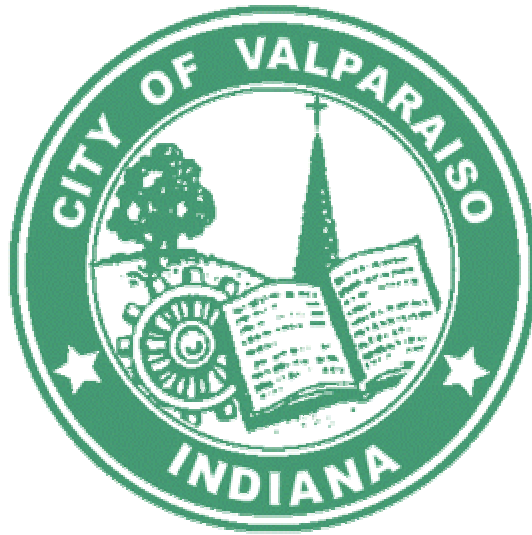


Ordinance 37-2006 Exhibit "A"
Plan Commission Case 06-A-PUD-12



ACADIA ANNEXATION
FISCAL PLAN

DRAFT

Prepared by:
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City of Valparaiso
Planning Department
August 2006

ACADIA ANNEXATION FISCAL PLAN

SUBJECT: 06-A-PUD-12 – Coolman and Coolman c/o William Ferngren – Request to annex property known as Acadia Annexation, Center Township (Section 22, T35N, R6W)

DATE: August 28, 2006

The Planning and Building Department and the Clerk/Treasurer, Sharon Emerson-Swihart prepared this fiscal plan, with the cooperation and assistance from the following departments:

Engineering Department	Fire Department	Park and Recreation Department
Police Department	Public Works Department	Utilities Department

This report contains projected revenues and expenditures as well as a description of services to be provided to the newly annexed area, as required by law. While the City is committed to providing services in the same manner as similar areas within the city limits, dollar figures presented are estimates and are subject to some change. Variations are dependent upon the rate and extent of future development, future property assessments, and changes in the cost of providing services. Since this is a developing area, revenues and costs have been estimated based on a forecasted buildout of the areas in the proposed annexation. Assumptions were made with respect to assessed valuation and were based on estimates from developers of the property or existing comparable values. This report also assumes that property will develop substantially in accordance with the City of Valparaiso Growth Management Plan.

POLICY FOR PROVISION OF CAPITAL AND NON-CAPITAL SERVICES

Non-Capital Services

As required by IC 36-4-3-13 (d) (4), all non-capital services of the City including police protection, fire protection, street and road maintenance, and all other non-capital services normally provided within the corporate limits of the City of Valparaiso, will be provided to the annexed territory within one (1) year after the effective date of the annexation and they will be provided in a manner equivalent in standard and scope to those non-capital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density.

Capital Services

As required by IC 36-4-3-13 (d) (4), all capital services of the City including street construction, street lighting, sewer facilities, water facilities, and stormwater facilities will be provided to the annexed territory within three (3) years after the effective date of the annexation and they will be provided in a manner equivalent in standard and scope to those capital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density in a manner consistent with federal, state, and local laws, procedures, and planning criteria.

GENERAL INFORMATION

Location

The area included in this annexation consists of property located in Center Township west of the current city limits. The land is located along the north side of Joliet Road between County Road 250 West (Tower Road) and County Road 150 West (Hayes Leonard Road), more particularly described as the following:

See attached description

Development Summary

Total Acreage	98 acres
Number of Residential Units	2
Number of Non-Residential Units	0
Proposed Residential Units	135 Total
Percent Contiguous	35%
Existing Zoning (County)	R-1 Single Family (County)
Proposed Zoning	PUD Planned Unit Development and R-1 Single Family Residential District

