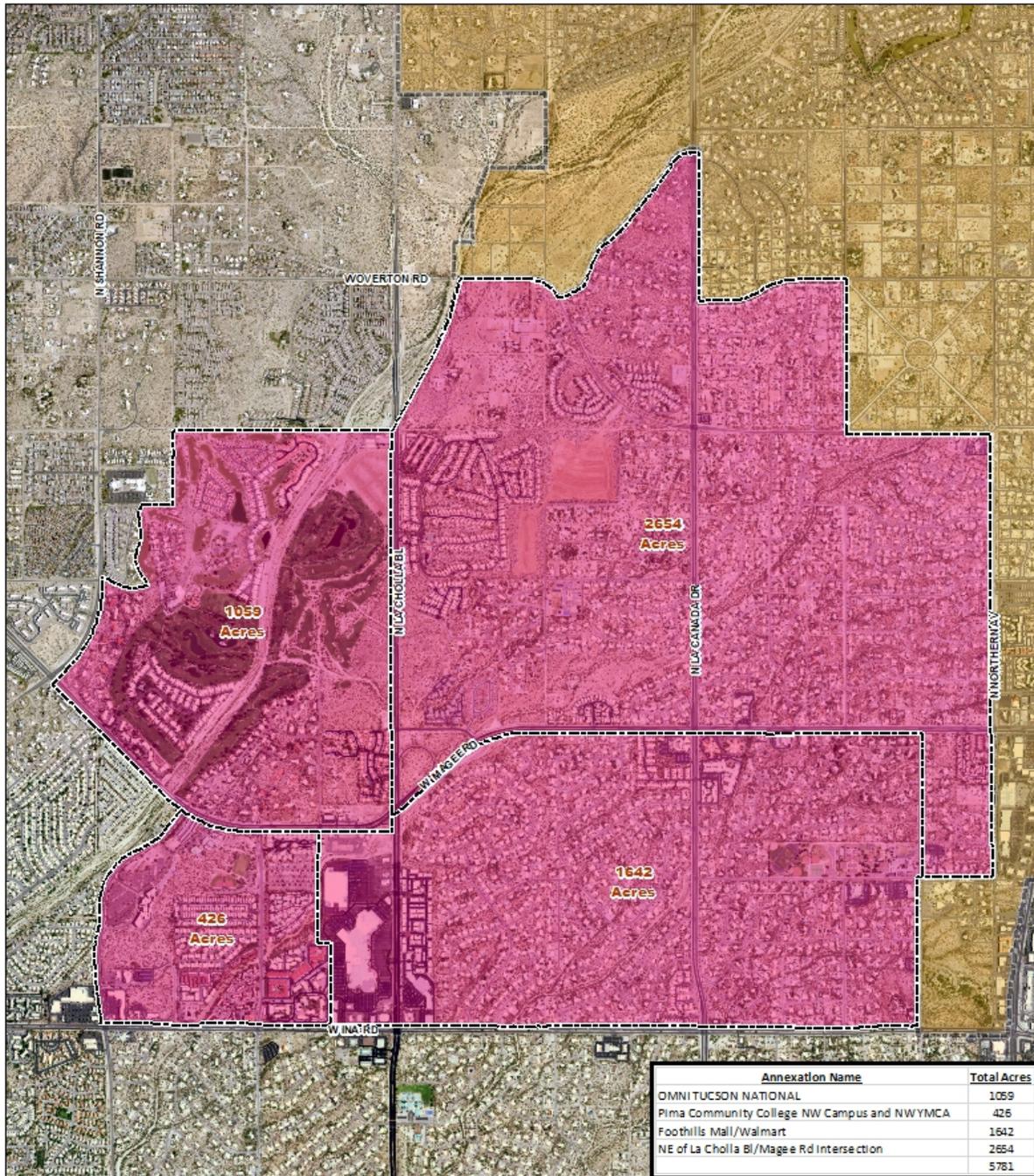
- Proposed Boundaries
  - Proposed Boundaries
- Proposed Annexations
  - NEAR-TERM
  - General Plan Planning Area Boundary 2016
  - Town of Oro Valley Limits