The land included in the annexation area is currently undeveloped, and includes a small lake (Hatch Lake) in the center as well as a parcel of land currently owned by Mrs. Annette Wellbourn. The land included in the Acadia proposal is generally rolling except for a meadow that is relatively flat, and the south portion of the property is primarily an open field of relatively flat topography. The Wellbourn property is relatively flat to gently rolling. The development proposal for the annexation area includes planned unit development of a single-family neighborhood of varying density to be designed to take advantage of the natural features of the land otherwise known as a conservation subdivision design. Specifically, the development consists of four major parts all corresponding with a particular residential placement and design, and a certain proposed density designed to be compatible with and minimally invasive to the natural features of the land. These include a small residential area facing a common green exhibiting traditional styles of residences such as bungalow or craftsman in design, a hillside development area around the lake and along the north and east sides of the property, a collection of patio-style homes around the open meadow in the north part of the property, and a set of woodland cabin clusters along the west side of the property. There are no current plans for development of the Wellbourn property. The proposal is consistent with the City of Valparaiso Growth Management Plan in that it includes cluster low density residential development.

Contiguity

The Acadia Annexation area is 35% contiguous to the existing City limits.

Population Density

The estimated density of the annexation area is approximately 4.1 homes per acre for the residential component of the development. The estimated population at proposed

buildout of Acadia is 338 persons and the total population estimate is 343 persons including the Wellbourn property (2.5 per dwelling unit average).

“Needed & Can Be Used”

The Acadia Annexation area is ‘needed and can be used by the City for its development’ at this time. The City of Valparaiso has taken steps to demonstrate this need and the intent to annex this land in the form of adopted city planning documents such as the Growth Management Plan. As the plans indicate, the areas included in this annexation are of vital importance to the positive development of the City as it continues to grow in the future. The inclusion of these areas within the city limits is crucial to protecting the character of the City, including existing commercial areas and downtown.

City Established Planning Jurisdiction/Influence

In agreement with Porter County government, any time a development is proposed that lies outside the official corporate boundaries of the City of Valparaiso, and the developer is seeking connection to municipal utilities the project is required to go through a joint city-county site review/TAC process. In this petition, the developers wish to proceed with the planning of the development simultaneously to the annexation of the land.

City of Valparaiso Growth Management Plan (2000)

The Growth Management Plan is a component of the Valparaiso Comprehensive Plan. The plan identifies the future land use goals for the areas outside of the corporate limits that the City sees as within its sphere of influence, and will eventually annex. Furthermore, the areas included in the plan are closely tied to the corporate boundaries, and thus more accurately describe the limits of the Valparaiso “community”. The plan details future land use goals within the Acadia Annexation area. It indicates that the majority of area falls within a 5-year annexation boundary.

Council District

It is recommended that the annexation area be assigned to the 3rd Councilmanic District.

ESTIMATED ANNUAL REVENUES

Property-Based Tax Revenues

The principal source of revenue for the City is through local property tax. True Tax Valuations (TTV) are based on information provided by the Porter County Auditor's Office. The 2005 payable in 2006 City net tax rate of \$.658900918/100 TTV will be used for revenue estimates. This net rate is arrived at by taking the total state certified tax rate of .8411 and subtracting the percentage attributed to PTRF% of .216620 (Property Tax Replacement Factor).

Total True Tax Value

Existing (Land and Improvements):	\$284,600.00*
Proposed Development + Existing:	\$35,909,600.00**

City Net Tax Rate	.658900918/100 TTV
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Total property tax revenue

Existing (Land and Improvements):	\$1,875.00*
Proposed Development:	\$236,608.00**

* Projected revenue and values of land and improvements are based on current assessed values. **Projected revenue and values of land and improvements are based on expected average values. According to the developers, the expected buildout of the undeveloped land is within one to ten years of commencement.

Product Type and Average Value (AV) – Proposed Residential

Village Homes	\$225,000.00 AV X 30 lots = \$6,750,000.00
Meadows Cottages	\$250,000.00 AV X 35 lots = \$8,750,000.00
Woods Cabins	\$275,000.00 AV X 35 lots = \$9,625,000.00
Hillside Homes	\$300,000.00 AV X 35 lots = \$10,500,000.00
TOTAL	135 UNITS \$35,625,000

<u>Total Estimated Annual Tax Revenues (Property)</u>	EXISTING \$1,875.00
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AS PROPOSED \$236,608.00

Population-Based Tax Revenues

Another method by which various City functions are funded is population-based tax revenues. These revenues are paid in various ways, including through individual paycheck deductions and through the purchase of products such as cigarettes and alcohol. Revenues are also available to the City by State distribution through riverboat gaming revenues in locations throughout Indiana. It is reasonable to assume that as the City's population grows, including by way of annexation, that the City stands to benefit from the additional tax revenue from these sources. It is important to note that these revenues are based on population as certified by a decennial census or special census only, and do not automatically adjust annually. The following describes the population based tax revenues the City may collect. The City is eligible for increases to these funds based on the upcoming 2010 Census, or upon an accepted special census.