## Annexation Strategy

### Priority 2 - Near Term (4 - 6 Years)



Date: 7/2/2020



**Legend**

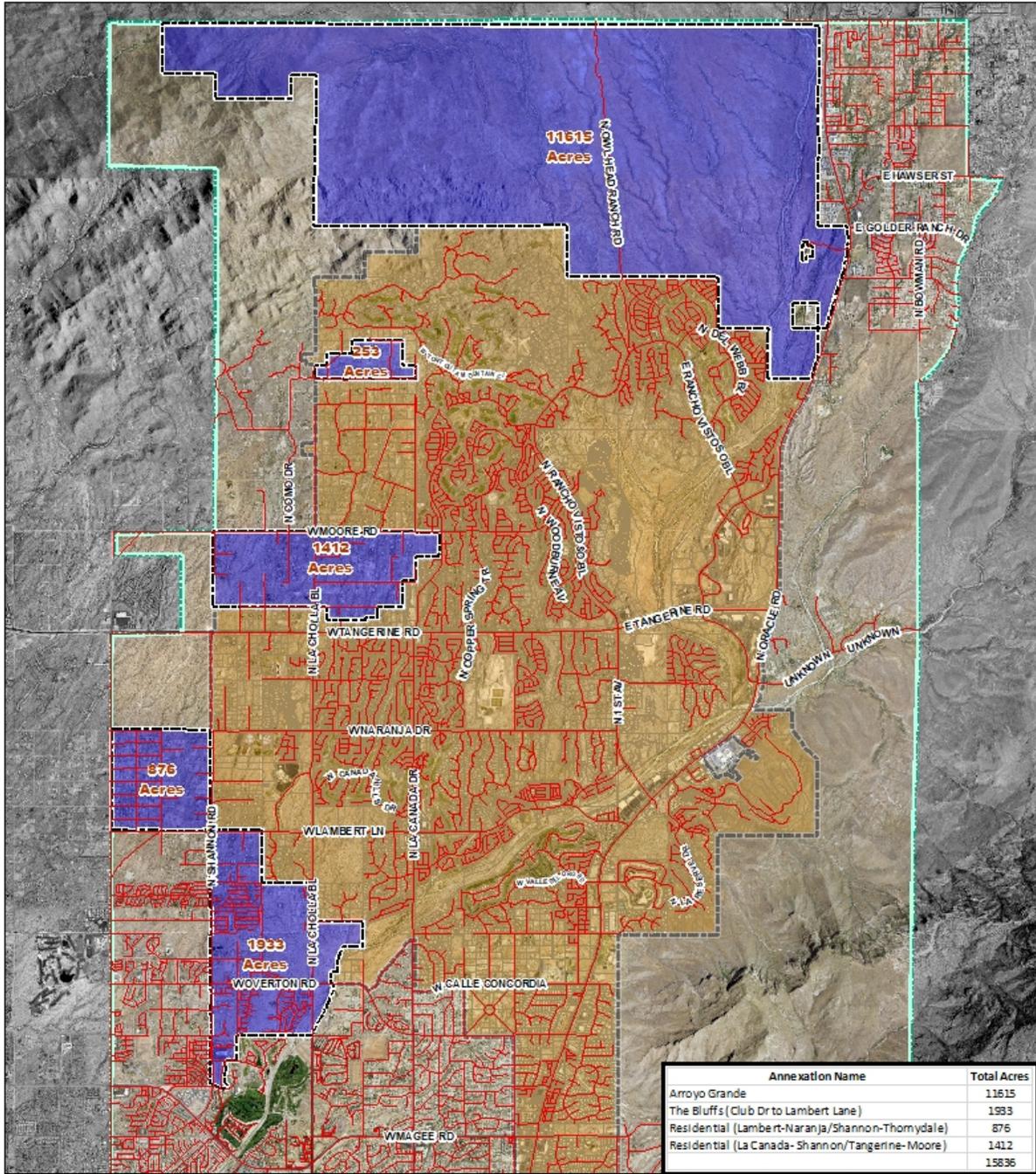
- Proposed Annexations
- MID-TERM
- Town of Oro Valley Limits
- Proposed Boundaries