CEDIT Funds

CEDIT Funds, or County Economic Development Income Taxes otherwise known as EDIT funds, are collected via individual paycheck deductions or personal income tax, and may be used for funding projects or other activities or programs considered to be related to economic development. The current EDIT tax rate is 0.25% of total personal income. Any increase in population is a direct positive influence on the amount of EDIT funding available for the municipality. The city currently collects \$1.4 Million annually in EDIT funds. This annexation will result in the collection of additional EDIT funds distributed to the City based on a rate of \$31.00 per capita (City is currently 18.68% of county population), at an annual estimate of **\$10,633.00** from the addition of the proposed 135 homes and two existing homes based on a median family income of \$66,457 per household for Center Township Unincorporated from the 2000 Census.

Cigarette Tax and ABC Gallonage Tax Revenues

Like CEDIT funds, cigarette tax and ABC (Alcoholic Beverage Commission) Gallonage Tax revenues are collected and distributed by the State based on city population. These funds are determined by the total cigarette and alcohol sales in the State and the distribution to cities proportionally based on a formula including total population. Based on the estimated population numbers in this annexation (approximately 338), the city should expect to generate an increase in funds in annual cigarette taxes based on a formula of a total \$4.43 per capita or an estimated **\$1,520.00** increase from the proposed 135 homes and two existing homes. Alcohol tax revenues generated by the annexation based on a formula of \$2.01 per capita are estimated to be an additional **\$689.00**.

Riverboat Gaming Fund revenues

Riverboat gaming money is a method of funding for communities that are located within a county that does not contain a casino, and therefore is less likely to derive direct financial benefit from a casino. This money is distributed to municipalities by the State, and is based on population of the municipality. Communities receiving this money may use it as they wish, and its use is subject to Council appropriation and approval. Currently, the City of Valparaiso receives \$172,000.00 in Riverboat gaming money from the State. This annexation and the population increase should result in additional

money to the City. It is estimated that this annexation could result in an increase of **\$2,144.00** from the addition of the proposed 135 homes based on current population ratios based on a current intake rate of \$6.25 per capita.

Vehicle Excise Tax

Based on a formula of \$100.00 per new or transfer vehicle registration, this annexation is expected to generate an additional **\$27,400.00** in revenue to the City.

Other Income Tax revenues (future)

Other income tax revenue possibilities exist, including either CAGIT or COIT but not both. These funding mechanisms are also distributed based on population if they are collected. CAGIT stands for County Adjusted Gross Income Tax and is collected through personal paycheck deductions then redistributed by the State, and COIT, or County Option Income Tax is a second option collected in the same manner.

Other State Distributed Revenues

Local Road and Streets

Based on a formula of \$2,761.48 per mile (LRS receipts divided by 120 certified lane miles in City), this annexation is expected to generate an additional **\$4,556.00** in LRS funds.

Motor Vehicle Highway

Based on a formula of \$7,200.86 per mile (MVH receipts divided by 120 certified lane miles in City), this annexation is expected to generate an additional **\$11,482.00** in MVH funds.

<u>Total Estimated Annual Tax Revenues (Population)</u>	\$58,424.00
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TOTAL Estimated Annual Tax Revenues (All Sources)	\$295,032.00
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Utility-Based Revenues

The following utility-based revenues are not part of the general fund or civil city budget, and are derived from sewer and water monthly billing for user fees. The total revenues generated from these fees are based upon total buildout of the development.

Minimum Annual Water Revenues

Residential (137 SFR estimated)

\$13.02/month minimum (0.75" meter) per residence (\$156.24/year) \$21,092.00

TOTAL Minimum Annual Water Revenues **\$21,405.00**

Minimum Annual Sewer Revenues

Residential (137 SFR estimated)

\$11.35/month minimum (0.75" meter) per residence (\$136.20/year) \$18,387.00

TOTAL Minimum Annual Sewer Revenues **\$18,659.00**

Total Estimated Annual Revenues (Utilities) **\$40,065.00**

Garbage Collection Fee

The current \$9.00 per month per property garbage collection fee brings the City \$108.00 annually per property. The proposed 137 residential properties will bring the City a total of **\$14,796.00** annually.

TOTAL ESTIMATED ANNUAL REVENUES **\$349,893.00**

ESTIMATED ONE-TIME REVENUES

Utility Connection Revenues

These revenues are generated at the time a particular property is connected to the municipal sewer and water systems. The total revenues generated from these fees are based upon total buildout of the development. Each home and business will connect upon occupancy of the units as they are developed.

Water Connection Fees

Residential (137 SFR estimated) \$1300 minimum per principal structure (1" service)	\$178,100.00
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Sewer Connection Fees

Residential (135 SFR estimated) \$2024 minimum per principal structure (1" service)	\$277,288.00
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<u>Total Minimum One-time Revenues (Utilities)</u>	\$455,388.00
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Building and Engineering Permit Fees

Residential (135 SFR estimated) \$694 per average 2500 square foot home	\$93,690.00
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<u>Total Minimum One-time Revenues (Permit Fees)</u>	\$93,690.00
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Recreation Impact Fee

The City currently has a recreation impact fee of \$931.00 per new residential unit. The proposed 135 homes in this annexation will bring the City **\$125,685.00** over the course of development of the areas included in the annexation.

TOTAL ESTIMATED ONE-TIME REVENUES	\$674,763.00
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ANTICIPATED ANNUAL COSTS AND IMPACT ON CITY SERVICES

Administrative Services

Administrative functions of the City, including Mayor's Office, Clerk-Treasurer, Economic Development, Human Resources, Project Management, and Information Technology, and Legal services affected by this annexation will be handled with current staffing levels and resources funded by the current and future City General Fund revenues generated by the tax levy.

Inspection Services

Zoning, building, and engineering inspection services within this annexation area are capable of being handled by the present staff of inspectors and with current levels of resources. These services will be provided upon the effective date of annexation. The additional fees generated will offset added costs for additional inspections generated.

Refuse Collection

Trash and recycling pick up for residential properties is the responsibility of the city and will be provided by the City of Valparaiso Solid Waste Department within one year of the effective date of annexation. The current waste collection and recycling cost to the city is \$238.10 annually per property based on dividing the 2006 budget of \$1,768,856 including vehicle maintenance of \$216,585.30 by the number of homes serviced (7,429). Therefore, the anticipated cost to the city will be **\$32,620.00** annually within five to ten years of annexation for operational costs.

Based on a standard of maintaining a current level of service (1 employee per 248 homes) and current service thresholds, it is estimated that this annexation will require the addition of 0.5 employees for a total cost of **\$20,883.00** to the City.

Based on current levels of service (one truck per 929 homes), it is estimated that this annexation will not require the purchase of a truck for a total equipment cost of **\$0** for equipment.

The annexation area's 137 homes will require new trash carts at a cost of \$50.00 each for a total cost of **\$6,850.00**.

These costs will be handled by way of additional general fund tax revenues generated by the annexation area with collection anticipated to begin in Spring 2008.

The total annual cost to the City for refuse collection for this annexation is **\$60,353.00** upon buildout.

Police Protection

Police protection will be furnished by the Valparaiso Police Department within one year of the effective date of annexation as required by law. For the purposes of estimating the number of calls expected in the annexation area the number of calls (50) to another neighborhood (Greenfield Creek) is used for comparison purposes. This results in total annual costs of **\$6,050.00** for the provision of police service to the annexation area. This figure is calculated by dividing the total 2005 Police Department Budget of \$3,092,777.00 by the number of calls in 2005 (23,004), for a value of \$134.45 per call.

In order to maintain high levels of service, it will be necessary to add staffing and equipment to cover the proposed growth in the annexation area over the next ten years. The projected population upon buildout for this area is 338 persons. Based on recommended FBI and Criminal Justice Department staffing levels of 2.1 officers per 1000 persons, it will be necessary to add a total of one (1) officer to the Valparaiso Police Force over that period. The current total salary, benefits, and equipment (including vehicle lease based on 5 year payout) package per non-probationary officer is **\$61,046** per year.