## Annexation Strategy

**Priority 3 - Mid Term  
( 7 - 10 Years )**



Date: 7/2/2020



**Legend**

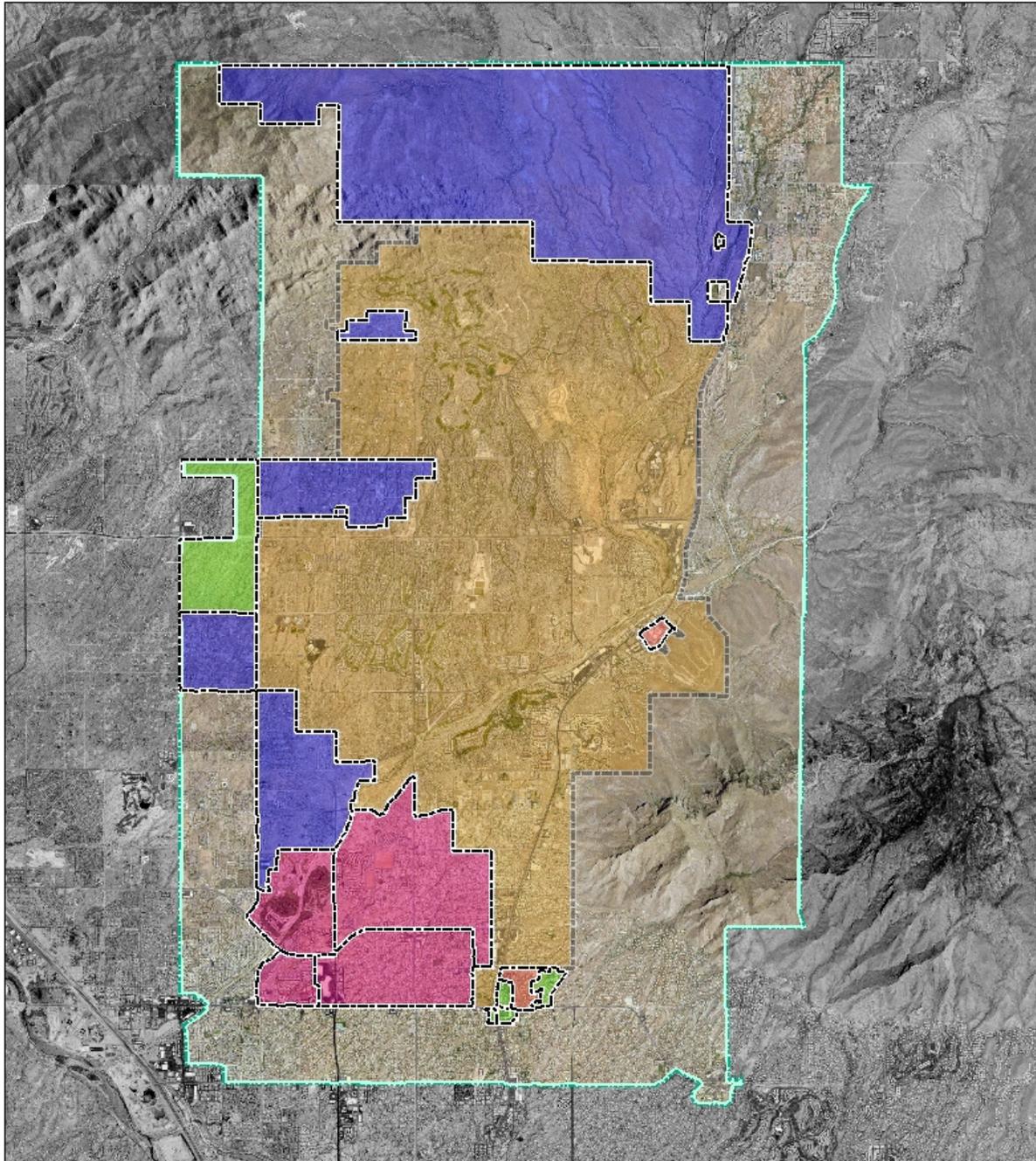
- Proposed Annexations
- LONG-TERM
- Town of Oro Valley Limits
- Proposed Boundaries