The ultimate cost for providing police service to this area within ten years is **\$67,096.00** annually upon buildout.

Fire Protection Services

Fire protection will be furnished by the Valparaiso Fire Department within one year of the effective date of annexation as required by law. The annexation area will be served by the new station three located on Tower Road/250 W between Joliet Road and US 30. The area is estimated to produce approximately 3 calls per year based on calls received within a comparison neighborhood, Greenfield Creek which received four calls in 2005. The annual cost is anticipated to be **\$3,931.00** per year at buildout for the development. This figure is calculated by dividing the total 2005 Fire Department Budget of \$2,568,243 by the number of calls in 2004 (1,960), for a value of \$1,310.33 per call.

The ultimate cost for providing fire service to this area within ten years is **\$3,931.00** annually upon buildout.

Street and Road Maintenance

Street maintenance, street reconstruction, snowplowing, and similar services will be provided by the Street Department. The annexation will result in the addition of approximately 1.65 centerline miles to the City street system. Currently there are 120 State certified centerline miles in the city. The annual maintenance cost per mile is \$14,288.00. This will result in an additional annual maintenance cost of **\$23,575.20** upon buildout. This value is based on a formula in which the 2005 Motor Vehicle Highway Budget of \$1,497,983 plus \$216,585 in annual maintenance costs or a total of \$1,714,568 is divided by the 120 existing certified miles in the City.

The annual cost of road surface replacement based on a 15-year resurfacing schedule is \$100,188 per centerline mile per year. With 1.65 centerline miles included at a total of \$165,310.20 divided by a 15-year replacement schedule, the road replacement cost is **\$11,020.00** annually upon buildout.

The yearly cost of salt for 1.65 centerline miles is based on a cost of \$41.62 per ton. Requiring 41.66 tons per mile, the cost to the city would be approximately **\$2,861.00** annually upon buildout.

Based on a standard of maintaining a current level of service (1 employee per 7.1 centerline miles) and current service thresholds, it is estimated that this annexation will not require the addition of any employees.

Based on current levels of service, no additional street department trucks will be needed based on this annexation.

These costs will be handled by way of additional general fund tax revenues generated by the annexation area with collection anticipated to begin in Spring 2008.

In total, the overall cost to the City for streets and roads for this annexation is **\$37,456.00** annually upon buildout.

TOTAL ANNUAL COSTS FOR SERVICES	\$168,836.00
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ANTICIPATED ONE-TIME COSTS

Water Utility Service

The Valparaiso City Utilities owns and operates the water department that will serve this area with potable water. The policy of the Valparaiso City Utilities with respect to water service is and shall be to provide areas within the city with access to city potable water. However, this “access” does not include direct connection and/or construction of water lines in front of every residence and business. Valparaiso City Utilities will construct water lines for new developments at the expense of the developer. In the case of off site water mains for such developments, Valparaiso City Utilities will allow the developer to recoup off site water main expenses from those who directly connect to said off site water main¹.

Municipal water service is available to the annexation area at this time via a main on County Road 500 North (Burlington Beach Road) west of State Road 49. The developers will provide water infrastructure to and throughout the development at their cost. The homes and businesses will connect upon occupancy of the units as they are developed. The city cost of providing water service to this area is **\$0**.

Sewer Utility Service

The Valparaiso City Utilities owns and operates the water reclamation department that will serve this area with sanitary sewers. The policy of the Valparaiso City Utilities with respect to sewer service is and shall be to provide areas within the city with access to city sewer. However, this “access” does not include direct connection and/or construction of sewer lines in front of every residence and business. Valparaiso City Utilities will construct sewer lines for new developments at the expense of the developer. In the case of off-site sewer mains for such developments, Valparaiso City Utilities will allow the developer to recoup off-site sewer main expenses from those who directly connect to said off site sewer main.²

Municipal sanitary sewer service is available at this time to the site. Both the utility and city engineer are reviewing the location of the new lift station. The developers will provide extension of the sewer utility to and throughout the development at their cost. The homes and businesses will connect upon occupancy of the units as they are developed. The city cost of providing water service to this area is **\$0**.

TOTAL One-Time Costs (Utilities)

\$0

¹ Assessment will include one-half of the cost of the off-site main for the frontage of the connector’s frontage. Reimbursement period is limited to 10 years.

² A developer may be given a sewer reimbursement district contract in order to recoup the costs of the off-site sewer expenses. The City Engineering Dept. will determine the amount of area, which could reasonably connect directly and/or indirectly into the said off-site sewer and create a district. District fees will be calculated by the Engineering Dept. for said district.

Parks and Recreation

The proposed annexation will result in the need for additions to existing City recreation facilities and will necessitate the addition of a new City parks and additional links to the city pathway system. Based on accepted community standards from the recreation impact fee process, expected needs for this area are as follows:

Land Needs – 24 AC/1000 persons –Total residential buildout proposed, 343 persons = 8.2 Acres **(\$246,000.00)**

It is anticipated that impact fees will pay for 40% of the land needs due to growth and annexation based on impact fee ordinance standards and the remaining 60% of land costs will be covered by a combination of the Valparaiso Parks Foundation and other benefactors.

<u>Total One-time Costs (Parks and Recreation**)</u>	\$246,000.00
TOTAL ONE-TIME COSTS	\$246,000.00

ACADIA ANNEXATION FISCAL PLAN SUMMARY

Location

The area included in this annexation consists of property located in Center Township west of the current city limits. The land is located along the north side of Joliet Road between County Road 250 West (Tower Road) and County Road 150 West (Hayes Leonard Road), more particularly described as the following:

See attached map and description

Development Summary

Total Acreage	98 acres
Percent Contiguous	35%
Number of Residential Units	2
Number of Non-Residential Units	0
Proposed Residential Units	135 Total
Existing Zoning (County)	R-1 Single Family Residential - County
Proposed Zoning	PUD Planned Unit Development and R-1 Single Family

The proposed annexation complies with the following criteria:

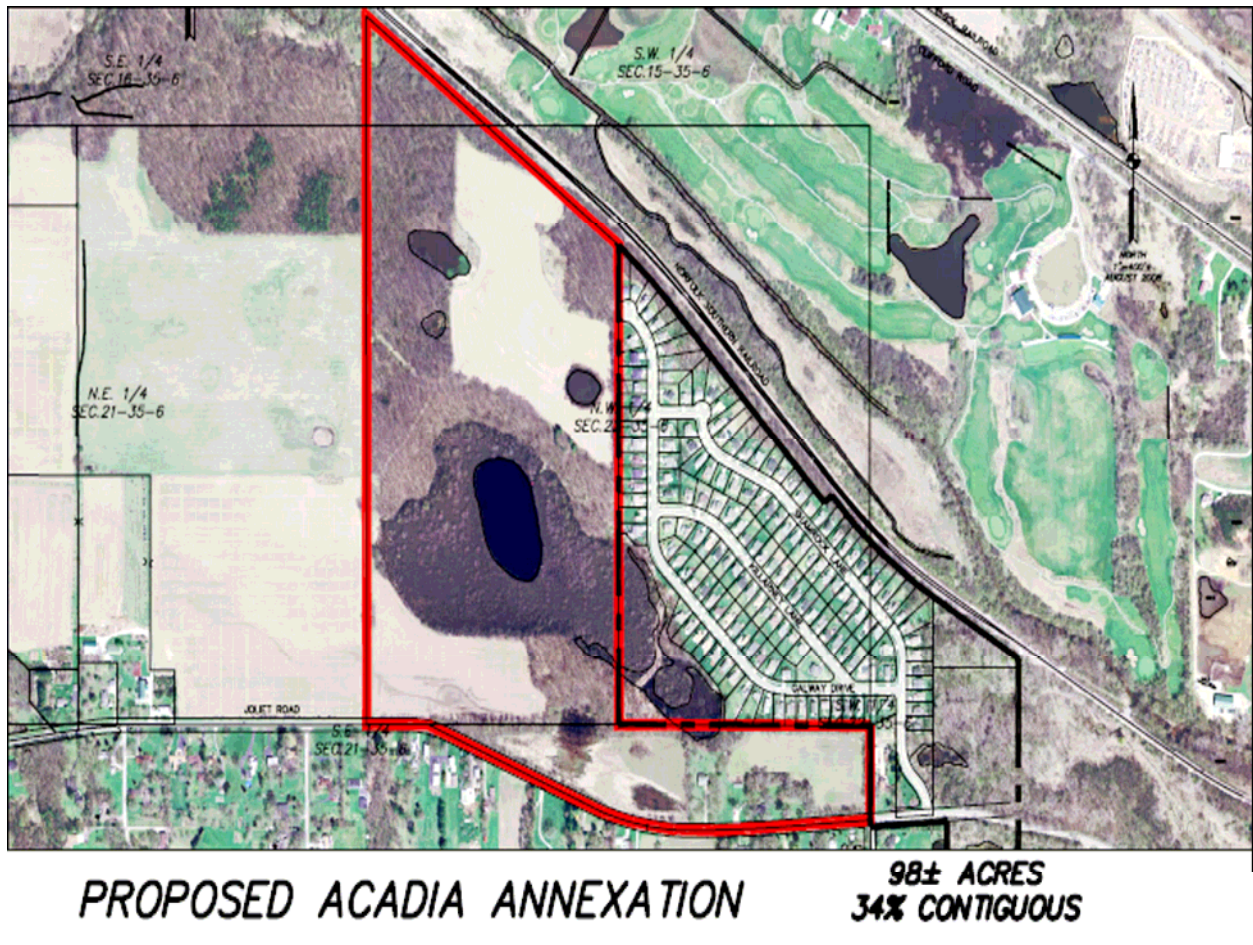
- (1) *Ability to meet State contiguity requirements*
The area is 35% contiguous to the corporate limits of the City, exceeding the minimum 12.5% contiguity requirement of the State annexation law.
- (2) *Infrastructure capacities and feasibility of provision of services*
The extension of utilities will be at the cost of the developer.
- (3) *Exploration of cost/benefit ratio through a detailed fiscal plan*
The area has an acceptable cost/benefit ratio for buildout of the development as proposed.