## Annexation Strategy

### Priority 4 - Long Term ( 10+ Years )



Date: 7/2/2020



**Legend**

- Town of Oro Valley Limits
- General Plan Planning Area Boundary 2016
- Proposed Boundaries

**Planned\_Priority**

- CURRENT
- NEAR-TERM
- MID-TERM
- LONG-TERM

## Annexation Strategy Overall Map



Date: 7/2/2020

## Annexation Tools

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Proactively attracting properties to annexation within Oro Valley involves communicating the benefits to prospective areas, as well as the potential to offer additional benefits in return. While the number of tools the Town has at its disposal to attract annexation are limited, they are crucial to the implementation of a successful annexation strategy.

### Value Proposition

The Town of Oro Valley remains a highly desirable place to live, work and do business, and the following messages provide the foundation which properties in the Priority Areas will be encouraged and invited to annex.

**Public safety.** The Oro Valley Police Department provides excellent service through partnerships that build trust, prevent crime, create a safe environment and enhance the quality of life within our community.

**High quality infrastructure.** Oro Valley's roads are among the best in the region because the Town has taken a proactive approach to investing in infrastructure.

**Property value.** Annexation provides protection to residents and businesses through specific planning, zoning and building ordinances. The Town does not collect a local property tax. Town regulations protect property values and encourage beautification and maintenance of Oro Valley neighborhoods.

**Brand identity.** The Town of Oro Valley's reputation for scenic beauty, safety, stewardship of public funds and high quality of life has been acknowledged both regionally and nationally.

**Business support.** The Town proactively manages a robust business retention and expansion effort, and continually works to attract new primary employers to the community.

### Pre-Annexation Agreements

The Town has at its disposal the use of a Pre-Annexation Agreement. This tool can be combined with a Development Agreement where a potential property is contemplating development. The Town Council has used this tool multiple times over the years to formally commit to mutually-advantageous conditions in securing an annexation. This tool can help address issues such as:

- Concerns regarding continuation of uses, architecture, signage or other things allowed in Pima County but not permitted in the Town of Oro Valley.
- Changes in tax rates and cost of future development.
- Addressing infrastructure maintenance/upgrade needs.
- Offering incentives when the area provides higher financial benefit to the Town (subject to the provisions of the Arizona State Constitution gift clause).

As properties in the designated Priority Areas are approached for annexation, staff will evaluate the potential application of a Pre-Annexation Agreement or Pre-Annexation and Development Agreement when necessary to attract such annexations, subject to Council review and approval.

#### Targeted Application of New Taxes

Another tool available to the Town is the commitment of all or a portion of sales tax or other revenues from a future annexation that would be applied toward improving capital infrastructure in that specific area. This tool is particularly useful in annexing existing, older residential areas where local roads are in poor condition, and where the neighborhood is an important connector to future commercial annexations. As an example, if the annexed area included sufficient revenue to earmark, the Town Council could commit to saving resources over time to give the neighborhood assurance that improvements would be made in a more predictable period of time.

#### **Summary**

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Annexation has been an important tool for the Town of Oro Valley, since it was incorporated in 1974. The Town has increased its corporate boundaries by 32.52 square miles through 48 annexations and has gained a diversified and robust economic base. Continuing to annex developed and vacant land will provide Oro Valley with a wide range of services, amenities, housing, shopping and dining opportunities that meet the needs of current and future residents, thereby maintaining the financial and economic stability of the community.