Estimated Revenues

Annual	\$349,893.00
One-Time	\$674,763.00

Anticipated Costs

Annual	\$168,836.00
One-Time	\$243,000.00



PROPOSED ACADIA ANNEXATION LEGAL DESCRIPTION

Parcel #1

A tract of land located in the Southwest Quarter of Section 15, Township 35 North, Range 6 West, in Porter County, the State of Indiana, more fully described as follows:

COMMENCING at an Iron Pipe situated in the Southwest corner of said Southwest Quarter, thence South 89°58'40" East (GPS Grid Basis of Bearings), a distance of 627.19 feet along the South line of said Southwest Quarter; thence North 53°49'57" West, a distance of 777.00 feet along the South right-of-way line of the Norfolk and Western Railroad; thence South 00°00'36" East, a distance of 458.30 feet along the West line of said Southwest Quarter to the PLACE OF COMMENCING, said tract containing 3.30 Acres, more or less, and being subject to all public road rights-of-way and to all easements of record. A survey of said tract of land being represented by Plat of Survey #35-06-15 as prepared by D.A. Brown Engineering Consultants, Inc., 702 Goodwin Place, P.O. Box 128, Kendallville, Indiana 46755.

Parcel #2

The West ½ of the Northwest ¼, Section 22, Township 35 North, Range 6 West, except that part taken by the right-of-way of the New York - Chicago & St. Louis R.R.

Parcel #3

A parcel of land in the Southwest Quarter (SW ¼) of Section Twenty-two (22), Township Thirty-five (35) North, Range Six (6) West, described as follows: Beginning at the Northeast corner of said Southwest Quarter (SW ¼) section; thence running South on East line quarter section 410.74 feet to the center line of State Road No. 330 (formerly known as Lincoln Highway); thence South 85 degrees 56-1/2 minutes West along the center line of said highway 475.88 feet; thence continuing along the said center line South 87 degrees 52-1/2 minutes West 725.05 feet; thence continuing along said highway North 67 degrees 15 minutes West 1213.38 feet to intersection with the North line of said Southwest Quarter (SW ¼) section; thence North 89 degrees 57 minutes East along said North line 2318.31 feet to the point of beginning, containing 20 acres, more or less; subject to the easement of existing public highways.